

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS**  
And  
**INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2014 and 2013

# MOKELUMNE HILL FIRE PROTECTION DISTRICT

JUNE 30, 2014 and 2013

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Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mokelumne Hill Fire Protection District  
Mokelumne Hill, CA

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

We have audited the accompanying financial statements of Mokelumne Hill Fire Protection District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the District's 2013 financial statements and in their report dated January 24, 2014, other auditors expressed unqualified opinion on the respective financial statements of the governmental activities.

### **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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
As of June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>ASSETS</b>		
Cash		
County Treasury	\$ 140,474	\$ 229,999
Cash in Checking	4,302	1,434
Prepaid Insurance	2,369	2,374
<b>Total Current Assets</b>	147,145	233,807
<b>Capital Assets</b>		
Land	392,891	375,000
Buildings	513,421	510,156
Equipment	102,730	102,730
Vehicles and Engines	707,719	710,660
<b>Total Capital Assets</b>	1,716,761	1,698,546
Accumulated Depreciation	(736,639)	(621,802)
Total Capital Assets Net of Depreciation	980,122	1,076,744
<b>Total Assets</b>	1,127,267	1,310,551
<b>LIABILITIES</b>		
Accrued Payroll Taxes	3,315	2,490
Accrued Interest Payable	-	4,475
Accounts Payable	16	-
Current Portion of Long-Term Debt	10,706	9,851
<b>Non-Current Liabilities</b>		
Long-term Debt Due in More Than One Year	74,475	95,450
<b>Total Liabilities</b>	88,512	112,266
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	894,941	971,443
Unrestricted	143,814	226,842
<b>Total Net Position</b>	1,038,755	1,198,285
<b>Total Liabilities and Net Position</b>	\$ 1,127,267	\$ 1,310,551



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITES**  
June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>PROGRAM EXPENSES</b>		
Capital Expenses	\$ 3,796	\$ -
Clothing and Personal Supplies	201	4,665
Communications	3,171	3,725
Contribution to LAFCO	116	116
Depreciation and Amortization	114,837	115,875
Food and Household Expenses	1,429	448
Gas and Oil Expense	4,902	5,037
General Liability Insurance	18,124	7,122
Group Health Insurance	1,039	2,290
Interest Expense - Debt Service	4,057	4,475
Maintenance - Buildings	4,518	1,823
Maintenance - Equipment	4,787	6,010
Medical/Dental/Lab	92	1,720
Memberships and Dues	-	50
Office Supplies	2,003	1,721
Reimbursement for Mileage	9,160	6,024
Professional Services	26,441	19,911
Safety Clothing & Equipment	5,647	-
Small Tools and Equipment	616	434
Special Department Expense	2,044	1,181
Station Wages	45,532	19,858
Strike Team Wages	52,782	36,767
Taxes - Payroll	7,521	7,665
Training	752	1,516
Utilities	3,388	3,204
Worker's Compensation Insurance	4,631	6,806
<b>Total Program Expenses</b>	<b>321,586</b>	<b>258,443</b>
<b>PROGRAM REVENUES</b>		
Assessments for Fire Protection Service	64,663	63,476
Special Assessment	47,025	46,875
<b>Total Program Revenues</b>	<b>111,688</b>	<b>110,351</b>
<b>Net Program Revenues</b>	<b>(209,898)</b>	<b>(148,092)</b>
<b>General Revenues</b>		
State Firefighter Reimbursements	47,977	82,947
Miscellaneous Revenue	1,818	1,705
Interest Income	573	1,539
<b>Total General Revenues</b>	<b>50,368</b>	<b>86,191</b>
<b>Change in Net Position</b>	<b>(159,530)</b>	<b>(61,901)</b>
<b>Net Position - Beginning of Year</b>	<b>1,198,285</b>	<b>1,260,186</b>
<b>Net Position - End of Year</b>	<b>\$ 1,038,755</b>	<b>\$ 1,198,285</b>

The notes to the financial statements are an integral part of this statement

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**As of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash		
County Treasury	\$ 140,474	\$ 229,999
Checking	4,302	1,434
Prepaid Insurance	<u>2,369</u>	<u>2,374</u>
<b>Total Assets</b>	<u>147,145</u>	<u>233,807</u>
<b>LIABILITIES</b>		
Accounts Payable	16	-
Accrued Payroll Taxes	3,315	2,490
Accrued Interest Payable	<u>-</u>	<u>4,475</u>
<b>Total Liabilities</b>	<u>3,331</u>	<u>6,965</u>
<b>FUND BALANCE</b>		
Unassigned	143,814	226,842
<b>Total Fund Balance</b>	<u>143,814</u>	<u>226,842</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 147,145</u></u>	<u><u>\$ 233,807</u></u>



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**As of June 30, 2014**

	<u>2014</u>	<u>2013</u>
<b>Fund Balance - Governmental Funds</b>	\$ 143,814	\$ 226,842
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets, net of accumulated depreciation and related debt are not current financial resources and are not included in governmental funds</p>	<u>894,941</u>	<u>971,443</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 1,038,755</u></u>	<u><u>\$ 1,198,285</u></u>

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES**  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Net Change in Fund Balances - Governmental Funds</b>	\$ (83,028)	\$ 30,572
<p>Amounts reported for governmental activities in the  Statement of Activities are different because :</p>		
<p>Government funds report capital outlays as expenditures.  However, in the Statement of Activities, the cost of those  assets is capitalized and allocated over their useful lives and  reported as depreciation expense</p>		
Capital outlay expenditures are therefore added back to fund balances	18,215	20,191
Depreciation expense not reported in governmental funds	(114,837)	(115,875)
Proceeds of state loan	-	(6,238)
<p>The net effect of financing transactions involving long-term debt  is to increase net position</p>		
Principal payment	<u>20,120</u>	<u>9,449</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (159,530)</u></u>	<u><u>\$ (61,901)</u></u>

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For the Years Ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>		
Assessments for Fire Protection Service	\$ 64,663	\$ 63,476
Special Assessment	47,025	46,875
State Firefighter Reimbursement	47,977	82,947
Miscellaneous Revenue	1,818	1,705
Interest Income	573	1,539
<b>Total Revenues</b>	<b>162,056</b>	<b>196,542</b>
 <b>EXPENDITURES</b>		
Capital Outlay	22,011	20,191
Clothing and Personal Supplies	201	4,665
Communications	3,171	3,725
Contribution to LAFCO	116	116
Food and Household Expenses	1,429	448
Gas and Oil Expenses	4,902	5,037
Group Health Insurance	18,124	7,122
General Liability Insurance	1,039	2,290
Maintenance - Buildings	4,518	1,823
Maintenance - Equipment	4,787	6,010
Medical/Dental/Lab	92	1,720
Memberships and Dues	-	50
Office Supplies	2,003	1,721
Reimbursement for Mileage	9,160	6,024
Professional Services	26,441	19,910
Safety Clothing and Equipment	5,647	-
Small Tools and Equipment	616	434
Special Department Expense	2,044	1,181
Station Wages	45,532	19,858
Strike Team Wages	52,782	36,767
Taxes - Payroll	7,521	7,665
Training	752	1,516
Utilities	3,388	3,204
Worker's Compensation Insurance	4,631	6,806
<b>Total Expenditures</b>	<b>220,907</b>	<b>158,283</b>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from State Loan	-	6,237
Principal	(20,120)	(9,449)
Interest Expense	(4,057)	(4,475)
<b>Total Financial Sources (uses)</b>	<b>(24,177)</b>	<b>(7,687)</b>
 <b>Net Change in Fund Balance</b>	<b>(83,028)</b>	<b>30,572</b>
 <b>Fund Balance - Beginning of Year</b>	<b>226,842</b>	<b>196,270</b>
 <b>Fund Balance - End of Year</b>	<b>\$ 143,814</b>	<b>\$ 226,842</b>

The notes to the financial statements are an integral part of this statement



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2014

	<u>Original Budget Amount</u>	<u>Final Budget Amount</u>	<u>Actual</u>	<u>Variance (unfavorable)</u>
<b>REVENUES</b>				
Current Secured Taxes	\$ 61,760	\$ 61,760	\$ 62,735	\$ 975
SB2557 Reduction	(1,609)	(1,609)	(1,534)	75
Unitary Taxes	903	903	979	76
Suppl Current Secured Taxes	183	183	401	218
Current Unsecured Taxes	1,156	1,156	1,124	(32)
Suppl Current Unsecured Taxes	(188)	(188)	(5)	183
Prior Unsecured Taxes	34	34	31	(3)
Special Tax, Fire Districts	46,725	46,725	47,025	300
Interest	2,000	2,000	573	(1,427)
HOPTR	949	949	931	(18)
State Firefighter Reimbursement	47,977	47,977	47,977	-
Other Revenue	70	70	70	-
Miscellaneous Revenue	398	398	1,749	1,351
<b>Total Revenues</b>	<u>160,358</u>	<u>160,358</u>	<u>162,056</u>	<u>1,698</u>
<b>EXPENDITURES</b>				
Salaries/Wages - Permanent	45,532	45,532	45,532	-
Extra Hire - Strike Teams	69,031	69,031	52,782	16,249
Social Security (OASDI)	5,427	5,427	6,095	(668)
Medicare	1,500	1,500	1,426	74
Insurance - General Liability	3,000	3,000	1,039	1,961
Clothing/Personal Supplies	1,300	1,300	201	1,099
Safety Clothing and Equipment	5,647	5,647	5,647	-
Communications	3,171	3,171	3,171	-
Food	1,256	1,256	1,256	-
Household Expense	300	300	172	128
Insurance - Group Health	18,119	18,119	18,119	-
Insurance - Unemployment	4,631	4,631	4,631	-
Maint of Equipment - Auto	5,000	5,000	4,621	379
Maint of Equipment - Other	1,600	1,600	166	1,434
Maint of Computer Software	1,000	1,000	-	1,000
Maint of Buildings/Grounds	4,518	4,518	4,518	-
Medical/Dental/Laboratory	1,500	1,500	92	1,408
Memberships	150	150	-	150
Office Expense	1,725	1,725	1,725	-
Office Expense - Postage	350	350	284	66
Prof and Specialized Services	33,063	33,063	23,316	9,747
Prof and Spec Serv - Spec Purp	3,500	3,500	3,125	375
Rents and Leases - Equip	100	100	-	100
Small Tools	616	616	616	-
Special Department Expense	18,935	18,935	2,044	16,891
Training	1,500	1,500	752	748
Personal Mileage Reimbursement	9,160	9,160	9,160	-
Travel	100	100	-	100
Gas and Oil Expense	7,000	7,000	4,902	2,098
Utilities	3,500	3,500	3,388	112
Retire - Other Long Term Debt	31,520	31,520	24,177	7,343
LAFCO Assessment	116	116	116	-
Structures/Improvements	2,000	2,000	-	2,000
Capital Assets - Equipment	12,000	12,000	531	11,469
Capital Assets - Other	5,000	5,000	2,800	2,200
Capital Assets - Spec Purp	464	464	464	-
Capital Outlay	-	-	18,216	(18,216)
<b>Total Expenditures</b>	<u>303,331</u>	<u>303,331</u>	<u>245,084</u>	<u>(58,247)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (142,973)</u>	<u>\$ (142,973)</u>	<u>\$ (83,028)</u>	<u>\$ 59,945</u>



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1.      ORGANIZATION AND PURPOSE**

*Nature of Activities:*

The Mokelumne Hill Fire Protection District (herein after known as the District) was established in 1929 for the purpose of providing fire protection for the residents of the District. The District is considered an independent Special District of the State of California. The District acts and operates under, and is governed by, the statutory authority known as the Health and Safety Code, State of California, Division 12, Part 2.7, Fire Protection District Law of 1961.

The District's revenue is generated by levying taxes upon all taxable property within its boundaries for general purposes. The assessed valuation of the District is determined by the assessor of the County of Calaveras and the taxes are collected by the tax collector. The District is a separate reporting entity of Calaveras County.

A five member Board of Directors, who serve a four year term, governs the District. Governing activities include administration of the District.

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

*Basis of Presentation:*

**Government-wide Statements:**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates to the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and assessments that are restricted to meeting the operational requirements of a particular function or activity.

*Fund Financial Statements:*

The District is a special purpose government entity, which is engaged in a single governmental program of providing fire protection as noted above.

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

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. (cont.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following funds are used by the District:

***Governmental Funds:***

The focus of governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. This fund measures economic resources using the modified cash basis of accounting.

***Basis of Accounting:***

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 when a liability is incurred, regardless of the timing of the related cash flows.

The fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; both measurable and available. "Available" means collectible within the current period or within 60 days after the year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to the general rule is that principal and interest on general obligation long-term debt is recognized when due.

***Budgetary Control:***

The District establishes the fiscal year as the twelve month period beginning July 1. This budget is prepared on the cash basis of accounting, which does not vary significantly from the modified accrual basis of accounting used in the financial statements. By State Law, the District's governing board must approve a tentative budget no later than June 30 and adopt and final budget no later than August 31. A public hearing must be conducted to receive comments prior to adoption. The District complied with this requirement.

The Board of Directors monitors monthly expenses using the budget as a control device.

The budgets can be revised by the District's governing board during the year to give consideration to unanticipated income and expenditures.



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. (cont.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Revenue:***

*Assessments* – The District’s general operations are funded primarily by assessments on all parcels that comprise the District. Assessments are billed by the County on secured property tax bills in two installments on secured property tax bills, which become delinquent after December 10<sup>th</sup> and April 10<sup>th</sup>. Calaveras County is responsible for assessing, collecting, and distributing the assessments. Liens on real property are established on March 1 for the ensuing year.

The Building Department of Calaveras County may collect an Exaction fee for the District, which is a fee assessed on all new construction in the District for purposes of funding and providing for water delivery. The use of this fee is restricted, it may be used for the purchase of trucks but not hoses, and it could be used for the purchase and installations of fire hydrants. Because of the restrictions on this fee and the small nature of the collections, collection has been suspended by the board of directors, and there are no plans to reactivate it.

The District collects a Special Assessment Fee from all 1,288 parcels within the district. This Special Assessment revenue is not restricted in any way so as such is used exactly as if it were part of the general fund.

*Donations* – The district occasionally receives donations from either private organizations or individuals. The Board approves how donations will be spent.

*Miscellaneous Revenue* – Consists of the sale of surplus equipment, originally expensed, and miscellaneous refunds and reimbursements.

***Capital Assets:***

Fixed assets, which include equipment and buildings, are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded expenses. Renewals and betterments are capitalized that exceed \$5,000 in cost. When capital assets are disposed of, the related cost and accumulated depreciation are removed from the accounts, and gains or losses are reported as part of change in net position.

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. (cont.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows

Buildings	15-40 years
Vehicles	5 years
Machinery & equipment	5 years

Depreciation expense for June 30, 2014 was \$114,837

***Prepaid Items:***

Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year. The prepaid item has been recorded to signify that a portion of the fund balance is not available for other subsequent expenditures. The prepaid item for the District represents insurance expenditures allocable between fiscal years.

***Comparative Financial Information:***

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements from the fiscal year ended June 30, 2013, from which the summarized information was derived. Certain amounts have been restated to conform to current year presentation.

***Equity Classifications:***

**Government-wide Statements**

Equity is classified as net position, which comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

*Invested in capital assets, net of related debt* – This component of net position consists of 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. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2014

**NOTE 2. (cont.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Restricted* – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position at June 30, 2014.

*Unrestricted net position* – This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

***Fund Financial Statements***

Government fund equity is classified as fund balance. Fund balance is further classified as follows:

Non-spendable: amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can only be spent for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of government.

Committed: amounts that can only be used for specific purposes determined by a formal action of the Board. The Board is the highest level of decision making authority for Mokelumne Hill Fire Protection District. Commitments may be established, modified, or rescinded only through an action of the Board.

Assigned: amount that does not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board has authority to assign amounts for those purposes.

Unassigned: all other spendable amounts.

***Estimates and Assumptions:***

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. (cont.) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Income Taxes:***

The District is a Special Purpose Governmental District and has no filing requirements with the Internal Revenue Service or the Franchise Tax Board for Income Taxes. It is required to file a Special Districts Financial Report with the California State Controller's Office. This report was electronically filed on October 7, 2014.

**NOTE 3. CASH**

The District maintains its general cash amount with the Calaveras County Treasurer's office. The County maintains the cash of the District in a "pooled" cash fund for special districts. The County sponsors an investment pool that is managed by the County Treasurer. All monies held by the Calaveras County Treasurer receive quarterly allocations of County investment income based on the District's share of cash in relation to the total invested cash by the County.

Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County's financial statements may be obtained by contacting the County of Calaveras Auditor-Controller's Office at 891 Mountain Ranch Road, San Andreas, CA 95249.

The District also maintains a non-interest bearing checking account to facilitate the electronic payment on the District's USDA Rural Development Loan. This account is held at the US Bank branch located at 580 S Main St. in Angels Camp, California.

**NOTE 4. CAPITAL ASSETS**

Capital assets at June 30, 2014 consisted of the following:

Land	\$ 375,000	\$ 17,891	\$ -	\$ 392,891
Buildings	510,158	3,263	-	513,421
Equipment	102,730	-	-	102,730
Vehicles and Engines	710,660	-	(2,941)	707,719
Total Capital Assets	<u>1,698,548</u>	<u>21,154</u>	<u>(2,941)</u>	<u>1,716,761</u>
Accumulated Depreciation	<u>(621,802)</u>	<u>114,837</u>	<u>-</u>	<u>(736,639)</u>
Total Capital Assets	<u>\$ 1,076,746</u>	<u>\$ (93,683)</u>	<u>\$ (2,941)</u>	<u>\$ 980,122</u>



**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 5.     PREPAID EXPENSE**

As of June 30, 2014, the prepaid insurance consisted of general liability insurance. The policy period is from November 1 to October 31 for the general liability insurance. The premiums are accordingly expensed over the period covered.

**NOTE 6.     LONG TERM DEBT**

The District received a loan from the United States Department of Agriculture (USDA), Rural Development in 2012. The original loan amount of \$114,750 requires annual payments over ten years, with an annual interest rate of 4.25%. The annual payment of \$14,326 is due each July.

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2016	\$ 10,706	\$ 3,620	\$ 14,326
2017	11,161	3,165	14,326
2018	11,635	2,691	14,326
Thereafter	<u>51,599</u>		
Total	<u>\$ 85,101</u>		

Accrued interest payable on the above loan at June 30, 2014 is \$0 due to the District making two payments in the 2014 fiscal year.

**NOTE 7.     SUBSEQUENT EVENTS**

The District has evaluated subsequent events through May 6, 2015, the date in which the financial statements were available to be issued.

**NOTE 8.     RISK FINANCING**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There were no significant reductions in insurance coverage from coverage in the prior year.

**MOKELUMNE HILL FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9.     COMMITMENTS AND CONTINGENCIES**

The Mokelumne Hill Fire Protection District is unaware of any other claims against it, which may have a material effect on the financial statements as of June 30, 2014.

**NOTE 10.   GOVERNING BOARD**

The powers of the District are exercised by its Board of Directors, which consist of the following members as of June 30, 2014:

Suzie Coe	Chairman
John Dell'Orto	Vice Chair
Ted Shannon	Board Member
Del Albright	Board Member
Skip Cavalli	Secretary-Treasurer





Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

**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**

Members of the Board of the  
Lewiston Community Services District  
Lewiston, California

We have audited the financial statements of the Lewiston Community Services District, as of and for the year ended June 30, 2014, and have issued our report thereon dated February 23, 2015. We conducted our audit 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their signed functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Members of the Board of the Lewiston Community Services District-Page 2

### Compliance and other matters

As part of obtaining reasonable assurance 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 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.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, CA  
February 23, 2015