

Planning for 2020-21 Budget Process

December 10, 2019

Topics

- **Financial Planning Process**
 - Authority and Governance Policy
 - Financial Planning Process Flow
 - Proposed Board Review Dates
- **Major Budgeting Assumptions**
- **Board Work Plan Strategies**
- **Next Steps**

Authority and Governance Policy

District Act

- Section 13: Taxation – Empowers the board, in any year, to levy taxes or assessments in the district.
- Section 20: Adoption of Budget – Requires the board to adopt the budget not later than June 30 of each year.
- Section 26: Ground Water Charges - Empowers the board to levy and collect a ground water charge.

Authority and Governance Policy

Board Governance Policies

➤ EL- 4 Financial Management

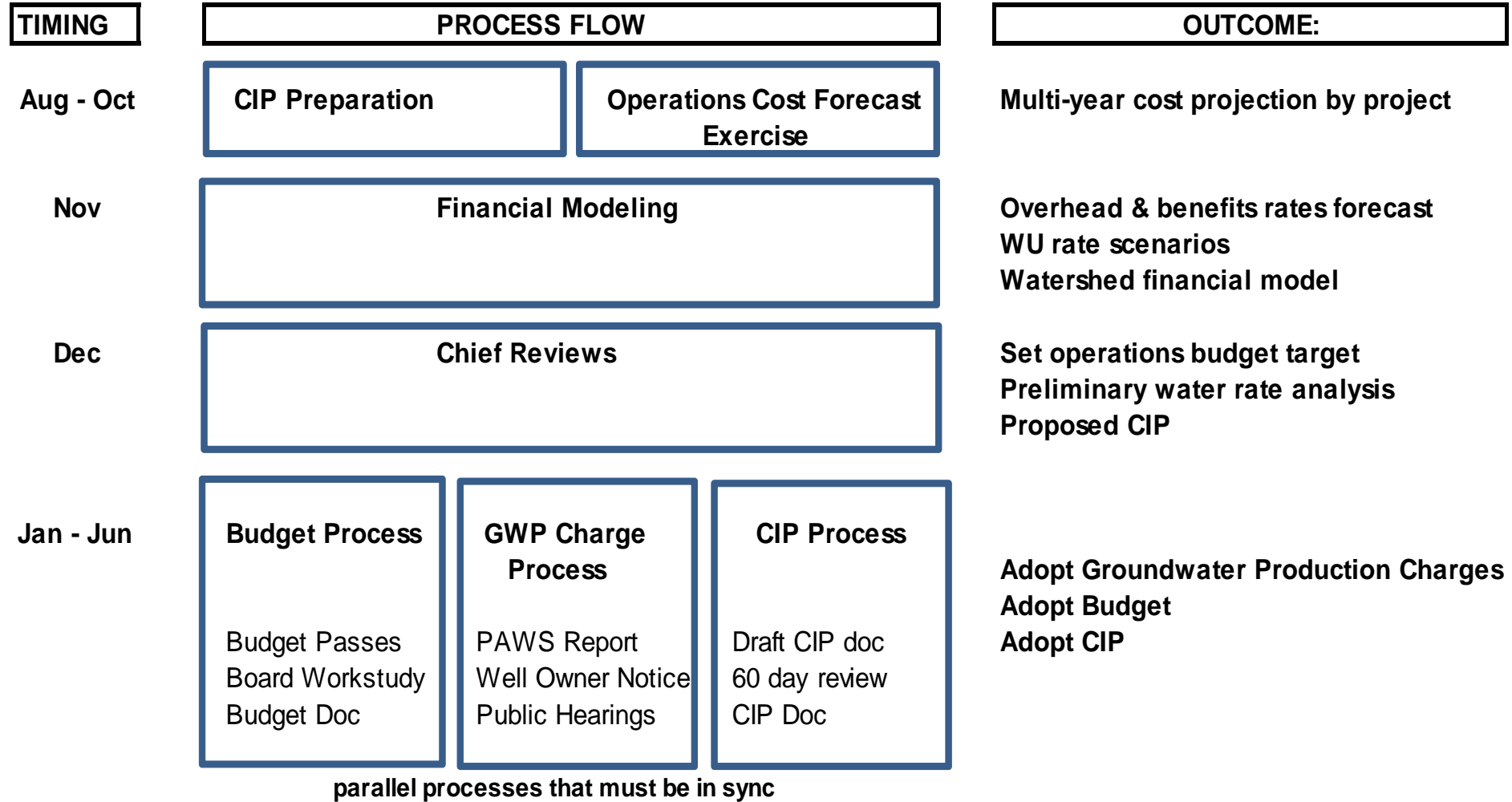
Financial planning for any fiscal year shall be aligned with the Board's Ends, not risk fiscal jeopardy, and be derived from a multi-year plan. With respect to the actual, ongoing financial condition and activities, the BAOs shall provide for the development of fiscal sustainability.

➤ Planning and Budgeting

EL- 4.3 Include credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

EL- 4.4 Plan the expenditure in any budget period within the funds that are conservatively projected to be received or appropriated from reserves in that period.

Financial Planning Process Flow



Proposed Board Review Dates

► Operating and Capital Budget

- February 11, 2020
- March 24, 2020
- April 29 to 30, 2020

► Groundwater Production Charge (GWP)

- January 14, 2020
- April 14 to 28, 2020

► Capital Improvement Program (CIP)

- January 14, 2020
- February 25, 2020
- April 14, 2020

► Operating and Capital Budget, GWP, and CIP

- May 12, 2020 - Adoption

Major Budgeting Assumptions

► Overall Major Assumptions

- Anticipate a water rate increase due to aggressive capital program
- Anticipate debt issuance for Water Utility program

► Capital Improvement Program

- Based on draft of 2021-25 Five-Year Capital Improvement Program

► Operations Funding

- Maintain funding for current authorized position levels plus 17 new positions approved by the Board on November 12
- Salary and Benefits funded based on approved labor contracts
- Continue \$3.0M redirect from OPEB to unfunded pension liability

Board Work Plan Strategies

- ▶ **Continue to execute the Board's Work Plan strategies for FY2019-20**
- ▶ **First pass preparation of the FY2020-21 Budget based on these continuing strategies**
- ▶ **Second pass would reflect any new strategies determined by the Board**

Next Steps

- Incorporate any new Board Work Plan strategies into development of the 2020-21 Operating and Capital Budget and 2021-25 Five-Year Capital Improvement Program
- Check in with Board at various stages of process to confirm strategic direction and funding priorities are incorporated before final adoption scheduled for May 12, 2020

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