

**FRENCH CAMP-McKINLEY
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the fiscal year ended June 30, 2020**

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 audited the accompanying financial statements of French Camp-McKinley Fire Protection District, as of and for the year ended June 30, 2020, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of French Camp-McKinley Fire Protection District as of June 30, 2020, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

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

Other Information

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

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California

February 3, 2021

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2020

ASSETS	Governmental Activities (All Funds)	Adjustments	Statement of Net Position
Cash and cash equivalents (Note 3)	\$ 1,005,366	\$ -	\$ 1,005,366
Capital assets (Note 4)	-	1,004,074	1,004,074
Less, accumulated depreciation	-	(599,425)	(599,425)
Total assets	<u>\$ 1,005,366</u>	<u>\$ 404,649</u>	<u>\$ 1,410,015</u>
LIABILITIES			
Accounts payable	\$ 193,038	\$ -	\$ 193,038
Compensated absences payable	69,120	-	69,120
Long term liabilities (Note 5):			
Due within one year	-	95,691	95,691
Due after one year	-	103,610	103,610
Total liabilities	<u>262,158</u>	<u>199,301</u>	<u>461,459</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 6)			
Restricted	-	-	-
Committed	15,949	(15,949)	-
Unassigned	727,259	(727,259)	-
Total fund balances	<u>743,208</u>	<u>(743,208)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,005,366</u>		
Net position (Note 6)			
Net investment in capital assets		268,908	268,908
Restricted		-	-
Unrestricted		679,648	679,648
Total net position		<u>\$ 948,556</u>	<u>\$ 948,556</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, 2020

	Governmental Activities (All Funds)	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection and support services	\$ 3,179,244	\$ -	\$ 3,179,244
Capital outlay	-	-	-
Debt service-principal	92,332	(92,332)	-
Interest on long-term debt	10,626	-	10,626
Depreciation	-	71,759	71,759
Total program expenditures/ expenses	3,282,202	(20,573)	3,261,629
Program revenues:			
Charges for services	4,674	-	4,674
Inspection fees	93,477	-	93,477
Licenses and permits	212,740	-	212,740
Total program revenues	310,891	-	310,891
General revenues:			
Property taxes	717,449	-	717,449
Homeowner property tax relief	5,410	-	5,410
Special assessments	269,998	-	269,998
Mountain House Fire & EMS (Note 7)	1,970,095	-	1,970,095
Interest income	13,199	-	13,199
Misc. revenues	4,918	-	4,918
Total general revenues	2,981,069	-	2,981,069
Excess of revenues (expenditures)/ changes in net position	9,758	20,573	30,331
Fund balances/net position:			
Beginning	798,450	184,775	983,225
Restatement (Note 9)	(65,000)	-	(65,000)
Beginning balance, as restated	733,450	184,775	918,225
Ending	\$ 743,208	\$ 205,348	\$ 948,556

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, 2020

	Budget	Actual	Favorable/ (Unfavorable) Variance
Revenues:			
Property taxes	Note 1	\$ 717,449	Note 1
Licenses and permits	Note 1	212,740	Note 1
Homeowner property tax relief	Note 1	5,410	Note 1
Special assessments	Note 1	269,998	Note 1
Mountain House Fire & EMS	Note 1	1,970,095	Note 1
Co. Complex inspection fees	Note 1	93,477	Note 1
Other direct charges	Note 1	4,674	Note 1
Interest income	Note 1	13,199	Note 1
Misc. revenues	Note 1	4,918	Note 1
Total revenues	Note 1	\$ 3,291,960	Note 1
Expenditures:			
Salaries and wages -regular & extra help	\$ 1,412,218	\$ 1,274,373	\$ 137,845
Salaries and wages -overtime	300,000	515,874	(215,874)
Retirement-employer share	193,466	(40,849)	234,315
Payroll taxes	149,819	119,406	30,413
Health insurance	280,921	275,647	5,274
Unemployment insurance	37,669	154,627	(116,959)
Memberships & subscriptions	23,488	32,882	(9,394)
Office expense-general	14,419	6,319	8,101
Communications	23,000	23,846	(846)
Maintenance-equipment	39,140	82,112	(42,972)
Signal maintenance	6,000	800	5,200
Fuel & oil	24,000	31,480	(7,480)
Hose and fire tools	10,299	19,860	(9,561)
Equipment rental & leases	1,500	428	1,072
Mileage & costs-board and others	6,000	3,750	2,250
Professional services-general	4,000	376	3,624
Auditor-Controller accounting fees	6,000	3,868	2,132
Auditor-Controller direct service charge	4,120	3,966	154
Legal fees	41,200	38,984	2,216
Dispatching	36,049	41,195	(5,146)

Note 1: District's 6/30/20 budget did not budget for revenue.

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, 2020

	Budget	Actual	Favorable/ (Unfavorable) Variance
Fire Prevention	\$ 5,000	\$ 5,938	\$ (938)
Safety training	8,000	10,907	(2,907)
Tax collection charges	10,000	10,992	(992)
MHCSD plan checking	2,000	888	1,112
Education reimbursement	10,000	-	10,000
Physical exams	8,000	12,142	(4,142)
Election expense	2,000	-	2,000
Firefighting supplies	6,000	2,835	3,165
Workers comp.	200,000	212,012	(12,012)
Casualty insurance	40,000	34,695	5,305
Accid. disability insurance	1,081	197	884
Mandated safety clothing	40,000	202,700	(162,700)
Utilities	36,810	56,530	(19,720)
Utilities-water	3,600	13,653	(10,053)
Utilities-garbage	5,973	71,297	(65,323)
First aid & rescue supplies	10,200	4,179	6,021
Maintenance-structure & grounds	10,000	11,967	(1,967)
Building repairs & maintenance	10,000	3,544	
Maint. alarm service	2,500	1,694	806
Structures & improvements	14,000	-	14,000
Capital equipment upgrades	66,000	-	66,000
Apparatus replacement	40,000	37,091	2,909
Contingency Fund	33,440	-	33,440
One-time capital expenditures	307,000	-	307,000
Total expenditures	<u>\$ 3,484,913</u>	<u>\$ 3,282,202</u>	<u>\$ 202,711</u>
Excess of revenues/(expenditures)	Note 1	<u>\$ 9,758</u>	Note 1

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2020

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.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Measurement Focus and Basis of Accounting, continued

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.

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.

Compensated Absences

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

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, 2020

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, 2020

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, 2020

3. Cash and Investments:

The District's cash held in the San Joaquin County Treasury at June 30, 2020 is as follows:

General Fund	\$ 719,619
Industrial Fund	269,674
Capital Outlay Fund	15,949
Retirement Fund	<u>124</u>
	<u>\$1,005,366</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, 2020 are as follows:

	<u>Balance</u> <u>6-30-19</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-20</u>
Land	\$ 66,222	\$ -	\$ -	\$ 66,222
Buildings and improvements	156,404	-	-	156,404
Vehicles	<u>781,448</u>	<u>-</u>	<u>-</u>	<u>781,448</u>
	<u>\$1,004,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,004,074</u>

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

5. Long-term Liabilities:

A schedule of long-term liabilities for the fiscal year ended June 30, 2020 is as follows:

	<u>Balance,</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance,</u> <u>June 30, 2020</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Capital Lease Obligations:					
Type III Fire Engine	\$ 166,739	\$ 0	\$ 30,998	\$ 135,741	\$ 32,131
Motorola radios	<u>124,894</u>	<u>0</u>	<u>61,334</u>	<u>63,560</u>	<u>63,560</u>
	<u>\$ 291,633</u>	<u>\$ 0</u>	<u>\$ 92,332</u>	<u>\$ 199,301</u>	<u>\$ 95,691</u>

Capital Lease Obligations:

In 2017 the District entered into a capital lease for the purchase of a 2012 Pierce Navistar Type III Fire Engine costing \$230,000. Annual lease payments of \$37,091 including interest of 4.162% are payable through August 2023.

In 2017 the District entered into a capital lease for the purchase of Motorola radios costing \$249,948. Annual lease payments of \$65,868 including interest of 3.63% are payable through July 2021.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2020

6. Equity:

General Fund:

Restricted \$ -

Committed for:

 Capital Outlay 15,949

Unassigned 727,259

\$ 743,208

Statement of Net Position:

Net investment in capital assets \$ 268,908

Restricted -

Unrestricted:

 Board designated:

 Industrial Fund \$ 269,674

 Retirement Fund 124

269,798

Undesignated 409,850 679,648

\$ 948,556

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

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. Retirement Plans:

The District has two separate retirement plans. For the first plan the District contributes to an investment plan at the rate of 12% of base compensation for each eligible employee. 100% vesting occurs after 5 years. The District’s contribution amounted to \$40,849 in 2020.

For the second plan, each employee may contribute to a voluntary non-contributory Sec. 457 plan.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2020

9. Restatement:

The District's books were restated by \$65,000 to reflect the July 1, 2019 balance in compensated absences payable.

10. Subsequent Events:

Management has evaluated events through February 3, 2021, the date these June 30, 2020 financial statements were available to be issued.

11. 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 2020 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