

**LOOMIS FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2012**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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**ROBERT  
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An Accountancy Corporation  
Certified Public Accountant

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

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, 2012, 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 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 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, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

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  
November 16, 2012

**LOOMIS FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**  
June 30, 2012

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash in bank (Note 3)	\$ 55,305	\$ -	\$ 55,305
Cash in County	992,932	-	992,932
Accounts receivable	19,316	-	19,316
Capital assets (Note 4)	-	2,436,080	2,436,080
Less, accumulated depreciation	<u>-</u>	<u>( 962,236)</u>	<u>( 962,236)</u>
Total assets	<u>\$ 1,067,553</u>	<u>\$ 1,473,844</u>	<u>\$2,541,397</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,739	\$ -	\$ 3,739
Compensated absences	34,954	-	34,954
Deferred revenue	<u>18,183</u>	<u>-</u>	<u>18,183</u>
Total liabilities	<u>56,876</u>	<u>-</u>	<u>56,876</u>
<b>FUND BALANCES/NET ASSETS</b>			
Fund balances (Note 6):			
Restricted	-	-	-
Committed	54,802	( 54,802)	-
Unassigned	<u>955,875</u>	<u>( 955,875)</u>	<u>-</u>
Total fund balances	<u>1,010,677</u>	<u>(1,010,677)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,067,553</u>		
Net assets (Note 6):			
Invested in capital assets, net of related debt		1,473,844	1,473,844
Unrestricted		<u>1,010,677</u>	<u>1,010,677</u>
Total net assets		<u>\$ 2,484,521</u>	<u>\$2,484,521</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, 2012

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 1,174,477	\$ -	\$ 1,174,477
Support services	61,486	-	61,486
Grant expenditures	-	-	-
Capital outlay	343,193	( 343,193)	-
Debt service			
- Principal	-	-	-
- Interest	-	-	-
Loss on disposal	-	-	-
Depreciation	<u>-</u>	<u>87,015</u>	<u>87,015</u>
Total program expenditures/expenses	<u>1,579,156</u>	<u>( 256,178)</u>	<u>1,322,978</u>
Program revenues:			
Charges for services	<u>8,440</u>	<u>-</u>	<u>8,440</u>
Total program revenues	<u>8,440</u>	<u>-</u>	<u>8,440</u>
General revenues:			
Taxes	203,698	-	203,698
Development fees	28,521	-	28,521
Fire suppression assessment	378,409	-	378,409
Benefit assessment	755,211	-	755,211
Interest	16,023	-	16,023
Grants	-	-	-
Other	<u>41,508</u>	<u>-</u>	<u>41,508</u>
Total general revenues	<u>1,423,370</u>	<u>-</u>	<u>1,423,370</u>
Excess of revenues over expenditures/ change in net assets	( 147,346)	256,178	108,832
Beginning fund balances/ net assets	<u>1,158,023</u>	<u>1,217,666</u>	<u>2,375,689</u>
Ending fund balances/net assets	<u>\$ 1,010,677</u>	<u>\$1,473,844</u>	<u>\$2,484,521</u>

See notes to financial statements

**LOOMIS FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**COMPARED TO BUDGET**  
 for the year ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable)
<b>Revenues:</b>			
General tax revenue	\$ 207,012	\$ 203,698	\$( 3,314)
Fire suppression assessment	373,035	378,409	5,374
Benefit assessment	755,491	755,211	( 280)
Development fees	22,000	28,521	6,521
Interest income	20,005	16,023	( 3,982)
Grants	-	-	-
Plan check fees	2,000	5,185	3,185
Other (Note 9)	<u>106,962</u>	<u>44,763</u>	<u>( 62,199)</u>
<b>Total revenues</b>	<u><b>1,486,505</b></u>	<u><b>1,431,810</b></u>	<u><b>( 54,695)</b></u>
<b>Expenditures:</b>			
Salaries and benefits	1,051,977	995,479	56,498
Services and supplies	241,978	240,484	1,494
Fixed assets - equipment	350,000	343,193	6,807
- buildings and improvements	50,000	-	50,000
Debt service - principal	-	-	-
- interest	-	-	-
Contingencies	<u>63,698</u>	<u>-</u>	<u>63,698</u>
<b>Total expenditures</b>	<u><b>1,757,653</b></u>	<u><b>1,579,156</b></u>	<u><b>178,497</b></u>
<b>Excess of revenues/ (expenditures)</b>	<u><b>\$( 271,148)</b></u>	<u><b>\$( 147,346)</b></u>	<u><b>\$ 123,802</b></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 \$55,305 and the bank balance was \$98,248.

	<u>Balance, June 30, 2012</u>
Cash in bank:	
Petty cash	\$      500
Operating checking	38,925
New development fees checking	15,880
Cash with County	<u>992,932</u>
	<u>\$1,048,237</u>

LOOMIS FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2012 are as follows:

	<u>Balance,</u> <u>7/1/11</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals</u>	<u>Balance,</u> <u>6/30/12</u>
Land	\$ 47,108	\$ -	\$ -	\$ 47,108
Buildings	930,360	-	-	930,360
Vehicles	884,900	-	-	884,900
Major equipment	<u>231,353</u>	<u>-</u>	<u>834</u>	<u>230,519</u>
	<u>\$2,093,721</u>	<u>\$ -</u>	<u>\$ 834</u>	<u>\$2,092,887</u>

Changes in work in progress for year ended June 30, 2012:

	<u>Balance,</u> <u>beginning</u> <u>of year</u>	<u>Additions</u>	<u>Disposals/</u> <u>Transfers</u>	<u>Balance,</u> <u>end of</u> <u>year</u>
International Brush Unit	\$ <u>-</u>	\$ <u>343,193</u>	\$ <u>-</u>	\$ <u>343,193</u>
Total	<u>\$2,093,721</u>	<u>\$ 343,193</u>	<u>\$ 834</u>	<u>\$2,436,080</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 2012 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	54,802
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Unassigned:	<u>955,875</u>
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\$1,010,677

Statement of net assets:

Total net assets consist of:

Investment in capital assets, net of related debt:	\$1,473,844
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Restricted:	-
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Unrestricted:

Board designated:		
Equipment replacement reserve	\$ 54,802	

Undesignated:	<u>955,875</u>	<u>1,010,677</u>
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\$2,484,521

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, 2012 this reserve is analyzed as follows:

Balance (deficit), beginning of year	\$(443,214)
Add, development fees and interest	28,526
Deduct, qualified expenditures	<u>( 5,120)</u>
Balance (deficit), end of year	<u>\$(419,808)</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, 2012 the reserve is as follows:

Reserve for equipment replacement, 6-30-12:	<u>\$ 54,802</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	\$ 26,976
Insurance reimbursement	8,039
Strike teams	-
MVA cost recovery	3,255
Other	5,889
Donations	<u>604</u>
	<u>\$ 44,763</u>

10. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. In the fiscal year June 30, 2010, the Board approved District participation in CalPERS. The retirement plan became effective September 11, 2010. The District participates in the safety-fire 2% at 55 pool and a miscellaneous 2% at 55 pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. Full-time fire fighters and the District Secretary are eligible to participate in the System. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive Office, 400 P Street, Sacramento, California, 95814.

LOOMIS FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

10. Defined Benefit Retirement Plan, continued:

Funding Policy

Covered employees are required by statute to contribute 7 percent of their salary to the plan after a formula to coordinate with Social Security. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for safety-fire and miscellaneous was 18.896% and 22.840% for 2010/11; and 22.544% and 23.904% for 2011/12. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2012 and 2011 were \$124,799 and \$83,572 respectively, which were equal to the required contributions each year.

11. Subsequent Events:

Management has evaluated subsequent events through November 16, 2012, the date these June 30, 2012 financial statements were available to be issued.

**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  
STATEMENT OF CASH FLOWS  
for the year ending June 30, 2012

Cash flows from operating activities:

Change in net assets (net income)		\$ 108,832
Adjustments to reconcile change in net assets to net cash provided to operating activities		
Depreciation		87,015
(Increase) decrease in:		
Accounts receivable	\$ 475	
(Decrease) increase in:		
Accounts payable and accrued liabilities	( 284,465)	
Compensated absences	7,801	
Deferred revenue	<u>-</u>	
		<u>( 276,189)</u>
Net cash provided to operating activities		( 80,342)
Cash flows from investing activities:		
Purchase of equipment		( 343,193)
Cash flows from financing activities:		<u>-</u>
Net decrease in cash		( 423,535)
Cash at beginning of year		<u>1,471,772</u>
Cash at end of year		<u>\$1,048,237</u>

**LOOMIS FIRE PROTECTION DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2012**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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

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

November 16, 2012

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, 2012. We conducted our audit 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.

In planning and performing our audit of the financial statements of Loomis Fire Protection District as of and for the year ended June 30, 2012, 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>2012</u>	<u>2011</u>	
Revenues	\$1,431,810	\$1,667,688	\$( 235,878)
Expenditures	<u>1,579,156</u>	<u>1,420,344</u>	( <u>158,812</u> )
Excess of revenues (expenditures)	\$( <u>147,346</u> )	\$ <u>247,344</u>	\$( <u>394,690</u> )
Cash	<u>\$1,048,237</u>	<u>\$1,471,772</u>	<u>\$( 423,535)</u>

2. Prior Year Recommendations:

A. Cross Training:

Recommendation:

Consider cross training the District Secretary's duties.

Follow-up:

The Chief is now cross-trained in payroll and payable duties. The District is also currently writing a procedures manual of Secretary's duties.

B. Credit Cards:

Recommendation:

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

Follow-up:

A credit card policy has been adopted.

3. Donations:

Observation – The District occasionally receives donations from their local fire association, and other outside agencies.

Recommendation – Consider using a “Donation Form” to document and formalize donations to the District. Form may include the following information:

- Name of donor
- Date
- Description of donation
- Value
- Approval signature from District