



## Legislation Text

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**File #:** 24-1425, **Version:** 1

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**To:** Board of Directors

**From:** Lewis Broschard, Chief, Contra Costa County Fire Protection District

**Report Title:** Accept Fiscal Year 2020-21 and 2021-22 East Contra Costa Fire Protection District Annual Financial Audits

Recommendation of the County Administrator  Recommendation of Board Committee

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### RECOMMENDATIONS:

As the successor agency to the former East Contra Costa Fire Protection District, ACCEPT the Fiscal Year 2020-21 and Fiscal Year 2021-22 financial audits completed by Maze & Associates.

### FISCAL IMPACT:

There is no fiscal impact for this action.

### BACKGROUND:

Special Districts must have an annual financial audit of business activities to meet regulatory requirements. The East Contra Costa Fire Protection District (ECCFPD) contracted with Maze and Associates for annual District financial audits. The FY 2020-2021 and FY 2021-2022 audits were completed by Maze & Associates. For the General Fund and Special Revenue Funds, the audit had no adverse findings and concluded "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 (Bethel Island Development Fee, East Diablo Development Fee, Cypress Lakes CFD, Oakley Development Fee and Delta Coves CSD), 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."

The audit did issue a Qualified Opinion for the Governmental Activities and concluded "In our opinion, except for the effects of the matters described in the "Basis for Qualified and Unmodified Options" paragraph, the financial statements referred to 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 ended in accordance with accounting principles generally accepted in the United States of America."

The audit identified three issues with the Governmental activities, two of which were related to the annexation that took place on July 1, 2022:

*Significant Audit Matter 1- Capital Assets*

ECCFPD did not maintain complete detailed records of its capital assets and has not calculated or recorded depreciation.

FIRE DISTRICT RESPONSE: This issue has persisted since the initial audit for the year ending June 30, 2011. ECCFPD planned to acquire an independent financial system to track capital assets. However, due to limited staff resources, and with the eventual effort that began in 2020 regarding annexation, the focus of ECCFPD staff shifted toward annexation rather than finalizing the financial system project. Contra Costa County Fire staff has conducted a field survey of former ECCFPD capital items and is supplying this list to the Auditor-Controller's office. Notably, the former ECCFPD established a Board Policy (1-5), which provided a \$10,000 threshold for capital equipment, different than the current \$5,000 CCCFPD capital asset threshold.

*Significant Audit Matter 2- Compensated Absences*

ECCFPD did not provide compensated absence amounts for its employees as of June 30, 2022.

FIRE DISTRICT RESPONSE: Due to annexation on July 1, 2022, the ability to access the former ECCFPD payroll system was no longer available as of September 30, 2022 and as such this element of the report was unable to be furnished;

*Significant Audit Matter 3- Other Post-Employment Benefits*

ECCPD did not update the calculation for Other Post-Employment Benefits for the current year.

FIRE DISTRICT RESPONSE: The ECCFPD was no longer functional after its annexation on July 1, 2022, and the OPEB liability was combined with the Contra Costa County Fire Protection District as of that date.

**CONSEQUENCE OF NEGATIVE ACTION:**

Failure to approve this action would result in non-compliance with regulatory requirements for the dissolution of the East Contra Costa Fire Protection District.