

RESOLUTION NO. 15-229

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
MISSION HILLS COMMUNITY SERVICES DISTRICT
AMENDING DISTRICT POLICY 3020 (Budget Preparation
and Approval Process)**

WHEREAS, the Mission Hills Community Services District (the “District”) is a community services district duly formed under Government Code Section 61000 *et seq.* to provide community services within the District’s service area, including water and sewer services; and

WHEREAS, the District is governed by a five member Board of Directors; and

WHEREAS, the District Board of Directors establishes policies for the operation of the District pursuant to Government Code Section 61040; and

WHEREAS, the District desires to revise its existing Policy 3020 setting forth the budget preparation and approval process.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MISSION HILLS COMMUNITY SERVICES DISTRICT as follows:

1. The District’s Policy 3020, entitled “Budget Preparation and Approval Process,” is hereby amended and replaced in its entirety with Exhibit “A,” attached hereto and incorporated herein by this reference.

On motion of Director Naughton, seconded by Director Fasold, and on the following roll call vote, to-wit:

AYES: Directors: Fasold, Hayes, Mac Kenzie, Naughton, and Nix

NOES: None

ABSENT: None

ABSTAIN: None

The foregoing Resolution is hereby passed and adopted this 27th day of October, 2015.

James S. Mac Kenzie, President
Board of Directors

ATTEST:

Casey Fowler, Secretary to the Board

APPROVED AS TO FORM:

Ziyad I. Naccasha, District Counsel

Exhibit "A"

3020 Budget Preparation and Approval Process

Effective Date: October 2015

Resolution/ Ordinance Reference: Resolution 15-229

I. BACKGROUND

This policy outlines the proper procedure for budget development, approval process, and amendment processes. This policy also provides information on the roles that the Board of Directors, General Manager and Staff play in developing the financial commitment on the budget for the following fiscal year. The District's fiscal year is from July 1 through June 30.

II. PURPOSE

The purpose of the budget policy is to create stability and consistency. With direction from the Board of Directors, the General Manager is responsible for the implementation and continuity of the Mission Hills CSD budget cycle.

III. PROCEDURE

A. Timeline – The development and approval process will be completed by May 31st annually. In the event a budget is not approved by the Board of Directors by the start of the fiscal year, the previous fiscal year budget will remain in force until a new budget has been approved.

1. In January the General Manager will provide the Board of Directors with a schedule for budget review and adoption.
2. At the beginning of February the Board of Directors, along with Staff, will take a tour of the District Facilities to become familiar with problematic priorities to be included in the next fiscal year budget.
3. The General Manager, along with Staff will prepare and develop a budget for the following fiscal year and present this at a Board Workshop in March.
4. During a Board of Directors meeting in April an updated budget will be presented based on recommendations from the Budget Workshop.
5. During a Board of Directors meeting in May the proposed annual budget shall be reviewed and approved.
6. Part of the proposed budget process will include the rates being analyzed to meet budget requirements. If during this process it appears a rate increase will be required, the budget must be approved prior to June 1st to allow the mandated 30 day notice requirements to the community.

B. Approval Process

1. During a Board of Directors meeting in May the proposed annual budget will be agenized to have a “Public Reading and Adoption of the Final Budget” for the proposed fiscal year.
2. When a motion is in order for the question of approving the FY budget, a vote thereon shall be taken by roll call vote and entered in full upon the record. This motion will be passed by a super majority (80%) of the total membership of the Board of Directors.

C. Budget Variance

1. Programs and activities related to annual services shall be governed by allocations approved during the budget process and adopted by the Board.
2. However, it is recognized that there are circumstances that arise during a fiscal period that result in actual revenues and expenditures varying from budgeted amounts.
3. Whenever a budgeted expense line item has circumstances where a projected expense exceeds a 5% variance of the total budget, the General Manager will be required to seek a super majority approval from the Board of Directors before the expense is finalized, when possible.
 - a. Actual fiscal activity is governed by the resource allocations incorporated in the annually approved budget, but flexibility should remain to react to actual circumstances which may occur in, but are not limited to, the following scenarios:
 - Revenues differing from projections
 - Contracts are settled at rates not anticipated, or loss of contractors warrant new vendor contracts
 - Human resources as it relates to procurement of new personnel, mandated state or union raises, turnover resulting in unforeseen severance costs, increases in actual benefits costs, etc.
 - New or enhanced grant programs become available
 - Assumptions concerning general economic performance, such as inflationary trends and interest rates, differ from actual rates experienced