

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
BRENTWOOD, CALIFORNIA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2015

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION:

Table of Contentsi

FINANCIAL SECTION:

Independent Auditor's Report1

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position6

Statement of Activities and Changes in Net Position7

Fund Financial Statements:

Governmental Funds -

Balance Sheet10

Reconciliation of the Governmental Funds – Balance Sheet with the
Statement of Net Position11

Statement of Revenues, Expenditures and Changes in Fund Balances12

Reconciliation of the Net Change in Fund Balances – Total Governmental
Funds with the Change in Net Position of Governmental Activities13

Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual.....14

Notes to Basic Financial Statements.....15

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
<i>Required Supplementary Information:</i>	
Pension Plan:	
Schedule of Proportionate Share of the Net Pension Liability	38
Schedule of Contributions.....	39
Other Post-Employment Benefits Plan:	
Schedule of Contributions.....	40
Schedule of Funding Progress	40
<i>Supplemental Information:</i>	
General Fund:	
Subcombining Balance Sheet	42
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balances	43
Subcombining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	44

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Contra Costa Fire Protection District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Funds:	
Bethel Island Development Fee	Unmodified
East Diablo Development Fee	Unmodified
Cypress Lakes CFD	Unmodified
Oakley Development Fee	Unmodified

Basis for Qualified Opinion on Governmental Activities

As discussed in Note 3A, the District does not maintain complete detailed records of its capital assets and has not calculated or recorded depreciation. Generally accepted accounting principles require the recording of depreciation and that capital assets should be recorded at supportable historical values.

As discussed in Note 6B, the District has not calculated the July 1, 2010 beginning balance of its net other post-employment benefits liability. Generally accepted accounting principles require the recording of the net other post-employment benefits asset or liability beginning with the fiscal year ended June 30, 2008. The balance of the net other post-employment benefits obligation in the financial statements as of June 30, 2015 includes only activity for the years ended June 30, 2011 through 2015. In addition, the annual required contributions used in fiscal years 2014 and 2015 are based on the County's January 1, 2012 actuarial valuation. The County's actuarial valuation subsequent to that date does not include the District and the District has not yet obtained an updated actuarial valuation.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 5, the District's pension contribution rates were 117.56-131.27% of employee payroll in fiscal year 2015 and increased to 119.53-127.62% in fiscal 2015-2016. Although property taxes are projected to increase slightly, the federal grant funding that covered 34% of the District's salary and benefits costs expired in November 2014. Management's plans regarding those matters also are described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The emphasis of this matter does not constitute a modification to our opinions.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position as discussed in Notes 4D and 5 to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

This change in accounting principles does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mane & Associates

Pleasant Hill, California
July 25, 2017

EAST CONTRA COSTA FIRE PROTECTION DISTRICT

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

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

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

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

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS	<u>Governmental Activities</u>
Current Assets:	
Cash and investments (Note 2)	\$10,827,198
Accounts Receivable:	
Due from other governments	3,794
Other receivables	<u>9</u>
Total Current Assets	<u>10,831,001</u>
Capital Assets (Note 3):	
Non-depreciable	300,988
Depreciable	<u>9,091,185</u>
Total Capital Assets	<u>9,392,173</u>
Total Assets	<u>20,223,174</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 5C)	<u>1,692,861</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	169,334
Unearned revenue	<u>18,595</u>
Total Current Liabilities	<u>187,929</u>
Noncurrent Liabilities:	
Compensated absences, due in more than one year (Note 1I)	204,474
Net pension liability (Note 5C)	24,313,820
Net OPEB obligation (Note 6B)	<u>3,129,561</u>
Total Noncurrent Liabilities	<u>27,647,855</u>
Total Liabilities	<u>27,835,784</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 5C)	<u>5,204,607</u>
NET POSITION (DEFICIT) (Note 4)	
Net investment in capital assets	9,392,173
Restricted for:	
Facilities and equipment	1,456,519
Operations and maintenance	606,721
Unrestricted	<u>(22,579,769)</u>
Total Net Position (Deficit)	<u><u>(\$11,124,356)</u></u>

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Governmental Activities Net (Expenses) Revenues
Governmental Activities:			
Fire Protection:			
General	\$10,633,980	\$1,437,691	(\$9,196,289)
Cypress Lakes	785	158,307	157,522
Facilities and equipment:			
Bethel Island	4	1,937	1,933
Total Governmental Activities	\$10,634,769	\$1,597,935	(9,036,834)
General Revenues:			
Property tax			10,353,555
Pass-throughs from other agencies			389,467
Home owner property tax relief			89,406
Other in-lieu taxes			15,399
Investment earnings			34
Other			5,961
Total General Revenues			10,853,822
Change in Net Position			1,816,988
Net Position (Deficit) - Beginning, as Restated (Note 4D)			(12,941,344)
Net Position (Deficit) - Ending			(\$11,124,356)

See accompanying notes to basic financial statements

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FUND FINANCIAL STATEMENTS

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

GENERAL FUND

The General Fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this Fund are property taxes and pass-throughs from other agencies. Expenditures are made for public safety and other operating expenditures.

BETHEL ISLAND DEVELOPMENT FEE SPECIAL REVENUE FUND

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

EAST DIABLO DEVELOPMENT FEE SPECIAL REVENUE FUND

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

CYPRESS LAKES CFD SPECIAL REVENUE FUND

The Cypress Lakes CFD Special Revenue Fund is used to account for special assessments collected in the Cypress Lake area and is to be used only for operations and maintenance in the area. The tax is applicable to 629 parcels, of which 97% is built out. Revenue is transferred to the General Fund to help support services in this area.

OAKLEY DEVELOPMENT FEE SPECIAL REVENUE FUND

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	Special Revenue Funds					Total Governmental Funds
	General Fund	Bethel Island Development Fee	East Diablo Development Fee	Cypress Lakes CFD	Oakley Development Fee	
ASSETS						
Assets:						
Cash and investments (Note 2)	\$8,763,966	\$45,864	\$1,378,587	\$606,721	\$32,060	\$10,827,198
Accounts Receivable:						
Due from other governments	3,794					3,794
Other receivables		9				9
Total Assets	<u>\$8,767,760</u>	<u>\$45,873</u>	<u>\$1,378,587</u>	<u>\$606,721</u>	<u>\$32,060</u>	<u>\$10,831,001</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$169,333	\$1				\$169,334
Unearned revenue	18,595					18,595
Total Liabilities	<u>187,928</u>	<u>1</u>				<u>187,929</u>
Fund Balances (Note 4):						
Restricted for:						
Facilities and equipment		45,872	\$1,378,587		\$32,060	1,456,519
Operations and maintenance				\$606,721		606,721
Assigned to:						
Facilities and equipment	1,069,802					1,069,802
Employee benefits	945,642					945,642
Unassigned	6,564,388					6,564,388
Total Fund Balances	<u>8,579,832</u>	<u>45,872</u>	<u>1,378,587</u>	<u>606,721</u>	<u>32,060</u>	<u>10,643,072</u>
Total Liabilities and Fund Balances	<u>\$8,767,760</u>	<u>\$45,873</u>	<u>\$1,378,587</u>	<u>\$606,721</u>	<u>\$32,060</u>	<u>\$10,831,001</u>

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2015

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$10,643,072

Amounts reported for Governmental Activities in the Statement of Net Position
 are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

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

Non-depreciable capital assets	300,988
Depreciable capital assets	9,091,185

LONG-TERM LIABILITIES

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

Compensated absences payable, due in more than one year	(204,474)
Net pension liability and deferred outflows/inflows of resources	(27,825,566)
Net OPEB obligation	(3,129,561)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(\$11,124,356)</u>
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See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds					Total Governmental Funds
	General Fund	Bethel Island Development Fee	East Diablo Development Fee	Cypress Lakes CFD	Oakley Development Fee	
REVENUES:						
District taxes	\$10,353,555					\$10,353,555
Intergovernmental revenues	1,437,691					1,437,691
Pass-throughs from other Agencies	389,467					389,467
Home owner property tax relief	89,406					89,406
Other in-lieu taxes	15,399					15,399
Special assessments				\$158,307		158,307
Developer fees		\$1,937				1,937
Use of money and property		34				34
Other	5,961					5,961
Total Revenues	12,291,479	1,971		158,307		12,451,757
EXPENDITURES:						
Current:						
Public safety-fire protection:						
Salaries and benefits	8,241,031					8,241,031
Services and supplies	2,586,049	4				2,586,053
Other charges				785		785
Capital outlay	43,441					43,441
Total Expenditures	10,870,521	4		785		10,871,310
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,420,958	1,967		157,522		1,580,447
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of equipment	3,006					3,006
Transfers in (Note 1H)	155,020					155,020
Transfers out (Note 1H)				(155,020)		(155,020)
Total Other Financing Sources (Uses)	158,026			(155,020)		3,006
NET CHANGE IN FUND BALANCES	1,578,984	1,967		2,502		1,583,453
Fund balances at beginning of year	7,000,848	43,905	\$1,378,587	604,219	\$32,060	9,059,619
Fund balances at end of year	<u>\$8,579,832</u>	<u>\$45,872</u>	<u>\$1,378,587</u>	<u>\$606,721</u>	<u>\$32,060</u>	<u>\$10,643,072</u>

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$1,583,453
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

Additions to capital assets are added to fund balance	43,441
Retirements of capital assets are deducted from fund balance	(27,456)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(12,041)
Net pension liability and deferred outflows/inflows of resources	840,267
Net OPEB obligation	(610,676)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$1,816,988
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See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND			CYPRESS LAKES CFD FUND		
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:						
District taxes	\$10,482,870	\$10,353,555	(\$129,315)			
Intergovernmental Revenues	955,000	1,437,691	482,691			
Pass-throughs from other Agencies	179,139	389,467	210,328			
Home owner property tax relief		89,406	89,406			
Other in-lieu taxes		15,399	15,399			
Special assessments				\$154,000	\$158,307	\$4,307
Other		5,961	5,961			
Total Revenues	11,617,009	12,291,479	674,470	154,000	158,307	4,307
EXPENDITURES:						
Current:						
Public safety-fire protection:						
Salaries and benefits	9,500,766	8,241,031	1,259,735			
Services and supplies	2,527,013	2,586,049	(59,036)			
Other charges				3,000	785	2,215
Capital outlay		43,441	(43,441)			
Total Expenditures	12,027,779	10,870,521	1,157,258	3,000	785	2,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,770)	1,420,958	1,831,728	151,000	157,522	6,522
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of equipment		3,006	3,006			
Transfers in	155,020	155,020				
Transfers out				(155,020)	(155,020)	
Total Other Financing Sources (Uses)	155,020	158,026	3,006	(155,020)	(155,020)	
NET CHANGE IN FUND BALANCE	(\$255,750)	1,578,984	\$1,834,734	(\$4,020)	2,502	\$6,522
Fund balance at beginning of year		7,000,848			604,219	
Fund balance at end of year		<u>\$8,579,832</u>			<u>\$606,721</u>	

See accompanying notes to basic financial statements

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *District Services and Reporting Entity*

The District was formed in 2002 from the consolidation of the Bethel Island, East Diablo and Oakley Fire Protection Districts governed by the Contra Costa County Board of Supervisors. On October 27, 2009, the Board of Supervisors consented to a change in the governing structure of the District from an appointed board of directors comprised of the County's Board of Supervisors to a board composed of nine directors appointed by the cities of Brentwood (four) and Oakley (three) and the County of Contra Costa (two). The District's restructured Board was established in February 2010 and the District began independent operations on July 1, 2010.

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

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

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

The District contracted with the County of Contra Costa to provide administrative and accounting services for the District through December 31, 2014. Beginning January 1, 2015, those services are provided on a contract basis through the City of Brentwood. The County continues to provide revenue collection and investment services for the District.

The District maintains its headquarters at City of Brentwood – City Hall, 150 City Park Way, Brentwood, California 94513.

B. *Basis of Presentation*

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

C. Major Funds

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

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

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

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

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

Cypress Lakes CFD Fee Fund - is used to account for special assessments collected in the Cypress Lake area and is to be used only for operations and maintenance in the area. The tax is applicable to 629 parcels, of which 97% is built out. Revenue is transferred to the General Fund to help support services in this area.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District may fund programs with a combination of cost-reimbursement grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

E. Budgets and Budgetary Accounting

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Property Taxes and Special Assessment Revenue

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

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

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position or balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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

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

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

The Cypress Lakes Community Facilities District special assessments are special taxes applicable to the boundaries of the Cypress Lakes (now Summer Lakes) development in the City of Oakley for the purpose of operations and maintenance. The tax is applicable to 629 parcels, of which 97% is built out. Revenue is transferred to the General Fund to help support services in this area. The Cypress Lakes Community Facilities District transferred \$155,020 to the General Fund to fund operations during the year ended June 30, 2015.

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

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

The changes in the compensated absences were as follows:

	Governmental Activities
Beginning Balance	\$192,433
Net change	12,041
Ending Balance	\$204,474

The long-term portion of governmental activities compensated absences is primarily liquidated by the General Fund.

J. Use of Estimates

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 – CASH AND INVESTMENTS

A. Policy and Classification

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

The Board adopted an investment policy in November 2014 that allows the District to invest only in the Contra Costa County Investment Pool. Under that Policy, the District is authorized to invest in the instruments in the table below, which also identifies certain provisions of the California Government Code or the District's investment policy where it is more restrictive. However, Board approval is required prior to making any such investments:

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

Prior to adoption of the Investment Policy, the District also invested in the Local Agency Investment Fund through the Treasurer of the County.

Cash and investments consisted of the following at June 30, 2015:

County Investment Pool	\$10,539,117
Local Agency Investment Fund	13,200
Cash in bank	274,881
Total cash and investments	<u><u>\$10,827,198</u></u>

B. Contra Costa County Investment Pool

The Contra Costa County Investment Pool was rated by Standard & Poor's (S & P) on March 31, 2015 and was assigned a fund credit quality rating of "AAAf" and a fund volatility rating of "S1+." The "AAAf" rating is S & P's highest fund credit quality rating with the "S1+" volatility rating reflecting low sensitivity to changing market conditions. The District's balance in the Pool is available for withdrawal on demand. Additional information about the Pool is included in the County's Comprehensive Annual Financial Report that can be obtained from the Contra Costa County Office of the Auditor Controller, 625 Court Street, Martinez, California 94553-1282.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Local Agency Investment Fund

At June 30, 2015, the District had \$13,200 invested in the Local Agency Investment Fund (LAIF). Through the County, the District is a participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2015, these investments matured in an average of 239 days.

NOTE 3 – CAPITAL ASSETS

A. Policies

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets with a value of \$25,000 or more are recorded as capital assets.

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

In addition, although the District has inventoried its capital assets in use, other than the land above, that inventory has not been reconciled with the detail of the buildings and improvements, equipment and vehicles contributed by the County as of July 1, 2010. Therefore, the District has not made any adjustments to capital assets contributed by the County after that date, other than to retire certain equipment and vehicles in fiscal year 2013 and to record additions and retirements of certain vehicles in the current fiscal year.

B. Additions and Retirements

Capital assets comprised the following:

	Balance as of June 30, 2014	Additions	Retirements	Balance as of June 30, 2015
Governmental Activities:				
Land	\$300,988			\$300,988
Depreciable capital assets:				
Buildings and improvements	3,890,222			3,890,222
Equipment and vehicles	5,184,978	\$43,441	(\$27,456)	5,200,963
Total depreciable capital assets	9,075,200	43,441	(27,456)	9,091,185
Governmental activity capital assets	\$9,376,188	\$43,441	(\$27,456)	\$9,392,173

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 – NET POSITION AND FUND BALANCES

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

A. Net Position

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

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

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

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

B. Fund Balance

The District's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 4 – NET POSITION AND FUND BALANCES (Continued)

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

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

C. *Minimum Fund Balance and Fund Balance Reserve Policies*

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

- 1) The District will strive to maintain an Operating Reserve of 20% of annual appropriations in the General Fund's unassigned fund balance. This is considered the minimum level necessary to maintain the District's credit worthiness and adequately provide for contingencies for unseen operating or capital needs and cash flow requirements. The Operating Reserve can only be used for one-time, emergency expenditures as determined by the Board.
- 2) The District will maintain a Capital Improvement Replacement Reserve to provide a funding source for repair or improvement of existing assets valued at \$25,000 or greater. The annual contribution to this reserve is calculated as 1% of the annual General Fund operating budget. Capital asset damage or insurance recoveries will be credited to the Capital Improvement Replacement Reserve.
- 3) The District will establish and maintain an Equipment Replacement Reserve to provide for the timely replacement of vehicles and capital equipment with a useful life of five years or more or an individual replacement cost of \$10,000 or more as determined by the Chief. The annual contribution to this reserve is calculated as 1% of the annual General Fund operating budget. Sales of surplus equipment as well as any related damage and insurance recoveries will be credited to the Equipment Replacement Reserve.
- 4) The District will maintain an Other Post Employment Benefits (OPEB) Reserve to provide a funding source for post employment retirement health benefits. The annual minimum contribution to this fund will be 30% of the Actuarial Required Contribution (ARC) while working towards a long term OPEB funding strategy. Interest earnings will be credited to the OPEB Reserve.

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4 – NET POSITION AND FUND BALANCES (Continued)

The balances of each reserve as of June 30, 2015, which are included in the assigned and unassigned fund balance of the General Fund, were as follows:

Reserved:	
20% Reserve	\$2,423,973
Capital Improvement Reserve	543,547
Equipment Replacement Reserve	526,255
OPEB Reserve	945,642
Unreserved	<u>4,140,415</u>
Total General Fund Assigned and Unassigned Fund Balance	<u><u>\$8,579,832</u></u>

D. Prior Period Adjustment

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intension of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intension of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the District to make prior period adjustments. As a result, the beginning net position of the Statement of Net Position was restated and reduced by \$28,665,833. See Note 5 for additional information.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - PENSION PLAN

A. *Plan Description*

The District participates in the Contra Costa County Employees' Retirement Association (CCCERA), a cost-sharing multiple employer defined benefit pension plan. CCCERA is governed by the Board of Retirement under the County Employee's Retirement Law of 1937, as amended on July 1, 1945, the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures, and policies adopted by the Board of Retirement. It provides service retirement, disability, death and survivor benefits to the eligible General and Safety members employed by the County of Contra Costa. CCCERA also provides retirement benefits to the employee members for sixteen other participating agencies which are members of CCCERA.

All regular full-time employees of the District become members of CCCERA effective on the first day of the first full pay period after employment. Part-time employees in permanent positions must work at least 20 hours a week in order to be a member of CCCERA. Benefits are based on years of credited service, equal to one year of full time employment. Members may elect service retirement at age of 50 with 10 years of service credit, age 70 regardless of service, or with twenty years of service, regardless of age. The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and retirement plan and benefit tier.

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

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

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 - PENSION PLAN (Continued)

B. Contributions

Employer and employee contributions and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Board of Retirement. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and benefit tier. The District's required contribution rate for fiscal year 2015 was 131.27-135.44% of covered payroll for employees hired on or before January 1, 2011, 128.08-132.58% for management employees hired after January 1, 2011, but before January 1, 2013, and 117.56% of covered payroll for all other employees hired on or after January 1, 2013. The District must contribute these amounts. Required contributions for the year ended June 30, 2015 were \$3,483,172.

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

The District's required contribution rate for fiscal year 2016 changed to 127.62% of covered payroll for employees hired before January 1, 2013, and 119.53% of covered payroll for employees hired on or after January 1, 2013. Management has analyzed the retirement costs and the District continues to pay 100% of its required contributions based on the number of employees and the retirement system's return on investments.

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

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

As of June 30, 2015, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$24,313,820.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of December 31, 2013 and 2014 was as follows:

Proportion - December 31, 2013	2.033%
Proportion - December 31, 2014	2.033%
Change - Increase (Decrease)	0.00%

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - PENSION PLAN (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$2,642,905. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,692,861	
Differences between actual and expected experience		(\$2,921,858)
Changes in assumptions		(1,203)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(2,064,238)
Net differences between projected and actual earnings on plan investments		(217,308)
Total	<u>\$1,692,861</u>	<u>(\$5,204,607)</u>

The \$1,692,861 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2016	(\$1,439,687)
2017	(1,439,687)
2018	(1,439,687)
2019	(885,546)
2020	-
Thereafter	-

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - PENSION PLAN (Continued)

D. Actuarial Assumptions

For the measurement period ended December 31, 2014, the total pension liability was determined by rolling forward the December 31, 2013 total pension liability. The plan provisions used in the measurement of the net pension liability are the same as those used in the CCCERA actuarial valuation as of December 31, 2013. The total pension liability and the Plan's fiduciary net position include liabilities and assets held for the post retirement death benefit reserve.

The total pension liability as of December 31, 2014 and December 31, 2013 were determined by actuarial valuations as of December 31, 2013 and December 31, 2012, respectively. The actuarial assumptions used were based on the results of an experience study for the period January 1, 2010 through December 31, 2012. They are generally the same as the assumptions used in the December 31, 2013 and the December 31, 2014 funding actuarial valuations except that, for GASB 68 purposes, the investment return assumption used is net of investment expenses only and is not net of administrative expenses. Note that the leave cashout assumption for Safety Tier C has been reduced to zero effective with the December 31, 2014 funding actuarial valuation and that change has been reflected in the December 31, 2014 measurement for GASB 68 purposes. The following actuarial assumptions were applied to all periods included in the measurement for both the December 31, 2013 and December 31, 2012 actuarial valuations:

Valuation date	12/31/2013
Measurement date	12/31/2014
Actuarial cost method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.25%
Salary increases	4.75% to 14.00%, varying by service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, setback two years

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - PENSION PLAN (Continued)

Discount Rate - The discount rate used to measure the total pension liability for the Plan was 7.25% as of both December 31, 2014 and December 31, 2013. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.25% was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both December 31, 2014 and December 31, 2013.

The long-term expected rate of return on pension plan investments was determined in 2013 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. This return is combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation (approved by the Board of Retirement) and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	13.60%	6.09%
Small Cap U.S. Equity	5.80%	6.79%
Developed International Equity	17.60%	6.66%
Emerging Markets Equity	5.60%	8.02%
U.S. Core Fixed Income	16.10%	0.83%
International Bonds	3.30%	0.69%
High Yield Bonds	5.00%	3.32%
Inflation-Indexed Bonds	1.66%	0.73%
Long Duration Fixed Income	5.00%	1.45%
Real Estate	12.50%	4.83%
Commodities	1.67%	4.71%
Private Equity	10.00%	8.95%
Alternative Investment (Timber)	1.67%	4.20%
Cash & Equivalents	0.50%	0.25%
Total	100.00%	

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - PENSION PLAN (Continued)

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 the Plan, calculated using the discount rate for the 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 or 1-percentage point higher than the current rate:

1% Decrease	6.25%
Net Pension Liability	\$36,624,572
Current Discount Rate	7.25%
Net Pension Liability	\$24,313,820
1% Increase	8.25%
Net Pension Liability	\$14,204,688

E. Pension Plan Fiduciary Net Position

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

NOTE 6 – OTHER EMPLOYEE BENEFIT PLANS

A. Deferred Compensation Plan

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

The laws governing deferred compensation plan assets require plan assets to be held in a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the 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.

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 6 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

B. *Retiree Medical Benefits*

Plan Description and Eligibility

The District participated in the County of Contra Costa's Post Retirement Health Benefit Plan (County Plan), a multiple-employer defined benefit healthcare plan, through December 31, 2014.

The plan provided postemployment medical and dental insurance benefits to eligible retired employees and their dependents. The County contracts with Kaiser Permanente, Health Net, Contra Costa Health Plans, and the California Public Employees' Retirement System (CalPERS) to provide medical benefits and Delta Dental and PMI Deltacare for dental benefits.

The District established its own Post Retirement Health Benefit Plan effective January 1, 2015 (District Plan). The District Plan provides postemployment medical and dental insurance benefits to eligible retired employees and their dependents. The District contracts with the California Public Employees' Retirement System (CalPERS) to provide medical benefits. Benefit provisions are established and may be amended through negotiations between the District and the respective bargaining units.

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

As of June 30, 2015, there were 18 District participants receiving these health care benefits.

Funding Policy

The contribution requirements of program members and the employers in the County Plan, including the District, are established and may be amended through negotiations between the County and the respective bargaining units. For the fiscal year ended June 30, 2015, the County Plan's funding was based on the "pay-as-you-go" basis plus a contribution of \$20,040,000 to the Contra Costa County Other Postemployment Benefits Irrevocable Trust Fund. For the fiscal year ended June 30, 2015, the District's Plan's funding was also based on the "pay-as-you-go" basis. For fiscal year ended June 30, 2015, the District paid \$204,421 as its "pay-as-you-go" cost to both Plans.

Annual OPEB Cost and Net OPEB Obligation

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. Although the District has established a reserve in the General Fund for future OPEB benefits as discussed in Note 4C and has set-aside \$945,642 to fund future benefits, the reserve cannot be considered contributions as discussed above. During the fiscal year ended June 30, 2015, the District contributed only the pay-as-you-go premiums toward the ARC amounting to \$204,421. The District records the accrued liability and expense in the General Fire Protection classification of the Government-wide Statement of Net Position and Statement of Activities. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 – OTHER EMPLOYEE BENEFIT PLANS (Continued)

Annual required contribution*	\$873,000
Interest on net OPEB obligation	159,194
Adjustment to annual required contribution	<u>(217,097)</u>
Annual OPEB cost	815,097
Contributions:	
Pay-as-you-go premiums	<u>(204,421)</u>
Change in net OPEB obligation	610,676
Net OPEB obligation at June 30, 2014*	<u>2,518,885</u>
Net OPEB Obligation at June 30, 2015	<u><u>\$3,129,561</u></u>

* Accounting standards require that the District's calculate the Net OPEB obligation or asset beginning in the fiscal year ended June 30, 2008. Due to the transfer of accounting for the OPEB activity from the County to the District in fiscal year 2011, the District has not calculated or recorded the historical balance of the Net OPEB obligation through June 30, 2010. Only activity for fiscal year 2011 and subsequent years is reflected in the table above.

In addition, the fiscal years 2014 and 2015 annual required contributions are based on the County's January 1, 2012 actuarial valuation. The County's actuarial valuation subsequent to that date does not include the District and the District has not yet obtained an actuarial valuation subsequent to that date.

The District's annual required contributions and actual contributions for the fiscal year are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$815,097	\$204,421	25%	\$3,129,561

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past exceptions and new estimates are made about the future.

The Schedule of Funding Progress below and the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the most recent actuarial study is presented below:

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 6 - EMPLOYEE BENEFIT PLANS (Continued)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(B - A)/C]
1/1/2012	\$65,491,000	\$1,034,125,000	\$968,634,000	6.33%	\$623,723,000	155.30%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2012, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.32% discount and a 7.75% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the county's own investments and an annual healthcare cost trend rate of 10% initially, reduced by 1% decrements to an ultimate rate of 5% after five years. Both rates included a 3.5% inflation assumption. The UAAL is being amortized as a level dollar amount over 30 years on a closed basis. The remaining amortization period is twenty-six years.

Additional information about the County Plan may be obtained from the Contra Costa County Office of the Auditor Controller, 625 Court Street, Martinez, CA 94553-1282.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – RISK MANAGEMENT

A. Insurance Coverage

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

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

Coverage	JPA (Risk Pool)	Limit of Liability	Deductible/ SIR
Workers' Compensation	FASIS (LAWCX)	Statutory Limit	None
All Risk Property	CCCFDIP (CSAC)	\$415,000,000 (flood)	\$100,000 minimum (flood)
		\$600,000,000 (property)	\$500 disappearing (property)
		\$200,000,000 (terrorism)	\$500 disappearing (mobile equipment)
Earthquake	CCCFDIP (CSAC)	\$560,000,000	\$500,000 (terrorism)
Boiler & Machinery	CCCFDIP (CSAC)	\$100,000,000	5% per "unit," \$100,000 minimum
General & Automobile Liability	CCCFDIP (CSAC)	\$50,000,000	\$5,000
Pollution Liability	CCCFDIP (CSAC)	\$10,000,000	None
			\$500,000

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

B. Fire Agencies Self Insurance System

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

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

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 7 – RISK MANAGEMENT (Continued)

FASIS self-insures the first \$500,000, and through participation in the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX), members are afforded excess coverage from \$500,001 to statutory limits for each occurrence. The District paid \$353,680 to FASIS for fiscal year 2015 coverage, plus an adjusted premium of \$19,154 for prior year coverage.

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

C. *Contra Costa County Fire District Insurance Pool*

The Contra Costa County Fire District Insurance Pool (CCCFDIP) arranges for and provides public liability, property damage and self-insurance between the county, its special districts and independent county fire protection districts through participation in the CSAC Excess Insurance Authority. The CCCFDIP is governed by the Board of Supervisors of Contra Costa County and funding for the program is provided through equitable cost sharing by the member agencies. The District paid \$65,257 to CCCFDIP for fiscal year 2015 coverage.

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

D. *Government Crime Insurance Commercial Policy*

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

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

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. *Litigation*

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

B. *Federal Grant Program*

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

NOTE 9 – SUBSEQUENT EVENTS

A. *Memorandum of Understanding for Implementation of Fire and Medical Services Task Force Recommendations*

The District entered into a Memorandum of Understanding (MOU) in May 2016 with the City of Brentwood, City of Oakley and Contra Costa County for the implementation of recommendations of the Fire and Medical Services Task Force. The Task Force was formed to identify and recommend both short-term and long-term solutions to improve fire and medical emergency response capabilities within the District. The Task Force members include the Fire Chief and a Battalion Chief for the District, the Chiefs of Staff from the two County Supervisors offices, the President, Vice-President and Board Member for the Firefighters Association Local 1230, the City Manager for the City of Oakley, and the City Manager of the City of Brentwood.

Under the terms of the MOU, the three entities agree to implement the final recommendations of the Task Force and establish a process for funding a fourth station within the District (Knightsen Station) and other elements in the recommendations. The recommendations also include a provision for the three agencies to provide two years of funding for additional and temporary fire and medical emergency response services totaling \$1.36 million, in addition to the District allocating \$874 thousand of funding for the services. The MOU terminates on July 31, 2017.

B. *Lease of Fire Station 58*

In May 2016, the District entered into a lease agreement with the Town of Discovery Bay for Fire Station 58 for a term of 24 months. Monthly rental payments are \$1,300 and the Town is responsible for the day to day maintenance and upkeep of the Station.

C. *Delta Coves Community Services District*

The District formed the Delta Coves Community Services District (CSD) in May 2016. The District will be included in the property tax roll beginning in fiscal year 2018.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT REQUIRED SUPPLEMENTARY INFORMATION
--

**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years***

	2015 (2)
Proportion of the net pension liability	2.033%
Proportionate share of the net pension liability	\$24,313,820
Covered - employee payroll	\$3,033,964 (1)
Proportionate share of the Net Pension Liability as percentage of covered-employee payroll	801.39%
Plan's fiduciary net position as a percentage of the total pension liability	74.65%

Notes to Schedule:

(1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

(2) The amounts presented for each fiscal year were determined as of 12/31 of the prior calendar year.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT REQUIRED SUPPLEMENTARY INFORMATION
--

**Cost-Sharing Multiple Employer Defined Benefit Retirement Plan
SCHEDULE OF CONTRIBUTIONS
Last 10 Years***

Fiscal Year Ended June 30	2015
Actuarially determined contribution	\$ 3,483,172
Contributions in relation to the actuarially determined contributions	3,483,172
Contribution deficiency (excess)	-
Covered-employee payroll	\$ 2,698,762
Contributions as a percentage of covered- employee payroll	129.07%

Notes to Schedule

Valuation date: 12/31/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	10 years **
Asset valuation method	5-year period, semi-annually
Inflation	3.25%
Salary increases	4.75% - 14.00%
Cost of living adjustments	3% per year, except as noted below ***
Investment rate of return	7.25%
Retirement age	50 years Classic, 52 years PEPRA
Mortality	RP-2000 Combined Healthy Mortality Table projected to 2030 with Scale AA, setback two years

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 10 years remaining as of December 31, 2012. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation.

*** Except for Tier 3 disability benefits and Tier 2 benefits that are valued as a 3.25% increase per year. Safety Tier C benefits and benefits for PEPRA Tier 4 and Tier 5 members covered under certain memoranda of understanding are assumed to increase at 2% per year. All increases are contingent upon actual increases in CPI.

EAST CONTRA COSTA FIRE PROTECTION DISTRICT REQUIRED SUPPLEMENTARY INFORMATION
--

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2013	\$844,437	\$202,238	24%	\$1,884,729
June 30, 2014	829,675	195,519	24%	2,518,885
June 30, 2015	815,097	204,421	25%	3,129,561

SCHEDULE OF FUNDING PROGRESS

The Schedule of Funding Progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(B - A)/C]
1/1/2010	\$41,092,000	\$1,047,028,000	\$1,005,936,000	3.92%	\$604,834,000	166.32%
1/1/2011	61,720,000	1,078,665,000	1,016,945,000	5.72%	599,734,000	169.57%
1/1/2012	65,491,000	1,034,125,000	968,634,000	6.33%	623,723,000	155.30%

**EAST CONTRA COSTA FIRE PROTECTION DISTRICT
SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2015**

The **General Fund** is comprised of four subfunds as follows:

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

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

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

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

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING BALANCE SHEET
JUNE 30, 2015

	General Operations	Capital Improvement	Equipment Replacement	OPEB	Total General Fund
ASSETS					
Assets:					
Cash and investments	\$6,748,522	\$543,547	\$526,255	\$945,642	\$8,763,966
Accounts Receivable:					
Due from other governments	3,794				3,794
Total Assets	<u>\$6,752,316</u>	<u>\$543,547</u>	<u>\$526,255</u>	<u>\$945,642</u>	<u>\$8,767,760</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$169,333				\$169,333
Advances from taxes	18,595				18,595
Total Liabilities	<u>187,928</u>				<u>187,928</u>
Fund Balances:					
Assigned for:					
Facilities and equipment		\$543,547	\$526,255		1,069,802
Employee benefits				\$945,642	945,642
Unassigned	6,564,388				6,564,388
Total Fund Balances	<u>6,564,388</u>	<u>543,547</u>	<u>526,255</u>	<u>945,642</u>	<u>8,579,832</u>
Total Liabilities and Fund Balances	<u>\$6,752,316</u>	<u>\$543,547</u>	<u>\$526,255</u>	<u>\$945,642</u>	<u>\$8,767,760</u>

EAST CONTRA COSTA FIRE PROTECTION DISTRICT
GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Operations	Capital Improvement	Equipment Replacement	OPEB	Intrafund Eliminations	Total General Fund
REVENUES:						
District taxes	\$10,353,555					\$10,353,555
Intergovernmental revenues	1,437,691					1,437,691
Pass-throughs from other Agencies	389,467					389,467
Home owner property tax relief	89,406					89,406
Other in-lieu taxes	15,399					15,399
Other	5,961					5,961
Total Revenues	12,291,479					12,291,479
EXPENDITURES:						
Current:						
Public safety-fire protection:						
Salaries and benefits	8,241,031					8,241,031
Services and supplies	2,586,049					2,586,049
Capital outlay			\$43,441			43,441
Total Expenditures	10,827,080		43,441			10,870,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,464,399		(43,441)			1,420,958
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of equipment	3,006					3,006
Transfers in	176,622	\$121,199	121,199	\$312,085	(\$576,085)	155,020
Transfers out	(554,483)		(21,602)		576,085	
Total Other Financing Sources (Uses)	(374,855)	121,199	99,597	312,085		158,026
NET CHANGE IN FUND BALANCES	1,089,544	121,199	56,156	312,085		1,578,984
Fund balances at beginning of year	5,474,844	422,348	470,099	633,557		7,000,848
Fund balances at end of year	\$6,564,388	\$543,547	\$526,255	\$945,642		\$8,579,832

GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL OPERATIONS			CAPITAL IMPROVEMENT		
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:						
District taxes	\$10,482,870	\$10,353,555	(\$129,315)			
Intergovernmental revenues	955,000	1,437,691	482,691			
Pass-throughs from other Agencies	179,139	389,467	210,328			
Home owner property tax relief		89,406	89,406			
Other in-lieu taxes		15,399	15,399			
Other		5,961	5,961			
Total Revenues	11,617,009	12,291,479	674,470			
EXPENDITURES:						
Current:						
Public safety-fire protection:						
Salaries and benefits	9,500,766	8,241,031	1,259,735			
Services and supplies	2,527,013	2,586,049	(59,036)			
Capital outlay						
Total Expenditures	12,027,779	10,827,080	1,200,699			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,770)	1,464,399	1,875,169			
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of equipment		3,006	3,006			
Transfers in	155,020	176,622	21,602	\$121,199	\$121,199	
Transfers out	(554,483)	(554,483)				
Total Other Financing Sources (Uses)	(399,463)	(374,855)	24,608	121,199	121,199	
NET CHANGE IN FUND BALANCE	(\$810,233)	1,089,544	\$1,899,777	\$121,199	121,199	
Fund balance at beginning of year		5,474,844			422,348	
Fund balance at end of year		\$6,564,388			\$543,547	

EQUIPMENT REPLACEMENT			OPEB			INTRAFUND ELIMINATIONS		
Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
	\$43,441	(\$43,441)						
	43,441	(43,441)						
	(43,441)	(43,441)						
\$121,199	121,199 (21,602)	(21,602)	\$312,085	\$312,085		(\$554,483) 554,483	(\$576,085) 576,085	(\$21,602) 21,602
121,199	99,597	(21,602)	312,085	312,085				
<u>\$121,199</u>	56,156	<u>(\$65,043)</u>	<u>\$312,085</u>	312,085				
	470,099			633,557				
	<u>\$526,255</u>			<u>\$945,642</u>				

(Continued)

GENERAL FUND
SUBCOMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	TOTAL GENERAL FUND		
	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
District taxes	\$10,482,870	\$10,353,555	(\$129,315)
Intergovernmental revenues	955,000	1,437,691	482,691
Pass-throughs from other Agencies	179,139	389,467	210,328
Home owner property tax relief		89,406	89,406
Other in-lieu taxes		15,399	15,399
Other		5,961	5,961
	11,617,009	12,291,479	674,470
EXPENDITURES:			
Current:			
Public safety-fire protection:			
Salaries and benefits	9,500,766	8,241,031	1,259,735
Services and supplies	2,527,013	2,586,049	(59,036)
Capital outlay		43,441	(43,441)
	12,027,779	10,870,521	1,157,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,770)	1,420,958	1,831,728
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of equipment		3,006	3,006
Transfers in	155,020	155,020	
Transfers out			
	155,020	158,026	3,006
NET CHANGE IN FUND BALANCE	(\$255,750)	1,578,984	\$1,834,734
Fund balance at beginning of year		7,000,848	
Fund balance at end of year		\$8,579,832	