



NOTICE OF SPECIAL BUDGET & FINANCE COMMITTEE MEETING

Responsible for the review of District finances including: rates, fees, charges and other sources of revenue; budget and reserves; audit; investments; insurance; and other financial matters.

NOTICE IS HEREBY GIVEN that the San Lorenzo Valley Water District has called a special meeting of the Budget & Finance Committee to be held on Wednesday, **January 10, 2018 at 9:00 a.m.** at the Operations Building, 13057 Highway 9, Boulder Creek, California.

AGENDA

1. Convene Meeting/Roll Call
2. Oral Communications
This portion of the agenda is reserved for Oral Communications by the public for items which are not on the Agenda. Please understand that California law (The Brown Act) limits what the Board can do regarding issues raised during Oral Communication. No action or discussion may occur on issues outside of those already listed on today's agenda. Any person may address the Committee at this time, on any subject that lies within the jurisdiction of the District. Normally, presentations must not exceed three (3) minutes in length, and individuals may only speak once during Oral Communications. Any Director may request that the matter be placed on a future agenda or staff may be directed to provide a brief response.
3. Old Business:
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.
 - A. REVIEW FY 16/17 CAFR AUDIT
Discussion by the Committee regarding the FY 16/17 CAFR audit.
4. New Business: None
Members of the public will be given the opportunity to address each scheduled item prior to Committee action. The Chairperson of the Committee may establish a time limit for members of the public to address the Committee on agenda items.
 - A. ELECTION OF COMMITTEE CHAIR
Discussion and possible action by Budget and Finance Committee regarding Committee Chair.
 - B. SET DAY AND TIME FOR COMMITTEE REGULARLY SCHEDULED MEETINGS
Discussion and possible action by the Budget and Finance Committee regarding regularly scheduled meeting time and day.
 - C. REVIEW FISCAL YEAR 16/17 BUDGET VERSUS ACTUALS REPORT

Discussion by the Committee regarding the FY 16/17 versus actuals report.

5. Informational Material: None.
6. Adjournment

In compliance with the requirements of Title II of the American Disabilities Act of 1990, the San Lorenzo Valley Water District requires that any person in need of any type of special equipment, assistance or accommodation(s) in order to communicate at the District's Public Meeting can contact the District Office at (831) 338-2153 a minimum of 72 hours prior to the scheduled meeting.

Agenda documents, including materials related to an item on this agenda submitted to the Committee after distribution of the agenda packet, are available for public inspection and may be reviewed at the office of the District Secretary, 13060 Highway 9, Boulder Creek, CA 95006 during normal business hours. Such documents may also be available on the District website at www.slvwd.com subject to staff's ability to post the documents before the meeting.

Certification of Posting

I hereby certify that on January 5, 2018, I posted a copy of the foregoing agenda in the outside display case at the District Office, 13060 Highway 9, Boulder Creek, California, said time being at least 72 hours in advance of the regular meeting of the Budget & Finance Committee of the San Lorenzo Valley Water District in compliance with California Government Code Section 54956.

Executed at Boulder Creek, California, on January 5, 2018.

Holly B. Hossack, District Secretary
San Lorenzo Valley Water District

M E M O

TO: Budget & Finance Committee
FROM: Director of Finance
SUBJECT: FY1617 Budget vs. Actuals Report
DATE: January 10, 2018

BACKGROUND:

It is important to do a review after the audit of how the revenue and expenditures compare to the budget. The budget is a guideline to help monitor if revenue and expenses are tracking reasonably. There are some differences between budgeted and audited numbers that are important to note. For the most part the budget and audit follow accrual based accounting. Non-cash items such as depreciation, GASB 68 and some others are excluded from the budget, however, may be integrated back in to help bridge a comparison to the audited financials.

The District typically will review actuals to budget 3 ways during the process:

- Throughout the year the District has quarterly financial reports that compare budget to actuals.
- Comparisons of budget to estimated full year actuals for revenues and expenses begin during the next year's budget process. It is a way to see how items are tracking and assist in budgeting for the following year.
- Another review, this review, is done after completion of the audit to do another high level view on the final revenues and expenditures.

It is important to read any footnotes of comments associated with the report. This will help identify some of the differences you may see compared to the audited financials, as well as highlight any significant changes between the budget and actuals.

INFORMATION:

- Operating revenues were 5.7% or \$401K ahead of budget.
- Operating expenses were 2.6% or \$176K over budget
 - This was mainly attributable to increased legal expenses, increased one-time fees not budgeted and a decrease to timing of new hire expenses.
- Non-operating revenues were 15.3% or \$161K ahead of budget

- This was mainly attributed to higher property tax revenue. Given the current real estate market, I would anticipate next year property tax revenue to see a favorable increase as well.

SUMMARY OF CHANGES IN REVENUE, EXPENSE AND NET POSITION

	FY1617 ACTUALS			FY1617 BUDGET			\$ VS. BUDGET	% VS. BUDGET
	WATER FUND	SEWER FUND	GRAND TOTAL	WATER FUND	SEWER FUND	GRAND TOTAL		
OPERATING REVENUE	7,344,023	102,107	7,446,130	6,944,640	100,000	7,044,640	401,490	5.7%
OPERATING EXPENSES (1)	(6,865,401)	(120,472)	(6,985,874)	(6,694,043)	(115,718)	(6,809,761)	(176,113)	2.6%
OPERATING INCOME BEFORE DEPRECIATION	478,621	(18,365)	460,256	250,597	(15,718)	234,879	225,377	96.0%
DEPRECIATION EXPENSE	(1,375,120)	(42,356)	(1,417,477)	(1,504,000)	(52,000)	(1,556,000)	138,523	-8.9%
OPERATING GAIN (LOSS)	(896,499)	(60,721)	(957,220)	(1,253,403)	(67,718)	(1,321,121)	363,901	-27.5%
NON-OPERATING REVENUE	1,213,244	-	1,213,244	1,051,800	-	1,051,800	161,444	15.3%
NON-OPERATING EXPENSE	(166,204)	-	(166,204)	(170,250)	-	(170,250)	4,046	-2.4%
NET INCOME (LOSS) BEFORE CAP. CONTRIB.	150,541	(60,721)	89,820	(371,853)	(67,718)	(439,571)	529,391	-120.4%
CAPITAL CONTRIBUTIONS			-	50,000		50,000	(50,000)	-100.0%
CHANGE IN NET POSITION	150,541	(60,721)	89,820	(321,853)	(67,718)	(389,571)	479,391	-123.1%

(1) Removed \$124K GASB 68 expense for comparison purposes. This is a non cash item that is not typically budgeted for, yet is part of the audited financials.

SUMMARY BY DEPARTMENT - EXCLUDES DEPRECIATION

DEPARTMENT	2017 ACTUALS	2017 BUDGET	\$ VS. BUDGET	% VS. BUDGET	
ADMIN. (1)	1,346,375	1,031,838	314,537	30.5%	Overage attributed to legal fees being \$250K over expected budget and a one-time payment of \$125K for Lompico pension payment
FINANCE	1,020,569	707,048	313,521	44.3%	Overage attributed to department re-organization (shift from Distribution), increased bank fees \$47K
ENGINEERING	66,241	179,531	(113,290)	-63.1%	Decrease from timing of new hire, full year expected for future years
DISTRIBUTION	2,108,711	2,104,498	4,213	0.2%	Decrease from employees moved to Finance, offset by increase to operating supplies \$97K related to storm damage
WATERSHED	382,883	619,421	(236,538)	-38.2%	Decrease from timing of new hire, full year expected for future years and push out of professional fees to the next fiscal year of \$150K.
SUPPLY & TREATMENT	1,940,623	2,051,706	(111,083)	-5.4%	Decrease from timing of new hire, full year expected for future years. Prof. and operating expenses savings, reductions made to future years budget
SEWER	120,472	115,718	4,754	4.1%	
TOTAL	6,985,874	6,809,760	176,114	2.6%	

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SUMMARY BY DEPARTMENT - EXCLUDES DEPRECIATION

See Summary by Department for breakdown of differences

DEPARTMENT	2017 ACTUALS	2017 BUDGET	\$ VS. BUDGET	% VS. BUDGET
SALARIES & BENEFITS (1)	4,375,011	4,097,927	277,084	6.8%
CONTRACT/PROFESSIONAL SERVICES	1,202,004	1,236,483	(34,479)	-2.8%
OPERATING EXPENSES	462,177	390,000	72,177	18.5%
MAINTENANCE	132,302	157,500	(25,198)	-16.0%
FACILITIES	499,401	536,100	(36,699)	-6.8%
GEN. & ADMIN.	314,979	391,750	(76,771)	-19.6%
TOTAL	6,985,874	6,809,760	176,114	2.6%

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