

**FY 2020 – 2021  
WATER BUDGET**



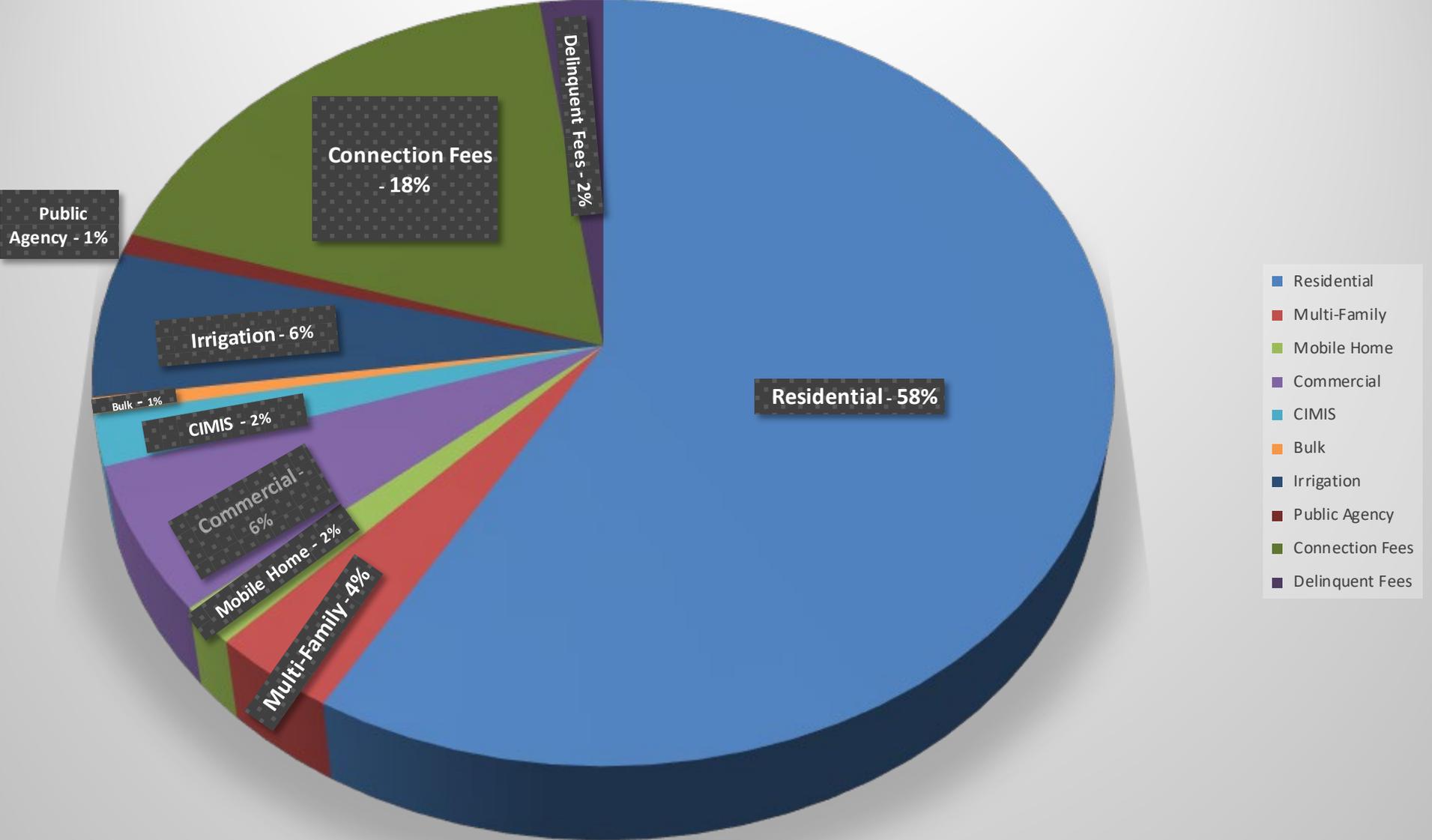
# **WATER BUDGET**

## **FY 2020 - 2021**

# OPERATING REVENUE

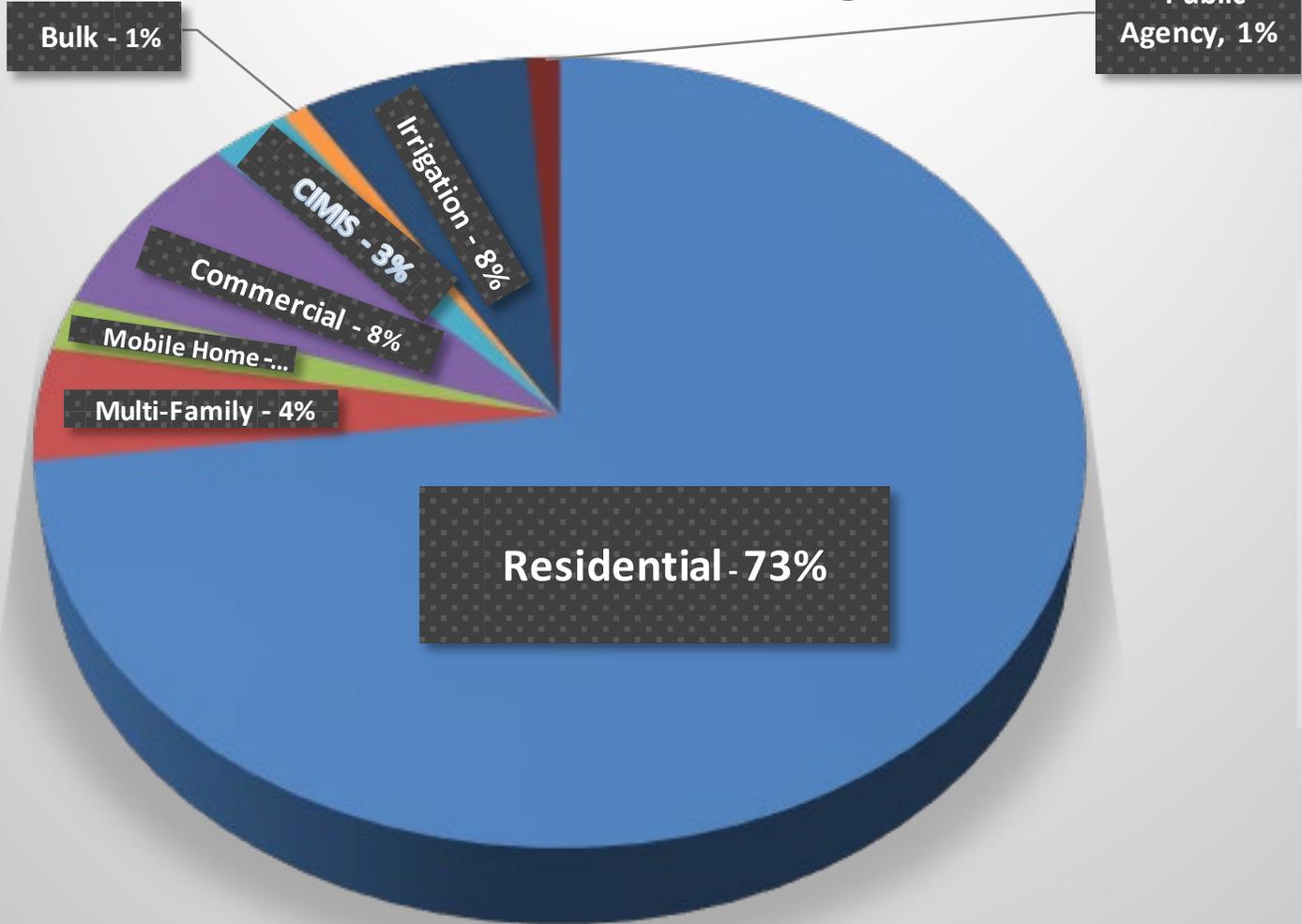
		<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
		<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Budget</b>
<b>Revenues:</b>						
<b>Operating Revenues:</b>						
Residential	\$	5,026,572	4,852,702	4,962,655	4,669,420	4,681,094
Multi-Family		291,532	281,794	285,319	294,087	294,822
Mobile Home		134,265	135,796	136,725	135,616	135,955
Commercial		-	(59)	-	165,549	497,888
CIMIS		-	-	-	57,987	174,395
Bulk		-	-	-	17,515	52,676
Irrigation		430,570	436,917	463,357	456,509	493,029
Public Agency		-	-	-	23,605	70,991
Connection Fees		1,571,473	1,592,368	1,592,592	1,535,647	1,435,464
Delinquent Fees		180,634	172,293	173,249	174,837	176,585
Returned Checks		4,775	6,325	6,801	6,133	6,195
Disconnect/Reconnect		80,466	70,708	70,355	68,742	69,429
Turn On Fee		42,906	40,650	39,659	40,278	40,681
Standby		202,664	207,815	181,616	176,120	177,001
<b>Total operating revenues</b>	\$	<b>7,965,857</b>	<b>7,797,312</b>	<b>7,912,328</b>	<b>7,822,044</b>	<b>8,306,205</b>

# Operating Revenue





# FY 2020/21 Budget

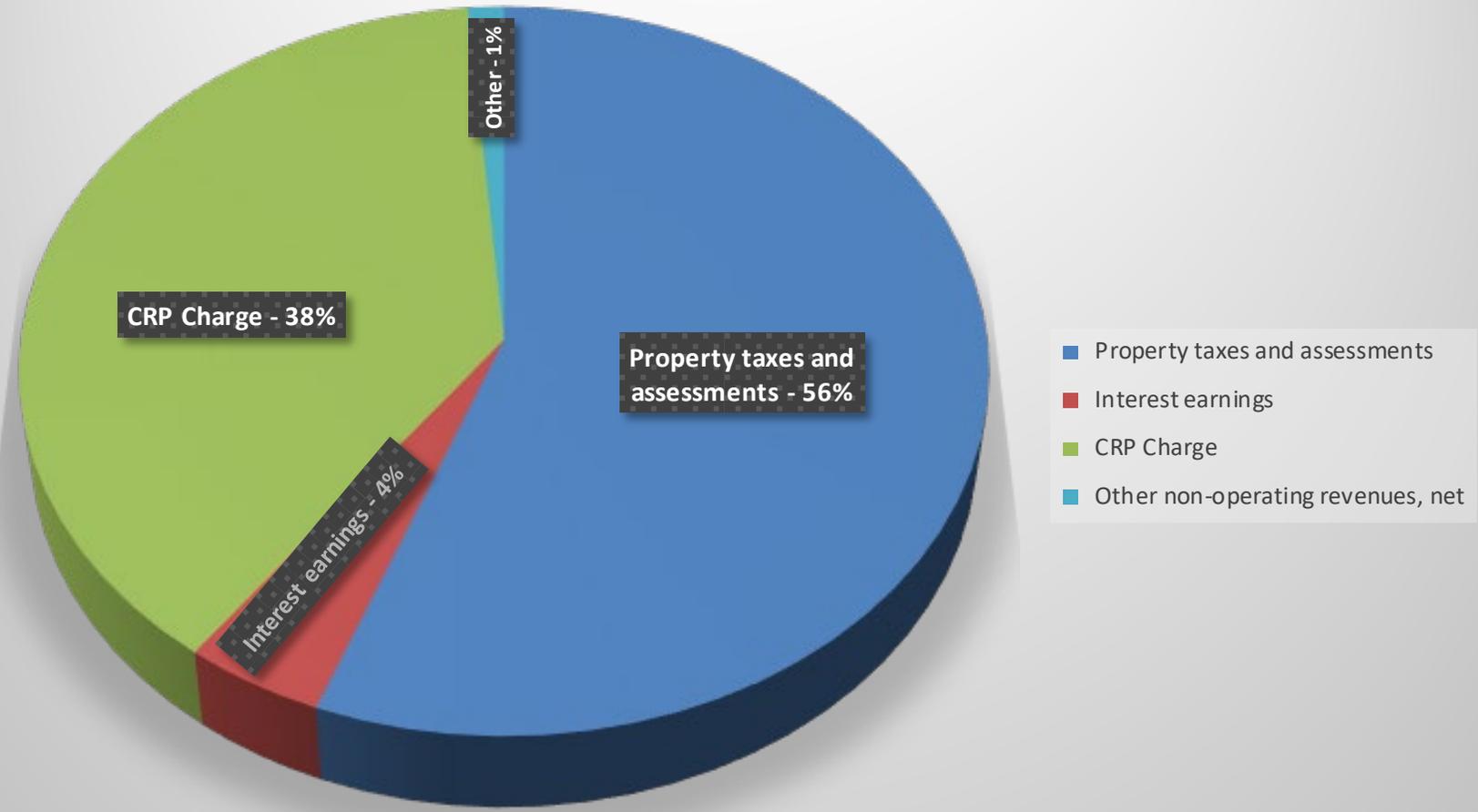


- Residential
- Multi-Family
- Mobile Home
- Commercial
- CIMIS
- Bulk
- Irrigation
- Public Agency

# **NON-OPERATING REVENUE**

		<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
		<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Budget</b>
<b>Non-Operating Revenues:</b>						
Property taxes and assessments		1,538,716	1,634,342	1,592,965	1,610,000	1,642,200
Interest earnings		104,769	151,336	120,057	126,961	127,504
CRP Charge		1,052,307	1,065,563	1,074,238	1,122,904	1,134,133
Morongo Basin Pipeline Project Surcharge		550,632	557,752	-	51,052	-
Other non-operating revenues, net		135,807	194,528	33,547	68,159	38,237
<b>Total non-operating revenues</b>	\$	<b>3,382,230</b>	<b>3,603,521</b>	<b>2,820,807</b>	<b>2,979,076</b>	<b>2,942,075</b>
<b>Total Revenues</b>	\$	<b>11,348,088</b>	<b>11,400,833</b>	<b>10,733,135</b>	<b>10,801,120</b>	<b>11,248,280</b>

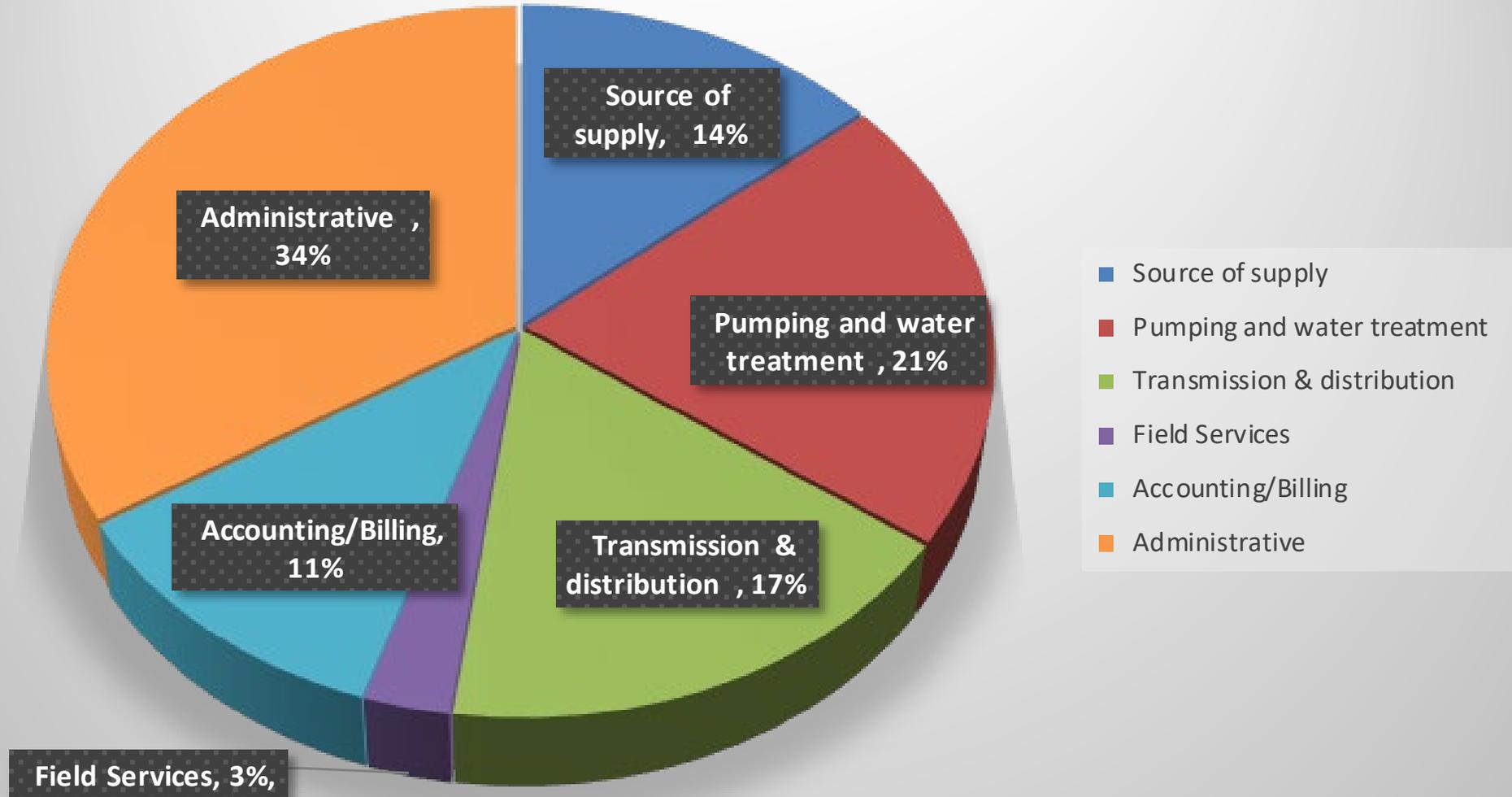
# Non-Operating Revenue



# OPERATING EXPENDITURE

<b>Hi-Desert Water District</b>					
<b>Statements of Revenues, Expenses and Changes in Net Assets</b>					
<b>Fiscal Year 2020-21 Proposed Budget - Water</b>					
			<b>Variance</b>		
	<b>FY2019-20</b>	<b>FY2020-21</b>	<b>Under / (Over)</b>		
	<b>Projected</b>	<b>Budget</b>	<b>Budget</b>		<b>Comments</b>
<b>Operating expenses:</b>					
Source of supply	\$ 1,165,424	1,459,920	294,496	25%	District is projecting 1,800 AF (@\$640.50/AF) through June 30, 2020. District budgeted 2,200 AF @ 663.60
Pumping and water treatment	1,884,890	2,190,927	306,038	16%	See 1 below
Transmission & distribution	1,822,535	1,810,220	(12,315)	-1%	See 2 below
Field Services	252,779	285,747	32,969	13%	See 3 below
Accounting/Billing	1,067,319	1,177,651	110,332	10%	See 4 below
Administrative	3,010,512	3,545,934	535,423	18%	See 5 below
<b>Total operating expenses</b>	<b>\$ 9,203,458</b>	<b>10,470,400</b>	<b>1,266,942</b>		

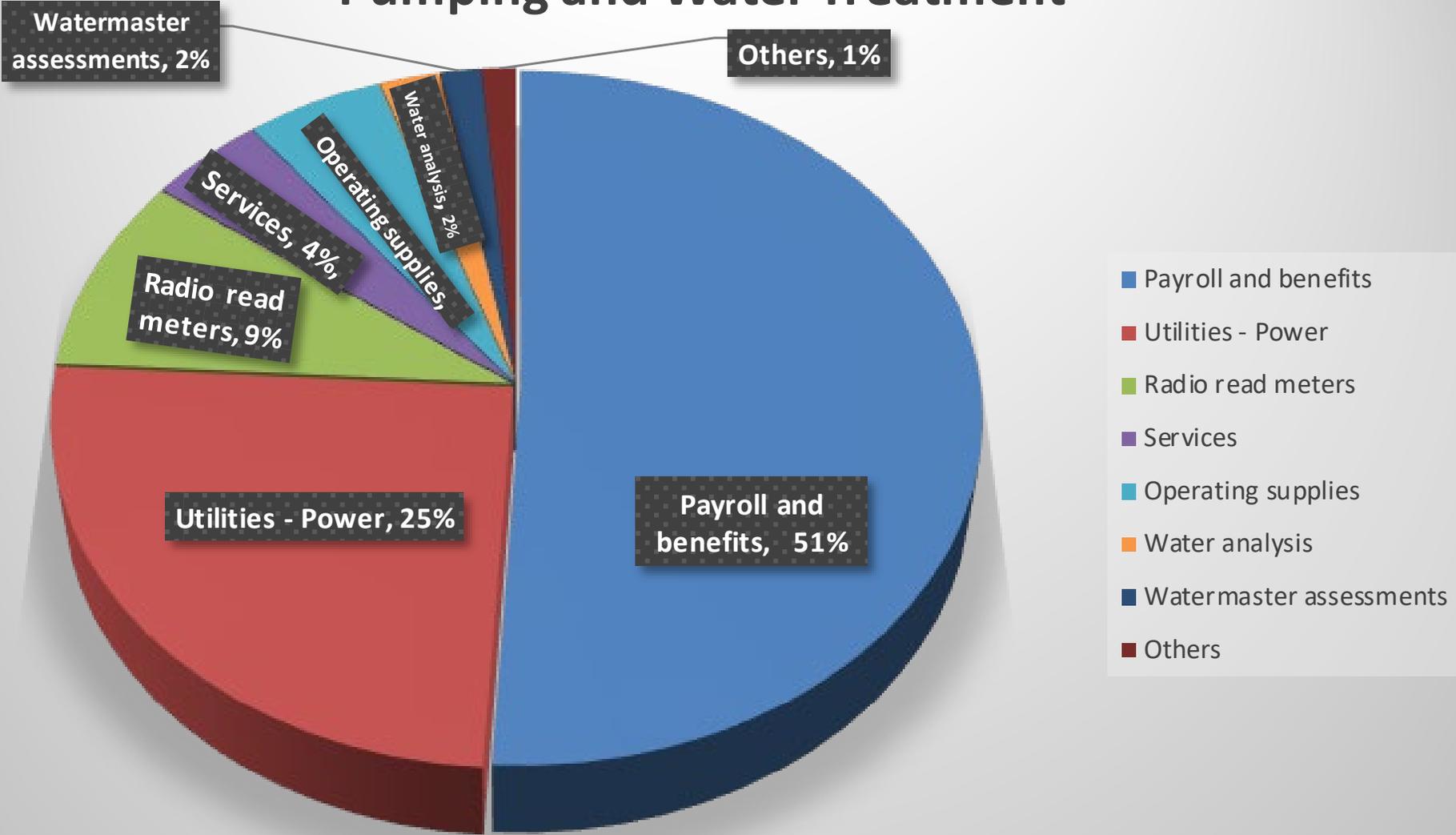
# Operating Expenses



# **OPERATING EXPENDITURE BY DEPARTMENT**

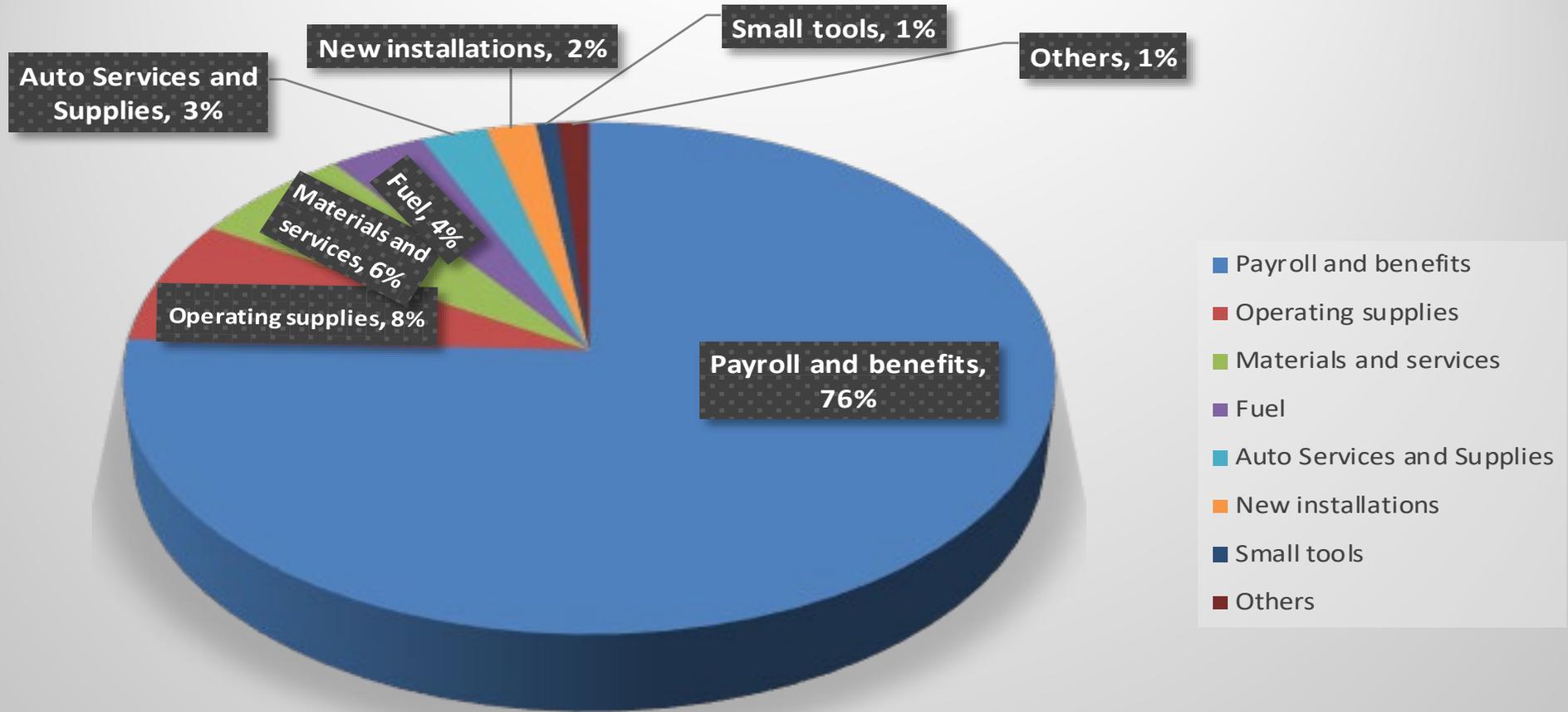
1 Pumping and water treatment								
				Variance				
		FY2019-20 Projected	FY2020-21 Budget	Under / (Over)				
				Budget				
	Payroll and benefits	\$ 892,110	1,115,850	223,740	25%	The increase is due to a position that is on leave for 10.5 months in FY 2019 (Water Quality Tech III), plus the effects of salary increases and benefits.		
	Utilities - Power	464,439	548,038	83,599	18%	18% projected increase on electric.		
	Radio read meters	200,543	200,000	(543)	0%			
	Services	92,797	97,437	4,640	5%			
	Operating supplies	127,280	115,843	(11,437)	-9%	Operating supplies is projected based on the average 3-year projected actual X 5%, which came out less by \$11K.		
	Water analysis	47,684	50,068	2,384	5%			
	Watermaster assessments	31,680	34,891	3,211	10%	Increase is based on the average 3-year projected actual X 5%.		
	Others	28,355	28,799	444	2%			
		\$ 1,884,890	2,190,927	306,038				

# Pumping and Water Treatment



2 Transmission and distribution								
				Variance				
		FY2019-20 Projected	FY2020-21 Budget	Under / (Over)				
				Budget				
	Payroll and benefits	\$ 1,920,867	1,947,476	26,609	1%	The increase is due to effects of salary increases and benefits, which was offset by 5 Laborer positions in CRP that is estimated to filled only on November 2020.		
	Operating supplies	181,344	200,623	19,279	11%	Increase is based on the average 3-year projected actual X 5%.		
	Materials and services	190,932	162,000	(28,932)	-15%	In FY 2020, there was a one time charge for the demo of the AC Pipe from the OPS yard amounting to \$18,650.		
	Fuel	90,018	95,219	5,201	6%			
	Auto Services and Supplies	61,920	65,982	4,063	7%			
	New installations	43,299	48,775	5,476	13%	Increase is based on the average 3-year projected actual X 5%.		
	Small tools	16,962	21,519	4,557	27%	Increase is based on the average 3-year projected actual X 5%.		
	Others	22,230	31,126	8,895	40%			
	Subtotal	2,527,572	2,572,720	45,148				
	Amount capitalized	(705,037)	(762,500)	(57,463)				
		\$ 1,822,535	1,810,220	(12,315)				

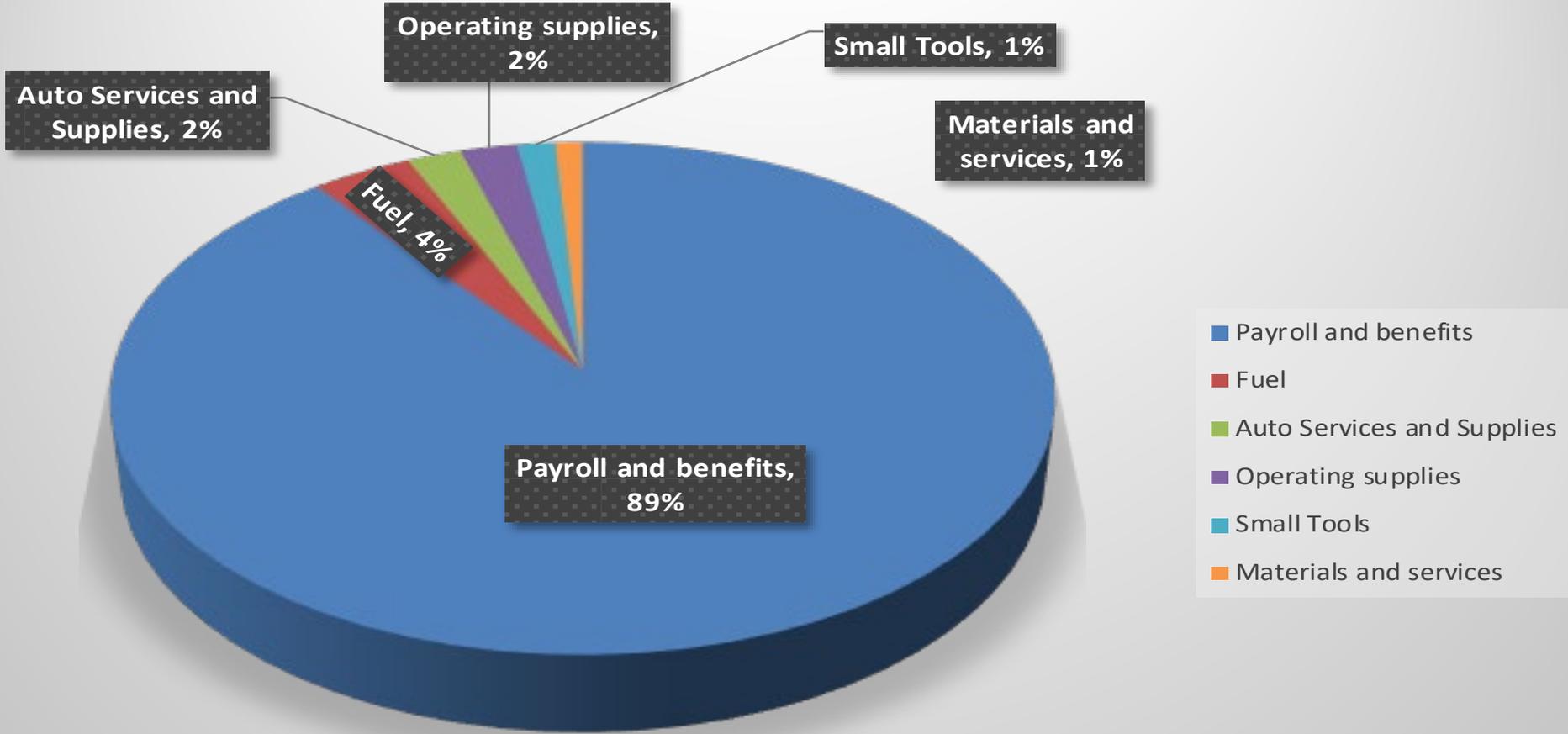
# Transmission and Distribution



### 3 Field Services

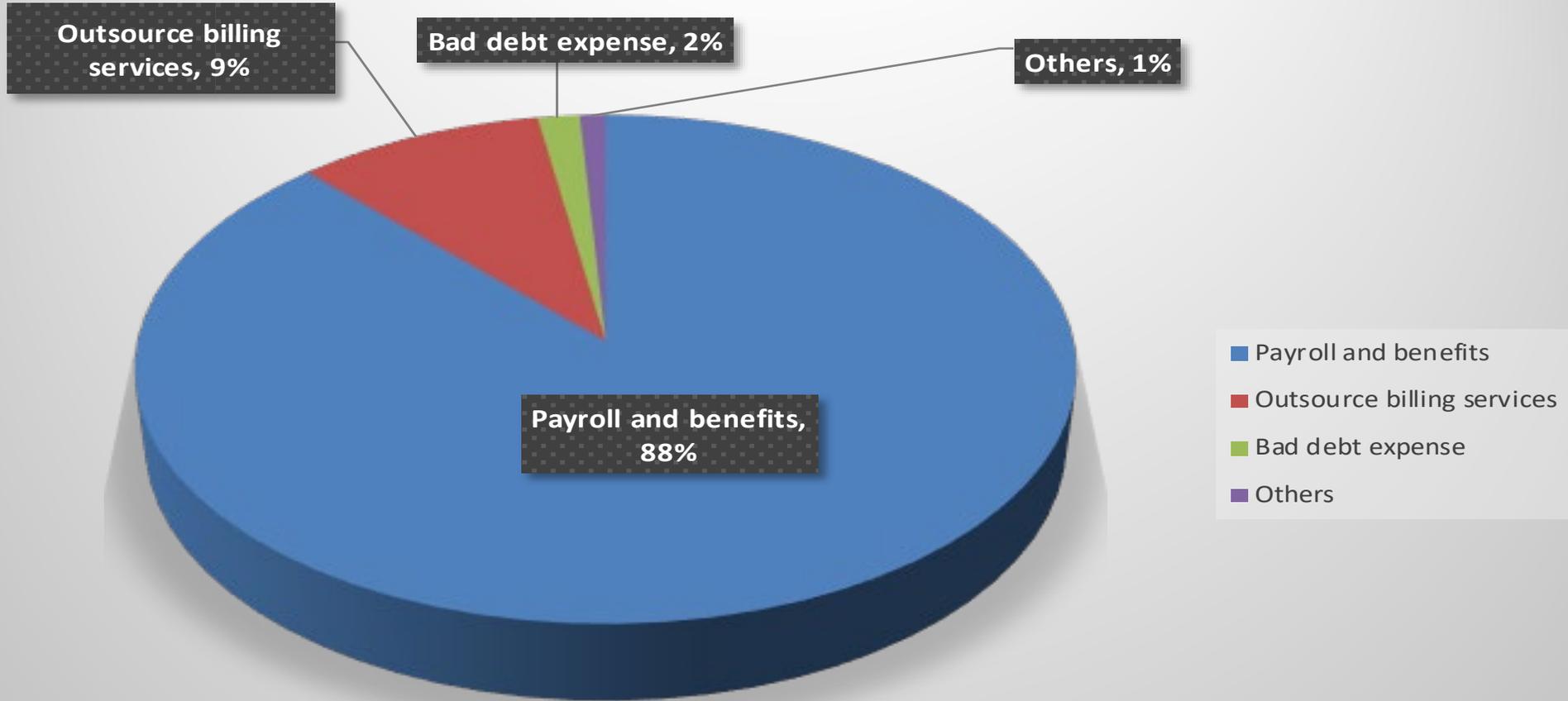
				<b>Variance</b>		
		<b>FY2019-20</b>	<b>FY2020-21</b>	<b>Under / (Over)</b>		
		<b>Projected</b>	<b>Budget</b>	<b>Budget</b>		
Payroll and benefits	\$	225,712	255,639	29,926	13%	The increase is due to effects of salary increases and benefits.
Fuel		9,819	10,940	1,120	11%	
Auto Services and Supplies		6,092	5,904	(188)	-3%	
Operating supplies		5,638	6,178	540	10%	
Small Tools		4,329	4,133	(196)	-5%	
Materials and services		1,188	2,955	1,766	149%	Increase is based on the average 3-year projected actual X 5%.
	\$	<u>252,779</u>	<u>285,747</u>	<u>32,969</u>		

# Field Services



4 Accounting/Billing/Customer Service							
				<b>Variance</b>			
		<b>FY2019-20</b>	<b>FY2020-21</b>	<b>Under / (Over)</b>			
		<b>Projected</b>	<b>Budget</b>	<b>Budget</b>			
	Payroll and benefits	\$ 935,803	1,035,425	99,622	11%	The increase is due to effects of salary increases and benefits, billing technician 1 position being vacant for 2 months in FY 2020 (full-time position in FY 2021), and the customer service rep being vacant for 1.5 months in FY 2020 (full-time position in FY 2021).	
	Outsource billing services	109,716	111,814	2,098	2%		
	Bad debt expense	15,000	18,838	3,838	26%		
	Others	6,800	11,573	4,774	70%		
		<u>\$ 1,067,319</u>	<u>1,177,651</u>	<u>110,332</u>			

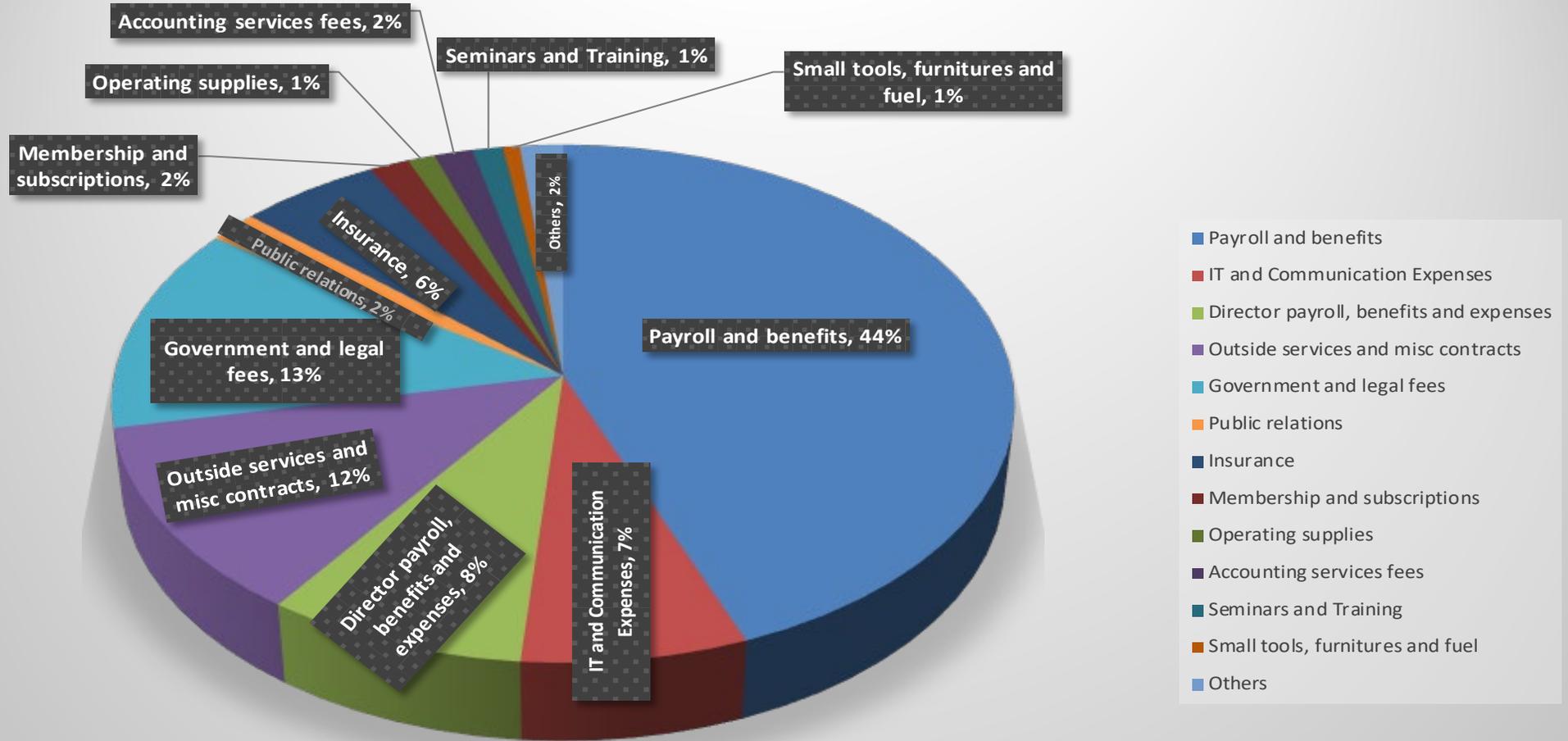
# Accounting/Billing/Customer Service



## 5 Administrative

				Variance		
		FY2019-20 Projected	FY2020-21 Budget	Under / (Over) Budget		
Payroll and benefits	\$	1,219,698	1,560,874	341,176	28%	The increase is due to effects of salary increases and benefits, AGM-Operations position and Admin Assistant - OWS moved from CRP to Admin for the whole year, Admin Assistant II - Admin (5 months vacant for FY 2021), Comm & Legislative Officer (5 months vacant for FY 2021).
IT and Communication Expenses		268,212	260,166	(8,045)	-3%	
Director payroll, benefits and expenses		285,145	299,983	14,838	5%	
Outside services and misc contracts		345,030	424,473	79,443	23%	HR Consultant (\$60K)
Government and legal fees		434,122	455,828	21,706	5%	Increase in legal fees
Public relations		49,547	69,485	19,938	40%	Increased due to anticipated assessment district formatoin
Insurance		152,506	198,258	45,752	30%	Property insurance is projected to increase by 30%
Membership and subscriptions		53,758	56,446	2,688	5%	
Operating supplies		28,768	38,801	10,033	35%	Increase is based on the average 3-year projected actual X 5%.
Accounting services fees		51,531	54,108	2,577	5%	
Seminars and Training		18,609	43,072	24,462	131%	Staff did not attend ACWA Seminar this summer
Small tools, furnitures and fuel		35,170	23,607	(11,563)	-33%	
Others		68,416	60,835	(7,581)	-11%	
	\$	<u>3,010,512</u>	<u>3,545,934</u>	<u>535,423</u>	18%	

# Administrative Expense



# LABOR AND BENEFITS

**Increase in salaries is due to:**

Payroll includes 2.3% COLA increase effective July 1, 2020, merit increases up to 2.5%, and recommendations from the 2020 Compensation Study. Health insurance premiums are projected to increase by 10%. Workers compensation is projected to increase by 5%. A production employee is currently out on medical leave since August 2019. 5 CRP employees, Comm & Legislative Officer, and Admin Asst II - Admin are budgeted for 7 months.

<b>Change in salaries between FY 2020-2021 budget</b>		
<b>and FY 2019/2020 budget:</b>		
Total hourly rates all water employees		\$ 1,445.75
X # of hours per year (40 hours X 52 weeks)		2,080.00
Total annual salaries		3,007,160.00
COLA increase for FY 2020-21 @ 2.3%		1.023
Subtotal salaries		3,076,324.68
Annual increase per salary steps @ 2.5%		1.025
Total potential salaries		3,153,232.80
2020 Compensation Study recommendations		102,088.97
Subtotal salaries		3,255,321.77
Annual increase per FY 2019-2020 budget		3,178,697.38
<b>Increase in salaries</b>		<b>\$ 76,624.39</b>

# CAPITAL EXPENDITURE

Hi-Desert Water District								
Capital Expenditure Budget for FY 2020-2021								
				Carryover Budget Amount	2019/20 Actual Y-T-D	Completed Variance Fav/(Ufav)	2020/21 Amounts	2020/21 Budget Total
Description								
<b>CRP (Capital Replacement Program)</b>								
1 CRP project FY 2020-21 - Installation of 32,000 feet of 8" waterline replacement								
Cost	\$	1,200,000		\$	-		1,200,000	\$ 1,200,000
<b>Total CRP</b>					-	-	1,200,000	<b>1,200,000</b>
<b>Operations</b>								
2 3/4 ton van for water quality					75,000		75,000	75,000
3 Service Truck - Production							75,000	75,000
4 SCADA Software - Production							40,000	40,000
5 Urban Water Management Plan							150,000	150,000
<b>Total Operations</b>					75,000	-	75,000	<b>340,000</b>
<b>Construction Maintenance</b>								
6 Air Compressor for Vacuum Excavator					15,000		15,000	15,000
<b>Total Construction Maintenance</b>					15,000	-	15,000	<b>15,000</b>
<b>Purchasing / Field Service</b>								
7 Meter Read Truck							45,000	45,000
<b>Total Purchasing &amp; Field Service</b>					-	-	45,000	<b>45,000</b>
<b>Administration</b>								
8 Backup Generator					42,000		42,000	42,000
9 Caselle Government Accounting System					67,710		67,710	67,710
10 Strategic Plan - New 5 Year Plan							40,000	40,000
11 GM Recruitment Fee							35,000	35,000
12 New Monument Sign							45,000	45,000
<b>Total Administration</b>					109,710	-	109,710	<b>229,710</b>
<b>Total</b>	\$			\$	<b>199,710</b>	-	<b>1,630,000</b>	<b>1,829,710</b>
<b>2019/20 Carryover Budget</b>								<b>199,710</b>
<b>2020/21 Additions</b>								<b>1,630,000</b>
<b>TOTAL 2020/21 BUDGET</b>								<b>\$ 1,829,710</b>

The following major projects that are included in **capital expenditures** budget for FY 2020-2021 are as follows:

- ▶ Installation of 32,000 feet of 8” waterline replacement; and
- ▶ Urban Water Management Plan

# BUDGET RECAP

**WATER:**

Total budgeted operating revenues in the amount of \$8,306,205 is anticipated for FY 2020-2021. Total budgeted non-operating revenues in the amount of 2,942,075 is anticipated for FY 2019-2020.

The proposed budget plan for operating expenses (excluding depreciation) amounted to \$10,470,400, which is 14% higher than FY 2019-2020 projected amount of \$9,183,458. No required lease payment for Morongo Basin Pipeline from FY 2020 to FY 2021 (estimated final payment is due in April 2022) of approximately \$480,000.

The proposed budget plan for capital projects amounted to \$1,829,710, which is 52% lower than FY 2019-2020 amount of \$ 3,800,600.

Hi-Desert Water District						
Statements of Revenues, Expenses and Changes in Net Assets						
Fiscal Year 2020-21 Proposed Budget - Water						
		FY2017-18	FY2018-19	FY2019-20	FY2019-20	FY2020-21
		Actual	Actual	Budget	Projected	Budget
<b>Revenues:</b>						
<b>Operating Revenues:</b>						
Residential	\$	5,026,572	4,852,702	4,962,655	4,669,420	4,681,094
Multi-Family		291,532	281,794	285,319	294,087	294,822
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<b>Hi-Desert Water District</b>						
<b>Statements of Revenues, Expenses and Changes in Net Assets, continued</b>						
<b>Fiscal Year 2020-21 Proposed Budget - Water</b>						
		<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
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<b>Total non-operating revenues</b>		<b>3,382,230</b>	<b>3,603,521</b>	<b>2,820,807</b>	<b>2,979,076</b>	<b>2,942,075</b>
<b>Total Revenues</b>		<b>11,348,088</b>	<b>11,400,833</b>	<b>10,733,135</b>	<b>10,801,120</b>	<b>11,248,280</b>
<b>Operating expenses:</b>						
Source of supply		2,752,253	1,794,010	1,921,500	1,165,424	1,459,920
Pumping and water treatment		2,042,616	1,741,014	2,155,459	1,884,890	2,190,927
Transmission & distribution		1,732,109	1,711,314	1,647,463	1,822,535	1,810,220
Field Services		307,602	287,662	313,442	252,779	285,747
Accounting/Billing/Customer Service		1,052,349	979,021	1,058,089	1,067,319	1,177,651
Administrative		2,650,850	2,660,257	3,340,221	3,010,512	3,545,934
<b>Total operating expenses</b>	<b>\$</b>	<b>10,537,779</b>	<b>9,173,278</b>	<b>10,436,173</b>	<b>9,203,458</b>	<b>10,470,400</b>

<b>Hi-Desert Water District</b>						
<b>Statements of Revenues, Expenses and Changes in Net Assets, continued</b>						
<b>Fiscal Year 2020-21 Proposed Budget - Water</b>						
		<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY2019-20</b>	<b>FY2019-20</b>	<b>FY2020-21</b>
		<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Projected</b>	<b>Budget</b>
<b>Income before depreciation</b>	\$	810,309	2,227,555	296,962	1,597,662	777,881
Depreciation expense		(1,908,822)	(1,863,921)	(2,142,678)	(2,142,678)	(2,249,812)
<b>Income / (loss)</b>		<b>(1,098,513)</b>	<b>363,634</b>	<b>(1,845,716)</b>	<b>(545,016)</b>	<b>(1,471,931)</b>
<b>Non-operating expense:</b>						
Lease payment - Morongo Basin		480,002	480,187	-	-	-
Interest expense		131,119	114,519	135,319	147,769	135,319
<b>Total non-operating expenses</b>		<b>611,121</b>	<b>594,706</b>	<b>135,319</b>	<b>147,769</b>	<b>135,319</b>
<b>Net income / (loss) before capital contributions</b>		<b>(1,709,634)</b>	<b>(231,072)</b>	<b>(1,981,035)</b>	<b>(692,785)</b>	<b>(1,607,250)</b>
<b>Capital contributions</b>						
Meter sales		264,479	301,908	216,720	243,810	216,720
New installations		81,305	66,337	40,000	102,757	40,000
<b>Total capital contributions</b>		<b>345,784</b>	<b>368,245</b>	<b>256,720</b>	<b>346,567</b>	<b>256,720</b>
<b>Change in net assets</b>	\$	<b>(1,363,850)</b>	<b>137,174</b>	<b>(1,724,315)</b>	<b>(346,218)</b>	<b>(1,350,530)</b>

# CASH FLOWS

<b>Hi-Desert Water District</b>			
<b>Simplified Cash Flow</b>			
<b>Fiscal Year 2019-20 Projected/Forecast</b>			
<b>Cash and cash equivalents, beginning balance</b>		\$ 4,339,377	
<b>Change in net assets</b>		(346,218)	
<b>Sources:</b>			
Depreciation		2,142,678	
<b>Uses:</b>			
Capital programs		(1,829,710)	
Principal payments		(460,000)	
<b>Decrease in net assets</b>		(493,250)	
<b>Cash and cash equivalents, ending balance</b>		<u>\$ 3,846,127</u>	<b>1</b>
<p>1 Amount does not include future reimbursable wastewater costs and expenses of approximately \$3 million from the State Revolving Fund (SRF)</p>			