

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **7.B.**

FROM: Jerry Gruber, General Manager
Rudy Hernandez, Finance Manager

Meeting Date: December 14, 2017 Subject: DISCUSSION AND CONSIDERATION
OF FISCAL YEAR 2017/2018 QUARTERLY
BUDGET REVIEW

RECOMMENDATIONS:

None – provided for information only.

FISCAL IMPACT:

None. Staff will provide recommended changes to the adopted budget during the mid-year budget review in February 2018.

DISCUSSION:

This analysis is for the period July 1, 2017 through October 31, 2017, which is 33% of the fiscal year.

GENERAL FUND

Total revenues in the General Fund of \$1,097,230 have been offset by total expenditures of \$1,803,759, resulting in an operating deficit of \$706,527. Specifics for each department are provided below.

Fire Department

Revenues are relatively low because the major sources of revenue (property taxes and fire benefit assessments) are, for the most part, not received until December and April each year. So far this fiscal year, no fire inspection fees have yet been received. The new Finance Manager will work with the Fire Chief to identify what must be done to start collecting and/or reporting these fees.

Expenditures are at 30% of budget after 33% of the fiscal year has elapsed. Total personnel expenditures are at 29% of budget, even though overtime is already at 46% of budget. Government Fees and Licenses is at 87% of budget, but already includes the one major expense in this category, which is dispatch costs of \$41,377 paid to San Luis Obispo County. The annual contract for the Fire Hazard Fuel Reduction Program (shown under general ledger 01 6220F 01) in the amount of \$15,350 exceeded the budgeted amount by \$3,000. Capital outlay for the new Fire Chief Command pickup truck (\$39,132) reflects the entire cost of that vehicle, which was inadvertently paid in full instead of financing the purchase as approved in the budget. This budget item will need to be increased during the mid-year budget review.

Facility and Resources Department

Revenues are relatively low because the major source of revenue (property taxes) is, for the most part, not received until December and April each year.

Expenditures are 33% of budget after 33% of the fiscal year has elapsed. The expense under Professional Services Miscellaneous (general ledger 01 6080M 02) in the amount of \$4,613 is an error. It is actually a charge for work on the Fiscalini Ranch Park Improvement and will be corrected before the next financial report.

Parks and Recreation Department

Revenues are relatively high because the Proposition 1A funds allocated to the Fiscalini Ranch Park Improvement have already been recognized, due to the near-completion of the project. Property taxes are low, as most of these taxes are not received until December and April each year.

Expenditures are at 93% of budget because the large capital outlay for the Fiscalini Ranch Park Improvement is almost complete. Those costs have slightly exceeded budget.

Administration Department

Revenues are 33% of budget after 33% of the fiscal year has elapsed.

Expenditures are 29% of budget; however, no capital expenditures have yet been made. JPA/Gov't Fees (general ledger 01 6055 09) already exceed the annual budget by approximately \$3,000 - mostly due to the fact that almost \$6,000 in property taxes has been paid on District-owned property while only \$3,000 was budgeted. Office rent (general ledger 01 6075 09) also stands at 67% of the annual budget, because it was anticipated that only six months of rent would be required before the District staff moved into new office spaces. Adjustments will have to be made for both of these factors during the mid-year budget review. It should be noted that the budget includes \$70,730 for the purchase of an administration building that will no longer be required. That will also be adjusted during the mid-year budget review.

WASTEWATER FUND

Revenues of \$710,240 have offset expenditures of \$694,628, resulting in a surplus of \$15,612.

Revenues are 32% of budget after 33% of the fiscal year has elapsed.

Expenditures are 32% of budget after 33% of the fiscal year has elapsed. This results in revenues exceeding expenditures by \$15,612 after the first four months of the fiscal year. However, this is deceptive for the following reasons: \$90,000 has been budgeted for government fees and only \$555 has been spent so far this fiscal year. Collection system repairs have exceeded the budget for the year by \$6,693 and wastewater treatment plant repairs have exceeded budget by \$7,652. Capital outlay exceeds budget by \$4,503, but includes \$53,204 for a 6-inch diesel pump that was included in the budget for last fiscal year, but not received until just recently. All of these over-expenditures will be addressed during the mid-year budget review.

WATER FUND

Water Fund Operations have a surplus of \$86,500, while SWF Capital Cost Recovery has a deficit of \$68,443, resulting in a net surplus in the Water Fund of \$18,057.

Water Department Operations

Revenues are 33% of budget after 33% of the fiscal year has elapsed.

Expenditures are 32% of budget after 33% of the fiscal year has elapsed, resulting in \$86,500 more in revenues than expenditures so far this fiscal year. Expenditures of \$72,509 in M&R Water Distribution (general ledger 11 6031D 11) include the repair of the major water line break behind the Bluebird Motel in August. Those expenditures can be offset by the \$100,000 budgeted for unplanned maintenance in general ledger account 11 6036 11.

Water Department: SWF Capital Cost Recovery

Revenues are 37% of budget after 33% of the fiscal year has elapsed.

Expenditures are 42% of budget and do not yet reflect any wages and benefits. Maintenance costs include about \$12,000 for biological monitoring which will be moved to the "Remote System Monitoring" expense item and \$14,875 for dead tree removal and fence maintenance. Lab testing costs have already exceeded the \$21,120 budget by \$32,000. Legal costs have substantially exceeded budget due to efforts to obtain a regular Coastal Development Permit and expenses associated with the surface impoundment basin cease and desist order and mitigation. The \$23,147 in Professional Services Other is for analysis associated with surface impoundment basin mitigation.

Attachments: Cambria CSD Financial Analysis July 1, 2017 through October 31, 2017

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS: ___ RICE___ FARMER___BAHRINGER ___ WHARTON___