



**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2020**

**IDYLLWILD FIRE PROTECTION DISTRICT**

**IDYLLWILD, CALIFORNIA**

**JUNE 30, 2020**

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<b>COMMISSIONER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Jerry Buchanan (resigned July 2020)	President	December 2020
Larry Donahoo (replaced by Dan Messina on June 30)	Vice President	December 2020
Ralph Hoeteger	Secretary	December 2022
Rhonda Andrewson	Commissioner	December 2022
Henry Sawicki	Commissioner	December 2022

**ADMINISTRATION**

Chief Mark LaMont

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**JUNE 30, 2020**

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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, 2020, 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, 2020, and the respective changes in financial position and the respective budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Independent Auditor's Report, continued

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued a report dated April 15, 2021, 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  
April 15, 2021

**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, 2020. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ The District's net position decreased over the course of this year's operations. This is mostly attributed to liability increases.
- ▶ During the year, the District's expenses of almost \$2.7 million was more than the \$2.6 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 over \$281,000.
- ▶ The resources available for appropriation were over \$209,000 more than budgeted. Expenditures were also over appropriations by over \$178,000.

**OVERVIEW OF FINANCIAL STATEMENTS**
**Components of the Financials Section**

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

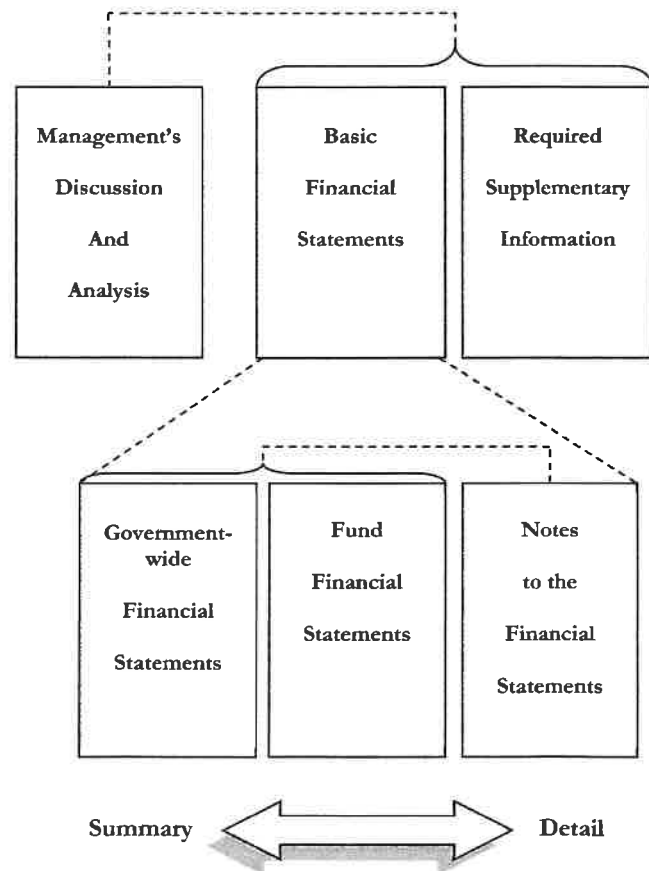
**Figure A-1  
 Required Components of Idyllwild Fire Protection District's Annual Financial Report**

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

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

The District has prepared a balance sheet/ statement of net position and a combined statement of revenues, expenditures, and changes in fund balances/ statement of activities like a fund statement format.

– The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.







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

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

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

**Figure A-2**

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

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire District government	The activities of the District
Required financial statements	❖ 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 2019 and 2020—to a \$1.7 million deficit. (See Table 1.)

**Table 1 - Net Position**

(\$ Amounts in thousands)	2020	2019	\$ Change	% Change
Current and other assets	\$ 1,299	\$ 1,026	\$ 273	27%
Capital assets	475	323	152	47%
<b>Total Assets</b>	1,774	1,349	425	32%
<b>Deferred outflows of resources</b>	665	630	35	6%
Current liabilities	175	165	10	6%
Non-current liabilities	3,869	3,425	444	13%
<b>Total Liabilities</b>	4,044	3,590	454	13%
<b>Deferred inflows of resources</b>	145	82	63	77%
Net position				
Net investment in capital assets	275	275	-	0%
Restricted	10	10	-	0%
Unrestricted - (Deficit)	(2,035)	(1,978)	(57)	-3%
<b>Total Net Position - (Deficit)</b>	\$ (1,750)	\$ (1,693)	\$ (57)	-3%

The net deficit of the District increased three percent to over \$1.7 million. This deficit does not mean that the District does not have resources available to pay its bills next year. Rather, it is the result of having *long-term* commitments, mostly the pension liabilities (net pension liability and other postemployment benefits "OPEB") of \$3.5 million that are greater than currently available resources. Specifically, the District did not include in past annual budgets the full amounts needed to finance future liabilities arising pensions and other long-term commitments. The District will include these amounts in future years' budgets as they come due.



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

- ❖ Revenue changes:
  - Net ambulance revenue went down from almost \$659k in 2018-19 to \$550k in 2019-20
  - Mutual aid went from almost \$618k in 2018-19 down to \$439k in 2019-20.
  - Property taxes, however, were up over 16%, but the rest of the revenue was down over \$28k.
- ❖ Expense change:
  - Salaries actually went down from \$1.3 million 2018-19 to \$1.2 million in 2019-20.
  - Benefits, however, went from \$576k in 2018-19 to \$924k in 2019-20. This is largely due to pension increases.
  - All other expense categories went down as well.

**Table 2 - Changes in Net Position**

<i>(\$ Amounts in thousands)</i>	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>
Program revenue	\$ 1,195	\$ 1,361	\$ (166)	-12%
General revenue	1,445	1,281	164	13%
<b>Total Revenue</b>	2,640	2,642	(2)	0%
Salaries and benefits	2,129	1,940	189	10%
Supplies and services	508	544	(36)	-7%
Other charges	60	65	(5)	-8%
<b>Total Expenses</b>	2,697	2,549	148	6%
<b>Increase (Decrease) in net position</b>	\$ (57)	\$ 93	\$ (150)	-161%

### Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported a fund balance of over \$1,124,000. 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

- ❖ Covid related federal grant
- ❖ Net ambulance revenue
- ❖ Higher property tax collections than anticipated

In total, expenditures were more than expected due almost entirely to new vehicle purchases.

**Capital Asset and Debt Administration****Capital Assets**

At the end of fiscal 2020, the District had invested a net \$475,000 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 \$152,000 this year.

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

<i>(\$ Amounts in thousands)</i>	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>
Land	\$ 101	\$ 101	\$ -	0%
Buildings and improvements	59	61	(2)	-3%
Equipment	315	161	154	96%
<b>Total</b>	<b>\$ 475</b>	<b>\$ 323</b>	<b>\$ 152</b>	<b>47%</b>

This year's additions included radio equipment, a suburban and, ambulance.

According to the District's Capital Improvement Plan, ("CIP"), fiscal years 2021 through 2025 capital budget projects a total outlay of \$1.3 million (however, the specific timing will be a function of funding), for the following replacements and improvements:

- ❖ Brush rig
- ❖ Water tender
- ❖ Medic units
- ❖ Utility truck
- ❖ Various tools and equipment

**Long-Term Liabilities**

At year-end the District had over \$3.5 million in combined pension liabilities (NPL and OPEB), \$212,000 note payable to Kansas State Bank, copier lease of \$5,000, and \$142,000 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>	<b>2020</b>	<b>2019</b>	<b>\$ Change</b>	<b>% Change</b>
Note payable	\$ 212	\$ 41	\$ 171	417%
Lease payable	5	7	(2)	-29%
Vacation accrual	142	119	23	19%
OPEB	461	374	87	23%
NPL	3,081	2,893	188	6%
Less current portion	(32)	(9)	(23)	256%
<b>Total</b>	<b>\$ 3,869</b>	<b>\$ 3,425</b>	<b>\$ 444</b>	<b>13%</b>



## 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 38.5%. Therefore, we use a 3 % increase with the same collection rate.
- ❖ For salaries we budgeted for 10 career positions, 1 part time administrative assistant position and 18 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% + unfunded liability of \$4,303
  - Safety Classic – 20.585% + unfunded liability of \$260,631
- ❖ The rest of the benefits were related to the IFPD - ICFA Memorandum of Understanding step increases for coverage.
- ❖ Supplies and services we budgeted around a three percent increase.

## Contacting the District's Financial Management

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



GOVERNMENTAL FUNDS BALANCE SHEET  
AND  
STATEMENT OF NET POSITION

JUNE 30, 2020

	General Fund	Adjustments (Note 2-A.)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 863,958	\$ -	\$ 863,958
Accrued receivables	401,205	33,910	435,115
Nondepreciable capital assets	-	101,336	101,336
Depreciable capital assets, net	-	373,834	373,834
<b>Total Assets</b>	<b>1,265,163</b>	<b>509,080</b>	<b>1,774,243</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>665,000</b>	<b>665,000</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,265,163</b>	<b>\$ 1,174,080</b>	<b>\$ 2,439,243</b>
<b>LIABILITIES</b>			
Accrued payables	\$ 140,616	\$ 3,000	\$ 143,616
Long-term liabilities, current	-	32,297	32,297
Long-term liabilities, non-current	-	3,868,671	3,868,671
<b>Total Liabilities</b>	<b>140,616</b>	<b>3,903,968</b>	<b>4,044,584</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>145,000</b>	<b>145,000</b>
<b>FUND BALANCE / NET POSITION</b>			
<b>Fund Balance</b>			
Non-spendable	200	(200)	-
Restricted	9,600	(9,600)	-
Committed	190,670	(190,670)	-
Unassigned	924,077	(924,077)	-
<b>Net Position</b>			
Net investment in capital assets	-	275,389	275,389
Restricted	-	9,600	9,600
Unrestricted - Deficit	-	(2,035,330)	(2,035,330)
<b>Total Fund Balance / Net Position</b>	<b>1,124,547</b>	<b>(2,874,888)</b>	<b>(1,750,341)</b>
<b>TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES, AND FUND BALANCE / NET POSITION</b>	<b>\$ 1,265,163</b>	<b>\$ 1,174,080</b>	<b>\$ 2,439,243</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, 2020

	General Fund	Adjustments (Note 2-B.)	Statement of Activities
<b>REVENUE</b>			
Program Revenue:			
Charges for services	\$ 1,083,373	\$ -	\$ 1,083,373
Operating grants and contributions	111,848	-	111,848
Property taxes, general purpose	1,357,745	5,963	1,363,708
Licenses, permits, and franchises	9,002	-	9,002
Fines, forfeits, and penalties	1,000	-	1,000
Grants and contributions not restricted to specific programs	43,129	-	43,129
Revenue from use of money	4,314	-	4,314
Other revenues	24,179	-	24,179
<b>Total Revenue</b>	<b>2,634,590</b>	<b>5,963</b>	<b>2,640,553</b>
<b>EXPENDITURES / EXPENSES</b>			
Current:			
Salaries and wages	1,181,999	23,000	1,204,999
Benefits	620,995	303,000	923,995
Supplies	94,172	-	94,172
Services	415,186	-	415,186
Depreciation	-	56,844	56,844
Capital Outlay	208,646	(208,646)	-
Debt Service - Principal	8,978	(8,978)	-
Debt Service - Interest	1,784	900	2,684
<b>Total Expenditures / Expenses</b>	<b>2,531,760</b>	<b>166,120</b>	<b>2,697,880</b>
<b>Excess (Deficiency) of Revenue over Expenditures/Expenses</b>	<b>102,830</b>	<b>(160,157)</b>	<b>(57,327)</b>
<b>OTHER FINANCING SOURCES/USES</b>			
Proceeds	177,966	(177,966)	-
<b>NET CHANGE IN FUND BALANCE / NET POSITION</b>	<b>280,796</b>	<b>(338,123)</b>	<b>(57,327)</b>
<b>Fund Balance / Net Position - Beginning</b>	<b>843,751</b>	<b>(2,536,765)</b>	<b>(1,693,014)</b>
<b>Fund Balance / Net Position - Ending</b>	<b>\$ 1,124,547</b>	<b>\$ (2,874,888)</b>	<b>\$ (1,750,341)</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, 2020:

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

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

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



JUNE 30, 2020

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

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

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

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

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

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

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

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



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

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

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

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

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

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

#### **1 - F. Revenue and Expenditures/Expenses**

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



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**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 1 ½% 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** \$ 1,124,547

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets relating to governmental activities, at historical cost:	\$ 3,779,170	
Accumulated depreciation:	<u>(3,304,000)</u>	475,170

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)



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**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:

33,910

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)	3,081,000	
Net OPEB Obligation	461,000	
Compensated absences payable	142,000	
Note payable	179,250	
Capital lease payable	37,718	(3,900,968)

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	665,000
Deferred inflows of resources relating to pensions	(145,000)

**Total Net Position - Governmental Activities:** \$ (1,750,341)



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

**Net Changes in Fund Balances - Total Governmental Funds** **\$ 280,796**

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: \$	208,646		
	Depreciation expense:	(56,844)		151,802

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:

8,978

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(177,966)

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:

5,963



**Governmental Funds Operating Statements and the Statement of Activities, Continued**

Unmatured interest on long-term debt:

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(900)

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:

(23,000)

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:

(216,000)

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:

(87,000)

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**Change in Net Position of Governmental Activities:** \$ (57,327)

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***NOTE 3 – DEPOSITS***

*Custodial Credit Risk.* There is a risk that, in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy requires that all deposits are covered by the Federal Depository Insurance Corporation ("FDIC") or are collateralized as required by Statutes of the State. As of June 30, 2020, the carrying amount of the District's bank deposits was \$139,068, and the respective bank balances totaled \$168,564. The total bank balance was insured through the FDIC.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$724,690 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, 2020, 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 \$224,690 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, 2020, were as follows:

	<u>General Fund</u>	<u>District-Wide</u>	<u>Total Governmental Activities</u>
Ambulance income	\$ 323,310	\$ -	\$ 323,310
Taxes	37,875	33,910	71,785
Mutual aid	44,144	-	44,144
COVID-19 Grant	105,376	-	105,376
Other	500	-	500
Allowance for doubtful accounts	(110,000)	-	(110,000)
<b>Total Accrued Receivables</b>	<b>\$ 401,205</b>	<b>\$ 33,910</b>	<b>\$ 435,115</b>



JUNE 30, 2020

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020

	Balance Jul. 01, 2019	Additions	Balance Jun. 30, 2020
<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	2,255,717	208,646	2,464,363
Furniture and equipment	625,196	-	625,196
Total assets being depreciated	3,469,188	208,646	3,677,834
<b>Less Accumulated Depreciation</b>			
Structures and improvements	527,223	1,777	529,000
Vehicles	2,181,949	38,051	2,220,000
Furniture and equipment	537,984	17,016	555,000
Total accumulated depreciation	3,247,156	56,844	3,304,000
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 222,032</b>	<b>\$ 151,802</b>	<b>\$ 373,834</b>

**NOTE 6 – ACCRUED PAYABLES**

Payables at June 30, 2020, were as follows:

	General Fund	District-Wide	Total Governmental Activities
Vendors	\$ 46,515	\$ -	\$ 46,515
Payroll related	23,323	-	23,323
Compensated absence	70,778	-	70,778
Interest payable	-	3,000	3,000
<b>Total Accrued Payables</b>	<b>\$ 140,616</b>	<b>\$ 3,000</b>	<b>\$ 143,616</b>



**NOTE 7 – LONG-TERM LIABILITIES**

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

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Balance			Balance			Due In
	Jul. 01, 2019	Additions	Deletions	Jun. 30, 2020	One Year		
Note payable							
Truck	\$ 38,731	\$ -	\$ 7,124	\$ 31,607	\$	7,422	
Ambulance/Suburban	-	177,966	-	177,966		22,960	
Lease payable	9,249	-	1,854	7,395		1,915	
Net pension (asset)/liability ("NPL"):							
Safety	2,963,000	193,000	-	3,156,000		-	
Miscellaneous	(70,000)	(5,000)	-	(75,000)		-	
	2,893,000	188,000	-	3,081,000		-	
Other postemployment benefits ("OPEB")	374,000	87,000	-	461,000		-	
Compensated absences	119,000	23,000	-	142,000		-	
<b>Total Long-Term Liabilities</b>	<b>\$ 3,433,980</b>	<b>\$ 475,966</b>	<b>\$ 8,978</b>	<b>\$ 3,900,968</b>	<b>\$</b>	<b>32,297</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, 2020, the amortization of the note is as follows:

Year Ending June 30,	Principal	Interest	Principal	Interest	Total
2021	\$ 7,422	\$ 1,215	\$ 22,960	\$ 6,015	\$ 37,612
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 - 2027	-	-	55,139	2,811	57,950
<b>Total</b>	<b>\$ 31,607</b>	<b>\$ 2,942</b>	<b>\$ 177,966</b>	<b>\$ 24,860</b>	<b>\$ 237,375</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, 2020, the present value of the lease is as follows:

<u>Year Ending June 30,</u>	<u>Lease Payment</u>
2021	\$ 2,124
2022	2,124
2023	2,124
2024	1,418
<b>Total Payments</b>	<b>\$ 7,790</b>
Less: Amount representing interest	395
<b>Present value of minimum lease payments</b>	<b>\$ 7,395</b>

**7 - D. Compensated Absences**

The long-term portion of unpaid employee vacation for the year ended June 30, 2020 was \$142,000. 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>.



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**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	No	No
	Full	Full	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	\$232,843	\$2,569	\$ -
Total Employer Contributions:	\$285,850	\$59,337	\$2,595

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

At June 30, 2020, the District reported a liability of \$3,081,000 for its proportionate shares of the net pension liabilities. The schedule of employer allocations for components of net pension liability provides allocation factors by employer for rate plans within the miscellaneous and safety risk pools based on the following allocation methodology:

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

- 1) Actuarial Accrued Liability – Determined based on the actuarial accrued liability from the most recent actuarial valuation report as of June 30, 2018 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, 2018 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, 2019, 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, 2020.



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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, 2019</u>	<u>Jun. 30, 2018</u>	<u>Difference</u>
<b>Safety:</b>			
Total Pension Liability Allocation Basis	0.0004783	0.0004873	-0.0000090
Fiduciary Net Position Allocation Basis	0.0004684	0.0004809	-0.0000125
<b>Miscellaneous:</b>			
Total Pension Liability Allocation Basis	0.0000012	0.0000013	-0.0000001
Fiduciary Net Position Allocation Basis	0.0000069	0.0000070	-0.0000001



NOTES TO THE FINANCIAL STATEMENTS,  
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JUNE 30, 2020

For the year ended June 30, 2020, the District recognized pension expense of \$588,000. At June 30, 2020, 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	\$ 201,000	\$ -	\$ 201,000
Changes of assumptions	102,000	-	102,000
Net difference between projected and actual earnings on pension plan	-	42,000	(42,000)
Changes in proportion and differences between District contributions and proportionate share of contributions	14,000	-	14,000
Differences between Employer's Contributions and Proportionate Share of Contributions	-	103,000	(103,000)
District contributions subsequent to the measurement date	348,000	-	348,000
<b>Total</b>	<b>\$ 665,000</b>	<b>\$ 145,000</b>	<b>\$ 520,000</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,	
2021	\$ 526,000
2022	(34,000)
2023	20,000
2024	8,000
<b>Total</b>	<b>\$ 520,000</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.



**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	Current	1% Increase
	(6.15%)	Discount Rate (7.15%)	(8.15%)
District's proportionate share of the net pension liability	\$ 4,377,000	\$ 3,081,000	\$ 1,677,000





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**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, 2020, of health insurance premiums for retirees.

**Employees covered by benefit terms.** At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	13
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	11
<b>Total</b>	<b>25</b>

**Total OPEB Liability**

The District's total OPEB liability of \$461,000 was measured as of June 30, 2020, 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, 2020 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>	2.66%
Benefit Increase Rate <sup>2</sup>	2.20%
Inflation (prior 5-year average of CalPERS minimum contribution increases)	1.20%

<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, 2020

Changes in the Total OPEB Liability

Balance at July 01, 2019	\$ 374,000
Changes for the year:	
Service cost	121,000
Interest	13,000
Benefit payments	(47,000)
<b>Net changes</b>	<b>87,000</b>
<b>Balances at June 30, 2020</b>	<b>\$ 461,000</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:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
District's proportionate share of the OPEB liability	\$ 499,000	\$ 461,000	\$ 428,000

**NOTE 10 – FUND BALANCE**

Fund balance components at June 30, 2020, were as follows:

	<u>General Fund</u>
Nonspendable	
Revolving account	\$ 200
Restricted	
SCBA Equipment	9,600
Committed	
Equipment replacement	116,298
Donations	74,372
<b>Total Committed</b>	<b>190,670</b>
Unassigned	924,077
<b>Total Fund Balances</b>	<b>\$ 1,124,547</b>



JUNE 30, 2020

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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, 2020, the District made payments of \$38,468 for property and liability and \$27,231 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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive / (Negative)
<b>REVENUE</b>				
Program Revenue:				
Charges for services	\$ 983,600	\$ 983,600	\$ 1,083,373	\$ 99,773
Operating grants and contributions	10,300	10,300	111,848	101,548
Property taxes, general purpose	1,340,616	1,340,616	1,357,745	17,129
Licenses, permits, and franchises	2,930	2,930	9,002	6,072
Fines, forfeits, and penalties	415	415	1,000	585
Grants and contributions not restricted to specific programs	71,796	71,796	43,129	(28,667)
Revenue from use of money	-	-	4,314	4,314
Other revenues	15,500	15,500	24,179	8,679
<b>Total Revenue</b>	<b>2,425,157</b>	<b>2,425,157</b>	<b>2,634,590</b>	<b>209,433</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	1,267,022	1,267,022	1,181,999	85,023
Benefits	590,424	590,424	620,995	(30,571)
Supplies	76,325	76,325	94,172	(17,847)
Services	355,250	355,250	415,186	(59,936)
Capital Outlay	55,000	55,000	208,646	(153,646)
Debt Service - Principal	8,600	8,600	8,978	(378)
Debt Service - Interest	1,000	1,000	1,784	(784)
<b>Total Expenditures</b>	<b>2,353,621</b>	<b>2,353,621</b>	<b>2,531,760</b>	<b>(178,139)</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>71,536</b>	<b>71,536</b>	<b>102,830</b>	<b>31,294</b>
<b>OTHER FINANCING SOURCES/USES</b>				
Proceeds	-	-	177,966	177,966
<b>NET CHANGE IN FUND BALANCE</b>	<b>71,536</b>	<b>71,536</b>	<b>280,796</b>	<b>209,260</b>
<b>Fund Balance - Beginning</b>	<b>843,751</b>	<b>843,751</b>	<b>843,751</b>	
<b>Fund Balance - Ending</b>	<b>\$ 915,287</b>	<b>\$ 915,287</b>	<b>\$ 1,124,547</b>	<b>\$ 209,260</b>



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

	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%
Proportion of the net pension (asset) - Misc.	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%	-0.002%
Proportionate share of the net pension liability - Safety	\$ 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.	(75,000)	(70,000)	(65,000)	(57,000)	(59,000)	(59,000)
<b>Total</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	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	470%	314%	349%	339%	342%	349%
Plan fiduciary net position as a percentage of the total pension liability - Safety	73%	73%	72%	73%	77%	79%
Plan fiduciary net position as a percentage of the total pension liability - Misc.	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, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 345,000	\$ 281,000	\$ 279,000	\$ 218,000	\$ 211,000	\$ 167,000
Contributions in relation to the contractually required contribution	(345,000)	(281,000)	(253,000)	(218,000)	(211,000)	(167,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -
District's covered payroll	714,000	671,000	943,000	848,000	771,000	606,000
Contributions as a percentage of covered payroll	48%	42%	30%	26%	27%	28%

**Miscellaneous Plan:**

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 2,600	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(2,600)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	37,000	-	-	-	-	-
Contributions as a percentage of covered payroll	7%	n/a	n/a	n/a	n/a	n/a



# IDYLLWILD FIRE

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>June 30, 2020</u> <u>June 30, 2019</u> <u>June 30, 2018</u>		
<b>Changes for the year:</b>			
Service cost	121,000	\$ (47,000)	\$ 66,000
Interest	13,000	13,000	2,000
Benefit payments	(47,000)	(47,000)	(46,800)
<b>Net Changes in Total OPEB Liability</b>	87,000	(81,000)	21,200
<b>Total OPEB Liability - Beginning</b>	374,000	455,000	433,800
<b>Total OPEB Liability - Ending</b>	<b>\$ 461,000</b>	<b>\$ 374,000</b>	<b>\$ 455,000</b>
<b>Covered Payroll</b>	1,182,000	1,325,000	1,147,000
<b>Total OPEB liability as a percentage of covered payroll</b>	39%	28%	40%



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*SUPPLEMENTARY INFORMATION*

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# IDYLLWILD FIRE

## SCHEDULE OF ACTIVITY BY DEPARTMENT

JUNE 30, 2020

	Fire Suppression	Ambulance Service	Mutual Aid	Total
<b>REVENUE</b>				
Program Revenue:				
Charges for services	\$ 1,995	\$ 642,092	\$ 439,286	\$ 1,083,373
Operating grants and contributions	31,318	80,530	-	111,848
Property taxes, general purpose	1,231,314	126,431	-	1,357,745
Licenses, permits, and franchises	8,656	346	-	9,002
Fines, forfeits, and penalties	1,000	-	-	1,000
Grants and contributions not restricted to specific programs	42,467	662	-	43,129
Revenue from use of money	1,208	3,106	-	4,314
Other revenues	21,178	2,981	20	24,179
<b>Total Revenue</b>	<b>1,339,136</b>	<b>856,148</b>	<b>439,306</b>	<b>2,634,590</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	269,189	719,680	193,130	1,181,999
Benefits	173,966	446,726	303	620,995
Supplies	21,769	61,873	10,530	94,172
Services	96,327	310,320	8,539	415,186
Capital Outlay	15,207	182,759	10,680	208,646
Debt Service - Principal	2,514	6,464	-	8,978
Debt Service - Interest	500	1,284	-	1,784
<b>Total Expenditures</b>	<b>579,472</b>	<b>1,729,106</b>	<b>223,182</b>	<b>2,531,760</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>759,664</b>	<b>(872,958)</b>	<b>216,124</b>	<b>102,830</b>
<b>OTHER FINANCING SOURCES/USES</b>				
Proceeds	14,683	163,283	-	177,966
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 774,347</b>	<b>\$ (709,675)</b>	<b>\$ 216,124</b>	<b>\$ 280,796</b>

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*OTHER INDEPENDENT AUDITOR'S REPORT*

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Charles Z. Fedak, CPA, MBA  
Christopher J. Brown, CPA, CGMA  
Andy Beck, CPA

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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, 2020, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated April 15, 2021.

### **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

April 15, 2021