

**PENRYN  
FIRE PROTECTION DISTRICT,  
CALIFORNIA**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2023**

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**PENRYN FIRE PROTECTION DISTRICT**  
**Annual Financial Report**  
**For the Year Ended June 30, 2023**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**PENRYN FIRE PROTECTION DISTRICT**

**List of Officials**

**For the Year Ended June 30, 2023**

**Board of Directors**

Cheryl Hotaling	Chair
Danielle Hardesty	Vice Chair
Susan Mahoney	Secretary
Randy Neifer	Director
Larry Shields	Director

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements****Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Penryn Fire Protection District, California (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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 Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

### **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 information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.

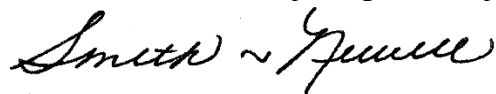
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2023, on our consideration of the District's internal control over financial reporting 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 solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That 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 and compliance.



Smith & Newell CPAs  
Yuba City, California  
December 20, 2023

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**Management's Discussion and Analysis  
(Unaudited)**

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**PENRYN FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

The following discussion and analysis of the Penryn Fire Protection District (District) provides 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, 2023. 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 \$2,373,619 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balance of \$2,020,646.
- The District had combined program and general revenues of \$1,465,152 and program expenses of \$1,165,932 for the fiscal year ended June 30, 2023.

**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 *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.

**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.

**PENRYN FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

Because the focus of the governmental fund 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 provides 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 \$2,373,619 at the close of the most recent fiscal year. The District's net position consists of the following at June 30, 2023 and 2022:

District's Net Position

	2023	2022
Current and other assets	\$ 2,063,080	\$ 1,837,096
Capital assets	712,891	730,344
<b>Total Assets</b>	2,775,971	2,567,440
Deferred pension adjustments	54,553	-
<b>Total Deferred Outflows of Resources</b>	54,553	-
Current and other liabilities	84,091	88,617
Long term liabilities	372,814	404,424
<b>Total Liabilities</b>	456,905	493,041
Net investment in capital assets	309,586	295,808
Restricted	793,904	759,024
Unrestricted	1,270,129	1,019,567
<b>Total Net Position</b>	\$ 2,373,619	\$ 2,074,399

**PENRYN FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

The net position of the District increased by \$299,220 during the fiscal year ended June 30, 2023. For the fiscal years ending June 30, 2023 and 2022, the District's change in net position is as follows:

District's Changes in Net Position

	2023	2022
<b>Program Revenues:</b>		
Charges for service	\$ 723,518	\$ 617,094
Grants and contributions	89,888	49,660
<b>General Revenues:</b>		
Property taxes	587,633	536,599
Interest and investment earnings	33,299	4,452
Other revenues	30,814	157,062
<b>Total Revenues</b>	1,465,152	1,364,867
<b>Program Expenses:</b>		
Public protection	1,165,932	1,031,816
<b>Total Expenses</b>	1,165,932	1,031,816
Change in Net Position	299,220	333,051
Net Position - Beginning	2,074,399	1,741,348
Net Position - Ending	\$ 2,373,619	\$ 2,074,399

**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.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$2,020,646, which is a 13.01% increase over the prior year fund balance of \$1,788,050.

**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 noticed 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 the 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 \$309,586. See Note 3 for additional details on capital assets.

**PENRYN FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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 Gillian Lofrano, General Manager for the Penryn Fire Protection District, 7206 Church Street, Penryn, CA 95663.

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**PENRYN FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	<u><b>Total Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and investments	\$ 2,010,591
Receivables:	
Interest	4,378
Due from other governments	48,111
Capital assets:	
Non-depreciable	63,000
Depreciable, net	649,891
Total capital assets	<u>712,891</u>
<b>Total Assets</b>	<u>2,775,971</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension adjustments	<u>54,553</u>
<b>Total Deferred Outflows of Resources</b>	<u>54,553</u>
<b>LIABILITIES</b>	
Accounts payable	9,920
Accrued salaries and benefits	32,514
Long-term liabilities:	
Due within one year	41,657
Due in more than one year	<u>372,814</u>
<b>Total Liabilities</b>	<u>456,905</u>
<b>NET POSITION</b>	
Net investment in capital assets	309,586
Restricted for:	
Capital improvements	793,904
Unrestricted	<u>1,270,129</u>
<b>Total Net Position</b>	<u><u>\$ 2,373,619</u></u>

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

**PENRYN FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
				<u>Total Governmental Activities</u>
Governmental activities:				
Public protection	\$ 1,145,943	\$ 723,518	\$ 33,256	\$ 56,632
Interest on long-term debt	19,989	-	-	-
<b>Total Governmental Activities</b>	<b>1,165,932</b>	<b>723,518</b>	<b>33,256</b>	<b>56,632</b>
<b>Total</b>	<b>\$ 1,165,932</b>	<b>\$ 723,518</b>	<b>\$ 33,256</b>	<b>\$ 56,632</b>
<b>General revenues:</b>				
Taxes:				
Property taxes				587,633
Interest and investment earnings				33,299
Miscellaneous				30,814
<b>Total General Revenues</b>				<b>651,746</b>
<b>Change in Net Position</b>				<b>299,220</b>
<b>Net Position - Beginning</b>				<b>2,074,399</b>
<b>Net Position - Ending</b>				<b>\$ 2,373,619</b>

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



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## **Basic Financial Statements**

- **Fund Financial Statements**

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**PENRYN FIRE PROTECTION DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>General Fund</b>	<b>Mitigation Fees</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 1,218,411	\$ 792,180	\$ 2,010,591
Receivables:			
Interest	2,654	1,724	4,378
Due from other governments	48,111	-	48,111
	<b>\$ 1,269,176</b>	<b>\$ 793,904</b>	<b>\$ 2,063,080</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 9,920	\$ -	\$ 9,920
Accrued salaries and benefits	32,514	-	32,514
	<b>42,434</b>	<b>-</b>	<b>42,434</b>
<b>FUND BALANCES</b>			
Restricted	-	793,904	793,904
Unassigned	1,226,742	-	1,226,742
	<b>1,226,742</b>	<b>793,904</b>	<b>2,020,646</b>
	<b>\$ 1,269,176</b>	<b>\$ 793,904</b>	<b>\$ 2,063,080</b>

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

**PENRYN FIRE PROTECTION DISTRICT**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2023**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 2,020,646</b>
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 governmental funds balance sheet.	712,891
Deferred outflows of resources related to pension are not reported in the governmental fund.	54,553
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Capital leases	(403,305)
Compensated absences	(11,166)
<b>Net Position of Governmental Activities</b>	<b><u>\$ 2,373,619</u></b>

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 Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Mitigation Fees</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes and assessments	\$ 1,153,842	\$ -	\$ 1,153,842
Use of money and property	19,449	13,850	33,299
Intergovernmental	89,888	-	89,888
Charges for services	88,736	68,573	157,309
Other revenues	27,137	3,677	30,814
<b>Total Revenues</b>	1,379,052	86,100	1,465,152
<b>EXPENDITURES</b>			
Current:			
Public protection	1,153,020	-	1,153,020
Debt service:			
Principal	-	31,231	31,231
Interest	-	19,989	19,989
Capital outlay	28,316	-	28,316
<b>Total Expenditures</b>	1,181,336	51,220	1,232,556
<b>Net Change in Fund Balances</b>	197,716	34,880	232,596
<b>Fund Balances - Beginning</b>	1,029,026	759,024	1,788,050
<b>Fund Balances - Ending</b>	\$ 1,226,742	\$ 793,904	\$ 2,020,646

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 Balances of the Governmental Funds to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2023**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 232,596</b>
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.	
Expenditures for capital outlay	28,316
Less current year depreciation	(45,769)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal retirements	31,231
Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities are related to long-term liabilities and are not reported in the governmental funds.	
Change in deferred outflows of resources	54,553
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 the governmental funds.	
Change in compensated absences	(1,707)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 299,220</b>

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

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Penryn Fire Protection 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.

**Component Units**

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the District is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the District.

**Joint Agencies**

The District is a participant in the Fire District's Association of California - Fire Agencies Self Insurance System (FDAC-FASIS), the purpose of which is to provide workers' compensation benefits to each member agency including claims administration and program administration. FDAC-FASIS is composed of approximately 200 members and is governed by a board of directors appointed by the members. Complete financial information can be obtained from the Association office at 700 R Street, Sacramento, CA 95811. The District is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information on all of the activities of the District. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements report the intergovernmental activities of the District, which are normally supported by property taxes, special assessments, and intergovernmental revenues. The District had no business-type activities at June 30, 2023.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Government-Wide Financial Statements (Continued)**

The Statement of Activities presents a comparison between 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 or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements**

Fund financial statements of the District are organized into two funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The funds of the District are organized into the governmental category. The emphasis is placed on major funds within the governmental category.

The District reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the District that are not accounted for through other funds. For the District, the General fund includes such activities as fire safety and protection.
- The Mitigation Fees fund is a special revenue fund used to account for all revenues and expenditures related to mitigation fees. Funding comes primarily from mitigation fees collected and interest earnings.

**C. Basis of Accounting and Measurement Focus**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and assessments, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes and assessments are recognized in the fiscal year for which they are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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. Property taxes and assessments, interest, certain state and federal grants, and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within thirty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Non-Current Governmental Assets/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

**E. Cash and Investments**

The District pools all cash and investments with the County of Placer. The Placer County Treasury is an external investment pool for the District and the District is considered an involuntary participant. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every month. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants.

**F. Receivables**

Receivables for governmental activities consist mainly of interest and intergovernmental revenues. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**G. Other Assets**

**Inventory**

Inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

**H. Capital Assets**

Capital assets are defined by the District as assets with a cost of \$10,000 or more. Capital assets, including public domain infrastructure, are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Structures and Improvements	20 to 30 years
Equipment	5 to 25 years
Vehicles	5 to 20 years

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Capital Assets (Continued)**

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**I. Compensated Absences and Other Postemployment Benefits**

The District’s policy regarding accrued vacation is to permit employees to accumulate earned but unused vacation leave up to 48 hours unless specifically approved by the Chief. In the government-wide financial statements the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures related to those obligations are recognized only when they mature.

The District does not currently provide other postemployment benefits.

**J. Property Tax**

Placer County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County of Placer up to 1 percent of the full cash value of taxable property, plus other increases approved by the voter and distributed in accordance with statutory formulas.

The valuation/lien date for all taxes is January 1. Secured property tax is due in two installments, the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Unsecured property tax is due on March 1, and becomes delinquent if unpaid on August 31.

The County uses the alternative method of property tax apportionment known as the “Teeter Plan”. Under this method of property tax apportionment, the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

**K. Special Taxes**

**Measure A**

On March 20, 2017, the District Board of Directors passed Resolution #2017\_2 calling for an election to be held for a special fire tax for emergency medical response and fire protection services. This resolution was submitted to the Placer County Registrar of Voters and was assigned the name of “Measure A.” Measure A was placed on the ballot of the election held on July 11, 2017 and passed by a vote of 78.25% in support.

<u>Parcel Land Use</u>	<u>Tax Rate</u>	
Single Family	\$ 291.99	per residential unit
Commercial	\$ 0.116	per building square foot
Vacant	\$ 91.24	per parcel

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Special Taxes (Continued)**

**Measure C**

On December 17, 1996, the District Board of Directors passed Resolution No. 96-05, calling for an election to be held on April 8, 1997. This special tax measure was assigned the name “Measure C,” and it was for fire protection and prevention. Measure C was approved by the registered voters in the District.

<u>Parcel Land Use</u>	<u>Tax Rate</u>	
Single Family	\$ 75.00	per residential unit
Mobile Home Park	\$ 20.00	per mobile home
Irrigated Farm	\$ 75.00	per parcel
Commercial	\$ 0.05	per building square foot
Vacant	\$ 0.00	per parcel

Placer County assesses properties, bills and collects and distributes assessments to the District.

Assessments are due in two installments (secured roll), on November 1 and March 1 and become delinquent after December 10 and April 10, respectively.

**L. Estimates**

The preparation of basic 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.

**M. Implementation of Governmental Accounting Standards Board (GASB) Statements**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 91, Conduit Debt Obligations.** This statement improves the comparability of financial reporting for issuers by eliminating the option to recognize a liability for a conduit debt obligation.

**Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

**Statement No. 96, Subscription-Based Information Technology Arrangements.** This statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The definition and uniform guidance will result in greater consistency in practice.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Implementation of Governmental Accounting Standards Board (GASB) Statements (Continued)**

**Statement No. 99**, Omnibus 2022. This statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**N. Future Accounting Pronouncements**

The following GASB Statements will be implemented, if applicable, in future financial statements:

Statement No. 99 “Omnibus 2022” The requirements of this statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” The requirements of this statement are effective for fiscal years beginning after June 15, 2023. (FY 23/24)

Statement No. 101 “Compensated Absences” The requirements of this statement are effective for fiscal years beginning after December 15, 2023. (FY 24/25)

**NOTE 2: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2023, the District’s cash and investments consisted of the following:

Cash and Investments:	
Placer County Treasurer’s Pool	\$ 2,010,591
Total Cash and Investments	<u>\$ 2,010,591</u>

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**B. Investments**

The District does not have a formal investment policy. At June 30, 2023, all investments of the District were in the Placer County investment pool. Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Local Agency Obligations
- US Treasury Securities
- US Agency Securities
- Bankers' Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Collateralized Certificates of Deposit
- Repurchase Agreements
- Corporate Notes
- Local Agency Investment Fund (LAIF)
- CDARS Certificates of Deposit
- Supranationals - Washington Dollar - Denominated IBRD, IFC or IAD

Fair Value of Investments - The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The District's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the District's investments in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2023, the District had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
Total Investments Measured at Fair Value	-	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>
Investments in External Investment Pool				
Placer County Treasurer's Pool	<u>2,010,591</u>			
Total Investments	<u>\$ 2,010,591</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Credit Risk - 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 County's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2023, the District's investments were all held with the County of Placer investment pool, which is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of mutual funds or government investment pools.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. As of June 30, 2023, all investments of the District were in the Placer County investment pool, which contains a diversification of investments.

**C. Investments in External Pool**

The Placer County Pooled Investment Fund is a pooled investment fund program governed by the County which monitors and reviews the management of public funds maintained in the investment pool in accordance with the County investment policy and the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value. Investments in the Placer County Pooled Investment Fund are highly liquid as deposits and withdrawals can be made at any time without penalty. The Pool does not impose a maximum investment limit. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in the County's financial statements. The County of Placer's financial statements may be obtained by contacting the County of Placer Auditor-Controller's office at 2970 Richardson Drive, Auburn, CA 95603.



**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Adjustments	Balance June 30, 2023
Capital Assets, Not Being Depreciated:				
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Total Capital Assets, Not Being Depreciated	63,000	-	-	63,000
Capital Assets, Being Depreciated:				
Buildings and improvements	274,747	-	-	274,747
Equipment	147,043	28,316	-	175,359
Vehicles	1,096,459	-	-	1,096,459
Total Capital Assets, Being Depreciated	1,518,249	28,316	-	1,546,565
Less Accumulated Depreciation For:				
Buildings and improvements	( 216,693)	( 2,878)	-	( 219,571)
Equipment	( 80,229)	( 9,785)	-	( 90,014)
Vehicles	( 553,983)	( 33,106)	-	( 587,089)
Total Accumulated Depreciation	( 850,905)	( 45,769)	-	( 896,674)
Total Capital Assets, Being Depreciated, Net	667,344	( 17,453)	-	649,891
Total Capital Assets, Net	\$ 730,344	(\$ 17,453)	\$ -	\$ 712,891

**Depreciation**

Depreciation expense was charged to governmental activities as follows:

Public Protection	\$ 45,769
Total Depreciation Expense	\$ 45,769

**NOTE 4: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Type of Indebtedness	Balance July 1, 2022	Adjustments/ Additions	Retirements	Balance June 30, 2023	Amounts Due Within One Year
Capital leases	\$ 434,536	\$ -	(\$ 31,231)	\$ 403,305	\$ 32,668
Compensated absences	9,459	20,503	( 18,796)	11,166	8,989
Total	\$ 443,995	\$ 20,503	(\$ 50,027)	\$ 414,471	\$ 41,657

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 5: LEASES**

**Capital Leases**

The District has entered into certain capital lease agreements under which the related equipment will become the property of the District when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2023
Governmental activities	4.6%	\$ 403,305
Total		\$ 403,305

Equipment and related accumulated depreciation under capital leases are as follows:

	Governmental Activities
Equipment	\$ 646,318
Less: accumulated depreciation	( 137,343)
Net Value	\$ 508,975

As of June 30, 2023, capital lease annual amortization is as follows:

Year Ended June 30	Governmental Activities
2024	\$ 51,220
2025	51,220
2026	51,220
2027	51,220
2028	51,220
2029-2033	256,100
Total Requirements	512,200
Less Interest	( 108,895)
Present Value of Remaining Payments	\$ 403,305

**NOTE 6: NET POSITION**

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects and other special revenue fund purposes.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 6: NET POSITION (CONTINUED)**

- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Net Position Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**NOTE 7: FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can be made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws and 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 the specific purposes determined by formal action of the District’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by Board action, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **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 authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the District’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all governmental funds as of June 30, 2023, were distributed as follows:

	<u>General Fund</u>	<u>Mitigation Fees</u>	<u>Totals</u>
<b>Restricted for:</b>			
Capital improvement	\$ -	\$ 793,904	\$ 793,904
<b>Unassigned</b>	<u>1,226,742</u>	<u>-</u>	<u>1,226,742</u>
Total	<u>\$ 1,226,742</u>	<u>\$ 793,904</u>	<u>\$ 2,020,646</u>

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 7: FUND BALANCES (CONTINUED)**

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

The Board of Directors has not established a fund balance policy which would establish procedures for reporting fund balance classifications and establish a hierarchy for fund balance expenditures.

**NOTE 8: PENSION PLAN**

**A. General Information about the Pension Plan**

**Plan Description**

Effective July 16, 2022, the District elected to participate in the California Public Employees' Retirement System (CalPERS) and adopted the Safety Fire Plan. All qualified permanent and probationary employees are eligible to participate in the District's Safety Employee Pension Plan, a cost-sharing multiple employer-defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Since the District elected to participate in CalPERS after January 1, 2013, all employees of the District are subject to the provisions of the Public Employee Pension Reform Act (PEPRA). Applicable new hires to the District defined as classic employees as determined by PERS will be subject to the non-PEPRA provisions. Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six-month break in service.

**Summary of Plan and Eligible Participants**

Open for New Enrollment  
Safety PEPRA

Safety members hired on or after August 1, 2016

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 8: PENSION PLAN (CONTINUED)**

**A. General Information about the Pension Plan (Continued)**

**Benefits Provided (Continued)**

The Plan's specific provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Safety PEPRA	2.7% @ 57	50-57	2.00% to 2.70%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effectively on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Safety PEPRA	12.78%	13.00%	0.000%

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension**

The District began a cost-sharing multiple-employer defined benefit pension plan for its Safety employees on July 16, 2022.

Since the District has not been included in the allocation of NPL on the CalPERS allocation schedule, no pension liability has been calculated.

At June 30, 2023, the District reported pension contributions of \$54,553 as deferred outflow of resources. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**PENRYN FIRE PROTECTION DISTRICT**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**NOTE 9: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other fire districts in the State to participate in the Fire Agencies Self Insurance System. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for workers compensation coverage for member fire districts. The District has also joined together with other fire districts in the State to participate in the Northern California Fire District Association. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and automobile coverage for its member districts.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 10: OTHER INFORMATION**

Management has evaluated events subsequent to June 30, 2023 through December 20, 2023, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**PENRYN FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**District Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2023**  
**Last 10 Years\***

	<b>2023</b>
<b>Safety Plan</b>	
Contractually required contribution (actuarially determined)	\$ 54,553
Contributions in relation to the actuarially determined contributions	(54,553)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 426,858
Contributions as a percentage of covered employee payroll	12.78%

\* The District's contract with CalPERS was effective July 16, 2022, therefore only one year is shown.

**PENRYN FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 1,109,439	\$ 1,139,305	\$ 1,153,842	\$ 14,537
Use of money and property	5,000	5,000	19,449	14,449
Intergovernmental	3,301	5,005	89,888	84,883
Charges for services	5,000	85,000	88,736	3,736
Other revenues	500	12,000	27,137	15,137
<b>Total Revenues</b>	<u>1,123,240</u>	<u>1,246,310</u>	<u>1,379,052</u>	<u>132,742</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	1,114,690	1,203,074	1,153,020	50,054
Capital outlay	-	-	28,316	(28,316)
<b>Total Expenditures</b>	<u>1,114,690</u>	<u>1,203,074</u>	<u>1,181,336</u>	<u>21,738</u>
<b>Net Change in Fund Balances</b>	8,550	43,236	197,716	154,480
<b>Fund Balances - Beginning</b>	<u>1,029,026</u>	<u>1,029,026</u>	<u>1,029,026</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 1,037,576</u></u>	<u><u>\$ 1,072,262</u></u>	<u><u>\$ 1,226,742</u></u>	<u><u>\$ 154,480</u></u>

**PENRYN FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Mitigation Fees**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Use of money and property	\$ 3,000	\$ 3,000	\$ 13,850	\$ 10,850
Charges for services	38,221	38,221	68,573	30,352
Other revenues	10,000	10,000	3,677	(6,323)
<b>Total Revenues</b>	<u>51,221</u>	<u>51,221</u>	<u>86,100</u>	<u>34,879</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	29,858	29,858	31,231	(1,373)
Interest	21,363	21,363	19,989	1,374
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>51,221</u>	<u>51,221</u>	<u>51,220</u>	<u>1</u>
<b>Net Change in Fund Balances</b>	-	-	34,880	34,880
<b>Fund Balances - Beginning</b>	<u>759,024</u>	<u>759,024</u>	<u>759,024</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 759,024</u>	<u>\$ 759,024</u>	<u>\$ 793,904</u>	<u>\$ 34,880</u>

**PENRYN FIRE PROTECTION DISTRICT**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2023**

**NOTE 1: BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The District presents a comparison of annual budget to actual results for the General fund and the major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The following procedures are performed by the District in establishing the budgetary data reflected in the financial statements:

- (1) The fiscal officer submits to the Board of Directors a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Directors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) A revised adopted budget is usually drafted in April and approved by the Board in May.

The District does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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## **OTHER REPORT AND SCHEDULES**

- **Other Report**
- **Schedule of Findings and Recommendations**
- **Management's Corrective Action Plan**

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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, California

We have audited, in accordance with the 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 and each major fund of Penryn Fire Protection District, California (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2023.

**Report on 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2023-001 that we consider to be a significant deficiency.

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

### **Report on Compliance and Other Matters**

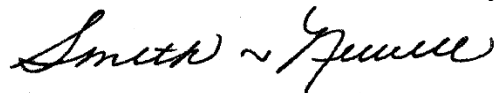
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

### **District's Response to the Finding**

Government auditing standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Smith & Newell CPAs  
Yuba City, California  
December 20, 2023



**PENRYN FIRE PROTECTION DISTRICT**  
**Schedule of Findings and Recommendations**  
**For the Year Ended June 30, 2023**

**2023-001 Credit Card Documentation (Significant Deficiency)**

**Criteria**

Good internal control and the District's credit card policy requires that all credit card charges are documented by a receipt or invoice.

**Condition**

During the audit, we noted that all receipts for purchases on the District credit card were not available.

**Cause**

The District did not obtain all receipts for credit card purchases.

**Effect**

There were charges on the District credit card that did not have adequate supporting receipts.

**Questioned Cost**

No questioned costs were identified as a result of our procedures.

**Context**

We tested the transaction process for 25 expenditures with a systematic sample for the fiscal year ending June 30, 2023.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the District follow their credit card policy and obtain all receipts for charges on the District credit card prior to paying the outstanding credit card balance.

**Views of Responsible Officials and Planned Corrective Action**

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

**PENRYN FIRE PROTECTION DISTRICT  
Management's Corrective Action Plan  
For the Year Ended June 30, 2023**

**Finding 2023-001      Credit Card Documentation (Significant Deficiency)**

We recommend that the District follow their credit card policy and obtain all receipts for charges on the District credit card prior to paying the outstanding credit card balance.

Management's Response:      The District concurs with the finding.

Responsible Individual:      Gillian Lofrano, District Manager

Corrective Action Plan:      The staff will follow the credit card policy and obtain all receipts.

Anticipated Completion Date:      Implemented