

**LONE PINE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**



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**LONE PINE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lone Pine Fire Protection District
Lone Pine, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Lone Pine 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 auditors' 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.



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Summary of Opinions

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

Basis for Qualified Opinion

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. There were no satisfactory audit procedures that we could adopt to satisfy ourselves that the capital asset balances were free from material misstatements. Additionally, the District does not record depreciation of capital assets in the governmental activities as required by generally accepted accounting principles.

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 America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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

Board of Directors
Lone Pine Fire Protection District

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 a report dated May 8, 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. 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 8, 2021

**LONE PINE FIRE PROTECTION DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
Assets		
Current assets:		
Cash	\$ 1,370,429	\$ 1,264,556
Imprest cash	1,000	300
Accounts receivable	32,768	--
Interest receivable	7,010	3,942
Prepaid expenses	1,548	--
Total current assets	1,412,755	1,268,798
Noncurrent assets:		
Equipment	1,067,486	1,006,423
Structures and improvements	30,000	30,000
Total noncurrent assets	1,097,486	1,036,423
Total assets	2,510,241	2,305,221
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	13,276	7,763
Total current liabilities	13,276	7,763
Total liabilities	13,276	7,763
Net Position		
Investment in capital assets	1,097,486	1,036,423
Unrestricted	1,399,479	1,261,035
Total net position	\$ 2,496,965	\$ 2,297,458

See accompanying Notes to Basic Financial Statements.

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

	2019	2018
Expenses		
Public protection	\$ 318,924	\$ 261,222
Total expenses	318,924	261,222
 Program Revenues		
Charges for services	174,478	142,634
Special Assessments	81,846	81,362
Total program revenues	256,324	223,996
 Net program revenue (expenses)	(62,600)	(37,226)
 General Revenues		
Taxes	240,474	233,659
Aid from other government agencies	-	28,260
Unrestricted interest and investment earnings	21,633	12,988
Total general revenues	262,107	274,907
 Change in net position	199,507	237,681
Net position - beginning of year	2,297,458	2,059,777
Net position - end of year	\$ 2,496,965	\$ 2,297,458

See accompanying Notes to Basic Financial Statements.

**LONE PINE FIRE PROTECTION DISTRICT
BALANCE SHEETS – GENERAL FUND
JUNE 30, 2019 AND 2018**

	2019	2018
Assets		
Cash	\$ 1,371,429	\$ 1,264,856
Accounts receivable	32,768	--
Interest receivable	7,010	3,942
Prepaid expenses	1,548	--
Total assets	\$ 1,412,755	\$ 1,268,798
Liabilities		
Accounts payable and accrued expenses	\$ 13,276	\$ 7,763
Total liabilities	13,276	7,763
Fund Balances		
Nonspendable	1,548	--
Unassigned	1,397,931	1,261,035
Total fund balances	1,399,479	1,261,035
Total liabilities and fund balances	\$ 1,412,755	\$ 1,268,798

See accompanying Notes to Basic Financial Statements.

**LONE PINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GENERAL FUND BALANCE SHEETS TO THE GOVERNMENT-WIDE
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
Fund Balance - general fund	\$ 1,399,479	\$ 1,261,035
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	1,097,486	1,036,423
Net position of governmental activities	\$ 2,496,965	\$ 2,297,458

See accompanying Notes to Basic Financial Statements.

**LONE PINE FIRE PROTECTION DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Revenues:		
Taxes	\$ 240,474	\$ 233,659
Intergovernmental revenues	--	28,260
Revenue from use of money and property	21,633	12,988
Charges for services	174,478	142,634
Special Assessments	81,846	81,362
	Total revenues	498,903
	518,431	498,903
Expenditures:		
Contract labor	125,979	117,112
Services and supplies	192,945	144,110
Capital outlay	61,063	--
	Total expenditures	261,222
	379,987	261,222
Net change in fund balance	138,444	237,681
Fund balances - beginning of year	1,261,035	1,023,354
Fund balances - end of year	\$ 1,399,479	\$ 1,261,035

See accompanying Notes to Basic Financial Statements.

**LONE PINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Net change to fund balance - general fund	\$ 138,444	\$ 237,681

Amounts reported for governmental activities in the statement of activities are different because:

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.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments

	61,063	--
Change in net position of governmental activities	\$ 199,507	\$ 237,681

See accompanying Notes to Basic Financial Statements.

**LONE PINE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1: **GENERAL**

The District was formed by resolution in 1926 in accordance with the provision of Assembly Bill No. 817. This District has since been reorganized pursuant to the provisions of Section 14022, Part 3, Division 12, and operates under Sections 14001-14306 of the Health and Safety Code of the State of California. The District provides fire protection and emergency services for Lone Pine and the surrounding area of Inyo County.

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

The financial statements of the Lone Pine Fire Protection District (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). These statements include the non-fiduciary financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. *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 did not have 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.

**LONE PINE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 No. 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.

**LONE PINE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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.

**LONE PINE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 10th and April 10th. Unsecured property taxes are payable in one installment on or before August 31st. 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 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.

**LONE PINE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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
Lone Pine Fire Operating Fund	\$ 327,061	\$ 320,686
Lone Pine Fire Accumulated Capital Outlay	429,100	429,100
Lone Pine Fire Ambulance Fund	470,009	372,594
Lone Pine Fire Portal Preserve Accumulated Capital Outlay	144,259	142,176
 Total Funds	 \$ 1,370,429	 \$ 1,264,556

Government Accounting Standards require additional disclosures about a government's deposits and investments 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.

**LONE PINE 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	\$ 1,006,423	\$ 61,063	\$ --	\$ 1,067,486
Structures and improvements	30,000	--	--	30,000
Total capital assets, being depreciated	<u>1,036,423</u>	<u>61,063</u>	<u>--</u>	<u>1,097,486</u>
Less accumulated depreciation for:				
Machinery and equipment	--	--	--	--
Total accumulated depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total capital assets, net	<u>\$ 1,036,423</u>	<u>\$ 61,063</u>	<u>\$ --</u>	<u>\$ 1,097,486</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	\$ 1,006,423	\$ --	\$ --	\$ 1,006,423
Structures and improvements	30,000	--	--	30,000
Total capital assets, being depreciated	<u>1,036,423</u>	<u>--</u>	<u>--</u>	<u>1,036,423</u>
Less accumulated depreciation for:				
Machinery and equipment	--	--	--	--
Total accumulated depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total capital assets, net	<u>\$ 1,036,423</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,036,423</u>

The District did not record depreciation expense during the years ended June 30, 2019 and 2018 as required by GASB Statement No. 34.

NOTE 5: 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.

NOTE 6: RELATED PARTY TRANSACTION

The District sold the Deputy Chief's old truck to the Deputy Chief for \$1.

REQUIRED SUPPLEMENTARY INFORMATION

**LONE PINE FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 218,000	\$ 218,000	\$ 240,474	\$ 22,474
Intergovernmental revenues	16,000	16,000	--	(16,000)
Use of money and property	5,000	5,000	21,633	16,633
Charges for services	120,000	120,000	174,478	54,478
Special Assessments	80,000	80,000	81,846	1,846
Total Revenues	<u>359,000</u>	<u>439,000</u>	<u>518,431</u>	<u>79,431</u>
Expenditures				
Contract labor	160,000	160,000	125,979	34,021
Services and supplies	792,562	792,562	192,945	599,617
Capital outlay	150,000	150,000	61,063	88,937
Total Expenditures	<u>1,102,562</u>	<u>1,102,562</u>	<u>379,987</u>	<u>722,575</u>
Net Change in Fund Balances	<u>(743,562)</u>	<u>(663,562)</u>	<u>138,444</u>	<u>802,006</u>
Fund Balances, Beginning of Year	<u>1,261,035</u>	<u>1,261,035</u>	<u>1,261,035</u>	<u>--</u>
Fund Balances, End of Year	<u>\$ 517,473</u>	<u>\$ 597,473</u>	<u>\$ 1,399,479</u>	<u>\$ 802,006</u>

See notes to required supplementary information.

**LONE PINE FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 196,800	\$ 196,800	\$ 233,659	\$ 36,859
Intergovernmental revenues	9,300	9,300	28,260	18,960
Use of money and property	6,000	6,000	12,988	6,988
Charges for services	140,000	140,000	142,634	2,634
Special Assessments	80,000	80,000	81,362	1,362
Total Revenues	<u>432,100</u>	<u>432,100</u>	<u>498,903</u>	<u>66,803</u>
Expenditures				
Contract labor	119,750	119,750	117,112	2,638
Services and supplies	540,200	540,200	144,110	396,090
Total Expenditures	<u>659,950</u>	<u>659,950</u>	<u>261,222</u>	<u>398,728</u>
Net Change in Fund Balances	<u>(227,850)</u>	<u>(227,850)</u>	<u>237,681</u>	<u>465,531</u>
Fund Balances, Beginning of Year	<u>1,023,354</u>	<u>1,023,354</u>	<u>1,023,354</u>	<u>--</u>
Fund Balances, End of Year	<u>\$ 795,504</u>	<u>\$ 795,504</u>	<u>\$ 1,261,035</u>	<u>\$ 465,531</u>

See notes to required supplementary information.

**LONE PINE 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
Lone Pine Fire Protection District
Lone Pine, 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 Lone Pine 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 8, 2021. The report included a qualified opinion because the District is unable to provide sufficient documentation to support the 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 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.



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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*.

Lone Pine Fire Protection District's Responses to Findings

Lone Pine Fire Protection District's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. Lone Pine Fire Protection District's response was not subjected to the auditing procedures in the audit of 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 8, 2021

**LONE PINE FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019 AND 2018**

2019-001: CAPITAL ASSETS

Type of Finding: MATERIAL WEAKNESS

Criteria

Accounting principles generally accepted in the United States of America (GAA) state 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. This is a repeat finding.

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.

Repeat Finding

This is a repeat finding of 2015 – 01 and 2017 – 01.

Recommendation

We recommend that the District maintain a detailed current listing of capital assets' historical cost at the time of acquisition, or if the asset was donated to the District, the 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 updated annually to reflect current year additions and dispositions.

Views of Responsible Officials

No response provided.