



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR END | JUNE 30, 2018



Carr Fire | Redding, CA

CENTRAL COUNTY FIRE DEPARTMENT

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CENTRAL COUNTY FIRE DEPARTMENT
A JOINT POWER AGREEMENT BETWEEN
CITY OF BURLINGAME AND
TOWN OF HILLSBOROUGH, CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

CENTRAL COUNTY FIRE DEPARTMENT
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2018

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INTRODUCTORY SECTION

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November 26, 2018

To the Board of Directors of the Joint Powers Agreement Establishing the Central County Fire Department, the Chief Administrative Officer, and the Citizens of the City of Burlingame, Town of Hillsborough and the City of Millbrae, California

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Central County Fire Department (CCFD) for the fiscal year ended June 30, 2018 in conformity with generally accepted accounting principles (GAAP) in the United States and as stipulated in the Joint Power Agreement, audited in accordance with generally accepted auditing standards in the United States by a firm of licensed certified public accountants.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the Department's framework of internal control provides reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Badawi & Associates, CPAs, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Central County Fire Department's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE ORGANIZATION

Basic Information

Central County Fire Department is an all risk emergency response and community service organization. The Department's core purpose is to make Burlingame, Hillsborough and Millbrae safe for all citizens to live and work through the protection of life, property, and the environment. It seeks to minimize risk to people, property and the environment by responding to all fire, medical, rescue, and hazardous materials incidents. Administrative and non-emergency safety services include fire prevention and hazardous materials regulations, emergency medical services system management and emergency preparedness and training. CCFD's personnel serve the communities with six engine companies and one truck company, strategically located in six fire stations, and administrative offices that include fire prevention, public education, training and emergency preparedness. The total service area is 14.93 square miles with a

population of approximately 65,000. The value of property protected is in excess of \$23 billion. Legal counsel, human resources and accounting services are by contract.

The City of Burlingame, Town of Hillsborough and City of Millbrae are located in San Mateo County on the western shore of the San Francisco Bay approximately 10 miles south of the City of San Francisco and 30 miles north of San Jose.

History

The Department was established on April 20, 2004 through a Joint Powers Agreement (JPA) between the City of Burlingame and the Town of Hillsborough with essential support services provided by the two cities. This partnership and the JPA structure were designed to promote more efficient administration and effective delivery of services to the two cities. Significant cost savings were achieved since the initial merger, especially in personnel costs. The total authorized and filled positions have decreased from 94 at the initial merger between Burlingame and Hillsborough, to the adopted staffing of 85.95 full time equivalents (FTEs) in FY 17/18 serving Burlingame, Hillsborough and Millbrae. At the time of the initial merger, a cost-sharing plan was developed to allow each partner city to pay its fair share of the combined operating expenses of the Department. The initial merger stipulated that the Department's personnel remained employees of the individual cities including the Chief Administrative Officer and the Fire Chief, who shall be employees of either city. Additionally, responsibility for certain major costs such as retirement, replacement of vehicles and facilities and costs related to other post-employment benefits remained with the individual cities.

In FY 2010/11, the two cities elected to fully merge fire operations, transferring all employees and operations to an independent single entity with the exception of the Chief Administrative Officer. However, retirement costs relating to prior service and health insurance costs for employees that retired prior to FY 2010/11 continue to be the responsibility of the individual cities. Additionally, existing capital assets that include fire stations, fire engines and other major assets remain assets of the individual cities, which are also responsible for the related costs.

In December 2014, the CCFD Board of Directors approved a Contract for Services Agreement with the City of Millbrae. The Department's operating costs net of program revenues are allocated seventy percent (70%) to the City of Burlingame and Town of Hillsborough and thirty percent (30%) to the City of Millbrae. The seventy percent (70%) is further allocated sixty percent (60%) to the City of Burlingame and forty percent (40%) to the Town of Hillsborough in accordance with the Joint Powers Agreement

Governance

The Department is governed by a Board of Directors ("Board") consisting of two City Council members from Burlingame and two City Council members from Hillsborough, who determine the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board that increase expenditures to the cities require ratification by the respective City Councils.

Administration

The Board appoints the City Manager of either Burlingame or Hillsborough to serve as Chief Administrative Officer for an alternating two-year term. The Chief Administrative Officer appoints the

Fire Chief, who conducts the day-to-day operations of the Department, coordinates and supervises all training, and makes recommendations to the Board and the Chief Administrative Officer regarding the conduct and operation of the Department.

The Chief Administrative Officer also appoints an employee of one of the member agencies to act as Secretary and an employee to act as Treasurer of the Department. The Treasurer acts as Controller for the Department and performs such functions as disbursement of revenues, payment of outstanding obligations and other similar functions.

Component Units

The Central County Fire Department is a legally separate and independent entity that is not a component unit of the City of Burlingame, Town of Hillsborough or the City of Millbrae. Further, the Department has no component unit organizations under its control. Therefore, this comprehensive annual financial report and the financial statements contained within represent solely the activities, transactions and status of the Central County Fire Department.

Budget

The JPA requires that an annual budget be adopted by resolution of the Board. In the spring preceding the start of each fiscal year that runs from July through June, staff presents to the Board an annual budget based on established goals, objectives and performance measures. The City Councils of the member agencies subsequently approve the CCFD budget via approval of their own budgets prior to June 30th of each fiscal year.

Once adopted, the Board has the authority to amend the budget. While the legal level of budgetary control is at the fund level, the Department maintains stricter control at line item levels to serve various needs. The Chief Administrative Officer or his/her designee may transfer budget amounts between line items, but any increase to the expenditure budget and funding level of the contributions from the partner cities as a whole requires the approval of the Board.

The modified accrual basis is used for budgeting. This means revenues are recognized when they become measurable or available, while expenditures are accounted for or recognized in the period they were incurred. As a special purpose organization established pursuant to joint powers legislation, the Department is not subject to the State of California's Gann Act requiring adherence to an annual appropriations limit.

Budget-to-actual comparisons are provided in this report for each major governmental fund.

COMMUNITY PROFILE AND ECONOMIC CONDITION

The City of Burlingame, Town of Hillsborough and the City of Millbrae are California general law cities, incorporated in 1908, 1910 and 1948, respectively that operate under the Council-Manager form of government. A five-member City Council is elected at large to four-year terms and serves as the board of directors. A City Manager is appointed by the Council and serves as the chief executive officer. The City Manager is responsible for all municipal functions. A City Attorney is appointed by the Council to serve as chief legal advisor for the governing body and administration.

Municipal services include police and fire protection, building permitting and inspection, land use management, maintenance of streets, public facilities, water, sewer, storm drain infrastructure, and certain recreational facilities and other community services.

Support for the merged fire operations comes from the cities' general fund revenues.

City of Burlingame

Burlingame has a population of approximately 30,100 and has a median per capita income of approximately \$61,600. It has both residential and commercial-base properties and thus has a more diversified revenue base. Major revenue sources in the general fund come from property taxes, sales and use tax and transient occupancy taxes.

Town of Hillsborough

The Town of Hillsborough has a population of approximately 10,900 and has a median per capita income of approximately \$116,000. It is an entirely residential community. As such, the Town's major revenues are from property taxes and various property-based revenues. It has a public safety special parcel tax that is a major source of funding for the fire operations.

City of Millbrae

The City of Millbrae has a population of approximately 23,200 and has a median per capita income of approximately \$43,000. Millbrae's economic community is a mix of retail, restaurants, service businesses, hotels and public services. With the Bay Area Rapid Transit (BART) / San Francisco (SFO) Extension, the City has adopted the Millbrae Station Area Specific Plan in order to attract hotel, office, retail and housing development to the area around the Millbrae BART station.

Long-term Financial and Strategic Planning and Major Initiatives

The Department continues its partnerships with other cities for mechanics, training and EMS supervision. The Department's mechanics division services the vehicles and apparatus for San Bruno, Millbrae, San Mateo and Belmont. The joint training program delivers training for five agencies: Belmont, Central County, Foster City, San Bruno, and San Mateo.

The Department will be replacing engines, vehicles and equipment over the next several years. The FY 18/19 budget reflects \$875k contribution to reserves for this purpose (comparable amount to FY 17/18).

The Department continues to manage workers compensation programs in order to contain costs. The Department will continue to fund the actuarially determined reserve level at a 70% confidence level.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central County Fire Department for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the seventh year the department has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. We acknowledge and appreciate all the individuals who assisted in both the preparation of this report and the processing of financial transactions throughout the fiscal year. We also wish to thank the City Councils of the partner cities, the Board of Directors and the City Managers for their interest and support in planning and conducting the financial operations of the Central County Fire Department in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Kammeyer".

John Kammeyer, Fire Chief

A handwritten signature in blue ink, appearing to read "Jan Cooke".

Jan Cooke, Finance Director

CENTRAL COUNTY FIRE DEPARTMENT

MEET THE FIRE BOARD



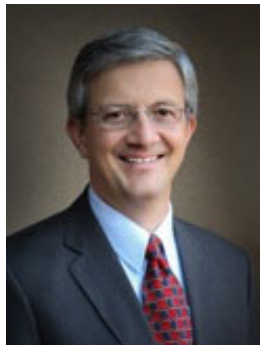
Jess E. Benton, Council Member, Town of Hillsborough
CHAIR



Michael Brownrigg, Mayor, City of Burlingame
Vice Chair



Marie Chuang, Mayor, Town of Hillsborough

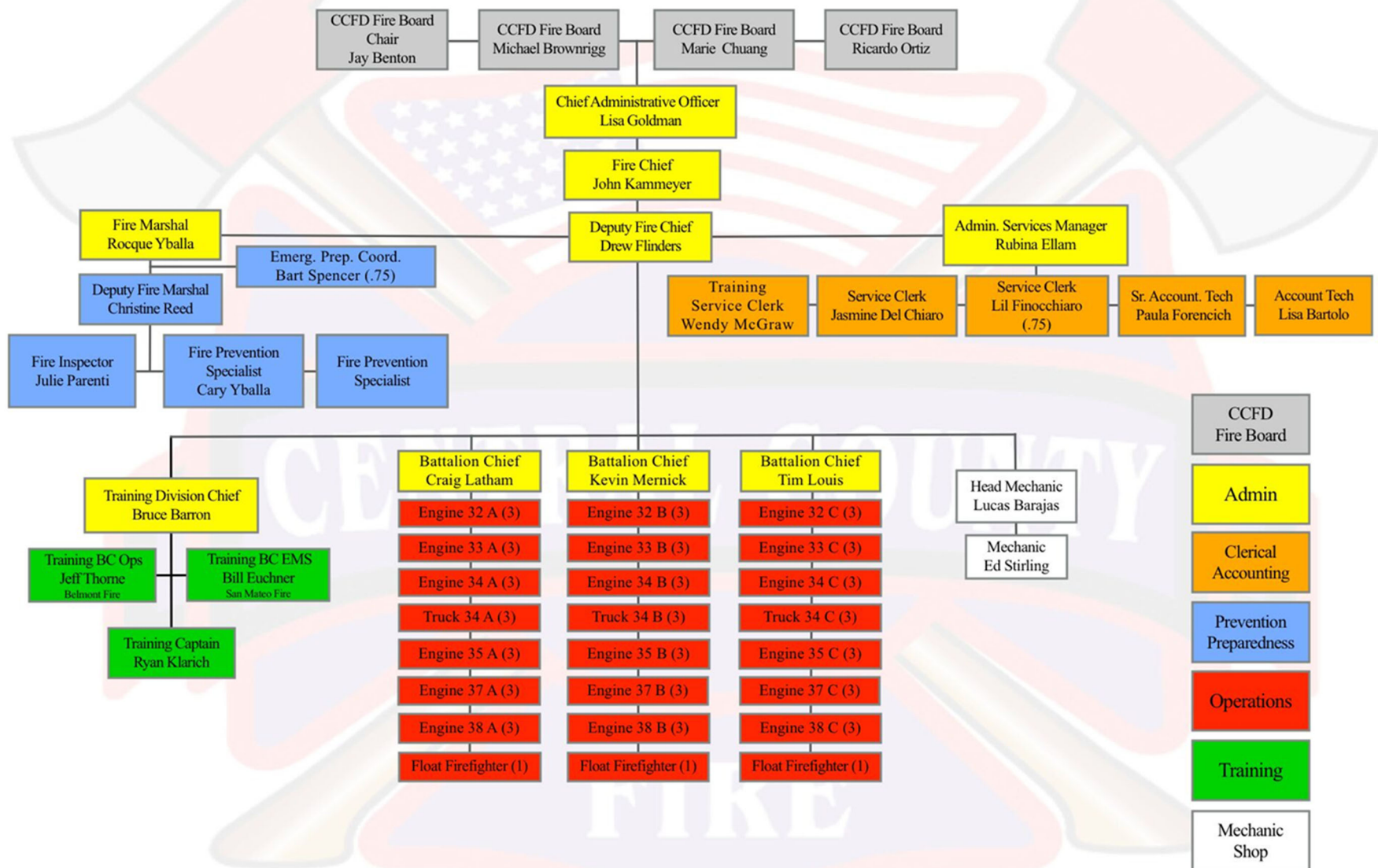


Ricardo Ortiz, Council Member, City of Burlingame

CENTRAL COUNTY FIRE DEPARTMENT

EXECUTIVE AND COMMAND STAFF

Chief Administrative Officer	Lisa Goldman, City Manager, City of Burlingame
Fire Chief	John Kammeyer
Deputy Fire Chief	Drew Flinders
Fire Marshal	Rocque Yballa
Battalion Chiefs:	
A Shift	Kevin Mernick
B Shift	Craig Latham
C Shift	Tim Louis
Training	Bruce Barron
Deputy Fire Marshal	Christine Reed
Fire Inspector	Julie Parenti
Fire Prevention Specialist	Cary Yballa
Administrative Services Mgr./ Board Secretary	Rubina Ellam
Service Clerks	Lil Finocchiaro Jasmine Del Chiaro Wendy McGraw
Senior Accounting Technician	Paula Forencich
Accounting Technician	Lisa Bartolo
Emergency Preparedness Coordinator	Bart Spencer
Finance Director/Treasurer Finance Department, Town of Hillsborough	Jan Cooke
Human Resources Manager City Manager's Office, Town of Hillsborough	Kristin Armbruster
General Counsel	Jean Savaree



CENTRAL COUNTY FIRE DEPARTMENT AT A GLANCE

The Central County Fire Department was established on April 20, 2004 through a Joint Powers Agreement between the City of Burlingame and the Town of Hillsborough, California, to promote more efficient administration and effective delivery of services to the partner cities. Funding is essentially provided with the partner cities' general fund tax revenues. The initial merger included stipulations whereby personnel remained employees of the individual cities and responsibility for certain major costs such as replacement of vehicles and facilities and costs related to other post-employment benefits remained with the partner cities. On June 21, 2010 the operations moved onto a full merger transferring all employees to an independent single entity. Central County Fire Department (CCFD) is now a stand-alone entity with the partner cities only responsible for facilities respectively owned by the City or Town and post-employment benefits for those retirees having retired prior to June 21, 2010.

On December 29, 2014 CCFD entered into a contract for fire services with the City of Millbrae that includes suppression, fire prevention, and administrative oversight and support. With this contract came the addition of 19 fire personnel to the CCFD ranks.

Governance

Board of Directors consisting of two Council members each from the City of Burlingame and Town of Hillsborough with all major decisions to be ratified by the respective city councils.

Administration

The Board appoints the City Manager of each city to serve as Chief Administrative Officer for alternating two-year term. The Chief Administrative Officer appoints the Fire Chief who shall conduct the day-to-day operations of the Department.

Size of Area

City of Burlingame - 5.5 square miles
City of Millbrae - 3.2 square miles
Town of Hillsborough - 6.23 square miles
Total - 14.93 square miles

Population

City of Burlingame - 29,892
City of Millbrae - 22,424
Town of Hillsborough - 10,900
Total - 63,216

Frontline Apparatus

6 Engines
1 Aerial Ladder Truck
1 SVI Heavy Rescue

Fire Stations

City of Burlingame - 2
City of Millbrae - 2
Town of Hillsborough - 2

CENTRAL COUNTY FIRE DEPARTMENT AT A GLANCE

Personnel Strength

1	Fire Chief
1	Deputy Chief
1	Fire Marshal
1	Division Chief (Training Division)
1	Deputy Fire Marshal
1	Fire Inspector
1.45	Fire Prevention Specialists
3	Battalion Chiefs
1	Training Captain
21	Captains
45	Firefighters and Paramedics
1	Non-Safety Lead Mechanic
1	Non-Safety Mechanic
1	Administrative Services Manager
1	Senior Accounting Technician
1	Accounting Technician
2.75	Service Clerks
0.75	Emergency Preparedness Coordinator
85.95	FTE's



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

Presented to

**Central County Fire Department
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Central County Fire Department
Burlingame, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central County Fire Department (the Department), Burlingame, California as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department'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. 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 entity'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 entity'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, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof 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 the management's discussion and analysis and budgetary comparison information, and the schedules of the District's proportionate share of the net pension liability on page 65, and schedules of contributions on page 65, and the other post-employment benefit plans on page 66, 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.

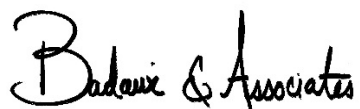
We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency 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 Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with the first letter of "Badawi" being a large, looped capital "B".

Badawi & Associates, CPAs
Oakland, California
November 26, 2018

CENTRAL COUNTY FIRE DEPARTMENT MANAGEMENT'S DISCUSSION AND ANALYSIS

This is Management's Discussion and Analysis (MD&A) of the financial activities of the Central County Fire Department (Department) for the fiscal year ended June 30, 2018. The reader is encouraged to consider this information together with the transmittal letter, financial statements and notes to the financial statements to understand the Department's financial position.

The annual financial report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and all Governmental Accounting Standards Board (GASB) pronouncements that affect the Department.

The Department is a Joint Powers Agreement (JPA) between the City of Burlingame and the Town of Hillsborough, which as of December 2014, provides fire services to the City of Millbrae via contract. Existing major capital assets including fire stations, fire engines and vehicles remain owned by the partner cities. The cities also remain responsible for the Other Post-Employment Benefits (OPEB) attributable to employees who retired before FY 2010/11. The Department financial statements reflect the net OPEB liabilities and accumulated vested vacation and sick leave credits (compensated absences) of the employees after the June 2010 full merger. The Department's operating costs net of program revenue are allocated 70% to the JPA and 30% to the City of Millbrae. The JPA allocates 60% to the City of Burlingame and 40% to the Town of Hillsborough.

Financial Highlights

- The most notable change to the financial statements for the year ended June 30, 2018 is the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Report for Postemployment Benefits Other Than Pensions (OPEB)*. The financial statements now reflect the OPEB liability and other accounting deferrals on the Statement of Net Position. The footnotes to the financial statements outline further details.
- The net position of Central County Fire Department as of June 30, 2018 was negative \$41.7 million. The net position, before the cumulative effect of change in accounting principle for GASB 75, decreased by \$0.1 million. The cumulative effect of the accounting principle change of \$10.4 million reduced the Department's beginning net position.
- The other funds' net position decreased \$0.4 million as compared to 2017. The Joint Training Fund accounts for the operations of the Joint Training and Emergency Operations Medical Services program that includes administrative support for five fire agencies. The Self-Insurance Fund accounts for workers compensation claims and actuarial determined reserves. The decrease in net position is due to claims experience in the current year. The Vehicle Replacement Fund accounts for the purchase of vehicles, engines and apparatus owned by the Department, and the increase in net position is due to the addition of capital assets net of accumulated depreciation.

Net Position - Other Funds			
	2018	2017	\$ Change
Joint Training Fund	\$ 212,168	\$ 296,171	\$ (84,003)
Capital Projects Fund	265,764	259,868	5,896
Self-Insurance Fund	384,725	1,326,089	(941,364)
Vehicle Replacement Fund	3,193,290	2,570,220	623,070
Total	\$ 4,055,947	\$ 4,452,348	\$ (396,401)

- The Department paid \$1.4 million toward OPEB annual required contribution, with \$0.9 million going into the trust and \$0.5 million paid for benefits. As of June 30, 2018, the Department is 33% funded.
- The Department spent \$0.3 million in capital for two vehicles, radio equipment, a training trailer prop and the station alerting system.

- Long-Term Liabilities of \$59.8 million is comprised of a \$40.9 million pension liability, \$3 million workers' compensation liability, \$13.6 million OPEB liability and \$2.3 million in compensated absences. The increase of \$17.7 million over the prior year is attributable to implementation of GASB 75 OPEB liability, and increase in the pension liability for changes in CalPERS assumptions.

The following table summarizes the Department's General Fund operations compared to the prior year.

General Fund Operations				
	2018	2017	Positive (Negative) Variance	% of Change
REVENUES:				
Service charges	\$ 1,967,643	\$ 1,685,035	\$ 282,608	17%
Contribution from Burlingame	9,973,599	10,112,833	(139,234)	-1%
Contribution from Hillsborough	6,649,066	6,741,889	(92,823)	-1%
Contribution from Millbrae	6,326,189	6,063,304	262,885	4%
Grants	954,239	312,157	642,082	206%
Interest Income	1,300	474	826	174%
Total revenues	\$ 25,872,036	\$ 24,915,692	\$ 956,344	4%
EXPENDITURES:				
Personnel costs	23,389,694	22,579,944	809,750	4%
Materials and services and administrative	1,607,344	1,660,791	(53,447)	-3%
Transfers to capital projects	875,000	674,955	200,045	30%
Total expenditures	\$ 25,872,038	\$ 24,915,690	\$ 956,348	4%

- Service charges increased \$0.3 million (17%) primarily due to a significant increase in development activities in the cities, which increases the amount of fire permitting activity. There have also been more annual inspections to ensure continued fire safety in the communities.
- Contributions from the cities covers the net cost of operations. The Millbrae contribution reflects the phase in of the workers compensation contribution as outlined in the adopted budget.
- Grants of \$1 million are reimbursements of Department costs for participation in statewide fires and national disasters.
- Personnel costs increased \$0.8 million (4%) primarily due to salary and step increases, contractual CalPERS retirement contribution and overtime costs associated with participation in statewide fires and national disasters (reimbursable).
- Transfers to the Vehicle Fund of \$0.9 million are used for the purchase of engines and equipment.

Overview of the Financial Statements

This MD&A serves as an introduction to the Department's basic financial statements made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements such as this MD&A.

Government-wide financial statements. The *government-wide financial statements* provide readers with a broad overview of the Department's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Department's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

The *statement of activities* presents information showing how the Department's net position changed during the most recent fiscal year. All changes are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the Department that are principally supported by contributions from the partner cities (*governmental activities*) including the activities of the Self-Insurance Fund and the Vehicle Replacement Fund set up as proprietary funds as recommended by GAAP but fully supporting the governmental fire operations.

The government-wide financial statements are located on pages 33 and 34 of this report.

Fund financial statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state, local and special governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Department's funds fit into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Department has three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Joint Training Fund and the Capital Projects Fund.

The basic governmental fund financial statements is located on pages 35 through 37 of this report.

The Department adopts an annual appropriated budget for its General Fund. The budgetary comparison statement for the General Fund to demonstrate compliance with this budget is located on page 67.

Proprietary funds. Proprietary funds account for services and activities for which a fee is charged to customers in exchange for provided good or services using the "economic resources" measurement focus, which concentrates on how transactions and events have affected the fund's "total economic resources." The Department maintains two proprietary funds – the *Internal Service Fund-Self Insurance* where insurance premiums are charged to the General Fund based on market rates to pay workers' compensation and dental claims as they occur, and the *Internal Service Fund - Vehicle Replacement* where charges are made to the General Fund for the purchase of vehicles and engines. Because these

services fully benefit the governmental function, it has been included with *governmental activities* in the government-wide financial statements.

The proprietary fund financial statements, which account for the activities of the Internal Service Funds, are located on pages 38 through 40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are located on pages 41 through 61 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* on the Department's pension and OPEB liabilities and a summary of major fund budgetary schedules. Required supplementary information is located on pages 70 through 68 of this report. This report also presents other *supplementary information* that summarizes the combining financial statements for the Self Insurance Fund and Vehicle Replacement Fund. The other supplementary information is located on pages 73 through 75 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The following chart shows the Department's net position as of June 30, 2018 and all years since inception.

NET POSITION - GOVERNMENTAL ACTIVITIES								
	2018	2017	2016	2015	2014	2013	2012	2011
ASSETS:								
Current assets	\$ 7,054,283	\$ 6,259,204	\$ 5,564,995	\$ 4,504,940	\$ 3,208,522	\$ 2,214,195	\$ 1,942,076	\$ 2,132,561
Capital assets	2,715,576	2,676,102	1,940,399	215,847	97,291	116,294	135,297	44,847
Total assets	9,769,859	8,935,306	7,505,394	4,720,787	3,305,813	2,330,489	2,077,373	2,177,408
Deferred outflows of resources	14,658,059	9,463,638	2,754,126	2,491,593	-	-	-	-
LIABILITIES:								
Current liabilities	2,464,511	1,757,657	2,409,208	1,944,113	2,045,686	1,902,465	1,359,066	1,521,325
Long-term liabilities	59,823,381	42,114,113	34,509,111	31,604,246	5,278,808	4,318,238	4,025,189	2,996,395
Total liabilities	62,287,892	43,871,770	36,918,319	33,548,359	7,324,494	6,220,703	5,384,255	4,517,720
Deferred inflows of resources	3,813,877	5,722,165	7,968,114	8,738,987	-	-	-	-
NET POSITION:								
Invested in capital assets	2,715,576	2,676,102	1,940,399	215,847	97,291	116,294	135,297	44,847
Unrestricted (deficit)	(44,389,427)	(33,871,093)	(36,567,312)	(35,290,813)	(4,115,972)	(4,006,508)	(3,442,179)	(2,385,159)
Total net position	\$(41,673,851)	\$(31,194,991)	\$(34,626,913)	\$(35,074,966)	\$ (4,018,681)	\$ (3,890,214)	\$ (3,306,882)	\$ (2,340,312)

- The Department's current assets consist primarily of \$6.5 million cash and \$0.6 million accounts receivables. The increase over the prior year is primarily due to increase in Self Insurance reserve balance and timing of payments in the General Fund. The majority of cash balance is in the Self Insurance Fund at \$4.4 million and is reserved based on the actuarial valuation. The Vehicle Replacement Fund cash balance is \$0.8 million and is used to reserve for future vehicle and equipment replacements. The remainder is in all other funds combined and totals \$1.3 million.
- Long-Term Liabilities of \$59.8 million consist of a \$40.9 million pension liability, \$3 million workers' compensation liability, \$13.6 million OPEB liability, and \$2.3 million in compensated absences. Long-Term Liabilities increased \$17.7 million, primarily in OPEB liability due to implementation of GASB 75 implementation and in pension liability for changes in actuarial assumptions.
- Deferred inflows and outflows are pension and OPEB accounting related timing differences. The increase in the deferred outflows of \$5.2 million is primarily attributable to changes in actuarial assumptions on pension costs.

The decrease in the deferred inflows of \$1.9 million is primarily attributable to change in proportion on pension (the Department's portion as compared to the pool). The items are actuarially determined and fluctuate from year to year based on actual results and other changes. See the footnotes to the financial statements for further information on the pension and OPEB liabilities and related deferred inflows and outflows.

- The Department's investment in capital assets increased by \$0.1 million for purchases a vehicles and other equipment.
- The unrestricted net deficit increase of \$10.5 million as compared to the prior year is primarily due to the implementation of the GASB No. 75 OPEB liability.

The following condensed summary compares the statement of activities for the fiscal year ended June 30, 2018 and all years since inception.

STATEMENT OF ACTIVITIES - Governmental Activities								
	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:								
Personnel	\$ 23,808,883	\$ 19,491,839	\$ 19,986,633	\$ 17,225,010	\$ 15,450,212	\$ 15,577,913	\$ 14,969,002	\$ 14,032,646
Materials and services	2,378,414	2,173,142	2,158,896	1,576,509	1,672,064	1,305,754	1,331,681	1,149,333
Depreciation expense	273,158	234,494	52,962	46,039	19,003	19,003	5,383	-
General and administrative	-	-	-	3,082	-	-	-	-
Total Expenses	26,460,455	21,899,475	22,198,491	18,850,640	17,141,279	16,902,670	16,306,066	15,181,979
Program Revenues:								
Operating contributions	-	-	-	-	-	-	47,495	110,300
Charges for services	2,438,884	2,100,740	1,586,409	1,553,099	1,890,887	1,518,522	1,190,585	1,157,093
Interest income	-	-	-	-	-	-	-	322
Total program revenues	2,438,884	2,100,740	1,586,409	1,553,099	1,890,887	1,518,522	1,238,080	1,267,715
General Revenues:								
Unrestricted Contribution from Burlingame	9,973,599	10,112,833	9,947,519	9,735,724	9,072,983	8,880,347	8,460,470	8,220,089
Unrestricted Contribution from Hillsborough	6,649,066	6,741,889	6,631,679	6,490,483	6,048,655	5,920,232	5,640,313	5,480,060
Unrestricted Contribution from Millbrae	6,326,189	6,063,304	5,486,051	2,076,725	-	-	-	-
Grants	954,239	312,157	366,391	89,310	-	-	-	-
Unrestricted interest income	1,300	474	818	416	287	237	633	1,202
Total general revenues	23,904,393	23,230,657	22,432,458	18,392,658	15,121,925	14,800,816	14,101,416	13,701,351
<i>Increase (Decrease) in net position</i>	<i>(117,178)</i>	<i>3,431,922</i>	<i>1,820,376</i>	<i>1,095,117</i>	<i>(128,467)</i>	<i>(583,332)</i>	<i>(966,570)</i>	<i>(212,913)</i>
Special item - assumption of beginning compensated absences liability on formation	-	-	-	-	-	-	-	(2,127,399)
<i>Increase (Decrease) in net position after special item</i>	<i>(117,178)</i>	<i>3,431,922</i>	<i>1,820,376</i>	<i>1,095,117</i>	<i>(128,467)</i>	<i>(583,332)</i>	<i>(966,570)</i>	<i>(2,340,312)</i>
Net Position - beginning (as restated)	(41,556,673)	(34,626,913)	(36,447,289)	(36,170,083)	(3,890,214)	(3,306,882)	(2,340,312)	-
Net Position - ending	\$ (41,673,851)	\$ (31,194,991)	\$ (34,626,913)	\$ (35,074,966)	\$ (4,018,681)	\$ (3,890,214)	\$ (3,306,882)	\$ (2,340,312)

- Personnel Expenses are comprised primarily of salaries and benefits costs for 85.95 full time equivalent personnel. The increase is \$4.3 million (22%) as compared to the prior year. Approximately half of the increase is attributable to increases in salaries for cost of living, contractual CalPERS retirement contribution, and overtime costs associated with participation in statewide fires and national disasters (reimbursable). The other half is attributable to the increase in the Self-Insurance Fund actuarially determined workers' compensation accrual, offset by accounting and timing differences created by GASB 68 pensions and GASB 75 OPEB.
- Materials and Services Expenses are comprised of apparatus maintenance, mechanic shop operations, contract services, property and liability insurance, joint training operational costs, and excess workers compensation insurance. The \$0.2 million increase as compared to the prior year is primarily due to increase in excess workers compensation premium increases as well as other operations costs.
- Program revenues are comprised of charges for permitting, inspections, mechanics shop services joint training and ALS. The increase over the prior year is attributable to increased permitting and annual inspections activity.
- General revenues are comprised of the contributions from the cities (which is the primary source of funding for the Department) and grants. The 17/18 grants are for reimbursements of Department costs for participation in statewide fires and national disasters.

Financial Analysis of the Department's Funds

Governmental Funds

Governmental funds provide information on the short-term inflows, outflows, and balances of resources that are available for spending, usually over a 12-month period. The goals of the funds are to have sufficient resources available to finance the services within each fiscal year. In particular, the fund balance may serve as a measure of funds that are available for spending in the short-term.

General Fund

The General Fund is the Department's main operating fund. The three cities – Burlingame, Hillsborough, and Millbrae provide the majority of the funding for the Department.

The table below presents General Fund expenditures for 2018 as compared to 2017.

General Fund Expenditures				
	2018	2017	\$ Increase/ (Decrease)	% of Change
Salaries	\$ 11,133,972	\$ 10,520,301	\$ 613,671	6%
Overtime	3,100,488	2,214,166	886,322	40%
Part-time salaries	124,047	174,438	(50,391)	-29%
Retirement	3,420,041	2,985,303	434,738	15%
Health, dental, vision & life insurances	1,718,294	1,695,302	22,992	1%
Retirees' health insurance	1,425,000	1,397,000	28,000	2%
Workers' compensation	1,200,000	2,400,000	(1,200,000)	-50%
All others	1,267,852	1,193,434	74,418	6%
Total personnel costs	\$ 23,389,694	\$ 22,579,944	\$ 809,750	4%
Materials & services & administrative	1,607,344	1,660,791	(53,447)	-3%
Transfer to vehicle replacement fund	875,000	674,955	200,045	30%
Total General Fund Expenditures	\$ 25,872,038	\$ 24,915,690	\$ 956,348	4%

- Salaries expenditures increased \$0.6 million (6%), primarily for MOU and step increases and the filling of open positions.
- Overtime expenditures increased \$0.9 million (40%) due to participation in statewide fires (reimbursable).
- Retirement expenditures increased \$0.4 million (15%) due to rate increases in the CalPERS retirement plan required contributions.
- Workers' compensation funding decreased \$1.2 million based upon actuarial valuation.
- Transfers to the Vehicle Replacement fund are used to fund the purchase of fire engines, vehicles and equipment.

General Fund Budgetary Highlights

The table below summarizes General Fund FY 17/18 actual results as compared to adopted budget.

General Fund				
	Adopted Budget	Actual	Positive (Negative) Variance	% of Change
Permits	\$ 150,000	\$ 231,010	\$ 81,010	54%
Plan reviews and fire inspections	240,000	285,395	45,395	19%
Joint training	137,854	158,859	21,005	15%
Mechanic shop	125,000	224,152	99,152	79%
Other service charges, combined	482,001	1,068,227	586,226	122%
Total service charges	1,134,855	1,967,643	832,788	73%
Contribution from Burlingame	10,056,780	9,973,599	(83,181)	-1%
Contribution from Hillsborough	6,704,520	6,649,066	(55,454)	-1%
Contribution from Millbrae	6,375,229	6,326,189	(49,040)	-1%
Total contributions	23,136,529	22,948,854	(187,675)	-1%
Grants	-	954,239	954,239	100%
Interest income	600	1,300	700	117%
Total General Fund revenue	\$ 24,271,984	\$ 25,872,036	\$ 1,600,052	7%
Salaries	\$ 11,084,653	\$ 11,133,972	\$ (49,319)	0%
Overtime	1,835,425	3,100,488	(1,265,063)	-69%
Part-time salaries	122,413	124,047	(1,634)	-1%
Retirement	3,348,726	3,420,041	(71,315)	-2%
Health, dental, vision & life insurance	1,839,079	1,718,294	120,785	7%
Retirees' health insurance	1,425,000	1,425,000	-	0%
Workers' compensation	1,000,000	1,200,000	(200,000)	-20%
All others	1,247,646	1,267,852	(20,206)	-2%
Total personnel costs	21,902,942	23,389,694	(1,486,752)	-7%
Materials & services & administrative	1,494,042	1,607,344	(113,302)	-8%
Transfer to vehicle replacement fund	875,000	875,000	-	0%
Total General Fund expenditures	\$ 24,271,984	\$ 25,872,038	\$ (1,600,054)	-7%

- Permit and inspection revenue is higher than budget due to higher permitting activity and fire inspections in the cities.
- Mechanic shop revenue is higher than budget due to more servicing on other cities engines, as well as preparing the new engines for service.
- Other service charge revenue includes reimbursement revenue for programs managed by the Department such as Air Watch command, tablets and USAR, as well as reimbursement from the Self-Insurance Fund to repay the General Fund for costs incurred for workers compensation disability payments. The increase is attributable to increases in both of these items in the current fiscal year.
- Overtime expenditures are over budget due to the Department's participation in the fires across the State (reimbursable).

Joint Training Fund

The Joint Training Fund accounts for the operations of a joint operational and EMS training services and administration program among the fire agencies of Belmont, San Bruno, San Mateo, Foster City and the Central County Fire Department. As of June 30, 2018, the Fund has fund balance of \$0.2 million, held for operations of the program. The decrease in the fund balance of \$84k reflects the draw on reserves for transfer to the Capital Projects Fund for future capital improvements as budgeted.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources to fund major capital projects. As of June 30, 2018, the Fund has a fund balance of \$0.3 million. The increase in fund balance of \$6k reflects the new station alerting system capital expenditure and a contribution from the Joint Training Fund to reserve for future capital improvements as budgeted.

Proprietary Fund – Internal Service Funds

The Department is self-insured for workers' compensation and dental programs accounted in an Internal Service Fund-*Self-Insurance Fund*. The Department started funding the workers' compensation program at the 60% confidence level, administered by a third-party administrator and obtaining additional insurance in excess of \$250,000 up to \$5 million. The Department commissioned an actuarial study for the program and adopted to move toward recognizing the actuarial liability for claims and increasing the confidence level to 70% at an undiscounted rate. As of June 30, 2018, the Fund has a net position of \$0.4 million. The operating loss of \$0.9 million reflects the \$1.4 million funding from the General Fund, offset by an increase in accounting actuarial reserve of (\$0.6 million) and expenses for claims, insurance and administration of \$1.7 million. The cash balance of \$4.3 million reflects 100% funding of the actuarial determined reserve level.

The Department accounts for the purchase of vehicles, engines, and equipment in an Internal Service Fund-*Vehicle Replacement Fund*. As of June 30, 2018, the Fund has a net position of \$3.2 million, which is primarily comprised of capital assets net of accumulated depreciation and cash reserves for future replacements. The Department funded \$0.9 million into the fund this year and spent \$0.3 million on capital items, resulting in a change in net position of \$0.6 million.

Capital Asset and Debt Administration

Capital Assets

The JPA now purchases and owns its vehicles and equipment when JPA cities' owned engines and vehicles are replaced. The other major capital assets including fire stations, engines and vehicles remain the assets of the member agencies. Net capital assets increased primarily for the purchase of two vehicles and other equipment, offset by depreciation. Further information is available in the footnotes to the financial statements, in the Capital Assets footnote on page 48.

CAPITAL ASSETS- GOVERNMENTAL ACTIVITIES (net of depreciation)				
	2018	2017	2016	2015
Buildings	\$ 54,649	\$ 57,685	\$ -	\$ -
Machinery and equipment	2,660,927	2,618,417	1,940,399	215,847
Total	\$ 2,715,576	\$ 2,676,102	\$ 1,940,399	\$ 215,847

Long-term Debt

The Department has no long-term debt. Long-Term Liabilities of \$59.8 million are comprised of a \$40.9 million pension liability, \$3 million workers' compensation liability, \$13.6 million OPEB liability and \$2.3 million in compensated absences. Further information is available in the footnotes to the financial statements, in the Long-Term Debt footnote on page 49.

Economic Factors and Future Challenges

The Department is self-insured for workers' compensation, which will continue to require funding for reserves based on the actuarial determined valuations. The Department's management and the third-party administrators continue to find ways to reduce the risk.

There are a number of fire engines and vehicles that require replacement over the next five years, and funding will be from the agency contributions. Assets that were previously owned by the respective cities will remain owned and maintained by their respective owners.

The CalPERS Board approved changes in actuarial policies and assumptions including the phase-in of a lower discount rate that calculates the future liability. These changes will nearly double the annual required contribution by FY 24/25 that the Department pays CalPERS.

Request for Information

This financial report provides a general overview of the Central County Fire Department's finances and to demonstrate the Department's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Central County Fire Department, c/o Town of Hillsborough's Finance Department, 1600 Floribunda Avenue, Hillsborough, CA 94010.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,453,180
Accounts receivable	601,103
Capital assets (net of accumulated depreciation):	
Machinery and equipment	2,715,576
Total assets	<u>9,769,859</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows - pension related amounts	9,412,558
Deferred outflows- OPEB contributions	1,425,000
Deferred outflows- pension contributions	3,820,501
Total deferred outflows of resources	<u>14,658,059</u>
LIABILITIES	
Accounts Payable	302,244
Due to Burlingame	299,782
Due to Hillsborough	169,300
Due to Millbrae	222,977
Other Accrued Liabilities	428,213
Long-term Liabilities:	
Due within 1 year:	
Workers' compensation claims	925,000
Compensated absences	116,995
Due in more than 1 year:	
Workers' compensation claims	3,043,389
Compensated absences	2,291,489
Net OPEB Liability	13,566,000
Net pension liability	40,922,503
Total Liabilities	<u>62,287,892</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows - OPEB related amounts	90,000
Deferred inflows - pension related amounts	3,723,877
Total deferred inflows of resources	<u>3,813,877</u>
NET POSITION	
Net investment in capital assets	2,715,576
Unrestricted (deficit)	(44,389,427)
Total Net Position (deficit)	<u>\$ (41,673,851)</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Activities
EXPENSES	
Personnel	\$ 23,808,883
Materials and services	2,378,414
Depreciation expense	273,158
Total Expenses	<u>26,460,455</u>
PROGRAM REVENUES	
Charges for services	2,438,884
Total Program Revenues	<u>2,438,884</u>
NET PROGRAM EXPENSES	24,021,571
GENERAL REVENUES	
Intergovernmental - Burlingame (unrestricted)	9,973,599
Intergovernmental - Hillsborough (unrestricted)	6,649,066
Intergovernmental - Millbrae (unrestricted)	6,326,189
Grants	954,239
Interest income (unrestricted)	1,300
Total general revenues	<u>23,904,393</u>
Change in Net Position	(117,178)
NET POSITION - BEGINNING (AS RESTATED)	<u>(41,556,673)</u>
NET POSITION - ENDING	<u><u>\$ (41,673,851)</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	(Major) General Fund	(Major) Capital Projects Fund	(Major) Special Revenue - Joint Training Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 756,440	\$ 265,764	\$ 252,647	\$ 1,274,851
Accounts receivable	492,866	-	108,238	601,104
Total Assets	<u>\$ 1,249,306</u>	<u>\$ 265,764</u>	<u>\$ 360,885</u>	<u>\$ 1,875,955</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 129,028	\$ -	\$ 148,717	\$ 277,745
Due to Burlingame	299,782	-	-	299,782
Due to Hillsborough	169,300	-	-	169,300
Due to Millbrae	222,977	-	-	222,977
Other Accrued Liabilities	267,660	-	-	267,660
Current Portion of Compensated Absences	160,553	-	-	160,553
Total Liabilities	<u>1,249,300</u>	<u>-</u>	<u>148,717</u>	<u>1,398,017</u>
Fund Balances - Assigned	-	265,764	212,168	477,932
Fund Balances - Unassigned	6	-	-	6
Total Fund Balance	<u>6</u>	<u>265,764</u>	<u>212,168</u>	<u>477,938</u>
Total Liabilities and Fund Balances	<u>\$ 1,249,306</u>	<u>\$ 265,764</u>	<u>\$ 360,885</u>	
Amounts reported for governmental activities in the Statement of Net Position (page 33) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				323,451
Net position of the Internal Services Fund are included in the governmental activities in the Statement of Net Position				3,577,565
Employer contributions for pension and OPEB were recorded as expenditures in the governmental fund. However, in the Government-Wide Financial Statement these contributions are deferred.				5,245,501
In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and OPEB and other differences are recorded as deferred outflows and amortized over a period of time, however in the governmental funds no transactions are recorded.				9,412,558
In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and OPEB and other differences are recorded as deferred inflows and amortized over a period of time, however in the governmental funds no transactions are recorded.				(3,813,877)
Long-term liabilities are not due and payable from resources available in the current period and therefore are not reported in the governmental funds:				
Net OPEB liability				(13,566,000)
Compensated absences				(2,408,484)
Net pension liability				(40,922,503)
Net position of governmental activities				<u>\$ (41,673,851)</u>

The notes to the financial statements are an integral part of this statement.

CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	(Major) General Fund	(Major) Capital Projects Fund	(Major) Special Revenue - Joint Training Fund	Total Governmental Funds
REVENUES:				
Intergovernmental:				
Burlingame	\$ 9,973,599	\$ -	\$ -	\$ 9,973,599
Hillsborough	6,649,066	-	-	6,649,066
Millbrae	6,326,189	-	-	6,326,189
Grants	954,239	-	-	954,239
Service charges	1,967,643	100,000	371,241	2,438,884
Interest income	1,300	-	-	1,300
Total Revenues	<u>25,872,036</u>	<u>100,000</u>	<u>371,241</u>	<u>26,343,277</u>
EXPENDITURES:				
Current:				
Personnel costs	23,389,694	-	-	23,389,694
Materials and services	2,482,344	-	455,244	2,937,588
Capital outlay	-	94,104	-	94,104
Total Expenditures	<u>25,872,038</u>	<u>94,104</u>	<u>455,244</u>	<u>26,421,386</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2)	5,896	(84,003)	(78,109)
NET CHANGE IN FUND BALANCES	(2)	5,896	(84,003)	(78,109)
BEGINNING FUND BALANCES	8	259,868	296,171	556,047
ENDING FUND BALANCES	<u>\$ 6</u>	<u>\$ 265,764</u>	<u>\$ 212,168</u>	<u>\$ 477,938</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Amounts reported for governmental activities in the Statement of Activities

(page 34) are different because:

Net Change in Fund Balances - Total Governmental Funds (page 36)	\$ (78,109)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	51,723
The Total Internal Service Funds - This is the change in Net Position of the total Internal Service Funds. The Self Insurance Fund is used to accumulate funds to service the workers' compensation and dental insurance program. The Vehicle Replacement Fund is used to accumulate funds to purchase vehicles for the District.	(318,744)
Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	5,245,501
Pension and OPEB expense are recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(5,003,607)
Expenses reported in accrual basis are recognized when incurred, regardless of when paid:	
Accrued compensated absences	(13,942)
Change in net position of governmental activities (page 34)	<u>\$ (117,178)</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Total Internal Service Funds
<hr/>	
ASSETS	
Cash and cash equivalents	\$ 5,178,330
Capital assets	
net of depreciation	2,392,124
Total Assets	<u>7,570,454</u>
LIABILITIES	
Liabilities:	
Current:	
Accounts Payable	24,500
Workers compensation claims	925,000
Total Current Liabilities	<u>949,500</u>
Noncurrent:	
Workers compensation claims	3,043,389
Total Liabilities	<u>3,992,889</u>
NET POSITION	
Unrestricted (deficit)	<u><u>\$ 3,577,565</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Internal Service Funds
REVENUES:	
Workers Compensation Premiums	\$ 1,225,518
Dental Premiums	159,893
Contributions and donations	898,766
Total Operating Revenues	<u>2,284,177</u>
OPERATING EXPENSES:	
Workers Compensation Claims	1,901,644
Dental Claims	130,908
Materials and services	339,592
Depreciation	230,777
Total Operating Expenses	<u>2,602,921</u>
Operating Income (Loss)	<u>(318,744)</u>
Change in net position	(318,744)
Net Position - Beginning	<u>3,896,309</u>
Net Position - Ending (Deficit)	<u><u>\$ 3,577,565</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts for interfund services provided	\$ 2,284,177
Payment to employees	(1,389,453)
Payment to vendors	(315,092)
Net cash provided (used) by operating activities	<u>579,632</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(218,527)
Net cash used in capital financing activities	<u>(218,527)</u>
Net increase (decrease) in cash and cash equivalents	361,105
Cash and cash equivalents - beginning	4,817,225
Cash and cash equivalents - ending	<u><u>\$ 5,178,330</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (318,744)
Depreciation Expense	230,777
Increase (decrease) in accrued workers compensation claims	643,099
Increase (decrease) in accounts payable	24,500
Net cash and cash equivalents provided (used) by operating activities	<u><u>\$ 579,632</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 - ORGANIZATION

Central County Fire Department was established on April 20, 2004 through a Joint Powers Agreement (JPA) between the City of Burlingame, the Town of Hillsborough and City of Millbrae with essential support services provided by the two cities. This partnership and the JPA structure were designed to promote for efficient administration and effective delivery of services to the two cities. Significant cost savings were achieved since the initial merger especially in personnel costs. At the time of the initial merger, a cost sharing plan was developed to allow each partner city to pay its share of the combined operating expenses of the Department. The initial merger included stipulations whereby the Department's personnel remained employees of the individual cities including the Chief Administrative Officer and the Fire Chief who shall be employees of either city. Responsibility for certain major costs such as retirement, replacement of vehicles and facilities, and costs related to other post-employment benefits (OPEB) other than pension costs, remained with the individual cities. Consequently, ownership of major capital assets including fire stations and vehicles and equipment remained with the individual cities.

Effective fiscal year 2010/11, the merged fire operations moved onto a full merger transferring all active employees and operations to an independent single entity with the exception of the Chief Administrative Officer. However, unfunded retirement costs relating to prior service and OPEB costs for employees that retired prior to fiscal year 2010/11 will continue to be the responsibility of and borne by the individual cities. Likewise, capital assets acquired before 2010/11 will remain assets of the individual cities which will be responsible for related costs.

On December 29, 2014, CCFD entered into a contract for fire services with the City of Millbrae that includes suppression, fire prevention, and administrative oversight and support. With this contract came the addition of 19 fire personnel to the CCFD ranks.

The Department's operating costs net of program revenues are allocated thirty (30%) to the City of Millbrae, with the remainder seventy (70%) shared by the member agencies, sixty (60%) to the City of Burlingame and forty percent (40%) to the Town of Hillsborough.

The Department is governed by a Board of Directors ("Board") consisting of two representatives from each city in the JPA, whereas the members represent the cities in determining the level of fire, emergency medical and disaster preparedness services to be provided by the Department. All major decisions by the Board require ratification by the respective City Councils.

The Board appoints the City Manager of one of the member cities to serve as Chief Administrative Officer for alternating two-year term. The Chief Administrative Officer appoints the Fire Chief who shall conduct the day-to-day operations of the Department. He shall also appoint an employee to act as Secretary and an employee of one of the member agencies to act as Treasurer of the Department who shall act as Controller for the Department and shall perform all such functions such as disbursement of revenues, payment of outstanding obligations and other accounting functions.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Central County Fire Department is a legally separate and independent entity that is not a component unit of the City of Burlingame, the Town of Hillsborough or the City of Millbrae. Further, the Department has no component unit organizations under its control. Therefore, this comprehensive annual financial report and the financial statements contained within represent solely the activities, transactions and status of the Central County Fire Department.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Central County Fire Department. The effect of interfund activity has been removed from these statements. All activities are categorized *governmental activities* as they are attributable to services for structural and wild land fire suppression, response to hazardous materials incidents, search and rescue, vehicle extrication and other emergency services supported largely by contributions from the cities' general fund revenues.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues that include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) contributions that are restricted to meeting the operational or capital requirements of a particular segment. Other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds and the internal service self-insurance and vehicle replacement funds. The General Fund and the Capital Fund are major individual governmental funds and are reported in separate columns.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the internal service self-insurance and vehicle replacement funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Contributions from the member agencies are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Department considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

The Department reports the following major governmental funds:

The *General Fund* is the Department's major and primary operating fund. It accounts for all financial resources of the Department, except those required to be accounted for in another fund.

The *Joint Training Fund* is used to account for the operations of a joint operational and EMS training services and administration program among the fire agencies of Belmont, Millbrae, San Bruno, San Mateo, Foster City and Central County Fire Department.

The *Capital Projects Fund* is used to account for the acquisition and construction of capital assets other than those that remain with the member agencies.

The Department reports the following Proprietary funds:

Additionally, the Department reports two *Internal Service Funds* with one used to account for the servicing of the self-insurance that includes workers compensation and dental programs and one used to account for funding and purchasing of vehicles, equipment and engines.

The *Internal Service Fund* distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues represent premiums paid for the programs and contributions toward programs; operating expenses include claims paid and administrative expenses of the programs, and vehicle and equipment purchases. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Department follows Governmental Accounting Standards Board (GASB) in accounting the activities of the Internal Service Funds. The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

The Department's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City of Burlingame, the Town of Hillsborough and the City of Millbrae advance 1/12 of their respective budgeted contributions to the Department every month.

2. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements, outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources. Interfund transfers are generally recorded as transfers except for charges for services including workers compensation insurance and dental premiums and vehicle fund contributions, which are recorded as revenues of the internal service fund and expenditures in the general fund.

3. Capital assets

Capital assets which include machinery and equipment are reported in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. As stipulated in the JPA, capital assets including fire stations, fire engines and other vehicles acquired prior to FY10/11 remain the assets of the individual member agencies.

Machinery and equipment are depreciated using the straight line method over an estimated useful life of 3 to 15 years.

4. Compensated Absences

The Department permits employees to accumulate earned but unused vacation up to a certain amount depending on bargaining units. Sick leave credit is vested in varying amounts depending on bargaining units and groups. Both are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Position or Equity, Continued

5. Self-Insurance

The Department is self-insured for workers' compensation and dental claims. The Internal Service Fund is used to account for the activities of these programs. It is the Department's policy to provide in each fiscal year, through premiums charged to the general fund, amounts sufficient for self-insurance program expenses and reserves associated with claims, that are actuarially determined based on loss experience. The amount recorded as liability for known claims, if any, is based on the recommendations of the administrator. In 2018, accrued liability for incurred but not reported claims (IBNRs) recommended in an actuarial study has been recorded.

6. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Department's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

7. Pensions

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

E. New accounting pronouncements

In 2018, the Department adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. New accounting pronouncements

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The Department restated its beginning net position as part of implementation of this statement.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the Department for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2017* - The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* - The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the Department for the current fiscal year.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the governmental funds except the capital projects fund which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

The Fire Chief may make transfers of appropriations that do not exceed the fund's budget. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Chief Administrative Officer or his/her designee may make administrative adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end fund balances. Any revisions that alter the total expenditures of any fund must be approved by the Board.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - CASH AND CASH EQUIVALENTS

A. Budgetary Information

The Department maintains a cash pool which includes cash balances of all funds. The pooled interest earned is allocated to the funds based on cash balances in these funds at the end of each accounting period. It has the following cash and cash equivalents at June 30, 2018:

Cash on hand	\$ 200
Deposits with financial institutions	<u>6,452,980</u>
Total cash and cash equivalents	<u>\$ 6,453,180</u>

The carrying amounts of the Department's cash deposits were \$6,452,980. Bank balances before reconciling items were \$7,427,090 the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the Department's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Department's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Department's name.

The market value of the pledged securities must equal at least 110% of the Department's cash deposits. California law also allows institutions to secure special districts deposits by pledging first trust deed mortgage notes having a value of 150% of the Department's total cash deposits. The Department may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The Department, however, has not waived the collateralization requirements.

NOTE 5 - CAPITAL ASSETS

Major capital assets including fire stations, engines and vehicles remain the assets of the member agencies and hence are not reflected in the Department's capital assets. Starting in fiscal year 2015-16, replacement of vehicles and engines is from the JPA. Capital asset activity for the year ended June 30, 2018 was as follows:

	Governmental Activities			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 60,721	\$ -	\$ -	\$ 60,721
Machinery and equipment	2,992,265	312,632	-	3,304,897
Total Depreciable Assets	3,052,986	312,632	-	3,365,618
Less accumulated depreciation for:				
Buildings	(3,036)	(3,036)	-	(6,072)
Machinery and equipment	(373,848)	(270,122)	-	(643,970)
Total Accumulated depreciation	(376,884)	(273,158)	-	(650,042)
Governmental activities capital assets, net	\$ 2,676,102	\$ 39,474	\$ -	\$ 2,715,576

It is the Department's policy to recognize a full year's depreciation for assets acquired within the year.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - OPERATING ASSISTANCE

The City of Burlingame, the Town of Hillsborough and the City of Millbrae provide the major source of funding to the Central County Fire Department. The apportionment was \$9,973,599, \$6,649,066 and \$6,326,189 in FY 17/18, respectively after applying program revenues to the operating and administrative.

NOTE 7 - LONG-TERM DEBT

Compensated Absences - Compensated absences due within one year represent an estimate of the net compensated absences that will be utilized within the next year. All compensated absences for governmental activities are paid out of the General Fund.

Other Post-Employment Benefits (OPEB) - Refer to Note 11 for details of the OPEB obligation.

Net Pension Liability - Refer to Note 12 for details of the Net Pension Liability.

Long-term liability activity other than OPEB and Net Pension Liability for the year ended June 30, 2018, was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,394,537	\$ 1,439,363	\$ (1,425,416)	\$ 2,408,484	\$ 116,995

NOTE 8 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Department has established a limited risk management program of these types of risks.

The Department has insurance coverage through Fire Agencies Insurance Risk Authority (FAIRA) joint powers authority. The JPA provides liability coverage, claims management, risk management services, and legal defense to its participating members. FAIRA is governed by a board of directors of thirteen of the member agencies. Premiums are paid to FAIRA and are subject to adjustment based on the results of the actuarial studies and approval by the board of directors. FAIRA coverage includes general liability, management liability, automobile, crime, portable equipment and umbrella liability. General liability and automotive coverage is up to \$11 million with no deductible. There is no deductible except \$5,000 for management liability and \$1,000 for crime liability.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 – RISK MANAGEMENT, Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly claims are reevaluated periodically to consider these factors, estimate recoveries from salvage or subrogation, and other economic and social factors.

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The amount recorded as liability for known claims, if any, is based on the recommendation of the administrator. No accrued liability for incurred but not reported claims (IBNRs) has been recorded as amounts for such claims cannot be reasonably estimated. The Department's exposure for claims filed under this program is minimal.

The Department is self-insured for workers' compensation. The program is administered by a third-party administrator (TPA), Athens Administrators. The TPA sets reserve levels for reported claims. Reserve levels for IBNRs are based on an actuarial study by a third independent party. Excess workers' compensation insurance has been purchased by the Department for losses exceeding \$250,000 up to \$5 million.

There is no significant change in insurance coverage from that of the prior year while separately covered by the partner cities, nor have there been any insurance related settlements that exceeded insurance coverage during the past three fiscal years.

The table below shows activities relating to workers' claims liabilities compensation for the past three years:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2015-2016	\$ 4,042,453	\$ 2,034,455	\$ (783,318)	\$ 5,293,590	\$ 750,000
2016-2017	5,293,590	-	(1,968,300)	3,325,290	715,000
2017-2018	3,325,290	1,921,644	(1,278,545)	3,968,389	925,000

NOTE 9 – FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based on the extent to which the Department is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds consist of *Assigned Fund Balance* that includes amounts intended to be used for specific purposes that are neither restricted nor committed.

Intent is expressed by an action of the Fire Board passing a resolution for the assignation or delegation of the authority to assign amounts to be used for specific purposes. Likewise, a similar action is required to reverse the assignation.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 - FUND BALANCES, Continued

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned. Fund balances for all the governmental funds as of June 30, 2018 were as follows:

Designation	Joint Training Fund	Capital Projects Fund	General Fund
Assigned to joint training program	\$ 212,168	\$ -	\$ -
Assigned to certain capital projects	-	265,764	-
Unassigned	-	-	6

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Plan Description

The Central County Fire Department Retiree Healthcare Plan (Plan) is an agent-multiple employer defined benefit healthcare plan administered by the Department. CalPERS invests the plan's assets as part of the California Employer's Retiree Benefit Trust (CERBT). The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Department, its management employees and unions representing its employees. The Plan does not issue a financial report.

The Department provides eligible retirees medical benefits through the California Public Employees' Retirement system healthcare program (PEMHCA). It pays retiree healthcare benefits up to a cap for eligible retirees, dependent on bargaining unit and hire date.

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	85
Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>106</u>

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, Continued

C. Contributions

The OPEB Plan and its contribution requirements are established by and may be amended by the Department. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the Department's cash contributions were \$425,000 in pay-as-you-go premiums, payment to the trust of \$922,000 and the estimated implied subsidy was \$78,000 resulting in total payments of \$1,425,000.

D. Net OPEB Liability

The Department'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 dated June 30, 2017 to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
■ Actuarial Valuation Date	■ June 30, 2017
■ Contribution Policy	■ Department contributes full ADC
■ Discount Rate	■ 6.75% at June 30, 2017
	■ 6.75% at June 30, 2016
	■ Expected Department contributions projected to keep sufficient plan assets to pay all benefits from trust.
■ General Inflation	■ 2.75% per annum
■ Mortality, Retirement, Disability, Termination	■ CalPERS 1997-15 Experience Study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-17
■ Salary Increases	■ Aggregate -3%
	■ Merit - 1997-15 CalPERS Experience Study
■ Medical Trend	■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
■ Healthcare participation	■ Tier 1: 100%
	■ Tier 2: 80%
■ Medical Plan at Retirement	■ Future retirees: Pre 65: Blue Shield 25%, Kaiser 30%, PERSChoice 5%, PERSCare 5%, PORAC 35% Post 65: Kaiser 40%, PERSChoice 10%, PERSCare 20%, PORAC 30% ■ Retirees < 65: Pre-65: Same as current election Post 65: Post 65 assumptions for actives ■ Retirees > 65: Same as current election

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, Continued

D. Net OPEB Liability, Continued

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

<i>Investment Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
<i>Global Equity</i>	57.00%	4.82%
<i>Fixed Income</i>	27.00%	1.47%
<i>Treasury Inflation-Protected Securities (TIPS)</i>	5.00%	1.29%
<i>Commodities</i>	3.00%	0.84%
<i>Real Estate Investment Trusts</i>	8.00%	3.76%
<i>Liquidity</i>	0.00%	0.00%
<i>TOTAL</i>	100.00%	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that Department contributions 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 be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, Continued

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

Changes in Net OPEB Liability/(Assets)

(Amounts in 000's)	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
■ Balance at 6/30/17 (6/30/16 measurement date)	\$ 17,481	\$ 3,846	\$ 13,635
■ Changes for the year			
• Service Cost	530	-	530
• Interest	1,202	-	1,202
• Benefit changes	-	-	-
• Actual vs. expected experience	-	-	-
• Assumption changes	-	-	-
• Contributions - employer*	-	1,397	(1,397)
• Contributions - employee	-	-	-
• Net investment income	-	406	(406)
• Benefit payments	(425)	(425)	-
• Administrative expenses	-	(2)	2
■ Net Changes	1,307	1,376	(69)
■ Balance at 6/30/18 (6/30/17 measurement date)	\$ 18,788	\$ 5,222	\$ 13,566

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

The following presents the net OPEB liability of the Department if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

(Amounts in 000's)	Discount Rate		
	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
■ Net OPEB Liability	\$ 16,146	\$ 13,566	\$ 11,432

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, Continued

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Department if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

(Amounts in 000's)	Healthcare Trend Rate		
	1% Decrease	Current Trend	1% Increase
■ Net OPEB Liability	\$ 11,154	\$ 13,566	\$ 16,531

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARS�) (8.9 Years at June 30, 2017)

J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the Department recognized OPEB expense of \$1,418,000. For the fiscal year ended June 30, 2018, the Department reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows/Inflows Balances at June 30, 2018

(Amounts in 000's)	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	90
Employer contributions made subsequent to the measurement date	1,425	-
Total	\$ 1,425	\$ 90

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, Continued

J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB, Continued

The \$1,425,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

**Recognition of Deferred Outflows and Inflows of Resources
in Future OPEB Expense
(Amounts in 000's)**

FYE June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ (23)
2020	(23)
2021	(23)
2022	(21)
2023	-
Thereafter	-

NOTE 11 – EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Department's, cost-sharing multiple employer defined benefit pension plan (plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and miscellaneous risk pool (all other). The Department sponsors four rate plans (two miscellaneous and two safety). Benefit provisions under the Plan are established by State statute and the Department's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – EMPLOYEE RETIREMENT PLAN, Continued

B. Benefits Provided, Continued

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

	<u>Safety-Classic</u>	<u>Miscellaneous-Classic</u>
Hire date	Prior to January 1, 2013	Prior to January 1, 2013
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	2.4% to 3%	2% to 2.7%
Required employee contribution rates	9%	8.00%
Required employer contribution rates	19.5%	10.85%
Required employer dollar UAL payment(Annual)	\$1,655,591	\$16,995
	<u>Safety-PEPRA</u>	<u>Miscellaneous-PEPRA</u>
Hire date	On or after January 1, 2013	On or after January 1, 2013
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	2 to 2.7%	1% to 2.5%
Required employee contribution rates	12%	6.50%
Required employer contribution rates	12.73%	6.91%
Required employer dollar UAL payment (Annual)	\$1,366	\$484

C. 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 the Plan is 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 Department is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the Department's contributions to the Plan for the measurement period ended June 30, 2017 were \$ 3,436,496.

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

As of June 30, 2018, the Department reported net pension liability for its proportionate share of the net pension liability of the Plan of \$40,922,503.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – EMPLOYEE RETIREMENT PLAN, Continued

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

The Department's net pension liability for the Plan is measured as the proportionate share of the net pension liability of the CalPERS pooled plans. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The Department's proportion of the net pension liability was based on the Department's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The Department's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.40899%
Proportion - June 30, 2017	0.41264%
Change - Increase (Decrease)	0.00365%

For the year ended June 30, 2018, the Department recognized pension expense of \$3,585,607. At June 30, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,820,501	\$ -
Changes in assumptions	6,828,328	523,856
Changes in employer's proportion	458,602	121,185
Differences between the employer's contributions and the employer's proportionate share of contributions	636,238	1,629,824
Difference between expected and actual experience	-	1,449,012
Net differences between projected and actual earnings on plan investments	1,489,390	-
Total	<u>\$ 13,233,059</u>	<u>\$ 3,723,877</u>

\$3,820,501 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 ending June 30, 2019.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – EMPLOYEE RETIREMENT PLAN, Continued

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	159,514
2020	3,992,777
2021	2,408,016
2022	(871,625)

E. Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Mortality Rate Table	Derived by CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class.

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – EMPLOYEE RETIREMENT PLAN, Continued

F. Discount Rate, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	80.00%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

G. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

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

1% Decrease	6.15%
Net Pension Liability	\$ 63,479,979
Current Discount Rate	7.15%
Net Pension Liability	\$ 40,922,503
1% Increase	8.15%
Net Pension Liability	\$ 22,480,503

**CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – EMPLOYEE RETIREMENT PLAN, Continued

H . Pension Plan Fiduciary Net Position

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

I. Payable to the Pension Plan

At June 30, 2018, the Department reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The Department recorded prior period adjustments to implement GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Net Position, as Previously Reported	Prior Period Adjustment Net Position	Net Position, as Restated
\$ (31,194,991)	\$ (10,361,682)	\$ (41,556,673)

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REQUIRED SUPPLEMENTARY INFORMATION

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CENTRAL COUNTY FIRE DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

1. DEFINED BENEFIT PENSION PLAN

SCHEDULE OF THE DEPARTMENT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY - LAST 10 Years*

	2018	2017	2016	2015
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportionate share of the net pension liability	\$40,922,503	\$ 35,390,244	\$ 26,117,750	\$ 25,683,151
Proportion of the net pension liability	0.41%	0.41%	0.64%	0.69%
Covered payroll	\$11,921,316	\$ 10,455,688	\$ 9,322,483	\$ 8,122,978
Proportionate share of the net pension liability as percentage of covered payroll	343.27%	338.48%	280.16%	316.18%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation

SCHEDULE OF PENSION CONTRIBUTIONS - LAST 10 YEARS*

	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$3,820,501	\$ 3,436,496	\$ 2,537,375	\$ 2,151,120
Contribution in relation to the actuarially determined contributions	(3,820,501)	(3,436,496)	(2,537,375)	(2,151,120)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,905,219	\$ 11,654,613	\$ 10,455,688	\$ 9,322,483
Contributions as a percentage of covered payroll	35.03%	29.49%	24.27%	23.07%
Note to Schedule				
Valuation date:	6/30/2015	6/30/2014	6/30/2013	6/30/2012

* Fiscal year 2015 was the 1st year of implementation

CENTRAL COUNTY FIRE DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

2. OTHER POSTEMPLOYMENT BENEFIT PLAN

SCHEDULE OF CHANGES IN THE NET OPEB
LIABILITY AND RELATED RATIOS - LAST TEN FISCAL YEARS

Measurement Period 2016/17	2018 *
Total OPEB Liability	
Service Cost	\$ 530
Interest on the total OPEB liability	1,202
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(425)
Net change in total OPEB liability	1,307
Total OPEB Liability - beginning	17,481
Total OPEB Liability - ending (a)	\$ 18,788
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,397
Net investment income	406
Benefit payments, including refunds of employee contributions	(425)
Administrative expense	(2)
Net change in plan fiduciary net position	1,376
Plan fiduciary net position - beginning	3,846
Plan fiduciary net position - ending (b)	\$ 5,222
Net OPEB liability / (asset) - ending (a) - (b)	\$ 13,566
Plan fiduciary net position as a percentage of the total OPEB liability	28%
Covered-employee payroll	11,655
Net OPEB liability as a percentage of covered-employee payroll	116.40%

* Fiscal year 2018 was the 1st year of implementation.

SCHEDULE OF OPEB CONTRIBUTIONS LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	2018 *
Actuarially Determined Contribution (ADC)	\$ 1,425
Contributions in relation to the ADC	(1,425)
Contribution deficiency (excess)	\$ -
Covered-employee payroll	11,913
Contributions as a percentage of covered-employee payroll	12%

* Fiscal year 2018 was the 1st year of implementation.

CENTRAL COUNTY FIRE DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Burlingame	\$ 10,056,780	\$ 10,223,377	\$ 9,973,599	\$ (249,778)
Hillsborough	6,704,520	6,815,585	6,649,066	(166,519)
Millbrae	6,375,229	6,494,227	6,326,189	(168,038)
Grants	-	-	954,239	954,239
Service charges	1,134,855	1,948,724	1,967,643	18,919
Interest income	600	600	1,300	700
Total Revenues	<u>24,271,984</u>	<u>25,482,513</u>	<u>25,872,036</u>	<u>389,523</u>
EXPENDITURES:				
Current:				
Personnel costs	21,902,942	23,065,787	23,389,694	(323,907)
Materials and services	2,369,042	2,416,726	2,482,344	(65,618)
Total Expenditures	<u>24,271,984</u>	<u>25,482,513</u>	<u>25,872,038</u>	<u>(389,525)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(2)	2
NET CHANGE IN FUND BALANCES	-	-	(2)	2
BEGINNING FUND BALANCES	<u>8</u>	<u>8</u>	<u>8</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 6</u>	<u>\$ 2</u>

CENTRAL COUNTY FIRE DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
JOINT TRAINING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Service charges	\$ 167,581	\$ 167,581	\$ 371,241	\$ 203,660
Total Revenues	<u>167,581</u>	<u>167,581</u>	<u>371,241</u>	<u>203,660</u>
EXPENDITURES:				
Current:				
Materials and services	<u>256,000</u>	<u>256,000</u>	<u>455,244</u>	<u>(199,244)</u>
Total Expenditures	<u>256,000</u>	<u>256,000</u>	<u>455,244</u>	<u>(199,244)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(88,419)</u>	<u>(88,419)</u>	<u>(84,003)</u>	<u>4,416</u>
NET CHANGE IN FUND BALANCES	<u>(88,419)</u>	<u>(88,419)</u>	<u>(84,003)</u>	<u>4,416</u>
BEGINNING FUND BALANCES	<u>296,171</u>	<u>296,171</u>	<u>296,171</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 207,752</u>	<u>\$ 207,752</u>	<u>\$ 212,168</u>	<u>\$ 4,416</u>

CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Pension Liability and Contributions

These schedules represent information that shows the Department's proportionate share of the pension liability in the cost sharing pools, actuarial information, and contributions. The proportionate share information is useful in determining the Department's liability in relation to all other entities in the pool.

Notes to Schedule Contribution for OPEB

Methods and Assumptions for 2017/18 Actuarially Determined Contribution

■ Valuation Date	■ June 30, 2015
■ Actuarial Cost Method	■ Entry Age Normal, Level Percentage of Payroll
■ Amortization Method	■ Level percent of pay
■ Amortization Period	■ Average 23.7 years amortization for 2017/18
■ Asset Valuation Method	■ Investment gains and losses spread over 5-year rolling period
■ Discount Rate	■ 7.25%
■ General Inflation	■ 3%
■ Medical Trend	■ Non-Medicare - 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years ■ Medicare - 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
■ Mortality	■ CalPERS 1997-2011 experience study
■ Mortality Improvement	■ Mortality projected fully generational with Scale MP-2014, modified to converge to ultimate improvement rates in 2022

Notes to Budgetary Information

The Department adopts annual budgets on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets. All appropriations lapse at fiscal year-end. Encumbrances related to unperformed contracts for goods or services at year-end lapse and are automatically reappropriated and reencumbered in the subsequent fiscal year. There are no outstanding encumbrances in the governmental funds at June 30, 2018.

Prior to June 30, the Chief Administrative Officer submits to the Fire Board a proposed operating budget for review. The Board holds public hearings and a final budget is adopted on or before June 30.

The modified accrual basis of accounting is used for budgeting. This means revenues are recognized when they become measurable or available, while expenditures are accounted for or recognized in the budgeting period when they were incurred.

CENTRAL COUNTY FIRE DEPARTMENT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

The Fire Board may amend or supplement the budget at any time after its adoption by a majority vote of the members. The Chief Administrative Officer or his designate may make administrative adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end fund balances. Any revisions that alter the total expenditures of any fund in excess of the approved funding contributions from the partner cities must be approved by the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Budget amounts shown in these financial statements include all supplemental appropriations made, if any, during the year.

A schedule of revenues, expenditures and changes in fund balances – budget and actual – of the Department’s General Fund and Joint Training Fund are presented as required supplementary information.

SUPPLEMENTARY INFORMATION

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**CENTRAL COUNTY FIRE DEPARTMENT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	Vehicle Replacement Fund	Self-insurance Fund	Total Internal Service Funds
ASSETS			
Cash and cash equivalents	\$ 813,390	\$ 4,364,940	\$ 5,178,330
Capital assets			
net of depreciation	2,392,124	-	2,392,124
Total Assets	<u>3,205,514</u>	<u>4,364,940</u>	<u>7,570,454</u>
LIABILITIES			
Liabilities:			
Current:			
Accounts Payable	12,224	12,276	24,500
Workers compensation claims	-	925,000	925,000
Total Current Liabilities	<u>12,224</u>	<u>937,276</u>	<u>949,500</u>
Noncurrent:			
Workers compensation claims	-	3,043,389	3,043,389
Total Liabilities	<u>12,224</u>	<u>3,980,665</u>	<u>3,992,889</u>
NET POSITION			
Unrestricted (deficit)	<u><u>\$ 3,193,290</u></u>	<u><u>\$ 384,275</u></u>	<u><u>\$ 3,577,565</u></u>

CENTRAL COUNTY FIRE DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Vehicle Replacement Fund	Self-insurance Fund	Total Internal Service Funds
REVENUES:			
Workers Compensation Premiums	\$ -	\$ 1,225,518	\$ 1,225,518
Dental Premiums	-	159,893	159,893
Contributions and donations	898,766	-	898,766
Total Operating Revenues	<u>898,766</u>	<u>1,385,411</u>	<u>2,284,177</u>
OPERATING EXPENSES:			
Workers Compensation Claims	-	1,901,644	1,901,644
Dental Claims	-	130,908	130,908
Materials and services	44,919	294,673	339,592
Depreciation	230,777	-	230,777
Total Operating Expenses	<u>275,696</u>	<u>2,327,225</u>	<u>2,602,921</u>
Operating Income (Loss)	<u>623,070</u>	<u>(941,814)</u>	<u>(318,744)</u>
Change in net position	623,070	(941,814)	(318,744)
Net Position - Beginning	<u>2,570,220</u>	<u>1,326,089</u>	<u>3,896,309</u>
Net Position - Ending (Deficit)	<u>\$ 3,193,290</u>	<u>\$ 384,275</u>	<u>\$ 3,577,565</u>

**CENTRAL COUNTY FIRE DEPARTMENT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Vehicle Replacement Fund	Self-insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts for interfund services provided	\$ 898,766	\$ 1,385,411	\$ 2,284,177
Payment to employees	-	(1,389,453)	(1,389,453)
Payment to vendors	(32,695)	(282,397)	(315,092)
Net cash provided (used) by operating activities	<u>866,071</u>	<u>(286,439)</u>	<u>579,632</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(218,527)	-	(218,527)
Net cash used in capital financing activities	<u>(218,527)</u>	<u>-</u>	<u>(218,527)</u>
Net increase (decrease) in cash and cash equivalents	647,544	(286,439)	361,105
Cash and cash equivalents - beginning	165,846	4,651,379	4,817,225
Cash and cash equivalents - ending	<u><u>\$ 813,390</u></u>	<u><u>\$ 4,364,940</u></u>	<u><u>\$ 5,178,330</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 623,070	\$ (941,814)	\$ (318,744)
Depreciation Expense	230,777	-	230,777
Increase (decrease) in accrued workers compensation claims	-	643,099	643,099
Increase (decrease) in accounts payable	12,224	12,276	24,500
Net cash and cash equivalents provided (used) by operating activities	<u><u>\$ 866,071</u></u>	<u><u>\$ (286,439)</u></u>	<u><u>\$ 579,632</u></u>

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STATISTICAL SECTION

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Statistical Section

This part of the Central County Fire Department's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the Department's overall financial health.

CONTENTS	PAGES
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<i>Financial Trends</i>	
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These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.	
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<i>Revenue Capacity</i>	
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These schedules contain information to help the reader assess the Partner Cities ability to generate its major sources for funding the Department	
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<i>Demographic and Economic Information</i>	
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place.	
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<i>Operating Information</i>	
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These schedules contain information to help the reader understand how the information in the financial reports relate to the services the Department provides and activities it performs.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CENTRAL COUNTY FIRE DEPARTMENT
NET POSITION BY COMPONENT (accrual basis of accounting)
LAST EIGHT YEARS (from inception)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental Activities:								
Net investment in								
capital assets	\$ 44,847	\$ 135,297	\$ 116,294	\$ 97,291	\$ 215,847	\$ 1,940,399	\$ 2,676,102	\$ 2,715,576
Unrestricted	(2,385,159)	(3,442,179)	(4,006,508)	(4,115,972)	(35,290,613)	(36,567,312)	(33,871,093)	(44,389,427)
Total governmental								
activities net position	\$ (2,340,312)	\$ (3,306,882)	\$ (3,890,214)	\$ (4,018,681)	\$ (35,074,766)	\$ (34,626,913)	\$ (31,194,991)	\$ (41,673,851)

The Fiscal year ended June 30, 2018 net position decrease of \$10.5 million is primarily attributable to the implementation of GASB 75, which reflects to Other Post Employment Benefits (OPEB) liability and deferred inflow/outflow related to (OPEB) on the Statement of Net Position.

The fiscal year ended June 30, 2017 net position decrease of \$3.4 million is primarily attributable to an increase in pension liability, resulting from a change in the mortality assumption used in the actuarial calculations by CalPERS. This is somewhat offset by an improved net position for workers' compensation driven by favorable claims experience.

The fiscal year ended June 30, 2015 net position change over the prior year is primarily attributable to the implementation of GASB 68, which reflects pension liability and deferred outflows/inflows related to pensions on the Statement of Net Position.

Note: 2011 was the first year of fully merged operations of the Central County Fire Department JPA, so the table above reflects all available years of

Source: Central County Fire Department audited financial statements as restated, if applicable.

CENTRAL COUNTY FIRE DEPARTMENT
CHANGES IN NET POSITION (accrual basis of accounting)
LAST EIGHT YEARS (from inception)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses:								
Governmental Activities:								
Public safety:								
Personnel	\$ 14,032,646	\$ 14,969,002	\$ 15,577,913	\$ 15,450,212	\$ 17,225,010	\$ 19,986,633	\$ 19,491,839	\$ 23,808,883
Materials and services	1,149,333	1,331,681	1,305,754	1,672,064	1,576,509	2,158,896	2,173,142	2,378,414
Depreciation expense	-	5,383	19,003	19,003	46,039	52,962	234,494	273,158
General and administrative	-	-	-	-	3,082	-	-	-
Total Governmental Activities Expenses	15,181,979	16,306,066	16,902,670	17,141,279	18,850,640	22,198,491	21,899,475	26,460,455
Program Revenues:								
Governmental Activities:								
Charges for services	1,157,093	1,190,585	1,518,522	1,890,887	1,553,099	1,586,409	2,100,740	2,438,884
Operating grants and contributions	110,300	47,495	-	-	-	-	-	-
Interest income	322	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,267,715	1,238,080	1,518,522	1,890,887	1,553,099	1,586,409	2,100,740	2,438,884
Governmental Activities Net (Expenses)/Revenue	(13,914,264)	(15,067,986)	(15,384,148)	(15,250,392)	(17,297,541)	(20,612,082)	(19,798,735)	(24,021,571)
General Revenues:								
Governmental Activities:								
Intergovernmental - Burlingame	8,220,089	8,460,470	8,880,347	9,072,983	9,735,724	9,947,519	10,112,833	9,973,599
Intergovernmental - Hillsborough	5,480,060	5,640,313	5,920,232	6,048,655	6,490,483	6,631,679	6,741,889	6,649,066
Intergovernmental - Millbrae	-	-	-	-	2,076,725	5,486,051	6,063,304	6,326,189
Grants	-	-	-	-	89,310	366,391	312,157	954,239
Interest income	1,202	633	237	287	416	818	474	1,300
Total Governmental Activities General Revenues	13,701,351	14,101,416	14,800,816	15,121,925	18,392,658	22,432,458	23,230,657	23,904,393
Governmental Activities Changes in Net Position Before Special Item	(212,913)	(966,570)	(583,332)	(128,467)	1,095,117	1,820,376	3,431,922	(117,178)
Assumption of Beginning Compensated Absences Liability on Formation	(2,127,399)	-	-	-	-	-	-	-
Governmental Activities Changes in Net Position After Special Item	\$ (2,340,312)	\$ (966,570)	\$ (583,332)	\$ (128,467)	\$ 1,095,117	\$ 1,820,376	\$ 3,431,922	\$ (117,178)

Personal expenses increased in 2018 due to increases in salaries for cost of living and step increases, contractual CalPERS retirement contribution, overtime with participation in Statewide fires (reimbursable), and an increase in the workers' compensation reserve amount.

Materials and services expenses increased in 2018 due to an increase in excess workers compensation premiums and operations costs.

Personnel expenses decreased in 2017 due to a reduction in workers' compensation reserve amount, and is mostly offset by increases in salaries for cost of living, contractual CalPERS retirement contribution, and overtime costs associated with participation in statewide fires (reimbursable).

Program revenues increase in 2018 and 2017 due to increased permitting and annual inspections activity.

General revenues are comprised of contributions from the cities based on adopted budget amounts. The grant in 2017 and 2018 was reimbursements for overtime for CCFD participation in statewide fires and national disaster events.

Note: 2011 was the first year of fully merged operations of the Central County Fire Department JPA, so the table above reflects all available years of data.

Source: Central County Fire Department audited financial statements as restated, if applicable.

CENTRAL COUNTY FIRE DEPARTMENT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (modified accrual basis of accounting)
LAST EIGHT YEARS (from inception)

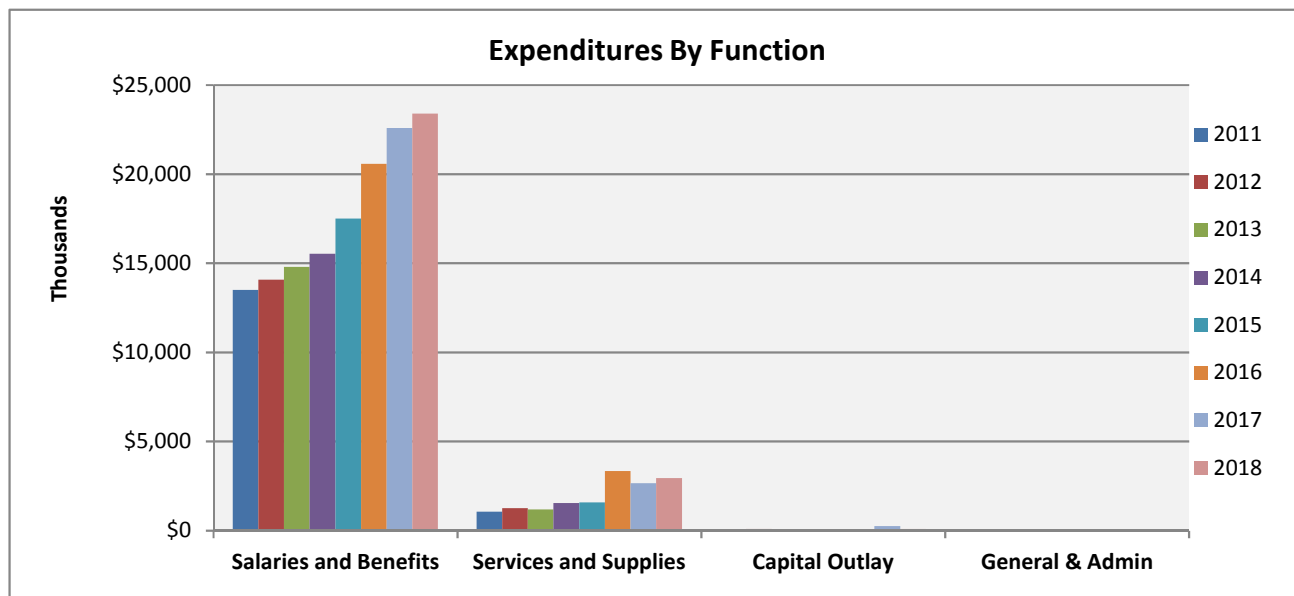
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues:								
Intergovernmental:								
Burlingame	\$ 8,233,728	\$ 8,460,470	\$ 8,880,347	\$ 9,072,983	\$ 9,735,724	\$ 9,947,519	\$ 10,112,833	\$ 9,973,599
Hillsborough	5,480,060	5,640,313	5,920,232	6,048,655	6,490,483	6,631,679	6,741,889	6,649,066
Millbrae	96,661	-	-	-	2,076,725	5,486,051	6,063,304	6,326,189
Grants	-	47,495	-	-	89,310	366,391	312,157	954,239
Service Charges	1,157,093	1,190,585	1,518,522	1,890,887	1,553,099	1,586,409	2,100,740	2,438,884
Interest Income	1,209	633	237	287	416	817	474	1,300
Total Revenues	<u>14,968,751</u>	<u>15,339,496</u>	<u>16,319,338</u>	<u>17,012,812</u>	<u>19,945,757</u>	<u>24,018,866</u>	<u>25,331,397</u>	<u>26,343,277</u>
Expenditures:								
Current:								
Personnel costs	13,505,767	14,071,775	14,796,777	15,526,314	17,495,521	20,567,509	22,579,944	23,389,694
Materials and services	1,063,180	1,257,444	1,189,132	1,548,680	1,574,672	3,339,454	2,657,250	2,937,588
Capital Outlay	44,847	95,833	-	-	7,428	10,514	246,246	94,104
General and administrative	-	-	-	-	3,083	-	-	-
Total Expenditures	<u>14,613,794</u>	<u>15,425,052</u>	<u>15,985,909</u>	<u>17,074,994</u>	<u>19,080,704</u>	<u>23,917,477</u>	<u>25,483,440</u>	<u>26,421,386</u>
Other Sources of Financing								
Transfers	-	-	-	-	(799,000)	-	-	-
Net Change in Fund Balances	354,957	(85,556)	333,429	(62,182)	66,053	101,389	(152,043)	(78,109)
Beginning Fund Balances	-	354,957	269,401	602,830	540,648	606,701	708,090	556,047
Ending Fund Balances	<u>\$ 354,957</u>	<u>\$ 269,401</u>	<u>\$ 602,830</u>	<u>\$ 540,648</u>	<u>\$ 606,701</u>	<u>\$ 708,090</u>	<u>\$ 556,047</u>	<u>\$ 477,938</u>
General Fund:								
Assigned	\$ 354,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-	6	6	8	6
Total General Fund	<u>\$ 354,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 8</u>	<u>\$ 6</u>
All Other Governmental Funds:								
Assigned	\$ -	\$ 269,401	\$ 602,830	\$ 540,648	\$ 606,695	\$ 708,084	\$ -	\$ 477,932
Total All Other Governmental Funds	<u>\$ 354,957</u>	<u>\$ 269,401</u>	<u>\$ 602,830</u>	<u>\$ 540,648</u>	<u>\$ 606,695</u>	<u>\$ 708,084</u>	<u>\$ -</u>	<u>\$ 477,932</u>

Personnel expenditures increased in 2018 due to increases in salaries for cost of living and step increases, contractual CalPERS retirement contribution, overtime for participation in Statewide fires (reimbursable).

Note: 2011 was the first year of fully merged operations of the Central County Fire Department JPA, so the table above reflects all available years of data.

Source: Central County Fire Department audited financial statements as restated, if applicable.

CENTRAL COUNTY FIRE DEPARTMENT
GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION
(modified accrual basis of accounting)
LAST EIGHT YEARS (from inception)



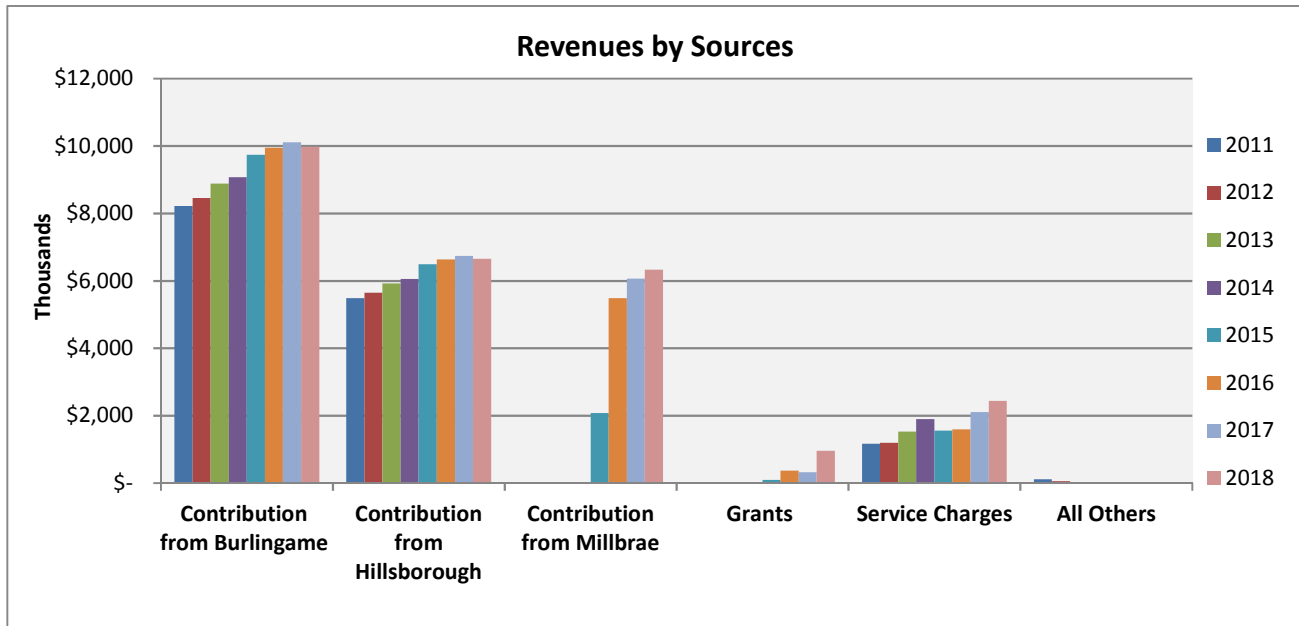
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Salaries and Benefits	\$ 13,505,767	\$ 14,071,775	\$ 14,796,777	\$ 15,526,314	\$ 17,495,521	\$ 20,567,509	\$ 22,579,944	\$ 23,389,694
Services and Supplies	1,063,180	1,257,444	1,189,132	1,548,680	1,574,672	3,339,454	2,657,250	2,937,588
Capital Outlay	44,847	95,833			7,428	10,514	246,246	94,104
General & Admin					3,083			
Total	\$ 14,613,794	\$ 15,425,052	\$ 15,985,909	\$ 17,074,994	\$ 19,080,704	\$ 23,917,477	\$ 25,483,440	\$ 26,421,386

Salaries and benefits is the largest cost for the Department. Increase in 2018 and 2017 is attributable to salary and step increases, contractual CalPERS retirement contribution, workers compensation reserve contribution, and overtime costs associated with participation in Statewide fires

Note: 2011 was the first year of fully merged operations of the Central County Fire Department JPA, so the table above reflects all available years of data.

Source: Central County Fire Department audited financial statements

CENTRAL COUNTY FIRE DEPARTMENT
GOVERNMENTAL FUNDS REVENUES BY SOURCES
(modified accrual basis of accounting)
LAST EIGHT YEARS (since inception)



	2011	2012	2013	2014	2015	2016	2017	2018
Contribution from Burlingame	\$ 8,220,089	\$ 8,460,470	\$ 8,880,347	\$ 9,072,983	\$ 9,735,724	\$ 9,947,519	\$ 10,112,833	\$ 9,973,599
Contribution from Hillsborough	5,480,060	5,640,313	5,920,232	6,048,655	6,490,483	6,631,679	6,741,889	6,649,066
Contribution from Millbrae	-	-	-	-	2,076,725	5,486,051	6,063,304	6,326,189
Grants	-	-	-	-	89,310	366,391	312,157	954,239
Service Charges	1,157,093	1,190,585	1,518,522	1,890,887	1,553,099	1,586,409	2,100,740	2,438,884
All Others	111,509	48,128	237	287	416	817	474	1,300
Total	\$ 14,968,751	\$ 15,339,496	\$ 16,319,338	\$ 17,012,812	\$ 19,945,757	\$ 24,018,866	\$ 25,331,397	\$ 26,343,277

The Department's primary source of funding is contributions from the three cities - Burlingame, Hillsborough, and Millbrae. Services are provided by contract to the City of Millbrae and commenced mid-year 2014/15.

Grants are primarily reimbursement from Cal-OES or FEMA for participation in statewide fires or national disasters.

Note: 2011 was the first year of fully merged operations of the Central County Fire Department JPA, so the table above reflects all available years of data.

Source: Central County Fire Department audited financial statements

CENTRAL COUNTY FIRE DEPARTMENT
CITY OF BURLINGAME/TOWN OF HILLSBOROUGH/CITY OF MILLBRAE
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN YEARS (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Public Safety Special Tax</u>	<u>Sales Tax</u>	<u>Transient Occupancy Tax</u>	<u>Other Taxes (1)</u>
CITY OF BURLINGAME					
2008	12,198		9,459	11,265	1,981
2009	12,798		8,251	10,155	1,782
2010	13,355		6,276	10,342	1,857
2011	13,310		8,041	13,404	2,071
2012	13,460		8,495	16,183	2,582
2013	15,539		9,199	18,244	3,284
2014	15,497		10,196	21,357	4,595
2015	16,667		11,101	23,968	4,697
2016	17,645		12,828	26,092	4,589
2017	18,933		12,089	26,263	4,407
TOWN OF HILLSBOROUGH					
2008	9,491	2,236	88		1,591
2009	10,059	2,238	97		1,288
2010	10,490	2,231	98		1,304
2011	10,502	2,232	77		1,398
2012	10,431	2,236	82		1,397
2013	10,943	2,234	209		1,714
2014	11,780	2,451	14		1,845
2015	12,629	2,240	65		1,744
2016	13,783	2,242	74		1,702
2017	14,872	2,242	99		1,783
CITY OF MILLBRAE					
2008	11,900		2,200	3,300	1,500
2009	13,100		2,400	2,800	1,400
2010	13,400		2,000	2,900	1,600
2011	13,400		2,200	3,700	1,600
2012	10,900		2,200	3,900	1,700
2013	9,200		2,200	5,000	1,500
2014	10,100		2,300	6,100	1,900
2015	10,800		2,700	7,500	1,900
2016	10,798		2,804	8,210	1,811
2017	11,378		2,779	8,032	1,924

(1) Includes Property Transfer Tax, Business License Tax, Franchise Fee

Note: Information is the latest available at the time of this report.

Source: City of Burlingame, Town of Hillsborough, and City of Millbrae audited financial statements

CENTRAL COUNTY FIRE DEPARTMENT
CITY OF BURLINGAME/TOWN OF HILLSBOROUGH/CITY OF MILLBRAE
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

<u>CITY OF BURLINGAME</u>				
Fiscal Year	Net Secured	Unsecured	Total	% of Chg
2008	6,089,635,422	291,377,516	6,381,012,938	7.1%
2009	6,457,431,033	300,758,515	6,758,189,548	5.9%
2010	6,662,858,226	299,902,769	6,962,760,995	3.0%
2011	6,733,012,764	274,429,627	7,007,442,391	0.6%
2012	6,838,109,244	270,906,684	7,109,015,928	1.4%
2013	7,154,664,973	275,840,943	7,430,505,916	4.5%
2014	7,636,495,631	302,712,785	7,939,208,416	6.8%
2015	8,135,613,312	307,284,506	8,442,897,818	6.3%
2016	8,690,688,613	324,903,282	9,015,591,895	6.8%
2017	9,378,077,970	329,134,973	9,707,212,943	7.7%

<u>TOWN OF HILLSBOROUGH</u>				
Fiscal Year	Net Secured	Unsecured	Total	% of Chg
2008	5,915,214,984	5,982,508	5,921,197,492	6.2%
2009	6,301,080,652	4,766,453	6,305,847,105	6.5%
2010	6,649,847,907	4,896,023	6,654,743,930	5.5%
2011	6,647,117,625	7,862,429	6,654,980,054	0.0%
2012	6,651,650,227	5,673,361	6,657,323,588	0.0%
2013	6,920,302,922	5,149,053	6,925,451,975	4.0%
2014	7,377,527,987	4,556,205	7,382,084,192	6.6%
2015	7,833,939,940	5,908,200	7,839,848,140	6.2%
2016	8,460,687,856	8,612,367	8,469,300,223	8.0%
2017	9,121,371,245	6,096,108	9,127,467,353	7.8%

<u>CITY OF MILLBRAE</u>				
Fiscal Year	Net Secured	Unsecured	Total	% of Chg
2008	3,125,895,031	56,607,324	3,182,502,355	7.4%
2009	3,427,061,495	74,732,202	3,501,793,697	10.0%
2010	3,561,943,711	59,707,619	3,621,651,330	3.4%
2011	3,588,579,495	58,876,426	3,647,455,921	0.7%
2012	3,639,192,881	64,777,111	3,703,969,992	1.5%
2013	3,785,529,814	59,066,096	3,844,595,910	3.8%
2014	4,009,441,534	64,752,022	4,074,193,556	6.0%
2015	4,306,198,921	68,073,302	4,374,272,223	7.4%
2016	4,605,554,827	82,815,102	4,688,369,929	7.2%
2017	4,897,662,651	70,504,021	4,968,166,672	6.0%

<u>GRAND TOTAL</u>				
Fiscal Year	Net Secured	Unsecured	Total	% of Chg
2008	15,130,745,437	353,967,348	15,484,712,785	6.8%
2009	16,185,573,180	380,257,170	16,565,830,350	7.0%
2010	16,874,649,844	364,506,411	17,239,156,255	4.1%
2011	16,968,709,884	341,168,482	17,309,878,366	0.4%
2012	17,128,952,352	341,357,156	17,470,309,508	0.9%
2013	17,860,497,709	340,056,092	18,200,553,801	4.2%
2014	19,023,465,152	372,021,012	19,395,486,164	6.6%
2015	20,275,752,173	381,266,008	20,657,018,181	6.5%
2016	21,756,931,296	416,330,751	22,173,262,047	7.3%
2017	23,397,111,866	405,735,102	23,802,846,968	7.3%

Source: Audited financial statements of the City of Burlingame,
Town of Hillsborough and City of Millbrae.
Information is the latest available for use in this

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CENTRAL COUNTY FIRE DEPARTMENT
CITY OF BURLINGAME/TOWN OF HILLSBOROUGH/CITY OF MILLBRAE
PRINCIPAL PROPERTY TAX PAYERS

<u>Taxpayer</u>	<u>2016-17</u>			<u>2007-08</u>		
	<u>Taxable</u>	<u>% of Total</u>	<u>Rank</u>	<u>Taxable</u>	<u>% of Total</u>	<u>Rank</u>
	<u>Assessed</u>	<u>Assessed</u>		<u>Assessed</u>	<u>Assessed</u>	
	<u>Value</u>	<u>Value</u>		<u>Value</u>	<u>Value</u>	
CITY OF BURLINGAME:						
HMC Burlingame Hotel LLC	\$ 142,596,000	1	1.47%	\$ -	-	
EQR-Northpark LP	120,541,000	2	1.24%	-	-	
Inland American Lodging	110,454,000	3	1.14%	-	-	
Burlingame Bay LLC	90,307,000	4	0.93%	-	-	
MNCVD Harvest One Bay LLC	64,976,000	5	0.67%	-	-	
Felcor CCS Holdings LP 9520	61,300,000	6	0.63%	43,750,000	5	0.69%
Burlingame Point LLC	48,465,000	7	0.50%	-	-	
EQR Skyline Terrance LP	46,088,000	8	0.47%	-	-	
Remel Chicago LLC	40,575,000	9	0.42%	-	-	
Green Banker LLC	37,682,000	10	0.39%	-	-	
HMC Burlingame Hotel LLC	-			110,236,000	1	1.73%
Bay Park Plaza Associates	-			89,193,000	2	1.40%
HMH SFO Onc.	-			74,597,000	3	1.17%
One Bay Plaza Associates LLC	-			57,359,000	4	0.90%
CRP BAHF SFO LLC	-			36,970,000	6	0.58%
Northpark Properties	-			29,230,000	7	0.46%
350 Beach Road LLC	-			25,500,000	8	0.40%
ARE-819 863 Mitten Road LLC	-			25,289,000	9	0.40%
Harbor View, Inc.	-			24,642,000	10	0.39%
	<u>\$ 762,984,000</u>		<u>7.86%</u>	<u>\$ 274,026,000</u>		<u>8.09%</u>
TOWN OF HILLSBOROUGH:						
Carolands Foundation	\$ 135,243,559	1	1.48%	\$ -	-	
Alpha Yield Holdings Limited	31,258,532	2	0.34%	-	-	
Theodore H Kruttschnitt	23,777,095	3	0.26%	-	-	
Delight Wise Investments Limited	23,147,700	4	0.25%	-	-	
Christopher R Redlich Jr Trust	18,034,185	5	0.20%	15,934,440	4	0.27%
August Moon 1971 LLC	16,775,661	6	0.18%	-	-	
George Hsu Trust	16,380,463	7	0.18%	-	-	
James Roberts Meyers Trust	13,829,130	8	0.15%	-	-	
Peter Spiro Stamos Trust	13,700,000	9	0.15%	-	-	
Jinchen An	13,523,067	10	0.15%	-	-	
James De Martini III Trust	-			23,573,592	1	0.40%
Val E Vaden Trust	-			17,387,720	2	0.29%
Amati LLC	-			16,491,055	3	0.28%
Terence Garnett Trust	-			13,410,350	5	0.23%
Otto Miller	-			12,997,815	6	0.22%
Robert M. and Susan V. Chang Trust	-			10,122,684	7	0.17%
Terrence E Fancher	-			10,122,215	8	0.17%
Rupert H Jr and M Johnson	-			9,624,527	9	0.16%
Roberta P Gates Trust	-			9,180,000	10	0.16%
	<u>\$ 305,669,392</u>		<u>3.34%</u>	<u>\$ 138,844,398</u>		<u>2.35%</u>

CENTRAL COUNTY FIRE DEPARTMENT
CITY OF BURLINGAME/TOWN OF HILLSBOROUGH/CITY OF MILLBRAE
PRINCIPAL PROPERTY TAX PAYERS

<u>Taxpayer</u>	<u>2016-17</u>			<u>2007-08</u>		
	<u>Taxable</u>	<u>% of Total</u>	<u>Rank</u>	<u>Taxable</u>	<u>% of Total</u>	<u>Rank</u>
	<u>Assessed</u>	<u>Assessed</u>		<u>Assessed</u>	<u>Assessed</u>	
	<u>Value</u>	<u>Value</u>		<u>Value</u>	<u>Value</u>	
CITY OF MILLBRAE						
Millbrae WCP Hotel I LLC	\$ 75,483,390	1	1.52%	\$ -	-	
Millbrae WCP Hotel II LLC	50,898,242	2	1.02%	-	-	
OR Property Holdings	36,981,896	3	0.74%	-	-	
RAC Investment Group LLC	34,478,498	4	0.69%	-	-	
Magnolia of Millbrae, Inc	29,060,399	5	0.58%	26,503,634	4	0.83%
Great Mountain Properties LLC	26,923,902	6	0.54%	-	-	
Marymount Greenhills LLC	23,034,972	7	0.46%	20,103,902	5	0.63%
RHC Associates	17,179,563	8	0.35%	-	-	
Friend Friend and Friend	16,481,403	9	0.33%	-	-	
Green Hills Country Club	15,001,978	10	0.30%	-	-	
Millbrae Paradise LLC	-			15,871,200	1	0.50%
Millbrae Town Plaza LP	-			12,436,420	2	0.39%
American Store Properties	-			11,558,213	3	0.36%
Real Property Storage LLC	-			10,929,332	6	0.34%
Westin Bay Hotel Company	-			44,238,112	7	1.39%
Song Hyosook	-			35,840,896	8	1.13%
PPC Townsquare Venture LLC	-			25,500,000	9	0.80%
Starwood S F Clarion Realty LCL	-			23,970,000	10	0.75%
	<u>\$ 325,524,243</u>		<u>6.55%</u>	<u>\$ 226,951,709</u>		<u>7.13%</u>

Source: City of Burlingame, Town of Hillsborough and City of Millbrae audited financial statements.
Information is the latest available for this report.

CENTRAL COUNTY FIRE DEPARTMENT
COUNTY OF SAN MATEO AND NEIGHBORING CITIES
LARGEST EMPLOYERS ON THE PENINSULA

		Total Peninsula Employees	Percentage of Labor Workforce San Mateo County (1)
<u>Business name</u>	<u>Business description</u>		
1 Stanford University	Private research university	14,328	3.14%
2 United Airlines	Airline	12,000	2.63%
3 Genentech Inc.	Biotechnology	11,000	2.41%
4 Tesla, Inc.	Electric vehicle Manufacturer	10,000	2.19%
5 Facebook Inc.	Social networking website	7,091	1.55%
6 Oracle	Cloud application and platform services	6,781	1.48%
7 Stanford Health Care	Academic health care system	5,000	1.09%
8 SAP	Enterprise software	4,329	0.95%
9 Gilead Sciences Inc.	Biopharmaceuticals	3,900	0.85%
10 Vmware, Inc.	Cloud infrastructure and business mobility software	3,753	0.82%
11 Visa Inc.	Financial technology service	3,500	0.77%
12 SSL	Satellite and space systems	2,600	0.57%
13 Electronic Arts Inc.	Videogame developer and publisher	2,367	0.52%
14 Robert Half International Inc.	Professional staffing services	1,790	0.39%
15 HP, Inc.	Printers, PCs, mobile devices	1,730	0.38%
16 Youtube LLC	Online video streaming platform	1,700	0.37%
17 Walmart Global eCommerce	Retail e-commerce	1,500	0.33%
18 Varian Medical System Inc.	Manufacturer of medical devices	1,250	0.27%
19 Seton Medical Center	Hospitals	1,228	0.27%
20 Hewlett Packard Enterprise Co.	IT, Technology and enterprise products	1,000	0.22%
		96,847	21.19%

Source: San Francisco Business Times, Book of Lists, 2018

(1) The table above reflects the statistical data for San Mateo County as provided by the Employment Development Department of the State of California as of January 2018

CENTRAL COUNTY FIRE DEPARTMENT
CITY OF BURLINGAME/TOWN OF HILLSBOROUGH/CITY OF MILLBRAE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

<u>Calendar/Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
CITY OF BURLINGAME			
2007	28,453	60,035	2.7%
2008	28,762	60,744	3.5%
2009	29,050	58,523	6.2%
2010	29,342	43,432	6.5%
2011	29,106	47,996	5.8%
2012	29,426	51,002	3.7%
2013	29,685	49,882	3.0%
2014	29,700	56,148	3.3%
2015	29,724	60,844	2.6%
2016	30,148	61,592	2.3%
TOWN OF HILLSBOROUGH			
	<i>Note 1</i>		
2007	11,039	92,577	1.6%
2008	11,230	92,339	2.1%
2009	11,390	93,086	3.7%
2010	11,537	100,396	3.9%
2011	11,006	108,905	3.4%
2012	11,115	117,329	2.2%
2013	11,260	118,252	1.8%
2014	11,266	116,208	3.6%
2015	11,687	121,970	2.9%
2016	11,753	116,395	2.6%
CITY OF MILLBRAE			
2006	20,703	42,395	1.9%
2007	20,810	44,476	1.9%
2008	21,311	44,957	2.5%
2009	21,531	43,450	4.5%
2010	21,968	36,753	4.6%
2011	22,069	38,604	4.1%
2012	22,228	39,735	2.6%
2013	22,605	39,530	2.2%
2014	22,617	40,647	3.6%
2015	23,136	41,713	2.9%
2016	23,168	43,019	2.6%

Source: City of Burlingame, Town of Hillsborough and City of Millbrae
audited financial statements

Information is latest available for this report.

Note 1: The above population figures as stated by the California State Department of Finance are typically higher than the actual results that are taken at census for the Town. The DOF applies regional growth assumptions, yet the Town is nearly built out and does not grow at the same rate as the region. The Town estimates that population was 10,825 in 2010 and 10,910 in 2017.

CENTRAL COUNTY FIRE DEPARTMENT FIRE APPARATUS



Engine 32 Pierce Dash model year 2016
Carries 680 gallons of water and 20 gallons
of universal foam



Engine 33 Pierce Dash model year 2002
Carries 500 gallons of water and 20 gallons each
of Class A and Class B foam



Engine 34 Pierce Dash model year 2016
Carries 680 gallons of water and 20 gallons
of universal biodegradable foam



Engine 35 Pierce Dash model year 2000
Carries 680 gallons of water and 20 gallons
of universal foam

CENTRAL COUNTY FIRE DEPARTMENT

FIRE APPARATUS



Engine 37 Pierce Dash model year 2016
Carries 680 gallons of water and 20 gallons
of universal biodegradable foam



Engine 38 Pierce Dash model year 2002
Carries 680 gallons of water and 20 gallons each
of Class A and Class B foam



Truck 34 2007 Pierce Dash Cab 105" Aerial Ladder



Type I Heavy Rescue model year 2007

CENTRAL COUNTY FIRE DEPARTMENT FIRE STATIONS



Fire Station 32
330 Ascot Road
Hillsborough, CA 94010



Fire Station 33
835 Chateau Drive
Hillsborough, CA 94010

CENTRAL COUNTY FIRE DEPARTMENT FIRE STATIONS



Fire Station 34
799 California Drive
Burlingame, CA 94010



Fire Station 35
2832 Hillside Drive
Burlingame, CA 94010

CENTRAL COUNTY FIRE DEPARTMENT FIRE STATIONS



Fire Station 37
511 Magnolia Avenue
Millbrae, CA 94030



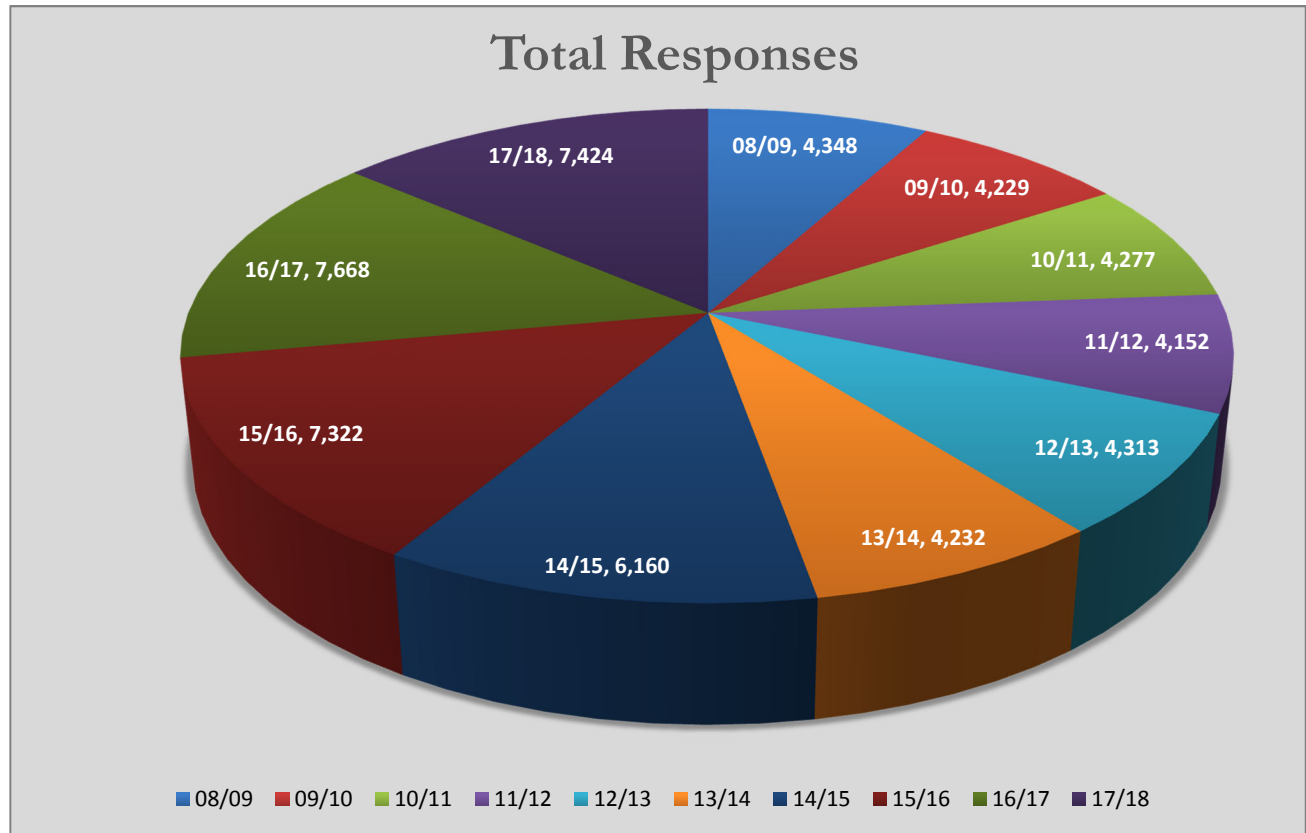
Fire Station 38
785 Crestview Drive
Millbrae, CA 94030

CENTRAL COUNTY FIRE DEPARTMENT FIRE STATIONS



Fire Administration
1399 Rollins Road
Burlingame, CA 94010

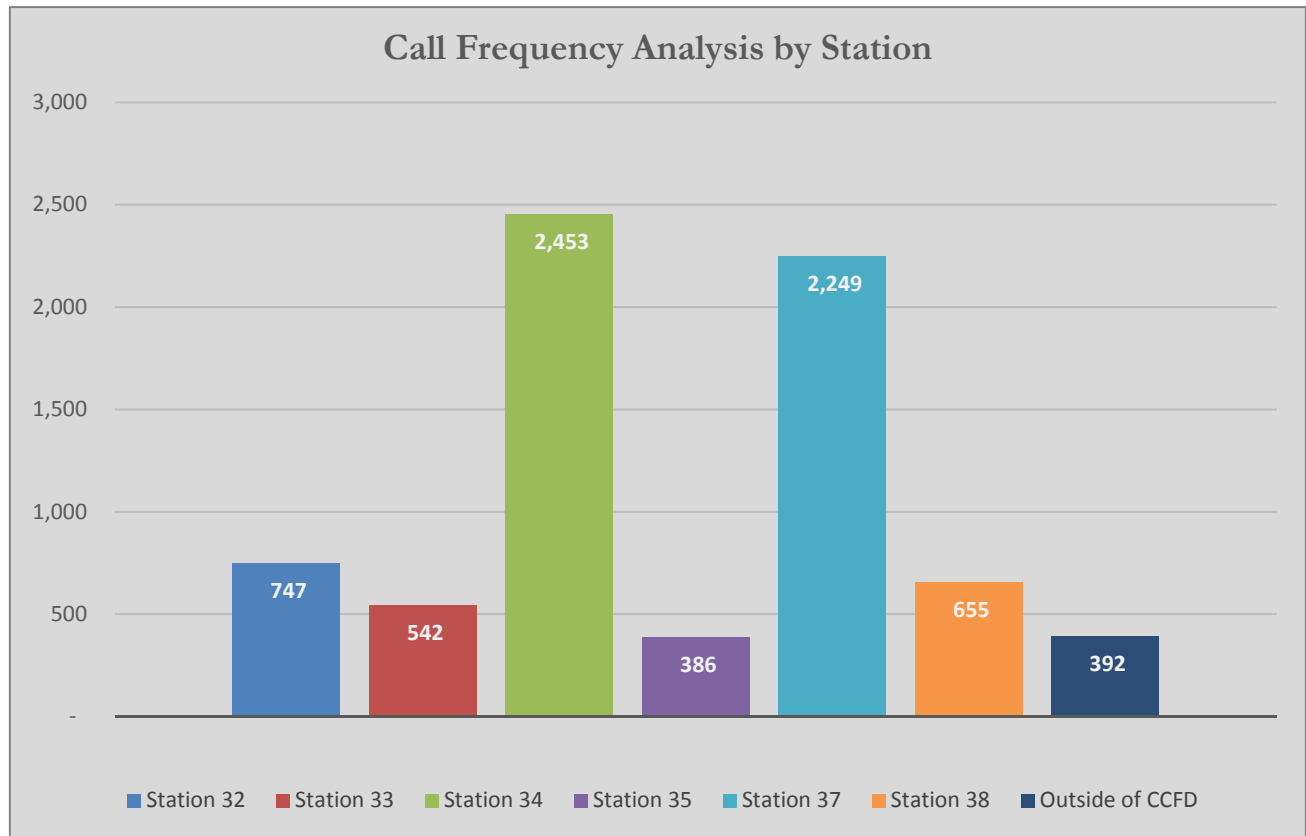
CENTRAL COUNTY FIRE DEPARTMENT
COMPARATIVE ANNUAL GRAPH BY FISCAL YEAR - TOTAL RESPONSES
LAST TEN YEARS



<u>Fiscal Year</u>	<u>Total Calls</u>
08/09	4,348
09/10	4,229
10/11	4,277
11/12	4,152
12/13	4,313
13/14	4,232
14/15	6,160
15/16	7,322
16/17	7,668
17/18	7,424

Source: Department's Records Management Systems
 *(effective 2014 all data includes Millbrae)

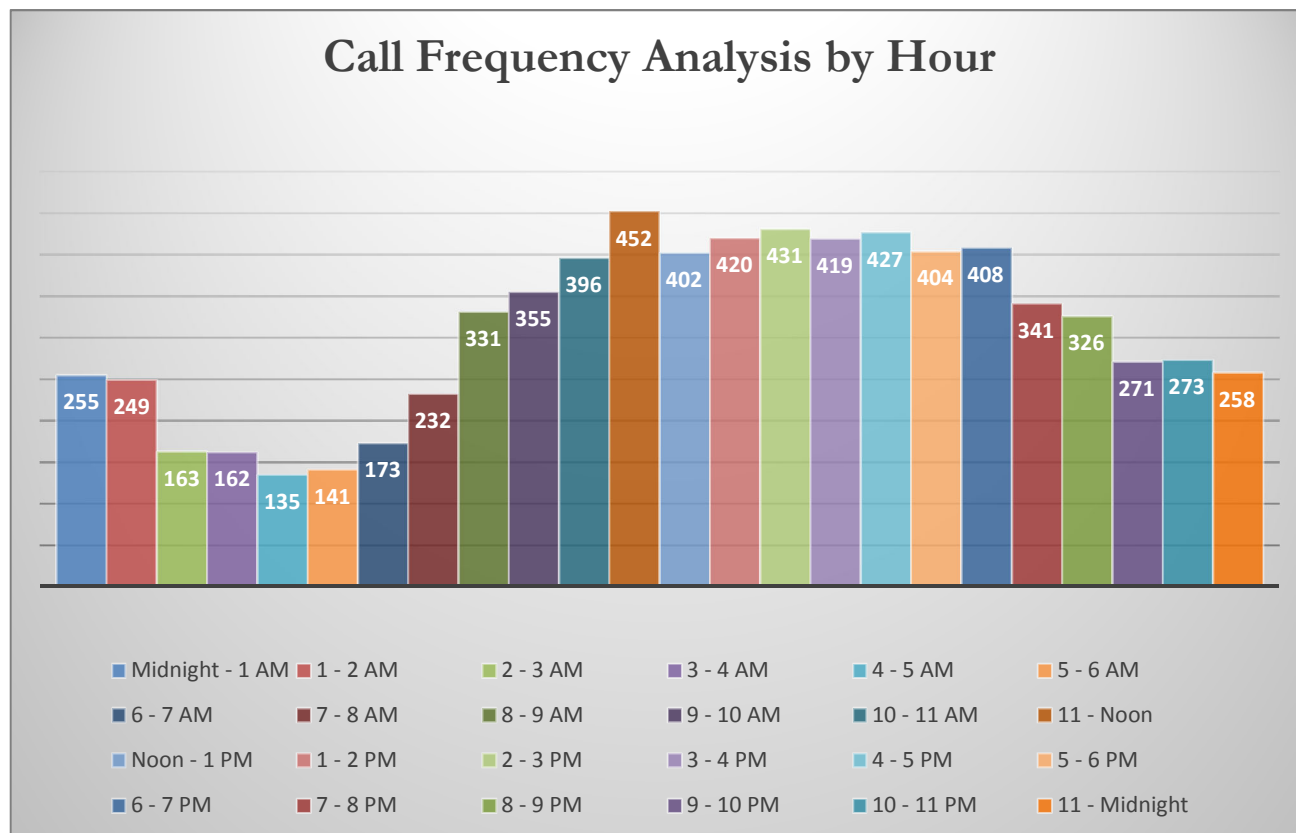
CENTRAL COUNTY FIRE DEPARTMENT
CALL FREQUENCY ANALYSIS BY STATION
FISCAL YEAR 2017-2018



Station Location	Total Calls	% to Totals
Station 32	747	10.06%
Station 33	542	7.30%
Station 34	2,453	33.04%
Station 35	386	5.20%
Station 37	2,249	30.29%
Station 38	655	8.82%
Outside of CCFD	392	5.28%
Total	7,424	100.00%

Source: Department's Records Management Systems (includes addition of Millbrae)

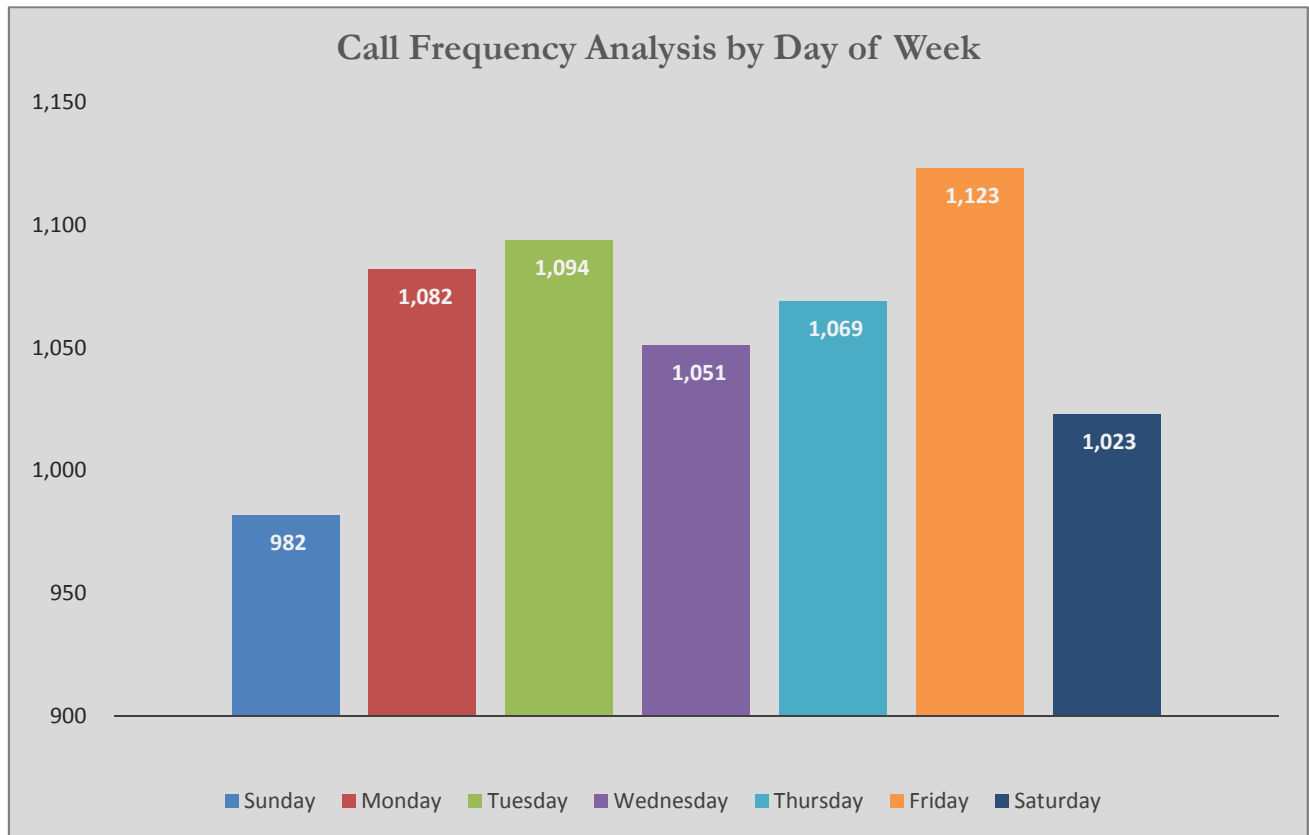
CENTRAL COUNTY FIRE DEPARTMENT
CALL FREQUENCY ANALYSIS BY HOUR
FISCAL YEAR 2017-2018



Hour	Total Calls	% to Totals
Midnight - 1 AM	255	3.43%
1 - 2 AM	249	3.35%
2 - 3 AM	163	2.20%
3 - 4 AM	162	2.18%
4 - 5 AM	135	1.82%
5 - 6 AM	141	1.90%
6 - 7 AM	173	2.33%
7 - 8 AM	232	3.13%
8 - 9 AM	331	4.46%
9 - 10 AM	355	4.78%
10 - 11 AM	396	5.33%
11 - Noon	452	6.09%
Noon - 1 PM	402	5.41%
1 - 2 PM	420	5.66%
2 - 3 PM	431	5.81%
3 - 4 PM	419	5.64%
4 - 5 PM	427	5.75%
5 - 6 PM	404	5.44%
6 - 7 PM	408	5.50%
7 - 8 PM	341	4.59%
8 - 9 PM	326	4.39%
9 - 10 PM	271	3.65%
10 - 11 PM	273	3.68%
11 - Midnight	258	3.48%
Total	7,424	100.00%

Source: Department's Records Management Systems (includes addition of Millbrae)

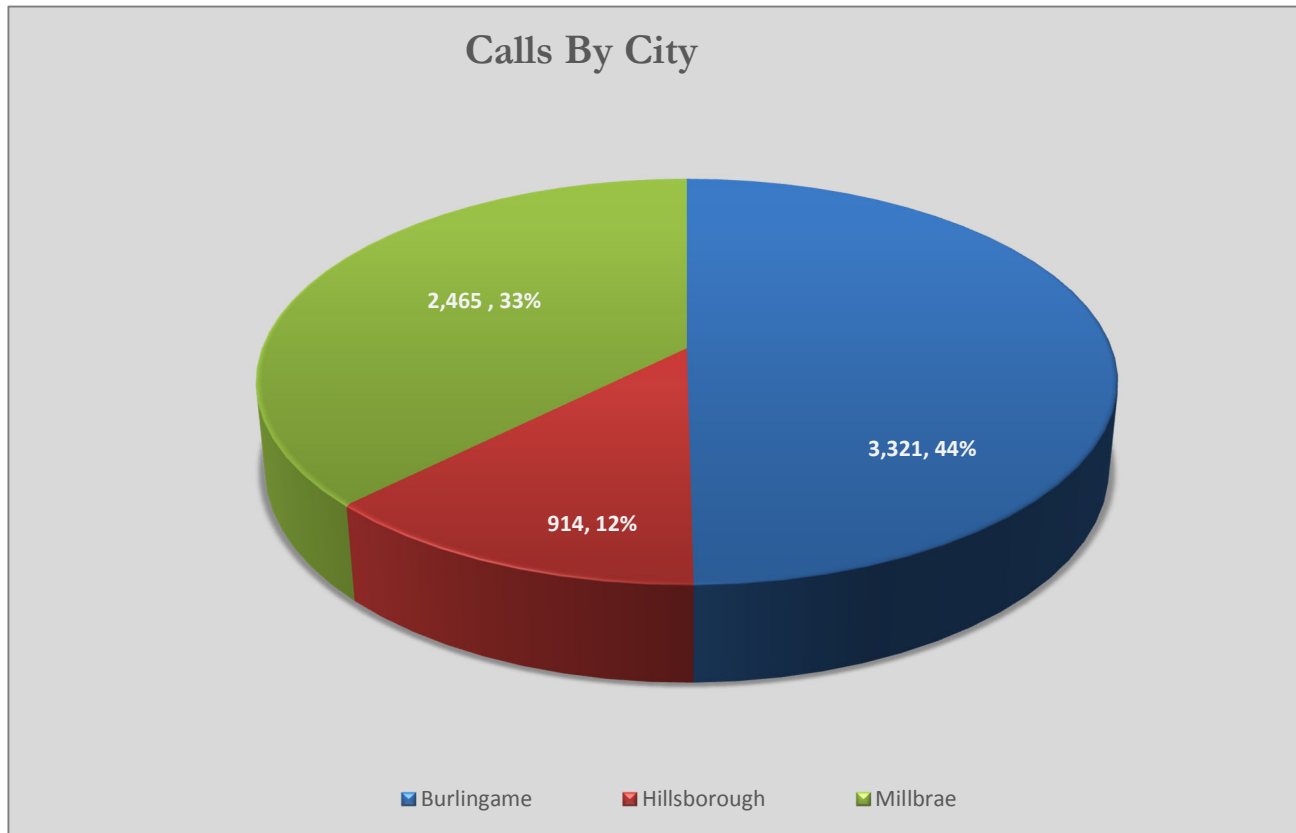
CENTRAL COUNTY FIRE DEPARTMENT
CALL FREQUENCY ANALYSIS BY DAY OF WEEK
FISCAL YEAR 2017-2018



<u>Day of Week</u>	<u>Total Calls</u>	<u>% to Totals</u>
Sunday	982	13.23%
Monday	1,082	14.57%
Tuesday	1,094	14.74%
Wednesday	1,051	14.16%
Thursday	1,069	14.40%
Friday	1,123	15.13%
Saturday	1,023	13.78%
Total	<u>7,424</u>	<u>100.00%</u>

Source: Department's Records Management Systems (includes addition of Millbrae)

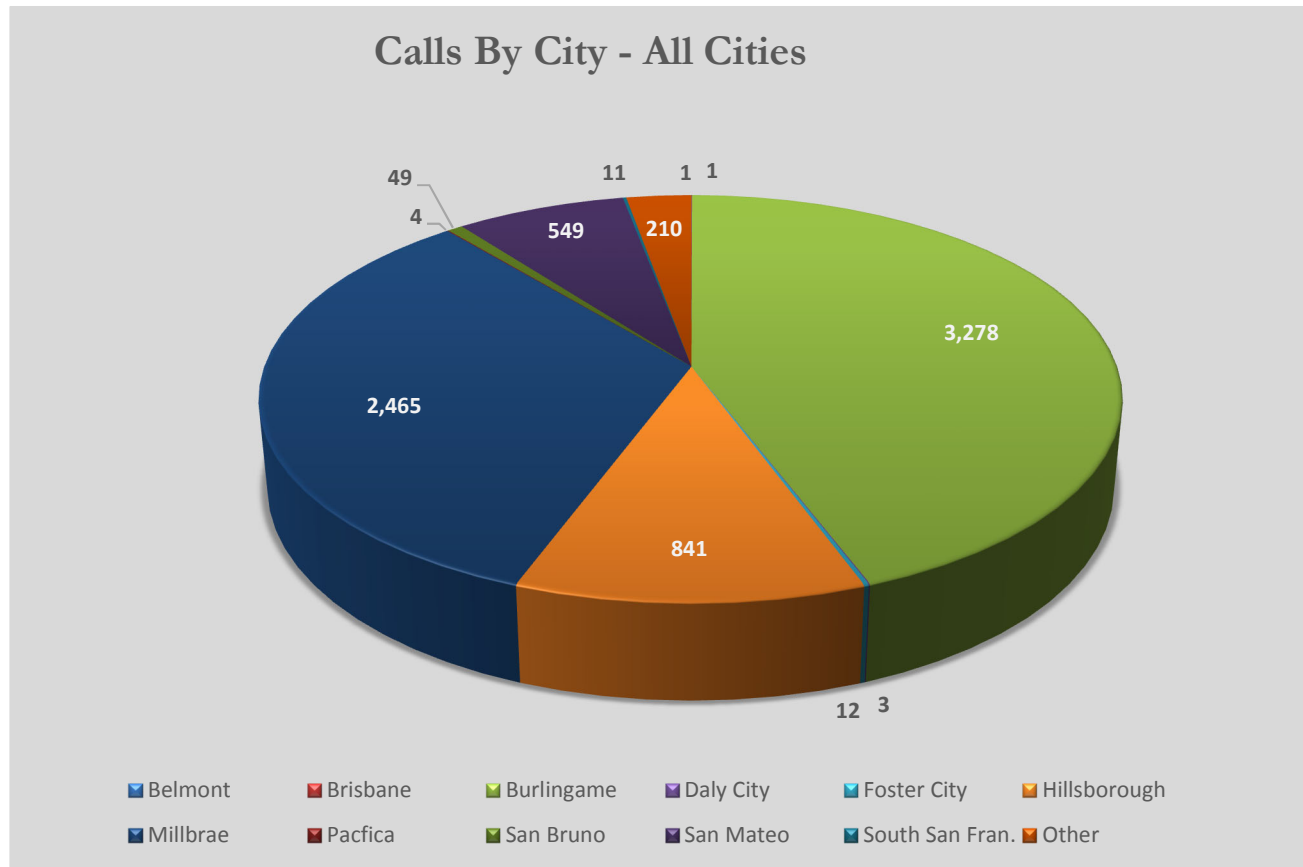
CENTRAL COUNTY FIRE DEPARTMENT
AUTOMATIC AID RESPONSES RECEIVED AND GIVEN
FISCAL YEAR 2017-2018



<u>City</u>	<u>Calls</u>	<u>% of Total</u>
Burlingame	3,278	44.30%
Hillsborough	841	11.37%
Millbrae	2,465	33.32%
Total	7,399	100%

Source: Department's Records Management Systems (includes addition of Millbrae)

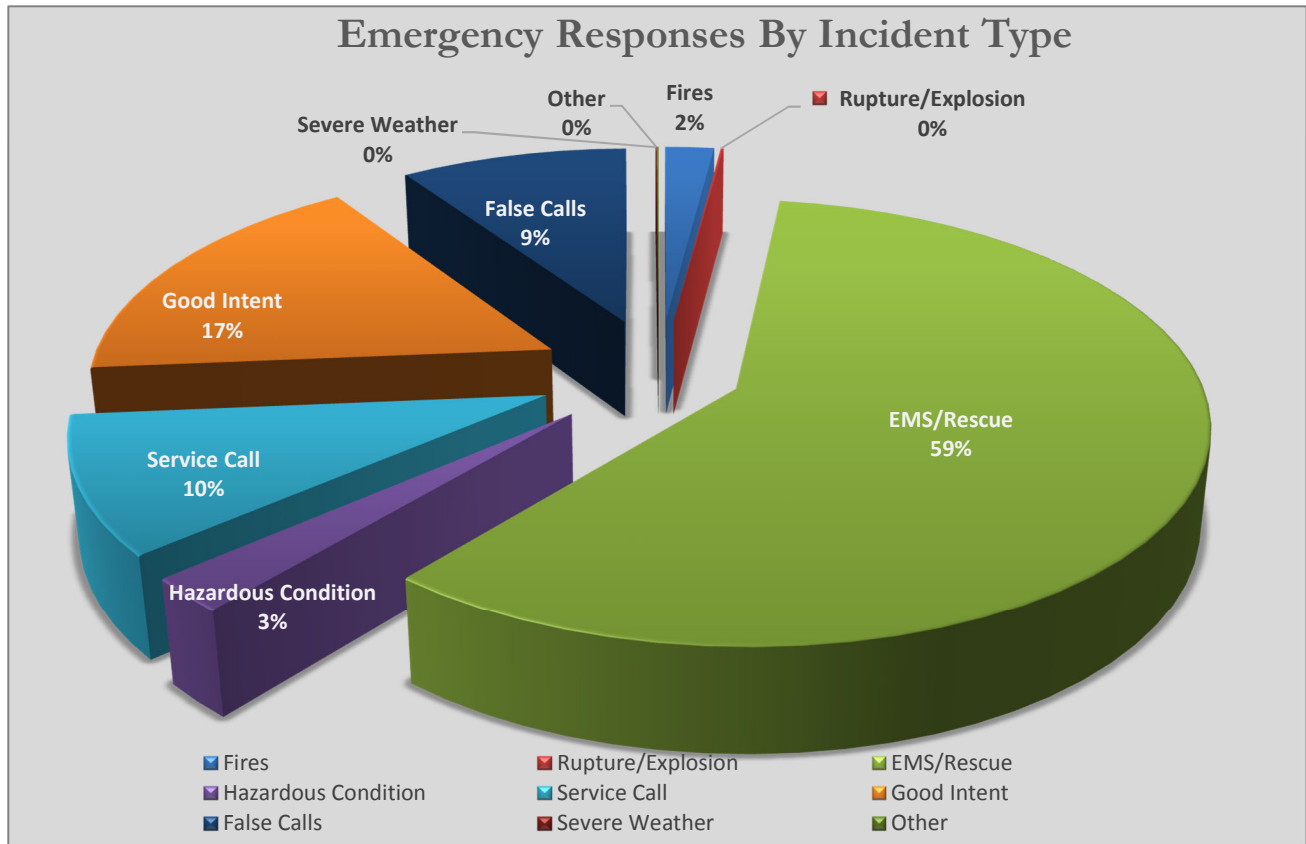
CENTRAL COUNTY FIRE DEPARTMENT
CALLS BY CITY
FISCAL YEAR 2017-2018



<u>City</u>	<u>Calls</u>	<u>% of Total</u>
Belmont	1	0.01%
Brisbane	1	0.01%
Burlingame	3,278	44.15%
Daly City	3	0.04%
Foster City	12	0.16%
Hillsborough	841	11.33%
Millbrae	2,465	33.20%
Pacifica	4	0.05%
San Bruno	49	0.66%
San Mateo	549	7.39%
South San Fran.	11	0.15%
Other	210	2.83%
Total	7,424	100%

Source: Department's Records Management Systems (includes addition of Millbrae)

CENTRAL COUNTY FIRE DEPARTMENT
EMERGENCY RESPONSES BY INCIDENT TYPE
FISCAL YEAR 2017-2018

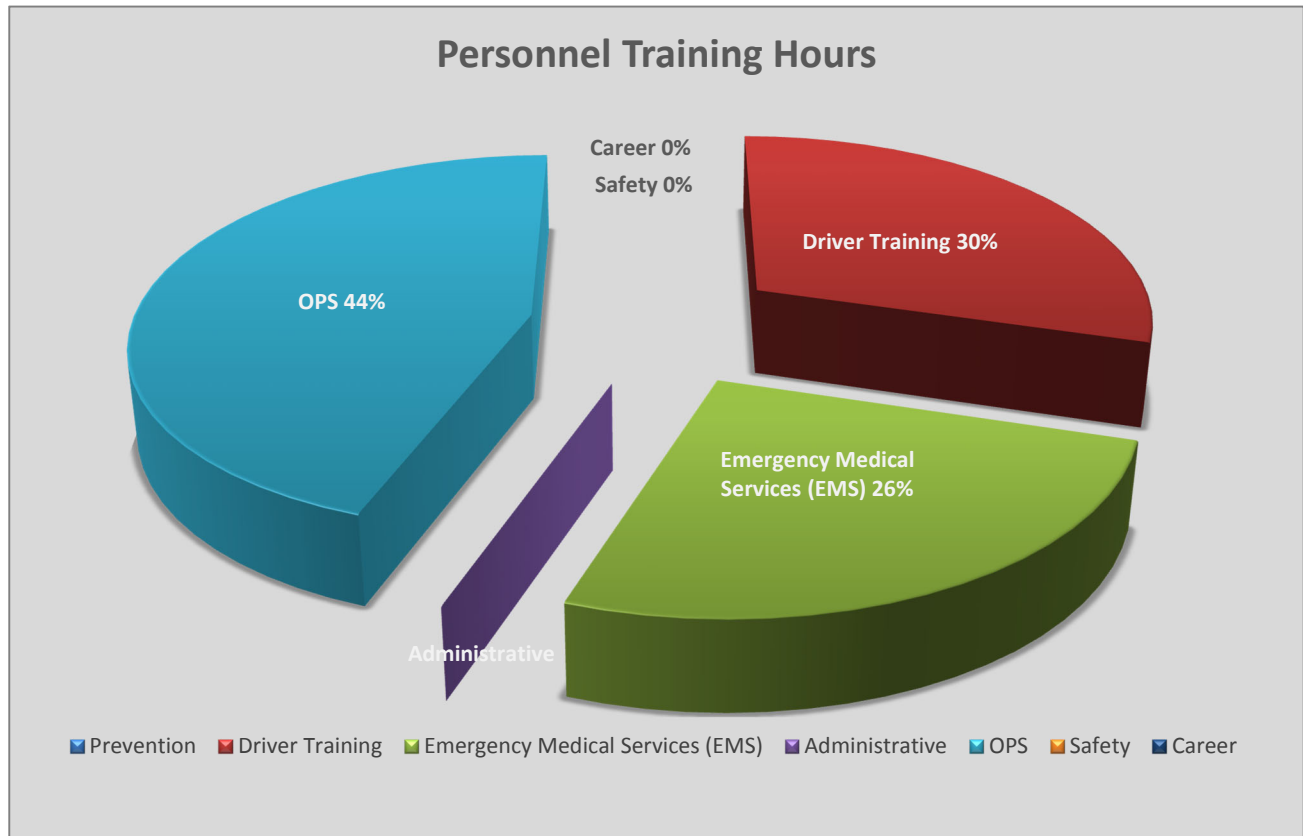


Incident Type	Total Responses
Fires	149
Rupture/Explosion	8
EMS/Rescue	4,380
Hazardous Condition	186
Service Call	744
Good Intent	1,257
False Calls	692
Severe Weather	3
Other	5
Total	7,424

* Rupture/Explosion, Severe Weather and Other account for less than 1% of total calls

Source: Department's Records Management Systems (includes addition of Millbrae)

CENTRAL COUNTY FIRE DEPARTMENT
PERSONNEL TRAINING HOURS BY FUNCTION
FISCAL YEAR 2017-2018



<u>Description</u>	<u>Training</u>
Prevention	-
Driver Training	2,122
Emergency Medical Services (EMS)	1,852
Administrative	-
OPS	3,194
Safety	-
Career	-
Total Training Hours	<u>7,168</u>

* increase in OPS training hours is due to probationary firefighter training

Source: Department's Records Management Systems and Target Solutions (includes the addition of Millbrae)