



STINSON BEACH FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2019 & 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Stinson Beach Fire Protection District

Opinion

We have audited the accompanying basic financial statements of the Stinson Beach Fire Protection District (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020 and 2019, and the changes in financial position for the years then ended in conformity 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. 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.

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 Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

STINSON BEACH FIRE PROTECTION DISTRICT

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 auditors' 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

STINSON BEACH FIRE PROTECTION DISTRICT

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

San Rafael, California

December 28, 2022

**STINSON BEACH FIRE PROTECTION DISTRICT
POST OFFICE BOX 127
STINSON BEACH, CALIFORNIA 94970**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis provides an overview of the District’s financial activities as of an for the years ended June 30, 2020, and 2019. The information presented here should be considered in conjunction with the audited financial statements

FINANCIAL HIGHLIGHTS

At the end of the fiscal year 2019-2020, the District’s net position was \$4,142,000, an increase of \$1,013,000 from 2019. Total revenues were \$1,811,000, and total expenses were \$798,000 in 2020.

Included in the required supplemental information section are budgetary comparison schedules. Variance details are listed on the schedules on pages 25 and 26.

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.

STINSON BEACH FIRE PROTECTION DISTRICT

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:

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|----------------------------|--------------------|--------------------|--------------------|
| Current assets | \$2,249,149 | \$2,591,066 | \$2,612,964 |
| Noncurrent assets | 595,953 | 573,557 | 1,592,186 |
| Total assets | <u>2,845,102</u> | <u>3,164,623</u> | <u>4,205,150</u> |
| Current liabilities | 24,014 | 54,873 | 82,475 |
| Net position | | | |
| Invested in capital assets | 572,896 | 534,806 | 460,190 |
| Unrestricted | <u>2,248,192</u> | <u>2,574,944</u> | <u>3,662,485</u> |
| Total net position | <u>\$2,821,088</u> | <u>\$3,109,750</u> | <u>\$4,122,675</u> |

Current assets increased primarily as a result of normal changes in working capital resulting from operating at a surplus. Noncurrent assets increased as a result of the acquisition of land for a future firehouse.

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

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------------|-------------------|-------------------|--------------------|
| General revenues: | | | |
| Property taxes | \$ 849,295 | \$ 903,423 | \$ 977,505 |
| Special assessment-Measure W | - | 30,878 | 96,415 |
| Grants | - | - | 714,000 |
| Investment earnings | 2,719 | 4,896 | 7,988 |
| Miscellaneous | <u>6,252</u> | <u>8,587</u> | <u>5,225</u> |
| Total general revenues | 858,266 | 947,784 | 1,801,133 |
| Program revenues: | | | |
| Intergovernmental | <u>18,393</u> | <u>11,283</u> | <u>10,004</u> |
| Total revenues | <u>\$ 876,659</u> | <u>\$ 959,067</u> | <u>\$1,811,137</u> |

Property tax revenues increased by approximately 6% in 2019 and approximately 8% in 2020, which corresponds to similar increases in assessed property values within the District. West Marin voters approved a parcel tax, which resulted in Measure W revenue starting in fiscal year 2018-19. During 2020, three significant grants were received: A cash contribution of \$14,000 and a cash contribution of \$150,000. Additionally, a parcel of land valued at \$550,000 was received.

STINSON BEACH FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

| | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|------------------------|-------------------|-------------------|---------------------|
| Expenses: | | | |
| Salaries & benefits | \$ 292,882 | \$ 345,177 | \$ 454,348 |
| Services & supplies | 203,822 | 230,995 | 252,520 |
| Depreciation | 95,639 | 94,233 | 91,344 |
| Total expenses | <u>592,343</u> | <u>670,405</u> | <u>798,212</u> |
| Revenues | <u>876,659</u> | <u>959,067</u> | <u>1,811,137</u> |
| Change in net position | <u>\$ 284,316</u> | <u>\$ 288,662</u> | <u>\$ 1,012,925</u> |

Salaries and benefits increased each year with the addition of staff. Other 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 2019 and 2020 was the acquisition of two joining parcels of land for \$1,100,000.

STINSON BEACH FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FUTURE OF THE DISTRICT

The Finances of the Stinson Beach Fire Protection District (The District) are at a level that allows The District to serve the town, its residents, its visitors, and the surrounding areas competently and professionally.

Home sales in this area have steadily increased, and with that, The District's revenue streams continue to increase yearly. Historically, The District has served with a local volunteer force of first responders. Due to the increases in the cost of living, short-term rentals reducing housing stock, and the overall lack of affordability in West Marin, The District can no longer maintain a volunteer force and has been required to hire professional firefighters to maintain emergency response capabilities. This increase in personnel costs has been maintained with the current revenues; however, The District foresees a future when it may become necessary to seek additional revenue streams to hire additional paid fire suppression staff to serve the community.

The District operates out of a garage built in 1947 that was primarily intended for storing simple equipment for volunteer response, the recent shift to paid 24-hour staffing creates an immediate need for adequate sleeping quarters and health-compliant facilities. As such, The District, via a combination of donations and district reserves, has purchased two parcels in downtown Stinson Beach and is in the process of analysis for a new fire station.

Even with the increase in personnel costs and contributions to the potential fire station project, the District continues to reserve funds for large equipment and infrastructure improvements and maintain a positive balance at the end of the fiscal year.

The Board of Directors continues to manage our funds wisely to not 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,

Jesse Peri

Jesse Peri, Fire Chief

STINSON BEACH FIRE PROTECTION DISTRICT

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2019 AND 2020

ASSETS

| | <u>2019</u> | <u>2020</u> |
|--|--------------------|---------------------|
| Current assets: | | |
| Cash in bank | \$2,286,058 | 874,900 |
| Investment in Marin County Investment Pool | 245,226 | 1,664,832 |
| Receivables: | | |
| Property taxes | 46,878 | 48,912 |
| Other | 7,696 | 19,112 |
| Prepaid insurance | 5,208 | 5,208 |
| Total current assets | <u>2,591,066</u> | <u>2,612,964</u> |
| Noncurrent assets: | | |
| Land | - | 1,129,830 |
| Capital assets, net of depreciation | 534,806 | 460,190 |
| Deposits | 38,751 | 2,166 |
| Total noncurrent assets | <u>573,557</u> | <u>1,592,186</u> |
| Total assets | <u>\$3,164,623</u> | <u>\$ 4,205,150</u> |

LIABILITIES

| | | |
|---------------------------|---------------|---------------|
| Current liabilities: | | |
| Accounts payable | \$ 17,873 | \$ 16,540 |
| Accrued compensation | 33,160 | 62,095 |
| Unearned revenue | 3,840 | 3,840 |
| Total current liabilities | <u>54,873</u> | <u>82,475</u> |

NET POSITION

| | | |
|------------------------------|--------------------|---------------------|
| Investment in capital assets | 534,806 | 460,190 |
| Unrestricted | 2,574,944 | 3,662,485 |
| Total net position | <u>\$3,109,750</u> | <u>\$ 4,122,675</u> |

STINSON BEACH FIRE PROTECTION DISTRICT

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2020**

| | <u>2019</u> | <u>2020</u> |
|---|---------------------------|---------------------------|
| EXPENSES | | |
| Public safety - fire protection: | | |
| Salaries & benefits | \$ 345,177 | \$ 454,348 |
| Services & supplies | 230,995 | 252,520 |
| Depreciation | 94,233 | 91,344 |
| Total expenses | <u>670,405</u> | <u>798,212</u> |
| PROGRAM REVENUE | | |
| Intergovernmental | 11,283 | 10,004 |
| Net program expense | <u>659,122</u> | <u>788,208</u> |
| GENERAL REVENUES | | |
| Property taxes | 903,423 | 977,505 |
| Special assessment-Measure W | 30,878 | 96,415 |
| Grants | - | 714,000 |
| Investment earnings | 4,896 | 7,988 |
| Miscellaneous | 8,587 | 5,225 |
| Total general revenues | <u>947,784</u> | <u>1,801,133</u> |
| Increase in net position | 288,662 | 1,012,925 |
| NET POSITION-BEGINNING OF THE YEAR | <u>2,821,088</u> | <u>3,109,750</u> |
| NET POSITION-END OF THE YEAR | <u><u>\$3,109,750</u></u> | <u><u>\$4,122,675</u></u> |

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEETS
GOVERNMENTAL FUND
AS OF JUNE 30, 2019 AND 2020**

ASSETS

| | <u>2019</u> | <u>2020</u> |
|--|--------------------|--------------------|
| Cash in bank | \$2,286,058 | \$ 874,900 |
| Investment in Marin County Investment Pool | 245,226 | 1,664,832 |
| Receivables: | | |
| Property taxes | 46,878 | 48,912 |
| Other | 7,696 | 19,112 |
| Prepaid items | 5,208 | 5,208 |
| Deposits | 38,751 | 2,166 |
| Total assets | <u>\$2,629,817</u> | <u>\$2,615,130</u> |

LIABILITIES

| | | |
|----------------------|---------------|---------------|
| Accounts payable | \$ 17,873 | \$ 16,540 |
| Accrued compensation | 9,750 | 23,530 |
| Total liabilities | <u>27,623</u> | <u>40,070</u> |

DEFERRED INFLOWS OF RESOURCES

| | | |
|--|--------------|--------------|
| Deferred property taxes and unearned revenue | <u>3,840</u> | <u>3,840</u> |
|--|--------------|--------------|

FUND BALANCE

| | | |
|---|--------------------|--------------------|
| Nonspendable | 43,959 | 7,374 |
| Assigned | 294,834 | 103,049 |
| Unassigned | 2,259,561 | 2,460,797 |
| Total fund balance | <u>2,598,354</u> | <u>2,571,220</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$2,629,817</u> | <u>\$2,615,130</u> |

STINSON BEACH FIRE PROTECTION DISTRICT

**BALANCE SHEETS
GOVERNMENTAL FUND
AS OF JUNE 30, 2019 AND 2020
(continued)**

RECONCILIATION TO THE STATEMENT OF NET POSITION

| | 2019 | 2020 |
|---|---------------------|---------------------|
| Total governmental fund balance | \$ 2,598,354 | \$ 2,571,220 |
| <p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p> | 534,806 | 1,590,020 |
| <p>Some assets (liabilities) are not due and receivable (payable) in the current period and therefore are not reported as fund assets (liabilities)</p> | | |
| Accrued sick and vacation leave liability | (23,410) | (38,565) |
| Net position | \$ 3,109,750 | \$ 4,122,675 |

STINSON BEACH FIRE PROTECTION DISTRICT
STATEMENTS OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2019 AND 2020

| | <u>2019</u> | <u>2020</u> |
|---|---------------------------|----------------------------|
| REVENUES | | |
| Property taxes | \$ 899,423 | \$ 977,505 |
| Special assessment-Measure W | 30,878 | 96,415 |
| Intergovernmental | 11,283 | 10,004 |
| Grants | - | 714,000 |
| Investment earnings | 4,896 | 7,988 |
| Miscellaneous | 8,589 | 5,225 |
| Total revenues | <u>955,069</u> | <u>1,811,137</u> |
| EXPENDITURES | | |
| Current: | | |
| Salaries and benefits | 321,767 | 439,193 |
| Services and supplies | 230,995 | 252,520 |
| Capital outlay | 38,143 | 1,146,558 |
| Total expenditures | <u>590,905</u> | <u>1,838,271</u> |
| Excess of revenues over expenditures | 364,164 | (27,134) |
| Fund balance at beginning of year | <u>2,234,190</u> | <u>2,598,354</u> |
| Fund balance at end of year | <u><u>\$2,598,354</u></u> | <u><u>\$ 2,571,220</u></u> |

STINSON BEACH FIRE PROTECTION DISTRICT
STATEMENTS OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
YEARS ENDED JUNE 30, 2019 AND 2020
(continued)

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

| | 2019 | 2020 |
|--|-------------|--------------|
| Net change in fund balance | \$ 364,164 | \$ (27,134) |
| <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 | 38,143 | 1,146,558 |
| Depreciation expense | (94,233) | (91,344) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements:</p> | | |
| Property taxes | 4,000 | - |
| <p>Expenditures reported in the modified accrual basis statement of revenues, expenditures and changes in fund balance are recognized in the period incurred if they are paid from current financial resources. Expenses reported in accrual basis statement of activities are recognized when incurred, regardless of the timing of the payment:</p> | | |
| Vacation and sick leave benefits | (23,412) | (15,155) |
| Change in net position | \$ 288,662 | \$ 1,012,925 |

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2020**

1. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

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

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, 2019 AND 2020**

2. 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, 2019 AND 2020**

2. 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, 2019 AND 2020**

2. 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, 2019 AND 2020**

2. 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, 2019 AND 2020**

2. 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.

3. 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, 2019 AND 2020**

3. 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, 2020, 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, 2020 and 2019 of \$1,665,000 and \$245,000, 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. At June 30, 2020 and 2019, the County's investment pool had a weighted average maturity of 220 and 218 days, respectively.

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2020**

3. 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 2019-20 Marin County Comprehensive Annual Financial Report.

4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2019, and 2020 was as follows:

| | Land |
|------------------------------|--------------|
| Balances as of June 30, 2018 | \$ - |
| Additions | - |
| Balances as of June 30, 2019 | - |
| Additions | 1,129,830 |
| Balances as of June 30, 2020 | \$ 1,129,830 |

| | Buildings & Improvements | Vehicles & Equipment | Accumulated Depreciation | Total |
|------------------------------|-----------------------------|-------------------------|-----------------------------|------------|
| Balances as of June 30, 2018 | \$ 652,577 | \$ 1,746,358 | \$ (1,826,039) | \$ 572,896 |
| Additions | 12,039 | 44,104 | (94,233) | (38,090) |
| Balances as of June 30, 2019 | 664,616 | 1,790,462 | (1,920,272) | 534,806 |
| Additions | - | 16,728 | (91,344) | (74,616) |
| Balances as of June 30, 2020 | \$ 664,616 | \$ 1,807,190 | \$ (2,011,616) | \$ 460,190 |

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2020**

5. FUND BALANCE

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

The following amounts are classified as nonspendable:

| | <u>2019</u> | <u>2020</u> |
|---------------|------------------|-----------------|
| Prepaid items | \$ 5,208 | \$ 5,208 |
| Deposits | 38,751 | 2,166 |
| | <u>\$ 43,959</u> | <u>\$ 7,374</u> |

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

| | <u>2019</u> | <u>2020</u> |
|---------------------|-------------------|-------------------|
| Contingency reserve | <u>\$ 294,834</u> | <u>\$ 103,049</u> |

6. 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 2019 and 2020.

Minimum future obligations under this operating lease are as follows:

| Year ended June 30 | |
|--------------------|-------------------|
| 2021 | \$ 12,000 |
| 2022 | 12,000 |
| 2023 | 12,000 |
| 2024 | 12,000 |
| 2025 | 12,000 |
| 2026-2030 | 60,000 |
| 2031 | 6,000 |
| Total | <u>\$ 126,000</u> |

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2020**

7. 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, 2020, there were two plan members. During the years ended June 30, 2019, and 2020, the District contributed 10% of annual covered payroll, which equaled approximately \$8,000 each year. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

8. 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.

9. 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. 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, 2020:

| | |
|---------------------------|----------------------|
| Total assets and deferred | |
| outflows of resources | \$ 57,093,806 |
| Total liabilities | <u>37,316,145</u> |
| Net position | <u>\$ 19,777,661</u> |
| | |
| Total revenues | \$ 9,150,560 |
| Total expenses | <u>3,420,914</u> |
| Decrease in net position | <u>\$ 5,729,646</u> |

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2020**

10. PENDING OR THREATNED LITIGATION

A former employee of the District filed a workers' compensation claim alleging a cumulative trauma injury. The discovery phase of the claim is ongoing and an estimate of the amount of the claim cannot be made.

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

| | Original and Final Budget | Actual | Variance Over (Under) |
|--|--|-------------------|--------------------------------------|
| REVENUES | | | |
| Property taxes-secured | \$ 805,059 | \$ 801,389 | \$ (3,670) |
| Property taxes-unsecured | 15,115 | 17,359 | 2,244 |
| ERAF-redistributed | - | 56,580 | 56,580 |
| West Marin Emergency Fund | - | 7,490 | 7,490 |
| HOPTR subvention | 3,751 | 3,793 | 42 |
| Measure "W" | - | 30,878 | 30,878 |
| Assessments and other taxes | - | 24,095 | 24,095 |
| Investment earnings | - | 4,896 | 4,896 |
| Miscellaneous | 7,490 | 8,589 | 1,099 |
| Total revenues | <u>831,415</u> | <u>955,069</u> | <u>123,654</u> |
| EXPENDITURES | | | |
| Capital | | | |
| Fire and rescue equipment, building improvements | - | 38,143 | (38,143) |
| Maintenance | | | |
| Audit (bi-annual) | 14,500 | 1,750 | 12,750 |
| Rescue equipment | 6,000 | - | 6,000 |
| Communications R&M | 13,000 | 7,261 | 5,739 |
| West Marin Emergency Fund | 7,490 | - | 7,490 |
| Bookkeeping | 14,000 | 16,741 | (2,741) |
| Insurance | 25,000 | 21,888 | 3,112 |
| Utilities | 800 | 2,170 | (1,370) |
| Telephone | 8,300 | 9,305 | (1,005) |
| Vehicle maintenance | 13,000 | 8,536 | 4,464 |
| Fuel | 12,000 | 9,415 | 2,585 |
| Equipment maintenance | - | 3,096 | (3,096) |
| Rent | 12,000 | 12,000 | - |
| Building maintenance | 12,000 | 22,441 | (10,441) |
| Medical | 15,000 | 9,110 | 5,890 |
| Water rescue | 15,000 | 11,283 | 3,717 |
| Education/Training | 8,000 | 17,388 | (9,388) |
| Elections/Legal | 8,000 | 2,561 | 5,439 |
| Office supplies | 8,000 | 9,254 | (1,254) |
| Magazine/memberships | 500 | 1,418 | (918) |
| Disaster preparedness | 10,000 | 9,185 | 815 |
| Disaster coordinator | 5,000 | 635 | 4,365 |
| Drill fees | 10,000 | 7,780 | 2,220 |
| County collection fee | 12,000 | 12,949 | (949) |
| Ambulance staff | 6,000 | 6,150 | (150) |
| MERA system | 26,000 | 24,517 | 1,483 |
| Clothing | 15,000 | 15,230 | (230) |
| New fire equipment/supplies | 7,000 | 5,673 | 1,327 |
| Total maintenance | <u>283,590</u> | <u>247,736</u> | <u>35,854</u> |
| Salaries | | | |
| Duty officers | 80,000 | 48,169 | 31,831 |
| Fire Chief | 100,191 | 129,789 | (29,598) |
| Water rescue | - | 1,925 | (1,925) |
| Fire prevention officer | - | 9,501 | (9,501) |
| Bank/payroll processing | 3,200 | 2,715 | 485 |
| Assistant chief | - | 50,979 | (50,979) |
| Office manager | 18,600 | 16,157 | 2,443 |
| Maintenance hourly | 5,000 | 2,880 | 2,120 |
| Worker's compensation insurance | 26,000 | 23,227 | 2,773 |
| Payroll taxes | 20,000 | 19,182 | 818 |
| Mandated health care | - | 502 | (502) |
| Total salaries | <u>252,991</u> | <u>305,026</u> | <u>(52,035)</u> |
| Total expenditures | <u>536,581</u> | <u>590,905</u> | <u>(54,324)</u> |
| Excess of revenues over (under) expenditures | <u>\$ 294,834</u> | <u>\$ 364,164</u> | <u>\$ 69,330</u> |

See notes to the required supplemental information.

**STINSON BEACH FIRE PROTECTION DISTRICT
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2020**

| | Original and Final Budget | Actual | Variance Over (Under) |
|---|--|--------------------|--------------------------------------|
| REVENUES | | | |
| Property taxes-secured | \$ 866,247 | \$ 868,114 | \$ 1,867 |
| Property taxes-unsecured | 15,504 | 17,089 | 1,585 |
| ERAF-redistributed | - | 65,644 | 65,644 |
| West Marin Emergency Fund | 7,490 | 7,490 | - |
| HOPTR subvention | 3,748 | 2,514 | (1,234) |
| Measure "W" | 112,000 | 96,415 | (15,585) |
| Assessments and other taxes | - | 26,658 | 26,658 |
| Donations | - | 714,000 | 714,000 |
| Investment earnings | - | 7,988 | 7,988 |
| Miscellaneous | - | 5,225 | 5,225 |
| Total revenues | <u>1,004,989</u> | <u>1,811,137</u> | <u>806,148</u> |
| EXPENDITURES | | | |
| Capital | | | |
| Fire and rescue equipment, building improvements | | 1,146,558 | (1,146,558) |
| Total capital | - | 1,146,558 | (1,146,558) |
| Maintenance | | | |
| Audit (bi-annual) | 2,000 | 15,800 | (13,800) |
| Rescue equipment | 7,000 | - | 7,000 |
| Communications R&M | 13,000 | 3,467 | 9,533 |
| West Marin Emergency Fund | 7,490 | - | 7,490 |
| Bookkeeping | 14,000 | 16,314 | (2,314) |
| Insurance | 25,000 | 22,637 | 2,363 |
| Utilities | 1,000 | 3,410 | (2,410) |
| Telephone | 10,000 | 9,890 | 110 |
| Vehicle maintenance | 15,000 | 28,141 | (13,141) |
| Fuel | 12,000 | 9,153 | 2,847 |
| Equipment maintenance | - | 5,836 | (5,836) |
| Rent | 12,000 | 12,000 | - |
| Building maintenance | 15,000 | 5,543 | 9,457 |
| Medical | 15,000 | 14,629 | 371 |
| Water rescue | 15,000 | 6,468 | 8,532 |
| Education/Training | 35,000 | 9,345 | 25,655 |
| Elections/Legal | 5,000 | - | 5,000 |
| Office supplies | 12,000 | 10,920 | 1,080 |
| Magazine/memberships | 1,500 | 1,745 | (245) |
| Disaster preparedness | 12,000 | 8,326 | 3,674 |
| Disaster coordinator | 5,000 | 957 | 4,043 |
| Drill fees | 58,000 | 14,045 | 43,955 |
| County collection fee | 12,500 | 11,505 | 995 |
| Ambulance staff | 7,000 | 9,075 | (2,075) |
| MERA system | 26,000 | 24,797 | 1,203 |
| Clothing | 25,000 | 3,069 | 21,931 |
| New fire equipment/supplies | 14,000 | 21,761 | (7,761) |
| Total maintenance | <u>376,490</u> | <u>268,833</u> | <u>107,657</u> |
| Salaries | | | |
| Duty officers | 135,000 | 69,157 | 65,843 |
| Fire Chief | 113,445 | 149,889 | (36,444) |
| Bank/payroll processing | 3,200 | 4,861 | (1,661) |
| Duty officer - FT | 84,810 | - | 84,810 |
| Assistant chief | - | 103,313 | (103,313) |
| Water rescue director | 5,000 | 1,636 | 3,364 |
| Fire prevention officer | 10,000 | - | 10,000 |
| Training officer | - | 1,416 | (1,416) |
| Office manager | 34,000 | 30,324 | 3,676 |
| Maintenance hourly | 5,185 | 6,557 | (1,372) |
| Worker's compensation insurance | 26,000 | 23,634 | 2,366 |
| Payroll taxes | 20,000 | 28,989 | (8,989) |
| Operational certifications | 4,000 | 3,104 | 896 |
| Total salaries * | <u>440,640</u> | <u>422,880</u> | <u>17,760</u> |
| Total expenditures * | <u>817,130</u> | <u>1,838,271</u> | <u>(1,021,141)</u> |
| Excess of revenues over (under) expenditures * | <u>\$ 187,859</u> | <u>\$ (27,134)</u> | <u>\$ (214,993)</u> |

* Does not agree to the actual budget, which had an addition error of \$84,810

**STINSON BEACH FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
YEARS ENDED JUNE 30, 2019 AND 2020**

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.