

**SOUTHERN INYO FIRE PROTECTION DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**



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**SOUTHERN INYO FIRE PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Southern Inyo Fire Protection District  
Tecopa, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Southern Inyo Fire Protection District as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Unmodified

**Basis for Qualified Opinion on Governmental Activities**

The District is unable to provide sufficient documentation to support the beginning balance of capital assets for the years ended June 30, 2019 and 2018, and does not record depreciation as required by generally accepted accounting principles. There were no satisfactory audit procedures that we could adopt to satisfy ourselves that the capital asset balances were free from material misstatements.

**Qualified Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the District as of June 30, 2019 and 2018 and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of American

**Other Matters**

*Required Supplementary Information*

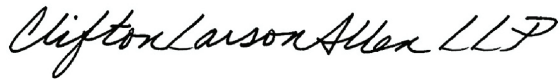
Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed on pages 15 and 16, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 this missing information.

Board of Directors  
Southern Inyo Fire Protection District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
May 20, 2021

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2019 AND 2018**

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 110,789	\$ 111,520
Accounts receivable	4,090	3
Prepaid expenses	--	72
Interest receivable	529	387
Due from other governments	--	327
Total current assets	115,408	112,309
Noncurrent assets:		
Equipment	256,264	247,269
Improvements	13,191	13,191
Total noncurrent assets	269,455	260,460
<b>Total assets</b>	<b>384,863</b>	<b>372,769</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	9,032	4,286
Loan payable, due within one year	4,874	4,754
Total current liabilities	13,906	9,040
Long-term liabilities:		
Loan payable, due after one year	15,372	20,246
Total noncurrent liabilities	15,372	20,246
<b>Total liabilities</b>	<b>29,278</b>	<b>29,286</b>
<b>Net Position</b>		
Net investment in capital assets	249,209	235,460
Unrestricted	106,376	108,023
<b>Total net position</b>	<b>\$ 355,585</b>	<b>\$ 343,483</b>

See accompanying Notes to Basic Financial Statements.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>Expenses</b>		
Public protection	\$ 135,837	\$ 147,051
Interest charges	598	--
<b>Total expenses</b>	136,435	147,051
<b>Program Revenues</b>		
Charges for services	28,536	25,860
<b>Net program expenses</b>	(107,899)	(121,191)
<b>General Revenues</b>		
Taxes	79,743	79,981
Aid from other government agencies	22,494	22,795
Unrestricted interest and investment earnings	1,632	1,211
Miscellaneous	4,021	3,767
Donations	12,111	12,375
<b>Total general revenues</b>	120,001	120,129
<b>Change in net position</b>	12,102	(1,062)
Net position - beginning of year	343,483	344,545
Net position - end of year	\$ 355,585	\$ 343,483

See accompanying Notes to Basic Financial Statements.



**SOUTHERN INYO FIRE PROTECTION DISTRICT  
BALANCE SHEETS  
JUNE 30, 2019 AND 2018**

	2019	2018
<b>Assets</b>		
Cash	\$ 110,789	\$ 111,520
Accounts receivable	4,090	3
Prepaid expenses	--	72
Interest receivable	529	387
Due from other governments	--	327
	\$ 115,408	\$ 112,309
	\$ 115,408	\$ 112,309
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 9,032	\$ 4,286
	9,032	4,286
	9,032	4,286
<b>Fund Balances</b>		
Nonspendable	--	72
Unassigned	106,376	107,951
	106,376	108,023
	106,376	108,023
<b>Total liabilities and fund balances</b>	\$ 115,408	\$ 112,309

See accompanying Notes to Basic Financial Statements.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE  
GOVERNMENT-WIDE STATEMENTS OF NET POSITION  
JUNE 30, 2019 AND 2018**

	2019	2018
Fund Balances - total governmental funds	\$ 106,376	\$ 108,023
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	269,455	260,460
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.		
Loan payable	(20,246)	(25,000)
Net position of governmental activities	\$ 355,585	\$ 343,483

See accompanying Notes to Basic Financial Statements.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>Revenues:</b>		
Taxes	\$ 79,743	\$ 79,981
Intergovernmental revenues	22,494	22,795
Revenue from use of money and property	1,632	1,211
Charges for services	28,536	25,860
Donations	12,111	12,375
Miscellaneous	4,021	3,767
	<b>Total revenues</b>	<b>145,989</b>
	148,537	145,989
<b>Expenditures:</b>		
Contract labor	66,450	72,991
Services and supplies	69,387	74,060
Capital outlay	8,995	18,098
Debt service:		
Principal	4,754	--
Interest	598	--
	<b>Total expenditures</b>	<b>165,149</b>
	150,184	165,149
Deficiency of Revenues Under Expenditures	(1,647)	(19,160)
<b>Other Financing Sources and (Uses):</b>		
Debt issued	--	25,000
	--	25,000
<b>Net change in fund balances</b>	(1,647)	5,840
<b>Fund balances - beginning of year</b>	108,023	102,183
<b>Fund balances - end of year</b>	\$ 106,376	\$ 108,023

See accompanying Notes to Basic Financial Statements.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2017	2016
Net change to fund balance - total governmental funds	\$ (1,647)	\$ 5,840
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	8,995	18,098
Debt issuance is an other financing source in the governmental funds, but increases liabilities in the statement of net position.	--	(25,000)
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.	4,754	--
Net position of governmental activities	\$ 12,102	\$ (1,062)

See accompanying Notes to Basic Financial Statements.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1: GENERAL**

The District was formed by resolution in 1944 pursuant to the provisions of Chapter 2, Part 3, Division 12 and operates under Section 14001-14306 of the Health and Safety Code of the State of California. The District provides fire protection and emergency services for Southern Inyo and the surrounding area of Inyo County.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Southern Inyo Fire Protection District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District includes all activities (operations of its administrative staff and officers) considered to be a part of the District. The District reviewed the criteria developed by the Governmental Accounting Standards Board (GASB) in its *Codification of Governmental Accounting and Financial Reporting Standards* (the Codification), relating to the financial reporting entity to determine whether the District is financially accountable for other entities. The District has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the financial statements. In addition, the District is not aware of any entity that would be financially accountable for the District that would result in the District being considered a component unit of any entity. The District is governed by a board of five commissioners.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the primary government (the District). *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on service fees. At June 30, 2019 and 2018, the District had no business-type activities.

The statement of activities demonstrates the degree to which the program expenses of a given function or identifiable activity is offset by program revenues. Program expenses are those that are clearly identifiable with a specific function or identifiable activity, and allocated indirect expenses. Interest expense related to long-term debt is reported as a direct expense. Program revenues include 1) fees, fines and charges paid by the recipient of goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and investment earnings, are presented instead as general revenues.

When both restricted and unrestricted net position is available, unrestricted resources are used only after the restricted resources are depleted.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

*Fund Financial Statements*

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District had only one governmental fund and no enterprise funds for the years ended June 30, 2019 and 2018.

The District reports the following major governmental fund:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government.

**C. Basis of Accounting**

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recognized when earned. Non-salary and benefit related expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Salary and benefit related expenses are recorded when incurred. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are apportioned and allocated by the County of Inyo. Revenues from sales tax, grants, entitlements and donations are recognized when all eligibility requirements have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

**D. Non-Current Governmental Assets/Liabilities**

GASB Statement 34 eliminates the presentation of accounts groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

**E. Capital Assets**

Capital assets have been acquired for general District purposes. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost or estimated cost where no historical records are available. The District defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are depreciated using the straight-line method over their estimated useful lives of 3 to 50 years in the government-wide statements. No depreciation has been recorded by the District.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**F. Net Position/Fund Balances**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets — This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt that are attributable to capital assets reduce the balance in this category.
- Restricted Net Position — This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position — This category represents net position of the District that is not restricted for any project or any other purpose.

Governmental funds report up to five different components of fund balance (nonspendable, restricted, committed, assigned and unassigned) designed to indicate both:

- Constraints on how resources of the fund can be spent, and
- The sources of those constraints

Nonspendable fund balances are amounts that cannot be spent because they are not in spendable form. Other resources reported in governmental funds are in spendable form, but cannot be spent because they are legally or contractually required to be maintained intact.

Restricted fund balances are amounts that can be spent only for specific purposes because of laws or external imposed conditions by grantors or creditors.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors (Board) may assign fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget or may authorize the Executive Director to assign fund balance.

Unassigned fund balances are all amounts not included in other spendable classifications.

**G. Property Tax Revenue**

Secured property taxes attach as an enforceable lien on property as of January 1st. Taxes are payable in two installments on December 10<sup>th</sup> and April 10<sup>th</sup>. Unsecured property taxes are payable in one installment on or before August 31<sup>st</sup>. Tax revenues are recognized by the District when earned.

The County of Inyo bills and collects the taxes for the District. The County adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" provided for in Revenue

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019 AND 2018**

and Taxation Code Sections 4701-4717, commonly known as the "Teeter Plan". The Teeter Plan has no impact on tax assessments, tax rates, or collection procedures. It merely changes the way the collections of delinquent taxes and penalties are distributed among the taxing agencies. Those agencies participating in the Teeter Plan receive 100% of the secured property taxes billed each year without regard to delinquencies. The General Fund of the County of Inyo covers the delinquency amount to all agencies in return for the delinquent taxes, penalties and interest when collected.

**H. Use of Estimates**

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

**NOTE 3: CASH AND INVESTMENTS**

The District holds unrestricted cash and investments with the Treasurer of the County of Inyo in a cash and investment pool. On a quarterly basis the Auditor-Controller allocates interest to participants based upon their average daily balances. The Treasurer's investment and policies are overseen by the Inyo County Treasury Oversight Committee. Required disclosure information regarding the categorization of investments and risk can be found in the County of Inyo's basic financial statements. The balance in the account as of June 30, 2019 and 2018 was as follows:

	2019	2018
Southern Inyo Operating Fund	\$ 80,433	\$ 81,339
Hidden Hills Project	30,056	29,581
Imprest Cash	300	600
Total	<u>\$ 110,789</u>	<u>\$ 111,520</u>

Government Accounting Standards Boards require additional disclosures about a government's deposits and investment risks that include credit risk, custodial risk, concentration risk and interest rate risk. The District had no deposit or investment policy that addressed a specific type of risk.

Required disclosures for the District's investment in the Inyo County Investment Pool at June 30, 2019 and 2018 were as follows:

Credit risk	Not rated
Custodial risk	N/A
Concentration of credit risk	N/A
Interest rate risk	1.45 years average maturity (2019) 1.77 years average maturity (2018)

Investments held in the County's investment pool are available on demand and are stated at cost plus accrued interest, which approximates fair value.



**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets, being depreciated:				
Machinery and equipment	\$ 247,269	\$ 8,995	\$ --	\$ 256,264
Improvements	13,191	--	--	13,191
Total capital assets	<u>260,460</u>	<u>8,995</u>	<u>--</u>	<u>269,455</u>
Less accumulated depreciation	--	--	--	--
Total capital assets, net	<u>\$ 260,460</u>	<u>\$ 8,995</u>	<u>\$ --</u>	<u>\$ 269,455</u>

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets, being depreciated:				
Machinery and equipment	\$ 229,171	\$ 18,098	\$ --	\$ 247,269
Improvements	13,191	--	--	13,191
Total capital assets	<u>242,362</u>	<u>18,098</u>	<u>--</u>	<u>260,460</u>
Less accumulated depreciation	--	--	--	--
Total capital assets, net	<u>\$ 242,362</u>	<u>\$ 18,098</u>	<u>\$ --</u>	<u>\$ 260,460</u>

The District did not record depreciation expense during the years ended June 30, 2019 and 2018 as required by the accounting standards.

**NOTE 5: LOAN PAYABLE**

The following is a summary of long-term debt transactions of the District for the fiscal years ended June 30, 2019 and 2018, respectively:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due within One Year
Loan payable	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (4,754)</u>	<u>\$ 20,246</u>	<u>\$ 4,874</u>

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due within One Year
Loan payable	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 4,754</u>

The loan is payable in semi-annual installments with interest set at 2.51%, due May 2023, and was used to purchase equipment.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

As of June 30, 2019, future minimum principal and interest payments under the loan are as follows:

Year ending June 30	Principal	Interest
2020	\$ 4,874	\$ 478
2021	4,997	355
2022	5,123	228
2023	5,252	99
	<u>\$ 20,246</u>	<u>\$ 1,160</u>

As of June 30, 2018, future minimum principal and interest payments under the loan are as follows:

Year ending June 30	Principal	Interest
2019	\$ 4,754	\$ 598
2020	4,874	478
2021	4,997	355
2022	5,123	228
2023	5,252	99
	<u>\$ 25,000</u>	<u>\$ 1,758</u>

**NOTE 6: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; general liability and natural disasters. The District has secured commercial lines of coverage for these types of losses. No losses have been in excess of coverage in the last three years.

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 82,634	\$ 82,634	\$ 79,743	\$ (2,891)
Use of money and property	10	10	1,632	1,622
Intergovernmental revenues	5,733	5,733	22,494	16,761
Charges for services	25,000	25,000	28,536	3,536
Donations	20,000	20,000	12,111	(7,889)
Other revenues	4,000	4,000	4,021	21
<b>Total Revenues</b>	<u>137,377</u>	<u>137,377</u>	<u>148,537</u>	<u>11,160</u>
<b>Expenditures</b>				
Contract labor	72,025	64,155	66,450	(2,295)
Services and supplies	59,676	58,194	69,387	(11,193)
Capital outlay	5,000	9,000	8,995	5
Debt service:				
Principal	--	4,754	4,754	--
Interest	--	598	598	--
<b>Total Expenditures</b>	<u>136,701</u>	<u>136,701</u>	<u>150,184</u>	<u>(13,483)</u>
<b>Net Change in Fund Balances</b>	<u>676</u>	<u>676</u>	<u>(1,647)</u>	<u>(2,323)</u>
<b>Fund Balances, Beginning of Year</b>	<u>108,023</u>	<u>108,023</u>	<u>108,023</u>	<u>--</u>
<b>Fund Balances, End of Year</b>	<u>\$ 108,699</u>	<u>\$ 108,699</u>	<u>\$ 106,376</u>	<u>\$ (2,323)</u>

See notes to required supplementary information.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 82,634	\$ 82,634	\$ 79,981	\$ (2,653)
Use of money and property	10	10	1,211	1,201
Intergovernmental revenues	18,573	18,573	22,795	4,222
Charges for services	20,000	20,000	25,860	5,860
Donations	21,000	21,000	12,375	(8,625)
Miscellaneous	7,900	7,900	3,767	(4,133)
<b>Total Revenues</b>	<u>150,117</u>	<u>150,117</u>	<u>145,989</u>	<u>(4,128)</u>
<b>Expenditures</b>				
Contract labor	75,415	75,415	72,991	2,424
Services and supplies	69,976	69,976	74,060	(4,084)
Capital outlay	25,000	25,000	18,098	6,902
Debt service:				
Principal	--	--	--	--
Interest	--	--	--	--
<b>Total Expenditures</b>	<u>170,391</u>	<u>170,391</u>	<u>165,149</u>	<u>5,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,274)	(20,274)	(19,160)	1,114
<b>Other Financing Sources and (Uses):</b>				
Debt issued	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>--</u>
<b>Net Change in Fund Balances</b>	<u>4,726</u>	<u>4,726</u>	<u>5,840</u>	<u>1,114</u>
<b>Fund Balances, Beginning of Year</b>	<u>102,183</u>	<u>102,183</u>	<u>102,183</u>	<u>--</u>
<b>Fund Balances, End of Year</b>	<u>\$ 106,909</u>	<u>\$ 106,909</u>	<u>\$ 108,023</u>	<u>\$ 1,114</u>

See notes to required supplementary information.

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2019 AND 2018**

**BUDGETARY BASIS OF ACCOUNTING**

The District operates under the general laws of the State of California and annually adopts a budget to be effective July 1 of the ensuing fiscal year. Formal budgetary integration is employed as a management control device during the year for all governmental fund types. The level of control (level at which expenditures may not exceed budget) is the fund. Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

Budgets are adopted on a modified accrual basis. Budget information is presented for all funds budgeted. The District makes adjustments to its original budget during the year. This enables the effectiveness of individual departments in meeting budget objectives to be evaluated and the adequacy of the budget itself to be judged. The only exceptions to this are the appropriations of unanticipated revenues and the revision of appropriations to reflect major economic up or down turns materially affecting estimated revenues. Expenditures in excess of budgeted amounts are approved individually by the Board.

## **OTHER REPORT**



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

Board of Directors  
Southern Inyo Fire Protection District  
Tecopa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Southern Inyo Fire Protection District as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 20, 2021. That report included a qualified opinion over the Government Activities of the District because the District is unable to provide sufficient documentation to support the beginning balances of capital assets for the years ended June 30, 2019 and 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for determining the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a material weakness.



## **Compliance and Other Matters**

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

## **Southern Inyo Fire Protection District's Response to Finding**

Southern Inyo Fire Protection District's response to the finding identified in our audit is described in the accompanying schedule of finding and response. Southern Inyo Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Roseville, California  
May 20, 2021

**SOUTHERN INYO FIRE PROTECTION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019 AND 2018**

**Finding 2019-01: MATERIAL WEAKNESS**

**CAPITAL ASSETS**

**Criteria**

Accounting principles generally accepted in the United States of America (GAAP) states that all assets eligible to be capitalized should be included in capital assets on the statement of net position in the period in which the asset is purchased, and depreciated in accordance with the entity's capital asset policy.

**Condition**

The District does not maintain a detailed listing of its capital assets, and does not record depreciation on its capital assets.

**Cause**

The District does not have a process in place to update and review capital assets to ensure that the capital assets reported are complete and accurate.

**Effect of Condition**

Without sufficient documentation to support capital asset balances, and without proper tracking and documentation of capital asset transactions, a material misstatement could occur in the financial statements, and the District could lose track of any assets it owns. In addition, because the District does not record depreciation, total assets and total net position are overstated on the financial statements.

**Recommendation**

We recommend that the District maintain a detailed current listing of capital assets at the assets' historical cost at the time of acquisition, or if the asset was donated to the District, the estimated acquisition value at the time of donation. This listing should include:

- a. Description of the asset
- b. Date of acquisition
- c. Historical cost to acquire the asset, or acquisition value if the asset was donated
- d. Estimated useful life of the asset for depreciable assets such as equipment and buildings and improvements
- e. Accumulated depreciation of the asset, if applicable
- f. Net book value of the asset

The listing should be reviewed and updated annually to reflect current year additions and dispositions.

**Management Response**

No response provided.