

**FY 2021 – 2022
WATER BUDGET**



WATER BUDGET

FY 2021 - 2022

**BUDGET MODIFICATIONS
SINCE WORKSHOP ON 6/16/21**

Removed Public Info Officer/Admin Assistant II (Payroll/Benefits for 1/2 yr)						\$	106,516
Removed Caselle Accounting System							67,710
Reduced State Lobbyists (CWSA) from \$60,000 to \$5,000							55,000
Total modifications						\$	229,226

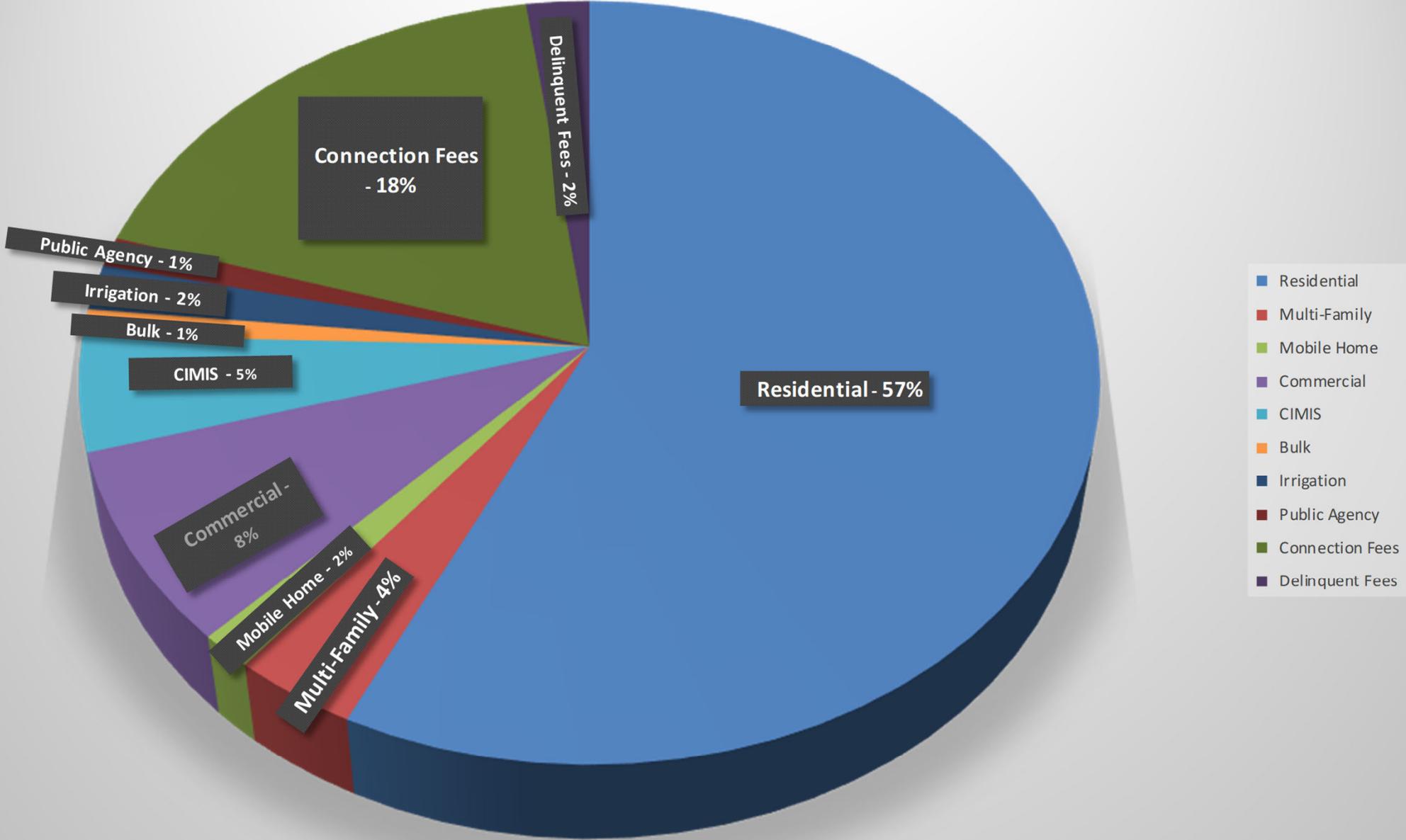
OPERATING REVENUE

			FY2018-19	FY2019-20	FY2020-21	FY2020-21	FY2021-22
			Actual	Actual	Budget	Projected	Budget
Revenues:							
Operating Revenues:							
	Residential	\$	4,852,702	4,767,351	4,681,094	4,544,055	4,680,376
	Multi-Family		281,794	291,699	294,822	286,835	295,440
	Mobile Home		135,796	129,171	135,955	121,723	125,375
	Commercial		(59)	175,222	497,888	657,480	677,204
	CIMIS		-	85,999	174,395	387,420	399,042
	Bulk		-	16,137	52,676	88,381	91,032
	Irrigation		436,917	374,085	493,029	151,263	155,801
	Public Agency		-	25,141	70,991	98,130	101,074
	Connection Fees		1,592,368	1,536,818	1,435,464	1,438,289	1,481,437
	Delinquent Fees		172,293	130,354	176,585	35,908	179,234
	Returned Checks		6,325	5,250	6,195	2,900	2,929
	Disconnect/Reconnect		70,708	51,496	69,429	2,507	70,124
	Turn On Fee		40,650	38,684	40,681	41,600	42,016
	Standby		207,815	190,441	177,001	207,815	177,000
	Total operating revenues		7,797,312	7,817,848	8,306,205	8,064,306	8,478,086

Operating Revenue Assumptions are as follows:

1. Water consumption sales (All classes - Residential to Public Agencies) and Connection Fees)
= based on projected revenues + 3% (water rate increase) of projected revenues;
2. Delinquent fees
= FY 20-21 budget + 1.5% of FY 20-21 budget
= NOTE: The District started charging delinquent fees effective May 1, 2021, since April 2020.
= Thus, \$179K is being used for FY 21-22 budget (FY 18-19 = \$172K).
3. Returned check fees
= based on projected revenues + 1% of projected revenues
4. Disconnect/reconnect fees
= Governor Executive Order N-42-20 – order protects consumers who may be unable to pay for water service during COVID-19 crisis.
= based on FY 20-21 budget + 1% of FY 20-21 budget.
5. Turn on fees (new services)
= based on projected revenues + 1% of projected revenues.
6. Standby revenues
= based on number of properties that have been removed from standby due to volume of new services.

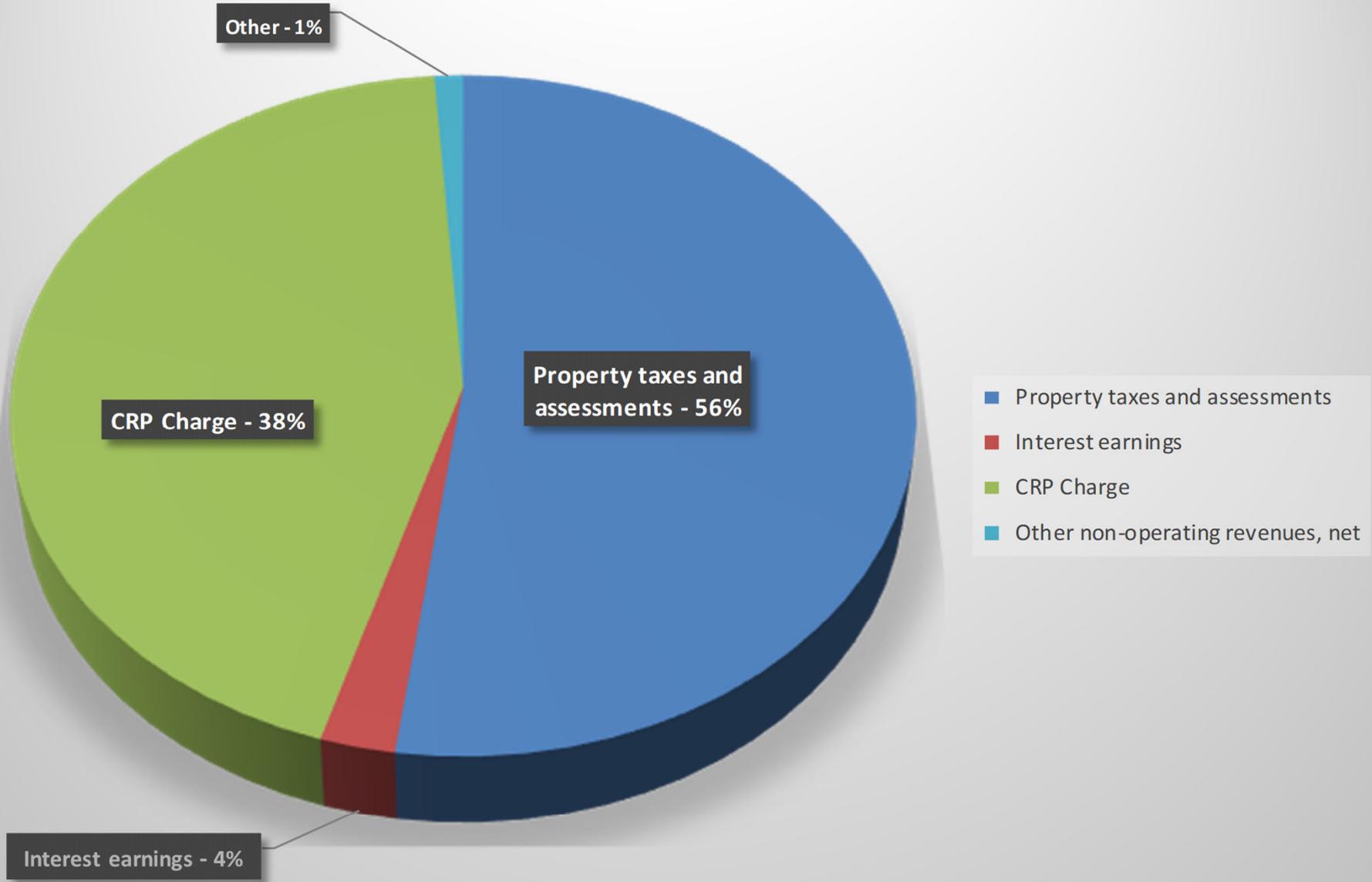
Operating Revenue



NON-OPERATING REVENUES

		FY2018-19	FY2019-20	FY2020-21	FY2020-21	FY2021-22
		Actual	Actual	Budget	Projected	Budget
Non-Operating Revenues:						
Property taxes and assessments		1,634,342	1,703,128	1,642,200	1,886,743	1,924,478
Interest earnings		151,336	131,148	127,504	90,684	91,137
CRP Charge		1,065,563	1,224,922	1,134,134	1,582,352	1,629,823
Morongo Basin Pipeline Project Surcharge		557,752	51,052	-	-	-
Other non-operating revenues, net		228,847	154,729	38,237	73,965	40,742
Total non-operating revenues		3,637,840	3,264,979	2,942,075	3,633,743	3,686,179

Non-Operating Revenue



OPERATING EXPENDITURE

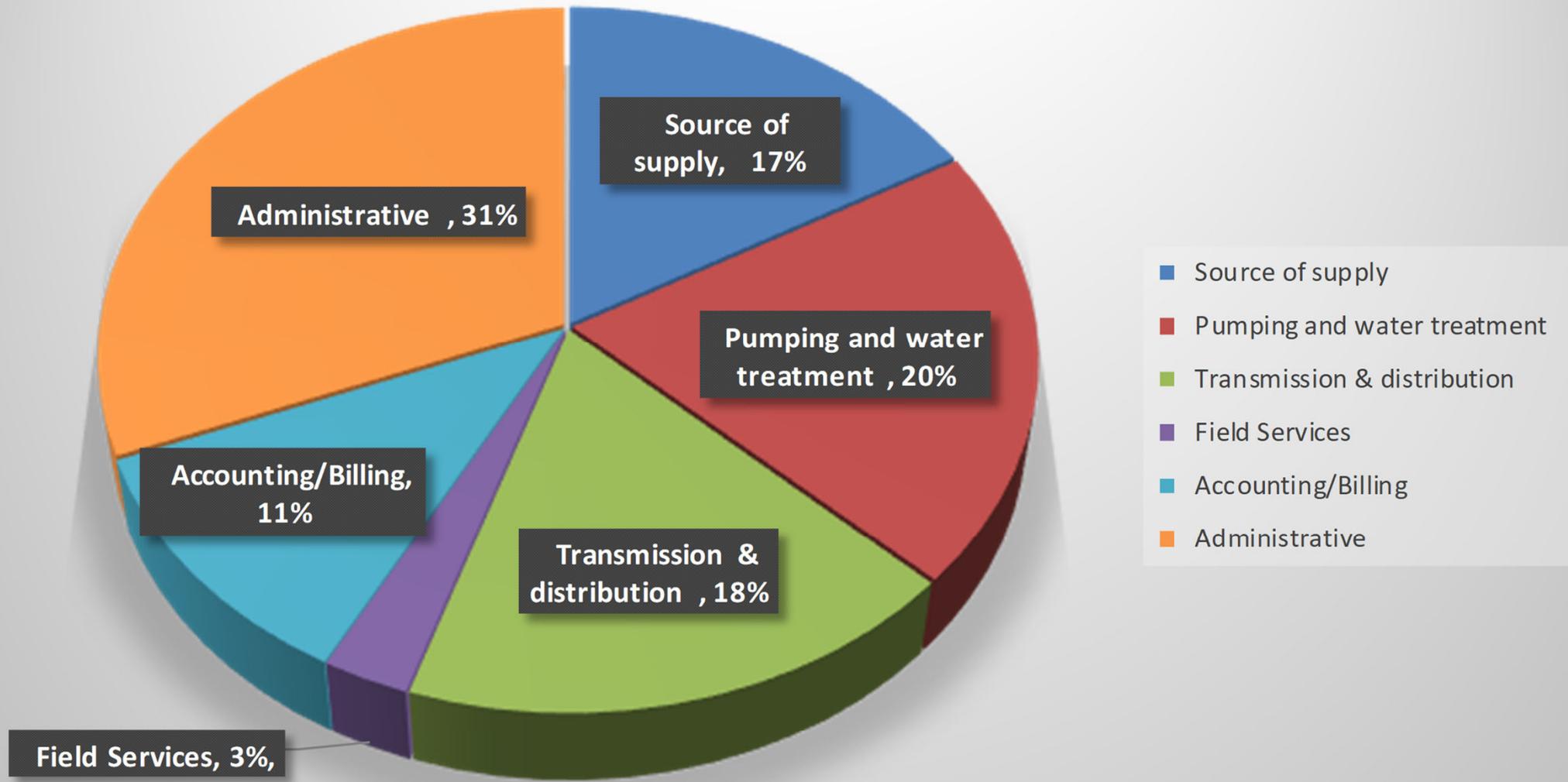
Hi-Desert Water District

Operating Expenses

Fiscal Year 2021-22 Proposed Budget - Water

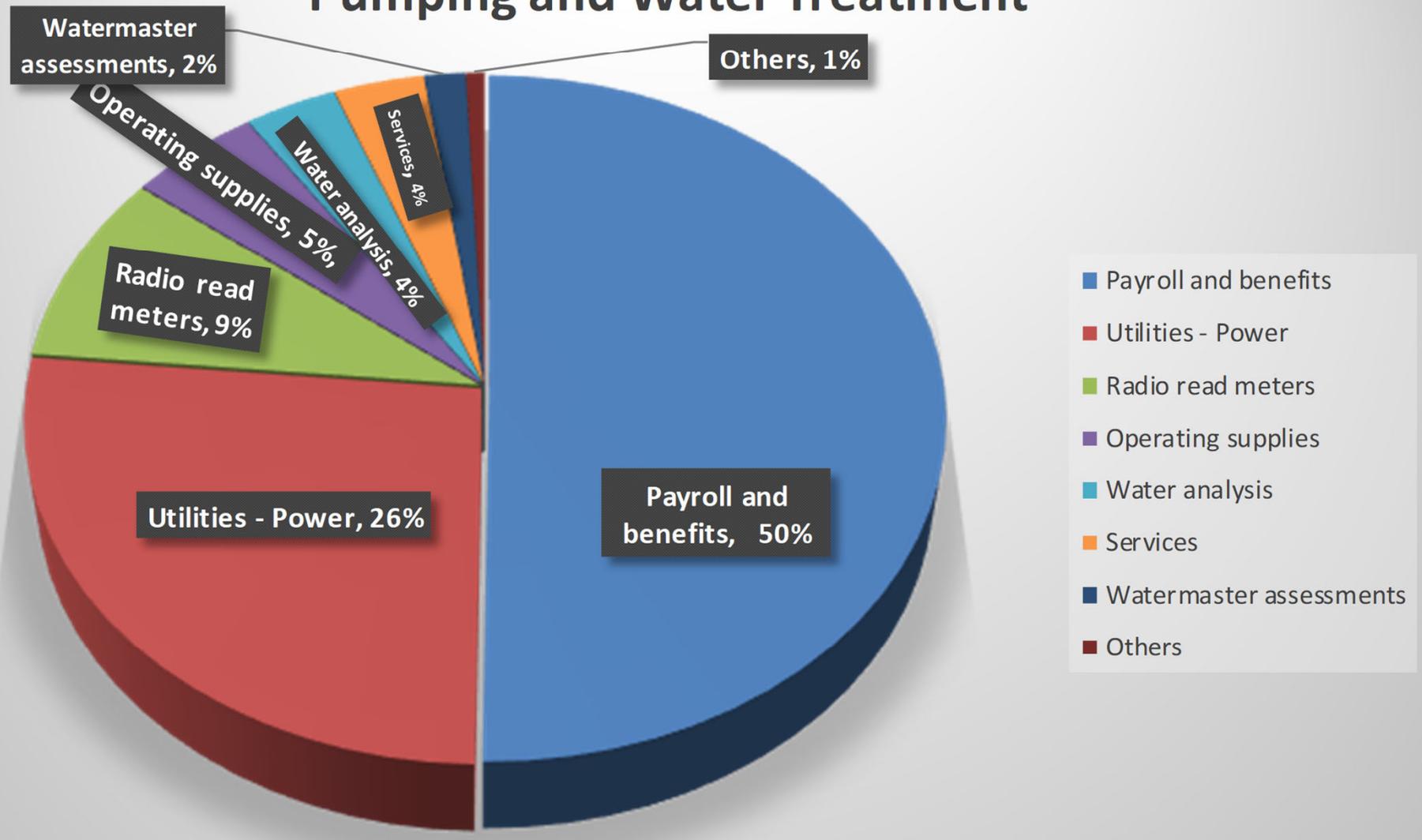
			Variance			
		FY2020-21	FY2021-22	Under / (Over)		
		Projected	Budget	Budget		Comments
Operating expenses:						
Source of supply	\$	2,121,505	1,820,000	(301,505)	-14%	District is projecting 3,289 AF (@\$645/AF) through June 30, 2021. District budgeted 2,600 AF @ \$700/AF.
Pumping and water treatment		1,864,921	2,210,780	345,859	19%	See 1 below
Transmission & distribution		1,619,760	1,970,665	350,905	22%	See 2 below
Field Services		264,491	301,388	36,897	14%	See 3 below
Accounting/Billing		1,114,795	1,218,981	104,186	9%	See 4 below
Administrative		2,766,653	3,376,545	609,892	22%	See 5 below
Total operating expenses	\$	9,752,126	10,898,360	1,146,234	12%	

Operating Expenses

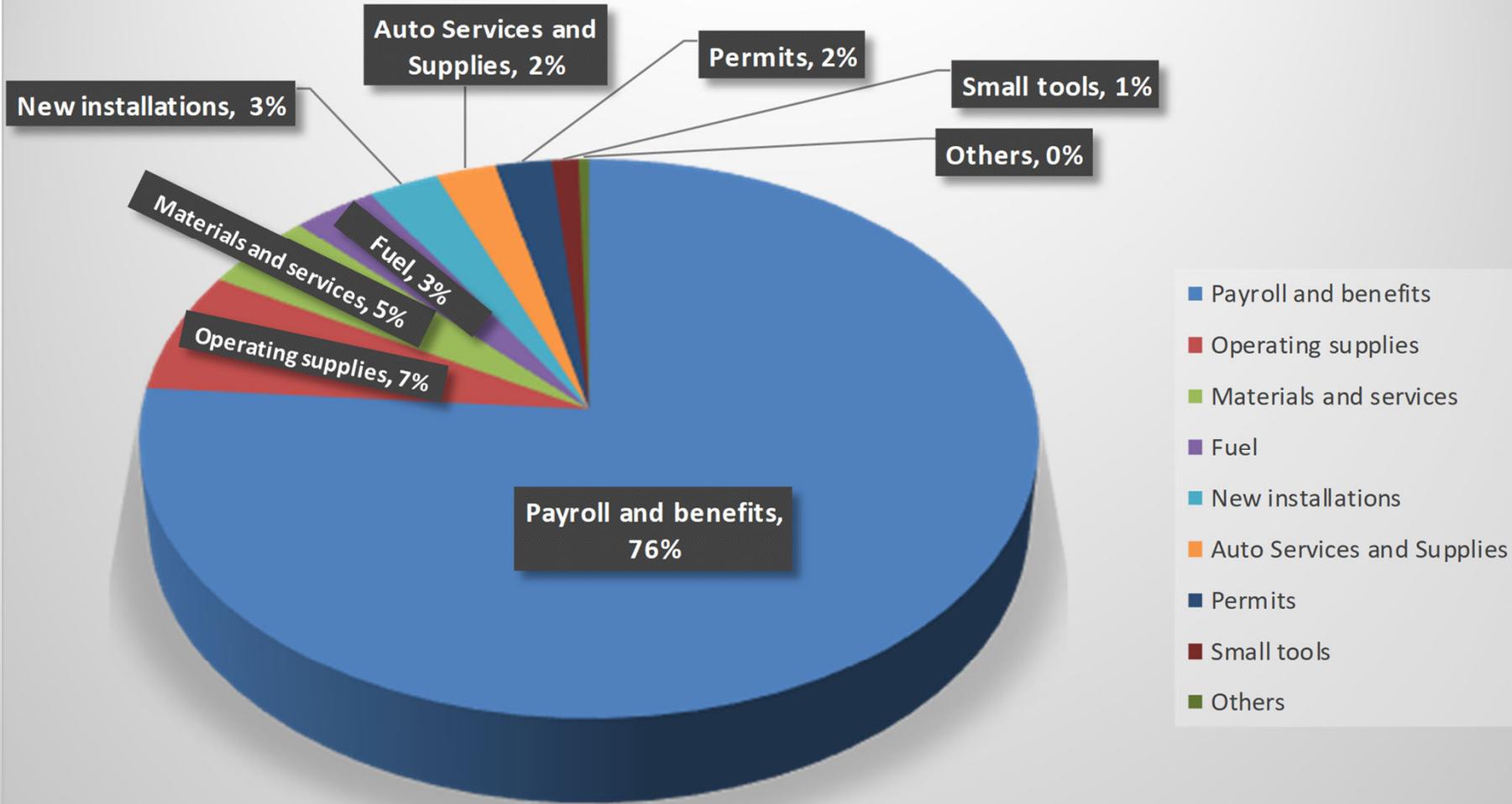


OPERATING EXPENDITURE BY DEPARTMENT

Pumping and Water Treatment

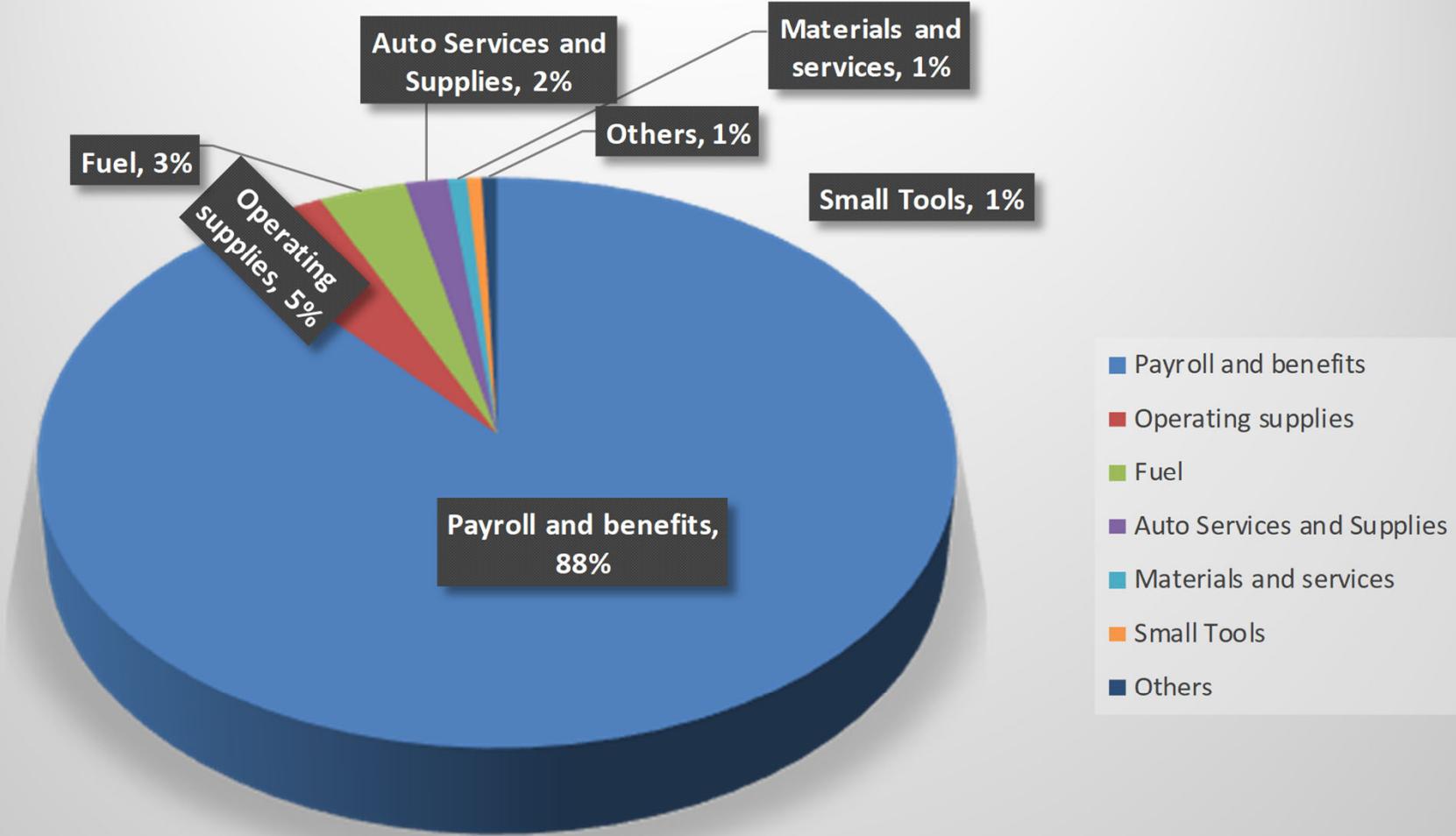


Transmission and Distribution

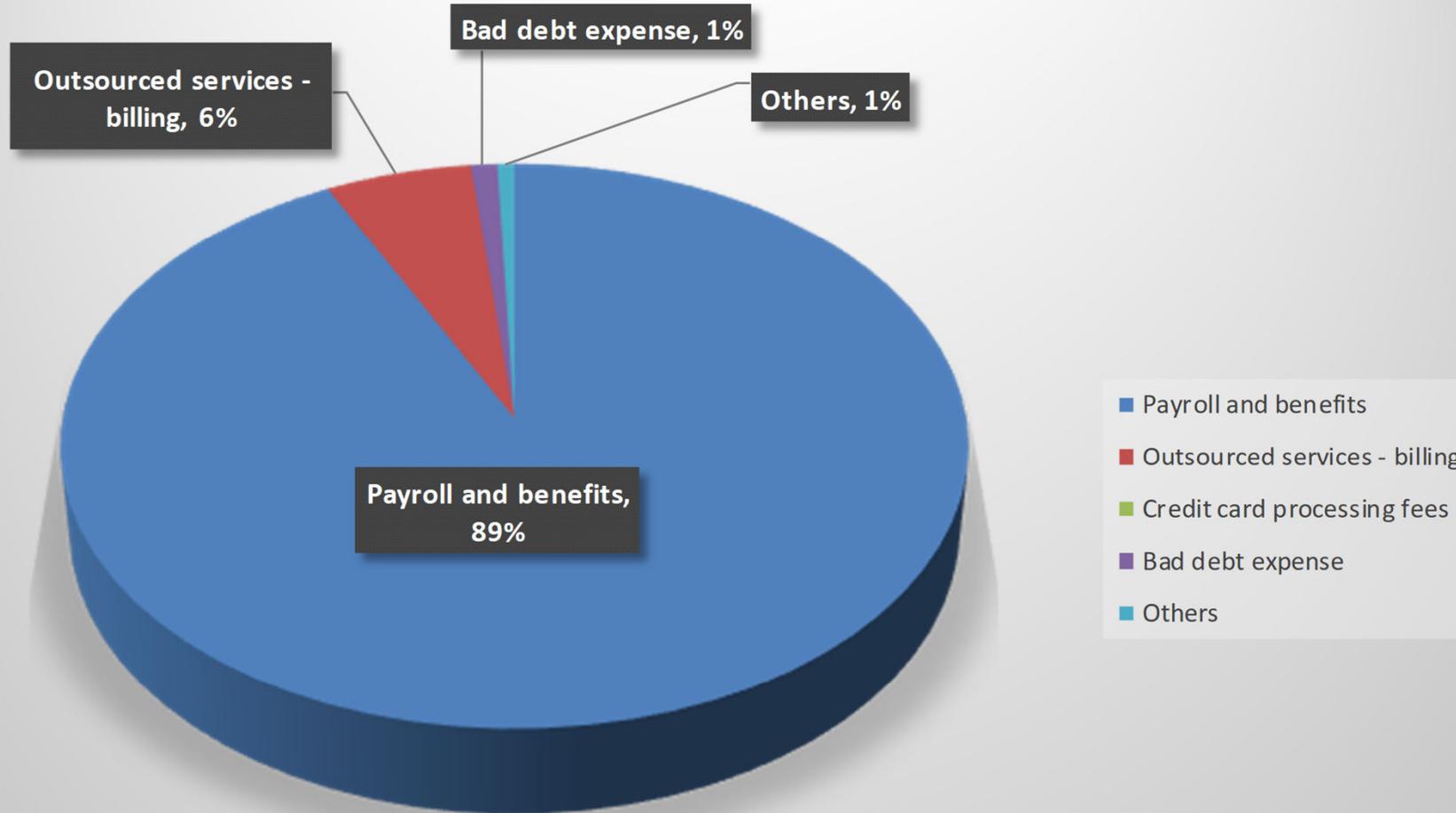


3 Field Services								
				Variance				
		FY2020-21	FY2021-22	Under / (Over)				
		Projected	Budget	Budget				
	Payroll and benefits	\$ 240,578	266,155	25,577	11%	The increase is due to effects of salary increases and benefits.		
	Operating supplies	11,399	14,288	2,889	25%	Based on the average 3-year projected actual plus 5% of total.		
	Fuel	8,340	10,215	1,875	22%	Based on the average 3-year projected actual plus 10% of total.		
	Auto Services and Supplies	2,635	5,000	2,365	90%			
	Materials and services	1,400	2,200	800	57%			
	Small Tools	139	1,750	1,611	1159%			
	Others	-	1,780	1,780		Outside seminars/trainings is expected to return back to normal.		
		\$ 264,491	301,388	36,897	14%			

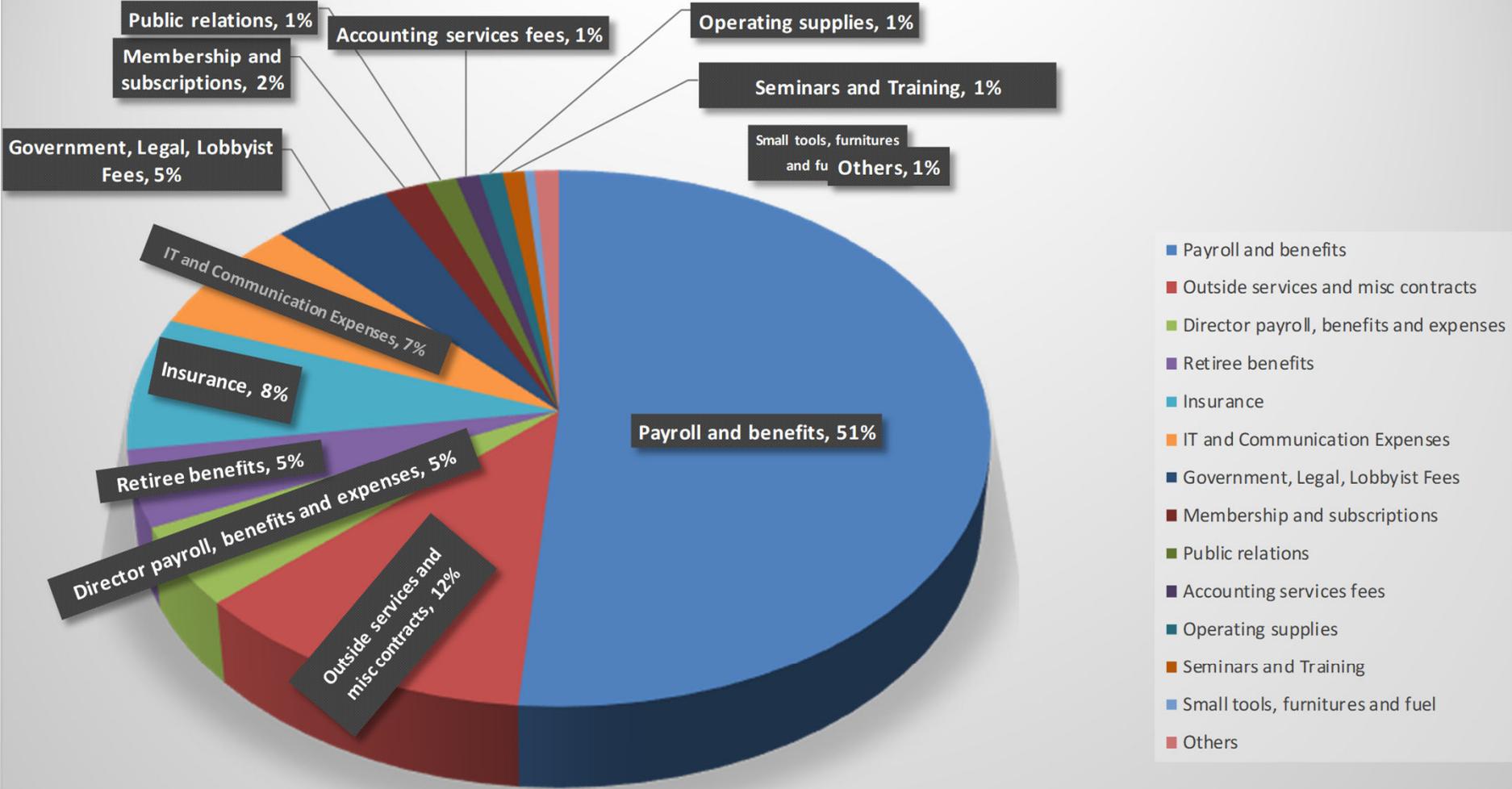
Field Services



Accounting/Billing/Customer Service



Administrative Expense



- Payroll and benefits
- Outside services and misc contracts
- Director payroll, benefits and expenses
- Retiree benefits
- Insurance
- IT and Communication Expenses
- Government, Legal, Lobbyist Fees
- Membership and subscriptions
- Public relations
- Accounting services fees
- Operating supplies
- Seminars and Training
- Small tools, furnitures and fuel
- Others

PAYROLL AND BENEFITS

Payroll Factors are as follows:

Payroll includes 3.6% COLA increase effective July 1, 2021, merit increases up to 2.5%, and step alignment adjustment within grade. Health insurance premiums are projected to increase by 10%. Worker's compensation is projected to increase by 5%.

5 employees from operations are budgeted for a full year as follows:

1. Water Distribution I for Construction and Maintenance (1 position);
2. Equipment Operator for CRP (1 position);
3. Laborer for CRP (2 position); and
4. Water Quality Technician I for Pumping and Water Treatment (1 position).

CAPITAL EXPENDITURE

The following major projects that are included in **capital expenditures** budget for FY 2021-2022 are as follows:

- ▶ Installation of 32,000 feet of 8” waterline replacement; and
- ▶ Test Pump 2 Wells for Well 7E and 10E

BUDGET RECAP

WATER:

Total budgeted operating revenues in the amount of \$8,478,086 is anticipated for FY 2021-2022. Total budgeted non-operating revenues in the amount of 3,686,179 is anticipated for FY 2021-2022.

The proposed budget plan for operating expenses (excluding depreciation) amounted to \$10,898,360, which is 12% higher than FY 2020-2021 projected amount of \$9,752,126. Our final lease payment for Morongo Basin Pipeline for FY 2022 is approximately \$304,126.

The proposed budget plan for capital projects amounted to \$1,752,115 (FY 2020-2021 = \$1,829,710).

Hi-Desert Water District						
Statements of Revenues, Expenses and Changes in Net Assets						
Fiscal Year 2021-22 Proposed Budget - Water Fund						
		FY2018-19	FY2019-20	FY2020-21	FY2020-21	FY2021-22
		Actual	Actual	Budget	Projected	Budget
Revenues:						
Operating Revenues:						
Residential	\$	4,852,702	4,767,351	4,681,094	4,544,055	4,680,376
Multi-Family		281,794	291,699	294,822	286,835	295,440
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Public Agency		-	25,141	70,991	98,130	101,074
Connection Fees		1,592,368	1,536,818	1,435,464	1,438,289	1,481,437
Delinquent Fees		172,293	130,354	176,585	35,908	179,234
Returned Checks		6,325	5,250	6,195	2,900	2,929
Disconnect/Reconnect		70,708	51,496	69,429	2,507	70,124
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Total operating revenues		7,797,312	7,817,848	8,306,205	8,064,306	8,478,086

Hi-Desert Water District						
Statements of Revenues, Expenses and Changes in Net Assets, continued						
Fiscal Year 2021-22 Proposed Budget - Water Fund						
		FY2018-19	FY2019-20	FY2020-21	FY2020-21	FY2021-22
		Actual	Actual	Budget	Projected	Budget
Non-Operating Revenues:						
Property taxes and assessments		1,634,342	1,703,128	1,642,200	1,886,743	1,924,478
Interest earnings		151,336	131,148	127,504	90,684	91,137
CRP Charge		1,065,563	1,224,922	1,134,134	1,582,352	1,629,823
Morongo Basin Pipeline Project Surcharge		557,752	51,052	-	-	-
Other non-operating revenues, net		228,847	154,729	38,237	73,965	40,742
Total non-operating revenues		3,637,840	3,264,979	2,942,075	3,633,743	3,686,179
Total Revenues		11,435,152	11,082,827	11,248,280	11,698,049	12,164,265
Operating expenses:						
Source of supply		1,794,010	721,112	1,459,920	2,121,505	1,820,000
Pumping and water treatment		1,741,014	1,897,403	2,190,927	1,864,921	2,210,780
Transmission & distribution		1,711,314	1,762,708	1,810,220	1,619,760	1,970,665
Field Services		287,662	259,413	285,747	264,491	301,388
Accounting/Billing/Customer Service		979,021	1,070,710	1,177,651	1,114,795	1,218,981
Administrative		2,484,335	3,251,278	3,545,934	2,766,653	3,376,545
Total operating expenses	\$	8,997,355	8,962,625	10,470,400	9,752,126	10,898,360

Hi-Desert Water District						
Statements of Revenues, Expenses and Changes in Net Assets, continued						
Fiscal Year 2021-22 Proposed Budget - Water Fund						
		FY2018-19	FY2019-20	FY2020-21	FY2020-21	FY2021-22
		Actual	Actual	Budget	Projected	Budget
Income before depreciation	\$	2,437,796	2,120,203	777,880	1,945,924	1,265,905
Depreciation expense		(1,863,921)	(1,821,965)	(2,249,812)	(2,249,812)	(2,362,303)
Income / (loss)		573,875	298,237	(1,471,931)	(303,888)	(1,096,398)
Non-operating expense:						
Lease payment - Morongo Basin		480,187	-	-	-	304,126
Interest expense		114,519	104,119	135,319	135,319	160,969
Total non-operating expenses		594,706	104,119	135,319	135,319	465,095
Net income / (loss) before capital contributions		(20,830)	194,118	(1,607,250)	(439,207)	(1,561,493)
Capital contributions						
Meter sales		301,908	303,408	216,720	541,300	270,900
New installations		66,337	108,251	40,000	136,887	50,000
Total capital contributions		368,245	411,659	256,720	678,187	320,900
Change in net assets	\$	347,415	605,778	(1,350,530)	238,980	(1,240,593)

Hi-Desert Water District				
Condensed Statement of Revenues, Expenses and Changes in Net Assets				
Fiscal Year 2021-2022				
			FY2020-21	FY2021-22
			Forecast	Budget
Operating revenues		\$	8,064,306	8,478,086
Operating expenses			(12,001,938)	(13,260,663)
Non-operating revenues			3,633,743	3,686,179
Non-operating expenses			(135,319)	(465,095)
Net loss before contribution			(439,207)	(1,561,493)
Capital contribution			678,187	320,900
Change in net assets		\$	238,980	(1,240,593)
Add: Non-cash item				
Depreciation			2,249,812	2,362,303
Change in net assets				
excluding depreciation		\$	2,488,792	1,121,710

CASH FLOWS – WATER FUND

Hi-Desert Water District						
Simplified Cash Flow - Water Fund						
Fiscal Year 2021-22 Projected/Forecast						
				Unrestricted	Restricted	Total
Cash and cash equivalents, unrestricted (excludes loan from water fund)				\$ 13,242,449	\$ -	\$ 13,242,449
Add: Loan from water fund				(6,527,418)	-	(6,527,418)
Net cash and cash equivalents, unrestricted				6,715,031	-	6,715,031
Cash and cash equivalents, restricted**				-	3,130,563	3,130,563
Cash and cash equivalents, beginning balances				6,715,031	3,130,563	9,845,594
Change in net assets excluding depreciation				1,425,836	(304,126)	1,121,710
Capital and Debt Service Expenditure						
Capital programs				(1,752,115)	-	(1,752,115)
Payment to Bank of New York Loan				(480,000)		(480,000)
Projected payment from wastewater fund				500,000	-	500,000
Cash and cash equivalents, ending balances				<u>\$ 6,408,752</u>	<u>\$ 2,826,437</u>	<u>\$ 9,235,189</u>
Net change in cash and cash equivalents				<u>\$ 306,279</u>	<u>\$ 304,126</u>	<u>\$ 610,405</u>
Cash and cash equivalents, restricted**						
LAIF - Pipeline				\$ 649,672		
LAIF - Emergency Reserve				406,080		
LAIF - CRP				461,984		
LAIF - Water Reserve				<u>1,612,827</u>		
Total				<u>\$ 3,130,563</u>	**	

One Time Expenses/Expenditures in FY 2022:			
	Morongo Basin Pipeline Final Lease Payment	\$	304,126
	Capital Expenditures:		
	Test Pump for Well 7E and 10E		140,000
	Urban Water Management Plan		89,315
	Service Truck		75,000
	Garage Door for Construction Shop		45,000
	Backup Generator		42,000
	Strategic Plan		40,000
	SCADA Software Upgrade		40,000
	Cla-Val Rebuilds and Replacement		35,000
	Total One Time Expenses/Expenditures in FY 2022	\$	810,441
	Net change in cash & cash equivalents (water fund cash flows)	\$	610,405

CASH FLOWS

Water and Wastewater Fund

