

**KENWOOD FIRE  
PROTECTION DISTRICT**

Financial Statements  
and  
Independent Auditor's Report

June 30, 2021 and 2020



# KENWOOD FIRE PROTECTION DISTRICT

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Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Kenwood Fire Protection District  
Kenwood, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kenwood Fire Protection District as of and for the years ended June 30, 2021 and 2020, 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 and the *State Controller's Minimum Audit Requirements for California Special Districts*. 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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Kenwood Fire Protection District, as of June 30, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 on pages 3 through 7, combine statement of revenue, expenditures, and changes in fund balance on page 34-35, schedule of CalPERS on page 36, and notes to required supplementary information on page 36 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.

*Blomberg & Griffin A.C.*  
Blomberg & Griffin A.C.  
Stockton, CA  
December 02, 2021

# KENWOOD FIRE PROTECTION DISTRICT

## Management's Discussion and Analysis

June 30, 2021 and 2020

As management of the Kenwood Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal years ended June 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and the accompanying notes to the financial statements.

### Financial Highlights

- The assets of the District exceeded its liabilities at the fiscal years ending June 30, 2021 and 2020 by \$5,521,395 and \$5,627,586 (net position), respectively. At fiscal year ended June 30, 2020, the net position includes net investment in capital assets of \$1,581,690 and the unrestricted net position is \$3,939,705. At fiscal year ended June 30, 2020, the net position includes net investment in capital assets \$1,744,719 and the unrestricted net position is \$3,882,867.
- The District's total net position decreased by \$106,191 for fiscal year ended June 30, 2021. The net position increased by \$397,099 including \$375,800 GASB 75 prior period adjustment for the fiscal year ended June 30, 2020.
- At the end of fiscal year ending June 30, 2021, the District's general fund reported an ending fund balance of \$4,024,908 an increase of \$82,524. The fund balance has \$2,419,756 assigned for capital improvements and \$1,605,152 is available for spending at the District's discretion (unassigned fund balance).
- At the end of fiscal year ending June 30, 2020, the District's general fund reported an ending fund balance of \$3,942,384 an increase of \$170,317. The fund balance has \$2,415,012 assigned for capital improvements and \$1,527,372 is available for spending at the District's discretion (unassigned fund balance).
- At the end of the fiscal year June 30, 2021, the general unassigned fund balance was \$1,605,152, or 154% of the total general fund expenditure of \$1,044,966. At the end of the fiscal year June 30, 2020, the general unassigned fund balance was \$1,527,372, or 173% of the total general fund expenditure of \$878,348

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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.

# KENWOOD FIRE PROTECTION DISTRICT

## Management's Discussion and Analysis

June 30, 2021 and 2020

### Overview of the Financial Statements (Continued)

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 or 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**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 or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are governmental funds.

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

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

The District uses governmental funds to account for its activities, which include fire protection services in the district boundaries. The District adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



# KENWOOD FIRE PROTECTION DISTRICT

## Management's Discussion and Analysis

June 30, 2021 and 2020

### Overview of the Financial Statements (continued)

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5,521,395 and \$5,627,586 at the end of fiscal years ended June 30, 2021 and 2020, respectively.

For the fiscal years ended June 30, 2021 and 2020, the net position category labeled "Net investment in Capital Assets" reflects the District's investment in capital assets (net of depreciation) of \$1,581,690 and \$1,744,719, respectively, (e.g., land, construction in progress, buildings and improvements, and equipment less accumulated depreciation). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

	<b>Net Position</b>		<b>Increase (Decrease)</b>	<b>Percentage Change</b>
	<b>2021</b>	<b>2020</b>		
Current and Other Assets	\$ 4,204,724	\$ 4,073,952	\$ 130,772	3.11%
Capital Assets, Net Depreciation	1,581,690	1,744,719	(163,029)	-10.31%
Deferred Outflows	198,523	234,984	(36,461)	-18.37%
<b>Total Assets</b>	<b>5,984,937</b>	<b>6,053,655</b>	<b>(68,718)</b>	<b>-1.14%</b>
Current Liabilities	29,157	5,952	23,205	389.87%
Non-Current Liabilities	384,615	354,916	29,699	8.37%
Deferred Inflows	49,770	65,201	(15,431)	-23.67%
<b>Total Liabilities</b>	<b>463,542</b>	<b>426,069</b>	<b>37,473</b>	<b>8.80%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	1,581,690	1,744,719	(163,029)	-9.34%
Unrestricted (Deficit)	3,939,705	3,882,867	56,838	1.46%
<b>Total Net Position</b>	<b>\$ 5,521,395</b>	<b>\$ 5,627,586</b>	<b>\$ (106,191)</b>	<b>-1.89%</b>

For the fiscal year ended June 30, 2021, the balance of unrestricted net position is \$3,939,705 and net investment in capital asset balance is \$1,581,690. For the fiscal year ended June 30, 2020, the balance of unrestricted net position is \$3,882,867 and net investment in capital asset balance is \$1,744,719.

**Governmental Activities:** The District's total net position decreased by \$106,191 for fiscal year ended June 30, 2021. The net position increased by \$397,099 including \$375,800 GASB 75 prior period adjustment for the fiscal year ended June 30, 2020.

## KENWOOD FIRE PROTECTION DISTRICT

### Management's Discussion and Analysis

June 30, 2021 and 2020

#### Government-Wide Financial Analysis (continued)

	Changes in Net Position			
	June 30, 2021	2020 (Restated)	Increase (Decrease)	Percentage Change
<b>Revenues:</b>				
Charges for Services	\$ 133,241	\$ 53,368	\$ 79,873	149.66%
Property Taxes	964,066	931,979	32,087	3.44%
Intergovernmental Revenues	5,027	5,207	-	0.00%
Investment Earnings	4,862	41,925	(37,063)	-88.40%
Donations & Reimbursement	293	16,187	(15,894)	-98.19%
Sale of Assets Gain (Loss)	(11,061)	-	(11,061)	-100.00%
<b>Total Revenues</b>	<b>1,096,428</b>	<b>1,048,666</b>	<b>47,762</b>	<b>4.55%</b>
<b>Expenses:</b>				
<b>Program Expenses:</b>				
Public Safety - Fire Protection	1,202,620	1,027,367	175,253	14.57%
Change in Net Position	(106,192)	21,299	(127,491)	-598.58%
Net Position - Beginning of The Year	5,627,586	5,230,487	397,099	7.06%
Prior Period Adjustment	-	375,800	(375,800)	-100.00%
Net Position - End of The Year	<b>\$ 5,521,394</b>	<b>\$ 5,627,586</b>	<b>\$ (106,192)</b>	<b>-1.89%</b>

#### Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with legal and governmental accounting requirements.

**Governmental Funds:** The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. The District uses and reports one governmental fund, the General Fund.

The general fund is the chief operating fund of the District. As of June 30, 2020, the District's general fund reported ending fund balance of \$3,942,384, an increase of \$170,317. This entire amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 154% and 173% of total general fund expenditures at fiscal years ended June 30, 2021 and 2020, respectively.



**KENWOOD FIRE PROTECTION DISTRICT**

Management's Discussion and Analysis

June 30, 2021 and 2020

**General Fund Budgetary Highlights**

As June 30, 2021, actual revenue exceeded budget by \$156,829 and actual expenditures were more than budget by \$9,522. Overall, there was an excess of positive \$147,307 before transfers.

As June 30, 2020, actual revenue exceeded budget by \$82,586, while actual expenditures were less than budget by \$125,146. Overall, there was an excess of positive \$207,732 before transfers.

**Capital Assets:** The District's investment in capital assets, as of June 30, 2021 and 2020 amounts to \$1,581,690 and \$1,744,719 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings and improvements, and equipment. The total decrease in the District's investment in capital assets for the fiscal years ended June 30, 2021 and 2020 was \$131,969 and \$138,935, respectively, and is explained by the following events:

	<u>2021</u>	<u>2020</u>
Depreciation expense	(131,969)	(138,935)
Write-off of capital assets	(31,063)	-

Additional information on the District's capital assets can be found in Note VI.

**Economic Factors and Next Year's Budgets and Rates**

- Property tax revenue is expected to remain relatively stable.
- The District expects increased capital expenditures for station repairs and improvements.

All of these factors were considered in preparing the District's budget for the fiscal year 21-2022

**Request for Additional 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 the District, P.O. Box 249, Kenwood, California 95452, or call (707)833-2042.

Daren Bellach  
Fire Chief of Kenwood Fire Protection District

**KENWOOD FIRE PROTECTION DISTRICT**  
**STATEMENT OF NET POSITION**  
 JUNE 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current Assets:		
Cash and Investments	\$ 4,001,491	\$ 3,865,266
Taxes and Interest Receivable	52,572	83,071
Total Current Assets	4,054,063	3,948,337
Capital Assets:		
Land	23,087	23,087
Building and Improvements	855,315	855,315
Fire Apparatus	1,633,344	1,851,213
Other Equipment	461,926	461,926
Accumulated Depreciation	(1,391,982)	(1,446,822)
Total Capital Assets, net of accumulated depreciation	1,581,690	1,744,719
Net OPEB Assets	150,661	125,615
Sources of Deferred Outflows		
Pension Contributions	125,037	138,502
OPEB Contributions	73,486	96,482
Total Sources of Deferred Outflows	198,523	234,984
<b>Total Assets and Deferred Outflows of Resources</b>	<b>5,984,937</b>	<b>6,053,655</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	5,749	5,952
Payroll Payable	23,408	-
Total Current Liabilities	29,157	5,952
Non-Current Liabilities:		
Compensated Absences	95,475	84,066
Net Pension Liability	289,140	270,850
Total Non-Current Liabilities	384,615	354,916
Sources of Deferred Inflows		
Pension Deferred Credits	1,202	6,620
OPEB Deferred Credits	48,568	58,581
Total Sources of Deferred Inflows	49,770	65,201
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>463,542</b>	<b>426,069</b>
<b>Net Position</b>		
Net Investment in Capital Assets	1,581,690	1,744,719
Unrestricted	3,939,705	3,882,867
<b>Total Net Position</b>	<b>\$ 5,521,395</b>	<b>\$ 5,627,586</b>

The notes to the financial statements are an integral part of this statement

**KENWOOD FIRE PROTECTION DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
<b>Governmental Activities</b>		
<b>Program Expenses</b>		
Public safety - fire protection		
Salaries and employee benefits	\$ 899,025	\$ 729,601
Materials and Services	171,626	158,831
Depreciation	131,969	138,935
	<u>1,202,620</u>	<u>1,027,367</u>
<b>Program Revenues</b>		
Charges for services	133,241	53,368
	<u>133,241</u>	<u>53,368</u>
<b>Net Program Revenues (Expenses)</b>	<u>(1,069,379)</u>	<u>(973,999)</u>
<b>General Revenues</b>		
Property taxes	964,066	931,979
Intergovernmental Revenue	5,028	5,207
Investment earnings	4,862	41,925
Reimbursement	293	16,187
Sale of Assets Gain (Loss)	(11,061)	-
	<u>963,188</u>	<u>995,298</u>
Change in Net Position	(106,191)	21,299
<b>Net Position - Beginning of Year</b>	5,627,586	5,230,487
Prior Period Adjustment - GASB 75 OPEB	<u>-</u>	<u>375,800</u>
<b>Net position - End of Year</b>	<u><u>\$ 5,521,395</u></u>	<u><u>\$ 5,627,586</u></u>

The notes to the financial statements are an integral part of this statement

**KENWOOD FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2021**

<b>ASSETS</b>	<b>2021</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
Cash in County Treasury	\$ -	\$ 2,419,756	\$ 2,419,756
Cash in Commercial Banks	1,581,736	-	1,581,736
Taxes Receivable	52,526	-	52,526
Interest Receivable	47	-	47
<b>Total Assets</b>	<b>\$ 1,634,309</b>	<b>\$ 2,419,756</b>	<b>\$ 4,054,065</b>
<b>LIABILITIES AND FUNDS BALANCE:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 5,749	\$ -	\$ 5,749
Payroll Payable	23,408	-	23,408
<b>Total liabilities</b>	<b>29,157</b>	<b>-</b>	<b>29,157</b>
<b>Fund balance:</b>			
Assigned for Capital Improvements	-	2,419,756	2,419,756
Unassigned	1,605,152	-	1,605,152
<b>Total Fund Balance</b>	<b>1,605,152</b>	<b>2,419,756</b>	<b>4,024,908</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,634,309</b>	<b>\$ 2,419,756</b>	<b>\$ 4,054,065</b>

The notes to the financial statements are an integral part of this statement

**KENWOOD FIRE PROTECTION DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2020**

<b>ASSETS</b>	<b>2020</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
Cash in County Treasury	\$ -	\$ 2,401,137	\$ 2,401,137
Cash in Commercial Banks	1,464,129	-	1,464,129
Taxes Receivable	69,079	-	69,079
Interest Receivable	116	13,875	13,991
<b>Total Assets</b>	<b>\$ 1,533,324</b>	<b>\$ 2,415,012</b>	<b>\$ 3,948,336</b>
<b>LIABILITIES AND FUNDS BALANCE:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 5,952	\$ -	\$ 5,952
<b>Total liabilities</b>	<b>5,952</b>	<b>-</b>	<b>5,952</b>
<b>Fund balance:</b>			
Assigned for Capital Improvements	-	2,415,012	2,415,012
Unassigned	1,527,372	-	1,527,372
<b>Total Fund Balance</b>	<b>1,527,372</b>	<b>2,415,012</b>	<b>3,942,384</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,533,324</b>	<b>\$ 2,415,012</b>	<b>\$ 3,948,336</b>

**KENWOOD FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2021**

	<b>2021</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ 964,066	\$ -	\$ 964,066
Intergovernmental	5,028	-	5,028
Charges for Services	133,241	-	133,241
Investment Earnings	118	4,744	4,862
Reimbursement	293	-	293
	<hr/>	<hr/>	<hr/>
Total Revenue	1,102,746	4,744	1,107,490
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Salaries and Employee Benefits	873,340	-	873,340
Materials and Services	171,626	-	171,626
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,044,966	-	1,044,966
	<hr/>	<hr/>	<hr/>
Excess of Revenues over Expenditures	57,780	4,744	62,524
<b>Other Financing Sources (uses)</b>			
Transfer in	-	-	-
Transfer Out	-	-	-
Proceeds from Sale of Assets	20,000	-	20,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	20,000	-	20,000
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	77,780	4,744	82,524
<b>Fund Balance, Beginning of The Year</b>	1,527,372	2,415,012	3,942,384
	<hr/>	<hr/>	<hr/>
<b>Fund Balance, End of Year</b>	\$ 1,605,152	\$ 2,419,756	\$ 4,024,908
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**KENWOOD FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**JUNE 30, 2020**

	<b>2020</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ 931,979	\$ -	\$ 931,979
Intergovernmental	5,207	-	5,207
Charges for Services	53,368	-	53,368
Investment Earnings	313	41,611	41,924
Reimbursement	16,187	-	16,187
Miscellaneous Income	-	-	-
Donations	-	-	-
<b>Total Revenue</b>	<u>1,007,054</u>	<u>41,611</u>	<u>1,048,665</u>
<b>EXPENDITURES</b>			
Salaries and Employee Benefits	719,517	-	719,517
Materials and Services	158,831	-	158,831
<b>Total Expenditures</b>	<u>878,348</u>	<u>-</u>	<u>878,348</u>
<b>Excess of Revenues over Expenditures Before Transfers</b>	128,706	41,611	170,317
<b>Other Financing Sources (uses)</b>			
Transfer in	-	-	-
Transfer Out	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	128,706	41,611	170,317
<b>Fund Balance, Beginning of The Year</b>	<u>1,398,666</u>	<u>2,373,401</u>	<u>3,772,067</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,527,372</u>	<u>\$ 2,415,012</u>	<u>\$ 3,942,384</u>

The notes to the financial statements are an integral part of this statement



**KENWOOD FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**

June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Total Fund Balances - Governmental Fund</b>	\$ 4,024,908	\$ 3,942,384
Amount reported for governmental activities in the statement of net position are different because :		
Capital assets used in the operation of governmental funds are not financial resources and, therefore, are not reported in the general fund. These assets consist of:		
Capital Assets:		
Land	23,087	23,087
Building and Improvements	855,315	855,315
Fire Apparatus	1,633,344	1,851,213
Other Equipment	461,926	461,926
Less: Accumulated Depreciation	(1,391,984)	(1,446,821)
OPEB Assets	150,661	125,615
Deferred Pension Credits	125,037	138,502
Deferred OPEB Credits	73,486	96,482
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the general fund. These consist of:		
Compensated Absences	(95,475)	(84,066)
Net Pension Liability	(289,140)	(270,850)
Deferred Pension Charges and Credits	(1,202)	(6,620)
Deferred OPEB Charges and Credits	(48,568)	(58,581)
<b>Net Position of Governmental Activities</b>	<b>\$ 5,521,395</b>	<b>\$ 5,627,586</b>

The notes to the financial statements are an integral part of this statement

**KENWOOD FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL**

June 30, 2021 and 2020

	2021	2020 (Restated)
<b>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND TYPE</b>	\$ 82,524	\$ 170,317
Amount reported for governmental activities in the statement of activities are different because :		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as a depreciation expense. Differences are as follows:		
Capital Assets write-off Gain (Loss)	(31,063)	-
Current Year Depreciation Expense	(131,969)	(138,935)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, as follows:		
Compensated Absences	(11,409)	(10,028)
OPEB Adjustment	12,063	-
Pension Expense - GASB 68 Adjustment	(26,337)	(55)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (106,191)</b>	<b>\$ 21,299</b>

The notes to the financial statements are an integral part of this statement.

# KENWOOD FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2021 and 2020

## Note I. Summary of Significant Accounting Policies

### A. Organization

The Kenwood Fire Protection District (the District) was formed by resolution on May 21, 1945 by the Board of Supervisors of the County of Sonoma as a Fire Protection District under and pursuant to provisions of the Health and Safety Code of the State of California. The purpose of the District is to provide fire protection, emergency medical and related services to the unincorporated township known as Kenwood. The District serves taxpayers and residents in a special unincorporated area of the County of Sonoma, the boundaries of which are set by resolution by the Board of Supervisors. The District's governmental powers are exercised through the Board of Directors.

### B. Significant Accounting Policies

The District financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

#### 1. Government-wide Financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

# KENWOOD FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2021 and 2020

### Note I. Summary of Significant Accounting Policies (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts recorded as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

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

### 2. Governmental Fund Financial Statement

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for its governmental funds. An accompanying schedule is presented to reconcile and explain the difference in Net Position as presented in these statements to the Net Position presented in the Government-wide financial statements. The District's General Fund is its only major governmental fund.

Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenue, and expenditures.

The District reports the following major governmental fund:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.

**Capital Fund:** The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and/or equipment. Most of the capital outlays are financed via annual transfer from the General Fund plus interest earnings.

### 3. Basis of Accounting

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

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Financial Statements

June 30, 2021 and 2020

**Note I. Summary of Significant Accounting Policies (Continued)**

**4. Accrual**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the time of the cash flows.

**5. Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. "Available" means collective within the current period or within 60 days after year-end. The Board recognizes 360 days for grant reimbursement and charges and services. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that payments for general obligation long-term liabilities are recognize when due.

**6. Cash and cash equivalents**

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with its commercial bank (Exchange Bank).

**7. Prepaid Items**

Payments to vendors that benefit future accounting periods are classified as a prepaid item until charged to expenditures in the period benefited.

**8. Capital Assets**

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental activity's columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two (2) years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and improvements, fire apparatus and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	30-50
Fire Apparatus	20
Truck/Automobile	5
Operating Equipment	10-15

# KENWOOD FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2021 and 2020

### Note I. Summary of Significant Accounting Policies (Continued)

#### 9. Net Position

Net position is classified into three components – 1) net invested in capital assets, net of related debt (if any) 2) restricted, and 3) unrestricted. These classifications are defined as follows:

- Invested in capital assets net of related debt (if any) – This component of net position groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by outstanding debt related to the acquisition, construction or improvement of these assets.
- Restricted net position (if any) — This component consists of external constraints or restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position — This component is the net position of the entity not restricted for any project or other purpose.

#### 10. Fund Balance

In the fund financial statements, governmental funds report fund balance using the classifications listed in GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. Initial distinction is made in reporting fund balance information identifying amounts that are considered non-spendable, such as fund balance associated with inventories. Spendable fund balance for the governmental fund consists of the following classifications:

- *Restricted Fund Balance* - the portion of fund balance that can only be spent for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed Fund Balance* - the portion of fund balance whose use is subject to formal action of the government's highest-level decision-making authority. These commitments remain binding unless changed or removed by formal action of the Board as the formal authority that imposed the constraint. The underlying action that imposed, modified, or removed the limitation would need to occur no later than the close of the reporting period.
- *Assigned* - the portion of fund balance that is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- *Unassigned* – the residual amount of all general fund spendable resources not contained in the other classifications.

# KENWOOD FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2021 and 2020

### Note I. Summary of Significant Accounting Policies (Continued)

#### 11. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the report's amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### 12. Encumbrances

Encumbrances represent commitment related to unperformed contracts for good or services. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities.

#### 13. Vacation and Sick Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

### Note II. Stewardship, Compliance, and Accountability

#### A. Budgetary Information

The budget of the District is a detailed annual operating plan that identifies estimated cost (appropriations) and results in relating to estimated revenues. The budget includes (1) Services and activities to be provided during the fiscal year, (2) the estimated revenue available to finance the operating plan, and (3) the estimated spending requirement of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. State law prohibits expanding governmental funds for which there is no legal appropriation except under court order, for an emergency as defined by statute, or as otherwise provided by law. Annual appropriations that have not been encumbered lapse at year-end. The following procedures establish the budgetary data reflected in the financial statements.

#### B. Original Adopted Budget

On or before June 30, the Fire Chief prepares and submits to the Board a recommended budget. On or before September 30, the Board formally approves the recommended budget. The Board conducts hearings to obtain public comments on the recommended annual budget.



# KENWOOD FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2021 and 2020

## Note II. Stewardship, Compliance, and Accountability (continued)

### C. Budgetary Information (continued)

#### 1. Final Amended Budget

The legal level of control for appropriations is exercised at the chief's level within the fund level. Appropriations at this level may only be adjusted during the year with the approval of the Board. The Fire Chief may adjust at this discretion below that level. Such adjustments by the Board and the Fire Chief are reflected in the revised budgetary data present in the financial statements. Budgetary data is presented in the accompanying fund financial statements for the General Fund since the operations of these funds are budgeted annually.

## Note III. Cash and Investments

### A. Investment in the Sonoma County Treasurer's Investment Pool

The District's cash is pooled with the Sonoma County Treasurer, who acts as a disbursing agent for the District. The fair value of the District's investment in this pool is reported in the accompanying financial statement at the amounts based upon the District's pro-rata share of the fair value provided by the Treasury Pool for the entire Treasury Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by the Treasury Pool, which are recorded on an amortized cost basis. Funds are generally available and disbursed to the District upon collection and allocation to the District account. Interest earned on investments pooled with the County is allocated quarterly to the appropriate fund based on its respective average daily balance for that quarter. The Treasury Oversight Committee has regulatory oversight for all monies deposited into the Treasury Pool.

For the fiscal year ended June 30, 2021 and 2020, the District's share of the change in fair value of investments was not material.

### B. Investments Guidelines

The District's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority: safety of capital, liquidity, and maximum rate of return. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments as permitted by the California Government Code 53601, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity.

A copy of the Treasury Pool investment policy is available upon request from the Sonoma County Treasurer at 585 Fiscal Drive, Suite 100, Santa Rosa, California, 95403-2871.

# KENWOOD FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2021 and 2020

## Note III. Cash and Investments (continued)

### C. Investments by District in Commercial Bank

The District pools cash from all sources and all funds so that it can be invested consistent with safety and liquidity, while funds can make expenditures at any time. The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect fair value at each fiscal year end, and it includes the effect of these adjustments' income for that fiscal year.

### D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, one of the ways that the Treasury Pool manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

As of June 30, 2021, approximately 31 percent of the securities in the Treasury Pool had maturities of one year or less. Of the remainder, only 69 percent had a maturity of more than one year.

### E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

### F. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasury Pool's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions.

# KENWOOD FIRE PROTECTION DISTRICT

Notes to the Financial Statements

June 30, 2021 and 2020

## Note III. Cash and Investments (continued)

### F. Custodial Credit Risk (continued)

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The California Government Code limits the total of all securities lending transactions to 20% of the fair value of the investment portfolio.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as the Treasury Pool).

### G. Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. For a listing of investments in any one issuer (other than U.S. Treasury securities, mutual funds, or external investment pools) that represent 5% or more of total County investments, refer to the June 30, 2021 Sonoma County Comprehensive Annual Financial Report (the last one available).

### H. Cash on Hand and in Banks

Cash Investments not included in pooled cash is as follows:

	<u>2021</u>	<u>2020</u>
Cash in County Treasury	\$ 2,419,756	\$ 2,401,137
Cash in Commercial Bank	<u>1,581,736</u>	<u>1,464,129</u>
Total	<u>\$ 4,001,492</u>	<u>\$ 3,865,266</u>

Bank accounts are subject to FDIC insurance for amounts up to \$250,000.

# KENWOOD FIRE PROTECTION DISTRICT

## Notes to the Financial Statements

June 30, 2021 and 2020

### Note IV. Property Taxes

The County of Sonoma is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Liens on real property are established on January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in County of Sonoma. Secured property taxes are due in two installments, on November 1 and February 1, and are delinquent after December 10 and April 10, respectively.

Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

Since the passage of California's Proposition 13, beginning with fiscal year 1978/1979, general property taxes are based either on a flat 1% rate applied to the 1975/1976 full value or on 1% of the sales price of the property on sales transactions and construction after the 1975/1976 valuation. Taxable values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year.

On June 29, 1993, the Board of Supervisors adopted the "Teeter" Alternate Method of Property Tax Allocation. This method allocates property taxes based on the total property tax billed. At year-end the County advances cash to each taxing jurisdiction equal to its current year delinquent property taxes. In exchange, the County receives the penalties and interest on delinquent taxes when collected. The penalties and interest are used to pay the interest cost of borrowing cash used for the advances.

Property tax receivable on June 30, 2021 is:	\$52,526
Property tax receivable on June 30, 2020 is:	\$69,079

### Note V. Interest Receivable

Interest in pooled cash account from the period 1st, through June 30, 2021 and 2020:

Interest receivable on June 30, 2021 is:	\$ 47
Interest receivable on June 30, 2020 is:	\$13,992

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Financial Statements

June 30, 2021 and 2020

**Note VI. Capital Asset Activity**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<b>Beginning Balance 7/1/2020</b>	<b>Additions</b>	<b>Reclassifications Retirements</b>	<b>Ending Balance 6/30/2021</b>
<b>Capital Assets, not Being Depreciated:</b>				
Land	\$ 23,087	\$ -	\$ -	\$ 23,087
Fire apparatus in progress	733,483	-	-	733,483
<b>Total Capital Assets, not Being Depreciated</b>	<b>756,570</b>	<b>-</b>	<b>-</b>	<b>756,570</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings and Improvements	855,315	-	-	855,315
Fire apparatus and vehicles	1,117,730	-	(217,868)	899,862
Equipment	461,926	-	-	461,926
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>2,434,971</b>	<b>-</b>	<b>(217,868)</b>	<b>2,217,103</b>
<b>Less Accumulated Depreciation</b>	<b>(1,446,822)</b>	<b>(131,969)</b>	<b>186,808</b>	<b>(1,391,983)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>988,149</b>	<b>(131,969)</b>	<b>(31,060)</b>	<b>825,120</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 1,744,719</b>	<b>\$ (131,969)</b>	<b>\$ (31,060)</b>	<b>\$ 1,581,690</b>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>	<b>2021</b>	<b>2020</b>
Public Safety - Fire Protection/Ambulance	\$ 131,969	\$ 138,935
<b>Total Depreciation Expense - governmental Activities</b>	<b>\$ 131,969</b>	<b>\$ 138,935</b>

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note VII. Long-Term Debt**

Changes in long-term debt

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance 7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2021</u>	<u>Current Portion</u>
Compensated Absences	\$ 84,066	\$ 11,409	\$ -	\$ 95,475	\$ -
Net Pension Liability (GASB 68)	227,420	18,290	-	245,710	-
<b>Total Long-Term Liabilities</b>	<b>\$ 311,486</b>	<b>\$ 29,699</b>	<b>\$ -</b>	<b>\$ 341,185</b>	<b>\$ -</b>

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance 7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2020</u>	<u>Current Portion</u>
Compensated Absences	\$ 74,037	\$ 10,029	\$ -	\$ 84,066	\$ -
Net OPEB Liability (Asset)	212,284	-	337,899	(125,615)	-
Net Pension Liability (GASB 68)	227,420	43,430	-	270,850	-
<b>Total Long-Term Liabilities</b>	<b>\$ 513,741</b>	<b>\$ 53,459</b>	<b>\$ 337,899</b>	<b>\$ 229,301</b>	<b>\$ -</b>

**Note VIII. Insurance**

The District is exposed to various risks of loss related to torts, loss or damage to assets, injuries to employees, errors and omissions, for the District carries commercial insurance or is self-insured up to a certain limit. During the year, the District maintained five types of insurance: General liability, public official's errors and omissions, professional automobile, special events, and host and liquor liability. The District obtains its insurance coverage as a member of the Fire Agencies Insurance Risk Authority (FAIRA).

The District is self-insured for potential liabilities arising from worker's compensation claims. The District obtains its insurance coverage as a member of the Fire Agency Self-Insurance System (FASIS).

As a member of a public entity risk pool, the District is responsible for appointing an employee as a liaison between the District and the system, implementing all policies of the system, promptly paying all contributions, and cooperating with the system and any insurer of the system. The system is responsible for providing insurance coverage as agreed upon, assisting the District with implementation, providing claims adjusting and defense of any civil action brought against an officer of the system.

## KENWOOD FIRE PROTECTION DISTRICT

Notes to the Basic Financial Statements

June 30, 2021 and 2020

### Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan)

#### A. Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agency multiple-employer public retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Sacramento, CA 95814.

#### Defined Benefit Pension Plan - (Safety Plan)

The District provides eligible employee's pension plan benefits through the Kenwood Fire Protection District – Safety.

#### Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2019 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

#### Funding Policy

Participants are not required to contribute a percentage of their annual covered salary. The District pays both the employee rate and the employer rate. The contributions rates are as follows:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Unfunded Accrued Liability Payment</u>
Safety Plan	8.94%	19.21%	\$ 17,464
PEPRA Safety Plan	13%	13.04%	\$ 601

#### Funded Status and Funding Progress of the Plan

The CalPERS Public Agency Cost-Sharing Multiple Employer Defined Benefit Pension Plan for BDO, date June 30, 2020 provided a pooled report and AAL to the District as 75% funded. For the Valuation report, there is two-year lag between the valuation date and the state of the contribution fiscal year.



**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)**

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.92
Liquidity	1.00	0.00	0.92

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)**

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Asset) - 2021	\$ 451,254	\$ 289,140	\$ 156,110
Plan's Net Pension Liability/(Asset) - 2020	\$ 431,492	\$ 270,850	\$ 139,149

**Pension Expense, Deferred Outflows and Deferred Inflows**

For the fiscal years ended June 30, 2021 and 2020 pension expense recognized is as follows:

	<u>2021</u>	<u>2020</u>
Service Costs	\$ 20,837	\$ 19,942
Interest on TPL	72,807	68,813
Changes of Benefit Terms	-	-
Changes of Assumptions	9,901	12,673
Difference between Expected & Actual Experience	11,581	7,456
Net Plan to Plan Resource Movement	(6,439)	(6,034)
Contributions- Employer	(113,837)	(98,370)
Net Investment Income	5,733	9,074
Administrative Expenses	1,050	506
Projected Earnings on PPI	(5,221)	(50,060)
Other Miscellaneous Expense	-	2
<b>Total Pension Expense (Income)</b>	<b>\$ (3,588)</b>	<b>\$ (35,998)</b>

For the fiscal year ended June 30, 2021, the Forestville Fire Protection District incurred a pension expense/ (income) of \$(3,588) for the Plan (the pension expense for risk pool for the measurement period is \$2,356,131,760).

For the fiscal year ended June 30, 2020, the Forestville Fire Protection District incurred a pension expense/ (income) of (\$35,998) for the Plan (the pension expense for risk pool for the measurement period is \$1,264,997,744).

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note IX. District Employees Retirement Plan (Defined Benefit Pension Plan) (continued)**

For the fiscal years ended June 30, 2021 and 2020, the Kenwood Fire Protection District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Deferred Outflows of Resources - 2021</b>	<b>Deferred Inflows of Resources - 2021</b>	<b>Deferred Inflows/(Outflows) of Resources - 2020</b>
Difference between Expected and Actual Experience	\$ 22,421	\$ -	\$ 17,684
Changes of Assumptions	-	963	8,936
Difference between Projected and Actual Investment Earnings	6,284	-	(3,726)
Proportionate Share of Contribution	28,018	-	12,143
Changes in Employer's Proportion Pension Contributions made Subsequent to Measurement Date	13,486	239	23,151
	54,828	-	73,694
<b>Total</b>	<b>\$ 125,037</b>	<b>\$ 1,202</b>	<b>\$ 131,882</b>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<b>Measurement Period Ended June 30,</b>	<b>Deferred Outflows/(Inflows) of Resources - June 30, 2021</b>	<b>Deferred Outflows/(Inflows) of Resources - June 30, 2020</b>
2021	\$ -	54,413
2022	37,733	33,395
2023	37,160	32,821
2024	12,252	11,253
2025	14,114	-
2026	10,966	-
Thereafter	-	-
<b>Total</b>	<b>\$ 112,225</b>	<b>\$ 131,882</b>

# KENWOOD FIRE PROTECTION DISTRICT

## Notes to the Basic Financial Statements

June 30, 2021 and 2020

### Note X. Post-Employment Benefits Obligation

#### A. Plan Description

The Kenwood Fire Protection District defined benefits Postemployment Healthcare Plan provides medical benefits to eligible retired Districts employees and their beneficiaries. The authority to amend the plan rests with the District's Board of Directors. The District is affiliated with the California Employer's Retiree Benefits Trust (CERBT), an agent plan consisting of an aggregation of single-employer plans for the purpose of prefunding postemployment benefits. CalPERS issues a publicly available financial report that includes financial statements and required supplemental information for CERBT. Copies of CERBT's annual financial report may be obtained by writing the plan: California PERS, CERBT, (OBEP), P.O. Box 942709, Sacramento, CA 94229-2709.

#### Funding Policy

The District has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determine Contributions each year. With the District's approval, the assumed trust rate and discount rate applied for accounting purposes in this report is 6.25% reflecting the District's expectations as of the measurement date.

#### Actuarial Method and Assumptions

The ultimate real cost of employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding methods spreads the expected costs on a level basis over the life of the plan.

Fiscal Year End	June 30, 2021
GASB 75 Measurement Date	Last day of the prior fiscal year (June 30, 2020)
Valuation Date	June 30, 2019
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Salary Increase	3.0% per year; since benefits do not depend on salary, this is used to allocate the cost of benefits between service years.
General Inflation Rate	2.50% per year
Long Term Return on Assets/Discount Rates for Funding	6.25% as of June, 2019 and 6.2% as of June 30, 2018, net of plan investment expenses, trust administrative expenses, and including inflation.

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note X. Post-Employment Benefits Obligation (continued)**

**Changes in Total OPEB Liability (TOL):**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change During Period</u>
Total OPEB Liability	\$ 766,141	\$ 744,516	\$ 21,625
Fiduciary Net Position	916,802	870,131	46,671
Net OPEB Liability (Asset)	<u>\$ (150,661)</u>	<u>\$ (125,615)</u>	<u>\$ (25,046)</u>
Deferred Resource (Outflows Inflows Due to:			
Assumption Changes	\$ (17,419)	\$ (23,755)	\$ 6,336
Plan Experience	31,251	35,374	(4,123)
Investment Experience	(3,192)	3,606	(6,798)
Deferred Contributions	<u>(35,558)</u>	<u>(53,126)</u>	<u>17,568</u>
Net Deferred (Outflows) Inflows	<u>(24,918)</u>	<u>(37,901)</u>	<u>12,983</u>
Impact on Statement of Net Position	<u>\$ (175,579)</u>	<u>\$ (163,516)</u>	<u>\$ (38,029)</u>

The Total OPEB assets increased by \$25,046 and \$125,615 for the fiscal year ended June 30, 2021 and 2020, respectively.

- Plan experience includes differences between what was previously assumed and what actually occurred since the prior valuation. The net decrease from plan experience was \$31,251.
- Changes in actuarial assumptions or methodology: Changes in assumptions increased TOA by \$25,046.

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Actuarial Accrued Liability (b- a)</u>	<u>Funded Ration (a/b)</u>	<u>Covered payroll</u>	<u>UAAL as a Percentag e of Covered Payroll ((b- a)/a)</u>	<u>Discoun t Rate</u>
6/30/2013	\$ -	\$ 402,253	\$ (402,253)	0.00%	\$ 104,652	384.37%	7.00%
7/1/2015	\$ 602,181	\$ 657,930	\$ (55,749)	91.53%	\$ 119,494	46.65%	6.73%
7/1/2017	\$ 784,744	\$ 997,028	\$ (212,284)	78.71%	\$ 177,473	119.61%	6.73%
6/30/2019	\$ 870,131	\$ 744,516	\$ 125,615	116.87%	\$ 398,472	-31.52%	6.15%
6/30/2019	\$ 916,802	\$ 766,141	\$ 150,661	119.66%	\$ 351,415	-42.87%	6.15%

**KENWOOD FIRE PROTECTION DISTRICT**

Notes to the Basic Financial Statements

June 30, 2021 and 2020

**Note X. Post-Employment Benefits Obligation (continued)**

**Deferred Resources as of Fiscal Year End and Expected Future Recognition**

	<b>Deferred Outflows of Resources - 2021</b>	<b>Deferred Inflows of Resources - 2021</b>	<b>Deferred Outflows/(Inflows) of Resources - 2020</b>
Changed of Assumptions	\$ 34,736	\$ 17,317	\$ 23,755
Difference Between Expected and Actual Experience	-	31,251	(35,374)
Net Difference Between Projected and Actual Earnings on Investments	3,192	-	(3,606)
Deferred Contributions	<u>35,558</u>	<u>-</u>	<u>53,126</u>
Total	<u>\$ 73,486</u>	<u>\$ 48,568</u>	<u>\$ 37,901</u>

The District will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources in shown below.

<b>For the Fiscal Year Ending June 30</b>	<b>Recognized Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ -
2022	2,687
2023	3,367
2024	2,323
2025	3,667
2026	(6,151)
Thereafter	(16,533)

**Note XI. Subsequent Events**

Management has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 19, 2022, the date these financial statements were available for release.

**KENWOOD FIRE PROTECTION DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES, BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>Revenues</b>	<b>Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Budget-Positive (Negative)</b>
Property taxes	\$ 919,382	\$ 964,066	\$ 44,684
Intergovernmental	6,485	5,028	(1,457)
Charges for Services	13,050	133,241	120,191
Investment earnings	7,000	118	(6,882)
Reimbursement	-	293	293
	<hr/>	<hr/>	<hr/>
Total Revenues	945,917	1,102,746	156,829
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Salaries and employee benefits	824,924	873,340	(48,416)
Materials and Services	175,520	171,626	3,894
Capital Outlay	20,000	-	20,000
Coningency	15,000	-	15,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,035,444	1,044,966	(9,522)
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	<u>(89,527)</u>	57,780	<u>147,307</u>
Other financing sources (uses)			
Transfer in	-	-	-
Transfer out	-	-	-
Proceeds from Sale of Assets	-	20,000	(20,000)
	<hr/>	<hr/>	<hr/>
Total other sources	-	20,000	<hr/>
<b>Fund Balance - Beginning of Year</b>		<u>1,527,372</u>	
<b>Fund Balance - End of Year</b>		<u><u>\$ 1,605,152</u></u>	

The notes to the financial statements are an integral part of this statement

**KENWOOD FIRE PROTECTION DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES, BUDGET AND ACTUAL-GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Revenues</b>	<u>Budget Amounts</u>	<u>Actual Amounts (Restated)</u>	<u>Variance with Budget-Positive (Negative)</u>
Property taxes	\$ 899,157	\$ 931,979	\$ 32,822
Intergovernmental	5,261	5,207	(54)
Charges for Services	13,050	53,368	40,318
Investment earnings	7,000	313	(6,687)
Reimbursement	-	16,187	16,187
	<hr/>	<hr/>	<hr/>
Total Revenues	924,468	1,007,054	82,586
	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>			
Salaries and employee benefits	789,274	719,517	69,757
Materials and Services	179,220	158,831	20,389
Capital Outlay	20,000	-	20,000
Coningency	15,000	-	15,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,003,494	878,348	125,146
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,026)</u>	128,706	<u>207,732</u>
<b>Other financing sources (uses)</b>			
Transfer in	-	-	-
Transfer out	-	-	-
Proceeds from Sale of Assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total other sources	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Fund Balance - Beginning of Year</b>		<u>1,398,666</u>	
<b>Fund Balance - End of Year</b>		<u><u>\$ 1,527,372</u></u>	

The notes to the financial statements are an integral part of this statement



**KENWOOD FIRE PROTECTION DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION- SAFETY**  
**JUNE 30, 2021 and 2020**

**Funding History**

The funding history belows shows the plan's actuarial accrued liability, share of pool's market value of assets, share of the pool's unfunded liability, funded ration, and annual covered payroll.

<b>Valuation Date</b>	<b>Accrued Liability (AL)</b>	<b>Share of Pool's Market Value of Assets (MVA)</b>	<b>Plan's Share of Pool's Unfunded Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>
6/30/2011	\$ 601,171	\$ 473,887	\$ 127,284	78.83%	\$ 129,633
6/30/2012	606,864	453,378	153,486	74.71%	58,987
6/30/2013	648,476	511,292	137,184	78.85%	62,991
6/30/2014	719,499	592,627	126,872	82.37%	64,112
6/30/2015	792,686	626,166	166,520	78.99%	114,621
6/30/2016	837,146	613,327	223,819	73.26%	87,745
6/30/2017	915,057	687,637	227,420	75.15%	110,250
6/30/2018	1,172,199	901,349	270,850	76.89%	183,712
6/30/2019	1,193,741	904,601	289,140	75.78%	229,735

**KENWOOD FIRE PROTECTION DISTRICT**  
Notes to Required Supplementary Information  
June 30, 2021 and 2020

**NOTE 1 - BUDGETARY INFORMATION**

Annual budgets are adopted on a non-GAAP basis for all governmental funds. All annual appropriations lapse at fiscal year-end.

Before May 31, the proposed budget is presented to the board of directors for review. The board holds public hearings and final budget must be prepared and adopted no later than September 30.

The appropriated budget is prepared by character and subject. Transfers of appropriations between characters require the approval of the board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the character level. The board made several supplemental budgetary appropriations throughout the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be appropriated and honored during the subsequent year. The District had no encumbrances outstanding on June 30, 2021 and 2020.