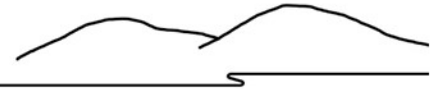


**Meeks Bay Fire Protection District**

**FINANCIAL STATEMENTS**

**AUDIT REPORT**

**June 30, 2021**



**October 6, 2021**

Meeks Bay Fire Protection District

Tahoma, CA 96142

**INDEPENDENT AUDITOR'S REPORT**

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

**Management's Responsibility for the Financial Statements**

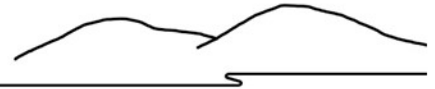
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

**Auditor's Responsibility**

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

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

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



**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meeks Bay Fire Protection District as of June 30, 2021, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

The District has not presented Management’s Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

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

Zach Pehling, CPA

**Meeks Bay Fire Protection District**

**Audit Report  
June 30, 2021**

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**GOVERNMENT FUNDS FINANCIAL STATEMENTS**

**Meeks Bay Fire Protection District**

**Balance Sheet  
June 30, 2021**

	<u>General Fund</u>
<b><u>ASSETS</u></b>	
<u>Assets:</u>	
Cash	1,586,877
Accounts Receivable	1,500
Deposits & Prepaid Expenses	<u>4,639</u>
 TOTAL ASSETS	 <u>1,593,016</u>
 <b><u>LIABILITIES &amp; FUND BALANCES</u></b>	
<u>Liabilities:</u>	
Accounts Payable	186,153
Accrued Payables	<u>-</u>
 TOTAL LIABILITIES	 <u>186,153</u>
 <u>Fund Balances:</u>	
Unassigned	403,413
Unspendable	3,968
Committed	<u>999,482</u>
 Total Fund Balance	 <u>1,406,863</u>
 <b><u>TOTAL LIABILITIES &amp; FUND BALANCE</u></b>	 <u><u>\$ 1,593,016</u></u>

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

**Meeks Bay Fire Protection District**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

---

	June 30, 2021
Total Fund Balances - Governmental Funds	\$ 1,406,863
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	1,679,022
Less: Accumulated Depreciation	(932,594)
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.	(5,263)
Net Other Postemployment Benefits Obligation is available in the current period and therefore is not reported as a Asset in the Governmental Funds. Net Other Postemployment Benefits Obligation at June 30 were:	313,717
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:	496,628
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:	(263,867)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(2,134,009)
Net Position	\$ 560,497

---

The accompanying notes are an integral part of these financial statemnets

**Meeks Bay Fire Protection District**

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

<b><u>REVENUE</u></b>	<b><u>General Fund</u></b>
Tax Revenue	\$ 947,571
Direct Assessment	421,594
Special Tax	280,852
Interest & Investment Earnings	7,606
Miscellaneous	50,469
Charges for Services	46,225
Operating Grants and Contributions	<u>800</u>
<b>TOTAL REVENUE</b>	<b><u>1,755,117</u></b>
<b><u>EXPENDITURES</u></b>	
Capital Assets	57,349
Insurance	14,949
Maintenance	22,356
Professional Fees	1,258,176
Salaries and Employee Benefits	336,686
Services, Supplies and Refunds	<u>176,554</u>
<b>TOTAL EXPENDITURES</b>	<b><u>1,866,070</u></b>
<b>Excess (Deficit) Revenues over Expenditures</b>	<b><u>(110,953)</u></b>
<b><u>CHANGE IN FUND BALANCE</u></b>	<b><u>(110,953)</u></b>
<b><u>FUND BALANCE, BEGINNING OF YEAR</u></b>	<b><u>1,517,816</u></b>
<b><u>FUND BALANCE, END OF YEAR</u></b>	<b><u>\$ 1,406,863</u></b>

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



**Meeks Bay Fire Protection District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

---

	<u>June 30, 2021</u>
Net Change in Fund Balances - Total Governmental Funds	\$ (110,953)
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	34,464
Less: Current Year Depreciation Expense	(61,845)
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	
	(147,411)
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	
	(20,964)
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	
	(397)
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	
	-
In the Government Funds Retiree healthcare expenditures is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, Retiree healthcare expense is measured by the amounts accrued during the year. Retiree healthcare paid was more of (less) than accrued.	
	<u>54,253</u>
Change in Net Position of Governmental Activities	<u>\$ (252,853)</u>

---

The accompanying notes are an integral part of these financial statements

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Meeks Bay Fire Protection District**

**Statement of Net Position  
June 30, 2021**

**ASSETS**

Current Assets:

Cash	\$ 1,586,877
Accounts Receivable	1,500
Deposits & Prepaid Expenses	<u>4,639</u>
Total Current Assets	<u>1,593,016</u>

Capital Assets:

Land	6,000
Buildings & Improvements	341,370
Firefighting Equipment	1,331,652
Construction in Progress	-
Less: Accumulated Depreciation	<u>(932,594)</u>
Total Capital Assets	<u>746,428</u>

Other Assets:

Net Other Post Employment Benefit	<u>313,717</u>
Total Other Assets	<u>313,717</u>

**TOTAL ASSETS** 2,653,161

**DEFERRED OUTFLOW**

GASB 74	18,955
GASB 68 Pension	<u>477,673</u>

**TOTAL DEFERRED OUTFLOW** 496,628

**TOTAL ASSETS AND DEFERRED OUTFLOWS** 3,149,789

**LIABILITIES**

Current Liabilities:

Accounts Payable	186,153
Accrued Payables	-
Accrued Compensated Absences	<u>5,263</u>
Total Current Liabilities	<u>191,416</u>

Long-term Liabilities:

Net Pension Liability	<u>2,134,009</u>
Total Long-term Liabilities	<u>2,134,009</u>

**TOTAL LIABILITIES** 2,325,425

**DEFERRED INFLOWS**

OPEB	2,496
GASB 68 Pension	<u>261,371</u>

**TOTAL DEFERRED INFLOWS** 263,867

**TOTAL LIABILITIES AND DEFERRED INFLOWS** 2,589,292

**NET POSITION**

Net Investment in Capital Assets	746,428
Unrestricted	<u>(185,931)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 560,497</u>

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

**Meeks Bay Fire Protection District**  
**Statement of Activities**  
**For the Year-Ended**  
**June 30, 2021**

	<b>Operating Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Grants and Contributions</b>	<b>Excess of Revenues/(Expenses)</b>	
<b><u>Governmental Activities</u></b>				
Public Protection	1,923,640	\$ 46,225	\$ 800	\$ (1,876,615)
Interest on Long-Term Debt	-	-	-	-
Depreciation (Unallocated)	61,845	-	-	(61,845)
<b>Total Governmental Activities</b>				<b>(1,938,460)</b>
 <b>General Revenues:</b>				
Tax Revenue				947,571
Direct Assessment				421,594
Special Tax				280,852
Interest & Investment Earnings				7,606
Miscellaneous				27,984
<b>Total General Revenues</b>				<b>1,685,607</b>
 <b>NET CHANGE IN NET POSITION</b>				<b>(252,853)</b>
 <b>NET POSITION, BEGINNING OF YEAR</b>				<b>813,350</b>
 <b>NET POSITION, END OF YEAR</b>				<b>\$ 560,497</b>

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

## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The Meeks Bay Fire Protection District (District) is a legal subdivision of California, organized in 1973, by the El Dorado County Board of Supervisors Resolution 556-73 approving the District's formation to provide fire protection services. The District's powers are exercised through an elected Board of Directors composed of five members.

The District's mission is to protect its community, its people, and environment by providing the highest level of fire suppression, emergency medical, rescue, disaster, hazardous materials and fire prevention services to all residents and visitors in the District.

#### **Note 1 - Significant Accounting Policies**

##### **Accounting Principles**

The financial statements of the District have been prepared in conformity with general accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies 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-

## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

#### Use of Restricted/Unrestricted Net Position

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

#### Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a preliminary budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

#### 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

## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 with an original cost of \$5,000 or more 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. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 10 years depending on the asset class. The District currently does not have formal capitalization and depreciation policies.

#### 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

One of the District's sources of revenue is the District's share of local property taxes (ad valorem on real property) and voter-approved special taxes. Voter-approved special taxes are assessed and collected by El Dorado County at the same time and on the same rolls as local property taxes. Taxes are levied on July 1 each year on taxable real and personal property which is situated in the District as of the preceding January 1 (lien date). A supplemental tax may be levied when property changes hands or new construction is completed. Property taxes are payable in two installments due November 1 and February 1, and become delinquent on December 10 and April 10 for each respective installment. Taxes on unsecured property (personal property and leasehold) are due January 1 of each year based on the preceding fiscal year's secured tax rate and become delinquent on August 31.

Local property taxes are allocated on the Teeter Plan which results in the District receiving the cash equivalent of 100% of the taxes for that year regardless of their collection status. The County retains all penalties and interest which are collected with delinquent taxes.

The District presently has a direct assessment with a tax rate of \$85 per parcel and a special tax of \$45 per parcel to augment the shortfall in revenue in order to maintain and improve the delivery of fire



## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

prevention, fire suppression and first responder medical services. The District also has an additional benefit assessment, as of August 10, 2009, that was levied at the rate of \$190 per single family equivalent benefit unit that can be adjusted annually based on the San Francisco Bay Area Consumer Price Index, not to exceed 4% per year, provided that any change in the CPI in excess of 4% shall be cumulatively reserved as the “unused CPI” and shall be used to increase the maximum authorized assessment to be adjusted by 4% for the CPI increase in any year in which the CPI is less than 4%. The direct assessment, special tax, and benefit assessment were all approved by voters. The District receives these taxes as they are collected.

#### Development Fees

On June 25, 1997 the District Board of Directors adopted ORDINANCE NO. 97-1 establishing requirements for fire service fees for any new residential and commercial building built in the District. The fee is similar to fees charged elsewhere in El Dorado County, and is set to recover costs associated with the increased impact of additional structures to the District.

#### 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.

#### Note 2 – Cash

##### Summary of Cash

	<u>June 30, 2021</u>
County Cash	\$ 1,290,772
Petty Cash	\$ -
LAIF	\$ 296,105
Total	<u>\$ 1,586,877</u>

##### Cash in County Treasury

The District maintains substantially all of its cash with the county treasurer as an involuntary participant of a common investment pool. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

##### Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions.

## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

#### Cash in County Treasury

The District maintains cash with LAIF as a common investment pool. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the State treasurer, which is recorded on the amortized cost basis

#### Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

**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. The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Credit Risk** – Credit Risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool. Bankers’ acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

**Custodial Credit Risk** – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial risk.

**Concentration of credit risk** – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

**Foreign Currency Risk** – This risk is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign credit risk.

**Meeks Bay Fire Protection District**

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

**Note 3 –Accounts Receivable**

On June 30, 2021, the District had \$1,500 in Accounts Receivable.

**Note 4 – Compensated Absences**

On June 30, 2021, the liability for compensated absences was \$5,263.

**Note 5 - Other Post Employment Benefits**

**Plan Description**

In addition to pension benefits described in Note 6, the District provides lifetime healthcare benefits through CalPERS Health Benefits Program, which covers both active and retired members.

**Funding Policy**

The contribution requirements of the District and plan members are established and may be amended by the District’s Board of Directors.

On an ongoing basis, the District will be reviewing its assumptions, comparing them to actual experience and recalculating the needed funding with the goal of payment for post employment benefits out of interest earned on designated funds.

Meeks Bay Fire Protection District uses an Actuarial Measurement Date that is 12 months prior to its Fiscal Year-End. This means that these actuarial results measured as of June 30, 2020 will be used on a look back basis for the June 30, 2021 Fiscal Year-End.

<b>Key Results</b>	<b>Current Year</b>	<b>Prior Year</b>
	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>	<i>June 30, 2019 Measurement Date for June 30, 2020 Fiscal Year-End</i>
Total OPEB Liability (TOL)	\$305,308	\$307,627
Fiduciary Net Position (FNP)	\$619,025	\$619,903
Net OPEB Liability (NOL)	(\$313,717)	(\$312,276)
Service Cost <i>(for year following)</i>	\$0	\$0
Estimated Pay-as-you-go Cost <i>(for year following)</i>	\$24,089	\$23,046
GASB 75 OPEB Expense <i>(for year ending)</i>	(\$18,435)	\$74,435

Refer to results section beginning on page 10 or the glossary on page 26 for descriptions of the above items.

<b>Key Assumptions</b>	<b>Current Year</b>	<b>Prior Year</b>
	<i>June 30, 2020 Measurement Date for June 30, 2021 Fiscal Year-End</i>	<i>June 30, 2019 Measurement Date for June 30, 2020 Fiscal Year-End</i>
Valuation Interest Rate	7.00%	7.00%
Expected Rate of Return on Assets	7.00%	7.00%
Long-Term Medical Trend Rate	4.00%	4.00%
Projected Payroll Growth	2.75%	2.75%

**Meeks Bay Fire Protection District**

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

**B. ECONOMIC ASSUMPTIONS:**

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

*INFLATION:* We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

*INVESTMENT RETURN / DISCOUNT RATE:* We assumed 7.00% per year net of expenses. This is based on assumed long-term return on employer assets. We used the "Building Block Method". (See Appendix C, Paragraph 53 for more information). Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

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

*PAYROLL INCREASE:* We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

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

**Fiduciary Net Position as of June 30, 2020**

	<i><u>06/30/2019</u></i>	<i><u>06/30/2020</u></i>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$640,935	\$641,510
Capital Assets	\$0	\$0
Total Assets	<u>\$640,935</u>	<u>\$641,510</u>
Benefits Payable	(\$21,032)	(\$22,485)
Fiduciary Net Position	<u>\$619,903</u>	<u>\$619,025</u>

**Meeks Bay Fire Protection District**

**NOTES TO FINANCIAL STATEMENTS  
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Under GASB 74 and 75, OPEB expense includes service cost, interest cost, administrative expenses, and change in TOL due to plan changes, adjusted for deferred inflows and outflows. OPEB expense can also be derived as change in net position, adjusted for employer contributions, which can be found on page 12.

<b>To be recognized fiscal year ending June 30, 2021</b>	<i>Expense Component</i>
Service Cost	\$0
Interest Cost	\$20,727
Expected Return on Assets	(\$42,596)
Administrative Expenses	\$304
Recognition of Experience (Gain)/Loss Deferrals	(\$561)
Recognition of Assumption Change Deferrals	\$0
Recognition of Investment (Gain)/Loss Deferrals	\$3,691
Employee Contributions	\$0
Changes in Benefit Terms	\$0
Net OPEB Expense for fiscal year ending June 30, 2021	(\$18,435)

\* May include a slight rounding error.

**D. Description of Retiree Benefits**

Following is a description of the current retiree benefit plan. The District provides an employer contribution for retiree medical benefits that is currently \$136 per month but the amount is adjusted in accordance with Government Code Section 22892. This contribution is available to those who retire and meet the eligibility requirements under sections of the Government Code collectively known as PEMHCA. In addition to this benefit, the District provides a supplemental benefit as follows:

	<b><u>All Participants</u></b>
Benefit types provided	Medical only
Duration of Benefits	Lifetime
Required Service	5 years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100%*
District Cap	Calculated as prior year "Employer Share" plus 5% of current year premium

**Meeks Bay Fire Protection District**

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

CERBT - Strategy 1

<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Assumed Gross Return</b>
All Equities	59.0000	7.7950
All Fixed Income	25.0000	4.5000
Real Estate Investment Trusts	8.0000	7.5000
All Commodities	3.0000	7.7950
Treasury Inflation Protected Securities (TIPS)	5.0000	3.2500

The following presents what the Net OPEB Liability would be if it were calculated using a discount rate assumption or a healthcare trend rate assumption one percent higher or lower than the current assumption.

<b>Net OPEB Liability at June 30, 2020 Measurement Date</b>	<i>Discount Rate</i>	<i>Healthcare Trend Rate</i>
1% Decrease in Assumption	(\$281,978)	(\$344,053)
Current Assumption	(\$313,717)	(\$313,717)
1% Increase in Assumption	(\$340,352)	(\$277,985)

**Note 6 - Public Employees' retirement Plan:**

**Plan Description** - The Meeks Bay 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 Meeks Bay Fire Protection District's defined benefit pension plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by the State statutes within the Public Employees' Retirement Law. The Meeks Bay Fire Protection District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts the benefits through 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

**Meeks Bay Fire Protection District**

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

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

**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

**Meeks Bay Fire Protection District**

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

*Actuarial Methods and Assumptions*

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 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 expected real rates of return by asset class are as followed:

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

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

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

CalPERS is Scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach.

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.



## **Meeks Bay Fire Protection District**

### **NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 relationships, 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.

-Please refer to the CalPERS Public Agency Cost-Sharing Allocation Methodology Report that can be obtained at CalPERS' website under the GASB 68 section, and see Appendix D of this report for the calculation of the plan's proportionate share of the TPL and FNP.

The plan's proportion of aggregate employer contributions is equal to the plan's proportion of FNP calculated in (4).

**Meeks Bay Fire Protection District**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	7,586
Differences between Expected and Actual Experience	162,210	-
Differences between Projected and Actual Investment Earnings	47,384	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	253,784
Change in Employer's Proportion	96,993	-
Pension Contributions Made Subsequent to Measurement Date	<u>171,086</u>	<u>-</u>
	<u>477,673</u>	<u>261,370</u>

Net Pension Liability as of 6/30/2021 2,134,009

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

## Meeks Bay Fire Protection District

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

Pension Expense as of June 30, 2021 <span style="float: right; border: 1px solid black; padding: 2px 10px;">302,038</span>			
At 6/30/2021, proportionate shares of Net Pension Liability/(Asset) by plan(s):			
	<b>Proportionate Share of Net Pension Liability/(Asset)</b>		
Miscellaneous	125,760		
Safety	2,008,249		
<b>Total</b>	<b>2,134,009</b>		
Proportionate share of the Net Pension Liability/(Asset) for the Plan as of 6/30/2020 and 6/30/2021:			
	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
Proportion - June 30, 2020	0.00289%	0.02916%	0.01889%
Proportion - June 30, 2021	0.00298%	0.03014%	0.01961%
Change - Increase/(Decrease)	0.00010%	0.00098%	0.00072%
<b>Note:</b> 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:			
<b>Fiscal Year Ending June 30:</b>	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total</b>
2022	\$ (7,555)	\$ (13,845)	\$ (21,399)
2023	(5,068)	21,975	16,907
2024	(1,305)	27,352	26,047
2025	1,792	21,870	23,662
2026	-	-	-
Thereafter	-	-	-
	(12,136)	57,352	\$ 45,216
Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate:			
	<b>Discount Rate -1%</b>	<b>Current Discount Rate</b>	<b>Discount Rate +1%</b>
	<b>6.15%</b>	<b>7.15%</b>	<b>8.15%</b>
Employer's Net Pension Liability/(Asset) - <b>Miscellaneous</b>	209,604	125,760	56,482
Employer's Net Pension Liability/(Asset) - <b>Safety</b>	3,040,128	2,008,249	1,161,495
Employer's Net Pension Liability/(Asset) - <b>Total</b>	3,249,732	2,134,009	1,217,976

## Note 7 – Risk Management

### Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For fiscal year 2020-2021, the District contracted with Allied World Assurance Company for property and liability insurance coverage and also for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been significant change in coverage from the prior year.

## Meeks Bay Fire Protection District

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

#### Workers Compensation

For fiscal year 2020-2021, the District participated in the Northern California Special Districts Insurance Authority (NCS DIA), an insurance purchasing pool. The intent of the NCS DIA pool is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the NCS DIA pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the NCS DIA pool. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the NCS DIA pool. Participation in the NCS DIA pool is limited to districts that can meet the NCS DIA criteria.

#### Note 8— 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 **October 6, 2021**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **October 6, 2021**. The District did not have any subsequent events that require recognition or disclosure in the financial statements for the year ended June 30, 2021.