

San Bernardino County Fire Protection District

(A Component Unit of the County of San Bernardino)

San Bernardino, California

Annual Financial Report

For the Year Ended June 30, 2020



**San Bernardino County Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2020**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
County of San Bernardino
San Bernardino County Fire Protection District
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District (the "District"), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan on pages 46 through 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements, the Budgetary Comparison Schedule – Office Emergency Services, the Budgetary Comparison Schedule – Public Safety Power Shutoff, the Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru, and the Schedule of Revenues, Expenditures, and Changes in Ambulance Activities, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements, the Budgetary Comparison Schedule – Office Emergency Services, the Budgetary Comparison Schedule – Public Safety Power Shutoff, and the Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedule – Office Emergency Services, the Budgetary Comparison Schedule – Public Safety Power Shutoff, the Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Revenues, Expenditures, and Changes in Ambulance Activities has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Board of Directors
County of San Bernardino
San Bernardino County Fire Protection District
San Bernardino, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District'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 the District's internal control over financial reporting and compliance.

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

Santa Ana, California
January 26, 2021

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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

Board of Directors
County of San Bernardino
San Bernardino County Fire Protection District
San Bernardino, 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 Bernardino County Fire Protection District (the "District"), a component unit of the County of San Bernardino as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated January 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 the entity'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 financial statements. 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*.

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The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 PwC Group, LLP

Santa Ana, California
January 26, 2021

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 135,003,703
Taxes and assessments receivable	3,359,935
Accounts receivable, net	262,031
Interest receivable	592,536
Due from other governments	9,622,324
Prepaid items	1,532,991
Total current assets	150,373,520
Non-current assets:	
Capital assets – not being depreciated (Note 4)	8,661,728
Capital assets – being depreciated, net (Note 4)	55,618,162
Total non-current assets	64,279,890
Total assets	214,653,410
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions (Note 7)	88,147,918
Total deferred outflows of resources	88,147,918
LIABILITIES	
Current liabilities:	
Accounts payable	1,795,984
Accrued salaries and benefits	12,156,145
Due to other governments	1,090,342
Advances from others (Note 3)	968,935
Accrued interest payable	283,729
Long-term liabilities – due in one year:	
Compensated absences (Note 5)	5,123,177
Loan payable (Note 6)	289,152
Total current liabilities	21,707,464
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (Note 5)	7,684,765
Loan payable (Note 6)	2,105,355
Net pension liability (Note 7)	211,214,403
Total non-current liabilities	221,004,523
Total liabilities	242,711,987
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions (Note 7)	14,256,432
Total deferred inflows of resources	14,256,432
NET POSITION	
Net investment in capital assets (Note 8)	61,885,383
Restricted	79,947,830
Unrestricted (deficit) (Note 9)	(96,000,304)
Total net position	\$ 45,832,909

San Bernardino County Fire Protection District
Statement of Activities
For the Year Ended June 30, 2020

	Governmental Activities
Expenses:	
Public safety – fire protection and emergency services:	
Salaries and benefits	\$ 182,128,051
Materials and services	35,748,404
Intergovernmental	1,126,874
Depreciation expense	6,681,055
Interest expense	231,732
Total expenses	225,916,116
Program revenues:	
Charges for services	55,942,542
Intergovernmental	23,390,244
Claim cost recoveries	7,298
Operating grants and contributions	16,213,342
Total program revenues	95,553,426
Loss from operations	(130,362,690)
General revenues:	
Property taxes	100,495,678
Special assessments	40,695,129
Investment earnings	4,136,394
Gain from sale of capital assets	486,583
Other revenues	12,594,550
Total general revenues	158,408,334
Change in net position	28,045,644
Net position:	
Beginning of year, as restated (Note 17)	17,787,265
End of year	\$ 45,832,909

FUND FINANCIAL STATEMENTS

San Bernardino County Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2020

	Special Revenue Funds				
	General Fund	Hazardous Materials	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
ASSETS					
Cash and cash equivalents	\$ 58,750,763	\$ 16,200,901	\$ 4,138,204	\$ 15,951,637	\$ 5,005,456
Taxes and assessments receivable	281,057	17,289	595,768	764,115	586,926
Accounts receivable – net	-	-	63,438	160,365	38,228
Interest receivable	160,685	75,487	33,327	97,059	37,552
Due from other governments	2,501,270	192,205	815,723	1,157,028	492,348
Prepaid items	1,532,991	-	-	-	-
Due from other funds (Note 10)	-	-	1,149,091	1,688,249	994,730
Total assets	\$ 63,226,766	\$ 16,485,882	\$ 6,795,551	\$ 19,818,453	\$ 7,155,240
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,484,667	\$ 105,393	\$ 46,964	\$ 23,091	\$ 51,407
Accrued salaries and benefits	1,923,860	515,515	1,070,106	2,154,973	979,625
Due to other governments	163,947	6,381	114,280	297,932	53,837
Due to other funds (Note 10)	5,240,008	-	-	-	-
Advances from others (Note 3)	-	11,468	-	-	-
Total liabilities	8,812,482	638,757	1,231,350	2,475,996	1,084,869
Deferred Inflows of Resources:					
Unavailable revenue	29,831	-	-	-	-
Total deferred inflows of resources	29,831	-	-	-	-
Fund Balances: (Note 11)					
Nonspendable	1,532,991	-	-	-	-
Restricted	-	15,847,125	5,564,201	17,342,457	6,070,371
Assigned	8,500,000	-	-	-	-
Unassigned	44,351,462	-	-	-	-
Total fund balances	54,384,453	15,847,125	5,564,201	17,342,457	6,070,371
Total liabilities, deferred inflows of resources, and fund balances	\$ 63,226,766	\$ 16,485,882	\$ 6,795,551	\$ 19,818,453	\$ 7,155,240

San Bernardino County Fire Protection District
Balance Sheets (Continued)
Governmental Funds
June 30, 2020

	<u>Special Revenue Funds</u>			
	<u>Valley Regional Service Zone</u>	<u>State Homeland Security Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 34,008,804	\$ -	\$ 947,938	\$ 135,003,703
Taxes and assessments receivable	1,114,780	-	-	3,359,935
Accounts receivable – net	-	-	-	262,031
Interest receivable	183,337	-	5,089	592,536
Due from other governments	3,123,152	1,340,598	-	9,622,324
Prepaid items	-	-	-	1,532,991
Due from other funds (Note 10)	2,417,280	-	-	6,249,350
Total assets	<u>\$ 40,847,353</u>	<u>\$ 1,340,598</u>	<u>\$ 953,027</u>	<u>\$ 156,622,870</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 77,837	\$ 5,466	\$ 1,159	\$ 1,795,984
Accrued salaries and benefits	5,512,066	-	-	12,156,145
Due to other governments	267,468	186,497	-	1,090,342
Due to other funds (Note 10)	-	1,009,342	-	6,249,350
Advances from others (Note 3)	957,467	-	-	968,935
Total liabilities	<u>6,814,838</u>	<u>1,201,305</u>	<u>1,159</u>	<u>22,260,756</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	29,831
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,831</u>
Fund Balances: (Note 11)				
Nonspendable	-	-	-	1,532,991
Restricted	34,032,515	139,293	951,868	79,947,830
Assigned	-	-	-	8,500,000
Unassigned	-	-	-	44,351,462
Total fund balances	<u>34,032,515</u>	<u>139,293</u>	<u>951,868</u>	<u>134,332,283</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 40,847,353</u>	<u>\$ 1,340,598</u>	<u>\$ 953,027</u>	<u>\$ 156,622,870</u>

San Bernardino County Fire Protection District
Reconciliation of the Balance Sheets of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2020

Fund Balances – Governmental Funds	<u>\$ 134,332,283</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Receivables are not available to pay for current period expenditures and, therefore are reported as deferred inflows of resources in the governmental funds.	29,831
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	64,279,890
Deferred outflows of resources related to pensions used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	88,147,918
Long-term liabilities of the District are not due and payable in the current period and are not reported as fund liabilities accordingly. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(283,729)
Compensated absences	(12,807,942)
Loan payable	(2,394,507)
Net pension liability	(211,214,403)
Deferred inflows of resources related to pensions used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(14,256,432)</u>
Total adjustments	<u>(88,499,374)</u>
Net Position of Governmental Activities	<u><u>\$ 45,832,909</u></u>

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	General Fund	Hazardous Materials	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
REVENUES:					
Property taxes	\$ 11,903,631	\$ 10,578	\$ 14,610,407	\$ 16,256,003	\$ 7,361,568
Special assessments	-	576,690	5,127,517	12,150,333	9,016,270
Charges for services	5,246,698	9,163,612	1,628,992	5,517,469	1,924,010
Intergovernmental	12,842,679	85,889	1,289,048	6,749,727	1,204,769
Claim cost recoveries	-	1,122	-	505	5,621
Federal assistance	4,847,411	-	1,369,381	1,363,689	1,309,640
State assistance	-	283,236	-	-	-
Local assistance	-	2,140,742	-	-	-
Investment earnings	1,378,819	548,329	223,907	647,026	262,972
Other revenues	2,216,370	1,079,851	1,601	5,774,590	11,546
Total revenues	38,435,608	13,890,049	24,250,853	48,459,342	21,096,396
EXPENDITURES:					
Current:					
Salaries and benefits	10,972,098	8,312,096	16,688,052	33,225,314	15,175,998
Materials and services	3,486,967	2,828,524	3,683,108	8,526,310	3,377,058
Intergovernmental	114,589	-	-	132,650	74,276
Capital outlay	5,137,271	19,654	622,937	714,462	655,870
Debt service:					
Principal	-	-	138,045	100,362	40,145
Interest	-	-	153,178	-	-
Total expenditures	19,710,925	11,160,274	21,285,320	42,699,098	19,323,347
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,724,683	2,729,775	2,965,533	5,760,244	1,773,049
OTHER FINANCING SOURCES (USES):					
Transfers in (Note 12)	1,890,598	-	65,011	104,568	42,168
Transfers out (Note 12)	(9,733,957)	-	(175,510)	(377,404)	(155,309)
Proceeds from sale of capital assets	69,184	-	75,200	40,967	48,974
Total other financing sources (uses)	(7,774,175)	-	(35,299)	(231,869)	(64,167)
NET CHANGES IN FUND BALANCES	10,950,508	2,729,775	2,930,234	5,528,375	1,708,882
FUND BALANCES (DEFICIT):					
Beginning of year	43,433,945	11,446,654	2,633,967	11,189,867	4,361,489
Restatements (Note 17)	-	1,670,696	-	624,215	-
Beginning of year, as restated	43,433,945	13,117,350	2,633,967	11,814,082	4,361,489
End of year	\$ 54,384,453	\$ 15,847,125	\$ 5,564,201	\$ 17,342,457	\$ 6,070,371

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>			
	<u>Valley Regional Service Zone</u>	<u>State Homeland Security Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property taxes	\$ 50,353,491	\$ -	\$ -	\$ 100,495,678
Special assessments	13,538,580	-	285,739	40,695,129
Charges for services	32,461,761	-	-	55,942,542
Intergovernmental	1,218,132	-	-	23,390,244
Claim cost recoveries	50	-	-	7,298
Federal assistance	-	2,486,853	1,092,834	12,469,808
State assistance	2,447,623	-	-	2,730,859
Local assistance	-	-	-	2,140,742
Investment earnings	1,064,688	(5,254)	15,907	4,136,394
Other revenues	3,508,324	-	2,268	12,594,550
Total revenues	<u>104,592,649</u>	<u>2,481,599</u>	<u>1,396,748</u>	<u>254,603,244</u>
EXPENDITURES:				
Current:				
Salaries and benefits	78,526,870	190,245	65,093	163,155,766
Materials and services	11,131,317	1,483,101	289,825	34,806,210
Intergovernmental	181,214	624,145	-	1,126,874
Capital outlay	1,702,853	-	-	8,853,047
Debt service:				
Principal	-	-	-	278,552
Interest	-	-	-	153,178
Total expenditures	<u>91,542,254</u>	<u>2,297,491</u>	<u>354,918</u>	<u>208,373,627</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,050,395</u>	<u>184,108</u>	<u>1,041,830</u>	<u>46,229,617</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 12)	8,788,867	-	-	10,891,212
Transfers out (Note 12)	(449,032)	-	-	(10,891,212)
Proceeds from sale of capital assets	318,878	-	1,450	554,653
Total other financing sources (uses)	<u>8,658,713</u>	<u>-</u>	<u>1,450</u>	<u>554,653</u>
NET CHANGES IN FUND BALANCES	21,709,108	184,108	1,043,280	46,784,270
FUND BALANCES (DEFICIT):				
Beginning of year	12,323,407	(44,815)	(91,412)	85,253,102
Restatements (Note 17)	-	-	-	2,294,911
Beginning of year, as restated	<u>12,323,407</u>	<u>(44,815)</u>	<u>(91,412)</u>	<u>87,548,013</u>
End of year	<u>\$ 34,032,515</u>	<u>\$ 139,293</u>	<u>\$ 951,868</u>	<u>\$ 134,332,283</u>

San Bernardino County Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances – Governmental Funds	<u>\$ 46,784,270</u>
 Amounts reported for governmental activities in the statement of activities is different because:	
 Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	7,910,853
Depreciation expense	(6,681,055)
Disposal of capital assets.	(68,070)
 Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Net change in compensated absences	(1,357,144)
Net change in net pension liability and related deferred outflows and inflows of resources	(17,615,141)
Net change in accrued interest payable	(78,554)
 Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	
	278,552
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	
	<u>(1,128,067)</u>
Total adjustments	<u>(18,738,626)</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ 28,045,644</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

The San Bernardino County Fire Protection District (the “District”) is a special district located within the County of San Bernardino (the “County”). The District was established per the San Bernardino County Local Agency Formation Commission (LAFCO) Resolution 2986/2989 (adopted on January 16, 2008), effective July 1, 2008. The Resolution dissolved County Service Area 70, County Fire Administration and transferred all funds to the expanded Yucca Valley Fire Protection District which was renamed in the same resolution that established the District.

The District provides services through administration of four regional service zones and maintains various service contracts. Services provided include fire management, administration, ambulance billing, vehicle maintenance, warehousing, communications, training, fire prevention, hazardous materials, household hazardous waste, information systems, human resources, fiscal and the office of emergency services.

The governmental reporting entity consists of administration, hazardous materials, office of emergency services, and four regional service zones and their related ambulance programs. The District is a component unit of the County and is governed by the Board of Directors who are comprised of the County Board of Supervisors.

The four regional service zones are as follows:

Mountain Regional Service Zone

The Mountain Regional Service Zone provides fire protection services to the areas of Angelus Oaks (Station 98), Fawnskin (Station 96), Forest Falls (Station 99), Green Valley Lake (Station 95), and Lake Arrowhead (Stations 91, 92, 93, 94). This Service Zone supports the eight fire stations' administrative staff and their Paid-Call Firefighter Programs. This Service Zone also provides fire protection services to the former communities within the Crest Forest Fire Protection District through annexation (Stations 24, 25, 26, 28, 29 and 30). Ambulance transportation and paramedic services are also provided to the Crest Forest and Lake Arrowhead communities.

North Desert Regional Service Zone

The North Desert Regional Service Zone provides fire protection services to the areas of Spring Valley Lake (Station 22), Oak Hills (Station 40), Summit Valley (Station 48), Lucerne Valley (Stations 7, 8), Silver Lakes (Station 4), Phelan (Station 10), Wrightwood (Station 14), Pinon Hills (Station 13), El Mirage (Station 11), Baldy Mesa (Station 16), Mt. View Acres (Station 37), Harvard (Station 52), Baker (Station 53), Hinkley (Station 56), Searles Valley (Station 57), and Hesperia (Stations 302, 304, and 305). This Service Zone supports the nineteen fire stations' administrative staff and their Paid-Call Firefighter Programs. Ambulance transportation and paramedic services are provided to the communities of Lucerne Valley, Searles Valley, Wrightwood, and Hesperia.

South Desert Regional Service Zone

The South Desert Regional Service Zone provides fire protection services to the areas of Big River (Station 17), Black Meadow Landing (Station 55), Havasu Landing (Station 18), Johnson Valley (Station 43), Joshua Tree (Station 36), Landers (Station 19), Needles (Station 32), Panorama Heights (Station 35), Parker Strip (Station 21), Twentynine Palms (Station 44) and Yucca Valley (Stations 41, 42). This Service Zone supports the thirteen fire stations' administrative staff and their Paid-Call Firefighter Programs. Ambulance transportation and paramedic services are provided to the communities of Havasu, and Yucca Valley.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Organization and Operations of the Reporting Entity (Continued)

Valley Regional Service Zone

The Valley Regional Service Zone provides fire protection and paramedic services to the areas of San Bernardino (Stations 221, 222, 224, 225, 226, 227, 228, 229, 231, 232, and 233) Colton, Devore (Station 2), San Antonio Heights (Station 12), Lytle Creek (Station 20), Mt. Baldy (Station 200), Muscoy (Station 75), Bloomington (Station 76), Loma Linda, Grand Terrace (Station 23), Mentone (Station 9), Oak Glen, Upland (Stations 161, 163 and 164) and Highland. This Service Zone supports 22 fire stations and two communities contracted to outside agencies and Paid-Call Firefighter Programs.

County-Wide

The District contracts with the City of Adelanto and with the Fontana Fire District, which include provisions for suppression staff, Firefighters and administrative staff. Fire, rescue ambulance transportation, and emergency medical services are provided by full-time firefighters, and the Paid-Call Firefighter Programs.

The District also provides the administration and operation of various grants including Homeland Security Grant Programs.

The accompanying financial statements reflect only the accounts of the San Bernardino County Fire Protection District and are not intended to present the financial position of the County taken as a whole.

Basis of Presentation

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

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been identified.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of inter-fund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental funds are reported using the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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.

The District considers items available if received within nine-months of year end, for voluntary non-exchange transactions such as federal and state grants and government-mandated non-exchange transactions. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The District reports items as deferred inflows of resources when all eligibility requirements are met except for timing requirements or resources recognized as assets that do not meet the availability criterion for recognition as revenue in governmental funds.

The District reports the following major governmental funds:

Governmental Funds:

General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Hazardous Materials Fund is used to account for all services related to oversight and regulation of commercial hazardous materials and household hazardous wastes to all businesses in all cities within the County.

Mountain Regional Service Zone is used to provide fire, emergency response, and ambulance service to its designated operational area.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued):

North Desert Regional Service Zone is used to provide fire, emergency response, and ambulance service to its designated operational area.

South Desert Regional Service Zone is used to provide fire, emergency response, and ambulance service to its designated operational area.

Valley Regional Service Zone is used to provide fire and emergency response service to its designated operational area.

State Homeland Security Grant Fund is used to account for State Homeland Security grant transactions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in District net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, and amounts deposited in the San Bernardino County Pool (County Pool). Cash and investments are shown at fair value as of June 30, 2020.

U.S. GAAP, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statement of net position and balance sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

Property Taxes and Special Assessments

Secured property taxes and special assessments are levied in two equal installments, November 1 and February 1. They become delinquent with penalties after December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1, the lien date, and become delinquent with penalties after August 31.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Capital Assets

Capital assets, which include property, plant, equipment, and structures and improvements, are reported under the governmental activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value (an entry price) at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Useful Lives
Structures and improvements	5 - 40 years
Equipment, software, and vehicles	4 - 15 years

Deferred Outflows/Inflows of Resources

In accordance with U.S. GAAP, 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 a revenue until that time.

In subsequent periods, when both revenue recognition criteria (“*measurable*” and “*available*”) are met, or when the District has a legal claim to the resources, the Deferred Inflow is removed from the balance sheet and revenue is recognized.

Compensated Absences

Accumulated vacation, holiday benefits, sick pay and compensatory time off, are recorded as an expense and liability as the benefits are paid on the fund statements but recorded when earned by the employee on the statement of net position. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay. The District is obligated to pay for a portion or percentage of unused sick leave if an employee works ten or more years continuous District service from date of hire in a regular position and upon retirement, death, or separation.

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pensions, information about the fiduciary net position of the District's San Bernardino County Employees' Retirement Association (“SBCERA”) plan (the “Plan”) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, employer and employee contributions are recognized in the period the related salaries are earned and become measurable pursuant to formal commitments, statutory or contractual requirements, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Pension Plan (Continued)

SBCERA

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Measurement period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. 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 retirees) as of the beginning of the measurement period.

Net Position

Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net amount of assets that are not included in the determination of *restricted* or *net investment in capital assets*.

Stewardship, Compliance and Accountability

In accordance with provisions of Section 29000 - 29143 of the Government code of the State of California, commonly known as the County Budget Act, the District prepares and adopts a budget on or before August 30 for each fiscal year.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the object level and the sub-object level for fixed assets within each fund.

Amendments or transfers of appropriations between funds or departments must be approved by the Board. Transfers at the sub-object level or cost center level may be done at the discretion of the Special District's Administration Department head. Any deficiency of budgeted revenues and other financing sources over expenditures and other financing uses is financed by beginning available fund balances as provided for in the County Budget Act.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

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

Fund Balance

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, the following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable Fund Balance: Amounts cannot be spent because they are: (a) not in spendable form or (b) legally or contractually required to be maintained intact. Due to the nature or form of the resources, they generally cannot be expected to be converted into cash or a spendable form.

Restricted Fund Balance: Amounts are restricted by external parties, i.e., creditors, grantors, contributors, or laws/regulations of other governments or restricted by law through constitutional provisions or enabling legislation.

Committed Fund Balance: Amounts can only be used for a specific purpose pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (the Board of Directors). The formal action must occur prior to the end of the reporting period; however, the amount may be determined in the subsequent period. These are self-imposed limitations on available resources. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same level of action it employed to previously commit those amounts. These committed amounts would be approved and adopted by formal action of the Board of Supervisors.

Assigned Fund Balance: Amounts are constrained by the government's intent to be used for specific purposes that are neither restricted nor committed. The intent will be expressed by the body or official to which the governing body has delegated the authority, i.e., the County Administrative Office. The County Administrative Office will assign fund balance for specific departmental projects through the use of the respective department's general fund savings. Such projects would not normally be feasible for the department without reserving funding over a multiple year period.

Unassigned Fund Balance: The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the General Fund – General Purpose, General Fund – Mandatory Contingencies or the General Fund – Uncertainties Contingencies until allocated for a specific purpose by the Board, by a four-fifths vote.

It is the District's policy to consider committed amounts as being utilized first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Implementation of New GASB Pronouncement

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2020.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2020 consisted of the following:

Description	Balance
Cash on hand	\$ 2,855
Cash in financial institutions	448,165
Cash pooled with the County of San Bernardino Treasury	134,552,683
Total cash and cash equivalents	\$ 135,003,703

Cash and cash equivalents include the cash balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period.

The District pools its cash and investments with the County. The District's portion or share of the County's cash and investment pool is reflected on the balance sheet and statement of net position as cash and cash equivalents. The District has no separate investments in the pool and the District's equity in the cash and investment pool is managed by the County of San Bernardino Treasury. The District is a component unit of the County and is required to participate in the pool.

Custodial Credit Risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. However, the *California Government Code* requires that a financial institution secure deposits made by state or local government units by 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 County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020 the book balance of the District's deposits of \$448,165 was entirely insured and collateralized as described above.

San Bernardino County Treasury Pool

California Law and San Bernardino County Treasury Pool Investment Policy (where more restrictive) place limitations on the purchase of investments in the County Pool. The District's investment in the County pool is rated annually and currently has a rating of AAA/V1 from Fitch.

Deposits and withdrawals in the County Treasury are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments in the County Treasury at June 30, 2020 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. At June 30, 2020, the District's balance in the County pool was \$134,552,683.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Advances from Others

At June 30, 2020, the balance of advances from others consisted of the following:

Description	Balance
City of San Bernardino fire department workers' compensation claims	\$ 957,467
Charges for services	11,468
Total	\$ 968,935

On July 1, 2016, the City of San Bernardino Fire Department was annexed into the District. The San Bernardino Local Agency Formation Commission (LAFCO) and the County of San Bernardino required that the City of San Bernardino advance fund \$1,336,587 to the District for the City of San Bernardino Fire Department's workers' compensation self-insurance claims payable balance prior to the July 1, 2016 reorganization date. In 2020, \$176,278 of workers' compensation claims were paid, leaving a balance of \$968,935 as of June 30, 2020.

Note 4 – Capital Assets

Changes in capital assets for the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Non-depreciable capital assets:					
Land	\$ 6,812,436	\$ -	\$ -	\$ -	\$ 6,812,436
Construction-in-process	2,673,662	232,270	-	(1,056,640)	1,849,292
Total non-depreciable capital assets	9,486,098	232,270	-	(1,056,640)	8,661,728
Depreciable capital assets:					
Improvements to land	3,149,724	-	-	-	3,149,724
Structures and improvements	49,865,318	329,977	-	1,056,640	51,251,935
Vehicles and heavy equipment	61,257,151	5,961,940	(2,015,552)	-	65,203,539
Equipment	10,153,609	1,373,306	(430,018)	-	11,096,897
Software	182,900	13,360	-	-	196,260
Total depreciable capital assets	124,608,702	7,678,583	(2,445,570)	1,056,640	130,898,355
Accumulated depreciation:					
Improvements to land	(1,285,764)	(134,695)	-	-	(1,420,459)
Structures and improvements	(17,222,261)	(1,238,963)	-	-	(18,461,224)
Vehicles and heavy equipment	(47,729,398)	(4,529,855)	2,015,552	-	(50,243,701)
Equipment	(4,667,195)	(745,639)	361,948	-	(5,050,886)
Software	(72,020)	(31,903)	-	-	(103,923)
Total accumulated depreciation	(70,976,638)	(6,681,055)	2,377,500	-	(75,280,193)
Total depreciable capital assets, net	53,632,064	997,528	(68,070)	1,056,640	55,618,162
Total capital assets, net	\$ 63,118,162	\$ 1,229,798	\$ (68,070)	\$ -	\$ 64,279,890

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Compensated Absences

Changes in the compensated absences balance for the year ended June 30, 2020 was as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
\$ 11,450,798	\$ 7,974,997	\$ (6,617,853)	\$ 12,807,942	\$ 5,123,177	\$ 7,684,765

Note 6 – Loan Payable

Changes in loan payable amounts for the year ended June 30, 2020 were as follows:

<u>Long-Term Debt</u>	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-Term</u> <u>Portion</u>
Crest Forest Loan	\$ 1,769,800	\$ -	\$ (97,900)	\$ 1,671,900	\$ 108,500	\$ 1,563,400
Stryker Medical Lease	903,259	-	(180,652)	722,607	180,652	541,955
Total	<u>\$ 2,673,059</u>	<u>\$ -</u>	<u>\$ (278,552)</u>	<u>\$ 2,394,507</u>	<u>\$ 289,152</u>	<u>\$ 2,105,355</u>

In August 2010, Crest Forest Fire Protection District (dissolved and annexed into SBCFPD effective July 2015) entered into a direct borrowing lease/leaseback agreement with Municipal Finance Corporation (“MFC”) in the amount of \$2,286,000. The agreement contains (1) a provision that, in the event of default, SBCFPD shall remain liable until the amount in default has been fully paid with interest at a rate of 8% per annum, (2) a provision that, in the event of default, MFC may terminate the lease and re-lease all or any portion of the leased property. SBCFPD agrees to pay to MFC all costs, loss or damages occurring payable at the same time and in the same manner of the lease payments. There shall be no right, under any circumstances, to accelerate the lease payments to be immediately due and payable.

The annexation of the Crest Forest Fire Protection District included the assumption of an installment loan with City National Bank. The loan is secured by structures and improvements, bears interest at 5.4% and matures in fiscal year 2031. Principal and interest payments are due on August 1 and February 1. Remaining maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 108,500	\$ 88,838	\$ 197,338
2022	119,100	82,836	201,936
2023	129,700	76,264	205,964
2024	135,000	69,190	204,190
2025	145,200	61,765	206,965
2026-2030	923,200	174,047	1,097,247
2031	111,200	3,002	114,202
Total	<u>\$ 1,671,900</u>	<u>\$ 555,942</u>	<u>\$ 2,227,842</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Loan Payable (Continued)

The lease purchase agreement with Stryker Medical (Stryker) was to acquire battery-powered hydraulic patient lifting and loading system totaling \$1,043,259. The District will make annual lease purchase payments, at 0% interest, for a period of six years beginning in 2018-19 and make annual service plan payments for a period of seven years beginning in 2018-19. At the end of this period, the District will own the equipment.

<u>Fiscal Year</u>	<u>Lease Purchase Payment</u>	<u>Service Plan Payment</u>	<u>Total</u>
2021	\$ 180,652	\$ 62,526	\$ 243,178
2022	180,652	62,526	243,178
2023	180,652	62,526	243,178
2024	180,651	62,526	243,177
Total	<u>\$ 722,607</u>	<u>\$ 250,104</u>	<u>\$ 972,711</u>

Note 7 – Net Pension Liability and Pension Plan

The District participates in the following County-Wide Retirement Plan. The District contributes to the plan an amount determined by the County.

Plan Description

The County provides pension benefits to eligible employees through a cost sharing multiple-employer defined benefit pension plan (the “Plan”) administered by the San Bernardino County Employees' Retirement Association (“SBCERA”).

The Plan is governed by the SBCERA Board of Retirement (Board) under the provisions of the California County Employees' Retirement Law of 1937 (“CERL”), the California Public Employees' Pension Reform Act of 2013 (“PEPRA”). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401 (a) of the Internal Revenue Code.

SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, which can be obtained by writing to SBCERA, Attention: Fiscal Services Department, 348 W. Hospitality Lane, San Bernardino, CA 92408 or visiting their website at www.SBCERA.org.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

Benefits Provided

SBCERA provides retirement, disability, death and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular or contract position, whose service is at least fifty percent of the full standard of hours required is a member of SBCERA, and is provided with pension benefits pursuant to Plan requirements. The CBRL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

<u>Description</u>	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Final average compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 12 consecutive months	Highest 36 consecutive months
Service requirement	Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31663.25).	Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service (§31672.3).	Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25).	Age 50 with 5 years of service (§7522.25(a)) or age 70 regardless of service (§31672.3).
Early retirement years of service required and/or age eligible:	Age 70 - any years 10 years age 50 30 years any age	Age 70 - any years 5 years age 52 N/A	Age 70 - any years 10 years age 50 20 years any age	Age 70 - any years 5 years age 50 N/A
Benefit percent per year of service for retirement age	2.00% of final compensation times years of accrued retirement service credit times age factor from Section 31676.15.	The final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a).	3.00% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1.	the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d).
Benefit adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67	Reduced before age 50	Reduced before age 57
Compensation Limit	For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit as of July 1, 2019 is \$275,000. The limit is indexed for inflation on an annual basis.	Pensionable Compensation is limited to \$145,666 for 2019. The limit is indexed for inflation on an annual basis.	For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit as of July 1, 2019 is \$275,000. The limit is indexed for inflation on an annual basis.	Pensionable Compensation is limited to \$145,666 for 2019. The limit is indexed for inflation on an annual basis.

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (“CPI”) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members’ years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454 for participating employers, and Government Code sections 31621.6, 31639.25, and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article I of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly based on an annual actuarial valuation, which is conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee and employer contribution rates for the fiscal year ended June 30, 2020 are as follows:

<u>Description</u>	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Employee contribution rates	8.62% - 15.53%	9.10%	11.57% - 17.99%	16.19%
Employer contribution rates	25.39%	22.86%	55.08%	49.61%

For the year ended June 30, 2020, the District's contribution to the Plan of \$32,684,024 equaled the actuarially determined required employer contributions. Employer contributions paid by the employee are classified as employer contributions for purposes of allocating the net pension liability and are included as part of the actuarially determined contribution by the Plan starting the year ended June 30, 2015. Previously, these amounts were excluded from the allocation.

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

At June 30, 2020, the District reported a liability of \$211,214,403 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the County's net pension liability was based on the District's fiscal year 2019 actual contributions to the County's pension plan relative to the total contributions of the County as a whole. At June 30, 2019, the District's proportion was 9.5083 percent, which was decrease of 0.1433 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$50,299,166.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

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

At June 30, 2020, the District reported its proportionate share of the County's deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

Type of Account	Balance as of June 30, 2020
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	\$ 32,684,024
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,855,603
Differences between expected and actual experience	2,817,673
Changes of assumptions	27,585,303
Net differences between projected and actual investment earnings on pension plan investments	4,205,315
Total deferred outflows of resources	\$ 88,147,918

Type of Account	Balance as of June 30, 2020
Deferred Inflows of Resources:	
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 7,465,176
Differences between expected and actual experience	6,791,256
Total deferred inflows of resources	\$ 14,256,432

The total amount of \$32,684,024 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The resulting net amount of \$41,207,462 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Balance
2021	\$ 15,644,640
2022	4,707,897
2023	14,240,370
2024	6,850,264
2025	(221,150)
Thereafter	(14,559)
Total	\$ 41,207,462

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

Actuarial Assumptions

The District's proportion of the County's total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry age actuarial cost method
Actuarial Assumptions:	
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Inflation rate	3.00%
Real across-the-board salary increase	0.50%
Projected salary increases ¹	General: 4.50% to 14.50% and Safety: 4.70% to 14.50%
Cost of living adjustments	2.00% (actual increases contingent upon CPI increases with a 2% maximum)
Administrative expenses	0.70% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member.

¹ Includes inflation at 3.00% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

Mortality rates used in the June 30, 2019 actuarial valuation were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional mortality improvement scale MP-2016. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

The actuarial assumptions used to determine the total pension liability as of June 30, 2019 were based on the results of the Actuarial Experience Study dated April 7, 2017, which covered the periods from July 1, 2013 through June 30, 2016. They are the same assumptions used in the June 30, 2019 actuarial valuations.

The long-term expected rate of return on the Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

Actuarial Assumptions (Continued)

The June 30, 2019 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

<u>Investment Type</u>	<u>Investment Classification</u>	<u>Target Allocation¹</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	Domestic Common and Preferred Stock	8.00%	5.61%
U.S. Small Cap Equity	Domestic Common and Preferred Stock	2.00%	6.37%
Developed International Equity	Foreign Common and Preferred Stock	6.00%	6.96%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	9.28%
U.S. Core Fixed Income	U.S. Government and Agency/ Corporate Bonds	2.00%	1.06%
High Yield /Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.65%
Global Core Fixed Income	Foreign Bonds	1.00%	0.07%
Emerging Market Debt	Emerging Market Debt	6.00%	3.85%
Real Estate	Real Estate	9.00%	4.37%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	-0.17%
International Credit	Foreign Alternatives	11.00%	6.75%
Absolute Return	Domestic Alternatives/Foreign Alternatives	13.00%	3.56%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	6.35%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	8.47%
Total		<u>100.00%</u>	

¹ For actuarial purposes, target allocations only change once every three years based on the actuarial experience study.

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. 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 returns on the Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Net Pension Liability and Pension Plan (Continued)

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

The following presents the District's proportionate share of the County's net pension liability, calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the County's net pension liability would be if it were calculated using a discount rate that is 1 -percentage-point lower (6.25%) or 1 -percentage-point higher (8.25%) than the current rate:

<u>Description</u>	<u>Discount Rate - 1% 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>Discount Rate + 1% 8.25%</u>
District's proportionate share of the net pension liability	\$ 325,298,608	\$ 211,214,403	\$ 117,683,519

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued SBCERA comprehensive annual financial report.

Note 8 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2020 consisted of the following:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 8,661,728
Capital assets – being depreciated, net	55,618,162
Loan payable – current portion	(289,152)
Loan payable – noncurrent portion	(2,105,355)
Total net investment in capital assets	\$ 61,885,383

Note 9 – Unrestricted (Deficit) Net Position

As of June 30, 2020, the District has an unrestricted net deficit of \$(96,000,304). Due to the nature of the deficit from the net pension liability of \$211,214,403, the District will continue to make its actuarial determined contributions to SBCERA and annually review its outstanding net pension obligation funding requirements for future periods to reduce the deficit position.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Due To/From Other Funds

The short-term inter-fund receivables and payables at June 30, 2020 were as follows:

Fund Name	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 5,240,008
Mountain Regional Service Zone	1,149,091	-
North Desert Regional Service Zone	1,688,249	-
South Desert Regional Service Zone	994,730	-
Valley Regional Service Zone	2,417,280	-
State Homeland Security Grant	-	1,009,342
Total	<u>\$ 6,249,350</u>	<u>\$ 6,249,350</u>

The balance of \$1,685,373 of inter-fund receivables and payables represents reimbursements within the funds for shared costs of salaries and benefits, services and supplies occurring due to movement of firefighters between zones, capital assets and/or coverage of a fund's shortfall for operations.

Note 11 – Fund Balance

Fund balance classifications as of June 30, 2020 are as follows:

Description	General Fund	Hazardous Materials	Fire ¹ Regional Service Zones	State Homeland Security Grant	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 1,532,991	\$ -	\$ -	\$ -	\$ -	\$ 1,532,991
Total nonspendable	<u>1,532,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,532,991</u>
Restricted:						
Hazardous materials	-	15,847,125	-	-	-	15,847,125
Fire protection	-	-	63,009,544	-	-	63,009,544
State homeland security grant	-	-	-	139,293	-	139,293
Office of emergency services	-	-	-	-	15,552	15,552
Public safety power shutoff	-	-	-	-	929,683	929,683
CFD 2002-2 pass thru	-	-	-	-	6,633	6,633
Total restricted	<u>-</u>	<u>15,847,125</u>	<u>63,009,544</u>	<u>139,293</u>	<u>951,868</u>	<u>79,947,830</u>
Assigned:						
Headquarters building	8,500,000	-	-	-	-	8,500,000
Unassigned	44,351,462	-	-	-	-	44,351,462
Total fund balances	<u>\$ 54,384,453</u>	<u>\$ 15,847,125</u>	<u>\$ 63,009,544</u>	<u>\$ 139,293</u>	<u>\$ 951,868</u>	<u>\$ 134,332,283</u>

¹ Combination of Mountain Regional, North Desert Regional, South Desert Regional, and Valley Regional Service Zone major funds.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Transfers In/Out

Inter-fund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. For the year ended June 30, 2020, the District made the following inter-fund transfers in and out.

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,890,598	\$ 9,733,957
Mountain Regional Service Zone	65,011	175,510
North Desert Regional Service Zone	104,568	377,404
South Desert Regional Service Zone	42,168	155,309
Valley Regional Service Zone	8,788,867	449,032
Total	<u>\$ 10,891,212</u>	<u>\$ 10,891,212</u>

Note 13 – Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, general liabilities, workers' compensation, injuries to employees and others, and natural disasters. Through the County, internal service funds are utilized where assets are set aside for claim settlements up to certain limits and the County has obtained excess liability coverage through a combination of insurance policies. No claim settlements have exceeded insurance coverage in any of the past three years.

Note 14 – Related Party Transactions

County Services

The District is a component unit of the County and utilizes County departments, services and employees for District operations. For the fiscal year 2020, the County General Fund subsidized the District by \$22,738,348 for its operations, reported as intergovernmental revenue, and the District paid to the County \$18,619,030 for fleet management and transportation, County Administrative Office services, County treasury functions, facility management, risk management, real estate and surveyor services, land use, and salaries including retirement and workers' compensation programs, among others.

Consolidated Fire Agencies of the East Valley (“CONFIRE”)

Additionally, the District together with five other agencies participates in a joint-powers agreement (“JPA”) with the Consolidated Fire Agencies of the East Valley. CONFIRE is governed by its by-laws and has its own board of directors which consists of one representative of the governing board of its member agencies. The member agencies are responsible for providing the funds for CONFIRE's activities in the form of annual member contributions in exchange for a cost-effective cooperative program of fire protection and related functions as mutually agreed upon in the said JPA which shall remain in effect unless terminated by unanimous consent of all signatories. Upon termination the non-grant assets including any surplus cash shall be disposed of in proportion to the contributions made and any grant funded asset shall be disposed of in accordance with federal or state regulation, as applicable. The annual contribution of funds is apportioned based on the number of fires in each agency's jurisdiction over the immediately preceding two-year period. During the fiscal year ended June 30, 2020, the District contributed \$5,430,278 to CONFIRE towards its share of funds.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 14 – Related Party Transactions (Continued)

As of and for the year ended June 30, 2019, the latest available information, CONFIRE’s audited financial information is as follows:

Total assets	\$	13,977,215
Deferred outflows of resources		3,303,152
Total assets and deferred outflows of resources		\$ 17,280,367
Current liabilities	\$	609,201
Noncurrent liabilities		5,161,760
Deferred inflows of resources		730,959
CONFIRE equity		10,778,447
Total liabilities, deferred inflows of resources, and CONFIRE equity		\$ 17,280,367
Total revenues	\$	12,384,437
Total expenses		(12,572,994)
Change in net position		\$ (188,557)

Note 15 – Expenditures Over Appropriations

For the year ended June 30, 2020, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
Major Governmental Funds:			
General Fund:			
Current:			
Capital outlay	\$ 2,705,707	\$ 5,137,271	\$ 2,431,564
Mountain Regional Service Zone:			
Debt service:			
Principal	97,900	138,045	40,145
North Desert Regional Service Zone:			
Debt service:			
Principal	-	100,362	100,362
South Desert Regional Service Zone:			
Debt service:			
Principal	-	40,145	40,145
State Homeland Security Grant			
Current:			
Intergovernmental	-	624,145	624,145
Nonmajor Governmental Funds:			
Office of Emergency Services			
Current:			
Salaries and benefits	-	65,093	65,093
Materials and services	-	1,600	1,600

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 16 – Commitments and Contingencies

As of June 30, 2020, in the opinion of the District administration, there are no outstanding matters which would have a significant effect on the financial position of the District.

Note 17 – Prior Period Adjustment

The District recorded the following prior period adjustments to the beginning net position/fund balance in order to 1) group the Household Hazardous Waste Special Revenue Fund with the Hazardous Materials Major Special Revenue Fund; and 2) to record property tax receipts from the prior year that were not recorded in the fiscal year 2019 financial statements. A summary of the adjustments is as follows:

	Governmental Activities	Hazardous Materials Major Special Revenue Fund	North Desert Regional Service Zone Major Special Revenue Fund	Household Hazardous Waste Special Revenue Fund
Net position/fund balance at July 1, 2019, as previously reported	\$ 17,163,050	\$ 11,446,654	\$ 11,189,867	\$ 1,670,696
To re-group Household Hazardous Waste Fund	-	1,670,696	-	(1,670,696)
To record property tax receipt from 2019	624,215	-	624,215	-
Net position/fund balance at July 1, 2019, as restated	<u>\$ 17,787,265</u>	<u>\$ 13,117,350</u>	<u>\$ 11,814,082</u>	<u>\$ -</u>

Note 18 – COVID19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the County and the District and the duration cannot be estimated at this time.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 10,915,529	\$ 10,915,529	\$ 11,903,631	\$ 988,102
Charges for services	2,964,671	3,269,273	5,246,698	1,977,425
Intergovernmental	-	-	12,842,679	12,842,679
Claim cost recoveries	3,600	3,600	-	(3,600)
Federal assistance	-	3,001,353	4,847,411	1,846,058
Investment earnings	406,290	406,290	1,378,819	972,529
Other revenues	409,883	409,883	2,216,370	1,806,487
Total revenues	14,699,973	18,005,928	38,435,608	20,429,680
EXPENDITURES:				
Current:				
Salaries and benefits	14,348,716	17,251,772	10,972,098	6,279,674
Materials and services	12,990,413	12,616,385	3,486,967	9,129,418
Intergovernmental	110,000	114,590	114,589	1
Capital outlay	1,332,407	2,705,707	5,137,271	(2,431,564)
Total expenditures	28,781,536	32,688,454	19,710,925	12,977,529
REVENUES OVER (UNDER) EXPENDITURES	(14,081,563)	(14,682,526)	18,724,683	33,407,209
OTHER FINANCING SOURCES (USES):				
Transfers in	17,802,664	24,735,640	1,890,598	(22,845,042)
Transfers out	(10,005,459)	(18,625,459)	(9,733,957)	8,891,502
Proceeds from sale of capital assets	-	-	69,184	69,184
Total other financing sources (uses)	7,797,205	6,110,181	(7,774,175)	(13,884,356)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (6,284,358)	\$ (8,572,345)	10,950,508	\$ 19,522,853
FUND BALANCE:				
Beginning of year			43,433,945	
End of year			<u>\$ 54,384,453</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Hazardous Materials Fund
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ -	\$ -	\$ 10,578	\$ 10,578
Special assessments	575,990	575,990	576,690	700
Charges for services	8,280,528	8,305,664	9,163,612	857,948
Intergovernmental	-	-	85,889	85,889
Claim cost recoveries	95,851	95,851	1,122	(94,729)
State assistance	465,000	554,500	283,236	(271,264)
Local assistance	2,192,598	2,336,914	2,140,742	(196,172)
Investment earnings	145,966	145,966	548,329	402,363
Other revenues	731,300	731,300	1,079,851	348,551
Total revenues	<u>12,487,233</u>	<u>12,746,185</u>	<u>13,890,049</u>	<u>1,143,864</u>
EXPENDITURES:				
Current:				
Salaries and benefits	9,166,312	9,398,953	8,312,096	1,086,857
Materials and services	4,398,242	4,483,742	2,828,524	1,655,218
Capital outlay	-	60,000	19,654	40,346
Total expenditures	<u>13,564,554</u>	<u>13,942,695</u>	<u>11,160,274</u>	<u>2,782,421</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,077,321)	(1,196,510)	2,729,775	3,926,285
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,208,530)	(1,234,530)	-	1,234,530
Total other financing sources(uses)	<u>(66,819)</u>	<u>(3,630)</u>	<u>-</u>	<u>3,630</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	<u>\$ (1,144,140)</u>	<u>\$ (1,200,140)</u>	2,729,775	<u>\$ 3,929,915</u>
FUND BALANCE:				
Beginning of year, as restated			<u>13,117,350</u>	
End of year			<u>\$ 15,847,125</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Mountain Regional Service Zone
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 14,099,014	\$ 14,099,014	\$ 14,610,407	\$ 511,393
Special assessments	5,602,070	5,602,070	5,127,517	(474,553)
Charges for services	2,167,612	2,167,612	1,628,992	(538,620)
Intergovernmental	-	-	1,289,048	1,289,048
Federal assistance	482,305	1,492,430	1,369,381	(123,049)
Investment earnings	76,625	76,625	223,907	147,282
Other revenues	-	-	1,601	1,601
Total revenues	22,427,626	23,437,751	24,250,853	813,102
EXPENDITURES:				
Current:				
Salaries and benefits	15,734,255	16,965,438	16,688,052	277,386
Materials and services	5,455,945	5,463,945	3,683,108	1,780,837
Capital outlay	1,885,236	2,255,566	622,937	1,632,629
Debt service:				
Principal	97,900	97,900	138,045	(40,145)
Interest	129,260	156,930	153,178	3,752
Total expenditures	23,302,596	24,939,779	21,285,320	3,654,459
REVENUES OVER (UNDER) EXPENDITURES	(874,970)	(1,502,028)	2,965,533	4,467,561
OTHER FINANCING SOURCES (USES):				
Transfers in	1,067,990	1,695,048	65,011	(1,630,037)
Transfers out	(175,510)	(581,510)	(175,510)	406,000
Proceeds from sale of capital assets	-	-	75,200	75,200
Total other financing sources (uses)	892,480	1,113,538	(35,299)	(1,148,837)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ 17,510	\$ (388,490)	2,930,234	\$ 3,318,724
FUND BALANCE:				
Beginning of year			2,633,967	
End of year			<u>\$ 5,564,201</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – North Desert Regional Service Zone
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 15,760,306	\$ 15,760,306	\$ 16,256,003	\$ 495,697
Special assessments	12,884,523	12,884,523	12,150,333	(734,190)
Charges for services	9,730,566	9,802,283	5,517,469	(4,284,814)
Intergovernmental	-	-	6,749,727	6,749,727
Claim cost recoveries	-	-	505	505
Federal assistance	504,906	1,043,386	1,363,689	320,303
Investment earnings	139,397	139,397	647,026	507,629
Other revenues	55,302	55,302	5,774,590	5,719,288
Total revenues	39,075,000	39,685,197	48,459,342	8,774,145
EXPENDITURES:				
Current:				
Salaries and benefits	32,562,834	33,604,365	33,225,314	379,051
Materials and services	10,092,509	10,087,334	8,526,310	1,561,024
Intergovernmental	92,000	142,560	132,650	9,910
Capital outlay	6,071,030	6,625,645	714,462	5,911,183
Debt service:				
Principal	-	-	100,362	(100,362)
Total expenditures	48,818,373	50,459,904	42,699,098	7,760,806
REVENUES OVER (UNDER) EXPENDITURES	(9,743,373)	(10,774,707)	5,760,244	16,534,951
OTHER FINANCING SOURCES (USES):				
Transfers in	12,006,643	10,474,727	104,568	(10,370,159)
Transfers out	(6,065,654)	(4,102,404)	(377,404)	3,725,000
Proceeds from sale of capital assets	-	-	40,967	40,967
Total other financing sources (uses)	5,940,989	6,372,323	(231,869)	(6,604,192)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (3,802,384)	\$ (4,402,384)	5,528,375	\$ 9,930,759
FUND BALANCE:				
Beginning of year, as restated			11,814,082	
End of year			<u>\$ 17,342,457</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – South Desert Regional Service Zone
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 6,868,477	\$ 6,868,477	\$ 7,361,568	\$ 493,091
Special assessments	9,836,614	9,836,614	9,016,270	(820,344)
Charges for services	2,004,667	2,004,667	1,924,010	(80,657)
Intergovernmental	-	-	1,204,769	1,204,769
Claim cost recoveries	-	-	5,621	5,621
Federal assistance	449,565	787,696	1,309,640	521,944
Investment earnings	81,859	81,859	262,972	181,113
Other revenues	-	-	11,546	11,546
Total revenues	19,241,182	19,579,313	21,096,396	1,517,083
EXPENDITURES:				
Current:				
Salaries and benefits	14,937,906	15,482,221	15,175,998	306,223
Materials and services	4,143,066	4,143,066	3,377,058	766,008
Intergovernmental	70,000	74,276	74,276	-
Capital outlay	1,189,875	1,977,277	655,870	1,321,407
Debt service:				
Principal	-	-	40,145	(40,145)
Total expenditures	20,340,847	21,676,840	19,323,347	2,353,493
REVENUES OVER (UNDER) EXPENDITURES	(1,099,665)	(2,097,527)	1,773,049	3,870,576
OTHER FINANCING SOURCES (USES):				
Transfers in	4,211,097	1,564,951	42,168	(1,522,783)
Transfers out	(3,372,868)	(520,538)	(155,309)	365,229
Proceeds from sale of capital assets	-	-	48,974	48,974
Total other financing sources (uses)	838,229	1,044,413	(64,167)	(1,108,580)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (261,436)	\$ (1,053,114)	1,708,882	\$ 2,761,996
FUND BALANCE:				
Beginning of year			4,361,489	
End of year			<u>\$ 6,070,371</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Valley Regional Service Zone
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 45,184,042	\$ 45,184,042	\$ 50,353,491	\$ 5,169,449
Special assessments	16,225,226	16,225,226	13,538,580	(2,686,646)
Charges for services	30,694,601	31,391,038	32,461,761	1,070,723
Intergovernmental	-	-	1,218,132	1,218,132
Claim cost recoveries	-	-	50	50
State assistance	-	3,294,837	2,447,623	(847,214)
Investment earnings	329,146	329,146	1,064,688	735,542
Other revenues	9,477,184	9,477,184	3,508,324	(5,968,860)
Total revenues	101,910,199	105,901,473	104,592,649	(1,308,824)
EXPENDITURES:				
Current:				
Salaries and benefits	75,128,502	80,337,908	78,526,870	1,811,038
Materials and services	14,200,432	22,802,937	11,131,317	11,671,620
Intergovernmental	250,000	250,000	181,214	68,786
Capital outlay	12,331,423	12,378,918	1,702,853	10,676,065
Total expenditures	101,910,357	115,769,763	91,542,254	24,227,509
REVENUES OVER (UNDER) EXPENDITURES	(158)	(9,868,290)	13,050,395	22,918,685
OTHER FINANCING SOURCES (USES):				
Transfers in	15,549,401	12,829,355	8,788,867	(4,040,488)
Transfers out	(15,998,433)	(3,440,255)	(449,032)	2,991,223
Proceeds from sale of capital assets	-	-	318,878	318,878
Total other financing sources (uses)	(449,032)	9,389,100	8,658,713	(730,387)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (449,190)	\$ (479,190)	21,709,108	\$ 22,188,298
FUND BALANCE:				
Beginning of year			12,323,407	
End of year			<u>\$ 34,032,515</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – State Homeland Security Grant Fund
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal assistance	\$ 3,859,532	\$ 3,859,532	\$ 2,486,853	\$ (1,372,679)
Investment earnings	8,677	8,677	(5,254)	(13,931)
Total revenues	3,868,209	3,868,209	2,481,599	(1,386,610)
EXPENDITURES:				
Current:				
Salaries and benefits	702,250	702,250	190,245	512,005
Materials and services	2,269,080	2,023,416	1,483,101	540,315
Intergovernmental	-	-	624,145	(624,145)
Total expenditures	2,971,330	2,725,666	2,297,491	428,175
REVENUES OVER (UNDER) EXPENDITURES	896,879	1,142,543	184,108	(958,435)
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ 896,879	\$ 1,142,543	184,108	\$ (958,435)
FUND BALANCE (DEFICIT):				
Beginning of year			(44,815)	
End of year			<u>\$ 139,293</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2020

Last Ten Fiscal Years

San Bernardino County Employees Retirement Association– Cost Sharing Defined Benefit Plan

Fiscal Year:	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Date:	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u> ¹
District's Proportion of the Net Pension Liability	<u>9.51%</u>	<u>9.65%</u>	<u>9.07%</u>	<u>7.48%</u>	<u>7.50%</u>	<u>7.12%</u>
District's Proportionate Share of the Net Pension Liability	<u>\$ 211,214,403</u>	<u>\$ 199,406,747</u>	<u>\$ 197,830,431</u>	<u>\$ 153,455,263</u>	<u>\$ 121,705,250</u>	<u>\$ 102,437,673</u>
District's Covered Payroll ²	<u>\$ 67,556,285</u>	<u>\$ 64,246,603</u>	<u>\$ 57,656,164</u>	<u>\$ 46,035,323</u>	<u>\$ 43,114,236</u>	<u>\$ 40,957,686</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	<u>312.65%</u>	<u>310.38%</u>	<u>343.12%</u>	<u>333.34%</u>	<u>282.29%</u>	<u>250.11%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>79.61%</u>	<u>79.89%</u>	<u>77.90%</u>	<u>76.86%</u>	<u>80.98%</u>	<u>82.47%</u>

¹ Historical information is presented only for measurement periods for which GASB Statement No. 68 is applicable.

² Covered payroll is the actual amount based on the queries generated from EMACS provided by the San Bernardino County.

Notes to Schedule:

Changes of Assumptions: In 2019 and 2020, there were no changes of assumptions. In 2018, the actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2013 through June 30, 2016. Amount reported in 2018 primarily reflect a decrease of 0.25% for both the investment rate of return and inflation rate, an increase of 0.1% of payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates used in the June 30, 2017 actuarial valuation are based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table rather than on the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to 2018.

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2020

Last Ten Fiscal Years

San Bernardino County Employees Retirement Association– Cost Sharing Defined Benefit Plan

Fiscal Year:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015¹
Contractually Required Contribution	\$ 32,684,024	\$ 32,181,381	\$ 27,562,873	\$ 25,267,220	\$ 19,304,654	\$ 16,151,746
Contribution in Relation to the Contractually Required Contribution	<u>(32,684,024)</u>	<u>(32,181,381)</u>	<u>(27,562,873)</u>	<u>(25,267,220)</u>	<u>(19,304,654)</u>	<u>(16,151,746)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>					
District's Covered Payroll ²	<u>\$ 70,310,560</u>	<u>\$ 67,556,285</u>	<u>\$ 64,246,603</u>	<u>\$ 57,656,164</u>	<u>\$ 46,035,323</u>	<u>\$ 43,114,236</u>
Contributions as a Percentage of Covered Payroll	<u>46.49%</u>	<u>47.64%</u>	<u>42.90%</u>	<u>43.82%</u>	<u>41.93%</u>	<u>37.46%</u>

¹ Historical information is presented only for measurement periods for which GASB Statement No. 68 is applicable.

² Covered payroll is the actual amount based on the queries generated from EMACS provided by the San Bernardino County.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Office of Emergency Services Special Revenue Fund – effective 07/01/2019, OES activity moved to the County of San Bernardino. The fund remains to account for residual activity for the Office of Emergency Services shown on the San Bernardino County Fire Protection Districts' Report.

Public Safety Power Shutoff Special Revenue Fund – to account for funds from the California Governor's Office of Emergency Services (Cal OES) public power shutoff transactions.

Community Facility District 2002-2 Pass Thru Special Revenue Fund – to account for funds received from special assessments on property owners to provide fire, emergency response, and ambulance services in CFD 2002-2.

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San Bernardino County Fire Protection District
Combining Balance Sheets
Nonmajor Special Revenue Funds
June 30, 2020

	<u>Office of Emergency Services</u>	<u>Public Safety Power Shutoff</u>	<u>Community Facility District 2002-2 Pass Thru</u>	<u>Total</u>
ASSETS				
Assets:				
Cash and cash equivalents	\$ 16,019	\$ 925,452	\$ 6,467	\$ 947,938
Interest receivable	692	4,231	166	5,089
Total assets	<u>\$ 16,711</u>	<u>\$ 929,683</u>	<u>\$ 6,633</u>	<u>\$ 953,027</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,159	\$ -	\$ -	\$ 1,159
Total liabilities	<u>1,159</u>	<u>-</u>	<u>-</u>	<u>1,159</u>
Fund Balances:				
Restricted	15,552	929,683	6,633	951,868
Total fund balance	<u>15,552</u>	<u>929,683</u>	<u>6,633</u>	<u>951,868</u>
Total liabilities and fund balances	<u>\$ 16,711</u>	<u>\$ 929,683</u>	<u>\$ 6,633</u>	<u>\$ 953,027</u>

San Bernardino County Fire Protection District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Office of Emergency Services	Public Safety Power Shutoff	Community Facility District 2002-2 Pass Thru	Total
REVENUES:				
Special assessments	\$ -	\$ -	\$ 285,739	\$ 285,739
Federal assistance	177,314	915,520	-	1,092,834
Investment earnings	(515)	14,163	2,259	15,907
Other revenues	2,268	-	-	2,268
Total revenues	179,067	929,683	287,998	1,396,748
EXPENDITURES:				
Current:				
Salaries and benefits	65,093	-	-	65,093
Materials and services	1,600	-	288,225	289,825
Total expenditures	66,693	-	288,225	354,918
REVENUES OVER (UNDER) EXPENDITURES	112,374	929,683	(227)	1,041,830
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	1,450	-	-	1,450
Total other financing sources	1,450	-	-	1,450
NET CHANGE IN FUND BALANCES (DEFICIT)	113,824	929,683	(227)	1,043,280
FUND BALANCES (DEFICIT):				
Beginning of year	(98,272)	-	6,860	(91,412)
End of year	<u>\$ 15,552</u>	<u>\$ 929,683</u>	<u>\$ 6,633</u>	<u>\$ 951,868</u>

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Office Emergency Services
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal assistance	\$ -	\$ -	\$ 177,314	\$ 177,314
Investment earnings	-	-	(515)	(515)
Other revenues	-	-	2,268	2,268
Total revenues	-	-	179,067	179,067
EXPENDITURES:				
Current:				
Salaries and benefits	-	-	65,093	(65,093)
Materials and services	-	-	1,600	(1,600)
Total expenditures	-	-	66,693	(66,693)
REVENUES OVER (UNDER) EXPENDITURES	-	-	112,374	112,374
OTHER FINANCING SOURCES:				
Proceeds from sale of capital assets	-	-	1,450	1,450
Total other financing sources	-	-	1,450	1,450
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	113,824	\$ 113,824
FUND BALANCE (DEFICIT):				
Beginning of year			(98,272)	
End of year			<u>\$ 15,552</u>	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Public Safety Power Shutoff
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal assistance	\$ -	\$ -	\$ 915,520	\$ 915,520
Investment earnings	-	-	14,163	14,163
Total revenues	-	-	929,683	929,683
EXPENDITURES:				
Current:				
Salaries and benefits	-	-	-	-
Materials and services	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	929,683	929,683
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	929,683	\$ 929,683
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 929,683	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2020

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 332,819	\$ 332,819	\$ 285,739	\$ (47,080)
Investment earnings	351	351	2,259	1,908
Total revenues	333,170	333,170	287,998	(45,172)
EXPENDITURES:				
Current:				
Materials and services	300,000	300,000	288,225	11,775
Total expenditures	300,000	300,000	288,225	11,775
NET CHANGE IN FUND BALANCE	\$ 33,170	\$ 33,170	(227)	\$ (33,397)
FUND BALANCE:				
Beginning of year			6,860	
End of year			\$ 6,633	

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**OTHER INFORMATION
(UNAUDITED)**

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San Bernardino County Fire Protection District
Other Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Ambulance Activities
For the Year Ended June 30, 2020

	Mountain Regional Service Zone	North Desert Regional Service Zone			
	Lake Arrowhead Ambulance Activity	Lucerne Valley Ambulance Activity	Searles Valley Ambulance Activity	Wrightwood Ambulance Activity	Baker Ambulance Activity ¹
REVENUES:					
Charges for services	\$ 1,579,119	\$ 371,657	\$ 18,273	\$ 1,195,919	\$ 213,160
Charges for services – GEMT ³	96,137	26,405	5,528	37,607	-
Federal assistance – IGT	637,146	262,301	30,562	613,449	-
Other revenue	137	-	-	-	-
Total revenues	2,312,539	660,363	54,363	1,846,975	213,160
EXPENDITURES:					
Current:					
Salaries and benefits - Ambulance and O/H	1,738,918	387,960	54,745	806,237	470,349
Salaries and benefits - suppression ²	3,363,143	668,823	17,095	1,105,617	772,127
Services and supplies - IGT Prof Services	204,685	102,263	14,144	244,823	-
Materials and services – (less IGT)	407,582	104,265	24,092	541,629	337,889
Capital outlay:					
Vehicles	36,157	-	-	-	-
Equipment	2,024	-	-	11,605	-
Structures and improvements	(1,678)	(23,670)	-	181,394	49,347
Total expenditures	5,750,831	1,239,641	110,076	2,891,305	1,629,712
REVENUES OVER (UNDER) EXPENDITURES	(3,438,292)	(579,278)	(55,713)	(1,044,330)	(1,416,552)
OTHER FINANCING SOURCES:					
Transfers in from San Bernardino County	-	-	-	-	1,464,089
Total other financing sources	-	-	-	-	1,464,089
NET CHANGE IN CURRENT YEAR ACTIVITY	\$ (3,438,292)	\$ (579,278)	\$ (55,713)	\$ (1,044,330)	\$ 47,537

¹Baker Ambulance is contractually assigned from San Bernardino County and is not a San Bernardino County Fire Protection District Ambulance Operating Area.

²Suppression personnel (Captains, Engineers, and Firefighter Paramedics) on scene during the same time as an ambulance for the same incident.

³GEMT Program is on hold from the State until further notice. Revenues or expenses in this line item are residual reconciling entries and do not represent the full program.

San Bernardino County Fire Protection District
Other Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Ambulance Activities (Continued)
For the Year Ended June 30, 2020

	South Desert Regional Service Zone			Total
	Hesperia Ambulance Activity	Havasu Lake Ambulance Activity	Yucca Valley Ambulance Activity	
	Activity	Activity	Activity	
REVENUES:				
Charges for services	\$ 3,593,736	\$ 1,036	\$ 1,813,054	\$ 8,785,954
Charges for services – GEMT ³	(15,325)	-	97,941	248,293
Federal assistance – IGT	-	-	1,006,122	2,549,580
Other revenue	2,448	-	-	2,585
Total revenues	<u>3,580,859</u>	<u>1,036</u>	<u>2,917,117</u>	<u>11,586,412</u>
EXPENDITURES:				
Current:				
Salaries and benefits - Ambulance and O/H	2,007,199	157,446	1,402,192	7,025,046
Salaries and benefits - suppression ²	3,031,528	3,493	1,318,178	10,280,004
Services and supplies - IGT Prof Services	-	-	460,235	1,026,150
Materials and services – (less IGT)	1,368,478	85,788	692,886	3,562,609
Capital outlay:				
Vehicles	29,987	-	-	66,144
Equipment	20,548	12,831	-	47,008
Structures and improvements	132,227	-	-	337,620
Total expenditures	<u>6,589,967</u>	<u>259,558</u>	<u>3,873,491</u>	<u>22,344,581</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,009,108)</u>	<u>(258,522)</u>	<u>(956,374)</u>	<u>(10,758,169)</u>
OTHER FINANCING SOURCES:				
Transfers in from San Bernardino County	-	-	-	1,464,089
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,464,089</u>
NET CHANGE IN CURRENT YEAR ACTIVITY	<u>\$ (3,009,108)</u>	<u>\$ (258,522)</u>	<u>\$ (956,374)</u>	<u>\$ (9,294,080)</u>

¹Baker Ambulance is contractually assigned from San Bernardino County and is not a San Bernardino County Fire Protection District Ambulance Operating Area.

²Suppression personnel (Captains, Engineers, and Firefighter Paramedics) on scene during the same time as an ambulance for the same incident.

³GEMT Program is on hold from the State until further notice. Revenues or expenses in this line item are residual reconciling entries and do not represent the full program.

San Bernardino County Fire Protection District
Schedule of Findings
For the Year Ended June 30, 2020

SECTION I – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

Finding 2020-001 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting (Material Weakness)

Criteria:

Management is responsible for designing, implementing, and maintaining appropriate internal control over financial reporting and compliance. Effective internal control over financial reporting provides reasonable assurance for the completeness and accuracy of accounting records and proper year-end closing. Internal control is defined as a process implemented and monitored by the board of directors, management, and other personnel that provides reasonable assurance that the objectives of the District will be achieved. Internal control is not one event, but a series of events that occur throughout an entity's operations. The District's internal control system should be designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- reliability of financial reporting for internal and external use;
- effectiveness and efficiency of operations; and
- compliance with applicable laws and regulations.

The internal control framework would include establishing or enhancing guidance in the following areas:

- *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- *Risk assessment* is the entity's identification and analysis of relevant risks to achievement of its objectives, forming a basis for developing appropriate risk responses.
- *Control activities* are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system.
- *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enables people to carry out their responsibilities.
- *Monitoring* consists of activities management establishes and operates to assess the quality of performance over time.

Condition and Context:

In fiscal year 2019, the District posted an entry to record property tax revenue after the trial balance was provided to the auditors. This entry was not provided to the auditors before the issuance of the 2019 financial statements and was therefore not included in the 2019 financial statements. Due to this oversight, a prior period adjustment was recorded to the North Desert Regional Service Zone major special revenue fund and the governmental activities in the amount of \$624,515 in order to record a property tax revenue that should have been reported in the prior year's financial statements.

Cause:

Due to the District's annexation of the Hesperia Fire District, a property tax payment was received by the District after the June 30, 2019 unadjusted trial balance was provided to the auditors. The payment was posted to the District's general ledger but was not provided to the auditors. The difference between the audited financial statements and the District's general ledger was not noted during final review of the financial statements by the District.

Identification as a Repeat Finding, if Applicable:

Not applicable.

San Bernardino County Fire Protection District
Schedule of Findings (Continued)
For the Year Ended June 30, 2020

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

A. Current Year Financial Statement Findings (Continued)

Finding 2020-001 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting (Material Weakness) – (Continued)

Effect:

The beginning net position in the Government-wide Statement of Activities and the beginning fund balance in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (North Desert Regional Service Zone Special Revenue Fund), was understated by \$624,215.

Recommendation:

The District should enhance its review processes over the financial statements to include reconciling ending balances per the general ledger to the audited financial statements. The District should also work to ensure that any items posted to their general ledger after the unadjusted trial balance is provided to the auditors are communicated to the auditors to ensure that the financial statements are complete.

Views of Responsible Officials:

The District agrees with the finding and recommendation. The District will work to enhance the review process over the financial statements in order to ensure that all transactions have been properly noted and reported in a timely manner.

B. Prior Year Financial Statement Findings

No findings were noted for the year ended June 30, 2019.