



JORDAN VALLEY WATER
CONSERVANCY DISTRICT

**TENTATIVE FINANCIAL PLAN
FOR THE
2018/2019 BUDGET**

July 1, 2018 through June 30, 2019



PARAMETERS FOR BUDGET PREPARATION

- The budget preparation is based on wholesale and retail water deliveries of 96,000 acre feet (2017/2018 was 94,000 acre feet).
 - Wholesale deliveries 87,000 acre feet
 - Retail deliveries 9,000 acre feet
- The budget is based on a 3.8% average increase in wholesale and retail water rates. A water rate study update will be completed by HDR Engineering, with proposed updated seasonal rates for wholesale and retail customers. The Board may approve these rates on a tentative basis during the April board meeting, when approving the tentative budget.
- Generate a surplus of between \$6 million and \$8 million for capital needs and reserves. This includes the Capital Projects Fund, Repair & Replacement Reserve Fund, Development Fee Fund, Operation and Maintenance Budgeted Asset Account, and Emergency Reserve/Self Insurance Fund.
- Capital Project expenditures of \$46 million (net) in fiscal 2018/2019. Major projects include: Central Water Project (CWP), Southwest Aqueduct extension, 10200 South pipeline, steel reservoir coating systems, and scheduled distribution pipeline replacements.
- The currently projected certified tax rate would generate property tax revenues of approximately \$17.2 million for the 2018/2019 fiscal year (net of RDA outlays). The District, for the current budget parameters, anticipates holding a Truth in Taxation public hearing to increase its tax rate higher than the projected certified tax rate. Public hearing to be held in August 2017.
- A minimum balance of approximately \$5.4 million is required by bond covenants to be maintained in the Revenue Fund (25% of yearly debt service amount).
- A minimum balance of three months working capital is required by bond covenants to be maintained in the Operation and Maintenance Fund (currently defined as \$5.7 million). This reserve amount will be increased over the next few years to approximately \$7 million.
- Budgeted Operation and Maintenance expenses with an overall target increase between 2.5% and 2.7% (plus additional CWP water purchases and CUP O,M,R&R). Personnel adjustments are anticipated at a 3.2% increase, split between the step-system and merit increases.
- No new personnel positions in the 2018/2019 budget.



OVERVIEW - 2018/2019 BUDGET

SOURCES OF FUNDS	2016/2017	2017/2018	2018/2019	Budget to Budget	
	Actual	Budget	Budget	\$ Variance	% Var.
Water Sales - Wholesale	\$ 43,267,525	\$ 42,759,000	\$ 45,283,500	\$ 2,524,500	5.9%
Water Sales - Retail	6,539,184	6,684,100	6,915,400	231,300	3.5%
Property Tax Revenue	14,967,926	16,931,000	18,493,700	1,562,700	9.2%
Investment Income	1,073,336	940,500	1,368,900	428,400	45.6%
Connection Fees	391,388	249,500	270,300	20,800	8.3%
Other	1,508,692	1,480,000	1,600,000	120,000	8.1%
Subtotal	67,748,051	69,044,100	73,931,800	4,887,700	7.1%
Capital Projects (net)	33,411,917	43,753,397	46,872,752	3,119,355	7.1%
Capital Projects (reimb.)	3,395,792	2,879,060	1,307,695	(1,571,365)	-54.6%
JVCGF Contributions	225,867	90,000	468,000	378,000	420.0%
Issuance Cost (bond proceeds)	-	-	400,000	400,000	N/A
Total Sources	\$ 104,781,627	\$ 115,766,557	\$ 122,980,247	\$ 7,213,690	6.2%
USES OF FUNDS	2016/2017	2017/2018	2018/2019	Budget to Budget	
	Actual	Budget	Budget	\$ Variance	% Var.
Operation and Maintenance	\$ 38,573,257	\$ 42,338,574	\$ 44,779,785	\$ 2,441,211	5.8%
Bond Principal and Interest	19,188,677	21,520,398	21,476,393	(44,005)	-0.2%
Transfers to Reserve Funds:					
• Capital Projects Fund	6,783,990	3,235,628	5,408,222	2,172,594	67.1%
• Development Fee Fund	391,388	249,500	270,300	20,800	8.3%
• O&M Budgeted Assets Acct	900,000	700,000	812,000	112,000	16.0%
• Emergency Reserve Fund	300,000	300,000	378,000	78,000	26.0%
• Other Maint Reserve Funds	-	-	7,100	7,100	N/A
• Revenue Fund	900,000	200,000	300,000	100,000	50.0%
• Operation & Maint. Fund	500,000	500,000	500,000	-	0.0%
Total Transfers	9,775,378	5,185,128	7,675,622	2,490,494	48.0%
Subtotal	67,537,312	69,044,100	73,931,800	4,887,700	7.1%
Capital Projects (gross)	36,807,709	46,632,457	48,180,447	1,547,990	3.3%
JVCGF Contributions	225,867	90,000	468,000	(1,193,365)	420.0%
Issuance Cost (bond proceeds)	-	-	400,000	400,000	N/A
Total Uses	\$ 104,570,888	\$ 115,766,557	\$ 122,980,247	\$ 5,642,325	6.2%

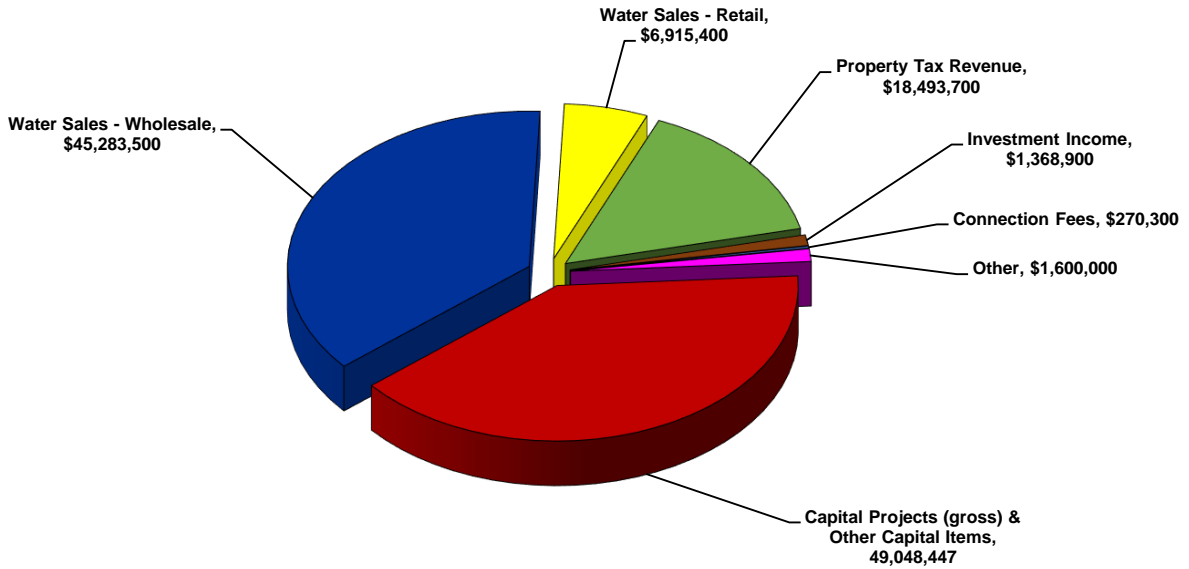
Non-cash expenses and accruals*

Depreciation & amortization	\$ 8,374,704	\$ 8,500,000	\$ 8,700,000	\$ 200,000	2.4%
Net pension expense	327,654	335,000	345,000	10,000	3.0%
OPEB expense	330,872	340,000	350,000	10,000	2.9%
	\$ 9,033,230	\$ 9,175,000	\$ 9,395,000	\$ 220,000	2.4%

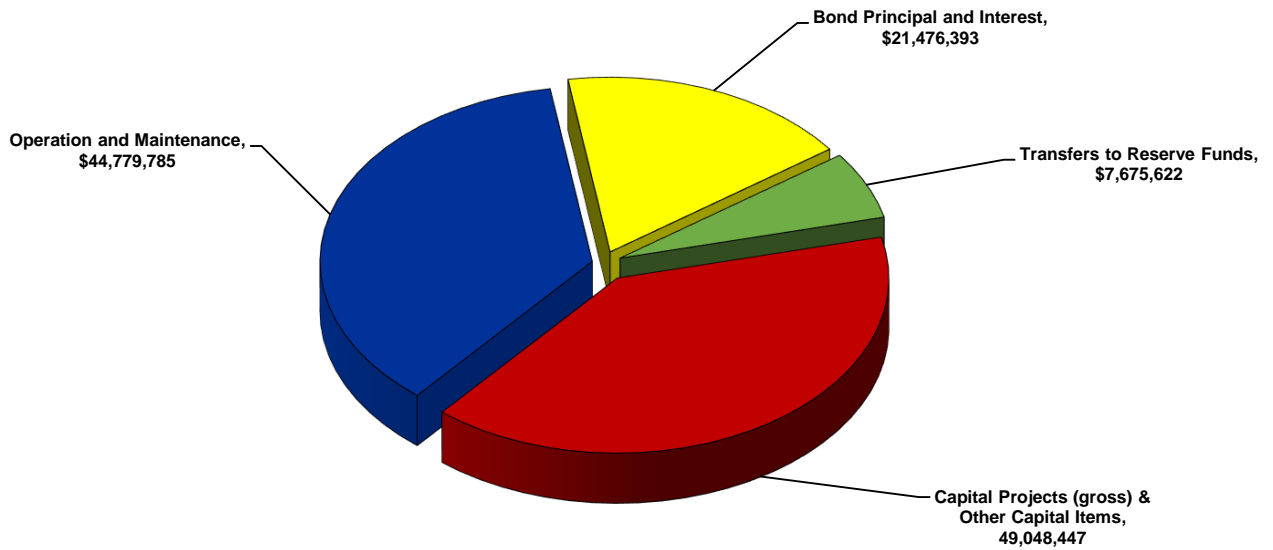
* These are non-cash expenses and accruals, not included in the operating budget, but disclosed here for reference. The operating budget is prepared on a modified accrual basis.



SOURCES



USES





REVENUE DETAIL

REVENUE SOURCE	2016/2017	2017/2018	2018/2019	Budget to Budget	
	Actual	Budget	Budget	\$ Variance	% Var.
Water Sales					
Wholesale Deliveries	\$ 43,094,725	\$ 42,585,000	\$ 45,109,500	\$ 2,524,500	5.9%
Wholesale Meter Flat Charge	172,800	174,000	174,000	-	0.0%
Retail Deliveries	6,096,894	6,246,000	6,466,500	220,500	3.5%
Retail Meter Charges	389,359	387,000	394,000	7,000	1.8%
Other Fees	18,200	17,000	19,000	2,000	11.8%
Fire Line Charges	34,731	34,100	35,900	1,800	5.3%
	<u>49,806,709</u>	<u>49,443,100</u>	52,198,900	2,755,800	5.6%
Property Tax Revenue	14,967,926	16,931,000	18,493,700	1,562,700	9.2%
Interest Income	1,073,336	940,500	1,368,900	428,400	45.6%
Connection Fees - Retail System	391,388	249,500	270,300	20,800	8.3%
Miscellaneous Revenue					
O&M Cost Sharing	793,839	760,000	790,000	30,000	3.9%
Other Revenues	714,853	720,000	810,000	90,000	12.5%
	<u>1,508,692</u>	<u>1,480,000</u>	1,600,000	120,000	8.1%
Total Revenues	<u>\$ 67,748,051</u>	<u>\$ 69,044,100</u>	<u>\$ 73,931,800</u>	<u>\$ 4,887,700</u>	<u>7.1%</u>



OPERATION AND MAINTENANCE DETAIL

Obj No.	Description	2016/2017	2017/2018	2018/2019	Budget to Budget	
		Actual	Budget	Budget	\$ Variance	% Var.
5110	Employee Salaries & Benefits	\$14,794,960	\$16,273,584	\$16,646,126	\$ 372,542	2.3%
5170	General Admin & Uniforms	166,318	194,040	196,165	2,125	1.1%
5180	Tuition Reimbursement	37,508	70,000	65,000	(5,000)	-7.1%
5210	Insurance	706,584	749,420	775,966	26,546	3.5%
5220	Office Supplies	51,854	47,976	48,946	970	2.0%
5230	Computer Equipment	563,440	658,141	665,233	7,092	1.1%
5250	Mailing	94,281	111,640	109,042	(2,598)	-2.3%
5260	Safety	67,240	77,227	88,110	10,883	14.1%
5270	Public Relations	87,062	225,975	185,750	(40,225)	-17.8%
5280	Prof Consulting	123,015	241,350	217,100	(24,250)	-10.0%
5282	Prof Consulting - Audit	15,800	24,800	24,800	-	0.0%
5284	Prof Consulting - Legal	313,263	317,750	407,750	90,000	28.3%
5286	Bond and Bank Fees	409,047	414,150	422,500	8,350	2.0%
5290	Training & Education	222,181	339,034	327,530	(11,504)	-3.4%
5310	Tools & Equipment	217,965	260,543	248,109	(12,434)	-4.8%
5320	Lubricants	6,244	7,745	6,945	(800)	-10.3%
5330	Parts - General Equip	86,990	96,892	109,101	12,209	12.6%
5340	Fuel	119,000	128,790	134,040	5,250	4.1%
5350	Buildings & Grounds Maint	410,652	442,130	448,950	6,820	1.5%
5360	Scheduled Maintenance	218,372	333,480	395,810	62,330	18.7%
5380	Repair & Replacement	794,505	982,890	965,652	(17,238)	-1.8%
5390	Utility Location	21,492	26,050	26,050	-	0.0%
5400	General Property	92,598	147,950	147,950	-	0.0%
5410	Electrical Power	4,477,060	4,291,937	4,344,225	52,288	1.2%
5420	Heat	175,307	178,350	171,279	(7,071)	-4.0%
5430	Sewer	21,272	22,696	24,516	1,820	8.0%
5440	Water	42,499	41,980	43,680	1,700	4.0%
5450	Phone & Telemetry	14,743	15,912	15,972	60	0.4%
5530	Lease	41,696	42,190	42,488	298	0.7%
5670	Conservation Programs	381,241	623,180	689,860	66,680	10.7%
5710	Chemicals	1,239,782	1,466,707	1,499,977	33,270	2.3%
5720	Lab	115,117	153,075	157,825	4,750	3.1%
5750	Water Quality - Field	8,152	26,860	26,860	-	0.0%
5770	Water Quality - Analysis	281,897	449,101	457,716	8,615	1.9%
5810	Water Purchases	11,312,137	11,962,520	13,757,660	1,795,140	15.0%
5820	Water Stock Assessments	841,983	892,509	885,102	(7,407)	-0.8%
Total Expenses		\$38,573,257	\$42,338,574	\$44,779,785	\$ 2,441,211	5.8%

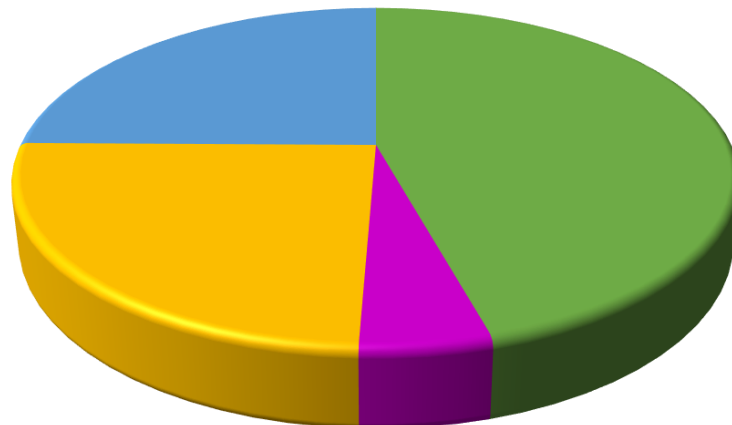


O&M BUDGETED ASSETS ACCOUNT OVERVIEW

Sources of Funds

Beginning Balance July 1, 2018:	\$340,000
Transfer from 2017/2018 year-end surplus	900,000
Conservation Garden Park fundraising	468,000
Interest Income	12,000
Total Sources	1,380,000

Account	Description	Budgeted 2017/2018	Budgeted 2018/2019	Budget to Budget	
				\$ Variance	% Var.
140 6010	Conservation Assets	\$150,000	\$ 755,000	\$ 605,000	403.3%
190 6010	IS Equipment	82,000	82,000	0	0.0%
192 6010	Office Equipment	0	0	0	N/A
194 6010	Telemetry Equipment	0	0	0	N/A
196 6010	General Equipment	515,350	406,000	(109,350)	-21.2%
198 6010	New Vehicles	390,000	410,000	20,000	5.1%
Total Uses		\$1,137,350	\$1,653,000	\$ 515,650	45.3%
Ending Balance June 30, 2019:			\$67,000		





SUMMARY OF CAPITAL PROJECT EXPENDITURES

<p>CP1 Category: Major rehabilitation or replacement of existing facilities.</p> <p>Example Projects: Distribution pipeline replacements, microwave communications equipment replacements, SCADA system replacement, headquarters site paving and upgrades.</p>	<p>\$ 12,239,896</p> <p>(760,867) *</p> <hr/> <p>11,479,029</p>
<p>CP2 Category: New facilities needed for compliance or functional upgrades, but provide no new system capacity.</p> <p>Example Projects: Equipment and emergency response facility, southeast collection system upgrades, zone D chemical feed facility, JWTP reclaim water and solids handling improvements, Union Jordan area system improvements, reservoir chlorine boosters.</p>	<p>4,496,535</p> <p>(546,828) *</p> <hr/> <p>3,949,707</p>
<p>CP3 Category: New water supply, treatment, conveyance, or storage facilities which provide new system capacity.</p> <p>Example Projects: Central Water Project, Southwest Aqueduct Reach 1, 11800 south pump station upgrades.</p>	<p>31,024,016</p> <p>- *</p> <hr/> <p>31,024,016</p>
<p>CP4 Category: Projects to serve lands currently outside current District boundaries.</p> <p>Example Projects: WFRP right-of-way acquisition</p>	<p>420,000</p> <p>- *</p> <hr/> <p>420,000</p>
<p>TOTAL OF ALL CATEGORIES (GROSS)</p>	<hr/> <p>\$ 48,180,447</p>
<p>*amounts shown in red are reimbursements (MWDSLS, grants, etc.)</p>	<p>\$ (1,307,695)</p>
<p>TOTAL OF ALL CATEGORIES (NET)</p>	<hr/> <p>\$ 46,872,752</p>



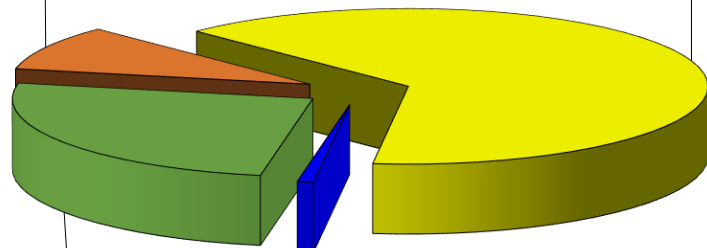
SUMMARY OF CAPITAL PROJECT EXPENDITURES

CAPITAL PROJECT EXPENDITURES

Gross Total \$48,180,447

CP2: New Facilities / No New Capacity, \$4,496,535

CP3: New Facilities / New Capacity, \$31,024,016



CP4: Outside District Boundaries, \$420,000

CP1: Existing Facilities Replacement, \$12,239,896