



RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

REGULAR BOARD MEETING MINUTES
January 13, 2021

1. CALL TO ORDER/ROLL CALL

Directors Present: Covington, Hill, Couzens, Davidson

Directors Absent: Prather

Meeting called to order at 7:03 p.m.

2. PLEDGE OF ALLEGIANCE

3. DISTRICT REORGANIZATION

A. Elections of Board Chair and Vice Chair

BOARD CHAIR

Director Covington nominated Director Hill, and Director Hill accepted the nomination.

Roll Call Vote:

Prather: absent
Covington: yes
Couzens: yes
Davidson: yes
Hill: yes

Passed 4-0, 1 absent.

VICE CHAIR

Director Couzens nominated Director Covington, and Director Covington accepted the nomination.

Roll Call Vote:

Prather: absent
Covington: yes
Couzens: yes
Davidson: yes
Hill: yes

Passed 4-0, 1 absent.

4. ANNOUNCEMENTS

Counsel went over statutory requirements for board members.

5. CONFIRMATION OF AGENDA

None.

6. BOARD CORRESPONDENCE

None.

7. PUBLIC COMMUNICATIONS

None.

8. CONSENT CALENDAR

Motion by Director Covington to adopt approve November 18, 2020 meeting minutes, seconded by Director Couzens.

Roll Call Vote:

Prather: absent
Covington: yes
Couzens: yes
Davidson: yes
Hill: yes

Passed 4-0, 1 absent.

9. LAFCO

Motion by Director Covington to appoint Chair Hill as LAFCO representative, and Director Covington as the alternate representative, seconded by Director Davidson.

Roll Call Vote:

Prather: absent
Covington: yes
Couzens: yes
Davidson: yes
Hill: yes

Passed 4-0, 1 absent.

Public Comment:

Vince Wells

10. FIRE DISTRICT ANNUAL REPORT

2019 Annual report presented.

11. AD HOC COMMITTEES (POSSIBLE ACTION ITEM)

A. Selection of ad hoc committee for preparation of 2021-22 budget

Chair Hill appointed Directors Couzens and Davidson to ad hoc committee.

B. Discussion regarding strategic planning ad hoc committee and membership

Chair Hill appointed Director Covington, direction to staff given.

C. Discussion regarding reserve ad hoc committee and membership

Item continued to February.

Public comment:

Hoser
Jerry Short

12. FIRE CHIEF'S REPORT

No action taken.

Public Comment:

Vince Wells

13. STAFF REPORTS

Update given regarding AP Triton Consolidation study.

14. BOARD MEMBER REPORTS (11:00)

A. LAFCO

This item removed from Agenda

B. NEW BOARD MEMBER STATEMENTS

Public Comment:

Dan Romero

15. AD HOC BOARD COMMITTEE REPORTS

Reserve Program-none
Strategic Planning-none

16. LOCAL 1230 CORRESPONDENCE

Jerry Short commented on new board members and consolidation study.

17. REQUESTS FOR FUTURE AGENDA ITEMS

None.

18. ADJOURNMENT

Meeting adjourned at 9:11 p.m.

Audio from this board meeting can be heard at www.rhfd.org

Board Vice Chair

7800| General Fund Rodeo Hercules Fire District Transmittal Report

January 2021

Date	Num	Name	Memo	Account	Amount
01/01/2021	228523	J.W. Enterprises	January 2021	2281 · Maintenance of Buildings	-359.00
01/01/2021	W4102379VA	American Messaging	January 2021	2110 · Communications	-50.66
01/01/2021	FASIS-2021-0592	FASIS	3rd Quarter WC Contribution	1070 · Worker's Compensation Insurance	-66,912.00
01/01/2021	JAN2021	The Standard	January 2021	1060 · Group Insurance	-638.00
01/02/2021	287291133577x0110202	First Net	12/03-01/02	2110 · Communications	-209.36
01/05/2021	Jan21	Health Care Dental	January 2021	1060 · Group Insurance	-2,676.92
01/06/2021	35		Correction Appor 12/20	9010 · Property Taxes-Current Secured	1,339.71
01/06/2021	FEb 2021	American River Benefit Administrators	February 2021	1060 · Group Insurance	-738.99
01/07/2021	BF-EMT Renewal	Barron Flanders	EMT Renewal	2477 · Educational Supplies & Courses	-122.00
01/07/2021	INV454147	LN Curtis & Sons	Firefighter Supplies	2474 · Firefighting Supplies	-292.65
01/08/2021	36		20-21 1st 50%	9385 · Homeowner Property Tax Relief	14,140.51
01/10/2021	9871040270	Verizon Wireless	12/11-01/10	2110 · Communications	-19.18
01/11/2021	83911274	Bound Tree	Medical Supplies	2140 · Medical Supplies	-265.76
01/11/2021	4017223667-jan	P.G.&E.	76-12/09-01/08	2120 · Utilities	-730.88
01/12/2021	5183799518-jan	P.G.&E.	75-12/10-01/10	2120 · Utilities	-293.44
01/13/2021	2020-21-303	Alameda County Fire Department	T76-repairs	2271 · Central Garage Maintenance	-425.00
01/14/2021	229034	J.W. Enterprises	February 2021	2281 · Maintenance of Buildings	-359.00
01/15/2021	01-21-09	Municipal Resource Group	Second Quarter Services	2310 · Professional/Specialized Servic	-10,800.00
01/15/2021	188892062-FEB	P.G.&E.	75-12/11-01/11	2120 · Utilities	-23.52
01/18/2021	811433219	Vision Service Plan	February 2021	1060 · Group Insurance	-526.23
01/18/2021	811433219	Vision Service Plan	November 2020	1060 · Group Insurance	-16.46
01/21/2021	GF012121	Greg Fernando	Co-Pay reimbursements	1060 · Group Insurance	-125.00
01/21/2021	159433	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	159399	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	159190	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	158867	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	159044	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	159046	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	158945	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	158697	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	158637	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86
01/21/2021	158531	FASIS	4850 Reimbursement	1011 · Permanent Salaries	2,598.86

3:36 PM
02/05/21

7800| General Fund Rodeo Hercules Fire District Transmittal Report

January 2021

01/21/2021 159262	FASIS	4850 Reimbursement	1011 · Permanent Salaries	926.16
01/21/2021 2323	9741	Plan Review	9741 · Fire Prevention Plan Review	243.00
01/26/2021 CC012621	Chuck Coleman	Paramedic License	2477 · Educational Supplies & Courses	-225.00

RODEO-HERCULES FIRE PROTECTION FIRE DISTRICT

MEMORANDUM

TO: Board of Directors, RODEO HERCULES FIRE PROTECTION FIRE DISTRICT

FROM: Bryan Craig, FIRE CHIEF

DATE: February 10, 2021

RE: Mid-Year Budget Report for FY 2020-21

The attached reports summarize the Fire District's financial position through the second quarter, ending December 31, 2020. Substantive information from the County financial ledger is illustrated in the Fire District chart of accounts. This report is created by Fire District staff with the support and assistance of the Board appointed third party independent financial advisor from Municipal Resource Group.

BACKGROUND:

The Fire District Board of Directors adopts the current year budget on or before the September 30 deadline. Throughout the fiscal year, the staff develops quarterly budget analysis reports for the Fire District Board of Directors. The purpose of the budget report is to provide an overview of the Fire District's financial condition and recommend budget and performance adjustments to more accurately reflect projected resources and expenditures.

MID YEAR RESULTS:

To date, the Fire District's approach to revenue projections and expense allocations appears to be significantly more conservative than overall activity in the General Fund. Property Tax is the primary source of revenue to the General Fund and is currently performing at about 91% of its projected levels. It is anticipated that the District should receive all its budgeted tax funds by the end of the fiscal year.

GENERAL FUND – REVENUE ANALYSIS:

The Fire District is on track to receive its anticipated secured property tax revenue for the fiscal year 2020-21. The Fire District expects nominal additional revenues from the County Assessor's office between now and the end of the budget year.

RODEO HERCULES FIRE PROTECTION DISTRICT
DISTRICT REVENUE AS OF 12/31/2020
MID-YEAR REPORT UNAUDITED
GENERAL FUND REVENUE FY20-21

DESCRIPTION	GL CODE	Adopted Bud. FY2019-20	Actual FY 2019-20	Adopted FY 2020-21	2nd QTR Actual FY21	VAR. %
Prop. Taxes-Current Sec.	9010	3,595,552	4,088,586	3,878,166	3,514,936	91%
Prop. Tax-Supplemental	9011	115,969	106,884	105,584	7,424	7%
Prop. Tax-Unitary	9013	77,794	73,093	74,884	73,996	99%
Prop. Tax-Current Unsec.	9020	130,049	132,773	112,167	126,324	113%
Prop Tax-Prior-Secured	9030	(9,341)	(7,262)	(8,569)	(5,361)	63%
Prop Tax-Prior-Supplement	9031	(5,905)	(4,462)	(4,981)	(106)	2%
Prop Tax-Prior-Unsecured	9035	3,312	352	(948)	872	0%
TOTAL PROPERTY TAXES		3,907,430	4,389,965	4,156,303	3,718,086	89%
Benefit District	9066	1,352,535	1,347,041	1,347,040	1,361,249	101%
TOTAL BENEFIT DISTRICT		1,352,535	1,347,041	1,347,040	1,361,249	101%
H/O Prop Tax Relief	9385	30,555	29,604	29,956	14,141	47%
Other In Lieu Taxes	9580		192	-	192	0%
RDA NonProp-Tax Pass Thru	9591	475,463	427,275	375,000	226,331	60%
Earnings on Investment	9181		16,401	12,296	5,918	48%
Fire Prevention Plan Review	9741	100,802	75,244	55,000	13,484	25%
Misc. Current Services	9895	85,593	85,593	85,592	-	0%
Other District Revenue	9980		23,287	23,109	6,544	28%
TOTAL INTERGOVERNMENTAL		692,413	657,596	580,953	266,609	46%
TOTAL OTHER REVENUE		5,952,378	6,394,601	6,084,296	5,345,943	88%

GENERAL FUND – EXPENDITURE ANALYSIS:

Salaries through December 31st are about 50% expended.

Overtime expenses have exceeded the budget amounts due to strike team deployments, worker's compensation absences, and one employee vacancy, —items which were not budgeted for. A portion of these expenses are reimbursed from California office of Emergency Services and worker's compensation insurance.

**Rodeo-Hercules Fire Protection District
General Fund Expenditures
Through December 31, 2020**

		20/21 BUDGET	20/21 TO DATE	% EXPENDED
Holiday Pay	1001	\$ 161,988.00	\$ 80,332	50%
Permanent Salaries	1011	\$ 2,491,807.00	\$ 1,104,537	44%
Temporary Salaries	1013	\$ 54,960.00	\$ 27,977	51%
Overtime	1014	\$ 457,320.00	\$ 548,571	120%
Overtime-FLSA	1014	\$ 55,464.00	\$ 28,156	51%
Overtime Reimbur.	1014	\$ -	\$ -	0%
Deferred Compensation	1015	\$ 10,800.00	\$ -	0%
FICA	1042	\$ 32,789.00	\$ 26,513	81%
Retirement	1044	\$ 500,000.00	\$ 270,177	54%
Retirement-UAAL	1044	\$ -	\$ -	0%
Employee Group Insurance	1060	\$ 62,194.00	\$ 28,045	45%
Retiree Group Insurance	1061	\$ -	\$ -	0%
SUI	1063	\$ 1,000.00	\$ 278	28%
Worker's Compensation Ins.	1070	\$ 280,000.00	\$ 133,824	48%
Uniform Allowance	2160	\$ 13,320.00	\$ 6,715	50%
TOTAL SALARIES AND BENEF.		\$ 4,121,642	\$ 2,255,125	55%
Office Expense	2100	\$ 28,490	\$ 13,444	47%
Books, Periodicals, Subscr.	2102	\$ 2,485	\$ 1,320	53%
Communications	2110	\$ 206,223	\$ 17,149	8%
Utilities	2120	\$ 34,823	\$ 20,009	57%
Small Tools & Equipment	2130	\$ 1,400	\$ 912	65%
Medical & Lab Supplies	2140	\$ 13,320	\$ 9,593	72%
Food	2150	\$ 4,420	\$ 740	17%
Household Expense	2170	\$ 5,500	\$ 1,657	30%
Publications & Legal Notices	2190	\$ 1,300	\$ 428	33%
Memberships	2200	\$ 5,349	\$ 2,066	39%
Rents & Leases-Equipment	2250	\$ 302,008	\$ 87,185	29%
Maintenance-Equipment	2270	\$ 37,366	\$ 1,117	3%
Central Garage Repairs	2271	\$ 80,000	\$ 30,879	39%
Central Garage Gas/Oil	2272	\$ 8,600	\$ 2,182	25%
Central Garage Tires	2273	\$ 14,000	\$ 2,732	20%
Maintenances-Radios/Electronics	2276	\$ 30,010	\$ 24,038	80%
Maintenances-Bldgs & Grounds	2281	\$ 123,350	\$ 12,256	10%
Other Travel-Employees	2303	\$ 4,560	\$ 1,770	39%
Professional Services	2310	\$ 312,519	\$ 96,646	31%
Data Processing Service	2315	\$ 960	\$ 278	29%
Data Processing Supplies	2316	\$ 324	\$ -	0%
Information Security Charges	2326	\$ 2,196	\$ 712	32%
Department Insurance	2360	\$ 46,250	\$ 42,168	91%
Firefighting Supplies	2474	\$ 65,815	\$ 11,570	18%
Recreation	2476	\$ 1,000	\$ -	0%
Ed Supplies and Courses	2477	\$ 17,245	\$ 437	3%
Other Special Dept. Expenses	2479	\$ 3,420	\$ 3,404	100%
Interest on Notes and Warrants	3520	\$ 1,000	\$ -	0%
Taxes and Assessments	3530	\$ 23,000	\$ 9,759	42%
TOTAL OPERATIONS		\$ 1,376,933	\$ 394,452	29%
		\$ 5,498,575	\$ 2,649,578	48%

MEASURE O:

Prior to the Fire District receiving its revenues from Measure O in October, the account fund balance is used to pay for budgeted expenses. This first quarter report shows Measure O Revenues and Expenses currently tracking fiscal year projections.

RODEO HERCULES FIRE PROTECTION DISTRICT
FISCAL YEAR 2020-2021 MEASURE O
MID YEAR REVENUE AND EXPENSE
THROUGH DECEMBER 31, 2020

DESCRIPTION	GL CODE	UNAUDITED ACTUAL FY2019-20	ADOPTED BUDGET FY 2020-21	MID-YEAR FY2020-21	%
Beginning Fund Balance		217,401		802,155	
Revenue	9066	2,475,105	2,500,704	2,502,879	100%
TOTAL REVENUE		2,692,506	2,500,704	3,305,034	1
Group Insurance Health Active Employees	1060	409,150	433,504	253,543	58%
Group Insurance - Retiree	1061	303,059	303,170	175,865	58%
Group Insurance-OPEB Matching Funds	1060	54,296	70,000	-	0%
CCERA-UAAL payment	1044	1,113,976	1,639,704	1,639,704	100%
County Collection Fee	3530	9,870	10,000	9,743	97%
TOTAL EXPENDITURES		1,890,351	2,456,378	2,078,855	85%
PROJECTED ENDING FUND BALANCE*		802,155	846,480		

OVERTIME EXPENSES

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
STRIKE TEAM	\$ -	\$ 24,771.13	\$ 17,335.20	\$ 16,402.99	\$ -	\$ -
STRIKE TEAM COVER	\$ -	\$ 9,622.83	\$ -	\$ -	\$ -	\$ -
SICK	\$ 7,854.48	\$ 13,470.70	\$ 17,491.10	\$ 22,525.45	\$ 7,840.83	\$ 5,879.03
FAMILY SICK	\$ -	\$ -	\$ 887.88	\$ -	\$ -	\$ -
VACATION	\$ 19,408.83	\$ 14,223.39	\$ 14,187.01	\$ 8,067.36	\$ 10,109.13	\$ 8,316.30
OT ACTING PAY	\$ 8,428.72	\$ 11,824.59	\$ 11,833.57	\$ 4,685.79	\$ 10,659.96	\$ 14,415.78
CALL PAY	\$ 111.54	\$ -	\$ 130.39	\$ 99.71	\$ 150.87	\$ 149.11
WORKER'S COMP	\$ 21,458.92	\$ 21,856.91	\$ 26,537.28	\$ 33,384.65	\$ 45,450.79	\$ 43,989.38
DISTRICT BUSINESS	\$ 514.06	\$ 463.72	\$ 1,105.80	\$ 305.45	\$ 188.17	\$ 613.30
COMP TIME	\$ 2,835.52	\$ 7,586.56	\$ 4,047.04	\$ 1,549.38	\$ -	\$ 3,620.97
OTHER	\$ 4,729.21	\$ 3,014.22	\$ 558.93	\$ 4,474.58	\$ 3,578.88	\$ -
SCHOOL				\$ -		\$ -
VACANCY	\$ 5,775.63	\$ 10,953.10	\$ 9,495.84	\$ 9,688.55	\$ -	\$ -
FLSA	\$ 4,580.44	\$ 4,414.50	\$ 4,570.80	\$ 4,570.80	\$ 5,267.91	\$ 4,751.45
ACTING PAY	\$ 525.15	\$ 1,133.83	\$ 577.67	\$ 3,770.20	\$ 519.36	\$ 650.88
	\$ 76,222.49	\$ 123,335.49	\$ 108,758.51	\$ 109,524.92	\$ 83,765.90	\$ 82,386.19

Reimbursements

The District anticipates receiving the following reimbursements for strike team assignments:

STRIKE TEAM:	DATES		1014		1011		2271		TOTAL
GLASS	09/27-10/12	\$	35,644.22	\$	4,498.42	\$	9,340.00	\$	49,482.64
NORTH COMPLEX	09/9-09/20	\$	26,800.73	\$	2,870.47	\$	1,904.00	\$	31,575.20
SCU LIGHTENING	08/18-09/01	\$	25,719.75	\$	2,879.48	\$	3,075.00	\$	31,674.23
LNU LIGHTENING	08/19-08/20	\$	4,982.06	\$	719.58	\$	2,213.75	\$	7,915.39
PRE-POSITION	8/23/2020	\$	4,245.21	\$	664.87	\$	2,403.50	\$	7,313.58
		\$	97,391.97	\$	11,632.82	\$	18,936.25	\$	127,961.04

RODEO-HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

TO: BOARD of DIRECTORS

FROM: Bryan Craig, Fire Chief

DATE: February 10, 2021

RE: Annual Audit

BACKGROUND:

Following general accounting principles, the Fire District contracts with an independent contractor to conduct a financial audit of the District finances. For the fourth consecutive year, the District engaged the assistance of Harshwal & Company LLP to provide the following services to the Fire District as required:

Basic Financial Statements
Preparation of Annual Report of Financial Transactions for the District (SCO Report)
Financial Report for (Measure “O”)

Representatives from Harshwal & Company are here to present their findings.

RECOMMENDATION:

That the Board of Directors receive and accept the Basic Financial Statements, and Required Communications for the Year Ending June 30, 2020, and the Measure “O” Financial Report For The Year Ending June 30, 2019 as prepared by Harshwal & Company LLP.
This is an action item.

ATTACHMENTS:

Basic Audited Financial Statements for the Year Ending June 30, 2020
Financial Report for Measure “O”

RODEO - HERCULES FIRE PROTECTION DISTRICT

HERCULES, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

HARSHWAL 
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

RODEO - HERCULES FIRE PROTECTION DISTRICT
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JUNE 30, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Rodeo - Hercules Fire Protection District
Hercules, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Rodeo - Hercules Fire Protection District, (the "District") as of and for the year ended June 30, 2020, and the related notes to the 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.

Auditor's 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 Rodeo - Hercules Fire Protection District as of June 30, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, required supplementary information related to Pension and OPEB and Budget for general fund and capital project fund as listed in the table of contents 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any 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 our report dated December 23, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Harshwal & Company LLP

Oakland, California
December 23, 2020

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

Our discussion and analysis of the Rodeo - Hercules Fire Protection District (District) provides the reader with an overview of the District's financial position and performance for the period ending June 30, 2020. The Management's Discussion & Analysis (MD&A) describes the significant changes that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The District ended its fiscal year with negative net position of \$8,987,795.
- The total Program Expenses were \$8,775,273.
- The total Program Revenues were \$660,094.
- The total General Revenues were \$8,370,655.
- The change in Net Position represents an increase of \$255,476.

Fund Financial Statements

- The General Fund operating revenues exceeded its expenses leaving a fund balance of \$3,848,174.
- The Hercules Fire Impact Fund operating revenues exceeded its expenses leaving a fund balance of \$405,720.
- The Rodeo Fire Impact Fund operating revenues exceeded operating expenses leaving a fund balance of \$24,099.
- The Capital Projects #1 Fund operating revenues exceeded expenses leaving a fund balance of \$114,224.
- Measure O Parcel Tax Fund operating revenue exceeded expenses leaving a fund balance of \$802,155.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,848,174. Restricted fund balance of the Hercules Fire Impact Fee Special Revenue Fund was \$405,720; and the Rodeo Fire Impact Fee Special Revenue Fund was \$24,099. Assigned fund balance of the Capital Projects # 1 was \$114,224; and the Measure O Parcel Tax Special Revenue Fund was \$802,155. In addition, the District has a line of credit funding source with the Kansas State Bank with a debt service fund balance of \$88,173.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ANNUAL REPORT OVERVIEW

This annual report consists of a series of financial statements. The District's Basic Financial Statements are comprised of two components: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide the reader with a longer-term view of the District's activities as a whole and comprise the Statement of Net Position and Statement of Activities. The manner of presentation is similar to a private-sector business.

The *Statement of Net Position* presents information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on the full accrual basis of accounting. Over time, increases or decreases in Net Position is one indicator in monitoring the financial health of the District.

The *Statement of Activities* provides information about all the District's revenues and expenditures on the full accrual basis of accounting, with the emphasis on measuring net revenues or expenditures of each specific program. This statement explains in detail the change in Net Position for the year.

All of the District's activities in the Government-Wide Financial Statements are principally supported by taxes, intergovernmental revenues, fire impact fees and inspection fees. The governmental activities of the District include fire protection and interest on long-term debt.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A *fund* is a fiscal and accounting entity with a self-balancing set of accounts that the District uses to keep track of specific resources of funding and spending for a particular purpose.

All of the District's basic services are considered to be governmental activities. The District's services are supported by general District revenues such as taxes, intergovernmental revenue, developer impact fees and inspection fees. In the District's case, the six funds (General Fund, Capital Projects Fund, Debt service Fund, Measure O Parcel tax and two Developer Impact Fees) are presented individually.

The *Governmental Funds* focus on how money flows into and out of the fund and the balance left at year-end available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

This analysis focuses on the Net Position and changes in Net Position of the District's Governmental Activities, as presented in the Government-Wide Statement of Net Position and Statement of Activities as follows:

**Table 1
Net Position
Governmental Activities**

	<u>2019-2020</u>	<u>2018-2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 5,581,325	\$ 3,867,048	\$ 1,714,277	44.3 %
Noncurrent Assets	88,173	88,173	-	- %
Capital assets	<u>1,717,677</u>	<u>1,991,289</u>	<u>(273,612)</u>	<u>(13.7)%</u>
Total assets	<u>7,387,175</u>	<u>5,946,510</u>	<u>1,440,665</u>	<u>24.2 %</u>
Deferred Outflows of Resources				
Related to pension	3,593,115	7,413,375	(3,820,260)	(51.5)%
Related to OPEB	<u>68,368</u>	<u>-</u>	<u>68,368</u>	<u>100.0 %</u>
Total deferred outflows of resources	<u>3,661,483</u>	<u>7,413,375</u>	<u>(3,751,892)</u>	<u>(50.6)%</u>
Liabilities				
Current liabilities	554,636	516,946	37,690	7.3 %
Noncurrent liabilities	<u>13,058,029</u>	<u>15,738,381</u>	<u>(2,680,352)</u>	<u>(17.0)%</u>
Total liabilities	<u>13,612,665</u>	<u>16,255,327</u>	<u>(2,642,662)</u>	<u>(16.3)%</u>
Deferred Inflows of Resources				
Related to pension	6,423,788	6,334,030	89,758	1.4 %
Related to OPEB	<u>-</u>	<u>13,929</u>	<u>(13,929)</u>	<u>(100.0)%</u>
Total deferred inflows of resources	<u>6,423,788</u>	<u>6,347,959</u>	<u>75,829</u>	<u>1.2 %</u>
Net Position				
Net investment in capital assets	1,565,054	1,765,272	(200,218)	(11.3)%
Restricted for:				
Special projects and programs	429,819	367,859	61,960	16.8 %
Debt Service	88,173	88,173	-	- %
Unrestricted	<u>(11,070,841)</u>	<u>(11,464,705)</u>	<u>393,864</u>	<u>3.4 %</u>
Total Net Position	<u>\$ (8,987,795)</u>	<u>\$ (9,243,401)</u>	<u>\$ 255,606</u>	<u>2.8 %</u>

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE - CONT'D

**Table 2
Statement of Activities
Governmental Activities**

	<u>2019-2020</u>	<u>2018-2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Expenses				
Public safety - Fire protection	\$ 8,775,273	\$ 3,104,197	\$ 5,671,076	182.7 %
Total Program Expenses	<u>8,775,273</u>	<u>3,104,197</u>	<u>5,671,076</u>	<u>182.7 %</u>
Revenues				
Program revenues:				
Operating grants and contributions	427,275	327,903	99,372	30.3 %
Charges for services	232,819	43,109	189,710	100.0 %
General revenues:				
Property taxes	4,419,569	7,090,547	(2,670,978)	(37.7)%
Special Tax/Fire (Benefit Assessment)	3,822,145	1,352,535	2,469,610	182.6 %
Hercules development fees	106,853	203,061	(96,208)	(47.4)%
Investment earnings	18,735	4,416	14,319	324.3 %
Miscellaneous	<u>3,353</u>	<u>17</u>	<u>3,336</u>	<u>19,623.5 %</u>
Total Revenues	<u>9,030,749</u>	<u>9,021,588</u>	<u>9,161</u>	<u>0.1 %</u>
Changes in net position	<u>255,476</u>	<u>5,917,391</u>	<u>\$ (5,661,915)</u>	<u>(95.7)%</u>
Net position, beginning of year	(9,243,401)	(15,127,012)		
Prior Period Adjustments	<u>130</u>	<u>(33,780)</u>		
Net position, beginning of year, restated	<u>(9,243,271)</u>	<u>(15,160,792)</u>		
Net position, end of year	<u>\$ (8,987,795)</u>	<u>\$ (9,243,401)</u>		

Expenses

The Public Safety - Fire Protection expenses totaled to \$8,775,273 for fiscal year ending 2020.

Program Revenues

During the fiscal year ended June 30, 2020, the District also received funding through the District's Measure "O" in amount of \$2,475,105. The proceeds of the special tax funding replacement measure imposed by this ordinance could be used solely for any lawful purpose permissible to Fire District's pursuant to California Health and Safety Code section 13800 et seq.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE - CONT'D

The program revenues that fall under the category of "Charges for Service" include revenues for inspection fees, weed abatement charges, and reports/photocopies.

General Revenues

The primary source of revenue for the operation of the Rodeo - Hercules Fire Protection District is generated through the collection of secured, unsecured, and supplemental property and parcel taxes. During the last fiscal year, the overall assessed valuation decreased by 0.1%. This decrease reflects the decrease in assessed valuations in the City of Hercules and Town of Rodeo. A considerable portion of the District's potential revenues falls within the City of Hercules Redevelopment Area of which the District is entitled to receive a portion of the pass-through property tax revenues. However, due to the City of Hercules' financial crisis, the District did not receive its pass-through monies in fiscal years 2010/11 through 2019/20, as stated above.

Fund Financial Statements

Governmental Funds

At June 30, 2020, the District's governmental funds reported combined fund balances of \$5,282,545, which is an increase of \$1,693,835 compared with the prior year.

Major Analyses of Governmental Funds

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources are property taxes and benefit assessments.

Overall, the General Fund expenditures decreased by 24.40% from last year.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CAPITAL ASSETS

At the end of fiscal year 2020, the District had \$1,717,677 in net capital assets. The following table identifies the specific governmental activity:

**Table 3
Capital Assets at Year-End
Governmental Activities**

	<u>2019-2020</u>	<u>2018-2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Capital Assets				
Land	\$ 7,437	\$ 7,437	\$ -	- %
Buildings and improvements	1,096,448	1,096,448	-	-
Equipment	5,592,724	5,578,720	14,004	0.3 %
Less accumulated depreciation	<u>(4,978,932)</u>	<u>(4,691,316)</u>	<u>(287,616)</u>	<u>6.1 %</u>
Capital Assets	<u>\$ 1,717,677</u>	<u>\$ 1,991,289</u>	<u>\$ (273,612)</u>	<u>(13.7)%</u>

All the capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. All capital assets are depreciated over their estimated useful lives, using the straight line method. See Note 1 in the basic financial statement for more detailed analyses.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

In past years, the District's assessed values have increased but the District expects this trend to level out in future years without any significant increase or decrease in assessed values. Financial planning is based on specific assumptions from recent trends in real property values, new commercial and residential development, State of California economic forecasts and historical growth patterns in the various tax rate areas in the Rodeo - Hercules Fire Protection District.

The economic condition of the Rodeo - Hercules Fire Protection District as it appears on the balance sheet reflects financial stability for future years as the District has made significant reductions in expenditures and has made efforts to increase its revenues. Measure O parcel tax allowed the District to keep both stations open upon the expiration of the FEMA Safer Grant and the 2014 benefit assessment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Questions about this report should be directed to the Administrative Offices of the Rodeo - Hercules Fire Protection District, 1680 Refugio Valley Road, Hercules, CA 94547 (510) 799-4561.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments (Note 2)	\$ 5,533,233
Accounts receivable	43,987
Accrued interest	4,105
Total Current Assets	5,581,325
Noncurrent Assets:	
Other assets:	
Restricted cash (Note 2)	88,173
Total Other Assets	88,173
Capital assets (Note 3):	
Non-depreciable	7,437
Depreciable capital assets, net	1,710,240
Total capital assets, net of accumulated depreciation	1,717,677
Total Noncurrent Assets	1,805,850
Total Assets	7,387,175
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 6)	3,593,115
Related to other post employment benefit plan (Note 7)	68,368
Total Deferred Outflows of Resources	3,661,483
Total Assets and Deferred Outflows of Resources	\$ 11,048,658
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 386,953
Compensated absences, due within one year (Note 1 G)	90,729
Lines of credit, due within one year (Note 4)	76,954
Total Current Liabilities	554,636
Noncurrent Liabilities:	
Compensated absences, due in more than one year (Note 1 G)	211,700
Lines of credit, due in more than one year (Note 4)	75,669
Net OPEB liability (Note 7 B)	3,746,465
Net pension liability (Note 6)	9,024,195
Total Noncurrent Liabilities	13,058,029
Total Liabilities	\$ 13,612,665

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pension (Note 6)	\$ <u>6,423,788</u>
Total Deferred Inflows of Resources	<u>6,423,788</u>
NET POSITION (DEFICIT) (Note 5)	
Net investment in capital assets	1,565,054
Restricted for:	
Special projects and programs	429,819
Debt Service	88,173
Unrestricted	<u>(11,070,841)</u>
Total Net Position (Deficit)	<u>(8,987,795)</u>
Total Liabilities, Deferred inflows of resources, and Net Position	<u>\$ 11,048,658</u>

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Public safety - Fire protection	\$ 8,775,273	\$ 232,819	\$ 427,275	\$ (8,115,179)
Total Governmental Activities	<u>\$ 8,775,273</u>	<u>\$ 232,819</u>	<u>\$ 427,275</u>	<u>(8,115,179)</u>
General Revenues:				
Property tax				4,389,965
Special Tax/Fire (Benefit Assessment)				3,822,145
Home owner property tax relief				29,604
Hercules development fees				106,853
Investment earnings				18,735
Miscellaneous				<u>3,353</u>
Total General Revenues				<u>8,370,655</u>
Changes in Net Position				<u>255,476</u>
Net Position (Deficit), beginning of year				(9,243,401)
<i>Restatement</i>				<u>130</u>
Net Position (Deficit), beginning of year, <i>restated</i>				<u>(9,243,271)</u>
Net Position (Deficit), end of year				<u>\$ (8,987,795)</u>

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

FUND FINANCIAL STATEMENTS

RODEO - HERCULES FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Hercules Fire Impact Fee Special Revenue</u>	<u>Rodeo Fire Impact Fee Special Revenue</u>	<u>Measure O Parcel Tax Special Revenue</u>
ASSETS				
Cash and investments (Note 2)	\$ 4,181,918	\$ 412,359	\$ 24,099	\$ 800,633
Restricted cash (Note 2)	-	-	-	-
Accounts receivable	43,987	-	-	-
Accrued interest	<u>4,105</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>4,230,010</u>	<u>412,359</u>	<u>24,099</u>	<u>800,633</u>
LIABILITIES				
Accounts payable	<u>381,836</u>	<u>6,639</u>	<u>-</u>	<u>(1,522)</u>
Total Liabilities	<u>381,836</u>	<u>6,639</u>	<u>-</u>	<u>(1,522)</u>
FUND BALANCES				
Restricted	-	405,720	24,099	-
Assigned	-	-	-	802,155
Unassigned	<u>3,848,174</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,848,174</u>	<u>405,720</u>	<u>24,099</u>	<u>802,155</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,230,010</u></u>	<u><u>\$ 412,359</u></u>	<u><u>\$ 24,099</u></u>	<u><u>\$ 800,633</u></u>

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Capital Projects #1</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments (Note 2)	\$ 114,224	\$ -	\$ 5,533,233
Restricted cash (Note 2)	-	88,173	88,173
Accounts receivable	-	-	43,987
Accrued interest	-	-	4,105
Total Assets	<u>114,224</u>	<u>88,173</u>	<u>5,669,498</u>
LIABILITIES			
Accounts payable	-	-	386,953
Total Liabilities	<u>-</u>	<u>-</u>	<u>386,953</u>
FUND BALANCES			
Restricted	-	88,173	517,992
Assigned	114,224	-	916,379
Unassigned	-	-	3,848,174
Total Fund Balances	<u>114,224</u>	<u>88,173</u>	<u>5,282,545</u>
Total Liabilities and Fund Balances	<u>\$ 114,224</u>	<u>\$ 88,173</u>	<u>\$ 5,669,498</u>

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

**RODEO - HERCULES FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - Total governmental funds	\$ 5,282,545
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Funds.	1,717,677
Liabilities are not due and payable with current financial resources and therefore are not reported in the Governmental Funds.	
Compensated absences payable	(302,429)
Net OPEB liability and deferred inflows and outflows of resources	(3,678,097)
Net pension liability and deferred inflows and outflows of resources	(11,854,868)
Lines of credit	<u>(152,623)</u>
Net position (deficit) - Governmental activities	<u>\$ (8,987,795)</u>

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General	Hercules Fire Impact Fee Special Revenue	Rodeo Fire Impact Fee Special Revenue	Measure O Parcel Tax Special Revenue
REVENUES:				
Property taxes	\$ 4,389,965	\$ -	\$ -	\$ -
Home owner property tax relief	29,604	-	-	-
Intergovernmental revenue	427,275	-	-	-
Charges for services	219,818	-	-	-
Special Tax/Fire (Benefit Assessment)	1,347,040	-	-	2,475,105
Hercules development fees	-	106,853	-	-
Use of money and property	16,406	-	-	-
Miscellaneous	3,285	-	68	-
Total Revenues	6,433,393	106,853	68	2,475,105
EXPENDITURES:				
Current:				
Public safety - Fire protection	5,321,323	44,941	20	1,890,351
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	5,321,323	44,941	20	1,890,351
<i>Excess (deficiency) of revenues over expenditures</i>	1,112,070	61,912	48	584,754
OTHER FINANCING SOURCES/ USES:				
Transfers in	3	-	-	-
Transfers out	(80,406)	-	-	-
Total Other Financing Sources/ Uses	(80,403)	-	-	-
Net change in fund balances	1,031,667	61,912	48	584,754
Fund balances, beginning of year	2,816,374	343,808	24,051	217,401
<i>Restatement</i>	133	-	-	-
Fund balances, beginning of year, <i>restated</i>	2,816,507	343,808	24,051	217,401
Fund balances, end of year	\$ 3,848,174	\$ 405,720	\$ 24,099	\$ 802,155

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Capital Projects #1</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property taxes	\$ -	\$ -	\$ 4,389,965
Home owner property tax relief	-	-	29,604
Intergovernmental revenue	-	-	427,275
Charges for services	13,001	-	232,819
Special Tax/Fire (Benefit Assessment)	-	-	3,822,145
Hercules development fees	-	-	106,853
Use of money and property	2,329	-	18,735
Miscellaneous	<u>-</u>	<u>-</u>	<u>3,353</u>
Total Revenues	<u>15,330</u>	<u>-</u>	<u>9,030,749</u>
EXPENDITURES:			
Current:			
Public safety - Fire protection	9	-	7,256,644
Debt service:			
Principal	-	73,394	73,394
Interest	<u>-</u>	<u>7,006</u>	<u>7,006</u>
Total Expenditures	<u>9</u>	<u>80,400</u>	<u>7,337,044</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>15,321</u>	<u>(80,400)</u>	<u>1,693,705</u>
OTHER FINANCING SOURCES/ USES:			
Transfers in	3	80,400	80,406
Transfers out	<u>-</u>	<u>-</u>	<u>(80,406)</u>
Total Other Financing Sources/ Uses	<u>3</u>	<u>80,400</u>	<u>-</u>
Net change in fund balances	<u>15,324</u>	<u>-</u>	<u>1,693,705</u>
Fund balances, beginning of year	98,903	88,173	3,588,710
<i>Restatement</i>	<u>(3)</u>	<u>-</u>	<u>130</u>
Fund balances, beginning of year, <i>restated</i>	<u>98,900</u>	<u>88,173</u>	<u>3,588,840</u>
Fund balances, end of year	<u>\$ 114,224</u>	<u>\$ 88,173</u>	<u>\$ 5,282,545</u>

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,693,705
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives:	
Capitalized expenditures	14,004
Depreciation expense	(287,616)
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Compensated absences	(45,626)
OPEB income	24,848
Pension expense	(1,217,233)
Repayment of principal	<u>73,394</u>
Change in net position in governmental activities	<u><u>\$ 255,476</u></u>

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District is an autonomous district governed by a five (5) member Board of Directors elected at large by the voters of the District. The District covers an area of approximately 25 square miles and includes the unincorporated Town of Rodeo and City of Hercules.

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of the respective governing board. The governing board has decision making authority, the power to designate management, and the ability to significantly influence operations and primary accountability for fiscal matters.

The District maintains its headquarters at 1680 Refugio Valley Road, Hercules, California 94547.

B. Basis of Presentation

The District's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall District government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. District expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) capital grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District has elected to report all of its funds as major governmental funds in the accompanying financial statements:

General Fund - is the general operating fund of the Rodeo-Hercules Fire Protection District. It is used to account for all financial resources. The major revenue sources for this Fund are property taxes, ambulance service revenues and interest income. Expenditures are made for public safety and other operating expenditures.

Hercules Fire Impact Fee Special Revenue Fund - is used to receive fees collected from the City of Hercules.

Rodeo Fire Impact Fee Special Revenue Fund - is used to receive fees collected from the Town of Rodeo.

Measure O Parcel Tax Revenue Fund - is used to receive and to account for the proceeds of Measure "O" special tax funding.

Capital Projects #1 Fund - is used to account for the District's Rodeo-Hercules Fire Protection District capital budget.

Debt Service Fund - is used to account for the proceeds from a line of credit and payments made to vendors related to authorized capital projects.

D. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual* basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The District may fund programs with a combination of cost-reimbursement grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Budgets and Budgetary Accounting

The Board of Directors follow the following procedures establishing the budgetary data reflected on the financial statement:

- (1) Proposed budget is received by Chief of the District and Board Members.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (4) There is no formal budget of revenue as the revenue amount to be received is the previous year's fund balance, plus property tax revenues to be received, less the expense budget.
- (5) The budgets for the General Fund and the Capital Projects #1 Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- (6) The Board of Directors requires the adoption of a summary budget for the General Fund.
- (7) Appropriations lapse at the end of each fiscal year.

F. Property Taxes and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessment for the District; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County distributes property tax (termed "settlements") under the Teeter Plan, which allows the District to receive all property taxes in the year in which they are levied. The County retains any collections of interest, penalties and delinquencies under this plan. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

G. Compensated Absences

Compensated absences comprise unpaid vacation leave and compensated time off. The District's liability for compensated absences is recorded in the Statement of Net Position. The liability for compensated absences is determined annually and is primarily liquidated in the General Fund. District employees may accrue up to 72 hours of unpaid overtime and may sell up to 24 hours of unpaid overtime and up to 48 hours of vacation time to the District.

H. Capital Assets and Depreciation

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets with a minimum value of \$5,000 or a useful life of at least one year can be recorded as capital assets.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

<u>Description</u>	<u>Years</u>	<u>Description</u>	<u>Years</u>
Grounds Improvement	20	Communication Equipment	10
Buildings	50	Computer Hardware	5
Machinery & Tools	15	Audio Visual Equipment	10
Custodial Equipment	15	Athletic Equipment	10
Furniture & Accessories	20	Fire Trucks	15
Business Machines	10	Vehicles	15
Copiers	5		

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheets reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources of \$3,593,115 related to Pension and \$68,368 related to OPEB.

In addition to liabilities, the statement of net position and balance sheets reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. The District has deferred inflows of resources of \$6,423,788 related to Pension and \$0 related to OPEB.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 - CASH AND INVESTMENTS

A. Policies

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the District's cash on deposit as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

B. Classification

The District's investments are carried at fair value as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value monthly, and it includes the effects of these adjustments in income for that fiscal year.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - CASH AND INVESTMENTS - CONT'D

Cash and investments were as follows at June 30, 2020:

Unrestricted cash and investments:

Cash deposits with the County	\$ 8,165,970
Petty cash	400
LAIF	<u>1,125,131</u>
Total unrestricted cash and investments	<u>9,291,501</u>

Restricted cash and investments:

Cash in bank - held by Kansas State Bank of Manhattan	<u>88,173</u>
Total restricted cash and investments	<u>88,173</u>
Total cash and investments	<u><u>\$ 9,379,674</u></u>

C. Investment in County Treasury

The District is considered to be a voluntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements in cash and cash equivalents at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

D. Local Agency Investment Fund (LAIF)

At June 30, 2020, the District had \$1,125,131 invested in LAIF. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that 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. The District's investments with LAIF at June 30, 2020, include a portion of the pool funds invested in structured notes and asset-backed securities. These investments matured in an average of 193 days.

E. Fair Value Hierarchy

GASB Statement No. 72, fair Value Measurement and Application, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). However, the investments in an external investment pool are not subject to reporting within the level hierarchy.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 - CASH AND INVESTMENTS - CONT'D

The California Local Agency Investment Fund is valued using the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period. As of June 30, 2020, the aforementioned fair value factor was 0.99813.

NOTE 3 - CAPITAL ASSETS

	<u>Balance</u> <u>July 01, 2019</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2020</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 7,437	\$ -	\$ 7,437
Total capital assets not being depreciated	<u>7,437</u>	<u>-</u>	<u>7,437</u>
Capital assets being depreciated:			
Structures and improvements	1,096,448	-	1,096,448
Equipment and vehicles	<u>5,578,720</u>	<u>14,004</u>	<u>5,592,724</u>
Total capital assets being depreciated	<u>6,675,168</u>	<u>14,004</u>	<u>6,689,172</u>
Less accumulated depreciation:			
Structures and improvements	(477,689)	(21,929)	(499,618)
Equipment and vehicles	<u>(4,213,627)</u>	<u>(265,687)</u>	<u>(4,479,314)</u>
Total accumulated depreciation	<u>(4,691,316)</u>	<u>(287,616)</u>	<u>(4,978,932)</u>
Total capital assets being depreciated, net	<u>1,983,852</u>	<u>(273,612)</u>	<u>1,710,240</u>
Total capital assets, net	<u>\$ 1,991,289</u>	<u>\$ (273,612)</u>	<u>\$ 1,717,677</u>

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - LINES OF CREDIT

On October 9, 2012, the District entered into a Government Obligation Contract (line of credit) with Kansas State Bank of Manhattan (Bank) to borrow \$703,500 for the purchase of one rescue pumper and three command vehicles. The remaining principal and interest (3.1% per year) is payable annually over the next ten years, maturing on October 15, 2021, and are payable from general District revenues.

During fiscal year 2020, the District paid \$73,394 in principal payments. As of June 30, 2020, the District maintained funds held in an escrow account held by the Bank, shown on the Statement of Net Position and Balance Sheet as "restricted cash" in the amount of \$88,173.

The lines of credit mature as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 75,669	\$ 4,731	\$ 80,400
2022	76,954	2,386	79,340
	<u>\$ 152,623</u>	<u>\$ 7,117</u>	<u>\$ 159,740</u>

NOTE 5 - NET POSITION AND FUND BALANCES

Net Position is on the full accrual basis while Fund Balances are measured on the modified accrual basis.

A. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 - NET POSITION AND FUND BALANCES - CONT'D

B. Fund Balance

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Directors or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances; Nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

NOTE 6 - PENSION PLAN

Plan Descriptions - The District participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer defined benefit pension plan. CCCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. It provides benefits upon retirement, death or disability of members, and covers substantially all of the employees of the County of Contra Costa and sixteen other member agencies.

Benefits Provided - Benefits are based on years of credited service, equal to one year of full time employment. Members may elect service retirement at age of 50 with 10 years of service credit, age 70 regardless of service, or with thirty years of service, regardless of age.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - PENSION PLAN - CONT'D

Benefits are administered by the Board under the provision of the 1937 Act. Annual cost-of living adjustments (COLA) to retirement benefits may be granted by the Board as provided by State statutes. Services retirements are based on age, length of service and final average salary. Employees may withdraw contributions, plus interest credited, or leave them on deposit for a deferred retirement when they terminate or transfer to a reciprocal retirement system.

The plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2% @ 55	2.5% @ 67
Benefit vesting schedule	10 year's service	5 year's service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a% of eligible compensation	0% to 100%	0% to 100%
Required employee contribution rates	14.39%	10.86%
Required employer contribution rates	29.79%	26.50%

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 year's service	5 year's service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a% of eligible compensation	0% to 100%	0% to 100%
Required employee contribution rates	21.50%	17.06%
Required employer contribution rates	17.68%	11.96%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLAN - CONT'D

For the year ended June 30, 2020, the contributions recognized as part of pension expense for miscellaneous and safety plan were as follows:

	Amount
Contributions - employer	\$ 1,302,356

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 60,879
Safety	8,963,316
Total Net Pension Liability	\$ 9,024,195

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of December 31, 2019, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each plan as of December 31, 2014 through 2020 was as follows:

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered- employee payroll	Proportionate share of the Net Pension Liability as a percentage of covered- employee payroll	Plan Fiduciary Net Pension as a percentage of the Total Pension Liability
2014	1.129%	\$16,612,346	\$1,766,704	940.30%	59.86%
2015	1.129%	13,499,212	2,069,510	652.29%	65.89%
2016	1.012%	15,252,152	2,342,844	651.01%	63.59%
2017	1.049%	14,693,106	2,241,786	655.42%	66.55%
2018	1.441%	11,693,174	2,194,605	532.81%	74.20%
2019	0.820%	11,716,980	2,346,256	499.39%	74.46%
2020	1.044%	9,024,195	2,358,500	382.62%	81.03%

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLAN - CONT'D

For the year ended June 30, 2020, the District recognized a pension expense of \$1,217,233. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,302,356	\$ -
Differences between actual and expected experience	1,289,353	(134,604)
Changes of assumptions or other inputs	-	(547,452)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,001,406	(3,648,450)
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>(2,093,282)</u>
Total	<u>\$ 3,593,115</u>	<u>\$ (6,423,788)</u>

The \$1,302,356 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2021	\$ (1,419,021)
2022	(1,489,966)
2023	(136,003)
2024	(1,088,039)
2025	<u>-</u>
Total	<u>\$ (4,133,029)</u>

Actuarial Assumptions - The total pension liabilities as of December 31, 2019 and December 31, 2018 that were measured by actuarial valuations as of December 31, 2018 and December 31, 2017, respectively, used the following actuarial assumptions, which were based on the results of an experience study for the period from January 1, 2015 through December 31, 2017, applied to all periods included in the measurement. They are the same actuarial assumptions as those used for the December 31, 2019 funding actuarial valuation and the December 31, 2018 funding actuarial valuation:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	December 31, 2018	December 31, 2018
Measurement Date	December 31, 2019	December 31, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLAN - CONT'D

Actuarial Assumptions:		
Discount Rate	7.00%	7.00%
Inflation Rate	2.75%	2.75%
Administrative Expenses	1.14% of payroll (1)	1.14% of payroll (1)
Real Across the Board Salary Increase	0.50%	0.50%
Projected Salary Increase	3.75% - 15.25% (2)	4.25% -16.25% (2)
Investment Rate of Return	7.0% (3)	7.25% (3)
Mortality	RP-2014 Combined Healthy Mortality Table	

- (1) Payroll allocated to both the employer and member based on the components of the Normal Cost rates for the employer and member.
- (2) It includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.
- (3) Net of pension plan investment expenses, including inflation.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of December 31, 2019. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer and employee contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2019.

The long-term expected rate of return on pension plan investments was determined in 2019 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2019 actuarial valuation. This information will be subject to change every three years based on the results of an actuarial experience study.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - PENSION PLAN - CONT'D

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	5 %	5.44 %
Developed International Equity	13 %	6.54 %
Emerging Markets Equity	11 %	8.73 %
Short-Term Govt/Credit	23 %	0.84 %
US Treasury	3 %	1.05 %
Private Equity	8 %	9.27 %
Risk Diversifying	7 %	3.53 %
Global Infrastructure	3 %	7.90 %
Private Credit	12 %	5.80 %
REIT	1 %	6.80 %
Value Add Real Estate	5 %	8.80 %
Opportunity Real Estate	4 %	12.00 %
Risk Parity	5 %	5.80 %
Total	<u>100 %</u>	

Sensitivity of the 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 for each Plan, as of December 31, 2019, calculated using the discount rate of 7.00% for each Plan, 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.00 %	6.00 %
Net Pension Liability	\$ 103,751	\$ 15,275,358
Current Discount Rate	7.00 %	7.00 %
Net Pension Liability	\$ 60,879	\$ 8,963,316
1% Increase	8.00 %	8.00 %
Net Pension Liability	\$ 25,745	\$ 3,790,531

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - EMPLOYEE BENEFIT PLANS

A. Deferred Compensation Plan

District employees may defer a portion of their compensation under a District sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, and death or in an emergency as defined by the Plans.

The laws governing deferred compensation plan assets require plan assets to be held in a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property, are not managed by the District and are not subject to claims by general creditors of the District, they have been excluded from these financial statements.

B. Other Post-Employment benefits (OPEB)

At June 30, 2020, net OPEB liability and related deferred outflows/inflows of resources are as follows:

Deferred outflows of resources	\$ 68,368
Net OPEB Liability	\$ (3,746,465)
Deferred inflows of resources	\$ -

Plan Description

The District provides 50% of postretirement health care benefits to full time employees who retire directly from the District after attaining the age of 50 with 10 years of service, with an increase of 5% for every year of service exceeding 10 years of service. After 20 years of service the District provides 100% of postretirement health care benefits.

The District is a participant of the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single employer plans. This trust is not considered a component unit of the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Eligibility

In order to qualify for postemployment medical benefits, an employee must retire from the District and maintain enrollment in one of District's eligible health plans. The District pays 100% of the medical premium for the retiree, spouse and dependents. At age 65, the District pays the Senior Advantage (Medicare eligible) or Medicare (Non-Medicare eligible) costs, and for those retirees out of the Kaiser area, the District pays up to what it would have paid capped at the actual premium. As of June 30, 2020, membership of the District as of the valuation date consisted of the following:

Inactive Employees Receiving Benefit Payments	23
Participating Active Employees	<u>20</u>
Total Number of Participants	<u><u>43</u></u>

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D

Funding Policy and Actuarial Assumptions

The District's policy, according to Ordinance No. 2-08, is to fund the Annual Required Contribution (ARC) of these benefits by accumulating assets with CERBT discussed above pursuant to the District's annual budget approved by Board. Effective October 1, 2011, represented employees were to make non-refundable contributions to CERBT equivalent to 3.75% of the base salary. The annual required contribution (ARC) was determined as part of a June 30, 2017 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Additional Information

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age actuarial cost method
Discount rate	7.00%
Inflation	2.75% per year used for pension purposes.
Payroll increase	2.75% per year.
Investment rate of return	7.00% per year, net of expenses.
Mortality rates	2014 CalPERS Active/Retired Mortality for Miscellaneous/Safety Employees
Healthcare cost trend rate	4.00% per year for medical benefits

Discount Rate

The discount rate used to measure the total OPEB Liability was 7.00%. Based on historic 24 year real rates of return for each asset class along with assumed long-term inflation assumption was used to set the discount rate. The expected investment return was offset by investment expenses of 13 basis points.

The assumed asset allocation and assumed rate of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43 %	7.675 %
US Small Cap	23 %	7.765 %
Long-Term Corporate Bonds	12 %	5.175 %
Long-Term Government Bonds	6 %	4.380 %
Treasury Inflation Protected Securities (TIPS)	5 %	7.675 %
US Real Estate	8 %	7.675 %
All Commodities	3 %	7.675 %

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D

Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018	\$ 5,543,398	\$ 1,854,382	\$ 3,689,016
Changes Recognized for year:			
Service Cost	108,352	-	108,352
Interest on Total OPEB Liability	380,908	-	380,908
Employer Contributions as Benefit Payments	-	312,076	(312,076)
Employee Contributions to Trust	-	82,665	(82,665)
Assumption Changes	-	-	-
Expected Investment Income	-	132,686	(132,686)
Investment Gains/ Losses	-	(15,771)	15,771
Administrative Expense	-	(407)	407
Expected Benefit Payments from Employer	(312,076)	(312,076)	-
Experience (Gains)/Losses	79,438	-	79,438
Other	-	-	-
Net changes during 2018-19	<u>256,622</u>	<u>199,173</u>	<u>57,449</u>
Balance at June 30, 2019	<u>\$ 5,800,020</u>	<u>\$ 2,053,555</u>	<u>\$ 3,746,465</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher are as follows:

Plan's Net OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
\$ 4,446,848	\$ 3,746,465	\$ 3,168,756

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates are as follows:

Plan's Net OPEB Liability		
Trend Rate - 1%	Current Trend Rate	Trend Rate +1%
\$ 3,159,984	\$ 3,746,465	\$ 4,438,855

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D

OPEB Income/ Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB income of \$24,848. At June 30, 2020, the District reported deferred inflows of resources of \$- and deferred outflows of resources of \$68,368.

NOTE 8 - RISK MANAGEMENT

The Contra Costa County Fire District Insurance Pool arranges for and provides public liability, property damage and self-insurance between the county, its special districts and independent county fire protection districts. A summary of the District's insurance is as follows:

<u>Coverage</u>	<u>Insurance Company/ Risk Pool</u>	<u>Limit of Liability</u>	<u>Deductible/ SIR</u>
Workers' Compensation	FASIS	\$5,000,000	\$ 0
Excess Worker Compensation	FASIS	5,000,000	500,000
All Risk Property	CSAC	550,000,000 (flood) 600,000,000 (property)	100,000 (flood) 500 disappearing (aop)
Earthquake	CSAC	715,000,000	2% per "unit" \$100,000 minimum
Boiler & Machinery	CSAC	100,000,000	5,000
Sabotage & Terrorism	CSAC	200,000,000	500,000
General & Automobile Liability	CSAC	50,000,000	None
Pollution Liability	CSAC	10,000,000	500,000
Crime - Forgery or Alteration	Fidelity	250,000	2,500
Crime - all other	Fidelity	5,000,000	2,500

CSAC is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of CSAC, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board. The Fire Agencies Self Insurance System (FASIS) arranges for and provides worker's compensation insurance for independent fire protection districts.

The District did not have any claim settlements that exceed the insurance coverage in the last three years.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The District is named as a real party in interest in the Contra Costa County Deputy Sheriffs Association v. Contra Costa County Employees' Retirement Association, et al., Contra Costa County Superior Court, Case No. N12-1870. As one of several employers of employees who are members of the Contra Costa County Employees' Retirement Association (CCCERA), the District's interests are aligned with the other public entity defendants who have employee members in the case, such that the District is waiting for a decision as to how, when and where to pay (or not) retiree benefits. The California Attorney General on behalf of the State has intervened in the case and is defending the constitutionality of the Public Employee Pension Reform Act (PEPRA), which amongst other legislation curtailed the ability of employees to spike their pensions through accumulation of sick and leave time, which the District must by law pay anyway. Because of the State's intervention, the District is not taking an active role in the defense of the case because the issues hinge primarily on the constitutionality of the Act, preferring instead to monitor the litigation as the constitutionality of the Act comes into issue before determining what effects, if any, a decision or order will have on its affected CCCERA member employees. The case is currently up on an appeal brought by the petitioners. The District is not joining in, nor will it file its own response to the appeal. The District continues to take a wait and see approach to see how the case is decided at the appellate level, especially since, as a real party in interest, it will be bound similarly to most of the other real parties in interest who have employees that are members of CCCERA. At this point, the likelihood of an unfavorable outcome is uncertain, and the amount that is at risk of loss is uncertain.

NOTE 10 - NET POSITION RESTATEMENT

During the fiscal year ended June 30, 2019, the District determined that changes to the beginning of net position and fund balances were necessary due to reconcile the beginning balance of due to/ due from other funds and due from other governments in prior years. As a result, prior year financial statements have been restated to show the effects of the change where necessary. The adjustments resulted in a prior period adjustment of \$(130) to its fund and government wide financial statements.

Net position as previously reported at June 30, 2019	\$ (9,243,401)
Prior period adjustments due to reconcile the beginning balance of due to/ due from other funds and due from other governments	<u>130</u>
Net position as restated, June 30, 2019	<u><u>\$ (9,243,271)</u></u>

NOTE 11 - SUBSEQUENT EVENTS

In February 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets.

As the COVID-19 pandemic is complex and rapidly evolving. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, and financial position.

REQUIRED SUPPLEMENTARY INFORMATION

RODEO - HERCULES FIRE PROTECTION DISTRICT
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT RETIREMENT PLAN
AS OF FISCAL YEAR ENDING JUNE 30, 2020
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Service Cost	\$ 2,439,330	\$ 1,894,884	\$ 3,083,283	\$ 2,141,354	\$ 1,952,386	\$ 2,170,536
Interest on the Total Pension Liability	7,099,900	5,321,373	8,888,146	6,253,767	5,893,314	6,336,010
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	50,959	(1,389,022)	520,596	(138,010)	(590,374)	(510,910)
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	278,874	94,824	(94,543)	(46,136)	(139,078)	(450,621)
Expensed portion of current-period changes of assumptions or other inputs	-	(167,185)	-	-	161,621	(186)
Member contributions	(1,143,288)	(856,396)	(1,401,275)	(937,982)	(863,851)	(883,512)
Projected earnings on plan investments	(5,952,454)	(4,812,359)	(7,491,678)	(5,147,268)	(5,065,803)	(5,273,953)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,256,254)	1,282,993	(1,349,724)	(14,034)	864,172	(30,163)
Administrative expense	107,497	77,227	132,858	89,654	82,128	78,803
Other Expenses	11,696	30,038	17,675	(94,310)	6,764	-
Recognition of beginning of year deferred outflows of resources as pension expense	2,742,951	838,375	1,472,409	(595,247)	(431,135)	-
Recognition of beginning of year deferred inflows of resources as pension expense	(1,396,140)	-	-	-	-	-
Net amortization of deferred amounts from Changes in proportion and differences between employer's contribution and proportionate share of contribution	<u>(1,313,432)</u>	<u>(514,333)</u>	<u>(1,239,294)</u>	<u>(1,101,284)</u>	<u>(510,910)</u>	<u>-</u>
Net change in total pension liability	<u>\$ 1,669,639</u>	<u>\$ 1,800,419</u>	<u>\$ 2,538,453</u>	<u>\$ 410,504</u>	<u>\$ 1,359,234</u>	<u>\$ 1,436,004</u>

RODEO - HERCULES FIRE PROTECTION DISTRICT
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT RETIREMENT PLAN
AS OF FISCAL YEAR ENDING JUNE 30, 2020
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

Reconciliation of Net Pension Liability						
Beginning Net Pension Liability	\$11,716,980	\$11,693,174	\$14,693,106	\$15,252,152	\$13,499,212	\$16,612,346
Pension expense	1,669,639	597,033	1,637,240	1,481,331	1,359,234	1,436,004
Employer contributions	(1,302,356)	(3,010,225)	(2,111,707)	(2,058,096)	(2,186,912)	(966,307)
Net deferred inflows/outflows	(4,046,167)	4,873,645	(5,737,357)	(220,843)	3,536,036	(1,743,556)
Net deferred outflows due to change in proportion	<u>986,099</u>	<u>(2,436,647)</u>	<u>3,211,892</u>	<u>238,562</u>	<u>(955,418)</u>	<u>(1,839,275)</u>
Net pension liability - ending	<u>\$ 9,024,195</u>	<u>\$11,716,980</u>	<u>\$11,693,174</u>	<u>\$14,693,106</u>	<u>\$15,252,152</u>	<u>\$13,499,212</u>
Plan fiduciary net position as a percentage of the total pension liability	81.06 %	74.20 %	74.20 %	66.55 %	63.59 %	65.89 %
Covered - employee payroll	\$ 2,358,500	\$ 2,194,605	\$ 2,194,605	\$ 2,241,786	\$ 2,342,844	\$ 2,069,510
Net pension liability as percentage of covered employee payroll	382.62 %	533.90 %	532.81 %	655.42 %	651.01 %	652.29 %

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

RODEO - HERCULES FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTION - PENSION PLAN
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,302,356	\$ 2,152,307	\$ 2,058,096	\$ 2,058,096	\$ 2,186,912	\$ 966,307
Contributions in relation to the actuarially determined contributions	<u>1,302,356</u>	<u>2,152,307</u>	<u>2,058,096</u>	<u>2,058,096</u>	<u>2,186,912</u>	<u>966,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,358,500	\$ 2,194,605	\$ 2,194,605	\$ 2,241,786	\$ 2,342,844	\$ 2,069,510
Contributions as a percentage of covered employee payroll	55.22 %	98.07 %	93.78 %	91.81 %	93.34 %	46.69 %

Notes to Schedule

Measurement date:	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	8 years
Asset valuation method	5-year semi-annually
Inflation	2.75%
Salary increases	4.00% - 13.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	RP-2014 Combined Healthy Mortality Table with setbacks and forwards

* Fiscal year 2015 was the 1st year of implementation, therefore only six years are shown.

RODEO - HERCULES FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years*

Valuation Date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
Fiscal Year End Date	June 30, 2020	June 30, 2019	June 30, 2018
Net OPEB Liability, beginning balance	\$ 3,689,016	\$ 3,697,183	\$ 3,434,798
Changes Recognized for year:			
Service Cost	108,352	105,452	102,630
Interest on Total OPEB Liability	380,908	369,599	349,483
Employer Contributions as Benefit Payments	(312,076)	(348,218)	(29,082)
Employee Contributions to Trust	(82,665)	-	-
Assumption Changes	-	-	-
Expected Investment Income	(132,686)	(119,183)	(162,001)
Investment Gains/ Losses	15,771	(17,412)	-
Administrative Expense	407	3,152	1,355
Expected Benefit Payments from Employers	-	-	-
Experience (Gains)/ Losses	79,438	-	-
Other	-	(1,557)	-
Net changes during the period	<u>57,449</u>	<u>(8,167)</u>	<u>262,385</u>
Net OPEB liability, ending balance	<u>\$ 3,746,465</u>	<u>\$ 3,689,016</u>	<u>\$ 3,697,183</u>

* GASB 75 requires presentation of the 10 year history of changes in the Net OPEB Liability. Since this is the third year of implementation, only results for fiscal years 2018, 2019, and 2020 are shown.

**RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN**

Actuarial Assumptions

The net OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial method	Entry age actuarial cost method
Discount rate	7.00%
Inflation	2.75% per year used for pension purposes.
Payroll increase	2.75% per year.
Investment rate of return	7.00% per year, net of expenses.
Mortality rates	2014 CalPERS Active/Retired Mortality for Miscellaneous/Safety Employees
Healthcare cost trend rate	4.00% per year for medical benefits

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
REVENUES:				
Property taxes	\$ 3,268,800	\$ 3,268,800	\$ 4,389,965	\$ 1,121,165
Home owner property tax relief	31,873	31,873	29,604	(2,269)
Intergovernmental revenue	331,944	331,944	427,275	95,331
Charges for services	43,066	43,066	219,818	176,752
Special Tax/Fire (Benefit Assessment)	1,354,034	1,354,034	1,347,040	(6,994)
Miscellaneous	<u>-</u>	<u>-</u>	<u>3,285</u>	<u>3,285</u>
Total Revenues	<u>5,029,717</u>	<u>5,029,717</u>	<u>6,416,987</u>	<u>1,387,270</u>
EXPENDITURES:				
Current:				
Public safety-fire protection	<u>7,286,946</u>	<u>7,286,946</u>	<u>5,321,323</u>	<u>1,965,623</u>
Total Expenditures	<u>7,286,946</u>	<u>7,286,946</u>	<u>5,321,323</u>	<u>1,965,623</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,257,229)</u>	<u>(2,257,229)</u>	<u>1,095,664</u>	<u>3,352,893</u>
OTHER FINANCING SOURCES/USES:				
Transfers in	2,352,672	2,352,672	3	(2,352,669)
Transfers out	<u>-</u>	<u>-</u>	<u>(80,406)</u>	<u>(80,406)</u>
Total Other Financing Sources/Uses	<u>2,352,672</u>	<u>2,352,672</u>	<u>(80,403)</u>	<u>(2,433,075)</u>
Net change in fund balances	<u>\$ 95,443</u>	<u>\$ 95,443</u>	<u>1,015,261</u>	<u>\$ 919,818</u>
Fund balances, beginning of year			2,816,374	
<i>Restatement</i>			<u>133</u>	
Fund balances, beginning of year, <i>restated</i>			<u>2,816,507</u>	
Fund balances, end of year			<u>\$ 3,831,768</u>	

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS #1 FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,329	\$ 2,329
Total Revenues	-	-	2,329	2,329
EXPENDITURES:				
Current:				
Public safety-fire protection	-	-	9	(9)
Total Expenditures	-	-	9	(9)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	2,320	2,320
OTHER FINANCING SOURCES/USES:				
Transfers in	-	-	3	3
Transfers Out	-	-	-	-
Total Other Financing Sources/Uses	-	-	3	3
Net change in fund balances	\$ -	\$ -	2,323	\$ 2,323
Fund balances, beginning of year			98,903	
Fund balances, end of year			\$ 101,226	

RODEO - HERCULES FIRE PROTECTION DISTRICT

HERCULES, CALIFORNIA

MEASURE O REPORT

JUNE 30, 2020

HARSHWAL 
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

RODEO - HERCULES FIRE PROTECTION DISTRICT
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JUNE 30, 2020

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the
Rodeo - Hercules Fire Protection District
Hercules, California

Report on Financial Statements

We have performed the procedures enumerated below, which were agreed to by the Rodeo - Hercules Fire Protection District's management, on the Rodeo - Hercules Fire Protection District's (the "District") Measure O - Special Tax revenues received and expenditures made by the District for the fiscal year ended June 30, 2020. The District's management is responsible for the receipt of Measure O - Special Tax revenues and deposit of such proceeds into the District's Measure O - Special Tax Revenue Fund and use it solely for any lawful purpose permissible to the District as instructed in Ordinance 2016-1. The sufficiency of these procedures is solely the responsibility of the District's management. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

PROCEDURES:

The procedures performed and findings are listed below:

1. We agreed the actual Measure O - Special Tax proceeds collected and expended to the amounts recorded in the District's general ledger and recalculated the mathematical accuracy of the following schedule provided by the District:

Revenues:	
Measure O - Special Tax Revenue	\$ 2,475,105
Expenditures:	
Group Insurance Health Active Employees	463,446
Group Insurance - Retiree	303,059
Unfunded Actuarial Accrued Liability Payments	1,113,976
County Collection Fee	<u>9,870</u>
Total Expenditures	<u>1,890,351</u>
Net Change in Measure O Funds	584,754
Available Measure O Funds, Beginning	<u>217,401</u>
Available Measure O Funds, Ending	<u><u>\$ 802,155</u></u>

The District received the Measure O Parcel tax funds mostly in October 2019. During fiscal year 2019-20, funds were used as follow:

Group Insurance Active Employees - The District transferred a total of \$463,446 from the Measure O Fund to the General Fund through a County Interfund transfer to cover Group Insurance of active employees through June 30, 2020. Detail of insurance paid through Measure O Fund resources were as follows:

Group Insurance Active Employees Paid through General Fund:

July 2019	\$	68,296
August 2019		33,505
September 2019		(33)
October 2019		67,693
November 2019		33,742
December 2019		55,920
January 2020		35,441
February 2020		34,097
March 2020		15,821
April 2020		34,189
May 2020		34,724
June 2020		50,051
		<hr/>
	\$	<u>463,446</u>

Group Insurance - Retiree - The District transferred a total of \$303,059 from the Measure O Fund to the General Fund through a County Interfund transfer to cover Group Insurance Retiree through June 30, 2020. Detail of insurance paid through Measure O Fund resources were as follows:

Group Insurance - Retiree Paid through General Fund:

July 2019	\$	50,411
August 2019		24,956
September 2019		(255)
October 2019		50,421
November 2019		24,955
December 2019		25,703
January 2020		25,703
February 2020		25,703
March 2020		(255)
April 2020		25,703
May 2020		25,581
June 2020		24,433
		<hr/>
	\$	<u>303,059</u>

Unfunded Actuarial Accrued Liability Payments - The District transferred a total of \$1,113,976 from the Measure O Fund to the General Fund through a County Interfund transfer to cover the District's Unfunded Actuarial Accrued Liability to Contra Costa County Employee's Retirement Association in November 2019.

County Collection Fees - Contra Costa County assesses fees to levy assessments and taxes. Charges for the Measure O Levy totaled \$9,870, which was paid using Measure O Fund resources.

2. We traced the proceeds of the Measure O tax and reviewed the expenditures made by using those proceeds, as listed in aforementioned schedules, in accordance with Ordinance 2016-1 Section 4 and California Health and Safety Code section 13800 et seq. regarding use of tax proceeds.

FINDINGS:

Proceeds of taxes as listed in the schedule presented by the District's management were paid into the District's Measure O Special Revenue Fund and had been used by the District, in compliance with Ordinance 2016-1 Section 4 and California Health and Safety Code section 13800 et seq, with no exceptions.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's Measure O - Special Tax revenues received and expenditures made by the District for the fiscal year ended June 30, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the District's management and is not intended to be and should not be used by anyone other than these specified parties.

Harshwal & Company LLP

Oakland, California
January 28, 2021

RODEO-HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

TO: Board of Directors, RODEO HERCULES FIRE DISTRICT

FROM: Bryan Craig, FIRE CHIEF

DATE: February 10, 2021

RE: Local Agency Investment Fund

BACKGROUND:

In 1988, the Fire District began its participation in the Local Agency Investment Fund (LAIF), which is administered through the County Treasurer's office. These deposited funds are held at the State Treasury and managed by the State Controller's Office. The LAIF funds are deposited from the general fund and contain the Fire District's strategic fund balance.

RECITALS:

When there is a change in Board members or Staff members, a new Delegation of Authority, Resolution, and Authorization forms must be signed to remain in compliance with the LAIF.

A resolution is passed by the Board authorizing investment in the LAIF.

The Board Chairperson, Vice Chair, and Fire Chief are authorized signatures placed on the resolution.

Delegation of authority is signed by the Board Chairperson and the Vice Chair of the Board.

Authorization of transfers of funds includes the names of the: Chairperson, Vice Chair, and the Fire Chief. The Authorization is signed by the Board Chairperson and the Fire Chief.

DIRECTION:

Staff is requesting the Board to vote on the attached resolution and after said vote, place proper signatures on all attached documents so they be filed with the County and State.

**RESOLUTION 2021-01 OF THE RODEO HERCULES FIRE
PROTECTION DISTRICT**

AGENCY 625 Court Street, Room 102 ADDRESS: Martinez, CA 94553	AGENCY PHONE NO.: 925-957-2850
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**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1 et. seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of Directors hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein is in the best interests of the RODEO HERCULES FIRE PROTECTION DISTRICT;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes the deposit and withdrawal of RODEO HERCULES FIRE PROTECTION DISTRICT monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1 et. seq. for the purpose of investment as provided therein.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following RODEO HERCULES FIRE PROTECTION DISTRICT officers holding the title(s) specified hereinbelow **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions completed hereby:

<u>Bryan Craig</u> (NAME)	<u>Steve Hill</u> (NAME)	<u>Damon Covington</u> (NAME)
<u>Fire Chief</u> (TITLE)	<u>Chairman of the Board</u> (TITLE)	<u>Vice Chair of the Board</u> (TITLE)
_____ (SIGNATURE)	_____ (SIGNATURE)	_____ (SIGNATURE)

PASSED AND ADOPTED, by the **Board of Directors of the RODEO-HERCULES FIRE PROTECTION DISTRICT**, State of California on February 10, 2021.

AYES:

NOES:

ABSENT:

BY: _____
 KIMBERLY CORCORAN
 CLERK OF THE BOARD

ABSTAIN:

**DELEGATION OF AUTHORITY
RODEO-HERCULES FIRE PROTECTION DISTRICT**

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001

LAIF Account No.
17-07-001

To Whom It May Concern:

Pursuant to the resolution of the **RODEO-HERCULES FIRE PROTECTION DISTRICT** for AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND, this letter shall serve as delegation of authority to the following persons or their successors from the Contra Costa County Treasurer's Office to execute the deposit and withdrawal of monies on behalf of the **RODEO-HERCULES FIRE PROTECTION DISTRICT**. The deposit or withdrawal of monies shall only be permitted with prior written instructions from the **RODEO-HERCULES FIRE PROTECTION DISTRICT** to the County Treasurer. In addition, these persons or their successors from the Contra Costa County Treasurer's Office shall be given the authority to update the account as necessary upon changes in personnel, address or banking information with the Local Agency Investment Fund on behalf of the **RODEO-HERCULES FIRE PROTECTION DISTRICT**.

Russell V. Watts
Treasurer-Tax Collector

Brice Bins
Chief Deputy
Treasurer-Tax Collector

Belinda Zhu
Assistant County Treasurer

Ammy Pluth
Treasurer's Investment
Officer

Esther Garibay
Treasurer's Investment
Operations Analyst

Sincerely,

STEVE HILL

(NAME) Must be on resolution

(SIGNATURE)

February 10, 2021

(DATE)

BRYAN CRAIG

(NAME) Must be on resolution

(SIGNATURE)

February 10, 2021

(DATE)



**California State Treasurer's Office
Local Agency Investment Fund (LAIF)
Authorization for Transfer of Funds**

Effective Date _____

Agency Name _____

LAIF Account # _____

Agency's LAIF Resolution # _____ or Resolution Date _____

ONLY the following individuals whose names appear in the table below are hereby authorized to order the deposit or withdrawal of funds in LAIF. ***This authorization REPLACES AND SUPERSEDES all prior authorizations on file with LAIF for the transfer of funds.***

Name	Title

Two authorized signatures required. Each of the undersigned certifies that he/she is authorized to execute this form under the agency's resolution, and that the information contained herein is true and correct.

Signature

Print Name

Title

Telephone

Signature

Print Name

Title

Telephone

Please provide email address to receive LAIF notifications.

Name	Email

**Please email a scanned copy for review to laif@treasurer.ca.gov.
After approval is received, mail the original form to: State Treasurer's Office
Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001**

RODEO-HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

TO: BOARD of DIRECTORS

FROM: Bryan Craig, Fire Chief

DATE: February 10, 2021

RE: Debt Management Policy

BACKGROUND:

In 2016, the Fire District conducted a Fiscal Analysis and Stabilization Study. One of the recommendations during that study was for the Fire District to adopt financial and budget policies. During the last several years, the Fire District has adopted all the recommended procedures and accounting policies except for a Debt Management Policy. Adopting a Debt Management Policy establishes a specific framework and written set of policies for incurring debt within the Fire District. As the Fire District continues its commitment to transparency and fiscal stabilization, it is imperative to continue to adopt this policy. Furthermore, establishing a Debt Policy is essential in procuring State and Federal Grants.

FINDINGS:

The State Controller's Office and Government Finance Officers Association recommend establishing set policies and procedures for Debt Management.

The attached Debt Management Policy complies with Government Code Section 88559(i) which went into effect on January 1, 2017. (*This is the most current update.*)

RECOMMENDATION:

That the Board of Directors receives and accepts the attached Debt Management Policy that complies with Government Code Section 88559(i) and adopts Resolution 2021-02 establishing a Debt Management Policy for the Rodeo – Hercules Fire Protection District.

ATTACHMENTS:

Rodeo – Hercules Fire Protection District Debt Management Policy.
Resolution Number 2021-02

RESOLUTION NO. 2021-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RODEO-HERCULES FIRE PROTECTION DISTRICT ADOPTING DEBT MANAGEMENT POLICY

WHEREAS, the Board of Directors (the “Board”) of the Rodeo-Hercules Fire Protection District (the “District”) recognizes that cost-effective access to the capital markets depends on prudent management of the District’s debt program; and

WHEREAS, Government Code section 8855(i) requires an issuer of public debt to certify prior to issuing debt that it has adopted local policies addressing the topics outlined in said Code; and

WHEREAS, the Board wishes to set parameters for issuing debt, managing the debt portfolio, and providing guidance to decision-makers; and

WHEREAS, the Board finds and determines that adoption of the attached Debt Management Policy (the “Debt Management Policy”) will help ensure that debt is issued and managed prudently to maintain sound fiscal policy;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Rodeo-Hercules Fire Protection District hereby orders and determines as follows:

Section 1. Recitals. The Board hereby specifically finds and declares that each of the recitals set forth above is true and correct and are hereby incorporated in conjunction with the respective staff report.

Section 2. Approval of the Debt Management Policy. This Board hereby declares that the proposed Debt Management Policy attached hereto is hereby approved as the Rodeo-Hercules Fire Protection District Debt Management Policy to be effective on the date of approval.

Section 3. Authorization to Manage Debt Issuance Functions. The Fire Chief is hereby authorized to manage debt issuance functions for the District in accordance with the Debt Management Policy.

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Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

The foregoing Resolution was adopted at a regular meeting of the Board of Directors of the Rodeo-Hercules Fire Protection District held on the on the 10th day of February 2021 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED

Board Chair

ATTESTED:

Board Clerk

Rodeo-Hercules Fire Protection Fire District

Debt Management Policy

The Board approved this Debt Management Policy (the "Debt Policy") of the Rodeo-Hercules Fire Protection Fire District (the "Fire District") of Directors to be effective as of February 10, 2021. The Debt Policy may be utilized by staff with the discretion to deviate as determined appropriate by the Fire Chief. It may be amended by the Board of Directors of the Fire Fire District as it deems applicable from time to time in the prudent management of the Fire Fire District's debt and financing needs.

1. Findings

This Debt Policy is intended to comply with Government Code Section 8855(i), which became effective on January 1, 2017, and shall govern all debt undertaken by the Fire District.

The Fire District hereby recognizes that a fiscally prudent debt policy is required to:

- Help maintain the Fire District's financial health.
- Ensure the Fire District has the flexibility to meet its financial needs.
- Protect the Fire District's creditworthiness.
- Ensure that all debt is structured to benefit both current and future constituents of the Fire District.
- Ensure that the Fire District's debt is consistent with the Fire District's planning goals and objectives.

2. Policies

A. Purposes for Which Debt May Be Issued

(i) Long-term Debt. Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, property, and other assets, equipment, and land to be owned and operated by the Fire District or funded for the benefit of the Fire District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide essential services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the Fire District and its constituents.
- When the debt is issued to refinance outstanding debt in to produce savings or to realize other benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for recurring operating expenses and routine maintenance expenses.

(c) The Fire District may use long-term debt financings subject to the following conditions:

- The Fire District Board must approve the project and/or costs to be financed.
- The debt's weighted average maturity will generally not exceed the average useful life of the project being financed.
- The Fire District estimates that sufficient revenues will be available to service the debt through its maturity.
- The Fire District determines that the debt issuance will comply with the applicable state and federal law.

(ii) **Short-term debt.** Short-term debt may be issued to provide financing for the Fire District's operational cash flows to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the Fire District may undertake lease-purchase financing for equipment.

B. Types of Debt

The following types of debt are allowable under this Debt Policy:

- Installment sale agreements, loans, and similar debt-financing contracts
- Loans and Contracts with State or Federal agencies, including the United States Department of Agriculture–Rural Development
- Lines of credit
- General obligation bonds (GO Bonds)
- Bond or grant anticipation notes (BANs)
- Lease revenue bonds, certificates of participation (COPs), and lease-purchase transactions
- Other revenue bonds and Certificates of Participation (COPs)
- Tax and revenue anticipation notes (TRANS)
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Refunding bonds, notes, loans, and other obligations

The Fire District Board may, from time to time, find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

The debt shall be issued as fixed-rate debt unless the Fire District determines why a variable rate issue would benefit the Fire District in a specific circumstance.

C. Relationship of Debt to Capital Improvement Program and Budget

The Fire District is committed to long-term capital planning. The Fire District intends to issue debt for the purposes stated in this Debt Policy and implement policy decisions incorporated in the Fire District's capital budget and the capital improvement plan. Items outside the capital budget or capital improvement plan may also be financed.

The Fire District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues.

The Fire District shall integrate its debt issuances with its capital improvement program's goals by timing the issuance of debt to ensure that funding is available for capital and non-capital projects when needed in furtherance of the Fire District's public purposes.

The Fire District shall seek to issue debt promptly to avoid having to make unplanned expenditures from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The Fire District is committed to long-term financial planning, maintaining appropriate reserves levels, and employing prudent practices in governance, management, and budget administration. The Fire District intends to issue debt for the purposes stated in this Debt Policy and implement policy decisions incorporated in the Fire District's annual operations budget.

The Fire District's policy goal is to protect its constituents by utilizing conservative financing methods and techniques to obtain the highest practical credit ratings (if applicable) and the lowest reasonable borrowing costs.

The Fire District will comply with applicable state and federal law pertaining to the maximum term of the debt and the procedures for levying and imposing any related taxes, assessments, rates, and charges.

When refinancing debt, it shall be the Fire District's policy goal to realize, whenever possible, and subject to any overriding non-financial policy considerations, minimum net present value debt service savings equal to at least 3.0% of the refunded principal amount.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the Fire District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

Without limiting the foregoing, the Fire District will periodically review the requirements of and will remain in compliance with the following:

- Any continuing disclosure undertakings entered by the Fire District in accordance with Securities and Exchange Commission (SEC) Rule 15c2-12.
- Any reporting obligations to the California Debt and Investment Advisory Commission (CDIAC)
- Any federal tax compliance requirements, including, without limitation, arbitrage, and rebate compliance.
- The Fire District's investment policies as they relate to the use and investment of bond proceeds.

Proceeds of debt will be held either (a) by a third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the Fire District upon the submission of one or more written requisitions by the Fire Chief (or his or her designee), to be held and accounted for in a separate fund or account, the expenditure of which will be carefully documented by the Fire District Chief Financial Officer.

END OF DEBT MANAGEMENT POLICY

**Rodeo Hercules Fire Protection
District**

MEMORANDUM

To: BOARD of DIRECTORS, Rodeo Hercules Fire District
From: Bryan Craig, Fire Chief *BC*
Subject: FIRE CHIEF'S REPORT
Date: February 10, 2021

CCCERA

Contra Costa County Employees Retirement Association- No additional information to report.

Reporting: Chief Craig

Labor Relations – Personnel - All COVID-19 safety precautions remain in place. Crew safety and protection remain our most significant concern. Crews are strictly following CDC, County Health, and the Medical Director's guidelines on personnel protective equipment, EMS responses, and decontamination. Personnel currently monitor their health before, when arriving, and during their duty shift. Personal protective equipment supplies and burn rates are monitored and tracked by the department's medical program manager. The District is currently following recommended CDC guidelines in response to employee illness and or exposure to COVID-19.

The District now has three employees out on disability. Disability vacancies, scheduled vacations, and sick leave—COVID and non-COVID related—are causing personnel to cover up to five additional shifts per month.

Crews began receiving the second round of COVID-19 vaccines at the end of January and the beginning of February.

RHFPD Paramedics along with Fire, Police, and Public Health agencies from throughout Contra Costa County, assisted in a public vaccine distribution clinic held at Valley Bible Church in Hercules. Over 1,000 vaccine injections were given to the public during the two-day clinic. The clinic is currently scheduled to continue two days a week until July 4.

Reporting: Chief Craig

Fire Stations/Training Facility– District offices are now open with specific requirements for all public entering the building. Multi-company training is still suspended, along with public education functions that require large gatherings. Telephone calls to the business line have now been routed to Administrative Services Officer Kim Corcoran's cell phone anytime the front office is not staffed.

The Measure "O," Senior Exemption deadline was January 31. The Fire District received 575 exemption forms for Tax Year 2021-22, a 14.5% increase from 2020-21.

Probationary employees are continuing their training and Task Book signoffs.

Reporting: Chief Craig

Facilities – A licensed Painting Contractor was contracted by the Fire District to paint the interiors of Station 75 and Station 76 beginning in February. This project is currently ongoing.

Reporting: Chief Craig

Grants/Reimbursements – Staff submitted a \$290,000 grant for communication equipment to replace current communication equipment that is reaching its end of life and for resilience during public safety power shutoff events. The District has submitted its application to FEMA and received authorization to

begin the process for submitting for federal reimbursements, including reimbursements for personnel cost associated with the vaccination clinic.

Reporting: Chief Craig

Incident Activity – Emergency response frequency is remaining high, with the type, magnitude, and impact of those responses, putting a strain on our resources. See the attached fire response report for August.

Reporting: Chief Craig

Community Risk Reduction – Company-conducted business inspections are currently on hold. The District's website and Facebook page will continue to be updated with relevant information about the Fire District and current events. Including details on upcoming vaccination clinics.

Reporting: Chief Craig

Community /Wildfire Prevention –No Report

Reporting: Chief Craig

Fleet Management – Both new pieces of apparatus deliveries are delayed until March/April due to COVID outbreaks at both manufacturing facilities.

Reporting: Chief Craig

Fiscal Stabilization – Staff continues to monitor the current Fiscal Year budget. District staff will begin scheduling the budget meetings for early March with the Board's Budget Ad-Hoc committee.

Reporting: Chief Craig

Fire District Annexation Study – Fire District Staff continues to work with AP Triton, providing them with in-depth data related to all Fire District; functions, personnel, facilities, fleet, and finances. This information is needed to complete a thorough analysis of the Fire District as it relates to annexation. All three fire chiefs involved in the annexation study meet weekly. Along with input from AP Triton, we have developed a tentative best-case scenario timeline for annexation with the understanding these are target dates only that will need to be adjusted as the Fire Districts move through the process.

Timeline (in a perfect world**):**

- Phase I (CON & CCE) 8/2020-12/2020- COMPLETED
- Phase II entire process: 12/2020- 7/2021
- Phase II Draft Findings- April 2021
- Phase II Conclusion (resolutions of intent to annex into CON or CON to annex RDO & CCE) 7/2021
- Phase III LAFCO (entire process) 7/2021-1/2022
- Phase IV RDO / CCE ECC Boards dissolved some time between 2/2022-7/2022 after all authority, and real property transfers are complete

Community Activities –**Attended** Phillips 66 Community Advisory Panel and Rodeo Municipal Advisory Panel by Zoom meeting.

Reporting: Chief Craig

Commendations/Awards/Notables – No additional information to report.

Reporting: Chief Craig

New Development:

Hill Town: is a 44 – acre site located on San Pablo Ave.

New Town Center: A district centered around the Hercules Transit Center and potential future BART rail extension.

Regional Intermodal Transportation Center: A facility combining three transit modes (bus/rail/ferry) in one facility.

Safeway Center: A 6-acre grocery store and fuel center.

Sycamore Crossing: A 12-acre mixed-use property on the south side of Sycamore Avenue for retail, hotel, and residential uses.

Reporting: Chief Craig

Incident Type Count Report

Date Range: From 1/1/2021 To 1/31/2021

Selected Station(s): All

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station:			
Incident Type is blanks		76	24.05%
Total - incident type left blank		76	100.00%
Total for Station		76	24.05%
Station: 75			
100 - Fire, other		1	0.32%
111 - Building fire		1	0.32%
160 - Special outside fire, other		2	0.63%
Total - Fires		4	3.54%
321 - EMS call, excluding vehicle accident with injury		73	23.10%
322 - Vehicle accident with injuries		6	1.90%
324 - Motor vehicle accident with no injuries		2	0.63%
Total - Rescue & Emergency Medical Service Incidents		81	71.68%
400 - Hazardous condition, other		1	0.32%
424 - Carbon monoxide incident		1	0.32%
440 - Electrical wiring/equipment problem, other		1	0.32%
Total - Hazardous Conditions (No fire)		3	2.65%
550 - Public service assistance, other		1	0.32%
553 - Public service		1	0.32%
554 - Assist invalid		1	0.32%
Total - Service Call		3	2.65%
611 - Dispatched & cancelled en route		14	4.43%
Total - Good Intent Call		14	12.39%
735 - Alarm system sounded due to malfunction		2	0.63%
740 - Unintentional transmission of alarm, other		3	0.95%
743 - Smoke detector activation, no fire - unintentional		2	0.63%
744 - Detector activation, no fire - unintentional		1	0.32%
Total - Fals Alarm & False Call		8	7.08%
Total for Station		113	35.76%
Station: 76			
131 - Passenger vehicle fire		1	0.32%
Total - Fires		1	0.79%
311 - Medical assist, assist EMS crew		2	0.63%
321 - EMS call, excluding vehicle accident with injury		71	22.47%
322 - Vehicle accident with injuries		5	1.58%
324 - Motor vehicle accident with no injuries		1	0.32%
Total - Rescue & Emergency Medical Service Incidents		79	62.20%
400 - Hazardous condition, other		2	0.63%
412 - Gas leak (natural gas or LPG)		1	0.32%
460 - Accident, potential accident, other		1	0.32%

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: 76 - (Continued)			
Total - Hazardous Conditions (No fire)		4	3.15%
552 -	Police matter	1	0.32%
554 -	Assist invalid	12	3.80%
Total - Service Call		13	10.24%
611 -	Dispatched & cancelled en route	20	6.33%
651 -	Smoke scare, odor of smoke	1	0.32%
6610 -	EMS call cancelled	2	0.63%
Total - Good Intent Call		23	18.11%
700 -	False alarm or false call, other	2	0.63%
735 -	Alarm system sounded due to malfunction	1	0.32%
736 -	CO detector activation due to malfunction	3	0.95%
743 -	Smoke detector activation, no fire - unintentional	1	0.32%
Total - Fals Alarm & False Call		7	5.51%
Total for Station		127	40.19%
		316	100.00%

Incident Type Count Report

Date Range: From 1/1/2021 To 1/31/2021

Selected Station(s): All

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station:			
Incident Type is blanks		76	24.05%
Total - incident type left blank		76	100.00%
Total for Station		76	24.05%
Station: 75			
100 - Fire, other		1	0.32%
111 - Building fire		1	0.32%
160 - Special outside fire, other		2	0.63%
Total - Fires		4	3.54%
321 - EMS call, excluding vehicle accident with injury		73	23.10%
322 - Vehicle accident with injuries		6	1.90%
324 - Motor vehicle accident with no injuries		2	0.63%
Total - Rescue & Emergency Medical Service Incidents		81	71.68%
400 - Hazardous condition, other		1	0.32%
424 - Carbon monoxide incident		1	0.32%
440 - Electrical wiring/equipment problem, other		1	0.32%
Total - Hazardous Conditions (No fire)		3	2.65%
550 - Public service assistance, other		1	0.32%
553 - Public service		1	0.32%
554 - Assist invalid		1	0.32%
Total - Service Call		3	2.65%
611 - Dispatched & cancelled en route		14	4.43%
Total - Good Intent Call		14	12.39%
735 - Alarm system sounded due to malfunction		2	0.63%
740 - Unintentional transmission of alarm, other		3	0.95%
743 - Smoke detector activation, no fire - unintentional		2	0.63%
744 - Detector activation, no fire - unintentional		1	0.32%
Total - Fals Alarm & False Call		8	7.08%
Total for Station		113	35.76%
Station: 76			
131 - Passenger vehicle fire		1	0.32%
Total - Fires		1	0.79%
311 - Medical assist, assist EMS crew		2	0.63%
321 - EMS call, excluding vehicle accident with injury		71	22.47%
322 - Vehicle accident with injuries		5	1.58%
324 - Motor vehicle accident with no injuries		1	0.32%
Total - Rescue & Emergency Medical Service Incidents		79	62.20%
400 - Hazardous condition, other		2	0.63%
412 - Gas leak (natural gas or LPG)		1	0.32%
460 - Accident, potential accident, other		1	0.32%

Incident

<u>Type</u>	<u>Description</u>	<u>Count</u>	
Station: 76 - (Continued)			
Total - Hazardous Conditions (No fire)		4	3.15%
552 -	Police matter	1	0.32%
554 -	Assist invalid	12	3.80%
Total - Service Call		13	10.24%
611 -	Dispatched & cancelled en route	20	6.33%
651 -	Smoke scare, odor of smoke	1	0.32%
6610 -	EMS call cancelled	2	0.63%
Total - Good Intent Call		23	18.11%
700 -	False alarm or false call, other	2	0.63%
735 -	Alarm system sounded due to malfunction	1	0.32%
736 -	CO detector activation due to malfunction	3	0.95%
743 -	Smoke detector activation, no fire - unintentional	1	0.32%
Total - Fals Alarm & False Call		7	5.51%
Total for Station		127	40.19%
		316	100.00%