

The Kensington Property Owners Association (KPOA) is concerned about the amended FY 2022/2023 budget to be presented at tonight's board meeting. The amended budget will result in the use of approximately \$156,000 of unobligated fund balance to make up for a significant FY 2022/2023 budget deficit. The remaining unobligated fund balance of about \$340,000 leaves the district inadequate flexibility to meet future needs, most important of which is the cost of a new police facility. Unfortunately, this amended budget also reflects badly on the effort that went into the development of the original budget that was passed in June, 2022. It was clear at the time that there were serious errors in budgeted expenditures and projected revenues, such as the cost of the debt service for the Pension Obligation Bond and the Measure W Park Grant. KPOA is also concerned that the district has found the need to contract with a financial consultant to assist in developing the amended budget; particularly when the district has a Finance Director on staff responsible for carrying out that work. This exercise is a perfect example of why the district needs to develop a model to accurately estimate the financial impacts on future budgets, given different revenue and expenditure scenarios such as the impact of the new police MOU should the police department become fully staffed. We look forward to the district taking the necessary steps to ensure that future budgets are balanced, a strong fund balance is maintained, mathematically realistic forecasts are executed to influence budget reviews, and that the district's staff provide the required assistance without resorting to outside consultants.

Rob Firmin, President, and David Spath, Secretary, for the KPOA Board