SOUTH COAST FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

SOUTH COAST FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Coast Fire Protection District
Gualala, California

Opinion

We have audited the accompanying financial statements of the governmental activities and fund information of South Coast Fire Protection District, as of and for the year ended June 30, 2025, 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 financial position of South Coast Fire Protection District as of June 30, 2025, and the changes in financial position of those activities and funds for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Coast Fire Protection District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 South Coast Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 South Coast Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Coast Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

The South Coast Fire Protection District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

The required supplementary information other than MD&A, as listed in the table of contents as the budgetary comparison schedule for the General fund on page 18, is 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 (GASB), 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.

Larry Bain, CPA
An Accounting Corporation
December 18, 2025

SOUTH COAST FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets	
Cash and investments	$ 1,320,314
Prepaid expense	2,095
Due from other governments	266,445
Total current assets	1,588,854
Noncurrent assets	
Capital assets:	
Land	126,114
Buildings and improvements	350,091
Equipment	2,512,012
Accumulated depreciation	(1,985,901)
Leased assets	55,167
Accumulated amortization	(12,038)
Total noncurrent assets	1,045,445
Total assets	2,634,299
Liabilities	
Current liabilities:	
Accounts payable	21,799
Credit card payable	9,224
Accrued payroll	25,086
Accrued interest	6,945
Current portion of long-term liabilities	33,527
Total current liabilities	96,581
Noncurrent liabilities:	
Due in more than one year	136,877
Total noncurrent liabilities	136,877
Total liabilities	233,458
Net Position	
Net investment in capital assets	875,041
Unrestricted net position	1,525,800
Total net position	$ 2,400,841

The notes to financial statements are an integral part of this statement

SOUTH COAST FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants And Contributions	Total
Governmental Activities:				
Fire protection services	$1,024,022	$ 524,080	$ 630,496	$ 130,554
Interest expense	7,884			(7,884)
Total governmental activities	$1,031,906	$ 524,080	$ 630,496	$ 122,670

General Revenues:	
Taxes:	
Property tax, levied for general purposes	224,009
Investment income	30,675
Sale of equipment	14,500
Other	4,459
Total general revenues	273,643
Change in net position	396,313
Net position - beginning	2,004,528
Net position - ending	$ 2,400,841

The notes to financial statements are an integral part of this statement

SOUTH COAST FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

		General Fund
Assets		
Cash and investments	$	1,320,314
Prepaid expense		2,095
Due from other government		266,445
Total assets	$	1,588,854
Liabilities and Fund Balance		
Liabilities		
Claims payable	$	21,799
Credit card payable		9,224
Accrued payroll		25,086
Deferred revenue-unavailable		73,173
Total liabilities		129,282
Fund Balance		
Nonspendable		2,095
Unassigned		1,457,477
Total fund balance		1,459,572
Total liabilities and fund balance	$	1,588,854

The notes to financial statements are an integral part of this statement

SOUTH COAST FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2025

Fund Balance	$	1,459,572
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.		1,045,445
Revenue received more than 90 days after fiscal year end is deferred revenue unavailable in the fund financial statements, but is recognized as revenue in the statement of activities		73,173
Accrued interest on long-term debt is recorded as a liability in the statement of net position but is not recorded in the funds		(6,945)
Some liabilities, including long-term debt and compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(170,404)
Net position of governmental activities	$	2,400,841

The notes to financial statements are an integral part of this statement

SOUTH COAST FIRE PROTECTION DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General Fund
Revenues	
Property taxes	$ 224,009
Special assessments	492,851
Intergovernmental revenues	630,496
Use of money and property	30,675
Charges for current services	1,136
Contributions and other	4,459
Total revenues	1,383,626
Expenditures	
Public Protection:	
Salaries and benefits	463,548
Services and supplies	376,711
Leases	
Lease principal	2,661
Lease interest	939
Debt service	
Principal	75,875
Interest	7,454
Capital outlay	96,960
Total expenditures	1,024,148
Total revenues over (under) expenditures before other financing sources (uses)	359,478
Other Financing Sources (Uses)	
Sale of equipment	14,500
Total other financing sources (uses)	14,500
Net change in fund balance	373,978
Fund balance - beginning of year	1,085,594
Fund balance - end of year	$ 1,459,572

The notes to financial statements are an integral part of this statement

SOUTH COAST FIRE PROTECTION DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balance - total governmental funds.	$	373,978
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures and changes in fund balance because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities. The costs of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Cost of assets capitalized		103,513
Depreciation and amortization expense		(190,316)
Deferred revenues reported in the governmental funds are not considered current financial resources and, therefore, are not reported in the statement of activities.		30,093
Long-term liabilities reported in the government-wide statements do not require the use of current financial resources and, therefore, are not reported in governmental funds.		79,045
Change in net position of governmental activities	$	396,313

The notes to financial statements are an integral part of this statement

Note 1: Summary of Significant Accounting Policies

The District was organized on April 24, 1962 and currently provides fire and emergency medical services to the community of Gualala and along the Mendocino Coast. It is operated under the direction of a five-member board duly elected and empowered by the electorate with sole authority over the District operations. The Mendocino County Board of Supervisors adopted resolution number 3956 authorizing the formation of the District.

The accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Based upon the aforementioned oversight criteria, the District will report no component units.

B. Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned or, for property tax revenues, in the period for which levied. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or as a reservation of fund balance. The District considers property taxes available if they are collected within sixty-days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt, as well as compensated absences and claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net position.

D. Basis of Presentation

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The District's resources are accounted for in these individual funds based on the purposes for which they are to be spent and the means by which spending activity is controlled. For financial reporting, these funds have been grouped into the fund type discussed below.

Governmental Fund Type

Governmental funds are used to account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary and similar trust funds). The measurement focus is based upon determination of changes in financial position. The following is the District's governmental fund:

General Fund - This fund accounts for all the financial resources not required to be accounted for in another fund. This fund consists primarily of general government type activities.

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/expenses during the reporting period. Actual results could differ from those estimates.

F. Restricted Assets

Restricted assets are financial resources generated for a specific purpose such as construction of improvements and financing of debt obligations. These amounts are restricted, as their use is limited by applicable bond covenants or other external requirements.

G. Operating Leases:

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB Statement No. 87), 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. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the District's financial statements for the year ended June 30, 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets, recorded at historical cost or estimated historical cost if actual historical cost is not available, are reported in governmental activities column of the government-wide financial statements. Contributed fixed assets are valued at their estimated fair market value. Capital assets include land, buildings and building improvements and equipment. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 for Equipment, and $25,000 for buildings and improvements. All land is capitalized regardless of historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on the straight-line bases over the useful life of the assets as follows:

Assets	Useful Life
Buildings and improvements	30 years
Equipment	5 to 20 years

I. Property Tax

The District receives property taxes from Mendocino County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two instalments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible. The County, in return, receives all penalties and interest on delinquent taxes. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

Note 2: Cash and Investments

Cash and investments at June 30, 2025, consisted of the following:

Checking account	$ 87,362
Insured cash sweep	914,477
Money market account	318,475
Total cash and investments	$ 1,320,314

Note 2: Cash and Investments (continued)

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the South Coast Fire Protection District (District) by the California Government Code (GC) (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California GC (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk** and **concentration of credit risk.** This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California GC or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	40%	10%
Negotiable CDs	5 years	30%	None
Repurchase agreements	1 years	None	None
Reverse repurchase agreements	92 days	20%	None
Medium term notes	5 years	30%	None
Mutual/money market funds	5 years *	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	15%
Time deposits	5 Years	None	None
Local Agency Investment Fund (LAIF)	5 years *	None	None

* The five year maximum maturity can be extended by the Board of Directors. Also, the maximum maturity can be extended if the funds are reserved for bond, COP or note payments to coincide with the required repayments.

B. Disclosures Relating to Interest Rate Risk

The District does not have investments subject to interest rate risk.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

Note 2: Cash and Investments (Continued)

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured 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 government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

The District maintains one checking account with Westamerica Bank for the purpose of depositing tax and assessment revenue from the county and for operations of the District. The District maintains a money market account at Westamerica bank, a money market account at Summit Bank and an insured cash sweep account at Summit Bank. At June 30, 2025 the District's bank balance was $1,320,774 and the carrying amount was $1,320,314. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance all was covered by the Federal Depository Insurance or by collateral held in the bank's trust department in the District's name.

Note 3: Property, Plant and Equipment

Activity for general fixed assets capitalized by the District for the year ended June 30, 2025 is summarized below:

	Balance July 1, 2024	Additions Adjustments	Retirement/ Adjustments	Balance June 30, 2025
Capital assets, not being depreciated				
Land	$ 52,500	$ 73,614	$ -	$ 126,114
Capital assets, being depreciated				
Buildings and improvements	345,426		4,665	350,091
Equipment	2,486,778	23,346	1,888	2,512,012
Leased land	55,167			55,167
Total capital assets, being depreciated	2,887,371	23,346	6,553	2,917,270
Less accumulated depreciation	(1,798,343)	(187,558)		(1,985,901)
Less accumulated amortization for leased land	(9,280)	(2,758)		(12,038)
Governmental activities, capital assets, net	$ 1,132,248	$ (93,356)	$ 6,553	$ 1,045,445

Note 4: Long-Term Liabilities

A summary of the changes in the District's long-term liabilities reported in the government-wide financial statements for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Retirements/ Adjustments	Balance June 30, 2025	Due Within One Year
Net lease liability	$ 48,173	$ -	$ (2,661)	$ 45,512	$ 2,715
Equipment lease B	30,812			30,812	30,812
Equipment lease C	94,080			94,080	94,080
Totals	$ 173,065	$ -	$ (2,661)	$ 170,404	$ 33,527

Long-term debt obligations consisted of the following:

Equipment lease A:

On June 1, 2018, the District entered into a loan with a commercial bank for $240,589 to finance the acquisition of a Rosenbauer Type III Wildland Engine. The interest rate on the loan is 3.894% with the final payment due July 15, 2023. This loan was paid off in the 2023/24 fiscal year.

Equipment lease B:

On February 1, 2021, the District entered into a loan with a commercial bank for $147,962 to finance the acquisition of a new rescue engine. The interest rate on the loan is 2.864% with the final payment due July 15, 2025.

The future minimum loan payments as of June 30, 2025, are as follows:

Fiscal Year Ended	Principal	Interest	Total
2026	$ 30,812	$ 883	$ 31,695
Total	$ 30,812	$ 883	$ 31,695

Equipment lease C:

On November 30, 2023, the District entered into a loan with a commercial bank for $140,000 to finance the acquisition of the Fire Chiefs vehicle. The interest rate on the loan is 8.44% with early payoff in July 2025.

The future minimum loan payments as of June 30, 2025, are as follows:

Fiscal Year Ended	Principal	Interest	Total
2026	$ 94,080	$ 6,636	$ 100,716
Total	$ 94,080	$ 6,636	$ 100,716

Note 4: Long-Term Liabilities (Continued)
B. Net Lease Liability

The District has entered into a lease arrangement as lessee with Bower Limited Partnership to finance the use of the land used for the fire station. The lease expires in May 2038.The calculated borrowing rate used was 2%.

Principal and interest payments to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,715	$ 885	$ 3,600
2027	2,769	831	3,600
2028	2,855	775	3,630
2029	3,246	714	3,960
2030	3,312	648	3,960
2030-2034	18,385	2,195	20,580
2035-2038	12,230	370	12,600
Total	$ 45,512	$ 6,418	$ 51,930

Note 5: Net Position/Fund Balances

Net Position
The government-wide activities fund financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- *Net investment in Capital Assets* – This category groups all capital assets, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Unrestricted Net Position (Deficit)* – This category represents net position (Deficit) of the District, not restricted for any project or other purpose.

Fund Balances

GASB 54 establishes fund balance classifications that comprise a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on governmental fund-type, fund balances are as follows:

The term "assigned" fund balance includes amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official, or body to which the governing body delegates the authority. The District had $0 assigned fund balance at June 30, 2025. The remaining fund balance is unassigned and available for future fire- fighting operations.

Note 6: Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

The final amended budget had excess expenditures over the budget of $188,148 for salaries and benefits and $96,960 capital expense.

Note 7: Gann Limit

Because the district received less than 12.5 cents subject taxes per $100 of assessed valuation in the base year of 1978-79 the district is not subject to the Gann Limit.

Note 8: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State carry Golden State Risk Management Insurance (GSRMA), a public entity risk pool currently operating as a common risk management and Joint Powers Authority for property, liability and workers compensation insurance. The District pays an annual contribution for property and liability insurance to GSRMA to share the risk management. Furthermore the District carries workers compensation coverage based upon actual payroll classified into rate categories pursuant to the rules published by the California Workers' Compensation Insurance Rating Bureau. The GSRMA agrees to pay all amounts legally required by California Workers compensation laws.

The Agreement for Formation provides that GSRMA will be self-sustaining through member contributions and does not required additional contributions if claims exceed contributions. The agreement for formation stipulates that members are liable for their pro rata share of any fund deficits upon termination from or dissolution of GSRMA. At June 30, 2025 GSRMA had a fund surplus. Financial statements for GSRMA are available at the District's office. Settlements have not exceeded insurance coverage in any of the last three years.

Note 10: Commitments and Contingencies

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

GANN Spending Limit

The District receives funding from Mendocino County for TOT allocations and Prop 172, ½ cent sales tax in addition to a Special Assessment. The District has taken the position that these revenue sources are not subject revenue for the GANN limit calculation. Should it be determined that this revenue is subject to the GANN limit then amounts collected over the GANN limit may constitute a liability to the District.

Lines of Credit

At June 30, 2025, the district had a credit card with West America bank that had a credit limit of $50,000. The District also had an open line of credit with West America bank with a borrowing limit of $300,000.

Note 11: Subsequent Events

Subsequent to fiscal year end the Board of Directors approved an agreement with Timber Cove Fire Protection District whereby the South Coast Fire Protection District Fire Chief will also serve as the Fire Chief for Timber Cove Fire Protection District and South Coast Fire Protection District will provide other support and services to Timber Cover Fire Protection District. The agreement calls for payments of $12,570 per month plus reimbursement for direct expenses. The new agreement began in July 2025 and the term is month to month.

SOUTH COAST FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Property taxes	$ 205,543	$ 208,662	$ 224,009	$ 15,347
Special assessments	501,831	496,302	492,851	(3,451)
Intergovernmental revenues	35,012	87,422	630,496	543,074
Use of money and property	19,000	19,000	30,675	11,675
Charges for current services	7,000	7,000	1,136	(5,864)
Other revenues			4,459	4,459
Total revenues	768,386	818,386	1,383,626	565,240
Expenditures				
Salaries and benefits	240,400	275,400	463,548	(188,148)
Services and supplies	387,270	402,270	376,711	25,559
Leases				
Lease principal	2,661	2,661	2,661	-
Lease interest	939	939	939	-
Debt service				
Principal	75,875	75,875	75,875	-
Interest	7,454	7,454	7,454	-
Capital outlay			96,960	(96,960)
Total expenditures	714,599	764,599	1,024,148	(259,549)
Total revenues over (under) expenditures before other financing sources (uses)	53,787	53,787	359,478	305,691
Other Financing Sources (Uses)				
Sale of equipment			14,500	14,500
Total other financing sources (uses)			14,500	14,500
Net change in fund balance	$ 53,787	$ 53,787	373,978	$ 320,191
Fund balance - beginning of year			1,085,594	
Fund balance - end of year			$ 1,459,572	

Budgets and Budgetary Accounting

As required by State law the District prepares and legally adopts a final operating budget. Public hearings were conducted on the proposed and final budget to review all appropriations and the source of financing.

The budget for the general fund is adopted on the modified accrual basis of accounting. The budget for the general funds is the only legally adopted budget.

At the object level, actual expenditures cannot exceed budgeted appropriations. Management can transfer budgeted amounts between expenditure accounts within an object without the approval of the Board of Directors. Significant amendments and appropriation transfers between objects or funds must be approved by the Board of Directors. Appropriations lapse at fiscal year-end.

The budgetary data presented in the final budgeted amount in the accompanying financial statements includes all revisions approved by the Board of Directors.