

LOOMIS FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

for the year ended June 30, 2011

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Assets and Governmental Fund Balance Sheet	3
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	4
Statement of Revenues and Expenditures - Compared to Budget	5
Notes to Financial Statements	6-14
Supplemental Information:	
Principal Officials	16

ROBERT

W.

JOHNSON

An Accountancy Corporation

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Loomis Fire Protection District (the "District") as of June 30, 2011, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Loomis Fire Protection District's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loomis Fire Protection District as of June 30, 2011, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Loomis Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Robert W. Johnson, An Accountant Corporation

Citrus Heights, California

October 18, 2011

LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2011

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash in bank (Note 3)	\$ 225,768	\$ -	\$ 225,768
Cash in County	1,246,004	-	1,246,004
Accounts receivable	19,791	-	19,791
Capital assets (Note 4)	-	2,093,721	2,093,721
Less, accumulated depreciation	<u>-</u>	<u>(876,055)</u>	<u>(876,055)</u>
Total assets	<u>\$ 1,491,563</u>	<u>\$ 1,217,666</u>	<u>\$2,709,229</u>
LIABILITIES			
Accounts payable	\$ 288,204	\$ -	\$ 288,204
Compensated absences	27,153	-	27,153
Deferred revenue	<u>18,183</u>	<u>-</u>	<u>18,183</u>
Total liabilities	<u>333,540</u>	<u>-</u>	<u>333,540</u>
FUND BALANCES/NET ASSETS			
Fund balances (Note 6):			
Restricted	-	-	-
Committed	245,000	(245,000)	-
Unassigned	<u>913,023</u>	<u>(913,023)</u>	<u>-</u>
Total fund balances	<u>1,158,023</u>	<u>(1,158,023)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,491,563</u>		
Net assets (Note 6):			
Invested in capital assets, net of related debt		1,217,666	1,217,666
Unrestricted		<u>1,158,023</u>	<u>1,158,023</u>
Total net assets		<u>\$ 2,375,689</u>	<u>\$2,375,689</u>

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2011

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 1,047,872	\$ -	\$ 1,047,872
Support services	95,988	-	95,988
Grant expenditures	262,634	-	262,634
Capital outlay	13,850	(13,850)	-
Debt service			
- Principal	-	-	-
- Interest	-	-	-
Loss on disposal	-	165	165
Depreciation	<u>-</u>	<u>88,890</u>	<u>88,890</u>
Total program expenditures/expenses	<u>1,420,344</u>	<u>75,205</u>	<u>1,495,549</u>
Program revenues:			
Charges for services	<u>9,484</u>	<u>-</u>	<u>9,484</u>
Total program revenues	<u>9,484</u>	<u>-</u>	<u>9,484</u>
General revenues:			
Taxes	203,912	-	203,912
Development fees	53,663	-	53,663
Fire suppression assessment	363,495	-	363,495
Benefit assessment	741,390	-	741,390
Interest	17,330	-	17,330
Grant – pass-through (Note 10)	245,832	-	245,832
Other	<u>32,582</u>	<u>-</u>	<u>32,582</u>
Total general revenues	<u>1,658,204</u>	<u>-</u>	<u>1,658,204</u>
Excess of revenues over expenditures/ change in net assets	247,344	(75,205)	172,139
Beginning fund balances/ net assets	<u>910,679</u>	<u>1,292,871</u>	<u>2,203,550</u>
Ending fund balances/net assets	<u>\$ 1,158,023</u>	<u>\$ 1,217,666</u>	<u>\$ 2,375,689</u>

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
 for the year ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable)
Revenues:			
General tax revenue	\$ 210,934	\$ 203,912	\$(7,022)
Fire suppression assessment	363,584	363,495	(89)
Benefit assessment	742,333	741,390	(943)
Development fees	30,000	53,663	23,663
Interest income	15,005	17,330	2,325
Grant – pass-through (Note 10)	-	245,832	245,832
Plan check fees	5,700	1,540	(4,160)
Other (Note 9)	<u>105,998</u>	<u>40,526</u>	<u>(65,472)</u>
 Total revenues	 <u>1,473,554</u>	 <u>1,667,688</u>	 <u>194,134</u>
 Expenditures:			
Salaries and benefits	1,029,510	932,250	97,260
Services and supplies	266,429	211,610	54,819
Grant expenditures - pass-through	-	245,832	(245,832)
- District's share	16,000	16,802	(802)
Fixed assets - equipment	-	2,195	(2,195)
- buildings and improvements	-	11,655	(11,655)
Debt service - principal	-	-	-
- interest	-	-	-
Contingencies	<u>64,000</u>	<u>-</u>	<u>64,000</u>
 Total expenditures	 <u>1,375,939</u>	 <u>1,420,344</u>	 <u>(44,405)</u>
 Excess of revenues/ (expenditures)	 <u>\$ 97,615</u>	 <u>\$ 247,344</u>	 <u>\$ 149,729</u>

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

The Loomis Fire Protection District (the "District") was formed in 1930 after several major fires in the downtown area resulted in heavy damage to business structures. Today, the District serves a small, diversified community interspersed with commercial and agricultural areas. The population totals approximately 13,000 and has an annual growth rate of 1%. The current population within the town is approximately 6,900 with the remainder of the population living in the unincorporated County area. The District's geographical area covers approximately 18 square miles.

The District maintains two stations. Station 28, located downtown at Taylor and Horseshoe Bar Roads, is staffed 24 hours a day, 365 days a year. Station 29, located at Horseshoe Bar and Tudsbury Roads, is unstaffed. The District has 25 paid staff members and reserve firefighters. Three paid staff members are on duty at all times at Station 28, complemented by reserve firefighters. Additionally, a command officer is on call 24 hours a day, 7 days a week. All paid staff are trained to the State Firefighter II level and hold Emergency Medical Technician Certification with defibrillation endorsement. The District has an insurance protection class rating of 5/8.

The District enjoys an excellent, cooperative relationship with surrounding fire districts and city fire departments in providing emergency services. Mutual and Auto Aid agreements, as well as recently adopted Closest Resource Agreement (Boundary Drop), enhance a quicker response time, allowing a higher level of service.

A five-member Board of Directors, elected by the public, governs the District.

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.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. 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.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

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 their 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.

Compensated Absences

Vested or accumulated vacation, sick leave and comp. time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability.

Investments

The District maintains cash balances with the Treasurer of Placer County in an interest-bearing pooled investment account.

Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 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.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

Summary of Significant Accounting Policies (continued):

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.

3. Cash and Investments:

The District maintains certain portions of its funds with Placer County. The County is authorized to deposit cash and invest excess funds by the California Government code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

The entire balance in cash in bank is insured by federal depository insurance corporation. At the year-end the carrying amount of the District's deposits was \$225,768 and the bank balance was \$231,956.

	<u>Balance, June 30, 2011</u>
Cash in bank:	
Petty cash	\$ 500
Operating checking	212,914
New development fees checking	12,354
Cash with County	<u>1,246,004</u>
	<u>\$1,471,772</u>

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2011 are as follows:

	<u>Balance,</u> <u>7/1/10</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals</u>	<u>Balance,</u> <u>6/30/11</u>
Land	\$ 47,108	\$ -	\$ -	\$ 47,108
Buildings	930,360	-	-	930,360
Vehicles	887,400	-	2,500	884,900
Major equipment	<u>218,303</u>	<u>13,850</u>	<u>800</u>	<u>231,353</u>
	<u>\$2,083,171</u>	<u>\$ 13,850</u>	<u>\$ 3,300</u>	<u>\$2,093,721</u>

5. Risk of Loss

Loomis 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 2011 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

LOOMIS FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

6. Equity:

General fund:

Total fund balances consist of:

Restricted for:

Development fees for capital improvements	\$ -
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Committed for:

Equipment replacement reserve	245,000
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Unassigned:

913,023

\$1,158,023

Statement of net assets:

Total net assets consist of:

Investment in capital assets,
 net of related debt:

\$1,217,666

Restricted:

-

Unrestricted:

Board designated:

Equipment replacement reserve	\$245,000
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Undesignated:

913,023

1,158,023

\$2,375,689

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

7. Reserves:

Reserve for Capital Improvements

The District has created this Reserve to ensure that development fees received and designated for capital expansion projects are properly accounted for. At June 30, 2011 this reserve is analyzed as follows:

Balance (deficit), beginning of year	\$(480,069)
Add, development fees and interest	53,669
Deduct, qualified expenditures	<u>(16,814)</u>
Balance (deficit), end of year	<u>\$(443,214)</u>

Accumulated deficit represents the portion of authorized expenditures financed by operations.

Reserve for Equipment Replacement

The District has designated a reserve for future capital equipment. At June 30, 2011 the reserve is as follows:

Reserve for equipment replacement, 6-30-11:	<u>\$ 245,000</u>
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8. Deferred Compensation Plan:

The District offers a deferred compensation/salary reduction plan for employees of the District. The District does not contribute.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

9. Other Revenue:

Tower rent	\$ 27,824
Insurance reimbursement	3,565
Strike teams	5,761
MVA cost recovery	2,183
Other	1,053
Donations	<u>140</u>
	<u>\$ 40,526</u>

10. Pass-Through Grant:

The District was the host agency for a Regional Communications Assistance to Firefighters Grant from the Federal Emergency Management Agency (FEMA). Loomis Fire Protection District applied on behalf of South Placer Fire Protection District, Penryn Fire Protection District, Placer County Fire and Loomis Fire Protection District for a grant for communications equipment as part of the Countrywide Interoperable Radio Communications Project. The project will provide better communications between all the emergency agencies in Placer County. The infrastructure is owned and maintained by Placer County. FEMA's share was \$245,832 of the approved amount and the District's share was \$16,802.

11. Subsequent Events:

Management has evaluated subsequent events through October 18, 2011, the date these June 30, 2011 financial statements were available to be issued.

LOOMIS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

12. PERS:

In the fiscal year June 30, 2010, the Board approved District participation in the California Public Employee Retirement System (PERS). The retirement plan became effective September 11, 2010. The employee contribution (safety and miscellaneous) is 7% of payroll. The contribution rate for the current period is 18.896% of payroll for safety employees, and 22.840% of payroll for miscellaneous employees. District contribution is \$83,572 for 2010-11.

SUPPLEMENTAL DATA

LOOMIS FIRE PROTECTION DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

John R. Shearer	President
Chris Gibson	Vice President
Dennis Gage	
Bryan Thomson	
William M. Tudsbury	

Staff:

David Wheeler	Fire Chief
Barbara Leak	Secretary

LOOMIS FIRE PROTECTION DISTRICT

**REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES**

June 30, 2011

**ROBERT
W.
JOHNSON**
An Accountancy Corporation
Certified Public Accountant

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

October 18, 2011

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

We have audited the financial statements of Loomis Fire Protection District as of and for the year ended June 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In planning and performing our audit of the financial statements of Loomis Fire Protection District as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Loomis Fire Protection District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures but not for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we have enclosed other recommendations for your consideration.

This communication is intended solely for the information and use of management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Robert W. Johnson, An Accountancy Corporation

Robert W. Johnson, An Accountancy Corporation

1. Comparison of Operating Results:

	June 30,		Favorable (Unfavorable)
	<u>2011</u>	<u>2010</u>	
Revenues	\$1,667,688	\$1,456,959	\$ 210,729
Expenditures	<u>1,420,344</u>	<u>1,174,295</u>	(246,049)
Excess of revenues (expenditures)	\$ <u>247,344</u>	\$ <u>282,664</u>	\$(<u>35,320</u>)
Cash	<u>\$1,471,772</u>	<u>\$1,012,387</u>	\$ <u>459,385</u>

2. Prior Year Recommendations:

A. Cross Training:

Recommendation:

Consider cross training the District Secretary's duties.

Follow-up:

The District is in the process of cross-training the Chief to learn the Secretary's duties. The District is also currently writing a procedures manual of the Secretary's duties.

B. Red Flag Regulations:

Recommendation:

Adapt an "Identity Theft Program" in compliance with "Red Flag Regulations."

Follow-up:

The District adopted a policy to comply with these regulations.

3. Credit Cards:

Observation: The District has approved participation in a credit card program. The District currently does not have a credit card usage policy.

Recommendation: Adopt a credit card usage policy. A credit card policy sets the ground rules for usage and protects the District from financial abuse.