

M E M O

TO: Board of Directors

FROM: District Manager

PREPARED BY: Director of Finance & Business Services

SUBJECT: FINANCE & BUSINESS SERVICES STATUS REPORT

DATE: June 20, 2019

RECOMMENDATION:

It is recommended that the Board of Directors review and file the Finance & Business Services Department Status Report.

BACKGROUND:

BUDGET

The budget has continued to be the main focus of the department. The draft budget is in this agenda. For next year the District would like to have the Strategic Plan and CIP Plan in place so that we can create a more robust budget package and try for the GFOA budget presentation award.

AUDIT

The auditors were here the week of 6/10 for interim testing. It was a very smooth process and they will be back out in October for final fieldwork.

CUSTOMER SERVICE SUPPORT

- Customer Service stats and information
- Monthly Consumption by Customer Class
- Weekly Call Log

REVENUE STABILIZATION RATE ANALYSIS

This packet contains the current consumption as compared to the prior 3 year averages for the revenue rate stabilization. As of April 2019 consumption, the cumulative consumption is 1% above the baseline. There are no triggers identified per the revenue stabilization rate policy.

FINANCIAL SUMMARY

Please see the Monthly Financial report for further detail.

In summary, revenue is tracking to budget, May and June tend to have an uptick in consumption. Thus far customers have not made significant reductions in consumption with the shift of consumption charges.

Expenses are tracking better than budget. Approximately \$120K of this was due to timing of new hires and will be real savings for the year, but embedding going forward. Year end is in June, which tends to have higher expenses that come in.

	April		Full Year	
	Current Month	YTD	Budget	% of Budget
Operating Revenue	\$ 722,354	\$ 8,008,487	\$ 10,022,000	80%
Operating Expenses	\$ 616,733	\$ 5,905,535	\$ 7,961,656	74%
Operating Income	\$ 105,621	\$ 2,102,952	\$ 2,060,344	102%

CUSTOMER SERVICE DEPT SUMMARY

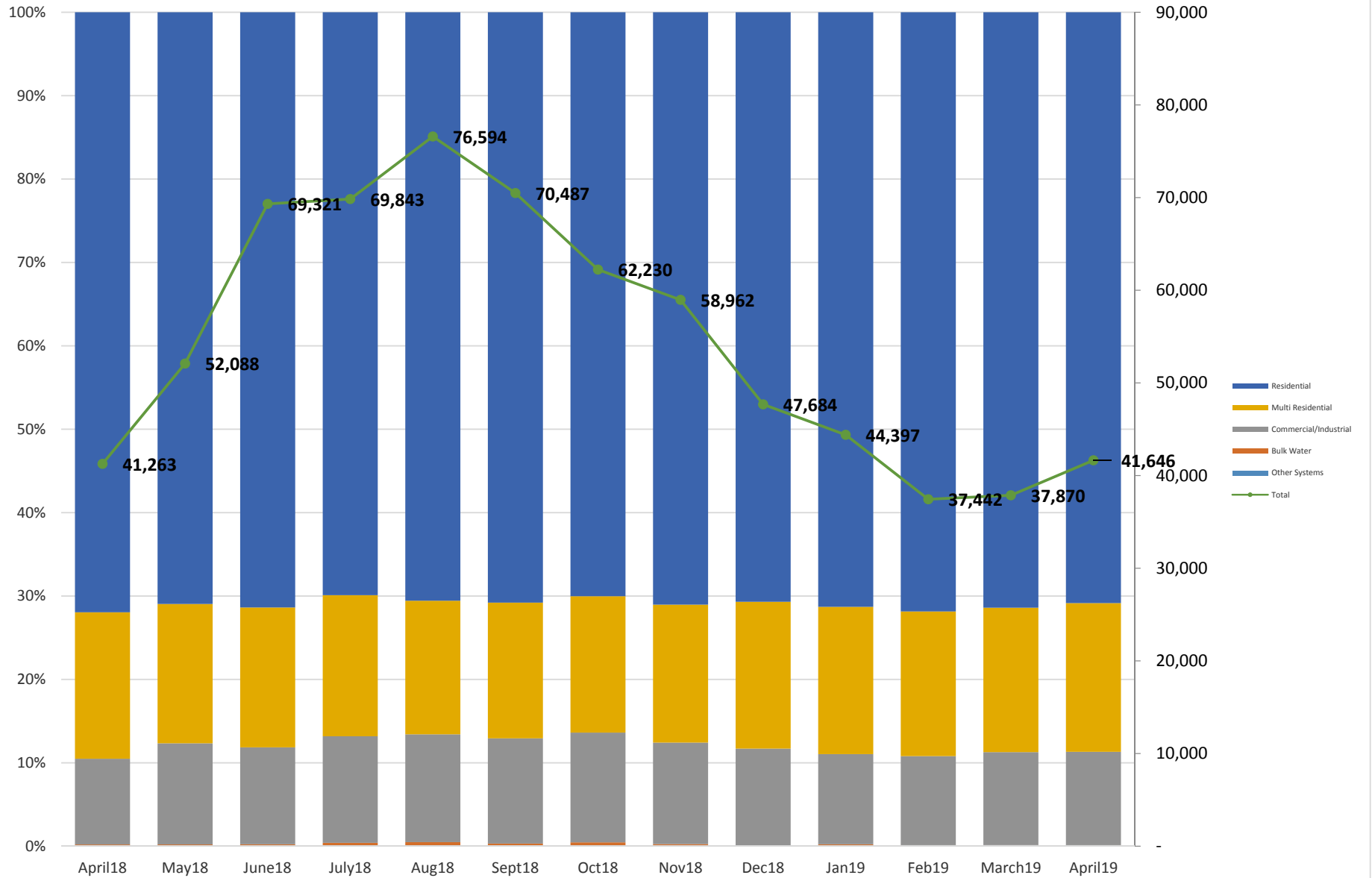
	*	*		*	*					*				*	*		
Monthly Stats:	May-19	Apr-19	Mar-19	Feb-19	Jan-19	Dec-18	Nov-18	Oct-18	Sep-18	Aug-18	Jul-18	Jun-18	May-18	Apr-18	Mar-18	Feb-18	Jan-18
Cut In/Outs	105	83	60	38	58	34	63	66	59	77	86	59	68	58	30	42	61
Final Bills	61	60	37	35	56	32	64	74	64	115	40	66	71	42	34	58	57
Tags	256	95	238	124	210	157	191	158	206	275	176	121	232	72	312	198	194
Turn-offs	30	35	19	34	38	25	26	42	32	36	22	23	25	29	24	32	26
Online / Going Green [1]																	
<i>As of 6/11/2019</i>																	
Online Sign-ups	4,293	4,240	4,184	4,120	4,078	4,033	3,980	3,938	3,883	3,839	3,779	3,726	3,680	3,636	3,599	3,543	3,499
E-Bills	1,590	1,522	1,413	1,378	1,356	1,326	1,302	1,284	1,260	1,238	1,210	1,193	1,174	1,157	1,145	1,120	1,092
Auto Pay**	2,551	2,725	2,706	2,659	2,716	2,673	2,638	2,603	2,553	2,509	2,492	2,463	2,445	2,427	2,386	2,350	2,316

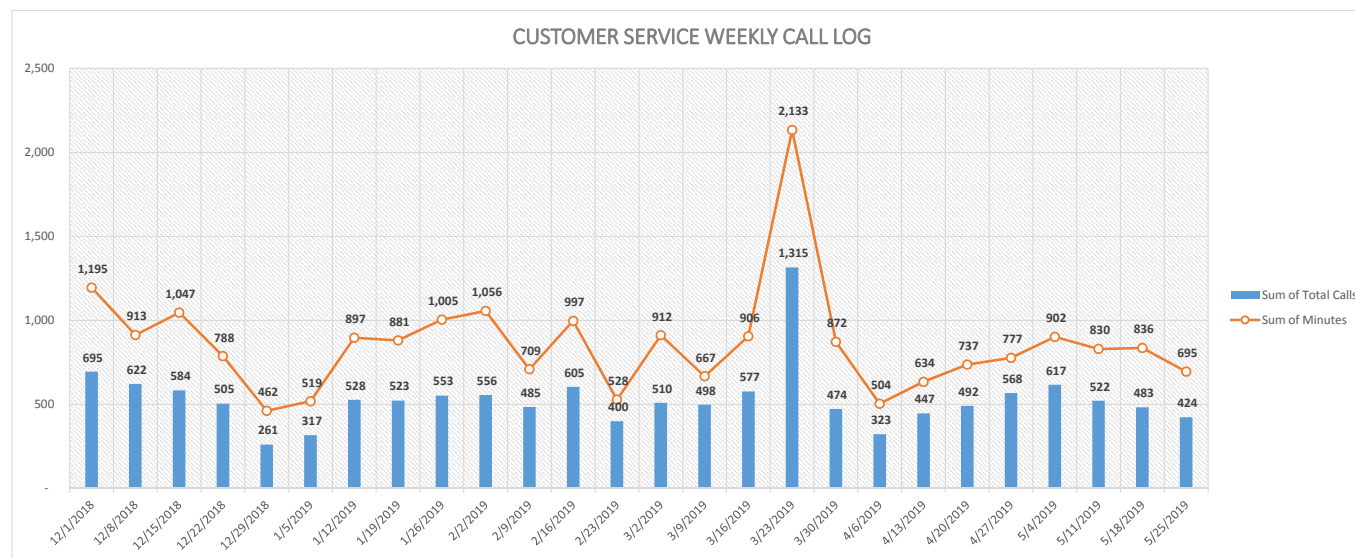
* Due to timing, had abnormal tag periods

** Due to change in processor, customers have to re-enter their payment information, once they do that the number should go back to normal

[1] Please note these numbers are slightly higher than actuals being utilized. When a person closes their account, they typically leave their online account active for a while for their own personal records. We currently do not have an easy way to break down to only active customers.

Monthly Usage by Class (units)





Week Ending	Incoming Calls		Outgoing Calls		Total Calls	
	# Calls	Minutes	# Calls	Minutes	# Calls	Minutes
12/1/2018	401	889	294	306	695	1,195

Weekly Notes
Turn offs & Tags, Main Break: Blue Ridge Road, 335 Vista Terrace, 381 Middleton Dr, 1463 Two Bar #5, 9095 Glen Arbor Rd.

12/8/2018	330	618	292	295	622	913	Turn offs, Main Breaks: hwy 9 & Graham Hill Rd., 6630 Hwy 9, 6706 hwy 9, 11247 hwy 9, Lorenzo Ln & Hwy 9, 15610 Hwy 9, 10990 Riverside Rd., California Dr. East Creek Bridge, 261 Main St., 730 Sugar Pine Rd., Sunnyside & Main St., 10405 Lake Blvd.,
12/15/2018	350	757	234	289	584	1,047	Tags, Main Break: 6 Ridgewood Dr.
12/22/2018	288	580	217	208	505	788	Turn offs, Main Breaks: 9460 Sunnyside, 305 Reynolds Dr., Across the St. from 10825 Lake Blvd.
12/29/2018	202	411	59	51	261	462	15965 Kings Creek Rd., 200 Caledonium Ave., 11101 Sequoia Ave., 8937 Glen Arbor Rd. <i>(closed 2 days)</i>
1/5/2019	240	449	77	70	317	519	Tags, Main Breaks: 10926 Sequoia Ave. <i>(closed 2 days)</i>
1/12/2019	319	679	209	217	528	897	Turn offs, Main Breaks: Quail 4A Well, 8945 Redwood Dr., 8255 Oak Ave., 9695 Live Oak Ave., Road Work; 1090 Pine Drive
1/19/2019	317	704	206	176	523	881	Tags, Main Breaks; 1160 Lakeside Dr., Water Line Replacement.
1/26/2019	314	765	239	240	553	1,005	Turn offs, Main Breaks; 10641 Visitar St., 225 Band Rd.
2/2/2019	318	869	238	186	556	1,056	Tags, <i>(closed 1 day)</i> , Main Breaks; 13515 West Park Ave., 334 More Dr., 5765 Hillside Dr., 11844 Sunset Ct., 9545 Central Ave.
2/9/2019	304	566	181	143	485	709	Turn off, Main Breaks: 167 Russell Ave., 1501 Caledonia Ave., Road Work: 10497-10495 Vera Ave.
2/16/2019	360	763	245	233	605	997	Tags, Main Breaks: 325 Capelli Dr., 1200 Dundee Ave., 8035 Fernwood, West of 949 Brookside Way, Country Club Dr. & Jackson Ave., 10405 Lake Blvd.
2/23/2019	224	414	176	114	400	528	Turn off, Main Breaks: 555 Cook Wy., 8297 Hermosa Ave., 11866 Van Allen Rd.
3/2/2019	323	737	187	176	510	912	Tags, Main Breaks: 581 La Cuesta Dr., 288 Douglas Ave., 135 Glen Lomond Ln., Drainage from storm.
3/9/2019	281	540	217	126	498	667	Turn off, Main Breaks: 221 Lake St.
3/16/2019	352	653	225	254	577	906	Tags, Main Breaks: 340 Manzanita Ave., 136 Daffodil Hill, 206 Crecent & River, 10707 West Dr., 111 Royal Oak Ct., 260 Scenic Way, 403 Meadow Dr., 396 Meadow Dr.
3/23/2019	836	1,644	479	489	1,315	2,133	Turn offs, Main Breaks: 15000 Two Bar Rd., 13800 Bear Creek Rd., 405 Hoot Owl Way, 575 Ralston Ridge, 630 Manzanita Ave., Pine St., 10982 Sequoia Ave.
3/30/2019	329	688	145	184	474	872	Tags, Main Breaks: 213 Spreading Oak Dr., 190 Mesa Dr., 635 Sunset Rd.,
4/6/2019	227	416	96	88	323	504	Turn off, Main Breaks: 10580 CA-9/Blake Hammond Manor
4/13/2019	262	483	185	151	447	634	Main Breaks: 822 River Dr., 981 Madrona Dr., 12120 Coleman Ave., 230 Apple Knoll, 10235 California Dr., 135 Madrone Way
4/20/2019	318	567	174	170	492	737	Tags, Main Breaks: , Riverside & Annies Wy., 10825 Lake Blvd., 635 Sunset Rd., 206 Madrona, 135 Madrona, Spreading Oak Dr., corner of Janita Rd. & Appleknoll, 135 Madrone Way, 635 Sunset Rd., Love Creek Rd., Sinic Way & Hillcrest.
4/27/2019	332	608	236	169	568	777	Turn off, Main Breaks: Mt Herman & Graham Hill, 170 Brier Dr. 225 Brier Dr., Shiloh Ct., Russle, 345 Woodland Dr.
5/4/2019	406	730	211	171	617	902	Tags, Main Breaks: 211 Camino Sinuoso, 135 Scenic Way.
5/11/2019	351	729	171	101	522	830	Turn off, Main Breaks: 12855 Iwrin Wy, 160 Shady Ln., 514 Primavera Rd., Hill Crest Dr., Lost Acres Dr.
5/18/2019	321	662	162	174	483	836	Tags, Main Breaks: Band Rd. 16 Haven Ln, 160 river st.,
5/25/2019	279	586	145	110	424	695	Turn off, Main Breaks: 185 Arden Ave., Lovecreek Rd & Sunnyside Ave. 1513 Jackson Ave.

REVENUE STABILIZATION RATE ANALYSIS FY1819

In accordance with the District's Revenue Stabilization Rates Policy & Procedures, the District Manager shall provide the Board of Directors with the average units of water sales (by month) for the rolling previous three years, which will serve as the baseline against which current annual sales to date will be compared. If the District Manager determines that budget-year water sales (in units) to date, and corresponding revenue, is more than 10% below expected year-to-date levels (based on monthly averages over the previous three years), the District Manager shall notify, at a public meeting, the Board of Directors of this determination at or before the next regularly scheduled Board meeting. For more information, please refer to the District's full Policy & Procedures.

MONTHLY CONSUMPTION IN UNITS BY FISCAL YEAR (BASELINE)

	July	August	September	October	November	December	January	February	March	April	May	June	TOTAL
FY1516	66,779	64,961	69,609	60,022	49,837	41,773	44,025	37,290	42,433	43,153	48,328	68,129	636,340
FY1617	74,199	73,414	71,825	59,518	41,777	45,698	45,401	37,667	41,173	42,898	52,932	68,388	654,889
FY1718	81,254	78,331	76,259	65,658	58,601	42,693	48,947	40,431	42,401	41,263	52,088	69,321	697,247
3 YR AVERAGE (BASELINE)	74,077	72,235	72,564	61,733	50,072	43,388	46,124	38,463	42,002	42,438	51,116	68,613	662,826

ACTUAL FY1819 CONSUMPTION

FY1819	69,843	76,594	70,487	62,230	58,962	47,684	44,397	37,442	37,870	41,646			547,155
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CUMULATIVE ANALYSIS

% Above or Below Average	-6%	6%	-3%	1%	18%	10%	-4%	-3%	-10%	-2%			
Cumulative %	-6%	0%	-1%	-1%	2%	3%	2%	2%	1%	1%			

NOTES:

Consumption is cumulatively slightly above the prior three year average baseline. As of April 2019 consumption, the cumulative consumption is 1% above the baseline. There are no triggers identified per the revenue stabilization rate policy.

OPERATING ANALYSIS - APRIL 2019

REVENUE BY CATEGORY

DESCRIPTION

WATER USAGE
BASIC CHARGES
METERS, PENALTIES & OTHER
SEWER CHARGES
TOTAL OPERATING REVENUE

COMPARING AGAINST PRIOR YEAR					COMPARING AGAINST BUDGET		
ACTUALS	% OF TOTAL	PRIOR YEAR	\$ Diff.	% Diff.	Act. % of Budget	ANNUAL BUDGET	% of Annual
\$ 455,118	63.0%	\$ 416,442	\$ 38,676	9%	7%	\$ 6,846,000	68%
253,744	35.1%	236,793	16,951	7%	8%	2,986,000	30%
3,480	0.5%	2,740	740	27%	4%	90,000	1%
10,013	1.4%	8,344	1,669	20%	10%	100,000	1%
\$ 722,354	100.0%	\$ 664,319	\$ 58,035	9%	7%	\$ 10,022,000	100%

REVENUE COMMENTS

Water Usage: April 19 had 1% higher consumption than the prior April
Sewer Charges: New rates went into effect Dec 18.

EXPENSES BY CATEGORY

DESCRIPTION

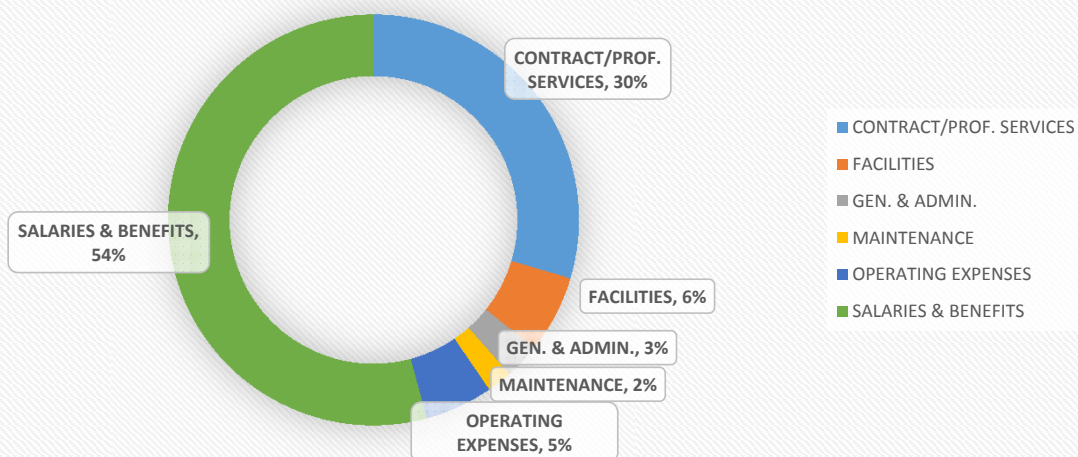
SALARIES & BENEFITS
CONTRACT/PROF. SERVICES
OPERATING EXPENSES
MAINTENANCE
FACILITIES
GEN. & ADMIN.
TOTAL OPERATING EXPENSES

COMPARING AGAINST PRIOR YEAR					COMPARING AGAINST BUDGET		
ACTUALS	% OF TOTAL	PRIOR YEAR	\$ Diff.	% Diff.	Act. % of Budget	ANNUAL BUDGET	% of Annual
\$ 334,143	54.2%	\$ 283,540	\$ 50,603	18%	7%	\$ 5,048,246	63%
182,519	29.6%	148,900	33,618	23%	14%	1,316,360	17%
33,051	5.4%	29,978	3,074	10%	8%	420,500	5%
12,121	2.0%	12,131	(9)	0%	7%	184,350	2%
37,707	6.1%	37,588	119	0%	7%	571,800	7%
17,191	2.8%	20,324	(3,132)	-15%	4%	420,400	5%
\$ 616,733	100%	\$ 532,460	\$ 84,273	16%	8%	\$ 7,961,656	100%

EXPENSE COMMENTS

Legal Bills: A legal bill did not post in April due to timing of invoices, is was for \$17K, which will show up in the May report.
Prof. Serv: April 19 had a \$84K payment to SMGWA for our portion

% BREAKDOWN OF CATEGORY EXPENDITURES



OPERATING ANALYSIS - YTD FY1819 (JULY-APRIL)

REVENUE BY CATEGORY

DESCRIPTION

WATER USAGE
BASIC CHARGES
METERS, PENALTIES & OTHER
SEWER CHARGES
TOTAL OPERATING REVENUE

COMPARING AGAINST PRIOR YEAR					COMPARING AGAINST BUDGET		
ACTUALS	% OF TOTAL	PRIOR YEAR	\$ Diff.	% Diff.	Act. % of Budget	ANNUAL BUDGET	% of Annual
\$ 5,373,581	67.1%	\$ 4,317,248	\$ 1,056,333	24%	78%	\$ 6,846,000	68%
2,478,286	30.9%	2,615,890	(137,604)	-5%	83%	2,986,000	30%
64,825	0.8%	74,840	(10,015)	-13%	72%	90,000	1%
91,795	1.1%	83,444	8,351	10%	92%	100,000	1%
\$ 8,008,487	100.0%	\$ 7,091,423	\$ 917,064	13%	80%	\$ 10,022,000	100%

REVENUE COMMENTS

YTD revenues are higher due to the rate increase that went into effect Nov 2018. The change in rate structure is still seen in the Basic Charge shift.

EXPENSES BY CATEGORY

DESCRIPTION

SALARIES & BENEFITS
CONTRACT/PROF. SERVICES
OPERATING EXPENSES
MAINTENANCE
FACILITIES
GEN. & ADMIN.
TOTAL OPERATING EXPENSES

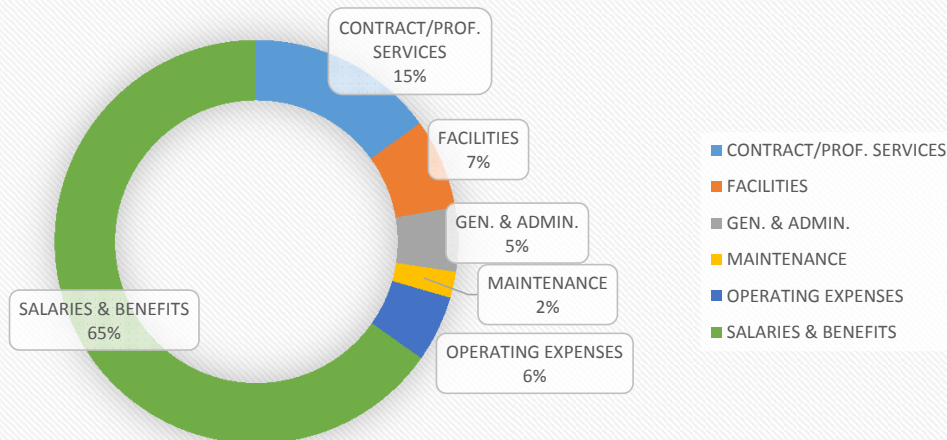
COMPARING AGAINST PRIOR YEAR					COMPARING AGAINST BUDGET		
ACTUALS	% OF TOTAL	PRIOR YEAR	\$ Diff.	% Diff.	Act. % of Budget	ANNUAL BUDGET	% of Annual
\$ 3,851,275	65.2%	\$ 3,589,160	\$ 262,115	7%	76%	\$ 5,048,246	63%
886,850	15.0%	1,040,633	(153,783)	-15%	67%	1,316,360	17%
313,453	5.3%	272,190	41,263	15%	75%	420,500	5%
123,240	2.1%	123,498	(258)	0%	67%	184,350	2%
426,977	7.2%	428,376	(1,399)	0%	75%	571,800	7%
303,741	5.1%	310,132	(6,391)	-2%	72%	420,400	5%
\$ 5,905,535	100%	\$ 5,763,988	\$ 141,547	2%	74%	\$ 7,961,656	100%

EXPENSE COMMENTS

For the most part, expenses are tracking similar to the prior year, outside of budgeted increases. \$50K of payroll was related to employee final paychecks.

April 2019 did not have a legal bill posted due to timing, it was \$17K that will show in May. As of April YTD, legal is \$173K lower than prior year. Please note in June 2019 there was a litigation settlement, which will cause the current year to have a significant jump in June.

% BREAKDOWN OF CATEGORY EXPENDITURES



OPERATING ANALYSIS - YTD TREND FY1819

REVENUE BY CATEGORY

DESCRIPTION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	YTD	BUDGET	% OF BUD.
WATER USAGE	359,119	777,219	706,435	645,508	636,311	515,103	474,097	400,867	403,805	455,118	5,373,581	6,846,000	78%
BASIC CHARGES	237,313	237,200	236,928	245,212	253,599	253,817	253,337	253,706	253,430	253,744	2,478,286	2,986,000	83%
METERS, PENALTIES & OTHER	5,250	9,855	6,665	6,135	7,570	2,970	9,315	6,810	6,775	3,480	64,825	90,000	72%
SEWER CHARGES	8,344	8,345	8,344	8,344	8,344	10,016	10,018	10,013	10,013	10,013	91,795	100,000	92%
TOTAL OPERATING REVENUE	610,027	1,032,619	958,372	905,199	905,824	781,906	746,768	671,396	674,023	722,354	8,008,487	10,022,000	80%

EXPENSES BY CATEGORY

DESCRIPTION	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	YTD	BUDGET	% OF BUD.
SALARY & BENEFITS	514,027	510,140	321,543	327,440	334,286	335,127	486,163	341,758	346,647	334,143	3,851,275	5,048,246	76%
CONTRACT/PROF. SERVICES	5,572	48,144	81,763	220,894	70,907	85,897	53,160	52,406	85,588	182,519	886,850	1,316,360	67%
OPERATING EXPENSES	11,986	33,476	41,893	32,378	32,244	41,966	48,946	20,032	17,479	33,051	313,453	420,500	75%
MAINTENANCE	3,079	10,102	18,770	11,277	10,919	14,728	19,160	10,786	12,297	12,121	123,240	184,350	67%
FACILITIES	11,383	31,020	61,400	58,815	51,252	55,790	42,726	40,639	36,244	37,707	426,977	571,800	75%
GEN. & ADMIN.	101,568	16,460	31,246	25,456	21,413	21,938	18,171	29,839	20,460	17,191	303,741	420,400	72%
TOTAL OPERATING EXPENSES	647,615	649,343	556,615	676,260	521,021	555,446	668,327	495,460	518,714	616,733	5,905,535	7,961,656	74%
OPERATING INCOME (LOSS)	(37,589)	383,276	401,756	228,939	384,802	226,460	78,440	175,936	155,309	105,622	2,102,952	2,060,344	102%

COMMENTS

REVENUE/EXPENSES:

Current year to date revenue and expenses are tracking as expected overall. Please refer to the current month analysis for any further detail on revenue or expenses.

GENERAL/PROCESS:

There are annual/one-time expenses paid upfront that could cause individual months to appear skewed or accrual based accounting that will impact June/July more so. An example of this would be some insurances are paid in July, this causes July expenses to appear higher than other months. The District operates on an annual budget and performs accrual based accounting procedures for a hard year end close, this is typical for governmental accounting.

Data is continuously being reviewed, so it is not un-common for a prior report balance to change slightly throughout the year as accounts are reconciled.

CASH BALANCES AS OF

4/30/2019

		<i>Ave Interest Rate</i>
OPERATING ACCOUNTS		
Wells Fargo Checking	\$ 152,401	0.35%
Liberty Savings	\$ 4,515	0.15%
LAIF	\$ 858,538	2.45%
SCCF General	\$ 2,368,063	2.37%
OPERATING BALANCE	\$ 3,383,516	
RESTRICTED ACCOUNTS		
SCCF Lompico Assessment District	\$ 543,000	2.37% <i>For AD Projects</i>
SCCF Olympia Assessment District	\$ 102,778	2.37% <i>For Debt Repayment</i>
SCCF Probation Tank Loan Proceeds	\$ 1,832,141	2.37% <i>Loan Proceeds</i>
CB&T Escrow Fund SRF	\$ 61,001	0.09% <i>For Debt Repayment</i>
CB&T Escrow Fund DOWR	\$ 231,037	0.09% <i>For Debt Repayment</i>
RESTRICTED BALANCE	\$ 2,769,957	

