

**FALLEN LEAF LAKE
COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2014**

ROBERT W. JOHNSON
Certified Public Accountant

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ROBERT

W.

JOHNSON

An Accountancy Corporation

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fallen Leaf Lake Community Services District
Fallen Leaf Lake, California

We have audited the accompanying financial statements of the enterprise activities and the governmental activities of Fallen Leaf Lake Community Services District, as of and for the year ended June 30, 2014, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise activities and the governmental activities of Fallen Leaf Lake Community Services District as of June 30, 2014, and the results of its operations, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other-Matters

Required Supplementary Information

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Robert W. Johnson, An Accountancy Corporation

Citrus Heights, California
October 20, 2014

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
June 30, 2014

ASSETS	General Fund	Fire Department	Parks & Recreation
Cash (Note 3)	\$ 13,296	\$ 445,888	\$ 261,523
Grant receivable	-	-	-
Capital assets (Note 4)	-	-	-
Less, accumulated depreciation	-	-	-
Interfund receivable	-	-	-
Total assets	<u>\$ 13,296</u>	<u>\$ 445,888</u>	<u>\$ 261,523</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 6,211	\$ -
Lease deposit	-	-	35,000
Slip deposit accrual	-	-	10,232
Interfund payable	-	-	-
Total liabilities	<u>-</u>	<u>6,211</u>	<u>45,232</u>
FUND BALANCES/NET ASSETS			
Fund balances:			
Restricted	-	-	-
Committed	-	-	-
Unassigned	<u>13,296</u>	<u>439,677</u>	<u>216,291</u>
Total fund balances	<u>13,296</u>	<u>439,677</u>	<u>216,291</u>
Total liabilities and fund balances	<u>\$ 13,296</u>	<u>\$ 445,888</u>	<u>\$ 261,523</u>
Net position:			
Net investment in capital assets			
Unrestricted			
Total net position			

See notes to financial statements

Adjustments

\$ -
-
2,117,225
(946,354)
-

\$1,170,871

\$ -
-
-
-
-

-

-
-
(669,264)

(669,264)

1,170,871

669,264

\$1,840,135

Statement of
Net Position

\$ 720,707
-
2,117,225
(946,354)
-

\$1,891,578

\$ 6,211
35,000
10,232
-
-

51,443

-
-
-
-

-

1,170,871

669,264

\$1,840,135

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
for the year ended June 30, 2014

	<u>Govenmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
District administrative expenses	\$ 52,452	\$ -	\$ 52,452
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>239</u>	<u>239</u>
Total program expenditures/ expenses	<u>52,452</u>	<u>239</u>	<u>52,691</u>
Program revenues:			
Reimbursements from other activities	<u>57,415</u>	<u>-</u>	<u>57,415</u>
General revenues:			
Interest and other income	<u>116</u>	<u>-</u>	<u>116</u>
Excess (expenditures) over revenues/change in net position	5,079	(239)	4,840
Beginning fund balances/ net position	<u>8,217</u>	<u>599</u>	<u>8,816</u>
Ending fund balances/net position	\$ <u>13,296</u>	\$ <u>360</u>	\$ <u>13,656</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
FIRE DEPARTMENT
for the year ended June 30, 2014

	Governmental <u>Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$ 238,298	\$ -	\$ 238,298
Capital outlay	54,000	(54,000)	-
Depreciation	<u>-</u>	<u>23,658</u>	<u>23,658</u>
Total program expenditures/ expenses	<u>292,298</u>	<u>(30,342)</u>	<u>261,956</u>
Program revenues	<u>-</u>	<u>-</u>	<u>-</u>
General revenues:			
Tax revenue	30,244	-	30,244
Direct assessment	194,365	-	194,365
Fundraising events (net)	3,086	-	3,086
Donations	15,798	-	15,798
Interest income	439	-	439
County funding - boat	125,000	-	125,000
Strike teams	<u>31,484</u>	<u>-</u>	<u>31,484</u>
Total general revenues	<u>400,416</u>	<u>-</u>	<u>400,416</u>
Excess (expenditures) revenues/change in net position	108,118	30,342	138,460
Beginning fund balances/net position	288,355	322,451	610,806
Prior period entry – to close trust liability to fund balance/ net position	<u>43,204</u>	<u>-</u>	<u>43,204</u>
Ending fund balances/net position	<u>\$ 439,677</u>	<u>\$ 352,793</u>	<u>\$ 792,470</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
PARKS & RECREATION
for the year ended June 30, 2014

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Recreation	\$ 60,790	\$ -	\$ 60,790
Capital outlay	-	-	-
Depreciation	<u>-</u>	<u>35,483</u>	<u>35,483</u>
Total program expenditures/ expenses	<u>60,790</u>	<u>35,483</u>	<u>96,273</u>
Program revenues:			
Concessionaire payments	<u>92,472</u>	<u>-</u>	<u>92,472</u>
General revenues:			
Interest and other income	<u>99</u>	<u>-</u>	<u>99</u>
Excess revenues (expenditures)/change in net position	31,781	(35,483)	(3,702)
Beginning fund balances/net position	<u>184,510</u>	<u>853,201</u>	<u>1,037,711</u>
Ending fund balances/net position	<u>\$ 216,291</u>	<u>\$ 817,718</u>	<u>\$1,034,009</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
BUDGET AND ACTUAL
for the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Revenues:			
Interest income	\$ -	\$ 1	\$ 1
Reimbursement - Parks	43,915	43,915	-
Reimbursement - Fire Dept.	24,500	13,500	(11,000)
Other	<u>-</u>	<u>115</u>	<u>115</u>
Total revenues	<u>68,415</u>	<u>57,531</u>	<u>(10,884)</u>
Expenditures:			
Contingency fund	-	-	-
Personnel	35,600	33,558	2,042
Insurance	-	-	-
Memberships	765	988	(223)
Website	750	1,280	(530)
Equipment purchases	-	-	-
Postage	550	665	(115)
Printing	200	174	26
Audit	3,700	3,700	-
Legal	7,000	1,337	5,663
Bookkeeping	6,000	5,241	759
Secretarial	6,000	3,056	2,944
Office supplies	1,200	1,033	167
Telephone	1,100	977	123
Miscellaneous	1,000	-	1,000
Meetings and legal notices	1,200	218	982
Internet	600	-	600
LAFCO support	250	225	25
Election	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>68,415</u>	<u>52,452</u>	<u>15,963</u>
Excess of revenues (expenditures)	\$ <u>-</u>	\$ <u>5,079</u>	\$ <u>5,079</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
FIRE DEPARTMENT
BUDGET AND ACTUAL
for the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Revenues:			
Tax revenue	\$ 26,590	\$ 30,244	\$ 3,654
Direct assessment	190,400	194,365	3,965
Strike teams	-	31,484	31,484
Fundraising events (net)	4,000	3,086	(914)
Donations	8,000	15,798	7,798
Interest income	335	439	104
Grant revenue	-	-	-
County funding – boat	-	125,000	125,000
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>229,325</u>	<u>400,416</u>	<u>171,091</u>
Expenditures:			
Administrative	24,500	13,563	10,937
Maintenance/supplies	8,500	6,900	1,600
Equipment purchases	3,500	71,751	(68,251)
Facilities	8,950	8,420	530
Office	6,300	5,112	1,188
Personnel	141,600	142,028	(428)
Training	11,575	9,671	1,904
Contingency fund	-	11,309	(11,309)
Apparatus	16,900	23,544	(6,644)
Automatic aid	6,000	-	6,000
Wellness & physicals	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>229,325</u>	<u>292,298</u>	<u>(62,973)</u>
Excess of revenues (expenditures)	\$ <u>-</u>	\$ <u>108,118</u>	\$ <u>108,118</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
PARKS & RECREATION
BUDGET AND ACTUAL
for the year ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
Revenues:			
Concessionaire payments	\$ 97,500	\$ 92,472	\$(5,028)
Interest income	50	24	(26)
Donations	750	75	(675)
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>98,300</u>	<u>92,571</u>	<u>(5,729)</u>
Expenditures:			
Marina	7,500	416	7,084
Equipment purchases	-	-	-
Community building	2,150	1,397	753
Administrative	43,915	43,915	-
Insurance	10,020	9,902	118
Miscellaneous	500	101	399
Maintenance & repair	8,108	378	7,730
Utilities, net	1,260	4,681	(3,421)
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>73,453</u>	<u>60,790</u>	<u>12,663</u>
Excess of revenues (expenditures)	<u>\$ 24,847</u>	<u>\$ 31,781</u>	<u>\$ 6,934</u>

See notes to financial statements

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. Organization:

Fallen Leaf Lake Community Services District (the "District") was formed on February 24, 1983 to provide various services to the residents of the Fallen Leaf Lake area. In 1983 the voters authorized the District to provide fire protection service to the community. In 1987, the voters authorized the District to assume the additional responsibility of parks and recreation at the south end of the Lake.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Structures and equipment are depreciated using the straight-line method over their estimated useful lives.

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final balanced budget for each fiscal year.

Cash

The District maintains cash balances with the Treasurer of El Dorado County in an interest-bearing pooled investment account. Cash in bank accounts is covered by Federal depository insurance.

Property Taxes

The District receives property taxes from El Dorado County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

3. Cash and Investments:

At year-end the carrying amount of the District's deposits was \$720,707 and the bank balance was \$731,059.

	<u>General Fund</u>	<u>Fire Department</u>	<u>Parks & Recreation</u>
Checking:			
Unrestricted	\$ 13,296	\$(15,103)	\$ 75,977
Restricted			
FD reserve	-	77,829	-
Old store operations	-	-	3,480
P & R reserve	-	-	126,174
Commercial lease	-	-	45,659
Slip deposit	-	-	10,233
El Dorado County			
Unrestricted	-	383,162	-
	<u>\$ 13,296</u>	<u>\$ 445,888</u>	<u>\$ 261,523</u>

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2014 are as follows:

	<u>Balance,</u> <u>6-30-13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance,</u> <u>6-30-14</u>
Buildings and impt's	\$1,630,173	\$ -	\$ -	\$1,630,173
Equipment	<u>433,052</u>	<u>54,000</u>	<u>-</u>	<u>487,052</u>
	<u>\$2,063,225</u>	<u>\$ 54,000</u>	<u>\$ -</u>	<u>\$2,117,225</u>

5. Risk of Loss

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2014 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

6. Subsequent Events:

Management has evaluated subsequent events through October 20, 2014, the date these June 30, 2014 financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS – ALL FUNDS
for the year ended June 30, 2014

Cash flows from operating activities:		
Change in net position (net income)		\$ 139,598
Adjustments to reconcile change in net position to net cash provided by operating activities		
Depreciation		59,380
(Increase) decrease in:		
Accounts receivable	\$ 7,584	
(Decrease) increase in:		
Accounts payable	920	
Lease deposit	-	
Deferred revenue	(18,000)	(9,496)
Net cash provided by operating activities		189,482
Cash flows from investing activities:		
Purchase of equipment		(54,000)
Cash flows from financing activities:		
Reduction of long-term debt		-
Net increase in cash		135,482
Cash at beginning of year		<u>585,225</u>
Cash at end of year		<u>\$ 720,707</u>
Change in net position by fund:		
General fund		\$ 13,296
Fire department		445,888
Parks & recreation		<u>261,523</u>
		<u>\$ 720,707</u>

FALLEN LEAF LAKE COMMUNITY SERVICES DISTRICT
PRINCIPAL OFFICIALS
June 30, 2014

Board of Directors:

Robert J. Cathcart	President
Lawrence Calof	Vice President
Mike Casey	Director
Stephen A. Malley	Director
Thomas Bacchetti	Director

Staff:

Gary Gerren	Fire Chief/General Manager
Shawn Cullen	Bookkeeper