

BOARD OF DIRECTORS MEETING

February 11, 2021

ITEM #3

DISCUSS AND ADOPT THE FISCAL YEAR 2020-21 MID-YEAR BUDGET AND ANY ASSOCIATED AMENDMENTS

SUMMARY OF RECOMMENDATION:

Approve a resolution to adopt the Fiscal Year 2020-21 Mid-Year Budget and any associated amendments. The Mid-Year budget review process is an opportunity to review revenues and expenditures for the first six months of the fiscal year and make any necessary adjustments to both revenues and expenditures (e.g., increase, decrease) and ensure a balanced budget as the District closes out the fiscal year.

BACKGROUND:

Every year, the General Manager submits the Mid-Year Budget and any associated amendments in February or March of the fiscal year in order to account for any increases and/or decreases in both revenues and expenditures and balance the budget before the end of the fiscal year.

ANALYSIS:

This year's Mid-Year Budget Review from July 1, 2020 through December 31, 2021 reflects a total revenue of \$3,385,051.40 and total expenditures of \$2,014,185.61. Revenues streams include:

- Levy Tax, Special Police Tax and Measure G Tax*: \$3,328,229.96 (98% of budget);
- Parks & Recreation Revenue: \$41,595.06 (75% of budget); and
- Other District Revenue: \$15,226.38 (23% of budget).

* includes police grant funds.

As of December 31, 2020, all budgeted Levy Tax, Special Police Tax and Measure G Tax has been collected. Parks & Recreation revenue includes \$15,000 of community center revenue that has been budgeted for but not collected due to the Covid 19 closure of the center. District revenue does not reflect fourth quarter franchise fees from Bay View Refuse. Those fees were not received until after December 31, 2021. In addition, District income interest decreased due to a \$300,000 reduction in the District's Local Agency Investment Fund (LAIF) account. However, there are excess General Fund monies that have not been but could be transferred to the District's LAIF account. Finally, there is \$100,000 COPS grant that was budgeted for. However, only \$31,000 of it was received as of December 31, 2020.

District expenditures during the first half of 2020-21 fiscal year include the following:

▪ Police Salary and Benefits:	\$1,128,587.89 (51% of budget);
▪ Other Police Expenses:	\$234,761.35 (54% of budget);
▪ Park & Recreation Salary and Benefits:	\$1,200 (12% of budget;
needs to be transferred to another Park line item);	
▪ Community Center Expenses	\$12,671.57 (52% of budget);
▪ Park Maintenance:	\$22,765.07 (25% of budget);
▪ Annex Maintenance:	\$1,640 (18% of budget);
▪ Kensington Park O&M	\$3,621.09 (Not budgeted;
needs to be transferred and allocated to other Park line items);	
▪ Tennis Courts	\$21,500 (96% of budget);
▪ District/Administration Salary and Benefits:	\$285,168.20 (46% of budget);
▪ Community Center Capital Improvement Project	\$140,000 (100% of budget); and
▪ Other Capital Outlay	\$5,966.60 (13% of budget).

Police Salary and Benefits exceed the mid-year budget by 1%, because the KPD hired a few officers earlier in the fiscal year than originally planned and budgeted for. In addition, the Training Manager position was budgeted entirely in Park & Recreation. However, payroll for this position has been classified to Police Salary and Benefits. In the first half of the fiscal year, KPD paid for its entire fiscal year sum of Communication, Misc. travel and Workers Compensation fees from Other Police Expenses. In addition, Other Police Expenses that exceeded budget line items include Traffic Safety, Vehicle Fuel and Training. Under Traffic Safety, broken radar signs were shipped out to be repaired, because they could not be repaired remotely. The unplanned and unknown expense exceeded the budget. Vehicle fuel exceeded the budget, because hybrid vehicles were not online and in use as quickly as originally planned and budgeted for. The Training line item is over budget due to POST training that has not yet been reimbursed to the District. POST training is paid for in advance by the District and is later reimbursed by the State.

Park Maintenance funds are under budget, because for the first half of the fiscal year very little maintenance occurred and maintenance work time was allocated to the Landscaping budget line item. The Annex Maintenance is also under budget, because very little work related to the Annex building transpired. Incurred expenses for this line item were related to landscaping. However, additional maintenance work in and around the Annex Building are anticipated before the end of the fiscal year.

District/Administration Salary and Benefits decreased in the first half of the fiscal year, because of the vacant Budget Manager position since the fall of 2020. While the Community Center renovations were completed in the prior fiscal year, the final payment for completion occurred in fiscal year 2020-21 and, as a result, it is reflected in this year's Mid-Year Budget Review. Lastly, Other Capital Outlay reflects software upgrades to all police radios.

RECOMMENDATION:

As there are considerable excess General Fund monies in the District's regular checking account, staff recommends transferring \$1.2 million from the District's General Fund account to its LAIF account and continue preserving the District's Reserve Funds.

FISCAL IMPACT:

While individual budget line items may vary (e.g., slightly over or under budget), overall the District is within its budget parameters with 50% of budgeted expenses incurred as of December 31, 2020.

ATTACHMENT:

1. Resolution
2. 2020-21 Mid-Year Budget Review Analysis by Account
3. Mid-Year Budget Review Powerpoint Presentation

SUBMITTED BY:

Marti Brown, General Manager
Jessie Kim, Maze & Associates