

**KENSINGTON FIRE
PROTECTION DISTRICT**

**Financial Statements and Independent Auditor's Report for the
Year ended June 30, 2016**

KENSINGTON FIRE PROTECTION DISTRICT

**Basic Financial Statements
and Required Supplementary Information
for the Fiscal Year Ended June 30, 2016**

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KENSINGTON FIRE PROTECTION DISTRICT

Directors

JUNE 30, 2016

<u>NAME</u>	<u>TITLE</u>
Larry Nagel	Director
Nina Harmon	Director
Don Dommer	Director
Janice Kosel	Director
Joe de Ville	Director

Independent Auditor's Report

Board of Directors
Kensington Fire Protection District
Kensington, California

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of Kensington Fire Protection District (KFPD), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise KFPD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of KFPD, as of June 30, 2016, and the respective changes in financial position, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Other Matters

Required Supplementary Information

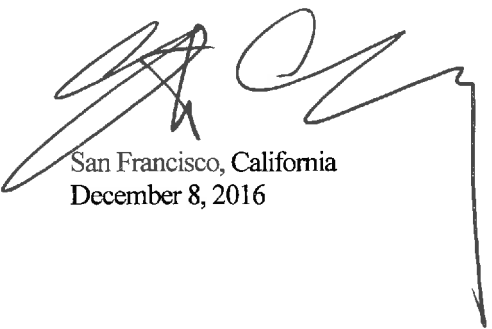
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 1 to 4 and 8 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kensington Fire Protection District's financial statements as a whole. The Statement of Revenue, Expenditures and Change in Fund Balances presented for purposes of additional analysis and are not a required part of the financial statements. This Statement of Revenue, Expenditures and Change in Fund Balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report December 8, 2016 on my consideration of KFPD's internal control over financial reporting and on my tests or its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KFPD's internal control over financial reporting and compliance.



San Francisco, California
December 8, 2016

**KENSINGTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2016

(Required Supplementary Information)

The following discussion and analysis provides an overview of the Kensington Fire Protection District's (District) financial activities for the year ended June 30, 2016. Please read it in conjunction with the District's basic financial statements, which follow this section.

Financial Highlights

- At the close of the year, June 30, 2016, assets of the District exceeded its liabilities by \$8.48 million (net position). Of this amount, \$6.08 million (unrestricted net position) may be used to meet the District's ongoing obligations to the citizens that the District serves.
- The District's total net position increased by \$844,169.
- At the close of the year, June 30, 2016, the District's general fund reported an ending fund balance of \$4,848,933 an increase of \$421,270 when compared with the prior year.
- At the close of the year, June 30, 2016, the District's special revenue fund reported an ending fund balance of \$12,769, a decrease of \$3,158 when compared with the prior year.
- At the close of the year, June 30, 2016, the District's capital project fund reported an ending fund balance of \$1,219,288 a decrease of \$155,609 when compared with the prior year.
- At the end of the current year, June 30, 2016, unrestricted fund balance for the governmental funds was \$6,080,990 or 172% of total governmental funds' expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The annual financial report for the District includes this management's discussion and analysis (MD&A), the basic financial statements and notes to basic financial statements.

The basic financial statements of the District are presented showing two different views of the District in one statement. The government-wide financial statements view shows both long-term and short-term information on the District's overall financial status. The fund financial statements view focuses on the District's operations with a short-term focus.

The government-wide statements are the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements provide both long-term and short-term information about the District's overall financial status. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of whether cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is an indicator, of whether its financial health is improving or deteriorating, respectively.

**KENSINGTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Overview of the Basic Financial Statements (Continued)

The fund financial statements are the balance sheet and statement of revenues, expenditures and changes in fund balance and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Fund financial statements keep track of specific sources of funding and spending for particular purposes. The District has three funds: general fund, special revenue fund, and capital project fund. They are all components of the governmental funds. The fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in the footnotes that explains the relationship (or differences) between them.

Government-wide financial statement analysis

A comparative analysis of government-wide data is as follows:

Net position serves over time as a useful indicator of a government's financial position. For the District, assets exceeded liabilities in the years ended June 30, 2016 and 2015 by \$8,484,002 and \$7,639,833, respectively. The largest portion of the District's net position, 71.68%, reflects its investment in unrestricted net position. The final component of the District's net position represents its investment in capital assets, which makes up the remaining 28.32% of the District's net position. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following table summarizes the net position of the District as of:

	June 30, 2016	June 30, 2015
General revenues		
Property taxes	\$ 3,466,307	\$ 3,263,720
Other revenues	338,876	305,255
Total general revenues	3,805,183	3,568,975
 Total program expenses – public safety - fire protection operation	 (2,961,014)	 (3,144,508)
 Change in net position	 844,169	 424,467
Net position, beginning of year	7,639,833	7,215,266
Net position, end of year	\$ 8,484,002	\$ 7,639,833

**KENSINGTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Fund financial statement analysis

General Fund Budgetary Highlights – The budget allowed \$185,000 for water system improvements. By year end, only \$91,366 had been spent.

The budget allowed \$455,000 for the purchase of equipment and furniture, classified as assets. Of the \$370,000 budgeted for the apparatus bay construction, we spent \$359,517. Of the \$455,000 budgeted, \$40,000 was for the needs assessment/feasibility study. The actual amount spent was \$19,991. Since this expenditure did not have immediate foreseeable benefit to the future, accounting rules require us to recognize this as an expense when it is incurred, not as an asset. Likewise, of the \$45,000 budgeted for the emergency repair of the storage room, we spent \$33,640. Since this expenditure was for repairing an already recorded asset without major betterment or improvement, accounting rules require us to recognize this as an expense also.

General fund — The general fund’s revenue is derived from County of Contra Costa property taxes, which are used to run daily operations of the District.

Property taxes increased by \$202,587 (about 6.21%) in the current year.

Program expenses decreased by \$183,494 (about 5.84%) in the current year.

Special revenue fund — The special revenue fund receives the special assessment tax voted in by the Kensington taxpayers in 1980 to be used for fire protection and prevention operations as determined by the District. The revenue received remains consistent with prior years.

Capital project fund — The capital project fund receives no tax revenue of its own; it is funded by the general fund on an as-needed basis. The District’s Board of Directors votes annually on an amount to transfer and invest from the general fund to the capital project fund for long-term expected replacements.

General Fund Budgetary Highlights

The original budget was adopted by the Board of Directors at the September 2015 meeting. Final version was adopted by the Board of Directors at the February 2016 meeting.

Capital Assets

As shown in the table below, the District’s investment in capital assets (net of accumulated depreciation) as of June 30, 2016 and 2015 was \$2,403,012 and \$1,827,662, respectively.

Capital Assets (Net of accumulated depreciation)

	Governmental Activities	
	2016	2015
Land	\$ 5,800	\$ 5,800
Building and improvements	1,532,827	1,237,570
Equipment and furniture	247,662	268,103
Rolling stock	616,723	316,189
Total	\$ 2,403,012	\$ 1,827,662

**KENSINGTON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

Retiree Healthcare Benefits

In June 2007, the District implemented Governmental Accounting Standards Board Statement No. 45 (GASB 45). This statement requires governmental entities to account for and report their costs and obligations for Other Postemployment Benefits (OPEB). OPEB are part of an exchange of salaries and benefits for employee services rendered, such as agreements to provide health care benefits to employee upon retirement. Prior to GASB 45, the District financed the retiree health care costs on a "pay-as-you-go" basis, and did not report the financial effects of OPEB until the promised benefits are paid.

Based on the latest valuation for the District's OPEB plan (July 1, 2013 Revised), the District's over-funded actuarial assets was \$226,074 as of June 30, 2016; and its annual required contribution (ARC) was \$(27,142) for the fiscal year ended June 30, 2016. The ARC is calculated in accordance with certain parameters, and includes (a) the normal cost, the actuarial present value of benefits attributed to prior services; and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed twenty years.

Economic Factors and Next Year's Budgets and Rates

The primary factor affecting expenditures in the District's fiscal year 2016-17 budget is the City of El Cerrito service contract fee.

Request for Information

Questions concerning any of the information provided, in this report or requests for additional financial information should be addressed to the Kensington Fire Protection District, 217 Arlington Avenue, Kensington, California 94707.

Basic Financial Statements

KENSINGTON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Total	GAAP Adjustment (Note 4)	Statement of Net Assets
ASSET						
Cash and investments	\$ 3,608,059	\$ 12,769	\$ 1,217,732	\$ 4,838,560	\$ -	\$ 4,838,560
Receivables:						
Supplemental taxes	36,504	-	-	36,504	-	36,504
Accounts receivable- KPPCSD	986	-	-	986	-	986
EBMUD AR	128,634	-	-	128,634	-	128,634
Interest receivables	5,778	-	1,562	7,340	-	7,340
Prepaid Expenses	8,255	-	-	8,255	-	8,255
Reimbursements and other	87,046	-	-	87,046	-	87,046
Net OPEB assets	1,004,837	-	-	1,004,837	-	1,004,837
Capital assets:						
Land	-	-	-	-	5,800	5,800
Buildings and improvements, net	-	-	-	-	1,532,827	1,532,827
Equipment and furniture, net	-	-	-	-	247,662	247,662
Rolling stock, net	-	-	-	-	616,723	616,723
Total assets	<u>\$ 4,880,099</u>	<u>\$ 12,769</u>	<u>\$ 1,219,294</u>	<u>\$ 6,112,162</u>	<u>\$ 2,403,012</u>	<u>\$ 8,515,174</u>
LIABILITIES						
Accounts payable and other accruals	\$ 25,115	\$ -	\$ 6	\$ 25,121	\$ -	\$ 25,121
Wages payable	6,051	-	-	6,051	-	6,051
Total liabilities	<u>31,166</u>	<u>-</u>	<u>6</u>	<u>31,172</u>	<u>-</u>	<u>31,172</u>
FUND BALANCES						
Nonspendable	\$ 1,004,837	\$ -	\$ -	\$ 1,004,837	\$ -	\$ -
Restricted	-	-	-	-	-	-
Committed	-	-	1,210,765	1,210,765	-	-
Assigned	2,369,530	-	-	2,369,530	2,403,012	-
Unassigned	1,474,566	12,769	8,523	1,495,858	-	-
Total fund balances	<u>4,848,933</u>	<u>12,769</u>	<u>1,219,288</u>	<u>6,080,990</u>	<u>2,403,012</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,880,099</u>	<u>\$ 12,769</u>	<u>\$ 1,219,294</u>	<u>\$ 6,112,162</u>		
Net position:						
Invested in capital assets					2,403,012	2,403,012
Restricted					-	-
Unrestricted					6,080,990	6,080,990
Total net position					<u>\$ 8,484,002</u>	<u>\$ 8,484,002</u>

The accompanying notes are an integral part of the financial statements.

KENSINGTON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Total	Adjustment (Note 5)	Statement of Activities
EXPENDITURES/EXPENSES						
Current expenditures/expenses:						
Public safety:						
City of El Cerrito service contract	\$ 2,369,530	\$ -	\$ -	\$ 2,369,530	\$ -	\$ 2,369,530
Retiree health insurance	24,859	-	-	24,859	-	24,859
Firefighters' apparel/expenses	10,267	-	-	10,267	-	10,267
Insurance	11,998	-	-	11,998	-	11,998
Office wages and related expenses	106,462	-	-	106,462	-	106,462
County property tax administration/fees	29,555	2,187	20	31,762	-	31,762
Wildland vegetation management	5,630	-	-	5,630	-	5,630
Water system improvement	91,366	-	-	91,366	-	91,366
Fire abatement contract	500	-	-	500	-	500
LAFCO	1,801	-	-	1,801	-	1,801
Professional development	4,538	-	-	4,538	-	4,538
Outside professional service fees	25,511	-	-	25,511	-	25,511
Public education	8,025	-	-	8,025	-	8,025
Office equipment and supplies	4,798	-	-	4,798	-	4,798
Building utilities/services	85,116	-	-	85,116	-	85,116
Memberships	7,309	-	-	7,309	-	7,309
Community service activities	21,248	-	-	21,248	-	21,248
Staff Appreciation	1,264	-	-	1,264	-	1,264
Gain from disposition	-	-	-	-	632	632
Depreciation	-	-	-	-	148,398	148,398
Total current expenditures/expenses	2,809,777	2,187	20	2,811,984	149,030	2,961,014
Capital outlay:						
Equipment and furniture	364,863	-	-	364,863	(364,863)	-
Buildings and improvements	359,517	-	-	359,517	(359,517)	-
Total capital outlay	724,380	-	-	724,380	(724,380)	-
Total expenditures/expenses	3,534,157	2,187	20	3,536,364	(575,350)	2,961,014
GENERAL REVENUES						
Property taxes	3,466,307	-	-	3,466,307	-	3,466,307
Special taxes	-	200,345	-	200,345	-	200,345
Other taxes	26,734	-	-	26,734	-	26,734
Other revenue	42,024	-	-	42,024	-	42,024
Rental income	1	-	-	1	-	1
Salary reimbursement income	50,344	-	-	50,344	-	50,344
Investment income	14,127	-	5,301	19,428	-	19,428
Total revenues	3,599,537	200,345	5,301	3,805,183	-	3,805,183
Excess (deficiency) of revenues over (under) expenditures before extraordinary item:	65,380	198,158	5,281	268,819	575,350	844,169
Extraordinary item-Construction performance surety bond gain	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures after extraordinary item:	65,380	198,158	5,281	268,819	575,350	844,169
Other financing sources (uses):						
Transfers in	425,890	-	70,000	495,890	-	495,890
Transfers out	(70,000)	(195,000)	(230,890)	(495,890)	-	(495,890)
Total other financing sources (uses)	355,890	(195,000)	(160,890)	-	-	-
Change in net position	421,270	3,158	(155,609)	268,819	575,350	844,169
Fund balances/net position, beginning of year	4,427,663	9,611	1,374,897	5,812,171	1,827,662	7,639,833
Fund balances/net position, end of year	\$ 4,848,933	\$ 12,769	\$ 1,219,288	\$ 6,080,990	\$ 2,403,012	\$ 8,484,002

The accompanying notes are an integral part of the financial statements.

**KENSINGTON FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund			Special Revenue Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:						
Property taxes	\$ 3,328,995	\$ 3,466,307	\$ 137,312	\$ -	\$ -	\$ -
Special taxes	-	-	-	200,345	200,345	-
Other taxes	27,000	26,734	(266)	-	-	-
Other revenue	-	42,024	42,024	-	-	-
Rental income	1	1	-	-	-	-
Other income	-	-	-	-	-	-
Salary reimbursement income	51,586	50,344	(1,242)	-	-	-
Interest income	9,000	14,127	5,127	-	-	-
Total revenues	<u>3,416,582</u>	<u>3,599,537</u>	<u>182,955</u>	<u>200,345</u>	<u>200,345</u>	<u>-</u>
Current expenditures:						
Public safety:						
City of El Cerrito service contract	2,369,530	2,369,530	-	-	-	-
Retiree health insurance	24,860	24,859	1	-	-	-
Firefighters' apparel and expenses	11,500	10,267	1,233	-	-	-
Insurance	11,490	11,998	(508)	-	-	-
Office wages and related expenses	104,473	106,462	(1,989)	-	-	-
County property tax administration fees	30,595	29,555	1,040	2,200	2,187	13
Wildland vegetation management	10,000	5,630	4,370	-	-	-
Water system improvement	185,000	91,366	93,634	-	-	-
Fire Abatement Contract	8,000	500	7,500	-	-	-
LAFCO	1,800	1,801	(1)	-	-	-
Professional development	5,000	4,538	462	-	-	-
Outside professional service fees	51,000	25,511	25,489	-	-	-
Public education	13,000	8,025	4,975	-	-	-
Office equipment and supplies	6,000	4,798	1,202	-	-	-
Building utilities/services	40,700	85,116	(44,416)	-	-	-
Memberships	7,230	7,309	(79)	-	-	-
Community service activities	56,950	21,248	35,702	-	-	-
Staff appreciation	2,500	1,264	1,236	-	-	-
Contingency	25,000	-	25,000	-	-	-
Miscellaneous	-	-	-	-	-	-
Gain from disposition	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total current expenditures	<u>2,964,628</u>	<u>2,809,777</u>	<u>154,851</u>	<u>2,200</u>	<u>2,187</u>	<u>13</u>
Capital outlay:						
Equipment and Furniture	455,000	364,863	90,137	-	-	-
Buildings and Improvements	370,000	359,517	10,483	-	-	-
Total capital outlay	<u>825,000</u>	<u>724,380</u>	<u>100,620</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before extraordinary item:	<u>(373,046)</u>	<u>65,380</u>	<u>438,426</u>	<u>198,145</u>	<u>198,158</u>	<u>(13)</u>
Extraordinary item-Construction performance surety bond gain:	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures after extraordinary item:	<u>(373,046)</u>	<u>65,380</u>	<u>438,426</u>	<u>198,145</u>	<u>198,158</u>	<u>(13)</u>
Other financing sources (uses):						
Transfers in	-	425,890	(425,890)	-	-	-
Transfers out	-	(70,000)	70,000	-	(195,000)	195,000
Total other financing sources (uses)	<u>-</u>	<u>355,890</u>	<u>(355,890)</u>	<u>-</u>	<u>(195,000)</u>	<u>195,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(373,046)</u>	<u>421,270</u>	<u>82,536</u>	<u>198,145</u>	<u>3,158</u>	<u>194,987</u>
Fund balances/net position, beginning of year, as restated		<u>4,427,663</u>			<u>9,611</u>	
Fund balances/net position, end of year		<u>\$ 4,848,933</u>			<u>\$ 12,769</u>	

The accompanying notes are an integral part of the financial statements.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 1 – REPORTING ENTITY

The Kensington Fire Protection District (District) is a special district empowered to take all the necessary steps to provide for fire protection and prevention services including enforcement of California State (State) laws applicable to fire codes. The financial statements of the District include all funds of the District. An elected Board of Directors governs the District, and exercises powers granted by State statutes.

In August 1995, the District entered into a contract with the City of El Cerrito (City) under which the City provides fire suppression and emergency medical services for the District. The contract provides that the District will pay the City an annual fee as defined in the contract (paid on a monthly basis) that expires June 30, 2016. The annual fee that the District paid under this contract for the fiscal years ended June 30, 2016 and 2015 were \$2,369,530 and \$2,415,339, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Implementation of Governmental Accounting Standards (GASB) Statement

In February 2009, GASB released a new Statement, *GASB Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The requirements of the Statement are effective for financial statements for periods beginning after June 15, 2010. The details for the fund balance classifications prescribed under this Statement are separately discussed in Note 9.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

The District prepares its government-wide statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District's fund financial statements are prepared using the current financial resources focus and the modified accrual basis of accounting. Revenues are recorded when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Revenues meeting these availability criteria include special and other taxes. The availability period for property taxes is 60 days. Revenues not considered available are recorded as deferred revenues. Expenditures are generally recorded when the fund liability is incurred, except for compensated absences, such as vacation and sick leave, which are recognized when due. Liabilities expected to be paid after one year is recorded in the government-wide column as a noncurrent liability due more than one year.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. The District uses the following funds.

Governmental Fund Types

The *General Fund* is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Fund* accounts for the special tax authorized by Section 53978 of the Government Code and approved by the District's electorate on April 8, 1980.

The *Capital Project Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities and rolling stock.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The District follows the procedures below in establishing the budgetary data reflected in the basic financial statements:

1. At the June Board of Directors (Board) meeting, the Finance Committee submits to the Board proposed operating and capital improvement draft budgets for the fiscal year commencing the following July 1. The operating and capital improvement budgets include proposed expenditures and the means of financing them.
2. The Draft budget is legally enacted through the adoption of a resolution by the Board.
3. A final operating and capital improvement budget is submitted to the Board at the September Board meeting. The budget is legally enacted through the adoption of a resolution by the Board.
4. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund. The Capital Project Fund is budgeted over the life of the project.
5. Budgets for the General Fund, Special Revenue Fund and the Capital Project Fund are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The Special Revenue Fund is only used to accumulate special tax revenues, which are then transferred to the other funds as needed.

Encumbrances

Encumbrance accounting, under which purchases orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Capital Project Fund. There are no appropriations or encumbrances in the Special Revenue Fund. All appropriations lapse at fiscal year-end.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash and investments include amounts in demand deposits as well as short-term and long-term investments with the county investment pool. Substantially all of the District's cash and investments are held by the County of Contra Costa (County) as its fiscal agent. The District's investments are reported at fair value. The fair value represents the amount the District could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. The fair value of investments is obtained by using quotations obtained from independent published sources. The District also maintains a general checking account to facilitate the processing of small transactions.

As permitted by the California Government Code, contracts and agreements, the District is permitted to invest in the County's cash and investment pool, obligations of the U.S. Treasury or its agencies; certificates of deposits; mutual funds invested in U.S. Government securities; and other permitted investments.

Capital assets

Capital assets, which include land, buildings, rolling stock (vehicles), and equipment and furniture, are valued at historical cost. Donated capital assets are valued at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated using the straight-line method over the estimated useful lives in the government-wide statements.

Depreciation has been computed using the straight-line method over the following estimated useful lives:

Building and improvements	15 to 40 years
Rolling stock, equipment and furniture	5 to 15 years

Property Taxes and Special Assessments Revenue

Revenue is recognized in the fiscal year for which the tax and assessment are levied. The County levies, bills and collects property taxes and special assessments for the District; under the County's "Teeter Plan," the County remits the entire amount levied and handles all delinquencies while retaining related interest and penalties.

Taxes are levied for each fiscal year on taxable real and personal property situated in the County. The levy is based on the assessed values as of the preceding January 1st, which is also the lien date. Property taxes on the secured roll are due in two installments: November 1st and February 1st and become delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales or construction completion and the preceding assessment date. The additional supplemental property taxes are prorated from the first day of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31st.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

All interfund transactions are treated as transfers. The general fund is the main operating fund for the District. Annually, tax revenues recorded in the special revenue fund are transferred to the general fund to fund the District's operations. Transfers between governmental funds are eliminated as part of the adjustments to the government-wide presentation.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net position

The net position amount is the difference between assets and liabilities. Net position invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

NOTE 3 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The District provides postretirement health benefits (medical, dental and vision) to a closed group of former employees who have retired from the District and to their surviving spouses and dependent children. The District pays 100% of the annuitants' health plan premiums. Currently, a total of 10 family units (16 individuals) are receiving postretirement health benefits.

In October 2008, KFPD participated in the California Employers' Retiree Benefits Trust (CERBT). CERBT is an irrevocable trust fund that allows public employers to prefund the future cost of their retiree health insurance benefits and other postemployment benefits (OPEB) for their covered retirees. The District elected to participate in CERBT and contributed a total of \$1,165,000 to CalPERS, the CERBT's administrator. The prefunding was intended to reduce and stabilize the District's annual required contribution to its OPEB plan in future years at an expected level for budgeting purposes. CalPERS issued a publicly available financial report that includes financial statements and required supplementary information for CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 3 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board. As of June 30, 2016, the District contributed \$24,859, or 100%, of the OPEB cost, to the CERBT.

The District is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years.

Annual OPEB Cost

As of June 30, 2016, the District’s annual ARC was (\$27,142). The following table represents annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Fiscal year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	\$ 24,859	100%	\$ -

The actuarial valuation was performed as of July 1, 2013 covering the fiscal year ended June 30, 2016. A new valuation was performed as of July 1, 2015 and will be used for the fiscal year 2016/2017 budget.

Funded Status and Funding Progress

Using the actuarial valuation date of July 1, 2013, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 1,303,354
Actuarial value of plan assets	<u>(1,529,428)</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ (226,074)</u>
Funded ratio (actuarial value of plan assets/AAL)	117%
Covered payroll (active plan members)	\$ -
UAAL as a percentage of covered payroll	0%

Based upon 7.06%.

KFPD will update actuarial valuation in fiscal year 2017

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 3 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of certain events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents current year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Currently, a total of 10 family units (16 individuals) are receiving postretirement health benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided as the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, a level dollar amortization method was used. Under this method, the amortization period is 20 years. The actuarial assumption was a 7.06 percent investment rate of return and an annual healthcare cost medical trend rate of 6.7 percent in 2015 reduced by decrements of 0.30 percent to an ultimate rate of 5.0 percent after 5 years (2021 and thereafter). KFPD's unfunded actuarial accrued liability is being amortized as a level dollar amortization on a closed basis.

As of June 30, 2016, KFPD paid \$109,408 directly to medical service provider vendors, adding to the CERBT balance by \$84,549, netting to the OPEB costs of \$24,859. KFPD requested and received a reimbursement of \$105,860 from CERBT, bringing net OPEB assets balance (before Actuarial Valuation) on KFPD's balance sheet to \$1,004,837.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

**NOTE 4 - EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of the District's governmental funds differs from the net position of governmental activities reported in the statement of net position primarily as a result of the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. When capital assets (land, building, rolling stock and equipment) that are used in governmental activities are purchased or constructed, the costs of those assets are reported as capital outlay expenditures in the governmental fund. However, the statement of net position includes the capital assets, net of accumulated depreciation, among the assets of the District. In addition, compensated absences are accrued on the governmental activities statement of net position but not on the balance sheet since they also have a long-term economic focus.

	June 30, 2016	June 30, 2015
Differences		
Cost of capital assets	\$ 4,117,380	\$ 3,401,002
Accumulated depreciation	(1,714,368)	(1,573,340)
Net capital assets	2,403,012	1,827,662
Net difference	\$ 2,403,012	\$ 1,827,662

**NOTE 5 - EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND
OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES**

The net change in fund balance for the governmental funds differs from the "change in net position" as a result of the long-term economic focus of the statement of activities versus the current financial resources focus of the general fund. When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as capital outlay expenditures in the general fund. Also, when capital assets are sold, the resources received are reported as proceeds from sale of capital assets in the respective fund. However, in the statement of activities, the cost of those assets purchased or constructed is allocated over their estimated useful lives and reported as depreciation expense. The resources received from the sale of capital assets offset against the net carrying value of the assets sold and reported as a gain or loss in the statement of activities. As a result, the fund balance decreased by the amount of financial resources expended and increased by the amount of financial resources received, whereas net position decreased by the amount of depreciation expense on rolling stock and equipment items during the year and increased (decreased) by the amount of net gain (loss) on disposal of capital assets. In addition, the fund balance is reduced to account for the recording of compensated absences, which has a long-term focus.

	June 30, 2016	June 30, 2015
Differences		
Capital outlay	\$ 724,380	\$ 334,403
Net gain (loss) and Depreciation expense	(149,030)	(135,532)
Net difference	\$ 575,350	\$ 198,871

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 6 - CASH AND INVESTMENTS

The District's cash and investments included the following:

	June 30, 2016	June 30, 2015
Deposits	\$ 13,781	\$ 8,660
Cash held by the county	342,763	510,540
Separately held investments	4,481,816	4,472,665
Petty cash	200	200
Total	\$ 4,838,560	\$ 4,992,065

Deposits

At year-end, the carrying amount of the District's demand deposits was \$13,781 with a commercial bank which is covered by federal depository insurance.

Cash held by the County

The District's cash is included in the Contra Costa County (County) Treasurer cash and investments pool. Investments made by the Treasurers are regulated by California Government Code and by a County investment policy approved annually by the County Treasury Oversight Committee. Adherence to the statutes and policies is monitored by the County Board of Supervisors and by the Treasury Oversight Committee via monthly reports and an annual audit. Investment income earned on the District's cash is allocated quarterly to the District. Changes in fair value are included in investment income. Redeemed or sold shares are priced at book value, which includes realized investment earnings such as interest income, realized gains or losses upon sale of investments, and amortized premiums and discounts. This number may differ from the shares' fair value, which would include unrealized gains or losses based on market conditions. Additional information regarding insurance, collateralization, and custodial risk categorization of the County's cash and investments is presented in the notes of the County's basic financial statements.

Separately Held Investments

The County also has investments in the State Treasurer's Local Agency Investment Fund (LAIF) separately held for the District. As of June 30, 2016, the District's investment in LAIF is \$1,981,816 which is approximately of 0.96% of total Contra Costa County LAIF. The total amount invested by all public agencies under the County Pool in LAIF at June 30, 2016 is \$206,784,103. Of that amount, approximately 11.92% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 7 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 follows:

Governmental Activities	Balance	Current	Year	Balance
	June 30, 2015	Additions	Retirements	June 30, 2016
<i>Capital assets not being depreciated</i>				
Land	\$ 5,800	\$ -	\$ -	\$ 5,800
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>5,800</u>
<i>Capital assets being depreciated</i>				
Building & improvements	2,032,062	359,518	-	2,391,580
Equipment & furniture	491,046	364,862	(8,002)	847,906
Rolling stock equipment	872,094	-	-	872,094
Total capital assets being depreciated	<u>3,395,202</u>	<u>724,380</u>	<u>(8,002)</u>	<u>4,111,580</u>
<i>Less accumulated depreciation for:</i>				
Building & improvements	(794,494)	(64,260)	-	(858,754)
Equipment & furniture	(222,942)	(84,138)	7,370	(299,710)
Rolling stock equipment	(555,904)	-	-	(555,904)
Total accumulated depreciation	<u>(1,573,340)</u>	<u>(148,398)</u>	<u>7,370</u>	<u>(1,714,368)</u>
Total capital assets being depreciated, net	<u>1,821,862</u>	<u>575,982</u>	<u>632</u>	<u>2,397,212</u>
Capital assets, net	<u>\$ 1,827,662</u>	<u>\$ 575,982</u>	<u>\$ 632</u>	<u>\$ 2,403,012</u>

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts damages, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for risks of loss. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's insurance coverage in any of the past three fiscal years.

The Kensington Fire Protection District is a member of Contra Costa County Fire Districts Joint Power of Authority Insurance Pool (CSAC). Deductibles and maximum coverage are as follows:

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 8 - RISK MANAGEMENT (Continued)

<u>Coverage Description</u>	<u>Deductibles</u>	<u>Insurance Coverage</u>
General & Automobile Liability	None	\$50,000,000
All Risk Property	\$500 (all other property)	\$600,000,000 (all other property)
	\$100,000 (flood)	\$600,000,000 (flood)
	\$500 (mobile equip)	
	\$500,000 (terrorism)	\$200,000,000
Earthquake	5% per unit	\$280,000,000
	\$100,000 minimum	
Employee Dishonesty	\$50,000	\$10,000,000
Pollution Liability	\$500,000	\$10,000,000
Boiler & Machinery	\$5,000	\$100,000,000

NOTE 9 – FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2016, fund balance for government funds are made up of the followings:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The ‘not in spendable form’ criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the District’s Board. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- *Assigned Fund Balance* – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the District’s Board or (b) a body (for example: a budget or finance committee) or official to which the District’s Board has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

KENSINGTON FIRE PROTECTION DISTRICT
Notes to the Basic Financial Statements
June 30, 2016

NOTE 9 – FUND BALANCES (Continued)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Fund balances for all the major and non-major governmental funds as of June 30, 2016, were distributed as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ -
Advances (OPEB)	1,004,837	-	-	1,004,837
Subtotal	<u>1,004,837</u>	<u>-</u>	<u>-</u>	<u>1,004,837</u>
Restricted for:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways & facilities	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Committed to:				
Public protection	-	-	466,119	466,119
Capital projects	-	-	744,646	744,646
Subtotal	<u>-</u>	<u>-</u>	<u>1,210,765</u>	<u>1,210,765</u>
Assigned to:				
General government	-	-	-	-
Public protection	2,369,530	-	-	2,369,530
Capital projects	-	-	-	-
Subtotal	<u>2,369,530</u>	<u>-</u>	<u>-</u>	<u>2,369,530</u>
Unassigned	<u>1,474,566</u>	<u>12,769</u>	<u>8,523</u>	<u>1,495,858</u>
Total	<u>\$ 4,848,933</u>	<u>\$ 12,769</u>	<u>\$ 1,219,288</u>	<u>\$ 6,080,990</u>

The Board's financial planning aims to help reduce the negative impact on the District in times of economic uncertainty and potential losses of funding from federal or state governmental agencies. District funds are *restricted*, *committed* and *assigned* as part of a multi-year financial plan to balance the budget and avoid operating deficits.

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
Kensington Fire Protection District
Kensington, California

I have audited the financial statements of the Kensington Fire Protection District (the "District"), as of and for the fiscal year ended June 30, 2016, and have issued my report thereon dated December 8, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

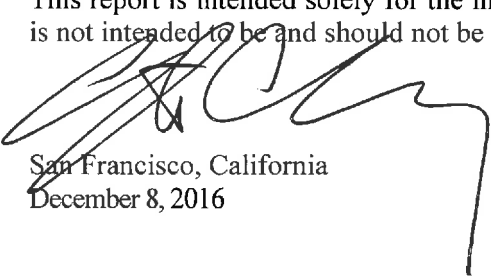
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the District. This is not intended to be and should not be used by anyone other than these specified parties.


San Francisco, California
December 8, 2016

**KENSINGTON FIRE PROTECTION DISTRICT
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016**

<u>Finding</u>	<u>Present Status</u>	<u>Explanation if not fully implemented</u>
None		