

# Memo



**To:** Advisory Board of Directors

**From:** Ingrid S. Penney, Administrative Services Manager

**Date:** September 20, 2018

**Subject:** FY2017-18 Year-end Financial Report with CIP Update

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*Background:*

In September 2017, the Board of Supervisors adopted the FY2017-18 Final Budgets for the District, as follows:

\$5,477,870 for the General Fund 337A  
 (\$10,000 was included as part of the overall budget, but reflected in Reserves for future Equipment needs)

\$ 779,291 for the Assessment Fund 337B

There were no appropriation adjustments requested or made during the year. This report provides a comparison to budget of actual revenue and expenditures for the year and revenue and expenditure trends. Line item/GL and cost accounting details are available under Consent Item #2 Financial Statement for June 30, 2018.

**Actual FY2017-18 Year End:**

*General Fund 337A:*

Fund Balance Carry-Over: \$1,147,024 with \$10,000 in  
Reserves for future Equipment needs.

Revenue*:	\$5,347,842
Expenditures:	4,190,818
	<u>\$1,147.024</u>

*Assessment Fund 337B:*

Fund Balance Carry-Over: \$784,511

Revenue*:	\$784,511
Expenditures:	\$ 0
	<u>\$784,511</u>

*\*Includes carry-over fund balance from previous fiscal year.*

## Comparison FY2017-18 Budget to Actual:

### General Fund 337A:

REVENUES	BUDGET	ACTUAL	DIFF	EXPENDITURES	BUDGET	ACTUAL	DIFF
Property Taxes	1,895,900	1,953,694	57,794	Sal & EE Bnfis	2,665,628	2,374,756	290,872
Bldg Rentals, Interest	1,284,216	1,274,971	-9,245	Svs & Sup	1,619,316	1,483,185	136,131
HOPTR & Local Gov Aid	371,182	126,284	-244,898	CIP	637,683	272,219	365,464
Rec Svs Chrgs & othr	825,500	920,252	94,752	Capital Equip	78,000	60,689	17,311
Donations & Misc	57,500	16,857	-40,643	Contingency	467,243		467,243
Surplus Property Sale	0	12,213	12,213				
Fund Balance	1,033,572	1,033,572	0				
<b>TOTAL</b>	<b>5,467,870</b>	<b>5,337,843</b>	<b>-130,027</b>	<b>TOTAL</b>	<b>5,467,870</b>	<b>4,190,849</b>	<b>1,277,021</b>

### Assessment Fund 337B:

REVENUES	BUDGET	ACTUAL	DIFF	EXPENDITURES	BUDGET	ACTUAL	DIFF
Fund Balance	774,791	774,791	0	CIP	63,317	0	63,317
Interest	4,500	11,052	6,552				
Chg for Svc	0	-1,332	-1,332				
<b>TOTAL</b>	<b>779,291</b>	<b>784,511</b>	<b>5,220</b>	<b>TOTAL</b>	<b>63,317</b>	<b>0</b>	<b>63,317</b>

### Discussion:

#### General Fund 337A –

#### Revenue

The District experienced increases over budget for: Property taxes (\$57,794 or 3% and growth of 6% over the previous year), Recreation Service/Citation Charges (\$94,752 or 11.5% and growth of over 9% in the previous year), and proceeds from the Sale of Surplus Property (\$12,213). The District experienced decreases over budget for Building rentals (-\$12,315 or -1%) offset by interest earnings of \$2,860. Interest earned is based on the Wells Fargo MRA and the average daily cash balance in County Treasurer's Pool x the gross yield, less account expenses.

#### Building Rental Breakdown (Budget to Actual):

Category	2017-18 FNL BGT	2017-18 ACT YE
LS Tenants	1,090,416	1,084,294
LS Building Rentals	115,000	110,824
District Wide Rentals	78,800	76,784
	<u>1,284,216</u>	<u>1,271,902</u>

The District experienced a slight decrease over budget for Homeowners Property Tax Relief (HOPTR), (-424 or -2%) representing funding received from the State to offset the loss from the effect of Homestead reduction on property taxes paid by property owners.

The District experienced a decrease in Local Government Aid, representing the park fees tied to actual Capital Improvement Project expenditures.

**Park Fees used for CIP:**

Metal Storage Building	1,200
John Smith Community Hall	12,788
Garfield House Sewer Connection	24,930
CP Playground Surface Replacement	8,980
Sutter Jensen Community Park	58,410
	<u>106,308</u>

**Donations received:**

Summer Concerts	2,354
Community Dance	177
Norcal Services for Deaf	35
Tree Lighting/Santa Pics	75
CRPD Foundation (Sutter)	5,000
GSSA Grant	1,478
<b>Total</b>	<b>9,119</b>

Please note: The District also receives sponsorships that are recognized under Recreation Service Charges.

The following chart represents the District revenue trends over the last five (5) years by category:

REVENUE CATEGORIES	2013-14 ACT YE	2014-15 ACT YE	2015-16 ACT YE	2016-17 ACT YE	2017-18 ACT YE
Property Taxes	1,574,494	1,661,212	1,767,154	1,843,974	1,953,694
Bldg Rentals, Interest	1,114,764	1,284,222	1,708,925	1,251,902	1,274,971
HOPTR & Local Gov Aid	79,809	31,557	212,871	575,014	126,284
Rec Svc Chrgs & othr	669,863	689,578	752,377	842,469	920,252
Donations & Misc	42,219	46,455	84,376	27,114	16,857
Surplus Property Sale	0	0	0	0	12,213
RESERVE FB TRNSER IN/ ENC ROLLED	15,692	0	0	0	0
FUND BALANCE	269,368	411,105	561,979	1,012,724	1,043,572
TRANSFER TO RESERVE	0	0	0	0	-10,000
<b>TOTAL</b>	<b>3,766,209</b>	<b>4,124,129</b>	<b>5,087,682</b>	<b>5,553,198</b>	<b>5,337,842</b>

## Expenditures

The District experienced savings totaling \$1,277,021 over budget.

Salaries & Benefits in the aggregate reflect savings (\$675,289 or 11%) that can be tied back to vacant positions and the timing of new hires. Actual expenditures reflect implementation of the following:

- Reclassifications of CP Secretary/Receptionist RFT to RPT; Recreation Coordinators (Van Drivers) SPT to RPT
- New positions: Facilities Coordinator RFT, and converting Maintenance Worker II (Facilities) RFT to a Facilities Technician RFT
- Elimination of one Maintenance Worker II RFT and all Custodial Assistants SPT
- Additional Building Monitors (2) SPT and Seasonal Maintenance SPT
- 2.5% COLA for Regular FT positions, effective 7/1/2017; Minimum Wage increase of 50 cents from \$10.50/hr. to \$11.00/hr. effective January 1, 2018.

Services & Supplies in the aggregate reflect savings (\$136,531 or 8%).

Savings were reflected in the following accounts:

- Advertising & Legal Notices – over \$10k savings, Marketing Plan not implemented
- Agricultural/Horticulture Services – over \$58k savings, actual Landscape Contract amount
- Mechanical System Maintenance Supplies – over \$10k savings, actual HVAC equipment purchases were offset and tied to Service related expense of \$19k overage of \$14k
- Office Equipment Maintenance Supplies – over \$8k savings, reflects actual IT equipment replacement expenditures (desktops, printers, etc.).
- Other Equipment Maintenance Supply – over \$9.7k savings, reflects actual expenditures for equipment parts (chainsaw, edger, shop vac, etc.)
- Custodial Services – over \$33.5k savings, reflects actual Janitorial Services Contract amount
- Recreation Supplies – over \$44.8k savings, reflects actual program costs and small equipment purchases:
  - 2 AEDs, chairs/carts & tables, Knocker Ball game, Basketball scoreboard (Villareal Gym)

Increases over budget were reflected in following accounts:

- Aggregate increase of over \$19k for various Utilities
- Liability Insurance of over \$5.9k for increase cost of District Property/Liability

insurance

- Building/Carpentry Services of over \$8.9k for flooring installation in the LS Rm 815 Living Smart and Recreation offices and Bandshell Roof repair
- Auto Maintenance Services of over \$6.4 due to maintenance/repair of fleet and equipment
- Increase in Recreation Services expense of over \$9k, reflects the actual expenditures for Class Instructors and coaches, Program services i.e. Summer Concert bands, Field trip costs, Event costs i.e. Egg Hunt, July 4<sup>th</sup> and Founders Day. Service costs frequently relate back to participation.

Capital Improvement Budget:

Here is a comparison to budget of CIP funded through park fees, general fund and donations:

<u>Structures &amp; Improvements</u>	BUDGET	ACT YE	BALANCE
LSCC -Roofs			
800 Wing	155,000	116,569	38,431
Suite 155	35,000	16,010	18,990
Suite 170	7,000	7,910	-910
Metal Storage Building	92,000	1,200	90,800
John Smith Community Hall & Hallway	1,683	12,788	-11,105
LSCC Gym Backstops	0	10,451	-10,451
CP - Kitchen and Clubhouse Renovation	145,000	0	145,000
Garfield House Sewer connection	50,000	24,930	25,070
<b>TOTAL</b>	<b>485,683</b>	<b>189,858</b>	<b>295,825</b>
<u>Improvements Other than Buildings</u>			
CP Playground Surface Replacement	20,000	13,978	6,022
Sutter-Jensen Improvement:			
Jensen Garden Event space	52,000	59,752	-7,752
Sutter Bricks	15,000	2,376	12,624
<b>Bocce Ball - NOT IN ORIGINAL BDGT</b>	<b>0</b>	<b>3,658</b>	<b>-3,658</b>
<b>TOTAL</b>	<b>87,000</b>	<b>79,764</b>	<b>7,236</b>
*\$20K Pledged from Foundation for Construction/Installation			
<b>TOTAL CIP:</b>	<b>572,683</b>	<b>269,622</b>	<b>303,061</b>

Contingency:

The District did not have to use the funds set aside in the Contingency Budget of \$467,243. Going forward, in FY2018-19, the District met its goal of allocating over \$500k in the Contingency Budget. In addition, \$20k was set aside for a total of \$30k in Reserves for future equipment replacement.

CONCLUDING REMARKS:

Overall this financial report is a positive. Based on this report, staff is confident about FY2018-19 Final Budget projections and allocations. The District continues to experience a growth in its property tax base and program revenue generation. The District continues to meet its financial obligations and still maintain a healthy fund balance.

Staff will continue provide periodic updates for the Advisory Board to review, adding a CIP Update on a quarterly basis.