



Agenda

**San Mateo Consolidated Fire Department
Board of Directors
Regular Meeting
Wednesday, January 29, 2025 – 5:30 P.M.**

Consistent with Government Code Section 54953, this meeting will be conducted both in person and also via Zoom Teleconferencing to promote public participation at public meetings while maintaining compliance with local, state, and federal guidelines and social distancing recommendations for the containment of the coronavirus. Department officials and members of the public are invited to attend and give public comment either in person or via teleconference. Comments may also be submitted prior to the meeting by email to: nmorales@smcfire.org

To Attend in-person

Foster City Council Chambers, 620 Foster City Blvd., Foster City, CA 94404

Teleconference Participant

Board Member Jimenez will participate by teleconference from Sheraton Kauai Coconut Beach Resort
650 Aleka Loop, Kapa'a, HI 96746

To Observe and Participate via Video Teleconference

Register in advance for this Zoom webinar:

https://us06web.zoom.us/webinar/register/WN_V74IEDIQTLC_maKW3qpfnA

1. OPENING

- 1.1 Call to Order & Determination of a Quorum
- 1.2 Pledge of Allegiance
- 1.3 Roll Call

2. AGENDA CHANGES

The Chair/Board Member may change the order of the Agenda or request discussion of a Consent Item. A member of the public may request discussion of a Consent Item by emailing the Board Clerk Nicole Morales at nmorales@smcfire.org prior to Public Comment.

3. PUBLIC COMMENT

Public Comment is limited to 15 minutes, with a maximum of three (3) minutes per speaker. If you wish to address the hearing body, please notify the Department as soon as practical by emailing the Board Clerk of the Fire Board at nmorales@smcfire.org. If you are addressing the Board of Directors on a non-agenda item, the Board of Directors may, but is not required to, briefly respond to statements made or questions posed as allowed by the Brown Act (GC 54954.2). The Board of Directors may refer items to staff for attention, or have a matter placed on a future Board of Directors Meeting, for more comprehensive action or report.

4. PRESENTATIONS

- [4.1](#) Proclamation honoring Fire Chief Kent Thrasher on his retirement.

5. CONSENT

- [5.1](#) Approval of Fire Board Meeting Minutes from December 4, 2024.
- [5.2](#) Report from Closed Session of December 4, 2024.
- [5.3](#) Approval of Fire Board Meeting Minutes from January 15, 2025.
- [5.4](#) Report from Closed Session of January 15, 2025.

5.5 Adopt a Resolution authorizing a side letter to the Local 2400 IAFF Battalion Chief Memorandum of Understanding regarding Holiday In-Lieu Pay from 5.25% to 6.0% of base pay.

6. NEW BUSINESS

- 6.1 Fire Board appointment of current Deputy Fire Chief Turturici to the vacant Fire Chief position.
- 6.2 Adopt a resolution approving the Annual Fire Inspection Compliance Report from the Fire Chief and approve publishing the report as part of the 2024 Department Annual Report on the Department's website.
- 6.3 Receive the Annual Financial Report for the year ended June 30, 2024.

7. REPORTS AND ANNOUNCEMENTS

- 7.1 Board Members and Department Management Staff will have an opportunity to make announcements.
- 7.2 Operations Update (*verbal only*)
- 7.3 Community Risk Reduction Update (*verbal only*)
- 7.4 Fire Chief update (*verbal only*)

8. PUBLIC COMMENT ON CLOSED SESSION ITEMS

9. CLOSED SESSION

- 9.1 Conference with Legal Counsel: Anticipated Litigation – Authorized pursuant to Government Code Section 54956.9(d)(2) - One (1) Matter

10. RETURN FROM CLOSED SESSION

- 10.1 Legal Counsel will provide a report from Closed Session

11. ADJOURNMENT

I, Nicole Morales, Board Clerk of the San Mateo Consolidated Fire Department, hereby declare that the foregoing Agenda was posted in compliance with the Brown Act prior to the meeting date.

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact the Fire Board Clerk at (650) 522-7900 no less than 72 hours prior to the meeting. Notification in advance of the meeting will enable the Fire Department to make reasonable arrangements to ensure accessibility to this meeting.

Copies of documents distributed at the meeting are available in alternative formats upon request. Any writing or documents provided to a majority of the Board regarding any item on this Agenda will be made available for public inspection at the Department Fire Administration Office located at 1040 E. Hillsdale Blvd., Foster City, CA 94404, during normal business hours. In addition, most documents will be posted on the Department's website at <https://www.smcfire.org/meeting-dates-agendas-minutes/>

Resolution of Appreciation & Gratitude for Fire Chief Kent Thrasher

WHEREAS, The Board of Directors of the San Mateo Consolidated Fire Department desires to commemorate and honor the career and accomplishments of its Fire Chief, Kent Thrasher; and,

WHEREAS, Kent Thrasher began his fire service career with Atlantic Beach Fire and Rescue in 1992 as a Volunteer Firefighter; and,

WHEREAS, Kent Thrasher became a Firefighter Paramedic and was a member of the Dive Rescue Team in 1994; and,

WHEREAS, Kent Thrasher relocated to California and became a Paid Call Firefighter in Santa Cruz and as a Paramedic for American Medical Response in 1996; and,

WHEREAS, Kent Thrasher was hired as a Firefighter/Paramedic with Daly City Fire Department in 1997; and,

WHEREAS, Kent Thrasher lateraled to South County Fire Authority (Belmont/San Carlos) in 1999; and,

WHEREAS, Kent Thrasher became an instructor, mentor and active member of the committees responsible for implementation of the county wide, engine based, Paramedic Program for Daly City and South County Fire; and,

WHEREAS, Kent Thrasher became a HAZMAT Specialist and joined the San Mateo County HAZMAT Team in 2000; and,

WHEREAS, Kent Thrasher was promoted to the position of Fire Captain in 2008; and

WHEREAS, Kent Thrasher was promoted to Administrative Battalion Chief, where he provided management oversight to all aspects of the Belmont Fire Protection District in 2014; and,

WHEREAS, Kent Thrasher was involved in the creation of the San Mateo Consolidated Fire Department and participated in the merger of the three fire departments in San Mateo, Foster City, and Belmont in 2019; and,

WHEREAS, Kent Thrasher was promoted to Deputy Fire Chief in 2018; and,

WHEREAS, Kent Thrasher was promoted to Interim Fire Chief in 2021; and,

WHEREAS, Kent Thrasher was promoted to Fire Chief in January of 2022; and,

WHEREAS, Kent Thrasher earned numerous certifications, which include California Certification as a Company officer, Chief Officer and HAZMAT Specialist; and,

WHEREAS, Kent Thrasher participated in multiple Department, City, County and Regional committees; and,

WHEREAS, Kent Thrasher retired on December 26, 2024, after dedicating over 32 years to public safety.

NOW, THEREFORE, BE IT RESOLVED that the San Mateo Consolidated Fire Department Board of Directors hereby unanimously express, on behalf of the San Mateo Consolidated Fire Department and the residents and businesses of the Cities of Belmont, Foster City, and San Mateo which it serves, its deepest appreciations and gratitude to Fire Chief Kent Thrasher for his dedicated and distinguished public service.

Dated: January 29, 2025

Julia Mates, Fire Board President





Meeting Minutes
San Mateo Consolidated Fire Department
Board of Directors Regular Meeting
Wednesday, December 4, 2024 – 4:00 P.M.
Hybrid Remote Teleconference Meeting
Foster City EOC

1. OPENING

The meeting was called to order at 4:03 p.m. by Board Chair Mates

1.1. Call to Order & Determination of a Quorum

1.2. Pledge of Allegiance

1.3. Roll Call

Board Members Present: Mates, Newsom, Froomin

Board Members Absent: None

2. AGENDA CHANGES

Legal Counsel requested to add 10.2 to Closed Session “Conference with Legal Counsel regarding Anticipated Litigation pursuant to Government Code Section 54956.9(a)(2).” Board Member Newsom made a motion to add 10.2 to the agenda by General Counsel. Board Member Froomin seconded the motion. The Board Secretary took a roll call vote, and the agenda change was approved 3-0.

3. PUBLIC COMMENT

Local 2400 Union Representative Firefighter Tony Panacci thanked Board Member Froomin for his years of service on the Fire Board. Firefighter Panacci also thanked Human Resources Manager Jennifer Crims for her assistance, reliability, professionalism, and unwavering support since the beginning of SMC Fire. He wished her the very best in her future endeavors.

4. PRESENTATIONS

Item 4.1 Recognition of Fire Board Member Jon Froomin’s service

Fire Chief Thrasher expressed his gratitude and appreciation to Board Member Froomin for his years of service. Board Member Froomin thanked the department for the opportunity to participate and shared his appreciation for a well-run and respectable organization.

Item 4.2 Recognition of Human Resources Manager Jennifer Crims’s service

Fire Chief Thrasher expressed his gratitude for HR Manager Crims support and unrelenting guidance that has played a key part in the department’s success. HR Manager Crims stated it has been rewarding to work with everyone and appreciates the opportunities created here.

5. CONSENT

Board Chair Mates asked if there was any public comment on this item, which there was not. Board Member Froomin moved to approve the Consent calendar; Board Member Newsom seconded. The

Board Secretary took a roll call vote, and the Consent calendar items were approved 3-0.

6. NEW BUSINESS

Item 6.1 Adopt a resolution authorizing the Fire Chief to approve a lease agreement with El Camino Real Acquisition Co., LLC for a term of 66-months for office space at 2121 El Camino Real, Suite B100, San Mateo.

Fire Chief Thrasher provided an overview of the staff report.

Board Member Newsom asked if the OES Division would move to the new location and Chief Thrasher stated yes. Board Member Froomin asked about the operational cost cap and Chief Thrasher stated it was agreed to cap at 5%. Board Member Froomin asked if we are moving our cubicle and furniture, and Chief Thrasher stated we are considering available furniture from the office building. Board Chair Mates asked about the term of 5 years and what that would mean. Chief Thrasher stated we would begin rent negotiations early as well as looking into ownership options. Board Chair Mates requested to flag this topic soon so we can avoid overspending. CAO Khojikian stated should have these conversations 18-24 months in advance for the Department's future. Board Member Froomin stated it would be worthwhile to think earlier to set aside savings and keep all options open. CAO Khojikian stated that in the next two years we should ask for Fire Board authority to bring on a broker to begin looking. Board Chair Mates requested we place this on the agenda at some point for further discussion. Board Member Newsom asked if there was an out clause. Chief Thrasher stated it would be challenging but there is termination language.

Board Chair Mates asked if there was any public comment on this item, which there were none. Board Member Froomin moved to adopt the resolution; Board Member Newsom seconded. The Board Secretary took a roll call vote, and the resolution was approved 3-0.

Item 6.2 Adopt a resolution authorizing the Fire Chief to approve a lease agreement with Finney Properties for a term of 84-months for office space at 35 Karen in Belmont

Fire Chief Thrasher provided an overview of the staff report.

Chief Thrasher stated the utilities were originally estimated higher in the staff report, but it was confirmed it should be lower.

Board Member Froomin stated that this would cost money at first, but through inhouse maintenance we will begin saving money. Board Member Newsom stated that within the first year, we should build up our maintenance team for service to other agencies. Chief Thrasher stated these conversations are already happening.

Board Chair Mates asked if there was any public comment on this item, which there were none. Board Member Froomin moved to adopt the resolution; Board Member Newsom seconded. The Board Secretary took a roll call vote, and the resolution was approved 3-0.

7. OLD BUSINESS

Item 7.1 Adopt a resolution approving a revised salary schedule to reflect a 4% increase to the base salary of the Fire Chief that accounts for a corresponding 4% reduction in incentive pay, resulting in no net change in total compensation.

General Counsel Ross provided an overview of the staff report.

Board Froomin asked if this is the final step. Counsel Schwarz stated CalPERS has indicated the compensation plan was approved and the only remaining items is the updated salary reporting.

Board Chair Mates asked if there was any public comment on this item, which there were none. Board Member Newsom moved to adopt the resolution; Board Member Froomin seconded. The Board Secretary took a roll call vote, and the resolution was approved 3-0.

Item 7.2 Adopt a resolution to appoint Chief Thrasher to serve as Interim Fire Chief as a retired annuitant until the end of January 2025.

Chief Administrative Officer Khojikian provided an overview of the staff report.

Board Chair Mates asked if the having the interim period through January allowed for enough time. CAO Khojikian stated the recruitment application period would only be open for one week, and the two groups of panelists from all three agencies are aware.

Board Chair Mates asked if there was any public comment on this item, which there were none. Board Member Newsom moved to adopt the resolution; Board Member Froomin seconded. The Board Secretary took a roll call vote, and the resolution was approved 3-0.

8. REPORTS AND ANNOUNCEMENTS

Fire Chief Thrasher provided a brief organizational update:

- Holiday events include:
 - 12/12/24 “Santa at the Firehouse/Toy Drive” at Fire Station 14 in Belmont.
 - 12/14/24 “Pancake Breakfast with Santa” at Fire Station 21 in San Mateo.
 - 12/5-12/23/24 Hillsdale Mall Toy Booth staffed by SMC Fire personnel.
- Introduced new City of San Mateo HR Director Aracelia Esparza.

9. PUBLIC COMMENT ON CLOSED SESSION ITEMS

None

10. CLOSED SESSION

The Fire Board adjourned to Closed Session at 4:58 p.m. General Counsel Ross reported out from Closed Session, indicating that a written report describing any reportable action will be prepared and will be included in the meeting packet for the next Board meeting.

11. ADJOURNMENT

The Board meeting was adjourned at 5:14 p.m.

William D. Ross
David Schwarz
Kypros G. Hostetter
Christina Bellardo

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William D. Ross
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File No: 19/55

December 30, 2024

VIA E-MAIL

The Honorable Julia Mates, Chair
and Members of the Fire Board
San Mateo Consolidated Fire Department
330 West 20th Avenue
San Mateo, California 94403

Re: Report Upon Return from Closed Session; San Mateo Consolidated Fire
Department Regular Board Meeting of December 4, 2024; Revised

Dear Chair Mates and Board Members:

This communication sets forth reportable action of the Board of Directors (“Board”) of the San Mateo Consolidated Fire Department (“Department”), consistent with the provisions of the Ralph M. Brown Open Meeting Act (Government Code Section 54950 *et seq.*) resulting from the Department’s Closed Session of the December 4, 2024, Regular Board Meeting, consistent with Government Code Section 54957.1.

Board Chair Mates called the Meeting to order at 4:00 p.m. Having convened the Meeting in Open Session and receiving no public comments on Closed Session matters, the Board adjourned the Open Session and convened in Closed Session at 4:58 p.m.

There were two matters agendized for Department Closed Session consideration:¹

- 10.1 Conference with Legal Counsel regarding Existing Litigation, Workers’ Compensation pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9
Name of Case: Joseph Novelli
- 10.2 Conference with Legal Counsel regarding Anticipated Litigation pursuant to Government Code Section 54956.9(a)(2)

With respect to Department Closed Session Agenda Item No. 10.1., although there was

¹ Department Closed Session Agenda Item No. 10.2 was added upon the recommendation of Department General Counsel.

The Honorable Julia Mates, Chair
and Members of the Fire Board
San Mateo Consolidated Fire Department
December 30, 2024
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consideration and authorization given by the Board with respect to the pending Workers' Compensation matter, that authorization and direction is not reportable at this time under the provisions of Government Code Section 54956.9.


With respect to Department Closed Session Agenda Item No. 10.2., there was no reportable action under the common law attorney-client privilege and that provided by Government Code Section 54956.9(a)(2).

The Closed Session concluded at 5:14 p.m., where it was indicated by Department General Counsel that a written report upon return consistent with Government Code Section 54957.1 would be prepared.

This communication should be added to the Agenda for review under the Consent Calendar of your next Regular or Special Meeting.

If there are any questions concerning its content, it may be taken off the Consent Calendar at that time or our office may be contacted in the interim.

Very truly yours,



William D. Ross
Department Counsel

WDR:jf

cc: Kent Thrasher, Fire Chief
Alex Khojikian, Department Chief Administrative Officer
Nicole Morales, Business Manager
Matt Turturici, Deputy Chief
Jennifer Crims, Senior Human Resources Analyst



Meeting Minutes
San Mateo Consolidated Fire Department
Board of Directors Regular Meeting
Wednesday, January 15, 2025 – 5:30 P.M.
Hybrid Remote Teleconference Meeting
Foster City EOC

1. OPENING

The meeting was called to order at 5:33 p.m. by Board Chair Mates

1.1. Call to Order & Determination of a Quorum

1.2. Pledge of Allegiance

1.3. Swearing in new Fire Board Member Stacy Jimenez

1.4. Election of Officers – Chair and Co-Chair

Board Members discussed and selected Julia Mates as Chair and Rob Newsom as Vice Chair. It was agreed that they will rotate after one year.

1.5. Roll Call

Board Members Present: Mates, Newsom, Jimenez
Board Members Absent: None

2. AGENDA CHANGES

Interim Fire Chief Thrasher requested to move Agenda Item No. 4.2 “Conference with Legal Counsel: Anticipated Litigation – Authorized pursuant to Government Code Section 54956.9(d)(2) - One (1) Matter” before Agenda Item No. 4.1 “Consideration of a public employment - personnel matter pursuant to Government Code section 54957(b): Department Fire Chief Position”.

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS

None

4. CLOSED SESSION

The Fire Board adjourned to Closed Session at 5:40 p.m. General Counsel Ross reported out from Closed Session, indicating that a written report describing any reportable action will be prepared and will be included in the meeting packet for the next Board meeting.

5. ADJOURNMENT

The Board meeting was adjourned at 7:45 p.m.

William D. Ross
David Schwarz
Kypros G. Hostetter
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File No: 19/55

January 23, 2025

VIA E-MAIL

The Honorable Julia Mates, Chair
and Members of the Fire Board
San Mateo Consolidated Fire Department
330 West 20th Avenue
San Mateo, California 94403

Re: Report Upon Return from Closed Session; San Mateo Consolidated Fire
Department Regular Board Meeting of January 15, 2025

Dear Chair Mates and Board Members:

This communication sets forth reportable action of the Board of Directors (“Board”) of the San Mateo Consolidated Fire Department (“Department”), consistent with the provisions of the Ralph M. Brown Open Meeting Act (Government Code Section 54950 *et seq.*) resulting from the Department’s Closed Session of the January 15, 2025, Regular Board Meeting, consistent with Government Code Section 54957.1.

Board Chair Mates called the Meeting to order at 5:30 p.m. Having convened the Meeting in Open Session and receiving no public comments on Closed Session matters, the Board adjourned the Open Session and convened in Closed Session at 5:40 p.m.

There were two matters agendized for Department Closed Session consideration:

- 4.1 Consideration of a public employment - personnel matter pursuant to Government Code section 54957(b): Department Fire Chief Position
- 4.2 Conference with Legal Counsel: Anticipated Litigation – Authorized pursuant to Government Code Section 54956.9(d)(2) - One (1) Matter

With respect to Department Closed Session Agenda Item No. 4.1., although there was consideration and direction given by the Board with respect to the matter, that direction is not reportable at this time under provisions of Government Code Section 54957(b).

The Honorable Julia Mates, Chair
and Members of the Fire Board
San Mateo Consolidated Fire Department
January 23, 2025
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With respect Department Closed Session Agenda Item No. 4.2., there was no reportable action under the common law attorney-client privilege and that provided by Government Code Section 54956.9(d)(2).

The Closed Session concluded at 7:45 p.m., where it was indicated by Department General Counsel that a written report upon return consistent with Government Code Section 54957.1 would be prepared.

This communication should be added to the Agenda for review under the Consent Calendar of your next Regular or Special Meeting.

If there are any questions concerning its content, it may be taken off the Consent Calendar at that time or our office may be contacted in the interim.

Very truly yours,



William D. Ross
Department Counsel

WDR:jf

cc: Kent Thrasher, Interim Fire Chief
Alex Khojikian, Department Chief Administrative Officer
Nicole Morales, Business Manager
Matt Turturici, Deputy Chief



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: January 29, 2025

Subject: Adoption of Letter of Understanding Regarding Holiday-in-Lieu Pay

RECOMMENDATION

Adopt a resolution to amend a clerical error to the Local 2400 IAFF Battalion Chief Memorandum of Understanding (MOU) Article II, Section 2. Holiday In-Lieu Pay from 5.25% to 6.0% of base pay.

BACKGROUND

On December 20, 2024, an error in the Battalion Chiefs' MOU was identified. The MOU inaccurately indicates that holiday in-lieu pay rate for 56-hour Battalion Chiefs is 5.25%. The correct rate of 6% is the amount that has been paid as holiday in-lieu pay since the commencement of operations in January of 2019. The clerical error occurred when the original Battalion Chief comp and benefit plan was converted to an MOU in July of 2023.

FISCAL IMPACT

There is no fiscal impact as the members of this group have always received 6.0% of their base pay for holiday-in-lieu.

ATTACHMENTS

- A. Resolution
- B. Letter of Understanding
- C. Supporting Documentation

RESOLUTION NO. RES-2025-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO CONSOLIDATED (SMC) FIRE DEPARTMENT APPROVING THE LETTER OF UNDERSTANDING TO AMEND THE LOCAL 2400 IAFF BATTALION CHIEFS, DISTRICT 13 MEMORANDUM OF UNDERSTANDING (MOU)

WHEREAS, since SMC Fire began operations in January 2019, members of the Local 2400 IAFF Battalion Chiefs MOU have been provided a 6% holiday in-lieu pay, as intended by the SMC Fire Board of Directors.

WHEREAS, in December 2024, a clerical error was discovered that showed the holiday in-lieu percentage was inadvertently listed at a rate of 5.25% in the MOU.

WHEREAS, there is no evidence the union ever agreed to decrease the holiday in-lieu from 6.0% to 5.25%, and there is no evidence that any members were ever paid less than 6.0% of their base pay for holiday in-lieu.

WHEREAS, the Board of Directors intends to correct this clerical error to maintain clarity and accuracy within the MOU

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Approve the Letter of Understanding amending the Local 2400 IAFF Battalion Chief MOU to correct the clerical error of holiday in-lieu pay from 5.25% to 6.0% of base pay.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 29th day of January 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel

Exhibit A

**Side Letter of Agreement
Between the
San Mateo Consolidated Fire (SMC Fire)
and
San Mateo County Firefighters Local 2400 International Association of Firefighters
Battalion Chiefs, District 13**

Re: Holiday In-Lieu Pay

The purpose of this Side Letter of Agreement is to correct a clerical error that listed the percentage of holiday-in-lieu pay for Battalion Chiefs as 5.25% when it should have been 6.0%.

**ARTICLE II
HOLIDAYS**

Section 2 – Holiday In-Lieu Pay

Fire Battalion Chiefs shall receive holiday in-lieu pay in the amount of ~~5.25~~ 6.0% of their base pay in-lieu of twelve (12) City/District recognized holidays. Fire Battalion Chiefs wishing to take a holiday off will need to use other available leaves.

IAFF, Local 2400, District 13
Anthony Agresti

City of San Mateo
Aracelia Esparza, HR Director

Date

Date

Exhibit B

From: [Kent Thrasher](#)
To: [Aracelia Esparza](#); [Yumi Maeda](#)
Cc: [Nicole Morales](#); [Matthew Turturici](#)
Subject: Holiday In Lieu Pay
Date: Friday, January 10, 2025 2:38:48 PM
Attachments: [Compensation-Plan-Battalion-Chief.pdf](#)

All,

Attached is the original BC Comp and Benefit plan from when we started SMC Fire in 2019. On page 9, you will see that the 56-hour BC's were to receive 6% Holiday In Lieu pay. I'm not sure why that didn't carry over to the current MOU, but it was clearly a clerical oversight as they have continued to receive 6%. We will need to do a side letter to correct the error, and it will need Board Approval.

Please let us know if PERS needs anything else on this issue.

Thanks,



Kent Thrasher

Fire Chief
San Mateo Consolidated Fire Department
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COMPENSATION AND BENEFITS PLAN
FOR
BATTALION CHIEFS

Effective January 13, 2019

AND

Expires June 30, 2022

**COMPENSATION AND BENEFITS PLAN
FOR
BATTALION CHIEFS
January 13, 2019 - June 30, 2022**

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**COMPENSATION AND BENEFITS PLAN
FOR
Battalion Chiefs**

The San Mateo Consolidated Fire Department (hereinafter called "Department") provides the following wages, hours, and other terms and conditions of employment to its Battalion Chiefs as described in this Compensation and Benefits Plan (hereinafter called the "Plan").

**ARTICLE I
WAGES AND BENEFITS**

Section 1 - Wages

Effective January 13, 2019, wages for the Management classes and the monthly pay ranges and steps shall be as established in Attachment A. The wages listed in Attachment A reflect an increase by an amount equal to for the classification of Battalion Chiefs.

Effective July 14, 2019 the wages for the classifications listed in Appendix A shall be increased by 3.0%.

Effective July 12, 2020 the wages for the classifications listed in Appendix A shall be increased by 3.0%.

Effective July 11, 2021 the wages for the classifications listed in Appendix A shall be increased by 3.0%.

Section 2 - Retirement

Public safety Management Employees P.E.R.S. contributions shall be administered in accordance with Internal Revenue Code Section 414(h)(2).

The Department shall contract with P.E.R.S. to provide the 4th Level of 1959 Survivor Benefits.

The Department contracted with P.E.R.S. to provide all Battalion Chiefs, hired on or after, January 1, 2013, a 2.7% @ 57 retirement tier with pension calculated based on the average highest annual compensation over a consecutive 36-month period. This new retirement tier applies only to a new member as defined in the Public Employees' Pension Reform Act.

"Classic Employees" (as defined by CalPERS) shall receive the 3.0% @ 55 retirement tier with pension calculated based on the average highest annual compensation over a

Attachment B

consecutive 36-month period, if they are hired by the Department between January 14, 2019 and May 13, 2019.

The Department shall continue to contract with P.E.R.S. to provide the Military Service Credit.

2.1 Employee Retirement Contributions

- Classic Employee will pay the entire employee's share (9.0%)
- Effective January 13, 2019, employees will pay 4.0% of the Employer share for a combined total of 13.0%.
- Effective July 14, 2019, employees will pay 4.5% of the Employer share for a combined total of 13.5%.
- Effective July 12, 2020 all employee will pay 50% of the normal cost/Classic employees' maximum payment will be 14.0% (EE share and ER share).

2.2 Retirement Reopener

After July 1, 2019, the BC's and the JPA may enter into discussion regarding Employee retirement contributions. Specifically, Section 20516 Employees Sharing Additional Cost of the CalPERS Optional Benefits Listing. If any modifications are agreed upon they shall be in accordance with CalPERS rules and regulations.

2.3 Merit Increases

Upon the satisfactory completion of twelve (12) months of the required probationary period, a merit increase to the next higher step in the salary range shall be granted to eligible Employees. Each twelve (12) months thereafter upon the anniversary of such first merit increase, and until the maximum pay range established for their job class has been reached, each Employee receiving a satisfactory performance evaluation shall receive a merit increase to the next higher step. Provided, however, that the Employee shall not receive annual merit increases beyond the maximum step of the salary range for the established job class.

Section 3 - Probationary Period

The initial probationary period for new Employees shall be for a period of not less than twelve (12) months of actual service. Further provisions regarding probationary periods are found in the Departments Personnel Rules and Regulations (hereinafter called "Department Personnel Rules").

Section 4 - Special Pay and Allowance

4.1 Initial Uniform Allowance

The Department shall provide two (2) standard uniforms in accordance with the department's uniform policy upon initial hire.

4.2 Uniform Allowance

Employees shall receive a uniform allowance of Thirty eight dollar and forty six cents (\$38.46) per pay period.

As each Station is equipped with washers and dryers, it will no longer be provided with laundry services, sheet and towels.

The Department has an interest in requiring all safety employees to have a Class A uniform. The Department will purchase one Class A coat for each safety employee when they complete probation.

4.3 Standard Uniform

All personnel will be required to wear a standard uniform. The standard uniform will include specifications for clothing used during the physical fitness period. A dark blue standard uniform jacket will be designated by the Fire Chief and the initial purchase will be made by the Department.

4.4 Educational Incentive Pay

Effective for all employees hired/promoted in to this unit after January 1, 2019 the following education incentive shall apply.

- Possession of a BA Degree shall entitle an employee to one hundred twenty dollars (\$120) per pay period.
- To be eligible for educational incentive pay, a Battalion Chief must complete a minimum of 24 hours of approved Level II or Level III California Fire Service Training and Educational System training or other equivalent formal training each year. Equivalent formal training is defined as training pre-approved by the Fire Chief. Training must be designed to enhance the management skills of the Battalion Chief. The failure of an individual to obtain the required training during a fiscal year shall then terminate educational incentive payment for that person in the following fiscal year. If the employee is unable to complete the training within the fiscal year due to situations clearly beyond his/her control, the Fire Chief may waive the requirement. Battalion Chiefs who attend training will receive \$70 per hour for training hours provided by an outside agency. The employees will receive the monies as a stipend after reimbursement is received by the JPA. The training stipends will be paid on June 1 of each year.

4.5 Administrative Differential

Employees in this unit that are assigned to a 40 hour Administrative Battalion Chief assignment shall receive a differential of 5.0% of base pay.

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4.6 Hazardous Materials Technician/Specialist/Assistant Safety Officer

An Administrative Battalion Chief assigned to the Hazardous Materials Program and who possess Hazardous Materials Technician/Specialist and an Assistant Safety Officer certificates shall be eligible for a six and one-half percent differential.

Section 5 - City Provided Vehicles and Vehicle Allowances

Employees shall be provided a Department vehicle, as determined to be appropriate by the Fire Chief.

Employees using a Department vehicle must sign a "Vehicle Use Declaration & Acknowledgement Form."

Section 6 - Sick Leave

6.1 Sick Leave

The purpose of this Section is to continue the compensation of employees who must remain off their jobs because of illness or disability. Such sick leave is a privilege, which the employee can exercise in the event of his/her bona fide illness or disability or in the event his/her presence away from work is essential because of illness, death or disability of immediate members of his/her family.

6.2 Sick Leave Accrual

40 Hour Employees - For full-time regular and probationary employees on a forty (40) hour workweek schedule, sick leave shall be accrued at the rate of 3.69 hours for each biweekly pay period of service or twelve (12) days per year. Unused sick leave shall be accumulated. There is no cap on sick leave accumulation.

56 Hour Employees - For full-time regular and probationary employees on a fifty-six (56) hour workweek schedule, sick leave shall be accrued at the rate of 5.54 hours for each biweekly pay period of service or six (6) twenty-four (24)-hour shifts per year. Unused sick leave shall be accumulated. There is no cap on sick leave accumulation.

Any employee who is on paid leave shall continue to earn sick leave credit. An employee who is on leave without pay shall not accrue sick leave credits. Sick leave shall accrue during an absence, which is a result of occupational disability resulting from Department service.

6.3 Doctor's Certification

The Fire Chief or designee is responsible for determining that only bona fide personal or family sick leave is taken.

A doctor's certification may be required in all cases where the period of absence

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exceeds five (5) consecutive working days or three (3) consecutive shifts.

The submission of the doctor's certification may be required in other individual cases, regardless of the length of absence, where, in the opinion of the Fire Chief, or designee, substantial evidence exists that sick leave has been misused and a prior warning has been given to the employee regarding the abuse of sick leave.

6.4 Protected Sick Leave

Protected sick leave may be taken and if taken, shall be charged to sick leave for the following reasons:

- The diagnosis, care, or treatment of an existing health condition of, or preventative care for, an employee.
- The diagnosis, care, or treatment of an existing health condition of, or preventative care for, an employee's family member.
- An employee who is a victim of domestic violence, sexual assault, or stalking.

Employee family means parent, spouse, domestic partner, son, daughter, or domestic partner's child, sibling, stepchildren, mother-in-law, father-in-law, grandparents and grandchildren.

Not more than six (6) days or four (4) shifts of such family sick leave shall be granted in any one (1) calendar year. However, if extenuating circumstances exist, at the discretion of the Fire Chief and or designee, a reasonable extension of the six (6) day or four (4) shifts limit may be granted. Any additional leave so granted shall be charged against the employee's accumulated sick leave.

6.5 Extended Sick Leave

After one year of continuous service, employees who must stay off work because of illness or injury and who have exhausted their sick leave benefits may be granted extended sick leave pay for thirty (30) calendar days at the rate of seventy-five percent (75%) of regular salary upon recommendation and approval of the Fire Chief or designee. Such extended sick leave shall not be charged to the employee's future sick leave accrual. Employment-related benefits are prorated in accordance with the employee's time on the payroll (i.e., seventy-five percent 75%). The Fire Department reserves the right to require medical documentation regarding the need for extended sick leave.

Section 7 - Flexible Benefits Plan

The Department shall contribute up to the amounts listed below (inclusive of the \$160 maximum Department contribution or CalPERS MEC whichever is greater, towards group medical insurance or No Plan) per month towards the flexible benefit plan.

	Effective January 2019	Effective January 2020	Effective January 2021	Effective January 2022
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No Plan	\$380	\$380	\$380	\$380
Employee Only	\$827	\$876	\$929	\$985
Employee +1	\$1,654	\$1,753	\$1,858	\$1,969
Family	\$2,152	\$2,281	\$2,418	\$2,563

- No Plan Eligibility - If an employee is eligible for alternative group medical insurance through a spouse or domestic partner's employer-sponsored medical plan, or through a parent's insurance, the employee may waive the Department's medical insurance coverage and select such alternate plan. Proof of such alternate coverage is required prior to waiving coverage through the City plan. If an employee selects the No Plan option the JPA contribution shall be deposited to the employees deferred compensation account.
- Minimum contribution to be set at \$160 per month or the PERS MEC, whichever is greater. (this establishes the minimum retiree medical contribution at \$160 month)
- The maximum monthly out of pocket premium payment of an employee who selects Kaiser will not exceed 10% of the monthly premium for Kaiser at the level selected (employee only, employee + 1 or Family).
- If Local 2400 reopens the section regarding medical contributions, the Fire Chief or his/her designee will meet with the BC's to inform them of any modifications to the Local 2400 Flexible Benefit JPA contributions and discuss the impacts of the modifications.
- If an employee selects a plan, other than Kaiser whose monthly premium exceeds the amounts listed above, the employee will be responsible for payment of the month premium that exceeds the amounts listed above through pay roll deduction.
- If the Kaiser monthly premium exceeds the negotiated flat dollar monthly contribution above, and an employee selects a plan whose monthly premium is less than the Kaiser premium, then the employee's contribution shall be 10% of the selected plan's monthly premium.

Employees who opt out of health plan coverage through the Department must annually provide proof of insurance through a spouse, parent or state-registered domestic partner in order to be eligible for the "no plan" contribution amount above.

Section 8 – Dental/Vision Insurance

8.1 Dental Insurance

The Department shall provide for one hundred percent (100%) coverage on routine maintenance and eighty percent (80%) on minor and major dental work with a maximum payment of three thousand dollars (\$3,000) per eligible employee and covered dependent per year. A lifetime orthodontic benefit of three thousand five hundred dollars (\$3,500) shall be provided to eligible employee and dependents. The Department may self-insure to provide equal or better benefits.

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8.2 Vision Insurance

The Department shall provide vision insurance for the eligible employee and covered dependents. Vision coverage shall provide annual exams, lenses and frames with a twenty-five dollars (\$25.00) annual deductible.

Section 9 - Long Term Disability

The Department shall pay the full amount to provide Long Term Disability (LTD) insurance for employees.

Section 10 - Life Insurance

The Department shall contribute the full amount to provide a term life insurance policy equal to the Employee's annual salary with coverage of \$200,000 plus the same amount of Accidental Death and Dismemberment insurance for each Employee.

Section 11 - Deferred Compensation Plan

The Department shall offer a voluntary deferred compensation plan available to all employees in accordance with Internal Revenue Code section 457. Information about the 457 Plan options is available on the Department's intranet. The plan year for Employee contributions to the 457 Plan is the calendar year, January 1 to December 31. The maximum voluntary contribution to any Employee's account shall be that amount established by law.

All Management Employees may participate in a voluntary 401(a) plan. The maximum voluntary contribution to any Employee's account shall be that amount established by law.

Section 12 - Pay for Temporary Assignment

An Employee appointed to a higher paid classification on an acting basis shall be paid at the first step of the higher pay range or at the step which is not less than 5% more than his/her current pay, provided the duration of the assignment is for 30 days or more and for purposes other than vacation relief and all of the duties of the higher paid class are performed.

Section 13 – Special Command Pay

A shift Battalion Chief who work a shift in excess of his/her regular 24 day tour of duty or an Administrative Battalion Chief, who is covering a 56 hour work week Battalion Chief shift, will receive a compensation in accordance with the table below:

Effective Date	Flat Amount for a full 24 hour Shift	Flat Amount for 18 hours	Flat Amount for 12 hours	Flat amount for 6 hours	Flat amount for 2 hours
July 2019	\$2,300	\$1,725	\$1,150	\$575	\$190

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July 2020	\$2,400	\$1,800	\$1,200	\$600	\$200
July 2021	\$2,500	\$1,875	\$1,250	\$625	\$208

Section 14 - Vision Care/Professional Development/Fitness Club (Gym) Memberships

The Department will reimburse, upon presentation of the proper documentation as outlined below, up to \$200 per fiscal year (July 1 through June 30 of the following year) for the following items:

Professional Development: appropriate receipts for professional development expenses which may include the following: the cost of certificate programs, seminars, workshops, conferences; professional, civic, or community organizations; management-related books, tapes, or training programs. Reimbursement for such expenses must be approved in advance by the Fire Chief.

Fitness Club (Gym) Membership: appropriate receipts for fitness club (gym) membership expenses including membership fees and monthly dues, class fees or any other fees paid to the fitness club (gym) or any other provider. Reimbursement of any fitness club (gym) expense under this Section 14 is subject to Federal, State and Medicare taxes in accordance with IRS regulations.

Section 15 – Retiree Health Saving Plan

On All employees in the Unit will be enrolled in the RHS Account. The monthly contributions shall be by all employees and the Department shall make contributions on behalf of all employees.

15.2 Contribution

Months of Service	Department Contribution	Employee Contribution
1 – 72	2.0%	1.0%
73 – 131	2.0%	1.0%
132 – 191	2.5%	2.0%
192 – 239	3.0%	2.0%
240 – 299	3.5%	2.5%
300+	4.0%	2.5%

Months of Service is defined as continuous service with the Department only. It does not include service time with City of San Mateo, Belmont Fire Protection District or City of Foster City/Estero Municipal Improvement District.

15.3 Separation Pays

Separation pay shall be contributed to this account in accordance with the Plan

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design. Any employee separating within the term of this contract will have all of his/her eligible accrued leave balances paid out into his/her RHS account. The administration costs of maintaining this RHS account will be borne by the Department.

**ARTICLE II
HOLIDAYS**

Section 1 - Official Department Holidays

The following holidays are observed by the Department:

- New Year's Day, January 1
- Martin Luther King, Jr. Day, January 15 or its legal substitute (third Monday in January)
- President's Day, February 22 or its legal substitute (third Monday in February)
- Memorial Day, May 31 or its legal substitute (last Monday in May)
- Independence Day, July 4
- Labor Day, first Monday in September
- Veteran's Day, November 11
- Thanksgiving Day, fourth Thursday in November
- Day after Thanksgiving, fourth Friday in November
- Christmas Eve, December 24
- Christmas Day, December 25
- New Years' Eve, December 31

When any day recognized as a holiday falls on a Sunday, the holiday shall be observed on the following Monday. When any day recognized as a holiday falls on a Saturday, the holiday shall be observed on the preceding Friday.

With regard to the holidays on Christmas Eve (December 24) and New Years' Eve (December 31) should either date fall on a Saturday or Sunday, the preceding Friday shall be observed. In the case where Christmas Day and/or New Years' Day are observed on Friday, the corresponding Eve holiday shall be observed on Thursday.

Section 2 – Holiday In-Lieu Pay

Fire Battalion Chiefs shall receive holiday in-lieu pay in the amount of 6.0% of their base pay in-lieu of twelve (12) City/District recognized holidays. Fire Battalion Chiefs wishing to take a holiday off will need to use other available leaves.

**ARTICLE III
VACATION AND OTHER LEAVES**

Section 1 - Vacation Accrual & Use

Vacations are considered essential to the employee's welfare and they are granted by the Fire Department to allow employees relaxation and rest from their duties. Therefore, it shall be the policy of the Fire Department not to allow the excess accumulation of vacation leave.

Each 56-Hour Week employee shall be granted one hundred forty-four (144) hours credit for vacation with pay following completion of one (1) year of continuous service from date of hire. Thereafter, for each additional biweekly pay period of service, the employee shall accrue vacation with pay as follows:

1.1 Vacation Accrual for Fire Battalion Chiefs

1.1.1 Vacation Leave – 56 hour

Years	Shifts	Hours	Max Accumulation
1 st Year		144 Lump Sum	
13 – 47 months	6	144	288
48 – 95 months	8.5	204	408
96 – 143 month	9.33	224	448
144 – 191 months	11	264	528
192 -239 months	12.5	300	600
240+ months	13	312	624

1.1.2 Vacation Leave – 40 hour

Years	Days	Hours	Max Accumulation
1 st Year	12	96 Lump Sum	
13 – 47 months	12	96	192
48 – 95 months	18.25	146	292
96 – 143 month	20	160	320
144 – 191 months	23.5	188	376
192 -239 months	25	200	400
240+ months	26	208	416

Employees shall accrue vacation leave only as it is earned. New Employees shall not be eligible to use any vacation leave, however, until after completion of their initial twelve months of employment.

1.2 Vacation Sell Back

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1.2.1 Employees 56 Hour employees

In addition to the Department's right to pay employees who reach their maximum accrual, all 56 hour work week employees shall have the option to **make an irrevocable election to** receive cash payment for up to one hundred and forty four (144) hours of accrued vacation time each calendar year.

Requests must be received by Payroll no later than December 31 for the following year elections. No employee can elect to sell back more than their annual vacation accrual. An employee must have the designated number of accumulated vacation available for sell back at the designated time frame. Employees may receive a cash payment for up to 72 hours of accumulated vacation during June of each year and the employee may receive a cash payment for up to 72 hours of accumulated vacation during November of each year for a maximum of 144 hours.

1.2.1 40 Work employees

In addition to the Department's right to pay employees who reach their maximum accrual, all 40 hour work week employees shall have the option to make an irrevocable election to receive cash payment for up to eight (80) hours of accrued vacation time each calendar year.

Requests must be received by Payroll no later than December 31 for the following year elections. No employee can elect to sell back more than their annual vacation accrual. An employee must have the designated number of accumulated vacation available for sell back at the designated time frame. Employees may receive a cash payment for up to 40 hours of accumulated vacation during June of each year and the employee may receive a cash payment for up to 40 hours of accumulated vacation during November of each year for a maximum of 80 hours.

Vacation use may be deferred by the written approval of the Fire Chief when in the best interests of Department and the Employees.

It is the responsibility of the Employee to review the vacation accrual balance printed on his/her paycheck stub to ensure that he/she uses his/her vacation within three accrual years unless deferment is requested and obtained from the Fire Chief as provided.

Employees may use accrued vacation in one (1) hour increments, subject to Fire Chief or his/her designee approval.

Additional guidelines that clarify the use and administration of this provision may be found in the Department Personnel Rules.

Vacation Allowance for Terminated Employees - Employees who terminate with the Department shall be paid the straight-time salary equivalent in a lump sum for all accrued vacation leave earned.

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Such compensation for prorated vacation of terminated employees shall be paid by adding to or deducting from his/her final paycheck.

Section 2 - Administrative Leave

Battalion Chiefs shall be credited with 80 hours of administrative leave annually. Administrative leave will be credited on December 1 and shall not be carried over past November 30 of the following year.

Administrative leave shall be prorated at the rate of 6.67 hours per month and may be used in advance subject to deduction from final paycheck should the Employee not complete the full year (12/1 - 11/30). Upon appointment, new Employees shall receive this leave on the same prorated basis.

Administrative leave shall be taken at the discretion of the Employee contingent upon approval by the Fire Chief or his/her designee.

2.1 Sell Back

Employees may make an irrevocable election to receive cash payment for up to eighty (80) hours of accrued administrative leave.

Requests must be received by Payroll no later than November 1 for the following year elections. No employee can elect to sell back more than eighty (80) hours of administrative leave. An employee must have the designated number of accumulated administrative leave hours available for sell back at the designated time frame. Employees may receive a cash payment for up to 40 hours of accumulated administrative leave during June of each year and the employee may receive a cash payment for up to 40 hours of accumulated administrative leave vacation during November of each year for a maximum of 80 hours.

Section 3 – Recognition Leaves

3.1 Performance Component

Employees are eligible to receive a maximum of five (5) days of paid leave per fiscal year in recognition of exemplary performance.

Leave may be granted in any increment between one (1) day and five (5) days to individuals or to work teams for such reasons as a single outstanding achievement, consistently above standard job performance, or other extraordinary efforts on behalf of the Department, as approved by the Fire Chief.

This leave must be taken as paid time off in the fiscal year in which it is granted. This leave has no cash value and is not compensable upon termination of employment.

3.2 Service Component

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Employees who subsequently complete 10, 20 and 30 years of service with the Department shall receive 40 hours of paid leave on their 10th, 20th and 30th anniversary of employment with the Department on their anniversary date.

This leave must be taken as paid time off within one year of the date it is granted. This leave has no cash value and is not compensable upon termination of employment.

Section 4 - Funeral/Bereavement Leave

In the event of a death in the immediate family, employees may take up to two (2) shifts of paid time off. At the discretion of the Fire Chief or his/her designee, the employee may be granted additional shifts of accrued sick leave. Bereavement Leave shall be tracked separately. In the context of bereavement leave only, immediate family member shall be defined as: spouse, domestic partner, child, foster child who resided with the employee at the time of his/her death, stepchild, mother, father, stepmother, stepfather, mother-in-law, father-in-law, brother, stepbrother, sister, stepsister, brother-in-law, sister-in-law, grandmother, grandfather, spouse's grandmother, spouse's grandfather, son-in-law, daughter-in-law, or grandchildren.

Employees may be entitled to additional leave upon request, pursuant to Federal and State Family Leave laws.

Section 5 - Sick Leave Accrual & Use

Operational Fire Battalion Chiefs shall accrue sick leave at a rate of 12 hours per calendar month for each month that the Operational Fire Battalion Chief has worked regularly scheduled hours. There shall be no maximum accumulation of sick leave.

Employees may utilize up to 56 hours of unused sick leave to care for members of their immediate family and/or household members who have suffered an illness or injury in accordance with State law.

Family sick leave may be taken and if taken, shall be charged to sick leave or, with the concurrence of the Fire Chief or his/her designee, to vacation or administrative leave where the presence of the employee elsewhere is essential because of illness, or disability of immediate members of his/her family. Immediate family member means parent, child, spouse, registered domestic partner, parent-in-law, sibling, grandparent or grandchild. No more than half of the Employee's annual accrual may be granted for family sick leave in any one calendar year. Any additional absences due to family illness or for other family members shall be charged to discretionary leave balances (e.g., vacation, compensatory time off, etc.).

Employees may be entitled to request additional leave pursuant to Federal and State Family Leave laws.

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The patterns of use, frequency of occurrence, total hours used, and hours available compared to hours accrued for each Employee will be periodically reviewed by the Fire Chief or his/her designee. Department standards will be communicated and applied to evaluate the individual use of this benefit. An improvement plan may be developed and implemented by the Fire Chief or his/her designee, considering factors such as Employee circumstances, the operational impact of unscheduled absences, the obligation to provide consistency within the department, and the responsibility of managers to set a good example for other employees of the Department.

Employees covered by this Plan are eligible to participate in a catastrophic leave donation program.. A regular full-time employee may be eligible to receive donations of vacation hours, to be included in the recipient employee's sick leave balance if he or she has a catastrophic illness or injury which prevents the employee from being able to work for an extended period of time. Catastrophic illness or injury is defined as a critical medical condition, diagnosed by a licensed physician, considered terminal or causing long-term major physical impairment or disability.

- A. The recipient employee, recipient's family member, or other person designated in writing by the recipient employee must submit a request to the Fire Chief.
- B. The recipient employee is not eligible so long as she/ he has paid leaves available however, the request may be initiated prior to the anticipated date leave balances will be exhausted.
- C. The recipient employee must be eligible and willing to receive the donated vacation hours. All medical information will be kept confidential unless otherwise authorized in writing by the receiving employee.
- D. A recipient must be on an approved Leave of Absence, (FMLA, Sick Leave) with supporting medication certification.
- E. Donations shall be a minimum of twenty-four (24) vacation hours. The donor employee may donate vacation hours up to any amount so long as the donor employee retains at least ninety-six (96) hours of vacation. Sick leave hours may not be donated.
- F. Once the vacation leave is donated and posted to the receiving employee, the employee donating the vacation hours shall irrevocably lose all rights and privileges to the vacation hours donated.
- G. Donated leave cannot be used for longer than twelve (12) months without approval of the Fire Chief.
- H. The vacation hours donated will be converted to sick leave hours and credited to the recipient employee's sick leave balance on an hour-for hour basis and shall be paid at the rate of the pay of the recipient employee.
- I. Time donated in any pay period may be used in the following pay periods. No retroactive donations will be permitted.

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- J. The determination of the employee's eligibility for the Catastrophic Leave Donation shall be at the Fire Chief's sole discretion.

Section 6 - Leaves of Absence

6.1 Job Incurred Disability Leave

Any permanent or probationary employee covered by this document who has suffered any disability arising out of and in the course of his/her employment, as defined by the Worker's Compensation Laws of the State of California shall be entitled to temporary disability benefits in accordance with Labor Code 4850.

6.2 Leave of Absence without Pay

Any employee desiring a leave of absence without pay from his/her employment for any reason shall secure written permission from the Fire Chief or designee. The decision of the Fire Chief or designee on granting or refusing to grant a leave of absence or extension thereof shall be final and conclusive. Except as otherwise provided in this Section, the maximum leave of absence shall be for 30 days and may be extended for like periods. Written permission for such extended periods shall be secured from the Fire Chief or designee. The first approved leave of absence without pay plus approved extended leaves of absence without pay shall not exceed 12 months. During any approved leave of absence the employee shall not engage in gainful employment unless authorized to do so by the written permission of the Fire Chief or designee. The Fire Chief or designee may terminate any employee who violates the terms and conditions of the written permission for leave or extension thereof.

6.3 Jury Duty Leave

Every full-time employee of the District who is called and required to serve as a trial juror shall be entitled to absent himself/herself from his/her duties with the Department during the period of such service or while necessarily being present in court as a result of such call.

An employee called to serve as a trial juror shall notify the Department of such requirement at the time the employee receives the Jury Summons.

The employee shall be paid the difference between his/her full salary and any payment received by him, except travel pay, for such duty. (An employee who has been subpoenaed as a witness in his/her official Department capacity shall be paid his/her regular pay less any witness fee received.)

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An employee who has been subpoenaed in a private capacity shall not be paid for the time he/she is not on duty with the Department.

6.4 Military Leave

Military leave shall be granted by the Fire Chief or designee in accordance with the provisions of state and federal law. See Department Policy Manual for further information.

Section 7 - Educational Release Time

Employees shall be permitted to take job-related educational classes during on-duty hours within reasonable limits with approval of the Fire Chief.

Section 8 - Dues Deduction

The Battalion Chiefs may have the regular dues deducted from their paychecks; provided, however, that such dues deduction shall be made only upon the written authorization of the individual employee. Payroll deductions shall be for a specified amount and uniform. Authorization, cancellation or modification of payroll deduction shall be made upon forms provided and approved by the Department. The voluntary payroll deduction authorization will remain in effect until employment with the Department is terminated or until canceled or modified by the employee by written notice to the Department as provided below.

Amounts deducted and withheld by the Department shall be transmitted to the individual designated in writing by the Battalion Chief as the person authorized to receive such funds, at the address specified.

The employee's earnings must be sufficient, after all of the required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the Department which would have been withheld if the employee had been in pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made.

The Battalions Chiefs shall hold the Department harmless and shall fully and promptly reimburse the Department for reasonable legal fees and costs incurred in responding to or defending against any claims, disputes, or challenges, which are actually brought against the Department or any of its agents by an employee in a represented classification in connection with the administration or enforcement of this section of the agreement. Such reimbursement shall include costs and attorney's fees incurred by the Department.

Section 9 - Discipline

Definition

The Fire Chief or designee may demote, suspend or discharge any employee for just cause. Any regular employee who is demoted, suspended or discharged shall be

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furnished a written notice of such action in compliance with the requirements of Firefighter Bill of Rights (FBOR).

Provisions regarding discipline and discharge are found in the Department Personnel Rules.

Section 10 - Grievances

A grievance is any dispute which involves the interpretation or application of any of the provisions of this document, existing Department Personnel Rules, or other existing ordinances, resolutions, policies or practices which directly relate to a regular Employee's wages, hours and other terms and conditions of employment, including but not limited to such disciplinary actions as discharge, suspension and demotions.

The following matters are specifically excluded from consideration under the grievance procedure:

- A. Determination and application of the procedures, qualifications, and standards of employment;
- B. Budget and capital expenditures;
- C. Items not subject to meet and confer;
- D. Performance evaluations;
- F. Any items that are a managerial right;
- E. Items that are expressly designated in this document as not subject to grievance.

Employees are encouraged to use the problem resolution processes as a first step in resolving disputes ; however, should Employees choose to pursue a formal grievance, the Grievance Procedure outlined in Department Personnel Rules, Rule shall apply

Section 11 - Duration

This Plan shall take effect on July 1, 2018, and remain in effect until June 30, 2022.

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Attachment A

Salary Chart

Effective January 13, 2019

	Step 1	Step 2	Step 3	Step 4	Step 5
Fire Battalion Chief	\$13,180	\$13,839	\$14,531	\$15,257	\$16,020
Fire Marshall	\$12,472.73	\$13,027.58	\$13,616.21	\$14,228.02	\$14,869.38

Effective July 14, 2019

	Step 1	Step 2	Step 3	Step 4	Step 5
Fire Battalion Chief					
Fire Marshall					

Effective July 12, 2020

	Step 1	Step 2	Step 3	Step 4	Step 5
Fire Battalion Chief					
Fire Marshall					

Effective July 11, 2021

	Step 1	Step 2	Step 3	Step 4	Step 5
Fire Battalion Chief					
Fire Marshall					



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Alex Khojikian, Chief Administrative Officer

Meeting Date: January 29, 2025

Subject: Fire Chief Appointment Consideration

RECOMMENDATION

Appoint Deputy Fire Chief Turturici to the role of Fire Chief effective February 2, 2025.

BACKGROUND

At the September 23, 2024 Fire Board meeting, Fire Chief Kent Thrasher advised the board of his desire to retire at the end of the year and that he would provide official notice once Cal PERS provides evidence that the current issue related to incentive pay will be resolved. At the December 4, 2024 Fire Board meeting, the Fire Board advised that following official notice of retirement, the recruitment for the next Fire Chief will be open to internal candidates only. Additionally, after receiving supporting documentation from Cal PERS that the incentive pay issue will be appropriately resolved, Chief Thrasher officially confirmed that he would be retiring on December 26, 2024 from the Fire Chief position.

Following an internal recruitment and formal interview process of the 3 applicants, including 2 panel interviews and an interview with the Fire Board, on January 15, 2025, the Fire Board recommended that Deputy Chief Matt Turturici be the next Fire Chief of San Mateo Consolidated Fire Department. A conditional offer letter has been signed and awaits final approval by the Fire Board.

ATTACHMENTS

A. None



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Kent Thrasher, Interim Fire Chief

Meeting Date: January 29, 2025

Subject: State Mandated Fire Inspections Annual Compliance Report

RECOMMENDATION

Adopt a resolution approving the Annual Fire Inspection Compliance Report from the Fire Chief and approve publishing the report as part of the 2024 Department Annual Report on the Department's website.

BACKGROUND

California law requires that all fire departments and districts in the State conduct annual safety inspections of all public and private schools, apartments, condominiums, hotels, and motels within their jurisdiction(s). Recognizing that this law did not require local compliance reporting of such inspections, a State law, SB 1205 (Hill), was enacted in January 2019, which now requires all fire departments to submit annual reports to their governing bodies or administering authorities regarding their compliance with these State mandated fire inspections.

On October 8, 2019, the San Mateo Consolidated Fire Department Board of Directors adopted a resolution approving a response by the Fire Chief to the San Mateo County Grand Jury report titled Fire Safety Inspection Programs on the Road to Recovery, which was released on July 22, 2019, and addressed compliance of fire departments within San Mateo County with these State mandated fire inspections. The report made 18 findings and 4 recommendations based on both the State of California's Health and Safety Code's mandates, as well as the requirements of SB 1205. One of those recommendations was that the Department report on the State mandated inspection completion rate in accordance with SB 1205.

ANALYSIS

During calendar year 2024, all mandated inspections were completed, and all properties subject to the mandate were identified.

Attached is the 2024 Inspection Compliance Report as recommended by the San Mateo County Grand Jury.

ATTACHMENTS

- A. Resolution
- B. Annual Report of Mandated Fire Inspections

RESOLUTION NO. RES-2025-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT APPROVING THE ANNUAL FIRE INSPECTION COMPLIANCE REPORT FROM THE FIRE CHIEF AND APPROVING PUBLISHING THE REPORT AS PART OF THE 2024 DEPARTMENT ANNUAL REPORT ON THE DEPARTMENT'S WEBSITE

WHEREAS, California law requires that all fire departments and districts in the state conduct annual safety inspections of all jails, public and private schools, apartments, condominiums, hotels, and motels with their jurisdiction(s); and

WHEREAS, recognizing that this law did not require local compliance reporting of such inspections, SB 1205 (Hill) was enacted and required all fire departments to submit annual reports to their governing bodies or administering authorities regarding their compliance with these state mandated inspections; and

WHEREAS, on October 8, 2019, the SMC Fire Board of Directors adopted a resolution approving a response by the Fire Chief to the San Mateo County Grand Jury report titled Fire Safety Inspection Programs on the Road to Recovery, which addressed compliance of fire departments within San Mateo County with these state mandated fire inspections; and

WHEREAS, the report made 18 findings and 4 recommendations based on both the State of California's Health & Safety Code's mandates as well as the new requirements of SB 1205; and

WHEREAS, one of these recommendations was that the Department report on the State mandated inspection completion rate in accordance with SB 1205.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Approve the Annual Fire Inspection Compliance Report from the Fire Chief and approve publishing the report as part of the 2024 Department Annual Report on the Department's website.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 29th day of January, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel



Robert Marshall, Deputy Fire Chief

1040 East Hillsdale Blvd.
Foster City, CA 94404
(650) 522-7900

MEMORANDUM

To: San Mateo Consolidated Fire Department Board of Directors
From: Carisa Workman, Fire Marshal
Cc: Kent Thrasher, Interim Fire Chief
Date: January 29, 2024
Subject: Annual Report of Mandated Fire Inspections

Background

After the 2017 Ghostship Fire in Oakland California, the State Legislature passed SB 1205 which requires that a notification to the governing body of each fire department report on the status of their inspections mandated by law in section 13146 of the Health and Safety Code. The San Mateo County Civil Grand Jury released a subsequent report entitled “Fire Safety Inspection Programs on the Road to Recovery” in which they made several recommendations, which were accepted by the board. One of the recommendations was that the Fire Marshal make a report to the Board in January of each year as to the status of the mandated inspections. The report also asked that the department report the results via an annual report no later than March of each year on the status of the inspections.

The inspections are mandated to be done annually on a calendar year basis with the exception of jails, which are to be done every 2 years. This year, one of the two jails was inspected, and the other will be inspected next year as per the mandate.

This document serves as the report required by the recommendations of the Grand Jury. This data will be placed into the annual report.

2024 Report

<u>Occupancy</u>	<u>Total # of Buildings</u>	<u># Inspected</u>	<u>Percentage Complete</u>	<u># of Buildings not inspected in 2 years</u>
High Rise	28	28	100%	0
Schools	58	58	100%	0
Residential	1860	1860	100%	0
Jails*	2	2	100%	0

**There are 2 jails in the jurisdiction, and they are inspected on opposite years, so the mandate has been met for this year*



STAFF REPORT

To: San Mateo Consolidated Fire Department Board of Directors

From: Karen Huang, Treasurer

Meeting Date: January 29, 2025

Subject: **Accept the Annual Financial Report for the Fiscal Year Ended June 30, 2024**

RECOMMENDATION

Adopt a Resolution to accept the Annual Financial Report for the fiscal year ended June 30, 2024

BACKGROUND

Pursuant to Section 13.1 (Records and Accounts) of the Joint Powers Agreement establishing the San Mateo Consolidated Fire Department, the Department shall cause to be kept accurate and correct books of the accounts, showing capital costs (if any), special services costs, and maintenance and operation costs of the Department. The Department shall maintain accurate and correct books of the accounts showing all Department personnel costs and the costs of maintenance and operation of the Fire Equipment and Joint Facilities, including liability, casualty and workers' compensation insurance, and a reasonable depreciation reserve for capital items. The afore described books and records shall be open to inspection at all times during normal business hours by the Member Agencies. The Treasurer shall cause all financial records of the Department to be audited by an independent public accountant or certified public accountant at least once a fiscal year, and a copy of the audit shall be delivered promptly to each Member Agency.

The audited financial report for the fiscal year (FY) ended June 30, 2024 was prepared in accordance with generally accepted accounting principles (GAAP) and audited by external auditor, The Pun Group, in accordance with generally accepted auditing standards (GAAS). The Department has received an unmodified ("clean") opinion on its financial statements, confirming that the financial statements are fairly presented in all material respects.

The Department's audited financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. In addition to the basic financial statements, this report also contains the required supplementary information.

Government-Wide Financial Statements and Fund Financial Statements serve different purposes:

- **Government-wide Financial Statements** provide a comprehensive, long-term overview of a government entity's overall financial position and operations. They focus on the economic resources of the entity as a whole. As such, it not only reports the Department's current assets and liabilities, it also reports on long-term assets and liabilities, such as pension liabilities.
- **Fund Financial Statements** provide a more detailed, short-term view of the Department's financial resources and how they are being used. They focus on how individual funds are managed, available resources, and whether they meet budgetary requirements.

FUND FINANCIAL STATEMENTS

The fund financial statements can be found on pages 15 - 18 of the audited financial report (Attachment B).

General Fund (Fund 300)

The General Fund is SMC Fire's primary operating fund. In FY 2023-24, the fund recorded \$49.7 million in revenues and \$49.1 million in expenditures, resulting in a **\$0.7 million surplus**. This surplus increased the General Fund balance to \$1.3 million, up from \$0.6 million in the prior year.

Notable changes in FY 2023-24 include:

- **Workers' Compensation Reimbursements:** In FY 2023-24, \$0.7 million in workers' compensation insurance reimbursements were recorded directly in the General Fund. In prior years, these reimbursements were deposited into the Workers' Compensation Internal Service Fund (Fund 871) to build a sufficient balance for its operations. With Fund 871 reaching a stable balance of \$1.5 million at the close of FY 2023-24, these reimbursements are now allocated directly to the operating funds.
- **Administrative Costs Sharing:** Starting in FY 2023-24, the Fire Protection and Life Safety Fund contributed \$149,540 toward the Finance and HR service contract, reducing the General Fund's burden. Moving forward, the Fire Protection and Life Safety Fund will continue to provide cost sharing to cover its share of the General Administrative costs.

Budget vs Actuals Highlights (in millions):

Category	FY 2023-24 Revised Budget	FY 2023-24 Actuals	Favorable / (Unfavorable) Variance
Total Revenues	\$48.4	\$49.7	\$1.3
Expenses:			
Personnel Expenses	42.7	43.0	(0.4)
Other Operating Expenses	6.3	6.1	0.2
Total Expenses	48.9	49.1	0.2
Net Change to Fund Balance	(\$0.5)	\$0.7	\$1.1

General Fund revenues exceeded budget projections by \$1.3 million, primarily due to:

- \$0.7 million in workers compensation reimbursements.
- \$0.2 million in higher-than-expected investment income.
- \$0.2 million from increases in mutual-aid deployment reimbursements.

General Fund expenditures were slightly over budget by \$0.2 million, largely due to overtime costs incurred to maintain required staffing levels and meet mutual aid needs. These additional costs were fully offset by reimbursement revenues from workers' compensation cases and mutual-aid deployments.

Special Revenue Fund (Fund 310)

The Fire Protection and Life Safety Fund, a special revenue fund, accounts for activities of the Bureau of Fire Protection and Life Safety (the Bureau). In FY 2023-24, it generated \$3.3 million in revenues and had \$3.3 million in expenditures, resulting in a **break-even year** and an ending fund balance of \$1.0 million.

The Fire Prevention and Life Safety Fund operates as a cost recovery fund, designed to cover its expenses through service fees. Its improved performance over the past three years reflects SMC Fire's commitment to

improve the fund’s long-term financial sustainability through proactive planning, regular fee updates, and cost monitoring.

Budget vs Actuals Highlights (in millions):

Category	FY 2023-24 Revised Budget	FY 2023-24 Actuals	Favorable / (Unfavorable) Variance
Revenues	\$2.7	\$3.3	\$0.6
Expenses	\$2.8	\$3.3	(\$0.5)
Net Change to Fund Balance	(\$0.1)	-	\$0.1

The Fire Protection Fund’s revenues exceeded budget projections by \$0.6 million, primarily due to:

- \$0.3 million in increased fees, and permit revenues.
- \$160,000 in other revenues due to the implementation of GASB No. 96, Subscription-Based Information Technology Arrangements.

Expenditures were slightly over budget by \$0.5 million, driven by:

- \$149,540 in cost-sharing expenses for the HR / Finance contract with the General Fund.
- \$160,000 in accounting adjustments related to the implementation of GASB No. 96. These adjustments were fully offset by the corresponding increases in revenues, resulting in no net impact to the fund’s fund balance.

Internal Service Funds

Vehicle & Equipment Replacement Fund (Fund 811) ended the fiscal year with \$9.1 million in total net position, including \$6.4 million (70%) in net investment in capital assets (i.e. fixed assets) and \$2.7 million (30%) unrestricted, increase from \$1.6 million in the prior year. This unrestricted balance represents funding available for spending at the discretion of the Fire Board.

Benefit and Dental Fund (Fund 831) accounts for SMC Fire’s expenditures relating to employee benefits. As of June 30, 2024, the fund has unrestricted net position of \$2.9 million.

Workers’ Compensation and Comprehensive Liability Insurance Fund (Fund 871) accounts for all workers’ compensation activities and general liability transactions. At the close of FY 2023-24, the fund has an unrestricted net position of \$1.5 million.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements are available on pages 9-10 of the audited financial report (Attachment B). As of June 30, 2024, SMC Fire’s government-wide net position totaled \$21.2 million, reflecting an increase from the prior year. The net position is composed of:

- **Net Investment in Capital Assets:** \$10.4 million (49.0%). This amount represents the net value of capital assets (e.g. facilities, machinery, and equipment) owned by the department, net of depreciation and any related debt. These assets are essential to operations but are not liquid and cannot be used for spending.
- **Unrestricted Net Position:** \$10.8 million (51.0%), representing the available resources to fund day-to-day operations for the entity as a whole. The unrestricted net position increased by \$0.6 million in FY 2023-24, driven by higher revenues from member contributions, fees, permits, and investment income.

FISCAL IMPACT

There is no fiscal impact associated with this submission.

ATTACHMENTS

- A. Resolution
- B. Annual Financial Report for the fiscal year ended June 30, 2024

RESOLUTION NO. RES-2025-

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN MATEO
CONSOLIDATED FIRE DEPARTMENT ACCEPTING THE ANNUAL FINANCIAL
REPORT FOR THE FISCAL YEAR THAT ENDED JUNE 30, 2024**

WHEREAS, Section 13.1 (Records and Accounts) of the Joint Powers Agreement establishing the San Mateo Consolidated Fire Department requires all financial records of the Department to be audited by an independent public accountant or certified public accountant at least once a fiscal year; and

WHEREAS, the audited annual financial report for the fiscal year ended June 30, 2024 was submitted to and reviewed by the Board of Directors at its January 29, 2025 regular meeting.

NOW, THEREFORE, the Board of Directors of the San Mateo Consolidated Fire Department resolves as follows:

1. Accept the audited annual financial report for the fiscal year that ended June 30, 2024.

PASSED AND ADOPTED as a resolution of the Board of Directors of the San Mateo Consolidated Fire Department at the regular meeting held on the 29th day of January 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Board Secretary

Board President

APPROVED AS TO FORM:

William D. Ross, General Counsel

San Mateo Consolidated Fire Department

Foster City, California

Annual Financial Report

For the Year Ended June 30, 2024

Prepared by
City of San Mateo Finance Department

**San Mateo Consolidated Fire Department
Annual Financial Report
For the Year Ended June 30, 2024
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Annual Financial Report
For the Year Ended June 30, 2024
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INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo Consolidated Fire Department ("SMC Fire"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the SMC Fire's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the SMC Fire, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SMC Fire, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with accounting standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of SMC Fire’s Proportionate Share of the Net Pension Liability (Asset) and Related Ratios, Schedules of Contributions – Pension, and Schedule of Changes in Total OPEB Liability and Related Ratios, on pages 55 through 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California
Page 3

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SMC Fire’s basic financial statements. The Combining Internal Service Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Internal Service Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of SMC Fire’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 solely 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 the effectiveness of SMC Fire’s 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 SMC Fire’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
December 16, 2024

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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San Mateo Consolidated Fire Department
Statement of Net Position
June 30, 2024

	Primary Government
	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 9,687,831
Accounts receivable, net	1,120,227
Interest receivable	99,546
Prepaid items	16,920
Total current assets	10,924,524
Noncurrent assets:	
Capital assets:	
Non-depreciable	2,704,793
Depreciable/amortizable, net	8,493,392
Total capital assets	11,198,185
Total noncurrent assets	11,198,185
Total assets	22,122,709
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	12,180,346
Related to OPEB	3,260,920
Total deferred outflows of resources	15,441,266
LIABILITIES	
Current liabilities:	
Accounts payable	269,073
Accrued payroll	1,292,549
Deposits payable	20,558
Interest payable	8,601
Compensated absences - due within one year	878,617
Long-term debt - due within one year	146,342
Total current liabilities	2,615,740
Noncurrent liabilities:	
Net pension liability	2,715,992
Total OPEB liability	5,527,576
Compensated absences - due in more than one year	1,845,776
Long-term debt - due in more than one year	596,788
Total noncurrent liabilities	10,686,132
Total liabilities	13,301,872
DEFERRED INFLOWS OF RESOURCES	
Related to OPEB	3,028,135
Total deferred inflows of resources	3,028,135
NET POSITION	
Net investment in capital assets	10,455,055
Unrestricted	10,778,913
Total net position	\$ 21,233,968

See accompanying Notes to the Basic Financial Statements.

San Mateo Consolidated Fire Department
Statement of Activities
For the Year Ended June 30, 2024

	<u>Net (Expense) Revenue and Changes in Net Position</u>
Functions/Programs	<u>Governmental Activities</u>
Expenses:	
Governmental activities:	
Personnel	\$ 44,801,488
Materials and services	5,836,161
Payments to other agencies	493,171
Miscellaneous	307,735
Depreciation/amortization	1,138,644
Interest on long-term debt	8,601
Total governmental activities	52,585,800
Program revenues:	
Charges of services	3,146,291
Operating contributions	48,723,938
Total program revenues	51,870,229
General revenues:	
Investment income	455,151
Gain on sale of capital assets	15,000
Miscellaneous revenue	671,751
Total general revenues	1,141,902
Change in net position	426,331
Net Position:	
Beginning of year	20,807,637
End of year	\$ 21,233,968

FUND FINANCIAL STATEMENTS

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Governmental Funds Financial Statements

General Fund - This fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Fire Prevention Special Revenue Fund - This fund accounts for the fees charged and expenditures for activities relating to fire inspections and permits.

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San Mateo Consolidated Fire Department
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds		
	General Fund	Fire Prevention Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 2,273,822	\$ 333,134	\$ 2,606,956
Accounts receivable, net	353,043	661,412	1,014,455
Interest receivable	99,546	-	99,546
Prepaid items	750	16,170	16,920
Total assets	\$ 2,727,161	\$ 1,010,716	\$ 3,737,877
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 155,797	\$ 14,071	\$ 169,868
Accrued payroll	1,292,549	-	1,292,549
Deposits payable	12,243	8,315	20,558
Total liabilities	1,460,589	22,386	1,482,975
Fund Balances:			
Nonspendable	750	16,170	16,920
Committed	-	972,160	972,160
Unassigned	1,265,822	-	1,265,822
Total fund balances	1,266,572	988,330	2,254,902
Total liabilities and fund balances	\$ 2,727,161	\$ 1,010,716	\$ 3,737,877

**San Mateo Consolidated Fire Department
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024**

Total Fund Balances - Total Governmental Funds	<u>\$ 2,254,902</u>
Amounts reported for Governmental Activities in the Statement of Net Position were different because:	
Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Government-Wide Statement of Net Position	11,198,185
Less: capital assets reported in Internal Service Funds	<u>(6,374,564)</u>
Total capital assets	<u>4,823,621</u>
Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.	
Amount reported in Government-Wide Statement of Net Position	
Long-term debt - due within one year	(146,342)
Long-term debt - due in more than one year	(596,788)
Compensated absences - due within one year	(878,617)
Compensated absences - due in more than one year	<u>(1,845,776)</u>
Total long-term liabilities	<u>(3,467,523)</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.	
	<u>(8,601)</u>
Aggregate net pension asset and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.	
Net pension liability	(2,715,992)
Total OPEB liability	<u>(5,527,576)</u>
Total net pension liability and total OPEB liability	<u>(8,243,568)</u>
Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred outflows of resources related to OPEB	3,260,920
Deferred outflows of resources related to pensions	<u>12,180,346</u>
Total deferred outflows of resources	<u>15,441,266</u>
Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.	
Amount reported in Government-Wide Statement of Net Position	
Deferred inflows of resources related to OPEB	(3,028,135)
Total deferred inflows of resources	<u>(3,028,135)</u>
Internal service funds are used by management to charge the cost of fleet management, risk management, information technology, and building maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	<u>13,462,006</u>
Net Position of Governmental Activities	<u><u>\$ 21,233,968</u></u>

San Mateo Consolidated Fire Department
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds		
	General Fund	Fire Prevention Special Revenue Fund	Total Governmental Funds
REVENUES:			
Intergovernmental:			
Contributions from City of Belmont	\$ 9,169,909	\$ -	\$ 9,169,909
Contributions from City of Foster City	9,169,909	-	9,169,909
Contributions from City of San Mateo	27,509,727	-	27,509,727
Grants and other intergovernmental	2,855,827	18,566	2,874,393
Charges for services	11,592	3,134,699	3,146,291
Other revenue	667,846	3,905	671,751
Interest income	300,335	12,464	312,799
Total revenues	49,685,145	3,169,634	52,854,779
EXPENDITURES:			
Current:			
Personnel costs	43,019,101	2,023,264	45,042,365
Materials and services	5,453,036	383,125	5,836,161
Payments to other agencies	-	493,171	493,171
Miscellaneous	78,137	210,716	288,853
Capital outlay	335,030	160,202	495,232
Debt service:			
Principal	176,718	37,235	213,953
Interest and fiscal charges	17,717	1,165	18,882
Total expenditures	49,079,739	3,308,878	52,388,617
REVENUES OVER (UNDER) EXPENDITURES	605,406	(139,244)	466,162
OTHER FINANCING SOURCES (USES):			
Inception of lease agreement	77,602	-	77,602
Inception of subscription agreement	-	152,602	152,602
Total other financing sources (uses)	77,602	152,602	230,204
NET CHANGE IN FUND BALANCES	683,008	13,358	696,366
FUND BALANCES:			
Beginning of year	583,564	974,972	1,558,536
End of year	<u>\$ 1,266,572</u>	<u>\$ 988,330</u>	<u>\$ 2,254,902</u>

San Mateo Consolidated Fire Department
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2024

Total Fund Balances - Total Governmental Funds	\$	696,366
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of capital assets recorded in the current period, and is net of amounts recorded in the internal service funds of \$979,465.		495,232
Depreciation/amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation/amortization expense, net of internal service funds of \$313,711, was not reported as expenditures in the Governmental Funds.		(831,412)
Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increased long-term liabilities in the Government-Wide Statement of Net Position.		
Subscription liability		(77,602)
Lease liability		(152,602)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		
Principal payments of long-term debt		213,953
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(116,950)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year.		(8,601)
Certain pension expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Changes in pension related deferred outflows of resources		1,981,530
Changes in net pension liabilities		(2,175,377)
Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Changes in OPEB related deferred outflows of resources		2,696,858
Changes in total OPEB liabilities		(2,330,078)
Changes in OPEB related deferred inflows of resources		108,299
The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		(73,285)
Change in Net Position of Governmental Activities	\$	426,331

Proprietary Funds Financial Statements

Internal Service Funds - These funds are used to provide goods and services by one department or agency to other departments or agencies of the Department on a cost reimbursement basis.

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San Mateo Consolidated Fire Department
Statement of Net Position
Proprietary Funds
June 30, 2024

	Total Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 7,080,875
Accounts receivable, net	105,772
Total current assets	7,186,647
Noncurrent assets:	
Capital assets:	
Non-depreciable	2,704,793
Depreciable/amortizable, net	3,669,771
Total capital assets	6,374,564
Total noncurrent assets	6,374,564
Total assets	13,561,211
LIABILITIES	
Current liabilities:	
Accounts payable	99,205
Total current liabilities	99,205
Total liabilities	99,205
NET POSITION	
Net investment in capital assets	6,374,564
Unrestricted	7,087,442
Total net position	\$ 13,462,006

San Mateo Consolidated Fire Department
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Total Internal Service Funds
OPERATING REVENUES:	
Charges for services	\$ 14,186,582
Insurance reimbursement	101,948
Total operating revenues	14,288,530
OPERATING EXPENSES:	
Personnel costs	11,170,745
Materials and services	3,041,190
Depreciation/amortization	307,232
Total operating expenses	14,519,167
OPERATING INCOME	(230,637)
NONOPERATING REVENUES:	
Investment income	142,352
Gain on sale of capital assets	15,000
Total nonoperating revenues	157,352
INCOME BEFORE CAPITAL CONTRIBUTIONS	(73,285)
Change in net position	(73,285)
NET POSITION:	
Beginning of year	13,535,291
End of year	\$ 13,462,006

San Mateo Consolidated Fire Department
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from interfund services provided	\$ 14,438,037
Cash received from insurance reimbursements	101,948
Cash payments to employees for services	(11,170,745)
Cash payments to suppliers for goods and services	(2,973,307)
Net cash provided by operating activities	395,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of capital assets	15,000
Acquisition of capital assets, net	(525,490)
Net cash (used in) capital and related financing activities	(510,490)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest from investments	142,352
Net cash (provided by) investing activities	142,352
Net change in cash and cash equivalents	27,795
CASH AND CASH EQUIVALENTS:	
Beginning of year	7,053,080
End of year	\$ 7,080,875
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (230,637)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation/amortization	307,232
Changes in operating assets and liabilities:	
Accounts receivable, net	(14,613)
Prepaid items	266,068
Accounts payable	67,883
Total adjustments	626,570
Net cash provided by operating activities	\$ 395,933

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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San Mateo Consolidated Fire Department
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For the Year Ended June 30, 2024

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San Mateo Consolidated Fire Department
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For the Year Ended June 30, 2024

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San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the San Mateo Consolidated Fire Department (“SMC Fire”) have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to Governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing accounting and financial reporting principles. The more significant of SMC Fire’s accounting policies are described below.

A. Reporting Entity

SMC Fire is a legally separate and independent entity that is not a component unit of the City of San Mateo (“San Mateo”), the City of Foster City/Estero Municipal Improvement District (“Foster City”), or the City of Belmont/Belmont Fire Protection District (“Belmont”). Further, SMC Fire has no component unit organizations under its control. Therefore, the financial statements contained within represent solely the activities, transactions, and status of the SMC Fire. SMC Fire is governed by a Board of Directors (“Fire Board”) consisting of representatives from each City.

SMC Fire maintains its headquarters at 1040 E. Hillsdale Boulevard Foster City, CA 94404.

B. Basis of Accounting and Measurement Focus

The accounts of SMC Fire are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government - Wide Financial Statements

SMC Fire’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities for SMC Fire.

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of SMC Fire’s assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents change in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for SMC Fire in three categories:

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

Certain eliminations have been made in regards to interfund activities, payables, and receivables. Interfund services provided and used are not eliminated in the process of consolidation. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. SMC Fire considers all funds as major funds since they met the applicable criteria in accordance with GASB Statement No. 34. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements.

All funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. In the fund financial statements, property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end. Property taxes are recorded as deferred inflows of resources when not received within sixty days after fiscal year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied regardless of when the cash is collected. Charges for services and interest are accrued when their receipt occurs within sixty days after the end of the accounting period, and recognized as revenue.

Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, SMC Fire considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by SMC Fire, are member agency operating contributions and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Non-exchange transactions, in which SMC Fire gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

SMC Fire reports the following major funds:

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

Fire Protection Special Revenue Fund accounts for the fees charged and expenditures for activities relating to fire inspections and permits.

Proprietary Fund Financial Statement

SMC Fire reports the Internal Service Funds as Proprietary Funds of SMC Fire.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statement (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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

Internal Service Fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

Vehicle and Equipment Replacement Fund accounts for charges to SMC Fire for funding and acquisition of vehicles, equipment and fire engines.

Benefits and Dental Fund accounts for SMC Fire's charges for other funds and expenditures relating to the employee benefits other than those accounted for in the Workers' Compensation and Comprehensive Liability Insurance Fund.

Workers' Compensation and Comprehensive Liability Insurance Fund accounts for all workers' compensation activities, and general liability transactions.

C. Cash and Investments

Cash includes cash on hand and demand deposits. Investments are reported at market value. Changes in market value that occur during the fiscal year are recognized as investment income for that fiscal year.

SMC Fire participates in an investment pool managed by the State of California titled Local Agency Investment Fund ("LAIF"), which has invested a portion of the pool funds in structured notes and asset-backed securities.

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool is the same as the market value of the pool shares.

Certain disclosure requirements, if applicable, for deposits and investment risks are in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

D. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute "available spendable resources."

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

F. Leases

SMC Fire has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements. SMC Fire recognizes lease liabilities with an initial, individual value of \$15,000 or more.

At the commencement of a lease, SMC Fire initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that SMC Fire has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how SMC Fire determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- SMC Fire uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, SMC Fire generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that SMC Fire is reasonably certain to exercise.

SMC Fire monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported with long-term debt on the Government-Wide Statement of Net Position.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

G. Subscription-Based Information Technology Arrangements (SBITAs)

SMC Fire has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$15,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using SMC Fire's incremental borrowing rate and SMC Fire recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how SMC Fire determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- SMC Fire uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, SMC Fire generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the SMC Fire has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that SMC Fire is reasonably certain to exercise. SMC Fire monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

H. Capital Assets and Depreciation

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. SMC Fire policy has set the capitalization threshold for reporting capital assets at \$10,000. As stipulated in the JPA agreement, fire stations remain the assets of the individual member agencies. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

<u>Asset Type</u>	<u>Years</u>
Building and improvements	20-40
Machinery & equipment	2-15

Major outlays for capital assets are capitalized as construction in progress, once constructed, and repairs and maintenance costs are expensed.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

I. Compensated Absences

Compensated absences comprise vested vacation, sick, comp time and annual leave. Employees do not gain a vested right to accumulated sick leave, unless they take retirement through CalPERS or are laid off. The annual leave plan combines vacation and sick leave, which is settled annually.

In government-wide financial statements compensated absences are recorded as expenses and liabilities as incurred.

In Fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is SMC Fire’s policy to liquidate any unpaid annual leave at year-end from future resources rather than currently available and expendable resources. The General Fund is typically used to liquidate compensated absences.

Employees accrue vacation, annual leave, earned time off, and holiday leave up to certain maximums, based on the employee’s bargaining unit. Employees may elect to be paid a portion of these leaves at various times according to the applicable Memorandum of Understanding. Sick leave may be accumulated without limit. Sick leave may be exchanged for service credit in SMC Fire’s pension plan upon retirement.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for pension reporting:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Measurement period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically overtime. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

K. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at market value.

The following timeframes are used for other postemployment benefits reporting:

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Measurement period	July 1, 2022 to June 30, 2023

Gains and losses related to changes in total other postemployment benefits liability and fiduciary net position are recognized in other postemployment benefits expense systematically over time. The first amortized amounts are recognized in other postemployment benefits expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to other postemployment benefits and are to be recognized in future other postemployment benefits expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. Deferred Outflows and Inflows of Resources

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

M. Net Position

In government-wide financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and related deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Fund Balances

In fund financial statements, fund balances are categorized as follows:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The Board of Directors is considered the highest authority for SMC Fire. A Board resolution is required to have fund balance committed.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Board of Directors is considered the highest authority for SMC Fire. A Board resolution is required to have fund balance assigned.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The general fund is the only fund that reports a positive unassigned fund balance amount. In other funds, it is not appropriate to report a positive unassigned fund balance amount. However, in funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

O. Spending Policy

Government-Wide Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, SMC Fire’s policy is to apply restricted Net Position first.

Fund Financial Statements

When expenditures are incurred for purposes where only unrestricted fund balances are available, SMC Fire uses the unrestricted resources in the following order: committed, assigned, and unassigned.

P. Use of Estimates

The preparation of basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Q. Implementation of New GASB Pronouncements for the Year Ended June 30, 2024

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to SMC Fire, for the year ended June 30, 2024. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Implementation of this Statement did not have a significant effect on SMC Fire’s financial statements for the fiscal year ended June 30, 2024.

Note 2 – Cash and Investments

Cash and investments consisted of the following at June 30, 2024:

Demand deposits with financial institutions	\$ 1,853,705
Total cash	1,853,705
Local Agency Investment Fund (LAIF)	7,834,126
Total investments	7,834,126
Total cash and investments	\$ 9,687,831

A. Deposits

The carrying amount of SMC Fire’s cash deposits were \$1,853,705 at June 30, 2024. Bank balances before reconciling items were \$1,819,464 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in SMC Fire’s name as discussed below.

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

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

SMC Fire follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated to the various funds based on the average monthly cash and investment balances.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

B. Investments

Under the provisions of SMC Fire’s investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	None	\$75 Million
U.S. Treasury Obligations	5 years	None	None
U.S. Agency and U.S. Government Sponsored Enterprise Securities	5 years	70%	40%

C. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the market value of an investment. Generally, the longer the maturity, the greater the sensitivity its market value is to changes in market interest rates. As a means of limiting its exposure to market value losses arising from rising interest rates, SMC Fire’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs.

As of June 30, 2024, SMC Fire had the following investments and maturities:

Investments	Minimum Rating Required	Fair Value	Maturity 12 Months or Less
Investments:			
Local Agency Investment Fund (LAIF)	NA	\$ 7,834,126	\$ 7,834,126
Total Investments		\$ 7,834,126	\$ 7,834,126

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organization. As of June 30, 2024, SMC Fire had the following investments and ratings.

Investments	Credit Rating	Value
Investments:		
Local Agency Investment Fund (LAIF)	Not Rated	\$ 7,834,126
Total Investments		\$ 7,834,126

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Cash and Investments (Continued)

C. Risk Disclosures (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, SMC Fire’s deposits may not be returned to it. SMC Fire does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State of local governmental units pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. Cash in banks is fully insured by the Federal Depository Insurance Corporation or collateralized, so there is no exposure to custodial credit risk.

Concentration of Credit Risk

The investment policy of SMC Fire contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. SMC Fire’s investment in an external investment pool is exempt from the requirement.

D. Investments in Local Agency Investment Fund

SMC Fire is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. SMC Fire’s investments in LAIF at June 30, 2024 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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

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

As of June 30, 2024, SMC Fire had \$7,834,126 invested in LAIF, which had invested 1.40% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines market value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. SMC Fire’s investment in LAIF is reported at amortized cost at June 30, 2024.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Capital Assets

Summary of changes in capital assets activity for the year ended June 30, 2024, is shown below:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Capital assets, not being depreciated					
Construction in progress	\$ 2,704,793	\$ -	\$ -	\$ -	\$ 2,704,793
Total capital assets, not being depreciated	<u>2,704,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,704,793</u>
Capital assets, being depreciated					
Buildings and improvements	-	24,716	-	-	24,716
Machinery and equipment	10,543,051	746,775	-	-	11,289,826
Total capital assets, being depreciated	<u>10,543,051</u>	<u>771,491</u>	<u>-</u>	<u>-</u>	<u>11,314,542</u>
Less: accumulated depreciation:					
Buildings and improvements	-	(1,133)	-	-	(1,133)
Machinery and equipment	(3,105,569)	(847,705)	-	-	(3,953,274)
Total accumulated depreciation	<u>(3,105,569)</u>	<u>(848,838)</u>	<u>-</u>	<u>-</u>	<u>(3,954,407)</u>
Total capital assets, being depreciated, net	<u>7,437,482</u>	<u>(77,347)</u>	<u>-</u>	<u>-</u>	<u>7,360,135</u>
Lease assets, being amortized					
Machinery and equipment	352,653	77,602	(272,609)	-	157,646
Total leased assets, being amortized	<u>352,653</u>	<u>77,602</u>	<u>(272,609)</u>	<u>-</u>	<u>157,646</u>
Less: accumulated amortization					
Machinery and equipment	(222,713)	(98,419)	272,609	-	(48,523)
Total accumulated amortization	<u>(222,713)</u>	<u>(98,419)</u>	<u>272,609</u>	<u>-</u>	<u>(48,523)</u>
Total leased asset, being amortized, net	<u>129,940</u>	<u>(20,817)</u>	<u>-</u>	<u>-</u>	<u>109,123</u>
Subscription assets, being amortized	1,207,366	160,202	-	-	1,367,568
Less: accumulated amortization	(163,474)	(179,960)	-	-	(343,434)
Total subscription assets, being amortized, net	<u>1,043,892</u>	<u>(19,758)</u>	<u>-</u>	<u>-</u>	<u>1,024,134</u>
Total capital assets, net	<u>\$ 11,316,107</u>	<u>\$ (117,922)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,198,185</u>

Depreciation and amortization expense were charged to the functions/programs of the governmental activities as follows:

Public safety - fire	\$ 819,985
Internal service funds	307,232
Total depreciation/amortization expense	<u><u>\$ 1,127,217</u></u>

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 4 – Long-Term Debt

A summary of changes in the long-term liabilities of the governmental activities for the year ended June 30, 2024, is as follows:

	Balance July 1, 2023	Debt Issued	Debt Retired	Balance June 30, 2024	Classification	
					Due within One Year	Due in More Than One Year
Long-term debt:						
Lease liability	\$ 112,118	\$ 77,602	\$ (83,077)	\$ 106,643	\$ 13,483	\$ 93,160
Subscription liability	614,761	152,602	(130,876)	636,487	132,859	503,628
Total	<u>\$ 726,879</u>	<u>\$ 230,204</u>	<u>\$ (213,953)</u>	<u>\$ 743,130</u>	<u>\$ 146,342</u>	<u>\$ 596,788</u>

Lease Liability

SMC Fire has entered into leases for machinery and equipment use. The terms of the agreements range from 2 to 6 years. The calculated interest rates used was 3.00%.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 13,483	\$ 3,018	\$ 16,501
2026	16,606	2,571	19,177
2027	20,221	2,024	22,245
2028	24,444	1,360	25,804
2029	29,372	560	29,932
2030	2,517	6	2,523
Total	<u>\$ 106,643</u>	<u>\$ 9,539</u>	<u>\$ 116,182</u>

Subscription Liability

SMC Fire has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, SMC Fire does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 3 to 10 years. The calculated interest rate used ranged between 2.18% and 2.93%, depending on the length of the SBITA and date of the agreement.

As of June 30, 2024, the capitalized right-to-use assets related to SBITAs were \$1,367,568 and the total subscription liability was \$636,487, of which \$132,859 is reported as a current liability representing the amount due within the next fiscal year.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 4 – Long-Term Debt (Continued)

Subscription Liability (Continued)

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 132,859	\$ 16,845	\$ 149,704
2026	113,458	13,519	126,977
2027	103,070	10,679	113,749
2028	56,571	8,074	64,645
2029	59,092	6,468	65,560
2030-2034	171,437	10,257	181,694
Total	\$ 636,487	\$ 65,842	\$ 702,329

Note 5 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2024 is as follows:

	Balance	Additions	Deletions	Balance	Classification	
	July 1, 2023			June 30, 2024	Due within One Year	Due in More Than One Year
Compensated absences	\$ 2,607,443	\$ 2,421,422	\$ (2,304,472)	\$ 2,724,393	\$ 878,617	\$ 1,845,776

SMC Fire’s liability for vested and unpaid compensated absences (accrued vacation, sick time, comp time, and annual leave) has been accrued and amounts to \$2,724,393 at June 30, 2024. The amount due within one year of \$878,617 represents the estimated amount for anticipated retirees. SMC Fire primarily uses the General Fund to liquidate the liability for compensated absences for governmental funds.

Note 6 – Risk Management

A. General Liability

SMC Fire maintains occurrence-basis commercial insurance coverage for both general liability and workers’ compensation. The general liability insurance covers up to \$1 million per occurrence and \$10 million annual aggregate with excess liability of \$10 million per occurrence and \$20 million aggregate. The workers’ compensation insurance covers up to \$50 million per occurrence.

B. Claims Activity

SMC Fire’s claims activity is recorded in its Worker’s Compensation and Comprehensive Liability Internal Service Fund. Estimated liabilities are recorded when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims during the fiscal year ended June 20, 2024 were covered by the insurance policies.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. SMC Fire sponsors eleven rate plans. Benefit provisions under the Plan are established by State statute and SMC Fire resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

Employees Covered by Benefit Terms

At June 30, 2023, measurement date, the following members were covered by the benefit terms for each Plan:

	Miscellaneous Plans	Safety Plans
Active	12	143
Transferred or separated	8	10
Retired	1	22
Total	21	175

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Safety members with five years or more of total service are eligible to retire at age 50. Miscellaneous members with five years or more of total service are eligible to retire at age 50, with exception of those that fall under the 2% at 62 formula, who are eligible to retire at age 52. Those that retire before the “normal retirement age” listed in their formula will receive statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

The rate plan provisions and benefits in effect at June 30, 2024, are summarized below:

For transferred employees from member agencies

	<u>Classic Misc - San Mateo Tier 1</u>	<u>Classic Misc - San Mateo Tier 2</u>	<u>Classic Safety - Belmont Tier 1</u>	<u>Classic Safety - Belmont Tier 2</u>
Benefit formula	2% at age 55	2% at age 55	2% at age 55	2% at age 50
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50	50
Required employee contribution rates	6.920%	0.000%	8.990%	8.960%
Required employer contribution rates	12.470%	0.000%	22.830%	19.950%
Final Average Compensation Period	1 year	3 years	1 year	3 years
	<u>Classic Safety - Foster City Tier 1</u>	<u>Classic Safety - San Mateo Tier 1</u>	<u>Classic Safety - San Mateo Tier 2</u>	
Benefit formula	3% at age 50	3% at age 50	3% at age 55	
Benefit vesting schedule	5 years service	5 years service	5 years service	
Benefit payments	Monthly for life	Monthly for life	Monthly for life	
Retirement age	50	50 - 55	50 - 57	
Required employee contribution rates	8.990%	8.990%	8.990%	
Required employer contribution rates	25.650%	27.110%	22.830%	
Final Average Compensation Period	3 years	1 year	3 years	

For new employees hired after January 13, 2019

	<u>Classic - Misc</u>	<u>PEPRA - Misc</u>	<u>Classic - Safety</u>	<u>PEPRA - Safety</u>
Benefit formula	2% at age 62	2% at age 62	2.7% at age 57	2.7% at age 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	52	52	50	50
Required employee contribution rates	7.750%	7.750%	13.750%	13.750%
Required employer contribution rates	7.680%	7.680%	13.540%	13.540%
Final Average Compensation Period	3 years	3 years	3 years	3 years

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. SMC Fire is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return. (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as followed:

Asset Class	Target Asset Allocation	Real Return
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

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

The following presents SMC Fire’s proportionate share of the net pension liability for each Plan type, calculated using the discount rate for each Plan, as well as what SMC Fire’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate	Current Discount	Discount Rate
	- 1% (5.90%)	Rate (6.90%)	+ 1% (7.90%)
Miscellaneous Plans	\$ 152,380	\$ 55,395	\$ (24,433)
Safety Plans	\$ 6,782,396	\$ 2,660,597	\$ (709,266)

Pension Plan Fiduciary Net Position

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

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous Plan:			
Balance at: 6/30/22 (Valuation date)	\$ 536,247	\$ 523,245	\$ 13,002
Balance at: 6/30/23 (Measurement date)	717,109	661,714	55,395
Net Changes during 2022-2023	180,862	138,469	42,393
Safety Plan:			
Balance at: 6/30/22 (Valuation date)	\$ 20,444,999	\$ 19,917,386	\$ 527,613
Balance at: 6/30/23 (Measurement date)	30,046,159	27,385,562	2,660,597
Net Changes during 2022-2023	9,601,160	7,468,176	2,132,984

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2022). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2023). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2023 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-22).
- (3) The individual plans’ TPL, FNP, and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plans’ TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plans’ NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

SMC Fire’s proportionate share of the net pension liability as of the measurement dates of June 30, 2022 and 2023, were as follows:

	Miscellaneous Plan	Safety Plan
Proportion June 30, 2022 (Measurement date)	0.000278%	0.007678%
Proportion June 30, 2023 (Measurement date)	0.001108%	0.035594%
Change - Increase (Decrease)	0.000830%	0.027916%

For the year ended June 30, 2024, SMC Fire recognized pension expense in the amounts of \$108,328 and \$5,610,121, for the Miscellaneous plans and Safety plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The Expected Average Remaining Service Lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2022-23 measurement period is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired).

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2024, SMC Fire reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Plans		Safety Plans	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 110,840	\$ -	\$ 5,413,765	\$ -
Changes in assumptions	3,344	-	155,276	-
Difference between actual and expected experience	2,391	-	178,614	-
Difference between projected and actual earning on pension plan investments	8,969	-	364,102	-
Adjustment due to differences in proportions	29,367	-	1,178,534	-
Difference between Employer's actual contributions and proportionate share of contributions	77,715	-	4,657,429	-
Total	\$ 232,626	\$ -	\$ 11,947,720	\$ -
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Contributions made after measurement date	\$ 5,524,605	\$ -		
Changes in assumptions	158,620	-		
Difference between actual and expected experience	181,005	-		
Difference between projected and actual earning on pension plan investments	373,071	-		
Adjustment due to differences in proportions	1,207,901	-		
Difference between Employer's actual contributions and proportionate share of contributions	4,735,144	-		
Total	\$ 12,180,346	\$ -		

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Pension Plans (Continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

For the Miscellaneous plans and Safety plans, \$110,840 and \$5,413,765, respectively, was reported as deferred outflows of resources related to pensions resulting from SMC Fire’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous Plan	Safety Plan
2025	\$ 58,302	\$ 3,199,995
2026	37,444	2,033,172
2027	25,783	1,290,625
2028	257	10,163
2029	-	-
Thereafter	-	-
Total	\$ 121,786	\$ 6,533,955

Note 8 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

SMC Fire administers a single employer defined benefit post-employment healthcare plan (Plan). Merit employees who retire directly from SMC Fire under CalPERS at the minimum age 50 with at least 5 years of CalPERS service (or disability) are eligible to receive \$160 per month for medical insurance premiums paid to CalPERS. This same benefit may continue to a surviving spouse depending on the retirement plan election.

Eligibility

Membership in the plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Active employees	155
Transferred and terminated employees	9
Retired employees and beneficiaries	14
Total	178

Contributions

The Board will review the funding requirements and policy annually. SMC Fire funds the Plan on a pay as you go basis.

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Other Postemployment Benefits (Continued)

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB Liability

SMC Fires total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The total OPEB liability at June 30, 2024 was \$5,527,576.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% percent. This discount rate is rate is based on the municipal Bond Buyer 20-Bond Index.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022 (Valuation Date)	\$ 3,197,498
Changes Recognized for the Measurement Period:	
Service Cost	1,206,815
Interest on the total OPEB liability	155,222
Difference between expected and actual experience	1,243,108
Changes of assumptions	(236,029)
Benefit payments	(39,038)
Net Changes during July 1, 2022 to June 30, 2023	2,330,078
Balance at June 30, 2023 (Measurement Date)	\$ 5,527,576

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of SMC Fire, as well as what SMC Fire’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage- point higher (4.65 percent) than the current discount rate:

Plan's Total OPEB Liability		
Discount Rate - 1% (2.65%)	Current Discount Rate (3.65%)	Discount Rate + 1% (4.65%)
\$ 6,308,657	\$ 5,527,576	\$ 4,894,291

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Other Postemployment Benefits (Continued)

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

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of SMC Fire, as well as what SMC Fire’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Trend Rates	1%
\$ 4,703,942	\$ 5,527,576	\$ 6,582,794

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, SMC Fire recognized OPEB expense of \$1,182,490. At June 30, 2024, SMC Fire reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 1,657,569	\$ -
Difference between expected and actual experience	1,137,938	(1,185,145)
Changes of assumptions	465,413	(1,842,990)
Total	\$ 3,260,920	\$ (3,028,135)

The gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 11.8 years, which was determined as of June 30, 2023, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

Deferred outflows of resources related to OPEB resulting from SMC Fire’s contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2025	\$ (179,547)
2026	(179,547)
2027	(179,547)
2028	(179,547)
2029	(179,547)
Thereafter	(527,049)
	\$ (1,424,784)

San Mateo Consolidated Fire Department
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Other Fund Disclosures

Expenditures Exceeding Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the following funds:

Fund	Excess Expenditures over Appropriations
General Fund	\$ 70,777
Fire Prevention Special Revenue Fund	339,231

Note 10 – Classification of Fund Balances

SMC Fire classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2024:

	General Fund	Fire Prevention Special Revenue Fund	Total
Nonspendable			
Prepaid items	\$ 750	\$ 16,170	\$ 16,920
Total nonspendable	750	16,170	16,920
Committed			
Fire prevention inspection and other	-	972,160	972,160
Total committed	-	972,160	972,160
Unassigned	1,265,822	-	1,265,822
Total fund balances	\$ 1,266,572	\$ 988,330	\$ 2,254,902

Note 11 – Commitments and Contingencies

A. Commitments

SMC Fire had several outstanding or planned construction and other projects as of June 30, 2024. There were no material construction commitments as of June 30, 2024.

B. Litigation

SMC Fire is presently involved in certain matters of litigation that have arisen in the normal course of conducting SMC Fire's business. SMC Fire management believes, based upon consultation with SMC Fire's Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on SMC Fire. Additionally, SMC Fire's management believes that SMC Fire's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

C. Federal and State Grant Programs

SMC Fire participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit act as amended. Accordingly, SMC Fire's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although SMC Fire anticipates such amounts, if any, will be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

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**San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited)
Budgetary Information
For the Year Ended June 30, 2024**

Budgetary Information

A. Budgetary Control and Budgetary Accounting

Budgets are adopted annually for the General Fund and Fire Prevention Fund. The Budget is adopted by the Fire Board (Board) and can be amended only by the Board.

An annual operating budget is adopted by the Board on or before June 30. The operating budget may be reallocated among programs, but expenditures may not exceed budgeted appropriations each year without Board acknowledgment and approval.

B. Encumbrances and Budgetary Financial Statements

SMC Fire's budget, and the accompanying budgetary financial statements, are prepared using encumbrance accounting. Encumbrance accounting requires that purchase orders, contracts, and other commitments for the expenditure of monies be recorded as expenditures in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year-end are reported as expenditures in the budgetary financial statements.

Unencumbered operating appropriations lapse at year-end.

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Contributions from City of Belmont	\$ 9,169,909	\$ 9,169,909	\$ 9,169,909	\$ -
Contributions from City of Foster City	9,169,909	9,169,909	9,169,909	-
Contributions from City of San Mateo	27,509,727	27,509,727	27,509,727	-
Grants and other intergovernmental	1,061,238	2,491,238	2,855,827	364,589
Charges for services	-	-	11,592	11,592
Other revenue	-	-	667,846	667,846
Interest income	55,000	55,000	300,335	245,335
Total revenues	46,965,783	48,395,783	49,685,145	1,289,362
EXPENDITURES:				
Current:				
Personnel costs	40,699,000	42,664,577	43,019,101	(354,524)
Materials and services	6,263,283	5,811,420	5,453,036	358,384
Miscellaneous	3,500	3,500	78,137	(74,637)
Capital outlay	-	335,030	335,030	-
Debt service:				
Principal	-	176,718	176,718	-
Interest and fiscal charges	-	17,717	17,717	-
Total expenditures	46,965,783	49,008,962	49,079,739	(70,777)
REVENUES OVER (UNDER) EXPENDITURES	-	(613,179)	605,406	1,218,585
OTHER FINANCING SOURCES (USES):				
Inception of lease agreement	-	77,602	77,602	-
Total other financing sources (uses)	-	77,602	77,602	-
Net change in fund balance	\$ -	\$ (535,577)	683,008	\$ 1,218,585
FUND BALANCE:				
Beginning of year			583,564	
End of year			\$ 1,266,572	

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedules – Fire Prevention Special Revenue Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable/ (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
Grants and other intergovernmental	\$ -	\$ -	\$ 18,566	\$ 18,566
Charges for services	2,656,586	2,656,586	3,134,699	478,113
Other revenue	-	-	3,905	3,905
Interest income	9,857	9,857	12,464	2,607
Total revenues	2,666,443	2,666,443	3,169,634	503,191
EXPENDITURES:				
Current:				
Personnel costs	1,838,088	1,994,838	2,023,264	(28,426)
Materials and services	329,036	283,036	383,125	(100,089)
Payments to other agencies	493,171	493,171	493,171	-
Miscellaneous	-	-	210,716	(210,716)
Capital outlay	-	160,202	160,202	-
Debt service:				
Principal	-	37,235	37,235	-
Interest and fiscal charges	-	1,165	1,165	-
Total expenditures	2,660,295	2,969,647	3,308,878	(339,231)
REVENUES OVER (UNDER) EXPENDITURES	6,148	(303,204)	(139,244)	163,960
OTHER FINANCING SOURCES (USES):				
Inception of subscription agreement	-	152,602	152,602	-
Total other financing sources (uses)	-	152,602	152,602	-
Net change in fund balance	\$ 6,148	\$ (150,602)	13,358	\$ 163,960
FUND BALANCE:				
Beginning of year			974,972	
End of year			\$ 988,330	

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San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of SMC Fire's Proportionate Share of the Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2024

Miscellaneous Plans

Measurement period, year ended	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Plan's proportion of the net pension liability	0.001108%	0.000278%	-0.002316%	-0.002316%	n/a
Plan's proportionate share of the net pension liability (asset) \$	55,395	\$ 13,002	\$ (43,971)	\$ (758)	n/a
Plan's covered payroll	\$ 1,163,952	\$ 870,003	\$ 918,326	\$ 891,579	\$ 340,208
Plan's proportionate share of the net pension liability (asset) as a percentage of covered payroll	4.76%	1.49%	-4.79%	-0.09%	n/a
Plan's fiduciary net position	\$ 661,714	\$ 523,245	\$ 341,443	\$ 89,684	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	92.28%	97.58%	114.78%	100.85%	n/a
Plan's proportionate share of aggregate employer contributions	\$ 91,571	\$ 66,317	\$ 79,561	\$ 78,522	\$ 29,267

¹ Information is only presented from the start of Department operations in January 2019.
n/a - information is not available.

Safety Plans

Measurement period, year ended	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Plan's proportion of the net pension liability	0.035594%	0.007678%	-0.049948%	-0.049948%	n/a
Plan's proportionate share of the net pension liability (asset) \$	2,660,597	\$ 527,613	\$ (1,752,934)	\$ 11,183	n/a
Plan's covered payroll	\$ 24,249,066	\$ 22,736,992	\$ 20,440,407	\$ 19,845,055	\$ 18,507,379
Plan's proportionate share of the net pension liability (asset) as a percentage of covered payroll	10.97%	2.58%	-8.58%	0.06%	n/a
Plan's fiduciary net position	\$ 27,385,562	\$ 19,917,386	\$ 13,447,991	\$ 3,272,497	n/a
Plan's fiduciary net position as a percentage of the total pension liability (asset)	91.14%	97.42%	114.99%	99.66%	n/a
Plan's proportionate share of aggregate employer contributions	\$ 4,626,696	\$ 4,278,297	\$ 4,403,851	\$ 4,075,340	\$ 1,695,816

¹ Information is only presented from the start of Department operations in January 2019.
n/a - information is not available.

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions – Pension
For the Year Ended June 30, 2024

Miscellaneous Plans						
Fiscal Year:	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19¹</u>
Contractually determined contribution (actuarially determined)	\$ 110,840	\$ 91,571	\$ 66,317	\$ 79,561	\$ 78,522	\$ 29,267
Contributions in relation to the actuarially determined contributions	(110,840)	(91,571)	(66,317)	(79,561)	(78,522)	(29,267)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,384,697	\$ 1,163,952	\$ 870,003	\$ 918,326	\$ 891,579	\$ 340,208
Contributions as a percentage of covered payroll	8.00%	7.87%	7.62%	8.66%	8.81%	8.60%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.50%
Investment rate of return	6.9% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 and 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study. The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

¹ Information is only presented from the start of Department operations in January 2019.

**San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedules of Contributions – Pension (Continued)
For the Year Ended June 30, 2024**

Safety Plans						
Fiscal Year:	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually determined contribution (actuarially determined)	\$ 5,413,765	\$ 4,626,696	\$ 4,278,297	\$ 4,403,851	\$ 4,075,340	\$ 1,695,816
Contributions in relation to the actuarially determined contributions	(5,413,765)	(4,626,696)	(4,278,297)	(4,403,851)	(4,075,340)	(1,695,816)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,888,787	\$ 24,249,066	\$ 22,736,992	\$ 20,440,407	\$ 19,845,055	\$ 18,507,379
Contributions as a percentage of covered payroll	20.91%	19.08%	18.82%	21.54%	20.54%	9.16%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.500%
Investment rate of return	6.90% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 and 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study. The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

¹ Information is only presented from the start of Department operations in January 2019.

San Mateo Consolidated Fire Department
Required Supplementary Information (Unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2024

Measurement period, year ending:	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019¹</u>
Total OPEB liability					
Service cost	\$ 1,206,815	\$ 1,174,516	\$ 2,256,923	\$ 1,970,092	\$ 542,698
Interest	155,222	86,416	122,865	90,609	10,492
Changes of benefit terms					-
Differences between expected and actual experience	1,243,108	-	(1,603,432)	-	-
Changes of assumptions	(236,029)	(880,330)	(1,222,789)	643,809	65,557
Benefit payments, including refunds of member contributions	(39,038)	(18,609)	(41,319)	-	-
Net change in total OPEB liability	<u>2,330,078</u>	<u>361,993</u>	<u>(487,752)</u>	<u>2,704,510</u>	<u>618,747</u>
Total OPEB liability - beginning	<u>3,197,498</u>	<u>2,835,505</u>	<u>3,323,257</u>	<u>618,747</u>	<u>-</u>
Total OPEB liability - ending (a)	<u>\$ 5,527,576</u>	<u>\$ 3,197,498</u>	<u>\$ 2,835,505</u>	<u>\$ 3,323,257</u>	<u>\$ 618,747</u>
OPEB fiduciary net position					
Contributions - employer	\$ 39,038	\$ 18,609	\$ 41,319	\$ -	\$ -
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(39,038)	(18,609)	(41,319)	-	-
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 5,527,576</u>	<u>\$ 3,197,498</u>	<u>\$ 2,835,505</u>	<u>\$ 3,323,257</u>	<u>\$ 618,747</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 30,910,000	\$ 29,232,000	\$ 29,447,000	\$ 29,452,031	\$ 26,552,435
Plan net OPEB liability as a percentage of covered-employee payroll	17.88%	10.94%	9.63%	11.28%	2.33%

¹ Information only presented from start of Department operations in January 2019.

SUPPLEMENTARY INFORMATION

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Internal Service Funds

Vehicle & Equipment Replacement Fund - This fund is used to account for SMC Fire's charges to for acquisition of vehicles, equipment, and fire engines.

Benefits & Dental Fund - This fund is used to account for SMC Fire's charges for expenditures relating to the employee benefits other than those accounted for in the Workers' Compensation and Comprehensive Liability Insurance Fund.

Workers' Compensation & Comprehensive Liability Insurance Fund - This fund is used to account for all workers' compensation activities, and general liability transactions.

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San Mateo Consolidated Fire Department
Combining Statement of Net Position
All Internal Service Funds
June 30, 2024

	Vehicle & Equipment Replacement Fund	Benefits & Dental Fund	Workers' Compensation & Comprehensive Liability Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 2,765,921	\$ 2,921,357	\$ 1,393,597	\$ 7,080,875
Accounts receivable, net	-	-	105,772	105,772
Total current assets	2,765,921	2,921,357	1,499,369	7,186,647
Noncurrent assets:				
Capital assets:				
Non-depreciable	2,704,793	-	-	2,704,793
Depreciable/amortizable, net	3,669,771	-	-	3,669,771
Total capital assets	6,374,564	-	-	6,374,564
Total noncurrent assets	6,374,564	-	-	6,374,564
Total assets	9,140,485	2,921,357	1,499,369	13,561,211
LIABILITIES				
Current liabilities:				
Accounts payable	88,432	10,773	-	99,205
Total current liabilities	88,432	10,773	-	99,205
Total liabilities	88,432	10,773	-	99,205
NET POSITION				
Net investment in capital assets	6,374,564	-	-	6,374,564
Unrestricted	2,677,489	2,910,584	1,499,369	7,087,442
Total net position	\$ 9,052,053	\$ 2,910,584	\$ 1,499,369	\$ 13,462,006

San Mateo Consolidated Fire Department
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2024

	Vehicle & Equipment Replacement Fund	Benefits & Dental Fund	Workers' Compensation & Comprehensive Liability Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 1,793,263	\$ 10,612,548	\$ 1,780,771	\$ 14,186,582
Insurance reimbursement	-	-	101,948	101,948
Total operating revenues	1,793,263	10,612,548	1,882,719	14,288,530
OPERATING EXPENSES:				
Personnel costs	-	11,170,745	-	11,170,745
Materials and services	267,240	44,295	2,729,655	3,041,190
Depreciation and amortization	307,232	-	-	307,232
Total operating expenses	574,472	11,215,040	2,729,655	14,519,167
OPERATING INCOME	1,218,791	(602,492)	(846,936)	(230,637)
NONOPERATING REVENUES (EXPENSES):				
Interest income	76,847	-	65,505	142,352
Gain on sale of capital assets	15,000	-	-	15,000
Total nonoperating revenues (expenses)	91,847	-	65,505	157,352
Changes in net position	1,310,638	(602,492)	(781,431)	(73,285)
NET POSITION:				
Beginning of year	7,741,415	3,513,076	2,280,800	13,535,291
End of year	<u>\$ 9,052,053</u>	<u>\$ 2,910,584</u>	<u>\$ 1,499,369</u>	<u>\$ 13,462,006</u>

San Mateo Consolidated Fire Department
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2024

	Vehicle & Equipment Replacement Fund	Benefits & Dental Fund	Workers' Compensation & Comprehensive Liability Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 1,793,263	\$ 10,876,629	\$ 1,768,145	\$ 14,438,037
Cash received from insurance reimbursements	-	-	101,948	101,948
Cash payments to employees for services	-	(11,170,745)	-	(11,170,745)
Cash payments to suppliers for goods and services	(209,800)	(33,852)	(2,729,655)	(2,973,307)
Net cash provided by (used in) operating activities	<u>1,583,463</u>	<u>(327,968)</u>	<u>(859,562)</u>	<u>395,933</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	15,000	-	-	15,000
Acquisition of capital assets, net	(525,490)	-	-	(525,490)
Net cash (used in) capital and related financing activities	<u>(510,490)</u>	<u>-</u>	<u>-</u>	<u>(510,490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	76,847	-	65,505	142,352
Net cash provided by investing activities	<u>76,847</u>	<u>-</u>	<u>65,505</u>	<u>142,352</u>
Net change in cash and cash equivalents	1,149,820	(327,968)	(794,057)	27,795
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,616,101	3,249,325	2,187,654	7,053,080
End of year	<u>\$ 2,765,921</u>	<u>\$ 2,921,357</u>	<u>\$ 1,393,597</u>	<u>\$ 7,080,875</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income	\$ 1,218,791	\$ (602,492)	\$ (846,936)	\$ (230,637)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	307,232	-	-	307,232
Changes in operating assets and liabilities:				
Accounts receivable, net	-	361	(14,974)	(14,613)
Prepaid items	-	263,720	2,348	266,068
Accounts payable	57,440	10,443	-	67,883
Total adjustments	<u>364,672</u>	<u>274,524</u>	<u>(12,626)</u>	<u>626,570</u>
Net cash provided by (used in) operating activities	<u>\$ 1,583,463</u>	<u>\$ (327,968)</u>	<u>\$ (859,562)</u>	<u>\$ 395,933</u>

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Mateo Consolidated Fire Department ("SMC Fire"), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise SMC Fire's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SMC Fire's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SMC Fire's internal control. Accordingly, we do not express an opinion on the effectiveness of SMC Fire's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of SMC Fire's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

To the Honorable Chair and Members of the Board
of the San Mateo Consolidated Fire Department
Foster City, California
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SMC Fire's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Peris Group, LLP

Walnut Creek, California
December 16, 2024