

STAFF REPORT

To: Board of Directors

From: Jeff Schneider, Assistant General Manager - Finance & Administration

Agenda: July 9, 2024

Report Date: July 5, 2024

Agenda Title: Fiscal 2023-2024 Year-End Financial Results - Preliminary

Recommendation / Motion:

Information Only.

Background:

The attached Period Budget Analysis summarizes preliminary results for the Fiscal Year ending June 30, 2024. The results include preliminary estimates of year-end expense accruals but exclude depreciation, year-end audit and other adjustments that will be finalized by December, 2024.

Key highlights include:

- Year-to-date operating revenue is \$12,308,000, which is \$655,000, or 5.1%, below budget as actual water sales volumes of 470 million gallons (MG), are 36 MG, or 7.3%, below the budget for FY 2023-24;
- Year-to-date non-operating revenue is \$2,772,000, which is \$810,000 or 41.3% above budget, which includes the following positive variances:
 - \$172,000 of property tax receipts;
 - \$140,000 in Excess ERAF refunds;
 - \$368,000 of interest income due to higher than expected LAIF interest rates;
 - \$59,000 of FEMA reimbursements
 - \$71,000 of other income.

Total Revenues are thus \$15,081,000, which is \$155,000, or 1.0% above budget.

- Year-to-date operating expenses of \$11,209,000 are \$913,000, or 7.5%, below budget.

Key cost savings include:

- \$118,000 savings in SFPUC water purchases due to lower water usage and greater use of local sources (including wells);

- \$212,000 savings in PG&E expenses, largely due to limited operation of Crystal Springs Pump Station and increased use of gravity-fed sources, including Pilarcitos Reservoir;
 - \$333,000 savings in Salaries and Benefits due to budgeted, open positions that were filled mid-year;
 - \$99,000 savings in maintenance expense;
 - \$38,000 savings in office expenses; and
 - \$113,000 savings in a variety of other expenses, including computer, vehicle maintenance, memberships, engineering, and legal;
- *The net impact of the revenue shortfall and expense savings is a positive variance of \$1,068,000 for the year.*
 - *Contributions to the Capital Improvement Program and Reserves are \$3,872,000 versus the budget of \$2,804,000.*

Cash Reserves:

The current cash balance as of June 30, 2024 is \$12,071,000.

Capital Improvement Program (CIP):

CIP spend totaled \$5,733,000 against an approved plan of \$8,610,000 for the year. Major projects included:

- Nunes Water Treatment Plant Improvement Project (completed June, 2024) - \$2,609,000
- Highway 92 - Pipeline Restoration and Replacement of Welded Steel Line (design complete-construction not yet started) - \$524,000
- Magellan/Highway 1 and Alameda Avenue Crossing at Medio Creek (completed) - \$600,000
- Poplar Street Pipeline Replacement (completed) - \$385,000
- Myrtle/2nd Avenue Valve Replacement (completed) - \$278,000

COASTSIDE COUNTY WATER DISTRICT - PERIOD BUDGET ANALYSIS

Preliminary

For Fiscal Year Ending 6/30/2024

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
OPERATING REVENUE					
1-0-4120-00	Water Revenue -All Areas	12,963,614.00	12,308,254.30	(655,359.70)	-5.06%
TOTAL OPERATING REVENUE		12,963,614.00	12,308,254.30	(655,359.70)	-5.06%
NON-OPERATING REVENUE					
1-0-4170-00	Water Taken From Hydrants	52,000.00	56,053.09	4,053.09	7.79%
1-0-4180-00	Late Notice -10% Penalty	65,000.00	105,507.90	40,507.90	62.32%
1-0-4230-00	Service Connections	10,000.00	14,159.69	4,159.69	41.60%
1-0-4920-00	Interest Earned	90,000.00	457,783.31	367,783.31	408.65%
1-0-4930-00	Tax Apportionments/Cnty Checks	995,000.00	1,166,710.43	171,710.43	17.26%
1-0-4950-00	Miscellaneous Income	5,000.00	60,053.54	55,053.54	1101.07%
1-0-4955-00	Cell Site Lease Income	195,000.00	222,510.24	27,510.24	14.11%
1-0-4965-00	ERAF REFUND -County Taxes	550,000.00	689,608.38	139,608.38	25.38%
TOTAL NON-OPERATING REVENUE		1,962,000.00	2,772,386.58	810,386.58	41.30%
TOTAL REVENUES		14,925,614.00	15,080,640.88	155,026.88	1.04%
OPERATING EXPENSES					
1-1-5130-00	Water Purchased	2,461,346.00	2,343,734.66	117,611.34	4.78%
1-1-5230-00	Pump Exp, Nunes T P	57,000.00	63,305.63	(6,305.63)	-11.06%
1-1-5231-00	Pump Exp, CSP Pump Station	350,000.00	128,830.96	221,169.04	63.19%
1-1-5232-00	Pump Exp, Trans. & Dist.	27,000.00	27,743.94	(743.94)	-2.76%
1-1-5233-00	Pump Exp, Pilarcitos Canyon	69,000.00	64,221.05	4,778.95	6.93%
1-1-5234-00	Pump Exp. Denniston	89,000.00	96,119.54	(7,119.54)	-8.00%
1-1-5242-00	CSP Pump Station Operations	13,000.00	18,237.40	(5,237.40)	-40.29%
1-1-5243-00	CSP Pump Station Maintenance	35,000.00	8,806.31	26,193.69	74.84%
1-1-5246-00	Nunes T P Operations	102,000.00	81,443.76	20,556.24	20.15%
1-1-5247-00	Nunes T P Maintenance	125,000.00	109,579.56	15,420.44	12.34%
1-1-5248-00	Denniston T.P. Operations	54,000.00	16,475.26	37,524.74	69.49%
1-1-5249-00	Denniston T.P. Maintenance	155,000.00	103,757.53	51,242.47	33.06%
1-1-5250-00	Laboratory Services	77,000.00	80,730.51	(3,730.51)	-4.84%
1-1-5260-00	Maintenance -General	395,000.00	475,793.65	(80,793.65)	-20.45%
1-1-5261-00	Maintenance -Well Fields	50,000.00	11,962.50	38,037.50	76.08%

ACCOUNT	DESCRIPTION	YTD BUDGET	YTD ACTUAL	Variance Favorable (Unfavorable)	% Variance
1-1-5263-00	Uniforms	14,000.00	14,190.56	(190.56)	-1.36%
1-1-5318-00	Studies/Surveys/Consulting	160,000.00	178,449.51	(18,449.51)	-11.53%
1-1-5321-00	Water Resources	21,500.00	23,676.71	(2,176.71)	-10.12%
1-1-5322-00	Community Outreach	68,000.00	40,303.14	27,696.86	40.73%
1-1-5381-00	Legal	110,000.00	98,284.50	11,715.50	10.65%
1-1-5382-00	Engineering	86,000.00	68,543.24	17,456.76	20.30%
1-1-5383-00	Financial Services	23,000.00	17,540.00	5,460.00	23.74%
1-1-5384-00	Computer Services	339,974.00	321,787.13	18,186.87	5.35%
1-1-5410-00	Salaries/Wages-Administration	1,381,887.00	1,232,040.73	149,846.27	10.84%
1-1-5411-00	Salaries & Wages -Field	1,931,847.00	1,851,898.60	79,948.40	4.14%
1-1-5420-00	Payroll Tax Expense	235,945.00	223,037.65	12,907.35	5.47%
1-1-5435-00	Employee Medical Insurance	516,000.00	459,805.74	56,194.26	10.89%
1-1-5436-00	Retiree Medical Insurance	46,000.00	41,229.64	4,770.36	10.37%
1-1-5440-00	Employees Retirement Plan	642,924.00	614,792.39	28,131.61	4.38%
1-1-5445-00	Supplemental Retirement 401a	38,000.00	37,008.00	992.00	2.61%
1-1-5510-00	Motor Vehicle Expense	90,000.00	67,195.74	22,804.26	25.34%
1-1-5620-00	Office Supplies & Expense	414,000.00	376,222.36	37,777.64	9.13%
1-1-5625-00	Meetings / Training / Seminars	45,000.00	42,688.05	2,311.95	5.14%
1-1-5630-00	Insurance	182,000.00	193,675.39	(11,675.39)	-6.42%
1-1-5687-00	Membership, Dues, Subscript.	118,825.00	93,776.68	25,048.32	21.08%
1-1-5689-00	Labor Relations	6,000.00	0.00	6,000.00	100.00%
1-1-5700-00	San Mateo County Fees	31,400.00	25,172.10	6,227.90	19.83%
1-1-5705-00	State Fees	48,000.00	45,238.61	2,761.39	5.75%
TOTAL OPERATING EXPENSES		10,609,648.00	9,697,298.73	912,349.27	8.60%
CAPITAL ACCOUNTS					
1-1-5715-00	Debt Srvc/CIEDB 11-099 (I-BANK)	335,343.00	335,342.63	0.37	0.00%
1-1-5716-00	Debt Srvc/CIEDB 2016 (I-BANK)	321,923.00	321,923.20	(0.20)	0.00%
1-1-5717-00	Chase Bank - 2018 Loan	437,233.00	436,994.55	238.45	0.05%
1-1-5718-00	First Foundation Bank - 2022	417,501.00	417,501.19	(0.19)	0.00%
TOTAL CAPITAL ACCOUNTS		1,512,000.00	1,511,761.57	238.43	0.02%
TOTAL EXPENSES		12,121,648.00	11,209,060.30	912,587.70	7.53%
CONTRIBUTION TO CIP/RESERVES		2,803,966.00	3,871,580.58		