

Julian Cuyamaca Fire Protection District
Audit Highlights
Fiscal Year Ended June 30, 2018

The audit was completed and dated November 16, 2018. The report includes two important paragraphs:

- Opinion, Page 1 - The financial statements present fairly, in all material respects, the financial position and changes in financial position for the year ended June 30, 2018 in accordance with principals generally accepted in the United State of America.
- Going Concern Issue, Page 2 – Includes a description of the status of the potential dissolution of the District. Continued going concern issue that arose in last year’s audit report was updated and noted that “Measure QQ to increase the annual benefit fee did not get enough votes to pass on November 6, 2018. It raises substantial doubt about the District’s ability to continue as a going concern without the additional revenue resources.”

The financial highlights included in Management’s Discussion and Analysis:

- The assets of the district exceeded liabilities at the close of the 2017-2018 fiscal year by \$3,299,980 (net position). Of this amount \$798,157 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors and \$2,501,823 is invested in capital assets, net of related debt.
- The District’s net position in the general fund decreased \$49,308 and the net position in the proprietary fund increased \$76,498 during the FY2018 for a net increase of 1% or \$27,190 from \$3,272,79 to \$3,299,980 respectively in FY2017 and FY2018.
- The District’s total revenues decreased 16% or \$267,409 during FY2018. This primarily resulted from a \$175,000 nonrecurring ambulance grant in FY2017, \$136,121 less county subsidies contract fees and subsidies in FY2018 offset by increased ambulance revenue.
- The District’s total expenses increased 4% or \$53,081. This resulted from an increase in general fund expenses of \$148,079 primarily from increased legal and fleet expense. These increases to general fund expenses were offset by a reduction of proprietary fund expenses \$12,752 and grant expenditures related to county subsidy \$82,246.
- Revenue (net of bad debt expense on ambulance income) was over budget by \$100,000. This resulted from ambulance income being more than budgeted due to better than historical collections.

Other items to note:

- The largest budget variance was in professional fees. \$30,000 was budgeted and \$99,604 was spent including \$46,000 in unbudgeted legal expenses defending legal claims.
- It should be noted that only one interest payment was made during FYE 6/30/18. Although it reduced the interest expense reflected on the financial statement, is not a true decrease in expenses, just a timing difference. The payment was made in early July 2018 when it was due instead of June 2018 when it historically had been paid.
- The current ambulance contract expires in June 2019. The financial effect of a renegotiated contract or end of the contract has not been reflected in these financial statements but should be considered.
- The District's financial accounting has been adjusted and closed through October 31, 2018.