

**SIERRA COUNTY
FIRE PROTECTION DISTRICT #1**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sierra County Fire Protection District #1
Sierraville, California

Report on the Financial Statements

We have audited the accompanying financial statements of Sierra County Fire Protection District #1, as of and for the year ended June 30, 2020, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra County Fire Protection District #1 as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Sierra County Fire Protection District #1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, An Acctg Consultant
Citrus Heights, California
August 28, 2020

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash (Note 3)	\$ 247,540	\$ -	\$ 247,540
Accounts receivable	1,407	-	1,407
Capital assets (Note 4)	-	978,868	978,868
Less, accumulated depreciation	<u>-</u>	<u>(535,486)</u>	<u>(535,486)</u>
Total assets	<u>\$ 248,947</u>	<u>\$ 443,382</u>	<u>\$ 692,329</u>
 LIABILITIES			
Accounts payable	\$ 43	\$ -	\$ 43
Long-term debt (Note 6)	<u>-</u>	<u>42,365</u>	<u>42,365</u>
Total liabilities	<u>43</u>	<u>42,365</u>	<u>42,408</u>
 FUND BALANCES/NET POSITION			
Fund balances (Note 5):			
Restricted	-	-	-
Committed	19,099	(19,099)	-
Unassigned	<u>229,805</u>	<u>(229,805)</u>	<u>-</u>
Total fund balances	<u>248,904</u>	<u>(248,904)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 248,947</u>		
Net position (Note 5):			
Net investment in capital assets		401,017	401,017
Restricted		-	-
Unrestricted		<u>248,904</u>	<u>248,904</u>
Total net position		<u>\$ 649,921</u>	<u>\$ 649,921</u>

See notes to financial statements

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 199,866	\$ -	\$ 199,866
Support services	49,260	-	49,260
Capital outlay	28,957	(28,957)	-
Debt service:			
- principal	4,544	(4,544)	-
- interest	1,543	-	1,543
Depreciation	<u>-</u>	<u>30,756</u>	<u>30,756</u>
Total program expenditures/expenses	<u>284,170</u>	<u>(2,745)</u>	<u>281,425</u>
Program revenues:			
Charges for services - fire income	<u>7,998</u>	<u>-</u>	<u>7,998</u>
Total program revenues	<u>7,998</u>	<u>-</u>	<u>7,998</u>
General revenues:			
Tax revenues	252,186	-	252,186
Interest income	2,329	-	2,329
Other income	<u>26,611</u>	<u>-</u>	<u>26,611</u>
Total general revenues	<u>281,126</u>	<u>-</u>	<u>281,126</u>
Excess of revenues (expenditures)/ changes in net position	4,954	2,745	7,699
Beginning fund balances/net position (Note 10)	<u>243,950</u>	<u>398,272</u>	<u>642,222</u>
Ending fund balances/net position	<u>\$ 248,904</u>	<u>\$ 401,017</u>	<u>\$ 649,921</u>

See notes to financial statements

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Tax revenue	\$ 257,610	\$ 252,186	\$(5,424)
Mitigation fees	-	23,904	23,904
Fire income	5,000	7,998	2,998
Interest income	30	2,329	2,299
Grant income	5,000	-	(5,000)
Donations	-	-	-
Annexation	5,148	-	(5,148)
Rental income	1,200	1,200	-
Other income	-	1,507	1,507
Sale of equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>273,988</u>	<u>289,124</u>	<u>15,136</u>
Expenditures:			
Fire protection	48,000	41,163	6,837
Vehicle expense	29,500	25,882	3,618
Compensation insurance	10,000	14,111	(4,111)
Insurance - liability	14,301	13,789	512
Utilities	11,800	12,769	(969)
Building maintenance	22,000	19,362	2,638
Communications	11,000	7,274	3,726
EMS supplies	5,000	2,590	2,410
EMS training	3,500	815	2,685
Audit	3,850	4,122	(272)
Clerical	15,000	13,855	1,145
Office expense	1,000	380	620
Bank fee	50	-	50
County admin. fee	-	17,825	(17,825)
Annexation	-	-	-
Grant expense	-	-	-
Other	3,550	6,105	(2,555)
Debt service expense	6,087	6,087	-

(continued)

See notes to financial statements

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
 STATEMENT OF REVENUES AND EXPENDITURES, continued
 COMPARED TO BUDGET
 for the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Expenditures, continued:			
Capital outlay	\$ 1,000	\$ 6,973	\$(5,973)
Service Area expenses:			
City of Loyalton	57,000	43,068	13,932
Truck Meadows	<u>48,000</u>	<u>48,000</u>	<u>-</u>
Total expenditures	<u>290,638</u>	<u>284,170</u>	<u>6,468</u>
Excess of revenues/ (expenditures)	\$(<u>16,650</u>)	\$ <u>4,954</u>	\$ <u>21,604</u>

See notes to financial statements

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2020

1. Organization:

Sierra County Fire Protection District #1 (the “District”) was formed in 1930 under Section 13801 of the California Health and Safety Code. The District operates through a Board of Commissioners and provides fire protection services for a portion of eastern Sierra County. The District boundaries are approximately 200 square miles which comprises the towns of Sierraville, Sattley and Calpine and also includes Verdi, California and the subdivisions at Parazzo Meadows and Jackson Meadows.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District’s significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred,

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final budget for each fiscal year.

Investments

The District maintains cash with the Treasurer of Sierra County in an interest-bearing pooled investment account.

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Property Taxes

The District receives property taxes from Sierra County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Use of Estimates

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

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

3. Cash:

Cash at June 30, 2020 consists of:

Cash with County		\$ 149,729
Checking		12,505
Savings		<u>85,306</u>
		<u>\$ 247,540</u>

The District maintains certain portions of its funds with Sierra County. The County is authorized to deposit cash and invest excess funds by the California Government code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

At year end the carrying amount of the District's deposits was \$97,811 and the depository balance was \$134,809. All cash held by the financial institution is fully covered by Federal depository insurance or collateralized.

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2020 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance, end of year</u>
Equipment	\$ 107,646	\$ 28,957	\$ -	\$ 136,603
Vehicles	530,853	-	-	530,853
Land and Buildings	<u>311,412</u>	<u>-</u>	<u>-</u>	<u>311,412</u>
	<u>\$ 949,911</u>	<u>\$ 28,957</u>	<u>\$ -</u>	<u>\$ 978,868</u>

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

5. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Mitigation fees	\$ -
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Committed for:

Annex	\$ 5,149	
Rolling stock replacement fund	8,822	
Special fund	<u>5,128</u>	19,099

Unassigned:	<u>229,805</u>
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\$ 248,904

Statement of net position:

Total net position consists of:

Net investment in capital assets	\$ 401,017
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Restricted:

Mitigation fees	-
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Unrestricted:

Board designated:

Annex	\$ 5,149
Rolling stock replacement fund	8,822
Special fund	<u>5,128</u>
	19,099

Undesignated:	<u>229,805</u>	<u>248,904</u>
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\$ 649,921

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

6. Long-term Debt:

Long-term debt activities for the year ended June 30, 2020 consist of:

	<u>Balance</u> <u>6/30/2019</u>	<u>Financing</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2020</u>	<u>Current</u> <u>Portion</u>
USDA	\$ <u>46,909</u>	\$ <u>-</u>	\$ <u>4,544</u>	\$ <u>42,365</u>	\$ <u>4,695</u>

The 10 year loan requires a semi-annual payment of \$3,043 including an interest rate of 3.3750% through March 6, 2028.

The future annual maturities of all long-term borrowings as of June 30, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,695	\$ 1,391	\$ 6,086
2022	4,855	1,231	6,086
2023	5,020	1,066	6,086
2024	5,191	895	6,086
2025	5,368	718	6,086
2026-2028	<u>17,236</u>	<u>1,033</u>	<u>18,269</u>
	<u>\$ 42,365</u>	<u>\$ 6,334</u>	<u>\$ 48,699</u>

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

7. Annexation:

In December of 2019, the Sierra County Fire Protection District #1 completed the annexation of 115,627 acres including territory in Long Valley, Verdi, Sierra Brooks, and Loyalton Pines.

To provide fire and EMS services to these remote areas, the District executed an agreement with Truckee Meadows Fire Protection District in Washoe County to serve the Verdi and Long Valley areas. Similarly, the District has executed an agreement with the City of Loyalton to serve the communities near the City.

On August 4, 2020, the Sierra County Board of Supervisors completed the development of a County Service Area for the Verdi and Long Valley portion of the County (Area 4, Zone 4B). The purpose of this Service Area is to collect revenue from the developed properties to pay the margin between what is available to the District through property taxes and the cost of providing Fire and Emergency Medical Services through Truckee Meadows Fire Protection District. The adopted fee is \$156.52 per property which includes ERAF and County service fees.

8. Risk of Loss:

Sierra County Fire Protection District #1 is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2020 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

9. Subsequent Events:

Management has evaluated subsequent events through August 28, 2020, the date these June 30, 2020 financial statements were available to be issued.

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

10. Prior Period Adjustment:

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Beginning fund balances, as originally stated	\$ 228,908	\$398,272	\$ 627,180
Add, prior period entry to reflect additional cash account with the County	<u>15,042</u>	<u>-</u>	<u>15,042</u>
Beginning fund balances, as restated	<u>\$ 243,950</u>	<u>\$398,272</u>	<u>\$ 642,222</u>

SUPPLEMENTAL DATA

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
PRINCIPAL OFFICIALS
for the year ended June 30, 2020

Board of Commissioners:

Richard Maddalena	Chairperson
Thomas Archer	Commissioner
Laurie Belli	Commissioner
Shawn Burt	Commissioner
William Copren	Commissioner
Tom Rowson	Commissioner

Operations:

Jeff McCollum	District Chief
Kelly Champion	Secretary/Treasurer
Vacant	Calpine/Sierraville Battalion Chief
Jay Heubert	Sattley Battalion Chief
Mick Connolly	Division Chief

SIERRA COUNTY FIRE PROTECTION DISTRICT #1
SCHEDULE OF CASH FLOWS
for the year ending June 30, 2020

Cash flows from operating activities:

Change in net position (loss)		\$ 7,699
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 30,756	
Prior period entry to reflect additional county cash account	15,042	
(Increase) decrease in: Accounts receivable	12,561	
(Decrease) increase in: Accounts payable	<u>(17,769)</u>	
Net cash provided by operating activities		<u>40,590</u> 48,289
Cash flows from investing activities:		
Equipment additions		(28,957)
Cash flows from financing activities:		
Principal payments of long-term debt		<u>(4,544)</u>
Net increase in cash		14,788
Cash at beginning of year		<u>232,752</u>
Cash at end of year		\$ <u>247,540</u>