



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

**SANTA CLARA COUNTY CENTRAL FIRE  
PROTECTION DISTRICT**

**(A Component Unit of the County of Santa  
Clara)**

14700 Winchester Boulevard, Los Gatos, California  
95032

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2019**

**Prepared by the Business Services Division**

**Veronica Niebla  
Director of Business Services**

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**Santa Clara County Central Fire Protection District  
(A Component Unit of the County of Santa Clara)  
Comprehensive Annual Financial Report  
June 30, 2019**

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**(A Component Unit of the County of Santa Clara)**  
**Comprehensive Annual Financial Report**  
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## **INTRODUCTORY SECTION**

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## **FIRE DEPARTMENT SANTA CLARA COUNTY**



14700 Winchester Blvd., Los Gatos, CA 95032-1818  
(408) 378-4010 • (408) 341-4499 (fax) • [www.sccfd.org](http://www.sccfd.org)

December 11, 2019

Board of Directors  
Santa Clara County Central Fire Protection District  
14700 Winchester Boulevard  
Los Gatos, CA 95032

### **Members of the Board:**

We are pleased to present the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT (A Component Unit of the County of Santa Clara) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019.

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 objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Maze & Associates, Certified Public Accountants, have issued an unmodified ("clean") opinion on the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT'S financial statements for the year ended June 30, 2019. 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.

### **District Profile**

The Santa Clara County Central Fire Protection District is a full-service fire department that has evolved through fire consolidations and contracts. In 1947, two agencies, the Cottage Grove Fire District and the Oakmead Farms Fire District, were consolidated to form the Santa Clara County Central Fire Protection District (a.k.a. Santa Clara County Fire Department). This consolidation was the result of the California Division of Forestry (a.k.a. CAL FIRE) withdrawing from the valley floor when its contract with Santa Clara County was terminated in 1947.



In 1977, the Fire District contracted with four local cities to provide service to portions of the District, known as “Zone 1”, that were not contiguous to the core District service area and could be better served by adjoining agencies. The City of San Jose provides fire services for a vast majority of the unincorporated areas in the eastern part of the County. Five fire stations and assigned personnel were ultimately transferred to the City of San Jose. The “Zone 2” designation remains as the intrinsic service area for the Fire District.

In 1987, the Fire Chief was appointed to serve in the position of County Fire Marshal and the District began providing fire marshal services to County facilities and unincorporated county areas. During the 1990s the Fire District entered into contracts with the cities of Campbell, Morgan Hill, Los Altos and the Los Altos Hills County Fire District to provide fire and emergency medical services. The merger of the personnel, facilities and equipment into the Fire District made the Department the second-largest fire agency in Santa Clara County.

In 1997, for its 50-year service anniversary, the District adopted the also known as (a.k.a.) name of Santa Clara County Fire Department. The name was changed to more accurately reflect the area served and to avoid confusion between agencies with similar names in adjacent counties.

In 2008, following a three-year administrative management agreement, the Saratoga Fire District entered into a full-service fire, rescue, and emergency medical agreement with the Fire District.

In 2011, the City of Morgan Hill solicited bids from various local agencies to provide fire and emergency medical services in the City. The Fire District decided not to participate in this process and on January 3, 2013, the agreement between the City and the Fire District was allowed to expire. As part of the termination process, the Fire District sold the two fire stations located in the City of Morgan Hill back to the City.

In October 2017, Santa Clara County contracted with the Fire District to provide administration to County Communications Department to strengthen interagency cooperation and regional service delivery that is essential for dispatch service delivery. The Fire District works in collaboration with law enforcement and emergency medical response throughout the County, many of which receive 9-1-1 dispatch services through County Communications.

Today the Santa Clara County Fire Department provides fire protection services to one of the most diverse areas in the state. Challenges range from high-rise buildings, downtown commercial areas, large retail malls and wildland-urban interface areas to industrial business centers, semi-conductor manufacturing with related hazardous materials and hi-tech systems. Services have evolved to include fire protection and education, hazardous materials response, rescue, and advanced life support.

Since 1947, the State Fire Protection District Law has been rewritten several times. The District's authority is granted by the California Health and Safety Code, Div. 12, Part 2.7, and the Fire Protection District Law of 1987, also known as the Bergeson Fire District Law. The District is governed by the Santa Clara County Board of Supervisors sitting as the Board of Directors. As such, the District is classified as a *dependent* District. The Fire Chief is appointed by the Board of Supervisors, and is responsible for the proper administration of all affairs of the District.

The Fire Chief consults with city/town managers to assure local matters are addressed. The District takes great pride in the ability to be responsive to local issues and priorities. Fire codes and regulations are typically adopted at the local governmental level.

### Local Economy

The Fire District is situated in the heart of Silicon Valley, known for its significant concentration of technology and electronics research, development and manufacturing. Patent registrations and venture capital investment continue to be at higher levels than anywhere else in the country, and robotics and artificial intelligence are expected to fuel business growth in the future. Innovation and entrepreneurship are the driving forces behind Silicon Valley's economy. The area also supports a wide variety of retail, office and personal service industries. Silicon Valley's economy continued to thrive in 2018. Employment levels have far surpassed pre-recession levels. Incomes continue to rise and unemployment is on the decline. Unfortunately, the Valley still struggles to solve the issues associated with extremely high housing costs, transportation, and disparities in income and employment opportunities.

Because of the huge presence of technology companies in the region, unemployment figures tend to rise and fall with the health of the tech sector. The unemployment rate for the region has continued to decline since reaching a high of 10.5% in August 2009. The unemployment rate was 2.3% in November 2018, under the national average of 3.5%.

The 2019 Silicon Valley Index Report, published by Joint Venture Silicon Valley, reports that income and wages in the region remain significantly higher than in the state or nation as a whole. Per capita income for the region rose above \$100,000 for the first time and has been increasing steadily since 2009. The region's per capita personal income was \$102,410 (compared to \$59,796 in California and \$51,640 in the United States.)

Median income in Silicon Valley is, on average, relatively high compared with other parts of the state, country and world. The percentage of Silicon Valley households living below the federal poverty limit is relatively low (7.1% in Santa Clara and San Mateo Counties and 13.3% in the state and 13.4% in the nation.) However, despite the low poverty levels, 30% of the region's population does not make enough money to meet their basic needs without public assistance.

The percentage of first-time homebuyers that can afford to purchase a median-priced home (Housing Affordability Index) in Santa Clara County fell in 2018 as part of a six-year downward trend. While 47% of California first-time homebuyers can afford a median-priced home, less than 30% can in Santa Clara County.

Services provided within the Fire Districts boundaries are funded almost exclusively from the District's share of the one-percent ad-valorem property tax assessed under the provisions of State Proposition 13. Changes in property tax revenues historically tend to lag the local economy by one to two years. Property tax revenues in 2019 were 9.05% higher than the previous year, the seventh consecutive year of sustained growth, following several years of stagnant growth in tax roll. The County's Controller-Treasurer's Office is projecting 5.68% growth in property tax revenue in FY 2019.

#### Long-term financial planning and major initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 55.6 percent of total General Fund expenditures. This amount exceeds the 10 – 15 percent corridor that the District has set for budgetary and planning purposes.

The Fire District continues to have long-term concerns over funding for rising pension and health care costs, as well as its unfunded OPEB obligation. In June 2012, the Fire District established an irrevocable trust to account for the funds being set aside for future retiree health care expenses and a 10-year funding plan was adopted to bring the annual contributions up to the actuarially determined amount. In February 2014, the Fire District's employees agreed to contribute 1% of base pay to the OPEB Trust to help ensure the long-term financial viability of the Plan.

In response to the increase in high-density housing in the Fire District's metro/urban areas and to further support the Fire District's type-1 hazardous material team, the Fire District purchased a tractor-drawn aerial "tiller truck" and a new hazardous materials unit. Both are expected to be in service in Spring 2020.

The Fire District initiated several facility replacement and improvement projects identified in the Space Needs Analysis and Facilities Master Plan completed in June 2016. The Space Needs Analysis identified \$62 million in facility improvement and replacement projects to be addressed within three to five years, including the replacement of four of the Fire District's older stations, a remodel or replacement of the District's headquarters building and the relocation and consolidation of the District's various support facilities to a central location. The replacement projects for Quito Fire Station and Redwood Fire Station were started in this fiscal year and are anticipated to be completed in the following two years. The Fire District is

continuing to explore options for the District headquarters building to consolidate administrative operations and provide centralized supplies and program goods in one facility.

In June 2017, the Fire District made the final payment and retired its only outstanding bond obligation. In light of the significant capital improvement program that the Fire District is about to undertake, the District will be exploring the use of debt financing to cover a portion of the costs associated with these new improvements.

### *Relevant financial policies*

The Santa Clara County Central Fire Protection District has informally adopted a set of financial policies, which are used to provide guidance and direction in dealing with budget and long-term financial planning issues. The Fire District has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). The Fire District's FY 2019 adopted budget includes \$7.5 million for capital projects and an additional \$17.9 million in reserve for capital projects. This unusually large appropriation for capital assets will require the use of \$24.6 million in reserves to balance the budget. It is the goal of the Fire District to meet its funding obligations on a long-term basis without having to rely on the use of fund balance.

In addition, the Fire District has a policy that non-recurring (i.e., "one-time") resource inflows will not be used to fund on-going operations, but will be used to purchase major capital assets, to meet temporary funding shortfalls, or to fund other unique one-time events. In June 2014, the Fire District obtained approval from its governing Board of Directors to commit \$10 million dollars of its fund balance for the future replacement of Fire District facilities and \$2.5 million of fund balance for the future replacement of fire apparatus. In June 2016, the Board of Directors approved the commitment of an additional \$12 million for the future replacement of Fire District facilities for a total of \$22 million.

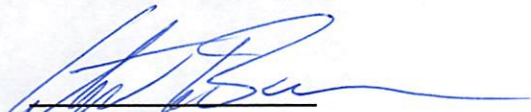
### *Awards and Acknowledgements*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Fire District for its comprehensive annual financial report for the year ended June 30, 2018. This is the fourth time that the Fire District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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.

The preparation of this report would not have been possible without the skill, effort and dedication of the entire staff of the Business Services Division. We wish to thank all government agencies for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the Santa Clara County Central Fire Protection District.

Respectfully submitted,

  
\_\_\_\_\_  
Tony Bowden,  
Fire Chief  
\_\_\_\_\_  
Veronica Niebla  
Director of Business Services



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Santa Clara County  
Central Fire Protection District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



## **SANTA CLARA COUNTY FIRE DEPARTMENT**

### **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

#### **DIRECTORY OF OFFICIALS**



#### **BOARD OF DIRECTORS**

Joseph Simitian, President      Cindy Chavez, Vice President  
District 5      District 2

Mike Wasserman      Dave Cortese  
District 1      District 3

Susan Ellenberg  
District 4

#### **PRINCIPAL STAFF**

Tony Bowden  
Fire Chief

John Justice  
Assistant Fire Chief

Brian Glass  
Deputy Chief

Stephen Prziborowski  
Deputy Chief

Suwanna Kerdkaew  
Deputy Chief

Julie Linney  
Deputy Chief of Fire Prevention

Dana Reed  
Director of Emergency Mgmt.

Heather Tannerhill-Plamondon  
Dir. of County Communications

Doug Baker  
Director of Personnel Services

Veronica Niebla  
Director of Business Services

David Snow  
Support Services Manager





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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Santa Clara County Central Fire Protection District  
Los Gatos, California

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, major fund and remaining fund information of the Santa Clara County Central Fire Protection District (District), a component unit of the County of Santa Clara, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and remaining fund information of the District as of June 30, 2019, 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 other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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.

*Maze + Associates*

Pleasant Hill, California  
December 11, 2019

**Management's Discussion and Analysis**  
**(Required Supplementary Information)**



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**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

This section of the Santa Clara County Central Fire Protection District (the "District"), a component unit of the County of Santa Clara, annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2019. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources at the close of the 2018-2019 fiscal year by \$85,356,070 (*net position*). Of this negative amount, negative \$117,262,525 (*unrestricted net position*) represents the District's current inability to meet its long-term obligation to fund the cost of its pension and retiree medical programs, and \$31,906,455 is net investment in capital assets.
- The District's total net position increased by \$10,535,047 compared to the prior year net position decrease of \$6,573,470. The current year increase is mainly due to a decrease in the Net OPEB, Other Post Employment Benefits and Net Pension liabilities.
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$68,543,837, an increase of \$6,102,293 in comparison with the prior year. Of this amount \$22 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; and the remaining \$42.6 million is available to meet the District's current and future needs (*unassigned fund balance*).
- In the current year, the District reported an increase in the fund balance of \$6.1 million compared to last year's increase in the fund balance of \$5.6 million due to a continued growth in property tax revenues, partially offset by higher salary and benefit expenses.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$42,603,812, or 35% of total general fund expenditures.
- The District's total long-term debt decreased by \$10.6 million mainly due to the Net OPEB and Net Pension liabilities.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all District assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position 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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of these government-wide financial statements distinguish functions of the District that are principally supported by property taxes and assessments, and charges for services (*governmental activities*). The only governmental activity of the District is public protection. The District does not have any business-type activities.

**Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements—i.e. most of the District's basic services are reported in governmental funds. These statements, however, focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the District's programs.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a governmental fund, the general fund. If there were other types of governmental funds, the information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the remaining non-major governmental funds would be in a single presentation.

***Proprietary funds*** are generally used to account for services for which the District charges customers—either outside customers, or internal units or departments of the District. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The District maintains proprietary funds: the health benefit and workers compensation funds which are internal service funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its health benefit and workers compensation functions. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. The internal service funds are presented in the proprietary fund financial statements.

***Fiduciary funds*** are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds. The District has no fiduciary fund.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **Required Supplementary Information**

The required supplementary information is presented concerning the District's budgetary comparison schedule. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position at the close of the current fiscal year is negative \$85,356,070.

Net Position

	<u>Governmental Activities</u>		
	<u>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Assets:			
Current assets	\$ 86,635,944	\$ 79,616,665	9%
Capital assets, net	31,906,455	26,954,038	18%
Total assets	118,542,399	106,570,703	11%
Deferred Outflows of Resources			
Pension plan	36,993,336	49,233,828	(25%)
OPEB	4,437,465	3,087,755	44%
Total Deferred Outflows of Resources	41,430,801	52,321,583	(21%)
Liabilities:			
Current liabilities	7,433,000	7,744,725	(4%)
Long-term liabilities	227,497,521	237,597,775	(4%)
Total liabilities	234,930,521	245,342,500	(4%)
Deferred Inflows of Resources			
Pension plan	9,859,636	8,931,065	10%
OPEB	539,113	509,838	6%
Total Deferred Inflows of Resources	10,398,749	9,440,903	10%
Net position:			
Net investment in capital assets	31,906,455	26,954,038	18%
Unrestricted net position	(117,262,525)	(122,845,155)	(5%)
Total net position	<u>\$ (85,356,070)</u>	<u>\$ (95,891,117)</u>	(11%)

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**Analysis of Net Position**

The larger portion of the District's net position, \$31,906,455, reflects its net investment in capital assets (e.g. land, buildings, improvements, vehicles, machinery, equipment, and furnishings). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The remaining balance of unrestricted net position is a negative \$117,262,525, which means the District is not currently able to meet its long-term obligation to fund its pension and retiree medical programs.

At the end of the current fiscal year, the District reported a positive balance in one of the two categories of net position.

**Changes in Net Position**

	<u>2019</u>	<u>Governmental Activities</u> <u>2018</u>	Increase/ (Decrease)
Revenues:			
Program Revenues:			
Charge for Services	\$ 33,738,873	\$ 30,520,310	11%
Operating Grants and Contributions	6,099,380	5,692,160	7%
General Revenues:			
Property Taxes and Assessments	88,051,891	80,746,076	9%
Interest and Investment Income	1,020,599	687,979	48%
Miscellaneous	1,038,157	1,035,852	0%
Total Revenues	129,948,900	118,682,377	9%
Expenses:			
Public Protection	119,413,853	125,255,847	(5%)
Total Expenses	119,413,853	125,255,847	(5%)
Changes in Net Position	10,535,047	(6,573,470)	(260%)
Net Position, Beginning	(95,891,117)	(89,317,647)	7%
Net Position, Ending	<u>\$ (85,356,070)</u>	<u>\$ (95,891,117)</u>	(11%)

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**Analysis of Changes in Net Position**

Governmental activities increased the District's net position by \$10,535,047 thereby accounting for 100% of the total increase in net position of the District. In comparison to the prior year, this is a growth in the District's net position.

Key elements of this change are as follows:

- Property taxes increased \$7,305,815 or 9% due to a continuing improvement in residential and commercial property values and the impact of construction on the new Apple headquarters project.
- Charges for services increased \$3,218,563 or 11% due to increased fire protection contract revenue.
- Operating Grants and Contributions increased \$407,220 or 7% due to a higher level of reimbursement from State and federal mutual aid events.
- Interest and investment income increased \$332,620 or 48% due to a higher level of funding under investment and an increased rate of return on investments.
- Public protection expense decreased by \$5,841,994 or 5% primarily due to the reduced OPEB liability for retiree healthcare expense with the change to a fully insured plan from the previously self-insured plan.

While the key elements noted above account for the year-to-year changes in major revenue and expense categories, the main reason for the \$10.6 million increase in net position is attributable to the continued growth in property tax revenues and charges for services.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The type of governmental fund reported by the District is the General Fund.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

At June 30, 2019, the District's governmental funds reported an ending fund balance of \$68,543,837, an increase of \$6,102,293 in comparison with the prior year. Of this fund balance, \$22 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; and \$42.6 million is unassigned fund balance which is available to meet the District's current and future needs.

The general fund is the chief operating and only governmental fund of the District. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund's unassigned and total fund balance both represents 35% and 56%, respectively, of general fund expenditures of \$123,285,188.

Revenues for governmental functions totaled \$129,232,113 in fiscal year 2018-2019, which represents an increase of \$9,134,170 or 8% from the previous fiscal year. Expenditures for governmental functions, totaling \$123,285,188, increased by \$8,708,797 or 8% from the previous fiscal year. In fiscal year 2018-2019, revenues for governmental functions exceeded expenditures by \$5,946,925.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source  
Governmental Funds

<u>Revenues by Source</u>	<u>FY 2019</u>		<u>FY 2018</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>Change</u>
Property Taxes and Assessments	\$ 88,051,891	67%	\$ 80,746,076	67%	\$ 7,305,815	9%
Licenses and Permits	943,523	1%	1,463,108	1%	(519,585)	(36%)
Intergovernmental Revenues	6,099,380	5%	5,692,160	5%	407,220	7%
Use of Money and Property	1,020,599	1%	687,979	1%	332,620	48%
Charges for Services	32,078,563	25%	30,469,768	25%	1,608,795	5%
Miscellaneous Revenues	<u>1,038,157</u>	1%	<u>1,035,852</u>	1%	<u>2,305</u>	0%
Total	<u>\$ 129,232,113</u>	100%	<u>\$ 120,094,943</u>	100%	<u>\$ 9,134,170</u>	8%

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Property taxes and assessments – Increased due to continued growth in residential and commercial property values, including construction at the new Apple Computer Headquarters project.
- Licenses and permits – Increased due to a higher level of construction activity in the District, including the new Apple Computer Headquarters project.
- Intergovernmental revenues – Increased due to a higher number of reimbursements from state and federal mutual aid events.
- Use of money and property– Increased due to an increase in the amount of money under investment and a higher rate of return on pooled investments.
- Charges for services – Increased due to cost of living adjustments included in service contracts with local agencies.

The following table presents expenditures by function compared to prior year amounts.

Expenditures by Function  
Governmental Funds

<u>Expenditures by Function</u>	<u>FY2019</u>		<u>FY2018</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>Change</u>
Public Protection	\$ 116,104,918	94%	\$ 111,465,345	97%	\$ 4,639,573	4%
Capital Outlay	<u>7,180,270</u>	6%	<u>3,111,046</u>	3%	<u>4,069,224</u>	131%
Total	<u>\$ 123,285,188</u>	100%	<u>\$ 114,576,391</u>	100%	<u>\$ 8,708,797</u>	8%

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

The following provides an explanation of expenditures by function that changed significantly over the prior year.

- Public protection – Increased due to higher costs associated with salaries and benefits, including a 4% cost of living adjustment for all employees in November 2018, and higher pension costs.
- Capital outlay – Significant rise in expenditures for fire station improvements and new fire apparatus being purchased during the current fiscal year compared to the prior fiscal year.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

The current year change in fund balance is presented below:

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds

	<u>Major Fund</u> <u>General</u> <u>Fund</u>
Revenues	\$ 129,232,113
Expenditures	(123,285,188)
Net other financing sources (uses)	<u>155,368</u>
 Net change in fund balances	 6,102,293
 Fund balance, beginning	 <u>62,441,544</u>
 Fund balance, ending	 <u>\$ 68,543,837</u>

The fund balance of the District's General Fund increased by \$6,102,293 during the fiscal year. The increase is mainly due to the continued growth in residential and commercial property values, including construction at the new Apple Computer Headquarters project. As noted above, the District's general fund public protection expenditures increased by 4% due mainly to a 4% wage increase in November 2018 and increased retirement costs. Overall, the general fund's performance resulted in a net increase in fund balance for the fiscal year ended June 30, 2019 of \$6,102,293, an increase of 10% over the prior year's net increase in fund balance of \$5,554,575.

**Proprietary Funds – Internal Service**

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Health Benefit fund had unrestricted net position of zero at June 30, 2019. The total decrease in net position for the Health Benefit fund was \$10,562 due to the elimination and replacement of the self-funded health plan with a fully insured PPO plan on March 1, 2018.

The Workers Compensation fund had unrestricted net position of \$1,600,861 at June 30, 2019. The total increase in net position for the Workers Compensation fund was \$727,349 due to normal fluctuations in the timing and extent of payments in the District's self-funded workers' compensation plan.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

The following table shows actual revenues, expenses and results of operations for the current fiscal year and in comparison to the prior year:

	<u>Health Benefit</u>			<u>Workers Compensation</u>		
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Operating revenues	\$ 138,563	\$ 3,741,546	(96%)	\$ 3,757,190	\$ 3,177,535	18%
Operating expenses	<u>(149,125)</u>	<u>(3,963,688)</u>	(96%)	<u>(3,029,841)</u>	<u>(4,367,959)</u>	(31%)
Change in net position	<u>\$ (10,562)</u>	<u>\$ (222,142)</u>	(95%)	<u>\$ 727,349</u>	<u>\$ (1,190,424)</u>	161%

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no changes in the resource inflows from the original budget to the final budget.

During the year, actual revenues were more than budgetary estimates by \$10,074,290. The main components of the positive variance are as follows:

- Intergovernmental revenues had a positive variance of \$5,699,380 due to the high number of unanticipated mutual aid responses that were reimbursed by State and federal governmental agencies.
- Property tax revenue had a positive variance of \$3,535,791 due to continued increase of property values.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

There were no changes to the charge outflows from the original budget to the final budget.

Actual expenditures were lower than budgetary estimates by \$20,603,273. The main components of the positive variance are as follows:

- Reserve for capital projects in the amount of \$17,866,00 to fund two fire station replacement projects (Quito and Redwood stations) were delayed to fiscal year 2019-2020.
- Service and supplies and other charges had a small variance of \$2,405,313.

Overall, the net effect of over-realization of revenues and under-utilization of expenditures versus budgeted amounts resulted in a favorable variance of \$30,677,563.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's capital assets for its governmental activities as of June 30, 2019, amounted to \$31,906,455 (net of accumulated depreciation). These capital assets include land, buildings, improvements, vehicles, machinery, equipment, and furnishings. The total increase in the District's capital assets for the current period was 18%.

Major capital asset events during the current fiscal year included the following:

- The purchase of computers and network equipment.
- The initial expenses for construction in process for design and replacement of two fire stations.
- The sale and disposal of various vehicles and equipment.

For government-wide financial statement presentation, depreciation is not taken in the year acquisition, but a full year of depreciation is taken in the year of disposal. Fund financial statements record capital asset purchases as expenditures.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

Capital assets for the governmental activities are presented below to illustrate changes from the prior year:

	<u>Governmental</u> <u>Activities</u>		<u>Increase/</u> <u>(Decrease)</u>
	<u>2019</u>	<u>2018</u>	<u>% of</u> <u>Change</u>
Land	\$ 5,662,937	\$ 3,742,499	51%
Construction in progress	4,543,131	2,393,344	90%
Buildings	15,270,896	15,270,896	0%
Vehicles, machinery, equipment, and furnishings	28,622,810	26,214,285	9%
Total cost	54,099,774	47,621,024	14%
Less: accumulated depreciation	(22,193,319)	(20,666,986)	7%
Capital assets, net	<u>\$ 31,906,455</u>	<u>\$ 26,954,038</u>	18%

Additional information on the Santa Clara County Central Fire Protection District's capital assets can be found in Note 4 on page 42 of this report.

**Long-term debt**

At June 30, 2019, the District had total long-term debt outstanding of \$227,497,521 as compared to \$237,597,775 in the prior year. This amount was comprised of \$8,118,813 for compensated absences; \$10,752,000 for insurance claims payable (worker's comp); \$27,387,900 for net OPEB obligations; and \$181,238,808 for net pension liability. The District has no outstanding bond issued. Compensated absences increased by \$380,679; insurance claims payable increased by \$397,604; a decrease of (\$3,092,100) in net OPEB obligation was recognized; and a decrease of (\$7,786,437) in net pension liability was also recognized.

Additional information on the Santa Clara County Central Fire Protection District's long-term debt can be found in Note 6 on pages 43 of this report.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic factors currently affect the District and were considered in developing the 2019-20 fiscal year budget.

- The District's four-year labor agreements with its represented bargaining units will expire on November 14, 2021. The District's 2020 adopted budget includes funding for a 3% salary increase on November 4, 2019.
- Retirement costs for safety members are projected to increase from 46.054% to 61% of payroll over the next 5 years.
- The District is forecasting growth in property tax revenues of 5.7% in the coming fiscal year due to a strong residential and commercial market and the Apple Campus Headquarters project, which is nearing completion.
- Revenues from contract agencies are expected to grow by 2% to 4% in the coming year.

All of these factors were considered in preparing the District's budget for fiscal year 2020.

During the current fiscal year, the total fund balance in the general fund increased to approximately \$68.5 million. Unassigned fund balance increased to approximately \$42.6 million due to the continued strong growth in property tax revenues.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santa Clara County Central Fire Protection District, 14700 Winchester Boulevard, Los Gatos, California, 95032.

**Basic Financial Statements**  
**Government-Wide Financial Statements**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
STATEMENT OF NET POSITION  
As of June 30, 2019

	Governmental Activities
Assets	
Cash and investments	
Unrestricted	\$ 80,166,316
Restricted	188,561
Accounts receivable	888,021
Interest receivable	442,700
Prepaid Expenses	1,440,025
Due from other Governmental agencies	3,510,321
Capital assets:	
Land	5,662,937
Construction in progress	4,543,131
Depreciable capital assets, net	21,700,387
Total Assets	<u>118,542,399</u>
Deferred Outflows of Resources	
Pension plan	36,993,336
OPEB	4,437,465
Total Deferred Outflows of Resources	<u>41,430,801</u>
Liabilities	
Accounts payable	256,511
Accrued salaries and benefits	2,877,212
Unearned revenue	57,904
Other accrued Liabilities	3,619
Insurance claims payable, due within one year	2,544,000
Compensated absences, due within one year	1,693,754
Insurance claims payable, due beyond one year	10,752,000
Compensated absences, due beyond one year	8,118,813
Net OPEB Liability	27,387,900
Net Pension Liability	181,238,808
Total Liabilities	<u>234,930,521</u>
Deferred Inflows of Resources	
Pension Plan	9,859,636
OPEB	539,113
Total Deferred Inflows of Resources	<u>10,398,749</u>
Net Position	
Net investment in capital assets	31,906,455
Unrestricted	(117,262,525)
Total Net Position	<u>\$ (85,356,070)</u>

See accompanying notes to financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
STATEMENTS OF ACTIVITIES  
For the Year Ended June 30, 2019

		Program Revenues	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services		Governmental Activities Operations
<b>Functions/Programs</b>				
Governmental Activities				
Public protection	\$ 119,413,853	\$ 33,738,873	\$ 6,099,380	\$ (79,575,600)
Total Governmental Activities	<u>\$ 119,413,853</u>	<u>\$ 33,738,873</u>	<u>\$ 6,099,380</u>	<u>(79,575,600)</u>
<b>General Revenues</b>				
Property taxes				88,051,891
Interest and investment income				1,020,599
Miscellaneous				<u>1,038,157</u>
Total General Revenues				<u>90,110,647</u>
Change in Net Position				10,535,047
Net Position, Beginning				<u>(95,891,117)</u>
Net Position, Ending				<u>\$ (85,356,070)</u>

See accompanying notes to financial statements

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**Basic Financial Statements**

**Fund Financial Statements**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Balance Sheet - Governmental Fund  
June 30, 2019

<b>ASSETS</b>	<u>General Fund</u>
Cash and Investments	
Unrestricted	\$ 65,332,143
Restricted	188,561
Accounts receivable	888,021
Prepaid expenses	1,440,025
Interest receivable	380,012
Due from other governmental agencies	<u>3,510,321</u>
 Total Assets	 <u><u>\$ 71,739,083</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 256,511
Accrued salaries and benefits	2,542,346
Other accrued liabilities	3,619
Insurance claims payable	334,866
Unearned revenue	<u>57,904</u>
 Total Liabilities	 <u>3,195,246</u>
 <b>FUND BALANCES</b>	
Nonspendable	1,440,025
Committed	
Major facility replacement, repair or maintenance	22,000,000
Fire Apparatus replacement	2,500,000
Unassigned	<u>42,603,812</u>
 Total Fund Balance	 <u>68,543,837</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 71,739,083</u></u>

See accompanying notes to financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Position - Governmental Activities  
June 30, 2019

**Fund Balances - Total Governmental Funds** **\$ 68,543,837**

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

Capital assets used in Governmental Activities are not financial resources and, therefore,  
are not reported in the Governmental Funds. 31,906,455

Internal service funds are used by management to charge the costs of certain activities to individual  
funds. The assets and liabilities are included in governmental activities in the statement of net  
position 1,600,861

Deferred outflow of resources from pension plan 36,993,336

Deferred outflow of resources from OPEB 4,437,465

Deferred inflow of resources from pension plan (9,859,636)

Deferred inflow of resources from OPEB (539,113)

Long-term liabilities, including bonds payable, are not due and payable in the current period and  
therefore are not reported in the governmental funds.

Compensated absences	\$ (9,812,567)	
Net OPEB Obligation	(27,387,900)	
Net Pension Liability	<u>(181,238,808)</u>	<u>(218,439,275)</u>

**Net Position of Governmental Activities** **\$ (85,356,070)**

See accompanying notes to basic financial statements



SANTA CLARA COUNTY CENTRAL PROTECTION DISTRICT  
(A Component Unity of the County of Santa Clara)  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2019

	General Fund
REVENUES:	
Property taxes	\$ 88,051,891
Licenses and permits	943,523
Intergovernmental revenues	6,099,380
Use of money and property	1,020,599
Charges for services	32,078,563
Miscellaneous revenues	1,038,157
Total Revenues	<u>129,232,113</u>
EXPENDITURES:	
Public Protection	
Salaries and benefits	95,881,776
Services and supplies	11,399,015
City provided services	7,866,534
Other charges	957,593
Capital outlay	7,180,270
Total Expenditures	<u>123,285,188</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,946,925</u>
OTHER FINANCING SOURCES (Uses)	
Sales of capital assets	155,368
Net Other Financing Sources (Uses)	<u>155,368</u>
NET CHANGE IN FUND BALANCES	6,102,293
Fund Balance, Beginning	<u>62,441,544</u>
Fund Balance, Ending	<u><u>\$ 68,543,837</u></u>

See accompanying notes to basic financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Government-wide Statement of Activities  
Governmental Activities  
For the Year Ended June 30, 2019

**Net Change in Fund Balances - Total Governmental Funds** **\$ 6,102,293**

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustment	\$ 7,024,902	
Less: current year depreciation	<u>(1,941,245)</u>	5,083,657

In the statement of activities, only the gain on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase the financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold, net of related accumulated depreciation	(131,240)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expenses) of certain activities of the internal service funds is reported with governmental activities.	716,787
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Some expenses reported in the statement of activities do not require the use  
of current financial resources and, therefore, are not reported as expenditures  
in governmental funds.

Change in net OPEB obligation	4,412,535	
Pension expense	(5,382,626)	
Change in compensated absences	<u>(266,359)</u>	<u>(1,236,450)</u>

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 10,535,047</u></b>
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See accompanying notes to basic financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Statement of Net Position - Proprietary Funds - Internal Service  
As of June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	
Unrestricted	\$ 14,834,173
Accounts receivable	<u>62,688</u>
Total Assets	<u>14,896,861</u>
Liabilities	
Current Liabilities	
Insurance claims payable	<u>2,544,000</u>
Noncurrent Liabilities	
Insurance claims payable	<u>10,752,000</u>
Total Liabilities	<u>13,296,000</u>
Net Position	
Unrestricted	<u>1,600,861</u>
Total Net Position	<u><u>\$ 1,600,861</u></u>

See accompanying notes to financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Statement of Revenues, Expenses and Changes in Net Position -  
Proprietary Funds - Internal Service  
For the Year Ended June 30, 2019

	Governmental Activities
Operating Revenues	
Plan Contributions	\$ 3,638,563
Interest and investment income	<u>257,190</u>
Total Operating Revenues	<u>3,895,753</u>
Operating Expenses	
Claims Expenses	<u>3,178,966</u>
Total Operating Expenses	<u>3,178,966</u>
Change in Net Position	716,787
Net Position, Beginning	<u>884,074</u>
Net Position, Ending	<u><u>\$ 1,600,861</u></u>

See accompanying notes to financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Statement of Cash Flows - Proprietary Funds - Internal Service  
For the Year Ended June 30, 2019

	<u>Governmental Activities</u>
Cash Flows from Operating Activities	
Cash Receipts from interfund services provided - contributions to the plan	\$ 4,077,694
Cash payment for interfund services used - paid claims	<u>(2,758,966)</u>
Net increase in cash and investments	1,318,728
Cash and Investments, Beginning	<u>13,515,445</u>
Cash and Investments, Ending	<u><u>\$ 14,834,173</u></u>
Reconciliation of change in net position to net cash provided (used) by operating activities	
Change in Net Position	\$ 716,787
Adjustment to reconcile change in net position to net cash provided (used) by operating activities	
Decrease (increase) in assets	
Accounts receivable	200,000
Interest receivable	(18,059)
Increase (decrease) in liabilities	
Insurance claims payable	<u>420,000</u>
Net cash provided by operating activities	<u><u>\$ 1,318,728</u></u>

See accompanying notes to financial statements

**Basic Financial Statements –**  
**Notes to Basic Financial Statements**

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**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the District's accounting policies are described below:

***A. Reporting Entity***

The Santa Clara County Central Fire Protection District (the "District") is a dependent special district formed under the California Health and Safety Code. The District serves the areas of Santa Clara County not protected by other fire departments, districts, or the State Division of Forestry.

The Fire District is reported as a blended component unit in the County of Santa Clara's annual financial report because the County Board of Supervisors sits as the Board of Directors for the Fire District.

***B. Basis of Presentation***

*Government-wide Financial Statements*

The statement of net position and statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal service fund activities; however, there is an exception for interfund services provided and used, where the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted net positions are available, restricted resources are used only after the unrestricted resources are depleted.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements*

Fund financial statements of the District are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The District does not have nonmajor governmental funds. The internal service funds are presented in the proprietary fund financial statements.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental Funds

The District reports one major governmental fund:

- The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General Fund's primary activity is public protection

Proprietary Funds

The District reports the following proprietary funds:

*Internal Service* accounts for the financing goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has the following Internal Service funds:

- *Health Benefit* Fund, which accounts for the finance activities of the District's self-funded health insurance program for its employees, retirees and eligible dependents (via Delta Health Systems, a third party administrator). The District's new health insurance provider UnitedHealthcare replaced the self-funded plan in March 2018. The self-funded plan closed during fiscal year 2018-19.
- *Workers' Compensation* Fund is used to account for assets held by the District to meet present and future workers' compensation claims liabilities.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide and proprietary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from property taxes, the District's major revenue source, is recognized in the fiscal year for which the taxes are levied.

The governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

Property taxes, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues for the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of the year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

In the current financial resources measurement focus, only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is used as the measure of available spendable financial resources at the end of the period.

Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences which are reported when due.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***D. Budgets and Budgetary Accounting***

The District, as per California Health and Safety Code Section 13895, adopts final annual operating budgets before October 1. From the effective date of the budget, which is adopted by the Board of Directors after public hearings, the proposed expenditures become appropriations. The Fire Chief generally may transfer appropriations among programs. Unencumbered and unexpended appropriations lapse at fiscal year-end.

Budgeted revenues and expenditures in the financial statements represent the original budget modified by authorized adjustments during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year that were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. Expenditures may not legally exceed budgeted appropriations at the object category level.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General Fund.

***E. Cash and Cash Equivalents***

For purposes of the accompanying statement of cash flows, the internal service fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

***F. Capital Assets***

In the government-wide financial statements, capital assets (with a value of \$5,000 or more) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation expense is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful lives, by type of asset, are as follows:

Buildings	50 years
Vehicles, machinery, equipment, and furnishings	5 to 20 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Upon sale of capital assets, the proceeds from sale of capital assets are included in the results of operations as other financing sources.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

***H. Long-term Debt***

All long-term debt to be paid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of compensated absences, insurance claims payable, net OPEB liability and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

***I. Compensated Absences***

The District's employees earn vacation which may either be taken or accumulated, up to certain amounts, until paid upon retirement or termination. There is no accrual limit on sick leave; however, there are various restrictions and limitations on the sick leave pay-off upon termination depending on the employee group and retirement factors. For all funds, this liability reflects amounts attributable to employee service already rendered, cumulative, probable for payment and reasonably estimated.

The District accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report the compensated absence liabilities payable from expendable available financial resources, only if they have matured.

***J. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Standard No. 68 requires 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 (VD)	June 30, 2017
Measurement Date-(MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

**K. Equity Classifications**

In the government-wide and proprietary fund financial statements, equity is classified as net position and divided into three components:

- *Net Investment In Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - This category represents net position of the District, not restricted for any project or other purpose.

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form – such as inventory, prepaid amounts or long-term notes receivable, or (b) legally or contractually required to be maintained intact-such as a trust that must be retained in perpetuity. The "not in spendable form" criterion includes items that are expected to be converted to cash.
- *Restricted Fund Balance* - constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restriction may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* - amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board. Commitments may be changed or lifted by the District taking the same formal action that imposed the constraint originally. The formal action that is required to be taken by the Board to establish, modify, or rescind a commitment is through a board resolution.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *Assigned Fund Balance* - comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District's Board or (b) a body (e.g., a budget or finance committee) or official to which the District's Board has delegated the authority to assign, modify, rescind amounts to be used for specific purposes. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.
- *Unassigned Fund Balance* - the residual classification for the General Fund. It is also used to report negative fund balance in other governmental funds.

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.

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

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

**M. Estimates**

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

**N. Subsequent Events**

Management has evaluated subsequent events through December 11, 2019 and has determined that there were no events that required disclosure.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**NOTE 2 – PROPERTY TAX**

The reported lien date is January 1 for secured and unsecured property taxes.

In accordance with Government Code Section 29100, on or before September 1, the Board of Supervisors shall adopt the rates of taxes on the secured roll. The Tax Collector then completes the tax bill processing by the end of September. The Revenue and Taxation Code specifies that the Tax Collector shall issue secured tax bills by November 1.

The due dates and delinquency dates for secured taxes are as follows:

Due date for the first installment is Nov. 1, delinquent after Dec. 10. Due date for the second installment is Feb. 1, delinquent after April 10.

On July 19, 1993, the County Board of Supervisors, adopted the Alternative Method of Tax Apportionment "Teeter Plan". Under this plan the District receives annually the full amount of its share of property taxes on the secured rolls. In return, the County receives all future delinquent tax payments otherwise due to the District.

**NOTE 3 – CASH AND INVESTMENTS**

The cash balance of the District's General Fund and the Workers Compensation Fund are pooled and invested by the County's Treasurer in the pooled cash investment program ("Pool") for the purpose of increasing earnings through investment activities. The County's pooled deposits and investments are regulated by the California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee and the Board. At fiscal year-end, the County provides the participants', the pooled investments' fair value, based on quoted market prices. The County allocates interest to the District based on the District's average daily cash balance relative to the entire Pool. The value of the participants' pool shares that may be withdrawn is determined on an amortized basis, which is different than the fair value of the participants' positions in the pool. In addition, the County's investment pool is not rated by any of the credit rating agencies. The County's comingled pool consists of cash in bank, U.S. government and agency securities, corporate bonds, negotiable certificates of deposit, commercial paper, and deposits in the State's Local Agency Investment Fund. Additional information regarding the County's investment policy and cash and investments, including interest rate risk, credit risk, custodial credit risk categories, and maturities the different categories of investments, can be found in the County's notes to the basic financial statements.

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**For The Year Ended June 30, 2019**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Cash and investments at June 30, 2019 consist of the following:

	Carrying Amount	Fair Value
Cash and Investments with the County Treasury common pool:		
General Fund	\$ 65,330,043	\$ 65,508,993
General Fund - Payroll (Restricted)	188,561	188,561
Proprietary - Workers' Compensation	14,834,173	14,975,266
Petty Cash	<u>2,100</u>	<u>2,100</u>
Total	<u>\$ 80,354,877</u>	<u>\$ 80,674,920</u>

Governmental Accounting Standards Board, Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools" establishes accounting and financial reporting standards for all investments held by governmental external investment pools. The statement requires governmental entities to report investments at fair value.

Based on the County's calculations, the application of GASB, Statement No. 31, would increase the District's cash balance and interest and investment income (use of money and property, in the fund financials) by \$178,950 for the General Fund and increase by \$149,093 for Worker's Compensation. Since the effect of the application of GASB 31, in this instance, is not material, the District's cash and investments account is stated at cost.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**For The Year Ended June 30, 2019**

**NOTE 4 – CAPITAL ASSETS**

The capital asset activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Dispositions	Transfers	Balance June 30, 2019
Nondepreciable capital assets:					
Land	\$ 3,742,499	\$ 1,920,438	\$ -	\$ -	\$ 5,662,937
Construction in progress	2,393,344	4,358,387		(2,208,600)	4,543,131
Total capital assets not being depreciated	6,135,843	6,278,825	-	(2,208,600)	10,206,068
Capital assets being depreciated:					
Buildings	15,270,896				15,270,896
Vehicles, Machinery, Equipment, and Furnishings	26,214,285	901,445	(701,520)	2,208,600	28,622,810
Total capital assets being depreciated	41,485,181	901,445	(701,520)	2,208,600	43,893,706
Less accumulated depreciation for:					
Buildings and building improvements	(6,659,701)	(305,153)			(6,964,854)
Vehicles, Machinery, Equipment, and Furnishings	(14,007,285)	(1,636,092)	414,912		(15,228,465)
Total accumulated depreciation	(20,666,986)	(1,941,245)	414,912		(22,193,319)
Total capital assets being depreciated, net	20,818,195	(1,039,800)	(286,608)	2,208,600	21,700,387
Governmental activity capital assets, net	\$ 26,954,038	\$ 5,239,025	\$ (286,608)	\$ -	\$ 31,906,455

For the year ended June 30, 2019, depreciation expense charged to services and supplies under governmental activities was \$1,941,245.

**NOTE 5 – WORKERS COMPENSATION**

As of July 1, 1979, the District began self-insuring workers compensation claims. The District Workers Compensation Program is administered by the County of Santa Clara. The District's policy is to accrue a liability for anticipated losses as claims are received based upon the probability of payout against each claim, as measured by the actuarial report and the County Workers Compensation Department (ESA).

The changes in the balances of the insurance claims payable for each of the two most recent fiscal periods are as follows:

	2018/2019	2017/2018
Liability - July 1	\$ 12,676,000	\$ 11,029,000
Incurred claims and changes in estimate	3,649,841	6,014,959
Claims payments	(3,029,841)	(4,367,959)
Liability - June 30	\$ 13,296,000	\$ 12,676,000

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**NOTE 6 – LONG-TERM OBLIGATIONS**

**A. Changes in Long-term Liabilities**

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due within one year	Due beyond one year
Compensated Absences	\$ 9,546,208	\$ 4,270,134	\$ (4,003,775)	\$ 9,812,567	\$ 1,693,754	\$ 8,118,813
Insurance Claims Payable (see Note 5)	12,676,000	3,649,841	(3,029,841)	13,296,000	2,544,000	10,752,000
Net OPEB Liability (see Note 8)	30,480,000		(3,092,100)	27,387,900		27,387,900
Net Pension Liability (see Note 7)	189,025,245		(7,786,437)	181,238,808		181,238,808
Totals	<u>\$ 241,727,453</u>	<u>\$ 7,919,975</u>	<u>\$ (17,912,153)</u>	<u>\$ 231,735,275</u>	<u>\$ 4,237,754</u>	<u>\$ 227,497,521</u>

Other long-term liabilities have normally been liquidated by the general fund in the prior years.

**NOTE 7 – PENSION PLAN**

**A. Plan Description**

All eligible Fire District employees participate in the California Public Employees Retirement System (CalPERS). The Fire District participates in two plans (Miscellaneous and Safety) with CalPERS. CalPERS provide retirement, disability, and death benefits based on the employees' years of service, age and final compensation. The provisions and all other requirements are established by State Statute and Fire District resolutions. Copies of the CalPERS' annual financial report may be obtained from their executive office at 400 Q Street, Sacramento, California 95811. Separate reports for the Fire District's plans in CalPERS are not available.

The Safety Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). As of June 30, 2017, the Safety Plan had 221 active members, 71 inactive members entitled to, but not yet receiving benefits and 432 inactive members currently receiving benefits. The Miscellaneous Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information for both Plans is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided for both Plans can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

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**NOTE 7 – PENSION PLAN (Continued)**

Effective with the June 30, 2003 valuation, CalPERS converted the Fire District's miscellaneous employees' defined benefit retirement plan from an agent multiple-employer to a cost sharing multiple-employer. The Fire District's miscellaneous employees' retirement plan is under the CalPERS Miscellaneous 2.7% at 55 Risk Pool. The Fire District's Safety plan is an agent multiple-employer defined benefit retirement plan. CalPERS act as a common investment and administrative agent for various local and state governmental agencies within the state.

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by Plan for the year ended June 30, 2019.

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Safety	\$ 31,739,062	\$ 166,032,529	\$ 9,236,234
Miscellaneous	5,254,274	15,206,279	623,402
Total	<u>\$ 36,993,336</u>	<u>\$ 181,238,808</u>	<u>\$ 9,859,636</u>

**B. Pension Plan Benefits**

**1. Classic Plan**

Benefits for employees in the Miscellaneous and Safety Plans vest after five years of CalPERS credited service. The retirement benefits under both plans are based on the retirees age, years of CalPERS credited service, and a benefit factor of 2.7% at 55 for Miscellaneous Plan members and 3% at 50 for Safety Plan members. These plans included a pre-retirement Option 2W Death Benefit.

**2. Miscellaneous Plan**

Participants in this plan are eligible for service retirement and receive graduated benefits upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (2.7% at 55), years of service, and the final compensation (monthly average of the members highest 12 consecutive months' full time equivalent pay). The services retirement for this group is not capped.

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**NOTE 7 – PENSION PLAN (Continued)**

**3. Safety Plan**

Participants in this plan are eligible for service retirement upon attaining the age of 50 and with at least five years of credited service with a CalPERS employer. The service retirement benefit is a monthly allowance equal to the product of the benefit factor (3.0% at 50), years of service, and the final compensation (monthly average of the members highest 12 consecutive months' full time equivalent pay). The services retirement for the Safety Plan is capped at 90% of final compensation.

**4. PEPRA Plan**

The Public Employee' Pension Reform Act of 2013 (PEPRA) required that all state, school, and local government employers offer a reduced benefit formula with increased retirement ages to new public employees, who first became CalPERS members on or after January 1, 2013. The new defined benefit formula is 2% at age 62 for newly hired miscellaneous employees and 2.7% at age 57 for newly hired Safety employees.

PEPRA also imposes the following changes to both Miscellaneous and Safety Plans for new members:

- A pensionable compensation cap of \$149,016 for agencies that do not participate in social security (the Fire District does not participate). Future adjustments to the cap will be based on changes to the CPI All Urban Consumers index.
- The employee contribution rate will be at least 50% of the total normal cost rate.
- Final compensation will be based on the highest average annual pensionable compensation earned by a member during a period of a least 36 consecutive months.

**C. Funding Policy**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 Fire District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Fire District does not pay any portion of the employees' share of the required contribution.

For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The Fire District is required to contribute the difference between the actuarially determined rate and the contribution rate of its employees. The Fire District does not pay any portion of the employees' share of the required contribution.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**NOTE 7 – PENSION PLAN (Continued)**

Below is a summary of the employee contribution rates and employer contributions rates for fiscal year 2018-19:

Plan		Employee Contribution Rate	Employer Contribution Rate	Employer Contributions
Classic	Miscellaneous	8.000%	32.750%	\$ 1,828,901
	Safety	9.000%	46.054%	\$ 15,798,496
PEPRA	Miscellaneous	6.500%	7.825%	\$ 255,330
	Safety	10.250%	46.054%	\$ 1,230,998

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined based on the following actuarial methods and assumptions:

Actuarial cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**NOTE 7 – PENSION PLAN (Continued)**

***D. Safety - Agent Multiple-Employer Plan (as prepared by CalPERS)***

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each 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 is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

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 (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 geometric rates of return are net of administrative expenses.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**NOTE 7 – PENSION PLAN (Continued)**

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period

(3) An expected inflation of 2.92% used for this period

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 7 – PENSION PLAN (Continued)**

*Changes in the Net Pension Liability*

The following table shows the changes in net pension liability recognized over the measurement period.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2017 (VD)	\$ 559,762,912	\$ 386,501,179	\$ 173,261,733
Changes Recognized for the Measurement Period:			
Service Cost	\$ 9,845,967	\$ -	\$ 9,845,967
Interest on Total Pension Liability	38,844,222	-	38,844,222
Changes of Benefit Terms	-	-	-
Changes of Assumptions	(2,238,642)	-	(2,238,642)
Differences between Expected and Actual Experience	(5,007,860)	-	(5,007,860)
Net Plan to Plan Resource Movement	-	(948)	948
Contributions - Employer	-	14,645,310	(14,645,310)
Contributions - Employees	-	3,301,006	(3,301,006)
Net Investment Income	-	32,473,529	(32,473,529)
Benefit Payments, including Refunds of Employee Contributions	(28,327,114)	(28,327,114)	-
Administrative Expense	-	(602,275)	602,275
Other Miscellaneous Income <sup>1</sup>	-	(1,143,731)	1,143,731
Net Changes during 2017-18	\$ 13,116,573	\$ 20,345,777	\$ (7,229,204)
Balance at: 6/30/2018 (MD)	\$ 572,879,485	\$ 406,846,956	\$ 166,032,529

<sup>1</sup>During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefits Plans Other than Pensions (GASB 75), CalPERS, reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS Recorded a one-time expense as a result of the adoption of GASB 75.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 7 – PENSION PLAN (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 241,564,613	\$ 166,032,529	\$ 103,700,430

***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

***Recognition of Gains and Losses***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
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**NOTE 7 – PENSION PLAN (Continued)**

The EARSLS for the Plan for the 2017-18 measurement period is 3.6 years, which was obtained by dividing the total service years of 2,625 (the sum of remaining service lifetimes of the active employees) by 724 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

***Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

For the measurement period ending June 30, 2018 (the measurement date), the Fire District incurred a pension expense/(income) of \$3,983,885 for the Plan.

As of June 30, 2019, the Santa Clara County Central Fire Protection District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ 13,791,821	\$ (1,616,797)
Differences between Expected and Actual Experience	-	(7,619,437)
Pension Contribution Subsequent to the Measurement Date	17,029,494	-
Net Difference between Projected and Actual Earnings on Pension Plan	917,747	-
Total	\$ 31,739,062	\$ (9,236,234)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2019	\$ 8,822,834
2020	2,997,754
2021	(5,287,348)
2022	(1,059,906)
Total	\$ 5,473,334

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
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**NOTE 7 – PENSION PLAN (Continued)**

***E. Miscellaneous - Cost-Sharing Multiple-Employer Plan (as prepared by CalPERS)***

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each 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 is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

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 (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
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**NOTE 7 – PENSION PLAN (Continued)**

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 geometric rates of return are net of administrative expenses.

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period

(3) An expected inflation of 2.92% used for this period

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement period. At the end of the measurement period, Fire District's portion of the plan's net pension liability was 0.0040 percent, a decrease of 0 percent over the prior year amount of 0.0040 percent.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

	Total Pension Liability (a)	Increase (Decrease)	
		Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/17 (MD)	\$ 53,602,579	\$ 37,839,067	\$ 15,763,512
Balance at: 6/30/18 (MD)	55,526,288	40,320,009	15,206,279
Net Changes during 2017-18	\$ (1,923,709)	\$ (2,480,942)	\$ 557,233

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability/(Asset)	\$ 22,717,385	\$ 15,206,279	\$ 9,005,984

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
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**NOTE 7 – PENSION PLAN (Continued)**

***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

***Recognition of Gains and Losses***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of participants (active, inactive and retired) in PERF C.

The EARSL for the 2017-18 measurement period is 3.8 years, which was obtained by dividing the total service years 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also, note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 7 – PENSION PLAN (Continued)**

*Pension Expense and Deferred Outflows and Deferred Inflows*

For the measurement period ended June 30, 2018 (the measurement date), the Fire District incurred a pension expense/ (income) of \$1,398,741 for the Plan.

As of June 30, 2019, Fire District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution subsequent to measurement date	\$ 2,084,231	\$ -
Differences between Expected and Actual Experience	583,438	(198,540)
Changes of Assumptions	1,733,561	(424,862)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	75,176	-
Changes in employers Proportions	367,765	
Difference in actual and proportionated contributions	410,103	
Total	\$ 5,254,274	\$ (623,402)

In addition to the figures shown in the table above, the Fire District is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
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**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 7 – PENSION PLAN (Continued)**

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2020	\$ 2,279,388
2021	942,210
2022	(538,186)
2023	(136,771)
Total	\$ 2,546,641

The deferred outflows and deferred inflows and schedules of future amortizations for the Risk Pool in aggregate are summarized in Appendix A of the Fire District's Accounting Valuation Report. Copies of the reports may be obtained by contacting the District's Business Services Office.

**NOTE 8 – HEALTH BENEFIT**

***A. Plan Description***

The District's other post-employment benefit (OPEB) provides for lifetime medical coverage to retirees who meet certain eligibility requirements. Currently, employees who retire directly from the District, have accrued seven years of service and were hired between January 1, 1995 and December 31, 2006, inclusive, or retire directly from the District, have accrued 10 years of service and were hired after December 31, 2006 are eligible.

The District no longer has a self-funded medical plan for employees. The third party account remained open for existing claims through the end of February 2019. The District in early 2018 changed to a new medical carrier, UnitedHealthcare (UHC). The new plan was in effect as of March 1, 2018.

The District began prefunding with the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan, in June of 2012. The CERBT is an IRS Section 115 trust maintained by CalPERS as a retiree welfare prefunding vehicle for any California public sector employer.

***B. Benefits Provided***

The District pays the cost of postemployment health care benefits for a retiree (and his/her spouse if the retiree retired on or before January 1, 1978). The District will pay for the spouse's coverage so long as the retiree maintains eligibility. An employee who retires after January 1, 1978 may include his/her eligible dependent on the plan by self-paying the additional cost for that dependent.

As part of the current labor agreement, adopted on January 9, 2018, Plan members contribute 1% of base pay to the CERBT Trust to prefund future District retiree welfare benefits payments. Contributions from non-represented employees have a maximum annual contribution limit of \$1,500.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 8 – HEALTH BENEFIT (Continued)**

For the year ended June 30, 2019, the District's contributions to the Plan were \$3,405,194.

**Employees Covered by Benefit Terms** – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	310
Inactive employees or beneficiaries currently receiving benefit payments	266
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>576</u>

**C. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The results of a June 30, 2017 actuarial valuation were projected for one year to produce the Total OPEB Liability as of measurement date June 30, 2018. That was offset by June 30, 2018 OPEB assets to produce the Net OPEB Liability as of measurement date June 30, 2018, which is being used for reporting date June 30, 2019. Calculations are based on the following actuarial methods and assumptions:

	<u>Actuarial Assumptions</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of payroll over a closed 30 year period beginning 2011/2012
Actuarial Assumptions:	
Asset valuation method	Market Value of Assets
Discount Rate	7.28%
Inflation	3.00%
Payroll Growth	3.00%
Initial Healthcare Trend Rate	6.25%
Ultimate Healthcare cost trend rate	4.00%

The underlying mortality assumptions and all other actuarial assumptions used in June 30, 2017 were based on the results of a CalPERS study of Firefighter and of Miscellaneous Public Agency experience for the fourteen years ending June 30, 2011.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 8 – HEALTH BENEFIT (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 for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Global Equity	59.0%
Global Debt Securities	25.0%
Inflation Assets	5.0%
REITs	8.0%
Commodities	3.0%
Total	<u>100.0%</u>

**Discount Rate** – The discount rate used to measure the total OPEB liability was 7.28%. The projection of cash flows used to determine the discount rate assumed that District 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.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 8 – HEALTH BENEFIT (Continued)**

***D. Changes in Net OPEB Liability***

The changes in the net OPEB liability follows:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability/(Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
Balance at 6/30/17	\$ 51,197,500	\$ 20,717,500	\$ 30,480,000
Changes Recognized for the Measurement Period:			
Service cost	1,200,500	-	1,200,500
Interest cost	3,618,400	-	3,618,400
Other liability experience Loss/(Gain)	1,224,500	-	1,224,500
Contributions	-	7,331,500	(7,331,500)
Benefit payments	(4,242,400)	(4,242,400)	-
Administrative expenses	-	(12,154)	12,154
Expected Investment Return		1,620,235	(1,620,235)
Investment Experience (Loss)/Gain		195,919	(195,919)
Net changes	1,801,000	4,893,100	(3,092,100)
Balance at 6/30/18 (Measurement Date)	\$ 52,998,500	\$ 25,610,600	\$ 27,387,900

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report. The benefit payments and refunds include implied subsidy benefit payments in the amount of \$735,300.

***E. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates***

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.28%) or 1-percentage-point higher (8.28%) than the current discount rate:

<b>Plan's Net OPEB Liability</b>		
<b>Discount Rate -1 %</b>	<b>Current Discount</b>	<b>Discount Rate +1 %</b>
<b>(6.28 %)</b>	<b>Rate (7.28%)</b>	<b>(8.28%)</b>
\$ 33,304,900	\$ 27,387,900	\$ 22,388,600

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Notes to the Financial Statements**  
**For The Year Ended June 30, 2019**

**NOTE 8 – HEALTH BENEFIT (Continued)**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Discount Rate -1% (5.25%)	Health Care Cost Trend Rates (6.25%)	Discount Rate +1% (7.25%)
\$ 21,914,900	\$ 27,387,900	\$ 33,960,200

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$(4,412,535). At June 30, 2019, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 3,405,194	\$ -
Other liability experience loss/ (gain)	1,032,271	
Investment experience loss/ (gain)		539,113
Total	\$ 4,437,465	\$ 539,113

\$3,405,194 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	\$ 25,585
2021	25,585
2022	25,587
2023	153,046
2024	192,229
2025	71,126
Total	\$ 493,158

Copies of reports may be obtained by contacting the District's Business Services office.

**Required Supplementary Information**  
**(Other than MD&A)**

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Budgetary Comparison Schedule - General Fund (1524)  
For the Year Ended June 30, 2019

	Original	Final	Actual Amount Expenditures	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, Beginning	\$ 62,441,544	\$ 62,441,544	\$ 62,441,544	\$ -
Resources (Inflows):				
Property taxes	84,516,100	84,516,100	88,051,891	3,535,791
Licenses and permits	572,100	572,100	943,523	371,423
Intergovernmental revenues	400,000	400,000	6,099,380	5,699,380
Use of money and property	392,000	392,000	1,020,599	628,599
Charges for services	32,362,991	32,362,991	32,078,563	(284,428)
Miscellaneous revenues	1,050,000	1,050,000	1,038,157	(11,843)
Sale of Capital Assets	20,000	20,000	155,368	135,368
Amounts Available for Appropriation	119,313,191	119,313,191	129,387,481	10,074,290
Charges to Appropriations (Outflows)				
Public protection				
Salaries and benefits	96,438,000	96,438,000	95,881,776	556,224
Services & supplies and other charges	14,761,921	14,761,921	12,356,608	2,405,313
City provided services	7,281,140	7,281,140	7,866,534	(585,394)
Capital outlay	7,541,400	7,541,400	7,180,270	361,130
Reserve for Capital Projects	17,866,000	17,866,000	-	17,866,000
Total Charges to Appropriations	143,888,461	143,888,461	123,285,188	20,603,273
Budgetary Fund Balance, Ending	<u>\$ 37,866,274</u>	<u>\$ 37,866,274</u>	<u>\$ 68,543,837</u>	<u>\$ 30,677,563</u>

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Budgetary Comparison Schedule - General Fund (1524)  
For the Year Ended June 30, 2019

**Explanation of Differences between Budgetary Inflows and Outflows  
and GAAP Revenues and Expenditures**

Sources/Inflows of Resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	\$ 129,387,481
--	----------------

Differences - budget to GAAP

Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(155,368)</u>
--	------------------

Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 129,232,113</u></u>
---	------------------------------

Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	<u>\$ 123,285,188</u>
---	-----------------------

Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 123,285,188</u></u>
---	------------------------------

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Safety Plan**  
**Last Ten Fiscal Years\***

Fiscal year	2018-19	2017-18	2016-17	2015-16	2014-15
Measurement period	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Total Pension Liability</b>					
Service Cost	\$ 9,845,967	\$ 10,048,004	\$ 8,680,538	\$ 8,356,987	\$ 8,571,796
Interest	38,844,222	37,901,165	37,171,515	36,014,294	34,357,237
Differences between expected and actual experience	(5,007,860)	(7,354,337)	(4,404,323)	(8,633,116)	-
Changes in assumptions	(2,238,642)	31,031,597	-	2,264,214	-
Benefit payments, including refunds of employee contributions	(28,327,114)	(26,496,952)	(25,561,016)	(24,442,299)	(23,105,970)
<b>Net change in total pension liability</b>	13,116,573	45,129,477	15,886,714	13,560,080	19,823,063
<b>Total pension liability - beginning</b>	559,762,912	514,633,435	498,746,721	485,186,641	465,363,578
<b>Total pension liability - ending (a)</b>	<b>\$ 572,879,485</b>	<b>\$ 559,762,912</b>	<b>\$ 514,633,435</b>	<b>\$ 498,746,721</b>	<b>\$ 485,186,641</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 14,645,310	\$ 12,953,316	\$ 12,005,953	\$ 11,069,715	\$ 10,233,261
Contributions - employee	3,301,006	3,071,764	3,102,315	2,985,876	3,886,260
Net investment income	32,473,529	40,217,653	1,838,268	8,111,497 <sup>1</sup>	55,532,305 <sup>1</sup>
Net Plan to plan resource movement	(948)	-	-	(24,442,299)	(23,105,970)
Administrative expenses	(602,275)	(527,504)	(223,131)	(3,277)	-
Benefit payments, including refunds of employee contributions	(28,327,114)	(26,496,952)	(25,561,016)	(412,082)	-
Other Miscellaneous Income	(1,143,731)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	20,345,777	29,218,277	(8,837,611)	(2,690,570)	46,545,856
<b>Plan fiduciary net position - beginning</b>	386,501,179	357,282,902	366,120,513	368,811,083	322,265,227
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 406,846,956</b>	<b>\$ 386,501,179</b>	<b>\$ 357,282,902</b>	<b>\$ 366,120,513</b>	<b>\$ 368,811,083</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 166,032,529</b>	<b>\$ 173,261,733</b>	<b>\$ 157,350,533</b>	<b>\$ 132,626,208</b>	<b>\$ 116,375,558</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71.02%	69.05%	69.42%	73.41%	76.01%
<b>Covered payroll</b>	\$ 35,748,705	\$ 33,459,472	\$ 33,374,871	\$ 31,991,681	\$ 31,130,546
<b>Net pension liability as percentage of covered payroll</b>	464.44%	484.67%	471.46%	414.56%	373.83%

<sup>1</sup> Net of administrative expenses (2013-14, 2014-15 and 2015-16 measurement period)

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available. Fiscal year 2015 was the 1st year of implementation.

**Notes to Schedule:**

**Benefit changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 20, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

**Changes in assumptions.** In 2017, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of Plan Contributions**  
**Safety Plan**  
**Last Ten Fiscal Years\***

Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 17,029,494	\$ 14,622,530	\$ 12,953,316	\$ 12,025,321	\$ 11,045,487	\$ 10,233,261
Contributions in Relation to the Actuarially Determined Contribution	(17,029,494)	(14,622,530)	(12,953,316)	(12,025,321)	(11,045,487)	(10,233,261)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 40,179,396	\$ 35,748,705	\$ 33,459,472	\$ 33,374,871	\$ 31,991,681	\$ 31,130,546
Contributions as a Percentage of Covered Payroll	42.38%	40.90%	38.71%	36.03%	34.53%	32.87%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the compiled, the District will present information for those years for which information is available.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see the June 30, 2015 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment Expenses, including inflation
Retirement	The Probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using scale BB published by the Society of Actuaries.



**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of Plan's Proportionate Share of Net Pension Liability**  
**Miscellaneous Plan**  
**Last Ten Fiscal Years\***

Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of Net Pension Liability/(Asset)	0.03589%	0.13536%	0.19375%	0.17055%	0.16073%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 15,206,279	\$ 15,763,512	\$ 13,974,941	\$ 11,706,728	\$ 10,001,620
Plan's Employee Payroll	\$ 8,982,169	\$ 7,943,617	\$ 7,204,932	\$ 5,625,208	\$ 5,636,188
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of is Covered- Employee Payroll	169.29%	198.44%	193.96%	208.11%	177.45%
Plan's Fiduciary Net Position	\$ 55,526,288	\$ 53,602,579	\$ 33,236,861	\$ 35,829,637	\$ 31,156,173
Pool's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.69%	75.39%	75.87%	78.40%	79.82%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	77.69%	75.39%	70.40%	72.64%	75.70%
Plan's Proportionate Share of Aggregate Employer Contributions <sup>1,2</sup>	\$ 1,535,832	\$ 1,431,693	\$ 1,237,715	\$ 1,075,210	\$ 842,514

<sup>1</sup> The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

<sup>2</sup> This data is not required to be displayed by GASB 68 for employers participating in cost-sharing plans, but is being shown here because it is used in the calculation of the Plan's pension expense.

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of Plan Contributions**  
**Miscellaneous Plan**  
**Last Ten Fiscal Years\***

Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Contractually Required Contributions (Actuarially Determined) (CRC) <sup>1</sup>	\$ 2,084,231	\$ 1,825,744	\$ 1,721,366	\$ 1,551,007	\$ 1,363,021	\$ 1,275,051
Contributions in Relation to the CRC <sup>1</sup>	(2,084,231)	(1,825,744)	(1,721,366)	(1,551,007)	(1,363,021)	(1,275,051)
Contribution Deficiency (Excess)	-	-	-	-	-	-
Covered Payroll	\$ 8,982,169	\$ 7,943,617	\$ 7,204,932	\$ 6,608,223	\$ 5,625,208	\$ 5,636,188
Contributions as a Percentage of Covered Employee Payroll	23.20%	22.98%	23.89%	23.47%	24.23%	22.62%

<sup>1</sup> Employers are assumed to make contributions equal to the contractually required contributions (actuarially determined). However, some employers may choose to make additional contributions towards their unfunded liability. Such employer contributions would create a contribution excess in relation to the contractually required contributions

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Notes to Schedule:**

*Change in Benefit Terms:* The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

*Change in Assumptions:* In 2017, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.15 percent to correct for an adjustment to exclude administrative expense.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**

**Last Ten Fiscal Years\***

<b>Measurement Date</b>	<b>6/30/18</b>	<b>6/30/17</b>
<b>Total OPEB Liability</b>		
Service Cost	\$ 1,200,500	\$ 1,200,500
Interest	3,618,400	3,541,200
Other liability experience Loss/(Gain)	1,224,500	
Benefit Payments	(4,242,400)	(3,138,400)
Other liability experience Loss/(Gain)	-	
<b>Net change in total OPEB liability</b>	<b>1,801,000</b>	<b>1,603,300</b>
<b>Total OPEB liability - beginning</b>	<b>51,197,500</b>	<b>49,594,200</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 52,998,500</b>	<b>\$ 51,197,500</b>
<b>Plan fiduciary net position</b>		
Contributions - Direct Benefit Payments	\$ 3,507,100	\$ 2,881,600
Contributions - Adjustment for Implicit Subsidy	735,300	256,800
Retiree Contributions to Irrevocable Trust -CERBT	3,089,100	2,815,000
Net investment income	1,816,154	1,904,744
Administrative expense	(12,154)	(9,444)
Benefit payments	(4,242,400)	(3,138,400)
<b>Net change in plan fiduciary net position</b>	<b>4,893,100</b>	<b>4,710,300</b>
<b>Plan fiduciary net position - beginning</b>	<b>20,717,500</b>	<b>16,007,200</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 25,610,600</b>	<b>\$ 20,717,500</b>
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 27,387,900</b>	<b>\$ 30,480,000</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>48.32%</b>	<b>40.47%</b>
<b>Covered payroll</b>		
	\$ 43,683,300	\$ 40,282,400
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>62.70%</b>	<b>75.67%</b>

\* Fiscal year 2018 was the first year of implementation.

**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Schedule of OPEB Contributions**  
**Last Ten Fiscal Years\***

<b>Fiscal Year Ended June 30,</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 3,405,194	\$ 3,087,955
Contributions in relation to the actuarially determined contribution	3,405,194	3,087,955
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 43,683,300	\$ 40,282,400
Contributions as a percentage of covered payroll	7.80%	7.67%

**Notes to Schedule**

Valuation date: 6/30/2017

Methods and assumptions used to determine contribution rates:

Valuation Date 6/30/2017

Actuarial Assumptions:

Asset valuation method	Market Value of Assets
Discount Rate	7.28%
Inflation	3.00%
Payroll Growth	3.00%
Initial Healthcare Trend Rate	6.25%
Ultimate Healthcare cost trend rate	4.00%

\* Fiscal year 2018 was the first year of implementation.

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## **Other Supplementary Information**

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**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Internal Service Funds**

Internal Service accounts for the financing goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The District has the following Internal service funds:

**Health benefit Fund**, which accounts for the finance activities of the District's self-funded health insurance program for its employees, retirees and eligible dependents (via Costal Healthcare Administrators, a third party administrator). The Fund paid claims through February 2019 and is now closed.

**Workers Compensation Fund**, is used to account for assets held by the District to meet present and future workers' compensation claims liabilities.



SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Net Position - Proprietary Funds - Internal Service  
As of June 30, 2019

	Governmental Activities		
	Health Benefit	Workers' Compensation	Total
Assets			
Current Assets			
Cash and investments			
Unrestricted	\$ -	\$ 14,834,173	\$ 14,834,173
Accounts receivable	-	62,688	62,688
Total Assets	-	14,896,861	14,896,861
Liabilities			
Current Liabilities			
Insurance claims payable	-	2,544,000	2,544,000
Noncurrent Liabilities			
Insurance claims payable	-	10,752,000	10,752,000
Total Liabilities	-	13,296,000	13,296,000
Net Position			
Unrestricted	-	1,600,861	1,600,861
Total Net Position	\$ -	\$ 1,600,861	\$ 1,600,861

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Revenues, Expenses and Changes in Net Position -  
Proprietary Funds - Internal Service  
For the Year Ended June 30, 2019

	Governmental Activities		
	Health Benefit	Workers' Compensation	Total
Operating Revenues			
Plan Contributions	\$ 138,563	\$ 3,500,000	\$ 3,638,563
Interest and investment income	-	257,190	257,190
Total Operating Revenues	138,563	3,757,190	3,895,753
Operating Expenses			
Claims Expenses	149,125	3,029,841	3,178,966
Total Operating Expenses	149,125	3,029,841	3,178,966
Change in Net Position	(10,562)	727,349	716,787
Net Position, Beginning	10,562	873,512	884,074
Net Position, Ending	\$ -	\$ 1,600,861	\$ 1,600,861

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT  
(A Component Unit of the County of Santa Clara)  
Combining Statement of Cash Flows - Proprietary Funds - Internal Service  
For the Year Ended June 30, 2019

	Governmental Activities		
	Health Benefit	Workers' Compensation	Total
Cash Flows from Operating Activities			
Cash Receipts from interfund services provided - contributions to the plan	\$ 338,563	\$ 3,739,131	\$ 4,077,694
Cash payment for interfund services used - paid claims	(349,125)	(2,409,841)	(2,758,966)
Net increase (decrease) in cash and investments	(10,562)	1,329,290	1,318,728
Cash and Investments, Beginning	10,562	13,504,883	13,515,445
Cash and Investments, Ending	\$ -	\$ 14,834,173	\$ 14,834,173
Reconciliation of change in net position to net cash provided (used) by operating activities			
Change in Net Position	\$ (10,562)	\$ 727,349	\$ 716,787
Adjustment to reconcile change in net position to net cash provided (used) by operating activities			
Decrease (increase) in assets			
Accounts receivable	200,000	-	200,000
Interest receivable	-	(18,059)	(18,059)
Increase (decrease) in liabilities			
Insurance claims payable	(200,000)	620,000	420,000
Net cash provided by operating activities	\$ (10,562)	\$ 1,329,290	\$ 1,318,728

**(Statistical Section)**

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**SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT**  
**(A Component Unit of the County of Santa Clara)**  
**Statistical Section**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other agencies.

Operating Information

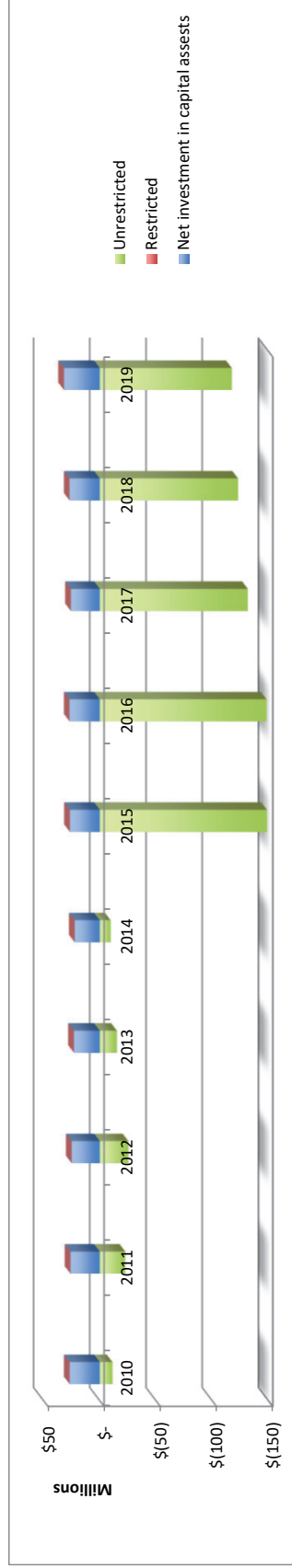
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Sources:

Unless otherwise noted, the information in these schedules is derived from the audit reports for the relevant year.

# **Santa Clara County Central Fire Protection District** **(A Component Unit of the County of Santa Clara)**

## **Net Position by Component** **Last Ten Fiscal Years** **(Accrual Basis of Accounting)** **Unaudited**



### **Government Activities:**

Net investment in capital assets	\$ 26,848	\$ 26,133	\$ 25,084	\$ 23,043	\$ 22,377	\$ 26,665	\$ 26,908	\$ 25,794	\$ 26,954	\$ 31,906
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(11,101)	(22,564)	(25,314)	(15,073)	(9,476)	(148,539)	(148,220)	(131,610)	(122,845)	(117,262)
Total governmental activities net position	\$ 15,747	\$ 3,569	\$ (230)	\$ 7,970	\$ 12,901	\$ (121,874)	\$ (121,312)	\$ (105,816)	\$ (95,891)	\$ (85,356)

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

# Santa Clara County Central Fire Protection District

## (A Component Unit of the County of Santa Clara)

### Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>EXPENSES</b>										
Governmental Activities:										
Public Safety	\$ 89,670	\$ 91,984	\$ 85,873	\$ 85,928	\$ 85,989	\$ 87,742	\$ 99,740	\$ 103,228	\$ 125,255	\$ 119,413
Interest on Long-Term Debt	131	63	47	7	-	-	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-	363	-	-	-	-	-
Total Governmental Activities	89,801	92,047	85,920	85,935	86,352	87,742	99,740	103,228	125,255	119,413
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services*	29,513	29,835	30,926	30,231	26,637	27,525	28,780	30,273	30,520	33,739
Operating Grants & Contributions	-	-	-	1,273	3,873	3,977	5,268	5,048	5,692	6,099
Total Program Revenues	29,513	29,835	30,926	31,504	30,510	31,502	34,048	35,321	36,212	39,838
Net revenues (expenses)	\$ (60,288)	\$ (62,212)	\$ (54,994)	\$ (54,431)	\$ (55,842)	\$ (56,240)	\$ (65,692)	\$ (67,907)	\$ (89,043)	\$ (79,575)
<b>GENERAL REVENUES</b>										
Governmental Activities:										
Property Taxes	\$ 50,392	\$ 49,321	\$ 50,140	\$ 55,282	\$ 59,107	\$ 64,271	\$ 69,872	\$ 76,131	\$ 80,746	\$ 88,052
Use of money & property	190	131	149	403	154	195	328	490	688	1,020
Gain on sale of capital assets	1	11	22	1,933	-	-	-	-	-	-
Miscellaneous	967	571	884	1,032	1,382	1,169	1,311	1,206	1,036	1,038
Total General Revenues	51,550	50,034	51,195	58,650	60,643	65,635	71,511	77,827	82,470	90,110
Change in net assets	\$ (8,738)	\$ (12,178)	\$ (3,799)	\$ 4,219	\$ 4,801	\$ 9,395	\$ 5,819	\$ 9,920	\$ (6,573)	\$ 10,535
<b>CHANGES IN NET POSITION</b>										
Governmental Activities:										
Changes in net position	\$ (8,738)	\$ (12,178)	\$ (3,799)	\$ 4,219	\$ 4,801	\$ 9,395	\$ 5,819	\$ 9,920	\$ (6,573)	\$ 10,535
Net Position, Beginning	24,485	15,747	3,569	(230)	7,970	12,771	(121,555)	(115,736)	(105,816)	(95,891)
Prior period adjustment	-	-	-	3,981	-	(143,721)	-	-	16,498	-
Net Position, Beginning, as restated	24,485	15,747	3,569	3,751	7,970	(130,950)	(121,555)	(115,736)	(89,318)	(95,891)
Net Position, Ending,	\$ 15,747	\$ 3,569	\$ (230)	\$ 7,970	\$ 12,771	\$ (121,555)	\$ (115,736)	\$ (105,816)	\$ (95,891)	\$ (85,356)

Amounts are reported in thousands

\* - Revenue from Intergovernmental Revenues was previously reported under General Revenues. All prior year activity has been reclassified to Program Revenues - Charges for Services.

Source: Santa Clara County Central Fire Protection District Financial Statements



**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**Unaudited**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>GENERAL FUND</b>										
Reserved	\$ -									
Unreserved	14,523									
<b>Total General Fund</b>	<b>\$ 14,523</b>									

	<b>(A)</b>									
<b>GENERAL FUND</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440
Committed	3,650	6	12,500	12,500	12,500	24,500	24,500	24,500	24,500	24,500
Unassigned	10,439	11,410	25,607	25,607	21,060	27,393	20,835	32,387	37,942	42,604
<b>Total General Fund</b>	<b>\$ 14,089</b>	<b>\$ 11,416</b>	<b>\$ 25,607</b>	<b>\$ 25,607</b>	<b>\$ 33,560</b>	<b>\$ 39,893</b>	<b>\$ 45,335</b>	<b>\$ 56,887</b>	<b>\$ 62,442</b>	<b>\$ 68,544</b>

Amounts are reported in thousands

(A) Fund Balance classifications were modified to meet the reporting requirements of GASB 54.

Source: Santa Clara County Central Fire Protection District Financial Statements

# Santa Clara County Central Fire Protection District

(A Component Unit of the County of Santa Clara)

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Unaudited

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Property taxes and assessments	\$ 46,211	\$ 49,321	\$ 50,140	\$ 59,463	\$ 59,107	\$ 64,271	\$ 69,872	\$ 76,131	\$ 80,746	\$ 88,052
Licenses and permits	425	511	529	509	581	703	757	982	1,463	944
Intergovernmental revenues	1,107	1,248	1,313	3,795	3,873	3,977	5,269	5,048	5,692	6,099
Use of money and property	190	131	149	424	195	227	332	491	688	1,020
Charges for services	27,981	28,077	29,084	27,200	26,056	26,821	28,022	29,107	30,470	32,079
Other revenue	967	570	884	949	1,286	1,062	1,227	1,206	1,036	1,038
Total Revenues	76,881	79,858	82,099	92,340	91,098	97,061	105,479	112,965	120,095	129,232

<b>EXPENDITURES</b>										
Current: Public Safety										
Salaries and benefits	64,258	67,014	72,619	68,655	69,220	73,425	80,799	83,987	91,709	95,882
Services and supplies	6,285	6,258	6,003	6,065	6,621	6,856	8,069	9,002	11,824	11,399
City provided services	5,958	5,168	4,609	4,892	5,098	5,719	6,139	6,490	7,022	7,867
Other charges	85	686	705	722	803	697	1,381	807	910	958
Capital outlay	2,803	1,062	334	405	987	5,500	3,329	844	3,111	7,180
Debt service - principal	290	512	417	366	390	290	305	320	-	-
Debt service - interest	133	132	118	76	58	43	29	14	-	-
Total Expenditures	79,812	80,832	84,805	81,181	83,177	92,530	100,051	101,464	114,576	123,286

Excess (Deficiency) of Revenues Over Expenditures	(2,931)	(974)	(2,706)	11,159	7,921	4,531	5,428	11,501	5,519	5,947
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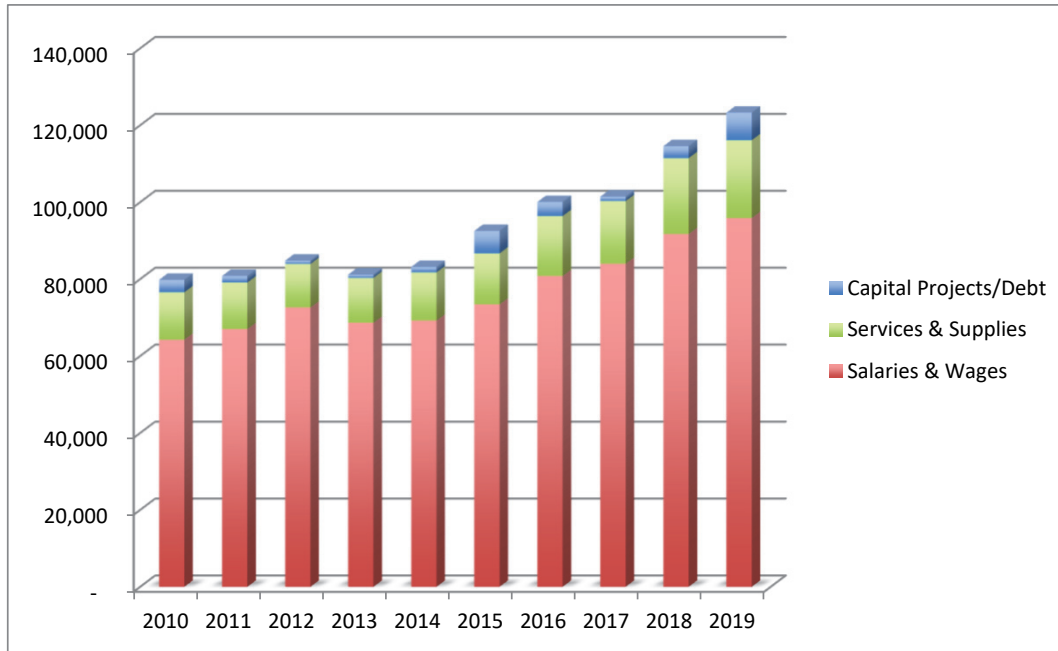
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from the sale of capital assets	3	29	33	3,032	31	18	15	50	36	155
Proceeds from lease financing	-	511	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3	540	33	3,032	31	18	15	50	36	155
Net Change in Fund Balances	\$ (2,928)	\$ (434)	\$ (2,673)	\$ 14,191	\$ 7,952	\$ 4,549	\$ 5,443	\$ 11,551	\$ 5,555	\$ 6,102

Debt service as a percentage of noncapital expenditures	0.55%	0.81%	0.63%	0.55%	0.55%	0.38%	0.35%	0.33%	n/a	n/a
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Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**General Expenditures by Function**  
**All Governmental Fund Types**  
**Last Ten Fiscal Years**  
**Unaudited**

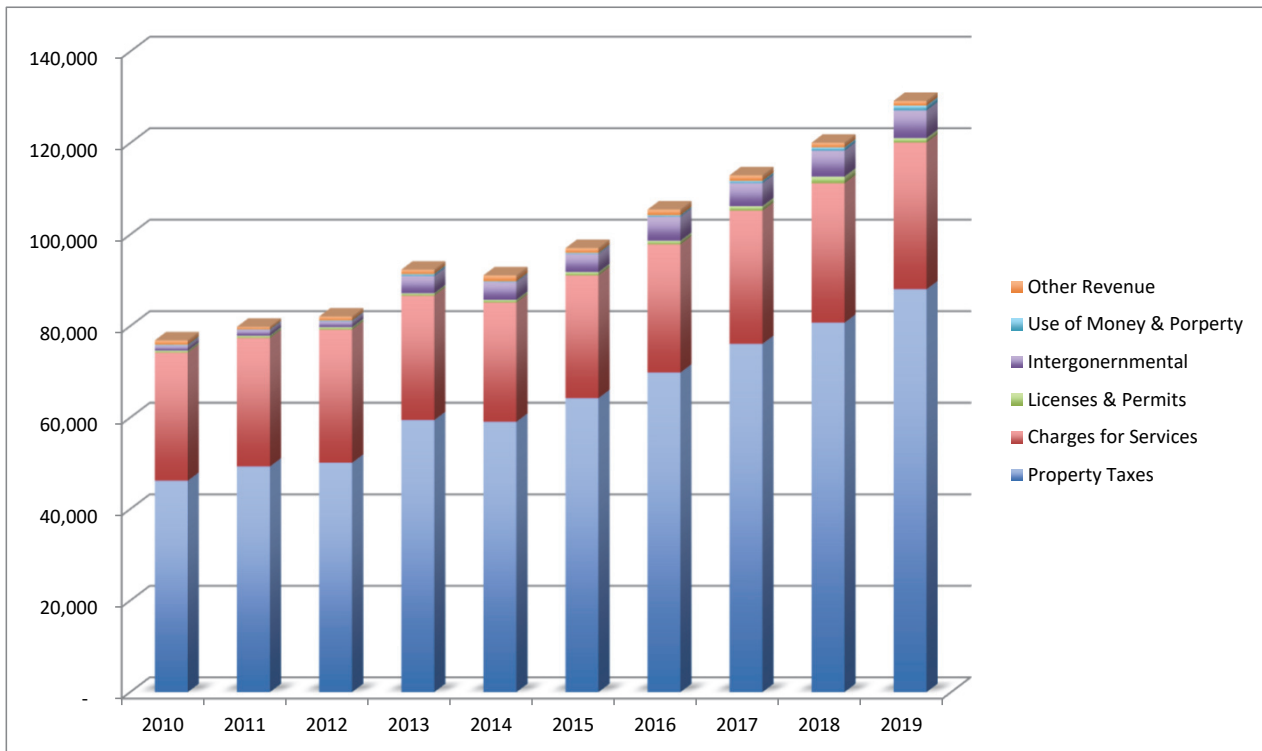


Fiscal Year	Salaries & Benefits	Services & Supplies	Capital Projects/ Equipment/ Debt Service	Total
2010	64,258	12,329	3,225	79,812
2011	67,014	12,112	1,706	80,832
2012	72,619	11,316	870	84,805
2013	68,655	11,679	847	81,181
2014	69,220	12,521	1,436	83,177
2015	73,425	13,272	5,833	92,530
2016	80,799	15,589	3,663	100,051
2017	83,987	16,299	1,178	101,464
2018	91,709	19,756	3,111	114,576
2019	95,882	20,224	7,180	123,286

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**General Revenues by Source**  
**All Governmental Fund Types**  
**Last Ten Fiscal Years**  
**(Unaudited)**



Fiscal Year	Property Taxes	Charges for Services	Licenses & Permits	Intergovernmental Revenues	Use of Money & Property	Other Revenue	Total
2010	46,211	27,981	425	1,107	190	967	76,881
2011	49,321	28,077	511	1,248	131	570	79,858
2012	50,140	29,084	529	1,313	149	884	82,099
2013	59,463	27,200	509	3,795	424	949	92,340
2014	59,107	26,056	581	3,873	196	1,285	91,098
2015	64,271	26,821	703	3,977	227	1,062	97,061
2016	69,872	28,022	757	5,269	332	1,227	105,479
2017	76,131	29,107	982	5,048	491	1,206	112,965
2018	80,746	30,470	1,463	5,692	688	1,036	120,095
2019	88,052	32,079	944	6,099	1,020	1,038	129,232

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Assessed Valuations and Tax Rates**  
**Last Ten Fiscal Years**  
**Unaudited**

Assessed Valuations

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2009-10	\$30,206,569,891	\$2,289,400	\$ 842,571,313	\$31,051,430,604
2010-11	30,154,364,420	2,289,400	723,210,748	30,879,864,568
2011-12	30,835,886,894	2,318,920	773,485,166	31,611,690,980
2012-13	32,210,410,240	2,318,920	987,111,882	33,199,841,042
2013-14	35,288,937,150	2,318,920	1,078,312,455	36,369,568,525
2014-15	37,132,414,243	1,017,480	1,234,014,513	38,367,446,236
2015-16	40,708,610,847	1,017,480	1,338,363,300	42,047,991,627
2016-17	44,212,349,147	1,017,480	1,488,762,607	45,702,129,234
2017-18	47,460,817,325	1,017,480	1,484,502,083	48,946,336,888
2018-19	50,490,172,637	1,641,680	2,181,442,713	52,673,257,030

Typical Tax Rates per \$100 of Assessed Valuation (TRA 13-003 – 2018-19 Assessed Valuation: \$11,034,886,355)

	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
County-wide	1.0000	1.0000	1.0000	1.0000	1.0000
County Retirement Levy	.0388	.0388	.0388	.0388	.0388
County Library Retirement	.0024	.0024	.0024	.0024	.0024
County Hospital Bond	.0122	.0095	.0047	.0051	.0035
County Housing Bond	-	-	-	-	-
Cupertino Elementary School District Bond	.0312	.0308	.0290	.0598	.0525
Fremont High School District Bond	.0306	.0365	.0415	.0390	.0405
Foothill-De Anza Community College District Bond	<u>.0322</u>	<u>.0326</u>	<u>.0297</u>	<u>.0287</u>	<u>.0290</u>
Total All Property Tax Rate	1.1474	1.1506	1.1461	1.1738	1.1667
Santa Clara Valley Water District State Water Project	.0071	.0070	.0063	.0069	.0070
Santa Clara Valley Water District, Zone W-1 Bond	<u>.0003</u>	<u>.0002</u>	<u>.0001</u>	-	-
Total Land and Improvement Tax Rate	.0074	.0072	.0064	.0069	.0070
	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
County-wide	1.0000	1.0000	1.0000	1.00000	1.00000
County Retirement Levy	.0388	.0388	.0388	.03880	.03880
County Library Retirement	.0024	.0024	.0024	.00240	.00240
County Hospital Bond	.0091	.0088	.0086	.00820	.00720
County Housing Bond	-	-	-	.01266	.01050
Cupertino Elementary School District Bond	.0540	.0519	.0509	.04960	.03970
Fremont High School District Bond	.0396	.0525	.0403	.04640	.04300
Foothill-De Anza Community College District Bond	.0276	.0240	.0234	.02200	.02170
Midpeninsula Open Space District	-	<u>.0008</u>	<u>.0006</u>	<u>.00090</u>	<u>.00180</u>
Total All Property Tax Rate	1.1715	1.1792	1.1650	1.18096	1.16510
Santa Clara Valley Water District State Water Project	.0065	.0057	.0086	.00620	.00420
Santa Clara Valley Water District, Zone W-1 Bond	-	-	-	-	-
Total Land and Improvement Tax Rate	.0065	.0057	.0086	.00620	.00420

Source: California Municipal Statistics

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Largest Local Secured Taxpayers**  
**Year Ended June 30, 2019**  
**Unaudited**

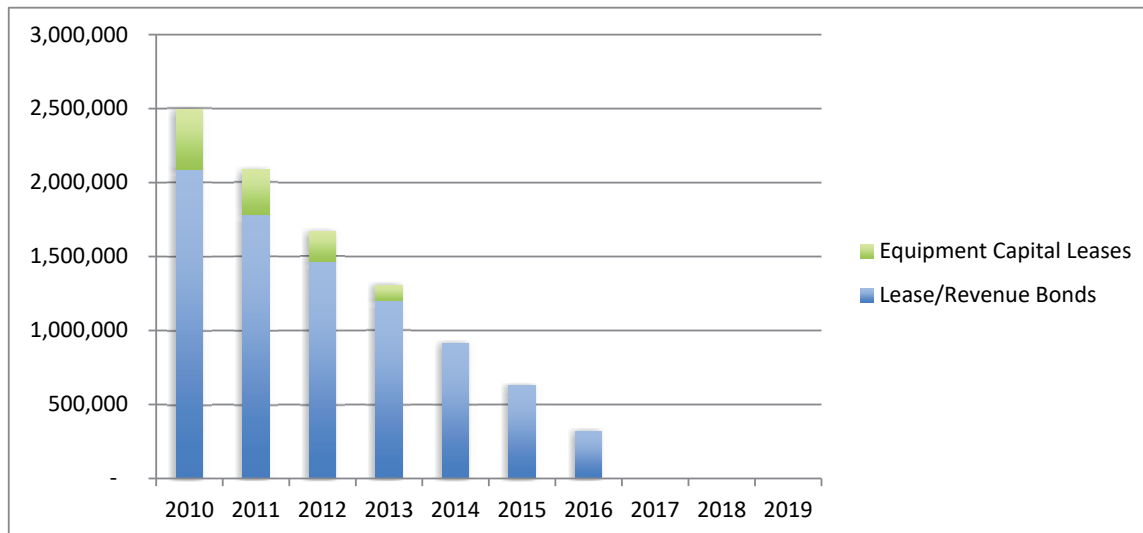
Largest 2018-19 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Campus Holdings Inc.	Office Building	\$3,504,317,255	6.94%
2.	Apple Computer Inc.	Office Building	1,220,127,586	2.42
3.	Vallco Property Owner LLC	Shopping Center	333,251,833	0.66
4.	Main Street Cupertino	Office Building	235,839,449	0.47
5.	Heidelberg Cement Inc.	Industrial	201,983,598	0.40
6.	Serramonte Corporate Center LLC	Office Building	200,844,610	0.40
7.	BVK Perimeter Square Retail LLC	Office Building	177,766,088	0.35
8.	Cupertino Property Development I LLC	Apartment Homes & Retail	150,662,478	0.30
9.	SI 32 LLC	Apartments	149,208,182	0.30
10.	Mission West Properties LP II	Office Building	137,663,665	0.27
11.	SVC Cupertino City Center Corp.	Office Building	132,468,803	0.26
12.	PR Cupertino Gateway LLC	Office Building	128,103,411	0.25
13.	San Jose Water Works	Water Company	118,309,138	0.23
14.	Cupertino Hotel Owner LLC	Hotel	116,436,541	0.23
15.	Wealthcap Los Gatos 121	Office Building	113,507,640	0.22
16.	Planetary Ventures LLC	Industrial	103,311,720	0.20
17.	Markham Apartments LP	Apartments	102,472,927	0.20
18.	Cupertino City Center Building	Office Building	96,694,513	0.19
19.	Wealthcap Los Gatos 31	Office Building	87,393,600	0.17
20.	Cupertino Village LP	Shopping Center	<u>82,744,182</u>	<u>0.16</u>
			<u>\$7,393,107,219</u>	<u>14.64%</u>

(1) 2018-19 Local Secured Assessed Valuation: \$50,499,106,987

Source: California Municipal Statistics

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**



Fiscal Year	Lease/ Revenue Bonds	Equipment Capital Leases	Total Outstanding Debt	Debt Per Capita*
2010	2,090,000	401,574	2,491,574	8.286051
2011	1,785,000	304,007	2,089,007	7.821711
2012	1,465,000	206,585	1,671,585	5.594496
2013	1,200,000	105,300	1,305,300	4.314585
2014	915,000	-	915,000	3.458259
2015	625,000	-	625,000	2.364102
2016	320,000	-	320,000	1.203397
2017	-	-	-	0.000000
2018	-	-	-	0.000000
2019	-	-	-	0.000000

\* - Calculation included population data from both the Fire District and its contract agencies.

Source: Santa Clara County Central Fire Protection District and State of California Department of Finance (population)

# Santa Clara County Central Fire Protection District

## (A Component Unit of the County of Santa Clara)

### Direct and Overlapping Debt

### June 30, 2019

### Unaudited

2018-19 Assessed Valuation: \$52,673,257,030

	Total Debt 6/30/19	% Applicable (1)	District's Share of Debt 6/30/19
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Santa Clara County	\$ 947,220,000	10.909%	\$ 103,332,230
Foothill-De Anza Community College District	620,143,886	14.698	91,148,748
West Valley-Mission Community College District	635,310,000	19.936	126,655,402
Santa Clara Unified School District	1,067,830,000	5.456	58,260,805
Campbell Union High School District	389,345,000	14.336	55,816,499
Fremont Union High School District	562,210,088	32.241	181,262,154
Los Gatos Joint Union High School District	95,760,000	66.379	63,564,530
Mountain View-Los Altos Union High School District	148,973,967	0.202	300,927
Cambrian School District	49,514,944	0.287	142,108
Campbell Union School District	194,775,237	15.702	30,583,608
Cupertino Union School District	274,238,303	57.466	157,593,783
Lakeside Joint School District	240,108	29.006	69,646
Loma Prieta Joint Union School District	6,569,840	19.115	1,255,825
Los Gatos Union School District	80,975,000	98.097	79,434,046
Moreland School District	103,742,151	13.069	13,558,075
Mountain View School District	10,190,000	0.607	61,853
Mountain View-Whisman School District	180,470,000	0.381	687,591
Saratoga Union School District	23,580,378	38.417	9,058,874
Union School District	103,253,148	22.317	23,043,005
City of Saratoga	8,600,000	52.568	4,520,848
El Camino Hospital District	124,490,000	1.079	1,343,247
Midpeninsula Regional Open Space District	92,460,000	17.818	16,474,523
City of Saratoga Community Facilities District No. 2016-1	2,498,848	100.000	2,498,848
Santa Clara Valley Water Benefit Assessment District	73,570,000	10.909	8,025,751
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$1,028,692,926</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Santa Clara County General Fund Obligations	\$710,539,120	10.909%	\$ 77,512,713
Santa Clara County Pension Obligation Bonds	352,378,882	10.909	38,441,012
Santa Clara County Board of Education Certificates of Participation	4,255,000	10.909	464,178
Foothill-De Anza Community College District Certificates of Participation	26,723,002	14.698	3,927,747
West Valley Mission Community College District Certificates of Participation	62,200,000	19.936	12,400,192
Santa Clara Unified School District Certificates of Participation	13,665,000	5.456	745,562
Campbell Union High School District Certificates of Participation	10,000,000	14.336	1,433,600
Los Gatos-Saratoga Joint Union High School District Certificates of Participation	3,538,000	66.379	2,348,489
Mountain View-Los Altos Union High School District Certificates of Participation	1,745,000	0.202	3,525
Campbell Union High School District Certificates of Participation	2,680,000	15.702	420,814
Saratoga Union School District Certificates of Participation	3,535,000	38.417	1,358,041
Loma Prieta Joint Union School District General Fund Obligations	330,000	19.115	63,080
Mountain View-Whisman School District General Fund Obligations	31,645,000	0.381	120,567
City of Cupertino Certificates of Participation	29,300,000	100.000	29,300,000
Santa Clara County Vector Control Certificates of Participation	2,245,000	10.910	244,907
Midpeninsula Regional Open Space District General Fund Obligations	117,450,600	17.818	20,927,348
<b>Santa Clara County Central Fire Protection District</b>	<b>0</b>	<b>100.000</b>	<b>0</b>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$189,711,775</b>
Less: Santa Clara County supported obligations			<u>35,112,630</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$154,599,145</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$16,530,000</b>	<b>100.000%</b>	<b>\$16,530,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$1,234,934,701</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$1,199,822,071</b>
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$1,234,934,701 (2)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$1,199,822,071</b>

- (1) The percentage of overlapping debt applicable to the fire protection district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the fire protection district divided by the overlapping district's total taxable assessed value.
- (2) Excludes tax revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Ratio to 2018-19 Assessed Valuation:**

Total Overlapping Tax and Assessment Debt.....	1.95%
<b>Total Direct Debt.....</b>	<b>0.00%</b>
Gross Combined Total Debt.....	2.34%
Net Combined Total Debt .....	2.28%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,408,818,209):**

Total Overlapping Tax Increment Debt .....	1.17%
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Source: California Municipal Statistics



**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Computation of Legal Bonded Debt Margin**  
**June 30, 2019**  
**(Unaudited)**

ASSESSED VALUATION		
Secured Property assessed value, net of exempt real property	<u>\$50,490,172,637</u>	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		<u>\$1,893,381,474</u>
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	\$0	
Less Lease Revenue Bonds and Equipment Leases not subject to limit	<u>-</u>	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		<u><u>\$1,893,381,474</u></u>

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2010	1,132,746,371	0	1,132,746,371	0.00%
2011	1,130,788,666	0	1,130,788,666	0.00%
2012	1,156,345,759	0	1,156,345,759	0.00%
2013	1,207,890,384	0	1,207,890,384	0.00%
2014	1,323,335,143	0	1,323,335,143	0.00%
2015	1,392,465,534	0	1,392,465,534	0.00%
2016	1,526,572,907	0	1,526,572,907	0.00%
2017	1,657,963,093	0	1,657,963,093	0.00%
2018	1,779,780,650	0	1,779,780,650	0.00%
2019	1,893,381,474	0	1,893,381,474	0.00%

NOTE:

(a) California Health & Safety Code, Section 13937 sets the debt limit at 10%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

Source: California Municipal Statistics

# Santa Clara County Central Fire Protection District

## (A Component Unit of the County of Santa Clara)

### Principal Employers

Fiscal Year 2018 & Nine Years ago

Unaudited

Employer	Fiscal Year 2018 (Latest Available)				Fiscal Year 2009		
	City/Town	Rank	Number of Employees	Percentage of Total District Employment	Rank	Number of Employees	Percentage of Total District Employment
Apple	Cupertino	1	25,000	43.3%	1	10,000	14.4%
Netflix	Los Gatos	2	2,117	3.7%	-	-	0.0%
Foothill/DeAnza Community College District	Cupertino	3	1,854	3.2%	4	1,957	2.8%
Cupertino Union School District	Cupertino	4	1,607	2.8%	5	1,475	2.1%
Fremont Union High School District	Cupertino	5	939	1.6%	6	800	1.2%
Roku	Los Gatos	6	664	1.1%	-	-	0.0%
Safeway	Various	7	580	1.0%	9	617	0.9%
Los Altos School District	Los Altos	8	568	1.0%	10	568	0.8%
El Camino Hospital of Los Gatos	Los Gatos	9	560	1.0%	7	800	1.2%
Courtside Tennis Club	Los Gatos	10	542	0.9%	-	200	0.3%
Hewlett-Packard	Cupertino	-	-	0.0%	2	3,000	4.3%
Columbia Health Care Assoc/Mission Oaks Hospital	Los Gatos	-	-	0.0%	3	2,000	2.9%
Morgan Hill Unified School District	Morgan Hill	-	-	0.0%	8	787	1.1%
Anritsu Company	Morgan Hill	-	-	0.0%	-	495	0.7%

Notes: List was compiled to include data from employers located in the District and contracting agencies.

The Fire District ended its service contract with the City of Morgan Hill on January 3, 2013.

Sources: Cupertino, Los Gatos, Saratoga, Campbell, Los Altos and Morgan Hill CAFR's  
California Employment Development Department

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Demographic and Economic Statistics - County of Santa Clara**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	County Population <sup>(1)</sup>	Total Personal Income (000's) <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Median Age <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
2009	1,857,621	99,549,995	55,781	36.2	259,800	11.5%
2010	1,880,876	103,636,350	58,018	36.2	262,126	11.1%
2011	1,797,375	111,880,131	61,833	36.4	265,543	10.2%
2012	1,813,696	122,259,021	66,535	36.6	269,858	8.8%
2013	1,842,254	130,624,491	70,151	36.7	273,701	7.6%
2014	1,868,558	141,873,705	74,883	n/a	276,175	6.1%
2015	1,889,638	158,728,715	82,756	n/a	274,948	4.6%
2016	1,927,888	n/a	n/a	n/a	n/a	4.0%
2017	1,938,180	n/a	n/a	n/a	n/a	3.5%
2018	1,956,579	n/a	n/a	n/a	n/a	2.9%

Sources:

- (1) State of California - Department of Finance
- (2) U.S. Department of Commerce - Bureau of Economic Analysis
- (3) Association of Bay Area Census (California)
- (4) Santa Clara County Office of Education
- (5) State of California - Employment Development Department

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Demographic and Economic Indicators**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fire District	Population									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cupertino	59,536	60,162	60,649	60,994	61,521	62,199	63,297	63,715	63,767	63,132
Monte Sereno	3,368	3,402	3,416	3,439	3,471	3,540	3,617	3,648	3,637	3,584
Saratoga (CFPD)	16,647	16,800	16,898	16,943	17,009	17,109	17,319	17,376	17,345	17,159
Unincorporated	9,143	9,186	9,243	9,329	9,346	9,406	9,524	9,584	9,566	9,433
Los Gatos	29,527	29,763	30,023	30,184	30,374	30,556	31,044	31,303	31,387	31,093
<b>Total Zone 2</b>	<b>118,221</b>	<b>119,313</b>	<b>120,229</b>	<b>120,889</b>	<b>121,721</b>	<b>122,810</b>	<b>124,801</b>	<b>125,626</b>	<b>125,702</b>	<b>124,401</b>
<b>Zone 1</b>	<b>48,238</b>	<b>48,640</b>	<b>48,883</b>	<b>49,065</b>	<b>49,261</b>	<b>49,752</b>	<b>50,643</b>	<b>50,899</b>	<b>50,768</b>	<b>50,101</b>
<b>Subtotal Fire District</b>	<b>166,459</b>	<b>167,953</b>	<b>169,112</b>	<b>169,954</b>	<b>170,982</b>	<b>172,562</b>	<b>175,444</b>	<b>176,525</b>	<b>176,470</b>	<b>174,502</b>
<b>Contract Agencies</b>										
Campbell	40,816	41,087	41,377	41,704	42,136	42,532	43,260	43,590	43,873	43,677
Morgan Hill	38,192	38,633	39,137	39,876	-	-	-	-	-	-
Los Altos	29,067	29,321	29,518	29,747	30,010	30,447	30,935	31,219	31,241	31,026
Los Altos Hills County FD	11,464	11,599	11,653	11,682	11,720	11,835	12,004	12,045	12,024	11,911
Saratoga Fire District	13,683	13,852	14,002	14,140	14,208	14,310	14,486	14,530	14,511	14,358
<b>Total Contract</b>	<b>133,222</b>	<b>134,492</b>	<b>135,687</b>	<b>137,149</b>	<b>98,074</b>	<b>99,124</b>	<b>100,685</b>	<b>101,384</b>	<b>101,649</b>	<b>100,972</b>
<b>Total Service Area</b>	<b>299,681</b>	<b>302,445</b>	<b>304,799</b>	<b>307,103</b>	<b>269,056</b>	<b>271,686</b>	<b>276,129</b>	<b>277,909</b>	<b>278,119</b>	<b>275,474</b>

Notes: The Fire District ended its service contract with the City of Morgan Hill on January 3, 2013.

The Fire District entered into a service contract with the Saratoga Fire Protection on July 1, 2008.

Source: Population data is extracted from Esri Time Series, a geographic information system (GIS) database that estimates total population, households and housing units. Esri Methodology Statement: [https://downloads.esri.com/esri\\_content\\_doc/dbi/us/110302\\_Time\\_Series\\_Methodology\\_2019.pdf](https://downloads.esri.com/esri_content_doc/dbi/us/110302_Time_Series_Methodology_2019.pdf)

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Demographic and Economic Indicators for Major Cities Served by Fire District**  
**Fiscal Years 2009 through 2018**  
**(Unaudited)**

**DISTRICT CITIES**

**Saratoga**

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Labor Force
2009	31,679	1,747,699	55,169	6.0%	13,300
2010	31,997	2,401,151	75,043	5.6%	13,200
2011	30,195	2,211,963	73,256	5.0%	13,400
2012	30,363	2,119,463	69,804	4.4%	14,000
2013	30,706	2,179,904	70,993	4.2%	13,900
2014	30,887	2,243,458	72,634	3.4%	14,200
2015	30,799	2,248,481	73,005	2.7%	15,100
2016	30,219	2,239,926	74,123	2.9%	14,700
2017	30,569	2,374,919	77,690	2.7%	14,600
2018	31,435	2,597,561	82,633	2.8%	15,000

**Los Gatos**

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Median Age
2009	30,497	1,701,153	55,781	45.35
2010	30,802	1,787,070	58,018	45.09
2011	29,651	1,833,410	61,833	44.22
2012	29,808	1,854,892	62,228	42.64
2013	30,247	2,140,641	70,772	45.80
2014	30,532	2,274,542	74,497	45.80
2015	30,505	2,197,885	72,050	46.10
2016	31,376	2,286,087	72,861	46.30
2017	31,314	2,281,569	72,861	46.50
2018	30,601	2,290,638	74,855	46.81

# Santa Clara County Central Fire Protection District

(A Component Unit of the County of Santa Clara)

## Demographic and Economic Indicators for Major Cities Served by Fire District

Fiscal Years 2009 through 2018

(Unaudited)

### Cupertino

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2009	55,045	3,442,884	62,547	3.8%	n/a
2010	55,838	3,350,250	59,999	7.2%	40.5
2011	58,302	2,586,120	45,828	7.3%	39.1
2012	59,022	2,818,655	47,756	6.3%	39.2
2013	59,620	2,985,829	50,081	5.4%	39.9
2014	59,946	3,090,636	51,557	4.4%	40.4
2015	59,777	3,186,772	53,311	3.1%	40.0
2016	58,185	3,340,132	57,405	3.4%	40.2
2017	58,917	3,486,805	59,181	3.0%	40.6
2018	60,091	3,620,255	60,246	3.3%	40.7

### CONTRACT CITIES

### Campbell

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate
2009	40,421	2,174,394	53,795	7.7%
2010	39,363	2,241,290	56,939	9.7%
2011	39,664	2,470,393	62,283	9.1%
2012	39,882	2,710,939	67,974	7.5%
2013	40,404	2,834,381	70,151	5.8%
2014	41,993	2,938,192	69,969	4.6%
2015	41,857	2,921,953	69,808	2.8%
2016	42,584	3,086,261	72,475	2.9%
2017	42,726	3,262,837	76,367	2.5%
2018	42,696	3,435,638	80,467	2.4%

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Demographic and Economic Indicators for Major Cities Served by Fire District**  
**Fiscal Years 2009 through 2018**  
**(Unaudited)**

**Los Altos**

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2009	28,458	2,738,286	96,222	5.6%	n/a
2010	28,863	2,666,624	92,389	5.5%	46.9
2011	28,863	2,118,948	73,414	5.7%	45.3
2012	29,460	2,139,032	72,608	4.9%	45.4
2013	29,792	2,221,589	74,570	3.2%	45.8
2014	29,969	2,370,608	79,102	2.6%	46.1
2015	29,884	2,481,597	83,041	3.4%	46.2
2016	31,353	2,521,001	80,407	2.7%	46.2
2017	31,402	2,718,094	86,558	2.4%	45.7
2018	31,361	2,916,887	93,010	1.6%	45.7

**Los Altos Hills**

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2009	8,799	903,883	102,726	3.0%	n/a
2010	8,890	898,010	101,014	5.6%	48.6
2011	9,042	915,964	101,301	5.7%	48.3
2012	8,027	933,355	116,277	4.9%	48.8
2013	8,264	864,894	105,021	3.2%	48.5
2014	8,354	843,253	100,940	2.6%	48.9
2015	8,330	930,261	111,676	3.4%	49.3
2016	8,658	1,015,063	117,239	2.7%	50.3
2017	8,634	1,028,190	119,086	2.4%	51.1
2018	8,580	1,043,190	141,538	2.2%	51.4

Source: Data collected from statistical section of individual City CAFRs

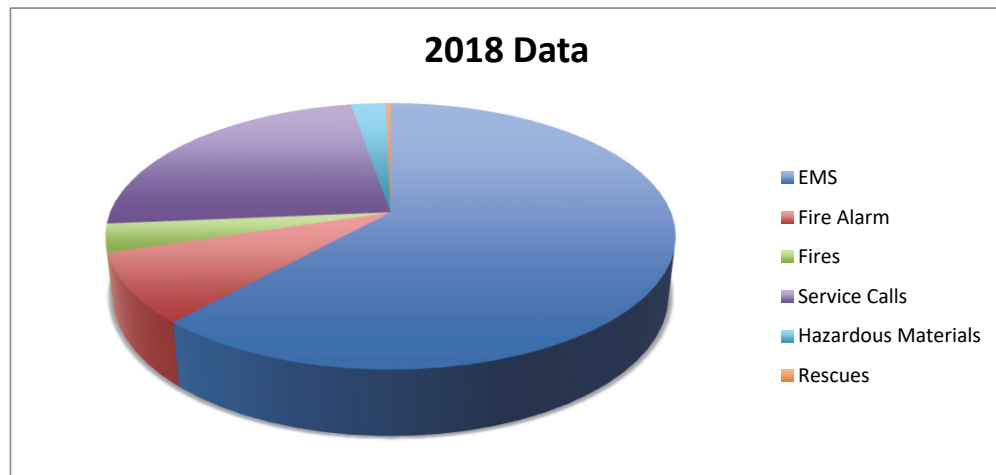
**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Full-time and Part Time Employees by Function/Department**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Function/Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Executive Management	9.0	9.0	9.0	9.0	10.0	10.0	10.0	9.0	11.0	10.0
Operations	245.0	245.0	245.0	232.0	232.0	233.0	233.0	233.0	230.0	231.0
Fire Prevention	23.0	23.0	23.0	20.0	20.0	23.0	23.0	23.0	30.0	32.0
Training	9.0	9.0	9.0	9.0	10.0	2.0	2.0	3.0	3.0	5.0
Support Services	10.0	10.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	12.0
Emergency Mgmt.	0.0	0.0	0.0	0.0	0.0	9.5	11.0	11.0	5.0	7.0
Communications - Dispatch	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	1.0
Administration	15.0	16.0	15.0	16.0	16.0	22.0	23.0	28.0	28.0	21.0
	<u>311.0</u>	<u>312.0</u>	<u>312.0</u>	<u>296.0</u>	<u>298.0</u>	<u>309.5</u>	<u>312.0</u>	<u>317.0</u>	<u>319.0</u>	<u>319.0</u>

Source: Santa Clara County Central Fire Protection District



**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Incidents by Type and Total**  
**Last Ten Calendar Years**  
**(Unaudited)**



For the Year Ended December 31	EMS	Fire Alarm	Fires	Service Calls	Hazardous Materials	Rescues	Total
2009	12,523	2,188	1,745	1,247	151	254	18,108
2010	12,584	2,071	1,701	1,219	155	277	18,007
2011	13,344	2,061	1,772	1,150	136	218	18,681
2012	13,942	2,100	1,827	1,209	127	253	19,458
2013	11,523	1,880	1,201	1,030	89	206	15,929
2014	10,706	1,420	618	4,062	393	40	17,239
2015	10,889	1,417	540	4,217	401	31	17,495
2016	10,986	1,521	549	4,444	403	54	17,957
2017	11,686	1,767	659	4,733	474	85	19,404
2018	11,648	1,597	649	4,469	444	62	18,869

Source: Santa Clara County Central Fire Protection District

**Santa Clara County Central Fire Protection District**  
**(A Component Unit of the County of Santa Clara)**  
**Capital Asset Statistics**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Number of Stations</b>										
District Owned	8	8	8	6	6	6	6	6	6	6
Operated by Contract	9	9	9	9	9	9	9	9	9	9
Total Fire Stations	<u>17</u>	<u>17</u>	<u>17</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
<b>Other Facilities</b>										
Fleet Maintenance Shop	1	1	1	1	1	1	1	1	1	1
Craftworkers Maintenance Shop	1	1	1	1	1	1	1	1	1	1
Training Center	1	1	1	1	1	1	1	1	1	1
Headquarters Building	1	1	1	1	1	1	1	1	1	1
Storage Facility	1	1	1	1	1	1	1	1	1	1
Total - Other Facilities	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>Equipment</b>										
Engines - Type I										
Frontline	15	15	15	13	13	13	13	13	13	13
Reserve	8	8	8	6	6	6	6	6	6	7
Subtotal - Engines Type I	<u>23</u>	<u>23</u>	<u>23</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>
Rescues										
Frontline	3	3	3	3	3	3	3	3	3	3
Reserve	-	-	-	-	-	-	-	-	-	-
Subtotal - Rescues	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Trucks										
Frontline	4	4	4	3	3	3	3	3	3	3
Reserve	1	1	1	2	-	1	1	1	1	1
Subtotal - Trucks	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Engines - Type III/VI Engines										
Frontline	6	6	6	7	7	7	7	8	8	9
Reserve	4	4	2	1	1	1	1	0	0	1
Subtotal - Engines Type III/VI	<u>10</u>	<u>10</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>10</u>
Command Vehicles										
Frontline	8	8	8	7	8	8	8	10	10	10
Reserve	1	2	2	1	1	1	1	0	0	0
Subtotal - Command Vehicles	<u>9</u>	<u>10</u>	<u>10</u>	<u>8</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>
Specialized/Support Vehicles										
HazMAT	2	2	2	2	1	1	1	1	1	1
Breathing Support	1	1	1	1	1	1	1	1	1	1
Water Tender	-	-	-	-	-	1	1	1	1	1
Prime Mover	1	1	1	1	1	1	1	1	1	1
Trailer	7	7	7	7	7	7	7	7	10	10
S.A.F.E. House Trailer	1	1	-	-	-	-	-	-	-	-
USAR 5	1	1	1	1	1	1	1	1	1	1

Source: Santa Clara County Central Fire Protection District

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