

**LOOMIS FIRE PROTECTION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2013**

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**ROBERT**

**W.**

**JOHNSON**

**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, as of and for the year ended June 30, 2013, as listed in the table of contents, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loomis Fire Protection District as of June 30, 2013, 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.

### **Other Matters**

#### *Required Supplementary Information*

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.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The 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 basic financial statements taken as a whole.

*Robert W. Johnson, CPA Accountant Corporation*

Citrus Heights, California  
November 27, 2013

LOOMIS FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2013

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash in bank (Note 3)	\$ 98,061	\$ -	\$ 98,061
Cash in County	1,097,433	-	1,097,433
Interest receivable	1,047	-	1,047
Capital assets (Note 4)	-	2,456,396	2,456,396
Less, accumulated depreciation	<u>-</u>	<u>(1,000,419)</u>	<u>(1,000,419)</u>
Total assets	<u>\$ 1,196,541</u>	<u>\$ 1,455,977</u>	<u>\$ 2,652,518</u>
LIABILITIES			
Accounts payable	\$ 17,300	\$ -	\$ 17,300
Compensated absences	<u>25,926</u>	<u>-</u>	<u>25,926</u>
Total liabilities	<u>43,226</u>	<u>-</u>	<u>43,226</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 6):			
Restricted	-	-	-
Committed	89,797	( 89,797)	-
Unassigned	<u>1,063,518</u>	<u>(1,063,518)</u>	<u>-</u>
Total fund balances	<u>1,153,315</u>	<u>(1,153,315)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,196,541</u>		
Net position (Note 6):			
Net investment in capital assets		1,455,977	1,455,977
Unrestricted		<u>1,153,315</u>	<u>1,153,315</u>
Total net position		<u>\$ 2,609,292</u>	<u>\$ 2,609,292</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, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 1,267,726	\$ -	\$ 1,267,726
Support services	82,756	-	82,756
Capital outlay	79,680	( 79,680)	-
Debt service			
- Principal	-	-	-
- Interest	-	-	-
Loss on disposal	-	6,145	6,145
Depreciation	<u>-</u>	<u>91,402</u>	<u>91,402</u>
Total program expenditures/expenses	<u>1,430,162</u>	<u>17,867</u>	<u>1,448,029</u>
Program revenues:			
Charges for services	<u>100,966</u>	<u>-</u>	<u>100,966</u>
Total program revenues	<u>100,966</u>	<u>-</u>	<u>100,966</u>
General revenues:			
Taxes	223,680	-	223,680
Development fees	38,569	-	38,569
Fire suppression assessment	380,586	-	380,586
Benefit assessment	778,809	-	778,809
Interest	12,418	-	12,418
Grants	-	-	-
Other	<u>37,772</u>	<u>-</u>	<u>37,772</u>
Total general revenues	<u>1,471,834</u>	<u>-</u>	<u>1,471,834</u>
Excess of revenues over expenditures/ change in net position	142,638	( 17,867)	124,771
Beginning fund balances/ net position	<u>1,010,677</u>	<u>1,473,844</u>	<u>2,484,521</u>
Ending fund balances/net position	<u>\$ 1,153,315</u>	<u>\$ 1,455,977</u>	<u>\$ 2,609,292</u>

See notes to financial statements

LOOMIS FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES AND EXPENDITURES  
COMPARED TO BUDGET  
for the year ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable)</u>
Revenues:			
General tax revenue	\$ 207,486	\$ 223,680	\$ 16,194
Fire suppression assessment	380,635	380,586	( 49)
Benefit assessment	779,024	778,809	( 215)
Development fees	30,000	38,569	8,569
Interest income	12,000	12,418	418
Grants	52,000	-	( 52,000)
Plan check fees	7,000	4,070	( 2,930)
Other (Note 9)	<u>101,925</u>	<u>134,668</u>	<u>32,743</u>
Total revenues	<u>1,570,070</u>	<u>1,572,800</u>	<u>2,730</u>
Expenditures:			
Salaries and benefits	1,081,690	1,099,122	( 17,432)
Services and supplies	285,189	251,360	33,829
Fixed assets - equipment	50,000	79,680	( 29,680)
- buildings and improvements	21,587	-	21,587
Debt service - principal	-	-	-
- interest	-	-	-
Contingencies	<u>68,094</u>	<u>-</u>	<u>68,094</u>
Total expenditures	<u>1,506,560</u>	<u>1,430,162</u>	<u>76,398</u>
Excess of revenues/ (expenditures)	<u>\$ 63,510</u>	<u>\$ 142,638</u>	<u>\$ 79,128</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 \$98,061 and the bank balance was \$108,998.

	Balance, June 30, <u>2013</u>
Cash in bank:	
Petty cash	\$      500
Operating checking	88,109
New development fees checking	9,452
Cash with County	<u>1,097,433</u>
	<u>\$1,195,494</u>

LOOMIS FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2013 are as follows:

	<u>Balance, 7/1/12</u>	<u>Additions/ Transfers</u>	<u>Disposals</u>	<u>Balance, 6/30/13</u>
Land	\$ 47,108	\$ -	\$ -	\$ 47,108
Buildings	930,360	-	-	930,360
Vehicles	884,900	364,967	35,000	1,214,867
Major equipment	<u>230,519</u>	<u>57,906</u>	<u>24,364</u>	<u>264,061</u>
	<u>\$2,092,887</u>	<u>\$ 422,873</u>	<u>\$ 59,364</u>	<u>\$2,456,396</u>

Changes in work in progress for year ended June 30, 2013:

	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance, end of year</u>
International Brush Unit	\$ <u>343,193</u>	\$ <u>21,774</u>	\$ <u>364,967</u>	\$ <u>-</u>
Total	<u>\$2,436,080</u>	<u>\$ 444,647</u>	<u>\$ 424,331</u>	<u>\$2,456,396</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 2013 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	89,797
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Unassigned:

1,063,518

\$1,153,315

Statement of net position:

Total net position consist of:

Net investment in capital assets	\$1,455,977
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Restricted:

-

Unrestricted:

Board designated:

Equipment replacement reserve	\$ 89,797
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Undesignated:

<u>1,063,518</u>	<u>1,153,315</u>
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\$2,609,292

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, 2013 this reserve is analyzed as follows:

Balance (deficit), beginning of year	\$(419,808)
Add, development fees and interest	38,572
Deduct, qualified expenditures	<u>          -</u>
Balance (deficit), end of year	<u>\$(381,236)</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, 2013 the reserve is as follows:

Reserve for equipment replacement, 6-30-13:	<u>\$ 89,797</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	\$ 25,824
Insurance reimbursement	10,811
Strike teams	95,827
MVA cost recovery	1,069
Other	1,137
Donations	-
	\$ 134,668

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; 18.896% and 22.840% for 2011/12 and 22.544% and 23.904% for 2012/13. 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, 2013, 2012 and 2011 were \$130,726, \$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 27, 2013, the date these June 30, 2013 financial statements were available to be issued.

12. CalPERS Audit:

In 2013, CalPERS conducted an audit of the District's retirement account. The initial audit findings indicate the District may owe retroactive payments for an employee from December 2010. The District is in discussions with CalPERS to try to resolve this matter. As of November 27, 2013 the potential liability to the District could not be determined.



**SUPPLEMENTAL DATA**

LOOMIS FIRE PROTECTION DISTRICT  
PRINCIPAL OFFICIALS

Board of Directors:

John R. Shearer	President
Chris Gibson	Vice President
Russ Kelley	
Thomas Millward	
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, 2013

Cash flows from operating activities:

Change in net position (net income)		\$ 124,771
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation		91,402
Loss on disposal		6,145
(Increase) decrease in:		
Accounts receivable	\$ 18,269	
(Decrease) increase in:		
Accounts payable and accrued liabilities	13,561	
Compensated absences	( 9,028)	
Deferred revenue	<u>( 18,183)</u>	
		<u>4,619</u>
Net cash provided by operating activities		226,937
Cash flows from investing activities:		
Purchase of equipment		( 79,680)
Cash flows from financing activities:		<u>-</u>
Net increase in cash		147,257
Cash at beginning of year		<u>1,048,237</u>
Cash at end of year		<u>\$1,195,494</u>

**LOOMIS FIRE PROTECTION DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2013**

ROBERT

W.

JOHNSON

An Accountancy Corporation

Certified Public Accountant

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

November 27, 2013

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, 2013. 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, 2013, 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>2013</u>	<u>2012</u>	
Revenues	\$1,572,800	\$1,431,810	\$ 140,990
Expenditures	<u>1,430,162</u>	<u>1,579,156</u>	<u>148,994</u>
Excess of revenues (expenditures)	<u>\$ 142,638</u>	<u>\$ ( 147,346)</u>	<u>\$ 289,984</u>
Cash	<u>\$1,195,494</u>	<u>\$1,048,237</u>	<u>\$ 147,257</u>

Observations:

The District has increased its cash position by \$557,671 in four years.

Cash, 6-30-09	\$ 637,823
Increase	<u>557,671</u>
Cash, 6-30-13	<u>\$1,195,494</u>

The District is to be commended for building up cash reserves in a relatively short period of time.

2. Prior Year Recommendations:

A. Donations:

Recommendation – Consider using a “Donation Form” to document and formalize donations to the District.

Follow up – A form has been developed and implemented.