

RODEO-HERCULES FIRE PROTECTION DISTRICT  
HERCULES, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025



**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**TABLE OF CONTENTS**  
**JUNE 30, 2025**

Page(s)

**FINANCIAL SECTION**

Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited).....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	20
Notes to Basic Financial Statements.....	21

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in the Net Pension Liability and Related Ratios.....	43
Schedule of Contributions - Pension Plan.....	47
Schedule of Changes in the Net OPEB Liability and Related Ratios.....	49
Notes to Required Supplementary Information - OPEB Plan.....	50
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual- Governmental Funds.....	51

**COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	52
Schedule of Findings and Responses.....	54
Summary Schedule of Prior Year Audit Findings.....	56

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rodeo Hercules Fire Protection District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit opinions.

#### **Emphasis of Matter**

We draw attention to Note 1A of the financial statements, which describes the approval of the annexation of the District into the Contra Costa County Fire Protection District. The District's Board of Directors approved the annexation on July 31, 2024. On February 12, 2025, Contra Costa LAFCO ordered the annexation of the Rodeo-Hercules Fire Protection District into Contra Costa County Fire Protection District and the dissolution of the Rodeo-Hercules Fire Protection District, with July 1, 2025, as the date of completion. Effective July 1, 2025, the annexation was completed, and the District was dissolved and fully absorbed by Contra Costa County Fire Protection District. Management's evaluation of these matters is described in Note 1A.

The financial statements do not include any adjustments that might result from the outcome of this matter. Our opinion is not modified with respect to this emphasis of matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

### **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 opinions. 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 and *Government 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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.

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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 11, and required supplementary information on pages 43 through 51 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Harshmal & Company LLP*

San Diego, California  
March 11, 2026

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

Our discussion and analysis of the Rodeo Hercules Fire Protection District (the "District") provides the reader with an overview of the District's financial position and performance for the period ending June 30, 2025. The Management's Discussion and Analysis (MD&A) describes the significant changes that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions, and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

**FINANCIAL HIGHLIGHTS**

**Government-Wide Financial Statements:**

- The District ended its fiscal year with net position of \$3,048,935.
- The total program expenses were \$10,825,568.
- The total program revenues were \$1,026,143.
- The total general revenues were \$10,657,260.
- The change in net position represents a increase of \$857,835.

**Fund Financial Statements:**

- The General Fund operating expenses exceeded its revenues, leaving a fund balance of \$784,213.
- The Hercules Fire Impact Fund operating expenses exceeded its revenues, leaving a zero fund balance.
- The Rodeo Fire Impact Fund operating revenues exceeded its expenses, leaving a zero fund balance.
- The Capital Projects #1 Fund operating revenues exceeded its expenses, leaving a fund balance of \$128,929.
- Measure O Parcel Tax Fund operating revenues exceeded its expenses, leaving a fund balance of \$219,351.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$784,213. The assigned fund balance of the Capital Projects # 1 was \$128,929, and the Measure O Parcel Tax Special Revenue Fund was \$219,351.

**Annual Report Overview**

This discussion and analysis serve as an introduction to the District's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. In addition, the financial section of this report contains required supplementary information.

**Government-wide Financial Statements:** The government-wide financial statements provide a broad overview of the District and the manner of presentation is similar to a private-sector business. The government-wide financial statements can be found on pages 12 - 14.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**Annual Report Overview - Cont'd**

***Statement of Net Position:*** The statement of net position presents the assets and liabilities of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The statement of net position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The statement of net position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the statement of net position provides a picture of the net position and the availability of those assets for expenditure. The net between total assets and deferred outflows of resources less total liabilities and deferred inflows of resources (net position) is one indicator of the current financial condition of the District, and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values.

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

All of the District's activities in the government-wide financial statements are principally supported by taxes, intergovernmental revenues, fire impact fees, and inspection fees.

**Fund Financial Statements:** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities. Like other state and local governments, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the District uses to keep track of specific resources of funding and spending for a particular purpose.

The governmental funds account for essentially the same functions as those reported in the government-wide financial statements as "governmental activities." However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements. Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of near-term financial decisions. Reconciliations are provided to facilitate this comparison for the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances.

The District reports five governmental funds (General Fund, Capital Projects Fund, Measure O Parcel Tax, and two Developer Impact Fee Funds). Information for each governmental fund is presented separately in the fund financial statements because the District has elected to classify all governmental funds as major funds. The District adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements or schedules are provided for the governmental funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15 - 20.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**Annual Report Overview - Cont'd**

**Notes to Basic Financial Statements:** The notes provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 21 - 42 of this report.

**Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's liabilities related to retirement and other postemployment benefit plans. Required supplementary information, while not a part of the basic financial statements, is considered to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplementary information can be found on pages 43 - 51 of this report.

**FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE**

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

**Statement of Net Position:** This analysis focuses on the net position and changes in the net position of the District's governmental activities. Over time, net position may serve as a useful indicator of a government's financial position. Following is a summary of the District's net position as of June 30, 2025, and 2024:

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Table 1  
Statement of Net Position  
Governmental Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease) Amount</u>	<u>Percent Change</u>
<b>Assets:</b>				
Current assets	\$ 2,349,207	\$ 8,397,633	\$ (6,048,426)	(72.0)%
Capital assets, net	<u>3,272,351</u>	<u>3,359,535</u>	<u>(87,184)</u>	<u>(2.6)%</u>
Total assets	<u>5,621,558</u>	<u>11,757,168</u>	<u>(6,135,610)</u>	<u>(52.2)%</u>
<b>Deferred Outflows of Resources:</b>				
Related to pension	8,998,475	13,494,654	(4,496,179)	(33.3)%
Related to OPEB	<u>64,847</u>	<u>222,679</u>	<u>(157,832)</u>	<u>(70.9)%</u>
Total deferred outflows of resources	<u>9,063,322</u>	<u>13,717,333</u>	<u>(4,654,011)</u>	<u>(33.9)%</u>
<b>Liabilities:</b>				
Current liabilities	1,494,435	1,187,353	307,082	25.9%
Noncurrent liabilities	<u>7,256,497</u>	<u>16,259,696</u>	<u>(9,003,199)</u>	<u>(55.4)%</u>
Total liabilities	<u>8,750,932</u>	<u>17,447,049</u>	<u>(8,696,117)</u>	<u>(49.8)%</u>
<b>Deferred Inflows of Resources:</b>				
Related to pension	2,073,258	4,826,017	(2,752,759)	(57.0)%
Related to OPEB	<u>811,755</u>	<u>1,010,335</u>	<u>(198,580)</u>	<u>(19.7)%</u>
Total deferred inflows of resources	<u>2,885,013</u>	<u>5,836,352</u>	<u>(2,951,339)</u>	<u>(50.6)%</u>
<b>Net Position:</b>				
Net investment in capital assets	1,450,513	1,401,274	49,239	3.5%
Restricted for:				
Special projects and programs	-	209,346	(209,346)	(100.0)%
Unrestricted	<u>1,598,422</u>	<u>580,480</u>	<u>1,017,942</u>	<u>175.4%</u>
Total net position	<u>\$ 3,048,935</u>	<u>\$ 2,191,100</u>	<u>\$ 857,835</u>	<u>39.2%</u>

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Analysis of Net Position**

As noted earlier, the change in net position over time serves as a useful indicator of a government's financial position. In the case of District, assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by \$3,048,935 as of June 30, 2025.

Of this amount, \$1,450,513, approximately 48% of the total net position, is attributable to net investment in capital assets. These capital assets—consisting of land, buildings, machinery, equipment, and infrastructure, net of related outstanding debt—are utilized by the District to provide essential services to its residents.

The final component of net position is unrestricted net position, which has increased to \$1,598,422, reflecting a reduction in the District's cash and investments.

**Statement of Activities:** Changes in total net position, as presented in the statement of net position, are based on the activity presented in the statement of activities. The purpose of this statement is to present the expenses incurred, whether paid or not, by the District, and the revenues earned, whether received or not, by the District. Thus, this statement presents the District's results of operations.

The statement of activities is summarized below:

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Statement of Activities - Cont'd**

**Table 2  
Statement of Activities  
Governmental Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease) Amount</u>	<u>Percent Change</u>
<b>Expenses</b>				
Public safety - fire protection	\$ 10,764,054	\$ 9,387,835	\$ 1,376,219	14.7%
Interest on long-term debt	<u>61,514</u>	<u>121,260</u>	<u>(59,746)</u>	<u>(49.3)%</u>
Total expenses	<u>10,825,568</u>	<u>9,509,095</u>	<u>1,316,473</u>	<u>13.8%</u>
<b>Revenues</b>				
Program revenues:				
Operating grants and contributions	611,478	580,315	31,163	5.4%
Charges for services	414,665	222,266	192,399	86.6%
General revenues:				
Property taxes	6,456,471	5,367,322	1,089,149	20.3%
Special tax/fire (benefit assessment)	4,089,897	4,011,155	78,742	2.0%
Use of money and property	79,859	91,506	(11,647)	(12.7)%
Miscellaneous income	<u>31,033</u>	<u>27,329</u>	<u>3,704</u>	<u>13.6%</u>
Total revenues	<u>11,683,403</u>	<u>10,299,893</u>	<u>1,383,510</u>	<u>13.4%</u>
Changes in net position	857,835	790,798	67,037	8.5%
Net position, beginning of year	<u>2,191,100</u>	<u>1,400,302</u>	<u>790,798</u>	<u>(56.5)%</u>
Net position, end of year	<u>\$ 3,048,935</u>	<u>\$ 2,191,100</u>	<u>\$ 857,835</u>	<u>(39.2)%</u>

Total governmental activities revenues increased by \$1,383,510 or 13%. Total governmental activities expenses increased from the prior year by \$1,316,473 or 14%. Key elements of the changes in governmental activities are as follows:

**Expenses:** The Public Safety - Fire Protection expenses totaled \$10,764,054 for the fiscal year ending June 30, 2025, including a payment of \$7,500,000 for Contra Costa County Employee Retirement Association Payout.

**Program Revenues:** During the fiscal year ended June 30, 2025, the District also received funding through the District's Measure "O" in amount of \$2,724,985. The proceeds of the special tax funding replacement measure imposed by this ordinance could be used solely for any lawful purpose permissible to Fire District's pursuant to California Health and Safety Code section 13800 et seq.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**Statement of Activities - Cont'd**

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

**General Revenues:** The primary source of revenue for the operation of the District is generated through the collection of secured, unsecured, and supplemental property and parcel taxes. During the last fiscal year, the overall assessed valuation increased by 37.2%. This increase reflects the increase in assessed valuations in the City of Hercules and Town of Rodeo. A considerable portion of the District's potential revenues falls within the City of Hercules Redevelopment Area of which the District is entitled to receive a portion of the pass-through property tax revenues. However, due to the dissolution of the Redevelopment Agency in 2012 the District was not receiving what it ought to receive from the property tax revenue collected by the County to settle the debt obligation incurred by the former City of Hercules Redevelopment Agency.

**Fund Financial Statements**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Governmental activities are generally accounted for under the General Fund, Capital Projects Fund, Measure O Parcel tax, and two Developer Impact Fees funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances as spendable resources. Such information is useful in assessing the District's short-term financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. As of June 30, 2025, the District's governmental funds reported combined fund balances of \$1,132,493, which is a decrease of \$6,333,570 compared with the prior year.

*Major Analyses of General Fund & Measure O Parcel Tax Fund*

**General Fund:** The General Fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources are property taxes and benefit assessments. In this year property taxes revenue increased by \$1,120,241 from the previous year.

Overall, the General Fund expenditures increased by 105.74% from last year.

**Measure O Parcel Tax Special Revenue:** The Measure O Parcel Tax Special Revenue fund decreased by \$991,038. The major revenue source is benefit assessments, which increased by \$77,798 this year. Measure O funds were used to pay payroll-related costs and for services and supplies. These expenditures also included capital outlay in the amount of \$17,980. This process was carried out in consultation with the Measure O Oversight Committee, with journal transfers executed in compliance with standard accounting procedures.

**Capital Assets**

The District's investment in capital assets for its governmental as of June 30, 2025, amounts to \$3,272,351 (net of accumulated depreciation). The investment in capital assets includes land and improvements, structures and improvements, and equipment.

Additional information about the District's capital assets can be found in Note 3 to the Basic Financial Statements.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

	June 30, 2025	June 30, 2024 Restated	Increase (Decrease) Amount	Percent Change
Land	\$ 7,437	\$ 7,437	\$ -	0.0%
Structures and improvements	1,555,951	1,394,144	161,807	11.6%
Equipment and vehicles	7,777,987	7,777,987	-	0.0%
Total	9,341,375	9,179,568	161,807	1.8%
Less: accumulated depreciation	(6,069,024)	(5,820,033)	(248,991)	(4.3)%
Capital assets, net	<u>\$ 3,272,351</u>	<u>\$ 3,359,535</u>	<u>\$ (87,184)</u>	<u>(2.6)%</u>

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

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

In prior years, the District's assessed values had generally increased, with expectations that growth would stabilize over time. Financial planning was historically based on assumptions derived from recent trends in real property values, new commercial and residential development, State of California economic forecasts, and historical growth patterns within the various tax rate areas of the Rodeo-Hercules Fire Protection District. During the current year, the Rodeo-Hercules Fire Protection District was dissolved and annexed into Contra Costa County Fire Protection District; therefore, assessed value projections and related financial planning are now incorporated into the financial forecasting processes of Contra Costa County Fire Protection District.

On February 12, 2025, Contra Costa LAFCO ordered annexation of the District into Contra Costa County Fire Protection District and the dissolution of the District, with July 1, 2025, as the date of completion.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

These Basic Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Questions about this report should be directed to:

Administrative Offices of the Rodeo Hercules Fire Protection District,  
1680 Refugio Valley Road, Hercules,  
CA 94547  
(510) 799-4561.

## **BASIC FINANCIAL STATEMENTS**

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 2,217,239
Accounts receivable	126,250
Due from other governments	<u>5,718</u>
Total current assets	<u>2,349,207</u>
Noncurrent assets:	
Non-depreciable capital assets	7,437
Depreciable capital assets, net	<u>3,264,914</u>
Total noncurrent assets	<u>3,272,351</u>
Total assets	<u>5,621,558</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pension	8,998,475
Related to OPEB	<u>64,847</u>
Total deferred outflows of resources	<u>9,063,322</u>
Total assets and deferred outflows of resources	<u>14,684,880</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,216,714
Accrued interest	48,581
Compensated absences	88,352
Long-term debt	<u>140,788</u>
Total current liabilities	<u>1,494,435</u>
Noncurrent liabilities:	
Compensated absences, net of current portion	206,153
Long-term debt, net of current portion	1,681,050
Net OPEB liability	1,797,601
Net pension liability	<u>3,571,693</u>
Total noncurrent liabilities	<u>7,256,497</u>
Total liabilities	<u>8,750,932</u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u>Governmental Activities</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pension	2,073,258
Related to OPEB	<u>811,755</u>
Total deferred inflows of resources	<u>2,885,013</u>
Total liabilities and deferred inflows of resources	<u>11,635,945</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,450,513
Restricted	-
Unrestricted	<u>1,598,422</u>
Total net position	<u>3,048,935</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 14,684,880</u></u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
Public safety - fire protection	\$ 10,764,054	\$ 414,665	\$ 611,478	\$ (9,737,911)
Interest on long-term debt	<u>61,514</u>	<u>-</u>	<u>-</u>	<u>(61,514)</u>
Total governmental activities	<u>\$ 10,825,568</u>	<u>\$ 414,665</u>	<u>\$ 611,478</u>	<u>(9,799,425)</u>
<b>General Revenues:</b>				
Property tax				6,424,626
Special tax/fire (Benefit assessment)				4,089,897
Home owner property tax relief				31,845
Use of money and property				79,859
Miscellaneous income				<u>31,033</u>
Total general revenues				<u>10,657,260</u>
Changes in net position				857,835
Net position, beginning of year				<u>2,191,100</u>
Net position, end of year				<u>\$ 3,048,935</u>

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

## FUND FINANCIAL STATEMENTS

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General	Hercules Fire Impact Fee Special Revenue	Rodeo Fire Impact Fee Special Revenue	Measure O Parcel Tax Special Revenue
<b>ASSETS</b>				
Cash and investments	\$ 1,835,055	\$ -	\$ -	\$ -
Accounts receivable	126,250	-	-	-
Due from other governments	5,718	-	-	-
Due from other funds	133,880	-	-	219,351
Total assets	2,100,903	-	-	219,351
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	1,216,690	-	-	-
Due to other funds	100,000	-	-	-
Total liabilities	1,316,690	-	-	-
<b>FUND BALANCES</b>				
Assigned	-	-	-	219,351
Unassigned	784,213	-	-	-
Total fund balances	784,213	-	-	219,351
Total liabilities and fund balances	\$ 2,100,903	\$ -	\$ -	\$ 219,351

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2025**

	<u>Capital Projects #1</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash and investments	\$ 382,184	\$ 2,217,239
Accounts receivable	-	126,250
Due from other governments	-	5,718
Due from other funds	-	<u>353,231</u>
Total assets	<u>382,184</u>	<u>2,702,438</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	24	1,216,714
Due to other funds	<u>253,231</u>	<u>353,231</u>
Total liabilities	<u>253,255</u>	<u>1,569,945</u>
<b>FUND BALANCES</b>		
Assigned	128,929	348,280
Unassigned	-	<u>784,213</u>
Total fund balances	<u>128,929</u>	<u>1,132,493</u>
Total liabilities and fund balances	<u>\$ 382,184</u>	<u>\$ 2,702,438</u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025**

Fund balances - governmental funds	\$ 1,132,493
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	3,272,351
Interest payable on long-term debt is not accrued as a liability on the balance sheet of government funds	(48,581)
Liabilities are not due and payable with current financial resources and therefore are not reported in the governmental funds.	
Compensated absences payable	(294,505)
Net OPEB liability and deferred inflows and outflows of resources	(2,544,509)
Net pension liability and deferred inflows and outflows of resources	3,353,524
Long-term debt	<u>(1,821,838)</u>
Total net position - governmental activities	<u>\$ 3,048,935</u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	General	Hercules Fire Impact Fee Special Revenue	Rodeo Fire Impact Fee Special Revenue	Measure O Parcel Tax Special Revenue
<b>REVENUES</b>				
Property taxes	\$ 6,424,626	\$ -	\$ -	\$ -
Home owner property tax relief	31,845	-	-	-
Intergovernmental revenue	611,478	-	-	-
Program income	365,628	49,037	-	-
Special tax/fire (Benefit assessment)	1,364,912	-	-	2,724,985
Use of money and property	74,822	-	-	-
Miscellaneous income	2,999	-	28,034	-
Total revenues	<u>8,876,310</u>	<u>49,037</u>	<u>28,034</u>	<u>2,724,985</u>
<b>EXPENDITURES</b>				
Current:				
Public safety - fire protection	15,480,416	13,012	-	1,985,387
Capital outlay	-	-	-	17,980
Debt service:				
Principal	136,423	-	-	-
Interest	65,153	-	-	-
Total expenditures	<u>15,681,992</u>	<u>13,012</u>	<u>-</u>	<u>2,003,367</u>
<b>OTHER FINANCING SOURCES/ USES:</b>				
Transfers in	1,663,518	-	-	-
Transfers out	-	(195,686)	(77,719)	(1,712,656)
Total other financing sources/ uses	<u>1,663,518</u>	<u>(195,686)</u>	<u>(77,719)</u>	<u>(1,712,656)</u>
Net change in fund balances	(5,142,164)	(159,661)	(49,685)	(991,038)
Fund balances, beginning of year	5,926,377	159,661	49,685	1,210,389
Fund balances, end of year	<u>\$ 784,213</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,351</u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Capital Projects #1</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Property taxes	\$ -	\$ 6,424,626
Home owner property tax relief	-	31,845
Intergovernmental revenue	-	611,478
Program income	-	414,665
Special tax/fire (Benefit assessment)	-	4,089,897
Use of money and property	5,037	79,859
Miscellaneous income	-	31,033
Total revenues	<u>5,037</u>	<u>11,683,403</u>
<b>EXPENDITURES</b>		
Current:		
Public safety - fire protection	174,775	17,653,590
Capital outlay	143,827	161,807
Debt service:		
Principal	-	136,423
Interest	-	65,153
Total expenditures	<u>318,602</u>	<u>18,016,973</u>
<b>OTHER FINANCING SOURCES/ USES:</b>		
Transfers in	322,543	1,986,061
Transfers out	-	(1,986,061)
Total other financing sources/ uses	<u>322,543</u>	<u>-</u>
Net change in fund balances	8,978	(6,333,570)
Fund balances, beginning of year	<u>119,951</u>	<u>7,466,063</u>
Fund balances, end of year	<u>\$ 128,929</u>	<u>\$ 1,132,493</u>

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

Net changes in fund balances - total governmental funds \$ (6,333,570)

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

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	161,807
Depreciation	(248,991)

Some expenses and changes in deferred outflows and inflows of resources reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(70,700)
OPEB income	216,025
Pension expense	6,993,202
Repayment of principal	136,423
Accrued Interest	<u>3,639</u>

Change in net position - governmental activities	<u><u>\$ 857,835</u></u>
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**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The Rodeo Hercules Fire Protection District is an autonomous district governed by a five (5) member Board of Directors elected at large by the voters of the District. The District covers an area of approximately 32 square miles including the City of Hercules with a population of about 25,500 and the Town of Rodeo with a population of about 8,500 in the unincorporated area of Contra Costa County.

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

The District Board of Directors approved the dissolution of the District with annexation to the Contra Costa County Fire Protection District on July 31, 2024. On February 12, 2025, Contra Costa LAFCO ordered the annexation of the Rodeo-Hercules Fire Protection District into Contra Costa County Fire Protection District and the dissolution of the Rodeo-Hercules Fire Protection District, with July 1, 2025, as the date of completion.

On July 1, 2025, the annexation was completed, and the District was fully dissolved. Upon completion, all assets and liabilities of the District were transferred to Contra Costa County Fire Protection District.

Management of the District is responsible for financial records and reporting up to the dissolution date, July 1, 2025. After this date, the Contra Costa County Fire Protection District has assumed responsibility for all financial records, related information, and internal control over financial reporting related to the former operations of the District.

***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 Governmental 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 standards require that the financial statements described below be presented.

*Government-wide Financial 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 the District government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

***B. Basis of Presentation - Cont'd***

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

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

**General Fund** - is the general operating fund of the Rodeo-Hercules Fire Protection District. It is used to account for all financial resources. The major revenue sources are property taxes and benefit assessments. Expenditures are made for public safety and other operating expenditures.

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

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

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

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

***D. Basis of Accounting and Measurement Focus***

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

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

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

***E. Budgets and Budgetary Accounting***

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

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

***F. Property Taxes and Special Assessment Revenue***

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessment for the District; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 01 of the preceding fiscal year.

Secured property tax is due in two installments, on November 01 and February 01, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 01 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 63% of unsecured property taxes is received in September, with the remainder distributed in May. Secured property taxes are received majorly in December.

***G. Compensated Absences***

Compensated absences comprise unpaid vacation leave and compensated time off. The District's liability for compensated absences is recorded in the Statement of Net Position. The liability for compensated absences is determined annually and is primarily liquidated in the General Fund. The District employees may accrue up to 72 hours of unpaid overtime and may sell up to 24 hours of unpaid overtime and up to 48 hours of vacation time to the District. The following is a summary of changes in compensated absences for the fiscal year ended June 30, 2025:

<u>Balance July 01, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due Within One Year</u>
\$ 223,805	\$ 303,903	\$ (233,203)	\$ 294,505	\$ 88,352

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

***H. Capital Assets***

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

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

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

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

***I. Leases***

**Lessee:** At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

***I. Leases - Cont'd***

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor:** At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

***J. Lease Liabilities***

The District adopted GASB 87 - Leases and adopted the changes to conform to the provisions of GASB 87 Implementation Guide. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the District uses its incremental borrowing rate at the commencement date to determine the present value of future payments.

The District examined the guidance for the current year and concluded that the adoption of GASB 87 - leases, had no impact on the financial statements.

***K. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's Contra Costa County Employees' Retirement Association (CCCERA) 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.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

***L. Other Post-Employment Benefits (OPEB)***

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

***M. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position and balance sheets 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. The District has deferred outflows of resources of \$8,998,475 related to Pension and \$64,847 related to OPEB.

In addition to liabilities, the statement of net position and balance sheets 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 inflows of resources (revenue) until that time. The District has deferred inflows of resources of \$2,073,258 related to Pension and \$811,755 related to OPEB.

***N. Use of Estimates***

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

***O. 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 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over the counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

***O. Fair Value Measurements - Cont'd***

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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.

***P. Implementation of Government Accounting Standards Board Statements***

**Current Accounting Pronouncements** - Effective July 1, 2023, the District implemented the following accounting and financial reporting standards:

***Governmental Accounting Standards Board Statement No. 101***

GASB has issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2025.

***Governmental Accounting Standards Board Statement No. 102***

GASB has issued Statement No. 102, Certain Risk Disclosures. The primary objective of this Statement is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2025.

**Future Accounting Pronouncements** - These Statements are not effective until July 1, 2025, or later and may be applicable for the District. However, the District has not determined the effects, if any, on the financial statements.

***Governmental Accounting Standards Board Statement No. 103***

GASB has issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2026.

***Governmental Accounting Standards Board Statement No. 104***

GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires capital assets held for sale, intangible assets, lease assets, and subscription assets to be broken out separately in note disclosure. The requirements of this Statement are effective for the District's fiscal year ending June 30, 2026.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - CASH AND INVESTMENTS**

**A. Policies**

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

**B. Classification**

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

Cash and investments were as follows as of June 30, 2025:

Cash deposits with the County	\$ 2,198,312
Petty cash	400
Cash in transit	18,527
LAIF	<u>-</u>
Total cash and investments	<u><u>\$ 2,217,239</u></u>

**C. Local Agency Investment Fund (LAIF)**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. During the year, the District's investment in LAIF was fully liquidated and amortized, and no balance remains as of June 30, 2025.

**D. Fair Value Hierarchy**

GASB Statement No. 72, Fair Value Measurement and Application, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025, was as follows:

	<u>Balance</u> <u>July 01, 2024</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 7,437	\$ -	\$ 7,437
Total capital assets not being depreciated	<u>7,437</u>	<u>-</u>	<u>7,437</u>
Capital assets being depreciated:			
Structures and improvements	1,394,144	161,807	1,555,951
Equipment and vehicles	<u>7,777,987</u>	<u>-</u>	<u>7,777,987</u>
Total capital assets being depreciated	<u>9,172,131</u>	<u>161,807</u>	<u>9,333,938</u>
Less: accumulated depreciation:			
Structures and improvements	(593,288)	(29,497)	(622,785)
Equipment and vehicles	<u>(5,226,745)</u>	<u>(219,494)</u>	<u>(5,446,239)</u>
Total accumulated depreciation	<u>(5,820,033)</u>	<u>(248,991)</u>	<u>(6,069,024)</u>
Total capital assets being depreciated, net	<u>3,352,098</u>	<u>(87,184)</u>	<u>3,264,914</u>
Total capital assets, net	<u>\$ 3,359,535</u>	<u>\$ (87,184)</u>	<u>\$ 3,272,351</u>

Depreciation expense for the year ended June 30, 2025, was \$248,991.

**NOTE 4 - NET POSITION**

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

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

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 - NET POSITION - CONT'D**

**Net Position Flow Assumption**

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

**NOTE 5 - FUND BALANCES**

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

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

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

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

*Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. Intent is expressed by the Board of Directors or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances, Nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue and Capital Projects that 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.

*Spending Order Policy* - When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District's Board of Directors has provided otherwise in its commitment or assignment functions.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2025**

**NOTE 6 - PENSION PLAN**

**Plan Descriptions** - The District participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employers defined benefit pension plan. CCCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by CCCERA's Board of Retirement. CCCERA is a cost-sharing multiple employer public employee retirement system whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of Contra Costa. CCCERA also provides retirement benefits to the employee members for 15 other participating agencies which are members of CCCERA.

The management of CCCERA is vested with the Contra Costa County Board of Retirement (the "Board"). The Board consists of nine trustees and three alternate trustees:

- Five trustees (including one alternate) are appointed by the County Board of Supervisors;
- Four trustees (including the Safety alternate) are elected by CCCERA's active members;
- Two trustees (including one alternate) are elected by the retired membership; and
- The County Treasurer is an ex-officio trustee.

All trustees serve three-year terms, with the exception of the County Treasurer who is elected by the general public and serves during his tenure in office.

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

Benefits are administered by the Board under the provisions 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 plan's provisions and benefits in effect as of June 30, 2025, are summarized as follows:

	<b>Miscellaneous</b>	
	<u>Prior to January 01, 2013</u>	<u>On or after January 01, 2013</u>
Hire Date		
Benefit formula	2% @ 55	2.5% @ 67
Benefit vesting schedule	10 year's service	5 year's service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	0% to 100%	0% to 100%
Required employee contribution rates	14.39%	11.80%
Required employer contribution rates	29.79%	36.93%

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2025**

**NOTE 6 - PENSION PLAN - CONT'D**

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 year's service	5 year's service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	0% to 100%	0% to 100%
Required employee contribution rates	21.50%	17.80%
Required employer contribution rates	17.68%	61.20%

The rates as of December 31, 2024, reflect the prepayment made by RHFPD of \$7,500,000 on June 20, 2025, towards the December 31, 2023, UAAL for their safety members as part of the annexation of Rodeo-Hercules Fire Protection District into Contra Costa County Fire Protection District. This prepayment has been used to reduce the district's UAAL contribution rate effective July 1, 2025.

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 01 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, the contributions recognized as part of pension expense for miscellaneous and safety plan were as follows:

	<u>Amount</u>
Contributions - employer	\$ 1,372,001

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - PENSION PLAN - CONT'D**

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 152,882
Safety	3,418,811
Total net pension liability	\$ 3,571,693

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of December 31, 2024, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The net pension liability as of June 30, 2025, reflect the prepayment made by RHFPD of \$7,500,000 on June 20, 2025, subsequent to measurement period as of December 31, 2024, towards the UAAL for their safety members as part of the annexation of Rodeo-Hercules Fire Protection District into Contra Costa County Fire Protection District. This prepayment has been used to reduce the district's outstanding net pension liability.

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

Reporting Date for Employer under GASB 68 as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
2016	1.012%	\$ 15,252,152	\$ 2,342,844	651.01%	63.59%
2017	1.049%	14,693,106	2,241,786	655.42%	66.55%
2018	1.441%	11,693,174	2,194,605	532.81%	74.20%
2019	0.820%	11,716,980	2,346,256	499.39%	74.46%
2020	1.044%	9,024,195	2,358,500	382.62%	81.03%
2021	1.429%	6,595,503	2,499,171	263.91%	86.60%
2022	(1.553)%	3,772,966	2,686,925	140.42%	92.85%
2023	0.746%	12,665,624	2,443,181	518.41%	77.42%
2024	0.772%	12,308,315	2,936,705	419.12%	79.36%
2025	0.279%	\$ 3,571,693	\$ 3,047,756	117.19%	82.27%

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - PENSION PLAN - CONT'D**

For the year ended June 30, 2025, the District recognized a pension income of \$6,993,202. As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,372,001	\$ -
Differences between actual and expected experience in the total pension liability	1,558,926	-
Changes of assumptions or other inputs	206,749	(320,209)
Change in proportion and differences between the employer's contributions and proportionate share of contributions	2,393,911	(1,753,049)
Net differences between actual and projected earnings on pension plan investments	<u>3,466,888</u>	<u>-</u>
Total	<u>\$ 8,998,475</u>	<u>\$ (2,073,258)</u>

\$1,372,001 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2026	\$ 2,507,727
2027	3,972,849
2028	(569,942)
2029	<u>(357,418)</u>
Total	<u>\$ 5,553,216</u>

**Actuarial Assumptions** - The total pension liabilities as of December 31, 2024, uses the same actuarial assumptions as the actuarial funding valuation as of December 31, 2024, was remeasured by (a) revaluing the total pension liability as of December 31, 2023 (before the roll forward) to include the actuarial assumptions adopted in the experience study for the period January 1, 2021 through December 31, 2023, and (b) using this revalued total pension liability in rolling forward the results from December 31, 2023 to December 31, 2024. In particular, the following actuarial assumptions were applied to all periods include in the measurement.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - PENSION PLAN - CONT'D**

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	December 31, 2023	December 31, 2023
Measurement Date	December 31, 2024	December 31, 2024
Actuarial Cost Method	Entry-Age Actuarial Cost Method	
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Inflation Rate	2.50%	2.50%
Administrative Expenses	1.18% of payroll (1)	1.17% of payroll (1)
Real Across the Board Salary Increase	0.50%	0.50%
Projected Salary Increase	3.55% - 14.00% (2)	4.10% -15.00% (2)
Investment Rate of Return	6.75% (3)	6.75% (3)
Mortality	Pub-2016 Mortality Tables	

- 1) Payroll is allocated to both the employer and member based on the components of the Normal Cost rates for the employer and member.
- 2) It includes inflation at 2.50% plus real across-the-board salary increases of 0.50% plus merit and promotion increases that vary by service.
- 3) Net of pension plan investment expenses, including inflation.

**Discount Rate** - The discount rate used to measure the total pension liability was 6.75% as of December 31, 2024, and December 31, 2023. The projection of cash flows used to determine the discount rate assumed employer and employee contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer and employee contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2024, and December 31, 2023.

**Long-Term Expected Rate of Return by Asset Class** - The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with the December 31, 2024 measurement date, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation, subtracting expected investment expenses and further adjusted by a risk margin. Beginning with December 31, 2024, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2024, actuarial valuations. This information will be subject to change every three years based on the results of an actuarial experience study.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - PENSION PLAN - CONT'D**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large-Cap Equity	9.00%	5.59%
U.S. Small-Cap Equity	2.00%	6.45%
International Developed Equity	5.00%	6.23%
Global Equity	10.00%	6.35%
Emerging Markets Equity	2.00%	7.89%
Short-Term Gov't/Credit	14.00%	1.84%
US Treasury	3.50%	1.80%
Cash and Equivalents	3.00%	0.98%
Private Equity	15.00%	9.31%
Private Credit	13.00%	6.47%
Real Estate - Debt	3.00%	5.00%
Value Add Real Estate	3.00%	7.90%
Opportunistic Real Estate	4.00%	9.70%
Infrastructure	3.00%	7.20%
Hedge Funds	6.50%	3.50%
Multi Sector Credit	<u>4.00%</u>	4.50%
Total	<u><u>100.00%</u></u>	

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -** The following presents the District's proportionate share of the net pension liability for each Plan, as of December 31, 2024, calculated using the discount rate of 6.75% for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.75%	5.75%
Net Pension Liability	\$ 268,296	\$ 19,161,673
Current Discount Rate	6.75%	6.75%
Net Pension Liability	\$ 152,882	\$ 10,918,811
1% Increase	7.75%	7.75%
Net Pension Liability	\$ 58,317	\$ 4,164,994

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

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 - EMPLOYEE BENEFIT PLANS**

**A. Deferred Compensation Plan**

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

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

**B. Other Post-Employment Benefits (OPEB)**

As of June 30, 2025, net OPEB liability and related deferred outflows/inflows of resources are as follows:

Deferred outflows of resources	\$	64,847
Net OPEB liability	\$	1,797,601
Deferred inflows of resources	\$	811,755

• **Plan Description**

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

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

• **Eligibility**

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

• **Description of Retiree Benefits**

	Safety	Miscellaneous
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	Retirement	Retirement
Minimum Age	Retirement	Retirement
Dependent Coverage	All eligible	All eligible
District Contribution %	100%	100%
District Cap	Kaiser Bay Area Basic Rate	Kaiser Bay Area Basic Rate

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D**

***B. Other Post-Employment Benefits (OPEB) - Cont'd***

Membership of the District as of the valuation date consisted of the following:

Inactive Employees Receiving Benefit Payments	26
Participating Active Employees	<u>22</u>
Total Number of Participants	<u><u>48</u></u>

• **Funding Policy and Actuarial Assumptions**

The District's policy, according to Ordinance No. 2-08, is to fund the Annual Required Contribution (ARC) of these benefits by accumulating assets with CERBT discussed above pursuant to the District's annual budget approved by the Board. Effective October 01, 2011, represented employees were to make non-refundable contributions to CERBT equivalent to 3.75% of the base salary. The annual required contribution (ARC) was determined as part of a June 30, 2017, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

• **Additional Information**

The District's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

• **Actuarial Assumptions**

The total OPEB liability as of June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age actuarial cost method
Discount rate	6.75%
Inflation	2.50% per year is used for pension purposes.
Payroll increase	2.75% per year.
Investment rate of return	6.75% per year, net of expenses.
Mortality rates	2021 CalPERS Mortality for Miscellaneous Employees, Retired Safety Employees, Active Safety Employees
Healthcare cost trend rate	4.00% per year for medical benefits

• **Discount Rate**

The discount rate used to measure the total OPEB Liability was 6.75%. Based on historic 36 year real rates of return for each asset class along with assumed long-term inflation assumption was used to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D**

***B. Other Post-Employment Benefits (OPEB) - Cont'd***

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

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	49.00 %	7.250 %
All Fixed Income	23.00 %	4.250 %
Real Estate Investment Trusts	20.00 %	7.250 %
All Commodities	3.00 %	7.250 %
Treasury Inflation Protected Securities	5.00 %	3.000 %

• **Change in the Net OPEB Liability**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance as of June 30, 2023, measurement date	\$ 4,834,261	\$ 2,861,383	\$ 1,972,878
Changes recognized for the year:			
Service cost	139,342	-	139,342
Interest on Total OPEB liability/ return on FNP	320,149	-	320,149
Employer contributions	-	321,976	(321,976)
Expected Investment Income	-	193,112	(193,112)
Investment gains/ losses	-	120,613	(120,613)
Administrative expense	-	(933)	933
Benefit payments	(321,976)	(321,976)	-
Net changes	<u>137,515</u>	<u>312,792</u>	<u>(175,277)</u>
Balance as of June 30, 2024, measurement date	<u>\$ 4,971,776</u>	<u>\$ 3,174,175</u>	<u>\$ 1,797,601</u>

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

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 one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

<u>Plan's Net OPEB Liability</u>		
<u>Discount Rate - 1%</u> <u>(5.75%)</u>	<u>Current Discount Rate</u> <u>(6.75%)</u>	<u>Discount Rate +1%</u> <u>(7.75%)</u>
\$ 2,339,986	\$ 1,797,601	\$ 1,342,311

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 - EMPLOYEE BENEFIT PLANS - CONT'D**

***B. Other Post-Employment Benefits (OPEB) - Cont'd***

• **Sensitivity of the Net OPEB Liability to Changes in the 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 healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates:

Plan's Net OPEB Liability		
Trend Rate - 1% (3.00%)	Current Trend Rate (4.00%)	Trend Rate +1% (5.00%)
\$ 1,234,260	\$ 1,797,601	\$ 2,484,664

• **OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2025, the District recognized OPEB income of \$216,025. As of June 30, 2025, the District reported deferred inflows of resources of \$811,755 and deferred outflows of resources of \$64,847 from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience in the total OPEB liability	\$ -	\$ (734,544)
Difference between projected and actual earnings on OPEB plan investments	64,847	-
Changes in assumptions	-	(77,211)
Total	\$ 64,847	\$ (811,755)

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expenses as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 9,506	\$ (198,580)
2027	101,736	(198,580)
2028	(22,274)	(198,580)
2029	(24,121)	(101,690)
2030	-	(60,175)
Thereafter	-	(54,150)
	\$ 64,847	\$ (811,755)

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 - RISK MANAGEMENT**

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

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

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

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

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**Pending Litigation**

As of June 30, 2025, the District is involved in a pending legal claim filed by Jack Bruce, alleging ineffective medical assistance during a seizure-related incident. The claim has been tendered to the District's insurance carrier, and the matter remains in litigation. Management, in consultation with legal counsel, is unable to determine the ultimate outcome or reasonably estimate the amount of any potential loss. Accordingly, no liability has been recorded in the financial statements.

**NOTE 10 - LONG-TERM DEBT**

On July 06, 2020, the District entered into an installment sale agreement with West America Bank as an assignee of Municipal Finance Corporation. On September 03, 2020, West America Bank provided financing in the initial amount of \$2,220,588 to pay for the cost of the Fire Truck. On July 15, 2021, West America Bank provided supplemental financing of \$125,454. The annual payments (principal and interest) are \$199,087 with interest accruing at 3.20%. The repayment begins on September 03, 2021, and matures on September 03, 2035.

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 - LONG-TERM DEBT - CONT'D**

As of the dissolution of the District, expected on July 1, 2025, all outstanding debt obligations, including this installment sale agreement, will be transferred to the Contra Costa County Fire Protection District. The Contra Costa County Fire Protection District will assume responsibility for the remaining debt service obligations starting from the dissolution date.

The District's debt issuances and transactions are summarized below:

<u>Balance July 01, 2024</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
\$ 1,958,261	\$ -	\$ (136,423)	\$ 1,821,838	\$ 140,788

The District's debt service requirements are presented below:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 140,788	\$ 58,299	\$ 199,087
2027	145,294	53,794	199,088
2028	149,943	49,144	199,087
2029	154,741	44,346	199,087
2030	851,227	144,208	995,435
2034-2036	<u>379,845</u>	<u>18,328</u>	<u>398,173</u>
	<u>\$ 1,821,838</u>	<u>\$ 368,119</u>	<u>\$ 2,189,957</u>

**NOTE 11 - RELATED PARTY TRANSACTION**

The District incurred material and labor expenses in the amount of \$19,000 with Cary's Designs, a business operated by Cary England Backes, who is the mother of RFHD Captain Jonathan Bischoff.

**NOTE 12 - SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through March 11, 2026, the date the financial statements were available to be issued. Based on this evaluation, management determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

However, on July 31, 2024, the District's Board of Directors approved an annexation into the Contra Costa County Fire Protection District, with final approval on July 1, 2025. Upon completion, the District was dissolved and fully absorbed by the Contra Costa County Fire Protection District.

Management has concluded that no additional subsequent events requiring disclosure have occurred.

## REQUIRED SUPPLEMENTARY INFORMATION

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 2,532,159	\$ 2,144,246	\$ 1,973,185	\$ (3,878,202)	\$ 3,450,254	\$ 2,439,330
Interest on the total pension liability	7,201,659	6,122,366	5,642,677	(11,273,990)	10,169,614	7,099,900
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	(39,302)	(45,701)	1,662,438	(3,140,236)	275,751	50,959
Expensed portion of current-period difference between expected and actual experience in the total pension liability	109,166	333,284	169,719	(23,182)	(32,486)	278,874
Expensed portion of current-period changes of assumptions or other inputs	(92,814)	-	-	(766,464)	(57,067)	-
Member contributions	(1,266,645)	(1,026,966)	(918,921)	1,802,625	(1,641,387)	(1,143,288)
Projected earnings on plan investments	(6,255,745)	(5,221,777)	(5,750,008)	10,789,349	(9,282,342)	(5,952,454)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(347,089)	(299,332)	3,066,526	2,155,435	(681,478)	(1,256,254)
Administrative expense	121,160	99,817	86,688	(173,110)	155,464	107,497
Other expenses	11,058	7,279	27,951	(19,135)	16,421	11,696
Recognition of beginning of year deferred outflows of resources as pension expense	4,543,713	3,851,862	1,798,533	(2,973,836)	2,791,886	2,742,951
Recognition of beginning of year deferred inflows of resources as pension expense	(1,977,738)	(2,428,885)	(2,434,057)	4,458,538	(3,509,465)	(1,396,140)
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contribution	<u>(1,393,896)</u>	<u>(1,176,059)</u>	<u>(3,605,267)</u>	<u>(760,367)</u>	<u>(896,132)</u>	<u>(1,313,432)</u>
Pension expense	<u>\$ 3,145,686</u>	<u>\$ 2,360,134</u>	<u>\$ 1,719,464</u>	<u>\$ (3,802,575)</u>	<u>\$ 759,033</u>	<u>\$ 1,669,639</u>

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service cost	\$ 1,894,884	\$ 3,083,283	\$ 2,141,354	\$ 1,952,386
Interest on the total pension liability	5,321,373	8,888,146	6,253,767	5,893,314
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	(1,389,022)	520,596	(138,010)	(590,374)
Expensed portion of current-period difference between expected and actual experience in the total pension liability	94,824	(94,543)	(46,136)	(139,078)
Expensed portion of current-period changes of assumptions or other inputs	(167,185)	-	-	161,621
Member contributions	(856,396)	(1,401,275)	(937,982)	(863,851)
Projected earnings on plan investments	(4,812,359)	(7,491,678)	(5,147,268)	(5,065,803)
Expensed portion of current-period differences between actual and projected earnings on plan investments	1,282,993	(1,349,724)	(14,034)	864,172
Administrative expense	77,227	132,858	89,654	82,128
Other expenses	30,038	17,675	(94,310)	6,764
Recognition of beginning of year deferred outflows of resources as pension expense	838,375	1,472,409	(595,247)	(431,135)
Recognition of beginning of year deferred inflows of resources as pension expense	-	-	-	-
Net amortization of deferred amounts from changes in proportion and differences between employer's contribution and proportionate share of contribution	<u>(514,333)</u>	<u>(1,239,294)</u>	<u>(1,101,284)</u>	<u>(510,910)</u>
Pension expense	<u>\$ 1,800,419</u>	<u>\$ 2,538,453</u>	<u>\$ 410,504</u>	<u>\$ 1,359,234</u>

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Reconciliation of net pension liability						
Beginning net pension liability	\$ 12,308,315	\$ 12,665,524	\$ 3,772,996	\$ 6,595,503	\$ 9,024,195	\$ 11,716,980
Pension expense	3,145,686	2,360,134	1,719,464	(3,802,575)	759,033	1,669,639
Employer contributions	(2,641,392)	(2,568,703)	(1,342,381)	(2,242,085)	(2,168,347)	(1,302,356)
UAAL prepayment	(7,500,000)	-	-	-	-	-
Net deferred inflows/outflows	(1,331,939)	(60,827)	12,849,940	5,873,770	(3,036,659)	(4,046,167)
Net deferred inflows/outflows due to change in proportion	<u>(408,977)</u>	<u>(87,913)</u>	<u>(4,334,495)</u>	<u>(2,651,617)</u>	<u>2,017,281</u>	<u>986,099</u>
Net pension liability, end of year	<u>\$ 3,571,693</u>	<u>\$ 12,308,215</u>	<u>\$ 12,665,524</u>	<u>\$ 3,772,996</u>	<u>\$ 6,595,503</u>	<u>\$ 9,024,195</u>
Plan fiduciary net position as a percentage of the total pension liability	82.27%	79.36%	77.42%	92.85%	81.06%	81.06%
Covered - employee payroll	\$ 3,047,756	\$ 2,936,705	\$ 2,443,181	\$ 2,686,925	\$ 2,499,171	\$ 2,358,500
Net pension liability as percentage of covered employee payroll	117.19%	419.12%	518.40%	140.42%	263.91%	382.62%

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Reconciliation of net pension liability				
Beginning net pension liability	\$ 11,693,174	\$ 14,693,106	\$ 15,252,152	\$ 13,499,212
Pension expense	597,033	1,637,240	1,481,331	1,359,234
Employer contributions	(3,010,225)	(2,111,707)	(2,058,096)	(2,186,912)
UAAL prepayment	-	-	-	-
Net deferred inflows/outflows	4,873,645	(5,737,357)	(220,843)	3,536,036
Net deferred inflows/outflows due to change in proportion	<u>(2,436,647)</u>	<u>3,211,892</u>	<u>238,562</u>	<u>(955,418)</u>
Net pension liability, end of year	<u>\$ 11,716,980</u>	<u>\$ 11,693,174</u>	<u>\$ 14,693,106</u>	<u>\$ 15,252,152</u>
Plan fiduciary net position as a percentage of the total pension liability	74.20%	74.20%	66.55%	63.59%
Covered - employee payroll	\$ 2,346,256	\$ 2,194,605	\$ 2,241,786	\$ 2,342,844
Net pension liability as percentage of covered employee payroll	499.39%	532.81%	655.42%	651.01%

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 2,641,392	\$ 2,568,703	\$ 2,199,961	\$ 2,242,085	\$ 2,168,347	\$ 1,302,356
Contributions in relation to the actuarially determined contributions	<u>2,641,392</u>	<u>2,568,703</u>	<u>2,199,961</u>	<u>2,242,085</u>	<u>2,168,347</u>	<u>1,302,356</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,047,756	\$ 2,936,705	\$ 2,443,181	\$ 2,686,924	\$ 2,499,171	\$ 2,358,500
Contributions as a percentage of covered payroll	86.67%	87.47%	90.04%	83.44%	86.76%	55.22%

**Notes to Schedule**

Measurement date:	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	2 years**
Asset valuation method	Last 9-year semi-annually
Inflation	2.50%
Salary increases	3.50-14.00
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	50 years Classic, 52 years PEPRA
Mortality	Pub-2016 General Healthy Retiree Amount-Weighted Above Median Mortality Table

\*\* Remaining balance of December 31, 2007 UAAL is fully amortized as of December 31, 2022. 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.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 2,152,307	\$ 2,058,096	\$ 2,058,096	\$ 2,186,912
Contributions in relation to the actuarially determined contributions	<u>2,152,307</u>	<u>2,058,096</u>	<u>2,058,096</u>	<u>2,186,912</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,346,256	\$ 2,194,605	\$ 2,241,786	\$ 2,342,844
Contributions as a percentage of covered payroll	91.73%	93.78%	91.81%	93.34%

**Notes to Schedule**

Measurement date:	12/31/2018	12/31/2017	12/31/2016	12/31/2015
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**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Valuation Date	June 30, 2023	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Fiscal Year End Date	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net OPEB Liability, beginning of year	\$ 1,972,878	\$ 2,534,758	\$ 2,072,366	\$ 3,698,812	\$ 3,746,465	\$ 3,689,016	\$ 3,697,183	\$ 3,434,798
Changes recognized for year:								
Service cost	139,342	109,516	106,585	83,127	80,902	108,352	105,452	102,630
Interest on total OPEB liability	320,149	172,246	335,632	407,152	397,342	380,908	369,599	349,483
Expected investment income	(193,112)	-	(205,461)	(162,229)	(148,017)	(132,686)	(119,183)	(162,001)
Administrative expense	933	777	772	860	1,024	407	3,152	1,355
Employer contributions to trust	-	-	(73,709)	(133,725)	(122,979)	(82,665)	-	-
Employer contributions as benefit payments	<u>(321,976)</u>	<u>(369,044)</u>	<u>(321,473)</u>	<u>(350,099)</u>	<u>(328,327)</u>	<u>(312,076)</u>	<u>(348,218)</u>	<u>(29,082)</u>
Expected Balance as of June 30	<u>1,918,214</u>	<u>2,448,253</u>	<u>1,914,712</u>	<u>3,543,898</u>	<u>3,626,410</u>	<u>3,651,256</u>	<u>3,707,985</u>	<u>3,697,183</u>
Experience (gains)/losses	-	(397,189)	-	(968,715)	-	79,438	-	-
Changes assumption	-	(78,186)	-	(41,635)	-	-	-	-
Investment gains/ (losses)	(120,613)	-	620,046	(461,182)	72,402	15,771	(17,412)	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,557)</u>	<u>-</u>
Net changes during the period	<u>(175,277)</u>	<u>(561,880)</u>	<u>462,392</u>	<u>(1,626,446)</u>	<u>(47,653)</u>	<u>57,449</u>	<u>(8,167)</u>	<u>262,385</u>
Net OPEB liability, end of year	<u>\$ 1,797,601</u>	<u>\$ 1,972,878</u>	<u>\$ 2,534,758</u>	<u>\$ 2,072,366</u>	<u>\$ 3,698,812</u>	<u>\$ 3,746,465</u>	<u>\$ 3,689,016</u>	<u>\$ 3,697,183</u>

\* GASB 75 requires presentation of the 10 year history of changes in the Net OPEB Liability. Fiscal year 2018 was the 1st year of implementation, therefore only seven years are shown.

**RODEO-HERCULES FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN  
FOR THE YEAR ENDED JUNE 30, 2025**

**Actuarial Assumptions**

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial method	Entry age actuarial cost method
Discount rate	6.75%
Inflation	2.50% per year used for pension purposes.
Payroll increase	2.75% per year.
Investment rate of return	6.75% per year, net of expenses.
Mortality rates	2021 CalPERS Mortality for Miscellaneous Employees, Retired Safety Employees, Active Safety Employees
Healthcare cost trend rate	4.00% per year for medical benefits

**RODEO-HERCULES FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 4,864,663	\$ 5,182,857	\$ 6,424,626	\$ 1,241,769
Home owner property tax relief	29,000	27,102	31,845	4,743
Intergovernmental revenue	935,000	600,219	611,478	11,259
Program Income	146,571	146,510	414,665	268,155
Special tax/fire (Benefit assessment)	4,110,137	4,188,700	4,089,897	(98,803)
Use of money and property	80,000	80,000	79,859	(141)
Miscellaneous income	15,000	15,000	31,033	16,033
Total revenues	<u>10,180,371</u>	<u>10,240,388</u>	<u>11,683,403</u>	<u>1,443,015</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety-fire protection	10,304,038	10,319,605	17,653,590	(7,333,985)
Capital outlay	-	-	161,807	(161,807)
Debt service:				
Principal	136,423	136,423	136,423	-
Interest	67,237	67,237	65,153	2,084
Total Expenditures	<u>10,507,698</u>	<u>10,523,265</u>	<u>18,016,973</u>	<u>(7,493,708)</u>
Net change in fund balances	(327,327)	(282,877)	(6,333,570)	(6,050,693)
Fund balances, beginning of year	<u>7,466,063</u>	<u>7,466,063</u>	<u>7,466,063</u>	<u>-</u>
Fund balances, end of year	<u>\$ 7,138,736</u>	<u>\$ 7,183,186</u>	<u>\$ 1,132,493</u>	<u>\$ (6,050,693)</u>

## COMPLIANCE SECTION

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

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rodeo Hercules Fire Protection District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 11, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Harshmal & Company LLP*

San Diego, California  
March 11, 2026

**RODEO HERCULES FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

**RODEO HERCULES FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the fiscal year ended June 30, 2025.

**RODEO HERCULES FIRE PROTECTION DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

There were no findings reported in prior year.