

**Kensington Police Protection & Community Services District
Financial Forecast – FY 2021-22 to FY 2031-32**

Development of 10-Year Financial Forecast – Purpose / Findings / Key Reserves

Purpose of Forecast: Forecast developed to create a forward-looking, conservative baseline budgetary outlook for the District’s Operating Funds and Unassigned Reserves under a given set of revenue and expenditure growth assumptions. Forecast serves as a benchmark to aid in determining impacts to future changes in assumptions (i.e. labor / capital / debt / programmatic changes).

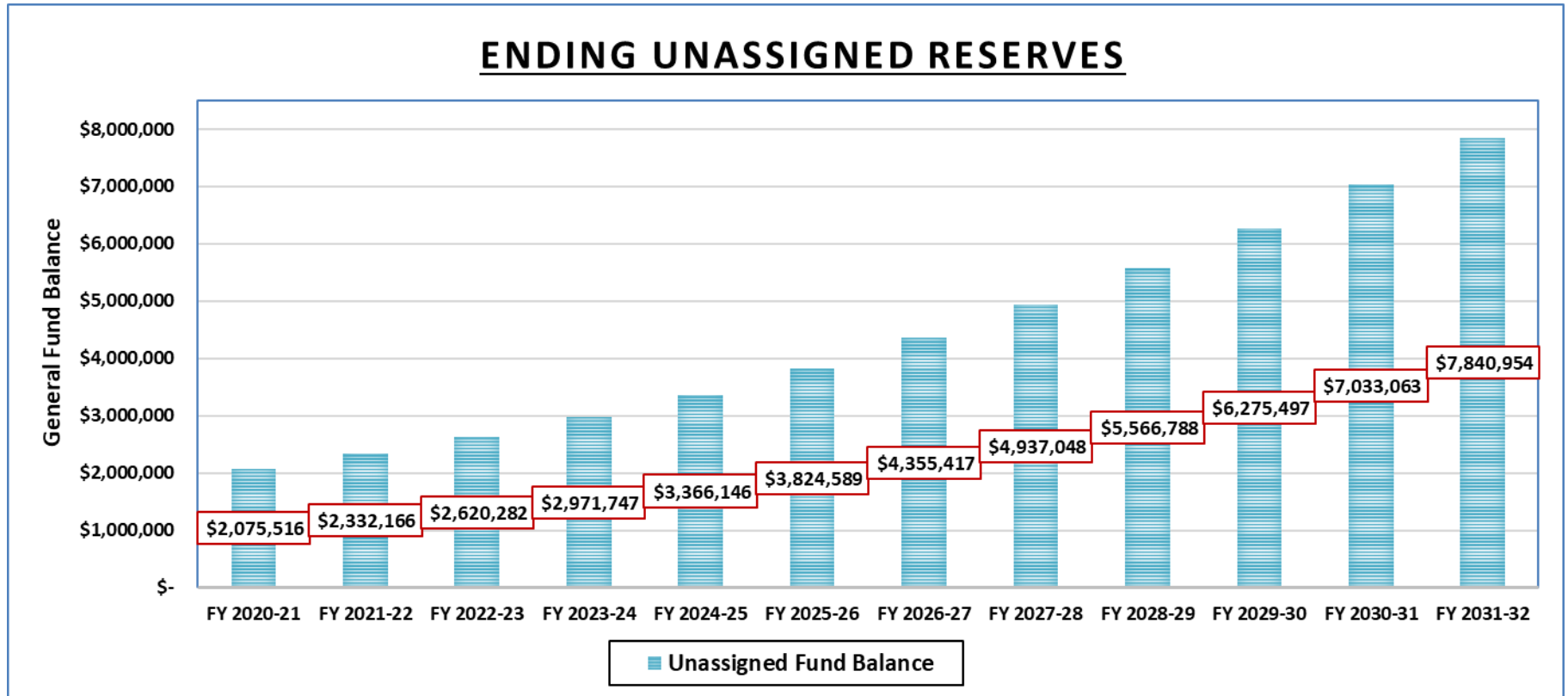
Key Assumptions:

- Moderate revenue growth - Secured Property Tax – 3% FY 2022-23; 2.5% FY 2023-24; 2% all other years
- Moderate revenue growth – Special Assessment – 3% FY 2022-23; 2.5% for all other years
- No salary increases are included as none have been negotiated
- Payouts for compensated absences are not forecasted as they are not budgeted
- Modest increases to CPI-based cost drivers (General / Fuel / Utilities / Legal) – 1.5% - 2.0%
- Health Benefit cost increases each year static @ 2.5%; Workers Compensation annual increases static @ 2.0%
- CalPERS costs built in consistent with August 2020 Actuarial Reports
- All positions assumed filled – no vacant positions
- FY 2020-21 Projections based on information provided by staff
- Capital funding only includes amounts budgeted for FY 2021-22 and Community Center Loan Repayment through FY 2028-29
- Vehicle leases forecasted through maturity only (through FY 2026-27) – no new vehicle leases forecasted
- Beginning Unassigned Reserve levels taken from FY 2019-20 Audit

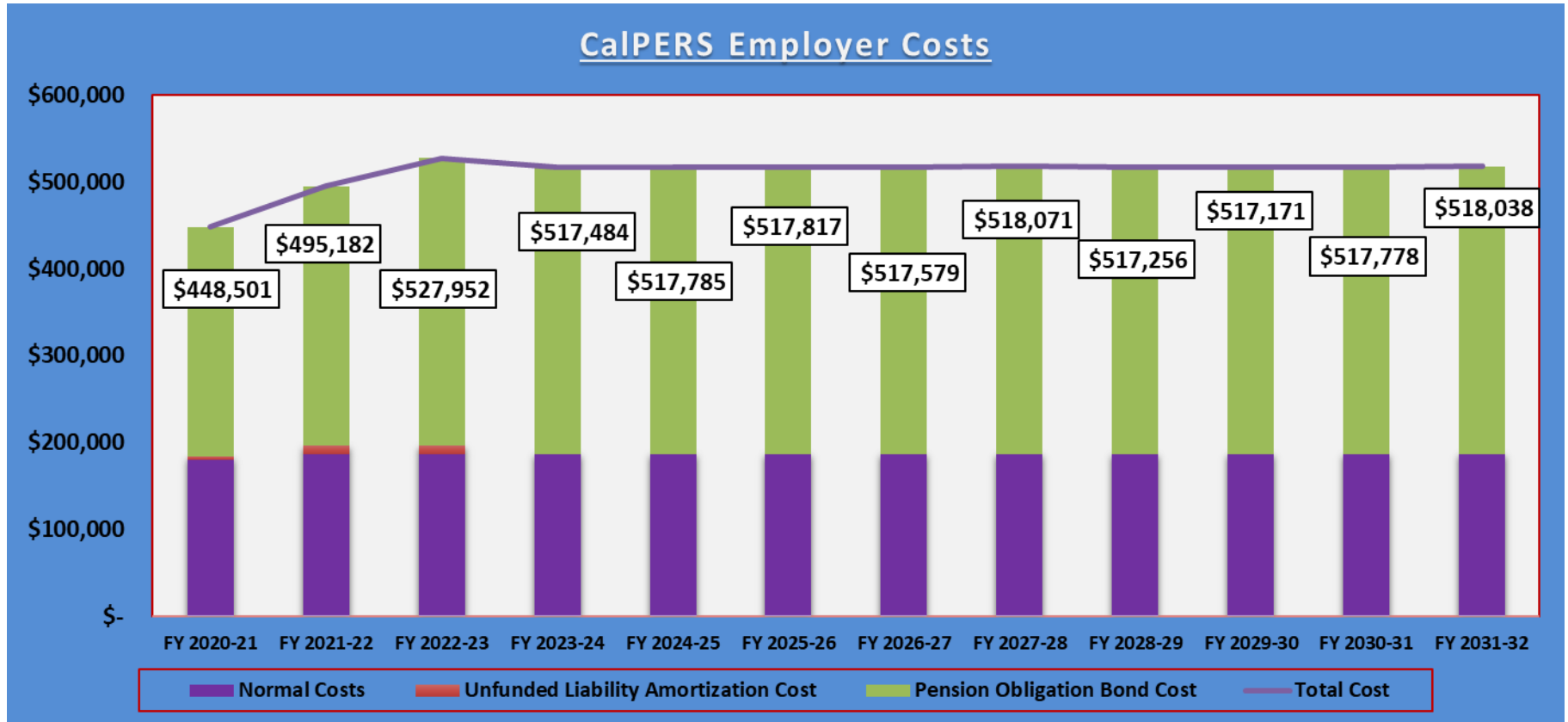
Base Forecast Results:

FY 2020-21 to FY 2031-32 General Fund Forecast												
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenues	\$ 3,660,681	\$ 4,014,893	\$ 3,761,844	\$ 3,833,002	\$ 3,894,854	\$ 3,958,030	\$ 4,022,560	\$ 4,088,472	\$ 4,155,797	\$ 4,224,564	\$ 4,294,807	\$ 4,366,555
Expenditures	\$ 3,558,421	\$ 3,758,243	\$ 3,473,728	\$ 3,481,538	\$ 3,500,455	\$ 3,499,587	\$ 3,491,732	\$ 3,506,841	\$ 3,526,056	\$ 3,515,855	\$ 3,537,241	\$ 3,558,664
Surplus/(Deficit)	\$102,260	\$256,650	\$288,116	\$351,464	\$394,399	\$458,443	\$530,828	\$581,631	\$629,741	\$708,709	\$757,566	\$807,891
% of Budget	2.9%	6.8%	8.3%	10.1%	11.3%	13.1%	15.2%	16.6%	17.9%	20.2%	21.4%	22.7%

Impact on Unassigned Reserves:



CalPERS Future Costs:



Kensington Police Protection & Community Services District

Financial Forecast – FY 2021-22 to FY 2031-32

August 12, 2021

Page 4

Key Observations:

- Aggregate cost to provide 1% of additional salary to all labor groups in FY 2022-23 = \$16,891
 - Police Chief = \$2,226
 - KPOA - \$10,526
 - General Manager = \$1,534
 - Unrepresented - \$2,605

- Capital costs only include those budgeted for FY 2021-22 and Community Center Debt Costs. To the extent any building improvement or additional apparatus are required, these will need to be funded from stated surpluses and/or reserves.

- CalPERS Unfunded Liability costs need to be watched given unpredictability in CalPERS policy impacts on District - CalPERS costs remain relatively under control – funded status at ~ 100%

- The OPEB Trust funds \$50,000 towards Retiree Health Costs in FY 2021-22. No contributions to or withdrawals from the OPEB Trust are considered in years after FY 2021-22.

- Increases in the Lighting & Landscape District Special Assessment above the CPI amount indicated (closer to full cost recovery) would likely result in a commensurate increase in surplus available each year

**Kensington Police Protection and Community Services District
 Base Forecast and Scenarios**

----- Forecasted Surplus / Deficit-----

	Base Model	Base Model - Updated Positions	Base Model - Updated Lease Schedule	Base Model - Updated Positions & Lease Schedule
FY 2021-22	\$ 256,650	\$ 83,459	\$ 256,650	\$ 83,459
FY 2022-23	288,116	122,171	261,668	95,723
FY 2023-24	351,464	192,910	325,574	167,019
FY 2024-25	394,399	243,383	360,674	209,658
FY 2025-26	458,443	315,116	409,692	266,365
FY 2026-27	530,828	395,344	482,660	347,176
FY 2027-28	581,631	454,148	534,054	406,571
FY 2028-29	629,741	510,418	581,012	461,689
FY 2029-30	708,709	597,709	660,590	549,590
FY 2030-31	757,566	655,056	708,277	605,767
FY 2031-32	807,891	714,040	759,230	665,380

Scenarios Base Model:

Accounts for FY 2021-22 Adopted Budget under given set of assumptions for all forecasted years.

Base Model - Updated Lease Schedule:

Accounts for FY 2021-22 Adopted Budget, including updated lease schedule with recent proposal received.

Base Model - Updated Positions / Lease Schedule:

Accounts for all of the above

Base Model - Updated Positions:

Accounts for FY 2021-22 Adopted Budget, including updated salary/benefits for:

- General Manager (to \$185,000 / \$18,500 Deferred Comp Contribution / \$600 Phone Allowance);
- Office Manager / Clerk of Board (full time @ \$90,000);
- Accountant (full time @ \$90,000)
- Addition of Support Services Manager (full time @ \$90,000 / \$600 Phone Allowance / \$9,348 Health Benefits)

Kensington Police Protection & Community Services District
 Financial Forecast – FY 2021-22 to FY 2031-32
 August 12, 2021
 Page 6

MODEL RESULTS WITH UPDATED LEASE SCHEDULE:

FY 2020-21 to FY 2031-32 General Fund Forecast												
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenues	\$ 3,660,681	\$ 4,014,893	\$ 3,761,844	\$ 3,833,002	\$ 3,894,854	\$ 3,958,030	\$ 4,022,560	\$ 4,088,472	\$ 4,155,797	\$ 4,224,564	\$ 4,294,807	\$ 4,366,555
Expenditures	\$ 3,558,421	\$ 3,758,243	\$ 3,500,176	\$ 3,507,429	\$ 3,534,180	\$ 3,548,338	\$ 3,539,900	\$ 3,554,418	\$ 3,574,784	\$ 3,563,974	\$ 3,586,529	\$ 3,607,325
Surplus/(Deficit)	\$102,260	\$256,650	\$261,668	\$325,574	\$360,674	\$409,692	\$482,660	\$534,054	\$581,012	\$660,590	\$708,277	\$759,230
% of Budget	2.9%	6.8%	7.5%	9.3%	10.2%	11.5%	13.6%	15.0%	16.3%	18.5%	19.7%	21.0%

MODEL RESULTS WITH UPDATED POSITIONS:

FY 2020-21 to FY 2031-32 General Fund Forecast												
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenues	\$ 3,660,681	\$ 4,014,893	\$ 3,761,844	\$ 3,833,002	\$ 3,894,854	\$ 3,958,030	\$ 4,022,560	\$ 4,088,472	\$ 4,155,797	\$ 4,224,564	\$ 4,294,807	\$ 4,366,555
Expenditures	\$ 3,558,421	\$ 3,931,434	\$ 3,639,673	\$ 3,640,093	\$ 3,651,471	\$ 3,642,914	\$ 3,627,215	\$ 3,634,324	\$ 3,645,379	\$ 3,626,855	\$ 3,639,751	\$ 3,652,515
Surplus/(Deficit)	\$102,260	\$83,459	\$122,171	\$192,910	\$243,383	\$315,116	\$395,344	\$454,148	\$510,418	\$597,709	\$655,056	\$714,040
% of Budget	2.9%	2.1%	3.4%	5.3%	6.7%	8.7%	10.9%	12.5%	14.0%	16.5%	18.0%	19.5%

MODEL RESULTS WITH UPDATED LEASE AND POSITIONS:

FY 2020-21 to FY 2031-32 General Fund Forecast												
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Revenues	\$ 3,660,681	\$ 4,014,893	\$ 3,761,844	\$ 3,833,002	\$ 3,894,854	\$ 3,958,030	\$ 4,022,560	\$ 4,088,472	\$ 4,155,797	\$ 4,224,564	\$ 4,294,807	\$ 4,366,555
Expenditures	\$ 3,558,421	\$ 3,931,434	\$ 3,666,121	\$ 3,665,983	\$ 3,685,196	\$ 3,691,665	\$ 3,675,384	\$ 3,681,901	\$ 3,694,107	\$ 3,674,974	\$ 3,689,039	\$ 3,701,175
Surplus/(Deficit)	\$102,260	\$83,459	\$95,723	\$167,019	\$209,658	\$266,365	\$347,176	\$406,571	\$461,689	\$549,590	\$605,767	\$665,380
% of Budget	2.9%	2.1%	2.6%	4.6%	5.7%	7.2%	9.4%	11.0%	12.5%	15.0%	16.4%	18.0%