

# **First Half FY2020-21 Mid-Year Financial Status Update**

**February 23, 2021**

# Agenda

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- **Revenue by Category and Fund**
- **Operating and 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)	FY21 Adj Budget	1H FY21 Actuals	1H FY21 % Rec'd	1H FY20 Actuals	1H FY21 vs 1H FY20	1H FY20 % Rec'd
Groundwater Production Charges	\$ 121.1	\$ 51.9	42.9%	\$ 42.9	\$ 9.0	40.8%
Treated Water Revenue	137.4	78.3	57.0%	80.5	(2.2)	47.5%
Surface/Recycled Water Revenue	2.6	0.2	7.7%	0.0	0.2	0.7%
1% Ad-valorem Property Tax	110.9	44.2	39.9%	41.7	2.5	40.9%
Safe Clean Water Special Parcel Tax	45.5	-	0.0%	-	-	0.0%
Benefit Assessment	12.4	-	0.0%	-	-	0.0%
State Water Project Tax	18.0	0.7	3.9%	0.6	0.1	3.6%
Capital Reimbursements	43.6	5.1	11.7%	12.7	(7.6)	38.8%
Interest Income & Other	15.1	7.3	48.3%	9.7	(2.4)	74.9%
<b>Total Revenue</b>	<b>\$ 506.6</b>	<b>\$ 187.7</b>	<b>37.1%</b>	<b>\$ 188.1</b>	<b>\$ (0.4)</b>	<b>37.5%</b>

(\$ in millions)	FY21 Adj Budget	1H FY21 Actuals	1H FY21 % Rec'd	1H FY20 Actuals	1H FY21 vs 1H FY20	1H FY20 % Rec'd
General Fund	\$ 9.4	\$ 3.8	40.4%	\$ 3.7	\$ 0.1	43.0%
Watershed & Stream Stewardship Fund	117.8	39.4	33.4%	48.9	(9.5)	50.4%
Safe Clean Water Fund	61.1	3.6	5.9%	3.2	0.4	5.2%
Water Utility Enterprise Fund	305.5	140.6	46.0%	131.7	8.9	41.1%
Service Funds	0.4	0.3	75.0%	0.6	(0.3)	85.7%
Benefit Assessment Funds	12.4	-	0.0%	-	-	0.0%
<b>Total Revenue</b>	<b>\$ 506.6</b>	<b>\$ 187.7</b>	<b>37.1%</b>	<b>\$ 188.1</b>	<b>\$ (0.4)</b>	<b>37.5%</b>

## Observations

- FY21 Budget of \$506.6M
- 1H FY21 total revenue was \$187.7M or 37.1% of Adj Budget, \$0.4M lower than the 1H FY20 actual revenue of \$188.1M
- SCW Special Parcel, Benefit Assessment and State Water Project Tax revenues recorded in second-half of the fiscal year
- Groundwater production charges of \$51.9M or 42.9% of Budget and \$9.0M higher than 1H FY20 actuals
- Treated water revenue of \$78.3M or 57.0% of Budget and \$2.2M lower than 1H FY20 actuals
- Capital reimbursements of \$5.1M, which varies year-over-year depending on progress of grant-funded projects

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# Mid-Year Revenue Performance

*Revenues expected to meet budget targets except for Capital Reimbursements*

- Property Tax, State Water Project Tax, SCW Special Parcel Tax and Benefit Assessments are expected to meet or exceed the Adopted Budget.
  - Tax receipts were received in December and January, slightly higher than 50% of budgeted amount
- Groundwater Production Charges and Treated Water Revenue are projected to meet or exceed budget
- Capital reimbursements tracking below budget due to timing issues related to grant reimbursements and project progress

# Mid-Year Operating and Capital Expenditures

*Operating & Capital expenditures estimated to end FY within budgeted levels*

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(\$ in millions)	FY21 Adj Budget	1H FY21 Actuals	1H FY21 % Spent	1H FY20 Actuals	1H FY21 vs 1H FY20	1H FY20 % Spent
General Fund	\$ 69.8	\$ 34.5	49.4%	\$ 26.8	\$ 7.7	45.3%
Watershed & Stream Stewardship Fund	61.9	30.6	49.4%	26.4	4.2	45.2%
Safe Clean Water Fund	21.8	8.1	37.2%	14.6	(6.5)	50.3%
Water Utility Enterprise Fund	250.1	97.9	39.1%	91.1	6.8	39.3%
Service Funds	32.4	14.6	45.1%	11.5	3.1	40.2%
Benefit Assessment Funds	11.2	1.4	12.5%	1.6	(0.2)	14.3%
<b>Total Operating Expenditures</b>	<b>\$ 447.2</b>	<b>\$ 187.1</b>	<b>41.8%</b>	<b>\$ 172.0</b>	<b>\$ 15.1</b>	<b>41.1%</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 12/31/20

(\$ in millions)	FY21 Adj Budget	1H FY21 Actuals	1H FY21 % Spent	1H FY20 Actuals	1H FY21 vs 1H FY20	1H FY20 % Spent
General Fund	\$ 3.0	\$ 0.7	23.3%	\$ 1.2	\$ (0.5)	59.1%
Watershed & Stream Stewardship Fund	76.1	12.6	16.6%	11.8	0.8	20.6%
Safe Clean Water Fund	119.9	46.5	38.8%	50.7	(4.2)	39.2%
Water Utility Enterprise Fund	197.7	68.0	34.4%	52.6	15.4	31.9%
Service Funds	18.7	2.0	10.7%	2.2	(0.2)	13.7%
<b>Total Capital Expenditures</b>	<b>\$ 415.4</b>	<b>\$ 129.8</b>	<b>31.2%</b>	<b>\$ 118.5</b>	<b>\$ 11.3</b>	<b>32.1%</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 12/31/20

## Observations

- FY21 Operating Adjusted Budget of \$447.2M
- 1H FY21 Operating Expenditures of \$187.1M or 41.8% of Adjusted Budget; similar percentage spent levels as 1H FY20
- Debt service on Benefit Assessment Funds is paid in second half of fiscal year

- FY21 Capital Adjusted Budget of \$415.4M
- 1H FY21 Capital Expenditures of \$129.8M or 31.2% of Adjusted Budget; similar percentage spent as compared to 1H FY20



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# Mid-Year Operating and Capital Expenditures

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

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- Operating expenditures, 41.8% of budget, expected to remain within budget by year-end
- Capital expenditures, 31.2% of budget, expected to remain within budget by year-end

# Reserve Balances

*Projected FY21 year-end reserve balances higher than Adopted Budget*

(\$ in millions)	FY21		FY21 Estimate	Estimate vs Adopted		
	Adopted Budget					
Restricted Reserves						
Safe Clean Water Fund	\$	80.4	\$	87.4	\$	7.0
Water Utility Enterprise Fund		59.1		63.8		4.7
Restricted Subtotal	\$	139.5	\$	151.2	\$	11.7
Committed Reserves						
General Fund	\$	5.7	\$	5.8	\$	0.1
Watershed & Stream Stewardship Fund		115.5		92.7		(22.8)
Water Utility Enterprise Fund		71.4		130.3		58.9
Service Funds		17.0		18.8		1.8
Committed Subtotal	\$	209.6	\$	247.6	\$	38.0
Total Reserves	\$	349.1	\$	398.8	\$	49.7

Observations

- FY21 projected reserve balances at year-end \$398.8M, \$49.7M higher than Adopted Budget
- Safe Clean Water reserve \$7.0M higher due to higher Actual reserve balance in FY20
- Watershed & Stream Stewardship Fund reserve \$22.8M lower than Adopted Budget due to higher Actual reserve balance in FY20 (\$7.7M), offset by the anticipated budget adjustment in FY21 for San Francisco Bay Shoreline (\$37.0M)
- Water Utility Enterprise Fund reserve \$58.9M higher due to higher Actual reserve balance in FY20 (\$33.2M) and increase in Debt Proceeds in FY21 (\$26.5M)

Attachment 1

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# Estimate Reserve Balances

*Capital expenditures directly impact estimated reserve balances*

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- All Year-end reserves projected above minimum reserve requirements
- Overall, FY21 year-end projected reserves are \$398.8 million
  - Estimate based on FY20 year-end actual reserve, FY21 current year projections for revenue, financing, and operating and capital expenditures
- Unspent capital project budget 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 lower than budget
- Highlight any significant developments as well as identify any potential budget actions necessary in second half of fiscal year

# QUESTIONS

