

RESOURCES
AND
EXPENDITURE
SUMMARIES

- *Overview*
- *General Fund – 2019-20 Budget, Fund Balance, and Reserves*
- *Water District – 2019-20 Budget, Fund Balance, and Reserves*
- *Streets Maintenance Fund – 2019-20 Budget, Fund Balance, and Reserves*
- *Hesperia Housing Authority – 2019-20 Budget, Fund Balance, and Reserves*
- *Community Development Commission – 2019-20 Budget, Fund Balance, and Reserves*

OVERVIEW

The Resources and Expenditure Summaries section of the budget document depicts the calculations or methodology for "Balancing the Budget" for the City's five primary operating fund groups, which include the General Fund, Water District, Public Works Streets Maintenance, Hesperia Housing Authority, and Community Development Commission.

The two primary factors considered include:

- Resources – Annual Revenues, Budgeted Reserves (i.e. the planned use of savings), and Transfer In.
- Expenditures – Annual Planned Expenditures for Operations, Capital Improvements, Debt, and Transfers Out.

The budget is balanced by matching resources and expenditures which results in a zero or surplus balance (Difference Resources/Expenditures).

This section also shows the Fund Balance and Reserves for the five fund groups. The FY 2019-20 Budget then updates the fund balance and a calculation is made to estimate the Cash Reserves. The City Council policy of is to maintain 2.0 months of expenditures as a Cash Reserve for the General Fund. It is a goal to maintain the 2.0 months of expenditures in Cash for the Water District.

Section I, Fund Balance Summaries, provides similar balancing information for all City funds included in the FY 2019-20 Budget, with the exception of the Cash Reserve calculation.

The Water Operating fund currently possess 1.3 months of cash reserves; however, approximately \$2.3 million of cash has been set aside during FY 2018-19 and in the FY 2019-20 Budget for permanent water rights purchases, contamination mitigation, and the repair or replacement of major Capital Assets. Sewer Operating is expected to end FY 2019-20 with \$13.3 million of cash reserves, which equates to 36.4 months of reserves. While, the current cash balance is high, it is set aside for repair and construction of sewer lines.

The Community Development Commission (CDC) anticipate land sales during FY 2019-20 to cover the fund deficit. Currently, the CDC has \$12.1 million of Land Held for Resale which contributes to the positive fund balance. The negative cash balance is covered by a contribution from the General Fund and an assessment will be undertaken to determine the future role of the Commission.

The Hesperia Housing Authority holds approximately \$8.9 million in Land Held for Resale where expenditures are anticipated to be covered by \$1.3 million in interest revenue and \$0.9 million in loan repayments.

RESOURCES AND EXPENDITURE SUMMARIES

GENERAL FUND – 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	2018-19 Budget	2018-19 Revised	2019-20 Budget	Change From 2018-19 Budget Percent
RESOURCES				
General Fund Operating Revenue	\$ 29,502,013	\$ 31,417,251	\$ 31,819,112	8%
1. Fund 700 - Indirect Cost Allocation-Water	0	0	2,289,972	
2. Fund 710 - Indirect Cost Allocation-Sewer	0	0	407,366	
Total General Fund Revenue	29,502,013	31,417,251	34,516,450	17%
Transfers In				
1. Fund 255 - AB 3229 COPS Grant	140,000	140,000	246,000	
2. Fund 700 - Indirect Cost Allocation-Water	2,304,218	2,304,218	0	
3. Fund 710 - Indirect Cost Allocation-Sewer	378,337	378,337	0	
Total Transfers In	2,822,555	2,822,555	246,000	
Total Revenues	32,324,568	34,239,806	34,762,450	
Total General Fund Resources	\$ 32,324,568	\$ 34,239,806	\$ 34,762,450	8%
EXPENDITURES				
Total General Fund Operating Expenses	29,774,870	29,839,127	32,158,337	8%
Transfers Out				
1. Fund 304 - 2014 DIF Loan (DIF-Public Service)	371,624	650,000	350,000	
2. Fund 402 - 2012 Water Rights Acquisition Debt Service	1,446,175	1,428,376	1,443,175	
3. Fund 403 - 2005 COP Refinance Debt Service	95,982	95,982	106,686	
4. Fund 210 - HFPD CalPERS	0	412,000	644,000	
Total Transfers Out	1,913,781	2,586,358	2,543,861	
Total General Fund Expenditures & Transfers Out	31,688,651	32,425,485	34,702,198	10%
Difference Total Resources / Total Expenditures	\$ 635,917	\$ 1,814,321	\$ 60,252	
Fund Balance				
July 1 Beginning Balance	\$ 6,783,963	\$ 8,227,357	\$ 10,041,678	
Difference Total Resources / Total Expenditures	635,917	1,814,321	60,252	
Estimated June 30 Ending Fund Balance	\$ 7,419,880	\$ 10,041,678	\$ 10,101,930	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 4,338,726	\$ 4,173,461	\$ 5,987,782	
Estimated Resources Less Budgeted Reserves	32,324,568	34,239,806	34,762,450	
Estimated Expenditures	(31,688,651)	(32,425,485)	(34,702,198)	
Estimated Ending Cash June 30,	\$ 4,974,643	\$ 5,987,782	\$ 6,048,034	
Months of Cash to Pay Expenditures and Transfers Out	2.0	2.2	2.1	
Estimated Cash Reserves Percentage	16%	18%	17%	

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	<u>2018-19 Budget</u>	<u>2018-19 Revised</u>	<u>2019-20 Budget</u>	% Change From 2018-19 Budget
Resources				
Revenue				
Water Operating and Capital	\$ 21,292,555	\$ 20,323,009	\$ 21,873,152	3%
Sewer Operating and Capital	5,040,145	4,782,188	4,998,324	-1%
Total Revenue	<u>26,332,700</u>	<u>25,105,197</u>	<u>26,871,476</u>	2%
CIP Grants and Loans:				
Prop 84 Drought Relief Grant	769,681	440	0	
Prop 1 Grant	4,000,000	2,000,000	2,300,000	
Loan Proceeds-State Revolving Fund (SRF)	8,000,000	3,600,000	4,500,000	
Total CIP Grants and Loans:	<u>12,769,681</u>	<u>5,600,440</u>	<u>6,800,000</u>	
Budgeted Reserves	<u>2,942,499</u>	<u>0</u>	<u>3,672,000</u>	
Total Water District Resources	42,044,880	30,705,637	37,343,476	-11%
Expenditures by Program				
Water Operating and Capital	\$ 32,494,141	\$ 24,717,478	\$ 29,744,668	-8%
Sewer Operating and Capital	<u>7,829,479</u>	<u>4,065,812</u>	<u>8,493,682</u>	8%
Total Water District Expenditures	40,323,620	28,783,290	38,238,350	-5%
Difference Total Resources / Total Expenditures	\$ 1,721,260	\$ 1,922,347	\$ (894,874)	-152%
Total District	2018-19	2018-19	2019-20	
Fund Balance	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>	
July 1 Beginning Balance	\$ 82,331,058	\$ 88,393,737	\$ 90,316,084	
Budgeted Reserves	(2,942,499)	0	(3,672,000)	
Difference Resources/Expenditures	<u>1,721,260</u>	<u>1,922,347</u>	<u>(894,874)</u>	
Estimated June 30 Ending Fund Balance	\$ 81,109,819	\$ 90,316,084	\$ 85,749,210	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 5,767,411	\$ 6,536,852	\$ 8,459,199	
Estimated Resources Less Reserves	40,749,269	31,225,974	35,318,364	
Estimated Expenditures Plus Established Reserve Balance	<u>(41,970,508)</u>	<u>(29,303,627)</u>	<u>(39,885,238)</u>	
Estimated Ending Cash June 30,	\$ 4,546,172	\$ 8,459,199	\$ 3,892,325	
Months of Cash to Pay Expenditures and Transfers Out	1.4	3.5	1.2	
Total Estimated Cash Reserves Percentage	11%	29%	10%	

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – WATER OPERATIONS 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	<u>2018-19</u>	<u>2018-19</u>	<u>2019-20</u>	<u>% Change</u>
	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>	<u>From</u>
				<u>2018-19</u>
				<u>Budget</u>
Resources				
Water Operations Revenue	\$ 20,202,555	\$ 19,437,140	\$ 21,073,152	4%
Expenditures by Program				
700 4010 Source of Supply	3,311,622	4,535,074	3,838,428	
700 4020 Production	3,415,046	3,362,167	3,297,777	
700 4030 Water Distribution	1,476,813	1,427,405	1,475,117	
700 4035 Water Line Replacement	1,356,475	1,030,078	1,437,009	
700 4040 Engineering	806,887	904,069	985,325	
700 4050 Customer Service	1,652,600	1,632,951	1,869,967	
700 4060 Utility Billing	939,135	876,698	940,985	
700 4070 Administration	4,859,804	4,799,670	4,930,233	
700 4080 Property Management	447,759	388,926	464,827	1%
Water Operations Expenditures	18,266,141	18,957,038	19,239,668	5%
Transfer Out (Reserve Balances)				
Permanent Water Rights	1,146,888	0	1,146,888	
R&R Reserve	0	0	0	
Contamination Mitigation	500,000	400,000	500,000	
Total Transfers Out	1,646,888	400,000	1,646,888	
Total Water Operations Expenditures & Transfers Out	19,913,029	19,357,038	20,886,556	5%
Difference Total Resources / Total Expenditures	289,526	80,102	186,596	-36%
700 - Operating	<u>2018-19</u>	<u>2018-19</u>	<u>2019-20</u>	
Fund Balance	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>	
July 1 Beginning Balance	\$ 76,103,532	\$ 74,816,891	\$ 74,896,993	
Difference Resources/Expenditures	289,526	80,102	186,596	
Estimated June 30 Ending Fund Balance	\$ 76,393,058	\$ 74,896,993	\$ 75,083,589	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 2,388,167	\$ 3,981,911	\$ 2,157,210	
Estimated Resources Less Reserves	20,202,555	19,437,140	21,073,152	
Estimated Expenditures Plus Established Reserve Balance	(19,913,029)	(19,357,038)	(20,886,556)	
Less: Prior Period Transfer Out	0	(1,904,803)	0	
Estimated Ending Cash June 30,	\$ 2,677,693	\$ 2,157,210	\$ 2,343,806	
Months of Cash to Pay Expenditures and Reserve Balances	1.6	1.3	1.3	
Total Estimated Cash Reserves Percentage	13%	11%	11%	

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – WATER CAPITAL 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	2018-19 Budget	2018-19 Revised	2019-20 Budget	% Change From 2018-19 Budget
Resources				
Water Capital Revenue	\$ 1,090,000	\$ 885,869	\$ 800,000	-27%
Prop 84 Drought Relief Grant	769,681	440	0	
Prop 1 Grant	4,000,000	2,000,000	2,300,000	
Loan Proceeds-State Revolving Fund (SRF)	8,000,000	3,600,000	4,500,000	
Total Water Capital Resources	13,859,681	6,486,309	7,600,000	-45%
Total Water CIP Expenditures	14,228,000	5,760,440	10,505,000	-26%
Difference Total Resources / Total Expenditures	\$ (368,319)	\$ 725,869	\$ (2,905,000)	
701-CIP				
Fund Balance				
July 1 Beginning Balance	\$ (13,636,875)	\$ (7,908,560)	\$ (7,182,691)	
Difference Resources/Expenditures	(368,319)	725,869	(2,905,000)	
Estimated June 30 Ending Fund Balance	\$ (14,005,194)	\$ (7,182,691)	\$ (10,087,691)	-28%

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – SEWER OPERATIONS 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	2018-19 Budget	2018-19 Revised	2019-20 Budget	% Change From 2018-19 Budget
Resources				
Sewer Operations Revenue	\$ 4,122,624	\$ 4,311,662	\$ 4,560,324	11%
Expenditures by Program				
710 4200 Sewer Distribution	3,519,106	3,514,219	3,906,429	
710 4240 Sewer Engineering	161,927	162,534	181,145	
710 4260 Sewer Utility Billing	177,120	165,537	176,899	
710 4270 Sewer Administration	111,306	110,522	119,209	
Expenditures	3,969,459	3,952,812	4,383,682	
Transfers Out (Reserve Balance)				
R&R Reserve	0	120,337	0	
Total Expenditures & Transfers Out	3,969,459	4,073,149	4,383,682	10%
Difference Total Resources / Total Expenditures	\$ 153,165	\$ 238,513	\$ 176,642	
710 - Sewer Operating				
Fund Balance				
July 1 Beginning Balance	\$ 15,398,178	\$ 14,987,606	\$ 15,226,119	
Difference Resources/Expenditures	153,165	238,513	176,642	
Estimated June 30 Ending Fund Balance	\$ 15,551,343	\$ 15,226,119	\$ 15,402,761	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 13,639,332	\$ 12,990,196	\$ 13,108,372	
Estimated Resources Less Reserves	4,122,624	4,311,662	4,560,324	
Estimated Expenditures Plus Established Reserve Balance	(3,969,459)	(4,073,149)	(4,383,682)	
Less: Prior Period Transfer Out	0	(120,337)	0	
Estimated Ending Cash June 30,	\$ 13,792,497	\$ 13,108,372	\$ 13,285,014	
Months of Cash to Pay Expenditures and Transfers Out	41.7	38.6	36.4	
Total Estimated Cash Reserves Percentage	347%	322%	303%	

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – SEWER CAPITAL 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	2018-19	2018-19	2019-20	% Change
	Budget	Revised	Budget	From
	2018-19	Revised	Budget	2018-19
	Budget	Revised	Budget	Budget
Resources				
Sewer Capital Revenue	\$ 917,521	\$ 470,526	\$ 438,000	-52%
Budgeted Reserves	2,942,499	0	3,672,000	
Total Resources	3,860,020	470,526	4,110,000	
Expenditures by Program				
Total Sewer CIP Expenditures	3,860,020	113,000	4,110,000	6%
Difference Resources/Expenses	\$ 0	\$ 357,526	\$ 0	
711 - Sewer CIP	2018-19	2018-19	2019-20	
Fund Balance	Budget	Revised	Budget	
July 1 Beginning Balance	\$ 4,466,223	\$ 4,472,660	\$ 4,830,186	
Budgeted Reserves	(2,942,499)	0	(3,672,000)	
Difference Resources/Expenditures	0	357,526	0	
Estimated June 30 Ending Fund Balance	\$ 1,523,724	\$ 4,830,186	\$ 1,158,186	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 4,028,969	\$ 4,029,673	\$ 4,387,199	
Estimated Resources Less Reserves	917,521	470,526	438,000	
Estimated Expenditures Plus Established Reserve Balance	(3,860,020)	(113,000)	(4,110,000)	
Estimated Ending Cash June 30,	\$ 1,086,470	\$ 4,387,199	\$ 715,199	

RESOURCES AND EXPENDITURE SUMMARIES

WATER DISTRICT – RESERVE FUNDS 2019-20 BUDGET AND RESERVES

	<u>2018-19 Budget</u>	<u>2018-19 Revised</u>	<u>2019-20 Budget</u>	<u>% Change From Budget</u>
Resources				
Transfers In				
Permanent Water Rights	\$ 1,146,888	\$ 0	\$ 1,146,888	
R&R - Water Operations	0	1,404,803	0	
Contamination Mitigation	500,000	900,000	500,000	
R&R - Sewer	0	240,674	0	
Total Transfers In	1,646,888	2,545,477	1,646,888	0%
Total Expenditures	0	0	0	
Difference Total Resources / Total Expenses	1,646,888	2,545,477	1,646,888	0%
Operating Retentions	2018-19	2018-19	2019-20	
Fund Balance	Budget	Revised	Budget	
July 1 Beginning Balance	\$ 0	\$ 0	\$ 2,545,477	
Budgeted Reserves	0	0	0	
Difference Resources/Expenditures	1,646,888	2,545,477	1,646,888	
Estimated June 30 Ending Fund Balance	\$ 1,646,888	\$ 2,545,477	\$ 4,192,365	
Months of Cash to Pay Expenditures				
Beginning Cash July 01,	\$ 0	\$ 0	\$ 2,545,477	
Estimated Resources Less Reserves	1,646,888	520,337	1,646,888	
Estimated Expenditures Plus Established Reserve Balance	0	0	0	
Less: Prior Period Transfer In	0	2,025,140	0	
Estimated Ending Cash June 30,	\$ 1,646,888	\$ 2,545,477	\$ 4,192,365	

RESOURCES AND EXPENDITURE SUMMARIES

STREETS MAINTENANCE FUND – 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	<u>2018-19</u>	<u>2018-19</u>	<u>2019-20</u>	<u>% Change</u>
	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>	<u>From</u>
				<u>2018-19</u>
				<u>Budget</u>
RESOURCES				
Street Maintenance Operating Revenue	\$ 8,527	\$ 61,134	\$ 17,000	99%
Transfers In				
Fund 204 - Measure I - Renewal	\$ 1,086,000	\$ 1,266,000	\$ 1,344,000	
Fund 205 - Gas Tax Fund	1,596,000	1,776,000	1,530,000	
Fund 206 - Gas Tax Swap	792,000	432,000	990,000	
Fund 207 - Local Transportation Fund (LTF)	750,000	750,000	300,000	
Total Transfers In	<u>4,224,000</u>	<u>4,224,000</u>	<u>4,164,000</u>	
Total Revenues	<u>4,232,527</u>	<u>4,285,134</u>	<u>4,181,000</u>	
Budgeted Reserves	0	0	250,000	
Total Street Maintenance Resources	<u>4,232,527</u>	<u>4,285,134</u>	<u>4,431,000</u>	
Expenditures	<u>4,146,560</u>	<u>3,963,303</u>	<u>4,368,994</u>	5%
Difference Resources/Expenditures	\$ 85,967	\$ 321,831	\$ 62,006	
Fund Balance				
July 1 Beginning Balance	\$ 57,604	\$ 182,908	\$ 504,739	
Total Budgeted Reserves	0	0	(250,000)	
Difference Resources/Expenditures	85,967	321,831	62,006	
Estimated June 30 Ending Balance	<u>\$ 143,571</u>	<u>\$ 504,739</u>	<u>\$ 316,745</u>	

RESOURCES AND EXPENDITURE SUMMARIES

**HESPERIA HOUSING AUTHORITY – 2019-20 BUDGET, FUND BALANCE, AND RESERVES
(Includes Funds 370 - Hesperia Housing Authority & 371 - VVEDA Housing Authority)**

	2018-19 Budget	2018-19 Revised	2019-20 Budget	% Change From 2018-19 Budget
RESOURCES				
Total Housing Authority Operating Revenue	\$ 206,143	\$ 495,270	\$ 218,721	6%
Budgeted Reserves	90,548	0	0	
Total Housing Authority Resources	296,691	495,270	218,721	-26%
EXPENDITURES				
Hesperia Housing Authority	279,113	192,296	83,360	
Difference Resources/Expenditures	\$ 17,578	\$ 302,974	\$ 135,361	670%
Fund Balance				
July 1 Beginning Balance	\$ 16,192,638	\$ 13,847,959	\$ 14,150,933	
Budgeted Reserves	(90,548)	0	0	
Difference Resources/Expenditures	17,578	302,974	135,361	
Estimated June 30 Ending Balance	\$ 16,119,668	\$ 14,150,933	\$ 14,286,294	
Less: Land Held For Resale	(11,468,003)	(8,911,584)	(8,911,584)	
June 30 Ending Operating Fund Balance	\$ 4,651,665	\$ 5,239,349	\$ 5,374,710	

COMMUNITY DEVELOPMENT COMMISSION – 2019-20 BUDGET, FUND BALANCE, AND RESERVES

	2018-19 Budget	2018-19 Revised	2019-20 Budget	% Change From 2018-19 Budget
RESOURCES				
Community Development Operating Revenue	\$ 70,413	\$ 51,587	\$ 34,863	-50%
Budgeted Reserves	453,613	0	0	
Total Community Development Resources	524,026	51,587	34,863	
Total Expenditures	524,026	446,825	529,790	1%
Difference Resources/Expenditures	\$ 0	\$ (395,238)	\$ (494,927)	
Fund Balance				
July 1 Beginning Balance	\$ 11,680,035	\$ 11,612,099	\$ 11,216,861	
Budgeted Reserves	(453,613)	0	0	
Difference Resources/Expenditures	0	(395,238)	(494,927)	
Estimated June 30 Ending Balance	\$ 11,226,422	\$ 11,216,861	\$ 10,721,934	
Less: Land Held For Resale	(12,102,122)	(12,102,122)	(12,102,122)	
June 30 Ending Operating Fund Balance	\$ (875,700)	\$ (885,261)	\$ (1,380,188)	