

# **Calaveras Consolidated Fire Protection District**

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## **Financial Statements**

**Year Ended June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Calaveras Consolidated Fire Protection District  
Valley Springs, California

**NICHOLSON  
& OLSON**

CERTIFIED PUBLIC ACCOUNTANTS

729 Sunrise Avenue, Suite 303

Roseville, California 95661

(916) 786-7997

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of Calaveras Consolidated Fire Protection District (the District) as of and for the year ended June 30, 2019, 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 an opinion 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 *Governmental 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 of 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.

Board of Directors  
Calaveras Consolidated Fire Protection District

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Calaveras Consolidated Fire Protection District, as of June 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

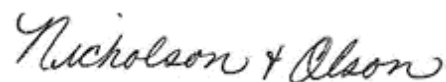
### **Other Matters**

#### 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 on pages 3 - 4 and page 21 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 Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2020 on our consideration of Calaveras Consolidated Fire Protection 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.



Certified Public Accountants  
Roseville, California  
June 2, 2020

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

This section of the Calaveras Consolidated Fire Protection District’s (the District) basic financial report presents management’s discussion and analysis (MD&A) of the financial activities of the District for the fiscal year ended June 30, 2019. The MD&A is intended to serve as an introduction to the District’s basic financial statements. Readers are encouraged to consider the information presented here in conjunction with the accompanying financial statements.

**Overview of the Financial Statements**

The financial statements consist of the following three components: Management’s Discussion and Analysis, Basic Financial Statements, and Other Required Supplementary Information. The financial statements include notes which explain in detail some of the information included in the financial schedules.



**Management Discussion and Analysis**

**June 30, 2019**

Based upon the following financial statements and information, management believes the Calaveras Consolidated Fire Protection District’s financial condition is as follows:

**Fiscal Year 2018-19 Cash Assets**

The Calaveras County Auditor’s Office General Ledger Summary Balance Sheet for the Fiscal Year ending June 30, 2019, showed the District’s total cash assets to be \$1,161,683.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

**Fiscal Year 2018-19 Loans & Financial Obligations**

During Fiscal Year 2018-19, the District's approximate amount of existing debt, if carried to full term, at the end of the Fiscal 2018-19 is as follows:

Valley Springs Fire House	\$12,000
Fire Engine	<u>\$130,148</u>
Total Existing Debt:	<u>\$142,148</u>

# **FINANCIAL STATEMENTS**

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,161,683
Total current assets	<u>1,161,683</u>
Capital assets:	
Land	46,673
Building and improvements	1,125,313
Equipment	2,195,710
Less: Accumulated depreciation	<u>(1,977,128)</u>
Total capital assets	<u>1,390,568</u>
Total Assets	<u><u>\$ 2,552,251</u></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	\$ 8,964
Accrued payroll and taxes	17,936
Accrued interest capital lease payable	1,887
Compensated absences	7,857
Long-term liabilities, due within one year	<u>68,144</u>
Total current liabilities	<u>104,788</u>
Long-term liabilities:	
Notes payable	8,000
Capital lease payable	<u>66,004</u>
Total long-term liabilities	<u>74,004</u>
Total Liabilities	<u>178,792</u>
<b>Net Position</b>	
Net investment in capital assets	1,248,420
Unrestricted	<u>1,125,039</u>
Total Net Position	<u>2,373,459</u>
Total Liabilities and Net Position	<u><u>\$ 2,552,251</u></u>

The accompanying notes are an integral part of these financial statements.



**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Activities
<b>Governmental Activities</b>	
Expense	
Public safety	\$ 1,305,676
Program revenues	
Charges for services	681,330
Operating grants, contributions, and other revenues	30,924
Total program revenues	712,254
Net program expenses	(593,422)
General revenues	
Property tax	702,748
Other revenues	70,893
Total general revenues	773,641
<b>Change in Net Position</b>	180,219
Net Position, Beginning of Year	2,193,240
<b>Net Position, End of Year</b>	\$ 2,373,459

The accompanying notes are an integral part of these financial statements.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2019**

	<u>General Fund</u>
<b>Assets</b>	
Cash and investments	\$ 1,161,683
Total Assets	\$ 1,161,683
 <b>Liabilities</b>	
Accounts payable	\$ 318
Total Liabilities	318
 <b>Fund balances</b>	
Unassigned	1,161,365
Total Fund Balances	1,161,365
Total Liabilities and Fund Balances	\$ 1,161,683

The accompanying notes are an integral part of these financial statements.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Fund Balances of Governmental Funds		\$ 1,161,365
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated depreciation, are not current financial resources and, therefore, are not included in the governmental funds.		1,390,568
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the Governmental Funds Balance Sheet:		
Accounts payable		(8,646)
Accrued payroll		(17,936)
Compensated absences		(7,857)
Notes payable		(12,000)
Accrued interest on capital lease payable		(1,887)
Capital lease payable		(130,148)
		(268,473)
Net Position of Governmental Activities		\$ 2,373,459

The accompanying notes are an integral part of these financial statements.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund
<b>Revenues</b>	
Property taxes	\$ 702,748
Charges for services	681,330
Other revenues	101,817
Total Revenues	1,485,895
<b>Expenditures</b>	
Current	
Public safety	1,238,085
Debt service	
Principal	66,336
Interest	5,582
Total Expenditures	1,310,003
Net Change in Fund Balance	175,892
Fund Balance, Beginning of Year	985,473
Fund Balance, End of Year	\$ 1,161,365

The accompanying notes are an integral part of these financial statements.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Change in Fund Balances of Governmental Funds	\$	175,892
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Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization amount:

Cost of assets capitalized		44,853
Depreciation expense		(102,684)

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Note payable retirements		4,000
Capital lease retirements		62,336

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 governmental funds.

Change in accounts payable		4,097
Change in accrued payroll		2,248
Change in accrued interest capital lease payable		(1,136)
Change in compensated absences		(1,035)
Change in workers compensation		(8,352)

Change In Net Position of Governmental Activities	\$	<u>180,219</u>
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The accompanying notes are an integral part of these financial statements.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present transactions and the financial position of Calaveras Consolidated Fire Protection District.

Note 1 - Reporting Entity

Note 2 - Summary of Significant Accounting Policies

Note 3 - Cash and Investments

Note 4 - Capital Assets

Note 5 - Note Payable

Note 6 - Capital Lease

Note 7 - Budgets and Budgetary Accounting

Note 8 - Employee Benefit Plan

Note 9 - Commitments and Contingencies

Note 10 - Subsequent Event

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 1 - Reporting Entity**

Calaveras Consolidated Fire Protection District (the District) was formed in 2013, with the dissolution of the Jenny Lind and the Foothill Fire Protection Districts. The reason for the combination of the Jenny Lind and Foothill Fire Protection Districts was to provide fire protection for property within the District more efficiently and economically for the District as a whole.

The District covers roughly a 163 square mile area in the western portion of Calaveras County serving the communities of Valley Springs, Burson, Wallace, Camp Seco, Milton, Rancho Calaveras, La Contenta and Jenny Lind. The District acts and operates under, and is governed by the statutory authority know as the Health and Safety Code, State of California, Division 12, Part 2.7, Fire Protection District Law of 1961.

The District's revenue is generated by levying taxes upon all taxable property within the boundaries for general purposes and for servicing bonded debt. The assessed valuation of the District is determined by the assessor of Calaveras County and the assessments are collected by the tax collector of the County.

The District has defined its reporting entity in accordance with accounting principals generally accepted in the United States of America, which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable, if it appoints a voting majority of a component unit's governing body, and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the primary government. A primary government may also be financially accountable, if a component unit is fiscally dependent on the primary governmental entity regardless of whether the higher level of government, or a jointly appointed board.

There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61 criteria for discrete disclosure within these basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as unavailable revenue or as a reservation of fund balances. The District considers property taxes available, if they are collected within sixty-days after year-end.

**Basis of Presentation**

Government-Wide Statements:

The statement of net position and statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function. Program revenues include charges paid by the recipient of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. The District had only one governmental fund for the year ended June 30, 2019.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities. The following is the District's governmental fund:

General Fund - This fund accounts for all of the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

Cash and Investments

The District is a participant in the Calaveras County Investment Pool (Pool) under the oversight of the Treasurer of Calaveras County, as required by California Government Code Section 27134. The District's investment is presented at fair value in accordance with GASB No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's portion in the pool.



**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

Capital Assets

Capital assets, recorded at historical cost or estimated historical cost, if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated acquisition value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on the straight-line basis over the useful life of the assets as follows:

Assets	Useful Life
Buildings	30 years
Building improvements	10-20 years
Site improvements	10-20 years
Equipment and machinery	5-20 years

Impairment of Capital Assets

The District reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. As of June 30, 2019, there has been no impairment of the capital assets.

Medical Benefit

Captains are paid a benefit of \$15,000 per year and engineers are paid \$8,400 per year towards their medical/457 plan.

Compensated Absences

Captains and engineers accumulate paid time off (PTO). Unused PTO may accumulate up to maximums established by the District at which time the employee(s) cease to earn any more PTO, until the accumulated balance is below the maximum. The liability for compensated absences is determined annually and is liquidated in the general fund.

Long-Term Debt

All long-term debt arising from cash basis transaction to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time. Deferred outflows of resources represent a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expenditure) in the future.

Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the District's capital assets, less debt used to acquire or construct capital assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include debt service and acquisition and construction of facilities and equipment.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Balance

The District's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the District to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the District prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

*Nonspendables* represents amounts that cannot be spent because they are (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Fund Balance (continued)

*Committed* fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board of Directors or its designee and may be changed at the discretion of the Board of Directors or its designee. This category includes encumbrances; nonspendables, when it is the District's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

Property Taxes and Special Assessment Revenue

Revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Calaveras levies, bills and collects property taxes and special assessments for the District. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1<sup>st</sup> of the preceding fiscal year.

Secured property tax is due in two installments, on November 1<sup>st</sup> and February 1<sup>st</sup>, and becomes a lien on those dates. It becomes delinquent on December 10<sup>th</sup> and April 10<sup>th</sup>, respectively. Unsecured property tax is due on July 1<sup>st</sup> and becomes delinquent on August 31<sup>st</sup>.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the personal property being taxed.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 2 - Summary of Significant Accounting Policies (continued)**

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County distributes property tax (termed “settlements”) under the Teeter Plan, which allows the District to receive all property taxes in the year in which they are levied. The County retains any collections of interest, penalties and delinquencies under this plan. A settlement apportionment for 95% of unsecured property taxes is received in October, with the remainder distributed in June. Secured property taxes are received in three settlements and apportioned as follows: 55% in December, 40% in April and 5% in June.

Program Revenues

Program revenues consist of fire hydrant inspection fees and strike team service fees.

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/expenses during the reporting period. Actual results could differ from those estimates.

**Note 3 - Cash and Investments**

As of June 30, 2019, cash and investments consisted of the following:

	Credit quality ratings	Fair Value	Cost Basis
Investment in Calaveras County Investment Pool	Not Rated	\$1,161,683	\$1,161,683
		<u>\$1,161,683</u>	<u>\$1,161,683</u>

The District maintains its general cash account with Calaveras County Treasurer’s office. The County maintains the cash of the District in a “pooled” cash fund for special districts. The cash maintained in the “pooled” cash fund with Calaveras County at June 30, 2019 was \$1,161,683. California Government Code authorizes the Treasurer of the County to invest excess funds in the following list of eligible securities:

Cash in Banks and Revolving Funds

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the District’s name and places the District ahead of general creditors of the institution.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 3 - Cash and Investments (continued)**

Policies and Practices

The District is authorized under California Government Code to make direct investments in local District bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; share of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority; and collateralized mortgage obligations.

Investments

The District has authorized staff to deposit cash with the Calaveras county Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. The pooled cash and investments is invested principally in bankers' acceptances, negotiable certificates of deposit and various U.S. Government District and commercial notes. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances. The fair values of the accounts at June 30, 2019 were provided by the County Treasurer.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. The District's investment is an external investment pool and is exempt from the requirement.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 3 - Cash and Investments (continued)**

The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools.

**Note 4 - Capital Assets**

Capital assets activity is comprised of the following:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 46,673	\$ -	\$ -	\$ 46,673
Total capital assets not being depreciated	<u>46,673</u>	<u>-</u>	<u>-</u>	<u>46,673</u>
Capital assets being depreciated:				
Structures and improvements	1,125,313	-	-	1,125,313
Equipment and vehicles	2,150,857	44,853	-	2,195,710
Total capital assets being depreciated	<u>3,276,170</u>	<u>44,853</u>	<u>-</u>	<u>3,321,023</u>
Less accumulated depreciation:				
Structures and improvements	(543,917)	(38,408)	-	(582,325)
Equipment and vehicles	(1,330,527)	(64,276)	-	(1,394,803)
Total accumulated depreciation	<u>(1,874,444)</u>	<u>\$(102,684)</u>	<u>\$ -</u>	<u>(1,977,128)</u>
Total net depreciable assets	<u>1,401,726</u>			<u>1,343,895</u>
Governmental Activity Capital Assets, Net	<u>\$1,448,399</u>			<u>\$1,390,568</u>

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Note 5 - Note Payable**

On November 20, 2012 the District entered into a note payable with Valley Springs Public Utility District (VSPUD), to finance the purchase of the Valley Springs Firehouse, in the amount of \$40,000. The note bears an interest rate of 0% and is due in annual installments of \$4,000 beginning on June 30, 2014 with a maturity date of June 30, 2022. As of June 30, 2019, the balance of the note payable is \$12,000.

Maturities of the note payable are as follows:

<u>Year ending June 30,</u>	
2020	\$ 4,000
2021	4,000
2022	<u>4,000</u>
	<u>\$ 12,000</u>

**Note 6 - Capital Lease**

On December 15, 2015 the District entered into an agreement for the construction and purchase of a new fire engine. The District entered into a capital lease agreement in the amount of \$461,526 with interest at 2.9%. An initial principal and interest payment was due on January 15, 2016 in the amount of \$150,000. Five annual payments in the amount of \$67,919 are due beginning December 15, 2016.

Future minimum lease payments over the next several years are as follows:

<u>Year ending June 30,</u>	
2020	\$ 67,919
2021	<u>67,919</u>
Total minimum lease payments	135,838
Less amount representing interest	<u>(5,688)</u>
Present value of net minimum lease payments	<u>\$130,150</u>
Current maturities of capital lease obligations	<u>\$ 64,144</u>

**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Note 7 - Budgets and Budgetary Accounting**

As required by State law the District prepares and legally adopts a final operating budget. The District does not budget for strike team revenues or expenditures because the District is unable to make appropriate estimates. However, the District expects that it will be reimbursed for all strike team expenditures they incur throughout the year. As a result, expenditures may exceed budgeted appropriations. During the year ended June 30, 2019, the District's expenditures exceeded budgeted appropriations by \$500,202; however, the District received unbudgeted revenues of \$617,889 from charges for services, and \$43,787 of other revenue, which offset the unbudgeted expenditures.

**Note 8 - Employee Benefit Plan**

The District provides an Internal Revenue Code section 457(b) salary deferral plan for the benefit of all employees, which allows them to defer a portion of their annual compensation. The District has not made any contributions to this plan.

**Note 9 - Commitments and Contingencies**

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. District management believes such disallowances, if any, would be insignificant.

The District is subject to litigation arising in the normal course of business. The District represents that there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District has met its Gann Limit requirements for 2018-19 and is estimated to again meet its limitations for 2019-20.

**Note 10 - Subsequent Event**

Management of the District has reviewed the results of operations for the period of time from its year end June 30, 2019 through June 2, 2020, the date the financial statements were available to be issued, and have determined that no subsequent events occurred, the nature of which would require disclosure.



**CALAVERAS CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETED AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 688,375	\$ 688,375	\$ 702,748	\$ 14,373
Charges for services	63,441	63,441	681,330	617,889
Other revenues	58,030	58,030	101,817	43,787
Total Revenues	<u>809,846</u>	<u>809,846</u>	<u>1,485,895</u>	<u>676,049</u>
<b>Expenditures</b>				
Salaries and benefits	853,298	853,298	853,298	-
Services and supplies	353,299	353,299	384,787	(31,488)
Debt service				
Principal	103,450	103,450	66,336	37,114
Interest	-	-	5,582	(5,582)
Total Expenditures	<u>1,310,047</u>	<u>1,310,047</u>	<u>1,310,003</u>	<u>44</u>
Change in Fund Balance	<u>\$ (500,201)</u>	<u>\$ (500,201)</u>	175,892	<u>\$ 676,093</u>
Fund Balance, Beginning of Year			<u>985,473</u>	
Fund Balance, End of Year			<u>\$ 1,161,365</u>	

The accompanying notes are an integral part of these financial statements.

**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  
Calaveras Consolidated Fire Protection District  
Valley Springs, 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 the general fund of Calaveras Consolidated Fire Protection District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Calaveras Consolidated Fire Protection District’s basic financial statements and have issued our report thereon dated June 2, 2020.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

We consider finding #2019-001 as described on the attached schedule, to be a significant deficiency in the financial reporting process.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

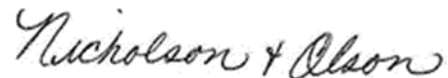
To the Board of Directors  
Calaveras Consolidated Fire Protection District  
Valley Springs, California

### **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 determination of financial statement amounts. 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*.

### **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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants  
Roseville, California  
June 2, 2020

**CALAVERAS COUNTY FIRE PROTECTIO DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Current Audit Finings**

Finding 2019 - 001

Condition: District did not prepare financial statements along with the accompanying notes to the financial statements.

Criteria: District's management has requested Nicholson & Olson prepare a draft of the financial statements, including the related foot notes.

Effect: Controls over the preparation of financial statements are not adequate.

Cause: District's management does not have personnel experienced in preparation of financial statements and the related notes to the financial statements.

Repeat Finding: Yes

Recommendation: The outsourcing of this service is not unusual in organizations of this size and is a result of management's cost benefit decision to use the services of their audit firm rather than expend additional time and incur additional costs for the purposes of increasing controls over the preparation of the financial statements.

Current Year View of Responsible Officials: District agrees with the finding.

Current Status: No change from prior year.

**Prior Audit Finings**

Finding 2018 - 002

Condition: State controller report was not submitted on a timely basis.

Recommendation: Implement steps to provide information necessary for the annual independent audit in a timely manner and to submit the state controller's report prior to the deadline.

Current Status: State controller report submitted on a timely basis.