

BEAR VALLEY COMMUNITY SERVICES DISTRICT

Finance Committee FY 2020/21 Budget

Schedule

- Finance Committee on June 17, 2020
 - Budget Preparation Overview & Goals
 - FY 2020/21 Review
 - Fiscal Status of Funds
 - Finance Committee 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 \$486,215 or 10.2%
 - COLA, PERS, and Medical increases
 - New Full-Time Positions make up half of increase
 - Services & Supplies increase of \$134,509 or 3.5%
 - 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 \$11,357,520, decrease of \$704,889 or 5.8%

General Fund

- FY 2019/20 Projected Actuals
 - Fund balance increase of \$23,125
 - Ending fund balance of \$2,982,836
- FY 2020/21 Proposed
 - Revenues mostly flat
 - Operating budget is balanced
 - Ending Fund balance of \$2,982,836 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	\$2,982,836
- Amount Available for One-Time Costs & Capital	\$1,702,777

General Fund

- FY 20-21 One-Time Costs

- Part-Time Laborer for RFID help (Gate allocation)	\$17,436
- Part-Time Office Assistant (Gate & PD allocation)	4,716
- 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	\$38,994

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	6,836
- Driver's License Scanner	5,500
- Gate Roof Replacement	<u>5,000</u>
- Total Net Capital Outlay	\$127,036

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

- Total One-Time Costs	\$ 38,994
- Total Net Capital Outlay	<u>127,036</u>
- Total	\$166,030

General Fund

- FY 2020/21 Recap
 - Operating is balanced
 - Ending Fund balance of \$2,982,836 prior to one time costs and capital outlay
 - Ending Fund Balance of \$2,816,806 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 \$193,571 or 12.6%
 - Services & Supplies increase of \$11,784 or 1.9%
 - Capital Outlay decrease of \$339,855 or 55.2%
 - Transfers Out decrease of \$213,429 or 48.6%
 - Total Expenses of \$2,875,794, decrease of \$347,928 or 10.8%

Roads Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$323,839
 - Ending fund balance of \$1,273,227
- FY 2020/21 Proposed
 - Revenues Flat
 - Operating Deficit of \$230,528 (\$229,878 is for debt service)
 - Ending Fund balance of \$1,042,699 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	\$1,042,699
- Amount Available for One-Time Costs & Capital	\$551,138

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) 2,950
 - 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 2,913
 - Total Net Capital Outlay \$502,293

- FY 20-21 Total One-Time & Capital \$719,619

Roads Fund

- FY 2020/21 Recap
 - Operating Deficit of \$230,528 (\$229,878 is for debt service)
 - Ending Fund balance of \$ 1,042,699 prior to one time costs and capital outlay
 - Ending Fund Balance of \$323,080 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 \$7,591 or 1.0%
 - Services & Supplies increase of \$125,164 or 22.3%
 - Capital Outlay decrease of \$517,207 or 53.5%
 - Transfers Out increase of \$11,867 or 29.5%
 - Total Expenses of \$2,368,252, decrease of \$387,769 or 14.1%

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 \$362,482
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues increasing due to rate increases
 - Operating Surplus of \$1,186,727
 - Ending Fund balance of \$1,186,727 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	\$1,186,727
- Amount Available for One-Time Costs & Capital	\$408,738

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 \$1,186,727
 - Ending Fund balance of \$1,186,727 prior to one time costs and capital outlay
 - Ending Fund Balance of \$211,350 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 \$47,815 or 3.2%
 - Services & Supplies increase of \$8,089 or 0.5%
 - 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 \$4,209,061, increase of \$90,418 or 2.2%

Water Reserve Fund

- FY 2019/20 Projected
 - Ending fund balance of \$741,429 with transfer of \$362,482 to Water Enterprise Fund
- FY 2020/21 Proposed
 - Ending fund balance of \$746,429

Wastewater Enterprise Fund

- FY 2019/20 Projected Actuals
 - Fund balance decrease of \$101,877
 - Transfer from Wastewater Reserve of \$152,688
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues mostly flat
 - Operating Deficit of \$304,005
 - Ending Fund balance of \$(304,005) 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	\$(304,005)
- Amount Available for One-Time Costs & Capital	\$(463,259)

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 \$304,005
 - Ending Fund balance of \$ (304,005) prior to one time costs and capital outlay
 - Ending Fund Balance of \$0 after one-time costs, capital outlay, and transfer from Reserve of \$330,370
 - 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 \$56,823 or 11.1%
 - Services & Supplies decrease of \$59,302 or 20.7%
 - Capital Outlay decrease of \$147,000 or 91.8%
 - Transfers Out increase of \$1,705 or 4.8%
 - Total Expenses of \$848,366, decrease of \$147,774 or 14.8%

Wastewater Reserve Fund

- FY 2019/20 Projected Actuals
 - Ending fund balance of \$344,510
- FY 2020/21 Proposed
 - Ending fund balance of \$15,140 with transfer of \$330,370 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 \$387,875
 - Ending fund balance of \$0
- FY 2020/21 Proposed
 - Revenues flat
 - Operating Deficit of \$275,576
 - Ending Fund balance of \$(275,576) 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	\$(275,576)
- Amount Available for One-Time Costs & Capital	\$(442,092)

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 \$275,576
 - Ending Fund balance of \$ (275,576) prior to one time costs and capital outlay
 - Ending Fund Balance of \$0 after one-time costs, capital outlay, and transfer from Reserve of \$298,798
 - 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 \$168,332 or 69.5%
 - 2 new Full Time positions
 - Services & Supplies increase of \$25,970 or 6.5%
 - Capital Outlay decrease of \$325,000 or 100%
 - Transfers Out increase of \$4,106 or 27.6%
 - Total Expenses of \$854,298, decrease of \$126,591 or 12.9%

Solid Waste Reserve Fund

- FY 2019/20 Projected Actuals
 - Ending fund balance of \$370,842
- FY 2020/21 Proposed
 - Ending fund balance of \$73,044 with transfer of \$298,798 to Solid Waste Enterprise Fund

Conclusion

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

