

**PENN VALLEY FIRE PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2021**

**PENN VALLEY FIRE PROTECTION DISTRICT  
JUNE 30, 2021  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors  
Penn Valley Fire Protection District  
Penn Valley, California

We have audited the accompanying financial statements of the governmental activities and each major fund remaining fund information of the Penn Valley Fire Protection District, as of and for the year ended June 30, 2021, 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 opinions 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America and the California State Controller's Minimum Audit Requirements and Reporting Guidelines for Special Districts.

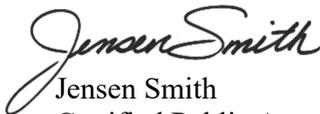
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 26-28 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 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of Penn Valley Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Penn Valley Fire Protection District's internal control over financial reporting and compliance.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
June 28, 2022

**PENN VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

Under management of the Penn Valley Fire Protection District ("District"), this discussion and analysis of the financial performance of the District offers readers an overview of the District's financial activities for the fiscal year ended June 30, 2021 based on currently known facts, decisions or conditions.

Financial Highlights

- The financial statements included in this report provide insight into the financial status for the year.
- The capital assets of the District's governmental activities at the end of the year were \$2,518,264, net of accumulated depreciation in the amount of \$4,035,178 (page 7).
- During the year, total expenses for District governmental activities were \$3,285,019, \$400,502 more than the \$2,884,517 the District generated in tax and other revenues received during the same period (page 8).
- In the District's General Fund activities, revenues were \$2,790,370 while expenditures were \$2,652,680 (page 10).
- In the District's Building and Equipment Fund activities, revenues were \$80,360, while expenditures were \$146,862 (page 10).
- In the District's Impact/Special Revenue Fund activities, revenues were \$75,120, while expenditures were \$60,543 (page 10).

Using this Annual Report - Overview of the Financial Statements

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Pages 7 & 8) provide information about the financial activities of the District as a whole and a longer view of the District's finances.

The Balance Sheet - Governmental Funds (page 9) and the Statement of Revenues, Expenditures and Changes in Fund Balances (page 10) illustrate how the governmental type activities were financed in the short term, as well as what remains for future spending. These financial statements also report the District's operations in more detail than government-wide statements by providing information about the District's individual funds.

Government-wide Financial Statements

The analysis of the District as a whole begins on page 7. The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, are designed to provide readers with a broad overview of the District as a whole and about its activities for the current period. They include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used in the private sector. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The Statement of Net Position reports the difference between all of the District's assets and liabilities, and the Statement of Activities reports on the changes in net position during the fiscal year. Examining the net position is an effective way to measure the District's financial health or position, with increases or decreases in net position an indicator of whether the District's financial position is improving or deteriorating.

Both of these statements report only governmental-type activities (including cash, receivables, capital assets, accounts payables, compensated absences and long-term liabilities).

### Fund Financial Statements

The District's fund financial statements begin on page 9 and provide detailed information about the District's three funds, not the District as a whole. These funds include: Operating (General), Building & Equipment, and Impact (Special Revenue).

The District's services are reported in three funds, all of which are governmental, to help control and manage the financial activities for particular purposes. Those purposes are comprised of General Operating, Capital Replacement and AB1600 Development Fees. These governmental funds focus on how money flows into and out of those funds and the balances left at period end that are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer resources that can be spent in the near future. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is described in reconciliations following the fund financial statements (pages 11 and 12).

### Financial Analysis

#### The District as a Whole – Government-wide Financials

- The District's total assets and deferred outflows, including capital assets net of accumulated depreciation of \$4,035,178, were \$4,747,803 at fiscal year-end. This is a decrease of \$358,132 from the previous year.
- The District's total liabilities at fiscal year-end were \$1,371,648. This is an increase of \$127,965 from the previous year.
- The District's total net position at fiscal year-end was \$3,376,155. This is a decrease of \$400,502 from the previous year.
- Total revenues for the fiscal year were \$2,884,517 (\$559,612 program revenues and \$2,324,905 general revenues). This is a decrease of \$25,126 from the previous year.
- Total expenses were \$3,285,019, an increase of \$538,325 from the previous year.

#### The District's Funds - Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As the District completed the year, its government funds reported a combined ending fund balance of \$1,891,310 (page 9).

The general fund is the chief operating fund of the District. At the end of the twelve-month period ended June 30, 2021, the unassigned balance of the general fund was \$1,094,922. This amount constitutes a balance that is available for spending at the District's discretion. The remainder of the fund balance (committed and restricted) is not necessarily available for new spending because it has already been either committed by the District or restricted by regulation to specific expenditures. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

### Fund Financial Highlights

#### Income:

In the General Fund, we experienced an increase in total income of \$266,800 from the previous fiscal year.

In the General Fund, we experienced a 4% (\$19,032) increase in property tax income.

We experienced a \$47,837 decrease in income from ambulance service fees.

In the Building and Equipment Fund, our income decreased by \$41,414 (34%) from the previous fiscal year.

In the Fire Facility Fee Account (Impact), our income increased by \$3,325. Development fees increased by \$2,807 (4%).

#### Expenses:

In personnel costs, the District spent \$334,247 more than the previous year.

Fuel costs have decreased by \$1,523 from the previous year.

There was a decrease in expenditures in our Building and Equipment Fund of \$471 due to decreased acquisition of new equipment and structural improvements.

The Impact Fund expenditures increased by \$12,959

### Capital Assets and Long-Term Debt Activity

#### Capital Assets

At the end of the fiscal year, the District had a net amount of \$2,351,972 invested in capital assets net of related capital lease debt, including buildings, furniture, fire-fighting equipment, and vehicles, after accumulated depreciation in the amount of \$4,035,178. This year, there were additions to capital assets of \$209,315. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

#### Long-Term Debt

At fiscal year end, the District had a balance outstanding of \$166,292 on a capital lease. The capital lease agreement was executed on July 1, 2016 to fund the acquisition of a new engine.

### Budget

The District adopts a preliminary budget each year by June 30 per California Health and Safety Code Section 13890. The final budget is adopted by October 1.

Variances between budget and actual figures are detailed on pages 26-28.

### Economic Factors and Next Year's Budget

We anticipate Impact Fees will continue to slowly increase as the housing market continues its recovery from the most recent economic downturn.

### Requests for Information

This financial report is designed to provide a general overview of the Penn Valley Fire Protection District's finances for all those with an interest in the government's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Fire Chief or the Finance Administrator, Penn Valley Fire Protection District, P.O. Box 180, Penn Valley, CA 95946.

**PENN VALLEY FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

Current Assets:

|  |              |
|--|--------------|
| Cash and Cash Equivalents  | \$ 1,964,089 |
| Accounts Receivable  | 9,117        |
| Ambulance Accounts Receivable, less allowance<br>for doubtful accounts of \$64,083 | 256,333      |
| Total Current Assets   | 2,229,539    |

Non-Current Assets:

|   |           |
|---|-----------|
| Capital Assets, net of accumulated<br>depreciation of \$4,035,178 | 2,518,264 |
| Total Non-Current Assets  | 2,518,264 |

|                     |           |
|---------------------|-----------|
| <b>Total Assets</b> | 4,747,803 |
|---------------------|-----------|

**LIABILITIES AND NET POSITION**

Current Liabilities:

|   |         |
|---|---------|
| Accounts Payable                                | 18,588  |
| Wages and Benefits Payable                      | 128,679 |
| Current Portion of Capital Lease Payable        | 32,056  |
| Current Portion of Series 2020 Lease Obligation | 54,380  |
| Total Current Liabilities                       | 233,703 |

Non-Current Liabilities:

|                               |           |
|-------------------------------|-----------|
| Compensated Absences Payable  | 45,159    |
| Capital Lease Payable         | 134,236   |
| Series 2020 Lease Obligation  | 958,550   |
| Total Non-Current Liabilities | 1,137,945 |

|                          |           |
|--------------------------|-----------|
| <b>Total Liabilities</b> | 1,371,648 |
|--------------------------|-----------|

**NET POSITION**

|   |              |
|---|--------------|
| Invested in Capital Assets, net of related debt | 2,329,648    |
| Restricted                                      | 61,342       |
| Unrestricted                                    | 985,165      |
| <b>Total Net Position</b>                       | \$ 3,376,155 |

See accompanying notes.



**PENN VALLEY FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

|  | GOVERNMENTAL FUND TYPES |                         |                    | Total<br>Governmental<br>Funds |
|--|-------------------------|-------------------------|--------------------|--------------------------------|
|  | General                 | Building &<br>Equipment | Special<br>Revenue |                                |
| <u>Assets</u>                                |                         |                         |                    |                                |
| Cash and Cash Equivalents                    | \$ 1,714,448            | \$ 188,299              | \$ 61,342          | \$ 1,964,089                   |
| Accounts Receivable                          | 9,117                   | -                       | -                  | 9,117                          |
| Ambulance Accounts Receivable                | 65,371                  | -                       | -                  | 65,371                         |
| <b>Total Assets</b>                          | <u>\$ 1,788,936</u>     | <u>\$ 188,299</u>       | <u>\$ 61,342</u>   | <u>\$ 2,038,577</u>            |
| <br><u>Liabilities &amp; Fund Balances</u>   |                         |                         |                    |                                |
| Liabilities:                                 |                         |                         |                    |                                |
| Accounts Payable                             | \$ 16,373               | \$ 2,215                | \$ -               | \$ 18,588                      |
| Wages Payable                                | 128,679                 | -                       | -                  | 128,679                        |
| <b>Total Liabilities</b>                     | <u>145,052</u>          | <u>2,215</u>            | <u>-</u>           | <u>147,267</u>                 |
| <br>Fund Balances:                           |                         |                         |                    |                                |
| Restricted                                   | -                       | -                       | 61,342             | 61,342                         |
| Committed                                    | 548,962                 | 186,084                 | -                  | 735,046                        |
| Unassigned                                   | 1,094,922               | -                       | -                  | 1,094,922                      |
| <b>Total Fund Balances</b>                   | <u>1,643,884</u>        | <u>186,084</u>          | <u>61,342</u>      | <u>1,891,310</u>               |
| <b>Total Liabilities &amp; Fund Balances</b> | <u>\$ 1,788,936</u>     | <u>\$ 188,299</u>       | <u>\$ 61,342</u>   | <u>\$ 2,038,577</u>            |

See accompanying notes.

**PENN VALLEY FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

|   | GOVERNMENTAL FUND TYPES |                         |                    | Total<br>Governmental<br>Funds |
|---|-------------------------|-------------------------|--------------------|--------------------------------|
|   | General                 | Building &<br>Equipment | Special<br>Revenue |                                |
| Revenues:   |                         |                         |                    |                                |
| Property Taxes  | \$ 449,913              | \$ -                    | \$ -               | \$ 449,913                     |
| Special Assessments-Fire  | 551,187                 | -                       | -                  | 551,187                        |
| Special Assessments- Rescue   | 763,036                 | -                       | -                  | 763,036                        |
| Ambulance Fees  | 500,716                 | -                       | -                  | 500,716                        |
| Fees for Services   | 26,895                  | -                       | -                  | 26,895                         |
| Development Fees  | -                       | -                       | 73,962             | 73,962                         |
| Proposition 172   | 131,969                 | -                       | -                  | 131,969                        |
| HOPTR   | 3,345                   | -                       | -                  | 3,345                          |
| Donations   | 13,567                  | 70,250                  | 16                 | 83,833                         |
| Interest Income   | 20,390                  | 4,030                   | 1,142              | 25,562                         |
| Fire Reimbursements   | 322,187                 | -                       | -                  | 322,187                        |
| Grants  | 3,421                   | 6,080                   | -                  | 9,501                          |
| Other Sources   | 3,744                   | -                       | -                  | 3,744                          |
| Total Revenues  | <u>2,790,370</u>        | <u>80,360</u>           | <u>75,120</u>      | <u>2,945,850</u>               |
| Expenditures:   |                         |                         |                    |                                |
| Current General Governmental:   |                         |                         |                    |                                |
| Personnel Costs   | 2,249,320               | -                       | -                  | 2,249,320                      |
| Communications  | 60,345                  | -                       | -                  | 60,345                         |
| Meals & Household   | 5,215                   | -                       | -                  | 5,215                          |
| Medical Supplies  | 53,339                  | 4,287                   | 1,837              | 59,463                         |
| Maintenance   | 83,131                  | -                       | -                  | 83,131                         |
| Dues & Subscriptions  | 4,112                   | -                       | -                  | 4,112                          |
| Office Expense  | 10,249                  | -                       | -                  | 10,249                         |
| Professional Fees   | 103,358                 | -                       | -                  | 103,358                        |
| Fire Prevention   | 271                     | -                       | -                  | 271                            |
| Training  | 15,581                  | -                       | -                  | 15,581                         |
| Travel / Per Diem / Spec. Dept.   | 404                     | -                       | -                  | 404                            |
| Fuel  | 28,511                  | -                       | -                  | 28,511                         |
| Utilities   | 30,810                  | -                       | -                  | 30,810                         |
| Equipment & Asset Purchases   | 8,034                   | 142,575                 | 58,706             | 209,315                        |
| Total Expenditures  | <u>2,652,680</u>        | <u>146,862</u>          | <u>60,543</u>      | <u>2,860,085</u>               |
| Excess of Revenues Over (Under) Expenditures<br>Before Other Financing Sources (Uses) | 137,690                 | (66,502)                | 14,577             | 85,765                         |
| Other Financing Sources (Uses)  |                         |                         |                    |                                |
| Payment of Principal - Capital Lease Payable  | -                       | (22,483)                | (9,636)            | (32,119)                       |
| Payment of Principal - Lease Obligation   | (45,080)                | -                       | -                  | (45,080)                       |
| Transfers In  | -                       | 30,000                  | -                  | 30,000                         |
| Transfers Out   | (30,000)                | -                       | -                  | (30,000)                       |
| Total Other Financing Sources (Uses)  | <u>(75,080)</u>         | <u>7,517</u>            | <u>(9,636)</u>     | <u>(77,199)</u>                |
| Net Change in Fund Balances   | 62,610                  | (58,985)                | 4,941              | 8,566                          |
| Fund Balance, beginning of year   | 1,581,274               | 245,069                 | 56,401             | 1,882,744                      |
| Fund Balance, end of year   | <u>\$ 1,643,884</u>     | <u>\$ 186,084</u>       | <u>\$ 61,342</u>   | <u>\$ 1,891,310</u>            |

See accompanying notes.

**PENN VALLEY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

|   |                            |
|---|----------------------------|
| Total Fund Balances for Governmental Funds  | \$ 1,891,310               |
| Total net assets reported for governmental activities in the statement of net assets is different because:  |                            |
| Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.   | 2,518,264                  |
| Receivables received after sixty days after the year end are not considered currently available and therefore are not reported in the governmental fund activities: |                            |
| Ambulance Receivables   | 190,962                    |
| Long-term liabilities and deferred inflows of resources are not due and payable in the current period, and therefore are not reported in the governmental funds:    |                            |
| Compensated Absences Payable  | (45,159)                   |
| Capital Lease Payable   | (188,616)                  |
| Net Pension Liability   | (958,550)                  |
| Deferred Inflows of Resources   | -                          |
|   | -                          |
| Total Net Position of Governmental Activities   | <u><u>\$ 3,408,211</u></u> |

See accompanying notes.

**PENN VALLEY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2021**

|   |    |                         |
|---|----|-------------------------|
| Net change in fund balances - total governmental funds  | \$ | 8,566                   |
| Total change in net assets for governmental activities in the statement of activities is different because:   |    |                         |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized as fixed assets.  |    | 209,315                 |
| Governmental funds report the proceeds from long-term notes payable and subsequent principal payments as other financing sources and uses. However, in the statement of activities, they are not reported. Rather, the current balance of long-term notes payable is recorded in the statement of net position. |    | (341,566)               |
| Revenues in the statement of activities that do not provide current financial resources within 60 days after year end are not reported as revenues in the funds.  |    | (61,333)                |
| Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds.  |    |                         |
| Depreciation Expense  |    | (215,484)               |
| Deferral of Pension Related Expenses  |    | <u>-</u>                |
| Change in Net Position of Governmental Activities   | \$ | <u><u>(400,502)</u></u> |

See accompanying notes.

**PENN VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 – NATURE OF THE ORGANIZATION**

The District was established in April 1974 to provide fire prevention, suppression and rescue services in the Penn Valley Area of Nevada County, California. Revenues are derived primarily from the fees for services provided for ambulance services, a special assessment on improved parcels within the district and the countywide tax levy. The District also collects fees for construction within the District, which are used to offset the increased capital costs associated with development.

The District is administered by a Board of Directors who is elected by the public. The Board of Directors acts as the authoritative and legislative body of the entity. The Board is comprised of five board members. Of the five, two are nominated and approved by the board to be officers of the District; Chairman, and Vice-Chairman. No board members receive compensation for serving on the Board although they may receive reimbursement for expenses incurred on behalf of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government (District) as a whole.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activity. Direct expenses are those that are clearly identifiable as specifically associated with the District. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of the District. Revenues that are not classified as program revenues, including investment income, are presented instead as general revenues. The individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Governmental 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 to be 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 revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**PENN VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are transacted. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental activities consisted of the following major funds:

General Fund

The General Fund is the general operating fund of the District. Fire and Rescue operations and administrative support are the focus of the activity in this fund.

In 2005-2006, the District received funds in the amount of \$112,500 for development of property known as Wildwood Ridge II. These funds are currently held in the General Fund and are committed for the additional operational expenses that this new development would bring. Development is currently on hold pending recovery of the housing market. Another \$112,500 will be received when development begins. The General Fund also includes funds in the amount of \$426,575 held as reserve and \$9,887 held for paramedic scholarships, for a total of \$548,962 in designated general funds.

Special Revenue Fund

The Special Revenue Fund is used to account for mitigation fees restricted by California Law AB1600 for the purpose of offsetting increased capital costs due to development. A resolution by the Nevada County Board of Supervisors allows the collection of these fees and requires that they be spent only for new capital additions and additionally requires that these funds be spent and/or designated within five years of collection or they are refundable with interest to the payers. The District's policy is to fully expend or designate these funds within the required time frame and, accordingly, no liability has been recognized.

Building and Equipment Fund

The Building and Equipment Fund is used to account for financial resources committed for the acquisition or construction of major capital facilities and equipment purchases.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted. If situations arise where there is a possibility of an expenditure being classified into more than one category, the restricted funds will be used first followed by the unrestricted funds.

**PENN VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as noted below.

**Nonspendable –**

This category includes elements of the fund balance that cannot be spent because of their form, or because they must be maintained intact. For example:

- Assets that will never convert to cash, such as prepaid items and inventories of supplies;
- Assets that will not convert to cash soon enough to affect the current period, such as non-financial assets held for resale; or
- Resources that must be held intact pursuant to legal or contractual requirements, such as revolving loan fund capital or the principal of an endowment.

**Restricted –**

This category includes resources that are subject to constraints that are externally enforceable legal restrictions. Examples include:

- Funding from the state or federal entities or foundations that are legally restricted to specific uses. For example, funds advanced by a federal entity under specific agreements for services, or matching funds for specific initiatives.
- Funds legally restricted by County, state, or federal legislature, or a government’s charter or constitution.
- Amounts collected from non-spendable items, such as the long term portion of loans outstanding, if those amounts are also subject to legal constraints.
- Funding that has been designated for legally enforceable contracts but not yet spent. This includes multi-year contracts.

**Committed –**

Two criteria are used to determine the District’s fund balance:

1. Use of funds is constrained by limits imposed by the government’s highest level of decision making. The highest level of decision making for the District would be the Board of Directors.
2. Removal or modification of use of funds can be accomplished only by formal action of the authority (i.e., Board of Directors) that established the constraints.

Commitments, modifications or removals must occur prior to the end of the reporting period; that is, the fiscal year being reported upon.

**Assigned –**

The assigned portion of the fund balance reflects the District’s intended use of resources, which is established either by the Board of Directors, a body created by the Board such as a finance committee, or an official designated by the Board (e.g., Fire Chief). The “assigned” component is similar to the “committed” component, with two essential differences, shown in the following table:

**PENN VALLEY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued**

| Key Differences Between Committed and Assigned Fund Balance   |           |          |
|---|-----------|----------|
|   | Committed | Assigned |
| A decision to use funds for a specific purpose requires action of the Board of Directors  | Yes       | No       |
| Formal action of the Board of Directors is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period | Yes       | No       |

Another key difference is that the purpose of the assignment must be narrower than the fund itself. Resources that fit into this category include:

- Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget, where the Fire Chief may decide whether to use the entire amount.
- Resources assigned to a specific program or project or organization for which the Board has approved a plan or budget
- Resources approved by the Board for a long range financial plan where formal approval is not required to modify the amount.

**Unassigned –**

This category includes the fund balance that cannot be classified into any of the other categories.

If situations arise where there is a possibility of assignment into more than one category, the committed amount will be reduced first, followed by assigned amounts and then unassigned amounts.

Budget

The Board provides for a budget for the fiscal year in accordance with Chapter 7 of the Fire Protection District Law of 1987 as contained in the Health & Safety Code Sections 13890 and 13895, inclusive. The Board prepares a preliminary budget by June 30 and adopts a final budget by October 1. Supplemental appropriations are adopted throughout the year as necessary.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**PENN VALLEY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Fixed Assets

Capital assets are capitalized at acquisition cost; donated equipment is recorded at the fair market value at the time of donation. The District does not possess any infrastructures. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not. Depreciation for the government-wide financial statements is calculated using the straight-line method over the estimated life of the asset. Replacement equipment will be replaced using funds allocated 80% from the building and equipment fund and 20% from the special revenue fund. In some cases that involve significant improvements or additional features, the District may opt to replace equipment using funds allocated 70% from the building and equipment fund and 30% from the special revenue fund.

Allowance for Doubtful Accounts

The District estimates bad debts based on Medicare/MediCal disallowances and amounts outstanding over a year that have been forwarded to a collections agency.

**NOTE 3 – CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS**

Most cash at June 30, 2021 is pooled for investment purposes and held by Nevada County. Interest is apportioned quarterly to the District based on the average daily balances on deposit with the County of Nevada. The Nevada County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy.

The County established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer is accountable to the County Treasury Oversight Committee. The District’s fair value portion in the pool is the same as the District’s pool share.

The District deposits all funds in interest bearing accounts with Nevada County. The District does not own any specific identifiable investments in the pool. Information regarding categorization of cash and investments held in the County can be found in the County of Nevada’s financial statements.

The District’s carrying amount and fair value of investments as of June 30, 2021 are as follows:

|                     | Carrying<br>Amount | Fair Value  | Difference |
|---------------------|--------------------|-------------|------------|
| Pooled Investments: |                    |             |            |
| Nevada County       | \$1,964,089        | \$1,964,089 | \$ -       |

At June 30, 2021, the difference between the carrying value and the fair value of cash and investments was not regarded as material therefore an adjustment to fair value was not required for GASB 31 compliance. Fair value was based on un-audited quoted market values provided by the Nevada County Treasurer.

**PENN VALLEY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 – CREDIT RISK, CARRYING VALUE AND MARKET VALUE OF INVESTMENTS - Continued**

The State law and County’s Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor’s or P1 by Moody’s Investors Services. State law and the County’s Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor’s and Moody’s Investors Services. The investments of the County can be viewed in the Nevada County financial reports.

Credit Risk

Financial instruments which potentially subject the District to concentrations of credit risk consist principally of cash accounts. The District places its temporary cash with creditworthy, high-quality financial institutions. At June 30, 2021, the District had no funds in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The District has not experienced any losses in these accounts.

**NOTE 4 – CHANGES IN FIXED ASSETS**

The following is a summary of changes in the general fixed asset account group:

| <u>Description</u>                                      | <u>Balance at<br/>June 30, 2021</u> |
|---|-------------------------------------|
| Equipment   | \$ 3,782,207                        |
| Building  | 2,268,236                           |
| Land  | 502,999                             |
| Total Capital Assets                                    | <u>6,553,442</u>                    |
| Less: Accumulated Depreciation                          | <u>(4,035,178)</u>                  |
| Total Capital Assets net of<br>Accumulated Depreciation | <u><u>\$ 2,518,264</u></u>          |

Depreciation expense for the fiscal year ended June 30, 2021 was \$215,484.

**NOTE 5 – LEASE COMMITMENTS**

The District leases from the Lake Wildwood Association a tract of land described as Lot 1053 at Lake Wildwood Unit 2 to establish, operate, and maintain a fire station to conduct fire protection, rescue and related activities. This lease was entered into on December 9, 1988, and expires on December 9, 2087 and requires a payment of \$1 annually.

**NOTE 6 – COMPENSATED ABSENCES**

Accumulated unpaid personal leave and vacation amounted to \$45,159 at June 30, 2021. Accrued compensated absences include 100% of all employees’ vacation and holiday time earned.

**PENN VALLEY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 – NOTES AND CAPITAL LEASES PAYABLE**

On July 1, 2016, the District executed a ten-year capital lease agreement for a new engine. The lease is to be paid back in annual installments of \$38,243, including interest of 3.04%. The balance of this capital lease at June 30, 2021 was \$166,292.

Maturities of long-term debt are as follows for the year ending:

|            | <u>Capital Lease</u> |
|------------|----------------------|
| 2022       | 32,056               |
| 2023       | 33,031               |
| 2024       | 34,035               |
| 2025       | 35,069               |
| 2026       | 32,101               |
| Thereafter | -                    |
|            | <u>\$166,292</u>     |

On December 16, 2020, the District executed a fifteen-year lease obligation for the payoff of unfunded pension obligations. The lease is to be paid back in twice-annual installments of \$45,080, including interest of 3.58%. The balance of this lease obligation at June 30, 2021 was \$1,012,930.

Maturities of long-term debt are as follows for the year ending:

|            | <u>Lease<br/>Obligation</u> |
|------------|-----------------------------|
| 2022       | 54,380                      |
| 2023       | 56,344                      |
| 2024       | 58,379                      |
| 2025       | 60,488                      |
| 2026       | 62,672                      |
| Thereafter | <u>720,667</u>              |
|            | <u>\$1,012,930</u>          |

**NOTE 8 – SPECIAL TAX COLLECTIONS**

Taxes are levied on November 1 of the fiscal year and can be paid in two equal installments. The first and second installments are due November 1 and February 1, respectively, and are considered delinquent if not paid before the close of business on December 10 and April 10, respectively. After June 30, delinquent taxes are in tax default and a property lien attaches to the secured property the following fiscal year on March 1. Tax default property can be sold after five years.

**NOTE 9 – SUBSEQUENT EVENTS**

Events subsequent to June 30, 2021 have been evaluated through June 28, 2022, the date at which the District's audited financial statements were available to be issued. No events requiring disclosure were noted.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PENN VALLEY FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL**

**GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | <u>General Fund<br/>Original Budget</u> | <u>General Fund<br/>Final Budget</u> | <u>General Fund<br/>Actual</u> | <u>Variance with<br/>Final Budget<br/>(Unfavorable)</u> |
|---|---|--------------------------------------|--------------------------------|---|
| <b>Revenues</b>   |   |                                      |                                |   |
| Property Taxes  | \$ 419,700                              | \$ 419,700                           | \$ 449,913                     | \$ 30,213   |
| Special Assessments - Fire  | 553,000                                 | 553,000                              | 551,187                        | (1,813)   |
| Special Assessments - Rescue  | 776,000                                 | 776,000                              | 763,036                        | (12,964)  |
| Ambulance Fees  | 425,000                                 | 425,000                              | 500,716                        | 75,716  |
| State Funding - Prop 172  | 119,000                                 | 119,000                              | 131,969                        | 12,969  |
| Homeowners Property Tax Relief  | 3,500                                   | 3,500                                | 3,345                          | (155)   |
| Donations   | -                                       | -                                    | 13,567                         | 13,567  |
| Interest Income   | 10,000                                  | 10,000                               | 20,390                         | 10,390  |
| State Reimbursements  | 55,000                                  | 55,000                               | 322,187                        | 267,187   |
| Grants  | -                                       | -                                    | 3,421                          | 3,421   |
| Other Sources   | 14,800                                  | 12,000                               | 30,639                         | 18,639  |
| Total Revenue   | <u>2,376,000</u>                        | <u>2,373,200</u>                     | <u>2,790,370</u>               | <u>417,170</u>  |
| <b>Expenditures</b>   |   |                                      |                                |   |
| Personnel Costs   | 2,060,400                               | 2,071,300                            | 2,249,320                      | (178,020)   |
| Clothing  | 15,000                                  | 15,000                               | 14,728                         | 272   |
| Communications  | 69,000                                  | 69,500                               | 60,345                         | 9,155   |
| Meals & Household   | 7,200                                   | 7,200                                | 5,215                          | 1,985   |
| Medical Supplies  | 36,500                                  | 50,000                               | 53,339                         | (3,339)   |
| Maintenance   | 65,100                                  | 65,100                               | 83,131                         | (18,031)  |
| Dues & Subscriptions  | 3,700                                   | 3,700                                | 4,112                          | (412)   |
| Office Expense  | 14,900                                  | 14,900                               | 10,249                         | 4,651   |
| Professional Fees   | 127,200                                 | 130,350                              | 103,358                        | 26,992  |
| Fire Prevention   | 3,500                                   | 3,500                                | 271                            | 3,229   |
| Training  | 7,000                                   | 7,000                                | 15,581                         | (8,581)   |
| Travel / Per Diem / Spec. Dept.   | 2,000                                   | 1,200                                | 404                            | 796   |
| Fuel  | 30,000                                  | 30,000                               | 28,511                         | 1,489   |
| Utilities   | 33,600                                  | 33,600                               | 30,810                         | 2,790   |
| Small Equipment   | 600                                     | 600                                  | -                              | 600   |
| Equipment & Asset Purchases   | 25,000                                  | -                                    | (6,694)                        | 6,694   |
| Miscellaneous   | -                                       | 1,501                                | -                              | 1,501   |
| Contingencies   | 25,000                                  | 25,000                               | -                              | 25,000  |
| Total Expenditures  | <u>2,525,700</u>                        | <u>2,529,451</u>                     | <u>2,652,680</u>               | <u>(123,229)</u>  |
| <b>Excess of Revenues Over (Under) Expenditures<br/>Before Other Financing Sources (Uses)</b> |   |                                      |                                |   |
|   | \$ (149,700)                            | \$ (156,251)                         | \$ 137,690                     | \$ 293,941  |
| <b>Other Financing Sources (Uses)</b>   |   |                                      |                                |   |
| Payment of Principal - Series 2020 Obligation   | -                                       | -                                    | (45,080)                       | (45,080)  |
| Transfers Out   | (30,000)                                | (30,000)                             | (30,000)                       | -   |
| Total Other Financing Sources (Uses)  | <u>(30,000)</u>                         | <u>(30,000)</u>                      | <u>(75,080)</u>                | <u>-</u>  |
| <b>Excess of Revenues and Other Sources<br/>Over (Under) Expenditures and Other Uses</b>      |   |                                      |                                |   |
|   | <u>\$ (179,700)</u>                     | <u>\$ (186,251)</u>                  | <u>\$ 62,610</u>               | <u>\$ 248,861</u>                                       |

See independent auditor's report and notes to financial statements.

**PENN VALLEY FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL**

**BUILDING AND EQUIPMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | <u>Building &amp;<br/>Equipment<br/>Original Budget</u> | <u>Building &amp;<br/>Equipment<br/>Final Budget</u> | <u>Building &amp;<br/>Equipment<br/>Actual</u> | <u>Variance with<br/>Final Budget<br/>(Unfavorable)</u> |
|---|---|--|--|---|
| <b>Revenues</b>   |   |  |  |   |
| Donations   | \$ 90,000   | \$ 50,000  | \$ 70,250                                      | \$ 20,250   |
| Grants  | -   | -  | 6,080  | 6,080   |
| Interest Income   | 2,500   | 2,500  | 4,030  | 1,530   |
| Total Revenue   | <u>92,500</u>   | <u>52,500</u>  | <u>80,360</u>                                  | <u>27,860</u>   |
| <b>Expenditures</b>   |   |  |  |   |
| Clothing  | 11,000  | 11,000   | -  | 11,000  |
| Other Expenses/Contingencies  | 1,000   | 1,000  | 4,287  | (3,287)   |
| Equipment & Structural Improvements   | 266,500   | 165,000  | 142,575  | 22,425  |
| Total Expenditures  | <u>278,500</u>  | <u>177,000</u>                                       | <u>146,862</u>                                 | <u>30,138</u>   |
| <b>Excess of Revenues Over (Under) Expenditures<br/>Before Other Financing Sources (Uses)</b> |   |  |  |   |
|   | (186,000)   | (124,500)  | (66,502)                                       | 57,998  |
| <b>Other Financing Sources (Uses)</b>   |   |  |  |   |
| Payment of Principal - Capital Lease Payable  | (27,000)  | (27,000)   | (22,483)                                       | 4,517   |
| Transfers In  | 30,000  | 30,000   | 30,000   | -   |
| Total Other Financing Sources (Uses)  | <u>3,000</u>  | <u>3,000</u>   | <u>7,517</u>                                   | <u>4,517</u>  |
| <b>Excess of Revenues and Other Sources<br/>Over (Under) Expenditures and Other Uses</b>      |   |  |  |   |
|   | <u>\$ (183,000)</u>                                     | <u>\$ (121,500)</u>                                  | <u>\$ (58,985)</u>                             | <u>\$ 62,515</u>  |

See independent auditor's report and notes to financial statements.

**PENN VALLEY FIRE PROTECTION DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL**

**SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

|   | <u>Special Revenue<br/>Original Budget</u> | <u>Special<br/>Revenue<br/>Final Budget</u> | <u>Special<br/>Revenue<br/>Actual</u> | <u>Variance with<br/>Final Budget<br/>(Unfavorable)</u> |
|---|--|---|---------------------------------------|---|
| <b>Revenues</b>   |  |   |                                       |   |
| Development Fees  | \$ 25,000                                  | \$ 25,000                                   | \$ 73,962                             | \$ 48,962   |
| Donations   | -  | -   | 16                                    | 16  |
| Interest Income   | 500  | 500   | 1,142                                 | 642   |
| Total Revenue   | <u>25,500</u>                              | <u>25,500</u>                               | <u>75,120</u>                         | <u>49,620</u>   |
| <b>Expenditures</b>   |  |   |                                       |   |
| Other Expenses/Contingencies  | 2,000                                      | 2,000                                       | 1,837                                 | 163   |
| Equipment & Structural Improvements   | 57,000                                     | 57,000                                      | 58,706                                | (1,706)   |
| Total Expenditures  | <u>59,000</u>                              | <u>59,000</u>                               | <u>60,543</u>                         | <u>(1,543)</u>  |
| <b>Excess of Revenues Over (Under) Expenditures<br/>Before Other Financing Sources (Uses)</b> | <b>(33,500)</b>                            | <b>(33,500)</b>                             | <b>14,577</b>                         | <b>48,077</b>   |
| <b>Other Financing Sources (Uses)</b>   |  |   |                                       |   |
| Payment of Principal - Capital Lease Payable  | (11,500)                                   | (11,500)                                    | (9,636)                               | 1,864   |
| Transfers Out   | -  | -   | -                                     | -   |
| Total Other Financing Sources   | <u>(11,500)</u>                            | <u>(11,500)</u>                             | <u>(9,636)</u>                        | <u>1,864</u>  |
| <b>Excess of Revenues and Other Sources<br/>Over (Under) Expenditures and Other Uses</b>      | <b><u>\$ (45,000)</u></b>                  | <b><u>\$ (45,000)</u></b>                   | <b><u>\$ 4,941</u></b>                | <b><u>\$ 49,941</u></b>                                 |

See independent auditor's report and notes to financial statements.

P.O. Box 160  
Lincoln, CA 95648  
Office (916) 434-1662  
Fax (916) 434-1090

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Directors  
Penn Valley Fire Protection District  
Penn Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Penn Valley Fire Protection District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and have issued our report thereon dated June 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

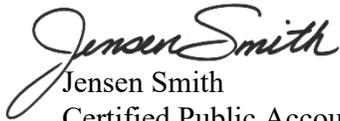
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California  
June 28, 2022

P.O. Box 160  
Lincoln, CA 95648  
Office (916) 434-1662  
Fax (916) 434-1090

June 28, 2022

Management & Board of Directors  
Penn Valley Fire Protection District  
Penn Valley, California

Dear Ladies and Gentlemen,

In planning and performing our audit of the financial statements of the governmental activities and major funds of Penn Valley Fire Protection District (District), as of and for the year ended June 30, 2021, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we may become aware of the matters which are an opportunity for strengthening internal controls and operating efficiency. We are pleased to report that no such matters have come to our attention.

We previously reported on the District's internal control in the preceding report dated June 28, 2022. This letter does not affect our report dated June 28, 2022, on the financial statements of the District.

As always, if you have any questions, please feel free to contact us.

Sincerely,

  
Jensen Smith  
Certified Public Accountants, Inc.  
Lincoln, California