

Staff Report

TO: Board of Directors

FROM: Sandra Dunlap, Finance Director

DATE: August 14, 2024

SUBJECT: FY2024 Mid-Year Budget Amendment

FINANCE

RECOMMENDATION:

Adopt a resolution approving the FY2024 Mid-Year Budget Amendment.

BACKGROUND:

The Fiscal Year (FY) 2024 budget was adopted by the Nevada Irrigation Board of Directors on November 8, 2023. Each quarter thereafter, the budget is reviewed for accuracy and performance, and adjusted internally or amended by the Board as needed.

Staff have prepared the quarter ending June 30, 2024, Budget Reports for the second Quarter (Q2), or mid-year and as part of that process have identified items within the budget requiring adjustment.

The annual budget is a living document that must be reviewed and updated for accuracy periodically. The proposed mid-year amendment improves the accuracy of this year's Budget and financial plan. The completion of the FY2023 audit has also presented significant changes to the beginning fund balances.

REPORT SUMMARY:

The proposed amendment results in a net decrease to outflows of \$765,861; including increases to operational expenses totaling \$651,648 and decreases to capital expenses totaling \$1,417,509 as follows:

<u>Amendment Type</u>	<u>Expenditure Amendments</u>	<u>Fund</u>	<u>Account</u>	<u>Total</u>	<u>Explanation</u>
Capital	2182 - N Day Rd Pipeline Replacement	15	Construction	50,000.00	Additional funds needed to complete project
Capital	2366 - Cedar Ridge PRV Replacement	15	Construction	(154,000.00)	Project not a priority for 2024
Capital	2643 - Ali Lane DFWLE	15	Construction	(100,509.00)	Project complete and under budget
Capital	2647 - Ramp Repairs Operations	15	Construction	(600,000.00)	Only design expenses until 2025
Capital	2688 - Auto Gaging Head Gates	15	Construction	(35,000.00)	Roll remaining project amount to 2025 for installation
Capital	Total Station and Data Collector	15	Equipment Purchase	72,000.00	New Total Station for survey crews
Capital	2655 - CPPH Refurbishment	55	Design	(100,000.00)	Ordering in 2024, only need down payment this year
Capital	2655 - CPPH Refurbishment	55	Construction	(400,000.00)	Ordering in 2024, only need down payment this year
Capital	2658 - French Lake LLO Gate	55	Construction	(150,000.00)	Inspection only in 2024, work in 2025 due to water level
Sub-Total Capital				(1,417,509.00)	
Operational	NBS Administrative Fees	21	Consultant Fees	800.00	NBS Administrative Fees higher than originally budgeted
Operational	NBS Administrative Fees	22	Consultant Fees	750.00	NBS Administrative Fees higher than originally budgeted
Operational	Insurance - Deer Creek	50	Insurance	35,000.00	Missed insurance on Hydro specific buildings
Operational	Insurance - Whitcomb	50	Insurance	30,000.00	Missed insurance on Hydro specific buildings
Operational	Materials - South Yuba Canal	50	Materials	240,098.00	Materials ordered in 2023 delivered and paid in 2024
Operational	Meter Replacement	10	Materials	250,000.00	Direct purchase of meters instead of through warehouse
Operational	Tank Restoration	10	Contractor Fees	75,000.00	Tank restoration inspection services
Operational	Fuel Costs - Shop Ops	70	Fuel Expenses	20,000.00	Additional funds needed. Fuel costs more than originally budgeted.
Sub-Total Operating				651,648.00	
Net Adjustment by Fund				(765,861.00)	

As a result of completing the FY2023 audit, the beginning fund balances have been increased by a total of \$23,588,647. The adjustments to these fund balances are primarily due to significant savings in the last half of 2023, including disencumbering a large amount of CIP funds. These changes are as follows:

<u>Fund</u>	<u>Original</u> <u>Beginning Fund</u> <u>Balance</u>	<u>Updated</u> <u>Beginning Fund</u> <u>Balance</u>	<u>Change</u>
10 Water	27,292,439	34,063,938	6,771,499
12 Capacity Fees	10,618,184	10,435,241	(182,943)
15 Water Capital	18,224,776	20,075,265	1,850,489
21 Cement Hill	67,969	22,624	(45,345)
22 Rodeo Flat	120,052	117,031	(3,021)
30 Recreation	-	1,540,070	1,540,070
35 Recreation Capital	605,000	403,582	(201,418)
50 Hydro	12,566,982	22,240,022	9,673,040
55 Hydro Capital	48,825,996	51,639,125	2,813,129
70 Internal Services	600,511	1,973,659	1,373,148

BUDGETARY IMPACT:

The total budgetary impact of the net mid-year adjustment is an overall reduction of the 2024 budgeted expenditures totaling \$765,861 and an overall increase to the beginning fund balance of \$23,588,647.

Approval of the proposed amendment would produce the following adjustments to each spendable fund balance. This also includes updated beginning spendable fund balance from the 2023 audit.

<u>Fund</u>	<u>Amendment</u> <u>Amount</u>	<u>Amended Total</u> <u>Budget</u>	<u>Projected Ending</u> <u>Spendable Fund</u> <u>Balance</u>
10 Water	325,000.00	53,222,061.09	29,526,992.91
15 Water Capital	(767,509.00)	9,986,171.00	19,826,959.00
21 Cement Hill	800.00	400,005.00	(44,381.00)
22 Rodeo Flat	750.00	47,720.00	116,811.00
50 Hydro	305,098.00	25,902,261.52	21,033,760.48
55 Hydro Capital	(650,000.00)	3,925,000.00	52,279,125.00
70 Internal Services	20,000.00	16,726,784.53	1,219,470.47

Attachments: (1)

- Draft Resolution approving FY2024 Mid-year Budget Amendment



RESOLUTION NO. 2024-29

OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

FY2024 Mid-year Budget Amendment

WHEREAS, the Nevada Irrigation District (District) budget for the 2024 fiscal year reflects resources to meet the essential needs of the District and the District's customers; and

WHEREAS, the Board of Directors adopted the 2024 Annual Budget on November 8, 2023; and

WHEREAS, the District's budget performance through June 30, 2024, Q2 has been reviewed; and

WHEREAS, the conclusion of the prior year audit has allowed for adjustments to the budget year's beginning fund balances, which have been updated and increased in total by \$23,588,647; and

WHEREAS, adjustments to budget expenditure projections have been identified totaling a net decrease of \$765,861 to expenditures; including increases to operational expenses of \$651,648 and decreases to capital expenses totaling \$1,417,509; and

WHEREAS, the amended budget will include a revised beginning fund balance of \$142,510,557, total inflows of \$108,990,924, total outflows of \$117,191,332, and a projected ending fund balance of \$134,310,148; and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Nevada Irrigation District as follows:

1. The Board of Directors hereby approves amending the 2024 Annual Budget decreasing total outflows by a net amount of \$765,861 as follows:

<u>Fund</u>	<u>Outflows</u>
10 Water	325,000.00
15 Water Capital	(767,509.00)
21 Cement Hill	800.00
22 Rodeo Flat	750.00
50 Hydro	305,098.00
55 Hydro Capital	(650,000.00)
70 Internal Services	20,000.00
<u>Total</u>	<u>(765,861.00)</u>

2. The detailed budget amendment by Fund is included in Attachment A.
3. The updated Fund Balance Summary Schedule is included in Attachment B

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PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 14th day of August 2024, by the following vote:

AYES: Directors:
NOES: Directors:
ABSENT: Directors:
ABSTAINS: Directors:

President of the Board of Directors

Attest:

Secretary to the Board of Directors

Nevada Irrigation District
FY2024 Mid-Year Budget Amendment by Fund

<u>Amendment Type</u>	<u>Expenditure Amendments</u>	<u>Fund</u>	<u>Account</u>	<u>Total</u>	<u>Explanation</u>
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Sub-Total Capital				(1,417,509.00)	
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Operational	Fuel Costs - Shop Ops	70	Fuel Expenses	20,000.00	Additional funds needed. Fuel costs more than originally budgeted.
Sub-Total Operating				651,648.00	
Net Adjustment by Fund				(765,861.00)	

Nevada Irrigation District
 Fiscal Year Budget: 2024
Fund Balance Summary Schedule - Updated Fund Balance and Amendments

Fund	Beginning Fund Balance	Revenue	Transfers In	Total Inflow	Expense	Transfer Out	Total Outflow	Projected Ending Fund Balance	Change
10 Water Fund	34,063,938.00	47,055,722.00	1,629,394.00	48,685,116.00	(36,403,077.09)	(16,818,984.00)	(53,222,061.09)	29,526,992.91	-13.3%
12 Capacity Fees Fund	10,435,241.00	800,000.00	-	800,000.00	(594.00)	(3,004,345.00)	(3,004,939.00)	8,230,302.00	-21.1%
15 Water Capital Improvement Fund	20,075,265.00	-	9,737,865.00	9,737,865.00	(9,986,171.00)	-	(9,986,171.00)	19,826,959.00	-1.2%
21 Cement Hill Assessment District Fund	22,624.00	333,000.00	-	333,000.00	(400,005.00)	-	(400,005.00)	(44,381.00)	-296.2%
22 Rodeo Flat Assessment District Fund	117,031.00	47,500.00	-	47,500.00	(47,720.00)	-	(47,720.00)	116,811.00	-0.2%
30 Recreation Fund	1,540,070.00	2,453,847.00	1,700,000.00	4,153,847.00	(3,015,854.67)	(960,536.00)	(3,976,390.67)	1,717,526.33	11.5%
35 Recreation Capital Improvement Fund	403,582.00	-	-	-	-	-	-	403,582.00	0.0%
50 Hydroelectric Fund	22,240,022.00	24,696,000.00	-	24,696,000.00	(13,874,046.52)	(12,028,215.00)	(25,902,261.52)	21,033,760.48	-5.4%
55 Hydroelectric Capital Fund	51,639,125.00	-	4,565,000.00	4,565,000.00	(3,925,000.00)	-	(3,925,000.00)	52,279,125.00	1.2%
70 Internal Services Fund	1,973,659.00	792,775.00	15,179,821.00	15,972,596.00	(16,726,784.53)	-	(16,726,784.53)	1,219,470.47	-38.2%
TOTAL	142,510,557.00	76,178,844.00	32,812,080.00	108,990,924.00	(84,379,252.81)	(32,812,080.00)	(117,191,332.81)	134,310,148.19	-6%