



STINSON BEACH FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2017 & 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stinson Beach Fire Protection District

We have audited the accompanying financial statements of the Stinson Beach Fire Protection District (District) as of and for the years ended June 30, 2017, and 2018, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2017, and 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

Maher Accountancy

July 29, 2019

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis provides an overview of the District’s financial activities for the fiscal year ended June 30, 2017, and 2018. Please read it along with the District’s financial statements, which begin on page 6.

FINANCIAL HIGHLIGHTS

At the end of the fiscal year 2017-2018, the District’s net position was \$2,822,000, an increase of \$284,000 from 2017. Total revenues were \$877,000, and total expenses were \$592,000 in 2018.

Included in the required supplemental information section are budgetary comparison schedules. Variance details are listed on the schedules on pages 23 and 24.

USING THIS ANNUAL REPORT

This annual report consists of financial statements for the District as a whole with more detailed information about the District’s general fund. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District’s finances. The fund financial statements present a short-term view of the District’s activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

THE DISTRICT AS A WHOLE

One important question asked about the District’s finances is, “Is the District better or worse off as a result of the year’s activities?” The information in the government-wide financial statements helps answer this question. These statements include *all* assets and liabilities using the *accrual basis* of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The change in *net position* (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in assessing the District's health, such as changes in the economy, changes in the District's tax base, and changes in the District's boundaries, etc. to assess the *overall* health of the District.

Below is a comparison of current and prior year balances:

	2016	2017	2018
Current assets	\$ 1,592,598	\$ 1,898,974	\$ 2,249,149
Noncurrent assets	710,603	646,747	595,953
Total assets	2,303,201	2,545,721	2,845,102
Current liabilities	14,036	8,949	24,014
Investment in capital assets	708,520	644,309	572,896
Unrestricted net position	1,580,645	1,892,463	2,248,192
Total net position	<u>\$ 2,289,165</u>	<u>\$ 2,536,772</u>	<u>\$ 2,821,088</u>

Current assets increased primarily as a result of normal changes in working capital resulting from operating at a surplus. Noncurrent assets decreased due to the annual depreciation of capital assets.

Below is a comparison of sources of revenue for the current and two prior years:

	2016	2017	2018
General revenues:			
Property taxes	\$ 714,546	\$ 787,388	\$ 849,295
Grants		11,954	-
Investment earnings	579	1,467	2,719
Miscellaneous	6,559	10,948	6,252
Total general revenues	721,684	811,757	858,266
Program revenues:			
Intergovernmental	3,663	11,176	18,393
Total revenues	<u>\$ 725,347</u>	<u>\$ 822,933</u>	<u>\$ 876,659</u>

Property tax revenues increased by approximately 10% in 2017 and approximately 8% in 2018, which corresponds to similar increases in assessed property values within the District.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Below is a comparison of selected current and prior year expenses:

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses:			
Salaries & benefits	\$ 262,126	\$ 266,854	\$ 292,882
Services & supplies	217,395	199,145	203,822
Depreciation	117,971	109,327	95,639
Total expenses	<u>597,492</u>	<u>575,326</u>	<u>592,343</u>
Revenues	<u>725,347</u>	<u>822,933</u>	<u>876,659</u>
Change in net position	<u>\$ 127,855</u>	<u>\$ 247,607</u>	<u>\$ 284,316</u>

Expenses have been stable over the years.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's individual funds. Presently, the District only has one fund.

The fund financial statements provide a short-term view of the District's operations. They are reported using an accounting basis called *modified accrual* which measures amounts using only cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

CAPITAL ASSET AND DEBT ADMINISTRATION

The most significant capital asset additions during 2017 and 2018 was a jet ski and trailer (\$14,000) and a 2017 Kawasaki utility vehicle (\$15,000).

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FUTURE OF THE DISTRICT

The Finances of the Stinson Beach Fire Protection District are at a level that allows the District to serve the town, its residents and the surrounding areas in a competent and professional manner. The District is also able to accommodate and serve the general public that frequent this area throughout the year.

Home sales in this area have steadily increased and with that our budget is expected to increase as well. The training and certification costs for our volunteer firefighters and emergency personnel continue to rise. The District foresees a future when it may become necessary to hire additional firefighters and emergency personnel all the while maintaining our volunteer services and the associated costs. The District continues to reserve funds for large equipment and infrastructure improvements, thereby eliminating the need to seek outside financing as well as a reserve for the potential increase in personnel costs.

The Board of Directors continues to manage our funds wisely so as not to jeopardize the current level of service or become a burden to the taxpayers.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,

Kenny Stevens

Kenny Stevens, Fire Chief

STINSON BEACH FIRE PROTECTION DISTRICT

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2017 AND 2018**

ASSETS

	2017	2018
Current assets:		
Cash in bank	\$1,629,328	\$ 1,980,984
Investment in Marin County Investment Pool	238,686	240,955
Receivables:		
Property taxes	14,000	14,000
Other	9,720	8,002
Prepaid insurance	7,240	5,208
Total current assets	<u>1,898,974</u>	<u>2,249,149</u>
Noncurrent assets:		
Capital assets, net of depreciation	644,309	572,896
Deposits	2,438	23,057
Total noncurrent assets	<u>646,747</u>	<u>595,953</u>
Total assets	<u>\$2,545,721</u>	<u>\$ 2,845,102</u>

LIABILITIES

Current liabilities:		
Accounts payable	\$ 3,901	\$ 12,174
Accrued compensation	2,000	8,000
Unearned revenue	3,048	3,840
Total current liabilities	<u>8,949</u>	<u>24,014</u>

NET POSITION

Investment in capital assets	644,309	572,896
Unrestricted	<u>1,892,463</u>	<u>2,248,192</u>
Total net position	<u>\$2,536,772</u>	<u>\$ 2,821,088</u>

STINSON BEACH FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2017 AND 2018

	2017	2018
EXPENSES		
Public safety - fire protection:		
Salaries & benefits	\$ 266,854	\$ 292,882
Services & supplies	199,145	203,822
Depreciation	<u>109,327</u>	<u>95,639</u>
Total expenses	575,326	592,343
 PROGRAM REVENUE		
Intergovernmental	<u>11,176</u>	<u>18,393</u>
Net program expense	564,150	573,950
 GENERAL REVENUES		
Property taxes	787,388	849,295
Grants	11,954	
Investment earnings	1,467	2,719
Miscellaneous	<u>10,948</u>	<u>6,252</u>
Total general revenues	<u>811,757</u>	<u>858,266</u>
Increase in net position	247,607	284,316
 NET POSITION-BEGINNING OF THE YEAR	<u>2,289,165</u>	<u>2,536,772</u>
 NET POSITION-END OF THE YEAR	<u><u>\$2,536,772</u></u>	<u><u>\$2,821,088</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2017 AND 2018**

ASSETS

	2017	2018
Cash in bank	\$1,629,328	\$1,980,984
Investment in Marin County Investment Pool	238,686	240,955
Receivables:		
Property taxes	14,000	14,000
Other	9,720	8,002
Prepaid items	7,240	5,208
Deposits	2,438	23,057
	<u> </u>	<u> </u>
Total assets	<u>\$1,901,412</u>	<u>\$2,272,206</u>

LIABILITIES

Accounts payable	\$ 3,901	\$ 12,174
Accrued compensation	2,000	8,000
	<u> </u>	<u> </u>
Total liabilities	5,901	20,174

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes and unearned revenue	<u>17,050</u>	<u>17,842</u>
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FUND BALANCE

Nonspendable	9,678	28,265
Assigned	162,200	219,311
Unassigned	1,706,583	1,986,614
	<u> </u>	<u> </u>
Total fund balance	<u>1,878,461</u>	<u>2,234,190</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,901,412</u>	<u>\$2,272,206</u>

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2017 AND 2018
(continued)**

RECONCILIATION TO THE STATEMENT OF NET POSITION

	2017	2018
Total governmental fund balance	\$ 1,878,461	\$ 2,234,190
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	644,311	572,898
Property taxes receivable that are not available to pay for current-period expenditures and therefore are deferred on the balance sheet	<u>14,000</u>	<u>14,000</u>
Net position	<u><u>\$ 2,536,772</u></u>	<u><u>\$ 2,821,088</u></u>

STINSON BEACH FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2017 AND 2018

	2017	2018
REVENUES		
Property taxes	\$ 785,888	\$ 849,295
Intergovernmental	11,176	18,393
Grants	11,954	
Investment earnings	1,467	2,719
Miscellaneous	10,948	6,252
	<u>821,433</u>	<u>876,659</u>
Total revenues	821,433	876,659
EXPENDITURES		
Current:		
Salaries and benefits	266,854	292,882
Services and supplies	190,390	198,053
Capital outlay	53,871	29,995
	<u>511,115</u>	<u>520,930</u>
Total expenditures	511,115	520,930
Excess (deficiency) of revenues over expenditures	310,318	355,729
Fund balance at beginning of year	<u>1,568,143</u>	<u>1,878,461</u>
Fund balance at end of year	<u>\$ 1,878,461</u>	<u>\$ 2,234,190</u>

**STATEMENT OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2017 AND 2018
(continued)**

**Reconciliation of the change in fund balance-total governmental funds
to the change in net position of governmental activities:**

	2017	2018
Net change in fund balance	\$ 310,318	\$ 355,729
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while in the statement of activities the cost of these assets is allocated over their estimates useful lives as depreciation expense.</p>		
Acquisition of capital assets	45,116	24,226
Depreciation expense	<u>(109,327)</u>	<u>(95,639)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 247,607</u></u>	<u><u>\$ 284,316</u></u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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.

INTRODUCTION

The District's financial statements are prepared in accordance with generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.).

The District presents its financial statements using the reporting model for special purpose governments engaged in a single government program. This model allows the government-wide and fund financial statements to be combined using a columnar format that displays reconciling items on the face of the financial statements rather than in separate schedules.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements include all of the activities of the District. The District has no component units (other governments under the District's oversight or control). The statement of net position and the statement of activities display information about the reporting government as a whole. They display the District's activities on a full accrual accounting basis and economic resource measurement focus.

The statement of net position includes long-term assets as well as long-term debt and other obligations. The District's net position is reported in two parts: (1) investment in capital assets and (2) unrestricted net position.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The activities of the District are supported primarily by general government revenues (property taxes and intergovernmental revenues). The statement of activities presents gross expenses (including depreciation) and deducts related program revenues to indicate the net cost of operations. Program revenues include (a) fees and charges paid by recipients for services such as ambulance fees (b) miscellaneous income.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in one individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, assigned or unassigned resources, fund balance, revenues, and expenditures.

The District uses the following fund type:

Governmental fund:

The focus of the governmental fund measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

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

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and are reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrual:

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which taxes are levied.

Modified accrual:

Governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property taxes and charges for services are accrued when their receipt occurs within 60 days of the end of the fiscal year. However, debt service expenditures, if any, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of general long-term debt and capital leases are reported as other financing sources.

FINANCIAL STATEMENT AMOUNTS

Cash and cash equivalents:

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a fiscal agent (County of Marin).

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets:

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives:

- Buildings 30 years
- Fire apparatus 15 years
- Ambulances 10 years
- Other vehicles 5 years
- Furniture, fixtures and equipment 3-10 years

Property taxes

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

The District has entered into an agreement (commonly known as the Teeter Plan) with the County of Marin. The Teeter Plan calls for the County to advance the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Special fire and paramedic tax charges are assessed by the District. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The Fire Chief is authorized as the designee to assign amounts to a specific purpose. The District's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

Nonspendable – This component includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislations. The District does not have a restricted fund balance.

Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, which includes ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts. The District does not have any reserves that meet this component of fund balance.

Assigned – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief, or their designee as established in the District's fund balance policy.

Unassigned – This classification represents amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows and inflow of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

Use of estimates

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

The District maintains its cash in interest and non-interest-bearing accounts in several banks and in the Marin County Investment Pool (the County Pool). California Government Code Section 16521 requires that these banks collateralize amounts of public funds in excess of the FDIC limit of \$250,000 by 110%. The District has no deposit or investment policy that addressed a specific type of risk that would impose additional restrictions beyond this code. Accordingly, the amount of risk is not disclosed. Risk is monitored on an ongoing basis.

The County Pool is not registered with the Securities and Exchange Commission as an investment company. 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 THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

2. CASH AND CASH EQUIVALENTS (continued)

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2018, the District held no individual investments. All investments are in the Marin County Investment Pool.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from the County Pool are made on the basis of \$1 which is substantially equal to fair value. The District's proportionate share of investments in the County Pool at June 30, 2018 and 2017 of \$241,000 and \$239,000, respectively, are not required to be categorized under the fair value hierarchy.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. The District has not adopted a policy to manage interest rate risk.

The County Pool manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of June 30, 2018, the County's investment pool had a weighted average maturity of 211 days.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

2. CASH AND CASH EQUIVALENTS (continued)

CREDIT RISK

The investment policy of the County Pool contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the 2017-18 Marin County Comprehensive Annual Financial Report.

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2017, and 2018 was as follows:

	<u>Buildings & Improvements</u>	<u>Vehicles and equipment</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Balances as of June 30, 2016	\$ 638,343	\$ 1,720,564	\$ (1,650,387)	\$ 708,520
Additions	14,234	30,882	(109,327)	(64,211)
Dispositions	-	-	-	-
Balances as of June 30, 2017	<u>652,577</u>	<u>1,751,446</u>	<u>(1,759,714)</u>	<u>644,309</u>
Additions	-	24,226	(95,639)	(71,413)
Dispositions	-	(29,314)	29,314	-
Balances as of June 30, 2018	<u><u>\$ 652,577</u></u>	<u><u>\$ 1,746,358</u></u>	<u><u>\$ (1,826,039)</u></u>	<u><u>\$ 572,896</u></u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

4. FUND BALANCE

The District fund balance is reported in classifications as described in Note 1.

The following amounts are classified as nonspendable:

	2017	2018
Prepaid items	\$ 7,240	\$ 5,208
Deposits	2,438	23,057
	<u>\$ 9,678</u>	<u>\$ 28,265</u>

The following are assigned fund balances as of the balance sheet dates:

	2017	2018
Equipment replacement reserve	\$ -	\$ 27,500
Contingency reserve	162,200	191,811
	<u>\$ 162,200</u>	<u>\$ 219,311</u>

5. OPERATING LEASE

The District is obligated under an operating lease for one of its fire stations. The lease requires monthly rental payments of \$1,000 and provides for adjustments for inflation every five years through December 31, 2030. Total rent expense under this lease was \$12,000 in 2017 and 2018.

Minimum future obligations under this operating lease are as follows:

Year ended June 30	
2019	\$ 12,000
2020	12,000
2021	12,000
2022	12,000
2023	12,000
2024-2028	60,000
2029-2031	30,000
Total	<u>\$ 150,000</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

6. DEFINED CONTRIBUTION RETIREMENT PLAN

The District has established a defined contribution retirement plan to provide benefits at retirement to certain employees. The plan is administered by the International City Management Association Retirement Corporation (ICMA-RC). As of June 30, 2018, there was one plan member. During the years ended June 30, 2017, and 2018, the District contributed 10% of annual covered payroll, which equaled approximately \$7,000 each year. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, the District purchased commercial general liability with a \$3,000,000 aggregate limit.

8. JOINT VENTURE

The District entered into a joint powers agreement, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible for acquiring, constructing, and improving a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds issued, the District is responsible for .615%, or approximately \$166,000. Beginning in August 2002, the first of twenty annual payments of \$13,000 was due. Including interest and principal, it is anticipated the District's total obligation over 20 years will be \$256,000. As of June 30, 2018, the remaining obligation was approximately \$39,000. Additionally, the District pays the Authority annual assessments for its operating costs.

The financial statements of the Authority are available at the County of Marin office. Condensed financial information for the Authority is presented below for the year ended June 30, 2018:

Total assets and deferred	
outflows of resources	\$ 51,598,231
Total liabilities	42,951,510
Net position	\$ 8,646,721
Total revenues	\$ 8,357,594
Total expenses	3,586,633
Decrease in net position	\$ 4,770,961

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2018**

9. SUBSEQUENT EVENT

In January 2019 the District entered into an agreement to acquire an unimproved parcel of property in Stinson Beach. The agreed-upon purchase price is \$550,000. The escrow closed on July 22, 2019.

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2017**

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes-secured	\$ 697,879	\$ 699,496	\$ 1,617
Property taxes-unsecured	13,490	13,912	422
ERAF-redistributed	-	51,110	51,110
West Marin Emergency Fund	-	7,490	7,490
HOPTR subvention	3,624	3,686	62
Assessments and other taxes	-	21,370	21,370
Grants	-	11,954	11,954
Investment earnings	-	1,467	1,467
Miscellaneous	-	10,948	10,948
Total revenues	<u>714,993</u>	<u>821,433</u>	<u>106,440</u>
EXPENDITURES			
Capital			
Fire and rescue equipment, building improvements		53,871	(53,871)
Maintenance			
Audit (bi-annual)	15,000	14,200	800
Rescue equipment	2,000	3,196	(1,196)
Communications R&M	6,000	0	6,000
Bookkeeping	12,000	11,089	911
Insurance	25,000	22,271	2,729
Utilities	700	816	(116)
Telephone	8,000	6,555	1,445
Vehicle maintenance	12,000	11,763	237
Fuel	10,000	8,178	1,822
Rent	12,000	12,000	-
Building maintenance	15,000	18,302	(3,302)
Medical	14,000	10,802	3,198
Water rescue	15,000	13,205	1,795
Education/Training	8,000	2,387	5,613
Elections/Legal	0	913	(913)
Office supplies	6,000	5,573	427
Magazine/memberships	500	1,958	(1,458)
Disaster preparedness	10,000	4,648	5,352
Disaster coordinator	5,000	2,270	2,730
Drill fees	10,000	7,980	2,020
County collection fee	13,000	11,712	1,288
Ambulance staff	6,000	2,700	3,300
MERA system	26,000	24,277	1,723
Clothing	15,000	1,764	13,236
New fire equipment/supplies	15,000	2,920	12,080
Total maintenance	<u>261,200</u>	<u>201,479</u>	<u>59,721</u>
Salaries			
Duty officers	80,000	54,301	25,699
Fire Chief	87,286	85,331	1,955
Bank/payroll processing	2,500	2,624	(124)
Deputy chief	55,000	50,417	4,583
Office manager	17,807	17,705	102
Maintenance hourly	5,500	4,087	1,413
Worker's compensation insurance	25,000	22,792	2,208
Payroll taxes	18,500	18,358	142
Mandated health care	0	150	(150)
Total salaries	<u>291,593</u>	<u>255,765</u>	<u>35,828</u>
Total expenditures	<u>552,793</u>	<u>511,115</u>	<u>41,678</u>
Excess of revenues over (under) expenditures	<u>\$ 162,200</u>	<u>\$ 310,318</u>	<u>\$ 148,118</u>

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes-secured	\$ 759,009	\$ 756,762	\$ (2,247)
Property taxes-unsecured	14,237	14,962	725
ERAF-redistributed	-	54,057	54,057
West Marin Emergency Fund	-	7,490	7,490
HOPTR subvention	3,643	3,801	158
Assessments and other taxes	-	23,514	23,514
Other state aid	-	7,102	7,102
Investment earnings	-	2,719	2,719
Miscellaneous	-	6,252	6,252
Total revenues	<u>776,889</u>	<u>876,659</u>	<u>99,770</u>
EXPENDITURES			
Capital			
Fire and rescue equipment, building improvements	27,500	29,995	(2,495)
Total capital	<u>27,500</u>	<u>29,995</u>	<u>(2,495)</u>
Maintenance			
Audit (bi-annual)	-	-	-
Rescue equipment	2,000	5,575	(3,575)
Communications R&M	6,000	4,045	1,955
Bookkeeping	12,000	12,861	(861)
Insurance	25,000	21,292	3,708
Utilities	800	497	303
Telephone	8,000	8,234	(234)
Vehicle maintenance	13,000	7,959	5,041
Fuel	10,000	11,811	(1,811)
Rent	12,000	12,000	-
Building maintenance	12,000	16,741	(4,741)
Medical	15,000	16,333	(1,333)
Water rescue	15,000	14,239	761
Education/Training	8,000	8,235	(235)
Elections/Legal	8,000	1,232	6,768
Office supplies	8,000	7,903	97
Magazine/memberships	900	238	662
Disaster preparedness	10,000	3,176	6,824
Disaster coordinator	5,000	1,210	3,790
Drill fees	11,000	8,680	2,320
County collection fee	13,000	12,506	494
Ambulance staff	6,000	4,875	1,125
MERA system	26,000	24,457	1,543
Clothing	15,000	3,533	11,467
New fire equipment/supplies	15,000	3,282	11,718
Total maintenance	<u>256,700</u>	<u>210,914</u>	<u>45,786</u>
Salaries			
Duty officers	80,000	66,527	13,473
Fire Chief	96,378	98,952	(2,574)
Bank/payroll processing	2,700	2,905	(205)
Deputy chief	0	44,923	(44,923)
Medical director	55,000	0	55,000
Office manager	18,000	14,526	3,474
Maintenance hourly	4,800	4,360	440
Worker's compensation insurance	25,000	30,162	(5,162)
Payroll taxes	19,000	17,666	1,334
Mandated health care	-	-	-
Total salaries	<u>300,878</u>	<u>280,021</u>	<u>20,857</u>
Total expenditures	<u>585,078</u>	<u>520,930</u>	<u>64,148</u>
Excess of revenues over (under) expenditures	<u>\$ 191,811</u>	<u>\$ 355,729</u>	<u>\$ 163,918</u>

See notes to the required supplemental information.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED JUNE 30, 2017 AND, 2018**

1. BUDGETARY BASIS OF PRESENTATION

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.