

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

## AGENDA

A Regular Meeting of the Board of Directors of the Kensington Police Protection and Community Services District will be held Thursday, September 8, 2011, at 7:00 P.M., at the Community Center, 59 Arlington Avenue, Kensington, California.

Note: All proceedings of this meeting will be tape recorded and *please note the 7 P.M. start time.*

Roll Call  
Public Comments  
Board Member/ Staff Comments

### DISTRICT- CLOSED SESSION

1. Pursuant to California Government Code Section 54957.6, the Board will enter into closed session to discuss the following:
  - Conference with Labor Negotiators  
Agency Representatives: Chuck Toombs  
Employee Organization: Kensington Police Officer Association
2. Pursuant to California Government Code Section 54957, the Board will continue in closed session to discuss Resolution 2011-015.

### APPROVAL OF CONSENT CALENDAR

- a) Minutes of the Regular Meeting August 11, 2011, Page 3
- b) Profit & Loss Budget Performance for August 2011, Page 11
- c) Park Revenue & Expenses Report for August, Page 15
- d) Board Member Reports-None
- e) Correspondence- None
- f) Police Department Update, Page 20
- g) Monthly Calendar, Page 26
- h) Recreation Report – To be provided by KCC at the meeting
- i) General Manager Update, Page 28
- j) KPPCSD Actuarial Study June 30, 2010, Page 30

### DISTRICT – OLD BUSINESS

1. General Manager/ Chief of Police Greg Harman will present to the Board for a second reading, Kensington Police Protection & Community Services District Policy # 1020.30 "Nepotism" as a result of the Contra Costa Grand Jury findings reported at the July 14<sup>th</sup> KPPCSD Board meeting. Board action. Page 54

### DISTRICT - NEW BUSINESS

1. Chief of Police Greg Harman will present Detective Keith Barrow with a commendation for his off duty actions in taking into custody a violent subject.
2. Steven Chang, of Lamorena & Chang, will present to the Board the 2009/ 2010 KPPCSD Audit Report. Possible Board Action. Page 59
3. General Manager/ Chief of Police Greg Harman will present to the Board a recommendation that the Board instruct him to contract with Universal Building Services (UBS) for maintenance service of the park restroom. Board Action. Page 93
4. General Manager/ Chief of Police Greg Harman will present to the Board Resolution 2011-014, approving the proposed Supplemental Law Enforcement Services Funds for Fiscal Year 2011/2012. Board Action. Page 98
5. General Manager/ Chief of Police Greg Harman will present to the Board Resolution 2011-015, approving the industrial disability retirement for Sergeant Hussain Khan. Board Action. Page 102

## 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 AUXILARY AID OR SERVICE AT LEAST 10 DAYS BEFORE THE MEETING. REQUESTS SHOULD BE SENT TO:

District Secretary Anita Gardyne, 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.

**KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

**Meeting Minutes for 08/11/2011**

**AGENDA**

A regular meeting of the Board of Directors of the Kensington Police Protection and Community Services District (KPPCSD) was held Thursday, August 11, 2011, 7:00 PM, at the Community Center, 59 Arlington Avenue, Kensington, California.
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**ATTENDEES**

<u>Elected Members</u>	<u>Guests/Presenters</u>
Charles Toombs, President	Rev. Tony Clark
Linda Lipscomb, Vice President	Jan Stansland
Tony Lloyd, Director (arrived at 7:03PM)	Paul Dorroh
Mari Metcalf, Director	Joan Gallegos
Cathie Kosel, Director	Lynn Wolter
	John Stein
	Kay Reed
	Andrew Reed
	Joel Koosed
<u>Staff Members</u>	
Gregory E. Harman, General Manager/Chief of Police	Nicki Kaiser
Anita Darden Gardyne, District Secretary	Jim Higgins
Sergeant Rickey Hull	Gail Capscott
Temporary Acting Sergeant Kevin Hui	Alan Fang
Detective Keith Barrow	Newt Fisher
	Robin Burns

ANNOUNCEMENTS: Board President Charles Toombs called the meeting to order at approximately 7:00 PM.

**PUBLIC COMMENTS**

Rev. Tony Clark, Pastor of the Arlington Community Church, thanked GM/COP Harman and all the Kensington officers for their participation in National Night Out.

**BOARD COMMENTS**

Director Kosel said that it appears that Bay View's transfer of services to RSS is moving forward and suggested that GM/COP Harman initiate a bid process. She also said that she was listening to a recording of the July BOD meeting on the internet and found it to be almost inaudible. She said the recording device was as small as the voices sounded on the internet. She asked Secretary Gardyne where the recording device was located and was told it was located on the desk next to Secretary Gardyne. At that point, Secretary Gardyne moved the recording device to the table in front of the Directors. Director Kosel then directed Secretary Gardyne to purchase a more substantial recording device before the next BOD meeting.

Director Metcalf asked if the camcorder could be placed closer to the Directors. Staff told her no because the audience would be lost. Director Metcalf said she had tried to watch the video tape and it was hard to hear what people were saying.

## KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

President Toombs said in a perfect world we would all have microphones that went into a recording device but we just can't do it right now. In response to Director Kosel's comments, he said that he would speak with the attorneys to determine if now is the time to initiate an RFP process. If they agree, then we will get that process initiated right away. He went on to say that our attorneys had hired an outside auditor to deal with the issue of if the GM/COP had used credit cards wisely or not. He announced an August 15<sup>th</sup> Traffic Safety meeting which would be co-hosted by Supervisor John Gioia and GM/COP Harman. He thanked Chris Depp and Maria Adrians for their effort in facilitating Supervisor Gioia's participation in this meeting.

Director Lipscomb thanked GM/CP Harman, Detective Barrow, and Officer Martinez for their assistance on July 14<sup>th</sup> in which they assisted her after her purse was stolen from her car. She said that their quick efforts resulted in a picture being taken of someone using her credit card. She said she was pleased about the commencement of the audit for the credit card issue. She said she had received in her open mail box an envelope labeled with just her name, no stamp, and no return address. The envelope included the credit card statements for the district unredacted with the numbers. She said she believes these to be the same statements produced for Directors Kosel and Metcalf. She said she wanted the public to be aware of this because she thought the act was cavalier and reckless and anyone could have come along and snatched it. She was also distressed about the press coverage in the internet, in the Patch, and the EC Journal concerning the credit card issue.

Director Kosel said that it sounded as if Director Lipscomb had accused her of leaving the envelope because if so was, Director Kosel was denying any involvement in that act. President Toombs interjected that this topic was now the subject of a personnel investigation and he was not sure if it had the same privilege. He said that the BOD would not discuss this and that all affected would follow and respect the established process going forward.

### STAFF COMMENTS

GM/COP Harman thanked everyone for their participation in National Night Out (NNO). He said Officer Doug Wilson had done an outstanding job in organizing the event and commended him for attending all 19 NNO parties. He also thanked all who had hosted or attended NNO parties. GM/COP Harman then discussed a LAFCO meeting he attended on August 10, 2011. At that meeting, LAFCO presented a draft of their recommendation which included not combining the service district with the fire district until the residents of Kensington were prepared to make that decision. He also said that Kensington had better clearance rates than reported and we tied with Clayton for the best response time for Priority 1 calls. He said he hoped that the final version of the report would be made available shortly and that the report would include the correct clearance rates, consistent with the Department of Justice (DOJ) reporting that every agency participates in.

### CONSENT CALENDAR

Note proposed changes to the July 2011 BOD minutes are reflected in *italics* below.

Item a: Director Kosel said that there was discussion at the July BOD meeting to have action minutes only. She said the July BOD minutes were lengthy and attempted to capture a lot of verbiage but fails to do so. She said the minutes were inconsistent and missing some things. She said unless we change the BOD policy, we should maintain action minutes as we have agreed to do.

## KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

President Toombs said that there was a policy provision in the BOD policy manual that discusses the form of the BOD Minutes. He said that Secretary Gardyne was new to the job and that he would continue to work with her to move towards action minutes. Director Kosel commended Secretary Gardyne for her work to date and said that she was not critical of Secretary Gardyne. Director Kosel said no human being could capture everything and Secretary Gardyne had not. She said if we were going to stay with these minutes, there were a number of additions and changes she wanted to make.

Director Metcalf said that if these were meant to be action minutes then everything that is not action minutes should be stricken from the minutes. President Toombs said that the minutes accurately reflected the events of the meeting and that they are fine as drafted.

Secretary Gardyne interjected that she had reviewed the Policy manual and had confirmed that they do not specify action minutes. Moreover, Secretary Gardyne said the policies lay out an expectation that Director, staff, and public comments be summarized but she expressed support of a transition to action minutes citing the excessive resources necessary to review the complete audio and video tapes to create the detailed BOD minutes. Secretary Gardyne confirmed her belief that the July BOD Minutes, as submitted, were accurate but not the best use of limited staff time. Director Kosel reiterated her position that action minutes are the only things she knows about.

Director Metcalf said if we are trying to capture word for word what happens at meetings, the only way to do that is with a court reporter who would create a transcript. She said that what we had here was something in the middle, half way between action minutes and a transcript. She said she did not think we wanted to spend our time arguing over details. She said if we wanted a transcript, we should bring in a court reporter.

Secretary Gardyne referred the BOD to Policy #5060 which details the BOD Meeting Minute requirements and reiterated her support for a transition to action minutes. Director Kosel responded by saying that it looked like “a bit of a stonewall here” so she moved forward with communicating her changes.

Director Kosel read page 6 paragraph 1, “Secretary Gardyne ran from across the room in order to secure a copy of their document for inclusion in these BOD minutes.....” Director Kosel then stated that Secretary Gardyne may have run track in high school but that Secretary Gardyne had not come flying across this room. She said that she had also mentioned that the document would be made available on the internet and that a sufficient number of copies were available at the time. She said that the implication of the language used was that Secretary Gardyne would not have gotten a copy of Director Kosel’s document had Secretary Gardyne had not raced to secure one. Director Kosel went onto to say that most the documents she handed out were documents that Secretary Gardyne and GM/COP Harman had given to her in the first place so we had no need to get them from her.

Director Kosel then went to the last paragraph of Page 6 which talked about completion of an internal review of the credit card items. She confirmed that President Toombs, Director Metcalf, and she had agreed that an internal review was a good idea but said that the minutes failed to include Director Kosel and Director Metcalf’s suggestion for there to also be a forensic audit. Secretary Gardyne and GM/COP Harman began a side bar at this point and Director Kosel waited patiently for this to occur. President Toombs suggested that Director Kosel submit her remaining suggested changes in writing, Director Kosel agreed and said she would submit the remaining changes in writing.

**KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

**MOTION: President Toombs moved to approve the consent calendar subject to Director Kosel's adding in written comments that will appear in the next minutes. Vice President Lipscomb seconded this motion.**

**AYES: Toombs, Lipscomb, Lloyd, Metcalf, Kosel    NOES: 0    ABSENT: 0**

*Note from Secretary Gardyne: As of September 1, 2011, no July 2011 BOD Minute revisions have been submitted by Director Kosel to Secretary Gardyne or GM/COP Harman. As a result, the July minutes are approved as drafted.*

**OLD BUSINESS** – None.

**NEW BUSINESS #1** – General Manager/Chief of Police Greg Harman will swear in newly appointed Reserve Police Officer Quyen Duong.

**STAFF COMMENTS**

GM/COP Harman shared that Reserve Officer Duong graduated from the Evergreen Police Academy in SJ on May 17<sup>th</sup>. He said that she was tri-lingual as she speaks Vietnamese, Cantonese, and English and that she plans to continue her education at SF State University. He also shared that the Portland, Oregon Police Department is also interested in Reserve Officer Duong but hoped that she would choose to stay here in Kensington near her family and friends.

**BOARD COMMENTS**

President Toombs welcomed Reserve Officer Duong on behalf of the BOD and wished her good luck with her training.

**PUBLIC COMMENTS**

None

**NEW BUSINESS #2** - Review and discussion of the Kensington Park Building Committee Report regarding the award of contract to Muller & Caulfield Architects for the Kensington Park Buildings Integrated Remodeling Plan. Possible Board action.

**STAFF COMMENTS**

None

**BOARD COMMENTS**

President Toombs said that he asked Lisa Corona, who worked on the committee with a number of people in the room, to share a report on behalf of the committee and to share its findings. He noted that Rosemary Muller was in the back of the room to answer questions as well.

**PUBLIC COMMENTS**

## KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS

Ms. Corona summarized that the goal of her presentation was to ask the BOD to authorize the GM to execute a contract and any amendments with Muller & Caulfield Architects to prepare a Kensington Park Buildings Integrated Remodeling Plan. She said that the funding requested shall not exceed \$42,200 plus an additional 15% or \$6330 for a contingency. She stated that an additional \$2,000 be allocated for internal direct costs for things such as printing and mailings to residents. She went on to say that the second thing that the committee is requesting of the BOD is for the BOD to allow it to continue as a representative body until the project is completed and that the BOD direct the committee to select two members of the committee to work with the GM to function as owner's representatives for the duration of the contact.

Ms. Corona provided an overview of the committees work since it began in June, 2010 and detailed its approach, including a summary of its vendor selection process. She said that going forward, three public meetings will be held. One will focus on the use of the building and current and emerging needs. The second will focus on the alterations necessary to meet current and emergency needs. The third will deal with the recommendations that come from the team. A web based survey will also be utilized to gather community feedback. A review of similarly proprieties and their pricing will also be performed as a part of the next steps.

At approximately 7:33:56PM, the audio recording of the BOD meeting abruptly ends. Secretary Gardyne noticed that the recording device, which had been placed on the table with the Directors earlier in the meeting in response to a Director's request for better sound quality, was turned off when she retrieved it at the meetings conclusion after 9:00PM. As a result of the recording's unanticipated ending, the remaining minutes are a brief summary based solely on handwritten notes. Going forward, GM/COP Harman has directed Secretary Gardyne to return the recording device to its original position so that its operation remains under her control for the duration of its necessary use.

*Note from Secretary Gardyne: The video of the full meeting is available for public review. Interested parties should contact Temporary Acting Sergeant Kevin Hui at [khui@kensingtoncalifornia.org](mailto:khui@kensingtoncalifornia.org) or 510.526.4141 to request a copy.*

### **BOARD COMMENTS**

Director Lloyd said that he valued the study but wished that he had more than 3 days to ponder it. He also said that he understands that funding is available but given the hardships cast as a result of our austerity budget, he was unsure if this project should proceed at this time.

Vice President Lipscomb inquired as to the source of the funding. GM/COP Harman responded that it would come from reserves. He said that we had both committed and uncommitted funds available and some funds were designated specifically for the park. Vice President Lipscomb said that she liked the plan and sees the feasibility study as a necessary foundation step to moving forward.

Director Metcalf said that \$42,000 sounds like a lot of money for what we are getting and that she was not comfortable with spending this amount within the context of an austerity budget.

Director Kosel thanked the volunteers and said that she liked the project but wanted to table it for now due to the austerity budget.

President Toombs thanked the volunteers.

**KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

**PUBLIC COMMENTS**

Jan Stansland, Nicki Kaiser, Paul Dorroh, Andrew Reed, John Stein, and Kay Read all spoke.

**MOTION: President Toombs moved to approve the committee's recommendation as included in the BOD package. Vice President Lipscomb seconded the motion.**

**AYES: Toombs, Lipscomb, Lloyd, Metcalf,    NOES: Kosel    ABSENT: 0**

President Toombs announced that the motion had passed.

**NEW BUSINESS #3** General Manager/ Chief of Police Greg Harman will present to the Board for review and discussion two proposals to repair the roof and storage areas, and the replacement of the water heater of the Community Center. Possible Board action.

**STAFF COMMENTS**

GM/COP Harman said that he had received bids from both Stuart Construction and Cherokee Construction to perform the requested work. His recommendation was that Cherokee Construction be awarded the contract.

**BOARD COMMENTS**

Vice President Lipscomb and Director Lloyd had no comments.

President Toombs that this was a no-brainer and that the BOD should approve this recommendation.

Director Metcalf asked GM/COP Harman if he had contacted any of Cherokee's prior customers to get their feedback. GM/COP Harman said no.

Director Kosel moved for approval of the recommendation.

**PUBLIC COMMENTS**

Nicki Kaiser and Jim Hodges spoke.

**MOTION: Director Kosel moved that the BOD accept Cherokee's bid as submitted. President Toombs seconded this motion.**

**AYES: Metcalf, Kosel, Toombs, Lipscomb, Lloyd    NOES: 0    ABSENT: 0**

President Toombs announced that the motion had passed.

**NEW BUSINESS #4** - General Manager/ Chief of Police Greg Harman will present to the Board for a first reading, Kensington Police Protection & Community Services District Policy # 1020.30 "Nepotism" as a result of the Contra Costa Grand Jury findings reported at the July 14<sup>th</sup> KPPCSD Board meeting. Possible Board action.

**STAFF COMMENTS**



**KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

GM/COP Harman referred Directors to the draft policy he prepared and recommended that it be approved as submitted. He said that it was under review by the District's attorneys.

**BOARD COMMENTS**

Director Lloyd had no comment.

President Toombs reminded all that the Grand Jury required submission of a Nepotism Policy.

Director Kosel questioned if this item should be tabled until the attorneys got a chance to review the drafted policy.

Director Metcalf recommended that the policy be expanded to include in law relationships including mother in-laws, father in-laws, sister in-laws, and brothers in-laws.

**PUBLIC COMMENTS**

Nicki Kaiser said that grand children should be added to the policy.

Jim Higgins said tht ex in-laws of all form should also be included in the policy.

**MOTION: President Toombs moved to approve the recommended draft Nepotism Policy with the changes that Director Metcalf specified, which was to include in-law relationships in the Policy, and to allow it to go on to the next stage.**

**AYES: Metcalf, Toombs, Lipscomb, Lloyd    NOES: Kosel    ABSENT: 0**

President Toombs announced that the motion had passed.

**OLD BUSINESS #5** - General Manager/ Chief of Police Greg Harman will request that the Board hire Attorney Lee Ann Wallace to investigate the complaint made by Catherine DeNeergard in November 2010. Possible Board action.

**STAFF COMMENTS**

GM/COP Harman read the recommendation included in the BOD package.

**BOARD COMMENTS**

President Toombs reminded all who spoke that they should take great care and recognize the right of the affected individual to request an investigation. He also directed all to review Board Policy 1030 and said that the step currently underway at the meeting as a part of this process.

Director Lloyd said that this was the next logical step in the complaint process and helps all parties.

Vice President Lipscomb said she saw no choice except to proceed.

**KENSINGTON POLICE & COMMUNITY SERVICES DISTRICT  
BOARD OF DIRECTORS**

Director Metcalf said she felt that it was not appropriate to include the number of calls by Catherine DeNeergard in the staff report as she believed it was not proper to disclose this private information. She also said that the complaint policy should be posted on the Kensington website.

Director Kosel said that she believed it was a conflict of interest for GM/COP Harman to select the investigator. She also said that Ms. Wallace was expensive and that she had been underwhelmed by her work. She recommended that Donald Miller also be considered for this work and also suggested establishment of a citizen's review process that does not go through GM/COP Harman. She added that she did not like the substance of the GM/COP's report because it included information about Ms. DeNeergard.

President Toombs concurred with Director Kosel and concurred that he did not like the substance of the GM/COP report. He said that the investigator makes the report available to the BOD and stated that nothing factual should be discussed in public. He commented that Ms. Wallace was referred by the District's attorneys and not by GM/COP Harman.

**PUBLIC COMMENTS**

Joan Gallegos, Gail Capscott, Jim Higgins, Lynn Wolter, Alan Fang, Newt Fisher, and Robin Burns all spoke.

**MOTION: President Toombs moved to hire Ms. Wallace to begin an investigation and authorized \$5,000 be spent. Vice President Lipscomb seconded the motion.**

**AYES: Toombs, Lipscomb, Lloyd    NOES: Metcalf, Kosel    ABSENT: 0**

President Toombs announced that the motion passed.

**MOTION: President Toombs moves to end the meeting at about 9:00 PM. Vice President Lipscomb seconded this motion.**

**AYES: Toombs, Lipscomb, Lloyd, Metcalf, Kosel    NOES: 0    ABSENT:**

**ADJOURNMENT**

General Information

Accessible Public Meetings

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**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 August 2011

	<u>Aug 11</u>	<u>Budget</u>	<u>Jul - Aug 11</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>400 · Police Activities Revenue</b>					
410 · Police Fees/Service Charges	0.00		180.00		
414 · POST Reimbursement	0.00		453.00		
418 · Misc Police Income	0.00		3,027.88		
<b>Total 400 · Police Activities Revenue</b>	<u>0.00</u>		<u>3,660.88</u>		
<b>420 · Park/Rec Activities Revenue</b>					
427 · Community Center Revenue	0.00		1,753.00		
428 · Building E Revenue	0.00		6,000.00		
<b>Total 420 · Park/Rec Activities Revenue</b>	<u>0.00</u>		<u>7,753.00</u>		
<b>440 · District Activities Revenue</b>					
449 · District Revenue	0.00		5,005.00		
<b>Total 440 · District Activities Revenue</b>	<u>0.00</u>		<u>5,005.00</u>		
<b>Total Income</b>	0.00		16,418.88		
<b>Expense</b>					
<b>500 · Police Sal &amp; Ben</b>					
502 · Salary - Officers	68,014.38		136,028.76		
504 · Compensated Absences	0.00		3,861.03		
506 · Overtime	10,584.39		17,296.39		
508 · Salary - Non-Sworn	5,284.75		9,203.25		
516 · Uniform Allowance	599.94		1,199.88		
518 · Safety Equipment	0.00		925.28		
521-A · Medical/Vision/Dental-Active	11,310.63		22,501.31		
521-R · Medical/Vision/Dental-Retired	11,749.00		26,329.69		
522 · Insurance - Police	772.28		2,484.73		
523 · Social Security/Medicare	1,233.68		1,409.42		
524 · Social Security - District	364.76		630.83		

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**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 August 2011

	<u>Aug 11</u>	<u>Budget</u>	<u>Jul - Aug 11</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
527 · PERS - District Portion	23,210.20		46,420.40		
528 · PERS - Officers Portion	6,175.26		12,350.52		
530 · Workers Comp	0.00		16,016.00		
<b>Total 500 · Police Sal &amp; Ben</b>	<u>139,299.27</u>		<u>296,657.49</u>		
<b>550 · Other Police Expenses</b>					
552 · Expendable Police Supplies	0.00		365.16		
553 · Range/Ammunition Supplies	619.40		619.40		
562 · Vehicle Operation	3,231.08		7,995.56		
564 · Communications (RPD)	19,803.08		31,766.08		
568 · Prisoner/Case Exp./Booking	921.79		1,055.32		
570 · Training	132.00		211.27		
572 · Recruiting	388.00		1,638.00		
574 · Reserve Officers	200.83		339.83		
576 · Misc. Dues, Meals & Travel	0.00		950.00		
580 · Utilities - Police	664.90		664.90		
581 · Bldg Repairs/Maint.	0.00		37.66		
582 · Expendable Office Supplies	288.22		790.78		
586 · Machine Maintenance	330.00		330.00		
588 · Telephone(+Rich. Line)	136.51		1,768.77		
590 · Housekeeping	298.09		497.43		
594 · Community Policing	575.10		1,583.92		
596 · WEST-NET/CAL I.D.	0.00		12,893.00		
599 · Measure G Administration	0.00		783.61		
<b>Total 550 · Other Police Expenses</b>	<u>27,589.00</u>		<u>64,290.69</u>		
<b>600 · Park/Rec Sal &amp; Ben</b>					
601 · Park & Rec Administrator	598.50		971.50		
602 · Custodian	1,750.00		3,500.00		
<b>Total 600 · Park/Rec Sal &amp; Ben</b>	<u>2,348.50</u>		<u>4,471.50</u>		
<b>635 · Park/Recreation Expenses</b>					

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

August 2011

	<u>Aug 11</u>	<u>Budget</u>	<u>Jul - Aug 11</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
<b>640 · Community Center Expenses</b>					
642 · Utilities-Community Center	329.06		407.06		
643 · Janitorial Supplies	0.00		597.62		
646 · Community Center Repairs	91.98		91.98		
640 · Community Center Expenses - Other	290.73		290.73		
<b>Total 640 · Community Center Expenses</b>	<u>711.77</u>		<u>1,387.39</u>		
<b>660 · Annex Expenses</b>					
662 · Utilities - Annex	50.31		205.31		
<b>Total 660 · Annex Expenses</b>	<u>50.31</u>		<u>205.31</u>		
672 · Kensington Park O&M	2,450.00		6,240.47		
678 · Misc Park/Rec Expense	260.50		463.95		
<b>Total 635 · Park/Recreation Expenses</b>	<u>3,472.58</u>		<u>8,297.12</u>		
<b>800 · District Expenses</b>					
810 · Computer Maintenance	11,136.87		11,472.85		
820 · Cannon Copier Contract	739.44		1,025.67		
830 · Legal (District/Personnel)	4,410.35		9,301.35		
840 · Accounting	6,977.50		9,017.50		
850 · Insurance	0.00		28,803.11		
865 · Police Bldg. Lease	0.00		14,852.50		
880 · KCC/Annex Agreement	6,021.00		6,021.00		
890 · Waste/Recycle	233.45		3,798.25		
898 · Misc. Expenses	0.00		1,193.42		
<b>Total 800 · District Expenses</b>	<u>29,518.61</u>		<u>85,485.65</u>		
<b>950 · Capital Outlay</b>					
963 · Patrol Car Accessories	0.00		5,673.95		
972 · Park Buildings Improvement	82,960.84		82,960.84		
<b>Total 950 · Capital Outlay</b>	<u>82,960.84</u>		<u>88,634.79</u>		

**KPPCSD**  
**Unaudited Profit & Loss Budget Performance**  
 August 2011

	Aug 11	Budget	Jul - Aug 11	YTD Budget	Annual Budget
<b>Total Expense</b>	<u>285,188.80</u>		<u>547,837.24</u>		
<b>Net Ordinary Income</b>	-285,188.80		-531,418.36		
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
700 · Bond Issue Expenses					
710 · Bond Admin.	0.00		2,263.28		
<b>Total 700 · Bond Issue Expenses</b>	<u>0.00</u>		<u>2,263.28</u>		
<b>Total Other Expense</b>	0.00		2,263.28		
<b>Net Other Income</b>	0.00	0.00	-2,263.28	0.00	0.00
	<u><b>-285,188.80</b></u>	<b>0.00</b>	<u><b>-533,681.64</b></u>	<b>0.00</b>	<b>0.00</b>

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# Memorandum

Kensington Police Department



**To:** Board of Directors

APPROVED YES NO

**From:** Gregory E. Harman, General Manager/ Chief of Police

\_\_\_\_\_

FORWARDED TO:

**Date:** Thursday, August 04, 2011

\_\_\_\_\_

**Subject:** Consent Calendar Item C- Park Revenue & Expenses

---

The KPPCSD Board and the Park Buildings Committee has requested a separate and detailed accounting of park revenues and expenses.

This information is obtained through our QuickBooks software and revenue and expenses for year to date through August 2011 is attached to this memo.

In summary:	August 2011	Year to Date
420 Revenue	0	\$7,753.00
600 Salary & Benefits	\$2,348.50	\$4,471.50
635 Park/ Rec Expenses	\$3,472.58	\$8,297.12
Total Park/ Rec Expenses	\$5,821.08	\$12,768.62

3:25 PM  
08/30/11  
Accrual Basis

KPPCSD  
**Account QuickReport**  
July 1 through August 30, 2011

Type	Date	Num	Name	Memo	Split	Amount
<b>420 - Park/Rec Activities Revenue</b>						
<b>427 - Community Center Revenue</b>						
Deposit	7/29/2011	1072		East Bay Coll...	112 - General ...	598.00
Deposit	7/29/2011	3133		CC Rental	112 - General ...	375.00
Deposit	7/29/2011	1247		CC Rental	112 - General ...	600.00
Deposit	7/29/2011	6168		CC Rental	112 - General ...	180.00
Total 427 - Community Center Revenue						1,753.00
<b>428 - Building E Revenue</b>						
Deposit	7/29/2011	5800		2nd half of re...	112 - General ...	6,000.00
Total 428 - Building E Revenue						6,000.00
Total 420 - Park/Rec Activities Revenue						7,753.00
<b>TOTAL</b>						<b>7,753.00</b>

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3:24 PM  
08/30/11  
Accrual Basis

KPPCSD  
Account QuickReport  
July 1 through August 30, 2011

Type	Date	Num	Name	Memo	Split	Amount
<b>600 · Park/Rec Sal &amp; Ben</b>						
<b>601 · Park &amp; Rec Administrator</b>						
Paycheck	7/15/2011		Di Napoli, Andrea		112 · General ...	151.00
Paycheck	7/29/2011		Di Napoli, Andrea		112 · General ...	222.00
Paycheck	8/12/2011		Di Napoli, Andrea		112 · General ...	307.25
Paycheck	8/29/2011		Di Napoli, Andrea		112 · General ...	291.25
Total 601 · Park & Rec Administrator						971.50
<b>602 · Custodian</b>						
Check	7/15/2011	13224	William Driscoll	July 1 - 15 se...	112 · General ...	875.00
Check	7/29/2011	13267	William Driscoll	July 16 - July...	112 · General ...	875.00
Check	8/15/2011	13289	William Driscoll	August 1-15, ...	112 · General ...	875.00
Check	8/30/2011	13330	William Driscoll	August 16-31...	112 · General ...	875.00
Total 602 · Custodian						3,500.00
Total 600 · Park/Rec Sal & Ben						4,471.50
<b>TOTAL</b>						<b>4,471.50</b>

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3:25 PM  
**08/30/11**  
 Accrual Basis

**KPPCSD**  
**Account QuickReport**  
 July 1 through August 30, 2011

Type	Date	Num	Name	Memo	Split	Amount
<b>635 · Park/Recreation Expenses</b>						
<b>640 · Community Center Expenses</b>						
<b>642 · Utilities-Community Center</b>						
Check	7/29/2011	13273	Pacific Telemanage...	Pay Phone C...	112 · General ...	78.00
Check	8/15/2011	13302	EBMUD	For 2 Arlmont	112 · General ...	329.06
Total 642 · Utilities-Community Center						407.06
<b>643 · Janitorial Supplies</b>						
Check	7/29/2011	13278	UBS	Community C...	112 · General ...	597.62
Total 643 · Janitorial Supplies						597.62
<b>646 · Community Center Repairs</b>						
Check	8/15/2011	13299	Kensington Home a...	Bill Driscoll	112 · General ...	17.61
Check	8/15/2011	13299	Kensington Home a...	Bill Driscoll C...	112 · General ...	74.37
Total 646 · Community Center Repairs						91.98
<b>640 · Community Center Expenses - Other</b>						
Check	8/15/2011	13291	PG&E	59 Arlington ...	112 · General ...	156.15
Check	8/30/2011	13325	PG&E	59 Arlington ...	112 · General ...	134.58
Total 640 · Community Center Expenses - Other						290.73
Total 640 · Community Center Expenses						1,387.39
<b>660 · Annex Expenses</b>						
<b>662 · Utilities - Annex</b>						
Check	7/15/2011	13217	EBMUD	1 Windsor se...	112 · General ...	155.00
Check	8/30/2011	13325	PG&E	Annex	112 · General ...	50.31
Total 662 · Utilities - Annex						205.31
Total 660 · Annex Expenses						205.31
<b>672 · Kensington Park O&amp;M</b>						
Check	7/15/2011	13213	NBS Government Fi...	LMD Admin I...	112 · General ...	1,080.59
Check	7/15/2011	13218	EBMUD	1 Windsor irri...	112 · General ...	659.88
Check	7/15/2011	13247	Summer Rain Land...	monthly main...	112 · General ...	2,050.00

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3:25 PM  
08/30/11  
Accrual Basis

KPPCSD  
Account QuickReport  
July 1 through August 30, 2011

Type	Date	Num	Name	Memo	Split	Amount
Check	8/15/2011	13300	Summer Rain Land...	August fee	112 · General ...	2,050.00
Check	8/15/2011	13300	Summer Rain Land...	Repair of wo...	112 · General ...	400.00
Total 672 · Kensington Park O&M						6,240.47
<b>678 · Misc Park/Rec Expense</b>						
Check	7/15/2011	13248	Steven Lee	Eagle Scout ...	112 · General ...	203.45
Check	8/15/2011	13290	BPXpress	Invoice#RI00...	112 · General ...	260.50
Total 678 · Misc Park/Rec Expense						463.95
Total 635 · Park/Recreation Expenses						8,297.12
<b>TOTAL</b>						<b>8,297.12</b>

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# August 2011 Police Department Report

September 1, 2011

- Department Personnel
  - Reserve Police Officer Quyen Duong has completed her In House training and has begun her field training program.
- Commendations and Correspondence
  - A Kensington resident sent a nice thank you to Officer Stegman and Reserve Officer Turner for their assistance at a traffic accident scene. She was very appreciative of the officer's warmth and professionalism dealing with what was a very upsetting experience.
- Investigation of Alleged Misconduct
  - Department Investigation #10-001 was initiated on September 20<sup>th</sup> on an allegation that an officer posted an inappropriate screen saver on a District computer. The investigation is being conducted by Sergeant Hull.
  - Department Investigation #10-003 was initiated on November 11<sup>th</sup>, at the KPPCSD Board meeting, when Catherine de Neergaard made a formal complaint indicating, "That there is no fair, impartial, and reasonable police review procedure", after voicing her complaints regarding Chief Harman's policies and directions to the department were not being heard. This complaint was followed by an e-mail complaint received by Chief Harman on November 15<sup>th</sup>.  
  
At the August 11<sup>th</sup> Board meeting, The KPPCSD Board agreed to hire Labor Law Attorney Lee Ann Wallace to investigate the allegations. Ms. Wallace has been provided all documentation and has begun her investigation.
  - Department Investigation 2011-002 was initiated on June 5, 2011, on an allegation that an officer falsified an official police document. This investigation is being conducted by Sergeant Hull.
  - Department Investigation 2011-003 was initiated on June 10, 2011, on allegations that an officer caused a hostile work environment, insubordination, conduct violations, and discrimination. The internal

investigation was completed by Sergeant Hull on August 1<sup>st</sup>. A Skelly hearing has been scheduled for the first week in September.

- Department Investigation 2011-004 was initiated on July 5, 2011 on allegations that an officer violated department reporting procedures. This investigation is being conducted by Sergeant Hull.
- 9-1-1 / Richmond Communication Center Information.
- The Ring Time Report for August has not been received as of this report date.
- Communication Center Service Complaints
  - On Friday, August 5<sup>th</sup>, we received two complaints from residents indicating that they had called dispatch on the non-emergency line and did not receive a response. We contacted dispatch and confirmed that they were busy handling 911 calls and may have dropped non-emergency calls.
- Community Networking
  - On 08-01-11, Chief Harman, Officer Wilson, and Reserve Officer Turner attended a pre- National Night Out party on the unit block of Highland.
  - On 08-02-11, National Night Out was held and we had 15 parties scheduled. Chief Harman, Sergeants Hull and Hui, Detective Barrow, Officer Ramos, and Reserve Officers Colon, Turner, Chandler, and Foley all participated under the direction of Officer Doug Wilson. It was a great night and congratulations to Doug on organizing the biggest National Night Out yet. He has scheduled 3 other post- National Night Out parties for later in the month.
  - On 08-08-11, Officer Wilson attended the Kensington Public Safety Council meeting. The next meeting of the KPSC is scheduled for Monday, 09-12-11, at 6:30 PM in Room 3 of the Community Center.
  - On 08-10-11, Chief Harman attended the LAFCO meeting in Martinez, in which the County's Police Municipal Services Review draft was discussed.
  - On 08-15-11, Contra Costa Supervisor John Gioia, along with the Kensington Police Department, hosted a community meeting to discuss traffic issues in Kensington. The meeting was well attended

and KPD was represented by Chief Harman, Traffic Officer Ramos, Sergeants Hull and Hui, and Officer Wilson.

- On 08-22-11, Chief Harman attended the KIC meeting.
- On 08-23-11, on the first day of school, Sergeant Hull, Officers Wilson, Ramos, Barrow, and Reserve Officer Turner assisted confused parents get their children safely to school. The next three days we had an additional officer assigned to traffic enforcement to insure all the parents remembered the rules we taught them on Tuesday.
- Community Criminal Activity
  - This section of the Watch Commander's Reports are prepared by Sergeant Hull for Team One, Acting Sergeant Hui for Team 2, and Detective Barrow.
- Watch Commander Reports
  - **Sergeant Hull's** report was not prepared in time for this report and will be added at the KPPCSD meeting.
  - **Acting Sergeant Hui's** report was not prepared in time for this report and will be added at the KPPCSD meeting.
  - **Detective Keith Barrow**

#### **SIGNIFICANT EVENTS:**

2011-5504, 5580 Petty Theft

On Sunday August, 21 & 23, 2011, Officers took two reports of catalytic converters being stolen from vehicles on Purdue Avenue and Arlmont Road. These cases are under investigation.

2011-4023 Hit and Run

On 06-20-11, Officer Wilson responded to a hit and run vehicle accident on Amherst Avenue. The victim's vehicle was parked along the west curb line and the suspect failed to leave a note or make any attempt to contact the owner. Officer Wilson's investigation yielded a suspect vehicle. I contacted the owner and this case is closed. **I will be submitting this case to the Contra Costa DA for prosecution.**

## **KPD INVESTIGATIONS INFORMATION:**

### **2011-4980 Hit and Run**

On Tuesday, July 28, 2011, officers responded to a hit and run vehicle accident in the 300 block of Colusa Avenue. Through a good initial investigation by KPD Officer Ramos, I was able to contact the suspect in Berkeley. **This case is closed and will be submitted to the Contra Costa DA for prosecution.**

### **2011-4621 Theft from a vehicle and unauthorized use of credit cards.**

On Thursday, July 14, 2011, a purse was stolen from an unlocked vehicle in the 00 block of Highgate Road. Two suspects were seen driving a late 2000 four door Nissan Altima and were using the victim's credit cards at numerous locations along San Pablo Avenue. The first suspect was described as a white or Hispanic female adult, 5'5" to 5'7" tall, and 130 to 150 lbs. with dark brown hair. The second suspect was a white or Hispanic male adult, 5'11" to 6'01", thin build, with dark hair. The female was seen driving and the male was seated in the front passenger seat. The suspects may have been involved in other recent thefts within Kensington. If you see the suspects or have any information concerning this case please telephone Detective Barrow at (510)526-4141 or call police dispatch at (510)236-0474.

### **2011-2194, 2706 Residential Burglary**

On May 20, 2011, the Sonoma County Sheriff's Department arrested two suspects for residential burglaries committed in their jurisdiction. We were able to link the suspects to **two residential burglaries** committed on Highland Blvd and Highgate Road. It is believed that these suspects have been involved in numerous other residential burglaries throughout the bay area. **This case has been submitted to the Contra Costa DA for prosecution.**

### **2011-1618 Homicide.**

On 03-12-11, KPD Officers were dispatched to a possible dead body in the 00 block of Arlington Avenue. The individual was pronounced dead at the scene. **This case is being investigated as a homicide.**

### **2010-5319 and 5351 Arson**

On 10-16-10 and 10-17-10, Kensington Police Officers responded to fires at 59 Arlington Avenue, the Kensington Park building E. The fires were determined to be arsons. **These cases are under investigation.**

## **KPD INVESTIGATIONS**

- Made several court runs for filling cases, and retrieve court notifications.
- Updated the KPD residential burglary log.
- Updated the KPD stolen vehicle log.
- I'm currently assigned one day per week as a Field Training Officer.

## **WEST-NET ASIGNMENT:**

I am currently assigned to the West Contra Costa County Narcotic Enforcement Team (West-NET) one day per week.

While on this assignment I work with other West Contra Costa County law enforcement Officers and agencies. I participate and aid in the service of search warrants, surveillance and on going narcotics investigations.

In the month of August West-NET agents conducted over 13 search warrants, arrested numerous suspects. Agents seized over 50 lbs. of methamphetamines, over 550 marijuana plants, and 15 lbs. of marijuana processed and packaged for sale. We also seized over 15 firearms.

## **INVESTIGATORS SUMMARY:**

In the month of August the District of Kensington sustained 1 identity theft, 1 non-injury vehicle accident and 1 Hit and Run Vehicle Accident, 0 Injury Hit and Run Accident, 0 Injury Accidents, 0 Residential Burglary, 0 Attempted Residential Burglaries, 0 Commercial Burglary, 1 Auto Burglary, 0 Thefts from unlocked vehicles, 0 Stolen Vehicle, 5 Petty Thefts, 0 Vandalisms, 0 Embezzlement, 0 Elder Abuse, 1 Fraud, 0 Forgery, 0 Attempted Grand Thefts and 5 Grand Thefts.

### **•• Chief Harman**

I believe the month of August provides some of the best examples of our department's dedication to community policing.

National Night Out was a huge success, with 19 community parties and 10 members of our department participating. Not only did neighbors have the opportunity to meet with each other, they also had an opportunity to meet and speak with our officers to discuss their concerns.

The John Gioia community meeting, attended by several members of the department, was another opportunity for the community to meet with both county and KPD representatives to discuss their concerns regarding traffic issues in Kensington.

On 08-23-11, the first day of school, Sergeant Hull, Officers Wilson, Ramos, Barrow, and Reserve Officer Turner assisted confused parents get their children safely to school. The next three days we had an additional officer assigned to traffic enforcement to insure all the parents remembered the rules we taught them on Tuesday. On 08-31-11, I spoke with Principle Judy Sanders who indicated that all of the parents she spoke with complimented the additional traffic enforcement opening the school year.



Finally, we announced the first Kensington Police Department Citizen's Academy will begin October 4<sup>th</sup>. The Citizen's Academy will give residents the opportunity to learn and train in several law enforcement topics, taught by members of the department.

We will continue our increased traffic enforcement duties, vacation checks, key program, senior program, and foot patrols in the community. We will also continue our commitment to work with the community to provide excellent police services.

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# September 2011

September 2011							October 2011						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3							1
4	5	6	7	8	9	10	2	3	4	5	6	7	8
11	12	13	14	15	16	17	9	10	11	12	13	14	15
18	19	20	21	22	23	24	16	17	18	19	20	21	22
25	26	27	28	29	30		23	24	25	26	27	28	29
							30	31					

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Aug 28 - Sep 3	Aug 28	29	30	31	Sep 1	2	3
					7:15pm EBC; CCM &		
Sep 4 - 10	4	5	6	7	8	9	10
		7:00pm Pack 82; CCM 7:30pm KARO; CC3	7:00pm Troop 100; C	7:00pm Park Bldg Co	6:00pm KPPCSD MTC		4:00pm CC Rental; C
Sep 11 - 17	11	12	13	14	15	16	17
		7:00pm Pack 82; CCM	5:00pm FALL Registr	7:00pm KFD Meeting 7:30pm GPF; CCM	7:15pm EBC; CCM &		
Sep 18 - 24	18	19	20	21	22	23	24
		7:00pm Pack 82; CCM	7:00pm Troop 100; C	11:00am Solid Waste		5:00pm Kensington N	
Sep 25 - Oct 1	25	26	27	28	29	30	Oct 1
	11:00am CC Rental; C	7:00pm Pack 82; CCM 7:30pm KIC; CC3	7:00pm Troop 100; C 7:30pm KMAC; CC3				

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# October 2011

October 2011							November 2011							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
	2	3	4	5	6	7	1	6	7	8	9	10	11	12
8	9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	23	20	21	22	23	24	25	26
23	24	25	26	27	28	29	30	27	28	29	30			
30	31													

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9/25 - 30	Sep 25	26	27	28	29	30	Oct 1 11:00am Celebrate All
10/2 - 7	2	3 7:00pm Pack 82; CCM	4 7:00pm KPD CITIZEN 7:00pm Troop 100; C	5	6 7:15pm EBC; CCM &	7	8 8:30am Waste Recycl
10/9 - 14	9	10 7:00pm Pack 82; CCM	11 7:00pm KPD CITIZEN 7:00pm Troop 100; C	12 7:00pm KFD Meeting 7:30pm GPFF; CCM	13 6:00pm KPCCSD MTC	14	15 8:00am Town Hall Mt
10/16 - 21	16 9:00am CC Rental; C	17 4:00pm Daisy Troop; 7:00pm Pack 82; CCM	18 7:00pm KPD CITIZEN 7:00pm Troop 100; C	19	20 7:15pm EBC; CCM &	21	22 12:00pm CC Rental; C
10/23 - 28	23	24 7:00pm Pack 82; CCM	25 7:00pm KPD CITIZEN 7:00pm Troop 100; C 7:30pm KMAC; CC3	26 7:30pm KIC; CC3	27	28	29
10/30 - 11/4	30	31 HAPPY HALLOWEEN 7:00pm Pack 82; CCM	Nov 1	2	3	4	5

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# General Manager August 2011 Report

## **Budget**

In August, we were notified by the Contra Costa Supplemental Law Enforcement Oversight Committee that they were requesting our 2011/2012 Expenditure Proposal Report. If funded again this year, we can expect our \$100,000 allocation to start coming in at the beginning of next year.

## **Kensington Park**

### **Park Restroom**

On Tuesday, August 30<sup>th</sup>, the park restroom was installed! The finishing ground work is currently being completed. The KPPCSD Board will make a determination on who they will be contracting with for maintenance services with at the September 8<sup>th</sup> Board meeting. We can plan on opening the restroom for public use mid- September. The project came in under the original estimated budget and sooner than expected. Congratulations and thank you to our volunteer project team of Andrew Mixer, Jack Griffith, and Italo Calpestri, who have been working on the project since July 2009.

### **Community Center & Annex**

The District has contracted with Muller & Caulfield to obtain professional services in connection with an integrated building remodeling plan for the Kensington Park buildings. The kick off meeting is scheduled for Wednesday, September 7<sup>th</sup> at 7 PM at the Community Center.

At the August 11<sup>th</sup> KPPCSD Board meeting, The Board moved to hire Cherokee Construction to repair the roof, water damage to the storage rooms, and the replacement of the water heater at the Community Center. The repair work began the last week in August and should be completed by the second week in September.

### **Park Repairs**

The Tennis Court Committee had determined that the courts only require patching and had identified Saviano as the lowest cost provider for the repair. Their estimate for the repair was \$2,000. The repairs have been made.

I am currently having the vandalism to the tennis court back wall repaired.

## **Emergency Preparedness**

We now have the agenda and the minutes of the Public Safety Council posted on the KPPCSD web page for review.

The next meeting of the Kensington Public Safety Council will take place Monday,

September 12<sup>th</sup>, at 6:30 PM at the Community Center Room #3. It is very important for those interested in Kensington's emergency preparedness to come to the meetings. The declining community interest in this group is placing this group's continued existence in jeopardy.

### **Other District Items of Interest**

#### **Solid Waste**

In response to Bay View's request for assignment of the contract to Republic Services, Inc. - Richmond Sanitary Services, the District sent a request for documents to Republic's attorney in early July. The request asked for audited financial statements, evidence of insurance and other information that must be analyzed in order to confirm the capability of the proposed assignee to satisfactorily perform the services required by the agreement. We have not yet received the requested documents for review.

#### **Traffic**

County Supervisor John Gioia and the Kensington Police Department hosted a community meeting Monday, August 15<sup>th</sup>, at 6 PM in the Community Center, to discuss traffic issues in Kensington. The meeting was well attended and I believe everyone benefited from the discussions as to County, District, and community responsibilities and concerns.

#### **Website**

The Board packets, monthly reports, minutes, recordings of the KPPCSD Board Meetings, and our Bay View – County Solid Waste contracts are available for review on our website at:

[www.kensingtoncalifornia.org](http://www.kensingtoncalifornia.org).

#### **ATT**

ATT has notified the District that they are beginning a project to install a new fiber optics cabinet within the public right of way on the east side of Arlington Avenue adjacent to the library at 61 Arlington. There will also be trenching work across Arlington Avenue to connect to PG&E facilities. As those of you that have recently driven on Arlington have noticed, the construction has begun.

#### **Public Safety Building**

While driving on the Arlington, you have also noticed the Kensington Fire Protection District has begun the remodel of the Public Safety Building. To our neighbors, we apologized for the additional strain this has placed on parking availability along the Arlington.

**Kensington Police Protective & Community Services District  
Actuarial Study of  
Retiree Health Liabilities  
As of June 30, 2010**

*Prepared by:  
Total Compensation Systems, Inc.*

*Date: July 11, 2011*

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**Kensington Police Protective & Community Services District  
Actuarial Study of Retiree Health Liabilities**

**PART I: EXECUTIVE SUMMARY**

**A. Introduction**

Kensington Police Protective & Community Services District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2010 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2011. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- » To provide information to enable Kensington Police Protective & Community Services District to manage the costs and liabilities associated with its retiree health benefits.
- » To provide information to enable Kensington Police Protective & Community Services District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- » To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's). (See Appendix E)

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, Kensington Police Protective & Community Services District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for Kensington Police Protective & Community Services District's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Kensington Police Protective & Community Services District in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- the ten year "pay-as-you-go" cost to provide these benefits.
- the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB



## Total Compensation Systems, Inc.

attributable to employees' service prior to the valuation date.)

- the amount necessary to amortize the UAAL over a period of 30 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

### **B. General Findings**

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2010 to be \$144,135 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2010 (the normal cost) is \$45,930. This normal cost would increase each year based on covered payroll. Had Kensington Police Protective & Community Services District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$1,875,993. This amount is called the "actuarial accrued liability" (AAL).

Kensington Police Protective & Community Services District has established a GASB 43 trust for OPEB benefits. However, as of June 30, 2010 the trust had not been established. Therefore, as of the valuation date there were no plan assets. We calculated the annual cost to amortize the unfunded actuarial accrued liability using a 7.75% discount rate. We used a 30 year amortization period. The current year cost to amortize the unfunded "actuarial accrued liability" is \$113,258.

Combining the normal cost and UAAL amortization costs in the first year produces a total first year annual required contribution (ARC) of \$159,188. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of June, 2010. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

### **C. Description of Retiree Benefits**

Following is a description of the current retiree benefit plan:

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	<u>All Employees</u>
Benefit types provided	Medical, dental and vision
Duration of Benefits	Lifetime
Required Service	5 years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100%
District Cap	Kaiser plan for medical

## D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Kensington Police Protective & Community Services District should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Kensington Police Protective & Community Services District's practices, it is possible that Kensington Police Protective & Community Services District is already complying with some or all of our recommendations.

- We recommend that Kensington Police Protective & Community Services District inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Kensington Police Protective & Community Services District should determine whether the benefit is material and subject to GASB 43 and/or 45.
- We recommend that Kensington Police Protective & Community Services District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two or three years, as required under GASB 43/45.
- We recommend that the District communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.
- Under GASB 45, it is important to isolate the cost of retiree health benefits. Kensington Police Protective & Community Services District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Kensington Police Protective & Community Services District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Kensington Police Protective & Community Services District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

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- Several assumptions were made in estimating costs and liabilities under Kensington Police Protective & Community Services District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Kensington Police Protective & Community Services District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Kensington Police Protective & Community Services District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

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Consultant  
Total Compensation Systems, Inc.  
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# Total Compensation Systems, Inc.

## PART II: BACKGROUND

### A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

### B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

Under most actuarial cost methods, there are two components of actuarial cost - a “normal cost” and amortization of something called the “unfunded actuarial accrued liability.” Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method that will be permitted under GASB 43 and 45. This actuarial cost method is called the “entry age normal” method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current *cost of retiree health benefits* (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.
- The “*trend*” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.
- *Mortality rates* varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.
- *Employment termination rates* have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.
- The *service requirement* reflects years of service required to earn full or partial retiree benefits.

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While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the **actuarial value of plan assets** is called the **unfunded** actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)
- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.
- The employer may elect a "closed" or "open" amortization period.
- The employer may choose to amortize on a level dollar or level percentage of payroll method.

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## PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

### A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Kensington Police Protective & Community Services District. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

### B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan's benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

### C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Kensington Police Protective & Community Services District uses contribution caps, the influence of the trend factor is further reduced.

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date June 30, 2010 at 7.75% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on June 30, 2010 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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### Actuarial Present Value of Total Projected Benefits

June 30, 2010

	<u>All Employees</u>
Active: Pre-65	\$369,253
Post-65	\$277,840
Subtotal	<u>\$647,093</u>
Retiree: Pre-65	\$728,449
Post-65	\$841,249
Subtotal	<u>\$1,569,698</u>
Grand Total	<u>\$2,216,790</u>
Subtotal Pre-65	\$1,097,701
Subtotal Post-65	\$1,119,088

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTFB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

#### D. Cost to Prefund Retiree Benefits

##### 1. Normal Cost

The average hire age for eligible employees is 38. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 17 years (assuming an average retirement age of 55). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

#### Normal Cost Year Beginning

July 1, 2010

	<u>All Employees</u>
# of Employees	10
Per Capita Normal Cost	
Pre-65 Benefit	\$2,540
Post-65 Benefit	\$2,053

#### First Year Normal Cost

Pre-65 Benefit	\$25,400
Post-65 Benefit	\$20,530
Total	<u>\$45,930</u>

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Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

## 2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs. We have offset the actuarial accrued liability by funds earmarked for retiree benefits to obtain the unfunded actuarial accrued liability. Earmarked funds are "as of" January 0, 1900. We applied earmarked funds toward the actuarial accrued liability for current retirees before active employees and Post-65 benefits before Pre-65 benefits.

The initial UAAL was amortized using a closed amortization period of 30 years. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 30 years at 7.75% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 will allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect the level percentage of payroll method. This amortization payment would increase each year based on covered payroll.

### **Actuarial Accrued Liability**

**as of June 30, 2010**

	<u>All Employees</u>
Active: Pre-65	\$180,787
Post-65	\$125,509
Subtotal	<u>\$306,296</u>
Retiree: Pre-65	\$728,449
Post-65	\$841,249
Subtotal	<u>\$1,569,698</u>
Subtot Pre-65	<u>\$909,235</u>
Subtot Post-65	<u>\$966,758</u>
Grand Total	\$1,875,993
Funded at January 0, 1900	\$0
Unfunded AAL	<u>\$1,875,993</u>
1st Year UAAL	\$113,258
Amortization at 7.75% over 30 Years	

## 3. Annual Required Contributions (ARC)

If the District determines retiree health plan expenses in accordance with GASB 43 and 45, costs will



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include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

Annual Required Contribution (ARC) Year Beginning	
July 1, 2010	<u>All Employees</u>
Normal Cost	\$45,930
UAAL Amortization	\$113,258
ARC	<u>\$159,188</u>
Pay-As-You-Go Cost	\$144,135
Added Cost of GASB 43/45	<u>\$15,053</u>

The normal cost remains as long as there are active employees who may some day qualify for District-paid retiree health benefits. This normal cost would increase each year based on covered payroll.

#### 4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This will apply to employers that don't fully fund the Annual Required Cost (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) will include assumed interest on the net OPEB obligation (NOO). The annual OPEB cost will also include an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)
- The net OPEB obligation will equal the accumulated differences between the (AOC) and qualifying "plan" contributions.

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## PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are certain to be *inaccurate*. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District share of retiree health premiums.

Year Beginning July 1	<u>All Employees</u>
2010	\$144,135
2011	\$138,342
2012	\$148,342
2013	\$143,518
2014	\$149,088
2015	\$154,928
2016	\$161,798
2017	\$158,521
2018	\$166,219
2019	\$158,382

**PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS**

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require biennial or triennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend Kensington Police Protective & Community Services District take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

**PART VI: APPENDICES**

**APPENDIX A: MATERIALS USED FOR THIS STUDY**

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

**APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS**

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The District may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.
2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB will allow this as one of several permissible methods under its upcoming accounting standard. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

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**APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS**

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Kensington Police Protective & Community Services District to understand that the appropriateness of all selected actuarial assumptions and methods are Kensington Police Protective & Community Services District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, Kensington Police Protective & Community Services District's actual historical experience, and TCS's judgment based on experience and training.

**ACTUARIAL METHODS AND ASSUMPTIONS:**

**ACTUARIAL COST METHOD:** Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

**AMORTIZATION METHODS:** We used the level percentage of payroll method to allocate amortization cost by year. We used a closed 30 year amortization period for the initial UAAL.

**SUBSTANTIVE PLAN:** As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Kensington Police Protective & Community Services District regarding practices with respect to employer and employee contributions and other relevant factors.

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### ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 3.25% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7.75% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 3.25% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL ASSET VALUATION: There were no plan assets on the valuation date.

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## NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY: CalPERS mortality for Sworn employees.

RETIREMENT RATES: CalPERS retirement rates for the 3 %@ 50 police pension formula for sworn police.

VESTING RATES:

	<u>All Employees</u>
Vesting Percentage	100%
Vesting Period	5 years

COSTS FOR RETIREE COVERAGE:

There was not sufficient information available to determine whether there is an implicit subsidy for retiree health costs. Based on ASOP 6, there can be justification for using “community-rated” premiums as the basis for the valuation where the insurer is committed to continuing rating practices. This is especially true where sufficient information is not available to determine the magnitude of the subsidy. However, Kensington Police Protective & Community Services District should recognize that costs and liabilities in this report could change significantly if either the current insurer changes rating practices or if Kensington Police Protective & Community Services District changes insurers.

First Year costs are as shown below. Subsequent years’ costs are based on first year costs adjusted for trend and limited by any District contribution caps.

### All Employees

Current Retirees: based on actual costs

#### Current Plan:

Future Retirees Pre-65	\$15,756
Future Retirees Post-65	\$7,536

PARTICIPATION RATES: 100%

TURNOVER: CalPERS turnover for Police used for Sworn police.

SPOUSE PREVALENCE: To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES: To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.



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## APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

### ELIGIBLE ACTIVE EMPLOYEES:

<u>Age</u>	<u>All Employees</u>
Under 25	0
25-29	0
30-34	2
35-39	2
40-44	2
45-49	1
50-54	1
55-59	2
60-64	0
65 and older	0
Total	10

### ELIGIBLE RETIREES:

<u>Age</u>	<u>Total</u>
Under 50	0
50-54	2
55-59	2
60-64	2
65-69	2
70-74	0
75-79	2
80-84	1
85-89	0
90 and older	0
Total	11

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## APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

- 1) The amount of prior accounting entries;
- 2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;
- 3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;
- 4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

- 1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;
- 2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;
- 3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in me knowing the appropriate covered payroll

## Total Compensation Systems, Inc.

number to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer's responsibility even if TCS assists the employer in calculating it.

# Total Compensation Systems, Inc.

## APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

<u>Actuarial Accrued Liability:</u>	The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.
<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service.
<u>Actuarial Present Value of Total Projected Benefits:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.
<u>Actuarial Value of Assets:</u>	Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.
<u>Annual OPEB Cost:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.
<u>Annual Required Contribution:</u>	The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.
<u>Closed Amortization Period:</u>	An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Obligation:</u>	The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.
<u>Normal Cost:</u>	The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

## Total Compensation Systems, Inc.

<u>OPEB Benefits:</u>	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>Open Amortization Period:</u>	Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.
<u>Transition Obligation:</u>	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
<u>Trend Rate:</u>	The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.
<u>Unfunded Actuarial Accrued Liability:</u>	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.
<u>Vesting Rate:</u>	The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.

## DISTRICT – OLD BUSINESS

1. General Manager/ Chief of Police Greg Harman will present to the Board for a second reading, Kensington Police Protection & Community Services District Policy # 1020.30 "Nepotism" as a result of the Contra Costa Grand Jury findings reported at the July 14<sup>th</sup> KPPCSD Board meeting. Board action.

# KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

**POLICY TITLE:** Conflict of Interest  
**POLICY NUMBER:** 1020

## **1020.30 Anti-nepotism**

The purpose of this policy is to ensure effective supervision, safety, security, performance, assignments, and discipline while maintaining positive morale by avoiding actual or perceived favoritism, discrimination, or other actual or potential conflicts of interest by or between District board members, employees of the District, and the community.

### **1020.31 Definitions**

**Relative-** The parent, stepparent, spouse, ex-spouse, domestic partner, significant other, child (natural, adopted or step), sibling, grandparent, great-grand parent, cousin, niece, nephew or second cousin of any District board member or employee. In addition, the parent, stepparent, spouse, ex-spouse, domestic partner, significant other, child (natural, adopted or step), sibling, grandparent, great-grand parent, cousin, niece, nephew or second cousin of any spouse or ex-spouse of a District board member or employee.

**Personal Relationship-** Includes marriage, cohabitation, dating, or any other intimate relationship beyond mere friendship.

**Business Relationship-** Serving as an employee, independent contractor, compensated consultant, owner, board member, shareholder, or investor in an outside business, company, partnership, corporation, venture, or other transaction where the District board member's or employee's annual interest, compensation, investment, or obligation is greater than \$250.

**Conflict of Interest-** Any actual, perceived or potential conflict of interest in which it reasonably appears that a District board member's or employee's action, inaction, or decisions are or may be influenced by the District board member's or employee's personal or business relationship.

**Supervisor-** A District board member or employee who has temporary or ongoing direct or indirect authority over the actions, decisions, evaluation, and/or performance of a subordinate employee.

**Subordinate-** An employee who is subject to the temporary or ongoing direct or indirect authority of a supervisor.

### **1020.35 Restricted Duties and Assignments**

While the District will not prohibit personal or business relationships between its board members, employees, and the community, the following reasonable restrictions and safeguards shall apply to District board members and employees in order to avoid actual or perceived nepotism:

(a) District board members and employees are prohibited from directly supervising, occupying a position in the line of supervision, or being directly supervised by any other board member or employee who is a relative or with whom they are involved in a personal or business relationship.

1. If circumstances require that such a supervisor/subordinate relationship exists temporarily, the supervisor shall make every reasonable effort to defer matters involving the involved board member or employee to an uninvolved supervisor.

2. When personnel and circumstances permit, the District will attempt to make every reasonable effort to avoid placing board members or employees in such supervisor/subordinate situations. The District however, reserves the right to transfer or reassign any board member or employee to another position within the same classification as it may deem necessary in order to avoid conflicts with any provision of this policy.

(b) District board members and employees are prohibited from participating in, contributing to, or recommending new hires, promotions, assignments, performance evaluations, transfers or other personnel decisions affecting a board member or employee who is a relative, or with whom they are involved in a personal or business relationship.



(c) In order to avoid actual or perceived conflicts of interest, District board members and employees shall refrain from developing or maintaining personal or business relationships with employees, vendors, or citizens during the course of or as a direct result of any official contact.

(d) In the event that conflicts of interest, real or perceived, arising in a selection process cannot be adequately addressed by the provisions of this policy set forth above, the District will create an impartial selection committee to conduct the selection process. The creation of an impartial selection committee may be initiated by either the General Manager or the District's board of directors.

## DISTRICT – NEW BUSINESS

1. Chief of Police Greg Harman will present Detective Keith Barrow with a commendation for his off duty actions in taking into custody a violent subject.

## DISTRICT – NEW BUSINESS

2. Steven Chang of Lamorena & Chang, will present to the Board the 2009/2010 KPPCSD Audit Report. Possible Board Action.

**KENSINGTON POLICE PROTECTION AND  
COMMUNITY SERVICES DISTRICT**

Basic Financial Statements and Independent Auditor's Report for the  
Year ended June 30, 2010

**LAMORENA & CHANG**  
CERTIFIED PUBLIC ACCOUNTANT

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**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**  
 Basic Financial Statements  
 and Required Supplementary Information  
 for the Fiscal Year Ended June 30, 2010

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## Independent Auditor's Report

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

I have audited the accompanying basic financial statements of the governmental activities and each major fund of the Kensington Police Protection and Community Services District (District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

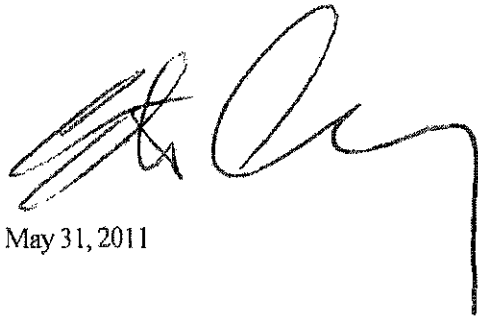
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2010, and the changes in its financial position thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements and GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2011, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

**Independent Auditor's Report (continued)**

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

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

May 31, 2011

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Required Supplementary Information)**

This discussion and analysis of the Kensington Police Protection and Community Service District's fiscal performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. Please review it in conjunction with the transmittal letter and the basic financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

**From the Statement of Net Assets**

- Total net assets for the years ended June 30, 2010 and 2009 are \$5,566,231 and \$5,881,196, respectively. This is a 5.36% decrease.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations for fiscal years ended June 30, 2010 and 2009 are \$1,629,176 and \$1,895,241 respectively.

**From the Governmental Fund Financial Statements**

- Our General Fund balance decreased by \$266,877.
- Property tax revenues (including special tax revenue for police services) for fiscal years ended June 30, 2010 and 2009 were \$1,908,062 and \$1,923,865, respectively. This is a 0.82% decrease.

**OVERVIEW OF FINANCIAL STATEMENTS**

The District's basic financial statements are comprised 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 Assets and the Statement of Activities and Changes in Net Assets.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets, 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 assets changed during the fiscal year. Accrual of revenue and expenses are taken into account regardless of when cash is received or paid.



**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**OVERVIEW OF FINANCIAL STATEMENTS (Continued)**

**Government-wide financial statements (continued)**

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.

**Governmental funds 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 7 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 assets serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$5,56,231 as of June 30, 2010 and \$5,881,196 as of June 30, 2009. This number is comprised of two components:

	<b><u>June 30, 2010</u></b>	<b><u>June 30, 2009</u></b>
Investment in capital assets, net of debt	\$ 3,937,055	\$ 3,985,955
Unrestricted assets	<u>1,629,176</u>	<u>1,895,241</u>
<b>Total net assets</b>	<b><u>\$ 5,566,231</u></b>	<b><u>\$ 5,881,196</u></b>

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.

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**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**GOVERNMENTAL FUNDS ANALYSIS**

The District's largest source of revenue is derived 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-controllers 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, 2010 was established in 1997 after receiving voter approval in 1994.

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, 2010, the District was the beneficiary of the COPS Grant minimum allocation of \$100,000. The funds must be used for front line equipment/services and all expenditures have been approved by the District Board of Directors.

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 vehicle maintenance, including the purchase of gasoline. This is the support structure for the police department.

Other reserved funds:

Reserved for compensated absences payable—\$62,594

**COMMENTS ON BUDGET COMPARISONS**

Actual revenues exceeded budgeted revenues by \$81,925. This is primarily due to the fact that KPPCSD is mandated by law not to budget for the anticipation of the receipt of COPS Grant funding, which ended up being received in the amount of \$100,000.

Actual expenditures were more than final budgeted expenditures by \$117,988.

Although Policy Salary and Benefits netted to a minor difference, there were two major swings. The new GASB accrual for future retirement benefits was an additional \$123,000 more than budgeted. This was offset by an under budgeted amount in salaries of \$113,000 as well as supporting accounts.

Police Other Expenses was over budget by \$81,000. COPS Special Fund was over budget by \$37,000 due to the same issue stated above. Consulting (G/L #835) was over budget by another \$37,000. These two items make up the majority of the above difference.

Capital Outlay had no budget, as the intention to purchase a new vehicle was dependent on the COPS Grant funding, which could not be budgeted for. The vehicle and related computer equipment, totaling \$41,600, was purchased with that received funding.

Actual revenues and actual expenditures versus budget amounts equals a negative variance of \$36,063.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**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, and 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. The 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, \$90 per year for multiple unit residential, \$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.

**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 Greg Harman.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Capital Project</u>	<u>Total</u>	<u>Adjustment (Note 9)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>					
Cash and investments	\$ 1,704,379	\$ 126,033	\$ 1,830,412	\$ -	\$ 1,830,412
Receivables					
Supplemental taxes and Community Services District	10,448		10,448	-	10,448
Interest receivable	1,814	138	1,952	-	1,952
Grant receivable	13,974		13,974	-	13,974
Reimbursements and other	12,295		12,295	-	12,295
Prepaid	46,313		46,313	-	46,313
Capital assets					
Land	-	-	-	2,808,347	2,808,347
Vehicle and equipment	-	-	-	509,865	509,865
Building and improvement	-	-	-	1,479,734	1,479,734
Furniture & fixtures	-	-	-	28,396	28,396
Accumulated depreciation	-	-	-	(889,287)	(889,287)
Total assets	<u>\$ 1,789,223</u>	<u>\$ 126,171</u>	<u>\$ 1,915,394</u>	<u>\$ 3,937,055</u>	<u>\$ 5,852,449</u>
<b>Liabilities</b>					
Accounts payable	\$ 91,480	\$ -	\$ 91,480	\$ -	\$ 91,480
GASB 45 Accrual	116,649	-	116,649	-	116,649
Compensated absence	62,594	-	62,594	-	62,594
Accrued payable	15,495	-	15,495	-	15,495
Total liabilities	<u>286,218</u>	<u>-</u>	<u>286,218</u>	<u>-</u>	<u>286,218</u>
<b>Fund balances/net assets</b>					
Fund balances					
Reserved for					
Compensated absence	62,594		62,594	(62,594)	-
Unreserved and Undesignated	1,440,411	126,171	1,566,582	(1,439,970)	126,612
Total fund balances	<u>1,503,005</u>	<u>126,171</u>	<u>1,629,176</u>	<u>(1,502,564)</u>	<u>126,612</u>
Total liabilities and fund balances	<u>\$ 1,789,223</u>	<u>\$ 126,171</u>	<u>\$ 1,915,394</u>		
<b>Net assets</b>					
Capital assets				3,937,055	3,937,055
Unrestricted				-	1,629,176
Total net assets				<u>\$ 3,937,055</u>	<u>\$ 5,566,231</u>

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

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KENNINGTON 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, 2010

EXPENDITURES/EXPENSES	General	Project	Total	Adjustment (Note 10)	Statement of Activities
Police Salary and Benefits	\$ 811,624	\$ -	\$ 811,624	\$ -	\$ 811,624
Salary-Officers	60,537	-	60,537	-	60,537
Compensated Absence	24,043	-	24,043	-	24,043
Overtime	60,537	-	60,537	-	60,537
Salary-Non sworn	30,882	-	30,882	-	30,882
Uniform Allowance	7,299	-	7,299	-	7,299
Safety Equipment	3,000	-	3,000	-	3,000
Medical Insurance - Actual	109,912	-	109,912	-	109,912
Medical Insurance - Retired	243,261	-	243,261	-	243,261
Disability & Life Insurance	15,173	-	15,173	-	15,173
Social Security/Medicare	17,704	-	17,704	-	17,704
PERS District	254,101	-	254,101	-	254,101
PERS Officers	74,855	-	74,855	-	74,855
Workers Compensation	33,899	-	33,899	-	33,899
Expendable Police Supplies	3,722	-	3,722	-	3,722
Range/Ammunition Supplies	4,157	-	4,157	-	4,157
Vehicle Operation	43,311	-	43,311	-	43,311
Communications (RPD)	98,612	-	98,612	-	98,612
Prisoner/Case Exp/Booking	9,125	-	9,125	-	9,125
Training	10,917	-	10,917	-	10,917
Keenling	13,040	-	13,040	-	13,040
Reserve Officers	7,867	-	7,867	-	7,867
Meals and Travel	1,174	-	1,174	-	1,174
Utilities	7,470	-	7,470	-	7,470
Building Repair	139	-	139	-	139
Office Supplies	5,331	-	5,331	-	5,331
Telephone	9,332	-	9,332	-	9,332
Housekeeping	3,509	-	3,509	-	3,509
Publications	2,166	-	2,166	-	2,166
West-Net/Cal	12,471	-	12,471	-	12,471
Community Poling	3,100	-	3,100	-	3,100
COPS Special Fund	68,991	-	68,991	-	68,991
Consulting	47,183	-	47,183	-	47,183
Park and Recreation Administration	10,144	-	10,144	-	10,144
Custodian	21,000	-	21,000	-	21,000
Social Security/Medicare	785	-	785	-	785
Recreation Expenses	4,581	-	4,581	-	4,581
Community Center Utilities	1,574	-	1,574	-	1,574
Janitorial Supplies	1,651	-	1,651	-	1,651
Community Center Repairs	429	-	429	-	429
Building E Repair	908	-	908	-	908
Amex Utilities	45,084	-	45,084	-	45,084
Park O&M	2,944	-	2,944	-	2,944
Misc. Part/Rec Expense	16,151	-	16,151	-	16,151
District Expenses	69,718	-	69,718	-	69,718
Computer Maintenance	24,317	-	24,317	-	24,317
Accounting	10,256	-	10,256	-	10,256
Equipment Rental	25,986	-	25,986	-	25,986
Insurance	19,105	-	19,105	-	19,105
Elcton	28,000	-	28,000	-	28,000
MCI Fund/KFPD Maintenance	20,912	-	20,912	-	20,912
County Expense	30,177	-	30,177	-	30,177
Waste/Recycle	4,261	-	4,261	-	4,261
Miscellaneous	-	-	-	-	-
Depreciation	90,506	-	90,506	-	90,506
Total current expenditures/expenses	2,375,890	-	2,375,890	90,506	2,466,396
Capital outlay					
Equipment and furniture	34,474	-	34,474	(34,474)	-
Buildings and improvements	7,132	-	7,132	(7,132)	-
Total capital outlay	41,606	-	41,606	(41,606)	-
Bad Debt	-	-	-	-	-
Total expenditures/expenses	2,417,496	-	2,417,496	48,900	2,466,396

**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, 2010**  
(continued)

	General	Capital Project	Total	Adjustment (Note 10)	Statement of Activities
<b>GENERAL REVENUES:</b>					
Property Taxes	1,227,932	-	1,227,932	-	1,227,932
Special Assessments	680,130	-	680,130	-	680,130
Grants	101,619	-	101,619	-	101,619
Charges for Services	2,213	-	2,213	-	2,213
Rents and Fees	29,557	-	29,557	-	29,557
Investment Income	6,805	647	7,452	-	7,452
Franchise Fees	20,304	-	20,304	-	20,304
Other Tax Income	43,717	-	43,717	-	43,717
Supplemental Workers' Comp Reimb.	12,629	-	12,629	-	12,629
Other Income	18,524	-	18,524	-	18,524
Private Contributions	350	-	350	-	350
<b>Total Revenues</b>	<b>2,143,780</b>	<b>647</b>	<b>2,144,427</b>	<b>-</b>	<b>2,144,427</b>
Excess (deficiency) of Revenues Over Other (under) Expenditures	(273,716)	647	(273,069)	(48,900)	(321,969)
Other Financing Sources (Uses)					
Transfers In	(8,740)	-	(8,740)	-	(8,740)
Transfers Out	15,579	-	15,579	-	15,579
<b>Total Other Financing Sources (uses)</b>	<b>6,839</b>	<b>-</b>	<b>6,839</b>	<b>-</b>	<b>6,839</b>
<b>Change in Net Assets</b>	<b>(266,877)</b>	<b>647</b>	<b>(266,230)</b>	<b>(48,900)</b>	<b>(315,130)</b>
<b>Fund Balances/Net Assets, beginning of year</b>	<b>1,769,717</b>	<b>125,524</b>	<b>1,895,241</b>	<b>3,985,955</b>	<b>5,881,196</b>
<b>Prior Year Adjustment</b>	<b>165</b>	<b>-</b>	<b>165</b>	<b>-</b>	<b>165</b>
<b>Fund balances/net assets, end of year</b>	<b>\$ 1,503,005</b>	<b>\$ 126,171</b>	<b>\$ 1,629,176</b>	<b>\$ 3,937,055</b>	<b>\$ 5,566,231</b>

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2010**

	<b>Emergency Preparedness Fund</b>	<b>Kensington Park Reassessment District 2004-1 Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 902	\$ 259,324	\$ 260,226
Interest receivable	-	130	130
Special assessments receivable	-	1,300,483	1,300,483
<b>Total assets</b>	<b>\$ 902</b>	<b>\$ 1,559,937</b>	<b>\$ 1,560,839</b>
<b>Liabilities</b>			
Accounts payable	\$ 451	\$ 2	\$ 453
2004 Limited Obligation Improvement Bonds	-	1,416,992	1,416,992
Bond interest payable	-	20,086	20,086
<b>Total liabilities</b>	<b>\$ 451</b>	<b>\$ 1,437,080</b>	<b>\$ 1,437,531</b>
<b>Net Assets</b>			
Reserved for Emergency Preparedness Council	\$ 451	\$ -	\$ 451
Reserved for Reassessment District 2004-1	-	122,857	122,857
<b>Total net assets</b>	<b>\$ 451</b>	<b>\$ 122,857</b>	<b>\$ 123,308</b>

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

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF CHANGES IN NET ASSETS-FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Emergency Preparedness Fund</b>	<b>Kensington Park Reassessment District 2004-1 Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>			
Special assessments	\$ -	\$ 178,411	\$ 178,411
Interest income	-	612	612
<b>Total additions</b>	<b>-</b>	<b>179,023</b>	<b>179,023</b>
<b>DEDUCTIONS:</b>			
Bond administration charges	-	11,786	11,786
Bond expenses	-	56,057	56,057
Bond principal	-	101,987	101,987
Contract services	-	-	-
<b>Total deductions</b>	<b>-</b>	<b>169,830</b>	<b>169,830</b>
Net increase (decrease) in fiduciary net assets	-	9,193	9,193
Transfer in	-	(15,579)	(15,579)
Transfer out	-	14,240	14,240
<b>Net assets, beginning of year</b>	<b>451</b>	<b>115,003</b>	<b>115,454</b>
<b>Net assets, end of year</b>	<b>\$ 451</b>	<b>\$ 122,857</b>	<b>\$ 123,308</b>

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



**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund Budget</u>	<u>General Fund Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Property Taxes	\$ 1,267,315	\$ 1,227,932	\$ (39,383)
Special Assessments	680,340	680,130	(210)
Grant Revenue	-	101,619	101,619
Investment Income	21,200	6,805	(14,395)
Rents and Fees	15,000	29,557	14,557
Charges for Services	3,000	2,213	(787)
Franchise Fees	21,000	20,304	(696)
Other Tax Income	41,000	43,717	2,717
Supplemental Workers' Comp Reimb.	-	12,629	12,629
Other Income	12,000	18,524	6,524
Donations	1,000	350	(650)
<b>Total Revenues</b>	<u>2,061,855</u>	<u>2,143,780</u>	<u>81,925</u>
<b>Expenses:</b>			
Police Salary and Benefits	1,811,512	1,812,902	(1,390)
Police Other Expenses	270,600	351,617	(81,017)
Recreation Salary and Benefits	33,246	31,929	1,317
Recreation Expenses	61,800	57,171	4,629
District Expenses	248,962	248,883	79
Capital Outlay	-	41,606	(41,606)
<b>Total Expenditures</b>	<u>2,426,120</u>	<u>2,544,108</u>	<u>(117,988)</u>
Excess of Revenues over (under) Expenditures	<u>\$ (364,265)</u>	<u>\$ (400,328)</u>	<u>\$ (36,063)</u>

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

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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 Assets and a Statement of Activities and Changes in Net Assets. 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 Assets. The Statement of Activities presents changes in net assets. 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.

Net assets 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 assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 1— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2010.

***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 assets as presented in these statements to the net assets 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 two funds in fiscal year 2010, 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.

Debt Service Fund—The Debt Service Fund is used to account for financial resources to be used or 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) and is not part of fiscal year 2010 presentation.

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

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 Projects Fund.
4. Budgets for the General Fund and the Capital Projects 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.

***Accounting pronouncements***

Effective July 1, 2003, the District adopted the provisions of GASB No. 34, issued in June 1999; GASB No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* (“GASB No. 37”) issued in June 2001 and GASB No. 38, *Certain Financial Statement Disclosures* (“GASB No. 38”) issued in June 2001.

The Governmental Accounting Standards Board Statement No. 34, “Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments” establishes a new financial reporting model for state and local governments. This new model requires that at a minimum the basic financial statements of a government include: (1) management’s discussion and analysis (MD&A) as a component of required supplementary information (RSI), (2) both government-wide financial statements and fund financial statements, (3) notes to the financial statements and (4) RSI other than MD&A.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 1— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Compensated absences*

District employees are entitled to certain compensated absences based on their length of employment. Payable for compensated absences is \$62,594 at June 30, 2010.

*Fund equity reservations and designations*

Reservations and designations of the ending fund balance indicate portions of fund balance not appropriable 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.

*Reclassification*

Certain accounts in the prior-year financial statements have been reclassified to conform to the presentation in the current-year financial statements.

**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 a cash and an investment account 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.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2— CASH AND INVESTMENTS (Continued)**

A summary of the District's cash and investments at June 30, 2010 is as follows:

	<b>Carrying Value</b>	<b>Market Value</b>
<b><u>Governmental Funds (District Fund)</u></b>		
<u>Category 1:</u>		
Cash in Checking Accounts	\$ 2,823	\$ 2,823
Petty Cash	126	126
	2,949	2,949
<u>Uncategorized:</u>		
County Treasury	1,827,463	1,827,463
<b>Total Governmental Fund (District Fund)</b>	<b>1,830,412</b>	<b>1,830,412</b>
 <b><u>Fiduciary Funds</u></b>		
<u>Category 1:</u>		
Cash in Checking Accounts	902	902
<u>Uncategorized:</u>		
County Treasury	259,324	259,324
<b>Total Fiduciary Fund</b>	<b>260,226</b>	<b>260,226</b>
<b>Total Governmental &amp; Fiduciary Fund</b>	<b>\$ 2,090,638</b>	<b>\$ 2,090,638</b>

The disposition of cash and investments by fund is as follows:

General Fund	\$ 1,704,379
Capital Project Fund	126,033
	<b>\$ 1,830,412</b>
 Emergency Preparedness Fund	 <b>\$ 902</b>
 2004-1 Park Reassessment Bond Fund	 <b>\$ 259,324</b>

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.

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 2— CASH AND INVESTMENTS (Continued)**

*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 Assets 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, 2010**

**NOTE 3— CAPITAL ASSETS (continued)**

A summary of changes in general fixed assets follows:

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/10</u>
Non-Depreciable Assets				
Land	\$ 2,808,347	\$ -	\$ -	\$ 2,808,347
Depreciable Assets				
Building & Improvements	1,472,602	7,132	-	1,479,734
Vehicles & Equipment	475,391	34,474	-	509,865
Furniture & Fixtures	28,396	-	-	28,396
	<u>4,784,736</u>	<u>41,606</u>	<u>-</u>	<u>4,826,342</u>
Accumulated Depreciation				
Building & Improvements	331,347	43,113	-	374,460
Vehicles & Equipment	439,037	47,393	-	486,340
Furniture/Fixtures/Improvements	28,397	-	-	28,397
	<u>798,781</u>	<u>90,506</u>	<u>-</u>	<u>889,287</u>
<b>Capital Assets Net of Depreciation</b>	<u>\$ 3,985,955</u>	<u>\$ (48,900)</u>	<u>-</u>	<u>\$ 3,937,055</u>

The current depreciation expense of \$90,506 was charged to Statement of Activities as depreciation expense adjustment.

**NOTE 4— SPECIAL ASSESSMENT DEBT**

*Kensington Park Reassessment District 2004-1 Refunding Bonds*

	<u>June 30, 2009</u>	<u>Borrowings</u>	<u>Payments</u>	<u>June 30, 2010</u>
2004 Limited Improvement Bonds Obligation	\$ 1,518,979	\$ -	\$ 101,987	\$ 1,416,992
	<u>\$ 1,518,979</u>	<u>\$ -</u>	<u>\$ 101,987</u>	<u>\$ 1,416,992</u>



**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 4— SPECIAL ASSESSMENT DEBT (continued)**

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 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 becomes payable commencing March 2, 2005, and semi-annually 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, 2010, future debt service payments were as follows:

<u>Fiscal year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 105,483	\$ 58,016	\$ 163,499
2012	108,987	53,459	162,446
2013	112,176	48,759	160,935
2014	120,367	43,818	164,185
2015	123,164	38,643	161,807
Thereafter	846,815	111,899	958,714
	<u>\$ 1,416,992</u>	<u>\$ 354,594</u>	<u>\$ 1,771,586</u>

Current Portion of Interest: \$58,016

Current Portion of Principal: \$105,483

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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 30.55% was required for fiscal 2010. The contribution requirements for the plan members are established by State statute. The employer contribution rate is established and may be amended by CalPERS. For 2010/2011, the required employer contribution rate is 27.92% and 2011/2012 is 33.80%.

*Annual pension cost*

For the fiscal year ended June 30, 2010, the total contributions amounted to \$328,956. Of this amount, \$74,855 was contributed by the District on behalf of the plan members. The District’s required contribution for fiscal year ended June 30, 2010 of \$254,101 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: a) an 7.75% investment rate of return (net of administrative expenditures); and b) projected salary increases of 3.25% to 14.45%. Both a) and b) include an inflation component of 3% and anticipated payroll growth of 3.25%. 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.

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

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2008	230,734	100%	\$ -
2009	258,854	100%	-
2010	254,101	100%	-

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 6— LEASE COMMITMENT**

In December 2009, the District entered into agreement as a lessee to occupy office space from Kensington Fire Protection District for a five-year period through June 30, 2014. Rent increase is run accordance to consumer index change from minimum of 3% to maximum of 6%. Rent expense for fiscal years ended June 30, 2010 and 2009 were \$28,000 and \$0, respectively.

The minimum future lease commitments(with 3% increased each year) are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 20, 2011	\$ 28,840
June 30, 2012	29,705
June 30, 2013	30,596
June 30, 2014	31,513
<b>Total</b>	<b>\$ 120,654</b>

**NOTE 7— FUND EQUITY RESERVES AND DESIGNATIONS**

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved and is classified as designated or undesignated. Fund balance reserves and designations at June 30, 2010 are as follows:

<u>Fund balances</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Reserved			
Compensated Absences	\$ 62,594	\$ -	\$ 62,594
<b>Total Reserved</b>	<u>62,594</u>	<u>-</u>	<u>62,594</u>
Unreserved and Undesignated	1,313,799	126,171	1,439,970
<b>Total Unreserved and Undesignated</b>	<u>1,313,799</u>	<u>126,171</u>	<u>1,439,970</u>
<b>Total Fund Balance</b>	<u>\$ 1,376,393</u>	<u>\$ 126,171</u>	<u>\$ 1,502,564</u>

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 8— INSURANCE POOLS**

*Special District Risk Management District*

The District is a member of the Special District Risk Management District (“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 \$25,986 for fiscal 2010 coverage. Members are subject to dividends and/or assessments in accordance with the provisions of the Joint Powers agreement. At June 30, 2010, SDRMA could not confirm the status of any incurred but not reported (“IBNR”) 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.

**NOTE 9— EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

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

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 9— EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (Continued)**

<b>Differences</b>	<b>Balance June 30, 2010</b>
Cost of capital assets	\$ 4,826,342
Less: Accumulated depreciation	<u>889,287</u>
Net capital assets	3,937,055
<b>Net difference</b>	<b><u>\$ 3,937,055</u></b>

**NOTE 10— EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL  
FUND OPERATING STATEMENT AND THE STATEMENT OF ACTIVITIES**

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

<b>Differences</b>	<b>Balance June 30, 2010</b>
Capital Outlay	\$ (41,606)
Add: Bad Debt	-
Add: Depreciation Expense	<u>90,506</u>
<b>Net difference</b>	<b><u>\$ 48,900</u></b>

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 11— POSTRETIREMENT 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 postretirement 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 FY 2010, the district adopted GASB 45. This is the first year the District implements this GASB requirement.

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 \$2,359,424 on the valuation date of July 1, 2008 (revised May 10, 2010).

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

Valuation date	July 1, 2008 (revised May 10, 2010)
Actuarial cost method	Entry Age Normal Cost Method
Discount rate used in valuation	7.75%
Actuarial assumptions:	Baseline cost of healthcare cost from CalPERS medical, Delta Dental and VSP premium rate

As of June 30, 2010, required trust fund account has not been set up and is pending for board approval.

Schedule of Employer Annual Required Contributions

The schedule of employer contributions is shown below:

<b>Fiscal year ended June 30</b>	<b>Annual Required Contribution</b>
2011	\$ 243,373
2012	252,766
2013	262,556

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 11— POSTRETIREMENT HEALTH BENEFITS (Continued)**

	<b>As of July 1, 2008 (revised May 10, 2010)</b>
Actuarial accrued liability (AAL)	\$ 2,359,424
Actuarial value of assets	-
Unfunded actuarial accrued liability	\$ 2,359,424
Illustrative amortization period	30 years
Amortization factor (based on 7.75% discount rate) and 3.25% annual increase in salary	16,042
Annual level % of payroll amortization of unfunded AAL	\$ 149,585
Normal cost (based on Entry Age Normal Cost Method)	77,634
Annual required contribution (ARC)	\$ 243,261
	<b>2009/2010</b>
Annual required contribution	\$ 243,261
Adjustment to annual required contribution	-
Interest on net OPEB obligation	-
Annual OPEB cost (expense)	243,261
Contribution made	(126,612)
Increase (decrease) in net OPEB obligation	116,649
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 116,649

As of June 30, 2010, total other post-employment benefit accrual for 2010 was \$ 116,649.

**NOTE 12 – COMPENSATED ABSENCES**

Amounts due to employees for compensated absences as of June 30, 2010 were as follows:

Vacation	\$ 62,594
Total compensated absences	\$ 62,594

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2010**

**NOTE 13 – RECENT GOVERNMENTAL ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (“GASB”) has released Statement No.54.

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. This change will be implemented by the Commission on the financial statements for the year ending June 30, 2011. 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.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

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

I have audited the basic financial statements of the Kensington Police Protection and Community Services District (District), as of and for the fiscal year ended June 30, 2010, and have issued my report thereon dated May 31, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

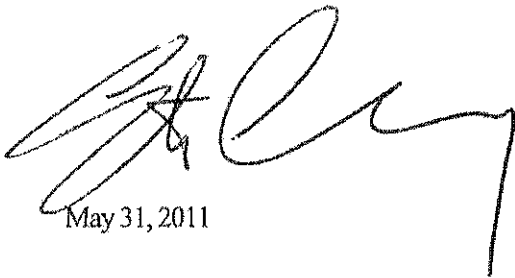
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

May 31, 2011

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
STATUS OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2010**

<u>Findings</u>	<u>Present Status</u>	<u>Explanation if not fully implemented</u>
2009-1	Implemented	

**KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT  
CURRENT YEAR FINDINGS  
YEAR ENDED JUNE 30, 2010**

<u>Findings</u>	<u>Present Status</u>	<u>Explanation if not fully implemented</u>
None	N/A	N/A

## DISTRICT – NEW BUSINESS

3. General Manager/ Chief of Police Greg Harman will present to the Board a recommendation that the Board instruct him to contract with Universal Building Services (UBS) for maintenance service of the park restroom.  
Board Action.

# Memorandum

Kensington Police Department



**To:** KPPCSD Board of Directors

APPROVED YES NO

**From:** Gregory E. Harman, General Manager/ Chief of Police

\_\_\_\_\_

FORWARDED TO:

**Date:** Thursday, September 01, 2011

\_\_\_\_\_

**Subject:** New Business Item # 3- Maintenance Contract Park Restroom

The park restroom has now been installed and before we can open it to the public, we need to identify a maintenance provider. I would recommend we have daily service but I also checked the cost of service for every other day. I requested District Secretary Anita Gardyne contact 5 firms/ individuals that provide this type of service and she contacted the following firms:

Bill Driscoll (Currently providing maintenance service to the Community Center & Annex)  
Daily \$900.00 per month  
Every other day \$600.00 per month

UBS (Currently providing maintenance service to the Public Safety Building)  
Daily \$584.00 per month  
Every other day \$308.00 per month

Church Boy Janitorial  
Daily \$1400.00 per month  
Every other day \$1200.00 per month

Summer Rain (Currently providing park maintenance services) and Space Age Cleaning chose not to submit bids.

I would recommend we contract with UBS to provide daily maintenance service at a cost of \$584.00 per month.

Note: The 2011/2012 Operating Budget had allocated \$200.00 per month for the estimated cost of providing maintenance to the park restroom.

(Proposals attached)



August 23, 2011

JANITORIAL DIVISION

SUPPLY DIVISION

POWER SWEEPING  
DIVISION

City of Kensington  
217 Arlington Avenue  
Kensington, CA 94707

Attention: Anita Gardyne

We are pleased to submit our proposal for janitorial services to be performed at Kensington Recreation Department, 59 Arlington Avenue, Kensington, California.

Janitorial services to be performed to the new recreation restrooms:

1. Empty wastepaper baskets
2. Remove fingerprints from office partitions, doors and walls
3. Clean and disinfect restrooms
4. Mop restroom floors
5. Place toilet articles in restrooms; supplied by the City of Kensington
6. Remove graffiti as needed

### Cost

We agree to perform the above services for the monthly cost as follows

- Provide service seven (7) days per week for the cost of \$584.00 per month
- Provide service every other day for the cost of \$308.00 per month

**Main Office**  
3120 Pierce Street  
Richmond, CA 94804  
510-527-1078  
Fax 510-526-7289

**Walnut Creek**  
925-934-5533

**San Jose**  
408-995-5111

**Sacramento**  
916-638-1078

**Petaluma**  
707-781-6964

**Modesto**  
209-567-1078

### Insurance and Bond

Universal Building Services is covered by Public Liability and Property Damage Insurance, and Workers' Compensation. Our employees are covered by our Blanket Fidelity Bond. A Certificate of Insurance will be furnished upon request.

### Security

We will provide identification cards with a list of employees for your security staff where applicable.

Inspection and Supervision

All services are inspected on a continuous basis by our supervisors. For the convenience of our customers, a 24-hour telephone service is provided.

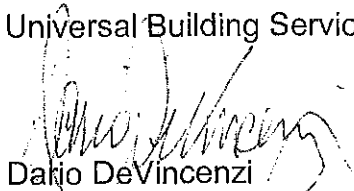
Term

This agreement shall be continuously in effect until terminated by either party with a 30 day written notice.

If you have any questions, please do not hesitate to call Jerry Nunez or me at 510/527-1078.

Sincerely,

Universal Building Services



Dario DeVincenzi  
Operations Manager

Upon acceptance, please return one executed copy of this agreement indicating the effective date, at which time service will begin.

Accepted by \_\_\_\_\_ Date \_\_\_\_\_

Effective Date \_\_\_\_\_

DD:jc



# Proposal

Proposal Submitted To: <b>ANITA GARDYNE AT K.P.P.C.S.D.</b>		Job Name	Job #
Address <b>217 ARLINGTON AVE</b>		Job Location	
<b>KENSINGTON CA.</b>		Date <b>8-24-11</b>	Date of Plans <b>8/30/11</b>
Phone # <b>510 812-7240</b>	Fax # <b>510 524-4853</b>	Architect	

We hereby submit specifications and estimates for: **THE RESTROOM FACILITY AT THE KENSINGTON PARK.**

WORK TO INCLUDE CHECKING, CLEANING AND GENERAL MAINTENANCE OF REST ROOM FACILITY.

DISINFECT TOILETS, SINKS, URINALS, FLOORS, EMPTY TRASH, STOCK TOILET PAPERS & TOWELS. CHANGE LIGHTS AND GRAFFITI ABATEMENT ON CALL 24 HRS FOR EMERGENCY CALL OUTS. INCLUDED.

- ① DAILY MAINTENANCE. \$450.00 BI-WEEKLY <sup>MONTHLY</sup> PER WP 8/25/11
  - OR
  - ② EVERY OTHER DAY. \$300.00 BI-WEEKLY <sup>MONTHLY</sup> PER WP 8/25/11
- THANKS.

We propose hereby to furnish material and labor – complete in accordance with the above specifications for the sum of:

\$ \_\_\_\_\_ Dollars

with payments to be made as follows: \_\_\_\_\_

Any alteration or deviation from above specifications involving extra costs will be executed only upon written order, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control.

Respectfully submitted William P. Prunick  
 Note – this proposal may be withdrawn by us if not accepted within \_\_\_\_\_ days.

## Acceptance of Proposal

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments will be made as outlined above.

Signature \_\_\_\_\_

Date of Acceptance \_\_\_\_\_ Signature \_\_\_\_\_

## DISTRICT – NEW BUSINESS

4. General Manager/ Chief of Police Greg Harman will present to the Board Resolution 2011-014, approving the proposed Supplemental Law Enforcement Services Funds for Fiscal Year 2011/2012. Board Action.

**CONTRA COSTA COUNTY  
SUPPLEMENTAL LAW ENFORCEMENT OVERSIGHT COMMITTEE**

Joel H. Bryden – Chief of Police, City of Walnut Creek  
David J. Twa – County Administrator  
David O. Livingston – Sheriff-Coroner  
Mark A. Peterson – District Attorney-Public Administrator  
Vacant – City Manager Seat

August 15, 2011

FAX: (925) 646-1353

Dear Police Chief:

The Supplemental Law Enforcement Oversight Committee (SLEOC) is requesting the following documents pertaining to Supplemental Law Enforcement Services Fund (SLESF) revenue no later than **Friday, September 30, 2011**:

- **2010/11 Annual Expenditure Report.** The SLEOC will review all expenditure reports prior to submission to the State Controller's Office. Attached are an annual expenditure report template for 2010/11 and a copy of the annual expenditure report submitted by your jurisdiction for 2009/10 for reference.
- **2011/12 Expenditure Plan Proposal Resolution.** The SLEOC requires a certified copy of the Resolution approved by your governing board outlining projects to be funded by your 2011/12 SLESF allocation. Attached is a copy of the 2010/11 Expenditure Plan Resolution submitted by your jurisdiction for reference.

Both items should be sent to the address below, with a copy sent via fax to 925-646-1353:

County Administrator's Office  
Attn: SLESF Reporting  
651 Pine Street, 10<sup>th</sup> Floor  
Martinez, CA 94553

The estimated 2011/12 SLESF allocation for your jurisdiction is attached to this letter. The minimum funding allocation for local jurisdictions remains at \$100,000 as of this writing. Allocations are determined retroactively by the State of California using a formula allocation method based on population. Counties receive quarterly allocations from the State, which are then remitted to local jurisdictions. Please direct any questions that you may have to my attention at 925-335-1036.

Best Regards,

Timothy Ewell  
Interim Senior Deputy County Administrator

**2011/12 ESTIMATED ALLOCATIONS  
 SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUNDS (SLESF)  
 (based on 2010/11 actual allocations)**

<u>CONTRA COSTA</u>	<u>POPULATION</u>	<u>ALLOCATION</u>
ANTIOCH	102,330	\$100,345
BRENTWOOD	52,492	\$100,000
CLAYTON	10,962	\$100,000
CONCORD	125,864	\$123,423
DANVILLE	43,574	\$100,000
EL CERRITO	23,666	\$100,000
HERCULES	24,693	\$100,000
LAFAYETTE	24,342	\$100,000
MARTINEZ	36,663	\$100,000
MORAGA	16,332	\$100,000
OAKLEY	35,646	\$100,000
ORINDA	17,866	\$100,000
PINOLE	19,555	\$100,000
PITTSBURG	64,967	\$100,000
PLEASANT HILL	33,844	\$100,000
RICHMOND	105,630	\$103,581
SAN PABLO	32,131	\$100,000
SAN RAMON	64,860	\$100,000
WALNUT CREEK	66,584	\$100,000
Kensington Police District		\$100,000
<u>UNINCORPORATED (Sheriff)</u>	<u>171,054</u>	<u>\$167,736</u>
<b>TOTALS</b>	<b>1,073,055</b>	<b>\$2,195,085</b>

**RESOLUTION NO. 2011-14**

**RESOLUTION OF THE KENSINGTON POLICE PROTECTION and  
COMMUNITY SERVICES DISTRICT APPROVING THE PROPOSED  
SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUNDS FOR FISCAL  
YEAR 2011/2012.**

Whereas, the Kensington Police Protection and Community Services District adopts the proposed Supplemental Law Enforcement Funds expenditures for Fiscal Year 2011/2012 to be as follows:

The continued employment of a lateral entry police officer, hired April 17, 2010, at Step 3 of the Kensington Police Association Memo of Understanding, including all benefits, at a sum of \$116,965.00 for Fiscal Year 2011/2012.

Now, therefore, be it resolved by the Board of Directors of the Kensington Police Protection and Community Services District that the proposed Supplemental Law Enforcement Funds expenditures for Fiscal Year 2011/2012 are \$100,000.00.

Passed and adopted on the 8<sup>th</sup> day of September, 2011, by the following vote of the Board.

AYES:            NOES:            ABSENT:

---

President, Board of Directors  
Kensington Police Protection & Community  
Services District

## DISTRICT – NEW BUSINESS

5. General Manager/ Chief of Police Greg Harman will present to the Board Resolution 2011-015, approving the industrial disability retirement for Sergeant Hussain Khan. Board Action.

**Kensington Police Protection and Community Services District**

**Resolution No. 2011-015**

**DELEGATING AUTHORITY TO THE GENERAL MANGER/CHIEF OF POLICE  
TO MAKE DETERMINATIONS OF INDUSTRIAL DISABILITY  
PURSUANT TO GOVERNMENT CODE SECTION 21173**

**WHEREAS**, the Kensington Police Protection and Community Services District (hereinafter referred to as District) is a contracting agency of the Public Employees' Retirement System; and

**WHEREAS**, the Public Employees' Retirement Law requires that a contracting agency determine whether an employee classified as a local safety member is disabled (incapacitated) for purposes of the Public Employees' Retirement Law and whether such disability (incapacity) is "industrial" within the meaning of such Law; and

**WHEREAS**, the Public Employees' Retirement Law allows a local agency to delegate, pursuant to Government Code Section 21173, the authority to make determinations regarding disability retirement and industrial disability retirement; and

**WHEREAS**, the Public Employees' Retirement Law further allows delegation of the authority to make applications on behalf of the District for disability retirement of all employees and to initiate requests for reinstatement of employees who are retired for disability reasons.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of Kensington Police Protection and Community Services District hereby delegates to the General Manager/Chief of Police the authority to make determinations under Government Code Section 21152(c) of disability (incapacity) and whether such disability (incapacity) is industrial and to certify such determinations and all other necessary information to the Public Employees' Retirement System; and

**BE IT FURTHER RESOLVED**, that the General Manager/Chief of Police is authorized to make applications on behalf of the District for disability retirement of all employees and to initiate requests for reinstatement of such employee who are retired for disability.

**PASSED AND ADOPTED** at the adjourned meeting of the Board of Directors of the Kensington Police Protection and Community Services District held this 8th day of September, 2011.

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Chuck Toombs, President  
Board of Directors  
Kensington Police Protection and Community Services District