



SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Board of Directors

Agenda

Wednesday, November 9, 2022, 6:00 P.M.

Scotts Valley City Hall

One Civic Center Drive, Scotts Valley CA 95066

Agendas and Board Packets are available on the Scotts Valley Fire Protection District (SVFPD) website at www.scottsvalleyfire.com.

Any person who requires a disability related modification or accommodation in order to participate in a public meeting should make such a request to Ron Whittle, Board Secretary, for immediate consideration.

1. Call to Order

1.1 Pledge of Allegiance and Moment of Silence

1.2 Roll Call

2. Special Presentations

2.1 Presentation to Robert Campbell for His Public Service as a Board of Director

2.2 Presentation to Ed Harmon for His Public Service as a Board of Director

3. Public Comment (GC §54954.3)

This portion of the meeting is reserved for persons wishing to address the Board on any matter not on the agenda. Any matter that requires Board action will be referred to staff for a report and action at a subsequent Board meeting.

4. Agenda Amendments (GC §54954.2) – Discussion/Action

5. Consent Calendar

(Consent calendar items will be enacted upon by one motion. There will be no separate discussion on items unless a Board Member, Staff, or member of the public requests removal of the item for separate action.)

5.1 Minutes: Approve Regular Board Meeting Minutes of October 12, 2022

5.2 Minutes: Approve Special Meeting Minutes of October 19, 2022

5.3 Approve SVFPD Claims Disbursements for the Month of October 1, 2022 through October 31, 2022 in the Amount of:

Payroll and Benefits:	\$525,550.09
General Fund:	\$ 23,321.86
Capital Outlay:	\$ 431.05
SCHMIT:	\$ 4,042.00
TOTAL:	\$553,345.00

**Scotts Valley Fire Protection District
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5.4 Adopt Revised Publicly Available Pay Schedule per Government Code §20636

6. Discussion Items

6.1 None

7. Action Items – Discussion/Action

7.1 Accept and File the SVFPD Financial Audit for Fiscal Year Ending June 30, 2022

7.2 Fire Chief Recruitment RFP

7.3 Approve amendment to Fire Chief Employment Contract to add VEBA option

7.4 Approve amendment to Chief Officers MOU to add VEBA option

8. Board of Directors and Administrative Reports – Information/Discussion

(No action will be taken on any questions raised by the Board at this time.)

8.1 Board of Directors Report – *Directors*

8.2 Administrative Report – *Chief Officers*

9. Correspondence

9.1 Incident Thank You Note

9.2 Notice from Santa Cruz Water Department

9.3 Notice from Bender Rosenthal Incorporated

10. Request for Future Agenda Items

11. Closed Session: Government Code §54957.7

11.1 Fire Chief Employment: Government Code §54957.(b)(1).

12. Open Session – Discussion/Action

12.1 Report on Closed Session: Government Code §54957.1

13. Adjournment

Next Regularly Scheduled Board Meeting:
Wednesday, December 14, 2022 at 6:00 p.m.



SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066

(831) 438-0211

Fax (831) 438-0383

MINUTES OF THE SCOTTS VALLEY FIRE PROTECTION DISTRICT BOARD OF DIRECTORS REGULAR MEETING OF October 12, 2022

1. Call to Order

The Regular Meeting of the Board of Directors of the Scotts Valley Fire Protection District (SVFPD) was held on Wednesday, October 12, 2022 at the City of Scotts Valley Council Chambers. President Patterson called the meeting to order at 6:00 p.m.

1.1 Pledge of Allegiance and Moment of Silence

President Patterson called for the Pledge of Allegiance and a Moment of Silence to follow.

1.2 Roll Call

- | | |
|-------------------------|---|
| A. Directors Present: | Directors Campbell, Harmon (<i>via teleconference</i>), Parker and Patterson |
| B. Directors Absent: | Director Pisciotta |
| C. Fire District Staff: | Chief Whittle, Battalion Chiefs LoFranco, McNeil and Stubendorff,
and Administrative Services Manager Walton |

2. Public Comment (GC §54954.3)

None

3. Agenda Amendments (GC §54954.2) – Discussion/Action

President Patterson added Correspondence Item 8.2: Chief Officers Cal VEBA Benefit Request Letter

4. Consent Calendar

4.1 Minutes: Approve Regular Board Meeting Minutes of September 14, 2022

4.2 Approve SVFPD Claims Disbursements for the Month of September 1, 2022 through September 30, 2022 in the Amount of:

<u>Payroll and Benefits:</u>	\$562,805.45
<u>General Fund:</u>	\$ 43,064.15
<u>Capital Outlay:</u>	\$ 81,043.55
<u>SCHMIT:</u>	\$ 76.12
<u>TOTAL:</u>	\$686,989.27

4.3 Review SVFPD CalPERS Safety Plans Annual Valuation Reports as of June 30, 2021 (Classic and PEPRA)

4.4 Review SVFPD CalPERS Miscellaneous Plans Annual Valuation Reports as of June 30, 2021 (Classic and PEPRA)

4.5 Review Total Compensation GASB 74/75

4.6 Review SVFPD CERBT and CEPPT Account Update Summary as of June 30, 2022

4.7 Approve Permit/Inspection Fee Waiver Request for Scotts Valley High School's Haunted House

SCOTTS VALLEY FIRE PROTECTION DISTRICT
Regular Board Meeting October 12, 2022

On motion of Director Campbell seconded by Director Parker to Approve Consent Calendar Items 4.1 thru 4.7 was approved by the following vote:

AYES:	Campbell, Harmon, Parker and Patterson
NOES:	None
ABSENT:	Pisciotta
ABSTAIN:	None

5. Discussion Items

5.1 Branciforte Annexation

Chief Whittle stated that he was part of the Branciforte Fire Protection District (BFPD) Community Meeting panel of presenters on October 1st, which included Joe Serrano with LAFCO, Consultant Don Jarvis, BFPD Chief Lackey and a BFPD Community Member. Battalion Chief McNeil and Directors Patterson and Pisciotta also attended the community meeting. Joe Serrano did an excellent job explaining the process from beginning to end and cleared up misinformation that was circulating. At the BFPD Board Meeting on October 20th, the Board will decide if they are going to approve the Benefit Assessment (Study) to determine the cost per parcel to fund staffing the BFPD station, which they have failed to approve several times. The BFPD Board has been hesitant to move forward with the Study because it will be a weighted vote and cost based on the level of benefit each parcel receives. For the BFPD parcel owners to be able to vote on the necessary funding to staff the BFPD station, the Board would need to approve the Study and once completed, then approve the mail in ballots.

President Patterson stated that the BFPD Board Meeting on October 20th at 6:00 p.m. will be available on Zoom.

6. Action Items – Discussion/Action

6.1 Accept and File Draft Structural Engineer Report

Chief Whittle stated that the Draft Seismic Evaluation (Report) has been completed with a cost of nearly 5 million dollars, which does not include any tenant improvements.

Director Campbell stated that he was not comfortable accepting a draft report and that he had a list of comments. The Board discussed the Report and will email Chief Whittle specific comments. Chief Whittle will schedule a Board Workshop in December for further discussion. No action was taken.

7. Board of Directors and Administrative Reports – Information/Discussion

(No action will be taken on any questions raised by the Board at this time.)

7.1 Board of Directors Report – Directors

President Patterson stated that the Finance Committee met and reviewed the CalPERS Documents approved on the Consent Calendar.

7.2 Administrative Report – Chief Officers

The Administrative Report was included in the board packet and Chief Whittle reported on the following:

- E2512 (2012 Pierce) had the rear brakes replaced (shoes and drums) by an outside mechanic. E2510 (2005 Pierce) was sent to High Tech Fire Apparatus in Oakdale for pump packing replacement as well as the replacement of other worn internal pump parts.
- BC LoFranco spent 3 weeks at the Mosquito Fire on an assignment as a Safety Officer Trainee. BC LoFranco reported that he gained much experience and will be signed off as a Safety Officer as a result of his time on the incident.
- BC Stubendorff is looking into the possibility of starting a UAS (Unmanned Aircraft System / Drone) program for the SVFPD which is currently in the fact finding phase. Several logistical hurdles remain including licensing, FAA authorizations, formal policies, procedures, operations, and training. BC Stubendorff has reached out to several agencies across California that have UAS programs and has received a considerable amount of information.
- A-Shift station 1 attended an Electrical and Natural Gas Bus Training at the Santa Cruz Metro.

SCOTTS VALLEY FIRE PROTECTION DISTRICT
Regular Board Meeting October 12, 2022

- The new iGel airways have been placed in service on the engines replacing the King Tube. The iGel is a BLS airway that is more protective than an OPA and less invasive than the King Tube. Crews attended an in person county wide EMSIA training on application and use.
- Captain Cortes facilitated PCF interviews. 5 candidates were selected to progress to the background process. As of today, there are 3 candidates.
- DFM Collins completed 29 construction inspections and 11 misc. inspections including defensible space and complaints. DFM Collins met with the SVHS haunted house coordinators to ensure fire code safety for this year's event. DFM Collins met with all three shifts for pre-plan tours of the Performing Arts Theater/Library assembly occupancies.
- DFM Collins Finalized the Fire Code Ordinance with the FPOs and is preparing to submit to the County Board of Supervisors for approval.
- Beginning October 1, 2022 the SVFPD will begin invoicing and collecting all SV City plan review fees.
- An email was sent to the City of Scotts Valley regarding access and traffic concerns at the new Target shopping center which could impact emergency response.
- I met with BFPD Director Landon to discuss the SVFPD position in the annexation process and to address some of the misinformation that has recently been discussed in the media. Tomorrow I will be meeting with another BFPD Board Director.
- Santa Cruz County LAFCO has contracted with consulting firm AP Triton to conduct a Santa Cruz County Fire Service Study. The county Chiefs met with AP Triton VP of Operations Kurt Latipow to discuss our level of participation. The study is focused on potential annexations in South County.
- The Scotts Valley State of the City Event will be at the Performing Arts/Library Assembly will be October 28, 2022 at 4:00 p.m.
- The Santa Cruz County Fire Chiefs received a Fire Based Transport presentation from AP Triton. The Fire Chiefs are discussing bidding on Fire Based Transport when the current County contract ends in 30 months.
- The SVFPD received correspondence regarding the Scotts Valley Water District La Madrona Intertie project, which will be included in the November Board Packet.

8. Correspondence – Information

8.1 Thank You Letters – Baymonte, City of Yreka, Mr. Hill & 1440 Multiversity

8.2 Chief Officers Cal VEBA Benefit Request Letter

President Patterson stated that the Negotiations Committee will meet with the Chief Officers to discuss the Cal VEBA Benefit Request Letter. The Board received and filed the correspondence.

9. Request for Future Agenda Items

None

10. Closed Session: Government Code §54957.7

10.1 Fire Chief Recruitment: Government Code §54957

At 6:40 p.m., President Patterson announced that the Board would be going into Closed Session for the purposes listed in Item 10.1.

11. Open Session – Discussion/Action

11.1 Report on Closed Session: Government Code §54957.1

At 7:06 p.m., the Board reconvened to Open Session. President Patterson reported that the Board Discussed the Fire Chief Recruitment. No action was taken.

12. Adjournment

The meeting was adjourned at 7:07 p.m.

ATTEST

Russ Patterson
Board President

Ron Whittle
Board Secretary



SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066

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MINUTES OF THE SCOTTS VALLEY FIRE PROTECTION DISTRICT BOARD OF DIRECTORS SPECIAL MEETING OF October 19, 2022

1. Call to Order

The Special Board Meeting of the Board of Directors of the Scotts Valley Fire Protection District (SVFPD) was held on Wednesday, October 19, 2022 at 7 Erba Lane, Scotts Valley, CA. President Patterson called the meeting to order at 6:00 p.m.

1.1 Roll Call

- | | |
|-------------------------|---|
| A. Directors Present: | Directors Campbell, Parker, Patterson and Pisciotta (<i>Via teleconference</i>) |
| B. Directors Absent: | Director Harmon |
| C. Fire District Staff: | None |

2. Action Items

2.1 Fire Chief Recruitment, Discussion Action

President Patterson reported that Battalion Chief McNeil notified him Sunday evening to decline the Fire Chief promotion as it was not financially feasible.

Chief Whittle stated that based on the Fire Chief Job Description Policy, the minimum requirement is five years of service as a Chief Officer and the other two Battalion Chief will only have two years in March 2023. Since there is no one eligible, the option would be to hire a recruitment firm or have the Board and staff facilitate the Fire Chief recruitment.

President Patterson stated that the recruitment process will not be completed by the time Chief Whittle retires in December so the Board would need to determine what to do until the new Fire Chief is appointed. Chief Whittle stated that the Board could appoint an Interim or Acting Fire Chief. The Board inquired if Chief Whittle would be the Interim Fire Chief and he gave a verbal agreement, which will be formalized on the December Board Meeting agenda.

Union President Sundermier stated that he was in attendance with Union Treasurer Smiley to convey to the Board that the Union highly values promoting internal candidates. Based on past outside Fire Chief Recruitments, historical knowledge is lost and culture and moral suffers. The Union presented the following suggestions to make an internal Fire Chief promotion possible: increase the Fire Chief MOU for financial feasibility, reduce the minimum requirements, which has been done in the past or explore shared service options. The Union would support future consolidation discussions. A Captain with a bachelor's degree is interested in the Fire Chief position and would be willing to take any additional classes necessary.

The Board discussed the Fire Chief recruitment and Chief Whittle will prepare a Request for Proposal for executive recruitment services. President Patterson directed the Organization and Personnel Committee to schedule a meeting to review the Fire Chief Job Description Policy. The Fire Chief Recruitment will be included on the November Board Meeting agenda.

3. Adjournment

The meeting was adjourned at 6:28 p.m.

ATTEST

Russ Patterson
Board President

Ron Whittle
Board Secretary

Expenditure Actual Transactions

Criteria: PostOn = 10/1/2022..10/31/2022; EntryDate = 10/1/2022..10/31/2022; GLKey = 685010, 685030, 685040; Summarize by = GLKey,Character,Object

FY	FM	Posted	Document	Doc Ref	GLKey	Fund	Organization	GL Obj	Amount	Description	Vendor No	Vendor Name
GL Key 685010 -- SCOTTS VALLEY FIRE PROT SVC												
Character 50 -- SALARIES AND EMPLOYEE BENEF												
Object 51000 -- REGULAR PAY-PERMANENT												
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	51000	134,311.52	PAYPERIOD 20PAYDATE 10072022		
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	51000	134,193.92	PAYPERIOD 21PAYDATE 10212022		
Total Object 51000									268,505.44			
Object 51005 -- OVERTIME PAY-PERMANENT												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	51005	28,023.92	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	51005	53,641.89	PAYPERIOD 20PAYDATE 10072022		
Total Object 51005									81,665.81			
Object 51010 -- REGULAR PAY-EXTRA HELP												
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	51010	8,464.90	PAYPERIOD 20PAYDATE 10072022		
Total Object 51010									8,464.90			
Object 51035 -- HOLIDAY PAY												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	51035	11,140.18	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	51035	11,140.18	PAYPERIOD 20PAYDATE 10072022		
Total Object 51035									22,280.36			
Object 51040 -- DIFFERENTIAL PAY												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	51040	7,508.99	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	51040	7,508.99	PAYPERIOD 20PAYDATE 10072022		
Total Object 51040									15,017.98			
Object 52010 -- OASDI-SOCIAL SECURITY												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	52010	2,704.25	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	52010	3,525.44	PAYPERIOD 20PAYDATE 10072022		
Total Object 52010									6,229.69			
Object 52015 -- PERS												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	52015	27,467.13	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	52015	27,265.74	PAYPERIOD 20PAYDATE 10072022		
Total Object 52015									54,732.87			
Object 53010 -- EMPLOYEE INSURANCE & BENEFITS												
2023	04	10/13/2022	DU91174	DU91174	685010	76585	68500000	53010	(275.55)	D.GrebilOct-DecDental,CK#5034	C99999	DEP
2023	04	10/20/2022	DU91354	DU91354	685010	76585	68500000	53010	(91.85)	H.Bustichi Nov22Dental,CK#4014	C99999	DEP
2023	04	10/28/2022	1122SVFD		685010	76585	68500000	53010	1,289.95	MCMURRY, MICHAЕ SVFD Health In	V105430	MCMURRY, MICHAEL
2023	04	10/6/2022	DU91030	DU91030	685010	76585	68500000	53010	(48.56)	M.Pasquini Oct22 Dental,CK#966	C99999	DEP
2023	04	10/13/2022	DU91174	DU91174	685010	76585	68500000	53010	(48.56)	M.Marsano Oct22 Dental,CK#144	C99999	DEP
2023	04	10/28/2022	1122SVFD		685010	76585	68500000	53010	357.88	PHINN, MIKE SVFD Health Ins. 1	V103782	PHINN, MIKE
2023	04	10/7/2022	OCT22HLTH		685010	76585	68500000	53010	57,100.26	SV FIRE OCT 2022	V116512	US BANK
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	53010	(1,168.18)	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/20/2022	DU91354	DU91354	685010	76585	68500000	53010	(48.56)	S.Downey Oct22 Dental,CK#2333	C99999	DEP
2023	04	10/28/2022	1122SVFD		685010	76585	68500000	53010	1,186.30	BIDDLE, MIKE SVFD Health Ins.	V105980	BIDDLE, MIKE
											Run: 10/31/2022 9:44 AM Includes transactions posted through: 10/31/2022	

Expenditure Actual Transactions

Criteria: PostOn = 10/1/2022..10/31/2022; EntryDate = 10/1/2022..10/31/2022; GLKey = 685010, 685030, 685040; Summarize by = GLKey,Character,Object

FY	FM	Posted	Document	Doc Ref	GLKey	Fund	Organization	GL Obj	Amount	Description	Vendor No	Vendor Name
GL Key 685010 -- SCOTTS VALLEY FIRE PROT SVC												
Character 50 -- SALARIES AND EMPLOYEE BENEF												
Object 53010 -- EMPLOYEE INSURANCE & BENEFITS												
2023	04	10/14/2022	1022SVFD		685010	76585	68500000	53010	4,702.89	HEALTH CARE EMP SVFD Group 367	V108670	HEALTH CARE EMPLOYEES/EMPLOYER
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	53010	750.00	PAYPERIOD 20PAYDATE 10072022		
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	53010	750.00	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	53010	(1,174.68)	PAYPERIOD 20PAYDATE 10072022		
2023	04	10/13/2022	DU91174	DU91174	685010	76585	68500000	53010	(137.94)	S.Kovacs Nov22 Dental	C99999	DEP
2023	04	10/14/2022	1122SVFD		685010	76585	68500000	53010	1,259.12	FDAC EBA SVFD 11/2022	V33857	FIRE DISTRICTS ASSOC OF CA
Total Object 53010									64,402.52			
Object 53015 -- UNEMPLOYMENT INSURANCE												
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	53015	104.38	PAYPERIOD 20PAYDATE 10072022		
Total Object 53015									104.38			
Object 55021 -- OTHER BENEFITS MISC												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	55021	2,073.07	PAYPERIOD 21PAYDATE 10212022		
2023	04	10/5/2022	PAYPERIOD		685010	76585	68500000	55021	2,073.07	PAYPERIOD 20PAYDATE 10072022		
Total Object 55021									4,146.14			
Total Character 50									525,550.09			
Character 60 -- SERVICES AND SUPPLIES												
Object 61110 -- CLOTHING & PERSONAL SUPPLIES												
2023	04	10/7/2022	INV633976		685010	76585	68500000	61110	1,388.71	L N CURTIS & SO SVFD Cust 3627	V115989	L N CURTIS & SONS
Total Object 61110									1,388.71			
Object 61125 -- UNIFORM REPLACEMENT												
2023	04	10/7/2022	0177510		685010	76585	68500000	61125	278.79	ENTENMANN- ROVI SVFD PO# 22-01	V125946	ENTENMANN- ROVIN CO
Total Object 61125									278.79			
Object 61425 -- OTHER HOUSEHOLD EXP-SERVICES												
2023	04	10/14/2022	266488		685010	76585	68500000	61425	160.24	MID VALLEY SUPP SVFD	V481	SPRENKEL INC
Total Object 61425									160.24			
Object 61720 -- MAINT-MOBILE EQUIPMENT-SERV												
2023	04	10/7/2022	8788		685010	76585	68500000	61720	565.46	CENTRAL FIRE PR SVFD	V116886	CENTRAL FIRE PROTECTION DIST
2023	04	10/21/2022	CI035838		685010	76585	68500000	61720	2,117.26	GOLDEN STATE EM SVFD PIE-0143	V129826	GOLDEN STATE EMERGENCY VEHICLE
2023	04	10/14/2022	1022SVFD		685010	76585	68500000	61720	1,641.12	LOFRANCO, ANDRE SVFD Tire Reim	V123333	LOFRANCO, ANDREW
Total Object 61720									4,323.84			
Object 61725 -- MAINT-OFFICE EQUIPMNT-SERVICES												
2023	04	10/7/2022	14340		685010	76585	68500000	61725	1,846.00	PAGODA TECHNOLO SVFD	V125184	PAGODA TECHNOLOGIES INC
Total Object 61725									1,846.00			
Object 61845 -- MAINT-STRUCT/IMPS/GRDS-OTH-SRV												
2023	04	10/14/2022	27315606		685010	76585	68500000	61845	70.25	WESTERN EXTERMI SVFD	V15766	WESTERN EXTERMINATOR COMPANY

Expenditure Actual Transactions

Criteria: PostOn = 10/1/2022..10/31/2022; EntryDate = 10/1/2022..10/31/2022; GLKey = 685010, 685030, 685040; Summarize by = GLKey,Character,Object

FY	FM	Posted	Document	Doc Ref	GLKey	Fund	Organization	GL Obj	Amount	Description	Vendor No	Vendor Name
GL Key 685010 -- SCOTTS VALLEY FIRE PROT SVC												
Character 60 -- SERVICES AND SUPPLIES												
Object 61845 -- MAINT-STRUCT/IMPS/GRDS-OTH-SRV												
2023	04	10/28/2022	27659185		685010	76585	68500000	61845	62.70	WESTERN EXTERMI SVFD	V15766	WESTERN EXTERMINATOR COMPANY
Total Object 61845									132.95			
Object 61920 -- MEDICAL, DENTAL & LAB SUPPLIES												
2023	04	10/7/2022	84684671		685010	76585	68500000	61920	26.97	BOUND TREE MEDI SVFD PO# 22-00	V12149	BOUND TREE MEDICAL
2023	04	10/7/2022	84704972		685010	76585	68500000	61920	172.58	BOUND TREE MEDI SVFD PO# 22-01	V12149	BOUND TREE MEDICAL
Total Object 61920									199.55			
Object 62219 -- PC SOFTWARE PURCHASES												
2023	04	10/7/2022	ESO-91839		685010	76585	68500000	62219	3,595.00	ESO SOLUTIONS I SVFD	V36065	ESO SOLUTIONS INC
Total Object 62219									3,595.00			
Object 62301 -- ACCOUNTING AND AUDITING FEES												
2023	04	10/28/2022	1279		685010	76585	68500000	62301	4,554.00	PEHLING & PEHLI SVFD	V128403	PEHLING & PEHLING CPAS AN
Total Object 62301									4,554.00			
Object 62327 -- DIRECTORS' FEES												
2023	04	10/19/2022	PAYPERIOD		685010	76585	68500000	62327	2,400.00	PAYPERIOD 21PAYDATE 10212022		
Total Object 62327									2,400.00			
Object 62367 -- MEDICAL SERVICES-OTHER												
2023	04	10/28/2022	1022SVFD		685010	76585	68500000	62367	150.00	CORTES, ARMANDO SVFD Physical	V127735	CORTES, ARMANDO
Total Object 62367									150.00			
Object 62920 -- GAS, OIL, FUEL												
2023	04	10/7/2022	832173		685010	76585	68500000	62920	2,358.87	WESTERN STATES SVFD	V39738	TOP LOPES DISTRIBUTING
Total Object 62920									2,358.87			
Object 63070 -- UTILITIES												
2023	04	10/17/2022	1022SVFD3		685010	76585	68500000	63070	97.63	PACIFIC GAS AND SVFD Acct# 938	V129169	PACIFIC GAS AND ELECTRIC CO
2023	04	10/21/2022	1022SVFD1		685010	76585	68500000	63070	74.28	PACIFIC GAS AND SVFD Acc# 6494	V129169	PACIFIC GAS AND ELECTRIC CO
2023	04	10/7/2022	1022SVFD1		685010	76585	68500000	63070	170.01	CITY OF SCOTTS SVFD Acct#710-0	V102713	CITY OF SCOTTS VALLEY
2023	04	10/17/2022	1022SVFD4		685010	76585	68500000	63070	736.76	PACIFIC GAS AND SVFD Acct# 605	V129169	PACIFIC GAS AND ELECTRIC CO
2023	04	10/7/2022	1022SVFD2		685010	76585	68500000	63070	133.27	CITY OF SCOTTS SVFD Acct# 710-	V102713	CITY OF SCOTTS VALLEY
2023	04	10/17/2022	1022SVFD2		685010	76585	68500000	63070	721.96	PACIFIC GAS AND SVFD Acct# 653	V129169	PACIFIC GAS AND ELECTRIC CO
Total Object 63070									1,933.91			
Total Character 60									23,321.86			
Total GL Key 685010									548,871.95			

Expenditure Actual Transactions

Criteria: PostOn = 10/1/2022..10/31/2022; EntryDate = 10/1/2022..10/31/2022; GLKey = 685010, 685030, 685040; Summarize by = GLKey,Character,Object

FY	FM	Posted	Document	Doc Ref	GLKey	Fund	Organization	GL Obj	Amount	Description	Vendor No	Vendor Name
GL Key 685030 -- SCOTTS VLY FIRE DIST.-CAPITAL												
Character 60 -- SERVICES AND SUPPLIES												
Object 62381 -- PROF & SPECIAL SERV-OTHER												
2023	04	10/7/2022	11796		685030	76595	68500000	62381	431.05	DEES & ASSOCIAT SVFD	V13256	DEES & ASSOCIATES INC
Total Object 62381									431.05			
Total Character 60									431.05			
Total GL Key 685030									431.05			
GL Key 685040 -- SV FIRE DIST-REGIONAL HAZ RESP												
Character 60 -- SERVICES AND SUPPLIES												
Object 62914 -- EDUCATION & TRAINING(REPT)												
2023	04	10/21/2022	627		685040	76597	68500000	62914	4,042.00	RW JONES AND AS SVFD	V129231	RW JONES AND ASSOCIATES HEALTH
Total Object 62914									4,042.00			
Total Character 60									4,042.00			
Total GL Key 685040									4,042.00			



SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Effective 7/1/2021 and revised 11/1/2022.

Time Base Monthly	7/1/2021		7/1/2022		7/1/2023		7/1/2024	
Confidential Employees	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Admin Accounting Specialist	\$4,979.78	\$5,489.81	\$5,328.36	\$5,874.10	\$5,541.50	\$6,109.06	\$5,763.16	\$6,353.43
Admin Services Manager	\$6,314.79	\$6,961.62	\$6,756.82	\$7,448.94	\$7,027.09	\$7,746.89	\$7,308.18	\$8,056.77
Education Incentive	\$150.00	\$200.00	\$150.00	\$200.00	\$150.00	\$200.00	\$150.00	\$200.00
IAFF Local 3577								
Firefighter	\$7,356.96	\$7,724.08	\$7,356.96	\$7,724.08	\$7,577.67	\$7,955.80	\$7,805.00	\$8,194.48
Engineer	\$8,113.04	\$9,637.68	\$8,113.04	\$9,637.68	\$8,356.43	\$9,926.81	\$8,607.12	\$10,224.61
Captain	\$10,600.72	\$11,466.00	\$10,600.72	\$11,466.00	\$10,918.74	\$11,809.98	\$11,246.30	\$12,164.28
Admin Captain	\$11,025.04	\$11,924.64	\$11,649.00	\$12,600.00	\$11,998.00	\$12,978.00	\$12,358.00	\$13,367.00
Deputy Fire Marshal	N/A	N/A	\$11,649.00	\$12,600.00	\$11,998.00	\$12,978.00	\$12,358.00	\$13,367.00
Holiday Pay	\$363.84	\$567.00	\$727.68	\$1,134.00	\$749.52	\$1,168.08	\$771.84	\$1,203.12
Paramedic Incentive	\$231.72	\$772.41	\$231.72	\$772.41	\$238.67	\$795.58	\$245.83	\$819.45
Haz Mat Incentive	\$367.85	\$475.00	\$367.85	\$475.00	\$378.88	\$475.00	\$390.25	\$475.00
Education Incentive	N/A	N/A	\$150.00	\$200.00	\$150.00	\$200.00	\$150.00	\$200.00
Chief Officers								
Battalion Chief	\$13,185.12	\$13,989.04	\$13,185.12	\$13,989.04	\$13,580.67	\$14,408.71	\$13,988.09	\$14,840.97
Holiday Pay	\$652.01	\$691.77	\$1,304.02	\$1,383.53	\$1,343.14	\$1,425.04	\$1,383.44	\$1,467.79
Management Incentive	\$975.00	\$975.00	\$1,029.17	\$1,029.17	\$1,083.33	\$1,083.33	\$1,137.50	\$1,137.50
Fire Chief								
Fire Chief	\$16,604.00	\$17,617.00	\$17,387.00	\$18,447.00	\$17,908.00	\$19,000.00	\$18,446.00	\$19,570.00
Management Incentive	\$975.00	\$975.00	\$1,029.17	\$1,029.17	\$1,083.33	\$1,083.33	\$1,137.50	\$1,137.50
Time Base Hourly	1/1/2021		1/1/2022		1/1/2023	7/1/2023		
Paid Call Firefighter (PCF)	\$14.00		\$15.00		\$15.50	\$15.50		
Hydrant Maintenance	\$18.00		\$18.00		\$18.00	\$18.00		
Temporary Firefighter	\$30.32		\$30.32		\$30.32	\$31.23		

PASSED AND ADOPTED BY THE Board of Directors of the Scotts Valley Fire Protection District, County of Santa Cruz, State of California, at a regular meeting held on November 9, 2022, by the following vote:

AYES NOES ABSENT ABSTAIN

Director Robert Campbell
Director Edward Harmon
Director Joseph Parker
Director Russ Patterson
Director Daron Pisciotta

ATTEST:

Ron Whittle
Board Secretary

Russ Patterson
Board President

Scotts Valley Fire Protection District

September 14, 2022
Pehling, Zach

Dear Pehling, Zach:

This representation letter is provided in connection with your audit of the SVFPD as of June 30, 2022 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Scotts Valley Fire Protection District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 14, 2022:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement date September 14, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements summarized in the attached schedule⁸ and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes,⁷ and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have *no knowledge of any* fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have *no knowledge of any* allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We *are not aware of any pending or threatened* litigation, claims, and assessments whose effects should be considered when preparing the financial statements *and we have not consulted legal counsel concerning litigation, claims, or assessments.*
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

- *There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.*
- *Scotts Valley Fire Protection District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.*
- *We have disclosed to you all guarantees, whether written or oral, under which Scotts Valley Fire Protection District is contingently liable.*
- *We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.*
- *For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.*
- *We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.*
- *We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.*
- *There are no:*
 - *Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.*
 - *Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.*
 - *Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62*
 - *Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).*
- *Scotts Valley Fire Protection District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.*
- *We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.*
- *We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.*

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 14, 2022
Board of Directors
Scotts Valley, CA

Dear Scotts Valley Fire Protection District:

We have audited the financial statements of Scotts Valley Fire Protection District as of and for the year ended June 30, 2022, and have issued our report thereon dated September 14, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Scotts Valley Fire Protection District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices¹

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Scotts Valley Fire Protection District is included in Note 1 to the financial statements. As described in Note 9 to the financial statements, during the year, the entity changed its method of accounting for OPEB by adopting Governmental Accounting Standards Board (GASB) Statement No. 74/75. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the Statement of Activities.. No matters have come to our

attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Scotts Valley Fire Protection District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 14, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Scotts Valley Fire Protection District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Scotts Valley Fire Protection District's auditors.

Zach Pehling, CPA

COMMUNICATION TO ENTITY WITH NO MATERIAL WEAKNESSES

September 14, 2022
Scotts Valley Fire Protection District
Scotts Valley, CA

To Management and Board of Directors of Scotts Valley Fire Protection District:

In planning and performing our audit of the basic financial statements of Scotts Valley Fire Protection District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered Scotts Valley Fire Protection District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Scotts Valley Fire Protection District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.³

Zach Pehling, CPA

Scotts Valley Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2022



September 14, 2022

Scotts Valley Fire Protection District

Scotts Valley, CA

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Scotts Valley Fire Protection District as of and for the year-ended June 30, 2022, 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 Scotts Valley Fire Protection District as of June 30, 2022, 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.

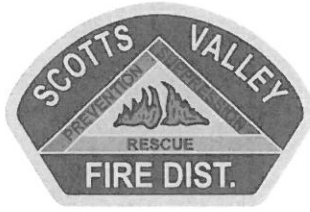
Zach Pehling, CPA

Scotts Valley Fire Protection District

**Audit Report
June 30, 2022**

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SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Ron Whittle
Fire Chief

October 28, 2022

The Scotts Valley Fire Protection District (District) provides fire protection services to approximately twenty-four square mile area of Santa Cruz County from the Santa Cruz city limits to Spanish Oaks and from Henry Cowell State Park to Glen Canyon/Vine Hill Roads and includes all of the City of Scotts Valley. The population of the District is approximately twenty thousand, including about eleven thousand within the city limits. The District is a separate government body, not part of the City of Scotts Valley, known as a California Special District and is governed by an elected board of five citizens. This section of the District's financial report presents our discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022.

Description of the Basic Financial Statements

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements consisting of government-wide financial statements, and fund financial statements (governmental and fiduciary); notes to the financial statements; and required supplementary information.

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

Government-wide financial statements are prepared on the modified accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position (Statement A) and Statement of Activities. The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term, of the District. The Statement of Activities reports all revenue and expenses during the year, regardless of when cash was received or paid.

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

Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position explains the differences between the two balance sheets. Reconciliation of the Statement Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities traces the change in fund balances to the change in net position.

Governmental Fiduciary financial statements for the Hazardous Materials Interagency Team are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Fiduciary Net Position and Statement of Activities and Changes in Fiduciary Net Position. The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the fund. The Statement of Activities reports all revenue and expenses of the fund during the year, regardless of when the cash is received or paid.

The Government-Wide and Governmental Funds financial statements show the results of the following funds:

General Fund - This fund is used to finance the operations of the District. Tax revenues are placed in the General Fund and regular operating expenses are charged here. Funds to be used for capital equipment, buildings and projects are transferred from the General Fund to the Capital Outlay Fund.

Capital Outlay/Zone A Fund - The Capital Outlay and Zone A Funds have been combined due to the County Auditor's Office advising the District that the current Zone A Budget account is only a Revenue Account and expenditures are not allowed to be taken from that Fund. The solution to rectify this, was to combine the Zone A and Capital Outlay Budgets into one, which allows for revenue to be received and expenditures to be paid from the same budget. This also reduces the number of budgets required to be managed by the District and County, from four to three.

The fiduciary fund financial statements show the results of the following:

Santa Cruz Hazardous Materials Interagency Team (SCHMIT) - The District reports the resources held and administered by the District in acting in a fiduciary capacity for other agencies involved in the Team. Operational funding is received through a memorandum of understanding with Santa Cruz County, UCSC, City of Scotts Valley, City of Capitola, City of Santa Cruz, City of Watsonville, and the California State Parks. Additional funding had been received from grants.

Financial Analysis of the District as a Whole

Net Position - The District's net change in net position was \$2,169,906 for the fiscal year ended June 30, 2022. The adoption of GASB 68 put the district in a negative net position with further negative net position from the adoption of GASB 74/75. The negative net position will not adversely effect the District as the positive fund balance will allow the District to continue to offer services to the public. Approximately 50 percent of the \$11,983,987 in assets, \$3,495,587 are invested in capital assets (net of accumulated depreciation and related debt).

Financial Analysis of the District's Funds

Governmental fund balances increased by \$1,156,185. The main reason for the difference between the \$2,169,906 increase in District net position and the \$1,156,185 increase in fund balances is timing differences in accounting for expenditures, principal payments made on long-term liabilities, and the difference in accounting for fixed asset purchases and depreciation.

Budgetary Highlights

General Fund revenue was 17.79% better than budgeted at \$1,460,960.67 mainly due to strike team reimbursement with tax revenue 0.59% better, at \$45,850.10.

Salaries and benefits were \$134,977.35 (1.75%) under budget. Services and supplies were \$366,374.33 (40%) under budget. This was due to the differences both favorable and unfavorable between budgeted and actual expenditures in the thirty separate accounts that make up this category.

Total General Fund expenditures were \$8,847,504 (7.59%) less than the amount budgeted, including contingency appropriation, which did not need to be used during the year.

Capital Outlay/Zone A expenditures were under budget by \$575,024.67 (95.01%).

Capital Assets

As of June 30, 2022, the District had invested \$7,033,336 in a broad range of capital assets including land, structures and improvements, equipment, and construction in progress.

Long-Term Liabilities

At June 30, 2022 the District had \$8,645,328 in long-term liabilities which consists of postemployment benefits obligation and the Net Pension Liability. In 2021, the District established the California Employers' Retiree Benefit Trust (CERBT) in an effort to reduce the Other Post-Employment Benefits (OPEB) Liability. The other postemployment benefits obligation is a result of the implementation of GASB 74/75. Detailed information can be found in Note 8 to the financial statements.

During the year ended June 30, 2011, the District paid off the CalPERS Side Fund Liability and obtained funding for the payment from Santa Cruz County Bank. On December 12, 2019, the outstanding Santa Cruz County Bank loan balance in the amount of \$1,596,620.40 was paid in full.

Economic Factors and Next Year's Budget

The District's main source of revenue is property tax. Estimates from the Santa Cruz County Auditor project a 4% growth in the secured property tax (real estate). The District has budgeted the 4% growth in the property tax elements for the General Fund and Capital Outlay/Zone A. Other non-tax elements of revenue are projected using past trends. There is potential for variances due to re-assessments of real property values and new construction within the District.

Total budgeted General Fund expenditures for fiscal year 2022/2023, is \$12,210,153, which includes reserve funds. Salaries and Benefits budget includes a 5% salary increase. All authorized positions are funded this year. The District's contribution to the CalPERS retirement program is 21.840% of payroll plus an annual Unfunded Accrued Liability payment of \$1,011,158 for the Classic Safety plan and 10.870% of payroll and plus an annual Unfunded Accrued Liability payment of \$23,956 for the Classic Miscellaneous plan. Classic Safety members contribute an additional 9% of salary to CalPERS for retirement and Classic Miscellaneous members contribute 7% of salary.

The employer rate for new CalPERS PEPRA safety employees hired after January 1, 2013, is 12.780% of payroll and an annual Unfunded Accrued Liability payment of \$885 and for PEPRA Miscellaneous employees 7.470% of payroll plus an annual Unfunded Accrued Liability payment of \$756.

This represents a budgeted amount of \$1,771,982, which is an increase of \$189,341 over 2021/2022 payable to CalPERS. In addition, \$150,000 is budgeted in the Contributions to Trust/Agency Fund to the California Employers' Pension Prefunding Trust (CEPPT). The CEPPT will allow the District to prefund future pension liability with a 4% 10 year expected rate of return.

Health insurance is budgeted for an increase effective January 1, 2023. Retiree health insurance is budgeted at \$89,056, an increase of \$4,385 over last year. In addition, \$155,000 is budgeted in the Contributions to Trust/Agency Fund to the California Employers' Other Retiree Benefits Trust (CERBT). The CERBT will allow the District to prefund Other Post-Employment Benefits (OPEB) for retiree healthcare with a 7.01% long-term expected rate of return.

Workers compensation insurance is \$378,692, an increase of \$15,843 over last year. The Services and Supplies budget is \$846,787, an increase of \$3,828 over last year.

The Contributions to Other Agencies are for the District's share of the LAFCO budget at \$8,668, a slight decrease over last year.

The beginning balance of the Capital Outlay/Zone A fund is \$1,657,465. A 4% increase in property tax revenue is estimated for this fiscal year. The Service and Supplies Budget is \$414,500, Fixed Assets for Fire Facilities upgrades and Equipment is \$1,471,000, Reserves in the amount of \$219,909 for future expenditures and \$200,000 for contingencies.

The beginning fund balance for the Santa Cruz Hazardous Materials Interagency Team (SCHMIT) is \$210,660. Services and supplies are to support the operating costs of the team in the amount of \$80,524, which includes a \$6,000, charge for management of the program. Additionally, \$16,000 is budgeted for fixed asset equipment. Personnel costs include \$20,000 for reimbursement to response agencies in the event of an activation and \$150,000, for differential costs for the response agencies, which accounts for 30 total members.

Contacting the Districts Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about these financial statements or need additional financial information, contact the District's Office at 7 Erba Lane, Scotts Valley, California 95066. Financial statements from previous fiscal years may be found on the District's website at www.scottsvalleyfire.com.

GOVERNMENT FUNDS FINANCIAL STATEMENTS

Scotts Valley Fire Protection District

**Balance Sheet
June 30, 2022**

	<u>General Fund</u>	<u>Capital</u>
<u>ASSETS</u>		
<u>Assets:</u>		
Cash	\$ 3,228,098	\$ 1,617,698
Accounts Receivable	-	-
Deposits & Prepaid Expenses	-	-
TOTAL ASSETS	3,228,098	1,617,698
<u>LIABILITIES, DEFERRED INFLOWS & FUND BALANCES</u>		
<u>Liabilities:</u>		
Accounts Payable	1,192	-
Accrued Payroll	81,441	-
TOTAL LIABILITIES	82,633	-
<u>Deferred Inflows</u>		
Unavailable Revenue	30,672	-
TOTAL DEFERRED INFLOWS	30,672	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	113,305	-
<u>Fund Balances:</u>		
Unassigned	3,114,693	-
Unspendable	100	-
Committed	-	1,617,698
Total Fund Balance	3,114,793	1,617,698
<u>TOTAL LIABILITIES & FUND BALANCE</u>	<u>\$ 3,228,098</u>	<u>\$ 1,617,698</u>

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

Scotts Valley Fire Protection District

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

<u>REVENUE</u>	<u>General Fund</u>	<u>Capital</u>
Tax Revenue	\$ 8,603,659	\$ 140,087
Charges for Service	939,297	-
Interest & Investment Earnings	7,400	5,940
License & Permits	51,754	-
Grants & Contributions	-	-
Change in Fair value of investments	(81,798)	(39,767)
Miscellaneous	5,042	2,250
TOTAL REVENUE	9,525,354	108,510
<u>EXPENDITURES</u>		
Capital Assets	-	-
Debt Service:		
Principle	-	-
Interest	-	-
Professional Fees	102,629	937
Salaries and Employee Benefits	7,888,964	-
Repairs and Maintenance	107,377	10,392
Insurance	47,903	-
Services, Supplies and Refunds	300,631	18,846
TOTAL EXPENDITURES	8,447,504	30,175
Excess (Deficit) Revenues over Expenditures	1,077,850	78,335
Transfer In/(Out)	(400,000)	400,000
<u>CHANGE IN FUND BALANCE</u>	677,850	478,335
<u>FUND BALANCE, BEGINNING OF YEAR</u>	2,436,943	1,139,363
<u>FUND BALANCE, END OF YEAR</u>	\$ 3,114,793	\$ 1,617,698

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Scotts Valley Fire Protection District

Statement of Net Position

June 30, 2022

<u>ASSETS</u>	<u>2022</u>
<u>Current Assets:</u>	
Cash	\$ 4,845,796
Accounts Receivable	-
Deposits & Prepaid Expenses	-
Total Current Assets	<u>4,845,796</u>
<u>Capital Assets:</u>	
Land	820,843
Buildings & Improvements	2,038,479
Firefighting Equipment	3,703,800
Construction in Progress	470,214
Less: Accumulated Depreciation	<u>(3,537,749)</u>
Total Capital Assets	<u>3,495,587</u>
TOTAL ASSETS	<u>8,341,383</u>
<u>DEFERRED OUTFLOW</u>	
GASB 75	189,069
GASB 68 Pension	<u>3,453,535</u>
TOTAL DEFERRED OUTFLOW	<u>3,642,604</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>11,983,987</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	1,192
Accrued Payroll Liabilities	81,441
Current Portion	-
Accrued Compensated Absences	<u>320,762</u>
Total Current Liabilities	<u>403,395</u>
<u>Long-term Liabilities:</u>	
OPEB	1,511,976
Note Payable	-
Net Pension Liability	<u>7,133,352</u>
Total Long-term Liabilities	<u>8,645,328</u>
TOTAL LIABILITIES	<u>9,048,723</u>
<u>DEFERRED INFLOWS</u>	
GASB 75	796,750
GASB 68 Pension	<u>5,279,725</u>
TOTAL DEFERRED INFLOWS	<u>6,076,475</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>15,125,198</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,495,587
Unrestricted	<u>(6,636,798)</u>
TOTAL NET POSITION	<u>\$ (3,141,211)</u>

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

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

	<u>June 30, 2022</u>
Total Fund Balances - Governmental Funds	\$ 4,732,491
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	7,033,335
Less: Accumulated Depreciation	(3,537,749)
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.	(320,762)
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:	3,642,604
Some Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds. This is comprised of GASB 68 Pension Inflows. Net Deferred Inflows at June 30 was:	(6,045,803)
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	<u>(8,645,327)</u>
Net Position	<u><u>\$ (3,141,211)</u></u>

The accompanying notes are an integral part of these financial statements

Scotts Valley Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2022

2022				
		<u>Operating Revenues</u>		
	Expenses	Charges for Services	Grants and Contributions	Excess of Revenues/(Expenses)
<u>Governmental Activities</u>				
Public Protection	\$ 7,231,399	\$ 939,297	\$ -	\$ (6,292,102)
Depreciation (Unallocated)	232,505	-	-	(232,505)
Total Governmental Activities				<u>(6,524,607)</u>
General Revenues:				
Tax Revenue				8,744,673
Interest & Investment Earnings				13,340
Change in Fair value of investments				(121,565)
License, Permits & Rents				51,754
Miscellaneous				6,311
Total General Revenues				<u>8,694,513</u>
NET CHANGE IN NET POSITION				<u>2,169,906</u>
NET POSITION, BEGINNING OF YEAR				<u>(5,311,117)</u>
NET POSITION, END OF YEAR				<u>\$ (3,141,211)</u>

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

SCOTT'S VALLEY 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, 2022</u>
Net Change in Fund Balances - Total Governmental Funds	<u>1,156,185</u>
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	-
Less: Current Year Depreciation Expense	(232,505)
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	(30,454)
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	1,102,626
In the Governmental Funds OPEB expenditures are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, OPEB expenditures are measured by the amounts expensed during the year	175,064
In the Governmental Funds compensated absences (sick pay and vacation) are measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities, compensated absences are measured by the amounts earned during the year	(1,010)
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. Principle payments made on long-term liabilities during the year consist of:	-
Change in Net Position of Governmental Activities	<u><u>\$ 2,169,906</u></u>

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS
SCHMIT

Scotts Valley Fire Protection District

Statement of Fiduciary Net Position

SCHMIT

June 30, 2022

<u>ASSETS</u>	<u>2022</u>
<u>Current Assets:</u>	
Cash	<u>\$ 210,660</u>
Total Current Assets	<u>210,660</u>
<u>Capital Assets:</u>	
Firefighting Equipment	500,389
Computer Equipment	948
Less: Accumulated Depreciation	<u>(447,211)</u>
Total Capital Assets	<u>54,126</u>
TOTAL ASSETS	<u>264,786</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>-</u>
 <u>NET POSITION</u>	
SCHMIT Fund	<u>264,786</u>
TOTAL NET POSITION	<u>\$ 264,786</u>

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

Scotts Valley Fire Protection District

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

	2022
<u>ADDITIONS</u>	<u>Fiduciary Fund</u>
Aid from other government agencies	\$ 209,772
Use of Money and Property (Interest)	<u>1,286</u>
TOTAL ADDITIONS	<u>211,058</u>
<u>DEDUCTIONS</u>	
Depreciation	19,464
Services, Supplies and Refunds	<u>168,262</u>
TOTAL DEDUCTIONS	<u>187,726</u>
<u>CHANGE IN NET POSITION</u>	<u>23,332</u>
<u>NET POSITION, BEGINNING OF YEAR</u>	<u>241,455</u>
<u>NET POSITION, END OF YEAR</u>	<u><u>\$ 264,787</u></u>

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

Scotts Valley Fire Protection District

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

Organization

The Scotts Valley Fire Protection District was organized July 17, 1956, under the authority of Section 56000 et. seq. of the California Government Code, in conformity with the Health and Safety Code, Sections 14001 et. seq. and was reorganized in September 1987 in conformity with the Health and Safety Code, Sections 13801 et. seq. The District provides fire protection for the City of Scotts Valley and vicinity.

The Special Fire Protection Zone A was organized December 22, 1969, in conformity with the Health and Safety Code, Sections 13991 et. seq. The boundaries of the fire zone fall totally within Scotts Valley Fire Protection District. By Resolution 2003-2 the funding derived from Zone A may be used for capital improvements, where a beneficial relationship to Zone A can be demonstrated as established during the annual budget hearings.

During the fiscal year ended June 30, 2002, the Santa Cruz Hazardous Materials Interagency Team (SCHMIT) was formed. The District has been appointed as the Program Manager for SCHMIT. As program manager, the District is acting as the fiscal agent. The District accounts for all receipts and disbursements for SCHMIT, a separate Fiduciary Fund of the District.

Accounting Records

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

Minutes

Minutes were recorded for meetings and contained approvals for disbursements.

Budgetary Procedure

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

Note 1 - Significant Accounting Policies

Accounting Principles

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

Basis of Accounting and Measurement Focus

The Budget of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures

Scotts Valley Fire Protection District

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

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.

Scotts Valley Fire Protection District

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

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 Santa Cruz Hazardous Materials Interagency Team (SCHMIT). Per definition, the resources held under this agreement are not available to support the District's own programs. Fiduciary Fund financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position.

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

Scotts Valley Fire Protection District

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

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

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

Scotts Valley Fire Protection District

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

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

Station and Improvements	15-40 years
Equipment	3-40 years
Mobile Equipment	10-20 years

[Inventory, Materials, and Supplies](#)

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

[Liability for Compensated Absences](#)

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

[District Special Expense](#)

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

[Unrealized Gains and Losses](#)

Governmental Accounting Standards Board (GASB) has established GASB-31 which requires public agencies to report the financial effect of all unrealized gains and losses on invested funds. As of June 30, 2022 the unrealized gains for Scotts Valley Fire Protection District were not considered to be material to the financial statements taken as a whole, and accordingly, has not been reflected in the financial statements.

[Deferred Outflows/Inflows of Resources](#)

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

[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

Scotts Valley Fire Protection District

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

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	
	Value	Fair Value
County Cash	\$ 4,967,261	\$ 4,845,697
Petty Cash	100	100
Total	<u>\$ 4,967,361</u>	<u>\$ 4,845,797</u>

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Santa Cruz's Investment Pool: The District maintains its cash in County of Santa Cruz's cash and investment pool which is managed by the Santa Cruz County Treasurer. The District's cash balances invested in the Santa Cruz County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Santa Cruz County does not invest in any derivative financial products. The Santa Cruz County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Santa Cruz County's cash and investment pool. The value of pool shares in Santa Cruz County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Scotts Valley Fire Protection District

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

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. As of June 30, 2020, the weighted average maturity of the investments contained in the County's investment pool was approximately 614 days.

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, 2020.

Note 3 –Accounts Receivable

On June 30, 2022, the District had \$0 in Accounts Receivable. No allowance for doubtful accounts had been recorded per historical collections

Note 4 – Capital Assets

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

Note 5 – Compensated Absences

On June 30, 2022, the liability for compensated absences was \$320,762.

Scotts Valley Fire Protection District

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

Note 6 - Changes in Long-term debt

A summary of long-term debt transactions of Scotts Valley Fire Protection District for the year ended June 30, 2022 is as follows:

	Balance July 1, 2020	Reductions/ Additions	Reductions/ Additions	Balance June 30, 2021
Accumulated Unpaid Compensated Absences	\$ 319,752	\$ 1,010	\$ -	\$ 320,762
Net Other Post Employment Benefits Obligation	\$ 1,643,317	\$ -	\$ 131,341	\$ 1,511,976
CalPERs UAL	\$ 12,472,793	\$ -	\$ 5,339,441	\$ 7,133,352

Note 7 - Public Employees' retirement Plan:

Plan Description

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

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Scotts Valley Fire Protection District. The Scotts Valley Fire Protection District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRa Miscellaneous plan (PEPRa Misc.). The Scotts Valley Fire Protection District's employer rate plans in the safety risk pool include the Safety plan (Safety) and the PEPRa Safety Fire plan (PEPRa Fire).

Benefits Provided

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRa Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRa Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

Scotts Valley Fire Protection District

**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
Employer Rate Plans in the Miscellaneous Risk Pool**

Employer rate plan	Miscellaneous	PEPRA Misc.
	Prior to January 01, 2013	On or after January 01, 2013
Hire Date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as of % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%

Employer Rate Plans in the Safety Risk Pool

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Scotts Valley Fire Protection District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Scotts Valley Fire Protection District

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

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

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

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2016. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Scotts Valley Fire Protection District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Scotts Valley Fire Protection District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Scotts Valley Fire Protection District's proportionate share of the net pension liability as of June 30, 2020, the measurement date, was calculated as follows:

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

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

Scotts Valley Fire Protection District

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

Ending Balances - Net Pension Liability & Deferred Outflows/Deferred Inflows of Resources Related to Pensions - 6/30/2022 Reporting Date:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	-	-
Differences between Expected and Actual Experience	1,212,701	-
Differences between Projected and Actual Investment Earnings	-	4,274,226
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,005,500
Change in Employer's Proportion	630,174	-
Pension Contributions Made Subsequent to Measurement Date	<u>1,610,660</u>	<u>-</u>
	<u>3,453,535</u>	<u>5,279,725</u>
Net Pension Liability as of 6/30/2022	<u>7,133,352</u>	

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

Scotts Valley Fire Protection District

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

Pension Expense as of June 30, 2022 510,036

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

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous	102,644
Safety	<u>7,030,709</u>
Total	7,133,352

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2021	0.00509%	0.18399%	0.11464%
Proportion - June 30, 2022	<u>0.00541%</u>	<u>0.20033%</u>	<u>0.13190%</u>
Change - Increase/(Decrease)	0.00032%	0.01634%	0.01726%

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

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

<u>Fiscal Year Ending June 30:</u>	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
2023	\$ (23,448)	\$ (598,913)	\$ (622,361)
2024	(25,957)	(696,902)	(722,859)
2025	(26,410)	(888,909)	(915,320)
2026	(24,762)	(1,151,550)	(1,176,312)
2027	-	-	-
Thereafter	-	-	-
	<u>(100,577)</u>	<u>(3,336,274)</u>	<u>\$ (3,436,851)</u>

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

	<u>Discount Rate -1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate +1% 8.15%</u>
Employer's Net Pension Liability/(Asset) - Miscellaneous	232,596	102,644	(4,786)
Employer's Net Pension Liability/(Asset) - Safety	<u>13,697,127</u>	<u>7,030,709</u>	<u>1,555,069</u>
Employer's Net Pension Liability/(Asset) - Total	13,929,723	7,133,352	1,550,283

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Scotts Valley Fire Protection District

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

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations*, that can be obtained from the CalPERS website.

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

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

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

Scotts Valley Fire Protection District

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

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**Notes to Schedule of Employer Allocations for Components of Net Pension Liability
and Schedule of Collective Pension Amounts
As of and for the Year Ended June 30, 2021**

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

<i>Asset class¹</i>	<i>Assumed Asset Allocation</i>	<i>Real Return Years 10 -^{2,4}</i>	<i>Real Return Years 11 +^{3,4}</i>
Public equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	-	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

¹ In the System's Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

⁴ Figures are based on previous ALM of 2017

Scotts Valley Fire Protection District

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

SCHEDULE OF THE SCOTTS VALLEY FIRE PROTECTION DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LAST TEN YEARS*

SAFETY	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.200330%	0.183990%	0.177280%	0.172620%	0.100686%	0.100810%	0.095210%
Proportionate share of the net pension liability	\$ 7,030,709	\$ 12,258,129	\$ 11,066,890	\$ 10,128,398	\$ 9,985,259	\$ 8,723,472	\$ 6,535,150
Covered - employee payroll - measurement period	\$ 3,212,073	\$ 3,237,215	\$ 3,123,389	\$ 3,089,191	\$ 3,018,958	\$ 2,999,215	\$ 2,844,227
Proportionate share of the net pension liability as a percentage of covered payroll	218.88%	378.66%	354.32%	327.87%	330.75%	290.86%	229.77%
Plan fiduciary net position as a percentage of the total pension liability	85.80%	74.14%	74.95%	75.47%	74.70%	75.36%	80.72%
Contractually required contribution (actuarially determined)	\$ 1,522,718	\$ 1,368,411	\$ 1,202,912	\$ 1,020,979	\$ 923,886	\$ 851,899	\$ 726,938
Contributions in relation to the actuarially determined contributions	\$ 1,522,718	\$ 1,409,318	\$ 1,202,912	\$ 1,020,979	\$ 923,886	\$ 851,899	\$ 726,938
Contribution deficiency (excess)	\$ -	\$ (40,907)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	3,252,990.64	3,212,073.00	\$ 3,237,215	\$ 3,123,389	\$ 3,089,191	\$ 3,018,958	\$ 2,999,215
Contributions as a percentage of covered - employee payroll	46.81%	42.60%	37.16%	32.69%	29.91%	28.22%	24.24%
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
Misc.	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.005410%	0.005090%	0.004950%	0.004850%	0.004620%	0.004600%	0.004611%
Proportionate share of the net pension liability	\$ 102,644	\$ 214,664	\$ 198,412	\$ 182,742	\$ 188,159	\$ 161,983	\$ 123,372
Covered - employee payroll - measurement period	\$ 161,573	\$ 158,405	\$ 154,625	\$ 171,988	\$ 138,063	\$ 107,963	\$ 99,863
Proportionate share of the net pension liability as a percentage of covered payroll	63.53%	135.52%	128.32%	106.25%	136.28%	150.04%	123.54%
Plan fiduciary net position as a percentage of the total pension liability	89.57%	76.75%	77.25%	76.69%	74.57%	75.54%	79.75%
Contractually required contribution (actuarially determined)	\$ 41,361	\$ 36,294	\$ 30,992	\$ 29,320	\$ 19,103	\$ 16,335	\$ 13,592
Contributions in relation to the actuarially determined contributions	\$ 41,361	\$ 36,294	\$ 30,992	\$ 29,320	\$ 19,103	\$ 16,335	\$ 13,592
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - fiscal year	\$ 164,805	\$ 161,573	\$ 158,405	\$ 154,625	\$ 171,988	\$ 138,063	\$ 107,963
Contributions as a percentage of covered - employee payroll	25.10%	22.46%	19.57%	18.96%	11.11%	11.83%	12.59%

Notes to Schedule:

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

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

Note 8 – Post Retirement Benefits:

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

Scotts Valley Fire Protection District

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

Plan Description

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

Current Accounting and Funding Policy of the Plan

The District had previously financed the plan on a pay-as-you-go basis and the expenditures for post-retirement benefits other than pension benefits are recognized as payments are made. During the year ended June 30, 2022, expenditures of approximately \$70,605 were paid for post-employment benefits other than pension benefit. During the fiscal-year the District setup a trust to pay for OPEB benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. The actuarial assumptions included (a) Demographic assumptions affected by mortality, turnover, disability, and retirement based on the June 30, 2017 valuation.

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

Scotts Valley Fire Protection District

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

APPENDIX C: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

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

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

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

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

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Currently Receiving Benefit Payments	14
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments*	0
Participating Active Employees	29
Total Number of participants	43

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

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

Shown in Part III.

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

The following information is intended to assist Scotts Valley Fire Protection District in complying with the requirements of Paragraph 52.

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

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

Scotts Valley Fire Protection District

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

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

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

Retirement Tables

Retirement Table	2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0%@55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Retirement Table	2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.0%@62 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Retirement Table	2017 CalPERS 2.7%@57 Rates for Fire Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 2.7%@57 Rates for Fire Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.
Retirement Table	2017 CalPERS 3.0%@55 Rates for Fire Employees
Disclosure	The retirement assumptions are based on the 2017 CalPERS 3.0%@55 Rates for Fire Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Scotts Valley Fire Protection District

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

Turnover Tables

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

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

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

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

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

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$1,337,082	\$1,511,976	\$1,726,299

Scotts Valley Fire Protection District

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

G. Additional Reconciliation of GASB 75 Results

The following table shows the reconciliation of the June 30, 2021 Net OPEB Liability (NOL) in the prior valuation to the June 30, 2022 NOL. For some plans, it will provide additional detail and transparency beyond that shown in the table on Page 2.

	<i>IOL</i>	<i>FNP</i>	<i>NOL</i>
Balance at June 30, 2021	\$2,003,326	\$360,009	\$1,643,317
Service Cost	\$47,071	\$0	\$47,071
Interest on Total OPEB Liability	\$123,924	\$0	\$123,924
Expected Investment Income	\$0	\$27,332	(\$27,332)
Administrative Expenses	\$0	(\$402)	\$402
Employee Contributions	\$0	\$0	\$0
Employer Contributions to Trust	\$0	\$155,000	(\$155,000)
Employer Contributions as Benefit Payments	\$0	\$88,140	(\$88,140)
Benefit Payments from Trust	\$0	\$0	\$0
Expected Benefit Payments from Employer	(\$88,140)	(\$88,140)	\$0
Expected Balance at June 30, 2022	\$2,086,181	\$541,939	\$1,544,242
Experience (Gains)/Losses	(\$126,563)	\$0	(\$126,563)
Changes in Assumptions	\$0	\$0	\$0
Changes in Benefit Terms	\$0	\$0	\$0
Investment Gains/(Losses)	\$0	(\$94,297)	\$94,297
Other	\$0	\$0	\$0
Net Change during 2022	(\$43,708)	\$87,633	(\$131,341)
Actual Balance at June 30, 2022*	\$1,959,618	\$447,642	\$1,511,976

* May include a slight rounding error.

Changes in the NOL arising from certain sources are recognized on a deferred basis. The deferral history for Scotts Valley Fire Protection District is shown beginning on page 25. The following table summarizes the beginning and ending balances for each deferral item. The current year expense reflects the change in deferral balances for the measurement year.

Deferred Inflow/Outflow Balances Fiscal Year Ending June 30, 2022

	<i>Beginning Balance</i>	<i>Change Due to New Deferrals</i>	<i>Change Due to Recognition</i>	<i>Ending Balance</i>
Experience (Gains)/Losses	(\$73,095)	(\$126,563)	\$18,692	(\$180,966)
Assumption Changes	(\$579,373)	\$0	\$76,424	(\$502,949)
Investment (Gains)/Losses	\$1,064	\$94,297	(\$19,127)	\$76,234
Deferred Balances	(\$651,404)	(\$32,266)	\$75,989	(\$607,681)

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

OPEB Expense Fiscal Year Ending June 30, 2022

	<i>Beginning Net Position</i>	<i>Ending Net Position</i>	<i>Change</i>
Net OPEB Liability (NOL)	\$1,643,317	\$1,511,976	(\$131,341)
Deferred Balances	(\$651,404)	(\$607,681)	\$43,723
Net Position	\$2,294,721	\$2,119,657	(\$175,064)
Adjust Out Employer Contributions			\$243,140
OPEB Expense			\$68,076

Scotts Valley Fire Protection District

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

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 predicated on the decision of CSAC-EIA to restructure their bylaws and JPA agreements, discontinuing the operation of CPEIA member granted automatic approval of inclusion into both the Primary and Excess EIA workers' compensation programs beginning with the July 1, 2007 policy renewals. The relationship between the Group and CSAC-EIA ("the JPA") is such that CSAC-EIA is not a component unit of the Group for reporting purposes.

CSAC-EIA is a joint powers agency (JPA formed pursuant to Section 6500 et seq. of the California Government Code. Members are assessed a contribution for each program in which they participate. Members may be subject to additional supplemental assessments if it is determined that the contributions are insufficient. Members may withdraw from the CSAC-EIA only at the end of a policy period and only if a sixty day written advance 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%.

Property and Liability Insurance coverage as of June 30, 2022 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

Scotts Valley Fire Protection District

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

<u>Emergency Services</u>	<u>Deductible</u>	<u>Limits</u>
Commandeered and Impounded Property		Larger of Actual Value or Liability
Scheduled Equipment Floater:	\$250	Guaranteed Replacement Cost (Unlimited)
Miscellaneous Portable Equipment		\$250,000
Public Employee Dishonesty/Fidelity Bond		\$1,000,000
Employee Benefits Liability		Agreed Value or ACV
Automobile Comprehensive	\$250/1,000	Agreed Value or ACV
Automobile Collision	\$250/1,000	
<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, 2022 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **September 14, 2022**, the date the financial statements became available to be issued. The entity has not evaluated subsequent events after **September 14, 2022**.

Scotts Valley Fire Protection District

Supplemental Information

June 30, 2022

Scotts Valley Fire Protection District

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

<u>REVENUE</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tax Revenue	\$ 7,951,456	\$ 8,603,659	\$ 652,203
Charges for Service	238,194	939,297	701,103
Interest & Investment Earnings	3,000	7,400	4,400
Change in Fair value of investments	-	(81,798)	(81,798)
License & Permits	16,200	51,754	35,554
Grants & Contributions	-	-	-
Miscellaneous	2,500	5,042	2,542
TOTAL REVENUE	8,211,350	9,525,354	1,314,004
<u>EXPENDITURES</u>			
Capital Assets	-	-	-
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Professional Fees	234,600	102,629	131,971
Salaries and Employee Benefits	8,026,642	7,888,965	137,677
Repairs and Maintenance	181,012	107,377	73,635
Insurance	52,709	47,903	4,806
Services, Supplies and Refunds	678,893	300,631	378,262
TOTAL EXPENDITURES	9,173,856	8,447,504	726,352
Excess (Deficit) Revenues over Expenditures	(962,506)	1,077,850	
Transfer In/(Out)	(400,000)	(400,000)	
<u>CHANGE IN FUND BALANCE</u>	<u>(1,362,506)</u>	<u>677,850</u>	
<u>FUND BALANCE, BEGINNING OF YEAR</u>		<u>2,436,943</u>	
<u>FUND BALANCE, END OF YEAR</u>		<u>\$ 3,114,793</u>	

Scotts Valley Fire Protection District

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

<u>REVENUE</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tax Revenue	\$ 137,989	\$ 140,088	\$ 2,099
Charges for Service	-	-	-
Interest & Investment Earnings	8,000	5,940	(2,060)
Change in Fair value of investments	-	(39,767)	(39,767)
License & Permits	-	-	-
Grants & Contributions	-	-	-
Miscellaneous	-	2,250	2,250
TOTAL REVENUE	145,989	108,511	(37,478)
<u>EXPENDITURES</u>			
Capital Assets	335,000	-	335,000
Debt Service:			
Principle	-	-	-
Interest	-	-	-
Professional Fees	17,000	937	16,063
Salaries and Employee Benefits	-	-	-
Repairs and Maintenance	75,000	10,392	64,608
Insurance	-	-	-
Services, Supplies and Refunds	178,200	18,846	159,354
TOTAL EXPENDITURES	605,200	30,176	575,024
Excess (Deficit) Revenues over Expenditures	(459,211)	78,335	
Transfer In/(Out)	400,000	400,000	
<u>CHANGE IN FUND BALANCE</u>	(59,211)	478,335	
<u>FUND BALANCE, BEGINNING OF YEAR</u>		1,139,363	
<u>FUND BALANCE, END OF YEAR</u>		\$ 1,617,698	

Scotts Valley Fire Protection District

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

<u>Additions</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Tax Revenue	\$ -	\$ -	\$ -
Charges for Service	-	-	-
Interest & Investment Earnings	400	1,286	886
License & Permits	-	-	-
Aid from other government agencies	315,572	209,772	(105,800)
Miscellaneous	-	-	-
TOTAL ADDITIONS	315,972	211,058	(104,914)
<u>Deductions</u>			
Depreciation	-	19,464	(19,464)
Professional Fees	7,200	7,200	-
Salaries and Employee Benefits	-	-	-
Repairs and Maintenance	25,580	7,972	17,608
Insurance	2,555	2,200	355
Services, Supplies and Refunds	218,360	150,890	67,470
TOTAL DEDUCTIONS	253,695	187,726	65,969
<u>CHANGE IN NET POSITION</u>		23,332	
<u>NET POSITION, BEGINNING OF YEAR</u>		241,455	
<u>NET POSITION, END OF YEAR</u>		\$ 264,787	



Ron Whittle
Fire Chief

SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Date: November 9, 2022
To: Board of Directors
From: Chief Whittle
Subject: Fire Chief Recruitment

Recommendation

Authorize the Chief to publish a Request for Proposal for executive recruitment services to fill the Fire Chief's position.

Discussion

With the upcoming retirement of the current Fire Chief on December 30, 2022, the Board of Directors has a need to fill this position. The Board initially elected to fill the position from within the organization. After meetings and discussions with the qualified internal candidates, and learning that there was no interest from within, the Board must expand their search to include outside candidates that meet the minimum qualifications.

I have attached a draft memo to Executive Recruiting Firms with the potential services and coordination for the recruitment of a Fire Chief.

This discussion may be moved to Closed Session per Government Code §54957.(b)(1).

Board of Directors

Robert Campbell Edward Harmon Joe Parker Russ Patterson Daron Pisciotta



Ron Whittle
Fire Chief

SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Date: November 9, 2022

To: Executive Recruiting Firms

From: Ron Whittle, Fire Chief

Subject: Recruitment of Fire Chief

The Scotts Valley Fire Protection District is seeking proposals from firms to provide full recruitment services for the position of Fire Chief. It is the District's intent to contract with a firm that can provide the following services and coordination:

- Develop a comprehensive position profile through consultation with members of the Board of Directors and District Employees.
- Review current compensation/benefits and recommend changes based on market conditions.
- Develop a recruitment flyer for the position.
- Handle all outreach communications to identify candidates.
- Search for and identify candidates.
- Screen applicants.
- Prepare a search report that recommends the top group of candidates and provides detailed information about backgrounds and experience.
- Develop materials for the interview processes.
- Arrange and manage interview panel(s) at the SVFPD.
- Review final candidates' references and conduct full background investigation.

Background

The Scotts Valley Fire Protection District serves a population of about 20,000 over a 22 square mile area including the City of Scotts Valley and surrounding unincorporated areas. The Fire Chief reports directly to a five member elected Board of Directors which governs the District. There are 28 full-time employees and 10 Paid Call Firefighters that staff two fire stations. The District has a mix of residential, commercial and light industry in an "urban forest" setting with a majority of the area as wildland urban intermix. The Santa Cruz Hazardous Materials Interagency Team is a regional hazardous materials

Board of Directors

Robert Campbell Edward Harmon Joe Parker Russ Patterson Daron Pisciotta

response team that is hosted by the District. Program management is provided by the Fire Chief and three shift Battalion Chiefs. 911 and dispatch services are provided cooperatively through the Santa Cruz Regional 911 center. Reporting to the District's Board of Directors, the Fire Chief directs, leads, manages and oversees all activities and operations of the Fire District. Additional information regarding the Fire District can be found at www.scottsvalleyfire.com.

Position Summary

This is the key executive management position for the SVFPD, and therefore the District is seeking a professional executive recruiter to source excellent candidates with outstanding experienced in fire suppression and prevention operations as well as a strong background in administrative operations.

Proposal Content

A cover letter introducing your firm and summarizing your approach to accomplishing the executive recruitment for the Fire Chief. This section shall include the length of time for which the proposal is effective (minimum of 60 days).

A work program that provides a detailed plan for the services provided. Identify all tasks and work products for the services and coordination outlined on the first page of this memo.

The proposal shall include a preliminary project schedule that identifies milestones and completion dates by task from the beginning through the approval of a final candidate by the SVFPD Board of Directors.

The proposal shall provide a proposed budget as a not-to-exceed figure with all overhead and expensed included. Terms of payment shall also be specified.

The proposal shall include a description of the firm, all sub-consultant firms and qualifications for providing professional consulting services. Include descriptions of similar projects undertaken within the last five years, including any experience with recruitments of Fire Chiefs for Fire Districts.

Selection Process

Firms interested in being considered shall submit one (non-bounded) printed copy and one electronic copy (as an emailed pdf) of your proposal at your earliest convenience but no later than 4 p.m. on Thursday, December 8, 2022 to:

Ron Whittle, Fire Chief (rwhittle@scottsvalleyfire.com)
Scotts Valley Fire Protection District
7 Erba Lane
Scotts Valley, CA 95066

If you have any questions during the preparation of your proposal, please contact me directly at 831-438-0211 or rwhittle@scottsvalleyfire.com

Bob Murray & Associates
1544 Eureka Rd, Suite 280
Roseville, CA 95661
www.bobmurrayassoc.com
apply@bobmurrayassoc.com
916-784-9080

Alliance Resource Consulting LLC
1 Centerpointe Drive, Suite 440
La Palma, CA 90623
www.allianceRC.com
info@alliancerc.com
562-901-0769

William Avery & Associates
16 Lyndon Ave., Suite 200
Los Gatos, CA 95030
www.averyassoc.net
408-399-4424

Ralph Anderson & Associates
5800 Stanford Ranch Rd, Suite 410
Rocklin, CA 95765
www.RalphAndersen.com
916-630-4900

Peckham & McKenney Executive Search
300 Harding Blvd, Suite 203-D
Roseville, CA 95678
www.peckhamandmckenney.com
866-912-1919

Prothman Company)
371 NE Gilman Blvd., Suite 310
Issaquah, WA 98027
www.prothman.com
info@prothman.com
206-368-0050

Teri Black & Company, LLC
25500 Hawthorne Blvd., Suite 1158
Torrance, CA 90505
www.tbrecruiting.com
424-296-3111

WBCP Inc.
Wendi Brown, President
360 Riverside Ave
P.O. Box 909
Gold Hill, Or 97525
www.wbcpinc.com
wendi@wbcpinc.com

Board of Directors

Robert Campbell Edward Harmon Joe Parker Russ Patterson Daron Pisciotta

This agreement is an amendment to the Fire Chief Employment Contract approved by the Board of Directors on October 14, 2020. This agreement is part of a joint effort by the Chief Officers group and the Fire Chief to establish a California Government Voluntary Employee Benefit Association plan, in which all Chief Officers have agreed to participate.

3. COMPENSATION AND BENEFITS

(h) Medical Insurance After Retirement

- (v) The **District** agrees to participate in the California Government Voluntary Employee Benefit Association (CALGOVEBA) plan, which is intended to assist employees with planning for retirement health care expenses. All employees who are members of a bargaining unit are eligible to participate in the VEBA. Chief Officer's participation in the VEBA is mandatory and irrevocable.
- (vi) All payments made to the VEBA on employee's behalf shall be irrevocably paid to the California Government Voluntary Employee Benefit Association 501(c)(9) Trust. BAA Capital Advisors Inc. is the Trust Administrator.
- (vii) The Chief Officers agree to indemnify and hold the District harmless against any claims, lawsuits, demands, penalties, or liability of any kind whatsoever that may arise against the District from the employee's participation in the VEBA, including taxes and liabilities relating to the VEBA's exempt status as a 501(c)(9) trust.
- (viii) The Chief Officers may form sub-groups based on hire date. These sub-groups can be added, deleted, or changed annually by the Chief Officers. Every calendar year, the Chief Officers shall submit notification to the District defining sub-groups. Each group will establish their respective payroll contributions and percentage of their vacation and sick leave balance to VEBA at retirement.

Russ Patterson
Board President
Scotts Valley Fire Protection District

Date

Ron Whittle
Fire Chief

Date

Daron Pisciotta
Vice President
Scotts Valley Fire Protection District

Date

This agreement is an amendment to the Chief Officers MOU dated July 1, 2021 to June 30, 2025. This agreement is part of a joint effort by the Chief Officers group and the Fire Chief to establish a California Government Voluntary Employee Benefit Association plan, in which all Chief Officers have agreed to participate.

Article IX BENEFITS

Section 9.01 Healthcare

(b) Post Employment Health

- (v) The **District** agrees to participate in the California Government Voluntary Employee Benefit Association (CALGOVEBA) plan, which is intended to assist employees with planning for retirement health care expenses. All employees who are members of a bargaining unit are eligible to participate in the VEBA. Chief Officer's participation in the VEBA is mandatory and irrevocable.
- (vi) All payments made to the VEBA on employee's behalf shall be irrevocably paid to the California Government Voluntary Employee Benefit Association 501(c)(9) Trust. BAA Capital Advisors Inc. is the Trust Administrator.
- (vii) The Chief Officers agree to indemnify and hold the District harmless against any claims, lawsuits, demands, penalties, or liability of any kind whatsoever that may arise against the District from the employee's participation in the VEBA, including taxes and liabilities relating to the VEBA's exempt status as a 501(c)(9) trust.
- (viii) The Chief Officers may form sub-groups based on hire date. These sub-groups can be added, deleted, or changed annually by the Chief Officers. Every calendar year, the Chief Officers shall submit notification to the District defining sub-groups. Each group will establish their respective payroll contributions and percentage of their vacation and sick leave balance to VEBA at retirement.

Russ Patterson
Board President
Scotts Valley Fire Protection District

Date

Chris Stubendorff
Battalion Chief

Date

Daron Pisciotta
Vice President
Scotts Valley Fire Protection District

Date

Andrew LoFranco
Battalion Chief

Date

Jeff Mc Neil
Battalion Chief

Date



SCOTTS VALLEY FIRE PROTECTION DISTRICT

7 Erba Lane, Scotts Valley, California 95066 (831) 438-0211 Fax (831) 438-0383

Date: November 9, 2022
To: Board of Directors
From: Chief Whittle
Subject: October Administrative Report

Administration

Admin staff attended an AFSS online Microsoft Excel training class.

Admin Walton and BC Stubendorff attended the City of SV training for the technology upgrades to the City Council Chambers.

Admin staff has been working on finalizing the Financial Audit, Open Enrollment and the PCF Hiring.

Admin Bridges had 1 car seat installation / inspection.

Operations:

Station 1 Generator receive general maintenance and service with no issues noted.

Station 1 Captains office and living room carpet pulled and floors cleaned by the on duty crews. All remaining carpet at Station 1 steam cleaned by the crews.

Station 1 had a roof leak at the rear wall of the app bays. We had the roof inspected but have been unable to detect the location of the leak. BC McNeil is working with the roofing contractor on a solution.

E2538 In cab axillary pump switch replaced and repaired.

EMS:

Eng/PM Nehf taught a CPR class at SV high school for District teachers and admin.

Training:

Captain Cortes, Eng Post, and Eng Pedemonte attended a 2-day FDAC Leadership Symposium in Sacramento.

FF/PM Patrick Shaughnessy obtained his DMV Firefighter endorsement / licensure for operating the apparatus.

FF/PM Jared Vandiver has successfully completed his 24 month probation.

SCHMIT quarterly haz mat training was held at Zayante Fire. RW Jones contracted to provide CSTI certified HAZMAT training.

Board of Directors
Robert Campbell Edward Harmon Joseph Parker Russ Patterson Daron Pisciotta

Engine companies completed our annual Public Education for K-2nd grade students at Vine Hill, Baymonte, and Brook Knoll schools.

County Block training topic was Special Operations / Rope Rescue. Crews were introduced to the latest rope rescue equipment, the Aztek pre-rigged mechanical advantage and the Vortex tripod. Training was held at Watsonville Fire Station 2 tower. Crews trained on high angle and vertical rope rescue.

Prevention:

Deputy Fire Marshal Collins completed 10 annual inspections/re-inspections.

Erin completed 28 construction inspections and 7 misc. inspections including defensible space, complaints and special events.

DFM Collins also completed 6 in-house plan reviews.

Met with both engine companies for a building tour at 100 Enterprise Way.

Erin is looking at construction sites & vacant buildings for training opportunities for crews.

Erin added all current construction plan submittals, permits and fees into Streamline.

Chief Whittle and DFM Collins met with the property representative and facilities manager for 100 Enterprise Way to discuss the possibility of installing an Emergency Responder Radio Coverage System (ERRCS) throughout the building. Due to the cost, the owners are unable to go forward with this. The district can require an ERRCS to be installed during future tenant improvements.

The fire code adoption is anticipated to be complete and effective January 6, 2023 due to the dates the ordinance will be going to the County Board of Supervisors.

Chief Report

I met with retired Division Chief Mike Phinn, currently working with Fire Safe Council, regarding possible Fire Wise communities and projects. We will be working with the Fire Safe Council and residents of the Weston Rd area in the spring to focus on vegetation management projects in their neighborhood.

The Santa Cruz Occupational Medical Center, whom we contract with for medical physicals and provide work comp services has sold to Agile Occupational Medicine. I met with representatives of the new provider and we'll working closely with them to improve the services provided.

I attended the annual State of the City event held at the new Performing Arts Center. The event featured presentations by the Mayor and City Manager, as well as the Fire District, Water District and School District leaders.

SCO has been providing duty chief coverage for Branciforte Fire District while Interim Chief Lackey is out of town.

Scotts Valley Fire Protection District

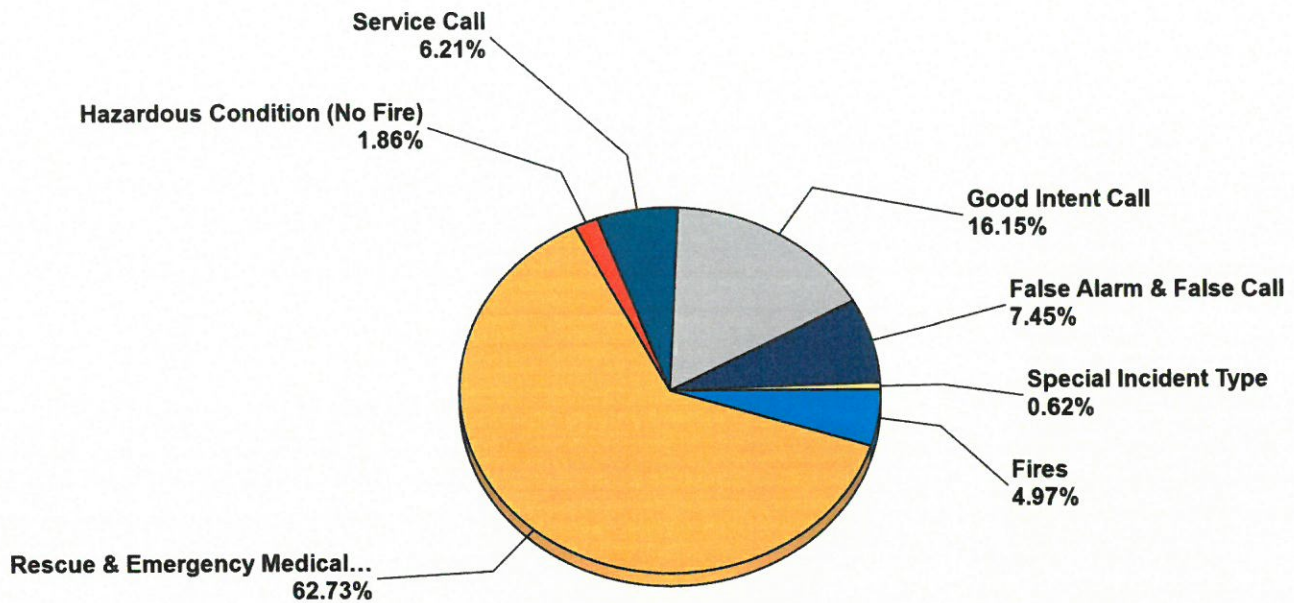
Scotts Valley, CA

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Breakdown by Major Incident Types for Date Range

Zone(s): All Zones | Start Date: 10/01/2022 | End Date: 10/31/2022



MAJOR INCIDENT TYPE	# INCIDENTS	% of TOTAL
Fires	8	4.97%
Rescue & Emergency Medical Service	101	62.73%
Hazardous Condition (No Fire)	3	1.86%
Service Call	10	6.21%
Good Intent Call	26	16.15%
False Alarm & False Call	12	7.45%
Special Incident Type	1	0.62%
TOTAL	161	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Detailed Breakdown by Incident Type

INCIDENT TYPE	# INCIDENTS	% of TOTAL
100 - Fire, other	1	0.62%
118 - Trash or rubbish fire, contained	1	0.62%
131 - Passenger vehicle fire	4	2.48%
132 - Road freight or transport vehicle fire	1	0.62%
150 - Outside rubbish fire, other	1	0.62%
320 - Emergency medical service, other	2	1.24%
321 - EMS call, excluding vehicle accident with injury	92	57.14%
322 - Motor vehicle accident with injuries	5	3.11%
324 - Motor vehicle accident with no injuries.	2	1.24%
400 - Hazardous condition, other	1	0.62%
412 - Gas leak (natural gas or LPG)	1	0.62%
413 - Oil or other combustible liquid spill	1	0.62%
511 - Lock-out	1	0.62%
521 - Water evacuation	1	0.62%
550 - Public service assistance, other	4	2.48%
553 - Public service	2	1.24%
554 - Assist invalid	2	1.24%
600 - Good intent call, other	1	0.62%
611 - Dispatched & cancelled en route	17	10.56%
622 - No incident found on arrival at dispatch address	5	3.11%
651 - Smoke scare, odor of smoke	2	1.24%
652 - Steam, vapor, fog or dust thought to be smoke	1	0.62%
700 - False alarm or false call, other	3	1.86%
730 - System malfunction, other	1	0.62%
733 - Smoke detector activation due to malfunction	2	1.24%
735 - Alarm system sounded due to malfunction	1	0.62%
736 - CO detector activation due to malfunction	2	1.24%
741 - Sprinkler activation, no fire - unintentional	1	0.62%
744 - Detector activation, no fire - unintentional	1	0.62%
746 - Carbon monoxide detector activation, no CO	1	0.62%
900 - Special type of incident, other	1	0.62%
TOTAL INCIDENTS:	161	100%

Only REVIEWED and/or LOCKED IMPORTED incidents are included. Summary results for a major incident type are not displayed if the count is zero.

Scotts Valley Fire Protection District

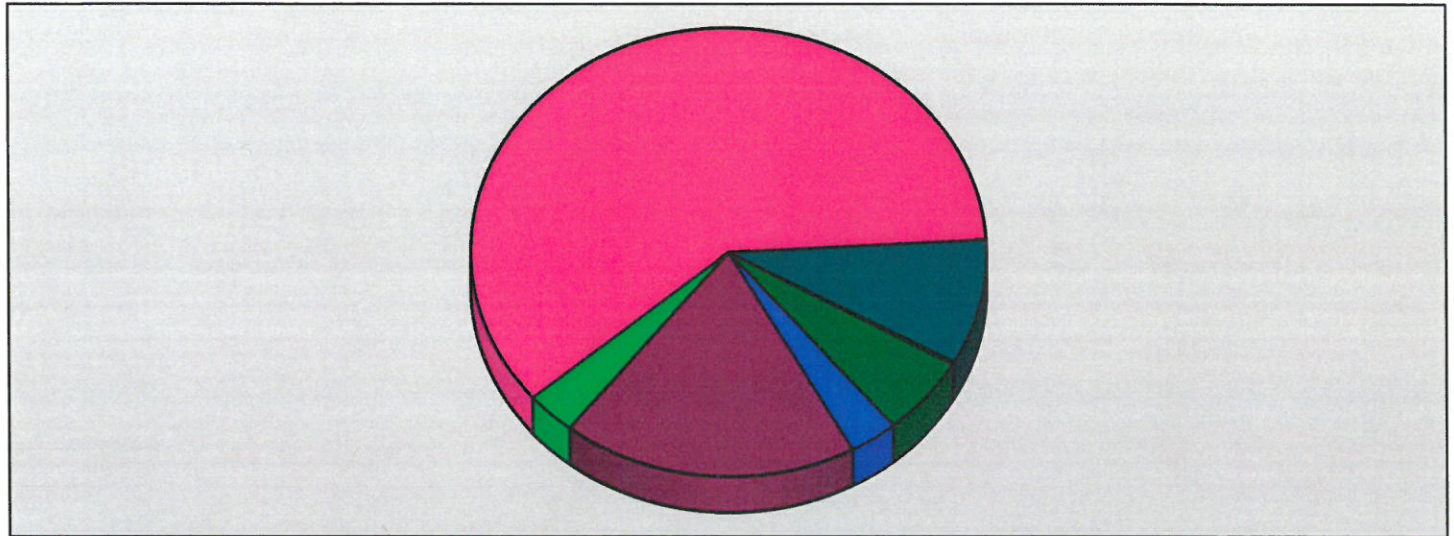
Scotts Valley, CA

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Major Incident Types by Month for Date Range

Start Date: 01/01/2022 | End Date: 12/31/2022



False Alarm & False Call	Hazardous Condition (No Fire)	Service Call
Fire	Rescue & Emergency Medical Service Incident	Special Incident Type
Good Intent Call		

INCIDENT TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
False Alarm & False Call	9	9	7	9	11	7	13	12
Fire	2	4	6	5	4	5	7	10
Good Intent Call	44	32	31	42	38	23	37	21
Hazardous Condition (No Fire)	7	7	4	6	5	6	5	4
Rescue & Emergency Medical Service Incident	114	86	108	100	122	119	115	114
Service Call	16	7	17	12	24	18	24	15
Special Incident Type						1	1	
Total	192	145	173	174	204	179	202	176

Only REVIEWED incidents included



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INCIDENT TYPE	SEP	OCT	NOV	TOTAL
False Alarm & False Call	14	12		103
Fire	3	8		54
Good Intent Call	40	26		334
Hazardous Condition (No Fire)	9	3		56
Rescue & Emergency Medical Service Incident	105	101		1084
Service Call	19	10	1	163
Special Incident Type		1		3
Total	190	161	1	1797

Only REVIEWED incidents included

Scotts Valley Fire Protection District

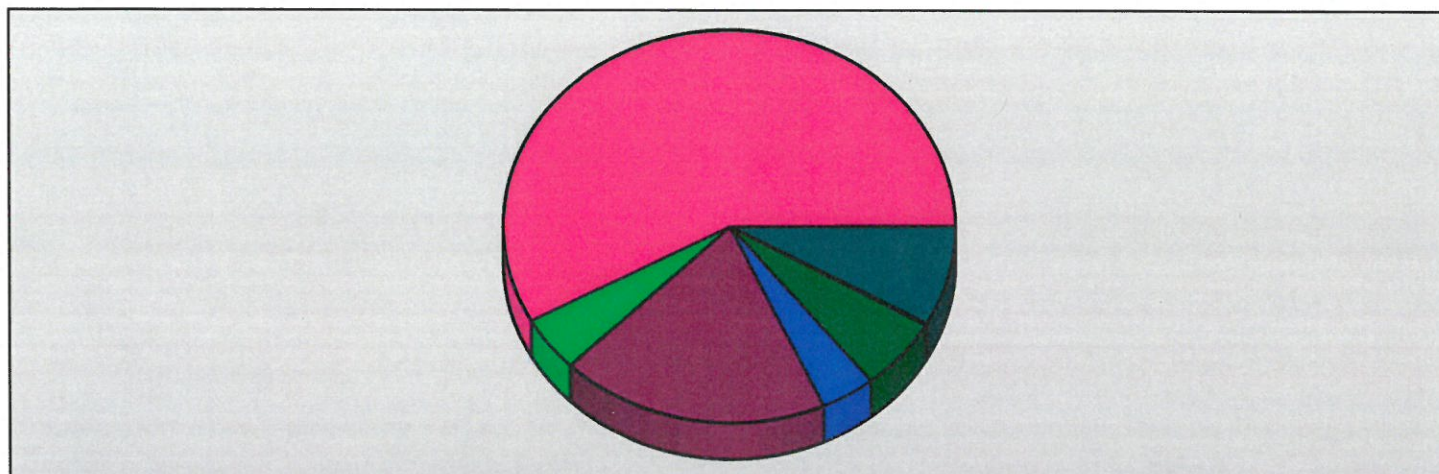
Scotts Valley, CA

This report was generated on 11/1/2022 3:15:02 PM



Major Incident Types by Month for Date Range

Start Date: 01/01/2021 | End Date: 10/31/2021



■ False Alarm & False Call	■ Hazardous Condition (No Fire)	■ Overpressure Rupture, Explosion, Overheat(no fire)
■ Fire	■ Rescue & Emergency Medical Service Incident	■ Special Incident Type
■ Good Intent Call	■ Service Call	■ Severe Weather & Natural Disaster

INCIDENT TYPE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
False Alarm & False Call	12	13	13	9	5	5	18	17
Fire	8	4	2	3	10	12	4	8
Good Intent Call	48	23	34	34	27	27	36	31
Hazardous Condition (No Fire)	24	2	5	3	5	9	3	3
Overpressure Rupture, Explosion, Overheat(no fire)				1				
Rescue & Emergency Medical Service Incident	82	95	109	108	133	107	115	109
Service Call	15	17	11	18	14	8	18	10
Severe Weather & Natural Disaster								
Special Incident Type							1	
Total	189	154	174	176	194	168	195	178

Only REVIEWED incidents included



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Doc Id: 495
Page # 1 of 2

INCIDENT TYPE	SEP	OCT	TOTAL
False Alarm & False Call	7	11	110
Fire	6	14	71
Good Intent Call	37	55	352
Hazardous Condition (No Fire)	4	25	83
Overpressure Rupture, Explosion, Overheat(no fire)			1
Rescue & Emergency Medical Service Incident	114	86	1058
Service Call	16	24	151
Severe Weather & Natural Disaster	1		1
Special Incident Type			1
Total	185	215	1828

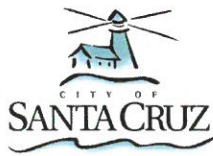
Only REVIEWED incidents included



GRIGG
BRIDGES
Rothwell
McNeil

6/27/22, Sky Park @
Mt. Hermon
MV vs Ped.

Dear Scotts Valley Fire, I wanted to thank you so deeply for taking care of me when I was hit by a drunk driver while walking home this summer. I do not remember a thing and know that you insured my safety and I will always be grateful to your department. Our city is so blessed to have to come to our rescue within minutes. Thanks to you all a tragic situation became one of hope, healing, and forgiveness. God bless you all.  Tina Wallwork



WATER DEPARTMENT

212 Locust Street, Suite C, Santa Cruz, CA 95060 • Ph: 831-420-5210



October 6, 2022

Landowner
c/o SCOTTS VALLEY FIRE PROTECTION DISTRICT
6000 La Madrona Dr., Scotts Valley, CA 95060

Subject: Santa Cruz Water Department - Regional Drought Resiliency Project
Intertie 1: Santa Cruz/Scotts Valley
6000 La Madrona Dr., Scotts Valley, CA 95060 | 021-141-20

Greetings Scotts Valley Fire District,

We write to tell you about an important project happening in your area. The City of Santa Cruz Water Department (City) and the Scotts Valley Water District (SVWD) are partnering on a regional water infrastructure project to build a water system intertie – to connect the two agencies. This infrastructure will make it possible to share treated drinking water in emergency situations such as the CZU Complex fire.

Last year the two water agencies collaborated on a grant and received funding for the project from the California Department of Water Resources. Grant funding will support the design and construction of a treated-water intertie between the City and SVWD.

The proposed project includes construction of a new 12-inch-diameter pipeline along Fire House Ln., Sims Rd. and La Madrona Dr. One end of the pipeline will connect to existing City water tanks located on a parcel adjacent to the end of Fire House Ln., and the other end will connect to a new pump station to be constructed on a parcel at 6000 La Madrona Dr. . Because this proposed pipe route and pump station traverse portions of private land, easements will be needed. An exhibit of the easement requirements is attached for reference. You are receiving this letter as you are a potentially affected Landowner. The City will consult with all potentially affected Landowners to negotiate easements for the project.

Design of this project will begin this month, October 2022, and is expected to take approximately 11 months. Construction is anticipated to start in the Winter of 2023/2024.

Bender Rosenthal, Inc. (BRI), has been contracted to provide Landowner Coordination and Appraisal Services. Under the direction of the City, BRI will serve as a liaison between Landowners and the City, help provide project information, seek answers to questions, discuss the proposed pipeline design and construction, and work collaboratively with Landowners to establish needed easement agreements. As the right of way lead, I will be available to you for any questions you may have. BRI will be working under my direction to keep you fully informed regarding the project. In the near term, we will be providing contact information for the BRI Team, and they will be available to you as an additional point of contact throughout this project.



WATER DEPARTMENT

212 Locust Street, Suite C, Santa Cruz, CA 95060 • Ph: 831-420-5210

To ensure we have accurate and up-to-date contact information please respond to this letter by completing and returning the enclosed form in the self-addressed envelope, to confirm receipt of this letter and provide the following contact information. Alternatively, please reach out by phone or email.

Enclosed Form:

1. Names: Primary/Secondary Contacts
2. Name of occupants: (if different from property owner)
3. Best Mailing Address
4. Phone Numbers (Primary/Backup)
5. Email (Primary/Backup)

Your attention to this matter is sincerely appreciated. Please contact me if you have questions at 831-420-5209 and/or via e-mail at nhaley@cityofsantacruz.com.

We look forward to continuing to work with you.

Sincerely,

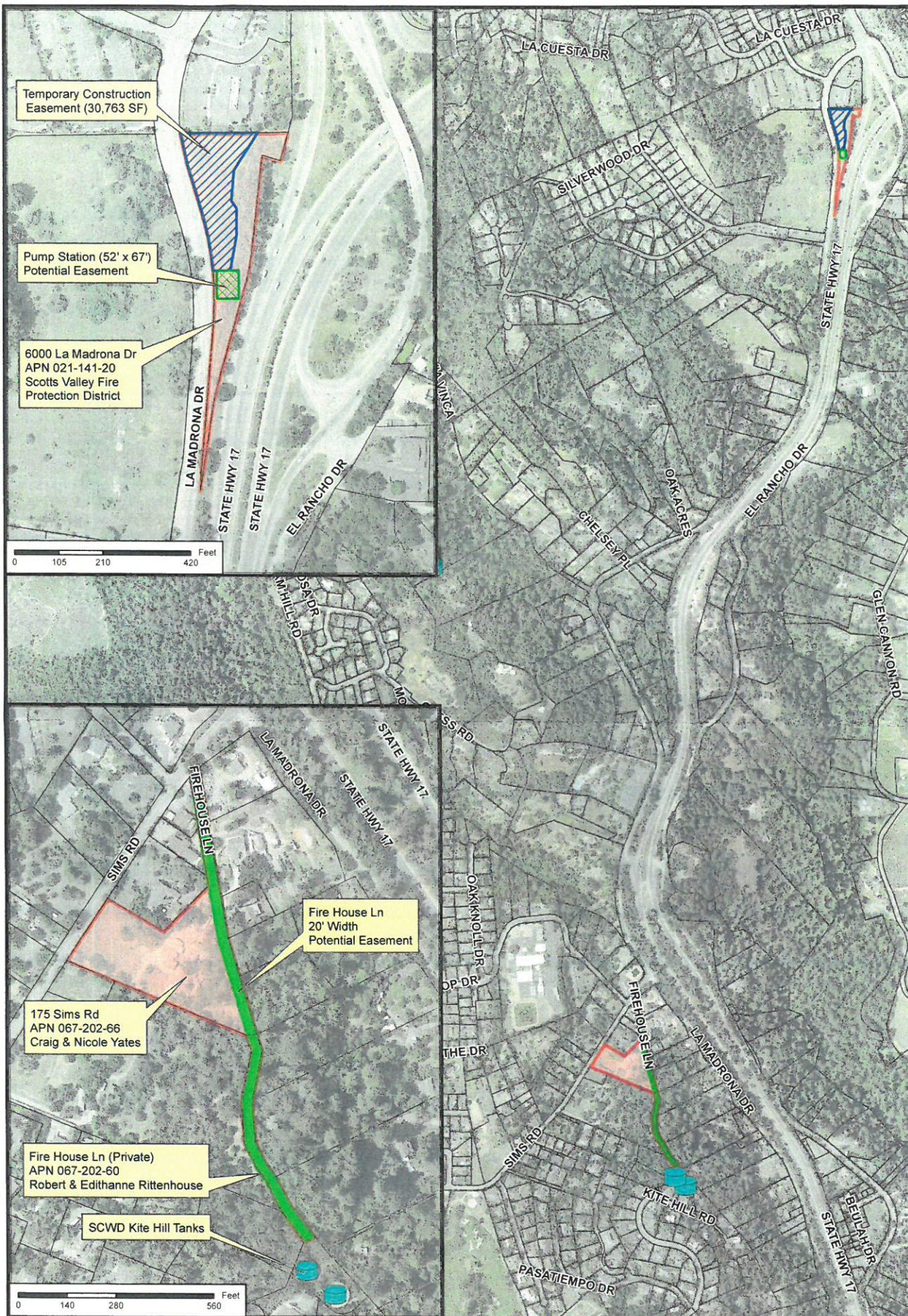
Nicole Haley
Assistant Engineer
Santa Cruz Water Department

CC:

David McNair
Scotts Valley Water District
2 Civic Center Drive, Scotts Valley CA 95066

ATTACHMENTS:

1. Owner Contact Information Form
2. Exhibit - Easement Requirements



October 14, 2022

Scotts Valley Fire Protection District
7 Erba Lane,
Scotts Valley, CA 95066

RE: Santa Cruz Water Department - Regional Drought Resiliency Project - Intertie 1: Santa
Cruz/Scotts Valley
Notice of Decision to Appraise
APN: 021-141-020

Dear Property Representative:

The City of Santa Cruz is currently beginning the right-of-way phase for their Regional Drought Resiliency Project - Intertie 1: Santa Cruz/Scotts Valley and is proposing to acquire a portion of your property, identified as Santa Cruz County Assessor's Parcel Number 021-141-020, in permanent easement and temporary construction easement. Enclosed for your information are Exhibits relating to the proposed project and acquisition.

To assist in the process, the City of Santa Cruz has retained Bender Rosenthal, Inc., Commercial Valuation and Right of Way Services. This process starts by inspecting your property for purposes of establishing a determination of compensation. You have the right and are encouraged to accompany us when we inspect your property. Please give our office a call to arrange a mutually agreeable time to meet and inspect your property. If arrangements are not made for an onsite inspection prior to November 8, 2022, then the appraisal will be completed based on the best information available via an inspection from public right of way. I may be reached at (916) 978-4900, extension 4022.

This notice does not constitute an offer to purchase your property, nor does it establish eligibility for you or your occupant for relocation assistance or relocation payments.

In the meantime, if you have any questions regarding the potential acquisition of a portion of your property, the process or timing, please feel free to call me at (916) 978-4900 ext. 4022.

Sincerely,

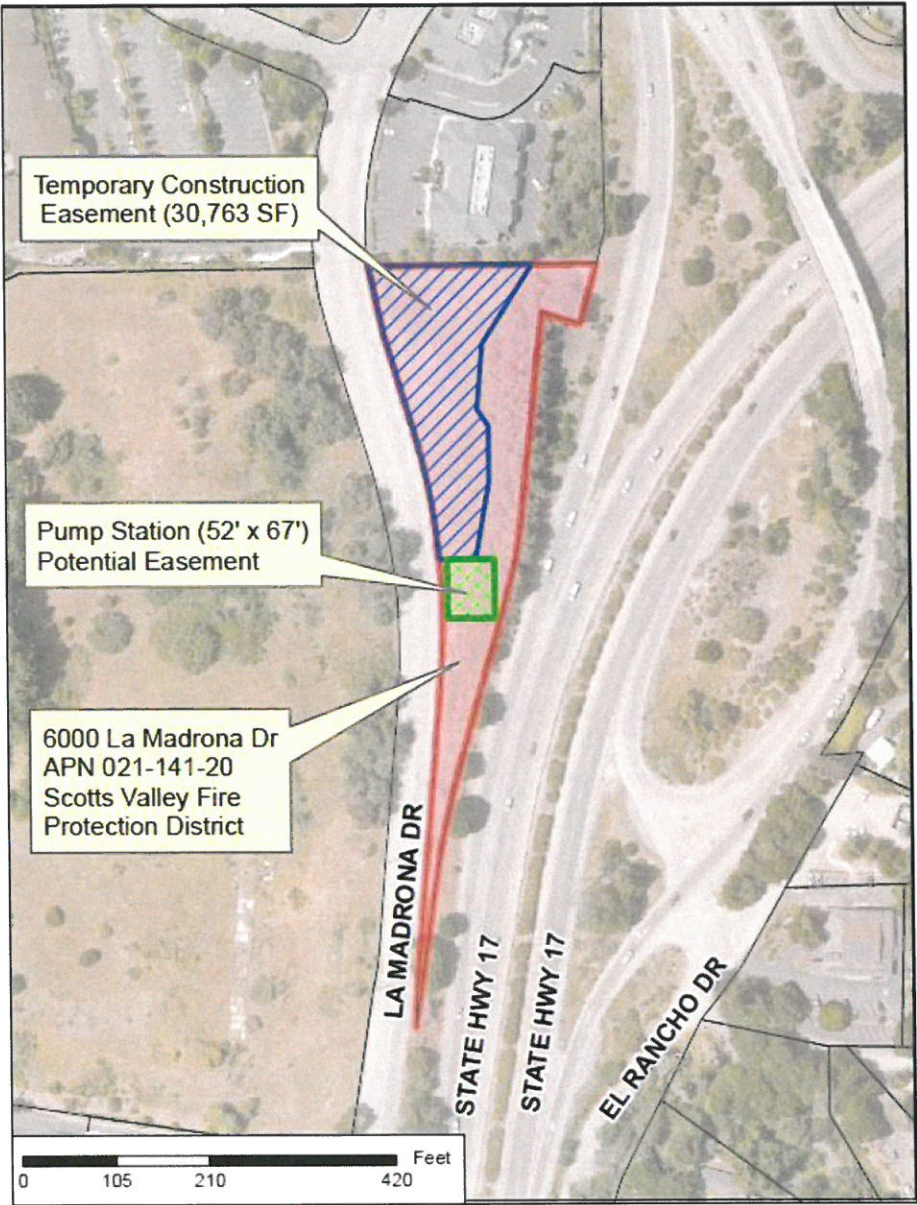


Ross Campbell
Certified General Appraiser
Bender Rosenthal, Inc.



Enclosure: Right of Way exhibits

RIGHT OF WAY EXHIBIT



YOUR PROPERTY YOUR TRANSPORTATION PROJECT



BENDER
ROSENTHAL
INCORPORATED

2825 Watt Avenue, Suite 200 Sacramento, California 95821 | www.benderrosenthal.com | 916.978.4900

INTRODUCTION

This booklet was prepared for you as a person who may potentially be affected by a proposed public transportation project. If it is your property that is affected, you may have wondered what will happen. Who will contact you? What will you be paid for your property? Who will pay your moving costs? Will the Public Agency (Agency) help you find a new place to live? Important questions like these require specific answers.

We hope this booklet will answer some of your questions and present a better picture of our overall procedures.

WHY DOES A PUBLIC AGENCY HAVE THE RIGHT TO BUY MY PROPERTY?

Our State and federal constitutions recognize the need for public agencies to purchase private property for public use, and provide appropriate safeguards to accomplish this purpose. State and federal constitutions and the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act, as amended, authorize the purchase of private property for public use and assure full protection of the rights of each citizen. The responsibility for studying potential sites for a transportation project rests with a team of specially trained individuals selected to do this important job. Many months or even years are spent in preliminary study and investigation to consider possible locations for a project.

Consideration of the environmental and social impacts are as much a part of location determination as engineering and cost. Participation by private citizens and public agencies is actively sought so that various views can be considered in the study process. The process may include public hearings and/or workshops, which give persons an opportunity to express their views on the locations being considered.

The Public Agency is composed of many specialists. Among these are:

TRANSPORTATION PLANNERS

These individuals determine methods and routes for the traveling public. This includes studies of existing traffic patterns, "origin-destination" surveys and user benefits. They also determine whether the proposed project location is economically sound. They research and analyze the effects produced by similar projects upon other communities.

ENVIRONMENTAL PLANNERS

These individuals evaluate the socio-economic and/or environmental impacts, including traffic, noise and visual impacts of the proposed project.

DESIGN ENGINEERS

These individuals recommend the type of transportation project which will be of the most benefit to the public. They prepare design plans which determine the properties needed for the project.

RELOCATION SPECIALISTS

These individuals perform early studies of the general needs of persons who may need to be relocated and the kind of replacement properties which may be required. A relocation impact analysis will be completed before the Agency requires anyone to move from their property.

As a result of this team effort, the best possible location for a transportation facility is selected after thorough social, economic, engineering, and environmental analyses, as well as consideration of expressed public concerns and desires. The goal is that the project provides the greatest public good and the least private injury or inconvenience while rendering the best possible service.

TRANSPORTATION SURVEYORS

These individuals perform field surveys and monument property lines to delineate and map the Agency's right of way needs. They are also authorized by law to enter real property to perform such tasks. It is the Agency's policy that owners and tenants of property will be notified prior to such surveys.

WHO WILL CONTACT ME?

One of the first persons you will meet is a Right of Way Agent performing the staff appraisal. You will be afforded the opportunity to accompany the appraiser on the inspection of your property. At the time of the inspection the appraiser will also provide you with general project information. The appraiser will analyze your property and examine all of the features which contribute to its market value. Information about improvements you have made and any other special features that you believe may affect the market value of your property should be given to the appraiser to ensure he/she has all the information you feel is relevant.

It is the duty of the Agency to ensure that you receive fair market value as if you sold your property privately in the open market. The Agency cannot buy your property for more than it is worth, but it **can** and **will** assure you that you do not have to sell your property for less than its fair market value. California law provides that the owner shall receive a copy of the appraisal or a summary of the valuation upon which the Agency's offer is based.

At the time the offer is made to purchase your property, you may obtain your own appraisal and the Agency will reimburse you up to \$5,000 for the actual, reasonable costs of obtaining an independent appraisal. A licensed State appraiser must perform your appraisal. Your Right of Way Agent will provide more information concerning this reimbursement at the time of the offer.

WHAT ADVANTAGE IS THERE IN SELLING YOUR PROPERTY TO THE PUBLIC AGENCY?

A real estate purchase by the Public Agency is handled in the same way as any private sale of property. However, there can be financial advantages in selling to the Agency.

The Agency will pay fair market value for your property. The Agency will also pay for the preparation of all documents, all title and escrow fees, a policy of title insurance, recording fees and such other fees as may be required for the conveyance of title to the Agency. Since this is a direct conveyance of real property from the property owner to the Agency, there are no real estate commissions involved, and the Agency will not recognize or pay any such real estate commissions.

A private sale will usually cost thousands of dollars in sales expenses. There are no seller's expenses in a purchase by the Agency.

Additionally, depending on your specific circumstances, you may be eligible for relocation payments and benefits when you move. These benefits are described in supplemental booklets which will be provided to you, should the Agency's acquisition actually cause you to be displaced from your property.

WILL I BE PAID FOR LOSS IN VALUE TO MY REMAINING PROPERTY?

When only a part of your property is needed for a project, every reasonable effort is made to ensure that you do not suffer damages to the remainder of your property. The total payment by the Agency will be for the property the Agency actually purchases and for any loss in market value to your remaining property.

The determination of any loss in market value is an appraisal problem involving many variables. When this situation occurs, the Right of Way Agent will explain the effect of a partial acquisition on your remaining property.

MAY I RETAIN AND MOVE MY HOME, BUSINESS BUILDING, MACHINERY, OR EQUIPMENT?

If your house is movable and you wish to make such an arrangement, the Agency will pay you since the market value of your present lot including landscaping, plus the reasonable cost of moving the building. There are cases where, because of age, size or condition of the house, the cost of moving it would exceed its present market value, less its salvage value. In such a case, payment of moving costs would, of course, be an unwise expenditure of public funds.

If you operate a farm or business, you may wish to keep and move fixed machinery and equipment. Additionally, as an owner of a business conducted on the property to be purchased, you may be entitled to compensation for a loss of business goodwill. Your specific circumstances will need to be analyzed on a case-by-case basis.

If any of these concepts are applicable to your situation, they will be explained by the Right of Way Agent assigned to purchase your property.

WILL I HAVE TIME TO SELECT ANOTHER HOME AFTER THE AGENCY MAKES ITS PURCHASE?

The Agency starts to appraise properties early enough so that you will have ample time to move prior to project construction. Like any other real estate transaction, it requires time to close an escrow after a right of way contract and deed have been signed. You will not be required to move until reasonable, decent, safe and sanitary replacement housing is available.

Once you have received the written offer to purchase your property from the Agency, it is in your best interest to look for a new place to live as soon as possible. Finding a home early that best suits your needs before you are required to move will minimize your personal inconvenience and will avoid having to make a choice of housing under pressure. In some instances, you may be able to sell your property to the Agency and rent back temporarily pending construction.

The Agency also offers to provide you with assistance in finding a new place in which to live. The Agency will give you at least 90 days notice in writing before you are required to move.

WHAT HAPPENS TO THE LOAN ON MY PROPERTY?

After you and the Agency have agreed upon a price, a Right of Way Agent and/or a title company will contact all other parties having an interest in the property. Payment to satisfy outstanding loans or liens will be made through a title company escrow as in the case in any real estate transaction.

WHAT WILL HAPPEN TO MY GI OR CAL-VET LOAN?

The Veterans Administration and the California Department of Veterans Affairs allow your veteran loan privileges to be transferred and to become available for coverage on another property.

Your Right of Way Agent will assist you in the transfer. However, it is to your benefit and your responsibility to check with the Veterans Administration or the California Department of Veterans Affairs for procedural instructions.

IF THE VALUE OF MY PROPERTY IS HIGHER TODAY THAN WHEN I PURCHASED IT, DO I HAVE TO PAY INCOME OR CAPITAL GAINS TAX ON THIS DIFFERENCE WHEN I SELL/CONVEY TO THE AGENCY?

According to the Internal Revenue Service, the sale of property to a governmental agency for public purposes comes under the definition of an "involuntary conversion". In these cases, it is not necessary to pay income tax or capital gains tax if the money you receive is used to buy a similar property within a limited period of time. In every case, however, you should check with your local Internal Revenue Service office and/or accountant.

WILL I LOSE THE FAVORABLE PROPERTY TAX BASIS THAT I NOW HAVE UNDER THE PROVISIONS OF PROPOSITION 13?

Section 2(d) of Article XIII-A of the California Constitution and Section 68, Rule 462.5 of the Revenue and Taxation Code generally provide that property tax relief shall be granted to any real property owner who acquires comparable replacement property after having been displaced by governmental acquisition or eminent domain proceedings.

You will be given a copy of Rule 462.5 with an attached page showing examples of how to calculate estimates of the tax relief you may be eligible for. These are only approximations. You must see your county Tax Assessor for a final determination.

Note: Revenue and Taxation Code Section 68, Rule 462.5, G. 1 through G.4, set forth time limits that may affect your eligibility to retain your favorable current real property tax status.

THE AGENCY'S RIGHT OF EMINENT DOMAIN

An owner's rights are guaranteed by the federal and State constitutions and applicable federal and State laws. The principal right is that "Just Compensation" must be paid.

The vast majority of our transactions are settled by contract. However, if the owner and the Agency cannot agree on the terms of sale, the Agency may resort to the eminent domain process to avoid delaying the project, and will ultimately initiate condemnation proceedings.

The Agency will request authority from the California Transportation Commission (Commission), Board or Council to file a condemnation action in court. You will be given an opportunity to appear before the Condemning Authority to question whether public interest, necessity, planning and location require the proposed project and your property. The Condemning Authority does not hear arguments regarding valuation or just compensation.

Condemnation lawsuit documents are prepared by the Agency and filed with the court in the county where the property is located. The Summons and Complaint will then be served on all persons having a property interest in the parcel. The persons served must Answer the lawsuit within 30 days.

Counsel for the parties will then prepare for trial, and the court will set dates for preliminary motions and the trial.

WHAT HAPPENS IN A CONDEMNATION TRIAL?

The purpose of the trial is to determine the amount of Just Compensation. Usually the trial is conducted before a judge and jury. Both the property owner and Agency will have the opportunity to present evidence of value. The jury will determine the amount of compensation after being instructed as to the law by the judge. In those cases where the parties choose not to have a jury, the judge will decide the amount of compensation.

The Judgment is then prepared by counsel and signed by the judge. It will state that, upon payment of the amount of the verdict for the benefit of the property owner, title will be transferred to public ownership.

When the Agency makes the payment as required by the Judgment, the Final Order of Condemnation is signed by the judge and recorded with the County Recorder's office. This finalizes the actual transfer of title.

WHO PAYS THE CONDEMNATION TRIAL COSTS?

The Agency pays the costs of its attorney and its engineering and appraisal witnesses. It will also pay the jury fees and your recoverable costs allowed by law. The fee for filing your Answer with the court is an example of such costs.

If the judge determines that the Agency's offer of settlement was unreasonable, while the demand of the property owner was reasonable as viewed in light of the evidence admitted at trial and the verdict, the property owner may receive litigation expenses such as their attorney's fees. The Judgment is then prepared by counsel and signed by the judge.

IF I WANT A TRIAL, MUST I HAVE AN ATTORNEY AND EXPERT WITNESSES?

Most property owners will be represented by an attorney, although they have the right to represent themselves.

You may wish to consult your family attorney. If you do not have one, in many communities the yellow pages of the telephone directory will refer you to an attorney reference service. The local bar association may also provide a list of attorneys who may offer services in eminent domain proceedings.

You and your attorney must decide what type of case you will present and what witnesses will be needed.

WILL I BE PAID ANY RELOCATION ASSISTANCE BENEFITS EVEN THOUGH I GO TO COURT?

A decision to go to court has no effect on your right to relocation benefits. Payment of relocation benefits is administered separately from the condemnation action. You will be provided details of additional assistance to help displaced persons, businesses, farms or nonprofit organizations in finding, purchasing or renting, and moving to a new location. These are explained in various booklets prepared for homeowners, tenants, and business and farm operators and are made available by the Agency.

HOW LONG CAN I KEEP MY PROPERTY?

Continued use of your property usually depends on when construction must begin, including utility relocations, and the demolition and/or clearance of buildings. If construction must begin before the trial, the Agency will seek a court order for early possession of your property.

In this regard the Agency will be required to deposit with the State Treasurer, the probable amount of just compensation, as determined by an appraisal as security for the value of the property rights it is seeking. The court will determine if the amount of money deposited is adequate. Once the deposit is made the owner may withdraw all or a portion of it at any time during the condemnation proceedings.

The court may then grant to the Agency an order for early possession allowing the Agency to use the property for construction of the project.

To obtain an Order for Possession, the Agency will file a motion with the court and schedule a hearing 90 days after you and all occupants of the property are served with the motion papers (60 days if the property is unoccupied). You and the occupants, if any, will have 30 days to oppose the motion. Once the court grants an Order for Possession of the property, the Agency may obtain possession of the property 30 days after the owner and any occupants are served with the Order.

Subject to the rights of any other persons having an interest in the property, you may withdraw all or part of the pre-Judgment deposit. If you do not make a withdrawal, the Agency will pay interest on the eventual court award, or agreed settlement sum from the time it legally occupied your property until the date of final payment to you. Interest will accrue at the applicable statutory rate until paid at the time of final settlement.

The Agency's Right of Way Agent assigned to purchase your property will assist you in the transaction and will be available to answer any additional questions you may have.

DEFINITIONS

The language used in relation to eminent domain proceedings may be new to you. These are some terms you may hear and their general meaning.

Acquire - To purchase

Answer - The property owner's written reply, in appropriate legal form, filed with the court in response to the eminent domain complaint and as requested by the summons.

Compensation - The amount of money to which a property owner is entitled under the law for the purchase of their property and any related damages.

Complaint - The document filed with the court by the Agency which initiates an eminent domain proceeding.

Condemnation - The legal process by which a proceeding in eminent domain is accomplished.

Counsel - An attorney or attorneys.

Agency - The State of California acting through the Agency of Transportation.

Eminent Domain - The right of government to purchase private property for public use.

Fair Market Value - The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

Final Order of Condemnation - The instrument which, when recorded, transfers title to public ownership.

Judgment - The court's formal decision based on applicable law and the verdict.

Just Compensation - The measure of Just Compensation is Fair Market Value.

Loss of Business Goodwill - A loss in the value of a business caused by the Agency's acquisition of property that cannot be reasonably prevented by relocation of the business or the owner adopting prudent or reasonable steps that preserve the value of the business goodwill.

Parcel - Usually means the property that is being acquired.

Plaintiff - The public agency that desires to purchase the property.

Possession - Legal control; to have the right to use.

Property - The right or interest which an individual has in land, including the rights to use or possess. Property is ownership; the exclusive right to use, possess or dispose of a thing.

Right of Entry - An agreement between an owner and the Agency which allows the Agency to utilize the property while continuing to negotiate the terms of settlement. Interest, calculated at the statutory rate, is included in the settlement upon conclusion of the transaction.

Summons - Notification of filing of a lawsuit in eminent domain and of the necessity to file answer or other responsive pleading.

Title - Legal ownership.

Trial - The hearing of the facts from a plaintiff and defendant in court of law, either with or without a jury.

Verdict - The amount of just compensation to be paid for a property including any damages to the remainder, if applicable.