

**SAN BERNARDINO COUNTY  
FIRE PROTECTION DISTRICT  
(A Component Unit of the County of  
San Bernardino)**

Annual Financial Report

Year Ended June 30, 2015



Certified  
Public  
Accountants



**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Year Ended June 30, 2015

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Year Ended June 30, 2015

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## Independent Auditor's Report

Board of Supervisors  
County of San Bernardino  
San Bernardino County Fire Protection District

### 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District as of June 30, 2015, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of a Matter***

As discussed in Note 2 to the basic financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and information related to pensions on pages 35–41 and 42–43, respectively, 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 fund financial statements, the budgetary comparison schedules for the nonmajor special revenue funds, the schedule of revenues, expenditures and changes in ambulance activities by zone, and the schedule of revenues, expenditures and changes in special assessment taxes activities by zone as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the budgetary comparison schedules for the nonmajor special revenue funds 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 fund financial statements and the budgetary comparison schedules for the nonmajor special revenue funds 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 by zone and the schedule of revenues, expenditures and changes in special assessment taxes activities by zone have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express no opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California  
November 20, 2015

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## **FINANCIAL STATEMENTS**

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Statement of Net Position

June 30, 2015

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 69,846,557
Accounts receivable	377,508
Taxes receivable	975,877
Other receivable	5,060
Prepaid expenses	26,255
Due from other governments	2,327,223
Capital assets, net of depreciation	34,516,237
Total assets	<u>108,074,717</u>
 <b>Deferred outflows of resources</b>	
Deferred outflows of resources related to pensions	<u>41,546,302</u>
 <b>Liabilities</b>	
Current liabilities:	
Accounts payable	944,395
Salaries and benefits payable	4,561,415
Due to other governments	696,236
Compensated absences payable, current	3,101,828
Total current liabilities	<u>9,303,874</u>
Noncurrent liabilities:	
Compensated absences payable	4,652,744
Net pension liability	102,437,673
Total noncurrent liabilities	<u>107,090,417</u>
Total liabilities	<u>116,394,291</u>
 <b>Deferred inflows of resources</b>	
Deferred inflows of resources related to pensions	<u>51,253,446</u>
 <b>Net Position</b>	
Net investment in capital assets	34,516,237
Unrestricted	(52,542,955)
Total net position	<u>\$ (18,026,718)</u>

See accompanying notes to the financial statements.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Statement of Activities  
Year Ended June 30, 2015

	<b>Governmental Activities</b>
<b>Expenses</b>	
Public safety - fire and emergency services	
Salaries and benefits	\$ 91,674,963
Services and supplies	28,184,169
Depreciation	3,599,757
Other	12,198
Interest	34,119
	<hr/>
Total expenses	123,505,206
	<hr/>
<b>Program Revenues</b>	
Charges for services	70,131,787
Claim cost recoveries	282,394
Operating grants and contributions	5,672,858
	<hr/>
Total program revenues	76,087,039
	<hr/>
Net program expense	(47,418,167)
	<hr/>
<b>General Revenues</b>	
Property taxes	38,130,676
Special assessment taxes	2,704,080
Other taxes	11,801
Fines, forfeitures and penalties	13,500
Investment earnings	253,369
Intergovernmental	19,252,118
Gain on sale of capital assets	134,230
Other	1,549,174
	<hr/>
Total general revenues	62,048,948
	<hr/>
Change in net position	14,630,781
	<hr/>
Net position - beginning, as restated	(32,657,499)
	<hr/>
Net position - ending	\$ (18,026,718)
	<hr/> <hr/>

See accompanying notes to the financial statements.

**FUND FINANCIAL STATEMENTS**

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Hazardous Materials</u>	<u>Mountain Regional Service Zone</u>	<u>North Desert Regional Service Zone</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 24,825,084	\$ 12,817,872	\$ 5,019,984	\$ 8,172,265
Accounts receivable	-	156,669	40,607	53,356
Taxes receivable	179,371	-	231,556	199,216
Other receivables	5,060	-	-	-
Prepaid expenses	-	-	-	-
Due from other funds	105,284	6,112	109,622	530,113
Due from other governments	664,984	74,271	20,840	57,385
Advances to other funds	388,199	-	-	-
Total assets	<u>\$ 26,167,982</u>	<u>\$ 13,054,924</u>	<u>\$ 5,422,609</u>	<u>\$ 9,012,335</u>
<b>Liabilities</b>				
Accounts payable	\$ 492,906	\$ -	\$ 51,698	\$ 45,460
Salaries and benefits payable	338,757	117,031	480,349	1,649,995
Due to other funds	641,945	-	72,897	159,069
Due to other governments	215,147	29,903	48,978	35,766
Advances from other funds	-	-	-	-
Total liabilities	<u>1,688,755</u>	<u>146,934</u>	<u>653,922</u>	<u>1,890,290</u>
Deferred inflows of resources:				
Unavailable revenue	<u>29,832</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	388,199	-	-	-
Restricted for:				
Public safety	-	12,907,990	4,768,687	7,122,045
Unassigned	<u>24,061,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>24,449,395</u>	<u>12,907,990</u>	<u>4,768,687</u>	<u>7,122,045</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,167,982</u>	<u>\$ 13,054,924</u>	<u>\$ 5,422,609</u>	<u>\$ 9,012,335</u>

See accompanying notes to the financial statements.

**Special Revenue Funds**

<b>South Desert Regional Service Zone</b>	<b>Valley Regional Service Zone</b>	<b>State Homeland Security Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,308,321	\$ 11,922,897	\$ 22,189	\$ 1,757,945	\$ 69,846,557
26,463	83,522	-	16,891	377,508
150,355	203,351	-	12,028	975,877
-	-	-	-	5,060
-	-	-	26,255	26,255
46,347	280,506	-	-	1,077,984
49,867	-	827,394	632,482	2,327,223
-	-	-	-	388,199
<u>\$ 5,581,353</u>	<u>\$ 12,490,276</u>	<u>\$ 849,583</u>	<u>\$ 2,445,601</u>	<u>\$ 75,024,663</u>
\$ 40,101	\$ 153,031	\$ -	\$ 161,199	\$ 944,395
364,681	1,497,258	-	113,344	4,561,415
60,422	57,887	74,263	11,501	1,077,984
119	74,151	278,579	13,593	696,236
-	-	388,199	-	388,199
<u>465,323</u>	<u>1,782,327</u>	<u>741,041</u>	<u>299,637</u>	<u>7,668,229</u>
-	-	-	-	29,832
-	-	-	-	388,199
5,116,030	10,707,949	108,542	2,145,964	42,877,207
-	-	-	-	24,061,196
<u>5,116,030</u>	<u>10,707,949</u>	<u>108,542</u>	<u>2,145,964</u>	<u>67,326,602</u>
<u>\$ 5,581,353</u>	<u>\$ 12,490,276</u>	<u>\$ 849,583</u>	<u>\$ 2,445,601</u>	<u>\$ 75,024,663</u>

See accompanying notes to the financial statements.

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Reconciliation of Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2015

Fund balances of governmental funds	\$ 67,326,602
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.	34,516,237
Long-term receivables are not available to pay for current period expenditures and, therefore are reported as deferred inflows of resources in the governmental funds.	29,832
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Compensated absences	(7,754,572)
Net pension liability	(102,437,673)
Deferred outflows and inflows of resources for pensions reported in the statement of net position but not recognized in the governmental funds:	
Deferred outflows related to pensions	41,546,302
Deferred inflows related to pensions	<u>(51,253,446)</u>
Net position of governmental activities	<u>\$ (18,026,718)</u>

See accompanying notes to the financial statements.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015

	<b>Special Revenue Funds</b>			
	<b>General Fund</b>	<b>Hazardous Materials</b>	<b>Mountain Regional Service Zone</b>	<b>North Desert Regional Service Zone</b>
<b>Revenues</b>				
Property taxes	\$ 7,569,500	\$ -	\$ 8,684,265	\$ 6,453,724
Claim cost recoveries	21,383	209,206	402	43,611
Service fees	1,590,879	6,570,832	5,302,139	28,616,332
Special assessment taxes	-	-	268,751	1,152,026
Other taxes	-	-	-	-
Fines, forfeitures and penalties	-	13,500	-	-
Federal assistance	1,037,548	-	160,519	224,134
State assistance	169,790	-	96,594	70,828
Local assistance	-	-	-	-
Investment earnings	89,641	47,573	21,666	31,070
Intergovernmental	2,984,818	106,182	182,361	7,226,943
Other	757,138	355,930	6,825	146,780
Total revenues	<u>14,220,697</u>	<u>7,303,223</u>	<u>14,723,522</u>	<u>43,965,448</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	6,844,891	4,392,101	10,875,710	34,631,597
Services and supplies	3,701,019	1,511,670	3,205,803	7,975,986
Intergovernmental	-	-	-	-
Other	-	-	-	-
Capital outlay	5,397,437	-	933,266	84,005
Debt service:				
Principal	-	-	-	-
Interest	-	-	8,462	12,485
Total expenditures	<u>15,943,347</u>	<u>5,903,771</u>	<u>15,023,241</u>	<u>42,704,073</u>
Excess of revenues over (under) expenditures	<u>(1,722,650)</u>	<u>1,399,452</u>	<u>(299,719)</u>	<u>1,261,375</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	44,900	14,250	28,400	29,000
Transfers in	1,246,110	122,742	-	-
Transfers out	-	-	(259,165)	(407,590)
Total other financing sources (uses)	<u>1,291,010</u>	<u>136,992</u>	<u>(230,765)</u>	<u>(378,590)</u>
Net change in fund balances	(431,640)	1,536,444	(530,484)	882,785
<b>Fund balances - beginning</b>	<u>24,881,035</u>	<u>11,371,546</u>	<u>5,299,171</u>	<u>6,239,260</u>
<b>Fund balances - ending</b>	<u>\$ 24,449,395</u>	<u>\$ 12,907,990</u>	<u>\$ 4,768,687</u>	<u>\$ 7,122,045</u>

See accompanying notes to the financial statements.

**Special Revenue Funds**

<b>South Desert Regional Service Zone</b>	<b>Valley Regional Service Zone</b>	<b>State Homeland Security Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,661,417	\$ 9,761,770	\$ -	\$ -	\$ 38,130,676
7,000	792	-	-	282,394
2,123,415	23,605,490	990	260,238	68,070,315
329,863	288,915	-	664,525	2,704,080
-	-	-	11,801	11,801
-	-	-	-	13,500
66,579	231,106	2,280,496	796,290	4,796,672
59,705	86,180	-	393,089	876,186
-	-	-	2,047,890	2,047,890
20,903	32,759	1,296	8,461	253,369
3,321,755	3,776,405	-	1,653,654	19,252,118
23,585	63,610	92	195,214	1,549,174
<u>11,614,222</u>	<u>37,847,027</u>	<u>2,282,874</u>	<u>6,031,162</u>	<u>137,988,175</u>
8,192,341	29,508,840	404,147	2,871,531	97,721,158
2,199,739	5,376,510	970,922	2,524,530	27,466,179
-	-	717,990	-	717,990
-	-	-	12,198	12,198
85,101	65,002	-	23,745	6,588,556
89,356	179,271	-	-	268,627
10,859	10,282	-	-	42,088
<u>10,577,396</u>	<u>35,139,905</u>	<u>2,093,059</u>	<u>5,432,004</u>	<u>132,816,796</u>
<u>1,036,826</u>	<u>2,707,122</u>	<u>189,815</u>	<u>599,158</u>	<u>5,171,379</u>
31,050	13,800	-	5,900	167,300
-	-	67,562	-	1,436,414
<u>(176,140)</u>	<u>(203,795)</u>	<u>(199,420)</u>	<u>(190,304)</u>	<u>(1,436,414)</u>
<u>(145,090)</u>	<u>(189,995)</u>	<u>(131,858)</u>	<u>(184,404)</u>	<u>167,300</u>
891,736	2,517,127	57,957	414,754	5,338,679
4,224,294	8,190,822	50,585	1,731,210	61,987,923
<u>\$ 5,116,030</u>	<u>\$ 10,707,949</u>	<u>\$ 108,542</u>	<u>\$ 2,145,964</u>	<u>\$ 67,326,602</u>

See accompanying notes to the financial statements.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in  
 Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 5,338,679

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$6,588,556 exceeded depreciation expense (\$3,599,757) in the current period. 2,988,799

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.  
 Principal payment on capital leases 268,627

Some revenues will not be collected for several months after the District's fiscal year ends, they are not considered "available revenues" and are reported as deferred inflows of resources in the governmental funds. 13,582

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  
 Increase in compensated absences payable (383,331)  
 Decrease in interest payable 7,969  
 Decrease in accrued net pension liability 6,429,526

In the statement of activities, only the loss on the disposal of capital assets is reported. However, in the governmental funds, the proceeds from the disposal increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets disposed. (33,070)

Change in net position of governmental activities \$ 14,630,781

See accompanying notes to the financial statements.

# SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

Notes to the Financial Statements

Year Ended June 30, 2015

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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 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 Limited Term and Paid-Call Firefighter Programs. Ambulance transportation and paramedic services are also provided to the Lake Arrowhead community.

#### **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 46), Baker (Station 53), Hinkley (Station 56), and Searles Valley (Station 57). This Service Zone supports the sixteen fire stations' administrative staff and their Limited Term and Paid-Call Firefighter Programs. Ambulance transportation and paramedic services are provided to the communities of Lucerne Valley, Searles Valley and Wrightwood.

#### **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), Copper Mountain Mesa (Station 44), Havasu Landing (Station 18), Johnson Valley (Station 43), Joshua Tree (Station 36), Landers (Station 19), Panorama Heights (Station 35), Parker Strip (Station 21), and Yucca Valley (Stations 41, 42). This Service Zone supports the eleven fire stations' administrative staff and their Limited Term and 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 Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Valley Regional Service Zone**

The Valley Regional Service Zone provides fire protection and paramedic services to the areas of 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, and Highland. This Service Zone supports eight fire stations and two communities contracted to outside agencies, Limited Term and Paid-Call Firefighter Programs.

**County-wide**

The District contracts with the cities of Adelanto, Victorville, Needles, and with the Fire Districts of Crest Forest, Hesperia and Fontana, which include provisions for suppression staff, Limited Term Firefighters and administrative staff. Fire, rescue ambulance transportation, and emergency medical services are provided by full-time firefighters, and the Limited Term and Paid-Call Firefighter Programs.

The District also provides the administration and operation of various grants including Homeland Security Grant Programs and Pre-Disaster Mitigation for Wood Roof Replacement Grants.

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.

**Government-wide and fund financial statements**

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. *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. The District does not report any *business-type activities* for the fiscal year ended June 30, 2015.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 properly not included among program revenues are reported instead as *general revenues*.

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

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement focus, basis of accounting, and financial statement presentation**

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 a liability is incurred, regardless of the timing of 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 met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. The District expanded its definition of *available* to nine months with regards to revenues derived from voluntary non-exchange transactions, such as federal and state grants, and government mandated non-exchange transactions. Expenditures generally are 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 payment is due.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments taxes receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Charges to customers for ambulance services, federal and state assistance and intergovernmental revenues are also considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *General Fund (FPD)* 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.

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

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

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

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

The *Valley Regional Service Zone (FVZ)* is used to provide fire, emergency response, and ambulance service to its designated operational area.

The *State Homeland Security Grant Fund (SME)* is used to account for State Homeland Security grant transactions.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deposits and investments**

Cash and cash equivalents are considered to be cash on hand, and amounts deposited in the San Bernardino County pool (County pool). Cash and cash equivalents are shown at fair value as of June 30, 2015.

**Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All accounts receivable are shown net of an allowance for uncollectible when applicable. The accounts receivable balances at June 30, 2015 are considered fully collectible.

**Property taxes**

Secured property taxes 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.

**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 estimated fair market value 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:

<u>Assets</u>	<u>Years</u>
Structures and improvements	5-40
Equipment and vehicles	4-15

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred outflows/inflows of resources**

Deferred resources related to pensions as a result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* are reported as deferred inflows and deferred outflows of resources. In addition, when an asset is recorded in the governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

**Fund equity**

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 Directors.

*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 Purpose Reserve, 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 reduced 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.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Employee 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. Compensated absences liability is recorded as a noncurrent liability. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay. The District is obligated to pay for 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**

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 (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.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Stewardship, compliance and accountability**

**A. Budgetary information**

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.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Excess of expenditures over appropriations

The following individual funds exceeded the expenditures budget at the legal level of budgetary control:

Special Revenue funds:

Mountain Regional Service Zone	Services and supplies	\$	43,164
	Capital outlay		745,221
South Desert Regional Service Zone	Capital outlay		28,007
State Homeland Security Fund	Intergovernmental		717,990
Office of Emergency Services	Salaries and benefits		322,519
Household Hazardous Waste Fund	Other		12,198
Tree Removal Grant Fund	Services and supplies		962

The expenditures are funded with a combination of excess revenues or by the available fund balance.

C. Deficit fund balances

There are no deficit fund balances as of June 30, 2015.

D. Encumbrances

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 reappropriated and honored during the subsequent year.

**NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS**

The District adopted the following Governmental Accounting Standards Board (GASB) Statements in the current fiscal year:

Effective for the year ending June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB Statement No. 68). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The implementation of the provisions of this Statement resulted in a restatement of beginning net position, see Note 3 – Restatement of Net Position.

Effective for the year ended June 30, 2015, the District adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards for government combinations and disposals of government operations. This standard did not have an impact on the District’s financial statements.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

Effective for the year ended June 30, 2015, the District adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68* (GASB Statement No. 71). This Statement addresses an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The implementation of the provisions of this Statement resulted in a restatement of beginning net position, see Note 3 – Restatement of Net Position.

**NOTE 3 – RESTATEMENT OF NET POSITION**

Net position as of July 1, 2014, has been restated for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	<b>Governmental Activities</b>
Balance as of July 1, 2014 as originally reported	\$ 85,916,844
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(118,574,343)</u>
Balance as of July 1, 2014 as restated	<u><u>\$ (32,657,499)</u></u>

**NOTE 4 - CASH AND INVESTMENTS**

Cash includes 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. Cash and cash equivalents are shown at fair value as of June 30, 2015.

Cash and investment as of June 30, 2015 consist of the following:

Cash pooled with the County of San Bernardino Treasury	\$ 69,784,628
Cash on hand and in banks	<u>61,929</u>
	<u><u>\$ 69,846,557</u></u>

**Pooled Cash**

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 from Fitch. The weighted average maturity of the investments in the County pool was .94 years at June 30, 2015.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 4 - CASH AND INVESTMENTS (Continued)**

**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, 2015 the book balance of the District's deposit of \$61,929 was entirely insured and collateralized as described above.

**NOTE 5 - ACCOUNTS RECEIVABLE**

At June 30, 2015, accounts receivables were \$377,508 which were related to ambulance activities.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance on July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance on June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,233,494	\$ -	\$ -	\$ 1,233,494
Construction in progress	1,345,090	105,276	(309,278)	1,141,088
Total capital assets, not being depreciated	<u>2,578,584</u>	<u>105,276</u>	<u>(309,278)</u>	<u>2,374,582</u>
<b>Capital assets, being depreciated:</b>				
Improvements to land	1,812,907	216,791	-	2,029,698
Structures and improvements	21,318,358	982,631	-	22,300,989
Vehicles and heavy equipment	46,937,002	4,351,750	(2,629,471)	48,659,281
Equipment	6,196,315	1,241,386	(52,377)	7,385,324
Software	24,500	-	-	24,500
Total capital assets, being depreciated	<u>76,289,082</u>	<u>6,792,558</u>	<u>(2,681,848)</u>	<u>80,399,792</u>
<b>Less accumulated depreciation for:</b>				
Improvements to land	(672,353)	(80,042)	-	(752,395)
Structures and improvements	(6,089,187)	(575,115)	-	(6,664,302)
Vehicles and heavy equipment	(36,907,389)	(2,458,791)	2,598,198	(36,767,982)
Equipment	(3,622,712)	(480,909)	50,580	(4,053,041)
Software	(15,517)	(4,900)	-	(20,417)
Total accumulated depreciation	<u>(47,307,158)</u>	<u>(3,599,757)</u>	<u>2,648,778</u>	<u>(48,258,137)</u>
Total capital assets, being depreciated, net	<u>28,981,924</u>	<u>3,192,801</u>	<u>(33,070)</u>	<u>32,141,655</u>
Governmental activities capital assets, net	<u>\$ 31,560,508</u>	<u>\$ 3,298,077</u>	<u>\$ (342,348)</u>	<u>\$ 34,516,237</u>

Depreciation expense for the year ended June 30, 2015 is \$3,599,757.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

The short term interfund receivables and payables at June 30, 2015 are as follows:

<b>Fund Recording Due To Other Funds:</b>	<b>Fund Recording Due From Other Funds:</b>			
	<b>General (FPD)</b>	<b>Hazardous Materials (FHZ)</b>	<b>Mountain Regional Service Zone (FMZ)</b>	<b>North Desert Regional Service Zone (FNZ)</b>
General (FPD)	\$ -	\$ -	\$ 80,964	\$ 455,725
Mountain Regional Service Zone (FMZ)	1,547	-	-	25,494
North Desert Regional Service Zone (FNZ)	19,634	-	14,006	-
South Desert Regional Service Zone (FSZ)	1,193	-	2,411	23,300
Valley Regional Service Zone (FVZ)	3,258	-	12,241	25,594
State Homeland Security Grant (SME)	74,263	-	-	-
Other Governmental Funds	5,389	6,112	-	-
<b>Total</b>	<b>\$ 105,284</b>	<b>\$ 6,112</b>	<b>\$ 109,622</b>	<b>\$ 530,113</b>

(Chart continues on next page)

The General fund reported \$105,284 net due from the following funds for administrative overhead for charge-back of salaries and benefits and services and supplies: \$1,547 from the Mountain Regional Service Zone fund, \$19,634 from the North Desert Regional Service Zone fund, \$1,193 from the South Desert Regional Service Zone fund, \$3,258 from the Valley Regional Service Zone Fund, \$74,263 from the State Homeland Security Fund and \$5,389 from the Hazardous Waste fund (Other Governmental Funds).

The General fund reported \$641,945 net due to the following funds for charge back of salaries and benefits and services and supplies: \$80,964 to the Mountain Regional Zone fund, \$455,725 to the North Desert Regional Service Zone fund and \$105,256 to the Valley Regional Service Zone fund for fixed assets.

Under the Other Governmental funds, the Household Hazardous Materials fund owed \$6,112 to the Hazardous Materials fund for coverage of the funds' shortfall. The payback occurs typically when the grant funds are received.

The balance \$324,643 of interfund receivables and payables represents reimbursements within the funds for shared costs of salaries and benefits, and services and supplies occurring due to movement of firefighters between zones.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

<b>Fund Recording Due To Other Funds:</b>	<b>Fund Recording Due From Other Funds:</b>		
	<b>South Desert</b>		<b>Total</b>
	<b>Regional Service Zone (FSV)</b>	<b>Valley Regional Service Zone (FVZ)</b>	
General (FPD)	\$ -	\$ 105,256	\$ 641,945
Mountain Regional Service Zone (FMZ)	2,459	43,397	72,897
North Desert Regional Service Zone (FNZ)	27,094	98,335	159,069
South Desert Regional Service Zone (FSZ)	-	33,518	60,422
Valley Regional Service Zone (FVZ)	16,794	-	57,887
State Homeland Security Grant (SME)	-	-	74,263
Other Governmental Funds	-	-	11,501
<b>Total</b>	<b>\$ 46,347</b>	<b>\$ 280,506</b>	<b>\$ 1,077,984</b>

The general fund advanced \$388,199 to the State Homeland Security Grant fund to cover costs until the grant funds are received. The grant amounts are normally received within a period of 18-20 months and repaid to the general fund.

**NOTE 8 - TRANSFERS IN/OUT**

Interfund 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, 2015, the District made the following interfund transfers in and out.

<b>Transfers out:</b>	<b>Transfer in:</b>			
	<b>General</b>	<b>Hazardous Materials</b>	<b>State Homeland Security Grant</b>	<b>Total transfer out</b>
Mountain Regional Service Zone	\$ 259,165	\$ -	\$ -	\$ 259,165
North Desert Regional Service Zone	407,590	-	-	407,590
South Desert Regional Service Zone	176,140	-	-	176,140
Valley Regional Service Zone	203,795	-	-	203,795
State Homeland Security Grant	199,420	-	-	199,420
Other Governmental Funds	-	122,742	67,562	190,304
<b>Total transfer in</b>	<b>\$ 1,246,110</b>	<b>\$ 122,742</b>	<b>\$ 67,562</b>	<b>\$ 1,436,414</b>

The General fund received a total net transfer in of \$1,246,110; a transfer in of \$996,690 was from the following funds: \$249,165 from the Mountain Regional Service Zone, \$387,590 from the North Desert Regional Service Zone, \$166,140 from the South Desert Regional Service Zone and \$193,795 from the Valley Regional Service Zone for cardiac monitors. A transfer in of \$25,000 was from the following funds: \$5,000 was from the Mountain Regional Service Zone, \$10,000 from the North Desert Regional Service Zone, \$5,000 from the South Desert Regional Service Zone and \$5,000 from the Valley Regional Service Zone for mobile command unit expenses. A transfer in of \$25,000 was from the following funds: \$5,000 was from the Mountain Regional Service Zone, \$10,000 from the North Desert Regional Service Zone,

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 8 - TRANSFERS IN/OUT (Continued)**

\$5,000 from the South Desert Regional Service Zone and \$5,000 from the Valley Regional Service Zone for hazmat equipment. The State Homeland Security Fund transferred in \$199,420 for equipment.

The Hazardous Materials fund reported a transfer in of \$122,742 from the Household Materials fund for equipment purchases.

The State Homeland Security fund reported a transfer in of \$67,562 from the Emergency Services fund for equipment purchases.

**NOTE 9 - LONG TERM DEBT**

Long-term debt activity for the year ended June 30, 2015, was as follows:

	<u>Balance on July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance on June 30, 2015</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital leases	\$ 268,627	\$ -	\$ (268,627)	\$ -	\$ -
Compensated absences	7,371,241	4,850,243	(4,466,912)	7,754,572	3,101,828
Net pension liability	-	102,437,673	-	102,437,673	-
	<u>\$ 7,639,868</u>	<u>\$ 107,287,916</u>	<u>\$ (4,735,539)</u>	<u>\$ 110,192,245</u>	<u>\$ 3,101,828</u>

**NOTE 10 – RETIREMENT 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 at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website at [www.SBCERA.org](http://www.SBCERA.org).

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT 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 CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	<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
Normal retirement age	Age 55	Age 55	Age 50	Age 50
Early retirement: years of service required and /or age eligible for	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 normal retirement age	2.0% per year of final average compensation for every year of service credit	2.5% per year of final average compensation for every year of service credit	3.0% per year of final average compensation for every year of service credit	2.7% per year of final average compensation for every year of service credit
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
Final average compensation limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

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 Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT 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 1 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, 2015 are as follows:

	<u>General - Tier 1</u>	<u>General - Tier 2</u>	<u>Safety - Tier 1</u>	<u>Safety - Tier 2</u>
Employee contribution rates	7.07% to 13.52%	6.97% to 7.88%	9.82% to 15.91%	13.08% to 13.75%
Employer contribution rates	20.24%	18.02%	43.15%	37.02%

For the year ended June 30, 2015, the District’s contribution to the Plan of \$16,112,695 equaled the actuarially determined required employer contributions.

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

As of June 30, 2015, the District reported a net pension liability for its proportionate share of the County’s net pension liability as follows:

	<u>Proportionate Share of NPL</u>	<u>Percentage</u>
District	\$ 102,437,673	7.1246%

The net pension liability was measured as of June 30, 2014, 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 proportionate share of the net pension liability of the County as of June 30, 2015 and 2014 with measurement dates of June 30, 2014 and 2013 were as follows:

	<u>Proportionate Share of NPL</u>	<u>Percentage</u>
Proportionate share - June 30, 2015	\$ 102,437,673	7.1246%
Proportionate share - June 30, 2014	110,604,939	6.6739%
Change - (decrease)	(8,167,266)	0.4507%

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT PLAN (Continued)**

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

For the year ended June 30, 2015, the District recognized pension expense of \$9,683,169.

At June 30, 2015, 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:

	The District's Proportionate Share
Pension contributions subsequent to measurement date	\$ 16,112,695
Changes of assumptions	16,632,218
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>8,801,389</u>
Total proportionate share of deferred outflows of resources	<u>\$ 41,546,302</u>
	The District's Proportionate Share
Differences between expected and actual experience	\$ 19,516,646
Net differences between projected and actual investment earnings on pension plan investments	31,374,572
Changes in proportion differences between employer contributions and proportionate share of contributions	<u>362,228</u>
Total proportionate share of deferred inflows of resources	<u>\$ 51,253,446</u>

The total amount of \$16,112,695 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30:	
2016	\$ (8,195,774)
2017	(8,195,774)
2018	(8,195,774)
2019	(2,974,993)
2020	1,374,239
Thereafter	<u>368,237</u>
Total	<u>\$ (25,819,839)</u>

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT PLAN (Continued)**

**Actuarial Assumptions**

The District’s proportion of the County’s total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Investment Rate of Return	7.50%
Inflation	3.25%
Projected Salary Increases	General: 4.60% to 13.75% ; Safety: 4.55% to 13.75%
Cost of Living Adjustments	Consumer price index with a 2.00% maximum
Administrative Expenses	0.60% of payroll

Mortality rates used in the June 30, 2014 actuarial valuation were based on the RP-2000 Combined Healthy mortality table projected to 2020 using Projection Scale BB. For healthy General members, no adjustments are made. For healthy Safety members, ages are set back two years for males and one year for females. For disabled General members, ages are set forward seven years for males and set forward eight years for females. For disabled Safety members, ages are set forward two years for males and females. 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 in the June 30, 2014 valuation were based on the results of an actuarial experience study for the three year period of July 1, 2010 through June 30, 2013.

The June 30, 2014 actuarial valuation reflected new assumptions compared to the June 30, 2013 actuarial valuation, based on the June 30, 2014 experience study. The June 30, 2013 actuarial valuation reflected 7.75% for the investment rate of return, 3.50% for inflation, 4.75% to 14.00% for both general and safety for projected salary increases, 4.00% for wage inflation, and there was no offset to investment return for administrative expenses.

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 Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT PLAN (Continued)**

**Actuarial Assumptions (Continued)**

The June 30, 2014 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Equity	N/A	N/A
Large Cap U.S. Equity	5.00%	5.94%
Small Cap U.S. Equity	2.00%	6.50%
Developed International Equity	6.00%	6.87%
Emerging Market Equity	6.00%	8.06%
U.S. Core Fixed Income	2.00%	0.69%
High Yield/Credit Strategies	13.00%	3.10%
Global Core Fixed Income	1.00%	0.30%
Emerging Market Debt	6.00%	4.16%
Real Estate	9.00%	4.96%
Cash & Equivalents	2.00%	-0.03%
International Credit	10.00%	6.76%
Absolute Return	13.00%	2.88%
Real Assets	6.00%	6.85%
Long/Short Equity	3.00%	4.86%
Private Equity	16.00%	9.64%
Total	100.00%	

N/A = Asset class not considered in the calculation.

**Discount Rate**

The discount rate used to measure the Plan’s total pension liability was 7.50%. 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 return on the Plan investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 10 – RETIREMENT 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
The District's proportionate share of the net pension liability	\$ 181,031,118	\$ 102,437,673	\$ 37,349,031

**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 11 - 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 12 – COMMITMENTS AND CONTINGENCIES**

As of June 30, 2015, 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 13 – RELATED PARTY TRANSACTIONS**

The District is a component unit of the County and utilizes County departments, services and employees for District operations. For the fiscal year 2015, the County general fund subsidized the District by \$19,252,118 for its operations, reported as intergovernmental revenue, and the District paid to the County \$10,292,278 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. The District subsidized other departments of the County in the amount of \$717,990 for operations, reported as intergovernmental expenditures.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Notes to the Financial Statements (Continued)

Year Ended June 30, 2015

**NOTE 13 – RELATED PARTY TRANSACTIONS (Continued)**

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). 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 immediate preceding two year period. During the fiscal year ended June 30, 2015, the District contributed \$5,747,791 to CONFIRE towards its share of funds.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2015

	<b>General Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 6,844,234	\$ 6,844,234	\$ 7,569,500	\$ 725,266
Claim cost recoveries	5,000	5,000	21,383	16,383
Service fees	1,775,391	1,775,391	1,590,879	(184,512)
Federal assistance	378,519	378,519	1,037,548	659,029
State assistance	-	-	169,790	169,790
Investment earnings	93,616	93,616	89,641	(3,975)
Intergovernmental	-	-	2,984,818	2,984,818
Other	642,300	642,300	757,138	114,838
Total revenues	<u>9,739,060</u>	<u>9,739,060</u>	<u>14,220,697</u>	<u>4,481,637</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	12,401,310	14,382,066	6,844,891	7,537,175
Services and supplies	3,188,518	3,777,958	3,701,019	76,939
Reserves and contingencies	13,214,537	12,447,711	-	12,447,711
Capital outlay	4,903,041	6,778,806	5,397,437	1,381,369
Debt service:				
Interest	6,896	-	-	-
Total expenditures	<u>33,714,302</u>	<u>37,386,541</u>	<u>15,943,347</u>	<u>21,443,194</u>
Excess of revenues over (under) expenditures	<u>(23,975,242)</u>	<u>(27,647,481)</u>	<u>(1,722,650)</u>	<u>25,924,831</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	44,900	44,900
Transfers in	6,106,348	8,891,041	1,246,110	(7,644,931)
Transfers out	(4,525,818)	(5,055,078)	-	5,055,078
Total other financing sources (uses)	<u>1,580,530</u>	<u>3,835,963</u>	<u>1,291,010</u>	<u>(2,544,953)</u>
Net change in fund balance	<u>\$ (22,394,712)</u>	<u>\$ (23,811,518)</u>	(431,640)	<u>\$ 23,379,878</u>
Fund balance - beginning			<u>24,881,035</u>	
Fund balance - ending			<u>\$ 24,449,395</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - Hazardous Materials Fund

Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			
	<b>Hazardous Materials Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Claim cost recoveries	\$ 30,000	\$ 30,000	\$ 209,206	\$ 179,206
Service fees	6,763,770	6,763,770	6,570,832	(192,938)
Fines, forfeitures and penalties	-	-	13,500	13,500
Investment earnings	40,680	40,680	47,573	6,893
Intergovernmental	-	-	106,182	106,182
Other	150,099	150,099	355,930	205,831
<b>Total revenues</b>	<b>6,984,549</b>	<b>6,984,549</b>	<b>7,303,223</b>	<b>318,674</b>
<b>Expenditures</b>				
Current:				
Salaries and benefits	5,085,582	5,085,582	4,392,101	693,481
Services and supplies	2,531,995	2,531,995	1,511,670	1,020,325
Reserves and contingencies	10,785,808	10,650,808	-	10,650,808
Capital outlay	10,000	10,000	-	10,000
<b>Total expenditures</b>	<b>18,413,385</b>	<b>18,278,385</b>	<b>5,903,771</b>	<b>12,374,614</b>
Excess of revenues over (under) expenditures	(11,428,836)	(11,293,836)	1,399,452	12,693,288
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	14,250	14,250
Transfers in	1,470,311	1,470,311	122,742	(1,347,569)
Transfers out	(1,320,292)	(1,455,292)	-	1,455,292
<b>Total other financing sources (uses)</b>	<b>150,019</b>	<b>15,019</b>	<b>136,992</b>	<b>121,973</b>
Net change in fund balance	<b>\$ (11,278,817)</b>	<b>\$ (11,278,817)</b>	1,536,444	<b>\$ 12,815,261</b>
Fund balance - beginning			11,371,546	
Fund balance - ending			<b>\$ 12,907,990</b>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Budgetary Comparison Schedule - Mountain Regional Service Zone  
 Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Mountain Regional Service Zone</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 8,753,466	\$ 8,753,466	\$ 8,684,265	\$ (69,201)
Claim cost recoveries	-	-	402	402
Service fees	4,958,244	4,958,244	5,302,139	343,895
Federal assistance	-	-	160,519	160,519
State assistance	-	-	96,594	96,594
Special assessment taxes	266,100	266,100	268,751	2,651
Investment earnings	24,000	24,000	21,666	(2,334)
Intergovernmental	-	-	182,361	182,361
Other	-	-	6,825	6,825
Total revenues	<u>14,001,810</u>	<u>14,001,810</u>	<u>14,723,522</u>	<u>721,712</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	10,685,533	11,026,161	10,875,710	150,451
Services and supplies	3,322,319	3,162,639	3,205,803	(43,164)
Reserves and contingencies	4,205,036	3,206,531	-	3,206,531
Capital outlay	497,210	188,045	933,266	(745,221)
Debt service:				
Interest	21,239	21,239	8,462	12,777
Total expenditures	<u>18,731,337</u>	<u>17,604,615</u>	<u>15,023,241</u>	<u>2,581,374</u>
Excess of revenues over (under) expenditures	<u>(4,729,527)</u>	<u>(3,602,805)</u>	<u>(299,719)</u>	<u>3,303,086</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	28,400	28,400
Transfers in	559,991	1,582,469	-	(1,582,469)
Transfers out	(857,210)	(3,006,410)	(259,165)	2,747,245
Total other financing sources (uses)	<u>(297,219)</u>	<u>(1,423,941)</u>	<u>(230,765)</u>	<u>1,193,176</u>
Net change in fund balance	<u>\$ (5,026,746)</u>	<u>\$ (5,026,746)</u>	(530,484)	<u>\$ 4,496,262</u>
Fund balance - beginning			<u>5,299,171</u>	
Fund balance - ending			<u>\$ 4,768,687</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Budgetary Comparison Schedule - North Desert Regional Service Zone  
 Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>North Desert Regional Service Zone</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues</b>				
Property taxes	\$ 6,357,824	\$ 6,357,824	\$ 6,453,724	\$ 95,900
Claim cost recoveries	-	-	43,611	43,611
Service fees	27,828,385	27,818,222	28,616,332	798,110
Special assessment taxes	1,039,571	1,039,571	1,152,026	112,455
Federal assistance	-	-	224,134	224,134
State assistance	-	-	70,828	70,828
Investment earnings	14,000	14,000	31,070	17,070
Intergovernmental	-	-	7,226,943	7,226,943
Other	51,500	51,500	146,780	95,280
Total revenues	<u>35,291,280</u>	<u>35,281,117</u>	<u>43,965,448</u>	<u>8,684,331</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	33,995,045	34,887,461	34,631,597	255,864
Services and supplies	9,086,340	8,765,450	7,975,986	789,464
Reserves and contingencies	5,416,508	5,164,463	-	5,164,463
Capital outlay	626,459	136,459	84,005	52,454
Debt service:				
Interest	18,825	18,825	12,485	6,340
Total expenditures	<u>49,143,177</u>	<u>48,972,658</u>	<u>42,704,073</u>	<u>6,268,585</u>
Excess of revenues over (under) expenditures	<u>(13,851,897)</u>	<u>(13,691,541)</u>	<u>1,261,375</u>	<u>14,952,916</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	29,000	29,000
Transfers in	8,095,089	8,424,733	-	(8,424,733)
Transfers out	(416,859)	(906,859)	(407,590)	499,269
Total other financing sources (uses)	<u>7,678,230</u>	<u>7,517,874</u>	<u>(378,590)</u>	<u>(7,896,464)</u>
Net change in fund balance	<u>\$ (6,173,667)</u>	<u>\$ (6,173,667)</u>	882,785	<u>\$ 7,056,452</u>
Fund balance - beginning			<u>6,239,260</u>	
Fund balance - ending			<u>\$ 7,122,045</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Budgetary Comparison Schedule - South Desert Regional Service Zone  
 Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			
	<b>South Desert Regional Service Zone</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 5,550,363	\$ 5,550,363	\$ 5,661,417	\$ 111,054
Claim cost recoveries	-	-	7,000	7,000
Service fees	2,074,201	2,014,469	2,123,415	108,946
Special assessment taxes	301,123	301,123	329,863	28,740
Federal assistance	-	-	66,579	66,579
State assistance	-	-	59,705	59,705
Investment earnings	17,500	17,500	20,903	3,403
Intergovernmental	-	-	3,321,755	3,321,755
Other	55,764	55,764	23,585	(32,179)
Total revenues	<u>7,998,951</u>	<u>7,939,219</u>	<u>11,614,222</u>	<u>3,675,003</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	8,870,207	8,943,474	8,192,341	751,133
Services and supplies	2,327,835	2,283,916	2,199,739	84,177
Reserves and contingencies	3,694,944	3,648,616	-	3,648,616
Capital outlay	337,094	57,094	85,101	(28,007)
Debt service:				
Principal	86,175	89,357	89,356	1
Interest	13,253	13,253	10,859	2,394
Total expenditures	<u>15,329,508</u>	<u>15,035,710</u>	<u>10,577,396</u>	<u>4,458,314</u>
Excess of revenues over (under) expenditures	<u>(7,330,557)</u>	<u>(7,096,491)</u>	<u>1,036,826</u>	<u>8,133,317</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	31,050	31,050
Transfers in	3,374,613	3,420,547	-	(3,420,547)
Transfers out	(156,450)	(436,450)	(176,140)	260,310
Total other financing sources (uses)	<u>3,218,163</u>	<u>2,984,097</u>	<u>(145,090)</u>	<u>(3,129,187)</u>
Net change in fund balance	<u>\$ (4,112,394)</u>	<u>\$ (4,112,394)</u>	891,736	<u>\$ 5,004,130</u>
Fund balance - beginning			<u>4,224,294</u>	
Fund balance - ending			<u>\$ 5,116,030</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - Valley Regional Service Zone

Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			
	<b>Valley Regional Service Zone</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 8,381,807	\$ 8,381,807	\$ 9,761,770	\$ 1,379,963
Claim cost recoveries	-	-	792	792
Service fees	23,596,152	23,596,152	23,605,490	9,338
Special assessments taxes	244,601	244,601	288,915	44,314
Federal assistance	-	-	231,106	231,106
State assistance	-	-	86,180	86,180
Investment earnings	14,000	14,000	32,759	18,759
Intergovernmental	-	-	3,776,405	3,776,405
Other	-	-	63,610	63,610
Total revenues	<u>32,236,560</u>	<u>32,236,560</u>	<u>37,847,027</u>	<u>5,610,467</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	29,376,574	29,910,069	29,508,840	401,229
Services and supplies	6,063,590	6,057,507	5,376,510	680,997
Reserves and contingencies	7,471,466	7,200,191	-	7,200,191
Capital outlay	496,717	292,800	65,002	227,798
Debt service:				
Principal	179,272	179,272	179,271	1
Interest	25,846	25,846	10,282	15,564
Total expenditures	<u>43,613,465</u>	<u>43,665,685</u>	<u>35,139,905</u>	<u>8,525,780</u>
Excess of revenues over (under) expenditures	<u>(11,376,905)</u>	<u>(11,429,125)</u>	<u>2,707,122</u>	<u>14,136,247</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	13,800	13,800
Transfers in	3,684,439	4,016,659	-	(4,016,659)
Transfers out	(308,267)	(588,267)	(203,795)	384,472
Total other financing sources (uses)	<u>3,376,172</u>	<u>3,428,392</u>	<u>(189,995)</u>	<u>(3,618,387)</u>
Net change in fund balance	<u>\$ (8,000,733)</u>	<u>\$ (8,000,733)</u>	2,517,127	<u>\$ 10,517,860</u>
Fund balance - beginning			<u>8,190,822</u>	
Fund balance - ending			<u>\$ 10,707,949</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Budgetary Comparison Schedule - State Homeland Security Grant Fund  
 Year Ended June 30, 2015

	<b>Special Revenue Fund</b>			
	<b>State Homeland Security Grant Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Service fees	\$ -	\$ -	\$ 990	\$ 990
Federal assistance	2,975,758	4,808,531	2,280,496	(2,528,035)
Investment earnings	1,800	1,800	1,296	(504)
Other	-	-	92	92
Total revenues	<u>2,977,558</u>	<u>4,810,331</u>	<u>2,282,874</u>	<u>(2,527,457)</u>
<b>Expenditures</b>				
Current:				
Salaries and benefits	849,332	835,635	404,147	431,488
Services and supplies	819,014	1,974,585	970,922	1,003,663
Intergovernmental	-	-	717,990	(717,990)
Reserves and contingencies	50,749	50,749	-	50,749
Total expenditures	<u>1,719,095</u>	<u>2,860,969</u>	<u>2,093,059</u>	<u>767,910</u>
Excess of revenues over (under) expenditures	<u>1,258,463</u>	<u>1,949,362</u>	<u>189,815</u>	<u>(1,759,547)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	67,562	67,562
Transfers out	(1,307,412)	(1,998,311)	(199,420)	1,798,891
Total other financing sources (uses)	<u>(1,307,412)</u>	<u>(1,998,311)</u>	<u>(131,858)</u>	<u>1,866,453</u>
Net change in fund balance	<u>\$ (48,949)</u>	<u>\$ (48,949)</u>	57,957	<u>\$ 106,906</u>
Fund balance - beginning			<u>50,585</u>	
Fund balance - ending			<u>\$ 108,542</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Schedule Of Proportionate Share Of The Net Pension Liability  
Cost Sharing Defined Benefit Plan  
June 30, 2015  
Last 10 Fiscal Years\*

	<b>June 30, 2015</b>
Proportion of the net pension liability	7.12%
Proportionate share of the net pension liability	\$ 102,437,673
Covered-employee payroll**	85,235,498
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	120.18%
Plan fiduciary net position as a percentage of the total pension liability	82.47%

\* Fiscal year 2015 was the first year of implementation, therefore only one year is presented.

\*\* 2014 Covered-employee payroll

**Notes to Schedule:**

Changes of Assumptions

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the three year period ending June 30, 2013. Assumptions used in the June 30, 2014 valuation primarily reflect a decrease of 0.25% for both the investment and inflation rate and adjustments of projected salary increase and wage inflation more closely reflect actual experience.

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Schedule Of Contributions

Cost Sharing Defined Benefit Pension Plan

June 30, 2015

Last 10 Fiscal Years\*

	<u>June 30, 2015</u>
Contractually required contribution	\$ 16,112,695
Contributions in relation to the contractually required contribution	(16,112,695)
Contribution deficiency (excess)	-
Covered-employee payroll	97,545,552
Contributions as a percentage of covered-employee payroll	16.52%

\* Fiscal year 2015 was the first year of implementation, therefore only one year is presented.

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**SUPPLEMENTARY INFORMATION**

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015

	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Total Other Governmental Funds</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,284,672	\$ 473,273	\$ 1,757,945
Accounts receivable	16,891	-	16,891
Taxes receivable	12,028	-	12,028
Prepaid expense	26,255	-	26,255
Due from other governments	632,482	-	632,482
Total assets	<u>\$ 1,972,328</u>	<u>\$ 473,273</u>	<u>\$ 2,445,601</u>
<b>Liabilities</b>			
Accounts payable	\$ 161,199	\$ -	\$ 161,199
Salaries and benefits payable	113,344	-	113,344
Due to other funds	11,501	-	11,501
Due to other governments	13,593	-	13,593
Total liabilities	<u>299,637</u>	<u>-</u>	<u>299,637</u>
<b>Fund balances:</b>			
Restricted for:			
Public safety	<u>1,672,691</u>	<u>473,273</u>	<u>2,145,964</u>
Total fund balances	<u>1,672,691</u>	<u>473,273</u>	<u>2,145,964</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,972,328</u>	<u>\$ 473,273</u>	<u>\$ 2,445,601</u>

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2015

	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>			
Service fees	\$ 260,238	\$ -	\$ 260,238
Special assessment taxes	664,525	-	664,525
Other taxes	11,801	-	11,801
Federal assistance	796,290	-	796,290
State assistance	393,089	-	393,089
Local assistance	2,047,890	-	2,047,890
Investment earnings	6,605	1,856	8,461
Intergovernmental	1,653,654	-	1,653,654
Other	195,049	165	195,214
	<hr/>	<hr/>	<hr/>
Total revenues	6,029,141	2,021	6,031,162
<b>Expenditures</b>			
Current:			
Salaries and benefits	2,871,531	-	2,871,531
Services and supplies	2,524,530	-	2,524,530
Other	12,198	-	12,198
Capital outlay	23,745	-	23,745
	<hr/>	<hr/>	<hr/>
Total expenditures	5,432,004	-	5,432,004
<b>Excess of revenues over (under)</b>			
expenditures	<hr/>	<hr/>	<hr/>
	597,137	2,021	599,158
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	5,900	-	5,900
Transfers out	(190,304)	-	(190,304)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(184,404)	-	(184,404)
<b>Net change in fund balances</b>			
	412,733	2,021	414,754
<b>Fund balances - beginning</b>			
	<hr/>	<hr/>	<hr/>
	1,259,958	471,252	1,731,210
<b>Fund balances - ending</b>			
	<hr/>	<hr/>	<hr/>
	\$ 1,672,691	\$ 473,273	\$ 2,145,964

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Combining Balance Sheet - Nonmajor Special Revenue Funds

June 30, 2015

	<b>Offices of Emergency Services</b>	<b>Household Hazardous Waste</b>	<b>Community Facility District 2002-2 Pass Thru</b>	<b>Tree Removal Grant</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 249,637	\$ 1,032,439	\$ 2,596	\$ -	\$ 1,284,672
Accounts receivable	-	16,891	-	-	16,891
Taxes receivable	-	12,028	-	-	12,028
Prepaid expense	26,255	-	-	-	26,255
Due from other governments	473,636	158,846	-	-	632,482
Total assets	<u>\$ 749,528</u>	<u>\$ 1,220,204</u>	<u>\$ 2,596</u>	<u>\$ -</u>	<u>\$ 1,972,328</u>
<b>Liabilities</b>					
Accounts payable	\$ 39,467	\$ 121,732	\$ -	\$ -	\$ 161,199
Salaries and benefits payable	102,100	11,244	-	-	113,344
Due to other funds	-	11,501	-	-	11,501
Due to other governments	13,096	497	-	-	13,593
Total liabilities	<u>154,663</u>	<u>144,974</u>	<u>-</u>	<u>-</u>	<u>299,637</u>
Fund balances:					
Restricted for:					
Public safety	594,865	1,075,230	2,596	-	1,672,691
Total fund balances	<u>594,865</u>	<u>1,075,230</u>	<u>2,596</u>	<u>-</u>	<u>1,672,691</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 749,528</u>	<u>\$ 1,220,204</u>	<u>\$ 2,596</u>	<u>\$ -</u>	<u>\$ 1,972,328</u>

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2015

	<b>Offices of Emergency Services</b>	<b>Household Hazardous Waste</b>	<b>Community Facility District 2002-2 Pass Thru</b>	<b>Tree Removal Grant</b>	<b>Total</b>
<b>Revenues</b>					
Service fees	\$ 55,000	\$ 205,238	\$ -	\$ -	\$ 260,238
Special assessment taxes	-	384,777	279,748	-	664,525
Other taxes	-	11,801	-	-	11,801
Federal assistance	795,368	922	-	-	796,290
State assistance	-	393,089	-	-	393,089
Local assistance	-	2,047,890	-	-	2,047,890
Investment earnings	2,304	4,058	243	-	6,605
Intergovernmental	1,617,184	36,470	-	-	1,653,654
Other	22,181	172,868	-	-	195,049
Total revenues	<u>2,492,037</u>	<u>3,257,113</u>	<u>279,991</u>	<u>-</u>	<u>6,029,141</u>
<b>Expenditures</b>					
Current:					
Salaries and benefits	1,247,625	1,623,906	-	-	2,871,531
Services and supplies	1,021,255	1,221,665	280,648	962	2,524,530
Other	-	12,198	-	-	12,198
Capital outlay	23,745	-	-	-	23,745
Total expenditures	<u>2,292,625</u>	<u>2,857,769</u>	<u>280,648</u>	<u>962</u>	<u>5,432,004</u>
Excess of revenues over (under) expenditures	<u>199,412</u>	<u>399,344</u>	<u>(657)</u>	<u>(962)</u>	<u>597,137</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	5,900	-	-	-	5,900
Transfers out	(67,562)	(122,742)	-	-	(190,304)
Total other financing sources (uses)	<u>(61,662)</u>	<u>(122,742)</u>	<u>-</u>	<u>-</u>	<u>(184,404)</u>
Net change in fund balances	137,750	276,602	(657)	(962)	412,733
Fund balances - beginning	457,115	798,628	3,253	962	1,259,958
Fund balances - ending	<u>\$ 594,865</u>	<u>\$ 1,075,230</u>	<u>\$ 2,596</u>	<u>\$ -</u>	<u>\$ 1,672,691</u>

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Balance Sheet  
Nonmajor Capital Project Fund  
June 30, 2015

	<u><b>Training Tower</b></u>
<b>Assets</b>	
Cash and cash equivalents	\$ 473,273
Total assets	<u>\$ 473,273</u>
<b>Fund balance:</b>	
Restricted for:	
Public safety	\$ 473,273
Total fund balance	<u>\$ 473,273</u>

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Fund  
Year Ended June 30, 2015

	<b>Training Tower</b>
<b>Revenues</b>	
Investment earnings	\$ 1,856
Other	165
Total revenues	2,021
Net change in fund balances	2,021
Fund balance - beginning	471,252
Fund balance - ending	\$ 473,273

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - Office of Emergency Services

Year Ended June 30, 2015

	<b>Special Revenue Fund</b>		
	<b>Office of Emergency Services</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Service Fees	\$ 55,000	\$ 55,000	\$ -
Federal assistance	714,131	795,368	81,237
State assistance	500	-	(500)
Investment earnings	1,200	2,304	1,104
Intergovernmental	-	1,617,184	1,617,184
Other	15,995	22,181	6,186
Total revenues	<u>786,826</u>	<u>2,492,037</u>	<u>1,705,211</u>
<b>Expenditures</b>			
Current:			
Salaries and benefits	925,106	1,247,625	(322,519)
Services and supplies	1,151,998	1,021,255	130,743
Capital outlay	150,000	23,745	126,255
Contingencies	438,072	-	438,072
Total expenditures	<u>2,665,176</u>	<u>2,292,625</u>	<u>372,551</u>
Excess of revenues over (under) expenditures	<u>(1,878,350)</u>	<u>199,412</u>	<u>2,077,762</u>
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	-	5,900	5,900
Transfers in	1,451,228	-	(1,451,228)
Transfers out	(310,950)	(67,562)	243,388
Total other financing sources (uses)	<u>1,140,278</u>	<u>(61,662)</u>	<u>(1,201,940)</u>
Net change in fund balance	<u>\$ (738,072)</u>	<u>137,750</u>	<u>\$ 875,822</u>
Fund balance - beginning		<u>457,115</u>	
Fund balance - ending		<u>\$ 594,865</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - Household Hazardous Waste

Year Ended June 30, 2015

	<b>Special Revenue Fund</b>		
	<b>Household Hazardous Waste</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Service fees	\$ 211,000	\$ 205,238	\$ (5,762)
Special assessment taxes	-	384,777	384,777
Other taxes	361,591	11,801	(349,790)
Federal assistance	-	922	922
State assistance	457,000	393,089	(63,911)
Local assistance	2,038,531	2,047,890	9,359
Investment earnings	-	4,058	4,058
Intergovernmental	-	36,470	36,470
Other	169,500	172,868	3,368
Total revenues	<u>3,237,622</u>	<u>3,257,113</u>	<u>19,491</u>
<b>Expenditures</b>			
Current:			
Salaries and benefits	1,755,216	1,623,906	131,310
Services and supplies	1,293,664	1,221,665	71,999
Other	-	12,198	(12,198)
Capital outlay	201,000	-	201,000
Contingencies	750,779	-	750,779
Total expenditures	<u>4,000,659</u>	<u>2,857,769</u>	<u>1,142,890</u>
Excess of revenues over (under) expenditures	<u>(763,037)</u>	<u>399,344</u>	<u>1,162,381</u>
<b>Other financing sources (uses)</b>			
Transfers in	135,000	-	(135,000)
Transfers out	<u>(122,742)</u>	<u>(122,742)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,258</u>	<u>(122,742)</u>	<u>(135,000)</u>
Net change in fund balance	<u>\$ (750,779)</u>	276,602	<u>\$ 1,027,381</u>
Fund balance - beginning		<u>798,628</u>	
Fund balance - ending		<u>\$ 1,075,230</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
 Budgetary Comparison Schedule - Community Facility District 2002-2 Pass Thru  
 Year Ended June 30, 2015

	<b>Special Revenue Fund</b>		
	<b>Community Facility District 2002-2 Pass Thru</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Special assessment taxes	\$ 285,000	\$ 279,748	\$ (5,252)
Investment earnings	200	243	43
Total revenues	<u>285,200</u>	<u>279,991</u>	<u>(5,209)</u>
<b>Expenditures</b>			
Current:			
Services and supplies	285,500	280,648	4,852
Contingencies	<u>2,910</u>	<u>-</u>	<u>2,910</u>
Total expenditures	<u>288,410</u>	<u>280,648</u>	<u>7,762</u>
Excess of revenues over (under) expenditures	<u>(3,210)</u>	<u>(657)</u>	<u>2,553</u>
Net change in fund balance	<u><u>\$ (3,210)</u></u>	<u>(657)</u>	<u><u>\$ 2,553</u></u>
Fund balance - beginning		<u>3,253</u>	
Fund balance - ending		<u><u>\$ 2,596</u></u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

Budgetary Comparison Schedule - Tree Removal Grant

Year Ended June 30, 2015

	<b>Special Revenue Fund</b>		
	<b>Tree Removal Grant</b>		
	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Expenditures</b>			
Current:			
Services and supplies	\$ -	\$ 962	\$ (962)
Total expenditures	<u>-</u>	<u>962</u>	<u>(962)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(962)</u>	<u>(962)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(962)</u>	<u><u>\$ (962)</u></u>
Fund balance - beginning		<u>962</u>	
Fund balance - ending		<u><u>\$ -</u></u>	

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**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Schedule of Revenues, Expenditures, and Changes in Ambulance Activities  
By Zone  
Year Ended June 30, 2015

	<b>Mountain Regional Service Zone</b>		<b>North Desert Regional Service Zone</b>			<b>South Desert Regional Service Zone</b>		<b>Total</b>
	<b>Lake Arrowhead Ambulance Activity</b>	<b>Lucerne Valley Ambulance Activity</b>	<b>Searles Valley Ambulance Activity</b>	<b>Wrightwood Ambulance Activity</b>	<b>Havasu Lake Ambulance Activity</b>	<b>Yucca Valley Ambulance Activity</b>		
<b>Revenues</b>								
Service fees	\$ 907,244	\$ 267,520	\$ 34,848	\$ 935,548	\$ 29,132	\$ 1,094,200	\$ 3,268,492	
Service fees - GEMT	177,680	81,736	12,278	212,935	-	390,614	875,243	
Other	-	50	-	-	-	-	50	
Total revenues	<u>1,084,924</u>	<u>349,306</u>	<u>47,126</u>	<u>1,148,483</u>	<u>29,132</u>	<u>1,484,814</u>	<u>4,143,785</u>	
<b>Expenditures</b>								
Current:								
Salaries and benefits	1,828,288	1,229,644	56,616	2,600,512	48,340	3,243,155	9,006,555	
Services and supplies	465,361	122,682	31,605	311,794	55,411	242,286	1,229,139	
Total expenditures	<u>2,293,649</u>	<u>1,352,326</u>	<u>88,221</u>	<u>2,912,306</u>	<u>103,751</u>	<u>3,485,441</u>	<u>10,235,694</u>	
Excess of revenues (under) expenditures	<u>(1,208,725)</u>	<u>(1,003,020)</u>	<u>(41,095)</u>	<u>(1,763,823)</u>	<u>(74,619)</u>	<u>(2,000,627)</u>	<u>(6,091,909)</u>	
Net change in current year activity	<u>\$ (1,208,725)</u>	<u>\$ (1,003,020)</u>	<u>\$ (41,095)</u>	<u>\$ (1,763,823)</u>	<u>\$ (74,619)</u>	<u>\$ (2,000,627)</u>	<u>\$ (6,091,909)</u>	

**SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**  
Schedule of Revenues, Expenditures, and Changes in Special Assessment Taxes Activities  
By Zone  
Year Ended June 30, 2015

	<b>Mountain Regional Service Zone</b>	<b>North Desert Regional Service Zone</b>			
	<b>PM1 Lake Arrowhead Paramedic</b>	<b>FP1 Red Mountain</b>	<b>FP2 Windy Acres</b>	<b>FP3 El Mirage</b>	<b>FP5 Helendale / Silver Lakes</b>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Claim cost recoveries	-	-	-	-	6,812
Service fees	-	-	-	-	-
Special assessment taxes	268,751	11,763	10,161	34,876	1,095,226
Other	-	-	-	-	124
Total revenues	<u>268,751</u>	<u>11,763</u>	<u>10,161</u>	<u>34,876</u>	<u>1,102,162</u>
<b>Expenditures</b>					
Current:					
Salaries and benefits	340,251	-	-	18,362	1,782,352
Services and supplies	34,832	3,146	711	4,125	117,269
Total expenditures	<u>375,083</u>	<u>3,146</u>	<u>711</u>	<u>22,487</u>	<u>1,899,621</u>
Excess of revenues over (under) expenditures	<u>(106,332)</u>	<u>8,617</u>	<u>9,450</u>	<u>12,389</u>	<u>(797,459)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers out	-	-	-	(19,378)	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,378)</u>	<u>-</u>
Net change in current year activity	<u>\$ (106,332)</u>	<u>\$ 8,617</u>	<u>\$ 9,450</u>	<u>\$ (6,989)</u>	<u>\$ (797,459)</u>

<b>South Desert Regional Service Zone</b>		<b>Valley Regional Service Zone</b>			
<b>FP4 Wonder Valley</b>	<b>FP6 Havasu Lake</b>	<b>PM2 Highland</b>	<b>PM3 Yucaipa</b>	<b>CFD 2006-1A</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 302,365	\$ 302,365
2,240	-	-	-	-	9,052
-	-	-	-	83,522	83,522
168,199	161,664	111,000	8,768	169,147	2,039,555
17,046	6	-	-	-	17,176
<u>187,485</u>	<u>161,670</u>	<u>111,000</u>	<u>8,768</u>	<u>555,034</u>	<u>2,451,670</u>
291,984	68,049	-	-	541,667	3,042,665
85,348	107,539	487,967	49,107	20,000	910,044
<u>377,332</u>	<u>175,588</u>	<u>487,967</u>	<u>49,107</u>	<u>561,667</u>	<u>3,952,709</u>
<u>(189,847)</u>	<u>(13,918)</u>	<u>(376,967)</u>	<u>(40,339)</u>	<u>(6,633)</u>	<u>(1,501,039)</u>
15,500	-	-	2,000	-	17,500
-	-	-	-	-	(19,378)
<u>15,500</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>(1,878)</u>
<u>\$ (174,347)</u>	<u>\$ (13,918)</u>	<u>\$ (376,967)</u>	<u>\$ (38,339)</u>	<u>\$ (6,633)</u>	<u>\$ (1,502,917)</u>

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**Independent Auditor’s 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***

Board of Supervisors  
County of San Bernardino  
San Bernardino County Fire Protection District

We have audited, 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, 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 (County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise of the District’s basic financial statements, and have issued our report thereon dated November 20, 2015. Our report includes an emphasis of a matter discussing the adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal. 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 charges with governance.

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California  
November 20, 2015