

San Bernardino County Fire Protection District

(A Component Unit of the County of San Bernardino)

San Bernardino, California

Annual Financial Report

For the Year Ended June 30, 2019



San Bernardino County Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2019

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District (the "District"), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, and the Schedule of the District's Contributions to the Pension Plan on pages 45 through 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Santa Ana, California
December 18, 2019

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District (the "District"), a component unit of the County of San Bernardino as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

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 to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Supervisors
County of San Bernardino
San Bernardino County Fire Protection District
San Bernardino, California
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Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
December 18, 2019

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Statement of Net Position
June 30, 2019

| | Governmental Activities |
|---|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents (Note 2) | \$ 101,489,675 |
| Taxes and assessments receivable | 2,855,119 |
| Accounts receivable, net | 234,604 |
| Interest receivable | 580,697 |
| Due from other governments | 2,699,083 |
| Prepaid items | 4,901,147 |
| Total current assets | 112,760,325 |
| Non-current assets: | |
| Capital assets – not being depreciated (Note 4) | 9,486,098 |
| Capital assets – being depreciated, net (Note 4) | 53,632,064 |
| Total non-current assets | 63,118,162 |
| Total assets | 175,878,487 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows of resources related to pensions (Note 7) | 101,180,618 |
| Total deferred outflows of resources | 101,180,618 |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 3,120,472 |
| Accrued salaries and benefits | 9,833,793 |
| Due to other governments | 4,135,192 |
| Due to taxpayers (Note 18) | 6,600,000 |
| Advances from others (Note 3) | 989,172 |
| Accrued interest payable | 205,175 |
| Long-term liabilities – due in one year: | |
| Compensated absences (Note 5) | 4,580,319 |
| Loan payable (Note 6) | 278,552 |
| Total current liabilities | 29,742,675 |
| Non-current liabilities: | |
| Long-term liabilities – due in more than one year: | |
| Compensated absences (Note 5) | 6,870,479 |
| Loan payable (Note 6) | 2,394,507 |
| Net pension liability (Note 7) | 199,406,747 |
| Total non-current liabilities | 208,671,733 |
| Total liabilities | 238,414,408 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows of resources related to pensions (Note 7) | 21,481,647 |
| Total deferred inflows of resources | 21,481,647 |
| NET POSITION | |
| Net investment in capital assets (Note 8) | 60,445,103 |
| Restricted | 43,034,763 |
| Unrestricted (deficit) (Note 9) | (86,316,816) |
| Total net position | \$ 17,163,050 |

San Bernardino County Fire Protection District
Statement of Activities
For the Year Ended June 30, 2019

| | Governmental Activities |
|---|------------------------------------|
| Expenses: | |
| Public safety – fire protection and emergency services: | |
| Salaries and benefits | \$ 170,993,108 |
| Materials and services | 47,715,687 |
| Intergovernmental (Note 15) | 829,669 |
| Depreciation expense | 6,230,224 |
| Interest expense | 194,642 |
| Total expenses | 225,963,330 |
| Program revenues: | |
| Charges for services | 70,783,454 |
| Intergovernmental (Note 15) | 28,197,983 |
| Claim cost recoveries | 188,867 |
| Operating grants and contributions | 11,634,509 |
| Capital grants and contributions | 8,652,647 |
| Total program revenues | 119,457,460 |
| Loss From Operations | (106,505,870) |
| General revenues: | |
| Property taxes | 93,775,209 |
| Special assessments | 16,537,532 |
| Investment earnings | 3,015,747 |
| Gain from sale of capital assets | 202,472 |
| Other revenues | 5,552,202 |
| Total general revenues | 119,083,162 |
| Change in net position | 12,577,292 |
| Net position: | |
| Beginning of year | 4,585,758 |
| End of year | \$ 17,163,050 |

FUND FINANCIAL STATEMENTS

San Bernardino County Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2019

| ASSETS | Special Revenue Funds | | | | |
|--|-----------------------|------------------------|--------------------------------------|--|--|
| | General Fund | Hazardous Materials | Mountain Regional Service Zone | North Desert Regional Service Zone | South Desert Regional Service Zone |
| Cash and cash equivalents | \$ 41,120,673 | \$ 11,800,420 | \$ 4,017,377 | \$ 12,042,131 | \$ 4,365,256 |
| Taxes and assessments receivable | 210,053 | - | 338,253 | 1,203,594 | 254,423 |
| Accounts receivable – net | - | - | 66,194 | 128,470 | 39,940 |
| Interest receivable | 184,031 | 68,136 | 32,810 | 81,350 | 33,761 |
| Due from other governments | 325,029 | 21,000 | 42,163 | 94,859 | 12,175 |
| Prepaid items | 3,705,150 | - | - | - | 598,177 |
| Due from other funds (Note 10) | 196,870 | - | - | - | - |
| Advances to other funds (Note 11) | 2,170,587 | - | - | - | - |
| Total assets | \$ 47,912,393 | \$ 11,889,556 | \$ 4,496,797 | \$ 13,550,404 | \$ 5,303,732 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 2,246,448 | \$ 125,692 | \$ 41,233 | \$ 61,941 | \$ 14,060 |
| Accrued salaries and benefits | 1,621,627 | 306,387 | 856,539 | 1,785,814 | 809,772 |
| Due to other governments | 580,542 | - | 925,750 | 425,587 | 48,044 |
| Due to taxpayers (Note 18) | - | - | - | - | - |
| Due to other funds (Note 10) | - | - | 39,308 | 87,195 | 70,367 |
| Advances from others (Note 3) | - | 10,823 | - | - | - |
| Advances from other funds (Note 11) | - | - | - | - | - |
| Total liabilities | 4,448,617 | 442,902 | 1,862,830 | 2,360,537 | 942,243 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable revenue | 29,831 | - | - | - | - |
| Total deferred inflows of resources | 29,831 | - | - | - | - |
| Fund Balances (Deficit): (Note 12) | | | | | |
| Nonspendable | 5,875,737 | - | - | - | 598,177 |
| Restricted | - | 11,446,654 | 2,633,967 | 11,189,867 | 3,763,312 |
| Assigned | 8,500,000 | - | - | - | - |
| Unassigned (deficit) | 29,058,208 | - | - | - | - |
| Total fund balances (Deficit) | 43,433,945 | 11,446,654 | 2,633,967 | 11,189,867 | 4,361,489 |
| Total liabilities, deferred inflows of resources, and fund balances (Deficit) | \$ 47,912,393 | \$ 11,889,556 | \$ 4,496,797 | \$ 13,550,404 | \$ 5,303,732 |

San Bernardino County Fire Protection District
Balance Sheets (Continued)
Governmental Funds
June 30, 2019

| | <u>Special Revenue Funds</u> | | | |
|--|---|--|---|---|
| | <u>Valley Regional Service Zone</u> | <u>State Homeland Security Grant</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 25,097,248 | \$ 789,432 | \$ 2,257,138 | \$ 101,489,675 |
| Taxes and assessments receivable | 834,783 | - | 14,013 | 2,855,119 |
| Accounts receivable – net | - | - | - | 234,604 |
| Interest receivable | 159,657 | 5,440 | 15,512 | 580,697 |
| Due from other governments | 811,181 | 1,088,619 | 304,057 | 2,699,083 |
| Prepaid items | 597,820 | - | - | 4,901,147 |
| Due from other funds (Note 10) | - | - | 51,849 | 248,719 |
| Advances to other funds (Note 11) | - | - | - | 2,170,587 |
| Total assets | <u>\$ 27,500,689</u> | <u>\$ 1,883,491</u> | <u>\$ 2,642,569</u> | <u>\$ 115,179,631</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 498,190 | \$ - | \$ 132,908 | \$ 3,120,472 |
| Accrued salaries and benefits | 4,272,046 | - | 181,608 | 9,833,793 |
| Due to other governments | 2,120,589 | 33,812 | 868 | 4,135,192 |
| Due to taxpayers (Note 18) | 6,600,000 | - | - | 6,600,000 |
| Due to other funds (Note 10) | 1,176 | 50,673 | - | 248,719 |
| Advances from others (Note 3) | 978,349 | - | - | 989,172 |
| Advances from other funds (Note 11) | - | 1,600,000 | 570,587 | 2,170,587 |
| Total liabilities | <u>14,470,350</u> | <u>1,684,485</u> | <u>885,971</u> | <u>27,097,935</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue | 706,932 | 243,821 | 177,314 | 1,157,898 |
| Total deferred inflows of resources | <u>706,932</u> | <u>243,821</u> | <u>177,314</u> | <u>1,157,898</u> |
| Fund Balances (Deficit): (Note 12) | | | | |
| Nonspendable | - | - | - | 6,473,914 |
| Restricted | 12,323,407 | - | 1,677,556 | 43,034,763 |
| Assigned | - | - | - | 8,500,000 |
| Unassigned (deficit) | - | (44,815) | (98,272) | 28,915,121 |
| Total fund balances (Deficit) | <u>12,323,407</u> | <u>(44,815)</u> | <u>1,579,284</u> | <u>86,923,798</u> |
| Total liabilities, deferred inflows of resources, and fund balances (Deficit) | <u>\$ 27,500,689</u> | <u>\$ 1,883,491</u> | <u>\$ 2,642,569</u> | <u>\$ 115,179,631</u> |

San Bernardino County Fire Protection District
Reconciliation of the Balance Sheets of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2019

| | |
|--|-----------------------------|
| Fund Balances – Governmental Funds | <u>\$ 86,923,798</u> |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Receivables are not available to pay for current period expenditures and, therefore are reported as deferred inflows of resources in the governmental funds. | 1,157,898 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets. | 63,118,162 |
| Deferred outflows of resources related to pensions used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources. | 101,180,618 |
| Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows: | |
| Accrued interest payable | (205,175) |
| Compensated absences | (11,450,798) |
| Loan payable | (2,673,059) |
| Net pension liability | (199,406,747) |
| Deferred inflows of resources related to pensions used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources. | <u>(21,481,647)</u> |
| Total adjustments | <u>(69,760,748)</u> |
| Net Position of Governmental Activities | <u><u>\$ 17,163,050</u></u> |

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

| | Special Revenue Funds | | | | |
|---|------------------------------|--------------------------------|---|---|---|
| | General Fund | Hazardous Materials | Mountain Regional Service Zone | North Desert Regional Service Zone | South Desert Regional Service Zone |
| REVENUES: | | | | | |
| Property taxes | \$ 10,984,035 | \$ - | \$ 14,018,750 | \$ 14,887,418 | \$ 6,927,829 |
| Special assessments | - | - | 738,317 | 2,145,169 | 3,135,909 |
| Charges for services | 5,481,506 | 8,557,935 | 1,845,772 | 23,326,212 | 1,715,269 |
| Intergovernmental | 7,883,662 | 15,366 | 2,031,588 | 10,623,649 | 4,594,244 |
| Claim cost recoveries | 38,504 | 106,857 | 2,917 | 24,656 | 4,476 |
| Federal assistance | 3,656,752 | - | 468,582 | 490,540 | 436,774 |
| State assistance | - | 21,000 | - | - | - |
| Local assistance | 12,883 | - | - | 40,496 | - |
| Investment earnings | 982,348 | 354,054 | 185,006 | 382,929 | 193,137 |
| Other revenues | 150,219 | 498,176 | 3,708 | 996,632 | 14,159 |
| Total revenues | 29,189,909 | 9,553,388 | 19,294,640 | 52,917,701 | 17,021,797 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Salaries and benefits | 12,888,538 | 5,837,261 | 14,511,554 | 37,694,688 | 14,180,613 |
| Materials and services | 4,431,790 | 1,879,113 | 4,567,555 | 10,565,945 | 3,299,866 |
| Intergovernmental | 93,160 | - | - | 67,478 | 50,449 |
| Capital outlay | 2,891,120 | 239,221 | 3,372,492 | 1,899,614 | 92,535 |
| Debt service: | | | | | |
| Principal | 140,000 | - | 92,300 | - | - |
| Interest | - | - | 116,088 | - | - |
| Total expenditures | 20,444,608 | 7,955,595 | 22,659,989 | 50,227,725 | 17,623,463 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 8,745,301 | 1,597,793 | (3,365,349) | 2,689,976 | (601,666) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from sale of capital assets | 83,922 | - | 6,250 | 9,464 | 10,300 |
| Transfers in (Note 13) | 1,202,871 | 96,911 | - | 1,050,173 | 2,508,448 |
| Transfers out (Note 13) | (486,480) | (99,697) | (106,558) | (1,249,468) | (2,608,000) |
| Issuance of capital lease | 1,043,259 | - | - | - | - |
| Total other financing sources (uses) | 1,843,572 | (2,786) | (100,308) | (189,831) | (89,252) |
| NET CHANGES IN FUND BALANCES (DEFICIT) | 10,588,873 | 1,595,007 | (3,465,657) | 2,500,145 | (690,918) |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 32,845,072 | 9,851,647 | 6,099,624 | 8,689,722 | 5,052,407 |
| End of year | \$ 43,433,945 | \$ 11,446,654 | \$ 2,633,967 | \$ 11,189,867 | \$ 4,361,489 |

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2019

| | <u>Special Revenue Funds</u> | | | |
|---|---|--|---|---|
| | <u>Valley Regional Service Zone</u> | <u>State Homeland Security Grant</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| REVENUES: | | | | |
| Property taxes | \$ 46,947,361 | \$ - | \$ 9,816 | \$ 93,775,209 |
| Special assessments | 9,659,797 | - | 858,340 | 16,537,532 |
| Charges for services | 29,638,264 | - | 218,496 | 70,783,454 |
| Intergovernmental | 631,944 | - | 2,417,530 | 28,197,983 |
| Claim cost recoveries | 11,457 | - | - | 188,867 |
| Federal assistance | 84,633 | 3,163,414 | 240,660 | 8,541,355 |
| State assistance | - | - | 204,771 | 225,771 |
| Local assistance | - | - | 2,141,763 | 2,195,142 |
| Investment earnings | 829,623 | 22,398 | 66,252 | 3,015,747 |
| Other revenues | 3,581,186 | - | 308,122 | 5,552,202 |
| Total revenues | <u>91,384,265</u> | <u>3,185,812</u> | <u>6,465,750</u> | <u>229,013,262</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 70,640,200 | 618,292 | 3,470,881 | 159,842,027 |
| Materials and services | 16,865,570 | 1,500,604 | 2,775,950 | 45,886,393 |
| Intergovernmental | 219,725 | 398,857 | - | 829,669 |
| Capital outlay | 4,876,981 | 450,664 | 223,991 | 14,046,618 |
| Debt service: | | | | |
| Principal | - | - | - | 232,300 |
| Interest | - | - | - | 116,088 |
| Total expenditures | <u>92,602,476</u> | <u>2,968,417</u> | <u>6,470,822</u> | <u>220,953,095</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,218,211)</u> | <u>217,395</u> | <u>(5,072)</u> | <u>8,060,167</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 128,869 | - | 15,151 | 253,956 |
| Transfers in (Note 13) | 11,681,126 | - | 2,786 | 16,542,315 |
| Transfers out (Note 13) | (11,992,112) | - | - | (16,542,315) |
| Issuance of capital lease | - | - | - | 1,043,259 |
| Total other financing sources (uses) | <u>(182,117)</u> | <u>-</u> | <u>17,937</u> | <u>1,297,215</u> |
| NET CHANGES IN FUND BALANCES (DEFICIT) | <u>(1,400,328)</u> | <u>217,395</u> | <u>12,865</u> | <u>9,357,382</u> |
| FUND BALANCES (DEFICIT): | | | | |
| Beginning of year | 13,723,735 | \$ (262,210) | 1,566,419 | 77,566,416 |
| End of year | <u>\$ 12,323,407</u> | <u>\$ (44,815)</u> | <u>\$ 1,579,284</u> | <u>\$ 86,923,798</u> |

San Bernardino County Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balances – Governmental Funds \$ 9,357,382

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.

| | |
|---|-------------|
| Capital outlay | 12,217,324 |
| Depreciation expense | (6,230,224) |
| Disposal of capital assets. | (51,484) |
| Annexation of Hesperia Fire Station - Capital Contributions | 8,652,647 |

| | |
|--|-------------|
| Capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. | (1,043,259) |
|--|-------------|

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

| | |
|--|--------------|
| Net change in compensated absences | (558,708) |
| Net change in net pension liability and related deferred outflows and inflows of resources | (10,592,373) |
| Net change in accrued interest payable | (78,554) |

| | |
|--|---------|
| Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities. | 232,300 |
|--|---------|

| | |
|---|----------------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. | <u>672,241</u> |
|---|----------------|

| | |
|--------------------------|-------------------------|
| Total adjustments | <u><u>3,219,910</u></u> |
|--------------------------|-------------------------|

Change in Net Position of Governmental Activities \$ 12,577,292

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

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

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

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

The four regional service zones are as follows:

Mountain Regional Service Zone

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

North Desert Regional Service Zone

The North Desert Regional Service Zone provides fire protection services to the areas of Spring Valley Lake (Station 22), Oak Hills (Station 40), Summit Valley (Station 48), Lucerne Valley (Stations 7, 8), Silver Lakes (Station 4), Phelan (Station 10), Wrightwood (Station 14), Pinon Hills (Station 13), El Mirage (Station 11), Baldy Mesa (Station 16), Mt. View Acres (Station 37), Harvard (Station 46), Baker (Station 53), Hinkley (Station 56), Searles Valley (Station 57), and Hesperia (Stations 302, 304, and 305). This Service Zone supports the nineteen fire stations' administrative staff and their Paid-Call Firefighter Programs. Ambulance transportation and paramedic services are provided to the communities of Lucerne Valley, Searles Valley, Wrightwood, and Hesperia.

South Desert Regional Service Zone

The South Desert Regional Service Zone provides fire protection services to the areas of Big River (Station 17), Black Meadow Landing (Station 55), Havasu Landing (Station 18), Johnson Valley (Station 43), Joshua Tree (Station 36), Landers (Station 19), Needles (Station 32), Panorama Heights (Station 35), Parker Strip (Station 21), and Yucca Valley (Stations 41, 42). This Service Zone supports the twelve 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 Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Organization and Operations of the Reporting Entity (Continued)

Valley Regional Service Zone

The Valley Regional Service Zone provides fire protection and paramedic services to the areas of San Bernardino (Stations 221, 222, 224, 225, 226, 227, 228, 229, 231 and 232) Colton, Devore (Station 2), San Antonio Heights (Station 12), Lytle Creek (Station 20), Mt. Baldy (Station 200), Muscoy (Station 75), Bloomington (Station 76), Loma Linda, Grand Terrace (Station 23), Mentone (Station 9), Oak Glen, Upland (Stations 161, 163 and 164) and Highland. This Service Zone supports 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 (through March 2019), and with the Fire Districts of 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.

Basis of Presentation

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

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

The District reports the following major governmental funds:

Governmental Funds:

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

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued):

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

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

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

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, and amounts deposited in the San Bernardino County Pool (County Pool). Cash and investments are shown at fair value as of June 30, 2019.

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

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

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

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

Property Taxes and Special Assessments

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

In accordance with U.S. GAAP, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

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

Compensated Absences

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

Pension Plan

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Pension Plan

SBCERA

| | |
|--------------------|-------------------------------|
| Valuation date | June 30, 2018 |
| Measurement date | June 30, 2018 |
| Measurement period | July 1, 2017 to June 30, 2018 |

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

Net Position

Net position is categorized as follows:

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

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

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

Stewardship, Compliance and Accountability

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

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

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Fund Balance

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

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

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

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

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

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

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

Implementation of New GASB Pronouncement

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88). The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 6 for District's long-term debt disclosures.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2019 consisted of the following:

| Description | Balance |
|--|-----------------------|
| Cash on hand | \$ 2,855 |
| Cash in financial institutions | 165,955 |
| Cash pooled with the County of San Bernardino Treasury | 101,320,865 |
| Total cash and cash equivalents | \$ 101,489,675 |

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

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

Custodial Credit Risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. However, the *California Government Code* requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019 the book balance of the District's deposit of \$165,955 was entirely insured and collateralized as described above.

San Bernardino County Treasury Pool

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

Deposits and withdrawals in the County Treasury are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments in the County Treasury at June 30, 2019 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. At June 30, 2019, the District's balance in the County pool was \$101,320,865.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Advances from Others

At June 30, 2019, the balance consisted of the following:

| Description | Balance |
|---|------------|
| City of San Bernardino fire department workers' compensation claims | \$ 978,349 |
| Charges for services | 10,823 |
| Total | \$ 989,172 |

On July 1, 2016, the City of San Bernardino Fire Department was annexed into the District. The San Bernardino Local Agency Formation Commission (LAFCO) and the County of San Bernardino required that the City of San Bernardino advance fund \$1,336,587 to the District for the City of San Bernardino Fire Department's workers' compensation self-insurance claims payable balance prior to the July 1, 2016 reorganization date. In 2019, \$90,271 of workers' compensation claims were paid, leaving a balance of \$989,172 as of June 30, 2019.

Note 4 – Capital Assets

Changes in capital assets for the year ended June 30, 2019 were as follows:

| | Balance July 1, 2018 | Additions | Contributions | Deletions/ Transfers | Balance June 30, 2019 |
|---------------------------------------|-------------------------|--------------|---------------|-------------------------|--------------------------|
| Non-depreciable capital assets: | | | | | |
| Land | \$ 5,967,246 | \$ - | \$ 845,190 | \$ - | \$ 6,812,436 |
| Construction-in-process | 440,627 | 2,386,474 | - | (153,439) | 2,673,662 |
| Total non-depreciable capital assets | 6,407,873 | 2,386,474 | 845,190 | (153,439) | 9,486,098 |
| Depreciable capital assets: | | | | | |
| Improvements to land | 2,511,251 | 496,848 | - | 141,625 | 3,149,724 |
| Structures and improvements | 41,902,399 | 143,648 | 7,807,457 | 11,814 | 49,865,318 |
| Vehicles and heavy equipment | 56,139,365 | 6,159,257 | - | (1,041,471) | 61,257,151 |
| Equipment | 7,122,512 | 3,031,097 | - | - | 10,153,609 |
| Software | 182,900 | - | - | - | 182,900 |
| Total depreciable capital assets | 107,858,427 | 9,830,850 | 7,807,457 | (888,032) | 124,608,702 |
| Accumulated depreciation: | | | | | |
| Improvements to land | (1,169,691) | (116,073) | - | - | (1,285,764) |
| Structures and improvements | (16,092,160) | (1,130,101) | - | - | (17,222,261) |
| Vehicles and heavy equipment | (44,370,424) | (4,348,961) | - | 989,987 | (47,729,398) |
| Equipment | (4,063,786) | (603,409) | - | - | (4,667,195) |
| Software | (40,340) | (31,680) | - | - | (72,020) |
| Total accumulated depreciation | (65,736,401) | (6,230,224) | - | 989,987 | (70,976,638) |
| Total depreciable capital assets, net | 42,122,026 | 3,600,626 | 7,807,457 | 101,955 | 53,632,064 |
| Total capital assets, net | \$ 48,529,899 | \$ 5,987,100 | \$ 8,652,647 | \$ (51,484) | \$ 63,118,162 |

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 5 – Compensated Absences

Changes in the compensated absences balance for the year ended June 30, 2019 was as follows:

| <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance June 30, 2019</u> | <u>Current Portion</u> | <u>Long-Term Portion</u> |
|---------------------------------|------------------|-----------------|----------------------------------|----------------------------|------------------------------|
| \$ 10,892,090 | \$ 7,319,999 | \$ (6,761,291) | \$ 11,450,798 | \$ 4,580,319 | \$ 6,870,479 |

Note 6 – Loan Payable

Changes in loan payable amounts for the year ended June 30, 2019 were as follows:

| <u>Long-Term Debt</u> | <u>Balance July 1, 2018</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance June 30, 2019</u> | <u>Current Portion</u> | <u>Long-Term Portion</u> |
|-----------------------|---------------------------------|---------------------|---------------------|----------------------------------|----------------------------|------------------------------|
| Crest Forest Loan | \$ 1,862,100 | \$ - | \$ (92,300) | \$ 1,769,800 | \$ 97,900 | \$ 1,671,900 |
| Stryker Medical Lease | - | 1,043,259 | (140,000) | 903,259 | 180,652 | 722,607 |
| Total | <u>\$ 1,862,100</u> | <u>\$ 1,043,259</u> | <u>\$ (232,300)</u> | <u>\$ 2,673,059</u> | <u>\$ 278,552</u> | <u>\$ 2,394,507</u> |

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

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2020 | \$ 97,900 | \$ 94,265 | \$ 192,165 |
| 2021 | 108,500 | 88,838 | 197,338 |
| 2022 | 119,100 | 82,836 | 201,936 |
| 2023 | 129,700 | 76,264 | 205,964 |
| 2024 | 135,000 | 69,190 | 204,190 |
| 2025-2029 | 857,800 | 221,241 | 1,079,041 |
| 2030-2031 | 321,800 | 17,575 | 339,375 |
| Total | <u>\$ 1,769,800</u> | <u>\$ 650,209</u> | <u>\$ 2,420,009</u> |

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Loan Payable (Continued)

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

| <u>Fiscal Year</u> | <u>Lease Purchase Payment</u> | <u>Service Plan Payment</u> | <u>Total</u> |
|--------------------|-----------------------------------|---------------------------------|---------------------|
| 2020 | \$ 180,652 | \$ 62,526 | \$ 243,178 |
| 2021 | 180,652 | 62,526 | 243,178 |
| 2022 | 180,652 | 62,526 | 243,178 |
| 2023 | 180,652 | 62,526 | 243,178 |
| 2024 | 180,651 | 62,526 | 243,177 |
| 2025 | - | 62,524 | 62,524 |
| Total | <u>\$ 903,259</u> | <u>\$ 375,154</u> | <u>\$ 1,278,413</u> |

Note 7 – Net Pension Liability and Pension Plan

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

Plan Description

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

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

SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, which can be obtained by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, CA 92415-0014 or visiting the website www.SBCERA.org.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Benefits Provided

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

| <u>Description</u> | <u>General - Tier 1</u> | <u>General - Tier 2</u> | <u>Safety - Tier 1</u> | <u>Safety - Tier 2</u> |
|---|---|---|---|---|
| Final average compensation | Highest 12 consecutive months | Highest 36 consecutive months | Highest 12 consecutive months | Highest 36 consecutive months |
| Service requirement | Age 50 with 10 years of service, or age 70 regardless of service, or after 30 years, regardless of age (§31663.25). | Age 52 with 5 years of service (§7522.20(a)) or age 70 regardless of service (§31672.3). | Age 50 with 10 years of service, or age 70 regardless of service, or after 20 years, regardless of age (§31663.25). | Age 50 with 5 years of service (§7522.25(a)) or age 70 regardless of service (§31672.3). |
| Early retirement years of service required and/or age eligible: | Age 70 - any years 10 years age 50 30 years any age | Age 70 - any years 5 years age 52 N/A | Age 70 - any years 10 years age 50 20 years any age | Age 70 - any years 5 years age 50 N/A |
| Benefit percent per year of service for retirement age | 2.00% of final compensation times years of accrued retirement service credit times age factor from Section 31676.15. | The final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.20(a). | 3.00% of final compensation times years of accrued retirement service credit times age factor from Section 31664.1. | the final compensation multiplied by years of accrued retirement credit multiplied by the age factor from Section 7522.25(d). |
| Benefit adjustments | Reduced before age 55, increased after 55 up to age 65 | Reduced before age 67 | Reduced before age 50 | Reduced before age 57 |
| Compensation Limit | For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit as of July 1, 2018 is \$275,000. The limit is indexed for inflation on an annual basis. | Pensionable Compensation is limited to \$145,666 for 2018. The limit is indexed for inflation on an annual basis. | For members with membership dates on or after July 1, 1996, Compensation Earnable is limited to Internal Revenue Code Section 401(a)(17). The limit as of July 1, 2018 is \$275,000. The limit is indexed for inflation on an annual basis. | Pensionable Compensation is limited to \$145,666 for 2018. The limit is indexed for inflation on an annual basis. |

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Contributions

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

Employee and employer contribution rates for the fiscal year ended June 30, 2019 are as follows:

| <u>Description</u> | <u>General - Tier 1</u> | <u>General - Tier 2</u> | <u>Safety - Tier 1</u> | <u>Safety - Tier 2</u> |
|-----------------------------|-------------------------|-------------------------|------------------------|------------------------|
| Employee contribution rates | 8.61% - 15.50% | 9.16% | 11.56% - 17.98% | 16.54% |
| Employer contribution rates | 25.27% | 22.73% | 55.57% | 50.30% |

For the year ended June 30, 2019, the District's contribution to the Plan of \$32,181,381 equaled the actuarially determined required employer contributions. Employer contributions paid by the employee are classified as employer contributions for purposes of allocating the net pension liability and are included as part of the actuarially determined contribution by the Plan starting the year ended June 30, 2015. Previously, these amounts were excluded from the allocation.

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

At June 30, 2019, the District reported a liability of \$199,406,747 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the County's net pension liability was based on the District's fiscal year 2018 actual contributions to the County's pension plan relative to the total contributions of the County as a whole. At June 30, 2018, the District's proportion was 9.6516 percent, which was increase of 0.5804 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$42,773,754.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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

At June 30, 2019, the District reported its proportionate share of the County's deferred outflows of resources and deferred inflows of resources related to pensions, from the following sources:

| Type of Account | Balance as of June 30, 2019 |
|---|--------------------------------|
| Deferred Outflows of Resources: | |
| Pension contributions subsequent to the measurement date | \$ 32,181,381 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 27,254,008 |
| Differences between expected and actual experience | 1,303,135 |
| Changes of assumptions | 40,442,094 |
| Total deferred outflows of resources | \$ 101,180,618 |

| Type of Account | Balance as of June 30, 2019 |
|---|--------------------------------|
| Deferred Inflows of Resources: | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 3,717,173 |
| Net differences between projected and actual investment earnings on pension plan investments | 3,630,477 |
| Differences between expected and actual experience | 14,133,997 |
| Total deferred inflows of resources | \$ 21,481,647 |

The total amount of \$32,181,381 reported as deferred outflows of resources related to contributions to the Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The resulting net amount of \$47,517,590 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending June 30 | Balance |
|------------------------|----------------------|
| 2020 | \$ 18,570,563 |
| 2021 | 12,526,451 |
| 2022 | 1,481,858 |
| 2023 | 11,114,741 |
| 2024 | 3,681,318 |
| Thereafter | 142,659 |
| Total | \$ 47,517,590 |

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Actuarial Assumptions

The District's proportion of the County's total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|--|
| Actuarial Valuation Date | June 30, 2018 |
| Actuarial Cost Method | Entry age actuarial cost method |
| Actuarial Assumptions: | |
| Investment rate of return | 7.25%, net of pension plan investment expenses, including inflation |
| Inflation rate | 3.00% |
| Real across-the-board salary increase | 0.50% |
| Projected salary increases ¹ | General: 4.50% to 14.50% and Safety: 4.70% to 14.50% |
| Cost of living adjustments | 2.00% (actual increases contingent upon CPI increases with a 2% maximum) |
| Administrative expenses | 0.70% of payroll allocated to both the employer and member based on the components of the total contribution rate (before expenses) for the employer and member. |

¹ Includes inflation at 3.00% plus real across-the-board salary increase of 0.50% plus merit and promotional increases for June 30, 2018.

Mortality rates used in the June 30, 2018 actuarial valuation were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional mortality improvement scale MP-2016. For healthy General male members, the ages are set forward one year. No adjustment is made for healthy General female members. For all healthy and disabled Safety members, the ages are set back one year. For all General members that are disabled, the ages are set forward seven years. Beneficiaries are assumed to have the same mortality as a General member of the opposite sex who is receiving a service (non-disability) retirement.

The actuarial assumptions used to determine the total pension liability as of June 30, 2018 were based on the results of the Actuarial Experience Study dated April 7, 2017, which covered the periods from July 1, 2013 through June 30, 2016. They are the same assumptions used in the June 30, 2018 actuarial valuations.

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Actuarial Assumptions (Continued)

The June 30, 2018 target allocation (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table as follows:

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

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

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2018. The projection of cash flows used to determine the discount rate assumed employer and member contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of returns on the Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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

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

| <u>Description</u> | <u>Discount Rate - 1% 6.25%</u> | <u>Current Discount Rate 7.25%</u> | <u>Discount Rate + 1% 8.25%</u> |
|---|-------------------------------------|--|-------------------------------------|
| District's proportionate share of the net pension liability | \$ 295,294,973 | \$ 199,406,747 | \$ 120,754,977 |

Pension Plan Fiduciary Net Position

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

Note 8 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2019 consisted of the following:

| <u>Description</u> | <u>Balance</u> |
|---|----------------------|
| Capital assets – not being depreciated | \$ 9,486,098 |
| Capital assets – being depreciated, net | 53,632,064 |
| Loan payable – current portion | (278,552) |
| Loan payable – noncurrent portion | (2,394,507) |
| Total net investment in capital assets | <u>\$ 60,445,103</u> |

Note 9 – Unrestricted (Deficit) Net Position

As of June 30, 2019, the District has an unrestricted net deficit of \$(86,316,816). Due to the nature of the deficit from the net pension liability of \$199,406,747, the District will continue to make its actuarial determined contributions to SBCERA and annually review its outstanding net pension obligation funding requirements for future periods to reduce the deficit position.

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Due To/From Other Funds

The short-term inter-fund receivables and payables at June 30, 2019 were as follows:

| <u>Fund Name</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|------------------------------------|---------------------------------|-------------------------------|
| General Fund | \$ 196,870 | \$ - |
| Mountain Regional Service Zone | - | 39,308 |
| North Desert Regional Service Zone | - | 87,195 |
| South Desert Regional Service Zone | - | 70,367 |
| Valley Regional Service Zone | - | 1,176 |
| State Homeland Security Grant | - | 50,673 |
| Other Governmental Funds | 51,849 | - |
| Total | <u>\$ 248,719</u> | <u>\$ 248,719</u> |

The balance of \$248,719 of inter-fund receivables and payables represents reimbursements within the funds for shared costs of salaries and benefits, services and supplies occurring due to movement of firefighters between zones, capital assets and/or coverage of a fund's shortfall for operations.

Note 11 – Advances To/From Other Funds

The long-term inter-fund receivables and payables at June 30, 2019 were as follows:

| <u>Fund Name</u> | <u>Advances From Other Funds</u> | <u>Advances To Other Funds</u> |
|-------------------------------|--------------------------------------|------------------------------------|
| General Fund | \$ - | \$ 2,170,587 |
| State Homeland Security Grant | 1,600,000 | - |
| Other Governmental Funds | 570,587 | - |
| Total | <u>\$ 2,170,587</u> | <u>\$ 2,170,587</u> |

The general fund advanced \$1,600,000 to the State Homeland Security Grant Fund for cash flow purposes until the grant funds are received. Also, the general fund has advanced \$570,587 to the Office of Emergency Services Fund for cash flow purposes until the grant funds are received. Grant funding is normally received within a period of 18-20 months and repaid to the general fund.

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Fund Balance (Deficit)

Fund balance (Deficit) classifications as of June 30, 2019 are as follows:

| Description | General Fund | Hazardous Materials | Fire Regional Service Zones | State Homeland Security Grant | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|----------------------------|-----------------------------|
| Nonspendable: | | | | | | |
| Prepaid items | \$ 3,705,150 | \$ - | \$ 598,177 | \$ - | \$ - | \$ 4,303,327 |
| Advances to other funds | 2,170,587 | - | - | - | - | 2,170,587 |
| Total nonspendable | <u>5,875,737</u> | <u>-</u> | <u>598,177</u> | <u>-</u> | <u>-</u> | <u>6,473,914</u> |
| Restricted: | | | | | | |
| Hazardous materials | - | 11,446,654 | - | - | - | 11,446,654 |
| Fire protection | - | - | 29,910,553 | - | - | 29,910,553 |
| Household hazardous waste | - | - | - | - | 1,670,696 | 1,670,696 |
| CFD 2002-2 pass thru | - | - | - | - | 6,860 | 6,860 |
| Total restricted | <u>-</u> | <u>11,446,654</u> | <u>29,910,553</u> | <u>-</u> | <u>1,677,556</u> | <u>43,034,763</u> |
| Assigned: | | | | | | |
| Headquarters building | 8,500,000 | - | - | - | - | 8,500,000 |
| Unassigned (deficit) | <u>29,058,208</u> | <u>-</u> | <u>-</u> | <u>(44,815)</u> | <u>(98,272)</u> | <u>28,915,121</u> |
| Total fund balances (Deficit) | <u><u>\$ 43,433,945</u></u> | <u><u>\$ 11,446,654</u></u> | <u><u>\$ 30,508,730</u></u> | <u><u>\$ (44,815)</u></u> | <u><u>\$ 1,579,284</u></u> | <u><u>\$ 86,923,798</u></u> |

Note 13 – Transfers In/Out

Inter-fund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. For the year ended June 30, 2019, the District made the following inter-fund transfers in and out.

| Fund Name | Transfers In | Transfers Out |
|------------------------------------|-----------------------------|-----------------------------|
| General Fund | \$ 1,202,871 | \$ 486,480 |
| Hazardous Materials | 96,911 | 99,697 |
| Mountain Regional Service Zone | - | 106,558 |
| North Desert Regional Service Zone | 1,050,173 | 1,249,468 |
| South Desert Regional Service Zone | 2,508,448 | 2,608,000 |
| Valley Regional Service Zone | 11,681,126 | 11,992,112 |
| Other Governmental Funds | 2,786 | - |
| Total | <u><u>\$ 16,542,315</u></u> | <u><u>\$ 16,542,315</u></u> |

Note 14 – 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.

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 15 – Related Party Transactions

County Services

The District is a component unit of the County and utilizes County departments, services and employees for District operations. For the fiscal year 2019, the County general fund subsidized the District by \$28,197,983 for its operations, reported as intergovernmental revenue, and the District paid to the County \$829,669 for fleet management and transportation, County Administrative Office services, County treasury functions, facility management, risk management, real estate and surveyor services, land use, and salaries including retirement and workers' compensation programs, among others.

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

Additionally, the District together with five other agencies participates in a joint powers agreement (“JPA”) with the Consolidated Fire Agencies of the East Valley. CONFIRE is governed by its by-laws and has its own board of directors which consists of one representative of the governing board of its member agencies. The member agencies are responsible for providing the funds for CONFIRE's activities in the form of annual member contributions in exchange for a cost-effective cooperative program of fire protection and related functions as mutually agreed upon in the said JPA which shall remain in effect unless terminated by unanimous consent of all signatories. Upon termination the non-grant assets including any surplus cash shall be disposed of in proportion to the contributions made and any grant funded asset shall be disposed of in accordance with federal or state regulation, as applicable. The annual contribution of funds is apportioned based on the number of fires in each agency's jurisdiction over the immediately preceding two-year period. During the fiscal year ended June 30, 2019, the District contributed \$7,576,047 to CONFIRE towards its share of funds.

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

As of and for the year ended June 30, 2018, the latest available information, CONFIRE's audited financial information is as follows:

| | |
|--|----------------------|
| Total assets | \$ 14,387,673 |
| Deferred outflows of resources | <u>3,299,266</u> |
| Total assets and deferred outflows of resources | <u>\$ 17,686,939</u> |
| Current liabilities | \$ 481,230 |
| Noncurrent liabilities | 5,258,444 |
| Deferred inflows of resources | 980,261 |
| CONFIRE equity | <u>10,967,004</u> |
| Total liabilities, deferred inflows of resources, and CONFIRE equity | <u>\$ 17,686,939</u> |
| Total revenues | \$ 13,551,735 |
| Total expenses | <u>(11,970,845)</u> |
| Change in net position | <u>\$ 1,580,890</u> |

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 16 – Expenditures Over Appropriations

For the year ended June 30, 2019, the following funds had expenditures over appropriations:

| | <u>Appropriation</u> | <u>Expenditures</u> | <u>Expenditures over Appropriation</u> |
|-------------------------------------|----------------------|---------------------|--|
| Major Governmental Funds: | | | |
| Mountain Regional Service Zone | | | |
| Current: | | | |
| Materials and services | \$ 4,485,597 | \$ 4,567,555 | \$ (81,958) |
| Valley Regional Service Zone | | | |
| Current: | | | |
| Materials and services | 14,835,064 | 16,865,570 | (2,030,506) |
| State Homeland Security Grant | | | |
| Capital outlay | 420,387 | 450,664 | (30,277) |
| Nonmajor Governmental Funds: | | | |
| Office of Emergency Services | | | |
| Capital outlay | 14,800 | 74,435 | (59,635) |
| Household Hazardous Waste | | | |
| Capital outlay | 105,500 | 149,556 | (44,056) |

Note 17 – Commitments and Contingencies

As of June 30, 2019, 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 18 – Due to Taxpayers

San Antonio Heights Association v. LAFCO

On June 10, 2019, the trial court issued its final statement of decision which ruled that while the annexation of San Antonio Heights into SBCDPD was valid, the annexation of the same territory into FP-5 was not. The trial court entered its judgment on November 1, 2019 and both parties have 60 days to file an appeal. If the trial court decision holds, SBCFPD may be required to refund up to approximately \$6.6 million. The loss is probable and can be estimated and therefore, SBCFPD recorded a \$6.6 million liability as due to taxpayers, \$3.3 million was recorded as an offset against current year special assessment taxes collected and the other \$3.3 million was expensed under material and services for the year ended June 30, 2019.

San Bernardino County Fire Protection District
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 19 – Subsequent Events

FP-5 Service Zone Expansion

On June 11th, 2019, the Board of Supervisors disapproved a 3% increase for the FP-5 Service Zone for the FY 2019/20 tax rolls. This resulted in a \$1.2 million deficit in the FY 2019/20 budget year. The Board consequentially approved a \$1.2 million increase in general fund to the Fire District to make their FY 2019/20 budget year whole.

On September 24, 2019, the Board of Supervisors received a presentation from the Fire District regarding future funding alternatives to replace \$41.5 million in FP-5 Service Zone revenue

<https://sanbernardino.legistar.com/View.ashx?M=F&ID=7727822&GUID=2B288CB7-524D-446C-8236-430E83DCF954> to take effect after voter approval in the FY 2021/22.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------------------|-----------------------|----------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ 10,903,841 | \$ 10,903,841 | \$ 10,984,035 | \$ 80,194 |
| Charges for services | 3,975,471 | 4,011,471 | 5,481,506 | 1,470,035 |
| Intergovernmental | 7,883,662 | 7,883,662 | 7,883,662 | - |
| Claim cost recoveries | 2,000 | 2,000 | 38,504 | 36,504 |
| Federal assistance | - | - | 3,656,752 | 3,656,752 |
| Local assistance | - | - | 12,883 | 12,883 |
| Investment earnings | 368,961 | 368,961 | 982,348 | 613,387 |
| Other revenues | 391,474 | 391,474 | 150,219 | (241,255) |
| Total revenues | <u>23,525,409</u> | <u>23,561,409</u> | <u>29,189,909</u> | <u>5,628,500</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 15,364,779 | 15,639,051 | 12,888,538 | 2,750,513 |
| Materials and services | 4,150,238 | 4,631,480 | 4,431,790 | 199,690 |
| Intergovernmental | 60,000 | 100,000 | 93,160 | 6,840 |
| Capital outlay | 9,466,217 | 9,991,501 | 2,891,120 | 7,100,381 |
| Debt service: | | | | |
| Principal | - | 140,000 | 140,000 | - |
| Total expenditures | <u>29,041,234</u> | <u>30,502,032</u> | <u>20,444,608</u> | <u>10,057,424</u> |
| REVENUES OVER (UNDER) EXPENDITURES | (5,515,825) | (6,940,623) | 8,745,301 | 15,685,924 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 83,922 | (83,922) |
| Transfers in | 1,812,050 | 2,033,050 | 1,202,871 | (830,179) |
| Transfers out | (1,155,555) | (1,255,555) | (486,480) | 769,075 |
| Issuance of capital lease | - | - | 1,043,259 | 1,043,259 |
| Total other financing sources (uses) | <u>656,495</u> | <u>777,495</u> | <u>1,843,572</u> | <u>898,233</u> |
| NET CHANGE IN FUND BALANCE (DEFICIT) | <u>\$ (4,859,330)</u> | <u>\$ (6,163,128)</u> | 10,588,873 | <u>\$ 16,584,157</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 32,845,072 | |
| End of year | | | <u>\$ 43,433,945</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Hazardous Materials Fund
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|----------------------|---|
| REVENUES: | | | | |
| Charges for services | \$ 7,545,269 | \$ 7,792,980 | \$ 8,557,935 | \$ 764,955 |
| Intergovernmental | 15,366 | 15,366 | 15,366 | - |
| Claim cost recoveries | 101,000 | 101,000 | 106,857 | 5,857 |
| State assistance | - | 35,000 | 21,000 | (14,000) |
| Investment earnings | 154,431 | 154,431 | 354,054 | 199,623 |
| Other revenues | 398,317 | 398,317 | 498,176 | 99,859 |
| Total revenues | 8,214,383 | 8,497,094 | 9,553,388 | 1,056,294 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 6,232,845 | 6,480,556 | 5,837,261 | 643,295 |
| Materials and services | 2,915,804 | 2,927,804 | 1,879,113 | 1,048,691 |
| Capital outlay | 260,000 | 303,000 | 239,221 | 63,779 |
| Total expenditures | 9,408,649 | 9,711,360 | 7,955,595 | 1,755,765 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,194,266) | (1,214,266) | 1,597,793 | 2,812,059 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,306,127 | 1,326,127 | 96,911 | (1,229,216) |
| Transfers out | (1,448,584) | (1,468,584) | (99,697) | 1,368,887 |
| Total other financing sources(uses) | (142,457) | (142,457) | (2,786) | 139,671 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (1,336,723) | \$ (1,356,723) | 1,595,007 | \$ 2,951,730 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 9,851,647 | |
| End of year | | | <u>\$ 11,446,654</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Mountain Regional Service Zone
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ 14,236,609 | \$ 14,236,609 | \$ 14,018,750 | \$ (217,859) |
| Special assessments | 700,862 | 700,862 | 738,317 | 37,455 |
| Charges for services | 1,579,015 | 1,579,015 | 1,845,772 | 266,757 |
| Intergovernmental | 3,289,028 | 3,289,028 | 2,031,588 | (1,257,440) |
| Claim cost recoveries | - | - | 2,917 | 2,917 |
| Federal assistance | 350,424 | 350,424 | 468,582 | 118,158 |
| Investment earnings | 73,503 | 73,503 | 185,006 | 111,503 |
| Other revenues | - | - | 3,708 | 3,708 |
| Total revenues | 20,229,441 | 20,229,441 | 19,294,640 | (934,801) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 14,378,237 | 14,551,237 | 14,511,554 | 39,683 |
| Materials and services | 4,244,097 | 4,485,597 | 4,567,555 | (81,958) |
| Capital outlay | 2,852,461 | 4,613,611 | 3,372,492 | 1,241,119 |
| Debt service: | | | | |
| Principal | 92,300 | 92,300 | 92,300 | - |
| Interest | 134,325 | 134,325 | 116,088 | 18,237 |
| Total expenditures | 21,701,420 | 23,877,070 | 22,659,989 | 1,217,081 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,471,979) | (3,647,629) | (3,365,349) | 282,280 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 6,250 | 6,250 |
| Transfers out | (1,363,998) | (1,363,998) | (106,558) | 1,257,440 |
| Total other financing sources (uses) | (1,363,998) | (1,363,998) | (100,308) | 1,263,690 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (2,835,977) | \$ (5,011,627) | (3,465,657) | \$ 1,545,970 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 6,099,624 | |
| End of year | | | <u>\$ 2,633,967</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – North Desert Regional Service Zone
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|----------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ 8,431,108 | \$ 8,431,108 | \$ 14,887,418 | \$ 6,456,310 |
| Special assessments | 1,138,422 | 1,138,422 | 2,145,169 | 1,006,747 |
| Charges for services | 31,378,497 | 31,378,497 | 23,326,212 | (8,052,285) |
| Intergovernmental | 10,623,649 | 10,623,649 | 10,623,649 | - |
| Claim cost recoveries | - | - | 24,656 | 24,656 |
| Federal assistance | 605,371 | 605,371 | 490,540 | (114,831) |
| Local assistance | - | - | 40,496 | 40,496 |
| Investment earnings | 67,014 | 67,014 | 382,929 | 315,915 |
| Other revenues | 43,000 | 43,000 | 996,632 | 953,632 |
| Total revenues | 52,287,061 | 52,287,061 | 52,917,701 | 630,640 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 40,105,346 | 40,105,346 | 37,694,688 | 2,410,658 |
| Materials and services | 10,998,028 | 11,261,028 | 10,565,945 | 695,083 |
| Intergovernmental | 30,000 | 72,000 | 67,478 | 4,522 |
| Capital outlay | 2,060,757 | 2,267,757 | 1,899,614 | 368,143 |
| Total expenditures | 53,194,131 | 53,706,131 | 50,227,725 | 3,478,406 |
| REVENUES OVER (UNDER) EXPENDITURES | (907,070) | (1,419,070) | 2,689,976 | 4,109,046 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 9,464 | 9,464 |
| Transfers in | 1,649,104 | 1,649,104 | 1,050,173 | (598,931) |
| Transfers out | (1,848,399) | (1,848,399) | (1,249,468) | 598,931 |
| Total other financing sources (uses) | (199,295) | (199,295) | (189,831) | 9,464 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (1,106,365) | \$ (1,618,365) | 2,500,145 | \$ 4,118,510 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 8,689,722 | |
| End of year | | | <u>\$ 11,189,867</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – South Desert Regional Service Zone
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ 7,269,817 | \$ 7,269,817 | \$ 6,927,829 | \$ (341,988) |
| Special assessments | 2,835,623 | 2,835,623 | 3,135,909 | 300,286 |
| Charges for services | 1,892,146 | 1,892,146 | 1,715,269 | (176,877) |
| Intergovernmental | 4,594,244 | 4,594,244 | 4,594,244 | - |
| Claim cost recoveries | - | - | 4,476 | 4,476 |
| Federal assistance | 770,379 | 770,379 | 436,774 | (333,605) |
| Investment earnings | 40,736 | 40,736 | 193,137 | 152,401 |
| Other revenues | 11,518 | 11,518 | 14,159 | 2,641 |
| Total revenues | 17,414,463 | 17,414,463 | 17,021,797 | (392,666) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 13,268,642 | 14,220,642 | 14,180,613 | 40,029 |
| Materials and services | 3,967,669 | 3,321,969 | 3,299,866 | 22,103 |
| Intergovernmental | 35,000 | 55,000 | 50,449 | 4,551 |
| Capital outlay | 871,300 | 914,500 | 92,535 | 821,965 |
| Total expenditures | 18,142,611 | 18,512,111 | 17,623,463 | 888,648 |
| REVENUES OVER (UNDER) EXPENDITURES | (728,148) | (1,097,648) | (601,666) | 495,982 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 10,300 | 10,300 |
| Transfers in | 2,574,948 | 2,574,948 | 2,508,448 | (66,500) |
| Transfers out | (2,674,500) | (2,674,500) | (2,608,000) | 66,500 |
| Total other financing sources (uses) | (99,552) | (99,552) | (89,252) | 10,300 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (827,700) | \$ (1,197,200) | (690,918) | \$ 506,282 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 5,052,407 | |
| End of year | | | <u>\$ 4,361,489</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Valley Regional Service Zone
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|----------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ 44,521,095 | \$ 44,521,095 | \$ 46,947,361 | \$ 2,426,266 |
| Special assessments | 12,860,905 | 12,860,905 | 9,659,797 | (3,201,108) |
| Charges for services | 29,102,000 | 29,873,312 | 29,638,264 | (235,048) |
| Intergovernmental | 631,944 | 631,944 | 631,944 | - |
| Claim cost recoveries | - | - | 11,457 | 11,457 |
| Federal assistance | 37,422 | 37,422 | 84,633 | 47,211 |
| Investment earnings | 274,790 | 274,790 | 829,623 | 554,833 |
| Other revenues | 9,477,184 | 9,477,184 | 3,581,186 | (5,895,998) |
| Total revenues | 96,905,340 | 97,676,652 | 91,384,265 | (6,292,387) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 70,286,371 | 71,541,791 | 70,640,200 | 901,591 |
| Materials and services | 13,525,493 | 14,835,064 | 16,865,570 | (2,030,506) |
| Intergovernmental | 175,000 | 234,000 | 219,725 | 14,275 |
| Capital outlay | 21,437,096 | 21,496,876 | 4,876,981 | 16,619,895 |
| Total expenditures | 105,423,960 | 108,107,731 | 92,602,476 | 15,505,255 |
| REVENUES OVER (UNDER) EXPENDITURES | (8,518,620) | (10,431,079) | (1,218,211) | 9,212,868 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 128,869 | 128,869 |
| Transfers in | 16,264,682 | 16,264,682 | 11,681,126 | (4,583,556) |
| Transfers out | (17,215,956) | (17,336,956) | (11,992,112) | 5,344,844 |
| Total other financing sources (uses) | (951,274) | (1,072,274) | (182,117) | 890,157 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (9,469,894) | \$ (11,503,353) | (1,400,328) | \$ 10,103,025 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 13,723,735 | |
| End of year | | | <u>\$ 12,323,407</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – State Homeland Security Grant Fund
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|--------------------|---|
| REVENUES: | | | | |
| Federal assistance | \$ 6,237,746 | \$ 6,591,783 | \$ 3,163,414 | \$ (3,428,369) |
| Investment earnings | 1,150 | 1,150 | 22,398 | 21,248 |
| Total revenues | 6,238,896 | 6,592,933 | 3,185,812 | (3,407,121) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 1,089,501 | 1,424,701 | 618,292 | 806,409 |
| Materials and services | 3,654,836 | 3,597,009 | 1,500,604 | 2,096,405 |
| Intergovernmental | 398,857 | 398,857 | 398,857 | - |
| Capital outlay | 72,723 | 420,387 | 450,664 | (30,277) |
| Total expenditures | 5,215,917 | 5,840,954 | 2,968,417 | 2,872,537 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,022,979 | 751,979 | 217,395 | (534,584) |
| OTHER FINANCING (USES): | | | | |
| Transfers out | (1,041,288) | (770,288) | - | 770,288 |
| Total other financing (uses) | (1,041,288) | (770,288) | - | 770,288 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (18,309) | \$ (18,309) | 217,395 | \$ 235,704 |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | (262,210) | |
| End of year | | | <u>\$ (44,815)</u> | |

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Plan's Net Pension Liability
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

| Fiscal Year: | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------------|
| Measurement Date: | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014¹</u> |
| District's Proportion of the Net Pension Liability | <u>9.65%</u> | <u>9.07%</u> | <u>7.48%</u> | <u>7.50%</u> | <u>7.12%</u> |
| District's Proportionate Share of the Net Pension Liability | <u>\$ 199,406,747</u> | <u>\$ 197,830,431</u> | <u>\$ 153,455,263</u> | <u>\$ 121,705,250</u> | <u>\$ 102,437,673</u> |
| District's Covered Payroll ² | <u>\$ 64,246,603</u> | <u>\$ 57,656,164</u> | <u>\$ 46,035,323</u> | <u>\$ 43,114,236</u> | <u>\$ 40,957,686</u> |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | <u>310.38%</u> | <u>343.12%</u> | <u>333.34%</u> | <u>282.29%</u> | <u>250.11%</u> |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability | <u>79.89%</u> | <u>77.90%</u> | <u>76.86%</u> | <u>80.98%</u> | <u>82.47%</u> |

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

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

Notes to Schedule:

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

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Schedule of the District's Contributions to the Pension Plan
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

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

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

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

SUPPLEMENTARY INFORMATION

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San Bernardino County Fire Protection District
Combining Balance Sheets
Nonmajor Special Revenue Funds
June 30, 2019

| | <u>Office of Emergency Services</u> | <u>Household Hazardous Waste</u> | <u>Community Facility District 2002-2 Pass Thru</u> | <u>Total</u> |
|---|---|--|---|---------------------|
| ASSETS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 387,707 | \$ 1,863,650 | \$ 5,782 | \$ 2,257,139 |
| Interest receivable | 4,668 | 9,765 | 1,078 | 15,511 |
| Taxes receivable | - | 14,013 | - | 14,013 |
| Due from other governments | 304,057 | - | - | 304,057 |
| Due from other funds | 51,849 | - | - | 51,849 |
| Total assets | <u>\$ 748,281</u> | <u>\$ 1,887,428</u> | <u>\$ 6,860</u> | <u>\$ 2,642,569</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 17,552 | \$ 115,356 | \$ - | \$ 132,908 |
| Accrued salaries and benefits | 81,100 | 100,508 | - | 181,608 |
| Due to other governments | - | 868 | - | 868 |
| Advances from other funds | 570,587 | - | - | 570,587 |
| Total liabilities | <u>669,239</u> | <u>216,732</u> | <u>-</u> | <u>885,971</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue | 177,314 | - | - | 177,314 |
| Total deferred inflows of resources | <u>177,314</u> | <u>-</u> | <u>-</u> | <u>177,314</u> |
| Fund Balances (Deficit): | | | | |
| Restricted | - | 1,670,696 | 6,860 | 1,677,556 |
| Unassigned (deficit) | (98,272) | - | - | (98,272) |
| Total fund balance (deficit) | <u>(98,272)</u> | <u>1,670,696</u> | <u>6,860</u> | <u>1,579,284</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 748,281</u> | <u>\$ 1,887,428</u> | <u>\$ 6,860</u> | <u>\$ 2,642,569</u> |

San Bernardino County Fire Protection District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

| | <u>Office of Emergency Services</u> | <u>Household Hazardous Waste</u> | <u>Community Facility District 2002-2 Pass Thru</u> | <u>Total</u> |
|--|---|--|---|---------------------|
| REVENUES: | | | | |
| Property taxes | \$ - | \$ 9,816 | \$ - | \$ 9,816 |
| Special assessments | - | 572,601 | 285,739 | 858,340 |
| Charges for services | - | 218,496 | - | 218,496 |
| Intergovernmental | 2,417,530 | - | - | 2,417,530 |
| Federal assistance | 240,660 | - | - | 240,660 |
| State assistance | - | 204,771 | - | 204,771 |
| Local assistance | - | 2,141,763 | - | 2,141,763 |
| Investment earnings | 22,277 | 41,462 | 2,513 | 66,252 |
| Other revenues | 34,049 | 274,073 | - | 308,122 |
| Total revenues | <u>2,714,516</u> | <u>3,462,982</u> | <u>288,252</u> | <u>6,465,750</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 1,612,071 | 1,858,810 | - | 3,470,881 |
| Materials and services | 1,103,246 | 1,386,359 | 286,345 | 2,775,950 |
| Capital outlay | 74,435 | 149,556 | - | 223,991 |
| Total expenditures | <u>2,789,752</u> | <u>3,394,725</u> | <u>286,345</u> | <u>6,470,822</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(75,236)</u> | <u>68,257</u> | <u>1,907</u> | <u>(5,072)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Proceeds from sale of capital assets | 1,251 | 13,900 | - | 15,151 |
| Transfers in | - | 2,786 | - | 2,786 |
| Total other financing sources | <u>1,251</u> | <u>16,686</u> | <u>-</u> | <u>17,937</u> |
| NET CHANGE IN FUND BALANCES (DEFICIT) | (73,985) | 84,943 | 1,907 | 12,865 |
| FUND BALANCES (DEFICIT): | | | | |
| Beginning of year | (24,287) | 1,585,753 | 4,953 | 1,566,419 |
| End of year | <u>\$ (98,272)</u> | <u>\$ 1,670,696</u> | <u>\$ 6,860</u> | <u>\$ 1,579,284</u> |

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Office Emergency Services
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|--------------------|---|
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 2,417,530 | \$ 2,417,530 |
| Federal assistance | 1,407,526 | 1,407,526 | 240,660 | (1,166,866) |
| Investment earnings | 4,341 | 4,341 | 22,277 | 17,936 |
| Other revenues | 6,267 | 16,266 | 34,049 | 17,783 |
| Total revenues | 1,418,134 | 1,428,133 | 2,714,516 | 1,286,383 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 2,145,279 | 2,141,858 | 1,612,071 | 529,787 |
| Materials and services | 1,676,303 | 1,678,702 | 1,103,246 | 575,456 |
| Capital outlay | 7,200 | 14,800 | 74,435 | (59,635) |
| Total expenditures | 3,828,782 | 3,835,360 | 2,789,752 | 1,045,608 |
| REVENUES OVER (UNDER) EXPENDITURES | (2,410,648) | (2,407,227) | (75,236) | 2,331,991 |
| OTHER FINANCING SOURCES: | | | | |
| Proceeds from sale of capital assets | - | - | 1,251 | 1,251 |
| Total other financing sources | - | - | 1,251 | 1,251 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (2,410,648) | \$ (2,407,227) | (73,985) | \$ 2,333,242 |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | (24,287) | |
| End of year | | | \$ (98,272) | |

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Household Hazardous Waste
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Property taxes | \$ - | \$ - | \$ 9,816 | \$ 9,816 |
| Special assessments | 559,404 | 559,404 | 572,601 | 13,197 |
| Charges for services | 37,092 | 37,092 | 218,496 | 181,404 |
| State assistance | 266,000 | 250,000 | 204,771 | (45,229) |
| Local assistance | 2,131,508 | 2,131,508 | 2,141,763 | 10,255 |
| Investment earnings | 14,933 | 14,933 | 41,462 | 26,529 |
| Other revenues | 274,000 | 274,000 | 274,073 | 73 |
| Total revenues | 3,282,937 | 3,266,937 | 3,462,982 | 196,045 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits | 1,950,306 | 1,984,306 | 1,858,810 | 125,496 |
| Materials and services | 1,539,222 | 1,489,222 | 1,386,359 | 102,863 |
| Capital outlay | 105,500 | 105,500 | 149,556 | (44,056) |
| Total expenditures | 3,595,028 | 3,579,028 | 3,394,725 | 184,303 |
| REVENUES OVER (UNDER) EXPENDITURES | (312,091) | (312,091) | 68,257 | 380,348 |
| OTHER FINANCING SOURCES: | | | | |
| Proceeds from sale of capital assets | - | - | 13,900 | 13,900 |
| Transfers in | - | - | 2,786 | 2,786 |
| Total other financing sources | - | - | 16,686 | 16,686 |
| NET CHANGE IN FUND BALANCE (DEFICIT) | \$ (312,091) | \$ (312,091) | 84,943 | \$ 397,034 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,585,753 | |
| End of year | | | <u>\$ 1,670,696</u> | |

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

| | Adopted Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------------|-----------------|------------|---|
| REVENUES: | | | | |
| Special assessments | \$ 300,000 | \$ 300,000 | \$ 285,739 | \$ (14,261) |
| Investment earnings | 300 | 300 | 2,513 | 2,213 |
| Total revenues | 300,300 | 300,300 | 288,252 | (12,048) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Materials and services | 300,000 | 300,000 | 286,345 | 13,655 |
| Total expenditures | 300,000 | 300,000 | 286,345 | 13,655 |
| NET CHANGE IN FUND BALANCE | \$ 300 | \$ 300 | 1,907 | \$ 1,607 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,953 | |
| End of year | | | \$ 6,860 | |

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**OTHER INFORMATION
(UNAUDITED)**

San Bernardino County Fire Protection District
Other Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Ambulance Activities
For the Year Ended June 30, 2019

| | Mountain Regional Service Zone | North Desert Regional Service Zone | | | |
|--|--|--|--|-------------------------------------|---|
| | Lake Arrowhead Ambulance Activity | Lucerne Valley Ambulance Activity | Searles Valley Ambulance Activity | Wrightwood Ambulance Activity | Baker Ambulance Activity ¹ |
| REVENUES: | | | | | |
| Charges for services | \$ 1,384,212 | \$ 291,765 | \$ 1,898 | \$ 1,074,091 | \$ 231,293 |
| Charges for services – GEMT ¹ | 500,912 | 146,670 | 6,090 | 371,624 | - |
| Federal assistance – IGT | 468,582 | 137,204 | 5,697 | 347,639 | - |
| Other revenue | 2,070 | 215 | - | 100 | 275 |
| Total revenues | <u>2,355,776</u> | <u>575,854</u> | <u>13,685</u> | <u>1,793,454</u> | <u>231,568</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Salaries and benefits - Ambulance and O/H | 1,669,554 | 436,559 | 21,748 | 1,346,067 | 990,069 |
| Salaries and benefits - Suppression ² | 1,985,906 | 764,329 | - | 1,439,896 | 642,358 |
| Services and supplies - IGT Prof Services | 185,335 | 54,267 | 2,253 | 137,499 | - |
| Materials and services – (Less IGT) | 517,039 | 112,923 | 24,201 | 425,660 | 171,104 |
| Capital outlay: | | | | | |
| Vehicles | - | - | - | - | - |
| Equipment | - | - | - | 18,393 | - |
| Structures and improvements | 160,065 | 158,162 | - | - | - |
| Total expenditures | <u>4,517,899</u> | <u>1,526,240</u> | <u>48,202</u> | <u>3,367,515</u> | <u>1,803,531</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(2,162,123)</u> | <u>(950,386)</u> | <u>(34,517)</u> | <u>(1,574,061)</u> | <u>(1,571,963)</u> |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers in | - | - | - | - | 745,352 |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>745,352</u> |
| NET CHANGE IN CURRENT YEAR ACTIVITY | <u>\$ (2,162,123)</u> | <u>\$ (950,386)</u> | <u>\$ (34,517)</u> | <u>\$ (1,574,061)</u> | <u>\$ (826,611)</u> |

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

² Starting with FY 2018/2019 Report, Suppression personnel (Captains, Engineers and Firefighter Paramedics) on scene during the same time as an ambulance are accounted for on a separate line.

³ Hesperia Ambulance represents 7 months 11/1/2018 through 6/30/2019 due to the annexation of Hesperia Fire Protection District.

San Bernardino County Fire Protection District
Other Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Ambulance Activities (Continued)
For the Year Ended June 30, 2019

| | South Desert Regional Service Zone | | | Total |
|--|--|---|--|------------------------|
| | Hesperia Ambulance Activity³ | Havasu Lake Ambulance Activity | Yucca Valley Ambulance Activity | |
| REVENUES: | | | | |
| Charges for services | \$ 1,842,803 | \$ 5,674 | \$ 1,234,737 | \$ 6,066,475 |
| Charges for services – GEMT ¹ | - | - | 466,909 | 1,492,206 |
| Federal assistance – IGT | - | - | 436,774 | 1,395,896 |
| Other revenue | - | - | 115 | 2,775 |
| Total revenues | 1,842,803 | 5,674 | 2,138,535 | 8,957,352 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Salaries and benefits - Ambulance and O/H | 2,036,004 | 5,183 | 2,292,512 | 8,797,696 |
| Salaries and benefits - Suppression ² | 2,728,103 | - | 1,310,039 | 8,870,631 |
| Services and supplies - IGT Prof Services | - | - | 172,754 | 552,108 |
| Materials and services – (Less IGT) | 722,016 | 10,783 | 424,253 | 2,407,979 |
| Capital outlay: | | | | |
| Vehicles | - | - | - | - |
| Equipment | - | - | - | 18,393 |
| Structures and improvements | - | - | - | 318,227 |
| Total expenditures | 5,486,123 | 15,966 | 4,199,558 | 20,965,034 |
| REVENUES OVER (UNDER) EXPENDITURES | (3,643,320) | (10,292) | (2,061,023) | (12,007,682) |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | - | 745,352 |
| Total other financing sources | - | - | - | 745,352 |
| NET CHANGE IN CURRENT YEAR ACTIVITY | \$ (3,643,320) | \$ (10,292) | \$ (2,061,023) | \$ (11,262,330) |

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

² Starting with FY 2018/2019 Report, Suppression personnel (Captains, Engineers and Firefighter Paramedics) on scene during the same time as an ambulance are accounted for on a separate line.

³ Hesperia Ambulance represents 7 months 11/1/2018 through 6/30/2019 due to the annexation of Hesperia Fire Protection District.

San Bernardino County Fire Protection District
Other Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Special Assessment Taxes Activities
For the Year Ended June 30, 2019

| | Mountain Regional Service Zone | | North Desert Regional Service Zone | | | |
|--|---------------------------------------|-------------------------------------|------------------------------------|--------------------|------------------|-----------------------------------|
| | PM1 Lake Arrowhead Paramedic | PM4 Crest Forest Paramedic | FP1 Red Mountain | FP2 Windy Acres | FP3 El Mirage | FP5 Helendale / Silver Lake |
| Revenues: | | | | | | |
| Property taxes | \$ 6,251 | \$ 13,939 | \$ 825 | \$ 338 | \$ 1,313 | \$ 28,371 |
| Claim cost recoveries | - | - | - | - | - | 308 |
| Service fees | - | - | - | - | - | - |
| Special assessments | 298,664 | 439,653 | 13,497 | 10,831 | 31,920 | 1,164,369 |
| Investment earnings | - | - | - | - | - | 10,641 |
| Other | - | - | - | - | - | 579 |
| Total revenues | 304,915 | 453,592 | 14,322 | 11,169 | 33,233 | 1,204,268 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Salaries and benefits | 305,022 | 453,752 | - | - | - | 2,125,380 |
| Services and supplies | 9,129 | 32,489 | 412,307 | 410,145 | 16,242 | 152,321 |
| Capital outlay: | | | | | | |
| Equipment | - | - | - | - | - | - |
| Improvements to land | - | - | - | - | - | - |
| Structures and improvements | - | - | - | - | - | - |
| Total expenditures | 314,151 | 486,241 | 412,307 | 410,145 | 16,242 | 2,277,701 |
| Revenues over (under) expenditures | (9,236) | (32,649) | (397,985) | (398,976) | 16,991 | (1,073,433) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | 409,499 | 409,500 | - | 1,050,173 |
| Transfers out | - | - | - | - | - | (1,050,173) |
| Total other financing sources (uses) | - | - | 409,499 | 409,500 | - | - |
| Net change in current year activity¹ | \$ (9,236) | \$ (32,649) | \$ 11,514 | \$ 10,524 | \$ 16,991 | \$ (1,073,433) |

¹ Deficits are covered by Ad Valorem Property Taxes collected in the Zone the Special Assessment is located. Any excess funds will be used for future capital replacement.

San Bernardino County Fire Protection District

Other Information (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Special Assessment Taxes Activities (Continued) For the Year Ended June 30, 2019

| | South Desert Regional Service Zone | | | | Valley Regional Service Zone | |
|--|---------------------------------------|----------------|----------------------|----------------|------------------------------------|--|
| | FP4 | FP5 | FP5 | FP6 | FP5 | CFD 1033 |
| | Wonder Valley | Needles | Twenty-nine Palms | Havasu Lake | San Bernardino | San Bernardino City Verdmont Station |
| Revenues: | | | | | | |
| Property taxes | \$ 15,251 | \$ 6,716 | \$ 26,745 | \$ 13,564 | \$ 31,681 | \$ - |
| Claim cost recoveries | 367 | 1,250 | 190 | 200 | - | - |
| Service fees | - | - | - | - | 706,932 | - |
| Special assessments | 167,097 | 416,535 | 2,280,885 | 214,604 | 7,896,663 | 1,057,726 |
| Investment earnings | - | 5,752 | 23,622 | - | 116,711 | 9,765 |
| Other | 15,095 | - | 3,591 | 11,518 | 10,579 | 1,417 |
| Total revenues | 197,810 | 430,253 | 2,335,033 | 239,886 | 8,762,565 | 1,068,908 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Salaries and benefits | 1,146,562 | 1,740,912 | 1,740,912 | 109,247 | 20,295,481 | 1,696,956 |
| Services and supplies | 43,405 | 129,107 | 264,642 | 53,902 | 1,703,085 | 121,564 |
| Capital outlay: | | | | | | |
| Equipment | - | - | - | - | 175,305 | 9,000 |
| Improvements to land | - | - | - | 1,075 | - | - |
| Structures and improvements | - | - | - | - | 1,211,994 | - |
| Total expenditures | 1,189,967 | 1,870,019 | 2,005,555 | 164,224 | 23,385,866 | 1,827,520 |
| Revenues over (under) expenditures | (992,157) | (1,439,766) | 329,478 | 75,662 | (14,623,299) | (758,612) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | 363,801 | 2,144,647 | - | 7,273,735 | 1,043,890 |
| Transfers out | - | (363,801) | (2,144,647) | - | (7,273,735) | (1,043,890) |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in current year activity¹ | \$ (992,157) | \$ (1,439,766) | \$ 329,478 | \$ 75,662 | \$ (14,623,299) | \$ (758,612) |

¹ Deficits are covered by Ad Valorem Property Taxes collected in the Zone the Special Assessment is located. Any excess funds will be used for future capital replacement.

San Bernardino County Fire Protection District

Other Information (Unaudited)

Schedule of Revenues, Expenditures, and Changes in Special Assessment Taxes Activities (Continued) For the Year Ended June 30, 2019

| | Valley Regional Service Zone | | | | Total |
|--|------------------------------|-----------------|-----------------|----------------|-----------------|
| | FP5 Upland | CFD 2006-1 A | PM2 Highland | PM3 Yucaipa | |
| Revenues: | | | | | |
| Property taxes | \$ 3,343 | \$ 629 | \$ 1,409 | \$ 201 | \$ 150,576 |
| Claim cost recoveries | - | - | - | - | 2,315 |
| Service fees | | | | | 706,932 |
| Special assessments | 3,428,893 | 480,204 | 107,638 | 9,021 | 18,018,198 |
| Investment earnings | 30,487 | - | - | - | 196,978 |
| Other | 108,887 | 37,460 | - | 1 | 189,126 |
| Total revenues | 3,571,610 | 518,292 | 109,047 | 9,223 | 19,264,125 |
| Expenditures | | | | | |
| Current: | | | | | |
| Salaries and benefits | 7,053,264 | 574,022 | - | - | 37,241,512 |
| Services and supplies | 770,368 | 116,209 | 1,180 | 5,547 | 4,241,641 |
| Capital outlay: | | | | | |
| Equipment | 200,637 | - | - | - | 384,942 |
| Improvements to land | - | - | - | - | 1,075 |
| Structures and improvements | 200,813 | 23,838 | - | - | 1,436,645 |
| Total expenditures | 8,225,082 | 714,068 | 1,180 | 5,547 | 43,305,815 |
| Revenues over (under) expenditures | (4,653,472) | (195,776) | 107,867 | 3,676 | (24,041,691) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 3,363,501 | - | - | - | 16,058,746 |
| Transfers out | (3,363,501) | - | - | - | (15,239,747) |
| Total other financing sources (uses) | - | - | - | - | 818,999 |
| Net change in current year activity¹ | \$ (4,653,472) | \$ (195,776) | \$ 107,867 | \$ 3,676 | \$ (23,222,692) |

¹ Deficits are covered by Ad Valorem Property Taxes collected in the Zone the Special Assessment is located. Any excess funds will be used for future capital replacement.