

RIPON CONSOLIDATED FIRE  
PROTECTION DISTRICT

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Fiduciary Financial Statements:	
Statement of Fiduciary Net Position – Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	16
NOTES TO FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule – General Fund	30



# JOHNSON & ASSOCIATES CPAs, INC.

631 15th Street Modesto, CA 95354

Phone (209) 236-1040 • Fax (209) 236-1068

CASEY G. JOHNSON, CPA, CVA, MBA  
MICHELLE N. MATOS, CPA, MBA

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ripon Consolidated Fire Protection District  
Ripon, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Consolidated Fire Protection District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluation of the overall presentation of the financial statements.

significant accounting estimates made by management as well as evaluation of 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Consolidated Fire Protection District as of June 30, 2020, and the respective change in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Johnson & Associates CPAs, Inc.*

Johnson & Associates CPAs, Inc.

December 30, 2020  
Modesto, California

## **RIPON CONSOLIDATED FIRE PROTECTION DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **FOR THE YEAR ENDED JUNE 30, 2020**

This section of the Ripon Consolidated Fire Protection District's annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2020. The information is presented in conjunction with the audited basic financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020**

- The District's net position decreased \$389,081 or 5.8 percent, from \$6,681,238 to \$6,292,157
- Operating revenues increased by \$73,349 or 10.65 percent from \$688,712 to \$762,061
- Total operating expenses (including depreciation of \$296,697) increased by \$296,460 or 8.92 percent, from \$3,325,099 to \$3,621,559.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include two types of statements that present different views of the District:

- The first two statements found on pages 9 & 10 are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status. Because these statements include all District funds, it should be noted that certain inter-fund and other types of transactions that net to zero have been eliminated so that District-wide revenues and expenditures are not artificially inflated.
- The remaining statements found on pages 11 & 13 are fund-level financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

These two types of statements report the District's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Generally, over time, increases and decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

The financial statements also include notes that explain some of the information in the statements. These notes are considered to be an integral part of the financial statements and should be considered with them when looking at the District's financial picture.

## FINANCIAL ANALYSIS OF THE DISTRICT

In Fiscal Year 2019/2020 the District continued its quest to deliver fire and life safety services in an efficient and effective manner.

The District completed the year with a negative change in net position. Though the revenues have increased the overall financial picture for the District remains a concern for future years. The concern is generated by the fact that general expenses continue to outpace the increases in our revenue sources.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's funds include a General Fund, which finances daily operations and Capital Improvements Fund, which is used for the purchase of property, facilities, and equipment. All District funds had a positive balance at the completion of the year.

## NET POSITION

A summary of the District's Statement of Net Position is presented below.

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
<b>Assets</b>		
Capital Assets	\$ 5,465,128	\$ 5,417,065
Other Assets	<u>2,407,878</u>	<u>2,224,171</u>
Total Assets	7,873,006	7,641,236
<b>Liabilities</b>		
Current Liabilities	415,506	293,089
Noncurrent Liabilities	<u>807,755</u>	<u>1,055,990</u>
Total Liabilities	1,223,261	1,349,079
<b>Net Position</b>		
Net Investment in Capital Assets	4,852,629	4,962,626
Unrestricted	<u>1,797,116</u>	<u>1,329,531</u>
Total Net Position	<u>\$ 6,649,745</u>	<u>\$ 6,292,157</u>

As the table above indicates, total net position decreased \$389,081 during the fiscal year ended June 30, 2020.

The liabilities have increased \$125,818 during the fiscal year primarily due to incurring more accrued absences.

A summary of the District's Statement of Activities is presented below.

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Operating Revenue	\$ 688,712	\$ 762,061
Operating Expenses	<u>3,325,099</u>	<u>3,621,559</u>
Operating Profit	(2,626,387)	(2,859,498)
Non-Operating Revenue (Expense)		
Property Tax Revenue	2,114,224	1,510,551
Interest Income	4,957	9,657
Ambulance Service	348,739	600,922
Other	<u>59,894</u>	<u>349,287</u>
Non-Operating Revenue (Expense)	2,527,834	2,470,417
Change in Net Position	(108,573)	(389,081)
Beginning Net Position	<u>6,789,811</u>	<u>6,681,238</u>
Ending Net Position	<u>\$ 6,681,238</u>	<u>\$ 6,292,157</u>

The Statement of Activities identify the various revenues and expense items which affect the change in net position. As mentioned above, District operating revenue increased due to anticipated increases in special assessments. Operating expenses increased mainly because of an increased need to purchase supplies and equipment in response to the COVID-19 pandemic. Together, the result was to decrease the District's net position.

The Board of Directors adopts the District's budget on an annual basis which provides funding for the District's operating, capital and debt service costs in the upcoming fiscal year. For the current year the actual total operating revenue was more than budgeted revenue by \$56,378. Actual total expenses were \$73,215 over the budget.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District is continuing to evaluate levels of service and is prepared to make necessary adjustments within the organization to financially live within our means.

Development and growth in the District have been minimal over the last few years. Limited revenue collected from development continues to influence the District's ability to purchase new and replacement equipment.

Over the past several years the District has extended the life-expectancy of apparatus due to a past history of limited revenues. Although the District has some funds identified for the replacement of aged equipment, there has been a conservative approach in expending funds in this area.

The District, like most governmental agencies, has been forced to adjust its operation to deal with the current economic crisis. The economic climate has greatly compromised the future growth and viability of the District.

In conclusion, the financial stability of the District is paramount; as well as a conservative financial management perspective of the budget to stretch reserves far beyond the period that was originally anticipated. With that said, the District is committed to living within the means of our revenues and will continue to explore additional sources of revenue.

The District's assessment rates are reviewed by staff and the Board of Directors on an as needed basis. The District's primary source of revenue comes from special assessment fees, property taxes and interest income. An increase in assessment rates has been enacted for the 2020-2021 fiscal year.

#### **ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional information, please contact Ripon Consolidated Fire Protection District's Bookkeeper at 142 S. Stockton Ave., Ripon, California 95366, telephone (209) 599-2847.



RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 2,212,715	
Prepaid Expenses	11,456	
Capital Assets, Net of Depreciation	<u>5,417,065</u>	
Total Assets		\$ 7,641,236

LIABILITIES

Current Liabilities:		
Accounts Payable	24,299	
Other Liabilities	1,589	
Accrued Compensated Absences	23,807	
Capital Leases	173,786	
Notes Payable	<u>69,608</u>	

Total Current Liabilities 293,089

Noncurrent Liabilities:

Accrued Compensated Absences	844,945	
Notes Payable	<u>211,045</u>	

Total Noncurrent Liabilities 1,055,990

NET POSITION

Net Investment in Capital Assets	4,962,626	
Unrestricted	<u>1,329,531</u>	

Total Net Position \$ 6,292,157

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

		Program Revenue			
(Expenses)	Charges for Services	Operating Grants and Contributions	-	\$	Net (Expenses) Revenues and Changes in Net Assets
<b>GOVERNMENTAL ACTIVITIES</b>					
Operations	\$ (3,621,559)	\$ 762,061	\$	-	\$ (2,859,498)
Net (Expense) Revenue					<u>(2,859,498)</u>
<b>GENERAL REVENUES (EXPENSES)</b>					
Property Tax Revenue					1,510,551
Ambulance Services					600,922
Lease Revenue					40,864
Facility Fees					216,409
Interest					9,657
Miscellaneous					104,100
Realized Loss on Sale					<u>(12,086)</u>
Total General Revenues (Expenses)					<u>2,470,417</u>
CHANGE IN NET POSITION					(389,081)
<b>NET POSITION</b>					
Beginning of Year					<u>6,681,238</u>
End of Year					<u>\$ 6,292,157</u>

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Governmental Fund Types		Total Governmental Funds
	General Fund	Capital Improvement Fund	
<b>ASSETS AND OTHER DEBITS</b>			
Cash and Cash Equivalents	\$ 1,107,537	\$ 1,105,178	\$ 2,212,715
Prepaid Expenses	11,456	-	11,456
Due from Other Funds	-	7,385	7,385
	-	7,385	7,385
Total Assets and Other Debits	\$ 1,118,993	\$ 1,112,563	\$ 2,231,556
<b>LIABILITIES</b>			
Accounts Payable	\$ 24,299	\$ -	\$ 24,299
Other Liabilities	1,589	-	1,589
Accrued Compensated Absences	23,807	-	23,807
Due to Other Funds	7,385	-	7,385
	7,385	-	7,385
Total Liabilities	57,080	-	57,080
<b>FUND EQUITY AND OTHER CREDITS</b>			
Fund Balances:			
Non-Spendable	11,456	-	11,456
Restricted	-	-	-
Committed	-	1,112,563	1,112,563
Assigned	31,915	-	31,915
Unassigned	1,018,542	-	1,018,542
	1,018,542	-	1,018,542
Total Fund Balance	1,061,913	1,112,563	2,174,476
Total Liabilities, Deferred Inflows of Resources, Fund Equity and Other Credits	\$ 1,118,993	\$ 1,112,563	\$ 2,231,556

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2020

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 2,174,476
------------------------------------	--------------

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Accrued Absences that are not currently due and payable are not included in the fund financial statements but are included in the statement of net position.	(844,945)
--	-----------

Capital Lease debt is not included in the fund financial statements because it is not currently due and payable within the definition for fund financial statements, but the liability is reported in the statement of net position	(173,786)
---	-----------

Note Payable debt is not included in the fund financial statements because it is not currently due and payable within the definition for fund financial statements, but the liability is reported in the statement of net position	(280,653)
--	-----------

Capital assets, net of depreciation have not been included as financial resources in governmental fund activity because they are not current financial resources.	<u>5,417,065</u>
---	------------------

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,292,157</u>
---	---------------------

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	<u>Governmental Fund Types</u>		Total Governmental Funds
	<u>General Fund</u>	Capital <u>Improvement Fund</u>	
<b>REVENUE</b>			
Property Taxes	\$ 1,510,551	\$ -	\$ 1,510,551
Special Assessment	762,061	-	762,061
Ambulance Service	600,922	-	600,922
Lease Revenue	40,864	-	40,864
Facility Fees	-	216,409	216,409
Interest	8,583	1,074	9,657
Other Income	104,100	-	104,100
<b>Total Revenue</b>	<u>3,027,081</u>	<u>217,483</u>	<u>3,244,564</u>
<b>EXPENDITURES</b>			
Current Program - Public Safety, Fire and Rescue			
Salaries and Benefits	2,282,385	-	2,282,385
Services and Supplies, and Other Charges	567,518	13,103	580,621
Capital Outlay	182,963	77,760	260,723
<b>Total Expenditures</b>	<u>3,032,866</u>	<u>90,863</u>	<u>3,123,729</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(5,785)</u>	<u>126,620</u>	<u>120,835</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>			
Proceeds from Borrowing	-	51,840	51,840
Debt Service Expenditures			
Principal	(42,622)	(167,337)	(209,959)
Interest	(6,786)	(13,158)	(19,944)
Operating Transfers In	400,000	301,459	701,459
Operating Transfers (Out)	(301,459)	(400,000)	(701,459)
<b>Total Other Financial Sources (Uses)</b>	<u>49,133</u>	<u>(227,196)</u>	<u>(178,063)</u>
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	43,348	(100,576)	(57,228)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,018,565</u>	<u>1,213,139</u>	<u>2,231,704</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,061,913</u>	<u>\$ 1,112,563</u>	<u>\$ 2,174,476</u>

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(57,228)
Revenue (Expenses) Reported on Statement of Activities not Included on the Governmental Funds Statement:		
Realized losses on asset dispositions are not included in the fund financial statements because they are not a current use of resources but is included in the statement of activities		(12,086)
Long-term portion of accrued absences is not included in the fund financial statements because it is not a current use of resources, but the expense is included in the statement of activities.		(441,912)
Proceeds from borrowing is included in the fund financial sources since it is a current receipt of resources but is included as note payable in the statement of net position.		(51,840)
Debt service expenditures, including principal payments, are reported as uses of current resources in the fund financial statements but are reported as repayment of debt in the statement of net position.		209,959
Capital outlays are recorded as expenditures in the fund financial statements because they use current financial resources but are included in capital assets net of depreciation in the statement of net position.		260,723
Depreciation expense is not included in the fund financial statements because it is not an expenditure of current resources.		<u>(296,697)</u>
CHANGE IN NET POSITION	\$	<u>(389,081)</u>

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>Memorial Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 741,474
Note Receivable	<u>228,813</u>
Total Assets	<u>\$ 970,287</u>
 <b>NET POSITION</b>	
Held in Trust for Volunteer Fireman's Association	<u>\$ 970,287</u>
Total Net Position	<u>\$ 970,287</u>

See accompanying notes and accountant's report.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Memorial Fund
ADDITIONS	
Contributions	\$ 8,763
Investment Income	11,968
Other	9,290
Total Additions	30,021
DEDUCTIONS	
Payments to Benefit District	51,631
CHANGE IN NET POSITION	(21,610)
NET POSITION, Beginning	991,897
NET POSITION, Ending	\$ 970,287

See accompanying notes and accountant's report.



RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Ripon Consolidated Fire Protection District (the District) is presented to assist in understanding the District's financial statements.

Description of the Reporting Entity

The Ripon Consolidated Fire Protection District was formed in 1963 by the San Joaquin County Board of Supervisors. The District operates under the Fire Protection District law of 1987, Health and Safety Code Sections 13801 – 13999. The District is governed by a board of five members elected to four year terms.

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB) Codification Section 2100, defining the governmental reporting entity, the District includes all funds that are controlled by or dependent upon the Board of Directors of the District. Since no other entities are controlled by or rely upon the district, the reporting entity consists solely of the District.

The District's management considered all potential component units for inclusion in the reporting entity by applying the criteria set forth in accounting principles generally accepted in the United States of America. The District concluded that there are no potential component units which should be included in the reporting entity.

Government-Wide Statements

The statement of net position and the statement of activities report information on all of the District's activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government Fund Statements

The Government Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Net Position

Net Position is measured on the full accrual basis and is the excess of all the District's assets and deferred outflows over all its liabilities and deferred inflows. Net position is classified into the following components: net investment in capital assets,

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

restricted and unrestricted. Restricted net position describes the portion of net position which is restricted as to use by the terms and conditions of agreement with outside parties, governmental regulations, laws, enabling legislation or other restrictions which the District cannot unilaterally alter.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Except for any Grant revenues, the Board has complete discretion over expenditure management. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first based upon their intended purpose, then unrestricted resources as they are needed. The District has only one fund group, governmental funds.

*General Fund* - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

*Capital Improvements Fund* - The District has established a capital improvements fund. The funds held in the account are considered unrestricted but committed for the purchase of capital assets or the construction of major capital projects. It is also the intention of the Board that this fund be utilized to accumulate excess funds in an interest bearing account for the purpose of funding the District should economic conditions decline and supplemental funding become necessary. Therefore, in the event of a shortfall in the General Fund, the District may borrow from the Capital Improvements Funds to cover the shortfall. In such an event, the District shall reimburse the Capital Improvements Fund when sufficient funds become available in the General Fund.

*Special Revenue Funds* - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes. The District does not have any special revenue funds as of June 30, 2020.

Fund Equity

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Non-spendable fund balance* – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The District had \$11,456 of non-spendable funds at June 30, 2020.

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District did not have any restricted funds as of June 30, 2020.

*Committed fund balance* – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint. Committed funds may be modified or rescinded only through resolutions approved by the District Board. The District's Capital Improvements Fund is committed at year end.

*Assigned fund balance* – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. The District had \$31,915 of assigned funds at June 30, 2020 which are intended to be used for the training program and the explorer program.

*Unassigned fund balance* – all amounts not included in other spendable classifications.

The District uses the budgetary process to identify the use of restricted or committed funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District looks to the budget to determine which classification of funds will be spent first. If the expenditure has not been budgeted, unassigned funds are used.

Classification of Revenues and Expenses

Revenue to finance the District's operation is primarily derived from special assessments to taxpayers, which are billed and collected on behalf of the District by San Joaquin County (the County) as a separate component of semiannual property tax billings. Secured property taxes are levied on March 1. Taxes are payable in two installments on April 10 and December 10. The County remits to the District those charges which are placed on the property tax roll and handles all delinquencies, retaining interest and penalties.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. Operating expenses include the cost of services, administrative expenses and depreciation of capital assets. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes and Special Assessments

Secured property taxes are considered measurable and available when apportioned to the District. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation (including appropriation limits). The County apportions secured taxes to the District under the "Teeter Plan" – California Revenue and Taxation Code Sections 4701- 4717.

A complex allocation formula is used to distribute levied secured taxes to the County and its Districts. The levy date is July 1. The District is credited with 100 percent of its apportionments, regardless of the actual collections and delinquencies. Accordingly, penalties and interest collected by the County are not allocated to the District.

Apportionments are distributed according to the following schedule:

Action	Date	Percent
First Apportionment	By December 25	55%
Second Apportionment	By April 25	40%
Third Apportionment	By June 25	5%

Supplemental unsecured property taxes are considered measurable and available when collected. The assessments are remitted to the County with the secured property tax billings. The County then remits collections to the District.

Capital Assets

Capital Assets, which include property, plant and equipment assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-45
Equipment	5-40
Vehicles	5-20

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget and Budgetary Accounting

The Board shall adopt a preliminary operating budget for the fiscal year commencing July 1. The Board has only adopted a formal budget for the General Fund. Public hearings are conducted at an advertised location to obtain taxpayer comments. Prior to October 1, the budget is adopted by vote of the Board. Once approved, the Board may amend the legally adopted budget when unexpected modifications are required.

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for the special revenue funds. Therefore, budget comparison information is presented for the general fund only.

Revenues are more than the budgeted amount by a total of \$56,378 due primarily to the annual increase in the property tax and special assessments. Actual expenditures, excluding capital outlay, are less than the budgeted amounts by a total of \$748.

Receivables

The Board feels that all receivables are collectible. Therefore, no allowance has been recorded for doubtful receivables as of June 30, 2020. For receivables that are estimated, any difference between the amount received and the receivable will be accounted for as an increase or decrease in revenue in the following year.

Encumbrances

No reserve for encumbrances has been recorded. Generally, the District pays all bills immediately. Any encumbrances are provided for in the subsequent year's budget.

Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Inputs, Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Level 1** - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.

**Level 2** - Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.)

**Level 3** - Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE 2 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents held by the District were comprised of the following at June 30, 2020:

	Carrying Amount	Bank Balance	Fair Value
Petty Cash	\$ 1,169	\$ 1,169	\$ 1,169
Oak Valley Bank			
General Checking	927,521	999,604	999,604
Old Checking	50,790	52,385	52,385
General Savings	93,063	93,063	93,063
Explorer Program	2,101	2,101	2,101
Training Program	29,814	29,814	29,814
Cap Improv. – Rural Fire Fees	8,815	8,815	8,815
Cap Improv. – City Fire Fees	100,283	100,283	100,283
Cap Improv. – Developer Fees	996,079	995,995	995,995
Investments in External Investment Pool			
San Joaquin County Treasurer	<u>3,080</u>	<u>3,080</u>	<u>3,080</u>
Total District Funds	<u>\$ 2,212,715</u>	<u>\$ 2,286,309</u>	<u>\$ 2,286,309</u>
<u>Fiduciary Funds</u>			
Bank of the West – Memorial Fund	<u>\$ 741,474</u>	<u>\$ 741,474</u>	<u>\$ 741,474</u>

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

The District maintains a portion of its cash in the San Joaquin County Treasury. The County pools these funds with those of other agencies in the County and invests the cash as prescribed by the California Government Code. These pooled funds are carried at cost plus accrued interest, which approximates market value. Accordingly, the amount of cash and cash equivalents maintained in the external investment pool represent Level 2 category investments. Interest earned is deposited monthly into participating funds. The District's deposits in the County pool may be accessed at any time. San Joaquin County's credit rating is A+, by Standard and Poor's. Required disclosure information regarding categorization of investments and other deposit and investment risk disclosures can be found in San Joaquin County's financial statements which can be obtained by contacting San Joaquin County's Auditor-Controller's Office at 44 North San Joaquin Street, Fifth Floor, Suite 550, Stockton, CA 95202.. The San Joaquin County Treasury Oversight Committee oversees the Treasurer's investments and policies.

The District also maintains funds in accounts which periodically may exceed the Federal Deposit Insurance Corporation insured deposit limitation. This represents a custodial credit risk to the District which is the risk that the District may not be able to access its funds in the event of the failure of a depository financial institution. Deposits at each institution are insured by the FDIC up to \$250,000. At June 30, 2020, the District had an uninsured cash balance of \$2,032,060. The Fiduciary Fund held on behalf of the Volunteer Fireman's Association had an uninsured cash balance at June 30, 2020 of \$491,474.

NOTE 3 CHANGES IN CAPITAL ASSETS

The following changes in the capital assets occurred during the year ended June 30, 2020:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Land	\$ 547,192	\$ -	\$ -	\$ 547,192
Structures and Improvements	5,792,096	108,798	(10,092)	5,890,802
Equipment	1,099,983	35,829	(68,810)	1,067,002
Vehicles	<u>3,63,0187</u>	<u>116,096</u>	<u>(366,713)</u>	<u>3,379,570</u>
Total	<u>11,069,458</u>	<u>260,723</u>	<u>(445,615)</u>	<u>10,884,566</u>
Accumulated Depreciation				
Structures and Improvements	(1,923,609)	(138,103)	-	(2,061,712)
Equipment	(717,794)	(44,839)	66,821	(695,812)
Vehicles	<u>(2,962,930)</u>	<u>(113,755)</u>	<u>366,708</u>	<u>(2,709,977)</u>
Total Accum. Depreciation	<u>(5,604,333)</u>	<u>(296,697)</u>	<u>433,529</u>	<u>(5,467,501)</u>
Net Capital Assets	<u>\$ 5,465,125</u>	<u>\$ (35,974)</u>	<u>\$ (12,086)</u>	<u>\$ 5,417,065</u>

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 3 CHANGES IN CAPITAL ASSETS (Continued)

The total amount presented as land represents the total amount of capital assets that are not being depreciated.

NOTE 4 ACCRUED ABSENCES

Full-time, permanent employees are granted vacation benefits in varying amounts up to specified maximums depending on their time with the District.

Employees may accumulate up to 480 hours of vacation time and have the option to convert up to 72 hours of accrued vacation to compensation during any given year. Additionally, employees are entitled to accrue sick time off with not maximum on the amount that may be accrued.

A summary of the changes in compensated absences for the year ended June 30, 2020 is as follows:

<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/20</u>	<u>Amount Due</u> <u>within 1 year</u>
\$ 537,380	\$ 331,372	\$ -	\$ 868,752	\$ 23,807

NOTE 5 CAPITAL LEASES

The District is the lessee of a 3000 Gallon Water Tender and a Pierce Pumper with a recorded cost of \$775,642 on June 30, 2020. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated following the same policies for fixed assets owned by the District. The total amount of accumulated depreciation related to capital lease assets for the year ended June 30, 2020 was \$333,511 and the total amount of current year depreciation recognized was \$77,564.

The following is a summary of the District's capital lease liabilities obligations and transactions for the year ended June 30, 2020.

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/20</u>	<u>Amount Due</u> <u>within 1 year</u>
PNC - Tender	\$ 194,640	\$ -	\$ (95,174)	\$ 99,466	\$ 99,466
PNC - Pumper	146,483	-	(72,163)	74,320	74,320
Total	<u>\$ 341,123</u>	<u>\$ -</u>	<u>\$ (167,337)</u>	<u>\$ 173,786</u>	<u>\$ 173,786</u>



RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 CAPITAL LEASES (Continued)

The following is a summary of payments on capital leases to maturity:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 173,786	\$ 6,708	\$ 180,494

NOTE 6 LONG-TERM DEBT

The following is a summary of the District's long-term liabilities transactions for the year ended June 30, 2020.

	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Amount Due within 1 year
WRG	\$ -	\$ 51,840	\$ -	\$ 51,840	\$ 25,920
Memorial Fund	271,435	-	(42,622)	228,813	43,688
Total	\$ 271,435	\$ 51,840	\$ (42,622)	\$ 280,653	\$ 69,608

The District's obligation consists of a notes payable to the following creditors at June 30, 2020:

WRG, note payable for major improvements to the District burn cell, payable in annual installments of \$25,920 including interest at a rate of 0.00%, due in various years through 2022.	\$ 51,840
Memorial Fund, note payable for the construction of Station 3, payable in annual installments of \$49,408 including interest at a rate of 2.50%, due in various years through 2025.	228,813
Total	280,813
Less: Current Portion	(69,608)
Long-Term Portion	\$ 211,045

The following is a summary of payments on long-term debt to maturity:

Year Ending June 30,	Principal	Interest
2021	\$ 69,608	\$ 5,720
2022	70,700	4,628
2023	45,899	3,809
2024	47,047	2,361
2024	47,399	1,185
Total Minimum Payments	\$ 280,653	\$ 17,703

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 6 LONG-TERM DEBT (Continued)

Total interest incurred, paid, and expensed for the year ended June 30, 2020 was \$19,944. This represents the total amount of interest for all for all types of debt including capital leases and notes payable.

NOTE 7 PROPERTY HELD FOR LEASE

The District leases communication tower space to two communications companies, Sprint and TMobil, under operating lease agreements expiring in various years through 2024. During the year ended June 30, 2020, the District collected a total of \$40,265 in lease revenue under these agreements.

The following is a schedule of future minimum lease revenues on operating leases as of June 30, 2020:

Year Ending June 30,	
2021	\$ 39,477
2022	39,477
2023	27,355
2024	18,696
2025	<u>1,558</u>
Total	<u>\$ 126,563</u>

NOTE 8 INSURANCE

The District carries commercial insurance through ISU Insurance Services. This plan covers all of the types of claims other than worker's compensation. The District obtained worker's compensation insurance through a joint venture (See Note 10). The District is covered by the following types of insurance as of June 30, 2020:

Coverage	Limits of Liability
Bodily Injury and Property Damage	\$ 500,000
Professional Liability	\$ 3,000,000
Fidelity Bond	\$ 250,000
Software	\$ 250,000
Auto Liability	\$ 1,000,000
Vehicles and Equipment	Agreed Upon Value
Workers' Compensation	Statutory

The District has pre-established deductible amounts for the various categories. There are no other deductibles.

Claims and judgments, including provisions for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims. The District's liability for uninsured claims is limited to general liability claims, as discussed above. There have been no claims in any of the past three years.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 9 RETIREMENT PLAN

Effective July 1, 1985, the District entered into a defined contribution retirement plan. Participation is available to all full-time employees who meet the eligibility requirements. The District has committed to contribute 15% of each full-time employee's monthly salary. Total District contributions for the year ended June 30, 2020 were \$250,854.

NOTE 10 JOINT VENTURES (JOINT POWERS AGREEMENTS)

FDAC/FASIS

The District participates and is a member in a joint venture under a Joint Powers Agreement (JPA). The independent JPA is known as the Fire District Association of California Fire Agencies Self Insurance System (FDAC/FASIS).

FDAC/FASIS was created pursuant to a Joint Powers Agreement between approximately 200 California fire and community service districts. FASIS exists to provide a program to pool workers' compensation coverage for participating agencies. Participation is voluntary.

The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Complete, separate financial statements for the JPA are available from the entity.

Withdrawal from FDAC/FASIS may be made only at the end of a fiscal year, and with twelve months' notice. FDAC/FASIS is governed by a board of directors composed of one representative employee or official from each member district. Members pay a premium commensurate with the respective level of coverage. FDAC/FASIS may levy additional assessments if deemed necessary.

The District made payments totaling \$103,411 to FASIS during the year ending June 30, 2020.

NOTE 11 INTER-FUND TRANSFERS

All transfers made during the year were for the purpose of funding current and future operation expenses.

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a JPA public entity risk pool that provides workers' compensation insurance coverage, risk management, and excess insurance. See Note 10 and Note 8. There have been no claims in any of the past three years.

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 ARTICLE XIII (B) APPROPRIATION LIMIT

The District has calculated the required annual Article XIII (B) appropriation limit based on available population and cost-of-living data.

NOTE 14 GOVERNING BOARD

As of June 30, 2020, the five members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Title</u>	<u>Term Expires</u>
Bryce Perkins	Director	December 2022
Tamra Spade	Director	December 2024
Harrison Gibbs	Director	December 2022
Matt Cultrera	Director	December 2024
Don Weaver	Director	December 2024

NOTE 15 NON-CASH TRANSACTIONS

During the year ended June 30, 2020, the District disposed of total capital assets with a value of \$445,615 and related accumulated depreciation of \$433,529 with no sales price.

NOTE 16 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2020, the date the financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

REQUIRED SUPPLEMENTAL INFORMATION

RIPON CONSOLIDATED FIRE PROTECTION DISTRICT  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance with
	Preliminary	Final		Final Budget
				(Unfavorable)
<b>REVENUE</b>				
Property Taxes	\$ 1,627,728	\$ 1,627,728	\$ 1,510,551	\$ (117,177)
Special Assessment	700,000	700,000	762,061	62,061
Ambulance Service	602,975	602,975	600,922	(2,053)
Lease Revenue	40,000	40,000	40,864	864
Interest	-	-	8,583	8,583
Other Income	-	-	104,100	104,100
	<u>2,970,703</u>	<u>2,970,703</u>	<u>3,027,081</u>	<u>56,378</u>
<b>EXPENDITURES</b>				
Current Program				
Current Program - Public Safety, Fire and Rescue				
Salaries and Benefits	2,335,620	2,335,620	2,282,385	53,235
Services and Supplies, and Other Charges	515,031	515,031	567,518	(52,487)
Capital Outlay	109,000	109,000	182,963	(73,963)
	<u>2,959,651</u>	<u>2,959,651</u>	<u>3,032,866</u>	<u>(73,215)</u>
Excess of Revenue (Deficiency) Over (Under)				
Expenditures	<u>11,052</u>	<u>11,052</u>	<u>(5,785)</u>	<u>(16,837)</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Debt Service Expenditures				
Principal	-	-	(42,622)	(42,622)
Interest	-	-	(6,786)	(6,786)
Operating Transfers In	-	-	400,000	400,000
Operating Transfers (Out)	-	-	(301,459)	(301,459)
	<u>-</u>	<u>-</u>	<u>49,133</u>	<u>49,133</u>
Excess of Revenue and Other Sources (Uses)				
Over (Under) Expenditures and Other Uses	<u>\$ 11,052</u>	<u>\$ 11,052</u>	43,348	<u>\$ 32,296</u>
Beginning Fund Balance, July 1, 2019			<u>1,018,565</u>	
Ending Fund Balance, June 30, 2020			<u>\$ 1,061,913</u>	

See accompanying notes and accountant's report.