

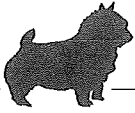
**FORESTHILL  
FIRE PROTECTION DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**for the year ended June 30, 2018**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**



Robert W. Johnson  
*an accountancy corporation*

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohncpagroup@gmail.com | 916.723.2555  
www.bob-johnson-cpa.com

September 14, 2018

To the Board of Directors  
Foresthill Fire Protection District  
Foresthill, California

We have audited the financial statements of Foresthill Fire Protection District as of and for the year ended June 30, 2018. 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.

In planning and performing our audit of the financial statements of Foresthill Fire Protection District as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Foresthill Fire Protection District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we have enclosed other recommendations for your consideration.

This communication is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation

1. Comparison of Operating Results:

	Statement of Activities		Favorable (Unfavorable)
	June 30, <u>2018</u>	June 30, <u>2017</u>	<u>Variance</u>
Revenues	\$1,465,928	\$1,256,640	\$ 209,288
Expenses	<u>1,346,445</u>	<u>1,420,263</u>	<u>73,818</u>
Net income (loss)	\$ <u>119,483</u>	\$ <u>(163,623)</u>	\$ <u>283,106</u>
Cash	\$ <u>758,304</u>	\$ <u>574,500</u>	\$ <u>183,304</u>

Observation:

- Increasing revenue and decreasing expenses has resulted in a \$283,106 improvement in net income and an increase in cash of \$183,304
- Congratulations to staff and Board of Directors

**FORESTHILL  
FIRE PROTECTION DISTRICT**

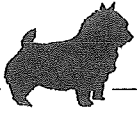
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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2018**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Foresthill Fire Protection District  
Foresthill, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Foresthill Fire Protection District, 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 audits 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 Foresthill Fire Protection District 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  
September 14, 2018

FORESTHILL FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2018

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments (Note 3)	\$ 758,304	\$ -	\$ 758,304
Accounts receivable – ambulance billing	229,956	-	229,956
Accounts receivable – other	4,661	-	4,661
Prepaid expenses	-	-	-
Capital assets (Note 4)	-	2,558,441	2,558,441
Less, accumulated depreciation	<u>-</u>	<u>(1,890,900)</u>	<u>(1,890,900)</u>
Total assets	<u>\$ 992,921</u>	<u>\$ 667,541</u>	<u>\$ 1,660,462</u>
 LIABILITIES			
Accounts payable and accrued liabilities	\$ 34,645	\$ -	\$ 34,645
Compensated absences	31,663	-	31,663
Ralph Hoepfer trust	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>66,308</u>	<u>-</u>	<u>66,308</u>
 FUND BALANCES/NET POSITION			
Fund balances (Note 6):			
Restricted	213,203	( 213,203)	-
Committed	353,810	( 353,810)	-
Unassigned	<u>359,600</u>	<u>( 359,600)</u>	<u>-</u>
Total fund balances	<u>926,613</u>	<u>( 926,613)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 992,921</u>		
Net position (Note 6):			
Net investment in capital assets		667,541	667,541
Restricted		213,203	213,203
Unrestricted		<u>713,410</u>	<u>713,410</u>
Total net position		<u>\$ 1,594,154</u>	<u>\$ 1,594,154</u>

See notes to financial statements.

FORESTHILL FIRE PROTECTION DISTRICT  
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	\$1,249,567	\$ -	\$1,249,567
Support services	11,646	-	11,646
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>85,232</u>	<u>85,232</u>
Total program expenditures/expenses	<u>1,261,213</u>	<u>85,232</u>	<u>1,346,445</u>
Program revenues:			
Charge for services			
Strike team revenue	267,157	-	267,157
Ambulance	304,648	-	304,648
Grants	<u>22,824</u>	<u>-</u>	<u>22,824</u>
	<u>594,629</u>	<u>-</u>	<u>594,629</u>
General revenues:			
Taxes	459,269	-	459,269
Special assessment	338,360	-	338,360
Development fees	53,413	-	53,413
Interest	6,381	-	6,381
Donations	2,100	-	2,100
Other	<u>11,776</u>	<u>-</u>	<u>11,776</u>
Total general revenues	<u>871,299</u>	<u>-</u>	<u>871,299</u>
Excess of revenues (expenditures)/ change in net position	204,715	( 85,232)	119,483
Beginning fund balances/ net position	<u>721,898</u>	<u>752,773</u>	<u>1,474,671</u>
Ending fund balances/net position	<u>\$ 926,613</u>	<u>\$ 667,541</u>	<u>\$1,594,154</u>

See notes to financial statements

FORESTHILL FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
COMPARED TO BUDGET  
for the year ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Revenues:			
General tax revenue	\$ 461,887	\$ 459,269	\$( 2,618)
Special assessment	340,379	338,360	( 2,019)
Ambulance revenue	237,908	304,648	66,740
Strike team pay	113,411	267,157	153,746
Development fees	60,000	53,413	( 6,587)
Grants	17,889	22,824	4,935
Donations	-	2,100	2,100
Other	6,450	11,776	5,326
Interest	<u>5,000</u>	<u>6,381</u>	<u>1,381</u>
 Total revenues	 <u>1,242,924</u>	 <u>1,465,928</u>	 <u>223,004</u>
Expenditures:			
Wages and benefits	816,621	901,352	( 84,731)
WC	64,608	65,608	( 1,000)
Service and supplies	44,500	27,500	17,000
Insurance	18,000	18,159	( 159)
Fleet maintenance	38,000	39,154	( 1,154)
Building maintenance	6,500	6,541	( 41)
Professional dues	2,160	460	1,700
County charges	3,500	3,686	( 186)
Election	-	-	-
SB-2557 costs	8,361	7,346	1,015
Office supplies	9,825	7,500	2,325
Professional services	133,299	123,486	9,813
Fuel – equipment	25,000	21,660	3,340
Safety clothing	17,000	5,462	11,538
Training	4,000	1,035	2,965
Travel	-	-	-
Utilities	30,800	28,911	1,889
LAFCO	854	853	1
Grant expenses	-	-	-

See notes to financial statements

FORESTHILL FIRE PROTECTION DISTRICT  
 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>
Property additions	\$ 60,000	\$ 2,500	\$ 57,500
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>1,283,028</u>	 <u>1,261,213</u>	 <u>21,815</u>
 Excess of revenues/ (expenditures)	 <u>\$ ( 40,104)</u>	 <u>\$ 204,715</u>	 <u>\$ 244,819</u>

See notes to financial statements

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Foresthill Fire Protection District (the "District") exists in order to provide Local Services relating to the Protection of Lives and Property which are critical to the Public Peace, Health and Safety of the Community and Visitors of Foresthill.

The Board of Directors has continuously provided Fire Protection Services, First-Responder Emergency Medical Services, Rescue Services, Hazardous Material Emergency Response Services, and Other Services relating to the Protection of Life and Property to the best of their ability given their budgetary restraints.

Foresthill Fire Protection District is located in Placer County, East of Interstate 80 and includes an unincorporated area that serves as residence for approximately 6,000 persons. The District covers an area of about 81 square miles and is also responsible for 500 square miles covered by our Ambulance contract with Sierra Sacramento Valley EMS. The District consists of scattered semi-urban residential clusters and forested lands. The District is semi-rural, semi-urban with low density development.

The District has an Administrative Office housing the Fire Chief, Operations Battalion Chief, Human Resources/District Manager and Training Room. The fiscal management of the District is run through this location.

The District has Three Fire Stations. Station 88 equipped with one Type I Engine, one Type III Brush Engine and 1 ALS Ambulance was closed in February, 2018 due to staffing and budgetary issues. Station 90 equipped with one Type I Engine, one Type III Brush Engine 1 ALS Ambulance and Rescue Unit continues to operate 24 hours a day, 7 days per week. It is staffed by 9 Full Time employees. Station 89 equipped with one Water Tender, is unmanned. The Station 90 Ambulance and Engines are covered by three Full Time ALS or BLS employees, one Captain, one Engineer and one Firefighter.

Our current ISO rating is, residence living in the Foresthill Fire Protection District boundaries, within 5 miles of a fire station and within 1000 feet of a fire hydrant will now have an ISO rating of class 3, beyond 1000 feet of a hydrant but within 5 miles of a fire station would be a special 3Y classification and beyond 5 road miles of a fire station will be rated a class 10. This is on a scale of 1 to 10 where "1" is the best.

The District averages 650-670 calls per year. Seventy-five percent of which are Medical aides.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

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 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.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease and purchased goodwill is included in depreciation. Structures and equipment and goodwill 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 balances with the Treasurer of Placer County in an interest-bearing pooled investment account.

Compensated Absences

Vested or accumulated vacation and sick pay that are expected to be liquidated with expendable available financial resources are reported as an expense and as a current liability.

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.

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 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.

3. Cash and Investments:

The District maintains certain portions of its funds with Placer 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 secured by federal depository insurance.

At year-end the carrying amount of the District's deposits was \$137,614 and the bank balance was \$151,717.

	Balance June 30 <u>2018</u>
Checking (2 accounts)	\$ 137,614
Cash with County - General Fund	359,063
Cash with County - Capital Fund	213,203
Cash with County - GEMT	<u>48,424</u>
	<u>\$ 758,304</u>

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

4. Changes in Capital Assets:

	Balance, beginning of year	<u>Additions</u>	<u>Disposals</u>	Balance, end of year
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Structures and improvements	441,658	-	-	441,658
Fleet – fire	1,150,789	-	-	1,150,789
Equipment - other	407,716	-	-	407,716
Fleet – ambulance	424,339	-	25,000	399,339
Goodwill - ambulance	<u>58,939</u>	<u>-</u>	<u>-</u>	<u>58,939</u>
	<u>\$2,583,441</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$2,558,441</u>

5. Risk of Loss:

Foresthill Fire Protection District 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.

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued

6. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Capital improvement reserve (mitigation fees)	\$ 213,203
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Committed for:

General reserve	\$ 328,810	
Contingency reserve	<u>25,000</u>	353,810

Unassigned:		<u>359,600</u>
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\$ 926,613

Statement of net position:

Total net position consist of:

Net investment in capital assets	\$ 667,541
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Restricted:

Capital improvement reserve (mitigation fees)	213,203
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Unrestricted:

Board designated:

General reserve	\$ 328,810
Contingency reserve	<u>25,000</u>
	353,810

Undesignated:	<u>359,600</u>
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713,410

\$1,594,154

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

7. Subsequent Events:

Management has evaluated subsequent events through September 14, 2018, the date these June 30, 2018 financial statements were available to be issued.

8. Employee Retirement Plan:

In 2013 the District implemented an Internal Revenue Code Section 457(b) deferred compensation retirement for the benefit of its eligible employees. The Plan allows for elective contributions by employees. The maximum amount the District will contribute toward each employee's account per month is \$475.

9. Management Agreement:

In 2014 the District contracted with another fire district for the purchase of Fire Chief and administrative services. The District subsequently renewed this annual agreement through June 30, 2018. Fire Chief contract services expense for 2017-18 was \$60,250. In addition there is a provision for reimbursement of direct expenses.

**SUPPLEMENTAL DATA**

FORESTHILL FIRE PROTECTION DISTRICT  
PRINCIPAL OFFICIALS

Board of Directors:

Chris Reams

Chairman

Kevin Greene

Vice Chairman

Walter Reed

Tyler Harkness

Richard Arthur

Operations:

Kirk Kushen

Fire Chief

Patrice Metz

District Manager

FORESTHILL FIRE PROTECTION DISTRICT  
 SCHEDULE OF CASH FLOWS  
 for the year ending June 30, 2018

Cash flows from operating activities:

Change in net position (net income/loss)		\$ 119,483
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 85,232	
(Increase) decrease in:		
Accounts receivable	7,736	
Prepaid expenses	-	
(Decrease) increase in:		
Accounts payable and accrued liabilities	( 37,576)	
Compensated absences	8,929	
Ralph Hooper trust	<u>-</u>	
		<u>64,321</u>
Net cash provided by operating activities		183,804
Cash flows from investing activities:		
Purchase of equipment	<u>-</u>	
Net cash used to investing activities		<u>-</u>
Net increase in cash		183,304
Cash at beginning of year		<u>574,500</u>
Cash at end of year		<u>\$ 758,304</u>