

On 10/24/17 the District was advised that a loan to assist in financing the purchase of the prior library building in Cambria for use as a District office could not be obtained at this time. It had been expected that the loan would account for \$562,500 of the total amount of \$957,527 required to purchase and refurbish the building.

As shown on the attached updated cash flow projection, the District had \$2,029,315 in cash on hand on October 1, 2017. \$1,096,345 of that is designated for the SWF and \$932,970 is available in the General Fund. If revenues and expenditures closely approximate budgets for the remainder of the fiscal year, the District will have about \$2,359,328 in cash on hand on 6/30/18. \$871,345 of that will be restricted to SWF expenditures and \$1,487,983 will be available in the General Fund.

The above projections do not include any expenditures for the library building project. Those projections also do not include the following potential substantive cash needs:

- \$300,000 per year to convert three SAFER firefighters to permanent firefighters;
- unplanned Wastewater maintenance requirements; and
- continued higher costs for routine SWF maintenance than covered by operating fees.

Although several of the above items are not in the General Fund, the lack of cash reserves in both the Water and Wastewater funds will most likely require loans from the General Fund to finance any deficiencies in those funds.

The District Reserve Policy establishes the following as the desired amount of cash to be on hand at any given time for the General Fund. For Fiscal Year 2017-18, the minimum reserve amount would be \$1,456,300 and the maximum would be \$2,080,433.

**GENERAL FUND RESERVE GUIDELINES**

	<u>LOW</u>	<u>HIGH</u>
Budget Stabilization Reserve		
10% - 15% of Budgeted Expenditures	\$ 416,100	\$ 624,150
Liability Contingency Reserve		
15% - 20% of Budgeted Expenditures	\$ 624,100	\$ 832,133
Working Capital Reserve		
10% - 15% of Budgeted Expenditures	\$ 416,100	\$ 624,150.0
<b>TOTAL GENERAL FUND RESERVES</b>	<b><u>\$ 1,456,300</u></b>	<b><u>\$ 2,080,433</u></b>

For discussion purposes, staff has identified some possible options concerning the library building as outlined below.

<b>OPTION</b>	<b>GF CASH AVAILABLE ON 6/30/2018</b>
1	\$1,488,000
2	\$1,083,000
3a	\$898,800
3b	\$806,700
4	\$530,000

Option 1. Do not purchase the library property. In this case, the cash available in the General Fund on 6/30/18 would be about \$1,488,000.

Option 2. Purchase the library building but not perform any modifications to the building until additional sources of funds are identified. In this case, the cash available in the General Fund on 6/30/18 would be about \$1,083,000. One potential source of funds would be selling excess District owned property. This option would require continuing to rent office space at a cost of about \$42,000 per year until building modifications can be completed.

Option 3. Purchase the library building and spread the modifications made evenly over the next two or three years. This option would require continuing to rent office space at a cost of about \$42,000 per year for two or three more years.

- 3a. If modifications are made evenly over the next three years, the cash available in the General Fund on 6/30/18 would be about \$898,800.
- 3b. If modifications are made evenly over the next two years, the cash available in the General Fund on 6/30/18 would be about \$806,700.

Option 4. Finish the entire library project during the current fiscal year. In this case, the cash available in the General Fund on 6/30/18 would be about \$530,000. This option would only require continuing to rent office space until the building is ready for occupancy.