

**FRENCH CAMP-McKINLEY
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the fiscal years ended June 30, 2017
through June 30, 2019**

ROBERT W. JOHNSON
Certified Public Accountant

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Basic Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	
June 30, 2019	3
June 30, 2018	4
June 30, 2017	5
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	
June 30, 2019	6
June 30, 2018	7
June 30, 2017	8
Statement of Revenues and Expenditures - Compared to Budget	
June 30, 2019	9-10
June 30, 2018	11-12
June 30, 2017	13-14
Notes to Financial Statements	15-27
Supplemental Information:	
Principal Officials	29



Robert W. Johnson
an accountancy corporation

6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohansoncpagroup@gmail.com | 916.723.2555
www.bob-johnson-cpa.com

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 years ended June 30, 2019, 2018 and 2017, 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 audits. 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 except for the matter in the following paragraph.

Basis for Qualified Opinion

Management does not have the supporting records available to calculate the liability provision for employees' accrued vacation payable at June 30, 2019, 2018 and 2017.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2019, 2018 and 2017 and the changes in financial position for the years 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 audits 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, except for the matter referred to in the opinion paragraph.

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, 2019

ASSETS	Governmental Activities (All Funds)	Adjustments	Statement of Net Position
Cash and cash equivalents (Note 3)	\$ 1,004,735	\$ -	\$ 1,004,735
Capital assets (Note 4)	-	1,004,074	1,004,074
Less, accumulated depreciation	-	(527,666)	(527,666)
Total assets	<u>\$ 1,004,735</u>	<u>\$ 476,408</u>	<u>\$ 1,481,143</u>
LIABILITIES			
Accounts payable	\$ 206,285	\$ -	\$ 206,285
Long term liabilities (Note 5):			
Due within one year	-	92,332	92,332
Due after one year	-	199,301	199,301
Total liabilities	<u>206,285</u>	<u>291,633</u>	<u>497,918</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 6)			
Restricted	-	-	-
Committed	15,644	(15,644)	-
Unassigned	782,806	(782,806)	-
Total fund balances	<u>798,450</u>	<u>(798,450)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,004,735</u>		
Net position (Note 6)			
Net investment in capital assets		309,669	309,669
Restricted		-	-
Unrestricted		673,556	673,556
Total net position		<u>\$ 983,225</u>	<u>\$ 983,225</u>

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2018

ASSETS	Governmental Activities (All Funds)	Adjustments	Statement of Net Position
Cash and cash equivalents (Note 3)	\$ 806,058	\$ -	\$ 806,058
Capital assets (Note 4)	-	1,004,074	1,004,074
Less, accumulated depreciation	-	(455,907)	(455,907)
 Total assets	 \$ 806,058	 \$ 548,167	 \$ 1,354,225
 LIABILITIES			
Accounts payable	\$ 79,776	\$ -	\$ 79,776
Long term liabilities (Note 5):			
Due within one year	-	59,186	59,186
Due after one year	-	291,633	291,633
 Total liabilities	 79,776	 350,819	 430,595
 FUND BALANCES/NET POSITION			
Fund balances (Note 6)			
Restricted	-	-	-
Committed	15,360	(15,360)	-
Unassigned	710,922	(710,922)	-
 Total fund balances	 726,282	 (726,282)	 -
 Total liabilities and fund balances	 <u>\$ 806,058</u>		
Net position (Note 6)			
Net investment in capital assets		381,428	381,428
Restricted		-	-
Unrestricted		542,202	542,202
 Total net position		 <u>\$ 923,630</u>	 <u>\$ 923,630</u>

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2017

ASSETS	Governmental Activities (All Funds)	Adjustments	Statement of Net Position
Cash and cash equivalents (Note 3)	\$ 1,195,898	\$ -	\$ 1,195,898
Capital assets (Note 4)	-	1,004,074	1,004,074
Less, accumulated depreciation	-	(384,148)	(384,148)
Total assets	<u>\$ 1,195,898</u>	<u>\$ 619,926</u>	<u>\$ 1,815,824</u>
LIABILITIES			
Accounts payable	\$ 29,215	\$ -	\$ 29,215
Long term liabilities (Note 5):			
Due within one year	-	33,356	33,356
Due after one year	-	196,644	196,644
Total liabilities	<u>29,215</u>	<u>230,000</u>	<u>259,215</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 6)			
Restricted	-	-	-
Committed	15,176	(15,176)	-
Unassigned	1,151,507	(1,151,507)	-
Total fund balances	<u>1,166,683</u>	<u>(1,166,683)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,195,898</u>		
Net position (Note 6)			
Net investment in capital assets		389,929	389,929
Restricted		-	-
Unrestricted		1,166,680	1,166,680
Total net position		<u>\$ 1,556,609</u>	<u>\$ 1,556,609</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, 2019

	Governmental Activities (All Funds)	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection and support services	\$ 3,107,404	\$ -	\$ 3,107,404
Capital outlay	-	-	-
Debt service-principal	59,186	(59,186)	-
Interest on long-term debt	6,682	-	6,682
Depreciation	-	71,759	71,759
	<hr/>		
Total program expenditures/ expenses	3,173,272	12,573	3,185,845
<hr/>			
Program revenues:			
Charges for services	81,127	-	81,127
Inspection fees	92,005	-	92,005
Licenses and permits	63,430	-	63,430
	<hr/>		
Total program revenues	236,562	-	236,562
<hr/>			
General revenues:			
Property taxes	564,827	-	564,827
Homeowner property tax relief	4,469	-	4,469
Special assessments	271,675	-	271,675
Mountain House Fire & EMS (Note 7)	2,155,682	-	2,155,682
Interest income	11,022	-	11,022
Misc. revenues	1,203	-	1,203
	<hr/>		
Total general revenues	3,008,878	-	3,008,878
<hr/>			
Excess of revenues (expenditures)/ changes in net position	72,168	(12,573)	59,595
<hr/>			
Fund balances/net position:			
Beginning	726,282	197,348	923,630
	<hr/>		
Ending	\$ 798,450	\$ 184,775	\$ 983,225
	<hr/> <hr/>		

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, 2018

	Governmental Activities (All Funds)	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection and support services	\$ 3,587,408	\$ -	\$ 3,587,408
Capital outlay	-	-	-
Debt service-principal	129,129	(129,129)	(0)
Interest on long-term debt	10,921	-	10,921
Depreciation	-	71,759	71,759
	<hr/>		
Total program expenditures/ expenses	3,727,457	(57,370)	3,670,087
<hr/>			
Program revenues:			
Charges for services	203,024	-	203,024
Inspection fees	90,113	-	90,113
Licenses and permits	13,167	-	13,167
	<hr/>		
Total program revenues	306,304	-	306,304
<hr/>			
General revenues:			
Property taxes	465,841	-	465,841
Homeowner property tax relief	3,975	-	3,975
Special assessments	264,006	-	264,006
Mountain House Fire & EMS (Note 7)	1,976,197	-	1,976,197
Interest income	9,961	-	9,961
Misc. revenues	10,824	-	10,824
Proceeds from long-term debt	249,948	(249,948)	-
	<hr/>		
Total general revenues	2,980,752	(249,948)	2,730,804
<hr/>			
Excess of revenues (expenditures)/ changes in net position	(440,401)	(192,578)	(632,979)
<hr/>			
Fund balances/net position:			
Beginning	1,166,683	389,926	1,556,609
	<hr/>		
Ending	\$ 726,282	\$ 197,348	\$ 923,630
	<hr/>		

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, 2017

	Governmental Activities (All Funds)	Adjustments	Statement of Activities
Program expenditures/expenses:			
Public protection and support services	\$ 2,655,344	\$ -	\$ 2,655,344
Capital outlay	271,100	(271,100)	-
Debt service-principal	53,423	(53,423)	-
Interest on long-term debt	1,416	-	1,416
Depreciation	-	60,800	60,800
	<hr/>		
Total program expenditures/ expenses	2,981,283	(263,723)	2,717,560
<hr/>			
Program revenues:			
Charges for services	53,959	-	53,959
Inspection fees	87,915	-	87,915
Licenses and permits	9,584	-	9,584
	<hr/>		
Total program revenues	151,458	-	151,458
<hr/>			
General revenues:			
Property taxes	448,602	-	448,602
Homeowner property tax relief	4,031	-	4,031
Special assessments	269,370	-	269,370
Mountain House Fire & EMS (Note 7)	1,926,757	-	1,926,757
Interest income	5,624	-	5,624
Misc. revenues	209,259	-	209,259
Proceeds from long-term debt	230,000	(230,000)	-
	<hr/>		
Total general revenues	3,093,643	(230,000)	2,863,643
<hr/>			
Excess of revenues (expenditures)/ changes in net position	263,820	33,723	297,541
<hr/>			
Fund balances/net position:			
Beginning	902,863	356,205	1,259,068
	<hr/>		
Ending	\$ 1,166,683	\$ 389,928	\$ 1,556,609
	<hr/>		

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, 2019

	Budget	Actual	Favorable/ (Unfavorable) Variance
Revenues:			
Property taxes	Note 1	\$ 564,827	Note 1
Licenses and permits	Note 1	63,430	Note 1
Homeowner property tax relief	Note 1	4,469	Note 1
Special assessments	Note 1	271,675	Note 1
Mountain House Fire & EMS	Note 1	2,155,682	Note 1
Co. Complex inspection fees	Note 1	92,005	Note 1
Other direct charges	Note 1	81,127	Note 1
Interest income	Note 1	11,022	Note 1
Misc. revenues	Note 1	1,203	Note 1
Total revenues	\$ 3,193,425	\$ 3,245,440	\$ 52,015
Expenditures:			
Salaries and wages -regular & extra help	1,526,409	1,543,330	(16,921)
Salaries and wages -overtime	100,000	465,011	(365,011)
Retirement-employer share	180,000	(255,252)	435,252
Payroll taxes	121,293	136,342	(15,049)
Health insurance	262,200	248,205	13,995
Unemployment insurance	33,500	211,198	(177,698)
Memberships & subscriptions	25,800	12,010	13,790
Office expense-general	14,000	8,699	5,301
Communications	22,000	28,922	(6,922)
Maintenance-equipment	38,000	122,395	(84,395)
Signal maintenance	6,000	(25)	6,025
Fuel & oil	27,000	29,544	(2,544)
Hose and fire tools	10,000	1,601	8,399
Equipment rental & leases	1,500	15,529	(14,029)
Mileage & costs-board and others	6,000	4,877	1,123
Auditor-Controller accounting fees	6,000	4,283	1,717
Auditor-Controller direct service charge	4,000	2,699	1,301
Legal fees	40,000	72,821	(32,821)

Note 1: District's 6/30/19 budget did not budget revenue by line item. Only total revenue was budgeted.

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, 2019

	Budget	Actual	Favorable/ (Unfavorable) Variance
Dispatching	\$ 35,000	\$ 43,575	\$ (8,575)
Fire Prevention	10,000	2,742	7,258
Safety training	5,000	3,593	1,407
Tax collection charges	10,000	15,359	(5,359)
Education reimbursement	2,000	770	1,230
Physical exams	8,000	1,580	6,420
Election expense	2,000	-	2,000
Firefighting supplies	6,000	1,818	4,182
Workers comp.	65,000	314,415	(249,415)
Casualty insurance	54,523	33,696	20,827
Accid. disability insurance	1,050	2,552	(1,502)
Miscellaneous	-	10,044	(10,044)
Mandated safety clothing	40,000	17,653	22,347
Utilities	27,000	24,893	2,107
Utilities-water	2,000	5,280	(3,280)
Utilities-garbage	5,800	5,275	525
First aid & rescue supplies	10,000	8,463	1,537
Maintenance-structure & grounds	20,000	21,822	(1,822)
Maint. alarm service	2,000	1,650	350
Structures & improvements	15,000	264	14,736
Equipment	81,800	5,639	76,161
Apparatus replacement	52,620	-	52,620
Contingency Fund	40,000	-	40,000
Total expenditures	<u>2,918,495</u>	<u>3,173,272</u>	<u>(254,777)</u>
Excess of revenues/(expenditures)	<u>\$ 274,930</u>	<u>\$ 72,168</u>	<u>\$ (202,762)</u>

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, 2018

	Budget	Actual	Favorable/ (Unfavorable) Variance
Revenues:			
Property taxes	Note 1	\$ 465,841	Note 1
Licenses and permits	Note 1	13,167	Note 1
Homeowner property tax relief	Note 1	3,975	Note 1
Special assessments	Note 1	264,006	Note 1
Mountain House Fire & EMS	Note 1	1,976,197	Note 1
Co. Complex inspection fees	Note 1	90,113	Note 1
Other direct charges	Note 1	203,024	Note 1
Interest income	Note 1	9,961	Note 1
Misc. revenues	Note 1	10,824	Note 1
Total revenues	\$ 2,980,425	\$ 3,037,108	\$ 56,683
Expenditures:			
Salaries and wages -regular & extra help	1,270,534	1,470,886	(200,352)
Salaries and wages -overtime	90,000	406,277	(316,277)
Retirement-employer share	170,000	60,115	109,885
Payroll taxes	115,275	151,611	(36,336)
Health insurance	230,552	221,043	9,509
Unemployment insurance	24,950	217,579	(192,629)
Memberships & subscriptions	25,800	33,809	(8,009)
Office expense-general	17,000	10,156	6,844
Communications	22,000	22,641	(641)
Maintenance-equipment	60,000	102,391	(42,391)
Signal maintenance	26,000	2,932	23,068
Fuel & oil	25,000	32,424	(7,424)
Hose and fire tools	24,000	39,718	(15,718)
Equipment rental	1,500	-	1,500
Equipment lease	10,000	-	10,000
Mileage & costs-board and others	12,000	7,081	4,919
Auditor-Controller accounting fees	11,800	5,916	5,884
Auditor-Controller direct service charge	10,000	2,686	7,314

Note 1: District's 6/30/18 budget did not budget revenue by line item. Only total revenue was budgeted.

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, 2018

	Budget	Actual	Favorable/ (Unfavorable) Variance
Legal fees	\$ 57,000	\$ 169,265	\$ (112,265)
Dispatching	35,000	34,731	269
Fire Prevention	14,000	10,400	3,600
Safety training	15,000	3,218	11,782
Tax collection charges	10,000	8,562	1,438
Education reimbursement	10,000	1,050	8,950
Physical exams	10,000	475	9,525
Election expense	4,000	-	4,000
Firefighting supplies	26,000	5,403	20,597
Workers comp.	82,400	127,313	(44,913)
Casualty insurance	55,750	36,569	19,181
Accid. disability insurance	1,050	5,033	(3,983)
Miscellaneous	-	-	-
Mandated safety clothing	44,000	41,902	2,098
Utilities	27,700	27,484	216
Utilities-water	5,000	881	4,119
Utilities-garbage	5,800	5,039	761
First aid & rescue supplies	23,700	7,414	16,286
Maintenance-structure & grounds	29,000	23,167	5,833
Maint. alarm service	6,530	1,175	5,356
Structures & improvements	13,000	620	12,380
Capital equipment upgrades	66,942	106,365	(39,423)
Apparatus replacement	79,000	74,182	4,818
Contingency Fund	21,424	-	21,424
Total expenditures	2,788,708	3,477,509	(688,801)
Excess of revenues/(expenditures)	\$ 191,717	\$ (440,401)	\$ (632,119)

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, 2017

	Budget	Actual	Favorable/ (Unfavorable) Variance
Revenues:			
Property taxes	\$ 425,000	\$ 448,602	\$ 23,602
Licenses and permits	26,000	9,584	(16,416)
Homeowner property tax relief	-	4,031	4,031
Special assessments	272,000	269,370	(2,630)
Mountain House Fire & EMS	1,905,510	1,926,757	21,247
Co. Complex inspection fees	87,000	87,915	915
Other direct charges	-	53,959	53,959
Interest income	-	5,624	5,624
Misc. revenues	85,000	196,261	111,261
Total revenues	2,800,510	3,002,103	201,593
Expenditures:			
Salaries and wages -regular	1,254,292	1,187,431	66,861
Salaries and wages -extra help	-	96,311	(96,311)
Salaries and wages -overtime	60,000	220,333	(160,333)
Retirement-employer share	187,530	93,741	93,789
Payroll taxes	108,485	114,916	(6,431)
Health insurance	214,050	194,194	19,856
Unemployment insurance	24,500	96,770	(72,270)
Memberships & subscriptions	23,750	32,168	(8,418)
Office expense-general	16,500	9,582	6,918
Communications	21,700	21,422	278
Maintenance-equipment	45,500	91,221	(45,721)
Signal maintenance	25,000	33,500	(8,500)
Fuel & oil	28,250	22,731	5,519
Hose and fire tools	12,000	9,898	2,102
Equipment rental	1,400	-	1,400
Equipment lease	77,500	90,219	(12,719)
Mileage & costs-board and others	14,600	6,450	8,150
Auditor-Controller accounting fees	8,600	9,649	(1,049)
Auditor-Controller direct service charge	10,000	2,707	7,293
Legal fees	16,000	99,869	(83,869)
Dispatching	37,000	11,270	25,730
Fire Prevention	23,050	2,948	20,102

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, 2017

	Budget	Actual	Favorable/ (Unfavorable) Variance
Safety training	\$ 18,500	\$ 5,444	\$ 13,056
Tax collection charges	10,000	7,872	2,128
Education reimbursement	14,000	5,673	8,327
Physical exams	9,500	1,623	7,877
Election expense	4,000	-	4,000
Firefighting supplies	21,500	29,100	(7,600)
Workers comp.	80,000	43,180	36,820
Casualty insurance	46,000	35,698	10,302
Accid. disability insurance	1,000	9,133	(8,133)
Miscellaneous	-	2,587	(2,587)
Mandated safety clothing	40,500	56,820	(16,320)
Utilities	27,100	20,716	6,384
Utilities-water	5,000	779	4,221
Utilities-garbage	5,200	2,794	2,406
First aid & rescue supplies	16,300	9,988	6,312
Station maintenance supplies	15,000	29,492	(14,492)
Maint. alarm service	5,500	1,953	3,547
Structures & improvements	13,000	-	13,000
Apparatus upgrades	24,500	28,100	(3,600)
Contingency Fund	20,800	-	20,800
Total expenditures	<u>2,587,107</u>	<u>2,738,283</u>	<u>(151,176)</u>
Excess of revenues/(expenditures)	<u>\$ 213,403</u>	<u>\$ 263,820</u>	<u>\$ 50,417</u>

See notes to financial statements

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2019, 2018 and 2017

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, 2019, 2018 and 2017

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.

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, 2019, 2018 and 2017

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, 2019, 2018 and 2017

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, 2019, 2018 and 2017

3. Cash and Investments:

The District's cash held in the San Joaquin County Treasury for the fiscal years ended June 30, 2019, 2018 and 2017 are as follows:

	<u>Balance, June 30, 2019</u>
General Fund	\$ 724,475
Industrial Fund	264,492
Capital Outlay Fund	15,644
Retirement Fund	<u>124</u>
	<u>\$1,004,735</u>
	<u>Balance, June 30, 2018</u>
General Fund	\$ 530,896
Industrial Fund	259,678
Capital Outlay Fund	15,360
Retirement Fund	<u>124</u>
	<u>\$ 806,058</u>
	<u>Balance, June 30, 2017</u>
General Fund	\$ 924,075
Industrial Fund	256,523
Capital Outlay Fund	15,176
Retirement Fund	<u>124</u>
	<u>\$1,195,898</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.

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2019, 2018 and 2017

4. Capital Assets:

Changes in capital assets for the years ended 2017 through 2019 are as follows:

	<u>Balance</u> <u>6-30-16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-17</u>
Land	\$ 66,222	\$ -	\$ -	\$ 66,222
Buildings and improvements	156,404	-	-	156,404
Vehicles	<u>510,348</u>	<u>271,100</u>	<u>-</u>	<u>781,448</u>
	<u>\$ 732,974</u>	<u>\$ 271,100</u>	<u>\$ -</u>	<u>\$1,004,074</u>
	<u>Balance</u> <u>6-30-17</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-18</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>
	<u>Balance</u> <u>6-30-18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-19</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, 2019, 2018 and 2017

5. Long-term Liabilities:

A schedule of long-term liabilities for the fiscal years ended ending June 30, 2017, 2018 and 2019 are as follows:

2017	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance, June 30, 2017</u>	<u>Amounts Due Within One Year</u>
Capital Lease Obligations:					
Hi-Tech Truck	\$ 53,423	\$ 0	\$ 53,423	\$ 0	\$ 0
Type III Fire Engine	<u>0</u>	<u>230,000</u>	<u>0</u>	<u>230,000</u>	<u>33,356</u>
	<u>\$ 53,423</u>	<u>\$230,000</u>	<u>\$ 53,423</u>	<u>\$230,000</u>	<u>\$33,356</u>

2018	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance, June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Capital Lease Obligations:					
Type III Fire Engine	\$230,000	\$ 0	\$ 63,261	\$166,739	\$ 0
Motorola radios	<u>0</u>	<u>249,948</u>	<u>65,868</u>	<u>184,080</u>	<u>59,186</u>
	<u>\$230,000</u>	<u>\$249,948</u>	<u>\$129,129</u>	<u>\$350,819</u>	<u>\$59,186</u>

2019	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance, June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Capital Lease Obligations:					
Type III Fire Engine	\$166,739	\$ 0	\$ 0	\$166,739	\$30,998
Motorola radios	<u>184,080</u>	<u>0</u>	<u>59,186</u>	<u>124,894</u>	<u>61,334</u>
	<u>\$350,819</u>	<u>\$ 0</u>	<u>\$ 59,186</u>	<u>\$291,633</u>	<u>\$92,332</u>

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2019, 2018 and 2017

5. Long-term Liabilities, continued:

Capital Lease Obligations:

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; lease was paid off in fiscal year end 2017.

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. The District made the first two installment payments in fiscal year end 2018.

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, 2019, 2018 and 2017

6. Equity:

The District's ending equity for the fiscal years ended June 30, 2017, 2018 and 2019 are as follows:

June 30, 2017 equity:

General Fund:

Restricted		\$ 0
------------	--	------

Committed for:

Capital Outlay		15,176
----------------	--	--------

Unassigned		<u>1,151,507</u>
------------	--	------------------

\$1,166,683

Statement of Net Position:

Net investment in capital assets		\$ 389,929
----------------------------------	--	------------

Restricted		0
------------	--	---

Unrestricted:

 Board designated:

Industrial Fund		\$ 256,523
-----------------	--	------------

Retirement Fund		<u>124</u>
-----------------	--	------------

256,647

Undesignated		<u>910,033</u>
--------------	--	----------------

1,166,680

\$1,556,609

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 for the year ended June 30, 2019, 2018 and 2017

6. Equity, continued:

June 30, 2018 equity:

General Fund:

Restricted		\$ 0
------------	--	------

Committed for:

Capital Outlay		15,360
----------------	--	--------

Unassigned		<u>710,922</u>
------------	--	----------------

		<u>\$ 726,282</u>
--	--	-------------------

Statement of Net Position:

Net investment in capital assets		\$ 381,428
----------------------------------	--	------------

Restricted		0
------------	--	---

Unrestricted:

 Board designated:

Industrial Fund		\$ 259,678
-----------------	--	------------

Retirement Fund		<u>124</u>
-----------------	--	------------

		259,802
--	--	---------

Undesignated		<u>282,400</u>
--------------	--	----------------

		<u>542,202</u>
--	--	----------------

		<u>\$ 923,630</u>
--	--	-------------------

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2019, 2018 and 2017

6. Equity, continued:

June 30, 2019 equity:

General Fund:

Restricted		\$ 0
------------	--	------

Committed for:

Capital Outlay		15,644
----------------	--	--------

Unassigned		<u>782,806</u>
------------	--	----------------

		<u>\$ 798,450</u>
--	--	-------------------

Statement of Net Position:

Net investment in capital assets		\$ 309,669
----------------------------------	--	------------

Restricted		0
------------	--	---

Unrestricted:

 Board designated:

Industrial Fund		\$ 264,492
-----------------	--	------------

Retirement Fund		<u>124</u>
-----------------	--	------------

		264,616
--	--	---------

Undesignated		<u>408,940</u>
--------------	--	----------------

		<u>673,556</u>
--	--	----------------

		<u>\$ 983,225</u>
--	--	-------------------

FRENCH CAMP-McKINLEY FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended June 30, 2019, 2018 and 2017

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 \$93,741, \$60,115 and \$255,252 for the years 2017 through 2019 respectively.

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, 2019, 2018 and 2017

9. Subsequent Events:

Management has evaluated events through February 3, 2021, the date these June 30, 2019, 2018 and 2017 financial statements were available to be issued.

10. 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 2019, 2018 and 2017 fiscal years, 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