

**SOUTH PLACER  
FIRE DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2020**



**Robert W. Johnson**  
*an accountancy corporation*

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October 6, 2020

To the Board of Directors  
South Placer Fire District  
Granite Bay, California

We have audited the financial statements of South Placer Fire District as of and for the year ended June 30, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts.

In planning and performing our audit of the financial statements of South Placer Fire District as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered South Placer Fire 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 opinion on the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We have enclosed other recommendations for your consideration.

This communication is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation

1. Operational Analysis:

Business Basis:

|                       | <u>2020</u>            | <u>2019</u>         | Favorable<br>(Unfavorable)<br><u>Variance</u> |
|-----------------------|------------------------|---------------------|---|
| Program revenues      | \$ 2,214,714           | \$ 2,957,718        | \$( 743,004)                                  |
| General revenues      | <u>10,933,938</u>      | <u>10,495,758</u>   | <u>438,180</u>                                |
| Total revenues        | 13,148,652             | 13,453,476          | ( 304,824)                                    |
| Expenses              | <u>14,728,372</u>      | <u>13,358,645</u>   | <u>( 1,369,727)</u>                           |
| Net income/(loss)     | \$( <u>1,579,720</u> ) | \$ <u>94,831</u>    | \$( <u>1,674,551</u> )                        |
| Cash                  | \$ <u>5,148,098</u>    | \$ <u>5,160,970</u> | \$( <u>12,872</u> )                           |
| Net pension liability | \$ <u>9,833,883</u>    | \$ <u>8,560,939</u> | \$( <u>1,272,944</u> )                        |
| Net OPEB liability    | \$ <u>3,581,307</u>    | \$ <u>3,237,747</u> | \$( <u>343,560</u> )                          |

Observations:

- On a business basis – large loss of \$1,579,720 was realized. Large loss was primarily due to large increase of \$1,625,000 in pension costs.