



KENSINGTON FIRE PROTECTION DISTRICT

DATE: August 21, 2024
TO: Board of Directors
RE: FY 2022-23 Annual Audit and Financial Statements
SUBMITTED BY: Mary A. Morris-Mayorga, Consultant

Recommended Action

Staff recommends that the Board accept the Fiscal Year 2022-23 Annual Audit and Financial Statements as prepared and presented by the audit firm, Nigro & Nigro PC.

Background

Each year the District engages the services of a certified public accountant, now Nigro & Nigro PC, to audit the financial statements. The District's accounting firm, Maze & Associates, prepared the financial statements for the fiscal year ending June 30, 2023 and provided supporting financial schedules as requested by the auditors. Normally, the audit would be presented to the Board of Directors by the end of December; however, with the internal staffing transition and change to a new audit firm the timing this year was delayed. We are already in the planning stages for the current audit to avoid that in the future.

Based upon the audit procedures performed, Nigro & Nigro PC has rendered their opinion that the District's financial statements present fairly, in all material respects, the District's financial position as of June 30, 2023, and the results of the governmental activities and the budgetary comparison information for the year then ended, in accordance with generally accepted accounting principles. This is commonly referred to as a "clean" or "unmodified" audit opinion and is the desired opinion.

Fiscal Impact

The cost of the annual audit was included in the budget.

Attachments: Presentation to the Board of Directors
Letter to Board of Directors
Financial Statements and Independent Auditors' Report for FY 2022-23

KENSINGTON FIRE PROTECTION DISTRICT
Presentation to the Board of Directors
For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO^{PC}



SCOPE OF WORK

Perform Audit Testwork of the Entity's Annual Financial Statements/Report

Report on the Entity's internal control over financial reporting and on compliance in accordance with Government Auditing Standards

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

1. Form and express an opinion about whether the Annual Financial Statements results, that have been prepared by management, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
2. Our responsibility is to plan and perform the audit to obtain **reasonable assurance (not absolute assurance)** about whether the Annual Financial Statements are free of material misstatements.
3. We are to consider the Entity's internal controls and segregations of duties over accounting procedures and financial reporting as we perform our audit testwork. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal controls.

AUDIT RESULTS

An Auditor's **Unmodified Opinion** has been issued on the Annual Financial Statements.

- The Annual Financial Statements are fairly presented in all material respects.
- The adopted significant accounting policies have been consistently applied.
- Estimates are considered reasonable for Depreciation and OPEB expenses.
- Required disclosures are properly reflected in the Annual Financial Statements.

AU-C 265 – Communicating Internal Control Related Matters Identified in an Audit

No Material Issues Arose to be Reported to the Governing Board/Management


Any Minor Issues Were Discussed Orally and Corrected by Management

How Do We Make You Better?

Best Practice Solutions Were Conveyed to Management – That's the Audit ROI

Kensington Fire Protection District
Dashboard – Audited Financial Statements
June 30, 2023 vs 2022

Revenues & Expenses	2023	2022	Variance
General Revenues:			
Property Taxes - 10.0%	5,288,892	4,807,946	480,946
Special Tax	200,437	204,418	(3,981)
Rental Income	3,050	36,603	(33,553)
Investment Earnings	153,346	14,188	139,158
Other Revenues	990	428,441	(427,451)
Total Revenues	<u>5,646,715</u>	<u>5,491,596</u>	<u>155,119</u>
Expenses:			
Salaries & Wages	173,327	161,108	12,219
Employee Benefits	20,246	(115,892)	136,138
Fire Contract – El Cerrito	3,921,037	3,649,035	272,002
Materials & Services	412,682	384,969	27,713
Depreciation Expense	173,673	169,385	4,288
Cost of Debt Issuance	92,000	-	92,000
Interest Expense	83,272	-	83,272
Total Expenses	<u>4,876,237</u>	<u>4,248,605</u>	<u>627,632</u>
Change in Revenues & Expenses	<u>\$ 770,478</u>	<u>\$ 1,242,991</u>	<u>\$ (472,513)</u>
Capital Outlay:			
Capital Asset Additions	\$ (2,588,291)	\$ (551,601)	\$ (2,036,690)
Depreciation Expense	<u>173,673</u>	<u>169,385</u>	<u>4,288</u>
Change in Capital Expense	<u>(2,414,618)</u>	<u>(382,216)</u>	<u>(2,032,402)</u>
Debt Service:			
Principal Issued	\$ 2,160,000	\$ -	\$ 2,160,000
Principal Paid	<u>-</u>	<u>87,879</u>	<u>(87,879)</u>
Change in Debt Service	<u>\$ 2,160,000</u>	<u>87,879</u>	<u>2,072,121</u>
Cash & Investments	<u>\$ 10,861,083</u>	<u>\$ 10,411,735</u>	<u>\$ 449,348</u>
Quick Summary:			
Change in Revenues & Expenses	\$ 770,478		
Change in Capital Expense	(2,414,618)	Use of Cash	
Change in Debt Service	2,160,000	Use of Cash	
Change in OPEB Expense	(37,592)	Non-Cash	
Change in El Cerrito Payable	(45,611)	Non-Cash	
Change in Accrued Interest	29,304	Non-Cash	
Change in Cash & Investments	<u>\$ 461,961</u>	Approximately	<u>\$ 12,613</u>
Investment Earnings to Portfolio	<u>1.44%</u>		



KENSINGTON FIRE PROTECTION DISTRICT
Report to the Board of Directors
For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO^{PC}

KENSINGTON FIRE PROTECTION DISTRICT

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For the Fiscal Year Ended June 30, 2023

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Board of Directors
Kensington Fire Protection District
Kensington, California

We are pleased to present this report related to our audit of the financial statements of the Kensington Fire Protection District (District) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Murrieta, California
July 31, 2024

Required Communications

KENSINGTON FIRE PROTECTION DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<p>Our Responsibilities with Regard to the Financial Statement Audit</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated February 28, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.</p>
<p>Overview of the Planned Scope and Timing of the Financial Statement Audit</p>	<p>An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions and the account-type of areas tested. There were no changes to the planned scope and timing of our audit testwork.</p>
<p>Accounting Policies and Practices</p>	<p>Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. During our audit, no such circumstances were noted.</p> <p>Adoption of, or Change in, Significant Accounting Policies or Their Application Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgement. No such significant accounting estimates were noted or estimate applications were changed from the previous year.</p>
<p>Audit Adjustments</p>	<p>Audit adjustments are summarized in the attached Summary of Adjusting Journal Entries.</p>
<p>Uncorrected Misstatements</p>	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

KENSINGTON FIRE PROTECTION DISTRICT

Required Communications

For the Fiscal Year Ended June 30, 2023

Area	Comments
Discussions With Management	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	No significant difficulties were encountered in performing our audit.
Required Supplementary Information	We applied certain limited procedures to the: <ol style="list-style-type: none">1. Management's Discussion and Analysis2. Budget to Actual Comparison3. RSI - OPEB Disclosures Which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Summary of Adjusting Journal Entries

KENSINGTON FIRE PROTECTION DISTRICT

*Summary of Adjusting Journal Entries
For the Fiscal Year Ended June 30, 2023*

See Attached Schedule

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
Adjust FMV on investment			
8010	Unrealized gain/loss	41,029.27	
1007A	FMV Adjustment		41,029.27
Total		41,029.27	41,029.27
Adjusting Journal Entries JE # 2			
To record prior year fmv adjustment to			
7001	Fund Equity - Capital Projects	45,309.00	
1003A	FMV GENERAL		40,185.00
1004A	FMV SPECIAL TAX		3,562.00
1005A	FMV CAPITAL		1,562.00
Total		45,309.00	45,309.00
Adjusting Journal Entries JE # 3			
To restate cash in county error			
1003	General Fund	67,453.46	
7001	Fund Equity - Capital Projects		67,453.46
Total		67,453.46	67,453.46
Adjusting Journal Entries JE # 4			
To book current year FMV			
1004A	FMV SPECIAL TAX	923.00	
8010	Unrealized gain/loss	50,646.00	
1003A	FMV GENERAL		37,756.00
1005A	FMV CAPITAL		13,813.00
Total		51,569.00	51,569.00
Adjusting Journal Entries JE # 5			
To adjust loan and accrued interest payable and cost of issuance			
9550	Interest expense (NEW)	53,968.00	
9550	Interest expense (NEW)	29,304.00	
9550	Interest expense (NEW)	92,000.00	
6004	PSB Renovation Loan		53,968.00
6004	PSB Renovation Loan		92,000.00
6100	Interest payable (NEW)		29,304.00
Total		175,272.00	175,272.00
Adjusting Journal Entries JE # 6			
To restate cash in revolving account			
7001	Fund Equity - Capital Projects	22,181.70	
1002	KFPD Revolving Acct - Gen Fund		22,181.70
Total		22,181.70	22,181.70

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 7			
To adjust loan for remainder that is owed from escrow			
2001	Accounts Receivable	474,571.37	
6004	PSB Renovation Loan		474,571.37
Total		474,571.37	474,571.37
Adjusting Journal Entries JE # 8			
Adjust Fund Balance			
9037	DISTRICT ACTIVITIES:Office:Office Supplies	37.24	
7001	Fund Equity - Capital Projects		37.24
Total		37.24	37.24
	Total Adjusting Journal Entries	877,423.04	877,423.04

**KENSINGTON FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2023
(With Comparative Information as of June 30, 2022)**

NIGRO & NIGRO^{PC}

KENSINGTON FIRE PROTECTION DISTRICT

For the Fiscal Year Ended June 30, 2023

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Kensington Fire Protection District
Kensington, California

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kensington Fire Protection District (District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, and schedule of changes in the District's total OPEB liability and related ratios be 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated July 31, 2024, on our consideration of the District's internal control over financial reporting and on our 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 our 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 the District's internal control over financial reporting and compliance.

Murrieta, California
July 31, 2024

KENSINGTON FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

Management's Discussion and Analysis (MD&A) offers readers of Kensington Fire Protection District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$770,516 as a result of this year's operations.
- Total revenues from all sources increased by 3.01%, or \$159,100 from \$5,287,178 to \$5,446,278, from the prior year, primarily due to increases in property taxes of \$480,946.
- Total expenses for the District's operations increased by 14.77% or \$627,594 from \$4,248,605 to \$4,876,199 from the prior year, primarily due to increase in materials and services expense of \$299,677.
- The District purchased new capital assets during the year in the amount of \$2,588,291. Depreciation expense was \$173,673.

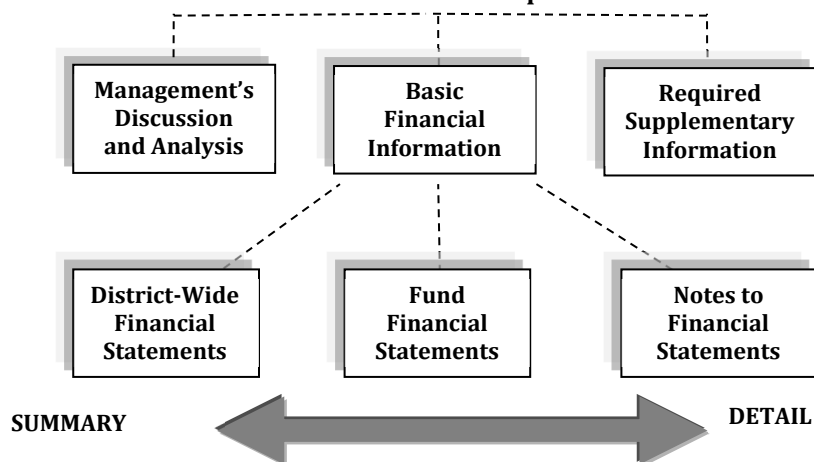
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Kensington Fire Protection District's Annual Financial Report



KENSINGTON FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

KENSINGTON FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as fire protection, medical transport, and administration. Local property taxes finance most of these activities.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

KENSINGTON FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:			
Current assets	\$ 11,415,350	\$ 10,484,258	\$ 931,092
Non-current assets	508,252	745,105	(236,853)
Capital assets, net	<u>5,077,514</u>	<u>2,662,896</u>	<u>2,414,618</u>
Total assets	<u>17,001,116</u>	<u>13,892,259</u>	<u>3,108,857</u>
Deferred outflows of resources	<u>133,200</u>	<u>-</u>	<u>133,200</u>
Liabilities:			
Current liabilities	978,729	480,294	498,435
Non-current liabilities	<u>2,347,870</u>	<u>233,481</u>	<u>2,114,389</u>
Total liabilities	<u>3,326,599</u>	<u>713,775</u>	<u>2,612,824</u>
Deferred inflows of resources	<u>-</u>	<u>141,245</u>	<u>(141,245)</u>
Net position (Deficit):			
Net investment in capital assets	2,917,514	2,662,896	254,618
Unrestricted	<u>10,248,751</u>	<u>9,770,483</u>	<u>478,268</u>
Total net position	<u>\$ 13,166,265</u>	<u>\$ 12,433,379</u>	<u>\$ 732,886</u>

At the end of fiscal year 2023, the District shows a balance in its unrestricted net position of \$10,890,203.

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Expenses	<u>\$ (4,876,237)</u>	<u>\$ (4,248,605)</u>	<u>\$ (627,632)</u>
Net program expense	(4,876,237)	(4,248,605)	(627,632)
General revenues	<u>5,646,715</u>	<u>5,491,596</u>	<u>155,119</u>
Change in net position	770,478	1,242,991	(472,513)
Net position:			
Beginning of year	<u>13,037,239</u>	<u>11,794,248</u>	<u>1,242,991</u>
End of year	<u>\$ 13,807,717</u>	<u>\$ 13,037,239</u>	<u>\$ 770,478</u>

KENSINGTON FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the net position of the District increased by \$770,516.

Table A-3: Total Revenues

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
General revenues:			
Property taxes	\$ 5,288,892	\$ 4,807,946	\$ 480,946
Rental income	3,050	36,603	(33,553)
Investment earnings	153,346	14,188	139,158
Other revenues	990	428,441	(427,451)
Total general revenues	<u>5,446,278</u>	<u>5,287,178</u>	<u>159,100</u>
Total revenues	<u>\$ 5,446,278</u>	<u>\$ 5,287,178</u>	<u>\$ 159,100</u>

Total revenues from all sources increased by 3.01%, or \$159,100 from \$5,287,178 to \$5,446,278, from the prior year, primarily due to increases in property taxes of \$480,946.

Table A-4: Total Expenses

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Expenses:			
Salaries and wages	\$ 173,327	\$ 161,108	\$ 12,219
Employee benefits	20,246	(115,892)	136,138
Materials and services	412,682	384,969	27,713
Depreciation expense	173,673	169,385	4,288
Interest expense	83,272	-	83,272
Cost of issuance	92,000	-	92,000
Total expenses	<u>\$ 955,200</u>	<u>\$ 599,570</u>	<u>\$ 355,630</u>

Total expenses for the District's operations increased by 14.77% or \$627,594 from \$4,248,605 to \$4,876,199 from the prior year, primarily due to increase in materials and services expense of \$299,677.

KENSINGTON FIRE PROTECTION DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2023

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2023, the District reported a total fund balance of \$10,465,925. An amount of \$8,936,581 constitutes the District's *unassigned fund balance*.

OPERATIONS FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's operational fund at year-end were \$410,603 less than actual. Actual revenues were greater than the anticipated budget by \$670,068. Actual revenues less expenses were under budget by \$259,465.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had invested \$2,588,291 in new capital assets, related to the work in progress for a fire station project. (More detailed information about capital assets can be found in Note 3 to the financial statements). Total depreciation expense for the year was \$173,673.

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>Balance, June 30, 2023</u>	<u>Balance, June 30, 2022</u>
Capital assets:		
Non-depreciable assets	\$ 3,145,378	\$ 557,401
Depreciable assets	4,185,471	4,185,471
Accumulated depreciation	<u>(2,253,649)</u>	<u>(2,079,976)</u>
Total capital assets, net	<u>\$ 5,077,200</u>	<u>\$ 2,662,896</u>

Long-Term Debt

At year-end the District had \$2,160,000 in outstanding long-term debt as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

	<u>Balance, June 30, 2023</u>	<u>Balance, June 30, 2022</u>
	<u>\$ 2,160,000</u>	<u>\$ -</u>

KENSINGTON FIRE PROTECTION DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2023

FACTORS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District at the Kensington Fire Protection District at 217 Arlington Avenue, Kensington, CA 94707.

KENSINGTON FIRE PROTECTION DISTRICT

Statement of Net Position

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	Governmental Activities	
	2023	2022
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 10,861,083	\$ 10,411,735
Accounts receivable	479,377	6,020
Property tax receivables	67,984	63,746
Prepaid items	6,906	2,757
Total current assets	11,415,350	10,484,258
Non-current assets:		
OPEB Asset (Note 6)	508,252	745,105
Capital assets – not being depreciated (Note 3)	3,145,692	557,401
Capital assets – being depreciated, net (Note 3)	1,931,822	2,105,495
Total non-current assets	5,585,766	3,408,001
Total assets	17,001,116	13,892,259
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related deferred outflows of resources	133,200	-
Total deferred outflows of resources	133,200	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	949,425	480,294
Accrued interest payable	29,304	-
Total current liabilities	978,729	480,294
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Long-term payable to City of El Cerrito (Note 4)	187,870	233,481
Long-term debt (Note 5)	2,160,000	-
Total non-current liabilities	2,347,870	233,481
Total liabilities	3,326,599	713,775
DEFERRED INFLOWS OF RESOURCES		
OPEB related deferred outflows of resources (Note 6)	-	141,245
Total deferred inflows of resources	-	141,245
NET POSITION		
Net investment in capital assets	2,917,514	2,662,896
Restricted for OPEB related expenses	641,452	603,860
Unrestricted	10,248,751	9,770,483
Total net position	\$ 13,807,717	\$ 13,037,239

KENSINGTON FIRE PROTECTION DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2023**With Comparative Amounts For the Fiscal Year Ended June 30, 2022)*

	Governmental Activities	
	2023	2022
EXPENSES:		
Fire protection, prevention and emergency medical transport:		
Operations:		
Salaries and wages	\$ 173,327	\$ 161,108
Employee benefits	20,246	(115,892)
Fire contract – El Cerrito	3,921,037	3,649,035
Materials and services	412,682	384,969
Depreciation expense	173,673	169,385
Interest expense	83,272	-
Cost of debt issuance	92,000	-
Total expenses	4,876,237	4,248,605
GENERAL REVENUES:		
Property taxes	5,288,892	4,807,946
Special taxes	200,437	204,418
Rental income	3,050	36,603
Investment earnings	153,346	14,188
Other revenues	990	428,441
Total general revenues	5,646,715	5,491,596
Change in net position	770,478	1,242,991
Net Position:		
Beginning of year, as restated (Note 10)	13,037,239	11,794,248
End of year	\$ 13,807,717	\$ 13,037,239

KENSINGTON FIRE PROTECTION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Total Funds
ASSETS				
Assets:				
Cash and investments	\$ 9,510,757	\$ 197,777	\$ 1,152,549	\$ 10,861,083
Accounts receivable	4,806	-	474,571	479,377
Property tax receivables	67,984	-	-	67,984
Prepaid items	6,906	-	-	6,906
Total assets	<u>\$ 9,590,453</u>	<u>\$ 197,777</u>	<u>\$ 1,627,120</u>	<u>\$ 11,415,350</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 646,966	\$ -	\$ 302,459	\$ 949,425
Total liabilities	<u>646,966</u>	<u>-</u>	<u>302,459</u>	<u>949,425</u>
Fund Balances: (Note 8)				
Nonspendable	6,906	-	-	6,906
Committed	646,966	197,777	1,324,661	2,169,404
Unassigned	8,289,615	-	-	8,289,615
Total fund balance	<u>8,943,487</u>	<u>197,777</u>	<u>1,324,661</u>	<u>10,465,925</u>
Total liabilities and fund balance	<u>\$ 9,590,453</u>	<u>\$ 197,777</u>	<u>\$ 1,627,120</u>	<u>\$ 11,415,350</u>

KENSINGTON FIRE PROTECTION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Fund Balances – Governmental Funds	\$ 10,465,925
Amounts reported for governmental activities in the statement of net position are different because:	
OPEB Asset	508,252
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	5,077,514
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	133,200
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:	
Accrued interest payable	(29,304)
Long-term debt	(2,160,000)
Long-term payable to City of El Cerrito	<u>(187,870)</u>
Total adjustments	<u>3,341,792</u>
Net Position of Governmental Activities	<u><u>\$ 13,807,717</u></u>

KENSINGTON FIRE PROTECTION DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023*

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property taxes	\$ 5,288,892	\$ -	\$ -	\$ 5,288,892
Special taxes	-	200,437	-	200,437
Rental income	3,050	-	-	3,050
Investment earnings	163,686	926	(11,266)	153,346
Other revenues	990	-	-	990
Total revenues	<u>5,456,618</u>	<u>201,363</u>	<u>(11,266)</u>	<u>5,646,715</u>
EXPENDITURES:				
Current:				
Salaries and wages	173,327	-	-	173,327
Employee benefits	57,838	-	-	57,838
Materials and services	427,453	2,209	28,631	458,293
Capital outlay	568,411	-	2,019,880	2,588,291
Debt service:				
Interest	-	-	53,968	53,968
Total expenditures	<u>1,227,029</u>	<u>2,209</u>	<u>2,102,479</u>	<u>3,331,717</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>4,229,589</u>	<u>199,154</u>	<u>(2,113,745)</u>	<u>2,314,998</u>
OTHER FINANCING SOURCES(USES):				
Transfers in (Note 9)	2,146,313	(206,006)	(1,940,307)	-
Issuance of debt (Note 5)	-	-	2,160,000	2,160,000
Cost of debt issuance (Note 5)	-	-	(92,000)	(92,000)
Total other financing sources(uses)	<u>2,146,313</u>	<u>(206,006)</u>	<u>127,693</u>	<u>2,068,000</u>
Net Changes in Fund Balance	<u>6,375,902</u>	<u>(6,852)</u>	<u>(1,986,052)</u>	<u>4,382,998</u>
FUND BALANCES:				
Beginning of year as restated (Note 10)	<u>6,488,584</u>	<u>204,629</u>	<u>3,310,713</u>	<u>10,003,926</u>
End of year	<u>\$ 12,864,486</u>	<u>\$ 197,777</u>	<u>\$ 1,324,661</u>	<u>\$ 14,386,924</u>

KENSINGTON FIRE PROTECTION DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities*

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances – Governmental Funds	<u>\$ 4,382,998</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Change in net other post-employment benefits obligations and related deferred resources	37,592
Change in long-term payable to City of El Cerrito	45,611
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Change in accrued interest	(29,304)
Debt issuance	(2,160,000)
Capital outlay	2,588,291
Depreciation expense	<u>(173,673)</u>
Total adjustments	<u>308,517</u>
Change in Net Position of Governmental Activities	<u>\$ 4,691,515</u>

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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 expired June 30, 2022. The annual fee that the District paid under this contract for the fiscal year ended June 30, 2023 totaled \$3,843,483. In June 2023, the District's contract with the City was subsequently renewed through June 30, 2024.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, other nonexchange transactions, and charges for services.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Special Revenue Fund: This fund is used to account for the special tax authorized by Section 53978 of the Government Code and approved by the District's electorate on April 8, 1980.

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

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Investments

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

1. Cash and Investments (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District’s own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

2. Accounts Receivable and Allowance for Doubtful Accounts

Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include amounts due from county, advance on supplemental taxes, and interest receivable.

3. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District’s policy to capitalize assets costing over \$1,000 and an estimated useful life in excess of one year. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District’s classes of assets are as follows:

Description	Estimated Lives
Buildings and Improvements	15-40 years
Rolling stock, equipment and furniture	5-10 years

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

5. Compensated Absences

The District’s policy is to permit full time employees to accumulate earned vacation time. Earned vacation time shall be earned by each employee subject to the accrual limitations and policies as defined by District policies. Such unused compensation is calculated at the employees’ then prevalent hourly rate at the time of retirement or termination. Whereas vacation time is compensated at 100% of accumulated hours.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021

Measurement Date June 30, 2022

Measurement Period July 1, 2021 to June 30, 2022

7. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

The Contra Costa County Assessor’s Office assesses all real and personal property within the County each year. The Contra Costa County Tax Collector’s Office bills and collects the District’s share of property taxes and voter-approved taxes. The Contra Costa County Auditor-Controller’s Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by Contra Costa County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the *alternate method of property tax distribution* known as the Teeter Plan, by the District and Contra Costa County. The Teeter Plan authorizes the County Auditor-Controller to allocate 100% of the secured property tax billed but not yet received or paid to the District. Contra Costa County remits tax proceeds to the District in installments during the fiscal year.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, consisted of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 200
Demand deposits held with financial institutions	183,847
California Local Agency Investment Fund (LAIF)	24,795
Contra Costa County Treasury Investment Pool (CCCTIP)	7,193,271
Investments	3,458,970
Total cash and investments	<u>\$ 10,861,083</u>

Demand Deposits

At June 30, 2023, the carrying amount of the District's demand deposits was \$183,847, and the financial institutions balances totaled \$183,898. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

California Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held \$24,795 in LAIF.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 2 – CASH AND INVESTMENTS (continued)

Contra Costa County Treasury Investment Pool (CCCTIP)

The District's cash is included in the Contra Costa County Treasury Investment Pool. Investments made by the Treasurer 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. As of June 30, 2023, the District had \$7,193,271 in the CCCTIP.

Investments at June 30, 2023, consisted of the following:

Investments	Measurement Input	Credit Rating	Fair Value June 30, 2023	Maturity 12 Months or Less
Federal Home Loan Banks	Level 2	Not Rated	\$ 3,458,970	\$ 3,458,970

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance July 1, 2022	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable capital assets:				
Land	\$ 5,800	\$ -	\$ -	\$ 5,800
Construction-in-progress	551,601	2,588,291	(314)	3,139,578
Total non-depreciable capital assets	557,401	2,588,291	(314)	3,145,378
Depreciable capital assets:				
Building and improvements	2,391,581	-	-	2,391,581
Equipment and furniture	547,192	-	-	547,192
Rolling stock equipment	1,246,698	-	-	1,246,698
Total depreciable capital assets	4,185,471	-	-	4,185,471
Accumulated depreciation:				
Building and improvements	(1,276,209)	(65,963)	-	(1,342,172)
Equipment and furniture	(455,007)	(23,718)	-	(478,725)
Rolling stock equipment	(348,760)	(83,992)	-	(432,752)
Total accumulated depreciation	(2,079,976)	(173,673)	-	(2,253,649)
Total depreciable capital assets, net	2,105,495	(173,673)	-	1,931,822
Total capital assets, net	\$ 2,662,896	\$ 2,414,618	\$ (314)	\$ 5,077,200

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 4 – LONG-TERM PAYABLE TO CITY OF EL CERRITO

The District pays a true-up of expenses to the City of El Cerrito for fire protection services. The City of El Cerrito liability represents the “true-up” or reconciling costs fore fire protection costs incurred from prior years. At the end of every year, these expenses are totaled by City of El Cerrito and the final true-up of expenses is provided to the District in the following year cost proposal. There is roughly a two year lag in information, so the District pays for the true-up expenses from two years ago. As of June 30, 2023, the long-term liability is \$187,870 which consists of \$77,554 related to actual reconciling costs for services performed in FY 21/22 and \$110,316 from previous fiscal years.

NOTE 5 – LONG-TERM DEBT

Changes in long-term debt obligations payable amounts for the year ended June 30, 2023, were as follows:

<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ -	\$ 2,160,000	\$ -	\$ 2,160,000	\$ -	\$ -

2022 Loan payable

On July 22, 2022, the District entered into a loan payable agreement of \$2,160,000 with CSDA Finance Corporation to provide funds for the fire station project. The terms of the agreement provide for interest payable semi-annually on March 1st and September 1st at a rate of 4.070% per annum. The cost of issuance was \$92,000. As of June 30, 2023 the District has \$474,571 in an escrow account that will be transferred to the District as the remainder of expenditures are made.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ 87,912	\$ 87,912
2025	54,773	86,797	141,570
2026	57,002	84,523	141,525
2027	59,322	82,156	141,478
2028	61,736	79,692	141,428
2029-2033	348,480	357,851	706,331
2034-2038	425,408	279,358	704,766
2039-2043	519,318	183,537	702,855
2044-2047	633,961	66,563	700,524
Total	2,160,000	\$ 1,308,389	\$ 3,468,389
Current	-	-	-
Long-term	\$ 2,160,000	-	-

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Summary

The following balances on the statement of net position will be addressed in this footnote as follows:

Description	Amount
OPEB related deferred outflows of resources	\$ 133,200
Net other post-employment benefits asset	508,252
OPEB related deferred inflows of resources	-

A. General Information about the OPEB Plan

Plan description

The District provides post-retirement 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 9 family units (13 individuals including 4 former employees, 5 widows and 4 spouses) are receiving post-retirement health benefits. There are no separate financial statements issued for the OPEB plan. The District participates in the California Employer's Retiree Benefit 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 post employment benefits (OPEB) for their covered retirees. The District elected to participate in CERBT and contributed a total of \$1,165,000 in October 2008 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.

Employees covered by benefit terms

At June 30, 2023, the following employees were covered by the benefit terms:

Description	Amount
Retirees	9
Active employees	0
Total	<u>9</u>

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

B. Total OPEB Liability/(Asset)

The District's total OPEB asset of \$508,252 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.73%
Inflation	2.26%
Salary Increases	3.25%
Investment Rate of Return	6.73%
Mortality Rate	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data
Healthcare Trend Rate	Pre-65 current 6.74% 2024+ (4%-6.24%)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.73%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the Net OPEB liability are as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at July 1, 2022	\$ 856,764	\$ 1,601,869	\$ (745,105)
Changes for the year:			
Interest	54,752	-	54,752
Net investment income	-	(194,954)	194,954
Administrative expense	-	(401)	401
Differences between expected and actual experience	(13,254)	-	(13,254)
Benefit payments	(87,859)	(87,859)	-
Net changes	(46,361)	(283,214)	236,853
Balance at June 30, 2023	\$ 810,403	\$ 1,318,655	\$ (508,252)

Changes of Assumptions

In fiscal year 2022-23, the measurement period, there was no change in assumptions

Change of Benefit Terms

In fiscal year 2022-23, the measurement period, there were no changes to the benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.73%) or 1 percentage point higher (7.73%) than the current discount rate:

1% Decrease 5.73%	Current Discount Rate 6.73%	1% Increase 7.73%
<u>\$ (381,431)</u>	<u>\$ (508,252)</u>	<u>\$ (530,305)</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$ (528,583)</u>	<u>\$ (508,252)</u>	<u>\$ (384,760)</u>

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense/(revenue) of (\$37,592). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Decription	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	<u>\$ 133,200</u>	<u>\$ -</u>
Total	<u>\$ 133,200</u>	<u>\$ -</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30	Amount
2024	\$ 24,535
2025	25,889
2026	22,809
2027	59,967
2028	-
Thereafter	-
Total	<u>\$ 133,200</u>

KENSINGTON FIRE PROTECTION DISTRICT
Notes to Financial Statements
June 30, 2023

NOTE 7 – NET INVESTMENT IN CAPITAL ASSETS

At June 30, 2023, the net investment in capital assets was calculated as follows:

<u>Description</u>	<u>Balance</u>
Capital assets – not being depreciated	\$ 3,145,378
Capital assets – being depreciated, net	1,931,822
Long-term debt payable – noncurrent portion	<u>(2,160,000)</u>
Total net investment in capital assets	<u>\$ 2,917,200</u>

NOTE 8 – FUND BALANCES

At June 30, 2023, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Nonspendable:				
Prepaid items	\$ 6,906	\$ -	\$ -	\$ 6,906
Committed				
Liabilities	646,966	-	302,459	949,425
Special Revenue	-	197,777	-	197,777
PSB Project	-	-	1,022,202	1,022,202
Total committed	<u>646,966</u>	<u>197,777</u>	<u>1,324,661</u>	<u>2,169,404</u>
Unassigned	<u>8,289,615</u>	<u>-</u>	<u>-</u>	<u>8,289,615</u>
Total fund balances	<u>\$ 8,943,487</u>	<u>\$ 197,777</u>	<u>\$ 1,324,661</u>	<u>\$ 10,465,925</u>

NOTE 9 – INTERFUND TRANSFERS

At June 30, 2023, interfund transfers of the District’s governmental funds were made as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Purpose</u>
Special Revenue Fund	General Fund	\$ 200,000	Special tax expenditures
Special Revenue Fund	Capital Project Fund	\$ 6,006	Special tax expenditures
General Fund	Capital Project Fund	\$ 2,750	Public Safety Building Project
Capital Project Fund	General Fund	\$ 1,949,063	Public Safety Building Project

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 10 – PRIOR PERIOD RESTATEMENT

Government-Wide Statement of Net Position and Statement of Activities

A detailed schedule of adjustments to net position at June 30, 2022 is as follows:

<u>Description</u>	<u>Amount</u>
Net position:	
Beginning of year, as previously stated	\$ 13,037,239
Fair market value adjustment	(45,309)
Cash in county	67,453
Cash in bank revolving account	<u>(22,182)</u>
Net adjustment	<u>(38)</u>
Beginning of year, as restated	<u>\$ 13,037,201</u>

Governmental Fund – Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

A detailed schedule of adjustments to fund balance at June 30, 2022 is as follows:

<u>Description</u>	<u>Amount</u>
General Fund balance:	
Beginning of year, as previously stated	\$ 6,483,498
Fair market value adjustment	(40,185)
Cash in county	67,453
Cash in bank revolving account	<u>(22,182)</u>
Net adjustment	<u>5,086</u>
Beginning of year, as restated	<u>\$ 6,488,584</u>
Special Revenue Fund balance:	
Beginning of year, as previously stated	\$ 208,191
Fair market value adjustment	<u>(3,562)</u>
Beginning of year, as restated	<u>\$ 204,629</u>
Capital Project Fund balance:	
Beginning of year, as previously stated	\$ 3,312,275
Fair market value adjustment	<u>(1,562)</u>
Beginning of year, as restated	<u>\$ 3,310,713</u>

KENSINGTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

June 30, 2023

NOTE 11 – RISK MANAGEMENT

The Kensington Fire Protection District is a member of Contra Costa County Fire District's Joint Power of Authority Insurance Pool. The District is exposed to various risks of loss related to torts, theft damages, destruction of assets, public officials' errors and omissions, injuries to employees, and natural disasters. The District carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any recent fiscal year, and there has been no significant reduction in insurance coverage over the past three fiscal years.

The District's deductibles and maximum coverage are as follows:

Long-term \$ 2,160,000

<u>Coverage Description</u>	<u>Deductibles</u>	<u>Insurance Coverage</u>
General and Auto Liability	None	\$50,000,000
At Risk Property	\$500 (all other property)	\$600,000,000 (all other property)
	\$100,000 (flood)	\$600,00 (flood)
	\$500 (mobile equipment)	None
	\$50,000 (terrorism)	\$750,000,000

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 31, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

KENSINGTON FIRE PROTECTION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	<u>Adopted Original Budget</u>	<u>Adopted Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 4,763,500	\$ 4,763,500	\$ 5,288,892	\$ 525,392
Rental income	3,050	3,050	3,050	-
Interest earnings	20,000	20,000	163,686	143,686
Other revenues	-	-	990	990
Total revenues	<u>4,786,550</u>	<u>4,786,550</u>	<u>5,456,618</u>	<u>670,068</u>
EXPENDITURES:				
Current:				
Salaries and wages	157,720	162,688	173,327	(10,639)
Employee benefits	46,432	75,904	57,838	18,066
Materials and services	4,533,273	4,574,077	427,453	4,146,624
Capital outlay	-	3,606,440	568,411	3,038,029
Total expenditures	<u>4,737,425</u>	<u>8,419,109</u>	<u>1,227,029</u>	<u>7,192,080</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>\$ 49,125</u>	<u>\$ (3,632,559)</u>	4,229,589	<u>\$ 7,862,148</u>
OTHER FINANCING SOURCES(USES):				
Transfers in	-	-	2,146,313	2,146,313
Total other financing sources (uses)	-	-	2,146,313	2,146,313
Net Changes in Fund Balance	<u>\$ 49,125</u>	<u>\$ (3,632,559)</u>	6,375,902	<u>\$ 10,008,461</u>
FUND BALANCE:				
Beginning of year			6,488,584	
End of year			<u>\$ 12,864,486</u>	

KENSINGTON FIRE PROTECTION DISTRICT*Budgetary Comparison Schedule – Special Revenue Fund
For the Fiscal Year Ended June 30, 2023*

	<u>Adopted Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Special taxes	\$ 200,752	\$ 200,437	\$ (315)
Interest earnings	-	926	926
Total revenues	<u>200,752</u>	<u>201,363</u>	<u>611</u>
EXPENDITURES:			
Current:			
Materials and services	-	2,209	(2,209)
Total expenditures	<u>-</u>	<u>2,209</u>	<u>(2,209)</u>
REVENUES OVER(UNDER) EXPENDITURES	<u>\$ 200,752</u>	199,154	<u>\$ 2,820</u>
OTHER FINANCING SOURCES(USES):			
Transfers (out)	-	(206,006)	(206,006)
Total other financing sources(uses)	<u>-</u>	<u>(206,006)</u>	<u>(206,006)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 200,752</u>	(6,852)	<u>\$ (203,186)</u>
FUND BALANCE:			
Beginning of year (Deficit)		<u>204,629</u>	
End of year		<u>\$ 197,777</u>	

KENSINGTON FIRE PROTECTION DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2023

Fiscal Year Ended	Last Ten Fiscal Years*					
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability:						
Interest	54,752	64,309	68,428	81,835	84,260	99,977
Changes in assumptions		(125,183)	-	(4,722)	-	(373,443)
Differences between expected and actual experience	(13,254)	13,722	(22,395)	(167,556)	(14,315)	146,389
Benefit payments	<u>(87,859)</u>	<u>(101,648)</u>	<u>(112,644)</u>	<u>(105,006)</u>	<u>(106,929)</u>	<u>(105,986)</u>
Net change in total OPEB liability	(46,361)	(148,800)	(66,611)	(195,449)	(36,984)	(233,063)
Total OPEB liability - beginning	856,764	1,005,564	1,072,175	1,267,624	1,304,608	1,537,671
Total OPEB liability - ending	810,403	856,764	1,005,564	1,072,175	1,267,624	1,304,608
Plan fiduciary net position:						
Net investment income	(194,954)	278,361	79,104	101,767	91,709	112,865
Administrative expense	(401)	(101,648)	(722)	(313)	(772)	(739)
Benefit payments	<u>(87,859)</u>	<u>(513)</u>	<u>(112,644)</u>	<u>(105,006)</u>	<u>(106,929)</u>	<u>(105,986)</u>
Net change in plan fiduciary net position	(283,214)	176,200	(34,262)	(3,552)	(15,992)	6,140
Plan fiduciary net position - beginning	1,601,869	1,425,669	1,459,931	1,463,483	1,479,475	1,473,335
Plan fiduciary net position - ending	1,318,655	1,601,869	1,425,669	1,459,931	1,463,483	1,479,475
District's net OPEB liability	\$ (508,252)	\$ (745,105)	\$ (420,105)	\$ (387,756)	\$ (195,859)	\$ (174,867)
Plan fiduciary net position as a percentage of the total OPEB liability	162.72%	186.97%	141.78%	136.17%	115.45%	113.40%
Covered-employee payroll**	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability as a percentage of covered-employee payroll**	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation; therefore, only six years are shown.

** Covered employee payroll is annual compensation paid (or expected to be paid) to active employees covered by an OPEB plan, in aggregate. The District provides post-retirement 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, thus there is no covered-employee payroll.

Other Independent Auditors' Report



**INDEPENDENT AUDITORS' 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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kensington Fire Protection District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Kensington Fire Protection District's basic financial statements, and have issued our report thereon dated July 31, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kensington Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kensington Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kensington Fire Protection District's internal control.

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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kensington Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
July 31, 2024