

Memo

Carmichael



To: Advisory Board of Directors

From: Ingrid S. Penney, Administrative Services Manager

Date: February 16, 2023

Subject: FY 2022-23 Mid-Year Budget Status

Introduction:

This financial report provides a mid-year review and status of the FY 2022-23 Budget. As the State of Emergency is ending this month on COVID-19, programs and services are returning to pre-pandemic levels, best seen in the recovery of revenues from facility rentals and programs. Meanwhile we have been able to keep costs down together, as we cautiously move forward, especially in the area of staffing. CRPD has continued to partner with local agencies, non-profits, and business entities on programs and events; relationships that were fostered during the pandemic.

The update follows trends and helps to address potential revenue opportunities, savings, and/or shortfalls before the end of the fiscal year. Based on the information, Staff determines any adjustments which may be needed and recommends these adjustments to the Advisory Board. This report also provides information to assist with future budget planning. The Assessment fund activity can be found on Page 6 and 7.

Attached are spreadsheets of overall revenues and expenditures for the period ending December 31, 2022 (2nd quarter) first allocation of property taxes and December program revenue and expenditures which are recorded in January.

Activities over the past months show that revenue projections will be met and/or exceeded for property taxes and the building rental program. While it's not likely that the same is true for recreation programming; however, there is growth in comparison to the last two years. Based on trends and known factors, aggregate expenditures should not exceed allocations. The adopted Budget was developed with capacity for a full return of programs and services with related impact of direct costs. In summary, Staff anticipates a balanced budget for the fiscal year. We will continue to monitor operations to meet our actual available funding.

General Fund 337A – (Exhibit A)

Revenues: \$3,725,993 or 51% budget to actual received (includes fund balance carry over; *key areas are reviewed*) compared to: \$3,180,601 received last year and \$2,678,308 the year before that.

Property Taxes: \$1,427,951 or 58% budget to actual compared to \$1,342,929 or 58% for the same period last year and \$1,277,185 or 57% the year before. The current activity reflects an allocation of secured, unsecured taxes, supplemental, augmentation funds (Teeter purchase), delinquency, penalty, and interest income net of refunds. Funds in this area represent a 34% of the projected revenue for this year.

The first allocation of property taxes for FY 2022-23 was made in January, providing a strong indicator of whether we will meet projections. Historically, if tax proceeds are 55% or greater, the District will meet the annual projections made in this area. Projections for secured taxes were nearly 3% based on the County assessed valuation report and staff’s conservative assessment of budget trends. The District’s tax growth is consistent with County-wide growth and current housing market trends.

The Teeter Purchase is the annual financing of the delinquent secured/supplemental property taxes as of June 30. The allocation is reflected under the allocation entitled Augmentation Fund and Property Tax – Supplemental/Delinquent.

The District will continue to receive tax distributions through the end of the fiscal year. The next major allocation of property taxes will be made in May. Staff will be able to provide additional information at that time. Past trends and the tax roll in June will provide the basis for budgetary planning for FY 2023-24. FY2021-22’s aggregate tax growth was 5.5% over the prior year.

Building rentals: \$707,982 or 49% budget to actual received compared to \$653,215 or 50% last year –

BREAKDOWN	FY2022-23		FY2021-22		FY2020-21		FY2019-20*	
LS Tenants	602,324	48%	584,461	50%	561,705	50%	568,244	49%
LS Rentals	53,817	49%	40,974	41%	-379	-0.50%	96,949	64%
DW Rentals	51,841	65%	28,383	57%	13,041	29%	46,584	59%
TOTALS	707,982	49%	653,215	50%	574,367	46%	711,777	51%

*Table shows values at Mid-Year (Jul-Dec); therefore the data for FY2019-20 reflects Pre-COVID19

Funds in this area represent approximately 20% of the projected revenue for this fiscal year. The projected budget for FY 2022-23 was based on scheduled lease payments along with two tenants paying escalators effective January 1, one at 3% and the other at \$0.03. Most of the tenants are current on the monthly lease payments. Building rental income has increased as people begin to gather once again. FY2020-21 demonstrates the effect of closures guidelines and gathering restrictions and refunds issued in the amount of \$3,509 for fees held on deposit. Last year most of the LS Rentals come from the Gyms. This year, with an increase in rental support staff we have been able to offer more. Private parties and

fundraisers such as crab feeds and other events have returned. Also, since opening in June 2022, the Garfield House has become a popular destination rental too. We anticipate the same effect once the Cypress Room at LSCC re-opens.

HOPTR: \$9,085 or 50% received compared to \$9,347 or 49% received last year—Represents the first allocation of homeowners’ tax relief - an amount which offsets what homeowners deduct for owner occupied residences.

Intergovernmental Revenues: (\$0)

The allocation represents Quimby/In-lieu and Park Impact fees funding for the current CIP program. Most of the projects funded through park fees will be performed during the second half of this fiscal year. Funds are transferred after the project(s) are completed.

Recreation Services Charges: \$236,021 or 33% compared to \$179,313 or 25% received last year; \$58,696 or 12% in FY2020-21 and \$425,164 or 42% in FY2019-20 – Funds in this area normally represent about a third of the Districts revenue. This year it represents 10%+. This reduction is directly related to affect that COVID-19 has had on programs over the last two years. We are starting to see growth return. Recreation remains innovative in its approach to programs and events. Programs are offered in areas where revenue and/or sponsorships cover the direct costs. Some events are offered as community service. Typical receipts include event sponsorships and youth scholarship awards along with recreation program revenue.

Donations: \$7,334 or 13% Realized

Summer Concerts	6,719.81
CP Dog Park	33.00
Barktober Festival	531.54
Bench (Garfield House)	<u>50.00</u>
	7,334.35

The Carmichael Parks Foundation has designated reserves totaling nearly \$27k set aside for various District park/facility improvements and recreation program enhancements, i.e. Jensen Gardens, Sutter Community Garden, Memorial Bench, Brick, Tree Program, DART swim, Project Lifelong skating, B St Theatre programs etc. In addition, they have \$126k+ in retained earnings and \$10k in general reserve to continue to support youth programs and park beautification projects.

Insurance: \$160,608 or 18% Realized

The County reversed the original year end revenue accrual. Subsequently, we have received property damage claims reimbursements totaling \$173,787.52, (some accrued), as well as a \$7,255.72 return premium from the Workers Compensation program. Staff plans to submit payment request for the LSCC 800 Wing at the conclusion of the project, should the project close this fiscal year; otherwise, a progress payment request will be submitted.

Expenditures: \$2,784,041 or 38% budget to actual spent compared to: \$2,210,308 or 34% last year; \$2,244,177 or 43% in FY2020-21 and \$2,583,884 or 40% in FY2019-20

Salaries & EE Benefits: \$1,359,281 or 43% budget to actual spent compared to \$1,236,468 or 44% last year; \$1,236,468 or 44% spent FY2020-21 and \$1,376,620 or 45% spent in FY2019-20 – The aggregate percentage is within the run rate. It includes two extra pay periods due to the timing of payroll cycles. We anticipate continued savings overall due to positions which remain vacant to date. The budget included funding for some positions at mid-year as well as funding to support a return to “normal”. The District has paid the deposit premium for workers compensation for the Quarters 1 - 2.

Services & Supplies: \$913,699 or 41% budget to actual spent compared to 966,262 or 44% last year; \$784,434 or 47% in FY2020-21 and \$896,353 or 50% in FY2019-20. In general, some overages reflected in some of the accounts represent the semi-annual and annual costs for the account (i.e. memberships, liability insurance, data processing services, and other operating services services).

Notable expenses (one time or small project/equip):

- Advertising #2005 – \$21,643 reflect the following expenses:
 - Activity Guide - \$10,030
 - Measure G Informational Mailer - \$9,130
 - Carmichael Times - \$2,384
 - Job Opportunity Postings - \$225
 - eNewsletter - \$315
- Liability Insurance #2051 – \$213,283 spent includes Annual Property/Liability Insurance through CAPRI
- Memberships #2061 - \$5,714 spent includes CARPD, CSDA, CPRS, Chamber, Kiwanis, and MMANC
- Agricultural/Horticultural Services #2103 – \$71,391, includes:
 - Landscape Contract \$44,000 (Jul – Nov Services)
 - Fallen Leaf Tree Service: \$16,175 (Tree Removal/Grind Stump)
 - Playground Fibar: \$12,416 (DC, LS, & Patriots)
- Agricultural/Horticultural Supplies #2104 – \$4,368
 - Herbicide and pesticides - \$1,985
 - Topsoil, bark, Fertilizer – \$996
 - Aggregate base - \$1,431
- Building Maintenance Service #2111 – \$1,379 includes:
 - LSCC Window Repair/Replacement (vandalism/damage)
- Land Imp Mnt Sup #2142 – \$14,652 includes:
 - Benches, chairs - \$6,124
 - Drinking Fountains - \$5,019
 - Play equipment repair - \$1,222
 - Fence posts (Jan) - \$1,044
 - Park Signage - \$776
 - American Flags - \$440

- Mech Sys Mtn Svc #2151 – \$54,357 includes:
 - HVAC replacement LS405 & 700W Conf Rm - \$40,933
 - COAC HVAC Contract PM Service & Repair LS170 & Jensen House - \$10,490
 - Fire dampers inspection (LS) - \$1,408
 - Ice Machine (clean/sanitize)/Freezer repair LS, Garfield, CP CH - \$1,526
- Mech Sys Mtn Sup #2152 – \$5,945 includes:
 - MERV10/11/13 (some COVID) \$3,961
 - Refrigeration supplies - \$3,463
- Plumbing Services #2167 - \$7,866
 - Backflow Test/Repair (BT) - \$96
 - Remove/Repair Sewer line (Jensen House) - \$4,416
 - Hydro jet Sewer lines (CP & LS) - \$3,354
- Office Equip Mtn Sup #2262 – \$11,263
 - Replacement Program (4 laptops) - \$7,223
 - Hybrid Meeting - \$2,353
 - MS Teams phones (2) - \$463
 - Miscellaneous – 1,224
- Custodial Svc #2321 – \$33,457, Janitorial contract thru Nov
- Custodial Sup #2322 – \$7,047 include:
 - Trash liners - \$2,984
 - Pet waste bags - \$405
 - Janitorial contract supplies - \$3,048
 - Cleaning supplies, product/brushes - \$2,107
- Assessor's Collection Services #2507 - \$12,113 (1/2 annual cost)
- Security Svc #2571 - \$33,084 includes:
 - FEC Patrol - \$19,882 (thru Nov)
 - FEC (Events/Concerts) - \$3,985
 - Security Guards (Rentals/Events) - \$4,355
 - Alarms - \$2,820 (thru Dec)
 - Gate Closures – \$3,750 (June – Nov)
- Other Professional Services #2591 – \$12,033
 - Compensation Study (Grace Consulting) - \$4,585
 - Ergonomic Evaluation follow up (One Ergo Net)- \$395
 - SCI Nexus Study (Park Impact Fees) - \$1,502 (will be funded by the park impact fees)
- Data Processing Services #2811 – \$2,895, includes:
 - Annual online Cloud backup service - \$1,575
 - Malwarebytes - \$300
 - Email archive - \$1,020
- Data Processing Sup #2812 - \$14,129, includes:
 - BambooHR Time Tracking/HR Advantage: \$5,586
 - RecPro annual license renewal: \$3,950
 - Office 365 & annual hosted email: \$3,934
 - When to work software: \$360
 - Zoom: \$150
 - Canva: \$150
- Other Operating Exp Svc #2899 – \$21,834, includes:

- Property Taxes (lighting) - \$653 (1st & 2nd Installment)
- Property Taxes (CID) - \$14,979 (1st Installment)
- Monthly Bank fees and credit card processing - \$6,165

Capital Budget (CIP): General Fund 337A totals spent through 12/31: \$511,061 or 38%

- Structures/Improvements (Acct # 4201) – \$490,041 or 61% spent
- Other Improvements (Acct #4202) – \$21,020 or 4% spent

[See Exhibit B - CIP for a complete list/update of activity for both Fund 337A and Fund 337B]

Contingency (Acct #7901): \$500,000 available – not committed or spent

Conclusion – General Fund:

Activities over the past months show that most revenue projections will be met and/or exceeded. Based on trends and known factors, aggregate expenditures should not exceed allocations. There are pre-paid, annual, and semi-annual expenditures reflected in this period that will smooth by year end.

In summary, Staff anticipates a balanced budget for the fiscal year. We will continue to monitor operations to meet our actual available funding.

Staff will continue to recognize new issues, opportunities and trends which could affect our year-end balance. At a meeting in March the Advisory Board, staff will provide projected year end estimates and the recommended budget for FY 2023-24.

Carmichael RPD Assessment: \$279,514 Budget; ***(Budget represents the Carry-Over from FY2021-22 no additional direct Levy payments have been paid; only new revenue comes from earned interest)***

ACCOUNT TITLE	Budget	Actual	Available	% Available
20259100 OTHER PROF SVC	30,394.00	3,464.60	26,929.40	88.60
20281700 ELECTION SVC	40,000.00	34,422.03	5,577.97	13.94
* 20 - SERVICES AND SUPPLIES	70,394.00	37,886.63	32,507.37	46.13
42420200 STRUCTURES	175,000.00		175,000.00	100.00
* 42 - Buildings	175,000.00		175,000.00	100.00
50598000 OPERATING TRANS	31,705.00		31,705.00	100.00
* 50 - INTERFUND CHARGES	31,705.00		31,705.00	100.00
79790100 CONTINGENCY APPR	2,415.00		2,415.00	100.00
* 79 - Appropriation for Con	2,415.00		2,415.00	100.00
** Expenditure accounts	279,514.00	37,886.63	241,627.37	86.43
94941000 INTEREST INCOME	500.00-		500.00-	100.00
* 94 - REVENUE FROM USE OF M	500.00-		500.00-	100.00
** REVENUE ACCOUNTS	500.00-		500.00-	100.00
*** Total	279,014.00	37,886.63	241,127.37	86.42%

Service & Supplies Expenditure Budget includes spending for:
CEQA for District wide Master Plan Update: \$3,465
Election Costs (ROV): \$34,422

*Please note: Consulting Fees (Isom) will be expended from GL #20259100: \$25k
(invoice being processed at the time of this report)*

Contingency: \$2,415 set aside, uncommitted or spent

CIP Budget: \$175,000
Mid-Year spending reflects: \$0

[See Exhibit B - CIP for a complete list/update of activity for both Fund 337A and Fund 337B]

OTHER FUNDING SOURCES through 1/23/2023:

Additional receipts collected for Quimby/Parkland Dedication (in-lieu) towards
uncommitted balance: \$13,351

Additional receipts collected for Park Impact Fees towards uncommitted balance:
\$26,981

Recommendation: Receive and file the report.