

# NOVATO FIRE PROTECTION DISTRICT

NOVATO, CALIFORNIA

Popular Annual Financial Report

Fiscal Year Ended June 30, 2020

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The Novato Fire District exists to care for, protect and serve our communities.



# NOVATO FIRE PROTECTION DISTRICT

## ABOUT US

December 14, 2020

To the Community Members of Novato Fire Protection District:

We are pleased to present the Novato Fire Protection District Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020. This report was prepared by the Finance Division to provide readers with an easy to understand summary of our financial and operational activities. The financial information contained in this report was derived from our Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. Both reports are available for viewing at all District fire stations and administration office as well as on our website at [www.novatofire.org](http://www.novatofire.org).

The financial information in the PAFR is presented on the Government-Wide basis, which offers a broad overview and long-term perspective of the District assets, liabilities, and net position, as well as its operations. The Government-Wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place. While the financial statement data presented in the PAFR is derived from the CAFR and consistent with Generally Accepted Accounting Principles (GAAP), it is not a substitute for the CAFR, as the PAFR does not present all the necessary financial statements and note disclosures required by GAAP.

We hope you enjoy reading this report and invite you to access our CAFR from our website for additional details regarding District finances. We welcome your questions, comments, and suggestions for improving this report. You may contact our office at (415) 878-2690 or visit our website at [www.novatofire.org](http://www.novatofire.org).

Respectfully submitted,



Bill Tyler, CFO  
Fire Chief

# NOVATO FIRE PROTECTION DISTRICT

## ABOUT US

### Who We Are and What We Do

The Novato Fire Protection District is a stand-alone government body providing risk reduction, paramedics, and all-risk fire and rescue services to the City of Novato and surrounding county areas of Northern Marin County.

- |  |  |
|--|--|
| <b>Board of Directors</b>                  | - A five-member publicly elected governing body that creates policy, establishes service levels, and approves the annual budget and monthly expenditures |
| <b>Fire Chief</b>                          | - Provides leadership and oversees daily District activities   |
| <b>Deputy Fire Chief</b>                   | - Oversees all fire/medical/rescue operations  |
| <b>Fire Marshal</b>                        | - Implements and oversees compliance with fire/life safety codes   |
| <b>Three Operational Battalion Chiefs</b>  | - Work 24/7 in three rotating shifts and command daily operational activities  |
| <b>Emergency Medical Services Director</b> | - Oversees paramedic operations  |
| <b>Battalion Chief / Training Officer</b>  | - Coordinates training/education for all personnel   |
| <b>Finance Director</b>                    | - Maintains financial records, budget and financial reporting  |
| <b>Human Resources Manager</b>             | - Manages human resources and personnel functions  |
| <b>Administrative Services Manager</b>     | - Manages Administrative office functions, Board of Directors and assists Fire Chief.  |



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

Novato Fire Protection District  
California

For its Annual  
Financial Report  
for the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrell*  
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Novato Fire Protection District for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. In order to receive this award, the District must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for

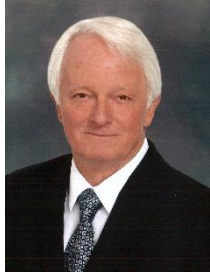
Outstanding Achievement in Popular Annual Financial Reporting is valid for the period of one year only. We believe our current report for the fiscal year ended June 30, 2020 continues to meet the Popular Annual Financial Reporting requirements and will be submitting it to the GFOA for consideration.

**NOVATO FIRE PROTECTION DISTRICT  
DISTRICT OFFICIALS**

**2020 Board of Directors**



President  
Lj Silverman



Vice President  
Bruce Goines



Secretary  
William Davis



Director  
James Galli



Director  
Steve Metcho

**Executive and Command Staff**

Fire Chief

Deputy Fire Chief

Battalion Chief, Fire Marshal

Battalion Chief, Emergency Medical Services

Battalion Chiefs, Operations

A Shift

B Shift

C Shift

Training Division

Finance Director

Human Resources Manager

Administrative Services Manager/IT

Bill Tyler, CFO

Dmitri Menzel

Acting Battalion  
Chiefs

Kyle Dague

Robert LaCroix

Jeffrey Whittet

Gerald McCarthy

Erich Mesenburg

Joe Valenti, MBA

Gretchen Felciano

Jeanne Villa

# NOVATO FIRE PROTECTION DISTRICT FIRE STATIONS AND FACILITIES



Administration Building  
95 Rowland Way



Station 61  
7025 Redwood Blvd



Station 62  
450 Atherton Avenue



Station 63  
65 San Ramon Way



Station 64  
319 Enfrente Drive



Station 65  
5 Bolling Drive

## NOVATO FIRE PROTECTION DISTRICT STATEMENT OF NET POSITION

The Statement of Net Position presents the District financial position from a long-term perspective. It reports all District assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the District financial position is improving or deteriorating.

Changes in the District's net position were as follows. Please refer to the CAFR for complete details.

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Current Assets	\$ 27,047,048	\$ 22,709,693	\$ 4,337,355
Net Capital Assets	<u>17,058,004</u>	<u>16,965,365</u>	<u>92,639</u>
Total Assets	<u>44,105,052</u>	<u>39,675,058</u>	<u>4,429,994</u>
Deferred Outflows	<u>11,492,106</u>	<u>9,737,977</u>	<u>1,754,129</u>
Current Liabilities	3,951,197	4,454,496	(503,299)
Non-Current Liabilities	<u>31,412,604</u>	<u>29,064,527</u>	<u>2,348,077</u>
Total Liabilities	<u>35,363,801</u>	<u>33,519,023</u>	<u>1,844,778</u>
Deferred Inflows	<u>2,927,452</u>	<u>3,600,302</u>	<u>(672,850)</u>
Net Position:			
Net Investment in Capital Assets	14,944,129	14,327,995	616,134
Unrestricted	<u>2,361,776</u>	<u>(1,861,393)</u>	<u>4,223,169</u>
Total Net Position	<u>\$ 17,305,905</u>	<u>\$ 12,466,602</u>	<u>\$ 4,839,303</u>

A significant component of District net position, \$14.9 million, was invested in capital assets, less any related outstanding debt used to acquire those assets. Although the District investment in capital assets is reported net of related debt, the capital assets themselves cannot be used to satisfy District debt, therefore, the funds needed to pay these liabilities must be provided from other resources.

The remaining component of net position is unrestricted net position. Unrestricted net position refers to resources that can be used to meet ongoing obligations. Unrestricted net position totaled \$2.4 million for total net position of \$17.3 million. Total net position increased by \$4.8 million over the prior year due to revenues exceeding expenditures.

# NOVATO FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES

The Statement of Activities presents District revenues, expenses, and change in net position for the fiscal year as follows. Please refer to the CAFR for complete details.

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
<b>REVENUES</b>			
<b>General Revenues:</b>			
Property Taxes	\$ 28,060,993	\$ 27,021,252	\$ 1,039,741
Investment Earnings	383,197	267,947	115,250
Grants Not Restricted to Specific Programs	82,915	84,043	(1,128)
Miscellaneous	<u>1,455,011</u>	<u>573,834</u>	<u>881,177</u>
<b>Total General Revenues</b>	<u>29,982,116</u>	<u>27,947,076</u>	<u>2,035,040</u>
<b>Program Revenues:</b>			
Charges for Services	<u>3,593,427</u>	<u>3,894,888</u>	<u>(301,461)</u>
<b>Total Program Revenues</b>	<u>3,593,427</u>	<u>3,894,888</u>	<u>(301,461)</u>
<b>Total Revenues</b>	<u>33,575,543</u>	<u>31,841,964</u>	<u>1,733,579</u>
<b>EXPENSES</b>			
Personnel	23,546,496	19,975,399	3,571,097
Material and Services	3,930,771	3,988,663	(57,892)
Depreciation	1,207,338	1,290,851	(83,513)
Interest on Debt	<u>51,635</u>	<u>66,252</u>	<u>(14,617)</u>
<b>Total Expenses</b>	<u>28,736,240</u>	<u>25,321,165</u>	<u>3,415,075</u>
<b>Change in Net Position</b>	4,839,303	6,520,799	(1,681,496)
<b>Net Position - Beginning of Year</b>	<u>12,466,602</u>	<u>5,945,803</u>	<u>6,520,799</u>
<b>Net Position - End of Year</b>	<u>\$ 17,305,905</u>	<u>\$ 12,466,602</u>	<u>\$ 4,839,303</u>

Property taxes increased by approximately 4% from last year, primarily due to increases in real estate assessed valuations, return of excess Educational Revenue Augmentation Fund (ERAF) contributions, and residuals from redevelopment agencies. Miscellaneous revenue increased by 154%, primarily due to higher Medi-Cal cost reimbursements for ambulance transports (in particular the Federal matching contributions) attributed to the inclusion of optional expansion members (a large portion of the uninsured population) under the Affordable Care Act (ACA). Personnel expenses increased 18% due primarily to an increase in the net pension liability and related deferred inflows and outflows that will be recognized in future periods.

# NOVATO FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES

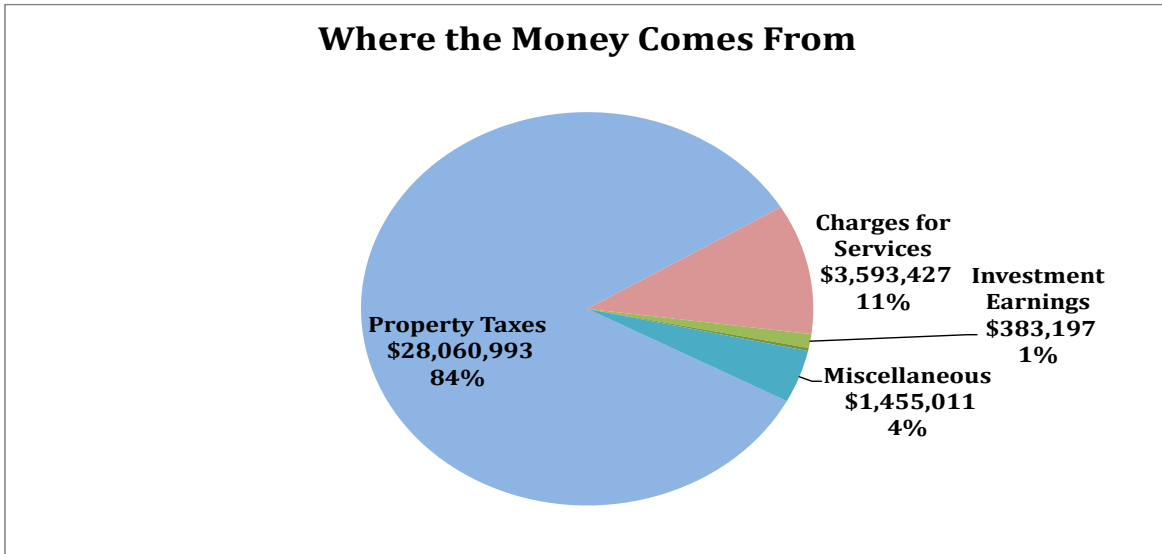
The following presents a three-year trend of data for revenues, expenses, and change in net position.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>REVENUES</b>			
<b>General Revenues:</b>			
Property Taxes	\$ 28,060,993	\$ 27,021,252	\$ 25,684,707
Investment Earnings	383,197	267,947	133,664
Grants Not Restricted to Specific Programs	82,915	84,043	84,756
Miscellaneous	<u>1,455,011</u>	<u>573,834</u>	<u>252,398</u>
<b>Total General Revenues</b>	<u>29,982,116</u>	<u>27,947,076</u>	<u>26,155,525</u>
<b>Program Revenues:</b>			
Charges for Services	<u>3,593,427</u>	<u>3,894,888</u>	<u>4,531,999</u>
<b>Total Program Revenues</b>	<u>3,593,427</u>	<u>3,894,888</u>	<u>4,531,999</u>
<b>Total Revenues</b>	<u>33,575,543</u>	<u>31,841,964</u>	<u>30,687,524</u>
<b>EXPENSES</b>			
Personnel	23,546,496	19,975,399	22,990,911
Material and Services	3,930,771	3,988,663	3,883,965
Depreciation	1,207,338	1,290,851	1,386,291
Interest on Debt	<u>51,635</u>	<u>66,252</u>	<u>79,334</u>
<b>Total Expenses</b>	<u>28,736,240</u>	<u>25,321,165</u>	<u>28,340,501</u>
<b>Change in Net Position</b>	4,839,303	6,520,799	2,347,023
<b>Net Position - Beginning of Year</b>	<u>12,466,602</u>	<u>5,945,803</u>	<u>3,598,780</u>
<b>Net Position - End of Year</b>	<u>\$ 17,305,905</u>	<u>\$ 12,466,602</u>	<u>\$ 5,945,803</u>

Total revenues increased by 9% from 2018 to 2020, primarily due to growth in assessed valuations of taxable property. Expenses remained relatively flat over the three-year period, excluding the effects of changes in the net pension liability and net OPEB liability and related accounting deferrals on personnel expenses. As a result, net position grew from \$5.9 million to \$17.3 million over the past three years.

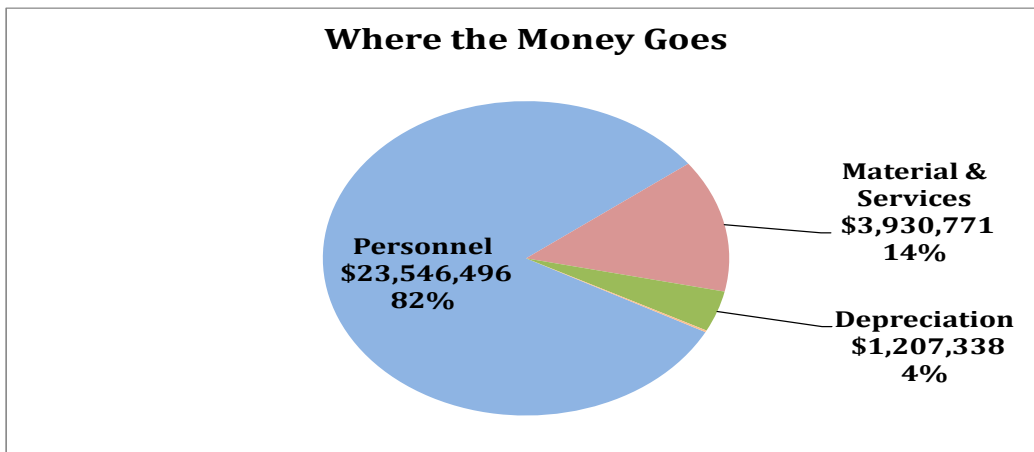


# NOVATO FIRE PROTECTION DISTRICT STATEMENT OF ACTIVITIES



**Property Taxes** – The District receives the majority of its revenue from property taxes. This includes secured property (real estate), unsecured property (business property), special assessments, and Education Revenue Augmentation Fund.

**Charges for Services** – The District generates revenue from ambulance service fees, fire inspection and plan check fees, and state and federal reimbursements for mutual aid assistance.

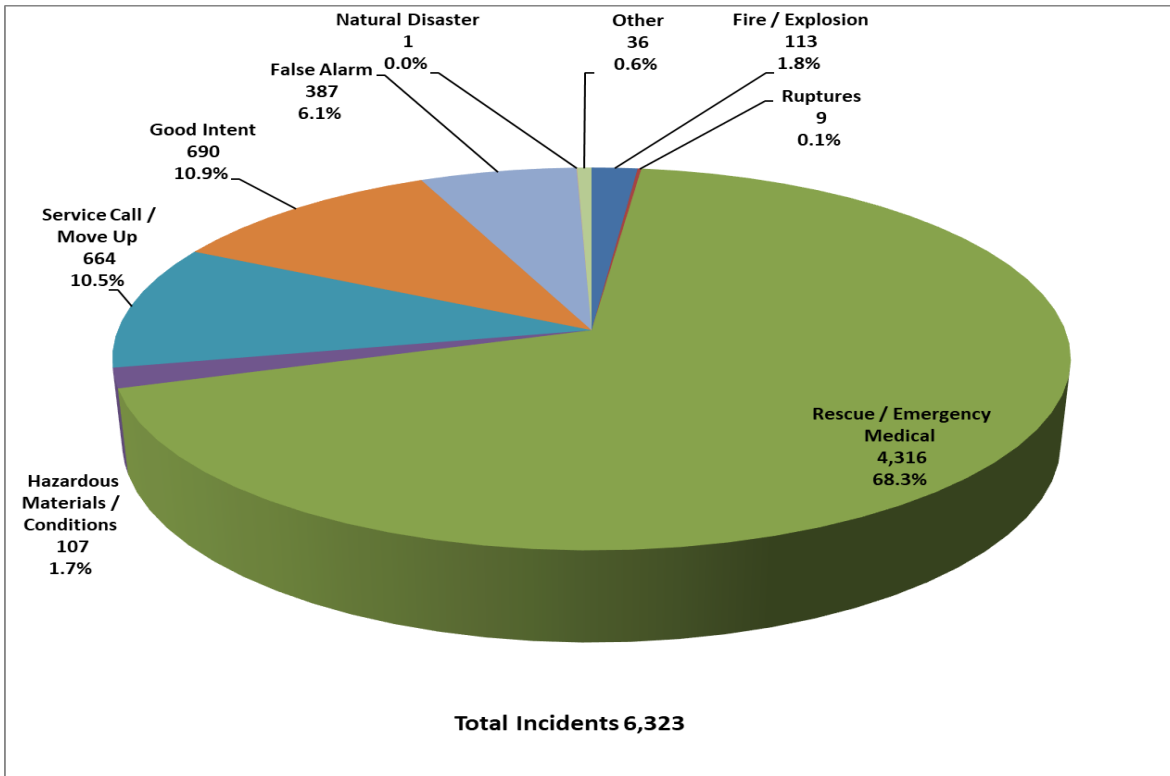


**Personnel** – The majority of District expenses is in personnel costs. This includes salaries, overtime, health insurance, retirement and Workers Compensation.

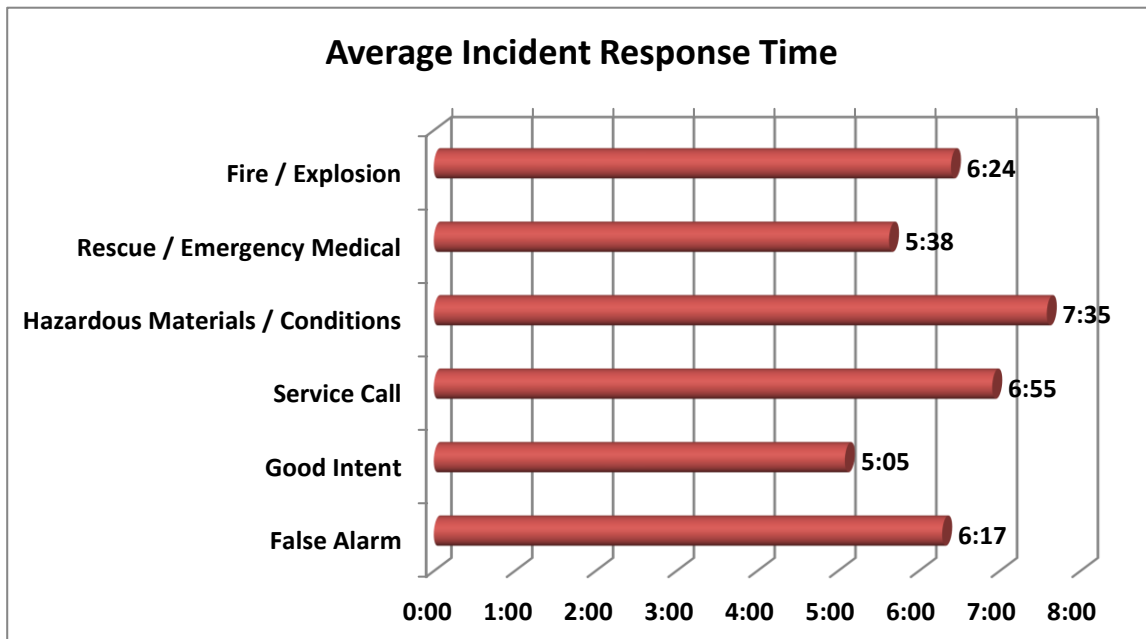
**Material & Services** – This includes insurance, utilities, fuel, maintenance on facilities and equipment, dispatch services, County of Marin fees, computer hardware and software, etc.

**Depreciation** – This is a periodic expense related to long life assets, such as building facilities, fire apparatus and equipment. Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives.

# NOVATO FIRE PROTECTION DISTRICT DISTRICT STATISTICS

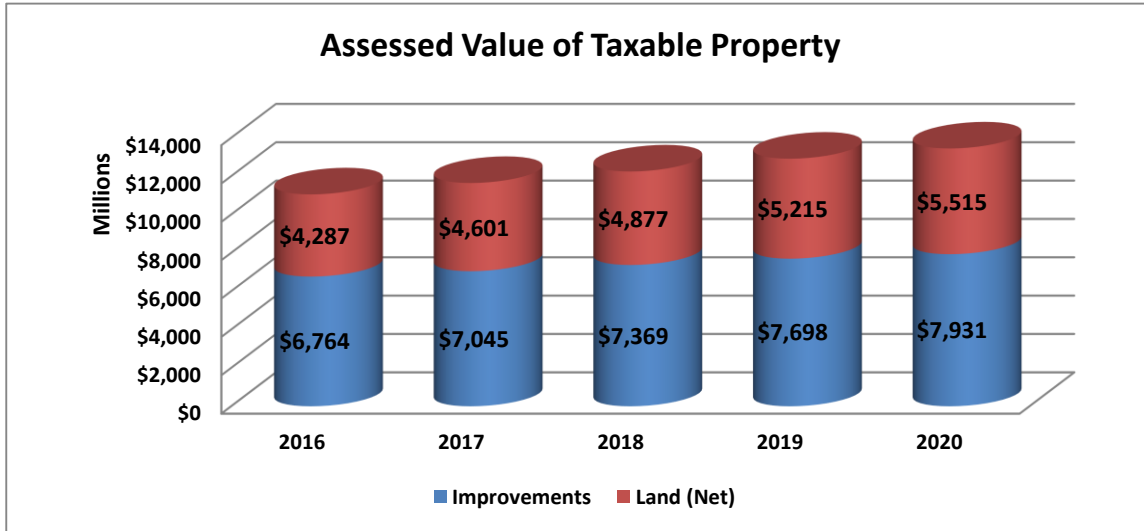


During 2019-20, the District responded to 6,323 incidents. 4,316 of the incidents were for Emergency Medical Services, or 68.3% of the total. 113 incidents or 1.8% were due to fires. Please refer to the CAFR for more detailed information.

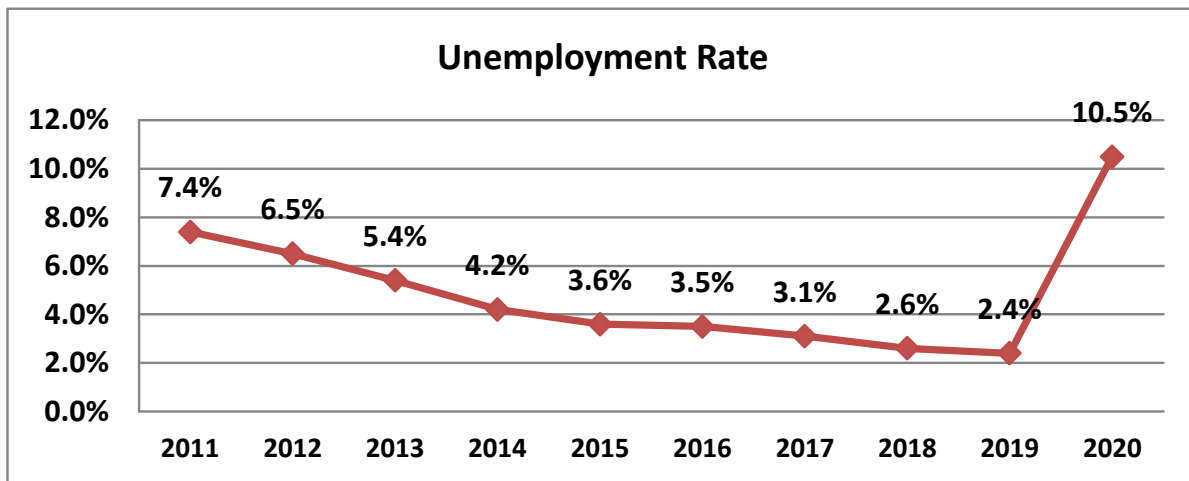


This bar chart illustrates average response time by incident type during 2019-20. The District goal is to respond to 90% of all emergency calls within eight minutes.

# NOVATO FIRE PROTECTION DISTRICT DISTRICT STATISTICS



This chart illustrates the growth in assessed valuation of real estate, which is the basis for property tax revenues. The District receives 84% of its revenues from property taxes, and its budgets are significantly impacted by fluctuations in real estate valuations. Projections are for slow to modest growth in assessed valuations in 2021, as the strength and resiliency in the housing market is expected to continue with the high stock market valuations, tight housing supply, and low interest rates. However, it is difficult to assess the long-term effects of the economic fallout from the prolonged shutdowns on small businesses and service workers and whether the resulting job losses will be fully recovered. Any impact on the housing market and real estate valuations typically lags these leading economic indicators. Please refer to the CAFR for more detailed information.



After falling to record lows, the local unemployment rate spiked to 10.5% in 2020 as large sectors of the economy were shutdown in response to the pandemic. While high and middle wage employment rates appear to be levelling off, low wage employment rates do not seem to be recovering. As a significant portion of the population becomes vaccinated, which is not expected to occur until the second half of 2021, it remains to be seen whether employment rates return to their pre-pandemic levels. Please refer to the CAFR for more detailed information.