



ANNUAL FINANCIAL REPORT

JUNE 30, 2022



C.J. Brown & Company CPAs
10805 Holder Street, Suite 150
Cypress, California 90630

March 28, 2023

This representation letter is provided in connection with your audit of the basic financial statements as listed in the table of contents of the Idyllwild Fire Protection District (District), which comprise the respective financial position of the governmental activities, the business-type activities, and each major fund as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the “financial statements”), in accordance with generally accepted accounting principles for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 28, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 1, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Financial Statements, continued

9. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of all known actual or possible litigation and claims, if any, have been accounted for and disclosed in accordance with U.S. GAAP.
12. All component units, as well as joint ventures with an equity interest, if any, are included and other joint ventures and related organizations are properly disclosed.
13. All funds and activities are properly classified.
14. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
15. All components of net position, non spendable, restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
16. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
17. All revenues within the statement of activities have been properly classified.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Special items and extraordinary items, if any, have been properly classified and reported.
21. Deposit and investment risks have been properly and fully disclosed.
22. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
23. All required supplementary information is measured and presented within the prescribed guidelines.
24. With regard to investments and other instruments reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
25. With respect to the preparation of financial statements, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

26. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - 1) A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
 - 2) A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
27. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
 - a. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 - b. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - c. We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
 - d. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - 1) Management;
 - 2) Employees who have significant roles in internal control; or
 - 3) Others where the fraud could have a material effect on the financial statements.
28. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
29. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
30. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
31. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
32. The Audit has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
33. We have disclosed to you all guarantees, whether written or oral, under which the Audit is contingently liable.
34. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
35. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.

Information Provided, continued

36. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
37. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
38. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
39. The Audit has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
40. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
41. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
42. We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
43. With respect to the required supplementary information accompanying the financial statements:
 - a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:
44. With respect to the schedule of activity by department:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
 - b. We believe the supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe significant assumptions or interpretations underlying the measurement or presentation of supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
45. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.

Signature: _____

Mark LaMont, Fire Chief

IDYLLWILD FIRE PROTECTION DISTRICT

IDYLLWILD, CALIFORNIA

JUNE 30, 2022

COMMISSIONER	OFFICE	TERM EXPIRES
Henry Sawicki	President	December 2022
Dan Messina	Vice President	December 2022
Rhonda Andrewson	Secretary	December 2022
Dennis Fogle	Commissioner	December 2025
Christina Reitz	Commissioner	December 2025

ADMINISTRATION

Chief Mark LaMont

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C.J. Brown & Company CPAs

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Riverside, California 92507
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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 and each major fund of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2022, 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 and each major fund of the Idyllwild Fire Protection District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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. Our responsibilities under those standards are further described in the Auditor's 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, 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.

Auditor's 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 auditor's report that includes our opinions. 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 generally accepted 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.

Independent Auditor's Report, continued

In performing an audit in accordance with generally accepted 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 management's discussion and analysis on pages 3 through 9, and the required supplementary information on pages 33 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Activity by Department on pages 39 and 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule is the responsibility of management and was derived from and relates 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 Schedule of Activity by Department 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 a report dated March 28, 2023, 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.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs

Cypress, California

March 28, 2023



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, 2022. 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 several factors better operating performance and a reduction in the pension liability.
- During the year, the District's expenses of \$3.6 million was less than the almost \$4.4 million generated in taxes and other revenues for governmental programs (mutual aid and ambulance).
- The general fund reported an increase in fund balance this year of over \$555,000.
- The resources available for appropriation were almost \$2.0 million more than budgeted. Expenditures were also over appropriations by over \$1.3 million.

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:

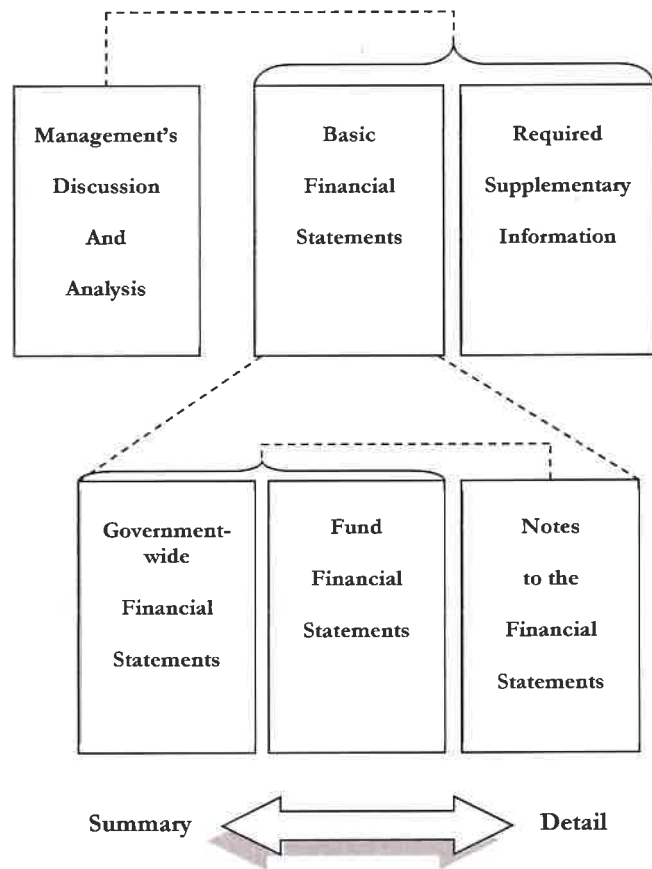
Figure A-1
Required Components of Idyllwild Fire Protection District's Annual Financial Report

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

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire District government	The activities of the District
Required financial statements	<ul style="list-style-type: none"> ❖ Statement of net position ❖ Statement of activities 	<ul style="list-style-type: none"> ❖ 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 deficit decreased significantly between fiscal years 2021 and 2022—to a \$0.5 million deficit. (See Table 1.)

Table 1 - Net Position

<i>(\$ Amounts in thousands)</i>	2022	2021	\$ Change	% Change
Current and other assets	\$ 2,483	\$ 1,867	\$ 616	33%
Capital assets	848	663	185	28%
Total Assets	3,331	2,530	801	32%
Deferred outflows of resources	804	750	54	7%
Current liabilities	333	269	64	24%
Non-current liabilities	2,906	4,111	(1,205)	-29%
Total Liabilities	3,239	4,380	(1,141)	-26%
Deferred inflows of resources	1,387	116	1,271	1096%
Net position				
Net investment in capital assets	275	275	-	0%
Restricted	-	10	(10)	-100%
Unrestricted - (Deficit)	(766)	(1,501)	735	49%
Total Net Position - (Deficit)	\$ (491)	\$ (1,216)	\$ 725	60%

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 (net pension liability and other postemployment benefits "OPEB") of \$2.9 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 activity can be seen in Table 2. Just about thirty percent of the District's revenue comes from property taxes, the rest is mostly a combination of mutual aid and ambulance fees. More specifically:

- ❖ Revenue changes:
 - Net ambulance revenue went up from \$662k in 2020-21 to \$764k in 2021-22
 - Mutual aid went from \$1.2 million in 2020-21 to \$2.0 million in 2021-22.
 - Property taxes were up 9%.
- ❖ Expense change:
 - Salaries went up from \$1.7 million 2020-21 to almost \$2.1 million in 2021-22, a result of MOU staffing of open positions and mutual aid increases.
 - Benefits, however, went from \$740k in 2020-21 to \$867k in 2021-22. This is largely a result of filling all open positions.
 - All other expense categories went up.

Table 2 - Changes in Net Position

<i>(\$ Amounts in thousands)</i>	2022	2021	\$ Change	% Change
Program revenue	\$ 2,815	\$ 2,197	\$ 618	28%
General revenue	1,544	1,368	176	13%
Total Revenue	4,359	3,565	794	22%
Salaries and benefits	2,867	2,425	442	18%
Supplies and services	686	540	146	27%
Other charges	86	65	21	32%
Total Expenses	3,639	3,030	609	20%
Increase in net position	\$ 725	\$ 535	\$ 185	35%

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported a fund balance of almost \$2.3 million. Included in this year's total change in fund balance is basically the same as the entity-wide, the difference being the pension calculations, which, as previously stated, went up; but had a greater increase in the entity wide statements.

General Fund Budgetary Highlights

Revenue was more than expected as a result of

- ❖ Mutual aid
- ❖ Net ambulance revenue

In total, expenditures were more than expected due almost entirely to mutual aid related expenditures.



Capital Asset and Debt Administration

Capital Assets

At the end of fiscal 2022, the District added two new vehicles, Ambulance and a new Battalion Vehicle. The district also placed a down payment on a Type III Brush Engine.

Table 3 - Capital Assets, Net of Depreciation

<i>(\$ Amounts in thousands)</i>	2022	2021	\$ Change	% Change
Land	\$ 101	\$ 101	\$ -	0%
Buildings and improvements	57	57	-	0%
Equipment	690	505	185	37%
Total	\$ 848	\$ 663	\$ 185	28%

According to the District's Capital Improvement Plan, ("CIP"), fiscal years 2021 through 2025 capital budget projects an estimated outlay of approximately \$1.3 million (the specific timing of these purchases will remain a function of financial capacity and funding availability), for the following replacements and improvements:

- ❖ 1 Type 3 Engine (Brush Rig)
- ❖ 1 Water tender
- ❖ 2 Additional Ambulances (Medic Units)
- ❖ 1 Utility Vehicle
- ❖ 1 Additional Battalion Vehicle
- ❖ Various tools and equipment

Long-Term Liabilities

At year-end the District had over \$2.6 million in combined pension liabilities (NPL and OPEB), a total of \$149,000 notes payable to Kansas State Bank, copier lease of \$3,000, and \$154,000 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 7 through 9 of the financial statements.

Table 4 - Long-Term Liabilities

<i>(\$ Amounts in thousands)</i>	2022	2021	\$ Change	% Change
Note payable	\$ 149	\$ 179	\$ (30)	-17%
Lease payable	3	5	(2)	-40%
Vacation accrual	154	226	(72)	-32%
OPEB	543	409	134	33%
NPL	2,092	3,325	(1,233)	-37%
Less current portion	(35)	(33)	(2)	6%
Total	\$ 2,906	\$ 4,111	\$ (1,205)	-29%



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 conservative 2.8% increase in property taxes for budgeting purposes.
- ❖ For Ambulance Services the District averages (for the last three years) about a 3.0% increase per year, with an average collection rate of about 30%. Therefore, we used a conservative 2 % projected increase with the same collection rate.
- ❖ An increase in Revenue and Expenditure was projected for Mutual Aid contributions.
- ❖ For salaries we budgeted for 10 (Suppression) career (MOU) positions, and 1 Full time Executive Assistant position. We also budgeted for 5 Suppression Support positions and an average of 24 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 – 13.044%
 - Safety Classic – 20.585%
 - Unfunded liability of \$260,631
- ❖ Additional benefits are related to the IFPD – ICFA MOU.
- ❖ Supplies and Services were projected with an average of 3% 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.



GOVERNMENTAL FUNDS BALANCE SHEET
AND
STATEMENT OF NET POSITION

JUNE 30, 2022

	<u>General Fund</u>	<u>Adjustments (Note 2-A.)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 1,706,565	\$ -	\$ 1,706,565
Accrued receivables	756,268	20,058	776,326
Nondepreciable capital assets	-	101,336	101,336
Depreciable capital assets, net	-	746,659	746,659
Total Assets	2,462,833	868,053	3,330,886
DEFERRED OUTFLOWS OF RESOURCES	-	804,000	804,000
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,462,833	\$ 1,672,053	\$ 4,134,886
LIABILITIES			
Accrued payables	\$ 296,260	\$ 2,000	\$ 298,260
Long-term liabilities, current	-	34,638	34,638
Long-term liabilities, non-current	-	2,905,527	2,905,527
Total Liabilities	296,260	2,942,165	3,238,425
DEFERRED INFLOWS OF RESOURCES	-	1,387,000	1,387,000
FUND BALANCE / NET POSITION			
Fund Balance			
Non-spendable	200	(200)	-
Committed	12,500	(12,500)	-
Unassigned	2,153,873	(2,153,873)	-
Net Position			
Net investment in capital assets	-	275,387	275,387
Unrestricted - Deficit	-	(765,926)	(765,926)
Total Fund Balance / Net Position	2,166,573	(2,657,112)	(490,539)
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION	\$ 2,462,833	\$ 1,672,053	\$ 4,134,886

The accompanying notes are an integral part of these financial statements



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

JUNE 30, 2022

	General Fund	Adjustments (Note 2-B.)	Statement of Activities
REVENUE			
Program Revenue:			
Charges for services	\$ 2,798,667	\$ -	\$ 2,798,667
Operating grants and contributions	16,388	-	16,388
Property taxes, general purpose	1,405,702	(2,841)	1,402,861
Licenses, permits, and franchises	10,946	-	10,946
Grants and contributions not restricted to specific programs	46,560	-	46,560
Revenue from use of money	812	-	812
Other revenues	82,417	-	82,417
Total Revenue	4,361,492	(2,841)	4,358,651
EXPENDITURES / EXPENSES			
Current:			
Salaries and wages	2,096,958	(69,956)	2,027,002
Benefits	722,441	118,000	840,441
Supplies	83,723	-	83,723
Services	602,119	-	602,119
Depreciation	-	83,000	83,000
Capital Outlay	268,085	(268,085)	-
Debt Service - Principal	33,446	(33,446)	-
Debt Service - Interest	5,770	(3,043)	2,727
Total Expenditures / Expenses	3,812,542	(173,530)	3,639,012
Excess (Deficiency) of Revenue over Expenditures/Expenses	548,950	170,689	719,639
Special items	5,346	-	5,346
NET CHANGE IN FUND BALANCE / NET POSITION	554,296	170,689	724,985
Fund Balance / Net Position - Beginning	1,612,277	(2,827,801)	(1,215,524)
Fund Balance / Net Position - Ending	\$ 2,166,573	\$ (2,657,112)	\$ (490,539)

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 11 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, 2022:

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.

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. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Structures and improvements	10 – 50
Vehicles	5 – 16
Furniture and equipment	5 – 20



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.

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.

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 \$ 2,166,573

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: \$	4,292,995	
	Accumulated depreciation:	(3,445,000)	847,995

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 unmaturred interest owing at the end of the period was: (2,000)



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:

20,058

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)	2,092,000	
Net OPEB Obligation	543,000	
Compensated absences payable	154,000	
Notes payable	147,723	
Capital lease payable	3,442	(2,940,165)

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 outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	804,000
Deferred inflows of resources relating to pensions	(1,387,000)

Total Net Position - Governmental Activities: \$ (490,539)



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

Net Changes in Fund Balances - Total Governmental Funds \$ 554,296

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: \$	268,085	
	Depreciation expense:	(83,000)	185,085

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:

33,446

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:

(2,841)



JUNE 30, 2022

Governmental Funds Operating Statements and the Statement of Activities, Continued

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:

69,956

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:

(91,000)

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:

(27,000)

Change in Net Position of Governmental Activities:	\$ 724,985
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NOTE 3 – DEPOSITS

As of June 30, 2022, the District had the following cash and cash equivalents balances:

	Governmental Activities
Cash on hand	\$ 200
Deposits in financial institutions	341,028
Money market	1,365,337
Total Cash and Cash Equivalents	\$ 1,706,565

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, 2022, the carrying amount of the District's bank deposits was \$341,028 and the respective bank balances totaled \$343,044. 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 \$1,365,337 investments in a money market account, all of the 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, 2022, 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 \$865,337 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, 2022, were as follows:

	<u>General Fund</u>	<u>District-Wide</u>	<u>Total Governmental Activities</u>
Ambulance income	\$ 565,899	\$ -	\$ 565,899
Taxes	47,914	20,058	67,972
Mutual aid	108,725	-	108,725
Vendor	-	-	-
Other	106,730	-	106,730
Allowance for doubtful accounts	(73,000)	-	(73,000)
Total Accrued Receivables	\$ 756,268	\$ 20,058	\$ 776,326



NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022

	Balance Jul. 01, 2021	Additions	Balance Jun. 30, 2022
Capital Assets Not Being Depreciated			
Land	\$ 101,336	\$ -	\$ 101,336
Capital Assets Being Depreciated			
Structures and improvements	\$ 588,275	\$ -	\$ 588,275
Vehicles	2,536,323	268,085	2,804,408
Furniture and equipment	798,976	-	798,976
Total assets being depreciated	3,923,574	268,085	4,191,659
Less Accumulated Depreciation			
Structures and improvements	531,000	-	531,000
Vehicles	2,249,000	40,000	2,289,000
Furniture and equipment	582,000	43,000	625,000
Total accumulated depreciation	3,362,000	83,000	3,445,000
Total Capital Assets Being Depreciated, Net	\$ 561,574	\$ 185,085	\$ 746,659

NOTE 6 – ACCRUED PAYABLES

Payables at June 30, 2022, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Vendors	\$ 113,221	\$ -	\$ 113,221
Payroll related	10,752	-	10,752
Withholdings	101,509	-	101,509
Compensated absence	70,778	-	70,778
Interest payable	-	2,000	2,000
Total Accrued Payables	\$ 296,260	\$ 2,000	\$ 298,260



JUNE 30, 2022

NOTE 7 – LONG-TERM LIABILITIES

7 - A. Long-Term Liabilities Summary

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance			Balance		Due In
	Jul. 01, 2021	Additions	Deletions	Jun. 30, 2022	One Year	
Note payable						
Truck	\$ 24,185	\$ -	\$ 7,733	\$ 16,452	\$ 8,057	
Ambulance/Suburban	155,006	-	23,735	131,271	24,538	
Total Notes Payable	179,191	-	31,468	147,723	32,595	
Lease payable	5,420	-	1,978	3,442	2,043	
Net pension (asset)/liability ("NPL"):						
Safety	3,402,000	-	1,210,000	2,192,000	-	
Miscellaneous	(77,000)	(23,000)	-	(100,000)	-	
	3,325,000	(23,000)	1,210,000	2,092,000	-	
Other postemployment benefits ("OPEB")	409,000	134,000	-	543,000	-	
Compensated absences	226,000	-	72,000	154,000	-	
Total Long-Term Liabilities	\$ 4,144,611	\$ 111,000	\$ 1,315,446	\$ 2,940,165	\$ 34,638	

7 - B. Note Payable

The District has notes payable, which was used to finance new vehicles. The annual payments are due in November, and as of June 30, 2022, the amortization of the note is as follows:

Year Ending June 30,	Principal	Interest	Principal	Interest	Total
2023	\$ 8,057	\$ 580	\$ 24,538	\$ 4,437	\$ 37,612
2024	8,395	243	25,368	3,608	37,614
2025	-	-	26,225	2,750	28,975
2026	-	-	27,111	2,750	29,861
2027	-	-	28,029	2,811	30,840
Total	\$ 16,452	\$ 823	\$ 131,271	\$ 16,356	\$ 164,902



IDYLLWILD FIRE

JUNE 30, 2022

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, 2022, the present value of the lease is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,043	\$ 81
2024	1,399	17
	\$ 3,442	\$ 98

7 - D. Compensated Absences

The long-term portion of unpaid employee vacation for the year ended June 30, 2022 was \$154,000. This liability would be paid out of the General Fund.

NOTE 8 – DEFINED BENEFIT PENSION

General Information about the Pension Plan

Plan Description. The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the CalPERS. The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan’s June 30, 2018 Annual Valuation Report (“funding valuation”). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS’ audited financial statements are publicly available reports that can be found on CalPERS’ website at <https://www.calpers.ca.gov/page/forms-publications>.



JUNE 30, 2022

Benefit Provided and Contributions. Per the Idyllwild Fire Protection District June 30, 2017 actuarial valuation report for the pension plan, the following are the benefits and employee and employer contribution requirements

Member Category	Benefit Group		
	Safety - Classic	Safety – PEPPRA	Misc. – PEPPRA
Benefit Formula	3% @ 55	2.7% @ 57	2.0% @ 62
Social Security (Full/Modified)	No	No	No
	Full	Full	Full
Employee Contribution Rate	9.00% (District covers 7%)	13.00%	6.75%
Final Avg. Comp Period	3 Yr.	3 Yr.	3 Yr.
Sick Leave Credit	Yes	Yes	Yes
Non-Industrial Disability	Standard	Standard	Standard
Industrial Disability	Yes	Yes	No
Pre-Retirement Death Benefits			
Optional Settlement 2	Yes	Yes	Yes
1959 Survivor Benefit Level	Level 4	Level 4	No
Special	Yes	Yes	No
Alternate (firefighters)	No	No	No
Post-Retirement Death Benefits			
Lump Sum	\$500	\$500	\$500
Survivor Allowance (PRSA)	No	No	No
COLA	2%	2%	2%
Employer Contribution Rate	20.64%	13.13%	7.59%
Employer Unfunded Liability	\$298,882	\$4,376	\$ -
Total Employer Contributions:	\$353,375	\$59,255	\$3,101

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported a net liability of \$2,092,000 for its proportionate shares of the net pension liabilities. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology:

The schedule of employer allocations for components of net pension liability includes two ratios:

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes.
- 2) Market Value of Assets – Determined based on the sum of the market value of assets from the most recent actuarial valuation report as of June 30, 2020 used for funding purposes plus supplemental payments made by employers during the current measurement period to reduce their unfunded actuarial accrued liabilities.

The schedule of employer allocations for components of net pension liability is based on actuarial valuation reports that are one year in arrears. As such, there will be a one-year lag between the time an employer enters the Plan and the fiscal year the employer is first included on the schedule of employer allocations for components of net pension liability. Employers joining the Plan during the fiscal year ended June 30, 2021, will be included in the schedule of employer allocations for components of net pension liability as of and for the fiscal year ended June 30, 2022.

The employers' proportionate share percentages of the miscellaneous and safety risk pools were first determined at the rate plan level. The employers' total proportion of the respective miscellaneous and safety risk pools reflects the sum of the proportions of the respective miscellaneous and safety rate plans.



JUNE 30, 2022

When applying the allocation methodology to the collective miscellaneous or safety risk pool pension amounts, employers should determine proportionate shares using the employer allocation factors as follows:

- 1) Total Pension Liability (TPL) – Allocate based on the employer’s share of the actuarial accrued liability.
- 2) Fiduciary Net Position (FNP) – Allocate based on the employer’s share of the market value of assets plus additional payments.
- 3) Net Pension Liability (NPL) – After completing the above calculations, subtract FNP from TPL to calculate the employer’s NPL.
- 4) Deferred Outflows of Resources, Deferred Inflows of Resources – Allocate based on the employer’s share of the net pension liability as noted in 3) above.
- 5) Pension Expense – After completing the above calculations, calculate the employer’s share of collective pension expense based on the employer’s share of changes in net pension liability, changes in deferred outflows and deferred inflows of resources, and the employer’s contributions for the fiscal year ended June 30, 2021. The schedule of collective pension amounts does not reflect employer-specific amounts such as changes in proportion and employer contributions to PERF C subsequent to the measurement date. Appropriate treatment of such amounts is the responsibility of the employers.

An employer’s proportionate share of pension amounts for PERF C equals the sum of the employer’s proportionate shares of pension amounts for the respective miscellaneous and safety risk pools. At June 30, 2022, the District’s proportion was:

	Jun. 30, 2021	Jun. 30, 2020	Difference
Safety:			
Total Pension Liability Allocation Basis	0.0004468	0.0004585	-0.0000117
Fiduciary Net Position Allocation Basis	0.0004193	0.0004393	-0.0000200
Miscellaneous:			
Total Pension Liability Allocation Basis	0.0000014	0.0000012	0.0000002
Fiduciary Net Position Allocation Basis	0.0000071	0.0000068	0.0000003

For the year ended June 30, 2022, the District recognized pension expense of \$526,000. At June 30, 2022, 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	\$ 363,000	\$ -	\$ 363,000
Net difference between projected and actual earnings on pension plan	-	1,218,000	(1,218,000)
Changes in proportion and differences between District contributions and proportionate share of contributions	-	169,000	(169,000)
Differences between Employer's Contributions and Proportionate Share of Contributions	25,000	-	25,000
District contributions subsequent to the measurement date	416,000	-	416,000
Total	\$ 804,000	\$ 1,387,000	\$ (583,000)



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,	
2023	\$ 234,000
2024	(211,000)
2025	(271,000)
2026	(335,000)
Total	\$ (583,000)

Actuarial Assumptions and Discount Rate Information

Actuarial Methods and Assumptions. The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

Investment rate of return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.50% until Purchasing Power
Post-retirement benefit increase	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.

Long-Term Expected Rate of Return. 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 + ^{3,4}
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 of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

⁴ Figures are based on previous ALM of 2017

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.

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 asset - Misc.	\$ (97,000)	\$ (100,000)	\$ (103,000)
District's proportionate share of the net pension liability - Safety	\$ 3,769,000	\$ 2,192,000	\$ 898,000

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>.

NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description. The District provides employees and retirees and their surviving family members the health benefits plan provided pursuant to the Public Employees' Medical and Hospital Care Act ("PEMHCA"), as set forth in Government Code §22750 – 22948. The plan is a single-employer, defined benefit OPEB plan administered by the District. Government Code §22777 provides that "health benefit plan" means any program or entity that provides, arranges, pays for, or reimburses the cost of health benefits for employees and retirees and their surviving family members with health benefits provided through the California Public Employee's Pension System ("CalPERS"). **No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.**



JUNE 30, 2022

Benefits Provided. The plan provides healthcare benefits for retirees and their dependents. The benefit terms provide for payment of \$300 per month as of June 30, 2022, of health insurance premiums for retirees.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	8
Total	20

Total OPEB Liability

The District's total OPEB liability of \$409,000 was measured as of June 30, 2021, and was determined in place of an actuarial valuation, the total OPEB liability was measured using the alternative measurement method discussed in GASB, Statement, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, paragraphs 225 and 226.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate ¹	2.18%
Inflation (prior 5-year average of CalPERS minimum contribution increases)	4.50%

¹ <https://www.spglobal.com/spdji/en/indices/fixed-income/sp-municipal-bond-20-year-high-grade-rate-index/#data>

² https://data.bls.gov/timeseries/CUUR0000SA0L1E?output=per_12mths

Mortality rates and probability rates were based on the CalPERS tables (as appropriate to respective risk pools) located at <https://www.calpers.ca.gov/docs/public-agencies-schools-assumption-methods.xlsx>

Changes in the Total OPEB Liability

Balance at July 01, 2021	\$ 409,000
Changes for the year:	
Service cost	12,000
Interest	22,000
Differences between expected and actual experience	143,000
Benefit payments	(43,000)
Net changes	134,000
Balances at June 30, 2022	\$ 543,000



JUNE 30, 2022

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
District's proportionate share of the OPEB liability	\$ 598,000	\$ 543,000	\$ 498,000

NOTE 10 – FUND BALANCE

Fund balance components at June 30, 2022, were as follows:

	<u>General Fund</u>
Nonspendable	
Revolving account	\$ 200
Committed	
Donations (Communications)	12,500
Unassigned	2,153,873
Total Fund Balances	\$ 2,166,573



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, 2022, the District made payments of \$121,658 for property and liability and \$75,591 for workers compensation.

NOTE 12 – SUBSEQUENT EVENT

On July 1, 2022 the District was loaned \$249,000 to purchase a Marion Type III Brush Rig (a down payment of \$100,000 was paid in June 2022, which was capitalized). The terms of the loan are seven annual payments in the amount of \$41,646 due starting on June 30, 2023 going through June 30, 2029. The interest rate on the loan is 2.41%.

REQUIRED SUPPLEMENTARY INFORMATION

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IDYLLWILD FIRE

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive / (Negative)
	Original	Final		
REVENUE				
Program Revenue:				
Charges for services	\$ 1,102,800	\$ 1,102,800	\$ 2,798,667	\$ 1,695,867
Operating grants and contributions	10,000	10,000	16,388	6,388
Property taxes, general purpose	1,408,393	1,408,393	1,405,702	(2,691)
Licenses, permits, and franchises	5,250	5,250	10,946	5,696
Fines, forfeits, and penalties	439	439	-	(439)
Grants and contributions not restricted to specific programs	59,603	59,603	46,560	(13,043)
Revenue from use of money	-	-	812	812
Other revenues	11,520	11,520	82,417	70,897
Total Revenue	2,598,005	2,598,005	4,361,492	1,763,487
EXPENDITURES				
Current:				
Salaries and wages	1,352,792	1,352,792	2,096,958	(744,166)
Benefits	678,407	678,407	722,441	(44,034)
Supplies	79,100	79,100	83,723	(4,623)
Services	402,767	402,767	602,119	(199,352)
Capital Outlay	33,250	33,250	268,085	(234,835)
Debt Service - Principal	38,350	38,350	33,446	4,904
Debt Service - Interest	5,840	5,840	5,770	70
Total Expenditures	2,590,506	2,590,506	3,812,542	(1,222,036)
NET CHANGE IN FUND BALANCE	7,499	7,499	548,950	541,451
Fund Balance - Beginning	1,612,277	1,612,277	1,612,277	
Fund Balance - Ending	\$ 1,619,776	\$ 1,619,776	\$ 2,161,227	\$ 541,451



IDYLLWILD FIRE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2022	2021	2020	2019	2018	2017	2016	June 30, 2015
Proportion of the net pension liability - Safety	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Proportion of the net pension (asset) - Misc.	-0.005%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%
Proportionate share of the net pension liability - Safety	\$ 2,192,000	\$ 3,402,000	\$ 3,156,000	\$ 2,963,000	\$ 2,957,000	\$ 2,612,000	\$ 2,072,000	\$ 2,061,000
Proportionate share of the net pension (asset) - Misc.	(100,000)	(77,000)	(75,000)	(70,000)	(65,000)	(57,000)	(59,000)	(59,000)
Total	\$ 2,092,000	\$ 3,325,000	\$ 3,081,000	\$ 2,893,000	\$ 2,892,000	\$ 2,555,000	\$ 2,013,000	\$ 2,002,000
District's covered payroll	728,000	751,000	671,000	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	301%	453%	470%	314%	349%	339%	342%	349%
Plan fiduciary net position as a percentage of the total pension liability - Safety	87%	73%	73%	73%	72%	73%	77%	79%
Plan fiduciary net position as a percentage of the total pension liability - Misc.	90%	78%	78%	78%	75%	76%	80%	81%

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



SCHEDULE OF CONTRIBUTIONS

Safety Plan:

	<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>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 413,000	\$ 377,000	\$ 345,000	\$ 281,000	\$ 279,000	\$ 218,000	\$ 211,000	\$ 167,000
Contributions in relation to the contractually required contribution	(413,000)	(377,000)	(345,000)	(281,000)	(253,000)	(218,000)	(211,000)	(167,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -
District's covered payroll	632,000	691,000	714,000	671,000	943,000	848,000	771,000	606,000
Contributions as a percentage of covered payroll	65%	55%	48%	42%	30%	26%	27%	28%

Miscellaneous Plan:

	<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>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 3,100	\$ 2,900	\$ 2,600	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(3,100)	(2,900)	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ 2,600	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	41,000	37,000	37,000	-	-	-	-	-
Contributions as a percentage of covered payroll	8%	8%	7%	n/a	n/a	n/a	n/a	n/a



SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Changes for the year:					
Service cost	12,000	23,000	121,000	\$ (47,000)	\$ 66,000
Interest	22,000	9,000	13,000	13,000	2,000
Differences between expected and actual experience	143,000	(37,000)	-	-	-
Benefit payments	(43,000)	(47,000)	(47,000)	(47,000)	(46,800)
Net Changes in Total OPEB Liability	134,000	(52,000)	87,000	(81,000)	21,200
Total OPEB Liability - Beginning	409,000	461,000	374,000	455,000	433,800
Total OPEB Liability - Ending	\$ 543,000	\$ 409,000	\$ 461,000	\$ 374,000	\$ 455,000
Covered Payroll	673,000	728,000	751,000	671,000	943,000
Total OPEB liability as a percentage of covered payroll	81%	56%	61%	56%	48%

SUPPLEMENTARY INFORMATION

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IDYLLWILD FIRE

SCHEDULE OF ACTIVITY BY DEPARTMENT

JUNE 30, 2022

	Fire Suppression	Ambulance Service	Mutual Aid	Total
REVENUE				
Program Revenue:				
Charges for services	\$ 3,461	\$ 571,577	\$ 2,026,916	\$ 2,601,954
Operating grants and contributions	16,388	-	-	16,388
Property taxes, general purpose	1,405,702	196,713	-	1,602,415
Licenses, permits, and franchises	10,946	-	-	10,946
Fines, forfeits, and penalties	-	-	-	-
Grants and contributions not restricted to specific programs	46,560	-	-	46,560
Revenue from use of money	-	209	603	812
Other revenues	82,417	-	-	82,417
Total Revenue	1,565,474	768,499	2,027,519	4,361,492
EXPENDITURES				
Current:				
Salaries and wages	385,889	917,985	793,084	2,096,958
Benefits	217,060	505,381	-	722,441
Supplies	19,914	63,809	-	83,723
Services	182,922	418,157	1,040	602,119
Capital Outlay	47,942	220,143	-	268,085
Debt Service - Principal	11,460	21,986	-	33,446
Debt Service - Interest	1,156	4,614	-	5,770
Total Expenditures	866,343	2,152,075	794,124	3,812,542
NET CHANGE IN FUND BALANCE	\$ 699,131	\$ (1,383,576)	\$ 1,233,395	\$ 548,950



SCHEDULE OF ACTIVITY
BY DEPARTMENT

	JUNE 30, 2021				JUNE 30, 2020			
	Fire Suppression	Ambulance Service	Mutual Aid	Total	Fire Suppression	Ambulance Service	Mutual Aid	Total
REVENUE								
Program Revenue:								
Charges for services	\$ 2,725	\$ 661,698	\$ 1,182,664	\$ 1,847,087	\$ 1,995	\$ 550,154	\$ 439,286	\$ 991,435
Operating grants and contributions	148,571	-	-	148,571	31,318	80,530	-	111,848
Property taxes, general purpose	1,293,389	201,423	-	1,494,812	1,231,314	218,369	-	1,449,683
Licenses, permits, and franchises	10,240	-	-	10,240	8,656	346	-	9,002
Fines, forfeits, and penalties	-	-	-	-	1,000	-	-	1,000
Grants and contributions not restricted to specific programs	51,352	-	-	51,352	42,467	662	-	43,129
Revenue from use of money	1,472	-	-	1,472	1,208	3,106	-	4,314
Other revenues	18,862	3,204	-	22,066	21,178	2,981	20	24,179
Total Revenue	1,526,611	866,325	1,182,664	3,575,600	1,339,136	856,148	439,306	2,634,590
EXPENDITURES								
Current:								
Salaries and wages	243,414	718,073	639,748	1,601,235	269,189	719,680	193,130	1,181,999
Benefits	185,004	476,491	5	661,500	173,966	446,726	303	620,995
Supplies	26,338	76,693	99	103,130	21,769	61,873	10,530	94,172
Services	122,219	314,966	-	437,185	96,327	310,320	8,539	415,186
Capital Outlay	55,547	190,193	-	245,740	15,207	182,759	10,680	208,646
Debt Service - Principal	9,330	23,027	-	32,357	2,514	6,464	-	8,978
Debt Service - Interest	1,766	4,957	-	6,723	500	1,284	-	1,784
Total Expenditures	643,618	1,804,400	639,852	3,087,870	579,472	1,729,106	223,182	2,531,760
Excess (Deficiency) of Revenue over Expenditures	882,993	(938,075)	542,812	487,730	759,664	(872,958)	216,124	102,830
Proceeds	-	-	-	-	14,683	163,283	-	177,966
NET CHANGE IN FUND BALANCE	\$ 882,993	\$ (938,075)	\$ 542,812	\$ 487,730	\$ 774,347	\$ (709,675)	\$ 216,124	\$ 280,796

Steven P. Graham
sgraham@colehuber.com

REPLY TO:
 ROSEVILLE ONTARIO

March 22, 2023

PRIVILEGED AND CONFIDENTIAL
CONFIDENTIAL COMMUNICATION
VIA ELECTRONIC MAIL ONLY

jonathan@fedakbrownllp.com

Fedak & Brown LLP
6081 Orange Avenue
Cypress, CA 90630

Re: Audit Response Letter for Idyllwild Fire Protection District

Dear Fedak & Brown LLP:

By letter dated September 27, 2022 (the "Inquiry Letter"), Fire Chief Mark LaMont of the Idyllwild Fire Protection District ("District") has requested that certain information be furnished to you in connection with your examination of the financial statements of the District as of June 30, 2022.

As the District Counsel for the Idyllwild Fire Protection District, my firm has general supervision over the District's legal affairs. In such capacity, we have reviewed the litigation and claims threatened or asserted involving the District. I am unaware of any litigation, claims or assessments assigned to outside legal counsel. If such inquiry letters were sent to outside legal counsel, please provide me with copies of those letters and any responses received.

This response is limited to a report of the District's contingent liabilities existing through: (i) the fiscal period under audit from and including July 1, 2021 through June 30, 2022; plus (ii) the period from and including July 1, 2022 through the effective date of this letter. This means that contingent liabilities (i.e., pending or threatened litigation or unasserted possible claims or assessments) which technically may have existed on June 30, 2022, but which were resolved in a manner that eliminated them as contingent liabilities on the effective date of this letter are not disclosed in this letter. Pursuant to the Inquiry Letter, this response is further limited to material litigation, claims and assessments involving amounts exceeding \$5,000 individually or in the aggregate.

Pending or Threatened Litigation

ADVANCING YOUR AGENDA

00092992

Northern California:
2281 Lava Ridge Court, Suite 300
Roseville, CA 95661
Phone: 916.780.9009
Fax: 916.780.9050

Southern California:
2855 E. Guasti Road, Suite 402
Ontario, CA 91761
Phone: 909.230.4209
Fax: 909.937.2034

PRIVILEGED AND CONFIDENTIAL

Subject to the foregoing and qualified by each of the specific limitations set out in this letter, I advise you that since July 1, 2021, none of the lawyers of my firm or I have given substantive attention to, or represented the District in connection with, material loss contingencies coming within the scope of clause (a) of Paragraph 5 of the ABA Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information (December 1975) (collectively with the accompanying Commentary, the "ABA Statement of Policy") including any material pending or threatened litigation, claims, or assessments (excluding unasserted claims and assessments).

Unasserted Claims and Assessments

The District has not specifically identified any unasserted claims or assessments or any contractually assumed obligations, nor has the District specifically requested that I supplement or comment on any unasserted claims or assessments or any contractually assumed obligations of which the District is aware. I am not responding to any request, nor am I commenting on any statement, contained in the Inquiry Letter which I believe to be inconsistent with the intent of the ABA Statement of Policy. No inference should be drawn from my failure to respond to or comment on any such request or statement.

Professional Opinion

Consistent with the last sentence of Paragraph 6 of the ABA Statement of Policy, this response will confirm as correct the District's understanding that whenever, in the course of performing legal services for the District with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, I have formed a professional conclusion that the District must disclose or consider disclosure concerning such possible claim or assessment. I, as a matter of professional responsibility to the District, will so advise the District and will consult with the District concerning the question of such disclosure and any applicable requirements.

Limitations

The information set forth herein is as of the effective date of this letter, except as otherwise noted, and I disclaim any undertaking to advise you of changes which thereafter may be brought to my attention or to the attention of the lawyers of our firm.

This response is limited by, and in accordance with, the ABA Statement of Policy. Without limiting the generality of the foregoing, the limitations set forth in such ABA Statement of Policy on the scope and use of this response (Paragraphs 2 and 7) specifically are incorporated herein by reference, and any description of any "loss contingencies" is qualified in its entirety by Paragraph 5 of the ABA Statement of Policy.

By making the request set forth in its Inquiry Letter, the District does not intend to waive the attorney-client privilege with respect to any information which the District has furnished to me.

Fedak & Brown LLP

March 22, 2023

Page 3

PRIVILEGED AND CONFIDENTIAL

Moreover, please be advised that my response to you should not be construed in any way to constitute waiver of the protection of the attorney work product privilege with respect to any of our firm's files involving the District.

This Response Letter is written at the request of the District and is solely for your information in connection with the audit. No part of this Response Letter, nor the fact of its existence, is to be quoted in whole or in part or otherwise referred to in any financial statements of the District or related documents or published, filed, referred to, or otherwise disclosed to any government agency or person without the prior written consent of this office.

Sincerely,



Steven P. Graham
COLE HUBER LLP

cc: Mark LaMont, Fire Chief



C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

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Riverside, California 92507
(657) 214-2307

**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, 2022, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated March 28, 2023.

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.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs

Cypress, California

March 28, 2023