

# Ophir Hill Fire Protection District

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July 15, 2021

Auditor-Controller Nevada County  
950 Maidu Avenue, Suite 230  
Nevada City, CA 95959



RE: Ophir Hill Fire Protection District – 2020 Financial Audit

Please find enclosed our completed Audit for year ending June 30, 2020.

Should this create any questions or concerns, please let us know how we may further assist.

Sincerely,

Handwritten signature of Kris Stoeckle in cursive.  
Kris Stoeckle  
Office Manager

**OPHIR HILL  
FIRE PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Board of Directors**

Buckley Armacher - Chairman  
Steve Borgnis – Vice Chairman  
Monte Martin - Director  
Anne Sousa - Director  
Eric Peterson – Director

**Fire Chief**

Robb Rothenberger

**District Secretary**

Kris Stoeckle

**OPHIR HILL FIRE PROTECTION DISTRICT  
JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ophir Hill Fire Protection District  
Cedar Ridge, California

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

We have audited the accompanying financial statements of the governmental activities and major funds of Ophir Hill Fire Protection District (the District) as of and for the year ended June 30, 2020 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the California State Controller's Minimum Audit Requirements and Reporting Guidelines for Special Districts.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 28 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 audit 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 the Management 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 Government 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
July 11, 2021

**OPHIR HILL FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS AND DEFERRED OUTFLOWS**

Current Assets:	
Cash and Cash Equivalents	\$ 914,346
Taxes and Accounts Receivable	39,561
Fire Reimbursement Receivable	1,371
Non-Current Assets:	
Capital Assets, net of accumulated depreciation	1,113,344
<b>Total Assets</b>	<u>2,068,622</u>

**DEFERRED OUTFLOWS**

Deferred Outflows from Pensions	144,314
<b>Total Deferred Outflows</b>	<u>144,314</u>

**LIABILITIES , DEFERRED INFLOWS, AND NET POSITION**

Current Liabilities:	
Accounts Payable	36,314
Personnel Costs Payable	26,936
Non-Current Liabilities:	
Compensated Absences Payable	36,741
Net Pension Liability	333,035
<b>Total Liabilities</b>	<u>433,026</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows from Pensions	24,505
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**NET POSITION**

Invested in Capital Assets	1,113,344
Restricted - Public Protection	27,190
Unrestricted	614,871
<b>Total Net Position</b>	<u>\$ 1,755,405</u>

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net Revenue and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Primary Governmental Activities</u>
			<u>Grants &amp; Contributions</u>	<u>Grants &amp; Contributions</u>	
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General Fund	\$ 1,027,458	\$ 122,276	\$ 11,757	\$ 13,005	\$ (880,420)
Depreciation	89,097	-	-	-	(89,097)
<b>Total Governmental Activities</b>	<u>\$ 1,116,555</u>	<u>\$ 122,276</u>	<u>\$ 11,757</u>	<u>\$ 13,005</u>	<u>(969,517)</u>
<b>General Revenues</b>					
Property Taxes					443,907
Prop. 172					57,167
Special Assessments					240,408
Development Fees					5,188
Other State Sources					3,666
Interest					5,394
<b>Total General Revenues</b>					<u>755,730</u>
<b>Change in Net Position</b>					(213,787)
<b>Net Position</b>					
Beginning of the Year					2,031,231
Prior Period Adjustment					(62,039)
End of the year					<u>\$ 1,755,405</u>

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General	Building & Equipment	Special Revenue	
<u>Assets</u>				
Cash and Investments	\$ 887,156	\$ -	\$ 27,190	\$ 914,346
Receivables				
Accounts	-	-	-	-
Interest	361	-	-	361
Assessments	12,020	-	-	12,020
Taxes	23,595	-	-	23,595
Intergovernmental	3,584	-	-	3,584
Other	-	-	-	-
<b>Total Assets</b>	<u>\$ 926,716</u>	<u>\$ -</u>	<u>\$ 27,190</u>	<u>\$ 953,906</u>
<u>Liabilities &amp; Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 36,314	\$ -	\$ -	\$ 36,314
Personnel Costs Payable	26,936	-	-	26,936
<b>Total Liabilities</b>	<u>63,250</u>	<u>-</u>	<u>-</u>	<u>63,250</u>
Fund Balances:				
Restricted	-	-	27,190	27,190
Committed	-	-	-	-
Unassigned	863,466	-	-	863,466
<b>Total Fund Balances</b>	<u>863,466</u>	<u>-</u>	<u>27,190</u>	<u>890,656</u>
<b>Total Liabilities &amp; Fund Balances</b>	<u>\$ 926,716</u>	<u>\$ -</u>	<u>\$ 27,190</u>	<u>\$ 953,906</u>

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General	Capital	Special Revenue	
<b>Revenues:</b>				
Current Secured	\$ 431,145	\$ -	\$ -	\$ 431,145
Current Unsecured	7,324	-	-	7,324
Prior Secured	(157)	-	-	(157)
Supp Secured & Unsecured	5,362	-	-	5,362
Supp Prior Un	34	-	-	34
Interest	4,371	783	240	5,394
HO Tax Relief	3,516	-	-	3,516
Public Utility	199	-	-	199
Prop 172	57,167	-	-	57,167
Mitigation Fees	-	-	5,188	5,188
Special Assessment	240,408	-	-	240,408
Fire Reimbursement - Strike Tcam	109,145	-	-	109,145
Fire Reimbursement - Use of Equipment	11,760	-	-	11,760
Grants	7,557	-	-	7,557
Donations	4,200	-	-	4,200
Other	13,155	-	-	13,155
Total Revenues	<u>895,186</u>	<u>783</u>	<u>5,428</u>	<u>901,397</u>
<b>Expenditures:</b>				
<b>Current General Governmental:</b>				
Personnel Costs	719,680	-	-	719,680
Clothing	4,186	-	-	4,186
Communications	13,994	-	-	13,994
Food	239	-	-	239
Fuel & Oil	15,000	-	-	15,000
Household	7,180	-	-	7,180
Insurance	9,841	-	-	9,841
Maintenance - Equipment	11,419	-	-	11,419
Maintenance - Structures	6,952	-	-	6,952
Maintenance - Vehicles	17,250	-	-	17,250
Medical Supplies	1,653	-	-	1,653
Memberships	3,939	-	-	3,939
Miscellaneous	5,398	-	-	5,398
Professional Service	16,163	-	-	16,163
Rental Expense	378	-	-	378
Small Tools	6,094	-	-	6,094
Special Assessment Expense	10,438	-	-	10,438
Special Dist. Expense	55	-	-	55
Strike Team and Grant Expense	7,257	-	-	7,257
Supplies - Office and Operating	2,553	-	-	2,553
Training	1,040	-	-	1,040
Utilities	8,548	-	-	8,548
Capital Outlay - Improvements	223,940	11,352	-	235,292
Total Expenditures	<u>1,093,197</u>	<u>11,352</u>	<u>-</u>	<u>1,104,549</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)	(198,011)	(10,569)	5,428	(203,152)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(198,011)	(10,569)	5,428	(203,152)
Fund balance, beginning of year	1,085,161	10,147	21,641	1,116,949
Prior Period Adjustments	(23,684)	422	121	(23,141)
Fund balance, end of year	<u>\$ 863,466</u>	<u>\$ -</u>	<u>\$ 27,190</u>	<u>\$ 890,656</u>

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

Total Fund Balances for Governmental Funds	\$	890,656
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		1,113,344
Receivables received more than sixty days after the year end are not considered currently available and therefore are not reported in the governmental fund activities.		1,371
Deferred outflows of resources which are not collected within sixty days after fiscal year end are not included in fund assets.		144,314
Long-term liabilities and deferred inflows of resources are not due and payable in the current period, and therefore are not reported in the governmental funds:		
Compensated Absences Payable		(36,741)
Net Pension Liability		(333,035)
Deferred Inflows of Resources		(24,505)
		(394,281)
Total Net Position of Governmental Activities	\$	1,755,404

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2020**

Net change in fund balances - total governmental funds \$ (203,152)

Total change in net position for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized as fixed assets. 201,958

Receivables received more than sixty days after the year end are not considered currently available and therefore are not reported in the governmental fund activities. 1,371

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds.

Deferral of Pension Related Expenses	(93,770)
Change in Compensated Absences	(418)
Bad Debt Expense for Uncollectible Strike Team Receivable	(26,435)
Loss on Disposal/Retirement of Assets	(4,244)
Depreciation Expense	<u>(89,097)</u>

Change in Net Position of Governmental Activities \$ (213,787)

See accompanying notes.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 – NATURE OF THE ORGANIZATION**

Reporting Entity

Ophir Hill Fire Protection District was organized in 1956 and established in September 1963 to provide for fire prevention and suppression and rescue services in the Cedar Ridge area of Nevada County. Revenues are derived principally from the county-wide tax levy, a special assessment on improved and unimproved parcels within the District, and strike team responses. The District also collects fees for construction within the District, which are used to offset the increased capital costs associated with development.

The District is administered by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members. No Board members receive compensation for serving on the Board.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

**Component Units**

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

**Joint Agencies**

The District is a participant in Nevada County Fire and Emergency Services Joint Powers Agency (JPA), the purpose of which is to provide emergency dispatch and other services. The District participates in the Air Filling Station Services offered. Complete financial information can be obtained from the JPA's office at P.O. Box 3043, Grass Valley, CA 95945. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

The District is a participant in Fire District's Association of California - Fire Agencies Self Insurance System (FDAC-FASIS), the purpose of which is to provide workers' compensation benefits to each member agency including claims administration and program administration. FDAC-FASIS is composed of approximately 200 members and is governed by a board of directors appointed by the members. Complete financial information can be obtained from the Association office at 700 R Street, Sacramento, California 95811. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**Basis of Presentation and Accounting**

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on the primary government (District) as a whole. Inter-fund transfers are eliminated in the government-wide statement of activities.

The statement of activities presents a comparison between 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 or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the District are organized into three funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the District. Fire and Rescue operations and administrative support are the focus of the activity in this fund.

Special Revenue Fund (Mitigation)

The Special Revenue Fund is used to account for mitigation fees allowed by California Law AB1600 for the purpose of offsetting increased capital costs due to development. A resolution by the Nevada County Board of Supervisors allows the collection of these fees and requires that they be spent only for capital additions due to development and additionally requires that these funds be spent and/or designated within five years of collection or they are refundable with interest to the payers. The District's policy is to fully expend these funds within the required time frame and, accordingly, no liability has been recognized.

Building and Equipment Fund (Capital Improvement)

The Building and Equipment Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General fund includes such activities as fire protection.

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Basis of Accounting and Measurement Focus

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 flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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. Charges for services, operating grants, and use of money and property are considered susceptible to accrual and are accrued when their receipt occurs within sixty 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 as well as expenditures related to claims and judgments 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 capital leases are reported as other financing sources.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are transacted. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Non-Current Government Assets and Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

Receivables

Receivables for governmental activities consist mainly of interest, property taxes, assessments and intergovernmental revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Investments

The District pools all investments, other than cash in checking accounts, with the State of California Local Agency Investment Fund (LAIF). The District's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in LAIF is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

Capital Assets

Capital assets are defined by the District as assets with a cost of \$5,000 or more. Capital assets are recorded at historical cost or estimated historical cost if actual is unavailable. Contributed capital assets are recorded at their estimated acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	10 to 40 years
Structures and improvements	50 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Property Tax

Nevada County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Nevada up to 1 percent of the full cash value of taxable property, plus other increases approved by the voter and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1, and becomes delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the "Teeter Plan". Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

**Nonspendable –**

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

**Restricted –**

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:

- Funding from the state or federal entities or foundations that are legally restricted to specific uses. For example, funds advanced by a federal entity under specific agreements for services, or matching funds for specific initiatives.
- Funds legally restricted by County, state, or federal legislature, or a government's charter or constitution.
- Amounts collected from non-spendable items, such as the long term portion of loans outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Fund Balance – continued

**Committed –**

Two criteria are used to determine the District’s committed fund balance:

1. Use of funds is constrained by limits imposed by the government’s highest level of decision making. The highest level of decision making for the District would be the Board of Directors.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

Commitments, modifications, or removals must occur prior to the end of the reporting period; that is, the fiscal year being reported upon.

**Assigned –**

The assigned portion of the fund balance reflects the District’s intended use of resources, which is established either by the Board of Directors, a body created by the Board such as a finance committee, or an official designated by the Board (e.g., Fire Chief). The “assigned” component is similar to the “committed” component, with two essential differences, shown in the following table:

Key Differences Between Committed and Assigned Fund Balance		
	Committed	Assigned
A decision to use funds for a specific purpose requires action of the Board of Directors	Yes	No
Formal action of the Board of Directors is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period	Yes	No

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget, where the Fire Chief may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the Board has approved a plan or budget
- Resources approved by the Board for a long range financial plan where formal approval is not required to modify the amount.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Fund Balance – continued

**Unassigned –**

This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

Budget

The Board provides for a budget for the general fund for the fiscal year in accordance with Chapter 7 of the Fire Protection District Law of 1987 as contained in the Health & Safety Code Sections 13890 and 13895, inclusive. The Board prepares a preliminary budget in May and adopts a final budget in September. Supplemental appropriations are adopted throughout the year as necessary. The building and equipment fund and the special revenue fund budgets are prepared using a five year capital improvement plan. The plan is approved each year.

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. This item relates to the pension adjustment and is reportable on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item related to the inflows from changes in the net pension liability and is reported on the Statement of Net Position.

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 – CASH AND INVESTMENTS, CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS**

As of June 30, 2020, the District's cash and investments consisted of the following:

Cash - Deposits (less outstanding checks)	\$714,034
Investments - California Local Agency Investment Fund (LAIF)	\$200,313
Total Cash and Investments	\$914,347

Cash

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The District complies with the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. At June 30, 2020, the uninsured and uncollateralized deposits were \$464,034.

Investments in External Pool

Investments are selected based on safety, liquidity and yield. The District's investment policy is more restrictive than the California Government Code. Under the provisions of the District's investment policy and the California Government Code, the District may invest or deposit in the following:

- Banker's acceptances
- Commercial paper
- Local Agency Investment Fund (LAIF)
- Mutual funds
- Medium-term corporate notes
- Money market funds
- Negotiable certificates of deposit
- Repurchase agreements/ Reverse repurchase agreements
- Securities of the Federal government or its agencies

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS, CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS-Continued**

Local Agency Investment Fund - The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2020, the District's investment in LAIF valued at amortized cost was \$200,313 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds.

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2020, the District had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	\$ -	\$ -	\$ -	\$ -
Investments in External Investment Pool				
LAIF	\$ 200,313			
Total Investments	\$ 200,313			

**Interest Rate Risk** - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations. The District limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy sets specific parameters by type of investment to be met at the time of purchase.

**Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 – CASH AND INVESTMENTS, CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS-Continued**

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains limitations on the amount that can be invested in any one issuer. All investments of the District are in LAIF which contain a diversification of investments.

**NOTE 4 – CHANGES IN FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group:

<u>Description</u>	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Disposals/ Retirement</u>	<u>Balance at June 30, 2020</u>
Land	\$ 103,000	\$ -	\$ -	\$ 103,000
Equipment	1,373,163	119,127	(14,866)	1,477,424
Building Improvements	349,130	82,830	-	431,960
Total Capital Assets	1,825,293	201,957	(14,866)	2,012,384
Less: Accumulated Depreciation	(820,565)	(89,097)	10,622	(899,040)
Total Capital Assets net of Accumulated Depreciation	\$1,004,728	\$ 112,860	(\$ 4,244)	\$ 1,113,344

Depreciation expense for the fiscal year ended June 30, 2020 was \$89,097.

**NOTE 5 – COMPENSATED ABSENCES**

Accrued compensated absences include 100% of all employees' vacation and holiday time earned. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability. The balance of accrued compensated absences at June 30, 2020 was \$36,314. In the governmental fund financial statements the expenditures related to those obligations are recognized only when they mature.

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Safety and Miscellaneous (all other) Employee Pension Plan (Plan), cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered

The following employees were covered by the benefit terms of the plan as of June 30, 2020:

Inactive employees of beneficiaries currently receiving benefits	0
Active employees	<u>9</u>
Total	<u>9</u>

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68-Continued**

Effective January 1, 2013, the District added retirement tiers for both Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the District's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1,
Safety PEPRA	2013 Safety employees hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous Plan	Miscellaneous members hired before January 1, 2013
Safety Plan	Safety employees hired before January 1, 2013

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2020, is summarized as follows:

	Benefit Formula	Retirement Age	Monthly Benefits as a of Eligible Compensation
Miscellaneous	2.0% @ 60	50-60	1.092% to 2.418%
Safety	2.0% @ 55	50-55	1.426% to 2.000%
Safety PEPRA	2.0% @ 57	50-57	1.426% to 2.000%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68-Continued**

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	8.081%	7.000%	8.000%
Safety	13.540%	7.000%	9.000%
Safety PEPRA	10.216%	9.500%	0.000%

For the year ended June 30, 20120 the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	3,881	1,292
Safety	55,985	19,026

**Pension Liabilities**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 (measurement dates) was as follows:

	<u>Proportion June 30, 2018</u>	<u>Proportion June 30, 2019</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	0.00036%	0.00231%	.00195%
Safety	0.00218%	0.00385%	.00167%

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share Of Net Pension Liability</u>
Miscellaneous	\$ 92,614
Safety	<u>\$ 240,421</u>
Total Net Pension Liability	\$ 333,035

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension**

For the year ended June 30, 2020, the District recognized pension expense/(credit) of \$156,725. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68-Continued**

June 30, 2020	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Changes of assumptions	\$ 14,271	\$ (3,489)
Differences between expected and actual experience	22,130	(498)
Differences between projected and actual investment earnings	-	(4,927)
Differences between employer's contributions and proportionate share of contributions	103	(15,591)
Change in employer's proportion	66,155	-
Contributions made subsequent to measurement date	59,866	-
<b>Total</b>	<b>\$ 162,525</b>	<b>\$ (24,505)</b>

An amount of \$59,866, reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Years Ending June 30</u>	
2021	\$ 48,140
2022	16,184
2023	12,860
2024	970
2025	-
Thereafter	-
<b>Total</b>	<b>\$ 78,154</b>

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68-Continued**

Actuarial Assumptions

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data
Post retirement benefit increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS's specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publication at [www.calpers.ca.gov](http://www.calpers.ca.gov).

*Changes of Assumptions* – There were no changes of assumptions for the measurement period ended June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 – PENSION OBLIGATION INCLUDING GASB STATEMENT NO. 68-Continued**

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

Asset Class(A)	Target Allocation	Real Return, Years 1 -10 (B)	Real Return Years 11+ (C)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(A) In the County's System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(B) An expected inflation of 2.00% used for this period

(C) An expected inflation of 2.92% used for this period

Sensitivity Analysis

The sensitivity of the proportionate share of the net pension liability to changes in the discount rate is as follows:

	Discount Rate – 1%	Current Discount Rate	Discount Rate + 1%
District's Net Pension Liability	6.15%	7.15%	8.15%
Miscellaneous	\$127,477	\$ 92,614	\$ 63,862
Safety	\$426,109	\$240,421	\$ 88,185
TOTAL	\$553,556	\$333,035	\$152,047

Pension Plan Fiduciary Net Position

Detailed information about the Plans' fiduciary net position is available in the separately issued CalPERS financial report.

**OPHIR HILL FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 – FUND BALANCE**

The District has a policy of transferring an approved amount of the remaining funds in the General Account to the Building and Equipment Fund (Capital Improvement) each year. Funds are either transferred back or borrowed from the County Treasurer to pay normal operating expenses until tax money is received.

**NOTE 9 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other fire districts in the State to participate in the Fire District's Association of California - Fire Association Self Insurance System. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers compensation coverage for 152 member fire districts. The District has also joined together with other fire districts in the State to participate in the Northern California Fire District Association. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and automobile coverage for its member districts.

The District pays an annual premium to both of these joint ventures for its insurance coverage. The agreements with the joint ventures provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was required to properly state the beginning balance of the net position and fund balances. Errors were found related to the accruals of strike team receivables and expenses that were accrued. Corrections were made to the net position and fund balances at June 30, 2019 and reported as a prior period adjustment. Adjustments were required as follows:

	<u>Net Position</u>	<u>Fund Balance</u>
Net Position/Fund Balance at June 30, 2019 as reported:	\$2,031,231	\$1,116,949
Adjustments made for:		
Receivable recorded for amounts already received	(38,898)	--
Receivable recorded for incorrect period	(5,480)	(5,480)
Receivable recorded from unknown source	(11,137)	(11,137)
Accounts Payable overstated	510	510
Payroll accrual understated	<u>(7,034)</u>	<u>(7,034)</u>
Total Adjustments	<u>(62,039)</u>	<u>23,141</u>
Net Position/Fund Balance at June 30, 2019 as restated:	<u>\$1,969,192</u>	<u>\$1,093,808</u>

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2020 have been evaluated through July 11, 2021, the date at which the District's audited financial statements were available to be issued. The following events required disclosure:

On March 19, 2020, in response to the COVID-19 global pandemic, California Governor Gavin Newsom ordered the closure of the physical location of every "non-essential" business for an extended period of time, followed by a phased reopening plan, subject to reversal. The District implemented various measures to ensure the safety of staff and the public and continued to provide vital services to the public.

On June 11, 2021, Governor Newsom took action to begin lifting most pandemic-related executive orders in a phased approach beginning on June 15, 2021. The expectation is that 90% of executive actions taken since March 2020 will have been lifted by the end of September 2021, assuming continued progress against COVID-19. The future outcome of these measures are unknown, therefore, no adjustments have been made to these financial statements as a result of this uncertainty.

**REQUIRED SUPPLEMENTARY INFORMATION**

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET TO ACTUAL**  
**GENERAL FUND**  
**JUNE 30, 2020**

	General Fund Original & Final Budget	General Fund Actual	Variance with Final Budget Over (Under)
<b>Revenues</b>			
Current Secured	\$ 402,029	\$ 430,988	\$ 28,959
Current Unsecured	7,375	7,324	(51)
Supp Secured & Unsecured	8,843	5,396	(3,447)
Interest	2,000	4,371	2,371
HO Tax Relief	3,479	3,516	37
Public Utility	9,909	199	(9,710)
Prop 172	58,094	57,167	(927)
Special Assessment	240,151	240,408	(43)
Fire Reimbursement - Strike Team & Equipment	-	120,905	120,905
Grants and Donations	-	11,757	11,757
Other	2,000	13,155	11,155
Total Revenues	<u>734,180</u>	<u>895,186</u>	<u>161,006</u>
<b>Expenditures</b>			
Personnel Costs	575,492	719,680	(144,188)
Clothing	4,600	4,186	414
Communications	16,800	13,994	2,806
Food	-	239	(239)
Fuel & Oil	14,000	15,000	(1,000)
Household	2,620	7,180	(4,560)
Insurance	10,298	9,841	457
Maintenance - Equipment	4,200	11,419	(7,219)
Maintenance - Structures	6,000	6,952	(952)
Maintenance - Vehicles	12,000	17,250	(5,250)
Medical Supplies	2,000	1,653	347
Memberships	1,356	3,939	(2,583)
Miscellaneous	100	5,398	(5,298)
Professional Service	15,780	16,163	(383)
Rental Expense	400	378	22
Small Tools	5,000	6,094	(1,094)
Special Assessment Expense	-	10,438	(10,438)
Special Dist. Expense	7,100	55	7,045
Strike Team and Grant Expense	-	7,257	(7,257)
Supplies - Office and Operating	4,300	2,553	1,747
Training	-	1,040	(1,040)
Utilities	10,500	8,548	1,952
Capital Outlay	-	223,940	(223,940)
Total Expenditures	<u>692,546</u>	<u>1,093,197</u>	<u>(400,651)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>			
<b>Before Other Financing Sources (Uses)</b>	<u>41,634</u>	<u>(198,011)</u>	<u>(239,645)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Sources</b>			
<b>Over (Under) Expenditures and Other Uses</b>	<u>\$ 41,634</u>	<u>\$ (198,011)</u>	<u>\$ (239,645)</u>

See independent auditor's report and notes to financial statements.

**OPHIR HILL FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET TO ACTUAL  
SPECIAL REVENUE FUND  
JUNE 30, 2020**

	<u>Special Rev. Fund Original &amp; Final Budget</u>	<u>Special Rev. Fund Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<b>Revenues</b>			
Mitigation Fees	\$ 15,000	\$ 5,188	\$ (9,812)
Interest	40	240	200
Total Revenues	<u>15,040</u>	<u>5,428</u>	<u>(9,612)</u>
<b>Expenditures</b>			
None	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>			
	<u>15,040</u>	<u>5,428</u>	<u>(9,612)</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>			
	<u>\$ 15,040</u>	<u>\$ 5,428</u>	<u>\$ (9,612)</u>

See independent auditor's report and notes to financial statements.

**OPHIR HILL FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET TO ACTUAL  
CAPITAL FUND  
JUNE 30, 2020**

	<u>Capital Fund Original &amp; Final Budget</u>	<u>Capital Fund Actual</u>	<u>Variance with Final Budget Over (Under)</u>
<b>Revenues</b>			
Interest	\$ 100	\$ 783	\$ 683
Total Revenues	<u>100</u>	<u>783</u>	<u>683</u>
<b>Expenditures</b>			
Capital Outlay	-	11,352	(11,352)
Total Expenditures	<u>-</u>	<u>11,352</u>	<u>(11,352)</u>
<b>Excess of Revenues Over (Under) Expenditures Before Other Financing Sources (Uses)</b>	100	(10,569)	(10,669)
<b>Other Financing Sources (Uses)</b>			
Transfers In	25,000	-	(25,000)
Transfers Out	-	-	-
Total Other Financing Sources	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>\$ 25,100</u>	<u>\$ (10,569)</u>	<u>\$ (35,669)</u>

See independent auditor's report and notes to financial statements.

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2020**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for all governmental funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The District Fire Chief submits to the Board a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted, the amounts stated therein, as recommended expenditures become appropriations. The Board may amend the budget by motion during the fiscal year.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve this portion of the applicable appropriation.

**NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the fiscal year ended June 30, 2020, the District incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures</u>
General Fund	\$692,546	\$1,093,197	\$400,651

Strike Team revenues, where the District is reimbursed for costs from CalFire is irregular and not relied upon for general operations. Therefore, the budget did not include the revenue and expenses for these activities for the fiscal year 2019-2020.

See independent auditor's report.

**OPHIR HILL FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**

**NET PENSION LIABILITY**

Fiscal Year Ended June 30:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Miscellaneous:</b>						
Proportion of the net pension liability	0.00231%	0.00036%	0.00034%	0.00032%	0.00028%	0.00036%
Proportionate share of the net pension liability	\$ 92,614	\$ 34,531	\$ 34,097	\$ 28,084	\$ 18,967	\$ 22,185
Proportionate share of covered payroll	\$ 18,463	\$ 32,746	\$ 38,926	\$ 38,019	\$ 36,916	\$ 36,107
Proportionate share of the net pension liability as a percentage of covered employee payroll	501.6%	105.45%	87.59%	73.87%	51.38%	61.44%
Plan fiduciary net position as a percentage of the total pension liability	64.24%	79.94%	80.82%	81.60%	86.33%	82.94%
<b>Safety:</b>						
Proportion of the net pension liability	0.00385%	0.00218%	0.00209%	0.00196%	0.00164%	0.00229%
Proportionate share of the net pension liability	\$ 240,421	\$ 210,323	\$ 207,695	\$ 169,693	112,257	\$ 142,505
Proportionate share of covered payroll	\$ 316,871	\$ 340,964	274,200	275,298	258,673	251,311
Proportionate share of the net pension liability as a percentage of covered employee payroll	75.87%	61.68%	75.75%	61.64%	43.40%	56.70%
Plan fiduciary net position as a percentage of the total pension liability	82.26%	80.32%	80.55%	81.12%	86.23%	81.28%

\* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

See Accompanying Auditor's Report.

**OPHIR HILL FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**

**CONTRIBUTIONS**

Fiscal Year Ended June 30:

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Miscellaneous:						
**Actuarially determined contributions	\$ 3,881	\$ 3,042	\$ 2,416	\$ 2,787	\$ 2,955	\$ 3,031
Contributions in relation to the actuarially determined contribution	(3,881)	(3,042)	(2,416)	(3,648)	(2,955)	(3,031)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (8,61)	\$ -	\$ -
District's covered-employee payroll	\$ 18,463	\$ 24,120	\$ 32,746	\$ 38,926	\$ 38,019	\$ 36,916
Contributions as a percentage of covered-employee payroll	21.02%	12.61%	7.38%	7.16%	7.77%	8.21%
Safety:						
**Actuarially determined contributions	\$ 55,985	\$ 58,057	\$ 38,827	\$ 30,174	\$ 86,150	\$ 39,250
Contributions in relation to the actuarially determined contribution	(55,985)	(58,057)	(38,827)	(36,293)	(86,150)	(39,250)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (6,199)	\$ -	\$ -
District's covered-employee payroll	\$ 316,872	\$ 299,526	\$ 260,523	\$ 274,200	\$ 275,298	\$ 258,673
Contributions as a percentage of covered-employee payroll	17.67%	19.38%	23.72%	11.00%	13.96%	15.17%

\* Historical information is required only for measurement periods for which GASB 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

\*\* Includes the required unfunded accrued liability portion paid.

See Accompanying Auditor's Report.

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Notes to District Pension Plan**  
**For the Year Ended June 30, 2020**

**Summary of Changes of Benefits or Assumptions**

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: None

The CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 can be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

See Accompanying Auditor's Report.

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**REPORT 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**  
**Independent Auditor's Report**

Members of the Board of Directors  
Ophir Hill Fire Protection District  
Cedar Ridge, California

We have audited, in accordance with the 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 each major fund of Ophir Hill Fire Protection District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 11, 2021.

**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 designing 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.

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 or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and recommendations as items 2020-003 and 2020-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and recommendations as 2020-001 and 2020-003 to be significant deficiencies.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 determination of financial statement amounts. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Ophir Hill Fire Protection District's Response to Finding**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. The 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.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
July 11, 2021

**OPHIR HILL FIRE PROTECTION DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2020**

**Finding 20-001 - Budget**

**(Significant Deficiency-Uncorrected from 2018-001 & 2019-001)**

Condition: For the year ended June 30, 2020, the District's expenses exceed the approved budget by \$400,651.

Criteria: California Government Code requires that appropriate operating budgets be adopted and amended as needed and that expenditures not exceed the approved budget.

Cause: The District did not amend its budget to account for the changes during the fiscal year.

Effect: Expenses exceed the budgeted appropriations by \$400,651.

Recommendation: We recommend that the District monitor the expenditures and reconcile with the budget during the year. When expenditures are necessary and are not budgeted, we recommend the District amend the original budget.

Response: Management will review the budget and if appropriate, present an amended budget to the District's board of directors for review and approval.

**Finding 20-002 – Mitigation Fees**

**(Significant Deficiency-Uncorrected from 2018-002 & 2019-002)**

Condition: The District has not maintained a detailed list of mitigation fees collected and held as of June 30, 2020. The District has maintained a log as of this the 2019-2020 fiscal year but prior to July 1, 2019 there are no logs to reconcile the balance.

Criteria: The District's capital improvement plan requires that the mitigation fees held in excess of five years be refunded to the payees.

Cause: The District did not maintain a log.

Effect: If mitigation fees remain after five years, the District would be unable to determine which payee should be refunded. At June 30, 2020, there was \$22,002 of mitigation fees and interest that do not have an owner/property identified.

Recommendation: We recommend that the cash balance of the Mitigation fund be reconciled to a list of mitigation fees collected from property owners and the list maintained going forward.

Response: Management is preparing and maintaining a current log of mitigation fees collected by property owners. Historic information cannot be located at this time.

**Finding 20-003 - Reliance on the Auditor for Generally Accepted Accounting Principles  
(Material Weakness – related to uncorrected prior year finding 2019-003)**

**Condition:** Management relies on the auditor to prepare for approval the adjusting journal entries for accruals and the footnote disclosures required for the District's financial statements to be in compliance with generally accepted accounting principles. Multiple adjusting journal entries were required to correct the financial statements prior to the audit beginning.

**Criteria:** Auditing standards state that the auditor may not be part of an organization's internal control system. Someone within the organization must be knowledgeable in generally accepted accounting principles and capable of preparing financial statements in conformity with generally accepted accounting principles.

**Cause:** The District does not employ an accountant educated or trained in generally accepted accounting principles and does not contract with such an individual or firm to prepare financial statements in conformity with generally accepted accounting principles prior to the annual audit.

**Effect:** Financial statements required multiple adjustments to meet Generally Accepted Accounting Standards.

**Recommendation:** We recommend that if it is necessary for the District to issue financial statements to third party users prior to the annual audit, management consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full-disclosure financial statements.

**Response:** Management has determined there is no cost-benefit to hiring an accountant familiar with generally accepted accounting principles and feels that the administrative assistant and fire chief provide reliable financial statements for management and board decision-making and reliance upon the auditor for generally accepted accounting principles and disclosures is cost effective. This is consistent with the GFOA's (Government Finance Officers Association) Recommended Practice: "The GFOA does *not* recommend that governments engage the services of a second accounting firm to assist in preparing its financial statements solely to avoid having a significant deficiency or material weakness reported." However, should the need arise for issuing financial statements to third-party users prior to the annual audit, management will consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or hiring an independent CPA firm to compile full-disclosure financial statements.

**Finding 20-004 – Tracking of Accounts Receivable from Strike Teams  
(Material Weakness)**

**Condition:** Receivables from strike teams were not carried forward to the next fiscal year schedules and were not followed up on when payments were not received.

**Criteria:** Auditing standards require that unpaid receivables be carried forward to the next fiscal year and be reconciled regularly for verification of payment.

**Cause:** The District keeps spreadsheets for the invoices and payments by fiscal year separate from the accounting software and did not understand that unpaid invoices should be carried to the new spreadsheet.

Effect: A CalFire invoice for \$26,435 from the 2018-2019 fiscal year was not paid and due to CalFire having closed their fiscal year, they will not pay this invoice. This is reported as a bad debt expense in the Statement of Activities. A Cal Fire invoice for \$6,634 from the 2019-2020 fiscal year was not paid and due to CalFire having closed their fiscal year, they will not pay this invoice. This amount reduced the income reported in fiscal year 2019-2020.

Recommendation: We recommend that invoices be entered directly into the accounting software (QuickBooks) when the invoice is issued so that tracking and reconciliations can be completed. If spreadsheets are used, then the spreadsheets should be continuous and include all unpaid invoices. Unpaid invoices should be followed up on with the payee to determine the reason the invoice remained unpaid.

Response: The District will enter invoices into the accounting software when invoices are sent for payment. The District will reconcile and follow up on the unpaid invoices at least quarterly.

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July 11, 2021

Board of Directors  
Ophir Hill Fire Protection District  
Cedar Ridge, California

Thank you for your confidence in choosing our firm for your audit needs. We enjoyed working with your administrative assistant and chief. We have discussed the findings and related recommendations with staff and believe that they understand and can implement the necessary changes for internal controls.

In planning and performing our audit of the financial statements of the Ophir Hill Fire Protection District (District) for the year ended June 30, 2020, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during an audit we may come across matters that should be considered and corrected to assure maximum compliance and operating efficiency. We previously reported on the District's internal control in our report dated July 11, 2021 (page 33). This letter does not affect our report dated July 11, 2021, on the financial statements of the District (page 1). We would like you to keep in mind the following items noted during the audit:

- 1) In testing the mitigation fees collected in fiscal year 2019-2020, we found one form with a miscalculation. The error was made due to a misplaced decimal point but was not found and corrected by staff. The amount created an under payment of \$522.45. As this appeared to be a single error, we did not believe it met the level of a significant deficiency. We recommend that additional care be taken when doing the calculations and that a second person review the mitigation fees periodically for accuracy.
- 2) We have found some of our districts asking about compensation to board members. If you choose to compensate or reimburse any member of the board of directors, keep in mind that the board will be subject to AB1234 which requires biennial ethics training for all board members. Further, under California labor laws, the compensation would be considered wages and fall under all of the other payroll requirements, i.e. withholding requirements and payroll taxes.
- 3) We noted that you have not been preparing the Management Discussion and Analysis that usually goes with the financial statements for governmental entities. The independent auditors report reflects this missing information. We will provide some simple worksheets and drafts for you to use next year so that your financial statements can be complete. We recommend adding this to your financial statements for future periods.

We wanted to thank your staff for their quick responses to our inquiry and the detailed explanations needed during a first year audit. We wish you the best for the coming year.

If you have any questions, feel free to contact us.

Sincerely,



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California