



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

SANTA CLARA COUNTY CENTRAL FIRE
PROTECTION DISTRICT (A COMPONENT UNIT
OF THE COUNTY OF SANTA CLARA)
LOS GATOS, CA



**SANTA CLARA COUNTY CENTRAL FIRE
PROTECTION DISTRICT**

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

14700 Winchester Boulevard, Los Gatos, California
95032

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended June 30, 2023

Prepared by the Business Services Division

Veronica Niebla
Director of Business Services

Gerilyn L. Botting
Business Services Manager

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**Santa Clara County Central Fire Protection District
(A Component Unit of the County of Santa Clara)
Annual Comprehensive Financial Report
June 30, 2023**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i-ix
GFOA Certificate of Achievement.....	x
Directory of Officials.....	xi
Organization Chart.....	xii
FINANCIAL SECTION:	
<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities.....	24
Fund Financial Statements:	
Governmental Funds –	
Balance Sheet	27
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position.....	28
Statement of Revenues, Expenditures and Changes in Fund Balances	29
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	30
Proprietary Fund – Workers' Compensation Internal Service Fund –	
Statement of Net Position.....	31
Statement of Revenues, Expenses and Changes in Net Position	32
Statement of Cash Flows	33
Notes to Basic Financial Statements	37

Santa Clara County Central Fire Protection District
(A Component Unit of the County of Santa Clara)
Annual Comprehensive Financial Report
June 30, 2023

Required Supplementary Information:

Budgetary Comparison Schedule – General Fund (1524).....	67
Budgetary Comparison Schedule – General Fund (1524): Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures.....	68
Safety Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	69
Schedule of Plan Contributions.....	70
Miscellaneous Plan:	
Schedule of Plan’s Proportionate Share of the Net Pension Liability	71
Schedule of Plan Contributions.....	72
 Schedule of Changes in the Net OPEB Liability and Related Ratios	73
Schedule of OPEB Contributions	74

Supplementary Information:

Budgetary Comparison Schedule – Capital Projects Fund	77
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STATISTICAL SECTION:

Financial Trends	
Net Position by Component.....	81
Changes in Net Position.....	82
Fund Balances of Governmental Funds.....	83
Changes in Fund Balances of Governmental Funds.....	84
General Expenditures by Function	85
Revenue Capacity	
General Revenues by Source	86
Assessed Valuations and Tax Rates.....	87
Largest Local Secured Taxpayers.....	88
Debt Capacity	
Ratio of Outstanding Debt by Type.....	89
Direct and Overlapping Debt	90
Computation of Legal Bonded Debt Margin	91
Demographic and Economic	
Principal Employers	92
Demographic and Economic Statistics – County of Santa Clara	93
Demographic and Economic Indicators – District Population	94
Demographic and Economic Indicators for Major Cities Served by Fire District.....	95
Operating	
Full-Time and Part-Time Employees by Function/Department.....	97
Incidents by Type and Total	98
Capital Assets Statistics	99

INTRODUCTORY SECTION

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SANTA CLARA COUNTY FIRE DEPARTMENT

14700 Winchester Blvd., Los Gatos, CA 95032 | (408) 378-4010 | www.sccfd.org

December 15, 2023

To the Board of Directors of the Santa Clara County Central Fire Protection District and
Residents of Santa Clara County Central Fire Protection District

We are pleased to present the SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT (A Component Unit of the County of Santa Clara) Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023.

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, 2023. 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; it provides a narrative introduction, overview, and analysis of the basic financial statements. The 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 (“District”) is a full-service fire department that has evolved through fire consolidations and contracts. In 1947, the Cottage Grove and the Oakmead Farms fire districts 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 District contracted with four local cities to provide service to portions of the district known as “Service Zone 1,” which 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 unincorporated areas in the eastern part of the county. Five fire stations plus assigned personnel were ultimately transferred to the City of San Jose. The “Service Zone 2” designation currently remains as the intrinsic service area for the 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 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 personnel, facilities, and equipment into the District made it 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 District.

In September 2010, the District annexed 32,000 acres of underserved area along the western edge of Santa Clara County into the 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 District decided not to participate in this process and, on January 3, 2013, the agreement between the city and the District was allowed to expire. As part of the termination process, the District sold the two fire stations located in the city of Morgan Hill back to the city.

In 2013, Santa Clara County contracted with the District to provide executive leadership at the Office of Emergency Services, now known as the Office of Emergency Management (OEM).

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

In September 2022, the District created “Service Zone 3” at NASA Ames Research Center in anticipation of a planned retrocession by the Federal Government. Although the Service Zone 3 is within the District, the District does not provide services within the area because it is under exclusive and partial federal jurisdiction; therefore, services within the area are provided by the Federal Government. Should the Federal Government retrocede the area, creation of Service Zone 3 allows the District to equitably allocate the cost of providing services in area to the property owners in the area and not result in increased costs or decreased levels of service in areas of the District not within Service Zone 3.

Today the District provides fire protection services to one of the most economic and diverse areas in the state. Challenges range from high life risk occupancy hazards such as downtown commercial areas, large retail malls, sprawling senior living complexes, high-rise buildings, and large residential populations in the vast wildland-urban interface and intermix areas to industrial business centers and semi-conductor manufacturing with related hazardous materials and hi-tech systems. Services have evolved to include fire prevention, fire investigation contracted and performed by local law

enforcement, community risk reduction and community education, hazardous materials response, technical 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 its 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 District affairs.

The fire chief consults with city/town managers to assure local matters are addressed. Great pride is taken in the District's ability to be responsive to local issues and priorities. Fire codes and regulations are typically adopted at the local governmental level.

Local Economy

The District is situated in the heart of Silicon Valley, known for its significant concentration of technology and electronics research, development, and manufacturing. Silicon Valley includes Santa Clara County, San Mateo County, City of Fremont, City of Newark, Union City and the City of Scotts Valley. As Santa Clara County enters the fourth year post the COVID-19 pandemic the impact on the local economy is still unfolding – particularly in the realm of property tax revenue.

In 2022, Silicon Valley inventors recorded more than half (54%) of the California's new patent registrations. Silicon Valley and San Francisco is home to 8 of the top 10 patent generating cities in California. The higher levels of patent registrations and innovation activity in Silicon Valley tend to be at higher levels than anywhere else in the country, and robotics, clean energy and artificial intelligence are expected to fuel business growth in the future. Innovation and entrepreneurship are the driving forces behind the Silicon Valley economy. The area also supports a wide variety of retail, office, and personal service industries.

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. Silicon Valley returned to pre-pandemic unemployment rates in April 2022; however, the return of jobs has been largely in tech jobs and reduced the share of jobs in community infrastructure and service jobs. While Silicon Valley was home to approximately 24% of the U.S. workforce of the largest 20 tech companies, layoffs in January 2023 contributed to a one percentage point loss in Silicon Valley's share of the workforce. The unemployment rate in Silicon Valley was 2.0% in November 2022, under the state and national average of 3.7% and 3.3%, respectively. In comparison: the December 2021 unemployment rate was 2.9%, still under the state and national average of 5.0% and 3.7%, respectively.

The 2023 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 is largely influenced by the number of extremely high income earners, creating a vast income and wealth disparity in the region. The region's per capita personal income in 2021 was \$144,844, (compared to \$76,614 in California and \$64,143 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% in Silicon Valley, 12% in the state, and 13% in the nation). However, despite the relatively low poverty levels, nearly 28% of all Silicon Valley households do not earn enough money to meet their basic needs without public or private assistance. Unfortunately, the valley still struggles to solve issues associated with regions extremely high housing costs, transportation, childcare and disparities in income and employment opportunities.

In 2022, the median sale price of a Silicon Valley single family detached home was \$1,528,300, compared to \$698,340 in California overall, and \$337,630 nationwide. The percentage of first-time homebuyers that can afford to purchase a median-priced home in Santa Clara County is 27% compared to 38% California first-time homebuyers.

The 2023 Santa Clara County Homeless Census and Survey Point-in-Time count reported 9,903 persons experiencing homelessness. More than half (75%) of the homeless population was unsheltered, with 35% of the respondents reported currently living outdoors, either on the streets, in parks or in encampment areas. The pandemic added visibility and regional resources to provide services to the homeless population through various funding sources, however the needs in the community continue to grow beyond the pandemic and require expanding capacity and resources. Many of the homeless are uninsured or without a source of care, which can lead them to rely on and seek emergency medical services for care. The Point-in-Time reports approximately 32% of the homeless respondents received their medical care in emergency rooms.

Services provided within the District's boundaries are funded from the district's share of the 1% ad-valorem property tax assessed under the provisions of State Proposition 13 and service contracts, currently representing roughly 71% and 27% of annual funding, respectively.

The Santa Clara County Assessor's Office reports a 6.65% increase in the 2023-2024 property tax base for the county. This increase is stronger than anticipated growth in the county's assessments. The leading contributors to the increase in property assessments are changes in ownership and new construction, accounting for \$21.5 billion and \$6.8 billion, respectively. While changes in property ownership accounting for more than half of the year's increase – by the end of 2022 the number of transactions started to decline as the real estate market cooled and interest rates increased. The District budgeted a conservative 3.13% growth for secured property taxes and 2.28% growth aggregate (secured, unsecured, supplemental, etc.) net of the County Controller-Treasurer's Office administrative fees in the coming fiscal year based on projected amounts from the County Controller-Treasurer's Office. However, the District is optimistically anticipating a 3.0% growth. Changes in property tax revenue historically tend to lag the local economy by one to two years.

The District utilizes contracts for services as an alternative revenue source; this has reduced the impact of property tax fluctuations, as the contracts include annual cost-of-living increases ranging between 2% – 6.5%. Factors of the annual increase typically include percentage changes in the following areas:

- the San Francisco-Oakland-San Jose Consumer Price Index;
- total employee compensation of the services provided; and
- total local assessed property values for the applicable service area.

Long-term financial planning and major initiatives

The District's unrestricted fund balance (the total of committed, assigned, and unassigned components of the fund balance) in the general fund at year-end was 56% of total General Fund expenditures. The District's general fund unassigned fund balance was 27% of general fund expenditures of \$142,509,077. These amount exceeds the 10 – 15% corridor that the District has set for budgetary and planning purposes. The District will utilize these funds to the major initiatives presented below.

California is experiencing increased risk to its communities due to wildfire, storm, and flood impacts resulting from climate change and aging infrastructure. To meet these increasing risks, while balancing fiscal prudence in these times of economic uncertainties, the District's current focus is not only recovering from post-pandemic staffing impacts, but in attracting and retaining the appropriate staffing and training levels to ensure the District has the resources and sustainable funding available to deliver quality fire protection services to the communities served. Furthermore, the District continues to work closely with its IDEA Committee (Inclusion, Diversity, Equity and Accountability) to develop innovative and creative recruitment outreach strategies to showcase the position of firefighter and educate prospective candidates of the excellent fire service career option. These focus areas are in alignment with the goals established in the District's 2023-2027 Strategic Plan further described in the Awards and Acknowledgement section.

One major staffing change was the agreement reached by the District and Local 1165, in September 2022, returning the District to hiring and primarily staffing new fire suppression employees into the Firefighter/Engineer classification. The change was reached after careful consideration of the District's driver operator staffing needs and included an optional Firefighter to Firefighter/Engineer transition process, while maintaining the ability to utilize the Firefighter classification. To date of the 45 Firefighter positions, 16 have fully transition and 14 are actively in the process to transition to the Firefighter Engineer classification.

Further staffing augmentations over the past fiscal year include the addition of four Fire Captain positions in administrative capacity roles, establishment of the Information Technology Division, and expansion of the Pre-Fire Management and Wildfire Resilience Program (PMWR).

Three of the augmented Fire Captain positions are in administrative capacity roles to support the Operations, Administration and Planning, and Training Divisions. The positions support and coordinate emergency medical services program activity, safety-qualified training inclusive of the in-house Accredited Local Academy activity, and accreditation, strategic planning and public information activity for the District. The Information Technology Division was established, along with the reclassification of the existing position of Information Technology Officer to Director of Information Technology in recognition of the organization's growing reliance on information technology resources and solutions.

Expansion of the PMWR Program included the addition of a year round Fire Captain position, two additional Fire Fuels Crew Members (expanding the Fire Fuels Crew Members from six to eight members) and the addition of a supervisor to provide span of control oversight to the expanded Fire Fuels Crew. The PMWR Program was further augmented by the District contracting with the Santa Clara County FireSafe Council to provide contracted defensive space brush chipping and debris

removal services for owners and residents of properties located along public access areas in the Fire District's Wildland Urban Interface area and to perform roadside vegetation treatments to maintain shaded fuel breaks and evacuation routes. Grant funding for the PMWR Program will be exhausted in Fiscal Year 2024 and will transition from primarily grant funded to general fund funding in Fiscal Year 2025.

To address the District's long-term concerns over higher costs associated with salaries and benefits, the District has taken the following steps:

- In June 2012, the District established an irrevocable trust to account for funds being set aside for future retiree health care expenses, and a 10-year funding plan was adopted to bring annual contributions up to the actuarially determined amount. In February 2014, the District's employees agreed to contribute 1% of base pay to the OPEB Trust to help ensure long-term financial viability of the Retiree Medical Plan. The current labor agreements include an additional employee contribution of 1% of base pay on November 13, 2023 and 0.5% of base pay on November 11, 2024. The employee contribution amounts are subject to maximum employee limits and the existence of a Net OPEB Liability.
- In March 2018, the District transitioned from the previous self-insured plan to a fully-insured medical plan. The District offers both traditional health plans and Health Savings Account high deductible plans to employees to provide a variety of plans and to manage growing healthcare costs.
- District classic employees agreed to contribute 1% of base pay to the employer-required contribution to the California Public Employees' Retirement Plan (CalPERS) if the estimated total employer contribution percentage of project payroll for the classic safety and miscellaneous employees exceeds 55% and 43% of pensionable compensation, respectively. Beginning Fiscal Year 2021, the classic miscellaneous plan exceeded the 43%, and employees began contributing to the employer contribution. In Fiscal Year 2022, the classic safety plan exceeded the 55%, and the employees began contributing to the employer contribution.

The District is committed to investing in critical infrastructure and technology to ensure the ability and resources are in place to provide superior service to the district's diverse communities. Commitment to this initiative will require a significant investment of the District's resources to address the accumulated repair and replacement needs. Major infrastructure and technology activity for the current fiscal year include:

- Replacement of the Fire District's records management system that had been in place since 2003. The new record management system integrates the national fire incident reporting system into the same system as the emergency medical patient care reporting system, creating reporting and process efficiencies.
- The continued construction in progress for the replacement of the Redwood Fire Station delayed by the severe weather storms of 2023 and the continued build-out of the new headquarters to meet the District's expanding needs.
- Renovation of the Seven Springs and the Shannon Fire Station kitchens.
- Replacement of the Cupertino Station fuel storage system, replacement of the Campbell Station

emergency generator.

- The purchase and placement into services of the Fire District's first Fire Fuels Crew Carrier to support the Pre-Management and Wildfire Resilience Program.
- The placement into service of the Breathing Support Unit, two replacement rescues, and a replacement truck apparatus.
- The placement into service of replacement Self-contained breathing apparatus (SCBA) for all fire suppression employees.
- Supported the County of Santa Clara County Communications Department in the replacement of the legacy Computer Aided Dispatch System that had been in place since the 1978.

Future infrastructure and technology investments beyond June 30, 2023 include:

- Delivery and in service placement of three engines, a water tender, a rescue, and an aerial truck apparatus. Adding twelve support vehicles for various divisions which includes include six hybrid utility vehicles.
- Construction project completion of the Redwood Fire Station and new headquarters to meet the District's needs.
- Funding deferred facilities maintenance costs including, but not limited to, electrical systems, HVAC systems, and interior construction/conveyance needs.
- Replacement of:
 - Type 1 Fire engines over the next three years in quantities of 2-4 per year to address long lead times for production of new vehicles and smooth the replacement costs over a longer period for future fiscal sustainability; and
 - Information Technology servers/hardware; payroll/human resources management application.
- Rebuild and replacement of the Winchester Fire Station to meet the District's long-term goal of building a modern fire station capable of housing critical resources for the District's residents and creating gender-neutral restrooms and dormitories.
- Planning and programming to determine highest and best use of the District's former headquarters site.
- Continued design and programming costs to renovate of the Quito Fire Station, which is beyond its useful life in its current state.

Relevant financial policies

The District has informally adopted a set of financial policies that are used to provide guidance and direction in dealing with budget and long-term financial planning issues. The 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). It is the goal of the District to meet its operating funding obligations on a long-term basis without having to rely on the use of its unassigned fund balance.

In addition, the District has a policy that non-recurring (i.e., "one-time") resource inflows will not be used to fund ongoing 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 District obtained approval from its governing board of directors to commit \$10 million of its fund balance for the future replacement of District facilities and \$2.5 million of the fund balance for future replacement of fire apparatus. In June 2016, the board of directors approved the commitment of an additional \$12 million for future replacement of District facilities. To further support the District's commitment to investing in critical infrastructure and technology to ensure that resources are in place to provide superior service to the communities served, the board of directors approval an additional commitment of \$17 million to the major facility replacement, repair or maintenance reserve. The total of these approvals to the major facility replacement, repair or maintenance reserve is \$39 million.

To fund large capital projects, as needed, the District draws from the committed fund balance and transfers the funds to the assigned fund balance. At the close of FY 23, the District's Assigned Capital Projects Fund was \$9,111,328 comprised of \$1.48 million for the replacement cost of the Redwood Fire Station and \$7.63 million for the continued build-out of the new headquarters to meet the District's needs.

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 District for its annual comprehensive financial report, formally known as the comprehensive annual financial report, for the year ended June 30, 2022. This is the ninth time the 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 ACFR. 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 ACFR 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 District is also committed to a formal continuous self-evaluation and self-improvement process under the Commission on Fire Accreditation International (CFAI) model. As part of this process, an objective review of achievements and gaps occurs juxtaposed against the District's goals and objectives, as driven by internal and external stakeholders. Validation and verification of the evaluation process occurs from independent peer assessors that critically review information from a 500-page Self-Assessment Manual (SAM), a 280-page Community Risk Assessment-Standards of Cover (CRA-SOC), and Strategic Plan. On January 21, 2021, the District was unanimously awarded reaccreditation status through March 2026.

The District issued the 2023-2027 Strategic Plan on April 22, 2023, reflecting the District's short-term strategic goals. The Strategic Plan was developed with input from internal and external stakeholders to identify current and future community needs and to determine how the District can best provide the services necessary to meet those needs.

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 District's Board of Directors for its unfailing support of maintaining the highest standards of professionalism in the management of the Santa Clara County Central Fire Protection District.

Respectfully submitted,


Suwanna Kerdkaw (Dec 22, 2023 11:53 PST)

Suwanna L. Kerdkaw
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



SANTA CLARA COUNTY FIRE DEPARTMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

DIRECTORY OF OFFICIALS



BOARD OF DIRECTORS

Sylvia Arenas
District 1

Cindy Chavez
District 2

Otto Lee, Vice President
District 3

Susan Ellenberg, President
District 4

Joseph Simitian
District 5

PRINCIPAL STAFF

Suwanna Kerdkaew
Fire Chief

Brian Glass
Assistant Fire Chief

Mark Shumate
Deputy Chief

Jason Falarski
Deputy Chief

Hector Estrada
Deputy Chief

Dennis Lollie
Deputy Chief

Dana Reed
Director of Emergency Mgmt.

Trisha Adcock
Director of County Communications

Veronica Niebla
Director of Business Services

Doug Baker
Director of Personnel Services

David Snow
Director of Support Services

Akila Elanchelvan
Director of Information Technology

Santa Clara County
Board of Supervisors
(Board of Directors)

Santa Clara County
Executive

Fire Chief (1)

Executive Assistant
to the Fire Chief (1)

Assistant Fire
Chief (1)

Deputy Chief of Fire
Prevention (1)

Assistant Fire Marshal
(1)

Senior Fire Plans
Examiner (1)

Associate/Fire
Plans Examiner (5)

Hazardous Materials
Assistant Fire
Marshal (1)

Senior Hazardous
Materials
Specialist (1)

Hazardous
Materials
Specialist/
Inspector (2)

Senior Deputy
Fire Marshal
(2)

Deputy Fire
Marshal /III
(10)

Community
Risk Program
Director (1)

Sr. Community
Risk Specialist
(1)

Community
Risk
Specialist /III - CERT
(2)

Senior Program
Specialist -
CERT (1)

Program
Specialist
/III - CERT
(1)

Administrative
Assistant II (1)

Deputy Chief of
Training (1)

Battalion Chief
(1)

Fire Captain (1)

FFE (1)

Volunteer
Division (8)

Administrative
Assistant /III (2)

Deputy Chief of
Operations (1)

EMS
Coordinator (1)

FFE Paramedic
(1)

Battalion Chief (1)

Fire Captain
(1)

Administrative
Assistant I (1)

Deputy Chief of
Administration
& Planning (1)

Battalion Chief
Pre-fire
Management
Wildfire Resilience
(1)

Information
Specialist
(1)

Fire
Captain
(1)

Director of
Support Services
(1)

Supply Services
Specialist (1)

Supply Services
Specialist I/I (1)

Facilities
Maintenance
Manager (1)

General
Maintenance
Craftsworker (2)

Community
Wildland
Fire
Specialist
(1)

Fire Captain
assigned to Fire
Fuels Crew (1)

Fire Fuels
Crew
Member (6)

Director of
Communications
(1)

Deputy Director of
Communications (1)

Administrative
Assistant II (1)

Sr. Fire
Mechanic (1)

Fire Mechanic
/III (3)

Director of
Emergency
Management (1)

Deputy Director of
Emergency
Management (1)

Sr. Program
Specialist
Emergency
Management (1)

Program Specialist
Emergency
Management /III (2)

Director of
Information
Technology (1)

Network &
Security
Administrator
(1)

Senior
Systems
Analyst (1)

Information
Systems
Analyst I/II
(1)

Information
Technology
Applications
Analyst (1)

GIS Analyst
(1)

Systems
Administrator
(1)

Director of
Business
Services (1)

Principal
Financial
Analyst/ Acct (1)

Financial
Analyst/Accountant
(1)

Business Services
Associate /III (3)

Administrative
Assistant III/IV
(1)

Office Assistant
(1)

Contracts
Compliance
Analyst (1)

Director of
Personnel Services
(1)

Senior
Management
Analyst (1)

Management
Analyst (2)

Personnel
Services
Technician (1)



FIRE DEPARTMENT
SANTA CLARA COUNTY

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Maze & Associates

Pleasant Hill, California
November 17, 2023

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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, 2023

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, 2023. 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 2022-2023 fiscal year by \$34,767,924 (net position). Of this negative amount, negative \$92,256,392 (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 \$57,488,468 is net investment in capital assets.
- The District's total net position increased by \$11,707,415 compared to the prior year net position increase of \$27,678,939. The current year increase is mainly due to the 10% growth in property tax revenue. The growth in property taxes was primarily driven by the secured property tax (real property) accounting for a 74% increase over the prior year. The Santa Clara County Assessor's Office reported the 2022-2023 assessment role increased 7.46% over the prior year. This growth in property assessed values is attributable to multiple factors, including but not limited to Proposition 13 assessment increases of the California Consumer Price Index or 2%, whichever is lower and changes in ownership and new construction.
- As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$89,208,588, an increase of \$2,580,512 in comparison with the prior year. Of this amount \$39.0 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; \$9.1 million is assigned to the Capital Project Fund; and the remaining \$38.6 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 governmental fund balance of \$2,580,512 compared to last year's increase in the governmental fund balance of \$1,501,147 due to a continued growth in property tax revenues and receipt of the remaining proceeds of lease bond revenue.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$38,597,260, or 27% of total general fund expenditures.
- The District's total long-term obligations increased by \$106 million mainly due to an increase in Net OPEB Liability and Net Pension liability related to actuarial increases.

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, 2023

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, 2023

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 and the capital fund. Information for the general and capital fund are 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.

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, 2023

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 \$34,767,924.

Net Position			
	<u>Governmental Activities</u>		
	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Assets:			
Current assets	\$ 110,412,904	\$ 111,888,450	(1%)
Capital assets, net	<u>87,315,524</u>	<u>74,253,456</u>	18%
Total assets	<u>197,728,428</u>	<u>186,141,906</u>	6%
 Deferred Outflows of Resources			
Pension plan	74,817,945	31,403,506	138%
OPEB	<u>11,487,634</u>	<u>4,155,544</u>	176%
Total Deferred Outflows of Resources	<u>86,305,579</u>	<u>35,559,050</u>	143%
 Liabilities:			
Current liabilities	9,930,368	9,776,508	2%
Long-term liabilities	<u>294,995,421</u>	<u>188,973,725</u>	56%
Total liabilities	<u>304,925,789</u>	<u>198,750,233</u>	53%
 Deferred Inflows of Resources			
Pension plan	4,154,642	58,787,736	(93%)
OPEB	<u>9,721,500</u>	<u>10,638,326</u>	(9%)
Total Deferred Inflows of Resources	<u>13,876,142</u>	<u>69,426,062</u>	(80%)
 Net position:			
Net investment in capital assets	57,488,468	45,903,456	25%
Unrestricted net position	<u>(92,256,392)</u>	<u>(92,378,795)</u>	(%)
Total net position	<u>\$ (34,767,924)</u>	<u>\$ (46,475,339)</u>	(25%)

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, 2023

Analysis of Net Position

The larger portion of the District's net position, \$57,488,468, reflects its net investment in capital assets (e.g., land, buildings, improvements, vehicles, machinery, equipment, and furnishings, less debt outstanding). 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 \$92,256,392 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>2023</u>	<u>Governmental Activities</u> <u>2022</u>	Increase/ (Decrease)
Revenues:			
Program Revenues:			
Charges for Services	\$ 37,389,228	\$ 38,142,575	(2%)
Operating Grants and Contributions	1,945,342	7,954,538	(76%)
General Revenues:			
Property Taxes and Assessments	108,531,002	98,351,367	10%
Interest and Investment Income	1,885,003	578,477	226%
Gain on sale of property	-	-	
Miscellaneous	1,363,133	1,425,823	(4%)
Total Revenues	151,113,708	146,452,780	3%
Expenses:			
Public Protection	138,563,193	117,902,491	18%
Interest	843,100	871,350	
Total Expenses	139,406,293	118,773,841	17%
Changes in Net Position	11,707,415	27,678,939	(58%)
Net Position, Beginning	(46,475,339)	(74,154,278)	(37%)
Net Position, Ending	<u>\$ (34,767,924)</u>	<u>\$ (46,475,339)</u>	(25%)

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, 2023

Analysis of Changes in Net Position

Governmental activities increased the District's net position by \$11,707,415 thereby accounting for 100% of the total increase in net position of the District. In comparison to the prior year change in net position of \$27,678,939, the current year change in net position is a 58% decrease from the prior year.

Key elements of this change are as follows:

- Property taxes increased \$10,179,635 or 10% due to a continuing improvement in residential and commercial taxed property values.
- Charges for services decreased \$753,347 or 2% due to a negative change in net position of the Fire District's self-insured Workers' Compensation Internal Services Fund. The negative change in the Workers' Compensation fund is as a result of increased workers compensation claims expenses driven by pandemic related claims and/or delayed claims processing during the pandemic.
- Operating Grants and Contributions decreased \$6,009,196 or 76% due to reduced mutual aid reimbursement from the State as result of the mild fire season.
- Public protection expense increased by \$20,660,704 or 18% primarily due to the increase in the net pension liability.

While the key elements noted above account for the year-to-year changes in major revenue and expense categories, the main reason for the \$11.7 million increase in net position is attributable to the increases in property tax revenue.

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 types of governmental funds reported by the District are the General Fund and Capital Project 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, 2023

At June 30, 2023, the District's governmental funds reported an ending fund balance of \$89,208,585, an increase of \$2,580,512 in comparison with the prior year. Of this fund balance, \$39 million is committed for major facility replacement, repair or maintenance; \$2.5 million is committed for fire apparatus replacement; \$9.1 million is assigned to the Capital Project Fund; and \$38.6 million is unassigned fund balance which is available to meet the District's current and future needs.

The General Fund is the chief operating fund governmental fund of the District. The Capital Project Fund represents the District's major capital project funds. The general fund and capital fund represent the total governmental funds. 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 27% and 56%, respectively, of general fund expenditures of \$142,509,077.

Revenues for governmental functions totaled \$153,348,482 in fiscal year 2022-2023, which represents an increase of \$7,325,452 or 5% from the previous fiscal year. Expenditures for governmental functions, totaling \$155,549,459, increased by \$10,516,638 or 7% from the previous fiscal year. In fiscal year 2022-2023, there was a deficit of revenues over expenditures for governmental functions of \$2,200,977.

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 2023</u>		<u>FY 2022</u>		<u>Increase/(Decrease)</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
Property Taxes and Assessments	\$ 108,531,002	71%	\$ 98,351,367	69%	\$ 10,179,635	10%
Licenses and Permits	495,727	0%	544,151	0%	(48,424)	-9%
Intergovernmental Revenues	1,945,342	1%	7,954,538	5%	(6,009,196)	-76%
Use of Money and Property	1,885,003	1%	578,477	0%	1,306,526	226%
Charges for Services	39,128,275	26%	37,168,674	25%	1,959,601	5%
Miscellaneous Revenues	1,363,133	1%	1,425,823	1%	(62,690)	-4%
Total	<u>\$ 153,348,482</u>	100%	<u>\$ 146,023,030</u>	100%	<u>\$ 7,325,452</u>	5%

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, 2023

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.
- Licenses and permits – Decreased due to the slow recovery of construction activity in the District.
- Intergovernmental revenues – Decreased due to a reduction of mutual aid deployment State reimbursement as a result of the mild fire season.
- 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>FY 2023</u>		<u>FY 2022</u>	
<u>Expenditures by Function</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Public Protection	\$ 138,745,558	89%	\$ 133,976,382	92%
Capital Outlay	15,365,801	10%	9,620,089	7%
Debt Service	1,438,100	1%	1,436,350	1%
	<hr/>		<hr/>	
Total	<u>\$ 155,549,459</u>	100%	<u>\$ 145,032,821</u>	100%

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 2022, and higher pension costs.
- Capital outlay – Increased over the prior year with the building of the Redwood station and build out of the new Headquarters location.

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, 2023

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> Governmental <u>Funds</u>
Revenues	\$ 153,348,482
Expenditures	(155,549,459)
Net other financing sources (uses)	<u>4,781,489</u>
 Net change in fund balances	 2,580,512
 Fund balance, beginning	 <u>86,628,076</u>
 Fund balance, ending	 <u>\$ 89,208,588</u>

The fund balance of the District's Governmental Funds, inclusive of the General Fund and Capital Project Fund, increased by \$2,580,512 during the fiscal year, an increase of 72% over the prior year's net increase in fund balance of \$1,501,147.

The General Fund increased by \$14,270,894 mainly due to the continued growth in residential and commercial property values, and receipt of proceeds from lease bond revenue, partially offset by public protection expenditures that increased by 4% driven by the 4% wage increase in November 2022 and associated increased retirement costs.

The Capital Fund decreased by \$11,690,382, primarily due to capital outlay of \$13,040,382 relating to the multi-year capital projects of the Redwood Estates Fire Station rebuild and the new administrative headquarters.

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 Workers Compensation fund had unrestricted negative net position of \$579,636 at June 30, 2023. The total decrease in net position for the Workers Compensation fund was \$2,234,774 due to increased administrative costs and higher actual claims losses incurred than expect 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, 2023

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

	<u>Workers Compensation</u>		% of
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Operating revenues	\$ 4,250,309	\$ 4,405,945	-4%
Operating expenses	(6,485,083)	(3,976,195)	63%
Change in net position	<u>\$ (2,234,774)</u>	<u>\$ 429,750</u>	-620%

GENERAL FUND BUDGETARY HIGHLIGHTS

There was an increase of \$7,826,980 in the resource inflows from the original budget to the final budget. The increase represented \$3.0 million in fire inspection services for the delayed multi-year Rise Development Project, and \$4.8 million in transfer in long-term lease proceeds from the County of Santa Clara to purchase and improve a new headquarters building.

During the year, actual revenues were more than budgetary estimates by \$6,555,401. The main components of the positive variance are as follows:

- Property Taxes had a positive variance of \$9,458,202 due to higher than anticipated property tax growth.
- License and permits revenue of \$3,000,000 related to the multi-year Rise Development Project did not materialize due to a delay in the project.

There was an increase of \$6,741,734 to the charge outflows from the original budget to the final budget. The increase represented \$1.35 million transfer to the Capital Projects Fund for the new headquarters building, \$1.54 million for self-contained breathing apparatus (SCBA) for all fire suppression employees, and \$3.0 in salary and services related to fire inspection services for the multi-year Rise Development Project.

Actual expenditures were lower than budgetary estimates by \$9,947,757. The main components of the positive variance are as follows:

- Capital outlays were delayed and the budgeted amounts were rolled forward to fiscal year 2022.
- Service and supplies and other charges were \$3.6 million less than anticipated.
- Salary and Benefits were \$3.9 million less than budgeted.

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, 2023

Overall, the net effect of the over realization of revenues and under-utilization of expenditures versus budgeted amounts resulted in a favorable variance of \$16,503,158. The General Fund budgetary comparison schedule starts on page 67 of this report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets for its governmental activities as of June 30, 2023, amounted to \$87,315,525 (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 (net of accumulated depreciation) for the current period was 18%.

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

- The construction in progress for the replacement of the Redwood Fire Station.
- The construction in process for design and build out of the new Headquarters location.
- The purchase of:
 - a replacement rescue;
 - the District's first Fire Fuels Crew Carrier to support the Pre-Management and Wildfire Resilience Program; and
 - replacement of the Self-contained breathing apparatus (SCBA) for all fire suppression employees.

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, 2023

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

	<u>Governmental Activities</u>		<u>Increase/ (Decrease) % of Change</u>
	<u>2023</u>	<u>2022</u>	
Land	\$ 6,816,766	\$ 6,816,766	0%
Construction in progress	48,658,955	35,525,907	37%
Buildings	15,182,098	15,182,098	0%
Vehicles, machinery, equipment, and furnishings	45,714,152	43,488,564	5%
Total cost	<u>116,371,971</u>	<u>101,013,335</u>	15%
Less: accumulated depreciation	(29,056,447)	(26,759,879)	9%
Less: related debt	(29,827,056)	(28,350,000)	5%
Capital assets, net	<u>\$ 57,488,468</u>	<u>\$ 45,903,456</u>	25%

Additional information on the Santa Clara County Central Fire Protection District's capital assets can be found in Note 4 on page 45 of this report.

Long-term debt

At June 30, 2023, the District had total long-term obligations outstanding of \$294,995,421 as compared to \$188,973,725 in the prior year. This amount was comprised of \$9,136,169 for compensated absences; \$14,183,000 for insurance claims payable (worker's comp); \$8,748,000 for net OPEB obligations; \$233,726,196 for net pension liability; and \$29,202,056 for long-term lease liability. Compensated absences increased by \$555,081; insurance claims payable increased by \$1,413,000; an increase of 4,430,400 in net OPEB obligation was recognized; an increase of 98,176,159 in net pension liability was recognized; and an increase of \$1,447,056 in long-term lease 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 46 to 47 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, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following economic factors currently affect the District and were considered in developing the 2023-24 fiscal year budget.

- The District's 2024 adopted budget includes at 3% salary increase in accordance with the District's four-year labor agreements with its represented bargaining units.
- Medical Premiums costs are projected to increase by at least 5% due to rising medial premium renewal rates and experience.
- Retirement costs for employees are projected to increase by at least 3% due to the negotiated salary increase from fiscal year 2023 to 2024.
- Workers' Compensation funding is expected to increase by \$1.2 million from \$3.8 million in fiscal year 2023 to \$5.0 million in the coming year.
- The District is forecasting growth in property tax revenues of 3.13% for secured property taxes and 2.28% aggregate (secured, unsecured, supplemental, ect.) net of the County Controller-Treasurer's Office administrative fees in the coming fiscal year based on the County Controller-Treasurer's Office projected amounts.
- 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 2024.

During the current fiscal year, the total fund balance in the general fund increased to approximately \$80.0 million. Unassigned fund balance increased to approximately \$38.6 million due higher than anticipated property tax revenue and receipt of the remaining proceeds of lease bond revenue.

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.

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Basic Financial Statements
Government-Wide Financial Statements

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SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
STATEMENT OF NET POSITION
As of June 30, 2023

	Governmental Activities
Assets	
Cash and investments	
Unrestricted	\$ 103,386,094
Restricted	67,104
Accounts receivable	421,779
Interest receivable	855,068
Prepaid expenses	1,114,864
Due from other Governmental agencies	4,567,995
Capital assets:	
Land	6,816,766
Construction in progress	48,658,955
Depreciable capital assets, net	31,839,803
Total Assets	<u>197,728,428</u>
Deferred Outflows of Resources	
Pension plan	74,817,945
OPEB	11,487,634
Total Deferred Outflows of Resources	<u>86,305,579</u>
Liabilities	
Accounts payable	2,441,278
Accrued salaries and benefits	1,116,534
Unearned revenue	46,591
Other accrued Liabilities	3,549
Insurance claims payable, due within one year	3,993,000
Compensated absences, due within one year	1,704,416
Long-Term Lease Debt, due within one year	625,000
Insurance claims payable, due beyond one year	14,183,000
Compensated absences, due beyond one year	9,136,169
Long-Term Lease Debt, due beyond one year	29,202,056
Net OPEB Liability, due beyond one year	8,748,000
Net Pension Liability, due beyond one year	233,726,196
Total Liabilities	<u>304,925,789</u>
Deferred Inflows of Resources	
Pension Plan	4,154,642
OPEB	9,721,500
Total Deferred Inflows of Resources	<u>13,876,142</u>
Net Position	
Net investment in capital assets	57,488,468
Unrestricted	(92,256,392)
Total Net Position	<u>\$ (34,767,924)</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, 2023

		Program Revenues		Net (Expenses)
		Charges for	Operating	Revenues and
	Expenses	Services	Grants and	Changes in
			Contributions	Net Position
Functions/Programs				Governmental
Governmental Activities				Activities
Public protection	\$ 138,563,193	\$ 37,389,228	\$ 1,945,342	\$ (99,228,623)
Interest	843,100	-	-	(843,100)
Total Governmental Activities	<u>\$ 139,406,293</u>	<u>\$ 37,389,228</u>	<u>\$ 1,945,342</u>	<u>(100,071,723)</u>
General Revenues				
Property taxes				108,531,002
Interest and investment income				1,885,003
Miscellaneous				<u>1,363,133</u>
Total General Revenues				<u>111,779,138</u>
Change in Net Position				11,707,415
Net Position, Beginning				<u>(46,475,339)</u>
Net Position, Ending				<u>\$ (34,767,924)</u>

See accompanying notes to financial statements

Basic Financial Statements

Fund Financial Statements

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SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Balance Sheet - Governmental Fund
June 30, 2023

	General Fund	Capital Project Fund	Total Governmental Funds
ASSETS			
Cash and Investments			
Unrestricted	\$ 75,134,695	\$ 10,802,549	\$ 85,937,244
Restricted	67,104	-	67,104
Accounts receivable	421,779	-	421,779
Interest receivable	707,554	-	707,554
Prepaid expense	1,114,864	-	1,114,864
Due from other governmental agencies	4,567,995	-	4,567,995
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 82,013,991</u>	<u>\$ 10,802,549</u>	<u>\$ 92,816,540</u>
LIABILITIES			
Accounts payable	\$ 751,301	\$ 1,689,977	\$ 2,441,278
Accrued salaries and benefits	1,116,534	-	1,116,534
Other accrued liabilities	2,305	1,244	3,549
Unearned revenue	46,591	-	46,591
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,916,731</u>	<u>1,691,221</u>	<u>3,607,952</u>
FUND BALANCES			
Committed			
Major facility replacement, repair or maintenance	39,000,000	-	39,000,000
Fire Apparatus replacement	2,500,000	-	2,500,000
Assigned	-	9,111,328	9,111,328
Unassigned	38,597,260	-	38,597,260
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>80,097,260</u>	<u>9,111,328</u>	<u>89,208,588</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 82,013,991</u>	<u>\$ 10,802,549</u>	<u>\$ 92,816,540</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, 2023

Fund Balances - Total Governmental Funds	\$ 89,208,588
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.	87,315,524
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.	(579,636)
Deferred outflow of resources from pension plan	74,817,945
Deferred outflow of resources from OPEB	11,487,634
Deferred inflow of resources from pension plan	(4,154,642)
Deferred inflow of resources from OPEB	(9,721,500)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
Long-Term Lease Debt	\$ (29,827,056)
Compensated absences	(10,840,585)
Net OPEB Obligation	(8,748,000)
Net Pension Liability	(233,726,196)
	<u>(283,141,837)</u>
Net Position of Governmental Activities	<u>\$ (34,767,924)</u>

See accompanying notes to basic financial statements

SANTA CLARA COUNTY CENTRAL FIRE 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, 2023

	General Fund	Capital Project Fund	Total Governmental Funds
REVENUES:			
Property taxes	\$ 108,531,002	\$ -	\$ 108,531,002
Licenses and permits	495,727	-	495,727
Intergovernmental revenues	1,945,342	-	1,945,342
Use of money and property	1,885,003	-	1,885,003
Charges for services	39,128,275	-	39,128,275
Miscellaneous revenues	1,363,133	-	1,363,133
Total Revenues	<u>153,348,482</u>	<u>-</u>	<u>153,348,482</u>
EXPENDITURES:			
Public Protection			
Salaries and benefits	115,473,068	-	115,473,068
Services and supplies	12,886,267	-	12,886,267
City provided services	9,368,193	-	9,368,193
Other charges	1,018,030	-	1,018,030
Capital outlay	2,325,419	13,040,382	15,365,801
Debt service:			
Principal	595,000	-	595,000
Interest	843,100	-	843,100
Total Expenditures	<u>142,509,077</u>	<u>13,040,382</u>	<u>155,549,459</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,839,405</u>	<u>(13,040,382)</u>	<u>(2,200,977)</u>
OTHER FINANCING SOURCES (Uses)			
Proceeds from leases revenue payable additions	4,781,489	-	4,781,489
Transfers in	-	1,350,000	1,350,000
Transfers out	(1,350,000)	-	(1,350,000)
Net Other Financing Sources (Uses)	<u>3,431,489</u>	<u>1,350,000</u>	<u>4,781,489</u>
NET CHANGE IN FUND BALANCES	14,270,894	(11,690,382)	2,580,512
Fund Balance, Beginning	<u>65,826,366</u>	<u>20,801,710</u>	<u>86,628,076</u>
Fund Balance, Ending	<u>\$ 80,097,260</u>	<u>\$ 9,111,328</u>	<u>\$ 89,208,588</u>

See accompanying notes to basic financial statements

SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 2,580,512
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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	\$ 15,365,801	
Less: current year depreciation	(2,303,733)	13,062,068

Debt principal payments are added back to fund balance	595,000
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The amounts below included in the Statement of Activities do not provide the use of current
financial resources and therefore are not reported as revenue in governmental funds:

Other leases cost	(643,219)
Proceeds from leases revenue payable additions	(4,781,489)

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.	(2,234,774)
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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	3,818,516	
Pension expense	(128,626)	
Change in compensated absences	(560,573)	3,129,317

Change in Net Position of Governmental Activities	\$ 11,707,415
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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 Fund - Internal Service
Workers' Compensation
As of June 30, 2023

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	
Unrestricted	\$ 17,448,850
Accounts receivable	<u>147,514</u>
Total Assets	<u>17,596,364</u>
Liabilities	
Current Liabilities	
Insurance claims payable	<u>3,993,000</u>
Noncurrent Liabilities	
Insurance claims payable	<u>14,183,000</u>
Total Liabilities	<u>18,176,000</u>
Net Position	
Unrestricted	<u>(579,636)</u>
Total Net Position	<u><u>\$ (579,636)</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 Fund - Internal Service
Workers' Compensation
For the Year Ended June 30, 2023

	<u>Governmental Activities</u>
Operating Revenues	
Plan Contributions	\$ 3,809,000
Interest and investment income	441,309
Total Operating Revenues	<u>4,250,309</u>
Operating Expenses	
Claims Expenses	<u>6,485,083</u>
Total Operating Expenses	<u>6,485,083</u>
Change in Net Position	(2,234,774)
Net Position, Beginning	<u>1,655,138</u>
Net Position, Ending	<u><u>\$ (579,636)</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 Fund - Internal Service
Workers' Compensation
For the Year Ended June 30, 2023

	<u>Governmental Activities</u>
Cash Flows from Operating Activities	
Cash Receipts from interfund services provided - contributions to the plan	\$ 4,139,747
Cash payment for interfund services used - paid claims	<u>(4,845,083)</u>
Net increase in cash and investments	<u>(705,336)</u>
Cash and Investments, Beginning	<u>18,154,186</u>
Cash and Investments, Ending	<u><u>\$ 17,448,850</u></u>
Reconciliation of change in net position to net cash provided (used) by operating activities	
Change in Net Position	\$ (2,234,774)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities	
Decrease (increase) in assets	
Interest receivable	(110,562)
Increase (decrease) in liabilities	
Insurance claims payable	<u>1,640,000</u>
Net cash provided by operating activities	<u><u>\$ (705,336)</u></u>

See accompanying notes to financial statements

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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, 2023

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, 2023

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 two major governmental funds:

- 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.
- The Capital Project Fund is used to account for the revenues and expenditures related to constructions and improvement of the new District headquarters.

Proprietary Fund

The District reports the following proprietary fund:

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 fund:

- *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)
Notes to the Financial Statements
For The Year Ended June 30, 2023

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.

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, 2023

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 and capital projects 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.

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, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position 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 assets 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 Liabilities*

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, lease debt, 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.

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, 2023

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, 2021
Measurement Date-(MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

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.

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, 2023

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, or 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 balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the 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. Lease Accounting

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The District does not currently have any leases that meet the definition under GASB 87. The District will record material leases over the District threshold of \$4,100,700.

O. Subscription-Based Information Technology Arrangements (SBITAs) Accounting

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, the subscription liability is measured initially at the present value of payments expected to be made during the contract term, reduced by the principal portion of payments made subsequently. The subscription asset is measured initially the same as the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs, and subsequently, amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The District set the SBITA recognition threshold at \$4,100,700. It does not currently have any SBITAs that meet the definition under GASB 96.

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, 2023

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.

Cash and investments on June 30, 2023 consist of the following:

	Carrying Amount	Fair Value
Cash and Investments with the County		
Treasury common pool:		
General Fund	\$ 75,134,695	\$ 72,850,600
General Fund - Payroll (Restricted)	67,104	65,064
Capital Project Fund	10,802,549	10,474,151
Proprietary - Workers' Compensation	17,448,850	16,647,948
Total	<u>\$ 103,453,198</u>	<u>\$ 100,037,763</u>

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, 2023

NOTE 3 – CASH AND INVESTMENTS (Continued)

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 decrease the District's cash balance and interest and investment income (use of money and property, in the fund financials) by \$2,286,135 for the General Fund, decrease by \$328,398 for the Capital Project Fund and decrease by \$800,902 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.

NOTE 4 – CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Nondepreciable capital assets:					
Land	\$ 6,816,766	\$ -	\$ -	\$ -	\$ 6,816,766
Construction in progress	35,525,907	13,930,288	-	(797,240)	48,658,955
Total capital assets not being depreciated	42,342,673	13,930,288	-	(797,240)	55,475,721
Capital assets being depreciated:					
Buildings and building improvements	15,182,098	-	-	-	15,182,098
Vehicles, Machinery, Equipment, and Furnishings	43,488,563	1,435,513	(7,165)	797,240	45,714,151
Total capital assets being depreciated	58,670,661	1,435,513	(7,165)	797,240	60,896,249
Less accumulated depreciation for:					
Buildings and building improvements	(7,914,291)	(303,522)	-	-	(8,217,813)
Vehicles, Machinery, Equipment, and Furnishings	(18,845,587)	(2,000,211)	7,165	-	(20,838,633)
Total accumulated depreciation	(26,759,878)	(2,303,733)	7,165	-	(29,056,446)
Total capital assets being depreciated, net	31,910,783	(868,220)	-	797,240	31,839,803
Governmental activity capital assets, net	<u>\$ 74,253,456</u>	<u>\$ 13,062,068</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,315,524</u>

For the year ended June 30, 2023, depreciation expense charged to public protection under governmental activities was \$2,303,733.

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, 2023

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:

	2022/2023	2021/2022
Liability - July 1	\$ 16,536,000	\$ 16,178,000
Incurred claims and changes in estimate	8,125,083	4,334,195
Claims payments	(6,485,083)	(3,976,195)
Liability - June 30	<u>\$ 18,176,000</u>	<u>\$ 16,536,000</u>
Current portion	<u>\$ 3,993,000</u>	<u>\$ 3,766,000</u>

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, 2023:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due within one year	Due beyond one year
Compensated Absences	\$ 10,280,012	\$ 4,721,605	\$ (4,161,032)	\$ 10,840,585	\$ 1,704,416	\$ 9,136,169
Insurance Claims Payable (see Note 5)	16,536,000	8,125,083	(6,485,083)	18,176,000	3,993,000	14,183,000
Net OPEB Liability (see Note 8)	4,317,600	15,531,445	(11,101,045)	8,748,000	-	8,748,000
Net Pension Liability (see Note 7)	135,550,037	98,176,159	-	233,726,196	-	233,726,196
Lease debt	28,350,000	2,072,056	(595,000)	29,827,056	625,000	29,202,056
Totals	<u>\$ 195,033,649</u>	<u>\$ 128,626,348</u>	<u>\$ (22,342,160)</u>	<u>\$ 301,317,837</u>	<u>\$ 6,322,416</u>	<u>\$294,995,421</u>

Some of the District's obligations are in the form of a long-term lease between the District and the County of Santa Clara (County) and the Santa Clara County Financing Authority (Authority). Under these arrangements, the District enters into legal agreements with the Authority and County to lease a specified District property to the County for an up-front, lump-sum lease payment. The District uses the lease proceeds to fund to purchase real property at 1315 Dell Avenue in Campbell and related project expenditures. The District furthermore continues to make use of the leased facility, and in return for that uses agrees to pay the County regular sublease lease payments. The County leases the facility to the Authority. The Authority, in turn, sells shares of the District's lease payments to investors. The shares are called Lease Revenue Bonds (Bonds). The District's sublease payments are made to the certificate holders through the Trustee over the term of the agreement. The cost of the assets securing these leases and the balance of the debt evidenced by these Bonds have been included in the District's financial statements, as these leases are in essence financing arrangements with ownership of the financed assets reverting to the District at the conclusion of the lease term.

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, 2023

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

2020 Lease Revenue Bonds Series A

The Santa Clara County Financing Authority (Authority) issued 2020 lease revenue bonds in June 2020 for \$29,585,000. The Authority issued lease revenue bonds entitled Santa Clara County Financing Authority Lease Revenue Bonds (Fire District Facilities) 2020 Series A for the purpose of financing the District's major facilities project, pursuant to a Trust Agreement, dated as of June 1, 2020 between the Authority and U.S. Bank Trust National Association. The District entered into a District Site Lease by and between the District and County of Santa Clara (County) to lease the property to the County, dated June 1, 2020. The County leased the leased asset to the Authority in the Site Lease Agreement, dated June 1, 2020. The Authority leased the leased asset back to the County in the Facilities Lease, dated June 1, 2020. The County subleased the asset back to the District in the Sublease Agreement, dated June 1, 2020. The bonds were issued to provide funds to finance or refinance the acquisition of a building in Campbell, California, to be occupied by and used as the headquarters of the Santa Clara County Central Fire Protection District, to finance or refinance the costs of certain capital improvements, and for costs of issuance of the bonds. The principal balance outstanding as of June 30, 2023, is \$27,755,000.

Principal payments are due annually on May 1 and interest payments are due semi-annually on May 1 and November 1. Interest rates range from 2.00% to 5.00%. Payments began in fiscal year 2020-21.

The annual debt service requirements for the 2020 Lease Revenue Bonds are shown below:

For the Year Ending June 30	2020 Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 625,000	\$ 813,350	\$ 1,438,350
2025	655,000	782,100	1,437,100
2026	690,000	749,350	1,439,350
2027	720,000	714,850	1,434,850
2028	760,000	678,850	1,438,850
2029-2033	4,365,000	2,813,600	7,178,600
2034-2038	5,130,000	2,048,750	7,178,750
2039-2043	5,680,000	1,501,614	7,181,614
2044-2048	6,360,000	824,616	7,184,616
2049-2050	2,770,000	104,250	2,874,250
Total	27,755,000	<u>\$ 11,031,330</u>	<u>\$ 38,786,330</u>
Premium	<u>2,072,056</u>		
Total	<u>\$ 29,827,056</u>		

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, 2023

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, 2021, the Safety Plan had 220 active members, 34 inactive members entitled to, but not yet receiving benefits and 467 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.

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, deferred inflows of resources and pension expense by Plan for the year ended June 30, 2023.

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources	Pension Expense
Safety	\$ 65,040,073	\$ 214,716,631	\$ 1,521,170	\$ 3,279,808
Miscellaneous	9,777,872	19,009,565	\$ 2,633,472	(3,151,182)
Total	<u>\$ 74,817,945</u>	<u>\$ 233,726,196</u>	<u>\$ 4,154,642</u>	<u>\$ 128,626</u>

Pension liabilities are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities net pension liability is liquidated by the General Fund.

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, 2023

NOTE 7 – PENSION PLAN (Continued)

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.

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 \$175,250 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.

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, 2023

NOTE 7 – PENSION PLAN (Continued)

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.

Below is a summary of the employee contribution rates and employer contributions rates for fiscal year 2022-2023:

Plan		Employee Contribution Rate	Employer Contribution Rate	Employer Contributions
Classic	Miscellaneous	8.00%	43.24%	\$ 2,523,193
	Safety	9.00%	60.19%	\$ 22,076,131
PEPRA	Miscellaneous	7.25%	7.81%	\$ 490,477
	Safety	11.00%	60.19%	\$ 2,480,989
Total				\$ 27,570,790

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, 2023

NOTE 7 – PENSION PLAN (Continued)

D. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022 (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	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

E. Safety – Agent Multiple-Employer Plan (as prepared by CalPERS)

1. Discount Rate

The discount rate used to measure the total pension liability was reduced from 7.15 percent to 6.9 percent for the 2022 measurement date. 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 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 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.

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, 2023

NOTE 7 – PENSION PLAN (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (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+) 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.

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management Study

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, 2023

NOTE 7 – PENSION PLAN (Continued)

2. Changes in the Net Pension Liability

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

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2021(MD)	\$ 647,652,990	\$ 522,190,513	\$ 125,462,477
Changes Recognized for the Measurement Period:			
Service Cost	\$ 12,072,680	\$ -	\$ 12,072,680
Interest on Total Pension Liability	45,129,553	-	45,129,553
Changes of Benefit Terms	-	-	-
Changes of Assumptions	20,322,437	-	20,322,437
Differences between Expected and Actual Experience	(1,895,503)	-	(1,895,503)
Net Plan to Plan Resource Movement	-	504,462	(504,462)
Contributions - Employer	-	21,990,915	(21,990,915)
Contributions - Employees	-	3,751,417	(3,751,417)
Net Investment Income	-	(39,546,488)	39,546,488
Benefit Payments, including Refunds of Employee Contributions	(36,129,498)	(36,129,498)	-
Administrative Expense	-	(325,293)	325,293
Other Miscellaneous Income	-	-	-
Net Changes during 2021-22	\$ 39,499,669	\$ (49,754,485)	\$ 89,254,154
Balance at: 6/30/2022 (MD)	\$ 687,152,659	\$ 472,436,028	\$ 214,716,631

3. 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 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 305,021,301	\$ 214,716,631	\$ 140,301,100

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, 2023

NOTE 7 – PENSION PLAN (Continued)

4. 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:

Net Difference between projected and actual earnings on pension plan investments	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).

The EARSL for the Plan for the measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years of 2,643 (the sum of remaining service lifetimes of the active employees) by 719 (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
(A Component Unit of the County of Santa Clara)
Notes to the Financial Statements
For The Year Ended June 30, 2023

NOTE 7 – PENSION PLAN (Continued)

5. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the measurement period ending June 30, 2022 (the measurement date), the Fire District incurred a pension expense/(income) of \$3,279,808 for the Plan.

As of June 30, 2023, 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	\$ 14,829,886	\$ -
Differences between Expected and Actual Experience	2,087,097	(1,521,170)
Pension Contribution Subsequent to the Measurement Date	24,557,120	-
Net Difference between Projected and Actual Earnings on Pension Plan	23,565,970	-
Total	\$ 65,040,073	\$ (1,521,170)

\$24,557,120 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other 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:	Annual Amortization
2023	\$ 10,542,117
2024	8,324,534
2025	5,050,209
2026	15,044,923
Total	\$ 38,961,783

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, 2023

NOTE 7 – PENSION PLAN (Continued)

F. Miscellaneous – Cost-Sharing Multiple-Employer Plan (as prepared by CalPERS)

1. Discount Rate

The discount rate used to measure the total pension liability was reduced from 7.15 percent to 6.9 percent for the 2022 measurement date. 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 6.9 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.9 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
(A Component Unit of the County of Santa Clara)
Notes to the Financial Statements
For The Year Ended June 30, 2023

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 ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management Study

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 0.0041 percent, a decrease of 0.0012 percent over the prior year amount of 0.0053 percent.

2. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/21 (MD)	\$ 65,034,665	\$ 54,947,105	\$ 10,087,560
Balance at: 6/30/22 (MD)	72,103,833	53,094,268	19,009,565
Net Changes during 2021-22	\$ (7,069,168)	\$ 1,852,837	\$ (8,922,005)

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, 2023

NOTE 7 – PENSION PLAN (Continued)

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.9 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 (5.9 percent) or 1 percentage-point higher (7.9 percent) than the current rate:

	Discount Rate 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability/(Asset)	\$ 30,888,479	\$ 19,009,565	\$ 9,236,170

3. 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:

Net Difference between projected and actual earnings on pension plan investments	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 measurement period ending June 30, 2022 is 3.7 years, which was obtained by dividing the total service years 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (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
(A Component Unit of the County of Santa Clara)
Notes to the Financial Statements
For The Year Ended June 30, 2023

NOTE 7 – PENSION PLAN (Continued)

4. Pension Expense and Deferred Outflows and Deferred Inflows

For the measurement period ended June 30, 2022 (the measurement date), the Fire District incurred a pension expense/ (income) of \$(3,151,182) for the Plan.

As of June 30, 2023, 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	\$ 3,013,670	\$ -
Differences between Expected and Actual Experience	381,749	(255,679)
Changes of Assumptions	1,947,927	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,482,047	-
Changes in employers Proportions	306,285	(2,334,750)
Difference in actual and proportionated contributions	646,194	(43,043)
Total	\$ 9,777,872	\$ (2,633,472)

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
(A Component Unit of the County of Santa Clara)
Notes to the Financial Statements
For The Year Ended June 30, 2023

NOTE 7 – PENSION PLAN (Continued)

\$3,013,670 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other 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:	Annual Amortization
2023	\$ 1,082,137
2024	856,627
2025	329,914
2026	<u>1,862,052</u>
Total	<u>\$ 4,130,730</u>

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 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, 2023

NOTE 8 – HEALTH BENEFIT (Continued)

For the year ended June 30, 2023, the District's contributions to the Plan were \$1,686,171.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the reporting date of June 30, 2022:

Active employees	216
Inactive employees or beneficiaries currently receiving benefit payments	296
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>512</u>

C. Net OPEB Liability

Actuarial Methods and Assumptions – The results of a June 30, 2021 actuarial valuation were projected for two years to produce the Total OPEB Liability as of measurement date June 30, 2022. That was offset by June 30, 2022 OPEB assets to produce the Net OPEB Liability as of measurement date June 30, 2022, which is being used for reporting date June 30, 2023. Calculations are based on the following actuarial methods and assumptions:

	<u>Actuarial Assumptions</u>
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
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	7.59%
Inflation	2.80%
Payroll Growth	2.80%
Initial Healthcare Trend Rate	5.25%
Ultimate Healthcare cost trend rate	4.00%

The underlying mortality assumptions and all other actuarial assumptions used on June 30, 2021 were based on the results of a CalPERS study of Firefighter and of Miscellaneous Public Agency experience for the twenty years ending June 30, 2019.

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, 2023

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 allocations for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Public Equity	59.0%
Fixed Income	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 7.59%. 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.

D. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at 6/30/21 (Measurement Date)	\$ 53,583,900	\$ 49,266,300	\$ 4,317,600
Changes Recognized for the Measurement Period:			
Service cost	1,093,600	-	1,093,600
Interest cost	3,978,500	-	3,978,500
Effect of Change in Actuarial Assumptions/Methods	(1,211,500)	-	(1,211,500)
Other liability experience Loss/(Gain)	(666,900)	-	(666,900)
Contributions	-	5,410,600	(5,410,600)
Benefit payments	(3,470,000)	(3,470,000)	-
Administrative expenses	-	(24,061)	24,061
Expected Investment Return	-	3,812,045	(3,812,045)
Investment Experience (Loss)/Gain	-	(10,435,284)	10,435,284
Net changes	(276,300)	(4,706,700)	4,430,400
Balance at 6/30/22 (Measurement Date)	<u>\$ 53,307,600</u>	<u>\$ 44,559,600</u>	<u>\$ 8,748,000</u>

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, 2023

NOTE 8 – HEALTH BENEFIT (Continued)

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 \$1,104,700.

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 (6.59%) or 1-percentage-point higher (8.59%) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate -1%	Current Discount	Discount Rate +1%
(6.59 %)	Rate (7.59%)	(8.59%)
\$ 13,944,700	\$ 8,748,000	\$ 4,283,100

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 (4.25%) or 1-percentage-point higher (6.25%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Discount Rate -1%	Health Care Cost	Discount Rate +1%
(4.25%)	Trend Rates (5.25%)	(6.25%)
\$ 3,743,900	\$ 8,748,000	\$ 14,692,800

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

For the year ended June 30, 2023, the District recognized negative OPEB expense of negative \$3,818,516. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	\$ 1,686,171	\$ -
Revised assumptions/methods	-	(2,061,853)
Other liability experience loss/ (gain)	895,071	(3,303,300)
Investment experience loss/ (gain)	8,906,392	(4,356,347)
Total	<u>\$ 11,487,634</u>	<u>\$ (9,721,500)</u>

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, 2023

NOTE 8 – HEALTH BENEFIT (Continued)

\$1,686,171 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2022 but before the end of District's reporting period of June 30, 2023 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. 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
2024	\$ 92,724
2025	(76,084)
2026	(286,606)
2027	1,233,534
2028	(702,786)
Thereafter	(180,819)
Total	<u>\$ 79,963</u>

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

NOTE 9 – TRANSFERS

The General Fund transferred \$1,350,000 to the Capital Project Fund to increase funding for the Dell New Headquarters Project as approved by the Board of Directors on May 2, 2023.

Required Supplementary Information
(Other than MD&A)

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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, 2023

	Original	Final	Actual Amount Expenditures	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, Beginning	\$ 29,948,809	\$ 13,432,461	\$ 65,826,366	\$ 52,393,905
Resources (Inflows):				
Property Taxes	99,072,800	99,072,800	108,531,002	9,458,202
Licenses & permits	574,269	3,574,269	495,727	(3,078,542)
Intergovernmental revenues	3,600,000	3,606,695	1,945,342	(1,661,353)
Use of money & property	793,800	793,800	1,885,003	1,091,203
Charges for Services	38,096,147	38,096,147	39,128,275	1,032,128
Misc revenues	1,560,574	1,560,574	1,363,133	(197,441)
Sale of capital assets	50,000	50,000		(50,000)
Proceeds from leases revenue payable additions		4,820,285	4,781,489	(38,796)
Amounts Available for Appropriation	143,747,590	151,574,570	158,129,971	6,555,401
Charges to Appropriations (Outflows)				
Public protection				
Salaries and benefits	117,805,829	119,371,029	115,473,068	3,897,961
Services & supplies and other charges	15,679,598	17,529,598	13,904,297	3,625,301
City provided services	9,141,573	9,141,573	9,368,193	(226,620)
Capital outlay	3,000,000	4,976,534	2,325,419	2,651,115
Debt service:				
Principle	595,000	595,000	595,000	-
Interest	843,100	843,100	843,100	-
Transfers out	-	1,350,000	1,350,000	-
Total Charges to Appropriations	147,065,100	153,806,834	143,859,077	9,947,757
Budgetary Fund Balance, Ending	\$ 26,631,299	\$ 11,200,197	\$ 80,097,260	\$ 68,897,063

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, 2023

**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	\$ 158,129,971
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Differences - budget to GAAP

Lease revenues are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(4,781,489)</u>
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Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 153,348,482</u></u>
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Uses/Outflows of Resources

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule	\$ 143,859,077
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Transfers to Capital Project Fund	<u>(1,350,000)</u>
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Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 142,509,077</u></u>
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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*

Measurement period	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Total Pension Liability										
Service Cost	\$ 12,072,680	\$ 10,771,729	\$ 11,002,576	\$ 10,912,450	\$ 9,845,967	\$ 10,048,004	\$ 8,680,538	\$ 8,356,987	\$ 8,571,796	
Interest	45,129,553	43,997,952	42,574,250	40,689,529	38,844,222	37,901,165	37,171,515	36,014,294	34,357,237	
Differences between expected and actual experience	(1,893,503)	(283,191)	5,846,700	5,703,153	(5,007,860)	(7,354,337)	(4,400,323)	(8,633,116)	-	
Changes in assumptions	20,322,437	-	-	-	(2,238,642)	31,031,597	2,264,214	2,264,214	-	
Net benefit payments, including refunds of employee contributions	(36,129,498)	(34,173,614)	(32,358,959)	(29,909,070)	(28,327,114)	(26,496,952)	(25,561,016)	(24,442,299)	(23,105,970)	
Net change in total pension liability	39,499,669	20,312,876	27,064,567	27,396,062	13,116,573	45,129,477	15,886,714	13,560,080	19,823,063	
Total pension liability - beginning	647,652,990	627,340,114	600,275,547	572,879,485	559,762,912	514,633,435	498,746,721	485,186,641	465,363,578	
Total pension liability - ending (a)	\$ 687,152,659	\$ 647,652,990	\$ 627,340,114	\$ 600,275,547	\$ 572,879,485	\$ 559,762,912	\$ 514,633,435	\$ 498,746,721	\$ 485,186,641	
Plan fiduciary net position										
Contributions - employer	\$ 21,990,915	\$ 19,925,181	\$ 19,550,772	\$ 17,028,204	\$ 14,645,310	\$ 12,953,316	\$ 12,005,953	\$ 11,069,715	\$ 10,233,261	
Contributions - employee	3,751,417	3,540,514	3,768,630	3,771,163	3,301,006	3,071,764	3,102,315	2,985,876	3,886,260	
Net investment income	(39,546,488)	98,120,165	21,425,891	26,617,901	32,473,529	40,217,653	1,838,268	8,111,497	55,532,305	
Net Plan to plan resource movement	504,462	39,035	(490,122)	(190,585)	(948)	-	-	(24,442,299)	(23,105,970)	
Administrative expenses	(325,293)	(434,712)	(597,450)	(290,335)	(602,275)	(527,504)	(223,131)	(3,277)	-	
Benefit payments, including refunds of employee contributions	(36,129,498)	(34,173,614)	(32,358,959)	(29,909,070)	(28,327,114)	(26,496,952)	(25,561,016)	(24,442,299)	-	
Other Miscellaneous Income	-	-	-	948	(1,143,731)	-	-	-	-	
Net change in plan fiduciary net position	(49,754,485)	87,016,569	11,298,762	17,028,226	20,345,777	29,218,277	(8,837,611)	(2,690,570)	46,545,856	
Plan fiduciary net position - beginning	522,190,513	435,173,944	423,875,182	406,846,956	386,501,179	357,282,902	366,120,513	368,811,083	322,265,227	
Plan fiduciary net position - ending (b)	\$ 472,436,028	\$ 522,190,513	\$ 435,173,944	\$ 423,875,182	\$ 406,846,956	\$ 386,501,179	\$ 357,282,902	\$ 366,120,513	\$ 368,811,083	
Net pension liability - ending (a)-(b)	\$ 214,716,631	\$ 125,462,477	\$ 192,166,170	\$ 176,400,365	\$ 166,032,529	\$ 173,261,733	\$ 157,350,533	\$ 132,626,208	\$ 116,375,558	
Plan fiduciary net position as a percentage of the total pension liability	68.75%	80.63%	69.37%	70.61%	71.02%	69.05%	69.42%	73.41%	76.01%	
Covered payroll	\$ 39,257,917	\$ 37,008,594	\$ 38,294,824	\$ 40,179,396	\$ 35,748,705	\$ 33,459,472	\$ 33,374,871	\$ 31,991,681	\$ 31,130,546	
Net pension liability as percentage of covered payroll	546.94%	339.01%	501.81%	439.03%	464.44%	484.67%	471.46%	414.56%	373.83%	

¹ 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 30. 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. GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2022, the accounting discount rate reduced from 7.15% to 6.9%. In 2016, 2018, 2019, and 2020, there were no changes. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement were the same as those used for June 30, 2015 and 2016 measurement dates.

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	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially Determined Contribution	\$ 24,557,120	\$ 21,974,412	\$ 19,925,181	\$ 19,569,200	\$ 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	(24,557,120)	(21,974,412)	(19,925,181)	(19,569,200)	(17,029,494)	(14,622,530)	(12,953,316)	(12,025,321)	(11,045,487)	(10,233,261)
Contribution Deficiency (Excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered Payroll	\$ 43,036,095	\$ 39,257,917	\$ 37,008,594	\$ 38,294,824	\$ 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	57.06%	55.97%	53.84%	51.10%	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 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, 2016 Funding Valuation Report
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023.
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022, and 6.80% for 2023, net of pension plan investment expense, including inflation
Retirement	The Probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 to 2023 pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 the Net Pension Liability
Miscellaneous Plan
Last Ten Fiscal Years*

Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's Proportion of Net Pension Liability/(Asset)									
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 19,009,365	\$ 10,087,560	\$ 17,004,291	\$ 16,119,499	\$ 15,206,279	\$ 15,763,512	\$ 13,974,941	\$ 11,706,728	\$ 10,001,620
Plan's Employee Payroll	\$ 10,441,908	\$ 11,583,903	\$ 10,026,746	\$ 8,982,169	\$ 7,943,617	\$ 7,204,932	\$ 6,608,223	\$ 5,625,208	\$ 5,636,188
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of is Covered Payroll	182.05%	87.08%	169.59%	179.46%	191.43%	218.79%	211.48%	208.11%	177.45%
Plan's Fiduciary Net Position	\$ 53,094,268	\$ 54,947,105	\$ 45,295,034	\$ 42,994,528	\$ 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 Pool's Pension Liability	78.19%	90.49%	77.71%	77.73%	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	73.64%	72.71%	72.71%	77.73%	77.69%	75.39%	70.40%	72.64%	75.70%
Plan's Proportionate Share of Aggregate Employer Contributions ^{1,2}	\$ 2,249,549	\$ 2,161,156	\$ 2,023,766	\$ 1,781,522	\$ 1,535,832	\$ 1,431,693	\$ 1,237,715	\$ 1,075,210	\$ 842,514

¹ 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.

² 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	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Contractually Required Contributions (Actuarially Determined) (CRC) ¹	\$ 3,013,670	\$ 2,811,548	\$ 2,674,991	\$ 1,819,312	\$ 2,084,231	\$ 1,825,744	\$ 1,721,366	\$ 1,551,007	\$ 1,363,021	\$ 1,275,051
Contributions in Relation to the CRC ¹	(3,013,670)	(2,811,548)	(2,674,991)	(1,819,312)	(2,084,231)	(1,825,744)	(1,721,366)	(1,551,007)	(1,363,021)	(1,275,051)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Payroll	\$ 11,558,983	\$ 10,441,908	\$ 11,583,903	\$ 10,026,746	\$ 8,982,169	\$ 7,943,617	\$ 7,204,932	\$ 6,608,223	\$ 5,625,208	\$ 5,636,188
Contributions as a Percentage of Covered Payroll	26.07%	26.93%	23.09%	18.14%	23.20%	22.98%	23.89%	23.47%	24.23%	22.62%

¹ 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 2022, the accounting discount rate reduced from 7.15% to 6.90%. 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*

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/18	6/30/17
Total OPEB Liability						
Service Cost	\$ 1,093,600	\$ 1,358,700	\$ 1,339,800	\$ 1,213,000	\$ 1,200,500	\$ 1,200,500
Interest	3,978,500	4,127,900	3,999,900	3,789,100	3,618,400	3,541,200
Effect of Change in Actuarial Assumptions/Methods	(1,211,500)	-	-	(2,869,100)	-	-
Other liability experience Loss/(Gain)	(666,900)	(3,696,800)	(107,500)	1,697,900	1,224,500	-
Benefit Payments	(3,470,000)	(3,780,900)	(3,338,100)	(3,148,500)	(4,242,400)	-
Other liability experience Loss/(Gain)	-	-	-	-	-	(3,138,400)
Net change in total OPEB liability	(276,300)	(1,991,100)	1,894,100	682,400	1,801,000	1,603,300
Total OPEB liability - beginning	53,583,900	55,575,000	53,680,900	52,998,500	51,197,500	49,594,200
Total OPEB liability - ending (a)	<u>\$ 53,307,600</u>	<u>\$ 53,583,900</u>	<u>\$ 55,575,000</u>	<u>\$ 53,680,900</u>	<u>\$ 52,998,500</u>	<u>\$ 51,197,500</u>
Plan fiduciary net position						
Contributions - Direct Benefit Payments	\$ 2,365,300	\$ 2,924,200	\$ 2,516,200	\$ 2,395,500	\$ 3,507,100	\$ 2,881,600
Contributions - Adjustment for Implicit Subsidy	1,104,700	856,700	821,900	753,000	735,300	256,800
Retiree Contributions to Irrevocable Trust -CERBT	1,940,600	3,526,500	3,727,500	3,405,200	3,089,100	2,815,000
Net investment income	(6,623,239)	10,100,241	1,198,679	1,749,362	1,816,154	1,904,744
Administrative expense	(24,061)	(20,841)	(16,879)	(14,062)	(12,154)	(9,444)
Benefit payments	(3,470,000)	(3,780,900)	(3,338,100)	(3,148,500)	(4,242,400)	(3,138,400)
Net change in plan fiduciary net position	(4,706,700)	13,605,900	4,909,300	5,140,500	4,893,100	4,710,300
Plan fiduciary net position - beginning	49,266,300	35,660,400	30,751,100	25,610,600	20,717,500	16,007,200
Plan fiduciary net position - ending (b)	<u>\$ 44,559,600</u>	<u>\$ 49,266,300</u>	<u>\$ 35,660,400</u>	<u>\$ 30,751,100</u>	<u>\$ 25,610,600</u>	<u>\$ 20,717,500</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 8,748,000</u>	<u>\$ 4,317,600</u>	<u>\$ 19,914,600</u>	<u>\$ 22,929,800</u>	<u>\$ 27,387,900</u>	<u>\$ 30,480,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	83.59%	91.94%	64.17%	57.28%	48.32%	40.47%
Covered payroll	\$ 49,699,825	\$ 48,592,497	\$ 48,321,570	\$ 47,281,531	\$ 43,683,325	\$ 40,282,400
Net OPEB liability as a percentage of covered payroll	<u>17.60%</u>	<u>8.89%</u>	<u>48.50%</u>	<u>48.50%</u>	<u>62.70%</u>	<u>75.67%</u>

* 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 Contribution

Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,686,171	\$ 1,940,598	\$ 3,526,500	\$ 3,727,463	\$ 3,405,194	\$ 3,087,955
Contributions in relation to the actuarially determined contribution	<u>1,686,171</u>	<u>1,940,598</u>	<u>3,526,500</u>	<u>3,727,463</u>	<u>3,405,194</u>	<u>3,087,955</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	<u>\$ 54,595,078</u>	<u>\$ 49,699,825</u>	<u>\$ 48,592,497</u>	<u>\$48,321,570</u>	<u>\$ 47,281,531</u>	<u>\$ 43,683,325</u>
Contributions as a percentage of covered payroll	3.09%	3.90%	7.26%	7.71%	7.20%	7.07%

Notes to Schedule

Valuation date: 6/30/2021

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2021
Actuarial Assumptions:	
Asset valuation method	Market Value of Assets
Discount Rate	7.59%
Inflation	2.80%
Payroll Growth	2.80%
Initial Healthcare Trend Rate	5.25%
Ultimate Healthcare cost trend rate	4.00%

* Fiscal year 2018 was the first year of implementation.

OTHER SUPPLEMENTARY INFORMATION

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SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT
(A Component Unit of the County of Santa Clara)
Budgetary Comparison Schedule - Capital Projects Fund
For the Year Ended June 30, 2023

	Original	Final	Actual Amount Expenditures	Variance with Final Budget Positive (Negative)
Budgetary Fund Balance, Beginning	\$ 20,801,710	\$ 20,801,710	\$ 20,801,710	\$ -
Resources (Inflows):				
Transfers in	-	1,350,000	1,350,000	-
Amounts Available for Appropriation	-	1,350,000	1,350,000	-
Charges to Appropriations (Outflows)				
Capital outlay	22,112,682	22,112,682	13,040,382	9,072,300
Total Charges to Appropriations	22,112,682	22,112,682	13,040,382	9,072,300
Budgetary Fund Balance, Ending	\$ (1,310,972)	\$ 39,028	\$ 9,111,328	\$ 9,072,300

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(Statistical Section)

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

This part of the District's annual comprehensive 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.

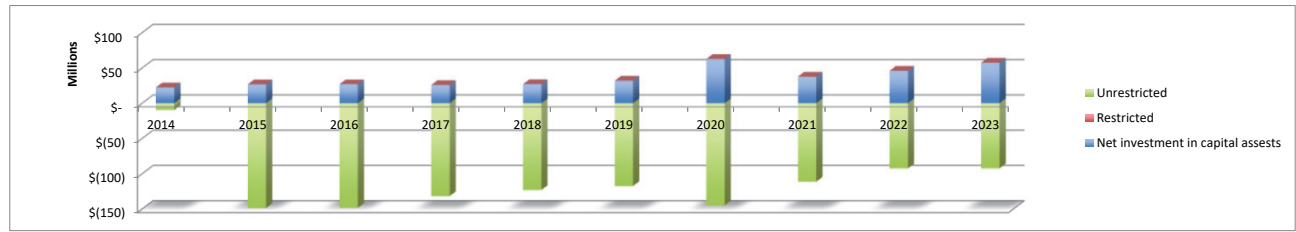
Operating Information

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



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government Activities:										
Net investment in capital assets	\$ 22,377	\$ 26,665	\$ 26,908	\$ 25,794	\$ 26,954	\$ 31,906	\$ 62,717	\$ 37,703	\$ 45,903	\$ 57,488
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(9,476)	(148,539)	(148,220)	(131,610)	(122,845)	(117,263)	(144,793)	(111,154)	(92,379)	(92,256)
Total governmental activities net position	<u>\$ 12,901</u>	<u>\$ (121,874)</u>	<u>\$ (121,312)</u>	<u>\$ (105,816)</u>	<u>\$ (95,891)</u>	<u>\$ (85,356)</u>	<u>\$ (82,076)</u>	<u>\$ (73,452)</u>	<u>\$ (46,475)</u>	<u>\$ (34,768)</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXPENSES										
Governmental Activities:										
Public Safety	\$ 85,989	\$ 87,742	\$ 99,740	\$ 103,228	\$ 125,255	\$ 119,413	\$ 130,871	\$ 133,806	\$ 117,902	\$ 138,563
Interest on Long-Term Debt	-	-	-	-	-	-	-	769	871	843
Loss on Disposal of Capital Assets	363	-	-	-	-	-	-	-	-	-
Total Governmental Activities	<u>86,352</u>	<u>87,742</u>	<u>99,740</u>	<u>103,228</u>	<u>125,255</u>	<u>119,413</u>	<u>130,871</u>	<u>134,575</u>	<u>118,774</u>	<u>139,406</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services*	26,637	27,525	28,780	30,273	30,520	33,739	34,534	35,834	38,143	37,389
Operating Grants & Contributions	3,873	3,977	5,268	5,048	5,692	6,099	6,331	8,166	7,955	1,945
Total Program Revenues	<u>30,510</u>	<u>31,502</u>	<u>34,048</u>	<u>35,321</u>	<u>36,212</u>	<u>39,838</u>	<u>40,866</u>	<u>44,000</u>	<u>46,097</u>	<u>39,335</u>
Net revenues (expenses)	<u>\$ (55,842)</u>	<u>\$ (56,240)</u>	<u>\$ (65,692)</u>	<u>\$ (67,907)</u>	<u>\$ (89,043)</u>	<u>\$ (79,575)</u>	<u>\$ (90,005)</u>	<u>\$ (90,576)</u>	<u>\$ (72,677)</u>	<u>\$ (100,072)</u>
GENERAL REVENUES										
Governmental Activities:										
Property Taxes	\$ 59,107	\$ 64,271	\$ 69,872	\$ 76,131	\$ 80,746	\$ 88,052	\$ 90,765	\$ 95,366	\$ 98,351	\$ 108,531
Use of money & property	154	195	328	490	688	1,020	1,034	635	578	1,885
Gain on sale of capital assets	-	-	-	-	-	-	-	769	-	-
Miscellaneous	1,382	1,169	1,311	1,206	1,036	1,038	1,486	1,726	1,426	1,363
Total General Revenues	<u>60,643</u>	<u>65,635</u>	<u>71,511</u>	<u>77,827</u>	<u>82,470</u>	<u>90,110</u>	<u>93,286</u>	<u>98,497</u>	<u>100,356</u>	<u>111,779</u>
Change in net position	<u>\$ 4,801</u>	<u>\$ 9,395</u>	<u>\$ 5,819</u>	<u>\$ 9,920</u>	<u>\$ (6,573)</u>	<u>\$ 10,535</u>	<u>\$ 3,280</u>	<u>\$ 7,921</u>	<u>\$ 27,679</u>	<u>\$ 11,707</u>
CHANGES IN NET POSITION										
Governmental Activities:										
Changes in net position	\$ 4,801	\$ 9,395	\$ 5,819	\$ 9,920	\$ (6,573)	\$ 10,535	\$ 3,280	\$ 7,921	\$ 27,679	\$ 11,707
Net Position, Beginning	7,970	12,771	(121,555)	(115,736)	(105,816)	(95,891)	(85,356)	(82,075)	(74,154)	(46,475)
Prior period adjustment	-	(143,721)	-	-	16,498	-	-	-	-	-
Net Position, Beginning, as restated	<u>7,970</u>	<u>(130,950)</u>	<u>(121,555)</u>	<u>(115,736)</u>	<u>(89,318)</u>	<u>(95,891)</u>	<u>(85,356)</u>	<u>(82,075)</u>	<u>(74,154)</u>	<u>(46,475)</u>
Net Position, Ending,	<u>\$ 12,771</u>	<u>\$ (121,555)</u>	<u>\$ (115,736)</u>	<u>\$ (105,816)</u>	<u>\$ (95,891)</u>	<u>\$ (85,356)</u>	<u>\$ (82,075)</u>	<u>\$ (74,154)</u>	<u>\$ (46,475)</u>	<u>\$ (34,767)</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,440	\$ -	\$ -	\$ -	\$ -
Committed	12,500	12,500	24,500	24,500	24,500	24,500	24,500	41,500	41,500	41,500
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	21,060	27,393	20,835	32,387	37,942	42,604	50,663	29,415	24,326	47,709
Total General Fund	<u>\$ 33,560</u>	<u>\$ 39,893</u>	<u>\$ 45,335</u>	<u>\$ 56,887</u>	<u>\$ 62,442</u>	<u>\$ 68,544</u>	<u>\$ 75,163</u>	<u>\$ 85,127</u>	<u>\$ 65,826</u>	<u>\$ 89,209</u>

Amounts are reported in thousands

Source: Santa Clara County Central Fire Protection District Financial Statements

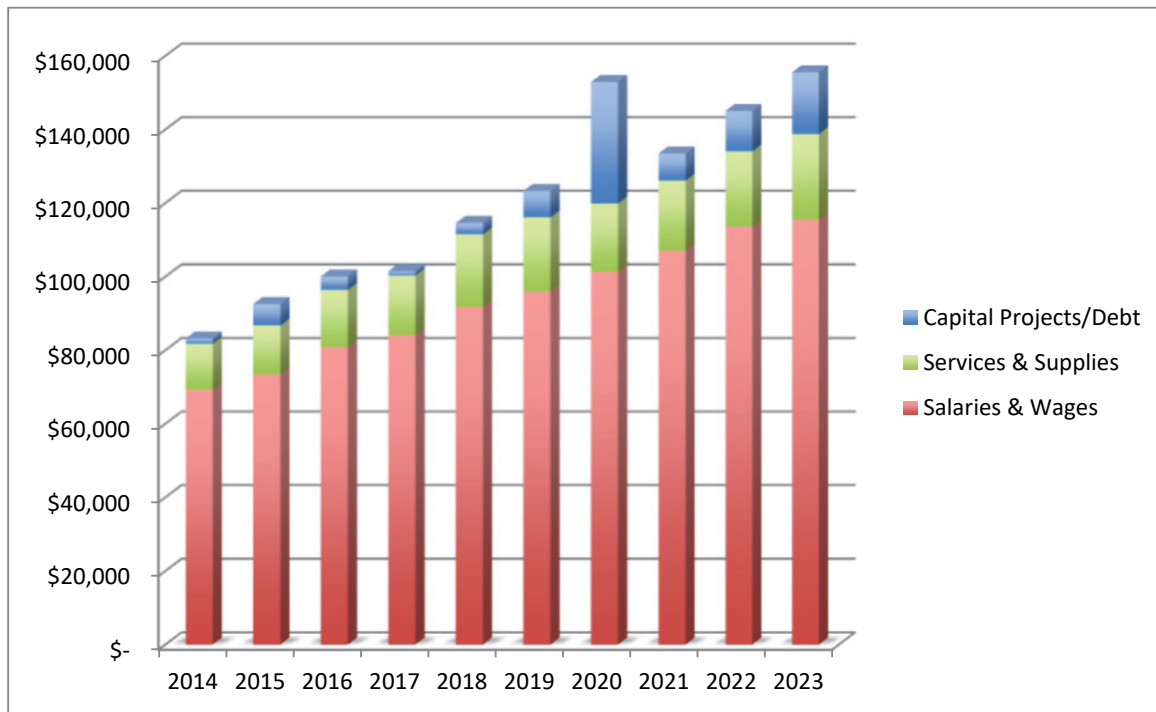
Santa Clara County Central Fire Protection District
(A Component Unit of the County of Santa Clara)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Property taxes and assessments	\$ 59,107	\$ 64,271	\$ 69,872	\$ 76,131	\$ 80,746	\$ 88,052	\$ 90,765	\$ 95,366	\$ 98,351	\$ 108,531
Licenses and permits	581	703	757	982	1,463	944	617	573	544	496
Intergovernmental revenues	3,873	3,977	5,269	5,048	5,692	6,099	6,331	8,166	7,955	1,945
Use of money and property	195	227	332	491	688	1,020	1,034	635	578	1,885
Charges for services	26,056	26,821	28,022	29,107	30,470	32,079	33,890	35,664	37,169	39,128
Other revenue	1,286	1,062	1,227	1,206	1,036	1,038	1,486	1,726	1,426	1,363
Total Revenues	91,098	97,061	105,479	112,965	120,095	129,232	134,124	142,130	146,023	153,348
EXPENDITURES										
Current: Public Safety										
Salaries and benefits	69,220	73,425	80,799	83,987	91,709	95,882	101,279	107,039	113,515	115,473
Services and supplies	6,621	6,856	8,069	9,002	11,824	11,399	9,723	9,962	10,779	12,886
City provided services	5,098	5,719	6,139	6,490	7,022	7,867	7,975	8,162	8,708	9,368
Other charges	803	697	1,381	807	910	958	886	918	973	1,018
Capital outlay	987	5,500	3,329	844	3,111	7,180	33,024	5,916	9,620	15,366
Debt service - principal	390	290	305	320	-	-	-	670	565	595
Debt service - interest	58	43	29	14	-	-	-	769	871	843
Total Expenditures	83,177	92,530	100,051	101,464	114,576	123,286	152,888	133,435	145,033	155,549
Excess (Deficiency) of Revenues Over Expenditures	7,921	4,531	5,428	11,501	5,519	5,947	(18,763)	8,696	991	(2,200)
OTHER FINANCING SOURCES (USES)										
Proceeds from the sale of capital assets	31	18	15	50	36	155	161	769	-	-
Proceeds from lease financing	-	-	-	-	-	-	-	-	-	-
Bond Proceeds (Note 6)	-	-	-	-	-	-	25,222	499	511	4,781
Transfer Out (Note 6A)	-	-	-	-	-	-	31,000	8,933	11,693	1,350
Transfer In (Note 6A)	-	-	-	-	-	-	(31,000)	(8,933)	(11,693)	(1,350)
Total other financing sources (uses)	31	18	15	50	36	155	25,383	1,269	511	4,781
Net Change in Fund Balances	\$ 7,952	\$ 4,549	\$ 5,443	\$ 11,551	\$ 5,555	\$ 6,102	\$ 6,620	\$ 9,965	\$ 1,502	\$ 2,582
Debt service as a percentage of noncapital expenditures	0.54%	0.36%	0.33%	0.33%	n/a	n/a	n/a	1.14%	1.07%	1.04%

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
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
2020	101,279	18,585	33,024	152,888
2021	107,039	19,041	7,355	133,435
2022	113,515	20,461	11,056	145,033
2023	115,473	23,272	16,804	155,549

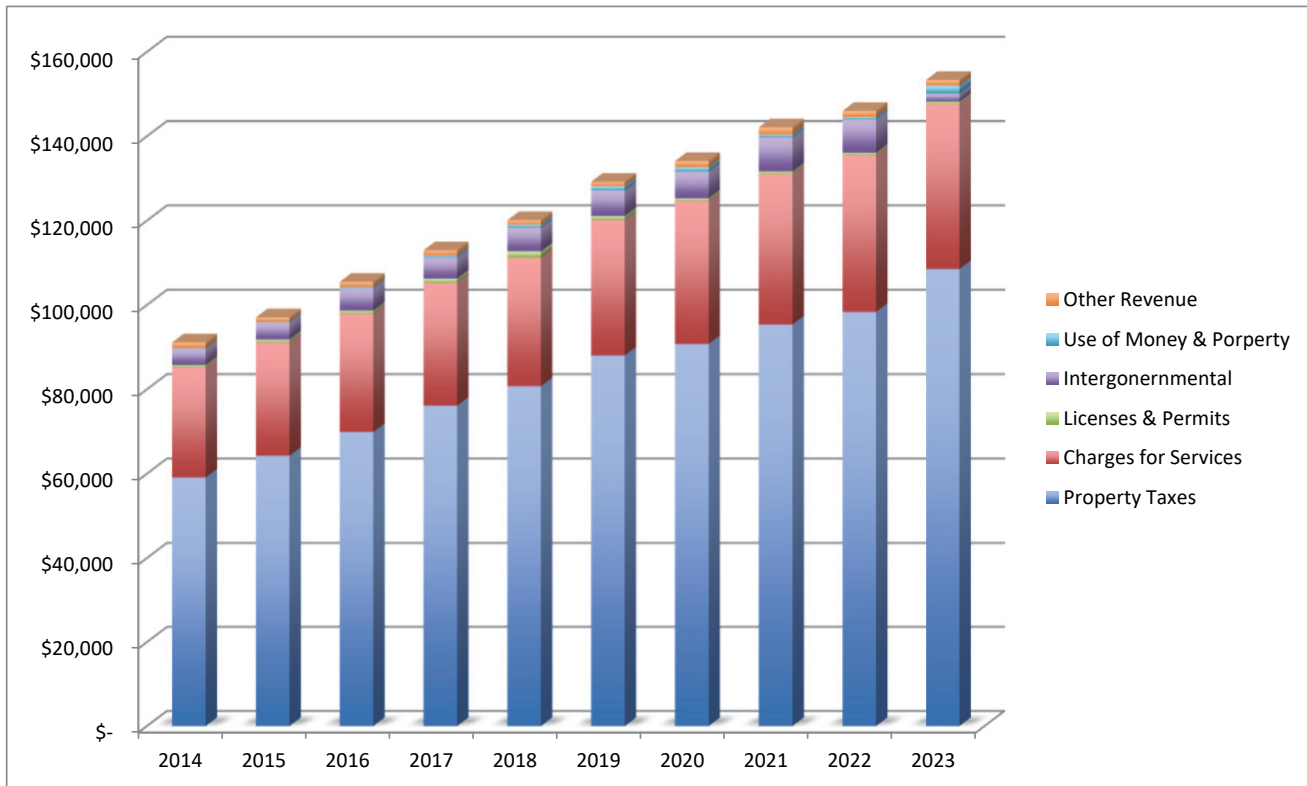
Amounts are reported in thousands

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
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
2020	90,765	33,890	617	6,331	1,034	1,486	134,124
2021	95,366	35,664	573	8,166	635	1,726	142,130
2022	98,351	37,169	544	7,955	578	1,426	146,023
2023	108,531	39,128	496	1,945	1,885	1,363	153,348

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>
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
2019-20	52,931,817,744	1,641,680	2,022,906,299	54,956,365,723
2020-21	55,347,767,342	1,641,680	2,814,891,738	58,164,300,760
2021-22	58,346,239,011	1,641,680	2,101,734,808	60,449,615,499
2022-23	63,562,780,746	1,641,680	1,498,633,483	65,063,055,909

Typical Tax Rates per \$100 of Assessed Valuation (TRA 13-003 – 2022-23 Assessed Valuation: \$13,603,391,265)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
County-wide	1.00000	1.00000	1.00000	1.00000	1.00000
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880
County Library Retirement	0.00240	0.00240	0.00240	0.00240	0.00240
County Hospital Bond	0.00350	0.00910	0.00880	0.00860	0.00820
County Housing Bond	-	-	-	-	0.01266
Cupertino Elementary School District Bond	0.05250	0.05400	0.05190	0.05090	0.04960
Fremont High School District Bond	0.04050	0.03960	0.05250	0.04030	0.04640
Foothill-De Anza Community College District Bond	0.02900	0.02760	0.02400	0.02340	0.02200
Midpeninsula Open Space District	-	-	0.00080	0.00060	0.00090
Total All Property Tax Rate	1.16670	1.17150	1.17920	1.16500	1.18096

Santa Clara Valley Water District State Water Project	0.00700	0.00650	0.00570	0.00860	0.00620
Total Land and Improvement Tax Rate	0.00700	0.00650	0.00570	0.00860	0.00620

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
County-wide	1.00000	1.00000	1.00000	1.00000	1.00000
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880
County Library Retirement	0.00240	0.00240	0.00240	0.00240	0.00240
County Hospital Bond	0.00720	0.00690	0.00690	0.00610	0.00630
County Housing Bond	0.01050	0.01000	-	0.01266	0.01080
Cupertino Elementary School District Bond	0.03970	0.04150	0.04030	0.03800	0.03680
Fremont High School District Bond	0.04300	0.04790	0.04780	0.04160	0.03710
Foothill-De Anza Community College District Bond	0.02170	0.02080	0.03640	0.03310	0.02910
Midpeninsula Open Space District	0.00180	0.00160	0.00150	0.00150	0.00130
Total All Property Tax Rate	1.16510	1.16990	1.17410	1.17416	1.16260

Santa Clara Valley Water District State Water Project	0.00420	0.00410	0.00370	0.00510	0.00440
Total Land and Improvement Tax Rate	0.00420	0.00410	0.00370	0.00510	0.00440

Source: California Municiple Statistics

Santa Clara County Central Fire Protection District
(A Component Unit of the County of Santa Clara)
Largest Local Secure Taxpayers
Last Ten Fiscal Years
(Unaudited)

Largest 2022-23 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2022-23 Assessed Valuation</u>	<u>% of Total (1)</u>
1 Campus Holdings Inc.	Office Building	\$4,930,047,349	7.76%
2 Apple Computer Inc.	Office Building	1,966,321,978	3.09
3 Vallco Property Owner LLC	Shopping Center	357,133,944	0.56
4 Swift Results Way LLC	Office Building	352,920,000	0.56
5 Main Street Cupertino	Office Building	229,447,839	0.36
6 Heidelberg Cement Inc.	Industrial	216,806,020	0.34
7 Serramonte Corporate Center LLC	Office Building	215,346,008	0.34
8 Cupertino Property Development I LLC	Apartment Homes & Retail	162,026,314	0.25
9 SI 32 LLC	Apartments	159,929,209	0.25
10 San Jose Water Works	Water Company	144,782,442	0.23
11 PR Cupertino Gateway LLC	Office Building	137,402,151	0.22
12 Wealthcap Los Gatos 121	Office Building	121,703,128	0.19
13 Planetary Ventures LLC	Industrial	115,631,384	0.18
14 Avery Glenbrook LP	Apartments	113,723,103	0.18
15 Markham Apartments LP	Apartments	109,473,477	0.17
16 Cupertino City Center Building	Office Building	103,671,683	0.16
17 Preylock Los Gatos LLC	Office Building	98,810,782	0.16
18 Cupertino City Center LLC	Office Building	94,625,399	0.15
19 Cupertino Village LP	Shopping Center	91,710,720	0.14
20 IAC at Cupertino LLC	Apartments	86,509,494	0.14
		<u>\$ 9,808,022,424</u>	<u>15.43%</u>

(1) 2022-23 Local Secured Assessed Valuation: \$63,562,780,746

Source: California Municipal Statistics

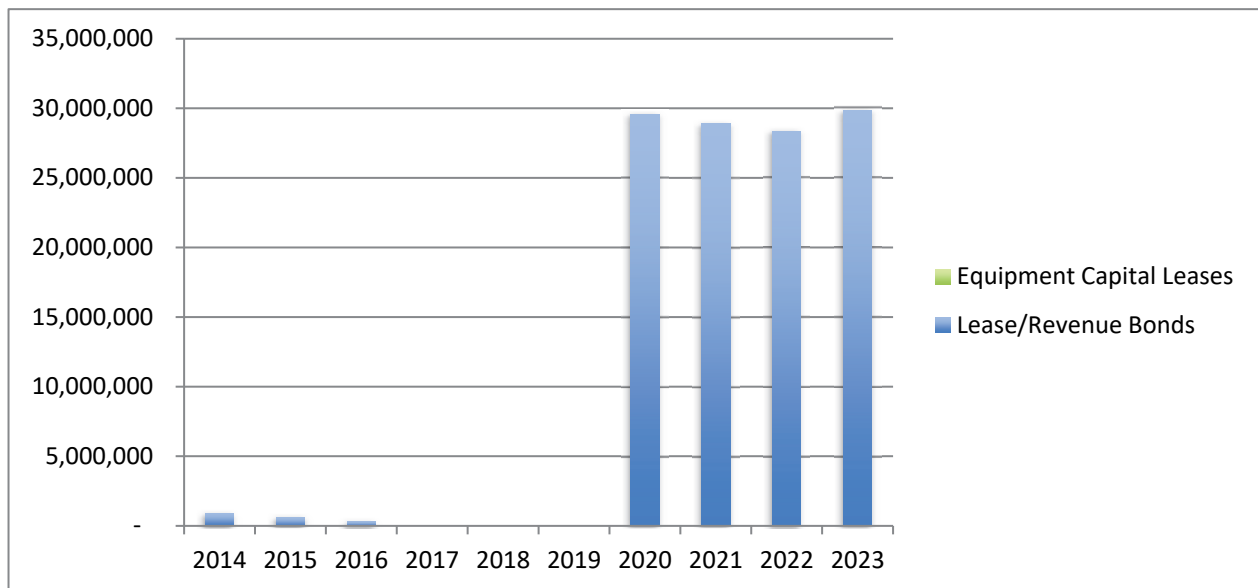
Santa Clara County Central Fire Protection District

(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 Leases	Total Outstanding Debt	Debt Per Capita*
2014	915,000	-	915,000	3.024473
2015	625,000	-	625,000	2.362199
2016	320,000	-	320,000	1.210420
2017	-	-	-	0.000000
2018	-	-	-	0.000000
2019	-	-	-	0.000000
2020	29,585,000	-	29,585,000	107.396705
2021	28,915,000	-	28,915,000	112.133187
2022	28,350,000	-	28,915,000	109.942101
2023	29,827,056	-	29,827,056	115.952557

* - 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
Last Ten Fiscal Years
(Unaudited)

2022-23 Assessed Valuation: \$65,063,055,909

	Total Debt 6/30/2023	% Applicable (1)	District's Share of Debt 6/30/23
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Santa Clara County	\$ 1,041,125,000	10.510%	\$ 109,422,238
Foothill-De Anza Community College District	603,653,754	13.937	84,131,224
West Valley-Mission Community College District	694,320,000	19.483	135,274,366
Santa Clara Unified School District	1,076,510,000	4.959	53,384,131
Campbell Union High School District	354,085,000	13.931	49,327,581
Fremont Union High School District	771,685,088	30.977	239,044,890
Los Gatos Joint Union High School District	81,235,000	67.054	54,471,317
Mountain View-Los Altos Union High School District	250,148,487	0.222	555,330
Cambrian School District	96,314,944	0.648	624,121
Campbell Union School District	205,899,324	15.000	30,884,899
Cupertino Union School District	258,383,303	56.769	146,681,617
Lakeside Joint School District	46,656	30.433	14,199
Loma Prieta Joint Union School District	8,169,840	18.911	1,544,998
Los Gatos Union School District	62,020,000	98.260	60,940,852
Moreland School District	109,784,407	12.774	14,023,860
Mountain View School District	1,105,000	0.680	7,514
Mountain View-Whisman School District	361,720,000	0.405	1,464,966
Saratoga Union School District	15,206,197	39.255	5,969,193
Union School District	144,497,533	21.830	31,543,811
City of Saratoga	6,385,000	53.467	3,413,868
El Camino Hospital District	105,480,000	1.012	1,067,458
Midpeninsula Regional Open Space District	82,680,000	16.520	13,658,736
City of Saratoga Community Facilities District No. 2016-1	1,770,197	100.000	1,770,197
Santa Clara Valley Water Benefit Assessment District	38,900,000	10.510	4,088,390
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 1,043,309,756
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$ 1,120,404,570	10.510%	\$ 117,754,520
Santa Clara County Pension Obligation Bonds	329,741,844	10.510	34,655,868
Santa Clara County Board of Education Certificates of Participation	935,000	10.510	98,269
Foothill-De Anza Community College District Certificates of Participation	20,645,000	13.937	2,877,294
West Valley Mission Community College District General Fund Obligations	8,160,000	19.483	1,589,813
Santa Clara Unified School District Certificates of Participation	11,538,000	4.959	572,169
Campbell Union High School District General Fund Obligations	14,500,000	13.931	2,019,995
Los Gatos-Saratoga Joint Union High School District General Fund Obligations	149,000	67.054	99,910
Mountain View-Los Altos Union High School District General Fund Obligations	1,810,475	0.222	4,019
Campbell Union School District General Fund Obligations	1,575,000	15.000	236,250
Saratoga Union School District Certificates of Participation	1,905,000	39.255	747,808
Loma Prieta Joint Union School District General Fund Obligations	115,000	18.911	21,748
City of Cupertino Certificates of Participation	16,065,000	100.000	16,065,000
Santa Clara County Vector Control Certificates of Participation	1,230,000	10.510	129,273
Midpeninsula Regional Open Space District General Fund Obligations	91,570,600	16.520	15,127,463
Santa Clara County Central Fire Protection District	29,827,056	100	29,827,056
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 221,826,455
Less: Santa Clara County supported obligations			1,896,281
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 219,930,174
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>			
	\$ 11,430,000	100.00%	\$ 11,430,000
TOTAL DIRECT DEBT			\$ 29,827,056
TOTAL GROSS OVERLAPPING DEBT			\$ 1,246,739,155
TOTAL NET OVERLAPPING DEBT			\$ 1,245,633,480
GROSS COMBINED TOTAL DEBT			\$ 1,276,566,211 (2)
NET COMBINED TOTAL DEBT			\$ 1,275,460,536

- (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 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.60%
Total Direct Debt	0.05%
Gross Combined Total Debt	1.96%
Net Combined Total Debt	1.96%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,792,881,346):

Total Overlapping Tax Increment Debt	0.64%
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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
6/30/2023
(Unaudited)

ASSESSED VALUATION		
Secured Property assessed value, net of exempt real property	<u>\$65,063,055,909</u>	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		<u>\$2,439,864,597</u>
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	\$29,827,056	
Less Lease Revenue Bonds and Equipment Leases not subject to limit	<u>29,827,056</u>	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		<u><u>\$2,439,864,597</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
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%
2020	2,060,863,715	0	2,060,863,715	0.00%
2021	2,181,161,279	0	2,181,161,279	0.00%
2022	2,266,860,581	0	2,266,860,581	0.00%
2023	2,439,864,597	0	2,439,864,597	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 2022 & Nine Years ago
Unaudited

Employer	Fiscal Year 2022 (Latest Available)				Fiscal Year 2013		
	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	37.9%	1	15,000	36.3%
NetFlix	Los Gatos	2	2,524	3.8%	6	900	2.2%
Cupertino Union School District	Cupertino	3	1,471	2.2%	3	1,597	3.9%
Foothill/DeAnza Community College District	Various	4	1,227	1.9%	4	1,183	2.9%
Fremont Union High School District	Cupertino	5	902	1.4%	5	961	2.3%
Chargepoint. Inc.	Campbell	6	739	1.1%	-	-	0.0%
8x8 Inc	Campbell	7	554	0.8%	-	-	0.0%
Courtside Tennis Club	Los Gatos	8	542	0.8%	-	200	0.5%
El Camino Hospital of Los Gatos	Los Gatos	9	517	0.8%	8	700	1.7%
West Valley Community College	Saratoga	10	488	0.7%	7	765	1.9%
Columbia Health Care Assoc/Mission Oaks Hospital	Los Gatos	-	-	0.0%	2	2,000	4.8%
Safeway	Various	-	314	0.5%	9	588	1.4%
Seagate	Cupertino	-	-	0.0%	10	393	1.0%

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 Comprehensive Annual Financial Reports

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 ⁽¹⁾	Total Personal Income (000's) ⁽²⁾	Per Capita Personal Income ⁽²⁾	Median Age ⁽³⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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%
2019	1,976,645	n/a	n/a	n/a	n/a	2.6%
2020	1,945,166	n/a	n/a	n/a	n/a	10.7%
2021	1,907,693	n/a	n/a	n/a	n/a	5.1%
2022	1,890,967	n/a	n/a	n/a	n/a	2.2%

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)

	Population									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire District										
Cupertino	60,649	60,994	61,521	62,199	63,297	63,715	63,767	63,132	60,381	60,270
Monte Sereno	3,416	3,439	3,471	3,540	3,617	3,648	3,637	3,584	3,479	2,958
Saratoga (CFPD)	16,898	16,943	17,009	17,109	17,319	17,376	17,345	17,159	17,581	18,098
Unincorporated	9,243	9,329	9,346	9,406	9,524	9,584	9,566	9,433	8,644	8,208
Los Gatos	30,023	30,184	30,374	30,556	31,044	31,303	31,387	31,093	33,529	34,753
Total Zone 2	120,229	120,889	121,721	122,810	124,801	125,626	125,702	124,401	123,614	124,287
Zone 1	31,167	31,334	31,489	31,699	32,122	32,275	32,284	31,969	33,245	33,344
Subtotal Fire District	151,396	152,223	153,210	154,509	156,923	157,901	157,986	156,370	156,859	157,631
Contract Agencies										
Campbell	41,377	41,704	42,136	42,532	43,260	43,590	43,873	43,677	43,959	43,126
Morgan Hill	39,137	39,876	-	-	-	-	-	-	-	-
Los Altos	29,518	29,747	30,010	30,447	30,935	31,219	31,241	31,026	31,625	30,951
Los Altos Hills County FD	11,653	11,682	11,720	11,835	12,004	12,045	12,024	11,911	12,229	12,114
Saratoga Fire District	14,002	14,140	14,208	14,310	14,486	14,530	14,511	14,358	13,731	13,413
Total Contract	135,687	137,149	98,074	99,124	100,685	101,384	101,649	100,972	101,544	99,604
Toal Service Area	287,083	289,372	251,284	253,633	257,608	259,285	259,635	257,342	258,403	257,235

Notes: The Fire District ended its service contract with the City of Morgan Hill on January 3, 2013.
The Fire Disrict 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/dbl/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 2013 through 2022
(Unaudited)

DISTRICT CITIES

Saratoga

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Labor Force
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
2019	31,407	2,681,900	85,392	2.0%	15,000
2020	31,030	2,755,859	88,813	6.5%	13,600
2021	30,546	2,928,264	95,864	5.0%	14,000
2022	30,667	3,376,774	110,111	1.7%	14,800

Los Gatos

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Median Age	County Unemployment Rate
2013	30,247	2,140,641	70,772	45.8	6.80%
2014	30,532	2,274,542	74,497	45.8	5.70%
2015	30,505	2,197,885	72,050	46.1	3.80%
2016	31,376	2,286,087	72,861	46.3	3.50%
2017	31,314	2,281,569	72,861	46.50	3.80%
2018	30,601	2,290,638	74,855	46.81	2.60%
2019	30,998	2,365,178	76,301	46.72	2.60%
2020	31,439	2,546,748	81,006	46.83	10.70%
2021	30,836	2,686,155	87,111	46.83	5.20%
2022	33,062	3,055,987	92,432	46.67	2.20%

Cupertino

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2013	59,620	2,985,829	50,081	5.4%	40
2014	59,946	3,090,636	51,557	4.4%	40.4
2015	59,777	3,186,772	53,311	3.1%	40
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
2019	59,879	3,821,320	63,817	2.6%	41.1
2020	59,549	4,114,967	69,102	2.4%	41.1
2021	60,656	4,378,045	74,485	4.9%	41.6
2022	66,274	4,571,170,000	76,684	3.7%	41.2

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 2013 through 2022
(Unaudited)

CONTRACT CITIES

Campbell

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate
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%
2019	43,250	3,607,941	83,421	2.4%
2020	42,288	4,215,608	99,688	8.5%
2021	41,533	4,294,776	103,406	4.5%
2022	42,833	4,594,414	104,263	2.2%

Los Altos

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2013	29,792	2,221,589	74,570	3.2%	46
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
2019	31,190	3,004,626	96,333	2.4%	45.9
2020	30,876	3,231,143	104,649	2.3%	45.8
2021	30,510	3,521,861	115,433	4.2%	46.1
2022	31,526	4,179,995	132,589	1.4%	45.7

Los Altos Hills

Year	Population	Total Personal Income (000's)	Per Capita Personal Income	Unemployment Rate	Median Age
2012	8,264	867,894	105,021	3.2%	49
2013	8,354	843,253	100,940	2.6%	48.9
2014	8,330	930,261	111,676	3.4%	49.3
2015	8,658	1,015,063	117,239	2.7%	50.3
2016	8,634	1,028,190	119,086	2.4%	51.1
2017	8,580	1,214,396	141,538	2.2%	51.4
2018	8,559	1,211,424	141,538	2.6%	51.4
2019	8,413	1,234,482	146,735	14.9%	52.3
2020	8,390	1,302,757	155,274	4.2%	51.1
2021	8,400	1,299,447	154,696	3.4%	52.2

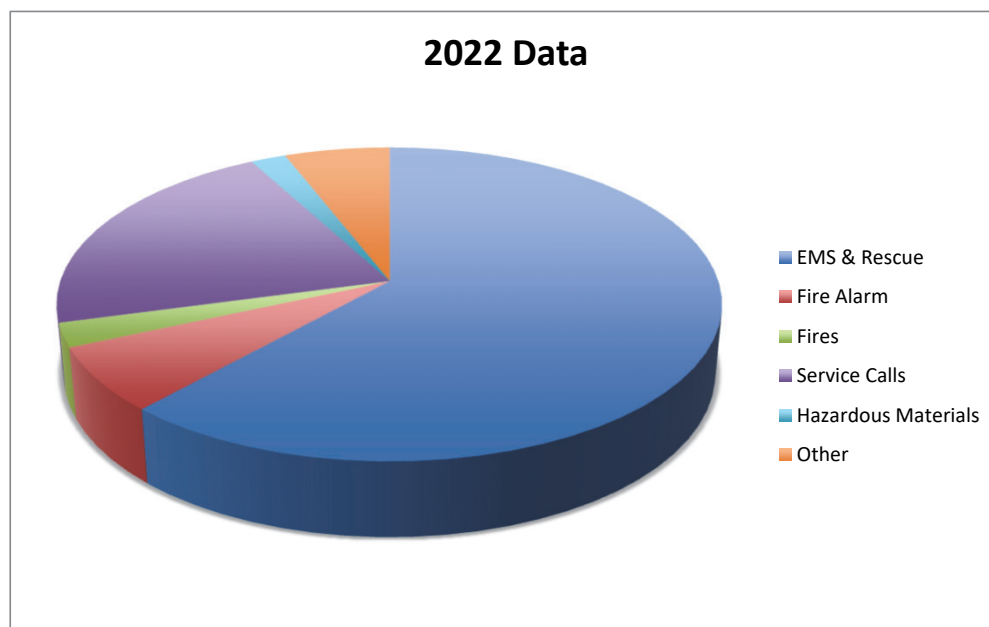
Source: Data collected from statistical section of individual City Comprehensive Annual Financial Reports

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety:										
Executive Management	10.0	10.0	10.0	9.0	11.0	11.0	11.0	11.0	11.0	12.0
Operations	192.0	208.0	208.0	208.0	205.0	206.0	206.0	206.0	206.0	203.0
Fire Prevention	20.0	23.0	23.0	23.0	30.0	32.0	32.0	34.0	34.0	34.0
Training	10.0	2.0	2.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0
Support Services	10.0	10.0	10.0	10.0	10.0	12.0	12.0	11.0	12.0	10.0
Emergency Mgmt.	0.0	9.5	11.0	11.0	5.0	6.0	6.0	5.0	4.0	4.0
Communications - Dispatch	0.0	0.0	0.0	0.0	2.0	1.0	1.0	1.0	1.0	1.0
Administration	16.0	22.0	23.0	28.0	28.0	23.0	23.0	23.0	23.0	28.0
	<u>258.0</u>	<u>284.5</u>	<u>287.0</u>	<u>292.0</u>	<u>294.0</u>	<u>296.0</u>	<u>296.0</u>	<u>296.0</u>	<u>296.0</u>	<u>297.0</u>
Operations (Volunteers)	40.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	8.0
	<u>298.0</u>	<u>309.5</u>	<u>312.0</u>	<u>317.0</u>	<u>319.0</u>	<u>321.0</u>	<u>321.0</u>	<u>322.0</u>	<u>321.0</u>	<u>305.0</u>

Source: Santa Clara County Central Fire Protection District
From Org Chart 6/30/2023

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 & Rescues	Fire Alarm	Fires	Service Calls	Hazardous Materials	Other	Total
2013	11,729	1,880	1,201	1,030	89		15,929
2014	10,746	1,420	618	4,062	393		17,239
2015	10,920	1,417	540	4,217	401		17,495
2016	11,040	1,521	549	4,444	403		17,957
2017	11,771	1,767	659	4,733	474		19,404
2018	11,710	1,597	649	4,469	444		18,869
2019	11,745	1,599	333	4,999	493		19,169
2020	10,095	1,373	328	5,158	401	40	17,395
2021	10,462	1,252	357	4,762	464	48	17,345
2022	12,883	1,391	515	4,455	412	1,232	20,888

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of Stations										
District Owned	6	6	6	6	6	6	6	6	6	6
Operated by Contract	9	9	9	9	9	9	9	9	9	9
Total Fire Stations	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
Other Facilities										
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	0	0	0
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>4</u>	<u>4</u>	<u>4</u>
Equipment										
Engines - Type I										
Frontline	13	13	13	13	13	13	13	13	13	13
Reserve	6	6	6	6	6	7	8	8	6	6
Subtotal - Engines Type I	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>19</u>	<u>19</u>
Rescues										
Frontline	3	3	3	3	3	3	3	3	3	3
Reserve	-	-	-	-	-	-	-	-	1.00	1
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>4</u>	<u>4</u>
Trucks										
Frontline	3	3	3	3	3	3	3	3	3	3
Reserve	0	1.00	1	1	1	1	1	2	4	4
Subtotal - Trucks	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>7</u>	<u>7</u>
Engines - Type III/VI Engines										
Frontline	7	7	7	8	8	9	9	9	9	9
Reserve	1	1	1	0	0	1	1	1	0	0
Subtotal - Engines Type III/VI	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>
Command Vehicles										
Frontline	8	8	8	10	10	10	10	10	3	3
Reserve	1	1	1	0	0	0	0	0	1	1
Subtotal - Command Vehicles	<u>9</u>	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>4</u>	<u>4</u>
Specialized/Support Vehicles										
HazMAT	1	1	1	1	1	1	1	1	2	2
Breathing Support	1	1	1	1	1	1	1	1	1	1
Water Tender	-	1	1	1	1	1	1	1	1	1
Prime Mover	1	1	1	1	1	1	1	1	1	1
Trailer	7	7	7	7	10	10	9	10	13	13
S.A.F.E. House Trailer	-	-	-	-	-	-	-	-	-	-
USAR 5	1	1	1	1	1	1	1	1	2	2
Crew Bus										1

Source: Santa Clara County Central Fire Protection District

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