

Adopted 2017 Budget

South San Joaquin Irrigation District

Adopted by the Board of Directors November 8, 2016

Difference between 2017 Proposed and Adopted Budgets

In the November 8, 2016 board meeting, added \$383,000 to 20-030-6401-00 Outside Services for the repair to the treated water reservoir #2. Half in March, half in April.

2017 Proposed Budget

Revenues, Expenses, and Change in Net Position

	2017 Proposed Budget	Amounts Possibly at Risk	Worst Case Scenario
1 OPERATING REVENUES			
2 Irrigation sales	\$ 1,896,300	\$ -	\$ 1,896,300
3 Treated water sales	8,046,887	(314,081)	7,732,806
4 Other water sales	26,691	0	26,691
5 Electric sales	179,000	(7,000)	172,000
6 Other operating income	171,811	0	171,811
7 Total Operating Revenues	10,320,689	(321,081)	9,999,608
8			
9 OPERATING EXPENSES			
10 Wages	7,322,648	0	7,322,648
11 Payroll taxes and benefits	5,699,132	0	5,699,132
12 Materials and supplies	1,652,603	0	1,652,603
13 Maintenance, repairs, and improvements	1,611,061	0	1,611,061
14 Utilities	1,275,808	0	1,275,808
16 General and administrative	6,502,031	0	6,502,031
17 Depreciation	6,894,600	0	6,894,600
18 Total Operating Expenses	30,957,882	0	30,957,882
19 Net Income (Loss) From Operations	(20,637,193)	(321,081)	(20,958,274)
20			
21 NONOPERATING REVENUES (EXPENSES)			
22 Interest income	438,372	(60,000)	378,372
23 Changes in market value of investments	0	0	0
24 Investment earnings	438,372	(60,000)	378,372
25 Proposition 13 subvention	4,516,000	0	4,516,000
26 Interest expense	(181,267)	0	(181,267)
27 Gain (loss) on property and equipment	12,000	0	12,000
28 Tri-Dam Power Authority distributions	3,100,000	(1,300,000)	1,800,000
29 Tri-Dam Project distributions	7,400,000	0	7,400,000
30 Undistributed earnings of Tri-Dam Project	0	0	0
31 Other nonoperating revenue	52,400	0	52,400
32 Total Nonoperating Revenues (Expenses)	15,337,505	(1,360,000)	13,977,505
33			
34 Income before Capital Contributions	(5,299,688)	(1,681,081)	(6,980,769)
35 Capital contributions	971,760	0	971,760
36 Change in Net Position	\$ (4,327,928)	\$ (1,681,081)	\$ (6,009,009)

Revenues, Expenses, and Changes in Net Position by Line of Business

	Irrigation	DeGroot Water Treatment	Retail Electric	Schulz Solar Farm	Groundwater Sustainability	Eliminate Internal Transactions	Consolidated
1 OPERATING REVENUES							
2 Irrigation sales	\$ 1,896,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,896,300
3 Treated water sales	0	8,046,887	0	0	0	0	8,046,887
4 Other water sales	1,421,559	0	0	0	0	(1,394,868)	26,691
5 Electric sales	179,000	0	0	433,204	0	(433,204)	179,000
6 Other	171,811	0	0	0	0	0	171,811
7 Total Operating Revenues	3,668,670	8,046,887	0	433,204	0	(1,828,072)	10,320,689
9 OPERATING EXPENSES							
10 Wages	4,699,118	2,335,662	144,948	142,919	0	0	7,322,648
11 Payroll taxes and benefits	4,019,574	1,489,356	98,261	91,941	0	0	5,699,132
12 Materials and supplies	959,153	2,054,977	28,840	4,500	0	(1,394,868)	1,652,603
13 Maintenance, repairs, and improvements	670,371	687,784	68,922	48,984	135,000	0	1,611,061
14 Utilities	501,841	1,154,892	1,500	50,780	0	(433,204)	1,275,808
16 General and administrative	1,881,778	324,215	4,242,027	14,015	39,996	0	6,502,031
17 Depreciation	3,007,253	3,420,000	0	467,347	0	0	6,894,600
18 Total Operating Expenses	15,739,087	11,466,887	4,584,498	820,485	174,996	(1,828,072)	30,957,882
20 Net Income (Loss) From Operations	(12,070,418)	(3,420,000)	(4,584,498)	(387,281)	(174,996)	0	(20,637,193)
22 NONOPERATING REVENUES (EXPENSES)							
23 Proposition 13 subvention	4,516,000	0	0	0	0	0	4,516,000
24 Interest income	394,500	43,872	0	0	0	0	438,372
25 Changes in market value of investments	0	0	0	0	0	0	0
26 Interest expense	(91,359)	0	0	(89,908)	0	0	(181,267)
27 Gain (loss) on property and equipment	12,000	0	0	0	0	0	12,000
28 Tri-Dam Power Authority distributions	3,100,000	0	0	0	0	0	3,100,000
29 Tri-Dam Project distributions	7,400,000	0	0	0	0	0	7,400,000
30 Undistributed earnings of Tri-Dam Project	0	0	0	0	0	0	0
31 Other nonoperating revenue	52,400	0	0	0	0	0	52,400
32 Total Nonoperating Revenues (Expenses)	15,383,541	43,872	0	(89,908)	0	0	15,337,505
34 Income before Capital Contributions	149,809	(3,581,004)	(4,496,587)	(678,414)	(110,400)		(5,299,688)
35 Capital contributions	48,000	923,760	0	0	0	0	971,760
36 Change in Net Assets	\$ 3,686,407	\$ (3,281,004)	\$ (4,496,587)	\$ (678,414)	\$ (110,400)	\$ -	\$ (4,327,928)

2017 Proposed Budget
Debt Service Coverage

		<u>2017 Budget</u>	<u>Contingency Plan</u>	
			<u>Amt at Risk 2017</u>	<u>2017 Worst Case</u>
Revenue				
1	Investment earnings, unrestricted	\$ 438,372	\$ (60,000)	\$ 378,372
2	Operating revenues	10,320,689	(321,081)	9,999,608
3	Tri-Dam Power Authority distributions	3,100,000	(1,300,000)	1,800,000
4	Tri-Dam Project distributions	7,400,000	0	7,400,000
5	Proposition 13 subvention	4,516,000	0	4,516,000
6	Gain (loss) on property and equipment	12,000	0	12,000
7	Cash capital contributions	971,760	0	971,760
8	Less: deposits to rate stabilization fund	0	0	0
9	Withdrawals from rate stabilization fund	0	662,200	662,200
10	Other nonoperating revenues	52,400	0	52,400
11	Total Revenue	<u>26,758,821</u>	<u>(1,018,881)</u>	<u>25,739,940</u>
12				
13	Operation and Maintenance Costs			
14	Operating expenses	30,957,882	0	30,957,882
15	Less: excluded expenses of retail electric	(4,580,681)	0	(4,580,681)
16	Less: depreciation	(6,894,600)	0	(6,894,600)
17	Total Operation and Maintenance Costs	<u>19,482,601</u>	<u>0</u>	<u>19,482,601</u>
18				
19	Net Revenues	<u>\$ 7,276,220</u>	<u>\$ (1,018,881)</u>	<u>\$ 6,257,339</u>
20				
21	Debt Service			
22	Principal on 2012A Refunding Bonds	\$ 2,355,000		\$ 2,355,000
23	Interest on 2012A Refunding Bonds	293,800		293,800
24	Total debt service	<u>\$ 2,648,800</u>		<u>\$ 2,648,800</u>
25				
26	Debt Service Coverage Ratio	<u>275%</u>		<u>236%</u>
27				
28	Annual Debt Service Capacity at 125% Coverage	<u>\$ 5,820,976</u>		<u>\$ 5,005,871</u>
29				
30	Minimum Allowable Net Revenues	<u>3,311,000</u>		<u>3,311,000</u>
31	Excess Net Revenues YTDC	<u>\$ 3,965,220</u>		<u>\$ 2,946,339</u>

2017 Proposed Budget Capital Expenditures

Account No.	Account Name	Project Description	Cost
10-000-1120-00	Office	Camera system upgrade - Michael	\$ 33,000
10-000-1120-00 Total			33,000
10-000-1123-00	Control Room	Camera system upgrade - Michael	32,000
10-000-1123-00	Control Room	Cameras for drops - Michael	34,000
10-000-1123-00	Control Room	engineer and design to add office space to the control room building - Frank	20,000
10-000-1123-00 Total			86,000
10-000-1140-00	Joint Supply Canal	Minor repairs to canal floor&walls and perform tape extensionometer test readings.	33,000
10-000-1140-00 Total			33,000
10-000-1142-00	Main Distributory Canal (MDC)	Performed Geotechnical study and master plan for future MDC Improvements-Sam	100,000
10-000-1142-00	Main Distributory Canal (MDC)	upgrade the R/Q divide gates with rubicon leaf gates. Frank	85,000
10-000-1142-00 Total			185,000
10-000-1143-00	Distributory Laterals	float device project Va & Vaa \$66,000-Sam	66,000
10-000-1143-00	Distributory Laterals	Replace lb sta. 0-28-2,800 ft.-Sam	330,000
10-000-1143-00	Distributory Laterals	Replace Rr-end along Mello Rd.- 1,200 ft.-Sam	105,000
10-000-1143-00	Distributory Laterals	Replace W sta. 364-378- 1,400 ft.-Sam	145,600
10-000-1143-00 Total			646,600
10-000-1150-00	Main Drainage Canals (FCOC)	Participate with City of Manteca in FCOC capacity Study-Sam	50,000
10-000-1150-00 Total			50,000
10-000-1151-00	Drainage Laterals	install meters on drainage laterals - cost share with Manteca 11 of 22 sites - Sam	75,000
10-000-1151-00 Total			75,000
10-000-1160-00	Motor Vehicles	1/1/2 ton pickup for Div. 3 - replace high mileage	30,435
10-000-1160-00	Motor Vehicles	Impala for Bere - replace high mileage Crown Vic.	33,175
10-000-1160-00	Motor Vehicles	Traverse for office - replace high mileage Tahoe	29,595
10-000-1160-00 Total			93,205
10-000-1162-00	Miscellaneous Equipment (Trail	Tilt trailer for Maint. - replace 30 yr old trailer #46	31,000
10-000-1162-00 Total			31,000
20-000-1165-00	Other Equipment	504 V4 moduel replacement ZW5 (\$1520/module plus 8.125% tax)	830,000
20-000-1165-00	Other Equipment	TBS VFD retrofit install	225,000
20-000-1165-00 Total			1,055,000
Total Capital Expenditures			2,287,805
Principal Repayment on 2012A Revenue Refunding Bonds			2,355,000
Payment of Unfunded Pension Liability			729,288
Total Capital and Debt Expenditures			\$ 3,084,288

2017 Proposed Budget

Comparative Revenues, Expenses, and Change in Net Postion

	2016 Estimated Actual		2017 Budget	Change from 2015		Change from 2016		
	2015 Actual	2016 Actual						
OPERATING REVENUES								
1	Irrigation sales	\$ 1,870,583	\$ 1,911,283	\$ 1,896,300	25,717	1%	\$ (14,983)	-1%
2	Treated water sales	6,234,979	6,747,238	8,046,887	1,811,908	29%	1,299,649	21%
3	Other water sales	5,964,762	11,613,492	26,691	(5,938,071)	-100%	(11,586,801)	-194%
4	Electric sales	194,731	172,069	179,000	(15,731)	-8%	6,931	4%
5	Other operating income	307,641	251,862	171,811	(135,830)	-44%	(80,051)	-26%
6	Total Operating Revenues	14,572,696	20,695,944	10,320,689	(4,252,007)	-29%	(10,375,255)	-71%
OPERATING EXPENSES								
9	Wages	6,823,058	7,024,635	7,322,648	499,590	7%	298,012	4%
10	Payroll taxes and benefits	4,104,520	5,641,365	5,699,132	1,594,612	39%	57,767	1%
11	Materials and supplies	1,683,010	1,667,688	1,652,603	(30,408)	-2%	(15,085)	-1%
12	Maintenance, repairs, and improvements	723,413	973,429	1,611,061	887,647	123%	637,632	88%
13	Utilities	1,015,871	944,508	1,275,808	259,938	26%	331,301	33%
15	General and administrative	4,247,941	5,000,500	6,502,031	2,254,089	53%	1,501,531	35%
16	Depreciation	6,816,446	6,918,360	6,894,600	78,154	1%	(23,760)	0%
17	Total Operating Expenses	25,414,260	28,170,485	30,957,882	5,543,622	22%	2,787,397	11%
18	Net Income (Loss) From Operations	(10,841,564)	(7,474,541)	(20,637,193)	(9,795,629)	90%	(13,162,652)	121%
NONOPERATING REVENUES (EXPENSES)								
23	Investment earnings	287,191	407,744	438,372	151,181	53%	30,628	11%
24	Proposition 13 subvention	4,787,711	4,415,911	4,516,000	(271,711)	-6%	100,089	2%
25	Interest expense	(301,564)	(122,581)	(181,267)	120,297	-40%	(58,686)	19%
26	Gain (loss) on property and equipment	22,093	24,510	12,000	(10,093)	-46%	(12,510)	-57%
27	Tri-Dam Power Authority distributions	0	0	3,100,000	3,100,000	0%	3,100,000	0%
28	Tri-Dam Project distributions	4,379,500	7,959,088	7,400,000	3,020,500	69%	(559,088)	-13%
29	Undistributed earnings of Tri-Dam Project	(2,010,161)	0	0	2,010,161	-100%	0	0%
30	Other nonoperating revenue	67,184	73,443	52,400	(14,784)	-22%	(21,043)	-31%
31	Total Nonoperating Revenues (Expenses)	7,231,954	12,758,115	15,337,505	8,105,552	112%	2,579,390	36%
33	Income before Capital Contributions	(3,609,611)	5,283,574	(5,299,688)	(1,690,077)	47%	(1,690,077)	47%
34	Capital contributions	1,160,749	2,638,716	971,760	(188,989)	-16%	(1,666,956)	-144%
35	Change in Net Position	\$ (2,448,862)	\$ 7,922,291	\$ (4,327,928)	\$ (1,879,066)	77%	\$ (3,357,033)	137%

2017 Proposed Budget Cash Flow

	Proposed Budget	Worst Case	Best Case
1 Change in net position	\$ (4,327,928)	\$ (6,009,009)	\$ 373,603
2 Promissory note collection	200,000		200,000
3 Depreciation	6,894,600	6,894,600	6,894,600
4 Less: noncash capital contributions	0	0	0
5 Principal payments on debt	(2,355,000)	(2,355,000)	(2,355,000)
6 Pmt of unfunded pension liability	(729,288)	(729,288)	(729,288)
7 Capital expenditures	(2,238,783)	(2,238,783)	(2,238,783)
8 Estimated Cash Flow	\$ (2,556,399)	\$ (4,437,479)	\$ 2,145,133

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11 **Proposed budget assumes:**

- 12 Normal demand for treated water.
- 13 Dry year conditions comparable to calendar years 2014 and 2015 for hydroelectric production.
- 14 Irrigation revenues are not materially affected by changes in demand.

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16 **Worst case assumes:**

- 17 Dry year demand for treated water.
- 18 Lower investment earnings due to lower reserve balances and/or yields.
- 19 Loss of capacity payments to Tri-Dam Authority from PG&E in the event of failed contract negotiation.

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21 **Best Case assumes:**

- 22 Legal and consulting fees will be no higher than 2016.
- 23 Higher reserves and/or higher yields produce \$100,000 more investment earnings than budgeted.
- 24 Normal hydrology for hydroelectric generation, using Rick Dodge's consequent revenue estimate.
- 25 Revenue from annexations, etc. of \$250,000.