

Pursuant to Governor Newsom's Executive Order N-29-20, members of the Finance Standing Committee or staff will participate in this meeting via a teleconference. Members of the public can submit written comments to the Deputy District Clerk at boardcomment@cambridcsd.org.



FINANCE COMMITTEE

REGULAR MEETING
Tuesday, August 25, 2020 - 1:30 PM

AGENDA

Please click the link below to join the webinar:

<https://zoom.us/j/91690564537?pwd=SUhmMVdsM0Rxczhaa29lcnRmSWk4UT09>

Passcode: 358120

Or iPhone one-tap:

US: +16699006833,,91690564537# or +13462487799,,91690564537#

Or Telephone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301
715 8592 or +1 312 626 6799

Webinar ID: 916 9056 4537

International numbers available: <https://zoom.us/u/acPonerNly>

Copies of the staff reports or other documentation relating to each item of business referred to on the agenda are on file in the Office of the District Clerk, available for public inspection during District business hours. The agenda and agenda packets are also available on the CCSD website at www.cambridcsd.org. Please call 805-927-6223 if you need any assistance. If requested, the agenda and supporting documents shall be made available in alternative formats to persons with a disability. The Committee Chairperson will answer any questions regarding the agenda.

- A. CALL TO ORDER
- B. ESTABLISH QUORUM
- C. CHAIRMAN'S REPORT

1. PUBLIC COMMENT

Members of the public may now address the Committee on any item of interest within the jurisdiction of the Committee but not on its agenda today. Future agenda items can be suggested at this time. In compliance with the Brown Act, the Committee cannot discuss or act on items not on

the agenda. Each speaker has up to three minutes.

2. CONSENT AGENDA

- A. Consideration to Approve the July 28, 2020 Regular Meeting Minutes

3. REGULAR BUSINESS

- A. Review Budget Policy and Administrative Allocation Process Across Funds
- B. Receive Update on Tyler Incode
- C. Receive Update on Fiscal Year 2018/2019 Audit
- D. Receive CIP Ad Hoc Committee Report

4. FUTURE AGENDA ITEMS

5. ADJOURN

FINANCE COMMITTEE

REGULAR MEETING
Tuesday, July 28, 2020 - 10:00 AM

MINUTES**A. CALL TO ORDER**

Chairman Steidel called the meeting to order at 10:00 a.m.

B. ESTABLISH QUORUM

A quorum was established.

Committee members present via Zoom: Cindy Steidel, Ted Siegler, Dewayne Lee, Mary Maher, Marvin Corne and Cheryl McDowell.

Staff present via Zoom: Pamela Duffield, Finance Manager, Haley Dodson, Deputy District Clerk.

C. CHAIRMAN'S REPORT - None**1. PUBLIC COMMENT****2. CONSENT AGENDA****A. Consideration to Approve the June 4, 2020 and June 29, 2020
Special Meeting Minutes**

Committee member Siegler moved to approve the minutes.

Committee member Corne seconded the motion.

The motion was approved 5-Ayes (Maher, Corne, Siegler, Lee, McDowell), 0-Nays, 0-absent

3. REGULAR BUSINESS**A. Discussion Regarding Future Delays of the Rate Implementation Based on the
Current Environment**

Committee members discussed the current status of COVID-19 on the community and of the relatively low number of late payments (less than 2% of ratepayers).

**B. Discussion and Consideration of the Final Budget FY 2020/2021 and Approve
Recommendations to Board of Directors**

Ms. Duffield reviewed the Final Budget FY 2020/2021. Committee members asked questions and discussed the budget.

Committee member Siegler moved to approve recommendations to the Board of Directors.

Committee member Maher seconded the motion.

The motion was approved 5-Ayes (Maher, Corne, Siegler, Lee, McDowell), 0-Nays, 0-absent

C. Discussion and Consideration of Recognition and Acknowledgements

Committee member Lee moved to present the CCSD finance team members (Pamela Duffield, Finance Manager and her team) with recognition and acknowledgement of their work at an upcoming CCSD board meeting. Chair Steidel and Vice Chair Siegler will sign the recognition for the entire finance committee.

Committee member McDowell seconded the motion.

The motion was approved 5-Ayes (Maher, Corne, Siegler, Lee, McDowell), 0-Nays, 0-absent

4. FUTURE AGENDA ITEMS

Review admin allocation process across funds.

Review reserve and budget policy

Review interfund loans and process for showing visibility and paybacks – target timeframe for review is after 3rd quarter budget review.

Review CIP recap information

Update on Tyler

Update on FY 2018/2019 audit status

5. ADJOURN

Chairman Steidel adjourned the meeting at 11:40 p.m.



**CAMBRIA COMMUNITY SERVICES DISTRICT
BUDGET POLICY**

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I. PURPOSE

It is the policy of the Cambria Community Services District that an annual Budget will be prepared, presented to the Board of Directors for approval and used as the guide for District spending decisions each year.

The annual budget serves multiple purposes:

- Translate District plans into financial estimates of the impact of those plans.
- Provide a template for resource allocation.
- Establish spending controls consistent with District needs and Board objectives.
- Provide a basis for evaluation of actual spending during the year.
- Provide a guidepost for expectations and a basis for determining when actual events are inconsistent with those expectations.

With its approval, the Board of Directors authorizes General Manger to plan for and take actions that are consistent with the Budget, within the limits of other Board policies. Prior to taking action that is inconsistent with either the Budget or other policies, the General Manager will raise the issue for discussion and approval at a public meeting.

II. PROCEDURES

A. Plans, goals, resources

A budget is a financial manifestation of plans and goals. In order to be meaningful, the Annual Budget must include a discussion of District goals and objectives, plans to accomplish those objectives (in the case of multi-year objectives the Annual Budget will address what will be accomplished in the relevant year), available resources and discussion of trade-offs between competing objectives and available resources.

Plans and objectives must be consistent with overall Board policy and direction. They should be developed in such a way that they are measurable. During the year and following each year, the General Manager will report on achievements and gaps between what was achieved and initial plans and objectives. These reports will include the financial implications of these achievements and gaps and plans for remediation if necessary. Interim reports will be presented on at least a quarterly basis.

B. Calendaring

The Annual Budget must be prepared and presented to the Board in a timely fashion. Except under exceptional circumstances, requiring approval by the Board, the Budget must be approved prior to the beginning of each fiscal year. The typical schedule will include the following:

- In April, the Board must consider and approve any changes to rates for the following year.
- Preliminary budget submitted for review by the Standing Finance Committee at the beginning of May.

- Revised preliminary budget, incorporating input from the Standing Finance Committee where appropriate, submitted to the Board at its regular May meeting.
- Annual Budget, incorporating input from the Board, submitted for approval at the regular June Board meeting.
- Special meeting(s) of the Standing Finance Committee and/or the Board may be necessary to resolve difficult issues prior to finalizing the Annual Budget.

C. Mid-year Budget Update

If there is an event or events that materially impacts the assumptions in the Annual Budget, the General Manager will propose and present a midyear update for approval. Any midyear update will be prepared on a schedule that leads to approval as soon as practical after the regular December Board meeting, but no later than the regular February Board meeting. Changes should be limited to the impacts of the triggering event on plans, objectives and financial performance.

D. Organization chart and headcount

Budget documents will include both an organization chart and a full-time equivalent count of employees. The full-time equivalent of employees will, at a minimum, display the number of employees at the end of the two years prior to the current budget (for example 2016-17 and 2017-18 for the 2018-19 budget) as well as planned headcount at the end of the current budget year.

Full-time equivalent will only include the employee count. Contractors, Consultants and Temporary employees will be represented in the organization chart to give a clear picture of staffing required to fill the needs of the District. Vacant positions will also be identified.

Potential open positions that will not be filled due to budget constraints should also be noted. New positions require justification and the General Manager is encouraged to provide a discussion about the relative merits for creating and filling positions.

E. CIP

Capital spending plans are by their nature multi-year. Each year, prior to budget preparation, the General Manager should evaluate the needs and solicit appropriate committee feedback relative to acquiring or replacing infrastructure, facilities, equipment and other capital items. These plans should prioritize the acquisitions and identify funds available to achieve the plans. All plans should include discussion of the impact of acquiring assets and/or failing to acquire them due to resource limitations.

F. Overhead Allocation

Overhead allocation is a tool to match the costs of administrative functions to the operating activities of the CSD. Administrative functions will be charged to a department or departments that are accounted for in the General Fund (Fire, Facilities & Resources and Administration). Allocation to the Enterprise Funds, (Water, including the SWF, Wastewater) is necessary to

assure that rates will be set to properly reimburse the General Fund for expenses necessary to the delivery of services.

Overhead allocation will take into account four criteria:

- Recovery based on equal distribution to all departments.
- Recovery based on relative size of department. The term “relative size” is a subjective determination based on estimates of each department’s use of resources and impact on the District’s overall mission.
- Recovery based on full-time equivalent employees.
- Recovery based on percent of administrative labor applied to departments as determined by interviewing administrative personnel.

Each type of administrative spending will be reviewed to determine the best method, of the four criteria defined above, to allocate that expense to the operating departments.

As part of the budget process, the charges to each operating department will be the percentage of total overhead budget derived from aggregating the recoveries applied to each spending line item. The percentage of overhead spending allocated to each operating department will be set at the beginning of the year and will not be changed unless there is a material change in actual or anticipated overhead spending, or a change in the nature of one or more operating departments that would cause a material change in the recovery methodologies.

G. Income Allocation – Property Tax and Other

Property taxes are the primary source of funds for the General Fund departments. Since administrative overhead is fully allocated, no property tax receipts will be allocated to the administrative department(s). Currently, the departments receiving allocations of property tax are the Fire Department, the Facilities and Resources Department and the Parks, Recreation and Open Space department.

Allocation of property taxes is discretionary. Ultimately, the allocation is the proper responsibility of the CSD Board of Directors. The methodology is iterative. The General Manager should budget expenses for each of the General Fund departments with an understanding of the likely level of property tax receipts. Once expenses are projected, the General Manager will make a recommendation to the Board about the appropriate allocation of property tax receipts. The recommendation should include discussion about the choices made in the spending projections and potential competition between departments for limited funds. The Board will determine the extent to which it agrees with the General Manager’s priorities and allocate anticipated property taxes appropriately. If necessary, the Budget will be revised to take into account the Board’s allocation decision.

Minor sources of income, such as fees and grants, are generally specified to certain funds. When the purpose is unspecified, the Board will allocate funds based on recommendations by the General Manager.

H. Structure

Working with the General Manager, the Board should set operating and financial objectives. This process is discussed above. From a structural standpoint, the budget's financial documents must reflect the financial impact of these objectives. More specifically, budget documents must contain at least the following information:

- Estimated Fund Balance
- Receipts of funds
- Loan Proceeds (external and interfund)
- Expenses
- Capital expenditures
- Loan Repayments (external and interfund) • Allocation to reserves for:
 - Emergency
 - Replacement
 - Unfunded liabilities such as
 - Other
- Other receipts or expenses
- Ending Fund Balance

To the extent necessary, the budget must contain appropriate documents with detail supporting the above line-items.

I. Consolidation Entries

The budget will include at least two consolidation levels: General Fund and District. In the process of consolidation, internal transfers will be eliminated to avoid overstating income and expenses. Internal transfers include, but are not limited to, overhead allocation and interfund loans.