

RODEO HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

Date: March 13, 2019

To: BOARD OF DIRECTORS

From: RICHARD D. PIO RODA, District Counsel

Subject: Approval of Fire Chief's contract between the District and Bryan Craig

BACKGROUND

Presented for the Board's review, discussion, and recommended for approval is a DRAFT contract between the District, by and through the Board of Directors, and Acting Fire Chief Bryan Craig. It contains all of the substantive terms and conditions that the Board and Acting Chief Craig agreed to since the last Board meeting, including clarifying language related to law, and/or District policies. In summary

Salary would be the monthly sum of Fourteen Thousand One Hundred Ninety Seven Dollars (\$14,197), which is equal to an annual sum of One Hundred Seventy Thousand Three Hundred Sixty Four Dollars (\$170,364.00)

All other leave and fringe benefits would be in accordance with the current MOU between the District and Local 1230. Vacation and sick leave would accrue and be used in accordance with current District policies.

Longevity Pay. In addition to the base salary the Fire Chief would receive an additional One Thousand Five Hundred Dollars (\$1,500) monthly, which is equal to an annual sum of Eighteen Thousand Dollars (\$18,000) in longevity pay.

Uniform Allowance. The Chief will have a uniform allowance of Sixty Five Dollars (\$65) per month.

Deferred Compensation. The District will provide a contribution of Three Hundred Dollars (\$300) per month into a deferred compensation plan.

Retirement would be in accordance with the current MOU between the District and Local 1230, accruing on a 40 hour per week work schedule.

The Chief would be an exempt employee under the Fair Labor and Standards Act, which means he would not receive overtime or extra compensation, except in the narrow and limited circumstance where he responds or is pre-positioned pursuant to a California Fire Service and Rescue Emergency Mutual Aid situation or event.

RECOMMENDATION

To approve the attached Fire Chief's agreement, subject to approval as to form by District Counsel.

EMPLOYMENT AGREEMENT

BETWEEN

RODEO - HERCULES FIRE PROTECTION DISTRICT, BY AND THROUGH ITS

BOARD OF DIRECTORS

AND

BRYAN CRAIG

1. PARTIES AND EFFECTIVE DATE.

The parties to this Agreement are the Rodeo - Hercules Fire Protection District, a California special district ("District") and Bryan Craig, an individual ("Employee"). The effective date of this Agreement is January 1, 2019. The District and Employee may be individually referred to herein as a "Party" or collectively as the "Parties".

2. PURPOSE.

The purpose of this Agreement is to provide for the employment of Employee as the Fire Chief of the District.

3. DUTIES.

- a. The Fire Chief position is that of the chief administrator of the District and is responsible for the efficient administration and operations of all affairs of the District which are under his control.
- b. Employee shall perform the functions and duties specified in the ordinances, administrative regulations and directives, personnel bulletins, and resolutions of District, and to perform other legally permissible and proper duties and functions as the District's Board of Directors may from time to time assign.
- c. Employee shall perform his duties to the best of his ability in accordance with the highest professional and ethical standards applicable to the profession. Employee shall comply with all general rules, policy and procedures, bulletins, and regulations established by District and all applicable Federal, State, and local laws.
- d. At all times during the term of this Agreement, Employee shall be directly responsible to and report to the Board.

4. TERM.

- a. The term of this Agreement shall commence on the Effective Date, and shall continue in effect for three (3) years from the Effective Date, or until sooner terminated by either Party in accordance with the provisions set forth in Paragraph 8 or until terminated by the event of the death or permanent disability of Employee.

- b. Employee agrees to remain in the exclusive employment of District during the term of this Agreement and not to be otherwise employed during the term of this Agreement. The term "employed," however, shall not be construed to include occasional teaching, writing, speaking or consulting performed on personal time off.

5. HOURS OF WORK AND EQUIPMENT PROVIDED.

Employee shall be an exempt employee under the Fair Labor Standards Act (FLSA) and shall not receive overtime or extra compensation for work performed outside of normal District business hours. Employee is appointed to manage the District's business with twenty-four hour a day and seven days a week responsibility and is expected to devote necessary time outside normal office hours to the business of the District. Thus, Employee's schedule of work each day and week may vary in response to the requirements of the work to be performed.

District shall provide Employee, at District's cost and expense and Employee's sole discretion to use or accept, any and all equipment, communication devices including a smartphone and laptop computer and other implements, reasonably necessary for Employee to carry out his duties in accordance with this Section. District shall provide Employee a District vehicle as long as such vehicle is used for District business and for commuting to and from Employee's residence only. The District supplied vehicle's gasoline or reimbursement for gasoline purchases, maintenance/repairs and insurance shall also be paid or covered by the District.

6. DISABILITY.

The District shall have the option to terminate this Agreement without further payment of compensation and benefits under Paragraph 7, or severance payment under Paragraph 8(c) if Employee is deceased, permanently disabled, or incapacitated for a period of two (2) successive weeks beyond any accrued sick leave, or for twenty (20) working days over a thirty (30) working day period. In exercising the option to terminate this Agreement, the District shall comply with all applicable provisions of state and federal disability and medical leave laws.

7. COMPENSATION AND BENEFITS.

- a. Base Salary. District agrees to pay Employee for his services rendered pursuant hereto as District's Fire Chief the monthly sum of Fourteen Thousand One Hundred Ninety Seven Dollars (\$14,197), which is equal to an annual sum of One Hundred Seventy Thousand Three Hundred Sixty Four Dollars (\$170,364.00). The current percentage difference of compensation between Employee and the highest rank of the represented employees of the District pursuant to the MOU between the District and the represented employees shall be maintained throughout the term of this agreement.
- b. Longevity Pay. In addition to the base salary provided for in Section 7(a) above, the District agrees to pay Employee, in accordance with the

- District's longevity pay policy, an additional One Thousand Five Hundred Dollars (\$1,500) monthly, which is equal to an annual sum of Eighteen Thousand Dollars (\$18,000) in longevity pay.
- c. Uniform Allowance. The District shall provide the Employee with a uniform allowance of Sixty Five Dollars (\$65) per month.
 - d. Deferred Compensation. District shall provide a contribution of Three Hundred Dollars (\$300) per month into a deferred compensation plan for the Employee.
 - e. Other Leave and Fringe Benefits. Employee shall be entitled to receive, access, or use those regular health, welfare and fringe benefits during the term of this Agreement that are available to members of the United Professional Firefighters of Contra Costa County, Local 1230, pursuant to its memorandum of understanding with the District, as that MOU may be amended or changed from time to time. Employee shall accrue such benefits based on a work schedule of forty (40) hours per week in accordance with District Policies 6A2(b) and 6B1(b), such that employee shall accrue 28 $\frac{2}{3}$ hours of Vacation per month, with a maximum accrual of 688 hours. Employee shall accrue 12 hours of Sick Leave per month. Employee shall receive five (5) administrative days per year that may not be carried over from year to year, all in accordance with District Policy 5C12(a).
 - f. Retirement. Employee shall be eligible to participate in the Contra Costa County Employees' Retirement Association on the same basis, and shall be responsible for making the same employee contributions towards his retirement, as members of the United Professional Firefighters of Contra Costa County, Local 1230, pursuant to its memorandum of understanding with the District, as that MOU may be amended or changed from time to time. Employee shall accrue such benefits based on a work schedule of forty (40) hours per week.
 - g. Internal Revenue Code Compliance. All provisions of this Section 7 are subject to the provisions and limitations of the Internal Revenue Code and its related regulations as amended from time to time. No requirement of any provision of this Section 7 shall be effective if it would violate any provision of the Internal Revenue Code or its related regulations, and the inability of the District to effectuate such requirements shall not constitute a breach of this Agreement.
 - h. California Fire Service and Rescue Emergency Mutual Aid
Consistent with Rodeo – Hercules Fire Protection District Resolution 2015-3 for portal to portal overtime reimbursement for all personnel assigned to emergency incidents through the California Fire Assistance Agreement, Employee shall be compensated portal to portal while in the course of his employment and away from his official duties on behalf of the District and as assigned to an emergency, in support of emergency incidents or when pre-positioned for emergency incidents. Only in such

instances shall the District compensate Employee for time worked at the overtime rate of time and one-half (1-1/2).

- i. Vacation Sellback. In accordance with District Policy #5C(f), Employee may choose reimbursement for up to one-third (1/3) of Employee's annual vacation accrual, subject to the following conditions: (1) the choice can be made only once in each calendar year; (2) payment shall be based on an hourly rate determined by dividing Employee's salary by 173.33 and (3) the maximum number of hours that may be reimbursed in any year shall be one-third (1/3) of the annual accrual.
- j. Business Travel Expenses. The District shall pay all customary and reasonable travel expenses of Employee while on District Business.
- k. Continuing Education. Employee shall be eligible for educational cost reimbursement up to a maximum of \$2,000 per year for work related studies at a recognized college, university or professional school. Course content may relate to any of the following:
 - A. Knowledge or skills needed by Employee in his present job;
 - C. The requirements of a program leading to a degree, at an approved institution, which enhances Employee's job knowledge or job skills.

8. RESIGNATION AND TERMINATION.

- a. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from his position as Employee for District. Employee may terminate this Agreement by submitting written notice of his resignation to the District's Board of Directors. Employee shall give District at least sixty (60) days' prior written notice of his intention to resign. If Employee resigns his employment with the District, he shall not be entitled to any severance pay nor continued compensation and benefits, except as otherwise required under state or federal law.
- b. Employee serves at the pleasure of District as an at-will employee, and nothing herein shall be taken to prevent, limit, or otherwise interfere with the right of District to terminate the services of Employee, with or without cause, and with or without prior notice. There is no express or implied promise made to Employee for any form of continued employment. This Agreement is the sole and exclusive basis for an employment relationship between Employee and District. ~~Employee expressly waives any claim or right under contrary law.~~ It is expressly understood that termination may occur upon a majority vote of the District's Board of Directors.
- c. Employee shall be entitled to those rights contained in the Firefighters Procedural Bill of Rights Act, and specifically to those rights contained in

Government Code Section 3254(c). However, such rights shall not be deemed to create a property interest in Employee's position or would make Employee's position other than an at-will position.

- d. In the event the District terminates Employee's employment without cause, or the District decides to not extend the term of the Agreement without providing sixty (60) days' prior written notice, Employee shall receive a severance payment of six (6) months' base salary. Such severance is contingent upon Employee signing and delivering to the District a general release of all claims against the District (including without limitation its former and current elected officials, employees, officers, and agents), in a form acceptable to the District's General Counsel. There is no express or implied promise made to Employee for any form of continued employment as the District Employee.
- e. Notwithstanding Paragraph 8(c) above, the District shall not be obligated to pay any compensation, benefits, or severance under the provisions of this Agreement if Employee is terminated with cause, including, without limitation, because of a conviction, plea bargain, nolo contendere, or adverse District Attorney, State Attorney General, Grand Jury, or Fair Political Practices Commission determination involving any felony, intentional tort, crime of moral turpitude, or violation of statute or law constituting forfeiture of office, misconduct in office, misuse of public funds, or conflict of interest, or if a majority of the District's Board of Directors determines or finds that Employee committed willful misconduct or malfeasance, was insubordinate, failed to properly perform assigned duties, improperly used District funds or District property, or other failure of good behavior during or outside of employment such that the Employee's conduct caused discredit to the District. During the proceedings which may be necessary for District to confirm the cause for termination hereunder, the District may place Employee on administrative leave.

9. OWNERSHIP OF RECORDS; RETENTION OF RECORDS.

All reports, notes, plans, documents, records, computer data, communications, and other material or certified copies of same prepared by Employee in the course and scope of his duties under this Agreement shall become the property of the District. Employee shall make such documents available for review and/or audit by District and its representatives at all reasonable times during the term of this Agreement and for at least four (4) years from the date of expiration or termination of this Agreement.

10. PERFORMANCE EVALUATION.

District shall evaluate Employee's performance in or about October of the first year and each year thereafter, for purposes of determining annual salary adjustment / step increase, (District Policy #5 B,) effective on the anniversary date of this agreement, areas of improvement, achievements that should be noted, and goals and objectives the Board would like the Employee to accomplish for the following year, including how such items shall be measured. A performance review will also be conducted prior to any renewal or extension of this Agreement. Employee shall cause his performance review

to be scheduled in accordance with the requirements of this Section. The Board shall provide the Employee with a written summary statement of the evaluation and provide the Employee an adequate opportunity to discuss the evaluation with the Board. Such evaluation shall be placed in the Employee's personnel file.

11. CONFLICT OF INTEREST PROHIBITION.

- a. Employee shall not engage in any activity which is, or may become, a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Employee shall complete annual disclosure forms required by law.
- b. It is further understood and agreed that because of the duties of the Employee within and on behalf of the District and its citizenry, Employee shall not, during the term of this Agreement, individually, as a partner, joint venturer, officer, or shareholder, invest or participate in any business venture conducting business within the corporate limits of the District, except for stock ownership in any company whose capital stock is publicly held and regularly traded, without prior written consent of the District's Board of Directors. For and during the term of this Agreement, Employee further agrees, except for a personal residence used as his personal residence, not to invest in any other real estate or property improvements within the corporate limits of the District without the prior written consent of the District's Board of Directors.

12. INDEMNIFICATION.

The District shall defend, hold harmless and indemnify Employee against any tort, civil rights, personnel, discrimination, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties in accordance with the provisions of California Government Code section 825. The District shall provide a defense in accordance with California Government Code section 995. The District may decline to defend and/or indemnify Employee only as permitted by the California Government Code. The District may compromise and settle any such claim or suit and pay the amount of any settlement or judgment therefrom.

13. NON-LIABILITY OF OFFICIALS AND EMPLOYEES.

No official, employee, attorney, or agent of District shall be personally liable for any term, condition, breach, default, or liability under this Agreement.

14. WAIVER.

The waiver by either party of any term or condition of this Agreement or any breach of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement.

15. OTHER TERMS AND CONDITIONS OF EMPLOYMENT.

The District Board of Directors, by resolution, shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the

performance of Employee, provided such terms and conditions are not inconsistent with provisions of this Agreement or law.

16. GENERAL EXPENSE.

District recognizes and agrees to pay the job-related expenses incurred by Employee in the course of his duties. Travel expenses for District business, including but not limited to attendance at conferences, trainings, and seminars shall be approved by the District's Board of Directors, and be reported upon by Employee at a regular Board meeting.

17. NOTICES.

Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid. Alternatively, notices required pursuant to this Agreement may be personally served upon the Parties. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service to the addresses set out below or as subsequently communicated by one party to the other in writing:

To District: Board of Directors
Rodeo Hercules Fire Protection District
1680 Refugio Valley Road
Hercules, CA 94547

To Employee: Bryan Craig
[Address on file with District]

18. ATTORNEY'S FEES.

In the event of any mediation, arbitration or litigation to enforce any of the provisions of this Agreement, each party shall bear his or its own attorney's fees and costs.

19. FINAL AGREEMENT.

This Agreement is the final expression of the complete agreement of the parties with respect to the matters specified herein and supersedes all prior oral or written agreements, contracts, or understandings. Except as prescribed herein, this Agreement cannot be modified except by written mutual agreement signed by the parties.

20. ASSIGNMENT.

This Agreement is not assignable by either District or Employee.

21. SEVERABILITY.

In the event that any provision of this Agreement is finally held or determined to be illegal or void by a court having jurisdiction over the parties, the remainder of the Agreement shall remain in full force and effect unless the parts found to be void are wholly inseparable from the remaining portion of the Agreement.

22. TIME IS OF THE ESSENCE.

Time is of the essence in the performance of this Agreement.

23. INTERPRETATION.

This Agreement shall be interpreted as though prepared by both parties.

* * SIGNATURES ON FOLLOWING PAGE * *

DRAFT

RODEO HERCULES FIRE PROTECTION DISTRICT

By: _____
Andrew Gabriel, Board Chair

Dated: _____

EMPLOYEE:

By: _____
Bryan Craig

Dated: _____

APPROVED AS TO FORM:

Richard D. Pio Roda, District Counsel

3202087.1



RODEO-HERCULES FIRE PROTECTION DISTRICT

1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547

(510) 799-4561 FAX: (510) 799-0395

BOARD MEETING MINUTES

February 13, 2019

1. CALL TO ORDER/ROLL CALL

Directors Present: Covington, Gabriel, Hill, Thorpe

Directors Absent: Prather

2. PLEDGE OF ALLEGIANCE (0:08)

3. DISTRICT REORGANIZATION (00:30)

Item tabled to March.

4. ANNOUNCEMENTS (00:44)

Counsel reports closed session items.

Moment of silence for John Figueroa.

5. ADJOURN TO CLOSED SESSION (01:40)

Board adjourned to closed session at 6:48 p.m.

6. RETURN TO OPEN SESSION (0:05)

Board reconvened at 7:21.

Director Covington present and was present in closed session.

Item 5A and 5B agreement reached. Bringing contract for March meeting for approval. Fire Chief badging ceremony at March meeting.

7. PUBLIC COMMUNICATIONS (00:57)

None.

8. CONFIRMATION OF THE AGENDA (01:19)

Director Gabriel would like to move Item 17 to after Consent Calendar. Consensus to move item.

9. BOARD CORRESPONDENCE (02:07)

Two e-mails received: Anton Jungherr and Susan Pricco.

10. CONSENT CALENDAR (04:10)

Director Hill makes motion to approve January meeting minutes, seconded by Director Covington. All in favor, motion passes 4-0.

11. MIDYEAR BUDGET REVIEW (56:10)

Representative from MRG provides overview of midyear budget review.

12. DISCUSSION AND POSSIBLE ACTION: REVIEW, ACCEPT STAFF RECOMMENDATION TO UPDATE PERSONNEL BULLETIN AND POLICY MANUAL (1:09:22)

Motion by Director Covington updating personnel bulletin at Chief's discretion with the Board kept abreast of policies changes. Seconded by Director Hill

ROLL CALL VOTE

Covington: Yes

Gabriel: Yes

Hill: Yes

Thorpe: Yes

Motion passed 4-0

13. DISCUSSION AND POSSIBLE ACTION: RESOLUTION 2019-02 ACKNOWLEDGING COMPLIANCE WITH SENATE BILL 1205 (1:36:03)

Motion by Director Covington to pass Resolution 2019-02, seconded by Director Gabriel.

ROLL CALL VOTE

Covington: Yes

Gabriel: Yes

Hill: Yes

Thorpe: Yes

Motion passed 4-0

14. DISCUSSION AND POSSIBLE ACTION: DELEGATION OF AUTHORITY FOR LOCAL AGENCY INVESTMENT FUND (1:37:00)

Director Hill made motion to adopt Resolution authorizing investment of monies in Local Agency Investment fund, and delegating authority.

ROLL CALL VOTE

Covington: Yes
Gabriel: Yes
Hill: Yes
Thorpe: Yes

Motion passed 4-0

15. DISCUSSION AND DIRECTION TO STAFF REGARDING BUDGET AND ADMINISTRATIVE ANALYST POSITION (1:38:08)

Item tabled until April, and consensus to revisit item in May with budget ad hoc committee.

Public Comment:

Susan Pricco

16. FIRE CHIEF REPORT (2:12:18)

Consensus for board support to move forward with updated developer impact fees.

17. STAFF REPORTS (08:24)

A. DISCUSSION AND POSSIBLE ACTION TO APPROVE A RESOLUTION TO APPOINT THE MEASURE O OVERSIGHT COMMITTEE

Applicants for Oversight Committee addressed the Board:

Ron Ardisonne
Paul Freese
Annie Ziff

Public Comment: Paul Freese

Motion by Director Gabriel to table item until March meeting where workshop held seconded by director Covington

ROLL CALL VOTE

Covington: Yes
Gabriel: Yes
Hill: Yes
Thorpe: Ye

Motion passed 4-0

18. BOARD MEMBER REPORTS (2:26:05)

A. LAFCO

19. AD HOC BOARD COMMITTEE REPORTS (2:26:21)

- a. Live Broadcast ad hoc committee-none
- b. Reserve Program ad hoc committee-none
- c. Proposition 172 ad hoc committee-none
- d. Budget ad hoc committee-none

20. LOCAL 1230 CORRESPONDENCE (2:27:09)

None.

21. REQUESTS FOR FUTURE AGENDA ITEMS (2:27:14)

None.

22. ADJOURNMENT (2:27:21)

Meeting adjourned at 9:49

Audio from this board meeting can be heard at www.rhfd.org:
Number in parenthesis is time stamp on audio where agenda item begins.

Board Secretary

Rodeo Hercules Fire Protection District

Transaction List by Date

February 2019

Date	Name	Memo	Account	Amount
02/01/2019	MYERS STEVENS	February 2019	1060 · EMPLOYEE GROUP INSURANCE	1,005.44
02/01/2019	MYERS STEVENS	January 2019	1060 · EMPLOYEE GROUP INSURANCE	1,005.44
02/01/2019	MYERS STEVENS	December 2018	1060 · EMPLOYEE GROUP INSURANCE	1,005.44
02/01/2019	MYERS STEVENS	November 2018	1060 · EMPLOYEE GROUP INSURANCE	1,005.44
02/01/2019	BAY AREA AIR QUALITY	permit Fee	2477 · ED SUPPLIES AND COURSES	292.00
02/01/2019	BAY AREA AIR QUALITY	Permit Fee	2477 · ED SUPPLIES AND COURSES	569.00
02/05/2019	Bertrand, Fox, Elliot, Osman & Wenzel	December 2018	2310-01 · LEGAL SERVICES-OTHER	1,518.00
02/05/2019	EAST BAY MUNICIPAL UTILITY DISTRICT	Station 76-12/3/18-01/30/19	2120 · UTILITIES	276.16
02/06/2019	U. S. Bank Corporate payment	Comcast-Station 75 Cable January 2019	2110 · COMMUNICATIONS	229.37
02/06/2019	U. S. Bank Corporate payment	Comcast-Station 76 Cable January 2019	2110 · COMMUNICATIONS	272.08
02/06/2019	U. S. Bank Corporate payment	Comcast-Station 76 Internet 12/23-01/22/19	2110 · COMMUNICATIONS	138.33
02/06/2019	U. S. Bank Corporate payment	Comcast-Station 75 Internet 12/25-01/24/19	2110 · COMMUNICATIONS	138.25
02/06/2019	U. S. Bank Corporate payment	Batteries Plus-station emergency lights	2130 · SMALL TOOLS & EQUIPMENT	410.31
02/06/2019	U. S. Bank Corporate payment	Pasta Bella Ristorante-mtg with Finance Director	2150 · FOOD	30.94
02/06/2019	U. S. Bank Corporate payment	Comcast-Station 76 Internet 11/13-12/12/18	2110 · COMMUNICATIONS	128.38
02/06/2019	U. S. Bank Corporate payment	USPS Postage	2100 · OFFICE EXPENSE	8.50
02/06/2019	U. S. Bank Corporate payment	amazon-SD card reader	2100 · OFFICE EXPENSE	15.89
02/06/2019	U. S. Bank Corporate payment	amazon-wireless keyboard	2100 · OFFICE EXPENSE	26.99
02/06/2019	U. S. Bank Corporate payment	amazon credit-battery replacement	2100 · OFFICE EXPENSE	-38.21
02/06/2019	U. S. Bank Corporate payment	amazon credit-battery replacement	2100 · OFFICE EXPENSE	-38.21
02/06/2019	U. S. Bank Corporate payment	amazon credit-SD card reader	2100 · OFFICE EXPENSE	-15.89
02/06/2019	U. S. Bank Corporate payment	amazon-SD card reader	2100 · OFFICE EXPENSE	15.89
02/06/2019	U. S. Bank Corporate payment	Microsoft annual charge	2100 · OFFICE EXPENSE	69.99
02/06/2019	U. S. Bank Corporate payment	amazon-AC adapter	2100 · OFFICE EXPENSE	16.99
02/06/2019	U. S. Bank Corporate payment	CSDA-webinar	2100 · OFFICE EXPENSE	85.00
02/06/2019	U. S. Bank Corporate payment	Office Depot-envelopes	2100 · OFFICE EXPENSE	87.00
02/06/2019	U. S. Bank Corporate payment	Parcelquest	2102 · BOOKS, PERIODICALS, SUBSCRIPTIONS	99.95
02/06/2019	U. S. Bank Corporate payment	FasTrak	2303 · OTHER TRAVEL EMPLOYEES	80.00
02/06/2019	U. S. Bank Corporate payment	Readyrefresh-drinking water	2150 · FOOD	39.93
02/06/2019	U. S. Bank Corporate payment	amazon-wall clock(2)	2170 · HOUSEHOLD EXPENSE	56.94
02/06/2019	U. S. Bank Corporate payment	Home Depot	2281 · MAINTENANCE-BLDGS AND GROUNDS	147.69
02/06/2019	U. S. Bank Corporate payment	Home Depot credit	2281 · MAINTENANCE-BLDGS AND GROUNDS	-32.04

Rodeo Hercules Fire Protection District

Transaction List by Date

February 2019

02/06/2019 U. S. Bank Corporate payment	Home Depot	2281 · MAINTENANCE-BLDGS AND GROUNDS	32.60
02/06/2019 U. S. Bank Corporate payment	Home Depot	2271 · CENTRAL GARAGE REPAIRS	32.20
02/06/2019 U. S. Bank Corporate payment	Home Depot	2271 · CENTRAL GARAGE REPAIRS	27.12
02/06/2019 U. S. Bank Corporate payment	Barry Evans Studio-Board and FF photo	2479 · OTHER SPECIAL DEPARTMENTAL EXP	355.06
02/06/2019 U. S. Bank Corporate payment	Setcom (4 headsets: 2 for Q76; 2 for E376)	2276 · Maintenance-Radio & Electronics	1,515.57
02/07/2019 ED JONES & CO.	Uniform cap pieces-service awards	2479 · OTHER SPECIAL DEPARTMENTAL EXP	1,892.73
02/10/2019 VERIZON WIRELESS	01/11-02/10	2110 · COMMUNICATIONS	19.06
02/11/2019 P.G. & E.	Station 76-01/09-02/07/19	2120 · UTILITIES	219.29
02/12/2019 P.G. & E.	Station 75-01/10-02/10/19	2120 · UTILITIES	21.03
02/14/2019 Red Cloud	Motorola Repair-1 radio	2276 · Maintenance-Radio & Electronics	594.00
02/14/2019 J. W. Enterprises	02/14-03/13/19	2281 · MAINTENANCE-BLDGS AND GROUNDS	609.00
02/15/2019 P.G. & E.	Station 75-01/11-02/11/19	2120 · UTILITIES	19.84
02/19/2019 Contra Costa County Public Health	Semi-Annal Physical Exam	2310 · PROFESSIONAL SERVICES -2310	485.00
02/21/2019	Feburary 2019	1042 · F.I.C.A.	133.18
02/21/2019	February 2019	1042 · F.I.C.A.	31.14
02/21/2019 Red Cloud	Motorola repair-1 radio	2276 · Maintenance-Radio & Electronics	594.00
02/21/2019 VERIZON WIRELESS	01/22-02/21/19	2110 · COMMUNICATIONS	815.53
02/24/2019 P.G. & E.	Station 75-01/24-02/22/19	2120 · UTILITIES	240.09
02/25/2019 CAL OES	Delta fire Reimb.	1014 · OVERTIME	-10,952.44
02/25/2019 CAL OES	Delta Fire Reimb.	2271 · CENTRAL GARAGE REPAIRS	-329.00
02/25/2019 CAL OES	Delta Fire Reimb.	1011 · PERMANENT SALARIES	-1,128.14
02/26/2019 Sprint	01/23-02/22/19	2110 · COMMUNICATIONS	381.51
02/28/2019	February 2019	1011 · PERMANENT SALARIES	185,756.69
02/28/2019	February 2019	1001 · HOLIDAY PAY	12,525.77
02/28/2019	February 2019	1013 · TEMPORARY SALARIES	4,092.00
02/28/2019	February 2019	1014-00 · FLSA	4,301.39
02/28/2019	February 2019	1014 · OVERTIME	44,978.71
02/28/2019	February 2019	2160 · CLOTHING & PERSONAL SUPPL	1,100.00
02/28/2019	February 2019	1042 · F.I.C.A.	3,598.72
02/28/2019	February 2019	1044 · RETIREMENT EXPENSE	38,858.88
02/28/2019	February 2019	1063 · UNEMPLOYMENT INSURANCE	123.27

RODEO-HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

TO: BOARD of DIRECTORS

FROM: Bryan Craig, FIRE CHIEF

DATE: March 13, 2019

RE: Annual Audit

BACKGROUND

The 2018 District audit was conducted under our three year contract with Harshwal and Company LLP. The district contracted with Harshwal to provide the following services:

Basic Financial Statements and Memorandum of Internal Control
Preparation of Annual Report of Financial Transactions for the District (SCO Report)
Single Audit Report for 2018 Year, Measure O, revenues and expenditures.

RECOMMENDATION

It is recommended that the Board of Directors receive and accept the Basic Financial Statements, Memorandum on Internal Control and Required Communications and Single Audit Report For The Year Ended June 30, 2018 and single audit report fot Measure O, as prepared by Harshwal and Company LLP.

ATTACHMENTS:

Basic Financial Statements for the Year Ended June 30, 2018
Memorandum on Internal Control and Required Communications for the Year Ended June 30, 2018
Single Audit Report for the Year Ended June 30, 2018

**RODEO - HERCULES FIRE PROTECTION DISTRICT
HERCULES, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

**Harshwal & Company LLP
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RODEO - HERCULES FIRE PROTECTION DISTRICT

JUNE 30, 2018

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund, of the Rodeo - Hercules Fire Protection District, (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Rodeo - Hercules Fire Protection District as of June 30, 2018 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, pension and other post employment benefit tables 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 Rodeo - Hercules Fire Protection District, California's basic financial statements. The Supplemental Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the 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 January 30, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Harshwal & Company LLP

**Oakland, California
January 30, 2019**

RODEO - HERCULES FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2018

Our discussion and analysis of the Rodeo - Hercules Fire Protection District (District) provides the reader with an overview of the District's financial position and performance for the period ending June 30, 2018. The Management's Discussion & Analysis (MD&A) describes the significant changes that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The District ended its fiscal year with negative net position of \$15,127,012.
- The total Program Expenses were \$6,912,051.
- The total Program Revenues were \$1,014,213.
- The total General Revenues were \$7,555,045.
- The change in Net Position represents an increase of \$1,657,207.

Fund Financial Statements

- The General Fund operating revenues were less than its expenses leaving a fund balance of \$1,238,910.
- The Hercules Fire Impact Fund revenues exceeded its expenses leaving a fund balance of \$244,404.
- The Rodeo Fire Impact Fund revenues exceeded operating expenses leaving a fund balance of \$21,832.
- The Capital Projects #1 Fund operating revenues exceeded expenses leaving a fund balance of \$96,707.
- Measure O Parcel Tax Fund had \$2,429,757 in revenues.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,238,910; the Hercules Fire Impact Fund was \$244,404; the Rodeo Fire Impact Fund was \$21,832; the Capital Projects No. 1 was \$96,707; the Measure O Parcel Tax Fund was \$1,108,215. In addition, the District has a line of credit funding source with the Kansas State Bank with a debt service fund balance of \$88,173.

ANNUAL REPORT OVERVIEW

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

All of the District's basic services are considered to be governmental activities. The District's services are supported by general District revenues such as taxes, benefit assessments, developer impact fees and inspection fees. In the District's case, the five funds (General Fund, two Capital Projects Funds and two Developer Impact Fees) are presented individually.

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

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

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

Table 1
Net Position
Governmental Activities

	<u>2017-2018</u>	<u>2016-2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 2,219,449	\$ 1,010,671	\$ 1,208,778	119.6 %
Noncurrent Assets	88,173	88,173		%
Capital assets	<u>2,207,590</u>	<u>1,976,343</u>	<u>231,247</u>	<u>11.7 %</u>
Total assets	<u>4,515,212</u>	<u>3,075,187</u>	<u>1,440,025</u>	<u>46.8 %</u>
Deferred Outflows of Resources				
Related to pension	<u>2,476,737</u>	<u>3,276,927</u>	<u>(800,190)</u>	<u>(24.4)%</u>
Liabilities				
Current liabilities	623,439	549,188	74,251	13.5 %
Noncurrent liabilities	<u>15,799,596</u>	<u>17,831,252</u>	<u>(2,031,656)</u>	<u>(11.4)%</u>
Total liabilities	<u>16,423,035</u>	<u>18,380,440</u>	<u>(1,957,405)</u>	<u>(10.6)%</u>
Deferred Inflows of Resources				
Related to pension	<u>5,726,315</u>	<u>4,003,406</u>	<u>1,722,909</u>	<u>43.0 %</u>
Net Position				
Invested in capital assets, net of related debt	1,909,447	1,609,181	300,266	18.7 %
Restricted for:				
Special projects and programs	266,236	136,567	129,669	94.9 %
Debt Service	88,173	88,173	-	- %
Unrestricted (as restated)	<u>(17,390,868)</u>	<u>(17,865,653)</u>	<u>474,785</u>	<u>2.7 %</u>
Total Net Position	<u><u>\$ (15,127,012)</u></u>	<u><u>\$ (16,031,732)</u></u>	<u><u>\$ 904,720</u></u>	<u><u>5.6 %</u></u>

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE, (Continued)

Table 2
Statement of Activities
Governmental Activities

	<u>2017-2018</u>	<u>2016-2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Expenses				
Public safety - fire protection	<u>\$ 6,912,051</u>	<u>\$ 6,809,586</u>	<u>\$ 102,465</u>	<u>1.5 %</u>
Total Program Expenses:	<u>6,912,051</u>	<u>6,809,586</u>	<u>102,465</u>	<u>1.5 %</u>
Revenues				
Program revenues:				
Charges for Services	1,014,213	352,276	661,937	187.9 %
General revenues:				
Property taxes	7,386,286	5,452,543	1,933,743	35.5 %
Hercules development fees	165,326	57,088	108,238	189.6 %
Investment earnings	3,237	969	2,268	234.1 %
Miscellaneous	<u>196</u>	<u>1,002,897</u>	<u>(1,002,701)</u>	<u>(100.0)%</u>
Total Revenues	<u>8,569,258</u>	<u>6,865,773</u>	<u>1,703,485</u>	<u>24.8 %</u>
Changes in net position	<u>1,657,207</u>	<u>56,187</u>	<u>\$ 1,601,020</u>	<u>2,849.4 %</u>
Net position - beginning of year	(16,031,732)	(16,087,919)		
Prior Period Adjustments	<u>(752,487)</u>	<u>-</u>		
Net position - beginning of year, as restated	<u>(16,784,219)</u>	<u>(16,087,919)</u>		
Net position - end of year	<u><u>\$ (15,127,012)</u></u>	<u><u>\$ (16,031,732)</u></u>		

Expenses

The Public Safety expenses totaled to \$7,341,655 for fiscal year ending 2018. In addition, depreciation expense, in the amount of \$216,301, was recognized. The remaining expenses are categorized as materials and services and capital projects.

Program Revenues

In the category of "Capital Grants and Contributions," due to the City of Hercules financial crisis, the District did not receive its annual RDA Pass-Through from the City of Hercules for the years 2010-11 through 2017-18 in the total amount of \$820,881, as of June 30, 2018.

During the fiscal year ended June 30, 2018, the District also received funding through the District's Measure "O" in amount of \$2,429,757. The proceeds of the special tax funding replacement measure imposed by this ordinance could be used solely for any lawful purpose permissible to Fire District's pursuant to California Health and Safety Code section 13800 et seq.

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE, (Continued)

The District also received a financial assistance as submitted under the fiscal year 2016 Assistance to Firefighters Grant in amount of \$450,450, which was totally used to acquire fire fighting equipments.

The District also received funding in the miscellaneous category from the Contra Costa County (CCC) Emergency Medical Services through CCC's Measure "H" funding for its annual allotment for First Responder funding in amount of \$85,593. The balance of miscellaneous revenue consists of other charges for service.

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

General Revenues

The primary source of revenue for the operation of the Rodeo - Hercules Fire Protection District is generated through the collection of secured, unsecured, and supplemental property and parcel taxes. During the last fiscal year, the overall assessed valuation increased by 0.1%. This increase reflects the increase in assessed valuations in the City of Hercules and Town of Rodeo. A considerable portion of the District's potential revenues falls within the City of Hercules Redevelopment Area of which the District is entitled to receive a portion of the pass-through property tax revenues. However, due to the City of Hercules' financial crisis, the District did not receive its pass-through monies in fiscal years 2010/11 through 2017/18, as stated above.

Fund Financial Statements

Governmental Funds

At June 30, 2018, the District's governmental funds reported combined fund balances of \$1,834,117, which is an increase of \$1,147,202 compared with the prior year.

Major Analyses of Governmental Funds

General Fund

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

Overall, the General Fund expenditures increased by 2.01% from last year.

CAPITAL ASSETS

At the end of fiscal year 2018, the District had \$2,207,590 in net capital assets. The following table identifies the specific governmental activity:

Table 3
Capital Assets at Year-End
Governmental Activities

	<u>2017-2018</u>	<u>2016-2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Expenses				
Land	\$ 7,437	\$ 7,437	\$ -	- %
Buildings and improvements	1,096,448	1,096,448	-	- %
Equipment	5,578,720	5,131,172	447,548	8.7 %
Less accumulated depreciation	<u>(4,475,015)</u>	<u>(4,258,714)</u>	<u>(216,301)</u>	<u>5.1 %</u>
Capital Assets:	<u>\$ 2,207,590</u>	<u>\$ 1,976,343</u>	<u>\$ 231,247</u>	<u>11.7 %</u>

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

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

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

The economic condition of the Rodeo - Hercules Fire Protection District as it appears on the balance sheet reflects financial stability for future years as the District has made significant reductions in expenditures and has made efforts to increase its revenues. The District received a FEMA grant for the last three years, which allowed the District to be able to fully staff two of its stations. The FEMA grant expired prior to the start of the 2017/18 fiscal year. However, Measure O parcel tax allowed the District to keep both stations open upon the expiration of the FEMA Safer Grant and the 2014 benefit assessment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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 and deferred outflows, and all of its liabilities and deferred inflows, 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 and the District's total liabilities and deferred inflows, 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 from total assets.

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments (Note 2)	\$ 2,158,184
Accounts receivable	29,886
Due from other governments	<u>31,379</u>
Total Current Assets	<u>2,219,449</u>
Noncurrent Assets:	
Other assets:	
Restricted cash (Note 2 and 4)	<u>88,173</u>
Total other assets	<u>88,173</u>
Capital assets (Note 3):	
Non-depreciable	7,437
Depreciable capital assets, net	<u>2,200,153</u>
Total capital assets, net of accumulated depreciation	<u>2,207,590</u>
Total Noncurrent Assets	<u>2,295,763</u>
Total Assets	<u>4,515,212</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 6)	2,476,737
Related to other post employment benefit plan (Note 7)	<u>30,389</u>
Total Deferred Outflows of Resources	<u>\$ 2,507,126</u>

... Continued

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 473,505
Compensated absences, due within one year (Note 1 G)	78,776
Lines of credit, due within one year (Note 4)	<u>71,158</u>
Total Current Liabilities	<u>623,439</u>
Noncurrent Liabilities:	
Compensated absences, due in more than one year (Note 1 G)	183,811
Lines of credit, due in more than one year (Note 4)	226,985
Other post employment benefit obligations (Note 8B)	3,695,626
Net pension liability (Note 6)	<u>11,693,174</u>
Total Noncurrent Liabilities	<u>15,799,596</u>
Total Liabilities	<u>16,423,035</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension (Note 6)	<u>5,726,315</u>
NET POSITION (DEFICIT) (Note 5)	
Net investment in capital assets	1,909,447
Restricted for:	
Special projects and programs	266,236
Debt Service	88,173
Unrestricted	<u>(17,390,868)</u>
Total Net Position (Deficit)	<u><u>\$ (15,127,012)</u></u>

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Governmental Activities Net (Expenses) Revenues</u>
Governmental Activities:			
Fire protection	\$ 6,912,051	\$ 1,014,213	\$ (5,897,838)
Total Governmental Activities	<u>\$ 6,912,051</u>	<u>\$ 1,014,213</u>	<u>(5,897,838)</u>
General Revenues (Expenses):			
Property tax			7,355,786
Home owner property tax relief			30,500
Hercules development fees			165,326
Investment earnings			3,237
Miscellaneous			<u>196</u>
Total General Revenues			<u>7,555,045</u>
Change in Net Position			<u>1,657,207</u>
Net Position (Deficit) Beginning			(16,031,732)
Prior Period Adjustments			<u>(752,487)</u>
Net Position (Deficit) Beginning, as restated			<u>(16,784,219)</u>
Net Position (Deficit) Ending			<u><u>\$ (15,127,012)</u></u>

See accompanying notes to basic financial statements

FUND FINANCIAL STATEMENTS

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 grants. Expenditures are made for public safety and other operating expenditures.

HERCULES FIRE IMPACT FEE SPECIAL REVENUE FUND

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

RODEO FIRE IMPACT FEE SPECIAL REVENUE FUND

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

MEASURE O PARCEL TAX SPECIAL REVENUE FUND

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

CAPITAL PROJECTS #1 FUND

The Capital Projects # 1 Fund is used to account for the District's capital budget.

DEBT SERVICE FUND

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	<u>General</u>	<u>Hercules Fire Impact Fee Special Revenue</u>	<u>Rodeo Fire Impact Fee Special Revenue</u>	<u>Measure O Parcel Tax Special Revenue</u>
ASSETS				
Cash and investments (Note 2)	\$ 687,023	\$ 244,404	\$ 21,833	\$ 1,108,215
Restricted cash (Note 2 & 4)	-	-	-	-
Accounts receivable	29,886	-	-	-
Due from other governments	31,379	-	-	-
Due from other funds	<u>964,126</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,712,414</u>	<u>244,404</u>	<u>21,833</u>	<u>1,108,215</u>
LIABILITIES				
Accounts payable	473,504	-	1	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,124</u>
Total Liabilities	<u>473,504</u>	<u>-</u>	<u>1</u>	<u>964,124</u>
FUND BALANCES				
Fund Balances (Note 5):				
Restricted	-	244,404	21,832	-
Assigned	197,108	-	-	144,091
Unassigned	<u>1,041,802</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,238,910</u>	<u>244,404</u>	<u>21,832</u>	<u>144,091</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,712,414</u></u>	<u><u>\$ 244,404</u></u>	<u><u>\$ 21,833</u></u>	<u><u>\$ 1,108,215</u></u>

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	<u>Capital Projects #1</u>	<u>Debt Service</u>	<u>Total Government al Funds</u>
ASSETS			
Cash and investments (Note 2)	\$ 96,709	\$ -	\$ 2,158,184
Restricted cash (Note 2 & 4)	-	88,173	88,173
Accounts receivable	-	-	29,886
Due from other governments	-	-	31,379
Due from other funds	<u>-</u>	<u>-</u>	<u>964,126</u>
Total Assets	<u>96,709</u>	<u>88,173</u>	<u>3,271,748</u>
LIABILITIES			
Accounts payable	-	-	473,505
Due to other funds	<u>2</u>	<u>-</u>	<u>964,126</u>
Total Liabilities	<u>2</u>	<u>-</u>	<u>1,437,631</u>
FUND BALANCES			
Fund Balances (Note 5):			
Restricted	-	88,173	354,409
Assigned	96,707	-	437,906
Unassigned	<u>-</u>	<u>-</u>	<u>1,041,802</u>
Total Fund Balances	<u>96,707</u>	<u>88,173</u>	<u>1,834,117</u>
Total Liabilities and Fund Balances	<u><u>\$ 96,709</u></u>	<u><u>\$ 88,173</u></u>	<u><u>\$ 3,271,748</u></u>

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances reported on the governmental funds balance sheet	\$ 1,834,117
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

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

Non-depreciable capital assets	7,437
Depreciable capital assets, net	2,200,153

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

Compensated absences payable, due within one year	(78,776)
Compensated absences payable, due in more than one year	(183,811)
Collective other post employment benefits and deferred outflows	(3,665,237)
Collective net pension liability and deferred inflows and outflows	(14,942,752)
Lines of credit, due within one year	(71,158)
Lines of credit, due in more than one year	<u>(226,985)</u>

NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (15,127,012)</u></u>
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RODEO - HERCULES FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Hercules Fire Impact Fee Special Revenue</u>	<u>Rodeo Fire Impact Fee Special Revenue</u>	<u>Measure O Parcel Tax Special Revenue</u>
REVENUES:				
District taxes	\$ 4,926,029	\$ -	\$ -	\$ 2,429,757
Home owner property tax relief	30,500	-	-	-
Intergovernmental revenue	1,014,213	-	-	-
Hercules development fees	-	165,326	-	-
Use of money and property	-	-	2,107	-
Other	<u>196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>5,970,938</u>	<u>165,326</u>	<u>2,107</u>	<u>2,429,757</u>
EXPENDITURES:				
Current:				
Public safety-fire protection	7,294,088	37,760	4	9,795
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,294,088</u>	<u>37,760</u>	<u>4</u>	<u>9,795</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,323,150)	127,566	2,103	2,419,962
OTHER FINANCING SOURCES				
Transfers in	2,397,961	-	-	-
Transfers out	<u>(80,401)</u>	<u>-</u>	<u>-</u>	<u>(2,397,966)</u>
Total Other Financing Sources	<u>2,317,560</u>	<u>-</u>	<u>-</u>	<u>(2,397,966)</u>
NET CHANGE IN FUND BALANCES	994,410	127,566	2,103	21,996
Fund balances at beginning of year	<u>244,500</u>	<u>116,838</u>	<u>19,729</u>	<u>122,095</u>
Fund balances, at end of year	<u><u>\$ 1,238,910</u></u>	<u><u>\$ 244,404</u></u>	<u><u>\$ 21,832</u></u>	<u><u>\$ 144,091</u></u>

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Capital Projects #1</u>	<u>Debt Service</u>	<u>Total Government al Funds</u>
REVENUES:			
District taxes	\$ -	\$ -	\$ 7,355,786
Home owner property tax relief	-	-	30,500
Intergovernmental revenue	-	-	1,014,213
Hercules development fees	-	-	165,326
Use of money and property	1,130	-	3,237
Other	<u>-</u>	<u>-</u>	<u>196</u>
Total Revenues	<u>1,130</u>	<u>-</u>	<u>8,569,258</u>
EXPENDITURES:			
Current:			
Public safety-fire protection	8	-	7,341,655
Debt service:			
Principal	-	69,019	69,019
Interest	<u>-</u>	<u>11,382</u>	<u>11,382</u>
Total Expenditures	<u>8</u>	<u>80,401</u>	<u>7,422,056</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,122	(80,401)	1,147,202
OTHER FINANCING SOURCES			
Transfers in	5	80,401	2,478,367
Transfers out	<u>-</u>	<u>-</u>	<u>(2,478,367)</u>
Total Other Financing Sources	<u>5</u>	<u>80,401</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,127	-	1,147,202
Fund balances at beginning of year	<u>95,580</u>	<u>88,173</u>	<u>686,915</u>
Fund balances, at end of year	<u><u>\$ 96,707</u></u>	<u><u>\$ 88,173</u></u>	<u><u>\$ 1,834,117</u></u>

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
RECONCILIATION OF THE NET CHANGE IN FUND BALANCES
TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 1,147,202
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capitalized expenditures are added back to fund balance	447,548
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.	(216,301)

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	(35,122)
Other post employment benefits	(231,972)
Pension expense	476,833
Repayment of principal	<u>69,019</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,657,207</u></u>
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RODEO - HERCULES FIRE PROTECTION DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
District taxes	\$ 4,493,670	\$ 4,489,211	\$ 4,926,029	\$ 436,818
Home owner property tax relief	30,945	30,945	30,500	(445)
Intergovernmental revenue	443,896	477,976	1,014,213	536,237
Other	<u>-</u>	<u>-</u>	<u>196</u>	<u>196</u>
Total Revenues	<u>4,968,511</u>	<u>4,998,132</u>	<u>5,970,938</u>	<u>972,806</u>
EXPENDITURES:				
Current:				
Public safety-fire protection	<u>7,086,551</u>	<u>6,803,913</u>	<u>7,294,088</u>	<u>490,175</u>
Total Expenditures	<u>7,086,551</u>	<u>6,803,913</u>	<u>7,294,088</u>	<u>490,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,118,040)	(1,805,781)	(1,323,150)	482,631
OTHER FINANCING SOURCES				
Transfers in	2,446,000	2,429,756	2,397,961	(31,795)
Transfers out	<u>-</u>	<u>-</u>	<u>(80,401)</u>	<u>(80,401)</u>
Total Other Financing Sources	<u>2,446,000</u>	<u>2,429,756</u>	<u>2,317,560</u>	<u>(112,196)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 327,960</u>	<u>\$ 623,975</u>	994,410	<u>\$ 370,435</u>
Fund balances at beginning of year			<u>244,500</u>	
Fund balances, at end of year			<u>\$ 1,238,910</u>	

See accompanying notes to basic financial statements

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Basis of Presentation

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

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

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Major Funds

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

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

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

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

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

Measure O Parcel Tax Revenue Fund - is used to receive fire assessment fees.

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

Debt Service Fund - is used to account for the District's line of credit.

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.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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

E. Budgets and Budgetary Accounting

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

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

The District's General Fund expenditures exceeded budget by \$490,175, primarily due to an increase in payments made to utilize the money received through the Assistance to Firefighters Grant to acquire new firefighting equipment.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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.

G. Accumulated Compensated Absences

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

H. Capital Assets and Depreciation

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

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

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

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheets reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only pension related items in this category.

In addition to liabilities, the statement of net position and balance sheets reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. The District has only pension related items in this category.

J. Use of Estimates

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

K. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 2 - CASH AND INVESTMENTS

A. Policies

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

B. Classification

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

Cash and investments were as follows at June 30, 2018:

Unrestricted cash and investments:	
Cash deposits with the County	\$ 2,049,799
Petty cash	400
LAIF	<u>107,985</u>
Total unrestricted cash and investments	<u>2,158,184</u>
Restricted cash and investments:	
Cash in bank - held by	
Kansas State Bank of Manhattan	<u>88,173</u>
Total restricted cash and investments	<u>88,173</u>
Total cash and investments	<u>\$ 2,246,357</u>

C. Investment in County Treasury

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS, (Continued)

D. Local Agency Investment Fund (LAIF)

At June 30, 2018, the District had \$107,985 invested in LAIF. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District's investments with LAIF at June 30, 2018, include a portion of the pool funds invested in structured notes and asset-backed securities. These investments matured in an average of 193 days.

E. Fair Value Hierarchy

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

The California Local Agency Investment Fund is valued using the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period. As of June 30, 2018, the aforementioned fair value factor was 0.99813.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3 - CAPITAL ASSETS

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 7,437	\$ -	\$ 7,437
Total capital assets not being depreciated	<u>7,437</u>	<u>-</u>	<u>7,437</u>
Capital assets being depreciated:			
Structures and improvements	1,096,448	-	1,096,448
Equipment and vehicles	<u>5,131,172</u>	<u>447,548</u>	<u>5,578,720</u>
Total capital assets being depreciated	<u>6,227,620</u>	<u>447,548</u>	<u>6,675,168</u>
Less accumulated depreciation:			
Structures and improvements	(433,831)	(21,929)	(455,760)
Equipment and vehicles	<u>(3,824,883)</u>	<u>(194,372)</u>	<u>(4,019,255)</u>
Total accumulated depreciation	<u>(4,258,714)</u>	<u>(216,301)</u>	<u>(4,475,015)</u>
Total depreciable assets	<u>1,968,906</u>	<u>231,247</u>	<u>2,200,153</u>
Governmental activity capital assets, net	<u>\$ 1,976,343</u>	<u>\$ 231,247</u>	<u>\$ 2,207,590</u>

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 4 - LINES OF CREDIT

On October 9, 2012, the District entered into a Government Obligation Contract (line of credit) with Kansas State Bank of Manhattan (Bank) to borrow \$703,500 for the purchase of one rescue pumper and three command vehicles. The remaining principal and interest (3.4% per year) is payable annually over the next ten years, maturing on October 15, 2021, and are payable from general District revenues.

During fiscal year 2017-2018, the District paid \$69,019 in principal payments. As of June 30, 2018, the District maintained funds held in an escrow account held by the Bank, shown on the Statement of Net Position and Balance Sheet as "restricted cash" in the amount of \$88,173.

The lines of credit mature as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 71,158	\$ 9,242	\$ 80,400
2020	73,364	7,037	80,401
2021	75,638	4,762	80,400
2022	<u>77,983</u>	<u>2,417</u>	<u>80,400</u>
	<u>\$ 298,143</u>	<u>\$ 23,458</u>	<u>\$ 321,601</u>

Note 5 - NET POSITION AND FUND BALANCES

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

A. Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, 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.

Restricted describes the portion of Net Position 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 debt service and acquisition and construction of facilities and equipment.

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - NET POSITION AND FUND BALANCES, (Continued)

B. Fund Balance

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

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - 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 and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances; Nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

Note 6 - PENSION PLAN

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN, (Continued)

The plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN, (Continued)

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ -	\$ 474,590

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	67,554
Safety	<u>11,625,620</u>
Total Net Pension Liability	<u><u>\$ 11,693,174</u></u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the plans is measured as of December 31, 2017, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each plan as of December 31, 2014 through 2018 was as follows:

<u>Reporting Date for Employer under GASB 68 as of December 31,</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate share of Net Pension Liability</u>	<u>Covered- employee payroll</u>	<u>Proportionate share of the Net Pension Liability as a percentage of it's covered- employee payroll</u>	<u>Plan Fiduciary Net Pension as a percentage of the Total Pension Liability</u>
2014	1.129%	\$16,612,346	\$1,766,704	940.30%	59.86%
2015	1.129%	13,499,212	2,069,510	652.29%	65.89%
2016	1.012%	15,252,152	2,342,844	651.01%	63.59%
2017	1.049%	14,693,106	2,241,786	655.42%	66.55%
2018	1.441%	11,693,174	2,194,605	532.81%	74.20%

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN, (Continued)

For the year ended June 30, 2018, the District recognized a negative pension expense of \$2,243. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 260,381	\$ -
Differences between actual and expected experience	-	(1,152,817)
Changes in assumptions	352,623	(143)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,863,733	(1,558,600)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(3,014,755)</u>
Total	<u><u>\$ 2,476,737</u></u>	<u><u>\$ (5,726,315)</u></u>

The \$260,381 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2019	\$ (1,155,388)
2020	\$ (194,166)
2021	\$ (1,057,792)
2022	\$ (1,102,613)

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN, (Continued)

Actuarial Assumptions - The total pension liabilities in the December 31, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	December 31, 2016	December 31, 2016
Measurement Date	December 31, 2017	December 31, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.00%	7.00%
Inflation	2.75% (1)	2.75% (1)
Payroll Growth	3.25%	3.25%
Projected Salary Increase	4.0% - 13.25% (2)	4.0% - 13.75% (2)
Investment Rate of Return	7.0% (3)	7.25% (3)
Mortality	RP-2014 Combined Healthy Mortality Table	

(1) Plus "across the board" real salary increases of 0.5% per year

(2) Vary by service, including inflation

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% for the Plan. 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 was applied to all periods of projected benefit payments to determine the total pension liability as of December 31, 2017.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - PENSION PLAN, (Continued)

The long-term expected rate of return on pension plan investments was determined in 2017 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. The target allocation 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	6 %	5.75 %
Developed International Equity	10 %	6.99 %
Emerging Markets Equity	14 %	8.95 %
Short-Term Govt/Credit	24 %	0.20 %
US Treasury	2 %	0.30 %
Real Estate	7 %	4.45 %
Cash & Equivalents	1 %	(0.46)%
Risk Diversifying Strategies	2 %	4.30 %
Private Credit	17 %	6.30 %
Private Equity	<u>17 %</u>	8.10 %
Total	<u><u>100 %</u></u>	

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - 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 each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.00 %	6.00 %
Net Pension Liability	103,148	17,751,088
Current Discount Rate	7.00 %	7.00 %
Net Pension Liability	67,554	11,625,620
1% Increase	8.00 %	8.00 %
Net Pension Liability	38,507	6,626,879

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

Note 7 - EMPLOYEE BENEFIT PLANS

A. Deferred Compensation Plan

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - EMPLOYEE BENEFIT PLANS, (Continued)

B. Other Post Employment benefits (OPEB)

At June 30, 2018, net OPEB liability and related deferred outflows of resources are as follows:

Deferred outflows of resources	<u>\$ 30,389</u>
Net OPEB liabilities	<u>\$ 3,695,626</u>

Plan Description

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

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

Eligibility

In order to qualify for postemployment medical benefits, an employee must retire from the District and maintain enrollment in one of District's eligible health plans. The District pays 100% of the medical premium for the retiree, spouse and dependents. At age 65, the District pays the Senior Advantage (Medicare eligible) or Medicare (Non-Medicare eligible) costs, and for those retirees out of the Kaiser area, the District pays up to what it would have paid capped at the actual premium. As of June 30, 2018, membership of the District as of the valuation date consisted of the following:

Inactive Employees Receiving Benefits	22
Participating Active Employees	<u>19</u>
Total Number of Participants	<u><u>41</u></u>

Funding Policy and Actuarial Assumptions

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - EMPLOYEE BENEFIT PLANS, (Continued)

projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial method	Entry age actuarial cost method
Discount rate	7.00%
Inflation	2.75%
Aggregate salary increases	2.75%
Investment rate of return	7.00%
Mortality rates	2014 CalPERS Active/Retired Mortality for Miscellaneous/Safety Employees
Healthcare cost trend rate	4.00% for medical benefits

Discount Rate

The discount rate used to measure the total OPEB Liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - EMPLOYEE BENEFIT PLANS, (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	43 %	7.795 %
US Small Cap	23 %	7.795 %
Long-Term Corporate Bonds	12 %	5.295 %
Long-Term Government Bonds	6 %	4.500 %
Treasury Inflation Protected Securities (TIPS)	5 %	7.795 %
US Real Estate	8 %	7.795 %
All Commodities	3 %	7.795 %

Change in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
	<u>Plan</u>		
	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(c) = (a) - (b)</u>
Balance at June 30, 2016	<u>\$ 4,951,369</u>	<u>\$ 1,518,104</u>	<u>\$ 3,433,265</u>
Changes Recognized for year:			
Service Cost	102,630	-	102,630
Interest	349,483	-	349,483
Employer Contributions	-	29,082	(29,082)
Employee Contributions	-	-	-
Actual Investment Income	-	161,487	(161,487)
Administrative Expense	-	(817)	817
Benefit Payments	(17,306)	(17,306)	-
Other	-	-	-
Net changes	<u>434,807</u>	<u>172,446</u>	<u>262,361</u>
Balance at June 30, 2017 (Measurement and Valuation Date)	<u>\$ 5,386,176</u>	<u>\$ 1,690,550</u>	<u>\$ 3,695,626</u>

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. During the fiscal year ended June 30, 2018 (subsequent to the measurement date), the District contributed \$30,389 to the plan.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - EMPLOYEE BENEFIT PLANS, (Continued)

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2017, amounted to \$5,386,176. The AAL is partially funded since assets have been transferred into CERBT. The District's contributions, along with investment income net of current year premiums resulted in assets with CERBT of \$1,690,550 as of June 30, 2017, which partially reduced the unfunded actuarial accrued liability.

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

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

Plan's Net OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
\$ 4,302,760	\$ 3,695,626	\$ 3,189,575

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

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

Plan's Net OPEB Liability		
Discount Rate - 1%	Current Discount Rate	Discount Rate +1%
\$ 3,186,898	\$ 3,695,626	\$ 4,283,259

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$231,972. At June 30, 2018, the District reported deferred outflows of resources of \$30,389, which was totally related to subsequent contributions to the plan.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 8 - RISK MANAGEMENT

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

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

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

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 9 - COMMITMENTS AND CONTINGENCIES

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

Note 10 - TAX ABATEMENT

The District has implemented the Governmental Accounting Standards Board (GASB) Statement number 77, Tax Abatement Disclosures. A tax abatement is created when a government enters into an agreement with an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The District identified one abatement programs namely the Williamson Act that may affect the District's share of the property tax. The Williamson Act enables local governments to enter into contracts with private landowners for restricting specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments based upon farming and open space uses as opposed to full market value. The Mills Act allows the county to enter into contracts with owners of historic structures who actively participate in the restoration and preservation of the property in exchange for an assessment at less than full market value. As per the Contra Costa County Controller's Office, the District's revenue might be affected by the Williamson Act if there is any Williamson Act properties within the Rodeo-Hercules Fire Protection District.

RODEO - HERCULES FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 11 - CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).

Net position as previously reported at June 30, 2017	\$ (16,031,732)
Prior period adjustments due to implementation of GASB 75:	
Net OPEB liability	<u>(752,487)</u>
Net position as restated, June 30, 2017	<u><u>\$ (16,784,219)</u></u>

Note 12 - SUBSEQUENT EVENTS

The management of District reviewed the results of operations for the period of time from its year end June 30, 2018 through January 30, 2019, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred other than already mentioned, the nature of which would require disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

RODEO - HERCULES FIRE PROTECTION DISTRICT
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT RETIREMENT PLAN
AS OF FISCAL YEAR ENDING JUNE 30, 2018
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Last 10 Years*			
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Change in Total Pension Liability				
Service Cost	\$ 3,083,283	\$ 2,141,354	\$ 1,952,386	\$ 2,170,536
Interest on the Total Pension Liability	8,888,146	6,253,767	5,893,314	6,336,010
Expensed portion of current-period changes in proportion and difference between employer's contributions and proportionate share of contributions	520,596	(138,010)	(590,374)	(510,910)
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	(94,543)	(46,136)	(139,078)	(450,621)
Expensed portion of current-period changes of assumptions or other inputs	-	-	161,621	(186)
Member contributions	(1,401,275)	(937,982)	(863,851)	(883,512)
Projected earnings on plan investments	(7,491,678)	(5,147,268)	(5,065,803)	(5,273,953)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(1,349,724)	(14,034)	864,172	(30,163)
Administrative expense	132,858	89,654	82,128	78,803
Other Expenses	17,675	(94,310)	6,764	-
Recognition of beginning of year deferred outflows of resources as pension expense	1,472,409	(595,247)	(431,135)	-
Net amortization of deferred amounts from Changes in proportion and differences between employer's contribution and proportionate share of contribution	<u>(1,239,294)</u>	<u>(1,101,284)</u>	<u>(510,910)</u>	<u>-</u>
Net change in total pension liability	<u><u>2,538,453</u></u>	<u><u>410,504</u></u>	<u><u>1,359,234</u></u>	<u><u>1,436,004</u></u>
Reconciliation of Net Pension Liability				
Beginning Net Pension Liability	14,693,106	15,252,152	13,499,212	16,612,346
Pension expense	1,637,240	1,481,331	1,359,234	1,436,004
Employer contributions	(2,111,707)	(2,058,096)	(2,186,912)	(966,307)
New net deferred inflows/outflows	(5,737,357)	(220,843)	3,536,036	(1,743,556)
New net deferred outflows due to change in proportion	<u>3,211,892</u>	<u>238,562</u>	<u>(955,418)</u>	<u>(1,839,275)</u>
Net pension liability- ending	<u><u>\$ 11,693,174</u></u>	<u><u>\$ 14,693,106</u></u>	<u><u>\$ 15,252,152</u></u>	<u><u>\$ 13,499,212</u></u>
Plan fiduciary net position as a percentage of the total pension liability	74.20 %	66.55 %	63.59 %	65.89 %
Covered - employee payroll	\$ 2,194,605	\$ 2,241,786	\$ 2,342,844	\$ 2,069,510
Net pension liability as percentage of covered employee payroll	532.81 %	655.42 %	651.01 %	652.29 %

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

RODEO - HERCULES FIRE PROTECTION DISTRICT
COST-SHARING MULTIPLE EMPLOYER DEFINED BENEFIT RETIREMENT PLAN
AS OF FISCAL YEAR ENDING JUNE 30, 2018

SCHEDULE OF CONTRIBUTIONS

Last 10 Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,058,096	\$ 2,058,096	\$ 2,186,912	\$ 966,307
Contributions in relation to the actuarially determined contributions	<u>2,058,096</u>	<u>2,058,096</u>	<u>2,186,912</u>	<u>966,307</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,342,844	\$ 2,241,786	\$ 2,342,844	\$ 2,069,510
Contributions as a percentage of covered employee payroll	87.85 %	91.81 %	93.34 %	46.69 %

Notes to Schedule

Measurement date:	12/31/2017	12/31/2016	12/31/2015	12/31/2014
-------------------	------------	------------	------------	------------

Methods and assumptions used to determine contribution rates:

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

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

** Remaining balance of December 31, 2007 UAAL is amortized over a fixed (decreasing or closed) period with 8 years remaining as of December 31, 2014. Any changes in UAAL after December 31, 2007 will be separately amortized over a fixed 18-year period effective with that valuation. Any changes in UAAL due to plan amendments will be amortized over a 10-year fixed period effective with that valuation.

SUPPLEMENTAL INFORMATION

RODEO - HERCULES FIRE PROTECTION DISTRICT
CAPITAL PROJECTS #1 FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,130	\$ 1,130
Total Revenues	-	-	1,130	1,130
EXPENDITURES:				
Current:				
Public safety-fire protection	-	-	8	8
Total Expenditures	-	-	8	8
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	-	-	1,122	1,122
OTHER FINANCING SOURCES				
Transfers in	-	-	5	5
Transfers Out	-	-	-	-
Total Other Financing Sources	-	-	5	5
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	1,127	<u>\$ 1,127</u>
Fund balances at beginning of year			<u>95,580</u>	
Fund balances, at end of year			<u>\$ 96,707</u>	

**RODEO - HERCULES FIRE PROTECTION DISTRICT
HERCULES, CALIFORNIA**

MEASURE O REPORT

FOR THE YEAR ENDED JUNE 30, 2018

**Harshwal & Company LLP
Certified Public Accountants
7677 Oakport Street, Suite 460
Oakland, CA 94621
(510) 452-5051**

RODEO - HERCULES FIRE PROTECTION DISTRICT

JUNE 30, 2018

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

Report on Financial Statements

We have performed the procedures enumerated below, which were agreed to by the Rodeo - Hercules Fire Protection District' management, on the Rodeo - Hercules Fire Protection District's (the "District") Measure O - Special Tax revenues received and expenditures made by the District for the fiscal year ended June 30, 2018. The District's management is responsible for the receipt of Measure O - Special Tax revenues and deposit of such proceeds into the District's Measure O - Special Tax Revenue Fund and use it solely for any lawful purpose permissible to the District as instructed in Ordinance 2016-1. The sufficiency of these procedures is solely the responsibility of the District's management. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

PROCEDURES:

The procedures performed and findings are listed below:

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

Revenues:	
Measure O - Special Tax Revenue	<u>\$ 2,429,757</u>
Expenditures:	
Permanent Salaries	1,311,747
Unfunded Actuarial Accrued Liability Payments	964,124
County Collection Fee	<u>9,795</u>
Total Expenditures	<u>2,285,666</u>
Net Change in Measure O Funds	144,091
Available Measure O Funds, Beginning	<u>-</u>
Available Measure O Funds, Ending	<u><u>\$ 144,091</u></u>

The District received the Measure O Parcel tax funds in October 2017. During fiscal year 2017-18, funds were used as follow:

Permanent Salaries - The District transferred a total of \$1,311,748 from the Measure O Fund to the General Fund through a County Interfund transfer to cover Permanent Salaries through February 7, 2018. Detail of salaries paid through Measure O Fund resources were as follow:

Permanent Salaries Paid through General Fund:

July 2017	\$ 191,536
August 2017	196,430
September 2017	185,900
October 2017	179,100
November 2017	190,888
December 2017	180,986
January 2018	186,908
	<u>\$ 1,311,748</u>

Unfunded Actuarial Accrued Liability Payments - The District transferred a total of \$964,124 from the Measure O Fund to the General Fund through a County Interfund transfer to cover 7 installments of the District's Unfunded Actuarial Accrued Liability to Contra Costa County Employee's Retirement Association. Detail of payments made using Measure O Fund resources were as follow:

Unfunded Actuarial Accrued Liability Paid through General Fund:

December 2017	\$ 137,732
January 2018	137,732
February 2018	137,732
March 2018	137,732
April 2018	137,732
May 2018	137,732
June 2018	137,732
	<u>\$ 964,124</u>

County Collection Fees - Contra Costa County assesses fees to levy assessments and taxes. Charges for the Measure O Levy totaled \$9,795, which was paid using Measure O Fund resources.

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

FINDINGS:

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's Measure O - Special Tax revenues received and expenditures made by the District for the fiscal year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Harshwal & Company LLP

Oakland, California
January 30, 2019

RESOLUTION 2019-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RODEO HERCULES FIRE PROTECTION DISTRICT ESTABLISHING AN INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE FOR MEASURE O

WHEREAS, the Board of Directors of the Rodeo Hercules Fire Protection District (the "Board"), previously adopted Resolution No. 2016-04 requesting the Registrar of Voters of the County of Contra Costa to call an election on November 8, 2016, on a measure to authorize a special tax for the continued maintenance of local fire protection and emergency response services (the Parcel Tax Election); and

WHEREAS, on November 8, 2016, the Parcel Tax Election was duly held and conducted for the purpose of voting on a measure, designated as Measure O, to impose a special tax (the "Parcel Tax") of the Rodeo-Hercules Fire Protection District (the "District") in the amount of \$216 per parcel per year; and

WHEREAS, more than two-thirds of the votes cast on Measure O were in favor of issuing the Parcel Tax; and

WHEREAS, Section 4 of Ordinance 2016-001 declares that the Board of Directors shall form and appoint members to an independent 2016 Special Tax Funding Replacement Measure (Parcel Tax) Independent Oversight Committee who shall receive, review, and advise the Board on the Annual Report.

WHEREAS, the Board desires to authorize the establishment of an independent citizens oversight committee as required by Measure O at this time in order to ensure an orderly process for the selection of committee members.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rodeo-Hercules Fire Protection District, as follows:

Section 1. An Independent Citizens' Oversight Committee (the "Committee") is hereby established in compliance with Measure O for the general purpose of providing oversight as to the expenditure of Measure O parcel tax revenues.

Section 2. The Independent Citizens' Oversight Committee Bylaws (the "Bylaws"), a copy of which is attached hereto as Exhibit A, are hereby approved.

Section 3. The Committee shall have the specific purposes and be operated in the manner required by the Bylaws, and such Bylaws may be amended from time to time in accordance

with their terms. The initial appointment of Committee member shall be undertaken in accordance with the Bylaws.

Section 4. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED THIS ____ day of _____, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

BOARD OF DIRECTORS OF THE
RODEO-HERCULES FIRE PROTECTION DISTRICT

By: _____

Chairman of the Rodeo-Hercules Fire Protection District

Attest:

Clerk of the Board of the
Rodeo-Hercules Fire Protection District

CLERK'S CERTIFICATE

I, _____, Clerk of the Board of Directors of the Rodeo-Hercules Fire Protection District, hereby certify as follows:

The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of said District duly and regularly and legally held at the regular meeting place thereof on _____, 2019, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minute of said meeting on file and of record in my office and the foregoing is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: _____, 2019

Clerk of the Board of the
Rodeo-Hercules Fire Protection District

EXHIBIT A

MEASURE O CITIZEN'S OVERSIGHT COMMITTEE BYLAWS

SECTION I COMMITTEE ESTABLISHED

The Rodeo-Hercules Fire Protection District (the "District") was successful at the election conducted on November 6, 2016, on Measure O, obtaining authorization from the District's voters to impose a special tax in the amount of \$216 per parcel annually, pursuant to a two-thirds majority vote.

Pursuant to Resolution No. 2016-04, the District is obligated to establish a Citizens' Oversight Committee in order to satisfy the accountability requirements of Measure O. In a resolution adopted on _____, 2019, the Board of Directors of the Rodeo-Hercules Fire Protection District ("Board") established the Measure O Citizens' Oversight Committee which shall have the duties and rights set forth in these Bylaws.

SECTION II COMMITTEE'S MISSION

The mission of the Measure O Citizen's Oversight Committee is to independently review and inform the public and the Board concerning the expenditure of parcel tax revenues and to ensure that such revenues are expended in accordance with the intention of the voters.

SECTION III NAME AND LOCATION

- 3.01 The name of the Committee will be the Measure O Citizens' Oversight Committee (the "Committee").
- 3.02 The office of the Committee shall be located at the Rodeo-Hercules Fire Protection District, located at 1680 Refugio Valley Road, Hercules, CA 94547.

SECTION IV PURPOSE

- 4.01 The purpose of the Committee is to provide oversight and to inform the public and the Board concerning the expenditure of Measure O revenues.

The Committee shall actively review and report on the proper expenditure of the taxpayers' monies in accordance with the stated purposes of the Measure O Parcel Tax:

The proceeds of the special tax funding replacement measure imposed by this ordinance shall be placed in a special account or fund to be used solely for any lawful purpose permissible to Fire Districts pursuant to California Health and Safety Code §13800 et seq., including but not limited to enhancing the level of fire prevention, emergency fire protection and paramedic response services through increasing staffing levels to operate and maintain the District's fire stations, maintaining and when necessary replacing fire protection and lifesaving equipment and apparatus to optimal levels of function and performance, and to fund capital improvements.

- 4.02 The Committee shall convene to provide oversight for the following:
1. Ensuring that Measure O revenues are deposited into a separate account created by the District.
 2. Ensuring that measure O revenue are expended only for the purposes described in section 4.01 above.

SECTION V COMMITTEE ACTIVITIES

- 5.01 The Committee shall engage in any of the following activities in furtherance of its purpose:
1. Actively review and report on the proper expenditure of Measure O revenue.
 2. Advise the Board as to whether the District is in compliance with the requirements of Measure O.
 3. Conduct all business in accordance with the provisions of the Ralph M. Brown Act ("the Brown Act") of the State of California which shall include the posting of notices and agendas of the Committee meetings on the District's website.

4. Provide for communication with and from the community on all issues related to Measure O.
 - a. The Committee shall issue an Annual Report of its activities to the Board. Each Annual Report shall concern the events of the preceding fiscal year and shall include a summary of the Committee's proceedings and a statement indicating whether the District's Measure O expenditures were in accordance with the stated purpose. Each report shall be presented to the Board within 100 days of the end of the reporting period (July 1 to June 30) to which it pertains.
 - b. In addition, the Committee may prepare, approve, and distribute other progress reports of its activities, findings, and recommendations to the Fire Chief, the Board, and the public. If in conducting its duties and activities, the Committee finds it necessary to report to the Board on any item it deems to be of immediate concern, the Committee may request that the Board call a special Board meeting in accordance with the provisions of the Brown Act.
 - c. The Committee reports shall be posted on the District's website.
5. All documents received and reports issued by the Committee shall be made available for public viewing on the District's website.

5.02 In furtherance of its purpose, the Committee may engage in any of the following activities:

1. Receive and review copies of the District's required annual, independent financial audits.
2. Receive and review copies of the District's annual and interim budget reports and presentations.

5.03 The Committee may review any documents related to the expenditure of Measure O proceeds and make recommendations in accordance with its Purpose and Activities, as stated in Sections IV and V of these bylaws, and Measure O. However, the Board, in its sole discretion, may act on any recommendations as it deems appropriate.

5.04 In recognition of the fact that the Committee is charged only with overseeing the expenditure of Measure O proceeds, the Board has not charged the Committee with the following, all of which shall be determined in the Board's sole discretion:

1. The establishment of District goals and priorities.
2. The selection of personnel to support the Committee.
3. The approval of an annual budget for the Committee that is sufficient to carry out the activities set forth in its bylaws.
4. The appointment or reappointment of qualified applicants to serve on the Committee based on criteria adopted by the Board.

SECTION VI DISTRICT DUTIES AND SUPPORT

- 6.01 Either the Board or Fire Chief, as the Board shall determine, shall have the following duties reserved to it, and the Committee shall have no jurisdiction over the following types of activities:
1. Approval of contracts and purchases
 2. Handling of all legal matters
 3. Approval of personnel assignments
 4. Approval of the parcel tax assessments
 5. Approval of agreements related to parcel tax assessments
- 6.02 The District commits to support the oversight process through cooperation with the Committee, by providing the Committee with access to information and with sufficient logistical support so that the Committee may effectively perform its oversight function. Further, the District will insure that with regard to the Committee, all District personnel are committed to open communication, the timely sharing of information, and teamwork.
- 6.03 The District shall provide necessary administrative and technical support to the Committee as shall be consistent with the Committee's purpose, including but not limited to:
1. Preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the Board.
 2. Provision of a meeting room, including any necessary audio/visual equipment.
 3. Preparation and copies of any document or meeting materials, such as agendas and reports.
 4. Retention of all Committee records.

SECTION VII MEMBERSHIP

- 7.01 The Committee shall be composed of a minimum of three (3) and a maximum of five (5) members appointed by the Board after an open and public recruitment process. The Board, at its sole discretion, may appoint more than five (5) members provided that any appointments beyond five (5) result in an odd number of active members

serving at any one time. Members of the Oversight Committee shall be residents or property owners within the District and registered to vote. Employees, officials, vendors, contractors, or consultants of the District are not eligible for voting or active membership on the Committee. The number of Committee members shall be a balance of property owners that reside in the City of Hercules, and the Town of Rodeo located within the County of Contra Costa, and one member shall be a resident or property owner within the District who is also a member of a bona fide taxpayer organization. Dependent on the number of members on the Committee, a majority shall constitute a quorum of the Committee. Members selected to the Committee shall have a two-year term from time of appointment, unless sooner terminated by the Board. Committee members shall serve until their successor is appointed by the Board. Committee members may be re-appointed by the Board.

7.02 The Committee shall include at least:

1. One member who is a resident of Hercules.
2. One member who is a resident of Rodeo.
3. One member of a bona fide tax payer association.

7.03 A single individual may be appointed as a representative of more than one of the above categories if applicable.

7.04 A Committee member who no longer serves the group s/he was appointed to represent shall be allowed to complete his/her current term. However, that Committee member shall not be entitled to serve a subsequent term as a representative of that group.

7.05 Committee members may not hold any incompatible office or position during their term of membership, as those terms are defined in Article 4.7 of Division 4, of Title I (commencing with section 1125) of the Government Code, and shall abide by the conflict of interest prohibitions contained in Article 4 of Division 4, of Title I (commencing with section 1090) of the Government Code and with the Ethics Policy attached as Appendix I hereto. Any member shall disclose immediately any possible or potential conflict of interest to the Committee. A Committee member's failure to disclose any possible or potential conflict of interest when known will result in the member's removal from the Committee.

7.06 Committee members are not eligible to apply for contracts with the District until two (2) years after leaving the Committee.

7.07 The Fire Chief, one representative from IAFF Local 1230, one representative from RHPFO, and one Board member may serve as ex-officio members of the Committee. These ex-officio members shall have no voting rights as members of the Committee.

7.08 Committee members shall receive no compensation for their services on the

Committee.

SECTION VIII TERMS OF OFFICE

- 8.01 Committee members are appointed by the Board for a term of two (2) years, except as provided in Section 8.02 or as otherwise provided herein. No member may serve more than three (3) consecutive terms or a maximum of six (6) consecutive years, whichever is less. The terms shall be staggered as set forth in Section 8.02 below. Should a member resign his/her position before his/her term matures, the Board will appoint a new member to complete the term. At the discretion of the Board, members serving partial terms may be reappointed to serve three complete terms at the conclusion of the partial term.
- 8.02 At the Committee's first meeting, members will draw lots in order to stagger the starting initial terms as follows:
1. *One or Two of the members will serve an initial two-year (2) term, and,
 2. *Two or Three of the members will serve an initial three-year (3) term.
- *These numbers are dependent on the total number of Committee members.*
- 8.03 The members serving the initial three (3) year term will be eligible for reappointment to no more than one additional two (2) year term at the discretion of the Board.
- 8.04 Should the Board increase the number of members on the Committee, the Committee will make the necessary adjustments to terms in order to once again have one-half of the members' terms maturing each year.
- 8.05 Following an absence of one year, any Committee member whose term has expired due to statutory term limits shall be eligible to serve again.

SECTION IX REMOVAL FROM OFFICE

9.01 The Board may remove any Committee member, for cause, including failure to attend without reason acceptable to the Committee, three (3) consecutive Committee meetings or for failure to comply with the District's or Committee's Ethics Policy. Upon a member's removal, his/her seat shall be declared vacant. The Board, in accordance with the established appointment process, shall fill any vacancies on the Committee as soon as practicable.

SECTION X

COMMITTEE RULES & PROCEDURES

- 10.01 The Committee shall meet at least twice per year and as often as the Committee deems necessary to conduct its business on dates to be determined by the Committee at its organizational meeting. The date upon which, and the hour and place at which, each such regular meeting shall be held shall be fixed by the Committee and posted on the District's website. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.02 Special meetings and established subcommittee meetings may be called in accordance with the provisions of the Brown Act, as amended or supplemented from time to time. To the extent permitted by the Brown Act, such meetings may be held by teleconference.
- 10.03 All meetings of the Committee shall be called, noticed, held and conducted subject to the provisions of the Brown Act. The Committee shall cause minutes of all meetings to be kept and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to District staff for posting on the District's website.
- 10.04 Any person wishing to speak during the Public Comments section of the Committee's agenda, at the beginning and/or end of each meeting, shall first complete a speaker request card and submit the card to the Committee Secretary prior to the public comments section of the agenda.
1. Individual speakers before the Committee shall have a three-minute time limit per item. The Chairman may increase this time limit by no more than ten minutes.
 2. The Chairman shall ensure that all persons addressing the Committee confine the subject matter of their remarks to the particular matter before the Committee.
 3. If a member of the audience has addressed the Committee on matters which are not on the posted agenda for that meeting, members shall refrain from discussing such matters. If the non-agenda matter raised by a member of the public concerns an issue that is within the subject matter jurisdiction of the Committee, any member may request that the Committee vote to place that matter on a future agenda.

4. Persons addressing the Committee shall address the Committee as a whole and shall not direct comments to individual members of the Committee or to members of the audience.
- 10.05 In the event of disorderly conduct by members of the public, the Committee may order the meeting room cleared pursuant to California Government Code §54957.9.
- 10.06 A majority of active members of the Committee shall constitute a quorum for the transaction of business, except that less than a quorum may convene from time to time.

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- 10.07 Each member of the Committee shall be entitled to one vote to be entered in person. Members may not vote by absentee or proxy. No action shall be taken by members present and voting, unless a quorum is present. Recommendations to the Board to approve or disapprove a project must be approved by a majority of the active members of the Committee.
- 10.08 Members are expected to attend all meetings.
- 10.09 Committee members shall complete and submit to the Fire Chief a California Fair Political Practices Commission Form 700 upon appointment, and annually thereafter. Committee meetings shall be held in accordance with the Brown Act (California Government Code section 54950 *et seq.*) Committee members shall be held to the District's and Committee's Ethics policy and shall attend AB 1234 Ethics training.

SECTION XI.

COMMITTEE OFFICERS

- 11.01 The officers of the Committee shall be a Chairman, a Vice Chairman and a Secretary. The Chairman shall chair the Committee meetings. The Vice Chairman shall act as Chairman only when the Chairman is absent.
- 11.02 The Chairman and Vice Chairman must be members of the Committee, and shall be elected by a majority of the Committee at the organizational meeting each year. The Chairman and Vice Chairman shall serve for no more than four (4) years in their respective offices. The Secretary shall be appointed by the Committee and need not be a member of the Committee.
- 11.03 The duties of the Chairman are to:
1. Preside at meetings of the Committee.
 2. Appear before the Board and other bodies to present and discuss the official actions of the Committee.
- 11.04 The duties of the Vice Chairman are to:
- I. Preside at Committee meetings in the absence of the Chairman.
 2. Appear before the Board and other bodies to present and discuss the official actions of the Committee in the absence of the Chairman.
- 11.05 The duties of the Secretary are to:
1. Record and maintain minutes of all meetings of the Committees.
 2. Distribute minutes of all meetings of the Committee to all Committee members, to the Board, and to District staff for posting on the District's website.

3. Distribute Committee meeting agendas to all Committee members, to all other persons requesting copies of the agenda so that provisions of the Brown Act are followed, and to District staff for posting on the District's website.
4. Distribute all Committee reports to all Committee members, to the Board and to District staff for posting on the District's website.
5. Keep all documents officially received by the Committee in the course of its business, and to forward copies of all such documents to the District staff.
6. Prepare all necessary correspondence of the Committee.
7. Arrange and coordinate meeting locations and teleconferences of the Committee

SECTION XII

AMENDMENTS

- 12.01 These Bylaws shall become effective upon approval of the Board of Directors.
- 12.02 These Bylaws may be amended, changed, added to, or repealed by the Board, as deemed necessary. Additional or supplemental operational guidelines or procedures may be adopted by the Committee by a majority vote of all the members of the Committee, providing such additional or supplemental operational guidelines or procedures are not in conflict with these Bylaws, any Resolution or Ordinance of the Board, or any state law, including but not limited to the provisions of the Brown Act and the California Health & Safety Code.

SECTION XIII

TERMINATION

- 13.01 The Committee shall initiate procedures to terminate and disband at the earlier of the date:
1. All Measure O proceeds have been expended, or
 2. All Measure O revenues have been collected.
- 13.02 Once the District informs the Committee that either of the conditions described in 13.01 has occurred, the Committee shall prepare a final report of findings and recommendations to be presented and received by the Board at a regularly scheduled Board meeting.

- 13.03 Once the final report of findings and recommendations is presented to the Board, the Committee shall automatically terminate and disband. In no event shall the final report be presented to the Board more than 90 days after the Committee has been informed of the occurrence of either of the conditions set forth in section 13.01.

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APPENDIX I

RODEO-HERCULES FIRE PROTECTION DISTRICT MEASURE O CITIZENS' OVERSIGHT COMMITTEE

ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for committee members to follow in carrying out their roles. Not all ethical issues that committee members face are covered in this statement. However, this statement captures some of the critical areas that help define ethical and professional conduct for committee members. The provisions of this statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy, as well as the District's ethics policy, and any Board Policies and Procedures.

POLICY

CONFLICT OF INTEREST A committee member shall not attempt to influence a District decision related to: (1) any contract funded by Measure O proceeds or (2) any District project that will benefit the Committee member's outside employment, business, or personal finances or benefit an immediate family member, such as a spouse, child or parent.

OUTSIDE EMPLOYMENT A Committee member shall not influence a District decision related to any District project involving the interests of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind.

COMMITMENT TO UPHOLD LAW A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Rodeo-Hercules Fire Protection District.

COMMITMENT TO DISTRICT A Committee member shall place the interests of the District above any personal or business interests of the member.

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RODEO-HERCULES FIRE PROTECTION DISTRICT

MEMORANDUM

TO: Board of Directors, RODEO HERCULES FIRE DISTRICT

FROM: Bryan Craig, FIRE CHIEF

DATE: February 13, 2019

RE: Updating of Personnel Bulletins / Policy Manual

BACKGROUND:

The Fire District's Personnel Bulletins that are contained within the Policy and Procedures Manual provide the operational and personnel policies for the Fire District. These Policies and Procedures provide the working conditions and expectations for all District employees. Some of the information contained within these policies has become outdated as the last update occurred in 1998.

RECITALS:

Staff asked for Boards approval to update existing policies.

Staff presented to the Board Bulletin #1 from the current Policy and Procedures manual for approval to update.

The updated Bulletin has been completed for review by the Board.

RECOMMENDATION:

The Fire Chief is asking to approve updating Personnel Bulletin #1 and removing the Board Approval requirement for Bulletins/ Policies not pertaining to Wages and Benefits. This is an action item.

POLICY AND PROCEDURE

SUBJECT: INTRODUCTION

A. GENERAL.

1. Purpose of this document is to provide for personnel rules pertaining to the employment and promotion of applicants, for the classification and designation of positions, compensation and other benefits and procedures and for guidelines to assist managers in effectively administering personnel actions in a reasonable and effective manner.
2. All officers and members of the Rodeo-Hercules Fire Protection District will be furnished with a copy of these policy and procedures, and it shall be their duty to become familiar with the contents thereof.
3. All copies of these policy and procedures shall remain the property of the District. In the event of amendment, inserts will be furnished. Replacement value for this booklet shall be \$25.00.
4. These policy and procedures cannot, nor are they expected to provide a solution to every question or problem which may arise within this organization designed and established to render emergency service. It is expected however, that they will be sufficiently comprehensive to cover, either in a specific or general way, the privileges, obligations, and duties of members of the Rodeo-Hercules Fire Protection District. They are not designed nor intended to limit any member in the exercise of his/her judgment or initiative in taking the action a responsible person would take in extraordinary situations which are bound to arise in the fire service. It is expected and it shall be the duty of all members of the District to act at such times with loyalty, integrity, and professional discretion.
5. Every member or employee of the District shall be subject to reprimand, suspension, reduction in rank, deduction in pay, dismissal from the department, and from the service of the District according to the nature of the offense, for violation of any of these policy and procedures of the Fire District now in force, or

that may be hereafter amended and issued, after having been given an opportunity to be heard, through established channels, in his/her own defense.

6. The internal affairs of the Fire District shall be under the administration of the Fire Chief of the District, from his/her office at the headquarters of the Fire District. All matters pertaining to or affecting the District, proposed or contemplated by members thereof, must be submitted to the Fire Chief before any action is taken; subordinates are strictly forbidden to take part in any proposition contemplating any effect, directly or indirectly, upon the District or its operations, except with the permission of the Fire Chief or his/her designee. The Fire Chief is authorized to take all actions, and to issue all directives necessary to administer the operations of the District, including the implementation and clarification of Board Policy.
7. All official communications shall be made through proper channels; sending through rank in order of command. No intervening officer shall suppress any such communication and all communications to the governing authority (Board of Directors) shall be made by the Fire Chief or his/her designee.
8. These policy and procedures shall cancel previous policy and procedures, if conflict should develop, unless otherwise determined by Board action.
9. Any changes, modifications, or alterations of the Policy and Procedures manual of the Rodeo-Hercules Fire Protection District, pertaining to salaries and benefits can only be made by a majority vote of the District Board of Directors.
10. Any new policies or procedures shall be brought before the Board of Directors for approval.
11. The Fire Chief has the authority to implement updates, amendments, and modifications to the policy and procedures not pertaining to salaries and benefits. The Board of Directors will be given the opportunity to review any and all changes to the policy and procedures. The District Board of Directors maintains its rights after such review to make modifications and or changes.

B. EQUAL EMPLOYMENT OPPORTUNITY POLICY.

The policy of the Rodeo-Hercules Fire Protection District is to provide equal opportunity in all terms and conditions of employment to all persons without regard to race, color, religion, national origin, sex, sexual orientation, gender identity, ancestry, medical condition, age (protected class), marital status, disability, pregnancy, childbirth or related medical condition.

C. UNLAWFUL HARASSMENT POLICY.

The Rodeo-Hercules Fire Protection District is committed to providing a work environment free of harassment. The District strictly prohibits harassment because of sex, sexual orientation, gender identity, race, color, religion, national origin, ancestry, medical condition, age (protected class), marital status, disability, pregnancy, childbirth, or related medical condition or any other basis made unlawful by applicable federal, state or local law. This policy applies to all persons involved in the operations of the District and prohibits unlawful harassment by any District employee including supervisors and co-workers.

The law prohibits any form of protected-basis harassment that impairs an employee's working ability or emotional well-being at work. This includes: (1) Verbal Conduct (such as epithets, derogatory comments, slurs, or unwanted sexual advances, invitations, or comments); (2) Visual Conduct (such as derogatory posters, photography, cartoons, drawings, or gestures); (3) Physical Conduct (such as unwanted touching, blocking normal movement, or interfering with work); (4) Threats and Demands to submit to sexual requests in order to keep one's job or avoid some other loss, and offers of job benefits in return for sexual favors; or (5) Retaliation for reporting, or threatening to report, harassment.

Any employee who is subjected to, or observes, an incident of possible discrimination or harassment contrary to this policy is urged to report the incident to management immediately so that complaints can be quickly investigated and fairly resolved. Employees may bring a complaint to their supervisor, Fire Chief or any other member of management, without fear of reprisal. If the complaint involves someone in the employee's direct line of command, the employee is free to go to another management official.

If possible, complaints should be in writing and include details of the incident, names of the individuals involved and names of any witnesses. Complaints will generally be referred to the Fire Chief, or designee, who will immediately undertake an effective, thorough and objective investigation. A determination regarding the alleged harassment will be made promptly and it will be communicated to the complaining employee.

If the District determines that unlawful harassment has occurred, it will take remedial action commensurate with the severity of the offense. The District will remedy any loss resulting from the harassment, will inform the complaining employee of whatever action is taken against the harasser, will act to deter any future harassment, and will neither retaliate for filing a complaint nor knowingly permit retaliation by management employees or co-workers.

The Department of Fair Employment and Housing and the U.S. Equal Employment Opportunity Commission (EEOC), investigate complaints of employment harassment; prosecution can occur if complaints are founded, and appropriate relief can be awarded.

**RODEO-HERCULES FIRE
PROTECTION DISTRICT**

Bulletin No. 1
Issued: 9/1/98
Revised: 2/13/2019
Pages: 3

POLICY AND PROCEDURE PERSONNEL BULLETIN

SUBJECT: INTRODUCTION

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The Department of Fair Employment and Housing also investigates complaints of employment harassment; it can prosecute them before the Fair Employment and Housing Commission, which has authority to order appropriate relief. The nearest office is listed in the telephone book.

RODEO HERCULES FIRE PROTECTION DISTRICT
MEMORANDUM

Date: March 13, 2019
To: BOARD OF DIRECTORS
From: BRYAN CRAIG, Fire Chief
Subject: Surplus Equipment

BACKGROUND:

In accordance with District Bulletin #23, The District retains the right to dispose of surplus property to other governmental entities or private parties that would benefit from the use of the property. However, California Constitution Article XVI, Section 6 provides that the District does not have the “power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever.” Nevertheless, Article XVI, Section 6 does not prohibit transfers of public funds or property if the transfer is for a public purpose and that public purpose is within the jurisdiction of the District. The installation of the Diesel exhaust removal system replaced our inadequate air supply compressors located at Station 75 and 76.

RECITALS:

POLICY

The Rodeo-Hercules Fire District Board of Directors designated the following procedures for disposal of all District surplus personal property.

Definition: Personal property is all property which is not real property.

PROCEDURES:

When employees are determining whether to dispose of District personal property, with the Fire Chief's approval, the following steps should be taken in turn:

Step #1 Determine Whether the Personal Property is Surplus

Factors to consider include:

- A. expiration of the service life of the asset;
- B. wear and tear;
- C. deterioration or action of the physical elements;
- D. inadequacy; and
- E. obsolescence.

Step #2 Determine Whether the Property is Disposable or Marketable.

If the personal property is Surplus, the next step is to determine whether the property is Disposable or Marketable by first determining whether the property is likely to have a fair

market value of less or more than the costs of locating a buyer willing to pay fair market value and then subsequently selling the personal property to that buyer. If the fair market value is less, it is Disposable; if it is more, it is Marketable.

Step #3 Choose The Correct Method To Dispose Of The Property.

Step #3a If the Property Is Disposable, the property may be disposed of in any of the following manners:

- A. Placed in the garbage.
- B. **Given to District personnel at no charge.**
- C. Sold to governmental entities for the amount of \$1.
- D. Sold to the public for the amount of \$1.
- E. Any other means not violating California Constitution Article XVI, Section 6.

Step #3b. If The Property Is Marketable, the property shall be disposed in whichever of the two following two manners is determined to be most beneficial to the District:

- A. Below Market Value Sales to Fire Agencies. Sold for at least \$1 to a fire protection agency which may subsequently utilize the Marketable Property when responding to an emergency within the District; or
- B. Open Market Sales. Sold on the open market in whichever of the following 3 manners is the most advantageous to the District:
 - 1. Negotiation. Surplus property may be sold outright if the only one known buyer is available or interested in acquiring the property.
 - 2. Traditional Public Bids. A professional auctioneer may be contacted to provide auction services.
 - a. Notice Inviting Bids. Notice shall be given by publication in the official newspaper of the District by one or more insertions, the first of which shall be published at least ten (10) days before the time for opening of bids. Such notice shall state the time, date and place of opening bids and place of auction and where the bid documents may be obtained.
 - b. Written Bid Procedure.

Sealed bids shall be submitted to the District's Finance Department with deposit by cashier's check or certified check. At the time of opening the bids, the District shall hold a public auction. At the public auction, interested persons present may raise the highest written bid by orally bidding at least 10% higher than the sealed bid. Each succeeding bid shall be in increments equal to the minimum dollar increment required to make the first bid. When the final oral bid has been made and has been determined to be the highest, the bidder must immediately submit his bid in writing which must be accompanied by satisfactory evidence of his ability to deposit 10% in cash, a cashier's check drawn on a state or national bank, a state or federal credit union or a state or federal savings and loan association domiciled in this state or cash equivalent which has been designated in the notice of sale as acceptable by the District. The bidder shall also immediately sign the indemnification provision required in step number 4 below. In the event of a tie

bid, a drawing will be held to decide which bidder will be awarded. A date will be specified for pickup of property. If items are not removed on the specified date, the next highest bidder will be notified of award and given a specified time and date to remove the property from the premises. The Designated Staff may waive irregularities in the procedure or in the bids and may reject or accept any bid made at public auction.

3. Internet Auctions – The Designated Staff may utilize EBay, or another similar means to dispose of Merchantable Property via the internet.

Step #4 Indemnification.

As a condition of transfer of Surplus Property, the involved party shall execute an agreement in a form satisfactory to District Counsel which releases, indemnifies, and agrees to defend the District, its elected officials, officers and agents from any liability or claim of liability resulting from the transfer or use of the involved property.

RECOMMENDATION:

Due to the end of service life of the equipment, cost of shipment and advertising, Staff is asking to surplus the Districts two air supply compressors in accordance with Bulletin# 23. Staff is recommending following Policy #3a(B) for equipment disposal. This is an action item.