



JORDAN VALLEY WATER
CONSERVANCY DISTRICT

TENTATIVE FINANCIAL PLAN
FOR THE
2019/2020 BUDGET

July 1, 2019 through June 30, 2020



PARAMETERS FOR BUDGET PREPARATION

- The budget preparation is based on wholesale and retail water deliveries of 99,000 acre feet (2018/2019 was 96,000 acre feet). Budgeted water deliveries do not include an adjustment for minimum purchase contracts either missed or carried over, as historically those adjustments have been immaterial (0.3%).
 - Wholesale deliveries 90,000 acre feet
 - Retail deliveries 9,000 acre feet
- A water rate study update will be completed by HDR Engineering, with a recommended water rate adjustment and proposed updated 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 \$8 million and \$10 million for capital needs and reserves. This includes the Capital Projects Fund, Repair & Replacement Reserve Fund, Development Fee Fund, General Equipment Fund, and Emergency Reserve/Self Insurance Fund.
- Capital Project expenditures of \$34 million (net) in fiscal 2019/2020. Major projects include: Central Water Project (CWP), 10200 South pipeline, JVVTP improvements, water quality improvements, and scheduled distribution pipeline replacements.
- The currently projected certified tax rate would generate property tax revenues of approximately \$19.5 million for the 2019/2020 fiscal year (net of RDA outlays and including new growth). The District, for the current budget parameters, does not plan on an increase to its certified tax rate, but will hold a date open in August 2019 for a possible hearing, pending receipt of the actual certified rate.
- A minimum balance of approximately \$5.6 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 \$6.2 million). This reserve amount will be increased over the next few years to approximately \$7 million.
- Budgeted Operation and Maintenance expenses will be based on level of service with inflationary increases and cost increases related to higher water demands (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 2019/2020 budget.



OVERVIEW - 2019/2020 BUDGET

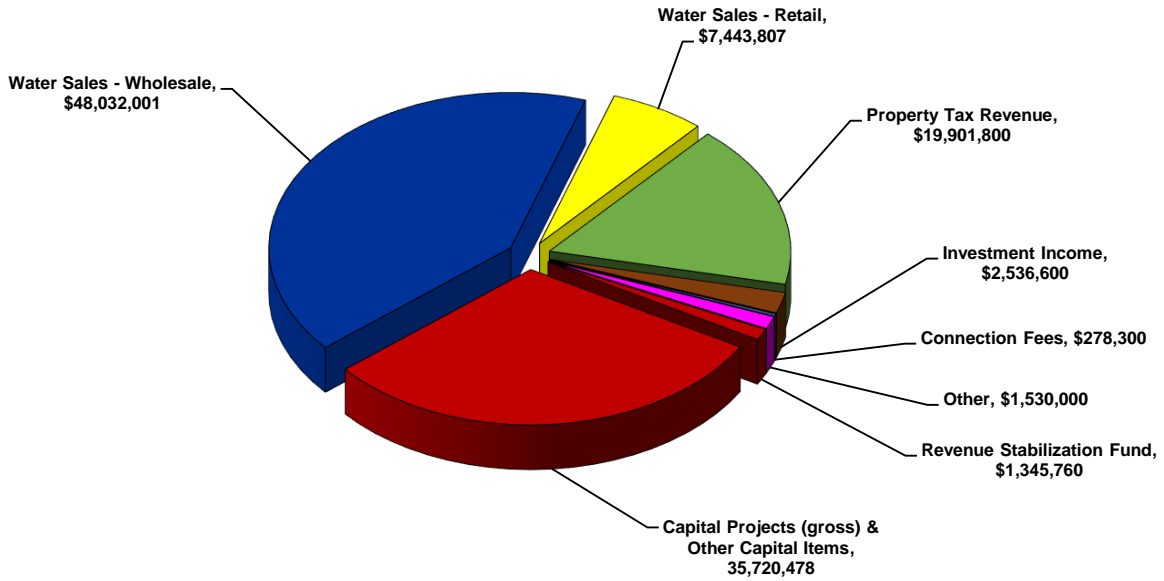
SOURCES OF FUNDS	2017/2018	2018/2019	2019/2020	Budget to Budget	
	Actual	Budget	Budget	\$ Variance	% Var.
Water Sales - Wholesale	\$ 44,669,433	\$ 45,250,000	\$ 48,032,001	\$ 2,782,001	6.1%
Water Sales - Retail	7,124,267	6,948,900	7,443,807	494,907	7.1%
Property Tax Revenue	18,203,887	19,203,750	19,901,800	698,050	3.6%
Investment Income	1,651,609	1,368,900	2,536,600	1,167,700	85.3%
Connection Fees	302,368	270,300	278,300	8,000	3.0%
Other	1,404,560	1,600,000	1,530,000	(70,000)	-4.4%
Subtotal	73,356,124	74,641,850	79,722,508	5,080,658	6.8%
Revenue Stabiliz. Fund (rates)	-	-	1,345,760	1,345,760	N/A
Capital Projects (net)	36,425,048	46,872,752	33,955,470	(12,917,282)	-27.6%
Capital Projects (reimb.)	1,338,915	1,307,695	1,575,908	268,213	20.5%
JVCGF Contributions	22,678	468,000	189,100	(278,900)	-59.6%
Issuance Cost (bond proceeds)	747,725	400,000	-	(400,000)	N/A
Total Sources	\$ 111,890,490	\$ 123,690,297	\$ 116,788,746	\$ (6,901,551)	-5.6%
USES OF FUNDS					
Operation and Maintenance	\$ 40,029,461	\$ 44,779,785	\$ 46,590,681	\$ 1,810,896	4.0%
Bond Principal and Interest	20,437,815	21,476,393	22,318,935	842,542	3.9%
Transfers to Reserve Funds:					
• Replacement Reserve Fund	4,556,508	5,458,272	8,766,152	3,307,880	60.6%
• Development Fee Fund	302,368	270,300	278,300	8,000	3.0%
• General Equipment Fund	700,000	800,000	679,400	(120,600)	-15.1%
• Emergency Reserve Fund	300,000	300,000	300,000	-	0.0%
• Interest Allocated to Funds	1,078,116	757,100	1,634,800	877,700	115.9%
• Revenue Stabilization Fund	5,451,856	-	-	N/A	N/A
• Revenue Fund	-	300,000	200,000	(100,000)	-33.3%
• Operation & Maint. Fund	500,000	500,000	300,000	(200,000)	-40.0%
Total Transfers	12,888,848	8,385,672	12,158,652	3,772,980	45.0%
Subtotal	73,356,124	74,641,850	81,068,268	6,426,418	8.6%
Capital Projects (gross)	37,763,963	48,180,447	35,531,378	(12,649,069)	-26.3%
JVCGF Contrib. Projects	22,678	468,000	189,100	(278,900)	-59.6%
Issuance Cost (bond proceeds)	747,725	400,000	-	(400,000)	N/A
Total Uses	\$ 111,890,490	\$ 123,690,297	\$ 116,788,746	\$ (6,901,551)	-5.6%

Non-cash expenses and accruals*					
Depreciation & amortization	\$ 7,948,082	\$ 8,000,000	\$ 8,200,000	\$ 200,000	2.5%
Net pension expense	(134,138)	(171,000)	(171,000)	-	0.0%
OPEB expense	373,971	391,000	407,000	16,000	4.1%
	\$ 8,187,915	\$ 8,220,000	\$ 8,436,000	\$ 216,000	2.6%

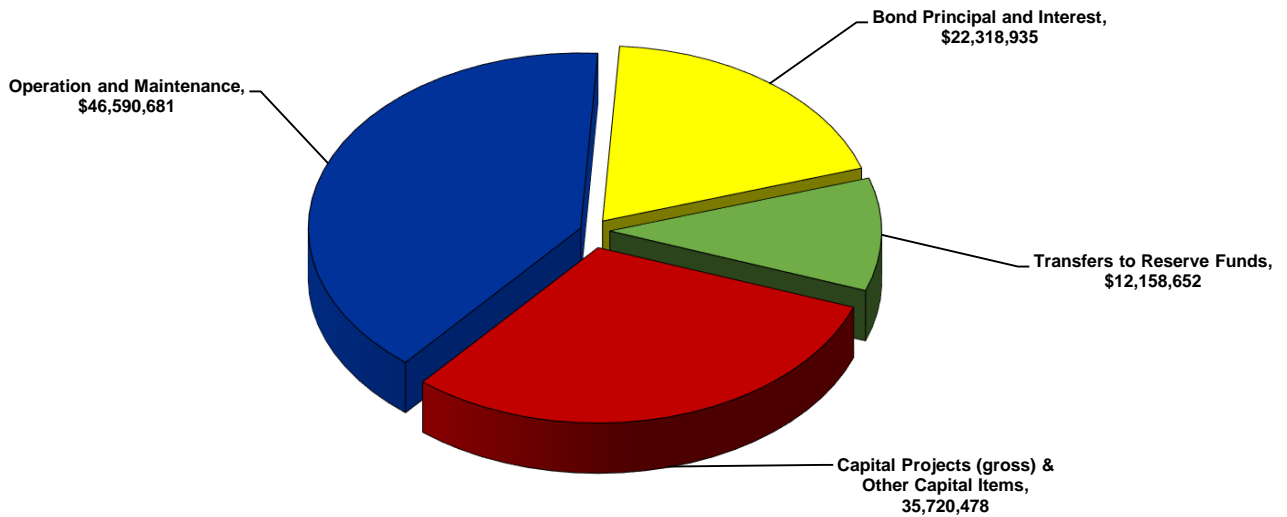
* These are non-cash expenses and accruals, not included in the operating budget, but disclosed here for reference. The operating budget is prepared on a modified accrual basis.



SOURCES



USES





REVENUE DETAIL

REVENUE SOURCE	2017/2018	2018/2019	2019/2020	Budget to Budget	
	Actual	Budget	Budget	\$ Variance	% Var.
Water Sales					
Wholesale Deliveries	\$ 44,494,647	\$ 45,075,600	\$ 47,854,001	\$ 2,778,401	6.2%
Wholesale Meter Flat Charge	174,786	174,400	178,000	3,600	2.1%
Retail Deliveries	6,668,375	6,500,000	6,983,107	483,107	7.4%
Retail Meter Charges	393,364	394,000	396,000	2,000	0.5%
Other Fees	27,280	19,000	27,000	8,000	42.1%
Fire Line Charges	35,248	35,900	37,700	1,800	5.0%
	<u>51,793,700</u>	<u>52,198,900</u>	55,475,808	3,276,908	6.3%
Property Tax Revenue	18,203,887	19,203,750	19,901,800	698,050	3.6%
Interest Income	1,651,609	1,368,900	2,536,600	1,167,700	85.3%
Connection Fees - Retail System	302,368	270,300	278,300	8,000	3.0%
Miscellaneous Revenue					
O&M Cost Sharing	661,084	790,000	770,000	(20,000)	-2.5%
Other Revenues	743,476	810,000	760,000	(50,000)	-6.2%
	<u>1,404,560</u>	<u>1,600,000</u>	1,530,000	(70,000)	-4.4%
Total Revenues	<u>\$ 73,356,124</u>	<u>\$ 74,641,850</u>	<u>\$ 79,722,508</u>	<u>\$ 5,080,658</u>	<u>6.8%</u>



OPERATION AND MAINTENANCE DETAIL

Obj No.	Description	2017/2018	2018/2019	2019/2020	Budget to Budget	
		Actual	Budget	Budget	\$ Variance	% Var.
5110	Employee Salaries & Benefits	\$15,621,929	\$16,646,126	\$16,591,393	\$ (54,733)	-0.3%
5170	General Admin & Uniforms	159,552	196,165	188,770	(7,395)	-3.8%
5180	Tuition Reimbursement	39,054	65,000	50,000	(15,000)	-23.1%
5210	Insurance	703,611	775,966	807,664	31,698	4.1%
5220	Office Supplies	33,811	48,946	54,746	5,800	11.8%
5230	Computer Equipment	655,807	665,233	674,903	9,670	1.5%
5250	Mailing	89,166	109,042	98,962	(10,080)	-9.2%
5260	Safety	64,769	88,110	76,824	(11,286)	-12.8%
5270	Public Relations	151,393	185,750	192,300	6,550	3.5%
5280	Prof Consulting	117,096	217,100	254,198	37,098	17.1%
5282	Prof Consulting - Audit	18,850	24,800	25,900	1,100	4.4%
5284	Prof Consulting - Legal	609,094	407,750	407,750	-	0.0%
5286	Bond and Bank Fees	413,187	422,500	435,950	13,450	3.2%
5290	Training & Education	196,935	327,530	331,931	4,401	1.3%
5310	Tools & Equipment	232,538	248,109	257,280	9,171	3.7%
5320	Lubricants	7,217	6,945	10,445	3,500	50.4%
5330	Parts - General Equip	95,096	109,101	94,455	(14,646)	-13.4%
5340	Fuel	128,856	134,040	148,440	14,400	10.7%
5350	Buildings & Grounds Maint	350,019	448,950	515,668	66,718	14.9%
5360	Scheduled Maintenance	194,568	395,810	395,701	(109)	0.0%
5380	Repair & Replacement	825,681	965,652	1,009,402	43,750	4.5%
5390	Utility Location	21,910	26,050	28,050	2,000	7.7%
5400	General Property	118,033	147,950	157,950	10,000	6.8%
5410	Electrical Power	3,784,554	4,344,225	4,401,923	57,698	1.3%
5420	Heat	196,606	171,279	183,044	11,765	6.9%
5430	Sewer	24,592	24,516	28,528	4,012	16.4%
5440	Water	34,584	43,680	38,820	(4,860)	-11.1%
5450	Phone & Telemetry	15,943	15,972	16,104	132	0.8%
5530	Lease	40,515	42,488	44,062	1,574	3.7%
5670	Conservation Programs	444,164	689,860	655,040	(34,820)	-5.0%
5710	Chemicals	1,429,992	1,499,977	1,773,583	273,606	18.2%
5720	Lab	105,703	157,825	150,550	(7,275)	-4.6%
5750	Water Quality - Field	22,245	26,860	27,070	210	0.8%
5770	Water Quality - Analysis	293,243	457,716	411,461	(46,255)	-10.1%
5810	Water Purchases	11,862,937	13,757,660	15,158,995	1,401,335	10.2%
5820	Water Stock Assessments	926,211	885,102	892,819	7,717	0.9%
Total Expenses		\$40,029,461	\$44,779,785	\$46,590,681	\$ 1,810,896	4.0%



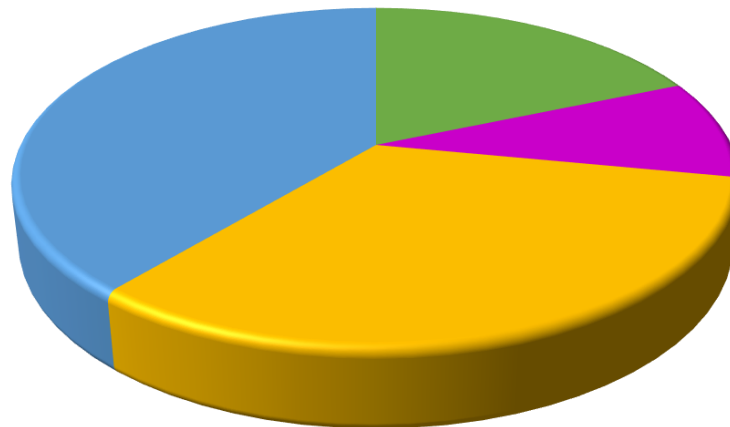
GENERAL EQUIPMENT FUND OVERVIEW

Sources of Funds

Beginning Balance July 1, 2019:	\$ 250,000
PayGo Capital Transfer from 2018/2019	800,000
Conservation Garden Park fundraising	189,100
Interest Income	18,000
Total Sources	1,007,100

Uses of Funds

Account	Description	Budgeted 2018/2019	Budgeted 2019/2020	Budget to Budget	
				\$ Variance	% Var.
140 6010	Conservation Assets	\$ 755,000	\$ 161,500	\$ (593,500)	-78.6%
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	406,000	287,000	(119,000)	-29.3%
198 6010	New Vehicles	410,000	338,000	(72,000)	-17.6%
Total Uses		\$ 1,653,000	\$ 868,500	\$ (784,500)	-47.5%
Ending Balance June 30, 2020:			\$ 388,600		





DEBT SERVICE SCHEDULE & LONG-TERM DEBT SUMMARY

Debt Service Payment Due:	Orig. Issue Amount	Maturity Date	Outstanding Bal. 7/1/2019	October 1, 2019		April 1, 2020		Total
				Principal	Interest	Principal	Interest	
2008 B1 Refunding Bonds*	64,665,000	10/1/37	61,665,000	\$ 2,200,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 4,200,000
2009B Bonds -BABs ^a	26,850,000	10/1/39	21,490,000	680,000	445,425	-	-	1,125,425
2009C Bonds (Utah Brd of Wtr Resource)	3,600,000	10/1/34	2,499,000	157,000	-	-	-	157,000
2010A Bonds - BABs (Utah Drinking Wtr Brd)	3,000,000	4/1/21	698,000	-	-	346,000	7,441	353,441
2010C Bonds - BABs ^a	15,550,000	10/1/25	15,470,000	1,360,000	246,890	-	228,765	1,835,655
2011A Refunding Bonds	16,945,000	10/1/25	10,075,000	1,225,000	233,275	-	202,650	1,660,925
2011B Bonds ^a	50,000,000	10/1/41	750,000	250,000	13,750	-	10,000	273,750
2013A Refunding Bonds	6,700,000	10/1/22	4,225,000	805,000	68,200	-	60,150	933,350
2014A Bonds & Refunding Bonds	50,000,000	10/1/44	27,870,000	1,275,000	658,525	-	626,650	2,560,175
2016A&B Bonds & Refunding Bonds	63,920,000	10/1/46	62,150,000	895,000	1,544,625	-	1,526,725	3,966,350
2017A Refunding Bonds	9,880,000	10/1/28	9,135,000	750,000	203,450	-	188,450	1,141,900
2017B Refunding Bonds ^a	77,140,000	10/1/41	77,140,000	-	1,673,775	-	1,673,775	3,347,550
2017B Refunding Escrow ^a	(31,801,127)	10/1/20	(30,672,808)	-	(622,944)	-	(231,919)	(854,863)
2019A Bonds	29,030,000	10/1/49	29,030,000	-	902,577	-	715,700	1,618,277
TOTAL			\$291,524,192	\$ 9,597,000	\$ 6,367,548	\$ 346,000	\$ 6,008,387	\$ 22,318,935
				\$15,964,548		\$6,354,387		

* Variable rate debt, interest paid monthly

^a Series 2017B bonds were issued in December 2017 to refund Series 2009B, 2010C, and 2011B bonds. A crossover refunding method was used to refund the Series 2009B and 2010C Taxable Build America Bonds, which includes an escrow investment fund until the crossover dates, in 2019 and 2020. An advance refunding was used to refund the Series 2011B Tax Exempt Revenue Bonds.



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, headquarters site paving and upgrades, JWWTW filter air scour system replacement.</p>	<p>\$ 9,579,962</p> <p>(813,810) *</p> <hr/> <p>8,766,152</p>
<p>CP2 Category: New facilities needed for compliance or functional upgrades, but provide no new system capacity.</p> <p>Example Projects: Southeast collection system upgrades, zone D chemical feed facility, JWWTW reclaim water and solids handling improvements, vehicle/water trailer storage buildings, equipment storage facility at JWWTW, landscape improvements at existing sites.</p>	<p>5,004,808</p> <p>(762,098) *</p> <hr/> <p>4,242,710</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, 10200 South Zone B pipeline, water right purchases.</p>	<p>20,696,708</p> <p>- *</p> <hr/> <p>20,696,708</p>
<p>CP4 Category: Projects to serve lands currently outside current District boundaries.</p> <p>Example Projects: WFRP right-of-way acquisition</p>	<p>249,900</p> <p>- *</p> <hr/> <p>249,900</p>
<p>TOTAL OF ALL CATEGORIES (GROSS)</p>	<hr/> <p>\$ 35,531,378</p>
<p>*amounts shown in red are reimbursements (MWDSLS, grants, etc.)</p>	<p>\$ (1,575,908)</p>
<p>TOTAL OF ALL CATEGORIES (NET)</p>	<hr/> <p>\$ 33,955,470</p>



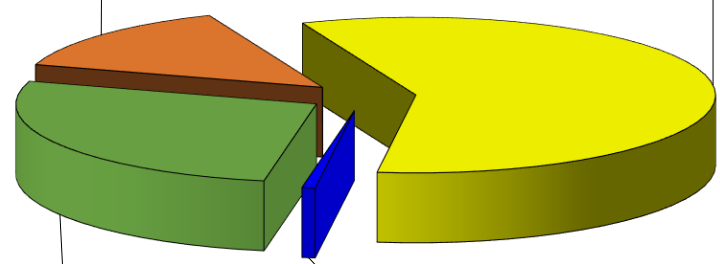
SUMMARY OF CAPITAL PROJECT EXPENDITURES

CAPITAL PROJECT EXPENDITURES

Gross Total \$35,531,378

CP2: New Facilities / No New Capacity, \$5,004,808

CP3: New Facilities / New Capacity, \$20,696,708



CP4: Outside District Boundaries, \$249,900

CP1: Existing Facilities Replacement, \$9,579,962