

**PENRYN
FIRE PROTECTION DISTRICT,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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PENRYN FIRE PROTECTION DISTRICT
Annual Financial Report
For the Year Ended June 30, 2021

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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, 2021

Board of Directors

Cheryl Hotaling	Chair
Danielle Hardesty	Secretary
Dennis Bergstrom	Director
Susan Mahoney	Director
Randy Neifer	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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

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

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such 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. 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2022, 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
February 22, 2022

**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, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,741,348 (net position).
- As of the close of the current fiscal year, the District's governmental funds reported ending fund balance of \$1,483,657.
- The District had combined program and general revenues of \$1,541,759 and program expenses of \$1,093,516 for the fiscal year ended June 30, 2021.

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.

PENRYN FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Governmental Funds

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

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

Because the focus of the governmental 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 \$1,741,348 at the close of the most recent fiscal year. The District's net position consists of the following at June 30, 2021 and 2020:

District's Net Position

	2021	2020
Cash and investments	\$ 1,543,864	\$ 1,101,990
Capital asset	728,086	749,521
Total Assets	2,271,950	1,851,511
Current and other liabilities	90,529	83,190
Long term liabilities	440,073	475,216
Total Liabilities	530,602	558,406
Investment in capital assets	263,692	256,582
Restricted	616,589	261,732
Unrestricted	861,067	774,791
Total Net Position	\$ 1,741,348	\$ 1,293,105

PENRYN FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

The net position of the District increased by \$448,243 during the fiscal year ended June 30, 2021. For the fiscal years ending June 30, 2021 and 2020, the District's change in net position is as follows:

District's Changes in Net Position

	2021	2020
Program Revenues:		
Charges for service	\$ 627,067	\$ 12,582
Grants and contributions	397,319	-
Assessments	-	508,828
Development fees	-	44,515
General Revenues:		
Property taxes	484,459	460,665
Interest and investment earnings	4,116	15,703
Other revenues	28,798	157,488
Total Revenues	1,541,759	1,199,781
Program Expenses:		
Public protection	1,093,516	1,008,859
Total Expenses	1,093,516	1,008,859
Change in Net Position	448,243	190,922
Net Position - Beginning	1,293,105	1,102,183
Net Position - Ending	\$ 1,741,348	\$ 1,293,105

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 \$1,483,657, which is a 41.66% increase over the prior year fund balance of \$1,047,345.

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

PENRYN FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
For the Year Ended June 30, 2021

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 \$263,692. See Note 3 for additional details on capital assets.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

- **Government-Wide Financial Statements**

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PENRYN FIRE PROTECTION DISTRICT
Statement of Net Position
June 30, 2021

	<u>Total Governmental Activities</u>
ASSETS	
Cash and investments	\$ 1,530,987
Receivables:	
Interest	231
Intergovernmental	12,646
Capital assets:	
Non-depreciable	63,000
Depreciable, net	665,086
Total capital assets	<u>728,086</u>
Total Assets	<u>2,271,950</u>
LIABILITIES	
Accounts payable	4,973
Accrued salaries and benefits	42,588
Long-term liabilities:	
Due within one year	42,968
Due in more than one year	440,073
Total Liabilities	<u>530,602</u>
NET POSITION	
Net investment in capital assets	263,692
Restricted for:	
Capital improvements	616,589
Unrestricted	861,067
Total Net Position	<u><u>\$ 1,741,348</u></u>

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

Basic Financial Statements

- **Fund Financial Statements**

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PENRYN FIRE PROTECTION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Mitigation Fees</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 914,446	\$ 616,541	\$ 1,530,987
Receivables:			
Interest	183	48	231
Intergovernmental	12,646	-	12,646
Total Assets	<u>\$ 927,275</u>	<u>\$ 616,589</u>	<u>\$ 1,543,864</u>
LIABILITIES			
Accounts payable	\$ 4,973	\$ -	\$ 4,973
Accrued salaries and benefits	42,588	-	42,588
Total Liabilities	<u>47,561</u>	<u>-</u>	<u>47,561</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable	12,646	-	12,646
Total Deferred Inflows of Resources	<u>12,646</u>	<u>-</u>	<u>12,646</u>
FUND BALANCES			
Restricted	-	616,589	616,589
Unassigned	867,068	-	867,068
Total Fund Balances	<u>867,068</u>	<u>616,589</u>	<u>1,483,657</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 927,275</u>	<u>\$ 616,589</u>	<u>\$ 1,543,864</u>

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, 2021

Total Fund Balances - Governmental Funds	\$ 1,483,657
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.	728,086
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.	12,646
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Capital leases	(464,394)
Compensated absences	<u>(18,647)</u>
Net Position of Governmental Activities	<u><u>\$ 1,741,348</u></u>

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

PENRYN FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Mitigation Fees</u>	<u>Totals</u>
REVENUES			
Taxes and assessments	\$ 1,019,846	\$ -	\$ 1,019,846
Use of money and property	2,953	1,163	4,116
Intergovernmental	384,673	-	384,673
Charges for services	-	91,680	91,680
Other revenues	457	28,341	28,798
Total Revenues	<u>1,407,929</u>	<u>121,184</u>	<u>1,529,113</u>
EXPENDITURES			
Current:			
Public protection	1,026,474	2,578	1,029,052
Debt service:			
Principal	-	28,545	28,545
Interest	-	22,675	22,675
Capital outlay	-	12,529	12,529
Total Expenditures	<u>1,026,474</u>	<u>66,327</u>	<u>1,092,801</u>
Excess of Revenues Over (Under) Expenditures	<u>381,455</u>	<u>54,857</u>	<u>436,312</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	300,000	300,000
Transfers out	(300,000)	-	(300,000)
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
Net Change in Fund Balances	81,455	354,857	436,312
Fund Balances - Beginning	<u>785,613</u>	<u>261,732</u>	<u>1,047,345</u>
Fund Balances - Ending	<u>\$ 867,068</u>	<u>\$ 616,589</u>	<u>\$ 1,483,657</u>

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

PENRYN FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 436,312
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	12,529
Less current year depreciation	(44,114)
Various capital asset adjustments	10,150
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	28,545
Some revenues reported in the Statement of Activities will not be collected for several months after the District's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	
Change in unavailable revenue	12,646
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	(7,825)
Change in Net Position of Governmental Activities	\$ 448,243

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

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, 2021

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, 2021.

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021

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 amounts due from other governments. 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, 2021

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 vacation is to permit employees to accumulate earned but unused vacation leave. 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	\$ 280.76	per residential unit
Commercial	\$ 0.116	per building square foot
Vacant	\$ 87.73	per parcel

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The District does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The District does not have any majority equity interests to report for the year ended June 30, 2021.

N. Future Accounting Pronouncements

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

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Future Accounting Pronouncements (Continued)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the District’s cash and investments consisted of the following:

Cash and Investments:	
Placer County Treasurer’s Pool	\$ 1,530,987
Total Cash and Investments	<u>\$ 1,530,987</u>

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments

The District does not have a formal investment policy. At June 30, 2021, 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
- Banker's 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, 2021, 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>1,530,987</u>			
Total Investments	<u>\$ 1,530,987</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, 2021

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, 2021, 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, 2021, 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, 2021

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital Assets, Not Being Depreciated:				
Land	\$ 63,000	\$ -	\$ -	\$ 63,000
Total Capital Assets, Not Being Depreciated	<u>63,000</u>	<u>-</u>	<u>-</u>	<u>63,000</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	217,072	-	-	217,072
Equipment	134,514	12,529	10,357	157,400
Vehicles	1,096,459	-	-	1,096,459
Total Capital Assets, Being Depreciated	<u>1,448,045</u>	<u>12,529</u>	<u>10,357</u>	<u>1,470,931</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(213,094)	(1,223)	(207)	(214,524)
Equipment	(60,659)	(9,785)	-	(70,444)
Vehicles	(487,771)	(33,106)	-	(520,877)
Total Accumulated Depreciation	<u>(761,524)</u>	<u>(44,114)</u>	<u>(207)</u>	<u>(805,845)</u>
Total Capital Assets, Being Depreciated, Net	<u>686,521</u>	<u>(31,585)</u>	<u>10,150</u>	<u>665,086</u>
Total Capital Assets, Net	<u>\$ 749,521</u>	<u>(\$ 31,585)</u>	<u>\$ 10,150</u>	<u>\$ 728,086</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

Public Protection	<u>\$ 44,114</u>
Total Depreciation Expense	<u>\$ 44,114</u>

NOTE 4: INTERFUND TRANSACTIONS

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2021.

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 300,000
Mitigation Fees	<u>300,000</u>	<u>-</u>
Total	<u>\$ 300,000</u>	<u>\$ 300,000</u>

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2020</u>	<u>Adjustments/ Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Capital leases	\$ 492,939	\$ -	(\$ 28,545)	\$ 464,394	\$ 13,110
Compensated absences	17,437	20,371	(19,161)	18,647	29,858
Total	<u>\$ 510,376</u>	<u>\$ 20,371</u>	<u>(\$ 47,706)</u>	<u>\$ 483,041</u>	<u>\$ 42,968</u>

NOTE 6: 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.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2021</u>
Governmental activities	4.6%	\$ 464,394
Total		<u>\$ 464,394</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 646,318
Less: accumulated depreciation	(72,711)
Net Value	<u>\$ 573,607</u>

As of June 30, 2021, capital lease annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2022	\$ 51,220
2023	51,220
2024	51,220
2025	51,220
2026	51,220
2027-2031	256,100
2032-2036	<u>102,440</u>
Total Requirements	614,640
Less Interest	(150,246)
Present Value of Remaining Payments	<u>\$ 464,394</u>

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 7: 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.
- **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 8: 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. As of June 30, 2021, fund balance for governmental funds is 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.

PENRYN FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 8: FUND BALANCES (CONTINUED)

- **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, 2021, were distributed as follows:

	<u>General Fund</u>	<u>Mitigation Fees</u>	<u>Totals</u>
Restricted for:			
Capital improvement	\$ -	\$ 616,589	\$ 616,589
Unassigned	<u>867,068</u>	<u>-</u>	<u>867,068</u>
Total	<u>\$ 867,068</u>	<u>\$ 616,589</u>	<u>\$ 1,483,657</u>

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 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, 2021 through February 22, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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PENRYN FIRE PROTECTION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 1,007,340	\$ 998,021	\$ 1,019,846	\$ 21,825
Use of money and property	10,800	9,000	2,953	(6,047)
Intergovernmental	79,672	269,429	384,673	115,244
Other revenues	500	500	457	(43)
Total Revenues	<u>1,098,312</u>	<u>1,276,950</u>	<u>1,407,929</u>	<u>130,979</u>
EXPENDITURES				
Current:				
Public protection	<u>1,098,458</u>	<u>1,140,722</u>	<u>1,026,474</u>	<u>114,248</u>
Total Expenditures	<u>1,098,458</u>	<u>1,140,722</u>	<u>1,026,474</u>	<u>114,248</u>
Excess of Revenues Over (Under) Expenditures	<u>(146)</u>	<u>136,228</u>	<u>381,455</u>	<u>245,227</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
Net Change in Fund Balances	<u>(146)</u>	<u>136,228</u>	<u>81,455</u>	<u>(54,773)</u>
Fund Balances - Beginning	<u>785,613</u>	<u>785,613</u>	<u>785,613</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 785,467</u>	<u>\$ 921,841</u>	<u>\$ 867,068</u>	<u>\$ (54,773)</u>

PENRYN FIRE PROTECTION DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Mitigation Fees
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Use of money and property	\$ 3,000	\$ 3,000	\$ 1,163	\$ (1,837)
Charges for services	33,500	32,500	91,680	59,180
Other revenues	15,000	16,000	28,341	12,341
Total Revenues	<u>51,500</u>	<u>51,500</u>	<u>121,184</u>	<u>69,684</u>
EXPENDITURES				
Current:				
Public protection	-	-	2,578	(2,578)
Debt service:				
Principal	-	-	28,545	(28,545)
Interest	-	-	22,675	(22,675)
Capital outlay	51,221	51,221	12,529	38,692
Total Expenditures	<u>51,221</u>	<u>51,221</u>	<u>66,327</u>	<u>(15,106)</u>
Excess of Revenues Over (Under) Expenditures	<u>279</u>	<u>279</u>	<u>54,857</u>	<u>54,578</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	300,000	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>
Net Change in Fund Balances	279	279	354,857	(354,578)
Fund Balances - Beginning	<u>261,732</u>	<u>261,732</u>	<u>261,732</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 262,011</u>	<u>\$ 262,011</u>	<u>\$ 616,589</u>	<u>\$ (354,578)</u>

PENRYN FIRE PROTECTION DISTRICT
Required Supplementary Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

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.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, the District incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
Mitigation fees	\$ 51,221	\$ 66,327	\$ 15,106

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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2022.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency. (2021-001)

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

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

The District's response to the finding identified in our audit is described in the accompanying management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
February 22, 2022

PENRYN FIRE PROTECTION DISTRICT
Schedule of Findings and Recommendations
For the Year Ended June 30, 2021

2021-001 Budget (Significant Deficiency)

Criteria

California Government code requires that appropriate operating budgets be adopted and amended as needed and that expenditures do not exceed the approved budget.

Condition

For the year ending June 30, 2021, we noted that the District incurred expenditures in excess of appropriations of \$15,106 in the Mitigation Fees fund.

Cause

The District did not amend its budget to account for changes in estimate of expenditures during the fiscal year in the Mitigation Fees fund.

Effect

Expenditures exceed appropriations by \$15,106 in the Mitigation Fees fund.

Questioned Costs

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

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

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, 2021

Finding 2021-001 Budget (Significant Deficiency)

We recommend that the District control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the District take appropriate action to amend the budget.

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

Responsible Individual: Board of Directors

Corrective Action Plan: Additional expenses during the year will be approved and the budget amended at the Board meetings.

Anticipated Completion Date: June 30, 2022