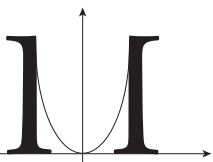




**Financial Statements  
And  
Report of Independent Auditors  
Year Ended June 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Kentfield Fire Protection District

We have audited the accompanying financial statements of the Kentfield Fire Protection District (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2013, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

*Maher Accountancy*

December 11, 2013

# **KENTFIELD FIRE PROTECTION DISTRICT**

**1004 Sir Francis Drake Boulevard, Kentfield, CA 94904**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it along with the District's financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

The District's net position increased by \$241,000 during 2013. Total revenues increased by \$227,000 and total expenses increased by \$136,000.

Included in the required supplemental information section is a budgetary comparison schedule. As indicated in the budgetary comparison schedule on page 35, our revenues less than budgeted amounts by \$17,000 and expenditures were below amounts budgeted by \$403,000.

### **USING THIS ANNUAL REPORT**

This annual report consists of financial statements for the District as a whole with more detailed information about the District's general fund. The statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances (they include capital assets and long-term liabilities). The fund financial statements present a short-term view of the District's activities (they include only current assets expected to be collected in the very near future and liabilities expected to be paid in the very near future).

### **THE DISTRICT AS A WHOLE**

One important question asked about the District's finances is, "Is the District better or worse off as a result of the year's activities?" The information in the government-wide financial statements helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting (and reports depreciation on capital assets), which is similar to the basis of accounting used by most private-sector companies.

The change in net position (the difference between total assets and total liabilities) over time is one indicator of whether the District's financial health is improving or deteriorating. However, one must consider other nonfinancial factors in making an assessment of the District's health, such as changes in the economy, changes in the District's tax base and assessed valuations to assess the overall health of the District.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the District's net Position (in thousands) were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (decrease)</u>
Current assets	\$ 3,301	\$ 3,082	\$ 219
Noncurrent assets	6,353	6,521	(168)
Total assets	<u>9,654</u>	<u>9,603</u>	<u>51</u>
Current liabilities	456	545	(89)
Noncurrent liabilities	2,752	2,853	(101)
Total liabilities	<u>3,208</u>	<u>3,398</u>	<u>(190)</u>
Net position:			
Invested in capital assets, net of debt	3,271	3,362	(91)
Unrestricted	3,175	2,843	332
Total net position	<u>\$ 6,446</u>	<u>\$ 6,205</u>	<u>\$ 241</u>

The increase in current assets is primarily a result of normal changes in working capital. Depreciation expense was greater than capital equipment acquisitions, resulting in a decrease in noncurrent assets. Noncurrent liabilities decreased due to scheduled principal payments towards our fire station remodel and solar equipment leases.

Changes in the District's revenues (in thousands) were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (decrease)</u>
General revenues:			
Property taxes	\$ 3,931	\$ 3,831	\$ 100
Operating grants and contributions	22	22	0
Use of money and property	88	78	10
Total general revenues	<u>4,041</u>	<u>3,931</u>	<u>110</u>
Program revenues:			
Charges for services	227	101	126
Miscellaneous	0	9	(9)
Total program revenues	<u>227</u>	<u>110</u>	<u>117</u>
Total revenue	<u>\$ 4,268</u>	<u>\$ 4,041</u>	<u>\$ 227</u>

Property tax revenue increased modestly as a result of consistent assessed property values. Additional reimbursements for out-of-county fires accounted for the increase in charges for services.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in the District's expenses and net position (in thousands) were as follows:

	<u>2013</u>	<u>2012</u>	<u>Increase (decrease)</u>
Public safety-fire protection:			
Personnel	\$ 3,226	\$ 3,103	\$ 123
Material and services	407	427	(20)
Depreciation	259	262	(3)
Interest	135	144	(9)
Total expenses	<u>4,027</u>	<u>3,936</u>	<u>91</u>
Less program revenues	<u>227</u>	<u>110</u>	<u>117</u>
Net expenses	3,800	3,826	(26)
General revenues	<u>4,041</u>	<u>3,931</u>	<u>110</u>
Change in net position	<u>\$ 241</u>	<u>\$ 105</u>	<u>\$ 136</u>

Overtime accounted for most of the increase in personnel expense, largely due to providing firefighters for out-of-county fires. We were reimbursed for the additional expense.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's general fund.

The fund financial statements provide a short-term view of the District's operations. They are reported using an accounting basis called modified accrual which reports cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 12, the fund balance of the general fund increased by \$226,000. On page 13 there is reconciliation between the fund balance increase and the change in net position.

### CAPITAL ASSET AND DEBT ADMINISTRATION

Depreciation is a systematic approach to allocate the cost of capital assets over their estimated useful lives. The District's policies regarding depreciation are disclosed in Note 1 and a summary of changes in capital assets is reported in Note 3.

Detail about our debt is shown in Note 4 in the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ECONOMIC OUTLOOK

The Kentfield Fire District's financial position continues to be sufficient to maintain a continued high level of service to its constituents. The District's financial planning and fiscal forecast continues to be based on sound and conservative calculations of economic trends. Some assumptions, relative to recent trends in local real property values and State economic forecasts, predict a slow recovery out of the recessionary period that has stressed local agency budgets for several reporting periods. Property tax revenue remains the District's most stable and principal revenue source. The District is currently experiencing a moderate recovery relative to the local real estate market. Predictably, a slight growth in property tax revenue is expected.

Additionally, the District residents recently voted overwhelmingly to support an increase in the current special fire assessment. This assessment that previously allowed a ceiling of six cents per square foot finished space is now increased to a ceiling of ten cents and now includes all building square foot area, with an annual inflation computation, effective fiscal year 2014-2015.

With regard to other income sources, the revenue received on the District's investment account continues to earn minimal interest, estimated at one half of one percent. Income received from the Marin General contract and cellular communication leases for site rental use continues to increase, but only at very modest inflationary rates.

The District's CalPERS rates have stabilized with annual increases of one to two percent. Although there have been some discussions at the CalPERS Board level to review actuarial assumptions, particularly for safety plans, no projected increase for safety member contributions due to those assumptions has been announced for the upcoming year. The District will continue to identify ways to accelerate paying down the safety member side fund and the retired miscellaneous member obligations to CalPERS. These actions, if adopted by the District Board, will, over time, significantly reduce the District's long-term fiscal liability and should result in a favorable retirement rate adjustment. The District has previously funded and should continue to fund the OPEB (Other Post Employment Benefit) Trust account with CalPERS. Again, this action, over time, will reduce the District's unfunded liability to retired employee benefits, resulting in a favorable GASB 45 report.

The District will continue to rigorously manage Fire District expenses and plan conservatively while continuing to provide a high standard of fire protection, emergency medical service and preparedness training to our constituents in Greenbrae and Kentfield.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the address on our letterhead.

Respectfully submitted,

*Paul D. Smith*

Paul D. Smith, Fire Chief

## **Basic Financial Statements**

**KENTFIELD FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 3,196,109
Accounts receivable	38,952
Property taxes receivable	65,958
Total current assets	3,301,019
Noncurrent assets:	
Over-funded OPEB obligation	293,578
Land and artwork	35,010
Depreciable capital assets, net	5,996,973
Prepaid expense	1,375
Deferred charge - debt issuance costs	25,807
Total noncurrent assets	6,352,743
Total assets	9,653,762

**LIABILITIES**

Current liabilities:	
Accounts payable	21,755
Accrued expenses	48,224
Capital lease obligations	204,660
Compensated absences payable	181,055
Total current liabilities	455,694
Noncurrent liabilities:	
Compensated absences payable	205,380
Capital lease obligations	2,546,961
Total noncurrent liabilities	2,752,341
Total liabilities	3,208,035

**NET POSITION**

Invested in capital assets, net of related debt	3,271,159
Unrestricted	3,174,568
Total net position	\$ 6,445,727

**KENTFIELD FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

<b>EXPENSES</b>	
Personnel	\$ 3,225,942
Material and services	407,203
Depreciation	259,448
Interest on debt	<u>134,991</u>
Total expenses	4,027,584
<b>PROGRAM REVENUES</b>	
Charges for services	227,448
Miscellaneous	<u>75</u>
Total program revenues	<u>227,523</u>
Net program expense	3,800,061
<b>GENERAL REVENUES</b>	
Property taxes	3,930,711
Operating grants and contributions	22,123
Use of money and property	<u>87,914</u>
Total general revenues	<u>4,040,748</u>
Change in net position	240,687
<b>NET POSITION</b>	
Beginning of year	<u>6,205,040</u>
End of year	<u><u>\$ 6,445,727</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
AS OF JUNE 30, 2013**

**ASSETS**

Cash and cash equivalents	\$ 3,196,109
Accounts receivable	38,952
Property taxes receivable	65,958
Prepaid items	1,375
	3,302,394
Total assets	\$ 3,302,394

**LIABILITIES**

Accounts payable	\$ 21,755
Accrued expenses	48,224
	69,979
Total liabilities	69,979

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	65,958
	65,958

**FUND BALANCE**

Fund balance	
Nonspendable	1,375
Assigned	2,669,568
Unassigned	495,514
	3,166,457
Total fund balance	3,166,457
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,302,394

**KENTFIELD FIRE PROTECTION DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
AS OF JUNE 30, 2013  
(Continued)**

Total governmental fund balance	\$ 3,166,457
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Property taxes receivable that are not available to pay current period expenditures and therefore are deferred in the fund balance sheet	65,958
Capital assets used in the government activities are not financial resources and therefore are not reported in the fund balance sheet	6,031,983
Debt issuance costs are reported as as outflow in the funds, but are capitalized and amortized to expense in the statement of activities	25,807
Some assets (liabilities) are not due and receivable (payable) in the current period and therefore are not reported as fund assets (liabilities)	
Over-funded OPEB obligation	293,578
Capital lease obligations	(2,751,621)
Compensated absences	(386,435)
Net position of governmental activities	\$ 6,445,727

**KENTFIELD FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED JUNE 30, 2013**

**REVENUES**

Property taxes	\$ 3,928,935
Intergovernmental	167,016
Use of money and property	87,914
Charges for services	82,555
Miscellaneous	<u>75</u>
Total revenues	4,266,495

**EXPENDITURES**

Current:	
Salaries and benefits	3,294,739
Material and services	393,163
Capital outlay	18,299
Debt service:	
Principal	202,032
Interest	<u>132,350</u>
Total expenditures	<u>4,040,583</u>
Net change in fund balance	225,912

**FUND BALANCE**

Beginning of year	<u>2,940,545</u>
End of year	<u><u>\$ 3,166,457</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUND  
AS OF JUNE 30, 2013  
(Continued)**

**Reconciliation of the change in fund balance-total governmental funds  
to the change in net position of governmental activities:**

Net change in fund balance	\$ 225,912
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset purchases capitalized	4,259
Depreciation expense	(259,448)
Revenues in the statement of activities that do not provide current resources are not reported as revenue in the fund financial statements	
Property taxes	1,776
Debt principal transactions reported in the government fund statement of revenue, expenditures and changes in fund balance are not considered an operating activity in the statement of activities (but only as changes in liabilities)	
Payments to reduce capital lease obligations	202,032
Debt issuance costs are reported as a financial outflow in the fund statements, but are capitalized and amortized to expense in the statement of activities	
	(2,641)
Expenditures reported in the modified accrual basis statement of revenues, expenditures and changes in fund balance are recognized in the period incurred if they are to be paid from current financial resources. Expenses reported in accrual basis statement of activities are recognized when incurred, regardless of the timing of the payment:	
Other post employment benefits	88,611
Accrued compensated absences	(19,814)
Change in net position	\$ 240,687



**KENTFIELD FIRE PROTECTION DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
DEFERRED COMPENSATION PLAN  
AS OF JUNE 30, 2013**

**ASSETS**

Cash	\$	3,796
Contributions receivable		29,396
Investments in mutual funds		<u>1,947,789</u>
Net position held in trust for benefits		<u><u>\$ 1,980,981</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
DEFERRED COMPENSATION PLAN  
YEAR ENDED JUNE 30, 2013**

**ADDITIONS**

Employer contributions	\$	29,396
Employee contributions		56,690
Rollover contributions		36,862
Dividends		32,297
Net increase (decrease) in fair value of investments		<u>235,304</u>
Total additions		390,549

**DEDUCTIONS**

Benefits		<u>40,000</u>
Net increase (decrease)		350,549

**NET POSITION HELD IN TRUST FOR BENEFITS**

Beginning of year		<u>1,630,432</u>
End of year		<u><u>\$ 1,980,981</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Kentfield Fire Protection District (the District) is a separate governmental unit established as a special district of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to Kentfield and the surrounding area. A five-person Board of Directors elected by the citizens governs the District. The District's legal authority and responsibilities are contained in the State of California Health and Safety Code under the "Fire Protection District Law of 1987."

**INTRODUCTION**

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.).

The District presents its financial statements using the reporting model for special purpose governments engaged in a single government program. This model allows the government-wide and fund financial statements to be combined using a columnar format that displays reconciling items on the face of the financial statements rather than in separate schedules.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements include all of the activities of the District. The District has no component units (other governments under the District's oversight or control). The statement of net position and the statement of activities display information about the reporting government as a whole. They display the District's activities on a full accrual accounting basis and economic resource measurement focus.

The statement of net position includes long-term assets as well as long-term debt and other obligations. The District's net position is reported in two parts: (1) invested in capital assets net of related debt and (2) unrestricted net position.

The activities of the District are supported primarily by general government revenues (property taxes and intergovernmental revenues). The statement of activities presents gross expenses (including depreciation) and deducts related program revenues, operating and capital grants to indicate the net cost of operations. Program revenues include (a) fees and charges paid by recipients for services and (b) operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GOVERNMENT-WIDE STATEMENTS (continued)**

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net Position resulting from the current year's activities.

**FUND FINANCIAL STATEMENTS**

The financial transactions of the government are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, assigned or unassigned resources, fund balance, revenues and expenditures.

The District uses the following fund types:

**Governmental funds** are focused on the determination of financial position and changes in financial positions (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

**Fiduciary funds** are used to report assets held in a trustee or agency capacity for others and therefore are not incorporated in the government-wide statements. The following is a description of the fiduciary fund of the District:

**Deferred Compensation Trust Fund** is used to account for assets held in the District's deferred compensation plan.

**BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BASIS OF ACCOUNTING (continued):**

**Accrual**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**FINANCIAL STATEMENT AMOUNTS**

**Cash and cash equivalents**

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its fiscal agent (County of Marin).

**Deferred charge – debt issuance costs**

Debt issuance costs associated with the financing of the modernization of the District's fire station are included as a deferred charge.

**Investments**

Investments, including deferred compensation funds, are stated at fair value (quoted market price).

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL STATEMENT AMOUNTS (continued)**

**Capital assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

- |                                     |              |
|-------------------------------------|--------------|
| • Buildings and improvements        | 40 years     |
| • Fire apparatus                    | 20- 25 years |
| • Other vehicles                    | 10 Years     |
| • Furniture, fixtures and equipment | 3-20 years   |

Artwork donated to the District is not expected to decline in value and, therefore, is not depreciated. The District owns no infrastructure assets meeting the criteria for capitalization.

**Compensated absences**

The District accrues accumulated unpaid vacation and sick leave when earned (or estimated to be earned) by the employee.

In accordance with an agreement with the Kentfield Association of Professional Firefighters, the District is obligated to provide the following compensated absence benefits:

Sick leave Shift employees of the District earn sick leave at 12 hours per month (one-half shift) and may accumulate up to 2,880 hours. Management and administrative employees earn 8 hours per month. Effective for the year ended June 30, 2010 employees with 15 years of service receive at retirement or death a one-time payment equal to 50% of the value of accumulated sick leave.

Vacations Shift personnel earn vacation shifts at a rate of 6 to 13 shifts per year, depending on length of service. The District's two management and administrative employees earn from 10 to 25 days per year, depending on length of service. Vacations may be accumulated and carried forward from year to year subject to a maximum one year's allowance plus nine shifts (reduced by compensatory time accumulated) and two years' allowance (400 hours) for non-management administrative personnel.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL STATEMENT AMOUNTS (continued)**

**Compensated absences (continued)**

Compensatory time-off All District personnel may accumulate accrued overtime pay at one and one-half times their basic pay rate. Accumulated compensatory time is limited to 9 shifts. Amounts in excess of 9 shifts are paid to the employee.

**Property taxes**

The County of Marin levies taxes and places liens on real property as of January 1 on behalf of the District. Secured property taxes are due the following November 1 and March 1 and become delinquent April 10 and December 10, for the first and second installments, respectively. Unsecured property taxes are levied throughout the year.

As provided by the California Revenue and Taxation Code, the County of Marin advances the District its share of the annual gross levy of secured property taxes and special assessments. In consideration, the District gives the County of Marin its rights to penalties and interest on delinquent property tax receivables and actual proceeds collected.

Special fire tax charges are assessed by the District Board of Directors before September 1 and adopted by resolution. These special tax charges are incorporated on property tax bills, and therefore are attached as an enforceable lien on real property located within the District.

**Fund balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Governmental accounting principles provide that fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned. The Fire Chief is authorized as the designee to assign amounts to a specific purpose. The District's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

**Nonspendable** – This component includes amount that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The District does not have a nonspendable fund balance.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**FINANCIAL STATEMENT AMOUNTS (continued)**

**Fund balance (continued)**

**Restricted** – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. The District does not have a restricted fund balance.

**Committed** – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority which includes ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts. The District does not have any resources that meet this component of fund balance.

**Assigned** – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, Fire Chief or their designee as established in the District's fund balance policy.

**Unassigned** – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

**USE OF ESTIMATES**

The basic financial statements have been prepared in conformity to generally accepted accounting principles and therefore include amounts based on informed estimates and judgments of management. Actual results could differ from those estimates.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**2. CASH AND CASH EQUIVALENTS**

The District maintains most of its cash in the County of Marin pooled investment fund for the purpose of increasing interest earnings through pooled investment activities. The District's position in the pool is the same as the value of the pool shares. Interest earned on the investment pool is allocated quarterly to the participating funds using the daily cash balance of each fund. This pool, which is available for use by all funds, is displayed in the financial statements as "Cash and Cash Equivalents."

The County Pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County's investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the types of investments in the pool, maturity dates, par value, actual costs and fair value.

**INTEREST RATE RISK**

In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment pool to 540 days, or 1.5 years. At June 30, 2013, the County's investment pool had a weighted average maturity of 178 days.

For purposes of computing weighted average maturity, the maturity date of variable rate notes is the length of time until the next reset date rather than the stated maturity date.



**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**2. CASH AND CASH EQUIVALENTS (continued)**

**CREDIT RISK**

State law and the County's Investment Policy limits investments in commercial paper, corporate bonds, and medium term notes to the rating of "A" or higher as provided by Moody's Investors Service or Standard & Poor's Corporation. The County's Investment Policy limits investments purchased by Financial Institution Investment Accounts, a type of mutual fund, to United States Treasury and Federal Agency obligations with a credit quality rating of "AAA."

**CONCENTRATION OF CREDIT RISK**

This is the risk of loss attributed to the concentration of the District's investment in a single issuer.

The following is a summary of the concentration of credit risk by investment type as a percentage of each pool's fair value at June 30, 2013.

<b>Investments in Investment Pool</b>	<b><u>Percent of Portfolio</u></b>
Federal agency - discount	81%
Federal agency - coupon	17%
Money market funds	<u>2%</u>
	<u><u>100%</u></u>

**CUSTODIAL CREDIT RISK**

For investments and deposits held with safekeeping agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the District's name, and held by the counterparty. The District's investment securities are not exposed to custodial credit risk because all securities are held by the District's custodial bank in the District's name.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**2. CASH AND CASH EQUIVALENTS (continued)**

**LOCAL AGENCY INVESTMENT FUND**

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute.

**BALANCES**

Cash and cash equivalents consist of the following:

Cash with County Treasurer	\$ 3,014,818
Cash in banks	181,091
Petty cash	<u>200</u>
Total	<u><u>\$ 3,196,109</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance</u> <u>June 30, 2013</u>
Nondepreciable capital assets:				
Land	\$ 10			\$ 10
Artwork	35,000			35,000
Totals at historical cost	<u>\$ 35,010</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,010</u>
Depreciable capital assets:				
Building and improvements	\$ 5,866,298			\$ 5,866,298
Fire apparatus	1,304,182			1,304,182
Vehicles	69,459			69,459
Equipment and furniture	582,702	\$ 4,259		586,961
Totals at historical cost	7,822,641	4,259	-	7,826,900
Less accumulated depreciation:				
Building and improvements	608,942	144,173		753,115
Fire apparatus	572,970	60,441		633,411
Vehicles	50,946	3,765		54,711
Equipment and furniture	337,621	51,069		388,690
Total accumulated depreciation	<u>1,570,479</u>	<u>259,448</u>	<u>-</u>	<u>1,829,927</u>
Depreciable capital assets-net	<u>\$ 6,252,162</u>	<u>\$ (255,189)</u>	<u>\$ -</u>	<u>\$ 5,996,973</u>

In addition to the fire apparatus listed above, the District utilizes a fire engine owned by the State of California to provide fire protection services.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**4. NONCURRENT LIABILITIES**

**Compensated Absences Payable**

Accrued compensated absences are not due and payable in the current period and therefore, are not considered liabilities of the general fund in the fund financial statements. The government-wide statement of net Position reports the liability, segregating the amount expected to be paid within one year as a current liability.

Balance as of June 30, 2012	\$ 366,621
Increases during the year	221,185
Decreases during the year	<u>(201,371)</u>
Balance as of June 30, 2013	386,435
Less amount due within 1 year	<u>(181,055)</u>
Amount due after 1 year	<u><u>\$ 205,380</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**4. NONCURRENT LIABILITIES (Continued)**

**Capital Lease Obligations**

In December 2008, the District entered into a capital lease arrangement with Municipal Finance Corporation (MFC) pursuant to approval from the Internal Revenue Service for the issuance of Clean Renewable Energy Bonds in the principal amount of \$153,845 for the purpose of obtaining zero interest financing to purchase solar equipment. The arrangement provided for a cash payment to the District (to be used to acquire the equipment) in consideration for a lease of that equipment to MFC. MFC then subleased the equipment to the District in exchange for a stream of annual payments. The District's lease payments to the Corporation are payable from any source of legally available funds. The transaction has been reported as a capital lease in these financial statements. During 2010-11, the District prepaid a portion of the lease by approximately \$53,000.

In January 2009, the District also entered into a similar lease financing arrangement with Municipal Finance Corporation for the purpose of obtaining financing for the modernization of its fire station. The capital lease was for \$4,030,000 and it also is payable from any source of legally available funds. During 2009-10, the District prepaid a portion of the lease by approximately \$480,000.

Following is a summary of the District's capital leases:

	<u>Fire Station Modernization</u>	<u>Solar Equipment</u>
Date of lease	January 2009	December 2008
Semi-annual payment	\$ 163,907	
Annual payment		\$ 6,567
Number of payments	30	13
Effective annual interest rate	4.65%	0.87%
Prepaid financing costs	\$ 30,000	\$ 7,692
Cost of building/equipment	4,934,000	68,000
Accumulated amortization	484,600	3,400

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**4. NONCURRENT LIABILITIES (Continued)**

The following is a summary of the District's future annual obligations:

<u>Year ending June 30</u>	<u>Fire Station Modernization</u>	<u>Solar Equipment</u>	<u>Total</u>
2014	\$ 327,815	\$ 6,567	\$ 334,382
2015	327,815	6,567	334,382
2016	327,815	6,567	334,382
2017	327,815	6,567	334,382
2018	327,815	6,567	334,382
2019-2023	1,639,075	19,702	1,658,777
2024	163,907	-	163,907
Total payments	3,442,057	52,537	3,494,594
Less: Interest	<u>(742,973)</u>	-	<u>(742,973)</u>
Net	2,699,084	52,537	2,751,621
Less: Amount due within 1 year	<u>(198,093)</u>	<u>(6,567)</u>	<u>(204,660)</u>
Amount due after 1 year	<u>\$ 2,500,991</u>	<u>\$ 45,970</u>	<u>\$ 2,546,961</u>

The following is a schedule of changes in capital lease obligations during the year:

	<u>Fire Station Modernization</u>	<u>Solar Equipment</u>	<u>Total</u>
Balance as of June 30, 2012	\$ 2,894,549	\$ 59,104	\$ 2,953,653
Decreases during the year	<u>(195,465)</u>	<u>(6,567)</u>	<u>(202,032)</u>
Balance as of June 30, 2013	<u>\$ 2,699,084</u>	<u>\$ 52,537</u>	<u>\$ 2,751,621</u>

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**5. FUND BALANCE**

The following are assigned fund balances as of the balance sheet date:

Apparatus	\$ 652,643
Building replacement	72,899
Compensated absences	130,973
Contingencies and emergencies	395,000
LDH (Hose)	30,000
Marin Emergency Radio Authority	37,580
PERS unfunded liability	800,490
OPEB	199,983
General insurance deductible	10,000
Health insurance	25,000
Hydrants and mains	10,000
Mapping and planning	30,000
Heavy rescue equipment	25,000
Debt service sinking fund	250,000
	<hr/>
	\$ 2,669,568
	<hr/>

**6. DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. This plan, available to all permanent District employees, permits employees to defer a portion of their current salary until future years.

It is the District's position that it has no liability for investment losses under the plan, but has the duty of due care that would be required of an ordinary prudent investor.

A Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position are shown on page 14.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**7. DEFINED BENEFIT PENSION PLAN**

**PLAN DESCRIPTION**

The District contributes to the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from its Executive Office – 400 P Street, Sacramento, CA 95817.

**FUNDING POLICY**

The District makes the contributions required of plan members on their behalf and for their account. The safety plan member rate is 9.0 percent of their annual covered salary and the miscellaneous plan member rate is 8.0 percent of their covered salary. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for fiscal year ended June 30, 2013 was 35.006% for safety plan members and 13.307% for miscellaneous plan members. The contribution requirements of plan members and the District are established and may be amended by the CalPERS Board of Administration. The District's contributions to CalPERS for the years ending June 30, 2013, 2012, and 2011, were approximately \$719,000, 706,000, and \$697,000, respectively, equal to the required contributions for each year.



**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**PLAN DESCRIPTION**

In accordance with its agreement with the Kentfield Association of Professional Firefighters, the District provides post-retirement health care benefits to its retirees through the Kentfield Fire Protection District Retiree Health Plan (Plan). The Plan is a single-employer plan for which audited financial statements are not available.

Payments are made on a pay-as-you-go basis. The District implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45 effective prospectively for the 2009-10 fiscal year.

**FUNDING POLICY**

The required contribution rate is based on the annual required contribution (ARC), and amount that is 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 the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the District over a period not to exceed thirty years.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

During the year ended June 30, 2010, the District began partial pre-funding of the retiree health care liabilities. For the year ended June 30, 2013, a pay-go contribution of \$83,343 was paid and a pre-funding contribution of \$170,000 was made to the CalPERS Trust.

Annual required contribution/Annual OPEB cost (expense)	\$ 168,657
Interest on net OPEB obligation	(15,885)
Adjustment to annual required contribution	11,969
Annual OPEB Cost (expense)	<u>164,741</u>
Contributions made	<u>(253,343)</u>
Increase (decrease) in net OPEB obligation	(88,602)
Net OPEB obligation (asset) - beginning of the year	<u>(204,967)</u>
Net OPEB obligation (asset) - end of the year	<u><u>\$ (293,569)</u></u>

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 is as follows:

<b>Fiscal Year Ending June 30</b>	<b>Annual OPEB Cost</b>	<b>Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
2011	\$168,774	\$234,366	139%	\$ (128,030)
2012	166,211	243,148	146%	(204,967)
2013	164,741	253,343	154%	(293,578)

**FUNDING STATUS**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare 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.

**ACTUARIAL METHODS AND ASSUMPTIONS**

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions include a 7.06% investment rate of return and a general inflation rate of 3.25%. The UAAL were amortized using a 30-year level-percent of payroll amortization period. The caps on medical premiums covered by the District are assumed to increase each July 1<sup>st</sup> ranging from 4.50% to 8.50% per year.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District obtains insurance coverage.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the District's responsibility.

Fire Agencies Insurance Risk Authority

The District is insured for Comprehensive Liability and Automotive and Property Damage coverage as a member of the Fire Agencies Insurance Risk Authority (the Authority). The Authority is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The Authority manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held. Each member is insured for \$6,000,000 and may elect to purchase umbrella coverage up to an additional \$5,000,000. The Authority is not a component entity of the District for purposes of GASB Statement No. 14.

Fire Districts Association of California – Fire Association Self Insurance System

Effective September 1993, the District became self-insured for Workers' Compensation coverage as a member of the Fire Districts Association of California – Fire Association Self-Insurance System (the System). The System is a public agency risk pool created pursuant to a joint powers agreement between the numerous member fire agencies. The System manages one pool for all member agencies. Each member pays an annual premium to the system based on the number of personnel, an estimated dollar amount of payroll and an experience factor. At fiscal year-end, when actual payroll expenditures are available, an adjustment to the year's annual premium is made. The System reinsures through the Local Agency Excess Workers' Compensation Authority (LAWCX), a joint powers authority, for claims in excess of \$500,000 for each insured event. The System is not a component entity of the District for purposes of GASB Statement No. 14.

**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2013**

**10. ARTICLE XIII OF THE STATE CONSTITUTION**

The Constitution of the State of California allows local governments to increase appropriations annually by the rate of population increase and the rate of inflation (determined to be the lesser of the U.S. Consumer Price index or California per capita income). As provided by California Statute, the voters of the District voted by more than the two-thirds majority required, to increase the appropriations limit to the actual amount of taxes collected.

The District's appropriations were greater than the limitation for the year ended June 30, 2013, as follows:

Appropriations limit	3,920,091
Annual subject appropriations	<u>3,920,091</u>
Amount (over) under the appropriation limit	<u><u>-</u></u>

**11. JOINT VENTURE**

The District entered into a Joint Powers Agreement in February 1998, establishing the Marin Emergency Radio Authority (the Authority). The Authority is responsible to acquire, construct, and improve a countywide emergency radio system. During the year ended June 30, 1999, the Authority issued Revenue Bonds to be used for the acquisition of the radio system. Of the \$27 million in Revenue Bonds, the District's share was for 0.812%, or approximately \$219,000. Each year through August 2020, approximately \$14,000 annual debt services payments will be due to the Authority. Including interest and principal, it is anticipated the District's total obligation over 20 years will be approximately \$288,000. In addition to making payments toward debt service, the District pays the Authority for operations and maintenance of MERA.

**KENTFIELD FIRE PROTECTION DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2013**

**11. JOINT VENTURE (Continued)**

The financial statements of the Authority are available at the Authority's website. Condensed financial information for the Authority is presented below for the year ended June 30, 2013:

Total assets and deferred	
Outflows of resources	\$ 20,746,868
Total liabilities	<u>18,184,700</u>
Net position	<u><u>\$ 2,562,168</u></u>
Total revenues	\$ 3,950,873
Total expenses	<u>5,495,141</u>
Decrease in net position	<u><u>\$ (1,544,268)</u></u>

**12. COMMITMENTS**

The District has a memorandum of understanding (MOU) with the Kentfield Association of Professional Firefighters (the Union) that provides various terms of employment through June 30, 2013. The agreement provides for no increase in annual pay salaries for the fiscal year ending June 30, 2013.

**13. NEW ACCOUNTING PRONOUNCEMENTS**

In March 2012, the Governmental Accounting Standards Board (GASB) issued Statement of Governmental Accounting Standards No. 65, *Items Previously Reported as Assets and Liabilities*. An objective of this Statement is to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures). The Statement requires that debt issuance costs should be recognized as an expense in the period incurred. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012, and accounting changes adopted to conform to the provisions of the Statement should be applied retroactively by restating financial statements. The unamortized amount of debt issuance costs as of June 30, 2013 is approximately \$26,000.

In June 2012, GASB issued Statement of Governmental Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions*. This Statement revives and establishes new financial reporting requirements for governments that provide their employees with pension benefits. The provisions of the Statement are effective for financial statements starting with the fiscal year ending June 30, 2015.

**Required Supplemental Information**

**KENTFIELD FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>REVENUES</b>				
Property taxes	\$ 3,300,000	\$ 3,300,000	\$ 3,260,723	\$ (39,277)
Special assessments	410,000	401,828	401,828	-
Supplemental assessment	21,002	21,002	48,299	27,297
Excess ERAF	175,000	175,000	218,085	43,085
Other governmental aid	21,900	21,900	22,123	223
Use revenue / money & property	240,819	363,819	315,437	(48,382)
Total revenues	4,168,721	4,283,549	4,266,495	(17,054)
<b>EXPENDITURES</b>				
Current				
Salaries and employee benefits	3,177,232	3,315,846	3,183,667	132,179
Service and supplies	549,080	548,372	487,998	60,374
Total operating expenditures	3,726,312	3,864,218	3,671,665	192,553
Capital outlay	65,387	245,387	34,536	210,851
Debt service	334,415	334,415	334,382	33
Total expenditures	4,126,114	4,444,020	4,040,583	403,437
Excess of revenues over expenditures	<u>\$ 42,607</u>	<u>\$ (160,471)</u>	225,912	<u>\$ 386,383</u>
Fund balance at beginning of year			<u>2,940,545</u>	
Fund balance at end of year			<u>\$ 3,166,457</u>	

**KENTFIELD FIRE PROTECTION DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED JUNE 30, 2013**

**POSTEMPLOYMENT HEALTHCARE PLAN**

	(a)	(b)	(c)	(d)	(e)	(f)
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a)/ (b)</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll (c)/(e)</b>
7/1/2008	\$ -	\$ 1,904,321	\$ 1,904,321	0%	1,158,833	164%
7/1/2010	169,093	1,984,568	1,815,475	9%	1,293,127	140%
7/1/2011	387,297	2,392,071	2,004,774	16%	1,280,984	157%



**KENTFIELD FIRE PROTECTION DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2013**

**1. BUDGETARY BASIS OF PRESENTATION**

The budget included in these financial statements represents the original budget and amendments approved by the Board of Directors. The budgetary basis is the modified accrual basis of accounting.

Various reclassifications have been made to the actual amounts to conform to classifications included in the budget approved by the Board of Directors.

**2. POST EMPLOYMENT HEALTHCARE PLAN**

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.