North San Juan Fire Protection District

FINANCIAL STATEMENTS

AUDIT REPORT

June 30, 2023

\

October 11, 2023

North San Juan Fire Protection District

North San Juan, CA 95960

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of North San Juan Fire Protection District as of and for the year-ended June 30, 2023, 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 of 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 applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Pehling's PnPCPA
1 E Liberty St, Ste 600 | Reno, NV 89501 | Phone: 707-279-4259 | Zach@PehlingCPA.com

\

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North San Juan Fire Protection District as of June 30, 2023, and the respective changes in financial position, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The District has not presented Management's Discussion and Analysis or budgetary comparison information that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a 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 financial statements in an appropriate operational, economic, or historical context.

PNPCPA

Pehling's PnPCPA
1 E Liberty St, Ste 600 | Reno, NV 89501 | Phone: 707-279-4259 | Zach@PehlingCPA.com

North San Juan Fire Protection District

Audit Report
June 30, 2023

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements	
Government Funds Financial Statements	
Fund Balance Sheet 2023	5
Statement of Revenues and Expenditures 2023	7
Government-Wide Financial Statements	
Statement of Net Position 2023	10
Statement of Activities 2023	11
Notes to Financial Statements	12

GOVERNMENT FUNDS FINANCIAL STATEMENTS

North San Juan Fire Protection District

Balance Sheet
June 30, 2023

	General Fund	Mitigation Fund	Measure Q Fund	Total
ASSETS				
Assets:				
Cash	1,236,285	19,226	105,296	$ 1,360,807
Prepaid	14,074	-	-	14,074
Accounts Receivable	18,633	-	-	18,633
Due from other Funds	2,418	-	145,032	2,418
				-
TOTAL ASSETS	1,271,410	19,226	250,328	1,540,964
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES				
Liabilities:				
Due to Other Funds	145,032	2,418	-	147,450
Accrued Liabilities	6,016	-	-	6,016
Accounts Payable	13,869	-	-	13,869
				-
TOTAL LIABILIITES	164,917	2,418	-	167,335
Deferred Inflow				
Unavailable Revenue	-	-	-	-
TOTAL LIABILITIES & DEFERRED	164,917	2,418	-	167,335
Fund Balances:				
Unassigned	372,927	-	-	372,927
Restricted for Capital Improvements	-	16,808	-	16,808
Unspendable	14,074	-	-	14,074
Committed	719,492	-	250,328	969,820
				-
Total Fund Balance	1,106,493	16,808	250,328	1,373,629
TOTAL LIABILITIES & FUND BALANCE	$ 1,271,410	$ 19,226	$ 250,328	$ 1,540,964

The accompanying notes are an integral part of these financial statements.

North San Juan Fire Protection District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

	June 30, 2023
Total Fund Balances - Governmental Funds	$ 1,373,629
Capital Assets used in Governmental Funds are not financial resources and therefore are not reported as assets in the Governmental Funds.	
Total Historical Cost of Capital Assets	1,737,040
Less: Accumulated Depreciation	(992,687)
Deferred Outflows not due and receivable in the current period and therefore are not reported as an asset in the governmental funds. This is comprised of GASB 68 Pension Outflows. Deferred Outflows at June 30 was:	-
Deferred Inflows are not due in the current period and therefore, are not reported as liabilities in the governmental funds.This is comprised of GASB 68 Pension Inflows. Deferred Inflows at June 30 was:	-
Deferred Inflows reported as unavailable revenue are not available in the current period and therefore are reported as a deferred inflow in the governmental funds; while in the Government-Wide Statement of Net Position does not report them. Deferred Inflows at June 30 was:	-
Long-term liabilities are not due in the current period and therefore, are not reported as liabilities in the governmental funds.	(213,395)
Net Position	$ 1,904,587

The accompanying notes are an integral part of these financial statemnets

North San Juan Fire Protection District

Statement of Revenues, Expenditures & Change in Fund Balance
For the Year Ended
June 30, 2023

REVENUE	General Fund	Mitigation Fund	Measure Q Fund	Total
Tax Revenue	$ 165,985	$ -	$ -	$ 165,985
Special Assesment & Tax	44,054	-	111,403	155,457
State Taxes	53,573	-	-	53,573
Charges for Service	908,764	-	-	908,764
Grant Revenue	-	-	-	-
Interest & Investment Earnings	20,846	449	3,819	25,114
Mitigation Fees	-	4,019	-	4,019
Miscellaneous	6,654	-	-	6,654
TOTAL REVENUE	1,199,876	4,468	115,222	1,319,566
EXPENDITURES				
Capital Assets	43,831	-	-	43,831
Debt Service:				
Principle	-	-	48,489	48,489
Interest	-	-	7,568	7,568
Salaries and Employee Benefits	716,738	-	-	716,738
Services, Supplies and Refunds	190,884	-	1,105	191,989
TOTAL EXPENDITURES	951,453	-	57,162	1,008,615
Excess (Deficit) Revenues over Expenditures	248,423	4,468	58,060	310,951
Transfer in/(out)	6,100	(6,100)	-	-
Other financing Sources/(Uses)	-	-	-	-
CHANGE IN FUND BALANCE	254,523	(1,632)	58,060	310,951
FUND BALANCE, BEGINNING OF YEAR	851,970	18,440	192,268	1,062,678
FUND BALANCE, END OF YEAR	$ 1,106,493	$ 16,808	$ 250,328	$ 1,373,629

The accompanying notes are an integral part of these financial statements.

NORTH SAN JUAN FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

	2023
Net Change in Fund Balances - Total Governmental Funds	$ 310,951
Amounts reported for governmental activities in the Statement of Activities are different as follows:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense during the year	
Current Year Capital Outlays	19,803
Less: Current Year Depreciation Expense	(69,701)
In the Governmental Funds revenues are measured by the amount of financial resources received. In the Government-Wide Statement of Activities, revenues are measured by the amounts earned during the year	-
Repayment of principle on long-term liabilities is an expenditure for Governmental funds, but the repayment reduces long-term liabilities on the Government-Wide Statement of Net Position. The net amount principle payments made on long-term liabilities exceeded acquisistion of new debt during the year consist of:	48,489
In the Government Funds Interest expenditure is measured by the amount of financial resources used, which is the amounts actually paid. In the Government-Wide Statement of Activities,Interest expense is measured by the amounts accrued during the year.	359
Change in Net Position of Governmental Activities	$ 309,901

The accompanying notes are an integral part of these financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

North San Juan Fire Protection District

Statement of Net Position
June 30, 2023

ASSETS	
Current Assets:	
Cash	1,360,807
Prepaid	14,074
Accounts Receivable	18,633
Total Current Assets	1,393,514
Capital Assets:	
Land	38,223
Buildings & Improvements	433,835
Firefighting Equipment	1,264,982
Construction in Progess	-
Less: Accumulated Depreciation	(992,687)
Total Capital Assets	744,353
TOTAL ASSETS	2,137,867
TOTAL DEFERRED OUTFLOW	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,137,867
LIABILITIES	
Current Liabilities:	
Accounts Payable	13,869
Accrued Expenses	6,016
Accrued Interest	4,773
Current Portion	49,916
Total Current Liabilities	74,574
Long-term Liabilities:	
Capital Lease	158,706
Total Long-term Liabilities	158,706
TOTAL LIABILITIES	233,280
TOTAL DEFERRED INFLOWS	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	233,280
NET POSITION	
Net Investment in Capital Assets	530,958
Restricted for Capital Improvements	15,658
Unrestricted	1,357,971
TOTAL NET POSITION	$ 1,904,587

The accompanying notes are an integral part of these financial statements.

North San Juan Fire Protection District
Statement of Activities
For the Year-Ended
June 30, 2023

	Expenses	Operating Revenues: Charges for Services	Excess of Revenues/(Expenses)
Governmental Activities			
Public Protection	$ 932,756	$ 912,783	$ (19,973)
Interest on Long-Term Debt	7,209	-	(7,209.00)
Depreciation (Unallocated)	69,701	-	(69,701.00)
Total Governmental Activites			$ (96,883)
General Revenues:			
Tax Revenue			165,985
Special Assesment & Tax			155,458
State Taxes			53,573
Grant Revenue			-
Interest & Investment Earnings			25,114
Miscellaneous			6,654
Total General Revenues			406,784
NET CHANGE IN NET POSITION			309,901
NET POSITION, BEGINNING OF YEAR			1,594,686
NET POSITION, END OF YEAR			$ 1,904,587

The accompanying notes are an integral part of these financial statements.

North San Juan Fire Protection District

NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Background: The District is an independent special district within the County of Nevada and was established under Health and Safety Code Section 14001-14314. The District provides fire protection, rescue, in the North San Juan area of Nevada County.

Note 1 - Significant Accounting Policies

Accounting Principles

The financial statements of the North San Juan Fire Protection District(District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, or account groups, each of which is considered a separate accounting entity. 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. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Financial Statement Presentation

Government-Wide Financial Statements

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government

column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The District's governmental-wide fund balance is classified in the following categories:

Net Investment in Capital Assets - Includes amount of the fund balance that is invested in capital assets net of any related debt.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by a formal action of the government's highest level of decision-making authority, external resource providers, constitutionally, or through enabling legislation.

Unrestricted - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Nonspendable - Includes amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned - Includes amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority.

Unassigned - Includes amounts that are technically available for any purpose and includes all amounts not contained in other classifications.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budgets and Budgetary Accounting

An annual budget is adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Directors must adopt a preliminary budget by June 30th and a final budget no later than September 30th. A public hearing must be conducted to receive comments prior to adoption. The District's Governing board satisfied these requirements.

This budget is reviewed by the District Board of Directors during the year to give consideration to unanticipated income and expenditures. The final revised budget is presented for the General Fund as required supplementary information in the financial statements.

Pooled Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such a collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at cost, as the fair market value adjustment at the yearend was immaterial.

Accounts Receivable

On an accrual basis, revenues are recognized in the fiscal year in which the services are rendered. The District has not established an allowance for uncollectable receivables for Governmental or Grant Funds since prior experience has shown that uncollectable receivables are not significant.

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when

purchased or during the benefiting period. The District has chosen to report the expenditures in the period benefited.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over and estimated useful life.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred outflow/inflows of resources, represents an acquisition/disposition of net position that applies to future period(s) and will not be recognized as an outflow/inflow of resources until that time.

Accounts Payable

On an accrual basis, expenditures are recognized in the fiscal year in which the services are received.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position

Property Taxes

Nevada County is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by Nevada County up to 1% of the full cash value of taxable property based on assessed values on March 1 of the preceding year, plus other increases approved by the voters and distributed in accordance with statutory formulas. They become a lien on the first day of the year they are levied. Secured property tax is levied on January 1 and due in two installments, on November 1 and February 1. Unsecured property tax is levied on July 1 and due on July 31.

The County uses the Alternative Method of Property Tax Apportionment. Under this method of property tax apportionment, the County purchases the delinquent secured taxes at June 30 of each fiscal year. These taxes are accrued as intergovernmental revenue only if they are received from the County within 60 days after year end in the governmental fund. They are accrued when earned regardless of the timing of the related cash flows in the government-wide statement.

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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash

Summary of Cash

	June 30, 2023	June 30, 2022
County Cash	$ 1,360,307	$ 1,068,753
Deposits in Financial Institutions	500	500
Total	$ 1,360,807	$ 1,069,253

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Nevada's Investment Pool: The District maintains its cash in Nevada County's cash and investment pool which is managed by the Nevada County Treasurer. The District's cash balances invested in the Nevada County Treasurer's cash and investment pool are stated at amortized cost, which approximates fair value. Nevada County does not invest in any derivative financial products. The Nevada County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Nevada County's cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Nevada County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2017, the weighted average maturity of the investments contained in the County's investment pool was approximately 614 days.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities

that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2020.

Note 3 –Prepaid expenses

On June 30, 2021, the District has $14,074 in prepaid expenses.

Note 4 –Accounts Receivable

On June 30, 2023, the District has $18,633 in Accounts Receivable.

Note 5 – Long-Term Debt

The District entered in capital lease for the purchase of a new Rosenbauer pumper on September 30, 2019. Payment details below:

	Loan Date			9/30/2019	
	Loan Amount			$350,000.00	
	Payment Amount			$ 56,056.78	
	Interest			2.94%	Annualized
	Date	Amount	Interest	Principal	Balance
1	1/31/2024	$ 56,056.78	$ 6,140.81	$ 49,915.97	$ 158,707.70
2	1/31/2025	$ 56,056.78	$ 4,671.75	$ 51,385.03	$ 107,322.67
3	1/31/2026	$ 56,056.78	$ 3,159.44	$ 52,897.34	$ 54,425.33
4	1/31/2027	$ 56,056.78	$ 1,631.45	$ 54,425.33	$ -
Total		$224,227.12	$15,603.45	$208,623.67	

Accrued interest totaled $4,773

Note 6 – Risk Management

The District is a member of the Special District Risk Management Authority (SDRMA). The SDRMA is a risk-pooling self-insurance authority, created under the provisions of the California Government Code Sections 6500 et. seq. The purpose of the SDRMA is to provide a full risk management program for

California local governments. The District pays an annual premium to SDRMA for workers compensation insurance, which is covered up to statutory limits.

The District pays an annual premium to an insurance company for general and auto liability, property, management liability, employee dishonesty, and excess liability insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior fiscal year. Also, there have not been any settlements in excess of the insurance coverage for the past three fiscal years.

Note 7 – Subsequent Events

The District's management has evaluated events and transactions subsequent to June 30, 2023 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through **October 11, 2023**, the date the financial statements became+ available to be issued. The entity has not evaluated subsequent events after **October 11, 2023**.