Rancho Santa Fe
Fire Protection District

Rancho Santa Fe, California

Annual Financial Report

For the Year Ended June 30, 2021

THE PUN GROUP
ACCOUNTANTS & ADVISORS

Mission Statement

To protect life, property, and environment through prevention, preparedness, education and emergency response.

Rancho Santa Fe Fire Protection District

Board of Directors as of June 30, 2021

Name	Position	Elected/Appointed	Current Term
James H. Ashcraft	President	Elected	12/20 - 12/24
John C. Tanner	Vice President	Elected	12/18 - 12/22
Nancy C. Hillgren	Director	Elected	12/20 - 12/24
Randall Malin	Director	Elected	12/20 - 12/24
Tucker Stine	Director	Elected	12/18 - 12/22

Rancho Santa Fe Fire Protection District
Fred Cox, Fire Chief
18027 Calle Ambiente
Rancho Santa Fe, CA 92067 (858)756-5971
www.rsf-fire.org

Rancho Santa Fe Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2021

Table of Contents

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FINANCIAL SECTION

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection District (the "District") as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection District as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Special Revenue Fund, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan on pages 49 through 52, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Pun Group, LLP

San Diego, California
November 2, 2021

THE PUN GROUP
ACCOUNTANTS & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Board of Directors
of the Rancho Santa Fe Fire Protection District
Rancho Santa Fe, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Rancho Santa Fe Fire Protection District (District) as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

San Diego, California
November 2, 2021

As management of the Rancho Santa Fe Fire Protection District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the fiscal year ended June 30, 2021. Please read it in conjunction with additional information that we have furnished in the accompanying basic financial statements, which follow this section.

Financial Highlights

- The District's net position decreased 2.28%, or $(765,432) from the prior year's net position of $33,626,055 to $32,860,623.

- The District's total revenues increased by 0.27% or $51,158, to $18,741,305 in fiscal year 2021.

- The District's total expenses decreased 0.59% or $116,373, to $19,506,737 in fiscal year 2021.

- Negotiations for the three (3) year MOU for Safety included an additional contribution from all Classic Tiered safety employees; the additional amount to be contributed as an additional discretionary payment (ADP) to the Safety Classic Plan in the following increments for that calendar year: 2021 additional 1%, 2022 additional 2%, and 2023 additional 3%.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-Wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position is one indicator of whether its *financial health* is improving or deteriorating.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary information and compliance.

	June 30, 2021	June 30, 2020	$ Change	% Change
Assets:				
Current assets	$ 21,562,624	$ 23,156,544	$ (1,593,920)	-6.88%
Capital assets, net	22,756,551	22,978,890	(222,339)	-0.97%
Total assets	44,319,175	46,135,434	(1,816,259)	-3.94%
Deferred outflows of resources	5,102,344	4,387,671	714,673	16.29%
Liabilities:				
Current liabilities	1,077,768	2,949,179	(1,871,411)	-63.46%
Noncurrent liabilities	13,754,273	11,967,676	1,786,597	14.93%
Total liabilities	14,832,041	14,916,855	(84,814)	-0.57%
Deferred inflows of resources	1,728,855	1,980,195	(251,340)	-12.69%
Net position:				
Investment in capital assets	22,756,551	22,978,890	(222,339)	-0.97%
Restricted for capital projects	1,322,296	6,883,012	(5,560,716)	-80.79%
Unrestricted	8,781,776	3,764,153	5,017,623	133.30%
Total net position	$ 32,860,623	$ 33,626,055	$ (765,432)	-2.28%

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $32,860,623 as of June 30, 2021.

A portion of the District's net position 69% or $22,756,551 reflects its investment in capital assets (net of accumulated depreciation). The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2021 the District shows a positive balance in its unrestricted net position of $3,824,143 that may be utilized in future years.

	June 30, 2021	June 30, 2020	$ Change	% Change
Revenues:				
Program revenues:				
Charges for services	$ 463,748	$ 938,471	$ (474,723)	-50.58%
Operating grants and contributions	1,631,593	655,707	975,886	148.83%
Capital grants and contributions	154,502	780,569	(626,067)	-80.21%
General revenues:				
Property taxes	13,877,359	13,258,685	618,674	4.67%
Voter approved taxes	1,645,643	1,606,903	38,740	2.41%
Developer payments in-lieu of property taxes	218,959	377,574	(158,615)	-42.01%
Reorganization revenue – Elfin Forest/Harmony Grove	312,500	312,500	-	0.00%
Rental income	403,647	396,844	6,803	1.71%
Investment earnings	(28,550)	700,737	(729,287)	-104.07%
Other	61,904	(337,843)	399,747	-118.32%
Total revenues	18,741,305	18,690,147	51,158	0.27%
Expenses:				
Fire protection operations:				
Salaries and wages	9,949,798	9,097,724	852,074	9.37%
Employee benefits	6,240,015	5,778,389	461,626	7.99%
Contractual services	1,643,961	1,674,633	(30,672)	-1.83%
Materials and supplies	543,096	881,843	(338,747)	-38.41%
Other Expenses	226,679	1,238,369	(1,011,690)	-81.70%
Loss on disposal of capital assets	-	122,198	(122,198)	-100.00%
Depreciation	903,188	829,954	73,234	8.82%
Total expenses	19,506,737	19,623,110	(116,373)	-0.59%
Change in net position	(765,432)	(932,963)	167,531	0.87%
Net position:				
Beginning of year	33,626,055	34,559,018	(932,963)	-2.70%
End of year	$ 32,860,623	$ 33,626,055	$ (765,432)	-2.28%

The statement of activities shows how the government's net position changes during the fiscal year. In the case of the District, net position decreased by $765,432 for the fiscal year ended June 30, 2021.

Government-Wide Financial Analysis (Continued)

The District added four (4) full-time employees to staff the Elfin Forest Fire Station with paid firefighting professionals and a dedicated Volunteer Recruitment and Retention Coordinator. The terms of these grants expire December 31, 2020 and November 27, 2021, respectively.

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2021, the District's General Fund reported a fund balance of $18,425,060. An amount of $12,005,996 constitutes the District's *unassigned fund balance*, which is available for future use.

Capital Asset Administration

At the end of fiscal year 2021, the District's investment in capital assets amounted to $22,756,551 (net of accumulated depreciation). This investment in capital assets includes structures and improvements and equipment. (See Note 3 for further information).

Capital assets balances are as follows:

	June 30, 2021	June 30, 2020	$ Change	% Change
Non-depreciable assets	$ 3,374,840	$ 3,374,840	$ -	0.00%
Depreciable assets	31,708,534	31,328,192	380,342	1.21%
Accumulated depreciation and amortization	(12,326,823)	(11,724,142)	(602,681)	5.14%
	$ 22,756,551	$ 22,978,890	$ (222,339)	-0.97%

Economic and Other Factors Affecting Next Year's Operations and Budget

This fiscal year was a challenging one for the District. At the end of calendar year 2020, we lost one of our Captains and then at the beginning of year 2021, the District lost another Captain to Covid-19. Management has yet to see the full extent of the impact on our financial position with the on-going pandemic which include the costs associated with administering to and the potential loss of revenue because of the pandemic.

Requests for Information

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Administrative Manager, Alicea Caccavo, at the Rancho Santa Fe Fire Protection District, P.O. Box 410, 18027 Calle Ambiente, Rancho Santa Fe, California, 92067 or (858) 756-5971.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Rancho Santa Fe Fire Protection District
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	$ 20,179,831
Accounts receivable	411,233
Property taxes receivable	55,490
Accrued interest receivable	21,261
Deposits	894,809
Total current assets	21,562,624
Noncurrent assets:	
Capital assets – not being depreciated	3,374,840
Capital assets, net – being depreciated	19,381,711
Total noncurrent assets	22,756,551
Total assets	44,319,175
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related deferred outflows of resources	5,102,344
Total deferred outflows of resources	5,102,344
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	398,566
Accrued salaries and related payables	478,372
Unearned revenue	830
Long-term liabilities – due within one year:	
Compensated absences	150,000
Workers' compensation claims payable	50,000
Total current liabilities	1,077,768
Noncurrent liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences	416,622
Workers' compensation claims payable	840,675
Net pension liability	12,496,976
Total noncurrent liabilities	13,754,273
Total liabilities	14,832,041
DEFERRED INFLOWS OF RESOURCES	
Pension-related deferred inflows of resources	791,355
Related to District reorganization	937,500
Total deferred inflows of resources	1,728,855
NET POSITION	
Investment in capital assets	22,756,551
Restricted for capital projects	1,322,296
Unrestricted	8,781,776
Total net position	$ 32,860,623

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District
Statement of Activities
For the Year Ended June 30, 2021

	Governmental Activities
Expenses:	
Fire protection operations:	
Operations	$ 18,603,549
Depreciation expense	903,188
Total expenses	19,506,737
Program revenues:	
Charges for services	463,748
Operating grants and contributions	1,631,593
Capital grants and contributions	154,502
Total program revenues	2,249,843
Net program expense	(17,256,894)
General revenues:	
Property taxes	13,877,359
Voter approved taxes	1,645,643
Developer payments in-lieu of property taxes	218,959
Reorganization revenue – Elfin Forest/Harmony Grove	312,500
Rental income	403,647
Investment earnings	(28,550)
Other	61,904
Total general revenues	16,491,462
Change in net position	(765,432)
Net position:	
Beginning of year	33,626,055
End of year	$ 32,860,623

See accompanying Notes to the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

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Rancho Santa Fe Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2021

ASSETS	General Fund	Special Revenue Fund	Total Governmental Funds
Assets:			
Cash and investments	$ 18,898,031	$ 1,281,800	$ 20,179,831
Accounts receivable	374,115	37,118	411,233
Property taxes receivable	55,490	-	55,490
Accrued interest receivable	17,883	3,378	21,261
Deposits	894,809	-	894,809
Total assets	$ 20,240,328	$ 1,322,296	$ 21,562,624
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued expenses	$ 398,566	$ -	$ 398,566
Accrued salaries and related payables	478,372	-	478,372
Unearned revenue	830	-	830
Total liabilities	877,768	-	877,768
Deferred inflows of resources:			
Related to District reorganization	937,500	-	937,500
Total deferred inflows of resources	937,500	-	937,500
Fund balance:			
Restricted	-	1,322,296	1,322,296
Committed	894,809	-	894,809
Assigned	566,622	-	566,622
Unassigned	16,963,629	-	16,963,629
Total fund balance	18,425,060	1,322,296	19,747,356
Total liabilities, deferred inflows of resources, and fund balance	$ 20,240,328	$ 1,322,296	$ 21,562,624

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position of Governmental Activities
June 30, 2021

Fund Balance – Governmental Funds	$ 19,747,356
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	22,756,551
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	5,102,344
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(566,622)
Workers' compensation claims payable	(890,675)
Net pension liability	(12,496,976)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	(791,355)
Total adjustments	13,113,267
Net Position of Governmental Activities	$ 32,860,623

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total
Revenues:			
Property taxes	$ 13,877,359	$ -	$ 13,877,359
Voter approved taxes	1,645,643	-	1,645,643
Developer payments in-lieu of property taxes	218,959	-	218,959
Reorganization revenue – Elfin Forest/Harmony Grove	312,500	-	312,500
Charges for services	463,748	-	463,748
Operating grants and contributions	1,631,593	-	1,631,593
Capital grants and contributions	-	154,502	154,502
Rental income	403,647	-	403,647
Investment earnings	(7,405)	(21,145)	(28,550)
Other	61,904	-	61,904
Total revenues	18,607,948	133,357	18,741,305
Expenditures:			
Current:			
Salaries and wages	9,949,798	-	9,949,798
Employee benefits	5,056,673	-	5,056,673
Contractual services	1,643,961	-	1,643,961
Materials and supplies	543,096	-	543,096
Other expenditures	226,679	-	226,679
Capital outlay	680,849	-	680,849
Total expenditures	18,101,056	-	18,101,056
Revenues over (under) expenditures	506,892	133,357	640,249
Other financing sources/(uses):			
Transfers in/(out)	753,303	(753,303)	-
Total other financing sources (uses)	753,303	(753,303)	-
Net change in fund balances	1,260,195	(619,946)	640,249
Fund Balances:			
Beginning of year	17,164,865	1,942,242	19,107,107
End of year	$ 18,425,060	$ 1,322,296	$ 19,747,356

See accompanying Notes to the Basic Financial Statements.

Rancho Santa Fe Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances – Governmental Funds	$ 640,249
Amount reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	680,849
Depreciation expense	(903,188)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:	
Net change in compensated absences	(40,039)
Net change in workers' compensation claims payable	(221,300)
Net change in net pension liability and related deferred resources	(922,003)
Total adjustments	(1,405,681)
Change in net position of governmental activities	$ (765,432)

See accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The Rancho Santa Fe Fire Protection District was formed on October 14, 1946 under an order adopted by the County Board of Supervisors. The District spans approximately 49-square miles and protects over 34,518 citizens. The District is governed by a five-person elected Board of Directors. The Board is responsible for establishing policies, guidelines and providing direction for Fire District staff.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of U.S. GAAP. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable for a component that has substantively the same governing body as the District's governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

Basis of Accounting and Measurement Focus

The District's financial statements are prepared in conformity with U.S. GAAP. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

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, 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 the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function.

The types of transactions reported as program revenues for the District are to be reported in three categories, if applicable: 1) charges for services, 2) operating grants and contributions, and, 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In accordance with U.S. GAAP the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Incorporated into these statements is a schedule to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements. The District has presented its General Fund, as its major fund, in this statement to meet the qualifications of U.S. GAAP.

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 liabilities are included on the Balance Sheet. 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 modified accrual basis of accounting, revenues are recognized in the accounting period in which they become 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 sources susceptible to accrual for the District are property taxes and assessments, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

The District reports the following major funds:

General Fund – is a government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Special Revenue Fund – is used for fees collected that are restricted for the purchase capital assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Investments

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Investments (Continued)

U.S. GAAP, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

> Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
>
> Level 2 – Inputs, other than quoted prices included in Level 1 that are observable for the assets or liabilities through corroboration with market data at the measurement date.
>
> Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Through its agents, the District holds investments in institutional investment funds, which are measured at fair value using the net asset value (NAV) per share or its equivalent. These institutional investment funds are comprised of exchange traded securities, the fair values of which are provided by the respective investment managers. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

Property Taxes

Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations. Secured property taxes are levied on July 1 and become delinquent on December 10 and April 10, for the first and second installments, respectively. Unsecured personal property taxes are collected in one installment and become delinquent August 31.

Property taxes are allocated on the County of San Diego's annual tax bills to property owners who receive fire protection service by the District. The County of San Diego Tax Collector's Office collects the property taxes payments from the property owners and transfers the collections to the District's operating fund held with the County Treasurer's Office. The District has adopted the Teeter Plan as defined under the California Revenue and Taxation Code. Under the Teeter Plan, the District receives from the County 99.6% of the annual assessed secured and unsecured property taxes, with the County responsible for the collection of any delinquent property taxes.

Therefore, the County receives the benefits of collecting all penalty and interest charges on the delinquent property taxes; hence, no accrual for uncollected property taxes is recorded at year-end.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Capital Assets

Capital assets are recorded in the government-wide financial statements. Included in capital assets are land, building, building improvements, equipment and furniture and fixtures. District policy has set the capitalization threshold for reporting capital assets at $10,000. Donated assets are recorded at estimated acquisition value at the date of donation. Capital outlay is recorded as expenditures of the General Fund and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Structures and improvements	20 to 40 years
Equipment and vehicles	3 to 12 years

Compensated Absences

The District's policy is to permit full time employees to accumulate earned vacation leave. Safety employees with more than one year but less than 4 years may accumulate 144 hours of vacation per year; 168 hours for the fifth through ninth year of employment; 192 hours for the tenth through fourteenth year of employment; 240 hours for the fifteenth through nineteenth; and 288 hours thereafter. Safety management positions accrue vacation leave from 15 to 25 days per year depending on their position. Administrative employees in their first through fifth year may accumulate 80 hours of vacation per year; 120 hours for the sixth through tenth year; 136 hours for the eleventh through fifteenth year; 160 hours for the sixteenth through twentieth; and 200 hours after 21 years. Vacations may accumulate beyond the end of the calendar year.

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 pension of the District's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plans (Note 6). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS	
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

Restricted – This component of net position consists of constraints placed on assets reduced by liabilities and deferred inflows of resources use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Fund Balance

The financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions enabling legislation.

Committed – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned – amounts that are constrained by the District's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the District's special revenue funds.

Unassigned – the residual classification for the District's general fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board of Directors established, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Fund Balance Policy

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain an unrestricted fund balance in its funds sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2021 consisted of the following:

Description	Balance
Demand deposits with financial institutions	$ 412,478
Investments	19,767,353
Total cash and investments	$ 20,179,831

Demand Deposits

At June 30, 2021 the carrying amount of the District's demand deposits was $412,478 and the financial institution balance was $626,308. The $214,070 net difference as of June 30, 2021 represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Note 2 – Cash and Investments (Continued)

Investments

Investments as of June 30, 2021 consisted of the following:

Investments	Measurement Input	Credit Rating	Fair Value	Maturity 12 Months or Less
Investments by Fair Value Level:				
California Local Agency Investment Fund (LAIF)	Uncategorized	N/A	$ 2,703,912	$ 2,703,912
San Diego County Pooled Investment Fund	Level 2	AAAf/S1	12,105,808	12,105,808
Total investments by fair value level			14,809,720	14,809,720
Investments Measured at NAV:				
CalTRUST Medium Term Fund	Uncategorized	A+f	4,957,633	4,957,633
Total investments			$ 19,767,353	$ 19,767,353

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by U.S GAAP. The District has presented its measurement inputs as noted in the table above.

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions. Investments are to be made in the following areas:

- External Investment Pools:
    - California Local Agency Investment Fund (LAIF)
    - Investment Trust of California – CalTRUST
    - San Diego County Pooled Investment Fund (SDCPIF)
- Non-negotiable certificates-of-deposit
- Governmental agency securities

Investment in California – Local Agency Investment Fund (LAIF)

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 2 – Cash and Investments (Continued)

Investment in California – Local Agency Investment Fund (LAIF) (Continued)

The District's investments with LAIF at June 30, 2021, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the District had $2,703,912 invested in LAIF, which had invested 1.10% of the pool investment funds in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF.

Investment Trust of California – CalTRUST

The Investment Trust of California, doing business as CalTrust, is a California joint powers agency which provides California public agencies with investment management services for surplus funds to consolidate investment activities of its participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTrust. CalTrust currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTrust Medium-Term Fund Series. The District had $4,957,633 invested in CalTRUST.

San Diego County Pooled Investment Fund (SDCPIF)

The SDCPIF is a local government investment pool managed by the County Treasurer's Office on behalf of Investment Pool participants. Depositors in the Investment Pool include both mandatory participants, those agencies required by law to deposit their funds with the County Treasurer's Office, and voluntary participants, agencies that place their funds in the Investment Pool as an investment option. Voluntary participants, including cities, fire districts, and various special districts accounted for approximately 10.39% of the Investment Pool as of June 30, 2021.

Pursuant to Section 27130-27137 of the California Government Code, the County Board of Supervisors has established the Treasurer's Oversight Committee (TOC) that monitors and reviews the Investment Policy. The TOC consists of members appointed from the districts or offices that they represent, and up to five members of the public having expertise in, or an academic background in public finance.

To mitigate credit risk, the Investment Pool's Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Investment Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises must have a credit rating of no less than "A" for long-term or "A1" for short-term. Non-rated securities include sweep accounts, collateralized certificates of deposit and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by the California Government Code Section 53601, having fair market value of 102% or greater than the amount of the repurchase agreement. The Investment Pool does not hold any investments in structured notes.

Note 2 – Cash and Investments (Continued)

San Diego County Pooled Investment Fund (SDCPIF) (Continued)

The District's investments with the County Treasurer's Office include a portion of the pool funds invested in asset-backed securities. As of June 30, 2021, the District had $12,105,808 invested with the SDCPIF, which had invested 0.10% of the pool investment funds in asset-backed securities.

SDCPIF has indicated to the District that as of June 30, 2021 the value of its portfolio approximated $12.236 billion and the portfolio holds some derivative products. The SDCPIF fair value factor of 1.0005036 was used to calculate the fair value of the investments in SDCPIF as of June 30, 2021.

Disclosures Related to Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Disclosures related to Credit Risk

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 by a nationally recognized statistical rating organization. As of June 30, 2021, the District's investment in the LAIF, CalTRUST and SDCPIF is noted in the table above.

Disclosures related to 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 fair values of investments with longer maturities have greater sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the table above.

Disclosures related to Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF, CalTRUST and SDCPIF.

Note 3 – Capital Assets

At June 30, 2021, the capital assets balances for the District are as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	$ 3,374,840	$ -	$ -	$ 3,374,840
Total non-depreciable assets	3,374,840	-	-	3,374,840
Depreciable assets:				
Structures and improvements	24,687,262	163,452	-	24,850,714
Equipment	655,326	12,394	(22,403)	645,317
Vehicles	5,985,604	505,003	(278,104)	6,212,503
Total depreciable assets	31,328,192	680,849	(300,507)	31,708,534
Accumulated depreciation:				
Structures and improvements	(7,302,972)	(610,209)	-	(7,913,181)
Equipment	(461,551)	(31,800)	22,403	(470,948)
Vehicles	(3,959,619)	(261,179)	278,104	(3,942,694)
Total accumulated depreciation	(11,724,142)	(903,188)	300,507	(12,326,823)
Total depreciable assets, net	19,604,050	(222,339)	-	19,381,711
Total capital assets, net	$ 22,978,890	$ (222,339)	$ -	$ 22,756,551

Note 4 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2021 is as follows:

Balance July 1, 2020	Earned	Taken	Balance June 30, 2021	Current	Non-current
$ 526,583	$ 679,713	$ (639,674)	$ 566,622	$ 150,000	$ 416,622

Note 5 – Deferred Inflow of Resources Related to District Reorganization

In 2017 the District received a $2.5 million payment from the County of San Diego to cover future tax shortfalls due to the reorganization of District boundaries to include the Elfin Forest and Harmony Grove Fire Stations. This reorganization payment is being amortized over eight years at $312,500 per year. The amount of the unrecognized reorganization payment remaining at June 30, 2021 is $937,500.

Note 6 – Fund Balances

Fund balances classifications as of June 30, 2021 are as follows:

Description	General Fund	Special Revenue Fund	Total Governmental Funds
Restricted:			
Capital projects	$ -	$ 1,322,296	$ 1,322,296
Committed:			
Public Agency Self Insurance System	690,613	-	690,613
Medical equipment and supplies	204,196	-	204,196
Total committed	894,809	-	894,809
Assigned:			
Compensated absences	566,622	-	566,622
Unassigned	16,963,629	-	16,963,629
Total fund balances	$ 18,425,060	$ 1,322,296	$ 19,747,356

Note 7 – Net Pension Liability and Defined Benefit Pension Plan

A summary of changes of net pension liability is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Net pension liabilities:				
CalPERS Miscellaneous	$ 941,267	$ 107,111	$ -	$ 1,048,378
CalPERS Safety	9,980,193	1,468,405	-	11,448,598
Total net pension liabilities	$ 10,921,460	$ 1,575,516	$ -	$ 12,496,976

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

A summary of changes of pension related deferred outflows of resources is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Deferred outflows of resources:				
Pension contribution made after measurement date:				
CalPERS Miscellaneous	$ 162,216	$ 350,500	$ (162,216)	$ 350,500
CalPERS Safety	2,213,454	2,792,243	(2,213,454)	2,792,243
Total pension contribution made after measurement date	2,375,670	3,142,743	(2,375,670)	3,142,743
Difference between actual and proportionate share of employer contributions:				
CalPERS Miscellaneous	33,581	-	(60,107)	(26,526)
CalPERS Safety	225,604	-	(195,760)	29,844
Total difference between actual and proportionate share of employer contributions	259,185	-	(255,867)	3,318
Projected earnings on pension plan investments in excess of actual earnings:				
CalPERS Miscellaneous	-	31,144	-	31,144
CalPERS Safety	-	248,826	-	248,826
Total projected earnings on pension plan investments in excess of actual earnings	-	279,970	-	279,970
Adjustment due to difference in proportions				
CalPERS Miscellaneous	202,316	-	(125,068)	77,248
CalPERS Safety	384,618	272,640	-	657,258
Total adjustment due to difference in proportions	586,934	272,640	(125,068)	734,506
Change in assumptions				
CalPERS Miscellaneous	44,884	-	(44,884)	-
CalPERS Safety	409,071	-	(409,071)	-
Total change in assumption	453,955	-	(453,955)	-
Differences between expected and actual experience:				
CalPERS Miscellaneous	60,310	-	(6,284)	54,026
CalPERS Safety	651,617	236,164	-	887,781
Total differences between expected and actual experience	711,927	236,164	(6,284)	941,807
Total deferred outflows of resources	$ 4,387,671	$ 3,931,517	$ (3,216,844)	$ 5,102,344

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

A summary of changes of pension related deferred inflows of resources is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Deferred inflows of resources:				
Change in assumptions				
CalPERS Miscellaneous	$ 15,911	$ -	$ (8,434)	$ 7,477
CalPERS Safety	79,830	-	(41,695)	38,135
Total change in assumption	95,741	-	(50,129)	45,612
Adjustment due to difference in proportions				
CalPERS Miscellaneous	124,019	-	(97,273)	26,746
CalPERS Safety	235,769	-	(235,769)	-
Total adjustment due to difference in proportions	359,788	-	(333,042)	26,746
Employer contributions in excess of proportionate share of contribution				
CalPERS Miscellaneous	87,334	-	(11,717)	75,617
CalPERS Safety	33,581	609,799	-	643,380
Total employer contributions in excess of proportionate share of contribution	120,915	609,799	(11,717)	718,997
Difference between expected and actual experience				
CalPERS Miscellaneous	-	-	-	-
CalPERS Safety	-	-	-	-
Total difference between expected and actual experience	-	-	-	-
Projected earnings on pension plan investments in excess of actual earnings:				
CalPERS Miscellaneous	16,456	-	(16,456)	-
CalPERS Safety	137,295	-	(137,295)	-
Total projected earnings on pension plan investments in excess of actual earnings	153,751	-	(153,751)	-
Total deferred inflows of resources	$ 730,195	$ 609,799	$ (548,639)	$ 791,355

General Information about the Pension Plans

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous and Safety members are calculated as a percentage of their plan based the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as a percentage of their plan based the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.15 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 3%.

The Plan's provisions and benefits in effect as of June 30, 2021 are summarized as follows:

Miscellaneous Plan

	Miscellaneous Plan		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to April 30, 2012	On or after May 1, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%
Required member contribution rates	8.000%	8.000%	6.750%
Required employer contribution rates	14.194%	11.742%	7.732%

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Safety Plan

	Safety Plan		
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3
Hire date	Prior to April 30, 2012	On or after May 1, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5-years or service	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	1.0% to 2.7%
Required member contribution rates	9.000%	9.000%	12.000%
Required employer contribution rates	23.674%	20.585%	13.000%

Members Covered by Benefit Terms

At the June 30, 2019 valuation date (measurement date of June 30, 2020), the following employees were covered by the benefit terms for each plan:

	Miscellaneous Plan			
Plan Members	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Total
Active members	1	2	10	13
Transferred and terminated members	17	2	2	21
Retired members and beneficiaries	10	-	-	10
Total plan members	28	4	12	44

	Safety Plan			
Plan Members	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Total
Active members	29	10	19	58
Transferred and terminated members	24	-	11	35
Retired members and beneficiaries	60	-	-	60
Total plan members	113	10	30	153

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ended June 30, 2020 (Measurement Date), the active member contribution rate for the Classic Miscellaneous Plan and the PEPRA Miscellaneous Plan are based above in the Plans Description schedule.

For the year ended June 30, 2021, the contributions made to the Plan were as follows:

	Miscellaneous Plan			
Plan Members	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Total
Contributions – employer	$ 266,587	$ 44,745	$ 39,168	$ 350,500
Contributions – members	3,535	29,584	38,035	71,154
Total contributions	$ 270,122	$ 74,329	$ 77,203	$ 421,654

	Safety Plan			
Plan Members	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	Total
Contributions – employer	$ 2,308,364	$ 249,666	$ 234,213	$ 2,792,243
Contributions – members	844,136	107,268	230,850	1,182,254
Total contributions	$ 3,152,500	$ 356,934	$ 465,063	$ 3,974,497

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2020 (Measurement Date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in Assumptions

GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the discount rate remained at 7.15 percent. All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. 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.

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.*

The table below reflects 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.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[1]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

[1] An expected inflation rate-of-return of 2.00% is used for years 1 – 10.

[2] An expected inflation rate-of-return of 2.92% is used for years 11+.

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.15%	Current Discount 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	$ 1,913,763	$ 1,048,378	$ 333,338
CalPERS – Safety Plan	$ 20,965,713	$ 11,448,598	$ 3,638,907
Total	$ 22,879,476	$ 12,496,976	$ 3,972,245

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period for the CalPERS Miscellaneous and Safety Plans as follows:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	$ 5,985,138	$ 5,043,871	$ 941,267
Balance as of June 30, 2020 (Measurement Date)	$ 6,502,954	$ 5,454,576	$ 1,048,378
Change in Plan Net Pension Liability	$ 517,816	$ 410,705	$ 107,111

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
CalPERS – Safety Plan:			
Balance as of June 30, 2019 (Measurement Date)	$ 65,619,589	$ 55,639,396	$ 9,980,193
Balance as of June 30, 2020 (Measurement Date)	$ 70,079,935	$ 58,631,337	$ 11,448,598
Change in Plan Net Pension Liability	$ 4,460,346	$ 2,991,941	$ 1,468,405

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019 fiscal year).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The District's proportionate share of the net pension liability was as follows:

	Percentage Share of Risk Pool		
CalPERS – Miscellaneous Plan	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.034370%	0.033280%	0.001090%
Percentage of Plan (PERF C) Net Pension Liability	0.114860%	0.106580%	0.008280%

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

	Percentage Share of Risk Pool		
CalPERS – Safety Plan	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.282780%	0.279920%	0.002860%
Percentage of Plan (PERF C) Net Pension Liability	0.114860%	0.106580%	0.008280%

For the year ended June 30, 2021, the District recognized pension expense (credit) in the amount of $4,064,746 for the CalPERS Miscellaneous and Safety Plans combined.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over five years straight-line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) for PERF C for the measurement date ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 3,142,743	$ -
Difference between actual and proportionate share of employer contributions	3,318	(718,997)
Adjustment due to differences in proportions	734,506	(26,746)
Differences between expected and actual experience	941,807	-
Differences between projected and actual earnings on pension plan investments	279,970	-
Changes in assumptions	-	(45,612)
Total Deferred Outflows/(Inflows) of Resources	$ 5,102,344	$ (791,355)

The District will recognize $3,142,743 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Note 7 – Net Pension Liability and Defined Benefit Pension Plan (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	$ 404,384
2023	367,111
2024	257,135
2025	139,616
2026	-
Thereafter	-
	$ 1,168,246

Note 8 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2021 was $10,638,119 with Voya Financial and $2,225,087 with Nationwide.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown in the accompanying financial statements.

Note 9 – Other Postemployment Benefits (Health Retirement Savings Account)

For the benefit of its employees, the District established, with the consent of a Trustee, a trust that is known as RSFFPD VEBA Health Savings Trust (Trust). The effective date of the Trust was January 1, 2006. The purposes of the Trust are (1) to provide a source of funds to pay benefits and administrative expenses under the District's Medical Retirement Savings Plan (Plan), and (2) to permit Trust assets to be invested and such earnings thereon to be not taxable under the Internal Revenue Code (Code).

Note 9 – Other Postemployment Benefits (Health Retirement Savings Account) (Continued)

All assets of the Plan are held in the Trust by the Trustee. The Trust is intended to qualify as a tax-exempt trust under the Section 501(c)(9) of the Code. The District contributes to the Trust via direct contributions, unused medical premiums, and the mandatory sale of sick leave. The assets held in the trust are for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust by Voya Financial at June 30, 2021 was $5,552,476. The District made contributions of $399,969 to the Trust for the year ended June 30, 2021.

Note 10 – Joint Ventures

The District is a member of the North County Dispatch Joint Powers Authority (Authority). The Authority was formed on June 11, 1984, and other member agencies include the North County Fire Protection District, and the cities of Vista, San Marcos, Solana Beach, Oceanside, Encinitas, and Carlsbad. The purpose of the Authority is to provide dispatching and emergency communication services for fire protection, security, and medical services. The District made payments for dispatch services in the amount of $206,537 in 2021. In the event of dissolution of the Authority, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each member agency during the entire term of the agreement.

The activities of the Authority are supervised by a board of directors consisting of eight directors who are appointed by each member's governing body. The District's share of the Authority's assets, liabilities, net position and changes therein are not available. Separate financial statements of the Authority are available at 16936 El Fuego Drive (P.O. Box 1206), Rancho Santa Fe, CA 92067.

Note 11 – Risk Management

The District is exposed to various risks of loss and has effectively managed risk through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

The District is self-insured for workers' compensation benefits. The District is one of nine participants in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation. There is no pooling of workers' compensation liability between the participants, and each participant self-insures their liability up to $300,000 per occurrence. As of June 30, 2021, the District had $690,613 on deposit with PASIS.

All members are responsible for paying their own claims and related expenses. PASIS may advance funds to members who have incurred large losses; however, these advances must be repaid.

Excess insurance is purchased above the self-insured retention. As of June 30, 2021, the liability for workers' compensation claims payable was estimated at $890,675.

Note 11 – Risk Management (Continued)

Changes in workers' compensation claims payable for the year ended June 30, 2021, were as follows:

Description	Amount
Estimated claims – beginning of year	$ 669,375
Revised claims estimate	950,675
Claim payments	(729,375)
Estimated claims – end of year	$ 890,675

The District is insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the District as of June 30, 2021:

- General liability: $1,000,000 per occurrence and $3,000,000 aggregate. The District purchased additional excess coverage layers: $10 million per occurrence and $20 million aggregate for general and auto liability, which increases the limits on the insurance coverage noted above.

- Auto liability: $1,000,000 liability limits and deductibles applied to specific vehicles with a $1,000 deductible on Comprehensive and Collision, and other vehicles have a $1,000 deductible on Comprehensive and on Collision.

Note 12 – Contingencies

Litigation

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, other than the matter discussed above, will not materially affect its financial condition.

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REQUIRED SUPPLEMENTARY INFORMATION

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Rancho Santa Fe Fire Protection District
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Property taxes	$ 13,348,680	$ 13,348,680	$ 13,877,359	$ 528,679
Voter approved taxes	1,644,459	1,644,459	1,645,643	1,184
Developer payments in-lieu of property taxes	202,436	202,436	218,959	16,523
Reorganization revenue – Elfin Forest/Harmony Grove	312,500	312,500	312,500	-
Charges for services	1,273,983	1,273,983	463,748	(810,235)
Operating grants and contributions	227,328	227,328	1,631,593	1,404,265
Rental income	411,041	411,041	403,647	(7,394)
Investment earnings	456,302	456,302	(7,405)	(463,707)
Other	86,383	86,383	61,904	(24,479)
Total revenues	17,963,112	17,963,112	18,607,948	644,836
Expenditures:				
Fire protection operations:				
Salaries and wages	9,355,268	9,355,268	9,949,798	(594,530)
Employee benefits	5,147,166	5,147,166	5,056,673	90,493
Contractual services	1,952,198	1,952,198	1,643,961	308,237
Materials and supplies	740,014	740,014	543,096	196,918
Other expenditures	50,276	50,276	226,679	(176,403)
Capital outlay	1,453,900	1,453,900	680,849	773,051
Total expenditures	18,698,822	18,698,822	18,101,056	597,766
Excess of revenues over expenditures	(735,710)	(735,710)	506,892	47,070
Other financing sources (uses):				
Transfers in	558,800	558,800	753,303	(194,503)
Total other financing sources (uses)	558,800	558,800	753,303	(194,503)
Change in find balance	$ (176,910)	$ (176,910)	1,260,195	$ (147,433)
Fund balance:				
Beginning of year			17,164,865	
End of year			$ 18,425,060	

Rancho Santa Fe Fire Protection District
Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Capital grants and contributions	$ 390,300	$ 390,300	$ 154,502	$ (235,798)
Interest earnings	47,800	47,800	(21,145)	(68,945)
Total revenues	438,100	438,100	133,357	(304,743)
Other financing sources (uses):				
Transfers (out)	(558,800)	(558,800)	(753,303)	(194,503)
Total other financing sources (uses)	(558,800)	(558,800)	(753,303)	(194,503)
Change in fund balance	$ (120,700)	$ (120,700)	(619,946)	$ (499,246)
Fund balance:				
Beginning of year			1,942,242	
End of year			$ 1,322,296	

Rancho Santa Fe Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Measurement Date:	**June 30, 2020[1]**	**June 30, 2019[1]**	**June 30, 2018[1]**	**June 30, 2017[1]**	**June 30, 2016[1]**	**June 30, 2015[1]**	**June 30, 2014[1]**
District's Proportion of the Net Pension Liability	0.114860%	0.106580%	0.107110%	0.112792%	0.125562%	0.129422%	0.152943%
District's Proportionate Share of the Net Pension Liability	$12,496,976	$10,921,460	$10,321,502	$11,185,827	$10,865,029	$ 8,883,393	$ 9,516,816
District's Covered-Employee Payroll	$ 7,300,832	$ 7,340,616	$ 6,967,247	$ 6,270,128	$ 5,925,389	$ 5,473,782	$ 5,039,982
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	171.17%	148.78%	148.14%	178.40%	183.36%	162.29%	188.83%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.10%	75.26%	75.26%	73.31%	74.06%	83.47%	81.57%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

Rancho Santa Fe Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2021

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS)

Fiscal Year:	**2020-21**[1]	**2019-20**[1]	**2018-19**[1]	**2017-18**[1]	**2016-17**[1]	**2015-16**[1]	**2014-15**[1]	**2013-14**[1]
Actuarially Determined Contribution[2]	$ 2,142,743	$ 1,918,645	$ 1,694,429	$ 1,172,632	$ 1,398,414	$ 1,293,222	$ 1,388,366	$ 1,240,671
Contribution in Relation to the Actuarially Determined Contribution[2]	(3,142,743)	(2,375,670)	(2,656,080)	(2,110,926)	(3,025,702)	(2,793,222)	(3,889,970)	(1,240,671)
Contribution Deficiency (Excess)	$ (1,000,000)	$ (457,025)	$ (961,651)	$ (938,294)	$ (1,627,288)	$ (1,500,000)	$ (2,501,604)	$ -
District's Covered-Employee Payroll[3]	$ 7,494,913	$ 7,300,832	$ 7,340,616	$ 6,967,247	$ 6,270,128	$ 5,925,389	$ 5,473,782	$ 5,039,982
Contributions as a Percentage of Covered-Employee Payroll	41.93%	32.54%	36.18%	30.30%	48.26%	47.14%	71.07%	24.62%

[1] Historical information is presented only for measurement periods for which GASB No. 68 is applicable.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

[3] Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of the Two Years Additional Service Credit (a.k.a. Golden Handshakes).