

**SAN MIGUEL CONSOLIDATED
FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts for June 30, 2020)**

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SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
For the Fiscal Year Ended June 30, 2021
Table of Contents

FINANCIAL SECTION

Page

Independent Auditors' Report 1
 Management's Discussion and Analysis..... 3

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:
 Statements of Net Position 10
 Statements of Activities 11
 Governmental Funds Financial Statements:
 Governmental Funds Balance Sheet 12
 Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position 13
 Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund
 Fund Balances 14
 Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes
 in Fund Balances to the Statement of Activities 15
 Notes to Financial Statements 16

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund 40
 Schedule of Proportionate Share of the Net Pension Liability – Total Plan 41
 Schedule of Pension Contributions – Total Plan 42
 Schedule of Changes in the District's Total OPEB Liability and Related Ratios 43
 Schedule of OPEB Contributions 44

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards..... 45

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District as of and for the fiscal 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.

Auditors' 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. 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 31, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
October 31, 2021

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

Management's Discussion and Analysis (MD&A) offers readers of San Miguel Consolidated Fire Protection District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 9.51% or \$2,279,947 as a result of this year's operations.
- Total revenues from all sources increased by 8.3%, or \$2,192,124 from \$26,262,937 to \$28,455,061, from the prior year, primarily due to an increase in property taxes of \$934,641 and an increase in charges for services of \$1,464,132, which includes strike team reimbursements.
- Total expenses for the District's operations increased by 4.3% or \$1,088,674 from \$25,086,440 to \$26,175,114, from the prior year, primarily due to a \$1,364,280 increase in operations expense.
- The District purchased new capital assets during the year in the amount of \$955,041. Depreciation expense was \$939,039.

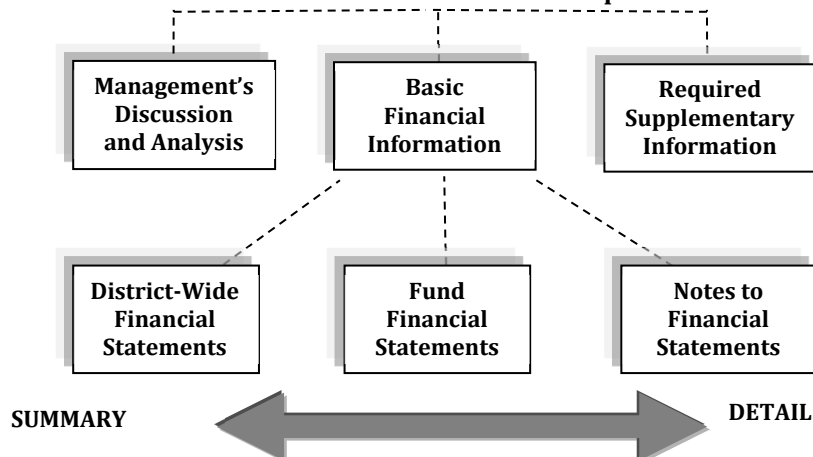
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management 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:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of San Miguel Consolidated Fire Protection District's Annual Financial Report



SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, 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
<i>Type of inflow/outflow information</i>	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

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

The District-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 District'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 District-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*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as fire protection, medical transport, and administration. Local property taxes finance most of these activities.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Assets:			
Current assets	\$ 22,180,670	\$ 17,335,352	\$ 4,845,318
Capital assets, net	<u>13,626,859</u>	<u>13,697,915</u>	<u>(71,056)</u>
Total assets	<u>35,807,529</u>	<u>31,033,267</u>	<u>4,774,262</u>
Deferred outflows of resources	<u>16,072,837</u>	<u>13,793,007</u>	<u>2,279,830</u>
Liabilities:			
Current liabilities	1,153,299	1,227,182	(73,883)
Non-current liabilities	<u>69,178,474</u>	<u>63,819,894</u>	<u>5,358,580</u>
Total liabilities	<u>70,331,773</u>	<u>65,047,076</u>	<u>5,284,697</u>
Deferred inflows of resources	<u>3,247,673</u>	<u>3,758,225</u>	<u>(510,552)</u>
Net position (Deficit):			
Net investment in capital assets	13,055,873	12,749,219	306,654
Restricted	249,635	336,693	(87,058)
Unrestricted (Deficit)	<u>(35,004,588)</u>	<u>(37,064,939)</u>	<u>2,060,351</u>
Total net position (deficit)	<u><u>\$(21,699,080)</u></u>	<u><u>\$(23,979,027)</u></u>	<u><u>\$ 2,279,947</u></u>

At the end of fiscal year 2021, the District shows a deficit balance in its unrestricted net position of (\$35,004,588).

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>
Program revenues	\$ 6,094,129	\$ 4,344,376	\$ 1,749,753
Expenses	<u>(26,175,114)</u>	<u>(25,086,440)</u>	<u>(1,088,674)</u>
Net program expense	(20,080,985)	(20,742,064)	661,079
General revenues	<u>22,360,932</u>	<u>21,918,561</u>	<u>442,371</u>
Change in net position	2,279,947	1,176,497	1,103,450
Net position:			
Beginning of year	<u>(23,979,027)</u>	<u>(25,155,524)</u>	<u>1,176,497</u>
End of year	<u><u>\$(21,699,080)</u></u>	<u><u>\$(23,979,027)</u></u>	<u><u>\$ 2,279,947</u></u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased its net position by \$2,279,947.

Table A-3: Total Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Program revenues:			
Charges for services	\$ 5,435,007	\$ 3,970,875	\$ 1,464,132
Reimbursements	159,158	175,738	(16,580)
Mitigation fees	328,814	178,447	150,367
Operating and capital grant funding	<u>171,150</u>	<u>19,316</u>	<u>151,834</u>
Total program revenues	<u>6,094,129</u>	<u>4,344,376</u>	<u>1,749,753</u>
General revenues:			
Property taxes	21,938,084	21,003,443	934,641
Redevelopment pass-through	162,110	162,800	(690)
Rental income	196,588	211,300	(14,712)
Investment earnings	59,650	508,017	(448,367)
Gain on sale of assets	<u>4,500</u>	<u>33,001</u>	<u>(28,501)</u>
Total general revenues	<u>22,360,932</u>	<u>21,918,561</u>	<u>442,371</u>
Total revenues	<u>\$ 28,455,061</u>	<u>\$ 26,262,937</u>	<u>\$ 2,192,124</u>

Total revenues from all sources increased by 8.3%, or \$2,192,124 from \$26,262,937 to \$28,455,061, from the prior year, primarily due to an increase in property taxes of \$934,641 and an increase in charges for services of \$1,464,132.

Table A-4: Total Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Expenses:			
Operations	\$ 25,209,730	\$ 23,845,450	\$ 1,364,280
Depreciation expense	939,039	1,177,564	(238,525)
Interest expense	<u>26,345</u>	<u>63,426</u>	<u>(37,081)</u>
Total expenses	<u>\$ 26,175,114</u>	<u>\$ 25,086,440</u>	<u>\$ 1,088,674</u>

Total expenses for the District's operations increased by 4.3% or \$1,088,674 from \$25,086,440 to \$26,175,114, from the prior year, primarily due to a \$1,364,280 increase in operations expense.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2021, the District reported a total fund balance of \$21,812,751. An amount of \$584,525 constitutes the District's *unassigned fund balance*.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's general fund at year-end were \$2,339,793 less than actual. Actual revenues were greater than the anticipated budget by \$3,008,859. Actual revenues less expenses were over budget by \$1,004,979.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2021, the District had invested \$13,377,224 in capital assets, related to the purchase of equipment for use in fire protection. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year was \$939,039.

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Capital assets:		
Non-depreciable assets	\$ 2,791,158	\$ 2,077,763
Depreciable assets	26,347,290	26,105,644
Accumulated depreciation	<u>(15,761,224)</u>	<u>(14,822,185)</u>
Total capital assets, net	<u><u>\$ 13,377,224</u></u>	<u><u>\$ 13,361,222</u></u>

Long-Term Debt

At year-end the District had \$321,351 in outstanding long-term debt – a decrease of 47% or (\$290,652) from last year – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Long-term debt	<u><u>\$ 321,351</u></u>	<u><u>\$ 612,003</u></u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Fire Chief at the San Miguel Consolidated Fire Protection District at 2850 Via Orange Way, Spring Valley, California 91978 or (619) 670-0500.

Basic Financial Statements

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Statements of Net Position
June 30, 2021 (With Comparative Amounts as of June 30, 2020)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 21,100,317	\$ 16,494,981
Accrued interest receivable	31,265	30,695
Property taxes and assessments receivable	82,608	97,023
Other receivables	340,616	94,032
Prepaid items	79,725	72,114
Deposits with Public Agencies Self Insurance System (Note 4)	546,139	546,507
Total current assets	<u>22,180,670</u>	<u>17,335,352</u>
Non-current assets:		
Restricted – cash and investments (Note 2 and 3)	249,253	336,072
Restricted – accrued interest receivable (Note 3)	382	621
Capital assets – not being depreciated (Note 5)	2,791,158	2,077,763
Capital assets – being depreciated, net (Note 5)	10,586,066	11,283,459
Total non-current assets	<u>13,626,859</u>	<u>13,697,915</u>
Total assets	<u>35,807,529</u>	<u>31,033,267</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows of resources (Note 9)	6,943,143	5,060,683
Pension related deferred outflows of resources (Note 10)	9,129,694	8,732,324
Total deferred outflows of resources	<u>16,072,837</u>	<u>13,793,007</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	606,279	461,762
Accrued interest payable	-	4,224
Unearned revenue	11,275	-
Long-term liabilities – due in one year:		
Compensated absences (Note 6)	492,323	474,328
Long-term debt (Note 7)	43,422	286,868
Total current liabilities	<u>1,153,299</u>	<u>1,227,182</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	492,323	474,328
Long-term debt (Note 7)	277,929	325,135
Workers' compensation claims payable (Note 8)	1,572,366	1,444,000
Net other post-employment benefits obligations (Note 9)	24,894,280	22,648,185
Net pension liability (Note 10)	41,941,576	38,928,246
Total non-current liabilities	<u>69,178,474</u>	<u>63,819,894</u>
Total liabilities	<u>70,331,773</u>	<u>65,047,076</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred inflows of resources (Note 9)	1,561,061	648,405
Pension related deferred inflows of resources (Note 10)	1,686,612	3,109,820
Total deferred inflows of resources	<u>3,247,673</u>	<u>3,758,225</u>
NET POSITION		
Net investment in capital assets (Note 11)	13,055,873	12,749,219
Restricted (Note 3)	249,635	336,693
Unrestricted (Deficit) (Note 12)	<u>(35,004,588)</u>	<u>(37,064,939)</u>
Total net position	<u>\$(21,699,080)</u>	<u>\$(23,979,027)</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Statements of Activities

For the Fiscal Year Ended June 30, 2021

(With Comparative Amounts for the Fiscal Year Ended June 30, 2020)

	Governmental Activities	
	2021	2020
Expenses:		
Fire related services:		
Operations:		
Salaries and wages	\$ 11,638,227	\$ 10,033,868
Employee benefits	9,238,310	8,831,708
Insurance	790,503	974,866
Materials and services	3,542,690	4,005,008
Depreciation expense	939,039	1,177,564
Interest expense	26,345	63,426
Total expenses	26,175,114	25,086,440
Program revenues:		
Charges for services:		
Parcel tax	1,872,563	1,871,016
Property assessment	765,006	748,485
CSA-115 annexation	101,286	100,000
Cal-OES – Personnel	1,105,845	238,472
Cal-OES – Engines	170,192	27,462
Cal-OES – Administration	292,256	10,734
Fire prevention – plan check and inspections	155,733	250,321
Advanced life support – first responder fee	871,772	629,893
Weed abatement	91,267	83,826
Other charges	9,087	10,666
Reimbursements	159,158	175,738
Mitigation fees	328,814	178,447
Operating and capital grant funding	171,150	19,316
Total program revenues	6,094,129	4,344,376
Net program expense	(20,080,985)	(20,742,064)
General revenues:		
Property taxes	21,938,084	21,003,443
Redevelopment pass-through	162,110	162,800
Rental income	196,588	211,300
Investment earnings	59,650	508,017
Gain on sale of assets	4,500	33,001
Total general revenues	22,360,932	21,918,561
Change in net position	2,279,947	1,176,497
Net position:		
Beginning of year (Deficit)	(23,979,027)	(25,155,524)
End of year (Deficit)	\$(21,699,080)	\$(23,979,027)

The notes to financial statements are an integral part of this statement.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2021

ASSETS	Major Funds		
	General Fund	Fire Mitigation Fund	Total Governmental Funds
Assets:			
Cash and investments	\$ 21,100,317	\$ 249,253	\$ 21,349,570
Accrued interest receivable	31,265	382	31,647
Property taxes receivable	82,608	-	82,608
Other receivables	257,613	83,003	340,616
Prepaid items	79,725	-	79,725
Deposits with PASIS	546,139	-	546,139
Total assets	\$ 22,097,667	\$ 332,638	\$ 22,430,305
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 606,279	\$ -	\$ 606,279
Unearned revenue	11,275	-	11,275
Total liabilities	617,554	-	617,554
Fund Balances: (Note 13)			
Non-spendable	79,725	-	79,725
Restricted	-	332,638	332,638
Assigned	20,815,863	-	20,815,863
Unassigned	584,525	-	584,525
Total fund balance	21,480,113	332,638	21,812,751
Total liabilities and fund balance	\$ 22,097,667	\$ 332,638	\$ 22,430,305

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

Fund Balances – Governmental Funds	<u>\$ 21,812,751</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	13,377,224
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	16,072,837
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	(984,646)
Long-term debt	(321,351)
Workers' compensation claims payable	(1,572,366)
Net other post-employment benefits payable	(24,894,280)
Net pension liability	(41,941,576)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	<u>(3,247,673)</u>
Total adjustments	<u>(43,511,831)</u>
Net Position of Governmental Activities	<u><u>\$(21,699,080)</u></u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2021

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	
REVENUES:			
Property taxes	\$ 21,938,084	\$ -	\$ 21,938,084
Redevelopment pass-through	162,110	-	162,110
Parcel tax	1,872,563	-	1,872,563
Property assessment	765,006	-	765,006
CSA-115 annexation	101,286	-	101,286
Cal-OES – Personnel	1,105,845	-	1,105,845
Cal-OES – Engines	170,192	-	170,192
Cal-OES – Administration	292,256	-	292,256
Fire prevention – plan check and inspections	155,733	-	155,733
Advanced life support – first responder fee	871,772	-	871,772
Weed abatement	91,267	-	91,267
Other charges	9,087	-	9,087
Reimbursements	159,158	-	159,158
Mitigation fees	-	328,814	328,814
Operating and capital grant funding	171,150	-	171,150
Rental income – site and cellular	196,588	-	196,588
Investment earnings	61,106	(1,456)	59,650
Total revenues	<u>28,123,203</u>	<u>327,358</u>	<u>28,450,561</u>
EXPENDITURES:			
Fire related services:			
Salaries and wages	11,602,237	-	11,602,237
Employee benefits	6,769,267	-	6,769,267
Insurance	662,137	-	662,137
Materials and services	3,542,690	-	3,542,690
Capital outlay	955,041	-	955,041
Debt service:			
Principal	290,652	-	290,652
Interest	30,569	-	30,569
Total expenditures	<u>23,852,593</u>	<u>-</u>	<u>23,852,593</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>4,270,610</u>	<u>327,358</u>	<u>4,597,968</u>
OTHER FINANCING SOURCES(USES):			
Proceeds from sale of capital assets	4,500	-	4,500
Transfers in (Note 14)	331,413	-	331,413
Transfers (out) (Note 14)	-	(331,413)	(331,413)
Total other financing sources(uses)	<u>335,913</u>	<u>(331,413)</u>	<u>4,500</u>
NET CHANGES IN FUND BALANCE	4,606,523	(4,055)	4,602,468
FUND BALANCE:			
Beginning of year	<u>16,873,590</u>	<u>336,693</u>	<u>17,210,283</u>
End of year	<u>\$ 21,480,113</u>	<u>\$ 332,638</u>	<u>\$ 21,812,751</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities*

For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances – Governmental Funds \$ 4,602,468

Amounts reported for governmental activities in the statement of activities is different because:

Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:

Change in compensated absences	(35,990)
Change in accrued interest payable	4,224
Change in workers' compensation claims payable	(128,366)
Change in net other post-employment benefits obligations	(1,276,291)
Change in net pension liability	(1,192,752)

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	955,041
Depreciation expense	(939,039)

Principal repayment of long-term debt obligations are reported as expenditures in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.

290,652

Total adjustments (2,322,521)

Change in Net Position of Governmental Activities \$ 2,279,947

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The San Miguel Consolidated Fire Protection District (District) was formed on July 1, 1988, under the provisions of the California Health and Safety Code, Section 14022, to provide fire protection, prevention, emergency medical services, code enforcement, and weed abatement. The District operates eight fire stations over a 54-mile service area that serves the taxpayers and residents in the communities of Bostonia, Casa de Oro, Crest, Grossmont/Mt. Helix, La Presa, Rancho San Diego, Spring Valley and the unincorporated areas of El Cajon and La Mesa of San Diego County. The District's governmental powers are exercised through a seven-member board of directors.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. 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, other nonexchange transactions, and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are 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.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds (continued)

Fire Mitigation Fund: This fund is used to account for fees collected from builders in the service area that are restricted for the purchase of new capital assets when those assets are needed due to population and infrastructure growth in the service area.

2. Measurement Focus, Basis of Accounting

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. Nonexchange 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 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. 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.

3. Revenues - Exchange and Non-Exchange Transactions

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. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Investments

The District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

2. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Structures and Improvements	10-50 years
Equipment	7-20 years
Vehicles and Apparatuses	5-20 years

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

4. Compensated Absences

Accumulated unpaid employee vacation benefits and sick leave are recognized as liabilities of the District. No employee may accumulate more annual leave hours than they would earn in a two-year period based on their own earnings rate. Employees earn with a maximum carryover of 1,040 hours.

5. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

6. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Net Position (continued)

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted". When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

8. Fund Balances

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

Non-spendable: Fund balance is reported as non-spendable when the resources cannot be spent because they are either in a non-spendable form or legally or contractually required to be maintained intact. Resources in non-spendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when 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.

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

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

The San Diego County Assessor's Office assesses all real and personal property within the County each year. The San Diego County Tax Collector's Office bills and collects the District's share of property taxes and voter-approved taxes. The San Diego County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by San Diego County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and November 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and San Diego County. The Teeter Plan authorizes the County Auditor-Controller to allocate 100% of the secured property tax billed but not yet received or paid to the District. San Diego County remits tax proceeds to the District in installments during the fiscal year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021, were categorized on the statement of net position as follows:

<u>Description</u>	<u>Balance</u>
Cash and investments	\$ 21,100,317
Restricted – cash and investments	249,253
Total cash and investments	<u>\$ 21,349,570</u>

Cash and investments at June 30, 2021, consisted of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 100
Demand deposits held with financial institutions	632,598
San Diego County Pooled Investment Fund (SDCPIF)	20,716,872
Total cash and investments	<u>\$ 21,349,570</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District's demand deposits was \$632,598 and the financial institution's balance was \$1,107,473. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

San Diego County Treasury Investment Pool (SDCTIP)

The District is a voluntary participant in the San Diego County Treasury Investment Pool (SDCTIP) pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the San Diego County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of \$1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the Treasurer-Tax Collector – San Diego Administration Center – 1600 Pacific Hwy, Room 162 – San Diego, CA 92101 or the Treasurer and Tax Collector's office website at www.sdttc.com. As of June 30, 2021, the District had \$20,716,872 in the SDCTIP.

NOTE 3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets and restricted net position as of June 30, 2021, were categorized as follows:

<u>Description</u>	<u>Balance</u>
Restricted – cash and investments	\$ 249,253
Restricted – accrued interest receivable	382
Total restricted net position	<u>\$ 249,635</u>

Restricted assets and restricted net position as of June 30, 2021, were received from mitigation fees for capital expenditures.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 4 – DEPOSITS WITH PUBLIC AGENCIES SELF INSURANCE SYSTEM (PASIS)

The District is one of seven Members in the Public Agency Self-Insurance System (PASIS). PASIS is a joint-powers authority which was established in 1977 for the purpose of operating and maintaining a cooperative program of self-insurance and risk management for workers' compensation for its Members.

PASIS's purpose is to provide for the collection of workers' compensation claims data, purchase claims examiner services, general counsel services and excess insurance coverage. Members are responsible for paying their own claims and related expenses for workers' compensation related injuries. PASIS requires active Members to maintain a minimum base funding of 125% of a Members' self-insured retention plus a 15% increase for Members with annual payroll in excess of \$1.8 million. The deductible for self-insured retention selected by the District is \$300,000. PASIS carries excess insurance through a joint powers authority to cover amounts over the self-insured retention.

As of June 30, 2021, the District had \$546,139 on deposit with PASIS. Further information in regard to PASIS is as follows:

A. Entity	Public Agency Self-Insurance System (PASIS)		
B. Purpose	To pool member resources and realize the advantages of a self-insurance reserve for workers' compensation		
C. Participants	As of June 30, 2021 – Seven member agencies		
D. Governing board	Seven representatives employed/appointed by members		
E. District payments for FY 2021:			
Contribution	\$0		
F. Condensed financial information	June 30, 2021		
Audit signed	October 15, 2021		
Statement of net position:		June 30, 2021	District Share
Total assets		<u>\$ 3,535,121</u>	<u>\$ 546,139</u>
Total liabilities		<u>-</u>	<u>-</u>
Net position		<u>\$ 3,535,121</u>	<u>\$ 546,139</u>
Statement of revenues, expenses and changes in net position:			
Total revenues		\$ -	\$ -
Total expenses		<u>(131,944)</u>	<u>(368)</u>
Change in net position		<u>(131,944)</u>	<u>(368)</u>
Beginning - net position		<u>3,667,065</u>	<u>546,507</u>
Ending - net position		<u>\$ 3,535,121</u>	<u>\$ 546,139</u>
G. District's share of year-end financial position		<u>100.00%</u>	<u>15.45%</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
Non-depreciable capital assets:				
Land	\$ 2,077,763	\$ -	\$ 1	\$ 2,077,764
Construction-in-progress	-	713,395	(1)	713,394
Total non-depreciable capital assets	<u>2,077,763</u>	<u>713,395</u>	<u>-</u>	<u>2,791,158</u>
Depreciable capital assets:				
Structures and improvements	14,302,981	12,384	-	14,315,365
Vehicles and apparatuses	10,052,817	5,014	-	10,057,831
Equipment	1,749,846	224,248	-	1,974,094
Total depreciable capital assets	<u>26,105,644</u>	<u>241,646</u>	<u>-</u>	<u>26,347,290</u>
Accumulated depreciation:				
Structures and improvements	(7,931,089)	(440,833)	-	(8,371,922)
Vehicles and apparatuses	(5,677,787)	(406,917)	-	(6,084,704)
Equipment	(1,213,309)	(91,289)	-	(1,304,598)
Total accumulated depreciation	<u>(14,822,185)</u>	<u>(939,039)</u>	<u>-</u>	<u>(15,761,224)</u>
Total depreciable capital assets, net	<u>11,283,459</u>	<u>(697,393)</u>	<u>-</u>	<u>10,586,066</u>
Total capital assets, net	<u>\$ 13,361,222</u>	<u>\$ 16,002</u>	<u>\$ -</u>	<u>\$ 13,377,224</u>

Depreciation expense for the year ended June 30, 2021 was \$939,039 and is not allocated to the various governmental functions or funds.

NOTE 6 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2021, were as follows:

<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 948,656	\$ 737,345	\$ (701,355)	\$ 984,646	\$ 492,323	\$ 492,323

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 7 – LONG-TERM DEBT

Changes in long-term debt were as follows:

<u>Long-Term Debt</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Capital lease payable – solar project	364,191	-	(42,840)	321,351	43,422	277,929
Capital lease payable – fire apparatus	247,812	-	(247,812)	-	-	-
	<u>\$ 612,003</u>	<u>\$ -</u>	<u>\$ (290,652)</u>	<u>\$ 321,351</u>	<u>\$ 43,422</u>	<u>\$ 277,929</u>

Capital Lease – Solar Equipment

The District constructed a solar project for \$479,313 and on October 27, 2016 financed the solar project under a capital lease agreement. At June 30, 2021, the future minimum lease payments under the capital lease are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	43,422	18,305	61,727
2023	52,318	15,323	67,641
2024	<u>225,611</u>	<u>10,261</u>	<u>235,872</u>
Total	321,351	<u>\$ 43,889</u>	<u>\$ 365,240</u>
Current	<u>(43,422)</u>		
Long-term	<u>\$ 277,929</u>		

Capital Lease – Fire Apparatus

The District constructed a fire apparatus for \$715,545 and on November 5, 2019 financed the fire apparatus under a capital lease agreement. In fiscal year 2021, the District paid-off this debt.

NOTE 8 – WORKERS’ COMPENSATION CLAIMS PAYABLE

The District is self-insured for workers’ compensation and has effectively managed this risk of loss through a combination of insurance, with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Excess insurance is purchased above the self-insured retention through PASIS. As of June 30, 2021, the liability for workers’ compensation claims payable was estimated at \$1,572,366.

Changes in workers’ compensation claims payable for the year ended June 30, 2021, was as follows:

<u>Description</u>	<u>Balance</u>
Estimated claims balance – July 1, 2020	<u>\$ 1,444,000</u>
Claim payments	(164,536)
Revised claims estimate	<u>292,902</u>
Change in claims balance	<u>128,366</u>
Estimated claims balance – June 30, 2021	<u>\$ 1,572,366</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

<u>Description</u>	<u>Amount</u>
OPEB related deferred outflows of resources	\$ 6,943,143
Net other post-employment benefits obligation	24,894,280
OPEB related deferred inflows of resources	1,561,061

A. General Information about the OPEB Plan

Plan Description and Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents through a cost-sharing multi-employer defined benefit plan. Active employees are offered a choice of medical plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). The District offers the same medical plans to eligible retirees except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer.

The District contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. Effective in 2012, the District's financial obligation is to pay up to a maximum amount which varies based on the retiree's elected coverage category (single, two-party, and family). The maximum is based on the 2011 Kaiser Southern California HMO Basic (non-Medicare) rate plus 50% of any future premium increases. The maximum is subject to a minimum amount which is the CalPERS minimum required employer contribution for the retiree. Employees hired after November 1, 2011 will only receive a District contribution equal to the CalPERS minimum required employer contribution. The CalPERS minimum required employer contribution is \$143 per month in 2021 and is scheduled to increase each year based on medical inflation. Prior to 2012, the District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum which is equal to the Kaiser Basic (non-Medicare) Family premium.

An employee is eligible for the District contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the District. Vesting requires at least 5 years of PERS eligible service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2021, the measurement period, the District's contributions totaled \$987,312.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

A. General Information about the OPEB Plan (continued)

Employees covered by benefit terms

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

<u>Plan Members</u>	<u>Covered Participants</u>
Active members	85
Inactives entitled to but not yet receiving benefits	80
Inactives currently receiving benefits	<u>6</u>
Total plan members	<u><u>171</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$24,894,280 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

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	2.66%
Inflation	2.50%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	2.66%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	2020 – Actual to 2028+ – 4.50%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66 percent. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The Bond Buyer 20 Bond Index was used.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	\$ 22,648,185
Changes for the year:	
Service cost	512,870
Interest	797,563
Changes in assumptions	2,992,840
Changes in experience	(1,172,629)
Benefit payments	(884,549)
Net changes	2,246,095
Balance at June 30, 2020	\$ 24,894,280

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 one percentage-point lower or one percentage-point higher than the current discount rate:

1% Decrease	Discount Rate	1% Increase
1.66%	2.66%	3.66%
\$ 29,302,351	\$ 24,894,280	\$ 21,432,089

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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 healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Current Trend	1% Increase
\$ 21,206,153	\$ 24,894,280	\$ 29,611,929

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 – NET OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS (continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,503,971. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement	\$ 987,312	\$ -
Changes in assumptions	2,660,302	(518,724)
Changes in experience	3,295,529	(1,042,337)
Total Deferred Outflows/(Inflows) of Resources	\$ 6,943,143	\$ (1,561,061)

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

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 896,447
2023	896,447
2024	896,447
2025	896,450
2026	202,246
Thereafter	606,733
Total	<u>\$ 4,394,770</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

<u>Description</u>	<u>Amount</u>
Pension related deferred outflows of resources	\$ 9,129,694
Net pension liability	41,941,576
Pension related deferred inflows of resources	1,686,612

A. General Information about the Pension Plans

The Plans Description Schedule

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>
	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.0% to 2.7%	1.0% to 2.5%
Required member contribution rates	8.000%	7.000%
Required employer contribution rates	14.451%	7.831%
	<u>Safety Plans</u>	
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>
	Prior to <u>December 31, 2012</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 55 & up	50 - 57 & up
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.7%
Required member contribution rates	8.986%	13.750%
Required employer contribution rates	21.748%	13.884%

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2020, the following members were covered by the benefit terms:

Plan Members	Miscellaneous and Safety Plans		
	Classic Tier 1	PEPRA Tier 2	Total
Active members	44	41	85
Transferred and terminated members	97	38	135
Retired members and beneficiaries	148	-	148
Total plan members	289	79	368

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

A. General Information about the Pension Plans (continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2021, were as follows:

<u>Contribution Type</u>	<u>Miscellaneous and Safety Plans</u>		
	<u>Classic Tier 1</u>	<u>PEPRA Tier 2</u>	<u>Total</u>
Contributions – Miscellaneous Plans	\$ 208,240	\$ 33,153	\$ 241,393
Contributions – Safety Plans	3,829,894	446,142	4,276,036
Total contributions	\$ 4,038,134	\$ 479,295	\$ 4,517,429

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous and Safety Plans for the fiscal year ended June 30, 2020:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Total Plans:			
Balance as of June 30, 2019 (Measurement Date)	\$ 141,378,231	\$ 102,449,985	\$ 38,928,246
Balance as of June 30, 2020 (Measurement Date)	\$ 144,196,510	\$ 102,254,934	\$ 41,941,576
Change in Plan Net Pension Liability	\$ 2,818,279	\$ (195,051)	\$ 3,013,330

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District’s proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

<u>CalPERS – Safety Plan</u>	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.38548%	0.37990%	0.00558%

For the year ended June 30, 2021, the District recognized pension expense of \$5,710,182. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 4,517,429	\$ -
Difference between actual and proportionate share of employer contributions	-	(1,528,574)
Adjustment due to differences in proportions	498,171	(7,830)
Differences between expected and actual experience	3,180,506	-
Differences between projected and actual earnings on pension plan investments	933,588	-
Changes in assumptions	-	(150,208)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 9,129,694</u>	<u>\$ (1,686,612)</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

An amount of \$4,517,429 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ 423,635
2023	1,130,100
2024	905,897
2025	466,021
Total	<u><u>\$ 2,925,653</u></u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

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 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 table below reflects long-term expected real rate of return by asset class.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 – NET PENSION LIABILITY AND DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability 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.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Total Plans	\$ 61,497,698	\$ 41,941,576	\$ 25,886,649

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

D. Payable to the Pension Plans

At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2021, the net investment in capital assets was calculated as follows:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 2,791,158
Capital assets – being depreciated, net	10,586,066
Long-term debt obligations payable – current portion	(43,422)
Long-term debt obligations payable – noncurrent portion	<u>(277,929)</u>
Total net investment in capital assets	<u>\$ 13,055,873</u>

NOTE 12 – UNRESTRICTED NET POSITION (DEFICIT)

As of June 30, 2021, the District had an unrestricted net position deficit of (\$35,004,588). Due to the nature of the deficit from the implementation of GASB No. 68 – Net Pension Liability – in fiscal year 2015 and GASB No. 75 – Net OPEB Obligation – in fiscal year 2018, the District will continue to make its actuarial determined contributions and healthcare administrative costs to CalPERS and annually review its outstanding net pension liability and net OPEB obligation funding requirements for future periods to reduce the deficit position.

NOTE 13 – FUND BALANCES

At June 30, 2021, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Fire Mitigation Fund</u>	<u>Total</u>
Non-spendable:			
Prepaid items	\$ 79,725	\$ -	\$ 79,725
Restricted:			
Mitigation fees	-	332,638	332,638
Assigned:			
Deposits with Public Agencies Self Insurance System	546,139	-	546,139
Compensated absences	984,646	-	984,646
Workers' compensation claims payable	1,026,227	-	1,026,227
Long-term debt repayment	321,351	-	321,351
Capital asset replacement	6,500,000	-	6,500,000
Six-month operating reserve	<u>11,437,500</u>	<u>-</u>	<u>11,437,500</u>
Total assigned	<u>20,815,863</u>	<u>-</u>	<u>20,815,863</u>
Unassigned	<u>584,525</u>	<u>-</u>	<u>584,525</u>
Total fund balances	<u>\$ 21,480,113</u>	<u>\$ 332,638</u>	<u>\$ 21,812,751</u>

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 14 – TRANSFERS IN/(OUT)

Inter-fund transfers are transactions used to close out a fund, reimburse an operating fund, and transfer cash between operating funds and capital projects funds. For the year ended June 30, 2021, the District made the following inter-fund transfers in and out.

<u>Transfer To</u>	<u>Transfer From</u>	<u>Balance</u>	<u>Purpose</u>
General Fund	Other Gov. Funds	\$ 331,413	Capital outlay funding
Fire Mitigation	General Fund	<u>(331,413)</u>	Capital outlay funding
	Total	<u>\$ -</u>	

NOTE 15 – RISK MANAGEMENT

Fire Agencies Insurance Risk Authority (FAIRA)

The District entered into a JPA, known as the Fire Agencies Insurance Risk Authority (FAIRA), a self-insurance plan for general liability insurance. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the FAIRA. The JPA is a separate entity which is independently audited. Condensed financial and other information available for the FAIRA as of June 30, 2020 is as follows:

- A. **Entity** Fire Agencies Insurance Risk Authority (FAIRA)
- B. **Purpose** To pool member resources and realize the advantages of self-insurance for general liability insurance
- C. **Participants** As of June 30, 2020 – Approx. 100 member agencies
- D. **Governing board** 13 representatives employed/appointed by members
- E. **District payments for FY 2020:**
 - Insurance premium** \$111,366
- F. **Condensed financial information** June 30, 2020
 - Audit signed** January 27, 2021

	<u>June 30, 2020</u>
Statement of net position:	
Total assets	<u>\$ 3,310,018</u>
Total liabilities	<u>729,275</u>
Net position	<u>\$ 2,580,743</u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 3,581,915
Total expenses	<u>(3,778,702)</u>
Change in net position	(196,787)
Beginning – net position	<u>2,777,530</u>
Ending – net position	<u>\$ 2,580,743</u>

The complete financial statements can be obtained by contacting FAIRA at 1255 Battery St, Suite 450, San Francisco, CA 94111.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 16 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 18 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 31, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	Adopted Original Budget	Revised Final Budget	Actual	Variance Positive (Negative)
REVENUES:				
Property taxes	\$ 21,195,273	\$ 21,195,273	\$ 21,938,084	\$ 742,811
Redevelopment pass-through	-	-	162,110	162,110
Parcel tax	1,872,562	1,872,562	1,872,563	1
Property assessment	765,005	765,005	765,006	1
CSA-115 annexation	100,000	100,000	101,286	1,286
Cal-OES – Personnel	50,000	50,000	1,105,845	1,055,845
Cal-OES – Engines	-	-	170,192	170,192
Cal-OES – Administration	-	-	292,256	292,256
Fire prevention – plan check and inspections	100,000	100,000	155,733	55,733
Advanced life support – first responder fee	871,782	871,782	871,772	(10)
Weed abatement	-	-	91,267	91,267
Other charges	-	-	9,087	9,087
Reimbursements	-	-	159,158	159,158
Operating and capital grant funding	-	-	171,150	171,150
Rental income – site and cellular	101,750	101,750	196,588	94,838
Investment earnings	57,972	57,972	61,106	3,134
Total revenues	25,114,344	25,114,344	28,123,203	3,008,859
EXPENDITURES:				
Fire related services:				
Salaries and wages	10,358,000	10,358,000	11,602,237	(1,244,237)
Employee benefits	6,951,100	6,951,100	6,769,267	181,833
Insurance	625,000	625,000	662,137	(37,137)
Materials and services	3,131,800	3,131,800	3,542,690	(410,890)
Capital outlay	446,900	446,900	955,041	(508,141)
Debt service:				
Principal	-	-	290,652	(290,652)
Interest	-	-	30,569	(30,569)
Total expenditures	21,512,800	21,512,800	23,852,593	(2,339,793)
REVENUES OVER(UNDER) EXPENDITURES	3,601,544	3,601,544	4,270,610	669,066
OTHER FINANCING SOURCES(USES):				
Proceeds from sale of assets	-	-	4,500	4,500
Transfers in (out)	-	-	331,413	331,413
Total other financing sources(uses)	-	-	335,913	335,913
NET CHANGES IN FUND BALANCE	\$ 3,601,544	\$ 3,601,544	4,606,523	\$ 1,004,979
FUND BALANCE:				
Beginning of year			16,873,590	
End of year			<u>\$ 21,480,113</u>	

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

*Schedule of Proportionate Share of the Net Pension Liability – Total Plan
For the Fiscal Year Ended June 30, 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.360930%	\$ 22,458,700	\$ 511,999	4386.47%	81.51%
June 30, 2015	0.346784%	23,802,978	485,488	4902.90%	80.38%
June 30, 2016	0.368036%	31,846,516	654,446	4866.18%	74.33%
June 30, 2017	0.367505%	36,446,423	550,796	6617.05%	72.70%
June 30, 2018	0.013818%	36,493,379	5,857,727	623.00%	72.76%
June 30, 2019	0.013963%	38,928,246	6,963,579	559.03%	72.47%
June 30, 2020	0.013875%	41,941,576	7,711,605	543.88%	70.91%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Pension Contributions – Total Plan
For the Fiscal Year Ended June 30, 2021

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 79,114	\$ (79,114)	\$ -	485,488	16.30%
June 30, 2016	1,077,552	(1,077,552)	-	654,446	164.65%
June 30, 2017	1,594,554	(1,594,554)	-	550,796	289.50%
June 30, 2018	2,918,082	(2,918,082)	-	5,857,727	49.82%
June 30, 2019	3,465,705	(3,465,705)	-	6,963,579	49.77%
June 30, 2020	4,152,962	(4,152,962)	-	7,711,605	53.85%
June 30, 2021	4,517,429	(4,517,429)	-	8,166,420	55.32%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (3%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only seven years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 512,870	\$ 298,357	\$ 288,268	\$ 278,788
Interest	797,563	639,984	629,060	627,434
Changes in assumptions	2,992,840	(778,086)	(257,142)	-
Differences between expected and actual experience	(1,172,629)	4,943,295	-	-
Benefit payments	(884,549)	(884,548)	(889,022)	(846,688)
Net change in total OPEB liability	2,246,095	4,219,002	(228,836)	59,534
Total OPEB liability - beginning	22,648,185	18,429,183	18,658,019	18,598,485
Total OPEB liability - ending	24,894,280	22,648,185	18,429,183	18,658,019
Plan fiduciary net position:				
Contributions - employer	884,549	884,548	889,022	846,688
Net investment income	-	-	-	-
Administrative expense	-	-	-	-
Benefit payments	(884,549)	(884,548)	(889,022)	(846,688)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-
District's net OPEB liability	\$ 24,894,280	\$ 22,648,185	\$ 18,429,183	\$ 18,658,019
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms
 Measurement Date June 30, 2018 – There were no changes of benefits terms
 Measurement Date June 30, 2019 – There were no changes of benefits terms
 Measurement Date June 30, 2020 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution* (Pay-as-you-go funding with No Plan Assets)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	(987,312)	(941,271)	(889,022)	(846,688)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	2.66%	3.51%	3.50%	3.40%
Inflation	2.50%	2.50%	2.75%	2.75%
Payroll increases	3.00%	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	70%	70%	70%	70%
Healthcare trend rates	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) SOA Pub-2010 using Scale MP-2019 or MP-2017

(3) CalPERS Public Agency Miscellaneous 2.7% @55 and 2% @62

CalPERS Public Agency Safety 3.0% @55 and 2.7% @57

(4) Pre-65 - 8.00% trending down 0.25% annually to 5.00% in 2031 and later

Post-65 - 5.50% trending down 0.25% annually to 5.00% in 2021 and later

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Other Independent Auditors' Report



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Miguel Consolidated Fire Protection District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Miguel Consolidated Fire Protection District's basic financial statements, and have issued our report thereon dated October 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Miguel Consolidated Fire Protection District's internal control over financial reporting (internal control) as a basis for designing 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 San Miguel Consolidated Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the San Miguel Consolidated Fire Protection District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
October 31, 2021

**SAN MIGUEL CONSOLIDATED
FIRE PROTECTION DISTRICT**
Report to the Board of Directors
**For the Fiscal Year Ended
June 30, 2021**

NIGRO & NIGRO^{PC}

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Table of Contents

For the Fiscal Year Ended June 30, 2021

	<u>Page</u>
Letter to Board of Directors	1
Required Communications	2
Summary of Adjusting Journal Entries	4



Board of Directors
San Miguel Consolidated Fire Protection District
Spring Valley, California

We are pleased to present this report related to our audit of the financial statements of the San Miguel Consolidated Fire Protection District (District) as of and for the year ended June 30, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

A handwritten signature in blue ink that reads 'Nigro & Nigro, PC'.

Murrieta, California
October 31, 2021

Required Communications

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2021

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated June 1, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.
Accounting Policies and Practices	Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted. Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.
Audit Adjustments	Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries .
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2021

Area	Comments
Discussions With Management	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.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: <ol style="list-style-type: none">1. Management's Discussion and Analysis2. Budget to Actual Comparison3. Required Pension Plan Disclosures4. Required OPEB Plan Disclosures 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.

This information is intended solely for the information and use of 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.

Summary of Adjusting Journal Entries

SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT

*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2021*

See Attached Schedule

Client: **SPDIS-036 - SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT**
 Engagement: **2021 - SAN MIGUEL CONSOLIDATED FIRE PROTECTION DISTRICT**
 Period Ending: **6/30/2021**
 Trial Balance: **WTB1-01 - Trial Balance**
 Workpaper: **Combined Journal Entries Report - 2**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
Adjust Property Tax & Parcel Tax Revenue for Interest Earnings			
4003-000	Benefit Assessment - Crest	44.16	
4004-000	Benefit Assessment - Bostonia	209.86	
4005-000	Benefit Assessment - Paramedic (ECO)	312.66	
4006-000	Parcel Tax (ECO)	1,387.11	
4010-000	Property Taxes	15,980.83	
4010-000	Property Taxes	125,331.69	
4010-000	Property Taxes	985.40	
4060-000	Weed Abatement	73.32	
4060-000	Weed Abatement	1,770.00	
4040-000	Interest		18,007.94
6115-000	Property Tax Refunds		125,331.69
6116-000	Property Tax Admin Cost		1,770.00
6116-000	Property Tax Admin Cost		985.40
Total		146,095.03	146,095.03
Adjusting Journal Entries JE # 2			
To Reclass Interest Paid in 2021 FY			
8064-802	Interest Expense (Solar Energy Purchase)	20,778.47	
8065-807	Interest Expense (Pierce Engine Loan)	9,789.95	
7010-802	Capital Expenditures - Fund #312802		20,778.47
7010-807	Capital Expenditures - Fund #312807		9,789.95
Total		30,568.42	30,568.42
Adjusting Journal Entries JE # 3			
To Adjust Net Position Rollforward			
1300-000	Due from General Fund	191,724.00	
5951-000	GASB 68 Expense	142,303.02	
3100-000	Fund Balance		191,724.00
3100-000	Fund Balance		136,350.02
4040-000	Interest		5,953.00
Total		334,027.02	334,027.02
Adjusting Journal Entries JE # 4			
To Adjust PASIS Balance at 6/30/2021			
4040-000	Interest	368.00	
1301-000	Pasis Deposit		368.00
Total		368.00	368.00
Adjusting Journal Entries JE # 5			
To true up accumulated depreciation			
8041-000	Depreciation Expense (Equipment)	15,268.00	
1541-000	Accumulated Depreciation (Equipment)		15,268.00
Total		15,268.00	15,268.00

Adjusting Journal Entries JE # 6

To Adjust Accrued Payroll and Expenses at 06/30/21

2430-000	Accrued Payroll	183,416.19	
5040-000	Employee Overtime	42,392.57	
5032-000	CalPERS Retirement		5,177.36
5032-000	CalPERS Retirement		6,668.78
5050-000	Employee Salaries		199,609.33
5050-000	Employee Salaries		5,503.24
5060-000	Annual Leave		3,314.69
5070-000	Sick Leave		3,427.91
5900-000	Payroll Tax Expense		2,107.45
Total		225,808.76	225,808.76

Adjusting Journal Entries JE # 7

To Adjust TB to GASB 75

2496-000	DOR - OPEB Contributions	139,942.00	
5953-000	GASB 75 -Expense		139,942.00
Total		139,942.00	139,942.00

Total Adjusting Journal Entries	892,077.23	892,077.23
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Total All Journal Entries	892,077.23	892,077.23
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