



MID-BIENNIAL BUDGET AMENDMENT

Fiscal Year 2024-25

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INTRODUCTION

BACKGROUND

On June 21, 2023, the Board of Directors (“Board”) adopted the biennial budget for Fiscal Years 2023-2024 and 2024-2025 with the commitment to revisit the Fiscal Year 2024-2025 budget in Spring 2024. Midway through the biennial budget period, personnel updated projections based on economic trends unknown at the time of its original adoption. This staff report and accompanying resolution propose amending the Fiscal Year 2024-2025 budget using current data to update revenue and expenditure projections.

On April 23, 2024, Cosumnes Community Services District (“District”) held a Measure E workshop with the Board to present and receive feedback on planned programming and expenditures for the Fiscal Year 2024-2025 budget. These planned projects were also presented to the Measure E Oversight Committee on May 6, 2024. On May 22, 2024, the District hosted another workshop with the Board, which included a budget presentation for the District’s other major funds. The mid-biennial budget amendment incorporates the budgets and feedback presented at these two workshops and includes all funds.

FINANCIAL OUTLOOK

While the District has benefited from substantial property tax revenue growth primarily driven by rising property values and robust home sales, we are now observing a shift. From 2022 to 2023, home sales dropped by 30%, partly due to the increase in interest rates. The higher rates led to fewer single-family home sales, and homeowners with lower interest rates were reluctant to sell their properties and face higher mortgage prices. The sharp decrease in home sales, coupled with stabilizing property valuations, indicates the rapid growth in property tax revenues are beginning to taper off. Although the District continues to experience high levels of new development, the impact on property tax revenue growth will be prolonged. Looking ahead, we anticipate that property valuations will continue to stabilize, reflecting a more balanced and sustainable trend in property tax revenues for the District. This moderation in growth will require careful financial planning to ensure that the District can maintain its service levels and meet its fiscal responsibilities without relying on the previously seen high rates of revenue increase.

The District continues to experience budget challenges related to increasing service costs specifically tied to the following:

1. Inflation for materials and supplies
2. Insurance premium increases for workers' compensation and property and general liabilities
3. Escalating retiree healthcare and pension benefit liabilities
4. Increasing costs to maintain fair and competitive salaries and compensation
5. Ongoing maintenance and replacement of capital assets

The District is forward-thinking and has deployed a multi-faceted approach and innovative solutions to address these challenges. This includes a comprehensive review of the District’s

procurement process, regularly updating program fees, exploring alternative options to control insurance premium increases, developing a long-term financial plan to pay down post-retirement liabilities, conducting market analysis on salaries and benefits to stay competitive in the labor market, and taking a holistic approach to funding maintenance and capital replacement.

Some of these strategies have been deployed and will be implemented as part of the Fiscal Year 2024-2025 budget amendment including:

- Contingency personnel service funds to account for Local 522 negotiations and Classification and Compensation Study results.
- Implementation of the Risk Management segment of the Internal Service Fund.
- Implementation of the CORE business plan.
- The establishment of two new funds:
 - 1. Community Facilities District (CFD) Fund; and
 - 2. State/Federal Grants Fund
- Investment in revenue-generating capital assets.
- Continued maintenance for aging capital infrastructure.

FINANCIAL ANALYSIS

The following analysis addresses the change between the districtwide budget as adopted at the June 21, 2023, Board meeting and the mid-biennial budget amendment, as adopted at the June 19, 2024 Board meeting:

GENERAL FUND

GENERAL FUND	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ 40,357,503	\$ 35,879,991	\$ (4,477,512)
Revenues			
Property Taxes	\$ 67,253,195	\$ 67,253,195	\$ -
EMS Revenues	\$ 18,694,773	\$ 20,692,210	\$ 1,997,437
Plan Review and Inspection Fees	\$ 1,533,851	\$ 1,755,935	\$ 222,084
Recreation Service Charges	\$ 6,508,646	\$ 6,286,431	\$ (222,215)
Building Rental Facilities & Cell Towers	\$ 1,347,842	\$ 1,297,964	\$ (49,878)
Federal/State Aid	\$ 2,188,000	\$ 1,599,000	\$ (589,000)
Interest & Other Revenues	\$ 4,567,129	\$ 4,371,667	\$ (195,462)
Sub-total before Transfers In	\$ 102,093,436	\$ 103,256,402	\$ 1,162,966
Transfers In	\$ 520,199	\$ 750,518	\$ 230,319
TOTAL	\$ 102,613,635	\$ 104,006,920	\$ 1,393,285
Expenditures			
Personnel Services	\$ 78,448,678	\$ 79,472,076	\$ 1,023,398
Services & Supplies	\$ 18,688,506	\$ 19,452,813	\$ 764,307
Capital Outlay & Contingency	\$ 635,612	\$ 559,174	\$ (76,438)
Sub-total before Transfers Out	\$ 97,772,796	\$ 99,484,063	\$ 1,711,267
Transfers Out	\$ 4,340,839	\$ 4,512,857	\$ 172,018
TOTAL	\$ 102,113,635	\$ 103,996,920	\$ 1,883,285
Surplus/(Deficit)	\$ 500,000	\$ 10,000	\$ (490,000)
Fund Balance (Ending)	\$ 40,857,503	\$ 35,889,991	\$ (4,967,512)

The General Fund mid-biennial amendment is a balanced budget, where revenues equal expenditures plus a \$10,000 contribution to reserves for Oasis Recreation Center asset replacement. The Fiscal Year 2024-2025 will commence with a beginning balance slightly greater than what was originally adopted, due to the Fiscal Year 2022-2023 surplus that was unknown at the time of adoption.

REVENUES

Property Tax: The adopted budget for Property Tax Revenue included a 5% increase over the Fiscal Year 2023-2024 budget, and recent assessor reports indicate the original estimate is plausible. Therefore, there is no change to property tax revenue for the mid-biennial amendment.

EMS Revenues: The mid-biennial budget amendment includes a \$1,997,437 increase to EMS Revenue in alignment with increased EMS fees (per the Book of Fees approved by the Board on June 5, 2024) and Fiscal Year 2023-2024 estimated revenue received from the Intergovernmental Transfer, Voluntary Rate Range Program.

Plan Review and Inspection Fees: The District continues to experience increased demand for Fire Prevention Services, caused by high development in the area. Therefore, the mid-biennial budget amendment includes a modest increase of \$222,084 to Plan Review and Inspection Fees revenues.

Recreation Service Charges: Recreation service charges is anticipating a \$222,215 reduction in revenue due to a decrease in demand for youth programs. This is resulting from the local school district offering similar programs at no cost to families, making it difficult for District programs to compete against. An expense reduction strategy was implemented in the budget to prevent any negative impact on the General Fund.

Building Rental Facilities & Cell Towers: Recently, the District received notification of the termination of two cell tower leases. Consequently, the mid-biennial amendment reflects a \$49,878 decrease in cell tower lease revenue.

Federal/State Aid: Due to the recent winter/wet season, personnel are projecting a decrease in wildland fire services next fiscal year. As a result, the mid-biennial budget amendment includes a \$589,000 decrease in overtime reimbursements received from the California Office of Emergency Services for mutual aid deployment. The expenses associated with this revenue have also been reduced, as noted below.

Interest & Other Revenues: Following the Fiscal Year 2023-2024 financial audit, Auditors advised that Community Facilities District (CFD/Mello-Roo's) revenue should be accounted for in a separate fund. Therefore, the mid-biennial amendment includes a \$195,462 reduction to Interest/Other Revenues. The decrease for CFD revenue is \$1,131,200, which resulted in an equal increase to the CFD Fund revenue. The decrease within the General Fund is partially offset by a \$905,738 increase in Fee's Revenue for providing services to the Elk Grove Unified School District for the extended learning program (ExL) and providing services to the City of Elk Grove for programming at Elk Grove Aquatic Center and Oasis Recreation Center, plus a nominal increase of \$30,000 to Donations and Contributions revenue.

Transfers In: The mid-biennial budget amendment includes a \$230,319 increase to Transfers in revenue. This increase results from a \$150,000 transfer from the Landscape & Lighting (L&L) Assessment fund into the General Fund to support CORE operations. An additional \$80,319

increase is for administrative overhead from the Measure E fund and programming at City of Elk Grove-owned facilities.

EXPENSES

Personnel Services: The mid-biennial budget for personnel services expenditures includes a \$1,023,398 increase from the adopted budget. This increase results from implementing the CORE business plan and increasing the personnel services contingency for Local 522 negotiations and the non-represented Classification and Compensation study.

Services & Supplies: Services and supplies have increased by \$764,307 due to inflating costs for mandatory expenses, implementing the CORE business plan, and investing in the Giant Pumpkin Festival Anniversary event.

Capital Outlay & Contingency: The capital outlay & contingency budget includes a \$76,438 decrease from the adopted budget as the District reduces districtwide contingency to offset the increase in other expense classifications.

Transfers Out: Transfers Out expenditures have increased by \$172,018 due to an investment in capital infrastructure (in alignment with the Capital Improvement Plan) and a contribution to the CFD Fund to balance the CFD budget.

LANDSCAPE & LIGHTING ASSESSMENT FUND

L&L Fund	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ 40,345,887	\$ 43,356,644	\$ 3,010,757
Revenues			
Assessments	\$ 19,874,511	\$ 19,679,001	\$ (195,510)
Services Fees & Charges	\$ 4,331,437	\$ 4,075,000	\$ (256,437)
Building Rental Facilities & Cell Towers	\$ 292,226	\$ 325,754	\$ 33,528
Interest & Other Revenues	\$ 287,596	\$ 312,683	\$ 25,087
Sub-total before Transfers In	\$ 24,785,770	\$ 24,392,438	\$ (393,332)
Transfers In	\$ 7,052,517	\$ 11,257,324	\$ 4,204,807
TOTAL	\$ 31,838,287	\$ 35,649,762	\$ 3,811,475
Expenditures			
Personnel Services	\$ 7,243,514	\$ 7,090,999	\$ (152,515)
Services & Supplies	\$ 16,263,198	\$ 16,558,537	\$ 295,339
Capital Outlay & Contingency	\$ 572,514	\$ 532,681	\$ (39,833)
Sub-total before Transfers Out	\$ 24,079,226	\$ 24,182,217	\$ 102,991
Transfers Out	\$ 16,775,097	\$ 18,622,799	\$ 1,847,702
TOTAL	\$ 40,854,323	\$ 42,805,016	\$ 1,950,693
Surplus/(deficit)	\$ (9,016,036)	\$ (7,155,254)	\$ 1,860,782
Fund Balance (Ending)	\$ 31,329,851	\$ 36,201,390	\$ 4,871,539

The L&L budget is presented from a consolidated point of view whereas each benefit zone operates as if it were a separate fund. Although the fund as a whole appears to be financially healthy with a significant reserve balance, that is not an accurate reflection of all the benefit zones. Some individual benefit zones are underfunded and unable to maintain an ideal level of maintenance, so the District will focus on educating the community on overlays in the ensuing year, which can boost funding in the underfunded zones. The Landscape & Lighting Assessment mid-biennial amendment includes a \$7,155,000 planned use of reserves for capital improvements.

REVENUES

L&L Assessment Revenue is adjusted annually in alignment with the Consumer Price Index (CPI) and growth in the area. The CPI came in lower than initial estimates, resulting in a \$195,510 decrease in assessment revenue compared to what was initially adopted. Service Fees and Charges were also reduced by \$256,437 due to moving the Oasis Recreation Center budget out of the L&L Fund and into the General Fund. Building Rental Facilities & Cell Towers revenue is increasing by \$33,528 due to the onset of a new cell tower lease at Elk Grove Park. Interest & Other Revenues are increasing by \$25,087 in alignment with Fiscal Year 2023-2024 actual performance. The L&L fund will transition to a Districtwide staffing approach in the new fiscal year to allow for more personnel flexibility and improved service delivery. Therefore,

Transfer In revenue is increasing by \$4,204,807 which reflects transfers into the districtwide fund from each individual benefit zone. This increase is offset by an increase in transfer-out expenditures.

EXPENSES

Personnel services expenditures projections include a \$152,515 decrease due to vacant positions being filled at lower than budgeted levels. Services and supplies increased by \$295,339 due to increasing costs related to inflation. Capital Outlay & Contingency decreased by \$39,833 to offset increasing operating costs. Transfers out incurred a net increase of \$1,847,807. This is an aggregate change of an increase to facilitate the districtwide staffing approach, plus a decreased contribution to capital projects due to project postponement.

CAPITAL PROJECTS FUND

Capital Projects	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ 9,569,421	\$ 26,257,005	\$ 16,687,584
Revenues			
Developer/Quimby Fees	\$ 4,600,000	\$ 2,000,000	\$ (2,600,000)
Aid from City	\$ 4,621,080	\$ 1,540,000	\$ (3,081,080)
Interest & Other Revenues	\$ 10,000	\$ 470,000	\$ 460,000
Sub-total before Transfers In	\$ 9,231,080	\$ 4,010,000	\$ (5,221,080)
Transfers In	\$ 9,835,051	\$ 9,482,504	\$ (352,547)
TOTAL	\$ 19,066,131	\$ 13,492,504	\$ (5,573,627)
Expenditures			
Personnel Services	\$ 1,548,392	\$ 1,525,698	\$ (22,694)
Services & Supplies	\$ -	\$ -	\$ -
Capital Outlay & Contingency	\$ 20,831,000	\$ 27,621,899	\$ 6,790,899
Sub-total before Transfers Out	\$ 22,379,392	\$ 29,147,597	\$ 6,768,205
Transfers Out	\$ 391,175	\$ 391,175	\$ -
TOTAL	\$ 22,770,567	\$ 29,538,772	\$ 6,768,205
Surplus/(Deficit)	\$ (3,704,436)	\$ (16,046,268)	\$ (12,341,832)
Fund Balance (Ending)	\$ 5,864,985	\$ 10,210,737	\$ 4,345,752

The capital projects budget has been updated to align with the Capital Improvement Plan (CIP), which was presented to the Board on June 5, 2024. The Capital Projects Fund mid-biennial amendment includes a planned reserve use of \$16,046,268 as the District continues to utilize the 2022 COP revenue to complete the CORE.

REVENUES

Developer and Quimby Fees have been reduced to pursue a more conservative approach to budgeting. While \$4,600,000 may still be a practical estimate, the District will pursue a more conservative budget for this revenue and adjust back up at mid-year if necessary. This change will have no effect on project delivery since projects are not activated until sufficient funds have been received.

Intergovernmental revenue is projected to decrease by \$3,081,080. This is the revenue we receive from the City to develop parks in the Laguna Ridge Special Planning Area and the Southeast Policy Area. Those projects (Mendes, Park K, and Sun Grove Park) are delayed; therefore, we are not anticipating as much progress on them in the upcoming fiscal year.

Interest & Other Revenues have increased by \$460,000 with the anticipation of receiving grant funds for the Fire Station 46 Expansion and Renovation project and the McConnell Park – Phase 2 revitalization project.

Transfers in revenue are projecting a \$352,547 reduction resulting from L&L projects being postponed, and therefore the L&L Fund is contributing less to offset the cost of L&L projects.

EXPENSES

The personnel services budget is experiencing a small decrease in expenses in alignment with the updated staffing structure and transition of Facilities and Development staff into the Administration Department. Capital Expenditures have increased by \$6,768,205, mostly related to delays on CORE, causing fewer expenses in Fiscal Year 2023-2024 and more expenses in Fiscal Year 2024-2025.

MEASURE E FUND

Measure E	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ 1,178,255	\$ 1,389,771	\$ 211,516
Revenues			
Prior Year Encumbrances	\$ -	\$ 1,302,485	\$ 1,302,485
Intergovernmental	\$ 6,952,500	\$ 9,000,000	\$ 2,047,500
TOTAL	\$ 6,952,500	\$ 10,302,485	\$ 3,349,985
Expenditures			
Personnel Services	\$ 2,735,544	\$ 4,866,044	\$ 2,130,500
Services & Supplies	\$ 1,131,210	\$ 1,031,800	\$ (99,410)
Capital Outlay & Contingency	\$ 639,500	\$ 415,000	\$ (224,500)
Sub-total before Transfers Out	\$ 4,506,254	\$ 6,312,844	\$ 1,806,590
Transfers Out	\$ 766,572	\$ 2,944,117	\$ 2,177,545
TOTAL	\$ 5,272,826	\$ 9,256,961	\$ 3,984,135
Suplus/(Deficit)	\$ 1,679,674	\$ 1,045,524	\$ (634,150)
Fund Balance (Ending)	\$ 2,857,929	\$ 2,435,295	\$ (422,634)

Consistent with the City of Elk Grove's revenue projections, the District anticipates receiving \$2,047,500 more Measure E revenue than what was originally adopted. The Measure E mid-biennial amended budgeted expenditures align with the programming presented at the April 23, 2024, Measure E Board workshop and the May 6, 2024, Measure E Oversight Committee meeting.

Please refer to **Exhibit A** for a summary of Fiscal Year 2024-2025 Measure E programs and their estimated cost.

INTERNAL SERVICES FUND

Internal Service Fund	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Net Position (Beginning)	\$ 754,227	\$ 6,804,135	\$ 6,049,908
Revenues			
ISF Program Revenue	\$ 2,250,241	\$ 8,860,205	\$ 6,609,964
TOTAL	\$ 2,250,241	\$ 8,860,205	\$ 6,609,964
Expenditures			
Personnel Services	\$ -	\$ 3,337,125	\$ 3,337,125
Services & Supplies	\$ 1,786,741	\$ 5,779,080	\$ 3,992,339
Capital Outlay & Contingency	\$ -	\$ 33,000	\$ 33,000
TOTAL	\$ 1,786,741	\$ 9,149,205	\$ 7,362,464
Surplus/(Deficit)	\$ 463,500	\$ (289,000)	\$ (752,500)
Net Position (Ending)	\$ 1,217,727	\$ 6,515,135	\$ 5,297,408

In Fiscal Year 2023-24, the District invested a significant amount of the General Fund's cash flow reserve surplus into the Internal Service Fund for future apparatus replacement and maintenance/repairs on aging infrastructure. Therefore, the Fiscal Year 2024-25 amended budget will commence with a significant influx of a beginning balance.

The Internal Service Fund mid-biennial amendment includes the incorporation of the Risk Management segment, significantly increasing the fund's revenue and expenditure budgets. The Risk Management segment of the fund includes expenditures for worker's compensation, general liability, automobile, and property insurance premiums. The increase in revenue reflects the contributions from the District's other funds to offset their proportionate share of the premiums.

The Internal Service Fund amended budget also includes a \$125,000 contribution to Fleet reserves for future Measure E Fire Department fleet replacement, which is offset by a \$414,000 use of Facilities reserves for the following CIP Projects:

- Fire Headquarters Office Space Reconfiguration
- Station 72 Roof Repair
- Elk Grove Park Strauss Island Roof Replacement
- Laguna Town Hall Dry Rot Repair
- Laguna Town Hall Roof Repairs Phase 3

At the end of Fiscal Year 2024-2025, the Internal Service Fund is estimated to have a reserve balance of \$6,515,135 assigned as follows:

ISF	Purpose	Amount
Facilities	Jerry Fox Swim Center Pool	\$ 250,000
Facilities	Station 71	\$ 250,000
Facilities	Corp Yard	\$ 71,000
Fleet	Fire Apparatus	\$ 4,800,000
Fleet	Measure E Fleet	\$ 126,227
IT	New ERP System	\$ 750,000
IT	Contingency	\$ 50,000
Risk Management	Insurance Deductibles	\$ 50,000
Risk Management	Legal Settlements	\$ 100,000
Risk Management	Contingency	\$ 67,908
TOTAL:		\$ 6,515,135

GOLF ENTERPRISE FUND

Golf Enterprise	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Net Position (Beginning)	\$ 4,029,819	\$ 3,274,331	\$ (755,488)
Revenues			
Recreation Service Charges	\$ 1,533,519	\$ 1,807,003	\$ 273,484
Interest & Other Revenues	\$ 10,400	\$ 10,400	\$ -
Sub-total before Transfers In	\$ 1,543,919	\$ 1,817,403	\$ 273,484
Transfers In	\$ 500,477	\$ 226,993	\$ (273,484)
TOTAL	\$ 2,044,396	\$ 2,044,396	\$ -
Expenditures			
Personnel Services	\$ 1,292,911	\$ 1,219,785	\$ (73,126)
Services & Supplies	\$ 608,571	\$ 600,745	\$ (7,826)
Leases & Loans	\$ 4,914	\$ 16,866	\$ 11,952
Capital Outlay & Contingency	\$ 138,000	\$ 307,000	\$ 169,000
Sub-total before Transfers Out	\$ 2,044,396	\$ 2,144,396	\$ 100,000
Transfers Out	\$ -	\$ -	\$ -
TOTAL	\$ 2,044,396	\$ 2,144,396	\$ 100,000
Surplus/(Deficit)	\$ -	\$ (100,000)	\$ (100,000)
Net Position (Ending)	\$ 4,029,819	\$ 3,174,331	\$ (855,488)

Business at Emerald Lakes Golf Course continues to thrive. Revenue is trending ahead of pace for Fiscal Year 2023-2024, consistent with prior years' performance which supports a \$273,484 increase to Fiscal Year 2024-2025 revenue projections. With the increase in Recreation Service Charge revenue, the District can reduce the subsidy from the General Fund (from \$500,477 to \$226,993) for a net zero change to total revenue for the Golf Enterprise Fund.

Personnel Services expenses have been reduced for part-time personnel in alignment with historical trends. Services and supplies expenditures are incurring nominal savings due to purchasing equipment originally slated for Fiscal Year 2024-2025 in Fiscal Year 2023-2024. The savings to personnel services and services and supplies have been applied to an increase in capital outlay expenses for the golf course, including purchasing a new range ball machine, ball-tracking technology, and equipment for the range.

The Golf Enterprise Fund is expected to end Fiscal Year 2023-2024 year with a surplus of revenue over expenses due to actual revenue being received in Fiscal Year 2023-2024 exceeding mid-year budget projections. Therefore, the mid-biennial budget includes the use of \$100,000 of Fiscal Year 2023-2024 surplus to update the irrigation system at Emerald Lakes Golf Course to maintain a high-quality golf course, improve efficiency of water usage, and reduce personnel time to fix irrigation issues.

The Golf Enterprise Funds' net position balance (enterprise fund term equivalent to a governmental fund's "fund balance") is entirely made up of the District's net investment in the Emerald Lakes Golf Course minus the cost of depreciation, which is a non-budgeted expense. Therefore, the net position is expected to continually decrease over time until the value of the capital assets is fully depreciated. Although the mid-biennial amended summary table represents a \$855,488 decrease in net position, this is not a reflection of deficit spending but rather a recognition of the depreciated value of the Emerald Lakes Golf Course capital assets which is a financial reporting standard exclusively required for the Districts' enterprise funds.

STATE/FEDERAL GRANTS (NEW)

State/Federal Grants	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ -	\$ 198,029	\$ 198,029
Revenues			
Federal/State Aid	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -
Expenditures			
Capital Outlay & Contingency	\$ -	\$ 198,029	\$ 198,029
TOTAL	\$ -	\$ 198,029	\$ 198,029
Surplus/(Deficit)	\$ -	\$ (198,029)	\$ (198,029)
Fund Balance (Ending)	\$ -	\$ -	\$ -

The State/Federal Grants fund is a new fund that was established based on a recommendation from the District's financial auditor to account for grant revenue supporting operations in a separate fund, with grant funds supporting capital improvements remaining in the Capital Projects Fund. Since the SAFER Grant performance period has ended, the District's only estimated expenses for the State/Federal Grants fund are related to ARPA funds. The budget was originally adopted to fully utilize ARPA revenue by the end of Fiscal Year 2023-2024; however, there will be a remaining balance of \$198,029 left to spend in Fiscal Year 2024-2025, which the District anticipates using for the purchase of cardiac monitors.

COMMUNITY FACILITIES DISTRICT (CFD) FUND (NEW)

CFD Fund	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ -	\$ 12,354	\$ 12,354
Revenues			
Assessments	\$ -	\$ 1,188,300	\$ 1,188,300
Transfers In	\$ -	\$ 273,169	\$ 273,169
TOTAL	\$ -	\$ 1,461,469	\$ 1,188,300
Expenditures			
Personnel Services	\$ -	\$ 1,391,470	\$ 1,391,470
Services & Supplies	\$ -	\$ 53,055	\$ 53,055
Capital Outlay & Contingency	\$ -	\$ 2,100	\$ 2,100
Sub-total before Transfers Out	\$ -	\$ 1,446,625	\$ 1,446,625
Transfers Out	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ 1,446,625	\$ 1,446,625
Surplus/(Deficit)	\$ -	\$ 14,844	\$ (258,325)
Fund Balance (Ending)	\$ -	\$ 27,198	\$ 27,198

The Fiscal Year 2024-2025 budget was originally adopted with Community Facilities District (CFD) revenue and expenditures included within the General Fund. Following the Fiscal Year 2022-2023 financial audit, the District's auditors advised CFD revenue and expenditures should be accounted for in a separate fund, so the mid-biennial budget amendment includes the segregation of the funds.

CFD revenue (also known as Mello-Roo's tax revenue) is received from three different CFD's:

1. Cosumnes CSD CFD No 1 (Elk Grove Fire Protection),
2. Cosumnes CSD CFD 2021-1 (Sheldon Farms North), and
3. Cosumnes CSD CFD 2022-1 (Elliott Springs).

Cosumnes CSD CFD No. 1 revenue is exclusively used for fire protection and paramedic services, whereas CFD 2021-1 and CFD 2022-1 are intended for fire and park services.

The Fire Department utilizes CFD revenue for the operating costs of fire stations that serve the communities within the CFD boundaries. The Parks & Recreation Department utilizes CFD revenue to maintain parks within the CFD boundaries.

The CFD Fund budget includes a \$273,169 contribution from the General Fund to balance the fire station operations budget. CFD 2021-1 and CFD 2022-1 do not currently generate enough revenue to cover the cost of one full-time firefighter at each station. Therefore, a contribution from the General Fund is necessary to offset the cost exceeding CFD revenue.

The CFD Fund budget includes a \$14,844 contribution to reserves assigned for future park maintenance.

DEBT SERVICE FUND

Debt Service	FY 2024 - 25 Adopted	FY 2024 - 25 Amended	Net Change
Fund Balance (Beginning)	\$ -	\$ -	\$ -
Revenues			
Transfers In	\$ 4,365,439	\$ 4,365,439	\$ -
TOTAL	\$ 4,365,439	\$ 4,365,439	\$ -
Expenditures			
Leases & Loans	\$ 4,365,439	\$ 4,365,439	\$ -
TOTAL	\$ 4,365,439	\$ 4,365,439	\$ -
Surplus/(Deficit)	\$ -	\$ -	\$ -
Fund Balance (Ending)	\$ -	\$ -	\$ -

The Debt Service Fund budget is established based on current debt service schedules. Since the budget was adopted, outstanding debt has not changed, so the mid-biennial amendment includes no changes to the Debt Service Fund.

GENERAL FUND FIVE YEAR FORECAST

Long-term financial planning is our most effective tool to identify and prevent structural deficits and potential financial warning signs. As the District faces increasingly complex challenges, such planning has become crucial to ensure we can continue to provide essential programs and services both now and in the future. Our strategic approach in developing a 5-year forecast focuses on maintaining current service levels, investing in revenue-generating activities, revising user and impact fees, and prioritizing staffing support. Key strategies include investment in the next Fire Academy, salary and compensation adjustments, and training and professional development programs, alongside the utilization of internal service funds for capital replacement, maintenance, and infrastructure investment.

We face significant fiscal challenges, including an expected increase of \$2.4 million in post-employment liabilities and a \$1.7 million rise in general liability and property insurance over the next five years. Property taxes, which account for approximately 65% of the General Fund revenue, require at least 5% annual growth to maintain current employee levels. Overall revenue growth is projected at 4%.

REVENUES	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Property Taxes	\$ 67,253,195	\$72,033,375	\$75,599,065	\$79,343,039	\$83,274,211
EMS Revenues	\$ 23,039,005	\$23,685,008	\$24,349,488	\$25,032,981	\$25,432,442
Recreation Service Charges	\$ 6,286,431	\$ 6,384,602	\$6,391,291	\$6,519,117	\$6,649,499
Plan Check Fees	\$ 1,619,000	\$1,748,520	\$1,818,461	\$1,891,199	\$1,966,847
Development Related Fees	\$ 993,822	\$1,013,698	\$1,033,972	\$1,054,652	\$1,075,745
Mutual Aid	\$ 1,599,000	\$1,599,000	\$1,599,000	\$1,599,000	\$1,599,000
Other Revenues	\$ 2,465,949	\$2,491,478	\$2,493,478	\$2,495,478	\$2,497,478
Transfers In	\$ 750,518	\$766,116	\$782,493	\$799,689	\$817,745
Total Revenues	\$104,006,920	\$109,721,797	\$114,067,248	\$118,735,155	\$123,312,968

EXPENDITURES	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Salaries & Benefits	\$ 79,472,076	\$ 82,589,870	\$ 87,562,856	\$91,384,772	\$95,593,151
Services & Supplies	\$ 19,452,813	\$ 20,449,288	\$ 21,093,971	\$ 21,772,857	\$ 22,488,648
Capital Outlay & Contingency	\$ 569,174	\$ 2,306,091	\$ 1,230,680	\$ 1,375,222	\$ 762,000
Transfers Out	\$ 4,512,857	\$ 4,376,548	\$ 4,179,742	\$ 4,202,304	\$ 3,612,699
Total Expenditures	\$104,006,920	\$109,721,797	\$114,067,248	\$118,735,155	\$122,456,498

Net Income/(Loss)	\$ -	\$ -	\$ -	\$ -	\$ 856,470
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BUDGET ASSUMPTIONS

Revenue Assumptions:

- Property taxes are expected to increase by 5%.
- Plan Check Review revenues are projected to rise by 4%.
- EMS revenues are anticipated to increase by 2%.
- Recreation revenues are expected to grow by 2%.

Expenditure Assumptions:

- Salaries and benefits are projected to increase by 5%.
- Services and supplies are expected to see a 15% increase.
- Capital outlay is anticipated to rise by \$5.8 million.
- Steady decreases are expected in transfers out.

Future planning will involve completing a fee study and updating our fully burdened labor rate to keep up with rising costs. Personnel service costs are driven by workers' compensation and mandatory CalPERS contributions for pensions, with General Liability and Property insurance costs expected to increase by \$800k in the next year. Despite these challenges, our five-year forecast suggests a balanced budget through FY27-28, with an anticipated surplus of approximately \$850k by FY28-29. This surplus will provide the flexibility to address future needs and unforeseen expenses.

APPROPRIATIONS LIMIT

Proposition 4, also known as the Gann Initiative, was a ballot measure that was voted on in November 1979 in California. The Gann Initiative aimed to limit government spending by limiting state and local government expenditures. The key provision of Proposition 4 was establishing a spending limit based on a formula tied to population growth and inflation. It mandated that the growth rate of government expenditures should not exceed the growth rate of the state's economy, as measured by population and inflation. Any excess revenue beyond the established limit must be returned to taxpayers through refunds or tax credits.

The Fiscal Year 2023-2024 appropriations limit was originally calculated at \$220,915,720 using a city of Galt weighted average population change of 1.0042. However, the California Department of Finance has published updated population factors indicating a City of Galt weighted average population change of 1.0148. Therefore, the Fiscal Year 2024-25 mid-biennial amendment includes a revision to the Fiscal Year 2023-24 appropriations limit, re-adjusting it to \$220,998,136 (in alignment with updated population factors), and the establishment the Fiscal Year 2024-2025 limit at \$230,578,357. The current budget for Fiscal Year 2023-2024 and the amended budget for Fiscal Year 2024-2025 do not exceed their applicable appropriations limit. Appropriations limit calculations are presented in **Exhibit B**.

EXHIBIT A

MEASURE E PROGRAM SUMMARY

Community Priority	Project/Activity/Service/Position	FY 2025 Budget
Clean and Safe Public Areas		
	Full Time Park Ranger with Equipment ¹	\$ 377,600
	Full Time Urban Forester and Two Additional Crew	\$ 598,788
	Preservation and Protection of Historical Trees	\$ 40,412
Clean and Safe Public Areas Total		\$ 1,016,800
Crime Reduction/Rapid Response		
	15 Full Time Safety Personnel ²	\$ 4,864,393
	Technology and Software Enhancements ³	\$ 1,080,000
	Fire Station Improvements and Equipment ⁴	\$ 520,320
	2 Full Time Non-Safety Personnel	\$ 298,071
	Staff Training Enhancements	\$ 178,900
	Fire Explorer Program	\$ 51,316
Crime Reduction/Rapid Response Total		\$ 6,993,000
Parks (Maintenance)		
	Irrigation Infrastructure Upgrades	\$ 101,030
	Enhanced Sidewalk and Trail Safety	\$ 101,030
	Revitalization of Aging Parks Infrastructure ⁵	\$ 1,032,721
	Equitable Park Maintenance	\$ 835,505
Parks (Maintenance) Total		\$ 2,070,286
Youth Gang/Crime Prevention		
	Full Time Youth Outreach Advocate	\$ 191,906
	Youth and Teen Programs and Events ⁶	\$ 36,789
	Teen Trips and Outings	\$ 51,210
	Youth Scholarship Program	\$ 15,071
	College Assistance Scholarship Program	\$ 5,024
Youth Gang/Crime Prevention Total		\$ 300,000
TOTAL		\$ 10,380,086
Contributions to Reserves		\$ (1,123,125)
GRAND TOTAL OF FY 25 EXPENDITURES		\$ 9,256,961

¹ Includes \$77,600 FY 24 Encumbrance for Ranger Vehicle and Decals and a \$38,757 contribution to Reserves

² Includes \$820,019 Contribution to reserves

³ Includes \$800,000 FY 24 Encumbrances for Station Alerting

⁴ Includes \$193,000 FY 24 Encumbrance for Station 73 Asphalt Repairs

⁵ Includes \$309,485 FY 24 Encumbrance for Wackford Slide Revitalization and a \$241,180 contribution to Reserves

⁶ Includes \$23,168 Contribution to reserves

EXHIBIT B

APPROPRIATIONS LIMIT CALCULATION

COSUMNES COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION FISCAL YEAR 2023-24			
	Elk Grove	Galt	District Total
2023-24 Beginning Limit	\$ 203,600,267	\$ 7,444,597	\$ 211,044,864
Population Adjustment Factor:			
City Weighted Average Population Change	1.0022	1.0148	
Cost of Living Factor:			
Change in CA per capita income	1.0444	1.0444	
2023-24 Appropriation Limit	\$ 213,107,927	\$ 7,890,209	\$ 220,998,136

COSUMNES COMMUNITY SERVICES DISTRICT APPROPRIATIONS LIMIT CALCULATION FISCAL YEAR 2024-25			
	Elk Grove	Galt	District Total
2024-25 Beginning Limit	\$ 213,107,927	\$ 7,890,209	\$ 220,998,136
Population Adjustment Factor:			
City Weighted Average Population Change	1.0069	1.0069	
Cost of Living Factor:			
Change in CA per capita income	1.0362	1.0362	
2024-25 Appropriation Limit	\$ 222,346,109	\$ 8,232,248	\$ 230,578,357