

**SUPPLEMENT TO OFFICIAL STATEMENT DATED FEBRUARY 2, 2015**

**\$12,010,000**  
**2015 Certificates of Participation**  
**(Refunding and Capital Projects Financing)**  
**Evidencing Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Lease Payments to be Made by the**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**As the Rental for Certain Property Pursuant to a Lease**  
**Agreement with the SRVFPD Financing Corporation**

This Supplement to Official Statement (this "**Supplement**") supplements the Official Statement dated January 22, 2015 (the "**Official Statement**") relating to the captioned Certificates. Capitalized terms used in this Supplement but not defined in this Supplement have the meaning given them in the Official Statement.

**Purpose of Supplement.** This Supplement amends the Optional Prepayment provisions of the Official Statement.

**Amendments.** The section entitled "THE CERTIFICATES – Prepayment – Optional Prepayment" on page 5 of the Official Statement is amended and restated as follows:

*Optional Prepayment.* The Certificates maturing on or before August 1, 2025, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after August 1, 2026, are subject to optional prepayment in whole, or in part among maturities on a pro rata basis and by lot within a maturity, on any date on or after August 1, 2025, from prepayments of the Lease Payments made at the option of the District pursuant to the Lease, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

[End of Supplement]

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of lease payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporation, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."*

**\$12,010,000**  
**2015 Certificates of Participation**  
**(Refunding and Capital Projects Financing)**  
**Evidencing Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Lease Payments to be Made by the**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**As the Rental for Certain Property Pursuant to a Lease**  
**Agreement with the SRVFPD Financing Corporation**

Dated: Date of Delivery

Due: August 1, as shown on inside cover

**Purposes.** The captioned certificates of participation (the "**Certificates**") are being executed and delivered to (a) refinance the Certificates of Participation (2006 Capital Improvement Financing Project) which were issued in the aggregate principal amount of \$9,485,000, (b) finance the design and construction of fire station improvements to be owned and operated by the San Ramon Valley Fire Protection District (the "**District**"), (c) to purchase a reserve fund insurance policy for the reserve fund, and (d) to pay costs of the execution and delivery of the Certificates. See "REFINANCING PLAN," "THE 2015 PROJECT" and "SOURCES AND USES OF FUNDS."

**Security.** The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments to be made by the District for the use and occupancy of certain real property and improvements under a First Amended and Restated Lease Agreement, dated as of February 1, 2015 (the "**Lease Agreement**"), between the District and the SRVFPD Financing Corporation, a California nonprofit public benefit corporation (the "**Corporation**"). The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. The Certificates will be secured under a Trust Agreement dated as of February 1, 2015, among the District, the Corporation and U.S. Bank National Association, San Francisco, California, as trustee, (the "**Trustee**"). Under an Assignment Agreement dated as of February 1, 2015, between the Corporation and the Trustee, the Lease Payments will be irrevocably assigned to the Trustee for the benefit of the Owners of the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

**Interest.** Interest represented by the Certificates will be payable on February 1 and August 1 of each year, commencing August 1, 2015. See "THE CERTIFICATES."

**Book-Entry Only.** When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. The Certificates will not be transferable or exchangeable, except for transfer to another nominee of DTC as described in this Official Statement. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

**Payments.** Principal, premium, if any, and interest due with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit those payments to its participants for subsequent disbursement to the beneficial owners of the Certificates as described in this Official Statement. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

**Prepayment.** *The Certificates are subject to optional prepayment and mandatory sinking fund prepayment prior to their maturity. See "THE CERTIFICATES – Prepayment."*

**Limited Obligation.** NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE DIRECTORS OR OFFICERS OF THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES." See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Certificates.

**MATURITY SCHEDULE**  
**(See inside cover)**

This cover page contains information for quick reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

*The Certificates are offered when, as and if executed and delivered, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel to the District, and by William D. Ross, Esq., Palo Alto, California, California, as the District's general counsel. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about February 5, 2015.*



# MATURITY SCHEDULE

Base CUSIP<sup>†</sup>: 799400

## \$7,925,000 Serial Certificates

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP <sup>†</sup>
2015	\$150,000	2.000%	0.400%	100.780	CK0
2016	150,000	2.000	0.500	102.222	CL8
2017	150,000	2.000	0.800	102.951	CM6
2018	155,000	4.000	1.030	110.152	CN4
2019	500,000	4.000	1.290	111.782	CP9
2020	515,000	4.000	1.500	113.125	CQ7
2021	540,000	5.000	1.710	120.125	CR5
2022	565,000	5.000	1.900	121.544	CS3
2023	585,000	2.000	2.080	99.380	CT1
2024	595,000	2.000	2.230	98.042	CU8
2025	615,000	5.000	2.350	124.507	CV6
2026	640,000	3.000	2.600	103.651 <sup>C</sup>	CW4
2027	660,000	3.000	2.800	101.806 <sup>C</sup>	CX2
2028	680,000	3.000	2.950	100.448 <sup>C</sup>	CY0
2029	700,000	3.000	3.100	98.839	CZ7
2030	725,000	3.000	3.150	98.172	DA1

\$1,525,000 4.000% Term Certificate due August 1, 2032; Yield 3.130%; Price 107.727<sup>C</sup>; CUSIP<sup>†</sup>: DC7

\$2,560,000 5.000% Term Certificate due August 1, 2035; Yield 2.950%; Price 118.377<sup>C</sup>; CUSIP<sup>†</sup>: DF0

<sup>†</sup> Copyright 2015, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

C – priced to the par call date of August 1, 2025.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

*No Offering May Be Made Except by this Official Statement.* No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

*No Unlawful Offers or Solicitations.* This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

*Effective Date.* This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement, or in the condition of the security for the Certificates since the date of this Official Statement.

*Use of this Official Statement.* This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Certificates.

*Preparation of this Official Statement.* The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

*Involvement of Underwriter.* The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

*Document References and Summaries.* All references to and summaries of the Lease Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

*Certificates are Exempt from Securities Laws Registration.* The issuance and sale of the Certificates have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

*Estimates and Projections.* Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

# **SAN RAMON VALLEY FIRE PROTECTION DISTRICT**

www.firedepartment.org

## **DISTRICT BOARD OF DIRECTORS**

H. Jay Kerr, *President*  
Gordon D. Dakin, *Vice President*  
Chris Campbell, *Director*  
Donald R. Parker, *Director*  
Matthew J. Stamey, *Director*

## **DISTRICT STAFF**

Paige Meyer, *Fire Chief/District Treasurer*  
Kenneth R. Campo, *Interim Chief Financial Officer*  
Lon Phares, *Deputy Chief—Operations*  
Derek Krause, *Deputy Chief—Emergency Medical Services/Logistics*  
Christina Kiefer, *Division Chief/Fire Marshal*  
William D. Ross, Esq., *Counsel to the District*  
Martin Koran, *Controller*  
Donna Maxwell, *Clerk*

## **SPECIAL COUNSEL and DISCLOSURE COUNSEL**

Jones Hall,  
A Professional Law Corporation  
San Francisco, California

## **UNDERWRITER**

Brandis Tallman LLC  
San Francisco, California

## **TRUSTEE**

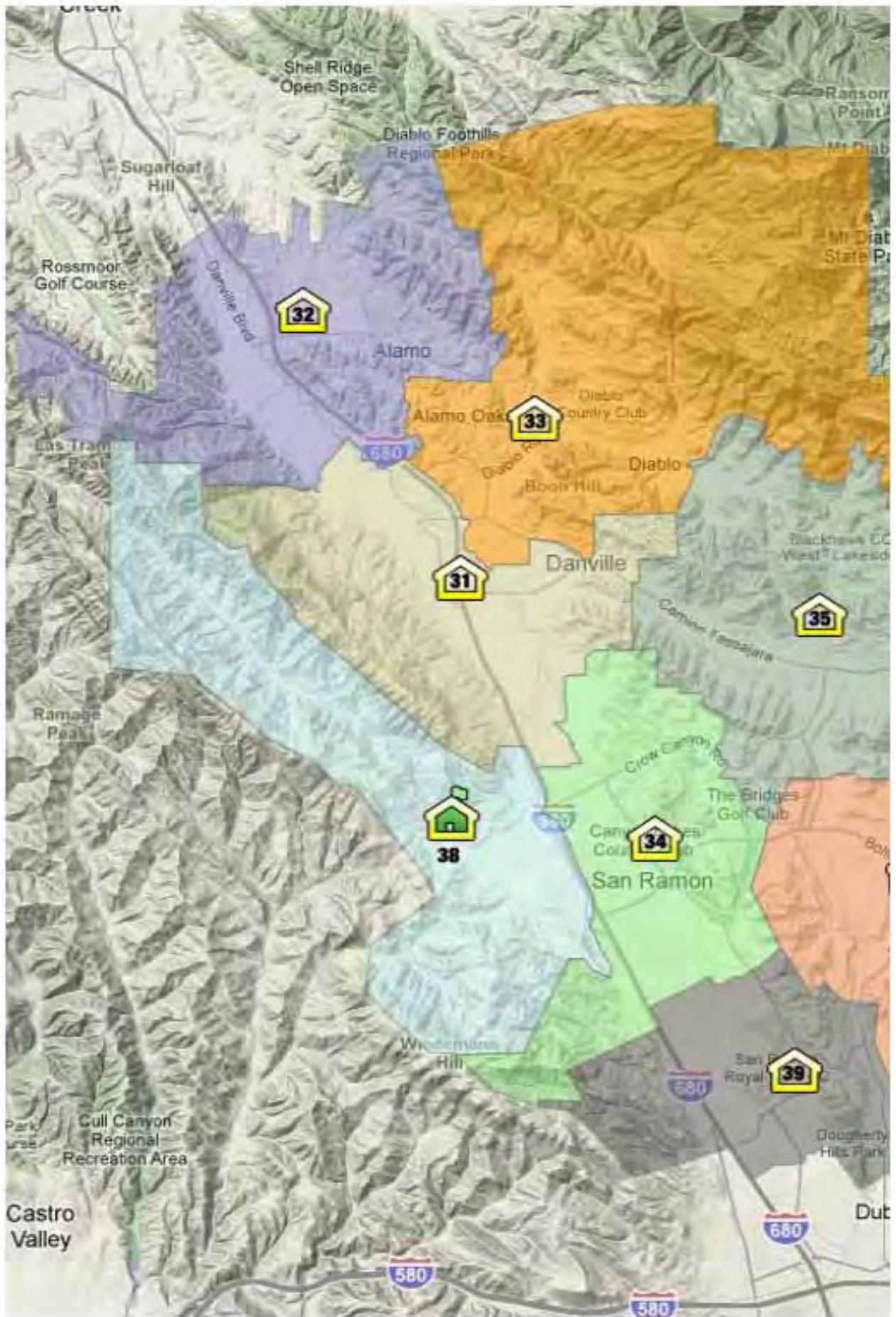
U.S. Bank National Association  
San Francisco, California

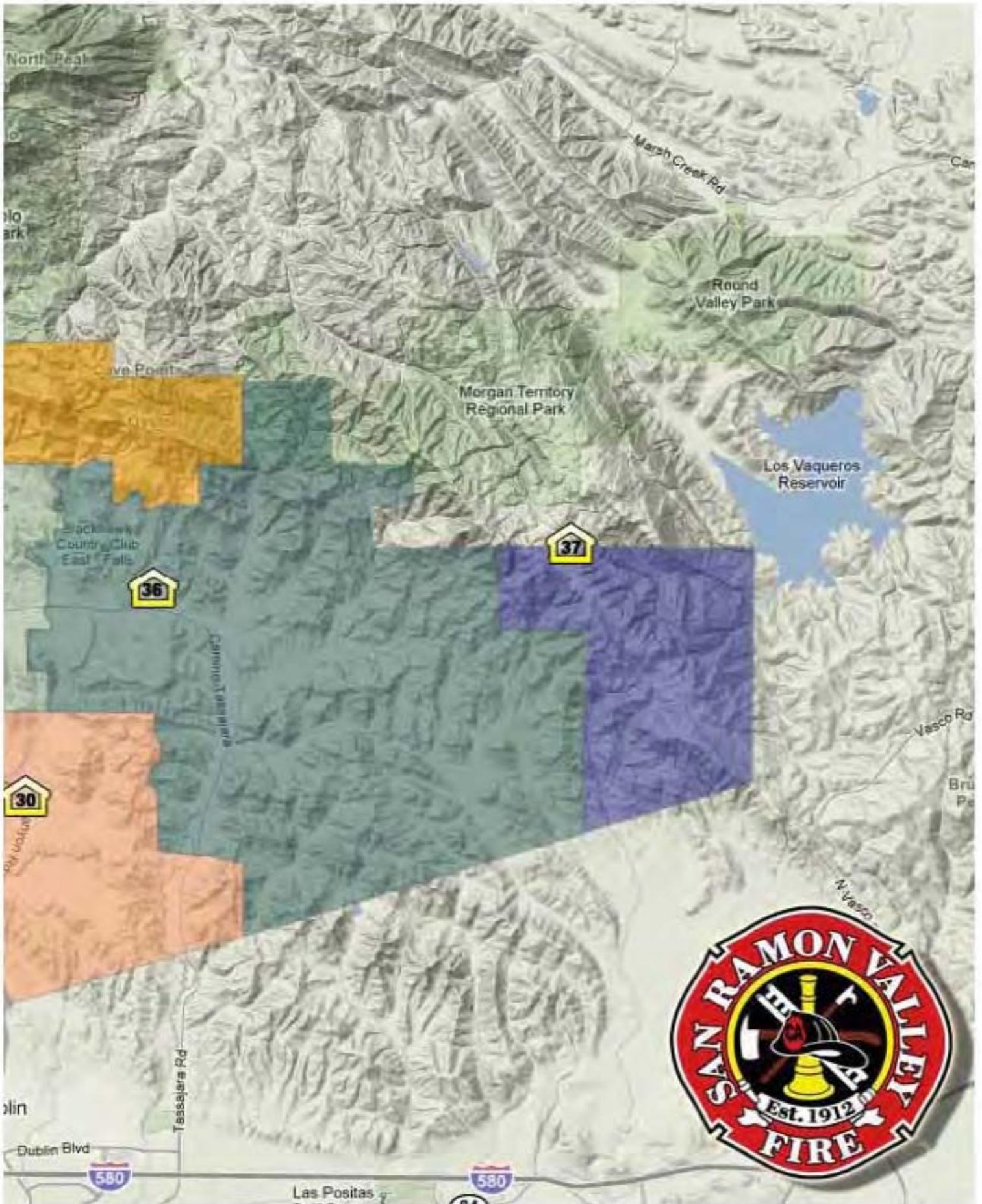
## **VERIFICATION AGENT**

Berens-Tate Consulting Group  
Omaha, Nebraska



# DISTRICT BOUNDARIES





[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

INTRODUCTION .....	1	Postemployment Health Care	
THE REFINANCING PLAN .....	2	Benefits .....	22
THE 2015 PROJECT .....	3	Direct and Overlapping Debt .....	25
THE LEASED PROPERTY .....	3	LIMITATIONS ON TAX REVENUES .....	26
ESTIMATED SOURCES AND USES		Property Tax Rate Limitations -	
OF FUNDS .....	4	Article XIII A .....	26
THE CERTIFICATES .....	5	Appropriation Limitation - Article	
General .....	5	XIII B .....	27
Prepayment .....	5	California Constitution Article XIII C	
Book-Entry Only System .....	6	and Article XIII D (Proposition 218) .....	27
Transfer and Exchange of		Future Initiatives .....	27
Certificates .....	7	State Budgets .....	27
SECURITY AND SOURCES OF		RISK FACTORS .....	29
PAYMENT FOR THE CERTIFICATES .....	9	No Pledge of Taxes .....	29
Nature of the Certificates .....	9	Additional Obligations of the District .....	29
Lease Payments .....	9	Default .....	30
Additional Payments .....	9	No Rental Interruption Insurance .....	30
Source of Payments .....	10	Loss of Tax Exemption .....	31
Covenant to Appropriate Funds for		State Budget .....	31
Lease Payments .....	10	Property Taxes .....	31
Termination and Abatement .....	10	Earthquakes .....	33
Action on Default .....	10	Wildfire Hazards .....	33
Reserve Fund .....	11	Limitations on Remedies;	
Insurance .....	11	Bankruptcy .....	33
BUILD AMERICA MUTUAL		THE CORPORATION .....	34
ASSURANCE COMPANY .....	12	TAX MATTERS .....	34
SAN RAMON VALLEY FIRE		VERIFICATION OF MATHEMATICAL	
PROTECTION DISTRICT .....	13	ACCURACY .....	35
DISTRICT FINANCES .....	14	FINANCIAL STATEMENTS OF THE	
Accounting Policies and Financial		DISTRICT .....	35
Reporting .....	14	PROFESSIONALS INVOLVED IN THE	
Budgetary Process .....	15	OFFERING .....	36
General Fund Financial Summary .....	16	LITIGATION .....	36
Property Taxes .....	19	RATING .....	36
Charges for Services .....	21	UNDERWRITING .....	36
Outstanding General Fund Debt and		CONTINUING DISCLOSURE .....	37
Lease Obligations .....	21	EXECUTION .....	37
Investments .....	22		
District Retirement System .....	22		
APPENDIX A	ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT CONTRA COSTA COUNTY, THE CITY OF SAN RAMON AND THE TOWN OF DANVILLE		
APPENDIX B	AUDITED FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2014		
APPENDIX C	SUMMARY OF PRINCIPAL LEGAL DOCUMENTS		
APPENDIX D	FORM OF PROPOSED OPINION OF SPECIAL COUNSEL		
APPENDIX E	FORM OF CONTINUING DISCLOSURE CERTIFICATE		
APPENDIX F	BOOK-ENTRY ONLY SYSTEM		
APPENDIX G	SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY		

[THIS PAGE INTENTIONALLY LEFT BLANK]

**\$12,010,000**  
**2015 Certificates of Participation**  
**(Refunding and Capital Projects Financing)**  
**Evidencing Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Lease Payments to be Made by the**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**As the Rental for Certain Property Pursuant to a Lease**  
**Agreement with the SRVFPD Financing Corporation**

**INTRODUCTION**

This Official Statement (which includes the cover page and Appendices hereto) (the "Official Statement"), provides certain information concerning the sale and delivery of the certificates of participation captioned above (the "Certificates").

All capitalized terms used in this Official Statement (unless otherwise defined in this Official Statement) which are defined in the Trust Agreement have the meanings set forth therein, some of which are summarized in APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

*Certificate Terms.* The Certificates are being executed and delivered in denominations of \$5,000 or any integral multiple thereof. Interest will accrue on the principal components of each Certificate at the applicable interest rate (as set forth on the cover hereof) from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1, commencing August 1, 2015. The Certificates are subject to prepayment as described in this Official Statement. See "THE CERTIFICATES."

*Use of Proceeds.* The net proceeds of the sale of the Certificates will be used to (a) refinance the Certificates of Participation (2006 Capital Improvement Financing Project) which were issued in the aggregate principal amount of \$9,485,000 (the "2006 Certificates") and are outstanding in the principal amount of \$7,995,000, (b) finance the design and construction of fire station improvements (the "2015 Project"), (c) purchase a reserve fund insurance policy for the reserve fund, and (d) pay certain costs incurred in connection with the execution and delivery of the Certificates. See "THE REFINANCING PLAN," "THE 2015 PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

*Security and Sources of Payment.* The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the "Owners") thereof in lease payments (the "Lease Payments") to be made by the District for the right to the use of the real property which is leased by the District from the SRVFPD Financing Corporation ("the Corporation"), under and pursuant to a First Amended and Restated Lease Agreement, dated as of February 1, 2015 (the "Lease Agreement"), by and between the Corporation and the District (the "Lease Agreement"), consisting of existing fire stations, together with the land on which such facilities are situated (the "Leased Property"). See "THE LEASED PROPERTY" herein. The District and the Corporation will enter into a First Amended and Restated Site Lease, dated as of February 1, 2015 (the "Site Lease"), whereby the District (as owner of the Leased Property) will lease the Leased Property to the Corporation for the purpose of enabling the Corporation to lease the Leased Property back to the District under the Lease Agreement.

The Certificates will be executed and delivered under a Trust Agreement dated as of February 1, 2015 (the "Trust Agreement"), among the District, the Corporation and U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"). The Trustee and the Corporation will enter into an Assignment Agreement, dated as of February 1, 2015 (the "Assignment Agreement"), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

THE OBLIGATION OF THE DISTRICT TO PAY THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

*Lease Payments.* The District covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Covenant to Appropriate Funds for Lease Payments."

*Summaries of Documents.* The summaries or references to the Site Lease, the Trust Agreement, the Lease Agreement, the Assignment Agreement and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute.

**THE REFINANCING PLAN**

In order to provide financing for various fire station improvements, the District has previously entered into a Lease Agreement with the Corporation, dated as of March 1, 2006 (the "2006 Lease Agreement") under which the District is obligated to pay lease payments which are represented by the 2006 Certificates. The Certificates are being issued, in part, to prepay the 2006 Lease Agreement and thereby prepay the 2006 Certificates on an advance basis on August 1, 2016.

The District will deliver a portion of the net proceeds of the Certificates to U.S. Bank National Association, as escrow bank (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") established under Irrevocable Refunding Instructions, given by the Corporation and the District to the Escrow Agent. The Escrow Agent will invest such funds in federal securities and will apply such funds, together with interest earnings thereon, to pay scheduled debt service on the 2006 Certificates prior to August 1, 2016, and on that date, the redemption price of the 2006 Certificates.

Sufficiency of the deposits in the Escrow Fund for those purposes will be verified by Berens-Tate Consulting Group, certified public accountants, Omaha, Nebraska (the “**Verification Agent**”). See “VERIFICATION OF MATHEMATICAL ACCURACY.”

*The amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the 2006 Certificates. The funds deposited in the Escrow Fund will not be available for the payment of debt service with respect to the Certificates.*

**THE 2015 PROJECT**

The Certificates are being executed and delivered to (a) refinance the 2006 Certificates, (b) finance the 2015 Project, (c) purchase a reserve fund insurance policy for the Reserve Fund, and (d) pay financing costs of the transaction. The components of the 2015 Project and their estimated costs are as follows:

*New Fire Station Improvements.* The District expects to construct a new fire station on Stone Valley Road to replace existing Fire Station 32, comprising approximately 8,500 square feet. Construction is expected to begin in December 2015 and be completed in the fall of 2016.

To the extent that proceeds of the Certificates exceed the amount required to finance the 2015 Project, the District will apply such excess to finance other capital improvements throughout the geographic boundaries of the District.

**THE LEASED PROPERTY**

The Leased Property consists of the following facilities with their estimated values, based on insurance replacement costs of each facility, together with the estimated value of land for such facilities.

<u>Fire Station</u>	<u>Address</u>	<u>Insured Value of Improvements</u>	<u>Land Value<sup>(1)</sup></u>
30	11445 Windemere Parkway, San Ramon	\$3,443,768	\$1,853,006
34	12599 Alcosta Boulevard, San Ramon	1,394,404	1,595,465
35	505 Silver Oak Lane, Danville	1,479,691	1,695,936
39	9399 Fircrest Lane, San Ramon	<u>1,518,140</u>	<u>1,805,889</u>
	Value of	<u>\$7,836,003</u>	<u>\$6,950,296</u>

<sup>(1)</sup> Represents the average of a low estimate of \$29.36/square foot and a high estimate of \$42.74/square foot, provided by Carpenter/Robbins Commercial Real Estate, Inc., as of December 17, 2014.

*Station 30* is situated on an approximately 1.2 acre site and consists of a 10,454 square foot building of which 5,606 square feet is living area and 4,848 square feet is an apparatus room. Station 30 was constructed in 2002.

*Station 34* is situated on an approximately one acre site and consists of a 5,720 square foot building of which 2,600 square feet is a fire station and 3,120 square feet is a garage. Station 34 was constructed in 1983.

Station 35 is situated on an approximately 1.3 acre site and consists of a 5,720 square foot building of which 2,600 square feet is a fire station and 3,120 square feet is a garage. Station 35 was constructed in 1986.

Station 39 is situated on an approximately 1.2 acre site and consists of two buildings, the first of which is a 4,712 square foot fire station with a 2,880 square foot garage, and the second of which is a 3,200 square foot office building. Station 39 was constructed in 1996.

The District has the right to substitute other property for the Leased Property, or to release portions of the Leased Property from the Site Lease and the Lease Agreement, under certain circumstances and subject to certain conditions set forth in the Lease Agreement. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds with respect to the Certificates are shown below.

<u>SOURCES</u>	
Principal Amount of Certificates	\$12,010,000.00
Plus: Net Original Issue Premium	1,122,248.75
2006 Certificates Reserve Fund	<u>604,250.00</u>
Total Sources:	\$13,736,498.75
 <u>USES</u>	
Deposit to Escrow Fund (1)	\$8,521,108.83
Deposit to Project Fund (2)	5,000,000.00
Deposit to Costs of Issuance Fund (3)	<u>215,389.92</u>
Total Uses:	\$13,736,498.75

- (1) Amount deposited in the Escrow Fund will be used to prepay and refinance the 2006 Certificates. See “REFINANCING PLAN” above.
- (2) Amount deposited in the Project Fund will be used to finance the 2015 Project. See “THE 2015 PROJECT” above.
- (3) Includes filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, Underwriter’s discount, legal fees and charges, premium for the Reserve Policy, title insurance fees and charges, and costs of rating agencies for credit ratings.

## THE CERTIFICATES

### General

The Certificates evidence and represent direct, undivided fractional interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the District under the Lease Agreement.

The Certificates will be executed and delivered in principal amounts of \$5,000 or integral multiples thereof. Interest represented by each Certificate will accrue on the principal components represented by such Certificate at the applicable interest rate from the date of original delivery of the Certificates until its date of maturity or prior prepayment, with interest becoming payable on each February 1 and August 1 (each, an "Interest Payment Date"), commencing August 1, 2015. Interest represented by each Certificate will be computed on the basis of a 360-day year consisting of twelve 30-day months.

### Prepayment

*Optional Prepayment.* The Certificates maturing on or before August 1, 2025, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after August 1, 2026, are subject to call for prepayment prior to their respective stated maturities, at the option of the District, in whole, or in part among maturities on such basis as be designated by the District and by lot within any one maturity, on August 1, 2025, or on any Interest Payment Date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

*Mandating Sinking Fund Prepayments.* The Certificates maturing on August 1, 2032 and August 1, 2035 (the "Term Certificates") are subject to mandatory prepayment in part by lot, at a prepayment price equal to 100% of the principal amount thereof to be prepaid, without premium, in the aggregate respective principal amounts and on August 1 in the respective years as set forth in the following tables; *provided, however*, that if some but not all of the Term Certificates have been prepaid under the optional prepayment provisions, above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of the Term Certificates so prepaid, to be allocated among such sinking fund payments on a pro rata basis in integral multiples of \$5,000 (as set forth in a schedule provided by the District to the Trustee).

#### Term Certificate Maturing August 1, 2032

Sinking Fund Prepayment Date (August 1)	Principal Amount To Be Prepayment
2031	\$750,000
2032 (Maturity)	775,000

## Term Certificate Maturing August 1, 2035

Sinking Fund Prepayment Date (August 1)	Principal Amount To Be Prepayment
2033	\$810,000
2034	855,000
2035 (Maturity)	895,000

*Selection of Certificates for Prepayment.* Whenever less than all of the outstanding Certificates are to be prepaid on any one date, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates will be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid. The Trustee will promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

*Notice of Prepayment.* While the Certificates are subject to DTC's book-entry system, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations executed by the District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "—Effect of Prepayment."

During any period in which the Certificates are not subject to the book-entry system, notice of prepayment of any Certificates to be prepaid will be given to the respective Owners of Certificates designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the registration books of the Trustee as of the close of business on the day before such notice of prepayment is given, at least 30 but not more than 60 days prior to the prepayment date.

*Effect of Prepayment.* If notice of prepayment has been duly given as aforesaid and the deposit of the prepayment price has been made by the District, the Certificates or portions of Certificates so to be prepaid will, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates will cease to accrue and be payable. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates will be paid by the Trustee at the prepayment price.

All prepaid Certificates will be canceled by the Trustee and will not be redelivered.

### **Book-Entry Only System**

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Certificates (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC's participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM." If the book-entry-only system is no longer

used with respect to the Certificates, the Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

### **Transfer and Exchange of Certificates**

*The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to DTC's book-entry system. While the Certificates are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and DTC's participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."*

All Certificates are transferable by the Owner thereof, in person or by his or her attorney duly authorized in writing, at the principal corporate trust office of the Trustee on the books required to be kept by the Trustee under the provisions of the Trust Agreement, upon surrender of such Certificates for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee, manually executed.

Whenever any Certificate or Certificates are surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The Trustee will require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Certificates may be exchanged, upon surrender thereof, at the principal corporate trust office of the Trustee for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. Whenever any Certificate or Certificates are surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like principal amount in authorized denominations. The District will pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) any Certificate selected for prepayment.

## LEASE PAYMENT SCHEDULE

Following is the semi-annual schedule of Lease Payments due with respect to the Certificates.

<u>Period Ending</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Payments</u>
8/1/15	\$150,000.00	\$223,202.22	\$373,202.22
2/1/16	-	226,775.00	226,775.00
8/1/16	150,000.00	226,775.00	376,775.00
2/1/17	-	225,275.00	225,275.00
8/1/17	150,000.00	225,275.00	375,275.00
2/1/18	-	223,775.00	223,775.00
8/1/18	155,000.00	223,775.00	378,775.00
2/1/19	-	220,675.00	220,675.00
8/1/19	500,000.00	220,675.00	720,675.00
2/1/20	-	210,675.00	210,675.00
8/1/20	515,000.00	210,675.00	725,675.00
2/1/21	-	200,375.00	200,375.00
8/1/21	540,000.00	200,375.00	740,375.00
2/1/22	-	186,875.00	186,875.00
8/1/22	565,000.00	186,875.00	751,875.00
2/1/23	-	172,750.00	172,750.00
8/1/23	585,000.00	172,750.00	757,750.00
2/1/24	-	166,900.00	166,900.00
8/1/24	595,000.00	166,900.00	761,900.00
2/1/25	-	160,950.00	160,950.00
8/1/25	615,000.00	160,950.00	775,950.00
2/1/26	-	145,575.00	145,575.00
8/1/26	640,000.00	145,575.00	785,575.00
2/1/27	-	135,975.00	135,975.00
8/1/27	660,000.00	135,975.00	795,975.00
2/1/28	-	126,075.00	126,075.00
8/1/28	680,000.00	126,075.00	806,075.00
2/1/29	-	115,875.00	115,875.00
8/1/29	700,000.00	115,875.00	815,875.00
2/1/30	-	105,375.00	105,375.00
8/1/30	725,000.00	105,375.00	830,375.00
2/1/31	-	94,500.00	94,500.00
8/1/31	750,000.00	94,500.00	844,500.00
2/1/32	-	79,500.00	79,500.00
8/1/32	775,000.00	79,500.00	854,500.00
2/1/33	-	64,000.00	64,000.00
8/1/33	810,000.00	64,000.00	874,000.00
2/1/34	-	43,750.00	43,750.00
8/1/34	855,000.00	43,750.00	898,750.00
2/1/35	-	22,375.00	22,375.00
8/1/35	895,000.00	22,375.00	917,375.00
Total	\$12,010,000.00	\$6,079,252.22	\$18,089,252.22

## **SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES**

Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an obligation of the District for which the District is obligated to levy or pledge, or for which the District has levied or pledged, any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes an indebtedness of the Corporation, the District, the State or any of its political subdivisions within the meaning of any constitutional limitation or violates any statutory debt limitation or restriction.

### **Nature of the Certificates**

Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payments due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of original delivery of the Certificates to its payment date or prepayment date, as the case may be.

The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the District; except that the Corporation will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "Lease Payments" below.

### **Lease Payments**

For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to make Lease Payments. Lease Payments are due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease Agreement, and to be deposited by the City with the Trustee on each of the Lease Payment Dates during the term of the Lease Agreement. The Lease is subject to termination and the Lease Payments are subject to abatement in the event the Leased Property is taken by eminent domain, but not in the event of damage or destruction thereto. See "– Termination and Abatement," below.

Scheduled Lease Payments relating to the Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

### **Additional Payments**

For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to pay, in addition to the Lease Payments, all costs and expenses incurred

by the District and the Corporation to comply with the provisions of the Trust Agreement, or otherwise arising from the financing of the Leased Property.

### **Source of Payments**

As provided in the Lease Agreement, the Lease Payments and additional payments are payable from any source of available funds of the District, including amounts on deposit in the General Fund of the District. The primary source of revenues available to the District for payment of the Lease Payments consist of *ad valorem* property taxes received by the District (the "Tax Revenues").

### **Covenant to Appropriate Funds for Lease Payments**

The District will covenant in the Lease Agreement to take such action as may be necessary to include all Lease Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor.

### **Termination and Abatement**

***Termination or Abatement Due to Eminent Domain.*** If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease will cease with respect thereto as of the day possession is so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) the Lease will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties have waived the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

***No Abatement of Lease Payments Due to Damage or Destruction.*** During the Term of the Lease the District will bear the risk of any damage to or destruction of the Leased Property and will be solely responsible to provide insurance against such damage or destruction, as provided in the Lease. In the event the Leased Property is damaged or destroyed, in whole or in part, there will be no abatement of Lease Payments. In the event of any such damage or destruction, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

### **Action on Default**

If the District defaults under the Lease Agreement, the Trustee, as assignee of the Corporation's rights under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the District, or may retain the Lease Agreement and hold the District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement" and "—Trust Agreement."

**Reserve Fund**

A reserve fund (the “Reserve Fund”) is established by the Trust Agreement to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. If the amount initially deposited into the Reserve Fund is less than the full Reserve Requirement, the Trustee will retain therein all earnings on the investment of amounts in the Reserve Fund until the full Reserve Requirement is on deposit.

All amounts on deposit in the Reserve Fund in excess of the Reserve Requirement, and all amounts derived from the investment of amounts in the Reserve Fund which are not required to be retained therein to maintain the Reserve Requirement, will be transferred by the Trustee semiannually on or before each Lease Payment Date to the Lease Payment Fund.

The Reserve Requirement will initially be met with a municipal bond debt service reserve insurance policy (the “Reserve Policy”), to be provided by Build America Mutual Assurance Company (“BAM”). For additional information regarding BAM and the Reserve Policy, see “BUILD AMERICA MUTUAL ASSURANCE COMPANY,” “APPENDIX C – Summary of Principal Legal Documents – Trust Agreement – Provisions Relating to Reserve Policy” and “APPENDIX G – Specimen Municipal Bond Debt Service Reserve Insurance Policy.”

**Insurance**

*General Liability Insurance.* The Lease Agreement requires the District to maintain standard comprehensive general liability insurance in protection of the District and the Corporation, including their respective members, officers, agents and employees and assignees. This insurance coverage must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

This insurance must provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. This insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District (subject to the provisions of the Lease Agreement, which are described more fully in APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement,” or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance.

*Casualty Insurance.* The Lease Agreement also requires the District to maintain throughout the term of the Lease Agreement, casualty insurance against loss or damage to all buildings, facilities and other improvements situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the replacement value of the insured buildings, facilities and other improvements, or (b) 100% of the aggregate principal amount of the Outstanding Certificates.

This insurance must, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

The Lease Agreement also requires the District to maintain earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable opinion of the District.

Casualty insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. This insurance may not be maintained by the District in the form of self-insurance.

*Title Insurance.* The Lease Agreement also requires the District to deliver and maintain a CLTA title insurance policy insuring the District's leasehold estate under the Lease Agreement and the District's fee ownership interest in the Leased Property, subject only to Permitted Encumbrances (as set forth in the Trust Agreement), in an amount at least equal to the aggregate principal amount of the Certificates. All net proceeds received under the title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited toward prepayment of the Lease Payments.

### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

*BAM is issuing a Reserve Policy for the Reserve Fund in the amount of the Reserve Requirement. BAM is not issuing a municipal bond insurance policy for the Certificates.*

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$492.2 million, \$38.0 million and \$454.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BUILD AMERICA MUTUAL ASSURANCE COMPANY" and "APPENDIX G – Specimen Municipal Bond Debt Service Reserve Insurance Policy."

### *Additional Information Available from BAM*

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Reserve Fund. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

## **SAN RAMON VALLEY FIRE PROTECTION DISTRICT**

*General.* The San Ramon Valley Fire Protection District is an autonomous independent special district organized and as defined under the Fire Protection District Law of 1987, California Health and Safety Code 13800 et seq. (the "Act"). The District is responsible for the protection of the lives and property of the residents of the San Ramon Valley located in the southwest portion of Contra Costa County, California. The District furnishes fire protection, rescue service and other emergency services to an area approximating 155 square miles, including the Town of Danville, the City of San Ramon, the unincorporated communities of Alamo, Blackhawk, Diablo and the southern boundary of the Morgan Territory and Tassajara Valley.

*Governance.* The District is governed by a Board of Directors (the "Board") consisting of five members elected by the voters in its service area. The Board appoints a fire chief to oversee the day-to-day operations of the District. The District employs a full time staff of one fire chief, a division chief/fire marshal, a deputy chief of operations, a deputy chief of emergency medical services and logistics, two assistant chiefs, four battalion chiefs, one interim chief financial officer, two accountants, one GIS analyst, ten dispatch staff, two fleet mechanics and

approximately 137 firefighter/paramedics and other emergency operations staff. The District employs a total of 190 personnel, in addition to approximately 50 volunteers.

*District Facilities.* The District maintains ten fire stations, two annex buildings, one training site and one administrative office building. Nine of the stations house paid fire fighters and the tenth is staffed by volunteers. This allows for staffing of fifteen engine companies and four volunteer companies, including three truck companies, five Advanced Life Support (ALS) ambulances and other specialized vehicles for the cross-staffing of apparatus based upon the type of call. In addition, the District operates its own communications center staffed with three dispatchers under the supervision of the shift battalion chief, with a mobile command post supported by 8 volunteers. All other administrative personnel reside at the administrative office.

*Description of District Service Area.* Within the boundaries of the District are wildland areas, single and multi-family residential complexes, hotels, a regional hospital, numerous convalescent/assisted living facilities, equestrian areas, hiking trails, rock climbing areas and a facility housing a low-level nuclear reactor. The total population serviced by the District exceeds 182,000. On business days, the figure grows by another 30,000 to include the personnel employed in the Bishop Ranch Business Park, a 585-acre development with nine million square feet of office space located in San Ramon. Bishop Ranch Business Park includes over 300 diverse companies, including Chevron and AT&T.

For general demographic information about the County, the City of San Ramon and the Town of Danville, see APPENDIX A—“ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT CONTRA COSTA COUNTY, THE CITY OF SAN RAMON AND THE TOWN OF DANVILLE” attached hereto.

**DISTRICT FINANCES**

The District has elected to perform its own financial, accounting and administrative functions, as authorized by the Act. The following selected financial information provides a brief overview of the District’s finances. This financial information has been extracted from the District’s audited financial statements and, in some cases, from unaudited information provided by the District’s Department of Finance. The most recent audited financial reports of the District with an unqualified auditor’s opinion is included as APPENDIX B—“AUDITED FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014.”

**Accounting Policies and Financial Reporting**

The accounts of the District are organized on the basis of individual funds and account groups. The District’s accounting records for the governmental fund types (General, Capital Projects and Special Revenue/Equipment Replacement) are accounted for at the fund level using the modified accrual accounting basis, and prepares entity-wide statements using the full accrual basis of accounting in accordance with GASB 34. Revenues are recognized when they become measurable and available, and expenditures are recorded when the services or goods are received and the related fund liabilities are incurred. The District’s audited financial statements have been prepared in compliance with GASB 34 beginning with fiscal year 2003-04.

The District has received the Government Finance Officers Association of the United States and Canada Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial reports from 1999-00 through 2013-14.

### **Budgetary Process**

*General.* The Board of Directors adopts a final budget prior to July 1. The budget includes appropriations (budgeted expenditures) on a line-item basis and the means of financing them (budgeted revenues). Budgets are adopted on a basis consistent with generally accepted accounting principles. The Board has unlimited authority approving or amending the adopted budget. The budget is based on the goals and objectives of the District. Formal budgetary integration is employed as a management control device during the year for all funds. Budgeted and actual revenues and expenditures are reviewed monthly by the Board, and budget amendments and transfers are made as needed.

The Controller monitors appropriations on a Department/Division basis and conveys this information to the Fire Chief/Treasurer who can approve appropriation transfers so long as appropriations in total by fund do not change. This approach allows the Fire Chief to hold Department/Division heads accountable. The District reports expenditures and appropriations on a line-item basis to its Board. Only a majority of Board members may approve amendments to appropriations in total by fund. This approach allows the Board to hold the Fire Chief accountable for the overall District operations.

The budget provides for adequate reserves to cover excess expenditures over revenues. This occurs annually during the “dry-spell” period prior to the receipt of the first settlement of property tax allocation in December.

*General Fund Budgets.* The table below sets forth a comparison of the adopted General Fund budget for Fiscal Year 2013-14 with actual results for Fiscal Year 2013-14, as well as the adopted General Fund budget for Fiscal Year 2014-15.

**Table 1  
SAN RAMON VALLEY FIRE PROTECTION DISTRICT  
General Fund Budgets  
For Fiscal Years 2013-14 and 2014-15**

	Adopted Budget <u>2013-14</u>	Actual <u>2013-14</u>	Adopted Budget <u>2014-15</u>
<b>Revenues:</b>			
Property taxes	\$48,507,267	\$53,139,723	\$54,294,987
Intergovernmental revenues	172,358	355,776	33,000
Charges for services	3,253,659	3,662,306	3,956,000
Use of money and property	58,257	79,730	80,604
Rents, royalties, and commissions	322,020	242,098	203,448
Other revenues	417,505	125,034	80,000
<b>Total Revenues</b>	<b>52,731,065</b>	<b>57,604,667</b>	<b>58,648,039</b>
<b>Expenditures:</b>			
Salaries and benefits	45,003,422	43,078,383	48,878,156
Services and Supplies	4,888,153	3,886,018	4,825,390
<b>Total Expenditures</b>	<b>49,891,575</b>	<b>46,964,401</b>	<b>53,703,546</b>
Excess (deficiency) of revenues over (under) expenditures	\$2,839,490	\$10,640,266	\$4,944,493

Source: San Ramon Valley Fire Protection District, Department of Finance; Adopted Budgets.

**General Fund Financial Summary**

The information contained in the following tables of revenues, expenditures and changes in fund balances, and assets, liabilities and fund equity has been derived from the District’s audited financial reports for fiscal years 2010-11 through 2013-14.

A copy of the District’s audited financial report for the twelve months ended June 30, 2014, is attached as APPENDIX B.

**Table 2**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**General Fund Balance Sheet**  
**As of June 30 for Fiscal Years 2010-11 through 2013-14**

	Audited 2010-11	Audited 2011-12	Audited 2012-13	Audited 2013-14
<u>Assets</u>				
Cash and investments	\$36,635,227	\$35,826,103	\$36,129,368	\$44,347,036
Receivables (net):				
Accounts	157,482	472,031	130,418	42,417
Interest	40,605	30,403	21,869	14,742
Total assets	<u>\$36,833,314</u>	<u>\$36,328,537</u>	<u>\$36,281,655</u>	<u>\$44,404,195</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$1,451,955	\$1,499,455	\$1,334,877	\$1,559,740
Accrued liabilities	2,185,871	1,780,286	1,848,410	1,666,923
Deposits payable	2,177	3,387	6,446	7,658
Total liabilities	<u>3,640,003</u>	<u>3,283,128</u>	<u>3,189,733</u>	<u>3,234,321</u>
Fund Balances:				
Committed	23,814,565	23,085,145	22,505,833	12,100,190
Assigned	2,974,746	4,274,326	156,689	81,220
Unassigned	6,404,000	5,685,938	10,429,400	28,988,464
Total fund balance	<u>33,193,311</u>	<u>33,045,409</u>	<u>33,091,922</u>	<u>41,169,874</u>
Total liabilities and fund balance	<u>\$36,833,314</u>	<u>\$36,328,537</u>	<u>\$36,281,655</u>	<u>\$44,404,195</u>

Source: San Ramon Valley Fire Protection District, Department of Finance, Comprehensive Annual Financial Reports for Fiscal Years 2010-11 through 2013-14.

**Table 3**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For Fiscal Years 2010-11 through 2013-14**

	Audited <u>2010-11</u>	Audited <u>2011-12</u>	Audited <u>2012-13</u>	Audited <u>2013-14</u>
<b>Revenues:</b>				
Property taxes	\$49,184,817	\$49,329,131	\$48,507,266	\$53,139,723
Intergovernmental revenues	54,056	217,116	172,358	355,776
Charges for services	2,425,597	2,795,046	3,253,658	3,662,306
Use of money and property	149,982	98,211	57,717	79,730
Rents, royalties, and commissions	159,877	189,978	322,020	242,098
Other revenues	21,184	53,729	417,505	125,034
<b>Total Revenues</b>	<b>51,995,513</b>	<b>52,683,211</b>	<b>52,730,524</b>	<b>57,604,667</b>
<b>Expenditures:</b>				
Salaries and benefits	44,973,080	44,784,659	45,219,529	43,078,383
Central garage	280,981	371,509	307,145	345,363
Maintenance and repairs	552,193	605,803	594,413	598,187
Rents and leases	42,893	48,938	58,090	36,466
Professional & other services	1,710,390	1,760,204	1,575,839	1,569,119
Claims paid	304,845	-	-	9,181
Supplies & utilities	1,892,760	1,613,477	1,470,763	1,327,702
<b>Total Expenditures</b>	<b>49,757,142</b>	<b>49,184,590</b>	<b>49,225,779</b>	<b>46,964,401</b>
Excess (deficiency) of revenues over (under) expenditures	2,238,371	3,498,621	3,504,745	10,640,266
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(3,324,517)	(3,646,523)	(3,458,232)	(2,562,314)
<b>Total other financing sources (uses)</b>	<b>(3,324,517)</b>	<b>(3,646,523)</b>	<b>(3,458,232)</b>	<b>(2,562,314)</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(1,086,146)	(147,902)	46,513	8,077,952
Beginning Fund Balance – July 1	34,279,457	33,193,311	33,045,409	33,091,922
Ending Fund Balance – June 30	<u>\$33,193,311</u>	<u>\$33,045,409</u>	<u>\$33,091,922</u>	<u>\$41,169,874</u>

Source: San Ramon Valley Fire Protection District, Department of Finance, Comprehensive Annual Financial Reports for Fiscal Years 2010-11 through 2013-14.

**Taxes and Other Revenues**

Taxes received by the District are listed in the table below. None of the general taxes currently imposed by the District are affected by Proposition 218. See “LIMITATIONS ON TAX REVENUES—California Constitution Article XIIC And Article XIID (Proposition 218).”

The following table sets forth tax revenues received by the District, by source:

**Table 4  
SAN RAMON VALLEY FIRE PROTECTION DISTRICT  
General Fund Tax Revenues by Source  
For Fiscal Years 2004 through 2014**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Revenue from other Agencies</u>	<u>Charges for Services</u>	<u>Use of Money and Property</u>	<u>Rents, Royalties &amp; Commissions</u>	<u>Other Revenues</u>	<u>Total</u>
2004	\$34,686,306	\$1,220,129	\$1,494,538	\$229,904	\$173,770	\$2,676	\$37,807,323
2005	37,844,880	841,812	1,750,852	406,677	139,418	678	40,984,317
2006	42,094,029	957,213	2,073,579	859,411	142,317	14,322	46,140,871
2007	48,521,551	731,532	2,128,641	1,789,342	132,366	21,980	53,325,412
2008	49,729,211	807,774	2,157,453	1,723,008	139,557	44,649	54,601,652
2009	51,335,992	1,309,954	2,499,826	638,353	157,865	25,894	55,967,884
2010	49,680,045	368,861	2,562,304	250,322	143,852	58,745	53,064,129
2011	49,184,817	3,054,056	2,425,597	152,454	159,877	36,058	55,012,859
2012	49,329,131	462,267	2,795,046	98,834	189,978	61,084	52,936,340
2013	48,507,266	1,874,007	2,353,658	58,256	322,020	418,080	54,433,287
2014	53,139,723	355,776	3,662,306	79,730	242,098	125,034	57,604,667

Source: San Ramon Valley Fire Protection District, Department of Finance.

**Property Taxes**

*General.* Property taxes represent the largest source of General Fund revenue. In the 2013-14 fiscal year, property taxes were 92.2% of total District revenues. It has also been the primary revenue source affected by voter initiatives and legislative actions. With approval of Proposition 13, property tax revenues were first curtailed almost 20 years ago when they were reduced by two-thirds and thereafter limited to 2% annual increases or the CPI, whichever was less.

*Assessed Valuation.* All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “LIMITATIONS ON TAX REVENUES,” below.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the

taxes. Unsecured property comprises all property not attached to land such as personal property or business property. Boats and airplanes are examples of unsecured property. Unsecured property is assessed on the unsecured roll.

*Assessed Valuations, Levies, Collections and Delinquencies.* The following tables show assessed valuations and tax levies, collections and delinquencies for fiscal years 2005-06 through 2014-15. Contra Costa County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), which apply to taxes levied for the District. Under the Teeter Plan, the County guarantees that the District will receive 100% of the taxes levied for it. Any delinquencies are borne by the County, which in return collects and retains all penalties and interest which accrue on the delinquent taxes. Consequently, the District’s tax receipts do not reflect any delinquencies.

**Table 5**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**Assessed Value of Taxable Property**  
**Fiscal Years 2005-06 through 2014-15**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005-06	\$27,329,344,797	\$381,584	\$447,249,007	\$27,776,975,388
2006-07	30,798,477,318	801,750	503,155,731	31,302,434,799
2007-08	33,325,977,071	488,449	537,112,855	33,863,578,375
2008-09	34,629,953,985	488,449	566,979,063	35,197,421,497
2009-10	33,999,908,443	1,645,966	545,889,815	34,547,444,224
2010-11	33,214,600,585	486,521	513,425,007	33,728,512,183
2011-12	33,301,067,929	1,279,399	514,027,979	33,816,375,307
2012-13	33,374,990,050	1,279,399	498,814,784	33,875,084,233
2013-14	35,398,665,984	1,279,399	538,281,086	35,938,226,469
2014-15	38,274,662,551	1,122,298	553,579,788	38,829,364,637

Source: Contra Costa County Auditor Controller.

**Table 6**  
**SAN RAMON VALLEY FIRE PROTECTION DISTRICT**  
**Top Twenty-Five Local Secured Taxpayers**  
**Fiscal Year 2014-15**

	<u>Property Owner</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total (1)</u>
1	Chevron USA Inc.	\$96,602,640	0.25%
2	AT&T Services Inc.	27,340,305	0.07
3	Comcast	27,289,905	0.07
4	Bank of the West	15,873,827	0.04
5	General Electric Company	15,816,656	0.04
6	Robert Half Internation Inc.	13,268,550	0.03
7	Toyota Motor Sales USA	12,592,329	0.03
8	Safeway Inc.	9,008,034	0.02
9	Bloom Energy 2009 PPA Project	8,331,463	0.02
10	24 Hour Fitness USA Inc.	5,408,981	0.01
11	Draegers Supermarkets Inc.	4,499,443	0.01
12	Comcast Corporation	4,480,161	0.01
13	JPMorgan Chase Bank NA	4,221,867	0.01
14	Primed MGM Consulting Services Inc.	3,822,294	0.01
15	Paychex North America Inc.	3,817,734	0.01
16	Costco Wholesale Corporation	3,749,095	0.01
17	Starbucks Corporation	3,737,639	0.01
18	Marriott Hotel Properties 11 LP	3,719,612	0.01
19	Symyx Solutions Inc.	3,507,204	0.01
20	ClubSport San Ramon	3,283,665	0.01
21	Union Bank of California NA	3,189,969	0.01
22	Blackhawk Country Club	3,019,503	0.01
23	Round Hill Enterprises	2,904,939	0.01
24	Shappell Industries Inc.	2,777,603	0.01
25	Five 9	2,751,358	0.01
		<u>\$285,014,776</u>	<u>0.74%</u>

Source: HdL, Coren & Cone.

(1) 2014-15 Local Secured Assessed Valuation: \$38,274,662,551.

### **Charges for Services**

Charges for services comprise approximately 6.4% of the District's 2014-15 general fund revenues. The major revenue source in this category is ambulance transport charges, which comprise 80.2% of charges received for services. (The District's medical calls receive a "First Responder" response, which requires staffing a paramedic on every unit during any 24-hour period.) Other revenues in this category include inspection fees, weed abatement charges, CPR classes, reports and photocopies, and other miscellaneous fees for services.

### **Outstanding General Fund Debt and Lease Obligations**

On December 19, 2013, the District entered into a Certificates of Participation financing in the amount of \$3,227,000 (the "2013 Certificates"), the proceeds of which were used to refinance the District's \$9,015,000 2003 Refunding Certificates of Participation. The 2013 Certificates are secured by the District's General Fund and mature on August 1, 2018. In March of 2006, the Prior Certificates were executed and delivered. The Prior Certificates will be prepaid in full from proceeds of the Certificates. In May of 2011, the District entered into a \$3,400,000 lease purchase agreement with JPMorgan Chase Bank to finance ambulances and fire engines. The lease payments are payable from lease payments to be made by the District,

secured by its General Fund. The JPMorgan lease term ends May 19, 2018. Other than the Certificates to be sold pursuant to this Official Statement, the 2003 Certificates and the JPMorgan lease, the District has no outstanding long-term indebtedness.

**Investments**

The funds of the District are (a) held in cash in banks, and (b) invested in the Local Agency Investment Fund (LAIF).

**District Retirement System**

*Contra Costa County Employee Retirement Association.* The District provides pension plan benefits to all qualified permanent and probationary District employees through a pension plan offered by the Contra Costa County Employee Retirement Association (the “Retirement Association”), which is a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. The Retirement Association provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefit provisions are established by State statute, as legislatively amended, and by County resolution. Benefits are based on years of credited service.

Funding contributions for the plan are determined annually on an actuarial basis by the Retirement Association. The District’s contributions during the prior four fiscal years are summarized as follows:

<u>Fiscal Year</u>	<u>Total Contribution</u>
2010-11	\$11,811,101
2011-12	11,131,763
2012-13	11,797,439
2013-14	11,282,351

For fiscal year 2014-15, the District has budgeted \$15,995,698 for contributions to the plan.

**Postemployment Health Care Benefits**

By Board resolution and through agreements with its labor units, the District provides certain other postemployment benefits (“**OPEB**”) for retired employees and their spouse and dependents under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below:

	<b>Miscellaneous</b>	<b>Safety</b>
Eligibility:	<ul style="list-style-type: none"> <li>- Full-time employees retire directly from District</li> <li>- Service ret: 50 &amp; 10 or 30 YOS</li> <li>- Service-connected disability ret: regardless of age or service</li> <li>- Service includes all 37 Act and CalPERS service</li> <li>- Participates in PEMHCA</li> </ul>	<ul style="list-style-type: none"> <li>- Full-time employees retire directly from District</li> <li>- Service ret: 50 &amp; 10 or 20 YOS</li> <li>- Service-connected disability ret: regardless of age or service</li> <li>- Service includes all 37 Act and CalPERS service</li> <li>- Participates in PEMHCA</li> </ul>
Medical Benefits:	<ul style="list-style-type: none"> <li>- District pays 100% of the medical premiums for retiree, spouse and dependents</li> <li>- Same as actives</li> </ul>	
Dental, Vision, Life & EAP:	<ul style="list-style-type: none"> <li>- Dental, Vision, EAP: District pays 25% of premium for retiree, spouse and dependents</li> <li>- Life: District pays 25% of premium for retiree only until age 65</li> </ul>	

As of June 30, 2014, approximately 297 participants were eligible to receive benefits.

In accordance with the District's budget, the annual required contribution (ARC) is to be funded throughout the years as a percentage of payroll. The District's net other postemployment obligation is liquidated primarily by the General Fund. The Board is a participant in the California Employers' Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer defined benefit postemployment health care plan, is administered by CalPERS, and is managed by an appointed board not under the control of the District's Board.

The following table shows the components of the District's annual OPEB obligation and actual contributions for fiscal year 2013-14 are presented below:

Annual Required Contribution	\$7,693,000
Interest on net OPEB obligation	954,064
Adjustment to annual required contribution	(694,013)
Annual OPEB cost (expense)	7,953,051
Contributions made:	
Contributions to OPEB Trust	520,469
District portion of current year premiums paid	1,818,859
Total Contributions	<u>2,339,328</u>
Increase in net OPEB obligation	<u>5,613,723</u>
Net OPEB obligation, June 30, 2012	20,085,567
Net OPEB obligation, June 30, 2013	<u>\$25,699,290</u>

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2014	\$7,953,051	2,339,328	29%	\$25,699,290
2013	7,442,792	1,816,302	24	20,085,567
2012	6,329,130	1,571,813	25	14,459,076

The Schedule of Funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets (A)</u>	<u>Entry Age</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability (B)</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(B-A)</u>	<u>Funded</u> <u>Ratio</u> <u>(A/B)</u>	<u>Covered</u> <u>Payroll (C)</u>	<u>Unfunded</u> <u>Actuarial</u> <u>Liability as</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>[(B-A)/C]</u>
1/1/07	\$0	\$48,231,000	\$48,231,000	0.00%	\$20,718,000	233%
1/1/09	0	56,146,000	56,146,000	0.00	21,391,000	262
6/30/11	4,309,000	78,785,000	74,476,000	5.47	21,231,690	370
7/1/13	5,639,092	57,897,374	52,258,282	9.70	18,830,055	278

In the July 1, 2013 actuarial valuation, the unprojected unit credit method was used and the District's UAAL was \$52,258,282. The actuarial assumptions included a 5.0% investment rate of return based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial 8.50% to an ultimate rate of 4.64%. The cost trend rate used for the Dental and Vision programs was 4.5%. The UAAL is being amortized at a level dollar method.

To address the unfunded OPEB liability, the District and its employees have developed a plan involving a combination of contributions and cost-savings measures. Employees and retirees currently pay 8% of their monthly health premium, subject to a cap on the monthly premium paid by the District. In exchange, the District has agreed that all savings associated with these changes (approximately \$520,000 in fiscal year 2013-14) will be used to pre-fund the OPEB trust fund. This is expected to both lower the unfunded liability and reduce the long-term cost of providing retiree medical benefits. The District has budgeted contributions of \$1 million into the OPEB trust fund for fiscal year 2014-15, which is \$2 million below the amount needed to to fully fund the ARC. Financial models employed by the District show OPEB contributions increasing by \$500,000 per year until the ARC is fully funded, and maintaining full funding of the ARC thereafter.

For a discussion of the actuarial assumptions with respect to the plan, see APPENDIX B—"AUDITED FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2014 – Note 9"

**Direct and Overlapping Debt**

Contained within the District are overlapping local agencies providing public services which have issued general obligation bonds and other types of indebtedness. Direct and overlapping bonded indebtedness is shown in the following table.

**Table 7  
SAN RAMON VALLEY FIRE PROTECTION DISTRICT  
Statement of Direct and Overlapping Debt  
as of January 1, 2015**

2014-15 Assessed Valuation: \$38,829,348,181

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 1/1/15</u>
Bay Area Rapid Transit District	6.925%	\$ 43,682,554
Chabot-Las Positas Community College District	0.641	2,732,109
Contra Costa Community College District	23.903	108,964,216
Livermore Valley Joint Unified School District	0.362	276,387
San Ramon Valley Unified School District	99.320	306,028,046
Acalanes Union High School District	0.007	14,567
Lafayette School District	0.025	3,201
East Bay Regional Park District	10.630	18,876,223
ABAG Windemere Ranch Community Facilities District No. 2004-2	100.000	38,167,956
Contra Costa County Community Facilities District No. 2001-1	100.000	5,200,000
ABAG Windemere Ranch 1915 Act Bonds	100.000	85,262,462
City and County 1915 Act Bonds (Estimate)	2.781-100.	744,223
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$609,951,944</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	24.197%	\$ 66,378,010
Contra Costa County Pension Obligation Bonds	24.197	62,549,245
Contra Costa Community College District Certificates of Participation	23.903	167,321
San Ramon Valley Unified School District General Fund Obligations	99.320	21,264,412
Town of Danville Certificates of Participation	100.000	8,605,000
City of San Ramon Certificates of Participation	100.000	11,345,000
City of San Ramon Pension Obligation Bonds	100.000	16,990,000
<b>San Ramon Valley Fire Protection District Certificates of Participation</b>	<b>100.000</b>	<b>10,601,000</b> (1)
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$197,899,988</b>
Less: Contra Costa County obligations supported from revenue funds		26,310,856
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>\$171,589,132</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		
	100. %	\$74,821,570
 <b>GROSS COMBINED TOTAL DEBT</b>		
		<b>\$882,673,502</b> (2)
<b>NET COMBINED TOTAL DEBT</b>		
		<b>\$856,362,646</b>

(1) Excludes Certificates to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	1.57%
<b>Total Direct Debt (\$10,601,000) .....</b>	<b>0.03%</b>
Gross Combined Total Debt.....	2.27%
Net Combined Total Debt.....	2.21%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,187,807,082):

Total Overlapping Tax Increment Debt .....	6.30%
--	-------

Source: California Municipal Statistics, Inc.

## LIMITATIONS ON TAX REVENUES

There are a number of provisions in the State Constitution that limit the ability of the District to raise and expend tax revenues.

### Property Tax Rate Limitations - Article XIII A

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-third of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. The District's spending limit far exceeds the appropriation limit.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

*Legislation Implementing Article XIII A.* Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as \$4 per \$100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

## **Appropriation Limitation - Article XIII B**

On November 6, 1979, the voters of the State approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the State Constitution. On June 5, 1990, the voters approved Proposition 111, which amended Article XIII B in certain respects. Under Article XIII B, as amended, state and local government entities each have an annual "appropriations limit" which limits the ability to spend certain monies which are called "appropriations subject to limitation" (consisting of most tax revenues and certain state subventions, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of monies which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by two thirds of the voters. The "appropriations limit" is adjusted annually for changes in the cost of living and in population, for transfers in the financial responsibility for providing services, and in the case of certain declared emergencies. If an entity receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the entity's governing board, increase its appropriations limit to equal that amount (provided that the State has excess appropriations limit of its own in that fiscal year). The District's appropriations limit for fiscal year 2014-15 is \$135,118,007, which is more than twice the District's annual fund budget of \$53,700,000.

## **California Constitution Article XIII C and Article XIII D (Proposition 218)**

On November 5, 1996, California voters approved Proposition 218-Voter Approval for Local Government Taxes-Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. With the exception of fees imposed for ambulance transport and plan check fees, the District does not impose any such taxes, assessments, fees or charges; and, with the exception of the basic one percent ad valorem property tax levied and collected by the County pursuant to Article XIII A of the California Constitution, a portion of which is allocated to the District, no such taxes, assessments, fees or charges are imposed on behalf of the District. Accordingly, while the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District, the District does not believe that Proposition 218 will directly impact the revenues available to it to make the Lease Payments required pursuant to the Lease Agreement.

## **Future Initiatives**

From time to time other initiative measures could be adopted, further affecting the District's finances or the District's ability to raise or expend revenues.

## **State Budgets**

The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

*The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District nor the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.*

*The Budget Process.* The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

*Recent State Budgets.* Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to internet websites shown below are shown for reference and convenience only; the information contained within the websites has not been reviewed by the District and is not incorporated herein by reference.

The California State Treasurer's Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading "Bond Information," posts various State Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

The California State Treasurer's Internet home page at [www.treasurer.ca.gov](http://www.treasurer.ca.gov), under the heading "Financial Information," posts the State's audited financial statements. In addition, the "Financial Information" section includes the State's Rule 15c2-12 filings for State bond issues. The "Financial Information" section also includes the "Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation" from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

The California Department of Finance's Internet home page at [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget," includes the text of proposed and adopted State Budgets.

The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at [www.lao.ca.gov](http://www.lao.ca.gov) under the heading "Products."

## **RISK FACTORS**

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates.

### **No Pledge of Taxes**

The obligation of the District to pay the Lease Payments and Additional Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Corporation, the District, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its budget for all Lease Payments and Additional Payments. The District is currently liable on other obligations payable from general revenues, including certificates of participation which are described above under "DISTRICT FINANCES— Outstanding General Fund Debt and Lease Obligations."

Certain fees and charges presently imposed by the District could be subject to the voter approval requirements of Article XIIC and Article XIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The District has assessed the potential impact on its financial condition of the provisions of Article XIIC and Article XIID of the State Constitution respecting the imposition and increase of fees and charges and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees and charges would substantially affect its financial condition.

### **Additional Obligations of the District**

The District is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the Certificates. To the extent that additional obligations are incurred by the District, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Property, taxes and other

governmental charges levied against the Leased Property) are payable from funds lawfully available to the District. If the amounts which the District is obligated to pay in a fiscal year exceed the District's revenues for such year, the District may choose to make some payments rather than making other payments, including Lease Payments and Additional Payments, based on the perceived needs of the District.

**Default**

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. **THERE IS NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE LEASE PAYMENTS OR OTHERWISE DECLARE ANY LEASE PAYMENTS NOT THEN DUE OR PAST DUE TO BE IMMEDIATELY DUE AND PAYABLE. NEITHER THE CORPORATION NOR THE TRUSTEE HAS ANY RIGHT TO RE-ENTER OR RE-LET THE LEASED PROPERTY EXCEPT FOLLOWING THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT UNDER THE LEASE AGREEMENT.** Following an event of default, the Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the District or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Property for the purpose of taking possession of any portion of the Leased Property and to re-let the Leased Property and, in addition, at its option, with or without such entry to terminate the Lease Agreement as described therein. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease Agreement.”

No assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Property.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The District will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against municipalities in California, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

**No Rental Interruption Insurance**

Under the Lease, the District will bear the risk of any damage to or destruction of the Leased Property and will be solely responsible to provide insurance against such damage or destruction. Although funds from the Reserve Fund or other funds and accounts established under the Trust Agreement may be available to make debt service payments on the Certificates in the event of damage or destruction to the Leased Property, the District is not required under the Lease to maintain rental interruption insurance and there could be insufficient funds to make

payments to Owners in full. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Termination and Abatement.”

**Loss of Tax Exemption**

As discussed under the heading “TAX MATTERS,” certain acts or omissions of the District in violation of its covenants in the Trust Agreement and the Lease Agreement could result in the interest represented by the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain Outstanding.

**State Budget**

In July 1992, the State Legislature enacted legislation which, among other things, reallocated funds from certain taxing entities to school districts by shifting a portion of each entity’s property tax revenues to school districts for such fiscal years, for deposit in the State’s educational revenue augmentation funds (“**ERAF**”). ERAF shifts result in reductions to the District’s revenues in each fiscal year. The District’s ERAF shift for fiscal year 2013-14 was \$1,727,372.

The District cannot predict whether the State Legislature or the voters will enact legislation in future years requiring further shifts of property taxes to the State or to schools, whether through an arrangement similar to ERAF or by any other arrangement, or requiring other shifts in District revenue sources.

**Property Taxes**

**Levy and Collection.** The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District’s property tax revenues, and accordingly, could have an adverse impact on the ability of the District to make Lease Payments. The County has adopted the Teeter Plan, which guarantees that the District will receive 100% of the taxes levied for it. Should the County eliminate the Teeter Plan, delinquencies in the payment of property taxes could have an adverse effect on the District’s ability to pay principal and interest with respect to the Certificates when due.

**Reduction in Inflationary Rate.** As described in greater detail above, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

This measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates that were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation eight times:

Fiscal Year 1983-84	1.000%
Fiscal Year 1995-96	1.190%
Fiscal Year 1996-97	1.110%
Fiscal Year 1999-00	1.850%
Fiscal Year 2004-05	1.867%
Fiscal Year 2009-10	-0.240%
Fiscal Year 2010-11	0.750%
Fiscal Year 2012-13	0.454%

**Appeals of Assessed Values.** There are two types of appeals of assessed values that could adversely impact property tax revenues:

*Proposition 8 Appeals.* Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIII A of the California Constitution – Litigation Regarding 2% Limitation."

**Base Year Appeals.** A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the District's property tax revenues.

## **Earthquakes**

Like many areas of California, the District is subject to seismic activity. There are known fault splays beneath the District, and the District could be at risk from strong ground motion from a number of nearby seismically active faults. The District is obligated under the Lease Agreement to maintain earthquake insurance on the Leased Property only if available at reasonable cost from reputable insurers in the reasonable opinion of the District. The Calaveras Fault is a major fault located in the District and has been designated as a Special Study Zone pursuant to the Alquist-Priolo Special Study Zones Act. The Hayward, Clayton-Marsh Creek-Greenville, San Andreas, Dublin and Bollinger Faults traverse portions of the District. These smaller faults are capable of producing significant ground shaking in the District. None of the fire stations comprising the Leased Property are located in the Alquist Priolo Study Area. The District does not currently maintain earthquake insurance. See “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES—Insurance.”

## **Wildfire Hazards**

The Town of Danville has many acres of woodlands, grasslands and chaparral areas, which create a wildfire hazard during the summer and fall dry seasons. The northwestern corner of the City of San Ramon and certain areas of communities of Alamo, Blackhawk, Diablo, the Morgan Territory and Tassajara Valley have steep woodland slopes and grassy hills creating high to extreme hazards. None of the fire stations comprising the Leased Property are located in a Very High Fire Severity Zone.

## **Limitations on Remedies; Bankruptcy**

The rights of the owners of the Certificates are subject to the limitations on legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the District's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State. Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See “RISK FACTORS—Default.”

## **THE CORPORATION**

The Corporation was incorporated in June of 1989 as a nonprofit public benefit corporation under the laws of California. The Corporation has been formed for the purpose of providing financial assistance to the District in financing capital improvement projects. The members of the District Board of Directors serve as the governing board of the Corporation. The Fire Chief of the District serves as Executive Director of the Corporation.

## **TAX MATTERS**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however, to the qualifications set forth below, under existing law, the interest evidenced and represented by the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the execution and delivery of the Certificates in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of execution and delivery of the Certificates.

If the initial offering price to the public (excluding bond houses and brokers) at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State personal income taxes. De minimis original issue discount is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of the Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Certificates under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date.) The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates.) Amortized premium is not deductible for federal income tax purposes. Owners of Premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State personal income tax and federal income tax consequences of owning such Certificates.

In the further opinion of Special Counsel, the interest evidenced and represented by the Certificates is exempt from California personal income taxes.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest represented by the Certificates may have federal or state tax consequences other than as described above. Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates other than as expressly described above.

The form of Special Counsel's Opinion with respect to the Certificates is attached hereto as APPENDIX D.

## **VERIFICATION OF MATHEMATICAL ACCURACY**

The Verification Agent will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to it on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Certificates and other funds available to pay, when due, the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the 2006 Certificates, and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the 2006 Certificates and on the Certificates considered by Special Counsel in connection with the opinion rendered by Special Counsel that the Certificates are not "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

## **FINANCIAL STATEMENTS OF THE DISTRICT**

Attached as APPENDIX B are the audited financial statements of the District as of and for the year ended June 30, 2014, of Vavrinek, Trine, Day & Company, LLP, Certified Public Accountants, Pleasanton, California (the "Auditor"). Such audited financial statements have been included in this Official Statement in reliance upon the report of the Auditor. The Auditor has not undertaken to update the audited financial statements of the District or its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement.

## **PROFESSIONALS INVOLVED IN THE OFFERING**

Certain legal matters incident to the authorization, sale, execution and delivery of the Certificates are subject to the approval of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, as disclosure counsel. Certain legal matters will be passed upon for the District and the Corporation by William D. Ross, Esq., Palo Alto, California, counsel to the District and the Corporation.

Compensation of the Underwriter, Special Counsel and Disclosure Counsel is contingent upon the execution and delivery of the Certificates.

## **LITIGATION**

To the best knowledge of the District there is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates, the Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement or any other document relating to the Certificates, or in any way contesting or affecting the validity of the foregoing.

## **RATING**

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "Aa2" to the Certificates.

Such rating reflects only the views of this rating agency and any desired explanation of the significance of such rating should be obtained from Moody's.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

## **UNDERWRITING**

The Certificates have been purchased by Brandis Tallman LLC, as the Underwriter. Pursuant to a purchase agreement by and between the Underwriter and the District (the "Purchase Agreement"), the Underwriter has agreed to purchase the Certificates from the District at a purchase price of \$13,060,188.75 (equal to the principal amount of the Certificates, plus a net original issue premium of \$1,122,248.75 and less an Underwriter's discount of \$72,060.00). The Purchase Agreement provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.



[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX A

### ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT CONTRA COSTA COUNTY, THE CITY OF SAN RAMON AND THE TOWN OF DANVILLE

*The following information concerning Contra Costa County, the City of San Ramon and the Town of Danville is included only for the purpose of supplying general information regarding the area of the District. The majority of the District is located in unincorporated portions of Contra Costa County.*

*The Certificates are not a debt of the City of San Ramon, the Town of Danville, the County, the State or any of its political subdivisions, and neither the City of San Ramon, the Town of Danville, the County, the State nor any of its political subdivisions is liable therefor.*

#### **San Ramon**

The City of San Ramon is located in Contra Costa County (the "County") approximately 20 miles east of the City of San Francisco and across the San Francisco Bay. The estimated population of the City as of January 1, 2014 is 77,270. The City was incorporated in 1983 under the general laws of the State and by election in 1997 converted to a Charter City. The City has a council-manager form of government. There are five Council Members who serve overlapping terms of four years, and the Council, in turn, selects one of the Council Members to serve as Mayor for one year. The legislative body selects a City Manager to administer the affairs of the City. The City provides police services, highway and street maintenance, building and safety inspection, parks/culture/recreation, public improvements, planning and zoning, and general administrative services.

#### **Danville**

The Town of Danville is located in the County approximately 30 miles east of the City of San Francisco and across the San Francisco Bay. The estimated population of the Town as of January 1, 2014 is 43,146. The Town was incorporated in 1982 under the general laws of the State. The Town has a council-manager form of government. There are five Council Members who serve overlapping terms of four years, and the Council, in turn, selects one of the Council Members to serve as Mayor for one year. The legislative body selects a Town Manager to administer the affairs of the Town.

**Population**

The following table lists population figures the Town of Danville (“Danville”), the City of San Ramon (“San Ramon”), the County and the State for the last five calendar years.

**DANVILLE AND SAN RAMON,  
CONTRA COSTA COUNTY  
AND STATE OF CALIFORNIA  
Population Estimates as of January 1  
Calendar Years 2010 through 2014**

<u>Year</u>	<u>City of Danville</u>	<u>City of San Ramon</u>	<u>Contra Costa County</u>	<u>State of California</u>
2010	42,067	71,788	1,047,948	37,223,900
2011	42,217	73,111	1,056,306	37,427,946
2012	42,450	74,378	1,065,117	37,678,563
2013	42,783	76,429	1,076,429	37,984,138
2014	43,146	77,270	1,087,008	38,340,074

*Source: State of California, Department of Finance.*

**Commerce**

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. The following charts show retail sales within Danville, San Ramon and the County by type of business for the years indicated.

A summary of historic taxable sales within the Town of Danville during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2013 in the Town of Danville were reported to be \$216,402,000, a 2.65% decrease under the total taxable sales of \$222,295,000 reported during the first two quarters of calendar year 2012. Data for calendar year 2013 is not yet available.

**TOWN OF DANVILLE  
Taxable Transactions  
(In Thousands)**

	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2008	650	367,970	1,268	413,910
2009 <sup>(1)</sup>	824	349,039	1,199	381,707
2010 <sup>(1)</sup>	857	361,587	1,253	394,783
2011 <sup>(1)</sup>	828	395,934	1,235	430,542
2012 <sup>(1)</sup>	874	415,423	1,266	456,620

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”  
*Source: California State Board of Equalization*

A summary of historic taxable sales within the City of San Ramon during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2013 in the City of San Ramon were reported to be \$402,814,000, a 7.82% increase over the total taxable sales of \$373,584,000 reported during the first two quarters of calendar year 2012. Data for calendar year 2013 is not yet available.

**CITY OF SAN RAMON  
Taxable Transactions  
(In Thousands)**

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	724	\$ 520,749	1,545	\$756,493
2009 <sup>(1)</sup>	877	463,396	1,442	637,884
2010 <sup>(1)</sup>	921	481,381	1,486	663,164
2011 <sup>(1)</sup>	881	507,090	1,444	725,094
2012 <sup>(1)</sup>	901	538,555	1,468	754,934

(1) Not comparable to prior years. "Retail" category now includes "Food Services."  
 Source: California State Board of Equalization

A summary of historic taxable sales within the County of Contra Costa during the past five years in which data is available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2013 in the County were reported to be \$6,909,877,000, a 1.68% increase over the total taxable sales of \$6,795,607,000 reported during the first two quarters of calendar year 2012. Data for calendar year 2013 is not yet available.

**CONTRA COSTA COUNTY  
Taxable Transactions  
(In Thousands)**

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	11,577	\$9,484,307	23,149	\$13,307,681
2009 <sup>(1)</sup>	14,045	8,473,578	21,395	11,883,049
2010 <sup>(1)</sup>	14,423	8,716,393	21,784	11,953,846
2011 <sup>(1)</sup>	13,930	9,300,418	21,153	12,799,857
2012 <sup>(1)</sup>	14,343	10,062,437	21,504	13,997,249

(1) Not comparable to prior years. "Retail" category now includes "Food Services."  
 Source: California State Board of Equalization

**Employment and Industry**

The County is part of the Oakland-Fremont-Hayward Metropolitan Division. The unemployment rate in the Metropolitan Division was 5.7% in November 2014, unchanged from a revised 5.7% in October 2014, and below the year-ago estimate of 6.8%. This compares with an unadjusted unemployment rate of 7.1% for California and 5.6% for the nation during the same period. The unemployment rate was 5.6% in Alameda County, and 5.7% in Contra Costa County.

The following table summarizes the annual average civilian labor force, employment and unemployment in the County for the calendar years 2009 through 2013.

**CONTRA COSTA COUNTY  
Civilian Labor Force, Employment and Unemployment  
(Annual Averages)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Civilian Labor Force <sup>(1)</sup>	525,100	524,200	529,200	535,700	538,900
Employment	471,700	465,900	474,300	487,800	499,100
Unemployment	53,400	58,300	54,800	48,000	39,800
Unemployment Rate	10.2%	11.1%	10.4%	9.0%	7.4%
<u>Wage and Salary Employment:</u> <sup>(2)</sup>					
Agriculture	800	700	800	800	1,000
Mining, Logging and Construction	21,200	18,300	17,800	19,700	21,600
Manufacturing	18,700	18,300	17,400	17,400	15,800
Wholesale Trade	7,700	7,600	7,900	8,200	8,600
Retail Trade	41,200	40,400	40,500	41,200	41,000
Transportation, Warehousing, Utilities	8,300	8,000	8,100	8,100	8,500
Information	10,400	9,600	9,000	8,400	8,500
Finance and Insurance	19,400	19,200	18,700	19,000	18,700
Real Estate and Rental and Leasing	6,200	6,200	6,100	6,300	6,600
Professional and Business Services	45,900	43,800	45,900	48,000	51,300
Educational and Health Services	52,900	53,000	53,500	55,700	58,700
Leisure and Hospitality	31,200	31,300	32,300	33,500	35,700
Other Services	11,700	11,800	12,400	12,400	12,100
Federal Government	6,600	5,300	4,800	4,600	4,400
State Government	1,100	1,200	1,200	1,200	1,300
Local Government	43,700	42,800	41,800	42,100	42,400
Total, All Industries <sup>(3)</sup>	326,600	317,200	318,100	326,600	336,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department.

## Major Employers

The following table lists the largest employers within the County.

### COUNTY OF CONTRA COSTA Largest Employers As of June 2014

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
AAA Northern Ca Nevada & Utah	Walnut Creek	Automobile Clubs
BART	Richmond	Transit Lines
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc	Hercules	Biological Products (Mfrs)
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream Llc	San Ramon	Marketing Programs & Services
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department of Veterans Affairs	Martinez	Clinics
Doctors Medical Ctr	San Pablo	Hospitals
John Muir Health Physical Rhb	Concord	Physical Therapists
John Muir Medical Ctr	Concord	Hospitals
John Muir Medical Ctr	Walnut Creek	Hospitals
Kaiser	Martinez	Clinics
Kaiser Permanente	Antioch	Hospitals
Kaiser Permanente	Walnut Creek	Hospitals
La Raza Market	Richmond	Grocers-Retail
Muirlab	Walnut Creek	Laboratories-Medical
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Oil Products	Martinez	Oil & Gas Producers
St Marys College	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
Va Outpatient Clinic	Martinez	Surgical Centers

*Source: State of California Employment Development Department. America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.*

**Construction Activity**

The following chart shows the total number of residential building permits issued by Danville and San Ramon, as well as Contra Costa County, and the value of those permits for calendar years 2008 through 2012. Figures are not yet available for calendar year 2013.

**TOWN OF DANVILLE  
Total Building Permit Valuations  
(valuations in thousands)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$7,298.4	\$4,410.9	\$15,126.3	\$8,156.8	\$30,928.2
New Multi-family	0.0	6,392.7	1,570.6	1,585.2	0.0
Res. Alterations/Additions	<u>22,012.5</u>	<u>15,314.4</u>	<u>20,922.8</u>	<u>27,986.0</u>	<u>19,046.2</u>
Total Residential	29,310.9	26,118.0	37,689.8	37,728.0	\$49,974.4
New Commercial	1,100.0	0.	0.0	674.6	2,605.8
 		0			
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	654.1	1,768.1	1,987.0	0.0	0.0
Com. Alterations/Additions	<u>12,670.2</u>	<u>5,753.9</u>	<u>8,943.8</u>	<u>9,222.0</u>	<u>4,233.0</u>
Total Nonresidential	14,424.3	7,522.1	10,930.8	9,896.6	6,838.8
<u>New Dwelling Units</u>					
Single Family	35	6	19	13	43
Multiple Family	<u>0</u>	<u>34</u>	<u>4</u>	<u>4</u>	<u>0</u>
TOTAL	35	40	23	17	43

**CITY OF SAN RAMON  
Building Permit Valuation  
(Valuation in Thousands of Dollars)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$ 652.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 901.7
New Multi-family	0.0	0.0	5,223.3	0.0	0.0
Res. Alterations/Additions	<u>14,550.4</u>	<u>6,993.8</u>	<u>9,440.6</u>	<u>15,417.1</u>	<u>10,224.6</u>
Total Residential	15,202.5	6,993.8	15,663.9	14,417.1	11,126.3
New Commercial	2,571.0	1,972.0	1,340.0	693.1	11,729.3
New Industrial	0.0	0.0	0.0	0.0	84.8
New Other	4,023.5	2,976.6	3,663.6	171.0	30.0
Com. Alterations/Additions	<u>32,436.2</u>	<u>32,024.4</u>	<u>23,554.1</u>	<u>25,495.2</u>	<u>36,576.8</u>
Total Nonresidential	39,030.7	36,973.0	35,906.1	26,359.3	48,420.9
<u>New Dwelling Units</u>					
Single Family	3	0	3	0	2
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	3	0	3	0	2

Source: Construction Industry Research Board, Building Permit Summary.

**CONTRA COSTA COUNTY**  
**Total Building Permit Valuations**  
**(Valuation in thousands)**

<u>Permit Valuation</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
New Single-family	\$300,088.7	\$300,363.3	\$237,458.0	\$211,417.9	\$340,255.7
New Multi-family	132,824.8	34,119.3	106,555.4	47,304.2	54,884.8
Res. Alterations/Additions	<u>229,023.3</u>	<u>170,149.7</u>	<u>209,044.4</u>	<u>233,174.2</u>	<u>179,471.7</u>
Total Residential	661,936.8	504,632.3	553,057.8	491,896.3	574,612.2
New Commercial	108,228.4	49,992.0	38,093.5	17,587.4	97,077.8
New Industrial	60,376.2	11,530.0	29,619.4	7,188.0	7,000.8
New Other	66,511.1	39,878.8	47,510.7	15,542.3	13,999.9
Com. Alterations/Additions	<u>224,816.8</u>	<u>212,900.7</u>	<u>170,193.8</u>	<u>214,585.0</u>	<u>124,147.5</u>
Total Nonresidential	459,932.5	314,301.4	285,417.4	254,902.7	242,226.0
<u>New Dwelling Units</u>					
Single Family	985	1,038	809	718	1,188
Multiple Family	<u>909</u>	<u>163</u>	<u>890</u>	<u>355</u>	<u>949</u>
TOTAL	1,894	1,201	1,699	1,073	2,137

*Source: Construction Industry Research Board, Building Permit Summary.*

**Effective Buying Income**

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City of San Ramon, the Town of Danville, the County, the State and the United States for the period 2008 through 2012.

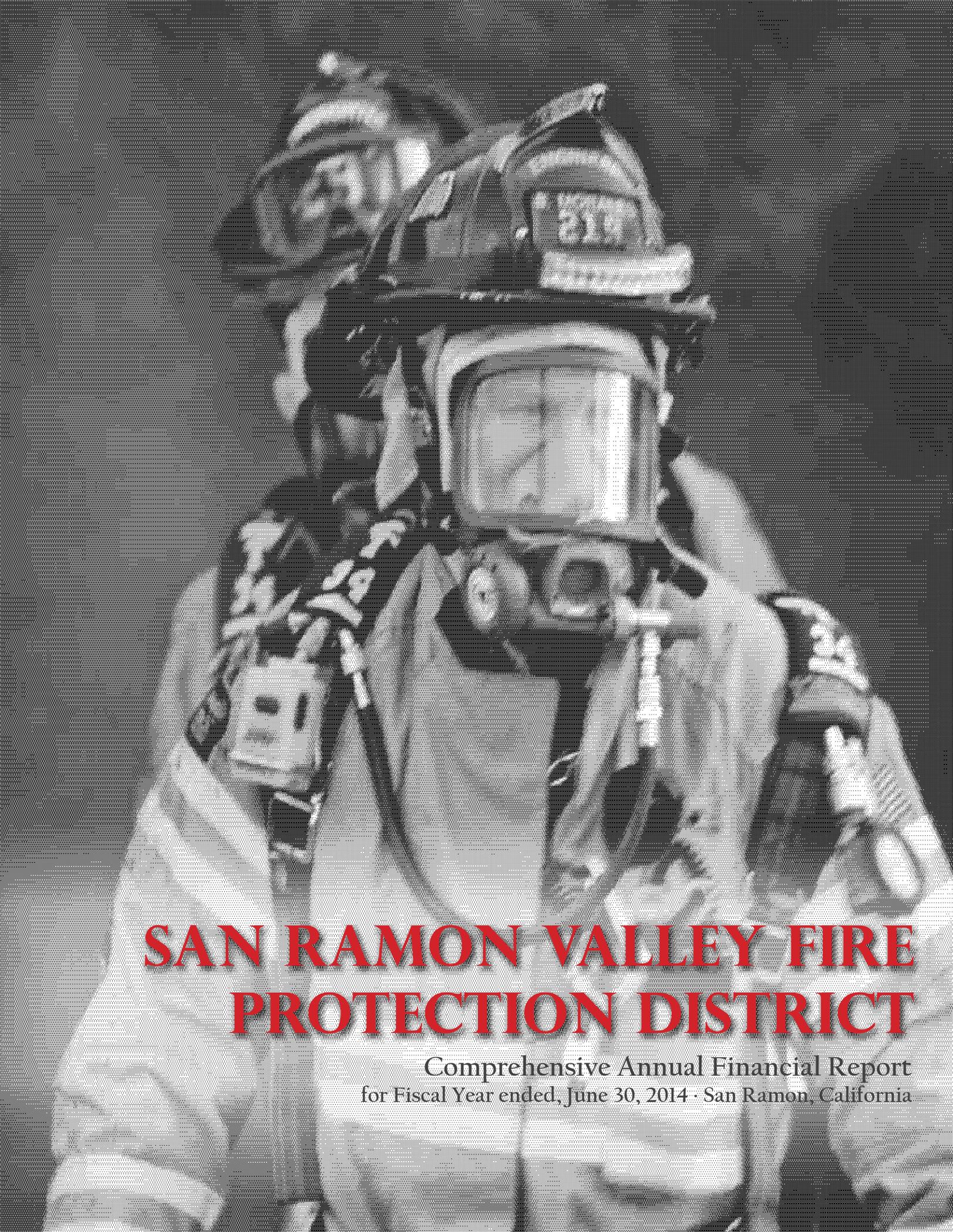
**TOWN OF DANVILLE, CITY OF SAN RAMON, COUNTY OF CONTRA COSTA  
CALIFORNIA AND THE UNITED STATES  
Effective Buying Income  
As of January 1, 2008 through 2012**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	Town of Danville	\$2,282,338	\$103,035
	City of San Ramon	2,143,678	88,773
	Contra Costa County	30,737,690	61,903
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Town of Danville	\$2,328,535	\$104,530
	City of San Ramon	2,120,800	90,894
	Contra Costa County	31,197,703	64,213
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Town of Danville	\$1,841,745	\$97,508
	City of San Ramon	1,911,123	85,960
	Contra Costa County	30,049,698	61,031
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Town of Danville	\$2,066,078	\$96,157
	City of San Ramon	1,841,638	84,853
	Contra Costa County	30,416,350	60,777
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	Town of Danville	\$2,280,373	\$94,416
	City of San Ramon	3,334,168	91,429
	Contra Costa County	33,604,875	61,167
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

*Source: Source: The Nielsen Company (US), Inc.*

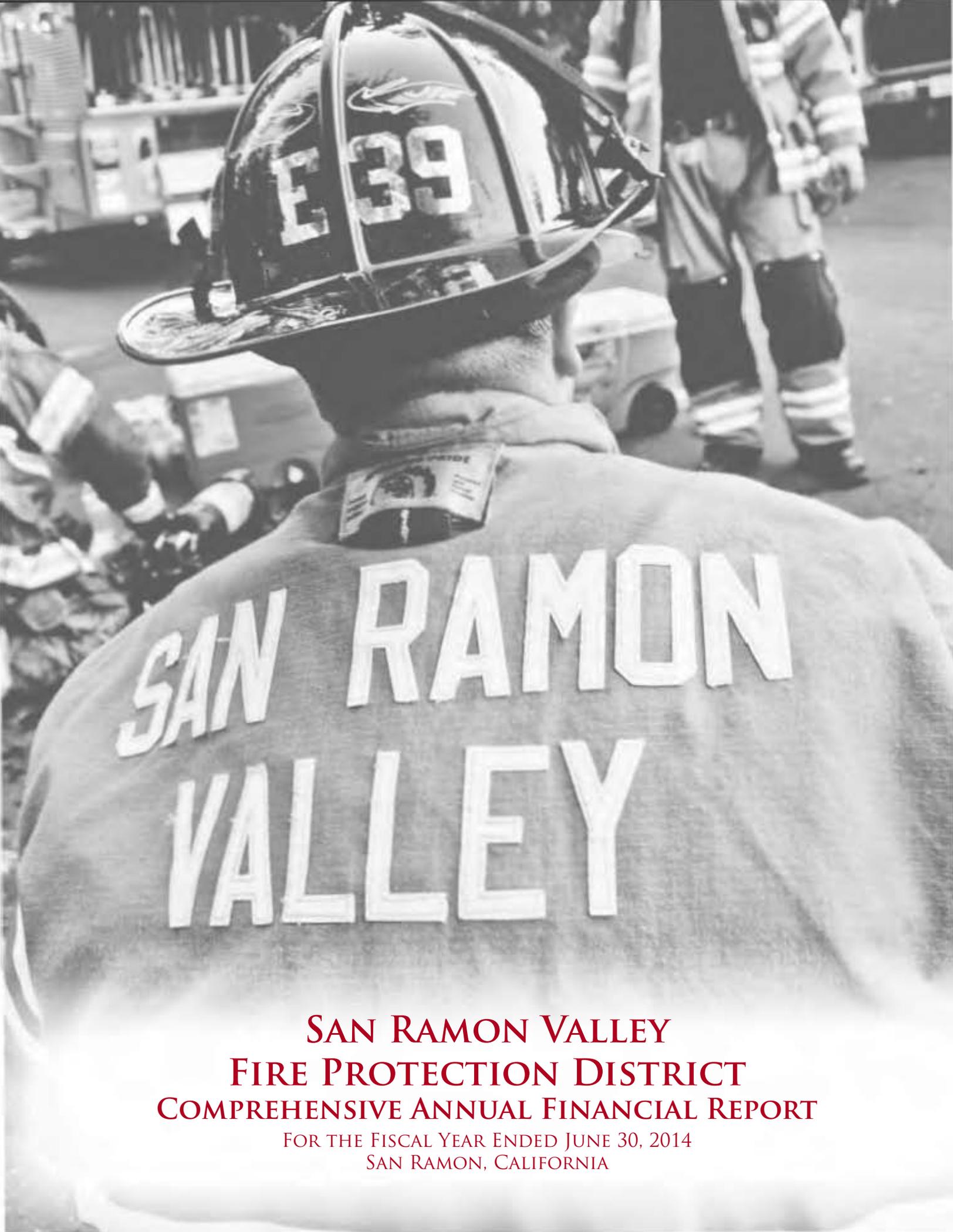
**APPENDIX B**  
**AUDITED FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

[THIS PAGE INTENTIONALLY LEFT BLANK]



# **SAN RAMON VALLEY FIRE PROTECTION DISTRICT**

Comprehensive Annual Financial Report  
for Fiscal Year ended, June 30, 2014 · San Ramon, California



**SAN RAMON VALLEY  
FIRE PROTECTION DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
SAN RAMON, CALIFORNIA

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Directory of Officials .....	iii
Organizational Chart .....	iv
District Map .....	vi
Stations and Facilities .....	viii
Letter of Transmittal .....	x
Certificate of Achievement .....	xxvii

## FINANCIAL SECTION

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3

### Basic Financial Statements

#### Governmental-wide Financial Statements

Statement of Net Position .....	14
Statement of Activities .....	15

#### Fund Financial Statements

##### Governmental Funds

Balance Sheet .....	17
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances .....	19
Reconciliation of the Net Change in Fund Balances-Total Governmental Funds with Statement of Activities .....	20

##### Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund .....	21
Special Revenue - San Ramon Valley Fire Community Fund	24
Fiduciary Fund	
Statement of Fiduciary Net Position .....	25
Notes to Basic Financial Statements .....	26

### Supplemental Information

#### *Major Governmental Funds, Other than the General Fund or Special Revenue Fund*

##### Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Federal Grant Capital Projects Fund .....	46
Capital Project Fund .....	47
Capital Projects - Equipment	
Replacement Fund .....	48
Debt Service Fund .....	49
Agency Fund	
Statement of Changes in Assets and Liabilities .....	50

# TABLE OF CONTENTS

## STATISTICAL SECTION

Net Position by Component - Last Ten Fiscal Years .....	53
Changes in Net Position - Last Ten Fiscal Years .....	54
Fund Balances of Governmental Funds - Last Ten Fiscal Years .....	55
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years .....	56
General Expenditures by Function - Last Ten Fiscal Years .....	58
General Revenues by Source .....	59
Assessed Value of Taxable Property - Last Ten Fiscal Years .....	60
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years .....	61
Property Tax Levies and Collections - Last Ten Fiscal Years .....	62
Property Tax Rates All Overlapping Governments - Last Ten Fiscal Years .....	63
Principal Property Taxpayers - Current Year and Ten Years Ago .....	64
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years .....	65
Computation of Direct and Overlapping Debt .....	66
Computation of Legal and Bonded Debt Margin .....	67
Demographic Statistics - Last Ten Fiscal Years .....	68
Demographic and Economic Statistics - Last Ten Fiscal Years .....	69
Principal Employers .....	70
Summary of District Activities .....	71
Comparative Annual Graph - Total Responses .....	72
Standards of Cover Policy Compliance Report .....	73
Emergency Response Detail Analysis .....	75
Emergency Response Graph .....	77
Call Frequency Analysis .....	78
Mutual Aid Fire Responses .....	80
Training Hours for Suppression Personnel .....	81
Service Connected Illness/Injury Report .....	82
Operating Indicators By Function - Last Ten Fiscal Years .....	83
Staffing Summary - Last Seven Years .....	84



# SAN RAMON VALLEY FIRE PROTECTION DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### DIRECTORY OF OFFICIALS

#### Board of Directors

Glenn W. Umont  
President

H. Jay Kerr  
Vice President

Gordon Dakin  
Director

Jennifer G. Price  
Director

Matthew J. Stamey  
Director

#### Principal Staff

Paige Meyer  
Fire Chief

Kenneth R. Campo, CPA  
Interim Chief Financial Officer

Susan F. Brooks  
District Clerk

Martin Koran  
Controller

Lon Phares  
Deputy Chief Operations

Steve Call  
Technology Systems Manager

Derek Krause  
Deputy Chief EMS/Logistics

Denise Pangelinan  
Communications Center Manager

Christina Kiefer  
Fire Marshal

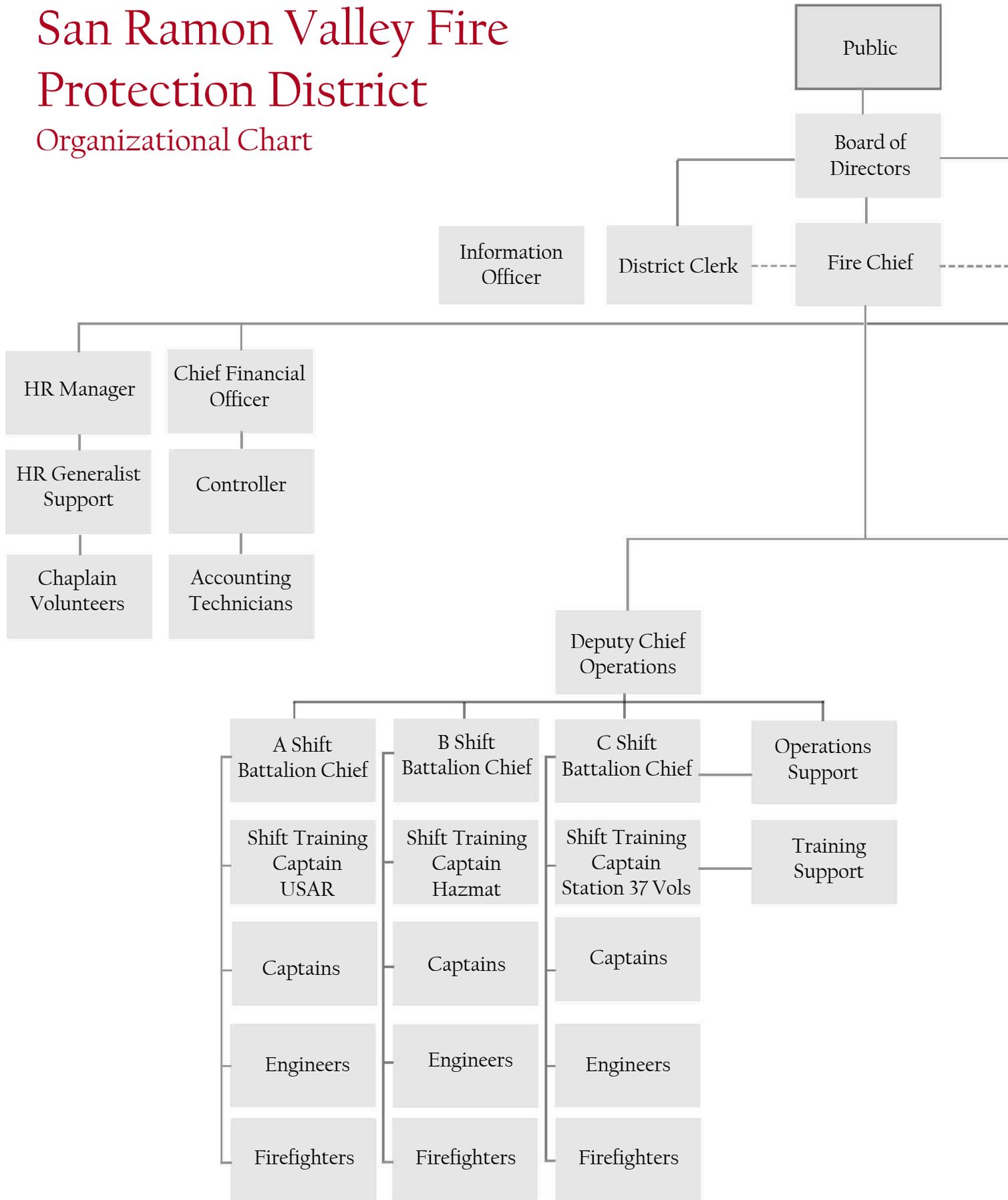
John Duggan  
Battalion Chief

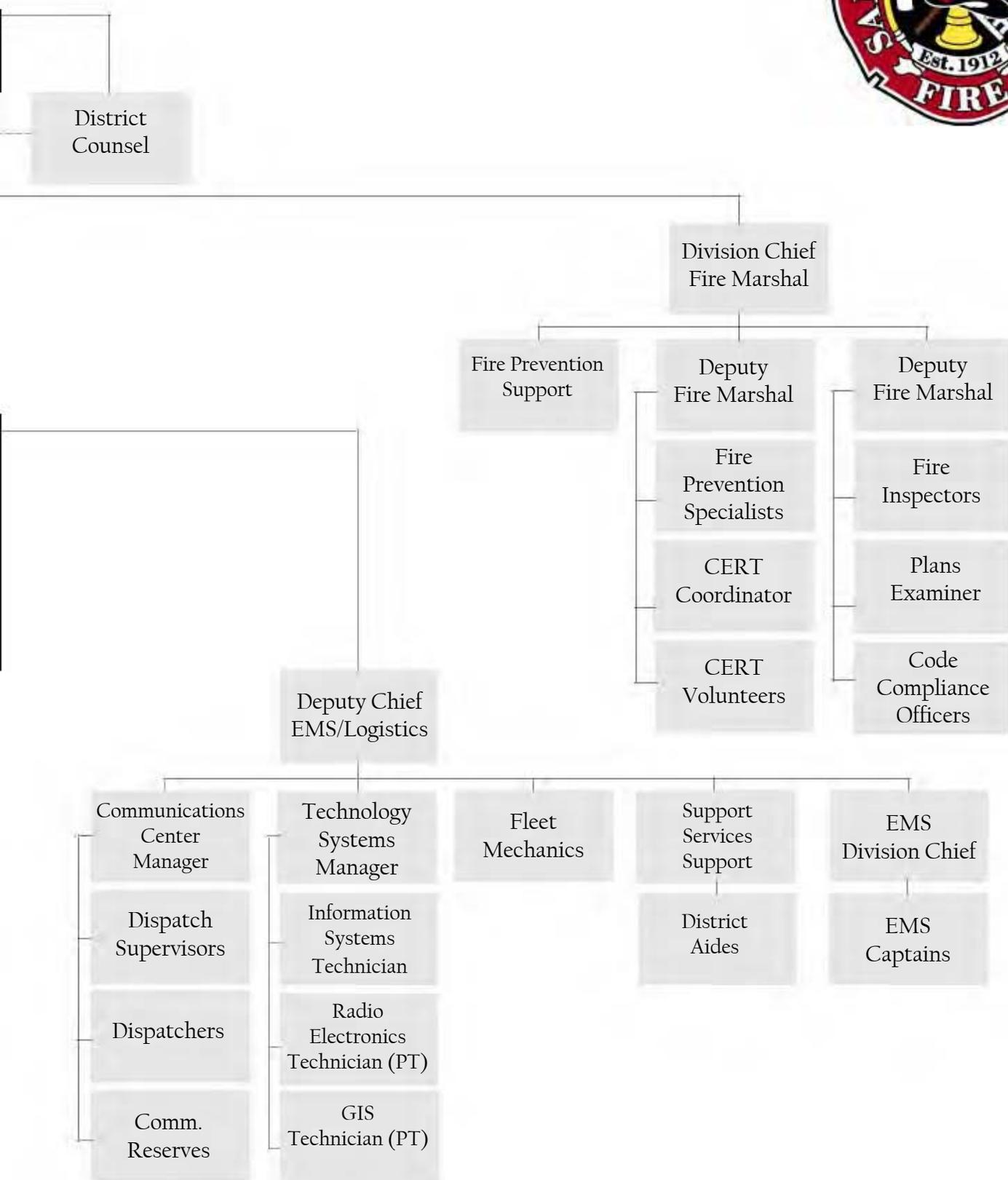
Daniel McNamara  
Battalion Chief

John E. Viera  
Battalion Chief

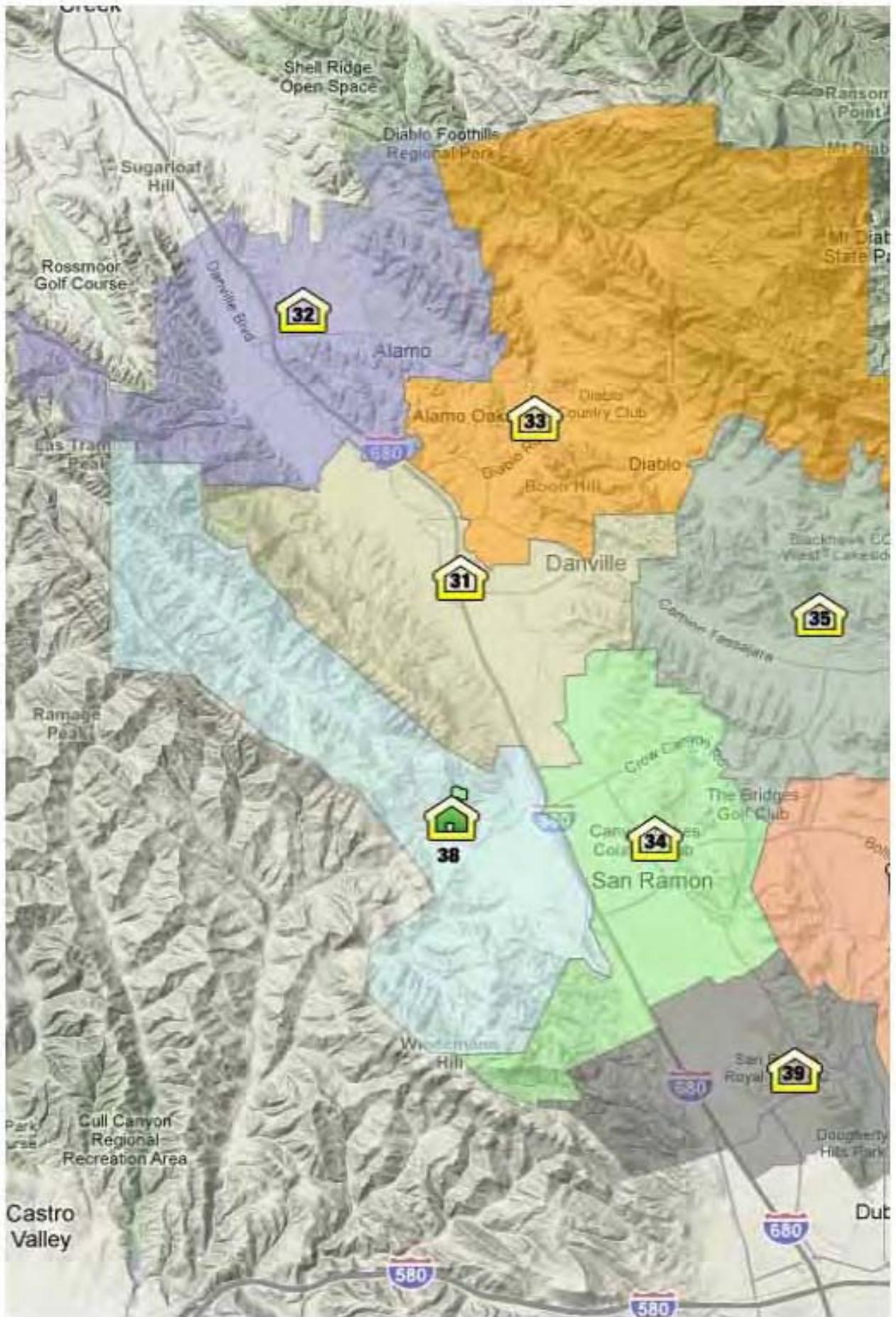
# San Ramon Valley Fire Protection District

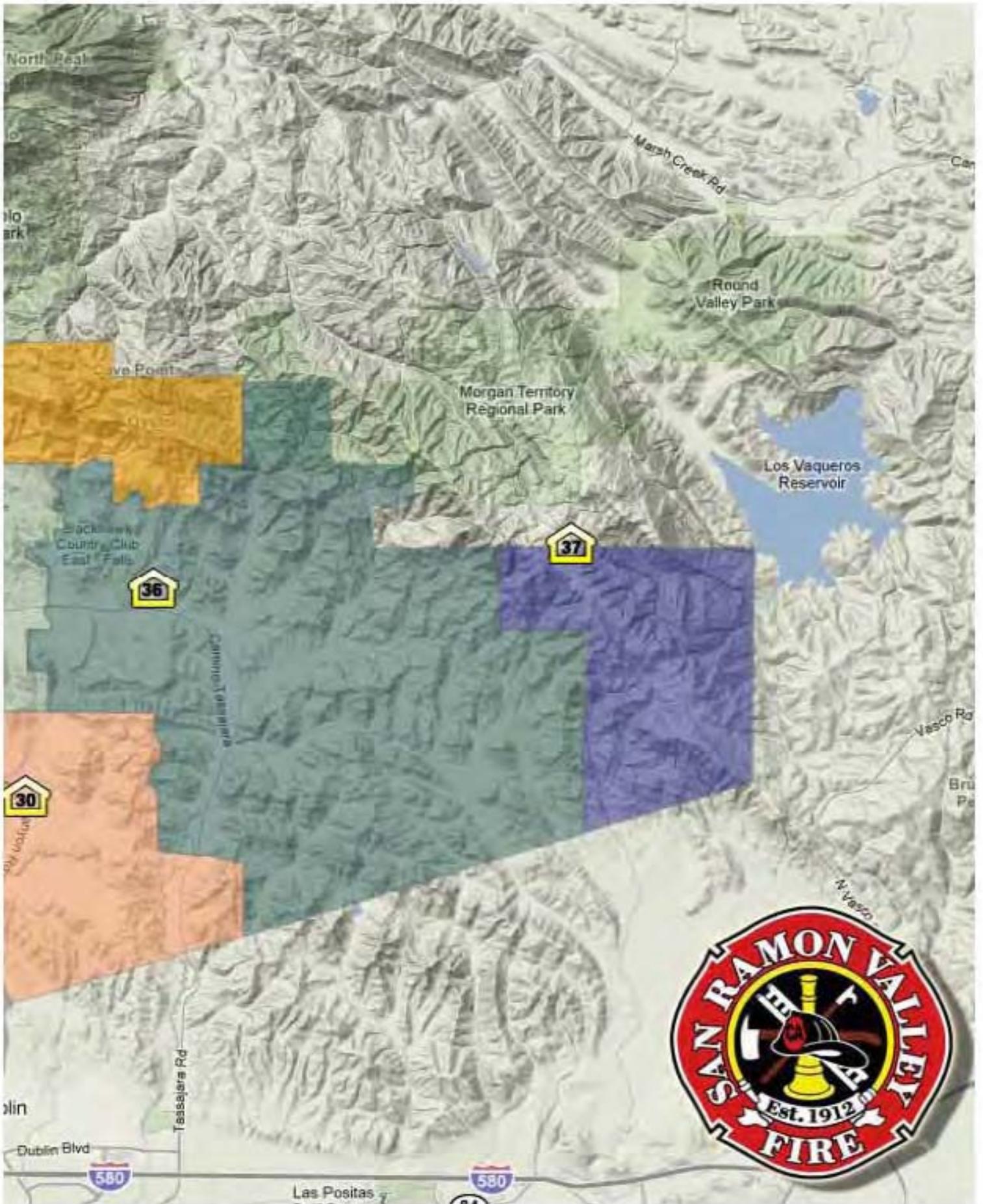
## Organizational Chart





# DISTRICT BOUNDARIES





# STATIONS & FACILITIES



**Station 30**  
11445 Windemere Parkway  
San Ramon



**Station 31**  
800 San Ramon Valley Blvd.  
Danville



**Station 32**  
1101 Stone Valley Road  
Alamo



**Station 33**  
1051 Diablo Road  
Danville



**Station 34**  
12599 Alcosta Boulevard  
San Ramon



**Station 35**  
505 Silver Oak Lane  
Blackhawk

# STATIONS & FACILITIES



**Station 36**  
2001 Lusitano Street  
Danville



**Station 37**  
10207 -A Morgan Territory Road  
Morgan Territory



**Station 38**  
1600 Bollinger Canyon Road  
San Ramon



**Station 39**  
9399 Fircrest Lane  
San Ramon



**Administration**  
1500 Bollinger Canyon Road  
San Ramon



**Training**  
6100 Camino Tassajara Road  
Tassajara



# San Ramon Valley Fire Protection District

1500 Bollinger Canyon Road, San Ramon, CA 94583

Phone (925) 838-6600 | Fax (925) 838-6629

[www.firedepartment.org](http://www.firedepartment.org) | [info@firedepartment.org](mailto:info@firedepartment.org)

December 5, 2014

Board of Directors  
San Ramon Valley Fire Protection District  
1500 Bollinger Canyon Road  
San Ramon, California 94583

Members of the Board:

We are pleased to present the San Ramon Valley Fire Protection District Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This is the fourteenth consecutive CAFR produced by the District.

This report has been prepared by the Finance Division following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and is in conformance with generally accepted accounting principles for state and local governmental entities established by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy, completeness and fairness of the presented data and the clarity of presentation, including all disclosures, rests with the management of the District.

## THE REPORTING ENTITY – PAST AND PRESENT

### HISTORY AND FORMATION OF SAN RAMON VALLEY FIRE PROTECTION DISTRICT

The San Ramon Valley Fire Protection District is an outgrowth of many years of maturation. Its early beginning took place over 100 years ago at a meeting of the Danville Improvement Club. The meeting held on March 19, 1912, was comprised of the leading ladies and men of Danville. At this meeting, it was decided that a volunteer fire department needed to be organized. The idea was unanimously approved, and the name Danville Farm Defense Fire District was established. In 1921, a state law permitted the organization of special fire districts and empowered them with the authority to levy a tax for their support. Thus, on September 6, 1921, the Danville Farm Defense Fire District became the Danville Fire Protection District, an independent fire district and a political subdivision of the State of California. The official boundaries were re-designated to encompass Alamo, Danville, Sycamore and Green Valley School Districts, an area of approximately fifty (50) square miles.

In 1963, Contra Costa County reorganized its East County Fire Protection District into the San Ramon Fire Protection District, an independent district. In December 1979, Local Agency Formation Commission (LAFCO) initiated the consolidation of the Danville Fire Protection District and the San Ramon Fire Protection District. On July 1, 1980, with the merger complete, the two Districts were renamed the San Ramon Valley Fire

Protection District (SRVFPD). The new District served the communities of Alamo, Blackhawk, Danville, Diablo and San Ramon, a 70 square mile area. The organization was comprised of 4 fire stations, 27 emergency vehicles and 71 employees. With the reorganization of these two districts, the newly formed District became governed by 5 locally elected Board of Directors, independent of the County Board of Supervisors.

Some ten years later, the San Ramon Valley Fire Protection District and the Tassajara Fire Protection District initiated a merger process. In January 1991, LAFCO completed the annexation of all territories of the Tassajara Fire Protection District and transferred them to the San Ramon Valley Fire Protection District, which included Tassajara Valley and the southern boundary of Morgan Territory. Simultaneously, the Tassajara Fire Protection District was dissolved.

In July 1997, the San Ramon Valley Fire Protection District and the City of San Ramon moved forward with an annexation of the Dougherty Regional Fire Authority to the SRVFPD. With this annexation, the District extended its fire service boundary to the Contra Costa/Alameda County line.

The District has accomplished many notable achievements, including implementation of emergency medical response capability and the conversion to Firefighter/Paramedic ambulance service, new station facilities for its citizens and improved apparatus in the field. These successes have proven to be very beneficial to the communities which the District serves.

The San Ramon Valley Fire Protection District's evolution over the past 100 years is remarkable and its endeavors impressive. The following is a summary of key milestones and accomplishments since its inception.

# HISTORY

## NOVEMBER 1911

A meeting which had been arranged by the Danville Improvement Club was held for the purpose of organizing a volunteer fire department for Danville.

## MARCH 1912

A "Fireman's Ball" was held to finance the Danville Farm Fire Defense District. The net proceeds of \$100 realized at the event were deposited into the first bank account.



## APRIL 1922

The Danville Fire Protection District (DFPD) purchased its first fire truck for \$4,140. The new truck was a Reo-American La France, which replaced a trailer equipped with ten 10-gallon milk cans full of water. The volunteer, who got to the trailer first, hitched it to their vehicle and pulled it to the fire. Gunnysacks were soaked in the water and then used to beat out the fire.

## MAY 1942

At the height of the war years, government defense funds were provided to have a man sleep in the firehouse.

## OCTOBER 1942

The Danville Fire Protection District entered the County Mutual Aid plan.

## JANUARY 1958

A second firehouse was completed and located in Alamo.

## JANUARY 1966

The Danville Fire Protection District established its first training program with the objective of developing new recruits with the ability to properly, safely and efficiently use the tools and equipment normally carried on fire apparatus.

## JULY 1969

The DFPD purchased land to relocate and construct Station 1 at 800 San Ramon Valley Boulevard in Danville and renamed it Station 31.

## FEBRUARY 1975

The DFPD completely modernized its communications system.

## MAY 1975

The DFPD received its first ambulance donated through the "Helen Howell Fund raiser."

## JANUARY 1977

The DFPD received an improved Class Rate from Class 5, issued in 1962, to Class 4. This illustrated an adequate level of fire protection facilities provided and maintained within the rapidly growing communities protected.

## JANUARY 1978

As a result of population growth, emergency medical response service for the DFPD increased 42% over those in 1976.

# HISTORY

## FEBRUARY 1984

The San Ramon Valley Fire Protection District began staffing its ambulance units with paramedic service through a public/private partnership with John Muir Hospital.

## JULY 1989

Issued \$13,100,000 Certificates of Participation for the acquisition and construction of certain land, equipment and capital improvements within the District. The primary projects included the construction of Station 36, Station 38 and the Administrative Office Building, and the remodeling of Station 31 and Station 33.

## APRIL 1992

Station 36, located in Tassajara Valley, was staffed to provide 24-hour protection. This station was formerly a volunteer-staffed station under the former Tassajara Fire Protection District.



## MAY 1993

Refinanced Certificates of Participation issued in 1989 in an aggregated principal amount of \$10,500,000.

## FEBRUARY 1995

A public safety trailer called the “Safety House” was added to the District’s fleet, allowing the Fire Prevention Division to teach home fire safety to school age children.

## JULY 1997

The SRVFPD published its first community newsletter, serving 38,000 households in the area. The newsletter provides timely information on seasonal fire prevention issues.

## JULY 1997

The SRVFPD negotiated a “Single Paramedic Program” with Contra Costa County Emergency Medical Services, beginning the conversion to a Firefighter/Paramedic ambulance service.

## SEPTEMBER 1997

The SRVFPD’s Communication Center became accredited for pre-arrival medical instructions and call triaging. The District has consistently maintained this accreditation.

## FEBRUARY 1999

As a result of a rating review, the Insurance Services Office (ISO) granted the SRVFPD an upgrade from Class 3 to Class 2 in the urban/suburban area. This improved rating tremendously impacts the community the District serves. Commercial buildings can save from 2.5% to 4.5% on their base fire insurance rates. Nationally, only 1% of agencies hold this prestigious achievement. The District is a Class 5 in the rural areas and a Class 8 in the very remote rural areas.

# HISTORY

## JULY 1999

The Board of Directors designated the Fire Chief as the first Treasurer of the District.

## OCTOBER 1999

The SRVFPD gained “fiscal management” independence from Contra Costa County for financial reporting services. With the hiring of the District’s first Chief Finance Officer in March of 1999, an “in-house” payroll, accounting and cash management system commenced, terminating the District’s contractual agreement with Contra Costa County.

## JULY 2000

The SRVFPD entered into a seven-year contract with Local 3546, a Memorandum of Understanding covering July 1, 2000 through June 30, 2007.



## SEPTEMBER 2000

A Chaplaincy program, operating in a non-denominational setting, was instituted with its primary purpose to assist District personnel and their families for life needs. During the year, the program began “outreach” assistance into the community.

## JANUARY 2001

The District formed an official Honor Guard with the mission to provide honor and respect to firefighters who have fallen in the line of duty serving their community and country and to instill respect for national, state and local flags.

## FEBRUARY 2001

Reclassified two Fire Prevention Inspector positions to Deputy Fire Marshal, reorganizing the internal structure of the Division to provide better service to the community.

## JUNE 2001

The SRVFPD broke ground for Station 30, located in Dougherty Valley. This turnkey facility, built and equipped by local developers, opened on June 1, 2002.

## NOVEMBER 2001

The District began staffing every first run unit with one Paramedic for every emergency call.

## DECEMBER 2001

The District prepared its first Comprehensive Annual Financial Report for evaluation and award consideration by the Government Finance Officers Association and the California Society of Municipal Finance Officers Association.

## NOVEMBER 2002

The District held its first annual Employee Recognition Dinner and Awards Ceremony to acknowledge the efforts put forth by each and every employee.

## JUNE 2003

The Board of Directors adopted a new “mission” statement as a result of the strategic planning process.

# HISTORY

## JUNE 2003

Refinanced Certificates of Participation issued in 1993 for an aggregated principal amount of \$8,910,000.

## AUGUST 2003

The District's Rescue Division was awarded Certification as an Office of Emergency Services "Medium Rescue Unit." This certification is an important acknowledgement of the District's ongoing effort to provide emergency services during major disaster incidents.



## MARCH 2004

The District instituted the Citizen's Emergency Response Team in coordination with the Town of Danville, City of San Ramon, San Ramon Valley Unified School District and Contra Costa County Office of Emergency Services.

## JULY 2004

The District placed into service a Type 1 Communication Support Unit, the first totally self-contained mobile communications post in Contra Costa County.

## MARCH 2005

The SRVFPD, along with the American Heart Association, Contra Costa County Emergency Medical Service Agency and the San Ramon Regional Medical Center, started the Public Access Defibrillation Program. The program places Automatic External Defibrillators in schools, public buildings and businesses.

## JUNE 2006

Issued \$9,485,000 Certificates of Participation for the acquisition and construction of certain land, equipment and capital improvements within the District. The primary projects included the relocation and construction of Station 36, replacement of Station 32 in Alamo and construction of an apparatus storage building at Station 31.

## JUNE 2007

The District hired its first full-time Technology Manager, and conducted a complete reassessment of the District's Intergraph Computer-aided Dispatch System. This reconfiguration of the matrix, deployment plan and dispatch workflow was the most significant enhancement to the District's Computer-aided Dispatch System since its installation in 1993. Going live with the new model was the culmination of months of planning, training and implementation, streamlining and improving the reliability of many dispatch operations.

## JULY 2007

The District added an additional ambulance to its emergency response fleet. This ambulance and two person crew are stationed at Station 31.

## OCTOBER 2007

The Fire Prevention Division prepared and adopted an ordinance for implementation of the new 2007 California Fire Code. This involved many months of review as the new code differed greatly in many ways from the prior code. The resulting draft document was subjected to public hearings and meetings of directly impacted home builders and other stakeholders. After several meetings and in consideration of other laws impacting application of certain provisions the document was adopted by the Fire District Board of Directors in October 2007.

# HISTORY

The most significant element contained in the ordinance, for this Fire District, was the lowering from 5,000 sq. ft. to 3,600 sq. ft. the threshold for installation of residential sprinkler systems. This requirement became effective July 1, 2008.

## DECEMBER 2007

Three new Tractor – Driven Ladder trucks (Tiller trucks) were placed in service.

## FEBRUARY 2008

The District began construction of the new fire Station 36, an apparatus storage building at Station 31, and design of the new fire Station 32.

## JANUARY 2009

The District purchased land at 2100 Stone Valley Road for the replacement and relocation of Fire Station 32.



## FEBRUARY 2009

The Board of Directors adopted a new five-year Strategic Plan for the period of 2008-2013.

## FEBRUARY 2009

The District published the first complete Pre-Incident Aerial Survey manual containing 271 targeted locations.

## FEBRUARY 2009

A new public safety trailer called the “Fire Safety House” was added to the District’s fleet, allowing the Fire Prevention Division to teach home fire safety to school age children.

## MARCH 2009

The District published the first complete Company Performance Standards manual for training and incident use.

## APRIL 2009

The District launched its new web content management system and domain ([www.firedepartment.org](http://www.firedepartment.org)) to provide the information and services that the community needed to efficiently interact with the District online.

## JUNE 2009

The Board of Directors authorized the establishment of a GASB compliant IRS Section 115 Trust through CalPERS dedicated to the purpose of pre-funding Other Post Employment Benefit obligations. The Trust was established with a \$3,500,000 contribution from the General Fund.

## AUGUST 2009

The District begins construction of the Station 36 Apparatus Storage Building. The facility will house a wide variety of resources and supplies such as reserve apparatus and equipment, electric EMS carts, food and pharmaceutical caches, as well as other emergency preparedness supplies.

## MARCH 2010

The District placed two new replacement ambulances in service at Fire Station 31 and Fire Station 34 to provide improved emergency medical care and transport to the community.

## APRIL 2010

The District website, [FireDepartment.org](http://FireDepartment.org), was nominated for best government website by the International Academy of Digital Arts and Sciences. [firedepartment.org](http://firedepartment.org) was among five government sites worldwide to receive a “Webby” nomination.

## APRIL 2010

The District announces a first of its kind iPhone application providing a virtual window into

# HISTORY

the communications center. The application offers real-time access to emergency activities occurring in the jurisdiction.

## APRIL 2010

The District announces a first of its kind iPhone application providing a virtual window into the communications center. The application offers real-time access to emergency activities occurring in the jurisdiction.

## AUGUST 2010

After a unanimous vote of approval by the full Commission during a public hearing in Chicago the District became the first agency in Contra Costa County and only the sixth fire department in the State of California to achieve Commission on Fire Accreditation International (CFAI) accreditation.

## JANUARY 2011

District deploys revolutionary new mobile phone application that notifies trained bystanders of nearby cardiac arrest events. Soon after, the District announces a new foundation to ambitiously share it with other communities around the globe.



## JANUARY 2011

The District is designated by Contra Costa County Health Services as a HeartSafe Community.

## AUGUST 2011

On August 27, 2011 the District was recognized by the International Association of Fire Chiefs (IAFC) and U.S. Safety Fire Technologies with the presentation of the Fire Service Global Award for Excellence. This top honor

international award recognizes innovation and achievement in managing resources to reduce the loss of life and property from fire and other emergencies.

## OCTOBER 2011

The District became one of two new Districts of Distinction as named by the California Special Districts Association (CSDA) and the Special Districts Leadership Foundation (SDLF). The “District of Distinction” is one of the most prestigious local government awards in the State of California. This accreditation validates the Fire Districts commitment to good governance and to ethical and sound operating practices. The accreditation criteria included the submission of financial audits, relevant policies and procedures and proof of training completed by each of the District’s Board of Directors and executive management team in ethics, governance, and leadership.

## NOVEMBER 2011

The CPR in Schools Pilot program successfully taught over 250 seventh grade students the life saving skill of hands only CPR and proper use of an AED.

## MARCH 2012

The District Celebrates a Century of Service to the San Ramon Valley. District employees, past and present, commemorated this milestone with badges, belt buckles, t-shirts and an open house event.

## DECEMBER 2013

The District placed three new replacement ambulances in service at Fire Stations 31, 34 and 39 to provide improved emergency medical care and transport to the community.

## THE DISTRICT TODAY



The San Ramon Valley Fire Protection District is an autonomous Special District as defined under the Fire Protection District Law of 1987, Health and Safety Code, Section 13800, of the State of California.

The SRVFPD is responsible for providing the highest level of emergency and non-emergency services to the community in an effort to protect life, the environment and property.

A five member Board of Directors, elected by their constituents and each serving a four-year term, governs the District. The Directors meet once a month at the Administrative Office, headquartered in San Ramon, to determine overall policy for the District. Special committee meetings provide oversight in four areas: Personnel, Finance, Facilities and Long Range Planning/Fire Prevention.



The Fire Chief oversees the general operations of the District in accordance with the policy direction prescribed by the Board of Directors. The Fire Chief serves as the Treasurer of the District. At present,

the Fire Chief is supported by his executive staff, consisting of the District Clerk, a Division Chief/Fire Marshal, two Deputy Chiefs, Chief Financial Officer, and Human Resources Manager.

The two Deputy Chiefs, Division Chief/Fire Marshal, Chief Financial Officer and Human Resources Manager are responsible for five distinct operational functions of the District. The Operations Deputy Chief is responsible for the delivery of emergency services to the citizens and public, and overseeing the training and education of District personnel. The Deputy Chief of Emergency Medical Services (EMS)/Logistics is responsible for the delivery of emergency medical services and ensures that current and future information management systems for communication are adequate, and facilities, equipment, apparatus and vehicles are maintained and updated. The Division Chief/Fire Marshal ensures that prevention services are efficient and effective, and oversees code compliance, exterior hazard abatement and provides public education to citizens and customers of the District. The Human Resources Manager oversees personnel standards and procedures, labor negotiations and workers' compensation. The Chief Financial Officer is responsible for the District's financial policies, systems and procedures, including cash management and investments, accounting and budgeting, accounts receivable/payable, payroll, attendance, purchasing, risk management and fixed assets.

The District employs 181 personnel, in addition to approximately 50 volunteers for two separate volunteer programs. The District maintains ten fire stations, two annex buildings, one training site and one Administrative Office Building, all strategically

located within the District. Of the ten stations, nine stations house paid firefighters and one remote station is staffed by 15 volunteer personnel. The District staffs 15 companies, including structure and wildland engines, ladder trucks, ALS ambulances and specialized Hazardous Materials, Rescue, Communications and other support units. The District staffs four additional companies with volunteer firefighters at Fire Station 37 and Fire Station 40 in the Morgan Territory. In addition, the District operates its own Communications Center staffed daily with three dispatchers. All other Administrative personnel reside at the Administrative Office.

**I**nternal Control - In developing and evaluating the District's accounting system, priority is given to the accuracy of internal accounting control. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the accuracy and reliability of accounting data and the adherence to prescribed managerial policy. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the cost-benefit analysis requires estimates and judgments by management.

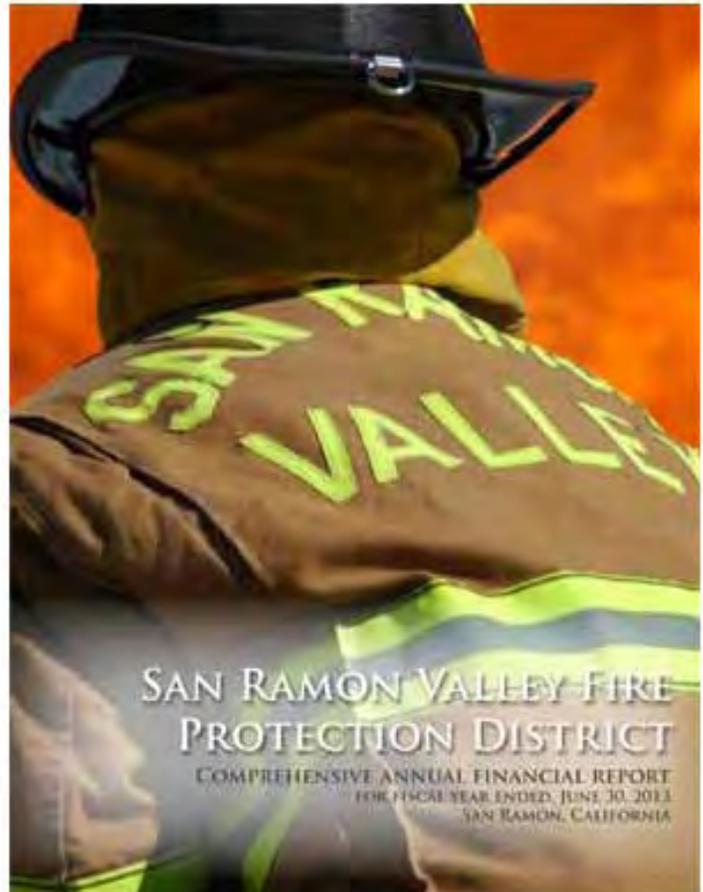
Accounting System and Budgeting Controls - The District's accounting and budgeting records for the basic financial statements in this report conform to generally accepted accounting principles (GAAP) according to standards established by the Governmental Accounting Standards Board.

The District maintains extensive budgetary controls. The District's Annual Budget, adopted prior to July 1, provides overall control of revenue and expenditures, including appropriations (budgeted expenditures) on a line item basis and the means of financing them (budgeted revenue). The District's accounting system produces monthly reports on expense activity that assist Department/Division Managers to monitor activities and programs. These reports are also reviewed by the Finance Controller, Chief Financial Officer and Fire Chief to assure budgetary compliance.

As a recipient of federal, state and county financial assistance, the District is responsible for ensuring that an adequate control structure is in place to comply with applicable laws and regulations related to those

programs. This internal control structure is subject to periodic evaluation by the Finance staff of the District.

**Management's Discussion and Analysis (MD&A)** - GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.



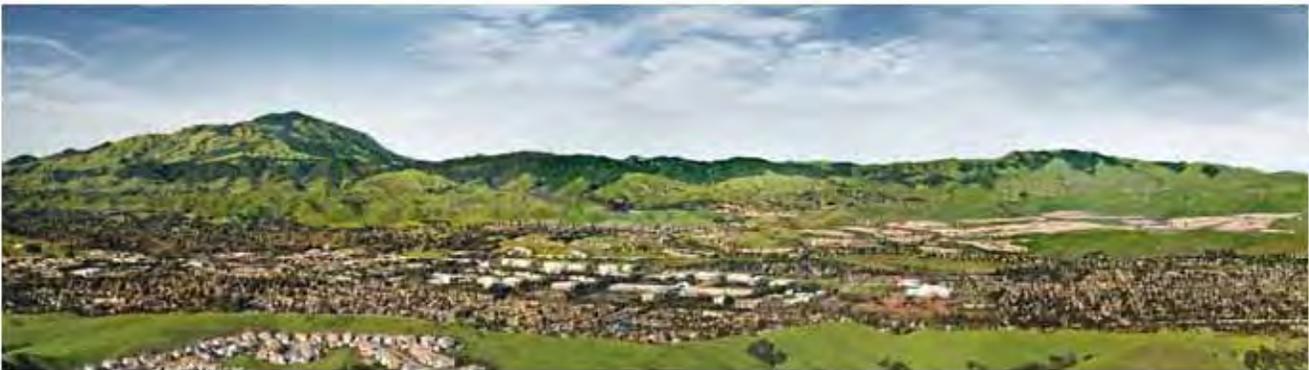
**Financial Condition** - Fund balance designations in the General Fund fall within the policy guidelines set by the Board for budgetary and planning purposes. The District Reserve Policy requires a minimum fund balance of at least 50% of the operating revenues in the General Fund at fiscal year-end; and a minimum fund balance of at least 20% of operating expenditures, plus \$1 million for workers' compensation.

**Audit of Financial Statements** - The District contracts for an independent audit each year to provide reasonable assurance that its financial statements are free of material misstatements. This annual audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation.

The District engaged the accounting firm of Vanvriek, Trine, Day and Company, LLP to perform the audit of its financial statements. The auditor has issued an unmodified opinion on the District's financial statements indicating they are fairly presented in conformity with GAAP.

**Single Audit** - The District engaged the accounting firm of Vavrinek, Trine, Day & Company, LLP to perform the audit of the expenses of federal awards required by the Single Audit Act of 1984 and Amendments of 1996, and the related OMB Circular A-133. As part of the Single Audit, tests were made to determine the adequacy of internal controls related to the administration of federal financial assistance programs and to determine that the District had complied with applicable laws and regulations.

## SERVICE AREA AND SERVICES



**T**he District's service area encompasses approximately 155 square miles, covering the communities of Alamo, Blackhawk, the Town of Danville, Diablo, the City of San Ramon, the southern area of Morgan Territory and the Tassajara Valley.

Within the boundaries of the District are expansive wildland areas, large single family homes and multi-family residential complexes, hotels, a regional hospital, numerous convalescent/assisted living facilities, equestrian areas, hiking trails, rock climbing areas and a facility housing a low-level nuclear reactor. The District is also

bisected by a major interstate highway (I-680).

The District serves a population of approximately 184,000. On business days, this figure grows by another 30,000 to include the personnel employed in the Bishop Ranch Business Park. Bishop Ranch is a 585-acre development with nine million square feet of office space located in San Ramon. The business park is comprised of over 300 diverse companies, ranging from large, well known Global 500 companies to innovative start-ups.

The District's philosophy with regard to fire, medical or hazardous material emergencies has

been one of a rapid and effective deployment of appropriate resources to mitigate any emergency, as recognized by a Class 2 Insurance Service Office (ISO) rating. The District's goal is to maintain overall response times consistent with the District's "Standards of Cover" policies. Under normal conditions, there are 15 paid emergency response companies that can be deployed for an emergency within the boundaries of the District. In addition, the District serves as the primary Emergency Operations Center (EOC) location for the Town of Danville and the City of San Ramon.

When the first units for a structure fire are dispatched, the three closest engines, two ladder trucks, an ambulance company and the shift Battalion Chief are assigned. In some of the rural areas of the District where hydrants are not available, the response includes water tenders.

Dispatchers are highly trained to assist the caller in life saving techniques (CPR with respiratory emergency, cardiac emergency, childbirth, etc.) prior to the arrival of the emergency responders. In 1997, the District's Communications Center became recognized as the world's seventh accredited emergency medical dispatch center. This award was achieved and has been maintained through conscientious adherence to proven emergency medical dispatch protocols. The District has been reaccredited in 2000, 2004, 2007, 2011 and 2014. The next accreditation is due in December 2016.

In the spring of 1995, the District began staffing selected units with Firefighter/Paramedics to provide citizens with a higher level of service. Currently, the District has a sufficient number of paramedics to ensure there is a paramedic on every unit at all times. The District's medical calls receive a "First Responder" response that includes pre-arrival instructions by dispatch, as the first step in the treatment process. A patient is then treated by a team, including at least one paramedic, who arrives in the closest unit to the emergency. Patients

are evaluated and, if necessary, transported by a paramedic-staffed District ambulance. In some cases, transport via air ambulance is necessary. The District maintains close communications with several air ambulance services in the area. District personnel have been trained and are committed to their obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its regulations known as the "Privacy Rule" for the protection of individually identifiable health information.

The District must be prepared for emergencies and potential exposure to hazardous materials in the area of the Interstate 680 corridor that passes through the San Ramon Valley. Trucks and other vehicles carry virtually every known hazardous material to points within the Greater Bay Area. The District maintains a hazardous materials team composed of members from the Suppression staff that are highly trained as hazardous materials technicians and specialists.



An important non-emergency activity for suppression/ambulance personnel which benefits the public is training. The District, through its Training Division, strives to continually provide training programs that are both innovative and relevant. All District Firefighters are trained EMTs (1A) and State Certified Firefighters with specialized defibrillator training. For programs such as Hazardous Materials, Emergency Medical, and

Confined Space Rescue Operations, re-certification is mandated by State and/or Federal law. Other specialized training programs cover such diverse topics as Structural and Wildland Firefighting Operations, Urban Search and Rescue skills, Disaster Preparedness, Night Drills and Auto Extrication skills using various tools and techniques.

The District's Training Division is also actively coordinating periodic training with many local agencies, such as the Town of Danville, the City of San Ramon, Mt. Diablo State Park and Cal Fire. Some of the classes offered to these agencies and the public are in Hazardous Materials, Emergency Operations Center Training, CPR certification and re-certification.

The District provides full service fire prevention functions. The Fire Prevention Division works closely with various community agencies, utility providers and builders to facilitate all construction activities in the District.

The Division performs inspections for code compliance, weed abatement, fire suppression systems, fire warning, smoke control and water systems to ensure those facilities meet fire safety codes.

The District has enacted a comprehensive fire prevention ordinance that includes sprinkler requirements for most commercial buildings and residential buildings exceeding 3,600 square feet. This approach has led to a higher degree of fire and life safety and reduced insurance costs.

The District's public education programs provide safety and disaster preparedness information, and extend beyond the traditional school safety programs. The program reaches out to the elderly, community groups and local businesses. The traditional fire safety school program has been expanded to provide a 30-minute in-classroom teaching activity for all classes K through 5th grade. The interactive and informative presentations reach more than 12,000 students annually.

The District works closely with community

organizations, such as service clubs and local Chambers of Commerce, for distribution and installation of smoke alarms for newborn babies and the elderly and neighborhood disaster preparedness activities for the entire area. Supplemental disaster preparedness training is available to schools and neighborhood groups who have completed steps for their own personal preparedness (i.e. reduction of non-structural hazards, food and water supplies for 72 hours.) The program's intent is to enable citizens to take care of themselves and others during and after a disaster when emergency resources are overwhelmed.

The District has accelerated its community training activities with the Community Emergency Response Team (CERT) program. A goal of the program is to have CERT members geographically located throughout the District and trained to assist their neighbors or coworkers following a natural disaster when professional responders are not immediately available to help.



The District partners with the City of San Ramon and the Contra Costa County Sheriff's Department in supplying gas and diesel fuels for City and County vehicles. The District also leases space to various tenants to erect and operate communication facilities (Utility Easement Towers) at Fire Station 31.

The District's HeartSafe Community Committee's mission is to encourage residents to learn hands-only CPR, promote the placement of public access AEDs in local businesses and community buildings, and facilitate the CPR in the Schools program. Since the committee achieved HeartSafe status in January of 2011, they have trained over 10,000 community members in hands-only CPR and the proper use of an AED. Additionally, during this time the District has seen a sharp increase in the occurrence of bystander CPR.



## APPARATUS

The San Ramon Valley Fire Protection District's fleet is made up of emergency vehicles/apparatus which must always be available and kept in a state of readiness. Among these resources are: Eighteen Type 1 engines, three Type 1 Tractor Driven Aerial Ladder Trucks (100'), one reserve ladder truck, fourteen Wildland units (twelve Type 3 engines and two Type 4 engines). For rural responses, the District is equipped with: One 1,500 gallon all-wheel water tender (with 60 gallons of AFFF foam), one 2,800 gallon water tender with a 3,000 gallon porta-tank, one 2,500 gallon all-wheel-drive water tender with a 2,100 gallon porta-tank, which carries Class A and AFFF foam with portable pumps and tanks. In addition, the District maintains five Type 1 Engines and one Type 1 Aerial Ladder Truck as reserves that can be placed into service as needed.

The District's Type 1 engines, Type 3 engines and all trucks carry Advanced Life Support (ALS) emergency medical equipment, including oxygen, defibrillator units and ALS medications. In addition, these vehicles are fully equipped to respond as needed to mitigate any emergency including fire, rescue, hazardous material spill or vehicle accident.

A Type 1 Communications Support Unit, which is a totally self-contained mobile communications post, provides an all-risk resource for the District and surrounding agencies. This mobile unit is specifically designed to provide the rigidity needed to operate on the steep fire roads it may encounter and has an extra 20" raised roof for a stand-up work area.





The apparatus is equipped with four dispatch positions, three separate sources of power, a technology area, a small conference room for planning and operations, a rest room and a small kitchenette. The primary operation of the unit is accomplished through a cadre of Communications Volunteers who are specifically trained to operate the technology of the unit, as well as trained to drive the vehicle. The District and Contra Costa County Fire Protection District employ a number of personnel who have been trained as Incident Dispatchers for the unit. The unit has been a valuable resource for several mutual aid events since being placed into service in 2004.



The District has five (5) Advanced Life Support modular ambulances, all of which are equipped with Hurst tools and rope rescue equipment. All units are equipped to meet the needs of paramedic service. In addition, the District maintains two reserve ambulances and a multi-casualty unit that can be placed into service as needed.

The District's Breathing Support Unit is a multi-functional piece of equipment that can fill both

high and low pressure air bottles, with an air storage capacity capable of filling 100 bottles. The unit is equipped with large pop-up scene lights, salvage equipment, medical supplies and other items, such as hot coffee, soups and beverages for the support of crews working on an extended incident.

Through the Homeland Security Grant process, the District acquired a state-of-the-art emergency response vehicle for its Type II HazMat team. The crew and vehicle provide assistance for a wide variety of calls such as: spills, abandoned chemicals, carbon monoxide emissions, natural gas leaks, household chemical issues, structure fires, pipeline ruptures, vehicle accidents involving tankers and industrial accidents. The apparatus is stocked with the most modern hazardous materials detection equipment, advanced life support supplies and hazardous materials databases information line.

The District's Urban Search and Rescue Unit carries a complete complement of ropes, hardware and rescue baskets for utilization in areas of high peaks and crevices or during earthquake operations or other natural disasters. It also carries an on-board air compressor for various pneumatic tools. This unit meets State OES standards and has been certified as a medium rescue apparatus.

## AWARDS

The Government Finance Officers Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to San Ramon Valley Fire Protection District for its comprehensive annual financial report for the year ended June 30, 2013. This was the thirteenth consecutive year the District has achieved this prestigious fiscal award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report reflects the combined and dedicated effort of District staff, particularly in the Finance Division. Staff in each department has our sincere appreciation for their contributions in the preparation of this report.

## ACKNOWLEDGEMENTS

We would like to take this opportunity to express our sincere appreciation to the Board of Directors for their continued support to maintain the highest standards of professionalism in the management of the District's finances.

## SUMMARY

The San Ramon Valley Fire Protection District's leadership and its staff bring an effective combination of skills, experience and dedication to carry out the District's mission:

*“IN THE SPIRIT OF OUR TRADITION, WE STRIVE FOR EXCELLENCE, RESPECTFULLY  
SERVING ALL WITH PRIDE, HONOR AND COMPASSION”*

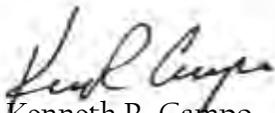
As stated in the Strategic Plan, San Ramon Valley Fire Protection District is committed to these goals:

- Financial sustainability to provide the highest level of service possible in the present while planning and acting for the ability to maintain these ideals indefinitely.
- Personnel development through mentoring, training and supportive policy to assure the District has well qualified personnel to meet current and future needs.
- Provide organizational clarity by fully understanding the District's role in providing public value for our communities, continually evaluating our programs and practices, and commitment to individual responsibility toward the success of our goals.
- Information-led Management that emphasizes high accountability at all levels of the organization, strategic response to organizational challenges that rapidly remove impediments to high performance, and capitalization of the expertise and input of all District personnel.
- Achieve International Accreditation through Fire Accreditation International by thoroughly assessing District practices and comparing our effectiveness next to the best practices in the industry.

Sincerely,



Paige Meyer  
Fire Chief



Kenneth R. Campo  
Interim Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Ramon Valley  
Fire Protection District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
San Ramon Valley Fire Protection District  
San Ramon, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the San Ramon Valley Fire Protection District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and San Ramon Valley Fire Community special revenue fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, budgetary comparison information, agency fund statement of changes in assets and liabilities, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and agency fund statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison information and agency fund statement of changes in assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Varrinck, Trine, Day & Co., LLP.*

Pleasanton, California  
December 5, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the San Ramon Valley Fire Protection District provides the reader with an overview of the District's financial position and performance for the fiscal year ending June 30, 2014. The MD&A describes the significant changes from the prior year 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

- The District ended its fiscal year with a Net Position of \$33,099,861.
- Total Program Expenses were \$57,316,939.
- Total Program Revenues were \$5,330,877.
- Total General Revenues were \$53,345,734.
- The change in Net Position represents an increase of \$1,350,672 in revenues over expenditures.

### GENERAL FUND

- Revenues exceeded expenses by \$10,640,266.
- Resources received exceeded final budget by \$4,544,707, while resources expended were \$2,956,974 less than final budget; transfers out were \$684,350 less than budget.
- The year end fund balance is \$41,169,874; of which, \$28,988,464 is classified as unassigned. Of this unassigned balance, \$28,802,334 is the Dry Period Reserve requirement at June 30, 2014. The remainder classified as assigned for services and supplies at year-end.
- Of the ending Fund Balance, \$11,100,190 is committed to mitigate any potential negative impacts on operations resulting from adverse economic conditions and \$1,000,000 is committed to mitigate any potential negative impacts on operations resulting from serious on the job injuries.
- The assessed valuation of property within the District rose by \$2.1 billion, or 6%, in 2013. As a result, secured property tax revenue for the year exceeded budget by approximately \$3.9 million.
- The District made contributions of \$520,469 into a trust fund established for the payment of retiree medical benefits.

### CAPITAL PROJECTS FUND

- During the year the District developed a comprehensive long-range (12 years) Capital Improvement Plan ("CIP") that was formally adopted by the Board of Directors.
- The CIP projects major capital outlays associated with maintenance and replacement of facilities, apparatus, equipment and information technology.
- Initial funding for the CIP came from a consolidation of various capital project funds maintained by the District into a single Capital Projects Fund. The year-end Fund Balance is \$2,965,119, of which \$238,000 is classified as nonspendable, \$11,164 is classified as assigned, and \$2,715,955 is classified as committed.

## LONG TERM FISCAL STABILITY

- The District began utilizing long-range financial planning tools to identify fiscal challenges, guide current decision making and keep the District on a fiscally sustainable path. These tools consist of: two-year operating budget; twelve-year CIP; and ten-year operating cash flow model.
- A plan was developed and implemented during the year to address the unfunded liability associated with retiree medical benefits (or “OPEB”). (See further discussion under the Economic Outlook section below.)
- The Board of Directors adopted revisions to its Reserve Policy to assist in mitigating the potential adverse operational impacts resulting from another economic downturn, sudden increase in operating costs or cost associated with a serious on the job injury. The revised policy calls for:
  - A Dry Period reserve in the General Fund at year end equivalent to 50% of projected revenues; this amount is intended to cover the negative cash flow between property tax payments;
  - Stabilization Arrangement commitments equivalent to 20% of the current General Fund expenditures (\$11,100,190) and the amount of the District’s self-insured retention for Workers’ Compensation (currently \$1,000,000). These funds cannot be used without formal action by the Board of Directors.

## ANNUAL REPORT OVERVIEW

This annual report consists of a series of financial statements. The District’s basic financial statements are comprised of three components: Government-wide financial statements, Fund financial statements and Notes to the basic financial statements. This report also contains supplementary information and statistical data in addition to the basic financial statements.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

*The government-wide financial statements* provide the reader with a longer-term view of the District’s activities as a whole and comprise the Statement of Net Position and Statement of Activities. The manner of presentation is similar to a private-sector business.

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

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

The District’s primary activities, as reported in the government-wide financial statements, consist of all-risk fire suppression and prevention services, emergency medical services and other hazard response services. These activities are supported by property taxes, intergovernmental revenues and fire-related charges, i.e. ambulance transport charges and inspection fees. The government activities of the District include the general government services noted above and the payment of interest on long-term debt.

The government-wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place. These statements include the District itself (known as the primary government), and the activity of its legally separate component unit, the San Ramon Valley Fire Protection District Financing Corporation.

Because the District Board acts as the governing board for the Corporation and because they function as part of the District government, the activities are blended with those of the primary government.

The government-wide financial statements can be found on pages 14 and 15 of this report.

## FUND FINANCIAL STATEMENTS

The *fund financial* statements provide more detailed information about the District's funds, focusing primarily on the short-term activities of the organization. The Governmental Fund Financial Statements measure only current revenues and expenditures and fund balances, excluding capital assets, long-term debt and other long-term obligations.

All of the District's basic services are considered to be governmental activities. San Ramon Valley Fire Protection District's services are supported by general District revenues such as taxes, ambulance services and inspection fees. In the District's case, the six funds of the primary government (General Fund, Capital Projects Fund, Federal Grant Capital Projects Fund, Equipment Replacement Fund, San Ramon Valley Fire Community Fund and Debt Service Fund) are presented individually.

*Government 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 method*, which measures cash and all other financial assets that can readily be converted to cash. 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. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements and in Note 7.

The fund financials can be found on pages 17-20 of this report.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

The notes to the basic financial statements can be found on pages 26-45 of this report.

**Other Information:** In addition to the Basic Financial Statements and accompanying notes, this report also presents certain Required Supplementary Information such as Budgetary Comparison Schedules and a Statistical Section, providing financial tables conforming to GASB 44 standard requirements and historical trend data on the District.

## FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

This analysis focuses on the net position and changes in net position of the District's Governmental Activities (Tables 1, 2 and 3), as presented in the District-wide Statement of Net Position and Statement of Activities that follow.

**Table 1**

Condensed Net Position at June 30, 2014  
(in thousands)

	Governmental Activities	
	2013	2014
Cash and investments	\$40,948	\$47,759
Other assets	390	294
Capital assets	33,636	32,908
Total assets	74,974	80,961
Long-term debt outstanding	15,370	13,449
Other liabilities	27,863	34,412
Total liabilities	43,233	47,861
Net position:		
Net investment in capital assets	18,266	19,458
Restricted	1,567	837
Unrestricted	11,907	12,805
Total net position	\$31,740	\$33,100

**The following points explain the major changes impacting net position as shown in Table 1:**

- Cash and investments increased \$6,811,000 from last year. This was primarily due to increased property tax revenue (\$4.6 million) and lower salary and benefit related expenditures (\$2.1 million).
- Capital assets decreased \$728,000 or 2%, as current depreciation (\$1.6 million) exceeded the cost of medic ambulances and command vehicles (\$800,000) that were replaced during the year (see Note 3).
- Long-term debt outstanding decreased \$1,921,000 due to scheduled debt service payments (\$1.3 million) and the refunding of \$3.9 million of old debt obligations with a lower cost new debt obligation in the amount of \$3.2 million (see Note 5). The new debt obligation was \$700,000 lower due to use of reserve funds in the refunding transaction.
- Other liabilities increased 23% or \$6,543,000, due principally to an increase in the liability associated with post-employment benefits (retired employee healthcare benefits) at June 30, 2014 in the amount of \$5.6 million (see Note 9), and an increase in the estimated liability for unpaid workers' compensation claims in the amount of \$804,000 (see Note 11).
- Net investment in capital assets increased \$1,193,000, due to debt service payments and capital asset reduction noted above.
- Restricted net position includes the Reserve Fund for the 2006 Capital Improvement (\$599,000) and a deposit on land for a new training center (\$238,000). The Reserve Fund for the Certificates of Participation is held by the Trustee, US Bank.

- Unrestricted net position represents those assets that can be used to finance current operations without constraints established by debt covenants or other legal requirements. Unrestricted net position of \$12,804,009 is available for operations and other expenses approved by the District Board of Directors.

## FISCAL YEAR 2014 GOVERNMENTAL ACTIVITIES

Based on GASB 34 revisions to the format of the fund financial statements, the individual major funds are presented, with non-major funds combined in a single column. At present, the District has no non-major funds. Table 2 summarizes the combined governmental activities. The narrative that follows describes the individual program expenses, program revenues and general revenues in more detail.

**Table 2**

Condensed Statement of Changes in Net Position  
(in thousands)

	2013	2014
<b>Expenses</b>		
Public Safety – Fire	\$57,028	\$56,756
Interest on long-term debt	646	560
Total Program Expenses	<u>57,674</u>	<u>57,316</u>
<b>Revenues</b>		
Program Revenues:		
Operating grants and contributions	1,874	1,426
Charges for services	3,576	3,904
Total Program Revenues	<u>5,450</u>	<u>5,330</u>
General Revenues:		
Taxes:		
Property taxes	48,508	53,140
Use of money and property	58	80
Other revenue	332	126
Total General Revenues	<u>48,898</u>	<u>53,346</u>
Total Revenues	<u>54,348</u>	<u>58,676</u>
Change in Net Position	(3,326)	1,360
Beginning Net Position	<u>35,066</u>	<u>31,740</u>
Ending Net Position	<u>\$31,740</u>	<u>\$33,100</u>

## EXPENSES

Public Safety expenses for the year were \$272,000, or 0.5%, below the prior year. The majority of program expenses relates to salary and benefits (76%), and totaled \$43,078,000 for the year. Salary and benefits are discussed more fully below under General Fund expenditures. Other significant program expenses include Professional and Other Services (\$1.6 million), and Supplies and Utilities (\$1.3 million); both these amounts are consistent with the prior year. Also included in program expense is annual depreciation expense (\$1.6 million), an increase in the liability for unpaid workers' compensation claims (\$804,000), and an increase in the liability for other post-employment benefits (\$5.6 million).

Interest on long-term debt in the amount of \$560,000 reflects the interest expense associated with long term debt (Note 5), and includes accrued interest at June 30, 2014, in the amount of \$192,000. The reduction of \$86,000 from the prior year reflects the refunding of debt originally issued in 2003 with lower interest rate debt issued in 2013 (see Note 5).

## PROGRAM REVENUES

The District was reimbursed \$285,000 by the State of California, Governor's Office of Emergency Services, Fire and Rescue Branch for providing mutual aid services related to wildland fire deployments. The District also received \$1,040,000 in federal grant revenue for the replacement of mobile radios and personal protective equipment, and emergency preparedness training for District residents.

The program revenues that fall under the category of "Charges for Service" include fees for ambulance transport services, inspection fees, weed abatement charges, CPR classes and reports/photocopies. Of these revenues, ambulance transport fees represent the District's second most important source of operating revenue. The revenue received for ambulance transports (\$2,937,000) increased by 7% or \$194,000 over the prior year. The revenue generated from fire prevention activities (fire inspection and plan review fees) increased by \$216,000. These increases are largely attributable to fee increases adopted during the year in order to recover a larger share of the cost of providing the transport and fire prevention services; and in the case of plan review fees, increased development related activity.

## GENERAL REVENUES

The primary source of revenue for the operation of the San Ramon Valley Fire Protection District is generated through the collection of secured, unsecured and supplemental property taxes. Property tax revenue comprised 91% of all revenue received by the District during the year. The overall assessed valuation of property within the District boundaries increased by 6.09% compared to the prior year. This resulted in a \$3 million (or 6.6%) increase in secured property taxes, and a \$1.6 million increase in all other property tax related revenue. Sale of surplus property was only \$27,000 for the year in comparison with \$368,000 the previous year.

## GOVERNMENTAL ACTIVITIES

### *Governmental Funds*

At June 30, 2014, the District's governmental funds reported combined fund balances of \$44,735,000 which is an increase of \$6.6 million, or 17%, over the prior year. The increase is attributable to a surplus of General Fund revenues over expenditures in the amount of \$10.6 million. Transfers from the General Fund for capital projects (\$696,000) and debt service (\$1.9 million) resulted in an overall increase of \$8 million in the fund balance of the General Fund. The fund balances of the Capital Projects, Federal Capital Projects and Equipment Replacement Funds decreased by a combined \$737,000 due to the acquisition of capital assets, while the fund balance of the Debt Service Fund declined by \$730,000 due to the use of reserve funds in a debt refunding transaction

undertaken during the year.

Overall, governmental fund revenues increased by \$4.2 million (7.8%) for the year and totaled \$58,677,000. The increase is primarily attributable to the \$4.6 million increase in property tax revenue discussed previously. Intergovernmental revenue declined by \$400,000 due to reduced federal grant activity. Charges for services increased by \$400,000 as a result of fee increases intended to enhance the level of cost recovery associated with fee based programs.

Governmental fund expenditures overall were \$55,293,000; an increase of \$1.3 million (2%) over the previous year. General Fund expenditures decreased by \$2.3 million as a result of lower personnel related costs, while Debt Service Fund expenditures increased by \$3.9 million due to the refunding of a \$3,895,000 long-term debt obligation. Federal Grant Capital Projects Fund spending was down \$742,000 due to reduced federal grant activity.

## **MAJOR ANALYSES OF GOVERNMENTAL FUNDS**

### **GENERAL FUND**

The General Fund is the general operating fund of the District, and is used to account for all financial resources relative to operations. The Board of Directors initiated a number of actions to combat the negative impacts of the recession on property values and property tax revenue so the District could continue providing the same level of high quality services to its constituents. As noted previously, the Board worked with its employees to reduce labor costs, and increased cost recovery for ambulance transports and fire prevention services to generate more revenue. These actions, combined with a recovering real estate market, resulted in a \$10.6 million surplus of revenue over expenditures in the General Fund; even after transfers of \$2.6 million for capital projects and debt service, General Fund operations added \$8 million to the overall fund balance of the governmental funds.

The major source of revenue for the General Fund is property taxes (\$53.1 million), which accounts for 92% of the District's operational funding. Charges for ambulance transport services and fire prevention activities (\$3.7 million) accounts for 6% of operational funding. Interest earnings, rent for cell tower sites, revenue from other governmental agencies, and miscellaneous other revenue provide a small amount of additional funding (\$803,000), but these amounts can vary greatly from year to year.

General Fund expenditures decreased by \$2.3 million (4.6%) as a result of cost saving measures negotiated with the District's employee groups. District employees began paying 4% of the District's portion of retirement benefit costs, and now pay 8% of the monthly premium for healthcare. These cost sharing measures, along with a reduction in minimum daily staffing, contributed toward a net decrease in salaries and benefits of \$2.1 million, or 4.7%.

The net "transfers out" from the General Fund of \$2.6 million was lower than the previous year's \$3.5 million. These transfers covered annual debt service payments, various capital projects expenditures in the Capital Projects Fund, the District's local agency match for federal grants funded projects, and the equipment purchases in the Equipment Replacement Fund.

The Board has directed a minimum fund balance be maintained in the General Fund equal to 50% of General Fund revenue, and has reserved such amount for financing of the "dry period" funding requirement. The District receives its property tax revenue in two installments: half in December and half in April. The District needs to have sufficient funds on hand to cover the negative cash flow it typically experiences during the seven month period between the April and December property tax installments. At June 30, 2014, the fund balance of the General Fund totaled \$41.2 million; and, except for \$12.2 million classified as assigned and committed, the balance of \$29 million is available to cover "dry period" funding.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was an increase in General Fund expenditure appropriations of \$157,000, or 0.3%, between the original and final budget. The increase was primarily for added maintenance and repair of facilities, and additional technology support services.

## OTHER MAJOR GOVERNMENTAL FUNDS

The District completed a number of maintenance and repair projects during the year, in addition to the acquisition of three replacement ambulances and two replacement command vehicles. The maintenance and repair activities (\$456,000; only \$30,000 of which was above the District's capitalization threshold) were accounted for in the Capital Projects Fund, while the acquisition of replacement vehicles (\$769,000) was accounted for in the Equipment Replacement Fund. The District is also in the process of constructing a new fire station to replace existing Fire Station 32. Construction in progress at year end totals \$1,500,000, and consists of architect, engineer and design costs, fencing and landscaping of the site.

The District purchased replacement mobile radios and self-contained breathing apparatus with the assistance of federal grant funds totaling \$1,279,000; none of which exceeded the District's capitalization threshold. These acquisitions were accounted for in the Federal Grant Capital Projects Fund.

The District retired certain pieces of the replaced equipment that were fully depreciated and removed \$416,000 from equipment and accumulated depreciation during the year.

## CAPITAL ASSETS

As of June 30, 2014, the District had \$32,908,000 in net capital assets. Depreciation for the year exceeded asset additions by \$729,000. The following table identifies the specific governmental activity:

**Table 3**  
Capital Assets at Year-end  
(in thousands)

Government Activities

	2013	2014
Land	\$7,106	\$7,106
Construction work-in-progress	1,474	1,500
Buildings and improvements	26,546	26,576
Equipment	26,475	26,829
Less accumulated depreciation	(27,965)	(29,103)
Capital Assets, net	\$33,636	\$32,908

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at estimated fair market value on the date contributed. Capital assets with a value of \$5,000 or more are recorded as capital assets. All capital assets are depreciated over estimated useful lives, using the straight line method. For additional information on capital assets see Note 3.

## DEBT ADMINISTRATION

The Debt Service Fund maintains the restricted reserve fund for the 2006 Certificates of Participation and, until refunded during the year, the 2003 Refunding Certificates of Participation. During the year, the Debt Service Fund paid principal and interest on the 2006 issue in the amount of \$205,000 and \$394,000 respectively. During the year, the District issued \$3,227,000 of 2013 Refunding Certificates of Participation; the proceeds of which, along with \$730,000 of restricted reserve funds for the 2003 issue, were used to fully retire the 2003 Refunding Certificates of Participation. As a result, the Debt Service Fund paid principal and interest on the 2003 issue in the amount of \$4,470,000 and \$155,000 respectively. Debt service was also paid on three equipment lease/purchase agreements, in the amount of \$473,000 of principal and \$61,000 of interest. See Note 5 for additional information on long-term debt.

Table 4  
Outstanding Debt  
(in thousands)

	2013	2014
<i>Governmental Activities</i>		
Certificates of Participation	\$12,880	\$11,432
Equipment Capital Lease Purchase Agreements	2,490	2,017
Total	\$15,370	\$13,449

## ECONOMIC OUTLOOK

Over the past several years, the economy has presented the District with significant challenges. The Board of Directors and employees responded by working together to not only address the immediate fiscal challenges, but to address long-term financial and operational challenges with the goal of putting the District on a more predictable and fiscally sustainable path moving forward. As discussed previously, the District is now utilizing long range financial planning tools to help identify fiscal challenges and guide current decision making. These fiscal planning efforts reflect a shared commitment on the part of the Board, management and employees to provide an exceptionally high level of service within a framework that promotes long term fiscal stability.

Last year, newly hired Fire Chief Paige Meyer led a highly collaborative effort between management and union representatives to address a structural budget imbalance in the District's General Fund brought on by the negative impacts of the lingering economic recession; namely reduced property tax revenue, rising health care costs and rising pension costs caused by significant pension fund investment losses. Labor and management were able to reach agreement on a number of concessions that both achieved operational cost savings, and allowed the District to resume pre-funding retiree medical benefits. Pre-funding retiree medical benefits was identified as a key measure in preserving and reducing the long term cost of this significant retirement benefit. The agreed upon labor concessions consist of a series of cost-sharing measures whereby employees "pick-up" a portion of the District's required retirement contributions, as follows: Safety employees - 4% for three years beginning July 1, 2013, totaling 12% after the third year; non-safety - 4% for two years beginning July 1, 2013, totaling 8% after the second year. The retirement cost share is expected to grow to \$2.4 million in 2015-16 when fully implemented. Further operational cost savings were achieved through an agreed reduction in minimum daily staffing from 43

to 41 effective July 1, 2013, with a further reduction from 41 to 39 effective July 1, 2014. The staffing reduction is projected to save the District an additional \$2.2 million per year when fully implemented. These actions resulted in a nearly 5% (\$2 million) decline in personnel related costs during the year. For the reasons cited above, pension rates are expected to rise by another 27% next year resulting in an increase of \$4.2 million in operating costs net of the pension cost share. Pension fund investment gains should result in pension rates staying the same or even declining in subsequent years.

Property values within the District were up 6% during the year and property tax revenue grew by \$4.6 million over the prior year. This growth in revenue was split fairly evenly between transfer of ownership value change and the restoration of values previously reduced by the County Assessor during the height of the recession. This trend is expected to continue, and in the District's 10-year cash flow model, property tax revenue is projected to increase by 5% in 2014-2015 and 2% per year thereafter. The future growth is based on projected value changes due to transfer of ownership and does not include the potential for further increases stemming from actions by the County Assessor to restore values lowered during the recession.

To address the unfunded liability for retiree medical benefits, employees and retirees currently pay 8% of their monthly health premiums, and are subject to a "cap" on the monthly premium paid by the District. In exchange, the District has agreed that all savings associated with these changes (\$520,000 in 2013-2014) will be used to pre-fund retiree medical contributions (i.e., paid into the retiree medical benefit "OPEB" trust fund). This is expected to both lower the unfunded liability and reduce the long-term cost of providing retiree medical benefits. The District has budgeted contributions of \$1,000,000 into the OPEB trust fund for 2014-2015, which is \$2 million below the amount needed to fully fund the actuarially determined Annual Required Contribution (or "ARC"). The financial models employed by the District show the OPEB contributions increasing by \$500,000 per year until the ARC is fully funded, and maintaining full funding of the ARC thereafter.

The District also established a long-term capital improvement plan ("CIP") during the year. The CIP is used to plan for significant maintenance of District facilities, including fire stations, parking lots, and driveways; replacement of major equipment, fire apparatus, ambulances and other vehicles; and the replacement/upgrade of information technology software and equipment. The CIP will be funded primarily from annual General Fund operating transfers, and augmented with proceeds from the sale of surplus assets and grant funds as such become available. The CIP has a balance of \$3 million at June 30, 2014. Transfers from the General Fund are scheduled to begin in 2015-2016 at \$1.7 million, and increase by 3.5% per year thereafter.

Current financial projections indicate the operational cost saving measures enacted to control spending, combined with recovering property values and tax revenue have stabilized the operating budget, bringing ongoing spending in line with ongoing revenues throughout the District's ten year planning horizon, and that the District will have adequate funding to cover its dry-period financing needs, provide for an adequate operating reserve, address its long term liabilities associated with retiree medical benefits and maintain critical infrastructure.

The District continues to regularly review financial projections and make adjustments based on recent trends in real property values and historical growth patterns in the various tax rate areas in the San Ramon Valley, new commercial and residential development, State of California economic forecasts, and changes adopted by the retirement and healthcare systems under which the District provides benefits to its employees. District spending choices are prioritized and reflect public values, with service levels balanced against adequate funding to maintain facilities, vehicles and equipment and providing a sustainable level of fair and reasonable employee compensation. These efforts are undertaken with a commitment to sustaining the high level of service the District currently provides to the community and maintaining the long term fiscal stability of the District.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is 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 Services Division, at 1500 Bollinger Canyon Road, San Ramon, California, 94583.

## STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position and the Statement of Activities summarizes the entire District's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the District's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the District's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between District funds have been eliminated.

The Statement of Net Position reports the difference between the District's total assets and the District's total liabilities, including all the District's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the District's net position, by subtracting total liabilities from total assets.

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

The Statement of Activities reports increases and decreases in the District's net position. It is also prepared on the full accrual basis, which means it includes all the District's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the District's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. The District's general revenues are then listed in the Governmental Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the District and the San Ramon Valley Fire Protection District Financing Corporation, which is legally separate but is a component unit of the District because it is controlled by the District, which is financially accountable for the activities of this entity.

San Ramon Valley Fire Protection District  
Statement of Net Position  
June 30, 2014

ASSETS	
Cash and investments (Note 2):	
Cash in bank and investments in LAIF	\$47,157,861
Petty cash	1,250
With fiscal agents	599,462
Receivables:	
Accounts	42,417
Interest	14,742
Prepaid items and deposits	238,000
Capital assets (Note 3):	
Land and construction in progress	8,605,803
Depreciable capital assets, net	24,301,784
	<hr/>
Total Assets	80,961,319
	<hr/>

LIABILITIES	
Accounts payable	1,758,259
Accrued liabilities	1,745,162
Deposits payable	7,658
Claims payable (Note 11):	
Due within one year	1,340,140
Due in more than one year	2,281,860
Net OPEB obligation (Note 9):	25,699,290
Compensated absences (Note 4):	
Due within one year	300,179
Due in more than one year	1,279,713
Long-term debt (Note 5):	
Due within one year	1,316,077
Due in more than one year	12,133,120
	<hr/>
Total Liabilities	47,861,458
	<hr/>

NET POSITION (Note 7)	
Net investment in capital assets	19,458,390
Restricted for:	
Debt service	599,462
Capital projects	238,000
Unrestricted	12,804,009
	<hr/>
Total Net Position	\$33,099,861
	<hr/>

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
Statement of Activities  
For the Year Ended June 30, 2014

<b>Expenses:</b>	
Public safety - fire	\$56,756,415
Interest on long-term debt	560,524
Total Program Expenses	<u>57,316,939</u>
<b>Program revenues:</b>	
Operating grants and contributions	1,426,473
Charges for services	3,904,404
Total Program Revenues	<u>5,330,877</u>
Net Program Expense	<u>51,986,062</u>
<b>General revenues:</b>	
Property taxes	53,139,723
Use of money and property	80,077
Other revenues	125,934
Total General Revenues	<u>53,345,734</u>
Change in Net Position	1,359,672
Net Position-Beginning	<u>31,740,189</u>
Net Position-Ending	<u><u>\$33,099,861</u></u>

See accompanying notes to financial statements

## FUND FINANCIAL STATEMENTS

The Fund Financial Statements present individual major funds, while non-major funds (if any) are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

## MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the District in Fiscal Year 2013-14.

### GENERAL FUND

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

### CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Resources are provided by General Fund transfers and interest income on unspent funds.

### FEDERAL GRANT CAPITAL PROJECTS FUND

The Federal Grant Capital Projects Fund is used to account for financial resources to be used to purchase and install radios and equipment for the East Bay Regional Communications System Authority project.

### EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund is used to account for financial resources to be used for the replacement of equipment and vehicles. Resources are provided by General Fund transfers and interest income on unspent funds.

### SAN RAMON VALLEY FIRE COMMUNITY FUND

The San Ramon Valley Fire Community Fund is used to account for financial resources to be used to support the community.

### DEBT SERVICE FUND

The Debt Service Fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers, bond proceeds and interest income on unspent funds.

**San Ramon Valley Fire Protection District**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2014**

	General	Capital Projects	Federal Grant Capital Projects	Equipment Replacement	San Ramon Valley Fire Community	Debt Service	Total Gov. Funds
<b>ASSETS</b>							
Cash and investments (Note 2):							
Cash in bank and investments in LAIF	\$44,345,786	\$2,795,797	\$15,822		\$456		\$47,157,861
Petty cash	1,250						1,250
With fiscal agents						\$599,462	599,462
Receivables:							
Account	42,417						42,417
Interest	14,742						14,742
Prepaid items and deposits		238,000					238,000
Total Assets	<u>\$44,404,195</u>	<u>\$3,033,797</u>	<u>\$15,822</u>		<u>\$456</u>	<u>\$599,462</u>	<u>\$48,053,732</u>
<b>LIABILITIES</b>							
Accounts payable	\$1,559,740	\$6,093					\$1,565,833
Accrued liabilities	1,666,923	62,585	\$15,654				1,745,162
Deposits payable	7,658						7,658
Total Liabilities	<u>3,234,321</u>	<u>68,678</u>	<u>15,654</u>				<u>3,318,653</u>
<b>FUND BALANCE</b>							
Fund balances (Note 7):							
Nonspendable		238,000					238,000
Restricted						\$599,462	599,462
Committed	12,100,190	2,715,955					14,816,145
Assigned	81,220	11,164	168		\$456		93,008
Unassigned	28,988,464						28,988,464
Total Fund Balances	<u>41,169,874</u>	<u>2,965,119</u>	<u>168</u>		<u>456</u>	<u>599,462</u>	<u>44,735,079</u>
Total Liabilities and Fund Balances	<u>\$44,404,195</u>	<u>\$3,033,797</u>	<u>\$15,822</u>		<u>\$456</u>	<u>\$599,462</u>	<u>\$48,053,732</u>

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
 Reconciliation of the Governmental Funds-Balance Sheet  
 with the Statement of Net Position  
 June 30, 2014

Total fund balances reported on the governmental funds balance sheet \$44,735,079  
 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**

Capital assets used in Governmental Activities are not current assets or financial resources and \$32,907,587  
 therefore are not reported in the Governmental Funds.

**LONG-TERM LIABILITIES**

The liabilities below are not due and payable in the current period and therefore are not  
 reported in the fund financial statements:

Long-term debt	(\$13,449,197)
Interest payable on COPs and capital lease	(192,426)
Claims payable	(3,622,000)
Compensated absences	(1,579,892)
Net OPEB obligation	(25,699,290)
	(25,699,290)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$33,099,861
---	--------------

See accompanying notes to financial statements

**San Ramon Valley Fire Protection District**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2014**

	General	Capital Projects	Fed. Grant Capital Projects	Equipment Replacement	San Ramon Valley Fire Community	Debt Service	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$53,139,723						\$53,139,723
Intergovernmental revenues	355,776		\$1,070,697				1,426,473
Charges for services	3,662,306						3,662,306
Use of money and property	79,730					\$347	80,077
Rents, royalties, and commissions	242,098						242,098
Other revenues	125,034				\$900		125,934
<b>Total Revenues</b>	<b>57,604,667</b>		<b>1,070,697</b>		<b>900</b>	<b>347</b>	<b>58,676,611</b>
<b>EXPENDITURES</b>							
Current:							
Public safety-fire							
Salaries and benefits	43,078,383						43,078,383
Central garage	345,363						345,363
Maintenance and repairs	598,187						598,187
Rents and leases	36,466						36,466
Professional and other services	1,569,119		5,000			65,258	1,639,377
Claims paid	9,181						9,181
Services, supplies and utilities	1,327,702				1,000		1,328,702
Capital outlay		\$456,161	1,273,759	\$769,168			2,499,088
Debt service:							
Principal						5,147,800	5,147,800
Interest and fiscal agent charges			9			610,473	610,482
<b>Total Expenditures</b>	<b>46,964,401</b>	<b>456,161</b>	<b>1,278,768</b>	<b>769,168</b>	<b>1,000</b>	<b>5,823,531</b>	<b>55,293,029</b>
<b>EXCESS (DEFICIENCY)</b>							
<b>OF REVENUES OVER EXPENDITURES</b>	<b>10,640,266</b>	<b>(456,161)</b>	<b>(208,071)</b>	<b>(769,168)</b>	<b>(100)</b>	<b>(5,823,184)</b>	<b>3,383,582</b>
<b>OTHER FINANCING SOURCES AND USES</b>							
Proceeds from debt refinancing						3,227,000	3,227,000
Transfers in (Note 6)		405,490	188,853	101,807		1,866,164	2,562,314
Transfers out (Note 6)	(2,562,314)						(2,562,314)
<b>Total Other Financing Sources and Uses</b>	<b>(2,562,314)</b>	<b>405,490</b>	<b>188,853</b>	<b>101,807</b>		<b>1,866,164</b>	<b>3,227,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,077,952</b>	<b>(50,671)</b>	<b>(19,218)</b>	<b>(667,361)</b>	<b>(100)</b>	<b>(730,020)</b>	<b>6,610,582</b>
Fund balances at beginning of year	33,091,922	3,015,790	19,386	667,361	556	1,329,482	38,124,497
Fund balances at end of year	\$41,169,874	\$2,965,119	\$168		\$456	\$599,462	\$44,735,079

See accompanying notes to financial statements

**San Ramon Valley Fire Protection District**  
**Reconciliation of the Net Change in Fund Balances -**  
**Total Governmental Funds with the Statement of Activities**  
**For the Year Ended June 30, 2014**

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$6,610,582

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

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capitalized expenditures are therefore added back to fund balance	825,811
Net retirements of capital assets are deducted from fund balance	
Depreciation expense is deducted from the fund balance	(1,553,901)

**LONG-TERM DEBT PAYMENTS**

Bond proceeds provide current financial resources to governmental funds, but debt issuance increases long-term liabilities in the Statement of Net Position.

Issuance of new debt is deducted from fund balance	(3,227,000)
--	-------------

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Current portion of interest payable is deducted from fund balance	
Interest accrual at June 30, 2014	(192,426)
Interest accrual at June 30, 2013	242,384
Repayment of debt principal is added back to fund balance	5,147,800

**ACCRUAL OF NON-CURRENT ITEMS**

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(75,419)
Claims payable	(804,436)
Net OPEB obligation	(5,613,723)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$1,359,672

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
 General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$49,264,960	\$49,264,960	\$53,139,723	(\$3,874,763)
Intergovernmental revenues	123,000	123,000	355,776	(232,776)
Charges for services	3,179,000	3,179,000	3,662,306	(483,306)
Use of money and property	118,000	118,000	79,730	38,270
Rents, royalties, and commissions	350,000	350,000	242,098	107,902
Other revenues	25,000	25,000	125,034	(100,034)
Total Revenues	53,059,960	53,059,960	57,604,667	(4,544,707)
<b>EXPENDITURES</b>				
Current:				
<b>Public safety-fire</b>				
Salaries and benefits	45,003,422	45,003,422	43,078,383	1,925,039
Total salaries and benefits	45,003,422	45,003,422	43,078,383	1,925,039
<b>Central garage</b>				
Repairs	100,000	100,000	89,512	10,488
Maintenance	20,000	20,000	11,818	8,182
Gas, diesel and oil	207,000	207,000	202,299	4,701
Tires	45,000	45,000	34,419	10,581
Mandated inspection	13,000	13,000	7,315	5,685
Total central garage	385,000	385,000	345,363	39,637
<b>Maintenance and repairs</b>				
Equipment	145,704	149,163	116,530	32,633
Radio and electronic	344,900	368,144	316,272	51,872
Buildings	145,000	155,535	127,738	27,797
Grounds	38,500	38,500	37,647	853
Total maintenance and repairs	674,104	711,342	598,187	113,155
Rents and leases	68,300	68,600	36,466	32,134
Claims paid			9,181	(9,181)

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Cont.)  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>PROFESSIONAL AND OTHER SERVICES</b>				
Professional and specialized services	961,645	1,034,090	733,356	300,734
Recruiting costs	94,200	94,200	44,598	49,602
Legal services	250,000	250,000	186,452	63,548
Info Technology Surcharge	20,000	29,800	5,000	24,800
Medical services	111,100	111,100	68,483	42,617
Communications services	78,600	78,600	78,600	
Insurance services	460,000	460,000	432,616	27,384
Publication of legal notices	500	500	1,353	(853)
Specialized printing	26,900	26,900	18,661	8,239
Total professional and other services	2,002,945	2,085,190	1,569,119	516,071
<b>SUPPLIES AND UTILITIES</b>				
Office supplies	34,700	34,700	21,051	13,649
Postage	12,700	12,700	15,309	(2,609)
Telecommunications	193,100	193,100	166,049	27,051
Utilities	309,900	309,900	344,009	(34,109)
Small tools and equipment	97,300	103,327	62,256	41,071
Miscellaneous supplies	121,600	121,600	125,845	(4,245)
Medical supplies	103,000	103,000	107,396	(4,396)
Firefighting supplies	90,750	90,750	61,937	28,813
Pharmaceutical supplies	36,500	36,500	24,849	11,651
Computer supplies	38,500	38,500	33,962	4,538
Radio equipment and supplies	25,000	25,000	19,547	5,453
Food supplies	26,450	26,450	16,473	9,977
PPE Inspections & Repairs	36,000	36,000	19,584	16,416
Safety clothing and supplies	159,200	182,282	94,323	87,959
Class A uniforms & supplies	6,000	13,612	3,775	9,837
Non-safety clothing and supplies	22,000	22,185	9,756	12,429
Class B uniforms & supplies	25,000	25,000	25,044	(44)
Household supplies	40,000	40,000	36,886	3,114
Memberships	68,130	68,130	54,704	13,426
Educational courses and supplies	61,000	61,000	33,911	27,089

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual (Cont.)  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Educational assistance program	45,000	45,000	15,982	29,018
Public education supplies	11,000	11,000	8,465	2,535
Books and periodicals	18,635	18,635	5,739	12,896
Recognition supplies	5,000	5,000	1,163	3,837
Meetings and travel expenses	44,450	44,450	19,687	24,763
Total supplies and utilities	<u>1,630,915</u>	<u>1,667,821</u>	<u>1,327,702</u>	<u>340,119</u>
 Total Expenditures	 <u>49,764,686</u>	 <u>49,921,375</u>	 <u>46,964,401</u>	 <u>2,956,974</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>3,295,274</u>	 <u>3,138,585</u>	 <u>10,640,266</u>	 <u>7,501,681</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(3,246,664)	(3,246,664)	(2,562,314)	684,350
Total Other Financing Sources	<u>(3,246,664)</u>	<u>(3,246,664)</u>	<u>(2,562,314)</u>	<u>684,350</u>
 NET CHANGE IN FUND BALANCE	 <u>\$48,618</u>	 <u>(\$108,079)</u>	 <u>\$8,077,952</u>	 <u>\$8,186,031</u>
Fund balance at beginning of year			<u>33,091,922</u>	
Fund balance at end of year			<u>\$41,169,874</u>	

See accompanying notes to financial statements

San Ramon Valley Fire Protection District  
 San Ramon Valley Fire Community Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other Revenue	\$500	\$500	\$900	\$400
Total Revenue	500	500	900	400
<b>EXPENDITURES</b>				
Service and supplies	500	500	1,000	(500)
Total Expenditures	500	500	1,000	(500)
EXCESS OF REVENUES OVER EXPENDITURES			(100)	(100)
NET CHANGE IN FUND BALANCE			(100)	\$(100)
Fund balance at beginning of year			556	
Fund balance at end of year			\$456	

See accompanying notes to financial statements

## FIDUCIARY FUND

### AGENCY FUND

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

### San Ramon Valley Fire Protection District Fiduciary Fund Statement of Fiduciary Net Position June 30, 2014

	Agency Fund
<b>ASSET</b>	
Cash in bank and investments in LAIF (Note 2)	\$53,993
Interest receivable	1
Total Assets	<u>\$53,994</u>
<b>LIABILITIES</b>	
Accounts payable	\$1,338
Due to members	52,656
Total Liabilities	<u>\$53,994</u>

See accompanying notes to financial statements

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. ORGANIZATION AND DESCRIPTION

The San Ramon Valley Fire Protection District (the District) is a Special District organized under the California Health and Safety Code. The District is responsible for the protection of the lives and property of the residents of the San Ramon Valley located in the southwest portion of Contra Costa County.

The District furnishes fire protection, rescue service and other emergency services to an area approximating 155 square miles, including the communities of Alamo, Blackhawk, the Town of Danville, Diablo, the City of San Ramon, the southern area of the Morgan Territory and the Tassajara Valley.

The District is governed by a Board of Directors consisting of five members elected by the voters in its service area. The Board appoints a Fire Chief to oversee the day-to-day operations of the District.

The District maintains its headquarters at 1500 Bollinger Canyon Road, San Ramon, California 94583.

### B. REPORTING ENTITY

The accompanying financial statements of the District include the financial activities of the District as well as the San Ramon Valley Fire Protection District Financing Corporation (Corporation), which is controlled by and dependent on the District. The Corporation's purpose is to assist with the financing of fire protection facilities within the District. While the Corporation is a separate legal entity, the District Board serves in a separate section as its governing body and its financial activities are integral to those of the District, and is therefore a blended component unit. The financial activities of the Corporation have been aggregated and merged with those of the District in the accompanying financial statements.

### C. BASIS OF PRESENTATION

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

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

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

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

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, including blended component units. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

### D. MAJOR FUNDS

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

The District reported the following major governmental funds in the accompanying financial statements:

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Resources are provided by General Fund transfers, bond proceeds, and interest income on unspent funds.

**Federal Grant Capital Projects Fund** - The Federal Grant Capital Projects Fund is used to account for financial resources to be used to purchase and install radios and equipment for the East Bay Regional Communications System Authority project.

**Equipment Replacement Fund** - The Equipment Replacement Fund is used to account for financial resources to be used for the replacement of equipment and vehicles. Resources are provided by General Fund transfers and interest income on unspent funds. This Fund has been incorporated into the Capital Projects Fund effective July 1, 2014.

**San Ramon Valley Fire Community Fund** - The San Ramon Valley Fire Community Fund, a special revenue fund, is used to account for financial resources to be used to support the community.

**Debt Service Fund** - The Debt Service Fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers, bond proceeds and interest income on unspent funds.

The District also reports the following fund type:

**Fiduciary Fund** - Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

### E. BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

### F. BUDGETS AND BUDGETARY ACCOUNTING

The Board of Directors adopts a final budget prior to July 1. The budget includes appropriations (budgeted expenditures) on a line-item basis and the means of financing them (budgeted revenues).

Formal budgetary integration is employed as a management control device during the year for all funds. Budgeted and actual revenues and expenditures are reviewed monthly by the Board and budget amendments and transfers are made as needed. The Controller monitors appropriations on a Department/Division basis and conveys this information to the Fire Chief/Treasurer who can approve appropriation transfers so long as appropriations in total by fund do not change. This approach allows the Fire Chief to hold Department/Division heads accountable. The District reports expenditures and appropriations on a line-item basis to its Board.

Only the Board may approve amendments to appropriations in total by fund. This approach allows the Board to hold the Fire Chief accountable for the overall District operations.

Budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. Budgeted amounts presented in the financial statements are as originally adopted and as amended by the Board. Supplemental amendments to the budget were adopted by the Board and have been included in the budget versus actual statement. Appropriations lapse at year end.

### G. PROPERTY TAXES

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 for the District; the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County distributes property tax (termed "settlements") under the Teeter Plan, which allows the District to receive all property taxes in the

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

year in which they are levied. The County retains any collections of interest, penalties and delinquencies under this plan. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

### H. ACCUMULATED COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation leave, administrative leave, and compensating time off, which are accrued as earned. The District's liability for compensated absences is recorded as an expense in various Governmental activities. The liability for compensated absences is determined annually.

### I. CAPITAL ASSETS AND DEPRECIATION

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

Capital assets with limited useful lives are depreciated over their estimated useful lives.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

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

Buildings	40 years
Improvements	20-40 years
Equipment	5-20 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

### J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### K. NEW ACCOUNTING PRONOUNCEMENT

In March, 2012, GASB issued Statement No. 65, (*Items Previously Reported as Assets and Liabilities*). This Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflows of resources. The District implemented this standard as of July 1, 2013 with no impact to the financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

In March, 2012, GASB issued Statement No. 66, (*Technical Correction – 2012 – an amendment of GASB Statement No. 10 and No. 62*). The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Government Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The District implemented this standard as of July 1, 2013 with no impact to the financial statements.

In April 2013, GASB issued GASB Statement No. 70, (*Accounting and Financial Reporting for Nonexchange Financial Guarantees*). The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The District implemented this standard as of July 1, 2013 with no impact to the financial statements.

In June, 2012, GASB issued Statement No. 68, (*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This pronouncement is effective for financial statements with fiscal year ending June 30, 2015. The District is currently evaluating the impact on the financial statements.

In January 2013, GASB issued Statement No. 69, (*Government Combinations and Disposals of Government Operations*). The primary objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of Statement 69 are effective for financial statements for periods beginning after December 15, 2013. The District has not determined its effect on the financial statements.

In November 2013, GASB issued Statement No. 71, (*Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*). The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, (*Accounting and Financial Reporting for Pensions*). The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The District has not determined its effect on the financial statements.

## NOTE 2 - CASH AND INVESTMENTS

The District pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and investments as of June 30, 2014 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or Agency agreements.

## NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

	2014
Cash in bank and investments in LAIF	\$47,157,861
Petty cash	1,250
Cash and investments with fiscal agents	599,462
Total District cash and investments of primary government	47,758,573
Cash and investments in LAIF, in Fiduciary Funds	53,993
Total cash and investments	\$47,812,566

The District's carrying value of cash in banks and cash on hand was \$17,138,694 and \$1,250, respectively, at June 30, 2014.

Custodial credit risk for cash in bank, or deposits, is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk, that, in the event of the failure of the counterparty (e.g. broker-dealer used by the District to buy the securities), the government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision: A financial institution is required to secure deposits in excess of \$250,000 made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law secured by US government securities at a constant margin ratio of 110% for government securities.

### A. INVESTMENTS AUTHORIZED BY THE CALIFORNIA GOVERNMENT CODE AND THE DISTRICT'S INVESTMENT POLICY

The District is authorized to invest in the following types of instruments as permitted by the California Government Code, or the District's investment policy where it is more restrictive:

PERMITTED INVESTMENTS/DEPOSITS	MAXIMUM MATURITY
California Local Agency Investment Fund	N/A
Securities of the U.S. Government	5 years
Public Agency's Pooled Investment Fund	N/A
Insured Certificates of Deposit (CD's)	5 years
CD's adequately collateralized by the institution issuing the certificate	5 years
Passbook Savings, Money Market Accounts and Money Market Funds	N/A

### B. INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents.

## NOTE 2 - CASH AND INVESTMENTS (CONT.)

PERMITTED INVESTMENTS/DEPOSITS	MINIMUM CREDIT QUALITY	MAXIMUM MATURITY
Federal Securities	None	None
Obligations of federal agencies which represent full faith and credit of the United States of America	None	None
Bonds, notes or other evidences of indebtedness by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation	AAA by S&P and Aaa by Moody's	3 years
U.S. dollar denominated deposit accounts, federal funds, and banker's acceptances with domestic commercial banks	A-1 or A-1+ by S&P and P-1 by Moody's	360 Days
Commercial Paper	A-1+ by S&P, P-1 by Moody's	270 days
Money Market Fund	AAAm or AAAm-G or better by S&P	None
Obligations of any states of the U.S. or local municipalities, with certain restrictions	Highest rating category	None
Investment agreements, with certain restrictions	None	None
California Local Agency Investment Fund	None	None
Any other investments proposed by the District, with the approval of the bond insurance agent	N/A	N/A

### C. LOCAL AGENCY INVESTMENT FUND (LAIF)

At June 30, 2014, the District had \$30,071,910 invested in LAIF. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. As of June 30, 2014, LAIF had an average maturity of 232 days. As of June 30, 2014, LAIF, is not required to be, and was not rated.

## NOTE 2 - CASH AND INVESTMENTS (CONT.)

### D. CASH WITH FISCAL AGENT

Under the terms of an indenture of trust issued pursuant to the 2003 and 2006 Certificates of Participation (See Note 5), a fiscal agent is holding funds for debt service reserves. The funds are to be used in the event the District lease payments are insufficient to pay debt service due on the COPS. As of June 30, 2014, the balance with the fiscal agent for the 2003 COPS amounted to \$34 which had been invested in the US Bank Money Market Deposit Account. As of June 30, 2014, this money market fund was rated P-1, Aa2 by Moody's and had an average maturity of 1 day.

Under the terms of an indenture of trust issued pursuant to the 2006 Certificates of Participation (See Note 5), a fiscal agent is holding funds, on behalf of the District, for debt service reserves. The funds are to be used in the event the District lease payments are insufficient to pay debt service due on the COPS. As of June 30, 2014, \$599,428 remained with the agent, which was invested in the US Bank Money Market Deposit account. As of June 30, 2014, this money market deposit account was rated P-1, Aa2 by Moody's and had an average maturity of 1 day.

## NOTE 3 - CAPITAL ASSETS

### A. CAPITAL ASSET ADDITIONS AND RETIREMENTS

Capital assets activity comprised the following:

	Balance at June 30, 2013	Additions	Retirements	Transfers	Balance at June 30, 2014
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$7,105,802				\$7,105,802
Construction in progress	1,474,185	\$25,816			1,500,001
Total capital assets not being depreciated	8,579,987	25,816			8,605,803
Capital assets being depreciated:					
Buildings and improvements	26,546,224	30,159			26,576,383
Equipment	26,475,247	769,837	(\$416,114)		26,828,970
Total capital assets being depreciated	53,021,471	799,996	(416,114)		53,405,353
Less accumulated depreciation for:					
Buildings and improvements	(12,362,183)	(379,213)			(12,741,396)
Equipment	(15,603,599)	(1,174,688)	416,114		(16,362,173)
Total accumulated depreciation	(27,965,782)	(1,553,901)	416,114		(29,103,569)
Net capital assets being depreciated	25,055,689	(753,905)			24,301,784
Governmental activity capital assets, net	\$33,635,676	(\$728,089)			\$32,907,587

## NOTE 4 - COMPENSATED ABSENCES

The changes of the compensated absences were as follows:

	Governmental Activities
Beginning Balance, at July 1, 2013	\$1,504,473
Additions made during fiscal year	1,687,221
Payments made during fiscal year	(1,611,802)
Ending Balance, at June 30, 2014	\$1,579,892
Current Portion	\$300,179

The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

## NOTE 5 - LONG-TERM DEBT

The District generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. This debt will be repaid only out of governmental funds but is not accounted for in these funds because this debt does not require an appropriation or expenditure in this accounting period.

The District's debt issues and transactions are summarized below:

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Current Portion
Governmental Activities Debt						
2003 Certificates of Participation 2% - 4%, due 8/01/19	\$9,015,000	\$4,470,000		\$4,470,000		
2006 Certificates of Participation 3.5% - 5%, due 8/01/36	9,485,000	8,410,000		205,000	\$8,205,000	\$210,000
2013 Certificates of Participation 1.4%, due 2/01/19	3,227,000		\$3,227,000		3,227,000	621,000
Lease Purchase Agreement 2.58%, due 5/19/18	3,400,000	2,489,997		472,800	2,017,197	485,077
Total Governmental Activity Debt	\$25,127,000	\$15,369,997	\$3,227,000	\$5,147,800	\$13,449,197	\$1,316,077

### A. 2003 REFUNDING CERTIFICATES OF PARTICIPATION

The District leases its Administrative Office and Fire Stations 31, 33 and 38 under a non-cancelable lease extending to August 1, 2019. Under this lease, the District makes semi-annual payments, which are sufficient to pay the principal and interest on the 2003 Refunding Certificates of Participation (COPs). The cost of the buildings and the balance of the debt evidenced by the COPs have been included in the District's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the District at its conclusion. Interest is payable semi-annually each February 1 and August 1. Principal payments are due each August 1. On August 1, 2013 the 2003 Refunding COPs became first callable. Due to the current interest rate environment and the ability to call the 2003 COPs without penalty, the District determined that favorable economic results could be achieved by a private placement refinancing. During the year, the District called the remaining \$4,470,000.

### B. 2006 CERTIFICATES OF PARTICIPATION

In March 2006, the San Ramon Valley Fire Protection District Financing Corporation issued Certificates of Participation in the original principal amount of \$9,485,000, and bearing interest at 3.5-5%. Bond proceeds were used to finance the design and construction of three new fire stations, the acquisition of land for two of these fire stations, and the construction of an apparatus storage building at an existing fire station. Under a non-cancelable lease of these assets extending to August 1, 2036, the District makes semi-annual payments February 1 and August 1 from any source of available funds of the District which are sufficient to pay the principal and interest on the 2006 Certificates of Participation. Ownership of the leased premises reverts to the District at the end of the lease. The costs of the assets securing this lease and the balance of the debt evidenced by the 2006 Certificates of Participation have been included in the District's financial statements as this lease is in essence a financing arrangement, with ownership of the financed assets reverting to the District at its conclusion.

### C. 2013 REFUNDING CERTIFICATES OF PARTICIPATION

On February 1, 2014, the District issued \$3,227,000 of 2013 Refunding Certificates of Participation (COPs) to refinance the 2003 Refunding COPs through a private placement refinancing. A private placement is a sale of a new issue of securities directly to an investor or small group of investors without a public offering. The arbitrage yield on the financing is 1.4%. The net present value savings (economic gain) on the refinancing equals to \$261,401 or 6.71% of the refunded bonds. Interest is payable semi-annually each February 1 and August 1.

## NOTE 5 - LONG-TERM DEBT (CONT.)

### D. LEASE PURCHASE AGREEMENT

On May 19, 2011 the District entered into a lease purchase agreement with JP Morgan Chase Bank. The lease purchase agreement in the amount of \$3,400,000 is for the purchase of a number of ambulances and fire engines. Ownership of the vehicles and equipment passes to the District at the end of the lease. The lease is payable from the General Fund. Interest and principal are payable semi-annually on November 19 and May 19 until May 19, 2018.

Since the lease is in essence a financing arrangement, the costs of the fire engines, vehicles, ambulances and other equipment have been included in the District's entity-wide financial statements.

### D. DEBT SERVICE REQUIREMENTS

The District's debt service requirements are presented below:

FOR THE YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2015	\$1,316,077	\$481,328	\$1,797,405
2016	1,357,672	446,034	1,803,706
2017	1,386,595	415,110	1,801,705
2018	1,419,853	383,217	1,803,070
2019	909,000	353,846	1,262,846
2020-2024	1,405,000	1,573,738	2,978,738
2025-2029	1,765,000	1,201,875	2,966,875
2030-2034	2,250,000	702,250	2,952,250
2035-2037	1,640,000	125,750	1,765,750
Total payments due	\$13,449,197	\$5,583,148	\$19,132,345

## NOTE 6 - INTERFUND TRANSACTIONS

### A. TRANSFERS BETWEEN FUNDS

With Board approval, resources may be transferred from one fund to another. Transfers between funds during the fiscal year ended June 30, 2014 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
Debt Service Fund	General Fund	\$1,866,164 (A)
Capital Projects Fund	General Fund	405,490 (B)
Federal Grant Capital Projects Fund	General Fund	188,853 (C)
Equipment Replacement Fund	General Fund	101,807 (D)
Total Interfund Transfers		<u>\$2,562,314</u>

(A) To fund debt services payments

(B) To fund capital projects at various stations

(C) To fund 20% match for EBRCS radios and SCBAs

(D) To fund new/replacement equipment/vehicle purchases

## NOTE 7 - NET POSITION AND FUND BALANCES

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

### A. NET POSITION

Net position is the excess of all the District's Position over all its liabilities, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include debt service and acquisition and construction of facilities and equipment.

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

*Spending Sequence Policy* describes the use of 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 they are needed.

### B. FUND BALANCE

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.

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

## NOTE 7 - NET POSITION AND FUND BALANCES (CONT.)

Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

*Committed* fund balances have constraints imposed by formal action (resolution) of the Board which may be altered only by formal action of the Board. The governing board is the highest level of decision-making authority for the District. Nonspendable amounts subject to Board commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designee and may be changed at the discretion of the Board and its designee. This category includes nonspendables, when it is the Board's intent to use proceeds or collections for a specific purpose.

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

For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned.

Stabilization Arrangements represent fund balance committed to provide a source of funds to mitigate the effect to the General Fund during a prolonged economic downturn. These funds can only be spent following three successive years of decreased total General Fund Revenue. This circumstance is not expected to occur routinely.

Detailed classifications of the District's Fund Balances, as of June 30, 2014, are below:

Fund Balance Classifications	General Fund	Capital Projects	Federal Grant Capital Projects	San Ramon Valley Fire Community	Debt Service	Total
<b>Nonspendable:</b>						
Items not in spendable form:						
Prepaids and Deposits		\$238,000				\$238,000
<b>Total Nonspendable Fund Balances</b>		<b>238,000</b>				<b>238,000</b>
<b>Restricted for:</b>						
Debt Service					\$599,462	599,462
<b>Total Restricted Fund Balances</b>					<b>599,462</b>	<b>599,462</b>
<b>Committed to:</b>						
Workers' Compensation Claims	\$1,000,000					1,000,000
Capital		2,715,955				2,715,955
Stabilization Arrangements	11,100,190					11,100,190
<b>Total Committed Fund Balances</b>	<b>12,100,190</b>	<b>2,715,955</b>				<b>43,804,609</b>

## NOTE 7 - NET POSITION AND FUND BALANCES (CONT.)

Fund Balance Classifications	General Fund	Capital Projects	Federal Grant Capital Projects	San Ramon Valley Fire Community	Debt Service	Total
<b>Assigned to:</b>						
Services and supplies	81,220	11,164	\$168	\$456		93,008
<b>Total Assigned Fund</b>						
<b>Balances</b>	81,220	11,164	168	456		93,008
<b>Total Unassigned Fund Balances</b>	28,988,464					28,988,464
<b>Total Fund Balances</b>	\$41,169,874	\$2,965,119	\$168	\$456	\$599,462	\$44,735,079

### C. MINIMUM FUND BALANCE POLICY

The District has a minimum fund balance policy. The policy requires the District to maintain a minimum fund balance of 50% of the current fiscal year operating revenues in the General Fund at the end of the fiscal year. This amount is intended to cover the negative cash flow between property tax payments (“Dry Period Reserve”). At June 30, 2014, the Dry Period Reserve requirement of \$28,802,334, is included in unassigned fund balance.

The policy also requires the District to maintain a Stabilization Arrangements balance equal to 20% of current fiscal year operating expenditure in the General Fund at the end of the fiscal year and the amount of the District’s self-insured retention for Workers’ Compensation. At June 30, 2014, the Stabilization Arrangement requirement of \$11,100,190 and the Workers’ Compensation amount of \$1,000,000 are included in Committed Fund Balance.

## NOTE 8 - PENSION PLAN

Substantially, all qualified permanent and probationary District employees are eligible to participate in pension plans offered by Contra Costa County Employees’ Retirement Association (CCCERA), a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CCCERA provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

Benefit provisions under the Plan are established by State statute and County resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis by CCCERA; the District must contribute these amounts. The Plan’s provisions and benefits in effect at July 1, 2013, are summarized as follows:

	Safety	Non-Safety
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	55
Monthly benefits as percentage of annual salary	3%	2%
Required employee contribution rates	13.55 - 20.83%	7.30 - 14.24%
Required employer contribution rates	68.45% or 66.30% (new hires)	40.15% or 40.54% (new hires)

## NOTE 8 - PENSION PLAN (CONT.)

Trend information for the District is not available. Complete trend data is available in separately issued financial statements of the plan which can be obtained from CCCERA located at 1355 Willow Way, Suite 221, Concord, California. Three year trend data as of December 31 for the entire Plan is presented below (in thousands):

### Actuarial (Dollars in Thousands)

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2011	\$6,915,312	\$5,426,719	\$1,488,593	78.47%	\$666,394	223.38%
2012	7,761,315	5,482,287	2,279,058	70.64%	652,312	348.38%
2013	7,731,097	5,907,416	1,823,681	76.41%	679,429	268.41%

## NOTE 9 - POSTEMPLOYMENT HEALTH CARE BENEFITS

By Board resolution and through agreements with its labor units, the District provides certain health care benefits for retired employees (spouse and dependents are included) under third-party insurance plans. A summary of eligibility and retiree contribution requirements are shown below by bargaining unit:

	Miscellaneous	Safety
Eligibility	<ul style="list-style-type: none"> <li>• Full time employees retire directly from District</li> <li>• Service ret: 50 &amp; 10 or 30 YOS</li> <li>• Service-connected disability ret: regardless age or service</li> <li>• Service includes all 37 Act and CalPERS service</li> <li>• Participates in PEMHCA</li> </ul>	<ul style="list-style-type: none"> <li>• Full time employees retire directly from District</li> <li>• Service ret: 50 &amp; 10 or 20 YOS</li> <li>• Service-connected disability ret: regardless age or service</li> <li>• Service includes all 37 Act and CalPERS service</li> <li>• Participates in PEMHCA</li> </ul>
Medical Benefits	<ul style="list-style-type: none"> <li>• District pays 92% of the medical premium for retiree, spouse and dependents</li> <li>• Same as actives</li> </ul>	
Dental, Vision, Life & EAP	<ul style="list-style-type: none"> <li>• Dental, Vision, EAP: District pays 25% of the premium for retiree, spouse and dependents</li> <li>• Life: District pays 25% of the Premium for retiree only until age 65</li> </ul>	

As of June 30, 2014, approximately 297 participants were eligible to receive benefits.

### FUNDING POLICY AND ACTUARIAL ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations. The annual required contribution (ARC) was determined as part of a June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.75% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3% of general inflation increase, and (d) a healthcare trend of declining annual increases ranging from 8.5% to 8.9% in 2014 to 5% for years starting 2021. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 26 year closed amortization period.

## NOTE 9 - POSTEMPLOYMENT HEALTH CARE BENEFITS (CONT.)

In accordance with the District's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. The District's net other postemployment obligation is liquidated primarily by the General Fund. The Board is a participant in the California Employers' Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT, an agent multiple-employer defined benefit postemployment healthcare plan, is administered by CalPERS, and is managed by an appointed board not under the control of the District's Board. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

### FUNDING PROGRESS AND FUNDED STATUS

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. The Net OPEB Obligation and actual contributions for the fiscal year are presented below:

Annual required contribution (ARC)	\$7,693,000
Interest on net OPEB obligation	954,064
Adjustment to ARC	<u>(694,013)</u>
Annual OPEB cost	7,953,051
Contributions made:	
Contributions to OPEB Trust	520,469
District portion of current year premiums paid	<u>1,818,859</u>
Total Contributions	<u>2,339,328</u>
Increase in the net OPEB Obligation	<u>5,613,723</u>
Net OPEB obligation at June 30, 2013	<u>20,085,567</u>
Net OPEB obligation at June 30, 2014	<u>\$25,699,290</u>

## NOTE 9 - POSTEMPLOYMENT HEALTH CARE BENEFITS (CONT.)

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2012, 2013 and 2014 are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	NET OPEB Liability
6/30/2012	\$6,329,130	\$1,571,813	25%	\$14,459,076
6/30/2013	7,442,792	1,816,302	24%	20,085,567
6/30/2014	7,953,051	2,339,328	29%	25,699,290

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll [(B-A)/C]
1/1/2007	\$0	\$48,231,000	\$48,231,000	0.00%	\$20,718,000	233%
1/1/2009	0	56,146,000	56,146,000	0.00%	21,391,000	262%
6/30/2011	4,309,000	78,785,000	74,476,000	5.47%	18,998,580	392%

## NOTE 10 - DEFERRED COMPENSATION PLAN

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

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

## NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission, injuries to employees, and natural disasters. The District retains risk (a deductible) for a portion of losses arising from general liability, property, workers' compensation and auto liability losses. Once the District's deductible is met, insurance providers become responsible for payment of all claims up to the coverage limit. The District is a member of Fire Agency Insurance Risk Authority (FAIRA), a public entity risk pool which provides insurance coverage to participating members. The District also has excess workers' compensation coverage through an insurance policy with a commercial insurance company.

## NOTE 11 - RISK MANAGEMENT (CONT.)

The District did not have any claim settlements that exceeded the insurance coverage in the last three years. A summary of the District's insurance is as follows:

Coverage	Insurance Company / Risk Pool	Limit of Liability	Deductible / SIR
Workers' Compensation	Insurance Co.	Statutory	\$1,000,000
All Risk Property	FAIRA	\$51,100,500	\$5,000
General Liability	FAIRA	\$1,000,000 Per Occurrence / \$2,000,000 Aggregate	None
Management Liability	FAIRA	\$1,000,000	\$5,000
Auto Liability	FAIRA	\$1,000,000	\$1,000 / \$3,000 - Comp/Collision
Garage Keepers Legal Liability	FAIRA	\$250,000	\$250 Comprehensive / \$500 Collision
Umbrella Liability	FAIRA	\$10,000,000 Aggregate	Excess of Underlying Insurance

FAIRA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of FAIRA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

As of June 30, 2014, the District's third party administrator responsible for processing Workers' Compensation claims determined that the liability for unpaid claims amounted to \$3,622,000. Based on previous experience, management deemed the liability for unpaid claims for the other types of losses discussed above to be immaterial. These losses will be paid from future resources; therefore, these liabilities have been accounted for in governmental activities. Changes to these claims payable are disclosed below:

	Fiscal Year 2013-14	Fiscal Year 2012-13
Balance, July 1, 2013	\$2,817,564	\$2,065,558
Current year claims and estimated changes in claims payable	1,497,951	1,529,606
Claims paid	(693,515)	(777,600)
Balance, June 30, 2014	\$3,622,000	\$2,817,564
Balance due within one year	\$1,340,140	\$1,042,499

## NOTE 12 - CONTINGENT LIABILITIES AND COMMITMENTS

### GRANTS

The District participated in Federal and State grant programs. Where applicable, these programs have been audited through the fiscal year ended June 30, 2014, by the District's independent accountants in accordance with the provisions of the federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The District expects such amounts, if any, to be immaterial.

### LITIGATION

The District is subject to litigation arising in the normal course of business. In the opinion of the District Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

## NOTE 13 - EAST BAY REGIONAL COMMUNICATIONS SYSTEM AUTHORITY

The District is a member of the East Bay Regional Communications System Authority (EBRCSA), a joint exercise of powers authority. EBRCSA is authorized to borrow money for the purpose of paying the cost of public capital improvements within the State of California, including a P25 compliant or equivalent communications system. The communications system will provide fully interoperable communications to all public agencies serving Alameda and Contra Costa Counties. EBRCSA includes 40 member agencies. During fiscal year 2013-14, the District paid \$19,547 to EBRCSA for its share of the cost to build the project. The District is obligated to make annual service payments to EBRCSA from any source of legally available funds to pay for the District's share of service provided. Separate financial statements of EBRCSA may be obtained from 4985 Broder Boulevard, Dublin, CA 94568.

## NOTE 14 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the Capital Projects Fund by \$31,457 due to planned expenditures of residual fund balance.

Revenues and expenditures exceeded appropriation in the Debt Service Fund due to the advance refunding approved after the adoption of the final budget. (See Note 5)

# MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND & SPECIAL REVENUE

## FEDERAL GRANT CAPITAL PROJECTS FUND

The Federal Grant Capital Projects Fund is used to account for financial resources to be used to purchase and install radios and equipment for the East Bay Regional Communications System Authority Project.

### San Ramon Valley Fire Protection District Federal Grant Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental revenue	\$922,829	\$1,070,697	(\$147,868)
Total Revenue	922,829	1,070,697	(147,868)
<b>EXPENDITURES</b>			
Current:			
Professional and specialized services		5,000	(5,000)
Capital outlay:			
Radio/electronics equipment	1,862,186	1,273,759	588,427
Debt service			
Interest and fiscal agent		9	(9)
Total Expenditures	1,862,186	1,278,768	583,418
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(939,357)</b>	<b>(208,071)</b>	<b>(731,286)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers in		188,853	188,853
Total Other Financing Sources		188,853	188,853
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$939,357)</b>	<b>(19,218)</b>	<b>\$920,139</b>
Fund balance at beginning of year		19,386	
Fund balance at end of year		\$168	

## CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. Resources are provided by General Fund transfers, bond proceeds, and interest income on unspent funds.

### San Ramon Valley Fire Protection District Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other financing sources			
Total Revenue			
<b>EXPENDITURES</b>			
Current:			
Rents and leases	\$12,500		\$12,500
Capital outlay:			
Land, design, and construction	187,204	\$49,759	137,445
Various improvements	225,000	61,583	163,417
Radio, electronics equipment		3,695	(3,695)
Tools and sundry equipment		341,124	(341,124)
Total capital outlay	412,204	456,161	(43,957)
Total Expenditures	424,704	456,161	(31,457)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(424,704)	(456,161)	(31,457)
<b>OTHER FINANCING SOURCES</b>			
Other financing sources	100,000		(100,000)
Transfers in	225,000	405,490	180,490
Total Other Financing Sources	325,000	405,490	80,490
NET CHANGE IN FUND BALANCE	(\$99,704)	(50,671)	\$49,033
Fund balance at beginning of year		3,015,790	
Fund balance at end of year		\$2,965,119	

## EQUIPMENT REPLACEMENT FUND

The Equipment Replacement Fund is used to account for financial resources to be used for the replacement of equipment and vehicles. Resources are provided by General Fund transfers and interest income on unspent funds.

### San Ramon Valley Fire Protection District Equipment Replacement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended June 30, 2014

	Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Other revenues			
Total Revenue			
<b>EXPENDITURES</b>			
Capital outlay:			
Radio and electronic equipment	\$11,950	\$2,200	\$9,750
Autos and trucks	798,162	766,968	31,194
Total capital outlay	810,112	769,168	40,944
Total Expenditures	810,112	769,168	40,944
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(810,112)	(769,168)	40,944
<b>OTHER FINANCING SOURCES</b>			
Transfers in		101,807	101,807
Total Other Financing Sources		101,807	101,807
NET CHANGE IN FUND BALANCE	<u>(\$810,112)</u>	<u>(667,361)</u>	<u>\$142,751</u>
Fund balance at beginning of year		<u>667,361</u>	
Fund balance at end of year		<u>\$0</u>	

## DEBT SERVICE FUND

The Debt Service Fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers, bond proceeds and interest income on unspent funds.

### San Ramon Valley Fire Protection District Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual For the Year Ended June 30, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Use of money and property	\$600	\$347	(\$253)
Proceeds from debt		3,227,000	3,227,000
Total Revenues	600	3,227,347	3,226,747
<b>EXPENDITURES</b>			
Professional services		65,258	(65,258)
Debt Service:			
Principal	1,352,800	5,147,800	(3,795,000)
Interest	610,473	610,473	
Total Debt Service	1,963,273	5,758,273	(3,795,000)
Total Expenditures	1,963,273	5,823,531	(3,860,258)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,962,673)	(2,596,184)	(633,511)
<b>OTHER FINANCING SOURCES</b>			
Transfers in		1,866,164	1,866,164
Total Other Financing Sources	1,962,673	1,866,164	(96,509)
NET CHANGE IN FUND BALANCE	\$0	(730,020)	(\$730,020)
Fund balance at beginning of year		1,329,482	
Fund balance at end of year		\$599,462	

## AGENCY FUND

Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

## CITIZEN CORPS COUNCIL PROGRAM

Accounts for grant monies received and expenditures incurred related to the Citizen Corps Council Program. The District acts as custodian for the operating resources of the entity.

### San Ramon Valley Fire Protection District Agency Fund Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2014

Citizen Corps Council Program	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
<b>ASSETS</b>				
Cash and investments	\$48,202	\$52,800	\$47,009	\$53,993
Interest receivable	31	9	39	1
	<u>\$48,233</u>	<u>\$52,809</u>	<u>\$47,048</u>	<u>\$53,994</u>
<b>LIABILITIES</b>				
Accounts payable	\$969	\$47,417	\$47,048	\$1,338
Due to members	47,264	5,392		52,656
	<u>\$48,233</u>	<u>\$52,809</u>	<u>\$47,048</u>	<u>\$53,994</u>

## STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial Report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### 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:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds
5. General Expenditures by Function

### REVENUE CAPACITY

These schedules contain information to help the reader assess the District's most significant local revenue source, property tax:

1. General Revenues by Source
2. Assessed Value of Taxable Property
3. Assessed and Estimated Actual Value of Taxable Property
4. Property Tax Levies and Collections
5. Property Tax Rates, All Overlapping Governments
6. Principal Property Taxpayers

### 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:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin

### 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:

1. Demographic Statistics
2. Demographic and Economic Statistics

## STATISTICAL SECTION (CONT.)

### OPERATING INFORMATION

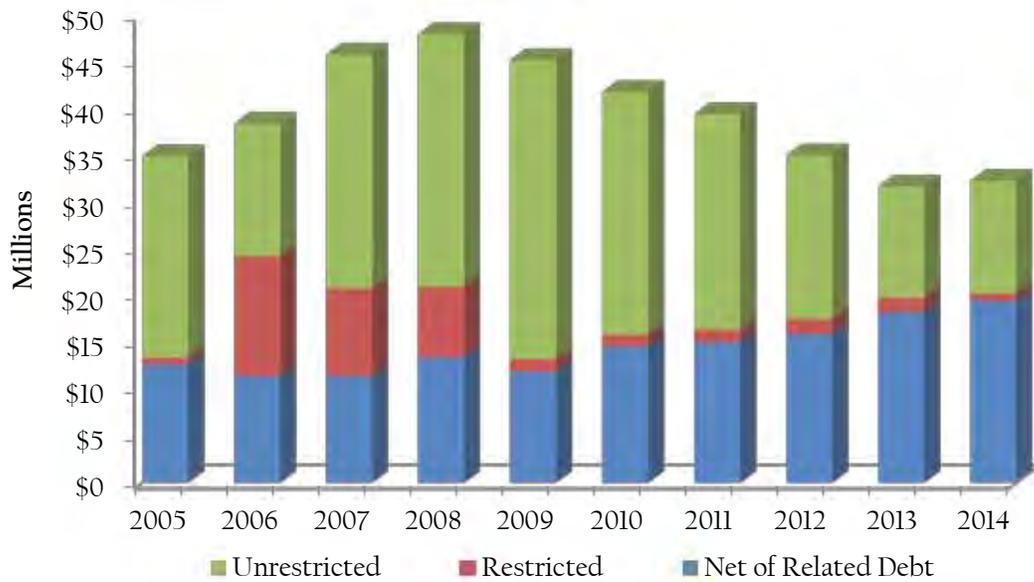
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs:

1. Summary of District Activities
2. Comparative Annual Graph -Total Responses
3. Standards of Cover Policy Compliance Report
4. Emergency Response Detail Analysis
5. Emergency Responses Graph
6. Call Frequency Analysis
7. Mutual Aid Fire Responses
8. Training Hours for Suppression Personnel
9. Service Connected Illness/Injury Report
10. Operating Indicators by Function
11. Staffing Summary

#### *Sources*

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Net Position by Component  
Last Ten Fiscal Years  
Budget and Actual  
(Accrual Basis of Accounting)



(in thousands)

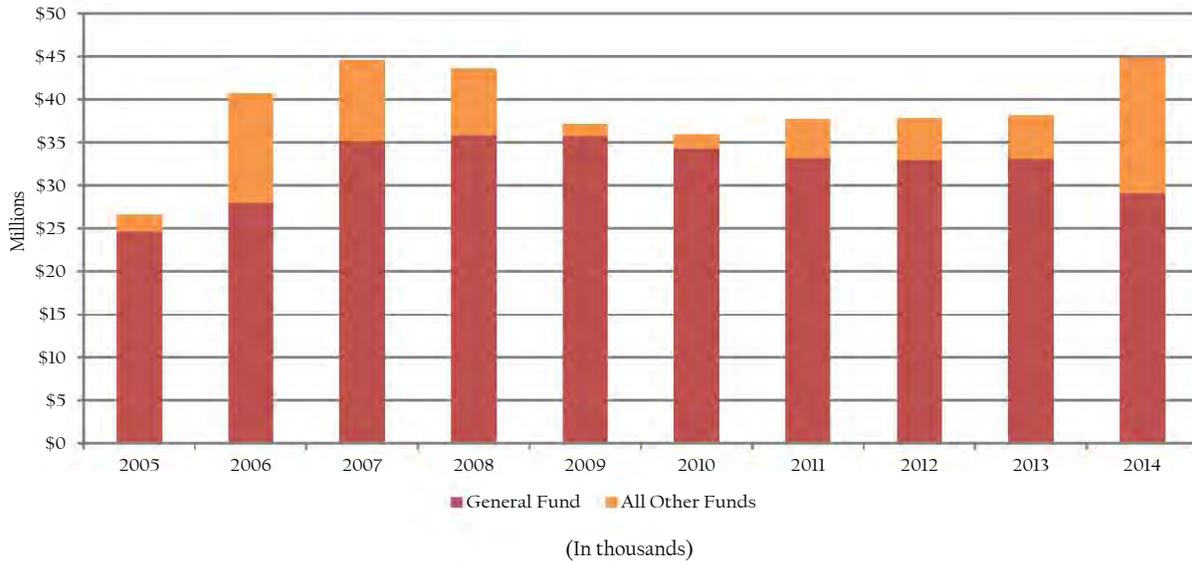
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net Investment in capital assets	\$12,653	\$11,389	\$11,403	\$13,404	\$11,880	\$14,546	\$15,039	\$15,911	\$18,266	\$19,458
Restricted	746	12,877	9,442	7,604	1,333	1,331	1,330	1,656	1,567	838
Unrestricted	21,587	14,199	25,047	27,078	32,076	25,986	23,132	17,499	11,907	12,804
Total governmental activities net position	\$34,986	\$38,465	\$45,892	\$48,086	\$45,289	\$41,863	\$39,501	\$35,066	\$31,740	\$33,100

**San Ramon Valley Fire Protection District**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXPENSES</b>										
Governmental Activities:										
Public Safety	\$39,984	\$42,105	\$45,810	\$51,547	\$57,957	\$55,582	\$56,676	\$56,404	\$57,028	\$56,756
Interest on Long-Term Debt	270	557	839	860	808	755	698	967	646	561
Total Governmental Activities Expenses	40,254	42,662	46,649	52,407	58,765	56,337	57,374	57,371	57,674	57,317
<b>PROGRAM REVENUES</b>										
Governmental Activities:										
Charges for Services	1,890	2,216	2,261	2,297	2,658	2,706	2,585	2,985	3,576	3,904
Operating Grants and Contributions	184	305	732	808	1,310	369	3,054	462	1,874	1,427
Capital Grants and Contributions	673	652								
Total Government Activities Program Revenues	2,747	3,173	2,993	3,105	3,968	3,075	5,639	3,447	5,450	5,331
<b>NET (EXPENSES) / REVENUE</b>										
Total Governmental Activities Program Expenses	(37,507)	(39,489)	(43,656)	(49,302)	(54,797)	(53,262)	(51,735)	(53,924)	(52,224)	(51,986)
Total Primary Government Net Expense	(\$37,507)	(\$39,489)	(\$43,656)	(\$49,302)	(\$54,797)	(\$53,262)	(\$51,735)	(\$53,924)	(\$52,224)	(\$51,986)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental Activities:										
Property Taxes	\$37,845	\$42,094	\$48,522	\$49,729	\$51,336	\$49,680	\$49,185	\$49,329	\$48,508	\$53,140
Use of Money and Property	407	860	1,789	1,723	638	250	152	99	58	80
Other	1	14	22	45	26	59	36	61	332	126
Total General Revenues and Other Assets	38,253	42,968	50,333	51,497	52,000	49,989	49,373	49,489	48,898	53,346
Total Primary Government	\$746	\$3,479	\$6,677	\$2,195	(\$2,797)	(\$3,273)	(\$2,362)	(\$4,435)	(\$3,326)	\$1,360
<b>CHANGE IN NET POSITION</b>										
Governmental Activities Changes in Net Position	\$746	\$3,479	\$6,677	\$2,195	(\$2,797)	(\$3,273)	(\$2,362)	(\$4,435)	(\$3,326)	\$1,360
Net Position Beginning Fund Balance, as restated	34,240	34,986	39,214	45,891	48,086	45,289	41,863	39,501	35,066	31,740
Net Position Ending Fund Balance	\$34,986	\$38,465	\$45,891	\$48,086	\$45,289	\$42,016	\$39,501	\$35,066	\$31,740	\$33,100

**San Ramon Valley Fire Protection District**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL FUND</b>										
Reserved			\$6	\$3	\$5					
Unreserved	\$24,692	\$28,022	\$35,162	\$35,862	\$35,806					
<b>Total General Fund</b>	<b>\$24,692</b>	<b>\$28,022</b>	<b>\$35,168</b>	<b>\$35,865</b>	<b>\$35,811</b>	(a)				

<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$1,877	\$12,632	\$9,370	\$7,639	\$1,333					
Unreserved, reported in:										
Special revenue funds										
Capital project funds										
<b>Total all other Governmental funds</b>	<b>\$1,877</b>	<b>\$12,632</b>	<b>\$9,370</b>	<b>\$7,639</b>	<b>\$1,333</b>					

<b>GENERAL FUND</b>											
Committed						\$23,387	\$23,814	\$23,085	\$22,506	\$12,100	
Assigned						1,915	2,975	4,274	157	81	
Unassigned						8,977	6,404	5,686	10,429	28,989	
<b>Total General Fund</b>						<b>\$34,279</b>	<b>\$33,193</b>	<b>(b)</b>	<b>\$33,045</b>	<b>\$33,092</b>	<b>\$41,170</b>

<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable						\$237	\$225	\$225	\$238	\$238
Restricted						1,331	1,330	1,656	1,329	599
Committed							2,666	2,710	2,678	2,716
Assigned							300	97	787	12
<b>Total all other Governmental funds</b>						<b>\$1,568</b>	<b>\$4,521</b>	<b>\$4,688</b>	<b>\$5,032</b>	<b>\$3,565</b>

(a) The Change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

(b) In 2010-2011, the District adopted GASB 54. See Note 7.

**San Ramon Valley Fire Protection District**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

(In thousands)

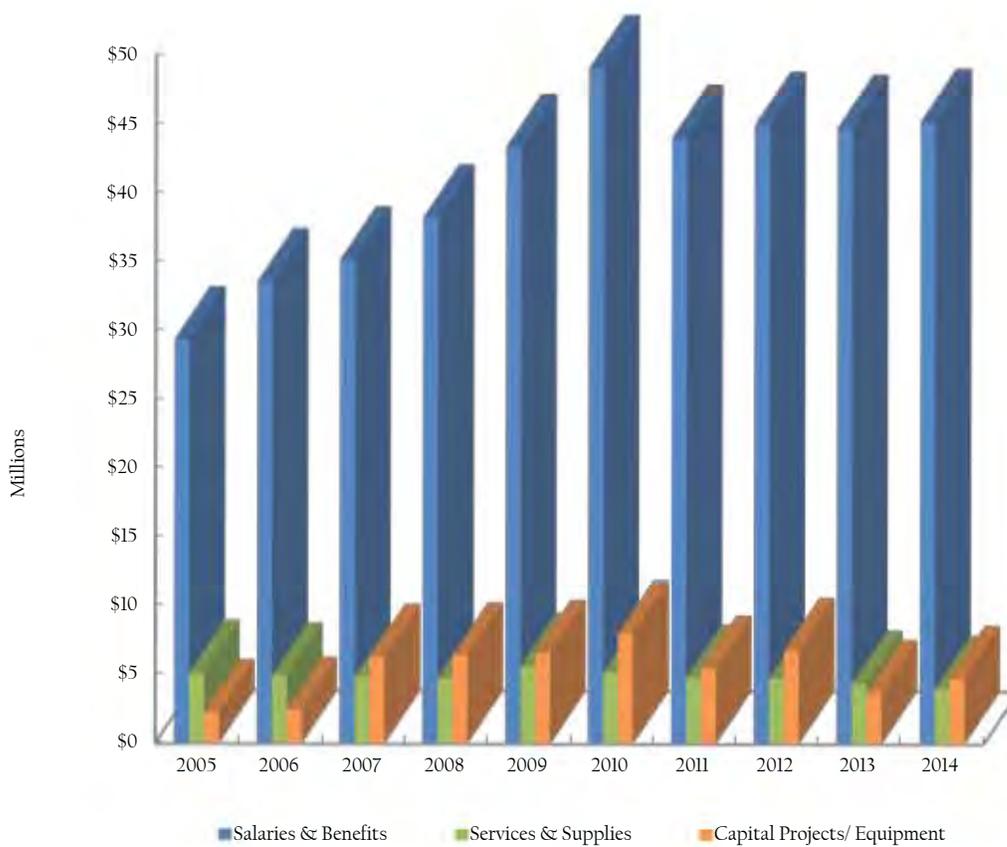
	2005	2006	2007	2008	2009
<b>REVENUES</b>					
Taxes	\$37,845	\$42,094	\$48,522	\$49,729	\$51,336
Use of money and property	407	859	1,789	1,723	638
Intergovernmental revenues	842	957	732	808	1,310
Charges for services	1,751	2,074	2,129	2,157	2,500
Other	139	157	154	184	184
<b>Total Revenues</b>	<b>40,984</b>	<b>46,141</b>	<b>53,326</b>	<b>54,601</b>	<b>55,968</b>
<b>EXPENDITURES</b>					
Current:					
Public safety	38,521	40,023	43,012	49,023	54,277
Capital outlay	1,718	4,131	4,169	4,121	5,637
Debt service:					
Principal repayment	465	1,430	1,421	1,631	1,606
Interest and fiscal charges	270	742	839	860	808
<b>Total Expenditures</b>	<b>40,974</b>	<b>46,326</b>	<b>49,441</b>	<b>55,635</b>	<b>62,328</b>
Excess (deficiency) of revenues over (under) expenditures	10	(185)	3,885	(1,034)	(6,360)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,315	5,854	2,844	6,466	11,299
Transfers (out)	(1,315)	(5,854)	(2,844)	(6,466)	(11,299)
Refunding certificates of participation					
Certificates of participation issued		14,085			
Lease proceeds	2,235				
Premium on bonds		185			
<b>Total other financing sources (uses)</b>	<b>2,235</b>	<b>14,270</b>			
<b>Net Change in fund balances</b>	<b>\$2,245</b>	<b>\$14,085</b>	<b>\$3,885</b>	<b>(\$1,034)</b>	<b>(\$6,360)</b>
Debt service as a percentage of noncapital expenditures	1.9%	5.4%	4.8%	4.7%	4.4%

**San Ramon Valley Fire Protection District**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

(In thousands)

	2010	2011	2012	2013	2014
<b>REVENUES</b>					
Taxes	\$49,680	\$49,185	\$49,329	\$48,508	\$53,140
Use of money and property	250	153	99	58	80
Intergovernmental revenues	369	3,054	462	1,874	1,426
Charges for services	2,562	2,426	2,795	3,254	3,662
Other	203	195	251	739	369
<b>Total Revenues</b>	<b>53,064</b>	<b>55,013</b>	<b>52,936</b>	<b>54,433</b>	<b>58,677</b>
<b>EXPENDITURES</b>					
Current:					
Public safety	48,861	49,770	49,198	49,250	47,033
Capital outlay	3,083	4,365	771	2,933	2,499
Debt service:					
Principal repayment	1,662	1,713	2,225	1,211	5,151
Interest and fiscal charges	755	698	723	648	610
<b>Total Expenditures</b>	<b>54,361</b>	<b>56,546</b>	<b>52,917</b>	<b>54,042</b>	<b>55,293</b>
Excess (deficiency) of revenues over (under) expenditures	(1,297)	(1,533)	19	391	3,384
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	5,732	3,325	3,647	3,458	2,562
Transfers (out)	(5,732)	(3,325)	(3,647)	(3,458)	(2,562)
Refunding certificates of participation					3,227
Certificates of participation issued					
Lease proceeds		3,400			
Premium on bonds					
<b>Total other financing sources (uses)</b>		<b>3,400</b>			<b>3,227</b>
<b>Net Change in fund balances</b>	<b>(\$1,297)</b>	<b>\$1,867</b>	<b>\$19</b>	<b>\$391</b>	<b>\$6,611</b>
Debt service as a percentage of noncapital expenditures	4.7%	4.6%	5.7%	3.6%	10.9%

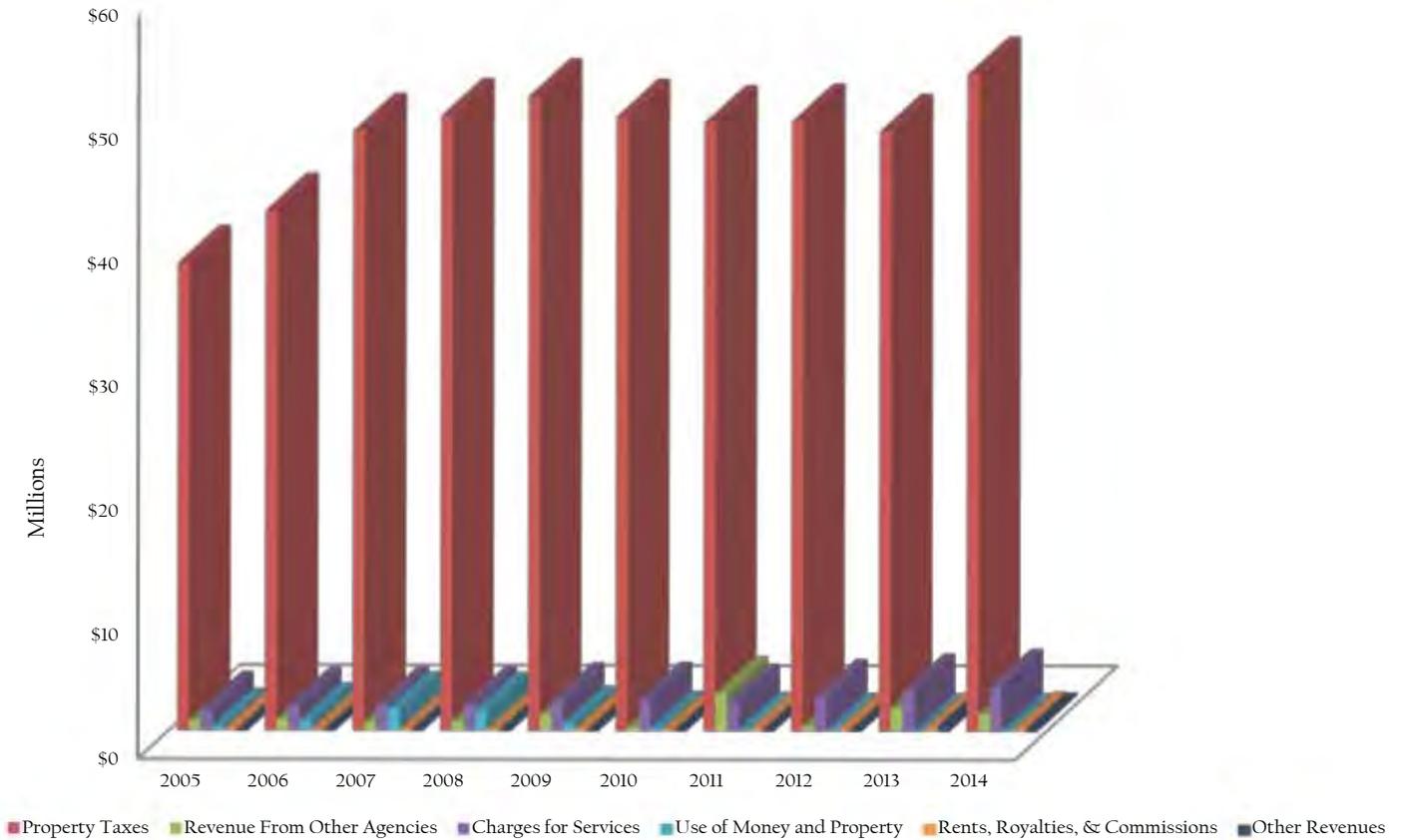
San Ramon Valley Fire Protection District  
 General Expenditures by Function  
 All Governmental Fund Types  
 Last Ten Fiscal Years



Fiscal Year	Salaries & Benefits	Services & Supplies	Capital Projects/ Equipment/ Debt Service	Total
2005	\$33,570,846	\$4,950,609	\$2,453,075	\$40,974,530
2006	35,176,348	4,847,076	6,302,362	46,325,786
2007	38,227,789	4,784,606	6,429,128	49,441,523
2008	43,359,987	5,663,047	6,612,168	55,635,202
2009	49,091,784	5,184,521	8,051,698	62,328,003
2010	44,029,329	4,831,654	5,499,989	54,360,972
2011	44,973,080	4,796,561	6,776,520	56,546,161
2012	44,784,659	4,413,289	3,719,562	52,917,510
2013	45,219,529	4,030,652	4,791,767	54,041,948
2014	43,078,383	3,957,276	8,257,370	55,293,029

Source: Annual District Financial Statements and Records

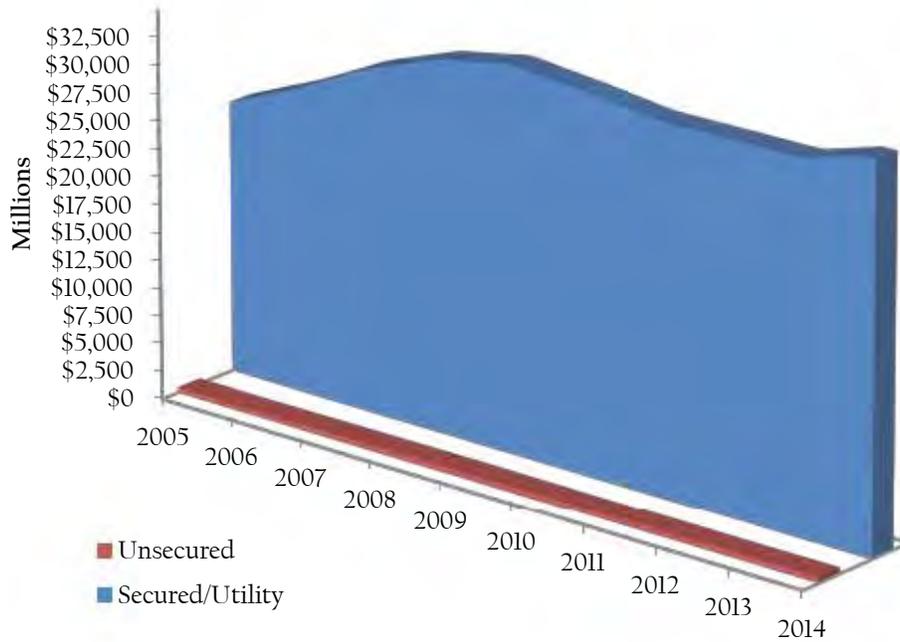
San Ramon Valley Fire Protection District  
 General Revenues by Source  
 All Governmental Fund Types  
 Last Ten Fiscal Years



Fiscal Year	Property Taxes	Revenue From Other Agencies	Charges for Services	Use of Money and Property	Rents, Royalties & Commissions	Other Revenues	Total
2005	\$37,844,880	\$841,812	\$1,750,852	\$406,677	\$139,418	\$678	\$40,984,317
2006	42,094,029	957,213	2,073,579	859,411	142,317	14,322	46,140,871
2007	48,521,551	731,532	2,128,641	1,789,342	132,366	21,980	53,325,412
2008	49,729,211	807,774	2,157,453	1,723,008	139,557	44,649	54,601,652
2009	51,335,992	1,309,954	2,499,826	638,353	157,865	25,894	55,967,884
2010	49,680,045	368,861	2,562,304	250,322	143,852	58,745	53,064,129
2011	49,184,817	3,054,056	2,425,597	152,454	159,877	36,058	55,012,859
2012	49,329,131	462,267	2,795,046	98,834	189,978	61,084	52,936,340
2013	48,507,266	1,874,007	3,253,658	58,256	322,020	418,080	54,433,287
2014	53,139,723	1,426,473	3,662,306	80,077	242,098	125,934	58,676,611

Source: Annual District Financial Statements and Records

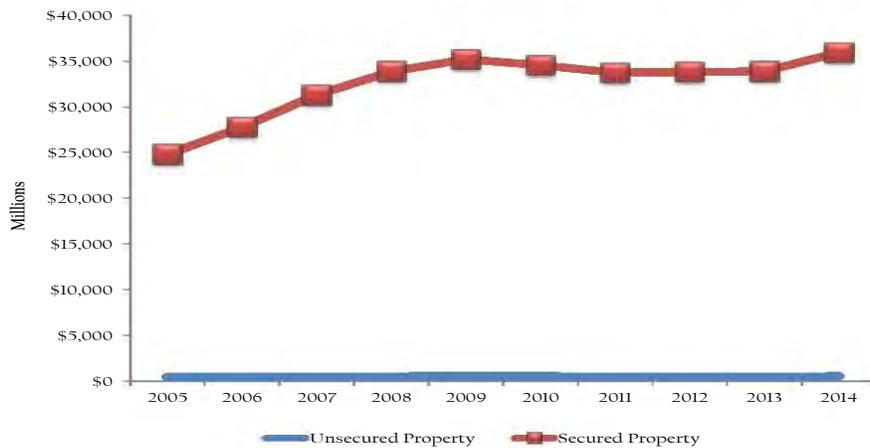
## San Ramon Valley Fire Protection District Assessed Value of Taxable Property Last Ten Fiscal Years



Fiscal Year	Local Secured	Utility	Unsecured	Total Assessed Value
2005	\$24,344,839,894	\$381,584	\$458,923,374	\$24,804,144,852
2006	27,329,344,797	381,584	447,249,007	27,776,975,388
2007	30,798,477,318	801,750	503,155,731	31,302,434,799
2008	33,325,977,071	488,449	537,112,855	33,863,578,375
2009	34,629,953,985	488,449	566,979,063	35,197,421,497
2010	33,999,908,443	1,645,966	545,889,815	34,547,444,224
2011	33,214,600,585	486,521	513,425,007	33,728,512,183
2012	33,301,067,929	1,279,399	514,027,979	33,816,375,307
2013	33,374,990,050	1,279,399	498,814,784	33,875,084,233
2014	35,398,665,984	1,279,399	538,281,086	35,938,226,469

Source: California Municipal Statistics, Inc.

## San Ramon Valley Fire Protection District Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years



### Real Property

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other
2005	\$21,647,770,938	\$2,203,242,543	\$163,112,983	\$331,095,012
2006	24,331,655,397	2,514,334,827	180,376,194	303,359,963
2007	27,504,342,149	2,756,353,926	220,395,421	318,187,572
2008	29,889,388,569	2,638,073,854	183,159,314	615,843,783
2009	30,934,259,689	2,845,614,454	187,064,908	663,503,383
2010	30,443,376,537	2,857,924,800	190,721,006	509,532,066
2011	29,773,860,084	2,756,249,783	185,682,986	499,294,253
2012	29,977,973,155	2,666,415,458	173,213,643	484,745,072
2013	30,105,033,826	2,614,615,253	174,944,054	481,640,316
2014	32,078,994,836	2,589,748,419	176,902,992	554,299,136

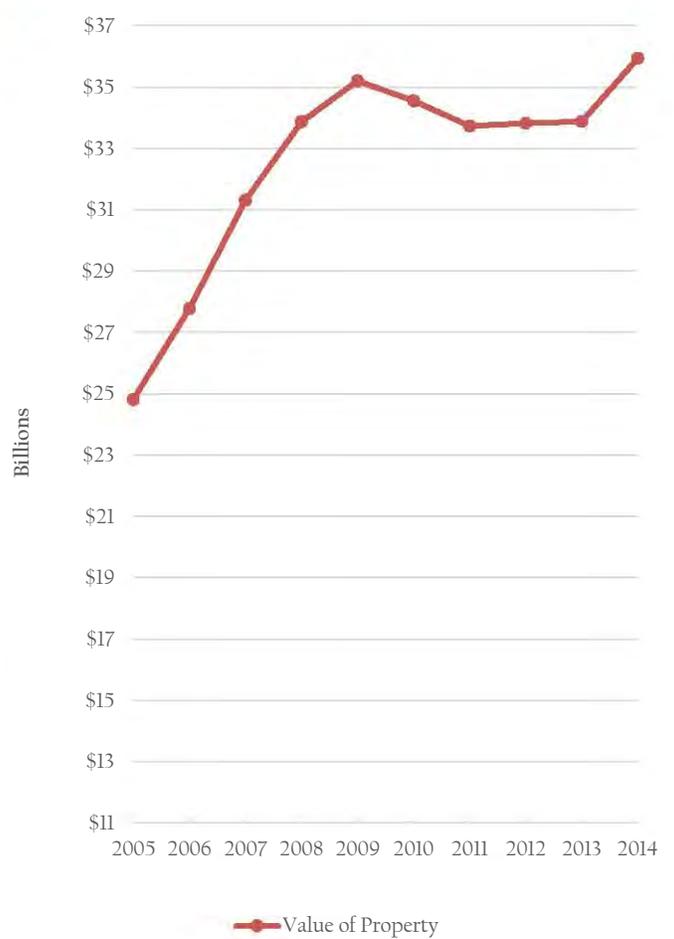
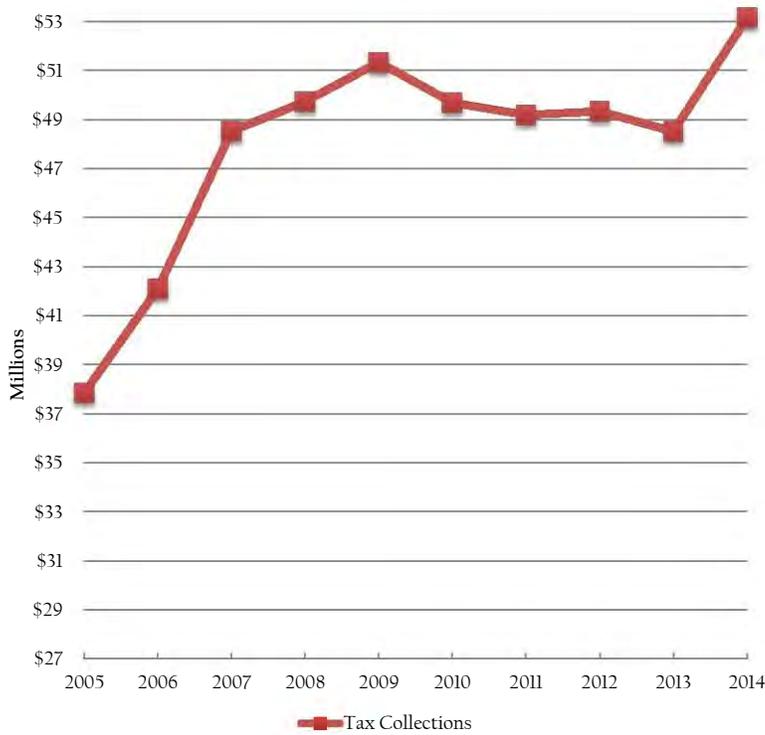
Fiscal Year	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2005	\$24,345,221,478	\$458,923,374	\$24,804,144,852	\$24,804,144,852	1%
2006	27,329,726,381	447,249,007	27,776,975,388	27,776,975,388	1%
2007	30,799,279,068	503,155,731	31,302,434,799	31,302,434,799	1%
2008	33,326,465,520	537,112,855	33,863,578,375	33,863,578,375	1%
2009	34,630,442,434	566,979,063	35,197,421,497	35,197,421,497	1%
2010	34,001,554,409	545,889,815	34,547,444,224	34,547,444,224	1%
2011	33,215,087,106	513,425,077	33,728,512,183	33,728,512,183	1%
2012	33,302,347,328	514,027,979	33,816,375,307	33,816,375,307	1%
2013	33,376,269,449	498,814,784	33,875,048,233	33,875,048,233	1%
2014	35,399,945,383	538,281,086	35,938,226,469	35,938,226,469	1%

Source: California Municipal Statistics, Inc.

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

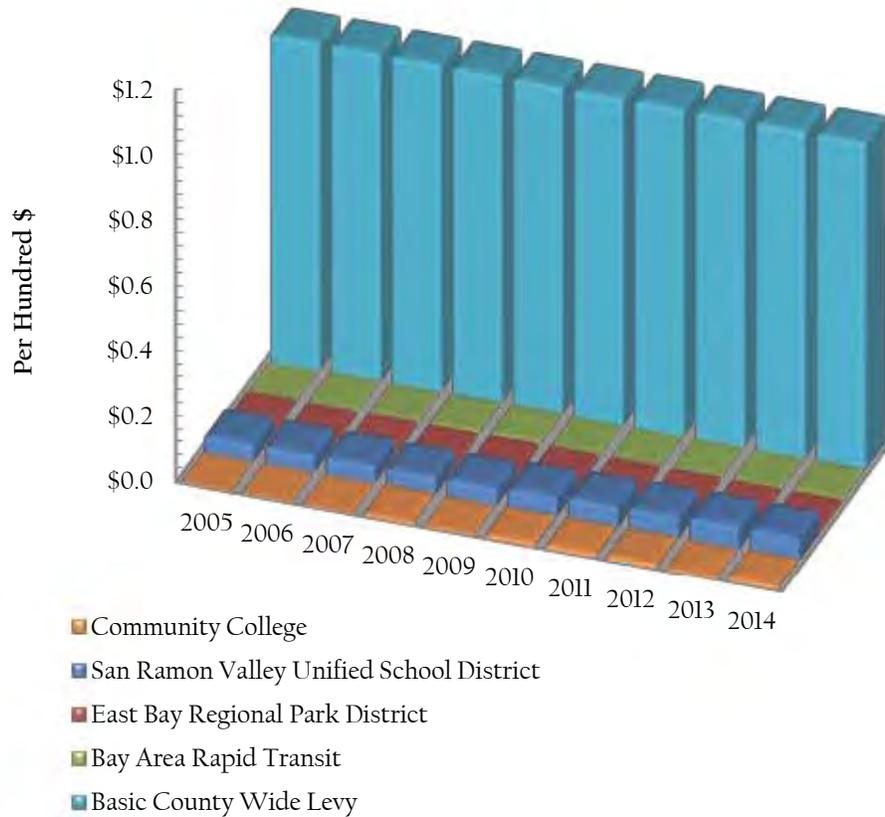
## San Ramon Valley Fire Protection District Property Tax Levies and Collections Last Ten Fiscal Years



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Value of Property Subject to Local Tax Rate
2005	\$37,844,880	\$37,844,880	100.0000%	\$24,804,144,852
2006	42,094,029	42,094,029	100.0000%	27,776,975,388
2007	48,521,551	48,521,551	100.0000%	31,302,434,799
2008	49,729,211	49,729,211	100.0000%	33,863,578,375
2009	51,335,992	51,335,992	100.0000%	35,197,421,497
2010	49,680,045	49,680,045	100.0000%	34,547,444,224
2011	49,184,817	49,184,817	100.0000%	33,728,512,183
2012	49,329,131	49,329,131	100.0000%	33,816,375,307
2013	48,507,267	48,507,267	100.0000%	33,875,084,233
2014	53,139,723	53,139,723	100.0000%	35,938,226,469

Source: San Ramon Valley Fire Protection District Records

**San Ramon Valley Fire Protection District  
Property Tax Rates - All Overlapping Governments  
(General Obligation Bond Issuers Only)  
Last Ten Fiscal Years**



Fiscal Year	Basic County Wide Levy	Bay Area Rapid Transit	East Bay Regional Park District	San Ramon Valley Unified School District	Community College	Total
2005	1.0000	0.0000	0.0057	0.0517	0.0042	1.0616
2006	1.0000	0.0048	0.0057	0.0514	0.0047	1.0666
2007	1.0000	0.0050	0.0085	0.0533	0.0043	1.0711
2008	1.0000	0.0076	0.0080	0.0517	0.0108	1.0781
2009	1.0000	0.0090	0.0100	0.0519	0.0066	1.0775
2010	1.0000	0.0057	0.0108	0.0587	0.0126	1.0878
2011	1.0000	0.0031	0.0084	0.0641	0.0133	1.0889
2012	1.0000	0.0041	0.0071	0.0664	0.0144	1.0920
2013	1.0000	0.0043	0.0051	0.0705	0.0087	1.0886
2014	1.0000	0.0075	0.0078	0.0696	0.0133	1.0982

Source: California Municipal Statistics, Inc.

(Note: As of June 30, 2013, the District had no outstanding general obligation bonds)

## San Ramon Valley Fire Protection District Principal Property Taxpayers Current Year and Ten Years Ago

2013 - 2014

2004 - 2005

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Shapell Industries, Inc.	\$569,384,083	1	1.71%	\$255,889,195	3	1.14%
Sunset Building/Land Co. LLC	362,000,180	2	1.08%	316,004,110	2	1.41%
Chevron USA, Inc.	338,507,781	3	1.01%	318,701,161	1	1.42%
Essex San Ramon Partners LLC	210,087,837	4	0.63%	89,822,231	7	0.40%
SDC 7	162,377,659	5	0.49%	141,673,327	4	0.63%
Annabel Investment Co.	123,147,414	6	0.37%	137,941,628	6	0.61%
Alexander Properties Co.	97,378,924	7	0.29%	84,241,685	9	0.00%
San Ramon Regional Medical Center	69,491,243	8	0.21%	not available	N/A	0.00%
FR Crow Canyon Fee Owner LLC	65,145,363	9	0.20%	not available	N/A	0.00%
BRE Properties Inc.	56,867,778	10	0.17%	61,294,741	12	0.27%
Ardenwood Development Associates	53,160,177	11	0.16%	46,075,192	15	0.21%
Cedar Grove Apartments	50,469,564	12	0.15%	43,524,003	18	0.19%
230 Alamo Plaza Inc.	48,031,604	13	0.14%	41,600,623	19	0.00%
Legacy III San Ramon Crow Canyon	42,208,071	14	0.13%	not available	N/A	0.00%
GMS Five LLC	41,863,102	15	0.13%	36,257,922	20	0.00%
Oak Reflections 12B2010LLC	41,281,920	16	0.12%	not available	N/A	0.00%
REG8 Tassajara Crossing LLC	36,558,737	17	0.11%	not available	N/A	0.00%
Keenan/Bariteau Bishop Ranch	36,374,819	18	0.11%	not available	N/A	0.00%
Toyota Motor Sales USA	35,433,210	19	0.11%	not available	N/A	0.00%
Grupe Real Estate Investors 19	34,848,933	20	0.10%	not available	N/A	0.00%
Windemere BLC Land Co. LLC				138,010,066	5	0.62%
Toll Land XXII LP				70,945,862	10	0.32%
Centex Homes				89,087,136	8	0.40%
Regency Centers LP				45,887,839	16	0.20%
Greystone Homes Inc.				70,455,546	11	0.31%
ASN Multifamily LP				59,703,739	13	0.27%
Brookfield Belrose LLC				not available	N/A	0.00%
NME Hospitals, Inc.				52,244,018	14	0.23%
Gateway Crescent, Inc.				43,664,582	17	0.19%
<b>Subtotal</b>	<b>\$2,474,618,399</b>		<b>7.41%</b>	<b>\$2,143,024,606</b>		<b>8.83%</b>

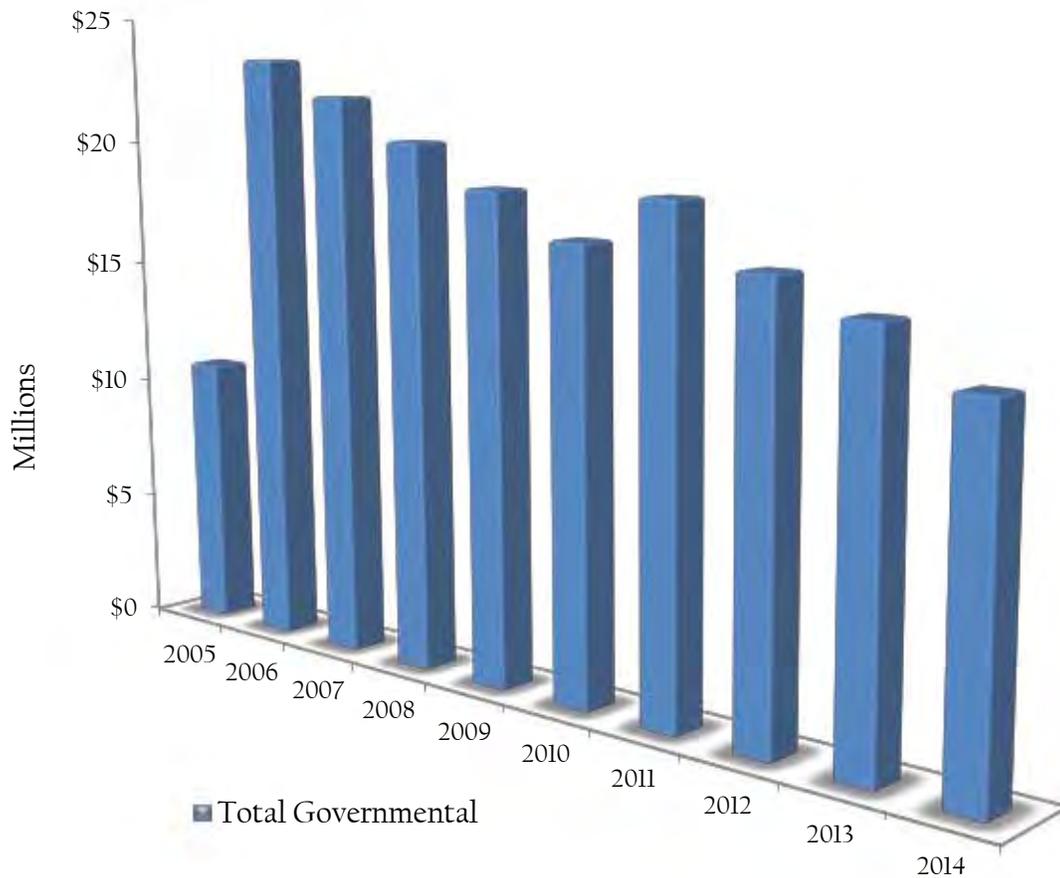
Total Net Assessed Valuation:

Fiscal Year 2013- 2014                   \$35,398,665,984

Fiscal Year 2004 - 2005               \$24,344,839,894

Source: California Municipal Statistics, Inc.

## San Ramon Valley Fire Protection District Ratio of Outstanding Debt by Type Last Ten Fiscal Years



Fiscal Year	Certificates of Participation	Equipment Capital Leases	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2005	\$8,550,000	\$2,235,000	\$10,785,000	157.60%	72.67275361
2006	17,560,000	5,880,054	23,440,054	325.42%	154.8465675
2007	17,080,000	4,938,655	22,018,655	290.41%	139.2959809
2008	16,425,000	3,962,434	20,387,434	268.89%	128.9764346
2009	15,755,000	3,026,016	18,781,016	237.22%	116.963935
2010	15,065,000	2,054,366	17,119,366	214.90%	102.1950422
2011	14,360,000	4,446,154	18,806,154	236.30%	106.00496379
2012	13,630,000	2,950,830	16,580,830	200.77%	92.35224659
2013	12,880,000	2,489,997	15,369,997	177.04%	84.50637139
2014	11,432,000	2,017,197	13,449,197	155.27%	73.01040727

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: San Ramon Valley Fire Protection District and the State of California, Department of Finance (population)

(a) See page 66 (Demographic Statistics) for population data.

**San Ramon Valley Fire Protection District**  
**Computation of District and Overlapping Debt**  
**June 30, 2014**

2013-14 Assessed Valuation		\$35,938,176,831		
	Net Debt Outstanding	% Applicable San Ramon Valley (1)	Amount Applicable San Ramon Valley	
<b>OVERLAPPING TAX AND ASSESSMENT DEBT</b>				
Bay Area Rapid Transit District	\$648,275,000	6.837%	\$44,322,562	
Chabot-Las Positas Community College District	432,337,431	0.635%	2,745,343	
Contra Costa Community College District	343,945,000	24.137%	83,018,005	
Livermore Valley Joint Unified School District	88,030,000	0.373%	328,352	
San Ramon Valley Unified School District	317,448,266	99.303%	315,235,652	
Acalanes Union High School District	162,906,665	0.007%	11,403	
Lafayette School District	14,285,000	0.027%	3,857	
East Bay Regional Park District	202,210,000	10.554%	21,341,243	
ABAG Windemere Ranch Community Facilities District No. 2004-2	39,239,619	100.000%	39,239,619	
Contra Costa County Community Facilities District No. 2001-1	5,445,000	100.000%	5,445,000	
ABAG Windemere Ranch 1915 Act Bonds	86,715,883	100.000%	86,715,883	
City, County and Special District 1915 Act Bonds (Estimate)	2,570,771	2.781%-100%	1,321,507	
<b>SUBTOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$599,728,425</b>	
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>				
Contra Costa County General Fund Obligations	\$274,600,304	24.436%	\$67,101,330	
Contra Costa County Pension Obligations	258,500,000	24.436%	63,167,060	
Contra Costa Community College District Certificates of Participation	700,000	24.137%	168,959	
San Ramon Valley Unified School District General Fund Obligations	21,410,000	99.303%	21,260,772	
Town of Danville Certificates of Participation	8,860,000	100.000%	8,860,000	
City of San Ramon Certificates of Participation	11,345,000	100.000%	11,345,000	
City of San Ramon Pension Obligations	16,990,000	100.000%	16,990,000	
San Ramon Valley Fire Protection District Certificates of Participation	11,432,000	100.000%	11,432,000	
<b>SUBTOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$200,325,122</b>	
LESS: Contra Costa County revenue supported obligations			<b>(26,570,735)</b>	
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$173,754,386</b>	
<b>TOTAL DIRECT DEBT</b>			<b>\$11,432,000</b>	
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$863,548,117</b>	
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$836,977,382</b>	
<b>GROSS COMBINED TOTAL DEBT</b>			<b>\$874,980,117</b>	(2)
<b>NET COMBINED TOTAL DEBT</b>			<b>\$848,409,382</b>	

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the District.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**RATIOS TO 2013-14 ASSESSED VALUATION**

Combined Direct Debt	1.67%
Total Gross Direct and Overlapping Tax Assessment Debt	2.43%
Total Net Direct and Overlapping Tax Assessment Debt	2.36%

**STATE SCHOOL BUILDING AID REPAYABLE**

Source: California Municipal Statistics, Inc.

**San Ramon Valley Fire Protection District  
Computation of Legal Bonded Debt Margin  
June 30, 2014**

ASSESSED VALUATION		
Secured Property assessed value, net of exempt real property	\$35,938,176,831	
BOUNDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		\$1,347,681,631
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	\$13,449,197	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificates of Participation not subject to limit	13,449,197	
Amount of debt subject to limit		\$1,347,681,631
LEGAL BONDED DEBT MARGIN		\$1,347,681,631

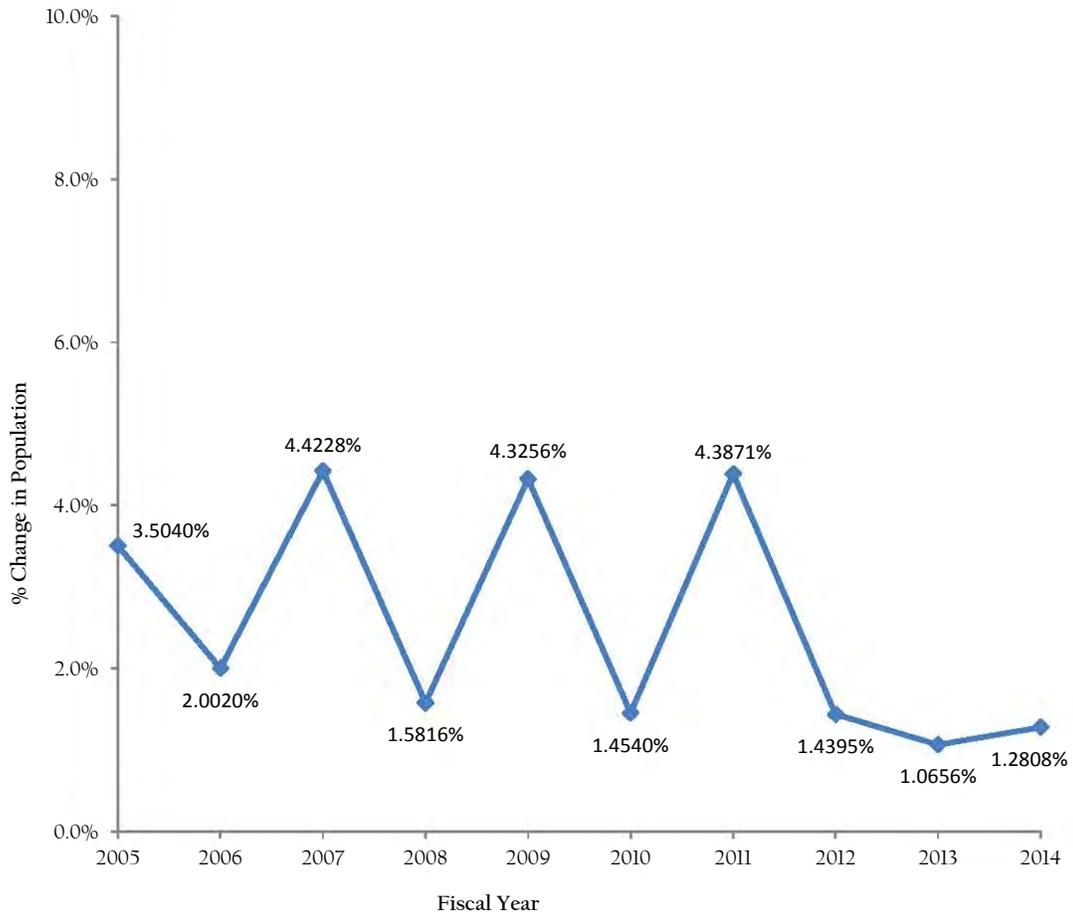
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2005	\$1,024,850,430	\$0	\$1,024,850,430	0.00%
2006	1,154,942,899	0	1,154,942,899	0.00%
2007	1,154,942,899	0	1,154,942,899	0.00%
2008	1,249,724,140	0	1,249,724,140	0.00%
2009	1,298,623,274	0	1,298,623,274	0.00%
2010	1,274,996,567	0	1,274,996,567	0.00%
2011	1,245,547,522	0	1,245,547,522	0.00%
2012	1,268,114,074	0	1,268,114,074	0.00%
2013	1,270,315,659	0	1,270,315,659	0.00%
2014	1,347,681,631	0	1,347,681,631	0.00%

NOTE:

(a) California Health and 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, Inc.

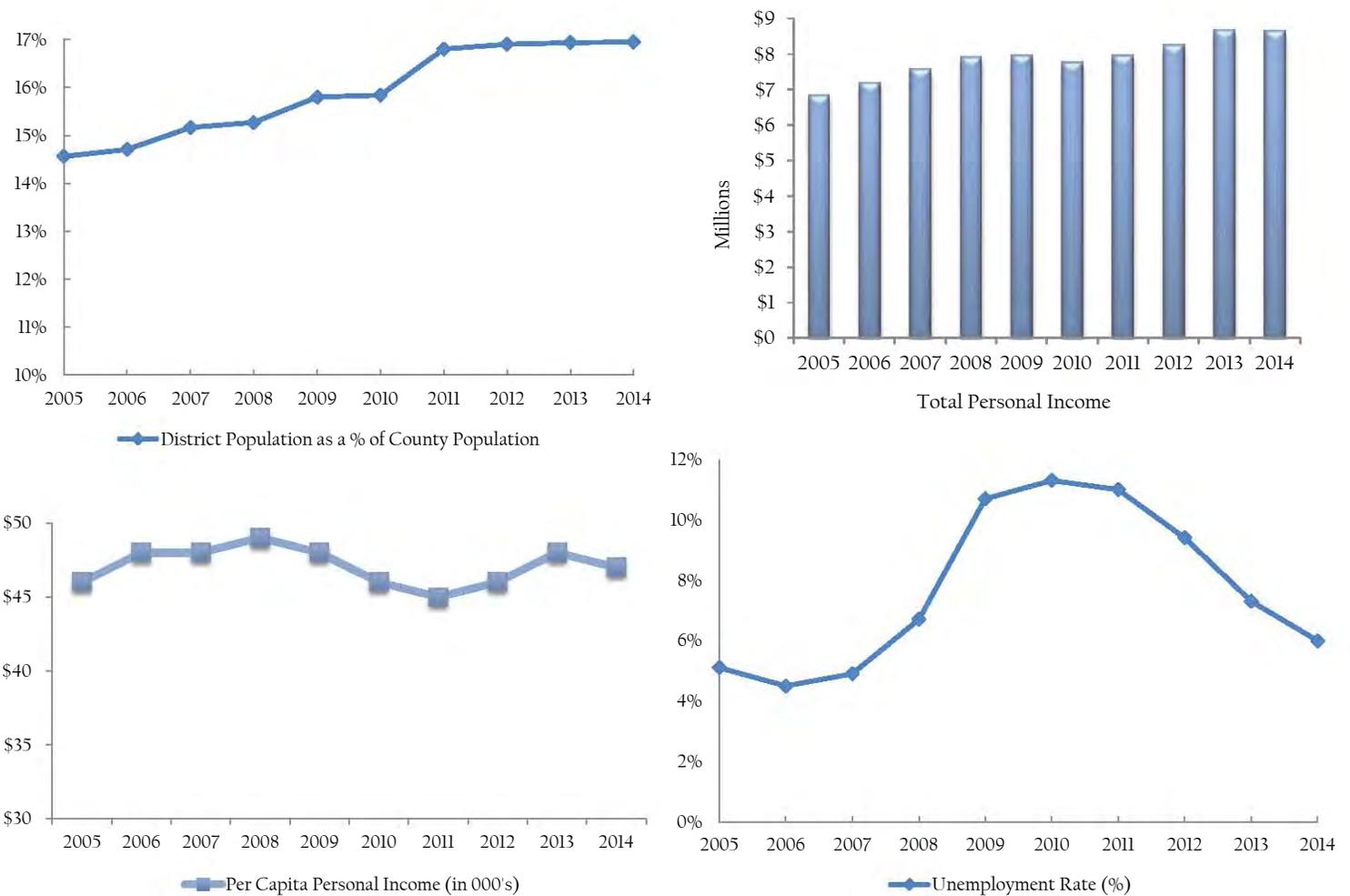
## San Ramon Valley Fire Protection District Demographic Statistics Last Ten Fiscal Years



Fiscal Year	Town of Danville Population	City of San Ramon Population	Unincorporated Population (1)	Total Population	% Increase
2005	43,273	51,027	54,105	148,405	3.5040%
2006	43,052	53,137	55,187	151,376	2.0020%
2007	42,601	58,035	57,435	158,071	4.4228%
2008	42,629	59,002	58,940	160,571	1.5816%
2009	43,043	63,176	61,298	167,517	4.3256%
2010	43,574	64,860	61,518	169,952	1.4540%
2011	42,215	73,109	62,084	177,408	4.3871%
2012	42,450	74,378	62,711	179,539	1.2010%
2013	42,270	76,154	63,006	181,880	1.0656%
2014	43,146	77,270	63,793	184,209	1.2808%

Source: State of California Department of Finance

## San Ramon Valley Fire Protection District Demographic and Economic Statistics Last Ten Fiscal Years



Fiscal Year	District Population	Total Personal Income in (000's)	Per Capita Personal Income in (000's)	Unemployment Rate (%)	Contra Costa County Population	District Population % of County
2005	148,405	\$6,843,105	46	5.1%	1,019,101	14.56%
2006	151,376	7,203,052	48	4.5%	1,029,377	14.71%
2007	158,071	7,581,933	48	4.9%	1,042,341	15.16%
2008	160,571	7,917,054	49	6.7%	1,051,674	15.27%
2009	167,517	7,966,140	48	10.7%	1,060,333	15.80%
2010	169,952	7,763,800	46	11.3%	1,073,055	15.84%
2011	177,408	7,958,671	45	11.0%	1,056,064	16.80%
2012	179,539	8,258,713	46	9.4%	1,065,117	16.86%
2013	181,880	8,681,559	48	7.3%	1,074,247	16.93%
2014	184,209	8,661,591	47	6.0%	1,087,008	16.95%

Source: State of California Department of Finance, Employment Development Department

San Ramon Valley Fire Protection District  
Principal Employers  
June 30, 2014

Employer	2014	
	Number of Employees	Percent of Total Employees
Chevron USA Inc	3,942	31.58%
Bank of the West	1,600	12.82%
AT&T	1,227	9.83%
Robert Half International Inc.	1,145	9.17%
Sprint PCS	750	6.01%
San Ramon Regional Medical Center	706	5.66%
General Electric Company	600	4.81%
Primed Management Consulting	450	3.61%
PG&E	415	3.32%
IBM Corp	401	3.21%
Marriott	368	2.95%
United Parcel Service	327	2.62%
Target	276	2.21%
Costco	275	2.20%

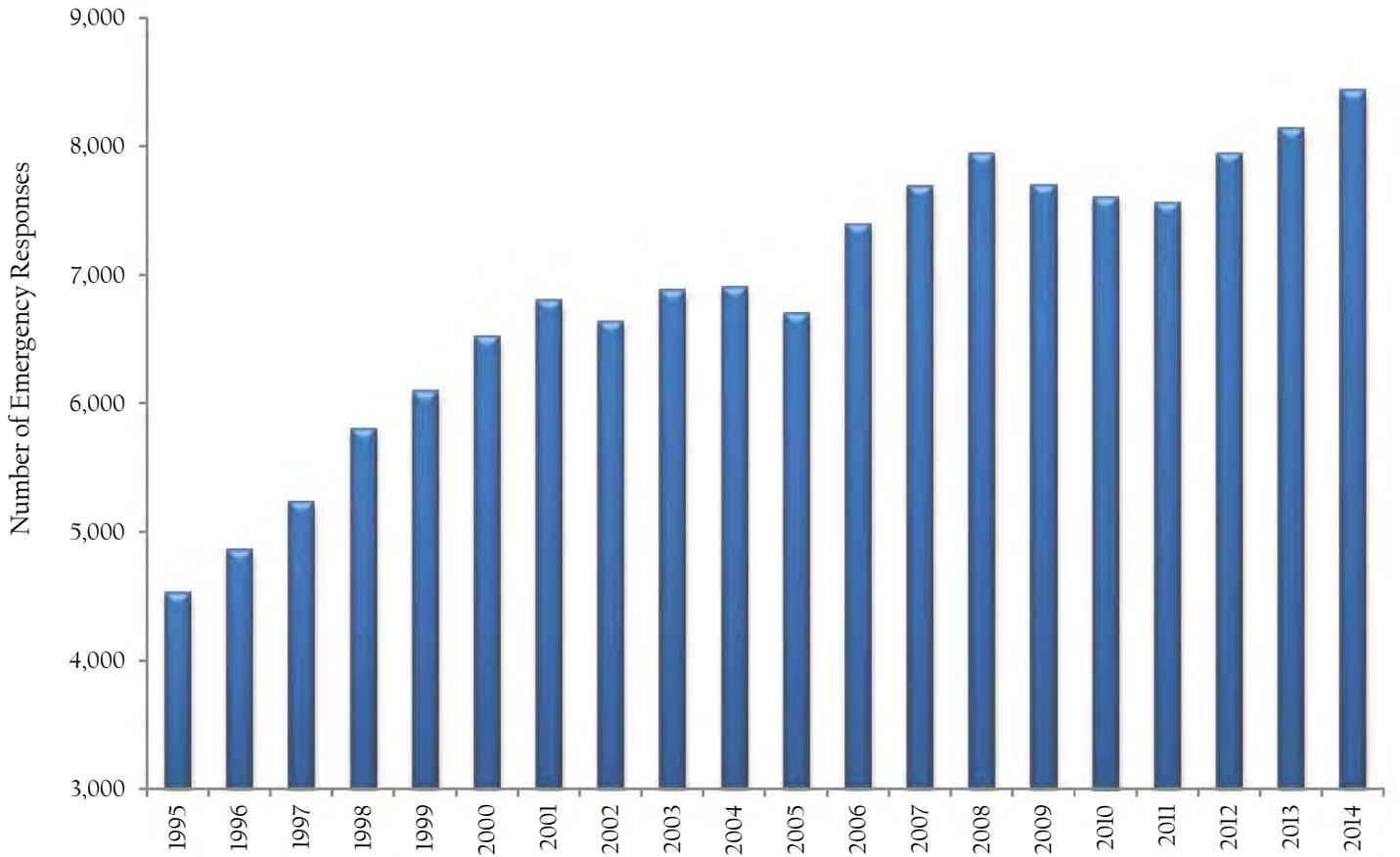
Source: City of San Ramon Finance Department and Town of Danville Business License Division

San Ramon Valley Fire Protection District  
 Summary of District Activities  
 Fiscal Year 2013 - 2014

CATEGORY	TOTAL	% CHANGE
POPULATION	184,209	1.28%
RESPONSES	8,438	3.62%
MUTUAL AID (Including Station Coverage)		
Received	16	-71.43%
Extended	378	35.00%
PROPERTY LOSS (Due to Fire)		
Value of Property Involved	\$52,749,135	-33.92%
Property Loss	\$1,506,825	-53.32%
Property Loss: Percentage of Value of Property Involved	2.86%	-29.36%
TOTAL FULL-TIME EMPLOYEES	181	-4.74%
WORKERS' COMPENSATION CLAIMS		
Premium and Claims Expenses	\$693,515	-10.81%
LEAVE HOURS (All Personnel)		
Sick Leave Used	18,223	-4.43%
Service Connected Disability Leave	9,560	-38.64%
Vacation Time Used	30,368	-4.84%
TRAINING FOR SUPPRESSION PERSONNEL		
Total Training Hours	20,774	-70.49%

% change is the measurement against prior year actuals

San Ramon Valley Fire Protection District  
Comparative Annual Graph  
Total Responses FY 1995 - 2014



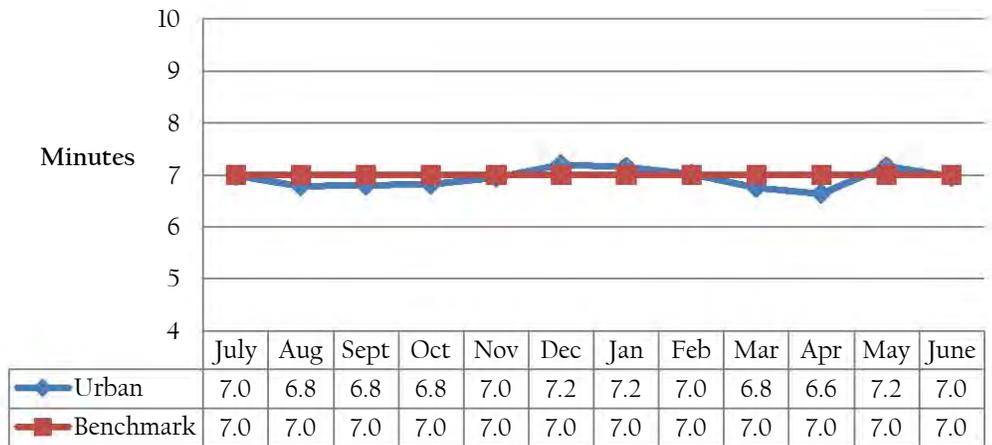
## San Ramon Valley Fire Protection District Standards of Cover Policy Compliance Report Fiscal Year 2013-2014 First Unit Response

### First Unit Response

Goal 1,5,6

Urban (Count = 2,814)

Goal	Actual
7:00	6:57
100%	100%

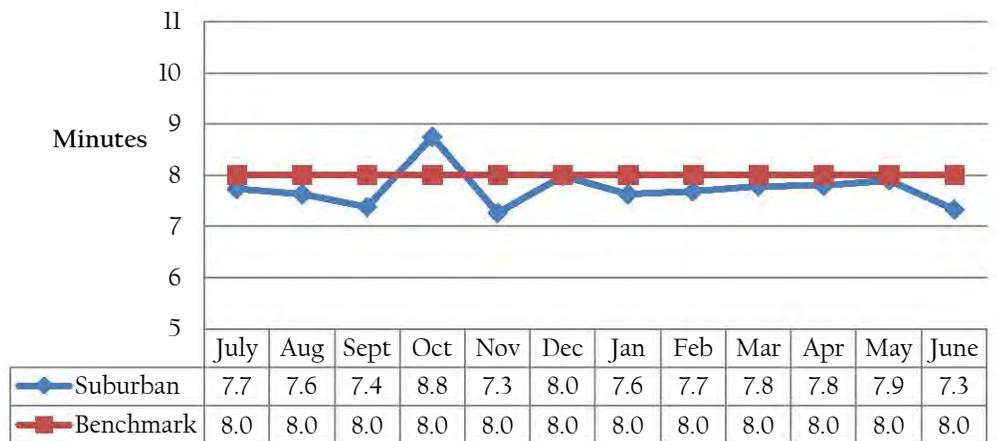


### First Unit Response

SOC Goal 2,5,6

Suburban (Count = 1,081)

Goal	Actual
8:00	7:47
100%	100%

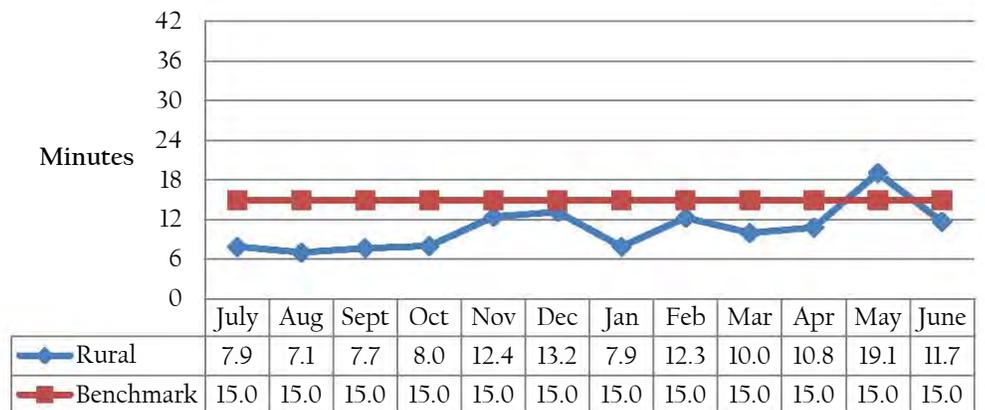


### First Unit Response

SOC Goal 3,5,6

Rural (Count = 107)

Goal	Actual
15:00	12:26
100%	100%



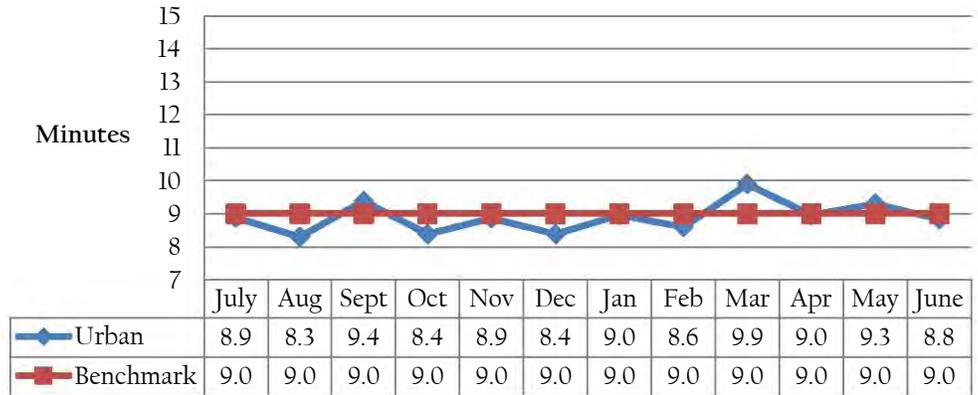
San Ramon Valley Fire Protection District  
Standards of Cover Policy Compliance Report  
Fiscal Year 2013-2014  
ERF Medical Response

ERF Medical Response

SOC Goal 8

Urban (Count = 923)

Goal	Actual
9:00	8:50
100%	100%

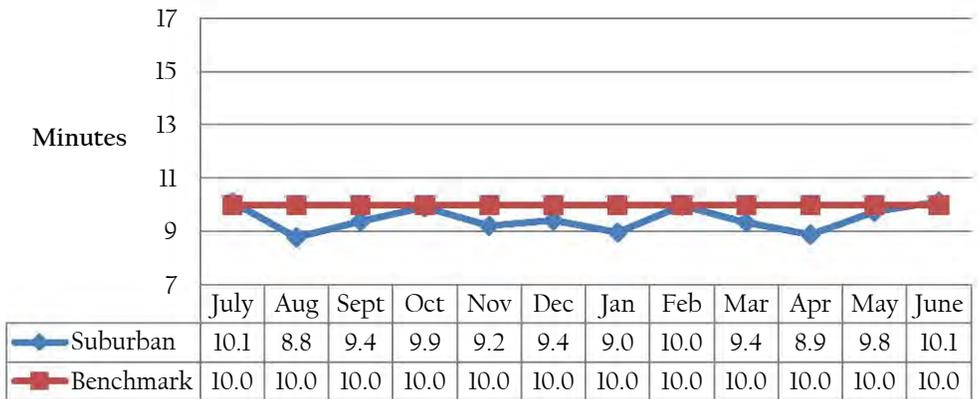


ERF Medical Response

SOC Goal 8

Suburban (Count = 286)

Goal	Actual
10:00	9:28
100%	100%

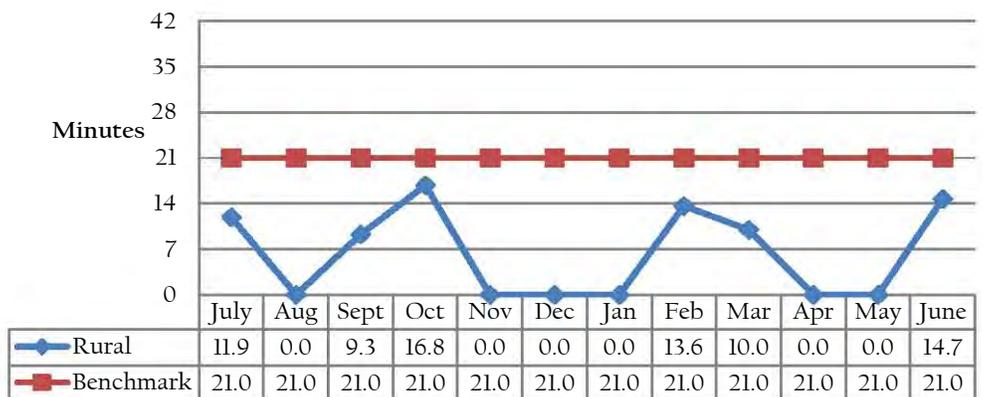


ERF Medical Response

SOC Goal 8

Rural (Count = 26)

Goal	Actual
21:00	16:47
100%	100%



SOC Goal 7

Call Processing Time

Turnout Time

Goal	Actual	Goal	Actual
1:00	0:49	2:00	1:57
100%	100%	100%	100%

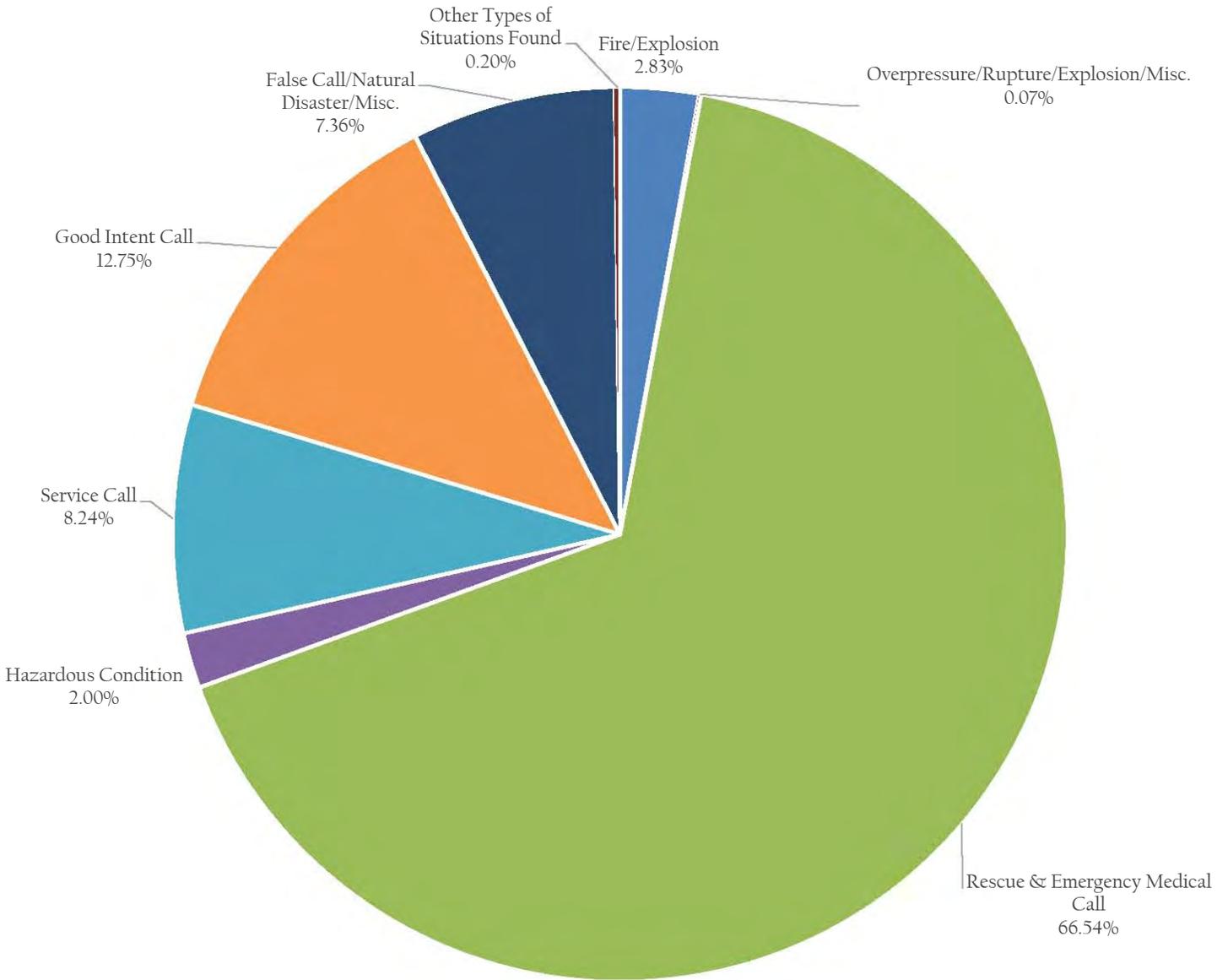
San Ramon Valley Fire Protection District  
 Emergency Response Detail Analysis  
 Fiscal Year 2013-2014  
 Total Responses: 8,438

CA FIRE INCIDENT REPORT SYSTEM CODE	CATEGORY DESCRIPTION	NUMBER OF INCIDENTS
<b>FIRE &amp; EXPLOSION</b>		
10,16	Fire, explosion; other outside fire; insufficient information	43
11,12	Structure fire	82
13	Fire in mobile property inside/outside a structure	30
14,17	Fire in trees, grass, brush, standing crops	59
15	Refuse fire outside	25
	<b>TOTAL: FIRE &amp; EXPLOSION</b>	<b>239</b>
<b>OVERPRESSURE RUPTURE &amp; EXPLOSION</b>		
20,21,22,23	Steam, air, gas rupture	
24	Fireworks explosion (no fire)	0
25	Excessive heat, overheat, scorch with no ignition	6
	<b>TOTAL: OVERPRESSURE RUPTURE &amp; EXPLOSION</b>	<b>6</b>
<b>RESCUE &amp; EMERGENCY MEDICAL CALL</b>		
30,39	Rescue, emergency medical call; insufficient information	2
31	Emergency medical assist	6
32	Emergency medical call-Transports	5,023
	Emergency medical call-Non-Transports	536
33,34,38	Lock-in, land search (people), rescue/EMS standby	41
35,36,37	People trapped, caught, buried, electrocution	7
	<b>TOTAL: RESCUE &amp; EMERGENCY MEDICAL CALL</b>	<b>5,615</b>
<b>HAZARDOUS CONDITION</b>		
40,47,49	Hazardous condition, standby; insufficient information	55
41	Flammable gas or liquid condition	49
42	Toxic condition	6
44	Electrical arcing, shorted electrical equipment	49
46	Vehicle accident	6
48	Attempted burning, illegal action	4
	<b>TOTAL: HAZARDOUS CONDITION</b>	<b>169</b>

San Ramon Valley Fire Protection District  
 Emergency Response Detail Analysis  
 Fiscal Year 2013-2014  
 Total Responses: (Cont.)

CA FIRE INCIDENT REPORT SYSTEM CODE	CATEGORY DESCRIPTION	NUMBER OF INCIDENTS
<b>SERVICE CALL</b>		
50,54,59	Service call; animal rescue; insufficient information	84
51	Lock-out	26
52	Water/steam leak	83
53	Smoke/odor removal	7
55	Assist invalid	466
56	Unauthorized burning	12
57	Cover assignment	17
<b>TOTAL: SERVICE CALL</b>		<b>695</b>
<b>GOOD INTENT CALL</b>		
60,62,69	Good intent call; wrong location; insufficient information	234
61	Incident cleared prior to arrival	680
63	Controlled burning	0
64	Vicinity alarm	0
65	Steam or other gas mistaken for smoke	158
66	EMS call where patients transported prior to arrival	3
67	Hazardous materials investigation, no condition found	1
<b>TOTAL: GOOD INTENT CALL</b>		<b>1076</b>
<b>FALSE CALL</b>		
70,79	False call; insufficient information	0
71	Malicious, mischievous false call	12
73	System malfunction	187
74	Unintentional alarm	422
<b>TOTAL: FALSE CALL</b>		<b>621</b>
<b>NATURAL DISASTER</b>		
80,81,82,83,89	Flood; Windstorm; Miscellaneous not classified	0
<b>TOTAL: NATURAL DISASTER</b>		<b>0</b>
<b>OTHER TYPES OF SITUATIONS FOUND</b>		
90,91	Type of situations found not classified above	17
<b>TOTAL: OTHER</b>		<b>17</b>

San Ramon Valley Fire Protection District  
 Emergency Response Fiscal Year 2013-2014  
 Percent of Total Response By Type



- Fire/Explosion
- Overpressure/Rupture/Explosion/Misc.
- Rescue & Emergency Medical Call
- Hazardous Condition
- Service Call
- Good Intent Call
- False Call/Natural Disaster/Misc.
- Other Types of Situations Found

**San Ramon Valley Fire Protection District**  
**Call Frequency Analysis - Fiscal Year 2013-2014**  
**Total Responses: 8,438**

CALL FREQUENCY BY HOUR

TIME	TOTAL	%	TIME	TOTAL	%
12-1 a.m.	179	2.12%	Noon-1 p.m.	518	6.14%
1-2 a.m.	170	2.01%	1-2 p.m.	477	5.65%
2-3 a.m.	153	1.81%	2-3 p.m.	494	5.85%
3-4 a.m.	131	1.55%	3-4 p.m.	473	5.61%
4-5 a.m.	136	1.61%	4-5 p.m.	478	5.66%
5-6 a.m.	133	1.58%	5-6 p.m.	495	5.87%
6-7 a.m.	196	2.32%	6-7 p.m.	475	5.63%
7-8 a.m.	340	4.03%	7-8 p.m.	428	5.07%
8-9 a.m.	423	5.01%	8-9 p.m.	362	4.29%
9-10 a.m.	471	5.58%	9-10 p.m.	350	4.15%
10-11 a.m.	489	5.8%	10-11 p.m.	323	3.83%
11-12 noon	510	6.04%	11-midnight	234	2.77%

CALL FREQUENCY BY MONTH

MONTH	TOTAL	%	MONTH	TOTAL	%
July	683	8.09%	January	699	8.28%
August	706	8.37%	February	669	7.93%
September	663	7.86%	March	754	8.94%
October	700	8.30%	April	662	7.85%
November	698	8.27%	May	734	8.70%
December	745	8.83%	June	725	8.59%

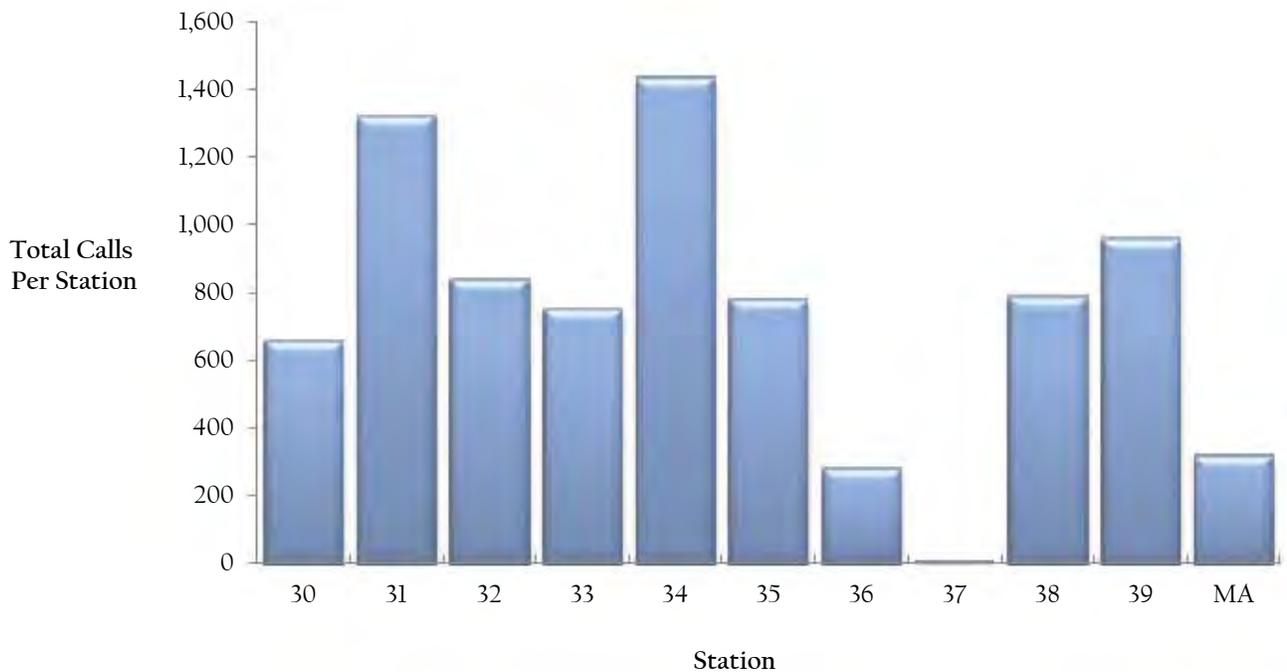


San Ramon Valley Fire Protection District  
 Call Frequency Analysis - Fiscal Year 2013-2014  
 Total Responses: (Cont.)

CALL FREQUENCY BY STATION AREA

STATION AREA	TOTAL CALLS	%
Station 30 - San Ramon	711	8.43%
Station 31 - Danville	1,311	15.54%
Station 32 - Alamo	899	10.65%
Station 33 - Diablo	772	9.15%
Station 34 - San Ramon	1,528	18.11%
Station 35 - Blackhawk	842	9.98%
Station 36 - Tassajara	317	3.76%
Station 37 - Morgan Territory	10	0.12%
Station 38 - San Ramon	738	8.75%
Station 39 - San Ramon	932	11.05%
Mutual Aid Extended	378	4.48%

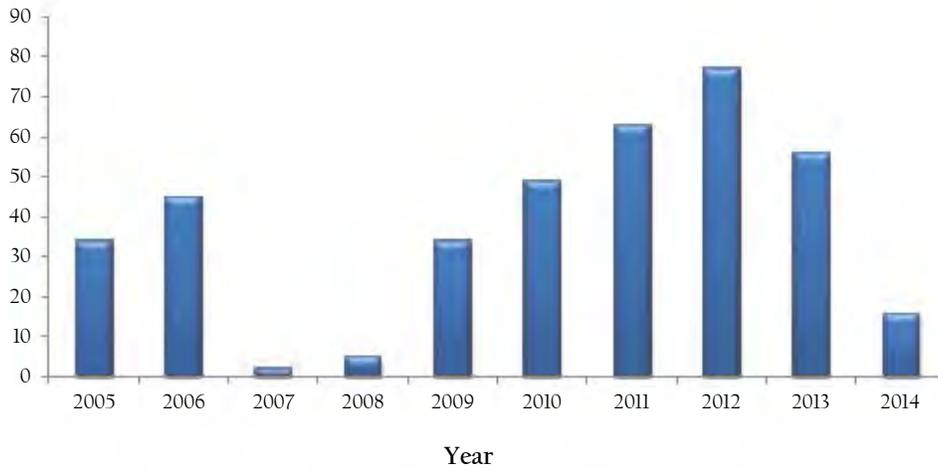
Call Frequency by Station Area



**San Ramon Valley Fire Protection District**  
**Mutual Aid Fire Responses - Last Ten Fiscal Years**  
**(Excluding station coverage)**

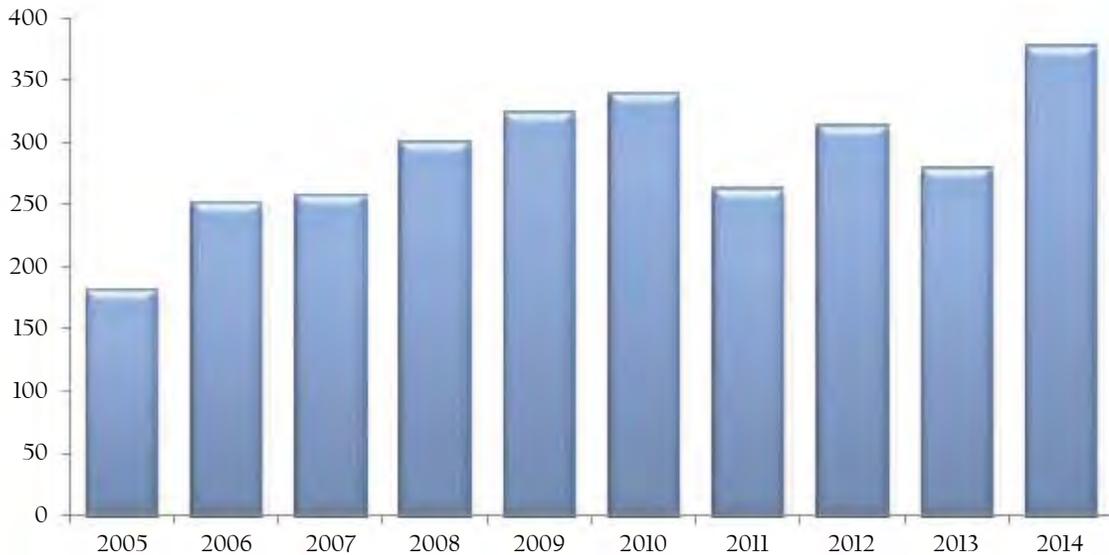
MUTUAL AID RECEIVED										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Mutual Aid Received	34	45	2	5	34	49	63	77	56	16

Mutual Aid Fire Responses Received



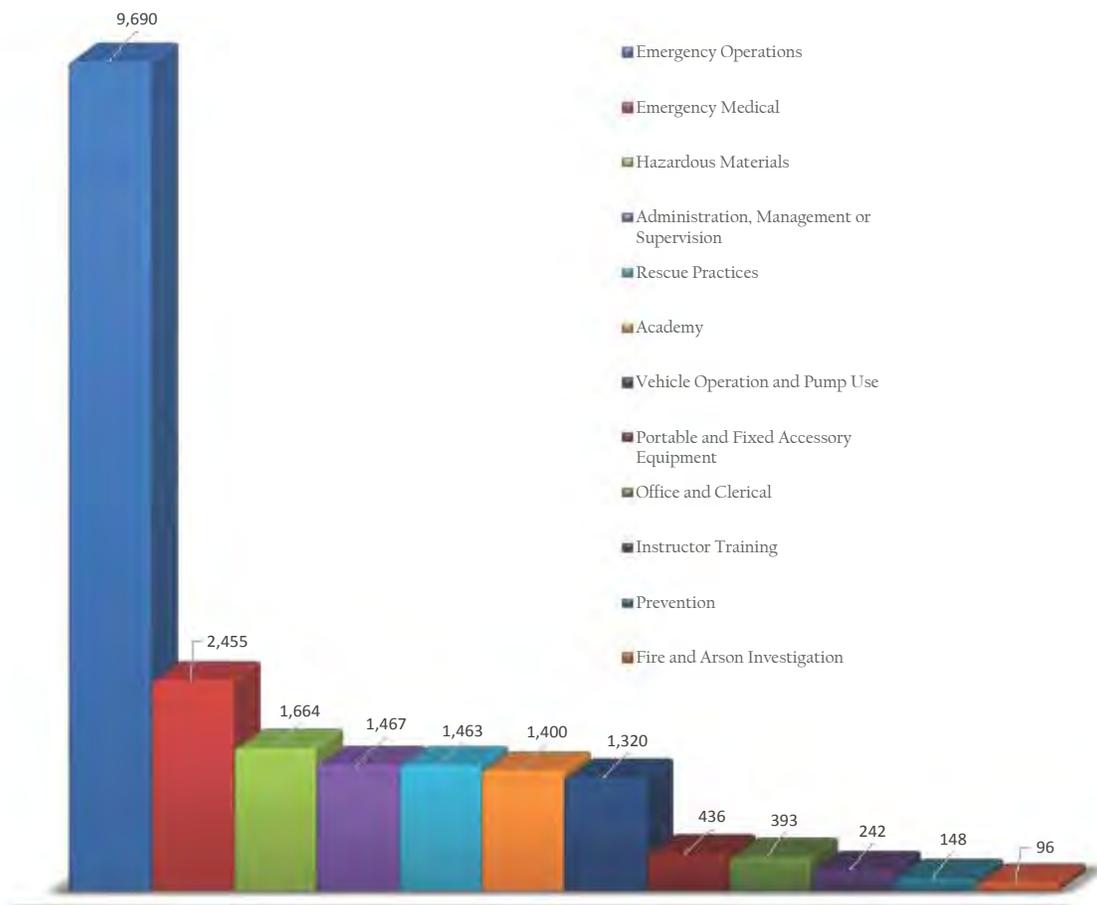
MUTUAL AID EXTENDED										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Mutual Aid Extended	182	252	258	301	325	340	263	314	280	378

Mutual Aid Fire Responses Extended



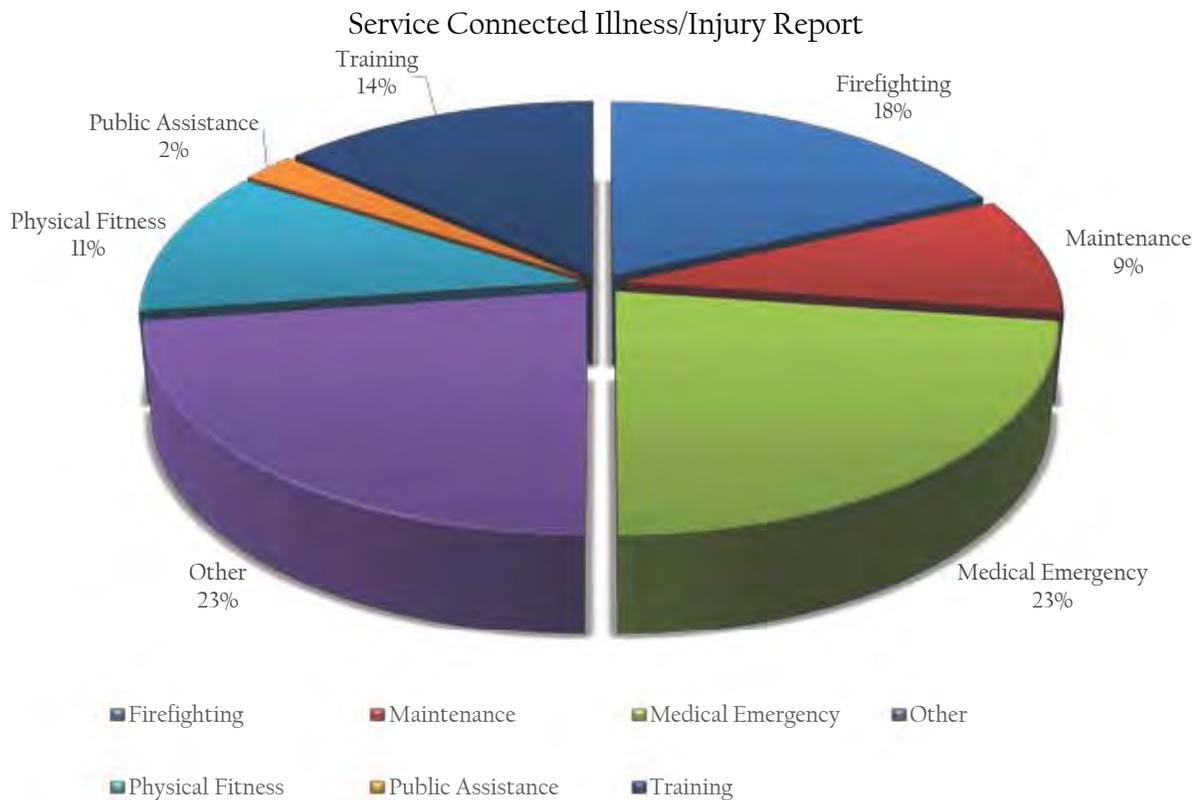
## San Ramon Valley Fire Protection District Training Hours for Suppression Personnel Fiscal Year 2013-2014

TYPE OF TRAINING	HOURS
Emergency Operations	9,690
Emergency Medical	2,455
Hazardous Materials	1,664
Administration, Mangement or Supervision	1,467
Rescue Practices	1,463
Academy	1,400
Vehicle Opeation and Pump Use	1,320
Portable and Fixed Accessory Equipment	436
Office and Clerical	393
Instructor Training	242
Prevention	148
Fire and Arson Investigation	96
<b>TOTAL TRAINING HOURS</b>	<b>20,774</b>



## San Ramon Valley Fire Protection District Service Connected Illness/Injury Report Fiscal Year 2013-2014

INCIDENT ACTIVITY	NUMBER	%
Firefighting	8.0	18.18%
Maintenance	4.0	9.09%
Medical Emergency	10.0	22.73%
Other	10.0	22.73%
Physical Fitness	5.0	11.36%
Public Assistance	1.0	2.27%
Training	6.0	13.64%
<b>TOTAL NUMBER OF MEDICAL INJURIES</b>	<b>44.0</b>	<b>100.00%</b>



**San Ramon Valley Fire Protection District**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014
<b>OPERATIONS</b>										
Fire & Explosion	213	280	252	243	226	240	199	239	276	239
Overpressure Rupture & Explosion	15	12	12	13	13	12	17	11	10	6
Rescue & Emergency Medical Call	4,367	4,636	4,827	5,129	5,089	4,894	4,981	5,228	5,365	5,615
Hazardous Condition	250	282	263	256	192	173	154	164	201	169
Service Call	581	658	705	639	714	706	628	738	738	695
Good Intent Call	394	643	927	1,034	709	925	935	950	913	1,076
False Call	865	776	589	562	705	628	627	586	604	621
Natural Disaster		8		5	2	5	2	10	10	0
Other Types of Situation Found	18	102	116	66	63	19	21	23	26	17
Suppression	6,703	7,397	7,691	7,947	7,713	7,602	7,564	7,949	8,143	8,438
Fire Prevention	28,668	25,731	34,929	101,252	N/A	N/A	N/A	N/A	N/A	N/A
Training	66,673	62,019	57,766	85,978	73,971	73,718	68,180	80,985	80,985	20,774

**Capital Asset Statistics**

	2004 - 2005	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014
<b>CAPITAL ASSET</b>										
Fire Stations	10	10	10	10	10	10	10	10	10	10
Fire Engines	11	11	11	11	11	11	11	11	11	11
Fire Ladder Trucks	3	3	3	3	3	3	3	3	3	3
Fire Water Tenders	3	3	3	3	3	3	3	3	3	3
Ambulances	5	5	5	5	5	5	5	5	5	5
Reserve Fire Engines										5
Reserve Fire Ladder Trucks										1
Reserve Ambulances										3

**San Ramon Valley Fire Protection District**  
**Staffing Summary**  
**Last Nine Fiscal Years**

DIVISION	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014
<b>BOARD OF DIRECTORS</b>									
Directors	5	5	5	5	5	5	5	5	5
<b>Total</b>	<b>5</b>								
<b>FIRE CHIEF</b>									
Fire Chief	1	1	1	1	1	1	1	1	1
Executive Assistant	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>2</b>								
<b>HUMAN RESOURCES</b>									
Assistant Chief	1								
Director		1	1	1	1	1	1	1	
Technician									
Generalist	1	1	1	1	1	1	1	1	1
Senior Office Assistant			1						
Office Assistant				2	2	1	1	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>FINANCE</b>									
Director	1	1							
Chief Financial Officer									1
Controller			1	1	1	1	1	1	1
Assistant (Part-time)					1				
Analyst	1	1							
Accounting Technician			2	2	2	2	2	2	2
Senior Office Assistant	1	1							
Office Assistant	2	2	2						
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>
<b>TRAINING</b>									
Battalion Chief	1								
Division Chief		1	1	1	1	1	1	1	1
Administrative Captain	2	3	3	3	3	2	2	2	2
Senior Office Assistant	1	1	1	1	1	1	1	1	1
<b>Total</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>TECHNOLOGY</b>									
Deputy Chief	1	1							
Assistant Chief			1						
GIS Analyst	1	1	1	1	1	1	1	1	1
Technology Systems Manager			1	1	1	1	1	1	1
Information Systems Technician	1				1	2	2	1	1
Computer Assistant (Part-time)					1				
Communication Specialist (Part-time)			1	1					
Radio Technician (Part-time)			1	1	1	1	1	1	1
<b>Total</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>4</b>

**San Ramon Valley Fire Protection District**  
**Staffing Summary**  
**Last Nine Fiscal Years**

DIVISION	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014
<b>COMMUNICATIONS CENTER</b>									
Communications Center Manager					1	1	1	1	1
Dispatchers	9	9	9	9	9	9	9	9	9
<b>Total</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>FACILITIES</b>									
Assistant Chief				1	1	1	1	1	
Senior Office Assistant		1	1	2	2	1	1	1	1
<b>Total</b>		<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>FIRE PREVENTION</b>									
Battalion Chief/Fire Marshal	1	1							
Division Chief/Fire Marshal			1	1	1	1	1	1	1
Deputy Fire Marshal	2	2	2	2	2	2	2	2	1
Inspector	2	2	2	2	2	2	2	2	2
Code Compliance Officer	4	4	4	4	4	3	3	3	3
Prevention Specialist	2	2	2	2	2	2	2	2	2
Office Assistant	1	1	1	1	1	2	2	2	2
Plans Examiner (Contract)	1	1							
Plans Examiner			1	1	1	1	1	1	1
CERT Program Coordinator (Part-time)		1	1	1	1	1	1	1	1
<b>Total</b>	<b>13</b>	<b>14</b>	<b>13</b>						
<b>EMERGENCY OPERATIONS</b>									
Assistant Chief	1	1	1	1	1	1	1	1	1
Battalion Chief	3	3	4	4	4	4	4	4	4
Captain	39	39	39	39	39	39	39	39	39
Engineer	42	42	42	41	39	39	39	39	39
Firefighter / Paramedics	50	49	54	60	60	53	54	54	47
Senior Office Assistant	.5	.5	.5	.5		1	1	1	1
Station 37 Coordinator			1	1	1	1	1	1	1
<b>Total</b>	<b>136</b>	<b>135</b>	<b>141</b>	<b>146</b>	<b>144</b>	<b>138</b>	<b>139</b>	<b>139</b>	<b>132</b>
<b>FLEET</b>									
Mechanic	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>2</b>								
<b>EMERGENCY MEDICAL</b>									
EMS Coordinator	1	1	1	1	1	1	1	1	1
EMS Specialist					1	1	1	1	1
EMS Quality Improvement Coordinator	1	1	1	1					
Senior Office Assistant	.5	.5	.5	.5	1				
<b>Total</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>GRAND TOTAL</b>	<b>183</b>	<b>184</b>	<b>195</b>	<b>200</b>	<b>201</b>	<b>190</b>	<b>191</b>	<b>190</b>	<b>181</b>

## APPENDIX C

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement. This summary is not intended to be definitive. Reference is made to the actual documents (copies of which are available from the District) for the complete terms thereof.

#### DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

“BAM” means Build America Mutual Assurance Company, its successors and assigns, as issuer of the Reserve Policy.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State of California or in any state in which the corporate trust office of the Trustee is located.

“Closing Date” means the date of original execution and delivery of the Certificates.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Fiscal Year” means the 12-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period by the District as its fiscal year by written notice filed with the Trustee.

“Lease Payment Date” means, with respect to any Interest Payment Date, the 5<sup>th</sup> Business Day immediately preceding such Interest Payment Date.

“Leased Property” means, collectively, all of the real property located in the District which is described more fully in the Lease Agreement, as such description is amended from time to time in accordance with the terms of the Lease Agreement

(including to reflect the substitution or release of property), together with all buildings and facilities at any time situated thereon.

“Moody’s” means Moody’s Investors Service, of New York, New York, its successors and assigns.

“Net Proceeds” means any insurance proceeds or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Leased Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Office” means the corporate trust office of the Trustee in San Francisco, California, or such other or additional offices as the Trustee may designate in writing to the Corporation from time to time as the corporate trust office for purposes of the Trust Agreement, provided, however, for transfer, registration, exchange, payment and surrender of Certificates means care of the corporate trust office of U.S. Bank National Association in St. Paul, Minnesota or such other office designated by the Trustee from time to time.

“Owner”, when used with respect to a Certificate, means the person in whose name the ownership of such Certificate is registered on the registration books maintained by the Trustee.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under the Lease Agreement; (b) the Site Lease, the Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Insurance Co.; and (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein (the Trustee entitled to rely upon the investment direction of the District as a determination that such investment is such a legal investment):

- (a) Federal Securities.
- (b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing & Urban Development, and Federal Housing Administration;

- (c) bonds, notes or other evidences of indebtedness rated Aa or better by Moody's, issued by Fannie Mae or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated deposit accounts (including those with the Trustee), federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of rated P-2 or better by Moody's, maturing no more than 360 days after the date of purchase;
- (e) certificates of deposit issued by federal or State chartered savings and loan associations or in federal or State banks (including the Trustee and its affiliates) which are secured at all times by collateral described in the foregoing clauses (a) or (b) of this definition;
- (f) commercial paper which is rated at the time of purchase in the single highest classification, rated P-2 or better by Moody's, which matures not more than 270 days after the date of purchase;
- (g) investments in a money market fund rated Aa-mf or better by Moody's, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services;
- (h) bonds or notes issued by an state or municipality which are rated Aa or better by Moody's;
- (i) the Local Agency Investment Fund which is administered by the California Treasurer for the investment of funds belonging to local agencies within the State of California, provided for investment of funds held by the Trustee, the Trustee is entitled to make investments and withdrawals in its own name as Trustee.

"Project Costs" means, with respect to the Projects, all costs of the acquisition and construction thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition and construction of the Projects;
- (b) obligations incurred for labor and materials in connection with the acquisition and construction of the Projects;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition and construction of the Projects;

- (d) all costs of engineering, architectural services and other preliminary investigation expenses, including the actual out-of-pocket costs for site investigations, surveys, hazardous materials investigations, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition and construction of the Projects;
- (e) any sums required to reimburse the Corporation or the District for advances made for any of the above items or for any other costs incurred and for work done, including but not limited to administrative costs of the Corporation or the District, which are properly chargeable to the acquisition and construction of the Projects; and
- (f) all financing costs incurred in connection with the acquisition and construction of the Projects, including but not limited to Costs of Issuance, interest during construction and other costs incurred in connection with the Trust Agreement and the financing of the Projects.

“Projects” means the acquisition, construction and equipping of certain facilities of the District, including but not limited to a new fire station on Stone Valley Road replace existing Fire Station No. 32. The exact description of the Projects may be modified by the District from time to time, and additional or alternative projects may be made a part of the Projects by the District in its sole discretion.

“Reserve Policy” means the Reserve Account Municipal Bond Insurance Policy issued by BAM for the credit of the Reserve Account in.

“Reserve Requirement” means the amount of \$931,350.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or as amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term of the Lease” means the time during which the Lease Agreement is in effect.

“2006 Certificates” means the \$9,485,000 aggregate principal amount of Certificates of Participation (2006 Capital Improvement Financing Project), executed and delivered under the Trust Agreement dated as of March 1, 2006, among the District, the Corporation and the 2006 Trustee.

“2006 Lease Agreement” means the Lease Agreement dated as of March 1, 2006, between the Corporation as lessor and the District as lessee of the Leased Property.

“2006 Trustee” means U.S. Bank National Association, its successors and assigns, as trustee for the 2006 Certificates.

## **SITE LEASE**

The Site Lease constitutes an amendment and restatement of the Site Lease that was originally entered into between the District and the Corporation in connection with the execution and delivery of the 2006 Certificates. Under the Site Lease, the District agrees to continue to lease the Leased Property to the Corporation in consideration of the agreement by the Corporation to enter into the Lease Agreement, to cause the Certificates to be executed and delivered and to cause the proceeds of the Certificates to be deposited with the 2006 Trustee to be applied to the refunding of the 2006 Certificates and to be deposited into the Project Fund to be applied to pay the Project Costs of the Project in accordance with the Trust Agreement.

The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Certificates remain outstanding under the Trust Agreement, but not later than ten years following the final stated maturity date of the Certificates. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

## **LEASE AGREEMENT**

### **Amendment and Restatement of 2006 Lease Agreement**

The Lease Agreement constitutes an amendment and restatement of the 2006 Lease Agreement that was originally entered into between the District and the Corporation in connection with the execution and delivery of the 2006 Certificates. From and after the Closing Date, the 2006 Lease Agreement, in the form previously executed and delivered by the District and the Corporation, will be of no further force and effect and will be deemed to be restated in full by the Lease Agreement.

### **Lease of Leased Property**

The Corporation continues to lease the Leased Property to the District, upon the terms and conditions set forth in the Lease Agreement, without interruption by virtue of the amendment and restatement of the 2006 Lease Agreement. The Lease Agreement commences on the Closing Date and terminates on the date on which the Certificates are paid or deemed to have been paid in full, except under certain circumstances such as the taking of all or any portion of the Leased Property in eminent domain proceedings. Under any circumstances, the Lease Agreement terminates not later than ten years following the final stated maturity date of the Certificates.

### **Lease Payments**

The District agrees to pay semiannual Lease Payments as the rental for the use and occupancy of the Leased Property under the Lease Agreement. On each Lease Payment Date, the District is obligated to deposit with the Trustee the full amount of the

Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the District under the Lease Agreement. Any amount on deposit in the Lease Payment Fund on any Lease Payment Date is required to be credited towards the payment then required to be deposited by the District with the Trustee.

The Lease Payments are payable from any source of available funds of the District. The District agrees to take such actions as may be necessary to include all Lease Payments required to be paid by it under the Lease Agreement in its annual budgets and to appropriate such Lease Payments in each Fiscal Year during the Term of the Lease. In addition, the District has agreed to pay compensation due to the Trustee and all costs and expenses of auditors, engineers and accountants, and costs of issuance to the extent not paid out of Certificate proceeds.

### **Absolute and Unconditional Obligations**

The obligation of the District to pay the Lease Payments and to perform and observe the other agreements contained herein is absolute and unconditional and is not subject to: (a) any reduction or abatement whatsoever due to the destruction of or damage to the Leased Property or any portion thereof, or any failure to complete the acquisition and construction of the Projects by the estimated completion date thereof; or (b) any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Corporation or the Trustee of any obligation to the District or otherwise with respect to the Leased Property, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Corporation or the Trustee. Until all of the Lease Payments and other amounts coming due and payable hereunder have been fully paid or prepaid, the District will not suspend or discontinue payment of any Lease Payments or such other amounts, and will perform and observe all other agreements contained in the Lease.

### **Termination or Abatement Due to Eminent Domain**

If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease will cease with respect thereto as of the day possession is so taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) this Lease will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be determined by the District such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

### **No Abatement of Lease Payments Due to Damage or Destruction**

During the Term of the Lease the District shall bear the risk of any damage to or destruction of the Leased Property and shall be solely responsible to provide insurance against such damage or destruction as provided in the Lease Agreement. Accordingly, in the event the Leased Property is damaged or destroyed, in whole or in part, there shall be no abatement of Lease Payments. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the District

waives any right to terminate this Lease or reduce the amount of the Lease Payments by virtue of any such damage and destruction.

### **Additional Payments**

In addition to the Lease Payments, the District agrees to pay when due, as additional rental for the Leased Property, all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, amounts due and owing to the Trustee and amounts payable to BAM in respect of the Reserve Policy.

### **Substitution of Property**

The District may substitute other real property (the "Substitute Property") for the Leased Property, or any portion thereof (the "Former Property"), provided that the District has satisfied all of the requirements contained in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The District has filed with the Corporation and the Trustee, and caused to be recorded in the office of the Contra Costa County Recorder sufficient memorialization of, an amendment of the Lease Agreement which adds a description of the Substitute Property and deletes therefrom the description of the Former Property.
- (c) The District has obtained a CLTA policy of title insurance insuring the interest of the District as owner thereof and the District's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the estimated fair market value thereof.
- (d) The District has certified in writing to the Corporation and the Trustee that the Substitute Property serves the fire protection purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the District and to serve an essential governmental function of the District.
- (e) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement.
- (f) The District has certified in writing to the Corporation and the Trustee that the fair market value and the fair rental value of the Substitute Property are at least equal to the fair market value and the fair rental value, respectively, of the Former Property, and that the useful life of the Substitute Property at least equals the lesser of (i) the useful life of the Former Property, or (ii) the final Lease Payment Date of the Lease Payments allocable thereto.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge the Lease Agreement of record against the Former Property.

### **Release of Property**

The District may release any portion of the Leased Property from the Lease Agreement and the Site Lease (the "Released Property") provided that the District has satisfied all of the requirements contained in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The District has filed with the Corporation and the Trustee, and caused to be recorded in the office of the Contra Costa County Recorder sufficient memorialization of, an amendment hereof which removes the Released Property from the Lease Agreement and the Site Lease.
- (c) The District has certified in writing to the Corporation and the Trustee that the fair market value of the property which remains subject to the Lease Agreement and the Site Lease following such removal is at least equal to the aggregate original principal amount of the Certificates, and the fair rental value of the property which remains subject to the Lease Agreement and the Site Lease following such removal is at least equal to the Lease Payments thereafter coming due and payable hereunder.

Upon the satisfaction of all such conditions precedent, the Term of the Lease will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge this Lease and the Site Lease of record against the Released Property.

### **Title**

At all times during the Term of the Lease, the District will hold title to the Leased Property, subject to the provisions of the Site Lease, the Lease Agreement and other Permitted Encumbrances.

### **Maintenance, Utilities, Taxes and Modifications**

The District, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Corporation has no responsibility for such maintenance. The District is also obligated to pay all taxes and assessments

charged to the Leased Property. The District has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, so long as those additions, modifications and improvements are of a value which is not substantially less than such value of the Leased Property immediately prior to making the additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the District has the right in good faith to contest any such lien.

## **Insurance**

The Lease Agreement requires the District to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Certificate Owners, the Corporation and the Trustee:

Public Liability and Project Damage Insurance. The District shall maintain or cause to be maintained, throughout the Term of this Lease, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of a program of self-insurance by the District, or in the form of the participation by the District in a joint powers agency insurance program or other program providing pooled insurance. The District shall apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Fire and Extended Coverage Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the Term of this Lease, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance may be subject to such deductibles as the District deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers agency insurance program or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of any such insurance will be deposited by the Trustee in the

Insurance and Condemnation Fund and applied at the election and direction of the District either to the repair or reconstruction of the damaged Project or to the prepayment of the Lease Payments and the corresponding prepayment of outstanding Certificates.

Title Insurance. On or before the Closing Date the District will, at its expense, (a) cause the Assignment Agreement, the Site Lease and the Lease Agreement, or a memorandum thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Contra Costa County Recorder with respect to the Leased Property, and (b) obtain a CLTA title insurance policy insuring the District's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount equal to the aggregate original principal amount of the Certificates. All Net Proceeds received under such title insurance policy will be deposited by the Trustee in the Lease Payment Fund and be credited towards the prepayment of the remaining Lease Payments.

All policies of insurance (other than the policy of public liability and property damage insurance) must provide that the Net Proceeds thereof are payable to the Trustee for application as provided in the Lease Agreement and the Trust Agreement. If any such insurance is provided in the form of self-insurance by the District, the District is not obligated to make any payment with respect to any insured event except from such reserves.

### **Option to Prepay**

The District has the option to prepay the Lease Payments or post a security deposit to pay the Lease Payments, in whole or in part, in the amounts and on the dates set forth in the Lease Agreement. The optional prepayment dates and prices have been determined to correspond to the optional prepayment dates and prices applicable to the Certificates under the Trust Agreement.

### **Assignment; Subleases**

The Corporation has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement, including but not limited to its rights to receive the Lease Payments. The District may not assign any of its rights in the Lease Agreement. The District may sublease all or a portion of the Leased Property only with the prior written consent of the Corporation, and only under the conditions contained in the Lease Agreement, including the condition that such sublease does not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

### **Amendment of Lease Agreement**

The Corporation and the District may at any time amend or modify any of the provisions of the Lease Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the outstanding Certificates; or (b) without the consent of any of the Certificate Owners, if such amendment or modification is for any one or more of the following purposes –

- (a) to add to the covenants and agreements of the District or to limit or surrender any rights or power therein reserved to or conferred upon the District,
- (b) to cure any ambiguity, or to cure, correct or supplement any defective provision contained therein, for the purpose of conforming to the original intention of the District and the Corporation,
- (c) to amend any provision thereof relating to the Tax Code, but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest represented by any of the Certificates under the Tax Code, in the opinion of Bond Counsel,
- (d) to amend the description of any component of the Leased Property to reflect accurately the property originally intended to be included therein, or to effectuate any substitution or release of property,
- (e) to obligate the District to pay additional amounts of rental for the use and occupancy of the Leased Property or any portion thereof, but only if (A) such additional amounts of rental are pledged or assigned for the payment of any bonds, notes, leases or other obligations the proceeds of which are applied to finance improvements to the Leased Property, and (B) the District has filed with the Trustee written evidence that the amendments made under this subsection (e) will not of themselves cause a reduction or withdrawal of any rating then assigned to the Certificates, or
- (f) in any other respect whatsoever as the Corporation and the District deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Certificates.

#### **Events of Default; Remedies**

Each of the following constitutes an event of default under the Lease Agreement:

- (a) Failure by the District to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Lease Agreement or in the Trust Agreement, other than as referred to in the preceding subsection (a), for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however*, that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 30-day period, the failure will not constitute an Event of Default if the District commences to cure the failure within such 30-day period and

thereafter diligently and in good faith cures such failure in a reasonable period of time.

- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

For purposes of determining whether any event of default has occurred under and as described in the preceding clause (a), no effect shall be given to payments made by BAM under the Reserve Policy.

Upon the occurrence and continuance of any event of default described above, the Corporation has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Corporation does not elect to terminate the Lease Agreement, the District remains liable to pay all Lease Payments as they come due and liable for damages resulting from such event of default. Any amounts collected by the Corporation from the reletting of the Leased Property will be credited towards the District's unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be deposited in the Lease Payment Fund and applied to Lease Payments in order of payment date. Under the Assignment Agreement, the Corporation assigns all of its rights with respect to remedies in an event of default to the Trustee, so that all such remedies will be exercised by the Trustee, the Certificate Owners as provided in the Trust Agreement.

The Trustee has no right to accelerate Lease Payments and, due to the governmental purposes which are served by the use of the Leased Property, it is not likely that a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

## **TRUST AGREEMENT**

### **Trustee**

The Trustee is appointed under the Trust Agreement and is authorized to prepare, execute and deliver the Certificates thereunder, and to act as a depository of amounts held thereunder. The Trustee is required to make deposits into and withdrawals from funds, and invest amounts held under the Trust Agreement in accordance with the District's instructions.

## **Funds and Use of Certificate Proceeds**

Lease Payment Fund. There will be deposited in the Lease Payment Fund, when received by the Trustee, all Lease Payments and prepayments thereof (except reimbursement for funds drawn from the Reserve Fund, as described below). Moneys on deposit in the Lease Payment Fund will be used to pay principal, interest and premium (if any) represented by the Certificates. Any earnings on investment of moneys in the Lease Payment Fund will remain therein and will be credited towards payment of the next Lease Payments. Any surplus remaining in the Lease Payment Fund after the payment of all Certificates, or after provision for their payment has been made, will be paid to the District.

Costs of Issuance Fund. The Trustee will deposit a portion of the proceeds of the Certificates in the Costs of Issuance Fund, to be expended to pay costs of issuance relating to the Certificates. On April 1, 2015, the Trustee shall withdraw all remaining moneys in the Costs of Issuance Fund and deposit such moneys in the Lease Payment Fund, and the Trustee shall thereupon close the Costs of Issuance Fund.

Reserve Fund. The Trustee will establish a special fund designated as the "Reserve Fund" to be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates, as a reserve for the payment when due of the Lease Payments on behalf of the District.

If on any Interest Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the District by transferring the amount necessary for this purpose to the Lease Payment Fund. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

Reserve Policy. The Reserve Requirement will be initially maintained in the form of the issuance of the Reserve Policy by BAM. Under the terms and conditions of the Reserve Policy, the Trustee shall deliver to BAM a demand for payment under the Reserve Policy in the required form prior to the date on which funds are required for the purposes set forth above. The Trustee shall comply with all of the terms and provisions of the Reserve Policy for the purpose of assuring that funds are available thereunder when required for the purposes of the Reserve Fund, within the limits of the coverage amount provided by the Reserve Policy. All amounts drawn by the Trustee under the Reserve Policy will be deposited into the Reserve Fund and applied for the purposes thereof.

Project Fund. The Trustee will establish, maintain and hold in trust a separate fund to be known as the "Project Fund." The Trustee will disburse moneys in the Project Fund from time to time to pay or reimburse the payment of the costs of the Projects in accordance with written requisitions filed by the District with the Trustee. The District is required to maintain accurate records showing all disbursements from the Project Fund, including records which show the name and address of each firm or corporation to whom payment is made and the amount and purpose of each payment. Upon the filing with the Trustee of a written certificate of the District stating that no further amounts are intended to be requisitioned from the Project Fund, the Trustee will close the Project

Fund and transfer all remaining amounts therein to the Lease Payment Fund, to be credited towards the payment of the Lease Payments next coming due and payable.

### **Application of Insurance and Eminent Domain Proceeds**

Any Net Proceeds of insurance collected by the District in the event of accident to or destruction of any component of the Leased Property shall be paid to the Trustee and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall thereupon establish. All Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied, at the election of the District evidenced by a written request of the District Representative filed with the Trustee and the Corporation, either (a) to the prepayment of the Lease Payments and the corresponding prepayment of the Certificates, or (b) to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made (i) the name and address of the person, firm or corporation to whom payment is due, (ii) the amount to be paid and (iii) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after the District shall file a written certificate with the Trustee stating that such work has been completed shall, after payment of all amounts then due and owing to the Trustee hereunder, be paid to the District.

If all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom will be deposited with the Trustee in the Insurance and Condemnation Fund and will be applied and disbursed by the Trustee either to replace the Leased Property or prepay the Lease Payments and the Certificates, as set forth in the Trust Agreement.

### **Investment of Funds**

The Trustee is required to invest and reinvest all moneys held under the Trust Agreement, at the written direction of the District, in Permitted Investments maturing not later than the date moneys are expected to be required for expenditure. All income or profit on any investments of funds held by the Trustee under the Trust Agreement will be deposited in the respective funds from which such investments were made, except that all amounts derived from the investment of amounts in the Reserve Fund will be transferred to the Lease Payment Fund to the extent not required to be retained in the Reserve Fund to maintain the Reserve Requirement. Permitted Investments will be valued at the market value thereof in accordance with the procedures set forth in the Trust Agreement.

### **Remedies Upon Event of Default**

Exercise of Remedies; Limitation on Certificate Owners' Rights. If an event of default occurs under the Lease Agreement, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Certificates then outstanding the Trustee shall, exercise any and all remedies available at law or under

the Lease Agreement. The Trustee has the power to control the proceedings in the event of a default for the equal benefit of the Certificate Owners, and no Certificate Owner may institute any suit, action or proceeding at law or in equity, unless (a) such Owner has previously notified the Trustee of the occurrence of an event of default, (b) the Owners of a majority in aggregate principal amount of the outstanding Certificates have requested the Trustee in writing to exercise its powers, (c) said Owners have tendered the Trustee reasonable indemnity against the costs, expenses and liabilities incurred in complying with such request, and (d) the Trustee has failed to comply with such request for 60 days after receipt of such request and tender of such indemnity.

Application of Amounts Collected. Any amounts collected by the Trustee in an event of default are required to be applied first to the payment of the fees and expenses of the Trustee incurred in connection with such event of default, second to the payment of principal and interest represented by the Certificates (including interest on overdue installments of interest at the net effective rate of interest per annum then represented by the outstanding Certificates, but only to the extent funds are available for such purpose after payment of all other overdue amounts), ratably if necessary, and third to the payment of any amounts due and owing to BAM in respect of the Reserve Policy. Upon an event of default, the Trustee has a first lien on the amounts held under the Trust Agreement for its fees, charges and expenses.

#### **Amendment of Trust Agreement**

The Trust Agreement may be amended without the consent of the Owners of the Certificates, but only:

- (a) to incorporate additional covenants and agreements of any party, or to surrender any right or power reserved to the Corporation or the District,
- (b) to cure, correct or supplement any ambiguous or defective provision,
- (c) in regard to questions arising under the Lease Agreement, provided that the amendment does not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates,
- (d) if and to the extent permitted in the opinion of Bond Counsel filed with the Trustee, the District and the Corporation, to delete or modify any of the provisions relating to the exclusion from gross income of interest represented by the Certificates for federal income tax purposes, or
- (e) to conform to any amendments of the Lease Agreement which are permitted to be made under the Lease Agreement as described above.

Any other amendment requires the approval of the Owners of a majority in aggregate principal amount of the Certificates then outstanding, provided that no such amendment may (a) extend the maturity or time of interest payment, or reduce the

interest rate, amount of principal or premium payable on, any Certificate without such Owner's consent; (b) reduce the percentage of Owners of Certificates required to consent to any amendment or modification; or (c) modify any of the Trustee's rights or obligations without its consent.

### **Defeasance**

Upon payment of the outstanding Certificates in whole, or upon the deposit of cash or non-callable Federal Securities with the Trustee sufficient with other available funds to retire the obligations represented by such Certificates at or before maturity, all rights thereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to the Certificates ceases and terminates, except only the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds so deposited, all sums represented thereby when due.

Notwithstanding the foregoing provisions, in the event that the principal, interest and premium (if any) represented by the Certificates are paid by BAM under Reserve Policy, the obligations of the Trustee and the District will continue in full force and effect and BAM shall be fully subrogated to the rights of all Owners of the Certificates so paid. In addition, the obligations of the Trustee and the District under the Trust Agreement will continue in full force and effect, and will not be terminated, until such time as the District has paid all amounts (if any) as shall be due and owing to BAM under the Reserve Policy; and the Trustee shall not distribute any funds to the District under the foregoing provisions unless the District has certified to the Trustee that there are no obligations then due and owing by the District to BAM under the Reserve Policy.

### **Provisions Relating to Reserve Policy**

In consideration of the issuance by BAM of the Reserve Policy with respect to the Certificates and the payment to BAM of the insurance premium for the Reserve Policy, the District and BAM covenant and agree as follows:

- (a) The District shall repay BAM any draws under the Reserve Policy and pay all Administrative Expenses (as defined below) incurred by BAM. Interest shall accrue and be payable on such draws and expenses from the date of payment by BAM at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest represented by the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base-lending rate of such national bank as BAM shall designate.

- (b) Repayment of draws and payment of Administrative Expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregated of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to BAM shall be credited first to interest due, then to the expenses due and then to principal due.
- (c) As and to the extent that payments are made to BAM on account of principal due, the coverage under the Reserve Policy will be reinstated by a like amount, subject to the terms of the Reserve Policy.
- (d) Draws on the Reserve Policy may only be used to make payments on the Certificates (and for the avoidance of doubt, not any other obligations of the District, whether issued on parity with the Certificates, or otherwise).
- (e) If the District fails to pay any Policy Costs in accordance with the requirements of the Trust Agreement, BAM will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement, other than (i) acceleration of the maturity of the Certificates or (ii) remedies which would adversely affect the Owners of the Certificates.
- (f) The Lease Agreement and the Trust Agreement shall not be discharged until all Policy Costs owing to BAM shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Certificates.
- (g) In order to secure the District's payment obligations with respect to the Policy Costs, there is granted and perfected in favor of BAM a security interest (subordinate only to that of the Owners of the Certificates) in all revenues and collateral pledged as security for the Certificates.
- (h) The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and will provide notice to BAM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due with respect to the Certificates.
- (i) The District agrees unconditionally that it will pay or reimburse BAM on demand any and all reasonable charges, fees, costs, losses, liabilities and expenses that BAM may pay or incur, including, but not limited to, fees and expenses of BAM's agents, attorneys, accountants, consultants, appraisers and auditors and reasonable costs of investigations, in connection with the administration (including waivers and consents, if any), enforcement, defense, exercise or preservation of any rights and remedies in respect of

Trust Agreement (“Administrative Expenses”). For purposes of the foregoing, costs and expenses shall include a reasonable allocation of compensation and overhead attributable to the time of employees of BAM spent in connection with the actions described in the preceding sentence. The District agrees that failure to pay any Administrative Costs on a timely basis will result in the accrual of interest on the unpaid amount at the Late Payment Rate, compounded semi-annually, from the date that payment is first due to BAM until the date BAM is paid in full.

### **ASSIGNMENT AGREEMENT**

Under the Assignment Agreement, the Corporation and the District terminate the assignment previously made to the 2006 Trustee in connection with the execution and delivery of the 2006 Certificates. In addition, under the Assignment Agreement the Corporation assigns to the Trustee, for the benefit of the Owners of the Certificates, substantially all of the Corporation’s rights under the Lease Agreement (subject to certain exceptions), including the right of the Corporation to receive and collect Lease Payments, its right to receive and collect proceeds of condemnation and insurance awards and the right to exercise rights and remedies of the Corporation in the Lease Agreement to enforce payments of amounts thereunder. The Trustee accepts such assignment for the purpose of securing the Lease Payments, subject to the provisions of the Trust Agreement.

## APPENDIX D

### SUMMARY OF PROPOSED OPINION OF SPECIAL COUNSEL

February 5, 2015

Board of Directors  
San Ramon Valley Fire Protection District  
1500 Bollinger Canyon Road  
San Ramon, California 94526

**OPINION:** \$12,010,000 aggregate principal amount of Certificates of Participation (Refunding and Capital Projects Financing) Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the San Ramon Valley Fire Protection District as Rental for Certain Property under a Lease Agreement with the SRVFPD Financing Corporation

---

Members of the Board of Directors:

We have acted as special counsel in connection with the delivery by the San Ramon Valley Fire Protection District (the "District"), of a First Amended and Restated Lease Agreement dated as of February 1, 2015 (the "Lease Agreement") between the SRVFPD Financing Corporation (the "Corporation") as lessor and the District as lessee. Under a Trust Agreement dated as of February 1, 2015 (the "Trust Agreement") between the District, the Corporation and U.S. Bank National Association, as trustee thereunder (the "Trustee"), the Trustee has executed and delivered \$12,010,000 aggregate principal amount of the above-referenced Certificates of Participation (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the District under the Lease Agreement (the "Lease Payments") which have been assigned by the Corporation to the Trustee under an Assignment and Termination Agreement dated as of February 1, 2015, between the Corporation and the Trustee (the "Assignment Agreement"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is a fire protection district duly organized and validly existing under the laws of the State of California with the full power to enter into the Lease

Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made pursuant to the Assignment Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is required to be taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Lease Agreement in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Lease Agreement and the Trust Agreement and other instruments relating to the Certificates to comply with each of such requirements. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Lease Agreement. We express no opinion regarding other federal tax consequences arising with respect to the Lease Agreement and the Certificates.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

**\$12,010,000**

**2015 Certificates of Participation  
(Refunding and Capital Projects Financing)  
Evidencing Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
SAN RAMON VALLEY FIRE PROTECTION DISTRICT  
As the Rental for Certain Property Pursuant to a Lease  
Agreement with the SRVFPD Financing Corporation**

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the San Ramon Valley Fire Protection District (the "District") in connection with the execution and delivery of \$12,010,000 2015 Certificates of Participation (Refunding and Capital Projects Financing) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of February 1, 2015, among U.S. Bank National Association, as trustee (the "Trustee"), the District and the SRVFPD Financing Corporation (the "Trust Agreement"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Certificates and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date not later than six months (currently December 31) after the end of each fiscal year of the District (currently June 30<sup>th</sup>).

"*Dissemination Agent*" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement executed by the District in connection with the delivery of the Certificates.

“*Participating Underwriter*” shall mean Brandis Tallman LLC, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Repository*” shall mean each National Repository and each State Repository.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing December 31, 2015 with the report for the 2014-15 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Trustee and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District, with a copy to the Trustee and the Participating Underwriter, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the

Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed under Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing the following:

- (i) general fund budget in substantially the form in the Official Statement;
- (ii) general fund balance sheets in substantially the form in the Official Statement;
- (iii) general fund summary of revenues and expenditures in substantially the form in the Official Statement;
- (iv) tax revenues by source in substantially the form in the Official Statement;
- (v) assessed valuation of property in the District in substantially the form in the Official Statement;
- (vi) summary of investments, including types and amounts of investments and risk categories; and
- (vii) a description of the District 's long-term general fund debt obligations.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of

the security, or other material events affecting the tax-exempt status of the security.

- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (13) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in sections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13) or (a)(14) above, the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the governing legal documents.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

**Section 6. Identifying Information for Filings with the MSRB.** All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the District. Any Dissemination Agent may resign by providing 30 days' written notice to the District and the Trustee.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of

dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Certificate holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Dated: February 5, 2015

SAN RAMON VALLEY FIRE PROTECTION DISTRICT

By \_\_\_\_\_

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: SAN RAMON VALLEY FIRE PROTECTION DISTRICT

Name of Issue: \$12,010,000 2015 Certificates of Participation (Refunding and Capital Projects Financing) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the Parlier Unified School District as the Rental for Certain Property Pursuant to a Lease Agreement with the SRVFPD Financing Corporation

Date of Issuance: February 5, 2015

NOTICE IS HEREBY GIVEN NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by Section 10.06 of the Trust Agreement, dated as of February 1, 2015, by and among U.S. Bank National Association, as trustee, the District and the SRVFPD Financing Corporation and the Continuing Disclosure Certificate, dated February 5, 2015, given by the District. The District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

SAN RAMON VALLEY FIRE PROTECTION DISTRICT

By \_\_\_\_\_  
Title: \_\_\_\_\_

cc: Trustee

[THIS PAGE INTENTIONALLY LEFT BLANK]

## APPENDIX F

### BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the District nor the Trustee take any responsibility for the information contained in this Section.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (in this Appendix, the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is

a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**APPENDIX G**

**SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY**

[THIS PAGE INTENTIONALLY LEFT BLANK]



**MUNICIPAL BOND DEBT  
SERVICE RESERVE  
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$\_\_\_\_\_ in aggregate principal  
amount of [NAME OF  
TRANSACTION] [and maturing  
on]

Effective Date: \_\_\_\_\_

Premium: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above under the Security Documents (as defined in the Debt Service Reserve Agreement), subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

BAM will make payment as provided in this Policy to the Trustee or Paying Agent on the later of (i) the Business Day on which such principal and interest becomes Due for Payment and (ii) the first Business Day following the Business Day on which BAM shall have received a completed Notice of Nonpayment in a form reasonably satisfactory to it. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of this paragraph, and BAM shall promptly so advise the Trustee or Paying Agent who may submit an amended Notice of Nonpayment.

Payment by BAM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of BAM under this Policy. Upon such payment, BAM shall become entitled to reimbursement of the amount so paid (together with interest and expenses) pursuant to the Debt Service Reserve Agreement and, as and to the extent secured thereunder, the Security Documents.

The amount available under this Policy for payment shall not exceed the Policy Limit. The amount available at any particular time to be paid to the Trustee or Paying Agent under the terms of this Policy shall automatically be reduced by and to the extent of any payment under this Policy. However, after such payment, the amount available under this Policy shall be reinstated in full or in part, but only up to the Policy Limit, to the extent of the reimbursement of such

payment (after taking into account the payment of interest and expenses) to BAM by or on behalf of the Issuer. Within three (3) Business Days of such reimbursement, BAM shall provide the Trustee or the Paying Agent with Notice of Reinstatement, in the form of Exhibit A attached hereto, and such reinstatement shall be effective as of the date BAM gives such notice.

Payment under this Policy shall not be available with respect to (a) any Nonpayment that occurs prior to the Effective Date or after the end of the Term of this Policy or (b) Bonds that are not outstanding under the Security Documents. If the amount payable under this Policy is also payable under another BAM issued policy insuring the Bonds, payment first shall be made under this Policy to the extent of the amount available under this Policy up to the Policy Limit. In no event shall BAM incur duplicate liability for the same amounts owing with respect to the Bonds that are covered under this Policy and any other BAM issued insurance policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “**Business Day**” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as hereinafter defined) are authorized or required by law or executive order to remain closed. “**Debt Service Reserve Agreement**” means the Debt Service Reserve Fund Agreement, dated as of the effective date hereof, in respect of this Policy, as the same may be amended or supplemented from time to time. “**Due for Payment**” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “**Nonpayment**” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “**Notice**” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “**Owner**” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds. “**Policy Limit**” means the dollar amount of the debt service reserve fund required to be maintained for the Bonds by the Security Documents from time to time (the “Reserve Account Requirement”), but in no event shall the Policy Limit exceed \$\_\_\_\_\_. The Policy Limit shall automatically and irrevocably be reduced from time to time by the amount of each reduction in the Reserve Account Requirement, as provided in the Security Documents. “**Security Documents**” has the meaning defined in the

Debt Service Reserve Agreement. “**Term**” means the period from and including the Effective Date until the earlier of (i) the maturity date for the Bonds and (ii) the date on which the Bonds are no longer outstanding under the Security Documents .

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy is being issued under and pursuant to and shall be construed under and governed by the laws of the State of New York, without regard to conflict of law provisions.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_  
Authorized Officer

## Schedule

### Notices (Unless Otherwise Specified by BAM)

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

NOTICE OF REINSTATEMENT

[DATE]

[TRUSTEE][PAYING AGENT]  
[INSERT ADDRESS]

Reference is made to the Municipal Bond Debt Service Reserve Insurance Policy, Policy No. \_\_\_\_\_ (the "Policy"), issued by Build America Mutual Assurance Company ("BAM"). The terms which are capitalized herein and not otherwise defined shall have the meanings specified in the Policy, or if not defined therein, in the Debt Service Reserve Agreement.

BAM hereby delivers notice that it is in receipt of payment from the [Issuer], or on its behalf, pursuant to the Debt Service Reserve Agreement and, as of the date hereof, the Policy Limit is \$\_\_\_\_\_, subject to reduction as the Reserve Account Requirement for the Bonds is reduced in accordance with the terms set forth in the Security Documents.

BUILD AMERICA MUTUAL ASSURANCE  
COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]