

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

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## AGENDA

A Regular Meeting of the Board of Directors of the Kensington Police Protection and Community Services District will be held **Thursday, September 10, 2015, at 7: 30 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California.

### Public Comments

Board Member/ Staff Comments

### APPROVAL OF CONSENT CALENDAR

- a) Minutes of the Special Meeting August 11, 2015 P-2
- b) Minutes of the Regular Meeting of August 13, 2015 P-7
- c) Unaudited Profit & Loss Report for August 2015 P-22
- d) Park Revenue & Expense Report for August 2015 P-20
- e) Board Member Reports-None this month
- f) KPD Monthly Statistics-August 2015 P-26
- g) Training/ Reimbursement Report- None This Month
- h) Correspondence P-28
- i) Recreational Report- P-32
- j) Monthly Calendar P-33
- k) General Manager's Report August 2015 P-35

### DISTRICT - NEW BUSINESS

1. The Kensington Police Protection and Community Services District Board of Directors will review and consider the adoption of the Independent Auditor's Financial Report for FY 2013-14. Craig Fechter, from Fechter & Company, Certified Public Accountants, will present the report to the Board of Directors. P-36

**General Managers Recommendation:** Receive report, take public comment, deliberate, and adopt 2013/14 FY Independent Auditor's Financial Report.

### ADJOURNMENT

#### General Information-Accessible Public Meetings

NOTE: UPON REQUEST THE KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT WILL PROVIDE WRITTEN AGENDA MATERIALS IN APPROPRIATE ALTERNATIVE FORMATS, OR DISABILITY-RELATED MODIFICATION OR DISABILITIES TO PARTICIPATE IN PUBLIC MEETINGS. PLEASE SEND A WRITTEN REQUEST, INCLUDING YOUR NAME, MAILING ADDRESS, PHONE NUMBER AND A BRIEF DESCRIPTION OF THE REQUESTED MATERIALS AND PREFERRED ALTERNATIVE FORMAT OR AUXILIARY AID OR SERVICE AT LEAST 2 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO: General Manager Kevin. E. Hart, Kensington Police Protection & Community Services District, 217 Arlington Ave, Kensington, CA 94707

POSTED: Public Safety Building-Colusa Food-Library-Arlington Kiosk- and at [www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org)  
Complete agenda packets are available at the Public Safety Building and the Library.

All public records that relate to an open session item of a meeting of the Kensington Police Protection & Community Services District that are distributed to a majority of the Board less than 72 hours before the meeting, excluding records that are exempt from disclosure pursuant to the California Public Records Act, will be available for inspection at the **District offices, 217 Arlington Ave, Kensington, CA 94707** at the same time that those records are distributed or made available to a majority of the Board.

The deadline for agenda items to be included in the Board packet for the regular monthly meeting is the Wednesday before the regular scheduled Thursday meeting.

## Meeting Minutes for 8/11/15

A Special Meeting (Closed Session) of the Board of Directors of the Kensington Police Protection and Community Services District was held Tuesday, August 11, 2015, at **6:00 P.M.**, at the Community Center, 59 Arlington Avenue, Kensington, California.

### ATTENDEES

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	Randy Riddle, Renne Sloan
Pat Gillette, Vice President	Catya de Neergaard
Chuck Toombs, Director	Ciara Wood
Vanessa Cordova, Director	Rich Karlsson
Rachelle Sherris-Watt, Director	Mabry Benson
	Leonard Schwartzburd
	Miki Tal
<u>Staff Members</u>	Jim Watt
GM/COP Kevin Hart	Simon Brafman
Sgt. Hui	Bruce Morrow
Lynn Wolter, District Administrator	Paul Haxo
	Garen Corbett
<u>Press</u>	David Spath
Linnea Due	Gail Feldman
	Rick Artis
	Chris Deppe
	Lori Trevino
	Donna Stanton
	Celia Concus
	Andrew Gutierrez

President Welsh called the meeting to order at 6:10 P.M. and took roll call. President Welsh, Vice President Gillette, Director Toombs, Director Cordova, Director Sherris-Watt, General Manager/Chief of Police Kevin Hart, and District Administrator Wolter were present.

### PUBLIC COMMENTS

Catya de Neergaard said she had a top ten list of reasons for re-structuring:

- The dysfunctional police department ate up the community's collective time.
- Human beings were flawed.
- The financial picture of the KPPCSD was unknown.
- Racism, sexism, classicism, bullying, and the chilling of free speech by the police and Board.
- Harman got rid of most of the employees of the KPPCSD and replaced them with his own people whose main qualification was loyalty to him.

- With a strong police union, the police bill of rights, well funded lobbies for the police in Sacramento and high police salaries affording the luxury of lawyering up at the first sight of trouble, citizens were now a new lower class that couldn't control the department, the personnel, or their demands.
- There was no police review board.
- A police head of department and a general manager were different skillsets that would be hard to find in a single person.
- The community was running out of money.

Mabry Benson questioned why the timeline for the work of the Ad Hoc Committee was so stretched out. She said work should begin right away. President Welsh noted that was what the Board was attempting to do in appointing the committee that night. She said the GM/COP separation should be moved to the top of the schedule before a permanent person could be hired. She said that Brown Taylor's 2009 study on contracting out had taken just a couple of months to prepare. Director Cordova responded that Mrs. Benson should present her comments to the committee when it first convenes.

Donna Stanton said she dittoed Mrs. Benson's comments and said the committee should get its work done quickly.

Ciara Wood said that, having served on the Park Advisory Committee some years ago, the discussion needed to be thorough and methodical, with consideration of many options. Director Cordova said she agreed with Ms. Wood and said she thought the process might take up to 20 months. She also noted that the process of having the committee meet right away would be delayed because of the summer months.

1. The Board reviewed applications received for appointment to the Ad Hoc Committee for Governance Structure Options ("Committee"), which would review alternatives to current general manager/chief of police position and other issues related to District structure.  
General Manager's recommendations:
  - a. Determine if the application received after the deadline would be considered (Bates).
  - b. Confirm the selection and interview process of selecting committee members.
  - c. Review submitted applications and interview candidates.
  - d. Each board select two candidates for membership on the committee.

President Welsh asked GM/COP Hart to provide background information. GM/COP Hart reported that 26 applications had been received by the deadline, that Paul Dorroh and Julie Stein had dropped out, and that one application had been received after the deadline. He reported that three people who were interested could not attend that night: Lisa Caronna, Charles Reichmann, and Christopher Deppe. A member of the audience responded that Mr. Deppe would attend but would be late. GM/COP Hart reported that Simon Brafman had expressed early interest by email but hadn't submitted an application until after the Board Packets had been distributed. He said a copy of that application was in front of each Director's place at the dais and that a redacted version would be made available to the public, if requested. He reported that emails had been sent to all the applicants, letting them know about the night's meeting. GM/COP Hart reported that Steve Bates had submitted his application after the deadline but that, regardless, he had included it in the packet because he wanted the Board to decide how to consider it.

President Welsh asked Directors Cordova and Toombs to brief the Board on how they wanted the process to proceed. Director Cordova said she had reviewed the applications and that she felt confident in her two appointees. She said that she would not be opposed to those candidates who were present making a statement but that she didn't consider it a requirement, nor did she consider attendance at the evening's meeting a requirement.

Director Toombs said he and Director Cordova hadn't put together a set of protocols for the evening and said it was up to the Board to decide how it wanted to proceed. He suggested that applicants make a three-minute speech. He said he didn't mind if applicants couldn't attend the evening's meeting, either.

President Welsh invited applicants to speak but said it they weren't required to do so.

Vice President Gillette said she would like to hear from the candidates who were present and said she did think that not being present should disqualify someone.

Board consensus was that a brief speech would be welcome but would not be required and that being present would not disqualify anyone.

Donna Stanton said she wanted to hear from the candidates.

The following applicant spoke:

- Rich Karlsson
- Mabry Benson
- Leonard Schwartzburd
- Miki Tal
- Jim Watt
- Simon Brafman
- Bruce Morrow

At 6:54 P.M. Director Sherris-Watt asked for a five-minute break, and at 6:58 P.M. the meeting resumed.

Director Toombs said that the District's legal counsel, Randy Riddle, had answers to some questions he had posed earlier. Mr. Riddle said that any body created by the Board was a legislative body. He said that a committee comprised of just a couple of members of the Board would not be subject to the Brown Act; however, a committee consisting of members of the community would be subject to the Brown Act. But, he said, a subcommittee of this committee, consisting of less than a quorum of the committee would not be subject to the Brown Act. He explained that, in the case of the ten-member Ad Hoc Committee, a meeting of more than five members would be subject to the Brown Act.

Applicant presentations continued:

- Paul Haxo
- Catya de Neergaard
- Garen Corbett
- David Spath
- Ciara Wood
- Gail Feldman
- Rick Artis
- Chris Deppe
- Lori Trevino

Board discussion ensued about Mr. Bates' application.

**MOTION: President Welsh moved, and Director Cordova seconded, that Mr. Bates should not be excluded.**

**Motion passed: 4 – 1.**

**AYES: Welsh, Gillette, Cordova, Sherris-Watt    NOES: Toombs    ABSENT:**

Discussion ensued about alternates. Mr. Riddle recommended that the Board place this issue on the September agenda since the evening's agenda was for each Director to select two applicants.



By round-robin process the Directors selected two applicants each, as follows:

Director Cordova	1. Miki Tal	10. Charles Reichmann
Vice President Gillette	2. Garen Corbett	9. Tim Snyder
President Welsh	3. Rick Artis	8. David Spath
Director Toombs	4. Gail Feldman	7. Lisa Caronna
Director Sherris-Watt	5. Lori Trevino	6. Chris Deppe

**MOTION: Director Cordova moved, and President Welsh seconded, that the Board appoint the ten individuals, just named, to the Ad Hoc Committee.**

**Motion passed: 5 – 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

Board consensus was there had been an abundance of qualified individuals who had applied, and the Board thanked all the applicants.

Donna Stanton thanked the Board and the applicants. She said a lot of dimension had added to the committee during the evening's discussion. She said she was concerned that not all the applicants had been able to attend. Director Sherris-Watt said she thought insufficient notice had been given about the evening's meeting.

Director Toombs asked at which upcoming meeting the issue of alternates could be discussed. President Welsh responded there was no urgency and suggested placing it on the October agenda.

GM/COP Hart asked for direction, such as notifying the committee and setting a date for the first meeting. President Welsh clarified that GM/COP Hart would set the date, develop an agenda, and attend the first meeting, but that the committee would run the first meeting. GM/COP Hart recommended that, at the committee's first meeting, there should be a thirty-minute training on the Brown Act. President Welsh asked GM/COP Hart to notify both those selected and those not selected and asked him to send the committee members the URL for online training on the Brown Act.

Celia Concus asked for clarification – that the committee would be subject to the Brown Act but that a subcommittee of it would not. Mr. Riddle said that a subcommittee consisting of less than a quorum did not have to comply, but that the committee could require that subcommittees meet in public. Mr. Riddle clarified that a quorum for this committee would be six. Director Toombs said he thought all meetings of the committee, even those consisting of five or fewer, should be public meetings. President Welsh and Garen Corbett said this might prove to be unwieldy.

Andrew Gutierrez said that, when she spoke, Lori Trevino had questioned the legality of the Ordinance which stipulated that contracting out for police services would require a vote of the community. President Welsh asked Mr. Riddle if the Board could receive a legal opinion on this.

Rick Artis asked when the committee had been formally established, as Mr. Artis had thought it would be nice to have a social gathering of the committee members. Mr. Riddle responded that it had been formed that night.

**MOTION: Vice President Gillette moved, and Director Sherris-Watt seconded, that the meeting be adjourned.**

**Motion passed: 5 to 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

The meeting was adjourned at 8:19 P.M.

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Len Welsh  
KPPCSD Board President

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Lynn Wolter  
District Administrator

## Meeting Minutes for 8/13/15

A Regular Meeting of the Board of Directors of the Kensington Police Protection and Community Services District was held Thursday, August 13, 2015, at 7:30 P.M., at the Community Center, Kensington, California.

### ATTENDEES

<u>Elected Members</u>	<u>Speakers/Presenters</u>
Len Welsh, President	Randy Riddell, Renne Sloan Holtzman Sakai LLP
Pat Gillette, Vice President	Deborah Russell, CPA
Chuck Toombs, Director	John Holtzman, Renne Sloan Holtzman Sakai LLP
Vanessa Cordova, Director	Mabry Benson
Rachelle Sherris-Watt, Director	Kay Reed
	Andrew Reed
	David Bergen
<u>Staff Members</u>	Paul Dorroh
Interim GM/COP Kevin Hart	Andrew Gutierrez
Sgt. Hui (on duty)	Simon Brafman
Lynn Wolter, District Administrator	Gail Feldman
	David Spath
<u>Press</u>	Leonard Schwartzburd
	Jim Watt
	Celia Concus
	Karl Kruger

President Welsh called the meeting to order at 7:35 P.M. President Welsh, Vice President Gillette, Director Toombs, Director Cordova, Director Sherris-Watt, Interim GM/COP Hart, and District Administrator Wolter were present.

President Welsh announced that the Closed Session, scheduled for earlier in the evening, had been cancelled.

### PUBLIC COMMENTS

Simon Brafman congratulated the Board on its Ad Hoc Committee appointments and on initiating the committee, especially given the unknown outcome of the committee's work. President Welsh thanked Directors Toombs and Cordova for the hard work they had done.

Jim Watt said that the point he had been trying to make for a number of sessions had been the uncertainty of CalPERS earning its needed 7½ % rate of return. He noted that CalPERS, in the fiscal year just ended, had earned only 4½ %. He said that Director Cordova had sent to him information she'd

received from the California Special Districts Association, which had cited in a recent report that CalPERS' lesser returns would have a material effect on the financial wellbeing of Special Districts. He noted that the reasons given for CalPERS not being able to achieve the 7½% rate of return were:

- A growing number of retirees
- The increasing longevity of the retirees
- Poor investment returns
- Low interest rates
- Other economic factors

He said that, given changing actuarial data, CalPERS had said it would start to increase what it collected from participating agencies and that, as such, the District's contributions likely would increase substantially. He concluded by saying that this would probably be the District's last good year and, therefore, the Board needed to start a rainy-day fund.

### **BOARD COMMENTS**

Director Cordova noted that longtime Kensington resident, W. C. Archie, had passed away. He had served the U.C. system in accounting for nearly 40 years, had been a member of the Faculty Club, and had been active in his church. His wife attended that night's meeting.

Director Cordova said she had been a member of the Government Affairs Committee of the CSDA since she had been seated in December. She reported that she had been re-appointed to three CSDA committees: the Formation and Reorganization Working Group, which deals with LAFCO issues; the Governance Committee, which deals with ethics, transparency and other mandates; and the Legislative Team, which deals with governance issues that impact special districts.

Vice President Gillette thanked Directors Cordova and Toombs for organizing the selection process of the Ad Hoc Committee members. She noted this would be a good opportunity for citizen input into the fact-finding necessary for a good outcome. She said the large number of highly qualified applicants impressed her. She thanked those chosen for their willingness to serve the community. She said she would not be able to attend the Board's regular meeting in September.

Director Sherris-Watt reported that the Park Buildings Committee would next meet on Thursday, August 20<sup>th</sup>, at 7:00 PM, at the Community Center. In response to Director Toombs asking if the committee was full, Director Sherris-Watt said the committee had seven members, but that the committee welcomed attendees.

Director Toombs reported that the Finance Committee would next meet on Wednesday, August 19<sup>th</sup>, at 7:00 PM, in the Main Room. GM/COP Hart noted there would be one agenda item: the preliminary review of the 2013-14 Audit.

### **STAFF COMMENTS**

GM Hart reported that he was continuing to meet with residents. He said that he had met with a representative from POST, that the Police Department was a POST certified agency, and that it was fully in compliance. Director Cordova asked GM/COP Hart to explain what POST stood for. He responded, Peace Officers' Standards and Training and explained it was a State entity that set guidelines for police officers and police agencies. He added that Kensington is a POST certified agency. He reported that the 2015-16 Budget would be presented that night, that the Finance Committee had met on July 30<sup>th</sup> to review the Proposed Budget, and that the Committee had recommended that the Board approve it with some minor modifications that he would discuss later. He also reported that he had received a copy of the 2013-14 Draft Audit, that although late it had a clean opinion, and that he would be posting it for the upcoming Finance Committee meeting. He announced that, on August 22<sup>nd</sup>, there would be a GM/COP meet-and-greet, with a barbeque and a public forum. He said the event would start at noon, and the forum would begin at 1:30 PM. He said that all employees had signed a "cardinal sins"



document, which represented five core issues for GMCOP Hart, and that any violation of it would result in discipline. He summarized them: no lying, no drugs, no sexual harassment, no racial harassment, and no gratuities. GM/COP Hart concluded by announcing that Drug Take Back Day, for prescription drugs, would be on September 26<sup>th</sup>, from 10:00 AM until 2:00 PM.

President Welsh complimented GM/COP Hart for bringing volunteers, who had retired from another jurisdiction, to the office to help organize some of the Police Department's files and thanked him for his creativity in solving problems, at little or no cost to the District.

### CONSENT CALENDAR

President Welsh asked if anyone wanted to pull items.

Director Toombs asked to pull Item i, and Director Sherris-Watt asked to pull Item b.

Director Toombs noted, with respect to Item i, that the Diablo Fire Safe Grant money needed to be spent by September 30<sup>th</sup> and that what it could be used for was restricted. He asked GM/COP Hart if the District would be able to meet the criteria. GM/COP Hart responded it would. Director Toombs thanked Jim Watt for his correspondence regarding the impact of CalPERS' performance.

Director Sherris-Watt noted that Rob Firmin's last name had been incorrectly spelled in the June 29, 2015 minutes. She asked for follow-up information about the amount that had been budgeted for Hazardous Waste in account 890. President Welsh responded that the contract was very unclear about the Hazardous Waste Fees and what could trigger an increase but that an increased fee would have to be justified. Director Sherris-Watt also asked for a follow-up on account 576 (Dues, Meals and Travel) and whether some of the money budgeted for this account would be for lunches. District Administrator Wolter responded that she had researched this and that the budgeted amount in question was for catered food for any training sessions that might be held for the Board.

**MOTION: Vice President Gillette moved, and Director Cordova seconded, that the Consent Calendar be adopted.**

**Motion passed 5 – 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

### DISTRICT OLD BUSINESS

1. The Kensington Police Protection and Community Services District Board of Directors reviewed and approved the Fiscal Year 2015/16 final proposed budget. The Board of Directors had reviewed and approved the proposed budget for FY 2015/16 at its regular Meeting held on July 9, 2015. This represented the second review. The Finance Committee had reviewed the proposed budget on July 30, 2015, and had recommended the Board of Directors approve the budget, with minor modifications.

General Manager's Recommendation: Review supporting budget documents, take public comment, deliberate, and approve the 2015/16 proposed budget.

GM/COP Hart said this was the second reading of the proposed budget and that there had been a reading prior to these two readings: There had been a presentation and review of a preliminary reading in June. He summarized changes that had been made subsequent to the Board's prior review.

- 504 (Compensation Cash-out) had been increased by \$10,000 because an employee had left and gone to another agency and had cashed out his unused vacation time when he left.

- 506 (Overtime) had been increased to \$60,000 (a \$15,000 increase) to reflect overtime increases that likely would result from an officer having left and not wanting service to fall below the expected level. He added that one of the officers was injured.

He said that this was, essentially, the same budget that had been presented to the Finance Committee and noted that it did not include year-end numbers for June 30<sup>th</sup>.

CPA Debbie Russell said she didn't want to issue June 30<sup>th</sup> numbers because she hadn't made year-end adjustments yet and said these adjustments were needed to ensure accuracy. She added that she usually made these adjustments earlier in the year, but instead she had used that time to help prepare the budget to ensure that the District had met its statutory requirement.

GM/COP Hart summarized the major revenue and expense amounts:

- Police Salaries and Expenses \$2,072,783
- Police Expenses \$325,268
- Recreation Salaries and Benefits \$31,147
- Recreation Expenses \$96,716
- District Expenses \$262,269
- Capital Outlay \$81,000
- Total Expenses \$2,869,183
- Total Revenues \$2,912,252
- Excess Revenue over Expense \$43,068

He noted:

- Cash Carryover 2014/15 \$1,480,663
- Estimated Carryover into 2016/17 \$1,523,731
- Total Identified Fund Balances \$371,829
- Unassigned Fund Balance Available for Contingencies \$1,151,902
- Percentage of Total Expenditures 40.15%

Vice President Gillette asked what type of insurance was paid for by account 850. Ms. Russell responded it was for liability and property insurance. Vice President Gillette asked whether there might be an opportunity to share coverage with the Fire District and obtain a reduced overall premium. She said this had nothing to do with consolidating with the Fire District.

GM/COP Hart complimented Jim Watt for having informed the District earlier in the day that the revenue detail had inadvertently been omitted from the budget. He said he had put copies of the document at each Director's place and on the table in the back of the room.

Director Cordova echoed Vice President Gillette's comment and said the District should explore opportunities to share resources with another District.

Director Cordova asked if the \$15,000 increase in overtime had been a cost shift from a Step 5 officer having resigned. Ms. Russell responded that had not been the case. Director Cordova suggested the cost should be shifted and noted that, although people don't like overtime, it's not pensionable. President Welsh asked Ms. Russell to weigh in on the matter. She explained that the budget was an approval of expenditures and said that both the Director and the Chief were of the opinion that the vacant position would not be filled immediately. GM/COP Hart said that, eventually, this position likely would be filled by a step one officer and added that, if Director Cordova wanted to make a motion to reduce the amount budgeted for account 502, she could do so.

Director Sherris-Watt asked about account 568, specifically the Children's Interview Center. GM/COP Hart explained this was a fee for a forensic child/adolescent interview services facility, based on use. She said she wanted to approve a budget based on information current as of that night not that as of June 30<sup>th</sup>.

Director Cordova said that, with respect to the patrol, she and GM/COP Hart had met about the issue for two hours and that this was an opportunity for GM/COP Hart to demonstrate prudence to the community. She said he should postpone buying a patrol car, he could sell one of the motorcycles, he should scrap the old car, and there should be more cost savings found in the budget to offset the purchase of the patrol car. She added that the Fire District had saved money in advance of purchasing its new truck.

Ms. Russell responded that the District had saved \$100,000 in a capital fund, with the intent that the District would purchase one new vehicle per year. She noted there was still money in this account and that it was labeled "Capital LAIF 134e" on page 58 of the budget. Director Cordova asked if this money was restricted. Ms. Russell responded it was intended for the purchase of vehicles. Director Cordova asked if the money to purchase a new vehicle would come out of this fund. Ms. Russell responded that it would and that the effect of this would be that this would result in a reduction of the cash carryover at the end of the year.

President Welsh asked what LAIF was. Ms. Russell responded, "Local Agency Investment Fund".

Director Cordova asked if the money budgeted for a vehicle could be used for some other purpose, such as the park buildings, Ms. Russell responded that, with a Board motion, it could.

GM/COP Hart said he had reduced the amount that would be needed for accessories from \$30,000 to \$3,000 and that he recommended the purchase of the vehicle, given the condition of the vehicle needing to be replaced. Director Cordova asked if this would be GM/COP Hart's car. He said that the vehicle he currently drove would become a District fleet vehicle and that the new vehicle would become the one to be driven by the Chief. Director Cordova asked if GM/COP Hart would be selling one of the motorcycles. He responded that he likely would not and said that police vehicles were public safety tools. He explained there would be cost offsets to the purchase of the new car: the old car would be sold and some of the equipment from the old car would be reused.

President Welsh invited public comment.

David Bergen said there were large sums of money in savings/reserves and asked if it couldn't be invested. District Administrator Wolter asked if he was suggesting that money be invested outside the LAIF account. Mr. Bergen responded there were ways of having one's money work for one. District Administrator Wolter responded that the District's money needed to be invested in the County's LAIF Account because the County required this as part of the agreement whereby the County processed the District's checks.

Gail Feldman added that the returns on LAIF accounts were low because they could only invest in certain, very safe, investment vehicles. Ms. Feldman said she had been unable to attend the Finance Committee meeting. She noted that revenues had increased because of the increase in Measure G and an increase in the anticipated ad valorem tax revenues. Ms. Russell responded that the initial versions of the budget had been prepared with a 3% increase in the ad valorem tax and that, after learning that the County was expecting a higher percentage increase than previously expected, GM/COP Hart had changed the increase to 4.5%. And, she clarified that the increase in the Measure G revenue amount was \$13,000.

Ms. Feldman said she echoed Director Cordova's comments and added that the District had not used zero-based budgeting; instead, it had built on the prior year's budget, especially with respect to overtime. Ms. Feldman suggested that officers' salaries (502) should be reduced to anticipate a step-one new hire. She also suggested keeping overtime at \$40,000. She said the budget didn't include any allowance for the MOU and that it didn't include any additional money for park management. She also questioned why money had been budgeted for the Annex when there was no money to maintain it.

Ms. Feldman also recommended that the budget include \$20,000 to \$25,000 for consultants to assist the Ad Hoc Committee that would be exploring governance options. Ms. Russell responded that the

Finance Committee had recommended approval of the budget without an amount budgeted for such consultants. GM/COP Hart added that the Board had not given any direction on this. Vice President Gillette replied that she would rather have the Ad Hoc Committee come to the Board with a request for consultants if they determined such services were needed and said she agreed with Ms. Feldman with respect to the Annex. Director Sherris-Watt said she was concerned that, if Measure WW funds weren't spent by December 2016, those funds would be lost and that, if work could be done on the Annex more quickly than work could be done on the Community Center, that could be a way not to lose the WW money. Vice President Gillette responded that, given the estimates for needed repairs on the Annex, the \$158,000 of WW funds would do very little for the Annex. Director Sherris-Watt noted that the Annex was a capital asset and the patrol car was a depreciating asset. President Welsh responded that the \$2,000 budgeted for the Annex would be sufficient to obtain an ADA evaluation. Director Sherris-Watt said the Board should express as much interest in the Park Buildings as in police services. Vice President Gillette responded that she was interested in all aspects of the District's operations. Director Sherris-Watt said she wanted money for the Annex included in the budget in order to ensure that Measure WW funds wouldn't be lost.

GM/COP Hart said that the budget's overall expenses were \$100,000 less than they had been in the prior year and that the budget didn't include COPs funding, or any possible MOU or OPEB increases. He said he anticipated mid-year adjustments.

Director Cordova said this \$100,000 savings had come at the expense of providing other community services, suggesting he had cut the amount of money going to things such as the parks buildings.

Director Sherris-Watt asked for an explanation about the Franchise Fees account. Ms. Russell explained that, as a result of earlier arbitration with the solid waste company, \$31,000 had been borrowed from the general fund. She said the Franchise Fee account needed to reimburse this amount to the general fund. She said that, once this reimbursement had been made, franchise fees would accrue to the Franchise Fee account.

Lisa Caronna said that it would cost \$600,000 to bring the Annex up to classroom quality and that it would cost \$1 million to make it possible for community use. She said that, when the Community Center had been previously evaluated, there had been available time – time when the building wasn't being used and, as such, had more capacity. She said this further begged the question of whether it made sense to spend money on the Annex. She added that it was critical to use the WW money and suggested that the net available amount could be used for needed things like park lighting.

Andrew Gutierrez asked where traffic ticket revenue was recorded. Ms. Russell responded it was in account 410. He suggested that issuing tickets, especially on the Arlington, would generate more revenue. GM/COP Hart responded that he projected approximately \$1,500 in ticket revenue but that this wasn't much of a revenue generator because the District received only about \$10 per citation issued. He said he supported Mr. Gutierrez's concerns.

Discussion ensued about traffic enforcement. President Welsh suggested discussing the topic at the next Board meeting. Vice President Gillette asked that the Board focus on the budget.

Celia Concus said she had done an analysis of overtime and that officers earned 4 hours of overtime for going to court when tickets were contested. She said citations weren't a good way to slow traffic and this approach wasn't good for the overall budget.

Jim Watt said he objected to the fact that a page of the budget, revenue projection, had been omitted. The District's legal counsel, Randy Riddle, responded that it would be included at that point. Mr. Watt said the public had been entitled to receive it within 72 hours. Mr. Riddle responded that the law was not specific on this issue. Mr. Watt said he echoed Director Cordova's concern with respect to officers' salaries. He said the District was down one officer and that this would result in \$40,000 of savings. He noted that, when this officer was replaced, he would probably be replaced with a step one officer, who would have a different pension plan. He said that overtime had been increased and that overtime was



not pensionable and questioned, therefore, whether the officer who had recently left the department needed to be replaced. He questioned whether sufficient money had been budgeted for 521R and 521T (medical retired and the OPEB Trust). He also questioned why more money had been budgeted for account 560 than had been spent in the fiscal year just ended, why the District had another vehicle designated for reserve officers, and why the District had a vehicle designated as a training vehicle. He suggested that, instead, officers should use their own vehicles for training purposes and then be reimbursed, by the District, at the prevailing federal mileage rate. He said that, in the current climate, the District should not add a new vehicle and that more money should be budgeted for a consultant for the Ad Hoc Committee.

Vice President Gillette asked Ms. Russell if the Fire District had the same medical trust issue that the KPPCSD did. Ms. Russell responded they did and that they still funded it.

Jim Watt suggested taking money out of reserves and sending it to the OPEB, where it would earn more than it would in the LAIF savings account, provided there was no downturn in the market.

Celia Concus said the Fire District didn't have the same medical benefits for its retirees. She said Fire Chief Lance Maples had told her that fire retirees received no benefits for themselves or their dependents. She said they did receive \$300 per month while in active service that went into a special fund from which they could draw to buy insurance.

David Spath responded that the recent MOU for El Cerrito firefighters said that, upon retirement, firefighters received \$300 per month for insurance and that retired El Cerrito police officers did not receive this benefit. He said active EC firefighters and their dependents were covered under the lowest cost Kaiser plan.

At 9:40 PM, the following motion was made:

**MOTION: Vice President Gillette moved, and Director Cordova seconded, that the meeting be extended, with a five-minute break, until the evening's business was completed.**  
**Motion passed: 5 – 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

Karl Kruger said that the District had a new GM/COP, who had been very responsive, and that he should be given a chance. He said he endorsed the budget.

From 9:42 PM until 9:51 PM, there was a break.

Director Sherris-Watt suggested that account 502 be reduced to \$955,253 (a \$40,000 reduction) and that 835 (consulting fees) be increased to \$10,000. She suggested that 962 (patrol car) be reduced to \$15,000 because she wanted to better understand the original intent of capital account 134e and that then, in September, the Board could add another \$15,000 to account 962.

Director Cordova proposed that, because the OPEB Trust produced more income over time, the District fund the trust by an additional \$75,000, with the money coming from the 2014-15 cash carryover. She suggested that 502 (officers' salaries) be reduced to reflect that a new hire should be a step one officer and that the resulting difference should be what funded the anticipated need for an increase in overtime (account 506). GM/COP Hart responded that, should an officer be hired at step-one, that officer would be at step-two within the fiscal year and suggested that the amount budgeted not be changed. Director Cordova suggested that the savings between the step-five and step-two salary be shifted to cover the anticipated increase in overtime costs. She said 962 (patrol vehicle) should be reduced from \$30,000 to \$15,000 and that the \$15,000 should be found in savings elsewhere in the budget or through grants. She said that account 835 (consultants) should be increased to between \$15,000 and \$20,000 for consultants for the Ad Hoc Committee. She suggested that these additional amounts could be obtained through grants.

Vice President Gillette suggested that money should not be budgeted for the Annex. She asked GM/COP Hart, if money were to be authorized for consultants for the Ad Hoc Committee, would the Committee need to return to the Board in order to spend that money. GM/COP Hart responded in the affirmative. She said that, with respect to the other suggestions just made, the GM/COP should not be micro-managed; that she had confidence in him and that he would not overspend. She asked Director Cordova why she wanted to budget another \$75,000 for the OPEB Trust. Director Cordova responded that the amount needed to fully fund the OPEB Trust was \$2.5 million and that the District was currently funded at just \$700,000. She said the \$75,000 would earn more interest if in the trust and, other than this, there was no basis for the amount suggested. Ms. Russell said that, while the District had not fully funded the trust, the District's trust was over-funded, based on the requirement. She added that the money could earn more if sent to the trust. She added that, once sent, the money couldn't be withdrawn. Vice President Gillette said she supported the purchase of the police car.

President Welsh said that he wanted to proceed with the budget the Chief had submitted. He said the Finance Committee had recommended the budget with minor changes and noted there would be a mid-year review.

**MOTION: Director Sherris-Watt moved, and Director Cordova seconded, that the Board accept the proposed 2015-16 Budget with the following changes: that Account 502 reflect the hiring of a step-two officer rather than a step-five officer; Account 521T be increased to \$75,000, Account 835 be changed to \$15,000; Account 962 be changed to \$15,000; and Account 666 be reduced to zero. Vice President Gillette made a friendly amendment that Account 662 also be reduced to zero. Director Sherris-Watt seconded the amendment.**  
**Motion Failed: 3 to 2**

**AYES: Cordova, Sherris-Watt    NOES: Welsh, Toombs, Gillette    ABSENT:**

Vice President Gillette asked GM/COP Hart if there was a possibility of hiring an officer at a higher step. He responded in the affirmative. She also asked about sending \$75,000 to the OPEB Trust. GM/COP Hart explained that, once that money was sent to the trust, the District wouldn't be able to withdraw it.

**MOTION: Vice President Gillette moved, and President Welsh seconded, that Account 502 be reduced to reflect the hiring of a Step-two officer, with the caveat that the Chief could come back to the Board for additional money if he chose to hire an officer at a higher level; that the Board wait for more information, in the form of the Actuarial Report, before making a decision to send additional money to the OPEB Trust; that Accounts 666 and 662 be reduced to zero; that \$15,000 be budgeted for consultants; and that the car be kept in the budget. Director Toombs made a friendly amendment to keep \$2,000 for the Annex.**  
**Motion passed: 3 to 2**

**AYES: Welsh, Toombs, Gillette    NOES: Cordova, Sherris-Watt    ABSENT:**

There was a discussion about the OPEB Trust. Director Toombs explained that the District had no obligation to fund a dime of the Trust. He said that, over five years, the District had gone from a balance of zero to balance of \$750,00 and that the full obligation was \$2.5 million. He added that, out of an \$11 million unfunded liability, the District had an \$8 million balance with CalPERS retirement.

Ms. Russell clarified that the District could put both the retired medical amount (the pay as you go amount) and the trust amount into the OPEB Trust at the beginning of the year and then withdraw the retired medical amount, plus any amount if might earn, at the end of the year.

2. The Kensington Police Protection and Community Services District Board discussed and considered taking action on amendments to the employment contract of the General Manager/Chief of Police to (1) reduce the annual salary from \$150,000 to \$145,000 and (2) have the District contribute to healthcare coverage.

GM/COP Hart and CPA Deborah Russell left the meeting.

President Welsh asked John Holtzman to provide the background on this item. Mr. Holtzman explained that this proposal was not technically an amendment to the contract because a contract hadn't been signed yet. He said that, initially, GM/COP Hart had thought he'd be able to continue receiving medical benefits as a member of the Dublin City Council but that an arcane PEMHCA (the health part of CalPERS) rule stipulated that an individual couldn't receive health coverage from one employer and retirement benefits through another. Rather, both types of coverage had to be provided by a single employer. He said this was an unusual circumstance and that neither he nor GM/COP Hart had any way of knowing this during earlier negotiations. He said that GM/COP Hart had agreed to have his benefits provided through a cafeteria plan and that this would mean GM/COP Hart would not be entitled to retiree health benefits upon retirement. Mr. Holtzman said, however, that a minimum required amount (\$122) would have to go to PEMHCA and the balance would go into the cafeteria plan. He clarified that the District would have to pay the \$122 PEMHCA amount. President Welsh questioned how GM/COP Hart could retire from Kensington and receive retirement benefits, which Mr. Holtzman explained: GM/COP Hart was a District employee who had been a PERS employee for the required minimum number of years. Mr. Holtzman said GM/COP Hart had said he would not take retiree health from the District and, that upon approval of the MOU, he would match the officers and the District agreed to. Mr. Holtzman said, with the salary reduction and the change in the healthcare coverage, the cost to the District, over the balance of GM/COP Hart's contract, would be \$6,595. On an annual basis, the cost would be \$11,000. Even with these changes, Mr. Holtzman noted that GM/COP Hart's total compensation would be a less expensive than that of his predecessor.

Mr. Holtzman recommended the contract, noting it would be precedent setting, with respect to the District establishing a cafeteria plan. He noted that GM/COP Hart was losing his healthcare benefits because he accepted the position with Kensington. He said the District needed to provide healthcare; the question was whether the District or GM/COP Hart would bear the cost.

Vice President Gillette said she wanted to be sure of the math. Mr. Holtzman clarified that GM/COP Hart's salary would be reduced to \$145,000; that GM/COP Hart would pay for \$5,000 of his \$18,000 annual medical insurance premiums through his reduction in wage. He said the actual increase would be \$6,595 and that, on an annual basis, the cost would be \$11,000. Ms. Gillette clarified that the \$145,000 salary would be annualized over six months.

Director Cordova said she wanted the change to be cost-neutral and said she thought the salary should be \$140,000.

Director Sherris-Watt said she had first learned of this in June and that it was neither the District's nor GM/COP Hart's fault. She suggested splitting the difference and said the salary should be \$140,000. Director Cordova asked about the economics of establishing a cafeteria plan for one employee. Mr. Holtzman said managing the plan would not be too expensive – the District would contract out for this at a rate of about \$100 per year. He said the greater cost would be in setting up the plan, which would cost about \$5,000. Director Toombs noted that, should GM.COP Hart retire from Kensington, the cost to the community would be far greater than \$5,000 plus 100 per year.

Vice President Gillette asked if GM/COP Hart could be asked to contractually decline the lifetime medical coverage. Mr. Holtzman responded that PERS would not allow this. There was discussion about the cost of retiree health costs. Mr. Holtzman noted that a cafeteria plan would provide a way to reduce these costs and suggested that the District would need to move in this direction over time anyway.

Vice President Gillette said that GM/COP Hart was what the District needed and that he had been tens of thousands of dollars less expensive than some of the other applicants. She said that, had the Board known about this situation at the time, they likely would have said “yes” to him. She concluded by saying that she supported what was being offered, that GM/COP Hart was “right” for the community, and that the District should treat GM/COP Hart with respect for the time he’ll be with the community. She said it would be unusual for the District to hire anyone who didn’t need health benefits.

Director Cordova said she respected GM/COP Hart but that she respected the community more. She said the District and GM/COP Hart should find a way to share the burden equally. Vice President Gillette responded that she respected the taxpayers, too. She reiterated that, if the Board were to go back in time, it would select GM/COP Hart. She said this had been a legitimate mistake and the District should make him whole.

President Welsh said he disagreed with Director Cordova and agreed with Vice President Gillette. He said there was no doubt the Board would have selected GM/COP Hart.

Director Sherris-Watt asked why it had taken so long for this to get to the Board. Mr. Holtzman responded that this had been a negotiation – there had been two parties involved.

Vice President Gillette said that the job hadn’t changed and that the Board had been willing to pay \$150,000 in salary, plus benefits. She said it would send the wrong message to play “gotcha” with employees. Director Cordova said she had valued the job at significantly less than \$150,000. She had valued it at \$130,000.

Kay Reed asked if Dublin would be willing to contribute to GM/COP Hart’s healthcare. Mr. Holtzman responded that he hadn’t asked that question. Ms. Reed said spending \$5,000 to set up a cafeteria plan was a good investment. She concluded by saying the District had a new employee, and she didn’t want him coming to work thinking he was working for cheapskates and by asking the Board to think about the human aspects of the situation. She noted this represented a pretty small portion of the budget.

President Welsh said that GM/COP Hart had been working more than 40 hours per week and that he didn’t want to see a break in that enthusiasm.

Jim Watt said he had concerns about the proposal, primarily with respect to GM/COP Hart serving on the Dublin City Council, which he said appeared to be in conflict with the District’s agreement with GM/COP Hart. Director Toombs said GM/COP Hart was not in conflict with any contract because there was no signed contract. Mr. Watt said one of the things he had liked about Chief Hart had been that the District wasn’t going to have to pay his medical benefits. Vice President Gillette asked Mr. Watt what his solution to the problem would be. He said GM/COP Hart and the District should “split the baby”.

Director Cordova asked why the contract hadn’t been signed. Mr. Holtzman responded that the medical coverage problem had been discovered before the contract had been signed. He also clarified that PERS stipulated that whatever benefits were provided for active employees had to be provided for retirees.

Paul Dorroh said he wanted to advocate for a sense of proportion. He said that, against long odds, the Board had hired someone excellent and professionally well regarded. He noted that the net cost would be \$5,000 to \$6,000 and that he didn’t want to run the risk of demoralizing or losing GM/COP Hart, someone who could help “right the ship”. He suggested doing the deal and then revisiting the issue at the end of the contract.

Director Sherris-Watt said that, during the selection process, there had been many excellent candidates and that she respected Mr. Holtzman. She said the issue was that the Board never picked the less expensive option.

Director Cordova said that every dime counted.



Andrew Reed thanked Mr. Dorroh and said he agreed with him. He said Mr. Holtzman's case was strong and posed the question of what would happen if GM/COP Hart were to walk out. He said the discussion was about a 6% change, the Board should let the Chief do his job, and the Board should focus on the big picture. He noted there was a silver lining in that the District would embark on establishing a cafeteria plan. He said there were serious issues that needed attention and the Board should let GM/COP Hart get back to doing his job.

Simon Brafman asked how this had happened and said he held the Board responsible. He said the Board should have asked the right questions and caught this. Vice President Gillette responded that the Board had asked the right questions. He pointed out that the contract contained a clause prohibiting compensation without Board authorization and that the Board should have been attentive to this clause when it learned, during early discussions with GM/COP Hart, that he was receiving health benefits from the City of Dublin because this constituted a form of compensation.

Celia Concus said she was surprised that no one knew the contract had not been signed. Mr. Holtzman said there had been an agreement and that, just before GM/COP Hart was ready to sign it, the health coverage issue came to his attention. She said the Board and GM/COP Hart should split the difference, that his was a generous offer, and that this was not reflective of his performance.

Karl Kruger said he was disappointed and surprised there was no contract and said the retirement issue was big and needed to be dealt with. He said there should be a contract.

Mabry Benson suggested that the Police Chief should consider trading the police car for health benefits.

Gail Feldman said that this issue showed the District's weakness in the area of personnel administration, that the Board had a responsibility to figure out this problem, and asked Mr. Holtzman to explain. She said she appreciated the Board members who were saying the cost should be split. He explained that the required minimum payment would be paid to PEMHCA (the health side of CalPERS) and the balance would go into a cafeteria plan. Mr. Holtzman responded that, if anyone should have caught this issue, it was he. He said PEMHCA required that employers provide health coverage for its employees.

Vice President Gillette clarified that it was neither unusual nor illegal for GM/COP Hart to have begun working without a contract.

Mr. Holtzman added that post-Bell, state law required that, for certain categories of employees, compensation had to be discussed at a regular meeting of the governing agency and said this, too, had slowed the process of getting the matter before the Board.

Director Sherris-Watt asked if the District could approach Dublin. Mr. Holtzman responded that this was an interesting suggestion and that he would reach out to them. President Welsh agreed it was interesting and said that action needed to be taken that night.

Vice President Gillette suggested adding to the contract, even though it wouldn't be enforceable, a clause saying that GM/COP Hart would not seek retirement benefits through the District.

**MOTION: President Welsh moved, and Vice President Gillette seconded, that the Board accept the amended contract that Mr. Holtzman presented, with the caveat that legal counsel ask GM/COP Hart to agree to a statement in the contract that he would waive the District's retirement health benefit.**

**Motion passed 3 to 2.**

**AYES: Welsh, Toombs, Gillette    NOES: Cordova, Sherris-Watt    ABSENT:**

Andrew Gutierrez said he had confidence in Mr. Hart. He noted comments that had been made about needing to dig out of a hole and to watch pennies. He said this hadn't been done in the past, the Board was moving in the right direction, and the Board needed to pay attention to details.

GM/COP Hart returned to the meeting.

### DISTRICT NEW BUSINESS

1. The Kensington Police Protection and community Services District Board of Directors reviewed and considered the adoption of Resolution 2015-07, authorizing the General Manager, District Administrator, and Certified Public Accountant to deposit or withdraw money in the Local Agency Investment Fund. General Manager's recommendation: Take public comment, deliberate, and adopt Resolution 2015-07.

GM/COP Hart introduced the item, explaining that, with the recent change in the position of GM/COP, the County had requested that the District update authorization documents for the District's LAIF accounts and that this needed to be done by way of a resolution. He said that current authorized signatures were those of former GM/COP Harman, Police Services Aide DiNapoli, and CPA Russell and that he would like two of the three authorized signatures changed to those of himself and District Administrator Wolter, while keeping that of CPA Russell, and that these signatures were incorporated in the resolution.

Director Cordova said a part time District Administrator should not be allowed to be one of the three who would sign such documents.

It was consensus of the Board that two signatures should be required, with the General Manager's being one of them.

President Welsh moved, and Vice President Gillette seconded, that Resolution 2015-07 be adopted, with the amendment that two signature be required for the withdrawal or deposit of monies in the Local Agency Investment Fund and that one of those signatures must be that of GM/COP Hart and that of District Administrator Lynn Wolter or CPA Deborah Russell.

Director Toombs noted there were two signature bars on the Delegation of Authority page and asked if there needed to be a third bar for District Administrator Wolter. GM/COP Hart responded that it didn't; that was the way the document had come from the County. GM/COP Hart noted that there were just two signatures on the form that former GM/COP Harman had signed. President Welsh asked if GM/COP Hart would ask the County if the third signature bar could be added.

President Welsh said there was a motion, with a second, on the table and called for a vote.

**MOTION: President Welsh moved, and Vice President Gillette seconded, that Resolution 2015-07 be adopted, with the amendment that two signatures be required for the withdrawal or deposit of monies in the Local Agency Investment Fund and that one of those signatures must be that of GM/COP Hart and that of District Administrator Lynn Wolter or CPA Deborah Russell.**  
**Motion passed: 5 – 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

Director Toombs asked if anything needed to be signed that night. GM/COP Hart responded in the negative. He said he had some work to do on the document, that he would bring it back for the President to sign, but that the motion stood.

**MOTION: Director Cordova moved, and President Welsh seconded, that the meeting be adjourned.**

**Motion passed: 5 – 0**

**AYES: Welsh, Toombs, Gillette, Cordova, Sherris-Watt    NOES: 0    ABSENT:**

The meeting was adjourned at 11:57 PM.

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Len Welsh  
KPPCSD Board President

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Lynn Wolter  
District Administrator

09/04/15

Accrual Basis

KPPCSD  
Transaction Detail By Account  
August 2015

20

Date	Num	Name	Memo	Split	Amount
<b>420 · Park/Rec Activities Revenue</b>					
<b>427 · Community Center Revenue</b>					
08/04/2015	264		CC Rental P...	112 · General ...	700.00
08/04/2015	3751		CC Rental P...	112 · General ...	900.00
Total 427 · Community Center Revenue					1,600.00
<b>438 · Misc Park/Rec Rev</b>					
08/04/2015	4445		Tennis Court ...	112 · General ...	40.00
Total 438 · Misc Park/Rec Rev					40.00
Total 420 · Park/Rec Activities Revenue					1,640.00
<b>TOTAL</b>					<b>1,640.00</b>



09/04/15

Accrual Basis

KPPCSD  
Transaction Detail By Account  
August 2015

2

Date	Num	Name	Memo	Split	Amount
<b>600 · Park/Rec Sal &amp; Ben</b>					
<b>601 · Park &amp; Rec Administrator</b>					
08/13/2015		Di Napoli, Andrea		112 · General ...	314.10
08/27/2015		Di Napoli, Andrea		112 · General ...	385.80
Total 601 · Park & Rec Administrator					
699.90					
<b>602 · Custodian</b>					
08/14/2015	16539	William Driscoll	8/1 - 8/15/15 ...	112 · General ...	875.00
08/28/2015	16576	William Driscoll	8/16 - 8/31/1...	112 · General ...	875.00
Total 602 · Custodian					
1,750.00					
Total 600 · Park/Rec Sal & Ben					
2,449.90					
<b>TOTAL</b>					
<b>2,449.90</b>					

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
August 2015

22

	Aug 15	Budget	Jul - Aug 15	YTD Budget	Annual Budget
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
400 · Police Activities Revenue					
401 · Levy Tax	0.00		1,383,583.34		
410 · Police Fees/Service Charges	125.00		365.00		
412 · Special Assignment Revenue	11,341.83		11,341.83		
414 · POST Reimbursement	1,267.84		1,780.40		
415 · Grants-Police	0.00		23,825.39		
418 · Misc Police Income	694.28		1,561.86		
419 · Supplemental W/C Reimb (4850)	4,297.56		10,745.40		
<b>Total 400 · Police Activities Revenue</b>	<b>17,726.51</b>		<b>1,433,203.22</b>		
<b>420 · Park/Rec Activities Revenue</b>					
427 · Community Center Revenue	1,600.00		3,752.50		
438 · Misc Park/Rec Rev	40.00		40.00		
<b>Total 420 · Park/Rec Activities Revenue</b>	<b>1,640.00</b>		<b>3,792.50</b>		
<b>440 · District Activities Revenue</b>					
458 · Misc District Revenue	0.00		829.00		
<b>Total 440 · District Activities Revenue</b>	<b>0.00</b>		<b>829.00</b>		
<b>Total Income</b>	<b>19,366.51</b>		<b>1,437,824.72</b>		
<b>Expense</b>					
<b>500 · Police Sal &amp; Ben</b>					
502 · Salary - Officers	74,858.05		155,526.74		
504 · Compensated Absences	0.00		14,172.22		
506 · Overtime	8,743.30		10,569.01		
508 · Salary - Non-Sworn	8,231.93		17,106.68		
516 · Uniform Allowance	1,256.16		1,856.10		
518 · Safety Equipment	0.00		0.00		
521-A · Medical/Vision/Dental-Active	15,215.13		39,670.76		

**KPPCCSD**  
**Unaudited Profit & Loss Budget Performance**  
 August 2015

23

	Aug 15	Budget	Jul - Aug 15	YTD Budget	Annual Budget
521-R · Medical/Vision/Dental-Retired	13,649.58		39,670.82		
522 · Insurance - Police	533.00		1,231.00		
523 · Social Security/Medicare	1,240.77		2,692.11		
524 · Social Security - District	553.77		1,152.58		
527 · PERS - District Portion	13,965.51		226,616.34		
528 · PERS - Officers Portion	6,419.59		13,419.53		
530 · Workers Comp	0.00		41,082.59		
<b>Total 500 · Police Sal &amp; Ben</b>	<b>144,666.79</b>		<b>564,766.48</b>		
<b>550 · Other Police Expenses</b>					
552 · Expendable Police Supplies	437.49		437.49		
562 · Vehicle Operation	1,432.65		2,287.36		
564 · Communications (RPD)	18,933.19		13,861.50		
566 · Radio Maintenance	181.69		181.69		
568 · Prisoner/Case Exp./Booking	232.89		477.89		
570 · Training	84.00		605.48		
574 · Reserve Officers	54.00		57.00		
576 · Misc. Dues, Meals & Travel	0.00		440.00		
580 · Utilities - Police	1,284.40		1,493.02		
581 · Bldg Repairs/Maint.	0.00		876.26		
582 · Expendable Office Supplies	860.33		954.09		
588 · Telephone(+Rich. Line)	538.64		650.30		
590 · Housekeeping	95.53		57.32		
592 · Publications	0.00		208.32		
594 · Community Policing	35.95		67.45		
596 · WEST-NET/CAL I.D.	5,508.00		5,508.00		
599 · Police Taxes Administration	0.00		860.10		
<b>Total 550 · Other Police Expenses</b>	<b>29,678.76</b>		<b>29,023.27</b>		
<b>600 · Park/Rec Sal &amp; Ben</b>					
601 · Park & Rec Administrator	699.90		1,483.20		
602 · Custodian	1,750.00		3,500.00		

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 August 2015

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	Aug 15	Budget	Jul - Aug 15	YTD Budget	Annual Budget
Total 600 · Park/Rec Sal & Ben	2,449.90		4,983.20		
635 · Park/Recreation Expenses					
640 · Community Center Expenses					
642 · Utilities-Community Center	704.69		579.06		
643 · Janitorial Supplies	671.63		671.63		
646 · Community Center Repairs	347.48		347.48		
Total 640 · Community Center Expenses	1,723.80		1,598.17		
672 · Kensington Park O&M	2,475.00		6,528.61		
Total 635 · Park/Recreation Expenses	4,198.80		8,126.78		
800 · District Expenses					
810 · Computer Maintenance	10,755.23		9,859.00		
820 · Cannon Copier Contract	199.81		778.96		
830 · Legal (District/Personnel)	27,757.89		0.00		
835 · Consulting	4,429.54		1,150.00		
840 · Accounting	6,954.00		6,954.00		
890 · Waste/Recycle	303.07		606.14		
898 · Misc. Expenses	1,244.90		4,620.06		
Total 800 · District Expenses	51,644.44		23,968.16		
950 · Capital Outlay					
963 · Patrol Car Accessories	1,204.97		0.00		
Total 950 · Capital Outlay	1,204.97		0.00		
Total Expense	233,843.66		630,867.89		
Net Ordinary Income	-214,477.15		806,956.83		
Other Income/Expense					
Other Expense					

# KPPCCSD Unaudited Profit & Loss Budget Performance August 2015

25

	Aug 15	Budget	Jul - Aug 15	YTD Budget	Annual Budget
700 - Bond Issue Expenses					
710 - Bond Admin.	0.00		2,382.42		
<b>Total 700 - Bond Issue Expenses</b>	0.00		2,382.42		
<b>Total Other Expense</b>	0.00		2,382.42		
<b>Net Other Income</b>	0.00	0.00	-2,382.42	0.00	0.00
<b>Net Income</b>	<b>-214,477.15</b>	<b>0.00</b>	<b>804,574.41</b>	<b>0.00</b>	<b>0.00</b>

# AUGUST 2015 WATCH COMMANDER MONTHLY REPORT

## Sergeant Hull

### TEAM #2 STATISTICS

Sergeant Hull (K17) – (1800-0600)

Master Sergeant Hull (K17) – issued 0 traffic citations and 0 parking citations

MSgt. Hull took two days of vacation

Officer Wilkens sustained OJI and has be assigned to no-patrol light duty.

Officer:	Empty Shift (0600-1800)	Wilkens (K50) (1800-0600)
Days Worked	00	16
Traffic Stops	00	09
Moving Citations	00	06
Parking Citations	00	05
Vacation/Security Checks	00	39
Cases	00	01
Arrests	00	00
Traffic Accident Reports	00	00
Calls for Service	00	115

No moving citation issued this month

### BRIEFING/TRAINING:

- PC 30630 – Possession of Assault Weapons

### SERGEANT'S SUMMARY:

The District suffered numerous thefts from vehicles and the interior of vehicle were found to have been rummaged. It should be noted that all vehicles referred too were left unlocked. I would like to urge all residents to secure your vehicles at the end of your day and ensure you have nothing of value that would of interest to a criminal. Some victim vehicles were equipped with alarms which did not activate because the alarm system was not activated due to unlocked doors. On one occasion, voices were heard near a victim vehicle but KPD was not contacted.

If you see people on foot in the early morning hours or hear noises please contact KPD non-emergency number.

### SIGNIFICANT EVENTS:

- 2015-2939 – On 8-1-2015, Sgt. Hull responded to the 200 block of Arlington Ave to a reported commercial burglary.



- 2015-2973 – On 8-6-2015, Sgt. Hull responded to the 200 block Lake Dr. to a report of auto burglary.
- 2015-2978 – On 8-6-2015, Sgt. Hull responded to the 200 block of Amherst Ave. to a report of theft from a vehicle.
- 2915-2980 – On 8-6-2015, Sgt. Hull responded to the 200 block of Amherst Ave. to a report of theft from a vehicle
- 2015-2981 – On 8-6-2015, Sgt. Hull responded to the 200 block of Amherst Ave. to a report of vehicle tampering.
- 2015-3088 - On 8-15-2015, Sgt. Hull was contacted by concerned parents over contact with their juvenile child by a Kensington resident.
- 2015-3179 – On 8-26-2015, Sgt. Hull responded to Grizzly Peak Blvd. @ Beloit Ave. to a report of a non-injury traffic collision.

## Lynn Wolter

---

**From:** A Stevens Delk <astevensdelk@gmail.com>  
**Sent:** Wednesday, August 12, 2015 9:36 AM  
**To:** Len Welsh; Chuck Toombs; Pat Gillette; Vanessa Cordova; Rachelle Sherris-Watt  
**Cc:** Kevin Hart; Lynn Wolter  
**Subject:** KPPCSD August 2015 Correspondence

Board of Directors  
Kensington Police Protection and Community Service District

August 12, 2015

Dear Directors:

Recently it was pointed out, again, that the Police Special Tax does not include an annual inflation adjustment, which is causing budget problems. This reminds me of the classic parable of the blind men and the elephant — each touching a different part and arriving at a different "truth."

In my spin on the tale, the public is blindfolded and led to the rear end, to feel the skinny, wimpy tail and told that this is what the elephant is like. If led to the front end, a fat sturdy appendage would have been felt and a different perspective gained.

It is true that the tax has been the same amount for the last 18 years. But that is just at the back end — during the second half of its existence.

As you know, this first special tax was levied to supplement *ad valorem* tax revenue, which Prop 13 had reduced and restricted to increases not exceeding 2% per year for unsold properties. In 1990 it started to increase every 1-2 years before being capped 6 years later at \$300 for a single-family parcel, nearly 7 times the original \$45 — that's 31%/yr and 10 times inflation (Ref.1). During the first 17 years the increase averaged 12% a year (2) — 6 times that allowed for property taxes and 3 times inflation (3). [Under these circumstances, even if a CPI escalator had been allowed in 1996, it is unlikely that an additional cost-of-living factor could have been justified.]

It is ironic that if this special tax had been tied to inflation at its inception in 1979, and not jacked up in the 90's, today it would be \$160 (netting ~\$364,500/yr) and it would not reached \$300, the current amount (netting ~\$681,500/yr), until around 2035 (4).

I thank you for your service, but please don't always lead us to the butt-end of things.

Sincerely,

A. Stevens Delk, Ph.D.

P.S. I realize that there are uncontrollable medical and retirement costs that have risen considerably faster than inflation. But I believe that, especially during Golden Years, the District granted our police officers extremely substantial, long-term benefits, which we cannot afford now and in the future. You have to deal with today's reality **and** yesterday's fantasy.

1. KPPCSD special tax, per year for a single-family parcel: KEN CMTY SVC: '81/82 @ \$45; KENS COMM SERV: '88/89 & '89/90 @ \$45, '90/91 @ \$60 (33% increase), '91/92 @ \$60, '92/93 @ \$90 (50% increase), '93/94 @ \$210 (133% increase); KENS COMM SERV code KL: '94/95 @ \$210, '95/96 @ \$280 (33% increase), '97/98 @ \$300 "cap" (7% increase). [Per tax records of ASD --- none available for '79/80, '80/81, '82/83-'87/88, and '96/97; other records indicate tax was enacted in '79/80 (possibly '80/81) and capped in '96/97.] Tax increase for '89/90 to '96/97: \$45 to \$300, 7 yrs, rate = 31.1%. Inflation for '89 to '96: CPI 126.4 to 155.1, 7 yrs, rate = 3.0%. [Per Bureau of Labor Statistics, San Francisco-Oakland-San Jose.]
2. Tax increase for '81/82 to '96/97: \$45 to \$300, 15 yrs, rate = 13.5%; if \$45 in '80/81, 16 years, rate = 12.5%; if \$45 in '79/80, 17 years, rate = 11.8%.
3. Inflation for '81 to '96: CPI 90.8 to 155.1, 15 yrs, rate = 3.6%; for '80 to '96, 80.4 to 155.1, 16 yrs, = 4.2%; for '79 to '96, 69.8 to 155.1, 17 yrs, = 4.8%.
4. Tax for '14/15: beginning '79/80 @ \$45, 35 years, inflation @ 3.7%, ending value = \$160 (if beginning '80/81: 34 yrs, 3.4%, \$140). For final of \$300: '79/80 @ \$45, increase @ 3-4%, years from '79 = 48-64 (i.e., 2027-43).

## Lynn Wolter

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**From:** Catherine de Neergaard <cadeneergaard@gmail.com>  
**Sent:** Wednesday, August 12, 2015 9:47 AM  
**To:** Lynn Wolter  
**Subject:** Re: copy of my public comment last night 8/11

Please include in the minutes

On Wed, Aug 12, 2015 at 9:39 AM, Catherine de Neergaard <cadeneergaard@gmail.com> wrote:

Hi Lynn,

Here is a copy of the speech I read at the Special Board Meeting last night in the public comment period.

"The Top Ten Reasons Why Kensington Needs Re-Structuring"  
by Catya de Neergaard

Note: [] Brackets are what was on the paper but I don't think I read on Aug 11, 2015 at the Special Board Meeting. The rest of the paper I read.

10. The dysfunctional police department eats up all our collective time and attention, so we can't address other important issues like the lack of a Post Office, noise problems, and Sustainability, improving the community center and other quality of life issues.
9. Human beings are flawed. A single 'Big Man' as sole authority intrinsically leads at best to poor decisions, mistakes, and self interest at the expense of Kensington. [More usually, as we have seen, sole dictators lead to corruption and abuse of power.]
8. Financial picture of the KPP&CS District unknown. Financial Statements and government mandated audits not done in a timely fashion. FY 14 still not out. [Government audits don't necessarily give enough information to ascertain what became of our tax dollars or if spending is even documented with good accounting practices.] Lack of transparency and accountability.
7. Racism, Sexism, Classicism, Bullying, and Chilling of Free Speech in Kensington by Police and Board many examples
6. Harman got rid of most of the employees of the KPP&CS District and replaced them with his own people whose main qualification is loyalty to him. These same employees carried out acts of # 7. There doesn't seem to be any way of disciplining or firing them.
5. With a strong police union, the police bill of rights, well funded lobbies for the police in Sacramento, and high police salaries affording the luxury of lawyering up at the first sight

of trouble, ordinary citizens are now second, third, and fourth class citizens under a new overclass. We can't control the department, the personnel, or their demands.

4. The small (five person) part time volunteer Board historically is unable and unwilling to supervise the police department.

3. No police review board, no mechanism for reviewing complaints about the police department. No complain process at all for reviewing complaints about the GM/COP. Anyone who thinks Kensington has control over its police department is seriously delusional

2. A police head of department and a general manager are different skill sets which are hard to find in a single person.

1. We are running out of money. As structured, the police take over 90% of the district's resources and yet need more and more money. Running deficits [(accrual basis)]. Despite tax hikes over the years, and now the yearly CPI increases available from Measure G, the police department always seems to need yet more money. One million dollars in legal expenses over the last X years.

~

And then said something to the effect that - "To these and other facts, we add interpretations, feelings, wishes, and values to make decisions."

~~~~

Thanks in advance for making an accurate record of the meeting.

~C de N

Catherine de Neergaard

Kensington in the North Berkeley Hills, CA

phone (510) 525-5779

[best times to reach me are Mon., Weds., Thurs., & Fri. 9 AM to noon]

*"Nature is not a place to visit. It is home."*

-Gary Snyder

## **KASEP:**

September 8<sup>th</sup> is the scheduled on-line FALL KASEP registration. KASEP FALL Brochures went home in Hilltop children's backpacks the week of August 31<sup>st</sup>, with extra copies in the library and KCC office. This fall, KCC is offering 58 classes for children grades kindergarten through 6<sup>th</sup>. New classes offered this session include: Lacrosse, Basketball Skills and Strategies, Stagecraft Puppets and Storytelling, Macramé, Strength Training for Girls, Spanish for Kinder, and new art classes for all levels.

Shift in process: All students, grades 1-6 enrolled in KASEP classes, will walk down independently and direct from school to attend KASEP class, grades 1-6. Children enrolled in KASEP class and attend Neighborhood School afterschool childcare will be escorted by KCC staff up to NS after KASEP classes are over.

Students enrolled in Gymnastics and enrolled at NS (grades 1-6), Gymnastics staff will provide escort service up to NS after the two afternoon gymnastic classes have finished.

## **KCC Summer Day Camp:**

Ethan Houser, Emiliano Carrasco-Zanini and Jacob Fong's leadership paved a way for a well organized and smooth operational summer camp 2015. We offered an additional week, Week 11 GAP WEEK to accommodate working families and the late start of school. Camp activities, field trips and specialty teachers were exceptional. A great group of camp counselors were the frosting that made the summer camp experience complete.

## **KCC Classes and Events:**

Jazzercise and Body Sculpting classes continue with daily exercise in the community center, Monday – Friday. See schedule and timing posted in the September Outlook.

Wednesday Acrylic Artist resume after their summer break, Wednesdays 9:45am – 1:00pm, Sept 2<sup>nd</sup>.

SAVE THE DATE: FAMILY OUTDOOR MOVIE NIGHT- **Saturday, Sept. 19<sup>th</sup>** Princess Bride is the movie of choice. Bring picnic, blanket and layers of clothing. FREE

ANNUAL FALL PICNIC AND PARADE: **Sunday, October 25<sup>th</sup>**. March in the parade!

## **KCC Administration**

KCC office and building is closed from Monday, August 24<sup>th</sup> to Monday, September 7<sup>th</sup> for deep cleaning and transition from summer camp to KASEP classes.



# September 2015

| September 2015 |    |    |    |    |    |    | October 2015 |    |    |    |    |    |    |
|----------------|----|----|----|----|----|----|--------------|----|----|----|----|----|----|
| Su             | Mo | Tu | We | Th | Fr | Sa | Su           | Mo | Tu | We | Th | Fr | Sa |
| 6              | 7  | 8  | 9  | 10 | 11 | 12 | 4            | 5  | 6  | 7  | 8  | 9  | 10 |
| 13             | 14 | 15 | 16 | 17 | 18 | 19 | 11           | 12 | 13 | 14 | 15 | 16 | 17 |
| 20             | 21 | 22 | 23 | 24 | 25 | 26 | 18           | 19 | 20 | 21 | 22 | 23 | 24 |
| 27             | 28 | 29 | 30 |    |    |    | 25           | 26 | 27 | 28 | 29 | 30 | 31 |

| SUNDAY | MONDAY                                           | TUESDAY                                                                              | WEDNESDAY                                                     | THURSDAY                | FRIDAY                           | SATURDAY                                |
|--------|--------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------|----------------------------------|-----------------------------------------|
| Aug 30 | 31                                               | Sep 1                                                                                | 2                                                             | 3                       | 4                                | 5                                       |
|        | 7:00pm **Cub Scouts** (CCM)                      | 7:30pm *Boy Scouts (CCM)                                                             | 7:00am AA (CCM)                                               | 6:00pm KPPCSD Mtg (CCM) |                                  | 5:30pm CC Rental (CCM)                  |
| 6      | 7                                                | 8                                                                                    | 9                                                             | 10                      | 11                               | 12                                      |
|        | 7:00pm **Cub Scouts** (CCM)                      | 7:30pm *Boy Scouts (CCM)                                                             | 7:00am AA (CCM)<br>6:00pm *GPF (CCM)<br>7:00pm *KED Mtg (CC3) | 6:00pm KPPCSD Mtg (CCM) |                                  |                                         |
| 13     | 14                                               | 15                                                                                   | 16                                                            | 17                      | 18                               | 19                                      |
|        | 7:00pm **Cub Scouts** (CCM)                      | 7:30pm *Boy Scouts (CCM)                                                             | 7:00am AA (CCM)                                               | 7:00pm Ad Hoc Mtg (CCM) |                                  | 8:00pm KCC Movie Night (KCC Upper Lawn) |
| 20     | 21                                               | 22                                                                                   | 23                                                            | 24                      | 25                               | 26                                      |
|        | 7:00pm **Cub Scouts** (CCM)                      | 11:30am Property Room Bar Coding Setup (Kensington PD) -<br>7:30pm *Boy Scouts (CCM) | 7:00am AA (CCM)                                               |                         | 5:00pm Animal Faire Set Up (CCM) | 8:00am Animal Faire (CCM)               |
| 27     | 28                                               | 29                                                                                   | 30                                                            | Oct 1                   | 2                                | 3                                       |
|        | 7:00pm **Cub Scouts** (CCM)<br>7:30pm *KIC (CC3) | 7:30pm *Boy Scouts (CCM)<br>7:30pm *KMAC (CC3)                                       | 7:00am AA (CCM)<br>7:00pm Parks Building Committee (CC3)      |                         |                                  |                                         |

# October 2015

| October 2015 |    |    |    |    |    |    | November 2015 |    |    |    |    |    |    |
|--------------|----|----|----|----|----|----|---------------|----|----|----|----|----|----|
| Su           | Mo | Tu | We | Th | Fr | Sa | Su            | Mo | Tu | We | Th | Fr | Sa |
| 4            | 5  | 6  | 7  | 8  | 1  | 2  | 1             | 2  | 3  | 4  | 5  | 6  | 7  |
| 11           | 12 | 13 | 14 | 15 | 16 | 10 | 8             | 9  | 10 | 11 | 12 | 13 | 14 |
| 18           | 19 | 20 | 21 | 22 | 23 | 17 | 15            | 16 | 17 | 18 | 19 | 20 | 21 |
| 25           | 26 | 27 | 28 | 29 | 30 | 24 | 22            | 23 | 24 | 25 | 26 | 27 | 28 |
|              |    |    |    |    |    | 31 | 29            | 30 |    |    |    |    |    |

| SUNDAY                            | MONDAY                                                   | TUESDAY                                              | WEDNESDAY                                                  | THURSDAY                         | FRIDAY                      | SATURDAY                      |
|-----------------------------------|----------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------|----------------------------------|-----------------------------|-------------------------------|
| Sep 27                            | 28                                                       | 29                                                   | 30                                                         | Oct 1<br>7:00pm Ad Hoc Mtg (CCM) | 2                           | 3                             |
|                                   | 5<br>7:00pm **Cub Scouts** (CCM)<br>7:00pm KCC Mtg (CC3) | 6<br>7:30pm *Boy Scouts (CCM)                        | 7<br>7:00am AA (CCM)<br>7:00pm Parks Bldg Committee (CC3)  | 8<br>6:00pm KPPGSD Mtg (CCM)     | 9<br>6:00pm CC Rental (CCM) | 10<br>12:00pm CC Rental (CCM) |
| 4                                 |                                                          |                                                      |                                                            |                                  |                             |                               |
| 11                                | 12<br>7:00pm **Cub Scouts** (CCM)                        | 13<br>7:30pm *Boy Scouts (CCM)                       | 14<br>7:00am AA (CCM)<br>7:00pm *KFD Mtg (CC3)             | 15                               | 16                          | 17<br>2:00pm CC Rental (CCM)  |
| 18<br>KCC Parade and Picnic (CCM) | 19<br>7:00pm **Cub Scouts** (CCM)                        | 20<br>7:30pm *Boy Scouts (CCM)                       | 21<br>7:00am AA (CCM)                                      | 22                               | 23                          | 24<br>8:00am KCC TOWN HALL    |
| 25                                | 26<br>7:00pm **Cub Scouts** (CCM)<br>7:30pm *KIC (CC3)   | 27<br>7:30pm *Boy Scouts (CCM)<br>7:30pm *KMAC (CC3) | 28<br>7:00am AA (CCM)<br>7:00pm Parks Bldg Committee (CC3) | 29                               | 30                          | 31                            |

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# General Manager August 2015 Report

## General

After completing all hiring requirements, Alameda County Sheriff Greg Ahern swore me in as the Kensington Interim Police Chief on August 3. The event was attended by several local police chiefs, other police personnel from the area and Kensington residents.

August 4<sup>th</sup> was National Night Out, where several members of the police department attended local events held by Kensington residents. A total of 13 residents hosted parties in their neighborhood to bring people together to meet and discuss common interests to ensure a safe community.

On August 19<sup>th</sup>, members of the Finance Committee met to review the 2013/14 FY Independent Financial Auditors Report. After discussion, along with suggestions for some corrections, the committee consensus was to accept the report and recommend the Board of Directors adopt the report.

On August 22<sup>nd</sup>, a meet and greet the GM/COP BBQ was held at the community center. The event was attended by over 100 residents, and I briefly discussed my vision for the future of the district and answered a number of great questions from the community. The event was paid for by my wife and me.

On August 26<sup>th</sup>, I attended the Contra Costa County Police Chiefs meeting in Martinez.

Dates for the next Citizen Academy have been set, starting on Wednesday October 7<sup>th</sup> to December 9<sup>th</sup>... Get your applications in fast, space is limited.

## Budget

The Finance Committee will meet next on October 21<sup>st</sup> at 1900 hours.

## Kensington Park

### **Community Center & Annex**

The 15/16 FY budget calls for a seismic study to determine the structural integrity of the building. The contract has not started his work as of yet, but once he starts it will take about 30 days to complete. This will not cause any disruption to the building itself or any of the events or programs scheduled.

## Emergency Preparedness

Diablo Firesafe Council has awarded the KPPCSD up to a \$5,000 share assistance to reduce fuel loads around the Community Center. All bids will be reviewed shortly and work is planned to start the week of September 14, 2015.

## Website

The new and improved District website is up and running, but it's a work in progress. If you have any ideas for improvement, please let me know.

**KENSINGTON POLICE PROTECTION  
and  
COMMUNITY SERVICES DISTRICT**

**Financial Report  
with  
Independent Auditor's Report Thereon  
June 30, 2014**

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Financial Report  
For the Fiscal Year Ended June 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Kensington Police Protection and Community Services District  
Kensington, California

We have audited the accompanying financial statements of the governmental activities of each major fund of the Kensington Police Protection and Community Services District (the District) as of and for the year ended June 30, 2014, 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.

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



**Opinion**

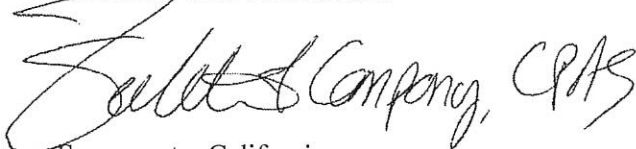
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Kensington Police Protection and Community Services District as of June 30, 2014, and the respective changes in 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, post-employment benefits and budgetary comparison information on pages 3-6 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.

Fechter & Company  
Certified Public Accountants



Sacramento, California  
May 15, 2015

## KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

This discussion and analysis of the Kensington Police Protection and Community Service District's (the District) fiscal performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please review it in conjunction with the transmittal letter and the basic financial statements, which begin on page 8.

#### **FINANCIAL HIGHLIGHTS**

##### **From the Statement of Net Position**

- Total net position for the years ended June 30, 2014 and 2013 are \$5,315,180 and \$5,522,184, respectively. This is a 3.76% decrease.
- Unrestricted net position, the part of net position that can be used to finance day-to-day operations for fiscal years ended June 30, 2014 and 2013 are \$1,331,584 and \$1,627,145, respectively.

##### **From the Governmental Fund Financial Statements**

- Our General Fund balance decreased by \$229,098 in 2014, which is compared to an \$115,476 decrease in 2013.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2014 and 2013 were \$2,558,145 and \$2,379,017, respectively. This is a 7.53% increase.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

The District's basic financial statements are composed of three components: government-wide financial statements, governmental funds financial statements, and notes to the financial statements. Required supplementary information in addition to the basic financial statements is also presented.

##### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. There are two government-wide financial statements – the Statement of Net Position and the Statement of Activities and Changes in Net Position.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. Accrual of revenue and expenses is taken into account regardless of when cash is received or paid.

As in a private-sector business, capital assets are depreciated, debt service is not a source of revenue, and compensated absences are expensed in the period earned.

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014

## Governmental Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The major differences between fund financial statements and government-wide financial statements are in the way debt proceeds, capital outlay, and compensated absences are recorded. Reconciliations between the two types of financial statements are found on page 8 using the adjustment column.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules and a PERS schedule of funding progress.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position serves over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,314,825 as of June 30, 2014 and \$5,522,184 as of June 30, 2013. This number is composed of three components:

|                                           | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
|-------------------------------------------|----------------------|----------------------|
| Investment in capital assets, net of debt | \$ 3,894,279         | \$ 3,872,429         |
| Restricted                                | 89,317               | 22,610               |
| Unrestricted net position                 | <u>1,331,584</u>     | <u>1,627,145</u>     |
| Total net position                        | <u>\$ 5,315,180</u>  | <u>\$ 5,522,184</u>  |

Investment in capital assets consists of fixed assets less any related debt that is still outstanding.

Unrestricted assets are used to finance day-to-day operations, including debt service.

## GOVERNMENTAL FUNDS ANALYSIS

The District's largest source of revenue is from property tax allocations. In 1978 the voters passed Proposition 13 and removed the ability of local agencies to set their own property taxes. The 1% maximum property tax rate is fixed by Article XIII A, § 1(a) of the California Constitution. The Legislature adopted statutes ("AB 8") that tell county auditor-controller's how to allocate the resulting revenues. This is unrestricted revenue and can be used for all District business.

The District's collection of Special Tax Revenue, another large source of revenue, is restricted to police activities. The current rate as of June 30, 2014 was established in 1997 after receiving voter approval in 1994.

## KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

The third largest source of revenue the District receives is from ballot measure G, effective 2010, for the restricted use for police-related services only.

The District also collects a special assessment called the Kensington Park Landscape and Lighting District Assessment. The funds are restricted for new park maintenance only.

In fiscal year ended June 30, 2014, the District was the beneficiary of the COPS Grant minimum allocation of \$100,000. The funds must be used for law enforcement only and all expenditures have been approved by the District's Board of Directors. In fiscal year 2013/2014, this grant money was used to fund the tenth officer position.

The largest expenditure of the District is salary and benefits, including PERS contributions. These are governed by current Memorandum of Understanding agreements negotiated between the District and represented and non-represented employees.

The other area of expenditures of significance is for services and supplies. That would include items such as communications and vehicle operations. This is the support structure for the police department.

Other reserved funds:

Reserved for compensated absences payable—\$89,654.

### **COMMENTS ON BUDGET COMPARISONS**

Actual revenues and actual expenditures versus budget amounts equals a negative variance of \$120,495.

Actual revenues exceeded budgeted revenues by \$191,855. The largest difference is District received \$100,000 more than budgeted in Grant Revenue. The grant monies to be awarded from Community Oriented Policing Services (COPS) office had not been announced at the time of the budget approval, and so could not be budgeted for.

Actual expenditures were more than final budgeted expenditures by \$312,350. By far, the largest category over budget was District Expenses, by just over \$195,000. Two line items, Legal and Consultants were by themselves more than \$196,000 over budget.

The Writ of Mandate started in FY 12/13 required additional use of legal resources during FY 13/14 to cover both the Contra Costa County Superior Court trial and later the appeals trial. There were also several negotiation attempts to resolve the matter. A little more than \$174,000 was spent on this issue. In addition, nearly \$20,000 was spent on legal resources for negotiations with the Kensington Police Officers' Association regarding the negotiation of a new MOU.

In consulting, just over \$24,000 was spent for analysis of the park buildings, not currently budgeted for.

## KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014

The major category that came in under budget was Police Expenses (\$35,600). In Police Expenses, communications were under budget \$20,000.

### **HISTORY AND ECONOMIC FACTORS**

The Kensington Police Protection and Community Services District was formed as a Police Protection District in 1946 for the purpose of providing police services to the community of Kensington. In 1953, the District was changed to a Community Services District, per Government Code 61600, which enabled the District to provide park and recreation services, oversight to the solid waste contract, in addition to the provision of police protection services.

In 1978, Proposition 13 was passed by California voters resulting in the implementation of AB 8 which set the formula used in property tax allocation for local government. This formula was based on prior years' budgets and the Kensington Police Protection and Community Services District had a history of very lean budgets.

In 1980, the Board of Directors for the District approved Resolutions 80-01 and 80-02, setting into motion a proposal for a special tax and a special election for the special tax. The original amount of the tax was \$45 per year for single family residential unit, \$90 per year for multiple unit residential property, \$135 per year for commercial and institutional property and \$45 per year for miscellaneous improved property. These funds are restricted to be used for police-related services only.

In 1984, the Board of Directors for the District approved Resolution 84-01 requesting the electorate approve an increase in the special tax to \$90 per year for single family residential, \$135 per year for multiple unit residential, \$180 per year for commercial and institutional property and \$90 per year for miscellaneous improved property. These funds are restricted to be used for police-related services only.

In 1993, the Board of Directors for the District approved Resolution 93-04 requesting the electorate approve an increase in the special tax to \$210 per year for single family residential, \$315 per year for multiple units residential, \$315 per year for commercial and institutional, \$210 per year for miscellaneous improved property and \$63 per year for unimproved property. These funds are restricted to be used for police-related services only.

In 1994, the Board of Directors for the District approved Resolution 94-13 requesting the electorate approve an increase in the special tax to \$300 per year for single family residential, \$450 per year for multiple units residential, \$450 per year for commercial and institutional, \$300 per year for miscellaneous improved property and \$90 per year for unimproved property. An increase of tax was voted and passed. These funds are restricted to be used for police-related services only.

In 1997, the Board of Directors for the District approved Ordinance 97-01 setting the rates at the maximum allowed based on Resolution 94-13.

In 2010, the District passed a ballot measure (Measure G) to add a supplemental tax revenue stream to be used effectively July 01, 2010. These funds are a maximum of \$200 per parcel and are restricted to be used for police-related services only.

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014

## **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to General Manager/Chief of Police.



**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2014**

|                                                | General Fund        | Capital Project   | Total               | Adjustment<br>Note 8 | Statement of Net<br>Position |
|------------------------------------------------|---------------------|-------------------|---------------------|----------------------|------------------------------|
| <b>Assets</b>                                  |                     |                   |                     |                      |                              |
| Cash and investments                           | \$ 1,336,357        | \$ 127,524        | \$ 1,463,881        | \$ -                 | \$ 1,463,881                 |
| Receivables                                    | 52,948              | 55                | 53,003              | -                    | 53,003                       |
| Prepaid expenses                               | 85,822              | -                 | 85,822              | -                    | 85,822                       |
| OPEB asset                                     | 20,469              | -                 | 20,469              | -                    | 20,469                       |
| <b>Capital assets</b>                          |                     |                   |                     |                      |                              |
| Land                                           | -                   | -                 | -                   | 2,808,347            | 2,808,347                    |
| Vehicle and equipment                          | -                   | -                 | -                   | 492,272              | 492,272                      |
| Building and improvements                      | -                   | -                 | -                   | 1,638,902            | 1,638,902                    |
| Furniture & fixtures                           | -                   | -                 | -                   | 32,080               | 32,080                       |
| Accumulated depreciation                       | -                   | -                 | -                   | (1,077,322)          | (1,077,322)                  |
| <b>Total Assets</b>                            | <b>\$ 1,495,596</b> | <b>\$ 127,579</b> | <b>\$ 1,623,175</b> | <b>\$ 3,894,279</b>  | <b>\$ 5,517,454</b>          |
| <b>Liabilities</b>                             |                     |                   |                     |                      |                              |
| Accounts payable                               | \$ 97,611           | \$ -              | \$ 97,611           | \$ -                 | \$ 97,611                    |
| Compensated absences                           | 89,654              | -                 | 89,654              | -                    | 89,654                       |
| Accrued payable                                | 15,009              | -                 | 15,009              | -                    | 15,009                       |
| <b>Total Liabilities</b>                       | <b>202,274</b>      | <b>-</b>          | <b>202,274</b>      | <b>-</b>             | <b>202,274</b>               |
| <b>Fund balances/net position</b>              |                     |                   |                     |                      |                              |
| <b>Fund balances</b>                           |                     |                   |                     |                      |                              |
| Non-spendable                                  | 106,291             | -                 | 106,291             | (106,291)            |                              |
| Restricted                                     | (16,974)            | -                 | (16,974)            | 16,974               |                              |
| Committed                                      | -                   | 127,579           | 127,579             | (127,579)            |                              |
| Assigned                                       | 241,500             | -                 | 241,500             | (241,500)            |                              |
| Unassigned                                     | 962,505             | -                 | 962,505             | (962,505)            |                              |
| <b>Total Fund Balances</b>                     | <b>1,293,322</b>    | <b>127,579</b>    | <b>1,420,901</b>    | <b>(1,420,901)</b>   | <b>-</b>                     |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 1,495,596</b> | <b>\$ 127,579</b> | <b>\$ 1,623,175</b> |                      |                              |
| <b>Net Position</b>                            |                     |                   |                     |                      |                              |
| Capital assets                                 |                     |                   |                     | 3,894,279            | 3,894,279                    |
| Restricted                                     |                     |                   |                     | 89,317               | 89,317                       |
| Unrestricted                                   |                     |                   |                     | 1,331,584            | 1,331,584                    |
| <b>Total Net Position</b>                      |                     |                   |                     | <b>\$ 5,315,180</b>  | <b>\$ 5,315,180</b>          |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

| <b>EXPENDITURES/EXPENSES</b>        | <b>General</b>   | <b>Capital<br/>Project</b> | <b>Total</b>     | <b>Adjustment<br/>Note 8</b> | <b>Statement of<br/>Activities</b> |
|-------------------------------------|------------------|----------------------------|------------------|------------------------------|------------------------------------|
| Current expenditures/expenses       |                  |                            |                  |                              |                                    |
| Police Salary and Benefits          |                  |                            |                  |                              |                                    |
| Salary-officers                     | \$ 969,999       | \$ -                       | \$ 969,999       | \$ -                         | \$ 969,999                         |
| Compensated absence                 | 7,813            | -                          | 7,813            | -                            | 7,813                              |
| Overtime                            | 57,625           | -                          | 57,625           | -                            | 57,625                             |
| Salary-non sworn                    | 56,686           | -                          | 56,686           | -                            | 56,686                             |
| Uniform allowance                   | 7,999            | -                          | 7,999            | -                            | 7,999                              |
| Safety equipment                    | 1,674            | -                          | 1,674            | -                            | 1,674                              |
| Medical insurance-active            | 182,536          | -                          | 182,536          | -                            | 182,536                            |
| Medical insurance-retired           | 188,264          | -                          | 188,264          | -                            | 188,264                            |
| Disability & life insurance         | 5,167            | -                          | 5,167            | -                            | 5,167                              |
| Social security/medicare            | 18,109           | -                          | 18,109           | -                            | 18,109                             |
| PERS district                       | 357,299          | -                          | 357,299          | -                            | 357,299                            |
| PERS officers                       | 88,020           | -                          | 88,020           | -                            | 88,020                             |
| Workers compensation                | 51,043           | -                          | 51,043           | -                            | 51,043                             |
| Police Expenses                     |                  |                            |                  |                              |                                    |
| Expendable police supplies          | 2,892            | -                          | 2,892            | -                            | 2,892                              |
| Range/Ammunition supplies           | 2,729            | -                          | 2,729            | -                            | 2,729                              |
| Crossing guard                      | 10,061           | -                          | 10,061           | -                            | 10,061                             |
| Vehicle operation                   | 45,824           | -                          | 45,824           | -                            | 45,824                             |
| Communications (RPD)                | 134,058          | -                          | 134,058          | -                            | 134,058                            |
| Radio maintenance                   | 21,431           | -                          | 21,431           | -                            | 21,431                             |
| Prisoner/case exp/booking           | 8,944            | -                          | 8,944            | -                            | 8,944                              |
| Training                            | 9,854            | -                          | 9,854            | -                            | 9,854                              |
| Recruiting                          | 1,085            | -                          | 1,085            | -                            | 1,085                              |
| Reserve officers                    | 2,764            | -                          | 2,764            | -                            | 2,764                              |
| Misc. dues, meals and Travel        | 2,573            | -                          | 2,573            | -                            | 2,573                              |
| Utilities                           | 8,947            | -                          | 8,947            | -                            | 8,947                              |
| Building repair                     | 993              | -                          | 993              | -                            | 993                                |
| Office supplies                     | 6,536            | -                          | 6,536            | -                            | 6,536                              |
| Telephone                           | 8,913            | -                          | 8,913            | -                            | 8,913                              |
| Housekeeping                        | 4,089            | -                          | 4,089            | -                            | 4,089                              |
| Publications                        | 2,070            | -                          | 2,070            | -                            | 2,070                              |
| West-Net/Cal                        | 13,386           | -                          | 13,386           | -                            | 13,386                             |
| Community policing                  | 1,279            | -                          | 1,279            | -                            | 1,279                              |
| Police taxes administration         | 3,298            | -                          | 3,298            | -                            | 3,298                              |
| Recreation Salary and Benefits      |                  |                            |                  |                              |                                    |
| Park and recreation administration  | 6,609            | -                          | 6,609            | -                            | 6,609                              |
| Custodian                           | 21,000           | -                          | 21,000           | -                            | 21,000                             |
| Social security/medicare            | 212              | -                          | 212              | -                            | 212                                |
| Recreation Expenses                 |                  |                            |                  |                              |                                    |
| Community center utilities          | 5,121            | -                          | 5,121            | -                            | 5,121                              |
| Janitorial supplies                 | 1,321            | -                          | 1,321            | -                            | 1,321                              |
| Community center repairs            | 5,617            | -                          | 5,617            | -                            | 5,617                              |
| Annex utilities                     | -                | -                          | -                | -                            | -                                  |
| Park O&M                            | 74,886           | -                          | 74,886           | -                            | 74,886                             |
| Misc. park rec expenses             | 650              | -                          | 650              | -                            | 650                                |
| District Expenses                   |                  |                            |                  |                              |                                    |
| Computer maintenance                | 27,871           | -                          | 27,871           | -                            | 27,871                             |
| Legal                               | 244,086          | -                          | 244,086          | -                            | 244,086                            |
| Consulting                          | 25,800           | -                          | 25,800           | -                            | 25,800                             |
| Accounting                          | 40,957           | -                          | 40,957           | -                            | 40,957                             |
| Equipment rental                    | 5,553            | -                          | 5,553            | -                            | 5,553                              |
| Insurance                           | 29,285           | -                          | 29,285           | -                            | 29,285                             |
| Election                            | -                | -                          | -                | -                            | -                                  |
| Police building lease               | 31,514           | -                          | 31,514           | -                            | 31,514                             |
| County expenses                     | 18,709           | -                          | 18,709           | -                            | 18,709                             |
| Waste/recycle                       | 62,590           | -                          | 62,590           | -                            | 62,590                             |
| Miscellaneous                       | 9,377            | -                          | 9,377            | -                            | 9,377                              |
| Depreciation                        | -                | -                          | -                | 69,103                       | 69,103                             |
| Total current expenditures/expenses | <u>2,895,118</u> | <u>-</u>                   | <u>2,895,118</u> | <u>69,103</u>                | <u>2,964,221</u>                   |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

| (Continued)                                         | General             | Capital<br>Project | Total               | Adjustment<br>Note 8 | Statement of<br>Activities |
|-----------------------------------------------------|---------------------|--------------------|---------------------|----------------------|----------------------------|
| Capital outlay                                      |                     |                    |                     |                      |                            |
| Building & improvements                             | 22,082              |                    | 22,082              | (22,082)             | -                          |
| Equipment and furniture                             | 69,398              | -                  | 69,398              | (69,398)             | -                          |
| <b>Total capital outlay</b>                         | 91,480              | -                  | 91,480              | (91,480)             | -                          |
| <b>Total Expenditures/Expenses</b>                  | 2,986,598           | -                  | 2,986,598           | (22,377)             | 2,964,221                  |
| <b>GENERAL REVENUES:</b>                            |                     |                    |                     |                      |                            |
| Property taxes                                      | 1,355,085           | -                  | 1,355,085           | -                    | 1,355,085                  |
| Special assessments                                 | 681,390             | -                  | 681,390             | -                    | 681,390                    |
| Measure G supplemental tax revenue                  | 488,103             | -                  | 488,103             | -                    | 488,103                    |
| Grants                                              | 100,000             | -                  | 100,000             | -                    | 100,000                    |
| Charges for services                                | 1,776               | -                  | 1,776               | -                    | 1,776                      |
| Other tax revenue                                   | 33,567              | -                  | 33,567              | -                    | 33,567                     |
| POST reimbursement                                  | 5,455               | -                  | 5,455               | -                    | 5,455                      |
| Investment income                                   | 1,750               | 244                | 1,994               | -                    | 1,994                      |
| Rents and fees                                      | 34,301              | -                  | 34,301              | -                    | 34,301                     |
| Franchise fees                                      | 23,097              | -                  | 23,097              | -                    | 23,097                     |
| Other income                                        | 23,761              | -                  | 23,761              | -                    | 23,761                     |
| Proceeds from Sale/Gain (loss) on sale of assets    | 886                 | -                  | 886                 | (527)                | 359                        |
| <b>Total Revenues</b>                               | 2,749,171           | 244                | 2,749,415           | (527)                | 2,748,888                  |
| Excess (Deficiency) of Revenues Over                |                     |                    |                     |                      |                            |
| Other (Under) Expenditures                          | (237,427)           | 244                | (237,183)           | 21,850               | (215,333)                  |
| Other Financing Sources (Uses)                      |                     |                    |                     |                      |                            |
| Transfers In                                        | 18,861              | -                  | 18,861              | -                    | 18,861                     |
| Transfers Out                                       | (10,532)            | -                  | (10,532)            | -                    | (10,532)                   |
| <b>Total Other Financing Sources (Uses)</b>         | 8,329               | -                  | 8,329               | -                    | 8,329                      |
| <b>Change in Net Position</b>                       | (229,098)           | 244                | (228,854)           | 21,850               | (207,004)                  |
| <b>Fund Balance/Net Position, Beginning of Year</b> | 1,522,420           | 127,335            | 1,649,755           | 3,872,429            | 5,522,184                  |
| <b>Fund Balance/Net Position, End of Year</b>       | <u>\$ 1,293,322</u> | <u>\$ 127,579</u>  | <u>\$ 1,420,901</u> | <u>\$ 3,894,279</u>  | <u>\$ 5,315,180</u>        |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2014**

|                                             | <b>Emergency<br/>Preparedness<br/>Fund</b> | <b>Kensington Park<br/>Reassessment<br/>District 2004-1<br/>Fund</b> | <b>Total</b>        |
|---------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|---------------------|
| <b>Assets</b>                               |                                            |                                                                      |                     |
| Cash and investments                        | \$ 430                                     | \$ 280,281                                                           | \$ 280,711          |
| Interest receivable                         | -                                          | 52                                                                   | 52                  |
| Special assessment receivable               | -                                          | 853,201                                                              | 853,201             |
| <b>Total Assets</b>                         | <b>\$ 430</b>                              | <b>\$ 1,133,534</b>                                                  | <b>\$ 1,133,964</b> |
| <b>Liabilities</b>                          |                                            |                                                                      |                     |
| Accounts payable                            | \$ 215                                     | \$ -                                                                 | \$ 215              |
| 2004 Limited Obligation Improvement Bonds   | -                                          | 969,709                                                              | 969,709             |
| Bond interest payable                       | -                                          | 13,739                                                               | 13,739              |
| <b>Total Liabilities</b>                    | <b>215</b>                                 | <b>983,448</b>                                                       | <b>983,663</b>      |
| <b>Net Position</b>                         |                                            |                                                                      |                     |
| Reserved for Emergency Preparedness Council | 215                                        | -                                                                    | 215                 |
| Reserved for Reassessment District 2004-1   | -                                          | 150,086                                                              | 150,086             |
| <b>Total Net Position</b>                   | <b>\$ 215</b>                              | <b>\$ 150,086</b>                                                    | <b>\$ 150,301</b>   |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

|                                                 | <b>Emergency<br/>Preparedness<br/>Fund</b> | <b>Kensington Park<br/>Reassessment<br/>District 2004-1<br/>Fund</b> | <b>Total</b>      |
|-------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|-------------------|
| <b>ADDITIONS</b>                                |                                            |                                                                      |                   |
| Special assessments                             | \$ -                                       | \$ 178,145                                                           | \$ 178,145        |
| Interest income                                 | -                                          | 225                                                                  | 225               |
| <b>Total Additions</b>                          | <b>-</b>                                   | <b>178,370</b>                                                       | <b>178,370</b>    |
| <b>DEDUCTIONS</b>                               |                                            |                                                                      |                   |
| Bond administration charges                     | -                                          | 12,291                                                               | 12,291            |
| Bond interest expense                           | -                                          | 42,065                                                               | 42,065            |
| Bond principal                                  | -                                          | 120,230                                                              | 120,230           |
| Contract services                               | -                                          | -                                                                    | -                 |
| <b>Total deductions</b>                         | <b>-</b>                                   | <b>174,586</b>                                                       | <b>174,586</b>    |
| Net increase (decrease) in fiduciary net assets | -                                          | 3,784                                                                | 3,784             |
| Transfer in                                     | -                                          | 10,532                                                               | 10,532            |
| Transfer out                                    | -                                          | (18,861)                                                             | (18,861)          |
| Net - transfers in/out                          | -                                          | (8,329)                                                              | (8,329)           |
| Net decrease for year                           | -                                          | (4,545)                                                              | (4,545)           |
| <b>Net Position, beginning of year</b>          | <b>215</b>                                 | <b>154,631</b>                                                       | <b>154,846</b>    |
| <b>Net Position, end of year</b>                | <b>\$ 215</b>                              | <b>\$ 150,086</b>                                                    | <b>\$ 150,301</b> |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

|                                                     | General Fund<br>Budget | General Fund<br>Actual | Variance with<br>Final Budget<br>Over (Under) |
|-----------------------------------------------------|------------------------|------------------------|-----------------------------------------------|
| <b>Revenues</b>                                     |                        |                        |                                               |
| Property taxes                                      | \$ 1,286,000           | \$ 1,355,085           | \$ 69,085                                     |
| Special assessments                                 | 680,000                | 681,390                | 1,390                                         |
| Measure G supplemental tax revenue                  | 486,986                | 488,103                | 1,117                                         |
| Grants                                              | -                      | 100,000                | 100,000                                       |
| Charges for services                                | 1,500                  | 1,776                  | 276                                           |
| Other tax revenue                                   | 33,000                 | 33,567                 | 567                                           |
| POST reimbursement                                  | 2,000                  | 5,455                  | 3,455                                         |
| Investment income                                   | 3,330                  | 1,750                  | (1,580)                                       |
| Rents and fees                                      | 25,000                 | 34,301                 | 9,301                                         |
| Franchise fees                                      | 21,000                 | 23,097                 | 2,097                                         |
| Proceeds from sale of assets                        | -                      | 886                    | 886                                           |
| Other income                                        | 18,500                 | 23,761                 | 5,261                                         |
| <b>Total Revenues</b>                               | <b>2,557,316</b>       | <b>2,749,171</b>       | <b>191,855</b>                                |
| <b>Expenditures</b>                                 |                        |                        |                                               |
| Police Salary and Benefits                          | 1,870,804              | 1,992,234              | 121,430                                       |
| Police Expenses                                     | 327,326                | 291,726                | (35,600)                                      |
| Recreation Salary and Benefits                      | 27,997                 | 27,821                 | (176)                                         |
| Recreation Expenses                                 | 96,558                 | 87,595                 | (8,963)                                       |
| District Expenses                                   | 300,668                | 495,742                | 195,074                                       |
| Capital outlay                                      | 51,250                 | 91,480                 | 40,230                                        |
| <b>Total Expenditures</b>                           | <b>2,674,603</b>       | <b>2,986,598</b>       | <b>311,995</b>                                |
| <b>Excess of Revenues over (under) Expenditures</b> | <b>\$ (117,287)</b>    | <b>\$ (237,427)</b>    | <b>\$ (120,140)</b>                           |

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Kensington Police Protection and Community Services District (the District) is presented to assist in understanding the District's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

### **Organization and Description of Funds**

The District was formed to provide police protection services and parks and recreation services. The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District also maintains two fiduciary funds: (1) Emergency Preparedness Fund (used for expenses in conjunction with the emergency radio network) and (2) Kensington Park Reassessment District 2004-1 Fund (used to account for special assessment funds, see Note 4).

### **Government-wide Financial Statements**

The District's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the District accompanied by a total column.

These statements are presented on an economic resources measurement focus and the *accrual basis* of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenditures identifies the extent to which each program is self-financing or draws from the general revenues of the District.



# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### Government-wide Financial Statements - continued

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds. Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds are reported as separate columns in the governmental fund financial statements. No major funds are aggregated and presented in a single column. The District had no major funds in the fiscal year ended June 30, 2014.

### Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Accompanying schedules are presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the Government-wide Financial Statements.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the *modified accrual basis* of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are intergovernmental revenues, investment earnings and charges for services. Expenditures are generally recognized when incurred under the modified accrual basis of accounting.

The District has only four funds in fiscal year 2014, the General Fund and Capital Project Fund.

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

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### Governmental Fund Financial Statements - continued

Capital Project Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Emergency Preparedness Fund – This fiduciary fund is used to account for radios and batteries in the community to be used in case of earthquake or similar major emergency. The fund is supported by matching contributions from both the District and Kensington Fire Protection District.

Kensington Park Reassessment District 2004-1 – This debt service fund is used to account for financial resources to be used for the retirement of debt. The Kensington Park Reassessment Bond 2004-1 issued in June 2004 in defeasance of the 1994 special assessment bonds has been determined to be an Agency Fund since the District is not obligated to repay the debt. The balance in the debt service fund has therefore been transferred to the Kensington Park Reassessment District 2004-1 Fund (see Note 4).

### Budgets and Budgetary Accounting

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

1. During the month of May, the General Manager/Chief of Police submits to the Board of Directors a preliminary operating budget. During the month of June the General Manager/Chief of Police submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The budget is enacted through a motion to adopt the Budget.
3. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Capital Project Fund.
4. Budgets for the General Fund and the Capital Project Fund are adopted on a basis consistent with accounting principles generally accepted in the United States (US GAAP).

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and the Capital Projects Fund. All appropriations lapse at fiscal year-end.

### Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments. Investments are carried at market value. All investment is invested through County of Contra Costa.

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

### **Compensated Absences**

District employees are entitled to certain compensated absences based on their length of employment.

### **Fund Equity Reservations and Designations**

Reservations and designations of the ending fund balance indicate portions of fund balance not appropriate for expenditures or amounts legally segregated for a specific future use.

### **Statement Calculations and Use of Estimates**

Due to rounding, column and row calculations may approximate actual figures. Approximations may result when decimal places are eliminated to present whole numbers.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 dates of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

### **GASB Statement 63**

The District adopted the provisions of GASB Statement No. 63 (GASB 63), Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position for the year ended June 30, 2013. GASB 63 provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. It also identifies net position as the residual of all other elements presented in a statement of financial position, or the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. As implied above, GASB 63 changes the previous classification of net assets to net position, and consequently, the statement of net assets to the statement of net position. The District had no deferred inflows or outflows of resources as of June 30, 2014.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 2: CASH AND INVESTMENTS**

The District maintains most of its cash in the County of Contra Costa treasury. Balances are stated at cost, which is approximately market value.

The District maintains cash investment accounts that are available for use by all funds. Investments made by the District are summarized below. The investments that are represented by specific identifiable investment securities are classified below according to credit risk:

Category 1 – Investments that are insured or registered, or for which securities are held by the District or its agent in the District’s name.

Category 2 – Uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the District’s name.

Category 3 – Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District’s name.

A summary of the District’s cash and investments at June 30, 2014 is as follows:

|                                           | <u>Carrying Value</u> | <u>Market Value</u> |
|-------------------------------------------|-----------------------|---------------------|
| <u>Governmental Funds (District Fund)</u> |                       |                     |
| <u>Category 1:</u>                        |                       |                     |
| Cash in checking accounts                 | \$ 2,823              | \$ 2,823            |
| Petty cash                                | 100                   | 100                 |
|                                           | <u>2,923</u>          | <u>2,923</u>        |
| <br><u>Uncategorized:</u>                 |                       |                     |
| County Treasury                           | <u>1,460,958</u>      | <u>1,460,958</u>    |
| Total Governmental Fund (District Fund)   | <u>1,463,881</u>      | <u>1,463,881</u>    |
| <br><u>Fiduciary Funds</u>                |                       |                     |
| <u>Category 1:</u>                        |                       |                     |
| Cash in checking accounts                 | <u>430</u>            | <u>430</u>          |
| <br><u>Uncategorized:</u>                 |                       |                     |
| County Treasury                           | <u>280,281</u>        | <u>280,281</u>      |
| Total Fiduciary Fund                      | <u>280,711</u>        | <u>280,711</u>      |
| Total Governmental Fund (District Fund)   | <u>\$ 1,744,592</u>   | <u>\$ 1,744,592</u> |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 2: CASH AND INVESTMENTS – continued**

The cash and investments by fund is as follows:

|                                    |                     |
|------------------------------------|---------------------|
| General Fund                       | \$ 1,336,357        |
| Capital Project Fund               | 127,524             |
|                                    | <u>\$ 1,463,881</u> |
| Emergency Preparedness Fund        | \$ 430              |
| 2004-1 Park Reassessment Bond Fund | <u>\$ 280,281</u>   |

The District's cash fund in the County Treasury is not categorized by risk category because the District's share is not evidenced by specifically identifiable securities.

**Deposits**

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 100% of the agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by federal deposit insurance.

**NOTE 3: CAPITAL ASSETS**

The District's capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Capital assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is charged to governmental activities by function.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, accumulated depreciation, is reported on the Statement of Net Position as a reduction in the book value of capital assets.

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years, and the result is charged to expense each year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

|                           |             |
|---------------------------|-------------|
| Vehicles                  | 5 years     |
| Furniture and fixtures    | 5 years     |
| Building and improvements | 20-40 years |
| Machinery and equipment   | 5-10 years  |



**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 3: CAPITAL ASSETS - continued**

A summary of changes in general fixed assets follows:

|                                    | Balance<br>6/30/13  | Additions        | Retirements   | Balance<br>6/30/14  |
|------------------------------------|---------------------|------------------|---------------|---------------------|
| Non-Depreciable Assets:            |                     |                  |               |                     |
| Land                               | \$ 2,808,347        | \$ -             | \$ -          | \$ 2,808,347        |
| Depreciable Assets:                |                     |                  |               |                     |
| Building & improvements            | 1,616,820           | 22,082           | -             | 1,638,902           |
| Vehicles & equipment               | 489,383             | 69,398           | 66,509        | 492,272             |
| Furniture & fixtures               | 32,080              | -                | -             | 32,080              |
| Total Assets                       | <u>4,946,630</u>    | <u>91,480</u>    | <u>66,509</u> | <u>4,971,601</u>    |
| Accumulated Depreciation:          |                     |                  |               |                     |
| Building & improvements            | 502,095             | 43,360           | -             | 545,455             |
| Vehicles & equipment               | 542,786             | 25,151           | 65,982        | 501,955             |
| Furniture/fixture/improvements     | 29,320              | 592              | -             | 29,912              |
| Total Accumulated Depreciation     | <u>1,074,201</u>    | <u>69,103</u>    | <u>65,982</u> | <u>1,077,322</u>    |
| Capital Assets Net of Depreciation | <u>\$ 3,872,429</u> | <u>\$ 22,377</u> | <u>\$ 527</u> | <u>\$ 3,894,279</u> |

The current depreciation expense of \$69,103 was charged to Statement of Activities as depreciation expense adjustment.

**NOTE 4: SPECIAL ASSESSMENT DEBT**

**Kensington Park Reassessment District 2004-1 Refunding Bonds**

|                                           | June 30, 2013       | Borrowings  | Payments          | June 30, 2014     |
|-------------------------------------------|---------------------|-------------|-------------------|-------------------|
| 2004 Limited Obligation Improvement Bonds | \$ 1,089,939        | \$ -        | \$ 120,230        | \$ 969,709        |
|                                           | <u>\$ 1,089,939</u> | <u>\$ -</u> | <u>\$ 120,230</u> | <u>\$ 969,709</u> |

The original 1994 Limited Obligation Improvement Bonds were issued pursuant to the provisions of the Improvement Bond Act of 1915 to finance costs of acquisition of land to be used as a park and installation of certain recreational improvements. The bonds are limited obligations of the District and are equally and ratably secured by unpaid assessments on certain parcels of property located within the Kensington Park Assessment District. The Kensington Park Assessment District was created by the District pursuant to the Landscaping and Lighting Act of 1972 specifically to finance the park landscaping and lighting project. The unpaid assessments represent fixed liens on each assessed parcel. Annual installments of the unpaid assessments together with interest thereon, sufficient to meet the scheduled debt service, are included in the tax bills for the assessed properties and the receipts are deposited into a redemption fund used to pay interest and principal on the bonds as they come due. The District is in no way liable for the repayment of the

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 4: SPECIAL ASSESSMENT DEBT - continued**

**Kensington Park Reassessment District 2004-1 Refunding Bonds - continued**

improvement bonds. The District is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings.

On June 17, 2004, the District issued \$1,868,600 of 2004 Limited Obligation Improvement Bonds for the purpose of refunding the \$2,050,000 of outstanding 1994 Limited Obligation Improvement Bonds. The refunding took advantage of lower interest rates which were available and resulted in reductions in debt service requirements over the life of the new debt. The net proceeds of \$1,868,600 from these bonds were transferred to a trustee and placed in an irrevocable trust to redeem the 1994 Limited Obligation Improvement Bonds. These funds were invested in U.S. government securities to provide for the redemption price and interest through the call date. The 2004 bond bears annual interest at a fixed rate of 4.25%. The bond was issued as a fully registered note in a single denomination of \$1,868,600. Interest on the bond became payable commencing March 2, 2005, and semiannually thereafter on each September 2 and March 2 until maturity. The bond maturity date is September 2, 2020.

The following funds have been created: (1) Reserve Fund established in the initial amount of \$93,430 from the bond proceeds; (2) Redemption Fund, established to collect all payments of principal and interest installments on the assessments; (3) cost of issuance fund, established to pay issuance costs and (4) administrative expense fund, established to reimburse payment of administrative expenses. The District's liability to advance funds to the Redemption Fund in the event of delinquent installments shall not exceed the balance in the Reserve Fund.

As of June 30, 2014, future debt service payments were as follows:

| <u>Fiscal Year Ended June 30,</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>        |
|-----------------------------------|-------------------|-------------------|---------------------|
| 2015                              | \$ 123,024        | \$ 38,599         | \$ 161,623          |
| 2016                              | 125,718           | 33,313            | 159,031             |
| 2017                              | 133,201           | 27,811            | 161,012             |
| 2018                              | 140,485           | 21,995            | 162,480             |
| 2019                              | 147,469           | 15,876            | 163,345             |
| 2020-2021                         | 299,812           | 12,774            | 312,586             |
|                                   | <u>\$ 969,709</u> | <u>\$ 150,368</u> | <u>\$ 1,120,077</u> |

Current Portion of Principal: \$123,024  
Current Portion of Interest: \$ 38,599



# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 5: DEFINED BENEFIT PENSION PLAN

### PERS Plan Description

The District has a defined benefit pension plan (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public District portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the state of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board action. CalPERS issues a separate comprehensive annual financial report. Copies of the report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA 95814.

### Funding Policy

Active plan members in the Plan are required to contribute 9% of their annual covered salary. The District "picks up" the tax deferred contributions required of District employees on their behalf and for their accounts. The District is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS' Board of Administration. An employer contribution of 36.477% was required for the 2014 fiscal year. The contribution requirements for the plan members are established by State statute. The employer contribution rate is established and may be amended by CalPERS. The required employer contribution for the following fiscal year was increased to 38.623%.

### Annual pension cost

For the fiscal year ended June 30, 2014, the total contributions amounted to \$445,319. Of this amount, \$88,020 was contributed by the District on behalf of the plan members. The District's required contribution for fiscal year ended June 30, 2014 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) a 7.50% investment rate of return (net of administrative expenditures); and b) projected salary increases of 3.30% to 14.20%. Both a) and b) include an inflation component of 2.75% and anticipated payroll growth of 3.00%. The actuarial value of the plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a rolling period, depending on the size of investment gains and/or losses.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 5: DEFINED BENEFIT PENSION PLAN - continued**

**Annual pension cost - continued**

Three-year trend information for the Plan is as follows:

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Pension Cost (APC)</u> | <u>% of APC Contributed</u> | <u>Net Pension Obligation (Asset)</u> |
|-----------------------------------|----------------------------------|-----------------------------|---------------------------------------|
| 2012                              | \$ 280,065                       | 100%                        | \$ -                                  |
| 2013                              | 303,806                          | 100%                        | -                                     |
| 2014                              | 357,299                          | 100%                        | -                                     |

**FUNDED STATUS OF THE SAFETY PLAN**

| <u>Valuation Date</u> | <u>Entry Age Normal Accrual Liability (a)</u> | <u>Market Value of Assets (b)</u> | <u>Unfunded Liability (Excess Assets) (a)-(b)</u> | <u>Funded Status (b)/(a)</u> | <u>Annual Covered Payroll (c)</u> | <u>Unfunded Accrued Actuarial Liability As a % of Payroll [(a)-(b)]/(c)</u> |
|-----------------------|-----------------------------------------------|-----------------------------------|---------------------------------------------------|------------------------------|-----------------------------------|-----------------------------------------------------------------------------|
| 06/30/11              | \$ 10,054,247                                 | \$ 7,523,025                      | \$ 2,531,222                                      | 74.8%                        | \$ 824,273                        | 307.08%                                                                     |

**NOTE 6: LEASE COMMITMENT**

In December 2009, the District entered into an agreement as a lessee to occupy office space from Kensington Fire Protection District for a five-year period through June 30, 2014. In addition, the District leases equipment through two separate operating leases. Rent increases are run in accordance to the consumer index change from a minimum of 3% to a maximum of 6%. Rent expense including operating leases for fiscal year ended June 30, 2014 was \$58,498.

The minimum future lease commitments are as follows:

| <u>Fiscal Year Ended June 30,</u> | <u>Amount</u>    |
|-----------------------------------|------------------|
| 2015                              | \$ 19,469        |
| 2016                              | 1                |
| 2017                              | 1                |
|                                   | <u>\$ 19,471</u> |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 7: INSURANCE POOLS**

**Special District Risk Management**

The District is a member of the Special District Risk Management Association (SDRMA). SDRMA was organized to provide certain levels of liability insurance coverage, property insurance coverage, claims management, risk management services and legal defense to its participating members. The financial results of SDRMA are not included in the accompanying basic financial statements because the District does not have oversight responsibility.

SDRMA provides the District with property and general liability coverage to the limits as set forth in the agreement. The annual member contribution was \$29,264 for fiscal 2014 coverage. Members are subject to dividends and/or assessments in accordance with the provisions of the Joint Powers agreement. At June 30, 2014 SDRMA could not confirm the status of any incurred but not reported claims.

The Special Districts Workers' Compensation District (SDWCD) was formed by an agreement between certain public agencies to provide workers' compensation coverage. SDWCD is governed by a Board of Directors, which is comprised of officials appointed by member agencies.

The District currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

The District maintains a workers' compensation fund, which is self-insured for the first \$100,000 of loss per accident. Excess coverage is purchased from an outside insurance carrier up to statutory limits.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 8: EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of the District's governmental funds differs from the net position of governmental activities reported in the statement of net position primarily as a result of the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. When capital assets (land, building, and equipment) that are used in governmental activities are purchased or constructed, the costs of those assets are reported as capital outlay expenditures in the governmental fund. However, the statement of net position includes the capital assets, net of accumulated depreciation, among the assets of the District.

| <u>Differences</u> | <u>Balance<br/>June 30, 2014</u> |
|--------------------|----------------------------------|
| Net capital assets | \$ 3,894,279                     |
| Net difference     | <u>\$ 3,894,279</u>              |

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

| <u>Differences</u>          | <u>Balance<br/>June 30, 2014</u> |
|-----------------------------|----------------------------------|
| Capital Outlay              | \$ (91,480)                      |
| Add: Depreciation expense   | 69,103                           |
| Add: Loss on asset disposal | <u>527</u>                       |
| Net difference              | <u>\$ (21,850)</u>               |

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## **NOTE 9: POST-RETIREMENT HEALTH BENEFITS**

Governmental Accounting Standards Board (GASB) standard 45 directs how local governments account for and report other post-employment benefits (OPEB) that are separate from pension benefits. The District has calculated the medical benefit plan OPEB requirements and described the methodology and amounts from a third party consultant's report. These calculations cover the OPEB of all District eligible employees.

The District provides post-retirement health benefits (medical, dental, and vision) to the all eligible employees who have retired from the District and to their spouses, surviving spouses and dependent children. During fiscal year 2010, the district adopted GASB 45.

### **Contributions Required and Contributions Made**

The plan's funding policy provides guidelines for District contributions at actuarially determined required amounts sufficient to accumulate the necessary assets to pay benefits when due as specified. The retirees and spouses, surviving spouses and dependent children's healthcare benefits plan requires the District to use the Baseline Cost Method. The actuarial projected the plan population to estimate the cost of future benefits. The actuarial accrued total OPEB liability comes to \$2,310,214 on the valuation date of June 30, 2014.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 9: POST-RETIREMENT HEALTH BENEFITS - continued**

**Contributions Required and Contributions Made - continued**

Significant assumptions used to compute contribution requirements from the latest unaudited actuarial are as follows:

|                                  |                                                        |
|----------------------------------|--------------------------------------------------------|
| Valuation date:                  | June 30, 2013                                          |
| Actuarial cost method:           | Entry Age Normal Cost Method                           |
| Discount rate used in valuation: | 7.25%                                                  |
| Actuarial assumptions:           | The annual medical premium trend rate is 4% increases. |

**Schedule of Employer Annual Required Contributions**

| <u>Fiscal Year Ended June 30,</u> | <u>Annual<br/>Required<br/>Contribution</u> |
|-----------------------------------|---------------------------------------------|
| 2013                              | \$ 145,720                                  |
| 2014                              | \$ 188,619                                  |

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 9: POST-RETIREMENT HEALTH BENEFITS - continued**

**Schedule of Employer Annual Required Contributions - continued**

|                                                                                                                                | <u>June 30, 2014</u> |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Actuarial accrued liability (AAL)                                                                                              | \$ 2,310,214         |
| Unamortized initial Unfunded Actuarial Accrued Liability (UAAL)                                                                | 2,538,328            |
| Actuarial value of assets                                                                                                      | <u>446,519</u>       |
| Residual actuarial accrued liability                                                                                           | <u>(674,633)</u>     |
| <br>                                                                                                                           |                      |
| Initial UAAL remaining amortization period                                                                                     | 26 years             |
| Remaining amortization period for balance of UAAL                                                                              | 30 years             |
| <br>                                                                                                                           |                      |
| Amortization factor based on 7.25% discount rate and 4% inflation rate of health premiums. Payroll increase of 2.75% per year. |                      |
| <br>                                                                                                                           |                      |
| Initial Annual level amortization of unfunded AAL                                                                              | 170,001              |
| Residual unfunded AAL                                                                                                          | (40,832)             |
| Normal Cost                                                                                                                    | 59,450               |
| Annual required contribution (ARC)                                                                                             | <u>\$ 188,619</u>    |

|                                             | <u>2013/2014</u>   |
|---------------------------------------------|--------------------|
| Annual required contribution                | \$ 188,619         |
| Interest adjustment                         | (2,148)            |
| Amortization adjustment                     | <u>1,793</u>       |
| OPEB cost                                   | 188,264            |
| Contributions made                          | <u>(179,106)</u>   |
| Increase (decrease) in net OPEB obligations | 9,158              |
| Net OPEB obligation, beginning of year      | <u>(29,627)</u>    |
| Net OPEB obligation (asset), end of year    | <u>\$ (20,469)</u> |

**NOTE 10: COMPENSATED ABSENCES**

Amounts due to employees for compensated absences as of June 30, 2014 were as follows:

|                            |                  |
|----------------------------|------------------|
| Vacation/Comp Time         | <u>\$ 89,654</u> |
| Total compensated absences | <u>\$ 89,654</u> |

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**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**

Notes to Basic Financial Statements  
June 30, 2014

**NOTE 11: FUND BALANCES**

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was issued in February of 2009. This statement changes the presentation of the fund balance section of the balance sheet. The Statement No. 54 presentation will help to clarify the fund balance amounts of the governmental funds and will aid readers of the financial statements to better understand the different levels of constraints placed on fund balance. Fund Balances for all the major and non-major governmental funds as of June 30, 2014 were as follows:

|                      | <u>General<br/>Fund</u> | <u>Capital<br/>Project Fund</u> | <u>Total</u>        |
|----------------------|-------------------------|---------------------------------|---------------------|
| <b>Nonspendable:</b> |                         |                                 |                     |
| Prepaid expenses     | \$ 85,822               | \$ -                            | \$ 85,822           |
| OPEB Asset           | 20,469                  | -                               | 20,469              |
| Subtotal             | <u>106,291</u>          | <u>-</u>                        | <u>106,291</u>      |
| <b>Restricted:</b>   |                         |                                 |                     |
| Bay View             | <u>(16,974)</u>         | -                               | <u>(16,974)</u>     |
| Subtotal             | <u>(16,974)</u>         | <u>-</u>                        | <u>(16,974)</u>     |
| <b>Committed to:</b> |                         |                                 |                     |
| Capital projects     | -                       | 127,579                         | 127,579             |
| Subtotal             | <u>-</u>                | <u>127,579</u>                  | <u>127,579</u>      |
| <b>Assigned to:</b>  |                         |                                 |                     |
| Park building        | 241,500                 | -                               | 241,500             |
| Subtotal             | <u>241,500</u>          | <u>-</u>                        | <u>241,500</u>      |
| <b>Unassigned</b>    | <u>962,505</u>          | <u>-</u>                        | <u>962,505</u>      |
| <b>Totals</b>        | <u>\$ 1,293,322</u>     | <u>\$ 127,579</u>               | <u>\$ 1,420,901</u> |

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

Notes to Basic Financial Statements  
June 30, 2014

## NOTE 11: FUND BALANCES

Under GASB 54 fund balances are now broken out in five categories:

- Nonspendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.
- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation. It is the District's policy to first use restricted resources, where available.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

## NOTE 12: SUBSEQUENT EVENTS

At the time of the audit, KPPCSD has evaluated all subsequent events through September 4, 2015, the date the financial statements were available to be issued, and determined that there is no material impact from the subsequent events.