

RIVER DELTA FIRE DISTRICT

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2017**

ROBERT W. JOHNSON
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
River Delta Fire District
Isleton, California

Report on the Financial Statements

We have audited the accompanying financial statements of River Delta Fire District, as of and for the year ended June 30, 2017, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 River Delta Fire District as of June 30, 2017, 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, An Accountant Corporation

Citrus Heights, California

February 1, 2018

RIVER DELTA FIRE DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2017

ASSETS	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash	\$ 135,013	\$ -	\$ 135,013
Interest receivable	101	-	101
Capital assets (Note 3 and Note 5)	-	978,291	978,291
Less, accumulated depreciation	<u>-</u>	<u>(405,947)</u>	<u>(405,947)</u>
Total assets	<u>\$ 135,114</u>	<u>\$ 572,344</u>	<u>\$ 707,458</u>
LIABILITIES			
Accounts payable	\$ 110,650	\$ -	\$ 110,650
Note payable – County	25,000	-	25,000
Long-term debt (Note 5)	<u>-</u>	<u>123,064</u>	<u>123,064</u>
Total liabilities	<u>135,650</u>	<u>123,064</u>	<u>258,714</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 7):			
Restricted	-	-	-
Committed	98	(98)	-
Unassigned	<u>(634)</u>	<u>634</u>	<u>-</u>
Total fund balances (deficiency)	<u>(536)</u>	<u>536</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 135,114</u>		
Net position (Note 7):			
Net investment in capital assets		449,280	449,280
Restricted		-	-
Unrestricted		<u>(536)</u>	<u>(536)</u>
Total net position		<u>\$ 448,744</u>	<u>\$ 448,744</u>

See notes to financial statements

RIVER DELTA FIRE DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
for the year ended June 30, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 141,097	\$ -	\$ 141,097
Support services	7,603	-	7,603
Capital outlay	110,284	(110,284)	-
Debt service:			
- Principal	54,803	(54,803)	-
- Principal refinanced	63,475	(63,475)	-
- Interest	4,920	-	4,920
Depreciation	<u>-</u>	<u>39,974</u>	<u>39,974</u>
Total program expenditures/expenses	<u>382,182</u>	<u>(188,588)</u>	<u>193,594</u>
Program revenues:			
Charges for services	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Taxes	144,661	-	144,661
Intergovernmental	1,557	-	1,557
Interest	572	-	572
Proceeds from long-term debt	63,475	(63,475)	-
Donations	3,015	-	3,015
Other – including grants of \$154,054	159,415	-	159,415
Sale of assets	<u>5,500</u>	<u>(19,750)</u>	<u>(14,250)</u>
Total general revenues	<u>378,195</u>	<u>(83,225)</u>	<u>294,970</u>
Excess of revenues (expenditures)/ change in net position	(3,987)	105,363	101,376
Beginning fund balances/ net position	<u>3,451</u>	<u>343,917</u>	<u>347,368</u>
Ending fund balances/net position	\$(<u>536</u>)	\$ <u>449,280</u>	\$ <u>448,744</u>

See notes to financial statements

RIVER DELTA FIRE DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
COMPARED TO BUDGET
for the year ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variable</u>
Revenues:			
Taxes	\$ 142,087	\$ 144,661	\$ 2,574
Intergovernmental	1,350	1,557	207
Charges for services	-	-	-
Interest income	50	572	522
Donations	-	3,015	3,015
Sale of assets	-	5,500	5,500
Proceeds from long-term debt	-	63,475	63,475
Other – including grants of \$154,054	<u>203,000</u>	<u>159,415</u>	<u>(43,585)</u>
Total revenues	<u>346,487</u>	<u>378,195</u>	<u>31,708</u>
Expenditures:			
Salaries and benefits	21,096	20,701	395
Service and supplies	128,061	127,999	62
Debt service – principal	68,000	54,803	13,197
– principal refinanced	-	63,475	(63,475)
– interest	4,330	4,920	(590)
Capital outlay	125,000	110,284	14,716
Contingencies	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>346,487</u>	<u>382,182</u>	<u>(35,695)</u>
Excess revenues (expenditures)	<u>\$ -</u>	<u>\$ (3,987)</u>	<u>\$ (3,987)</u>

See notes to financial statements

RIVER DELTA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

River Delta Fire District (the "District") was established in 1947 pursuant to Section 13801 of the Health and Safety Code. The District is governed by a three member Board of Directors who are elected to four year terms. The District serves 5,000 residents in an area of approximately twenty-seven square miles.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

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

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

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.

RIVER DELTA FIRE 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.

Cash

The District maintains cash balances with the Treasurer of Sacramento County in an interest-bearing pooled investment account. The District also maintains an imprest bank account of \$370. All deposits with the bank are covered by federal depository insurance.

Property Taxes

The District receives property taxes from Sacramento County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied 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.

RIVER DELTA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. 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. Capital Assets:

Changes in capital assets for the year ended June 30, 2017 are as follows:

	<u>Balance</u> <u>6-30-16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>6-30-17</u>
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Structures and improvements	419,944	-	-	419,944
Equipment	<u>506,063</u>	<u>110,284</u>	<u>158,000</u>	<u>458,347</u>
	<u>\$1,026,007</u>	<u>\$ 110,284</u>	<u>\$ 158,000</u>	<u>\$ 978,291</u>

4. Risk of Loss:

River Delta Fire District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2017 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

RIVER DELTA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Long-Term Debt:

The following is a summary of the long-term debt activities for the year ended June 30, 2017:

	<u>2016</u>	<u>New Debt Issued</u>	<u>Debt Retired</u>	<u>2017</u>	<u>Current Portion</u>
Bank – property loan	\$ 64,393	\$ -	\$ 4,804	\$ 59,589	\$ 5,058
Bank – property and equipment loan	113,474	-	113,474	-	-
Bank – property and equipment	<u>-</u>	<u>63,475</u>	<u>-</u>	<u>63,475</u>	<u>7,211</u>
	<u>\$ 177,867</u>	<u>\$ 63,475</u>	<u>\$ 118,278</u>	<u>\$ 123,064</u>	<u>\$ 12,269</u>

In December 2012, the District entered into a loan with a bank for \$84,000 to refinance property. Payments of \$3,615 at an interest rate of 3.65% are due semi-annually, payable through June 2027.

In December 2012, the District entered into a loan with a bank for \$253,000 to refinance property and equipment. Payments of \$20,611 at an interest rate of 4.00% are due semi-annually, payable through June 2019. The District received a \$50,000 grant from the County to pay down the loan. The remaining balance was refinanced into a new loan.

In December 2016, the District entered into a loan with the bank for \$63,475 to refinance an existing property and equipment loan. Payments of \$5,568 at an interest rate of 5.50% are due semi-annually, payable through January 2024.

RIVER DELTA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Long-Term Debt, continued:

The future annual maturities of all long-term borrowings as of June 30, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 12,269	\$ 6,098	\$ 18,367
2019	13,403	4,964	18,367
2020	14,051	4,316	18,367
2021	14,736	3,631	18,367
2022	15,463	2,905	18,368
2023-2027	<u>53,142</u>	<u>5,284</u>	<u>58,426</u>
	<u>\$ 123,064</u>	<u>\$ 27,198</u>	<u>\$ 150,262</u>

6. Subsequent Events:

Management has evaluated subsequent events through February 1, 2018, the date these June 30, 2017 financial statements were available to be issued.

RIVER DELTA FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

7. Deficiency:

General fund:

Total fund balances consist of:

Restricted		\$ -
Committed for:		
General reserve		98
Unassigned		<u>(634)</u>
		<u>\$ (536)</u>

Statement of net position:

Total net position consist of:

Net investment in capital assets		\$ 449,280
Restricted		-
Unrestricted:		
Board designated:		
General reserve	\$ 98	
Undesignated	<u>(634)</u>	<u>(536)</u>
		<u>\$ 448,744</u>

RIVER DELTA FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

8. Parcel Tax – Measure S:

River Delta Fire District determined a parcel tax was needed in order to sustain fire protection and emergency services within the District. On August 29, 2017, voters approved a parcel tax – Measure S. Starting in the 2018-2019 fiscal year, the District will receive annually approximately \$102,000 additional parcel tax revenue.

SUPPLEMENTAL INFORMATION

RIVER DELTA FIRE DISTRICT
PRINCIPAL OFFICIALS

Board of Directors:

Lamonte Evert	Chairperson
Joseph Deak	Director
Les Wolfson	Director

Operations:

Stan Simi	Fire Chief
Larry Gardiner	Assistant Fire Chief
Jessie Rosewall	Assistant Fire Chief
Suzan Riddell	Secretary

RIVER DELTA FIRE DISTRICT
SCHEDULE OF CASH FLOWS
for the year ended June 30, 2017

Cash flows from operating activities:

Change in net position (net income) \$ 101,376

Adjustments to reconcile change in net position
to net cash provided by operating activities

 Depreciation \$ 39,974

Changes in operating assets and liabilities:

 Accounts receivable (101)

 Accounts payable and accrued liabilities 109,395

149,268

Net cash provided by
operating activities

250,644

Cash flows from investing activities:

 Purchase of equipment (110,284)

 Disposal of assets, NBV 19,750

Net cash used by
investing activities

(90,534)

Cash flows from financing activities:

 Reduction of long-term debt, net (54,803)

 Proceeds from note payable 25,000

Net cash used by
financing activities

(29,803)

Net increase in cash

130,307

Cash at beginning of year

4,706

Cash at end of year

\$ 135,013

Non-cash financing activities:

Refinancing of property and equipment loan

\$ 63,475

RIVER DELTA FIRE DISTRICT

**REPORT ON ACCOUNTING CONTROLS
AND PROCEDURES**

June 30, 2017

ROBERT W. JOHNSON
Certified Public Accountant



Robert W. Johnson
an accountancy corporation

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February 1, 2018

To the Board of Directors
River Delta Fire District
Isleton, California

We have audited the financial statements of River Delta Fire District as of and for the year ended June 30, 2017. 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 River Delta Fire District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered River Delta Fire 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