

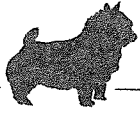
**FRENCH CAMP-McKINLEY
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2016**

ROBERT W. JOHNSON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
French Camp-McKinley Fire Protection District
French Camp, California

Report on the Financial Statements

We have been engaged to audit the accompanying financial statements of French Camp-McKinley Fire Protection District, as of and for the year ended June 30, 2016, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Basis for Disclaimer of Opinion

Financial records were not available to provide sufficient audit evidence for our audit opinion.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of French Camp-McKinley Fire Protection District. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the supplemental information referred to above.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California

February 3, 2021

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2016

ASSETS	Governmental Activities (All Funds)	Adjustments	Statement of Net Position
Cash and cash equivalents (Note 3)	\$ 932,748	\$ -	\$ 932,748
Capital assets (Note 4)	-	732,974	732,974
Less, accumulated depreciation	-	(323,348)	(323,348)
Total assets	<u>\$ 932,748</u>	<u>\$ 409,626</u>	<u>\$ 1,342,374</u>
LIABILITIES			
Accounts payable	\$ 29,885	\$ -	\$ 29,885
Liabilities due within one year (Note 5)	-	53,423	53,423
Total liabilities	<u>29,885</u>	<u>53,423</u>	<u>83,308</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 6)			
Restricted	-	-	-
Committed	15,070	(15,070)	-
Unassigned	887,793	(887,793)	-
Total fund balances	<u>902,863</u>	<u>(902,863)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 932,748</u>		
Net position (Note 6)			
Net investment in capital assets		356,203	356,203
Restricted		-	-
Unrestricted		<u>902,863</u>	<u>902,863</u>
Total net position		<u>\$ 1,259,066</u>	<u>\$ 1,259,066</u>

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2016

	Governmental Activities (All Funds)	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection and support services	\$ 2,023,419	\$ -	\$ 2,023,419
Capital outlay	-	-	-
Debt service-principal	52,044	(52,044)	-
Interest on long-term debt	2,795	-	2,795
Depreciation	-	52,186	52,186
	<hr/>		
Total program expenditures/ expenses	2,078,258	142	2,078,400
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Program revenues:			
Charges for services	111,785	-	111,785
Licenses and permits	27,419	-	27,419
	<hr/>		
Total program revenues	139,204	-	139,204
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General revenues:			
Property taxes	426,869	-	426,869
Homeowner property tax relief	4,048	-	4,048
Special assessments	263,936	-	263,936
Mountain House Fire & EMS (Note 7)	1,444,238	-	1,444,238
Interest income	1,993	-	1,993
Misc. revenues	43,171	-	43,171
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Total general revenues	2,184,255	-	2,184,255
<hr/>			
Excess of revenues (expenditures)/ changes in net position	245,203	(142)	245,059
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Fund balances/net position:			
Beginning	657,660	356,347	1,014,007
	<hr/>		
Ending	\$ 902,863	\$ 356,205	\$ 1,259,066
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See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2016

	Budget	Actual	Favorable/ (Unfavorable) Variance
Revenues:			
Property taxes	\$ 425,076	\$ 426,869	\$ 1,793
Licenses and permits	-	27,419	27,419
Homeowner property tax relief	4,033	4,048	15
Special assessments	264,068	263,936	(132)
Mountain House Fire & EMS	1,729,832	1,444,238	(285,594)
Other direct charges	-	111,785	111,785
Interest income	-	1,993	1,993
Misc. revenues	-	43,171	43,171
Total revenues	2,423,010	2,323,460	(99,549)
Expenditures:			
Salaries and wages -regular	1,229,698	956,100	273,598
Salaries and wages -extra help	-	166,715	(166,715)
Salaries and wages -overtime	51,000	89,054	(38,054)
Retirement-employer share	183,853	-	183,853
Payroll taxes	106,390	95,404	10,986
Health insurance	202,044	171,942	30,102
Unemployment insurance	2,775	22,620	(19,845)
Memberships & subscriptions	18,000	20,684	(2,684)
Office expense-general	16,500	10,091	6,409
Communications	21,700	16,639	5,061
Maintenance-equipment	45,500	103,466	(57,966)
Signal maintenance	22,000	27,365	(5,365)
Fuel	29,750	15,249	14,501
Rents & leases-equipment	1,400	-	1,400
Equipment lease	73,500	54,839	18,661
Mileage & costs-board and others	14,600	5,190	9,411
Auditor-Controller accounting fees	8,600	2,720	5,880
Auditor-Controller direct service charge	10,000	2,641	7,359
Attorney	16,000	15,388	612
Dispatching	38,500	26,972	11,528
Tax admin. charges	10,000	8,233	1,767
Education reimbursement	14,000	2,020	11,980

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET, continued
for the year ended June 30, 2016

	Budget	Actual	Favorable/ (Unfavorable) Variance
Physical exams	\$ 12,500	\$ 360	\$ 12,140
Fire prevention	21,000	18,968	2,032
Elections	2,000	-	2,000
Safety training	13,500	20,933	(7,433)
Workers comp.	80,000	44,814	35,186
Insurance	47,000	35,967	11,033
Misc.	-	300	(300)
Clothing & safety supplies	36,000	90,522	(54,522)
Utilities	31,700	18,564	13,136
First aid & rescue supplies	12,000	9,430	2,570
Maintenance-structure and ground	15,000	25,068	(10,068)
Structures & improvements	12,000	-	12,000
Equipment	24,500	-	24,500
Total expenditures	<u>2,423,010</u>	<u>2,078,258</u>	<u>344,752</u>
Excess of revenues/(expenditures)	<u>\$ -</u>	<u>\$ 245,203</u>	<u>\$ 245,203</u>

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2016

1. Organization:

French Camp-McKinley Fire Protection District (the “District”) was established in 1946 as a California Special District for the purpose of providing Fire – Life Safety services to the community of French Camp, California. The Mission: “Dedicated to serving the community we swore to protect through emergency response, preparation, and prevention.”

The five-person Board of Directors (“BOD”) are elected for four-year terms. The BOD appoints the Fire Chief who oversees the administrative and operation of the district. The District operates under the legal authority and responsibility of the State of California Health and Safety Code under the “Fire Protection Law of 1987.”

2. Summary of Significant Accounting Policies:

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

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. 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. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income and charges for current services. Revenues that are not accrued include permits and fines, forfeitures and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2016

2. Summary of Significant Accounting Policies, continued:

Measurement Focus and Basis of Accounting, continued

General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

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

Budgets

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

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2016

2. Summary of Significant Accounting Policies, continued:

Cash and Investments

The District maintains cash balances with the Treasurer of San Joaquin County in interest-bearing pooled investment accounts. These pooled funds are carried at cost which approximates fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

Property Taxes

The District receives property taxes from San Joaquin County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2016

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

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

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

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

Fund Balance

Fund balance is classified in the following categories:

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

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

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

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

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2016

3. Cash and Investments:

The District's cash held in the San Joaquin County Treasury at June 30, 2016 is as follows:

General Fund	\$ 662,863
Industrial Fund	254,691
Capital Outlay Fund	15,070
Retirement Fund	<u>124</u>
	<u>\$ 932,748</u>

The District maintains all of its cash in the San Joaquin County Treasury in a pooled investment fund. The County is authorized to deposit cash and invest excess funds by the California Government Code Section 53648 et. seq. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash and Cash Equivalents." All cash is considered unrestricted.

Because the deposits are maintained in a recognized pooled investment fund under the care of a third party and the share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2016 are as follows:

	<u>Balance</u> <u>6-30-15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-16</u>
Land	\$ 66,222	\$ -	\$ -	\$ 66,222
Buildings and improvements	170,549	-	14,145	156,404
Vehicles	873,308	-	362,960	510,348
Hoses	13,620	-	13,620	-
Other equipment	<u>100,252</u>	<u>-</u>	<u>100,252</u>	<u>-</u>
	<u>\$1,223,951</u>	<u>\$ -</u>	<u>\$ 490,977</u>	<u>\$ 732,974</u>

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2016

5. Long-term Liabilities:

A schedule of long-term liabilities for the fiscal year ended June 30, 2016 is as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance, June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Capital Lease Obligation	<u>\$ 105,467</u>	<u>\$ -</u>	<u>\$ 52,044</u>	<u>\$ 53,423</u>	<u>\$ 53,423</u>

In 2012 the District entered into a capital lease for the purchase of a Hi-Tech Truck costing \$357,160. Annual lease payments of \$54,839 including interest of 2.65% are payable through July 2016.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2016

6. <u>Equity</u> :		
General Fund:		
Restricted		\$ 0
Committed for:		
Capital Outlay		15,070
Unassigned		<u>887,793</u>
		<u>\$ 902,863</u>
Statement of Net Position:		
Net investment in capital assets		\$ 356,203
Restricted		0
Unrestricted:		
Board designated:		
Industrial Fund	\$ 254,691	
Retirement Fund	<u>124</u>	
	254,815	
Undesignated	<u>648,048</u>	<u>902,863</u>
		<u>\$1,259,066</u>

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2016

7. Fire Protection and Emergency Medical Services Agreement:

On May 15, 2015 the District and Mountain House Community Services District (“Mountain House CSD”) entered into an agreement for the District to provide fire protection and emergency medical services to the community served by the Mountain House CSD.

The District provides staffing to Mountain House CSD based on staffing response guidelines established by the jointly adopted Service Level Criteria using the vehicles, equipment and apparatus of both Districts.

The District charges Mountain House CSD an established daily rate with the rate renegotiated every year. The District also bills Mountain House CSD for service, supplies and apparatus as needed.

The original contract term extended from September 15, 2015 through June 30, 2020. The contract was extended through June 30, 2025.

8. Subsequent Events:

Management has evaluated events through February 3, 2021, the date these June 30, 2016 financial statements were available to be issued.

9. Risk of Loss:

French Camp-McKinley Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2016 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

SUPPLEMENTAL INFORMATION

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Mary Nicholson	Chair
Bobbie Pico	Vice Chair
George Phillip	
Gorman Houbein	
Larry Lee	

Operations:

Mario McArn	Chief
James Miller	Assistant Chief