

**SIERRA COUNTY  
FIRE PROTECTION DISTRICT #1**

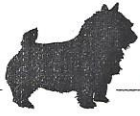
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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2018**

**ROBERT W. JOHNSON**  
Certified Public Accountant

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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, 2018, 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, 2018, and the results of its operations 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**

#### *Required Supplementary Information*

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the 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 Accountant*

Citrus Heights, California

August 3, 2018

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash (Note 3)	\$ 261,159	\$ -	\$ 261,159
Accounts receivable	1,968	-	1,968
Capital assets (Note 4)	-	941,328	941,328
Less, accumulated depreciation	<u>-</u>	<u>( 543,500)</u>	<u>( 543,500)</u>
Total assets	<u>\$ 263,127</u>	<u>\$ 397,828</u>	<u>\$ 660,955</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,097	\$ -	\$ 2,097
Long-term debt (Note 6)	<u>-</u>	<u>51,300</u>	<u>51,300</u>
Total liabilities	<u>2,097</u>	<u>51,300</u>	<u>53,397</u>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances (Note 5):			
Restricted	-	-	-
Committed	42,443	( 42,443)	-
Unassigned	<u>218,587</u>	<u>(218,587)</u>	<u>-</u>
Total fund balances	<u>261,030</u>	<u>(261,030)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 263,127</u>		
Net position (Note 5):			
Net investment in capital assets		346,528	346,528
Restricted		-	-
Unrestricted		<u>261,030</u>	<u>261,030</u>
Total net position		<u>\$ 607,558</u>	<u>\$ 607,558</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, 2018

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 125,914	\$ -	\$ 125,914
Support services	16,570	-	16,570
Capital outlay	156,919	( 156,919)	-
Depreciation	<u>-</u>	<u>31,264</u>	<u>31,264</u>
Total program expenditures/expenses	<u>299,403</u>	<u>( 125,655)</u>	<u>173,748</u>
Program revenues:			
Charges for services - fire income	<u>43,960</u>	<u>-</u>	<u>43,960</u>
Total program revenues	<u>43,960</u>	<u>-</u>	<u>43,960</u>
General revenues:			
Tax revenues	145,308	-	145,308
Donation income	45,000	-	45,000
Interest income	32	-	32
Grant income	52,068	-	52,068
Other income	<u>65,008</u>	<u>( 61,046)</u>	<u>3,962</u>
Total general revenues	<u>307,416</u>	<u>( 61,046)</u>	<u>246,370</u>
Excess of revenues (expenditures)/ changes in net position	51,973	64,609	116,582
Beginning fund balances/net position	<u>209,057</u>	<u>281,919</u>	<u>490,976</u>
Ending fund balances/net position	<u>\$ 261,030</u>	<u>\$ 346,528</u>	<u>\$ 607,558</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b>Revenues:</b>			
Tax revenue	\$ 130,000	\$ 145,308	\$ 15,308
Mitigation fees	-	-	-
Fire income	-	43,960	43,960
Interest income	-	32	32
Grant income	50,100	52,068	1,968
Donation – Sierraville Fire	-	35,000	35,000
– Hospital District	-	10,000	10,000
Rental income	1,200	2,400	1,200
Other income	<u>121,460</u>	<u>62,608</u>	<u>( 58,852)</u>
 Total revenues	 <u>302,760</u>	 <u>351,376</u>	 <u>48,616</u>
 <b>Expenditures:</b>			
Fire protection	19,000	41,885	( 22,885)
Fire protection - Verdi	6,000	11,555	( 5,555)
Vehicle expense	33,701	20,361	13,340
Compensation insurance	19,649	22,024	( 2,375)
Insurance - liability	12,000	13,275	( 1,275)
Utilities	10,000	9,505	495
Building maintenance	9,140	114	9,026
Communications	8,820	1,978	6,842
EMS supplies	3,500	3,722	( 222)
EMS training	5,000	1,495	3,505
Audit	4,000	3,790	210
Clerical	12,000	11,868	132
Office expense	1,000	909	91
Bank fee	50	3	47

(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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Expenditures, continued:			
Capital outlay	\$ <u>162,400</u>	\$ <u>156,919</u>	\$ <u>5,481</u>
Total expenditures	<u>306,260</u>	<u>299,403</u>	<u>6,857</u>
Excess of revenues/ (expenditures)	\$( <u>3,500</u> )	\$ <u>51,973</u>	\$ <u>55,473</u>

See notes to financial statements



SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS

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, as

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS, continued

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

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

3. Cash:

Cash at June 30, 2018 consists of:

Cash with County	\$	102,072
Checking		3,024
Savings – Annexation		30,000
– Mitigation		1,603
– General		<u>124,460</u>
	<b>\$</b>	<b><u>261,159</u></b>

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 \$159,087 and the depository balance was \$169,579. 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, 2018 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance, end of year</u>
Equipment	\$ 72,438	\$ -	\$ -	\$ 72,438
Vehicles	461,790	156,919	61,231	557,478
Land and Buildings	<u>311,412</u>	<u>-</u>	<u>-</u>	<u>311,412</u>
	<b><u>\$ 845,640</u></b>	<b><u>\$ 156,919</u></b>	<b><u>\$ 61,231</u></b>	<b><u>\$ 941,328</u></b>

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS, continued

5. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Mitigation fees	\$ -
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Committed for:

Annex	\$ 30,000	
Rolling stock replacement fund	8,822	
Special fund	<u>3,621</u>	42,443

Unassigned:

<u>218,587</u>
<u>\$ 261,030</u>

Statement of net position:

Total net position consists of:

Net investment in capital assets	\$ 346,528
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Restricted:

Mitigation fees	-
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Unrestricted:

Board designated:

Annex	\$ 30,000
Rolling stock replacement fund	8,822
Special fund	<u>3,621</u>
	42,443

Undesignated:

<u>218,587</u>	<u>261,030</u>
	\$ <u>607,558</u>

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS, continued

6. Vehicle Purchase:

On March 6, 2018, the Sierra County Fire Protection District #1 purchased a new 2017 Ford F550 Light Rescue 4x4. The total cost of the project was \$156,920. The Rescue Truck was paid in 2 parts, the first payment was made on 10/10/2017 & the final payment was made on 2/13/2018.

The truck was funded in 4 parts:

1. By donation from Sierraville Fire Department in the amount of:	\$ 35,000
2. USDA Community Facilities Grant Agreement in the amount of:	50,100
3. Sierra County Fire Protection District #1 Share of Cost:	20,520
4. USDA Rural Development Loan in the amount of:	<u>51,300</u>
	<u>\$156,920</u>

Long-term Debt:

Long-term debt activities for the year ended June 30, 2018 consist of:

	Balance <u>6/30/2017</u>	<u>Financing</u>	<u>Payments</u>	Balance <u>6/30/2018</u>	<u>Current Portion</u>
USDA	\$ <u>-</u>	\$ <u>51,300</u>	\$ <u>-</u>	\$ <u>51,300</u>	\$ <u>6,086</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, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,391	\$ 1,695	\$ 6,086
2020	4,541	1,545	6,086
2021	4,695	1,391	6,086
2022	4,855	1,231	6,086
2023	5,020	1,066	6,086
2024-2028	<u>27,798</u>	<u>2,644</u>	<u>30,442</u>
	<u>\$ 51,300</u>	<u>\$ 9,572</u>	<u>\$ 60,872</u>

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS, continued

7. Annexation:

The Sierra County Fire Protection District #1 held a public hearing on Friday, July 13, 2018 at 6:00 p.m. at the Sierraville Community Center. The District Board of Commissioners adopted a resolution initiating an annexation application to the Sierra Local Agency Formation Commission and a sphere of influence amendment pursuant to the requirements of Section 56000 et. seq. of the Government Code. Said annexation is located on property within Sierra County and located north and east of the existing district including territory in Long Valley, Verdi, Sierra Brooks, and Loyalton Pines. The City of Loyalton will be excluded from the expanded District. This annexation includes 115,627 acres.

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 2018 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

9. Subsequent Events:

Management has evaluated subsequent events through August 3, 2018, the date these June 30, 2018 financial statements were available to be issued.

**SUPPLEMENTAL DATA**



SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
PRINCIPAL OFFICIALS

Board of Commissioners:

Riz Martinetti	Chairperson
Shawn Burt	Commissioner
Richard Maddalena	Commissioner
Thomas Archer	Commissioner
William Copren	Commissioner

Operations:

Jeff McCollum	District Chief
Shana Alley	Secretary/Treasurer
Angela Haick	Calpine Battalion Chief
TBD	Sierraville Battalion Chief
Jay Heubert	Sattley Battalion Chief

SIERRA COUNTY FIRE PROTECTION DISTRICT #1  
SCHEDULE OF CASH FLOWS  
for the year ending June 30, 2018

Cash flows from operating activities:

Change in net position (loss) \$ 116,582

Adjustments to reconcile change in net position  
to net cash provided by operating activities

Depreciation \$ 31,264

NBV – sale of equipment 9,746

(Increase) decrease in:

Accounts receivable ( 1,968)

(Decrease) increase in:

Accounts payable ( 7,092)

31,950

Net cash provided  
by operating activities

148,532

Cash flows from investing activities:

Equipment additions ( 156,919)

Cash flows from financing activities:

Loan proceeds 51,300

Net increase in cash

42,913

Cash at beginning of year

218,246

Cash at end of year

\$ 261,159