

PENRYN FIRE PROTECTION DISTRICT

Management's Discussion and Analysis,
Basic Financial Statements and
Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

PENRYN FIRE PROTECTION DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table of Contents

	<i>Page(s)</i>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis (Required Supplementary Information)	3-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet	9
Statement of Revenues, Expenditures and Changes in Fund Balance	10-11
Notes to the Basic Financial Statements	12-19
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual	20-21
Note to the Required Supplemental Information	22
Independent Auditor’s 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	23-24



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Penryn Fire Protection District
Penryn, CA

We have audited the accompanying financial statements of Penryn Fire Protection District, a California special district, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Penryn Fire Protection 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 an opinion 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 *Governmental 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 of material misstatement.

An audit involves performing procedures to obtain 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Disclaimer of Opinion

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing and financial reporting functions. Many divisions within the Auditor-Controller's Office maintain internal controls over the enterprise resource planning system (Workday) and processes various transactions that have been approved by the District, as well as processing County warrants for expenditures approved by the District that are signed by the Auditor-Controller. These non-audit activities create management participation threats to auditor independence, as discussed in Interpretation 101-3 of the American Institute of Certified Public Accountants Code of Professional Conduct, which cannot be mitigated. The audit has been performed by the Internal Audit Division, which has no other responsibility for the accounts and records being audited. The amount that this departure affects the assets, liabilities, net position, deferred outflows of resources, deferred inflows of resources, revenues and expenses of the District has not been determined.

Disclaimer of Opinion

Because of the independence impairments described in the Basis for Disclaimer of Opinion paragraph, auditing standards require us to disclaim an opinion on the financial statements. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison for the General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2020, on our consideration of the District's internal control over financial reporting as it relates to the District's Fund, 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 the internal control over financial reporting or on compliance. This 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 compliance.



Andrew C. Sisk, CPA
July 20, 2021

PENRYN FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the Penryn Fire Protection District (District) provide readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,293,105 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balance of \$1,047,345.
- The District had combined program and general revenues of \$1,199,782 and program expenses of \$1,008,859 for the fiscal year ended June 30, 2020.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements report on the function of the District that is principally supported by property tax revenues. The District's objectives are to provide all-risk fire protection and fire prevention within the boundaries of the District.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

PENRYN FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The District maintains a major governmental fund for its special revenue fund in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and *governmental activities*.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,293,105 at the close of the most recent fiscal year. The District's net position consists of the following at June 30, 2020 and 2019:

District's Net Position

	FY 2020	FY 2019
Current and other assets	\$ 1,101,990	\$ 873,532
Capital assets, net	749,521	792,537
Total assets	<u>1,851,511</u>	<u>1,666,069</u>
Current and other liabilities	83,190	43,657
Long-term liabilities	475,216	520,229
Total liabilities	<u>558,406</u>	<u>563,886</u>
Invested in capital assets	256,582	272,308
Restricted	261,732	151,016
Unrestricted	774,791	678,859
Total net position	<u>\$ 1,293,105</u>	<u>\$ 1,102,183</u>

PENRYN FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The net position of the District increased by \$190,922 during the fiscal year ended June 30, 2020. For the fiscal years ending June 30, 2020 and 2019, the District's change in net position is as follows:

District's Change in Net Position

	FY 2020	FY 2019
Program Expenses:		
General government	\$ 984,929	\$ 975,720
Interest on long-term debt	23,930	25,131
	1,008,859	1,000,851
Program Revenue:		
Assessments	508,828	494,350
Development fees	44,515	108,780
Total program revenue	553,343	603,130
Net Program Expense	(455,517)	(397,721)
General Revenue:		
Property taxes	460,665	437,362
Investment earnings	15,703	11,800
Donations	140,766	-
Charges for other services	12,582	108,903
Miscellaneous	16,723	81,515
Total general revenues	646,439	639,580
Change in net position	190,922	241,859
Net position, beginning of year	1,102,183	860,324
Net position, end of year	\$ 1,293,105	\$ 1,102,183

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are discussed below.

GOVERNMENTAL FUNDS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

PENRYN FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$1,047,345, which is 26% increase over the prior year fund balance of \$829,875.

General Fund Budgetary Highlights

A budget is prepared annually and includes proposed expenditures and the means of financing them for the upcoming year. This includes estimates for the current year and actual data for the preceding year. The budget is reviewed at a properly notice Board meeting to obtain public comment. The budget is legally enacted through passage of a resolution. The District's Board of Directors reviews reports of operations and examines any variance from approved budget at least monthly. Appropriations lapse at the end of each fiscal year. The District may authorize supplemental appropriations during the year.

CAPITAL ASSETS

The District's investment in capital assets net of depreciation and related debt is \$749,521. See Note 3 for additional details on capital assets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Danielle Hardesty, Board Administrator of Penryn Fire Protection District, 7206 Church St. Penryn, CA 95663.

PENRYN FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2020

Assets

Cash and investments	\$	1,101,108
Interest receivable		882
Capital assets:		
Nondepreciable		63,000
Depreciable, net		686,521
Total assets		<u>1,851,511</u>

Liabilities

Accounts payable		8,776
Salaries and benefits payable		39,254
Compensated absences:		
Due within one year		6,615
Due in more than one year		10,822
Long-term liabilities:		
Due within one year		28,545
Due in more than one year		464,394
		<u>558,406</u>

Net Position

Invested in capital assets, net of related debt		256,582
Restricted		261,732
Unrestricted		774,791
	\$	<u>1,293,105</u>

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

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Program Expenses	
Governmental activities:	
General government	\$ 984,929
Interest on long-term debt	23,930
	1,008,859
 Program Revenue:	
Assessments	508,828
Development fees	44,515
Total program revenue	553,343
 Net Program Revenue (Expenses)	 (455,517)
 General Revenue:	
Property taxes, levied for general purpose	460,665
Investment earnings	15,703
Charges for other services	12,582
Donations	140,766
Miscellaneous	16,723
Total general revenue	646,439
Change in net position	190,922
Net position, beginning of year	1,102,183
Net position, end of year	\$ 1,293,105

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

PENRYN FIRE PROTECTION DISTRICT

BALANCE SHEET

JUNE 30, 2020

	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 839,584	\$ 261,524	\$ 1,101,108
Interest receivable	674	208	882
Total assets	<u>\$ 840,258</u>	<u>\$ 261,732</u>	<u>\$ 1,101,990</u>
Liabilities and fund balance			
Liabilities:			
Accounts payable	\$ 8,776	\$ -	\$ 8,776
Salaries and benefits payable	39,254	-	39,254
Compensated absences	6,615	-	6,615
Total liabilities	<u>54,645</u>	<u>-</u>	<u>54,645</u>
Fund balance:			
Restricted for capital improvements	-	261,732	261,732
Unassigned	785,613	-	785,613
Total fund balance	<u>785,613</u>	<u>261,732</u>	<u>1,047,345</u>
Total liabilities and fund balance	<u>\$ 840,258</u>	<u>\$ 261,732</u>	<u>\$ 1,101,990</u>

**RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

Fund balances - total governmental funds	\$ 1,047,345
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	749,521
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the District's fund:	
Capital equipment lease	(492,939)
Compensated absences	<u>(10,822)</u>
Net position of governmental activities	<u>\$ 1,293,105</u>

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

PENRYN FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 460,665	\$ -	\$ 460,665
Special assessments	508,828	-	508,828
Investment income	11,451	4,252	15,703
Development fees	-	44,515	44,515
Donations	-	140,766	140,766
Charges for other services	12,582	-	12,582
Miscellaneous	16,723	-	16,723
Total revenues	<u>1,010,249</u>	<u>189,533</u>	<u>1,199,782</u>
Expenditures:			
Fire protection:			
Salaries and benefits	646,547	-	646,547
Services and supplies	41,414	694	42,108
Maintenance and operations	56,200	26,902	83,102
General and administrative	106,147	-	106,147
Utilities	9,449	-	9,449
Professional fees	43,737	-	43,737
Debt service:			
Interest	-	23,930	23,930
Principal	-	27,290	27,290
Total expenditures	<u>903,494</u>	<u>78,816</u>	<u>982,310</u>
Net change in fund balance	106,754	110,716	217,470
Fund balance, July 1, 2019	<u>678,859</u>	<u>151,016</u>	<u>829,875</u>
Fund balance, June 30, 2020	<u>\$ 785,613</u>	<u>\$ 261,732</u>	<u>\$ 1,047,345</u>

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

PENRYN FIRE PROTECTION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net change in fund balance – from previous page	\$ 217,470
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.	
Depreciation expense	(43,016)
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.	
Principal payments on long-term debt	27,290
Changes in compensated absences	<u>(10,822)</u>
Change in net position of governmental activities	<u>\$ 190,922</u>

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

PENRYN FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Penryn Fire Protection District (the “District”) was formed September 1, 1924 under the statutes of 1881. It received a certificate of existence pursuant to the provisions of the Local Fire District Law, Section 14017 of the California Health and Safety Code on February 6, 1958. An independent five-member Board of Directors elected by the voters govern the District.

The District provides fire protection, emergency medical and code enforcement services to residents and businesses located in Penryn and surrounding areas encompassing 10.5 square miles within Placer County. As a California Special District, the District is not subject to income taxes but must file an annual report with the California State Controller.

The Board of Directors has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

B. Basis of Presentation and Accounting

Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations.

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the District’s activities. The effect of interfund activity has been removed from these statements. The District is only engaged in governmental activities and is primarily supported by revenue generated from taxes and assessments.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

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 cash flows.

PENRYN FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Separate financial statements are provided for the District's governmental funds. The governmental fund financial statements 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 to finance expenditures of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) value in exchange, includes grants and contributions. On the modified accrual basis, revenues are recognized when the underlying transactions take place and have met the availability criteria. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The District reports the following major governmental funds:

The **General Fund** is the District's operating fund and is used to account for all of the District's financial resources. Reported fund balance is considered a measure of "available spendable resources."

The **Mitigation Capital Projects Fund** was established to account for deposits of developer fees and donations collected by the District that are restricted for the District's capital needs.

Revenues

The Placer County Treasurer administers The District's property tax revenue. The County bills and collects special assessments through property tax billing. Tax receipts are deposited directly into the County's "pooled" cash fund for special districts and transferred to the District's general account. Upon approval by the District's Board of Directors, the District disburses these funds. Revenue received directly by the District is forwarded to Placer County for deposit.

Development fees are received from new construction in the area. A fee is assessed on the square footage of the development. Once received, the fees are reflected as restricted net position/fund balance until qualifying capital expenditures are incurred.

Strike team fees are collected from other fire agencies, generally Cal Fire, when firefighters and equipment are requested to fight fires outside of their own district. The District is allowed to charge for both the use of the equipment and the hours that the firefighters work.

Donations are received to help offset the cost of a new fire engine. Once received, the fees are reflected as restricted net position/fund balance until the qualifying capital expenditures are incurred.

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The District receives property taxes from Placer County (the “County”), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdiction(s) within the County. The District’s property taxes are levied each July 1, on the assessed values as of the prior January 1, for all real and personal property located in the District. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent if unpaid by April 15. Property tax revenues are recognized in the fiscal year they are received.

The District elected into the Teeter Plan for property tax distributions. Therefore, the District receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Under the Teeter Plan, the county remits property taxes to the District based on assessments, not collections, according to the following schedule; 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased or constructed. The District defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life beyond 3 years.

Capital assets are depreciated using the straight-line method. The estimated useful lives are as follows: building and improvements – 40 years; equipment 3 to 15 years.

Compensated Absences

The District provides employees with paid vacation time. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a fund liability. Sick pay is not vested.

PENRYN FIRE PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislations of other governments that relate to specific projects of the District. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted position are available.

Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the net position balance.

Restricted – This category represents the portion of the District's net position which has been externally restricted by creditors, grantors, contributors, or laws or regulations of other governments or are imposed externally through constitutional provisions or enabling legislation.

Unrestricted – This category represents the net position of the District, not restricted for any project or other purpose.

Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the District is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the District's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned fund balance – amounts that are constrained by the District’s *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

Unassigned fund balance – amounts that constitute the residual balances that have no restrictions placed on them.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments shown on the statement of net position and the balance sheet represent the District’s share of the County Treasurer’s cash and investment pool. The District voluntarily participates in the County Treasurer’s cash and investment pool. California Government Code Section 53600, et. seq., and the County investment policy authorizes the following investments: local agency bonds, U.S. Treasury securities, U.S. agency securities, mortgage backed securities, collateralized obligations, asset backed securities, bankers acceptances, commercial paper, certificates of deposit, repurchase agreements, reverse repurchase agreements, corporate notes, money market mutual funds and the California Local Agency Investment Fund (LAIF). The County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

However, the value of the pool shares in the County, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure – an amendment of GASB Statement No. 3*, requires additional disclosures about a government’s deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. The District does not have an investment policy that addresses these specific types of risk.

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The weighted average to maturity of the County's external investment pool as of June 30, 2020 was 339 days.

Credit Risk

Generally, 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 in the County external investment pool is not rated.

Custodial Credit Risk and Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District is not exposed to custodial credit risk or concentration of credit risk as it participates in the County's external investment pool, and therefore, is not subject to such risks.

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated:					
Land	\$ 63,000	-	-	-	\$ 63,000
Capital assets, being depreciated:					
Structures and improvements	217,072	-	-	-	217,072
Equipment	134,514	-	-	-	134,514
Vehicles	1,096,459	-	-	-	1,096,459
Total capital assets, being depreciated	<u>1,511,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,511,045</u>
Less accumulated depreciation for:					
Structures and improvements	(212,078)	(1,016)	-	-	(213,094)
Equipment	(51,763)	(8,896)	-	-	(60,659)
Vehicles	(454,665)	(33,106)	-	-	(487,771)
Total capital assets being depreciated, net	<u>(718,506)</u>	<u>(43,018)</u>	<u>-</u>	<u>-</u>	<u>(761,524)</u>
Capital assets - net	<u>\$ 792,539</u>	<u>\$ (43,018)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 749,521</u>

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 – LONG-TERM DEBT

Changes in the long-term debt during the fiscal year ended June 30, 2020, were as follows:

	<u>Balance July 1, 2019</u>	<u>Financing</u>	<u>Payments</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Capital Lease, Equipment	\$ 520,229	\$ -	\$ (27,290)	\$ 492,939	\$ 28,545

On January 30, 2018, the District entered into a capital lease with PNC Equipment Finance to purchase a Pierce engine. Annual payments are due in January in the amount of \$51,220, which includes interest at a fixed rate of 4.6% per annum. The lease is a 15-year lease. The engine can be purchased early on any payment due date for the payment plus accrued interest.

Scheduled maturities of long-term debt are as follows at June 30, 2020:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 28,545	\$ 22,675
2022	29,858	21,362
2023	31,231	19,989
2024	32,668	18,552
2025	34,171	17,049
2026-2030	195,929	60,171
2031-2033	140,537	13,124
	<u>\$ 492,939</u>	<u>\$ 172,922</u>

REQUIRED SUPPLEMENTARY INFORMATION

PENRYN FIRE PROTECTION DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 478,050	\$ 478,050	\$ 460,665	\$ (17,385)
Special assessments	516,750	516,750	508,828	(7,922)
Development fees	-	-	-	-
Investment earnings	10,200	10,200	11,451	1,251
Donations	-	-	-	-
Other Services	68,000	68,000	12,582	(55,418)
Miscellaneous	9,150	9,150	16,723	7,573
Total revenues	<u>1,082,150</u>	<u>1,082,150</u>	<u>1,010,249</u>	<u>(71,901)</u>
Expenditures:				
Salaries and benefits	829,800	877,472	646,547	230,925
Services and supplies	46,250	46,250	41,414	4,836
Maintenance and operations	80,300	80,300	56,200	24,100
General and administrative	42,200	42,200	106,147	(63,947)
Utilities	9,500	9,500	9,449	51
Professional fees	53,130	53,130	43,737	9,393
Debt service				
Interest	-	-	-	-
Principal	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,061,180</u>	<u>1,108,852</u>	<u>903,494</u>	<u>205,358</u>
Net change in fund balance	<u>\$ 20,970</u>	<u>\$ (26,702)</u>	<u>106,754</u>	<u>\$ 133,457</u>
Fund balance, July 1, 2019			<u>678,859</u>	
Fund balance, June 30, 2020			<u>\$ 785,613</u>	

The note to the required supplementary information is an integral part of this statement.

PENRYN FIRE PROTECTION DISTRICT

**MITIGATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Development fees	37,000	37,000	44,515	7,515
Investment earnings	1,800	1,800	4,252	2,452
Donations	100,000	100,000	140,766	40,766
Other Services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>138,800</u>	<u>138,800</u>	<u>189,533</u>	<u>50,733</u>
Expenditures:				
Salaries and benefits	-	-	-	-
Services and supplies	-	-	694	(694)
Maintenance and operations	-	-	26,902	(26,902)
General and administrative	-	-	-	-
Utilities	-	-	-	-
Professional fees	-	-	-	-
Debt service				
Interest	-	-	23,930	(23,930)
Principal	-	-	27,290	(27,290)
Capital outlay	<u>(51,221)</u>	<u>51,221</u>	<u>-</u>	<u>51,221</u>
Total expenditures	<u>(51,221)</u>	<u>51,221</u>	<u>78,816</u>	<u>(27,595)</u>
Net change in fund balance	<u>\$ 190,021</u>	<u>\$ 87,579</u>	<u>110,716</u>	<u>\$ 23,138</u>
Fund balance, July 1, 2019			<u>151,016</u>	
Fund balance, June 30, 2020			<u>\$ 261,732</u>	

The note to the required supplementary information is an integral part of this statement.

PENRYN FIRE PROTECTION DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING

The Governing Board adopts an annual budget each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is exercised at the fund level. All amendments to the budget are reflected in the financial statements and require the approval of the Governing Board. All unencumbered annual appropriations lapse at the end of each fiscal year.



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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INDEPENDENT AUDITOR'S 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

To the Board of Directors
Penryn Fire Protection District
Penryn, CA

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, each major fund, and the aggregate remaining fund information of the Penryn Fire Protection District (District), as of and for the fiscal 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 20, 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.

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. 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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 the District's compliance with certain provisions of laws, regulations, and contracts, 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Andrew C. Sisk, CPA
July 20, 2021