

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

February 13, 2012

Midyear Review of Fiscal Year 2011-2012 Budget

Synopsis

The Board of Directors is requested to discuss the midyear review of the Fiscal Year 2011-2012 budget. Staff is not recommending any modifications to the budget.

Report

At the June 13, 2011 meeting, the Board approved the Fiscal Year 2011-2012 budget. The budget continues to be lean like previous budgets but even more care was given to have the projected expenditures more closely tied with what was actually expected to be expended. The District has been working with its budget for six months and has been watching it closely to ensure that the District's finances are secure.

Overall, for the first half of the 2011-2012 fiscal year, revenue has been almost \$100,000 less than projected for the first six months. The District has stayed well within its expenditures and is actually under budget through December 31, 2011.

The last two years, the Board has done a midyear review of the budget and then reapportioned funds from items that were under budget to be used for unfunded capital projects and equipment. In analyzing the current budget for the first six months and reviewing specific accounts with staff, there does not appear to be any glaring availability of funds for reallocation. The only additional needed expenditure identified at this point are \$7,500 for pump efficient training/consulting that can be expensed within the Education/Training/Travel account and approximately \$6,500 to decommission the Catalina Village well site, which can be absorbed within the Consultant/Contract Services category of account.

Attached is midyear budget review with comments noted on the spreadsheets where applicable. Staff is prepared to review and discuss with the Board members.

On January 23, 2012, the Finance Oversight Committee reviewed with staff the midyear budget. Other than some clarifying questions, the Committee had no disagreement with staff's recommendation to not make any formal readjustment of budgeted funds as of this midyear review period.

Per the Board's adoption of Resolution 2011-3, the Board will discuss in June if a portion of any excess budgeted funds ought to be transferred to the Capital Assets Reserve Account.

Per the adoption of the budget schedule at the December 12, 2011 meeting, staff will begin to prepare the budget in March. The Finance Oversight Committee will review the budget at its April 16, 2012 meeting and the Board will have study session on April 30, 2012.

Staff Recommendation

It is recommended that the Board of Directors review with staff the current status of the Fiscal Year 2011-2012 budget. Staff is not recommending at this time any formal readjustment of budgeted funds.

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager