

**PENRYN FIRE
PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2019**

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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, 2019, 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, 2019, 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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. Our opinion on the basic financial statements is not affected by this missing information.

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.

Citrus Heights, California
November 1, 2019

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2019

ASSETS	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash with County (Note 3):				
General	\$ 721,318	\$ -	\$ -	\$ 721,318
Mitigation	-	150,815	-	150,815
Interest receivable	1,198	201	-	1,399
Capital assets, at cost (Notes 4 and 5)	-	-	1,511,043	1,511,043
Less, accumulated depreciation	<u>-</u>	<u>-</u>	<u>(718,506)</u>	<u>(718,506)</u>
 Total assets	 <u>\$ 722,516</u>	 <u>\$ 151,016</u>	 <u>\$ 792,537</u>	 <u>\$1,666,069</u>
 LIABILITIES AND FUND BALANCES/NET POSITION				
Accounts payable	\$ 14,610	\$ -	\$ -	\$ 14,610
Salaries payable	12,455	-	-	12,455
Compensated absences	16,592	-	-	16,592
Long-term debt (Note 5)	<u>-</u>	<u>-</u>	<u>520,229</u>	<u>520,229</u>
 Total liabilities	 <u>43,657</u>	 <u>-</u>	 <u>520,229</u>	 <u>563,886</u>
 Fund balances/net position (Note 7):				
Fund balances:				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	417,405	25,277	(442,682)	-
Unassigned	<u>261,454</u>	<u>125,739</u>	<u>(387,193)</u>	<u>-</u>
 Total fund balances	 <u>678,859</u>	 <u>151,016</u>	 <u>(829,875)</u>	 <u>-</u>
 Total liabilities and fund balances	 <u>\$ 722,516</u>	 <u>\$ 151,016</u>		
 Net position (Note 7):				
Net investment in capital assets			272,308	272,308
Restricted			-	-
Unrestricted			<u>829,875</u>	<u>829,875</u>
 Total net position			 <u>\$1,102,183</u>	 <u>\$1,102,183</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, 2019

	<u>General Fund</u>	<u>Mitigation Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:				
Public protection	\$ 889,769	\$ -	\$ -	\$ 889,769
Support services	38,750	-	-	38,750
Capital outlay	3,950	-	(3,950)	-
Debt service – principal	-	26,089	(26,089)	-
– interest	-	25,131	-	25,131
Depreciation	<u>-</u>	<u>-</u>	<u>47,201</u>	<u>47,201</u>
Total program expenditures/ expenses	<u>932,469</u>	<u>51,220</u>	<u>17,162</u>	<u>1,000,851</u>
Program revenues:				
Charges for services	<u>108,903</u>	<u>-</u>	<u>-</u>	<u>108,903</u>
Total program revenues	<u>108,903</u>	<u>-</u>	<u>-</u>	<u>108,903</u>
General revenues:				
Taxes	437,362	-	-	437,362
Parcel tax – Measure A	379,121	-	-	379,121
– Measure C	115,229	-	-	115,229
Mitigation fees	-	108,780	-	108,780
Interest	10,241	1,559	-	11,800
Other	<u>67,515</u>	<u>14,000</u>	<u>-</u>	<u>81,515</u>
Total general revenues	<u>1,009,468</u>	<u>124,339</u>	<u>-</u>	<u>1,133,807</u>
Excess of revenues (expenditures)/ change in net position	185,902	73,119	(17,162)	241,859
Beginning fund balances/ net position	<u>492,957</u>	<u>77,897</u>	<u>289,470</u>	<u>860,324</u>
Ending fund balances/net position	<u>\$ 678,859</u>	<u>\$ 151,016</u>	<u>\$ 272,308</u>	<u>\$1,102,183</u>

See notes to financial statements

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2019

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
General tax revenue	\$ 422,816	\$ 437,362	\$ 14,546
Parcel tax – Measure A	382,893	379,121	(3,772)
– Measure C	111,456	115,229	3,773
Mitigation fees	-	-	-
Interest income	6,600	10,241	3,641
Strike team	94,100	108,903	14,803
Grant	6,500	5,929	(571)
Other	16,810	61,586	44,776
Total revenues	1,041,175	1,118,371	77,196
Expenditures:			
Salaries and benefits	838,931	760,413	78,518
Uniforms	6,000	4,461	1,539
Communications	5,500	6,309	(809)
Insurance	7,300	7,645	(345)
Maintenance – equipment	21,000	16,240	4,760
– buildings	30,000	21,813	8,187
Membership/dues	1,900	2,745	(845)
Miscellaneous	3,500	4,616	(1,116)
Admin. costs	34,650	38,100	(3,450)
Office supplies	500	-	500
Supplies	24,000	26,460	(2,460)
Professional services	650	650	-
Fuel	12,000	10,373	1,627
Election	28,700	-	28,700
Special department	-	8,047	(8,047)
Training	-	-	-
Directors fees	-	-	-
Utilities	8,500	8,789	(289)
LAFCO fees	-	-	-
Grant expenditures	13,000	11,858	1,142

(carried forward)

See notes to financial statements

PENRYN FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET, continued
for the year ended June 30, 2019

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Capital expenditures	\$ -	\$ 3,950	\$(3,950)
Debt service – principal	-	-	-
– interest	-	-	-
	1,036,131	932,469	103,662
Total expenditures			
Excess of revenues/(expenditures)	\$ <u>5,044</u>	\$ <u>185,902</u>	\$ <u>180,858</u>

See notes to financial statements

Mitigation

<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
\$ -	\$ -	\$ -
26,089	26,089	-
<u>25,132</u>	<u>25,131</u>	<u>1</u>
<u>51,221</u>	<u>51,220</u>	<u>1</u>
\$ <u>2,702</u>	\$ <u>73,119</u>	\$ <u>70,417</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 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

2. Summary of Significant Accounting Policies (continued):

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – 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 this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

Fund Balance

Fund balance is classified in the following categories:

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amount that can only be used for specific purposes pursuant to constraints imposed by the formal actions of the District's Board of Directors.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned – includes fund balance which has not been classified within the above mentioned categories.

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash and Cash Equivalents:

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 invested per the County's investment policy; the funds are properly secured.

Cash with County – general	\$ 721,318
– mitigation	<u>150,815</u>
	<u>\$ 872,133</u>

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2019 are as follows:

	Balance, beginning <u>of year</u>	<u>Additions</u>	<u>Disposals</u>	Balance, end of <u>year</u>
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Buildings	217,072	-	-	217,072
Equipment	262,584	-	128,071	134,513
Vehicles	<u>1,172,508</u>	<u>3,950</u>	<u>80,000</u>	<u>1,096,458</u>
	<u>\$1,715,164</u>	<u>\$ 3,950</u>	<u>\$ 208,071</u>	<u>\$1,511,043</u>

The following additions to capital assets at June 30, 2019 are as follows:

2012 Chevy Tahoe SUV	\$ <u>3,950</u>
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The following disposals to capital assets at June 30, 2019 are as follows:

Engine 38	\$ 80,000
Equipment	<u>128,071</u>
	<u>\$ 208,071</u>

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Long-term Debt:

Long-term debt activities for the year ended June 30, 2019 consist of:

	<u>Balance</u> <u>7/1/2018</u>	<u>Financing</u>	<u>Payments</u>	<u>Balance</u> <u>6/30/2019</u>	<u>Current</u> <u>Portion</u>
PNC Eq. Finance	\$ <u>546,318</u>	\$ <u>-</u>	\$ <u>26,089</u>	\$ <u>520,229</u>	\$ <u>27,290</u>

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.

The future annual maturities of all long-term borrowings as of June 30, 2019 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 27,290	\$ 23,930	\$ 51,220
2021	28,545	22,675	51,220
2022	29,858	21,362	51,220
2023	31,231	19,989	51,220
2024	32,668	18,552	51,220
2025-2029	187,312	68,788	256,100
2030-2033	<u>183,325</u>	<u>21,556</u>	<u>204,881</u>
	<u>\$ 520,229</u>	<u>\$ 196,852</u>	<u>\$ 717,081</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 2019 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	\$ -	\$ -
Committed	-	-
Assigned:		
Capital assets	49,136	19,116
Contingencies	<u>368,269</u>	<u>6,161</u>
	<u>417,405</u>	<u>25,277</u>
Unassigned:	<u>261,454</u>	<u>125,739</u>
	<u>\$ 678,859</u>	<u>\$ 151,016</u>

Statement of Net Position:

Total net position consist of:

Net investment in capital assets		\$ 272,308
Restricted		-
Unrestricted:		
Board designated:		
Capital assets	\$ 68,252	
Contingencies	<u>374,430</u>	
	442,682	
Undesignated	<u>387,193</u>	<u>829,875</u>
		<u>\$1,102,183</u>

PENRYN FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

8. Subsequent Events:

Management has evaluated subsequent events through November 1, 2019, the date these June 30, 2019 financial statements were available to be issued. No significant events occurred subsequent through the aforementioned date that would have material impact on the financial statements.

SUPPLEMENTAL DATA

PENRYN FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Susan Mahoney	Chair
Randy Neifer	Vice Chair
Cheryl Hotaling	Secretary
Dennis Bergstrom	
Danielle Hardesty	

Staff:

Mitchell Higgins	Fire Chief
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PENRYN FIRE PROTECTION DISTRICT
 SCHEDULE OF CASH FLOWS
 for the year ended June 30, 2019

Cash flows from operating activities:

Change in net position (net income)		\$ 241,859
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation	\$ 47,201	
(Increase) decrease in:		
Interest receivable	(473)	
(Decrease) increase in:		
Accounts payable and accrued liabilities	(17,789)	
Compensated absences	<u>(3,648)</u>	
		<u>25,291</u>
Net cash provided by operating activities		267,150
Cash flows from investing activities:		
Purchase of property		(3,950)
Cash flows from financing activities:		
Principal paid on long-term debt		<u>(26,089)</u>
Net increase in cash		237,111
Cash at beginning of year		<u>635,022</u>
Cash at end of year		<u>\$ 872,133</u>