

**STINSON BEACH FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2022 and 2021**

NIGRO & NIGRO^{PC}

STINSON BEACH FIRE PROTECTION DISTRICT
For the Fiscal Years Ended June 30, 2022 and 2021
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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Stinson Beach Fire Protection District
Stinson Beach, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the general fund of the Stinson Beach Fire Protection District (District) as of and for the fiscal years ended June 30, 2022 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the District, as of June 30, 2022 and 2021, and the respective changes in financial position for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with 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. 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 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 opinion.

Change in Accounting Principle

As described in Notes 1 and 4 to the financial statements, as of July 1, 2021, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 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 opinion. 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 and *Government 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 and *Government 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules 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 a separate report dated March 31, 2023 on our consideration of the 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 the effectiveness of the District's 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 the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive style and is positioned above the typed name and date.

Murrieta, California
March 31, 2023

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

Management's Discussion and Analysis (MD&A) offers readers of Stinson Beach Fire Protection District's (District) financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 9.44%, or \$424,411 from the prior year's net position of \$4,496,077 to \$4,920,488, as a result of this year's operations.
- Total revenues from all sources increased by 3.46%, or \$47,437 from \$1,370,198 to \$1,417,635, from the prior year, primarily due to an increase in property tax and Measure W – TOT – funding.
- Total expenses for the District's operations increased by 1.27% or \$12,428 from \$980,796 to \$993,224, from the prior year, primarily due to the increase in employee salaries and wages of \$62,098.

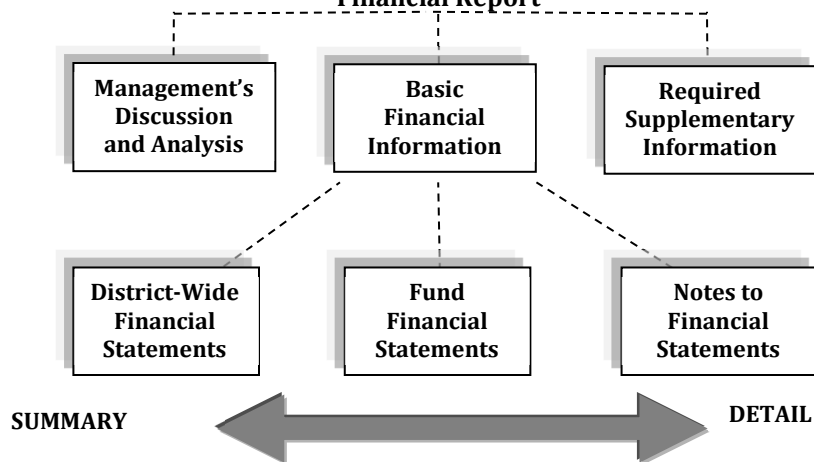
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

Figure A-1. Organization of Stinson Beach Fire Protection District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as public safety services. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has one fund, the General Fund.

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets:			
Current assets	\$ 3,479,887	\$ 2,951,589	\$ 528,298
Non-current assets	104,798	120,906	(16,108)
Capital assets, net	<u>1,545,383</u>	<u>1,588,816</u>	<u>(43,433)</u>
Total assets	<u>5,130,068</u>	<u>4,661,311</u>	<u>468,757</u>
Liabilities:			
Current liabilities	95,818	44,629	51,189
Non-current liabilities	<u>105,394</u>	<u>108,053</u>	<u>(2,659)</u>
Total liabilities	<u>201,212</u>	<u>152,682</u>	<u>48,530</u>
Deferred inflows of resources	<u>8,368</u>	<u>12,552</u>	<u>(4,184)</u>
Net position:			
Net investment in capital assets	1,542,444	1,586,645	(44,201)
Unrestricted	<u>3,378,044</u>	<u>2,909,432</u>	<u>468,612</u>
Total net position	<u>\$ 4,920,488</u>	<u>\$ 4,496,077</u>	<u>\$ 424,411</u>

At the end of fiscal year 2022, the District shows a positive balance in its unrestricted net position of \$3,378,044 that may be utilized in future years.

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Program revenues	\$ 266,126	\$ 302,297	\$ (36,171)
Expenses	<u>(993,224)</u>	<u>(980,796)</u>	<u>(12,428)</u>
Net program expense	(727,098)	(678,499)	(48,599)
General revenues	<u>1,151,509</u>	<u>1,067,901</u>	<u>83,608</u>
Change in net position	424,411	389,402	35,009
Net position – beginning of period	<u>4,496,077</u>	<u>4,106,675</u>	<u>389,402</u>
Net position – end of period	<u>\$ 4,920,488</u>	<u>\$ 4,496,077</u>	<u>\$ 424,411</u>

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased by \$424,441 during the fiscal year ended June 30, 2022.

Table A-3: Total Revenues

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Program revenues:			
Fire services - Cal OES	\$ 56,597	\$ 111,405	\$ (54,808)
Operating and capital grant funding:			
Measure W – TOT – funding	151,158	89,643	61,515
Measure C – MWPA – funding	50,881	53,359	(2,478)
West Marin Emergency Services	7,490	7,490	-
Other grant income	<u>-</u>	<u>40,400</u>	<u>(40,400)</u>
Total program revenues	<u>266,126</u>	<u>302,297</u>	<u>(36,171)</u>
General revenues:			
Property taxes	1,155,250	1,038,398	116,852
Rental revenue	4,184	4,184	-
Investment earnings	(19,028)	13,488	(32,516)
Other revenues	<u>11,103</u>	<u>11,831</u>	<u>(728)</u>
Total general revenues	<u>1,151,509</u>	<u>1,067,901</u>	<u>83,608</u>
Total revenues	<u>\$ 1,417,635</u>	<u>\$ 1,370,198</u>	<u>\$ 47,437</u>

Total revenues from all sources increased by 3.46%, or \$47,437 from \$1,370,198 to \$1,417,635, from the prior year, primarily due to an increase in property tax and Measure W – TOT – funding.

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 536,639	\$ 474,541	\$ 62,098
Employee benefits	78,028	72,548	5,480
Materials and services	298,746	335,195	(36,449)
Depreciation expense	65,843	84,341	(18,498)
Amortization expense	11,784	11,784	-
Interest expense	2,184	2,387	(203)
Total expenses	<u>\$ 993,224</u>	<u>\$ 980,796</u>	<u>\$ 12,428</u>

Total expenses for the District's operations increased by 1.27% or \$12,428 from \$980,796 to \$993,224, from the prior year, primarily due to the increase in employee salaries and wages of \$62,098.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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 *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2022, the District reported a total fund balance of \$3,405,374. An amount of \$2,532,670 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District at year-end were \$177,417 greater than actual. The variance is principally due to over-budgeting for materials and services expenses. Actual revenues were more than the anticipated budget by \$204,815, primarily due to underbudgeting of fire services income.

STINSON BEACH FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2022 and 2021

CAPITAL ASSET ADMINISTRATION

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance	Balance
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Capital assets:		
Non-depreciable assets	\$ 1,201,296	\$ 1,201,296
Depreciable assets	2,505,888	2,483,478
Accumulated depreciation	<u>(2,161,801)</u>	<u>(2,095,958)</u>
Total capital assets, net	<u>\$ 1,545,383</u>	<u>\$ 1,588,816</u>

At the end of fiscal year 2022, the District's investment in capital assets amounted to \$1,545,383, (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. There were no capital asset additions during the year.

See Note 5 for further information on the District's capital assets.

DEBT ADMINISTRATION

Table A-6: Long-term Debt

	Balance	Balance
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Long-term debt:		
Lease liability	<u>\$ 103,102</u>	<u>\$ 114,118</u>

At the end of fiscal year 2022, the District's long-term debt amounted to \$103,102.

See Notes 4 for further information on the District's long-term debt.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the Fire Chief at 3410 Shoreline Highway Stinson Beach, California 94970.

STINSON BEACH FIRE PROTECTION DISTRICT

Statements of Net Position

June 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,319,287	\$ 2,874,422
Accounts receivable – other	154,185	72,558
Lease receivable (Note 4)	4,324	4,028
Prepaid items	2,091	581
Total current assets	<u>3,479,887</u>	<u>2,951,589</u>
Non-current assets:		
Lease receivable (Note 3)	4,635	8,959
Right-to-use leased asset – being amortized, net (Note 4)	100,163	111,947
Capital assets – not being depreciated (Note 5)	1,201,296	1,201,296
Capital assets, net – being depreciated (Note 5)	344,087	387,520
Total non-current assets	<u>1,650,181</u>	<u>1,709,722</u>
Total assets	<u>5,130,068</u>	<u>4,661,311</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	42,960	3,492
Accrued payroll and related liabilities	28,083	25,170
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	13,534	4,951
Lease liability (Note 4)	11,241	11,016
Total current liabilities	<u>95,818</u>	<u>44,629</u>
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	13,533	4,951
Lease liability (Note 4)	91,861	103,102
Total noncurrent liabilities	<u>105,394</u>	<u>108,053</u>
Total liabilities	<u>201,212</u>	<u>152,682</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred amounts related to leases (Note 3)	8,368	12,552
Total deferred inflows of resources	<u>8,368</u>	<u>12,552</u>
<u>NET POSITION</u>		
Net investment in capital assets and right-to-use leased asset (Note 7)	1,542,444	1,586,645
Unrestricted	3,378,044	2,909,432
Total net position	<u>\$ 4,920,488</u>	<u>\$ 4,496,077</u>

STINSON BEACH FIRE PROTECTION DISTRICT
Statements of Activities
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Expenses:		
Fire related services:		
Salaries and wages	\$ 536,639	\$ 474,541
Employee benefits	78,028	72,548
Materials and services	298,746	335,195
Depreciation expense	65,843	84,341
Amortization expense	11,784	11,784
Interest expense	2,184	2,387
Total expenses	<u>993,224</u>	<u>980,796</u>
Program revenues:		
Charges for services:		
Fire services – California Office of Emergency Services	56,597	111,405
Operating and capital grant funding:		
Measure W – Transient-Occupancy-Tax – funding	151,158	89,643
Measure C – Marin Wildfire Prevention Authority – funding	50,881	53,359
West Marin Emergency Services	7,490	7,490
Other grant income	-	40,400
Total program revenues	<u>266,126</u>	<u>302,297</u>
Net program expense	<u>(727,098)</u>	<u>(678,499)</u>
General revenues:		
Property taxes	1,155,250	1,038,398
Rental revenue	4,184	4,184
Investment earnings	(19,028)	13,488
Other revenues	11,103	11,831
Total general revenues	<u>1,151,509</u>	<u>1,067,901</u>
Change in net position	424,411	389,402
Net position:		
Beginning of year, restated (Note 9)	<u>4,496,077</u>	<u>4,106,675</u>
End of year	<u>\$ 4,920,488</u>	<u>\$ 4,496,077</u>

STINSON BEACH FIRE PROTECTION DISTRICT
Balance Sheets – Governmental Funds
June 30, 2022 and 2021

	<u>General Fund</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Assets:		
Cash and cash equivalents	\$ 3,319,287	\$ 2,874,422
Accounts receivable – other	154,185	72,558
Lease receivable	8,959	12,987
Prepaid items	2,091	581
Total assets	\$ 3,484,522	\$ 2,960,548
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 42,960	\$ 3,492
Accrued payroll and related liabilities	28,083	25,170
Total liabilities	71,043	28,662
Deferred inflows of resources		
Deferred amount related to leases	8,368	12,552
Total deferred inflows	8,368	12,552
Fund balances: (Note 8)		
Nonspendable	2,091	581
Assigned	857,080	848,497
Unassigned	2,545,940	2,070,256
Total fund balances	3,405,111	2,919,334
Total liabilities, deferred inflows, and fund balances	\$ 3,484,522	\$ 2,960,548

STINSON BEACH FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheets to the Statements of Net Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Fund Balance of Governmental Funds	<u>\$ 3,405,111</u>	<u>\$ 2,919,334</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	1,645,546	1,700,763
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:		
Compensated absences	(27,067)	(9,902)
Lease liability	<u>(103,102)</u>	<u>(114,118)</u>
Total adjustments	<u>1,515,377</u>	<u>1,576,743</u>
Net Position of Governmental Activities	<u>\$ 4,920,488</u>	<u>\$ 4,496,077</u>

STINSON BEACH FIRE PROTECTION DISTRICT*Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Years Ended June 30, 2022 and 2021*

	General Fund	
	2022	2021
Revenues:		
Property taxes	\$ 1,155,250	\$ 1,038,398
Fire services – California Office of Emergency Services	56,597	111,405
Operating and capital grant funding:		
Measure W – Transient-Occupancy-Tax – funding	151,158	89,643
Measure C – Marin Wildfire Prevention Authority	50,881	53,359
West Marin Emergency Services	7,490	7,490
Other grant income	-	40,400
Rental revenue	4,184	4,184
Investment earnings	(19,028)	13,488
Other revenues	11,103	11,831
Total revenues	1,417,635	1,370,198
Expenditures:		
Current operations:		
Salaries and wages	519,474	503,203
Employee benefits	78,028	72,548
Materials and services	298,746	335,195
Capital outlay	22,410	83,138
Debt service:		
Principal payments	11,016	9,613
Interest payments	2,184	2,387
Total expenditures	931,858	1,006,084
Excess of revenues over expenditures	485,777	364,114
Fund Balance:		
Beginning of year, restated (Note 9)	2,919,334	2,555,220
End of year	\$ 3,405,111	\$ 2,919,334

STINSON BEACH FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statements of Activities For the Fiscal Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net Change in Fund Balance – Governmental Funds	<u>\$ 485,777</u>	<u>\$ 364,114</u>
Amount reported for governmental activities in the statement of activities are 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 and reported as depreciation expense:		
Capital outlay	22,410	83,138
Depreciation expense	(65,843)	(84,341)
Amortization expense	(11,784)	(11,784)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:		
Net change in compensated absences	(17,165)	28,662
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.		
	<u>11,016</u>	<u>9,613</u>
Total adjustments	<u>(61,366)</u>	<u>25,288</u>
Change in Net Position of Governmental Activities	<u>\$ 424,411</u>	<u>\$ 389,402</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Stinson Beach Fire Protection District (District) is a separate governmental unit established March 7, 1958, as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services within the Stinson Beach area. The District's primary funding is provided by property taxes and it is governed by a five-person Board of Directors.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental fund:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

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 flows take place. Nonexchange 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

3. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

4. Lease Receivables and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions.

The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. Right-To-Use Leased Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability (payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$500. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

<u>Asset Class</u>	<u>Useful Lives</u>
Buildings	30 years
Fire apparatus	15 years
Ambulances	10 years
Other vehicles	5 years
Furniture, fixtures, and equipment	3-10 years

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

8. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

9. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets and right-to-use leased asset** - This component of net position consists of capital assets and right-to-use leased assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, leases payable, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets and right-to-use leased asset. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets and right-to-use assets".

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Fund Balances

The fund balance for governmental funds is reported in classifications based 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.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

E. Use of 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 amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of Marin County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The Marin County Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Measure W – Transient-Occupancy-Tax – Funding

On November 6, 2020, the voters of West Marin passed Measure W to establish the West Marin Transient Occupancy Tax area. In recognition of the impacts of visitors to the area, the increase in the transient occupancy tax approved by the measure will provide increased funding for enhanced fire/emergency services and long-term community housing. The District receives a portion of this funding for enhanced fire/emergency services.

H. Measure C – Marin Wildfire Prevention Authority – Funding

In March 2021, the voters of Marin County passed Measure C to fund proactive, state-of-the-art wildfire prevention and preparedness efforts. Measure C approved a tax to all parcels of real property in Marin County within the defined boundary of the “Member Taxing Entities,” starting in fiscal year 2021-21 for a period of ten years. The parcel tax levies up to 10¢ per building square foot (\$75 per multifamily unit) for ten years, providing \$19,300,000 annually, with annual inflation adjustments, independent citizen oversight/audits, and low-income senior exemptions. The revenues raised by this tax are used solely to plan, finance, implement, manage, own, and operate a multi-jurisdictional agency to prevent and mitigate wildfires in Marin County. A Joint-Powers-Agreement (JPA) among 17 member agencies covering most of Marin County created the Marin Wildfire Prevention Authority (MWPA) to coordinate fire prevention activities using Measure C funds. The District is a JPA member of the MWPA and is receiving funding from the MWPA for Defensible Space (D-Space) and Local Wildfire Prevention Mitigation purposes.

I. Budgetary Accounting

An annual unappropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board of Directors just prior to the beginning of the District’s fiscal year. Estimated revenue is the original estimate with modifications for new programs which are anticipated to be received during the fiscal year. Expenditures cannot legally exceed appropriations at the fund level. Appropriations for the General Fund lapse at the end of the fiscal year. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts were not amended for the fiscal year ended June 30, 2022.

J. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2022, the District has implemented a new pronouncement as follows:

GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed its effective date by 18 months due to the COVID-19 pandemic and its effect on the audit/accounting industry. The District adopted the Statement as of July 1, 2021. See Note 4 for the effect of this Statement.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and investments at June 30 consisted of the following:

Description	2022 Balance	2021 Balance
Demand deposits with financial institutions	\$ 1,106,519	\$ 1,192,628
Deposits with Marin County Pooled Investment Fund (MCPIF)	2,212,768	1,681,794
Total cash and cash equivalents	\$ 3,319,287	\$ 2,874,422

Demand Deposits with Financial Institutions

At June 30, 2022, the carrying amount of the District's demand deposits were \$1,106,519, and the financial institution's balance was \$1,129,121. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

The District maintains most of its cash in the Marin County Pooled Investment Fund (MCPIF) to increase interest earnings through pooled investment activities. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash." There are no limitations or restrictions on withdrawals from the pool.

The MCPIF includes both voluntary and involuntary participation from external entities. State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the Marin County Treasurer.

The MCPIF is not registered with the Securities and Exchange Commission as an investment company. Investments made by the County Treasurer are regulated by the California Government Code and by the Marin County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has 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 prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs, and fair value.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2022, the District's investment in the MCPIF was rated by Fitch Ratings as AA Af/S1.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in the MCPIF.

NOTE 3 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable was as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
<u>\$ 16,737</u>	<u>\$ -</u>	<u>\$ (3,750)</u>	<u>\$ 12,987</u>
<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
<u>\$ 12,987</u>	<u>\$ -</u>	<u>\$ (4,028)</u>	<u>\$ 8,959</u>

The District is reporting a total lease receivable of \$8,959 and a total related deferred inflows of resources of \$8,368 the year ending June 30, 2022. Also, the District is reporting total lease revenue of \$4,028 and interest revenue of \$260 related to lease payments received.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

The District's leases are summarized as follows:

Land Rental

The District, on June 1, 2020, renewed a continuous lease for 4 years as lessor for the use of a cellular Antenna site rental. An initial lease receivable was recorded in the amount of \$16,737. As of June 30, 2022, the value of the lease receivable was \$8,959. The lease is required to make yearly fixed payments of \$4,084 for the first year (2021) and increases of 5% annually. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$8,368 as of June 30, 2022. The District recognized lease revenue of \$4,028 and interest revenue of \$260 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

STINSON BEACH FIRE PROTECTION DISTRICT*Notes to Financial Statements**June 30, 2022 and 2021***NOTE 3 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

Minimum future lease receipts for the next three fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$ 4,324	\$ 179	\$ 4,503
2024	4,635	93	4,728
Total	<u>\$ 8,959</u>	<u>\$ 272</u>	<u>\$ 9,231</u>

Changes in the District’s deferred inflows of resources related to leases is as follows:

<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
\$ 16,737	\$ -	\$ (4,185)	\$ 12,552
<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
\$ 12,552	\$ -	\$ (4,184)	\$ 8,368

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2022, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 4,184
2024	4,184
Total	<u>\$ 8,368</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 4 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE

Changes in right-to-use leased asset for June 30 was as follows:

Description	Balance July 1, 2020	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2021
Right-to-use leased asset:				
Building space	\$ 123,731	\$ -	\$ -	\$ 123,731
Accumulated amortization:				
Building space	-	(11,784)	-	(11,784)
Total right-to-use leased, asset, net	<u>\$ 123,731</u>	<u>\$ (11,784)</u>	<u>\$ -</u>	<u>\$ 111,947</u>
Description	Balance July 1, 2021	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022
Right-to-use leased asset:				
Building space	\$ 123,731	\$ -	\$ -	\$ 123,731
Accumulated amortization:				
Building space	(11,784)	(11,784)	-	(23,568)
Total right-to-use leased, asset, net	<u>\$ 111,947</u>	<u>\$ (11,784)</u>	<u>\$ -</u>	<u>\$ 100,163</u>

Changes in right-to-use lease payable for June 30 was as follows:

Balance July 1, 2020	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2021	Current Portion	Long-term Portion
\$ 123,731	\$ -	\$ (9,613)	\$ 114,118	\$ 11,016	\$ 103,102
Balance July 1, 2021	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022	Current Portion	Long-term Portion
\$ 114,118	\$ -	\$ (11,016)	\$ 103,102	\$ 11,241	\$ 91,861

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total
2023	\$ 11,241	\$ 1,959	\$ 13,200
2024	11,468	1,732	13,200
2025	11,699	1,501	13,200
2026	11,935	1,265	13,200
2027	12,176	1,024	13,200
2028-2031	<u>44,583</u>	<u>1,617</u>	<u>46,200</u>
Total	<u>\$ 103,102</u>	<u>\$ 9,098</u>	<u>\$ 112,200</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 4 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)

The District is reporting a total right-to-use leased asset, net of \$100,163 and a right-to-use lease payable of \$103,102 for the year ending June 30, 2022. Also, the District is reporting total amortization expense of \$11,784, principal payments of \$11,016 and interest expense of \$2,184 related to the above noted lease. The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease.

The District's lease is summarized as follows:

Building Space

On July 1, 2020 the District renewed a 126-month lease for building space to serve as the District's administrative building. An initial right-to-use lease liability was recorded in the amount of \$123,731. The District makes monthly fixed lease payments of \$1,100. The lease has an implied interest rate of 2.0%. The District is amortizing the right-to-use leased asset of \$123,731 at \$11,784 per year.

NOTE 5 – CAPITAL ASSETS

Changes in capital assets for the years were as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable capital assets:				
Land	\$ 1,129,830	\$ -	\$ -	\$ 1,129,830
Construction-in-process	-	71,466	-	71,466
Total non-depreciable capital assets	<u>1,129,830</u>	<u>71,466</u>	<u>-</u>	<u>1,201,296</u>
Depreciable capital assets:				
Buildings and improvements	664,616	11,672	-	676,288
Vehicles and equipment	<u>1,807,190</u>	<u>-</u>	<u>-</u>	<u>1,807,190</u>
Total depreciable capital assets	<u>2,471,806</u>	<u>11,672</u>	<u>-</u>	<u>2,483,478</u>
Accumulated depreciation:				
Buildings and improvements	(379,662)	(22,930)	-	(402,592)
Furniture and equipment	<u>(1,631,954)</u>	<u>(61,412)</u>	<u>-</u>	<u>(1,693,366)</u>
Total accumulated depreciation	<u>(2,011,616)</u>	<u>(84,342)</u>	<u>-</u>	<u>(2,095,958)</u>
Total depreciable capital assets, net	<u>460,190</u>	<u>(72,670)</u>	<u>-</u>	<u>387,520</u>
Total capital assets, net	<u>\$ 1,590,020</u>	<u>\$ (1,204)</u>	<u>\$ -</u>	<u>\$ 1,588,816</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 5 – CAPITAL ASSETS (continued)

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Non-depreciable capital assets:				
Land	\$ 1,129,830	\$ -	\$ -	\$ 1,129,830
Construction-in-process	71,466	-	-	71,466
Total non-depreciable capital assets	<u>1,201,296</u>	<u>-</u>	<u>-</u>	<u>1,201,296</u>
Depreciable capital assets:				
Buildings and improvements	676,288	13,778	-	690,066
Vehicles and equipment	1,807,190	8,632	-	1,815,822
Total depreciable capital assets	<u>2,483,478</u>	<u>22,410</u>	<u>-</u>	<u>2,505,888</u>
Accumulated depreciation:				
Buildings and improvements	(402,592)	(22,695)	-	(425,287)
Furniture and equipment	(1,693,366)	(43,148)	-	(1,736,514)
Total accumulated depreciation	<u>(2,095,958)</u>	<u>(65,843)</u>	<u>-</u>	<u>(2,161,801)</u>
Total depreciable capital assets, net	<u>387,520</u>	<u>(43,433)</u>	<u>-</u>	<u>344,087</u>
Total capital assets, net	<u>\$ 1,588,816</u>	<u>\$ (43,433)</u>	<u>\$ -</u>	<u>\$ 1,545,383</u>

NOTE 6 – COMPENSATED ABSENCES

The changes to the compensated absences balance for the years were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
\$ 38,565	\$ 13,929	\$ (42,592)	\$ 9,902
<u>\$ 9,902</u>	<u>\$ 19,370</u>	<u>\$ (2,205)</u>	<u>\$ 27,067</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS AND RIGHT-TO-USE LEASED ASSET

Net investment in capital assets and right-to-use leased asset was calculated as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Right-to-use leased asset – being amortized, net (Note 4)	\$ 100,163	\$ 111,947
Capital assets – not being depreciated (Note 5)	1,201,296	1,201,296
Capital assets, net – being depreciated (Note 5)	344,087	387,520
Lease liability – current portion	(11,241)	(11,016)
Lease liability – non-current portion	<u>(91,861)</u>	<u>(103,102)</u>
Total net investment in capitals assets and right-to-use leased asset	<u>\$ 1,542,444</u>	<u>\$ 1,586,645</u>

NOTE 8 – FUND BALANCES

At June 30, fund balances of the District's governmental funds were classified as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Nonspendable:		
Prepaid items	<u>\$ 2,091</u>	<u>\$ 581</u>
Assigned:		
Contingencies	418,546	418,546
Ambulance replacement	75,000	75,000
Equipment replacement	50,000	50,000
Disaster preparedness	50,000	50,000
Fire engine replacement	250,000	250,000
Compensated absences	<u>13,534</u>	<u>4,951</u>
Total assigned	<u>857,080</u>	<u>848,497</u>
Unassigned	<u>2,545,940</u>	<u>2,070,256</u>
Total fund balances	<u>\$ 3,405,111</u>	<u>\$ 2,919,334</u>

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 9 – PRIOR PERIOD ADJUSTMENTS

Government-Wide Statement of Net Position and Statement of Activities

A detailed schedule of adjustments to net position at June 30, 2020 is as follows:

<u>Description</u>	<u>Amount</u>
Property tax receivable over-accrual	\$ (16,000)
Total prior period adjustment to net position	\$ (16,000)

<u>Description</u>	<u>Amount</u>
Net position – June 30, 2020, as previously stated	\$ 4,122,675
Total prior period adjustment to net position	(16,000)
Net position – June 30, 2020, as restated	\$ 4,106,675

The District applied the above noted prior period adjustments to the June 30, 2020 government-wide financial statements for restatement on the statement of net position and statement of activities.

Governmental Fund – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

A detailed schedule of adjustments to fund balance at June 30, 2020 is as follows:

<u>Description</u>	<u>Amount</u>
Property tax receivable over-accrual	\$ (16,000)
Total prior period adjustment to fund balance	\$ (16,000)

<u>Description</u>	<u>Amount</u>
Fund balance – June 30, 2020, as previously stated	\$ 2,571,220
Total prior period adjustment to fund balance	(16,000)
Fund balance – June 30, 2020, as restated	\$ 2,555,220

The District applied the above noted prior period adjustments to the June 30, 2020 governmental fund financial statements for restatement.

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 10 – JOINT VENTURE – MARIN EMERGENCY RADIO AUTHORITY

The Marin Emergency Radio Authority (MERA) is a joint powers authority created on February 28, 1998 by and among the County of Marin and certain public agencies within the County (collectively, the “Members”). MERA was formed to plan, finance, implement, manage, own and operate a multi-jurisdictional and countywide public safety and emergency radio system. This radio system will be used by member agencies in the law enforcement, fire management, emergency medical, road maintenance, transit, public works, local government and other county-based entities in Marin County. MERA is governed by a Governing Board comprised of one appointed official from each participating member. The JPA is a separate entity which is independently audited. Condensed financial and other information available for MERA as of June 30, 2021 is as follows:

A. Entity	Marin Emergency Radio Authority	
B. Purpose	To plan, finance, implement, manage, own and operate a multi-jurisdictional and countywide public safety and emergency radio system.	
C. Participants	As of June 30, 2021 – 25 member agencies	
D. Governing board	25 representatives employed by members	
E. District payments for FY 2021:		
Operating payment	\$12,687	
Note payment	\$1,194	
F. Condensed financial information	June 30, 2021	
Audit signed	December 8, 2021	
Statement of financial position:		<u>June 30, 2021</u>
Total assets		<u>\$ 56,184,863</u>
Deferred outflows		<u>-</u>
Total liabilities		<u>31,372,301</u>
Deferred inflows		<u>-</u>
Net position		<u>\$ 24,812,562</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 8,746,208
Total expenses		<u>(3,711,307)</u>
Change in net position		5,034,901
Beginning - net position		<u>19,777,661</u>
Ending - net position		<u>\$ 24,812,562</u>
G. Member agencies share of year-end financial position	Not Calculated	

STINSON BEACH FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2022 and 2021

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. The district contributes 10% of base salary. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel and/or management, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 31, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

STINSON BEACH FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 1,029,842	\$ 1,155,250	\$ 125,408
Fire services – California Office of Emergency Services	-	56,597	56,597
Operating and capital grant funding:			-
Measure W – Transient-Occupancy-Tax – funding	122,000	151,158	29,158
Measure C – Marin Wildfire Prevention Authority	53,488	50,881	(2,607)
West Marin Emergency Services	7,490	7,490	-
Rental revenue	-	4,184	4,184
Investment earnings (loss)	-	(19,028)	(19,028)
Other revenues	-	11,103	11,103
Total revenues	<u>1,212,820</u>	<u>1,417,635</u>	<u>204,815</u>
Expenditures:			
Current:			
Salaries and wages	537,316	519,474	17,842
Employee benefits	60,159	78,028	(17,869)
Materials and services	414,600	298,746	115,854
Capital outlay	84,000	22,410	61,590
Debt service:			
Principal payments – lease liability	11,016	11,016	-
Interest payments – lease liability	2,184	2,184	-
Total expenditures	<u>1,109,275</u>	<u>931,858</u>	<u>177,417</u>
Net change in fund balance	<u>\$ 103,545</u>	485,777	<u>382,232</u>
Fund balances:			
Beginning of year		<u>2,919,334</u>	
End of year		<u>\$ 3,405,111</u>	

STINSON BEACH FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 948,905	\$ 1,038,398	\$ 89,493
Fire services – California Office of Emergency Services	-	111,405	111,405
Operating and capital grant funding:			-
Measure W – Transient-Occupancy-Tax – funding	56,000	89,643	33,643
Measure C – Marin Wildfire Prevention Authority	26,000	53,359	27,359
West Marin Emergency Services	7,490	7,490	-
Other grant income	-	40,400	40,400
Rental revenue	-	4,184	4,184
Investment earnings (loss)	-	13,488	13,488
Other revenues	-	11,831	11,831
Total revenues	<u>1,038,395</u>	<u>1,370,198</u>	<u>331,803</u>
Expenditures:			
Current:			
Salaries and wages	411,795	503,203	(91,408)
Employee benefits	62,289	72,548	(10,259)
Materials and services	362,490	335,195	27,295
Capital outlay	60,000	83,138	(23,138)
Debt service:			
Principal payments – lease liability	9,613	9,613	-
Interest payments – lease liability	2,387	2,387	-
Total expenditures	<u>908,574</u>	<u>1,006,084</u>	<u>(97,510)</u>
Net change in fund balance	<u>\$ 129,821</u>	364,114	<u>234,293</u>
Fund balances:			
Beginning of year		<u>2,555,220</u>	
End of year		<u>\$ 2,919,334</u>	

Other Independent Auditors' Report



INDEPENDENT AUDITORS' 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

Board of Directors
Stinson Beach Fire Protection District
Stinson Beach, 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 and the general fund of the Stinson Beach Fire Protection District (District) as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 31, 2023.

Report on 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 to determine the 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 District'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive style with a small circle above the first 'i' in "Nigro".

Murrieta, California
March 31, 2023