

**KENSINGTON FIRE PROTECTION DISTRICT  
NOTICE OF A MEETING OF A STANDING COMMITTEE**

**FINANCE COMMITTEE**

Date of Meeting: January 23, 2013  
Time of Meeting: 2:00 p.m.  
Place of Meeting: Kensington Public Safety Building  
Conference Room  
217 Arlington Avenue, Kensington, CA 94707

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In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office Administrator, 510/527-8395. Notification 48 hours prior to the meeting will enable the Kensington Fire Protection District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title 1).

Finance Committee Members: Janice Kosel and Helmut Blaschczyk  
Staff: Brenda Navellier, Deborah Russell

**AGENDA**

1. Call To Order
2. Public Comment
3. Approval of May 24, 2012 Committee Minutes
4. Review Auditor's Draft Financial Statements
5. Mid-Year Budget vs. Actual Review
6. Review District Investments
7. Adjourn

For time and date of the next meeting of the Kensington Fire Protection District Finance Committee, contact the District office, 217 Arlington Avenue, Kensington, CA 94707, 510/527-8395.

**MINUTES OF THE MAY 24, 2012 FINANCE COMMITTEE MEETING  
OF THE KENSINGTON FIRE PROTECTION DISTRICT**

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**PRESENT:**      Directors:      Janice Kosel and Helmut Blaschczyk  
                         Staff:                      Manager Brenda Navellier, CPA Deborah Russell, Chief Lance Maples  
                         Guests:                     Scott Hanin, El Cerrito City Manager

**CALL TO ORDER:**

Director Kosel called the meeting to order at 2:00 p.m. and noted those present.

**ORAL COMMUNICATIONS:**

None.

**APPROVAL OF JANUARY 26, 2012 COMMITTEE MINUTES:**

The Committee agreed to approve the minutes by consensus as presented.

**EL CERRITO CONTRACT FEE PROPOSAL FOR FY 2012-2013:**

The contract fee was included in the Finance Committee packet. Director Kosel gave an overview of the District's finances for FY12-13, including \$600,000 in water system improvements, and looking ahead to FY13-14. KFPD is able to meet all of its financial planning set-asides for the engines, building, 12-months of contract fee, and retirees' health insurance.

Scott Hanin also gave an overview of the City of El Cerrito's finances including its reserves, property tax assessments, and the loss of redevelopment. The proposed contract fee of \$2,318,862 is a very minor increase that the Committee is pleased to see. PERS costs are continuing to increase and are about \$30,000 per every City employee. Hanin projects PERS to flatten out and then go down. The City pays 100% of PERS and fire is in an employment contract until 2017. The fire labor group is meeting to consider giving up their cost of living raise which they are contractually due in 2013. The police department has agreed to give up their cost of living raise. The City's unrepresented employees have agreed to pay ½ of the employees' share of their PERS contribution. *Chief Maples joined the meeting.* The City is not planning any layoffs or service cuts. A salary survey for both police and fire will occur next year. The fire department has left three positions open for the last two years which helps save the City money.

Chief Maples gave an overview of the fire department section of El Cerrito's budget which is relatively flat. ECFD successfully wrote a grant for \$2.6 million for EBRICS radios that benefitted all of the fire agencies in the County. Maples reviewed the department's accomplishments including USAR training, Heartsafe Community designation in Kensington, a Captain's exam, narcotics tracking, a hazard mitigation plan for El Cerrito and Kensington and a County-wide training incident planned by Chiefs Gibson and Bond. He also reviewed the objectives that included a task book for the rank of Captain, monitor mutual-aid agreements due to hardships in other agencies, an engineer's promotional test, applying for a ladder truck grant, and FF/Paramedic recruitment. The department is actively working with EBRPD, Diablo Fire Safe and Hills Emergency Forum along the wildland interface. Maples reviewed the goals line by line. Service indicators are relatively flat – responses remain at approximately 3,000. Maples reviewed training, inspection and certification hours, along with car seat installations, public education contacts and CPR/First Aid training. The FY12-13 contract fee includes a 2.1% cost of living increase that the labor group is meeting to vote on whether to defer or not. If they defer, the reduction will be realized in a future reconciliation. Maples reviewed the contract fee in detail. Kosel asked that the costs per station comparison and the historical costs since contracting be included in the Board's June packet.

Kosel said she is happy to recommend the contract to the Board. The committee is pleased to see the minimal cost increase. Kosel asked Maples for his recommendation for any requested budget items or end of year items. Kosel noted that El Cerrito provides excellent service at a good price and the District never receives anything but compliments. Both sides are benefitting from the contract. Maples will discuss response times at the next Board meeting. *Scott Hanin left the meeting at 3:10 p.m.*

**FY2011-2012 AUDITOR RECOMMENDATION:**

The District received a proposal from Lamorena & Chang in the amount of \$12,000 which is a 0% increase from the previous year's fee. The Committee and staff are pleased with past reports and their format, and staff has established a working relationship with Lamorena & Chang. The Committee will recommend approval of the Lamorena & Chang proposal at the June 2012 meeting.

**REVIEW AND RECOMMEND DRAFT FY2012-2013 BUDGET:**

The draft budget for property tax revenue is \$17,000 below estimated actual for FY11-12. No significant changes are proposed from the previous year. Retiree medical benefits are listed to equal the actuarial report. Whether the District pays into or out of the CERBT Trust, it is not reflected on the budget line items for retiree benefits. Russell gave further explanation on the CERBT Trust. Maples pointed out the line item under Capital Outlay for EBRICS radios. Kensington's 20% portion after the grant funding is \$32,000. El Cerrito will bill for that separately once all radios are received and installed. Presentation of the Building Improvements/Renovation schedule is based on a historical figure of an average of \$100,000 per year. The District will set aside this amount plus 4% inflation for future building renovations or improvements. No changes were proposed to the draft budget.

**REVIEW DISTRICT INVESTMENTS:**

Navellier handed out a cash flow sheet, the first quarter 2012 LAIF investment statement (.38 interest rate), and the first quarter 2012 CERBT Trust statement. The CERBT Trust is in the most conservative option for less fluctuation since the District is currently fully funded. The State is required to payback local governments for the money taken away by the end of FY12-13 with 2% interest.

**ADJOURNMENT:** The meeting was adjourned at 3:25 p.m.

MINUTES PREPARED BY: Brenda J. Navellier

These minutes were approved at the Committee meeting of January 23, 2013.

Attest:

\_\_\_\_\_  
Finance Committee Member

**KENSINGTON FIRE  
PROTECTION DISTRICT**

**Financial Statements and Independent Auditor's Report for the  
Year ended June 30, 2012**

**LAMORENA & CHANG**  
CERTIFIED PUBLIC ACCOUNTANT

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**KENSINGTON FIRE PROTECTION DISTRICT**  
For the Fiscal Year Ended June 30, 2012

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

**June 30, 2012**

(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, 2012. 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, 2012, assets of the District exceeded its liabilities by \$6.56 million (net assets). Of this amount, \$2.9 million (unrestricted net assets) may be used to meet the District's ongoing obligations to the citizens that the District serves.
- The District's total net assets increased by \$198,254.
- At the close of the year, June 30, 2012, the District's general fund reported an ending fund balance of \$4,036,853, a decrease of \$155,230 when compared with the prior year.
- At the close of the year, June 30, 2012, the District's special revenue fund reported an ending fund balance of \$18,001, an increase of \$8,009 when compared with the prior year.
- At the close of the year, June 30, 2012, the District's capital project fund reported an ending fund balance of \$782,148, a decrease of \$113,477 when compared with the prior year.
- At the end of the current year, June 30, 2012, unrestricted fund balance for the governmental funds was \$2,908,218 or 93.59% of total governmental funds' expenditures. This is the fifth year the District implements GASB 45. This requirement was created to help all districts realize how negotiated retiree benefit commitments affected current and future budgets. This requirement also help the District accurately show the cost of those commitments in the years when employees work for the District (if any) and the costs are incurred.

**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 assets 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 assets and how they have changed. Net assets, 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 assets is an indicator, of whether its financial health is improving or deteriorating, respectively.

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

*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 assets serve over time as a useful indicator of a government's financial position. For the District, assets exceeded liabilities in the years ended June 30, 2012 and 2011 by \$6,557,751 and \$6,359,497, respectively. The largest portion of the District's net assets, 44.35%, reflects its investment in unrestricted net assets. The next largest portion of the District's net assets, 29.41%, reflects its investment in restricted net assets. The final component of the District's net assets represents its investment in capital assets, which makes up the remaining 26.24% of the District's net assets. 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 assets of the District as of:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>General revenues</b>		
Property taxes	\$ 2,799,582	\$ 2,784,872
Other revenues	505,917	351,751
<b>Total general revenues</b>	<u>3,305,499</u>	<u>3,136,629</u>
<b>Total program expenses – public safety - fire protection operation</b>	<u>(3,107,245)</u>	<u>(2,563,426)</u>
Change in net assets	198,254	573,203
Net assets, beginning of year	<u>6,359,497</u>	<u>5,789,294</u>
Net assets, end of year	<u>\$ 6,557,751</u>	<u>\$ 6,359,497</u>

**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

*Fund financial statement analysis*

**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 \$14,710 (about 0.53%) in the current year.

Program expenses increased by \$543,819 (about 17.50%) 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*

Original budget was adopted by the Board of Directors at the September 2011 meeting. There was a budget revision adopted at the October 2011 meeting.

*Capital Assets*

As shown in the table below, the District's investment in capital assets (net of accumulated depreciation) as of June 30, 2012 and 2011 was \$1,720,749 and \$1,261,801, respectively.

*Capital Assets (Net of accumulated depreciation)*

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Land	\$ 5,800	\$ 5,800
Building and improvements	1,367,835	850,242
Equipment and furniture	112,118	124,393
Rolling stock	234,996	281,366
<b>Total</b>	<b>\$ 1,720,749</b>	<b>\$ 1,261,801</b>



**KENSINGTON FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2012**

***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, 2010), the District's unfunded actuarial accrued liability was \$353,981 as of June 30, 2012; and its annual required contribution (ARC) was \$38,162 for the fiscal year ended June 30, 2012. 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 factors affecting expenditures in the District's fiscal year 2012-13 budget are the City of El Cerrito service contract fee and the water system improvement costs.

**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.

## Independent Auditor's Report

Board of Directors  
Kensington Fire Protection District  
Kensington, California

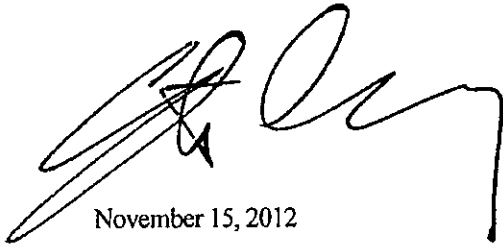
I have audited the accompanying financial statements of the governmental activities and each major fund of the Kensington Fire Protection District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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 the District as of June 30, 2012, and the respective changes in its financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2012, on my consideration of the District's internal control over financial reporting and on my tests of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

November 15, 2012

**Basic Financial Statements**

**KENSINGTON FIRE PROTECTION DISTRICT  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Project Fund	Total	GAAP Adjustment (Note 3)	Statement of Net Assets
<b>ASSET</b>						
Cash and investments	\$ 2,675,726	\$ 18,001	\$ 781,461	\$ 3,475,188	\$ -	\$ 3,475,188
Receivables:						
Supplemental taxes	20,282	-	-	20,282	-	20,282
Accounts receivable- KPPCSD	-	-	-	-	-	-
Interest receivables	1,913	-	691	2,604	-	2,604
Prepaid Expenses	1,641	-	-	1,641	-	1,641
Reimbursements and other	11,342	-	-	11,342	-	11,342
Net OPEB assets	1,152,362	-	-	1,152,362	-	1,152,362
Prop IA Loan-State of California	218,628	-	-	218,628	-	218,628
Capital assets:						
Land	-	-	-	-	5,800	5,800
Buildings and improvements, net	-	-	-	-	1,367,835	1,367,835
Equipment and furniture, net	-	-	-	-	112,118	112,118
Rolling stock, net	-	-	-	-	234,996	234,996
<b>Total assets</b>	<u>\$ 4,081,894</u>	<u>\$ 18,001</u>	<u>\$ 782,152</u>	<u>\$ 4,882,047</u>	<u>\$ 1,720,749</u>	<u>\$ 6,602,796</u>
<b>LIABILITIES</b>						
Accounts payable and other accruals	\$ 39,179	\$ -	\$ 4	\$ 39,183	\$ -	\$ 39,183
Wages payable	5,862	-	-	5,862	-	5,862
<b>Total liabilities</b>	<u>45,041</u>	<u>-</u>	<u>4</u>	<u>45,045</u>	<u>-</u>	<u>45,045</u>
<b>FUND BALANCES</b>						
Nonspendable	1,152,362	\$ -	\$ -	\$ 1,152,362	\$ -	\$ 1,152,362
Restricted	-	-	-	-	-	-
Committed	-	-	776,422	776,422	-	776,422
Assigned	2,260,942	-	-	2,260,942	1,720,749	3,981,691
Unassigned	623,549	18,001	5,726	647,276	-	647,276
<b>Total fund balances</b>	<u>4,036,853</u>	<u>18,001</u>	<u>782,148</u>	<u>4,837,002</u>	<u>1,720,749</u>	<u>6,557,751</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,081,894</u>	<u>\$ 18,001</u>	<u>\$ 782,152</u>	<u>\$ 4,882,047</u>		
<b>Net assets:</b>						
Invested in capital assets					1,720,749	1,720,749
Restricted					1,928,784	1,928,784
Unrestricted					2,908,218	2,908,218
<b>Total net assets</b>					<u>\$ 6,557,751</u>	<u>\$ 6,557,751</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, 2012**

	General Fund	Special Revenue Fund	Capital Project Fund	Total	Adjustment (Note 4)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>						
<b>Current expenditures/expenses:</b>						
Public safety:						
City of El Cerrito service contract	\$ 2,260,942	\$ -	\$ -	\$ 2,260,942	\$ -	\$ 2,260,942
Retiree health insurance	69,707	-	-	69,707	-	69,707
Firefighters' apparel/expenses	5,215	-	-	5,215	-	5,215
Insurance	9,835	-	-	9,835	-	9,835
Office wages and related expenses	92,050	-	-	92,050	-	92,050
County property tax administration/fees	29,169	2,187	53	31,409	-	31,409
Wildland vegetation management	9,345	-	-	9,345	-	9,345
Water system improvement	420,000	-	-	420,000	-	420,000
LAFCO	1,177	-	-	1,177	-	1,177
Professional development	4,353	-	-	4,353	-	4,353
Outside professional service fees	24,045	-	-	24,045	-	24,045
Public education	10,033	-	-	10,033	-	10,033
Office equipment and supplies	4,850	-	-	4,850	-	4,850
Building utilities/services	33,889	-	-	33,889	-	33,889
Memberships	4,807	-	-	4,807	-	4,807
Community service activities	10,242	-	-	10,242	-	10,242
Miscellaneous	811	-	-	811	-	811
Depreciation	-	-	-	-	114,535	114,535
<b>Total current expenditures/expenses</b>	<b>2,990,470</b>	<b>2,187</b>	<b>53</b>	<b>2,992,710</b>	<b>114,535</b>	<b>3,107,245</b>
Capital outlay:						
Equipment and furniture	10,106	-	-	10,106	(10,106)	-
Buildings and improvements	563,377	-	-	563,377	(563,377)	-
<b>Total capital outlay</b>	<b>573,483</b>	<b>-</b>	<b>-</b>	<b>573,483</b>	<b>(573,483)</b>	<b>-</b>
<b>Total expenditures/expenses</b>	<b>3,563,953</b>	<b>2,187</b>	<b>53</b>	<b>3,566,193</b>	<b>(458,948)</b>	<b>3,107,245</b>
<b>GENERAL REVENUES</b>						
Property taxes	2,799,582	-	-	2,799,582	-	2,799,582
Special taxes	-	200,196	-	200,196	-	200,196
Other taxes	34,642	-	-	34,642	-	34,642
Other revenue	9,039	-	-	9,039	-	9,039
Rental income	29,705	-	-	29,705	-	29,705
Other income	176,000	-	-	176,000	-	176,000
Salary reimbursement income	45,961	-	-	45,961	-	45,961
Investment income	7,569	-	2,805	10,374	-	10,374
<b>Total revenues</b>	<b>3,102,498</b>	<b>200,196</b>	<b>2,805</b>	<b>3,305,499</b>	<b>-</b>	<b>3,305,499</b>
Excess (deficiency) of revenues over (under) expenditures	(461,455)	198,009	2,752	(260,694)	458,948	198,254
<b>Other financing sources (uses):</b>						
Transfers in	309,680	-	93,455	403,135	-	403,135
Transfers out	(3,455)	(190,000)	(209,680)	(403,135)	-	(403,135)
<b>Total other financing sources (uses)</b>	<b>306,225</b>	<b>(190,000)</b>	<b>(116,225)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in net assets	(155,230)	8,009	(113,473)	(260,694)	458,948	198,254
Fund balances/net assets, beginning of year	4,192,083	9,992	895,621	5,097,696	1,261,801	6,359,497
Fund balances/net assets, end of year	<b>\$ 4,036,853</b>	<b>\$ 18,001</b>	<b>\$ 782,148</b>	<b>\$ 4,837,002</b>	<b>\$ 1,720,749</b>	<b>\$ 6,557,751</b>

*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, 2012**

	General Fund			Special Revenue Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>						
Property taxes	\$ 2,798,795	\$ 2,799,582	\$ 787	\$ -	\$ -	\$ -
Special taxes	-	-	-	200,196	200,196	-
Other taxes	32,000	34,642	2,642	-	-	-
Other revenue	-	9,039	9,039	-	-	-
Rental income	29,705	29,705	-	-	-	-
Other income	-	176,000	176,000	-	-	-
Salary reimbursement income	45,943	45,961	18	-	-	-
Interest income	5,000	7,569	2,569	-	-	-
<b>Total revenues</b>	<u>2,911,443</u>	<u>3,102,498</u>	<u>191,055</u>	<u>200,196</u>	<u>200,196</u>	<u>-</u>
<b>Current expenditures:</b>						
Public safety:						
City of El Cerrito service contract	2,260,942	2,260,942	-	-	-	-
Retiree health insurance	69,705	69,707	(2)	-	-	-
Firefighters' apparel and expenses	6,500	5,215	1,285	-	-	-
Insurance	11,000	9,835	1,165	-	-	-
Office wages and related expenses	95,640	92,050	3,590	-	-	-
County property tax administration/fees	32,709	29,169	3,540	2,000	2,187	(187)
Wildland vegetation management	10,000	9,345	655	-	-	-
Water system improvement	600,000	420,000	180,000	-	-	-
Fire Abatement Contract	8,000	-	8,000	-	-	-
LAFCO	1,490	1,177	313	-	-	-
Professional development	5,500	4,353	1,147	-	-	-
Outside professional service fees	51,700	24,045	27,655	-	-	-
Public education	13,000	10,033	2,967	-	-	-
Office equipment and supplies	6,000	4,850	1,150	-	-	-
Building utilities/services	34,215	33,889	326	-	-	-
Memberships	5,600	4,807	793	-	-	-
Community service activities	10,500	10,242	258	-	-	-
Miscellaneous	4,000	811	3,189	-	-	-
Operating contingency	20,000	-	20,000	-	-	-
<b>Total current expenditures</b>	<u>3,246,501</u>	<u>2,990,470</u>	<u>256,031</u>	<u>2,000</u>	<u>2,187</u>	<u>(187)</u>
<b>Capital outlay:</b>						
Equipment and Furniture	17,000	10,106	6,894	-	-	-
Buildings and Improvements	599,000	563,377	35,623	-	-	-
<b>Total capital outlay</b>	<u>616,000</u>	<u>573,483</u>	<u>42,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(951,058)</u>	<u>(461,455)</u>	<u>489,603</u>	<u>198,196</u>	<u>198,009</u>	<u>187</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	309,680	(309,680)	-	-	-
Transfers out	-	(3,455)	3,455	-	(190,000)	190,000
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>306,225</u>	<u>(306,225)</u>	<u>-</u>	<u>(190,000)</u>	<u>190,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (951,058)</u>	<u>(155,230)</u>	<u>\$ 183,378</u>	<u>\$ 198,196</u>	<u>8,009</u>	<u>\$ 190,187</u>
Fund balances/net assets, beginning of year, as restated		<u>4,192,083</u>			<u>9,992</u>	
Fund balances/net assets, end of year		<u>\$ 4,036,853</u>			<u>\$ 18,001</u>	

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

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**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, 2015. The annual fee that the District paid under this contract for the fiscal years ended June 30, 2012 and 2011 were \$2,260,942 and \$2,132,128, 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, 2012**

**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, 2012**

**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, 2012**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Cash and Investments*

Cash and investments include amounts in demand deposits as well as short-term investments. 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.

The Surety Bond Compensations, because of the default of the contractor, are recorded as deferred revenue when collected. New contractor will provide the costs to finish the project. Gain or loss will be calculated and recognized when the costs to complete the projects are known.

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, 2012**

**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.

*Effects of New Pronouncements*

In June 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits (OPEB). The GASB statement generally requires that employers account for and report the annual OPEB cost and the outstanding obligations and commitments related to OPEB in essentially the same manner as employers currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This statement's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. This statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. At July 1, 2008, the District implemented GASB Statement No. 45 prospectively and as such, the District did not have a net OPEB obligation at transition (i.e., July 1, 2007). The District pays all health care insurance premiums for retired employees. Employees became eligible for these benefits when they reached normal retirement age while working for the District. As of June 30, 2012, the District's annual OPEB expense of \$69,707 and the current year requirements have been met as of June 30, 2012.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**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 11 family units (19 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 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.

***Funding Policy***

The contribution requirements of plan members and the District are established and may be amended by the Board. As of June 30, 2012, the District contributed \$69,707, 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, 2012, the District's annual other postemployment benefit (OPEB) expense of \$ 38,162 was equal to the ARC. The following table represents annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

<b>Fiscal year ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
June 30, 2012	\$ 69,707	100%	\$ -

The actuarial valuation was performed as of July 1, 2010 covering the fiscal year ended June 30, 2012. The next valuation was performed on July 1, 2011 as required by PERS.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**NOTE 3 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

***Funded Status and Funding Progress***

Using the actuarial valuation date of July 1, 2010, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)		\$ 1,689,205
Actuarial value of plan assets		(1,335,224)
Unfunded actuarial accrued liability (UAAL)		\$ 353,981
Funded ratio (actuarial value of plan assets/AAL)		68.22%
Covered payroll (active plan members)	\$	-
UAAL as a percentage of covered payroll		0.00%

Based upon 7.75% discount rate.

KFPD has commissioned an updated actuarial valuation to be dated July 1, 2011.

***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.

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, 2010 actuarial valuation, a level dollar amortization method was used. Under this method, the amortization period is 20 years. The healthcare cost trend rate assumptions included a 7.75 percent investment rate of return and an annual healthcare cost trend rate of 7.9 percent in 2011 (8.5 percent initially in 2008), reduced by decrements to an ultimate rate of 5.5 percent after ten years. CERBT's unfunded actuarial accrued liability is being amortized as a level dollar amortization on a closed basis. The remaining amortization period at July 1, 2011 was eighteen years.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**NOTE 3 – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

As of June 30, 2012, KFPD paid \$128,757 directly to medical service provider vendors, increasing the CERBT balance by \$59,045, netting to the OPEB costs of \$69,707. KFPD requested and received a reimbursement of \$62,669 from CERBT, bringing net OPEB assets balance (before Actuarial Valuation) on KFPD's balance sheet to \$1,152,362.

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

Total fund balance of the District's governmental funds differs from the net assets of governmental activities reported in the statement of net assets primarily as a result of the long-term economic focus of the statement of net assets 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 assets 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 assets but not on the balance sheet since they also have a long-term economic focus.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
<b>Differences</b>		
Cost of capital assets	\$ 2,909,354	\$ 2,335,871
Accumulated depreciation	<u>(1,188,605)</u>	<u>(1,074,070)</u>
Net capital assets	<u>1,720,749</u>	<u>1,261,801</u>
<b>Net difference</b>	<u>\$ 1,720,749</u>	<u>\$ 1,261,801</u>

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**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 assets" 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 assets 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.

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
<b>Differences</b>		
Capital outlay	\$ 573,483	\$ 65,754
Net gain (loss) on		
Depreciation expense	(114,535)	(100,642)
<b>Net difference</b>	<b>\$ 458,948</b>	<b>\$ (34,888)</b>

**NOTE 6 - CASH AND INVESTMENTS**

The District's cash and investments included the following:

	<b>June 30, 2012</b>	<b>June 30, 2011</b>
Deposits	\$ 13,536	\$ 10,088
Cash held by the county	308,288	523,782
Separately held investments - LAIF	3,153,164	3,359,024
Petty cash	200	200
<b>Total</b>	<b>\$ 3,475,188</b>	<b>\$ 3,893,094</b>

***Deposits***

At year-end, the carrying amount of the District's demand deposits was \$13,536 with a commercial bank which is covered by federal depository insurance.



**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**NOTE 6 - CASH AND INVESTMENTS (Continued)**

*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, 2012, the District's investment in LAIF is \$3,153,164 which is approximately 10% of total Contra Costa County LAIF. The total amount invested by all public agencies under the County Pool in LAIF at June 30, 2012 is \$ 327,097,452.00. Of that amount, approximately 0.04% 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, 2012**

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2012 follows:

Governmental Activities	Balance June 30, 2011	Current Year Additions	Retirements	Balance June 30, 2012
<i>Capital assets not being depreciated</i>				
Land	\$ 5,800	\$ -	\$ -	\$ 5,800
Construction in progress	49,208	559,418	(608,626)	-
Total capital assets not being depreciated	<u>55,008</u>	<u>559,418</u>	<u>(608,626)</u>	<u>5,800</u>
<i>Capital assets being depreciated</i>				
Building & improvements	1,384,721	629,383	(16,799)	1,997,305
Equipment & furniture	244,350	10,109	-	254,459
Rolling stock equipment	651,789	-	-	651,789
Total capital assets being depreciated	<u>2,280,860</u>	<u>639,492</u>	<u>(16,799)</u>	<u>2,903,553</u>
<i>Less accumulated depreciation for:</i>				
Building & improvements	(583,683)	(45,787)	-	(629,470)
Equipment & furniture	(119,961)	(22,380)	-	(142,341)
Rolling stock equipment	(370,423)	(46,370)	-	(416,793)
Total accumulated depreciation	<u>(1,074,067)</u>	<u>(114,537)</u>	<u>-</u>	<u>(1,188,604)</u>
Total capital assets being depreciated, net	<u>1,206,793</u>	<u>524,955</u>	<u>(16,799)</u>	<u>1,714,949</u>
Capital assets, net	<u>\$ 1,261,801</u>	<u>\$ 1,084,373</u>	<u>\$ (625,425)</u>	<u>\$ 1,720,749</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, 2012**

**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, 2012, 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.

**KENSINGTON FIRE PROTECTION DISTRICT**  
**Notes to the Basic Financial Statements**  
**June 30, 2012**

**NOTE 9 – FUND BALANCES (continued)**

- *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.

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, 2012, were distributed as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>Nonspendable:</b>				
Inventory	\$ -	\$ -	\$ -	\$ -
Advances (OPEB)	1,152,362	-	-	1,152,362
Subtotal	<u>1,152,362</u>	<u>-</u>	<u>-</u>	<u>1,152,362</u>
<b>Restricted for:</b>				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways & facilities	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Committed to:</b>				
Public protection	-	-	776,422	776,422
Capital projects	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>776,422</u>	<u>776,422</u>
<b>Assigned to:</b>				
General government	-	-	-	-
Public protection	2,260,942	-	-	2,260,942
Capital projects	-	-	-	-
Subtotal	<u>2,260,942</u>	<u>-</u>	<u>-</u>	<u>2,260,942</u>
<b>Unassigned</b>	<u>623,549</u>	<u>18,001</u>	<u>5,726</u>	<u>647,276</u>
<b>Total</b>	<u>\$ 4,036,853</u>	<u>\$ 18,001</u>	<u>\$ 782,148</u>	<u>\$ 4,837,002</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, 2012, and have issued my report thereon dated November 15, 2012. 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.

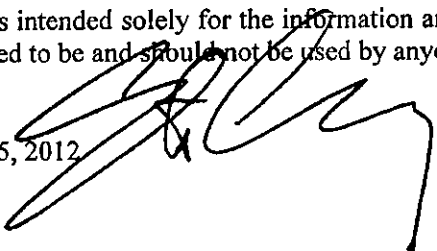
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

***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 or 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.

November 15, 2012



**KENSINGTON FIRE PROTECTION DISTRICT  
STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2012**

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

**KENSINGTON FIRE PROTECTION DISTRICT  
CURRENT YEAR FINDINGS  
YEAR ENDED JUNE 30, 2012**

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

**KENSINGTON FIRE PROTECTION  
DISTRICT**

Report to the Board of Directors  
Results of the Fiscal Year 2012 Audit



November 15, 2012

Board of Directors  
Kensington Fire Protection District  
Kensington, California

I have audited the financial statements of the Kensington Fire Protection District (KFPD) for the year ended June 30, 2012, and have issued my report thereon. In planning and performing my audit, I considered KFPD's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on internal control. This letter summarized comments under professional standards regarding my engagement and suggestions regarding opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report on the financial statements.

**I. The Auditor's Responsibility for Detecting Fraud**

As stated in my engagement letter dated April 27, 2011 my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

**II. Significant Accounting Policies**

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the KFPD are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the Fiscal Year. I noted no transactions entered into by KFPD during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

# KENSINGTON FIRE PROTECTION DISTRICT

## Report to the Board of Directors Results of the Fiscal Year 2012 Audit

### **III. Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Depreciation estimates for capital assets, including depreciation methods and useful lives assigned to depreciable property
- Accrual of compensated and OPEB liability

During my audit, I evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

### **IV. Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on KFPD's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in my judgment, indicate matters that could have a significant effect on KFPD's financial reporting process.

- No audit adjustments for 2012(only few client adjustments).

### **V. Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

# **KENSINGTON FIRE PROTECTION DISTRICT**

## **Report to the Board of Directors Results of the Fiscal Year 2012 Audit**

### **VI. Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants during Fiscal Year 2012.

### **VII. Issues Discussed Prior to Retention of Independent Auditors**

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the KFPD's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

### **VIII. Difficulties Encountered in Performing the Audit**

I encountered no difficulties in dealing with your employee performing my audit.

### **IX. Current Year Recommendations**

None

### **X. Prior Year Recommendations**

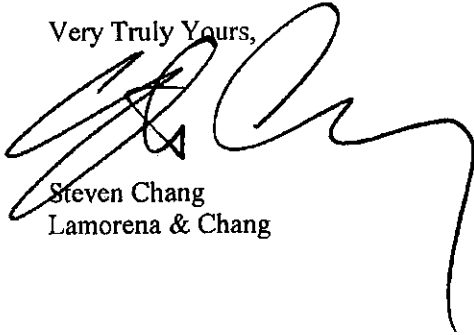
None

**KENSINGTON FIRE PROTECTION DISTRICT**

**Report to the Board of Directors  
Results of the Fiscal Year 2012 Audit**

This information is intended solely for the information and use of the Board of Directors, management, and governmental agencies as required, and should not be used by any other party for any purpose.

Very Truly Yours,

A large, stylized handwritten signature in black ink, appearing to read 'S. Chang', is written over the typed name and extends downwards and to the right.

Steven Chang  
Lamorena & Chang

11:19 AM

01/18/13

Accrual Basis

## Kensington Fire Protection District Profit & Loss Budget vs. Actual

July through December 2012

	Jul - Dec 12	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Property Taxes	2,777,770.14	2,770,000.00	7,770.14	100.3%
Special Taxes	200,395.20	200,395.00	0.20	100.0%
Other Tax Income	0.00	0.00	0.00	0.0%
Lease Agreement	15,298.00	30,595.00	-15,297.00	50.0%
Interest Income	2,396.31	2,000.00	396.31	119.8%
Salary Reimbursement Agreement	23,306.22	23,279.52	26.70	100.1%
<b>Total Income</b>	<b>3,019,165.87</b>	<b>3,026,269.52</b>	<b>-7,103.65</b>	<b>99.8%</b>
<b>Expense</b>				
<b>OUTSIDE PROFESSIONAL SERVICES</b>				
LAFCO Fees	1,541.07	1,500.00	41.07	102.7%
Contra Costa County Expenses	2,577.53	2,472.00	105.53	104.3%
El Cerrito Contract Fee	1,182,737.34	1,182,737.52	-0.18	100.0%
Water System Improvements	280,000.00	420,000.00	-140,000.00	66.7%
Fire Abatement Contract	2,550.00	8,000.00	-5,450.00	31.9%
Risk Management Insurance	10,200.00	12,600.00	-2,400.00	81.0%
<b>Professional Fees</b>				
Accounting	1,153.75	2,700.00	-1,546.25	42.7%
Actuarial Valuation	0.00	500.00	-500.00	0.0%
State Mandated Claims Consult	0.00	0.00	0.00	0.0%
Audit	7,000.00	0.00	7,000.00	100.0%
Legal Fees	1,273.78	15,000.00	-13,726.22	8.5%
<b>Total Professional Fees</b>	<b>9,427.53</b>	<b>18,200.00</b>	<b>-8,772.47</b>	<b>51.8%</b>
Wildland Vegetation Mgmt	5,390.00	4,000.00	1,390.00	134.8%
<b>Total OUTSIDE PROFESSIONAL SER...</b>	<b>1,494,423.47</b>	<b>1,649,509.52</b>	<b>-155,086.05</b>	<b>90.6%</b>
<b>RETIREE MEDICAL BENEFITS</b>				
PERS Medical	32,126.64	24,094.98	8,031.66	133.3%
Delta Dental	3,082.50	3,082.50	0.00	100.0%
Vision Care	980.00	840.00	140.00	116.7%
<b>Total RETIREE MEDICAL BENEFITS</b>	<b>36,189.14</b>	<b>28,017.48</b>	<b>8,171.66</b>	<b>129.2%</b>
<b>COMMUNITY SERVICE ACTIVITIES</b>				
Public Education	4,094.21	6,499.98	-2,405.77	63.0%
Comm. Pharmaceutical Drop-Off	707.54	2,000.00	-1,292.46	35.4%
Vial of Life Program	5.46	199.98	-194.52	2.7%
CERT Emergency Kits	0.00	0.00	0.00	0.0%
Open Houses	0.00	1,500.00	-1,500.00	0.0%
Community Shredder	0.00	0.00	0.00	0.0%
<b>Total COMMUNITY SERVICE ACTIVITI...</b>	<b>4,807.21</b>	<b>10,199.96</b>	<b>-5,392.75</b>	<b>47.1%</b>
<b>DISTRICT ACTIVITIES</b>				
Firefighter's Apparel	822.15	1,500.00	-677.85	54.8%
Firefighters' Expenses	3,581.31	2,500.02	1,081.29	143.3%
Engine Rescue Equipment	0.00	1,500.00	-1,500.00	0.0%
Staff Appreciation	0.00	1,250.00	-1,250.00	0.0%
Professional Development	0.00	2,749.98	-2,749.98	0.0%
<b>Building Maintenance</b>				
Janitorial Service	398.64	750.00	-351.36	53.2%
Medical Waste Disposal	3,393.95	3,580.02	-186.07	94.8%
Building alarm	100.00	100.00	0.00	100.0%
Gardening service	360.00	874.98	-514.98	41.1%
Miscellaneous Maint.	5,953.00	6,000.00	-47.00	99.2%
<b>Total Building Maintenance</b>	<b>10,205.59</b>	<b>11,305.00</b>	<b>-1,099.41</b>	<b>90.3%</b>
<b>Building Utilities/Service</b>				
Garbage	275.56	286.67	-11.11	96.1%
Gas and Electric	3,702.87	3,694.98	7.89	100.2%
Water/Sewer	1,051.33	1,050.00	1.33	100.1%
<b>Total Building Utilities/Service</b>	<b>5,029.76</b>	<b>5,031.65</b>	<b>-1.89</b>	<b>100.0%</b>
Election	0.00	1,000.00	-1,000.00	0.0%
Memberships	4,626.00	5,100.00	-474.00	90.7%
<b>Office</b>				
Office Expense	63.50	1,875.00	-1,811.50	3.4%
Office Supplies	329.73	1,125.00	-795.27	29.3%
Telephone	2,263.15	2,545.02	-281.87	88.9%
<b>Total Office</b>	<b>2,656.38</b>	<b>5,545.02</b>	<b>-2,888.64</b>	<b>47.9%</b>
<b>Total DISTRICT ACTIVITIES</b>	<b>26,921.19</b>	<b>37,481.67</b>	<b>-10,560.48</b>	<b>71.8%</b>
<b>Staff</b>				
Wages	36,816.00	36,820.02	-4.02	100.0%
Overtime Wages	557.52	1,912.50	-1,354.98	29.2%
Vacation Wages	0.00	0.00	0.00	0.0%
Medical/dental ins compensation	3,180.00	3,180.00	0.00	100.0%
Retirement Contribution	1,840.80	1,840.02	0.78	100.0%
Payroll Taxes	2,859.15	3,319.02	-459.87	86.1%
Workers Compensation/Life Ins	1,316.30	765.00	551.30	172.1%
Payroll Processing	676.58	645.00	31.58	104.9%
<b>Total Staff</b>	<b>47,246.35</b>	<b>48,481.56</b>	<b>-1,235.21</b>	<b>97.5%</b>

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Accrual Basis

### Kensington Fire Protection District Profit & Loss Budget vs. Actual

July through December 2012

	Jul - Dec 12	Budget	\$ Over Budget	% of Budget
Contingency				
General	0.00	0.00	0.00	0.0%
Contingency - Other	0.00	10,000.02	-10,000.02	0.0%
<b>Total Contingency</b>	<b>0.00</b>	<b>10,000.02</b>	<b>-10,000.02</b>	<b>0.0%</b>
<b>Total Expense</b>	<b>1,609,587.36</b>	<b>1,783,690.21</b>	<b>-174,102.85</b>	<b>90.2%</b>
<b>Net Ordinary Income</b>	<b>1,409,578.51</b>	<b>1,242,579.31</b>	<b>166,999.20</b>	<b>113.4%</b>
Other Income/Expense				
Other Income				
Transfers In - General	1,385.40			
<b>Total Other Income</b>	<b>1,385.40</b>			
Other Expense				
Transfers Out - Capital	1,385.40			
<b>Total Other Expense</b>	<b>1,385.40</b>			
<b>Net Other Income</b>	<b>0.00</b>			
<b>Net Income</b>	<b>1,409,578.51</b>	<b>1,242,579.31</b>	<b>166,999.20</b>	<b>113.4%</b>

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET

Fiscal Year 2012-2013

	FY 2011-2012	FY 2011-2012	FY 2012-2013	FY 2013-2014
<u>REVENUE BUDGET</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Planning</u>
Property Taxes *	2,798,795	2,799,582	2,790,000	2,803,950
Special Taxes	200,196	200,196	200,395	200,395
Other tax income	32,000	34,642	34,000	34,000
Interest income	9,000	10,374	8,000	9,000
Lease agreement (3%)	29,705	29,705	30,595	31,512
Salary reimb agreement	45,943	45,961	46,559	47,643
Miscellaneous income	0	9,039	0	0
<b>Total Revenue</b>	<b>3,115,640</b>	<b>3,129,499</b>	<b>3,109,550</b>	<b>3,126,500</b>
	FY 2011-2012	FY 2011-2012	FY 2012-2013	FY 2013-2014
<u>OPERATING EXPENSE BUDGET</u>	<u>Budget</u>	<u>Est. Actual</u>	<u>Budget</u>	<u>Planning</u>
<b>OUTSIDE PROFESSIONAL SERVICES</b>				
Accounting	5,400	4,328	5,400	5,400
Actuarial Valuation	3,000	2,500	500	3,000
Audit	12,000	12,000	12,000	12,500
Mandate Reimbursement Filing	1,300	1,339	550	600
CC County Expenses	34,745	31,406	32,975	34,625
El Cerrito Contract	2,260,942	2,260,941	2,365,475	2,483,750
Fire Abatement Contract	8,000	0	8,000	8,000
Insurance - Risk Mgmt	11,000	9,835	12,600	13,230
LAFCO Fees	1,490	1,177	1,500	1,500
Legal Fees	30,000	3,879	30,000	30,000
Water System Improvements	600,000	420,000	600,000	20,000
Wildland Vegetation Mgmt	10,000	9,345	10,000	10,000
<b>RETIREE MEDICAL BENEFITS</b>				
PERS Medical (OPEB cost)	59,250	59,250	48,190	51,270
Delta Dental	8,155	8,155	6,165	6,560
Vision Care	2,300	2,302	1,680	1,790
<b>COMMUNITY SERVICE ACTIVITES</b>				
Public Education	13,000	10,033	13,000	13,000
Community Pharmaceutical Drop-Off	3,000	5,017	4,000	2,500
Vial of Life Program	500	0	400	350
CERT Emergency Kits	2,500	3,828	3,000	3,000
Open Houses	2,500	610	1,500	1,500
Community Shredder	2,000	788	1,000	1,000
<b>DISTRICT ACTIVITIES</b>				
Professional Development	5,500	4,354	5,500	5,500
District Office				
Office expense	3,500	3,598	3,750	3,500
Office supplies	2,500	1,252	2,250	2,500
Telephone	4,800	4,847	5,090	5,345
Election	0	0	1,000	0
Firefighter's Apparel	1,500	416	1,500	1,575
Firefighters' Expenses	5,000	4,799	5,000	5,000
Engine Rescue Equipment	0	0	6,000	0
Staff Appreciation	4,000	811	2,500	3,000
Memberships	5,600	4,807	5,600	6,000
P/S Building				
Gardening service	1,400	1,140	1,750	1,840
Building alarm	2,000	1,691	2,000	2,000
Medical waste disposal (20%)	4,535	5,966	7,160	8,590
Janitorial	1,500	1,196	1,500	1,500
Misc. Maint/Improvements	10,000	9,800	12,000	12,000
PG&E	7,920	7,036	7,390	7,758

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET

Fiscal Year 2012-2013

Water/Sewer	1,220	1,395	1,500	1,575
Garbage	840	818	860	905
<b>Staff</b>				
Wages (2%)	72,200	72,198	73,640	75,105
Overtime Wages	3,750	1,562	3,825	3,900
Vacation Wages Accrual Adjustment	735	192	-15	55
Medical/dental insurance compensation	6,120	6,120	6,360	6,680
Retirement Contribution	3,610	3,610	3,680	3,755
Payroll Taxes	6,500	5,916	6,638	6,780
Insurance - Workers Comp/Life	1,500	1,501	1,530	1,560
Processing	1,225	1,228	1,290	1,355
Operating Contingency Fund	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>30,000</u>
<b>Total Operating Expense</b>	<b>3,248,534</b>	<b>3,012,984</b>	<b>3,347,232</b>	<b>2,901,350</b>
<b>Capital Outlay</b>				
P/S Building Repair/Replace	575,000	542,619	0	0
P/S Building Bay Doors	24,000	20,758	0	0
EBRICS Radios	0	0	32,000	0
Firefighter qtrs/equip	12,000	10,106	32,000	12,000
Office Furniture/Computers	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
<b>Total Capital Outlay</b>	<b>616,000</b>	<b>573,483</b>	<b>69,000</b>	<b>17,000</b>
<b>TOTAL EXPENDITURES</b>	<b>3,864,534</b>	<b>3,586,467</b>	<b>3,416,232</b>	<b>2,918,350</b>

Notes: The standard expenditure increase is 5% unless otherwise indicated or unless policy decisions mandated.

\* The State of California "borrowed" \$218,628 from KFPD during FY09-10 to be repaid by the end of FY12-13 with interest.

This will affect our cash balance and create a receivable shown on the Balance Sheet, but not revenue reported.

**Designated Funds (see attached schedules)**

Engine Replacement Fund	93,455	93,455	93,455	93,455
Public Safety Building Fund	0	0	100,000	104,000
Prepay CalPERS Trust	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	93,455	93,455	193,455	197,455

	FY 2011-2012 <u>Budget</u>	FY 2011-2012 <u>Est. Actual</u>	FY 2012-2013 <u>Budget</u>	FY 2013-2014 <u>Planning</u>
Beginning Cash	4,879,234	5,049,079	4,598,101	4,523,418
Revenue	3,115,640	3,129,499	3,109,550	3,126,500
State of California Loan Receivable	0	0	232,000	0
Operating Expenditures	-3,248,534	-3,012,984	-3,347,232	-2,901,350
Capital Expenditures	-616,000	-573,483	-69,000	-17,000
Accrual to Cash Adjustment		5,990		
<b><u>ENDING CASH</u></b>	<b>4,130,339</b>	<b>4,598,101</b>	<b>4,523,418</b>	<b>4,731,568</b>
<b><i>Cumulative Designated Funds</i></b>				
Capital Replacement Funds	-982,930	-776,422	-969,877	-1,167,332
Prepaid CERBT - Retiree Trust	-1,155,985	-1,094,935	-1,094,935	-1,094,935
El Cerrito Contract 12 month set aside	-2,260,942	-2,260,942	-2,365,475	-2,483,750
<b><u>AVAILABLE CASH</u></b>	<b>-269,518</b>	<b>465,802</b>	<b>93,131</b>	<b>-14,448</b>



KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET  
 Fiscal Year 2012-2013

**SCHEDULE FOR REPLACEMENT OF EQUIPMENT**

Type I Vehicle Cost	Estimated Cost 15 yrs/4%	Fiscal Year	Yearly Contribution To Cap. Fund	Accumulated Funds	Type III Vehicle Cost	Estimated Cost 15 yrs/4%	Fiscal Year	Yearly Contribution To Cap. Fund	Accumulated Funds
	\$543,700					\$540,094			
\$123,464		99-00							
\$178,435		00-01	30,832	30,832					
		01-02	36,633	67,465					
		02-03	36,633	104,098	\$94,000		02-03		
		03-04	36,633	140,731	\$205,895		03-04		
		04-05	36,633	177,364			04-05	32,860	32,860
		05-06	36,633	213,997			05-06	32,860	65,720
		06-07	36,633	250,630			06-07	32,855	98,575
		07-08	36,633	287,263			07-08	36,793	135,368
		08-09	36,633	323,896			08-09	36,793	172,161
adjust to	\$632,660	09-10	51,461	375,357	adjust to	\$592,100	09-10	41,994	214,155
		10-11	51,461	426,818			10-11	41,994	256,149
		11-12	51,461	478,279			11-12	41,994	298,143
		12-13	51,461	529,740			12-13	41,994	340,137
		13-14	51,461	581,201			13-14	41,994	382,131
		14-15	<u>51,461</u>	632,662			14-15	41,994	424,125
			632,662				15-16	41,994	466,119
							16-17	41,994	508,113
							17-18	41,994	550,107
							18-19	<u>41,994</u>	592,101
								592,101	

KFPD COMBINED REVENUE, EXPENSE AND CAPITAL BUDGET  
Fiscal Year 2012-2013

**SAVINGS SCHEDULE FOR BUILDING IMPROVEMENTS/RENOVATION**

<u>Adjusted for 4% Inflation</u>	<u>Fiscal Year</u>	<u>Yearly Contribution</u>	<u>Accumulated Reserves</u>
	12-13	100,000	100,000
	13-14	104,000	204,000
	14-15	108,160	312,160
	15-16	112,486	424,646
	16-17	116,986	541,632
	17-18	121,665	663,298
	18-19	126,532	789,829

\* Based on historical building expenditures, KFPD will be setting aside \$100,000 per fiscal year to accumulate funds to be available for future building improvements/major repairs.