

San Bernardino County Fire Protection District

(A Component Unit of San Bernardino County)

San Bernardino, California

Annual Financial Report

For the Year Ended June 30, 2021



**San Bernardino County Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2021**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Bernardino County
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 San Bernardino County, as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of a Matter

Implementation of GASB Statement No. 84

As described in Note 1 to the basic financial statements, the District implemented GASB Statement No. 84, *Fiduciary Activities* in the fiscal year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, 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 53 through 61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2022, 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 *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
January 6, 2022

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

Independent Auditors' Report

Board of Directors
San Bernardino County
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 San Bernardino County as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated January 6, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

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

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The District's Responses to Findings

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

Purpose of this Report

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

The PwC Group, LLP

Santa Ana, California
January 6, 2022

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, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents (Note 2)	\$ 170,018,000
Taxes and assessments receivable	3,197,036
Accounts receivable, net	4,420,240
Interest receivable	386,434
Due from other governments	8,105,325
Prepaid items	6,269,567
Total current assets	192,396,602
Non-current assets:	
Capital assets – not being depreciated (Note 4)	9,036,407
Capital assets – being depreciated, net (Note 4)	60,634,902
Total non-current assets	69,671,309
Total assets	262,067,911
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions (Note 7)	148,112,561
Total deferred outflows of resources	148,112,561
LIABILITIES	
Current liabilities:	
Accounts payable	1,615,115
Accrued salaries and benefits	6,162,017
Due to other governments	4,045,138
Advances from others (Note 3)	933,949
Accrued interest payable	113,731
Long-term liabilities – due in one year:	
Compensated absences (Note 5)	5,918,350
Loan payable (Note 6)	299,752
Total current liabilities	19,088,052
Non-current liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (Note 5)	8,877,525
Loan payable (Note 6)	1,805,603
Net pension liability (Note 7)	285,901,347
Total non-current liabilities	296,584,475
Total liabilities	315,672,527
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions (Note 7)	23,384,202
Total deferred inflows of resources	23,384,202
NET POSITION	
Net investment in capital assets (Note 8)	67,565,954
Restricted	91,705,653
Unrestricted (deficit) (Note 9)	(88,147,864)
Total net position	\$ 71,123,743

San Bernardino County Fire Protection District
Statement of Activities
For the Year Ended June 30, 2021

	Governmental Activities
Expenses:	
Public safety – fire protection and emergency services:	
Salaries and benefits	\$ 199,038,193
Materials and services	36,308,499
Intergovernmental	2,572,069
Depreciation expense	6,112,785
Interest expense	512,131
Total expenses	244,543,677
Program revenues:	
Charges for services	55,551,402
Intergovernmental	27,188,602
Claim cost recoveries	453,187
Operating grants and contributions	23,314,019
Total program revenues	106,507,210
Loss from operations	(138,036,467)
General revenues:	
Property taxes	109,946,451
Special assessments	45,399,733
Investment earnings	445,121
Loss on disposal of capital assets	(380,994)
Other revenues	5,238,260
Total general revenues	160,648,571
Change in net position	22,612,104
Net position:	
Beginning of year, as restated (Note 17)	48,511,639
End of year	\$ 71,123,743

FUND FINANCIAL STATEMENTS

San Bernardino County Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2021

	Special Revenue Funds				
	General Fund	Hazardous Materials	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
ASSETS					
Cash and cash equivalents	\$ 72,524,894	\$ 16,912,191	\$ 7,412,732	\$ 19,190,505	\$ 7,121,245
Taxes and assessments receivable	262,635	15,545	566,037	715,858	612,360
Accounts receivable – net	4,174,177	-	55,716	156,839	33,508
Interest receivable	111,841	41,267	20,230	52,669	22,404
Due from other governments	4,356,933	137,524	601,467	849,789	164,529
Prepaid items	6,269,567	-	-	-	-
Due from other funds (Note 10)	9,358,087	363,297	1,149,091	1,688,249	1,372,297
Total assets	\$ 97,058,134	\$ 17,469,824	\$ 9,805,273	\$ 22,653,909	\$ 9,326,343
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,299,384	\$ 151,627	\$ 13,037	\$ 51,939	\$ 7,474
Accrued salaries and benefits	899,193	295,347	576,299	1,101,890	536,019
Due to other governments	1,094,723	95,359	389,230	577,257	710,059
Due to other funds (Note 10)	5,771,407	436,091	2,302,712	3,885,940	1,946,318
Advances from others (Note 3)	-	-	-	-	-
Total liabilities	9,064,707	978,424	3,281,278	5,617,026	3,199,870
Deferred Inflows of Resources:					
Unavailable revenue	29,831	-	-	-	-
Total deferred inflows of resources	29,831	-	-	-	-
Fund Balances: (Note 11)					
Nonspendable	6,269,567	-	-	-	-
Restricted	-	16,491,400	6,523,995	17,036,883	6,126,473
Unassigned	81,694,029	-	-	-	-
Total fund balances	87,963,596	16,491,400	6,523,995	17,036,883	6,126,473
Total liabilities, deferred inflows of resources, and fund balances	\$ 97,058,134	\$ 17,469,824	\$ 9,805,273	\$ 22,653,909	\$ 9,326,343

San Bernardino County Fire Protection District
Balance Sheets (Continued)
Governmental Funds
June 30, 2021

	<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	\$ 45,434,094	\$ -	\$ 1,422,339	\$ 170,018,000
Taxes and assessments receivable	1,024,601	-	-	3,197,036
Accounts receivable – net	-	-	-	4,420,240
Interest receivable	134,686	-	3,337	386,434
Due from other governments	1,395,172	599,911	-	8,105,325
Prepaid items	-	-	-	6,269,567
Due from other funds (Note 10)	2,862,457	5,466	-	16,798,944
Total assets	<u>\$ 50,851,010</u>	<u>\$ 605,377</u>	<u>\$ 1,425,676</u>	<u>\$ 209,195,546</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 85,032	\$ 5,466	\$ 1,156	\$ 1,615,115
Accrued salaries and benefits	2,753,269	-	-	6,162,017
Due to other governments	519,902	658,608	-	4,045,138
Due to other funds (Note 10)	2,456,476	-	-	16,798,944
Advances from others (Note 3)	933,949	-	-	933,949
Total liabilities	<u>6,748,628</u>	<u>664,074</u>	<u>1,156</u>	<u>29,555,163</u>
 Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	29,831
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,831</u>
 Fund Balances: (Note 11)				
Nonspendable	-	-	-	6,269,567
Restricted	44,102,382	-	1,424,520	91,705,653
Unassigned	-	(58,697)	-	81,635,332
Total fund balances	<u>44,102,382</u>	<u>(58,697)</u>	<u>1,424,520</u>	<u>179,610,552</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 50,851,010</u>	<u>\$ 605,377</u>	<u>\$ 1,425,676</u>	<u>\$ 209,195,546</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, 2021

Fund Balances – Governmental Funds	<u>\$ 179,610,552</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Receivables are not available to pay for current period expenditures and, therefore are reported as deferred inflows of resources in the governmental funds.	29,831
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	69,671,309
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.	148,112,561
Long-term liabilities of the District are not due and payable in the current period and are not reported as fund liabilities accordingly. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(113,731)
Compensated absences	(14,795,875)
Loans payable	(2,105,355)
Net pension liability	(285,901,347)
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>(23,384,202)</u>
Total adjustments	<u>(108,486,809)</u>
Net Position of Governmental Activities	<u><u>\$ 71,123,743</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, 2021

	Special Revenue Funds				
	General Fund	Hazardous Materials	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
REVENUES:					
Property taxes	\$ 12,818,146	\$ 10,599	\$ 15,389,676	\$ 17,716,800	\$ 7,880,286
Special assessments	-	589,720	5,247,870	12,567,524	9,467,097
Charges for services	4,225,799	8,834,324	1,399,251	5,747,809	1,393,397
Intergovernmental	15,540,736	-	2,162,123	7,414,428	2,071,315
Claim cost recoveries	79,020	174,357	1,214	90,255	3,274
Federal assistance	12,908,772	163,854	1,007,632	2,131,397	762,099
State assistance	477,459	111,535	-	-	-
Local assistance	-	2,327,255	-	-	-
Investment earnings	80,634	5,359	3,032	40,469	13,265
Other revenues	337,648	1,002,696	(185,431)	4,399,803	(46,777)
Total revenues	46,468,214	13,219,699	25,025,367	50,108,485	21,543,956
EXPENDITURES:					
Current:					
Salaries and benefits	9,824,293	8,929,740	18,164,792	35,658,433	16,252,164
Materials and services	6,356,717	3,264,643	3,111,355	8,894,349	3,072,371
Intergovernmental	1,387,346	-	-	-	-
Capital outlay	7,988,957	284,202	391,505	885,067	49,493
Debt service:					
Principal	-	-	143,298	104,181	41,673
Interest	60,191	-	118,683	62,090	38,314
Total expenditures	25,617,504	12,478,585	21,929,633	45,604,120	19,454,015
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,850,710	741,114	3,095,734	4,504,365	2,089,941
OTHER FINANCING SOURCES (USES):					
Transfers in (Note 12)	7,255,769	334,920	-	-	-
Transfers out (Note 12)	(1,712,050)	(444,131)	(1,316,904)	(2,595,844)	(1,089,922)
Proceeds from sale of capital assets	37,750	10,750	52,165	43,050	16,200
Total other financing sources (uses)	5,581,469	(98,461)	(1,264,739)	(2,552,794)	(1,073,722)
NET CHANGES IN FUND BALANCES	26,432,179	642,653	1,830,995	1,951,571	1,016,219
FUND BALANCES (DEFICIT):					
Beginning of year, as restated (Note 17)	61,531,417	15,848,747	4,693,000	15,085,312	5,110,254
End of year	<u>\$ 87,963,596</u>	<u>\$ 16,491,400</u>	<u>\$ 6,523,995</u>	<u>\$ 17,036,883</u>	<u>\$ 6,126,473</u>

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue Funds</u>			Total Governmental Funds
	Valley Regional Service Zone	State Homeland Security Grant	Other Governmental Funds	
REVENUES:				
Property taxes	\$ 56,130,944	\$ -	\$ -	\$ 109,946,451
Special assessments	17,241,783	-	285,739	45,399,733
Charges for services	33,950,822	-	-	55,551,402
Intergovernmental	-	-	-	27,188,602
Claim cost recoveries	105,067	-	-	453,187
Federal assistance	1,616,374	1,345,543	457,761	20,393,432
State assistance	-	4,338	-	593,332
Local assistance	-	-	-	2,327,255
Investment earnings	291,817	-	10,545	445,121
Other revenues	(269,799)	-	120	5,238,260
Total revenues	<u>109,067,008</u>	<u>1,349,881</u>	<u>754,165</u>	<u>267,536,775</u>
EXPENDITURES:				
Current:				
Salaries and benefits	84,230,657	140,110	-	173,200,189
Materials and services	12,998,957	223,038	281,513	38,202,943
Intergovernmental	-	1,184,723	-	2,572,069
Capital outlay	559,448	-	-	10,158,672
Debt service:				
Principal	-	-	-	289,152
Interest	197,676	-	-	476,954
Total expenditures	<u>97,986,738</u>	<u>1,547,871</u>	<u>281,513</u>	<u>224,899,979</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,080,270</u>	<u>(197,990)</u>	<u>472,652</u>	<u>42,636,796</u>
OTHER FINANCING SOURCES (USES):				
Transfers in (Note 12)	-	-	-	7,590,689
Transfers out (Note 12)	(431,838)	-	-	(7,590,689)
Proceeds from sale of capital assets	8,003	-	-	167,918
Total other financing sources (uses)	<u>(423,835)</u>	<u>-</u>	<u>-</u>	<u>167,918</u>
NET CHANGES IN FUND BALANCES	10,656,435	(197,990)	472,652	42,804,714
FUND BALANCES (DEFICIT):				
Beginning of year, as restated (Note 17)	33,445,947	139,293	951,868	136,805,838
End of year	<u>\$ 44,102,382</u>	<u>\$ (58,697)</u>	<u>\$ 1,424,520</u>	<u>\$ 179,610,552</u>

San Bernardino County Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances – Governmental Funds \$ 42,804,714

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	12,053,116
Depreciation expense	(6,112,785)
Disposal of capital assets	(548,912)

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

Net change in compensated absences	(1,987,933)
Net change in net pension liability and related deferred outflows and inflows of resources	(23,850,071)
Net change in accrued interest payable	(35,177)

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.

	<u>289,152</u>
Total adjustments	<u>(20,192,610)</u>

Change in Net Position of Governmental Activities \$ 22,612,104

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FIDUCIARY FUND FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Fiduciary Activities
Statement of Fiduciary Net Position
June 30, 2021

	APSA State Surcharge Custodial Fund	CalARP State Service Fee Custodial Fund	County Fire HazMat Facility Fee Custodial Fund	County Fire HazMat Permits Custodial Fund	Hazardous Substance Storage Custodial Fund	Total
ASSETS						
Cash and cash equivalents	\$ 7,412	\$ 6,658	\$ 100,910	\$ 141	\$ 38,526	\$ 153,647
Due from other governments	30	28	362	-	-	420
Total assets	<u>7,442</u>	<u>6,686</u>	<u>101,272</u>	<u>141</u>	<u>38,526</u>	<u>154,067</u>
LIABILITIES						
Due to other governments	4,862	1,890	92,103	-	8,117	106,972
Total liabilities	<u>4,862</u>	<u>1,890</u>	<u>92,103</u>	<u>-</u>	<u>8,117</u>	<u>106,972</u>
NET POSITION (DEFICIT)						
Held for other organizations	2,580	4,796	9,169	141	30,409	47,095
Total net position	<u>\$ 2,580</u>	<u>\$ 4,796</u>	<u>\$ 9,169</u>	<u>\$ 141</u>	<u>\$ 30,409</u>	<u>\$ 47,095</u>

San Bernardino County Fire Protection District
Fiduciary Activities
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	APSA State Surcharge Custodial Fund	CalARP State Service Fee Custodial Fund	County Fire HazMat Facility Fee Custodial Fund	County Fire HazMat Permits Custodial Fund	Hazardous Substance Storage Custodial Fund	Total
ADDITIONS:						
Trust transactions	\$ -	\$ -	\$ 979	\$ -	\$ 121	\$ 1,100
Investment earnings	295	273	3,599	-	-	4,167
Total additions	<u>295</u>	<u>273</u>	<u>4,578</u>	<u>-</u>	<u>121</u>	<u>5,267</u>
DEDUCTIONS:						
Trust transactions	-	-	-	569	-	569
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>569</u>
Changes in net position	295	273	4,578	(569)	121	4,698
NET POSITION (deficit):						
Prior period adjustment (Note 17)	2,285	4,523	4,591	710	30,288	42,397
Beginning of year, as restated	2,285	4,523	4,591	710	30,288	42,397
End of year	<u>\$ 2,580</u>	<u>\$ 4,796</u>	<u>\$ 9,169</u>	<u>\$ 141</u>	<u>\$ 30,409</u>	<u>\$ 47,095</u>

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, 2021

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

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

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

The four regional service zones are as follows:

Mountain Regional Service Zone

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

North Desert Regional Service Zone

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

South Desert Regional Service Zone

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Organization and Operations of the Reporting Entity (Continued)

Valley Regional Service Zone

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

County-Wide

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

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

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

Basis of Presentation

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

Basis of Accounting and Measurement Focus

Government-Wide Financial Statements

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

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

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

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

The District reports the following major governmental funds:

Governmental Funds:

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

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Basis of Accounting and Measurement Focus (Continued)

Governmental Funds (Continued):

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

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

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

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The District's Fiduciary Funds include custodial funds that are used to account for State surcharges levied to County businesses for oversight and regulatory services at the State level. These funds are accounted for using the accrual basis of accounting.

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, 2021.

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.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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.

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.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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.

SBCERA

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

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.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Stewardship, Compliance and Accountability (Continued)

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.

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.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2021, the District implemented the following new GASB pronouncements:

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Implementation of this pronouncement had an effect on the District’s financial reporting. See Note 17.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2021 consisted of the following:

Description	Governmental Activities	Fiduciary Activities	Total
Cash on hand	\$ 2,855	\$ -	\$ 2,855
Cash in financial institutions	184,839	-	184,839
Cash pooled with the San Bernardino County Treasury	169,830,306	153,647	169,983,953
Total cash and cash equivalents	\$ 170,018,000	\$ 153,647	\$ 170,171,647

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 San Bernardino County Treasury. The District is a component unit of the County and is required to participate in the pool.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 – Cash and Cash Equivalents (Continued)

Custodial Credit Risk

Custodial Credit Risk for Deposits exists when, in the event of a depository financial institution failure, a government may be unable to recover deposits, or recover collateral securities that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk. However, the *California Government Code* requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021 the book balance of the District's deposits of \$184,839 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, 2021 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. At June 30, 2021, the District's balance in the County pool was \$169,830,306.

Note 3 – Advances from Others

At June 30, 2021, the balance of advances from others consisted of the following:

Description	Balance
City of San Bernardino fire department workers' compensation claims	\$ 933,949
Total	\$ 933,949

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 San Bernardino County 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 2021, \$23,518 of workers' compensation claims were paid, leaving a balance of \$933,949 as of June 30, 2021.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 – Capital Assets

Changes in capital assets for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Non-depreciable capital assets:					
Land	\$ 6,812,436	\$ -	\$ (20,000)	\$ -	\$ 6,792,436
Construction-in-process	1,849,292	725,572	-	(330,893)	2,243,971
Total non-depreciable capital assets	<u>8,661,728</u>	<u>725,572</u>	<u>(20,000)</u>	<u>(330,893)</u>	<u>9,036,407</u>
Depreciable capital assets:					
Improvements to land	3,149,724	-	-	-	3,149,724
Structures and improvements	51,251,935	19,501	(149,868)	330,893	51,452,461
Vehicles and heavy equipment	65,203,539	8,885,094	(3,268,831)	-	70,819,802
Equipment	11,096,897	2,422,949	(949,322)	-	12,570,524
Software	196,260	-	(24,500)	-	171,760
Total depreciable capital assets	<u>130,898,355</u>	<u>11,327,544</u>	<u>(4,392,521)</u>	<u>330,893</u>	<u>138,164,271</u>
Accumulated depreciation:					
Improvements to land	(1,420,459)	(134,695)	-	-	(1,555,154)
Structures and improvements	(18,461,224)	(1,299,161)	149,869	-	(19,610,516)
Vehicles and heavy equipment	(50,243,701)	(3,852,128)	2,824,139	-	(51,271,690)
Equipment	(5,050,886)	(792,449)	865,101	-	(4,978,234)
Software	(103,923)	(34,352)	24,500	-	(113,775)
Total accumulated depreciation	<u>(75,280,193)</u>	<u>(6,112,785)</u>	<u>3,863,609</u>	<u>-</u>	<u>(77,529,369)</u>
Total depreciable capital assets, net	<u>55,618,162</u>	<u>5,214,759</u>	<u>(528,912)</u>	<u>330,893</u>	<u>60,634,902</u>
Total capital assets, net	<u>\$ 64,279,890</u>	<u>\$ 5,940,331</u>	<u>\$ (548,912)</u>	<u>\$ -</u>	<u>\$ 69,671,309</u>

Note 5 – Compensated Absences

Changes in the compensated absences balance for the year ended June 30, 2021 was as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Current Portion	Long-Term Portion
<u>\$ 12,807,942</u>	<u>\$ 8,974,036</u>	<u>\$ (6,986,103)</u>	<u>\$ 14,795,875</u>	<u>\$ 5,918,350</u>	<u>\$ 8,877,525</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 – Loan Payable

Changes in loan payable amounts for the year ended June 30, 2021 were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Crest Forest Loan	\$ 1,671,900	\$ -	\$ (108,500)	\$ 1,563,400	\$ 119,100	\$ 1,444,300
Stryker Medical Lease	722,607	-	(180,652)	541,955	180,652	361,303
Total	<u>\$ 2,394,507</u>	<u>\$ -</u>	<u>\$ (289,152)</u>	<u>\$ 2,105,355</u>	<u>\$ 299,752</u>	<u>\$ 1,805,603</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>
2022	\$ 119,100	\$ 82,836	\$ 201,936
2023	129,700	76,264	205,964
2024	135,000	69,190	204,190
2025	145,200	61,765	206,965
2026	160,500	53,719	214,219
2027-2031	873,900	123,331	997,231
Total	<u>\$ 1,563,400</u>	<u>\$ 467,105</u>	<u>\$ 2,030,505</u>

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>
2022	\$ 180,652	\$ 62,526	\$ 243,178
2023	180,652	62,526	243,178
2024	180,651	62,526	243,177
Total	<u>\$ 541,955</u>	<u>\$ 187,578</u>	<u>\$ 729,533</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 PEPR 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
Final Average Compensation Limitation	Internal Revenue Code Section 401(a)(17)	Government Code Section 7522.10	Internal Revenue Code Section 401(a)(17)	Government Code Section 7522.10

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021 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	8.71% - 15.55%	9.11%	11.58% - 18.02%	16.13%
Employer contribution rates	25.84%	23.32%	57.11%	51.51%

For the year ended June 30, 2021, the District's contribution to the Plan of \$34,693,960 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, 2021, the District reported a liability of \$285,901,347 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2020, 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 2020 actual contributions to the County's pension plan relative to the total contributions of the County as a whole. At June 30, 2020, the District's proportion was 8.592 percent, which was decrease of 0.9163 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$58,544,030.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, 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, 2021
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	\$ 34,693,960
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,090,722
Differences between expected and actual experience	3,506,136
Changes of assumptions	33,491,946
Net differences between projected and actual investment earnings on pension plan investments	60,329,797
Total deferred outflows of resources	\$ 148,112,561

Type of Account	Balance as of June 30, 2021
Deferred Inflows of Resources:	
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 20,671,593
Differences between expected and actual experience	2,712,609
Total deferred inflows of resources	\$ 23,384,202

The total amount of \$34,693,960 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, 2022. The resulting net amount of \$90,034,399 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
2022	\$ 20,913,211
2023	29,647,495
2024	22,604,158
2025	15,965,538
2026	903,997
Thereafter	-
Total	\$ 90,034,399

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2020
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	2.75%
Real across-the-board salary increase	0.50%
Projected salary increases ¹	General: 4.55% to 12.75% and Safety: 4.75% to 12.25%
Cost of living adjustments	2.00% (actual increases contingent upon CPI increases with a 2% maximum)
Administrative expenses	0.85% 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 2.75% plus real across-the-board salary increase of 0.50% plus merit and promotional increases.

Mortality rates used in the June 30, 2020 actuarial valuation were based on Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally using the two-dimensional MP-2019 projection scale. For healthy General members, the General Healthy Retiree rates increased by 10% were used. For healthy Safety members, the Safety Healthy Retiree rates were used. For disabled General members, the Non-Safety Disabled Retiree rates were used. For beneficiaries, the General Contingent Survivor rates increased by 10% were used.

The actuarial assumptions used to determine the total pension liability as of June 30, 2020 were based on the results of the June 30, 2019 Actuarial Experience Study, which covered the period from July 1, 2016 through June 30, 2019. They are the same assumptions used in the June 30, 2020 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, 2021

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

Actuarial Assumptions (Continued)

The June 30, 2020 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	11.00%	5.42%
U.S. Small Cap Equity	Domestic Common and Preferred Stock	2.00%	6.21%
Developed International Equity	Foreign Common and Preferred Stock	9.00%	6.50%
Emerging Market Equity	Foreign Common and Preferred Stock	6.00%	8.80%
U.S. Core Fixed Income	U.S. Government and Municipal/Domestic Bonds	2.00%	1.13%
High Yield /Credit Strategies	Corporate Bonds/Foreign Bonds	13.00%	3.40%
International Core Fixed Income	Foreign Bonds	1.00%	-0.04%
Emerging Market Debt	Emerging Market Debt	8.00%	3.44%
Real Estate	Real Estate	3.50%	4.57%
Value Added Real Estate	Real Estate	3.50%	6.53%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	-0.03%
International Credit	Foreign Alternatives	11.00%	5.89%
Absolute Return	Domestic Alternatives/Foreign Alternatives	7.00%	3.69%
Real Assets	Domestic Alternatives/Foreign Alternatives	5.00%	10.64%
Private Equity	Domestic Alternatives/Foreign Alternatives	16.00%	10.70%
Total		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2020. 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, 2020.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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%</u> <u>6.25%</u>	<u>Current Discount</u> <u>Rate 7.25%</u>	<u>Discount Rate + 1%</u> <u>8.25%</u>
District's proportionate share of the net pension liability	\$ 406,426,464	\$ 285,901,347	\$ 187,211,213

Pension Plan Fiduciary Net Position

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

Note 8 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2021 consisted of the following:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 9,036,407
Capital assets – being depreciated, net	60,634,902
Loan payable – current portion	(299,752)
Loan payable – noncurrent portion	(1,805,603)
Total net investment in capital assets	<u>\$ 67,565,954</u>

Note 9 – Unrestricted (Deficit) Net Position

As of June 30, 2021, the District has an unrestricted net deficit of \$(88,147,864). Due to the nature of the deficit from the net pension liability of \$285,901,347, the District will continue to make its actuarial determined contributions to SBCERA and annually review its outstanding net pension obligation funding requirements for future periods to reduce the deficit position.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Due To/From Other Funds

The short-term inter-fund receivables and payables at June 30, 2021 were as follows:

Fund Name	Due From Other Funds	Due To Other Funds
General Fund	\$ 9,358,087	\$ 5,771,407
Hazardous Materials	363,297	436,091
Mountain Regional Service Zone	1,149,091	2,302,712
North Desert Regional Service Zone	1,688,249	3,885,940
South Desert Regional Service Zone	1,372,297	1,946,318
Valley Regional Service Zone	2,862,457	2,456,476
State Homeland Security Grant	5,466	-
Total	<u>\$ 16,798,944</u>	<u>\$ 16,798,944</u>

The balance of \$16,798,944 of inter-fund receivables and payables represents reimbursements within the funds for shared costs of salaries and benefits, services and supplies occurring due to movement of firefighters between zones, capital assets and/or coverage of a fund’s shortfall for operations.

Note 11 – Fund Balance

Fund balance classifications as of June 30, 2021 are as follows:

Description	General Fund	Hazardous Materials	Fire ¹ Regional Service Zones	State Homeland Security Grant	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 6,269,567	\$ -	\$ -	\$ -	\$ -	\$ 6,269,567
Total nonspendable	<u>6,269,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,269,567</u>
Restricted:						
Hazardous materials	-	16,491,400	-	-	-	16,491,400
Fire protection	-	-	73,789,733	-	-	73,789,733
State homeland security grant	-	-	-	-	-	-
Office of emergency services	-	-	-	-	12,436	12,436
Public safety power shutoff	-	-	-	-	1,402,100	1,402,100
CFD 2002-2 pass thru	-	-	-	-	9,984	9,984
Total restricted	<u>-</u>	<u>16,491,400</u>	<u>73,789,733</u>	<u>-</u>	<u>1,424,520</u>	<u>91,705,653</u>
Assigned:						
Headquarters building	-	-	-	-	-	-
Unassigned	81,694,029	-	-	(58,697)	-	81,635,332
Total fund balances	<u>\$ 87,963,596</u>	<u>\$ 16,491,400</u>	<u>\$ 73,789,733</u>	<u>\$ (58,697)</u>	<u>\$ 1,424,520</u>	<u>\$ 179,610,552</u>

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Transfers In/Out

Inter-fund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. For the year ended June 30, 2021, the District made the following inter-fund transfers in and out.

<u>Fund Name</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,255,769	\$ 1,712,050
Hazardous Materials	334,920	444,131
Mountain Regional Service Zone	-	1,316,904
North Desert Regional Service Zone	-	2,595,844
South Desert Regional Service Zone	-	1,089,922
Valley Regional Service Zone	-	431,838
Total	<u>\$ 7,590,689</u>	<u>\$ 7,590,689</u>

Note 13 – Risk Management

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

Note 14 – Related Party Transactions

County Services

The District is a component unit of the County and utilizes County departments, services and employees for District operations. For the fiscal year 2021, the County General Fund subsidized the District by \$26,450,797 for its operations, reported as intergovernmental revenue, and the District paid to the County \$19,745,483 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, 2021, the District contributed \$5,836,232 to CONFIRE towards its share of funds.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 14 – Related Party Transactions (Continued)

As of and for the year ended June 30, 2021, the latest available information, CONFIRE’s audited financial information is as follows:

Total assets	\$ 16,387,088
Deferred outflows of resources	5,095,523
Total assets and deferred outflows of resources	\$ 21,482,611
Current liabilities	\$ 379,273
Noncurrent liabilities	7,926,144
Deferred inflows of resources	200,285
CONFIRE equity	12,976,909
Total liabilities, deferred inflows of resources, and CONFIRE equity	\$ 21,482,611
Total revenues	\$ 13,492,682
Total expenses	(11,878,652)
Change in net position	\$ 1,614,030

Note 15 – Expenditures Over Appropriations

For the year ended June 30, 2021, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
Major Governmental Funds:			
General Fund:			
Capital outlay	\$ 6,865,622	\$ 7,988,957	\$ 1,123,335
Mountain Regional Service Zone:			
Debt service:			
Principal	-	143,298	143,298
North Desert Regional Service Zone:			
Debt service:			
Principal	-	104,181	104,181
South Desert Regional Service Zone:			
Current:			
Capital outlay	35,840	49,493	13,653
Debt service:			
Principal	-	41,673	41,673
State Homeland Security Grant			
Current:			
Intergovernmental	2,527,970	1,184,723	(1,343,247)

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 16 – Commitments and Contingencies

As of June 30, 2021, in the opinion of the District administration, there are no outstanding matters which would have a significant effect on the financial position of the District.

Note 17 – Prior Period Adjustments

The District recorded the following prior period adjustments to the beginning net position/fund balance in order to implement GASB Statement No. 84. A summary of the adjustments is as follows:

	APSA State Surcharge Custodial Fund	CalARP State Service Fee Custodial Fund	County Fire HazMat Facility Fee Custodial Fund	County Fire HazMat Permits Custodial Fund	Hazardous Substance Storage Custodial Fund
Net position/fund balance at July 1, 2020, as previously reported	\$ -	\$ -	\$ -	\$ -	\$ -
To implement GASB Statement No. 84	2,285	4,523	4,591	710	30,288
Net position/fund balance at July 1, 2020, as restated	<u>\$ 2,285</u>	<u>\$ 4,523</u>	<u>\$ 4,591</u>	<u>\$ 710</u>	<u>\$ 30,288</u>

The District also recorded the following prior period adjustments to the beginning net position/fund balance to record fiscal year 2020 entries made by the County that were not posted to the District's general ledger:

	Governmental Activities
Net position/fund balance at July 1, 2020, as previously reported	\$ 45,832,909
To post entries not posted in fiscal year 2020 for COVID-19 revenues and capital assets transfers	2,678,730
Net position/fund balance at July 1, 2020, as restated	<u>\$ 48,511,639</u>

	General Fund	Hazardous Materials	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone	Valley Regional Service Zone
Net position/fund balance at July 1, 2020, as previously reported	\$ 54,384,453	\$ 15,847,125	\$ 5,564,201	\$ 17,342,457	\$ 6,070,371	\$ 34,032,515
To post entries not posted in fiscal year 2020 for COVID-19 revenues and capital assets transfers	7,146,964	1,622	(871,201)	(2,257,145)	(960,117)	(586,568)
Net position/fund balance at July 1, 2020, as restated	<u>\$ 61,531,417</u>	<u>\$ 15,848,747</u>	<u>\$ 4,693,000</u>	<u>\$ 15,085,312</u>	<u>\$ 5,110,254</u>	<u>\$ 33,445,947</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 18 – Subsequent Events

Lease Agreement

On December 7th, 2021, the Board of Directors approved the execution of a lease agreement with Inland Valley Development Agency and Tax-Exempt Financing for a New Headquarters Facility for the District in San Bernardino. The annual lease payment of \$1,900,000 also includes the impact of a one-time, \$8,500,000 partial prepayment of the lease payments that is allowed pursuant to the Lease Agreement. The District has set aside \$8,500,000 in a reserve fund for this purpose. Pursuant to the Lease Agreement, this prepayment must be made within 90 days of the Lease Commencement Date. The rent, paid over the 25-year lease term, plus the District's \$8,500,000 prepayment is equivalent to approximately \$55,900,000. The lease commences upon completion and acceptance of the facility after an approximately 22- month build period from date of approval. This annual lease payment is partially offset by a reduction of costs (\$500,000) that will result when current facilities are vacated, for a net increase in costs of \$1,400,000 annually, funded by District revenue.

Potential Repeal of Special Tax

On July 21, 2021, the District gave a presentation to the LAFCO Board of Commissioners highlighting that a citizen group on May 13, 2021 submitted to the San Bernardino County Registrar of Voters a "Notice of Intention to Circulate Petition" concerning an "Initiative to Repeal the Special Tax Associated with Fire Protection Service Zone Five (FP-5). If the petition is successful in adding a measure on a ballot in the future, voters could determine whether or not to continue with this funding to the District.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 11,632,017	\$ 11,632,017	\$ 12,818,146	\$ 1,186,129
Charges for services	4,452,138	4,508,710	4,225,799	(282,911)
Intergovernmental	-	-	15,540,736	15,540,736
Claim cost recoveries	24,849	24,849	79,020	54,171
Federal assistance	-	3,858,302	12,908,772	9,050,470
State assistance	-	-	477,459	477,459
Investment earnings	526,935	526,935	80,634	(446,301)
Other revenues	454,285	454,285	337,648	(116,637)
Total revenues	<u>17,090,224</u>	<u>21,005,098</u>	<u>46,468,214</u>	<u>25,463,116</u>
EXPENDITURES:				
Current:				
Salaries and benefits	14,487,749	14,739,749	9,824,293	4,915,456
Materials and services	16,152,371	19,719,744	6,356,717	13,363,027
Intergovernmental	-	2,201,000	1,387,346	813,654
Capital outlay	5,581,248	6,865,622	7,988,957	(1,123,335)
Debt service:				
Interest	125,475	125,475	60,191	65,284
Total expenditures	<u>36,346,843</u>	<u>43,651,590</u>	<u>25,617,504</u>	<u>18,034,086</u>
REVENUES OVER (UNDER) EXPENDITURES	(19,256,619)	(22,646,492)	20,850,710	43,497,202
OTHER FINANCING SOURCES (USES):				
Transfers in	33,174,737	32,096,509	7,255,769	(24,840,740)
Transfers out	(16,134,550)	(16,134,550)	(1,712,050)	14,422,500
Proceeds from sale of capital assets	-	-	37,750	37,750
Total other financing sources (uses)	<u>17,040,187</u>	<u>15,961,959</u>	<u>5,581,469</u>	<u>(10,380,490)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,216,432)</u>	<u>\$ (6,684,533)</u>	26,432,179	<u>\$ 33,116,712</u>
FUND BALANCE:				
Beginning of year, as restated			61,531,417	
End of year			<u>\$ 87,963,596</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Hazardous Materials Fund
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ -	\$ -	\$ 10,599	\$ 10,599
Special assessments	595,057	595,057	589,720	(5,337)
Charges for services	8,549,523	8,549,523	8,834,324	284,801
Claim cost recoveries	95,851	95,851	174,357	78,506
State assistance	554,181	554,181	111,535	(442,646)
Local assistance	2,304,228	2,304,228	2,327,255	23,027
Investment earnings	218,490	218,490	5,359	(213,131)
Other revenues	1,122,950	1,122,950	1,002,696	(120,254)
Total revenues	13,440,280	13,440,280	13,219,699	(220,581)
EXPENDITURES:				
Current:				
Salaries and benefits	9,719,419	9,719,419	8,929,740	789,679
Materials and services	4,142,910	4,142,910	3,264,643	878,267
Capital outlay	404,000	464,000	284,202	179,798
Total expenditures	14,266,329	14,326,329	12,478,585	1,847,744
REVENUES OVER (UNDER) EXPENDITURES	(826,049)	(886,049)	741,114	1,627,163
OTHER FINANCING SOURCES (USES):				
Transfers in	1,204,938	1,264,938	334,920	(930,018)
Transfers out	(1,314,149)	(1,374,149)	(444,131)	930,018
Proceeds from sale of capital assets	-	-	10,750	10,750
Total other financing sources(uses)	(109,211)	(109,211)	(98,461)	10,750
NET CHANGE IN FUND BALANCE	\$ (935,260)	\$ (995,260)	642,653	\$ 1,637,913
FUND BALANCE:				
Beginning of year, as restated			15,848,747	
End of year			<u>\$ 16,491,400</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Mountain Regional Service Zone
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 14,342,455	\$ 14,342,455	\$ 15,389,676	\$ 1,047,221
Special assessments	5,438,903	5,438,903	5,247,870	(191,033)
Charges for services	2,132,794	2,132,794	1,399,251	(733,543)
Intergovernmental	-	-	2,162,123	2,162,123
Federal assistance	770,569	770,569	1,007,632	237,063
Investment earnings	80,500	80,500	3,032	(77,468)
Other revenues	-	-	(185,431)	(185,431)
Total revenues	22,765,221	22,765,221	25,025,367	2,260,146
EXPENDITURES:				
Current:				
Salaries and benefits	17,587,876	18,737,955	18,164,792	573,163
Materials and services	4,895,787	4,370,780	3,111,355	1,259,425
Capital outlay	1,357,898	1,449,614	391,505	1,058,109
Debt service:				
Principal	-	-	143,298	(143,298)
Interest	234,425	118,683	118,683	-
Total expenditures	24,075,986	24,677,032	21,929,633	2,747,399
REVENUES OVER (UNDER) EXPENDITURES	(1,310,765)	(1,911,811)	3,095,734	5,007,545
OTHER FINANCING SOURCES (USES):				
Transfers in	2,162,123	2,162,123	-	(2,162,123)
Transfers out	(177,813)	(2,475,995)	(1,316,904)	1,159,091
Proceeds from sale of capital assets	-	-	52,165	52,165
Total other financing sources (uses)	1,984,310	(313,872)	(1,264,739)	(950,867)
NET CHANGE IN FUND BALANCE	\$ 673,545	\$ (2,225,683)	1,830,995	\$ 4,056,678
FUND BALANCE:				
Beginning of year, as restated			4,693,000	
End of year			<u>\$ 6,523,995</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, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 15,626,752	\$ 15,626,752	\$ 17,716,800	\$ 2,090,048
Special assessments	12,677,579	12,677,579	12,567,524	(110,055)
Charges for services	5,127,720	5,127,720	5,747,809	620,089
Intergovernmental	-	-	7,414,428	7,414,428
Federal assistance	2,208,344	2,208,344	2,131,397	(76,947)
Investment earnings	253,596	253,596	40,469	(213,127)
Other revenues	5,339,556	5,339,556	4,399,803	(939,753)
Total revenues	41,233,547	41,233,547	50,108,485	8,874,938
EXPENDITURES:				
Current:				
Salaries and benefits	36,299,509	36,299,509	35,658,433	641,076
Materials and services	10,784,956	10,671,330	8,894,349	1,776,981
Intergovernmental	-	-	-	-
Capital outlay	3,048,591	961,077	885,067	76,010
Debt service:				
Principal	-	-	104,181	(104,181)
Total expenditures	50,316,380	48,115,240	45,604,120	2,511,120
REVENUES OVER (UNDER) EXPENDITURES	(9,082,833)	(6,881,693)	4,504,365	11,386,058
OTHER FINANCING SOURCES (USES):				
Transfers in	10,142,531	10,142,531	-	(10,142,531)
Transfers out	(445,595)	(4,786,093)	(2,595,844)	2,190,249
Proceeds from sale of capital assets	-	-	43,050	43,050
Total other financing sources (uses)	9,696,936	5,356,438	(2,552,794)	(7,909,232)
NET CHANGE IN FUND BALANCE	\$ 614,103	\$ (1,525,255)	1,951,571	\$ 3,476,826
FUND BALANCE:				
Beginning of year, as restated			15,085,312	
End of year			<u>\$ 17,036,883</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, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 7,284,344	\$ 7,284,344	\$ 7,880,286	\$ 595,942
Special assessments	9,550,111	9,550,111	9,467,097	(83,014)
Charges for services	2,187,167	2,187,167	1,393,397	(793,770)
Intergovernmental	-	-	2,071,315	2,071,315
Claim cost recoveries	-	-	3,274	3,274
Federal assistance	737,540	737,540	762,099	24,559
Investment earnings	91,293	91,293	13,265	(78,028)
Other revenues	11,518	11,518	(46,777)	(58,295)
Total revenues	19,861,973	19,861,973	21,543,956	1,681,983
EXPENDITURES:				
Current:				
Salaries and benefits	16,389,730	16,389,730	16,252,164	137,566
Materials and services	4,003,542	4,003,542	3,072,371	931,171
Capital outlay	1,053,806	35,840	49,493	(13,653)
Debt service:				
Principal	-	-	41,673	(41,673)
Interest	95,575	95,575	38,314	57,261
Total expenditures	21,542,653	20,524,687	19,454,015	1,070,672
REVENUES OVER (UNDER) EXPENDITURES	(1,680,680)	(662,714)	2,089,941	2,752,655
OTHER FINANCING SOURCES (USES):				
Transfers in	2,071,315	2,071,315	-	(2,071,315)
Transfers out	(156,260)	(2,043,584)	(1,089,922)	953,662
Proceeds from sale of capital assets	-	-	16,200	16,200
Total other financing sources (uses)	1,915,055	27,731	(1,073,722)	(1,101,453)
NET CHANGE IN FUND BALANCE	\$ 234,375	\$ (634,983)	1,016,219	\$ 1,651,202
FUND BALANCE:				
Beginning of year, as restated			5,110,254	
End of year			<u>\$ 6,126,473</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Valley Regional Service Zone
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 49,464,051	\$ 49,464,051	\$ 56,130,944	\$ 6,666,893
Special assessments	15,783,697	15,783,697	17,241,783	1,458,086
Charges for services	33,695,344	33,853,004	33,950,822	97,818
Claim cost recoveries	-	-	105,067	105,067
Federal assistance	-	-	1,616,374	1,616,374
Investment earnings	421,377	421,377	291,817	(129,560)
Other revenues	6,042,000	6,042,000	(269,799)	(6,311,799)
Total revenues	105,406,469	105,564,129	109,067,008	3,502,879
EXPENDITURES:				
Current:				
Salaries and benefits	83,126,429	85,599,227	84,230,657	1,368,570
Materials and services	15,148,744	14,820,584	12,998,957	1,821,627
Capital outlay	11,799,988	9,804,850	559,448	9,245,402
Debt service:				
Interest	191,206	218,206	197,676	20,530
Total expenditures	110,266,367	110,442,867	97,986,738	12,456,129
REVENUES OVER (UNDER) EXPENDITURES	(4,859,898)	(4,878,738)	11,080,270	15,959,008
OTHER FINANCING SOURCES (USES):				
Transfers in	4,200,000	4,200,000	-	(4,200,000)
Transfers out	(4,651,838)	(4,651,838)	(431,838)	4,220,000
Proceeds from sale of capital assets	-	-	8,003	8,003
Total other financing sources (uses)	(451,838)	(451,838)	(423,835)	28,003
NET CHANGE IN FUND BALANCE	\$ (5,311,736)	\$ (5,330,576)	10,656,435	\$ 15,987,011
FUND BALANCE:				
Beginning of year, as restated			33,445,947	
End of year			<u>\$ 44,102,382</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, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal assistance	\$ 7,333,923	\$ 7,333,923	\$ 1,345,543	\$ (5,988,380)
State assistance	-	-	4,338	4,338
Investment earnings	8,677	8,677	-	(8,677)
Total revenues	7,342,600	7,342,600	1,349,881	(5,992,719)
EXPENDITURES:				
Current:				
Salaries and benefits	1,142,687	1,142,687	140,110	1,002,577
Materials and services	1,706,251	1,706,251	223,038	1,483,213
Intergovernmental	2,527,970	2,527,970	1,184,723	1,343,247
Total expenditures	5,376,908	5,376,908	1,547,871	3,829,037
REVENUES OVER (UNDER) EXPENDITURES	1,965,692	1,965,692	(197,990)	(2,163,682)
NET CHANGE IN FUND BALANCE	\$ 1,965,692	\$ 1,965,692	(197,990)	\$ (2,163,682)
FUND BALANCE (DEFICIT):				
Beginning of year			139,293	
End of year			<u>\$ (58,697)</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, 2021

Last Ten Fiscal Years

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

Fiscal Year:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 ¹
District's Proportion of the Net Pension Liability	8.59%	9.51%	9.65%	9.07%	7.48%	7.50%	7.12%
District's Proportionate Share of the Net Pension Liability	\$ 285,901,347	\$ 211,214,403	\$ 199,406,747	\$ 197,830,431	\$ 153,455,263	\$ 121,705,250	\$ 102,437,673
District's Covered Payroll ²	\$ 70,310,560	\$ 67,556,285	\$ 64,246,603	\$ 57,656,164	\$ 46,035,323	\$ 43,114,236	\$ 40,957,686
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	406.63%	312.65%	310.38%	343.12%	333.34%	282.29%	250.11%
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	71.96%	79.61%	79.89%	77.90%	76.86%	80.98%	82.47%

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

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

Notes to Schedule:

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

In 2021, the actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2019. Amounts reported in 2021 primarily a decrease of 0.25% inflation rate, an increase of 0.15% payroll for administrative expenses, and adjustments of projected salary increases and mortality rates to more closely reflect actual experience. Mortality rates were based on Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale.

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, 2021

Last Ten Fiscal Years

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

Fiscal Year:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015 ¹
Contractually Required Contribution	\$ 34,693,960	\$ 32,684,024	\$ 32,181,381	\$ 27,562,873	\$ 25,267,220	\$ 19,304,654	\$ 16,151,746
Contribution in Relation to the Contractually Required Contribution	<u>(34,693,960)</u>	<u>(32,684,024)</u>	<u>(32,181,381)</u>	<u>(27,562,873)</u>	<u>(25,267,220)</u>	<u>(19,304,654)</u>	<u>(16,151,746)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll ²	<u>\$ 71,454,275</u>	<u>\$ 70,310,560</u>	<u>\$ 67,556,285</u>	<u>\$ 64,246,603</u>	<u>\$ 57,656,164</u>	<u>\$ 46,035,323</u>	<u>\$ 43,114,236</u>
Contributions as a Percentage of Covered Payroll	<u>48.55%</u>	<u>46.49%</u>	<u>47.64%</u>	<u>42.90%</u>	<u>43.82%</u>	<u>41.93%</u>	<u>37.46%</u>

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

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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San Bernardino County Fire Protection District
Combining Balance Sheets
Nonmajor Special Revenue Funds
June 30, 2021

	<u>Office of Emergency Services</u>	<u>Public Safety Power Shutoff</u>	<u>Community Facility District 2002-2 Pass Thru</u>	<u>Total</u>
ASSETS				
Assets:				
Cash and cash equivalents	\$ 13,561	\$ 1,398,955	\$ 9,823	\$ 1,422,339
Total assets	<u>\$ 13,592</u>	<u>\$ 1,402,100</u>	<u>\$ 9,984</u>	<u>\$ 1,425,676</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,156	\$ -	\$ -	\$ 1,156
Total liabilities	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>1,156</u>
Fund Balances:				
Restricted	12,436	1,402,100	9,984	1,424,520
Total fund balance	<u>12,436</u>	<u>1,402,100</u>	<u>9,984</u>	<u>1,424,520</u>
Total liabilities and fund balances	<u>\$ 13,592</u>	<u>\$ 1,402,100</u>	<u>\$ 9,984</u>	<u>\$ 1,425,676</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, 2021

	<u>Office of Emergency Services</u>	<u>Public Safety Power Shutoff</u>	<u>Community Facility District 2002-2 Pass Thru</u>	<u>Total</u>
REVENUES:				
Special assessments	\$ -	\$ -	\$ 285,739	\$ 285,739
Federal assistance	-	457,761	-	457,761
Investment earnings	(3,397)	14,656	(714)	10,545
Other revenues	120	-	-	120
Total revenues	<u>(3,277)</u>	<u>472,417</u>	<u>285,025</u>	<u>754,165</u>
EXPENDITURES:				
Current:				
Materials and services	(161)	-	281,674	281,513
Total expenditures	<u>(161)</u>	<u>-</u>	<u>281,674</u>	<u>281,513</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,116)</u>	<u>472,417</u>	<u>3,351</u>	<u>472,652</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	(3,116)	472,417	3,351	472,652
FUND BALANCES (DEFICIT):				
Beginning of year	15,552	929,683	6,633	951,868
End of year	<u>\$ 12,436</u>	<u>\$ 1,402,100</u>	<u>\$ 9,984</u>	<u>\$ 1,424,520</u>

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Office Emergency Services
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ (3,397)	\$ (3,397)
Other revenues	-	-	120	120
Total revenues	-	-	(3,277)	(3,277)
EXPENDITURES:				
Current:				
Materials and services	-	-	(161)	161
Total expenditures	-	-	(161)	161
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ -	\$ -	(3,116)	\$ (3,116)
FUND BALANCE (DEFICIT):				
Beginning of year			15,552	
End of year			\$ 12,436	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Public Safety Power Shutoff
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Federal assistance	\$ -	\$ -	\$ 457,761	\$ 457,761
Investment earnings	-	3,597	14,656	11,059
Total revenues	-	3,597	472,417	468,820
EXPENDITURES:				
Current:				
Materials and services	922,273	457,870	-	457,870
Capital outlay	-	393,000	-	393,000
Total expenditures	922,273	850,870	-	850,870
NET CHANGE IN FUND BALANCE (DEFICIT)	\$ (922,273)	\$ (847,273)	472,417	\$ 1,319,690
FUND BALANCE:				
Beginning of year			929,683	
End of year			<u>\$ 1,402,100</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, 2021

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 285,000	\$ 285,000	\$ 285,739	\$ 739
Investment earnings	4,066	4,066	(714)	(4,780)
Total revenues	289,066	289,066	285,025	(4,041)
EXPENDITURES:				
Current:				
Materials and services	285,000	285,000	281,674	3,326
Total expenditures	285,000	285,000	281,674	3,326
NET CHANGE IN FUND BALANCE	\$ 4,066	\$ 4,066	3,351	\$ (715)
FUND BALANCE:				
Beginning of year			6,633	
End of year			\$ 9,984	

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SCHEDULE OF FINDINGS

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San Bernardino County Fire Protection District
Schedule of Findings
For the Year Ended June 30, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS

A. Current Year Financial Statement Findings

Finding 2021-001 Internal Control Over Financial Reporting/Accounting Close and Accuracy in Financial Reporting (Material Weakness)

Criteria:

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

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

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

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

Condition and Context:

In fiscal year 2020, the County posted entries to record COVID-19 relief funds and capital assets transfers that were not recorded to the District's general ledger. Due to this oversight, prior period adjustments were recorded to the General Fund in the amount of \$7,146,964, the Hazardous Materials Fund in the amount of \$1,622, the Mountain Regional Service Zone Fund in the amount of \$(871,201), the North Desert Regional Service Zone Fund in the amount of \$(2,257,145), the South Desert Regional Service Zone Fund in the amount of \$(960,117), and the Valley Regional Service Zone Fund in the amount of \$(586,568) and the governmental activities in the amount of \$2,678,730 in order to record transactions that should have been reported in the prior year's financial statements.

Cause:

Due to the District using San Bernardino County's accounting system, occasionally there are entries that only get booked on the District's financial statements that will not post in the County's accounting system and because there is a lack of internal control procedures over final fund balance reconciliation between the District and the County, certain transactions from 2020 were not posted and recorded to the District's 2020 financial statements.

San Bernardino County Fire Protection District
Schedule of Findings (Continued)
For the Year Ended June 30, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

A. Current Year Financial Statement Findings (Continued)

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

Identification as a Repeat Finding, if Applicable:

Repeat of finding 2020-001.

Effect:

The beginning net position in the Government-wide Statement of Activities and the beginning fund balance in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (North Desert Regional Service Zone Special Revenue Fund), was understated by \$2,678,730.

Recommendation:

The District should enhance its review processes over the financial statements to include reconciling ending balances per the general ledger to the audited financial statements and to the County's records.

Views of Responsible Officials:

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

B. Prior Year Financial Statement Findings

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

Criteria:

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

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

San Bernardino County Fire Protection District
Schedule of Findings (Continued)
For the Year Ended June 30, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

B. Prior Year Financial Statement Findings (Continued)

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

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

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

Condition and Context:

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

Cause:

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

Identification as a Repeat Finding, if Applicable:

Not applicable.

Effect:

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

San Bernardino County Fire Protection District
Schedule of Findings (Continued)
For the Year Ended June 30, 2021

SECTION I – FINANCIAL STATEMENT FINDINGS (Continued)

B. Prior Year Financial Statement Findings (Continued)

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

Recommendation:

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

Views of Responsible Officials:

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

Status of Finding:

Not implemented. See finding 2021-001.