

Livermore Area Recreation and Park District

Staff Report

TO: Chair Palajac and Finance Committee

FROM: Mathew Fuzie, General Manager

PREPARED BY: Jeffrey Schneider, Administrative Services Manager

DATE: May 30, 2019

SUBJECT: Proposed Update to Budget Policy FIN-07-2078

RECOMMENDATION: That the Finance Committee recommends that the Board of Directors approve an updated version of the District's existing Budget Policy, FIN-07-2078.

BACKGROUND: The District's Budget Policy was adopted in 2007 and has not been revised since. In conversations with the Board of Directors during the March 13, 2019, Mid-Year Budget Workshop, staff presented a draft calendar for the 2019-20 Operating Budget process that reflected a change in the annual budget calendar: eliminating the August 30th target for Final Budget approval given that the District's fiscal year begins on July 1st. Staff was instructed by the Board to present a revised Budget Policy that presents the District's Final Budget approval date as June 30th, prior to the onset of the District's new fiscal year.

In its proposal, staff has also revised the Budget Policy to consider the Capital Improvement Plan (CIP) budget process, which is not mentioned in the existing Budget Policy document.

Attachments:

- A. Proposed Budget Policy Update
- B. Budget-related Public Resources Code

Attachment A – Proposed Budget Policy Update

Policy No. FIN-07-2078

OPERATING and CIP BUDGET POLICY

PURPOSE OF POLICY	To comply with California Public Resources Code while providing Operating and Capital Improvement Program (CIP) Budgets that are timely and useful financial planning and control resources for the District's staff and Board of Directors.
POLICY SUMMARY	This policy guides the process and timeline for the annual development and approval of the District's Operating and CIP Budgets.
APPROVAL	Adopted: Board Resolution No. 2078, August 8, 2007 Revised: Board Resolution No. _____, _____

The District operates on a fiscal year basis beginning on July 1st and ending on June 30th. In accordance with the Public Resource Code (PRC), Section 5788 – 5788.9, the District is required to adopt a Preliminary Budget by July 1st and a Final Budget no later than August 30th.

While the PRC allows for the completion of the District's annual Operating Budget by August 30 each year, the District chooses to complete its Final Budget prior to the onset of the Fiscal Year (by June 30). Exceptions to the June 30th completion date will require approval by the General Manager and the Board of Directors.

The District's annual CIP (Capital Improvement Program) Budget, which is a multi-year (typically three years), project-specific financial plan, is also to be completed by June 30th each year.

Preliminary Budget

- 1) An annual Operating Budget and multi-year CIP Budget proposal shall be prepared by the General Manager.
- 2) Salary and Benefits recommendations for the upcoming fiscal year shall be presented to the Personnel Commission, Personnel Committee, and the Finance Committee for their critical review prior to the District's presentation of its Preliminary Budget to the Board of Directors.

- 3) Prior to review by the Board of Directors, the Board's Finance Committee shall meet with the General Manager and review his/her annual Operating and CIP budget proposals.
- 4) The Preliminary Operating and CIP budgets, as reviewed and amended by Board Committees, shall be reviewed by the Board no later than its first meeting in June.
- 5) On or before July 1 of each year, the Board of Directors shall adopt, by Board resolution, a Final annual Operating Budget and multi-year CIP Budget.
- 6) The Board may direct the General Manager to continue budgeting efforts beyond July 1st if events warrant such a delay, but this will be an exception to the normal, prescribed budget process completion date of June 30th.

Final Budget

- 1) Prior to review by the Board of Directors, the Board's Finance Committee shall meet with the General Manager and review any revisions to the Preliminary Budget.
- 2) The proposed Final Budget, as reviewed and amended by the Finance Committee, shall be presented to the Board of Directors for review and adoption no later than June 30th.

Budget Adjustments and Amendments

- 1) The District formally revisits its annual Operating and multi-year CIP budgets as necessitated by changes in priorities and/or underlying business conditions during its annual, mid-year Budget Update process, which must be completed by March 31st.
 - a. No action is required by the Board if the District's Mid-Year Budget Update calls for no increase to the annual appropriation and/or the multi-year CIP budget, except for line-item-specific changes that exceed \$250,000 in total initial year commitments (combined capital and annual operating expenses).
- 2) At any point in the Fiscal Year, the General Manager may make adjustments within the Final Operating Budget that do not exceed the total appropriations approved by the Board of Directors.
 - a. Board approval must be obtained for line-item-specific adjustments that exceed \$250,000 in total initial year commitments (combined capital and annual operating expenses).

- 3) Supplemental appropriations of Operating Reserve Funds may be approved by resolution of the Board of Directors throughout the year when the District determines that the Final Budget's total appropriations level will likely be exceeded.
- 4) CIP Budgets are project specific; adjustments to individual project spending plans that exceed the total, final project budget (including contingencies) must receive Board of Directors' approval prior to the onset of such spending. Shifting of project spending from one fiscal year to another that does not reflect a change in a project's total budget must receive Board of Directors' approval as well, if the total amount of spending that would shift from one year to the next exceeds \$250,000 or 25% of the originally approved project spending total, whichever is lower.

Board Resolution No. 2178
Adopted August 8, 2007
Revised _____

APPROVAL

Mathew Fuzie
General Manager

Date

ATTACHMENT B: LARPD Budget-related Public Resources Code (as of 04/15/19)

5788.1

a) On or before July 1 of each year, the board of directors shall publish a notice stating all of the following:

- (1) That it has adopted a preliminary budget that is available for inspection at a time and place within the district specified in the notice.
- (2) The date, time, and place when the board of directors will meet to adopt the final budget and that any person may appear and be heard regarding any item in the budget or regarding the addition of other items.

(b) The board of directors shall publish the notice at least two weeks before the hearing in at least one newspaper of general circulation in the district pursuant to [Section 6061 of the Government Code](#) .

5788.3

At the time and place specified for the meeting, any person may appear and be heard regarding any item in the budget or regarding the addition of other items. The hearing on the budget may be continued from time to time.

5788.5

On or before August 30 of each year, after making any changes in the preliminary budget, the board of directors shall adopt a final budget. The board of directors shall forward a copy of the final budget to the auditor of each county in which the district is located.

5788.7

At any regular meeting or properly noticed special meeting after the adoption of its final budget, the board of directors may adopt a resolution amending the budget and ordering the transfer of funds between categories, other than transfers from the restricted reserve for capital outlay and the restricted reserve for contingencies.

5788.9

(a) In its annual budget, the board of directors may establish a restricted reserve for capital outlay and a restricted reserve for contingencies. When the board of directors establishes a restricted reserve, it shall declare the exclusive purposes for which the funds in the reserve may be spent. The funds in the restricted reserve shall be spent only for the exclusive purposes for which the board of directors established the restricted reserve. The reserves shall be maintained according to generally accepted accounting principles.

(b) Any time after the establishment of a restricted reserve, the board of directors may transfer any funds to that restricted reserve.

(c) If the board of directors finds that the funds in a restricted reserve are no longer required for the purpose for which the restricted reserve was established, the board of directors may, by a four-fifths vote of the total membership of the board of directors, discontinue the restricted reserve or transfer any funds that are no longer required from the restricted reserve to the district's general fund.