

**BURBANK-PARADISE  
FIRE PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2018**

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors**

Burbank-Paradise Fire Protection District

### **Report on the Financial Statements**

I have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Burbank Paradise Fire Protection District, as of and for the year ended June 30, 2018, 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 the modified cash basis of accounting described in Note 1 of the footnotes. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. However because of the matters described in the Basis for Disclaimer of Opinion paragraph I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion

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, I 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.

### **Opinion**

#### **Basis for Disclaimer of Opinion**


The financial information had to be reconstructed and the auditor was required to perform substantial non attest service for the client, therefore impairing the auditor's independence. The auditor is therefore not independent but required by law or regulation to report on the financial Statements and must issue a Disclaimer of Opinion on the Financial Statement.

#### **Disclaimer of Opinion**

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the Statement.

#### **Other Matters**

The Burbank-Paradise Fire Protection District has not presented a Management's Discussion and Analysis (MD&A) required by the Governmental Accounting Standards Board that modified cash basis of accounting principles has determined is necessary to supplement, although not required to be part of, the basic financial statements.

  
Charles E. Strand  
Certified Public Accountant

August 7, 2019

**BURBANK-PARADISE FIRE PROTECTION DISTRICT**

Statement of Net Position and Governmental Funds Balance Sheet - Modified Cash Basis

June 30, 2018

	<u>General Fund</u>	<u>Adjstments Note 10</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Cash In County	\$ 445,397	\$ -	\$ 445,397
Cash In Bank	-	32,500	32,500
Land	-	29,309	29,309
Building and Grounds	-	1,019,276	1,019,276
Equipment	-	800,970	800,970
Accumulated Depreciation	-	(538,795)	(538,795)
Total Assets	<u>\$ 445,397</u>	<u>\$ 1,343,260</u>	<u>\$ 1,788,657</u>
<b><u>LIABILITIES</u></b>			
Due within one year	-	-	-
Building Loan	-	664,771	664,771
Total Liabilities	<u>-</u>	<u>664,771</u>	<u>664,771</u>
<b><u>FUND BALANCE</u></b>			
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	445,397	-	-
Total Fund Balances	<u>445,397</u>	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>			
Net investment in Fixed Asssets	-	645,989	645,989
Unrestricted	-	32,500	477,897
Total Net Position	<u>\$ -</u>	<u>\$ 678,489</u>	<u>\$ 1,123,886</u>

The notes to the financial statement are an integral part of these statements

**BURBANK-PARADISE FIRE PROTECTION DISTRICT**  
Statement of Activities and Governmental Funds Revenues, Expenditures, and  
Changes in Fund Balances-Modified Cash Basis  
For the year ended June 30, 2018

	<u>General Fund</u>	<u>Adjustments Note 10</u>	<u>Statement of Activities</u>
<b><u>REVENUE</u></b>			
Property Taxes	\$ 113,654	\$ -	\$ 113,654
Strike Team Income	194,111	-	194,111
Assesments	197,431	-	197,431
Interest	4,658	-	4,658
Homeowners Pro Tax Relief	1,215	-	1,215
Other	91,995	-	91,995
Sales of assets	35,172	-	35,172
Total Revenues	638,236	-	638,236
<b><u>EXPENDITURES /EXPENSES</u></b>			
Salaries	98,054	-	98,054
Stipends	6,552	-	6,552
Strike Team Pay	122,435	-	122,435
Insurance workers comp	4,677	-	4,677
Social security - medicare	9,411	-	9,411
Office and general	94,089	-	94,089
Fuel and oil	16,736	-	16,736
Equipment Maintenance	11,252	-	11,252
Legal and Accounting	45,845	-	45,845
County fees and auditor	1,820	-	1,820
Insurance	24,555	-	24,555
Telephone	1,332	-	1,332
Household expense	1,013	-	1,013
Utilities	11,310	-	11,310
Volunteer	6,950	-	6,950
Equipment	123,676	(123,676)	-
Structures	32,526	(32,526)	-
Interest	27,347	-	27,347
Loan Principal Paid	36,658	(36,658)	-
Depreciation	-	52,809	52,809
Total Expenditures/Expenses	676,238	(140,051)	536,187
Excess (Deficiencies ) of revenues in Excess of			
Expenditures	(38,002)	140,051	102,049
Beginning of Year	483,399	538,438	1,021,837
End of Year	\$ 445,397	\$ 678,489	\$ 1,123,886

The notes to the financial statement are an integral part of these statements

**BURBANK-PARADISE FIRE PROTECTION DISTRICT**  
Statement of Activities and Governmental Funds Revenues, Expenditures, and  
Changes in Fund Balances-Modified Cash Basis  
Compared with original and Final Budget  
For the year ended June 30, 2018

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b><u>REVENUE</u></b>				
Property Taxes	113,654	113,654	107,526	(6,128)
Assements	183,969	183,969	197,431	13,462
Interest	4,709	4,709	4,658	(51)
Other	2,100	2,100	91,995	89,895
Sales of assets	-	-	35,172	35,172
Total Revenue	<u>304,432</u>	<u>304,432</u>	<u>524,582</u>	<u>(220,150)</u>
<b><u>EXPENDITURES</u></b>				
Salaries	89,180	89,180	98,054	(8,874)
Stipends	4,800	4,800	6,552	(1,752)
Insurance workers comp	18,708	18,708	4,677	14,031
Social security - medicare	12,151	12,151	9,411	2,740
Office and general	17,125	17,125	94,089	(76,964)
Fuel and oil	14,600	14,600	16,736	(2,136)
Equipment Maintenance	15,000	15,000	11,252	3,748
Legal and Accounting	16,000	16,000	45,845	(29,845)
County fees and auditor	1,750	1,750	1,820	(70)
Training	3,000	3,000	-	3,000
Insurance	14,765	14,765	24,555	(9,790)
Telephone	700	700	1,332	(632)
Clothing	4,000	4,000	-	4,000
Supplies	2,000	2,000	-	2,000
Household expense	300	300	1,013	(713)
Utilities	12,000	12,000	11,310	690
Volunteer	10,000	10,000	6,950	3,050
Equipment	15,000	15,000	123,676	(108,676)
Structures	1,500	1,500	32,526	(31,026)
Loan Principal Paid	66,503	66,503	36,658	29,845
Total Expenditures/Expenses	<u>319,082</u>	<u>319,082</u>	<u>553,803</u>	<u>(234,721)</u>
Excess (Deficiencies ) of revenues in				
Excess of Expenditures	<u>(14,650)</u>	<u>(14,650)</u>	<u>(29,221)</u>	<u>225,847</u>
Beginning of Year			<u>483,399</u>	
End of Year			<u>\$ 454,178</u>	

The notes to the financial statement are an integral part of these statements

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Statement

Burbank-Paradise Fire Protection District (the District) was organized for the purpose of offering fire protection and emergency medical response to residents and landowners in the Burbank-Paradise area of Stanislaus County. This District operates under authority of the State of California Health and Safety Code, Section 13801

Summary of Significant Accounting Policies

As discussed further in the notes these financial statements are prepared in accordance with a modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Reporting Entity

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of the Government Accounting Standards Board (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether: -the organization is legally separate (can sue and be sued in their own name) -the District holds the corporate powers of the organization -the District appoints a voting majority of the organization's board -the District is able to impose its will on the organization.-the organization has the potential to impose a financial benefit/burden on the District -there is fiscal dependency by the organization on the District Based on the aforementioned criteria, the Burbank-Paradise Fire Protection District has no component units.



**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues and expenditures or expenses. The Fire Districts funds are organized into two major categories: governmental and proprietary. The Fire Districts presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Fire District or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Governmental Funds**

The General Fund is the primary operating fund of the Fire District and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus of the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds are fund balance as their measure of available spendable financial resources at the end of the period.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows or resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Fire District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with accrual basis of accounting.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNT**

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Due From Other Funds or Governments

Receivables and payables to other funds or governments arising from cash transaction or events are recorded in the financial statements as a modification to the cash basis of accounting

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Capital Assets

The Fire District modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary funds and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2017. Prior to July 1, 2017, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2017, are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50-years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utilities property and improvements	10-50 years
Infrastructure	25-50 years

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Net Position/Fund Balance Classifications

Government-Wide Statements

Net Position is classified and displayed in three components:

1. Net investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted- Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Fire District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Financial Statement

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

**Nonspendable** – Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

**Restricted** – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Fire District's highest level of decision-making authority. (In the case of the Fire District of Example, commitments are evidenced by adoption of an ordinance by the Fire District.)

**Assigned** – Amounts constrained by the Fire Districts intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the Fire District of Example, assignments are evidenced either by resolution of the Fire District or by the Fire District Manager in written form as approved by vote of the Fire District pursuant to Fire District policy.)



**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Governmental Funds (continued)

**Unassigned** – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Fire District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Fire District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The Fire District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Financial Statements

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

Interfund Loans- Amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund Services – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.

Interfund Reimbursements – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.

Interfund Transfers – Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

A. Internal Balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business- Type Activities” columns of the Statement of Net Position, except for the net residual amounts due between governmental and business- type activities, which are reported as Internal Balances.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Government-Wide Financial Statements (continued)

b. Internal Activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Uses os Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting used by the Fire District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

Restricted Assets

None

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Long-Term Debt

The reporting entity's long-term bonds, notes, and other debt arising from cash transactions or events is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. During the year ended June 30, 2017 the District borrowed \$750,000 for renovations and additions to the Structure. As of June 30, 2017, the long-term debt arising from cash transactions or events, payable from governmental funds resources, consisted of the following:

	<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
Balance					
June 30,2017					701,429.00
June 30 2018		64,006	27,348.00	36,658.34	664,770.00
June 30, 2019		64,006	25,885.70	38,120.64	626,650.00
June 30, 2020		64,006	24,365.07	39,641.27	587,009.00
June 30, 2021		64,006	22,783.77	41,222.57	545,786.00
June 30, 2022		64,006	21,139.40	42,866.94	502,919.00
June 30, 2023		64,006	19,429.43	44,576.91	458,242.00
June 30, 2024		64,006	17,651.26	46,355.08	411,987.00
June 30, 2025		64,006	15,802.15	48,204.19	363,783.00
June 30, 2026		64,006	13,879.28	50,127.06	313,656.00
June 30, 2027		64,006	11,879.70	52,126.64	261,529.00
June 30, 2028		64,006	9,800.37	54,205.97	207,323.00
June 30, 2029		64,006	7,638.09	56,368.25	150,955.00
June 30, 2030		64,006	5,389.56	58,616.78	92,338.00
June 30, 2031		64,006	3,051.32	60,955.02	31,383.00
June 30, 2032		32,003	619.83	31,383.34	0.00

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Annual budget requests are submitted by the District Staff to the District Board of Directors for preliminary review and approval. After public hearing, a final budget is approved by the District Board of Directors, with a resolution adopting said budget. Copies of the approved budget are sent to all required agencies.

The general fund budget is prepared within the limit on spending as regulated by Proposition 4. The insurance reserve and capital outlay reserve funds are not regulated by Proposition 4. Unencumbered appropriations for annually budgeted funds lapse at year-end.

Property and Equipment

Property and equipment are valued at historical cost or estimated historical cost if actual is not available. Donated assets are valued at their estimated fair market value on the date donated. The following is a summary of the general fixed assets:

	Cost of Fixed Assets				Accumulated Depreciation			
	<u>Beginning</u>	<u>Additions</u>	<u>Deleted</u>	<u>Ending</u>	<u>Beginning</u>	<u>Current</u>	<u>Deleted</u>	<u>Ending</u>
Equipment	258,138			258,138	37,919	17,632	-	55,551
Vehicles	439,155	123,676		562,831	243,455	14,430	-	257,885
Buildings	986,750	32,526		1,019,276	204,617	20,747	-	2225,359
Land	<u>229,309</u>	=	=	<u>29,309</u>	=	=	=	=
Total	<u>\$1,693,353</u>	<u>\$156,202</u>	<u>\$(-)</u>	<u>\$1,849,555</u>	<u>\$185,986</u>	<u>\$52,809</u>	<u>\$-</u>	<u>\$538,795</u>

The District's principal source of funding is derived from property taxes. Secured property taxes attach as an enforceable lien on real property as of the 1<sup>st</sup> day of March. Taxes are payable in two installments on November 10, and March 10, and become delinquent if not paid before December 10, and April 10. Unsecured property taxes are billed in one installment, are due March 1, and become delinquent if not paid on or before August 31. The County of Stanislaus bills and collects all property taxes and remits to the Districts its share of the property tax allocation.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The Stanislaus County Board of Supervisors adopted and implemented the alternative method of Tax Apportionment, also known as the Teeter Plan. This method of assessment does not include unsecured property taxes. Accordingly, although the District received 100% of the adjusted charge for the secured, SB813 State Homeowners Exemption, it did not receive 100% of the current year's tax levy.

State Administered Grants

State administered grants are federal grant funds, appropriated state funds or a combination of the two, which are allocated to State agencies, then passed through to local units of government.

Compensated Absences

The District employees do not accumulate compensated absences.

Property Tax and Overrides

Property taxes and overrides are apportioned to the District and collected by the County of Stanislaus. The County's property tax and overrides calendar is based on a fiscal year ending June 30. All property taxes and overrides are levied as of July 1. Ad valorem property taxes and overrides attach as an enforceable lien on property as of January 1. Taxes are due, payable, and delinquent as follows:

	<u>First Installment</u>	<u>Second Installment</u>
Due date	November 1	February 1, following year
Delinquent date	December 10	April 10, following year

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2018

**NOTE 1 - GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Uses of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

The District adopted GASB 31 "Accounting and Financial Reporting for Certain Investments and for External Investments Pools" during 1999. This statement requires investments to be carried at fair value with unrealized changes being recorded in the statements of revenues, expenditures and changes in fund balance.

Deposit (cash and certificates of deposit) are carried at cost, which provides approximates fair value.

The Treasurer of Stanislaus County holds the District's cash in an agency or District. The County operates a pooled cash fund for all of its agency funds. The carrying amounts and market value of cash held by the County of Stanislaus for the District as of June 30, 2018, is as follows:

	Cost Basis <u>June 30, 2018</u>	Fair Market Value Basis <u>June 30, 2018</u>
General Fund	\$445,397	\$445,397

These approved investments are carried at a cost, which approximates market and may be liquidated as needed. These investment pools have not been assigned a risk category since the district is not issued securities, but rather owns an undivided beneficial interest in these assets of these pools.

**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 3 – CHANGES IN GENERAL LONG-TERM DEBT**

The district had no long term capital leases or notes payable at year

**NOTE 4- STATE LOAN – CHAPTER 1168/85**

The loan is from the State of California for the shortfall in funding received through supplemental roll revenues during the 1984-85 fiscal years. Repayment will be made from supplemental roll tax revenues attributable to the 1984-85 fiscal years which are allocated, or which would otherwise be disbursed to the District after January 15, 1985. No due date has been assigned to the loan. No interest will accrue on the outstanding unpaid. The district has determined that there is no liability for the loan and it is not shown as a liability

**NOTE 5 - SUBSEQUENT EVENTS**

The district had no events subsequent to year end that had a financial impact on the district from June 30, 2018 through the date of this report.

**NOTE 6 – DISCLAIMER ON THE FINANCIAL REPORT**

The district is required to be audited on an annual basis. Currently the district has no formally trained employee with the skill knowledge and experience to prepare a financial statement in accordance with governmental standards. Nor does the district include in its internal financial statements property plant and equipment and related depreciation and Debt information required to be adjusted in the Government Wide Statements. In order to prepare the financial statement on the modified accrual basis of accounting, the district has requested that the outside auditor prepare the financial statement and the related entries required to adjust the statements to a Government Wide presentation. The auditor has provided these non-attest services which in the aggregate would impair the auditor's independence. Therefore the auditor is not independent. In accordance with AU-C Section 705.16 "Auditor Is Not Independent but Is Required by Law or Regulation to Report on the Financial Statements . When the auditor is not independent but is required by law or regulation to report on the financial statements, the auditor should disclaim an opinion and should specifically state that the auditor is not independent."



**BURBANK - PARADISE FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**NOTE 7- RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation liability. The District participates in a Joint Powers Agreement established in January 2000 to provide coverage for workers' compensation liability exposures and to pay for the administration of the program. The Joint Powers Agreement established for its members is the Fire Districts Association of California-Fire Agency Self Insurance System (FDAC-FASIS).

The District currently reports all of its risk management activities in its General Fund. Premiums due to the Association are reported when incurred. The agreement for the formation of the FDAC-FASIS provides that the system will be self-sustaining through member premiums and will reimburse through a commercial company for claims in excess of self-insured retention of \$300,000. Above the self-insured retention, excess insurance coverage is up to a limit of \$3,000,000. The District continues to carry commercial insurance for workers' compensation. Settled claims resulting from risks have not exceeded the commercial insurance covering in any of the past fiscal years.

As defined by GASB Statement No. 10, FDAC-FASIS is "a risk-sharing pool." The Association manages one pool for all members. The arrangement allows its members to pool risks and funds and share in the cost of losses.

Each member of the Association pays an annual premium to the insurance system which is evaluated each year based in the number of personnel, estimated payroll and experience factor.