

SECOND DISTRICT VOLUNTEER FIRE  
DEPARTMENT AND RESCUE SQUAD, INC.  
NOTICE OF PUBLIC HEARING FOR  
RESIDENTS OF THE SECOND AND NINTH  
ELECTION DISTRICTS  
PROPOSAL BY SECOND DISTRICT VFD & VRS, INC.  
TO INCREASE THE FIRE AND RESCUE TAX RATES  
EFFECTIVE JULY 1, 2018

Residents of the Second Election District and residents of the Ninth Election District have their Fire and Rescue services provided by Second District Volunteer Fire Department and Rescue Squad, Inc. The funding for this service is provided from several sources, principally the district-specific Fire Tax and Rescue Tax, the county-wide Emergency Services Support Tax, and fund raising by the Second District Volunteer Fire Department and Rescue Squad, Inc. The Ninth Election District is served by the Second District VFD and VRS.

The Second District Volunteer Fire Department and Rescue Squad, Inc. is seeking approval from the Commissioners of St. Mary's County to increase the Fire Tax rate within the Second and Ninth Election District and also the Rescue Tax Rate in the Second and Ninth District effective July 1, 2018. Second District Volunteer Fire Department and Rescue Squad, Inc. is seeking this increase because, in developing their FY2019 budget, they have identified a need for additional funding in the amount of \$226,326 annually for increased operational expenses and deficits, lifesaving equipment, and debt service on loans needed to pay for the construction of a new facility. This increased funding is proposed to be raised by increasing the Second District Fire Tax rate from \$.044 to \$.056, increasing the Ninth District Fire Tax rate from \$.036 to \$.056, and the Second and Ninth District Rescue Tax rate from \$.008 to \$.017 per \$100 of assessed value. Based on an estimated 3,721 properties in the Second Election District, and 226 in the Ninth Election District, the increase is expected to average \$55.32 per property in the 2nd District and \$90.65 per property in the 9th District for the first year. Each property will be impacted differently. The actual amount of the increase will depend upon the value of the land and improvements as established by the State Department of Assessments and Taxation.

**NOTICE IS HEREBY GIVEN** that a public hearing for residents of the Second Election District and Ninth Election District will be held on February 22, 2018 at 7pm, at the Second District Volunteer Fire Department and Rescue Squad, 45245 Drayden Road, Valley Lee, MD 20692. At that time, a representative of Second District Volunteer Fire Department and Rescue Squad will make a presentation regarding these budgetary needs, and respond to questions, as appropriate. Documents relating to this proposal, including audit report and budget information, are available at Second District Volunteer Fire Department and Rescue Squad, 45245 Drayden Road, Valley Lee, MD 20692, the Public Information Office, Chesapeake Building, 41770 Baldrige Street, Leonardtown, MD, 20650, and each of the three public libraries in St. Mary's County, during regular business hours. Public comment and participation is encouraged.

Written comments on this hearing should be submitted to the attention of the Commissioners of St. Mary's County, P.O. Box 653, 41770 Baldrige Street, Leonardtown, MD 20650 through March 1, 2018. The Commissioners of St. Mary's County will also accept testimony regarding this matter on April 17, 2018 at Great Mills High School, and will make a decision on May 15, 2018, in connection with the adoption of the annual budget.

Second District Volunteer Fire Department and  
Rescue Squad, Inc.

By: John P. Caulder II, President

2764635 EN

2-9-2-16-18



**Askey, Askey & Associates, CPA, LLC**

P.O. Box 662 • 23507 Hollywood Road • Leonardtown, Maryland 20650  
301-475-5671 • Fax 301-475-9108

105 Centennial Street, Suite D • La Plata, Maryland 20646  
301-934-5780 • Fax 301-934-9162  
301-645-8688 • Fax 301-843-4084

January 8, 2018

Mr. Michael Scrivener, Treasurer  
Second District Volunteer Fire Department  
and Rescue Squad, Inc.  
P.O. Box 1  
Valley Lee, MD 20692

Dear Mr. Scrivener,

Enclosed please find:

- 1) A draft financial statement for the audit of *Second District Volunteer Fire Department and Rescue Squad, Inc.* for the years ended June 30, 2017 and 2016;
- 2) A Board of Directors' representation letter from you to us setting forth representations made about the audit. Please copy this letter on your letterhead and provide us a signed copy for our files once you've had an opportunity to review the financial statements;
- 3) A draft Communication With Those Charged with Governance letter;
- 4) A draft Communication of Significant Deficiencies and Material Weaknesses letter;  
and
- 5) Adjusting Journal Entries. Please record at June 30, 2017 year-end.

Sincerely,

*Christa Hood, CPA*

Christa Hood, CPA

Enclosures

**SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT  
AND RESCUE SQUAD, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2017 and 2016**

**DRAFT**

**TABLE OF CONTENTS**

**Independent Auditors' Report**.....1-2

**Financial Statements:**

**Statements of Financial Position (Exhibit A)** .....3

**Statements of Activities and Changes in Net Assets (Exhibit B)** .....4

**Statements of Functional Expenses (Exhibit C)** .....5

**Statements of Cash Flows (Exhibit D)** .....6

**Notes to Financial Statements**.....7-13

**DRAFT**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Second District Volunteer Fire Department  
and Rescue Squad, Inc.  
Valley Lee, Maryland

We have audited the accompanying financial statements of Second District Volunteer Fire Department and Rescue Squad, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**DRAFT**

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second District Volunteer Fire Department and Rescue Squad, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**DRAFT**

**CERTIFIED PUBLIC ACCOUNTANTS**

Leonardtown, Maryland  
January 8, 2018

**EXHIBIT A**

**SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT  
AND RESCUE SQUAD, INC.  
Statements of Financial Position  
June 30, 2017 and 2016**

	<b>Assets</b>	
	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 129,334	\$ 830,093
Fire and Rescue Tax Funds Receivable	1,299	3,442
Investments	1,229,174	689,699
Prepaid Insurance	<u>44,542</u>	<u>42,797</u>
<b>Total Current Assets</b>	<u>1,404,349</u>	<u>1,566,031</u>
Deposit on Boat Equipment	19,000	
Investments Designated for Capital Purchases	1,772,104	1,248,574
Property and Equipment, Net of Accumulated Depreciation	<u>2,177,947</u>	<u>2,256,506</u>
<b>Total Assets</b>	<u><u>5,373,400</u></u>	<u><u>5,071,111</u></u>
	<b>Liabilities &amp; Net Assets</b>	
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	35,088	13,248
Loan Payable - Current Portion	<u>33,206</u>	<u>33,493</u>
<b>Total Current Liabilities</b>	68,294	46,741
Loan Payable - Long-Term Portion	<u>170,849</u>	<u>204,054</u>
<b>Total Liabilities</b>	<u>239,143</u>	<u>250,795</u>
<b>Net Assets</b>		
Unrestricted - Board Designated Funds	1,772,104	1,248,574
Other Unrestricted Net Assets	3,361,653	3,549,807
Temporarily Restricted Net Assets	<u>500</u>	<u>21,935</u>
<b>Total Net Assets</b>	<u>5,134,257</u>	<u>4,820,316</u>
<b>Total Liabilities &amp; Net Assets</b>	\$ <u><u>5,373,400</u></u>	\$ <u><u>5,071,111</u></u>

**DRAFT**

The Accompanying Notes to Financial Statements  
Are an Integral Part of These Financial Statements

EXHIBIT B

SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT AND RESCUE SQUAD, INC.  
 Statements of Activities and Changes in Net Assets  
 For the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>						
Fire and Rescue Taxes	\$ 562,804	\$	\$ 562,804	\$ 555,111	\$	\$ 555,111
Donated Services Income	118,104		118,104	110,275		110,275
Government Appropriations - Pension	92,412		92,412	88,135		88,135
Investment Income (Net of Investment Fees)	59,146		59,146	26,658		26,658
Realized/Unrealized Gain (Loss) on Investments	53,673		53,673	(34,986)		(34,986)
Fundraisers	47,982		47,982	55,171		55,171
County Funding	42,300		42,300	42,000		42,000
Maryland State 508 Funds		23,077	23,077		20,615	20,615
Donations	14,041	500	14,541	18,639		18,639
Rentals	7,275		7,275	2,850		2,850
Other Grants	2,644		2,644			
Other Income	2,503		2,503	12,916		12,916
Net Assets Released from Restrictions	45,012	(45,012)		21,420	(21,420)	
<b>Total Support and Revenue</b>	<b>1,047,896</b>	<b>(21,435)</b>	<b>1,026,461</b>	<b>898,189</b>	<b>(805)</b>	<b>897,384</b>
<b>Expenses</b>						
Program Activity	641,613		641,613	569,975		569,975
Management and General	56,932		56,932	51,672		51,672
Fundraising	13,975		13,975	24,051		24,051
<b>Total Expenses</b>	<b>712,520</b>		<b>712,520</b>	<b>645,698</b>		<b>645,698</b>
<b>Change in Net Assets</b>	<b>335,376</b>	<b>(21,435)</b>	<b>313,941</b>	<b>252,491</b>	<b>(805)</b>	<b>251,686</b>
Net Assets - Beginning of Fiscal Year	4,798,381	21,935	4,820,316	4,545,890	22,740	4,568,630
<b>Net Assets - End of Fiscal Year</b>	<b>\$ 5,133,757</b>	<b>\$ 500</b>	<b>\$ 5,134,257</b>	<b>\$ 4,798,381</b>	<b>\$ 21,935</b>	<b>\$ 4,820,316</b>

DRAFT

The Accompanying Notes to Financial Statements  
 Are an Integral Part of These Financial Statements



EXHIBIT C

SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT AND RESCUE SQUAD, INC.  
 Statements of Functional Expenses  
 For the Years Ended June 30, 2017 and 2016

	2017			2016				
	Program Activity	Supporting Activities Management & General	Supporting Activities Fundraising	Total	Program Activity	Supporting Activities Management & General	Supporting Activities Fundraising	Total
Depreciation	\$ 165,095	\$	\$	\$ 165,095	\$ 172,576	\$	\$	\$ 172,576
Donated Services Expense	118,104			118,104	110,275			110,275
Pension Expense	92,412			92,412	88,135			88,135
Protective Clothing	46,018			46,018	5,760			5,760
Insurance	44,040			44,040	42,959			42,959
Apparatus Maintenance and Repair	38,020			38,020	16,161			16,161
Fire and Rescue Supplies	33,599			33,599	15,704			15,704
Building and Grounds Maintenance	29,688			29,688	34,395		9,448	43,843
Utilities	28,799			28,799	35,386			35,386
Awards and Banquets		18,054		18,054		19,870		19,870
Minor Equipment Purchases	17,416			17,416	14,301			14,301
Fundraising Expenses			13,975	13,975			14,603	14,603
Administrative Expenses		13,163		13,163		13,930		13,930
Meetings and Conventions		12,293		12,293		2,137		2,137
Professional Services		9,366		9,366		11,201		11,201
Motor Fuels	8,810			8,810	8,707			8,707
Radio Communications	8,187			8,187	4,705			4,705
Training and Wellness	5,155			5,155	2,268			2,268
Miscellaneous		4,056		4,056		4,534		4,534
Public Safety Programs	3,067			3,067	9,267			9,267
Equipment Maintenance and Repair	2,090			2,090	8,219			8,219
Interest Expense	1,113			1,113	1,157			1,157
<b>Total</b>	<b>\$ 641,613</b>	<b>\$ 56,932</b>	<b>\$ 13,975</b>	<b>\$ 712,520</b>	<b>\$ 569,975</b>	<b>\$ 51,672</b>	<b>\$ 24,051</b>	<b>\$ 645,698</b>

DRAFT

The Accompanying Notes to Financial Statements  
 Are an Integral Part of These Financial Statements

**EXHIBIT D**

**SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT  
AND RESCUE SQUAD, INC.  
Statements of Cash Flows  
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>	<b>\$ 313,941</b>	<b>\$ 251,686</b>
Change in Net Assets		
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	165,095	172,576
Realized and Unrealized (Gain) Loss on Investments	(53,673)	34,986
Net Decrease (Increase) in:		
Fire and Rescue Tax Funds Receivable	2,143	9,076
Rental Receivable		325
Prepaid Insurance	(1,744)	1,852
Net Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	21,840	2,829
<b>Net Cash Provided By Operating Activities</b>	<b><u>447,602</u></b>	<b><u>473,330</u></b>
<b>Cash Flows Provided by Investing Activities</b>		
Purchase of Property and Equipment	(86,536)	(74,845)
Net Proceeds from Cash Designated for Capital Purchases		534,312
Deposit on Boat Equipment	(19,000)	
Withdrawal from Investments	100,000	
Proceeds from Sale of Investments	30,353	459,511
Purchase of Investments	(1,139,685)	(1,703,838)
<b>Net Cash Used by Investing Activities</b>	<b><u>(1,114,869)</u></b>	<b><u>(784,860)</u></b>
<b>Cash Flows Used by Financing Activities</b>		
Principal Payments on Loan Payable	(33,492)	(33,450)
<b>Net Change in Cash and Cash Equivalents</b>	<b>(700,759)</b>	<b>(344,980)</b>
Cash and Cash Equivalents - Beginning of Fiscal Year	830,093	1,175,073
<b>Cash and Cash Equivalents - End of Fiscal Year</b>	<b><u>\$ 129,334</u></b>	<b><u>\$ 830,093</u></b>
<b>Supplemental Information:</b>		
Cash Paid for Interest	<u>\$ 1,113</u>	<u>\$ 1,157</u>

The Accompanying Notes to Financial Statements  
Are an Integral Part of These Financial Statements

DRAFT

**SECOND DISTRICT VOLUNTEER FIRE DEPARTMENT  
AND RESCUE SQUAD, INC.  
Notes to Financial Statements  
June 30, 2017 and 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

Second District Volunteer Fire Department and Rescue Squad, Inc. (the Department) is a non-profit organization that was organized to provide fire protection and rescue services in the second and ninth election districts of St. Mary's County, Maryland. The Department is operated by volunteers. The Department's support comes primarily from local government fire and rescue tax, grants, and other government appropriations.

***Basis of Accounting***

The financial statements of Second District Volunteer Fire Department and Rescue Squad, Inc. have been prepared in accordance with United States of America generally accepted accounting principles on the accrual basis of accounting. Accordingly, revenue is recognized as it is earned and expenses are recorded as incurred.

***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence *or* absence of donor-imposed restrictions. Net assets of the Department and changes therein are classified and reported as follows:

***Unrestricted net assets*** – Net assets that are not subject to donor-imposed stipulations.

***Temporarily restricted net assets*** – Net assets that are available for use, but expendable only for those purposes specified by the donor.

***Permanently restricted net assets*** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Department.

See Note 11 for a description of the temporarily restricted net assets held at June 30, 2017 and 2016.

**DRAFT**

### ***Contributions***

Contributions, including unconditional promises to give, are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### ***Income Taxes***

The Department is a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code and is classified as other than a private foundation. It is exempt from paying federal income tax on any income except unrelated business income. No provision has been made for income taxes as the Department has no significant unrelated business income. The Department's federal information returns are generally subject to examination by the Internal Revenue Service for three years after the date they are filed.

### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, cash and cash equivalents consist of funds held at financial institutions in checking, savings, money market accounts and certificates of deposit maturing within 6 months unless they are designated for long-term purposes by the Board of Directors or received with donor-imposed restrictions limiting their use to long-term purposes.

### ***Property and Equipment***

Land, building, furniture, equipment and vehicles are recorded at cost as of the date of acquisition or fair value as of the date of contribution. The Department's policy is to capitalize all asset purchases of \$5,000 or more. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Buildings and improvements are depreciated over estimated useful lives ranging from 15 to 40 years. Furniture, equipment, and vehicles are depreciated over their estimated useful lives ranging from 5 to 20 years.

### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

**DRAFT**

### ***Fair Value of Financial Instruments***

Unless otherwise indicated, the fair value of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

### ***Functional Classification of Expenses***

The cost of providing program and supporting activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

## **2. INVESTMENTS**

The Department follows the requirements of the Financial Accounting Standards Board (FASB) to account for its investments at their fair values. The FASB provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Department uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Department measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. The Department's investments designated for capital purchases consist of the following investments that have been valued at fair market value based on the amounts provided by Vanguard Group and Edward Jones as of June 30, 2017 and 2016, using quoted market prices for identical assets (Level 1 Fair Value Measurements):

	<u>2017</u>	<u>2016</u>
Mutual Funds	\$ 1,772,104	\$ 1,248,574

The Department's undesignated investments consist of the following investment that have been valued at fair market value base on the amount provided by Edward Jones as of June 30, 2017 and 2016, using quoted market prices for identical assets (Level 1 Fair Value Measurements):

	<u>2017</u>	<u>2016</u>
Mutual and Exchange Traded Funds	\$ 1,227,656	\$ 351,449
Money Market	1,518	15,342
Common Stock		322,908
Total	<u>\$ 1,229,174</u>	<u>\$ 689,699</u>

Total realized and unrealized gains on investments for the year ended June 30, 2017 was \$53,673. Total realized and unrealized losses on investments for the year ended June 30, 2016 was \$34,986. Total investment income related to the above investments was \$70,012 and \$37,439 for the years ending June 30, 2017 and 2016, respectively and is included in investment income in the statement of activities. Total investment fees were \$10,985 and \$12,072 for the years ending June 30, 2017 and 2016, respectively and are netted with investment income in the statement of activities.

### 3. DEPOSIT ON BOAT EQUIPMENT

In May 2017, the Maryland Department of Natural Resources donated a boat to the Department, to be used for the control of wildland fires. At the time of donation, additional work was needed to place the boat in service. At June 30, 2017, the deposit on boat equipment include deposits on a boat motor and electrical equipment. Subsequent to year-end, the Department paid approximately \$48,000 in remaining costs of the boat motor and electrical equipment.

### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 192,665	\$ 192,665
Building and Improvements	1,339,455	1,299,132
Construction in Progress	104,650	97,500
Apparatus and Equipment	<u>2,655,345</u>	<u>2,674,217</u>
	4,292,115	4,263,514
Less: Accumulated Depreciation	<u>(2,114,168)</u>	<u>(2,007,008)</u>
	<u>\$ 2,177,947</u>	<u>\$ 2,256,506</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$165,095 and \$172,576, respectively.

The Department is in the planning phase of constructing a new facility on the same property that the Department currently occupies. In April 2017, the Department entered into a contract with an architect for a base amount of approximately \$487,000. At June 30, 2017 and 2016, the Department has incurred costs of \$104,650 and 97,500, respectively, for the architectural plans and feasibility study of the new facility.

### 5. NOTE PAYABLE

In June 2008, the Department obtained a loan with the Board of County Commissioners of St. Mary's County, Maryland for \$500,000. The loan proceeds were used to finance the expansion of the Department's facilities in Valley Lee, Maryland. The loan bears interest at one half percent and is payable in monthly installments of \$2,884. The loan matures in June

2023, and is secured by the related improvements and real estate. Future maturities of the loan are as follows for the years ending June 30:

2018	33,206
2019	33,829
2020	33,999
2021	34,169
2022	34,340
Thereafter	<u>34,512</u>
Total	\$ 204,055
Less: Current Portion	<u>(33,206)</u>
Long-Term Portion	\$ <u>170,849</u>

## 6. CONCENTRATIONS

During the year ending June 30, 2016, the Department maintained operating cash and cash equivalent balances in excess of the federally insured limits, as well as a money market fund (Vanguard Prime Money Market Fund) that is not federally insured. At June 30, 2017, there were no uninsured operating cash and cash equivalents. Total uninsured operating cash and cash equivalents in the Vanguard Prime Money Market Fund was approximately \$662,000 at June 30, 2016.

The Department receives a significant amount of funding from St. Mary's County, Maryland. A significant reduction in the level of this funding, if it were to occur, may have a significant effect on the Department's programs and activities.

## 7. DONATED SERVICES

The Department's functions are accomplished entirely by unpaid volunteers. Donated services are included in program revenue and expenses in the accompanying financial statements at their estimated fair market value at the date of receipt and totaled \$18,104 for the year ended June 30, 2017. Total volunteer hours that met the criteria for recognition in the financial statements for the year ended June 30, 2017, was 4,892. For the year ended June 30, 2017, donated volunteer hours were valued at \$24.14 an hour.

The donated services for the year ended June 30, 2016 were restated in the Statement of Activities and the Statement of Functional Expenses, due to an error in calculation of the hours. The total volunteer hours that met the criteria for recognition were 4,681. These hours were valued at \$23.56 per hour for a total value of \$110,275. Originally, the total hours were reported to be 8,215 for a total value of \$193,543. The restatement does not affect the change in net assets for the year ended June 30, 2016.

## **8. BOARD DESIGNATED FUNDS**

The Board of Directors of the Department has designated certain investment accounts for future capital purchases.

Board designated investments totaled \$1,772,104 and \$1,248,574 at June 30, 2017 and 2016, respectively.

## **9. RETIREMENT BENEFITS**

In 1980, the St. Mary's County Board of County Commissioners established a retirement system for volunteer firefighters and rescue personnel. Benefits are based upon length of service for qualified active volunteer members of St. Mary's County Volunteer Fire Companies and Volunteer Rescue Squads. An active member is defined as a person who has accumulated a minimum of fifty (50) points per calendar year in accordance with a point system. This program is funded and administered by the County Commissioners by annual appropriations. Total contributions by the County on behalf of the Department were \$92,412 and \$88,135 for the years ending June 30, 2017 and 2016, respectively. These amounts have been included in support and program expenses in the accompanying financial statements.

## **10. RELATED PARTY TRANSACTIONS**

The Auxiliary to the Department is organized specifically to assist the Department through promotion and fundraising affairs. The assets, income and expenses of the Auxiliary are included in these financial statements. Effects of inter-company transactions have been eliminated in the accompanying financial statements.

In addition, the Department may purchase goods or services from companies that are affiliated with or owned by members, directly or indirectly. Items purchased are priced at competitive rates and are generally considered to be immaterial to the financial statements. During the years ending June 30, 2017 and 2016, the department purchased cleaning services from a company owned by a member totaling \$13,385 and \$6,720 respectively.

## **11. TEMPORARILY RESTRICTED NET ASSETS**

The Department received \$23,077 and \$20,615 in funds from the Senator William H. Amoss Fire, Rescue and Ambulance Fund, referred to as Maryland State 508 Funds, during the years ended June 30, 2017 and 2016, respectively. These funds are required to be maintained in a separate checking account and are restricted to be used for specific purposes. At June 30, 2016, the unspent Maryland State 508 Funds totaled \$21,935.

The Department received a \$500 donation to be used toward construction of the new building. This amount is included in temporarily restricted net assets at June 30, 2017.



## **12. *SUBSEQUENT EVENTS***

Subsequent to year-end, the Department incurred approximately \$48,000 in additional costs for the donated boat. See also Note 3.

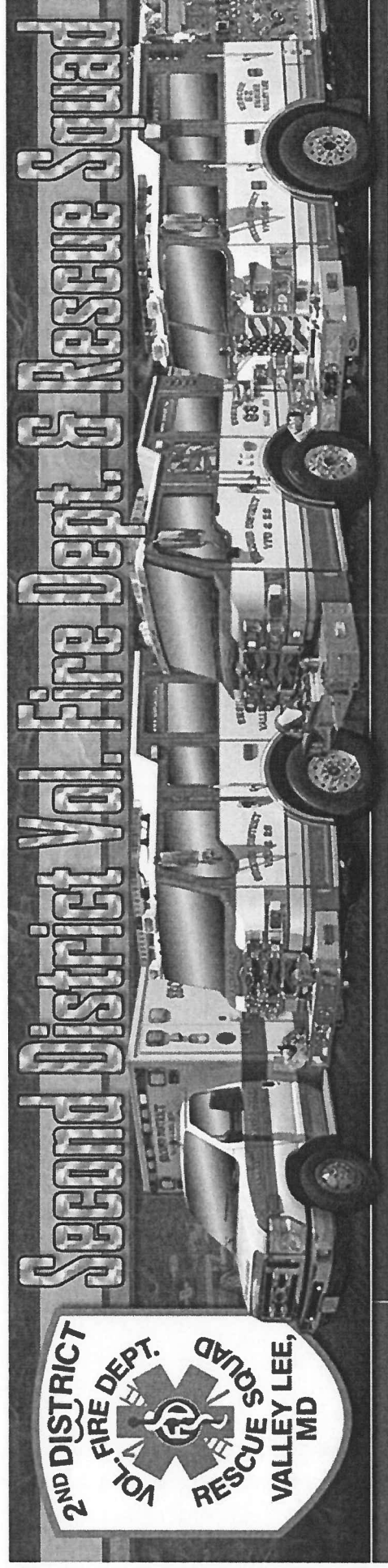
Subsequent to year-end, the Department incurred approximately \$165,000 in additional costs for the new facility. See also Note 4.

Management has considered and evaluated subsequent events through January 8, 2018, the date the financial statements were available to be issued.

**DRAFT**

# Second District Volunteer Fire Department & Rescue Squad

*Fire and EMS Tax Increase Proposal*



# Second District Volunteer Fire Dept. & Rescue Squad

## *Introductions*

- SDVFDERS - Michael Roberts
- Past Chief, Public Information Officer

# Second District Volunteer Fire Dept. & Rescue Squad

## *Purpose / Agenda*

- Purpose: Proposal of Fire and EMS Tax Increase
- Agenda:
  - Organization Mission + Department History
  - Existing Building Conditions and Rising Expenses
  - Current Tax Rates and Proposed Increase
  - Benefits to the Community
  - Financial Impact to Homeowners

# Second District Volunteer Fire Dept. & Rescue Squad

## *Mission*

- Protect the life and property in the 2<sup>nd</sup> and 9<sup>th</sup> Election Districts and neighboring (mutual aid) districts
- Provide a trained membership
- Continually foster improvements of its members and the community



# Second District Volunteer Fire Dept. & Rescue Squad

## *Department History*

- Founded: April 1, 1951 –  
McKays Beach Fire Department
- Name Change: 1959 –  
Second District Volunteer Fire Dept.
- Relocated: 1961 to current location -  
Drayden Road, Valley Lee
- Rescue Squad Added: July 3, 1973
- Name Change:  
Second District Vol. Fire Dept. & Rescue Squad

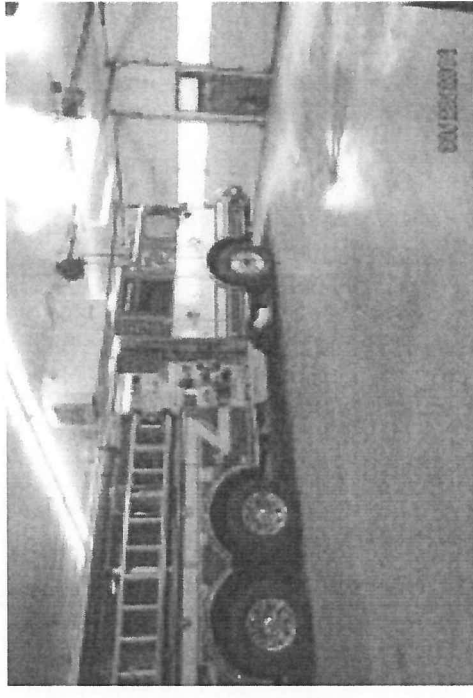


***Only combined Fire and EMS Organization in St. Mary's County***

# Second District Volunteer Fire Dept. & Rescue Squad

## *Current Station*

- Inadequate facilities to carry forward into **next 50 years**
- Undergone 6 renovations / additions (latest in 2007)
- 2014 – Feasibility Study supported need for a larger, more functional station (Hueber Breuer Const., Syracuse, NY)
- October 2016 – Membership Vote of Confidence to Build New Fire/EMS Station



The Apparatus Bays are narrow and short with little room for navigation or storage when the equipment is parked in the Bays

## Second District Volunteer Fire Dept. & Rescue Squad

### *New Station – Community Benefits*

- Emergency Response Improvement – Minutes Save Lives + Property
  - Reduce emergency response time - Members onsite longer;
    - Social Spaces include family members, Conditioned spaces
  - Safe, modern facility, right sized with decontamination zones.
    - Fitness facility in station
  - IT Infrastructure
  - Recruitment and Retention; Modern facility attracts & keeps younger members
- Increase Emergency Preparedness via Training
  - Adequate space for formalized training courses
  - More advanced and realistic Fire/EMS training spaces



## Second District Volunteer Fire Dept. & Rescue Squad *New Station – Community Benefits*

- Lower Homeowners Insurance Premiums
  - Reduced emergency vehicle response time; ISO (Insurance Services Office) Rating
- Phasing
  - Provide improved facility while continuing to serve community from existing station.
- Additional Spaces for Community Utilization – Existing Building
  - Support the Auxiliary and other Community Organizations (e.g. Boy Scouts, Red Cross, Elections)
  - SMC Public Works to review space for County utilization
  - Rehab of existing spaces per Community Input / Response

# Second District Volunteer Fire Dept. & Rescue Squad

## *Components of a Modern Station*

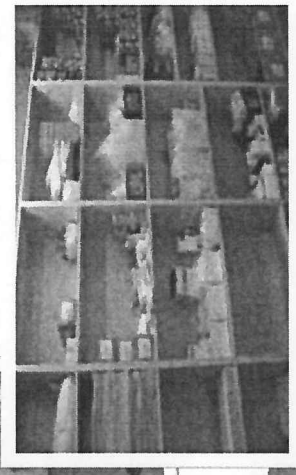
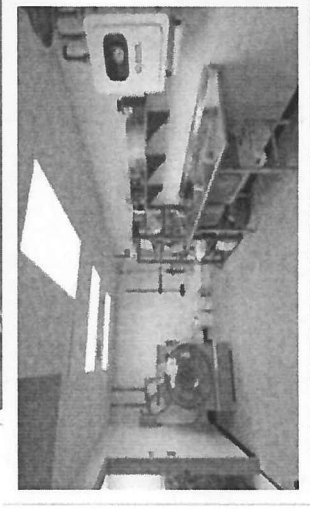
- Public Spaces
  - Lobby /Receptionist
  - Offices/conference room
  - Training / Community Room
  - File / Work Room
  - Conference Room
- Private Spaces
  - Dayroom / Kitchen / Dining
  - Sleep / Bunk Rooms
  - Toilets / Shower / Lockers
  - Physical Fitness Training



# Second District Volunteer Fire Dept. & Rescue Squad

## *Components of a Modern Station*

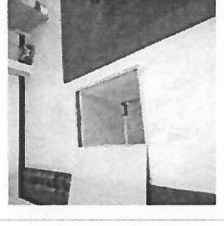
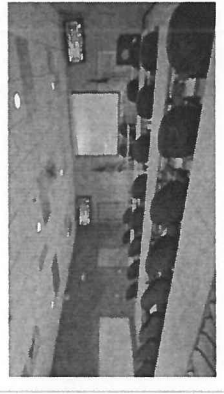
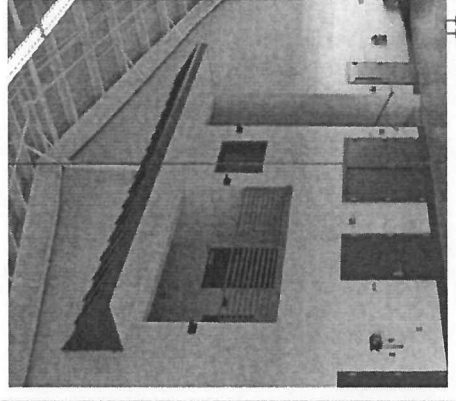
- Apparatus Spaces
  - Doors / Floors / Drains & Exhaust
  - Shop & Maintenance
  - Decontamination
  - EMS Storage
  - Laundry / Extractor
  - Outside Equipment Storage



# Second District Volunteer Fire Dept. & Rescue Squad

## *Components of a Modern Station*

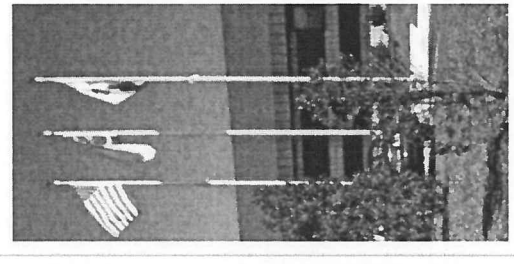
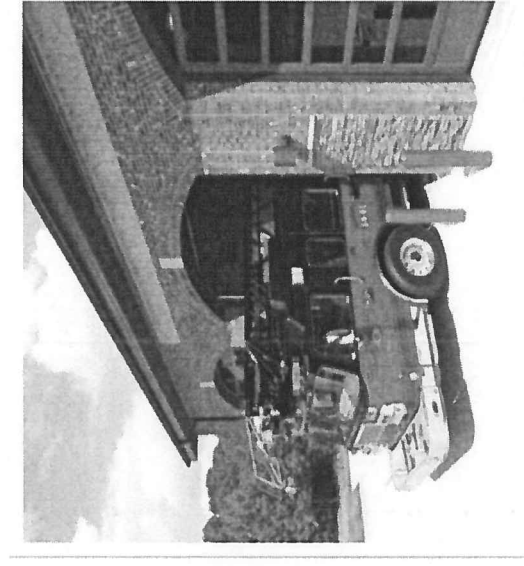
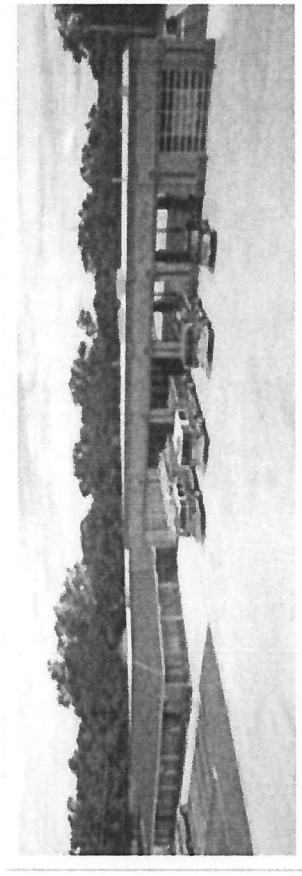
- Training Features
  - Classroom
  - Physical Fitness
  - Confined Space Rescue
  - High Angle Rescue
  - Ladder Rescue
  - Rappelling
  - Stokes Basket
  - Test / Drafting Pits
  - Stairwell Evolutions

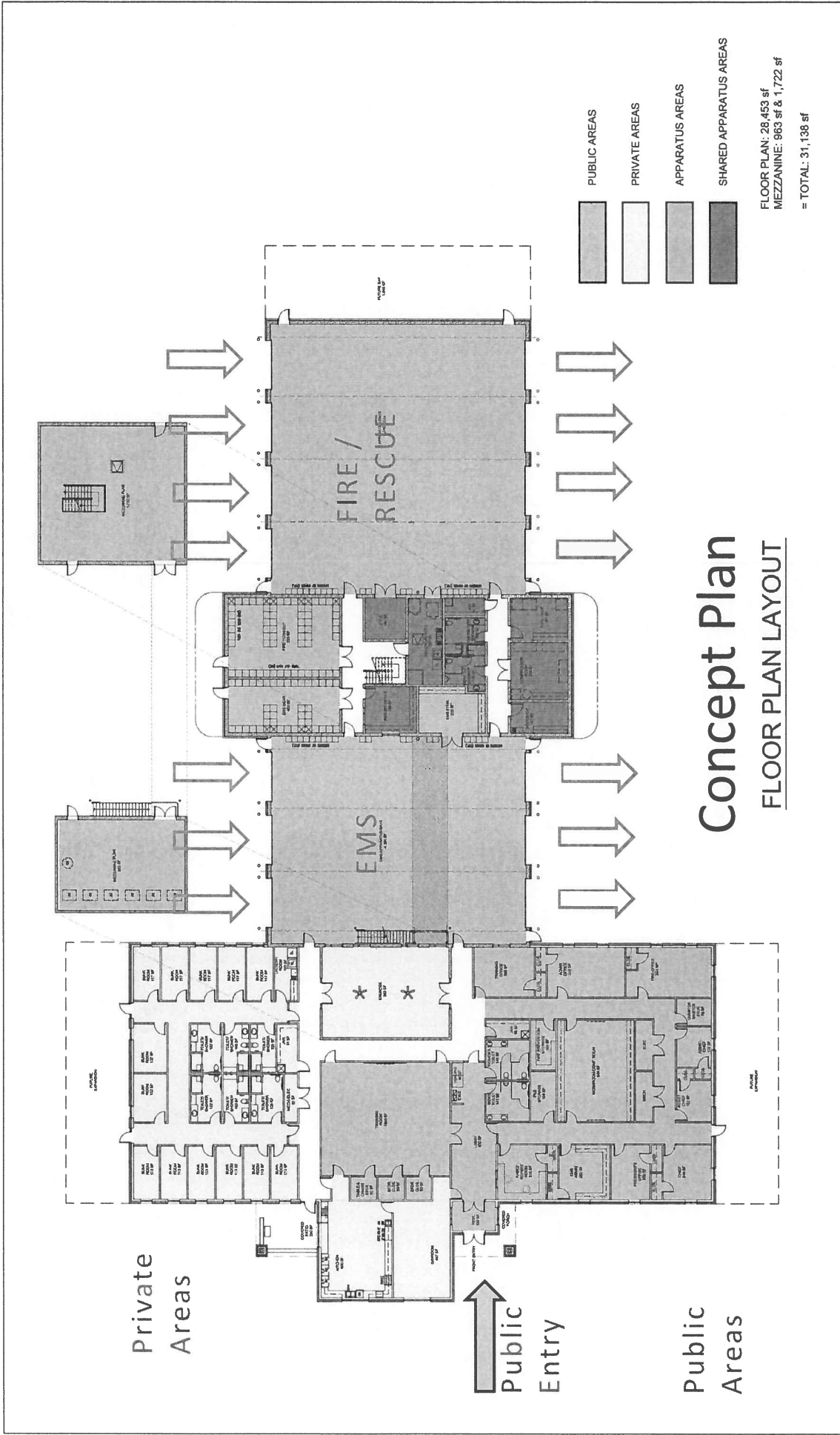


# Second District Volunteer Fire Dept. & Rescue Squad

## *Components of a Modern Station*

- Site Considerations
  - Drive Through
  - Parking
  - Wash Down
  - High-Speed Egress
  - Generator, Fuel and Water Tanks
- Materials
  - Maintenance Free & Durable
  - Exterior Finishes
  - Building Abuse Resistance from Ladders, Racks, Hoses
  - Heavy-Duty Paving





# Concept Plan

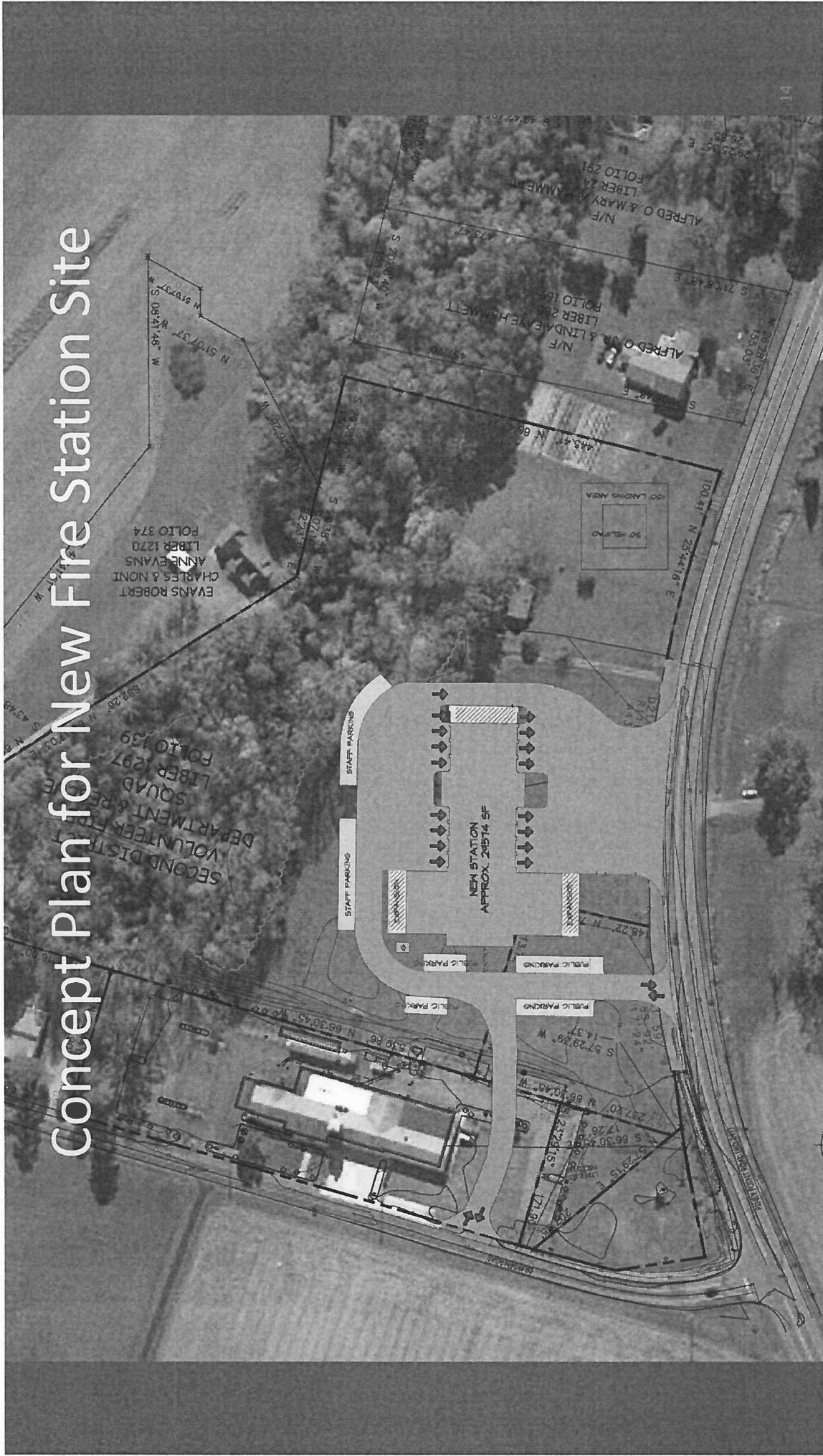
## FLOOR PLAN LAYOUT

- PUBLIC AREAS
- PRIVATE AREAS
- APPARATUS AREAS
- SHARED APPARATUS AREAS

FLOOR PLAN: 28,453 sf  
 MEZZANINE: 963 sf & 1,722 sf  
 = TOTAL: 31,138 sf



# Concept Plan for New Fire Station Site



## Second District Volunteer Fire Dept. & Rescue Squad

### *Increased Operational Expenses*

- Fire & EMS Deficit
  - New Equipment / Technology
- Cost to outfit a member with protective gear per OSHA / NFPA / State requirements:
  - Fire \$ 2,500, EMS \$1,500
  - Replace every 10 years or per damage/ defect inspections



## Second District Volunteer Fire Dept. & Rescue Squad

### *Increased Operational Expenses*

- EMS Supplies, Medications, and Patient Care Consumables
- Apparatus
  - Cost of new apparatus (increased size)
  - Vehicle maintenance / DOT requirements
- Fire and EMS Equipment
  - Safety / Regulations / Inspections

## Second District Volunteer Fire Dept. & Rescue Squad

### *Increased Operational Expenses*

- Technology
  - Required for Online Report (MFIRS, NFIRS, EMEDS) and Training /Education
  - Internet Access: Building (onsite), Vehicle (remote) connectivity
  - IT Requirements: Onsite (Computers, Printers), Remote (Tablets, Laptops)
  - System and Software Training
  - IT Maintenance and Upgrades
  - Monthly Expenses – Network Access, IT Support
- Training
  - Basic / Advanced / Continuing Education (travel, material, course cost)
- Insurance
  - Premiums increase yearly: Liability, Vehicle, Property, Workman's Comp.

## Second District Volunteer Fire Dept. & Rescue Squad *Request for Tax Increase*

- Required to cover the following:
  - Increased Operational Expenses
  - Fire & EMS Deficit (Pulled from investments to balance budget)
    - FY12: \$18,131.47 ; FY13: \$429,605.00
    - FY14: \$2,000.00 ; FY15: \$38,500.00
    - FY16: \$0.00 ; FY17: \$66,350.00
    - Avg. Deficit: \$92,431.08
  - New Fire/EMS Station

## Second District Volunteer Fire Dept. & Rescue Squad Request for Tax Increase

- Current Fire Tax Rates
  - 2<sup>nd</sup> District – 4.4%
  - 9<sup>th</sup> District – 3.6%
  - **Last increase: 2000; 18 years**
- Current EMS Tax Rate
  - 2<sup>nd</sup> and 9<sup>th</sup> Districts: 0.8%
  - **No increase since going into effect in 2005, 13 years**
- Proposed Tax Rate Increases
  - Fire Tax – 2<sup>nd</sup> District – 5.6%
  - Fire Tax – 9<sup>th</sup> District – 5%
  - EMS Tax – 2<sup>nd</sup> and 9<sup>th</sup> Districts – 1.7%

**Second District Volunteer Fire Dept. & Rescue Squad**  
*Impact of Fire / EMS Tax Increase on Homeowners*

- 2<sup>nd</sup> District
  - Fire Rate increase = \$12.00 per 100k
  - EMS Rate Increase = \$ 9.00 per 100k
  - TOTAL INCREASE = \$21.00 per 100k Annually
- 9<sup>th</sup> District
  - Fire Rate increase = \$14.00 per 100k
  - EMS Rate increase = \$ 9.00 per 100k
  - TOTAL INCREASE = \$23.00 per 100k Annually

## Second District Volunteer Fire Dept. & Rescue Squad

### *New Station Construction – Funding*

- Department Funds
- Loans
  - St Mary’s County Revolving, Maryland State, Private
- Grants
  - State, federal, private companies (Helo pad, Security, Vehicle exhaust systems)
- SDVFDRS Auxiliary
- Fundraisers
- Donations
  - Private, In person donation drives, “Buy a Brick”, etc.

## Second District Volunteer Fire Dept. & Rescue Squad *Community Outreach*

- Personal Presentations to Community Associations:
  - 3 Informal Community Forums Held (Sept. & Oct. '17)
  - Social Media
  - Community Awareness Meeting: SDVFD RS PIO Mike Roberts / Maginniss & Del Ninno Architect Theresa del Ninno / Stewart-Cooper-Newell Architect Ken Newell October 16, 2017
  - Support from St. Mary's Ambulance & Rescue Association
  - Support from St. Mary's County Emergency Services Committee

## Second District Volunteer Fire Dept. & Rescue Squad

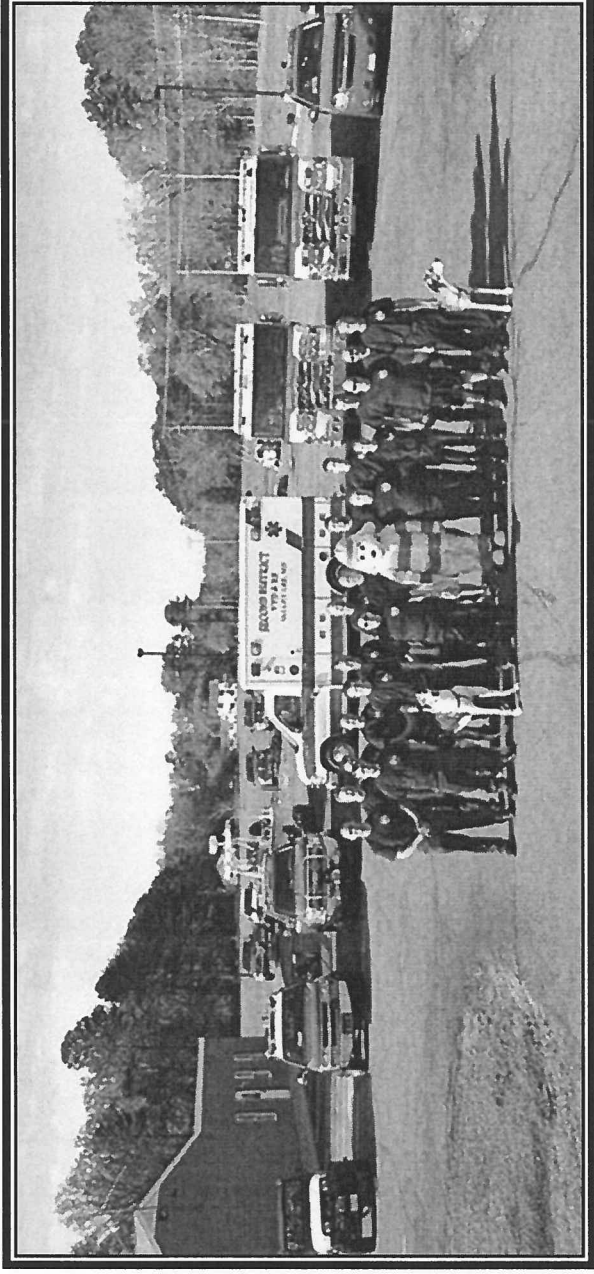
### *Summary*

- Request for EMS and Fire Tax Increase for 2<sup>nd</sup> and 9<sup>th</sup> Districts
  - Increase Operation Expenses and New Station Construction
- Benefit to Community and Membership
  - Modern, Safe, and Larger Facility provide at least 50 years of support
  - Reduced Emergency Response Time, Increased Emergency Preparedness, Increase Recruitment and Retention
  - Community Spaces
- Financial Impact to Homeowners
  - 2<sup>nd</sup> District Homeowners: \$21.00 per \$100K in property value Annually
  - 9<sup>th</sup> District Homeowners: \$23.00 per \$100K in property value Annually
- Community Outreach and Fundraising Efforts



Second District Volunteer Fire Dept. & Rescue Squad  
*Moving Forward*

- February 2018 – If Authorized, Hold Public Hearing at SDVFDERS



# **Thank You For Your Consideration and Support!**