

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, Assistant General Manager

Agenda: July 10, 2018

Report

Date: July 6, 2018

Subject: Fiscal 2017-2018 Year-End Financial Results - Preliminary

Recommendation:

Information Only.

Background:

The attached Period Budget Analysis summarizes preliminary results for Fiscal Year ending June 30, 2018. The results include preliminary estimates of year-end expense accruals but exclude depreciation, year-end audit and other adjustments to be finalized by December, 2018. Key highlights include:

- Year-to-date operating revenue is \$843,000 above budget due to higher water sales than plan. (The District ended the year at 609 MG in water sales vs. a plan of 560 MG.) Non-operating revenues were \$209,000 above budget primarily from property tax receipts and ERAF Refund.
- Year-to-date expenses were \$586,000 under plan, including:
 - Water purchased from SFPUC reflects a savings of \$95,000, despite having significantly higher water sales than plan. Savings was primarily due to our continued ability to draw water from Denniston and other local sources. (The District obtained 48.6% of its water in FY2017-2018 from local sources given the capital investments that the District has made in Denniston in recent years.)
 - Personnel costs include a savings of \$316,000 primarily due to vacant positions and the partial service retirement of the General Manager resulting in a reduction of his salary expenses.
 - Legal expenses include a savings of \$59,000; Engineering expenses were \$70,000 below plan; and other consulting expenses reflect a savings of \$40,000.

Contribution to CIP and Reserves was \$4,385,000 as compared to a budget of \$2,745,000.

CIP/Reserves

Preliminary expenditures for CIP for Fiscal Year 2017-2018 break down as follows:

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Agenda: July 19, 2018

Subject: Preliminary Fiscal Year 2017-2018 Year-End Financial Review

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Coastside County Water District - FY 2017-2018 Actual CIP

	Actual \$	Plan	Variance
FY2017-2018 CIP	\$ 3,434,000	\$ 3,908,000	\$ 474,000 *
Unscheduled CIP	\$ 284,000		\$ (284,000)
Total	<u>\$ 3,718,000</u>	<u>\$ 3,908,000</u>	<u>\$ 190,000</u>
Carry-over from FY2016-2017 CIP	\$ 797,000		
Total CIP	<u><u>\$ 4,515,000</u></u>		

* The District has ap. \$505,000 of FY2017-2018 CIP projects in process that will carry over to the FY2018-2019 year.

Cash Reserves increased from \$5,294,000 at June 30, 2017 to \$6,454,570 at June 30, 2018. The \$6,455,000 balance includes \$500,000 in funds to cover the District's Fiscal Year 2017-2018 capital projects that slipped into Fiscal Year 2018-2019, as well as other cash flow timing issues between fiscal years. The increase in cash reserves is primarily due to 1) higher revenues and expense savings achieved during FY 2017-18; and 2) partial funding of capital improvements with an IBank loan obtained in FY 2015-2016.

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS

PRELIMINARY

30-Jun-18

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
OPERATING REVENUE					
1-0-4120-00	Water Revenue -All Areas	10,805,600.00	11,648,529.93	842,929.93	7.8%
TOTAL OPERATING REVENUE		10,805,600.00	11,648,529.93	842,929.93	7.8%
NON-OPERATING REVENUE					
1-0-4170-00	Water Taken From Hydrants	50,000.00	61,417.47	11,417.47	22.8%
1-0-4180-00	Late Notice -10% Penalty	60,000.00	61,721.13	1,721.13	2.9%
1-0-4230-00	Service Connections	10,000.00	13,528.91	3,528.91	35.3%
1-0-4920-00	Interest Earned	6,174.00	20,509.61	14,335.61	232.2%
1-0-4930-00	Tax Apportionments/Cnty Checks	700,000.00	854,109.91	154,109.91	
1-0-4950-00	Miscellaneous Income	37,000.00	(58,998.98)	(95,998.98)	-259.5%
1-0-4955-00	Cell Site Lease Income	154,000.00	156,777.39	2,777.39	1.8%
1-0-4965-00	ERAF REFUND -County Taxes	250,000.00	366,651.07	116,651.07	0.0%
TOTAL NON-OPERATING REVENUE		1,267,174.00	1,475,716.51	208,542.51	16.5%
TOTAL REVENUES		12,072,774.00	13,124,246.44	1,051,472.44	8.7%
OPERATING EXPENSES					
1-1-5130-00	Water Purchased	2,106,991.00	2,012,233.57	94,757.43	4.5%
1-1-5230-00	Pump Exp, Nunes T P	40,280.00	37,582.53	2,697.47	6.7%
1-1-5231-00	Pump Exp, CSP Pump Station	318,000.00	319,064.63	(1,064.63)	-0.3%
1-1-5232-00	Pump Exp, Trans. & Dist.	25,440.00	22,670.54	2,769.46	10.9%
1-1-5233-00	Pump Exp, Pilarcitos Canyon	32,309.00	24,545.22	7,763.78	24.0%
1-1-5234-00	Pump Exp. Denniston Proj.	92,220.00	88,204.32	4,015.68	4.4%
1-1-5242-00	CSP Pump Station Operations	10,500.00	13,067.38	(2,567.38)	-24.5%
1-1-5243-00	CSP Pump Station Maintenance	37,000.00	15,112.65	21,887.35	59.2%
1-1-5246-00	Nunes T P Operations	72,000.00	53,572.68	18,427.32	25.6%
1-1-5247-00	Nunes T P Maintenance	122,500.00	103,886.16	18,613.84	15.2%
1-1-5248-00	Denniston T.P. Operations	34,500.00	39,833.19	(5,333.19)	-15.5%
1-1-5249-00	Denniston T.P. Maintenance	60,000.00	101,107.68	(41,107.68)	-68.5%
1-1-5250-00	Laboratory Services	53,000.00	77,100.90	(24,100.90)	-45.5%
1-1-5260-00	Maintenance -General	291,700.00	313,815.91	(22,115.91)	-7.6%
1-1-5261-00	Maintenance -Well Fields	40,000.00	212.27	39,787.73	99.5%
1-1-5263-00	Uniforms	10,000.00	9,040.71	959.29	0.0%

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
1-1-5318-00	Studies/Surveys/Consulting	160,000.00	118,840.59	41,159.41	25.7%
1-1-5321-00	Water Resources	37,000.00	25,983.51	11,016.49	29.8%
1-1-5322-00	Community Outreach	54,700.00	57,224.30	(2,524.30)	-4.6%
1-1-5381-00	Legal	110,000.00	51,259.75	58,740.25	53.4%
1-1-5382-00	Engineering	100,000.00	30,255.74	69,744.26	69.7%
1-1-5383-00	Financial Services	20,000.00	21,188.00	(1,188.00)	-5.9%
1-1-5384-00	Computer Services	144,800.00	137,623.02	7,176.98	5.0%
1-1-5410-00	Salaries/Wages-Administration	1,150,980.00	895,128.59	255,851.41	22.2%
1-1-5411-00	Salaries & Wages -Field	1,266,081.00	1,284,625.46	(18,544.46)	-1.5%
1-1-5420-00	Payroll Tax Expense	170,555.00	158,413.07	12,141.93	7.1%
1-1-5435-00	Employee Medical Insurance	447,056.00	410,003.90	37,052.10	8.3%
1-1-5436-00	Retiree Medical Insurance	47,215.00	40,011.92	7,203.08	15.3%
1-1-5440-00	Employees Retirement Plan	544,380.00	526,773.46	17,606.54	3.2%
1-1-5445-00	Supplemental Retirement 401a	35,000.00	30,240.00	4,760.00	0.0%
1-1-5510-00	Motor Vehicle Expense	50,700.00	81,894.40	(31,194.40)	-61.5%
1-1-5620-00	Office Supplies & Expense	225,500.00	226,229.97	(729.97)	-0.3%
1-1-5625-00	Meetings / Training / Seminars	24,000.00	31,450.97	(7,450.97)	-31.0%
1-1-5630-00	Insurance	120,000.00	123,340.69	(3,340.69)	-2.8%
1-1-5687-00	Membership, Dues, Subscript.	75,350.00	65,552.16	9,797.84	13.0%
1-1-5688-00	Election Expenses	0.00	0.00	0.00	0.0%
1-1-5689-00	Labor Relations	6,000.00	0.00	3,000.00	50.0%
1-1-5700-00	San Mateo County Fees	20,000.00	19,855.62	144.38	0.7%
1-1-5705-00	State Fees	24,000.00	26,951.95	(2,951.95)	-12.3%
TOTAL OPERATING EXPENSES		8,179,757.00	7,593,897.41	585,859.59	7.2%
CAPITAL ACCOUNTS					
1-1-5712-00	Debt Svc/Existing Bonds 2006B	486,776.00	484,386.63	2,389.37	0.0%
1-1-5715-00	Debt Svc/CIEDB 11-099 (I-BANK)	336,269.00	336,269.36	(0.36)	0.0%
1-1-5716-00	Debt Svc/CIEDB 2016 (I-BANK)	324,652.00	324,651.94	0.06	0.0%
TOTAL CAPITAL ACCOUNTS		1,147,697.00	1,145,307.93	2,389.07	0.2%
TOTAL EXPENSES		9,327,454.00	8,739,205.34	588,248.66	6.3%
CONTRIBUTION TO CIP/RESERVES		2,745,320.00	4,385,041.10		