

FY 2022/23

Mid Year Budget Review

Second Quarter Financial Report

(October – December 2022)



SCV

WATER

Finance and Administration Committee Meeting

February 27, 2023

FY2022/23 Second Quarter Highlights



- Staff completed the FY2021/22 audit work with our outside CPA (Certified Public Accountant) firm, LSL (Lance, Soll & Lunghard, LLP).
- Received and Filled the SCV Water Annual Comprehensive Financial Report (ACFR) ended June 30, 2022.
- Staff completed a Letter of Interest for the Water Infrastructure Finance and Innovation Act (WIFIA) program that is administered by the Environmental Protection Agency (EPA).
- Approved the revised Employee Manual Policy No. 40 – Flexible Workplace Program
- Approved the Employee Manual Policy No.42 — Internship Program.
- Approved two contracts for Microwave Upgrade Project: one for purchasing microwave equipment and software from Nokia of America Corporation (Nokia) through a NASPO agreement (National Association of State Procurement Officials), and the second with Day Wireless Systems for installing the microwave equipment.

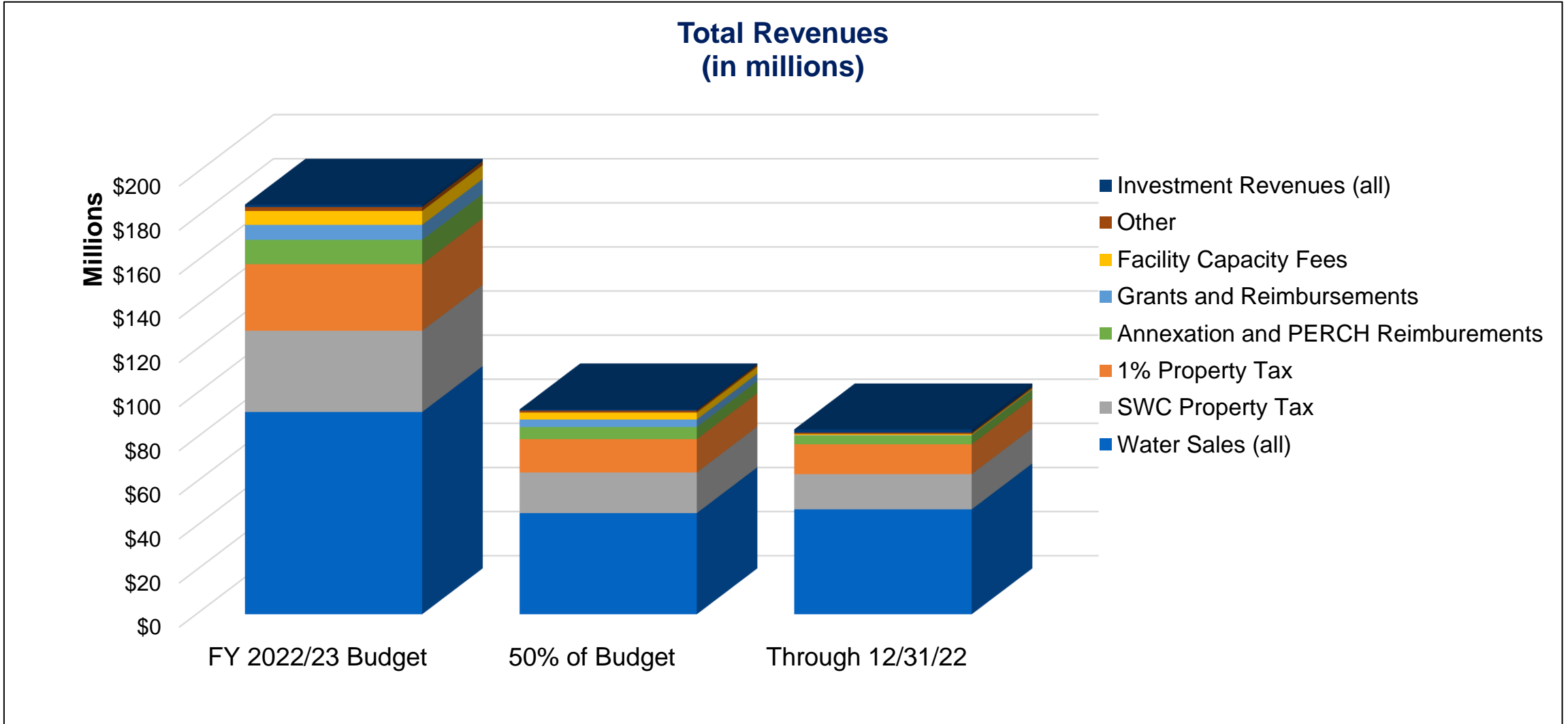
FY2022/23 Mid-Year Budget Review



FY 2022/23 Mid-Year Revenues Summary:

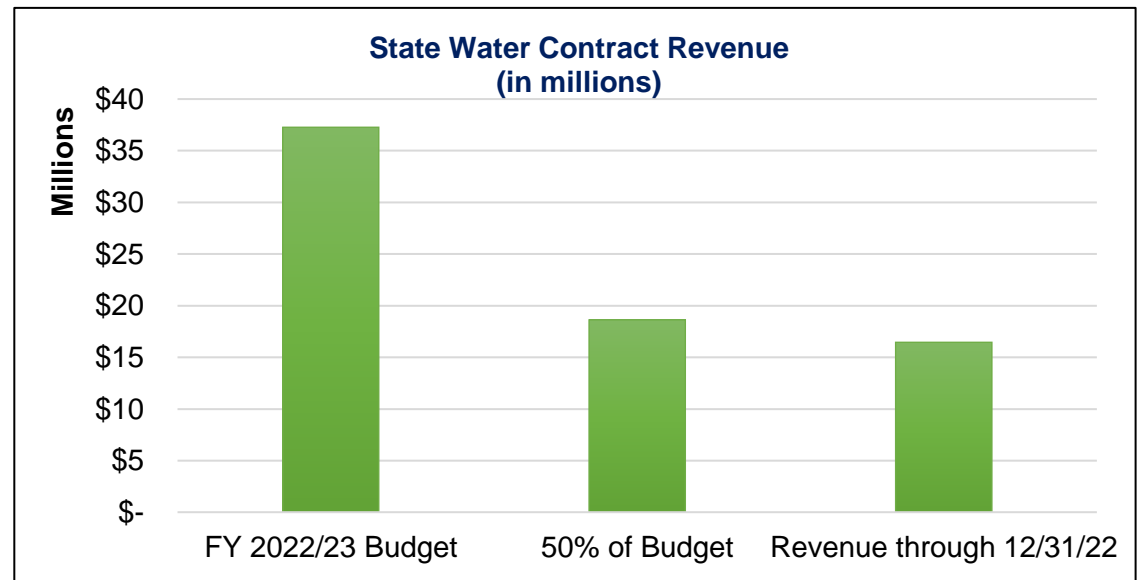
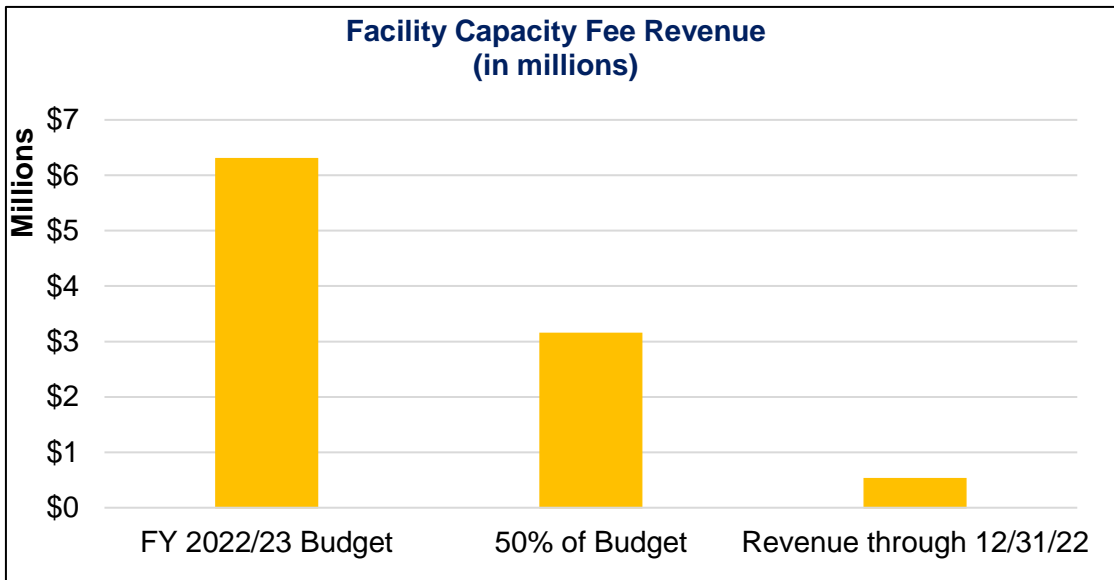
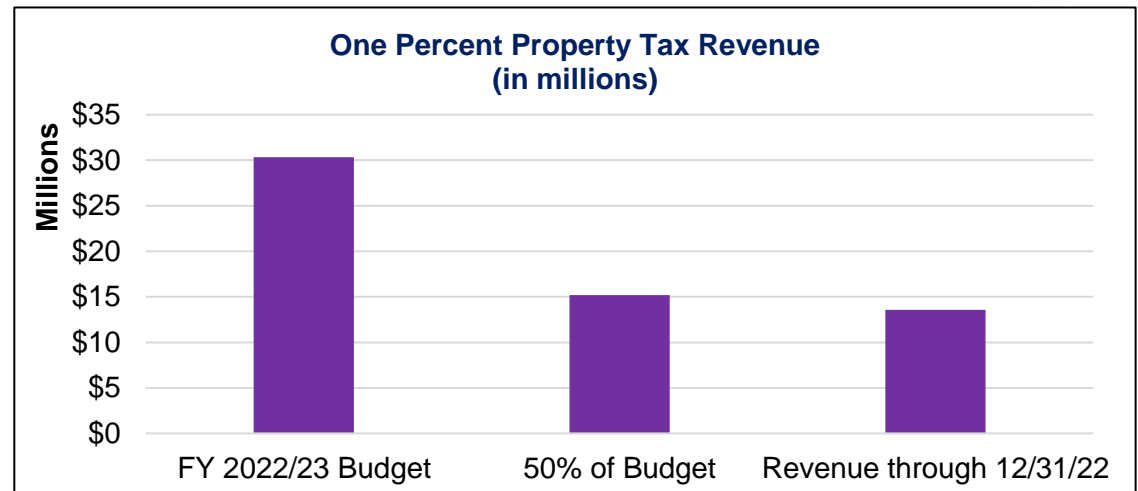
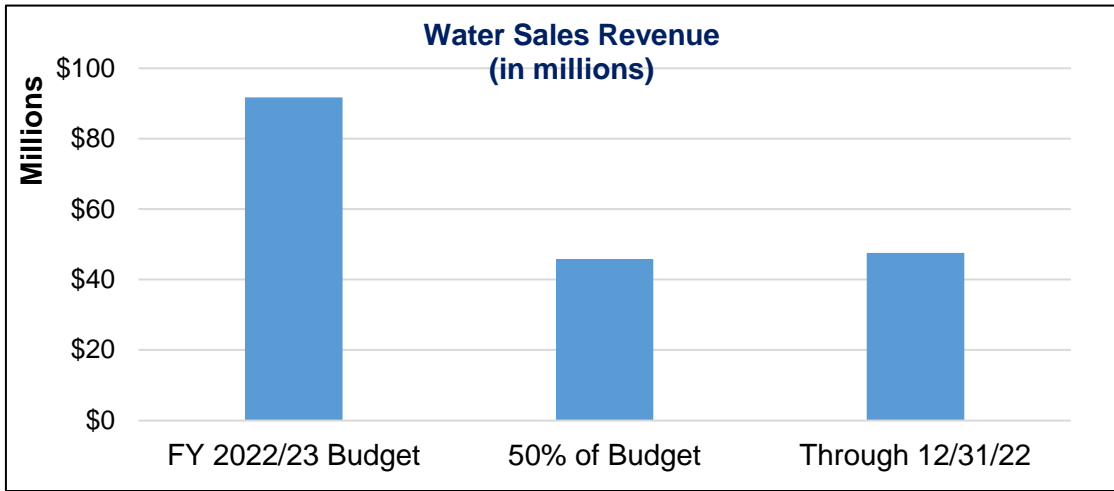
- Total water sales were \$47.8 million
 - Approx. 52% at mid-year
- Misc. and Late Fees/Disconnects were \$285,000
 - Approx. 28% at mid-year
- Property tax (1%) received was \$13,520,107
 - Approx. 45% at mid-year
- Facility/Retail Capacity Fees received were \$526,080
 - Approx. 8% at mid-year
- Perch Reimbursements O&M & CIP were \$1,703,205
 - Approx. 19% at mid-year
 - Delayed construction schedule of Saugus Replacement Wells 3 & 4

FY 2022/23 Mid-Year Revenues Summary



FY2022/23 Mid-Year Budget Review

Revenues by Type



FY 2022/23 Mid-Year Revenues Summary



<u>Operating Revenues</u>	FY 2022/23 Budget	Through 12/31/22	% of Budget
Water Sales - Residential	\$ 51,449,640	\$ 27,745,342	54%
Water Sales - Commercial	4,926,889	3,243,337	66%
Water Sales - Industrial	1,615,373	828,951	51%
Water Sales - Irrigation	19,303,711	8,553,689	44%
Water Sales - Construction	-	870,320	0%
Water Sales - Public Authority & Other	3,473,053	1,159,544	33%
Water Sales - Fire	669,515	316,390	47%
Legacy Debt Revenue - VWD	3,603,809	1,766,326	49%
Legacy Debt Revenue - SCWD	5,873,249	2,717,070	46%
Water Sales - WWR	297,774	146,172	49%
Water Sales - Recycled	468,612	216,204	46%
Misc Fees and Charges	1,020,000	285,080	28%
Lab Revenues	23,000	10,660	46%
Communication & Rental	752,174	373,884	50%
Property Tax 1%	30,244,543	13,520,107	45%
Annexation Reimbursements	2,099,650	2,140,287	102%
Interest Income	650,000	1,006,844	155%
PERCH Reimbursements - O&M & CIP	8,900,000	1,703,205	19%
Grants & Reimbursements	6,791,105	220,859	3%
Facility Capacity/Conn Fees	6,300,000	526,080	8%
Total Operating Revenues	\$ 148,462,098	\$ 67,350,350	45%

FY 2022/23 Mid-Year SWC Revenues Summary



<u>State Water Contract</u>	FY 2022/23 Budget	Through 12/31/22	% of Budget
Agency-Set Property Tax Revenues	\$ 36,833,262	\$ 15,948,646	43%
Investment Revenue	430,000	502,065	117%
Total State Water Contract Revenues	\$ 37,263,262	\$ 16,450,711	44%

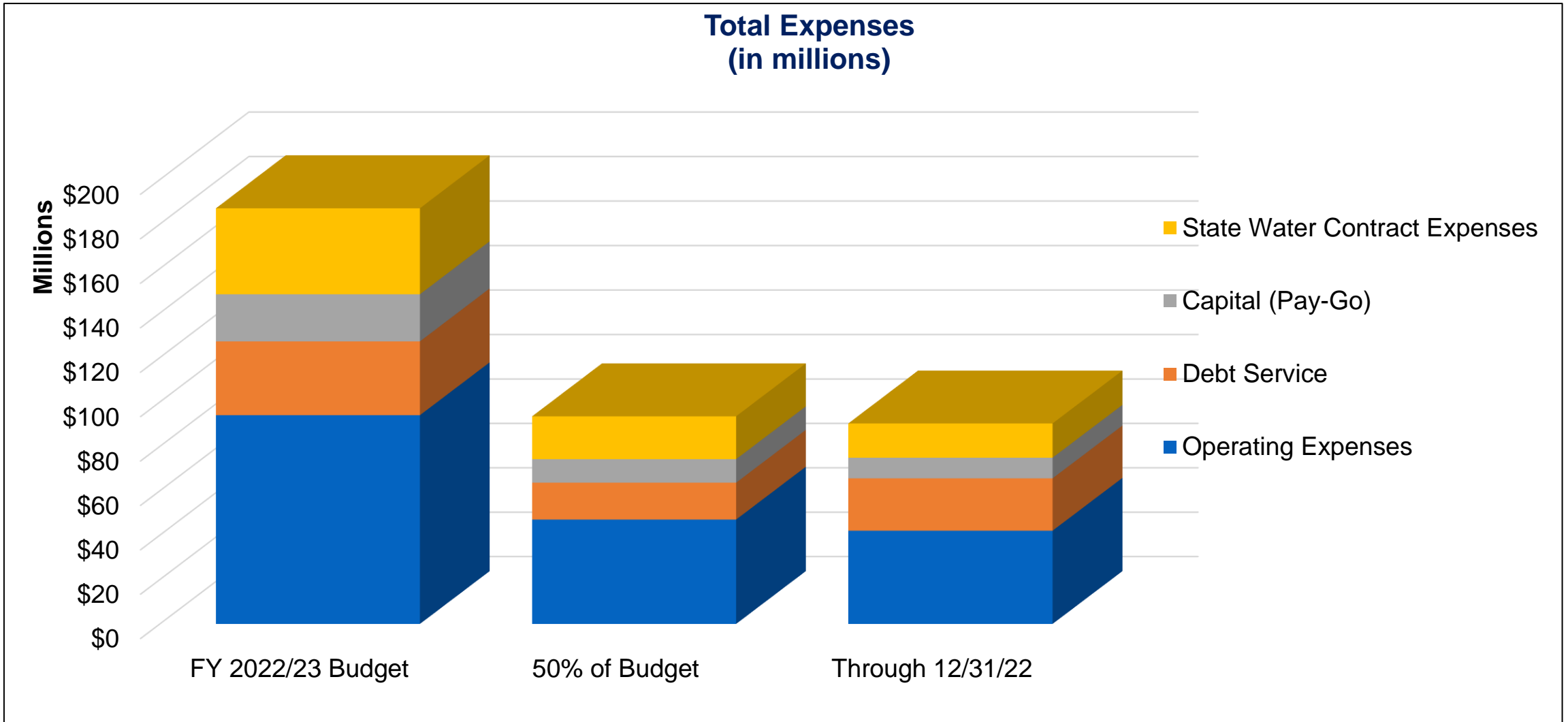
FY2022/23 Mid-Year Budget Review



FY 2022/23 Mid-Year Expenses Summary:

- Management expenses – 29% at mid-year
 - Perchlorate Litigation and Legal expenses lower than anticipated
- Water resources expenses – 34% at mid-year
 - Lower conservation engagement
- Engineering expenses – 35% at mid-year
 - Professional services billing delays, i.e., Master Plan
- Capital Project expenditures (Pay-go) - 18% at mid-year
 - Delays in timing (permits, contracts and acquisition of materials)
- Water Quality, Treatment & Maintenance – mid-year is over budget by 8%
 - Timing of SCE invoices and the reduction in solar credits
- All other department expenses are within budget

FY 2022/23 Mid-Year Expenses Summary



FY 2022/23 Mid-Year Expenses Summary



	FY 2022/23 Budget	Through 12/31/22	% of Budget
Operating Expenses			
Management	\$ 5,722,541	\$ 1,637,443	29%
Finance, Administration & IT	20,725,318	9,143,477	44%
Customer Care	2,810,685	1,387,897	49%
Transmission & Distribution	10,599,865	4,946,706	47%
Pumping Wells & Storage	14,959,138	7,413,947	50%
Water Resources	9,584,392	3,301,498	34%
Source of Supply	12,535,000	5,495,265	44%
Water Quality, Treatment & Maintenance	11,781,761	6,797,785	58%
Engineering Services	5,342,361	1,892,337	35%
Debt Service	33,214,071	23,584,859	71%
Capital (Pay-go)	75,805,830	9,308,846	12%
Transfer from Reserves (carryover from previous year)	(54,618,864)	-	0%
Total Operating Expenses	\$ 148,462,098	\$ 47,079,092	32%

FY 2022/23 Mid-Year SWC Expenses Summary

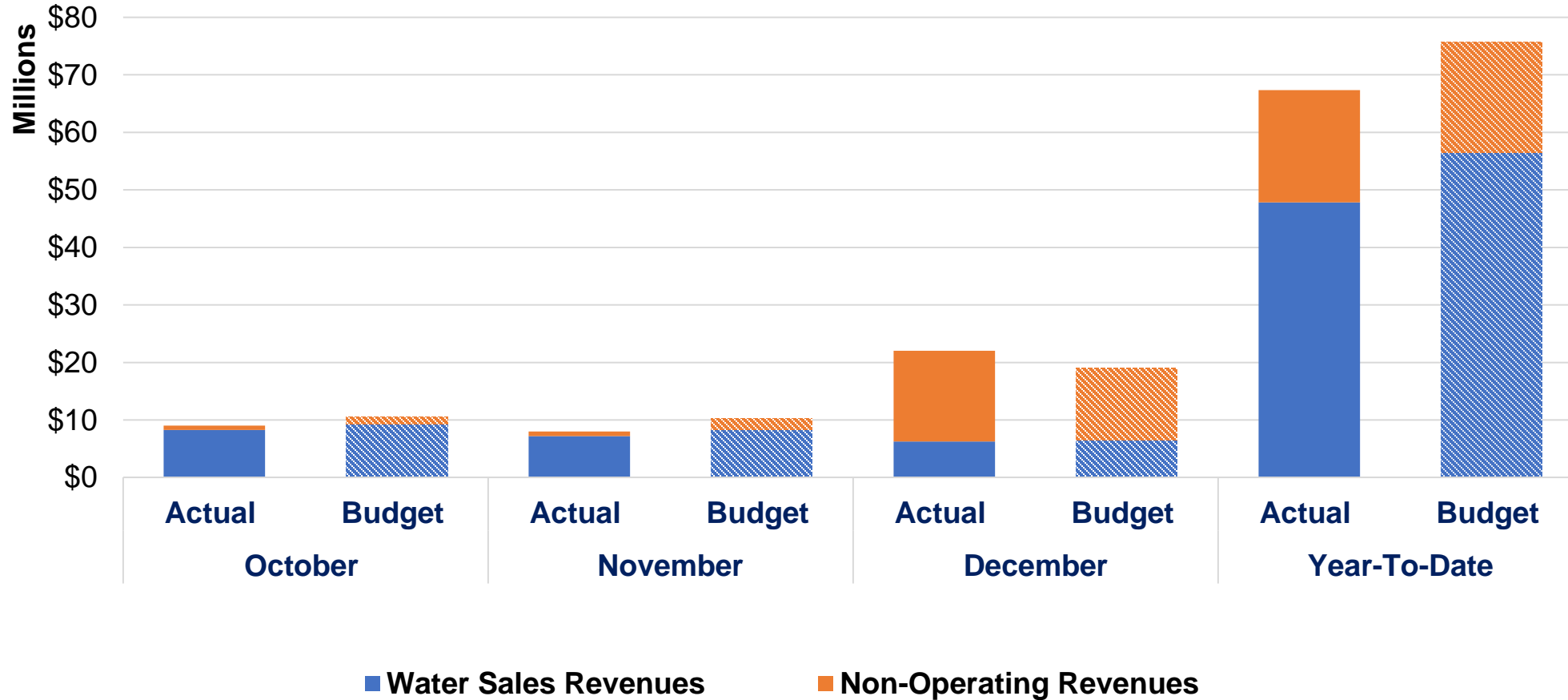


	FY 2022/23 Budget	Through 12/31/22	% of Budget
State Water Contract Expenses			
DWR Variable Charge	\$ 11,000,000	\$ 2,874,836	26%
State Water Contract Payments	24,768,000	12,292,258	50%
Legal Consulting	15,000	-	0%
State Water Contractors/SWPCA Dues	250,000	219,641	88%
SWC Audit Finance Commit.	33,000	32,406	98%
Refund of Excess SWC Fixed Chgs	(2,000,000)	-	0%
Delta Conveyance	2,413,339	8,667	0%
Miscellaneous & Admin expenses	169,000	5,177	3%
Contingencies	2,000,000	-	0%
Total State Water Contract Expenses	\$ 38,648,339	\$ 15,432,985	40%

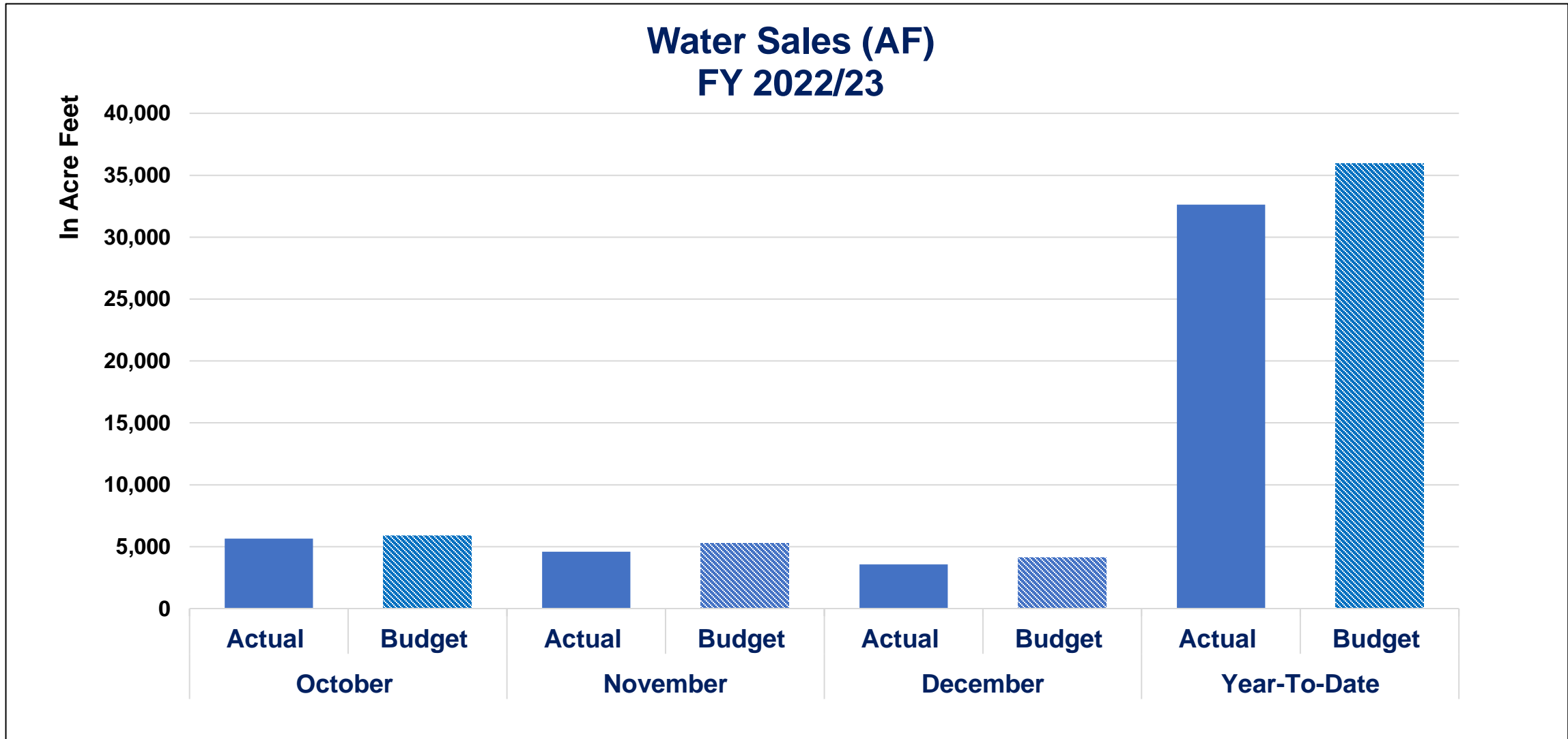
Revenues (2nd Quarter)



**Total Revenues
FY 2022/23**



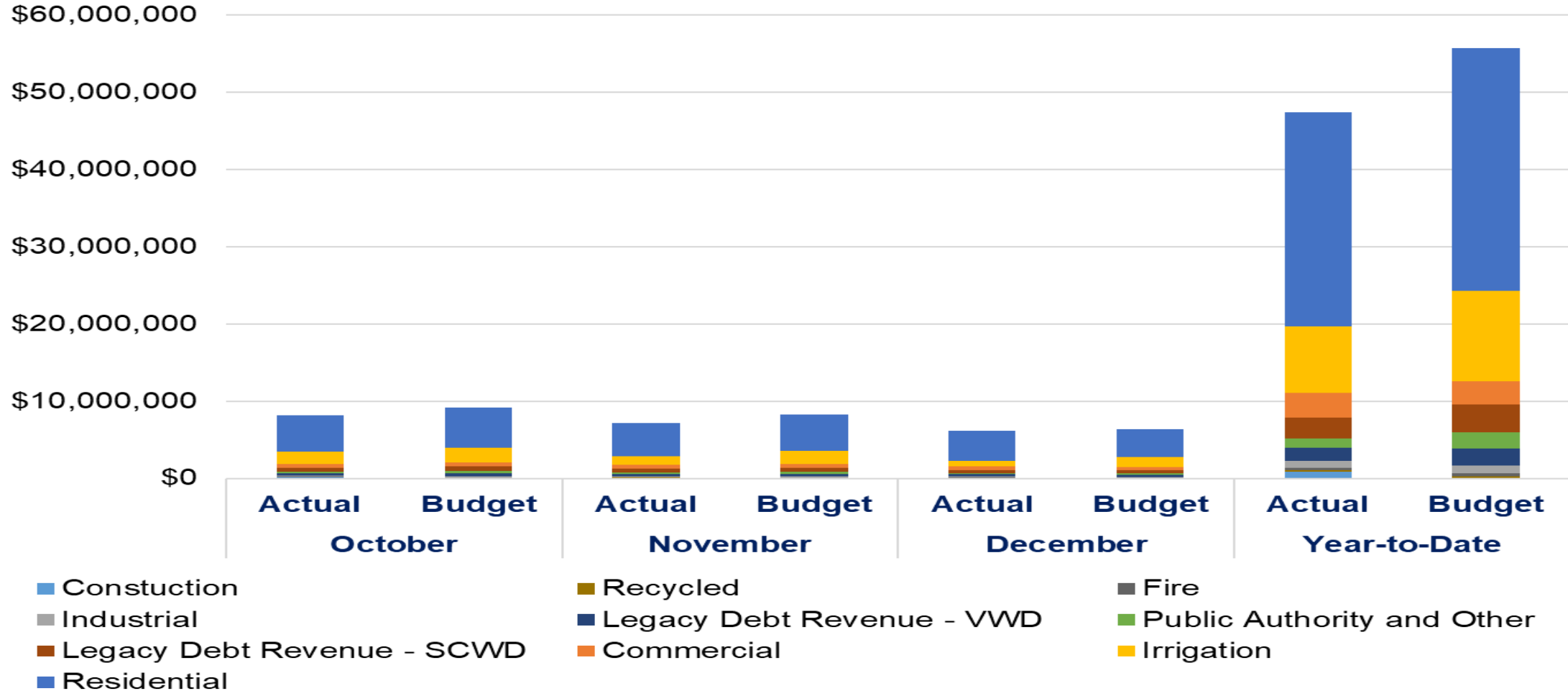
Water Sales (AF)



Water Sales Revenue



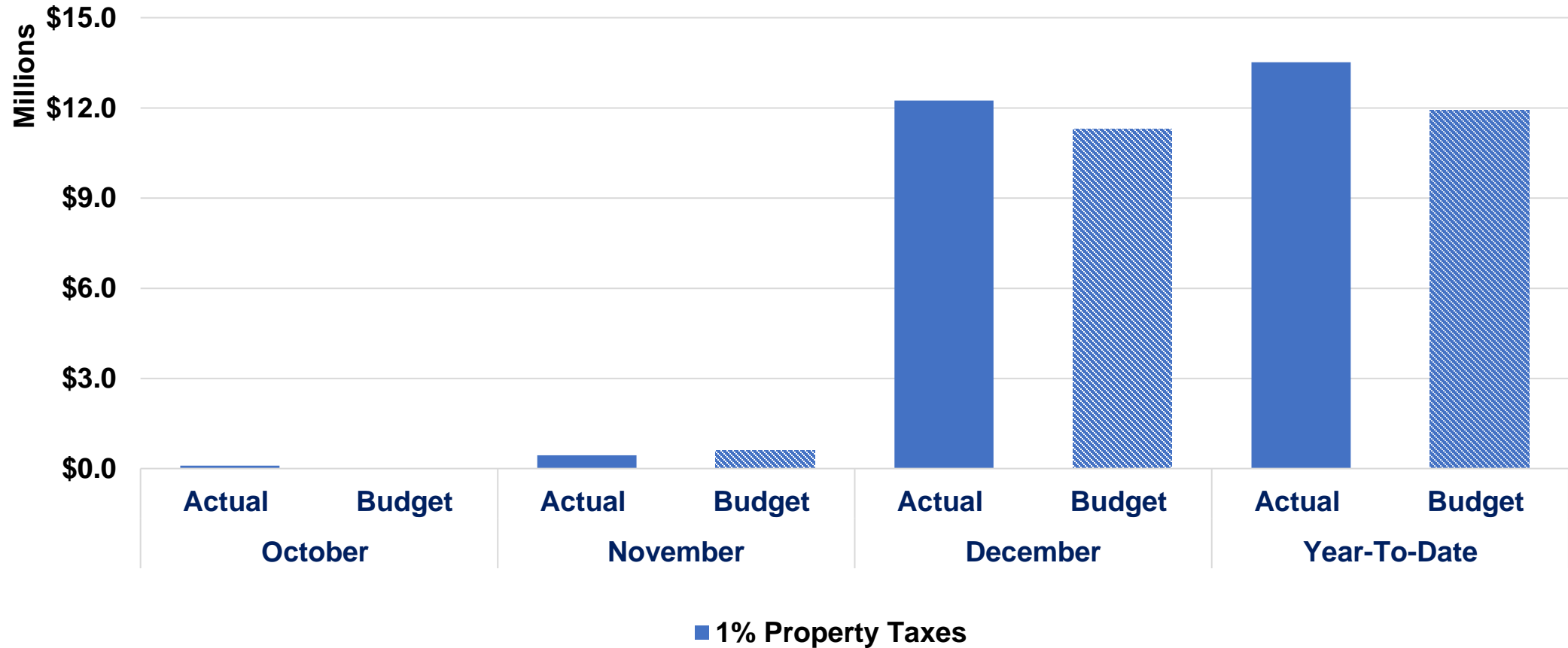
**Water Sale Revenues
by Customer Class
FY 2022/23**



1% Property Tax Revenues



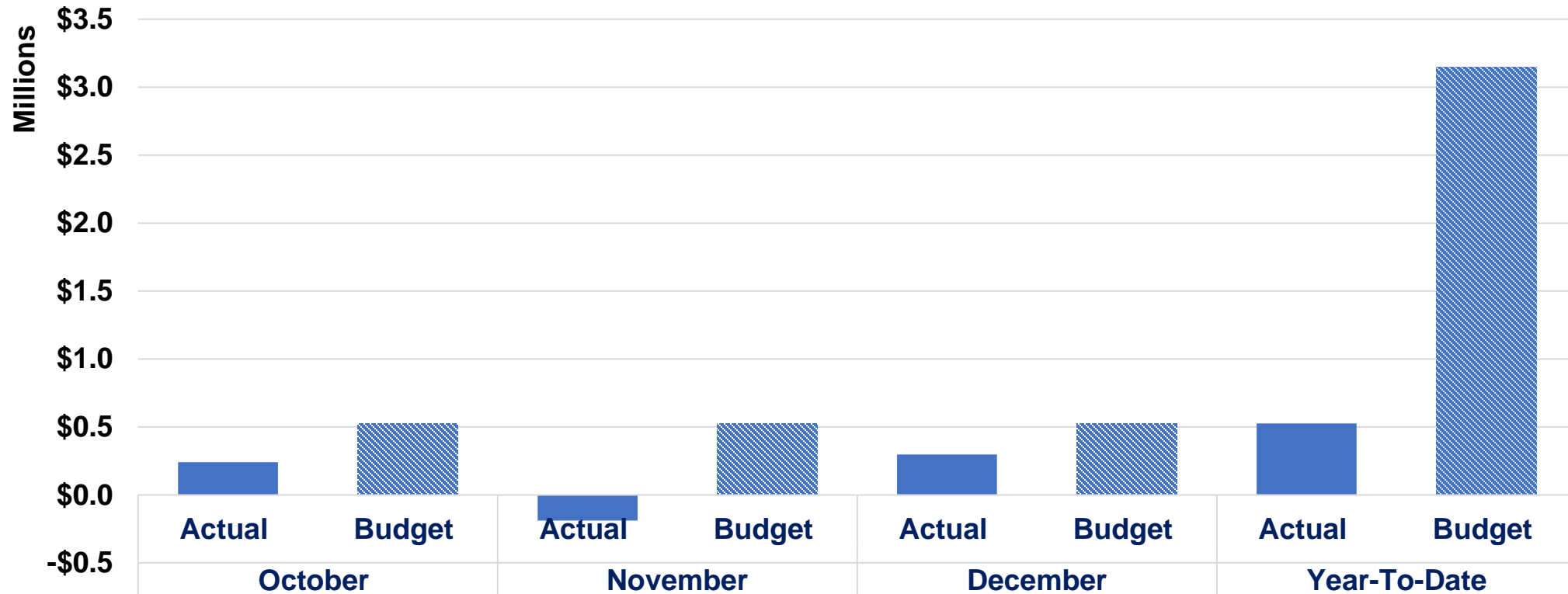
1% Property Taxes Revenues
FY 2022/23



Facility/Retail Capacity Fees



**Facility Capacity Fee Revenues
FY 2022/23**



Fees Received

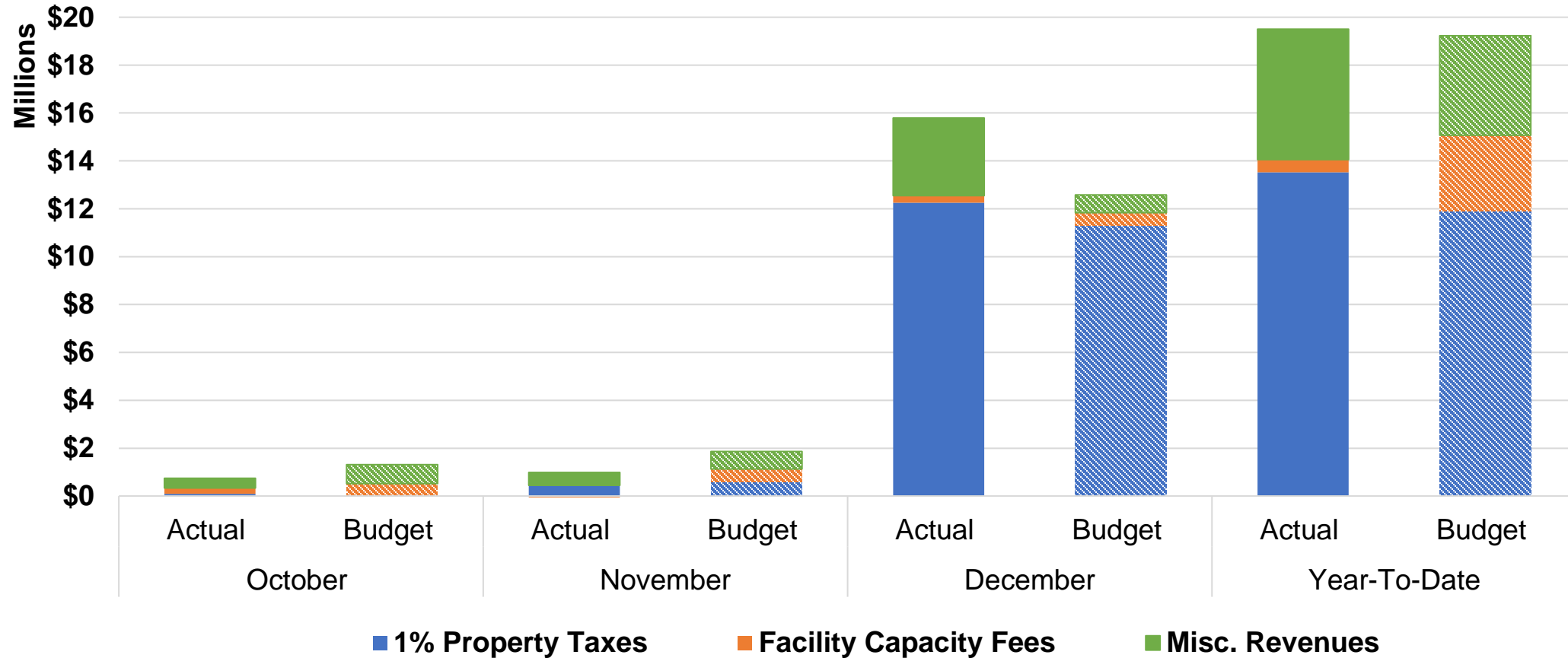


Developers	2nd Quarter		Year to Date	
	Total	#Connections	Total	#Connections
Lennar Homes	\$ 46,869	5	\$ 46,869	5
KB Homes	\$ -	0	\$ -	0
Tri Pointe Homes	\$ -	0	\$ 63,304	2
Newhall Land and Farming	\$ -	0	\$ -	0
Toll Brothers, Inc	\$ -	0	\$ 31,560	6
Richmond American Homes	\$ 45,590	2	\$ 45,590	2
Williams Homes	\$ -	0	\$ 41,901	3
Other	\$ 233,081	20	\$ 253,053	21
Total	\$ 325,540	27	\$ 482,277	39

Other Revenues



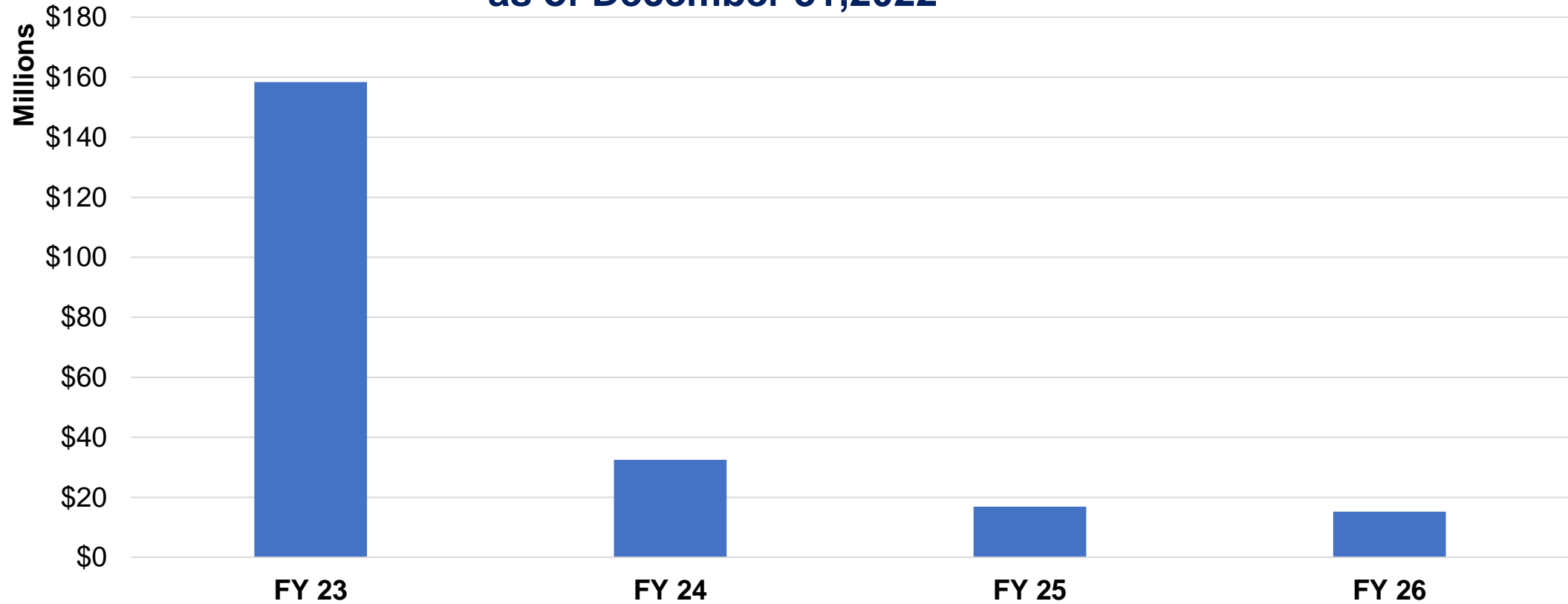
Other Revenues
FY 2022/23



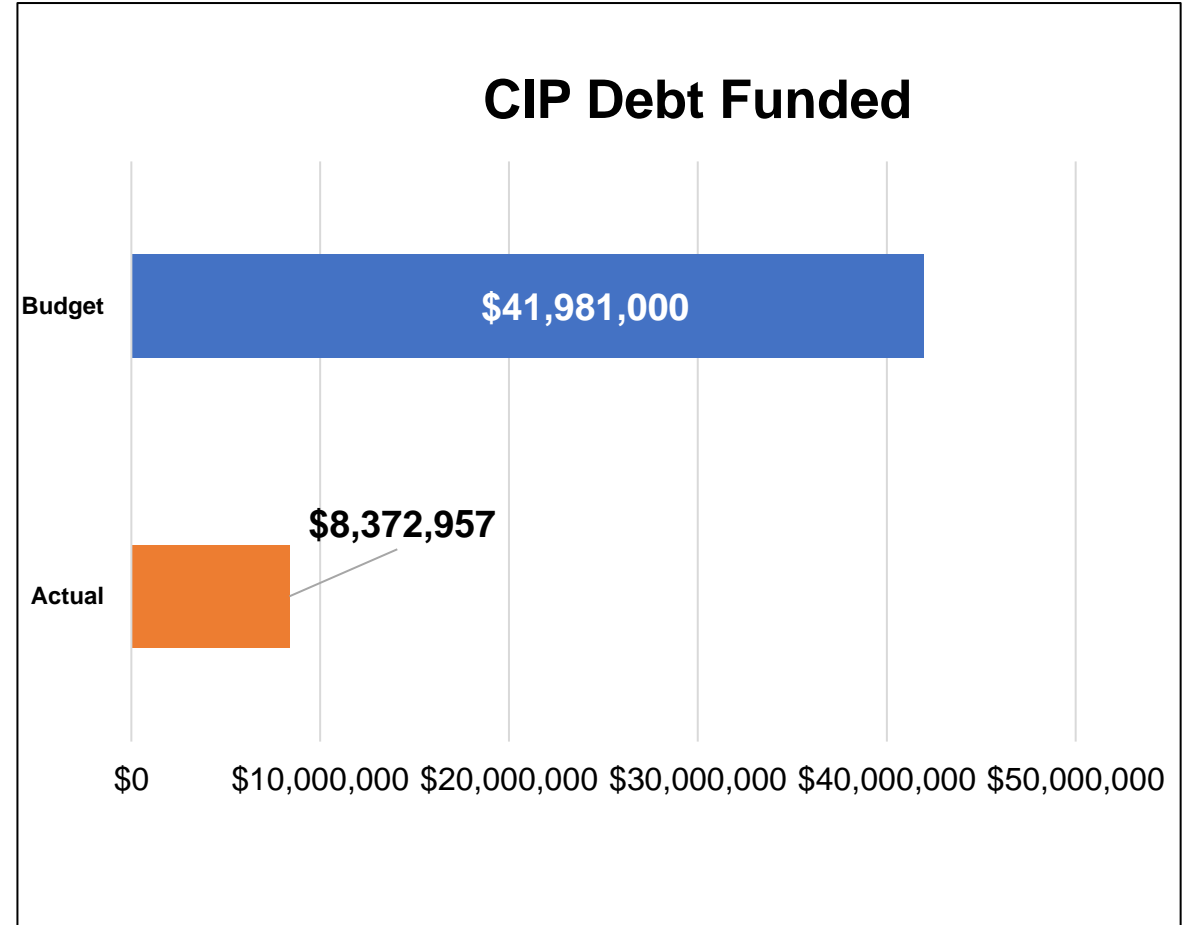
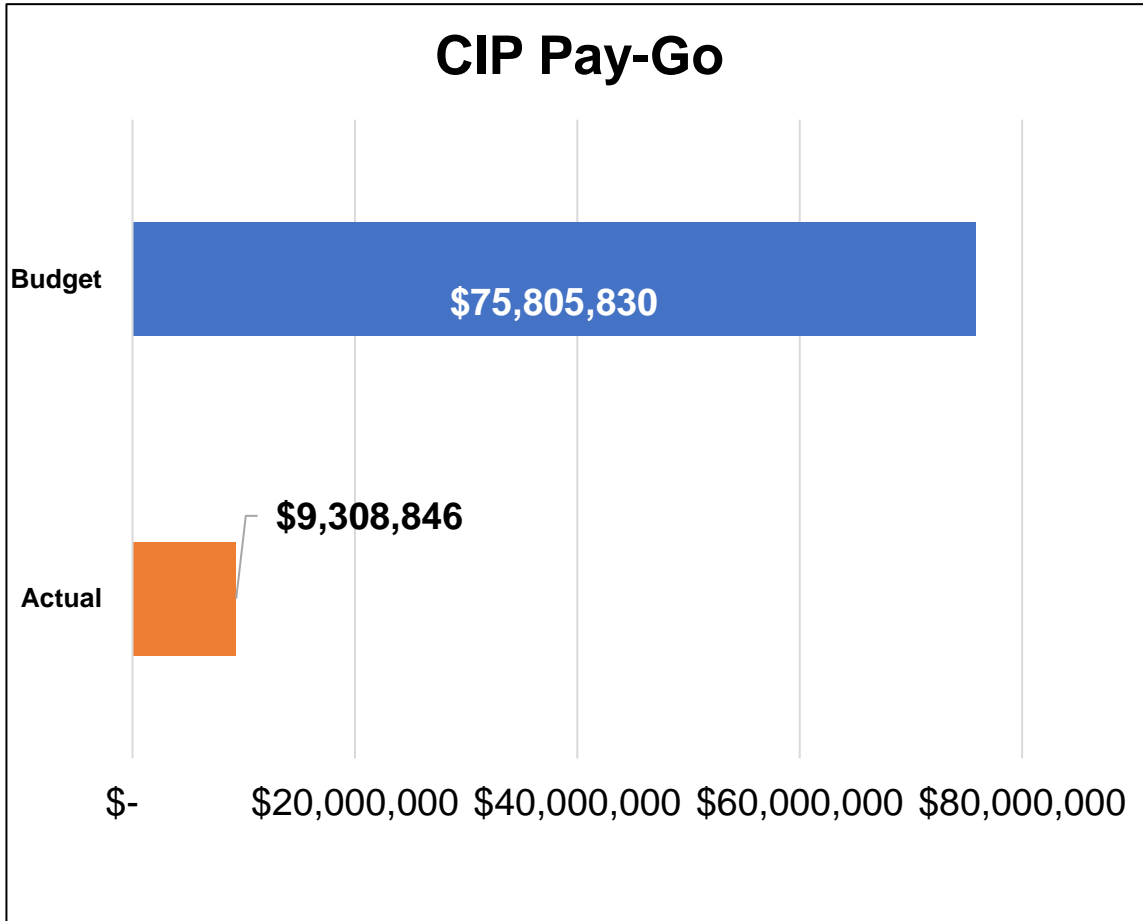
Investment Maturities by Fiscal Year



Maturities by Fiscal Year
as of December 31, 2022



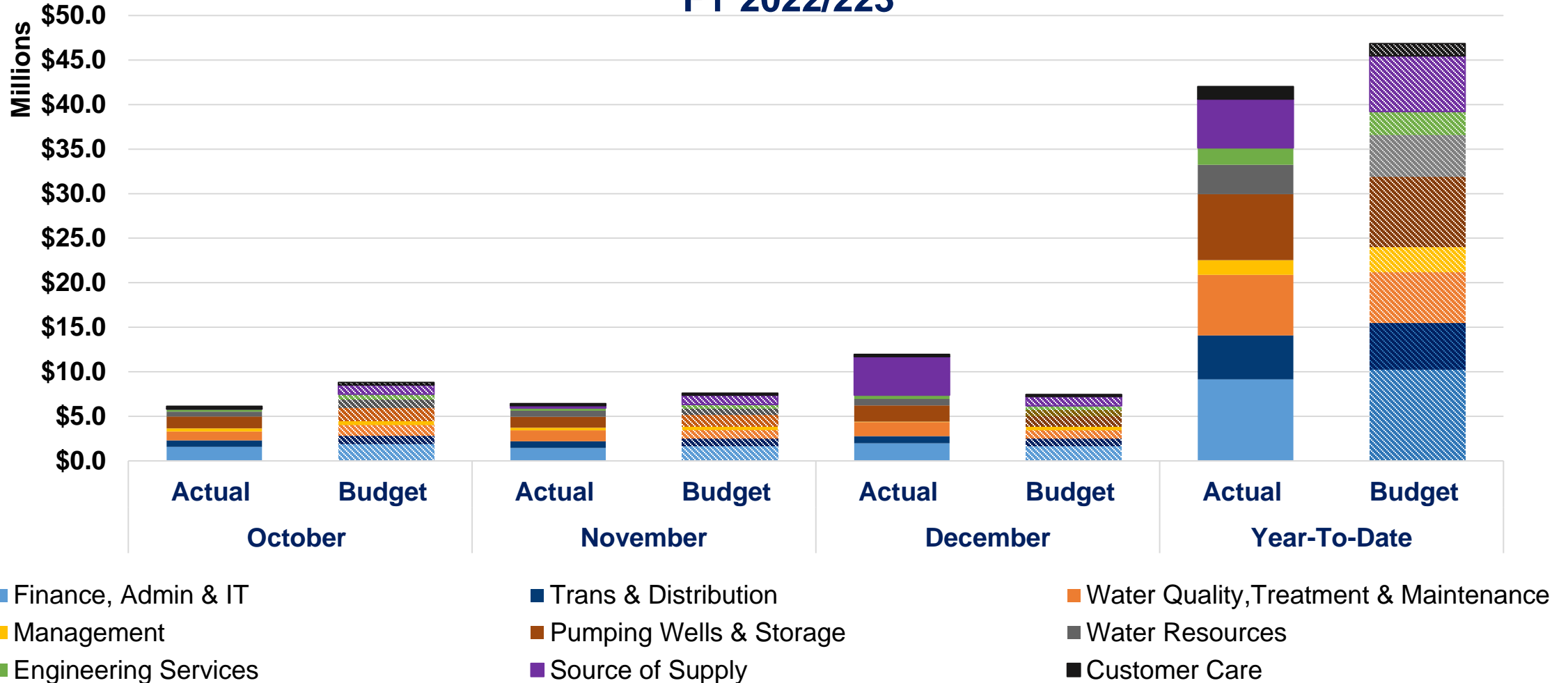
Capital Improvement Program



Operating Expenditures



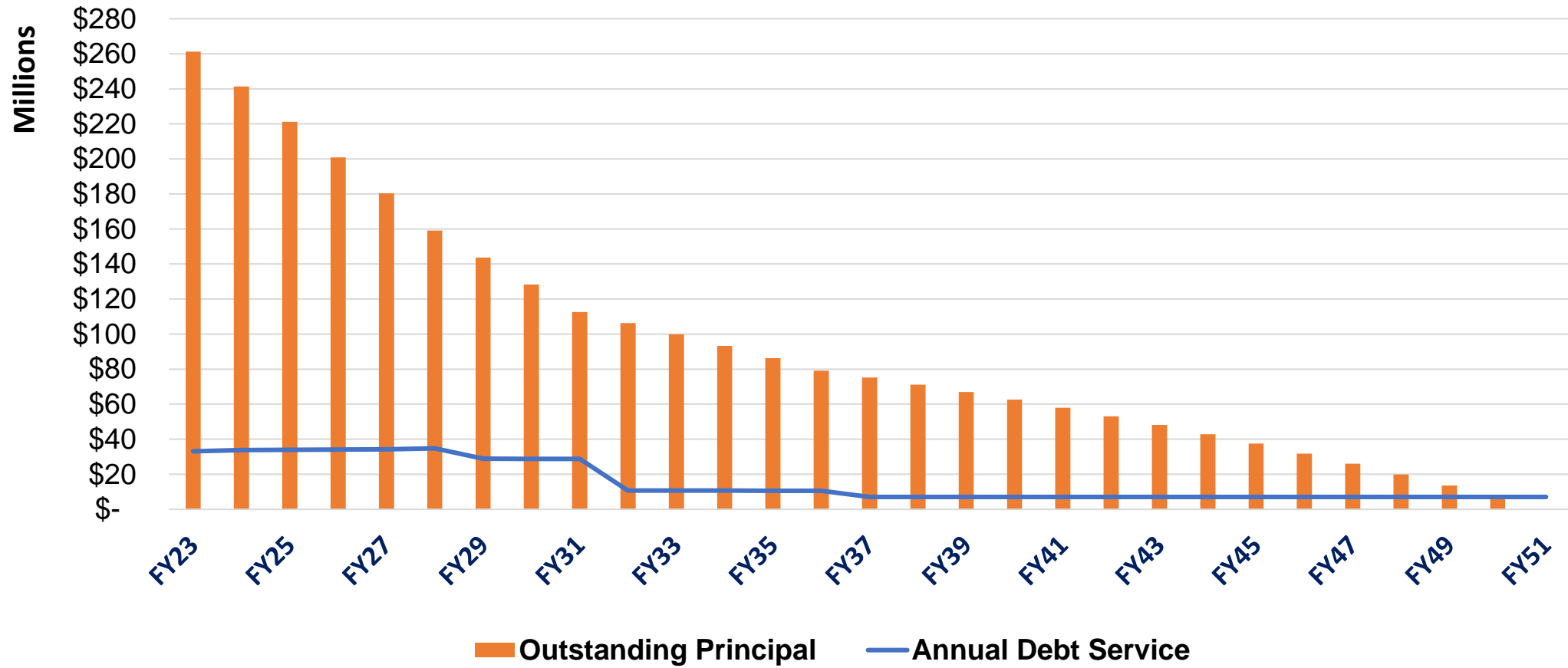
Operating Expenses FY 2022/23



Debt Service



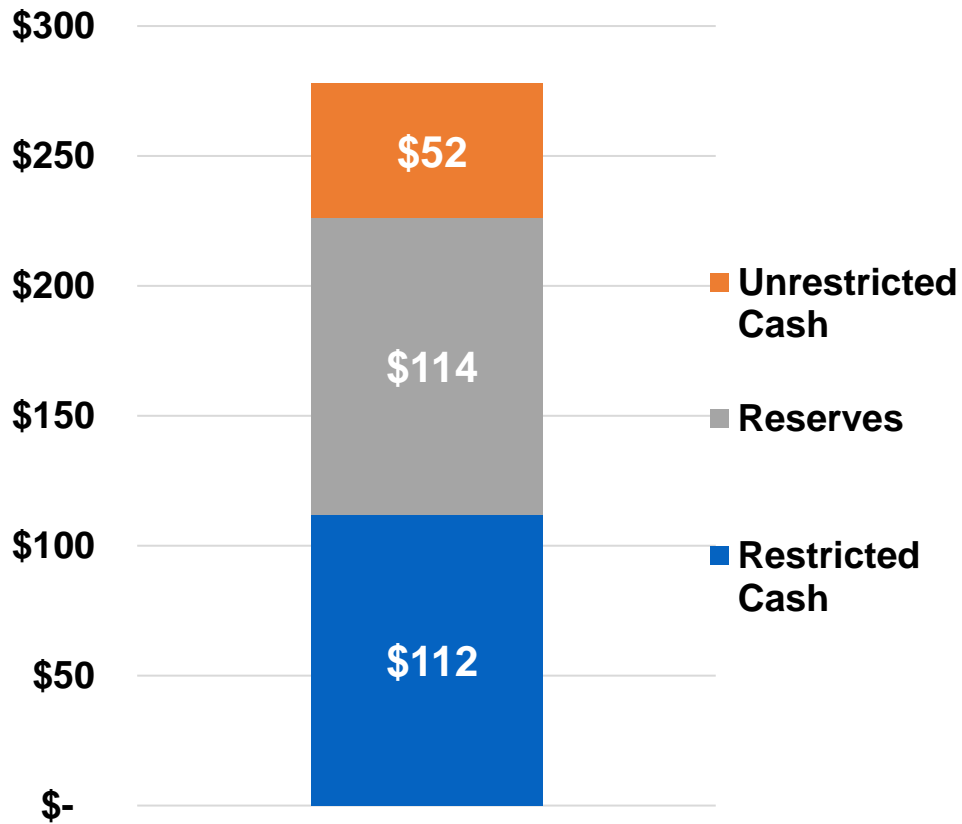
Outstanding Principal and Annual Debt Service
as of December 31, 2022



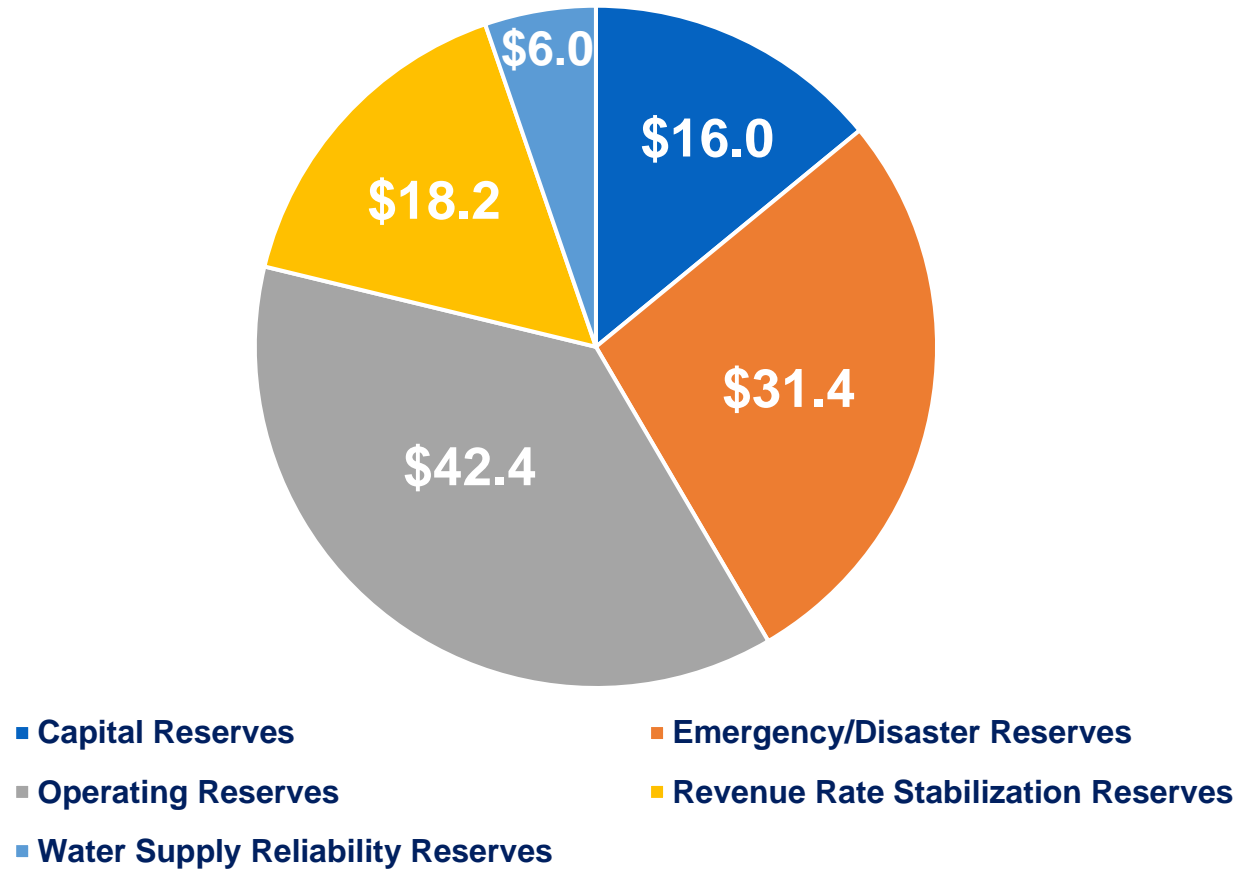
Cash Position



**Restricted and Unrestricted Cash
(in Millions) as of December 31, 2022**



**Reserves Funding (in Millions)
FY2022/23**



Other Items



- Statement of Revenues and Expenses for the month of December, and YTD
- Investment Report
- 3 - Month Cashflow
- Debt & Cash Position
- Facility Capacity Fee Revenues
- Ten Largest Disbursements – Check Register
- Credit Card Register
- Director Stipends
- Director Reimbursements

Recommendation



That the Finance and Administration Committee recommend the Board of Directors receive and file the December 2022 Monthly and FY 2022/23 Mid-Year Budget Review (Second Quarter Financial Report).