

# **First Half FY2019-20 Mid-Year Financial Status Update**

**February 25, 2020**

# Agenda

- **Revenue by Category and Fund**
- **Operating Expenditures**
- **Capital Expenditures**
- **Reserve Balances**
- **Summary**

# Mid-Year Revenue by Category and Fund

Majority of revenues are anticipated to end the year at budgeted estimates

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(\$ in millions)	FY20 Adj Budget	1H FY20 Actuals	1H FY20 % Rec'd	1H FY19 Actuals	1H FY20 vs 1H FY19	1H FY19 % Rec'd
1% Ad-valorem Property Tax	\$ 102.0	\$ 41.7	40.9%	\$ 42.2	\$ (0.5)	39.2%
Safe Clean Water Special Parcel Tax	45.5	-	0.0%	-	-	0.0%
Benefit Assessment Tax	13.4	-	0.0%	-	-	0.0%
State Water Project Tax	18.0	0.6	3.6%	1.4	(0.8)	6.3%
Groundwater Production Charges	105.0	42.9	40.8%	38.5	4.4	47.0%
Treated Water Revenue	169.5	80.5	47.5%	77.0	3.5	53.5%
Surface/Recycled Water Revenue	2.8	0.0	0.7%	0.2	(0.2)	10.4%
Capital Reimbursements	32.6	12.7	38.8%	3.1	9.6	11.5%
Interest Income & Other	12.9	9.7	74.9%	8.5	1.2	75.0%
<b>Total Revenue</b>	<b>\$ 501.8</b>	<b>\$188.1</b>	<b>37.5%</b>	<b>\$170.9</b>	<b>\$ 17.2</b>	<b>36.7%</b>

(\$ in millions)	FY20 Adj Budget	1H FY20 Actuals	1H FY20 % Rec'd	1H FY19 Actuals	1H FY20 vs 1H FY19	1H FY19 % Rec'd
General Fund	\$ 8.6	\$ 3.7	43.0%	\$ 3.6	\$ 0.1	38.4%
Watershed & Stream Stewardship Fund	97.0	48.9	50.4%	38.8	10.1	39.4%
Safe Clean Water Fund	61.4	3.2	5.2%	4.5	(1.3)	6.2%
Water Utility Enterprise Fund	320.7	131.7	41.1%	123.5	8.2	45.9%
Service Funds	0.7	0.6	85.7%	0.4	0.2	50.0%
Benefit Assessment Funds	13.4	-	0.0%	-	-	0.0%
<b>Total Revenue</b>	<b>\$ 501.8</b>	<b>\$188.1</b>	<b>37.5%</b>	<b>\$170.9</b>	<b>\$ 17.2</b>	<b>36.7%</b>

## Observations

- FY20 Adjusted Budget of \$501.8M
- 1H FY20 District revenues are \$188.1M or 37.5% of Adj Budget and \$17.2M higher than 1H FY19 revenues of \$170.9M
- SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues recorded in second-half of the fiscal year
- Groundwater production charges of \$42.9M or 40.8% of Adj Budget and \$4.4M higher than 1H FY19
- Treated water revenue of \$80.5M or 47.5% of Adj Budget and \$3.5M higher than 1H FY19
- Capital reimbursements of \$12.7M which varies year-over-year depending on progress of grant-funded projects



# Mid-Year Revenue Performance

*Revenues expected to meet Budget targets except for Water Revenue*

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- Majority of Property, SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues received in second half of fiscal year
- Groundwater Production Charges and Treated Water Revenue tracking below Budget due to lower water demand
  - Anticipate a \$20M shortfall versus FY20 water revenue budget
- Capital reimbursements and interest income expected to meet or exceed Budget

# Mid-Year Operating and Capital Expenditures

*Operating expenditures estimated to end FY within budgeted levels*

## Observations

- FY20 Operating Adjusted Budget of \$418.4M
- 1H FY20 Operating Expenditures of \$172M or 41.1% of Adj Budget; similar percentage spent levels as 1H FY19
- Debt service on Benefit Assessment Funds is paid in second half of fiscal year

- FY20 Capital Adjusted Budget of \$370.0M
- 1H FY20 Capital Expenditures of \$118.6M or 32.1% of Adj Budget; higher percentage spent as compared to 1H FY19

(\$ in millions)	FY20 Adj Budget	1H FY20 Actuals	1H FY20 % Spent	1H FY19 Actuals	1H FY20 vs 1H FY19	1H FY19 % Spent
General Fund	\$ 59.2	\$ 26.8	45.3%	\$ 25.1	\$ 1.7	46.2%
Watershed & Stream Stewardship Fund	58.4	26.4	45.2%	26.2	\$ 0.2	47.1%
Safe Clean Water Fund	29.0	14.6	50.3%	7.0	\$ 7.6	28.7%
Water Utility Enterprise Fund	232.0	91.1	39.3%	86.9	\$ 4.2	39.6%
Service Funds	28.6	11.5	40.2%	10.4	\$ 1.1	40.3%
Benefit Assessment Funds	11.2	1.6	14.3%	1.9	\$ (0.3)	15.0%
<b>Total Operating Expenditures</b>	<b>\$ 418.4</b>	<b>\$ 172.0</b>	<b>41.1%</b>	<b>\$ 157.5</b>	<b>\$ 14.5</b>	<b>40.0%</b>

Note 1: Operating Adjusted Budget includes Adopted Budget and current year budget adjustments  
 Note 2: Budgetary basis Actuals includes actuals and encumbrances as of 12/31/19

(\$ in millions)	FY20 Adj Budget	1H FY20 Actuals	1H FY20 % Spent	1H FY19 Actuals	1H FY20 vs 1H FY19	1H FY19 % Spent
General Fund	\$ 2.2	\$ 1.3	59.1%	\$ 0.4	\$ 0.9	10.8%
Watershed & Stream Stewardship Fund	57.4	11.8	20.6%	14.1	\$ (2.3)	23.6%
Safe Clean Water Fund	129.2	50.7	39.2%	20.1	\$ 30.6	18.2%
Water Utility Enterprise Fund	165.1	52.6	31.9%	50.2	\$ 2.4	34.7%
Service Funds	16.1	2.2	13.7%	2.5	\$ (0.3)	13.1%
<b>Total Capital Expenditures</b>	<b>\$ 370.0</b>	<b>\$ 118.6</b>	<b>32.1%</b>	<b>\$ 87.3</b>	<b>\$ 31.3</b>	<b>25.9%</b>

Note 1: Capital Adjusted Budget includes Adopted Budget and prior year capital carryforward  
 Note 2: Budgetary basis Actuals includes actuals and encumbrances as of 12/31/19

# Mid-Year Operating and Capital Expenditures

*Operating and capital expenditures to remain within budget by year-end*

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- Operating expenditures, 41% of budget, expected to remain within budget by year-end
- Capital expenditures, 32% of budget, expected to remain within budget by year-end; expenditures tracking higher than last year

# Reserve Balances

*Estimated reserve balances slightly higher than Adopted Budget*

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(\$ in millions)	FY20 Adopted Budget	FY20 Estimate	Estimate vs Adopted
<b>Restricted Reserves</b>			
Safe Clean Water Fund	\$ 116.1	\$ 114.0	\$ (2.0)
Water Utility Enterprise Fund	65.5	72.7	7.2
Restricted Subtotal	\$ 181.6	\$ 186.7	\$ 5.1
<b>Committed Reserves</b>			
General Fund	\$ 4.3	\$ 8.9	\$ 4.6
Watershed & Stream Stewardship Fun	82.2	87.5	5.3
Water Utility Enterprise Fund	57.3	44.8	(12.4)
Service Funds	17.5	19.8	2.3
Committed Subtotal	\$ 161.3	\$ 161.1	\$ (0.2)
<b>Total Reserves</b>	<b>\$ 342.9</b>	<b>\$ 347.9</b>	<b>\$ 5.0</b>

## Observations

- FY20 estimate reserve balances at year-end \$347.9M
- An increase of \$5.0 million compared to FY20 Adopted budget of \$342.9M
- General Fund reserve \$4.6M higher due to higher Actual reserve balance in FY19
- Watershed & Stream Stewardship Fund reserve \$5.3M higher due to higher Actual reserve balance in FY19
- Water Utility Enterprise Fund reserves \$5.2M lower due to lower anticipated revenue (\$20M) offset by increase in debt financing (\$11M)

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# Estimate Reserve Balances

*Capital expenditures directly impact estimated reserve balances*

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- Overall, FY20 estimated reserves are \$347.9 million by year-end
  - Estimate based on FY19 year-end actual reserve, FY20 current year projections for revenue, financing, and operating and capital expenditures
- Unspent capital project budgets will result in increases to year-end reserve balance estimates



# Mid-Year Financial Update Summary

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- Majority of revenues are anticipated to end FY at budgeted levels
  - Will continue to monitor performance in second half of fiscal year
- Operating expenditures estimated to end FY within budgeted levels
- First half capital expenditures trending higher than prior year
- Highlight any significant developments as well as identify any potential budget actions necessary in second half of fiscal year

# QUESTIONS

