

Mid-Year FY2022/2023 Budget Discussion MSWD Board Workshop

January 10, 2023



Typical Yearly Process

- District Fiscal Year – July 1 to June 30 of following year (FY2023 – July 1, 2022 to June 30 2023)
- March - Staff budget review begins
- June Board Workshop - GM Draft Budget presented
- June Study Session - GM Recommended Budget presented
- June Board Meeting - GM Revised Budget presented (Adopted)
- January Board Meeting - Mid-Year Review with any budget changes presented (Amended)



Key FY2023 Budget Assumptions

- Revenue -
 - No base or commodity rates increases
 - No service fee increases
 - New water and sewer customers
 - Grants and Loans (Regional Plant)
- Expenses -
 - New wastewater worker position
 - Implementation of Classification and Compensation Study
 - Employee requests – Certification Pay
 - Increase in operating expenses related to inflation (diesel, gasoline, chemicals, etc.)



FY2023 Budget Revenue Summary

- Operating Revenues - \$20,786,424 (\$1,695,000 increase from FY2022)
 - Other operating income related to delinquent accounts, late fees, disconnect and reconnect charges \$1,333,980 (\$470,000 increase)
 - Sewer service fee \$7,320,000 (\$195,000 increase)
 - Meter connections and service charge \$2,960,640 (\$85,000 increase)
 - Water consumption charge \$9,171,804 (\$45,000 increase considering increase in new connections reversed by expected drought conservation mandate)



FY2023 Budget Expense Summary

- Operating Expenses - \$18,784,398 before depreciation (\$1,595,000 increase from FY2022)
 - Salaries and Benefits - \$8,410,206 (\$820,000 increase)
 - Implementation of the Classification and Compensation Study (\$590,000)
 - New wastewater worker position (\$200,000)
 - Employee Request – Certification Pay (\$30,000)
 - Other Expenses - \$10,374,192 (\$775,000 increase)
 - Increase in Electric Utility Billing (\$350,000)
 - Increase in expenses and reductions made by department heads to minimize the impact (\$241,000)
 - Fees to acquire new loans (\$184,000)

FY2023 Non-Operating Budget Summary

- Non-Operating Revenue - \$28,078,595 (\$18,520,000 increase from FY2022)
 - Property taxes - \$2,099,989 (\$582,000 increase)
 - Backup and front footage fees - \$844,440 (\$327,000 increase)
 - Grants for the Regional Plant, septic to sewer conversion and Skyborne Escrow Payment - \$25,097,529 (\$17,810,000 increase)
 - Investment income and interest expense - \$36,637 (\$199,000 increase)

FY2023 Operating Budget

	A	B	C	D	E		A	B	C	D	E
4		COMBINED				4		COMBINED			
5		DISTRICTS	OPERATING FUNDS			5		DISTRICTS	OPERATING FUNDS		
6		TOTAL	GENERAL	WATER	SEWER	6		TOTAL	GENERAL	WATER	SEWER
7		FUNDS	DISTRICT	DISTRICT	DISTRICT	7		FUNDS	DISTRICT	DISTRICT	DISTRICT
8						8					
9	OPERATING REVENUES	20,786,424	0	13,449,636	7,336,788	9	OPERATING REVENUES	21,186,424	0	13,599,636	7,586,788
10						10					
11	OPERATING EXPENSES:					11	OPERATING EXPENSES:				
12	CUSTOMER ACCOUNTS	2,096,048	402,036	1,694,012	0	12	CUSTOMER ACCOUNTS	2,096,048	402,036	1,694,012	0
13	BUILDINGS AND GROUNDS	155,360	155,360	0	0	13	BUILDINGS AND GROUNDS	155,360	155,360	0	0
14	VEHICLE MAINTENANCE	488,084	488,084	0	0	14	VEHICLE MAINTENANCE	488,084	488,084	0	0
15	CENTRAL SERVICES	780,891	780,891	0	0	15	CENTRAL SERVICES	780,891	780,891	0	0
16	ADMINISTRATION	2,318,107	2,318,107	0	0	16	ADMINISTRATION	3,250,786	3,250,786	0	0
17	INFORMATION TECHNOLOGY	1,096,512	1,096,512	0	0	17	INFORMATION TECHNOLOGY	1,096,512	1,096,512	0	0
18	BOARD OF DIRECTORS	399,776	399,776	0	0	18	BOARD OF DIRECTORS	399,776	399,776	0	0
19	PUBLIC AFFAIRS	770,665	594,325	176,340	0	19	PUBLIC AFFAIRS	770,665	594,325	176,340	0
20	HUMAN RESOURCES	382,500	382,500	0	0	20	HUMAN RESOURCES	382,500	382,500	0	0
21	ENGINEERING	1,811,155	940,476	607,426	263,253	21	ENGINEERING	1,023,476	940,476	74,000	9,000
22	ACCOUNTING	536,796	536,796	0	0	22	ACCOUNTING	536,796	536,796	0	0
23	PUMPING	3,317,755	0	3,317,755	0	23	PUMPING	3,507,755	0	3,507,755	0
24	TRANSMISSION AND DISTRIBUTION	2,327,279	0	2,327,279	0	24	TRANSMISSION AND DISTRIBUTION	2,327,279	0	2,327,279	0
25	COLLECTION	512,448	0	0	512,448	25	COLLECTION	512,448	0	0	512,448
26	TREATMENT	2,059,312	0	0	2,059,312	26	TREATMENT	2,159,312	0	0	2,159,312
27	DISPOSAL	660,198	0	0	660,198	27	DISPOSAL	850,198	0	0	850,198
28	OTHER	0	0	0	0	28	DEPRECIATION	4,025,551	275,046	2,069,977	1,680,528
29	DEPRECIATION	4,025,551	275,046	2,069,977	1,680,528	29	CAPITAL LABOR AND COSTS				
30	CAPITAL LABOR AND COSTS					30	ADMINISTRATIVE COSTS ALLOCATED	(1,236,444)	(9,302,588)	5,594,696	2,471,448
31	ADMINISTRATIVE COSTS ALLOCATED	(1,112,496)	(8,369,909)	5,033,753	2,223,660	31	TOTAL OPERATING EXPENSE	23,126,993	0	15,444,059	7,682,934
32	TOTAL OPERATING EXPENSE	22,625,941	0	15,226,542	7,399,399	32					
33						33	NET OPERATING INCOME(LOSS)	(1,940,569)	0	(1,844,423)	(96,146)
34	NET OPERATING INCOME(LOSS)	(1,839,517)	0	(1,776,906)	(62,611)						

FY2023 Non-Operating Budget

	A	B	C	D	E		A	B	C	D	E
34	NET OPERATING INCOME(LOSS)	(1,839,517)	0	(1,776,906)	(62,611)	35	ADD NON-OPERATING REVENUE:				
35						36	CONNECTION FEES	844,440	0	664,440	180,000
36	ADD NON-OPERATING REVENUE:					37	PROPERTY TAXES	2,099,989	968,640	708,996	422,353
37	CONNECTION FEES	844,440	0	664,440	180,000	38	SOLAR CREDITS	225,000	0	90,000	135,000
38	PROPERTY TAXES	2,099,989	968,640	708,996	422,353	39	INTEREST INCOME	1,212,459	68,511	78,696	88,884
39	INTEREST INCOME	574,959	68,511	78,696	88,884	40	UNREALIZED GAINS/LOSSES	(311,964)	(54,240)	(128,880)	(128,844)
40	UNREALIZED GAINS/LOSSES	(311,964)	(54,240)	(128,880)	(128,844)	41	FRONT FOOTAGE FEES	0	0	0	0
41	FRONT FOOTAGE FEES	0	0	0	0	42	GRANT	42,849,311	0	5,324,709	37,524,602
42	GRANT	25,097,529	0	5,324,709	19,772,820	43	LESS INTEREST & DEBT SERVICE EXPENSE:				
43	LESS INTEREST & DEBT SERVICE EXPENSE:					44	INTEREST	(863,858)	0	0	0
44	INTEREST	(226,358)	0	0	0	45	DEBT SERVICE CHARGES	(184,008)	0	(92,004)	(92,004)
45	DEBT SERVICE CHARGES	(184,008)	0	(92,004)	(92,004)	46					
46						47	NET INCOME(LOSS)	43,930,800	982,911	4,801,534	38,033,845
47	NET INCOME(LOSS)	26,055,070	982,911	4,779,051	20,180,598	48					
48						49	LOAN PROCEEDS	25,998,560	5,450,000	2,000,000	18,548,560
49	LOAN PROCEEDS	33,898,560	5,450,000	2,000,000	26,448,560	50	ADD ASSESSMENT DISTRICT PRINCIPAL	2,722,188			1,980,000
50	ADD ASSESSMENT DISTRICT PRINCIPAL	2,722,188			1,980,000	51	ADD DEPRECIATION & AMORTIZATION	4,025,551	275,046	2,069,977	1,680,528
51	ADD DEPRECIATION & AMORTIZATION	4,025,551	275,046	2,069,977	1,680,528	52	TOTAL CASH PROVIDED	76,677,099	6,707,957	8,871,511	60,242,933
52	TOTAL CASH PROVIDED	66,701,369	6,707,957	8,849,028	50,289,686	53					
53						54	CASH APPLIED OR RESERVED FOR:				
54	CASH APPLIED OR RESERVED FOR:					55	PRINCIPAL PAYMENTS DUE	(710,203)			
55	PRINCIPAL PAYMENTS DUE	(710,203)				56	INTER-FUND TRANSFERS	0		(42,227)	186,722
56	INTER-FUND TRANSFERS	0		(42,227)	186,722	57	CAPITAL IMPROVEMENTS	(63,362,033)	(16,551,077)	(13,123,951)	(33,687,005)
57	CAPITAL IMPROVEMENTS	(87,180,394)	(16,554,039)	(13,791,295)	(56,835,060)	58	VEHICLES AND EQUIPMENT	(307,000)	0	(307,000)	0
58	VEHICLES AND EQUIPMENT	(580,000)	0	(580,000)	0	59	CAPITAL REPLACEMENT RESERVE	(2,012,776)	(137,523)	(1,034,989)	(840,264)
59	CAPITAL REPLACEMENT RESERVE	(2,012,776)	(137,523)	(1,034,989)	(840,264)	60	RESERVES (INCREASED) DECREASED	(10,285,088)	9,980,643	5,636,656	(25,902,386)
60	RESERVES (INCREASED) DECREASED	23,782,004	9,983,605	6,599,483	7,198,916	61	TOTAL PRINCIPAL PAYMENTS,				
61	TOTAL PRINCIPAL PAYMENTS,					62	TRANSFERS & CAPITAL IMPROVEMENT	(76,677,099)	(6,707,957)	(8,871,511)	(60,242,933)
62	TRANSFERS & CAPITAL IMPROVEMENT	(66,701,369)	(6,707,957)	(8,849,028)	(50,289,686)						

Operating Revenues and Expenses

MISSION SPRINGS WATER DISTRICT
COMBINED FUNDS
DISTRICT SUMMARY
JULY 1, 2022 TO DECEMBER 31, 2022

YEAR TO DATE			
ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE AMOUNT	FAVORABLE (UNFAVORABLE) VARIANCE PERCENT
10,974,655	10,393,212	581,443	6%
7,381,035	7,750,790	369,755	5%
3,593,620	2,642,422	951,198	36%
2,026,346	1,752,878	273,468	16%
297,640	374,028	76,388	20%
1,728,706	1,378,850	349,856	25%
5,322,326	4,021,272	1,301,054	32%

OPERATING REVENUE:
OPERATING EXPENSE:
NET OPERATING INCOME
ADD NON-OPERATING REVENUE
LESS NON-OPERATING EXPENSE
NET NON-OPERATING INCOME
NET INCOME

JULY 1, 2021 TO DECEMBER 31, 2021			
ACTUAL	BUDGET	FAVORABLE (UNFAVORABLE) VARIANCE AMOUNT	FAVORABLE (UNFAVORABLE) VARIANCE PERCENT
10,931,292	9,993,575	937,717	9%
9,204,792	9,463,133	258,341	3%
1,726,500	530,442	1,196,058	225%
2,125,041	1,426,129	698,912	49%
286,954	292,146	5,192	2%
1,838,087	1,133,983	704,104	62%
3,564,588	1,664,425	1,900,163	114%

FY2023 Mid-Year Operating Budget Increase Requests - \$17,771,042

- Regulatory Compliance (Nitrogen and TDS Study at Horton) – \$100,000
- Legal – \$145,000
- Cost increases related to inflation
 - Sludge Handling – \$190,000
 - Electric Utility – \$190,000
 - Capitalized to Capital Projects – (\$19,260)
- Revenue Increases
 - Delinquent Charges – \$150,000
 - Residential Sewer Service Charges – \$250,000
 - Solar Credits – \$225,000
 - Grants – \$17,751,782



Capital Improvement Program, Cash Flow, and Installment Purchase Agreement Discussion

Capital Improvement Program

- The District maintains a 5-year Capital Improvement Program
- Currently, there are **40 projects** in the Capital Improvement Program totaling **\$127,085,275**.
- Funds expended on capital projects in the current year will be spent on projects approved by the Board of Directors in previous years (continuing appropriations) as well as the current year.
- Continuing appropriations from FY 2022 amounted \$89,725,534 and additional projects added during FY 2023 amounted \$37,360,000. However, only \$87,180,394 will be funded from the FY 2023 Budget for the 40

Capital Improvement Program

Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund In FY 2023 Budget	Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund In FY 2023 Budget	Description	Continuing Appropriations from FY 2022	Proposed for FY 2023	Final for FY 2023	Fund In FY 2023 Budget
Well #42	\$4,600,000	\$0	\$4,600,000	\$2,190,000	Terrace Reservoir #2	\$814,461	\$0	\$814,461	\$780,000	Trailer Mounted Portable Generators	\$537,375	\$0	\$537,375	\$537,375
1530 Zone Redbud Tank #2	\$80,000	\$0	\$80,000	\$9,292	Terrace Reservoir #3	\$361,363	\$0	\$361,363	\$330,000	Reservoir Rehabilitation Program Design FY 2022	\$120,000	\$0	\$120,000	\$120,000
I-10 & Indian Sewer Collection System	\$602,000	\$0	\$602,000	\$7,332	Vista Reservoir Rehabilitation	\$975,427	\$0	\$975,427	\$849,000	Well Rehabilitation Program Design FY 2022	\$120,000	\$0	\$120,000	\$120,000
Well & Booster SCADA Enhancement	\$30,000	\$0	\$30,000	\$4,482	Well 22 Rehabilitation	\$100,000	\$560,000	\$660,000	\$610,000	Administration Office Repairs (Drywall & Painting)	\$135,000	\$0	\$135,000	\$104,039
Regional Wastewater Reclamation Facility	\$51,000,000	\$0	\$51,000,000	\$37,900,000	HWWTP Above Ground Piping & Appurtenance Rehabilitation	\$150,000	\$0	\$150,000	\$100,000	Pierson Blvd Slurry Seal Project	\$183,000	\$0	\$183,000	\$183,000
GQPP Area M-2 (AD #15)	\$6,250,000	\$4,000,000	\$10,250,000	\$6,810,000	HWWTP SCADA Upgrades	\$129,008	\$0	\$129,008	\$100,000	Riverside County Mountain View Resurfacing Project	\$33,000	\$0	\$33,000	\$33,000
Conveyance Line from LS to RWRP	\$3,300,000	\$5,000,000	\$8,300,000	\$8,040,000	GQPP Area A & G Design & Engineering	\$1,600,000	\$0	\$1,600,000	\$1,195,820	Well 35 Equipment Installation	\$2,700,000	\$0	\$2,700,000	\$2,700,000
Chromium 6 Compliance Study	\$200,000	\$0	\$200,000	\$185,511	New Administration Building	\$5,500,000	\$27,800,000	\$33,300,000	\$16,450,000	Well 34 Rehabilitation	\$475,000	\$0	\$475,000	\$475,000
HWWTP Influent Pump Station Odor Control	\$730,000	\$0	\$730,000	\$499,565	2020 Water CIP Pipeline Replacement	\$2,264,975	\$0	\$2,264,975	\$700,000	Well 34/35 Intertie	\$1,100,000	\$0	\$1,100,000	\$1,100,000
Booster Pump Rehabilitation Program	\$150,000	\$0	\$150,000	\$107,882	Sewer System Collections	\$750,000	\$0	\$750,000	\$540,184	Total	\$89,725,275	\$37,360,000	\$127,085,275	\$87,180,394
Modular Enclosure – Chlorine Equipment & Well Sites	\$124,180	\$0	\$124,180	\$50,000	Horton North Building Improvements	\$150,000	\$0	\$150,000	\$95,000					
Electrical Panel/Motor Rehabilitation (3 Sites)	\$633,404	\$0	\$633,404	\$600,000	Well & Reservoir Site Security Cameras	\$225,075	\$0	\$225,075	\$225,075					
Terrace Reservoir #1	\$754,343	\$0	\$754,343	\$720,000	Emergency Backup Generator Well 27/31	\$411,002	\$0	\$411,002	\$400,000					
					Emergency Backup Generator Well 32	\$300,331	\$0	\$300,331	\$290,780					
					Emergency Backup Generator Well 37	\$330,331	\$0	\$300,331	\$290,898					
					Filtration for HWWTP	\$1,500,000	\$0	\$1,500,000	\$1,400,000					
					GQPP Area D3-1 Sewer Design	\$156,000	\$0	\$156,000	\$147,159					
					Portable Booster/Transfer Pump	\$180,000	\$0	\$180,000	\$180,000					

From MSWD Fiscal Year 2022-2023 Operating & Capital Budget

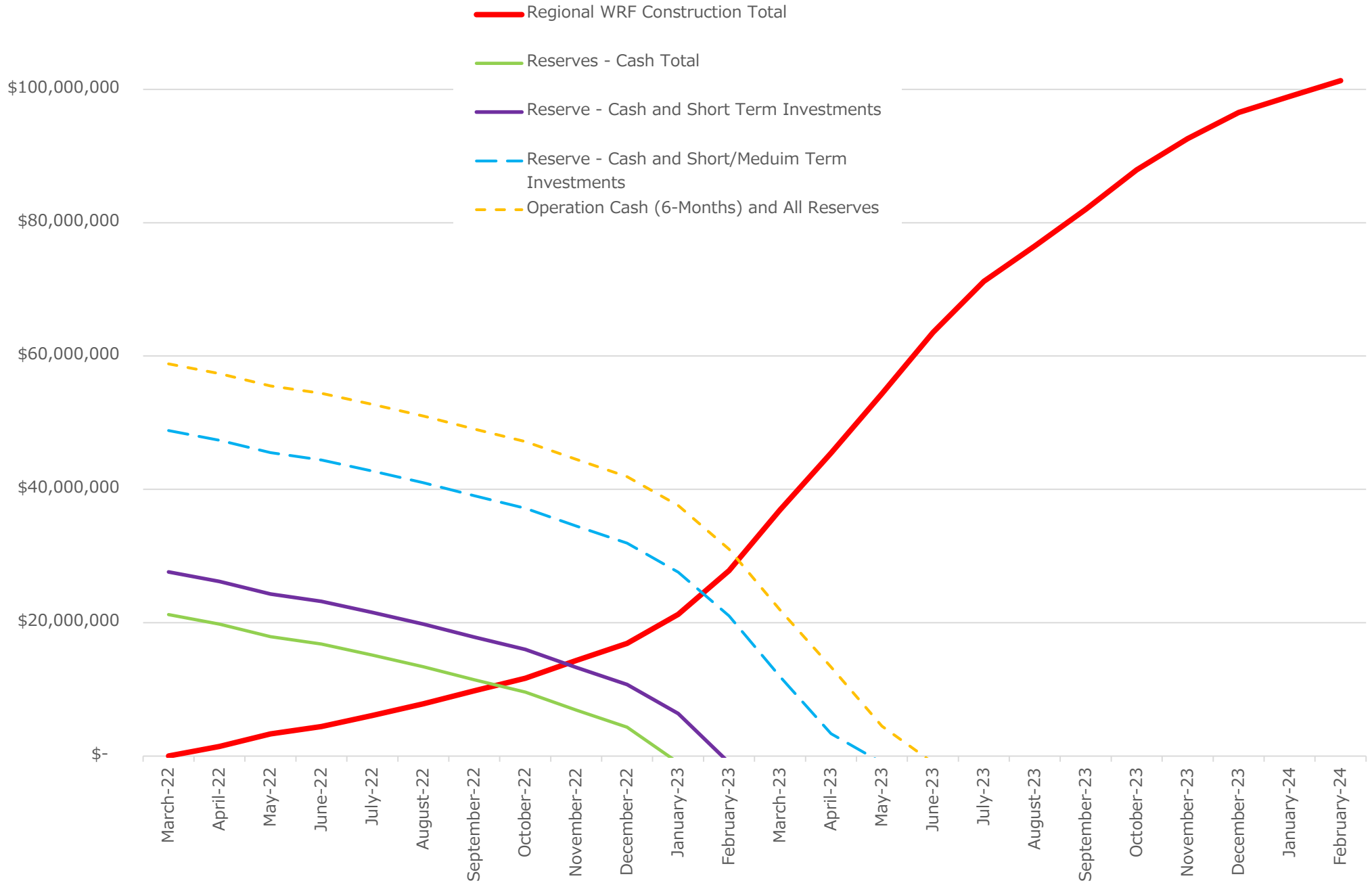


FY2023 Cash Review Summary

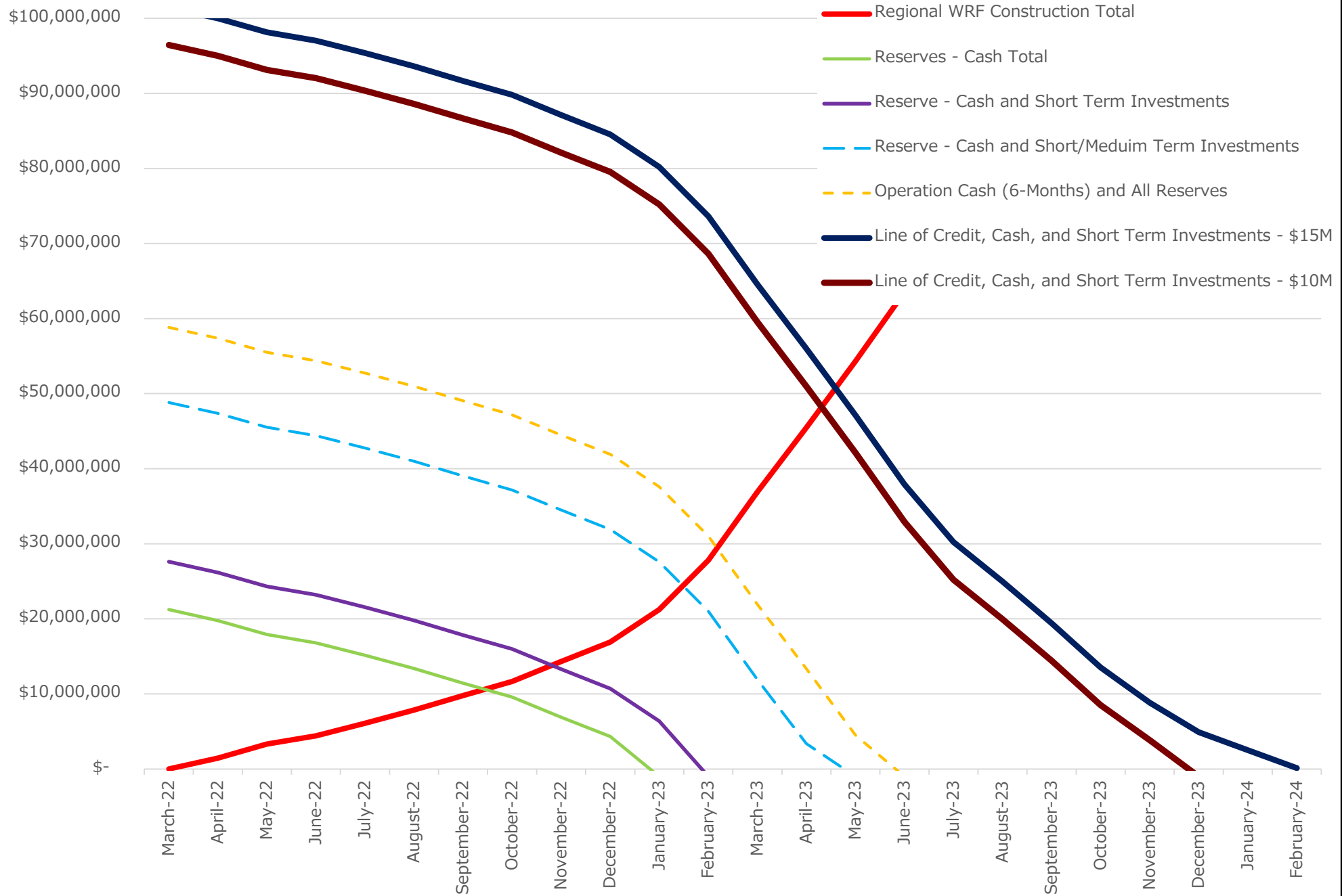
	A	B	C	D	E	F	G
22	Mission Springs Water District						
23	Cash Review Summary - 2023						
24							
25							AS OF
26							Apr-22
27							
28	WELLS FARGO						
29	OPERATING CASH ACCOUNT						\$ 16,099,000
30							
31	CAL-TRUST						
32	LIQUIDITY FUND						2,550,000
33	SHORT TERM FUND						6,398,000
34	MEDIUM FUND						21,279,000
35	TOTAL CAL-TRUST						30,227,000
36							
37	TOTAL DISTRICT CASH						\$ 46,326,000

	A	B	C	D	E	F	G
22	Mission Springs Water District						
23	Cash Review Summary - 2023						
24							
25							AS OF
26							Dec-22
27							
28	WELLS FARGO						
29	OPERATING CASH ACCOUNT						\$ 6,720,430
30							
31	CAL-TRUST						
32	LIQUIDITY FUND						2,590,262
33	SHORT TERM FUND						6,463,250
34	MEDIUM FUND						21,172,767
35	TOTAL CAL-TRUST						30,226,279
36							
37	TOTAL DISTRICT CASH						\$ 36,946,709

Construction Cost vs. Cash/Reserves



Construction Cost vs. Cash/Reserves



Thank You.

