

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, 2023

San Bernardino County Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
Table of Contents	i
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report on the Financial Statements	1
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
 Fund Financial Statements:	
Balance Sheet	14
Reconciliation of the Balance Sheets of Governmental Funds to the Government-Wide Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Government-Wide Statement of Activities.....	20
Fiduciary Activities – Statement of Fiduciary Net Position.....	23
Fiduciary Activities – Statement of Changes in Fiduciary Net Position.....	24
 Notes to the Basic Financial Statements.....	 27
 Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule – General Fund	53
Budgetary Comparison Schedule – Mountain Regional Service Zone	54
Budgetary Comparison Schedule – North Desert Regional Service Zone.....	55
Budgetary Comparison Schedule – South Desert Regional Service Zone.....	56
Budgetary Comparison Schedule – Valley Regional Service Zone.....	57
Schedule of the District’s Proportionate Share of the Plan’s Net Pension Liability	58
Schedule of the District’s Contributions to the Pension Plan	59

**San Bernardino County Fire Protection District
Annual Financial Report
For the Year Ended June 30, 2023**

Table of Contents (Continued)

	<u>Page</u>
Supplementary Information:	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Special Revenue Funds	66
Budgetary Comparison Schedule – Hazardous Materials Fund.....	69
Budgetary Comparison Schedule – State Homeland Security Grant Fund.....	70
Budgetary Comparison Schedule – Office Emergency Services Fund	71
Budgetary Comparison Schedule – Public Safety Power Shutoff Fund	72
Budgetary Comparison Schedule – Community Facilities District 2002-2 Pass Thru Fund	73
Budgetary Comparison Schedule – Emergency Medical Services Fund	74

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 Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino County Fire Protection District (the "District"), a component unit of San Bernardino County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Implementation of GASB Statement No. 96

As described in Note 1 to the financial statements, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of GASB Statement No. 96 requires the District to record subscription assets and corresponding subscription liabilities for all SBITAs with a non-cancellable term over one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, 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 as listed in the table of contents, 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.

Supplementary 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 and the Budgetary Comparison Schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and the Budgetary Comparison Schedules, 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 Schedules 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 30, 2024, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Santa Ana, California
January 30, 2024

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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 and each major fund 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, 2023, 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 30, 2024.

Report on 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 opinions 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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*.

Purpose of this Report

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

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

Santa Ana, California
January 30, 2024

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, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 243,207,976
Taxes and assessments receivable	17,284,946
Accounts receivable, net	3,766,106
Prepaid items	11,222,016
Total current assets	275,481,044
Non-current assets:	
Capital assets – not being depreciated	11,599,725
Capital assets – being depreciated or amortized, net	65,975,094
Total non-current assets	77,574,819
Total assets	353,055,863
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	108,751,669
Total deferred outflows of resources	108,751,669
LIABILITIES	
Current liabilities:	
Accounts payable	4,313,635
Accrued salaries and benefits	7,890,593
Due to other governments	4,247,648
Advances from others	945,624
Accrued interest payable	38,586
Compensated absences – due within one year	6,779,496
Long-term debt – due within one year	1,493,176
Total current liabilities	25,708,758
Non-current liabilities:	
Compensated absences – due in more than one year	10,169,243
Long-term debt – due in more than one year	4,184,844
Net pension liability	202,196,491
Total non-current liabilities	216,550,578
Total liabilities	242,259,336
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	51,428,158
Total deferred inflows of resources	51,428,158
NET POSITION	
Net investment in capital assets	71,896,799
Restricted	156,667,442
Unrestricted (deficit)	(60,444,203)
Total net position	\$ 168,120,038

San Bernardino County Fire Protection District
Statement of Activities
For the Year Ended June 30, 2023

	Governmental Activities
Expenses:	
Public safety – fire protection and emergency services:	
Salaries and benefits	\$ 209,955,564
Materials and services	46,072,367
Intergovernmental	5,840,947
Depreciation and amortization expense	8,740,620
Interest expense	110,926
Total expenses	270,720,424
Program revenues:	
Charges for services	70,167,021
Intergovernmental	45,366,818
Claim cost recoveries	337,308
Operating grants and contributions	11,408,840
Total program revenues	127,279,987
Loss from operations	(143,440,437)
General revenues:	
Property taxes	130,463,586
Special assessments	48,431,254
Investment earnings	3,327,114
Loss on disposal of capital assets	40,752
Other revenues	1,227,150
Total general revenues	183,489,856
Change in net position	40,049,419
Net position:	
Beginning of year	128,070,619
End of year	\$ 168,120,038

FUND FINANCIAL STATEMENTS

San Bernardino County Fire Protection District
Balance Sheet
Governmental Funds
June 30, 2023

ASSETS	Special Revenue Funds			
	General Fund	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
Cash and cash equivalents	\$ 95,932,057	\$ 9,144,502	\$ 25,570,162	\$ 20,690,315
Taxes and assessments receivable	315,170	675,708	854,713	656,255
Due from other governments	1,295,837	480	6,349,659	1,440
Prepaid items	11,222,016	-	-	-
Due from other funds	1,040,247	-	-	-
Total assets	\$ 109,805,327	\$ 9,820,690	\$ 32,774,534	\$ 21,348,010
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,651,935	\$ 133,903	\$ 159,916	\$ 64,322
Accrued salaries and benefits	1,233,257	614,325	1,187,965	565,587
Due to other governments	3,504,033	3,731	5,027	158,214
Due to other funds	-	-	-	-
Advances from others	-	-	-	-
Total liabilities	8,389,225	751,959	1,352,908	788,123
Deferred Inflows of Resources:				
Unavailable revenue	29,831	-	-	-
Total deferred inflows of resources	29,831	-	-	-
Fund Balances:				
Nonspendable	11,222,016	-	-	-
Restricted	-	9,068,731	31,421,626	20,559,887
Unassigned	90,164,255	-	-	-
Total fund balance	101,386,271	9,068,731	31,421,626	20,559,887
Total liabilities, deferred inflows of resources, and fund balances	\$ 109,805,327	\$ 9,820,690	\$ 32,774,534	\$ 21,348,010

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San Bernardino County Fire Protection District
Balance Sheets (Continued)
Governmental Funds
June 30, 2023

ASSETS	Special Revenue Funds		
	Valley Regional Service Zone	Other Governmental Funds	Total Governmental Funds
	\$	\$	\$
Cash and cash equivalents	67,450,478	24,420,462	243,207,976
Taxes and assessments receivable	1,249,274	14,986	3,766,106
Due from other governments	8,080,519	1,557,011	17,284,946
Prepaid items	-	-	11,222,016
Due from other funds	-	-	1,040,247
Total assets	\$ 76,780,271	\$ 25,992,459	\$ 276,521,291
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	47,858	255,701	4,313,635
Accrued salaries and benefits	3,637,533	651,926	7,890,593
Due to other governments	246,552	330,091	4,247,648
Due to other funds	-	1,040,247	1,040,247
Advances from others	933,949	11,675	945,624
Total liabilities	4,865,892	2,289,640	18,437,747
Deferred Inflows of Resources:			
Unavailable revenue	-	-	29,831
Total deferred inflows of resources	-	-	29,831
Fund Balances:			
Nonspendable	-	-	11,222,016
Restricted	71,914,379	23,702,819	156,667,442
Unassigned	-	-	90,164,255
Total fund balance	71,914,379	23,702,819	258,053,713
Total liabilities, deferred inflows of resources, and fund balances	\$ 76,780,271	\$ 25,992,459	\$ 276,521,291

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San Bernardino County Fire Protection District
Reconciliation of the Balance Sheets of Governmental Funds to the
Government-Wide Statement of Net Position
June 30, 2023

Fund Balances – Governmental Funds	<u>\$ 258,053,713</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.	77,574,819
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.	108,751,669
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	(38,586)
Compensated absences	(16,948,739)
Long-term debt	(5,678,020)
Net pension liability	(202,196,491)
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>(51,428,158)</u>
Total adjustments	<u>(89,933,675)</u>
Net Position of Governmental Activities	<u><u>\$ 168,120,038</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, 2023

	Special Revenue Funds			
	General Fund	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone
REVENUES:				
Property taxes	\$ 14,801,127	\$ 17,841,481	\$ 20,840,366	\$ 9,813,423
Special assessments	-	5,651,592	13,674,214	9,940,026
Charges for services	4,938,299	43,587	6,245,877	34,943
Intergovernmental	19,466,818	-	13,414,428	2,071,315
Claim cost recoveries	70,341	-	39,249	-
Federal assistance	2,803,782	103,385	226,702	102,023
State assistance	-	-	-	-
Local assistance	-	-	-	-
Investment income	1,092,036	156,348	394,140	192,487
Other revenues	172,876	5,835	123,640	294,627
Total revenues	43,345,279	23,802,228	54,958,616	22,448,844
EXPENDITURES:				
Current:				
Salaries and benefits	18,193,129	18,221,068	35,089,843	16,989,346
Materials and services	9,175,617	3,505,212	8,118,916	3,032,469
Intergovernmental	3,625,752	584,177	-	-
Capital outlay	6,959,939	343,078	544,445	470,297
Debt service:				
Principal	520,599	129,700	180,652	-
Interest	27,011	76,264	-	-
Total expenditures	38,502,047	22,859,499	43,933,856	20,492,112
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,843,232	942,729	11,024,760	1,956,732
OTHER FINANCING SOURCES (USES):				
Transfers in	1,481,792	-	-	-
Transfers out	(3,650,943)	(224,152)	(417,991)	(202,600)
Proceeds from sale of capital assets	56,050	-	-	-
Inception of lease liability	2,025,826	-	-	-
Inception of subscription liability	1,776,995	-	-	-
Total other financing sources (uses)	1,689,720	(224,152)	(417,991)	(202,600)
NET CHANGES IN FUND BALANCES	6,532,952	718,577	10,606,769	1,754,132
FUND BALANCES:				
Beginning of year	94,853,319	8,350,154	20,814,857	18,805,755
End of year	\$ 101,386,271	\$ 9,068,731	\$ 31,421,626	\$ 20,559,887

(Continued)

San Bernardino County Fire Protection District
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		
	Valley Regional Service Zone	Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property taxes	\$ 67,156,829	\$ 10,360	\$ 130,463,586
Special assessments	18,298,912	866,510	48,431,254
Charges for services	41,218,011	17,686,304	70,167,021
Intergovernmental	8,162,123	2,252,134	45,366,818
Claim cost recoveries	20,123	207,595	337,308
Federal assistance	618,908	5,083,566	8,938,366
State assistance	-	125,605	125,605
Local assistance	-	2,344,869	2,344,869
Investment income	1,116,301	375,802	3,327,114
Other revenues	-	630,172	1,227,150
Total revenues	136,591,207	29,582,917	310,729,091
EXPENDITURES:			
Current:			
Salaries and benefits	99,784,540	20,425,459	208,703,385
Materials and services	15,161,309	7,078,844	46,072,367
Intergovernmental	-	1,631,018	5,840,947
Capital outlay	3,230,497	754,550	12,302,806
Debt service:			
Principal	-	469,648	1,300,599
Interest	-	1,562	104,837
Total expenditures	118,176,346	30,361,081	274,324,941
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,414,861	(778,164)	36,404,150
OTHER FINANCING SOURCES (USES):			
Transfers in	-	3,650,943	5,132,735
Transfers out	(527,838)	(109,211)	(5,132,735)
Proceeds from sale of capital assets	-	-	56,050
Inception of lease liability	-	-	2,025,826
Inception of subscription liability	-	-	1,776,995
Total other financing sources (uses)	(527,838)	3,541,732	3,858,871
NET CHANGES IN FUND BALANCES	17,887,023	2,763,568	40,263,021
FUND BALANCES:			
Beginning of year	54,027,356	20,939,251	217,790,692
End of year	\$ 71,914,379	\$ 23,702,819	\$ 258,053,713

(Concluded)

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, 2023

Net Change in Fund Balances – Governmental Funds	<u>\$ 40,263,021</u>
 Amounts reported for governmental activities in the statement of activities is different because:	
 Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	12,302,806
Depreciation and amortization expense	(8,740,620)
Disposal of capital assets	(15,298)
Entering into lease agreements and subscription agreements provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(3,802,821)
 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	(429,975)
Net change in net pension liability and related deferred outflows and inflows of resources	(822,204)
Net change in accrued interest payable	(6,089)
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>1,300,599</u>
Total adjustments	<u>(213,602)</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ 40,049,419</u></u>

FIDUCIARY FUND FINANCIAL STATEMENTS

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San Bernardino County Fire Protection District
Fiduciary Activities
Statement of Fiduciary Net Position
June 30, 2023

	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	\$ 9,360	\$ 8,318	\$ 207,053	\$ 141	\$ 44,305	\$ 269,177
Due from other governments	63	66	1,170	-	-	1,299
Total assets	<u>9,423</u>	<u>8,384</u>	<u>208,223</u>	<u>141</u>	<u>44,305</u>	<u>270,476</u>
LIABILITIES						
Due to other governments	4,294	-	147,235	-	10,140	161,669
Total liabilities	<u>4,294</u>	<u>-</u>	<u>147,235</u>	<u>-</u>	<u>10,140</u>	<u>161,669</u>
NET POSITION (DEFICIT)						
Held for other organizations or governments	5,129	8,384	60,988	141	34,165	108,807
Total net position	<u>\$ 5,129</u>	<u>\$ 8,384</u>	<u>\$ 60,988</u>	<u>\$ 141</u>	<u>\$ 34,165</u>	<u>\$ 108,807</u>

San Bernardino County Fire Protection District
Fiduciary Activities
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	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	\$ 78	\$ 650	\$ 47,093	\$ -	\$ 3,100	\$ 50,921
Investment income	135	143	2,091	-	-	2,369
Total additions	<u>213</u>	<u>793</u>	<u>49,184</u>	<u>-</u>	<u>3,100</u>	<u>53,290</u>
DEDUCTIONS:						
Trust transactions	2,703	-	-	-	-	2,703
Total deductions	<u>2,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,703</u>
Changes in net position	(2,490)	793	49,184	-	3,100	50,587
NET POSITION (deficit):						
Beginning of year	7,619	7,591	11,804	141	31,065	58,220
End of year	<u>\$ 5,129</u>	<u>\$ 8,384</u>	<u>\$ 60,988</u>	<u>\$ 141</u>	<u>\$ 34,165</u>	<u>\$ 108,807</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, 2023

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 services, 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 full-time professional fire protection and paramedic services to the areas of Crest Forest from Stations #25 and #26, Lake Arrowhead from Stations #91, #92, and #94, and Fawnskin from Station #96. Additionally, the service zone supports three paid-call firefighter stations in Angelus Oaks (Station #98), Forest Falls (Station #99), and Green Valley Lake (Station #95). The service zone also provides advanced life support ambulance transportation to the communities of Crest Forest and Lake Arrowhead.

North Desert Regional Service Zone

The North Desert Regional Service Zone provides full-time professional fire protection and paramedic services to the areas of Spring Valley Lake from Station #22, Lucerne Valley and surrounding areas from Station #8, Silver Lakes / Helendale and surrounding areas from Station #4, Phelan and Pinon Hills from Station #10, Wrightwood Station #14, Baker and the I-15 corridor from Station #53, and the City of Hesperia and surrounding areas from Stations #302, #304, and #305, including two Community Facilities Districts in the unincorporated areas of Hesperia (CFD 94 and CFD 2005). Fire protection services are also provided to the City of Adelanto from Station #322 through a service agreement. Additionally, the service zone supports four paid-call firefighter stations in Oak Hills (Station #40), Harvard (Station #52), Hinkley (Station #56), and Trona (Station #57). The service zone also provides advanced life support ambulance transportation to the communities of Hesperia, Lucerne Valley, Searles Valley, Baker, Phelan, and Wrightwood.

South Desert Regional Service Zone

The South Desert Regional Service Zone provides full-time professional fire protection and paramedic services to the Town of Yucca Valley and surrounding areas from Stations #41 and #42, Joshua Tree from Station #36, City of Twentynine Palms and surrounding areas from Station #44, City of Needles and surrounding area from Station #32, and Havasu Landing and surrounding areas from Station #18. The service zone also provides advanced life support ambulance transportation to the Yucca Valley and Yucca Mesa areas.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 full-time professional fire protection and paramedic services to the City of San Bernardino from Stations #221, #222, #224, #226, #227, #228, #229, #231, and #232, City of Upland from Stations #161, #163, and #164, Grand Terrace from Station #23, Devore and surrounding areas from Station #2, San Antonio Heights from Station #12, Muscoy from Station #75, Bloomington from Station #76, Mentone from Station #9, and Oak Glen from Station #555 through an agreement with CAL FIRE. Fire protection services are also provided through service agreements to the City of Fontana Fire Protection District from Stations #71, #72, #73, #74, #77, #78, #79, and #81, and to the San Bernardino International Airport Authority from Station #233 located on the airport grounds. Additionally, the service zone supports the volunteer Mount Baldy Station #200 and provides fire protection and paramedic services to three Community Facilities Districts (CFD) in the City of San Bernardino (CFD 1033), Lytle Creek North (CFD 2006-1), and City of Fontana (CFD 2002-2).

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 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 (U.S. GAAP). 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, 2023

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.

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, 2023

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.

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.

Deferred Outflows/Inflows of Resources

In accordance with U.S. GAAP, the Statement of Net Position and the Balance Sheet – Governmental Funds 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 assets) 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 assets) 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.

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, 2023.

U.S. GAAP 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:

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Cash and Cash Equivalents (Continued)

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

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

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

Property Taxes and Special Assessments

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

Leases

Lessee

The District has a policy to recognize a lease liability and a “right-to-use” lease asset (lease asset) in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

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

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Leases (Continued)

Lessee (Continued)

- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as “right-to-use” along with other capital assets and lease liabilities are reported as long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITAs)

The District has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$5,000 or more with a subscription term greater than one year.

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

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

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

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Leases (Continued)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Capital Assets

Capital assets include land, buildings, improvements, and equipment, and “right-to-use” assets. Capital assets 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 or greater 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.

Depreciation and amortization expense is provided using the straight-line method over the estimated useful lives of the respective classes of capital assets. Equipment under capitalized leases is amortized using the straight-line method over the lesser of minimum lease terms or estimated useful lives. The estimated useful lives for computing depreciation/amortization expense are as follows:

<u>Asset Class</u>	<u>Useful Lives</u>
Structures and improvements	5 - 40 years
Equipment, software, and vehicles	4 - 15 years
Lease and subscription assets	Contract term

Compensated Absences

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

Pension Plan

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

SBCERA

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Pension Plan (Continued)

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.

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

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

Committed – Committed fund balance encompasses the portion of net fund resources, the use of which is constrained by limitations imposed by the formal action of the government's highest level of decision making authority normally through resolutions, etc., and that remain binding unless rescinded or modified in the same manner. The Board of Supervisors is considered the highest authority for the District.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The District's policy hereby delegates the authority to assign amounts to be used for specific purposes to the County Administrative Office for the purpose of reporting these amounts in the annual financial statements.

Unassigned – The General Fund, as the principal operating fund, often has net resources in excess of what can properly be classified in one of the four categories already described. Therefore, in order to calculate unassigned fund balance, total fund balance less nonspendable, restricted, committed, or assigned equals unassigned fund balance. This amount is available for any purpose and will be placed in either the general purpose reserve, mandatory contingencies or the uncertainties contingencies until allocated for a specific purpose by the Board, by a four-fifths vote. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Fund Balance (Continued)

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.

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 amortization 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*.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

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 capital outlay within each fund.

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

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

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Use of Estimates (Continued)

Implementation of New GASB Pronouncements for the Year Ended June 30, 2023

During fiscal year ended June 30, 2023, the District has implemented the following new GASB Pronouncements:

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of this Statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Implementation of this statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this Statement had a moderate effect on the District's financial statements for the fiscal year ended June 30, 2023.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2023 consisted of the following:

Description	Governmental Activities	Fiduciary Activities	Total
Cash on hand	\$ 2,080	\$ -	\$ 2,080
Cash pooled with the San Bernardino County Treasury	243,205,896	269,177	243,475,073
Total cash and cash equivalents	\$ 243,207,976	\$ 269,177	\$ 243,477,153

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.

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 financial institutions 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.

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, 2023 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. At June 30, 2023, the District's balance in the County pool was \$243,205,896 and an additional \$269,177 was held by fiduciary funds.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022, as restated	Additions	Deletions	Transfers/ Reclassification	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 6,792,436	\$ 549,832	\$ -	\$ -	\$ 7,342,268
Construction in progress	1,856,355	2,827,531	(7,611)	(418,818)	4,257,457
Total capital assets, not being depreciated	8,648,791	3,377,363	(7,611)	(418,818)	11,599,725
Capital assets, being depreciated:					
Improvements to land	3,475,589	19,926	-	-	3,495,515
Structures and improvements	52,499,193	1,224,580	-	400,089	54,123,862
Vehicles and heavy equipment	78,788,396	1,811,044	(1,767,906)	5,766	78,837,300
Equipment	11,634,984	2,018,820	(55,699)	18,729	13,616,834
Software	171,760	-	-	-	171,760
Total capital assets, being depreciated	146,569,922	5,074,370	(1,823,605)	424,584	150,245,271
Less: accumulated depreciation					
Improvements to land	(1,698,454)	(141,504)	-	-	(1,839,958)
Structures and improvements	(20,967,495)	(1,378,055)	-	-	(22,345,550)
Vehicles and heavy equipment	(55,158,428)	(5,173,475)	1,767,906	(5,766)	(58,569,763)
Equipment	(4,942,437)	(930,641)	48,012	-	(5,825,066)
Software	(148,127)	(18,511)	-	-	(166,638)
Total accumulated depreciation	(82,914,941)	(7,642,186)	1,815,918	(5,766)	(88,746,975)
Total capital assets, being depreciated, net	63,654,981	(2,567,816)	(7,687)	418,818	61,498,296
Lease assets - buildings and improvements	1,293,194	2,025,828	-	-	3,319,022
Less: accumulated amortization	(453,830)	(615,434)	-	-	(1,069,264)
Total lease assets, being amortized, net	839,364	1,410,394	-	-	2,249,758
Subscription assets	884,795	1,825,245	-	-	2,710,040
Less: accumulated amortization	-	(483,000)	-	-	(483,000)
Total subscription assets, being amortized, net	884,795	1,342,245	-	-	2,227,040
Total capital assets, net	\$ 74,027,931	\$ 3,562,186	\$ (15,298)	\$ -	\$ 77,574,819

Note 4 – Advances from Others

At June 30, 2023, the balance of advances from others consisted of the following:

Description	Amount
City of San Bernardino fire department workers' compensation claims	\$ 925,756
Charges for services	19,868
Total	\$ 945,624

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 2023, \$0 of workers' compensation claims were paid, leaving a balance of \$925,756 as of June 30, 2023.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Compensated Absences

Changes in the compensated absences balance for the year ended June 30, 2023 was as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Classification	
				Due within One Year	Due in More Than One Year
\$ 16,518,764	\$ 9,948,640	\$ (9,518,665)	\$ 16,948,739	\$ 6,779,496	\$ 10,169,243

Note 6 – Long-Term Debt

Changes in long-term debt payable amounts for the year ended June 30, 2023 were as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022, as restated	Debt Issued	Debt Retired		Due within One Year	Due in More Than One Year
Direct borrowings and placements:						
Loan payable	\$ 1,444,300	\$ -	\$ (129,700)	\$ 1,314,600	\$ 135,000	\$ 1,179,600
Lease liability	846,703	2,025,826	(594,541)	2,277,988	773,031	1,504,957
Subscription liability	884,795	1,776,995	(576,358)	2,085,432	585,145	1,500,287
Total	<u>\$ 3,175,798</u>	<u>\$ 3,802,821</u>	<u>\$ (1,300,599)</u>	<u>\$ 5,678,020</u>	<u>\$ 1,493,176</u>	<u>\$ 4,184,844</u>

Loan Payable

In August 2010, Crest Forest Fire Protection District (dissolved and annexed into the District effective July 2015) entered into a direct borrowing 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, the District 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 direct borrowing agreement. The District agrees to pay to MFC all costs, loss or damages occurring payable at the same time and in the same manner of the debt payments. There shall be no right, under any circumstances, to accelerate the debt 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:

2024	\$ 135,000	\$ 69,190	\$ 204,190
2025	145,200	61,765	206,965
2026	160,500	53,719	214,219
2027	170,700	44,917	215,617
2028	185,700	35,500	221,200
2029-2031	517,500	42,914	560,414
Total	<u>\$ 1,314,600</u>	<u>\$ 308,005</u>	<u>\$ 1,622,605</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Debt (Continued)

Lease Liability

The District has entered into leases for the use of equipment and buildings. The terms of the agreements range from 2 to 6 years. The calculated interest rates vary from 0.15% to 0.75% based on the length of the lease. As of June 30, 2023, the capitalized right-to-use assets related to leases were \$3,319,022 and the total lease liability was \$2,277,988, of which \$773,031 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements of the lease liability are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 773,031	\$ 72,222	\$ 845,253
2025	395,306	7,292	402,598
2026	409,594	5,082	414,676
2027	418,005	2,800	420,805
2028	282,052	588	282,640
Total	<u>\$ 2,277,988</u>	<u>\$ 87,984</u>	<u>\$ 2,365,972</u>

Subscription Liability

The District has entered into subscription-based information technology arrangements (SBITAs) for services related to cloud-based software applications, data storage and management services. Under the terms of these arrangements, the District does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from 2 to 5 years. The calculated interest rate used was 0.55%, which is based on the length of the SBITA and date of the agreement.

As of June 30, 2023, the capitalized right-to-use assets related to SBITAs were \$2,710,040 and the total subscription liability was \$2,085,432, of which \$585,145 is reported as a current liability representing the amount due within the next fiscal year.

The annual debt service requirements of the subscription liability are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 585,145	\$ 28,374	\$ 613,519
2025	583,724	19,691	603,415
2026	554,611	10,497	565,108
2027	361,952	2,280	364,232
Total	<u>\$ 2,085,432</u>	<u>\$ 60,842</u>	<u>\$ 2,146,274</u>

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Defined Benefit 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”) and 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.

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 position, whose service is at least fifty percent of the full standard of hours required is a member of SBCERA and is provided with pension benefits pursuant to Plan requirements. The CBRL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	General - Tier 1	General - Tier 2	Safety - Tier 1	Safety - Tier 2
Final Average Compensation	Highest 12 consecutive months	Highest 36 consecutive months	Highest 12 consecutive months	Highest 36 consecutive months
Normal Retirement Age	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 55 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70	The later of age 50 or the age at which the member vests in his/her benefits under the CERL, but not later than age 70
Early Retirement: Years of Service required and/or age eligible for	Age 70 any years 10 years age 50 30 years any age	Age 70 any years 5 years age 52 N/A	Age 70 any years 10 years age 50 20 years any age	Age 70 any years 5 years age 50 N/A
Benefit	At normal retirement age, 2.00% per year of final average compensation for every year of service credit	At age 67, 2.50% per year of final average compensation for every year of service credit	At normal retirement age, 3.00% per year of final average compensation for every year of service credit	At age 57, 2.70% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67	Reduced before age 50	Reduced before age 57
Final Average Compensation Limitation	Internal Revenue Code Section 401(a)(17)	Government Code Section 7522.10	Internal Revenue Code Section 401(a)(17)	Government Code Section 7522.10

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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.

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, 2023 are as follows:

Description	General - Tier 1	General - Tier 2	Safety - Tier 1	Safety - Tier 2
Employee contribution rates	9.14% - 15.78%	9.04%	12.45% - 18.50%	15.84%
Employer contribution rates	27.17%	24.03%	59.75%	51.21%

For the year ended June 30, 2023, The District's contribution to the Plan of \$43,439,126 equaled the actuarially determined required employer contributions.

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

At June 30, 2023, The District reported a liability of \$202,196,491 for its proportionate share of the County’s net pension liability. The net pension liability was measured as of June 30, 2022, 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 2022 actual contributions to the County’s pension plan relative to the total contributions of the County as a whole. At measurement date June 30, 2022, the District’s proportion was 10.4014 percent, which was a decrease of 1.5449 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized a pension expense of \$44,261,330.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

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

At June 30, 2023, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 43,439,126	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,277,010	43,178,861
Differences between expected and actual experience	5,042,392	4,554,028
Changes of assumptions	13,993,141	-
Net differences between projected and actual investment earnings on pension plan investments	-	3,695,269
Total deferred outflows/inflows of resources	<u>\$ 108,751,669</u>	<u>\$ 51,428,158</u>

The total amount of \$43,439,126 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, 2024. The resulting net amount of \$13,884,385 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30</u>	<u>Balance</u>
2024	\$ 9,569,136
2025	1,888,447
2026	(16,688,963)
2027	21,148,119
2028	(2,032,354)
Total	<u>\$ 13,884,385</u>

Discount Rate

The discount rate used to measure the Plan's total pension liability was 7.25% for the year ended June 30, 2022. 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, 2022.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The District’s proportion of the County's total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2022
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	0.50%
Projected salary increases	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 2.00% 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.

Mortality rates used in the June 30, 2022 actuarial valuation were based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with 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 disabled Safety members, the 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, 2022 were based on the results of the Actuarial Experience Study dated April 23, 2020, which covered the periods from July 1, 2016 through June 30, 2019. They are the same assumptions used in the June 30, 2022 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, 2023

Note 7 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The June 30, 2022 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>
Large Cap U.S. Equity	Domestic Common and Preferred Stock	11.00%	5.42%
Small Cap U.S. 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 Municipals/Domestic Bonds	2.00%	1.13%
High Yield/Credit Strategies	Domestic 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%
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%
Cash and Equivalents	Short-Term Cash Investment Funds	2.00%	-0.03%
Total		<u>100.00%</u>	

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

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

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

<u>Description</u>	<u>Discount Rate - 1% 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>Discount Rate + 1% 8.25%</u>
District's proportionate share of the net pension liability	<u>\$ 340,046,834</u>	<u>\$ 202,196,491</u>	<u>\$ 89,445,761</u>

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.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – 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. Insurance premium expense for the year ended June 30, 2023, was \$9,676,923.

Note 9 – Due To/From Other Funds

Amounts due to and due from other funds at June 30, 2023, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
	State Homeland Security		
General Fund	Grant Special Revenue Fund	\$ 1,040,247	Overdrawn Cash
	Total	\$ 1,040,247	

Note 10 – Transfers In/Out

For the year ended June 30, 2023, the District made the following inter-fund transfers in and out.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
	Mountain Regional Service		
General Fund	Zone Special Revenue Fund	\$ 224,152	Administrative cost
	North Desert Regional Service		
General Fund	Zone Special Revenue Fund	417,991	Administrative cost
	South Desert Regional Service		
General Fund	Zone Special Revenue Fund	202,600	Administrative cost
	Valley Regional Service		
General Fund	Zone Special Revenue Fund	527,838	Administrative cost
	Hazardous Materials		
General Fund	Special Revenue Fund	109,211	Administrative cost
	Subtotal	1,481,792	
Emergency Medical Services			
Special Revenue Fund	General Fund	3,650,943	Reimbursement claim
	Total	\$ 5,132,735	

Note 11 – Unrestricted (Deficit) Net Position

As of June 30, 2023, the District has an unrestricted net deficit of \$(59,714,777). Due to the nature of the deficit from the net pension liability of \$202,196,491, 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, 2023

Note 12 – Fund Balance

The District classifies fund balances, as shown on the *Balance Sheet – Governmental Funds*, as follows as of June 30, 2023:

Description	General Fund	Mountain Regional Service Zone	North Desert Regional Service Zone	South Desert Regional Service Zone	Valley Regional Service Zone	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaid items	\$ 11,222,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,222,016
Total nonspendable	11,222,016	-	-	-	-	-	11,222,016
Restricted:							
Fire protection	-	9,068,731	31,421,626	20,559,887	71,914,379	-	132,964,623
Hazardous materials	-	-	-	-	-	18,284,603	18,284,603
State Homeland Security Grant	-	-	-	-	-	138,365	138,365
Office of Emergency Services	-	-	-	-	-	29,863	29,863
Public Safety Power Shutoff	-	-	-	-	-	496,437	496,437
CFD 2002-2 pass thru	-	-	-	-	-	9,068	9,068
Emergency Medical Services	-	-	-	-	-	4,744,483	4,744,483
Total restricted	-	9,068,731	31,421,626	20,559,887	71,914,379	23,702,819	156,667,442
Unassigned	90,164,255	-	-	-	-	-	90,164,255
Total fund balance	\$ 101,386,271	\$ 9,068,731	\$ 31,421,626	\$ 20,559,887	\$ 71,914,379	\$ 23,702,819	\$ 258,053,713

Note 13 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2023 consisted of the following:

Net investment in capital assets:	
Capital assets, nondepreciable	\$ 11,599,725
Capital assets, depreciable/amortizable, net	65,975,094
Long-term debt:	
Loan payable	(1,314,600)
Lease liability	(2,277,988)
Subscription liability	(2,085,432)
Total net investment in capital assets	<u>\$ 71,896,799</u>

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 2023, the County General Fund subsidized the District by \$23,342,906 for its operations, reported as intergovernmental revenue, and the District paid to the County \$26,669,674 for fleet management and transportation, County Administrative Office services, County treasury functions, facility management, human resources, purchasing, risk management, real estate and surveyor services, land use, and salaries including retirement and workers' compensation programs, among others.

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 14 – Related Party Transactions (Continued)

Consolidated Fire Agencies (“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 calls in each agency's jurisdiction over the immediately preceding two-year period. During the fiscal year ended June 30, 2023, the District contributed \$6,772,161 to CONFIRE towards its share of funds.

As of and for the year ended June 30, 2022, the latest available information, CONFIRE’s audited financial information is as follows:

Total assets	\$ 17,220,232
Deferred outflows of resources	2,755,320
Total assets and deferred outflows of resources	\$ 19,975,552
Current liabilities	\$ 507,648
Noncurrent liabilities	2,249,094
Deferred inflows of resources	2,812,522
CONFIRE equity	14,406,288
Total liabilities, deferred inflows of resources, and CONFIRE equity	\$ 19,975,552
Total revenues	\$ 13,441,355
Total expenses	(12,011,976)
Change in net position	\$ 1,429,379

Note 15 – Expenditures Over Appropriations

For the year ended June 30, 2023, the following funds had expenditures over appropriations:

	Appropriation	Expenditures	Expenditures over Appropriation
Governmental Funds			
General Fund:			
Current:			
Intergovernmental	\$ 2,100,000	\$ 3,625,752	\$ 1,525,752

San Bernardino County Fire Protection District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 16 – Commitments and Contingencies

Lease Agreement

On December 7, 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 the 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. It is estimated that construction will be completed in February 2024.

As of June 30, 2023, in the opinion of the District administration, there are no other outstanding matters which would have a significant effect on the financial position of the District.

Note 17 – Potential Repeal of Special Tax

An initiative petition entitled "Initiative to Repeal the Special Tax Associated With Fire Protection Service Zone Five (FP-5)" was submitted to the voters pursuant to Elections Code section 1405 for the June 2022 election (Measure Z). The FP-5 tax is a special tax for the San Bernardino County Fire Protection District Service Zone FP-5 which is currently \$171.85 per parcel. The total estimated revenue from the FP-5 special tax for 2023-24 is approximately \$46.5 million. The District filed a pre-election challenge to the initiative and on May 31, 2022, the trial court entered judgment in favor of the District. The judgment provides that if Measure Z passes, it is unenforceable. Measure Z passed at the June 2022 election. Both parties have appealed the trial court's ruling in the matter San Bernardino County Fire Protection District v. Bob Page [Michael Jimenez], as County Registrar, etc., et al., California Court of Appeal, Fourth District, Division Two, Case No. E079130. Related to this case, the District filed a post-election challenge to Measure Z in the matter of San Bernardino County Fire Protection District v. Lynna Monell, in her official capacity as Secretary of the Board of Directors of the San Bernardino County Fire Protection District, et al. (CIVSB2226340). This lawsuit challenges Measure Z on substantive grounds. Most recently, an initiative petition entitled "Initiative to Repeal the Special Tax for San Bernardino County Fire Protection District Service Zone FP-5," is being submitted to the voters pursuant to Elections Code section 1405 for the March 5, 2024 election.

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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, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 13,863,478	\$ 13,863,478	\$ 14,801,127	\$ 937,649
Charges for services	5,475,478	5,475,478	4,938,299	(537,179)
Intergovernmental	-	-	19,466,818	19,466,818
Claim cost recoveries	46,045	46,045	70,341	24,296
Federal assistance	2,100,000	2,100,000	2,803,782	703,782
Investment income	460,336	460,336	1,092,036	631,700
Other revenues	-	-	172,876	172,876
Total revenues	<u>21,945,337</u>	<u>21,945,337</u>	<u>43,345,279</u>	<u>21,399,942</u>
EXPENDITURES:				
Current:				
Salaries and benefits	21,548,034	21,548,034	18,193,129	3,354,905
Materials and services	15,911,776	15,215,961	9,175,617	6,040,344
Intergovernmental	2,100,000	2,100,000	3,625,752	(1,525,752)
Capital outlay	10,931,583	12,421,943	6,959,939	5,462,004
Debt service:				
Principal	520,599	520,599	520,599	-
Interest	68,477	68,477	27,011	41,466
Total expenditures	<u>51,080,469</u>	<u>51,875,014</u>	<u>38,502,047</u>	<u>13,372,967</u>
REVENUES OVER (UNDER) EXPENDITURES	(29,135,132)	(29,929,677)	4,843,232	34,772,909
OTHER FINANCING SOURCES (USES):				
Transfers in	28,942,369	28,942,369	1,481,792	(27,460,577)
Transfers out	(10,617,412)	(10,617,412)	(3,650,943)	6,966,469
Proceeds from sale of capital assets	-	-	56,050	56,050
Inception of lease liability	-	-	2,025,826	2,025,826
Inception of subscription liability	-	-	1,776,995	1,776,995
Total other financing sources (uses)	<u>18,324,957</u>	<u>18,324,957</u>	<u>1,689,720</u>	<u>(16,635,237)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,810,175)</u>	<u>\$ (11,604,720)</u>	6,532,952	<u>\$ 18,137,672</u>
FUND BALANCE:				
Beginning of year			94,853,319	
End of year			<u>\$ 101,386,271</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Mountain Regional Service Zone
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 17,356,785	\$ 17,356,785	\$ 17,841,481	\$ 484,696
Special assessments	5,770,132	5,770,132	5,651,592	(118,540)
Charges for services	43,378	43,378	43,587	209
Federal assistance	-	-	103,385	103,385
Investment income	69,348	69,348	156,348	87,000
Other revenues	-	-	5,835	5,835
Total revenues	23,239,643	23,239,643	23,802,228	562,585
EXPENDITURES:				
Current:				
Salaries and benefits	17,022,256	18,367,038	18,221,068	145,970
Materials and services	4,485,863	3,797,615	3,505,212	292,403
Intergovernmental	584,177	584,177	584,177	-
Capital outlay	952,190	510,610	343,078	167,532
Debt service:				
Principal	129,700	129,700	129,700	-
Interest	106,109	121,085	76,264	44,821
Total expenditures	23,280,295	23,510,225	22,859,499	650,726
REVENUES OVER (UNDER) EXPENDITURES	(40,652)	(270,582)	942,729	1,213,311
OTHER FINANCING SOURCES (USES):				
Transfers out	(224,152)	(224,152)	(224,152)	-
Total other financing sources (uses)	(224,152)	(224,152)	(224,152)	-
NET CHANGE IN FUND BALANCE	\$ (264,804)	\$ (494,734)	718,577	\$ 1,213,311
FUND BALANCE:				
Beginning of year			8,350,154	
End of year			\$ 9,068,731	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – North Desert Regional Service Zone
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 19,428,894	\$ 19,428,894	\$ 20,840,366	\$ 1,411,472
Special assessments	14,924,447	14,924,447	13,674,214	(1,250,233)
Charges for services	5,893,097	5,893,097	6,245,877	352,780
Intergovernmental	-	-	13,414,428	13,414,428
Claim cost recoveries	-	-	39,249	39,249
Federal assistance	-	-	226,702	226,702
Investment income	160,735	160,735	394,140	233,405
Other revenues	55,302	55,302	123,640	68,338
Total revenues	40,462,475	40,462,475	54,958,616	14,496,141
EXPENDITURES:				
Current:				
Salaries and benefits	32,556,672	35,309,903	35,089,843	220,060
Materials and services	9,042,855	8,491,116	8,118,916	372,200
Capital outlay	3,250,128	1,048,636	544,445	504,191
Debt service:				
Principal	180,652	180,652	180,652	-
Interest	-	-	-	-
Total expenditures	45,030,307	45,030,307	43,933,856	1,096,451
REVENUES OVER (UNDER) EXPENDITURES	(4,567,832)	(4,567,832)	11,024,760	15,592,592
OTHER FINANCING SOURCES (USES):				
Transfers in	7,414,429	7,414,429	-	(7,414,429)
Transfers out	(592,991)	(592,991)	(417,991)	175,000
Total other financing sources (uses)	6,821,438	6,821,438	(417,991)	(7,239,429)
NET CHANGE IN FUND BALANCE	\$ 2,253,606	\$ 2,253,606	10,606,769	\$ 8,353,163
FUND BALANCE:				
Beginning of year			20,814,857	
End of year			<u>\$ 31,421,626</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, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 8,672,507	\$ 8,672,507	\$ 9,813,423	\$ 1,140,916
Special assessments	10,539,284	10,539,284	9,940,026	(599,258)
Charges for services	46,164	46,164	34,943	(11,221)
Intergovernmental	-	-	2,071,315	2,071,315
Federal assistance	-	-	102,023	102,023
Investment income	79,344	79,344	192,487	113,143
Other revenues	11,518	11,518	294,627	283,109
Total revenues	19,348,817	19,348,817	22,448,844	3,100,027
EXPENDITURES:				
Current:				
Salaries and benefits	15,623,975	17,141,555	16,989,346	152,209
Materials and services	3,720,426	3,771,948	3,032,469	739,479
Capital outlay	12,640,080	11,070,978	470,297	10,600,681
Debt service:				
Interest	-	-	-	-
Total expenditures	31,984,481	31,984,481	20,492,112	11,492,369
REVENUES OVER (UNDER) EXPENDITURES	(12,635,664)	(12,635,664)	1,956,732	14,592,396
OTHER FINANCING SOURCES (USES):				
Transfers in	14,071,315	14,071,315	-	(14,071,315)
Transfers out	(12,202,600)	(12,202,600)	(202,600)	12,000,000
Total other financing sources (uses)	1,868,715	1,868,715	(202,600)	(2,071,315)
NET CHANGE IN FUND BALANCE	\$ (10,766,949)	\$ (10,766,949)	1,754,132	\$ 12,521,081
FUND BALANCE:				
Beginning of year			18,805,755	
End of year			<u>\$ 20,559,887</u>	

San Bernardino County Fire Protection District
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – Valley Regional Service Zone
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 61,358,554	\$ 61,358,554	\$ 67,156,829	\$ 5,798,275
Special assessments	18,230,331	18,230,331	18,298,912	68,581
Charges for services	36,184,044	36,184,044	41,218,011	5,033,967
Intergovernmental	-	-	8,162,123	8,162,123
Claim cost recoveries	-	-	20,123	20,123
Federal assistance	-	-	618,908	618,908
Investment income	625,541	625,541	1,116,301	490,760
Total revenues	116,398,470	116,398,470	136,591,207	20,192,737
EXPENDITURES:				
Current:				
Salaries and benefits	92,755,444	100,315,629	99,784,540	531,089
Materials and services	16,780,620	16,910,483	15,161,309	1,749,174
Capital outlay	35,234,284	27,544,236	3,230,497	24,313,739
Debt service:				
Interest	-	-	-	-
Total expenditures	144,770,348	144,770,348	118,176,346	26,594,002
REVENUES OVER (UNDER) EXPENDITURES	(28,371,878)	(28,371,878)	18,414,861	46,786,739
OTHER FINANCING SOURCES (USES):				
Transfers in	8,162,123	8,162,123	-	(8,162,123)
Transfers out	(7,527,838)	(7,527,838)	(527,838)	7,000,000
Total other financing sources (uses)	634,285	634,285	(527,838)	(1,162,123)
NET CHANGE IN FUND BALANCE	\$ (27,737,593)	\$ (27,737,593)	17,887,023	\$ 45,624,616
FUND BALANCE:				
Beginning of year			54,027,356	
End of year			<u>\$ 71,914,379</u>	

San Bernardino County Fire Protection District
Schedule of Proportionate Share of Net Pension Liability
Last Ten-Year Schedules*

Fiscal Year:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Measurement Date:	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Proportion of the net pension liability	10.4014%	11.9500%	8.5900%	9.5100%	9.6500%
Proportionate share of the net pension liability	\$ 202,196,491	\$ 127,608,880	\$ 285,901,347	\$ 211,214,403	\$ 199,406,747
Covered payroll	\$ 78,471,576	\$ 71,454,275	\$ 70,310,560	\$ 67,556,285	\$ 64,246,603
Proportionate share of the net pension liability as a percentage of covered payroll	257.67%	178.59%	406.63%	312.65%	310.38%
Plan fiduciary net position as a percentage of the total pension liability	85.12%	91.19%	71.96%	79.61%	79.89%
Fiscal Year:		<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Date:		<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportion of the net pension liability		9.0700%	7.4800%	7.4974%	7.1200%
Proportionate share of the net pension liability		\$ 197,830,431	\$ 153,455,263	\$ 121,705,250	\$ 102,437,673
Covered payroll		\$ 57,656,164	\$ 46,035,323	\$ 43,114,236	\$ 40,957,686
Proportionate share of the net pension liability as a percentage of covered payroll		343.12%	333.34%	282.29%	250.11%
Plan fiduciary net position as a percentage of the total pension liability		77.90%	76.86%	80.98%	82.47%

* Information only presented from the implementation year

In 2023, there were no changes of assumptions. Amounts reported in 2023 primarily reflect the -2.37% return on the market value of assets during 2021-2022 that was lower than the assumed return of 7.25%. Additionally, the results of the Board adopted Resolution 2020-5 in this valuation reflect the refunds of member contributions previously paid in conjunction with certain pay items for inclusion in compensation earnable, which increased the net pension liability by \$12.3 million.

In 2022, there were no changes of assumptions. Amounts reported in 2022 primarily reflect the 32.61% return on the market value of assets during 2020-2021 that was higher than the assumed return of 7.25% and the changes in benefit terms based on a decision in the Alameda County Deputy Sheriffs' Assn. et al. v. Alameda County Employees' Retirement Assn. litigation issued by the California Supreme Court on July 30, 2020. The Board of Retirement adopted Resolution 2020-5, which detailed the implementation of the Alameda decision including reclassifying certain pay items for inclusion in compensation earnable. The results in this valuation reflect the reclassification of those pay codes, which reduced the Plan's net pension liability by \$132.8 million.

In 2021, the actuarial assumptions used in the June 30, 2020 valuation were based on the results of the actuarial experience study for the period from July 1, 2016 through June 30, 2019. Amounts reported in 2021 primarily reflect 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 the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2019 projection scale.

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. Amounts 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 were based on the Headcount-Weighted RP 2014 Healthy Annuitant Mortality Table rather than on the RP-2000 Combined Healthy Mortality Table, which was used to determine amounts reported prior to 2018.

San Bernardino County Fire Protection District
Schedule of Pension Contributions
Last Ten-Year Schedules*

Fiscal Year:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021¹</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Actuarially determined contributions	\$ 43,439,126	\$ 40,244,266	\$ 34,570,231	\$ 32,684,024	\$ 32,181,381
Contributions in relation to the actuarially determined contributions	\$ (43,439,126)	\$ (40,244,266)	\$ (34,570,231)	\$ (32,684,024)	\$ (32,181,381)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 87,207,260	\$ 78,471,576	\$ 71,454,275	\$ 70,310,560	\$ 67,556,285
Contributions as a percentage of the covered payroll	49.81%	51.29%	48.38%	46.49%	47.64%
Fiscal Year:	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	
Actuarially determined contributions	\$ 27,562,873	\$ 25,267,220	\$ 19,304,654	\$ 16,151,746	
Contributions in relation to the actuarially determined contributions	\$ (27,562,873)	\$ (25,267,220)	\$ (19,304,654)	\$ (16,151,746)	
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 64,246,603	\$ 57,656,164	\$ 46,035,323	\$ 43,114,236	
Contributions as a percentage of the covered payroll	42.90%	43.82%	41.93%	37.46%	

¹2021 Contributions has been revised due to the Plan corrected an error on the 415 replacement benefit plan adjustment.

* Information only presented from the implementation year

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Hazardous Materials Special Revenue Fund – 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.

State Homeland Security Grant Special Revenue Fund – to account for State Homeland Security grant transactions. The fund will no longer be reported in the District's financial statements beginning on July 1, 2023.

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. The fund will no longer be reported in the District's financial statements beginning on July 1, 2023.

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. The fund will no longer be reported in the District's financial statements beginning on July 1, 2023.

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.

Emergency Medical Services Special Revenue Fund – to account for funds related to emergency medical services, emergency ambulance services, and medical supply distribution.

San Bernardino County Fire Protection District
Combining Balance Sheets
Nonmajor Special Revenue Funds
June 30, 2023

	Hazardous Materials	State Homeland Security Grant	Office of Emergency Services	Public Safety Power Shutoff
ASSETS				
Assets:				
Cash and cash equivalents	\$ 18,729,941	\$ -	\$ 54,320	\$ 518,154
Taxes and assessments receivable	14,986	-	-	-
Due from other governments	85,872	1,471,139	-	-
Total assets	\$ 18,830,799	\$ 1,471,139	\$ 54,320	\$ 518,154
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 230,685	\$ -	\$ 206	\$ 21,717
Accrued salaries and benefits	290,523	-	-	-
Due to other governments	13,313	292,527	24,251	-
Due to other funds	-	1,040,247	-	-
Advances from others	11,675	-	-	-
Total liabilities	546,196	1,332,774	24,457	21,717
Fund Balances:				
Restricted	18,284,603	138,365	29,863	496,437
Total fund balance	18,284,603	138,365	29,863	496,437
Total liabilities and fund balances	\$ 18,830,799	\$ 1,471,139	\$ 54,320	\$ 518,154

San Bernardino County Fire Protection District
Combining Balance Sheets (Continued)
Nonmajor Special Revenue Funds
June 30, 2023

	Community Facility District 2002-2 Pass Thru	Emergency Medical Services	Total
ASSETS			
Assets:			
Cash and cash equivalents	\$ 9,068	\$ 5,108,979	\$ 24,420,462
Taxes and assessments receivable	-	-	14,986
Due from other governments	-	-	1,557,011
Total assets	\$ 9,068	\$ 5,108,979	\$ 25,992,459
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 3,093	\$ 255,701
Accrued salaries and benefits	-	361,403	651,926
Due to other governments	-	-	330,091
Due to other funds	-	-	1,040,247
Advances from others	-	-	11,675
Total liabilities	-	364,496	2,289,640
Fund Balances:			
Restricted	9,068	4,744,483	23,702,819
Total fund balance	9,068	4,744,483	23,702,819
Total liabilities and fund balances	\$ 9,068	\$ 5,108,979	\$ 25,992,459

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, 2023

	Hazardous Materials	State Homeland Security Grant	Office of Emergency Services	Public Safety Power Shutoff
REVENUES:				
Property taxes	\$ 10,360	\$ -	\$ -	\$ -
Special assessments	580,771	-	-	-
Charges for services	9,564,315	-	5,000	-
Intergovernmental	-	-	-	-
Claim cost recoveries	207,595	-	-	-
Federal assistance	127,960	2,545,839	-	-
State assistance	125,605	-	-	-
Local assistance	2,344,869	-	-	-
Investment income	308,784	-	355	23,603
Other revenues	624,337	-	1,230	-
Total revenues	13,894,596	2,545,839	6,585	23,603
EXPENDITURES:				
Current:				
Salaries and benefits	9,058,498	207,233	-	-
Materials and services	2,812,629	637,038	-	328,736
Intergovernmental	-	1,631,018	-	-
Capital outlay	105,063	71,671	-	577,816
Debt service:				
Principal	469,648	-	-	-
Interest	1,562	-	-	-
Total expenditures	12,447,400	2,546,960	-	906,552
REVENUES OVER (UNDER) EXPENDITURES	1,447,196	(1,121)	6,585	(882,949)
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Transfers out	(109,211)	-	-	-
Total other financing sources	(109,211)	-	-	-
NET CHANGE IN FUND BALANCES	1,337,985	(1,121)	6,585	(882,949)
FUND BALANCES:				
Beginning of year	16,946,618	139,486	23,278	1,379,386
End of year	<u>\$ 18,284,603</u>	<u>\$ 138,365</u>	<u>\$ 29,863</u>	<u>\$ 496,437</u>

San Bernardino County Fire Protection District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Community Facility District 2002-2 Pass Thru	Emergency Medical Services	Total
REVENUES:			
Property taxes	\$ -	\$ -	\$ 10,360
Special assessments	285,739	-	866,510
Charges for services	-	8,116,989	17,686,304
Intergovernmental	-	2,252,134	2,252,134
Claim cost recoveries	-	-	207,595
Federal assistance	-	2,409,767	5,083,566
State assistance	-	-	125,605
Local assistance	-	-	2,344,869
Investment income	672	42,388	375,802
Other revenues	-	4,605	630,172
Total revenues	286,411	12,825,883	29,582,917
EXPENDITURES:			
Current:			
Salaries and benefits	-	11,159,728	20,425,459
Materials and services	286,296	3,014,145	7,078,844
Intergovernmental	-	-	1,631,018
Capital outlay	-	-	754,550
Debt service:			
Principal	-	-	469,648
Interest	-	-	1,562
Total expenditures	286,296	14,173,873	30,361,081
REVENUES OVER (UNDER) EXPENDITURES	115	(1,347,990)	(778,164)
OTHER FINANCING SOURCES:			
Transfers in	-	3,650,943	3,650,943
Transfers out	-	-	(109,211)
Total other financing sources	-	3,650,943	3,541,732
NET CHANGE IN FUND BALANCES	115	2,302,953	2,763,568
FUND BALANCES:			
Beginning of year	8,953	2,441,530	20,939,251
End of year	<u>\$ 9,068</u>	<u>\$ 4,744,483</u>	<u>\$ 23,702,819</u>

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San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Hazardous Materials Fund
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ -	\$ -	\$ 10,360	\$ 10,360
Special assessments	615,080	615,080	580,771	(34,309)
Charges for services	10,237,527	10,237,527	9,564,315	(673,212)
Claim cost recoveries	147,421	147,421	207,595	60,174
Federal assistance	-	-	127,960	127,960
State assistance	114,640	114,640	125,605	10,965
Local assistance	2,406,694	2,406,694	2,344,869	(61,825)
Investment income	130,291	130,291	308,784	178,493
Other revenues	449,000	449,000	624,337	175,337
Total revenues	<u>14,100,653</u>	<u>14,100,653</u>	<u>13,894,596</u>	<u>(206,057)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	10,325,497	10,325,497	9,058,498	1,266,999
Materials and services	3,784,073	3,784,073	2,812,629	971,444
Intergovernmental	-	-	-	-
Capital outlay	827,326	955,019	105,063	849,956
Debt service:				
Principal	469,648	469,648	469,648	-
Interest	1,562	1,562	1,562	-
Total expenditures	<u>15,408,106</u>	<u>15,535,799</u>	<u>12,447,400</u>	<u>3,088,399</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,307,453)	(1,435,146)	1,447,196	2,882,342
OTHER FINANCING SOURCES (USES):				
Transfers in	626,096	626,096	-	(626,096)
Transfers out	(927,122)	(927,122)	(109,211)	817,911
Total other financing sources(uses)	<u>(301,026)</u>	<u>(301,026)</u>	<u>(109,211)</u>	<u>191,815</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,608,479)</u>	<u>\$ (1,736,172)</u>	1,337,985	<u>\$ 3,074,157</u>
FUND BALANCE:				
Beginning of year			16,946,618	
End of year			<u>\$ 18,284,603</u>	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – State Homeland Security Grant Fund
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	<u>Adopted Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Federal assistance	\$ 6,282,166	\$ 6,282,166	\$ 2,545,839	\$ (3,736,327)
Total revenues	<u>6,282,166</u>	<u>6,282,166</u>	<u>2,545,839</u>	<u>(3,736,327)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	661,333	661,333	207,233	454,100
Materials and services	972,293	972,293	637,038	335,255
Intergovernmental	2,026,071	2,026,071	1,631,018	395,053
Capital outlay	655,458	655,458	71,671	583,787
Total expenditures	<u>4,315,155</u>	<u>4,315,155</u>	<u>2,546,960</u>	<u>1,768,195</u>
REVENUES OVER (UNDER) EXPENDITURES	1,967,011	1,967,011	(1,121)	(1,968,132)
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,967,011)	(1,967,011)	-	1,967,011
Total other financing sources(uses)	<u>(1,967,011)</u>	<u>(1,967,011)</u>	<u>-</u>	<u>1,967,011</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(1,121)	<u>\$ (1,121)</u>
FUND BALANCE:				
Beginning of year			<u>139,486</u>	
End of year			<u>\$ 138,365</u>	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Office Emergency Services
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ -	\$ -	\$ 5,000	\$ 5,000
Investment income	-	-	355	355
Other revenues	-	-	1,230	1,230
Total revenues	-	-	6,585	6,585
EXPENDITURES:				
Current:				
Materials and services	-	146	-	146
Total expenditures	-	146	-	146
REVENUES OVER (UNDER) EXPENDITURES	-	(146)	6,585	6,731
OTHER FINANCING SOURCES (USES):				
Transfers in	23,242	23,242	-	(23,242)
Total other financing sources(uses)	23,242	23,242	-	(23,242)
NET CHANGE IN FUND BALANCE	\$ 23,242	\$ 23,096	6,585	\$ (16,511)
FUND BALANCE:				
Beginning of year			23,278	
End of year			<u>\$ 29,863</u>	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Public Safety Power Shutoff
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	<u>Adopted Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Investment income	\$ 10,287	\$ 10,287	\$ 23,603	\$ 13,316
Total revenues	<u>10,287</u>	<u>10,287</u>	<u>23,603</u>	<u>13,316</u>
EXPENDITURES:				
Current:				
Materials and services	43,513	511,567	328,736	182,831
Capital outlay	660,000	873,920	577,816	296,104
Total expenditures	<u>703,513</u>	<u>1,385,487</u>	<u>906,552</u>	<u>478,935</u>
REVENUES OVER (UNDER) EXPENDITURES	(693,226)	(1,375,200)	(882,949)	492,251
OTHER FINANCING SOURCES (USES):				
Transfers out	(75,000)	(28,000)	-	28,000
Total other financing sources(uses)	<u>(75,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>28,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (768,226)</u>	<u>\$ (1,403,200)</u>	(882,949)	<u>\$ 520,251</u>
FUND BALANCE:				
Beginning of year			<u>1,379,386</u>	
End of year			<u>\$ 496,437</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, 2023

	<u>Adopted Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Special assessments	\$ 303,100	\$ 303,100	\$ 285,739	\$ (17,361)
Investment income	217	217	672	455
Total revenues	<u>303,317</u>	<u>303,317</u>	<u>286,411</u>	<u>(16,906)</u>
EXPENDITURES:				
Current:				
Materials and services	<u>303,600</u>	<u>303,600</u>	<u>286,296</u>	<u>17,304</u>
Total expenditures	<u>303,600</u>	<u>303,600</u>	<u>286,296</u>	<u>17,304</u>
NET CHANGE IN FUND BALANCE	<u>\$ (283)</u>	<u>\$ (283)</u>	115	<u>\$ 398</u>
FUND BALANCE:				
Beginning of year			<u>8,953</u>	
End of year			<u>\$ 9,068</u>	

San Bernardino County Fire Protection District
Budgetary Comparison Schedule – Emergency Medical Services
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Adopted Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 8,878,680	\$ 8,878,680	\$ 8,116,989	\$ (761,691)
Intergovernmental	-	-	2,252,134	2,252,134
Federal assistance	2,236,112	2,236,112	2,409,767	173,655
Investment income	9,586	9,586	42,388	32,802
Other revenues	-	-	4,605	4,605
Total revenues	11,124,378	11,124,378	12,825,883	1,701,505
EXPENDITURES:				
Current:				
Salaries and benefits	11,373,868	11,373,868	11,159,728	214,140
Materials and services	3,122,831	3,102,031	3,014,145	87,886
Total expenditures	14,496,699	14,475,899	14,173,873	302,026
REVENUES OVER (UNDER) EXPENDITURES	(3,372,321)	(3,351,521)	(1,347,990)	2,003,531
OTHER FINANCING SOURCES (USES):				
Transfers in	5,903,077	5,903,077	3,650,943	(2,252,134)
Total other financing sources(uses)	5,903,077	5,903,077	3,650,943	(2,252,134)
NET CHANGE IN FUND BALANCE	\$ 2,530,756	\$ 2,551,556	2,302,953	\$ (248,603)
FUND BALANCE:				
Beginning of year			2,441,530	
End of year			\$ 4,744,483	