

CAMBRIA COMMUNITY SERVICES DISTRICT

TO: Board of Directors

AGENDA NO. **5.B.**

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

Meeting Date: March 22, 2018 Subject: DISCUSSION AND CONSIDERATION
OF MID-YEAR BUDGET REVIEW AND
ADOPTION OF RESOLUTION 06-2018
AMENDING FISCAL YEAR 2017/18
BUDGET

RECOMMENDATION:

Staff recommends that the Board of Directors consider adopting Resolution 06-2018 amending the Fiscal Year 2017/18 adopted budget.

FISCAL IMPACT:

Staff recommends that the Board of Directors appropriate \$86,660 from the General Fund reserve balance to cover budget short-falls in the Facilities & Resources Department, Parks & Recreation Department, and Fire Department. Staff will address these budget short-falls in the fund analysis section of the General Fund.

DISCUSSION:

Submitted herewith is the Fiscal Year 2017/18 Mid-Year Budget Review. The purpose of this report is threefold:

- Informs the Board as to how the adopted budget plan looks after six (6) months of operations into the current FY 2017/18.
- Sets the stage for the preparation of the FY 2018/19 budget by letting the Board know what types of Revenue or Expenditure problems may lie ahead.
- Allows the Board to provide staff with direction on the types of services or programs the Board would like to see emphasized or de-emphasized in the preparation of the FY 2018/19 budget.

In preparing the Mid-Year Budget Review, staff has also prepared summary reports of both actual revenues and expenditures for the first six (6) months of Fiscal Year 2017/18. In addition, staff analyzed the budget to determine whether revenues and expenditures will meet or exceed budget expectations. As a rule of thumb, five (5) percent plus or minus has been used to determine whether a budget needs to be considered for amendment to stay within budget. Amendment, as year-end nears, is a separate process intended to balance the budget and to better plan the next fiscal year. With 50% of the current fiscal year completed, total revenues collected are at \$5,598,051 and total expenditures are at \$5,725,582. Total expenditures are exceeding revenues by \$127,531. One of the main issues driving this cost overrun is the fact

that the Community Park Phase I Project (in the amount of \$336,378) was completed in the first half of Fiscal Year 2017/18. Most of the funding that was budgeted for the Community Park Phase I Project will come in the latter half of the fiscal year (\$227,439).

FUND ANALYSIS

GENERAL FUND

FIRE DEPARTMENT

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$1,286,591 or 54.21 % of the revenue budget. Property tax revenue, which represents the largest source of revenue for the Fire Department, is at 56.35%. Assessments, which account for the second revenue, are at 59.23%. Both revenue sources are expected to meet their target for the remainder of FY 2017/18.

EXPENDITURES - Total actual expenditures are at \$1,158,532 or 48.81% of the expenditure budget. Staff is requesting that 2 items be adjusted at mid-year as explained below:

- Maintenance & Repair of Vehicles in the amount of \$10,000. This request is being made to cover the cost of unexpected repair expenses.
- Capital Asset Expenditure (Chief Pick Up Truck) in the amount of \$28,082. The amount approved in the FY 2017/18 budget was \$11,050, which was intended to cover the first year of the lease payment. Staff inadvertently paid \$39,132, which was the full cost of the vehicle.

It is recommended that \$38,082 (\$10,000 + \$28,082) be taken from the General Fund Reserve Balance for these costs.

FACILITIES & RESOURCES DEPARTMENT

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$347,116 or 54.40 % of the revenue budget. Property tax revenue, which represents the largest source of revenue for the Facilities & Resources Department, is at 55.63% and is expected to meet the revenue target for the remainder of FY 2017/18.

EXPENDITURES - Total actual expenditures are at \$326,148 or 51.11% of the expenditure budget. Staff is requesting that 2 items be adjusted at mid-year as explained below:

- Overtime in the amount of \$7,500. This request is being made to cover the extra staff expenses due to several unanticipated CCSD Board Meetings and set up and breakdown.
- M & R Ranch in the amount of \$7,500. This request is being made to cover the cost of repairs to trails along Cambria Drive and Main Street.

It is recommended that \$15,000 (\$7,500 + \$7,500) be taken from the General Fund Reserve Balance for these costs.

PARK & RECREATION

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$136,030 or 37.43% of the revenue budget. As stated previously, most of this revenue in the amount of \$227,439 will come in during the latter half of this fiscal year.

EXPENDITURES - Total actual expenditures are at \$371,297 or 102.15% of the expenditure budget. As previously stated, the reason for this high expenditure figure is the completion of the Community Park Phase I project in the amount of \$336,378. Staff is requesting 1 item be adjusted at mid-year as explained below:

- Community Park Phase I Project in the amount of \$33,578. This request is being made to cover the additional cost of the Community Park Phase I Project

It is recommended that the amount of \$33,578 be taken from the General Fund Reserve Balance for this cost.

ADMINISTRATION DEPARTMENT

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$1,983, plus cost allocation reimbursements in the amount of \$921,980, for a total of \$923,963 or 50 % of the revenue budget. The Administration Department is expected to meet the revenue target for the remainder of the FY 2017/18.

EXPENDITURES - Total actual expenditures are at \$910,183 (excluding cost allocation reimbursement) or 50% of the expenditure budget. Staff is requesting that 4 items be adjusted at mid-year as explained below:

- Rent Expense - office space in the amount of \$20,000. The request is being made to cover the additional cost of rent for the administration building.
- Professional Services in the amount of \$10,000. This amount is being requested for assistance in designing and formatting the FY 2018/19 budget.
- Professional Services in the amount of \$25,000. This amount is to cover the cost of permitting and compliance services.
- Purchase Administrative Office – This appropriation was originally set up to purchase a new administrative building and was budgeted at \$70,732. It is being reduced by \$55,000 to pay for the above mentioned 3 expenditures.

There is no recommendation for additional funding.

WASTEWATER FUND

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$1,065,076 or 49.97 % of the revenue budget and are expected to exceed budget by \$26,490 due to the rate increase that took effect March 1, 2018.

EXPENDITURES - Total actual expenditures are at \$1,347,334 or 50.76% of the expenditure budget. Staff is not recommending any mid-year adjustments.

WATER OPERATING FUND

REVENUES - With 50% of the current fiscal year completed, total actual revenues collected are \$1,347,334 or 50.03 % of the revenue budget and are expected to exceed budget by \$37,532 due to the rate increase that took effect March 1, 2018.

EXPENDITURES - Total actual expenditures are at \$1,259,425 or 51.83% of the expenditure budget. Staff is not recommending any mid-year adjustments.

WATER FUNDS (SUSTAINABLE WATER FACILITY) – STAFF IS IN THE PROCESS OF ANALYZING BOTH OPERATING AND CAPITAL PROJECT FUNDS AND WILL REPORT BACK TO THE BOARD AT THE APRIL REGULAR BOARD MEETING.

Attachments: Budget Status Report
Resolution 06-2018 Amending the Fiscal Year 2017/18 Budget
Exhibit "A" - Proposed Budget Adjustments

BOARD ACTION: Date _____ Approved: _____ Denied: _____

UNANIMOUS ___RICE ___BAHRINGER___FARMER ___WHARTON___PIERSON___