

**PENRYN FIRE
PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2017**

ROBERT W. JOHNSON
Certified Public Accountant

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Statement of Revenues and Expenditures - Compared to Budget	5-6
Notes to Financial Statements	7-14
Supplemental Information:	
Principal Officials	16
Schedule of Cash Flows	17



Robert W. Johnson
an accountancy corporation

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohnsoncpagroup@gmail.com | 916.723.2555
www.bob-johnson-cpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Penryn Fire Protection District, as of and for the year ended June 30, 2017, as listed in the table of contents, and the related notes to the financial statements.

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 audits 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. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Penryn Fire Protection District as of June 30, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California
December 9, 2017

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2017

ASSETS	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash with County (Note 3):				
General	\$ 462,334	\$ -	\$ -	\$ 462,334
Mitigation	-	148,844	-	148,844
Interest receivable	540	189	-	729
Capital assets, at cost (Notes 4 and 5)	-	-	1,173,621	1,173,621
Less, accumulated depreciation	<u>-</u>	<u>-</u>	<u>(956,529)</u>	<u>(956,529)</u>
 Total assets	 <u>\$ 462,874</u>	 <u>\$ 149,033</u>	 <u>\$ 217,092</u>	 <u>\$ 828,999</u>

LIABILITIES AND FUND BALANCES/NET POSITION

Accounts payable	\$ 7,735	\$ -	\$ -	\$ 7,735
Salaries payable	23,417	-	-	23,417
Compensated absences	12,470	-	-	12,470
Long-term debt (Note 5)	<u>-</u>	<u>-</u>	<u>44,927</u>	<u>44,927</u>
 Total liabilities	 <u>43,622</u>	 <u>-</u>	 <u>44,927</u>	 <u>88,549</u>

Fund balances/net position (Note 7):

Fund balances:

Restricted	-	148,844	(148,844)	-
Committed	-	-	-	-
Assigned	257,170	74,328	(331,498)	-
Unassigned	<u>162,082</u>	<u>(74,139)</u>	<u>(87,943)</u>	<u>-</u>
 Total fund balances	 <u>419,252</u>	 <u>149,033</u>	 <u>(568,285)</u>	 <u>-</u>

Total liabilities and
fund balances

\$ 462,874 \$ 149,033

Net position (Note 7):

Net investment in capital assets	172,165	172,165
Restricted	148,844	148,844
Unrestricted	<u>419,441</u>	<u>419,441</u>
 Total net position	 <u>\$ 740,450</u>	 <u>\$ 740,450</u>

See notes to financial statements

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2017

	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:				
Public protection	\$ 682,377	\$ -	\$ -	\$ 682,377
Support services	18,758	-	-	18,758
Capital outlay	-	70,267	(70,267)	-
Debt service – principal	-	20,800	(20,800)	-
– interest	-	3,444	-	3,444
Depreciation	<u>-</u>	<u>-</u>	<u>44,012</u>	<u>44,012</u>
Total program expenditures/ expenses	<u>701,135</u>	<u>94,511</u>	<u>(47,055)</u>	<u>748,591</u>
Program revenues:				
Charges for services	<u>117,002</u>	<u>-</u>	<u>-</u>	<u>117,002</u>
Total program revenues	<u>117,002</u>	<u>-</u>	<u>-</u>	<u>117,002</u>
General revenues:				
Taxes	389,118	-	-	389,118
Special assessment	110,068	-	-	110,068
Mitigation fees	-	81,945	-	81,945
Interest	5,334	2,143	-	7,477
Other	<u>48,174</u>	<u>182</u>	<u>-</u>	<u>48,356</u>
Total general revenues	<u>552,694</u>	<u>84,270</u>	<u>-</u>	<u>636,964</u>
Excess of revenues (expenditures)/ change in net position	(31,439)	(10,241)	47,055	5,375
Beginning fund balances/ net position	<u>450,691</u>	<u>159,273</u>	<u>125,111</u>	<u>735,075</u>
Ending fund balances/net position	<u>\$ 419,252</u>	<u>\$ 149,033</u>	<u>\$ 172,166</u>	<u>\$ 740,450</u>

See notes to financial statements

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2017

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
General tax revenue	\$ 386,565	\$ 389,118	\$ 2,553
Special assessment	110,143	110,068	(75)
Mitigation fees	-	-	-
Interest income	4,500	5,334	834
Strike team	74,700	117,002	42,302
Admin. support services	10,833	10,833	-
Grant	-	-	-
Other	<u>5,500</u>	<u>37,341</u>	<u>31,841</u>
Total revenues	<u>592,241</u>	<u>669,696</u>	<u>77,455</u>
Expenditures:			
Salaries and benefits	641,933	579,896	62,037
Uniforms	5,000	5,148	(148)
Communications	6,500	4,495	2,005
Insurance	7,300	6,708	592
Maintenance – equipment	15,000	23,111	(8,111)
– buildings	9,000	6,993	2,007
Membership/dues	1,600	1,936	(336)
Miscellaneous	3,500	1,616	1,884
Admin. costs	9,500	8,793	707
Office supplies	5,200	2,268	2,932
Supplies	28,000	15,895	12,105
Professional services	12,650	11,877	773
Fuel	12,000	8,749	3,251
Election	8,000	3,422	4,578
Special department	18,000	5,050	12,950
Training	5,270	2,148	3,122
Directors fees	4,500	4,275	225
Utilities	6,700	8,329	(1,629)
LAFCO fees	427	426	1
Grant expenditures	-	-	-
Capital expenditures	-	-	-
Debt service – principal	-	-	-
– interest	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures (carried forward)	<u>800,080</u>	<u>701,135</u>	<u>98,945</u>

See notes to financial statements

PENRYN FIRE PROTECTION DISTRICT
 STATEMENT OF REVENUES AND EXPENDITURES
 COMPARED TO BUDGET, continued
 for the year ended June 30, 2017

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Total expenditures (brought forward)	\$ <u>800,080</u>	\$ <u>701,135</u>	\$ <u>98,945</u>
Excess of revenues/(expenditures)	\$(<u>207,839</u>)	\$(<u>31,439</u>)	\$ <u>176,400</u>

See notes to financial statements

Mitigation

<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
\$ <u>96,245</u>	\$ <u>94,511</u>	\$ <u>1,734</u>
\$ <u>(84,945)</u>	\$ <u>(10,241)</u>	\$ <u>74,704</u>

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

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.

2. Summary of Significant Accounting Policies:

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report as follows:

Governmental Funds:

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All government funds are accounted for using the current financial resources measurement focus. Under this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period they become measurable and available. The District considers revenues as available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes, interest and certain other intergovernmental revenues. Expenditures are recognized in the accounting period in which the liability is incurred.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Structures and equipment are depreciated using the straight-line method over the estimated useful lives.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final budget for each fiscal year.

Cash Invested

The District invests cash balances with the Treasurer of Placer County in an interest-bearing pooled investment account.

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Compensated Absences

Vested or accumulated vacation and overtime that is expected to be liquidated with expendable available financial resources is reported as an expense and as a current liability. Sick pay is not vested.

Property Taxes

The District received property taxes from the County, which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions 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 August 31. Property tax revenues are recognized in the fiscal year they are received.

The County 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.

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 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 expenditures during the reporting period. Actual results may differ from those estimates.

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Government-wide Financial Statements

The Statement of net position and statement of activities display information about the primary activities of the District. These statements include the financial activities of the overall District.

The statement of activities present direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program, and are clearly identifiable to a particular function. Program revenues include 1) charges for services and 2) grant 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, are presented as general revenues.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, which include only governmental funds.

The District has combined the statements of net position and the statement of activities, with the balance sheet and the statement of revenues, expenditures, and changes in fund balances, into two statements, the statement of net position and governmental funds balance sheet and the statement of activities and governmental fund revenues, expenditures, and changes in fund balances, for simplicity.

The District reports a General Fund that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash and Investments:

The District maintains its funds with Placer County. The County is authorized to deposit cash and invest excess funds by the California Government code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance.

Cash with County – general	\$ 462,334
– mitigation	<u>148,844</u>
	<u>\$ 611,178</u>

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2017 are as follows:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Buildings	217,072	-	-	217,072
Equipment	247,092	70,267	-	317,359
Vehicles	<u>604,151</u>	<u>-</u>	<u>27,961</u>	<u>576,190</u>
	<u>\$1,131,315</u>	<u>\$ 70,267</u>	<u>\$ 27,961</u>	<u>\$1,173,621</u>

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Long-term Debt:

Long-term debt activities for the year ended June 30, 2017 consist of:

	<u>Balance</u> <u>7/1/2016</u>	<u>Financing</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2017</u>	<u>Current</u> <u>Portion</u>
Oshkosh Capital	\$ <u>65,727</u>	\$ <u>-</u>	\$ <u>20,800</u>	\$ <u>44,927</u>	\$ <u>44,927</u>

At June 30, 2017 the District had one loan payable to Oshkosh Capital, secured by the 2008 Wildland Fire Engine. Annual payments are due in July in the amount of \$24,244, which includes interest at a fixed rate of 5.24% per annum. With a 30-day notice the engine can be purchased on any rent payment due date for the payment plus accrued interest. On November 20, 2017, the District paid off the debt early.

The future annual maturities of all long-term borrowings as of June 30, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ <u>44,927</u>	\$ <u>2,816</u>	\$ <u>47,743</u>

6. Risk of Loss:

Penryn Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2017 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

PENRYN FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

7. Equity:

<u>Fund Balance:</u>	<u>General Fund</u>	<u>Mitigation Fund</u>
Total fund balance consists of:		
Restricted:		
Mitigation fees for capital improvements	\$ -	\$ 148,844
Committed:		
Assigned:		
Capital assets	49,136	19,116
Contingencies	208,034	55,212
Unassigned:	<u>162,082</u>	<u>(74,139)</u>
	<u>\$ 419,252</u>	<u>\$ 149,033</u>

Statement of Net Position:

Total net position consist of:

Net investment in capital assets		\$ 172,165
Restricted:		
Mitigation fees for capital improvements		148,844
Unrestricted:		
Board designated:		
Capital assets	\$ 68,252	
Contingencies	<u>263,246</u>	
	331,498	
Undesignated	<u>87,943</u>	<u>419,441</u>
		<u>\$ 740,450</u>

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

8. Subsequent Events:

Management has evaluated subsequent events through December 9, 2017, the date these June 30, 2017 financial statements were available to be issued.

9. Measure A – Special Tax:

Penryn Fire Protection District determined a special tax was needed in order to sustain current local fire protection and emergency medical response services within the District. On July 11, 2017, voters approved a special tax – Measure A. Starting in the 2017-2018 fiscal year, the District will receive annually approximately \$354,000 additional special tax revenue. The special tax will increase in future years with inflation.

SUPPLEMENTAL DATA

PENRYN FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Aaron Willson	Chairman
Randy Neifer	Vice Chair
Michael Posehn	Secretary
Tom Bowling	
Steve Pilz	

Staff:

Mitchell Higgins	Fire Chief
------------------	------------

PENRYN FIRE PROTECTION DISTRICT
 SCHEDULE OF CASH FLOWS
 for the year ended June 30, 2017

Cash flows from operating activities:

Change in net position (net income)		\$ 5,375
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 44,012	
(Increase) decrease in:		
Interest receivable	(31)	
(Decrease) increase in:		
Accounts payable and accrued liabilities	(14,116)	
Compensated absences	<u>(1,848)</u>	
		<u>28,017</u>
Net cash provided by operating activities		33,392
Cash flows from investing activities:		
Purchase of property		(70,267)
Cash flows from financing activities:		
Principal paid on long-term debt		<u>(20,800)</u>
Net decrease in cash		(57,675)
Cash at beginning of year		<u>668,853</u>
Cash at end of year		<u>\$ 611,178</u>