

Rodeo-Hercules Fire Protection District

Hercules, California

Basic Financial Statements

For the year ended June 30, 2008

C&L
Caporicci & Larson
Certified Public Accountants

Rodeo-Hercules Fire Protection District
Basic Financial Statements
For the year ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rodeo-Hercules Fire Protection District (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each major fund of the District as of June 30, 2008, and the respective changes in financial position and for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the District adopted Statement of Governmental Accounting Standards Board No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

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To the Board of Directors
of the Rodeo-Hercules Fire Protection District
Hercules, California
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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 is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Capricci & Carson

Oakland, California
September 8, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Rodeo-Hercules Fire Protection District (District) provides the reader with an overview of the District's financial position and performance for the period ending June 30, 2008. The Management's Discussion & Analysis (MD&A) describes the significant changes that occurred in general operations and discusses the activities during the year for capital assets and long-term debt. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

- The District ended its fiscal year with net assets of \$5,980,056
- The total Program Expenses were \$4,786,497
- The total Program Revenues were \$303,734, as a result of grant funding
- The total General Revenues were \$4,974,897
- The change in Net Assets represents an increase of \$492,134

Fund Financial Statements

- The General Fund revenues exceeded the operating expenses by \$379,200; a transfer of \$150,000 was made out of the General Fund leaving a net change in the fund balance of \$229,200.
- The Hercules Fire Impact Fund revenues exceeded the operating expenses by \$5,224
- The Rodeo Fire Impact Fund revenues exceeded the operating expenses by \$537
- The Capital Projects #1 Fund operating expenses exceeded revenue by \$95,034; a transfer of \$100,000 was made into the Capital Projects #1 Fund leaving a net change in the fund balance of \$4,966.
- The Capital Projects #2 Fund revenues exceeded the operating expenses by \$47,332; a transfer of \$50,000 was made into the Capital Projects #2 Fund leaving a net change in the fund balance of \$97,332.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$555,218; Fire Impact Fund was \$48,058; Rodeo Fire Impact Fund was \$10,791; Capital Projects No. 1 was \$1,186,456 and Capital Projects No. 2 was \$1,532,366 for a total in all fund balances of \$3,442,110.

ANNUAL REPORT OVERVIEW

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

Government-Wide Financial Statements

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

ANNUAL REPORT OVERVIEW, Continued

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

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

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

Fund Financial Statements

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

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

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

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

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

Government-Wide Financial Statements

Table 1
Statement of Net Assets
Governmental Activities

	<u>2007-2008</u>	<u>2006-2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets				
Current assets	\$ 3,853,349	\$ 3,439,474	\$ 413,875	12%
Capital assets	<u>2,812,162</u>	<u>2,906,601</u>	<u>(94,439)</u>	<u>-3%</u>
Total assets:	<u>6,665,511</u>	<u>6,346,075</u>	<u>319,436</u>	<u>5%</u>
Liabilities				
Current liabilities	593,504	334,623	258,881	77%
Noncurrent liabilities	<u>91,951</u>	<u>234,048</u>	<u>(142,097)</u>	<u>-61%</u>
Total Liabilities:	<u>685,455</u>	<u>568,671</u>	<u>116,784</u>	<u>21%</u>
Net Assets				
Invested in capital assets, net of related debt	2,812,162	2,906,601	(94,439)	-3%
Restricted for special projects	58,849	53,088	5,761	11%
Unrestricted (as restated)	<u>3,109,045</u>	<u>2,817,715</u>	<u>291,330</u>	<u>10%</u>
Total Net Assets:	<u>\$ 5,980,056</u>	<u>\$ 5,777,404</u>	<u>\$ 202,652</u>	<u>4%</u>

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE, Continued

**Table 2
Statement of Activities
Governmental Activities**

	2007-2008	2006-2007	Dollar Change	Percent Change
Expenses				
Public safety - fire protection	\$ 4,786,497	\$ 4,453,938	\$ 332,559	7%
Interest on Long Term Debt		3,734	\$ (3,734)	-100%
Total Program Expenses:	\$ 4,786,497	\$ 4,457,672	\$ 328,825	7%
Revenues				
Program revenues:				
Charges for Services	\$ 11,734	\$ 93,668	\$ (81,934)	-87%
Operating grants	65,000	75,000	\$ (10,000)	-13%
Capital grants	227,000	388,127	\$ (161,127)	-42%
General revenues:				
Property taxes	4,798,803	4,808,509	\$ (9,706)	0%
Investment earnings	92,920	66,214	\$ 26,706	40%
Miscellaneous	83,174	97,865	\$ (14,691)	-15%
Total Revenues	\$ 5,278,631	\$ 5,529,383	\$ (250,752)	-5%
Changes in net asset	492,134	1,071,711	\$ (579,577)	-54%
Net assets - beginning of year, as restated	5,487,922	4,705,693		
Net assets - end of year	\$ 5,980,056	\$ 5,777,404		

Expenses

The Public Safety expenses totaled to \$4,786,497 for fiscal year ending 2008. The majority of the increase correlates to the salary and benefit category, specifically the costs for higher medical premiums, retirement rate and workers' compensation increases. In addition, depreciation expense in the amount of \$222,857 for the fiscal year was recognized. The remaining expenses are categorized as materials and services and capital projects.

Program Revenues

In the category of "Operating Grants," the District received \$65,000 from the City of Hercules to offset costs of the District's paramedic program. In addition, in the category of 'Capital Grants', the District received \$120,000 from Conoco-Phillips to offset costs of a new Quint Fire Engine and related equipment. A \$15,000 donation was also received from Conoco-Phillips to pay for RIC training equipment. In addition, the District received a 'FEMA Grant' for a training tower and wellness program in the amount of \$306,500 of which the District will contribute 10% or \$30,650. \$92,000 of funding was received in fiscal year 2007-2008 from this Grant.

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE, Continued

The District also received funding in the miscellaneous category from the Contra Costa County (CCC) Emergency Medical Services through CCC's Measure H funding for its annual allotment for First Responder funding. The balance of miscellaneous revenue consists of plan-check fees and other charges for service.

Due to the financial crisis at the State, a freeze was placed on funding for SB90 mandated cost reimbursements. However, the District was reimbursed by the State of California, Governor's Office of Emergency Services, Fire and Rescue Branch, for providing mutual aid services for the Angora, Zaca, Tar, Lick, Angel, Prado, Witch, Santiago, Rice & Stevens Fires.

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

General Revenues

The primary source of revenue for the operation of the Rodeo-Hercules Fire Protection District is generated through the collection of secured, unsecured and supplemental property taxes. During the last fiscal year, the overall assessed valuation increased 7.45%. A major portion of the increase reflects the ongoing growth in the City of Hercules. However a considerable portion of this growth falls within the City of Hercules Redevelopment Area of which the District receives mostly only base tax revenues.

Fund Financial Statements

Governmental Funds

At June 30, 2008, the District's governmental funds reported combined fund balances of \$3,442,110 which is an increase of \$337,259 compared with the prior year. This change is attributed to an increase in property taxes, developer impact fees, donations and investments.

Major Analyses of Governmental Funds

General Fund

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

Overall, the General Fund expenditures increased by 10.5% from last year. The primary categories attributable for the increase were: (1) payroll expenses, (2) retirement benefits, (3) medical insurance premiums; and (4) workers' compensation benefits.

During fiscal year 2007-2008, the Capital Projects Fund No. 1 spent \$274,660 on capital items. In the Hercules Fire Impact Fund, \$6,753 was expended for new equipment.

CAPITAL ASSETS

At the end of fiscal 2008, the District had \$2,812,162 in net capital assets. The following table identifies the specific governmental activity:

Table 3
Capital Assets at Year-End
Governmental Activities

	<u>2007-2008</u>	<u>2006-2007</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Land	\$ 7,437	\$ 7,437	\$ -	0%
Buildings and improvements	1,096,448	1,096,448	-	0%
Equipment	3,906,496	3,963,643	(57,147)	-1%
Less accumulated depreciation	<u>(2,198,219)</u>	<u>(2,160,927)</u>	<u>(37,292)</u>	<u>2%</u>
Capital Assets:	<u>\$ 2,812,162</u>	<u>\$ 2,906,601</u>	<u>\$ (94,439)</u>	<u>-3%</u>

All the capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. All capital assets are depreciated over their estimated useful lives, using the straight line method. See Note 3 in the Basic Financial Statement for more detailed analyses.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The District's financial position continues to be adequate. Financial planning is based on specific assumptions from recent trends in real property values, new commercial and residential development, State of California economic forecasts and historical growth patterns in the various tax rate areas in the Rodeo-Hercules Fire District.

The economic condition of the Rodeo-Hercules Fire Protection District as it appears on the balance sheet reflects financial stability and the potential for organizational growth. Despite the slowdown in the Bay Area, the assessed valuation in Contra Costa County increased during FY 2007-2008. However, the District is expecting a decrease to future property tax revenues due to a decrease in assessed valuations within the District for at least the next fiscal year. The District will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Rodeo-Hercules Fire Protection District
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 3,664,126
Interest Receivable	13,832
Prepaid Items	109,221
Advances from taxes	26,243
Other assets	39,927
Total current assets	<u>3,853,349</u>
Capital assets:	
Non-depreciable	7,437
Depreciable capital assets, net	2,804,725
Total capital assets	<u>2,812,162</u>
Total assets	<u>6,665,511</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,623
Accrued payroll	402,616
Compensated absences payable, due within one year	182,265
Total current liabilities	<u>593,504</u>
Noncurrent liabilities:	
Compensated absences payable, due in more than one year	91,951
Total noncurrent liabilities	<u>91,951</u>
Total liabilities	<u>685,455</u>
NET ASSETS	
Investment in capital assets, net of related debt	2,812,162
Restricted for:	
Special projects and programs	58,849
Total restricted	<u>58,849</u>
Unrestricted	3,109,045
Total net assets	<u>\$ 5,980,056</u>

See accompanying Notes to Basic Financial Statements.

Rodeo-Hercules Fire Protection District
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Total	Governmental Activities Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
Fire protection	\$ 4,786,497	\$ 11,734	\$ 65,000	\$ 227,000	\$ 303,734	\$ (4,482,763)
Total governmental activities	\$ 4,786,497	\$ 11,734	\$ 65,000	\$ 227,000	\$ 303,734	(4,482,763)
General revenues:						
						4,798,803
						92,920
						83,174
						4,974,897
						492,134
						5,487,922
						\$ 5,980,056

See accompanying Notes to Basic Financial Statements.

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Rodeo-Hercules Fire Protection District
Governmental Fund Financial Statements
For the year ended June 30, 2008

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Hercules Fire Impact Fee Special Revenue Fund

This fund receives fees collected the City of Hercules.

Rodeo Fire Impact Fee Special Revenue Fund

This fund receives fees collected the Town of Rodeo.

Capital Projects #1 Fund

This fund accounts for the District's capital budget.

Capital Projects #2 Fund

This fund accounts for additional money for future capital needs.

Rodeo-Hercules Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds			
	General Fund	Hercules Fire Impact Special Revenue Fund	Rodeo Fire Impact Fee Special Revenue Fund	Capital Projects #1 Fund
ASSETS				
Cash and investments	\$ 895,647	\$ 48,024	\$ 10,716	\$ 1,184,840
Interest Receivable	-	34	75	6,231
Prepaid items	109,221	-	-	-
Advances on taxes	26,243	-	-	-
Other current assets	39,927	-	-	-
Total assets	\$ 1,071,038	\$ 48,058	\$ 10,791	\$ 1,191,071
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,983	\$ -	\$ -	\$ 4,615
Accrued payroll	402,616	-	-	-
Total liabilities	406,599	-	-	4,615
Fund Balances:				
Reserved for Prepaids	109,221	-	-	-
Unreserved, designated in:				
General fund	555,218	-	-	-
Special revenues funds	-	48,058	10,791	-
Capital projects funds	-	-	-	1,186,456
Total fund balances	664,439	48,058	10,791	1,186,456
Total liabilities and fund balances	\$ 1,071,038	\$ 48,058	\$ 10,791	\$ 1,191,071

See accompanying Notes to Basic Financial Statements.

<u>Major Funds</u>	
<u>Capital Projects #2 Fund</u>	<u>Total</u>
\$ 1,524,899	\$ 3,664,126
7,492	13,832
-	109,221
-	26,243
-	39,927
<u>\$ 1,532,391</u>	<u>\$ 3,853,349</u>
\$ 25	\$ 8,623
-	402,616
<u>25</u>	<u>411,239</u>
-	109,221
-	555,218
-	58,849
1,532,366	2,718,822
<u>1,532,366</u>	<u>3,442,110</u>
<u>\$ 1,532,391</u>	<u>\$ 3,853,349</u>

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Rodeo-Hercules Fire Protection District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2008

Total Fund Balances - Total Governmental Funds \$ 3,442,110

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Non-depreciable capital assets	7,437
Depreciable capital assets, net	2,804,725

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

Compensated absences payable, due within one year	(91,951)
Compensated absences payable, due in more than one year	(182,265)

Net Assets of Governmental Activities	\$ 5,980,056
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See accompanying Notes to Basic Financial Statements.

Rodeo-Hercules Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2008

	Major Funds			
	General Fund	Hercules Fire Impact Special Projects Fund	Rodeo Fire Impact Fee Special Revenue Fund	Capital Projects #1 Fund
REVENUES:				
District taxes	\$ 4,756,361	\$ -	\$ -	\$ -
Home owner property tax relief	42,442	-	-	-
Federal grant (FEMA)	92,000	-	-	-
Local grants	65,000	-	-	135,000
Developer fees	-	11,734	-	-
Use of money and property	-	244	537	44,626
Other	83,174	-	-	-
Total revenues	5,038,977	11,978	537	179,626
EXPENDITURES:				
Current:				
Public safety - fire protection	4,659,777	6,754	-	72,551
Capital outlay	-	-	-	202,109
Total expenditures	4,659,777	6,754	-	274,660
REVENUES OVER (UNDER) EXPENDITURES	379,200	5,224	537	(95,034)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	100,000
Transfers out	(150,000)	-	-	-
Total other financing sources (uses)	(150,000)	-	-	100,000
Net change in fund balances	229,200	5,224	537	4,966
FUND BALANCES:				
Beginning of year	435,239	42,834	10,254	1,181,490
End of year	<u>\$ 664,439</u>	<u>\$ 48,058</u>	<u>\$ 10,791</u>	<u>\$ 1,186,456</u>

See accompanying Notes to Basic Financial Statements.

<u>Major Funds</u>	
<u>Capital Projects #2 Fund</u>	<u>Total</u>
\$ -	\$ 4,756,361
-	42,442
-	92,000
-	200,000
-	11,734
47,513	92,920
-	83,174
<u>47,513</u>	<u>5,278,631</u>
181	4,739,263
-	202,109
<u>181</u>	<u>4,941,372</u>
<u>47,332</u>	<u>337,259</u>
50,000	150,000
-	(150,000)
<u>50,000</u>	<u>-</u>
97,332	337,259
<u>1,435,034</u>	<u>3,104,851</u>
<u>\$ 1,532,366</u>	<u>\$ 3,442,110</u>

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Rodeo-Hercules Fire Protection District

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds \$ 337,259

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

Governmental funds report additions of capital assets as part of capital outlay and other program expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 417,900

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (222,857)

Long-term compensated absences are reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, compensated absences are not reported as expenditures in governmental funds. (40,168)

Change in Net Assets of Governmental Activities \$ 492,134

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Basic Financial Statements of the Rodeo-Hercules Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets.

The Government-Wide Financial Statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the District are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. The following interfund activities have been eliminated in the Statement of Activities:

- Transfers in/out

The District applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The District has presented all funds as major funds.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and grant revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The District reports the following major governmental funds:

The General Fund - is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

The Hercules Fire Impact Special Revenue Fund - is used to account for revenues collected by the City of Hercules.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

The Rodeo Fire Impact Special Revenue Fund - is used to account for revenues collected by the Town of Rodeo.

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

The Capital Projects #2 Fund - is used to account for additional funds for future capital needs.

C. Cash and Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

D. Capital Assets

Capital assets are reported in the Government-Wide Financial Statements. Capital assets are defined by the District all assets regardless of cost with a useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

Capital assets are depreciated over their estimated useful lives using the straight-line method. This means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets over the useful life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the Statement of Net Assets of the government-wide financial statements as a reduction in the book value of the capital assets.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, Continued

The District has assigned the useful lives listed below to capital assets.

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

E. Use of Restricted Resources

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

F. Compensated Absences

As of June 30, 2008, the District had incurred a liability for payment, at an unspecified future date, to its employees for vacation pay benefits earned. Salaried District employees may accrue up to 72 hours of unpaid overtime ("comp time") and may sell up to 24 hours of comp time and up to 48 hours of vacation time to the District.

G. Property Taxes, Tax Increment and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Contra Costa levies, bills and collects property taxes and special assessments for the District and remits the full assessment regardless of the amounts received under a Teeter plan arrangement.

	<u>Secured Property Tax</u>	<u>Unsecured Property Tax</u>
Lien Date	January 1 preceding fiscal year	January 1 preceding fiscal year
Due Date	November 1 & February 1	August 31
Delinquent Date	December 10 & April 10	September 1

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Net Assets

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditures.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Implementation of New GASB Pronouncements

In 2008, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* - This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. In addition, this Statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.
- GASB Statement No.50, *Pension Disclosures - An amendment of GASB Statements No. 25 and 27* - This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments, including restricted cash and investments held by the District, and cash and investments held by fiscal agents, at June 30, 2008 were as follows:

	Government-Wide Statement of Net Assets	
	Governmental Activities	
Cash and Investments:		
Cash deposits with the County	\$	1,869,200
Petty cash		400
LAIF		1,794,526
Total cash and investments	\$	3,664,126

A. Cash Deposits

The carrying amounts of the District’s cash deposits with the County were \$1,869,200 at June 30, 2008. The District maintains substantially all of its cash in the Contra Costa County Treasury as part of a common investment pool. The fair market value of this pool as of that date was not provided by the pool sponsor. The county is restricted by Government Code section 53635 pursuant to Section 53601 to invest in time deposits, U.S. Government Securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptance commercial paper, negotiable certificates of deposit and repurchase or reverse repurchase agreements.

B. External Investment Pool

The District invests in Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The District’s investments with LAIF at June 30, 2008, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO’s) or credit card receivables.

As of June 30, 2008, the District had \$1,794,526 invested in LAIF, which had invested 14.72% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.999950219 was used to calculate the fair value of the investments in LAIF. The fair value adjustment was not made as amount was deemed to be immaterial. The fair value of the District’s position in the pool was the same as the value of the pool shares.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

5. LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2008 is shown below:

Description	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Classification	
					Due Within One Year	Due in More than One Year
Compensated Absences	234,048	195,734	(155,566)	274,216	182,265	91,951
Total	\$ 234,048	\$ 195,734	\$ (155,566)	\$ 274,216	\$ 182,265	\$ 91,951

6. ASSESSED VALUATION

The assessed valuation for the District was as follows:

	2007-2008
Secured and Unsecured Debt	\$ 4,920,409,675

7. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2008, expenditures exceeded appropriation in individual funds as follows:

Appropriations Category	Excess Expenditures
Hercules Fire Impact Special Revenue Fund	
Fire Protection	\$ 6,754

The excess amount was funded by existing fund balance of the Fund.

8. JOINT VENTURES (JOINT POWERS AGREEMENTS)

The Rodeo-Hercules Fire Protection District participates in two joint ventures under joint powers agreements (JPAs). The relationship between the Rodeo-Hercules Fire Protection District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

Contra Costa County Fire District Insurance Pool (CCCFDIP) - The pool arranges for and provides public liability, property damage and self-insurance between the county, its special districts and independent county fire protection districts.

Fire Agencies Self Insurance System (FASIS) - FASIS arranges for and provides worker's compensation insurance for independent fire protection districts.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

8. JOINT VENTURES (JOINT POWERS AGREEMENTS), Continued

The JPAs are governed by boards consisting of a representative from each member District, for CCCFDIP and an elected 11 members of Board of Directors for FASIS, which currently has 225 member organizations. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board.

Each member District pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the pool.

Condensed financial information of the JPAs for the year ended June 30, 2008 was not available.

9. DEFERRED COMPENSATION

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

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

10. EMPLOYEE RETIREMENT SYSTEM

A. Summary of Plan, Funding and Accounting Policies

Plan Description

The Contra Costa County Employee's Retirement Association (CCCERA) is governed by the Board of Retirement (Board) under the County Employee's Retirement Law of 1937 (1937 Act), as amended. Members should refer to the 1937 Act for more complete information.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. EMPLOYEE RETIREMENT SYSTEM, Continued

A. Summary of Plan, Funding and Accounting Policies, Continued

General

CCCERA is a contributory defined benefit plan (the Plan) initially organized under the provision of the 1937 Act on July 1, 1945. It provides benefits upon retirement, death or disability of members. CCCERA operates as a cost-sharing multiple employer defined benefit pension plan that covers substantially all of the employees of the County of Contra Costa (the County) and 18 other member agencies. CCCERA membership at December 31, 2007 is presented below:

Retirees and Beneficiaries receiving benefits	6,896
Inactive Vested Members entitled to but not yet receiving benefits	2,015
Current Employees:	
Vested:	
General Employees	5,271
Safety Employees	1,220
Non-Vested:	
General Employees	2,537
Safety Employees	393
Total Membership	<u>18,332</u>

CCCERA, with its own governing board, is an independent governmental entity, separate and distinct from the County of Contra Costa. CCCERA is a component unit of the County. CCCERA is presented in the County's basic financial statements as a pension trust fund.

Benefit Provisions

The Plan is currently divided into seven benefit sections in accordance with the 1937 Act. These sections are known as General Tier 1, enhanced and non-enhanced; Tier II; Tier III, enhanced and non-enhanced; Safety, enhanced and non-enhanced. On October 1, 2002, the Contra Costa County Board of Supervisors adopted Resolution No. 2002/608, which provides enhanced benefit changes commonly known as 3% at 50 for safety members and 2% at 55 for general members, effective July 2, 2002 and January 1, 2003 respectively. Effective January 1, 2005, the enhanced benefits are applied to the bargaining units represented by the California Nurses Association and the non-represented employees within similar classifications as employees in bargaining units represented by the California Nurses Association, as well as the supervisors and managers of these employees. Effective July 1, 2005, East Contra Costa Fire Protection District adopted the enhanced benefit structure for its employees. In addition, each Special District that is a participant of CCCERA, and whose staff are not County Employees covered by Resolution No. 2002/608, may elect to participate in the enhanced benefits. As of December 31, 2005, seven general member agencies and four safety member agencies have adopted enhanced benefits for their employees. One additional general member agency adopted the enhanced benefit structure effective February 1, 2006.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. EMPLOYEE RETIREMENT SYSTEM, Continued

A. Summary of Plan, Funding and Accounting Policies, Continued

Benefit Provisions, Continued

Legislation was signed by the Governor in 2002 which allows Contra Costa County, effective October 1, 2002 to provide Tier III to all new employees, to move those previously in Tier II to Tier III as of that date, and to apply all future service as Tier III. Tier III was originally created October 1, 1998 and made available to all members with five or more years of Tier II service who elected to transfer to Tier III coverage.

Tier I includes members not mandated to be in Tier II or Tier III and reciprocal member who elect Tier I membership. As of December 31, 2005, Tier II includes only the employees of one special district agency. This agency moved its Tier II member to Tier III and adopted the enhanced benefit structures on February 1, 2006. All members who moved to Tier III with five or more years of service prior to October 1, 2002, or were moved to Tier III effective October 1, 2002, or were moved to Tier III on February 1, 2006, continued to have Tier II benefits for service prior to that date unless the service is converted to Tier III.

Safety includes members in active law enforcement, active fire suppression work or certain other "Safety" classification as designated by the Retirement Board.

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

Pertinent provisions for each section follow:

General: Tier I

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

General: Tier II

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. Those members who elected in 1980 to transfer for General: Tier I to General: Tier II are eligible for non-service connected disability with five years of service. The definition of disability is more strict under General: Tier II than in the General: Tier I plan. The retirement benefit is based on a three-year average salary in accordance with Government Code Section 31462.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. EMPLOYEE RETIREMENT SYSTEM, Continued

A. Summary of Plan, Funding and Accounting Policies, Continued

Benefit Provisions, Continued

General: Tier III

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The definition of disability is the same as Tier II. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

Safety

Members may elect service retirement at age 70 regardless of service, at age 50 with 10 years of service, or with 30 years of service regardless of age. Disability retirements may be granted as service connected with no minimum service credit required or non-service connected with five years of service credit required. The retirement benefit is based on a one-year average salary in accordance with Government Code Section 31462.

Cost of Living Adjustments (COLA)

The 1937 Act authorized the Retirement Board to grant annual automatic and ad hoc cost-of-living increases to all eligible retired members. Article 16.5 requires the Board to grant an annual automatic COLA effective April 1. The benefit is based on the San Francisco-Oakland San Jose area Consumer Price Index and is limited to three percent for Tier I, Tier III and Safety members, and four percent for Tier II members. Government Code Section 31874.3 allows the granting of a supplemental cost-of-living benefit, on a prefunded basis to eligible retirees whose unused Consumer Price Index increase accumulations equal or exceed twenty percent. This supplemental increase is a permanent part of the retirees' monthly benefit and is known as "New Dollar Power".

Terminations

Effective January 1, 2003, a member with less than five years of service may elect to leave accumulated contributions on deposit in the retirement fund indefinitely as a result of the passing of AB2766, which amends Section 31629.5 of the Retirement Law of 1937. A member who continues membership under this ruling is granted a deferred non-vested status and is subject to the same age, service, and disability requirements that apply to other members for service or disability retirement.

Basis of Accounting

CCCERA's financial statements are prepared using the accrual basis of accounting. Investment income is recognized when it is earned and expenses are recognized in the period in which they are incurred. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan. All investment purchases and sales are recorded on the trade date. The net appreciation (depreciation) in fair value of investments held by CCCERA is recorded as an increase (decrease) to investment income based on the valuation of investments at June 30 and December 31.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. EMPLOYEE RETIREMENT SYSTEM, Continued

B. Summary of Significant Accounting Policies

Contributions

Employer and member contributions and COLA contributions are based on statute and rates recommended by an independent actuary and adopted by the Retirement Board. Covered employees are required by statute to contribute toward their pensions. The rates are set to provide a retirement benefit equal to a fractional part of the highest year(s) salary, based on membership and tier. CCCERA members are required to contribute between 7.13% and 18.91% of their annual covered salary. Member contributions are refundable upon termination of employment. County and Moraga/Orinda Fire Protection District Safety members contribute, over the next four years, an additional amount per year, up to a maximum of 9.0% of the employer's increase in contributions attributed to the adoption of the enhanced benefit package commonly known as 3% at 50. Member contributions are refundable upon termination of employment.

Employers are required to contribute at an actuarially determined rate calculated on the alternate funding method permitted by Government Code Section 31453.5. Pursuant to provisions of the 1937 Act, the Retirement Board recommends annual contribution rates for adoption by the Board of Supervisors. The "Entry Age Normal", funding method is used to calculate the rate required to provide benefits to members.

During the year, contributions totaled \$1,097,084 which included \$200,908 in employee contributions and \$896,176 in employer contributions. These figures also include employee and employer purchase, redeposit and conversion amounts.

Government Code Section 31582(b) allows the Board of Supervisors to authorize the county auditor to make an advance payment of all or part of the county's estimated annual contribution to the retirement fund. Code Section 31585 makes the same appropriations and transfers available to Districts. Contra Costa County and 11 participating employers "prepay" or make advance payments of all the employer's estimated annual contributions discounted by the assumed interest rate in effect on July 1. At the end of the fiscal year, a "true-up" is completed and employers are either billed for an underpayment or apply their overpayment towards the following year contributions.

Employer contributions for 2000 through 2002 are less than 100% due to action taken by the Board to phase-in, over a three year period, increased contribution requirements associated with the December 31, 1997 actuarial experience study, as well as the *Ventura Decision*. The Retirement Board, at its meeting on July 11, 2000, deferred for one year, the third year phase-in from the experience study and the second year phase-in of the *Ventura Decision*.

Rodeo-Hercules Fire Protection District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2008

10. EMPLOYEE RETIREMENT SYSTEM, Continued

B. Summary of Significant Accounting Policies, Continued

Contributions, Continued

On August 14, 1997, the Supreme Court of the State of California issued a decision in a case entitled *Ventura County Deputy Sheriff's Association vs. Board of Retirement of Ventura County Employees' Retirement Association* (Ventura Decision). On October 1, 1997, the Ventura Decision became final. The Supreme Court held that a County Retirement System operating under provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements received by an employee, within the employee's "compensation earnable" and "final" compensation when calculating the employee's retirement benefits. The Board voted to implement the changes to the retirement benefits as of October 1, 1997, the date the decision became final.

C. Annual Pension Costs and Trend Information

The District annual pension costs were equal to the District's required and actual contributions. The three-year historical trend information is presented below:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 682,106	100%	\$ -
2007	797,738	100%	-
2008	896,176	100%	-

D. Funding Status as of the Most Recent Actuarial Date

The District's retirement plan is part of Contra Costa County's retirement plan. Information on the funding progress of this plan can be obtained from the Contra Costa County's Comprehensive Annual Financial Report.

11. PRIOR PERIOD ADJUSTMENTS

Government-Wide Financial Statements

The capital assets adjustment was to correct accounting errors in recording capital assets and related depreciation.

	Net Assets, as Previously Reported	Prior Period Adjustment Capital Assets	Net Assets, as Restated
Governmental Activities			
Net assets	\$ 5,777,404	\$ (289,482)	\$ 5,487,922
Total Governmental Activities	\$ 5,777,404	\$ (289,482)	\$ 5,487,922

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REQUIRED SUPPLEMENTARY INFORMATION

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Rodeo-Hercules Fire Protection District
Required Supplementary Information
For the year ended June 30, 2008

A. Employee Retirement System Schedule of Funding Progress

The District's retirement plan is part of Contra Costa County's retirement plan. Information on the funding progress of this plan can be obtained from the Contra Costa County's Comprehensive Annual Financial Report.

B. Budgetary Principles

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

1. Proposed budget is received by Chief of the District and Board members.
2. Public hearings are conducted to obtain taxpayer comment.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.
4. There is no formal budget of revenue as the revenue amount to be received is the previous year's fund balance, plus property tax revenues to be received, less the expense budget.
5. The budgets for the General Fund, Special Revenue Fund and the Capital Projects Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Annual budgetary data have not been adopted for the Rodeo Fire Impact Fee Special Revenue Fund and the Capital Projects #2 Fund.
7. The Board of Directors requires the adoption of a summary budget for the General Fund.
8. Appropriations lapse at the end of each fiscal year.

Rodeo-Hercules Fire Protection District
Required Supplementary Information, Continued
For the year ended June 30, 2008

B. Budgetary Principles, Continued

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
District taxes	\$ 4,593,632	\$ 4,593,632	\$ 4,756,361	\$ 162,729
Home owner property tax relief	-	-	42,442	42,442
Federal Grant (FEMA)	366,519	366,519	92,000	(274,519)
Local grants	-	-	65,000	65,000
Other	142,030	142,030	83,174	(58,856)
Total revenues	<u>5,102,181</u>	<u>5,102,181</u>	<u>5,038,977</u>	<u>(63,204)</u>
EXPENDITURES:				
Current:				
Public safety - fire protection	4,757,451	4,757,451	4,659,777	97,674
Total expenditures	<u>4,757,451</u>	<u>4,757,451</u>	<u>4,659,777</u>	<u>97,674</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>344,730</u>	<u>344,730</u>	<u>379,200</u>	<u>34,470</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 194,730</u>	<u>\$ 194,730</u>	<u>229,200</u>	<u>\$ 34,470</u>
FUND BALANCES:				
Beginning of year			435,239	
End of year			<u>\$ 664,439</u>	

Rodeo-Hercules Fire Protection District
Required Supplementary Information, Continued
For the year ended June 30, 2008

B. Budgetary Principles, Continued

Budgetary Comparison Schedule, Hercules Fire Impact Fee Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Developer fees	45,000	45,000	11,734	(33,266)
Use of money and property	-	-	244	244
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>11,978</u>	<u>(33,022)</u>
EXPENDITURES:				
Current:				
Public safety - fire protection	-	-	6,754	(6,754)
Total expenditures	<u>-</u>	<u>-</u>	<u>6,754</u>	<u>(6,754)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 45,000</u>	<u>\$ 45,000</u>	5,224	<u>\$ (26,268)</u>
FUND BALANCES:				
Beginning of year			<u>42,834</u>	
End of year			<u>\$ 48,058</u>	

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SUPPLEMENTARY INFORMATION

Rodeo-Hercules Fire Protection District
Supplementary Information
For the year ended June 30, 2008

Budgetary Comparison Schedule - Capital Projects # 1 Fund

	Budgeted Amounts		Actual Amounts	Positive (Negative) Variance with Final Budget
	Original	Final		
REVENUES:				
Local grants	\$ 15,000	\$ 15,000	\$ 135,000	\$ 120,000
Use of money and property	-	-	44,626	44,626
Total revenues	15,000	15,000	179,626	164,626
EXPENDITURES:				
Current:				
Public safety - fire protection	370,438	370,438	72,551	297,887
Capital outlay	-	-	202,109	202,109
Total expenditures	370,438	370,438	274,660	499,996
REVENUES OVER (UNDER) EXPENDITURES	(355,438)	(355,438)	(95,034)	664,622
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	\$ (255,438)	\$ (255,438)	4,966	\$ 664,622
FUND BALANCES:				
Beginning of year			1,181,490	
End of year			\$ 1,186,456	