

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
BRENTWOOD, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2022

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EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
East Contra Costa Fire Protection District
Brentwood, California

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Contra Costa Fire Protection District (District), California as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Funds:	
Bethel Island Development Fee	Unmodified
East Diablo Development Fee	Unmodified
Cypress Lakes CFD	Unmodified
Oakley Development Fee	Unmodified
Delta Coves CSD	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matters described in the "Basis for Qualified and Unmodified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on General Fund and Special Revenue Funds as listed above.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Special Revenue Funds as listed above, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to the Qualified Opinion on the Governmental Activities

As discussed in Note 4A, the District does not maintain complete detailed records of its capital assets and has not calculated or recorded depreciation. Generally accepted accounting principles require the recording of depreciation and that capital assets should be recorded at supportable historical values.

As discussed in Note 1I, the District does not update the compensated absences amounts.

As discussed in Note 8B, the District did not update the calculation for Other Post-Employment Benefits for the current year.

Responsibilities of Management's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a Matter

Subsequent Event

As explained in Note 11A, the County Local Area Formation Commission unanimously approved the consolidation of the Contra Costa Fire Protection District and the East Contra Costa Fire Protection District on March 9, 2022 which took effect on July 1, 2022.

Required Supplementary Information

The District has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplemental Information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Maze + Associates

Pleasant Hill, California
February 20, 2024

EAST CONTRA COSTA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarizes the entire District's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the District's assets, all its liabilities and all its deferred inflows/outflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the District's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between District funds have been eliminated.

The Statement of Net Position reports the difference between the District's total assets and deferred outflows of resources and the District's total liabilities and deferred inflows of resources, including all the District's capital assets and its long-term liabilities. The Statement of Net Position presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the District's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all the District's Governmental Activities in a single column. The District's Governmental Activities include the activities of its General Fund and Special Revenue Funds.

The Statement of Activities reports increases and decreases in the District's net position. It is also prepared on the full accrual basis, which means it includes all the District's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, current deferred outflows/inflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the District's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The District's general revenues are then listed in the Governmental Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	Governmental Activities
Current Assets:	
Cash and investments available for operations (Note 2)	\$24,494,036
Restricted investments (Note 2)	6,219,097
Accounts Receivable:	
Due from other governments	7,603,201
Other receivables	28,785
Prepays	5,569
Total Current Assets	<u>38,350,688</u>
Non-Current Assets:	
Net Pension Asset (Note 7C)	
Capital Assets (Note 4):	1,933,940
Non-depreciable	300,988
Depreciable	15,262,349
Total Capital Assets	<u>15,563,337</u>
Total Non-Current Assets	<u>17,497,277</u>
Total Assets	<u>55,847,965</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 7C)	6,044,526
Related to OPEB (Note 8B)	483,302
Total Deferred Outflows of Resources	<u>6,527,828</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	1,577,447
Noncurrent Liabilities:	
Compensated absences, due in more than one year (Note 1I)	435,077
Long-term debt (Note 5):	
Due in one year	481,245
Due in more than one year	501,313
Net OPEB liability (Note 8B)	4,318,950
Total Noncurrent Liabilities	<u>5,736,585</u>
Total Liabilities	<u>7,314,032</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 7C)	8,866,124
Related to OPEB (Note 8B)	5,258,662
Total Deferred Inflows of Resources	<u>14,124,786</u>
NET POSITION (DEFICIT) (Note 6)	
Net investment in capital assets	15,563,337
Restricted for:	
Facilities and equipment	1,721,952
Operations and maintenance	660,973
Unrestricted	22,990,713
Total Net Position (Deficit)	<u><u>\$40,936,975</u></u>

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Governmental Activities Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Fire Protection:				
General	\$10,235,337	\$1,616,437	\$8,152,881	(\$466,019)
Cypress Lakes	(381,064)		6,939	388,003
Interest	53,323			(53,323)
Total Governmental Activities	<u>\$9,907,596</u>	<u>\$1,616,437</u>	<u>\$8,159,820</u>	<u>(131,339)</u>
General Revenues:				
Property tax				17,084,791
Pass-throughs from other agencies				
Home owner property tax relief				45,353
Other in-lieu taxes				<u>29,937</u>
Total General Revenues and Special Item				<u>17,160,081</u>
Change in Net Position				17,028,742
Net Position (Deficit) - Beginning, as restated				<u>23,908,233</u>
Net Position (Deficit) - Ending				<u><u>\$40,936,975</u></u>

See accompanying notes to basic financial statements

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FUND FINANCIAL STATEMENTS

Major funds are defined generally as having significant activities or balances in the current year. The District considers all of its funds to be major funds which are described below:

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 for this Fund are property taxes and pass-throughs from other agencies. Expenditures are made for public safety and other operating expenditures.

BETHEL ISLAND DEVELOPMENT FEE SPECIAL REVENUE FUND

The Bethel Island Development Fee Fund is used to account for developer fees collected from the Bethel Island area for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

EAST DIABLO DEVELOPMENT FEE SPECIAL REVENUE FUND

The East Diablo Development Fee Special Revenue Fund is used to account for developer fees collected from the East Diablo area for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

CYPRESS LAKES CFD SPECIAL REVENUE FUND

The Cypress Lakes CFD Special Revenue Fund is used to account for special assessments collected in the Cypress Lake area and is to be used only for operations and maintenance in the area. Revenue is transferred to the General Fund to help support services in this area.

OAKLEY DEVELOPMENT FEE SPECIAL REVENUE FUND

The Oakley Development Fee Special Revenue Fund is used to account for developer fees collected in the City of Oakley for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

DELTA COVES CSD SPECIAL REVENUE FUND

The Delta Coves Community Services District (CSD) Special Revenue Fund is used to account for special assessments collected in the Delta Coves area located on Bethel Island and is to be used only for operations and maintenance in the area. The tax is applicable to 494 single family homes and 66 condominiums. Revenue will be transferred to the General Fund to help support services in this area.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	Special Revenue Funds						Total Governmental Funds
	General Fund	Bethel Island Development Fee	East Diablo Development Fee	Cypress Lakes CFD	Oakley Development Fee	Delta Coves CSD	
ASSETS							
Assets:							
Cash and investments available for operations (Note 2)	\$20,971,906	\$102,259	\$1,379,967	\$850,178	\$1,182,144	\$7,582	\$24,494,036
Restricted investments (Note 2)	6,219,097						6,219,097
Accounts Receivable:							
Due from other governments	7,261,467				341,734		7,603,201
Other receivables	28,785						28,785
Prepays	5,569						5,569
Advance to other funds (Note 3)	341,734						341,734
Total Assets	\$34,828,558	\$102,259	\$1,379,967	\$850,178	\$1,523,878	\$7,582	\$38,692,422
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$423,537			\$189,205	\$950,000		\$1,562,742
Advance from other fund (Note 3)					341,734		341,734
Total Liabilities	423,537			189,205	1,291,734		1,904,476
Fund Balances (Note 6):							
Nonspendable:							
Prepays	5,569						5,569
Advance to other fund	341,734						341,734
Restricted for:							
Facilities and equipment		\$102,259	\$1,379,967		232,144	\$7,582	1,721,952
Operations and maintenance				\$660,973			660,973
Pension stabilization	2,512,310						2,512,310
Assigned to:							
Facilities and equipment	2,640,954						2,640,954
Employee benefits	3,706,787						3,706,787
Unassigned	25,197,667						25,197,667
Total Fund Balances	34,405,021	102,259	1,379,967	660,973	232,144	7,582	36,787,946
Total Liabilities and Fund Balances	\$34,828,558	\$102,259	\$1,379,967	\$850,178	\$1,523,878	\$7,582	\$38,692,422

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2022

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$36,787,946
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Amounts reported for Governmental Activities in the Statement of Net Position
are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
therefore are not reported in the Governmental Funds:

Non-depreciable capital assets	300,988
Depreciable capital assets	15,262,349

LONG-TERM LIABILITIES

Certain liabilities are not due and payable in the current period and therefore they are not
reported in the Governmental Funds:

Interest payable	(14,705)
Compensated absences payable, due in more than one year	(435,077)
Long-term debt	(982,558)
Net pension liability and deferred outflows/inflows of resources	(887,658)
Net OPEB liability and deferred outflows/inflows of resources	<u>(9,094,310)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$40,936,975</u></u>
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See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds						Total Governmental Funds
	General Fund	Bethel Island Development Fee	East Diablo Development Fee	Cypress Lakes CFD	Oakley Development Fee	Delta Coves CSD	
REVENUES:							
District taxes	\$17,084,791						\$17,084,791
Intergovernmental revenues	8,099,784	\$46,129					8,145,913
Home owner property tax relief	45,353						45,353
Other in-lieu taxes	29,937						29,937
Special assessments						\$6,939	6,939
Charges for services	1,416,353				\$200,084		1,616,437
Reimbursements	6,968						6,968
Total Revenues	26,683,186	46,129			200,084	6,939	26,936,338
EXPENDITURES:							
Current:							
Public safety-fire protection:							
Salaries and benefits	11,381,458						11,381,458
Services and supplies	3,579,035			(\$381,064)			3,197,971
Capital outlay	2,572,094						2,572,094
Principal retirements (Note 5)	461,981						461,981
Interest and fiscal charges (Note 5)	60,237						60,237
Total Expenditures	18,054,805			(381,064)			17,673,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,628,381	46,129		381,064	200,084	6,939	9,262,597
NET CHANGE IN FUND BALANCES	8,628,381	46,129		381,064	200,084	6,939	9,262,597
Fund balances at beginning of year, as restated	25,776,640	56,130	\$1,379,967	279,909	32,060	643	27,525,349
Fund balances at end of year	\$34,405,021	\$102,259	\$1,379,967	\$660,973	\$232,144	\$7,582	\$36,787,946

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$9,262,597
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Additions to capital assets are added to fund balance	2,628,014
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LONG-TERM DEBT PROCEEDS AND PAYMENTS

Lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of lease principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Issuance of debt is deducted from fund balance	461,981
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ACCRUAL OF NON-CURRENT ITEMS

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):

Interest payable	6,914
Compensated absences	0
Net pension liability and deferred outflows/inflows of resources	4,669,236
Total OPEB liability and deferred outflows/inflows of resources	0

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$17,028,742
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See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND				BETHEL ISLAND DEVELOPMENT FEE FUND		
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:							
District taxes	\$17,150,096	\$17,150,096	\$17,084,791	(\$65,305)			
Intergovernmental Revenues	218,087	218,087	8,099,784	7,881,697		\$46,129	
Pass-throughs from other Agencies	692,407	692,407		(692,407)			
Home owner property tax relief	92,563	92,563	45,353	(47,210)			
Other in-lieu taxes	15,316	15,316	29,937	14,621			
Special assessments							
Developer fees					\$1,000		(\$1,000)
Charges for services	3,094,136	3,094,136	1,416,353	(1,677,783)			
Use of money and property							
Reimbursements							
Other revenue	116,583	116,583	6,968	(109,615)			
Total Revenues	21,379,188	21,379,188	26,683,186	5,303,998	1,000	46,129	Col<Row by 4
EXPENDITURES:							
Current:							
Public safety-fire protection:							
Salaries and benefits	15,553,903	15,553,903	11,381,458	4,172,445			
Services and supplies	6,690,432	6,690,432	3,579,035	3,111,397			
Other charges							
Capital outlay	1,947,528	1,947,528	2,572,094	(624,566)			
Principal retirement			461,981	(461,981)			
Interest and fiscal charges			60,237	(60,237)			
Total Expenditures	24,191,863	24,191,863	18,054,805	6,137,058			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,812,675)	(2,812,675)	8,628,381	11,441,056	1,000	46,129	#VALUE!
OTHER FINANCING SOURCES (USES)							
Transfers in		191,735		(191,735)			
Transfers out	1,593,554	3,187,108		(3,187,108)			
Total Other Financing Sources (Uses)	1,593,554	3,378,843		(3,378,843)			
NET CHANGE IN FUND BALANCE	(\$1,219,121)	\$566,168	8,628,381	\$8,062,213	\$1,000	46,129	#VALUE!
Fund balance at beginning of year			25,776,640			\$56,130	
Fund balance at end of year			\$34,405,021			\$102,259	

See accompanying notes to basic financial statements

EAST DIABLO DEVELOPMENT FEE FUND			CYPRESS LAKES CFD FUND			OAKLEY DEVELOPMENT FEE FUND		
Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
\$1,400		(\$1,400)	\$181,000		(\$181,000)		\$200,084	\$200,084
1,400		(1,400)	181,000		(181,000)		200,084	200,084
			1,000	(381,064)	382,064			
			1,000	(381,064)	382,064			
1,400		(1,400)	180,000	381,064	201,064		200,084	200,084
			(179,735)		179,735			
			(179,735)		179,735			
<u>\$1,400</u>		<u>(\$1,400)</u>	<u>\$265</u>	<u>381,064</u>	<u>\$380,799</u>		<u>200,084</u>	<u>\$200,084</u>
	<u>\$1,379,967</u>			<u>279,909</u>			<u>32,060</u>	
	<u>\$1,379,967</u>			<u>\$660,973</u>			<u>\$232,144</u>	

(Continued)

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	DELTA COVES CSD FUND		
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
District taxes			
Intergovernmental Revenues			
Pass-throughs from other Agencies			
Home owner property tax relief			
Other in-lieu taxes			
Special assessments	\$12,099	\$6,939	(\$5,160)
Developer fees			
Charges for services			
Use of money and property			
Reimbursements			
Other revenue			
Total Revenues	12,099	6,939	(5,160)
EXPENDITURES:			
Current:			
Public safety-fire protection:			
Salaries and benefits			
Services and supplies	250		250
Other charges			
Capital outlay			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	250		250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,849	6,939	(4,910)
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out	12,000		(12,000)
Total Other Financing Sources (Uses)	12,000		(12,000)
NET CHANGE IN FUND BALANCE	\$23,849	6,939	(\$16,910)
Fund balance at beginning of year		643	
Fund balance at end of year		\$7,582	

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *District Services and Reporting Entity*

The District was formed in 2002 from the consolidation of the Bethel Island, East Diablo and Oakley Fire Protection Districts governed by the Contra Costa County Board of Supervisors. On October 27, 2009, the Board of Supervisors consented to a change in the governing structure of the District from an appointed board of directors comprised of the County's Board of Supervisors to a board composed of nine directors appointed by the cities of Brentwood (four) and Oakley (three) and the County of Contra Costa (two). The District's restructured Board was established in February 2010 and the District began independent operations on July 1, 2010. On November 8, 2016, the voters of the District adopted Measure N to transition the District Board of Directors from nine appointed members to nine members elected at large. On March 6, 2018, the voters adopted Measure A to reduce the size of the Board elected at large from nine Directors to five. As of December 11, 2018, based on the results of the November 6, 2018 election, a new five-member Board replaced the nine-member Board.

The District encompasses approximately 250 square miles and serves the incorporated cities of Brentwood and Oakley, and the unincorporated communities of Bethel Island, Discovery Bay, Knightsen, Byron and Marsh Creek and Morgan Territory.

Fire suppression personnel working out of three to five stations include medical emergency response for basic life support. In addition, the County provides advanced life support (paramedics) and ambulance services out of several of the stations. Ambulance services are provided through a contract with Contra Costa County Emergency Medical Services by American Medical Response at no cost to the District. The District also contracts with California Department of Forestry and Fire Protection (CAL FIRE) for coverage during the non-peak fire season in the Marsh Creek-Morgan Territory Area.

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, the ability to significantly influence operations and primary accountability for fiscal matters.

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 United States of America.

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.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct 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.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, 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 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.

Bethel Island Development Fee Special Revenue Fund – is used to account for developer fees collected from the Bethel Island area for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

East Diablo Development Fee Special Revenue Fund – is used to account for developer fees collected from the East Diablo area for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

Cypress Lakes CFD Fund – is used to account for special assessments collected in the Cypress Lake area and is to be used only for operations and maintenance in the area. Revenue is transferred to the General Fund to help support services in this area.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Oakley Development Fee Special Revenue Fund – is used to account for developer fees collected in the City of Oakley for facilities and equipment. Funds may be used only for facilities, not operations, and are to provide necessary facilities and equipment as a result of growth. The funds cannot be used for existing facility deficiencies.

Delta Coves CSD Fund – is used to account for special assessments collected in the Delta Coves area located on Bethel Island and is to be used only for operations and maintenance in the area. As the homes are being built and sold, the revenue will be transferred to the General Fund to help support services in this area.

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 position 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.

E. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Chief submits to the Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by Board resolution.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. All budget transfers must be approved by the Chief or designee during the fiscal year. The Chief has the authority to make administrative adjustments to appropriations as long as there is no funding source incompatibility and provided those changes do not increase overall appropriations or will not have an effect on budgeted year-end fund balances except for adjustments associated with Board approved debt issuances and adjustments to capital improvement project funding sources as long as the total financial commitment to the project does not change. Budget transfers required to hire additional permanent personnel require the approval of the Board. The legally adopted budget requires that expenditures not exceed total appropriations at the fund level.
5. Budgets are adopted for all Governmental Funds.
6. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
8. Operating program appropriations supported by a purchase order, including capital equipment, may be carried over from one budget year to the next with the approval of the Chief.
9. Budgeted amounts appearing in the budgetary comparison statements are as originally adopted or as amended by the Board.

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.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet report 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.

In addition to liabilities, the statement of net position or balance sheet report 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 an inflow of resources (revenue) until that time.

H. *Restricted Use of Developer Fees and Special Assessments*

Developer fees collected by the District were formed under Government Code Section 66000 to mitigate the impacts of new development on fire facilities. Funds may only be used for facilities, not operations, and are to provide necessary facilities and equipment as the result of growth. The funds cannot be used for existing facility discrepancies. The following fees were formed prior to the Districts' merger in 2002 and the fees were supported by facilities specific to the individual Districts, therefore, by law, separate accounting, investment and expenditure is mandatory. Fees are collected from new development as residential and non-residential building permits are issued.

- Bethel Island Fire Protection District Facility Fee
- East Diablo Fire Protection District Facility Fee (applicable to Brentwood, Byron and Discovery Bay)
- Oakley Fire Protection District (applicable to Oakley and Knightsen)

The Cypress Lakes Community Facilities District special assessments are special taxes applicable to the boundaries of the Cypress Lakes (now Summer Lakes) development in the City of Oakley for the purpose of operations and maintenance. The tax is applicable to 629 parcels, of which 99% is built out. Revenue is transferred to the General Fund to help support services in this area.

I. *Compensated Absences*

Compensated absences comprise unpaid vacation and holiday leave which are accrued as earned. Employees may only accumulate up to two years of vacation time. For all governmental funds, amounts expected to be paid out for permanent liquidation are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position. Sick pay does not vest and therefore is not accrued. The liability for compensated absences is determined annually.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in the compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$435,077
Net change	0
Ending Balance	<u>\$435,077</u>

The long-term portion of governmental activities compensated absences is primarily liquidated by the General Fund. The District has not updated this amount since June 30, 2020.

J. 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 an 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.

K. Use of Estimates

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS

A. *Deposit and Investment Policy*

The District has authorized the Treasurer of the County to administer the investment of the District's cash and investments, with the exception of cash in banks. The District has authorized the City of Brentwood to administer cash in bank.

The Board adopted an investment policy in December 2018 that allows the District to invest only in the Contra Costa County Investment Pool. Under that Policy, the District is also authorized to invest in the instruments in the table below, which also identifies certain provisions of the California Government Code or the District's investment policy where it is more restrictive. However, Board approval is required prior to making any such investments.

<u>Permitted Investment/Deposit</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>	<u>Maximum Maturity</u>
U.S. Treasury Notes, Bonds, Bills or Certificates of Indebtedness	Unlimited	25%	5 years
Negotiable Certificates of Deposit	30%	25%	5 years

B. *Public Agencies Post-Employment Trust*

On March 13, 2019, the Board adopted resolution 2019-10 approving the adoption of an amendment to the Public Agencies Post-Employment Trust administered by the Public Agency Retirement Services (PARS) to establish a pension trust, which was executed in June 2019. The Trust is an irrevocable trust and qualifies as an Internal Revenue Section 115 trust. This trust will assist the District in mitigating the CCCERA contribution rate volatility. Investments of funds held in Trust are governed by the Investment Guideline Document for the investment account and by the agreement for administrative services with PARS, rather than the general provisions of the California Government Code or the District's investment policy. The District elected a discretionary investment approach, which allows the District to maintain oversight of the investment management, control on target yield and the portfolio's risk tolerance, under the Moderately Conservative HighMark PLUS investment option. This pension trust is a secondary trust to the District's CCCERA Pension Plan; therefore, the assets are reported in the District's General Fund. Contributions to the Trust began in June 2019 and the assets in the Trust will eventually be used to fund pension plan obligations.

The District's initial deposit into the PARS Post-Employment Trust in June 2019 was invested in the same investment as authorized for the District's OPEB Trust, which invests in the Balanced HighMark PLUS investment option. The investments were transferred to the Moderately Conservative HighMark PLUS investment in January 2020.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Classification

Cash and investments consisted of the following at June 30, 2022:

<i>Cash and investments available for operations:</i>	
County Investment Pool	\$10,827,178
Cash in bank	13,666,858
Total cash and investments available for operations	<u>24,494,036</u>
<i>Restricted investments:</i>	
PARS Balanced HighMark PLUS	<u>6,219,097</u>
Total cash and investments	<u><u>\$30,713,133</u></u>

The District's investment in the Contra Costa County Investment Pool is exempt from the fair value hierarchy, and the District's investment in the PARS Balanced HighMark PLUS is measured at the net asset value.

D. Contra Costa County Investment Pool

The Contra Costa County Investment Pool was rated by Standard & Poor's (S & P) on June 30, 2022 and was assigned a fund credit quality rating of "AAAF" and a fund volatility rating of "S1+." The "AAAF" rating is S & P's highest fund credit quality rating with the "S1+" volatility rating reflecting low sensitivity to changing market conditions. The District's balance in the Pool is available for withdrawal on demand. Additional information about the Pool is included in the County's Comprehensive Annual Financial Report that can be obtained from the Contra Costa County Office of the Auditor Controller, 625 Court Street, Martinez, California 94553-1282.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District's name. The District has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – INTERFUND LOAN AND LOAN TO THE CITY OF OAKLEY

Funding Plan for Construction of Station 55 and Loan to the City of Oakley

In August 2018, the Board approved an interfund loan agreement to loan \$1.9 million from the General Fund to the Oakley Development Fee Special Revenue Fund. The purpose of the interfund loan is to fund the loan of \$1.9 million from the Oakley Development Fee Special Revenue Fund to the City of Oakley to complete the design and construction of Station 55. Within thirty days of final completion of the project, the City agrees to transfer title to Station 55 and the associated one acre parcel to the District.

Starting sixty days following the final completion of the project, the loan to the City is repayable on a monthly basis from fire facilities impact fees collected by the City in the previous month. Neither the interfund loan, nor the loan to the City bear interest.

Construction of the station began during fiscal year 2019.

NOTE 4 – CAPITAL ASSETS

A. Policies

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 value of \$25,000 or more are recorded as capital assets.

Generally accepted accounting principles require that the District's capital assets, other than land, be depreciated over the estimated useful lives of those assets. Due to the transfer of accounting for the capital assets from the County to the District, the District has not calculated or recorded the balance of accumulated depreciation for the applicable assets.

In addition, although the District has inventoried its capital assets in use, other than the land above, that inventory has not been reconciled with the detail of the buildings and improvements, equipment and vehicles contributed by the County as of July 1, 2010. Therefore, the District has not made any adjustments to capital assets contributed by the County after that date, other than to record additions and retirements of buildings and certain vehicles subsequent to July 1, 2010.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS (Continued)

B. Additions and Retirements

Capital assets comprised the following:

	Balance as of June 30, 2021	Additions	Balance as of June 30, 2022
Governmental Activities:			
Land	\$300,988		\$300,988
Depreciable capital assets:			
Buildings and improvements	4,026,222	\$36,496	4,062,718
Equipment and vehicles	8,608,113	2,591,518	11,199,631
Total depreciable capital assets	12,634,335	2,628,014	15,262,349
Governmental activity capital assets	\$12,935,323	\$2,628,014	\$15,563,337

In September 2015, the District entered into an agreement with Contra Costa County Fire Protection District (CCCYPD) under which CCCYPD will operate and maintain the District's fire boat in the District's territory, in return for being able to operate the fire boat in CCCYPD's territory. Under generally accepted accounting principles, the entity that is responsible for the maintenance of a jointly used capital asset should record that asset in its capital asset records. As a result, the District has recorded the retirement of the fire boat in fiscal year 2016 as a transfer to CCCYPD. The Board approved an extension of the terms of the agreement in October 2018.

NOTE 5 – LEASE PAYABLE

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

Fire Apparatus Lease Purchase Agreement

In December 2018, the District entered into a lease purchase agreement in the amount of \$2,313,760 with Golden State Fire Apparatus to purchase three Pierce Quantum Pumpers. The lease bears interest at 4.17% and the terms of the lease agreement include five annual payments of \$522,218 starting February 28, 2020, for a five-year total of \$2,611,090.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – LEASE PAYABLE (Continued)

Summary of changes in Direct Borrowings long-term debt for the year ended June 30, 2022, follows:

	Balance June 30, 2021	Retirements	Balance June 30, 2022	Due within one year	Due in more than one year
Direct Borrowing:					
Capital Lease:					
PNC Equipment Lease:	\$1,444,539	\$461,981	\$982,558	\$481,245	\$501,313

Annual debt service requirements are shown below for the lease:

For the Year Ending June 30	Direct Borrowing	
	Principal	Interest
2023	\$481,245	\$40,973
2024	501,313	20,905
Total	\$982,558	\$61,878

NOTE 6 – NET POSITION AND FUND BALANCES

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

A. Net Position

Net Position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position and are described below:

Net investment in capital assets describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position, if any, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include developer fees received for facilities and equipment and special assessments for operations in a specific area.

Unrestricted describes the portion of Net Position which is not restricted to use.

B. Fund Balance

The District's fund balances are classified 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:

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

Nonspendable 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 endowment funds, and assets not expected to be converted to cash, such as prepaids, 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 Board 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, the Fire Chief, 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.

C. Minimum Fund Balance and Fund Balance Reserve Policies

The District's Budget Policies require the District to strive to maintain the following fund balances:

- 1) The District will strive to maintain an Operating Reserve of 20% of annual appropriations in the General Fund's unassigned fund balance. This is considered the minimum level necessary to maintain the District's credit worthiness and adequately provide for contingencies for unseen operating or capital needs and cash flow requirements. The Operating Reserve can only be used for one-time, emergency expenditures as determined by the Board.
- 2) The District will maintain a Capital Facilities Improvement Replacement Reserve to provide a funding source for repair or improvement of existing assets valued at \$25,000 or greater. Prior to fiscal year 2018, the annual contribution to this reserve was calculated as 1% of the annual General Fund operating budget. The contributions subsequent to fiscal year 2018 are based on a detailed analysis of the projected costs of maintaining the District's facilities of the next 20+ years. Capital asset damage or insurance recoveries will be credited to the Capital Facilities Improvement Replacement Reserve.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

- 3) The District will establish and maintain an Equipment Replacement Reserve to provide for the timely replacement of vehicles and capital equipment with a useful life of five years or more or an individual replacement cost of \$10,000 or more as determined by the Chief. Prior to fiscal year 2018, the annual contribution to this reserve was calculated as 1% of the annual General Fund operating budget. The contributions subsequent to fiscal year 2018 are based on a detailed analysis of the projected equipment replacement needs over the next 20+ years and replacement in the next two years of three Type I fire engines, one Type III fire engine, one command vehicle, one van and one utility truck. Sales of surplus equipment as well as any related damage and insurance recoveries will be credited to the Equipment Replacement Reserve.
- 4) The District will maintain an Other Post Employment Benefits (OPEB) Reserve to provide a funding source for post employment retirement health benefits. The annual minimum contribution to this fund will be 30% of the Actuarial Required Contribution (ARC) while working towards a long term OPEB funding strategy. Interest earnings will be credited to the OPEB Reserve.

The balances of each reserve as of June 30, 2022, which are included in the assigned and unassigned fund balance of the General Fund, were as follows:

Reserved:	
20% Reserve	\$3,146,140
Capital Facilities Improvement Reserve	2,039,559
Equipment Replacement Reserve	601,394
OPEB Reserve	3,706,787
Unreserved	<u>21,598,284</u>
Subtotal Assigned and Unassigned Fund Balance	31,092,164
Nonspendable:	
Prepays	5,570
Advance to other fund	341,734
Restricted Fund Balance - Pension Stabilization	<u>2,640,954</u>
Total General Fund Fund Balance	<u><u>\$34,080,422</u></u>

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN

A. *Plan Description*

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 Board of Retirement under the County Employee's Retirement Law of 1937, as amended on July 1, 1945, the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the Board of Retirement. It provides service retirement, disability, death and survivor benefits to the eligible General and Safety members employed by the County of Contra Costa. CCCERA also provides retirement benefits to the employee members for sixteen other participating agencies which are members of CCCERA.

All regular full-time employees of the District become members of CCCERA effective on the first day of the first full pay period after employment. Part-time employees in permanent positions must work at least 20 hours a week in order to be a member of CCCERA. 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 twenty years of service, regardless of age. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and benefit tier.

Benefits are administered by the Board of Retirement 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 District's contributions to the plan are based upon actuarially determined contribution rates adopted by the Board of Retirement. Employer contribution rates are adopted annually based upon recommendations received from CCCERA's actuary after the completion of the annual actuarial valuation. Employees are required to make contributions to CCCERA regardless of the retirement plan or benefit tier in which they are included.

B. *Contributions*

Employer and employee contributions and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Board of Retirement. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and benefit tier. The District's required contribution rate for fiscal year 2021 was 113% of covered payroll for employees hired prior to January 1, 2013 and 103% of covered payroll for employees hired on or after January 1, 2013. The District must contribute these amounts. Required contributions for the year ended June 30, 2022 were \$3,811,591.

The employee contribution is based on the age at the time the individual enters the plan. Under the contract agreement with the employees, the District pays 50% of the employees' portion of the required contributions, excluding the cost of living contribution.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

C. Pension Asset, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

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

As of June 30, 2022, the District reported a net pension asset for its proportionate share of the net pension asset of the Plan of \$1,933,940.

The District's net pension asset for the Plan is measured as the proportionate share of the net pension asset. The net pension asset of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension asset for the Plan as of December 31, 2021 and 2020 was as follows:

Proportion - December 31, 2020	0.449%
Proportion - December 31, 2021	0.796%
Change - Increase (Decrease)	0.35%

For the year ended June 30, 2022, the District recognized a negative pension expense of \$4,669,236. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,328,084	
Differences between actual and expected experience	408,468	\$43,809
Changes in assumptions	1,367,187	167,934
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,940,787	2,461,179
Net differences between projected and actual earnings on plan investments		6,193,202
Total	\$6,044,526	\$8,866,124

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

The \$1,328,084 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$1,740,558)
2024	(1,532,423)
2025	(300,346)
2026	(576,355)
2027	-

D. Actuarial Assumptions

For the measurement period ended December 31, 2021, the total pension liability was determined by rolling forward the December 31, 2020 total pension liability. The plan provisions used in the measurement of the net pension asset are the same as those used in the CCCERA actuarial valuation as of December 31, 2021. The total pension liability and the Plan's fiduciary net position include liabilities and assets held for the post-retirement death benefit reserve.

The total pension liability as of December 31, 2021 and December 31, 2020 were determined by actuarial valuations as of December 31, 2020 and December 31, 2019, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2015 through December 31, 2017. They are the same as the assumptions used in the December 31, 2019 and the December 31, 2018 funding actuarial valuations. The following actuarial assumptions were applied to all periods included in the measurement for both the December 31, 2021 and December 31, 2020 total pension liabilities, except for the mortality assumptions, as noted below the table:

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level percent of payroll
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation Rate	2.50%
Payroll Growth	2.75%
Real across-the-board salary increase	0.50%
Projected Salary Increase	3.75% - 16.25% (1)
Cost of Living Adjustments	2.75%
Investment Rate of Return	6.75% (2)
Pre-Retirement Mortality	PUB-2010 Employee mount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with two-dimensional mortality improvement scale MP-2021
Post-Retirement Mortality	PUB-2010 Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021

(1) Includes inflation at 2.75% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service

(2) Net of pension plan investment expenses, including inflation

Changes in Assumptions – The mortality assumptions were the same for the December 31, 2021 and December 31, 2020 measurement date as noted in the table above.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.75% for December 31, 2021 and 7.00% for December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer 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 Pension Plan's 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 of 6.75% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of December 31, 2021 and 7.00% for December 31, 2020.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined in 2021 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 (approved by the Board of Retirement) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	10%	5.40%
Small Cap U.S. Equity	3%	6.17%
Developed International Equity	10%	6.13%
Emerging Markets Equity	9%	8.17%
Core Fixed	4%	0.39%
Short-Term Credit	14%	-0.14%
Cash and Equivalents	3%	-0.73%
Private Equity	15%	10.83%
Private Credit	13%	5.93%
Infrastructure	3%	6.30%
Value Add Real Estate	5%	7.20%
Opportunistic Real Estate	5%	8.50%
Risk Parity	3%	3.80%
Hedge Funds	3%	2.40%
Total	<u>100%</u>	

Sensitivity of the Proportionate Share of the Net Pension Asset to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension asset for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	5.75%
Net Pension Liability	\$7,102,520
Current Discount Rate	6.75%
Net Pension Asset	(\$1,933,940)
1% Increase	7.75%
Net Pension Asset	(\$9,335,390)

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PENSION PLAN (Continued)

E. *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CCCERA financial reports.

NOTE 8 – OTHER 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 asset 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. *Retiree Medical Benefits Other Post Employment Benefit (OPEB) Plan*

Due to the Dissolution and Annexation as discussed in Note 11, the District did not complete an OPEB actuarial study for the year ended June 30, 2022.

Plan Description and Eligibility

The District participated in the County of Contra Costa's Post Retirement Health Benefit Plan (County Plan), a multiple-employer defined benefit healthcare plan, through December 31, 2014. The plan provided postemployment medical and dental insurance benefits to eligible retired employees and their dependents. The County contracts with Kaiser Permanente, Health Net, Contra Costa Health Plans, and the California Public Employees' Retirement System (CalPERS) to provide medical benefits and Delta Dental and PMI DeltaCare for dental benefits.

The District established its own Post Retirement Health Benefit Plan effective January 1, 2015 (District Plan). The District Plan provides postemployment medical to eligible retired employees and their dependents, and dental insurance benefits to employees and their dependents hired on or before December 31, 2017. The District contracts with the California Public Employees' Retirement System (CalPERS) to provide medical benefits. The District pays the medical premium, capped by 87% of the Kaiser Bay Area Premium for the coverage elected, and the District pays 90% of the dental premium. Benefits provisions are established and may be amended through negotiations between the District and the respective bargaining units.

District retirees are eligible for membership in the Plan upon retirement from the District (drawing a pension from CCCERA).

As of June 30, 2021, there were 27 District retirees receiving these health care benefits.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

Funding Policy

Prior to the fiscal year ended June 30, 2020, the District's Plan's funding was based on the "pay-as-you-go" basis. Beginning in fiscal year 2020, the District's funding plan is a combination of pay-as-you-go funding and pre-funding contributions. In October 2018, the Board approved the establishment of a Section 115 Trust to prefund OPEB benefits and the District joined the Public Agencies Post-Retirement Health Care Defined Benefit Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS).

On October 1, 2018, the Board adopted resolution 2018-31 approving the adoption of the Public Agencies Post-Employment Benefits Trust administered by PARS to prefund other post-employment benefits (OPEB). The Trust is an irrevocable trust and qualifies as an Internal Revenue Section 115 trust. Investments of funds held in Trust are governed by the Investment Guideline Document for the investment account and by the agreement for administrative services with PARS, rather than the general provisions of the California Government Code or the District's investment policy. The District elected a discretionary investment approach, which allows the District to maintain oversight of the investment management, control on target yield and the portfolio's risk tolerance, under the Balanced HighMark PLUS investment option.

For the fiscal year ended June 30, 2021, the District paid \$357,441 as its "pay-as-you-go" cost to the Plan.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	41
Inactive employees or beneficiaries currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>64</u>

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of June 30, 2021 and the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, rolled forward to June 30, 2020 using standard update procedures, based on the following actuarial methods and assumptions:

	Actuarial Assumptions	
Actuarial Valuation Date		June 30, 2019
Measurement Date		June 30, 2021
Actuarial Assumptions:		
Discount Rate		6.00%
General Inflation		2.75%
Mortality	CalPERS 1997-2015 Experience Study	
Mortality Improvement	Mortality Improvement Scale MP-2020	
	2015-2017 CCCERA Experience Study (except	
Retirement, Disability,	Safety Tier A Enhanced retirement rates based on	
Termination	CalPERS 1997-2017 Experience Study)	
		Aggregate - 3.25%
	Merit - Tables from 2015-2017 CCCERA	
Salary Increases	Experience Study	
	Non-Medicare - 7.0% for 2022, decreasing to an ultimate rate of	
	4.0% in 2076 and later years	
	Medicare - 6.1% for 2022 except 5.0% for Kaiser, decreasing to an	
	ultimate rate of	
Medical Trend	4.0% in 2076 and later years	
Dental Premium Increase		3.5% per year
		Actives - 100%
Participation at Retirement	Retirees - 100% if covered, 5% re-elect at 65 if waived	

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	58%	4.82%
Fixed Income	35%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%

The District made its first contribution to the PARS Trust in December 2019 and an additional contribution in June 2020, and the balance in the District's PARS Trust account as of June 30, 2022 was \$5,319,563.

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

The following presents 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 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.00%)	Discount Rate (6.00%)	Discount Rate +1% (7.00%)
\$5,637,766	\$4,318,950	\$3,186,493

The following presents 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 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$3,189,787	\$4,318,950	\$5,808,961

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments		\$671,160
Employer contributions made subsequent to the measurement date	N/A	
Differences between actual and expected experience		774,331
Changes of assumptions	\$483,302	3,813,171
Total	<u>\$483,302</u>	<u>\$5,258,662</u>

Deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in future periods. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2022	(\$1,434,990)
2023	(1,434,990)
2024	(1,387,916)
2025	(561,402)
2026	43,938
Thereafter	

NOTE 9 – RISK MANAGEMENT

A. Insurance Coverage

The District participates in two joint ventures discussed below to provide insurance coverage through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these joint ventures are not the District's responsibility and the District does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – RISK MANAGEMENT (Continued)

A summary of the District's insurance is as follows:

Coverage	JPA (Risk Pool)	Limit of Liability	Deductible/ SIR
Workers' Compensation	FASIS (LAWCX)	Statutory Limit	None
			\$50,000 per occurrence and
			\$100,000 per occurrence 100 yr.
All Risk Property	CCCFDIP (CSAC)	\$600,000,000 (flood)	flood zone
		\$600,000,000 (property)	\$500 disappearing (property)
			\$500 disappearing (mobile equipment)
		\$200,000,000 (terrorism)	\$50,000 (terrorism)
Earthquake	CCCFDIP (CSAC)	\$665,000,000	2% per "unit," \$100,000 minimum
Boiler & Machinery	CCCFDIP (CSAC)	\$100,000,000	\$5,000
General & Automobile Liability	CCCFDIP (CSAC)	\$50,000,000	None
Pollution Liability	CCCFDIP (CSAC)	\$10,000,000	\$250,000

The District did not have any claim settlements that exceed the insurance coverage in the last three years. Outstanding claims payable at year-end and the incurred but not reported (IBNR) amount was calculated to be immaterial for presentation purposes.

B. Fire Agencies Self Insurance System

Formed in 1984, the Fire Agencies Self Insurance System (FASIS) is a statewide self-insured joint powers authority, comprised of fire and community service districts. In addition to operating as a risk-sharing pool to cover the worker's compensation losses of its district members, FASIS provides all of the services necessary for the operation and maintenance of its joint coverage program afforded to member districts.

An eleven-member Board of Directors has the fiduciary responsibility of following the rules set out in the governing documents of FASIS and applicable state laws. The governing documents contain provisions on funding of losses, self-insurance, excess coverage, and the respective powers of the Board of Directors, Administration and Officers of FASIS.

FASIS self-insures the first \$750,000, and through participation in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), members are afforded excess coverage from \$750,001 to statutory limits for each occurrence.

Audited financial statements for FASIS are available from FASIS, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

C. Contra Costa County Fire District Insurance Pool

The Contra Costa County Fire District Insurance Pool (CCCFDIP) arranges for and provides public liability, property damage and self-insurance between the county, its special districts and independent county fire protection districts through participation in the CSAC Excess Insurance Authority. The CCCFDIP is governed by the Board of Supervisors of Contra Costa County and funding for the program is provided through equitable cost sharing by the member agencies.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 – RISK MANAGEMENT (Continued)

A report of financial activities of CCCFDIP is available from the County of Contra Costa, Risk Management Division, 2530 Arnold Drive, Suite 140, Martinez, CA 94553.

D. Government Crime Insurance Commercial Policy

The District purchased a government crime insurance commercial policy with the following coverages and deductibles:

<u>Coverage</u>	<u>Limit of Liability</u>	<u>Deductible</u>
Employee theft	\$5,000,000	\$50,000
Forgery or alteration	\$1,000,000	\$25,000
Inside premises (robbery or burglary of other property)	\$5,000,000	\$25,000
Outside premises	\$5,000,000	\$25,000
Computer fraud	\$5,000,000	\$25,000
Funds transfer fraud	\$5,000,000	\$25,000

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

B. Lease of Fire Station 58

In May 2016, the District entered into a lease agreement with the Town of Discovery Bay for Fire Station 58 for a term of 24 months. In June 2019, the term of the lease was extended an additional 24 months. Monthly rental payments are \$1,300 and the Town is responsible for the day to day maintenance and upkeep of the Station. The lease payments commenced on July 1, 2016 and the District received lease payments totaling \$7,800 during fiscal year 2021.

C. City of Brentwood Lease Agreement

The District entered into a lease agreement with the City of Brentwood in January 2017 for 600 square feet of office space to serve as the District's administrative offices. The monthly Base Rent under the lease is \$900, and the District was required to pay a security deposit of \$1,800. The lease term ended on June 30, 2019, but automatically renews each year, unless it is terminated with a 90-day notice, and the lease includes a provision for an annual increase in the monthly rent by the Consumer Price Index.

The lease agreement was amended in July 2019 to increase the square footage to 990 square feet of office space and increase the monthly base rent to \$1,535.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

D. City of Oakley Settlement with Shea Homes

Under the terms of a settlement agreement between the City of Oakley and Shea Homes, the District received \$623,000 in fiscal year 2019 to fund the purchase of a new fire engine for the future Station 55 discussed in Note 3.

E. Federal Grant Program

The District participates in a federal grant program. This program is subject to audit by the District's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances have been proposed as a result of audits completed to date; however, this program is still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

NOTE 11 – SUBSEQUENT EVENTS

A. Dissolution and Annexation

On March 9, 2022, the County Local Area Formation Commission unanimously approved the consolidation of the Contra Costa Fire Protection District and the East Contra Costa Fire Protection District which took effect on July 1, 2022 in which the East Contra Costa Fire Protection District was dissolved.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

EAST CONTRA COSTA FIRE PROTECTION DISTRICT Cost-Sharing Multiple Employer Defined Benefit Retirement Plan As of fiscal year ended June 30 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) Last 10 Fiscal Years*

	2022 (1)	2021 (1)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)
Proportion of the net pension liability (asset)	0.796%	0.449%	0.673%	1.278%	2.015%	1.668%	1.526%	2.033%
Proportionate share of the net pension liability (asset)	(\$1,933,940)	\$2,070,171	\$5,817,871	\$18,245,316	\$16,350,262	\$23,362,447	\$22,992,216	\$24,313,820
Covered payroll	\$4,594,078	\$4,245,203	\$3,629,911 (2)	\$3,142,969 (2)	\$2,932,872 (2)	\$2,981,911 (2)	\$2,578,801 (3)	\$3,033,964 (3)
Proportionate share of the Net Pension Liability (Asset) as percentage of covered payroll	-42.10%	48.76%	160.28%	580.51%	557.48%	783.47%	891.59%	801.39%
Plan's fiduciary net position as a percentage of the total pension liability	102.88%	96.47%	89.02%	77.80%	81.00%	73.30%	70.89%	74.65%

Notes to Schedule:

- (1) The amounts presented for each fiscal year were determined as of 12/31 of the prior calendar year.
(2) Covered payroll represents payroll on which contributions to the pension plan are based.
(3) Covered employee payroll represents compensation earnable and pensionable compensation.
Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* Fiscal year 2015 was the 1st year of implementation.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Cost-Sharing Multiple Employer Defined Benefit Retirement Plan As of fiscal year ending June 30 SCHEDULE OF CONTRIBUTIONS Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$3,811,591	\$4,340,508	\$5,480,382	\$3,917,961	\$3,664,000	\$3,844,670	\$3,389,367	\$3,483,172
Contributions in relation to the actuarially determined contributions	3,811,591	4,340,508	5,480,382	3,917,961	3,664,000	3,844,670	3,389,367	3,483,172
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	\$4,594,078	\$4,245,203	\$4,376,617	\$3,395,442	\$3,015,248	\$3,142,047	\$2,712,190	\$2,698,762
Contributions as a percentage of covered payroll	82.97%	102.25%	125.22%	115.39%	121.52%	122.36%	124.97%	129.07%
Notes to Schedule								
Valuation Date:	12/31/2020	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012

Methods and assumptions used to determine fiscal year 2021 contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6 years **
Asset valuation method	Market value of assets, less unrecognized returns in each of the last nine semi-annual accounting periods.
Inflation	2.50%
Salary increases	3.75% - 16.25%
Cost of living adjustments	2.75% per year, except as noted below ***
Investment rate of return	6.75%
Retirement age	50 years Classic, 52 years PEPRA
Pre-Retirement Mortality	PUB-2010 Employee mount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with two-dimensional mortality improvement scale MP-2021
Post-retirement mortality rates	PUB-2010 Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021

* Fiscal year 2015 was the 1st year of implementation.

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 6 years remaining as of December 31, 2016. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Effective December 31, 2013, any changes in UAAL due to plan amendments (with the exception of a change due to retirement incentives) will be amortized over a 10-year fixed period effective with that valuation. The entire increase in UAAL resulting from a temporary retirement incentive will be funded in full upon adoption of the incentive.

*** Except for Tier 3 and PEPRA Tier 5 disability benefits and Tier 2 benefits which are subject to a 4.00% maximum change per year. Safety Tier C Benefits, Safety PEPRA Tier E benefits and benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding are subject to a 2.00% maximum change per year. For members that have COLA banks, they are reflected in projected future COLA's.

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Retiree Healthcare Plan, a Single Employer Defined Benefit Plan
Last 10 fiscal years*

Measurement Date	6/30/2021	6/30/2020	6/30/2018	6/30/2017
Total OPEB Liability				
Service Cost	\$325,385	\$320,867	\$718,828	\$829,058
Interest	604,546	580,783	497,576	418,799
Changes of benefit terms				
Differences between expected and actual experience				
Changes of assumptions	593,143	(147,125)	(594,662)	(1,600,577)
Benefit payments	(423,837)	(363,080)	(385,277)	(270,701)
Net change in total OPEB liability	1,099,237	391,445	236,465	(623,421)
Total OPEB liability - beginning	9,187,248	8,795,803	13,372,578	14,005,999
Total OPEB liability - ending (a)	\$10,286,485	\$9,187,248	\$13,609,043	\$13,382,578
Plan fiduciary net position				
Contributions - employer	\$996,702	\$925,843		
Contributions - employee				
Net investment income	1,180,996	106,763		
Trustee fees				
Administrative expense	(13,349)	(10,037)		
Other Disbursements - reimbursement to employer				
Benefit payments	(423,837)	(363,080)		
Net change in plan fiduciary net position	1,740,512	659,489		
Plan fiduciary net position - beginning	4,227,023	3,567,534		
Plan fiduciary net position - ending (b)	\$5,967,535	\$4,227,023		
Net OPEB liability/(asset) - ending (a)-(b)	\$4,318,950	\$4,960,225		
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	58.01%	46.01%		
Covered-employee payroll	\$5,590,474	\$5,298,032	\$3,757,079	\$4,279,091
Net OPEB liability/(asset) as a percentage of covered-employee payroll	77.26%	93.62%	362.22%	312.74%

Notes to Schedule:

(1) The District made a contribution after measurement date in 2019 in the amount of \$3,773,098.

Benefit changes: None

Changes in assumptions: None

* Fiscal year 2018 was the first year of implementation.

<p align="center">EAST CONTRA COSTA FIRE PROTECTION DISTRICT REQUIRED SUPPLEMENTARY INFORMATION</p>
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SCHEDULE OF CONTRIBUTIONS

Retiree Healthcare Plan, a Single Employer Defined Benefit Plan

Last 10 fiscal years*

Fiscal Year Ended June 30,	2021	2020	2019	2018
Contractually required contributions:				
Cash benefit payments	\$352,837	\$312,080	\$295,902	\$336,499
Administrative costs				1,006
Implied subsidy benefit payments	71,000	51,000	66,835	48,778
Total contractually required contributions	423,837	363,080	362,737	386,283
Contributions in relation to the contractually required contributions	996,702	925,843	362,737	386,283
Contribution deficiency (excess)	(\$572,865)	(\$562,763)	\$0	\$0
Covered-employee payroll	\$5,590,474	\$5,298,032	\$4,426,298	\$3,757,079
Contributions as a percentage of covered-employee payroll	17.83%	17.48%	8.20%	10.28%

* Fiscal year 2018 was the first year of implementation.

<p style="text-align: center;">EAST CONTRA COSTA FIRE PROTECTION DISTRICT SUPPLEMENTAL INFORMATION For the Year Ended June 30, 2021</p>
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The **General Fund** is comprised of four subfunds as follows:

General Operations Fund is the general operating fund of the District. It is used to account for all financial resources not required to be accounted for in another fund. The major revenue sources for this Fund are property taxes and pass-throughs from other agencies. Expenditures are made for public safety and other operating expenditures.

Fire Prevention Bureau Fund was established in fiscal year 2020 to provides the highest level of fire prevention services through comprehensive inspections and code enforcement, plan review and engineering services, public education, fire investigations, and exterior hazard control to ensure properties are properly constructed in accordance with local and state codes. These services are paid and for by user fees that the District updated in 2020-21 with the assistance of NBS; the fees allow the Prevention Bureau to be self-sustaining.

Equipment Replacement Fund was established to provide for the timely replacement of vehicles and capital equipment with a useful life of five years or more or an individual replacement cost of \$10,000 or more or as determined by the Fire Chief. The annual contribution to this fund will initially be calculated as 1% of the annual operating (general operations) appropriations with the intent that ultimately it will be based on the annual use allowance which is determined based on the estimated life of the vehicle or equipment and its original purchase cost. Interest earnings and sales of surplus equipment as well as any related damage and insurance recoveries will be credited to the Equipment Replacement Fund.

Capital Facilities Improvement Replacement Fund was established to provide a funding source for repair or improvement of existing assets valued at \$25,000 or greater as determined by the Fire Chief. The annual contribution to this fund will initially be calculated as 1% of the annual operating (general operations) appropriations with the intent that ultimately it will be based on depreciation. Interest earnings will be credited to the Capital Facilities Improvement Replacement Fund.

Other Post Employment Benefits (OPEB) Fund was established to provide a funding source for post employment retirement health benefits. The annual minimum contribution to this fund will be 30% of the Actuarial Required Contribution (ARC) while working towards a long term OPEB funding strategy. Interest earnings will be credited to the OPEB Fund.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING BALANCE SHEET
JUNE 30, 2022

	General Operations	Fire Prevention Bureau	Capital Facilities Improvement	Equipment Replacement	OPEB	Total General Fund
ASSETS						
Assets:						
Cash and investments available for operations	\$17,284,965	\$974,413	\$2,039,559	\$672,969		\$20,971,906
Restricted investments	2,512,310				\$3,706,787	6,219,097
Accounts Receivable:						
Due from other governments	7,261,467					7,261,467
Other receivables	28,785					28,785
Prepays	5,570			(1)		5,569
Advance to other fund	341,734					341,734
Total Assets	<u>\$27,434,831</u>	<u>\$974,413</u>	<u>\$2,039,559</u>	<u>\$672,968</u>	<u>\$3,706,787</u>	<u>\$34,828,558</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$342,124	\$9,839		\$71,574		\$423,537
Total Liabilities	<u>342,124</u>	<u>9,839</u>		<u>71,574</u>		<u>423,537</u>
Fund Balances:						
Nonspendable:						
Prepays	5,570			(1)		5,569
Advance to other fund	341,734					341,734
Restricted for:						
Pension stabilization	2,512,310					2,512,310
Assigned for:						
Facilities and equipment			\$2,039,559	601,395		2,640,954
Employee benefits					\$3,706,787	3,706,787
Unassigned	24,233,093	964,574				25,197,667
Total Fund Balances	<u>27,092,707</u>	<u>964,574</u>	<u>2,039,559</u>	<u>601,394</u>	<u>3,706,787</u>	<u>34,405,021</u>
Total Liabilities and Fund Balances	<u>\$27,434,831</u>	<u>\$974,413</u>	<u>\$2,039,559</u>	<u>\$672,968</u>	<u>\$3,706,787</u>	<u>\$34,828,558</u>

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General Operations	Fire Prevention Bureau	Capital Facilities Improvement	Equipment Replacement	OPEB	Intrafund Eliminations	Total General Fund
REVENUES:							
District taxes	\$17,084,791						\$17,084,791
Intergovernmental revenues	8,099,784						8,099,784
Home owner property tax relief	45,353						45,353
Other in-lieu taxes	29,937						29,937
Charges for services	147,753	\$1,268,600					1,416,353
Other	6,968						6,968
Total Revenues	25,414,586	1,268,600					26,683,186
EXPENDITURES:							
Current:							
Public safety-fire protection:							
Salaries and benefits	10,837,862	543,596					11,381,458
Services and supplies	3,082,748	496,287					3,579,035
Capital outlay			\$915,730	\$1,656,364			2,572,094
Principal retirement				461,981			461,981
Interest and fiscal charges				60,237			60,237
Total Expenditures	13,920,610	1,039,883	915,730	2,178,582			18,054,805
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,493,976	228,717	(915,730)	(2,178,582)			8,628,381
NET CHANGE IN FUND BALANCES	11,493,976	228,717	(915,730)	(2,178,582)			8,628,381
Fund balances at beginning of year, as restated	15,598,731	735,857	2,955,289	2,779,976	\$3,706,787		25,776,640
Fund balances at end of year	\$27,092,707	\$964,574	\$2,039,559	\$601,394	\$3,706,787		\$34,405,021

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL OPERATIONS				FIRE PREVENTION BUREAU		
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:							
District taxes	\$17,150,096	\$17,150,096	\$17,084,791	(\$65,305)			
Intergovernmental revenues	218,087	218,087	8,099,784	7,881,697			
Pass-throughs from other Agencies	692,407	692,407		(692,407)			
Home owner property tax relief	92,563	92,563	45,353	(47,210)			
Other in-lieu taxes	15,316	15,316	29,937	14,621			
Developer fees							
Charges for services	111,834	111,834	147,753	35,919	\$2,982,302	\$1,268,600	(\$1,713,702)
Use of money and property							
Reimbursements							
Other revenue	116,583	116,583	6,968	(109,615)			
Total Revenues	18,396,886	18,396,886	25,414,586	7,017,700	2,982,302	1,268,600	(1,713,702)
EXPENDITURES:							
Current:							
Public safety-fire protection:							
Salaries and benefits	13,418,621	13,418,621	10,837,862	2,580,759	\$2,135,282	543,596	1,591,686
Services and supplies	5,907,952	5,907,952	3,082,748	2,825,204	762,480	496,287	266,193
Capital outlay							
Principal retirement							
Interest and fiscal charges							
Total Expenditures	19,326,573	19,326,573	13,920,610	5,405,963	2,897,762	1,039,883	1,857,879
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(929,687)	(929,687)	11,493,976	12,423,663	84,540	228,717	144,177
OTHER FINANCING SOURCES (USES)							
Transfers in		191,735		(191,735)			
Transfers out		1,593,554		(1,593,554)			
Total Other Financing Sources (Uses)		1,785,289		(1,785,289)			
NET CHANGE IN FUND BALANCE	(\$929,687)	\$855,602	11,493,976	\$10,638,374	\$84,540	228,717	\$144,177
Fund balance at beginning of year, as restated			15,598,731			735,857	
Fund balance at end of year			\$27,092,707			\$964,574	

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EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

INTRAFUND ELIMINATIONS				TOTAL GENERAL FUND			
Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:							
District taxes				\$17,150,096	\$17,150,096	\$17,084,791	(\$65,305)
Intergovernmental revenues				218,087	218,087	8,099,784	7,881,697
Pass-throughs from other Agencies				692,407	692,407		(692,407)
Home owner property tax relief				92,563	92,563	45,353	(47,210)
Other in-lieu taxes				15,316	15,316	29,937	14,621
Developer fees							
Charges for services				3,094,136	3,094,136	1,416,353	(1,677,783)
Use of money and property							
Reimbursements							
Other revenue				116,583	116,583	6,968	(109,615)
Total Revenues				21,379,188	21,379,188	26,683,186	5,303,998
EXPENDITURES:							
Current:							
Public safety-fire protection:							
Salaries and benefits				15,553,903	15,553,903	11,381,458	4,172,445
Services and supplies				6,690,432	6,690,432	3,579,035	3,111,397
Capital outlay				1,947,528	1,947,528	2,572,094	(624,566)
Principal retirement						461,981	(461,981)
Interest and fiscal charges						60,237	(60,237)
Total Expenditures				24,191,863	24,191,863	18,054,805	6,137,058
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				(2,812,675)	(2,812,675)	8,628,381	11,441,056
OTHER FINANCING SOURCES (USES)							
Transfers in	(\$1,593,554)	(\$1,593,554)	\$1,593,554		191,735		(191,735)
Transfers out	1,593,554	1,593,554	(1,593,554)	1,593,554	3,187,108		(3,187,108)
Total Other Financing Sources (Uses)				1,593,554	3,378,843		(3,378,843)
NET CHANGE IN FUND BALANCE				(\$1,219,121)	\$566,168	8,628,381	\$8,062,213
Fund balance at beginning of year, as restated						25,776,640	
Fund balance at end of year						\$34,405,021	