IDYLLWILD FIRE

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

IDYLLWILD FIRE PROTECTION DISTRICT

IDYLLWILD, CALIFORNIA

JUNE 30, 2019

COMMISSIONER	OFFICE	TERM EXPIRES
Jerry Buchanan	President	December 2020
Larry Donahoo	Vice President	December 2020
Ralph Hoeteger	Secretary	December 2022
Rhonda Andrewson	Commissioner	December 2022
Henry Sawicki	Commissioner	December 2022

ADMINISTRATION

Chief Mark LaMont

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Idyllwild Fire Protection District
Idyllwild, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Idyllwild Fire Protection District as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Idyllwild Fire Protection District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased over the course of this year's operations. This is attributed to better operating performance (revenue exceeding expenses) in particular mutual aid assignments and better performance with ambulance service.

- During the year, the District's expenses of almost $2.6 million was less than the $2.6 million generated in taxes and other revenues for governmental programs (mutual aid and ambulance). The increase in revenue is due mainly to an increase in ambulance performance and mutual aid; and the increase in expenses is mostly attributed to pension related costs, both pension and health and welfare obligations.

- The general fund reported an increase in fund balance this year of over $232,000.

- The resources available for appropriation were over $367,000 more than budgeted for the general fund, due to an increase in ambulance service and mutual aid revenue than anticipated. Expenditures were over appropriations by over $172,000, mostly due higher payroll costs than anticipated.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section

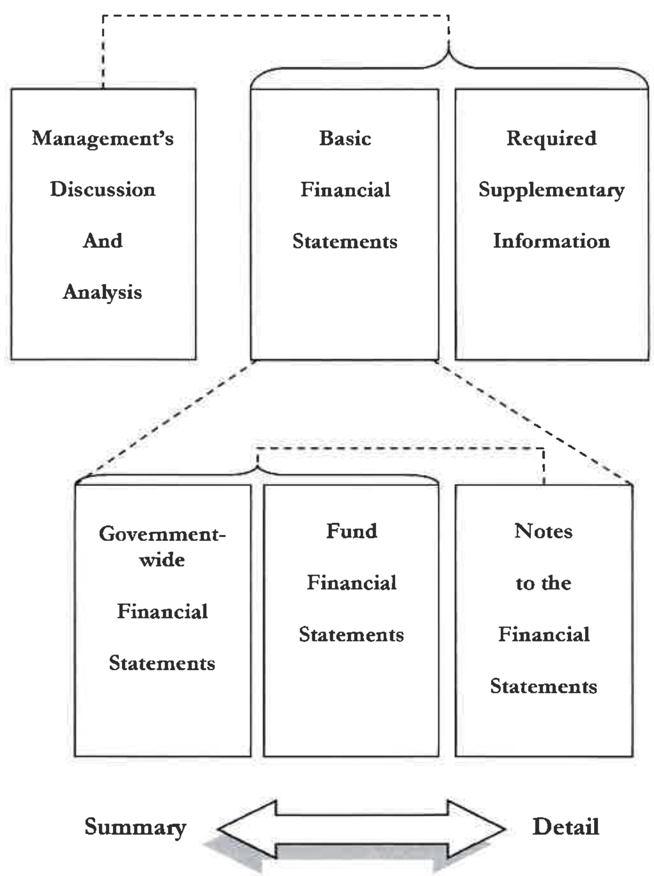
This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements,* and *required supplementary information.* The basic financial statements include two kinds of statements that present different views of the District:

Figure A-1
Required Components of Idyllwild Fire Protection District's Annual Financial Report

Special-purpose governments engaged in a single governmental program, such as fire protection, cemetery, airport, and other special districts. For such governments, it is still valuable to have both the comprehensive financial information of the governmental activities in the government-wide statements and the predominantly short-term data in the governmental funds statements. However, because there is only a single program, the format of some of the financial statements may seem awkward.

With this in mind, the accounting standards allow these kinds of governments to employ alternative forms of presentation that involve combining the government-wide and fund financial statements using a columnar format that reconciles the two kinds of financial data in a separate column on each statement.

The District has prepared a balance sheet/ statement of net position and a combined statement of revenues, expenditures, and changes in fund balances/statement of activities like a fund statement format.
– The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.



The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The figure above shows how the required parts of this annual report are arranged and relate to one another.

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

Major Features of Idyllwild Fire Protection District's Government-wide and Fund Financial Statements

Figure A-2
Major Features of Idyllwild Fire Protection District's Government-wide and Fund Financial Statements

		Fund Statements
	Government-wide Statements	Governmental Funds
Scope	Entire District government	The activities of the District
Required financial statements	❖ Statement of net position ❖ Statement of activities	❖ Balance sheet ❖ Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources—is one way to measure the District's financial health, or *position.*

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one kind of fund – *Governmental funds*—The District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Financial Analysis of the District As a Whole

Net position. The District's net position increased between fiscal years 2018 and 2019—to a $1.7 million deficit. (See Table 1.)

Table 1 - Net Position

(Amounts in thousands)	2019	2018	$ Change	% Change
Current and other assets	$ 1,026	$ 791	$ 235	30%
Capital assets	323	315	8	3%
Total Assets	1,349	1,106	243	22%
Deferred outflows of resources	630	899	(269)	-30%
Current liabilities	165	125	40	32%
Non-current liabilities	3,425	3,509	(84)	-2%
Total Liabilities	3,590	3,634	(44)	-1%
Deferred inflows of resources	82	156	(74)	-47%
Net position				
Net investment in capital assets	275	272	3	1%
Restricted	10	-	10	n/a
Unrestricted - (Deficit)	(1,978)	(2,057)	79	4%
Total Net Position - (Deficit)	$ (1,693)	$ (1,785)	$ 92	5%

The net deficit of the District decreased five percent to $1.7 million. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments, mostly the pension liabilities of $3.4 million that are greater than currently available resources. Specifically, the District did not include in past annual budgets the full amounts needed to finance future liabilities arising pensions and other long-term commitments. The District will include these amounts in future years' budgets as they come due.

Changes in net position. The District's total revenues increased by about seventeen percent to $2.6 million. (See Table 2.) A little over half of the District's revenue comes from property taxes, the rest is mostly a combination mutual aid and ambulance fees. (See Figure 2.)

Total expenses increased eighteen percent. This lead to a decrease in the net deficit by $61,000 in 2019. This compares to a $98,000 decrease in deficit in 2018.

Table 2 - Changes in Net Position

(Amounts in thousands)	2019	2018	$ Change	% Change
Program revenue	$ 1,361	$ 1,087	$ 274	25%
General revenue	1,281	1,164	117	10%
Total Revenue	2,642	2,251	391	17%
Salaries and benefits	1,940	1,631	309	19%
Supplies and services	544	467	77	16%
Other charges	66	55	11	20%
Total Expenses	2,550	2,153	397	18%
Increase in net position	$ 92	$ 98	$ (6)	-6%

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported a *combined* fund balance of over $844,000, slightly above last year. Included in this year's total change in fund balance is basically the same as the entity-wide:

- An increase in mutual aid
- Increase in net ambulance services revenue

General Fund Budgetary Highlights

The District was fairly close for property taxes and capital outlay.

Mutual aid came in about eight percent higher than expected, ambulance services came in twenty-eight percent better than expected. District was over budget in salaries and benefits, mostly due to the following factors:

1) Increase in salaries connected with increased percentage of ambulance service incidents.
2) Increase in overtime due to an increase in mutual aid services provided.
3) Severance payout to the previous Fire Chief of Salary and Benefits.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal 2019, the District had invested a net $323,000 in a broad range of capital assets, including land, fire equipment, and buildings. (See Table 3.) This amount represents a net increase (including additions and depreciation) of $8,000, or eighteen percent, from last year.

Table 3 - Capital Assets, Net of Depreciation

(Amounts in thousands)	2019	2018	$ Change	% Change
Land	$ 101	$ 101	$ -	0%
Buildings and improvements	61	63	(2)	-3%
Equipment	161	151	10	7%
Total	$ 323	$ 315	$ 8	3%

This year's additions included various radio and electronic equipment, a motor and, Engine 622.

According to the District's Capital Improvement Plan, ("CIP"), fiscal year 2020 capital budget projects $161,000, for the following replacements and improvements:

- One ALS ambulance $100,000. **M624**
- Chair, EMS Extrication Chair.(2), $3,250
- Hose, Small and Large Diameter Hose, $3,500
- Technology, computer/ administrative, $12,250
- Cardiac Monitors: ZOLL Cardiac Monitors (2), $42,000

Long-Term Liabilities

At year-end the District had over $3.3 million in combined pension liabilities (NPL and OPEB), $41,000 note payable to Kansas State Bank, copier lease of $7,000, and $119,000 in long-term compensated absence balances as shown in Table 4. More detailed information about the District's long-term liabilities is presented in Notes 8 through 10 of the financial statements.

Table 4 - Long-Term Liabilities

(Amounts in thousands)	2019	2018	$ Change	% Change
Note payable	$ 41	$ 43	$ (2)	-5%
Lease payable	7	-	7	n/a
Vacation accrual	119	125	(6)	-5%
OPEB	374	455	(81)	-18%
NPL	2,893	2,892	1	0%
Less current portion	(9)	(6)	(3)	50%
Total	$ 3,425	$ 3,509	$ (84)	-2%

Economic Factors and Next Year's Budgets and Rates

Overall we assumed a three percent increase in both revenue and expenditures. However, more specifically we assumed the following:

- Property taxes were estimated by the County of Riverside to increase between 3.0% and 3.3 %, but we used a 2.8% increase in property taxes.
- For ambulance services the District averages (for the last three years) about a 4.0% increase per year, with a collection rate of about 38%. Therefore, we use a 3 % increase with the same collection rate.
- For salaries we budgeted for 9 career positions, 1 part time administrative assistant position and 14 Intern reserve positions.
- Cal PERS was projected based on their actuary report, which comes out in October, with the following risk pool rates:
  - Safety PEPRA – 13.034% + unfunded liability of $2,569
  - Safety Classic – 18.928% + unfunded liability of $232,843
- The rest of the benefits were related to the IFPD - ICFA Memorandum of Understanding step increases for coverage.
- Supplies and services we budgeted around a three percent increase.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Idyllwild Fire Protection District's Chief at 54160 Maranatha Dr., Idyllwild, CA 92549-065.

IDYLLWILD FIRE

GOVERNMENTAL FUNDS BALANCE SHEET
AND
STATEMENT OF NET POSITION

JUNE 30, 2019

	General Fund	Adjustments (Note 2-A.)	Statement of Net Position
ASSETS			
Cash and cash equivalents	$ 721,981	$ -	$ 721,981
Accrued receivables	272,155	27,947	300,102
Prepaid expenditures	3,923	-	3,923
Nondepreciable capital assets	-	101,336	101,336
Depreciable capital assets, net	-	222,032	222,032
Total Assets	998,059	351,315	1,349,374
DEFERRED OUTFLOWS OF RESOURCES	-	630,000	630,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 998,059	$ 981,315	$ 1,979,374
LIABILITIES			
Accrued payables	$ 154,308	$ 2,100	$ 156,408
Long-term liabilities, current	-	8,978	8,978
Long-term liabilities, non-current	-	3,425,002	3,425,002
Total Liabilities	154,308	3,436,080	3,590,388
DEFERRED INFLOWS OF RESOURCES	-	82,000	82,000
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	200	(200)	-
Restricted	9,600	(9,600)	-
Committed	180,865	(180,865)	-
Unassigned	653,086	(653,086)	-
Net Position			
Net investment in capital assets	-	275,389	275,389
Restricted	-	9,600	9,600
Unrestricted - Deficit	-	(1,978,003)	(1,978,003)
Total Fund Balance / Net Position	843,751	(2,536,765)	(1,693,014)
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION	$ 998,059	$ 981,315	$ 1,979,374

The accompanying notes are an integral part of these financial statements

IDYLLWILD FIRE

GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

JUNE 30, 2019

	General Fund	Adjustments (Note 2-B.)	Statement of Activities
REVENUE			
Program Revenue:			
Charges for services	$ 1,391,033	$ (40,459)	$ 1,350,574
Operating grants and contributions	9,953	-	9,953
Property taxes, general purpose	1,164,231	6,284	1,170,515
Licenses, permits, and franchises	13,590	-	13,590
Grants and contributions not restricted to specific programs	44,123	-	44,123
Revenue from use of money	2,734	-	2,734
Other revenues	49,735	-	49,735
Total Revenue	2,675,399	(34,175)	2,641,224
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	1,325,274	(6,091)	1,319,183
Benefits	506,220	115,000	621,220
Supplies	117,442	-	117,442
Services	426,915	-	426,915
Depreciation	-	50,067	50,067
Capital Outlay	58,834	(58,834)	-
Debt Service - Principal	4,692	(4,692)	-
Debt Serivce - Interest	13,476	1,000	14,476
Total Expenditures / Expenses	2,452,853	96,450	2,549,303
Excess (Deficiency) of Revenue over Expenditures/Expenses	222,546	(130,625)	91,921
OTHER FINANCING SOURCES/USES			
Proceeds	9,794	(9,794)	-
NET CHANGE IN FUND BALANCE / NET POSITION	232,340	(140,419)	91,921
Fund Balance / Net Position - Beginning	611,411	(2,396,346)	(1,784,935)
Fund Balance / Net Position - Ending	$ 843,751	$ (2,536,765)	$ (1,693,014)

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 - A. Financial Reporting Entity

The Idyllwild Fire Protection District ("the District") was formed in 1946 and is governed by an elected five-member board of commissioners with authority for organization and powers derived from Health and Safety Code §13800. The District provides fire protection services for the businesses and residents of Idyllwild, California. Additionally, in 1951 the District expanded to provide ambulance service/transportation for the residents of Idyllwild, then in 1978 the District added advanced life support and paramedic services. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the funds of the District.

1 - B. Other Related Entities

Joint Powers Authority ("JPA"). The District is associated with one JPA, Special District Risk Management Authority ("SDRMA"). This organizations do not meet the criteria for inclusion as a component unit of the District. Additional information is presented in Note 13 to the financial statements.

1 - C. Basis of Presentation

Government-wide Statements. The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

Program revenues include (a) charges paid by the recipients of ambulance services and mutual aid offered by the District and (b) parcel fee assessments, grants, and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column.

Combined Fund and Government-Wide Statements. Governments engaged in a single governmental program may combine their fund financial statements with their government-wide statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column.

The District presents the combined governmental fund balance sheet/statement of net position, and combined statement of governmental fund revenues, expenditures, and changes in fund balances/statement of activities. The explanations for the reconciliation items in the "Adjustments" column are not provided on the face of the statement, but instead are disclosed in the notes. The District realigns the statement of activities to be compatible with the fund financial statement format.

Major Governmental Funds

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds.

1 - D. Basis of Accounting – 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

1 - E. Assets, Liabilities, and Net Position

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2019:

Acquisition Value. The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Accrued Receivables. The District considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year.

Capital Assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

Asset Class	Estimated Useful Life
General Plant/Structures	50
Cars and Pickups	5-7
Fire Engines	15-20
Ambulances	5 – 10
Office Equipment	5-10
Office Furniture	10-15
Computer Equipment	5-7

Interfund Balances. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Accrued Liabilities and Long-Term Obligations. All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Other Postemployment Benefits ("OPEB"). The financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Pension. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employee Retirement System ("Cal PERS") and additions to/deductions from Cal PERS' fiduciary net position have been determined on the same basis as they are reported by Cal PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances. The fund balance for governmental funds is reported in classifications based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable. The resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include Endowment Care corpus, inventories, and prepaid assets.

Restricted. The constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed. The District's highest decision-making level of authority rests with the Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned. Resources that are constrained by the government's intent to use them for a specific purpose but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the County for any purpose. When expenditures are incurred and both restricted and unrestricted resources are available, it is the County's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

1 - F. Revenue and Expenditures/Expenses

Revenues – Exchange Transactions (Program Revenue). Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Property Tax Calendar

Jul. 1	Beginning of the fiscal year and delinquent Secured property taxes DEFAULT and begin accruing additional penalties of 1 ½% per month and a redemption fee.
Jul. 1	Treasurer-Tax Collector mails out Unsecured property tax bills.
Aug./Sep.	Treasurer-Tax Collector mails out Prior Year Secured property tax bills.
Aug. 31	Unsecured property tax delinquent date. A 10% penalty is added after 5:00 p.m.
Oct	Treasurer-Tax Collector mails out Current Year Secured property tax bills.
Nov. 1	First installment is due (Current Secured property tax) and delinquent Current Year Unsecured taxes begin accruing additional penalties of 1½% per month.
Dec.10	First installment payment delinquent date (Current Secured property tax). A 10% penalty is added after 5:00 p.m.
Jan. 1	Lien date for the establishment of ownership, value and unsecured taxes for the ensuing fiscal year.
Feb. 1	Second installment is due (Current Secured property tax).
Apr. 10	Second installment payment delinquent date (Current Secured property tax). A 10% penalty and cost is added after 5:00 p.m.
May	Treasurer-Tax Collector mails delinquent notices for any unpaid, Current Year Secured property taxes.
Jun. 30	End of fiscal year.

Expenses/Expenditures. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Compensated Absences. Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of twelve hours for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees gain a vested right to accumulated sick leave. Employees are paid for any sick leave balance at termination of employment. Therefore, the value of accumulated sick leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all employees who retire through Cal PERS. At retirement, each member will receive .004 year of service credit for each eight hours of unused sick leave.

Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data. Per Health and Safety Code §13890 - §13894, on or before June 30 of each year, a district board shall adopt a preliminary budget which shall conform to the accounting and budgeting procedures for special districts contained in §1122 of Title 2 of California Code of Regulations ("CCR").

On or after July 1 of each year, the amounts set forth in the preliminary budget, except obligations for fixed assets and new permanent employee positions, are deemed appropriated until the district board adopts the final budget. If the district board has not adopted a preliminary budget, the amounts deemed appropriated shall be based on the budget of the preceding year, excluding fixed assets and new permanent employee positions.

If the district board determines that the amount of revenue for the coming fiscal year will be inadequate to meet the amount of expenditures needed to protect life and property, the preliminary budget shall propose methods of raising adequate revenues or reducing services. At the time and place specified for the meeting, any person may appear and be heard regarding any item in the budget or regarding the addition of other items. The hearing on the preliminary budget may be continued from time to time.

1 - G. New Accounting Pronouncements

The Governmental Accounting Standards Board ("GASB") has issued the following standards:

- GASB Statement No. 84, *Fiduciary Activities*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.
- GASB Statement No. 87, *Leases*. Effective Date: For reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

For specific details about the standards, please see www.gasb.org.

NOTE 2 – EXPLANATION OF DIFFERENCES BETWEEN THE FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

2 - A. Governmental Funds Balance Sheet and Statement of Net Position

Total Fund Balance - Governmental Funds			$ 843,751
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:			
Capital assets:			
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:			
Capital assets relating to governmental activities, at historical cost:	$	3,570,524	
Accumulated depreciation:		(3,247,156)	323,368
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:			(2,100)

Governmental Funds Balance Sheet and Statement of Net Position, Continued

Deferred recognition of earned but unavailable revenues:

In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred in governmental funds, but are recognized in the government-wide statements, is: 27,947

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net Pension Liability (Asset)	2,893,000	
Net OPEB Obligation	374,000	
Compensated absences payable	119,000	
Note payable	31,666	
Capital lease payable	16,314	(3,433,980)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflowsand inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	630,000
Deferred inflows of resources relating to pensions	(82,000)
Total Net Position - Governmental Activities:	$ (1,693,014)

2 - B. Governmental Funds Operating Statements and the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds		$ 232,340
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay:		
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$ 58,834	
Depreciation expense:	(50,067)	8,767
Debt service:		
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		4,692
Debt proceeds:		
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(9,794)
Earned but unavailable revenues:		
In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of earned but unavailable revenues relating to the current period, less revenues that became available in the current period but related to a prior period, is:		(34,175)

Governmental Funds Operating Statements and the Statement of Activities, Continued

Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:		(1,000)
Compensated absences:		
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		6,091
Pensions:		
In government funds, pension costs are recognized when employer contributions are made. in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		(196,000)
Postemployment benefits other than pensions ("OPEB"):		
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		81,000
Change in Net Position of Governmental Activities:	$	91,921

NOTE 3 – DEPOSITS

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2019, the carrying amount of the District's bank deposits was $77,905, and the respective bank balances totaled $129,999. The total bank balance was insured through the FDIC.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's $643,876 investments in a money market account, $ of underlying securities are held by the investment's counterparty.

There is a risk that, in the event of a counterparty failure, the District's investments may not be returned. As of June 30, 2019, the carrying amount of the District's investments was. Of the total investment balance, $500,000 was insured through the Securities Investor Protection Corporation ("SIPC"). The remaining $143,876 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held in the name of the financial institution and not that of the District.

NOTE 4 – ACCRUED RECEIVABLES

Receivables at June 30, 2019, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Ambulance income	$ 232,795	$ -	$ 232,795
Taxes	50,729	27,947	78,676
Mutual aid	40,781	-	40,781
Other	500	-	500
Allowance for doubtful accounts	(48,000)	-	(48,000)
Total Accrued Receivables	$ 276,805	$ 27,947	$ 304,752

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019

	Balance Jul. 01, 2018	Additions	Balance Jun. 30, 2019
Capital Assets Not Being Depreciated			
Land	$ 101,336	$ -	$ 101,336
Capital Assets Being Depreciated			
Structures and improvements	$ 588,275		$ 588,275
Vehicles	2,239,397	16,320	2,255,717
Furnature and equipment	582,681	42,514	625,195
Total assets being depreciated	3,410,353	58,834	3,469,187
Less Accumulated Depreciation			
Structures and improvements	525,626	1,597	527,223
Vehicles	2,145,759	36,189	2,181,948
Furnature and equipment	525,704	12,280	537,984
Total accumulated depreciation	3,197,089	50,066	3,247,155
Total Capital Assets Being Depreciated, Net	$ 213,264	$ 8,768	$ 222,032

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2019, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Vendors	$ 101,770	$ -	$ 101,770
Payroll related	35,857	-	35,857
Compensated absence	16,681	-	16,681
Interest payable	-	2,100	2,100
Total Accrued Payables	$ 154,308	$ 2,100	$ 156,408

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance Jul. 01, 2018	Additions	Deletions	Balance Jun. 30, 2019	Due In One Year
Note payable	$ 42,877	$ -	$ 4,146	$ 38,731	$ 7,124
Lease payable	-	9,794	545	9,249	1,854
Net pension (asset)/liability ("NPL"):					
Safety	2,957,000	6,000	-	2,963,000	-
Miscellaneous	(65,000)	(5,000)	-	(70,000)	-
	2,892,000	1,000	-	2,893,000	-
Other postemployment benefits ("OPEB")	455,000	-	81,000	374,000	-
Compensated absences	125,091	-	6,091	119,000	-
Total Long-Term Liabilities	$ 3,514,968	$ 10,794	$ 91,782	$ 3,433,980	$ 8,978

7 - B. Note Payable

The District has a note payable payment, which was used to finance a new truck. The annual payments are due in November, and as of June 30, 2019, the amortization of the note is as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 7,124	$ 1,514	$ 8,638
2021	7,422	1,215	8,637
2022	7,733	904	8,637
2023	8,057	580	8,637
2024	8,395	243	8,638
Total	$ 38,731	$ 4,456	$ 43,187

7 - C. Lease Payable

The District has a capital lease, which was used to finance a new copier. The annual payments are due each month as of June 30, 2019, the present value of the lease is as follows:

Year Ending June 30,		Lease Payment
2020		2,124
2021		2,124
2022		2,124
2023		2,124
2024		1,418
Total Payments	$	9,914
Amount representing interest		665
of minimum lease payments	$	9,249

7 - D. Compensated Absences

The long-term portion of unpaid employee vacation for the year ended June 30, 2019 was $119,000. This liability would be paid out of the General Fund.

NOTE 8 – DEFINED BENEFIT PENSION

8 - A. General Information about the Pension Plan

Plan Description. The California Public Employees' Retirement System ("CalPERS" or the System) is a cost-sharing, multiple-employer defined benefit public pension fund. CalPERS provides retirement benefit services for state, school, and public employers. Governed by a 13-member Board of Administration consisting of member-elected, appointed, and ex officio members. Established by legislation in 1931, the System became operational in 1932 to provide retirement to state employees. In 1939, new legislation allowed public agency and classified school employees to join CalPERS for retirement benefits. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf.

For accounting purposes only, Public Employees' Retirement Fund ("PERF") is comprised of and reported as three separate entities. PERF A is comprised of agent multiple-employer plans, which includes the State of California and most public agencies' rate plans with more than 100 active members. PERF B is a cost-sharing multiple employer plan of school employers consisting of non-teaching and non-certified employees. PERF C is a cost-sharing multiple-employer plan of public agencies with generally less than 100 active members. The District's NPL is a part of PERF B

Benefits Provided. The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. The District's part of the Safety and Miscellaneous Plan risk pools, with a benefit formulas of 3.0% @ 55, and 2.7% @ 57, respectively (more detailed calculation can be found in Appendix B in Section 2 of the Risk Pool Valuation Report. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for state Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living (COLA) adjustments up to a maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

Contributions. The CalPERS Annual Valuation Reports (Safety Plan and PEPRA Safety Fire Plan) for Idyllwild Fire Protection District as of June 30, 2016, reported 2018-19 required employer contributions to be 17.614% and 12.141%, respectively of creditable salaries for the "Employer Normal Cost Rate," plus \$196,695 and \$137, respectively, for the "Employer Payment of Unfunded Liability." The report also reported an employee contribution rates of 9.00% and 11.50%, respectively. Total contributions to the pension plan from the District was \$279,000 for the year ended June 30, 2019.

8 - B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$2,893,000 for its proportionate shares of the net pension liability/(asset) from the safety and miscellaneous risk pools. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating agencies, actuarially determined. The District's proportion was calculated as follows:

	Jun. 30, 2018	Jun. 30, 2017	Difference
Safety:			
Total Pension Liability Allocation Basis	0.0004873	0.0004943	-0.0000070
Fiduciary Net Position Allocation Basis	0.0004809	0.0004940	-0.0000131
Miscellaneous:			
Total Pension Liability Allocation Basis	0.0000013	0.0000014	-0.0000001
Fiduciary Net Position Allocation Basis	0.0000070	0.0000072	-0.0000002

For the year ended June 30, 2019, the District recognized pension expense of $508,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ 62,000	$ -	$ 62,000
Changes of assumptions	245,000	-	245,000
Net difference between projected and actual earnings on pension	20,000	-	20,000
Changes in proportion and differences between District contributions and	-	82,000	(82,000)
Differences between Employer's Contributions and Proportionate Share of	21,000	-	21,000
District contributions subsequent to the measurement date	282,000	-	282,000
Total	$ 630,000	$ 82,000	$ 548,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ 520,000
2021	130,000
2022	(82,000)
2023	(20,000)
Total	$ 548,000

8 - C. Actuarial Assumptions and Discount Rate Information

Actuarial Assumptions. The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method:	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate:	7.15%
Inflation rate	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table [1]	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until PPPA floor on until Purchasing Power Protection Allowance Floor on Purchasing Power Applies

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate. The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class [1]	Assumed Asset Allocation	Real Return Years 1 – 10 [2]	Real Return Years 11+ [3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	(0.92)%

[1] In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2] An expected inflation rate of 2.00% used for this period.
[3] An expected inflation rate of 2.92% used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (-100 basis points) or one percentage point higher (+100 basis points) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 4,377,000	$ 2,893,000	$ 1,677,000

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS Comprehensive Annual Financial Report.

NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description
The Postemployment Benefit Plan (the "Plan) is a single-employer defined benefit healthcare plan administered by the Idyllwild Fire Protection District. The Plan offers the following benefits by bargaining unit:

	Safety	Miscellaneous
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	Retirement from Cal PERS	Retirement from Cal PERS
Minimum Age	Retirement from Cal PERS	Retirement from Cal PERS
Dependent Coverage	Yes	Yes
District Contribution %	100% to cap	100% to cap
District Cap	> $300 or the statutory minimum	> $300 or the statutory minimum

Funding Policy. The contribution requirements of Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2019, the District contributed $48,596 to the Plan, all of which was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation. The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an n ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	9
Total	23

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2019 and the two preceding years were as follows:

Balance at July 01, 2018	$	455,000
Changes for the year:		
Service cost		(47,000)
Interest		13,000
Benefit payments		(47,000)
Net changes		(81,000)
Balances at June 30, 2019	$	374,000

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the plan was not funded. The covered payroll (annual payroll of active employees covered by the plan) was $631,285, and the ratio of the UAAL to the covered payroll was 71%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members, $3,600 per year per retiree). The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2019, actuarial valuation, the "entry age normal" actuarial cost method was used. The actuarial assumptions included an inflation rate of 2.10% per year and a 2.79% discount rate.

NOTE 10 – FUND BALANCE

Fund balance components at June 30, 2019, were as follows:

		General Fund
Nonspendable		
Revolving account	$	200
Restricted		
SCBA Equipment		9,600
Committed		
Equipment replacement		116,298
Donations		64,567
Total Committed		180,865
Unassigned		653,086
Total Fund Balances	$	843,751

NOTE 11 – PARTICIPATION IN A JOINT POWERS AUTHORITY

The District is a member of SDRMA. The JPA is to provide worker compensation and general liability and property insurance. The relationship is such that the JPA is not a component unit of the District for financial reporting purposes.

SDRMA has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from them.

During the year ended June 30, 2019, the District made payments of $32,439 for property and liability and $31,384 for workers compensation.

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REQUIRED SUPPLEMENTARY INFORMATION

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IDYLLWILD FIRE

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive /
	Original	Final	Actual	(Negative)
REVENUE				
Program Revenue:				
Charges for services	$ 958,700	$ 1,154,930	$ 1,391,033	$ 236,103
Operating grants and contributions	9,500	9,785	9,953	168
Property taxes, general purose	1,037,200	1,069,276	1,164,231	94,955
Licenses, permits, and franchises	2,800	2,884	13,590	10,706
Fines, forfeits, and penalties			-	-
Grants and contributions not restricted to specif	54,700	56,341	44,123	(12,218)
Other revenues	15,500	15,500	49,735	34,235
Total Revenue	2,078,400	2,308,716	2,675,399	366,683
EXPENDITURES				
Current:				
Salaries and wages	858,775	1,197,500	1,325,274	(127,774)
Benefits	573,100	585,043	506,220	78,823
Supplies	57,200	53,525	117,442	(63,917)
Services	372,045	374,320	426,915	(52,595)
Capital Outlay	91,000	60,500	58,834	1,666
Debt Service - Principal	22,700	8,600	4,692	3,908
Debt Serivce - Interest	1,000	1,000	13,476	(12,476)
Total Expenditures	1,975,820	2,280,488	2,452,853	(172,365)
Excess (Deficiency) of Revenue over Expenditures	102,580	28,228	222,546	194,318
OTHER FINANCING SOURCES/USES				
Proceeds	-	-	9,794	9,794
NET CHANGE IN FUND BALANCE	102,580	28,228	232,340	204,112
Fund Balance - Beginning	611,411	611,411	611,411	
Fund Balance - Ending	$ 713,991	$ 639,639	$ 843,751	$ 204,112

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset) - Safety	0.05%	0.05%	0.05%	0.05%	0.05%
District's proportion of the net pension liability (asset) - Miscellaneous	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%
District's proportionate share of the net pension liability (asset) - Safety	$ 2,963,000	$ 2,957,000	$ 2,612,000	$ 2,072,000	$ 2,061,000
District's proportionate share of the net pension liability (asset) - Misc.	(70,000)	(65,000)	(57,000)	(59,000)	(59,000)
Total	$ 2,893,000	$ 2,892,000	$ 2,555,000	$ 2,013,000	$ 2,002,000
District's covered payroll	943,000	848,000	771,000	606,000	591,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	314%	349%	339%	342%	349%
Plan fiduciary net position as a percentage of the total pension liability - Safety	73%	72%	73%	77%	79%
Plan fiduciary net position as a percentage of the total pension liability - Misc.	78%	75%	76%	80%	81%

The amounts presented for each fiscal year were determined as of June 30 of the prior fiscal year

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 281,000	$ 279,000	$ 218,000	$ 211,000	$ 167,000
Contributions in relation to the contractually required contribution	(281,000)	(253,000)	(218,000)	(211,000)	(167,000)
Contribution deficiency (excess)	$ -	$ 26,000	$ -	$ -	$ -
District's covered payroll	671,000	943,000	848,000	771,000	606,000
Contributions as a percentage of covered payroll	42%	30%	26%	27%	28%

IDYLLWILD FIRE

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2019

	2019	2018
Total OPEB Liability	$ 374,000	$ 455,000
Changes for the year:		
Service cost	(47,000)	$ 66,000
Interest	13,000	2,000
Benefit payments	(47,000)	(46,800)
Net Changes in Total OPEB Liability	(81,000)	21,200
Total OPEB Liability - Beginning	455,000	433,800
Total OPEB Liability - Ending	$ 374,000	$ 455,000
Covered Payroll	1,325,000	1,147,000
Total OPEB liability as a percentage of covered payroll	28%	40%

OTHER INDEPENDENT AUDITOR'S REPORT

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Fedak & Brown LLP
Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Idyllwild Fire Protection District
Idyllwild, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 26, 2019