

**Idyllwild Fire Protection District**

**Management Report**

**June 30, 2021**



**Fedak & Brown LLP**

Certified Public Accountants

**Idyllwild Fire Protection District**

**Management Report**

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Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Andy Beck, CPA

## Fedak & Brown LLP

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Riverside, California 92507  
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Board of Directors  
Idyllwild Fire Protection District  
Idyllwild, California

### **Dear Members of the Board:**

In planning and performing our audit of the financial statements of the governmental activities of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

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

### **Current Year Comments and Recommendations**

Our other observation, comment, and recommendation, all of which have been discussed with the appropriate members of management, are summarized as follows:

#### ***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

#### **Management's Response**

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

**Prior Year Comments and Recommendations**

***Disclosure of Audit Adjustments and Reclassifications***

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

**Management's Response**

The District has reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system.

\* \* \* \* \*

This communication is intended solely for the information and use of management the Board of Directors, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
May 24, 2022

**APPENDIX**

**Idyllwild Fire Protection District**

**Audit/Finance Committee Letter**

**June 30, 2021**



Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Andy Beck, CPA

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Board of Directors  
Idyllwild Fire Protection District  
Idyllwild, California

We have audited the basic financial statements of the Idyllwild Fire Protection District (District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 26, 2021. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Matters**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the position in the basic financial statements were:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

***Qualitative Aspects of Accounting Practices, continued***

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial valuation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the basic financial statements were:

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 4 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the net OPEB liability in Note 9 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosures in the basic financial statements are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which included a material misstatement detected as a result of audit procedures as referenced per adjusting journal entry number 2 on page 4 (journal entry to adjust ambulance receivables based on the aging schedule as of June 30, 2021 amounting to \$156,177).

There were nine (9) audit adjusting journal entries, which consists of six (6) audit adjustments proposed by the District, two (2) audit adjustments, and one (1) reclassification entry to the original trial balance presented to us to begin our audit (see a listing of these entries attached on pages 4 and 5 of the report).

***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

***Management Representations***

We have requested certain representations from management that are included in the Management Representation Letter dated May 24, 2022.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves the application of an accounting principal to the District’s basic financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the Management Discussion and Analysis, Schedule of Changes in the District’s Net OPEB Liability and Related Ratios, Schedules of the District’s Proportionate Share of the Net Pension Liability, Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restrictions on Use**

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**Conclusion**

We appreciate the cooperation extended us by Mark LaMont, Fire Chief, and Robert Dennis, District Accountant, in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
May 24, 2022



**Idyllwild Fire Protection District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2021**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
CPE - To adjust current portion of long-term debt as of June 30, 2021.			
99-000-9662	Capital Lease	\$ 1,978.00	
99-000-9667	Loan	31,469.00	
99-000-9562	Lease Payable		1,978.00
99-000-9567	CE Loan, Current portion		31,469.00
<b>Total</b>		<b><u>33,447.00</u></b>	<b><u>33,447.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
AJE - To adjust ambulance receivables based on the aging schedule as of June 30, 2021.			
01-000-8621	Ambulance Service	156,177.75	
01-000-9201	Ambulance Income Receivable		156,177.75
<b>Total</b>		<b><u>156,177.75</u></b>	<b><u>156,177.75</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
CPE - To adjust allowance for doubtful accounts related to the ambulance receivables as of June 30, 2021.			
01-000-9299	Allowance for Doubtful Accounts	37,000.00	
01-000-8629	Ambulance Service Write-off		37,000.00
<b>Total</b>		<b><u>37,000.00</u></b>	<b><u>37,000.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
CPE - To adjust beginning fund balance as of July 1, 2020.			
01-121-6301	Interest Expenditure	160.27	
01-000-9791	Beginning Fund Balance		160.27
<b>Total</b>		<b><u>160.27</u></b>	<b><u>160.27</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
RJE - To reclass a payment from Riverside County to its proper account as of June 30, 2021.			
01-111-4702	Riverside County Tax Admin Fee	68.00	
01-111-8781	Other Revenue	33,910.38	
01-111-8111	Current Secured (SA1, SS1, SA2, SS2, & SS3)		27,332.38
01-121-8611	Assessment/Parcel Fee - Curt(SA1,SS1,SA2,SS2,&SS3)		6,646.00
<b>Total</b>		<b><u>33,978.38</u></b>	<b><u>33,978.38</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
AJE - To adjust BBVA money market account into its proper balance as of June 30, 2021 due to the reversal of a cash transfer on February 1, 2021.			
01-000-9142	BBVA Money Market Account	50,100.00	
01-000-9111	BBVA Compass 8990 (Checking)		50,100.00
<b>Total</b>		<b><u>\$ 50,100.00</u></b>	<b><u>50,100.00</u></b>

**Idyllwild Fire Protection District**  
**Schedule of Audit Adjusting Journal Entries, continued**  
**June 30, 2021**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>			
CPE - To adjust mutual aid receivable into its proper balance as of June 30, 2021.			
01-131-8651	Mutual Aid	\$ 24,868.00	
01-000-9231	Mutual Aid Receivable		24,868.00
<b>Total</b>		<b><u>24,868.00</u></b>	<b><u>24,868.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
CPE - To recognize property tax receivable as of June 30, 2021.			
01-000-9211	Taxes Receivable	42,592.00	
01-111-4702	Riverside County Tax Admin Fee	397.00	
01-111-8111	Current Secured (SA1, SS1, SA2, SS2, & SS3)		29,222.00
01-111-8121	Current Unsecured (UC1, UC2, & UC3)		2,354.00
01-111-8151	Supplemental Property Taxes-Current (S07 - S06)		4,783.00
01-111-8161	Supplemental Property Taxes-Prior (Y07 - Y06)		979.00
01-121-8611	Assessment/Parcel Fee - Curr(SA1,SS1,SA2,SS2,&SS3)		5,651.00
<b>Total</b>		<b><u>42,989.00</u></b>	<b><u>42,989.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
CPE - To adjust debt service into its proper amounts as of June 30, 2021.			
01-121-6201	Other Debt Service	274.00	
99-000-5321	Other Equipment (> 5,000)	1.00	
99-000-6101	Principal	97.00	
99-000-9667	Loan	59.00	
01-121-6101	Principal		274.00
99-000-9662	Capital Lease		157.00
<b>Total</b>		<b><u>\$ 431.00</u></b>	<b><u>431.00</u></b>
<b>Total Audit Adjusting Journal Entries</b>		<b><u>\$ 379,151.40</u></b>	<b><u>379,151.40</u></b>

**Legend:**

AJE	Auditor Proposed Adjusting Journal Entry
CPE	District Proposed Adjusting Journal Entry
RJE	Auditor Proposed Reclassifying Journal Entry



**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2021**

**IDYLLWILD FIRE PROTECTION DISTRICT**

**IDYLLWILD, CALIFORNIA**

**JUNE 30, 2021**

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<b>COMMISSIONER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
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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**JUNE 30, 2021**

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*FINANCIAL SECTION*

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## Independent Auditor's Report

Board of Directors  
Idyllwild Fire Protection District  
Idyllwild, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Idyllwild Fire Protection District as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9, and the required supplementary information on pages 33 to 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other 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 page 39 are presented for additional analysis and are not a required part of the financial statements. The schedule is the responsibility of management and are derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 May 24, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Fedak & Brown LLP*

**Fedak & Brown LLP**

Cypress, California

May 24, 2022



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**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, 2021. 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 mostly attributed to better operating performance.
- During the year, the District's expenses of \$3.0 million was less than the almost \$3.6 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 almost \$488,000.
- The resources available for appropriation were almost \$1.2 more than budgeted. Expenditures were also over appropriations by over \$0.7 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:

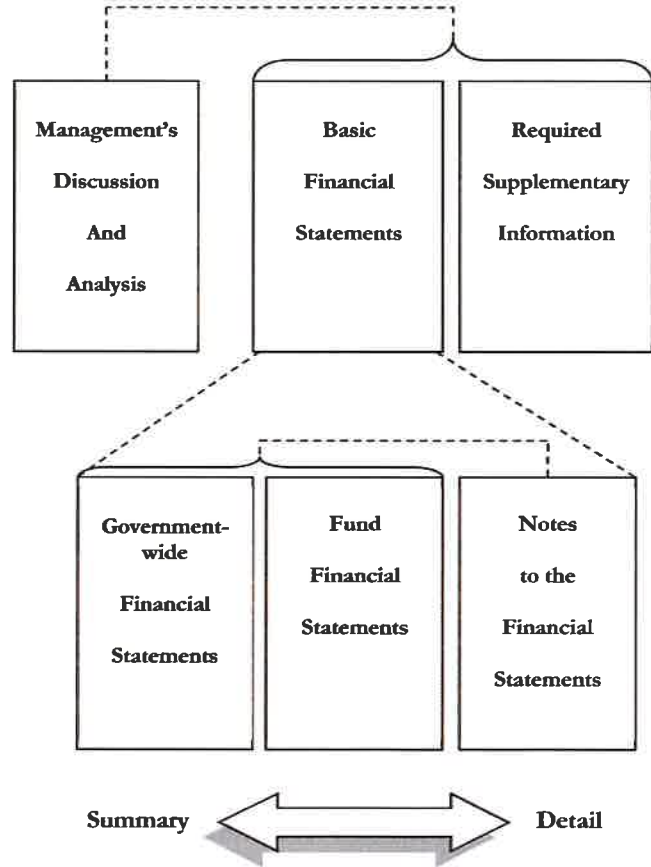
**Figure A-1**  
**Required Components of Idyllwild Fire Protection District's Annual Financial Report**

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**

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

***Government-wide Statements***

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

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



**Fund Financial Statements**

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

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

**Financial Analysis of the District As a Whole**

**Net position.** The District's net position decreased slightly between fiscal years 2020 and 2021—to a \$1.2 million deficit. (See Table 1.)

**Table 1 - Net Position**

(\$ Amounts in thousands)	2021	2020	\$ Change	% Change
Current and other assets	\$ 1,867	\$ 1,299	\$ 568	44%
Capital assets	663	475	188	40%
<b>Total Assets</b>	2,530	1,774	756	43%
<b>Deferred outflows of resources</b>	750	665	85	13%
Current liabilities	269	175	94	54%
Non-current liabilities	4,111	3,869	242	6%
<b>Total Liabilities</b>	4,380	4,044	336	8%
<b>Deferred inflows of resources</b>	116	145	(29)	-20%
Net position				
Net investment in capital assets	275	275	-	0%
Restricted	10	10	-	0%
Unrestricted - (Deficit)	(1,501)	(2,035)	534	26%
<b>Total Net</b>				
<b>Position - (Deficit)</b>	\$ (1,216)	\$ (1,750)	\$ 534	31%

The unrestricted deficit of the District decreased twenty-six percent to over \$1.2 million. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments, mostly the pension liabilities (net pension liability and other postemployment benefits "OPEB") of \$3.7 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.



JUNE 30, 2021

**Changes in net position.** The District's total revenues increased by about thirty-five percent to almost \$3.6 million. (See Table 2.) Just under forty 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 almost \$550k in 2019-20 to \$662k in 2020-21
  - Mutual aid went from \$0.4 million in 2019-20 to \$1.2 million in 2020-21.
  - Property taxes, however, were up almost 6%.
- ❖ Expense change:
  - Salaries went up from \$1.2 million 2019-20 to almost \$1.7 million in 2020-21, mostly as a result of mutual aid increases.
  - Benefits, however, went from \$924k in 2019-20 to \$740k in 2020-21. This is largely due to OPEB decreases.
  - All other expense categories went up.

**Table 2 - Changes in Net Position**

<i>(\$ Amounts in thousands)</i>	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>	<b>% Change</b>
Program revenue	\$ 2,197	\$ 1,195	\$ 1,002	84%
General revenue	1,368	1,445	(77)	-5%
<b>Total Revenue</b>	<b>3,565</b>	<b>2,640</b>	<b>925</b>	<b>35%</b>
Salaries and benefits	2,425	2,129	296	14%
Supplies and services	540	509	31	6%
Other charges	65	60	5	8%
<b>Total Expenses</b>	<b>3,030</b>	<b>2,698</b>	<b>332</b>	<b>12%</b>
<b>Increase (Decrease) in net position</b>	<b>\$ 535</b>	<b>\$ (58)</b>	<b>\$ 593</b>	<b>-1022%</b>

### Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported a fund balance of over \$1.6 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 2021, the District had invested a net \$663,000 in a broad range of capital assets, including land, fire equipment, and buildings. (See Table 3.) This amount represents a net increase (including additions and depreciation) of \$188,000 this year.

**Table 3 - Capital Assets, Net of Depreciation**

<i>(\$ Amounts in thousands)</i>	2021	2020	\$ Change	% Change
Land	\$ 101	\$ 101	-	0%
Buildings and improvements	57	59	(2)	-3%
Equipment	505	315	190	60%
<b>Total</b>	<b>\$ 663</b>	<b>\$ 475</b>	<b>\$ 188</b>	<b>40%</b>

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:

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

**Long-Term Liabilities**

At year-end the District had over \$4.0 million in combined pension liabilities (NPL and OPEB), \$150,000 note payable to Kansas State Bank, copier lease of \$3,000, and \$226,000 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>	2021	2020	\$ Change	% Change
Note payable	\$ 150	\$ 212	(62)	-29%
Lease payable	3	5	(2)	-40%
Vacation accrual	226	142	84	59%
OPEB	409	461	(52)	-11%
NPL	3,325	3,081	244	8%
Less current portion	(33)	(32)	(1)	3%
<b>Total</b>	<b>\$ 4,080</b>	<b>\$ 3,869</b>	<b>\$ 211</b>	<b>5%</b>



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### **Economic Factors and Next Year's Budgets and Rates**

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

- ❖ Property taxes were estimated by the County of Riverside to increase between 3.0% and 3.3 %, but we used a 2.8% increase in property taxes.
- ❖ For Ambulance Services the District averages (for the last three years) about a 4.0% increase per year, with a collection rate of about 38%. Therefore, we used a conservative 3 % 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 positions, and 1 Full time Administrative Assistant position. We also budgeted for an average of 20 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, 2021

	General Fund	Adjustments (Note 2-A.)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 993,939	\$ -	\$ 993,939
Accrued receivables	850,429	22,900	873,329
Nondepreciable capital assets	-	101,336	101,336
Depreciable capital assets, net	-	561,574	561,574
<b>Total Assets</b>	<b>1,844,368</b>	<b>685,810</b>	<b>2,530,178</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>750,000</b>	<b>750,000</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,844,368</b>	<b>\$ 1,435,810</b>	<b>\$ 3,280,178</b>
<b>LIABILITIES</b>			
Accrued payables	\$ 232,091	\$ 3,000	\$ 235,091
Long-term liabilities, current	-	33,447	33,447
Long-term liabilities, non-current	-	4,111,164	4,111,164
<b>Total Liabilities</b>	<b>232,091</b>	<b>4,147,611</b>	<b>4,379,702</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>116,000</b>	<b>116,000</b>
<b>FUND BALANCE / NET POSITION</b>			
<b>Fund Balance</b>			
Non-spendable	200	(200)	-
Restricted	9,600	(9,600)	-
Committed	202,610	(202,610)	-
Unassigned	1,399,867	(1,399,867)	-
<b>Net Position</b>			
Net investment in capital assets	-	275,389	275,389
Restricted	-	9,600	9,600
Unrestricted - Deficit	-	(1,500,513)	(1,500,513)
<b>Total Fund Balance / Net Position</b>	<b>1,612,277</b>	<b>(2,827,801)</b>	<b>(1,215,524)</b>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION</b>	<b>\$ 1,844,368</b>	<b>\$ 1,435,810</b>	<b>\$ 3,280,178</b>

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, 2021

	General Fund	Adjustments (Note 2-B.)	Statement of Activities
<b>REVENUE</b>			
Program Revenue:			
Charges for services	\$ 2,048,510	\$ -	\$ 2,048,510
Operating grants and contributions	148,571	-	148,571
Property taxes, general purpose	1,293,389	(11,010)	1,282,379
Licenses, permits, and franchises	10,240	-	10,240
Fines, forfeits, and penalties	-	-	-
Grants and contributions not restricted to specific programs	51,352	-	51,352
Revenue from use of money	1,472	-	1,472
Other revenues	22,066	-	22,066
<b>Total Revenue</b>	<b>3,575,600</b>	<b>(11,010)</b>	<b>3,564,590</b>
<b>EXPENDITURES / EXPENSES</b>			
Current:			
Salaries and wages	1,601,235	84,000	1,685,235
Benefits	661,500	78,000	739,500
Supplies	103,130	-	103,130
Services	437,185	-	437,185
Depreciation	-	58,000	58,000
Capital Outlay	245,740	(245,740)	-
Debt Service - Principal	32,357	(32,357)	-
Debt Service - Interest	6,723	-	6,723
<b>Total Expenditures / Expenses</b>	<b>3,087,870</b>	<b>(58,097)</b>	<b>3,029,773</b>
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>487,730</b>	<b>47,087</b>	<b>534,817</b>
<b>Fund Balance / Net Position - Beginning</b>	<b>1,124,547</b>	<b>(2,874,888)</b>	<b>(1,750,341)</b>
<b>Fund Balance / Net Position - Ending</b>	<b>\$ 1,612,277</b>	<b>\$ (2,827,801)</b>	<b>\$ (1,215,524)</b>

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, 2021:

**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



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

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

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

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

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

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

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

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

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

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

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.



JUNE 30, 2021

**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** \$ 1,612,277

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: \$	4,024,910	
	Accumulated depreciation:	(3,362,000)	662,910

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 unmaturing interest owing at the end of the period was:

(3,000)



**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:

22,900

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)	3,325,000	
Net OPEB Obligation	409,000	
Compensated absences payable	226,000	
Notes payable	179,191	
Capital lease payable	5,420	(4,144,611)

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	750,000
Deferred inflows of resources relating to pensions	(116,000)

**Total Net Position - Governmental Activities:** \$ (1,215,524)



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

**Net Changes in Fund Balances - Total Governmental Funds** \$ 487,730

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: \$	245,740	
	Depreciation expense:	(58,000)	187,740

**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:

32,357

**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:

(11,010)



JUNE 30, 2021

**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: (84,000)

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: (130,000)

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: 52,000

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**Change in Net Position of Governmental Activities:** \$ 534,817

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**NOTE 3 – DEPOSITS**

As of June 30, 2021, the District had the following cash and cash equivalents balances:

	<b>Governmental Activities</b>
Cash on hand	\$ 200
Deposits in financial institutions	141,466
Money market	852,273
<b>Total Cash and Cash Equivalents</b>	<b>\$ 993,939</b>

*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, 2021, the carrying amount of the District's bank deposits was \$141,466, and the respective bank balances totaled \$143,538. The total bank balance was insured through the FDIC.



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*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 \$852,273 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, 2021, 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 \$352,273 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, 2021, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Ambulance income	\$ 501,618	\$ -	\$ 501,618
Taxes	42,592	22,900	65,492
Mutual aid	272,677	-	272,677
Vendor	500	-	500
Other	106,042	-	106,042
Allowance for doubtful accounts	(73,000)	-	(73,000)
<b>Total Accrued Receivables</b>	<b>\$ 850,429</b>	<b>\$ 22,900</b>	<b>\$ 873,329</b>



JUNE 30, 2021

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021

	Balance Jul. 01, 2020	Additions	Balance Jun. 30, 2021
<b>Capital Assets Not Being Depreciated</b>			
Land	\$ 101,336	\$ -	\$ 101,336
<b>Capital Assets Being Depreciated</b>			
Structures and improvements	\$ 588,275	\$ -	\$ 588,275
Vehicles	2,464,363	71,960	2,536,323
Furniture and equipment	625,196	173,780	798,976
Total assets being depreciated	3,677,834	245,740	3,923,574
<b>Less Accumulated Depreciation</b>			
Structures and improvements	529,000	2,000	531,000
Vehicles	2,220,000	29,000	2,249,000
Furniture and equipment	555,000	27,000	582,000
Total accumulated depreciation	3,304,000	58,000	3,362,000
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 373,834</b>	<b>\$ 187,740</b>	<b>\$ 561,574</b>

**NOTE 6 – ACCRUED PAYABLES**

Payables at June 30, 2021, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Vendors	\$ 58,667	\$ -	\$ 58,667
Payroll related	17,495	-	17,495
Withholdings	85,151	-	85,151
Compensated absence	70,778	-	70,778
Interest payable	-	3,000	3,000
<b>Total Accrued Payables</b>	<b>\$ 232,091</b>	<b>\$ 3,000</b>	<b>\$ 235,091</b>



JUNE 30, 2021

**NOTE 7 – LONG-TERM LIABILITIES**

**7 - A. Long-Term Liabilities Summary**

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Balance			Balance		Due In
	Jul. 01, 2020	Additions	Deletions	Jun. 30, 2021	One Year	
Note payable						
Truck	\$ 31,607	\$ -	\$ 7,422	\$ 24,185	\$ 7,733	
Ambulance/Suburban	177,966	-	22,960	155,006	23,736	
Lease payable	7,395	-	1,975	5,420	1,978	
Net pension (asset)/liability ("NPL"):						
Safety	3,156,000	247,000	-	3,403,000	-	
Miscellaneous	(75,000)	(2,000)	-	(77,000)	-	
	3,081,000	245,000	-	3,326,000	-	
Other postemployment benefits ("OPEB")	461,000	-	52,000	409,000	-	
Compensated absences	142,000	84,000	-	226,000	-	
<b>Total Long-Term Liabilities</b>	<b>\$ 3,900,968</b>	<b>\$ 329,000</b>	<b>\$ 84,357</b>	<b>\$ 4,145,611</b>	<b>\$ 33,447</b>	

**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, 2021, the amortization of the note is as follows:

Year Ending June 30,	Principal	Interest	Principal	Interest	Total
2022	\$ 7,733	\$ 904	\$ 23,736	\$ 5,239	\$ 37,612
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	-	-	28,028	2,811	30,839
<b>Total</b>	<b>\$ 24,185</b>	<b>\$ 1,727</b>	<b>\$ 155,006</b>	<b>\$ 21,595</b>	<b>\$ 202,513</b>



**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, 2021, the present value of the lease is as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2022	\$ 2,124
2023	2,124
2024	1,418
<b>Total Payments</b>	<b>\$ 5,666</b>
Less: Amount representing interest	246
Present value of minimum lease payments	<b>\$ 5,420</b>

**7 - D. Compensated Absences**

The long-term portion of unpaid employee vacation for the year ended June 30, 2021 was \$226,000. 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, 2021

**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 – PEPRA	Misc. – PEPRA
Benefit Formula	3% @ 55	2.7% @ 57	2.0% @ 62
Social Security (Full/Modified)	No Full	No Full	No Full
Employee Contribution Rate	9.00% (District covers 7%)	12.00%	
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	18.928%	13.034%	6.985%
Employer Unfunded Liability	\$260,631	\$4,303	\$ -
Total Employer Contributions:	\$319,551	\$57,047	\$2,873

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

At June 30, 2021, the District reported a liability of \$3,326,000 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 risk 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, 2019 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, 2019 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, 2020, 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, 2021.



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.

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, 2019. 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. The District's proportion was calculated as follows:

	<u>Jun. 30, 2020</u>	<u>Jun. 30, 2019</u>	<u>Difference</u>
<b>Safety:</b>			
Total Pension Liability Allocation Basis	0.0004585	0.0004783	-0.0000198
Fiduciary Net Position Allocation Basis	0.0004393	0.0004684	-0.0000291
<b>Miscellaneous:</b>			
Total Pension Liability Allocation Basis	0.0000012	0.0000012	0.0000000
Fiduciary Net Position Allocation Basis	0.0000068	0.0000069	-0.0000001



JUNE 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$536,000. At June 30, 2021, 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	\$ 260,000	\$ -	\$ 260,000
Changes of assumptions	-	11,000	(11,000)
Net difference between projected and actual earnings on pension plan	72,000	-	72,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	105,000	(105,000)
Differences between Employer's Contributions and Proportionate Share of Contributions	39,000	-	39,000
District contributions subsequent to the measurement date	379,000	-	379,000
<b>Total</b>	<b>\$ 750,000</b>	<b>\$ 116,000</b>	<b>\$ 634,000</b>

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,	
2022	\$ 423,000
2023	98,000
2024	77,000
2025	36,000
<b>Total</b>	<b>\$ 634,000</b>

**Actuarial Assumptions and Discount Rate Information**

**Actuarial Methods and Assumptions.** The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. 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 <sup>1</sup>	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

<sup>1</sup> 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.



JUNE 30, 2021

**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 <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11 + <sup>3</sup>
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)

<sup>1</sup> 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.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**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.	\$ (74,000)	\$ (77,000)	\$ (80,000)
District's proportionate share of the net pension liability - Safety	\$ 4,946,000	\$ 3,402,000	\$ 2,136,000



**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.**

**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, 2021, of health insurance premiums for retirees.

**Employees covered by benefit terms.** At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	10
<b>Total</b>	<b>25</b>

**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 <sup>1</sup>	2.18%
Inflation (prior 5-year average of CalPERS minimum contribution increases)	4.50%

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

<sup>2</sup> [https://data.bls.gov/timeseries/CUUR0000SA0L1E?output\\_view=pct\\_12mths](https://data.bls.gov/timeseries/CUUR0000SA0L1E?output_view=pct_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>.



JUNE 30, 2021

Changes in the Total OPEB Liability

Balance at July 01, 2020	\$	461,000
Changes for the year:		
Service cost		23,000
Interest		9,000
Differences between expected and actual experience		(37,000)
Benefit payments		(47,000)
<b>Net changes</b>		<b>(52,000)</b>
<b>Balances at June 30, 2021</b>	<b>\$</b>	<b>409,000</b>

**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:

	<u>1% Decrease</u> <u>(1.18%)</u>	<u>Current Discount</u> <u>Rate (2.18%)</u>	<u>1% Increase</u> <u>(3.18%)</u>
District's proportionate share of the OPEB liability	\$ 407,000	\$ 409,000	\$ 410,000

**NOTE 10 – FUND BALANCE**

Fund balance components at June 30, 2021, were as follows:

	<u>General Fund</u>
Nonspendable	
Revolving account	\$ 200
Restricted	
SCBA Equipment	9,600
Committed	
Equipment replacement	116,298
Donations	86,312
<b>Total Committed</b>	<b>202,610</b>
Unassigned	1,399,867
<b>Total Fund Balances</b>	<b>\$ 1,612,277</b>



JUNE 30, 2021

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***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, 2021, the District made payments of \$68,063 for property and liability and \$28,106 for workers compensation.

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*REQUIRED SUPPLEMENTARY INFORMATION*

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# IDYLLWILD FIRE

## GENERAL FUND – BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive / (Negative)
<b>REVENUE</b>				
Program Revenue:				
Charges for services	\$ 1,156,670	\$ 1,156,670	\$ 2,048,510	\$ 891,840
Operating grants and contributions	10,030	10,030	148,571	138,541
Property taxes, general purpose	1,157,920	1,157,920	1,293,389	135,469
Licenses, permits, and franchises	3,750	3,750	10,240	6,490
Fines, forfeits, and penalties	430	430	-	(430)
Grants and contributions not restricted to specific programs	57,950	57,950	51,352	(6,598)
Revenue from use of money	-	-	1,472	1,472
Other revenues	11,500	11,500	22,066	10,566
<b>Total Revenue</b>	<b>2,398,250</b>	<b>2,398,250</b>	<b>3,575,600</b>	<b>1,177,350</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	1,187,720	1,187,720	1,601,235	(413,515)
Benefits	659,230	659,230	661,500	(2,270)
Supplies	94,820	94,820	103,130	(8,310)
Services	370,090	370,090	437,185	(67,095)
Capital Outlay	12,000	12,000	245,740	(233,740)
Debt Service - Principal	38,360	38,360	32,357	6,003
Debt Service - Interest	5,840	5,840	6,723	(883)
<b>Total Expenditures</b>	<b>2,368,060</b>	<b>2,368,060</b>	<b>3,087,870</b>	<b>(719,810)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>30,190</b>	<b>30,190</b>	<b>487,730</b>	<b>457,540</b>
<b>Fund Balance - Beginning</b>	<b>1,124,547</b>	<b>1,124,547</b>	<b>1,124,547</b>	
<b>Fund Balance - Ending</b>	<b>\$ 1,154,737</b>	<b>\$ 1,154,737</b>	<b>\$ 1,612,277</b>	<b>\$ 457,540</b>



**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability - Safety	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Proportion of the net pension (asset) - Misc.	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%
Proportionate share of the net pension liability - Safety	\$ 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.	(77,000)	(75,000)	(70,000)	(65,000)	(57,000)	(59,000)	(59,000)
<b>Total</b>	<b>\$ 3,325,000</b>	<b>\$ 3,081,000</b>	<b>\$ 2,893,000</b>	<b>\$ 2,892,000</b>	<b>\$ 2,555,000</b>	<b>\$ 2,013,000</b>	<b>\$ 2,002,000</b>
District's covered payroll	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	453%	470%	314%	349%	339%	342%	349%
Plan fiduciary net position as a percentage of the total pension liability - Safety	73%	73%	73%	72%	73%	77%	79%
Plan fiduciary net position as a percentage of the total pension liability - Misc.	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:**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 377,000	\$ 345,000	\$ 281,000	\$ 279,000	\$ 218,000	\$ 211,000	\$ 167,000
Contributions in relation to the contractually required contribution	(377,000)	(345,000)	(281,000)	(253,000)	(218,000)	(211,000)	(167,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -
District's covered payroll	691,000	714,000	671,000	943,000	848,000	771,000	606,000
Contributions as a percentage of covered payroll	55%	48%	42%	30%	26%	27%	28%

**Miscellaneous Plan:**

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 2,900	\$ 2,600	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(2,900)	(2,600)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	37,000	37,000	-	-	-	-	-
Contributions as a percentage of covered payroll	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, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Changes for the year:</b>				
Service cost	23,000	121,000	\$ (47,000)	\$ 66,000
Interest	9,000	13,000	13,000	2,000
Differences between expected and actual experience	(37,000)	-	-	-
Benefit payments	(47,000)	(47,000)	(47,000)	(46,800)
<b>Net Changes in Total OPEB Liability</b>	<b>(52,000)</b>	<b>87,000</b>	<b>(81,000)</b>	<b>21,200</b>
<b>Total OPEB Liability - Beginning</b>	<b>461,000</b>	<b>374,000</b>	<b>455,000</b>	<b>433,800</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 409,000</b>	<b>\$ 461,000</b>	<b>\$ 374,000</b>	<b>\$ 455,000</b>
 <b>Covered Payroll</b>	 <b>728,000</b>	 <b>751,000</b>	 <b>671,000</b>	 <b>943,000</b>
 <b>Total OPEB liability as a percentage of covered payroll</b>	 <b>56%</b>	 <b>61%</b>	 <b>56%</b>	 <b>48%</b>

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*SUPPLEMENTARY INFORMATION*

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SCHEDULE OF ACTIVITY  
BY DEPARTMENT

JUNE 30, 2021

	Fire Suppression	Ambulance Service	Mutual Aid	Total
<b>REVENUE</b>				
Program Revenue:				
Charges for services	\$ 2,725	\$ 661,698	\$ 1,182,664	\$ 1,847,087
Operating grants and contributions	148,571	-	-	148,571
Property taxes, general purpose	1,293,389	201,423	-	1,494,812
Licenses, permits, and franchises	10,240	-	-	10,240
Fines, forfeits, and penalties	-	-	-	-
Grants and contributions not restricted to specific programs	51,352	-	-	51,352
Revenue from use of money	1,472	-	-	1,472
Other revenues	18,862	3,204	-	22,066
<b>Total Revenue</b>	<b>1,526,611</b>	<b>866,325</b>	<b>1,182,664</b>	<b>3,575,600</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	243,414	718,073	639,748	1,601,235
Benefits	185,004	476,491	5	661,500
Supplies	26,338	76,693	99	103,130
Services	122,219	314,966	-	437,185
Capital Outlay	55,547	190,193	-	245,740
Debt Service - Principal	9,330	23,027	-	32,357
Debt Service - Interest	1,766	4,957	-	6,723
<b>Total Expenditures</b>	<b>643,618</b>	<b>1,804,400</b>	<b>639,852</b>	<b>3,087,870</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 882,993</b>	<b>\$ (938,075)</b>	<b>\$ 542,812</b>	<b>\$ 487,730</b>



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*OTHER INDEPENDENT AUDITOR'S REPORT*

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Christopher J. Brown, CPA, CGMA  
Jonathan Abadesco, CPA  
Andy Beck, CPA

## Fedak & Brown LLP Certified Public Accountants

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

Board of Directors  
Idyllwild Fire Protection District  
Idyllwild, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Idyllwild Fire Protection District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated May 24, 2022.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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*, continued**

**Purpose of this Report**

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

*Fedak & Brown LLP*

**Fedak & Brown LLP**  
Cypress, California  
May 24, 2022



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May 24, 2022

Fedak & Brown LLP  
6081 Orange Avenue, 2<sup>nd</sup> Floor  
Cypress, CA 90630

This representation letter is provided in connection with your audit of the financial statements of the Idyllwild Fire Protection District (District) which comprise the respective financial position of the governmental activities as of June 30, 2021, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements") for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted 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 that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 24, 2022, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 26, 2021, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.

**Financial Statements, continued**

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, no instances of noncompliance were noted, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to accounts.
- 9) No litigation, nor claims, or assessments have been accounted for as none exist at this time in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Idyllwild Fire Protection District is contingently liable, if any, have been properly recorded.

**Information Provided**

- 11) 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, such as records, documentation, 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 District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Board of Commissioners or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) 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.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) There is no known actual or known possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 24) We have not identified any instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, nor any other instances that warrant the attention of those charged with governance.
- 25) We have not identified any instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 26) We have not identified any instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 28) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 29) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 30) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements properly classify all funds and activities in accordance with GASB Statement No 34.



**Government—specific, continued**

- 33) All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 34) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 36) Provisions for uncollectible receivables have been properly identified and recorded.
- 37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 38) Revenues are appropriately classified in the statements of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 40) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 41) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 42) We have appropriately disclosed the District's 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 is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed: \_\_\_\_\_

**Mark LaMont**  
**Fire Chief**

**Idyllwild Fire Protection District**  
**Schedule of Audit Adjusting Journal Entries, continued**  
**June 30, 2021**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 7</b>			
CPE - To adjust mutual aid receivable into its proper balance as of June 30, 2021.			
01-131-8651	Mutual Aid	\$ 24,868.00	
01-000-9231	Mutual Aid Receivable		24,868.00
<b>Total</b>		<b><u>24,868.00</u></b>	<b><u>24,868.00</u></b>
<b>Adjusting Journal Entries JE # 8</b>			
CPE - To recognize property tax receivable as of June 30, 2021.			
01-000-9211	Taxes Receivable	42,592.00	
01-111-4702	Riverside County Tax Admin Fee	397.00	
01-111-8111	Current Secured (SA1, SS1, SA2, SS2, & SS3)		29,222.00
01-111-8121	Current Unsecured (UC1, UC2, & UC3)		2,354.00
01-111-8151	Supplemental Property Taxes-Current (S07 - S06)		4,783.00
01-111-8161	Supplemental Property Taxes-Prior (Y07 - Y06)		979.00
01-121-8611	Assessment/Parcel Fee - Curr(SA1,SS1,SA2,SS2,&SS3)		5,651.00
<b>Total</b>		<b><u>42,989.00</u></b>	<b><u>42,989.00</u></b>
<b>Adjusting Journal Entries JE # 9</b>			
CPE - To adjust debt service into its proper amounts as of June 30, 2021.			
01-121-6201	Other Debt Service	274.00	
99-000-5321	Other Equipment (> 5,000)	1.00	
99-000-6101	Principal	97.00	
99-000-9667	Loan	59.00	
01-121-6101	Principal		274.00
99-000-9662	Capital Lease		157.00
<b>Total</b>		<b><u>\$ 431.00</u></b>	<b><u>431.00</u></b>
	<b>Total Audit Adjusting Journal Entries</b>	<b><u>\$ 379,151.40</u></b>	<b><u>379,151.40</u></b>

**Legend:**

AJE	Auditor Proposed Adjusting Journal Entry
CPE	District Proposed Adjusting Journal Entry
RJE	Auditor Proposed Reclassifying Journal Entry

**Idyllwild Fire Protection District**  
**Schedule of Audit Adjusting Journal Entries**  
**June 30, 2021**

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>			
CPE - To adjust current portion of long-term debt as of June 30, 2021.			
99-000-9662	Capital Lease	\$ 1,978.00	
99-000-9667	Loan	31,469.00	
99-000-9562	Lease Payable		1,978.00
99-000-9567	CE Loan, Current portion		31,469.00
<b>Total</b>		<b><u>33,447.00</u></b>	<b><u>33,447.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
AJE - To adjust ambulance receivables based on the aging schedule as of June 30, 2021.			
01-000-8621	Ambulance Service	156,177.75	
01-000-9201	Ambulance Income Receivable		156,177.75
<b>Total</b>		<b><u>156,177.75</u></b>	<b><u>156,177.75</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
CPE - To adjust allowance for doubtful accounts related to the ambulance receivables as of June 30, 2021.			
01-000-9299	Allowance for Doubtful Accounts	37,000.00	
01-000-8629	Ambulance Service Write-off		37,000.00
<b>Total</b>		<b><u>37,000.00</u></b>	<b><u>37,000.00</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
CPE - To adjust beginning fund balance as of July 1, 2020.			
01-121-6301	Interest Expenditure	160.27	
01-000-9791	Beginning Fund Balance		160.27
<b>Total</b>		<b><u>160.27</u></b>	<b><u>160.27</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
RJE - To reclass a payment from Riverside County to its proper account as of June 30, 2021.			
01-111-4702	Riverside County Tax Admin Fee	68.00	
01-111-8781	Other Revenue	33,910.38	
01-111-8111	Current Secured (SA1, SS1, SA2, SS2, & SS3)		27,332.38
01-121-8611	Assessment/Parcel Fee - Curr(SA1,SS1,SA2,SS2,&SS3)		6,646.00
<b>Total</b>		<b><u>33,978.38</u></b>	<b><u>33,978.38</u></b>
<b>Adjusting Journal Entries JE # 6</b>			
AJE - To adjust BBVA money market account into its proper balance as of June 30, 2021 due to the reversal of a cash transfer on February 1, 2021.			
01-000-9142	BBVA Money Market Account	50,100.00	
01-000-9111	BBVA Compass 8990 (Checking)		50,100.00
<b>Total</b>		<b><u>\$ 50,100.00</u></b>	<b><u>50,100.00</u></b>