

**FORESTHILL  
FIRE PROTECTION DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**for the year ended June 30, 2023**

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



Robert W. Johnson  
*an accountancy corporation*

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November 30, 2023

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

In planning and performing our audit of the financial statements of the governmental activities and the major fund of Foresthill Fire Protection District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Foresthill Fire Protection District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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. 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 others within the District, 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  
Citrus Heights, California  
November 30, 2023

1. Comparison of Operating Results:

Statement of Activities – Government-wide:

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>	Favorable (Unfavorable) <u>Variance</u>
Revenues	\$2,882,850	\$2,442,405	\$ 440,445
Expenses	<u>2,452,104</u>	<u>2,115,830</u>	( <u>336,274</u> )
Net income (loss)	\$ <u>430,746</u>	\$ <u>326,575</u>	\$ <u>104,171</u>
Cash	<u>\$1,769,582</u>	<u>\$1,025,631</u>	\$ <u>743,951</u>

Observations:

- 18% increase in revenues was due to:
  - strike team revenue increased significantly in 2022-23
  - grant funding increased by over \$17,000
  
- 16% increase in expenses was due to:
  - increase in salary and benefit costs
  
- \$743,900 increase in cash was due primarily to an active strike team season and banking loan proceeds until brush rig remount is complete.

2. Prior Year Recommendations:

A. Ambulance Bad Debt Allowance Account:

Recommendation:

The District does not have an allowance for doubtful accounts for ambulance accounts receivable. An analysis of ambulance actual write-offs over the past two fiscal years is as follows:

Analysis:	<u>2021</u>	<u>2022</u>	<u>Average</u>
Write-offs	<u>\$ 62,550</u>	<u>\$ 65,790</u>	<u>\$ 64,170</u>
Ambulance fees, net	<u>\$407,507</u>	<u>\$591,299</u>	<u>\$499,403</u>
% Write-offs to ambulance fees	<u>15.35%</u>	<u>11.13%</u>	<u>13.24%</u>
Year End receivables	<u>\$249,630</u>	<u>\$301,668</u>	<u>\$275,649</u>
% Write offs to accounts receivable	<u>25.06%</u>	<u>21.81%</u>	<u>23.43%</u>

As ambulance billing increases, the lack of an allowance for doubtful accounts may result in the overstatement of ambulance accounts receivable. Consider recording an allowance for doubtful accounts for bad debts of 20% - 25%.

Follow-up:

The Board chose not to record an allowance for doubtful accounts.

B. Sick Leave Accrued Hours Limit:

Recommendation:

The District's sick leave policy does not have a cap on the number of hours that may be accrued. Sick leave may be cashed out at 60%, upon separation from employment, except for separation for cause. That said, in the interest of conservatism, the District has chosen to record the sick leave liability of its employees on the 6/30/22 District books at 100%.

We recommended that the Board of Directors place a cap or limit on the number of sick leave hours that may be accrued.

Follow-up:

The District believes that the current recording of the sick leave policy is consistent with the District's Memorandum of Understanding (MOU) and cannot be changed.

C. Fixed Asset Capitalization Policy:

Recommendation:

The District does not have a fixed asset capitalization policy.

We recommended that the Board continue to establish and document some of the more important financial policies. One important financial area concerns the accounting treatment of capital (fixed) assets. The capital assets policy provides guidance on what type of capital asset costs should be capitalized. Often there is a dollar capitalization threshold mentioned in the policy as well as specific guidance and criteria regarding how apparatus, equipment and facilities replacement will be treated in the accounting records. This will ensure consistency in financial recording from year to year. Lexipol has policy guidance in this regard.

Follow-up:

Not done at this time – Board may consider in future.

D. Capital Improvement Plan Update:

Recommendation:

In 2019 the Board of Directors approved a Capital Improvement Plan (CIP) to plan for major expenditures and replacement of apparatus, equipment and facilities. The District established two board designated (equity) reserves: Undesignated General Reserve for \$328,810 and Contingency Reserve in the amount of \$25,000. The Board funded reserves (set aside of cash) at 6/30/22 are as follows: Contingency \$25,000 and Vacation/Sick \$34,710.

We recommended the Board consider updating board designated reserves to realign with current economic conditions and future capital needs.

Follow-up:

The Board believe that current reserve levels are adequate.

3. Budget:

Observation:

The District's operating budget includes the following two expenditure categories –

Capital Purchases – for capital outlay from restricted funds

Capital Improvements – for capital outlay and related non-major expenditures from non-restricted funds.

The District has several equipment financing loans; principal and interest payments are charged to the above two accounts.

Recommendation:

Create new line item for long-term debt payments and charge long-term debt repayments to that account. The above-referenced accounts should only be used for new capital outlay purchases. This will simplify financial statement reporting – it's really not clear to an outside party what the difference between capital purchases and capital improvements is.

**FORESTHILL  
FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2023**

**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 Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and the major fund of Foresthill Fire Protection District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Foresthill Fire Protection District as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State Regulations governing Special Districts.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foresthill Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foresthill Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Foresthill Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foresthill Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis (MD&A) 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 this missing information.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Foresthill Fire Protection District's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
November 30, 2023

FORESTHILL FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2023

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments (Note 3)	\$1,769,582	\$ -	\$ 1,769,582
Accounts receivable – ambulance billing	278,526	-	278,526
Accounts receivable – other	16,899	-	16,899
Accounts receivable – strike team	22,577	-	22,577
Capital assets (Note 4)	-	3,040,161	3,040,161
Less, accumulated depreciation	<u>-</u>	<u>(1,702,068)</u>	<u>(1,702,068)</u>
Total assets	<u>\$2,087,584</u>	<u>\$ 1,338,093</u>	<u>\$ 3,425,677</u>
 LIABILITIES			
Accounts payable and accrued liabilities	\$ 113,415	\$ -	\$ 113,415
Compensated absences	36,964	-	36,964
Equipment loans (Note 5)	<u>-</u>	<u>568,036</u>	<u>568,036</u>
Total liabilities	<u>150,379</u>	<u>568,036</u>	<u>718,415</u>
 FUND BALANCES/NET POSITION			
Fund balances (Note 6):			
Restricted	22,324	( 22,324)	-
Committed	353,810	( 353,810)	-
Unassigned	<u>1,561,071</u>	<u>(1,561,071)</u>	<u>-</u>
Total fund balances	<u>1,937,205</u>	<u>(1,937,205)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$2,087,584</u>		
Net position (Note 6):			
Net investment in capital assets		770,057	770,057
Restricted		22,324	22,324
Unrestricted		<u>1,914,881</u>	<u>1,914,881</u>
Total net position		<u>\$ 2,707,262</u>	<u>\$ 2,707,262</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, 2023

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$2,181,930	\$ -	\$2,181,930
Support services	117,741	-	117,741
Capital outlay	162,054	( 162,054)	-
Debt service	158,624	( 151,545)	7,079
Depreciation	<u>-</u>	<u>145,354</u>	<u>145,354</u>
Total program expenditures/expenses	<u>2,620,349</u>	<u>( 168,245)</u>	<u>2,452,104</u>
Program revenues:			
Charge for services			
Strike team revenue	356,943	-	356,943
Ambulance	470,145	-	470,145
Grants	<u>58,993</u>	<u>-</u>	<u>58,993</u>
	<u>886,081</u>	<u>-</u>	<u>886,081</u>
General revenues:			
Taxes	603,748	-	603,748
Special assessment	1,208,002	-	1,208,002
Development fees	48,077	-	48,077
Interest	15,606	-	15,606
Donations	9,329	-	9,329
Other	112,007	-	112,007
Proceeds from equipment financing	<u>421,939</u>	<u>( 421,939)</u>	<u>-</u>
Total general revenues	<u>2,418,708</u>	<u>( 421,939)</u>	<u>1,996,769</u>
Excess of revenues (expenditures)/ change in net position	684,440	( 253,694)	430,746
Beginning fund balances/ net position	<u>1,252,765</u>	<u>1,023,751</u>	<u>2,276,516</u>
Ending fund balances/net position	<u>\$1,937,205</u>	<u>\$ 770,057</u>	<u>\$2,707,262</u>

See notes to financial statements

FORESTHILL FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
COMPARED TO BUDGET  
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Tax Income	\$ 571,670	\$ 603,748	\$ 32,078
Direct Charges	1,181,803	1,208,002	26,199
Development Fees	-	48,077	48,077
Ambulance Income	455,214	470,145	14,931
Interest Income	1,000	15,606	14,606
Grants	836,746	58,993	( 777,753)
Strike Teams	-	356,943	356,943
Donations	4,000	9,329	5,329
Proceeds from Equipment Financing	-	421,939	421,939
Other	<u>47,250</u>	<u>112,007</u>	<u>64,757</u>
 Total Revenues	 <u>3,097,683</u>	 <u>3,304,789</u>	 <u>207,106</u>
Expenditures:			
Salaries and Benefits	\$ 1,574,550	\$ 1,651,304	\$( 76,754)
Emergency Operations	66,772	48,402	18,370
Firefighter Health and Safety	36,062	30,192	5,870
Station and Grounds	68,124	89,506	( 21,382)
Fire Prevention	1,100	325	775
Emergency Preparedness	200	1,307	( 1,107)
Administration	299,808	350,768	( 50,960)
Support Services	110,526	117,741	( 7,215)
Grant expenses	836,746	-	836,746
Capital outlay	122,495	162,054	( 39,559)
Non Capital Purchases	-	10,126	( 10,126)
Payment on Long Term Debt	<u>-</u>	<u>158,624</u>	<u>( 158,624)</u>
 Total Expenditures	 <u>3,116,383</u>	 <u>2,620,349</u>	 <u>496,034</u>
 Excess of Revenues/ (Expenditures)	 <u>\$ ( 18,700)</u>	 <u>\$ 684,440</u>	 <u>\$ 703,140</u>

See notes to financial statements

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

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, Human Resources/Business Manager, Administrative Assistant 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 operates 24 hours per day, 7 days per week. Station 90, equipped with one Type I Engine, one Type III Brush Engine and 1 ALS Ambulance also operates 24 hours per day, 7 days per week. They are collectively staffed by 12 Full Time employees and 4 Part Time employees. Station 89 is equipped with one Water Tender and is un-staffed.

The District’s 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 700-750 calls per year. Seventy-five percent of which are medical aids.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized 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 and assessments, grants, and donations. Under the accrual basis, revenue from property taxes and assessments are recognized in the fiscal year for which they are levied. Revenues from grants, 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. Property taxes and assessments, interest, grants, and charges for services are accrued when their receipt occurs within thirty days after the end of the fiscal year. 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 asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under equipment financing are reported as other financing sources.

The District has combined the statements of net position and the statement of activities, with the balance sheet and the statement of revenues, expenditures, and changes in fund balances, into two statements, the statement of net position and governmental funds balance sheet and the statement of activities and governmental fund revenues, expenditures, and changes in fund balances, for simplicity.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies (continued):

Government-wide Financial Statements

The Statement of net position and statement of activities display information about the primary activities of the District. These statements include the financial activities of the overall District.

The statement of activities present 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, and are clearly identifiable to a particular function. Program revenues include 1) charges for services and 2) grant 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.

Fund Financial Statements

The fund financial statements, governmental funds balance sheet and governmental fund revenues, expenditures, budgetary comparison and changes in fund balances, provide information about the District's funds, which include only governmental funds.

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 financial transactions of the District are reported in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of purchased goodwill is included in depreciation. Structures and equipment and goodwill are depreciated using the straight-line method over their estimated useful lives.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies (continued):

Ambulance Accounts Receivable

Ambulance accounts receivable is stated at the amount the EMS Billing Service expects to collect from outstanding balances at year end. Balances that are still outstanding after use of reasonable collection efforts are written off.

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 interest-bearing pooled investment accounts. Investments made by the County are regulated by the California Government Code and by the County's investment policy.

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  
for the year ended June 30, 2023

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.

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies (continued):

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District’s Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

3. Cash and Investments:

Cash and investments as of June 30, 2023 consisted of the following:

	Balance June 30, <u>2023</u>
Checking (3 bank accounts)	\$ 281,434
Money market savings	325,002
Cash with County - General Fund	1,078,947
Cash with County - Capital Fund (restricted)	22,234
Cash with County - Board designated reserves	<u>61,965</u>
	<u>\$1,769,582</u>

The District maintains most of its funds in the County of Placer pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. Interest earned on the investment pool is allocated monthly. The Placer County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and California Government Code Section 53648 et. seq. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements.

At June 30, 2023, the carrying amount of the District's deposits with a bank was \$606,436 and the balance in financial institutions was \$614,941. Of the balance in the financial institutions, \$500,000 was covered by federal depository insurance and \$114,941 was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other agencies, but not in the name of the District.

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2023:

	<u>Balance, 7/1/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, 6/30/2023</u>
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Structures and improvements	458,308	-	-	458,308
Fleet – fire	1,170,783	78,375	30,825	1,218,333
Equipment - other	467,542	65,115	122,842	409,815
Fleet – ambulance	776,202	18,564	-	794,766
Goodwill - ambulance	<u>58,939</u>	<u>-</u>	<u>-</u>	<u>58,939</u>
	<u>\$3,031,774</u>	<u>\$ 162,054</u>	<u>\$ 153,667</u>	<u>\$3,040,161</u>

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

5. Long-term Debt:

Long-term debt activities for the year ended June 30, 2023 consist of:

	<u>Balance</u> <u>7/1/2022</u>	<u>Financing</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Current</u> <u>Portion</u>
Spartan Type 1 Fire Engine	\$ 49,669	\$ -	\$ 49,669	\$ -	\$ -
Northstar Ambulance	59,869	-	29,547	30,322	30,321
Ambulance Power Cots & Emergency Care Equipment	63,678	-	21,226	42,452	21,226
M90 Ambulance Remount	124,426	-	29,799	94,627	30,654
Command Vehicle	-	78,375	14,848	63,527	11,398
Stryker Power Cot	-	18,564	6,456	12,108	5,878
US Bank LOC Brush Rig	<u>-</u>	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>40,099</u>
	<u>\$ 297,642</u>	<u>\$ 421,939</u>	<u>\$ 151,545</u>	<u>\$ 568,036</u>	<u>\$ 139,576</u>

Spartan Fire Engine:

On April 11, 2019 the Board of Directors passed Resolution No. 2019-04 to approve the municipal lease/purchase of a Spartan ER 2017 Type 1 Fire Engine. The total purchase price of \$399,994 was reduced by \$160,000 in grant funding. The remaining balance of the purchase, \$239,994 was financed through a five-year municipal lease. The District was required to make the first annual payment of \$51,462 in April 2019, prior to delivery of the engine. The remaining four payments of \$51,462 including interest of 3.61% are due annually on April 30 through 2023, to be paid with mitigation fees. The loan was paid off in 2023.

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

5. Long-term Debt, continued:

Northstar Ambulance:

On December 30, 2019 the Board of Directors passed Resolution 2019-08 approving the municipal lease/purchase of a 2017 Northstar Ambulance. The cost of the ambulance was \$147,340. Annual payments of \$31,116 including interest of 2.82% are due in January through 2024, to be paid with Capital Improvement Plan funds.

Emergency Care Equipment:

On October 13, 2020 the District entered into an equipment financing contract for \$106,130 to finance the purchase of emergency care equipment including three (3) Stryker Power Cots. Commencing on November 1, 2020, five (5) no-interest annual payments of \$21,226 will be made, through November 1, 2024. The loan is collateralized by the emergency care equipment.

M90 Ambulance Remount:

On August 26, 2020 the District entered into an equipment financing contract for \$153,394 to finance an M90 ambulance remount-chassis. Commencing in July 2021, five (5) annual payments of \$33,370 including interest of 2.87% will be made, through July 2025. The loan is collateralized by the equipment.

Command Vehicle

On November 1, 2022 the District entered into an installment purchase agreement for \$78,375 to finance the purchase of a new command vehicle. Annual payments of \$14,848 including interest of 5.43% are due in November through 2027.

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

5. Long-term Debt, continued:

Stryker Power Cot

On August 15, 2022 the District entered into an installment purchase agreement for \$18,564 to finance the purchase of a Stryker Power Cot. Annual payments of \$6,602 including interest of 5.966% are due in August through 2024.

US Bank – LOC Brush Rig Remount

In April 2023, the District entered into an installment purchase agreement for \$325,000 to finance the Brush Rig Remount. The loan proceeds are sitting in a cash escrow account until the chassis is complete and the rig delivered to the District. Commencing on April 5, 2024, seven annual payments of \$55,862 including interest of 4.85% will be made, through April 5, 2030.

The future annual maturities of all long-term borrowings as of June 30, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 139,577	\$ 23,446	\$ 163,023
2025	113,051	18,857	131,908
2026	89,192	14,888	104,080
2027	59,579	11,130	70,709
2028	62,546	8,163	70,709
2029-2030	<u>104,090</u>	<u>7,633</u>	<u>111,723</u>
	<u>\$ 568,035</u>	<u>\$ 84,117</u>	<u>\$ 652,152</u>

FORESTHILL FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

6. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Capital improvement reserve (mitigation fees)	\$ 22,324
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Committed for:

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

Unassigned:	<u>1,561,071</u>
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\$1,937,205

Statement of Net Position:

Total net position consist of:

Net investment in capital assets	\$ 770,057
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Restricted:

Capital improvement reserve (mitigation fees)	22,324
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Unrestricted:

Board designated:

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

Undesignated:	<u>1,561,071</u>
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1,914,881

\$2,707,262

FORESTHILL FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

7. 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. In 2019 the plan was amended to include an employer contribution of 9% of base pay (overtime is excluded) for all eligible employees. In addition to the 9% employer contribution, the District also allows employees to defer any portion of their unused healthcare allowance (currently set at \$1,000 per month) into their 457(b) account. The Plan allows for elective contributions by employees. The District's contribution to the plan for the 2022-23 fiscal year was \$64,862.

8. 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 2023 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

9. Subsequent Events:

Management has evaluated subsequent events through November 30, 2023, the date these June 30, 2023 financial statements were available to be issued.

**SUPPLEMENTAL DATA**

FORESTHILL FIRE PROTECTION DISTRICT  
PRINCIPAL OFFICIALS  
for the year ended June 30, 2023

Board of Directors:

Richard Hercules	President
John Michelini	Vice President
Troy Simonick	Director
Chris Reams	Director
Elizabeth Williams	Director

Operations:

Dennis Martin (effective 8/12/23)	Fire Chief
Patrice Metz	Business Manager