

# Adopted 2017 Budget

South San Joaquin Irrigation District

Adopted by the Board of Directors November 8, 2016

## Difference between 2017 Proposed and Adopted Budgets

In the November 8, 2016 board meeting, added \$383,000 to 20-030-6401-00 Outside Services for the repair to the treated water reservoir #2. Half in March, half in April.

2017 Proposed Budget

## Revenues, Expenses, and Change in Net Position

	2017 Proposed Budget	Amounts Possibly at Risk	Worst Case Scenario
<b>1 OPERATING REVENUES</b>			
2     Irrigation sales	\$ 1,896,300	\$ -	\$ 1,896,300
3     Treated water sales	8,046,887	(314,081)	7,732,806
4     Other water sales	26,691	0	26,691
5     Electric sales	179,000	(7,000)	172,000
6     Other operating income	171,811	0	171,811
7 <b>Total Operating Revenues</b>	<b>10,320,689</b>	<b>(321,081)</b>	<b>9,999,608</b>
8			
<b>9 OPERATING EXPENSES</b>			
10    Wages	7,322,648	0	7,322,648
11    Payroll taxes and benefits	5,699,132	0	5,699,132
12    Materials and supplies	1,652,603	0	1,652,603
13    Maintenance, repairs, and improvements	1,611,061	0	1,611,061
14    Utilities	1,275,808	0	1,275,808
16    General and administrative	6,502,031	0	6,502,031
17    Depreciation	6,894,600	0	6,894,600
18 <b>Total Operating Expenses</b>	<b>30,957,882</b>	<b>0</b>	<b>30,957,882</b>
19 <b>Net Income (Loss) From Operations</b>	<b>(20,637,193)</b>	<b>(321,081)</b>	<b>(20,958,274)</b>
20			
<b>21 NONOPERATING REVENUES (EXPENSES)</b>			
22    Interest income	438,372	(60,000)	378,372
23    Changes in market value of investments	0	0	0
24    Investment earnings	438,372	(60,000)	378,372
25    Proposition 13 subvention	4,516,000	0	4,516,000
26    Interest expense	(181,267)	0	(181,267)
27    Gain (loss) on property and equipment	12,000	0	12,000
28    Tri-Dam Power Authority distributions	3,100,000	(1,300,000)	1,800,000
29    Tri-Dam Project distributions	7,400,000	0	7,400,000
30    Undistributed earnings of Tri-Dam Project	0	0	0
31    Other nonoperating revenue	52,400	0	52,400
32 <b>Total Nonoperating Revenues (Expenses)</b>	<b>15,337,505</b>	<b>(1,360,000)</b>	<b>13,977,505</b>
33			
34 <b>Income before Capital Contributions</b>	<b>(5,299,688)</b>	<b>(1,681,081)</b>	<b>(6,980,769)</b>
35 Capital contributions	971,760	0	971,760
36 <b>Change in Net Position</b>	<b>\$ (4,327,928)</b>	<b>\$ (1,681,081)</b>	<b>\$ (6,009,009)</b>

## Revenues, Expenses, and Changes in Net Position by Line of Business

	Irrigation	DeGroot Water Treatment	Retail Electric	Schulz Solar Farm	Groundwater Sustainability	Eliminate Internal Transactions	Consolidated
<b>1 OPERATING REVENUES</b>							
2 Irrigation sales	\$ 1,896,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,896,300
3 Treated water sales	0	8,046,887	0	0	0	0	8,046,887
4 Other water sales	1,421,559	0	0	0	0	(1,394,868)	26,691
5 Electric sales	179,000	0	0	433,204	0	(433,204)	179,000
6 Other	171,811	0	0	0	0	0	171,811
7 <b>Total Operating Revenues</b>	<b>3,668,670</b>	<b>8,046,887</b>	<b>0</b>	<b>433,204</b>	<b>0</b>	<b>(1,828,072)</b>	<b>10,320,689</b>
<b>9 OPERATING EXPENSES</b>							
10 Wages	4,699,118	2,335,662	144,948	142,919	0	0	7,322,648
11 Payroll taxes and benefits	4,019,574	1,489,356	98,261	91,941	0	0	5,699,132
12 Materials and supplies	959,153	2,054,977	28,840	4,500	0	(1,394,868)	1,652,603
13 Maintenance, repairs, and improvements	670,371	687,784	68,922	48,984	135,000	0	1,611,061
14 Utilities	501,841	1,154,892	1,500	50,780	0	(433,204)	1,275,808
16 General and administrative	1,881,778	324,215	4,242,027	14,015	39,996	0	6,502,031
17 Depreciation	3,007,253	3,420,000	0	467,347	0	0	6,894,600
18 <b>Total Operating Expenses</b>	<b>15,739,087</b>	<b>11,466,887</b>	<b>4,584,498</b>	<b>820,485</b>	<b>174,996</b>	<b>(1,828,072)</b>	<b>30,957,882</b>
20 <b>Net Income (Loss) From Operations</b>	<b>(12,070,418)</b>	<b>(3,420,000)</b>	<b>(4,584,498)</b>	<b>(387,281)</b>	<b>(174,996)</b>	<b>0</b>	<b>(20,637,193)</b>
<b>22 NONOPERATING REVENUES (EXPENSES)</b>							
23 Proposition 13 subvention	4,516,000	0	0	0	0	0	4,516,000
24 Interest income	394,500	43,872	0	0	0	0	438,372
25 Changes in market value of investments	0	0	0	0	0	0	0
26 Interest expense	(91,359)	0	0	(89,908)	0	0	(181,267)
27 Gain (loss) on property and equipment	12,000	0	0	0	0	0	12,000
28 Tri-Dam Power Authority distributions	3,100,000	0	0	0	0	0	3,100,000
29 Tri-Dam Project distributions	7,400,000	0	0	0	0	0	7,400,000
30 Undistributed earnings of Tri-Dam Project	0	0	0	0	0	0	0
31 Other nonoperating revenue	52,400	0	0	0	0	0	52,400
32 <b>Total Nonoperating Revenues (Expenses)</b>	<b>15,383,541</b>	<b>43,872</b>	<b>0</b>	<b>(89,908)</b>	<b>0</b>	<b>0</b>	<b>15,337,505</b>
34 <b>Income before Capital Contributions</b>	<b>149,809</b>	<b>(3,581,004)</b>	<b>(4,496,587)</b>	<b>(678,414)</b>	<b>(110,400)</b>		<b>(5,299,688)</b>
35 Capital contributions	48,000	923,760	0	0	0	0	971,760
36 <b>Change in Net Assets</b>	<b>\$ 3,686,407</b>	<b>\$ (3,281,004)</b>	<b>\$ (4,496,587)</b>	<b>\$ (678,414)</b>	<b>\$ (110,400)</b>	<b>\$ -</b>	<b>\$ (4,327,928)</b>

2017 Proposed Budget  
Debt Service Coverage

		<u>2017 Budget</u>	<u>Contingency Plan</u>	
			<u>Amt at Risk 2017</u>	<u>2017 Worst Case</u>
<b>Revenue</b>				
1	Investment earnings, unrestricted	\$ 438,372	\$ (60,000)	\$ 378,372
2	Operating revenues	10,320,689	(321,081)	9,999,608
3	Tri-Dam Power Authority distributions	3,100,000	(1,300,000)	1,800,000
4	Tri-Dam Project distributions	7,400,000	0	7,400,000
5	Proposition 13 subvention	4,516,000	0	4,516,000
6	Gain (loss) on property and equipment	12,000	0	12,000
7	Cash capital contributions	971,760	0	971,760
8	Less: deposits to rate stabilization fund	0	0	0
9	Withdrawals from rate stabilization fund	0	662,200	662,200
10	Other nonoperating revenues	52,400	0	52,400
11	<b>Total Revenue</b>	<u>26,758,821</u>	<u>(1,018,881)</u>	<u>25,739,940</u>
12				
13	<b>Operation and Maintenance Costs</b>			
14	Operating expenses	30,957,882	0	30,957,882
15	Less: excluded expenses of retail electric	(4,580,681)	0	(4,580,681)
16	Less: depreciation	(6,894,600)	0	(6,894,600)
17	<b>Total Operation and Maintenance Costs</b>	<u>19,482,601</u>	<u>0</u>	<u>19,482,601</u>
18				
19	<b>Net Revenues</b>	<u>\$ 7,276,220</u>	<u>\$ (1,018,881)</u>	<u>\$ 6,257,339</u>
20				
21	<b>Debt Service</b>			
22	Principal on 2012A Refunding Bonds	\$ 2,355,000		\$ 2,355,000
23	Interest on 2012A Refunding Bonds	293,800		293,800
24	<b>Total debt service</b>	<u>\$ 2,648,800</u>		<u>\$ 2,648,800</u>
25				
26	<b>Debt Service Coverage Ratio</b>	<u>275%</u>		<u>236%</u>
27				
28	Annual Debt Service Capacity at 125% Coverage	<u>\$ 5,820,976</u>		<u>\$ 5,005,871</u>
29				
30	Minimum Allowable Net Revenues	<u>3,311,000</u>		<u>3,311,000</u>
31	<b>Excess Net Revenues YTDC</b>	<u>\$ 3,965,220</u>		<u>\$ 2,946,339</u>

## 2017 Proposed Budget Capital Expenditures

Account No.	Account Name	Project Description	Cost
10-000-1120-00	Office	Camera system upgrade - Michael	\$ 33,000
<b>10-000-1120-00 Total</b>			<b>33,000</b>
10-000-1123-00	Control Room	Camera system upgrade - Michael	32,000
10-000-1123-00	Control Room	Cameras for drops - Michael	34,000
10-000-1123-00	Control Room	engineer and design to add office space to the control room building - Frank	20,000
<b>10-000-1123-00 Total</b>			<b>86,000</b>
10-000-1140-00	Joint Supply Canal	Minor repairs to canal floor&walls and perform tape extensionometer test readings.	33,000
<b>10-000-1140-00 Total</b>			<b>33,000</b>
10-000-1142-00	Main Distributory Canal (MDC)	Performed Geotechnical study and master plan for future MDC Improvements-Sam	100,000
10-000-1142-00	Main Distributory Canal (MDC)	upgrade the R/Q divide gates with rubicon leaf gates. Frank	85,000
<b>10-000-1142-00 Total</b>			<b>185,000</b>
10-000-1143-00	Distributory Laterals	float device project Va & Vaa \$66,000-Sam	66,000
10-000-1143-00	Distributory Laterals	Replace lb sta. 0-28-2,800 ft.-Sam	330,000
10-000-1143-00	Distributory Laterals	Replace Rr-end along Mello Rd.- 1,200 ft.-Sam	105,000
10-000-1143-00	Distributory Laterals	Replace W sta. 364-378- 1,400 ft.-Sam	145,600
<b>10-000-1143-00 Total</b>			<b>646,600</b>
10-000-1150-00	Main Drainage Canals (FCOC)	Participate with City of Manteca in FCOC capacity Study-Sam	50,000
<b>10-000-1150-00 Total</b>			<b>50,000</b>
10-000-1151-00	Drainage Laterals	install meters on drainage laterals - cost share with Manteca 11 of 22 sites - Sam	75,000
<b>10-000-1151-00 Total</b>			<b>75,000</b>
10-000-1160-00	Motor Vehicles	1/1/2 ton pickup for Div. 3 - replace high mileage	30,435
10-000-1160-00	Motor Vehicles	Impala for Bere - replace high mileage Crown Vic.	33,175
10-000-1160-00	Motor Vehicles	Traverse for office - replace high mileage Tahoe	29,595
<b>10-000-1160-00 Total</b>			<b>93,205</b>
10-000-1162-00	Miscellaneous Equipment (Trail	Tilt trailer for Maint. - replace 30 yr old trailer #46	31,000
<b>10-000-1162-00 Total</b>			<b>31,000</b>
20-000-1165-00	Other Equipment	504 V4 moduel replacement ZW5 (\$1520/module plus 8.125% tax)	830,000
20-000-1165-00	Other Equipment	TBS VFD retrofit install	225,000
<b>20-000-1165-00 Total</b>			<b>1,055,000</b>
<b>Total Capital Expenditures</b>			<b>2,287,805</b>
<b>Principal Repayment on 2012A Revenue Refunding Bonds</b>			<b>2,355,000</b>
<b>Payment of Unfunded Pension Liability</b>			<b>729,288</b>
<b>Total Capital and Debt Expenditures</b>			<b>\$ 3,084,288</b>

2017 Proposed Budget

## Comparative Revenues, Expenses, and Change in Net Postion

	2016 Estimated Actual		2017 Budget	Change from 2015		Change from 2016		
	2015 Actual	2016 Actual						
<b>OPERATING REVENUES</b>								
1	Irrigation sales	\$ 1,870,583	\$ 1,911,283	\$ 1,896,300	25,717	1%	\$ (14,983)	-1%
2	Treated water sales	6,234,979	6,747,238	8,046,887	1,811,908	29%	1,299,649	21%
3	Other water sales	5,964,762	11,613,492	26,691	(5,938,071)	-100%	(11,586,801)	-194%
4	Electric sales	194,731	172,069	179,000	(15,731)	-8%	6,931	4%
5	Other operating income	307,641	251,862	171,811	(135,830)	-44%	(80,051)	-26%
6	<b>Total Operating Revenues</b>	<b>14,572,696</b>	<b>20,695,944</b>	<b>10,320,689</b>	<b>(4,252,007)</b>	<b>-29%</b>	<b>(10,375,255)</b>	<b>-71%</b>
<b>OPERATING EXPENSES</b>								
9	Wages	6,823,058	7,024,635	7,322,648	499,590	7%	298,012	4%
10	Payroll taxes and benefits	4,104,520	5,641,365	5,699,132	1,594,612	39%	57,767	1%
11	Materials and supplies	1,683,010	1,667,688	1,652,603	(30,408)	-2%	(15,085)	-1%
12	Maintenance, repairs, and improvements	723,413	973,429	1,611,061	887,647	123%	637,632	88%
13	Utilities	1,015,871	944,508	1,275,808	259,938	26%	331,301	33%
15	General and administrative	4,247,941	5,000,500	6,502,031	2,254,089	53%	1,501,531	35%
16	Depreciation	6,816,446	6,918,360	6,894,600	78,154	1%	(23,760)	0%
17	<b>Total Operating Expenses</b>	<b>25,414,260</b>	<b>28,170,485</b>	<b>30,957,882</b>	<b>5,543,622</b>	<b>22%</b>	<b>2,787,397</b>	<b>11%</b>
18	<b>Net Income (Loss) From Operations</b>	<b>(10,841,564)</b>	<b>(7,474,541)</b>	<b>(20,637,193)</b>	<b>(9,795,629)</b>	<b>90%</b>	<b>(13,162,652)</b>	<b>121%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
23	Investment earnings	287,191	407,744	438,372	151,181	53%	30,628	11%
24	Proposition 13 subvention	4,787,711	4,415,911	4,516,000	(271,711)	-6%	100,089	2%
25	Interest expense	(301,564)	(122,581)	(181,267)	120,297	-40%	(58,686)	19%
26	Gain (loss) on property and equipment	22,093	24,510	12,000	(10,093)	-46%	(12,510)	-57%
27	Tri-Dam Power Authority distributions	0	0	3,100,000	3,100,000	0%	3,100,000	0%
28	Tri-Dam Project distributions	4,379,500	7,959,088	7,400,000	3,020,500	69%	(559,088)	-13%
29	Undistributed earnings of Tri-Dam Project	(2,010,161)	0	0	2,010,161	-100%	0	0%
30	Other nonoperating revenue	67,184	73,443	52,400	(14,784)	-22%	(21,043)	-31%
31	<b>Total Nonoperating Revenues (Expenses)</b>	<b>7,231,954</b>	<b>12,758,115</b>	<b>15,337,505</b>	<b>8,105,552</b>	<b>112%</b>	<b>2,579,390</b>	<b>36%</b>
33	<b>Income before Capital Contributions</b>	<b>(3,609,611)</b>	<b>5,283,574</b>	<b>(5,299,688)</b>	<b>(1,690,077)</b>	<b>47%</b>	<b>(1,690,077)</b>	<b>47%</b>
34	Capital contributions	1,160,749	2,638,716	971,760	(188,989)	-16%	(1,666,956)	-144%
35	<b>Change in Net Position</b>	<b>\$ (2,448,862)</b>	<b>\$ 7,922,291</b>	<b>\$ (4,327,928)</b>	<b>\$ (1,879,066)</b>	<b>77%</b>	<b>\$ (3,357,033)</b>	<b>137%</b>

## 2017 Proposed Budget Cash Flow

	Proposed Budget	Worst Case	Best Case
1 Change in net position	\$ (4,327,928)	\$ (6,009,009)	\$ 373,603
2 Promissory note collection	200,000		200,000
3 Depreciation	6,894,600	6,894,600	6,894,600
4 Less: noncash capital contributions	0	0	0
5 Principal payments on debt	(2,355,000)	(2,355,000)	(2,355,000)
6 Pmt of unfunded pension liability	(729,288)	(729,288)	(729,288)
7 Capital expenditures	(2,238,783)	(2,238,783)	(2,238,783)
8 <b>Estimated Cash Flow</b>	<b>\$ (2,556,399)</b>	<b>\$ (4,437,479)</b>	<b>\$ 2,145,133</b>

9  
10

11 **Proposed budget assumes:**

- 12 Normal demand for treated water.
- 13 Dry year conditions comparable to calendar years 2014 and 2015 for hydroelectric production.
- 14 Irrigation revenues are not materially affected by changes in demand.

15

16 **Worst case assumes:**

- 17 Dry year demand for treated water.
- 18 Lower investment earnings due to lower reserve balances and/or yields.
- 19 Loss of capacity payments to Tri-Dam Authority from PG&E in the event of failed contract negotiation.

20

21 **Best Case assumes:**

- 22 Legal and consulting fees will be no higher than 2016.
- 23 Higher reserves and/or higher yields produce \$100,000 more investment earnings than budgeted.
- 24 Normal hydrology for hydroelectric generation, using Rick Dodge's consequent revenue estimate.
- 25 Revenue from annexations, etc. of \$250,000.