

**QUINCY  
FIRE PROTECTION DISTRICT  
BASIC FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT THERON**

**JUNE 30, 2022**

**QUINCY  
FIRE PROTECTION DISTRICT  
JUNE 30, 2022**

**TABLE OF CONTENTS**

Board Members.....	1
INDEPENDENT AUDITOR’S REPORT .....	2-4
BASIC FINANCIAL STATEMENTS	
Balance Sheet and Statement of Net Position .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Activities .....	6
Notes to Financial Statements.....	7-14
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	15

**QUINCY FIRE PROTECTION DISTRICT  
JUNE 30, 2022**

**BOARD MEMBERS**

<b>Michael Taborski</b>	<b>Chairman</b>
<b>Andrew Ryback</b>	<b>Treasurer</b>
<b>Johnny Mansell</b>	<b>Commissioner</b>

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Quincy Fire Protection District  
Quincy, California

**Opinions**

We have audited the accompanying financial statements of the governmental activities of the Quincy Fire Protection District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Quincy Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Quincy Fire Protection District, as of June 30, 2022 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.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Quincy Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Quincy Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Quincy Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Quincy Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors  
Quincy Fire Protection District  
Quincy, California

**Other Matters**

***Required Supplementary Information***

Quincy Fire Protection District has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

Fechter & Company  
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company" with a long, sweeping underline that extends to the right.

Sacramento, California  
May 16, 2023

**QUINCY FIRE PROTECTION DISTRICT  
BALANCE SHEET AND STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>General Fund</b>	<b>Adjustments (Note 5)</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
Cash - County Treasury	\$ 2,315,970	\$ -	\$ 2,315,970
Accounts receivable	39,146	-	39,146
Prepaid insurance	6,640	-	6,640
Total current assets	2,361,756	-	2,361,756
 Property and equipment, net of accumulated depreciation	 -	 629,743	 629,743
<b>TOTAL ASSETS</b>	<b>\$ 2,361,756</b>	<b>629,743</b>	<b>\$ 2,991,499</b>
<b>LIABILITIES</b>			
Accounts payable and accruals	\$ 8,682	\$ 7,500	\$ 16,182
Accrued payroll	7,196	-	7,196
Deferred revenue	41,276	-	41,276
Noncurrent liabilities:			
Compensated absence	-	10,925	10,925
<b>TOTAL LIABILITIES</b>	<b>57,153</b>	<b>18,425</b>	<b>75,578</b>
<b>FUND BALANCES/NET ASSETS</b>			
<b>FUND BALANCES:</b>			
Undesignated	2,304,602	(2,304,602)	-
Total Fund Balances	2,304,602	(2,304,602)	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,361,756</b>		
<b>NET POSITION:</b>			
Invested in Capital Assets, Net		629,743	629,743
Unrestricted/Unassigned		2,286,177	2,286,177
<b>TOTAL NET POSITION</b>		<b>\$ 2,915,920</b>	<b>\$ 2,915,920</b>

The accompanying notes are an integral part of these financial statements

**QUINCY FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES AND STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2022**

	<b>General Fund</b>	<b>Adjustments (Note 5)</b>	<b>Statement of Activities</b>
<b>EXPENDITURES/EXPENSES:</b>			
Fire protection operations	\$ 895,110	\$ (148,812)	\$ 746,298
Total expenditures/expenses	895,110	(148,812)	746,298
<b>PROGRAM REVENUES:</b>			
Property assessments	231,778	-	231,778
Strike team reimbursements	447,779	-	447,779
Grants and contributions	3,813	-	3,813
Miscellaneous	96,607	-	96,607
Total program expenses	779,977	-	779,977
Net program revenues (expenses)	(115,133)	(148,812)	33,679
<b>GENERAL REVENUES:</b>			
Property taxes	323,030	-	323,030
Investment earnings	9,767	-	9,767
Total general revenues	332,798	-	332,798
Excess of revenues over expenditures	217,665	(148,812)	
Change in net position		(148,812)	366,477
Fund balance/net position, beginning of year	2,086,938		2,549,444
Fund balance/net position, end of year	\$ 2,304,602		\$ 2,915,920

The accompanying notes are an integral part of these financial statements



**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

The Quincy Fire Protection District (the District) was officially established in 1878. Like most volunteer fire departments, the District was “home grown” by the community to provide an essential service previously unavailable from the county, state, and federal governments. Since the early days of the District, “Fire” has been our middle name, but in the last 30 years, our primary role has changed radically.

Today the mission of the Quincy Fire Protection District includes not only structural and wild land firefighting, but also medical aid responses, auto extrication calls, cliff rescues, swift water rescues, hazardous materials incidents, and even flood control.

In November of 1955, Andy Anderson became the first paid fire chief of the Quincy Fire Protection District. Since that time, the District has grown from a small, rural fire department running a few dozen calls a year, to a three-station, full service department serving four times the population and responding, on average, to 1.5 emergency calls per day. Along with this increase in responses has come a flood of new mandates and requirements from the state and federal government, as well as OSHA, the Department of Public Health, and the National Fire Protection Agency.

Basis of Presentation – Government-Wide Financial Statements

The District’s government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated from the general government activity to the public safety function based on relative percentages or prior year actual operating expenditures. Program revenues include 1) charges to customers who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general expenses.

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Basis of Presentation – Fund Financial Statements

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, grants, donations, and charges for current services. The District uses an availability period of 60 days after year-end. Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred.

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

The District reports the following major governmental fund types:

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

Budgets and Budgetary Process

Budgets for the operating fund are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable warrant requisitions are expected to be issued. The budget and actual financial statements are reported on the above basis. The only material difference between them is the inclusion of the beginning budgetary fund balance.

An annual budget request is submitted by the District Clerk to the Board of Directors for preliminary review and approval. After a public hearing, a final budget is approved by the District's 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. Unencumbered appropriations for annually budgeted funds lapse at year-end.

Board of Directors

There are three members of the Board of Directors (Board). Each member of the Board is a resident and registered voter of the District.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Revenue

Revenue to finance the District's operation is primarily derived from the property taxes levied by the county. All funds collected are left on deposit with the Treasurer of Plumas County. The District's obligations are paid out of these funds only upon properly verified warrants drawn by the District.

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Property Taxes and Overrides

Property taxes and overrides are apportioned to the District taxes and overrides calendar is based on 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 the property as of January 1. Taxes are due and 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

Capital Assets

Capital assets are accounted for at historical cost or estimated historical cost if actual historical cost is not known. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Purchased capital assets are recorded as expenditures in the governmental type funds. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated on a straight-line basis over the estimated useful life of the assets (5- 50 years).

Fund Balances

The fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e., prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (i.e., fund balance designations passed by Board resolution).

**QUINCY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

**NOTE 2: CASH AND INVESTMENTS**

Cash at June 30, 2022, consisted of the following:

Deposits:	
Cash on hand	\$ 200
Pooled Funds:	
Cash in County Treasury	<u>2,315,770</u>
Total Cash	<u><u>\$ 2,315,970</u></u>

Custodial Credit Risk

Financial instruments that potentially subject the District to a concentration of credit risk consist of temporary cash investments held in an agency capacity at the County of Plumas Treasurer. The County of Plumas places its temporary cash investments with financial multiple institutions to limit the credit exposure of any one financial institution.

Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs.

The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- Banker’s Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Demand Deposits
- Repurchase Agreements (Repos)
- Reverse Repurchase Agreements
- County Cash Pool

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2: CASH AND INVESTMENTS - (continued)**

Investments

The District has adopted provisions of GASB 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools.”* GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including changes in fair market value of investments, is recognized as revenue in the operating statement. The approved investment pool is carried at cost, which approximates market value and may be liquidated as needed.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Generally, this is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment pool has not been assigned a risk category since the District is not issued any securities, but rather owns an undivided beneficial interest in the assets of this pool. The fund is not registered with the Securities and Exchange Committee (SEC). Financial statements for the investment pool can be obtained by writing the County of Plumas, Auditors-Controller’s Office, 520 Main St., Room 205, Quincy, CA 95971.

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3: CAPITAL ASSETS**

The following changes in the capital assets occurred during the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Transfers	Balance 6/30/2022
Nondepreciable Assets:				
Land	\$ 16,000	\$ 218,332	\$ -	\$ 234,332
Total non-depreciable assets	16,000	218,332	-	234,332
Depreciable Assets:				
Buildings and improvements	562,535	-	-	562,535
Vehicles	916,243	-	-	916,243
Equipment	167,271	-	-	167,271
Total depreciable assets	1,646,049	-	-	1,646,049
Less accumulated depreciation	(1,188,618)	(62,020)	-	(1,250,638)
Total depreciable assets, net	457,431	(62,020)	-	395,411
Net Capital Assets	\$ 473,431	\$ 156,312	\$ -	\$ 629,743

Total depreciation expense for the year ended June 30, 2022, was \$62,020, all charged to the public safety function.

**NOTE 4: RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance with the following coverages to cover claims and judgments against it.

General Liability – Each Occurrence	\$1,000,000
General Liability – Aggregate	\$10,000,000
Business Property Coverage	Stated Amounts
Business Auto – Liability	\$1,000,000
Business Auto – Property	Agreed Value

**QUINCY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5: EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS**

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds	\$ 629,743
Fire call payable	(7,500)
Compensated absences	(10,925)
Combined Adjustment	\$ 611,318

Amounts reported 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 allocated over their estimated useful lives as depreciation expense. The difference is the amount by which depreciation exceeded capital outlays in the current period.	\$ 156,312
Expenditures paid after 60 days of year end	(7,500)
Combined Adjustment	\$ 148,812

**NOTE 6: SUBSEQUENT EVENTS**

Effective March 31, 2023, the District has separated from Plumas County and began to perform their own accounting services including payroll, payables and receivables. This separation will also allow the District to hold and invest their own funds with a financial institution of their choice.

The District has evaluated subsequent events through May 16, 2023, the date the financial statements were available to be issued, and determined that there were no other events occurring subsequent to June 30, 2022 that would have a material impact on the results of operations or its financial position.



**REQUIRED SUPPLEMENTARY INFORMATION**

**QUINCY FIRE PROTECTION DISTRICT**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2022**

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Original	Actual	
<b>REVENUES</b>			
Property taxes and miscellaneous	\$ 510,635	\$ 554,808	\$ 44,173
Use of money and property	9,500	9,767	-
Strike team	-	447,779	-
Miscellaneous	6,800	100,420	93,620
<b>TOTAL REVENUES</b>	<u>526,935</u>	<u>1,112,775</u>	<u>585,840</u>
<b>EXPENDITURES/EXPENSES</b>			
Salaries and benefits	461,909	536,910	(75,001)
Contingencies	150,000	-	150,000
Fire calls	15,000	7,500	7,500
Insurance	16,900	15,172	1,728
Memberships	3,500	700	2,800
Office expense	10,500	5,742	4,758
Professional fees	7,500	9,425	(1,925)
Retirement contribution	7,500	7,500	-
Repairs and maintenance	82,000	14,418	67,582
Safety	20,000	4,492	15,508
Special department training	20,000	1,137	18,863
Special department expenses	13,500	15,689	(2,189)
Tools and supplies	6,000	13,383	(7,383)
Transportation and travel	13,350	14,384	(1,034)
Utilities and communications	68,500	30,326	38,174
Capital outlay	1,576,300	218,332	1,357,968
<b>TOTAL EXPENDITURES</b>	<u>2,472,459</u>	<u>895,110</u>	<u>1,577,349</u>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<u>\$ (1,945,524)</u>	<u>\$ 217,665</u>	<u>\$ (991,509)</u>