

Adopted 2018 Budget

South San Joaquin Irrigation District

Adopted by the Board of Directors November 21, 2017

2018 Proposed Budget

Revenues, Expenses, and Change in Net Position

	2018 Proposed Budget	Amounts Possibly at Risk	Worst Case Scenario
1 OPERATING REVENUES			
2 Irrigation sales	\$ 1,930,134	\$ -	\$ 1,930,134
3 Treated water sales	8,039,357	0	8,039,357
4 Other water sales	33,900	0	33,900
5 Electric sales	104,910	(25,000)	79,910
6 Other operating income	132,449	0	132,449
7 Total Operating Revenues	10,240,750	(25,000)	10,215,750
9 OPERATING EXPENSES			
10 Wages	8,190,921	0	8,190,921
11 Payroll taxes and benefits	6,072,662	0	6,072,662
12 Materials and supplies	1,960,920	0	1,960,920
13 Maintenance, repairs, and improvements	1,189,823	0	1,189,823
14 Utilities	1,258,638	0	1,258,638
16 General and administrative	5,042,036	0	5,042,036
17 Depreciation	7,330,215	0	7,330,215
18 Total Operating Expenses	31,045,215	0	31,045,215
19 Net Income (Loss) From Operations	(20,804,466)	(25,000)	(20,829,466)
21 NONOPERATING REVENUES (EXPENSES)			
22 Interest income	796,236	(100,000)	696,236
23 Changes in market value of investments	0	0	0
24 Investment earnings	796,236	(100,000)	696,236
25 Proposition 13 subvention	4,938,915	0	4,938,915
26 Interest expense	(117,480)	0	(117,480)
27 Gain (loss) on property and equipment	10,000	0	10,000
28 Tri-Dam Power Authority distributions	2,018,600	(1,000,000)	1,018,600
29 Tri-Dam Project distributions	12,240,159	(2,400,000)	9,840,159
30 Undistributed earnings of Tri-Dam Project	0	0	0
31 Other nonoperating revenue	0	0	0
32 Total Nonoperating Revenues (Expenses)	19,886,430	(3,500,000)	16,386,430
34 Income before Capital Contributions	(918,035)	(3,525,000)	(4,443,035)
35 Capital contributions	923,760	0	923,760
36 Change in Net Position	\$ 5,725	\$ (3,525,000)	\$ (3,519,275)

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
1 OPERATING REVENUES							
2 Irrigation sales	\$ 1,930,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,930,134
3 Treated water sales	0	8,039,357	0	0	0	0	8,039,357
4 Other water sales	1,574,679	0	0	0	0	(1,540,779)	33,900
5 Electric sales	104,910	0	0	444,806	0	(444,806)	104,910
6 Other	132,449	0	0	0	0	0	132,449
7 Total Operating Revenues	3,742,172	8,039,357	0	444,806	0	(1,985,585)	10,240,750
9 OPERATING EXPENSES							
10 Wages	5,407,186	2,270,317	269,532	125,903	117,984	0	8,190,921
11 Payroll taxes and benefits	4,155,495	1,593,543	167,598	86,603	69,423	0	6,072,662
12 Materials and supplies	1,153,627	2,310,818	31,334	5,920	0	(1,540,779)	1,960,920
13 Maintenance, repairs, and improvements	566,244	478,479	97,886	47,214	0	0	1,189,823
14 Utilities	545,190	1,065,974	1,500	90,780	0	(444,806)	1,258,638
16 General and administrative	2,459,077	320,227	2,031,292	6,541	224,900	0	5,042,036
17 Depreciation	3,001,715	3,858,835	0	469,665	0	0	7,330,215
18 Total Operating Expenses	17,288,534	11,898,192	2,599,142	832,625	412,307	(1,985,585)	31,045,215
20 Net Income (Loss) From Operations	(13,546,362)	(3,858,835)	(2,599,142)	(387,819)	(412,307)	0	(20,804,466)
22 NONOPERATING REVENUES (EXPENSES)							
23 Proposition 13 subvention	4,938,915	0	0	0	0	0	4,938,915
24 Interest income	711,744	84,492	0	0	0	0	796,236
25 Changes in market value of investments	0	0	0	0	0	0	0
26 Interest expense	(59,210)	0	0	(58,270)	0	0	(117,480)
27 Gain (loss) on property and equipment	10,000	0	0	0	0	0	10,000
28 Tri-Dam Power Authority distributions	2,018,600	0	0	0	0	0	2,018,600
29 Tri-Dam Project distributions	12,240,159	0	0	0	0	0	12,240,159
30 Undistributed earnings of Tri-Dam Project	0	0	0	0	0	0	0
31 Other nonoperating revenue	0	0	0	0	0	0	0
32 Total Nonoperating Revenues (Expenses)	19,860,208	84,492	0	(58,270)	0	0	19,886,430
34 Income before Capital Contributions	6,313,846	(3,774,343)	(2,599,142)	(446,089)	(412,307)	0	(918,035)
35 Capital contributions	0	923,760	0	0	0	0	923,760
36 Change in Net Assets	\$ 6,313,846	\$ (2,850,583)	\$ (2,599,142)	\$ (446,089)	\$ (412,307)	\$ -	\$ 5,725

2018 Proposed Budget
Debt Service Coverage

		<u>2018 Budget</u>	<u>Contingency Plan</u>	
			<u>Amt at Risk</u>	<u>2018 Worst</u>
			<u>2018</u>	<u>Case</u>
Revenue				
1	Investment earnings, unrestricted	\$ 796,236	\$ (100,000)	\$ 696,236
2	Operating revenues	10,240,750	(25,000)	10,215,750
3	Tri-Dam Power Authority distributions	2,018,600	(1,000,000)	1,018,600
4	Tri-Dam Project distributions	12,240,159	(2,400,000)	9,840,159
5	Proposition 13 subvention	4,938,915	0	4,938,915
6	Gain (loss) on property and equipment	10,000	0	10,000
7	Cash capital contributions	923,760	0	923,760
8	Less: deposits to rate stabilization fund	0	0	0
9	Withdrawals from rate stabilization fund	0	661,150	661,150
10	Other nonoperating revenues	0	0	0
11	Total Revenue	<u>31,168,420</u>	<u>(2,863,850)</u>	<u>28,304,570</u>
12				
13	Operation and Maintenance Costs			
14	Operating expenses	31,045,215	0	31,045,215
15	Less: excluded expenses of retail electric	(2,599,142)	0	(2,599,142)
16	Less: depreciation	(7,330,215)	0	(7,330,215)
17	Total Operation and Maintenance Costs	<u>21,115,858</u>	<u>0</u>	<u>21,115,858</u>
18				
19	Net Revenues	<u>\$ 10,052,562</u>	<u>\$ (2,863,850)</u>	<u>\$ 7,188,712</u>
20				
21	Debt Service			
22	Principal on 2012A Refunding Bonds	\$ 2,445,000		\$ 2,445,000
23	Interest on 2012A Refunding Bonds	199,600		199,600
24	Total debt service	<u>\$ 2,644,600</u>		<u>\$ 2,644,600</u>
25				
26	Debt Service Coverage Ratio	<u>380%</u>		<u>272%</u>
27				
28	Annual Debt Service Capacity at 125% Coverage	<u>\$ 8,042,049</u>		<u>\$ 5,750,969</u>
29				
30	Minimum Allowable Net Revenues	<u>3,305,750</u>		<u>3,305,750</u>
31	Excess Net Revenues YTDC	<u>\$ 6,746,812</u>		<u>\$ 3,882,962</u>

2018 Proposed Budget
Capital Expenditures

Account	Account Name	Project Description	Amount
10-000-1114-00	Fuel Tanks/Fuel Pumps	JF Fueling System	60,000
	Fuel Tanks/Fuel Pumps Total		60,000
10-000-1120-00	Office	Board remodel and lobby security improvements. Entered by BWL.	174,760
		Michael - Add fire surpression and notification to District Office server room	22,000
	Office Total		196,760
10-000-1123-00	Control Room	(Frank)Office/shop space for the crew at the MDC control room	200,000
		Michael - Add fire surpression and notification to Control Room server room	22,000
		Replace the R-SIDE AC/heater Unit	13,408
	Control Room Total		235,408
10-000-1132-00	Woodward Reservoir	(Frank)Upgrade the hidrolic system for the gate at woodward tower	19,080
		(Sam) Patch concrete at outlet structure as identified in prior dam inspection report. (exposed steel at Tower) (Note: work is subject to being able to lower reservoir- work may be done in conjunction with intake screen replacement)	50,000
	Woodward Reservoir Total		69,080
10-000-1140-00	Joint Supply Canal	Replace actuator on JSC gate at Goodwin diversion. Entered by BWL.	86,400
		work on joint canal	36,000
	Joint Supply Canal Total		122,400
10-000-1141-00	Main Supply Canal	Resolve leaks MSC leaks near Knights Ferry. Entered by BWL.	127,500
	Main Supply Canal Total		127,500
10-000-1143-00	Distributary Laterals	(Frank)Add more meters to Laterals 3 in total; down from 6	50,000
		Lateral ?Qf? pipeline replacement- sta. 84-90 (600 feet)	80,000
		Lateral ?Web? pipeline replacement- sta. 39-49 (1,000 feet)	180,000
		Replace Lateral B-15 sta. 34-54 - phase IV (2,000 ft,)	250,000
		Replace Lateral Haa-dd sta. 0-12 (1,200 feet)	100,000
		Replace Lateral K-70- dd sta. 0-20 (2,000 feet)	175,000
	Distributary Laterals Total		835,000

2018 Proposed Budget
Capital Expenditures

Account	Account Name	Project Description	Amount
10-000-1150-00	Main Drainage Canals (FCOC)	(Frank)Add actuator to the FCOC flood gate at French camp rd.	21,100
	Main Drainage Canals (FCOC) Total		21,100
10-000-1152-00	Drainage Pumps/pumping Equipme	Install new pump as a replacement of pump # 12 and # 40 (note: not in 5 year plan)	200,000
	Drainage Pumps/pumping Equipme Total		200,000
10-000-1160-00	Motor Vehicles	JF Chev P.U. for Division 2	26,500
		JF Chev P.U. for Division 4	26,500
		JF Chev P.U. for Division 6	26,500
		JF Chev P.U. to replace 206-12	38,845
		JF F-350 for Meter Tech position	37,095
		JF Ford P.U. for Division 1	26,500
		JF Ford P.U. for Division 5	26,500
		JF Utility box for F-350	11,000
	Motor Vehicles Total		219,440
10-000-1162-00	Miscellaneous Equipment (Trail	(Frank)Complete the Moisture probe project	35,000
	Miscellaneous Equipment (Trail Total		35,000
10-000-1171-00	Computer Equipment	BWL: GovInvest software 5 year license	47,000
	Computer Equipment Total		47,000
10-000-1172-00	Communications	(Frank)Spare radio for Div#9 and control room	24,500
		Michael - Remove Div 9 part of "upgrade microwave radios". Entered by BWL.	-122,504
		Michael - Upgrade microwave radios - div9, hot standby, more bandwidth	284,500
	Communications Total		186,496
10-000-1173-00	SCADA System & Equipment	(Frank)Continue with the district On-Farm Project reduced by 1/2 per Peter	114,646
		(Frank)RiverSurveyor M9 PortableNine beam, Acoustic Doppler profiler	26,609
	SCADA System & Equipment Total		141,255
20-000-1120-00	Office	Michael - Add and replace surveillance cameras at the Water Treatment Plant	100,000
		Michael - Upgrade and add door access controls to WTP buildings	100,000
	Office Total		200,000
20-000-1160-00	Motor Vehicles	JF 1 ton van to replace 604-05	44,000
		JF Chev 4x4 P.U. to replace 602-05	31,500
		JF Chev P.U. to replace 273-05	26,500
	Motor Vehicles Total		102,000
20-000-1162-00	Miscellaneous Equipment (Trail	(2) Boll automatic strainers	160,000
	Miscellaneous Equipment (Trail Total		160,000
Total			2,958,439

Capital expenditures per above	2,958,439
Principal payment on long-term debt	2,445,000
Annual payment on net unfunded pension liability	859,113
Total expenditures for capital assets, long term debt, and net unfunded pension liability	<u>6,262,552</u>

2018 Proposed Budget

Comparative Revenues, Expenses, and Change in Net Postion

	2017 Estimated Actual		2018 Budget	Change from 2016		Change from 2017		
	2016 Actual	Actual						
OPERATING REVENUES								
1	Irrigation sales	\$ 1,958,039	\$ 1,965,049	\$ 1,930,134	(27,905)	-1%	\$ (34,915)	-2%
2	Treated water sales	6,777,879	7,133,266	8,039,357	1,261,478	19%	906,091	13%
3	Other water sales	13,613,644	37,192	33,900	(13,579,744)	-100%	(3,292)	-9%
4	Electric sales	177,887	203,078	104,910	(72,977)	-41%	(98,168)	-48%
5	Other operating income	265,641	188,576	132,449	(133,192)	-50%	(56,127)	-30%
6	Total Operating Revenues	22,793,090	9,527,161	10,240,750	(12,552,340)	-55%	713,589	7%
OPERATING EXPENSES								
9	Wages	6,863,746	7,140,087	8,190,921	1,327,175	19%	1,050,834	15%
10	Payroll taxes and benefits	7,009,028	5,186,633	6,072,662	(936,365)	-13%	886,029	17%
11	Materials and supplies	1,901,176	1,508,005	1,960,920	59,744	3%	452,915	30%
12	Maintenance, repairs, and improvements	1,015,340	888,762	1,189,823	174,483	17%	301,061	34%
13	Utilities	931,726	1,186,194	1,258,638	326,912	35%	72,444	6%
15	General and administrative	5,787,294	6,824,019	5,042,036	(745,258)	-13%	(1,781,983)	-26%
16	Depreciation	7,264,114	7,239,457	7,330,215	66,101	1%	90,758	1%
17	Total Operating Expenses	30,772,423	29,973,158	31,045,215	272,792	1%	1,072,058	4%
18	Net Income (Loss) From Operations	(7,979,333)	(20,445,997)	(20,804,466)	(12,825,132)	161%	(358,468)	2%
NONOPERATING REVENUES (EXPENSES)								
21	Interest income	1,332,948	1,576,809	796,236	(536,712)	-40%	(780,573)	-50%
22	Changes in market value of investments	(993,327)	(858,823)	0	993,327	-100%	858,823	-100%
23	Investment earnings	339,621	717,985	796,236	456,615	134%	78,251	11%
24	Proposition 13 subvention	4,882,092	4,887,444	4,938,915	56,823	1%	51,471	1%
25	Interest expense	(252,909)	(114,327)	(117,480)	135,429	-54%	(3,152)	3%
26	Gain (loss) on property and equipment	24,510	77,901	10,000	(14,510)	-59%	(67,901)	-87%
27	Tri-Dam Power Authority distributions	0	692,000	2,018,600	2,018,600	0%	1,326,600	192%
28	Tri-Dam Project distributions	7,959,088	16,386,500	12,240,159	4,281,071	54%	(4,146,341)	-25%
29	Undistributed earnings of Tri-Dam Project	5,153,262	0	0	(5,153,262)	-100%	0	0%
30	Other nonoperating revenue	100,082	95,114	0	(100,082)	-100%	(95,114)	-100%
31	Total Nonoperating Revenues (Expenses)	18,205,746	22,742,616	19,886,430	1,680,684	9%	(2,856,186)	-13%
33	Income before Capital Contributions	10,226,413	2,296,619	(918,035)	(11,144,448)	-109%	(11,144,448)	-485%
34	Capital contributions	1,026,357	958,815	923,760	(102,597)	-10%	(35,055)	-4%
35	Change in Net Position	\$ 11,252,770	\$ 3,255,434	\$ 5,725	\$ (11,247,045)	-100%	\$ (11,179,503)	-343%

2018 Proposed Budget
Cash Flow

	<u>Proposed Budget</u>	<u>Worst Case</u>	<u>Best Case</u>
1 Change in net position	\$ 5,725	\$ (3,519,275)	\$ 105,725
2 Depreciation	7,330,215	7,330,215	7,330,215
3 Less: noncash capital contributions	0	0	0
4 Principal payments on debt	(2,445,000)	(2,445,000)	(2,445,000)
5 Pmt of unfunded pension liability	(859,113)	(859,113)	(859,113)
6 Capital expenditures	(2,958,439)	(2,958,439)	(2,958,439)
Withdrawals from restricted capital replacement fund for water treatment plant projects	462,000	462,000	462,000
7			
8 Estimated Cash Flow	\$ 1,535,387	\$ (1,989,613)	\$ 1,635,387
9			
10			

11 **Proposed budget assumes:**

12 Normal demand for treated water.

13 Normal hydrology.

14

15 **Worst case assumes:**

16 Lower investment earnings due to lower reserve balances and/or yields.

17 Less Tri-Dam revenue due to worse hydrology than expected.

18

19 **Best Case assumes:**

20 Higher reserves and/or higher yields produce \$100,000 more investment earnings than budgeted.