

BEAR VALLEY COMMUNITY SERVICES DISTRICT

Budget Study Session FY 2020/21

Schedule

- Budget Study Session on June 5, 2020
 - Budget Preparation Overview & Goals
 - FY 2020/21 Review
 - Fiscal Status of Funds
 - Board of Directors Discussion & Direction

Budget Preparation Overview

- Revenues
 - Be conservative on projections
 - Annual revenues should meet or exceed annual operating expenses
 - No more use of carryover balances to balance budget

Budget Preparation Overview

- Expenditures
 - Establish normal, recurring annual operating costs
 - Set aside one-time expenditure requests for review
 - Set aside capital expenditures requests for review

Budget Preparation Overview

- Fund Balance
 - Project fund balances based on normal operating revenues and expenses
 - Maintain required fund balance levels in accordance with District's budget and fiscal policies
 - Use surplus to fund one-time costs and/or capital

Budget Preparation Overview

- Capital Outlay
 - Review separately from normal operating costs
 - Prioritize needs
 - Fund from excess revenues
 - Fund from surplus fund balance

Budget Preparation Overview

- Allocations
 - Be more transparent, fair, and equitable
 - Applied cost allocation methodology with appropriate criteria
 - Full costs of Administration & General Services shown with allocation details to show support costs to other funds

Budget Preparation Goals

- Transparency & Readability by public
 - Beginning and Ending Fund Balances shown for each fund summary
 - Funding Source summary to bottom of fund summaries
 - Separate Fund Balance schedule showing estimated fund balances for each fund
 - Separate Interfund Transfer schedule showing descriptions for all transfers
 - Development of Cost Allocation Plan

Budget Preparation Goals

- Adhere to District Budget & Fiscal Policies
 - Balance annual expenditures with annual revenues
 - Utilize appropriate criteria to create a fair methodology for cost allocations
 - Avoid deficit spending
 - Review and adjust all fees and charges to ensure equitable coverage of cost of service

Budget Preparation Goals

- Adhere to District Budget & Fiscal Policies (cont.)
 - Identification of Contingency Funds
 - General Fund: 50% of FY Expense Budget
 - Roads Fund: 40% of FY Expense Budget
 - Water Enterprise Fund: 25% of FY Expense Budget
 - Wastewater Enterprise Fund: 20% of FY Expense Budget
 - Solid Waste Enterprise Fund: 20% of FY Expense Budget

Budget Preparation Goals

- Assess fiscal status of Funds
 - Operational and Capital budgets separated for identification of true operating costs
 - Budgets reviewed and adjusted to reflect actual expenditures; thereby not inflating expenses nor precluding some expenditures due to lack of budget
 - Several funds have structural deficiencies, meaning their normal operating revenues are insufficient to support their normal operating costs

Budget Preparation Goals

- Capital Improvements & One-Time Purchases
 - Separated from Operating budgets and funded if:
 - There are excess annual revenues over expenditures in the fund; and/or
 - There are excess funds after applying fund balance policies on retention of funds; or
 - The expense is vital, despite other criteria

FY 20-21 Overview

- District Wide Expenditures
 - Salaries & Benefits increase of \$486,227 or 10.2%
 - COLA, PERS, and Medical increases
 - New Full-Time Positions make up half of increase
 - Services & Supplies increase of \$218,347 or 5.2%
 - Debt Service decrease of \$2,407 or 0.3%
 - Capital Outlay of \$1,492,792 , decrease of \$1,323,206 or 47.0%
 - Total Expenses of \$11,856,790, decrease of \$621,039 or 5.0%

General Fund

- FY 2019/20 Projected Actuals
 - Fund balance increase of \$23,941
 - Ending fund balance of \$2,983,652
- FY 2020/21 Proposed
 - Revenues mostly flat
 - Operating budget is balanced
 - Ending Fund balance of \$2,983,652 prior to one time costs and capital outlay

General Fund

- FY 2020/21 Contingency Reserve Calculation

| | |
|---|----------------|
| - General Fund Operating Expenditures | \$2,334,298 |
| - Add: Transfer Out to Parks & Rec | <u>225,819</u> |
| - Total General Fund Expenditures for calculation | \$2,560,117 |
| - Contingency Reserve % | 50% |
| - Contingency Reserve Requirement | \$1,280,059 |
| - Ending Operating Fund Balance | \$2,983,652 |
| - Amount Available for One-Time Costs & Capital | \$1,703,593 |

General Fund

- FY 20-21 One-Time Costs

| | |
|--|--------------|
| - Part-Time Laborer for RFID help (Gate allocation) | \$17,440 |
| - Part-Time Office Assistant (Gate & PD allocation) | 2,998 |
| - Mobile Dispatch Computer for New PD Vehicle | 3,800 |
| - Radio for New Police Vehicle | 4,000 |
| - Police Patrol Rifle | 1,300 |
| - Police Tasers (2) | 2,200 |
| - Power Washer for General Services (Gate & PD Allocation) | 1,404 |
| - Air Compressor for General Services (Gate & PD Allocation) | 338 |
| - Bus Shelter Repairs | 2,000 |
| - Painting of District Buildings | <u>1,800</u> |
| - Total One-Time Costs | \$37,280 |

General Fund

- FY 20-21 Net Capital Outlay

| | |
|--------------------------------|----------------------|
| - Gate Project | \$361,417 |
| - Fuel Station | 64,700 |
| - Marked Police Patrol Vehicle | 45,000 |
| - Admin HVAC Replacement | 5,653 |
| - Driver's License Scanner | 5,500 |
| - Gate Roof Replacement | <u>5,000</u> |
| - Total Net Capital Outlay | \$125,853 |

- FY 20-21 Total One-Time Costs & Net Capital Outlay

| | |
|----------------------------|----------------|
| - Total One-Time Costs | \$ 37,280 |
| - Total Net Capital Outlay | <u>125,853</u> |
| - Total | \$163,133 |

General Fund

- FY 2020/21 Recap
 - Operating is balanced
 - Ending Fund balance of \$2,983,652 prior to one time costs and capital outlay
 - Ending Fund Balance of \$2,820,519 after one-time costs and capital outlay
 - Contingency Reserve fund balance requirement of \$1,280,059 met
 - General Fund is sustainable

General Fund

- General Fund Expenditures Compared to FY 19-20 Budget
 - Salaries & Benefits increase of \$193,578 or 12.5%
 - Services & Supplies increase of \$8,932 or 1.4%
 - Capital Outlay decrease of \$339,855 or 55.2%
 - Transfers Out decrease of \$213,480 or 48.6%
 - Total Expenses of \$2,872,898, decrease of \$350,825 or 10.9%

Roads Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$321,263
 - Ending fund balance of \$1,275,803
- FY 2020/21 Proposed
 - Revenues Flat
 - Operating Deficit of \$232,543 (\$229,878 is for debt service)
 - Ending Fund balance of \$1,043,260 prior to one time costs and capital outlay

Roads Fund

- FY 2020/21 Contingency Reserve Calculation

| | |
|---|-------------|
| - Roads Fund Operating Expenditures | \$1,223,865 |
| - Contingency Reserve % | 40% |
| - Contingency Reserve Requirement | \$489,546 |
| - Ending Operating Fund Balance | \$1,043,260 |
| - Amount Available for One-Time Costs & Capital | \$553,714 |

Roads Fund

- FY 20-21 One-Time Costs

| | |
|--|--------------|
| - Guardrail Repair | \$150,000 |
| - Striping | 60,000 |
| - Part-Time Office Assistant (Roads allocation) | 1,520 |
| - Power Washer for General Services (Roads Allocation) | 2,302 |
| - Air Compressor for General Services (Roads Allocation) | 554 |
| - Painting of District Buildings (Roads Allocation) | <u>2,950</u> |
| - Total One-Time Costs | \$217,326 |

- FY 20-21 Net Capital Outlay

| | |
|---|--------------|
| - Gate Drainage | \$365,000 |
| - Roller Compactor | 65,000 |
| - Lakeview / Cumberland Culvert | 20,200 |
| - Transfer to General Fund for Fuel Station | 49,180 |
| - Transfer to General Fund for HVAC Replacement | <u>2,913</u> |
| - Total Net Capital Outlay | \$502,293 |

- FY 20-21 Total One-Time & Capital

\$719,619

Roads Fund

- FY 2020/21 Recap
 - Operating Deficit of \$232,543 (\$229,878 is for debt service)
 - Ending Fund balance of \$ 1,043,260 prior to one time costs and capital outlay
 - Ending Fund Balance of \$323,641 after one-time costs and capital outlay
 - Contingency Reserve fund balance requirement of \$489,546 not met

Roads Fund

- Roads Fund Expenditures Compared to FY 19-20 Budget
 - Salaries & Benefits decrease of \$7,593 or 1.0%
 - Services & Supplies increase of \$127,179 or 22.6%
 - Capital Outlay decrease of \$517,207 or 53.5%
 - Transfers Out increase of \$11,867 or 29.5%
 - Total Expenses of \$2,370,266, decrease of \$385,754 or 14.0%

Roads Reserve Fund

- FY 2019/20 Projected Actuals
 - Transfer Out of \$196,905 for Bear Valley & Cumberland loan debt service
 - Ending fund balance of \$427,795
- FY 2020/21 Proposed
 - Transfer Out of \$196,905 for Bear Valley & Cumberland loan debt service
 - Ending fund balance of \$232,890

Water Enterprise Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$198,023
 - Transfer from Water Reserve Fund of \$362,301
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues increasing due to rate increases
 - Operating Surplus of \$1,184,498
 - Ending Fund balance of \$1,184,498 prior to one time costs and capital outlay

Water Enterprise Fund

- FY 2020/21 Contingency Reserve Calculation

| | |
|---|-------------|
| - Water Enterprise Fund Operating Expenditures | \$3,111,957 |
| - Contingency Reserve % | 25% |
| - Contingency Reserve Requirement | \$777,989 |
| - Ending Operating Fund Balance | \$1,184,498 |
| - Amount Available for One-Time Costs & Capital | \$406,509 |

Water Enterprise Fund

| | | |
|---|--|--------------|
| • | FY 20-21 One-Time Costs | |
| - | Hydrogeological Analysis Study | \$100,000 |
| - | System Analysis | 20,000 |
| - | Water Meters | 24,500 |
| - | Maintenance on Well Buildings | 8,500 |
| - | Part-Time Office Assistant (Water allocation) | 8,120 |
| - | Power Washer for General Services (Water Allocation) | 2,200 |
| - | Air Compressor for General Services (Water Allocation) | 529 |
| - | Painting of District Buildings (Water Allocation) | <u>2,820</u> |
| - | Total One-Time Costs | \$166,669 |
| • | FY 20-21 Net Capital Outlay | |
| - | Mainline Replacement – Port Royal / Aqua Villa | \$500,000 |
| - | Booster Pump Repair – Oakflat | 242,000 |
| - | Pressure Reducing Station Upgrades | 12,000 |
| - | Transfer to General Fund for Fuel Station | 48,880 |
| - | Transfer to General Fund for HVAC Replacement | <u>5,828</u> |
| - | Total Net Capital Outlay | \$808,708 |
| • | FY 20-21 Total One-Time & Capital | \$975,377 |

Water Enterprise Fund

- FY 2020/21 Recap
 - Operating Surplus of \$1,184,498
 - Ending Fund balance of \$1,184,498 prior to one time costs and capital outlay
 - Ending Fund Balance of \$209,120 after one-time costs and capital outlay
 - Contingency Reserve fund balance requirement of \$777,989 not met
 - Water Enterprise Fund is sustainable after rate increases

Water Enterprise Fund

- Water Enterprise Fund Expenditures Compared to FY 19-20 Budget
 - Salaries & Benefits increase of \$47,818 or 3.2%
 - Services & Supplies increase of \$10,317 or 0.6%
 - Debt Service decrease of \$140 or 0.2%
 - Capital Outlay increase of \$5,855 or 0.8%
 - Transfers Out increase of \$28,799 or 32.9%
 - Total Expenses of \$4,211,291, increase of \$92,649 or 2.2%

Water Reserve Fund

- FY 2019/20 Projected
 - Ending fund balance of \$741,610 with transfer of \$362,301 to Water Enterprise Fund

- FY 2020/21 Proposed
 - Ending fund balance of \$746,609

Wastewater Enterprise Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$101,877
 - Transfer from Wastewater Reserve of \$153,093
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues mostly flat
 - Operating Deficit of \$305,552
 - Ending Fund balance of \$(305,552) prior to one time costs, capital outlay, and transfer from reserve

Wastewater Enterprise Fund

- FY 2020/21 Contingency Reserve Calculation

| | |
|---|-------------|
| - Wastewater Enterprise Fund Operating Expenditures | \$796,270 |
| - Contingency Reserve % | 20% |
| - Contingency Reserve Requirement | \$159,254 |
| - Ending Operating Fund Balance | \$(305,552) |
| - Amount Available for One-Time Costs & Capital | \$(464,806) |

Wastewater Enterprise Fund

- FY 20-21 One-Time Costs

| | |
|---|------------|
| - Part-Time Office Assistant (Wastewater allocation) | 1,630 |
| - Power Washer for General Services (Wastewater Allocation) | 710 |
| - Air Compressor for General Services (Wastewater Allocation) | 171 |
| - Painting of District Buildings (Wastewater Allocation) | <u>910</u> |
| - Total One-Time Costs | \$3,421 |

- FY 20-21 Net Capital Outlay

| | |
|---|---------------------|
| - Maintenance & Storage Shop | \$80,000 |
| - Aeration Tank Gearbox Replacement | 15,000 |
| - Plant Security / Safety Lighting | 13,092 |
| - Transfer to General Fund for Fuel Station | 7,380 |
| - Transfer to General Fund for HVAC Replacement | <u>2,472</u> |
| - Total Net Capital Outlay | \$22,944 |

- FY 20-21 Total One-Time & Capital \$26,365

Wastewater Enterprise Fund

- FY 2020/21 Recap
 - Operating Deficit of \$305,552
 - Ending Fund balance of \$ (305,552) prior to one time costs and capital outlay
 - Ending Fund Balance of \$0 after one-time costs, capital outlay, and transfer from Reserve of \$331,917
 - Contingency Reserve fund balance requirement of \$159,254 not met
 - Rate increase needed

Wastewater Enterprise Fund

- Wastewater Enterprise Fund Expenditures Compared to FY 19-20 Budget
 - Salaries & Benefits increase of \$56,824 or 11.1%
 - Services & Supplies decrease of \$57,757 or 20.2%
 - Capital Outlay decrease of \$147,000 or 91.8%
 - Transfers Out increase of \$1,705 or 4.8%
 - Total Expenses of \$849,912, decrease of \$146,228 or 14.7%

Wastewater Reserve Fund

- FY 2019/20 Projected Actuals
 - Ending fund balance of \$344,105
- FY 2020/21 Proposed
 - Ending fund balance of \$13,188 with transfer of \$331,917 to Wastewater Enterprise Fund

Solid Waste Enterprise Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$84,885
 - Transfer from Solid Waste Reserve of \$386,701
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues flat
 - Operating Deficit of \$277,081
 - Ending Fund balance of \$(277,081) prior to one time costs, capital outlay, and transfer from reserve

Solid Waste Enterprise Fund

- FY 2020/21 Contingency Reserve Calculation

| | |
|--|-------------|
| - Solid Waste Enterprise Fund Operating Expenditures | \$832,581 |
| - Contingency Reserve % | 20% |
| - Contingency Reserve Requirement | \$166,516 |
| - Ending Operating Fund Balance | \$(277,081) |
| - Amount Available for One-Time Costs & Capital | \$(443,597) |

Solid Waste Enterprise Fund

- FY 20-21 One-Time Costs

| | |
|--|--------------|
| - Part-Time Office Assistant (Solid Waste allocation) | 1,260 |
| - Power Washer for General Services (Solid Waste Allocation) | 1,186 |
| - Air Compressor for General Services (Solid Waste Allocation) | 285 |
| - Painting of District Buildings (Solid Waste Allocation) | <u>1,520</u> |
| - Total One-Time Costs | \$4,251 |

- FY 20-21 Net Capital Outlay

| | |
|---|----------------------|
| - Loader | \$250,000 |
| - Transfer to General Fund for Fuel Station | 17,020 |
| - Transfer to General Fund for HVAC Replacement | <u>1,951</u> |
| - Total Net Capital Outlay | \$18,971 |

- FY 20-21 Total One-Time & Capital

\$23,222

Solid Waste Enterprise Fund

- FY 2020/21 Recap
 - Operating Deficit of \$277,081
 - Ending Fund balance of \$ (277,081) prior to one time costs and capital outlay
 - Ending Fund Balance of \$0 after one-time costs, capital outlay, and transfer from Reserve of \$300,303
 - Contingency Reserve fund balance requirement of \$166,516 not met
 - Rate increase needed

Solid Waste Enterprise Fund

- Solid Waste Enterprise Fund Expenditures Compared to FY 19-20 Budget
 - Salaries & Benefits increase of \$168,335 or 69.5%
 - 2 new Full Time positions
 - Services & Supplies increase of \$27,472 or 6.9%
 - Capital Outlay decrease of \$325,000 or 100%
 - Transfers Out increase of \$4,106 or 27.6%
 - Total Expenses of \$980,889, decrease of \$125,087 or 12.8%

Solid Waste Reserve Fund

- FY 2019/20 Projected Actuals
 - Ending fund balance of \$372,016
- FY 2020/21 Proposed
 - Ending fund balance of \$72,713 with transfer of \$300,303 to Solid Waste Enterprise Fund

Conclusion

- Review
- Discussion and consensus building among Board of Directors
- Final Direction to staff
- Next Steps
 - Discussion at Board Meeting, Thursday, June 11th
 - Finance Committee Meeting, Wednesday, June 17th
 - Special Board Meeting, Friday, June 26th
 - Adopt FY 2019/20 Revised Year-End Projections
 - Adopt FY 2020/21 Final Budget

