

DISCUSSION:

Adopting a budget is one of the Board of Directors' most important actions. It establishes the District's direction for the near term, and to some extent, these decisions also have long-term implications. The budget is the District's financial work plan, translated into expenditures, supported by revenues. The budget establishes the priorities of the District for the fiscal year.

FY 2023-2024 Preliminary Budget

The Preliminary Budget includes several components:

- Narrative – The narrative is an in-depth review of each departmental budget within the associated fund. Revenue sources, expenditure requests, and significant budget items, trade-offs, and goals/objectives/plans are discussed.
- Preliminary Budget – The preliminary budget includes department and fund-level summaries and detailed line items for all revenues and expenses.
- Administrative Overhead Allocation - The administrative overhead allocation assumes recovery of 100% of administrative costs, less franchise fees. The different types of expenses are recovered at different percentages for each department and associated fund.
- Salary Schedule – The salary schedule includes all current CCSD staff, including staffing change requests, the Fire Department's addition of funding for two full-time firefighters, and the Administration Department's elimination of two positions. In addition to the salary schedule, a position allocation list (PAL) is being provided, which details the change in staffing from FY 2022-2023 to FY 2023-2024.
- Organizational Chart – The organizational charts represent the current and proposed reporting structures of CCSD which are funded in the preliminary budget. Existing staff positions, vacant positions, as well as new staff requests are included in this illustration.
- Capital Improvement Projects (CIP) – Water, WRF, and Wastewater CIP priority listings are included.
- Unfunded Budget Requests – The Board is provided a list of each department's budget request, plus the amount that was funded or not funded. It is important for department managers to continue requesting items needed to provide adequate service to residents. It is also important for the Board and the community to be aware of funding shortfalls and the associated impacts of these unfunded requests.

During the past fiscal year, staff has continued to review and discuss the CIP priority listings with the Resource & Infrastructure Committee and reviewed the current fiscal year budget and the request for budget adjustments with the Finance Committee.

The Finance Committee reviewed the FY 2023-2024 Preliminary Budget on May 31, 2023, and recommended approval with a 5-0 vote. The Finance Committee approved the following recommendations to be brought to the attention of the Board:

1. Review Insurance coverage and establish a policy for regular review for competitive pricing.
2. Pursue alternative investment strategies for the District's reserve balances.
3. Have staff clarify the capital expenditure request for the Water & Effluent Line Design and Preliminary Cost request.
4. Review the CIP list format with a joint Ad-Hoc committee between Resource and Infrastructure Committee and Finance Committee members.

Amended 6/12/2023

5. Place discussion of the Van Gordan property on a future agenda item for the Board.
6. The Committee would like to publically recognize the efforts of Finance Manager Denise Fritz in presenting a detailed budget report and leading a robust discussion within the Committee.

Staff and both Committees recommend the adoption of Resolution 38-2023 approving the FY 2023-2024 Preliminary Budget.

Establishing the FY 2023-2024 Appropriations Limit

Annually, the CCSD must calculate the expenditure appropriations limit from tax proceeds to determine compliance with Propositions 4 (Gann Initiative) and 111 (Spending Limitation Act of 1990). This calculation is based on the previous year's appropriations limit multiplied by the per capita personal income percentage change and multiplied again by the population percentage change. The State Department of Finance provides the population and per capita personal income changes for the previous fiscal year.

The CCSD is responsible for dividing revenues between tax and non-tax and applying the formula to the cumulative appropriations limit. For Fiscal Year 2023-2024, the appropriations limit has been calculated to be \$3,711,261.

This calculation means the CCSD cannot receive more than \$3,711,261 in tax-based revenues in Fiscal Year 2023-2024. The estimated tax-based revenues for Fiscal Year 2023-2024 have been calculated to be \$2,985,326, approximately \$725,935 less than the appropriations limit. Therefore, the CCSD complies with Article XIII B of the California Constitution, and staff recommends the adoption of Resolution 39-2023.

Attachments: Resolution 38-2023

Resolution 39-2023 and Exhibit A – Amended 6/12/2023

Attachment 1 – CCSD Preliminary Budget FY 2023/2024