ZAYANTE FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS – REGULAR MEETING
August 21, 2025
7700 E. Zayante Rd
Board Room – 7:00 pm

1.0 CALL TO ORDER/ROLL CALL:
Chairperson of the Board of Directors calls the meeting to order. District Secretary calls the roll of Board of Directors. Establishment of a quorum.

2.0 FLAG SALUTE

3.0 ADDITIONS/DELETIONS TO AGENDA (GC §54954.2):
Additions to the Agenda, if any, may only be made in accordance with California Government Code Section 54954.2 (Ralph M. Brown Act) which includes, but is not limited to, additions for which the need to take action is declared to have arisen after the agenda was posted, as determined by two-thirds vote of the Board of Directors (or if less than two-thirds of the members are present, a unanimous vote of those members present).

4.0 PUBLIC COMMENT (GC §54954.3):
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the agenda. Any person may address the Board of Directors at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed (3) minutes in length, and individuals may only speak once during Oral Communications. No actions may be taken by the Board of Directors on any Oral Communications presented. However, the Board of Directors may request that the matter be placed on a future agenda.

5.0 PUBLIC HEARING
This portion of the agenda is reserved for hearing of items listed as required by law. Hearings are opened for comment and then closed for public comment. Normally, presentations must not exceed (3) minutes in length, and individuals may only speak once during public hearings.

6.0 CORRESPONDENCE

6.1 SLVEN Facility Use Application

6.2 SLVWD Letter of Support

6.3 Felton Fire Governance Report: LAFCO

6.4 LAFCO Process for Consolidated Oversight Board – Special District Seats.

7.0 CONSENT AGENDA: Consent Agenda items 7.1- 7.3 will be acted upon by one motion. These are routine, non-controversial items into a group whereby all are passed with a single motion and vote. No separate discussion on items unless a Board Member, Staff, or member of the public requests removal of the item for separate action under Sections 10.0 or 11.0.

7.1 Approval of July 17, 2025 regular meeting minutes.

7.2 Summary: ZFPD Revenue and Expense report through July 31, 2025.

7.3 Review of Payroll

8.0 REVIEW CLAIMS:

8.1 **Action Item:** Review and Approve: ZFPD Claims Disbursements – July 31, 2025.
8.2 Review: Account Receivables - deposits.

9.0 CHIEFS REPORT: DISTRICT ACTIVITY, EMSIA, SCCFCA, PREVENTION, SCFAIG.

10.0 UNFINISHED BUSINESS: Members of the public will be given the opportunity to address each scheduled item prior to Board action. The Chairperson of the Board may establish an item limit for members of the public to address the Board on agenized items.

11.0 NEW BUSINESS:

11.1 Discussion Item: Felton Fire Governance Options Report – Discuss relevant impact scenarios on the Fire District-SWOT analysis. No action will be taken.

11.2 Action Item:

12.0 CLOSED SESSION: The Brown Act allows a legislative body during a meeting to convene a closed session in order to meet privately with its advisors on specifically enumerated topics. Examples of business which may be conducted in closed session include personnel evaluations or labor negotiations, pending litigation, and real estate negotiations (See Sections 54956.7 through 54957 and Sections 54957.6 and 54957.8). Under Section 54963, it is a violation of the Brown Act for any person to disclose confidential information acquired in a closed session.

13.0 RE-AJOURN OPEN SESSION & REPORTING OF ACTIONS: The legislative body must reconvene the public meeting after a closed session and publicly report specified closed session actions and the vote taken on those actions (Section 54957.1).

14.0 ITEMS FOR NEXT AGENDA: **Next meeting** September 18, 2025

15.0 ADJOURNMENT:

Americans with Disabilities Act

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the Zayante Fire District requires that any person in need of any type of special equipment, assistance or accommodations(s) in order to communicate at the District's Public Meeting, a contact the District at (831) 335-5100, a minimum of 72 hours prior to the scheduled meeting.

Agenda documents and materials relating to an open session agenda item that are provided to the Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying in the offices of the Zayante Fire Protection District, 7700 E. Zayante Rd. Felton, CA. 95018

Zayante Fire Protection District
7700 E. Zayante Rd.
Felton, CA 95018
(831) 335-5100
Fax (831) 335-5199
Jeff Maxwell – Fire Chief

N/A

Application for Use of Facilities

1. Name SAN LORENZO VALLEY EMERGENCY NETWORK (SLVEN)

2. Address P.O. BOX 534, Felton, CA 95018

3. Phone (831) 246-3501

4. Today's Date 7/16/25

5. Date of Requested Use 8/10/25

6. Time: (Including set up, event, & clean up) 12:00pm to 5:00pm

7. Rooms Requested: Community Room (Z Room) X Kitchen ___
   Picnic Area:____ Equipment Bay___ Parking Lot______

8. Describe Event (meeting, wedding, fundraiser, # of people, food, drink, music, kids. Please be thorough and specific) about 25-30 max; "MURS RADIO TRAINING FOR NEIGHBORHOOD COMMUNICATIONS"

9. Alcohol Served: No X Yes____

10. Insurance Information: (The applicant is required to provide a minimum of $1,000,000 insurance coverage) Please see attached

    Insurance Company____________________

    Type of Policy____________________

    Agent (name and phone number)____________________

    Policy Number____________________

Z.F.P.D.
Application for Alcohol Use N/A

Will you be selling alcohol?________________________ (If so, refer to requirement A below)

Will you be serving alcohol? ________________________ (If so, refer to requirement B below)

Requirement A:

Initials:

_______ Provide a copy of a $1,000,000 liability policy containing alcohol clause, due ten (10) days prior to event.

_______ Copy of ABC permit, due ten (10) days prior to event.

_______ Rules of responsible serving must be enforced.

_______ All attendees of your event enter and leave through an ID check and are provided with wrist bands.

_______ Alcohol to be sold by designated non-drinking personnel only.

_______ Provide four (4) licensed security officers/parking lot attendants for your event, two (2) inside, two (2) outside. All attendees of your event enter and leave through an ID check and are provided with wrist bands.

Requirement B:

Initials:

______ Provide a copy of a $1,000,000 insurance liability policy containing alcohol clause, due ten (10) days prior to your event.

______ Designated non-drinking persons will serve all alcoholic beverages and monitor those who have been drinking.

______ No alcohol served to minors -NO EXCEPTIONS.

Explain your plan to control individual alcohol consumption and ID verification

I have read and agreed to abide by the above requirements. Any violation of these requirements can and will be cause for immediate termination of the event, without refund of any fees and security deposits held.

Signature:______________________________

Title:______________________________

Address:________________________

Phone:________________________

ZAYANTE FIRE PROTECTION DISTRICT
Fire Station Use Fee Schedule

Use fee up for to five (5) hours, including set up and clean up time.

	Out of District	District Resident
Community Room	**$225.00**	**$175.00**
Kitchen	**$325.00**	**$275.00**
Kitchen w/Stove Use	**$475.00**	**$375.00**
Upstairs Classroom	**$200.00**	**$150.00**
Picnic Area	**$75.00**	**$50.00**
Cleaning Deposit	**$150.00**	**$125.00**
Parking Lot Use	**$200.00**	**$100.00**

These fees are the amounts "usually charged" by the Z.F.P.D. and can be increased or decreased at the discretion of the Board of Directors. Who review each application at their regular monthly board meetings. Any application for an event that will have more than 100 people, amplified music or sound system, or use of alcohol, must be filed a minimum of 45 days prior to the event. All other applications need to be filed 30 days prior to the event. **All Trash to be hauled off by the applicant.**

Rules of the Firehouse

Initials

JTS All emergency equipment is off limits.

JTS Do not park in the fire department spaces. Do Not Block Doors or Driveways!!!

JTS Watch your kids both inside and out. All minor children attending any event held at the fire station must be monitored at all times. They may be in areas designated in your use application. This applies to all minors, including teenagers.

JTS Respect our neighbors' privacy, property, and peace and quiet.

JTS Clean up after yourself

JTS Please remember that this is a Fire Station first and a community use facility second. Do not interfere in any way with an emergency situation that may take place while you are using our facility.

JTS We also ask that whoever is in charge of the event review the rules of the firehouse and see to it that your guests or attendees are aware of the rules we need to enforce, especially the kid related ones. Thank You

Security/Cleaning Deposit Requirements

The security cleaning deposit fees collected by the Z.F.P.D. secures the availability of the fire station once we receive it, and will be returned after the event, contingent upon your completion of the following:

- Cleaned up all areas used, inside and out.
- Swept and mopped all floors and vacuumed all carpeted areas.
- Hauled out all of your own trash.
- Have not damaged any property while using our facility.
- Have followed all of the above 'Rules of the Firehouse'

The security/cleaning deposit can be withheld if you do not sufficiently complete the clean up, or if you violate *any* of the 'Rules of the Firehouse.'

Z.F.P.D.
Policy on Community Use of Facilities

The governing board of the Zayante Fire Protection District recognizes that the facilities are primarily intended for use by the Fire District and Fire Department. The facilities may be used by residents of the Z.F.P.D. provided that such use does not interfere or obstruct the operation of the Fire District. Use of the facility shall be granted to responsible organizations and groups within the Z.F.P.D. subject to the rules and regulations as set forth by the governing board. There are additional fees charged to out of district applicants.

By signing this document in good faith, we hereby certify that we shall be personally responsible on behalf of our organization, for any damage sustained by the premises, furniture, or equipment because of the occupancy of said premises by our organization. We agree to abide by and enforce the rules, regulations, and policies of the Z.F.P.D. premises.

Within and as part of this application to use the Z.F.P.D. facilities, the applicant recognizes, acknowledges, and agrees to meet provisions of the Americans with Disabilities Act. Title 24 requirements for accessibility standards. The first floor shall be used for any function that a wheelchair user may attend.

We also agree to hold the Z.F.P D. the individual members of the governing board, and all district officers, agents und employees free and harmless from any loss, damage, liability, costs, or expenses that may arise during or be caused in any way by such use of occupancy of Fire District property

The undersigned states that to the best of their knowledge, the Z.F.P.D. Property for use of which application is hereby made, will not knowingly be used for the commission of any illegal act or crime including Penal Code Sections 11400 and 11401 and assures that the applicant organization and its activities provide equal opportunities for all.

Please read and agree to this policy.

Signature [signature]
Print Name Liz Taylor-Selling

Organization San Lorenzo Valley Emergency Network (SLVEN) Title SLVEN Vice Chair

[signature]
CathyHoeft
SLVEN Secretary

Brackin Andrew
SLVEN Board Member

CERTIFICATE OF LIABILITY INSURANCE

ACORD®

DATE (MM/DD/YYYY): 07/21/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER DCD Financial & Insurance Services 1123 Soquel Ave. Santa Cruz CA 95062	**CONTACT NAME:** Leslie Downs **PHONE (A/C, No, Ext):** (831) 423-8542 **FAX (A/C, No):** (831) 423-5714 **E-MAIL ADDRESS:** ldowns@dcdis.com
INSURED San Lorenzo Valley Emergency Network PO Box 534 Felton CA 95018	

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Nonprofits Insurance Alliance of California	11845
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** CL255102148 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC OTHER:			01-CP-0063323-01-01	05/01/2025	05/01/2026	EACH OCCURRENCE	$ 1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 500,000
							MED EXP (Any one person)	$ 25,000
							PERSONAL & ADV INJURY	$ 1,000,000
							GENERAL AGGREGATE	$ 2,000,000
							PRODUCTS - COMP/OP AGG	$ 2,000,000
								$
A	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [X] HIRED AUTOS ONLY [X] NON-OWNED AUTOS ONLY			01-CP-0063323-01-01	05/01/2025	05/01/2026	COMBINED SINGLE LIMIT (Ea accident)	$ 1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	[ ] UMBRELLA LIAB [ ] OCCUR [ ] EXCESS LIAB [ ] CLAIMS-MADE [ ] DED [ ] RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Directors and Officers Liability			01-CP-0063323-01-01	05/01/2025	05/01/2026	D&O Liability	$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

With respects to the operations of the named insured.

CERTIFICATE HOLDER	CANCELLATION
Zayante Fire Protection District 7700 E. Zayante Road Felton CA 95018	**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.** AUTHORIZED REPRESENTATIVE

ZAYANTE FIRE PROTECTION DISTRICT

7700 E. Zayante Rd
Felton Ca. 95018
Office: 831-335-5100
Fire Chief Jeff Maxwell

July 29, 2025

California Department of Forestry and Fire Protection (CAL FIRE)
Wildfire Prevention Grant Program

Re: Letter of Support for San Lorenzo Valley Water District's Grant Proposal for Hazard Fuel Reduction and Infrastructure Protection

Dear Wildfire Prevention Grant Program staff,

The Zayante Fire Protection District and Fire Chief Jeff Maxwell is writing to express support for the San Lorenzo Valley Water District's (SLVWD) grant proposal for the Wildfire Prevention Grant Program, which includes two projects: Hazard Fuel Reduction on watershed lands and Infrastructure Protection at its critical water facilities. SLVWD is dedicated to mitigating wildfire risk to its lands, facilities, and 26,000 customers. We as a community recognize that fuel reduction in the Santa Cruz Mountains is imperative to fire prevention and aligns with our Fire District goals and projects to impart, influence and support fuel reduction throughout our community. The 2020 CZU Fire has a lasting influence within our community and placed expectations on local government to do all it can do to protect our valuable community assets.

The Hazard Fuel Reduction project will help prevent the spread of wildfire through reduction of fuel loads, specifically hazardous trees along a 5.6-mile Pipeline. The Pipeline bisects the District's largest watershed property, providing an opportunity for firefighter access and a break in fuels; it will also connect with the Peavine Pipeline, which has previously received the same treatment. Linked projects have historically provided greater value and community protections.

The Infrastructure Protection project will ensure continued service and fire flows in a wildfire event, preventing loss of water service to both firefighters and customers. The project will build upon years of defensible space work around critical facilities while also expanding the scope to new facilities.

The Zayante Fire Protection District strongly supports SLVWD's Hazard Fuel Reduction and Infrastructure Protection Proposal. These projects will help to prevent and strengthen community resilience against wildfire.

Sincerely, Jeff Maxwell

Jeff Maxwell, Fire Chief
Zayante Fire Protection District
7700 E. Zayante Rd. Felton, Ca. 95018
831-335-5100 or firechief@zayantefire.com

Felton Fire Protection District

GOVERNANCE OPTIONS ANALYSIS REPORT

Santa Cruz LAFCO

July 25, 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Introduction

Operating a volunteer fire department in today's modern world presents a complex and evolving set of challenges. As California continues to experience more frequent and severe wildfires, coupled with population increases within wildland areas, the demand on fire services (particularly volunteer departments) has never been greater. Volunteer fire departments, which have historically been a cornerstone of fire protection in rural and semi-rural communities, are now grappling with limited funding, rising costs, recruitment difficulties, staff and board attrition, and escalating training and statutory requirements.

The modern landscape demands a level of readiness, technology, and professionalization that is difficult to sustain without full-time staffing and consistent financial support. Additionally, regulatory compliance, liability concerns, and the mental and physical toll on volunteers contribute to a growing strain. Despite these hurdles, volunteer fire departments remain a vital part of California's emergency response infrastructure, driven by community commitment and a tradition of service. However, ensuring their sustainability and effectiveness in the face of modern pressures requires innovative solutions, policy support, and community investment.

The Felton Fire Protection District (hereafter referred to as "FFPD" or "Felton FPD") was formed in October 1946, encompasses nearly six square miles of territory located in the San Lorenzo Valley, and is one of 12 fire agencies in Santa Cruz County. However, FFPD is the latest local agency to face the challenges of maintaining a volunteer-based rural fire department. In 2021, FFPD operated with one full-time fire chief, one part-time employee and 28 volunteer firefighters. Since then, FFPD has seen four different fire chiefs, board member resignations, a reduction in the number of active volunteers, and the discontinuation of a two-year agreement with Ben Lomond Fire Protection District (BLFPD) for operational services after only six months in effect. **Table 1** provides a quick overview of why FFPD is currently failing.

Table 1: List of Concerns

Concerns	Description
1) Unbalanced Growth	Call volume has increased over the years, but staffing (volunteers and paid) hasn't kept pace.
2) Underfunded Operations	Current and historical budgets undercut operational realities while relying heavily on an outdated volunteer model.
3) Leadership Instability	Fire Chief turnover and multiple board resignations have paralyzed strategic responses.
4) Volunteer Decline	Volunteer numbers continue to fluctuate with some living outside of Felton.
5) Patchwork Solutions	Mutual aid and temporary contracts are not sustainable solutions to ensure adequate service delivery and proper governance.

The recent governance and operational issues facing FFPD has tasked local agencies, including LAFCO, to explore possible options to ensure that the Felton community receives adequate fire protection and emergency medical services. The agreement between BLFPD and FFPD ended on June 8, 2025 – resulting in the rehiring of a former interim fire chief as a temporary solution. An additional board member recently resigned, and was quickly replaced, which leaves the fire district with another new member on the board. As a result, LAFCO has determined that a governance options analysis may be helpful to determine FFPD's future. This report was completed by LAFCO with direct coordination with affected and interested local agencies.

Potential Governance Options

When a fire district begins to show signs of operational or financial failure, whether due to declining revenue, insufficient staffing, increased service demand, or community growth, it is critical to explore alternative governance options. Governance directly impacts how decisions are made, how resources are allocated, and how services are delivered. In a failing district, the current structure may no longer support the needs of the community or ensure the safety and sustainability of emergency services. Therefore, identifying governance options, such as reorganization with neighboring districts or contracting services, can provide pathways to improved stability, efficiency, and service delivery. These options may open the door to better funding mechanisms, shared resources, full-time professional staffing, and more robust administrative support.

Ultimately, evaluating governance alternatives is not just about restructuring - it's about preserving the essential mission of FFPD to provide an appropriate level of fire protection and emergency response services to the Felton community. It ensures the community's safety remains a priority, even as the district adapts to changing demands, financial constraints, and operational challenges. This report identifies 12 governance options for FFPD's review and consideration. It is imperative that the FFPD Board initiate an action based on the identified options as soon as possible. **Table 2** on page 4 summaries the 12 governance options.

Table 2: List of Governance Options

Governance Options	Resident Action Required?	Duration* (Time To Complete)	Representation (Board Structure)	LAFCO Action Required?
1) FFPD remains as a stand-alone agency	Yes; Supplemental Revenue Vote	8 – 12 months	No Change; (FFPD Board)	No
2) Reorganization with Ben Lomond FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BLFPD Board	Yes
3) Reorganization with Boulder Creek FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by BCFPD Board	Yes
4) Reorganization with CSA 48 (County Fire)	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by County Board of Supervisors	Yes
5) Reorganization with Scotts Valley FPD	Yes; Supplemental Revenue Vote & LAFCO Protest Period	6 – 12 months	Represented by SVFPD Board	Yes
6) Reorganization with Zayante FPD	Yes; LAFCO Protest Period	6 – 12 months	Represented by ZFPD Board	Yes
7) Contract with Ben Lomond FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
8) Contract with Boulder Creek FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
9) Contract with Scotts Valley FPD	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
10) Contract with Zayante FPD	No; Unless Supplemental Revenue Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
11) Contract with Santa Cruz Fire Dept.	Supplemental Revenue Vote Needed	2 – 6 months	No Change; (FFPD Board)	Possibly
12) Contract with CAL FIRE	Supplemental Revenue Vote Needed	6 – 12 months	No Change; (FFPD Board)	Possibly

Footnote: Proposed timelines vary and could be longer or shorter than identified.

DISTRICT OVERVIEW

Background

The Felton Fire Protection District was formed on October 23, 1946 and operates under the Fire Protection District Law of 1987. FFPD encompasses nearly six square miles of territory (approximately 27,000 acres and 2,945 parcels) located in the San Lorenzo Valley. **Figure A** on page 6 is a vicinity map depicting FFPD's current jurisdictional and sphere boundaries. **Figure B** on page 7 also shows the current land use designation under the County's General Plan. At present, the land use within the District varies from agriculture to service commercial. The vast majority of the District is designated as residential.

Service Provisions

Fire protection covers a variety of services from basic life support to vegetation management. In 2021, LAFCO staff identified 18 different types of services provided by fire agencies in Santa Cruz County. At that time, FFPD offered 89% of those services (16 out of 18). FFPD offered the second highest number of services when compared to the other fire agencies in Santa Cruz County. However, FFPD currently provides only basic life support, and operates with a temporary fire chief, no administrative staff, and currently 22 volunteer firefighters – a significant decline in operations and management occurring within the last four years.

<u>Types of Calls</u>

Based on LAFCO's analysis, fire service providers handle several types of emergency calls, beyond fire-related situations such as medical calls, mutual aid, and vehicle accidents. LAFCO staff identified 14 different types of calls responded by fire agencies in 2021. The annual call average for FFPD during 2015 to 2020 was estimated to be 667 calls/year. The District's average response time was approximately 8 minutes. Today, FFPD experiences over 900 calls/year. Medical related calls is the most requested service in Felton. While service demand continues to increase, FFPD is currently not equipped to address those calls – which is why many surrounding fire agencies (specifically Ben Lomond FPD, CSA 48, and Zayante FPD) have seen an increase in requests to manage these types of calls within Felton instead of FFPD. It is LAFCO's understanding that FFPD's request for assistance may have decreased in the last month under the leadership of the interim fire chief, however, it is unknown whether this trend will continue.

Population & Growth

Based on LAFCO's analysis, the population of FFPD today is approximately 6,000. The Association of Bay Area Governments (ABAG) and the Association of Monterey Bay Area Governments (AMBAG) provide population projections for cities and counties in the Coastal Region. Official growth projections are not available for special districts. In general, the Coastal Region is anticipated to have a slow growth over the next twenty years. Based on this slow growth trend, the population for unincorporated lands is expected to increase by 0.86%. Under this assumption, LAFCO's projections indicate that the entire population of FFPD will be approximately 6,300 by 2040.

Figure A: Vicinity Map

N

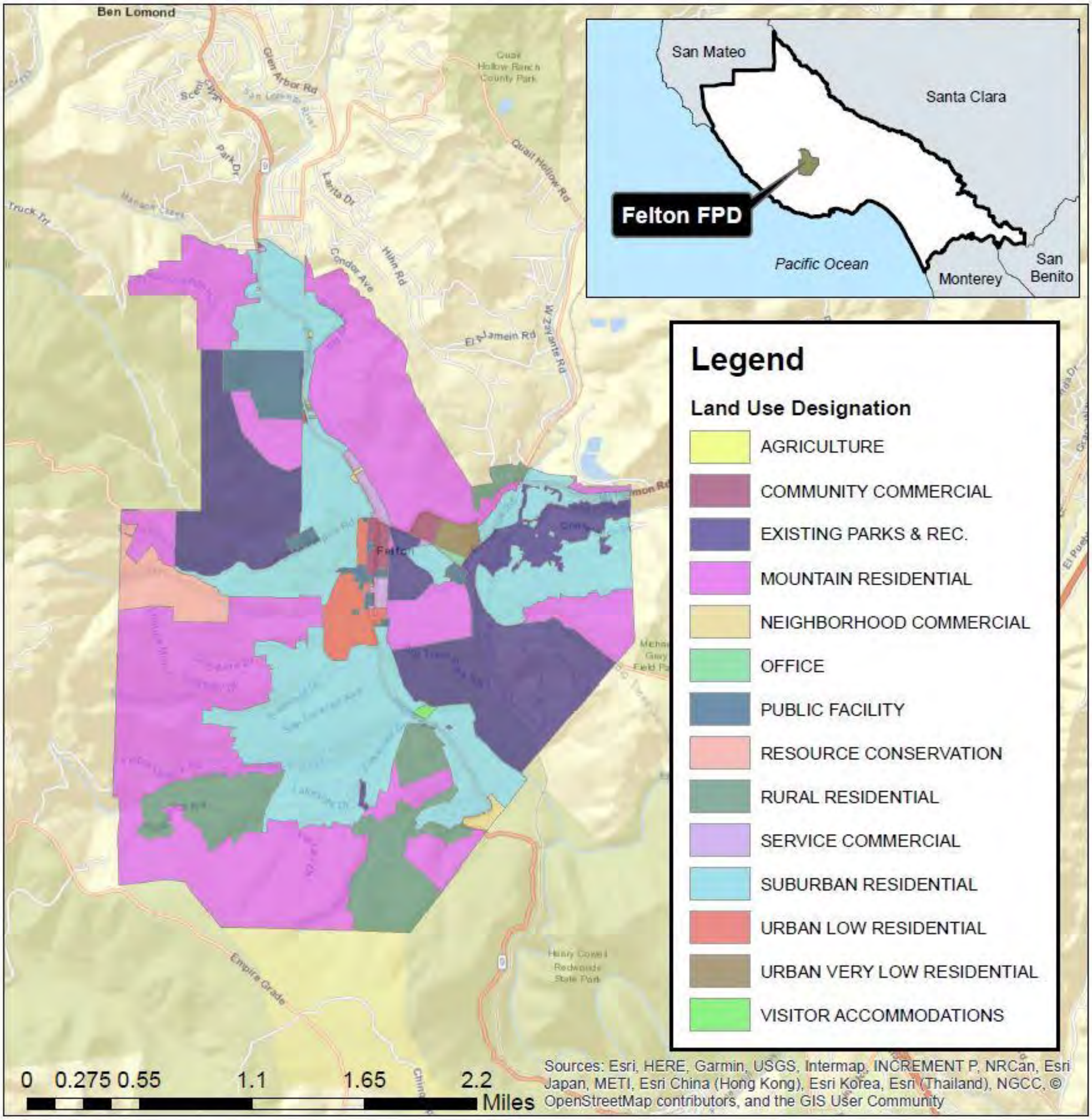
S

Felton Fire Protection District Jurisdictional Boundary

LAFCO

Felton FPD has one fire station. The station is staffed with 1 firefighter Monday-Friday from 9am to 4pm. Pre-2020, the stsation was staffed with a fire chief and part-time admin. Today, FFPD operates with an interim chief and limited volunteers.

Figure B – Land Use Map



Felton Fire Protection District Jurisdictional and Sphere Boundaries

N
S

LAFCO

Santa Cruz County's General Plan has multiple land use designations within Felton FPD ranging from agriculture to service commerical.

The vast majority is designated as residential.

Current / Ongoing Challenges

Unfortunately, the Felton Fire Protection District is struggling significantly as a rural fire agency due to a combination of governance, finances, and staffing challenges. **Table 3** provides a breakout of FFPD's current and ongoing issues.

Table 3: List of Challenges

Challenge / Issue	Description
Staffing Shortage	
1) Lack of Volunteers	Significant decline in volunteers over the last few years. Numbers have gone from 30 to as low as 12 volunteers in June 2025, with several not living in the Felton community. As of July 2025, FFPD has 22 volunteers but their duration with the organization is yet to be determined.
2) Limited Paid Staff	Last full-time Fire Chief was former chief Dan Walters in 2024. He informed a local newspaper about responding alone to calls 11 times in 90 days.
3) Staff Number Decline	FFPD is down to one part-time fire chief. The FFPD Board recently directed that any compensation would be stipend only; hourly pay will no longer be offered in order to reduce the PERS liability.
4) Increase Service Demand	Call volume has surged from 600 calls a year to over 900 calls a year.
Overreliance on Mutual Aid	
5) Inadequate Service Provisions	FFPD has not consistently been able to respond to 9-1-1 calls and has relied heavily on neighboring fire agencies to cover emergency calls. Felton FPD has been "dropping" calls since the former Chief resigned in late 2023.
6) Delay in Service Delivery	Response times are being stretched compared to previous years since many calls have had to be rerouted to neighboring fire districts.
7) Inability to Reciprocate	FFPD has not been able to consistently provide mutual aid to its partner agencies, resulting in an imbalance of aid received vs aid given.
Budget & Financial Constraints	
8) Recruitment/Retention	The District believes it does not have sufficient funding to provide competitive wages and benefits. Recruitment for a permanent Fire Chief has been postponed indefinitely given that the district cannot offer a reasonable compensation package. All four of the full-time Captains/Firefighters resigned and no attempt has been made to replace them.
9) Pension Liability	CalPERS pension obligations represent 70% of FFPD's entire long-term liabilities. Raising wages or hiring additional staff may trigger even higher pension debt.
10) Limited Revenue Source	FFPD relies almost exclusively on property taxes, which represents approximately 93% of FFPD's entire revenue source.
11) Deferred Capital Maintenance and Replacement	The station, apparatus, and equipment have not received industry-standard maintenance and testing. One Type-1 engine is due for replacement; the station is in the midst of a stalled remodel; the station solar system is failing; pumps and ladders were only recently tested; and there is a persistent rodent infestation of the firehouse. There is no capital replacement plan.
12) Additional Revenue Difficulty	Felton is a rural, aging community and passing a new tax to provide adequate funding may be resisted by voters and/or property owners.

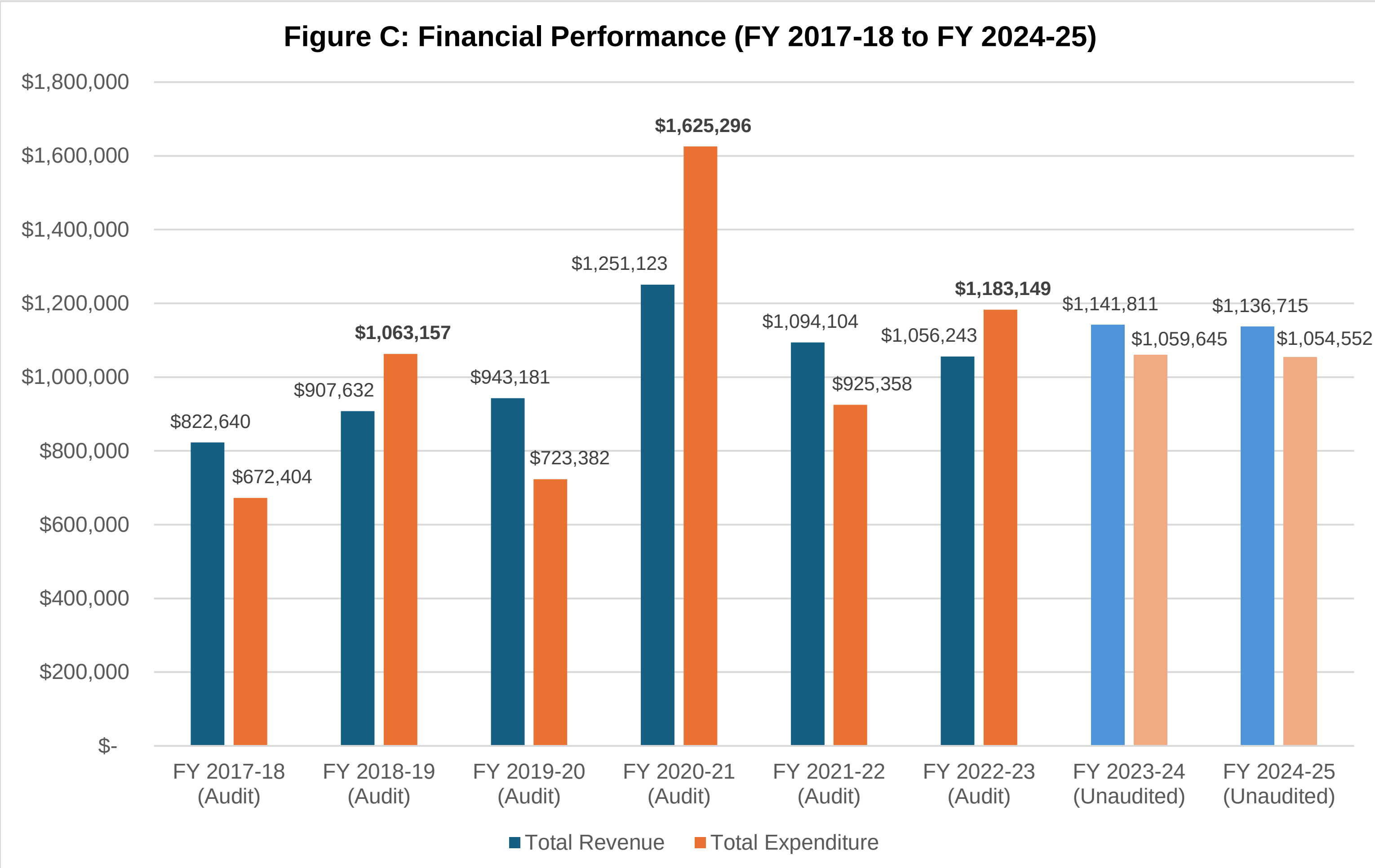
Leadership Instability / Governance Deficiencies	
13) High Turnover	Five Fire Chiefs since 2023, including the exit by Ben Lomond FPD from an agreement between the two fire districts for operational services. Three of the five board seats have seen turnover in the past two years; some more than once.
14) Lack of Trust with Board	Number of board resignations, misuse of District equipment, and possible Brown Act violations have resulted in the Board losing credibility within the community.
15) Lack of Urgency	The District has struggled to prepare for the future and relied on historic practices rather than proactively developing a strategic plan to evolve and modernize to ensure sustainability.
16) Lack of Planning	FFPD does not have a strategic plan to help guide the organization to evolve, modernize, and ensure sustainability. Decision making is primarily reactive to issues at the moment. Many reactive “solutions” implemented over the past few years have not proven successful.
Decline of Volunteerism	
17) Volunteer Model Unsustainable	Volunteer numbers have fluctuated by around two-thirds since the start of the year. A purely volunteer model is not considered practical for a department running 800-900 calls per year.
18) Recruitment Issue	FFPD has been unable to maintain a sufficient number of volunteers within their roster. Many applicants live outside the district, including several of the existing volunteers.
19) Broader Fire Agency Problem	The decline in volunteerism is not strictly a FFPD problem, but a local, state, and nationwide issue due to various factors including stringent requirements, changes in laws, decrease in availability and interest.

FINANCIAL OVERVIEW

State law requires special districts to conduct an annual audit. The law also requires special districts to file a report of the completed audit to the State Controller’s Office and their respective LAFCO (Government Code Section 56036). Felton FPD completes their audits every two years. For purposes of this report, Felton FPD provided financial documents covering the last six years (FY 2017-18 to FY 2022-23). In addition, LAFCO analyzed the last two unaudited fiscal years (FY 2023-24 and FY 2024-25). This section will highlight the District’s financial performance during the most recent fiscal years based on available information retrieved. Specifically, LAFCO evaluated FFPD’s financial health from 2017 to 2025, as shown in **Tables 4 and 5** on pages 12 and 13. Below is a summary of LAFCO’s findings.

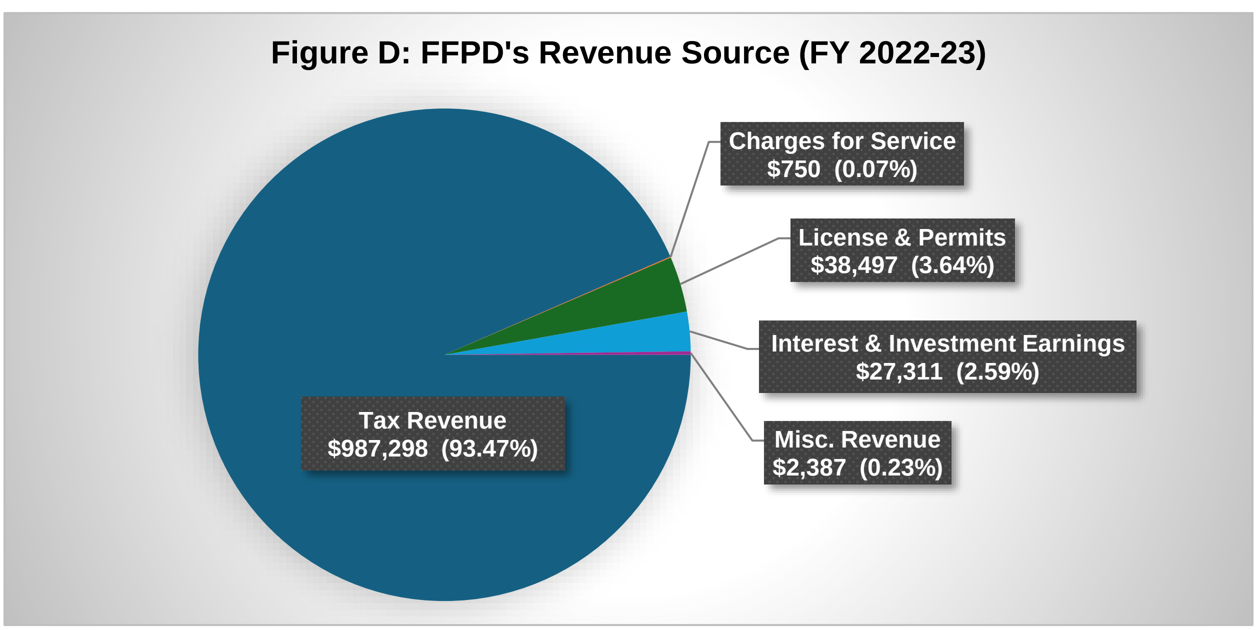
<u>Financial Performance – At a Glance</u>

At the end of FY 2022-23, total revenue collected for the District was approximately $1.06 million, representing a decrease from the previous year ($1.09 in FY 2021-22). Total expenses for FY 2022-23 were approximately $1.2 million, which increased from the previous year by 28% ($925,000 in FY 2021-22). The District has ended with an annual deficit in three of the last six audited fiscal years, as shown in **Figure C**. Based on this financial pattern of running a deficit every other year, LAFCO anticipates the District will end this current fiscal year (FY 2024-25) in a deficit. LAFCO also believes that this negative trend may continue going forward under current operational requirements.



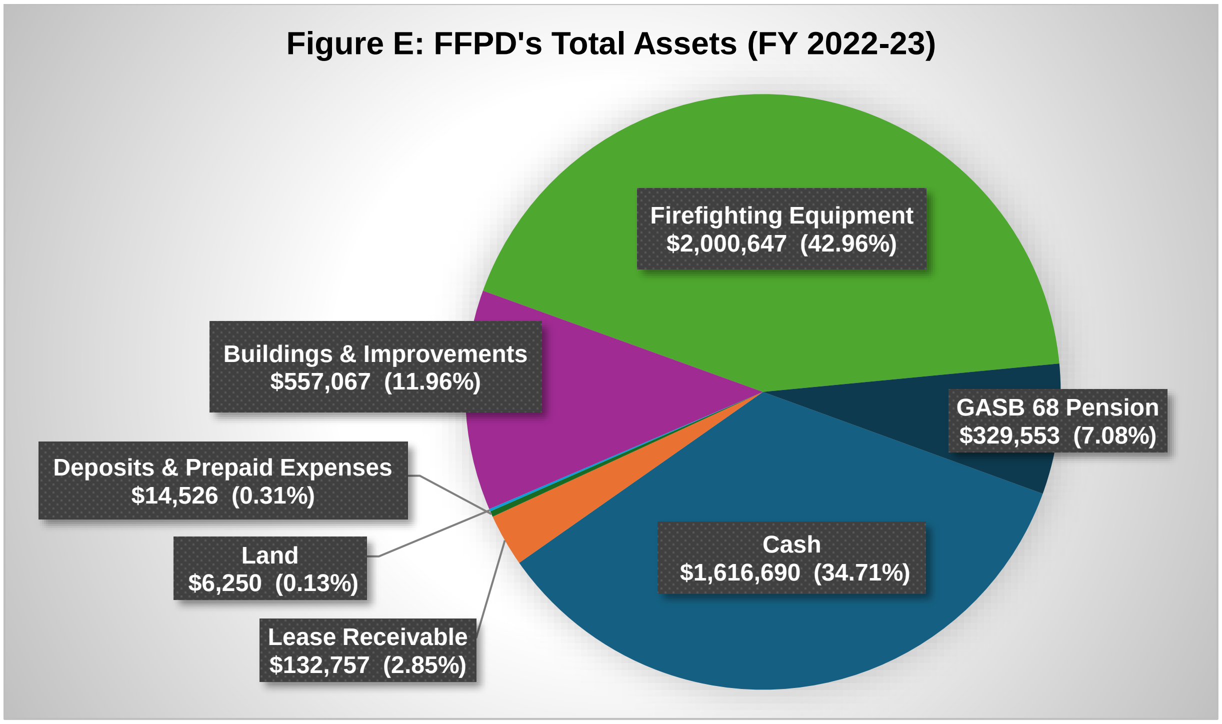
District Revenues

FFPD's revenue stream can be categorized into five groups: (1) tax revenue, (2) charges for services, (3) license & permits, (4) interest & investment earnings, and (5) miscellaneous revenue. FFPD's primary source of revenue is from Tax Revenue, specifically property taxes. **Figure D** highlights the revenue received during the last audited year (FY 2022-23).



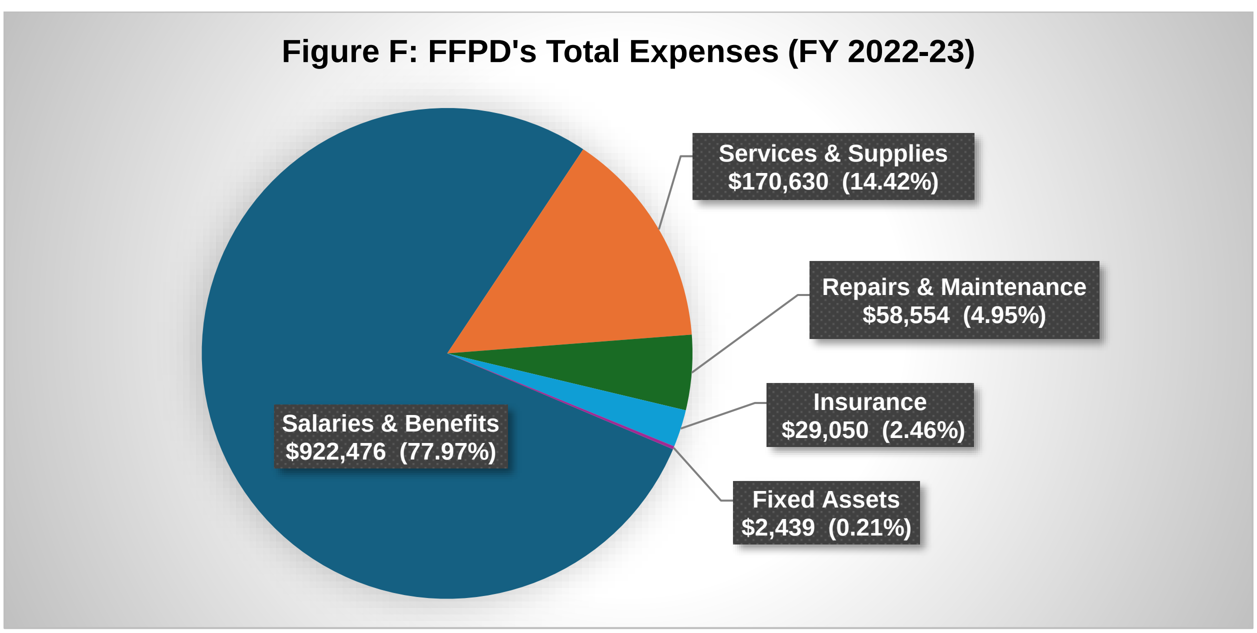
Existing Assets

FFPD's total assets can be categorized into two groups: current and capital assets. Current assets include cash on hand, lease receivable, and prepaid expenses. Capital assets include land, buildings and improvements, equipment, GASB 68 pension, and accumulated depreciation (which is deducted). **Figure E** shows the breakdown of all the assets from the last audited year (FY 2022-23).



District Expenses

FFPD's expenditures can be categorized into five groups: (1) salaries & benefits, (2) services & supplies, (3) repairs & maintenance, (4) insurance, and (5) fixed assets. FFPD's primary expense was, and continues to be, salaries & benefits. **Figure F** highlights the expenses incurred during the last audited year (FY 2022-23).



Existing Liabilities

FFPD's total liabilities can be categorized into two groups: current and long-term liabilities. Current liabilities include accounts payable, accrued payroll liabilities, and accrued compensated absences. Long-term liabilities include pension liabilities, lease payments, and GASB 48 pension. **Figure G** shows the breakdown of all the liabilities from the last audited year (FY 2022-23).

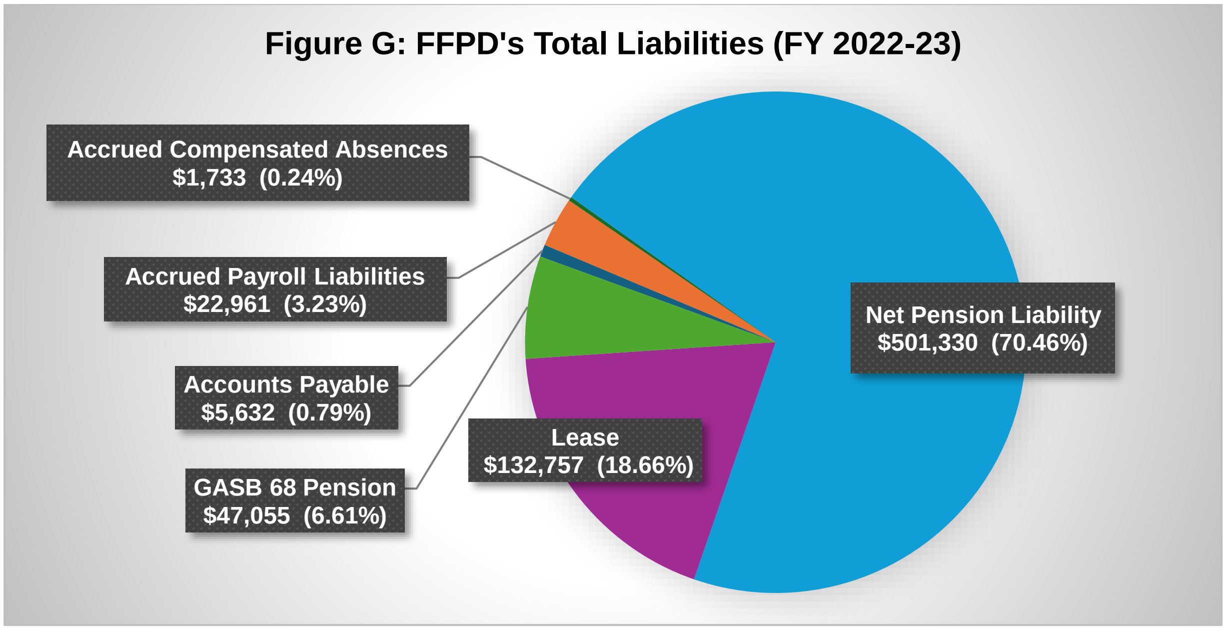


Table 4: Revenue & Expenditure Overview (2017 to 2025)

	FY 2017-18 (Audit)	FY 2018-19 (Audit)	FY 2019-20 (Audit)	FY 2020-21 (Audit)	FY 2021-22 (Audit)	FY 2022-23 (Audit)	FY 2023-24 (Unaudited)	FY 2024-25 (Unaudited)
REVENUE								
Tax Revenue	$ 764,255	$ 814,118	$ 850,375	$ 882,077	$ 929,946	$ 987,298	$ 1,027,468	$ 1,022,424
Strike Team Reimbursements	$ -	$ -	$ -	$ 186,825	$ -	$ -	$ -	$ -
Charges for Service	$ 700	$ 1,050	$ -	$ 250	$ 500	$ 750	$ -	$ 3,411
License & Permits	$ 20,908	$ 37,019	$ 38,055	$ 39,567	$ 40,122	$ 38,497	$ -	$ -
Interest & Investment Earnings	$ 36,391	$ 32,589	$ 33,941	$ 9,720	$ 7,082	$ 27,311	$ 94,916	$ 97,450
Intergovernmental Revenues	$ -	$ 15,312		$ -	$ -	$ -	$ 12,160	$ 6,751
Miscellaneous	$ 386	$ 7,544	$ 20,810	$ 132,684	$ 116,454	$ 2,387	$ 7,266	$ 6,996
Total Revenue	**$ 822,640**	**$ 907,632**	**$ 943,181**	**$1,251,123**	**$ 1,094,104**	**$1,056,243**	**$ 1,141,811**	**$ 1,137,032**
EXPENDITURE								
Salaries & Benefits	$ 406,972	$ 434,583	$ 407,449	$ 682,145	$ 642,840	$ 922,476	$ 617,027	$ 520,992
Services & Supplies	$ 152,534	$ 159,958	$ 215,921	$ 168,146	$ 164,137	$ 170,630	$ 341,540	$ 301,954
Repairs & Maintenance	$ 71,054	$ 43,915	$ 44,027	$ 45,759	$ 60,162	$ 58,554	$ -	$ -
Insurance	$ 22,566	$ 23,001	$ 25,794	$ 25,070	$ 27,345	$ 29,050	$ -	$ -
Fixed Assets	$ 19,278	$ 401,700	$ 30,191	$ 704,176	$ 30,874	$ 2,439	$ 101,078	$ 231,606
Total Expenditure	**$ 672,404**	**$1,063,157**	**$ 723,382**	**$1,625,296**	**$ 925,358**	**$1,183,149**	**$ 1,059,645**	**$ 1,054,552**
Surplus/(Deficit)	**$ 150,236**	**$ (155,525)**	**$ 219,799**	**$ (374,173)**	**$ 168,746**	**$ (126,906)**	**$ 82,166**	**$ 82,480**
FUND BALANCE								
Beginning Balance	$1,705,920	$1,856,156	$1,700,631	$1,920,430	$ 1,546,257	$1,715,003	$ 1,588,097	$ 1,670,264
Ending Balance	**$1,856,156**	**$1,700,631**	**$1,920,430**	**$1,546,257**	**$ 1,715,003**	**$1,588,097**	**$ 1,670,264**	**$ 1,752,743**

Table 5: Assets & Liabilities Overview (2017 to 2025)

	FY 2017-18 (Audit)	FY 2018-19 (Audit)	FY 2019-20 (Audit)	FY 2020-21 (Audit)	FY 2021-22 (Audit)	FY 2022-23 (Audit)	FY 2023-24 (Unaudited)	FY 2024-25 (Unaudited)
ASSETS								
Current Assets:								
Cash	$ 1,895,027	$ 1,745,582	$ 1,949,819	$ 1,568,024	$ 1,741,703	$ 1,616,690	$ 1,700,022	$ 1,773,765
Accounts Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lease Receivable	$ -	$ -	$ -	$ -	$ 169,012	$ 132,757	$ -	$ -
Deposits & Prepaid Expenses	$ 12,004	$ 12,541	$ 12,541	$ 13,427	$ 13,673	$ 14,526	$ -	$ -
Total Current Assets	**$ 1,907,031**	**$ 1,758,123**	**$ 1,962,360**	**$ 1,581,451**	**$ 1,924,388**	**$ 1,763,973**	**$ 1,700,022**	**$ 1,773,765**
Capital Assets:								
Land	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250	$ 6,250
Buildings & Improvements	$ 508,445	$ 508,445	$ 508,445	$ 526,193	$ 557,067	$ 557,067	$ 526,193	$ 526,193
Firefighting Equipment	$ 1,854,295	$ 2,045,718	$ 2,045,718	$ 2,000,646	$ 2,000,647	$ 2,000,647	$ 2,000,646	$ 2,000,646
Construction in Progress	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Accumulated Depreciation	$(1,442,387)	$(1,380,891)	$(1,473,706)	$(1,207,610)	$(1,270,567)	$(1,345,315)	$(1,473,706)	$(1,473,706)
Total Capital Assets	**$ 926,603**	**$ 1,179,522**	**$ 1,086,707**	**$ 1,325,479**	**$ 1,293,397**	**$ 1,218,649**	**$ 1,059,383**	**$ 1,059,383**
TOTAL ASSETS	**$ 2,833,634**	**$ 2,937,645**	**$ 3,049,067**	**$ 2,906,930**	**$ 3,217,785**	**$ 2,982,622**	**$ 2,759,405**	**$ 2,833,148**
Deferred Outflow								
GASB 68 Pension	$ 145,657	$ 108,966	$ 86,137	$ 66,252	$ 185,217	$ 329,553	$ 66,252	$ 66,252
Total Deferred Outflow	**$ 145,657**	**$ 108,966**	**$ 86,137**	**$ 66,252**	**$ 185,217**	**$ 329,553**	**$ 66,252**	**$ 66,252**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 2,979,291**	**$ 3,046,611**	**$ 3,135,204**	**$ 2,973,182**	**$ 3,403,002**	**$ 3,312,175**	**$ 2,825,657**	**$ 2,899,400**
LIABILITIES								
Current Liabilities								
Accounts Payable	$ 5,776	$ 15,521	$ 11,337	$ -	$ 3,840	$ 5,632	$ 3,256	$ -
Accrued Payroll Liabilities	$ 33,095	$ 29,430	$ 18,052	$ 21,767	$ 22,860	$ 22,961	$ 29,176	$ 23,402
Accrued Compensated Absences	$ 300	$ 907	$ 5,407	$ 9,746	$ 4,450	$ 1,733	$ 9,746	$ 9,746
Total Current Liabilities	**$ 39,171**	**$ 45,858**	**$ 34,796**	**$ 31,513**	**$ 31,150**	**$ 30,326**	**$ 42,179**	**$ 33,148**
Long-Term Liabilities								
Net Pension Liability	$ 286,481	$ 289,453	$ 323,538	$ 367,798	$ 211,657	$ 501,330	$ 377,679	$ 367,798
Total Long-Term Liabilities	**$ 286,481**	**$ 289,453**	**$ 323,538**	**$ 367,798**	**$ 211,657**	**$ 501,330**	**$ 377,679**	**$ 367,798**
TOTAL LIABILITIES	**$ 325,652**	**$ 335,311**	**$ 358,334**	**$ 399,311**	**$ 242,807**	**$ 531,656**	**$ 419,858**	**$ 400,946**
Deferred Inflow								
Lease	$ -	$ -	$ -	$ -	$ 169,012	$ 132,757		
GASB 68 Pension	$ -	$ -	$ 5,581	$ 30,644	$ 177,317	$ 47,055		
Total Deferred Inflow	**$ -**	**$ -**	**$ 5,581**	**$ 30,644**	**$ 346,329**	**$ 179,812**	**$ -**	**$ -**
TOTAL LIABILITIES & DEFERRED INFLOWS	**$ 325,652**	**$ 335,311**	**$ 363,915**	**$ 429,955**	**$ 589,136**	**$ 711,468**	**$ 419,858**	**$ 400,946**
NET POSITION								
Net Investment in Capital Assets	$ 926,603	$ 1,179,522	$ 1,086,707	$ 1,325,479	$ 1,293,397	$ 1,218,649		
Unrestricted	$ 1,727,036	$ 1,531,778	$ 1,684,582	$ 1,217,748	$ 1,520,469	$ 1,382,058		
TOTAL NET POSITION	**$ 2,653,639**	**$ 2,711,300**	**$ 2,771,289**	**$ 2,543,227**	**$ 2,813,866**	**$ 2,600,707**	**$ -**	**$ -**
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	**$ 2,979,291**	**$ 3,046,611**	**$ 3,135,204**	**$ 2,973,182**	**$ 3,403,002**	**$ 3,312,175**	**$ -**	**$ -**

Pension Liability / CalPERS Buyout Option

Felton FPD has been a member of the California Public Employees' Retirement System (CalPERS) since May 1995. CalPERS is the largest public pension fund in the United States, administering retirement and health benefits for over 2 million public employees, retirees, and their families in California. It is LAFCO's understanding that Felton FPD has expressed interest in exiting from the system (often referred to as a "CalPERS buyout" or "termination"). If successful, this removal of long-term debt could make it easier for successor agencies to consider reorganization with Felton FPD. However, paying off all pension obligations with CalPERS and fully withdrawing from the system is a complex and highly regulated process. When a public agency (such as Felton FPD) initiates the process to terminate its CalPERS contract, CalPERS prepares a termination valuation to estimate how much the agency must pay to fully meet its pension obligations. Two key terms in this process are projected compensation and frozen compensation, which represent different assumptions used in calculating this liability.

- **Projected Compensation** assumes that employees' salaries will continue to increase in the future, based on historical trends or actuarial assumptions. CalPERS estimates that the projected compensation to buy out from its system will be $1,247,400 (Classic Plan of $1,219,100 plus PEPRA Plan of $28,300).

- **Frozen Compensation** assumes that for purposes of calculating pension, employees' salaries are <u>frozen</u> at their current levels as of the date of contract termination – in other words, any future increases in pay for any existing employees would not be used in their pension calculations. CalPERS estimates that the frozen compensation to buy out from its system will be $1,044,900 (Classic Plan of $1,030,400 plus PEPRA Plan of $14,500). Since Felton FPD currently has no employees, it is possible that the "Frozen Compensation Option" may be a reasonable choice should FFPD choose to pursue an exit from CalPERS.

Appendix C provides copies of CalPERS termination valuation and a breakdown of the two compensation calculations in more detail. In summary, Felton FPD would need to pay between $1,030,400 to $1,219,100 in order to formally withdraw from CalPERS. It is LAFCO's understanding that Felton FPD currently has approximately $1,774,000 cash on hand. Agencies seeking to end their membership must follow a series of formal steps to ensure compliance with CalPERS' rules and state law. Below is a breakdown of the major steps required to initiate and complete this process. **Table 6** on page 16 also illustrates the key steps in the termination process.

1) <u>Board Adoption of Resolution of Intent to Terminate</u>
   The first formal step is to adopt a *Resolution of Intent* to terminate their CalPERS contract. This resolution must be passed by the District's Board of Directors and formally notifies CalPERS of the agency's intent to terminate its contract. It is important to note that the resolution does <u>not</u> immediately terminate the contract, but rather simply initiates the termination process. State law requires that the resolution be adopted in an open session and reported to CalPERS. It is LAFCO's understanding that Felton FPD adopted a resolution of intent on March 3, 2025. **Appendix D** provides a copy of the adopted resolution.

2) <u>Notification and Initial Actuarial Valuation</u>
   Once CalPERS receives the adopted resolution, it will perform a preliminary actuarial valuation to determine the district's termination liability, which is typically a higher amount than the district's normal unfunded accrued liability (UAL) since CalPERS uses a much more conservative set of assumptions to ensure long-term solvency of benefits once the member exits the system. As previously mentioned, **Felton FPD's termination liability is between $1,030,400 to $1,247,000**. Felton FPD would be required to pay the full termination liability in a lump sum if it wants to fully exit CalPERS and leave no further obligation to the successor agency.

3) <u>Deadline and Timelines</u>
   Once the resolution of intent is submitted, and after CalPERS issues the termination liability estimate, Felton FPD must decide whether to move forward. Once the district confirms its intent to proceed, it must submit a final resolution to terminate. CalPERS requires that agencies meet all legal obligations, provide necessary employee and retiree data, and confirm they will pay the total liability. The termination process typically takes 6 to 12 months. It is important to note that CalPERS establishes a one-year deadline to complete the termination process. Therefore, **Felton FPD has until March 3, 2026** to complete the process before their request is withdrawn by CalPERS. Timing is crucial because actuarial valuations can change due to market fluctuations and demographic shifts. If Felton FPD fails to complete the termination process prior to March 3, 2026 deadline, then the process will have to be restarted with a new request.

4) <u>Funding and Lump-Sum Payment</u>
   To officially terminate, Felton FPD must pay CalPERS the entire termination liability as a lump sum. This funding can come from reserves, special tax revenue, or proceeds from asset sales or other funding strategies. Failure to fully fund the obligation at the time of termination can result in CalPERS reducing retiree benefits, although this is rare and only occurs in distressed or insolvent agencies. Based on LAFCO's analysis (shown in pages 9 to 13), **Felton FPD has approximately $1.8 million cash on hand** – which is enough to cover the buy-out amount. However, it will be important that FFPD retain enough cash on hand to cover "dry period" funding from July 1 to December 31 each year to avoid cashflow problems.

5) <u>Final Termination Agreement and Completion</u>
   Assuming the FFPD Board adopts the final resolution, and after CalPERS receives the full payment, CalPERS will issue a *Final Termination Agreement*, confirming the agency has withdrawn from the system. **CalPERS will then assume responsibility for paying the current and active retiree and beneficiary benefits** directly using the lump sum provided from that point on. Felton FPD will no longer make contributions and cannot rejoin CalPERS unless it goes through a new enrollment process. After terminating the contract, no new employees can participate in CalPERS through Felton FPD, and the agency must seek alternative retirement options. In summary, this process is significant and permanent. Felton FPD should weigh all financial and operational impacts and considerations before deciding to exit CalPERS.

Table 6: CalPERS Termination Process

Resolution of Intent	• Board adopts and submits a resolution of intent to terminate contract with CalPERS. District has one year to complete termination process.
Actuarial Valuation	• CalPERS develops termination valuation and identifies estimated lump-sum cost to withdraw from CalPERS.
Funding Strategy	• District confirms it has cash on hand to pay off (buy out) from CalPERS within the one-year deadline.
Final Resolution	• Board adopts final resolution and submits termination documents to CalPERS. After submittal, termination process must be executed.
Withdrawal Official	• CalPERS confirms termination after receiving full payment towards termination liability. Upon confirmation, District will no longer be a member of CalPERS.

GOVERNANCE OPTIONS

Felton Fire Protection District as a Stand-alone Agency

An independent fire protection district is a local government agency established to provide essential fire suppression, emergency medical response, rescue services, and fire prevention resources to a specific geographic area. Most fire districts, including Felton FPD, operate under the Fire Protection District Law of 1987. In rural communities, many of these districts have historically relied on volunteer firefighters to meet the needs of their residents. However, maintaining a volunteer-based model has become increasingly difficult in today's world due to declining volunteerism, increased training requirements, rising call volumes, and the growing complexity of emergency response. Despite these challenges, rural fire districts can remain sustainable by evolving their operational models, such as the transition to a combination or fully career staffing model, hiring a full-time fire chief for consistent leadership and oversight, and securing stable funding through special taxes or benefit assessments approved by local voters. These strategic changes can help ensure Felton FPD can have a long-term viability as a rural fire district.

Option 1: Felton FPD Stays in Existence

At present, Felton FPD is operating under a volunteer-model that was first established in 1946 when the fire district was originally formed. This type of model has been proven to be unsustainable – which is why we see Felton FPD struggling to sustain its current operations and overall management. Sustainability hinges on having a full-time fire chief for leadership, a small team of full-time firefighters for consistent coverage, and supplemental volunteer or reserve firefighters to handle peak demand. Typically, a rural fire district serving a population of around 5,000 - 7,000 residents may require 6 to 9 full-time personnel to provide 24/7 coverage through rotating shifts (or alternative ways to maintain adequate coverage), along with administrative support. Annual operating costs in Santa Cruz County can range from $2 million to $3 million, depending on staffing levels, facility and equipment needs, insurance, and call volume. To remain viable, districts often rely on benefit assessments and special taxes approved by voters to supplement property tax revenue, ensuring that residents continue receiving timely and adequate fire protection and emergency services. The difference between assessments and special taxes is discussed in more detail on page 31 under *"Supplemental Revenue Measures."*

<u>Strategic Plan</u>

It is LAFCO staff's understanding that the contractual agreement between Felton and Ben Lomond FPDs ended on June 8, 2025. Under this contract, BLFPD was responsible for FFPD's internal operations and management, including but not limited to - acting as the District's Fire Chief, managing the firefighters and volunteers, paying all bills and invoices, processing payroll, retaining all digital and physical files, completing property and construction inspections, addressing fire prevention, completing plan checks and public education, conducting public hearings, addressing public requests, and fulfilling the statutory requirements as a special district. This was meant to be a two-year contract but ended after a few months. This abrupt departure by BLFPD has left FFPD once again without proper staffing levels and leadership. There needs to be a strategic plan in place if Felton FPD plans to continue operating as a sustainable and standalone fire district.

Felton FPD must hire new personnel in order to fulfill the statutory requirements outlined in Health & Safety Code Section 13800 et seq. It is unknown how many staff members are needed or how much it will cost to hire them. The District has one of the lowest revenue streams in the county and approximately 90% is already allocated for salaries and benefits. As the District currently has no full-time employees, the funding allocated for salaries and benefits is being used to reimburse Ben Lomond and Zayante for staffing services and to pay stipends to members available to staff the station during the day. Thus, the actual expenses in the salary and benefits category will likely not closely match the budgeted amount. It is LAFCO's assumption that the residents will need to support and approve a special tax/benefit assessment in order to be self-sufficient. It is important to note that LAFCO staff, at present, has major reservations about FFPD's ability to comply with the statutory requirements with regards to administrative responsibilities.

It is LAFCO's understanding that it required all of Ben Lomond FPD's administrative staff, including their Fire Chief, to fulfill the daily, weekly, monthly, quarterly, and annual duties on behalf of FFPD under the now defuncted contract. LAFCO staff believes that a new and full-time fire chief would have difficulty in fulfilling these requirements alone – even more so as a part-time employee. While LAFCO recognizes the proactive efforts by the interim fire chief and passionate board members, LAFCO discourages the District from using board members to act as FFPD's "unofficial administrative staff." It is the responsibility of the District staff, not the board, to complete all internal operations. That is why LAFCO is requiring the District to develop a detailed plan on how internal operations and all administrative duties will be completed and identifies the responsible staff member(s). **Appendix E** provides an example of the areas that must be identified and addressed. This example is meant to be used as a guideline. Transitioning away from a volunteer-based model will be difficult but a detailed plan will lay the foundation for a transparent and successful process. If Felton FPD decides to continue as a stand-alone agency, it must submit a detailed strategic plan to LAFCO no later than October 6, 2025. Due to the significant changes needed to remain as a standalone agency, **LAFCO ranks this option as #7 out of 12.**

Reorganization with a Local Fire District

An independent fire district may consider dissolving itself and concurrently annexing into a neighboring fire district (also known as a reorganization) as a strategic response to ongoing operational, financial, and/or administrative challenges. This approach is often driven by the need to improve service delivery, reduce duplication of efforts, address staffing shortages, or stabilize long-term funding. By merging resources with a neighboring agency, Felton FPD can ensure continued emergency response coverage and enhance overall efficiency in service delivery while also experiencing the benefits from being part of a larger organizational infrastructure with more administrative support and professional leadership. This decision is typically rooted in a desire to better serve the respective community and ensures the sustainability of fire protection and emergency services by transferring responsibility to another local agency with capabilities to provide the requested services. LAFCO has identified five different reorganization scenarios for consideration. The following section explains the LAFCO process and discusses those five scenarios in more detail.

Reorganization Process

LAFCO oversees changes of organization for cities and special districts, which may involve the consolidation, merger, or dissolution and concurrent annexation involving two or more agencies (also known as a reorganization). In this case, the process typically begins with an application submitted by one or both fire districts, the County, or through a LAFCO-initiated resolution. A comprehensive plan for service is prepared outlining the governance, service delivery, staffing, and financial impacts of the proposed reorganization. LAFCO conducts a thorough review, including public hearings, environmental review (if applicable), and consultation with the affected agencies. If approved, the decision may be subject to protest proceedings or a special election, depending on the public response. Once finalized, LAFCO records the reorganization, files with the State Board of Equalization, and the new successor agency structure becomes official. As part of this process, a more robust evaluation will be conducted if this option is considered and initiated by Felton FPD. LAFCO will also require a $8,000 deposit from the applicant to process any proposed reorganization.

Reorganization Options

Based on LAFCO's analysis, and the proximity of neighboring fire agencies, there are five potential reorganization options for Felton FPD's consideration – each with their own level of service / viability. **Figure H** on page 23 shows the neighboring fire districts within proximity of Felton FPD's jurisdictional boundary.

- Option #2: Reorganization with Ben Lomond Fire Protection District
- Option #3: Reorganization with Boulder Creek Fire Protection District
- Option #4: Reorganization with County Service Area 48 (County Fire)
- Option #5: Reorganization with Scotts Valley Fire Protection District
- Option #6: Reorganization with Zayante Fire Protection District

These five options are examined in more detail below.

Option 2: Reorganization with Ben Lomond Fire Protection District

A potential reorganization between Felton and Ben Lomond FPDs would need to address several key operational and financial considerations to ensure a successful merger. Both districts currently operate under a primarily volunteer staffing model, supplemented by a limited number of paid personnel. This shared structure could facilitate alignment in personnel practices and operational expectations during and after reorganization.

Governance is another critical factor to consider, as both districts are overseen by locally elected boards of directors, and each are composed of five members. Any reorganization would require determining how board representation would be managed moving forward to ensure fair and balanced oversight for all constituents. Additionally, the current full-time paid Fire Chief position in place at Ben Lomond FPD could play a unifying leadership role, but the scope and oversight responsibilities of this position would still need to be redefined to lead and support a larger, combined agency. Financially, the combined revenue of approximately $2.27 million projected for fiscal year 2025–26 provides a starting point to consider budgeting and resource allocation. However, before reorganization can move forward, these significant discrepancies must be addressed:

- CalPERS Membership: BLFPD is not currently a CalPERS member, which may impact benefits, liabilities, & employment terms for FFPD paid staff post-reorganization.
- Supplemental Revenue: Neither BLFPD nor FFPD have a supplemental revenue source; therefore, the only available funding consists of the combined total of the property tax receipts allocated to the two districts. If additional funding is needed to provide an appropriate service model, voters in the combined district would need to approve the additional charges.
- Service Model: The proposed service model and long-term cost structure for a combined district remain unknown. A feasibility study and public engagement process would be necessary in both districts to evaluate and design a sustainable operational model that maintains service quality while ensuring fiscal responsibility.

In conclusion, a reorganization between Felton FPD and Ben Lomond FPD may be possible – there are similarities between the two neighboring fire districts, and they have worked together in the past. However, due to the recent abrupt contract cancellation between the two agencies and the potential need for more funding, the viability of this option is moderate at this time. **Therefore, LAFCO ranks this option as #3 out of 12.**

Option 3: Reorganization with Boulder Creek Fire Protection District

A reorganization between Felton FPD and the Boulder Creek FPD presents both opportunities and challenges that must be carefully addressed to ensure a smooth and effective transition. Both agencies operate with a primarily volunteer staffing model supplemented by limited paid personnel, which could ease integration of operations and expectations. However, determining a sustainable and unified service model that reflects the needs of both communities with the available financial resources remains a critical step that is yet to be defined. The current full-time paid Fire Chief position in place at Boulder Creek FPD could play a unifying leadership role, but the scope and oversight responsibilities of this position would need to be redefined to lead and support a larger, combined agency. Although the governance structures are compatible, as both districts are overseen by locally elected five-member boards of directors, a reorganization would require agreement on how board representation would be managed post-reorganization with an emphasis on maintaining equitable community input. BCFPD's status as a CalPERS agency would likely require that BCFPD assume the FFPD CalPERS contract and associated assets and liabilities. The two agencies' PERS plans are nearly identical, smoothing any potential issues with employment transition. Also, BCFPD benefits from a $41 per parcel voter-approved special tax which could result in an additional $100,000 annually from the Felton community, should reorganization come to fruition.

A significant logistical challenge is that the two districts are not geographically contiguous. At this time Ben Lomond FPD sits between Boulder Creek FPD and Felton FPD. While the Fire Protection District Law of 1987 allows for the annexation of non-contiguous territory, the outcome may result in irregular boundaries, service confusion, and governance concerns. Annexing non-contiguous territory creates irregular, "leapfrogged" district boundaries which may lead to unclear jurisdictional lines. This may result in confusion about which fire district is responsible for a specific area and could lead to slower response times in emergencies. Additionally, if the annexing district must bypass or duplicate services provided by another local fire district, it may waste resources and may result in overlapping coverage. Despite these challenges, the estimated combined revenue of $2.58 million (excluding the special tax) suggests there may be sufficient resources to develop a financially sustainable district, provided a clear, efficient service model can be established. However, the non-contiguous annexation would need to be clearly addressed if considered. **Therefore, LAFCO ranks this option as #4 out of 12.**

Option 4: Reorganization with County Service Area 48 (County Fire)

A potential reorganization between Felton FPD and the County Service Area 48 (CSA 48), served under a CAL FIRE contract model, would represent a significant shift in governance and service delivery for the Felton community. Unlike FFPD's locally elected board of directors, CSA 48 is governed by the Santa Cruz County Board of Supervisors, meaning that local control would be relinquished in favor of county-level oversight. This governance change would need to be clearly communicated to the affected community members to ensure transparency and establish public trust. The current service model under CSA 48 relies on a contractual relationship with CAL FIRE for fire protection services. While both the County and CAL FIRE are CalPERS members, which aligns pension structures, many operational and cost-related details remain undetermined, including staffing levels, station coverage, and response times. Financial sustainability is another key consideration. CSA 48 is funded through two existing benefit assessments totaling $367 per single family equivalent (SFE); however, it is unclear whether this revenue is sufficient to cover the costs of absorbing FFPD's service area and maintaining current or improved service levels. The total revenue potential of an expanded CSA 48 that includes the Felton community is also unknown, making it difficult to evaluate long-term financial viability without a comprehensive fiscal analysis.

The CAL FIRE model, under CSA 48, offers operational efficiencies and continuity under a larger system. In other words, the Felton community could see an increase in service level from a well-established fire organization that is already providing services in the San Lorenzo Valley compared to their current status. A successful transition would hinge on clear planning, financial transparency, and assurance that service quality would be preserved or enhanced for Felton residents. These benefits are why another fire reorganization involving CSA 48 and the Pajaro Valley Fire Protection District is currently underway. Additionally, the County and LAFCO are in the process of exploring the concept of transitioning CSA 48 from a "county department" to a standalone/independent fire protection district. CSA 48 may be strategically positioned to become the successor agency for any struggling fire district in Santa Cruz County. **Therefore, LAFCO ranks this option as #2 out of 12.**

Option 5: Reorganization with Scotts Valley Fire Protection District

A reorganization between Felton and Scotts Valley FPDs would involve transitioning from Felton's primarily volunteer-based fire service model to a fully career-operated agency with enhanced staffing and service capabilities. SVFPD maintains a professional structure with a minimum of three-person paramedic engine staffing, offering advanced emergency medical response that exceeds the current service level in Felton. Both agencies are governed by locally elected five-member boards of directors, allowing for a compatible governance transition, though representation and local accountability would need to be preserved in the new structure. SVFPD is a CalPERS member, which aligns with FFPD's existing structure for paid staff and provides consistency in retirement and employment benefits. However, expanding SVFPD's service area to include Felton would come at a significant cost (appx. $3 to $4 million annually). To make this expansion feasible, the reorganization would require the approval of a new supplemental revenue source in the range of $2 to $3 million per year. This likely means placing a tax or benefit assessment before voters in the Felton community while also requiring strong community engagement, education, and support.

Despite the operational and governance alignment, SVFPD has indicated that they are not currently interested in pursuing a reorganization. This lack of interest is a key limiting factor, as any reorganization would require mutual agreement, political will, and a shared vision from both agencies. Unless SVFPD's position changes, this option remains infeasible in the near term, though it could be revisited in the future. **Therefore, LAFCO ranks this option as #12 out of 12.**

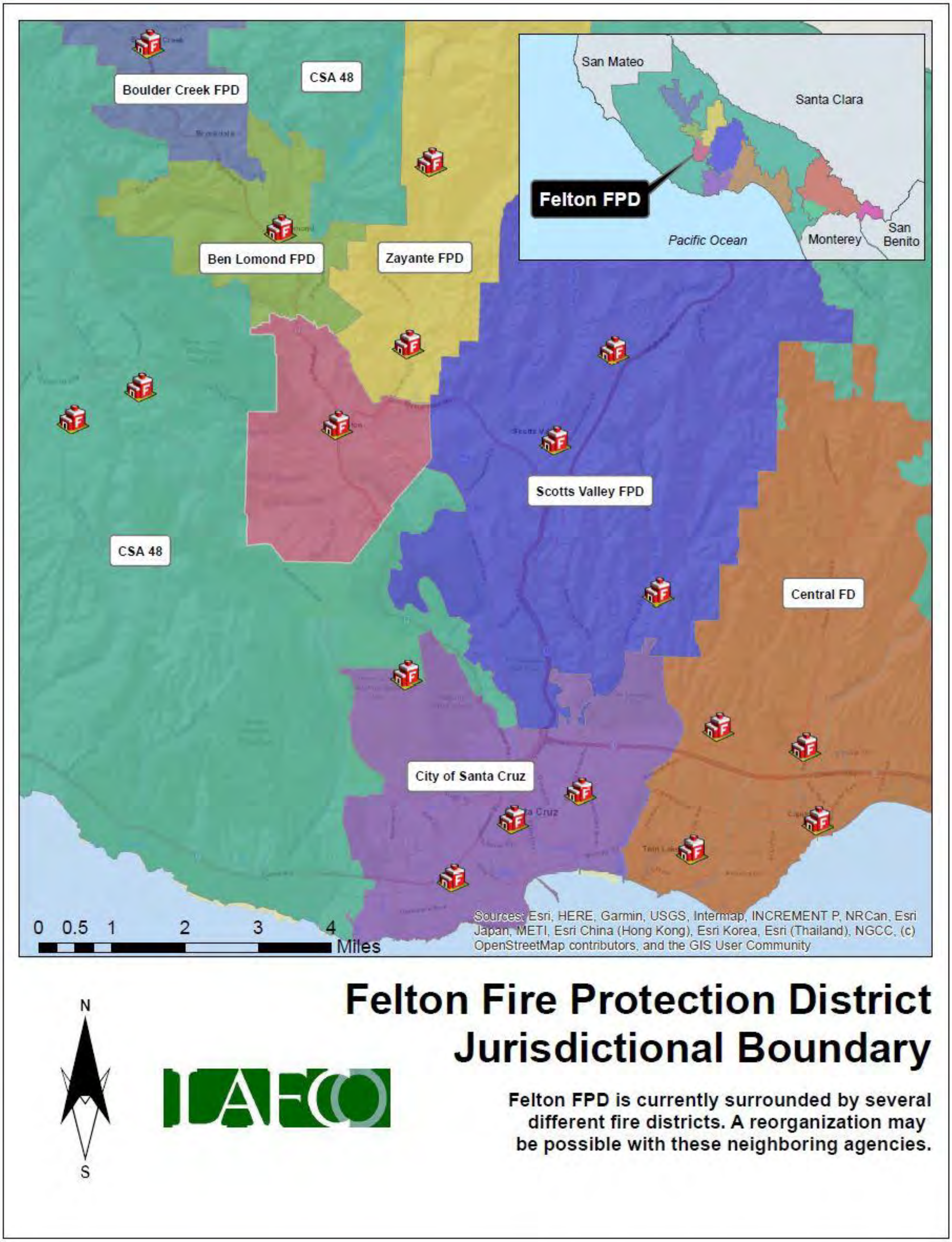
Option 6: Reorganization with Zayante Fire Protection District

A reorganization between Felton and Zayante FPDs is a viable option that would require careful coordination around staffing models, governance, finances, and long-term service delivery planning. ZFPD is currently operating a combination paid/volunteer department, which could align well with FFPD's existing structure and facilitate a smoother operational merger. Both districts are governed by locally elected five-member board, which would allow for a relatively seamless governance transition, provided that representation from both communities is preserved in any restructured board.

Financially, ZFPD benefits from a $290 per parcel voter-approved special tax, which if applied to the parcels in Felton FPD could contribute an estimated $700,000 per year in supplemental revenue if reorganized with ZFPD. The total combined revenue of the new agency is projected to be approximately $2.8 million in FY 2026–27, providing a solid foundation for ongoing operations. However, ZFPD is not a CalPERS member and has made it clear that a reorganization plan would hinge on FFPD's exit from the CalPERS system. This particular issue would be a key consideration in the reorganization process.

While the service model and long-term operational costs have not yet been determined, both districts share a small-district culture and community focus, which may help facilitate a unified approach to staffing, emergency response, and financial planning. A successful reorganization would depend on the development of a joint service plan, a clear fiscal strategy, and engagement with both communities to build support and ensure continued quality of service. A reorganization between FFPD and ZFPD could also enhance operational efficiency, improve staffing resilience, and create economies of scale that benefit both agencies. For ZFPD and the broader San Lorenzo Valley fire districts, it could foster more coordinated service delivery, reduce duplication, and strengthen long-term sustainability in the face of increasing emergency demands and fiscal pressures. **Therefore, LAFCO ranks this option as #1 out of 12.**

Figure H – Neighboring Fire Agencies (for Potential Reorganization)



Contract with a Local Fire Agency

An independent fire district may choose to enter into a contractual agreement with a neighboring fire agency for various reasons, including but not limited to enhancing the effectiveness, efficiency, and sustainability of its operations while continuing to serve its community with locally governed fire protection services. This type of collaborative arrangement allows Felton FPD to access experienced leadership, such as a shared fire chief and administrative support, without the full cost or complexity of hiring and maintaining an independent operational structure. By leveraging the strengths of a more resourced fire agency, Felton FPD can improve service delivery, streamline operations, and ensure regulatory compliance, all while preserving its local control, board authority, and community identity. LAFCO has identified seven different contractual scenarios for consideration. The following section explains the LAFCO process and discusses those seven scenarios in more detail.

LAFCO Process

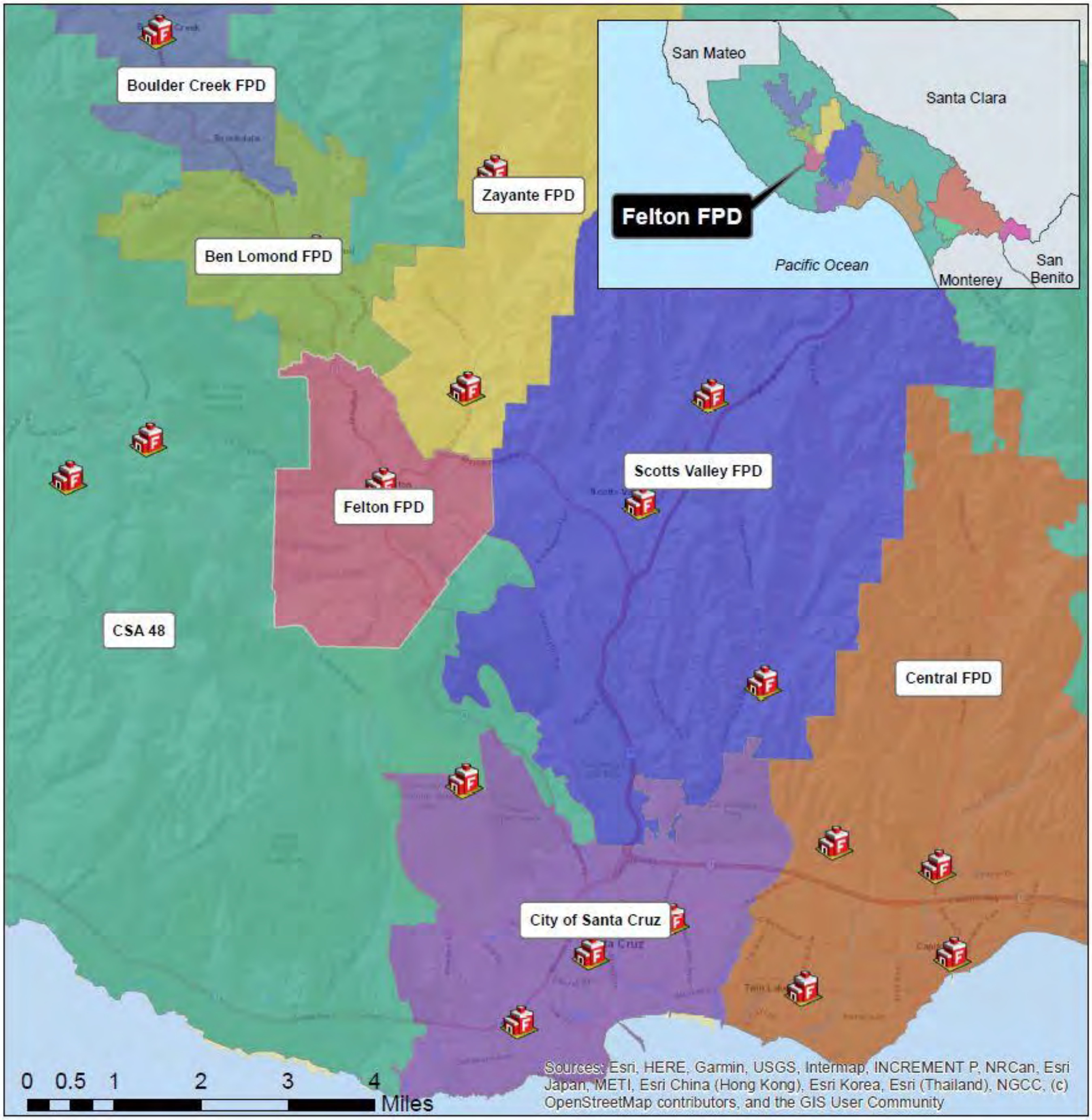
State law allows two or more public agencies (ex. cities and special districts) to enter into contracts to share resources and/or provide services to maximize efficiencies, share costs, and in most cases promote good government. Contracts between two or more public agencies do not require LAFCO action. However, Senate Bill No. 239 made changes to LAFCO's purview over fire contracts in 2015. SB 239, which went into effect on January 1, 2016, amended Government Code Sections 56017.2 and 56133, and added Section 56134. In accordance with SB 239, public agencies, under specified circumstances, must receive written approval from the LAFCO in an affected county before providing new or extended fire protection services outside the agencies' jurisdictional boundaries, if the contract results in either of the following conditions: (1) transfers responsibility for providing services in more than 25% of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or (2) changes the employment status of more than 25% of the employees of any public agency affected by the contract or agreement. The new law places added responsibilities on local and state agencies, plus LAFCO. Since there are many uncertainties with respect to implementation of SB 239, **Appendix F** provides guidelines to assist the Commission, affected agencies, and the public to ensure that a consistent approach for the review and approval of fire protection contract applications.

Contractual Options

Based on LAFCO's analysis, and the proximity to neighboring fire agencies, there are six potential contractual options for Felton FPD's consideration – each with its own potential of success / viability. **Figure I** on page 25 shows the neighboring fire districts within proximity to Felton FPD's jurisdictional boundary.

- Option #7: Contract with Ben Lomond Fire Protection District
- Option #8: Contract with Boulder Creek Fire District
- Option #9: Contract with Scotts Valley Fire Protection District
- Option #10: Contract with Zayante Fire Protection District
- Option #11: Contract with the City of Santa Cruz
- Option #12: Contract with CAL FIRE

Figure I – Neighboring Fire Agencies (for Potential Contractual Agreements)



Felton Fire Protection District Jurisdictional Boundary

Felton FPD is currently surrounded by several different fire districts. A contract may be possible with these neighboring agencies.

Key Factors to Consider

Two fire districts can successfully enter into a cooperative agreement where one district provides operational and administrative support to the other by engaging in a structured, collaborative planning process that clearly defines expectations, responsibilities, and financial terms. The first step is to jointly determine the desired level of service and the service delivery model (such as staffing standards, response times, and types of calls covered) to ensure that both districts understand the operational outcomes the contract is intended to achieve. This includes deciding whether the service will be provided 24/7, whether it includes command staff, paramedic response, or station coverage, and how services will be adapted to the supported district's needs.

Equally important is identifying which services will and will not be included in the agreement. For example, while fire suppression, emergency medical services, and training might be covered, services like fleet maintenance or fire prevention may be excluded or negotiated separately. Clarifying these details up front helps avoid confusion and potential conflict later. The districts must also determine the employment status of all personnel involved. This includes whether paid staff and volunteers in the supported district will remain employed or affiliated with their current agency, or be integrated into the supporting agency's workforce. Addressing CalPERS participation, workers' comp, and volunteer policies is critical to ensure compliance and continuity of service.

An assessment of unfulfilled needs, such as deficiencies in facilities, staffing, apparatus, or equipment, should be conducted collaboratively to understand what gaps the supporting district may be expected to help fill, and whether additional funding or resources are required. Finally, contract terms must be carefully negotiated, including the total cost of services, duration of the agreement, performance measures, liability, and mechanisms for renewal or termination. A well-crafted agreement with clear roles, equitable cost-sharing, and mutual accountability lays the foundation for a successful partnership that enhances fire and emergency services for both communities.

Option 7: Contract with Ben Lomond Fire Protection District

Felton FPD could explore contracting with the Ben Lomond FPD for operational and administrative support by leveraging their similar service models, which are both rooted in volunteer staffing supplemented by limited paid personnel. Under such an arrangement, BLFPD could provide part-time leadership oversight, assistance with training and administration, and emergency response support from its station when available. The contract could also include a limited number of paid staff hours or shared use of duty personnel to enhance coverage and continuity.

However, the viability of this option is currently very low due to a recent history of a failed contractual relationship between the two districts. That experience has likely contributed to diminished trust, unresolved operational concerns, and potential political or organizational resistance. While the service models are technically compatible, and geographic proximity allows for practical coordination, past challenges present a significant barrier to reestablishing a formal partnership. As such, any attempt to renew a contract would require a deliberate rebuilding of relationships, clear definition of roles and expectations, and a mutually agreed-upon framework to avoid repeating prior issues. Without strong mutual interest and leadership commitment from both boards, the likelihood of a successful long-term agreement remains minimal. **Therefore, LAFCO ranks this option as #11 out of 12.**

Option 8: Contract with Boulder Creek Fire District

Felton FPD could consider contracting with the Boulder Creek FPD for operational and administrative support, given their shared service model of volunteer firefighters supplemented by limited paid staff. In theory, this arrangement could include shared administrative oversight, joint training efforts, and scheduled staffing support. However, several significant challenges limit the viability of this option. The two districts do not share a contiguous boundary, complicating direct emergency response coordination and raising questions about jurisdictional efficiency. Additionally, BCFPD has no prior experience contracting for fire or administrative services, which means developing a functional agreement would require building new governance, operational, and financial frameworks from scratch. Moreover, BCFPD's current service model may not meet Felton FPD's operational needs, especially if more robust or immediate staffing and command coverage is required. Both districts may also face infrastructure limitations, including facilities, equipment, and staffing capacity, that would hinder BCFPD's ability to take on additional responsibilities. Given these factors, the potential for a successful contract between FFPD and BCFPD is considered low at this time. **Therefore, LAFCO ranks this option as #5 out of 12.**

Option 9: Contract with Scotts Valley Fire Protection District

Felton FPD could consider contracting with Scotts Valley FPD for operational and administrative support, which would provide a significant upgrade in service delivery. SVFPD operates a fully paid, professional model with three-person Advanced Life Support (ALS) engine staffing, supplemented by paid-call firefighters. This model offers high-level emergency medical and fire response capabilities that could greatly benefit Felton. However, the feasibility of such a contract is very low due to several critical challenges. Felton FPD's current infrastructure, including facilities, equipment, and staffing resources, would likely require substantial upgrades to meet the operational standards and service demands of SVFPD. Additionally, the cost of providing service to Felton under this model is estimated to be in the range of $3 to $4 million annually, which far exceeds Felton FPD's current revenue capacity. Given these significant financial and logistical barriers, a contractual arrangement with SVFPD is not considered a viable option at this time. **Therefore, LAFCO ranks this option as #10 out of 12.**

Option 10: Contract with Zayante Fire Protection District

Felton FPD could potentially contract with Zayante FPD for operational and administrative support, leveraging their similar service models and geographic proximity. ZFPD currently provides Basic Life Support (BLS) engine staffing with a limited number of paid personnel, supplemented by volunteers, and could offer coverage through scheduled staffing and response from its station. While ZFPD has no prior history of entering into service contracts with another agency, the alignment in organizational scale and structure makes this partnership more feasible than others Felton has considered.

However, several challenges would need to be addressed to move forward. It is currently unknown whether ZFPD can meet Felton's staffing needs, particularly given the very low compensation offered for paid positions, which may hinder recruitment and retention. Additionally, a new supplemental revenue source would likely need to be approved by Felton voters in order to fund the increased operational capacity, and overall costs have not yet been determined. Infrastructure improvements (such as equipment, station upgrades, or shared administrative systems) may also be necessary to support the partnership. Despite these hurdles, this option holds moderate viability, provided both districts are willing to engage in careful planning, financial analysis, and community outreach to build a sustainable, shared-service model. **Therefore, LAFCO ranks this option as #6 out of 12.**

Option 11: Contract with the City of Santa Cruz

Felton FPD could consider contracting with the City of Santa Cruz for operational and administrative support, which would provide access to a highly professionalized fire service model featuring three-person Advanced Life Support (ALS) engine staffing. This would significantly elevate Felton FPD's current level of service by ensuring consistent emergency response and paramedic-level care. However, the potential viability of this option is very low due to a number of critical challenges. The two jurisdictions are not geographically contiguous, creating logistical complications for daily response operations and mutual aid efficiency. Felton FPD's infrastructure, such as facilities, equipment, and communications systems, would likely require major upgrades to meet the operational standards of a full-service municipal fire department. Additionally, the estimated cost of service, ranging from $3 to $4 million per year, is well beyond Felton FPD's current financial capacity. Cultural and organizational differences also present a barrier; the City of Santa Cruz Fire Department operates as a large, urban municipal agency with a different firefighter culture, compensation model, and staffing demographics compared to Felton FPD's smaller, community-based fire district. These structural and financial mismatches make this partnership an impractical and unsustainable option at this time. **Therefore, LAFCO ranks this option as #8 out of 12.**

Option 12: Contract with CAL FIRE

Felton FPD could consider contracting with CAL FIRE for operational and administrative support, potentially implementing a service model that includes three-person BLS staffing, supplemented by volunteers and oversight from a Battalion Chief. This arrangement could offer consistent staffing, enhanced supervision, and integration into the broader state fire protection system. However, the viability of this option is very low due to several major challenges. First, Felton FPD would need to negotiate a new contract with the State of California, which may or may not fall under the Amador Plan model (an agreement that allows for year-round staffing outside the normal fire season) but will require a 3-0 staffing model at minimum. This process can be complex, lengthy, and dependent on state approval. Additionally, Felton FPD's current infrastructure, including fire stations, equipment, and support systems, would likely require significant upgrades to meet CAL FIRE's operational standards. The estimated cost for service, ranging from $3-4 million annually, far exceeds Felton FPD's current funding capacity. These financial, contractual, and infrastructure obstacles significantly limit the feasibility of entering into a contract with CAL FIRE at this time. **Therefore, LAFCO ranks this option as #9 out of 12.**

Other Options Not Analyzed

Hiring private firefighters or increasing volunteers is not a viable solution for a failing rural fire protection district because both options lack sustainability, reliability, and cost-effectiveness. Private fire services are often too expensive for struggling districts and may not prioritize public safety over profit. At the same time, recruiting and retaining volunteers has become increasingly difficult due to declining interest, demanding training requirements, and high burnout rates. These approaches also raise liability concerns, may not integrate well with local emergency systems, and fail to address the core issue of chronic underfunding. Lasting solutions require structural changes, stable funding, and professional staffing—not temporary or inconsistent fixes. Therefore, these options were not analyzed in this report.

In conclusion, LAFCO has analyzed 12 potential options that may ensure the Felton community receives adequate fire protection and emergency medical services as the Felton Fire Protection District looks for a better way to serve its community. **Table 7** on page 30 provides an overview of each governance option. **Table 8** on page 30 also summarizes the ranking order determined by LAFCO's analysis and conclusions. These two tables are meant to be for informational purposes only and do not require Felton FPD to select a particular option based on ranking alone.

Table 7: Overview of Governance Options

Options	Governing Board	Staffing[1]	Annual Cost[2]	Supplemental Revenue	Political Factors[3]	Viability
1. Standalone	FFPD Board	2 on duty 3 on duty	$2 million $3 million	$1-2 million	Low	Low
Reorganization with…						
2. Ben Lomond FPD	BLFPD Board	1 on duty (and volunteers)	$1.1 million	N/A	High	Moderate
3. Boulder Creek FPD	BCFPD	1 on duty (and volunteers)	$1.2 million	$41/parcel ($100,000)	High	Moderate
4. CSA 48	County Board of Supervisors	3 on duty (24hr)	$3-4 million	$2-3 million	Moderate	High
5. Scotts Valley FPD	SVFP Board	3 on duty (24hr)	$3-4 million	$2-3 million	High	Very Low
6. Zayante FPD	ZFPD Board	3 on duty (24hr)	$1.8 million	$290/parcel ($700,000)	High	High
Contract with…						
7. Ben Lomond FPD	No Change; FFPD Board remains the overseeing body	1 on duty (and volunteers)	$1.1 million	N/A	Very High	Very Low
8. Boulder Creek FPD		1 on duty (and volunteers)	$1.1 million	N/A	High	Low
9. CAL FIRE		3 on duty (24hr)	$3-4 million	$2-3 million	Low	Very Low
10. City of Santa Cruz		3 on duty (24hr)	$3-4 million	$2-3 million	Low	Very Low
11. Scotts Valley FPD		3 on duty (24hr)	$3-4 million	$2-3 million	High	Very Low
12. Zayante FPD		4 on duty (Mon-Fri; 8 hr.) 2 on duty (Sat-Sun)	$1.1 million	N/A	High	Low

Table 8: Ranking of Governance Options

Options	Ranking
Reorganization with Zayante FPD	1
Reorganization with CSA 48	2
Reorganization with Ben Lomond FPD	3
Reorganization with Boulder Creek FPD	4
Contract with Boulder Creek FPD	5
Contract with Zayante FPD	6
Remain as a Standalone Agency	7
Contract with the City of Santa Cruz	8
Contract with CAL FIRE	9
Contract with Scotts Valley FPD	10
Contract with Ben Lomond FPD	11
Reorganization with Scotts Valley FPD	12

[1] Options 1 and 6 are based on projected need. For all others, based on the agency's current model.

[2] Funds to cover the cost are generated within the FFPD territory. All figures are conceptual estimates.

[3] This column acknowledges the relative impact of the many intangible factors that will need to be addressed to get to an agreement. It is given that history, cultural similarities or differences, representation, the appearance of fairness, cost allocation, and a host of other issues will have to be discussed and agreed upon before any change in organization can be successfully implemented.

SUPPLEMENTAL REVENUE MEASURES

With approximately $1.1 million in annual revenue collected, FFPD lacks adequate funding to provide an appropriate level of fire protection and emergency medical services to its respective community. Consequently, regardless of which option is chosen to move forward, additional and ongoing revenue will be required to supplement the existing revenue stream. The amount of supplemental revenue needed will depend upon the cost of the service model chosen. The difference between the revenue currently collected and the funds needed to support the service model chosen will determine the scale of charges that will be applied to parcels within the current FFPD territory. For example, if the Felton community preferred to have 3 people on duty on a 24/7 schedule, then an additional $2 million (approximately) would be required. Under this hypothetical scenario, a flat parcel tax or assessment could be more than $700/year per parcel. It is important to note that a comprehensive feasibility study would be required to determine the true cost.

Fire districts across California have very limited options for increasing operating revenue. The California Constitution allows for two types of measures to be placed before a district's constituents for consideration. The first is a Special Tax, which requires approval by two thirds of the registered voters casting ballots in a general election. The second type of revenue measure is a Benefit Assessment, which requires approval from a majority of property owners voting in the mail-in ballot.

Special Taxes

A "special tax" is defined as "any tax imposed for specific purposes". A tax imposed by a special district, including a parcel tax, is termed a special tax. A proposed special tax may state a range of rates or amounts and may take into account inflationary adjustments to the rate or amount pursuant to the clearly defined formula. Typical fire district special tax measures include a per-parcel rate for developed parcels and a lesser rate for vacant land, although examples can be found that provide for a number of different rates based on the land-use classification. Inflationary adjustments are usually tied to increases in the CPI, and may include a cap (usually 3 or 4 percent per year).

Benefit Assessments

An "assessment" is defined as any levy or charge upon real property by an agency for the special benefit conferred upon the real property. Before imposing an assessment, the agency must first identify all parcels that will receive a special benefit from the proposed services. The assessments must be supported by a detailed engineer's report prepared by a registered professional engineer. The engineer's report must quantify the proportionate special benefit derived by each identified parcel in relationship to the entirety of the cost of the services provided, and must calculate the amount of the assessment imposed on each identified parcel.

In practice, the requirements of a benefit assessment process result in a unique calculated assessment for every parcel in the district, based on the specific benefit derived from receiving fire services. The special benefit is usually expressed in terms of a unit of benefit; examples are a "fire flow unit" or "Single Family (dwelling) Equivalent" (SFE). Properties more at risk receive more benefit and are assessed at a higher rate than properties that are less at risk, since those lower-risk properties derive less benefit from a functioning fire service. Only property owners vote on the assessment, and each property owner's votes are weighted in direct proportion to their assessment- or simply put, one dollar in assessment equals one vote. Ballots are mailed to each property owner, and a simple majority of votes is required to pass the measure. Like a special tax, a benefit assessment usually includes a clause allowing for an annual inflationary adjustment.

Implementing Supplemental Revenue Measures

There are some key provisions that apply to special taxes and benefit assessments. The first is that the revenues from any tax or assessment shall be used for the sole purpose or service for which the tax was imposed, and for no other purpose whatsoever. The second key factor is that no assessment may be imposed that exceeds the reasonable cost of the special benefit that is conferred on a parcel; and finally, taxes and assessments may be pledged to repay bonds or other forms of indebtedness.

A fire district board of directors has the authority to place a special tax measure on the ballot or call for a benefit assessment process. FFPD could independently propose either a special tax or benefit assessment to increase district revenue. Alternatively, LAFCO can require the successful implementation of a revenue generating measure as a condition of FFPD's reorganization with another district. In addition, a special tax or benefit assessment already in existence in a fire district may be applied to territory annexed into the district in accordance with terms and conditions imposed by LAFCO. This is a key concept, as ZFPD, BCFPD, and CSA 48 all have supplemental revenue measures in place that could potentially be applied to the FFPD territory as a condition of reorganization.

Existing Revenue Measures

As mentioned, three local fire agencies have existing revenue measures that could conceivably be applied to FFPD territory through a LAFCO reorganization process. The characteristics of each district are detailed below.

<u>Boulder Creek FPD Measure N Special Tax</u>

- Approved by 2/3 majority vote in November 2016
- Initially set at $35 per parcel, with annual increases capped at 2%
- The FY 25/26 rate is expected to be about $41 per parcel
- Restricted to use for capital items (vehicles, protective gear)
- Sunsets after 30 years, in June 2048

Potential revenue should BCFPD annex the Felton area and the special tax applied to the 2,944 parcels in the FFPD is about **$100,000** annually. Growth is limited to 2% annually, and use of the funds is restricted to vehicles and PPE.

<u>Zayante FPD Measure T Special Tax</u>

- Approved by 2/3 majority vote in November 2024
- Tiered rates
    - Vacant parcel less than 5 acres- $50

    - Vacant parcel more than 5 acres- $100
    - Developed parcel- $290
- Annual increases not to exceed CPI
- Restricted to use for staffing and capital equipment; no sunset provision

Potential revenue should the ZFPD annex the Felton area and the special tax applied to the 2,944 FFPD parcels is approximately **$700,000** per year, with growth tied to the annual increase in the CPI.

<u>County Service Area 48 Benefit Assessments (Two separate assessments)</u>

- Original assessment (aka "Fire Flow Tax") by landowner ballot in June 1997
    - Initial rate $42.80; annual increases tied to CPI
    - FY 25/26 rate $97.18 per Fire flow unit
    - 2 Fire flow units per single family home; other assessments vary

- 2020 Benefit Assessment by landowner ballot
    - Initial rate $148 per SFE
    - FY 25/26 rate $172.71per SFE; annual increases CPI capped at 4%
    - Assessments vary per parcel
    - There are no restrictions on the use of benefit assessment funds

Together, the CSA 48 benefit assessments total $367 for a benchmark single family dwelling. Since each parcel has a unique assessment, many single family homes will have assessments that are higher or lower than the benchmark, and all other parcels will have assessments that differ from the SFE benchmark.

Potential revenue should CSA 48 annex the Felton area and apply the benefit assessments to the 2,944 FFPD parcels cannot be determined until a preliminary analysis is completed by a certified engineer and the assessments calculated for each parcel.

Important Timing Considerations

Special tax and benefit assessment measures are subject to deadlines that impact when the approved supplemental revenue can reach the agency's coffers. Missing a critical deadline can cause a delay over a year in funds being available for use by the district.

<u>Election Cycle</u>
Special tax measures are placed on a general or primary election ballot. Elections are scheduled in June and November of even-numbered years. The next opportunity to place a special tax on the ballot is the June 2, 2026 primary election.

Benefit assessment measures are conducted by mail-in balloting, so they can happen at any time during the year. This frees an agency from the limitations of the election cycle, but there is still a critical deadline that must be met for the agency to avoid delays in receiving funds.

<u>Tax Collection Process</u>
Each year the County Tax Collector sets a date for receiving completed lists of charges to be placed on the coming year's tax rolls. This deadline is usually in early August so the

property tax bills can be prepared in time for mailing at the end of the year. This process occurs only once a year; if the deadline is missed, the next opportunity to get the charges on the property tax bill is the following August.

Combined, these two processes tightly constrain the ability of an agency to get a supplemental revenue source approved and then collect the approved charges without delay. In creating a supplemental revenue stream to provide adequate service in the Felton area, the following table illustrates the key dates:

Table 9: Upcoming Key Dates

Action / Event	Key Date
Primary Election	June 2, 2026
Last Day to get Charges on 2027 Tax Roll	August 10, 2026

If a new special tax is desired, it must be placed on the June 2, 2026 primary election ballot. If a special tax or benefit assessment is to be applied through a reorganization process, the Certificate of Completion must be issued by LAFCO in time to get the charges on the tax rolls by August 10, 2026.

If these deadlines are met, Felton FPD or its successor, will receive operating revenue from the new charges in December 2026/January 2027. If the charges are not made available to the County Tax Collector by August 10, they will not be placed on the property tax bills and **funds will not be available until December 2027/January 2028**. FFPD or its successor agency would have to operate on limited funds for a **full year** longer than necessary.

CONCLUSION

The Felton Fire Protection District is in crisis - not because it lacks dedication, but due to structural and systemic failures including but not limited to soaring demand, crumbling board confidence, financial constraints, volunteer depletion, inconsistent leadership, and a lack of planning. FFPD must implement strategic reforms in governance, funding, staffing, and community involvement to regain stability. Without these changes, the current fiscal and operational patchwork is unsustainable and may harm public safety and negatively impact neighboring fire agencies.

Recap of Governance Options

Felton FPD must explore strategic governance changes to maintain stability and effective service. LAFCO has identified 12 potential governance options for Felton FPD to consider, which are summarized below (and in ranking order):

1. **Reorganization with Zayante FPD:** Dissolve Felton FPD and concurrently annex with Zayante Fire Protection District, a combination paid/volunteer department with a strong voter-approved special tax but lacking CalPERS participation.

2. **Reorganization with CSA 48:** Dissolve Felton FPD and concurrently annex into CSA 48, which operates under a CAL FIRE contract model, offering professional staffing but facing funding and infrastructure challenges.

3. **Reorganization with Ben Lomond FPD:** Dissolve Felton FPD and concurrently annex with Ben Lomond FPD, a volunteer-based district with some paid staff and a modest combined revenue, though service model and costs remain undetermined.

4. **Reorganization with Boulder Creek FPD:** Dissolve Felton FPD and concurrently annex Boulder Creek FPD, which has a volunteer model supplemented by paid staff but faces geographic non-contiguity and infrastructure challenges.

5. **Contract with Boulder Creek FPD:** Enter a service contract with Boulder Creek FPD, although geographic separation and lack of prior contracting experience present significant obstacles.

6. **Contract with Zayante FPD:** Contract for operational and administrative support from Zayante FPD, leveraging similar service models but likely requiring voter-approved supplemental revenue and addressing staffing uncertainties.

7. **Remain as a Standalone Agency:** Maintain independent operations, which would require addressing governance, funding, staffing, and planning deficits internally to regain stability. If selected, FFPD must complete and submit a copy of the strategic plan to LAFCO. The submitted plan must fulfill the minimum requirements identified LAFCO's strategic plan outline in **Appendix E**.

8. **Contract with the City of Santa Cruz:** Contract for service with the City's ALS-staffed fire department, challenged by non-contiguous boundaries, high costs, infrastructure needs, and cultural differences.

9. **Contract with CAL FIRE:** Establish a direct contract with CAL FIRE for professional fire service with three-person BLS engine staffing, facing high costs and infrastructure demands.

10. **Contract with Scotts Valley FPD:** Contract with Scotts Valley FPD's career ALS engine-staffed department, facing prohibitive costs and significant infrastructure upgrades.

11. **Contract with Ben Lomond FPD:** Contract with Ben Lomond FPD for operational support, though previous failed contractual relationships and limited viability complicate this option.

12. **Reorganization with Scotts Valley FPD:** Dissolve Felton FPD and concurrently annex with Scotts Valley FPD's career fire department offering advanced staffing, but high costs and lack of mutual interest makes this option unlikely.

Each option presents a unique balance of operational capacity, financial impact, governance structure, and community implications. FFPD must carefully evaluate these choices in light of their urgent need for sustainable reform. That said, Felton FPD must select one of these options to begin the implementation process no later than **October 6, 2025**.

LAFCO Recommendations

The Felton Fire Protection District is at a critical crossroads. Public safety is at increasing risk, and surrounding agencies may be forced to absorb service gaps that Felton FPD can no longer reliably fill. To regain stability and protect its residents, FFPD must implement immediate and strategic reforms in governance, funding, staffing, and community engagement. LAFCO has identified 12 governance options for the District, ranging from reorganization with neighboring fire districts, to entering into service contracts, or pursuing internal reform as a standalone agency. Each option carries distinct operational, financial, and logistical implications, but continued inaction is no longer an option.

FFPD must choose a path forward and act without delay. That is why LAFCO is requiring the District to select one of the 12 options within the next 60 days. Should the Felton FPD Board of Directors fail to select and begin implementing a governance solution by the established deadline of **Monday, October 6, 2025,** LAFCO may exercise its authority to impose an option on Felton FPD's behalf to ensure continuity of service and safeguard public well-being. This is a pivotal moment for the District's future - one that demands leadership, urgency, and a clear commitment to change. LAFCO is dedicated to help Felton FPD establish a successful future, regardless of the option the board selects, and the first step is to take immediate action on one of the identified options.

APPENDICES

Appendix A: Facilities & Apparatus Evaluation

Appendix B: Audited Financial Statements (FY 2017-18 to FY 2022-23)

Appendix C: Termination Valuation Analysis (CalPERS)

Appendix D: Resolution of Intent to Terminate (CalPERS)

Appendix E: Standalone Agency Strategic Plan Outline

Appendix F: GCS 56134 Guidelines (LAFCO & Fire Contracts)

APPENDIX A:

FELTON FIRE PROTECTION DISTRICT'S FACILITIES & APPARATUS EVALUATION

FELTON FIRE PROTECTION DISTRICT
FELTON FIRE STATION (FACILITIES & APPARATUS)

The following figure outlines the basic features of the FFPD fire station facilities. The condition of the fire station is rated based on the criteria identified in the introduction to this section of the report.

Felton Fire Station

Station Name/Number:	Felton Fire Station 1					
Address/Physical Location:	131 Kirby St Felton CA 95018					
	**General Description:** A large 9,500 sq. ft two-story fire sprinkler-protected facility located in downtown Felton. The original fire station was built in 1954. Both this building and the newer attached annex do not meet the requirements or standards prescribed for a modern fire department facility.					
Structure						
Date of Original Construction	1954					
Seismic Protection	Minimal following the 1989 earthquake					
Auxiliary Power	Yes, a 60KW generator was installed in 1993					
General Condition	Fair					
Number of Apparatus Bays	Drive-through Bays	0	Back-in Bays	8		
ADA Compliant	Mostly, but not all					
Total Square Footage	9,500					
Facilities Available						
Sleeping Quarters	2	Bedrooms	2	Beds	0	Dorm Beds
Maximum Staffing Capability	22 (Volunteer)					
Exercise/Workout Facilities	Yes, Full Gym					
Kitchen Facilities	Yes, original to the building					
Individual Lockers Assigned	Yes (PPE gear racks)					
Bathroom/Shower Facilities	Yes, 2 restrooms/showers & one public-use bathroom					
Training/Meeting Rooms	Yes, One training room					
Washer/Dryer/Extractor	Commercial extractor & residential washer and dryer					
Safety & Security						
Station Sprinklered	Yes					
Smoke Detection	Yes, in offices, the day room, and sleeping areas					
Decon & Biological Disposal	No					
Security System	Video Cameras with recording and remote access					
Apparatus Exhaust System	Yes, Plymovent					

Fire Station Discussion

FFPD's fire station is considered to be in fair condition, with some deferred maintenance evident. The facilities comprise two large attached two-story structures on a corner commercial property in downtown Felton. The station facilities appear to be reasonably well maintained for their age. The station seems to have been constructed over the years, focusing on equipment and apparatus storage. The current administrative offices and publicly accessible spaces are cramped and limited.

Like most 69-year-old fire stations, this facility does not meet the requirements of modern firefighting. The firefighting environment has changed over the last six decades. The technology, equipment, and safety systems have also changed to meet new demands. However, older buildings do not typically have the space or engineering systems to meet that new environment.

FFPD Station Configuration and Condition

Station	Apparatus Bays	Staffing Capacity	General Condition	Station Age
Station 1	8	2	Fair	69 years
Totals/Average:	**8**	**2**	**Fair**	**69 years**

Modern fire service working and living conditions also require much more access to electrical outlets than was expected in older buildings, including charging stations for battery-operated equipment and EVs. Although remodeled over the years to accommodate a growing community and fire department, this station is still dated and challenged by its lack of parking, modern administrative office space, adequate living spaces for full-time staffing, and limited equipment storage facilities.

The District has provided an adjoining small portable sleeping unit placed in a rear alley area directly behind the apparatus bays to accommodate volunteer firefighters staffing the station on a 24-hour basis. This type of sleeping arraignment will not adequately accommodate permanent on-duty staffing when and if the Fire District decides to move towards that type of staffing. The existing fire station facility has adequate space to accommodate the construction of living quarters to house firefighters and/or emergency medical response personnel.

Concerns have been raised relative to the failure of the solar system, an unfinished remodel project that was started in the upstairs area of the original building; a sinkhole that appeared near the front ramp; and a persistent rodent infestation.

Apparatus

FFPD operates with two Type 1, a Type 3, and a Type 6 engine. In addition, it has a breathing support unit, two command vehicles, a water tender, and one utility truck. The following figure shows the type and condition of FFPD's fleet.

FFPD Vehicles & Apparatus

CAD Radio Name	Apparatus Type	Condition
C2300	Fire Chief command pick up	Good
C2301	Asst fire chief command pickup	Fair
E2336	Type 3 Pumper 500 Gal	Excellent
E2310	Type 1 Pumper 500 Gal	Good
E2311	Reserve Type 1 Pumper 500 gal	Due for Replacement
S2365	Breathing Support (5,500 PSI)	Excellent
W2350	Water Tender 2500 Gal	Excellent
E2346	Type 6 pumper/rescue 300 Gal	Excellent
U2397	Utility/EMS response vehicle	Good

Facility Replacement & Infrastructure Needs

FFPD has occupied the current fire station location for over 69 years. Its central location in downtown Felton provides excellent access to the town's main commercial and residential areas. This is essential for emergency responses and volunteer firefighters responding to the station to staff fire apparatus. The Felton location does have significant parking challenges for responding volunteers and little space for expansion. The community and the District should consider developing a plan to address the fire department's future space and facilities needs. These must be addressed as call volumes increase and the community's needs change.

APPENDIX B:

AUDITED FINANCIAL STATEMENTS

(FY 2017-18 to FY 2022-23)

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2018
and
June 30, 2019

September 29, 2019

Felton Fire Protection District

Felton, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2018 and June 30, 2019, 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.

Certified Public Accountant | Zachary Pehling | Master of Business Administration
12667 Granite Drive | Truckee, CA 96161 | Phone: 707-279-4259 | www.PehlingCPA.com | Zach@PehlingCPA.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2018 and June 30, 2019, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Zach Pehling, CPA's

Certified Public Accountant | Zachary Pehling | Master of Business Administration
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Felton Fire Protection District

Audit Report
June 30, 2018
and
June 30, 2019

TABLE OF CONTENTS

Felton Fire Protection District

Management's Discussion and Analysis
for Fiscal Years Ended June 30, 2018 and June 30, 2019

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2018 and June 30, 2019, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2017-2018 and FY 2018-2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $2,653,639 (net position) at the close of fiscal June 30, 2018. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,727,036 at June 30, 2018.

- The assets of the District exceeded its liabilities by $2,711,300 (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 $1,531,778 at June 30, 2019.

- The District's total net position increased by $241,077 and 57,661 for 2018 and 2019 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) increased $6,687. The District's long-term liabilities increased $2,972 (pension).

Using This Annual Report - Overview of the Financial Statements

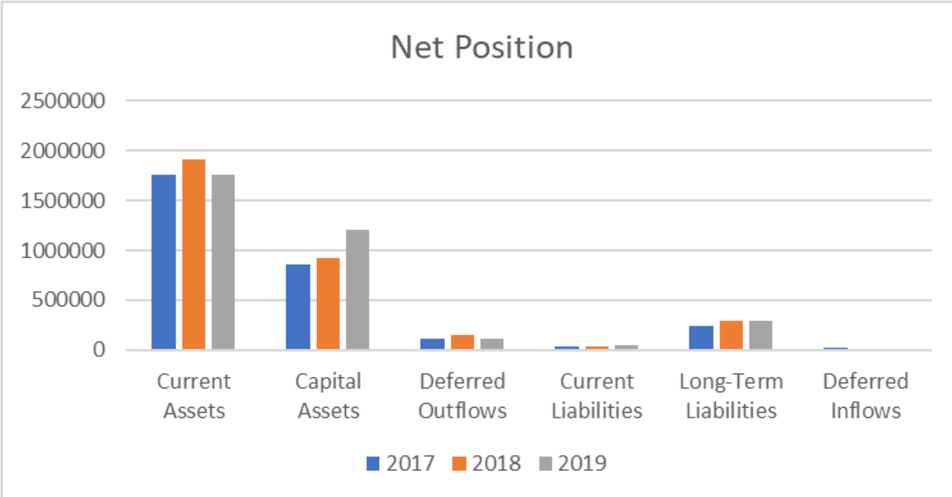
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial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

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

Government-wide Financial Statements

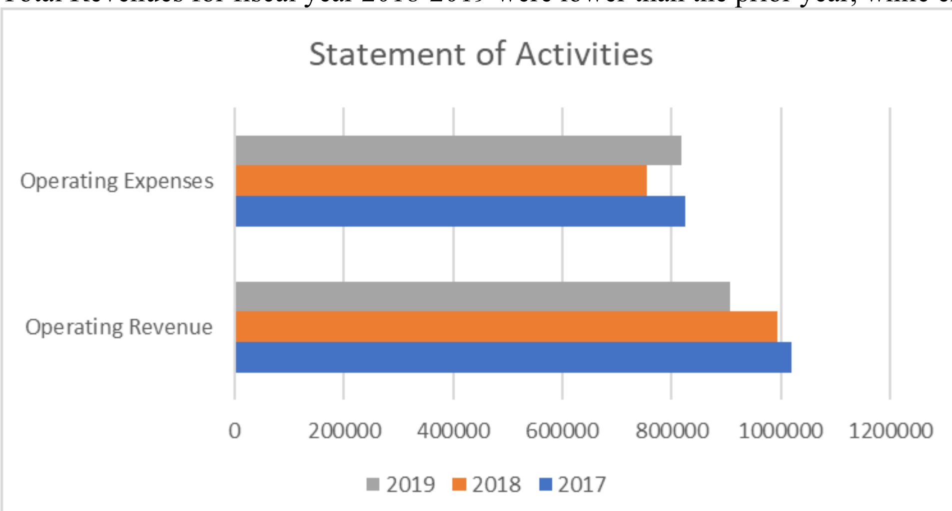
The financial provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting. In this method, all the current year's revenues and expenses are considered regardless of when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

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



For the fiscal year 2018-2019, net position was $2,742,839, a increase of $89,004.

Total Revenues for fiscal year 2018-2019 were lower than the prior year, while expenses also increased.



Budget vs Actual

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

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2018-2019, the District had $2,560,413 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2018-2019 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2018-2019 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

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

CalPERS Retirement Program

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

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

Safety		
Proportion based on Collective Balance	2018	286,481
	2019	289,453

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

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

Other Fiscal Matters

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

Requests for Information

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

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2018
and
June 30, 2019

	2018 General Fund	2019 General Fund
ASSETS		
Assets:		
Cash	$ 1,895,027	$ 1,745,582
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	1,895,027	1,745,582
LIABILITIES & FUND BALANCES		
Liabilities:		
Accounts Payable	5,776	15,521
Accrued Payroll	33,095	29,430
TOTAL LIABILIITES	38,871	44,951
Fund Balances:		
Unassigned	1,855,956	1,700,431
Unspendable	200	200
Committed	-	-
Total Fund Balance	1,856,156	1,700,631
TOTAL LIABILITIES & FUND BALANCE	$ 1,895,027	$ 1,745,582

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

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2018
and
June 30, 2019

	2018 General Fund	2019 General Fund
REVENUE		
Tax Revenue	$ 764,255	$ 814,118
Strike Team Reimbursements	-	-
Charges for Service	700	1,050
Interest & Investment Earnings	20,908	32,589
License & Permits	36,391	37,019
Grants & Contributions	172,335	15,312
Miscellaneous	386	7,544
TOTAL REVENUE	994,975	907,632
EXPENDITURES		
Capital Assets	186,913	401,700
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	406,972	434,583
Repairs and Maintenance	71,054	43,915
Insurance	22,566	23,001
Services, Supplies and Refunds	152,534	159,958
TOTAL EXPENDITURES	840,039	1,063,157
Excess (Deficit) Revenues over Expenditures	154,936	(155,525)
CHANGE IN FUND BALANCE	154,936	(155,525)
FUND BALANCE, BEGINNING OF YEAR	1,705,920	1,860,856
FUND BALANCE, END OF YEAR	$ 1,860,856	$ 1,705,331

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2018
and
June 30, 2019

ASSETS	**2018**	**2019**
Current Assets:		
Cash	$ 1,895,027	$ 1,745,582
Accounts Receivable	-	-
Deposits & Prepaid Expenses	12,004	12,541
Total Current Assets	1,907,031	1,758,123
Capital Assets:		
Land	6,250	6,250
Buildings & Improvements	508,445	508,445
Firefighting Equipment	1,854,295	2,045,718
Construction in Progess	-	-
Less: Accumulated Depreciation	(1,442,387)	(1,380,891)
Total Capital Assets	926,603	1,179,522
TOTAL ASSETS	2,833,634	2,937,645
DEFERRED OUTFLOW		
GASB 68 Pension	145,657	108,966
TOTAL DEFERRED OUTFLOW	145,657	108,966
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,979,291	3,046,611
LIABILITIES		
Current Liabilities:		
Accounts Payable	5,776	15,521
Accrued Payroll Liabilities	33,095	29,430
Accrued Compensated Absences	300	907
Total Current Liabilities	39,171	45,858
Long-term Liabilities:		
Net Pension Liability	286,481	289,453
Total Long-term Liabilities	286,481	289,453
TOTAL LIABILITIES	325,652	335,311
DEFERRED INFLOWS		
GASB 68 Pension	-	-
TOTAL DEFERRED INFLOWS	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	325,652	335,311
NET POSITION		
Net Investment in Capital Assets	926,603	1,179,522
Unrestricted	1,727,036	1,531,778
TOTAL NET POSITION	$ 2,653,639	$ 2,711,300

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

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

	June 30, 2018	June 30, 2019
Total Fund Balances - Governmental Funds	$ 1,856,156	$ 1,700,631
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	2,368,990	2,560,413
Less: Accumulated Depreciation	(1,442,387)	(1,380,891)
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	12,004	12,541
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.	(300)	(907)
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:	145,657	108,966
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:	-	-
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(286,481)	(289,453)
Net Position	$ 2,653,639	$ 2,711,300

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2018
and
June 30, 2019

2018

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 638,084	$ 700	$ -	$ 172,335	$ (465,049)
Depreciation (Unallocated)	115,814	-		-	(115,814)
Total Governmental Activites					(580,863)
General Revenues:					
Tax Revenue					764,255
Interest & Investment Earnings					20,908
License, Permits & Rents					36,391
Miscellaneous					386
Total General Revenues					821,940
NET CHANGE IN NET POSITION					241,077
NET POSITION, BEGINNING OF YEAR					2,412,562
NET POSITION, END OF YEAR					$ 2,653,639

2019

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 732,729	$ 1,050	$ -	$ 15,312	$ (716,367)
Depreciation (Unallocated)	117,242	-		-	(117,242)
Total Governmental Activites					(833,609)
General Revenues:					
Tax Revenue					814,118
Interest & Investment Earnings					32,589
License, Permits & Rents					37,019
Miscellaneous					7,544
Total General Revenues					891,270
NET CHANGE IN NET POSITION					57,661
NET POSITION, BEGINNING OF YEAR					2,653,639
NET POSITION, END OF YEAR					$ 2,711,300

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

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

	June 30, 2018	June 30, 2019
Net Change in Fund Balances - Total Governmental Funds	154,936	(155,525)
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	186,913	401,700
Less: Current Year Depreciation Expense	(115,814)	(117,242)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	15,042	(39,663)
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	-	537
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	-	(607)
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	(31,539)
Change in Net Position of Governmental Activities	$ 241,077	$ 57,661

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2018
and
June 30, 2019

ASSETS	**2018**	**2019**
Current Assets:		
Cash	46,219	55,595
Total Current Assets	46,219	55,595
Capital Assets:		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	46,219	55,595
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Breathing support units maintenance fund	15,060	17,724
Education trailer mainenance fund	31,159	37,871
Hose maintenance fund	0	0
TOTAL NET POSITION	$ 46,219	$ 55,595

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

Felton Fire Protection District

Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2018
and
June 30, 2019

	2018	2019
ADDITIONS	**Fiduciary Fund**	**Fiduciary Fund**
Aid from other government agencies	15,299	12,000
Use of Money and Property	17	15
TOTAL ADDITIONS	15,316	12,015
DEDUCTIONS		
Depreciation	-	-
Services, Supplies and Refunds	8,773	2,639
TOTAL DEDUCTIONS	8,773	2,639
CHANGE IN NET POSITION	6,543	9,376
NET POSITION, BEGINNING OF YEAR	39,676	46,219
NET POSITION, END OF YEAR	$ 46,219	$ 55,595

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

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

Note 1 - Significant Accounting Policies

Accounting Principles

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

Basis of Accounting and Measurement Focus

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

Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Fiduciary Fund Financial Statements

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

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

Use of Restricted/Unrestricted Net Position

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

Budgets and Budgetary Accounting

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

Pooled Cash and Investments

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

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

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

Accounts Receivable

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

Prepaid Expenditures

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

Capital Assets

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

General Capital Assets	$300 and or a serviceble life greater than 5 years

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

Buildings	40 years
Equipement	5-20 years

Deferred Outflows/Inflows of Resources

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

Liability for Compensated Absences

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

Long-Term Obligations

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

Property Taxes

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

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

Estimates

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contribitions) 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	$ 1,894,827	$ 1,745,382
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,895,027	$ 1,745,582

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, 2019.

Note 3 –Accounts Receivable

On June 30, 2019, the District had $0 in Accounts Receivable.
On June 30, 2018, 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, 2019, the liability for compensated absences was $907
On June 30, 2018, the liability for compensated absences was $300

Note 7 – Lease Commitments

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

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part 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 Felton 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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

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

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

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

Contribution Description

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

Actuarial Methods and Assumptions Used to determine Total Pension Liability

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

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

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

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

Discount Rate

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

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

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

Felton Fire Protection District

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

Pension Expense as of June 30, 2019	84,563

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

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	289,453
Total	**289,453**
	-

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%	0.00479%	0.00289%
Proportion - June 30, 2019	0.00000%	0.00493%	0.00300%
Change - Increase/(Decrease)	0.00000%	0.00014%	0.00012%

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	$ -	$ 39,072	$ 39,072
2021	-	26,914	26,914
2022	-	(2,788)	(2,788)
2023	-	(2,005)	(2,005)
2024	-	-	-
Thereafter	-	-	-
	-	61,193	$ 61,193

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**	482,205	289,453	131,528
Employer's Net Pension Liability/(Asset) - **Total**	482,205	289,453	131,528
	-	-	-

Pension Expense as of June 30, 2018	70,076

At 6/30/2018, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	286,481
Total	**286,481**
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2017 and 6/30/2018:

	Miscellaneous	Safety	Total
Proportion - June 30, 2017	0.00000%	0.00468%	0.00280%
Proportion - June 30, 2018	0.00000%	0.00479%	0.00289%
Change - Increase/(Decrease)	0.00000%	0.00012%	0.00009%

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
2019	$ -	$ 38,491	$ 38,491
2020	-	40,047	40,047
2021	-	25,982	25,982
2022	-	(6,638)	(6,638)
2023	-	-	-
Thereafter	-	-	-
	-	97,883	$ 97,883

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**	458,371	286,481	145,970
Employer's Net Pension Liability/(Asset) - **Total**	458,371	286,481	145,970
	-	-	-

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

Methods and assumptions used to determine contribution rates:

	Entry age normal	
Amortized method	Level percentage of payroll, closed	
Remaining amortization period	13 years	14 years
Asset valuation method	5-year smoothed market	
Inflation	2.75%	2.75%
Salary increases	Varies by entry age and service	
Investment rate of return	'.50%, net of pension plan investmen expense, including inflation	

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that 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.

<u>Primary Workers' Compensation</u> - 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, 2018and 2019 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 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2019for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through September 29, 2019, the date the financial statements because available to be issued. The entity has not evaluated subsequent events after September 29, 2019.

Felton Fire Protection District

Supplemental Information
June 30, 2018

June 30, 2019

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2018

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 725,178	$ 764,255	$ 39,077
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	700	(800)
License & Permits	35,155	20,908	(14,247)
Interest & Investment Earnings	6,000	36,391	30,391
Grants & Contributions	-	-	-
Miscellaneous	27,000	386	(26,614)
TOTAL REVENUE	794,833	822,640	27,807
EXPENDITURES			
Capital Assets	875,000	19,278	855,722
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	587,684	406,972	180,712
Repairs and Maintenance	109,500	71,054	38,446
Insurance	25,250	22,566	2,684
Services, Supplies and Refunds	1,002,241	152,534	849,707
Total Expenditures	2,599,675	672,404	1,927,271
CHANGE IN FUND BALANCE	(1,804,842)	150,236	
FUND BALANCE, BEGINNING OF YEAR		1,705,920	
FUND BALANCE, END OF YEAR		$ 1,856,156	

Felton 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	General Fund	Variance
Tax Revenue	$ 769,026	$ 814,118	$ 45,092
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	1,050	(450)
License & Permits	-	37,019	37,019
Interest & Investment Earnings	15,000	32,589	17,589
Grants & Contributions	-	15,312	15,312
Miscellaneous	27,000	7,544	(19,456)
TOTAL REVENUE	812,526	907,632	95,106
EXPENDITURES			
Capital Assets	875,000	401,700	473,300
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	519,150	434,583	84,567
Repairs and Maintenance	109,500	43,915	65,585
Insurance	25,500	23,001	2,499
Services, Supplies and Refunds	1,088,705	159,958	928,747
Total Expenditures	2,617,855	1,063,157	1,554,698
CHANGE IN FUND BALANCE	(1,805,329)	(155,525)	
FUND BALANCE, BEGINNING OF YEAR		1,856,156	
FUND BALANCE, END OF YEAR		$ 1,700,631	

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2020
and
June 30, 2021

December 9, 2021

Felton Fire Protection District

Felton, CA

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Felton Fire Protection District as of June 30, 2020 and June 30, 2021, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Zach Pehling, CPA's

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

Felton Fire Protection District

Audit Report
June 30, 2020
and
June 30, 2021

TABLE OF CONTENTS

Felton Fire Protection District

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

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

Financial Highlights

- The assets of the District exceeded its liabilities by $2,771,289 (net position) at the close of fiscal June 30, 2020. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,684,582 at June 30, 2020.

- The assets of the District exceeded its liabilities by $2,543,227 (net position) at the close of fiscal June 30, 2021. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,217,748 at June 30, 2021.

- The District's total net position increased/(decreased) by $59,089 and 228,062 for 2020 and 2021 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) decreased ($3,283). The District's long-term liabilities increased $44,260 (pension).

Using This Annual Report - Overview of the Financial Statements

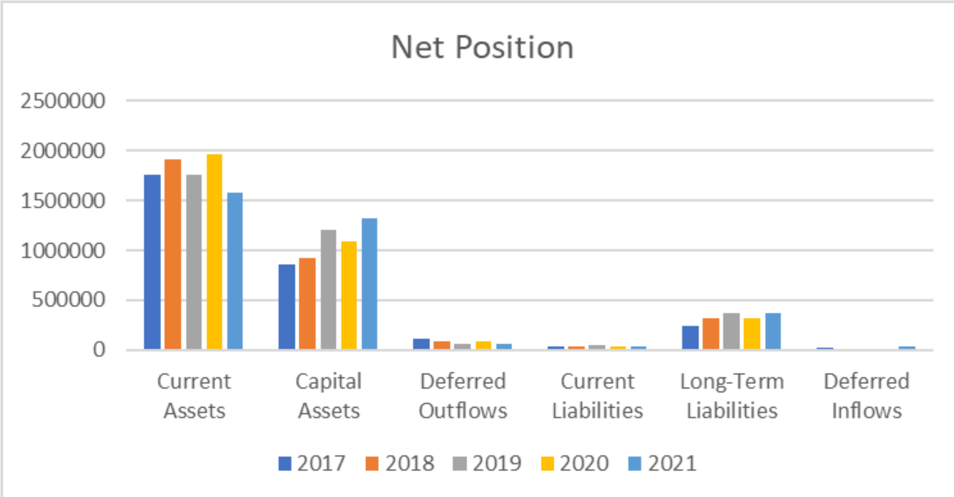
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial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

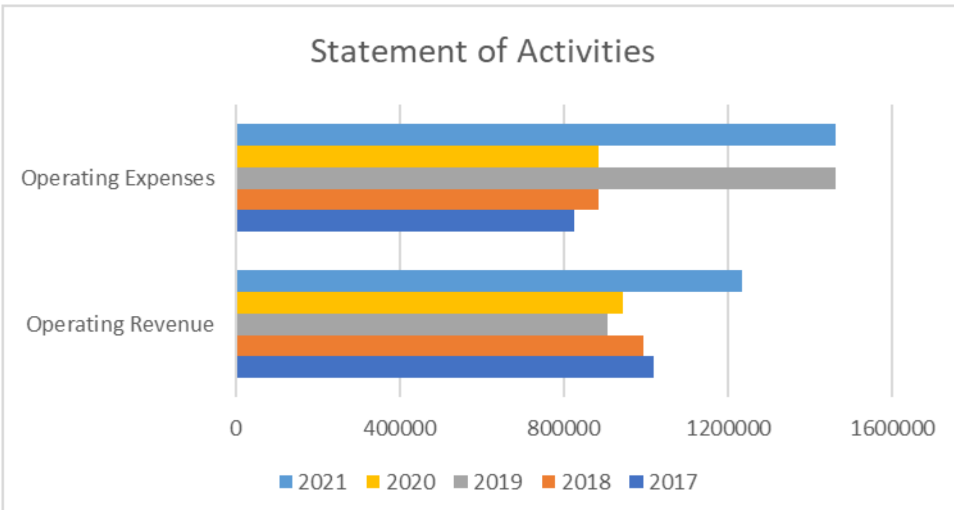
Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

Government-wide Financial Statements

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

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





Budget vs Actual

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

Capital Asset and Debt Administration

Capital Assets

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

Economic Factors and Next Year's Budget

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

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

CalPERS Retirement Program

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

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

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

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

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

Other Fiscal Matters

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

Requests for Information

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

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2020
and
June 30, 2021

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

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

Felton Fire Protection District

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2020
and
June 30, 2021

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

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

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

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

The accompanying notes are an integral part of these financial statemnets

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

2020

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 790,377	$ -	$ -	$ -	$ (790,377)
Depreciation (Unallocated)	92,815	-	-	-	(92,815)
Total Governmental Activites					(883,192)
General Revenues:					
Tax Revenue					850,375
Interest & Investment Earnings					33,941
License, Permits & Rents					38,055
Miscellaneous					20,810
Total General Revenues					943,181
NET CHANGE IN NET POSITION					59,989
NET POSITION, BEGINNING OF YEAR					2,711,300
NET POSITION, END OF YEAR					$ 2,771,289

2021

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 1,352,224	$ 250	$ 186,825	$ -	$ (1,165,149)
Depreciation (Unallocated)	109,773	-	-	-	(109,773)
Total Governmental Activites					(1,274,922)
General Revenues:					
Tax Revenue					882,077
Interest & Investment Earnings					9,720
License, Permits & Rents					39,567
Miscellaneous					115,496
Total General Revenues					1,046,860
NET CHANGE IN NET POSITION					(228,062)
NET POSITION, BEGINNING OF YEAR					2,771,289
NET POSITION, END OF YEAR					$ 2,543,227

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

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

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

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2020
and
June 30, 2021

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

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

Felton Fire Protection District

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

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

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

Felton Fire Protection District

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

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

Note 1 - Significant Accounting Policies

Accounting Principles

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

Basis of Accounting and Measurement Focus

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

Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

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

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

> Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.
>
> Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.
>
> Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

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

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

> Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.
>
> Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.
>
> Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

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

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

Fiduciary Fund Financial Statements

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

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

Use of Restricted/Unrestricted Net Position

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

Budgets and Budgetary Accounting

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

Pooled Cash and Investments

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

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

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

Accounts Receivable

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

Prepaid Expenditures

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

Capital Assets

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

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

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

Buildings	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

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

Liability for Compensated Absences

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

Long-Term Obligations

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

Property Taxes

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

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

Estimates

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contribitions) 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, 2020	June 30, 2021
County Cash	$ 1,949,619	$ 1,567,824
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,949,819	$ 1,568,024

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, 2021.

Note 3 –Accounts Receivable

On June 30, 2021, the District had $0 in Accounts Receivable.
On June 30, 2020, the District had $0 in Accounts Receivable.

Note 5 – Capital Assets

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

Note 6 – Compensated Absences

On June 30, 2021, the liability for compensated absences was $9,746
On June 30, 2020, the liability for compensated absences was $5,407

Note 7 – Lease Commitments

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

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part 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 Felton 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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

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

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

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

Contribution Description

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

Actuarial Methods and Assumptions Used to determine Total Pension Liability

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

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

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

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

Discount Rate

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

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of 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 - 6/30/2020 Reporting Date:

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

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

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

Pension Expense as of June 30, 2020	92,675

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

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

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

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

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

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

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

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**	527,217	323,538	156,553
Employer's Net Pension Liability/(Asset) - **Total**	527,217	323,538	156,553
	-	-	-

Felton Fire Protection District

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

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

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

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

Pension Expense as of June 30, 2021	102,591

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

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

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

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

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

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

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

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**	615,840	367,798	164,257
Employer's Net Pension Liability/(Asset) - **Total**	615,840	367,798	164,257
	-	-	-

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

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

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that 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.

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

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

Felton Fire Protection District

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

Insurance coverage as of June 30, 2020and 2021 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

<u>Liability</u>

Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
<u>Automobile Coverage -</u>		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
<u>Excess Liability Coverage -</u>		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		$5,000,000 Each Occurrence $10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		$1,000,000 Each Wrongful Act $10,000,000 Aggregate
Medical Expense (Any one person)		$5,000
Valuable Papers/Records		$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	$250	$25,000
Uncollected Funds		$250,000
<u>Personnel:</u>		
Workers' Compensation		Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current		Per Policy

Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

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

Felton Fire Protection District

Supplemental Information
June 30, 2020

June 30, 2021

Felton Fire Protection District

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

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

Felton Fire Protection District

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

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

Felton Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2022
and
June 30, 2023

Felton Fire Protection District

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of Felton Fire Protection District as of and for the year-ended June 30, 2022 and June 30, 2023, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Felton Fire Protection District as of June 30, 2022 and June 30, 2023, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statem ent date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

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may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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.

PNPCPA

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Felton Fire Protection District

Audit Report
June 30, 2022
and
June 30, 2023

TABLE OF CONTENTS

Felton Fire Protection District

Management's Discussion and Analysis
for Fiscal Years Ended June 30, 2022 and June 30, 2023

As management of the Felton Fire Protection District ("the District"), our discussion and analysis of the financial performance of the District offers readers of these financial statements an overview of the District's financial activities for the year ended June 30, 2022 and June 30, 2023, based on currently known facts, decisions, or conditions, as well as a comparative analysis of changes in the District's financial position between FY 2021-2022 and FY 2022-2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities by $2,813,866 (net position) at the close of fiscal June 30, 2022. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,520,469 at June 30, 2022.

- The assets of the District exceeded its liabilities by $2,600,707 (net position) at the close of fiscal June 30, 2023. Unrestricted net position, which is normally used to meet the District's ongoing obligations to its creditors, was $1,382,058 at June 30, 2023.

- The District's total net position increased/(decreased) by $270,639 and (213,160) for 2022 and 2023 respectively.

- Short-term liabilities (accounts payable, interest and accrued expenses) decreased ($824). The District's long-term liabilities increased $289,673 (pension).

Using This Annual Report - Overview of the Financial Statements

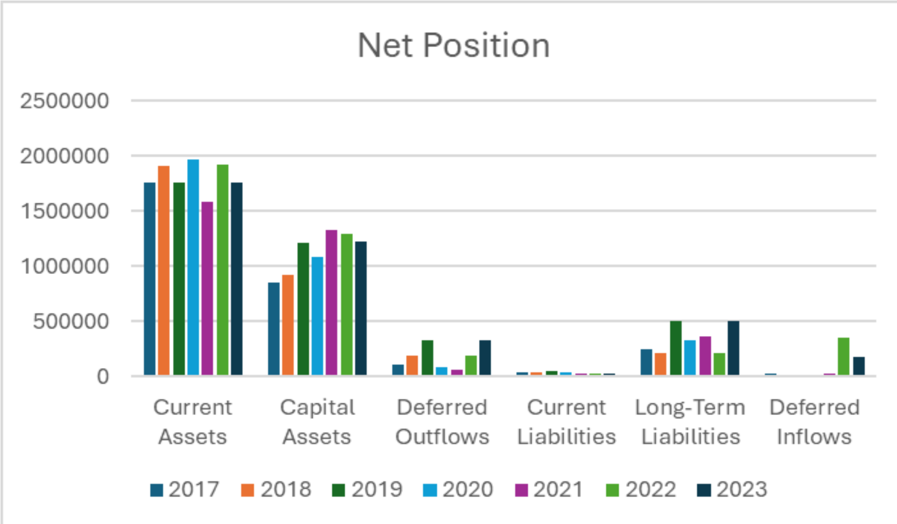
This report consists of several basic financial statements. The Statement of Net Position and the Statement of Activities provide information about the financial activities of the District and present a longer-term view of the District's finances. These statements provide information about the financial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

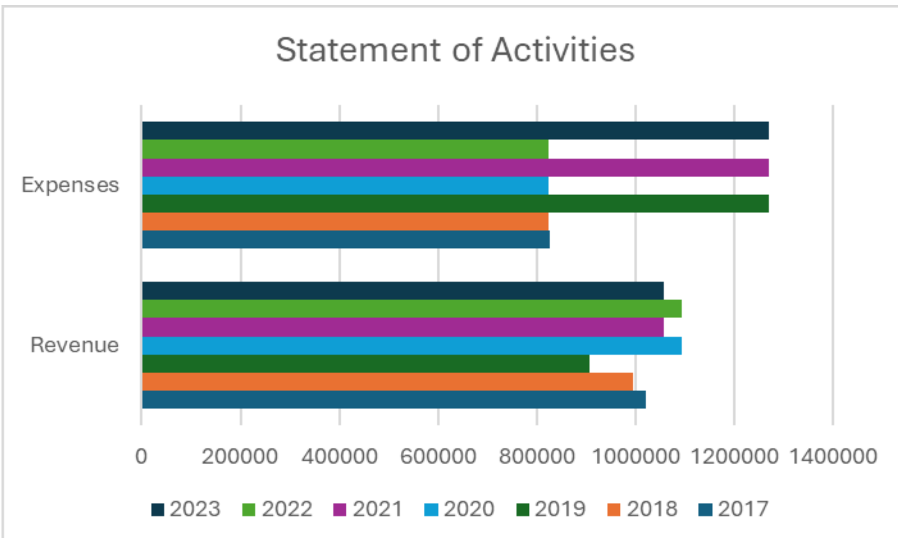
Financial statement notes are an important part of the basic financial statements. They provide the readers additional information required by Generally Accepted Accounting Principles.

Government-wide Financial Statements

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

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





Budget vs Actual

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

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2022-2023, the District had $2,563,964 invested in a range of capital assets, including land, structures, vehicles and equipment.

Economic Factors and Next Year's Budget

The goal for FY 2022-2023 is to continue providing for the safety of the community, safety of District employees and being good stewards of District assets. The FY 2022-2023 budgets reflect such by projecting continued expenditures in personal protective equipment, training, and maintenance of facilities, equipment and vehicles. The District is incurring increased costs in salaries / benefits, utilities and fuel.

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

CalPERS Retirement Program

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

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

SAFETY	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.007300%	0.00603%	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 501,330	$ 211,657	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	156.85%	86.39%	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	76.03%	88.80%	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 103,056	$ 80,845	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	103,056	80,845	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 308,872	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	33.37%	25.29%	18.43%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:									
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

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

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

Other Fiscal Matters

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

Requests for Information

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

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GOVERNMENT FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Balance Sheet
June 30, 2022
and
June 30, 2023

	2022	2023
	General Fund	**General Fund**
ASSETS		
Assets:		
Cash	$ 1,741,703	$ 1,616,690
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	1,741,703	1,616,690
LIABILITIES & FUND BALANCES		
Liabilities:		
Accounts Payable	3,840	5,632
Accrued Payroll	22,860	22,961
TOTAL LIABILIITES	26,700	28,593
Fund Balances:		
Unassigned	1,714,803	1,587,897
Unspendable	200	200
Committed	-	-
Total Fund Balance	1,715,003	1,588,097
TOTAL LIABILITIES & FUND BALANCE	$ 1,741,703	$ 1,616,690

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

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2022
and
June 30, 2023

	2022	2023
REVENUE	**General Fund**	**General Fund**
Tax Revenue	$ 929,946	$ 987,298
Strike Team Reimbursements	-	-
Charges for Service	500	750
Interest & Investment Earnings	7,082	27,311
License & Permits	40,122	38,497
Grants & Contributions	-	-
Miscellaneous	116,454	2,387
TOTAL REVENUE	1,094,104	1,056,243
EXPENDITURES		
Capital Assets	30,874	2,439
Debt Service:		
Principle	-	-
Interest	-	-
Salaries and Employee Benefits	642,840	922,476
Repairs and Maintenance	60,162	58,554
Insurance	27,345	29,050
Services, Supplies and Refunds	164,137	170,630
TOTAL EXPENDITURES	925,358	1,183,149
Excess (Deficit) Revenues over Expenditures	168,746	(126,906)
CHANGE IN FUND BALANCE	168,746	(126,906)
FUND BALANCE, BEGINNING OF YEAR	1,546,257	1,715,003
FUND BALANCE, END OF YEAR	$ 1,715,003	$ 1,588,097

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Net Position
June 30, 2022
and
June 30, 2023

ASSETS	2022	2023
Current Assets:		
Cash	$ 1,741,703	$ 1,616,690
Accounts Receivable	-	-
Lease Receivable	169,012	132,757
Deposits & Prepaid Expenses	13,673	14,526
Total Current Assets	1,924,388	1,763,973
Capital Assets:		
Land	6,250	6,250
Buildings & Improvements	557,067	557,067
Firefighting Equipment	2,000,647	2,000,647
Construction in Progess	-	-
Less: Accumulated Depreciation	(1,270,567)	(1,345,315)
Total Capital Assets	1,293,397	1,218,649
TOTAL ASSETS	3,217,785	2,982,622
DEFERRED OUTFLOW		
GASB 68 Pension	185,217	329,553
TOTAL DEFERRED OUTFLOW	185,217	329,553
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,403,002	3,312,175
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,840	5,632
Accrued Payroll Liabilities	22,860	22,961
Accrued Compensated Absences	4,450	1,733
Total Current Liabilities	31,150	30,326
Long-term Liabilities:		
Net Pension Liability	211,657	501,330
Total Long-term Liabilities	211,657	501,330
TOTAL LIABILITIES	242,807	531,656
DEFERRED INFLOWS		
Lease	169,012	132,757
GASB 68 Pension	177,317	47,055
TOTAL DEFERRED INFLOWS	346,329	179,812
TOTAL LIABILITIES AND DEFERRED INFLOWS	589,136	711,468
NET POSITION		
Net Investment in Capital Assets	1,293,397	1,218,649
Unrestricted	1,520,469	1,382,058
TOTAL NET POSITION	$ 2,813,866	$ 2,600,707

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

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

	June 30, 2022	June 30, 2023
Total Fund Balances - Governmental Funds	$ 1,715,003	$ 1,588,097
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	2,563,964	2,563,964
Less: Accumulated Depreciation	(1,270,567)	(1,345,315)
Long-term receivables are not due in the current period and therefore, are not reported as assets in the governmental funds.	169,012	132,757
Prepaid expenses, some expenditures not due & payable within the current period were paid, those amounts are shown as expended in the governmental funds	13,673	14,526
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.	(4,450)	(1,733)
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:	185,217	329,553
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:	(346,329)	(179,812)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(211,657)	(501,330)
Net Position	$ 2,813,866	$ 2,600,707

The accompanying notes are an integral part of these financial statemnets

Felton Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2022
and
June 30, 2023

2022

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 760,507	$ 500	$ -	$ -	$ (760,007)
Depreciation (Unallocated)	62,958	-	-	-	(62,958)
Total Governmental Activites					(822,965)
General Revenues:					
Tax Revenue					929,946
Interest & Investment Earnings					7,082
License, Permits & Rents					40,122
Miscellaneous					116,454
Total General Revenues					1,093,604
NET CHANGE IN NET POSITION					270,639
NET POSITION, BEGINNING OF YEAR					2,543,227
NET POSITION, END OF YEAR					$ 2,813,866

2023

	Expenses	Operating Revenues: Charges for Services	Operating Revenues: Strike Team Reimbursements	Operating Revenues: Grants and Contributions	Excess of Revenues/(Expenses)
Governmental Activities					
Public Protection	$ 1,194,654	$ 750	$ -	$ -	$ (1,193,904)
Depreciation (Unallocated)	74,748	-	-	-	(74,748)
Total Governmental Activites					(1,268,652)
General Revenues:					
Tax Revenue					987,298
Interest & Investment Earnings					27,311
License, Permits & Rents					38,497
Miscellaneous					2,387
Total General Revenues					1,055,493
NET CHANGE IN NET POSITION					(213,159)
NET POSITION, BEGINNING OF YEAR					2,813,866
NET POSITION, END OF YEAR					$ 2,600,707

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

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

	June 30, 2022	June 30, 2023
Net Change in Fund Balances - Total Governmental Funds	$ 168,746	$ (126,906)
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	30,874	-
Less: Current Year Depreciation Expense	(62,958)	(74,748)
In the Governmental Funds CalPers expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, CalPers expenditures are measured by the amounts expensed during the year	128,433	(14,223)
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	5,544	2,718
In the Governmental Funds expenditures are measured by the amount of financial resources used. In the Government-Wide Statement of Activities, expenses are measured by the amounts incurred during the year	-	-
Change in Net Position of Governmental Activities	$ 270,639	$ (213,159)

FIDUCIARY FUNDS FINANCIAL STATEMENTS

Felton Fire Protection District

Statement of Fiduciary Net Position
June 30, 2022
and
June 30, 2023

ASSETS	**2022**	**2023**
Current Assets:		
Cash	101,933	116,659
Total Current Assets	101,933	116,659
Capital Assets:		
Firefighting Equipment	23,852	23,852
Less: Accumulated Depreciation	(23,852)	(23,852)
Total Capital Assets	-	-
TOTAL ASSETS	101,933	116,659
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	-
Total Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET POSITION		
Breathing support units maintenance fund	42,620	50,380
Education trailer mainenance fund	59,313	66,279
Hose maintenance fund	-	-
TOTAL NET POSITION	$ 101,933	$ 116,659

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

Felton Fire Protection District

Statement of Activities & Change in Fiduciary Net Position - Fiduciary Funds
For the Year Ended
June 30, 2022
and
June 30, 2023

	2022	2023
ADDITIONS	**Fiduciary Fund**	**Fiduciary Fund**
Aid from other government agencies	20,000	20,000
Use of Money and Property	100	417
TOTAL ADDITIONS	20,100	20,417
DEDUCTIONS		
Depreciation	-	-
Services, Supplies and Refunds	6,980	5,691
TOTAL DEDUCTIONS	6,980	5,691
CHANGE IN NET POSITION	13,120	14,726
NET POSITION, BEGINNING OF YEAR	88,813	101,933
NET POSITION, END OF YEAR	$ 101,933	$ 116,659

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

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

Note 1 - Significant Accounting Policies

Accounting Principles

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

Basis of Accounting and Measurement Focus

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

Financial Statement Presentation

Government-Wide Financial Statements

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

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

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

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

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

> Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.
>
> Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.
>
> Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

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

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

> Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.
>
> Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.
>
> Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government take the same formal action that imposed the constraint originally.

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

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

Fiduciary Fund Financial Statements

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

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

Use of Restricted/Unrestricted Net Position

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

Budgets and Budgetary Accounting

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

Pooled Cash and Investments

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

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

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

Accounts Receivable

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

Prepaid Expenditures

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

Capital Assets

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

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

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

Buildings	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

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

Liability for Compensated Absences

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

Long-Term Obligations

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

Property Taxes

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

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

Estimates

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

Pensions

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

Note 2 – Cash

Summary of Cash

	June 30, 2022	June 30, 2023
County Cash	$ 1,741,503	$ 1,616,490
Petty Cash	200	200
Deposits in Financial Institutions	-	-
Total	$ 1,741,703	$ 1,616,690

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 recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2023.

Note 3 –Accounts Receivable

On June 30, 2023, the District had $0 in Accounts Receivable.
On June 30, 2022, 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, 2023, the liability for compensated absences was $1,733
On June 30, 2022, the liability for compensated absences was $4,450

Note 7 – Lease Commitments

The District leases to a third party a portion of its real property located at 131 Kirby Street under a noncancellable operating lease. The lease commenced on December 1, 1997 with an initial term of five years, at which time the tenant will have an option to renew for an additional five consequtive periods of five years each. The tenant exercised an amended agreement, rent is currently $3,270 per month

January 1, 2022 PV of Future pyaments	$	(186,870.33)
June 30, 2022 PV of future payments	$	(169,012.43)
June 30, 2023 PV of future payments	$	(132,756.73)
June 30, 2024 PV of future payments	$	(95,769.08)
June 30, 2025 PV of future payments	$	(58,034.72)
June 30, 2026 PV of future payments	$	(19,538.55)
June 30, 2027 PV of future payments	$	-

Note 8 - Public Employees' retirement Plan:

Plan Description - The Felton Fire Protection District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Felton Fire Protection District's defined benefit pension plan is part 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 Felton 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, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021
Validation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

General Information about the Pension Plan

Plan Description, Benefits Provided and Employees Covered

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

Contribution Description

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

Actuarial Methods and Assumptions Used to determine Total Pension Liability

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Investment rate of return	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

[1]The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

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 - 6/30/2022 Reporting Date:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes of Assumptions	-	-
Differences between Expected and Actual Experience	36,161	-
Differences between Projected and Actual Investment Earnings	-	125,977
Differences between Employer's Contributions and Proportionate Share of Contributions	-	51,341
Change in Employer's Proportion	68,211	-
Pension Contributions Made Subsequent to Measurement Date	80,845	-
	185,217	177,317
Net Pension Liability as of 6/30/2022	211,657	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2021-Jun 2022 JE Flow** worksheet

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Pension Credit as of June 30, 2022	7,818

At 6/30/2022, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	211,657
Total	**211,657**
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2021 and 6/30/2022:

	Miscellaneous	Safety	Total
Proportion - June 30, 2021	0.00000%	0.00552%	0.00338%
Proportion - June 30, 2022	0.00000%	0.00603%	0.00391%
Change - Increase/(Decrease)	0.00000%	0.00051%	0.00053%

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
2023	$ -	$ (6,904)	$ (6,904)
2024	-	(12,422)	(12,422)
2025	-	(18,952)	(18,952)
2026	-	(34,667)	(34,667)
2027	-	-	-
Thereafter	-	-	-
	-	(72,945)	$ (72,945)

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**	467,800	211,657	1,267
Employer's Net Pension Liability/(Asset) - **Total**	467,800	211,657	1,267
	-	-	-

Felton Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2023 Reporting Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	50,549	-
Differences between Expected and Actual Experience	15,304	-
Differences between Projected and Actual Investment Earnings	79,167	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	47,055
Change in Employer's Proportion	81,477	-
Pension Contributions Made Subsequent to Measurement Date	103,056	-
	329,553	47,055
Net Pension Liability as of 6/30/2023	501,330	

NOTE: Detailed breakdown of ending balances by Miscellaneous vs Safety can be found in the **Jul 2022-Jun 2023 JE Flow** worksheet

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Pension Expense as of June 30, 2023	118,131

At 6/30/2023, proportionate shares of Net Pension Liability/(Asset) by plan(s):

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	-
Safety	501,330
Total	**501,330**
	-

Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2022 and 6/30/2023:

	Miscellaneous	Safety	Total
Proportion - June 30, 2022	0.00000%	0.00603%	0.00603%
Proportion - June 30, 2023	0.00000%	0.00730%	0.00730%
Change - Increase/(Decrease)	0.00000%	0.00126%	0.00126%

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
2024	$ -	$ 57,620	$ 57,620
2025	-	49,420	49,420
2026	-	24,110	24,110
2027	-	48,293	48,293
2028	-	-	-
Thereafter	-	-	-
	-	179,442	$ 179,442

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

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Employer's Net Pension Liability/(Asset) - **Miscellaneous**	-	-	-
Employer's Net Pension Liability/(Asset) - **Safety**	790,186	501,330	265,256
Employer's Net Pension Liability/(Asset) - **Total**	790,186	501,330	265,256
	-	-	-

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

SAFETY	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.007300%	0.00603%	0.005520%	0.00518%	0.004930%	0.00479%	0.004679%	0.00436%	0.00287%
Proportionate share of the net pension liability	$ 501,330	$ 211,657	$ 367,798	$ 323,538	$ 289,453	$ 286,481	$ 242,326	$ 179,670	$ 178,658
Covered - employee payroll - measurement period	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400	$ 173,567
Proportionate share of the net pension liability as a percentage of covered payroll	156.85%	86.39%	142.06%	138.21%	138.53%	158.84%	137.27%	102.43%	102.93%
Plan fiduciary net position as a percentage of the total pension liability	76.03%	88.80%	79.86%	78.23%	79.29%	76.68%	77.54%	82.21%	68.52%
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 103,056	$ 80,845	$ 45,153	$ 38,180	$ 47,773	$ 44,901	$ 38,248	$ 35,797	$ 34,677
Contributions in relation to the actuarially determined contributions	103,056	80,845	45,153	38,180	47,773	44,901	38,248	35,797	34,677
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered - employee payroll - fiscal year	$ 308,872	$ 319,627	$ 245,009	$ 258,899	$ 234,096	$ 208,939	$ 180,353	$ 176,531	$ 175,400
Contributions as a percentage of covered - employee payroll	33.37%	25.29%	18.43%	14.75%	20.41%	21.49%	21.21%	20.28%	19.77%
Notes to Schedule:									
Valuation date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Note 9 – Risk Management

The District is a member of the Santa Cruz County Fire Agencies Insurance Group (the "Group"). In a board meeting on June 19, 2002, the Group approved the return of its self-insurance certificates to the State and to accept a proposal from California Public Entity Insurance Authority (CPEIA) and joint powers authority for both primary and excess workers' compensation coverage. In a resolution dated September 20, 2007 the Santa Cruz Fire Agencies Insurance Group's Board of Directors opted to terminate the CPEA joint power agreement and merge into the CSAC Excess Insurance Authority (CSAC-EIA) Joint Power Agreement. This change was predicted on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that 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.

<u>Primary Workers' Compensation</u> - 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%.

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND JUNE 30, 2023

Insurance coverage as of June 30, 2022and 2023 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

<u>Liability</u>

Commercial/General Liability Each Occurrence		$1,000,000
General Aggregate Limit		$10,000,000
<u>Automobile Coverage -</u>		
Combined Single Limit		$1,000,000
Uninsured/Underinsured Motorists		$1,000,000
<u>Excess Liability Coverage -</u>		
Operation, Aggregate, Automobile and Public Offices Errors and Omissions, Occurrence		$5,000,000 Each Occurrence $10,000,000 Aggregate
Public Officials Errors and Omissions/Management Liability including Emergency Services Liability - Occurrence, Aggregate - Primary		$1,000,000 Each Wrongful Act $10,000,000 Aggregate
Medical Expense (Any one person)		$5,000
Valuable Papers/Records		$250,000
Loss of Income - Extra Expense		Actual Cost
Money and Securities	$250	$25,000
Uncollected Funds		$250,000
<u>Personnel:</u>		
Workers' Compensation		Statutory
PERS Health to 12/31/05, FDAC EBA from 1/1/06 to current		Per Policy

Dental				Per Policy
Term Life Insurance				Per Policy

Note 10 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2023 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 .

Felton Fire Protection District

Supplemental Information
June 30, 2022

June 30, 2023

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2022

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 871,910	$ 929,946	$ 58,036
Strike Team Reimbursements	-	-	-
Charges for Service	1,500	500	(1,000)
License & Permits	39,240	7,082	(32,158)
Interest & Investment Earnings	6,000	40,122	34,122
Grants & Contributions	-	-	-
Miscellaneous	129,351	116,454	(12,897)
TOTAL REVENUE	1,048,001	1,094,104	46,103
EXPENDITURES			
Capital Assets	446,628	30,874	415,754
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	634,997	642,840	(7,843)
Repairs and Maintenance	81,300	60,162	21,138
Insurance	30,000	27,345	2,655
Services, Supplies and Refunds	1,049,880	164,137	885,743
Total Expenditures	2,242,805	925,358	1,317,447
CHANGE IN FUND BALANCE	(1,194,804)	168,746	
FUND BALANCE, BEGINNING OF YEAR		1,546,257	
FUND BALANCE, END OF YEAR		$ 1,715,003	

Felton Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2023

REVENUE	Final Budget	General Fund	Variance
Tax Revenue	$ 900,516	$ 987,298	$ 86,782
Strike Team Reimbursements	-	-	-
Charges for Service	2,500	750	(1,750)
License & Permits	39,240	38,497	(743)
Interest & Investment Earnings	6,000	27,311	21,311
Grants & Contributions	-	-	-
Miscellaneous	22,000	2,387	(19,613)
TOTAL REVENUE	970,256	1,056,243	85,987
EXPENDITURES			
Capital Assets	408,631	2,439	406,192
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Salaries and Employee Benefits	974,055	922,476	51,579
Repairs and Maintenance	79,000	58,554	20,446
Insurance	32,000	29,050	2,950
Services, Supplies and Refunds	797,606	170,630	626,976
Total Expenditures	2,291,292	1,183,149	1,108,143
CHANGE IN FUND BALANCE	(1,321,036)	(126,906)	
FUND BALANCE, BEGINNING OF YEAR		1,715,003	
FUND BALANCE, END OF YEAR		$ 1,588,097	

APPENDIX C:

TERMINATION VALUATION ANALYSIS (CALPERS DOCUMENTS)

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

May 12, 2025

CalPERS ID: 1920391483

Felton Fire Protection District
131 Kirby St
Felton, CA 95018

Dear Employer,

As a result of your agency's Resolution of Intent to Terminate its CalPERS contract, a preliminary termination valuation has been performed for the Felton Fire Protection District Safety Plan, rate plan number 1792. The information in this report covers only a single rate plan. A separate preliminary termination valuation is provided for each rate plan the employer sponsors. In order to terminate its retirement contract, the employer must contribute the unfunded liability for all rate plans the employer sponsors, which includes rate plan numbers 1792 and 25399.

This valuation was done two different ways:

1. **Projected Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until their retirement*.

2. **Frozen Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until plan termination* and then **frozen** thereafter.

This valuation was based on the June 30, 2023 financial and membership data, the latest such data available.

Based on the June 30, 2023 data, we projected the funded position of the plan to a *preliminary* termination date of March 31, 2025. Investment return of 9.50% net of administrative expenses was realized for fiscal year 2023-2024, and a 5.59% return was estimated from July 1, 2024 to March 31, 2025 based on year-to-date investment returns. Reflected in the termination is a 5% contingency load for unforeseen negative experience in accordance with CalPERS Board of Administration (board) policy. The charts on the next page summarize the results.

For information on the asset allocation adopted by the board for the Terminated Agency Pool, see Circular Letter 200-058-11 on the CalPERS website.

The asset allocation affects the actuarial assumptions used when calculating the actuarial liabilities of a public agency at the time of termination. The discount rate and inflation assumption used for this preliminary termination valuation are also summarized in the charts on the following page.

Safety Plan Results
(All projected amounts shown to nearest $100)

		Annual Valuation	Termination Valuation (**Non-frozen Compensation**)	Termination Valuation (**Frozen Compensation**)
		As of June 30, 2023 (Actual)	As of March 31, 2025 (Projected)	As of March 31, 2025 (Projected)
(1)	Plan's share of Pool Assets*	$1,854,162	$2,006,100	$2,006,100
(2)	Accrued Actuarial Liability	$2,224,411	$3,071,600	$2,891,900
(3)	Contingency Load	$0	$153,600	$144,600
(4)	Unfunded Liability/(Surplus) = (2) + (3) - (1)	$370,249	$1,219,100	$1,030,400
	Discount Rate	6.80%	4.55%	4.50%
	Inflation Assumption	2.30%	2.45%	2.40%

*Market Value of Assets

Please note that these amounts are estimates only and depend heavily on the assumptions used. In particular, the discount rate has a large impact on the liability measurements. The discount rate for the estimates above was based on US Treasury yields on the valuation date, but the discount rate for the final termination valuation will be based on US Treasury yields on the date of contract termination, which will be different. See the attachment to Circular Letter 200-058-11 for more information on the method to determine the discount rate. Also note that the rate of return of assets between June 30, 2023 and the *final* termination date can have a large impact on the unfunded liability. Furthermore, these estimates do not take into account possible changes in methods or assumptions, benefit improvements, or changes in the membership data of your workforce (particularly salary increases) that occur after June 30, 2023. **Therefore, the actual unfunded liability determined as of the contract termination date could be significantly higher or lower than the estimates provided above.**

In order to terminate the contract, the agency must comply with Government Code sections 20570 and 7507, which may require that the change in accrued liability resulting from benefit changes be disclosed at a public meeting with an actuary present at least two weeks prior to adopting the change. If the agency elects to proceed with the termination, once a final termination date has been determined, CalPERS will perform the final termination actuarial valuation and calculate any additional contributions necessary to be sent to CalPERS to effectuate the termination.

If you have any questions, please contact me at (916) 795-0410.

Sincerely,

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

California Public Employees' Retirement System
Actuarial Office
400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744
888 CalPERS (or **888**-225-7377) | TTY: (877) 249-7442 | **www.calpers.ca.gov**

May 12, 2025

CalPERS ID: 1920391483

Felton Fire Protection District
131 Kirby St
Felton, CA 95018

Dear Employer,

As a result of your agency's Resolution of Intent to Terminate its CalPERS contract, a preliminary termination valuation has been performed for the Felton Fire Protection District PEPRA Safety Fire Plan, rate plan number 25399. The information in this report covers only a single rate plan. A separate preliminary termination valuation is provided for each rate plan the employer sponsors. In order to terminate its retirement contract, the employer must contribute the unfunded liability for all rate plans the employer sponsors, which includes rate plan numbers 1792 and 25399.

This valuation was done two different ways:

1. **Projected Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until their retirement*.

2. **Frozen Compensation:** all members currently active in a CalPERS agency have compensation increases projected *until plan termination* and then **frozen** thereafter.

This valuation was based on the June 30, 2023 financial and membership data, the latest such data available.

Based on the June 30, 2023 data, we projected the funded position of the plan to a *preliminary* termination date of March 31, 2025. Investment return of 9.50% net of administrative expenses was realized for fiscal year 2023-2024, and a 5.59% return was estimated from July 1, 2024 to March 31, 2025 based on year-to-date investment returns. Reflected in the termination is a 5% contingency load for unforeseen negative experience in accordance with CalPERS Board of Administration (board) policy. The charts on the next page summarize the results.

For information on the asset allocation adopted by the board for the Terminated Agency Pool, see Circular Letter 200-058-11 on the CalPERS website.

The asset allocation affects the actuarial assumptions used when calculating the actuarial liabilities of a public agency at the time of termination. The discount rate and inflation assumption used for this preliminary termination valuation are also summarized in the charts on the following page.

PEPRA Safety Fire Plan Results
(All projected amounts shown to nearest $100)

		Annual Valuation	Termination Valuation (**Non-frozen Compensation**)	Termination Valuation (**Frozen Compensation**)
		As of June 30, 2023 (Actual)	As of March 31, 2025 (Projected)	As of March 31, 2025 (Projected)
(1)	Plan's share of Pool Assets*	$65,913	$126,100	$126,100
(2)	Accrued Actuarial Liability	$72,978	$147,000	$133,900
(3)	Contingency Load	$0	$7,400	$6,700
(4)	Unfunded Liability/(Surplus) = (2) + (3) - (1)	$7,065	$28,300	$14,500
	Discount Rate	6.80%	4.60%	4.60%
	Inflation Assumption	2.30%	2.30%	2.40%

*Market Value of Assets

Please note that these amounts are estimates only and depend heavily on the assumptions used. In particular, the discount rate has a large impact on the liability measurements. The discount rate for the estimates above was based on US Treasury yields on the valuation date, but the discount rate for the final termination valuation will be based on US Treasury yields on the date of contract termination, which will be different. See the attachment to Circular Letter 200-058-11 for more information on the method to determine the discount rate. Also note that the rate of return of assets between June 30, 2023 and the *final* termination date can have a large impact on the unfunded liability. Furthermore, these estimates do not take into account possible changes in methods or assumptions, benefit improvements, or changes in the membership data of your workforce (particularly salary increases) that occur after June 30, 2023. **Therefore, the actual unfunded liability determined as of the contract termination date could be significantly higher or lower than the estimates provided above.**

In order to terminate the contract, the agency must comply with Government Code sections 20570 and 7507, which may require that the change in accrued liability resulting from benefit changes be disclosed at a public meeting with an actuary present at least two weeks prior to adopting the change. If the agency elects to proceed with the termination, once a final termination date has been determined, CalPERS will perform the final termination actuarial valuation and calculate any additional contributions necessary to be sent to CalPERS to effectuate the termination.

If you have any questions, please contact me at (916) 795-0410.

Sincerely,

Matthew Biggart

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

California Public Employees’ Retirement System

Actuarial Valuation for the Safety Plan of the Felton Fire Protection District as of June 30, 2023

(CalPERS ID: 1920391483)
(Rate Plan ID: 1792)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

CalPERS

Table of Contents

Section 1

Plan Specific Information
for the
Safety Plan
of the
Felton Fire Protection District

(CalPERS ID: 1920391483)
(Rate Plan ID: 1792)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the Safety Plan of the Felton Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Felton Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the Safety Plan of the Felton Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the Safety Plan of the Felton Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	23.00%	23.06%
Unfunded Accrued Liability (UAL) Contribution Amount	$26,293	$31,629
Paid either as		
Option 1) 12 Monthly Payments of	$2,191.08	$2,635.75
Option 2) Annual Prepayment in July	$25,442	$30,606

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	9.00%	9.00%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	23.1%	$34,000
2027-28	23.1%	$36,000
2028-29	23.1%	$43,000
2029-30	23.1%	$43,000
2030-31	23.1%	$43,000

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$2,136,070	$2,224,411
Market Value of Assets (MVA)	1,617,962	1,854,162
Unfunded Accrued Liability (UAL) [AL – MVA]	$518,108	$370,249
Funded Ratio [MVA ÷ AL]	75.7%	83.4%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	1	1
Annual Covered Payroll	$122,917	$130,000
Transferred Member Count	0	0
Separated Member Count	1	1
Retired Members and Beneficiaries Count	1	1

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**23.06%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$31,629**
Paid either as	
1) Monthly Payment	**$2,635.75**
Or	
2) Annual Prepayment Option*	**$30,606**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	31.99%	32.05%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	31.99%	32.05%
Offset Due to Employee Contributions[3]	8.99%	8.99%
Employer Normal Cost	23.00%	23.06%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Safety, 2% at age 55	7%
Safety, 2% at age 50	9%
Safety, 3% at age 55	9%
Safety, 3% at age 50	9%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 1792. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	**Fiscal Year 2024-25**	**Fiscal Year 2025-26**
Projected Payroll for the Contribution Year	$254,986	$420,539
Estimated Employer Normal Cost	$47,502	$71,532
Required Payment on Amortization Bases	$27,459	$32,963
Estimated Total Employer Contributions	$74,961	$104,495
Estimated Total Employer Contribution Rate (illustrative only)	29.40%	24.85%

Breakdown of Entry Age Accrued Liability

Active Members	$586,946
Transferred Members	0
Separated Members	36,595
Members and Beneficiaries Receiving Payments	1,600,870
Total	$2,224,411

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$2,224,411
2.	Projected UAL Balance at 6/30/2023	329,301
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	385,557
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	11,791
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	29,157
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	40,948
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	11,791

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$370,249
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$1,854,162

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	June 30, 2023
1. Present Value of Benefits	$2,477,768	$2,558,475
2. Entry Age Accrued Liability	2,136,070	2,224,411
3. Market Value of Assets (MVA)	1,617,962	1,854,162
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$518,108	$370,249
5. Funded Ratio [(3) ÷ (2)]	75.7%	83.4%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$2,508,916	$2,224,411	$1,986,741
2. Market Value of Assets (MVA)	1,854,162	1,854,162	1,854,162
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$654,754	$370,249	$132,579
4. Funded Ratio [(2) ÷ (1)]	73.9%	83.4%	93.3%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $31,629. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$32,286	$31,629	0	$31,629	$63,915
20 year funding horizon	$32,286	$31,629	$1,822	$33,451	$65,737
15 year funding horizon	$32,286	$31,629	$7,395	$39,024	$71,310
10 year funding horizon	$32,286	$31,629	$19,148	$50,777	$83,063
5 year funding horizon	$32,286	$31,629	$55,692	$87,321	$119,607

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP
2019-20	$0
2020-21	$0
2021-22	$0

Fiscal Year	ADP
2022-23	$175,000
2023-24[2]	$0

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 1792 Results					
Normal Cost %	23.06%	23.1%	23.1%	23.1%	23.1%	23.1%
UAL Payment	$31,629	$34,000	$36,000	$43,000	$43,000	$43,000

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/19		No Ramp	0.00%	11	226,696	25,950	215,294	25,950	203,116	25,950
Net Investment (Gain)	6/30/21	60%	Up Only	0.00%	18	(195,996)	(4,213)	(204,970)	(8,426)	(210,200)	(12,639)
Non-Investment (Gain)/Loss	6/30/21		No Ramp	0.00%	18	(8,482)	(763)	(8,270)	(763)	(8,044)	(763)
Risk Mitigation	6/30/21		No Ramp	0.00%	0	57,600	59,526	0	0	0	0
Risk Mitigation Offset	6/30/21		No Ramp	0.00%	0	(57,600)	(59,526)	0	0	0	0
Investment (Gain)/Loss	6/30/22	40%	Up Only	0.00%	19	273,116	0	291,688	6,270	305,043	12,539
Non-Investment (Gain)/Loss	6/30/22		No Ramp	0.00%	19	33,967	0	36,277	3,262	35,373	3,262
Investment (Gain)/Loss	6/30/23	20%	Up Only	0.00%	20	11,791	0	12,593	0	13,449	289
Non-Investment (Gain)/Loss	6/30/23		No Ramp	0.00%	20	29,157	0	31,140	0	33,258	2,991
Total						**370,249**	**20,974**	**373,752**	**26,293**	**371,995**	**31,629**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

			Alternative Schedules			
	Current Amortization Schedule		15 Year Amortization		10 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2025	371,995	31,629	371,995	39,024	371,995	50,777
6/30/2026	364,605	33,976	356,962	39,024	344,816	50,777
6/30/2027	354,286	36,322	340,906	39,024	315,788	50,777
6/30/2028	340,841	42,882	323,759	39,024	284,787	50,777
6/30/2029	319,702	43,171	305,446	39,024	251,677	50,777
6/30/2030	296,827	43,171	285,887	39,023	216,316	50,777
6/30/2031	272,397	43,171	264,999	39,023	178,550	50,777
6/30/2032	246,305	43,169	242,691	39,023	138,216	50,777
6/30/2033	218,440	43,170	218,866	39,024	95,140	50,777
6/30/2034	188,680	43,167	193,420	39,024	49,134	50,777
6/30/2035	156,899	43,171	166,244	39,024		
6/30/2036	122,954	17,219	137,220	39,023		
6/30/2037	113,521	17,222	106,223	39,024		
6/30/2038	103,443	17,219	73,117	39,023		
6/30/2039	92,682	17,221	37,761	39,024		
6/30/2040	81,188	17,219				
6/30/2041	68,912	17,218				
6/30/2042	55,804	17,220				
6/30/2043	41,803	39,047				
6/30/2044	4,293	4,437				
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**611,021**		**585,355**		**507,770**
Interest Paid		**239,026**		**213,360**		**135,775**
Estimated Savings				**25,666**		**103,251**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2014	2016 - 17	16.656%	$8,512
06/30/2015	2017 - 18	16.842%	10,986
06/30/2016	2018 - 19	17.614%	14,705
06/30/2017	2019 - 20	18.928%	18,830
06/30/2018	2020 - 21	20.585%	22,300
06/30/2019	2021 - 22	20.64%	40,455
06/30/2020	2022 - 23	20.64%	41,904
06/30/2021	2023 - 24	22.83%	38,449
06/30/2022	2024 - 25	23.00%	26,293
06/30/2023	2025 - 26	23.06%	31,629

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2014	$983,183	$831,383	$151,800	84.6%	$173,567
06/30/2015	1,051,050	850,772	200,278	80.9%	176,531
06/30/2016	1,144,277	864,520	279,757	75.6%	180,353
06/30/2017	1,329,309	1,046,011	283,298	78.7%	196,326
06/30/2018	1,452,811	1,113,054	339,757	76.6%	202,704
06/30/2019	1,788,216	1,419,661	368,555	79.4%	78,714
06/30/2020	1,879,559	1,461,663	417,896	77.8%	96,000
06/30/2021	1,980,461	1,727,838	252,623	87.2%	99,542
06/30/2022	2,136,070	1,617,962	518,108	75.7%	122,917
06/30/2023	2,224,411	1,854,162	370,249	83.4%	130,000

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	23.1%	23.1%	23.1%	23.1%	23.1%
UAL Contribution	$36,000	$41,000	$53,000	$61,000	$69,000
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	23.5%	23.9%	24.3%	24.7%	25.1%
UAL Contribution	$33,000	$32,000	$34,000	$0	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	23.06%	23.1%
UAL Contribution	$31,629	$45,000
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	23.06%	23.1%
UAL Contribution	$31,629	$39,000

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	40.08%	32.05%	25.91%
b) Accrued Liability	$2,508,916	$2,224,411	$1,986,741
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$654,754	$370,249	$132,579
e) Funded Ratio	73.9%	83.4%	93.3%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	33.58%	32.05%	29.14%
b) Accrued Liability	$2,299,673	$2,224,411	$2,071,355
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$445,511	$370,249	$217,193
e) Funded Ratio	80.6%	83.4%	89.5%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	32.50%	32.05%	31.63%
b) Accrued Liability	$2,261,144	$2,224,411	$2,190,306
c) Market Value of Assets	$1,854,162	$1,854,162	$1,854,162
d) Unfunded Liability/(Surplus) [(b) - (c)]	$406,982	$370,249	$336,144
e) Funded Ratio	82.0%	83.4%	84.7%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	**June 30, 2022**	**June 30, 2023**
1. Retiree Accrued Liability	$1,597,555	$1,600,870
2. Total Accrued Liability	$2,136,070	$2,224,411
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	75%	72%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	**June 30, 2022**	**June 30, 2023**
1. Number of Actives	1	1
2. Number of Retirees	1	1
3. Support Ratio [(1) ÷ (2)]	1.00	1.00

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$1,617,962	$1,854,162
2. Payroll	$122,917	$130,000
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	13.2	14.3
4. Accrued Liability	$2,136,070	$2,224,411
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	17.4	17.1

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	0%	N/A	5.3	6.8
06/30/2018	0%	N/A	5.5	7.2
06/30/2019	86%	1.00	18.0	22.7
06/30/2020	82%	1.00	15.2	19.6
06/30/2021	80%	1.00	17.4	19.9
06/30/2022	75%	1.00	13.2	17.4
06/30/2023	72%	1.00	14.3	17.1

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$3,629,741	$2,702,787
2. Market Value of Assets (MVA)	1,854,162	1,854,162
3. Unfunded Termination Liability [(1) – (2)]	$1,775,579	$848,625
4. Funded Ratio [(2) ÷ (1)]	51.1%	68.6%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	June 30, 2023
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$820,577
b) Transferred Members	0
c) Separated Members	36,595
d) Members and Beneficiaries Receiving Payments	1,987,414
e) Total	$2,844,586
2. Market Value of Assets (MVA)	1,854,162
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$990,424
4. Unfunded Accrued Liability – Funding Policy Basis	370,249
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$620,175

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

1 This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

2 If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	1	1
Average Attained Age	46.1	47.1
Average Entry Age to Rate Plan	34.3	34.3
Average Years of Credited Service	11.9	12.9
Average Annual Covered Pay	$122,917	$130,000
Annual Covered Payroll	$122,917	$130,000
Present Value of Future Payroll	$1,118,245	$1,093,029
Transferred Members	0	0
Separated Members	1	1
Retired Members and Beneficiaries*		
Counts	1	1
Average Annual Benefits	$104,417	$106,505
Total Annual Benefits	$104,417	$106,505

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Fire**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	Yes	
Benefit Provision		
Benefit Formula	3% @ 55	
Social Security Coverage	Yes	
Full/Modified	Modified	
Employee Contribution Rate	9.00%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

California Public Employees' Retirement System

Actuarial Valuation for the PEPRA Safety Fire Plan of the Felton Fire Protection District

as of June 30, 2023

(CalPERS ID: 1920391483)
(Rate Plan ID: 25399)

Required Contributions for Fiscal Year

July 1, 2025 — June 30, 2026

Table of Contents

Section 1

Plan Specific Information
for the
PEPRA Safety Fire Plan
of the
Felton Fire Protection District

(CalPERS ID: 1920391483)
(Rate Plan ID: 25399)

Table of Contents — Section 1

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.

Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS

Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

To the best of my knowledge and having relied upon the attestation above that the actuarial methods and assumptions are reasonable as well as the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the PEPRA Safety Fire Plan of the Felton Fire Protection District and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2023, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Felton Fire Protection District, while Section 2 is based on the corresponding information for all agencies participating in the Safety Risk Pool to which the plan belongs.

Matthew Biggart, ASA, MAAA
Actuary, CalPERS

Highlights and Executive Summary

Introduction

This report presents the results of the June 30, 2023, actuarial valuation of the PEPRA Safety Fire Plan of the Felton Fire Protection District of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2025-26.

Purpose of Section 1

This Section 1 report for the PEPRA Safety Fire Plan of the Felton Fire Protection District of CalPERS was prepared by the Actuarial Office using data as of June 30, 2023. The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of this rate plan as of June 30, 2023;
- Determine the minimum required employer contributions for this rate plan for FY July 1, 2025, through June 30, 2026;
- Determine the required member contribution rate for FY July 1, 2025, through June 30, 2026, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2023, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of Actuarial Standards of Practice No. 51 and recommended by the California Actuarial Advisory Panel (CAAP) in the Model Disclosure Elements document:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2021.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2024-25	Fiscal Year 2025-26
Employer Normal Cost Rate	13.76%	13.99%
Unfunded Accrued Liability (UAL) Contribution Amount	$1,166	$1,334
Paid either as		
Option 1) 12 Monthly Payments of	$97.17	$111.17
Option 2) Annual Prepayment in July	$1,128	$1,291

Member Contribution Rates — page 9

	Fiscal Year 2024-25	Fiscal Year 2025-26
Member Contribution Rate	13.75%	13.75%

Projected Employer Contributions — page 14

Fiscal Year	Normal Cost (% of payroll)	Annual UAL Payment
2026-27	14.0%	$1,300
2027-28	14.0%	$1,300
2028-29	14.0%	$1,300
2029-30	14.0%	$1,300
2030-31	14.0%	$0

Funded Status — Funding Policy Basis — page 12

	June 30, 2022	June 30, 2023
Entry Age Accrued Liability (AL)	$29,241	$72,978
Market Value of Assets (MVA)	24,851	65,913
Unfunded Accrued Liability (UAL) [AL – MVA]	$4,390	$7,065
Funded Ratio [MVA ÷ AL]	85.0%	90.3%

Summary of Valuation Data — Page 26

	June 30, 2022	June 30, 2023
Active Member Count	3	7
Annual Covered Payroll	$111,796	$257,104
Transferred Member Count	1	1
Separated Member Count	0	0
Retired Members and Beneficiaries Count	0	0

Changes Since the Prior Year's Valuation

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the Plan's Major Benefit Options in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Actuarial Methods and Assumptions

There are no significant changes to the actuarial methods or assumptions for the June 30, 2023, actuarial valuation.

New Disclosure Items

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) requiring actuaries to disclose a low-default-risk obligation measure (LDROM) of the benefits earned. This information is shown in a new exhibit, Funded Status – Low-Default-Risk Basis.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2023, as well as statutory changes, regulatory changes and board actions through January 2024.

During the time period between the valuation date and the publication of this report, inflation has been higher than the expected inflation of 2.3% per annum. Since inflation influences cost-of-living increases for retirees and beneficiaries and active member pay increases, higher inflation is likely to put at least some upward pressure on contribution requirements and downward pressure on the funded status in the June 30, 2024, valuation. The actual impact of higher inflation on future valuation results will depend on, among other factors, how long higher inflation persists.

The 2023 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.3% per year based on the price inflation assumption. The actual 2024 limits, determined in October 2023, are not reflected.

On April 16, 2024, the board took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a board discussion would be placed on the calendar. The 95th percentile return in the Future Investment Return Scenarios exhibit in this report has not been modified and still reflects the projected contribution requirements associated with a reduction in the discount rate.

To the best of our knowledge, there have been no other subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, unfunded accrued liability (UAL) emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the Unfunded Accrued Liability Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS Actuarial Amortization Policy. The Unfunded Accrued Liability Contribution is the sum of the payments on all bases. See the Schedule of Amortization Bases section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Required Employer Contributions	Fiscal Year 2025-26
Employer Normal Cost Rate	**13.99%**
Plus	
Unfunded Accrued Liability (UAL) Contribution Amount[1]	**$1,334**
Paid either as	
1) Monthly Payment	**$111.17**
Or	
2) Annual Prepayment Option*	**$1,291**

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

* Only the UAL portion of the employer contribution can be prepaid **(which must be received in full no later than July 31)**.

For Member Contribution Rates see the following page.

Development of Normal Cost as a Percentage of Payroll	Fiscal Year 2024-25	Fiscal Year 2025-26
Base Total Normal Cost for Formula	27.51%	27.74%
Surcharge for Class 1 Benefits[2]		
None	0.00%	0.00%
Plan's Total Normal Cost	27.51%	27.74%
Offset Due to Employee Contributions[3]	13.75%	13.75%
Employer Normal Cost	13.76%	13.99%

[1] The required payment on amortization bases does not take into account any additional discretionary payment made after April 30, 2024.

[2] Section 2 of this report contains a list of Class 1 benefits and corresponding surcharges.

[3] This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see Member Contribution Rates.

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members … shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2025, based on 50% of the total normal cost rate as of the June 30, 2023, valuation.

		Basis for Current Rate		Rates Effective July 1, 2025			
Rate Plan Identifier	**Benefit Group Name**	**Total Normal Cost**	**Member Rate**	**Total Normal Cost**	**Change**	**Change Needed**	**Member Rate**
25399	Safety Fire PEPRA Level	27.29%	13.75%	27.74%	0.45%	No	13.75%

Other Pooled Safety Risk Pool Rate Plans

All of the results presented in this Section 1 report, except those shown on this page, correspond to rate plan 25399. In many cases, employers have additional rate plans within the same risk pool. For cost analysis and budgeting it is useful to consider contributions for these rate plans as a whole rather than individually. The estimated contribution amounts and rates for all of the employer's rate plans in the Safety Risk Pool are shown below and assume that the total employer payroll within the Safety Risk Pool will grow according to the overall payroll growth assumption of 2.80% per year for three years. Classic members who are projected to terminate employment are assumed to be replaced by PEPRA members.

Estimated Employer Contributions for all Pooled Safety Rate Plans	Fiscal Year 2024-25	Fiscal Year 2025-26
Projected Payroll for the Contribution Year	$254,986	$420,539
Estimated Employer Normal Cost	$47,502	$71,532
Required Payment on Amortization Bases	$27,459	$32,963
Estimated Total Employer Contributions	$74,961	$104,495
Estimated Total Employer Contribution Rate (illustrative only)	29.40%	24.85%

Breakdown of Entry Age Accrued Liability

Active Members	$72,804
Transferred Members	174
Separated Members	0
Members and Beneficiaries Receiving Payments	0
Total	$72,978

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1.	Plan's Accrued Liability	$72,978
2.	Projected UAL Balance at 6/30/2023	5,676
3.	Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4.	Adjusted UAL Balance at 6/30/2023 for Asset Share	5,676
5.	Pool's Accrued Liability[1]	30,525,472,379
6.	Sum of Pool's Individual Plan UAL Balances at 6/30/2023[1]	7,735,444,959
7.	Pool's 2022-23 Investment (Gain)/Loss[1]	146,133,368
8.	Pool's 2022-23 Non-Investment (Gain)/Loss[1]	400,118,077
9.	Plan's Share of Pool's Investment (Gain)/Loss: [(1) - (4)] ÷ [(5) - (6)] × (7)	432
10.	Plan's Share of Pool's Non-Investment (Gain)/Loss: (1) ÷ (5) × (8)	957
11.	Plan's New (Gain)/Loss as of 6/30/2023: (9) + (10)	1,389
12.	Increase in Pool's Accrued Liability due to Change in Assumptions[1]	0
13.	Plan's Share of Pool's Change in Assumptions: (1) ÷ (5) × (12)	0
14.	Increase in Pool's Accrued Liability due to Funding Risk Mitigation[1]	0
15.	Plan's Share of Pool's Change due to Funding Risk Mitigation: (1) ÷ (5) × (14)	0
16.	Offset due to Funding Risk Mitigation	0
17.	Plan's Investment (Gain)/Loss: (9) – (16)	432

[1] Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18.	Plan's UAL: (2) + (3) + (11) + (13) + (15)	$7,065
19.	Plan's Share of Pool's Market Value of Assets (MVA): (1) - (18)	$65,913

For a reconciliation of the pool's Market Value of Assets (MVA), information on the fund's asset allocation and a history of CalPERS investment returns, see Section 2, which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the market value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (Present Value of Benefits) to individual years of service (the Normal Cost). The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2022	**June 30, 2023**
1. Present Value of Benefits	$543,602	$1,241,560
2. Entry Age Accrued Liability	29,241	72,978
3. Market Value of Assets (MVA)	24,851	65,913
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	$4,390	$7,065
5. Funded Ratio [(3) ÷ (2)]	85.0%	90.3%

A funded ratio of 100% (UAL of $0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	**Current Assumption**	**1% Higher Average Return**
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	$85,379	$72,978	$62,555
2. Market Value of Assets (MVA)	65,913	65,913	65,913
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	$19,466	$7,065	($3,358)
4. Funded Ratio [(2) ÷ (1)]	77.2%	90.3%	105.4%

The Risk Analysis section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The minimum required employer contribution towards the Unfunded Accrued Liability (UAL) for this rate plan for FY 2025-26 is $1,334. CalPERS allows agencies to make additional discretionary payments (ADPs) at any time. These optional payments serve to reduce the UAL and future required contributions and can result in significant long-term savings. Agencies can also use ADPs to stabilize annual contributions as a fixed dollar amount, percent of payroll or percent of revenue.

Provided below are select ADP options for consideration. Making such an ADP during FY 2025-26 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see Amortization Schedule and Alternatives. Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2025-26 Employer Contributions — Illustrative Scenarios

Funding Approach	Estimated Normal Cost	Minimum UAL Contribution	ADP[1]	Total UAL Contribution	Estimated Total Contribution
Minimum required only	$39,246	$1,334	0	$1,334	$40,580
5 year funding horizon	N/A	N/A	N/A	N/A	N/A

[1] The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2025, as determined in the June 30, 2023, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	0	2022-23	$0
2020-21	$0	2023-24[2]	$0
2021-22	$0		

[2] Excludes payments made after April 30, 2024

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2023-24 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

	Required Contribution	**Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2023-24 and Beyond)**				
Fiscal Year	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
	Rate Plan 25399 Results					
Normal Cost %	13.99%	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Payment	$1,334	$1,300	$1,300	$1,300	$1,300	$0

For ongoing plans, investment gains and losses are amortized using a 5-year ramp up. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the ramp up period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

For projected contributions under alternate investment return scenarios, please see the Future Investment Return Scenarios exhibit. Our online pension plan projection tool, Pension Outlook, is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2023.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2025-26.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2023-24 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2024, if necessary, and the expected payment for FY 2024-25 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2025-26	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/23	Expected Payment 2023-24	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Minimum Required Payment 2025-26
Fresh Start	6/30/23	No Ramp		0.00%	5	7,065	1,060	6,450	1,166	5,684	1,334
Total						**7,065**	**1,060**	**6,450**	**1,166**	**5,684**	**1,334**

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in Allocation of Plan's Share of Pool's Experience earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Many agencies have expressed a desire for a more stable pattern of payments or have indicated interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative "fresh start" amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single "fresh start" base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS Actuarial Amortization Policy.

Amortization Schedule and Alternatives (continued)

	Current Amortization Schedule		Alternative Schedules			
			0 Year Amortization		0 Year Amortization	
Date	**Balance**	**Payment**	**Balance**	**Payment**	**Balance**	**Payment**
6/30/2025	5,684	1,334	N/A	N/A	N/A	N/A
6/30/2026	4,692	1,334				
6/30/2027	3,632	1,334				
6/30/2028	2,500	1,334				
6/30/2029	1,291	1,334				
6/30/2030						
6/30/2031						
6/30/2032						
6/30/2033						
6/30/2034						
6/30/2035						
6/30/2036						
6/30/2037						
6/30/2038						
6/30/2039						
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		**6,670**		**N/A**		**N/A**
Interest Paid		**986**		**N/A**		**N/A**
Estimated Savings				**N/A**		**N/A**

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate	Unfunded Liability Payment
06/30/2021	2023 - 24	13.54%	$1,060
06/30/2022	2024 - 25	13.76%	1,166
06/30/2023	2025 - 26	13.99%	1,334

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's market value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2021	$7,382	$8,248	($866)	111.7%	$37,024
06/30/2022	29,241	24,851	4,390	85.0%	111,796
06/30/2023	72,978	65,913	7,065	90.3%	257,104

Risk Analysis

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2021 was performed to determine the effects of various future investment returns on required employer contributions. The projections below reflect the impact of the CalPERS Funding Risk Mitigation Policy. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The first table shows projected contribution requirements if the fund were to earn either 3.0% or 10.8% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2043.

Assumed Annual Return FY 2023-24 through FY 2042-43	Projected Employer Contributions				
	2026-27	2027-28	2028-29	2029-30	2030-31
3.0% (5th percentile)					
Discount Rate	6.80%	6.80%	6.80%	6.80%	6.80%
Normal Cost Rate	14.0%	14.0%	14.0%	14.0%	14.0%
UAL Contribution	$1,400	$1,500	$1,700	$2,000	$930
10.8% (95th percentile)					
Discount Rate	6.75%	6.70%	6.65%	6.60%	6.55%
Normal Cost Rate	14.4%	14.2%	14.6%	14.9%	14.8%
UAL Contribution	$1,300	$0	$0	$0	$0

Required contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 3.0% or greater than 10.8% over a 20-year period, the likelihood of a single investment return less than 3.0% or greater than 10.8% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.0% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.2% or less and a 2.5% probability that the annual return will be -17.2% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2023-24 on the FY 2026-27 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2026-27.

Assumed Annual Return for Fiscal Year 2023-24	Required Employer Contributions	Projected Employer Contributions
	2025-26	2026-27
(17.2%) (2 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$1,334	$1,700
(5.2%) (1 standard deviation loss)		
Discount Rate	6.80%	6.80%
Normal Cost Rate	13.99%	14.0%
UAL Contribution	$1,334	$1,500

- Without investment gains (returns higher than 6.8%) in FY 2024-25 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2023-24.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2026-27 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.5% and 2.3%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2023, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2023	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	2.3%	2.3%	2.3%
Real Rate of Return	**3.5%**	**4.5%**	**5.5%**
a) Total Normal Cost	34.92%	27.74%	22.31%
b) Accrued Liability	$85,379	$72,978	$62,555
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$19,466	$7,065	($3,358)
e) Funded Ratio	77.2%	90.3%	105.4%

Sensitivity to the Price Inflation Assumption

As of June 30, 2023	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	**5.8%**	**6.8%**	**7.8%**
Price Inflation	**1.3%**	**2.3%**	**3.3%**
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	29.30%	27.74%	25.06%
b) Accrued Liability	$77,026	$72,978	$65,907
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$11,113	$7,065	($6)
e) Funded Ratio	85.6%	90.3%	100.0%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2023, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2021. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2023	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	28.10%	27.74%	27.40%
b) Accrued Liability	$74,395	$72,978	$71,660
c) Market Value of Assets	$65,913	$65,913	$65,913
d) Unfunded Liability/(Surplus) [(b) - (c)]	$8,482	$7,065	$5,747
e) Funded Ratio	88.6%	90.3%	92.0%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures are for one rate plan only. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2022	June 30, 2023
1. Retiree Accrued Liability	$0	$0
2. Total Accrued Liability	$29,241	$72,978
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	0%	0%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

For comparison, the support ratio for all CalPERS public agency plans as of June 30, 2022, was 0.77 and was calculated consistently with how it is for the individual rate plan. Note that to calculate the support ratio for all public agency plans, a retiree with service from more than one CalPERS agency is counted as a retiree more than once.

Support Ratio	June 30, 2022	June 30, 2023
1. Number of Actives	3	7
2. Number of Retirees	0	0
3. Support Ratio [(1) ÷ (2)]	N/A	N/A

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of market value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2022	June 30, 2023
1. Market Value of Assets	$24,851	$65,913
2. Payroll	$111,796	$257,104
3. Asset Volatility Ratio (AVR) [(1) ÷ (2)]	0.2	0.3
4. Accrued Liability	$29,241	$72,978
5. Liability Volatility Ratio (LVR) [(4) ÷ (2)]	0.3	0.3

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2021	0%	N/A	0.2	0.2
06/30/2022	0%	N/A	0.2	0.3
06/30/2023	0%	N/A	0.3	0.3

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimate of the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2023. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis is based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as shown below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
06/30/2014	3.08%	06/30/2019	2.31%
06/30/2015	2.83%	06/30/2020	1.18%
06/30/2016	1.86%	06/30/2021	2.00%
06/30/2017	2.61%	06/30/2022	3.38%
06/30/2018	2.91%	06/30/2023	4.06%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Market Value of Assets (MVA) also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the MVA will change in different interest rate environments, the results below use the MVA as of the valuation date.

	Discount Rate: 3.06% Price Inflation: 2.50%	Discount Rate: 5.06% Price Inflation: 2.50%
1. Termination Liability[1]	$105,684	$73,900
2. Market Value of Assets (MVA)	65,913	65,913
3. Unfunded Termination Liability [(1) – (2)]	$39,771	$7,987
4. Funded Ratio [(2) ÷ (1)]	62.4%	89.2%

[1] The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate the plan, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of "benefit entitlements" calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 4.82%, which is the Standard FTSE Pension Liability Index[1] discount rate as of June 30, 2023, net of assumed administrative expenses.

Selected Measures on a Low-Default-Risk Basis	June 30, 2023
Discount Rate	4.82%
1. Accrued Liability[2] – Low-Default-Risk Basis (LDROM)	
a) Active Members	$99,271
b) Transferred Members	409
c) Separated Members	0
d) Members and Beneficiaries Receiving Payments	0
e) Total	$99,680
2. Market Value of Assets (MVA)	65,913
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	$33,767
4. Unfunded Accrued Liability – Funding Policy Basis	7,065
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	$26,702

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan's benefit obligations (see Funded Status – Termination Basis), nor is it appropriate for assessing the need for future contributions (see Funded Status – Funding Policy Basis).

[1] This index is based on a yield curve of hypothetical AA-rated zero coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees' Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

[2] If plan assets were invested entirely in the AA fixed income securities used to determine the discount rate of 4.82%, the CalPERS discount rate could, at various times, be below 4.5% or 5.25%, and some automatic annual retiree COLAs could be suspended (Gov. Code sections 21329 and 21335). Since there is currently no proposal to adopt an asset allocation entirely comprised of fixed income securities, the automatic COLAs have been fully valued in the measures above based on the assumptions used for plan funding. Removing future COLAs from the measurement would understate the statutory obligation.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2022	June 30, 2023
Active Members		
Counts	3	7
Average Attained Age	38.6	33.8
Average Entry Age to Rate Plan	37.9	32.7
Average Years of Credited Service	0.6	0.5
Average Annual Covered Pay	$37,265	$36,729
Annual Covered Payroll	$111,796	$257,104
Present Value of Future Payroll	$1,652,978	$4,125,220
Transferred Members	1	1
Separated Members	0	0
Retired Members and Beneficiaries*		
Counts	0	0
Average Annual Benefits	$0	$0
Total Annual Benefits	$0	$0

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

* Values include community property settlements.

List of Class 1 Benefit Provisions

This plan has the following Class 1 Benefit Provisions:

- None

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

	Benefit Group	
Member Category	**Fire**	
Demographics		
Actives	Yes	
Transfers/Separated	Yes	
Receiving	No	
Benefit Provision		
Benefit Formula	2.7% @ 57	
Social Security Coverage	Yes	
Full/Modified	Full	
Employee Contribution Rate	13.75%	
Final Average Compensation Period	Three Year	
Sick Leave Credit	Yes	
Non-Industrial Disability	Standard	
Industrial Disability	Standard	
Pre-Retirement Death Benefits		
Optional Settlement 2	Yes	
1959 Survivor Benefit Level	No	
Special	Yes	
Alternate (firefighters)	No	
Post-Retirement Death Benefits		
Lump Sum	$2,000	
Survivor Allowance (PRSA)	No	
COLA	2%	

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the
CalPERS website (www.calpers.ca.gov)
in the Forms & Publications section

APPENDIX D:

RESOLUTION OF INTENT TO TERMINATE
(CALPERS ACTION)

2025-01

RESOLUTION OF INTENTION

TO TERMINATE THE CONTRACT

BETWEEN THE

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AND THE

BOARD OF DIRECTORS
FELTON FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Felton Fire Protection District entered into a contract with the Board of Administration, Public Employees' Retirement System pursuant to Government Code Section 20460, effective May 6, 1995, for participation of said agency in the Retirement System; and

WHEREAS, Section 20570 provides that the governing body may terminate the contract between the Board of Administration of the Public Employees' Retirement System and the governing body of the contracting agency by the adoption of a resolution giving notice of intention to terminate, and, not less than 90 days and not more than 1 year later, the adoption by affirmative vote of two-thirds of the members of the governing body of a resolution terminating the contract;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Felton Fire Protection District hereby finds that it is in the best interests of the agency to terminate the contract entered into with the Board of Administration, Public Employees' Retirement System; and

BE IT FURTHER RESOLVED, that the governing body of the above agency does hereby give notice to the Board of Administration, Public Employees' Retirement System, pursuant to Section 20570, of the intention to terminate said contract.

By: [signature]
Presiding Officer

Board Chair
Title

03/03/25
Date adopted and approved

PERS-CON-71 (4/96)

2025-01

RESOLUTION OF INTENTION

TO TERMINATE THE CONTRACT

BETWEEN THE

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AND THE

BOARD OF DIRECTORS
FELTON FIRE PROTECTION DISTRICT

WHEREAS, the Board of Directors of the Felton Fire Protection District entered into a contract with the Board of Administration, Public Employees' Retirement System pursuant to Government Code Section 20460, effective May 6, 1995, for participation of said agency in the Retirement System; and

WHEREAS, Section 20570 provides that the governing body may terminate the contract between the Board of Administration of the Public Employees' Retirement System and the governing body of the contracting agency by the adoption of a resolution giving notice of intention to terminate, and, not less than 90 days and not more than 1 year later, the adoption by affirmative vote of two-thirds of the members of the governing body of a resolution terminating the contract;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Felton Fire Protection District hereby finds that it is in the best interests of the agency to terminate the contract entered into with the Board of Administration, Public Employees' Retirement System; and

BE IT FURTHER RESOLVED, that the governing body of the above agency does hereby give notice to the Board of Administration, Public Employees' Retirement System, pursuant to Section 20570, of the intention to terminate said contract.

By: [signature]
Presiding Officer

Board Chair
Title

03/03/25
Date adopted and approved

PERS-CON-71 (4/96)

APPENDIX E:

STANDALONE AGENCY STRATEGIC PLAN OUTLINE

Felton Fire Protection District
Proposed Strategic Plan Outline

(This plan should be completed and sent to LAFCO by August 29, 2025)

Table of Content

- Identify the chapters and their respective pages

Introduction

- Explain the purpose of this detailed plan
  - Example – it will provide clear direction for the Board, staff, and constituents

History

- Provide an overview of the District (info available in LAFCO's Service & Sphere Review)

- Explain the reason why the District was formed and why it is still needed

- Explain the status of the fire station (building, apparatuses, equipment, staffing, etc.)

Level and Range of Services

- Identify what services are currently being provided to the residents

- Identify what additional services may be provided and when (please be sure it aligns with the statutory abilities outlined in the Principal Act)
  - Include projected timeframe
  - Include financial analysis on how to cover expenses to fund additional services

Financial Health

- **Audits:** Explain how and when the District adopts their audited financial statements
  - Include projected timeframe regarding two-year audit process

- **Budgets:** Explain how and when the District will adopt annual budgets and quarterly updates
  - Include projected timeframe to adopt draft and final budgets

  - These annual budgets should include a capital improvement plan in order to earmark necessary funds for future expenses/projects

- **Revenues:** Identify current and future revenue streams and assets
  - If an additional benefit assessment is being considered, describe the process and projected timeframe

- **Expenses:** Identify current and future expenditures and liabilities
  - The financial health section should include a 5 and 10-year projection model showing the anticipated revenue and expenses as well as the projected fund balance

Management & Governance

- **Board Composition:** Explain and outline the role of the board through bylaws and policies
    - Include projected timeframe for bylaws and policies
    - Indicate how and when the board will conduct regular board meetings (ex. once a month, quarterly basis, etc.)

- **Staffing:** Explain how and when the District will have staff (either in-house or through contracts)
    - Include cost estimates and a projected timeframe

- **Admin Duties:** Explain how and when all administrative duties will be completed
    - List and describe each internal operations (ex. payroll, website, etc.)
    - Include cost estimates for each duty/responsibility if not done by District staff
    - Include projected timeframe (ex. hire staff for admin services by July 31, 2025)

- **County Partnership:** Explain how the District may consider contract with the County or other neighboring districts for grants, payroll, or other services
    - Include cost estimates
    - Include projected timeframe (ex. implement agreement by July 31, 2025)

- **Fire District Partnership:** Explain how the District may contract with neighboring fire districts to purchase equipment or provide/receive services
    - Include cost estimates
    - Include projected timeframe (ex. joint purchase agreement by July 31, 2025)

- **Strategic Memberships:** Explain how the District may utilize the resources offered by CSDA and LAFCO
    - LAFCO suggests that the District seriously consider becoming a member of the California Special Districts Association. CSDA was formed to help special districts not only fulfill and be up-to-date on all current and new laws but its goal is to help districts be successful.

- **Statutory Mandates:** Explain how the District will comply with all statutory requirements including but not limited to website, ethics training, sexual harassment prevention training, Form 700 requirements etc.
    - Include projected timeframe (LAFCO suggests that the District adopt policies & procedures to help fulfill these mandates. These policies should be created and adopted by August 31, 2025)

- **Distinguish Board/Staff Roles:** Explain the role of the board and its staff members
    - LAFCO suggests that the District adopt bylaws or policies clearly defining the roles and responsibilities of the board and its staff
    - Include projected timeframe (LAFCO suggests that the District adopt these bylaws/policies by August 31, 2025)

APPENDIX F:

GCS 56134 GUIDELINES
(LAFCO & FIRE CONTRACTS)

Government Code Section 56134
(LAFCO & Fire Contracts)

State law allows two or more public agencies (ex. cities and special districts) to enter into contracts to share resources and/or provide services to maximize efficiencies, share costs, and in most cases promote good government. Contracts between two or more public agencies do not require LAFCO action. However, Senate Bill No. 239 made changes to LAFCO's purview over fire contracts in 2015. SB 239, which went into effect on January 1, 2016 amended Government Code Sections 56017.2 and 56133, and added Section 56134. In accordance with SB 239, public agencies, under specified circumstances, must receive written approval from the LAFCO in an affected county before providing <u>new or extended</u> fire protection services outside the agencies' jurisdictional boundaries, if the contract results in either of the following conditions: (1) transfers responsibility for providing services in more than 25% of the area within the jurisdictional boundaries of any public agency affected by the contract or agreement; or (2) changes the employment status of more than 25% of the employees of any public agency affected by the contract or agreement. The new law places added responsibilities on local and state agencies, plus LAFCO.

Since there are many uncertainties with respect to implementation of SB 239, below are guidelines to assist the Commission, affected agencies, and the public to ensure that a consistent approach for the review and approval of fire protection contract applications.

- **Pre-Application Review and Discussion:** Prior to submission of a proposal requesting LAFCO consideration, the Commission will encourage public agencies and service recipients to participate in a pre-application discussion with LAFCO staff. As part of the pre-application discussion, the Executive Officer shall determine whether the proposed fire protection contract or agreement is subject to or exempt from LAFCO purview. A Certificate of Exemption shall be issued by the Executive Officer if the contract or agreement is exempt from LAFCO purview. The Santa Cruz LAFCO and/or Executive Officer will consider the following contracts and agreements exempt from LAFCO purview:
    - Renewal of existing contracts, unless the renewal included amendments or the inclusion of new territory that triggered the 25% change in service area or employment status;
    - Ambulance service agreements;
    - Pre-hospital emergency medical services;
    - Mutual or automatic aid agreements;
    - Contracts or agreements involving dispatch services; and
    - Subordinate or subsidiary fire protection activities including, but not limited to the following: ambulance services; pre-hospital emergency medical services; mutual or automatic aid agreements; major/minor subdivision review, major Use Permit

review, administrative permit review and inspections; fire alarm system plan review and inspections; defensible space inspections and enforcement; business/occupancy inspections in existing structures; vehicle maintenance and repair; sharing of management or other personnel between or among multiple agencies; sharing or loaning of equipment or property between or among multiple agencies.

- **Application Review:** The Executive Officer shall within 30 days of receipt of a fire contract or agreement determine whether the associated contract application is complete and acceptable for filing. The Executive Officer shall notify the applicant if the application is incomplete and the manner in which the application can be rectified if determined to be incomplete.
  - Once the application is ready for Commission consideration, the Executive Officer shall give mailed notice of the hearing, at least 21 days prior to the hearing date, to each affected local agency or affected county and to any interested party who has filed a written request for notice.
  - The Executive Officer shall also publish the notice of hearing in a newspaper of general circulation that is circulated within the territory affected by the proposal and shall post the notice on LAFCO's website at least 21 days prior to the hearing date.

- **Commission Consideration:** The Commission shall not approve a proposed fire protection contract unless it determines, based on the entire record, all of the following:
  - The public agency will have sufficient revenues to carry out the exercise of the new or extended fire protection services outside its current area. The Commission may approve an application where the Commission has determined that the public agency will not have sufficient revenue to provide the proposed new or different functions of services, if the Commission conditions its approval on the concurrent approval of sufficient revenue sources.
  - The proposed exercise of new or extended fire protection services outside a public agency's current service area is consistent with the intent of SB 239, LAFCO's state mandates and established policies and procedures.
  - The Commission has reviewed the plan for service.
  - The Commission has reviewed the comprehensive fiscal analysis.
  - The Commission has reviewed any testimony presented at the public hearing.
  - The proposed affected territory is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three

fiscal years following the effective date of the contract or agreement between the public agencies to provide the new or extended fire protection services.

- **Commission Action:** The Commission may approve, approve with condition(s), or disapprove, the contract for new or extended services upon closure of the associated LAFCO hearing and/or administrative proceeding.

    - Approval - If the Commission determines all the requirements under Government Code Section 56134 have been met, the Commission shall adopt a resolution of approval or other associated document. For contracts that receive consensus from all affected agencies, the Commission may delegate the approval process to the Executive Officer. Any administratively-approved fire contract shall be scheduled as an informational item at the next available LAFCO hearing and may be subject to ratification, as necessary.

    - Approval with Conditions - If the Commission or Executive Officer approves the contract or agreement with conditions, the Commission shall adopt a resolution of approval or other document with the conditions listed. For contracts that receive consensus from all affected agencies, the Commission may delegate the approval process to the Executive Officer. Any administratively-approved fire contract shall be scheduled as an informational item at the next available LAFCO hearing and may be subject to ratification, as necessary.

    - Disapproval - If the Commission or Executive Officer disapproves the contract or agreement, termination proceedings mirroring the procedures outlined in Government Code Section 57090 shall be followed. Pursuant to Government Code Section 57090(a), if a proposal is terminated, no substantially similar proposal for a change or organization of the same or substantially the same territory may be filed with the commission within one year after the date of the certificate of termination. This waiting period may be waived by the Commission if public health, safety, or welfare issues are present.

    - Reconsideration - The Commission establishes a 30-day request for reconsideration period tolled from when a fire protection contract is considered by the Commission or Executive Officer. The request for reconsideration must be in writing and shall be subject to LAFCO's reconsideration rules and payment of associated processing fees.

Santa Cruz Local Agency Formation Commission
701 Ocean Street # 318D
Santa Cruz CA 95060
Phone: (831) 454-2055
Email: info@santacruzlafco.org
Website: www.santacruzlafco.org

August 5, 2025

Jeff Maxwell, Fire Chief
Zayante Fire Protection District
7700 East Zayante Rd.
Felton, CA 95018

SUBJECT: CONSOLIDATED OVERSIGHT BOARD DISTRICT SEATS – DEADLINE EXTENSION

Dear Chief Maxwell:

This is a follow-up letter from LAFCO's July 15 letter soliciting nominations for the regular and alternate member seats on the Consolidated Redevelopment Oversight Board in Santa Cruz County. The deadline to submit applications was Friday, August 1, 2025; however, LAFCO did not receive any applications. **Therefore, LAFCO will extend the deadline to submit applications to Friday, September 5, 2025**.

Background

In 2015, Senate Bill 107 passed establishing the Consolidated Redevelopment Oversight Board (COB) and specified its duties and board appointments. The COB oversees the dissolutions of the five redevelopment agencies in Santa Cruz County: Live Oak-Soquel (County) and the Cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville. The law requires certain cash assets of the former redevelopment agencies to be distributed to the County, cities, school districts, and special districts that have a share in the general 1% property tax. Independent special districts get a seat on that Board to help ensure that distributions are properly made.

Eligibility

People eligible to serve on the Consolidated Redevelopment Oversight Board are district directors of agencies receiving a share of the 1% property tax. **Independent special districts that receive a share of the Santa Cruz County property tax are shown in the attached list**. Since the COB will be reviewing complicated governmental finance information, applicants with skills related to financial matters are encouraged to run for a seat on the Board.

Process

The appointment process for the regular and alternate member seats will be in accordance with the rules of the Independent Special District Selection Committee. If LAFCO receives only two applications, then the candidates will be appointed in lieu of an election under Government Code Section 56332(f)(2). Therefore, LAFCO encourages that at least two candidates submit an application by Friday, September 5, 2025 to ensure the COB has district representation.

Feel free to contact me if you have any questions about the selection process. After the September 5th deadline, each district's presiding officer will be sent ballots along with an explanation of the voting process.

Sincerely,

Joe A. Serrano
Executive Officer

Attachment: LAFCO Letter dated July 15, 2025

Santa Cruz Local Agency Formation Commission
701 Ocean Street # 318D
Santa Cruz CA 95060
Phone: (831) 454-2055
Email: info@santacruzlafco.org
Website: www.santacruzlafco.org

July 15, 2025

Jeff Maxwell, Fire Chief
Zayante Fire Protection District
7700 East Zayante Rd.
Felton, CA 95018

SUBJECT: CONSOLIDATED REDEVELOPMENT OVERSIGHT BOARD – DISTRICT SEATS

Dear Chief Maxwell:

The purpose of this letter is to solicit nominations for the regular and alternate member seats on the Consolidated Redevelopment Oversight Board in Santa Cruz County. Both seats will have a four-year term starting in September 2025. Please inquire with your respective board to determine if any of them are interested to serve in either position. If so, complete the attached application form and submit it no later than **Friday, August 1, 2025 by 3:00pm**.

Background

In 2015, Senate Bill 107 passed establishing the Consolidated Redevelopment Oversight Board (COB) and specified its duties and board appointments. The COB oversees the dissolutions of the five redevelopment agencies in Santa Cruz County: Live Oak-Soquel (County) and the Cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville. The law requires certain cash assets of the former redevelopment agencies to be distributed to the County, cities, school districts, and special districts that have a share in the general 1% property tax. Independent special districts get a seat on that Board to help assure that proper distributions are properly made.

Eligibility

People eligible to serve on the Consolidated Redevelopment Oversight Board are district directors of agencies receiving a share of the 1% property tax. **Independent special districts that receive a share of the Santa Cruz County property tax are shown in the attached list**. Since the COB will be reviewing complicated governmental finance information, applicants with skills related to financial matters are encouraged to run for a seat on the Board.

Process

The appointment process for the regular and alternate member seats will be in accordance with the rules of the Independent Special District Selection Committee, similar to the steps taken to appoint Special District members on LAFCO. Background materials will include the rules of the Independent Special District Selection Committee, Senate Bill 107, and the County's request for appointments which can be found by following the Redevelopment Oversight link on LAFCO's home page: www.santacruzlafco.org.

Feel free to contact me if you have any questions about the selection process. After the August 1st deadline, each district's presiding officer will be sent ballots along with an explanation of the voting process.

Sincerely,

Joe A. Serrano
Executive Officer

Attachment: Application Form (including List of Eligible Special Districts)

LOCAL AGENCY FORMATION COMMISSION OF SANTA CRUZ COUNTY

NOMINATION FOR THE SPECIAL DISTRICT REGULAR AND ALTERNATE MEMBER SEATS ON THE COUNTY CONSOLIDATED REDEVELOPMENT SUCCESSOR AGENCY OVERSIGHT BOARD
(TERM BEGINNING SEPTEMBER 2025 AND ENDING IN SEPTEMBER 2029)

INSTRUCTIONS:
If you are interested in serving as a special district member on the oversight board, please complete and sign the following application. The completed application can be mailed, hand delivered, or emailed (as a PDF with signature) to: 701 Ocean Street, Room 318-D, Santa Cruz, CA 95060 (mailing address) or joe@santacruzlafco.org (email).

Applications must be submitted to LAFCO no later than
3:00 p.m. on September 5, 2025

I am applying for (CHECK ONE):

Regular Member ONLY	
Alternate Member ONLY	
Either Position	

Note that some district board members are NOT eligible for the oversight board seats due to state law. Page 2 shows the list of eligible special districts.

NAME: ______________________________

MAILING ADDRESS: ______________________________

PHONE(s): Home:______________________________ Cell/Business:______________________________

EMAIL:______________________________

DISTRICT BOARD ON WHICH YOU CURRENTLY SERVE:______________________________

PREVIOUS BOARD, COMMISSION, OR COMMITTEE SERVED (Identify organization[s] and length of term[s]):

____

____

____

____

____

____

STATEMENT OF INTEREST:
You may attach a separate sheet to present additional qualifications or a statement of interest in serving on the County Consolidated Redevelopment Successor Agency Oversight Board (COB).

CERTIFICATION:
I certify that the above information is true and correct and I authorize the verification of the information in the application.

______________________________ ______________________________
Signature of Board Member Interested in Serving on COB Date

Santa Cruz County Consolidated Redevelopment Successor Agency Oversight Board
(2025 Eligibility and Voting Process)

Independent Special Districts	Eligible Board Members to Run for Regular/Alt Seats	Districts that Can Submit Ballots During Voting Process
Alba Recreation & Park District		X
Aromas Tri-County Fire Protection District	X	
Ben Lomond Fire Protection District	X	X
Boulder Creek Fire Protection District	X	X
Boulder Creek Recreation & Park	X	X
Central Fire District	X	X
Central Water District	X	X
Felton Fire Protection District	X	X
La Selva Recreation & Park District	X	X
Pajaro Valley Fire Protection District	X	X
Pajaro Valley Health Care District		X
Pajaro Valley Public Cemetery District	X	X
Pajaro Valley Water Management Agency		X
Resource Conservation District	X	X
Salsipuedes Sanitary District	X	X
San Lorenzo Valley Water District	X	X
Santa Cruz Port District	X	X
Scotts Valley Fire Protection District	X	X
Scotts Valley Water District	X	X
Soquel Creek Water District		X
Zayante Fire Protection District	X	X

ZAYANTE FIRE PROTECTION DISTRICT

7700 East Zayante Road, Felton CA 95018
Ph: 831-335-5100 Fx: 831-335-5199

Board of Directors
Minutes of the Regular Meeting
July 17, 2025

1.0: CALL TO ORDER:

Chairperson Clark called the regular meeting of the Zayante Fire Protection Board of Directors to order at 7:00 PM.

Directors present: Clark, Crow, Fleming, Locatelli, Schneider
Staff present: Chief Maxwell
Absent:

2.0: FLAG SALUTE:

3.0: ADDITIONS AND DELETIONS TO THE AGENDA:

Additions to the agenda may be added as a discussion item. The Board will not act on any added items at this meeting. The Board may elect to add the item to a future meeting for action

4.0: PUBLIC COMMENT:

- None

5.0: PUBLIC HEARING:

6.0: CORRESPONDANCE:

6.1: Notice from Central Fire District Fleet Services of a rate increase and updated agreement.
6.2: Notice from Golden State Risk Management Authority regarding Volunteer Workers' Comp Coverage.

7.0: CONSENT AGENDA:

7.1: Upon a separate motion by Director Locatelli and duly seconded by Director Fleming Minutes from the May 15, 2025, regular meeting was approved by a unanimous vote of the Directors attending that meeting. 3/0
The Consent Agenda was approved in a single motion to include:
7.2: Approval of June 12, 2025, regular meeting minutes.
7.3: Approval of June 19, 2025, regular meeting minutes.
7.4: Summary: ZFPD Revenue and Expense report though June 30, 2025.
7.5: Review of Payroll

Upon motion by Director Fleming and duly seconded by Director Locatelli, the consent agenda 7.2-7.5 was approved by a unanimous vote of 5/0

8.0: REVIEW CLAIMS:

8.1: **Action Item:** Upon motion by Director Schneider and duly seconded by Director Crow, Claims Disbursements for the month of June 1, 2025, through June 30, 2025, in the amount of $29,385.60 was approved by a unanimous vote of 5/0.

8.2: **Review:** Account Receivable-deposits

9.0: CHIEFS REPORT:

9.1: Administration:

- Chief Maxwell Attended the June County Chiefs monthly meeting. Attended FIRE-EMS Task Team, SCFAIG, Fire Prevention Officers x2, EMSIA, Fire Investigation Task Force, LAFCO Virtual meeting speaking on the urgency of purpose in Felton, Chief asked them to prioritize Felton's needs.
- All claims, deposits, Journal entries processed in a timely manner. Establishing Accrual for Years End,

- **9.2: Apparatus:**

- All Apparatus is in service.
- Conducted monthly siren test which failed due to poor Radio Signal penetration in the building. County Radio was advised.
- The 2006 Ford F550 Type 6 Wildland Fire engine (2447) Returned with the pump rebuilt. A radio and light bar have also been installed. It is now in service in Lompico.

9.3: Training:

- Monthly training: Pump operator training, returned to Wildland fundamentals with a field exercise at Quail Hollow Ranch.

9.4: Prevention:

- Participated in review sessions for the 2024 International Fire Code in preparation of the upcoming Code Adoption Cycle.
- Participated in the Evacuation Workshop held at Zayante Fire Department on June 21, 2025 hosted by Supervisor Martinez.
- Another Evacuation Meeting will be held August 23, 2025 at 10 am.
- Free Yard waste disposal in August at the dump on Saturday's.
- Lomita Dr. Firewise project has requested Chipper support for their fuel reduction project.

9.5: Stations and Grounds:

- Station 1: Continued weed abatement on Station 1
- Tree removal continues at Stations 2&3
- Rear Apparatus Bay door broken has been repaired.

9.6: Incident Response Summary:

- June total Calls: 29
- EMS-15
- Structure Fire-0
- Wildland Fire-0
- Vehicle Fire-1
- Motor Vehicle Accident-1
- Hazardous material-0

- Gas Investigation-0
- Smoke check-0
- Public Service-3
- Lift Assist-0
- Wires-0
- Fire Alarm-1
- Illegal Burn-0
- **AID REQUESTS:**
- Felton Fire-MVA-1 1 Chief and 1 Engine; EMS-2 rescue unit; vehicle fire-1, 1 Engine and 1 Duty Chief; 1 Rescue- 1 Engine and 1 Duty Chief
- Scotts Valley Fire Wildland-1 1 WT; CZU Wildland 1 WT& 1 Duty Chief; Ben Lomond 1 Engine Landing Zone Request

9.7: Budget: FY24-25

- Tax Revenue to date: $674,817.77
- Reg and extra help pay, OASDI-SS, UI, Workers Comp to date $358,860.18. including 2023-2024 Strike Team Payout
- Service and supply to date: $212,282.87

10.0: <u>UNFINISHED BUSINESS:</u>

10.1: Finance Committee: Report by Chair Locatelli: no meetings lately

11.0: <u>NEW BUSINESS:</u>

11.1: Action Item: Upon motion by Director Locatelli and duly seconded by Director Fleming, The Application of Consent to Self-Insure as a Public Agency Employer Self-Insurer was approved by a unanimous vote. 5/0

11.2: Action Item: Upon motion by Director Schneider and duly seconded by Director Locatelli, Resolution 539-03-25, A Resolution authorizing application to the Director of Industrial Relation, State of California for a Certificate of Consent to Self-Insure Workers Compensation Liabilities was Approved by a unanimous vote of 5/0

11.3: Action Item: Upon on motion by Director Fleming and duly seconded by Director Schneider, Approval of Intergovernmental Agreement for Motor Vehicle Repairs- Central Fire Protection District was approved by a unanimous vote 5/0

11.4: Action Item: Upon motion by Director Fleming and duly seconded by Director Crow, A Letter of Engagement with Zack Pehling of PnPCA for FY24-25 audited financial statements per prior agreement was approved by a unanimous vote 5/0. The Board also asked Chief Maxwell to check into pricing for another 3-year commitment.

11.5: Action Item: Upon motion by Director Crow and duly seconded by Director Fleming, the Board of Directors has approved an Agreement and Certification for Special Assessment Charges. It has also requested Chief Maxwell to authorize and process charges per the County process. This was approved by a unanimous vote 5/0

11.6: Action Item: Upon motion by Director Locatelli and duly seconded by Director Crow, Resolution 540-04-25, Implementing Ordinance 2004-1 Special Property Tax and establishing the base rate applicable to residential, commercial and other improved and vacant properties was approved by a unanimous vote 5/0

12.0: CLOSED SESSION:

13.0: <u>RE-AJOURYN OPEN SESSION AND REPORTING OF ACTIONS:</u>

14.0: <u>ITEMS FOR NEXT AGENDA:</u> Director Schneider brought up various ways to get alerted for an emergency besides just the siren. Discussion saved for a later meeting.

15.0: <u>ADJOURNMENT: 8:02</u>

<u>NEXT MEETINGS:</u>

August 21, 2025

ZBUDGET variance July 2025

As Of = @current-fiscal-year-end; Years = 1; Balances = Adopted Budget,Adjusted Budget,Month-To-Date Actual,Year-To-Date Actual,Year-To-Date Encumbrances,Year-To-Date Variance,Year-To-Date Variance Pct,Year-To-Date Spent Pct; Revenues/Expenditures = R,E

Fund [76645, 76646]

		FY 2026				
Object	GL Object Title	Year-To-Date Variance Pct	Adopted Budget	Adjusted Budget	Month-To-Date Actual	Year-To-Date Actual
Revenues						
GL Key: 689510 – ZAYANTE FPD-GENERAL						
Character: 01 – TAXES						
40100	PROPERTY TAX-CURRENT SEC-GEN	100.00 %	533,737.00	533,737.00	0.00	0.00
40110	PROPERTY TAX-CURRENT UNSEC-GEN	100.00 %	11,365.00	11,365.00	0.00	0.00
40130	PROPERTY TAX-PRIOR UNSEC-GEN	100.00 %	1,000.00	1,000.00	0.00	0.00
40150	SUPP PROP TAX-CURRENT SEC	100.00 %	4,000.00	4,000.00	0.00	0.00
40151	SUPP PROP TAX-CURRENT UNSEC	100.00 %	500.00	500.00	0.00	0.00
40160	SUPP PROP TAX-PRIOR SEC	100.00 %	300.00	300.00	0.00	0.00
40161	SUPP PROP TAX-PRIOR UNSEC	100.00 %	100.00	100.00	0.00	0.00
40196	FIRE PROTECTION TAX	100.00 %	437,630.00	437,630.00	0.00	0.00
Total 01 – TAXES		100.00 %	988,632.00	988,632.00	0.00	0.00
Character: 07 – FINES, FORFEITURES & ASSMNTS						
44142	PENALTIES FOR DELINQUENT TAXES	100.00 %	50.00	50.00	0.00	0.00
44143	REDMPTN PNLTIES FOR DELINQ TXS	100.00 %	50.00	50.00	0.00	0.00
Total 07 – FINES, FORFEITURES & ASSMNTS		100.00 %	100.00	100.00	0.00	0.00
Character: 10 – REV FROM USE OF MONEY & PROP						
40430	INTEREST	100.00 %	20,000.00	20,000.00	0.00	0.00
40440	RENTS & CONCESSIONS	100.00 %	1,500.00	1,500.00	0.00	0.00
Total 10 – REV FROM USE OF MONEY & PROP		100.00 %	21,500.00	21,500.00	0.00	0.00
Character: 15 – INTERGOVERNMENTAL REVENUES						
40830	ST-HOMEOWNERS' PROP TAX RELIEF	100.00 %	2,385.00	2,385.00	0.00	0.00
Total 15 – INTERGOVERNMENTAL REVENUES		100.00 %	2,385.00	2,385.00	0.00	0.00
Character: 19 – CHARGES FOR SERVICES						
41306	INSPECTION FEES	-127.54 %	3,000.00	3,000.00	0.00	6,826.25
Total 19 – CHARGES FOR SERVICES		-127.54 %	3,000.00	3,000.00	0.00	6,826.25
Character: 23 – MISC. REVENUES						
42372	CONTRIBUTIONS AND DONATIONS	100.00 %	3,000.00	3,000.00	0.00	0.00
42384	OTHER REVENUE	100.00 %	10,000.00	10,000.00	0.00	0.00
Total 23 – MISC. REVENUES		100.00 %	13,000.00	13,000.00	0.00	0.00
Total 689510 – ZAYANTE FPD-GENERAL		99.34 %	1,028,617.00	1,028,617.00	0.00	6,826.25

ZBUDGET variance July 2025

As Of = @current-fiscal-year-end; Years = 1; Balances = Adopted Budget,Adjusted Budget,Month-To-Date Actual,Year-To-Date Actual,Year-To-Date Encumbrances,Year-To-Date Variance,Year-To-Date Variance Pct,Year-To-Date Spent Pct; Revenues/Expenditures = R,E

Fund [76645, 76646]

Object	GL Object Title	FY 2026 Year-To-Date Variance Pct	Adopted Budget	Adjusted Budget	Month-To-Date Actual	Year-To-Date Actual
Revenues						
GL Key: 689520 – ZAYANTE FPD-CAPITAL OUTLAY						
Character: 10 – REV FROM USE OF MONEY & PROP						
40430	INTEREST	100.00 %	500.00	500.00	0.00	0.00
Total 10 – REV FROM USE OF MONEY & PROP		100.00 %	500.00	500.00	0.00	0.00
Character: 25 – OTHER FINANCING SOURCES						
42462	OPERATING TRANSFER IN	100.00 %	50,000.00	50,000.00	0.00	0.00
Total 25 – OTHER FINANCING SOURCES		100.00 %	50,000.00	50,000.00	0.00	0.00
Total 689520 – ZAYANTE FPD-CAPITAL OUTLAY		100.00 %	50,500.00	50,500.00	0.00	0.00
Total Revenues		99.37 %	1,079,117.00	1,079,117.00	0.00	6,826.25
Expenditures						
GL Key: 689510 – ZAYANTE FPD-GENERAL						
Character: 50 – SALARIES AND EMPLOYEE BENEF						
51000	REGULAR PAY-PERMANENT	96.32 %	291,510.00	291,510.00	0.00	10,732.96
51010	REGULAR PAY-EXTRA HELP	102.66 %	30,000.00	30,000.00	0.00	-797.50
52010	OASDI-SOCIAL SECURITY	96.17 %	21,424.00	21,424.00	0.00	821.07
53010	EMPLOYEE INSURANCE & BENEFITS	100.00 %	10,024.00	10,024.00	0.00	0.00
53015	UNEMPLOYMENT INSURANCE	100.00 %	500.00	500.00	0.00	0.00
54010	WORKERS COMPENSATION INSURANCE	6.62 %	22,000.00	22,000.00	0.00	20,544.00
Total 50 – SALARIES AND EMPLOYEE BENEF		91.66 %	375,458.00	375,458.00	0.00	31,300.53
Character: 60 – SERVICES AND SUPPLIES						
61110	CLOTHING & PERSONAL SUPPLIES	98.47 %	26,000.00	26,000.00	0.00	398.73
61125	UNIFORM REPLACEMENT	100.00 %	2,500.00	2,500.00	0.00	0.00
61217	RADIO	85.81 %	34,546.00	34,546.00	0.00	4,903.00
61221	TELEPHONE-NON TELECOM 1099	99.10 %	9,500.00	9,500.00	0.00	85.07
61310	FOOD	100.00 %	5,000.00	5,000.00	0.00	0.00
61412	JANITORIAL SERVICES	100.00 %	4,000.00	4,000.00	0.00	0.00
61425	OTHER HOUSEHOLD EXP-SERVICES	100.00 %	500.00	500.00	0.00	0.00
61525	LIABILITY INSURANCE	100.00 %	46,053.00	46,053.00	0.00	0.00
61720	MAINT-MOBILE EQUIPMENT-SERV	99.93 %	50,000.00	50,000.00	0.00	35.89
61721	MAINT-MOBILE EQUIPMNT-SUPPLIES	100.00 %	500.00	500.00	0.00	0.00
61725	MAINT-OFFICE EQUIPMNT-SERVICES	100.00 %	500.00	500.00	0.00	0.00
61730	MAINT-OTH EQUIP-SERVICES	86.67 %	15,000.00	15,000.00	0.00	2,000.00
61846	MAINT-STRCT/IMPS/GRDS-OTH-SUPP	99.51 %	6,000.00	6,000.00	0.00	29.55
61848	MAINT-STRUCT/GRDS-OTH-SRV	68.65 %	12,624.00	12,624.00	0.00	3,957.00
61920	MEDICAL, DENTAL & LAB SUPPLIES	100.00 %	3,000.00	3,000.00	0.00	0.00
62020	MEMBERSHIPS	40.00 %	3,000.00	3,000.00	0.00	1,800.00

ZBUDGET variance July 2025

As Of = @current-fiscal-year-end; Years = 1; Balances = Adopted Budget,Adjusted Budget,Month-To-Date Actual,Year-To-Date Actual,Year-To-Date Encumbrances,Year-To-Date Variance,Year-To-Date Variance Pct,Year-To-Date Spent Pct; Revenues/Expenditures = R,E

Fund [76645, 76646]

		FY 2026				
Object	GL Object Title	Year-To-Date Variance Pct	Adopted Budget	Adjusted Budget	Month-To-Date Actual	Year-To-Date Actual
Expenditures						
GL Key: 689510 – ZAYANTE FPD-GENERAL						
Character: 60 – SERVICES AND SUPPLIES						
62219	PC SOFTWARE PURCHASES	161.58 %	8,525.00	8,525.00	0.00	-5,250.00
62220	PHOTO COPY/PRINTER SUPPLIES	0.00 %	0.00	0.00	0.00	0.00
62221	POSTAGE	100.00 %	1,000.00	1,000.00	0.00	0.00
62223	SUPPLIES	100.00 %	2,000.00	2,000.00	0.00	0.00
62301	ACCOUNTING AND AUDITING FEES	71.19 %	11,800.00	11,800.00	0.00	3,400.00
62304	ATTORNEY	100.00 %	6,000.00	6,000.00	0.00	0.00
62314	TAX COLLECTION FEES	100.00 %	5,500.00	5,500.00	0.00	0.00
62367	MEDICAL SERVICES-OTHER	73.17 %	3,500.00	3,500.00	0.00	939.00
62381	PROF & SPECIAL SERV-OTHER	98.95 %	13,475.00	13,475.00	0.00	141.00
62420	LEGAL NOTICES	100.00 %	1,000.00	1,000.00	0.00	0.00
62500	EQUIPMENT LEASE & RENT	94.82 %	3,300.00	3,300.00	0.00	171.00
62610	RENTS/LEASES-STRUC IMP & GRNDS	100.00 %	25.00	25.00	0.00	0.00
62715	SMALL TOOLS & INSTRUMENTS	100.00 %	2,974.00	2,974.00	0.00	0.00
62826	EDUCATION AND/OR TRAINING	82.43 %	13,500.00	13,500.00	0.00	2,372.00
62827	ELECTION EXPENSE-OTHER	100.00 %	4,500.00	4,500.00	0.00	0.00
62888	SPEC DIST EXP-SERVICES	136.78 %	19,250.00	19,250.00	0.00	-7,079.21
62920	GAS, OIL, FUEL	100.00 %	15,000.00	15,000.00	0.00	0.00
62928	TRAVEL-OTHER(NON-REPT)	100.00 %	500.00	500.00	0.00	0.00
63074	UTILITIES	98.03 %	14,000.00	14,000.00	0.00	275.30
Total 60 – SERVICES AND SUPPLIES		97.63 %	344,572.00	344,572.00	0.00	8,178.33
Character: 70 – OTHER CHARGES						
74230	PRINCIPAL ON FINANCED PURCH	100.00 %	71,875.00	71,875.00	0.00	0.00
74420	INTEREST ON FINANCED PURCHASES	100.00 %	16,017.00	16,017.00	0.00	0.00
75231	CONTRIB TO OTHER AGENCIES-OTH	0.14 %	695.00	695.00	0.00	694.05
Total 70 – OTHER CHARGES		99.22 %	88,587.00	88,587.00	0.00	694.05
Character: 80 – FIXED ASSETS						
86110	BUILDINGS AND IMPROVEMENTS	195.79 %	70,000.00	70,000.00	0.00	-67,049.93
86204	EQUIPMENT	100.00 %	45,000.00	45,000.00	0.00	0.00
86209	MOBILE EQUIPMENT	80.52 %	35,000.00	35,000.00	0.00	6,818.31
Total 80 – FIXED ASSETS		140.15 %	150,000.00	150,000.00	0.00	-60,231.62
Character: 90 – OTHER FINANCING USES						
90000	OPERATING TRANSFERS OUT	100.00 %	50,000.00	50,000.00	0.00	0.00
Total 90 – OTHER FINANCING USES		100.00 %	50,000.00	50,000.00	0.00	0.00

ZBUDGET variance July 2025

As Of = @current-fiscal-year-end; Years = 1; Balances = Adopted Budget,Adjusted Budget,Month-To-Date Actual,Year-To-Date Actual,Year-To-Date Encumbrances,Year-To-Date Variance,Year-To-Date Variance Pct,Year-To-Date Spent Pct; Revenues/Expenditures = R,E

Fund [76645, 76646]

		FY 2026				
Object	GL Object Title	Year-To-Date Variance Pct	Adopted Budget	Adjusted Budget	Month-To-Date Actual	Year-To-Date Actual
Expenditures						
GL Key: 689510 – ZAYANTE FPD-GENERAL						
Character: 98 – APPROP FOR CONTINGENCIES						
98700	APPROP FOR CONTINGENCIES	100.00 %	20,000.00	20,000.00	0.00	0.00
Total 98 – APPROP FOR CONTINGENCIES		100.00 %	20,000.00	20,000.00	0.00	0.00
Total 689510 – ZAYANTE FPD-GENERAL		101.95 %	1,028,617.00	1,028,617.00	0.00	-20,058.71
Total Expenditures		101.95 %	1,028,617.00	1,028,617.00	0.00	-20,058.71
		46.76 %	50,500.00	50,500.00	0.00	26,884.96

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GL Account                Invoice Number        Invoice Amt Units        Set ID  Inv Date  Division Code    Pay Terms      PTerm Stat
Org Key   Description     Secondary Ref     Distribution Amt Tax           Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description     Encb PO# / Pmt        Discount Amt Tax2         Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account                Product ID            Pay Disc Amt Chrg       Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description     Item Description--Item Description Duty        Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-61920              85824863                    193.48 1          OH765592 06/27/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   193.48                0.00 07/07/2025 V109742       P            R2        01
MEDICAL, DENTAL & LAB SU                                0.00                0.00            BOUNDTREE CORPORATION          CHK   6895
                                                        0.00                0.00            23537 NETWORK PLACE               DX ZFD0
                          GLOVES/COLD PACK/PREPS             ZA             0.00 22         CHICAGO, IL 60673-1235         EX
                               Net Amount:            193.48                                                                  1
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   85824863         System Computed Total:        193.48     User Computed Total:        193.48      TOTALS MATCH
                                                                      Distribution Total:         193.48
                                                                      Net Total:                  193.48


689510-61221              6117201860                  306.08 1          OH765589 06/28/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   306.08                0.00 07/07/2025 V11188        P            R1        01
TELEPHONE-NON TELECOM 10                                0.00                0.00            VERIZON WIRELESS               CHK   6895
                                                        0.00                0.00            PO BOX 660108                     DX ZFD0
                          JUN '25 CRADLE POINTS              ZA             0.00 22         DALLAS, TX 75266-0108          CC
                               Net Amount:            306.08                                                                  2
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   6117201860       System Computed Total:        306.08     User Computed Total:        306.08      TOTALS MATCH
                                                                      Distribution Total:         306.08
                                                                      Net Total:                  306.08


689510-62920              8694987092527             1,407.12 1          OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                    68.52                0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                          0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                        0.00                0.00            po box 952818                     DX ZFD0
                          C2400 - FUEL                       ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                               Net Amount:             68.52                                                                  3
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920              8694987092527             1,407.12 1          OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                    29.61                0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                          0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                        0.00                0.00            po box 952818                     DX ZFD0
                          C2400 - FUEL                       ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                               Net Amount:             29.61                                                                  4
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  60.41                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         C2400 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:            60.41                                                                  5
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  48.87                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         C2400 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:            48.87                                                                  6
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  90.00                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         B2403 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:            90.00                                                                  7
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 113.09                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         E2436 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           113.09                                                                  8
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 120.00                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         E2437 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           120.00                                                                  9
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 197.11                0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                0.00            po box 952818                    DX ZFD0
                         E2437 - FUEL                      ZA             0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           197.11                                                                 10
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527           1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                108.50                  0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                       0.00                  0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                     0.00                  0.00            po box 952818                     DX ZFD0
                         E2446 - FUEL                     ZA               0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:          108.50                                                                    11
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527           1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                192.01                  0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                       0.00                  0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                     0.00                  0.00            po box 952818                     DX ZFD0
                         E2447 - FUEL                     ZA               0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:          192.01                                                                    12
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527           1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                183.31                  0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                       0.00                  0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                     0.00                  0.00            po box 952818                     DX ZFD0
                         E2448 - FUEL                     ZA               0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:          183.31                                                                    13
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527           1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 81.50                  0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                       0.00                  0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                     0.00                  0.00            po box 952818                     DX ZFD0
                         R2466 - FUEL                     ZA               0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           81.50                                                                    14
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527           1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 97.59                  0.00 07/07/2025 V30649        P            R4        01
GAS, OIL, FUEL                                       0.00                  0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                     0.00                  0.00            po box 952818                     DX ZFD0
                         U2490 - FUEL                     ZA               0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           97.59                                                                    15
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  66.00                   0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                   0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                   0.00            po box 952818                     DX ZFD0
                         U2499 - FUEL                      ZA                0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:            66.00                                                                    16
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62920             8694987092527            1,407.12 1         OH765587 06/30/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 -49.40                   0.00 07/07/2025 V30649        P            R4       01
GAS, OIL, FUEL                                        0.00                   0.00            U S BANK NATIONAL ASSOCIATION  CHK   6895
                                                      0.00                   0.00            po box 952818                     DX ZFD0
                         EXEMPTED TAXES                    ZA                0.00 22         SAINT LOUIS, MO 63195-2818     EX
                              Net Amount:           -49.40                                                                    17
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   8694987092527    System Computed Total:      1,407.12     User Computed Total:      1,407.12      TOTALS MATCH
                                                                      Distribution Total:       1,407.12
                                                                      Net Total:                1,407.12


GRAND TOTAL:                 System Computed Total:      1,906.68     User Computed Total:      1,906.68      TOTALS MATCH

                                                                      Distribution Total:       1,906.68

GRAND NET TOTAL:                                         1,906.68
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-61730             ZAYAS2026_A               2,000.00 1         OH766068 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                2,000.00                0.00 07/08/2025 V107826       P            R3       01
MAINT-OTH EQUIP-SERVICES                               0.00                0.00            SAN LORENZO VALLEY FIRE        CHK   6895
                                                       0.00                0.00            9430 HIGHWAY 9                    DX ZFD0
                         AIR SUPPORT JPA                    ZA             0.00 22         BEN LOMOND, CA 95005           CC
                              Net Amount:          2,000.00                                                                  1


Invoice :   ZAYAS2026_A      System Computed Total:      2,000.00     User Computed Total:      2,000.00      TOTALS MATCH
                                                                      Distribution Total:       2,000.00
                                                                      Net Total:                2,000.00


689510-62020             ZAY25_26DUES                300.00 1         OH766069 07/01/2024 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  300.00                0.00 07/08/2025 V118736       P            R4       01
MEMBERSHIPS                            P               0.00                0.00            FIRE CHIEFS ASSOCIATION OF SAN CHK   6895
                                                       0.00                0.00            9430 HIGHWAY 9                    DX ZFD0
                         SCCFCAA DUES FY25/26               ZA             0.00 22         BEN LOMOND, CA 95005           EX
                              Net Amount:            300.00                                                                  2
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   ZAY25_26DUES     System Computed Total:        300.00     User Computed Total:        300.00      TOTALS MATCH
                                                                      Distribution Total:         300.00
                                                                      Net Total:                  300.00


689510-61846             219982                       29.55 1         OH766071 07/03/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   29.55                0.00 07/08/2025 V1233         P            R1       EF
MAINT-STRCT/IMPS/GRDS-OT                               0.00                0.00            SCARBOROUGH LUMBER & BLDG INC  EFT   6895
                                                       0.00                0.00            PO BOX 66599                      DX ZFD0
                         APPARATUS BAY DOOR/FUSE            ZA             0.00 22         SCOTTS VALLEY, CA 95067-6599   EX
                              Net Amount:             29.55                                                                  3


Invoice :   219982           System Computed Total:         29.55     User Computed Total:         29.55      TOTALS MATCH
                                                                      Distribution Total:          29.55
                                                                      Net Total:                   29.55


689510-62219             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   19.99                0.00 07/08/2025 V124770       P            R1       01
PC SOFTWARE PURCHASES                                  0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                     DX ZFD0
                         ADOBE SUBSCRPTION/ADOBE            ZA             0.00 22         SAINT LOUIS, MO 63179-0428     EX
                              Net Amount:             19.99                                United States of America          4
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62219             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                             .0000  DS
ZAYANTE FPD-GENERAL                                    6.99                0.00 07/08/2025 V124770       P            R1        01
PC SOFTWARE PURCHASES                                  0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                      DX ZFD0
                         STORAGE SUBSCRIPTION/APPLE         ZA             0.00 22         SAINT LOUIS, MO 63179-0428     EX
                              Net Amount:              6.99                                United States of America          5
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-61221             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                             .0000  DS
ZAYANTE FPD-GENERAL                                   50.00                0.00 07/08/2025 V124770       P            R1        01
TELEPHONE-NON TELECOM 10                               0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                      DX ZFD0
                         STARLINK MONTHLY JUN - JUL '25     ZA             0.00 22         SAINT LOUIS, MO 63179-0428     CC
                              Net Amount:             50.00                                United States of America          6
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-61310             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                             .0000  DS
ZAYANTE FPD-GENERAL                                  535.99                0.00 07/08/2025 V124770       P            R1        01
FOOD                                                   0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                      DX ZFD0
                         WATER/PALLET                       ZA             0.00 22         SAINT LOUIS, MO 63179-0428     EX
                              Net Amount:            535.99                                United States of America          7
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62219             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                             .0000  DS
ZAYANTE FPD-GENERAL                                    9.99                0.00 07/08/2025 V124770       P            R1        01
PC SOFTWARE PURCHASES                                  0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                      DX ZFD0
                         STORAGE SUBSCRIPTION/APPLE         ZA             0.00 22         SAINT LOUIS, MO 63179-0428     EX
                              Net Amount:              9.99                                United States of America          8
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-62715             JUL25STMT_8600              789.35 1         OH766060 07/07/2025 GEN                             .0000  DS
ZAYANTE FPD-GENERAL                                  166.39                0.00 07/08/2025 V124770       P            R1        01
SMALL TOOLS & INSTRUMENT              P                0.00                0.00            U S BANK CORPORATE PAYMENT SYS CHK   6895
                                                       0.00                0.00            PO BOX 790428                      DX ZFD0
                         AUDIO CABLES/MICROPHONES           ZA             0.00 22         SAINT LOUIS, MO 63179-0428     EX
                              Net Amount:            166.39                                United States of America          9
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   JUL25STMT_8600   System Computed Total:        789.35     User Computed Total:        789.35      TOTALS MATCH
                                                                      Distribution Total:         789.35
                                                                      Net Total:                  789.35
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GL Account                Invoice Number         Invoice Amt Units       Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description     Secondary Ref     Distribution Amt Tax        Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description     Encb PO# / Pmt        Discount Amt Tax2      Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account                Product ID            Pay Disc Amt Chrg    Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description     Item Description--Item Description Duty      Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62220              495033                       73.44 1         OH766061 07/08/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                    73.44               0.00 07/08/2025 V125978       P             R1        EF
PHOTO COPY/PRINTER SUPPL              P                 0.00               0.00            Monterey Bay Office Products   EFT   6895
                                                        0.00               0.00            325 VICTOR ST, SUITE A            DX ZFD0
                          APR 3  -  JUN 2 '25 COPY USAGE     ZA            0.00 22         SALINAS, CA 93907              EX
                               Net Amount:             73.44                                                                 10
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   495033          System Computed Total:         73.44     User Computed Total:         73.44      TOTALS MATCH
                                                                     Distribution Total:          73.44
                                                                     Net Total:                   73.44


689510-62301              1584                      3,400.00 1         OH766072 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                 3,400.00               0.00 07/08/2025 V128403       P             R1        EF
ACCOUNTING AND AUDITING               P                 0.00               0.00            PEHLING & PEHLING CPAS         EFT   6895
                                                        0.00               0.00            12667 GRANITE DRIVE               DX ZFD0
                          FY2425 ANNUAL AUDIT                ZA            0.00 22         TRUCKEE, CA 96161              CC
                               Net Amount:          3,400.00                                                                 11


Invoice :   1584            System Computed Total:      3,400.00     User Computed Total:      3,400.00      TOTALS MATCH
                                                                     Distribution Total:       3,400.00
                                                                     Net Total:                3,400.00


689510-63074              JUL25STMT_S1_GAS            145.80 1         OH766065 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   104.91               0.00 07/08/2025 V129169       P             R1        01
UTILITIES                                               0.00               0.00            PACIFIC GAS AND ELECTRIC CO    CHK   6895
                                                        0.00               0.00            PO BOX 997300                     DX ZFD0
                          7221974021_3 STN1 GAS              ZA            0.00 22         SACRAMENTO, CA 95899           EX
                               Net Amount:            104.91                                                                 12
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


689510-63074              JUL25STMT_S1_GAS            145.80 1         OH766065 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                    40.89               0.00 07/08/2025 V129169       P             R1        01
UTILITIES                                               0.00               0.00            PACIFIC GAS AND ELECTRIC CO    CHK   6895
                                                        0.00               0.00            PO BOX 997300                     DX ZFD0
                          7221974021_3 STN1 UET LLC GAS      ZA            0.00 22         SACRAMENTO, CA 95899           EX
                               Net Amount:             40.89                                                                 13
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete
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GL Account               Invoice Number        Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax        Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2      Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg    Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty      Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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Invoice :   JUL25STMT_S1_GAS System Computed Total:        145.80     User Computed Total:        145.80      TOTALS MATCH
                                                                      Distribution Total:         145.80
                                                                      Net Total:                  145.80


689510-63074             JUL25STMT_S2_ELE            45.45 1         OH766063 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  45.45               0.00 07/08/2025 V129169       P            R1        01
UTILITIES                                             0.00               0.00            PACIFIC GAS AND ELECTRIC CO    CHK   6895
                                                      0.00               0.00            PO BOX 997300                     DX ZFD0
                         6232273935_0 STN2 ELEC            ZA            0.00 22         SACRAMENTO, CA 95899           EX
                              Net Amount:            45.45                                                                 14
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   JUL25STMT_S2_ELE System Computed Total:         45.45     User Computed Total:         45.45      TOTALS MATCH
                                                                      Distribution Total:          45.45
                                                                      Net Total:                   45.45


689510-63074             JUL25STMT_S3_ELE            57.77 1         OH766064 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  57.77               0.00 07/08/2025 V129169       P            R1        01
UTILITIES                                             0.00               0.00            PACIFIC GAS AND ELECTRIC CO    CHK   6895
                                                      0.00               0.00            PO BOX 997300                     DX ZFD0
                         2315606476_0 STN3 ELEC            ZA            0.00 22         SACRAMENTO, CA 95899           EX
                              Net Amount:            57.77                                                                 15
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   JUL25STMT_S3_ELE System Computed Total:         57.77     User Computed Total:         57.77      TOTALS MATCH
                                                                      Distribution Total:          57.77
                                                                      Net Total:                   57.77


689510-62020             202510                   1,500.00 1         OH766073 07/03/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                               1,500.00               0.00 07/08/2025 V14076        P            R2        01
MEMBERSHIPS                            P              0.00               0.00            SANTA CRUZ COUNTY EMSIA        CHK   6895
                                                      0.00               0.00            930 17TH AVENUE                   DX ZFD0
                         EMSIA DUES FY25/26                ZA            0.00 22         SANTA CRUZ, CA 95062           EX
                              Net Amount:         1,500.00                                                                 16


Invoice :   202510          System Computed Total:      1,500.00     User Computed Total:      1,500.00      TOTALS MATCH
                                                                      Distribution Total:       1,500.00
                                                                      Net Total:                1,500.00
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GL Account               Invoice Number        Invoice Amt Units       Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax        Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2      Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg    Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty      Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62500             178635                      171.00 1        OH766062 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  171.00              0.00 07/08/2025 V2295        P            R1        01
EQUIPMENT LEASE & RENT               P                 0.00              0.00            POLAND, DOYLE                  CHK   6895
                                                       0.00              0.00            238 JACKSON ST                   DX ZFD0
                         ALRM LEASE/MNTR JUL/SEP '25        ZA           0.00 22         SANTA CRUZ, CA 95060           RE
                              Net Amount:            171.00                                                                17


Invoice :   178635            System Computed Total:         171.00      User Computed Total:        171.00      TOTALS MATCH
                                                                         Distribution Total:         171.00
                                                                         Net Total:                  171.00


689510-62826             INV117756                 2,235.00 1        OH766066 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                2,235.00              0.00 07/08/2025 V31376       P            R3        01
EDUCATION AND/OR TRAININ                               0.00              0.00            TARGET SOLUTIONS LEARNING LLC  CHK   6895
                                                       0.00              0.00            PO BOX 736510                    DX ZFD0
                         VECTOR LMS EDITION - FY25/26       ZA           0.00 22         DALLAS, TX 75373-6510          EX
                              Net Amount:          2,235.00                                                                18


Invoice :   INV117756         System Computed Total:       2,235.00      User Computed Total:      2,235.00      TOTALS MATCH
                                                                         Distribution Total:       2,235.00
                                                                         Net Total:                2,235.00


689510-54010             323805                   20,544.00 1        OH766067 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                               20,544.00              0.00 07/08/2025 V32229       P            R2        01
WORKERS COMPENSATION INS                               0.00              0.00            KEENAN AND ASSOCIATES          CHK   6895
                                                       0.00              0.00            Attn:  SETECH                    DX ZFD0
                         WORKERS COMP INS - FY25/26         ZA           0.00 22         PO BOX 4328                    EX
                              Net Amount:         20,544.00                              TORRANCE, CA 90510                19


Invoice :   323805            System Computed Total:      20,544.00      User Computed Total:     20,544.00      TOTALS MATCH
                                                                         Distribution Total:      20,544.00
                                                                         Net Total:               20,544.00


689510-86209             197_ZAY                   6,818.31 1        OH766070 07/02/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                6,818.31              0.00 07/08/2025 V42413       P            R1        EF
MOBILE EQUIPMENT                                       0.00              0.00            WISE, CHARLES EDWARD           EFT   6895
                                                       0.00              0.00            PO BOX 301                       DX ZFD0
                         E2447 INSTALL BK RADIO/LITEBAR     ZA           0.00 22         BOULDER CREEK, CA 95006        EX
                              Net Amount:          6,818.31                                                                20
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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Invoice :   197_ZAY          System Computed Total:      6,818.31     User Computed Total:      6,818.31      TOTALS MATCH
                                                                      Distribution Total:       6,818.31
                                                                      Net Total:                6,818.31



GRAND TOTAL:                 System Computed Total:     38,109.67     User Computed Total:     38,109.67      TOTALS MATCH

                                                                      Distribution Total:      38,109.67


GRAND NET TOTAL:                                        38,109.67
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-61720             040462                       35.89 1         OH767704 07/18/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   35.89                0.00 07/20/2025 V102830       P            R1       01
MAINT-MOBILE EQUIPMENT-S              P                0.00                0.00            ERNIES AUTO CENTER             CHK   6895
                                                       0.00                0.00            6281 GRAHAM HILL RD               DX ZFD0
                         E2437 - BLUE DEF 5 GAL            ZA              0.00 22         FELTON, CA 95018               CC
                              Net Amount:             35.89                                                                  1
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete



Invoice :   040462           System Computed Total:         35.89     User Computed Total:         35.89      TOTALS MATCH
                                                                      Distribution Total:          35.89
                                                                      Net Total:                   35.89


689510-61848             C5311                     1,457.00 1         OH767712 07/16/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                1,457.00                0.00 07/20/2025 V112584       P            R1       EF
MAINT-STRUCT/GRDS-OTH-SR              F                0.00                0.00            R&S Erection of Monterey Bay I EFT   6895
                                                       0.00                0.00            11185 COMMERCIAL PKWY, STE E      DX ZFD0
                         REPLACED EO KIT/STN 1 DOOR                        0.00 22         CASTROVILLE, CA 95012          CC
                              Net Amount:          1,457.00                                                                  2
Acct:                   Bid:                 Cont:                Auth Dt: 12/23/2020
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete



Invoice :   C5311            System Computed Total:      1,457.00     User Computed Total:      1,457.00      TOTALS MATCH
                                                                      Distribution Total:       1,457.00
                                                                      Net Total:                1,457.00


689510-61110             265795                      398.73 1         OH767711 07/10/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  398.73                0.00 07/20/2025 V116911       P            R1       EF
CLOTHING & PERSONAL SUPP                               0.00                0.00            ALLSTAR FIRE EQUIP INC         EFT   6895
                                                       0.00                0.00            12328 LOWER AZUSA RD              DX ZFD0
                         WILDLAND BOOTS - JIMENEZ          ZA              0.00 22         ARCADIA, CA 91006-5872         EX
                              Net Amount:            398.73                                                                  3
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete



Invoice :   265795           System Computed Total:        398.73     User Computed Total:        398.73      TOTALS MATCH
                                                                      Distribution Total:         398.73
                                                                      Net Total:                  398.73
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
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689510-62381             61888                       141.00 1         OH767716 07/11/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  141.00                0.00 07/20/2025 V121100       P             R6        EF
PROF & SPECIAL SERV-OTHE                               0.00                0.00            CSG CONSULTANTS INC            EFT   6895
                                                       0.00                0.00            P O BOX 8485                      DX ZFD0
                         REVIEW 775 FERN RIDGE            ZA               0.00 22         PASADENA, CA 91109-8485        CC
                              Net Amount:            141.00                                                                  4
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   61888            System Computed Total:        141.00     User Computed Total:        141.00      TOTALS MATCH
                                                                      Distribution Total:         141.00
                                                                      Net Total:                  141.00


689510-61848             0008231995                   82.53 1         OH767709 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   82.53                0.00 07/20/2025 V124657       P             R1        EF
MAINT-STRUCT/GRDS-OTH-SR                               0.00                0.00            GREENWASTE RECOVERY INC        EFT   6895
                                                       0.00                0.00            PO BOX 11089                      DX ZFD0
                         146176 - JUN'25 TRASH/RECYCLE    ZA               0.00 22         SAN JOSE, CA 95103-1089        CC
                              Net Amount:             82.53                                                                  5
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   0008231995       System Computed Total:         82.53     User Computed Total:         82.53      TOTALS MATCH
                                                                      Distribution Total:          82.53
                                                                      Net Total:                   82.53


689510-62826             2410_ZAY                     37.00 1         OH767713 07/15/2025 HOLD                           .0000  DS
ZAYANTE FPD-GENERAL                                   37.00                0.00 07/20/2025 V127457       P             R1        01
EDUCATION AND/OR TRAININ                               0.00                0.00            EMT CERTIFICATION FUND/EMSA    CHK   6895
                                                       0.00                0.00            HEALTH SERVICES AGENCY/EMS        DX ZFD0
                         EMT RECERT - J AMADEO            ZA               0.00 22         1080 EMELINE AVE               EX
                              Net Amount:             37.00                                SANTA CRUZ, CA 95060              6
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   2410_ZAY         System Computed Total:         37.00     User Computed Total:         37.00      TOTALS MATCH
                                                                      Distribution Total:          37.00
                                                                      Net Total:                   37.00


689510-61221             000023781119                 95.07 1         OH767714 07/13/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   95.07                0.00 07/20/2025 V127809       P             R1        01
TELEPHONE-NON TELECOM 10              P                0.00                0.00            AT&T                           CHK   6895
                                                       0.00                0.00            PO BOX 9011                       DX ZFD0
                         JUN '25 - JUL '25 CALNET SRVC    ZA               0.00 22         CAROL STREAM, IL 60197-9011    CC
                              Net Amount:             95.07                                                                  7
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GL Account               Invoice Number         Invoice Amt Units       Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
======================== ================  ================ =================== ========== ============================== ===== ====
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   000023781119     System Computed Total:         95.07     User Computed Total:         95.07      TOTALS MATCH
                                                                      Distribution Total:          95.07
                                                                      Net Total:                   95.07


689510-63074             JUL25STMT_ST_ELE             26.28 1          OH767705 07/08/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                   26.28                0.00 07/20/2025 V129169       P             R1        01
UTILITIES                                              0.00                0.00            PACIFIC GAS AND ELECTRIC CO    CHK   6895
                                                       0.00                0.00            PO BOX 997300                     DX ZFD0
                         7180307357_7 STN1 ELEC            ZA              0.00 22         SACRAMENTO, CA 95899           EX
                              Net Amount:             26.28                                                                  8
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   JUL25STMT_ST_ELE System Computed Total:         26.28     User Computed Total:         26.28      TOTALS MATCH
                                                                      Distribution Total:          26.28
                                                                      Net Total:                   26.28


689510-61217             SCR_911_JUL25             4,903.00 1          OH767710 07/01/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                4,903.00                0.00 07/20/2025 V13917        P             R1        01
RADIO                                                  0.00                0.00            SANTA CRUZ REGIONAL 9-1-1      CHK   6895
                                                       0.00                0.00            495 UPPER PARK RD                 DX ZFD0
                         DISPATCH FEES - @ 50% FY25/26     ZA              0.00 22         SANTA CRUZ, CA 95065           CC
                              Net Amount:          4,903.00                                                                  9
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   SCR_911_JUL25    System Computed Total:      4,903.00     User Computed Total:      4,903.00      TOTALS MATCH
                                                                      Distribution Total:       4,903.00
                                                                      Net Total:                4,903.00


689510-62367             1422248_JUL25               939.00 1          OH767715 07/04/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                  939.00                0.00 07/20/2025 V14808        P             R1        01
MEDICAL SERVICES-OTHER                P                0.00                0.00            DOCTORS ON DUTY MEDICAL GROUP  CHK   6895
                                                       0.00                0.00            PO BOX 2300                       DX ZFD0
                         1422248 HARPER                    ZA              0.00 22         SALINAS, CA 93902-2300         MH
                              Net Amount:            939.00                                                                 10
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete
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GL Account               Invoice Number         Invoice Amt Units        Set ID  Inv Date  Division Code   Pay Terms      PTerm Stat
Org Key   Description    Secondary Ref     Distribution Amt Tax         Tax Amt  Due Date  Vendor ID / PEDB Cd / Addr Cd  Misc  Post
Object    Description    Encb PO# / Pmt        Discount Amt Tax2       Tax2 Amt  Rcv Date  Vendor Name                    PType Sec
JL Account               Product ID            Pay Disc Amt Chrg     Charge Amt Disc Date  Vendor Address Line(s)         Sc/Tf Prep
Proj Key  Description    Item Description--Item Description Duty       Duty Amt  Ck ID-No  Vendor City, State, Zip        R1/2  Cktp
======================== ================  ================ =================== ========== ============================== ===== ====
Invoice :   1422248_JUL25    System Computed Total:        939.00     User Computed Total:        939.00      TOTALS MATCH
                                                                      Distribution Total:         939.00
                                                                      Net Total:                  939.00


689510-61848             3158                      2,500.00 1         OH767707 07/16/2025 GEN                            .0000  DS
ZAYANTE FPD-GENERAL                                2,500.00               0.00 07/20/2025 V15159        P            R3        EF
MAINT-STRUCT/GRDS-OTH-SR              P                0.00               0.00            HUERTAS TREE SERVICE & DEVELOP EFT   6895
                                                       0.00               0.00            P O BOX 968                       DX ZFD0
                         STN 3 - TREE CLEARING                            0.00 22         LOS GATOS, CA 95031            CC
                              Net Amount:          2,500.00                                                                 11
* * * WARNING * * * DATA EXCEPTION =====> Approval not complete


Invoice :   3158             System Computed Total:      2,500.00     User Computed Total:      2,500.00      TOTALS MATCH
                                                                      Distribution Total:       2,500.00
                                                                      Net Total:                2,500.00



GRAND TOTAL:                 System Computed Total:     10,615.50     User Computed Total:     10,615.50      TOTALS MATCH

                                                                      Distribution Total:      10,615.50

GRAND NET TOTAL:                                        10,615.50
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TUE, JUL 08, 2025, 8:12 PM --req: ZFD006----leg: GL JL--loc: ONSITE----job:4217939 J4001----prog: AR450 <2.33>--report id: ARCRBPVB

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GL Account / JL Account          Echo GL Account                  Misc Cd  Receipt  AR Reference     Pay  Bank Tax 1 Amount   Rec#
Amount                           Description                      Prep ID  Ref Dt   PO Reference     Bank Slip Tax 2 Amount   Hit
Customer ID  Text Pt   Format    Name                              Due Dt  Bill Dt  Product ID       Dep Date  Duty Amount    A/R?
Cust Type ID Cust Type Div  PC   Fee Code                         Rel Code Quantity Pay Reference    Disc Amt  Charge Amount
================================ ================================ ======== ======== ================ ========= ==== ========= ====
689510-41306                     ZAYANTE FPD-GENEINSPECTION FEES           JKM68070                       99            0.00    1
     6,826.25                    13072 BELL/COMPLIANCE REVIEW     ZFD006   07/08/25                                     0.00  N
C99999       NONE        DX 05   DEP                                                                                    0.00
C99999       T         GEN       CR                                                                   0.00              0.00

689510-61221                     ZAYANTE FPD-GENETELEPHONE-NON TE          JKM68070                       99            0.00    2
        10.00                    XFINITY JUN OVERAGE              ZFD006   07/08/25                                     0.00  N
C99999       NONE        DX 05   DEP                                                                                    0.00
C99999       T         GEN       CR                                                                   0.00              0.00


                                 System Total

Total for Cash CA                        0.00
Total for Check CK                       0.00
Total for Wire Deposit WI                0.00
Total for Unspecified ' '            6,836.25

Set ID: JKM07082025      System Computed Total:      6,836.25          User Computed Total:      6,836.25   TOTALS MATCH


GRAND TOTAL              System Computed Total:      6,836.25          User Computed Total:      6,836.25   TOTALS MATCH

Final Budget Check
--------------------------------------------------------------------------------
No Budget Errors
```

COUNTY OF SANTA CRUZ
JOURNAL ENTRY FORM
EC689501

Debit: 82,157.90
Credit: 82,157.90
Net: 0.00
Records: 15

Dept Name: Zayante Fire Protection
Prepared By: Jeff Maxwell
Phone: 831-335-5100
Date: 6/30/2025

GL KEY	GL OBJECT	JL KEY	JL OBJECT	DEBIT	CREDIT	DESCRIPTION (30)	SECONDARY REF (16)	PEID
689510	62219			5,250.00		FIRSTDUE		
689510	62220			73.44		MBS FY2425 Q4		
689510	62219			19.99		CALCARD ADOBE		
689510	62219			6.99		CALCARD APPLE		
689510	61221			50.00		CALCARD STARKLINK		
689510	61310			535.99		CALCARD COSTCO		
689510	62219			9.99		CALCARD APPLE		
689510	62715			166.39		CALCARD B&H		
689510	62888			7,079.21		ENTRY SIGN		
689510	86110				704.50	SAN LORENZO LUMBER		
689510	86110				1,211.47	SAN LORENZO LUMBER		
689510	86110			955.68		SAN LORENZO LUMBER		
689510	86110			820.91		SAN LORENZO LUMBER		
689510	86110			67,189.31		CONSTRUCTION SITE PROJECT		
076645	20268				80,241.93	FY2526 ZAY ACCRUALS		

Explanation or Itemization	Amount
FY24/25 YEAR END EXPENDITURE ACCRUALS	82,157.90

APPROVED BY	
SIGNATURE Jeff Maxwell	DATE 07/15/25

AUD48
E:\HPSCANS\07152025\EC689501.xls

7/15/2025 7:48 PM

Expenditure Accruals

Locality First Due	$	5,250.00	62219
MBS	$	73.44	62220
Calcard	$	19.99	62219
Calcard	$	6.99	62219
Calcard	$	50.00	61221
Calcard	$	535.99	61310
Calcard	$	9.99	622219
Calcard	$	166.39	62715
Sign	$	7,079.21	62888
San Lorenzo Lumber	$	(704.50)	86110
San Lorenzo Lumber	$	(1,211.47)	86110
San Lorenzo Lumber	$	955.68	86110
San Lorenzo Lumber	$	820.91	86110
Construction Site Project	$	67,189.31	86110
	$	**80,241.93**	

ZAYANTE FIRE PROTECTION DISTRICT

7700 E. Zayante Rd
Felton Ca. 95018
Office: 831-335-5100
Jeff Maxwell, Fire Chief

Date: August 21, 2025

To: Board of Directors

Subject: Fire Chief Report

Administration- Attended the July County Chief's monthly meeting; attended SLV Fire Districts Council meeting, SCFAIG meeting, Fire Prevention Officers x 2, Zayante Board Meeting. Met with First Due Client to reframe software platform to better address need.

Fiscal: All claims, deposits, Journal Entries processed in a timely manner. Fiscal Year End accruals submitted.

Apparatus & Equipment: All apparatus are in service. Conducted the monthly outdoor warning siren test – Failed to Activate due to poor Radio Signal penetration in the Building – Advised County Radio. County Radio installed an external antenna and retested the Siren successfully. E2437 completed Annual Preventive Maintenance. Smog certifications for the 2004 Tahoe, 2017 Rescue Ambulance and 2446 is pending.

Training – Monthly training included rope rescue, returned to Wildland fundamentals and a Structure Fire response scenario.

Prevention –Participated in (2) review sessions for the 2024 International Fire Code in preparation of the upcoming Code Adoption Cycle. Participated in Eagle Tree Firewise Assessment- 3 hrs.; Lomita Firewise fuel reduction assessment – 1 hr.; Lomita Fuel reduction-chipper service- 4 hrs with crew of 4; Quail Hollow/Marion and Rancho Rio Firewise Educational event – 3 hrs; Fuel Reduction violation inspection – McEnery Rd – 1hr.; Sandhills of Quail Hollow Firewise startup – 2 meetings.

Station & Grounds – Continue weed abatement on Station 1 property. Rear Station 1 apparatus door repaired. Fuel reduction zone Tree work completed at Station 3 by Huerta's Tree Service.

Incident Response Summary: February Total Calls: 22

EMS – 12

Motor Vehicle Accident – 2 (one airlifted to trauma center)

Outside Gas Investigation - 2

Public Service – 1

Fire Alarm - 2

Aid Requests – Felton– MVA – 1 Duty Chief

Scotts Valley Fire - Wildland Fire – 1 WT

Santa Cruz – 1 Engine Station Coverage Request.

Budget FY24-25

Tax Revenue to date: $0.00.

REG and Extra help Pay, OASDI-SS, UI, Workers Comp to date: $31,300.53.

Services and Supply to date: $8,178.33

Jeff Maxwell, Fire Chief

ZAYANTE FIRE PROTECTION DISTRICT

7700 E. Zayante Rd
Felton Ca. 95018

Strength, Weakness, Opportunity, Threat Analysis

Felton Fire Governance Options Report

In response to the Local Agency Formation Commission production of the Felton Fire Protection District Governance Options Report and its grading of Zayante Fire as the Number 1 solution to provide stability and effective service to the community of Felton through reorganization; The following factors should be considered when evaluating direct or indirect engagement.

LAFCO has characterized the Felton Fire District as in crisis. It currently lacks the governance experience due to turnover, administrative leadership with an interim Fire Chief, operational leadership or operational resources to safely and competently respond to calls for service of all types.

The Zayante Fire Protection District provided first due response predominately at night for ¾ of 2024. The Felton Fire District entered into a 2 year service agreement with Ben Lomond Fire that ended after 7 months. Our two Districts' share a Reciprocal Service Agreement to ensure response in either jurisdiction when personnel are not available. This is a reflection of the constant vigilance required within Volunteer Districts to manage an effective response.

The following factors are relevant considerations when considering developing the relationship necessary to complete a Dissolution-Annexation process as suggested by LAFCO. This process likely would take a 9-12 months investment in solution building with community messaging and administrative analysis with action steps necessary to meet fixed timelines established by CALPERS and LAFCO.

This is also a reasonable opportunity for the Zayante Fire Board to discuss a strategic view of the succession planning process and what Zayante Fire may need to address in the coming Years in regard to succession planning, staffing, response models and funding levels. We should ask - will we find ourselves in a similar situation ?

Strengths :

- A Dissolution-Annexation process leverages existing Zayante management infrastructure, policy & procedure, leadership and training resources currently absent in the Felton Fire District and maintains a community centered and affordable solution for the combined communities. Without proper planning- impacts on Zayante emergency response is predictable.
- The annexation approach maintains the status quo of the San Lorenzo Valley and small town character we enjoy with shared history and culture.

- The combined secured property tax increment with the additional Measure T parcel tax increment applied to Felton parcels would provide additional revenue in a second year estimated by LAFCO to be approximately $700,000 to supplement staffing for both Felton and Zayante. This may augment resources for increased daytime response scheduled out to seven days in Zayante.
- The Districts are homongenous and share zip, area code and naming conventions.
- With proper management Felton Fire generates adequate revenue for expenses in a combination staffing model.

Weakness :

- The Felton Board of Directors has been slow to address administrative and operational deficiencies in their organization. Executing a dissolution and annexation with related public outreach concievably will be challenging due to the lack of consensus of the Felton Fire Board.
- An alternative LAFCO recommended scenario is Contract for Service and infers significant commitment of administrative resources with no long term benefit. Supporting Felton to become a fully paid agency appears counter productive for Zayante's interest and the SLV Districts as a whole. Additionally, Felton recently failed to be successful in a similar relationship with the Ben Lomond Fire District.
- The Report has galvanized Felton Firefighters to mobilize a campaign for survival.
- The Felton Fire Leadership (Board and Fire Chief) fail to recognize the critical safety and liability concerns created with responders being untrained and uncertified for the duties they are assigned on a daily basis.
- Felton Firefighters specifically - Officers have provided guidance to membership to not call on Zayante for concern of being billed for service despite the reality of the agreement being specific on its application and the added disrequard for their personnel safety created by the deminished response.
- Felton lacks competent trained personnel at all levels.
- Annexation will likely create a morale issue with existing Felton personnel intent on becoming paid professional firefighters.
- Additional parcel tax revenue assumed from applying the Zayante Parcel Tax is two years out from being part of a solution. Any first year model will require application of existing revenue. The PERS buyout will draw down Felton Fund Balance and available cash.
- If Zayante resources were applied to a Felton solution, there is a minimum of Command level personnel to fill leadership positions sufficiently to cover the increased response frequency. Felton does not appear to possess qualified individuals at this time without recency training.

Opportunity :

- An annexation increases the size, revenue, fixed asset resources, and community base of the Fire Protection District. This would strengthen Zayante and Felton's relationship with the County of Santa Cruz with an increase in populus activism and community centered politics.
- Felton Fire has 22 motivated volunteers of which a handful are EMT trained.

- Felton maintains a lease agreement for Cellular Services providing predictable revenue and opportunity for expansion.
- Felton Fire Protection District is in close proximity to the Zayante Fire District.
- The LAFCO reports indicates surplus revenue in the last two fiscal years. Deficit fiscal years can be linked to capital expenditures.
- Combined revenue models suggest the fiscal capacity to strengthen Zayante's daytime staffing model while addressing the needs in Felton.
- An annexation provides Zayante assurance of providing a reliable second due engine historically relied upon from Felton. Felton has struggled to maintain this reciprocal aid resource.
- Zayante Fire has the administrative support to process Felton claims and non-PERS payroll thus creating a redundancy of administrative support.

Threats : Demand for Service - #1

- Felton Fire Protection calls for service are approximately 700 per year. Double the current Zayante service demand. Increased emphasis on predictable staffing and adding significant membership to the roster would be required to moderate the impact to personnel in a combination department model. This call frequency would require qualified day time staff, likely a 24/7 paid driver operator and combination of volunteer, resident or sleepers to augmentated after hours and surge staffing. A fully paid model is outside the fiscal capacity of our shared revenue base.
- Felton Fire leadership has expressed modest interest at best in a shared partnership and generally leans towards a contract for service until they are stabilized. This likely will contribute to creating animosity from antagonists and pride driven drama between agency personnel.
- Felton Fire's CALPERS liability of $1,030,400 - $1,247,000 would need to be addressed prior to any established relationship with Zayante. In addition to the fiscal impact of the valuation there is a March 6, 2026 deadline to payoff the liability or restart the process, CalPERS limits retired Annuitants to 960 hours annually and comes with limitations. This would reframe the employment relationship for the Zayante Fire Chief. A pension liability funding mechanism involving part cash payoff and an outside funding source would be required. Felton carries approximately $1.6 million in reserves total. Dry period funding demands must be calcualted prior to committing cash reserves.
- Felton Fire has reported failing infrastructure posing a fiscal burden for any successor to include inspecting, repairing or replacing the solar system, septic system, upstairs office area and a dorm room construction project.
- Felton Fire has aging Fire Apparatus without a history of annual services.
- Felton Fire Station is an aged facility – dating to 1946 and with such age routine maintenance would be expected.
- Non engagement by Zayante could position Ben Lomond Fire to assume the Felton District. With the role shift comes the politics and drama associated.

- The Forest Lakes Firewise group headed by a newly appointed Felton Fire Board member, is leading a public campaign to promote a new Felton Parcel Tax with intent to fund a fully paid fire department – creating a social narrative and likely controversy as it stigmatizes loss of local control and moves away from a Volunteer Department culture.
- Zayante Fire campaigned on Measure T first and foremost for increased daytime staffing and capital expenditures. The commitment expressed was for our neighbors first. Community relationship is based on our integrity and commitment to provide exactly what we advertised. This would require critical messaging throughout any phase of a process. Loss of Trust within the community is an unacceptable consequence.

Summary : After careful consideration of the relevant factors, observations, conversations with Felton Leadership and consideration that Felton Fire has no governance or staff experience leading one to think they can navigate this process on their own – we are in for a period of drama. Both from the social narrative perspective and from the operational response impact. It will only take one significant response to melt down the Felton Fire response model in my opinion.

My hope is that nobody civilian or first responder is seriously injured.

The Zayante Board of Directors is reminded that action starts with the Felton Fire Board. LAFCO will be hard pressed to force a dissolution. It is highly likely that Felton decides to Stand Up its service level despite lacking the necessary informed leadership and in opposition to the LAFCO analysis. In light of the poor record of engagement by the Felton Board over the past 60 days to respond to their crisis – credibility becomes a key concern.

This delay will prolong the community debate and foster social incivility when opposing factions engage in the public debate, increase the liability risk of civil or agency injury or litigation. This path will delay the inevitable outcome. Felton's expressed interest in a fully paid professional department is seen as self-interested and contrary to a community centered approach and the economic realities of a rural community.

Zayante Fire can stand-by and monitor the situation. If Felton AdHoc requests attendance – meet and confer respectfully. Boulder Creek Fire has expressed their intent to notify Felton that they are not a consideration.

Theoretically, If Zayante were supportive of a reorganization solution after review, debate and consensus. The District likely would require :

• Fiscal Analysis illustrating revenue, expenditure, reserve funding, and Dry Period funding demand and ccash-flow history for (3) years.

• Completion of a CALPERS exit process prior to March 6, 2026 to include secured financing with acceptable financing conditions to payoff liabilities.

• Detailed process and cost analysis of a Dissolution-Annexation Process.

• Demonstrated Application for Dissolution by the Felton Fire District and LAFCO fees paid.

• Ability for the Zayante Fire District to conduct a Site Inspection to review Fleet, Facility and infrastructure conditions prior to commitment.

• Submission of audited financials for the previous two fiscal years.

• Submission of a Stop Action Declaration to prevent any actionable capital asset

transactions or new agreements leveraging the District excluding reoccuring claims and payroll needed for continuity of operations.

• Pre-Reorganization Agreement between Agencies detailing terms, conditions and general provisions.

• Roster of Personnel and qualifications of current membership.

The Zayante Fire Chief is an unlikely supporter of a Contract for Service solution as evidenced by the failures exemplified in their last contract for service with the Ben Lomond Fire Protection District.

Zayante operations will prepare for deminished resource availablity from Felton by adjusting Dispatch Ordering sequences and bolstering our recruitment and training functions.

Zayante Board members should collaborate on talking points relative to the crisis. The Board Chair and/or Fire Chief should address media requests on behalf of the District. Board members can speak for only for themselves and identify such accordingly.