

CAMERON PARK COMMUNITY SERVICES DISTRICT



FIVE YEAR FORECAST AND ASSESSMENT (Fiscal Year 2017 – Fiscal Year 2021)

Prepared By:
Regional Government Services
April 14, 2016

Overview: District Organization and Services Provided

Cameron Park Community Services District (CPCSD) was formed in 1961 upon a voter-approved measure. Under California State laws the District is empowered to provide a wide range of services, however not all authorized governance powers are active. The services provided by the District include:

- Property covenants and restrictions administration
- Emergency medical services
- Fire suppression
- Street lighting and landscaping services
- Parks and recreation services
- Solid waste collection
- Weed abatement services

A significant portion of the revenue generated to fund the community services is directly from local property taxes.

CPCSD is governed by an elected Board of Directors, which has supported efforts in recent years to develop long-term plans examining many of the key functions. This has included a Reserve Funding and Facility Assessment Plan (Browning Study – 2014); Park and Recreation Master Plan (2014); Fire Master Plan (August 2015); Fire Impact Fee and Park Impact Fee Nexus Studies (2015); Marketing and Program Plan (2015); and Five Year Strategic Plan (2016). Investment in long term planning is a prudent step to strategically address the public service needs of the community.

Financial Review

Outcomes from the planning to date as well as other studies underway have resulted in quantifying resources necessary to address medium and long-term needs. The Financial Forecast and Assessment was undertaken in order to provide a high level evaluation of projected resources in the context of the various studies completed to date.

Regional Government Services (RGS) Financial Advisors began with a review of District financial reports and records in order to provide a historical context for the District's current financial condition. This also included interviews with key Department Staff as well as other officials familiar with the economic environment in El Dorado County. The trends observed as well as projections of economic conditions were then used to develop a Financial Forecast Model. The focus of this effort was on the CPCSD General Fund, which finances the largest portion of the District operation. RGS has used the financial model in consultation with District Staff to examine key risk factors and considerations for future spending plans.

Considerations When Interpreting A Forecast

Most public agencies are very accustomed to budgetary financial plans, which typically address one to two years of planned revenue and expenditures. A forecast is typically for a longer term and is less precise due to the use of assumptions of events 3-5 years in the future. The value of a forecast is that it will allow for the examination of "what-if" scenarios and may point to the need for adjustments in advance of what would normally occur.

The model developed for Cameron Park Community Services consolidates both revenue and expenditures into high-level groupings. There are seven identified revenue types and expenditures are summarized within Salary & Benefits; Services and Supplies; and Capital Expenditures. Sub-components of these broad categories are also identified.

The second major component of the Model is a detailed list of Assumptions that are applied to the current budget to create a five-year projection. The rates of adjustment are based on a variety of factors including historical trends, current economic trends, and professional judgment. A forecast will not predict with certainty an outcome, however, it can provide indicators of the direction that the District Finances are headed to allow for proactive action.

Results of 2017 – 2021 General Fund Forecast (Excluding Capital / One-Time Funding)

The assumptions applied to the forecast are detailed in Appendix A and discussed later in this report. Table 1 below is a summarized version of the forecast results related to District operating costs only (assumes zero capital and one-time expenditures).

**TABLE 1: Summary of 2017 -2021 General Fund Operating Cost Forecast
(Does Not Include Any Allowance For Capital / One Time Expenditures)**

<u>REVENUE</u>	Adjusted Budget FY 2015/2016	Projection 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021
TOTAL GENERAL FUND REVENUE	\$5,344,894	\$5,620,700	\$5,797,200	\$5,965,300	\$6,119,800	\$6,258,900
PERCENTAGE CHANGE / YEAR		5.2%	3.1%	2.9%	2.6%	2.3%
<u>EXPENDITURES</u>						
TOTAL SALARY & BENEFITS	\$942,846	\$977,000	\$1,022,000	\$1,064,000	\$1,111,000	\$1,105,000
TOTAL EXPENSES (S&S)	\$4,699,770	\$4,846,200	\$4,976,500	\$5,123,900	\$5,274,800	\$5,428,700
<u>GRAND TOTAL EXPENSES</u>	\$5,642,616	\$5,823,200	\$5,998,500	\$6,187,900	\$6,385,800	\$6,533,700
PERCENTAGE CHANGE / YEAR		3.2%	3.01%	3.16%	3.20%	2.32%
Excess / (Deficit) Revenue over Expenditures	(\$297,722)	(\$202,500)	(\$201,300)	(\$222,600)	(\$266,000)	(\$274,800)
Historical Avg Savings Fire Contract	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
NET CHANGE FUND BALANCE	\$2,278	\$97,500	\$98,700	\$77,400	\$34,000	\$25,200
Beginning Balance	3,693,275	3,695,553	3,793,053	3,891,753	3,969,153	4,003,153
Ending Balance	3,695,553	3,793,053	3,891,753	3,969,153	4,003,153	4,028,353
PERCENTAGE CHANGE / YEAR		3%	3%	2%	1%	1%

Beginning Fund Balance began with audited 6/30/2014 Fund Balance adjusted by preliminary operating statements for 2014/2015.

Like many California public agencies the District is expected to experience overall revenue growth in the next five years. However, expenditures for operating costs are also expected to rise. There are several factors discussed later in this report that may result in higher expenses than what is projected. In the scenario above the projected fund balance increases minimally by \$235,300 over the 5 year forecast and it excludes important capital spending.

Discussion Of Potential Funding Required For One-Time Expenditures

As noted, Table 1 excluded any capital project spending or addressing liabilities such as Other Post Employment Benefits (OPEB-Retiree Health). Given the District’s service responsibilities it would be inappropriate to examine only the operating needs and not take into consideration some level of capital spending and its impact on the overall forecast.

Over the past 2-3 years Cameron Park Community Services District has undertaken several focused studies designed to inventory and quantify capital and OPEB obligations. The following Table summarizes the scope of some of the identified needs during the 5 year forecast period:

TABLE 2: Summary of Selected Capital and OPEB Funding Identified In Previous Studies

STUDY	TIMING	PROJECTED COSTS
Browning Reserve Study (5/9/2014) <i>(Adjusted to exclude vehicles)</i>	Excerpt 5 Years (2015/16 – 2019/20)	\$ 995,220
Fire Department Master Plan (8/19/2015)	5 Years CIP Funding (Includes establishing an Apparatus Reserve)	\$1,622,500
OPEB – Retiree Health Liability (F2/24/16) (Amount shown is additional contribution beyond what is in assumptions) 7/2014 – 6/2021	Additional amount required in next 5 years to meet 20 year level funding of liability	\$ 330,259
	SUB-TOTAL	\$ 2,947,979
ADDITIONAL: Park & Recreation Master Plan – New Facilities Only	<u>Timing not specified</u> – regular maintenance in Browning Study	\$ 2,203,300

Although, not all of the expenses would be expected to be evenly distributed, it is significant that the average needs for the next 5 years, equals \$589,596 per year (without considering any new recreation facilities). Estimated from the Browning Reserve Study results were adjusted to exclude vehicles, to avoid duplication with estimates in the Fire Master Plan. It is possible that Impact Fees could offset some of the capital project costs, provided that the nature of the project met the criteria to be financed by this restricted funding source. The restrictions primarily relate to the need generated by an increase in development. This will be limited by the fact that the District is largely built out with limited amounts of new development being planned. Absent other sources the General Fund reserve balances

Forecast Model - Limited Use Of Existing Reserves For Capital / One-Time Expenses

Table 3 on the following page demonstrates the impact, if the District were to maintain a reasonable cash flow reserve and expend limited amounts on one-time contributions to Capital and / or OPEB liabilities. The model shows that over the 5-year period even a use of reserves at a level of \$215,000 per year would essentially exhaust funds available for one-time expenses, leaving future operations under funded. The \$215,000 per year amount funds just over one-third of the \$589,596 in identified needs addressed above.

TABLE 3: Detail of 2017 -2021 General Fund Forecast (Includes Capital / One-Time)

REVENUE	Adjusted Budget FY 2015/2016	Projection 2017	Projection 2018	Projection 2019	Projection 2020	Projection 2021
(TAXES / FEES / JPA)						
Property Tax	\$3,555,460	\$3,704,000	\$3,833,000	\$3,948,000	\$4,047,000	\$4,128,000
JPA Reimbursements	1,056,705	1,167,000	1,197,000	1,232,000	1,269,000	1,308,000
Recreation Fees & Facility Use	143,776	148,100	152,500	157,100	161,800	166,700
Community Center Fees & Facility Use	322,953	332,600	342,600	352,900	363,500	374,400
Franchise Fees	160,000	163,000	166,100	169,300	172,500	175,800
Other Revenue & Special Events	106,000	106,000	106,000	106,000	106,000	106,000
Capital Fire Grant SCBA						
TOTAL GENERAL FUND REVENUE	\$5,344,894	\$5,620,700	\$5,797,200	\$5,965,300	\$6,119,800	\$6,258,900
EXPENDITURES						
(SALARY & BENEFITS)						
Full Time Salaries	\$435,340	\$429,000	\$442,000	\$455,000	\$469,000	\$483,000
Part-Time Salaries	166,687	171,000	180,000	187,000	195,000	202,000
Retirement & Retiree Benefits	217,622	243,000	257,000	271,000	288,000	253,000
Other Benefits	123,197	134,000	143,000	151,000	159,000	167,000
TOTAL SALARY & BENEFITS	\$942,846	\$977,000	\$1,022,000	\$1,064,000	\$1,111,000	\$1,105,000
(SERVICES & SUPPLIES)						
Fire	\$3,304,254	\$3,387,000	\$3,472,000	\$3,576,000	\$3,683,000	\$3,793,000
Contract Services - Other	187,500	215,000	221,000	226,000	231,000	236,000
Utilities	229,350	240,800	252,900	265,500	278,800	292,700
Vehicles / Equipment	177,500	182,000	187,000	191,000	196,000	200,000
Buildings & Grounds	137,500	140,900	144,600	148,100	151,500	155,000
General Services / Administration	215,043	220,000	226,000	232,000	237,000	242,000
Recreation Instructors / Events	136,500	140,600	144,800	149,200	153,600	158,200
Other Operating Expense	312,123	319,900	328,200	336,100	343,900	351,800
TOTAL EXPENSES (S&S)	\$4,699,770	\$4,846,200	\$4,976,500	\$5,123,900	\$5,274,800	\$5,428,700
ONE-TIME: Capital Exp / Transfer Capital Equip (General Fund) / Addl Contribution OPEB	\$184,479	\$215,000	\$215,000	\$215,000	\$215,000	\$215,000
GRAND TOTAL EXPENSES	\$5,827,095	\$6,038,200	\$6,213,500	\$6,402,900	\$6,600,800	\$6,748,700
Excess / (Deficit) Revenue over Expenditures	(\$482,201)	(\$417,500)	(\$416,300)	(\$437,600)	(\$481,000)	(\$489,800)
Historical Avg Savings Fire Contract	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
IF FIRE AGREEMENT SAVINGS NET CHANGE FUND BALANCE	(\$182,201)	(\$117,500)	(\$116,300)	(\$137,600)	(\$181,000)	(\$189,800)
Beginning Balance	3,693,275	3,511,074	3,393,574	3,277,274	3,139,674	2,958,674
Ending Balance	3,511,074	3,393,574	3,277,274	3,139,674	2,958,674	2,768,874
Allocation of Fund Balance						
Cash Flow Reserve - 5 Months (Non-Capital Exp) Includes \$65,000 Stabilization Reserve in Audit	2,351,090	2,426,333	2,499,375	2,578,292	2,660,750	2,722,375
Available for "Other" (One time use)	1,159,984	967,241	777,899	561,383	297,924	46,499

Key Considerations

Readers are encouraged to consider the detailed discussion of the Assumptions in Appendix A. The following are some of the key items impacting the projected results and impacts on the General Fund:

Revenue:

- Although property values are recovering from the housing market crash the level of growth is expected to decline in the future. The projected revenue growth in each of the first two years is 4%, followed by 3% in the next two years and 2% in the final year.
- The property within CPCSD boundaries is largely developed and there is not significant revenue generating developments in the near term.
- JPA Reimbursements have been aligned with the historical percentage of total Fire Services Agreement. The model assumptions result in a 2.5% to 3% increase in JPA reimbursements per year in line with the projected escalation of services from CalFire. This financial trend for the JPA should be closely monitored to determine that the operation could sustain increasing costs. EMS services as with other health care related services are undergoing drastic changes in compensation models under the Affordable Care Act.
- The model uses a 3% increase per year in Recreation and Community Center revenue. This is less than the 5% included in the adopted marketing plan. The basis for the more conservative estimate is that the plan is still rather new and has not been fully measured. Also, policy changes enacted regarding reduced or waiver of fees will hinder reaching the target.
- The District has not experienced a lot of opportunities for grants, which can be beneficial, provided that they can fund one-time needs and not on-going programs.

Expenditures:

- The projected increase in salaries and benefits over the 6-year period from the current year budget through fiscal year 2021, are expected to increase at nearly the same rate as revenue (17%). This is without any additional OPEB contribution.
- Although an adjustment was made to the full-time salary projections this was included absent any collective bargaining agreement for an adjustment. As with all other assumptions it is helpful for analysis purposes only.
- Part-time salaries were adjusted based on assumed increases to the entire base factoring in the adopted changes increasing the minimum wage to \$15 per hour.
- As with many agencies the cost of retiree benefits is escalating significantly. Although the State established lower cost pension reform, these plans only apply when there is turnover and the new employee, was not previously covered by a PERS Plan. The District has Net Pension Liabilities for the PERS plans totaling approximately \$680,000.

Expenditures (Continued)

- The District has a total unfunded liability for OPEB (Retiree Medical) of nearly \$1.5 million.
- The assumption used for the adjustment of the Fire Contract Services provided by CalFire was based initially off the current agreement at +2.5% followed by 3% after the current agreement ends. Since CalFire is staffed with State personnel some of the same staffing cost pressures with regards to retirement liabilities are in play.
- The Browning Reserve Study assessed condition and life cycle costs for the District infrastructure and found that this would cost nearly \$4 million, which would wipe out current reserves and trends in the current 5 years do not project operations generating surplus funds. As a comprehensive evaluation some of the specific items identified in the Browning Reserve Study may represent small repairs and replacements that would typically be part of an operating budget. In addition to this study the District also has needs separately identified in the Fire Master Plan and Park and Recreation Master Plan.
- An allowance for General Fund “one-time” expenditures has been included in the forecast. Based on priorities and funds available this could be possible funding for capital expense and/or OPEB liabilities. The District would need to examine the priorities based on needs and continued service to the community. The amount included is \$215,000.
- Expenditures from reserves without a replacement of these funds can only occur for a limited time. As the District infrastructure ages there is a growing need to address normal wear and tear as well as deferred maintenance.
- The forecast projects a deficit each year, which fluctuates from \$417,500 to \$489,800 per year. (Prior to any “assumed” Fire Services budgetary savings).
- The forecast has moderated the deficit by assuming that the Fire Services agreement will have actual costs each year of \$300,000 less than the estimated agreement provides. While this has been historically the case, there is some level of risk that the past trends will not continue, or that increased costs above what is assumed will reduce the savings.

Fund Balance Reserves:

- The District has a tradition of managing its finances and not extending well beyond its means, which has included maintaining adequate cash flow reserves to meet its obligations. The forecast continues to recommend protection of adequate funds to avoid the unnecessary burden caused by short-term borrowing.
- The forecast displays the total reserves as two components, 1) The equivalent of 5 months of operating costs; and 2) An amount that would be available for one-time projects and/or reduction of liabilities.

Fund Balance Reserves (Continued)

- The 5-month operating cash target takes into consideration the fact that the District relies on property taxes for most of the General Fund Revenue and these taxes are not distributed evenly throughout the year.
- Based on the spending included in the forecast model by the 5th year less than \$50,000 would remain for one-time projects and would easily be completely eliminated given that capital needs exceed the assumed minimum annual level required.

Additional Financial Issues

As noted earlier the focus of this review is on the General Fund, however, a cursory review of other funds was also completed in order to identify items that could ultimately impact the General Fund.

One of the notable areas is with the status of Landscaping and Lighting Maintenance Assessment Districts. Some of the Districts do not have provisions for adjustments and any changes would legally require a proceeding where property owners could vote against an increase. The long-term sustainability of any maintenance district without the ability to cover increasing could end up putting the General Fund at risk.

It is our understanding that the scope of work in these areas is being adjusted based on the revenue generated. It is foreseeable that at some point the condition of the improvements being maintained would be in conflict with District goals and mission statement. For example, if the service being maintained is street lighting, is the District prepared to turn off lights? Even doing so at some point this continual reduction would ultimately reach the point that no services could be provided.

Another area is the continued funding to maintain and replace components of the Fleet. The District is to be commended for establishing a fund specific to Fire related equipment expense. This has been a creative approach to set aside special contract revenue and use it to replace equipment. The uncertainty comes from the fact that this source of funding is not guaranteed and fluctuates from year to year. Further, the analysis conducted as part of the Fire Master Plan noted that this arrangement was determined to be insufficient to meet timely replacement of Fire apparatus. Ideally the District would benefit from a financing program that would address fleet needs in other departments as well. The provision of services to the community will suffer if the tools and equipment reach a point of being inoperable.

Options To Increase The Level of Funding Available For One-Time Expenses

The scope of this report was limited to a high level projection of District resources compared to identified needs. In addition to continued cost control efforts the District may need to explore additional revenue options.

Pursuit of a new revenue measure would require additional evaluation of a variety factors in order to properly match the revenue with the specific expense. Financing tools available would include Benefit Assessments. Use of this financing mechanism requires evaluation of the special benefit accruing to the property being assessed. Likewise, any "general benefit"

would need to be funded by another source. The second source would be a Community Facilities District. These use of taxes derived from this source can be used to fund both services and / or capital expenditures. The third option is a Parcel Tax.

There are differences in the steps required to impose any of these new revenues. Either voter approval or property owner balloting is required, which means there must be significant support from the community at large. Consideration of any of these options would require further study.

Recommendations

Author John C. Maxwell said, "...If you're proactive, you focus on preparing. If you're reactive, you end up focusing on repairing." The District Board and Staff are to be commended for taking critical steps to be proactive. Planning for the future will likely require creativity and decisions that are not always easy.

The following are key recommendations for future steps:

1. The District needs to acknowledge that the projected General Fund operating costs, retiree liabilities, and capital needs are not fiscally sustainable in the current environment. This forecast represents a 5-year snapshot and longer-term projections would be expected to show worsening conditions without an increase in revenue and/or significant decreases in costs.
2. The District should also monitor and develop planned responses to impacts occurring in funds other than the General Fund. Two areas of emphasis would be 1) Landscaping and Lighting Districts, which also have, long term funding pressures. And 2) Evaluation of potential special revenue funds (such as impact fees), which could contribute towards reducing the need for 100% financing of capital projects by the General Fund.
3. As a monitoring tool the forecast should be updated annually in order to reflect the current environment and progress or changes in the outcome (positive or negative).
4. Staff should continue efforts to seek cost effective changes in the delivery of services. During interviews with Staff it was noted that systems are in place to monitor costs and they are being used.
5. The District should continue to assess the costs of Fire Services as they represent the most significant spending and identify means to address cost increases. This includes monitoring whether contract savings are continuing at the assumed level on an annual basis.
6. The District should monitor and refine, as needed its Marketing Plan to insure that targets are reasonable and account for any deterioration of the base.
7. The District should establish a reserve for one-time projects and /or contributions towards OPEB liabilities. Then potential annual funding should be prioritized within an established available cap.

Recommendations (Continued)

8. The District should continue to proactively share with those it serves the status of its financial obligations and position. Having an informed constituency may create opportunities to improve services.

9. The District should consider the priority ranking of additional funding of its OPEB obligation, compared to other one-time needs. Although this will provide long-term savings and responsibly address the obligation, it needs to be considered in the overall context of District services. The recent Actuarial report that was prepared provides a few options.

10. The District should establish a target cash-flow reserve of between 4-6 months. The more conservative the target will provide additional time to address funding shortfalls, should this be necessary.

11. In addition to the current focus on marketing plans, the District should proactively examine all sources of revenue enhancement to maintain the public investment in facilities, equipment, and emergency services. This could include grants, assessments, and / or property related fees and taxes.

Observations

While conducting the study two areas were noted as being outside of what is typical in terms of the District finances. The first is the timing of the issuance of audited financial statements. Best practices strive to have them issued within six months of the close of the Fiscal Year (by December 31st). In the upcoming year the State Controller will be establishing a January deadline for the filing of the State Controller's report with the intent that it will reflect the audited statements. (The previous deadline was in October).

The second area involves the artificial allocation of General Fund Revenues to operating Departments. Typically general tax revenue that is not directly derived from the operation of a department is not associated specifically with that department's operation. This relates to Property Taxes and Franchise taxes.

As part of the study Staff at the El Dorado County Auditor Controller's Office were asked about the property tax allocation. County Staff concurred that the current process is unique and is being done solely at the request of the Cameron Park Community Services District. Their preference would be to treat the tax collection as a single entity, which is how CPCSD was formed and is the standard for public agencies.

Appendix A

Assumptions Used To Develop The Cameron Park Community Facilities District 2017 – 2021 Financial Forecast

ASSUMPTIONS CPCSD REVENUE FORECAST
 (Prepared By Regional Government Services)
 April 14,2016

GENERAL FUND REVENUE

#	ITEM	FISCAL YEAR 2016 BUDGET (% OF TOTAL)	ADJUSTMENT FACTOR	COMMENTS
1	Property Tax	\$ 3,555,460 (67%)	Assumed declining growth in Assessed Value (AV) over 5 Years. Multiplied the historical average tax rate by the projected Assessed Value. Current year increase 4.5% reduced by 0.5% / yr.	Spoke with the County Assessor regarding trends. Currently a strong market has allowed for restoring values removed from the tax roll when the housing market declined. This will taper off and mute the growth in property taxes. no firm estimate.
2	JPA Reimbursement	\$ 1,056,705 (20%)	Historically this has represented approximately 35% of the Cal Fire contract.	It will be important for the District to monitor the County EMS JPA Finances and whether its finances are adequate to continue providing for growth.
3	Recreation Fees	\$ 143,776 (3%)	Adj by 3% per year - Combined Program & Facility use	This is conservative compared to the Marketing Plan which targets a 5% growth. Achieving the Marketing Plan will be impacted by policies related to discounts and participation rates. Additional leeway is built in due to the 2016 Budget being conservative compared to FY 2015 Actual. Escalator applied to FY 2016 Budget and each forecast year.
4	Community Center Fees	\$ 322,953 (6%)	Adj by 3% per year - Combined Program & Facility use	This is conservative compared to the Marketing Plan which targets a 5% growth. Achieving the Marketing Plan will be impacted by policies related to discounts and participation rates. Additional leeway is built in due to the 2016 Budget being conservative compared to FY 2015 Actual. Escalator applied to FY 2016 Budget and each forecast year.
5	Franchise Taxes	\$ 160,000 (3%)	1.9% per year which has been the historical average.	Escalator applied to FY 2016 Budget and each forecast year.
6	Other Miscellaneous Income	\$ 106,000 (2%)	0.0% No increase maintained same as FY 2016 Budget	Includes Interest; Admin Processing Fees; Reimbursements; Special Events (Summer Spectacular); Sponsorships. Over 70% of the total budget for this category is the Special Event / Sponsorship.

ASSUMPTIONS CPCSD SALARY & BENEFIT FORECAST
 (Prepared By Regional Government Services)
 April 14, 2016

GENERAL FUND SALARY & BENEFIT EXPENSES

#	ITEM	FISCAL YEAR 2016 BUDGET (% OF TOTAL)	ADJUSTMENT FACTOR	COMMENTS
1	Salary Full-Time Salary	\$ 435,340 (7%)	For projection purposes only a 3% increase was used.	The forecast is only intended to quantify the impact of a theoretical adjustment. The current MOU does not have any scheduled adjustments. Actual costs are based on collective bargaining agreements.
2	Part-Time Salary	\$ 166,687 (3%)	Based on pending minimum wage legislation awaiting signature by the Governor: 3/31/2016 - 2017=2.5%; 2018=4.8%; 2019=4.3%; 2020=4%; 2021=3.7%	Statewide changes to the minimum wage are proposed for January 1 of each year. +50cents in 2017; and then \$1 per year. In 2022 (outside of the forecast period) the final adjustment occurs from \$14.50 to \$15 per hour
3	Retirement and Retiree Benefits	\$ 217,662 (4%)	This category includes Current Misc. PERS; Prior Safety PERS; Social Security (Part-time Only); Medicare; Retiree Medical.	See discussion below of major components
	PERS Miscellaneous		Note: Used PPERS Projection based on 6/30/2014 Actuarial Report. Actual will be impacted by investment performance. FY 2016 performance expected to be less than 7.5% target which will increase future rates.	Per Actuarial Rates for 7/1/2016 + Scheduled lump sum for Liability - Multiplied by FT Salaries (6/30/14 Actuarial pg 5). Did not assume pre-payment of lump sum which offers small discount (approx. \$2,400 in FY 2017)
	PERS Safety (Closed Plan)		"	Per Actuarial Lump Sum for 7/1/2016 and as estimated by PERS thereafter (6/30/14 Actuarial pg 5) Did not assume pre-payment of lump sum which offers small discount (approx. \$1,095 in FY 2017)
	Retiree Health			\$ amount per the Pay-As-Go (no prefunding) schedule in actuarial study page 6 column 1 (2/24/16 Report)
4	Other Benefits - Medical/Dental	\$ 123,197 (2%)	Assume 8% in 2017 - Decline by 1% for 2 years; 5 % for remainder. These factors are used in OPEB Actuarial Study estimating of future rates.	This category includes Health, Dental, Vision, Workers Compensation, UI / TT Contribution.

ASSUMPTIONS CPCSD NON-SALARY EXPENSES FORECAST
 (Prepared By Regional Government Services)
 April 14, 2016

GENERAL FUND NON-SALARY EXPENSES

#	ITEM	FISCAL YEAR 2016 BUDGET (% OF TOTAL)	ADJUSTMENT FACTOR	COMMENTS
1	Fire Contract	\$ 3,304,254 (59%)	For remaining 2 years of Agreement For Services current base was escalated by 2.5%. Thereafter 3% per year.	Historically the District has experienced a cost savings of an average of \$300,000 per year. Contributing factors include: position vacancies; assumed EE tier; backfill services to State. Because the full cost of services is an obligation the forecast does not discount the expense.
				Observations: State Union preparing for negotiation have not bargained for several years. At the same time the Governor has placed a priority on funding retirement liabilities, which will impact future costs.
2	Contract Services - Other	\$ 187,500 (3%)	Established FY 2017 base at \$215,000 which is the average of past 6 years. Then increased by CPI projection: 2.6%; 2.4%; 2.3%; 2.3%	Expenses in recent years have impacted by a back-log in various studies and "plans".
3	Utilities	\$ 229,350 (4%)	5% per year (historical average is 4.6%)	Largest fluctuations are among electricity and propane costs. This category can be subject to large fluctuations.
4	Vehicles & Equip	\$ 177,500 (3%)	Increased by CPI projection: 2.5%; 2.6%; 2.4%; 2.3%; 2.3%	
5	Buildings & Grounds	\$ 137,500 (2%)	Increased by CPI projection: 2.5%; 2.6%; 2.4%; 2.3%; 2.3%	

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GENERAL FUND NON-SALARY EXPENSES

#	ITEM	FISCAL YEAR 2016 BUDGET (% OF TOTAL)	ADJUSTMENT FACTOR	COMMENTS
6	General Services	\$ 215,043 (4%)	Increased by CPI projection: 2.5%; 2.6%; 2.4%; 2.3%; 2.3%	Operating and support services including: County Tax administration; Audit / Accounting; Banking; Insurance; Legal.
7	Recreation Instructors / Events	\$136,500 (2%)	Adjusted each year by 3% using the FY 2016 Budget as a base.	Same percentage as what was assumed on revenue.
8	Other Operating Expense	\$312,123 (5%)	Increased by CPI projection: 2.5%; 2.6%; 2.4%; 2.3%; 2.3%	

ASSUMPTIONS CPCSD USE OF RESERVES
 (Prepared By Regional Government Services)
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GENERAL FUND IMPACTS ON RESERVES

#	ITEM	ASSUMPTIONS	COMMENTS
1	Capital Expenditures	The forecast Model has assumed \$215,000 combined #1 and #2 - per year available for capital expenditures and / or OPEB from one-time reserves.	The General Fund contribution towards capital expenditures has fluctuated over the past 6 years from a low of \$3,872 in FY 2011 to a high of \$248,367 in FY 2014. (The 2014 amount included Fire Safety equipment funded by a grant.) The average per year for the most recent six year period has been \$124,862. Identified needs exceed this level of spending.
2	Other Post Employment Benefits (OPEB) - Retiree Medical	The forecast Model has assumed \$215,000 combined #1 and #2 . Establishment of a Trust and lump sum contributions will decrease the long term cost of this liability.	Built into the base operating cost assumptions is the amount of the Pay-As-You-Go projections. An initial payment of \$164,607 would equal a catch-up from 7/1/14 to 6/30/16 under the 2016 20 year level contribution. Additional contributions averaging \$33,130 / year would be required to maintain the schedule.
3	Projected Fire Contract Savings	Historically \$300,000 per year has been the annual average budgetary savings in the Fire Services Agreement (adjusted for budgetary differences in EMS JPA Revenue / Expense).	The District is obligated to annually appropriate funds in the full annual amount of the CalFire Services Agreement. Historically the final actual cost has been approximately \$300,000 less than funds appropriated. If this fails to materialize the budget is unbalanced. There are several operational factors that contribute to the contract savings. They include: Difference in salary schedule step from budget; vacancies; provision of backfill services; and Executive management commitment to monitoring costs.
4	Cash Flow Reserve	A target Cash Flow Reserve is calculated based on 5 Months of Operating Costs without Capital or additional contributions to OPEB.	The District reports a Stabilization Reserve of \$65,000 as part of its Annual Financial Statements. This amount has been combined with the cash flow reserve. The 5 month target represents the District reliance on Property Tax Revenue, which is not evenly distributed.
5	Reserves Available For One-Time Projects	Beginning balance is approximately \$1 million and would be nearly exhausted in 5 years.	Increased operating costs and limited revenue growth limit the likelihood that reserves will continue to increase.

Appendix B

Cameron Park Community Facilities District 2017 – 2021 Financial Forecast Background Historical Data

Five Year Comparisons

- Revenue
- Salaries and Benefits
- Other Services and Supplies

10 Year Comparison

- Chart: Comparison Assessed Valuation Annual Changes (County Compared To CPCSD)
- Chart: Annual Assessed Values 10 Years

Cameron Park Community Services District

Historical Comparison - Revenue

Financial Forecast FY 2017 - FY 2021

April 14, 2016

FINAL REPORT

	Fiscal Yr 2010/2011	Fiscal Yr 2011/2012	Fiscal Yr 2012/2013	Fiscal Yr 2013/2014	Fiscal Yr 2014/2015	Adjusted Budget FY 2015/2016
TAXES						
Property Tax	3,360,538	3,244,259	3,234,835	3,305,549	3,415,687	3,555,460
FIRE JPA (EMS SERVICES)						
JPA Reimbursements	818,359	895,227	917,876	989,719	1,063,792	1,056,705
RECREATION						
Program Revenue- Recreation	208,462	187,133	207,743	129,180	170,085	119,276
Facility Use - Recreation (Incl. Parks 2011 & 2012)	18,859	30,903	35,084	35,776	21,470	24,500
Sub-Total Recreation	227,321	218,036	242,827	164,956	191,555	143,776
COMMUNITY CENTER						
Program Revenue- Center	69,440	90,976	153,197	160,808	176,007	162,943
Facility Use	195,983	179,923	192,217	174,918	199,683	160,010
Sub-Total Community Center	265,423	270,899	345,414	335,726	375,689	322,953
FRANCHISE FEES						
Franchise Fees	151,620	152,517	156,704	160,778	163,396	160,000
OTHER REVENUE						
Interest	10,342	9,793	7,732	9,409	6,430	7,500
Administration Process Fees			7,000	7,500	7,500	7,000
Reimbursement (rebates)	9,432	51,550	29			
Special Events / Summer Spectacular	52,757	68,348		77,796	55,633	76,500
Other Income / Sponsorships	23,983		5	22,629	15,029	15,000
Sub-Total Other Revenue	96,514	129,691	14,767	117,334	84,592	106,000
Capital Grant - Fire SCBA Equip				166,457		
TOTAL GENERAL FUND	4,919,775	4,910,629	4,912,422	5,240,519	5,294,712	5,344,894

*

*FY 2011/12 showed Fire Eng As Rev and Expense \$447,360 - excluded from analysis

Cameron Park Community Services District
Historical Comparison - Salaries & Benefits
Financial Forecast FY 2017 - FY 2021
April 14, 2016

FINAL REPORT

General Fund:	Fiscal Yr 2010/2011	Fiscal Yr 2011/2012	Fiscal Yr 2012/2013	Fiscal Yr 2013/2014	Fiscal Yr 2014/2015	Adjusted Budget FY 2015/2016
Salaries- Full Time (5000)						
Administration	\$ 156,632	\$ 122,150	\$ 141,704	\$ 102,120	\$ 138,389	\$ 147,273
Fire - Including JPA	0	0	0	0	0	0
Parks	126,866	139,386	157,090	157,521	163,043	172,546
Recreation	47,205	48,600	76,845	66,413	49,965	82,005
Community Center	55,227	33,372	7,643	9,887	8,221	33,516
Total Full-Time Regular Salaries	385,930	343,508	383,282	335,941	359,618	435,340
Salaries - Part-Time (5010)						
Administration	\$ 31,253	\$ 34,656	\$ 13,172	\$ 12,327	\$ 7,799	\$ 7,488
Fire - Including JPA	0	0	8,680	5,572	0	0
Parks	10,056	4,723	0	0	0	0
Recreation	130,864	23,389	31,812	34,772	44,781	54,009
Community Center	34,135	101,972	74,257	66,631	70,916	105,190
Total Part-Time / Seasonal Salaries	206,308	164,740	127,920	119,301	123,495	166,687
Sub-Total Salaries						
Administration	\$ 187,885	\$ 156,806	\$ 154,876	\$ 114,447	\$ 146,187	\$ 153,761
Fire - Including JPA	0	0	8,680	5,572	0	0
Parks	136,922	144,109	157,090	157,521	163,043	153,368
Recreation	178,069	71,989	108,657	101,185	94,746	136,014
Community Center	89,362	135,344	81,900	76,518	79,137	138,706
Sub-Total Salaries	592,238	508,248	511,202	455,242	483,113	581,849
Percentage Change		-14.2%	0.6%	-10.9%	6.1%	20.4%
Retirement Benefits / Social Security (5135*; 5150; 5180)						
Administration	39,508	30,380	52,883	48,336	52,601	55,186
Fire - Including JPA *	39,193	56,884	52,879	47,073	41,557	91,673
Parks	29,510	42,707	35,672	37,696	42,291	33,678
Recreation	21,495	17,800	21,264	20,102	19,042	21,780
Community Center	18,393	8,108	8,023	8,114	8,726	15,305
Total Retirement / Social Security	148,099	155,879	170,721	161,321	164,217	217,622
Other Current Benefits (5130; 5140; 5160; 5190)						
Administration	49,056	39,152	16,349	10,976	14,887	20,523
Fire - Including JPA	892	1,388	1,314	989	1,120	1,394
Parks	29,895	56,199	39,222	44,332	44,918	46,195
Recreation	21,911	23,346	29,221	29,356	25,969	35,314
Community Center	24,770	3,445	9,368	9,604	9,715	19,771
Total Other Benefits	126,524	123,530	95,474	95,256	96,609	123,197
Sub-Total Benefits						
Administration	88,564	69,532	69,232	59,312	67,488	75,709
Fire - Including JPA	40,085	58,272	54,193	48,062	42,677	93,067
Parks	59,405	98,906	74,894	82,027	87,209	79,873
Recreation	43,406	41,146	50,485	49,458	45,011	57,094
Community Center	43,163	11,553	17,391	17,718	18,441	35,076
Sub-Total Benefits	274,623	279,409	266,195	256,577	260,826	340,819
GRAND TOTAL - SALARIES & BENEFITS						
Administration	276,449	226,338	224,108	173,759	213,675	229,470
Fire - Including JPA	40,085	58,272	62,873	53,634	42,677	93,067
Parks	196,327	243,015	231,984	239,549	250,252	233,241
Recreation	221,475	113,135	159,142	150,642	139,757	193,108
Community Center	132,525	146,897	99,291	94,235	97,578	173,782
GRAND TOTAL SALARIES & BENEFITS	866,861	787,657	777,398	711,819	743,939	922,668
Percentage Change		-9.1%	-1.3%	-8.4%	4.5%	24.0%
BENEFIT COSTS AS PERCENTAGE OF PERSONNEL						
Administration	32.0%	30.7%	30.9%	34.1%	31.6%	33.0%
Fire - Including JPA	100.0%	100.0%	86.2%	89.6%	100.0%	100.0%
Parks	30.3%	40.7%	32.3%	34.2%	34.8%	34.2%
Recreation	19.6%	36.4%	31.7%	32.8%	32.2%	29.6%
Community Center	32.6%	7.9%	17.5%	18.8%	18.9%	20.2%
TOTAL AGENCY BLENDED	31.7%	35.5%	34.2%	36.0%	35.1%	36.9%

* FY 2010/11 and 2011/12 Retiree Medical was not segregated - except for Fire which was 100% related to Retirees

Cameron Park Community Services District
Historical Comparison - Expense Non Salaries & Benefits
Financial Forecast FY 2017 - FY 2021

April 14, 2016

FINAL REPORT

	Fiscal Yr 2010/2011	Fiscal Yr 2011/2012	Fiscal Yr 2012/2013	Fiscal Yr 2013/2014	Fiscal Yr 2014/2015	Adjusted Budget FY 2015/2016
FIRE						
Contract	2,820,722	2,525,645	2,504,106	2,666,439	2,651,400	3,254,054
Fire Turnouts	-341	24,203	16,324	18,632	18,318	21,000
Fire - Vol Resident	20,370	27,978	26,415	21,480	16,785	29,200
	2,840,751	2,577,826	2,546,845	2,706,551	2,686,503	3,304,254
% Change		-9%	-1%	6%	-1%	23%
Average Change - 2011-2015	-1%					
Contract Services						
5235 & 5240 Contract Service	175,366	127,483	157,015	354,942	280,857	187,500
% Change		-27%	23%	126%	-21%	-33%
Average Change - 2011-2015	25%					
Utilities						
Water	38,543	33,053	38,180	46,107	45,878	55,750
Electric-Gas	120,921	126,158	121,860	126,839	143,855	145,300
Telephone	24,438	24,097	20,740	25,342	22,536	28,300
Sub-Total Utilities	183,902	183,308	180,780	198,288	212,269	229,350
% Change		0%	-1%	10%	7%	8%
Average Change - 2011-2015	4%					
Vehicles / Equipment						
Equipment - Minor Tools	14,041	15,032	3,150	6,029	16,046	21,000
Fuel	57,543	72,161	75,168	76,654	60,231	73,000
Maint Equipment	41,724	34,621	28,851	45,313	73,745	47,500
Maint Radios	1,149	1,390	1,183	3,597	1,947	1,000
Maintenance - Tires	4,978	6,834	4,597	7,185	9,719	10,000
Maintenance - Vehicles	15,094	30,489	19,109	27,568	25,965	25,000
Sub-Total Vehicles / Equip	134,529	160,527	132,058	166,346	187,653	177,500
% Change		19%	-18%	26%	13%	-5%
Average Change - 2011-2015	10%					
Buildings & Grounds						
Buildings - Maintenance	14,986	19,694	56,114	26,993	32,264	28,000
Grounds - Maintenance	30,059	31,174	29,084	31,639	43,271	44,500
Pool Chemicals	0	0	66,649	66,892	11,720	65,000
Sub-Total Bldgs & Grounds	45,045	50,868	151,847	125,524	87,255	137,500
% Change		13%	199%	-17%	-30%	58%
Average Change - 2011-2015	41%					
General Services / Admin						
5210 Admin. Co Tax Service Fees	97,176	87,920	85,500	61,635	48,036	75,043
Audit / Accounting	46,887	19,228	11,988	31,358	21,800	25,000
Banking	10,020	10,213	10,336	10,513	11,870	12,000
Insurance	80,909	64,237	68,511	63,702	68,154	73,000
Legal	36,235	33,594	32,710	40,680	53,542	30,000
Sub-Total General Services / Admin	271,227	215,192	209,045	207,888	203,402	215,043
% Change		-21%	-3%	-1%	-2%	6%
Average Change - 2011-2015	-7%					
Recreation Instructors / Events						
Instructors	79,511	61,889	59,496	67,226	88,219	67,000
Special Events	54,037	79,591	62,872	51,563	50,932	69,500
Sub-Total Instructors / Events	133,548	141,480	122,368	118,789	139,151	136,500
% Change		6%	-14%	-3%	17%	-2%
Average Change - 2011-2015	2%					
OTHER OPERATING EXPENSE						
		267,364	191,554	220,959	303,259	312,123
% Change		#VALUE!	-28%	15%	37%	3%
Average Change - 2011-2015	#VALUE!					
TOTAL	#VALUE!	3,724,048	3,691,512	4,099,287	4,100,349	4,699,770
TOTAL GEN FUND OP (Excl Sal & Ben)	4,022,823	3,724,048	3,691,512	4,099,287	4,100,349	4,699,770
% Excl "Other"	94%	93%	95%	95%	93%	93%
						Avg 94%



