



**FINANCE COMMITTEE MEETING
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD, MONTECITO, CALIFORNIA
WEDNESDAY, MARCH 14, 2018
AT 9:30 AM**

AGENDA

1) CALL TO ORDER, DETERMINATION OF COMMITTEE QUORUM

2) PUBLIC FORUM

This portion of the agenda may be utilized by any person to address the Finance Committee on any matter within the jurisdiction of the Committee. No consideration or discussion shall be undertaken by Committee members at this time on any item not appearing on this agenda except as permitted by the Ralph M. Brown Act. Discussion items receiving recommendations by the Committee, and/or items requiring action will be placed on the agenda of a future meeting of the Montecito Water District Board of Directors.

3) ITEMS FOR COMMITTEE DISCUSSION

- A. Review Unaudited District Monthly Financial Reports for January 2018
- B. Review 2016-17 Depreciation Amounts
- C. Discuss Absorption of the Cost of the New Assistant Engineer
- D. Discuss Cash Flow Regarding Emergency Spending
- E. Review CalPERS Pension

4) DIRECTOR REQUESTS

5) ADJOURNMENT

This agenda was posted at the Montecito Water District front counter and outside front wall at 5:00 pm, February 9, 2018. The Americans with Disabilities Act provides that no qualified individual with a disability shall be excluded from participation in, or denied the benefits of, the District's programs, services or activities because of any disability. If you need special assistance to participate in this meeting, please contact the District Office at (805) 969-2271. Notification at least twenty-four (24) hours prior to the meeting will enable the District to make appropriate arrangements. Materials related to an item on this agenda submitted to the Committee after distribution of the agenda packed are available for public inspection in the Montecito Water District offices located at 583 San Ysidro Road, Montecito, CA during normal business hours.

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-A

DATE: MARCH 14, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: JANUARY 2018 FINANCIAL REPORTS

RECOMMENDATION:

For information and discussion only.

BACKGROUND:

Each month, staff prepares a financial package that contains information comparing actual results against the budget, historical activity and other statistical data in order to identify potential fluctuations and/or trends. The information is reported to the Finance Committee and then to the Board of Directors, on a timely basis, for further discussion and appropriate Board action, if applicable.

Included in this financial package are the **Monthly Financial Statements** which include the Statement of Revenue and Expenditures and accompanying footnotes, the Statement of Net Position and the Statement of Cash Flows. These reports are prepared on an accrual basis and formatted much the same as the Annual Audited Financial Statements. These reports are prepared to provide the District's Board of Directors and customers with information about the activities and performance of the District during the month using accounting methods similar to those used by private sector companies and consistent with generally accepted accounting principles.

The financial package also includes **Dashboard Reports** which graphically depict various water sales data including water sales by classification, water sales for trailing 12, 24 and 36 months, water sales by tier and several other key trend indicators. The **Water Sales Analysis** and the **Metered Water Sales Report** track current year activity in both units of water sold (acre feet) and metered water sales.

ANALYSIS:

1. WATER SALES ANALYSIS – JANUARY, 2018

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	172.84	129.30	43.54	33.7%
Multi Family	3.71	7.56	(3.85)	(51.0%)
Agricultural	12.02	1.80	10.22	569.0%
Institutional	12.16	14.28	(2.12)	(14.8%)
Commercial	11.97	29.77	(17.80)	(59.8%)
Non-Potable	3.34	0.00	3.34	#DIV/0!
Monthly Total	216.04	182.70	33.34	18.2%

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	1,803.86	1,662.13	141.73	8.5%
Multi Family	37.96	46.91	(8.95)	(19.1%)
Agricultural	201.77	182.13	19.64	10.8%
Institutional	149.24	219.46	(70.22)	(32.0%)
Commercial	143.63	172.29	(28.66)	(16.6%)
Non-Potable	91.68	68.78	22.90	33.3%
Yearly Total	2,428.14	2,351.70	76.44	3.3%

A. Water Sales in Acre Feet (AF)

During the month of January 2018, MWD sold 216.04 AF of water to its customers compared to a budgeted amount 182.70 AF which translates to a budget variance of +33.34 AF or 18.2%. The reason for the variance has to do with the budget process and timing, not an increase in sales versus the prior month.

B. Sales by Classification

YEAR TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT YTD	BUDGET YTD	VARIANCE	
			\$	%
Single Family	\$ 4,463,245	\$ 4,161,044	\$ 302,201	7.3%
Multi Family	89,324	110,581	(21,257)	(19.2%)
Agricultural	281,908	258,050	23,858	9.2%
Institutional	408,873	569,898	(161,025)	(28.3%)
Commercial	384,877	464,154	(79,277)	(17.1%)
Non-Potable	55,910	41,946	13,964	33.3%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 5,684,137	\$ 5,605,673	\$ 78,464	1.4%

2. STATEMENT OF REVENUE AND EXPENDITURES – JANUARY 2018

A. Revenues

Total Revenue YTD as of January 31, 2018 is \$11,666,903 compared to the YTD Budget of \$12,027,788 for a budget variance of -\$360,885 or -3%.

REVENUE	YTD ACTUAL	YTD BUDGET	OVER (UNDER)
WATER SALES	5,684,138	5,605,672	78,465
WSE SURCHARGE	3,423,743	3,445,048	(21,305)
ORDINANCE 94 PENALTIES	(3,105)	-	(3,105)
SERVICE CHARGES	2,131,342	2,494,365	(363,024)
WATER AVAILABILITY CHARGE	175,787	178,066	(2,279)
PRIVATE FIRE HYDRANT	40,204	38,747	1,456

LATE CHARGES	31,904	29,758	2,146
SERVICE CONNECTION FEES	17,108	14,953	2,155
CAPITAL COST RECOVERY FEES	56,904	116,179	(59,275)
INTEREST REVENUE - GENERAL	51,102	58,333	(7,231)
OTHER REVENUE (LOSS)	51,596	32,667	18,929
REIMBURSEMENTS	6,182	14,000	(7,818)
TOTAL REVENUE	\$ 11,666,903	\$ 12,027,788	(\$ 360,885)

B. Expenses:

1. JPA Expenses

Total JPA Expenses YTD through January 31, 2018 are \$4,684,335 compared to the YTD budget of \$4,115,903 which is above budget by \$568k. This variance is due to the variable portion of the SWP being above budget by \$273k (but is anticipated to slowly come closer to budget over time as a result of SWP's billing practice), \$216k of supplemental water purchased to repay the AVEK water debt that was not budgeted, as well as other miscellaneous timing differences. Please see footnotes to the Financial Statements for further clarification.

2. MWD Expenses

Total MWD Expenses YTD as of January 31, 2018 are \$4,010,988 compared to the YTD budget of \$4,313,127 which is below budget by \$302k. This variance is primarily due to the following factors – **Engineering**, a recycled water feasibility study has not yet been completed (\$75k), a fish relocation project was not necessary (\$10k), as well as other combined variances \$20k; **Public Information and Conservation**, website development has not yet taken place (\$20k), as well as other combined variances (\$20k); **Administration**, local water supply negotiations planned but not completed (\$232k), as well as other combined variances (\$89k). Please see footnotes to the Financial Statements for further clarification.

ATTACHMENTS:

- 1) Financial Package – January 2018



FINANCIAL REPORTS

FINANCE COMMITTEE MEETING

For the Month of January 2018

March 14, 2018

MONTECITO WATER DISTRICT
STATEMENT OF REVENUE AND EXPENDITURES
 January 31, 2018

REVENUE	MTD ACTUAL	MTD BUDGET	OVER (UNDER)
WATER SALES	400,615	448,969	(48,354)
WSE SURCHARGE	249,887	185,431	64,456
ORDINANCE 94 PENALTIES	-	-	-
SERVICE CHARGES	391	356,084	(355,693)
WATER AVAILABILITY CHARGE	-	-	-
PRIVATE FIRE HYDRANT	5,869	5,619	250
LATE CHARGES	116	4,252	(4,136)
SERVICE CONNECTION FEES	3,120	-	3,120
CAPITAL COST RECOVERY FEES	-	-	-
INTEREST REVENUE - GENERAL	7,222	8,333	(1,111)
OTHER REVENUE (LOSS)	4,434	4,667	(233)
REIMBURSEMENTS	-	2,000	(2,000)
TOTAL REVENUE	\$ 671,652	\$ 1,015,354	(\$ 343,702)
OPERATING EXPENSE			
DIRECT EXPENSE			
JPA OPERATING EXPENSE			
CACHUMA OPERATIONS & MAINT BOARD (COMB)	76,415	-	76,415
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	8,638	-	8,638
US BUREAU OF RECLAMATION (USBR)	-	-	-
CATER WATER TREATMENT PLANT	-	-	-
STATE WATER PROJECT (SWP) - FIXED	410,975	410,975	-
STATE WATER PROJECT (SWP) - VARIABLE	89,511	1,875	87,636
SUPPLEMENTAL WATER PURCHASE	-	-	-
TOTAL JPA OPERATING EXPENSE	\$ 585,540	\$ 412,850	\$ 172,689
MWD DIRECT EXPENSE			
JAMESON	20,329	7,938	12,390
TRANSMISSION & DISTRIBUTION	151,955	113,807	38,148
TREATMENT	111,589	91,645	19,944
TOTAL MWD DIRECT EXPENSE	\$ 283,873	\$ 213,390	\$ 70,483
TOTAL DIRECT EXPENSES	869,412	626,240	(243,172)
MWD INDIRECT EXPENSE			
ENGINEERING	30,671	54,589	(23,918)
CUSTOMER SERVICE	40,658	33,184	7,474
PUBLIC INFORMATION / CONSERVATION	8,539	6,345	2,194
FLEET	21,556	14,078	7,478
ADMINISTRATION (incl Depreciation)	257,819	229,195	28,624
TOTAL MWD INDIRECT EXPENSE	\$ 359,243	\$ 337,391	\$ 21,852

YTD ACTUAL	YTD BUDGET	OVER (UNDER)
5,684,138	5,605,672	78,465
3,423,743	3,445,048	(21,305)
(3,105)	-	(3,105)
2,131,342	2,494,365	(363,024)
175,787	178,066	(2,279)
40,204	38,747	1,456
31,904	29,758	2,146
17,108	14,953	2,155
56,904	116,179	(59,275)
51,102	58,333	(7,231)
51,596	32,667	18,929
6,182	14,000	(7,818)
\$ 11,666,903	\$ 12,027,788	(\$ 360,885)
344,276	279,487	64,789
60,464	51,826	8,638
49,707	51,550	(1,843)
323,417	315,000	8,417
2,876,828	2,876,827	1
814,119	541,213	272,907
215,525	-	215,525
\$ 4,684,335	\$ 4,115,903	\$ 568,433
86,865	68,375	18,490
858,544	829,786	28,757
744,405	673,539	70,866
\$ 1,689,814	\$ 1,571,700	\$ 118,114
6,374,149	5,687,603	(686,546)
259,436	347,882	(88,447)
248,925	230,689	18,236
40,685	87,191	(46,506)
115,373	97,931	17,443
1,656,754	1,977,733	(320,979)
\$ 2,321,174	\$ 2,741,427	(\$ 420,253)

Footnote

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TOTAL OPERATING EXPENSE	\$ 1,228,655	\$ 963,631	\$ 265,024
NET OPERATING SURPLUS / (DEFICIT)	(\$ 557,003)	\$ 51,723	(\$ 608,726)
NON OPERATING EXPENSE			
2004 DWR ORTEGA LOAN	-	-	-
BOND INTEREST EXPENSE	(13,822)	-	(13,822)
CATER DWR LOAN	-	-	-
CATER CAPITAL	-	-	-
CATER OZONE	-	-	-
TOTAL NON OPERATING EXPENSE	(\$ 13,822)	\$ -	(\$ 13,822)
NET OPERATING SURPLUS / (DEFICIT)	(\$ 570,825)	\$ 51,723	(\$ 622,548)
NET POSITION, BEGINNING OF PERIOD	\$ 32,116,920	\$ 31,783,527	\$ 333,393
NET POSITION, END OF PERIOD	\$ 31,546,095	\$ 31,835,250	(\$ 289,155)

\$ 8,695,323	\$ 8,429,030	\$ 266,293
\$ 2,971,580	\$ 3,598,758	(\$ 627,178)
(79,163)	(295,200)	216,037
(345,231)	(345,231)	0
(115,824)	(115,824)	0
-	-	-
(138,173)	-	(138,173)
(\$ 678,390)	(\$ 756,255)	\$ 77,865
\$ 2,293,190	\$ 2,842,503	(\$ 549,313)
\$ 29,252,905	\$ 28,992,747	\$ 260,158
\$ 31,546,095	\$ 31,835,250	(\$ 289,155)

(13)

January 31, 2018

FOOTNOTES

- (1) **WATER SALES (in AF) - MTD OVER** Actual 216.0 and Budget 182.7 = Variance 33.3; **YTD OVER** Actual 2,428.1 and Budget 2,351.7 = Variance 76.4
- (2) **SERVICE CHARGES - MTD UNDER and YTD UNDER** Meter Service Charge was forgiven for the month of January due to the 1/9 event
- (3) **CAPITAL COST RECOVERY - YTD UNDER** Anticipated new meter installations have not occurred
- (4) **OTHER REVENUE - YTD OVER** Gain on the sale of fixed assets
- (5) **COMB - MTD OVER by \$76k ; YTD OVER by \$65k** due to timing differences
- (6) **STATE WATER PROJECT (VARIABLE) -MTD OVER BY \$89k; YTD OVER \$273K** Timing difference. Anticipate slow-down in billing in coming months.
- (7) **SUPPLEMENTAL WATER PURCHASE - YTD OVER** Net purchases from Santa Maria to leave \$500,000 in Water Repayment Debt to AVEK relating to 2015 purchase.
- (8) **TRANSMISSION & DISTRIBUTION - MTD OVER by \$38k** - Salaries and Benefits (\$29k), Water System Fees (timing) (\$9k)
- (9) **TREATMENT - MTD OVER by \$19k** Salaries and Benefits **YTD OVER by \$51k** Salaries OVER by (\$43k) Overtime related to Thomas Fire & Debris Flow, Supplies (\$10k), Outside Service (\$10k), Electricity (\$7k)
- (10) **ENGINEERING - MTD UNDER by \$23k** Recycled Water Feasibility Study (timing) (\$19k), SGMA (\$6k)
YTD UNDER by \$88k GIS (\$12k); SGMA (\$28k); Fish Relocation (\$10k); Recycled Water Feasibility (\$75k); Supplies (OVER) (8k); Outside Services (OVER) (\$52k)
- (11) **PUBLIC INFORMATION / CONSERVATION MTD OVER \$2k-** Salaries and Benefits debris flow; **YTD UNDER by \$46k** Website development (\$20k);Postage (\$8k); Legal-Special (\$10k); Conserv Prg (5k)
- (12) **ADMINISTRATION - MTD OVER by \$29k** Local Water Supply Negotiations (timing)(\$40k); Insurance (under) (\$6k); Legal (under) (\$4k)
YTD UNDER by \$321k - Salaries (\$12k); Local Water Supply Negotiations (\$232k); Rate Sutdy (\$19k); LAFCO (\$10k); Insurance (\$12k); Computer (\$9k); Building Maintenance (\$25K)
- (13) **BOND INTEREST - MTD OVER \$14k** - Timing

**MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
January 31, 2018**

ASSETS

Current:

Cash and investments

Operating accounts

Board reserves:

Reserve for Operations	\$ 3,400,000	
Reserve for Emergencies	\$ 1,000,000	
Reserve for Unanticipated Projects	\$ 1,000,000	
	\$ 5,400,000	

Unreserved Cash \$ 8,812,275

Legal settlement reserve \$ -

Total unrestricted cash and investments \$ 14,212,275

Restricted - cash and investments \$ 3,467,884

Total Cash (unrestricted & restricted) \$ 17,680,159

Other Investments - Semitropic Shares \$ 630,000 \$ 630,000

Receivables:

Accounts receivable - water sales & services, net \$ 897,365

Accounts receivable - other \$ 74,581

Accrued Interest \$ 2,630

Materials and supplies inventory \$ 260,345

Prepaid water charges (SWP and other prepaid water) \$ 4,659,939

Prepaid expenses and other deposits \$ 176,010

Total Current Assets \$ 6,070,869

Noncurrent:

Capital assets - not being depreciated \$ 1,029,052

Capital assets - being depreciated, net \$ 31,301,985

Total Noncurrent Assets \$ 32,331,037

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions \$ 1,116,776

Total Deferred Outflows of Resources \$ 1,116,776

TOTAL COMBINED ASSETS:

\$ 57,828,841

**MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
January 31, 2018 (Continued)**

LIABILITIES

Current:

Accounts payable and accrued expenses	\$	10,858	
Accrued wages and related payables	\$	5,958	
Unearned revenue and other deposits	\$	72,714	
Accrued interest payable	\$	-	
Long-term liabilities - due within one year:			
Accrued compensated absences	\$	143,635	
Bonds Payable	\$	-	
Loan Payable	\$	635,016	
Total Current Liabilities		635,016	\$ 868,182

Noncurrent:

Accrued compensated absences	\$	369,087	
Accrued water exchange transfer	\$	500,000	
Bonds payable	\$	13,360,000	
Loan payable	\$	6,083,751	
Legal settlement payable	\$	-	
Other post-employment benefits payable	\$	780,930	
Net pension liability	\$	3,797,410	
Total Noncurrent Liabilities		24,891,178	\$ 24,891,178
Total Liabilities			\$ 25,759,360

DEFERRED INFLOWS OF RESOURCES

Deferred pensions	\$	523,384	
Total Deferred Inflows of Resources		523,384	\$ 523,384

NET POSITION

Net investment in capital assets	\$	12,072,809	
Restricted	\$	3,467,884	
Unrestricted	\$	16,005,404	
Total Net Position		31,546,097	\$ 31,546,097

TOTAL COMBINED LIABILITIES, DEFERRALS AND NET POSITION:

\$ 57,828,841

MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
January 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

	MTD	YTD
Operating Income (loss)	\$ (564,225)	\$ 2,920,478
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	104,601	724,909
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	831,195	1,076,827
Materials and supplies inventory	-	(12,565)
Prepaid water charges	431,581	3,282,301
Prepaid expenses and other deposits	8,021	(56,207)
Litigation Liability	-	(1,140,668)
Accounts payable	5,578	(895,024)
Accrued wages and related payables	(8,942)	(48,807)
Unearned revenue and other deposits	2,400	41,148
Accrued water exchange transfer	-	(834,475)
Compensated absences	97,060	172,341
	\$ 907,269	\$ 5,230,258
Net cash provided (used) by operating activities		

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	\$ (305,884)	\$ (1,011,250)
Interest Payable	-	-
	\$ (305,884)	\$ (1,011,250)
Net cash provided (used) by capital financing and related activities		

**MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
January 31, 2018 (Continued)**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ortega Interest	\$ -	\$ (79,163)
Bond Interest	(13,822)	(345,231)
Cater DWR Loan	-	(115,824)
Cater Capital	-	-
Cater Ozone	-	(138,173)
	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	\$ (13,822)	\$ (678,391)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	\$ 7,222	\$ 51,101
Purchase of underground water banking shares	\$ (630,000)	\$ (630,000)
	<hr/>	<hr/>
Net cash provided by (used) by investing activities	\$ (622,778)	\$ (578,899)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (35,215)	\$ 2,961,718
	<hr/>	<hr/>
Cash and cash equivalents, beginning of period	\$ 16,829,130	\$ 14,984,127
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Cash and cash equivalents, end of period	\$ 16,793,916	\$ 17,945,845
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION TO STATEMENT OF NET POSITION:

Cash and investments - cash equivalents	\$ 14,212,275	\$ 14,212,275
Restricted cash and investments - cash equivalents	3,467,884	3,467,884
	<hr/>	<hr/>
	\$ 17,680,159	\$ 17,680,159
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DASHBOARD REPORT WATER SALES (AF)

1/31/2018

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Yearly Total	2,428.14	2,351.70	76.44	3.3%

Fiscal Year = July thru June



DASHBOARD REPORT WATER SALES (\$)

MONTH TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT MONTH	BUDGET MONTH	VARIANCE	
			\$	%
Single Family	\$ 308,710	\$ 316,824	\$ (8,114)	(2.6%)
Multi Family	8,746	17,833	(9,087)	(51.0%)
Agricultural	17,954	3,974	13,980	351.8%
Institutional	33,897	28,780	5,117	17.8%
Commercial	29,268	81,557	(52,289)	(64.1%)
Non-Potable	2,040	-	2,040	N/A
Adjustments	-	-	-	0.0%
Monthly Total	\$ 400,615	\$ 448,968	\$ (48,353)	(10.8%)

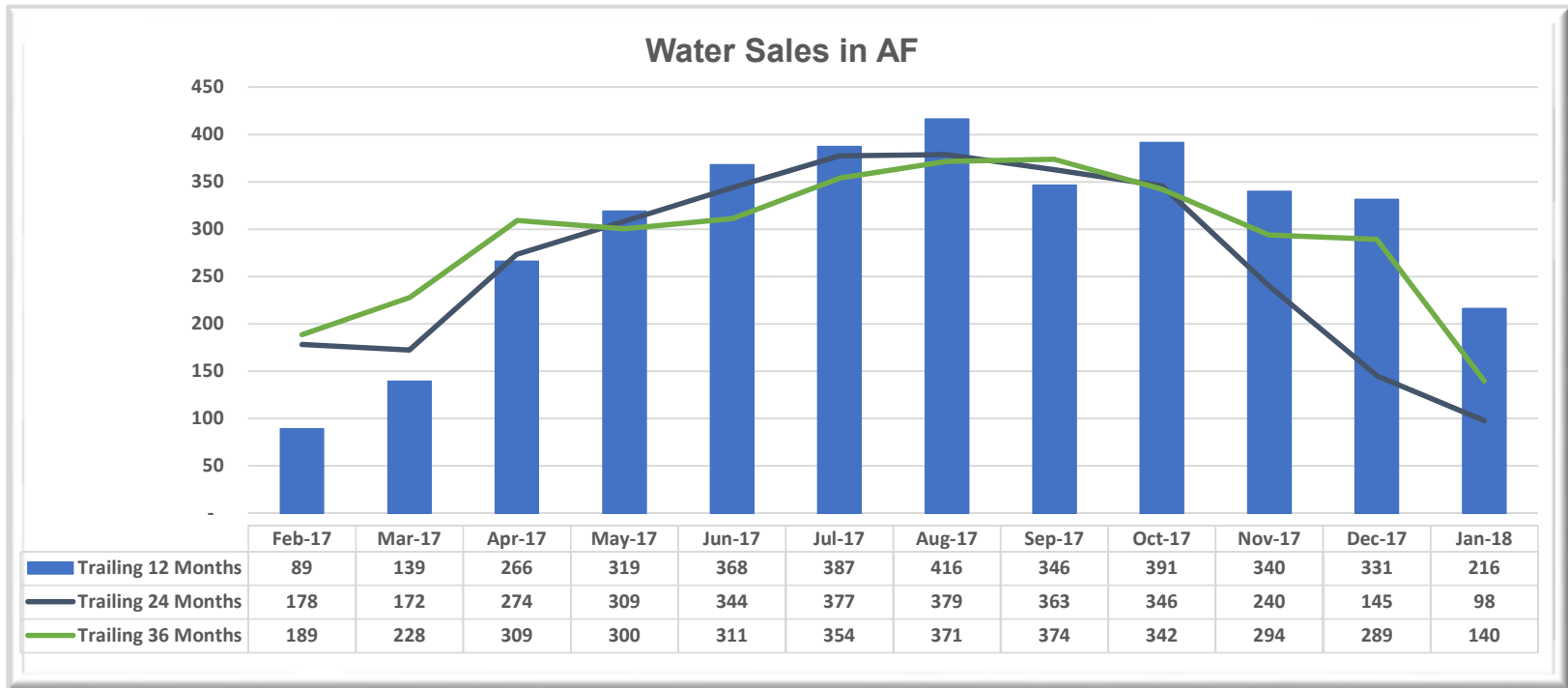
YEAR TO DATE WATER SALES (\$)				
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Monthly Total	\$ 5,684,137	\$ 5,605,673	\$ 78,464	1.4%

Fiscal Year = July thru June

MONTH ENDING

1/31/2018

(Select Date From Drop Down Arrow)

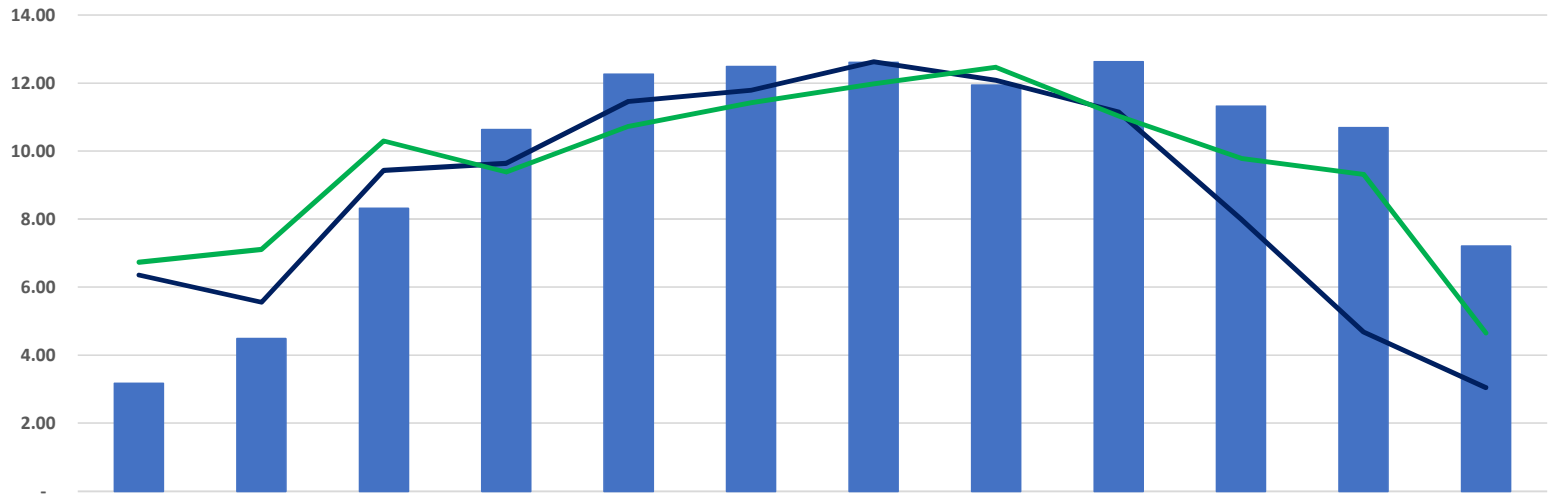


Trailing 12 Months 3,609 AF
 Trailing 24 Months 3,223 AF
 Trailing 36 Months 3,500 AF



1/31/2018

Average Daily Water Sales Per Month (AF)



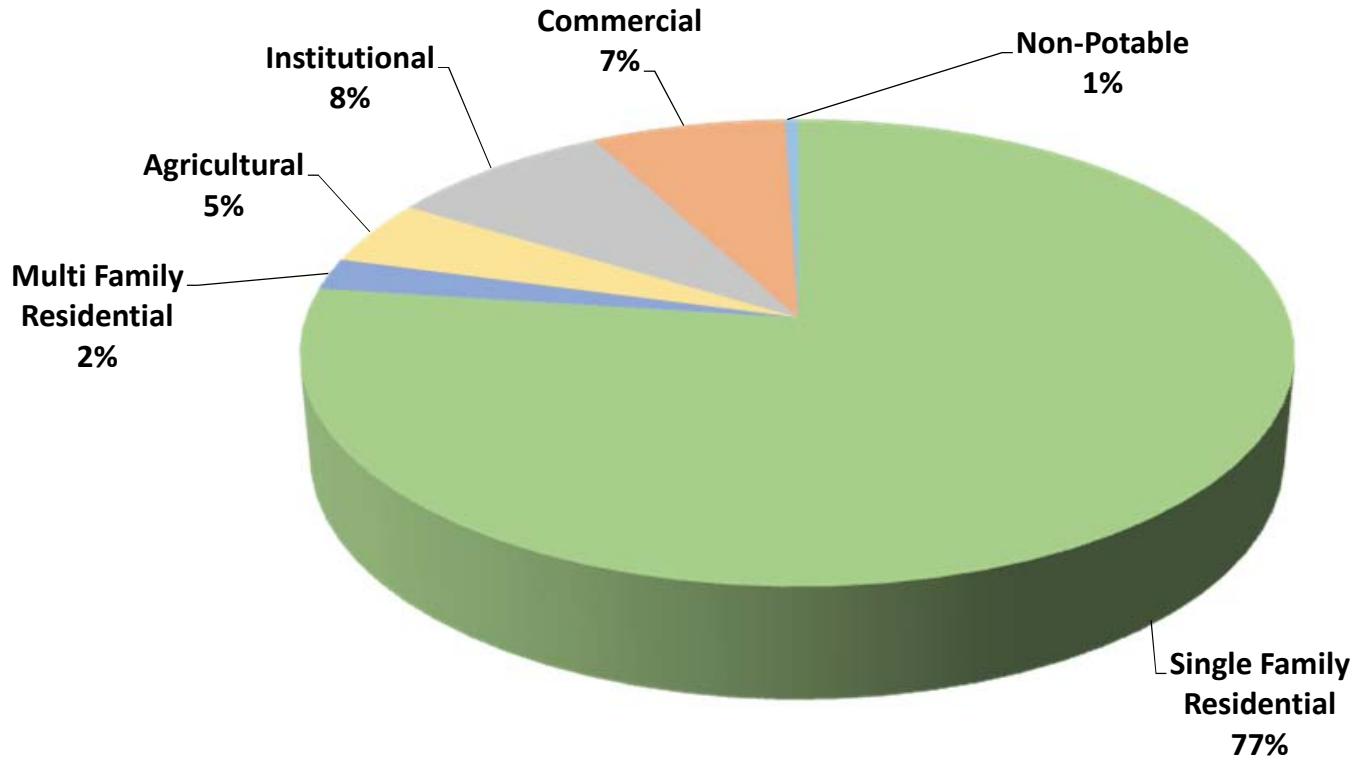
	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Trailing 12 Months	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32	10.69	7.20
Trailing 24 Months	6.36	5.56	9.43	9.64	11.46	11.79	12.62	12.08	11.15	8.00	4.68	3.05
Trailing 36 Months	6.73	7.11	10.30	9.38	10.73	11.42	11.98	12.46	11.03	9.79	9.32	4.65

MONTH ENDING

1/31/2018

(Select Date From Drop Down Arrow)

Water Sales by Classification January 31, 2018



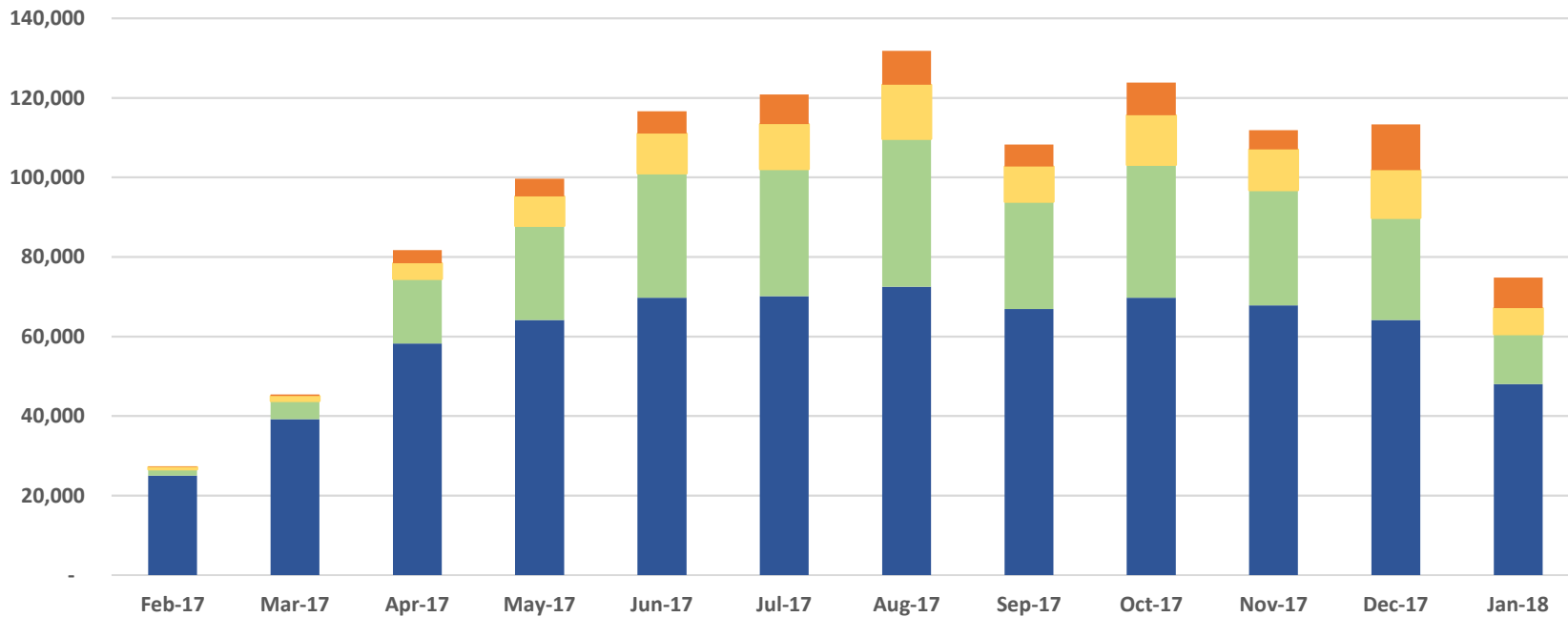


DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING

1/31/2018

Monthly SFR Water Consumption by Tier (HCF)



	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
■ Tier 4	200	400	3,300	4,400	5,600	7,400	8,500	5,500	8,200	4,800	11,500	7,700
■ Tier 3	500	1,200	3,900	7,400	10,000	11,300	13,600	8,800	12,400	10,200	12,000	6,500
■ Tier 2	1,600	4,600	16,300	23,700	31,300	32,000	37,200	27,000	33,500	29,000	25,700	12,600
■ Tier 1	25,000	39,200	58,200	64,100	69,700	70,100	72,500	66,900	69,700	67,800	64,100	48,000

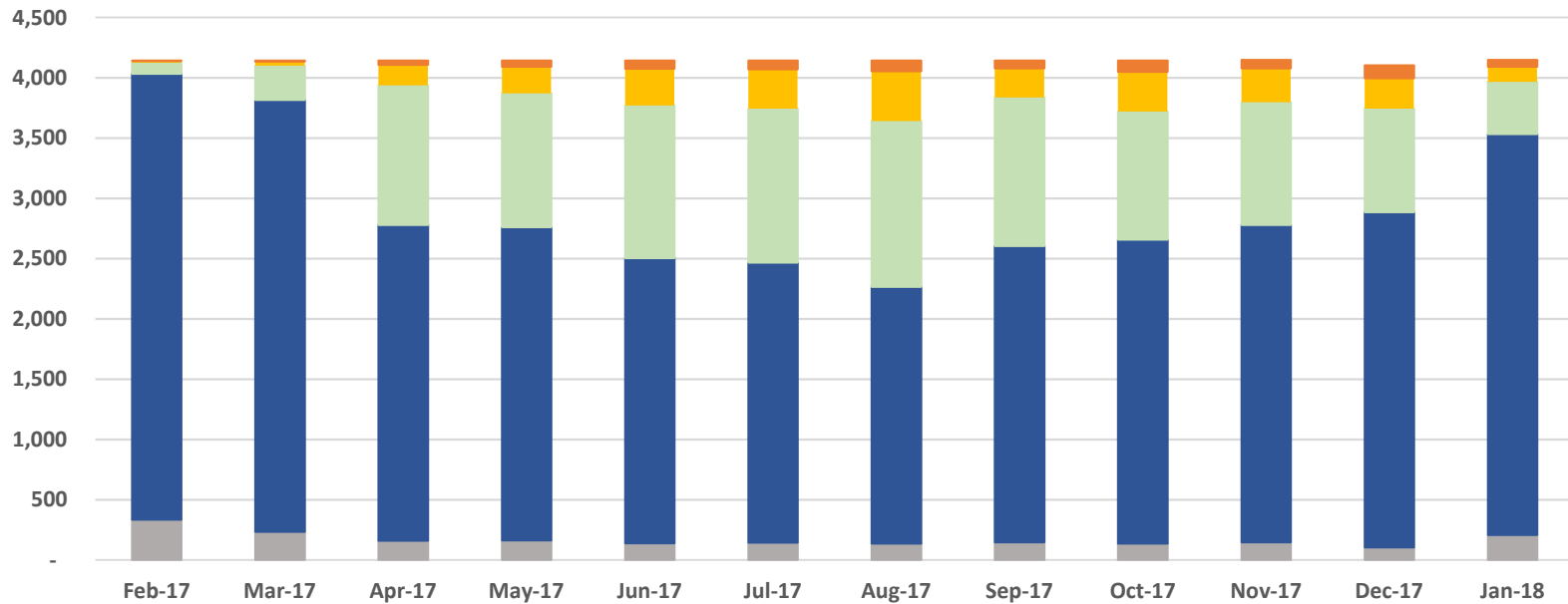


DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING

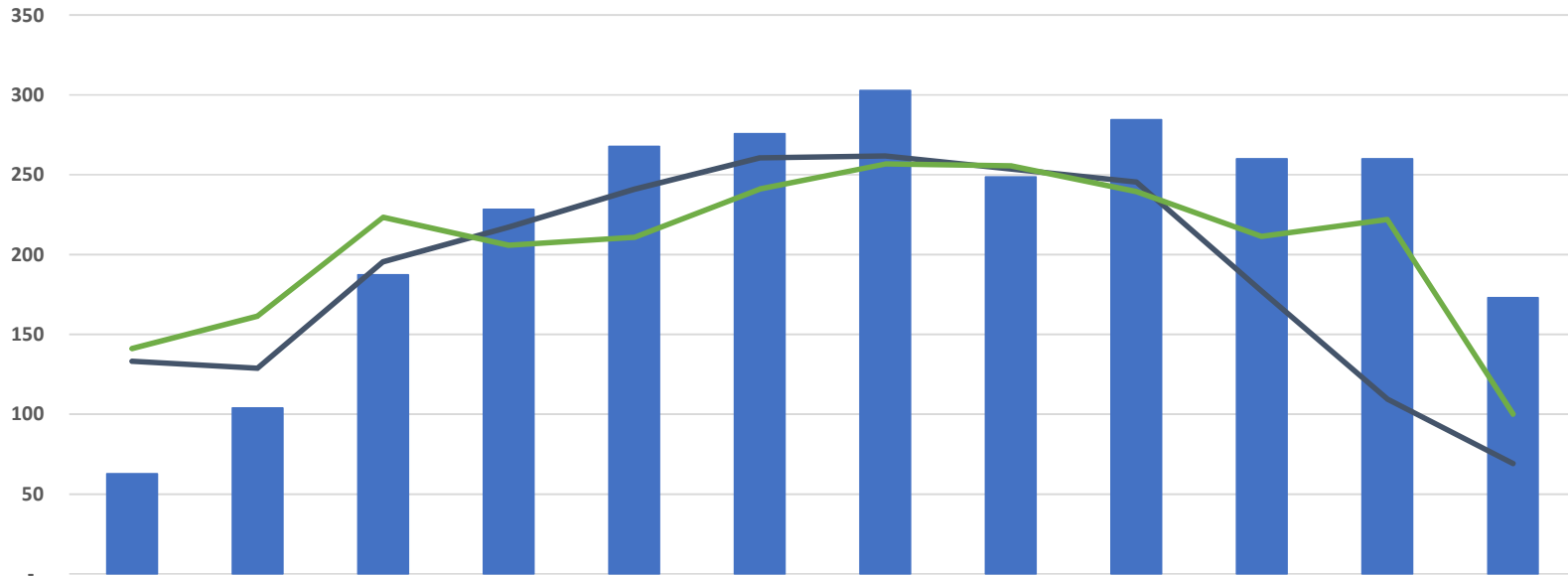
1/31/2018

Monthly SFR Water Consumption by Tier (# of Customers)



	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Tier 4 Usage	3	9	36	50	67	71	89	65	93	67	106	56
Tier 3 Usage	15	34	172	223	307	330	413	243	330	284	255	127
Tier 2 Usage	90	284	1,154	1,108	1,263	1,273	1,375	1,229	1,061	1,017	856	430
Tier 1 Usage	3,700	3,581	2,621	2,597	2,365	2,323	2,128	2,459	2,522	2,632	2,780	3,325
"0" Usage	335	235	160	165	141	146	138	147	137	147	106	209

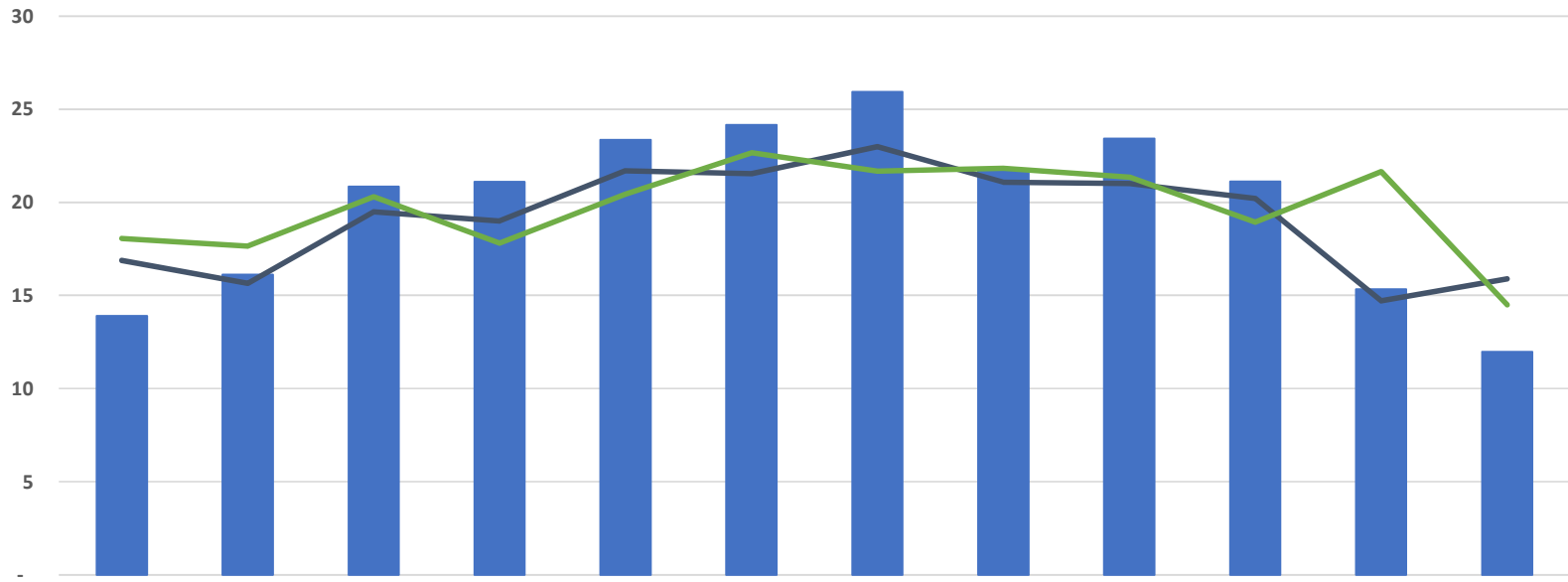
Water Sales by Month (AF) SINGLE FAMILY RESIDENTIAL



	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Trailing 12 Months	63	104	187	228	268	276	303	249	284	260	260	173
Trailing 24 Months	133	129	195	217	241	260	262	253	245	177	109	69
Trailing 36 Months	141	161	223	206	211	241	257	256	239	211	222	100

■ Trailing 12 Months(SINGLE FAMILY RESIDENTIAL) 2,468 AF
■ Trailing 24 Months(SINGLE FAMILY RESIDENTIAL) 2,292 AF
■ Trailing 36 Months(SINGLE FAMILY RESIDENTIAL) 2,654 AF
 Trailing 12 Months vs. Trailing 24 Months: 7.7%
 Trailing 12 Months vs. Trailing 36 Months: (7.0%)

Water Sales by Month (AF) COMMERCIAL

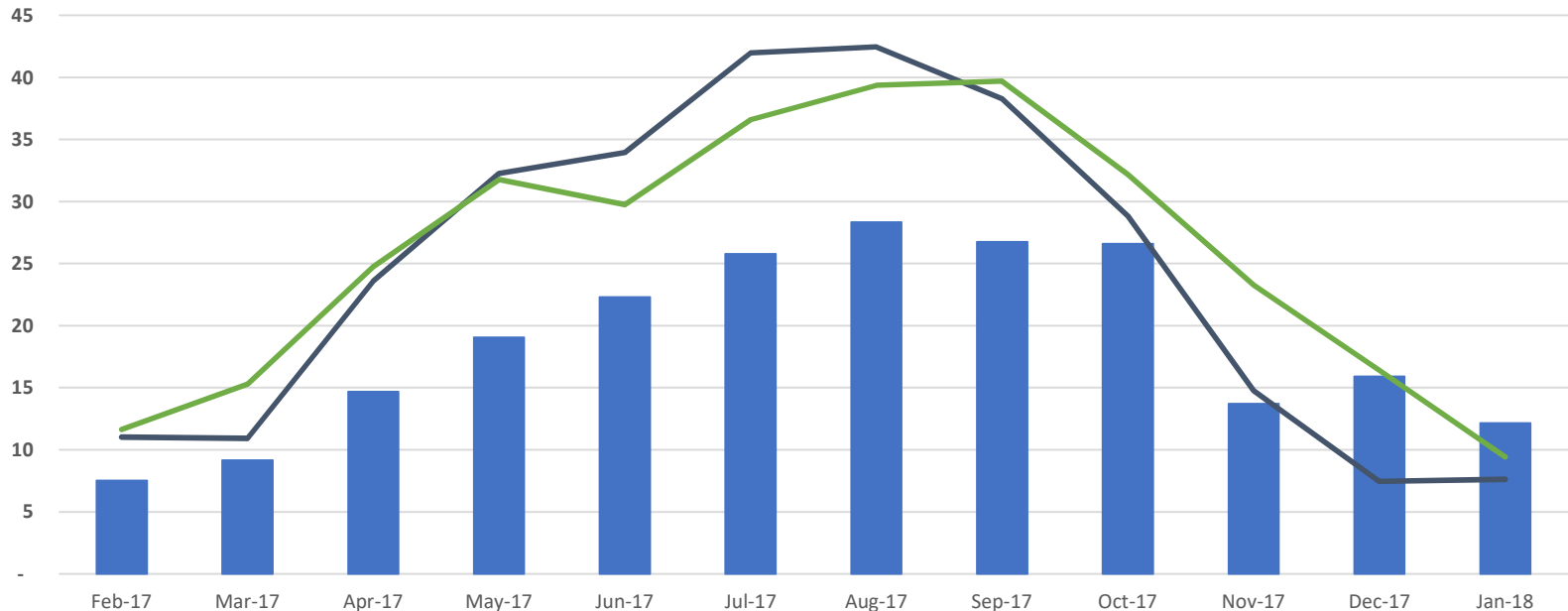


	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Trailing 12 Months	14	16	21	21	23	24	26	22	23	21	15	12
Trailing 24 Months	17	16	20	19	22	22	23	21	21	20	15	16
Trailing 36 Months	18	18	20	18	20	23	22	22	21	19	22	14

Trailing 12 Months (COMMERCIAL) 239 AF
 Trailing 24 Months (COMMERCIAL) 230 AF
 Trailing 36 Months (COMMERCIAL) 237 AF

Trailing 12 Months vs. Trailing 24 Months: 3.8%
 Trailing 12 Months vs. Trailing 36 Months: 0.9%

Water Sales by Month (AF) INSTITUTIONAL

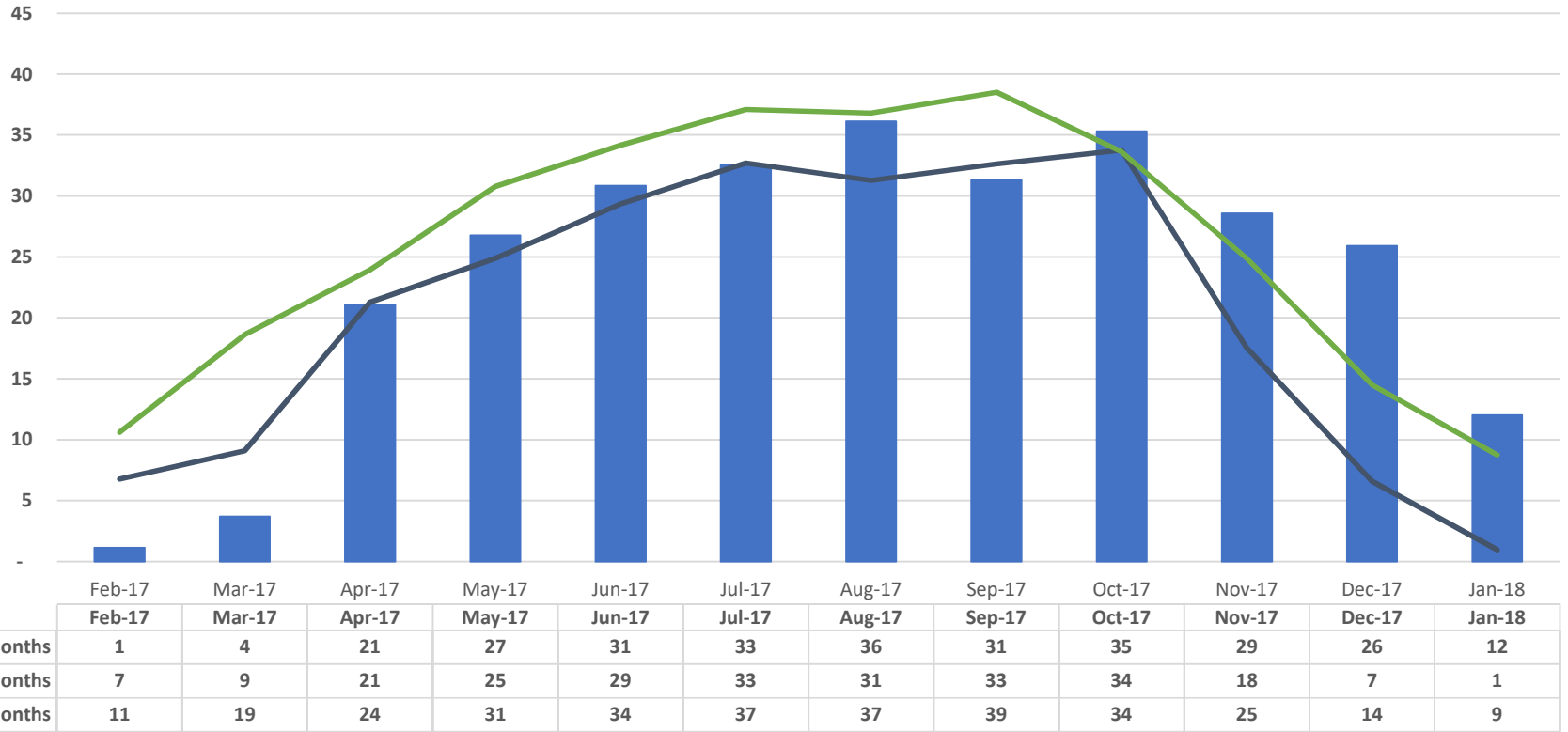


	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Trailing 12 Months	8	9	15	19	22	26	28	27	27	14	16	12
Trailing 24 Months	11	11	24	32	34	42	42	38	29	15	7	8
Trailing 36 Months	12	15	25	32	30	37	39	40	32	23	16	9

- Trailing 12 Months (INSTITUTIONAL) 222 AF
- Trailing 24 Months (INSTITUTIONAL) 293 AF
- Trailing 36 Months (INSTITUTIONAL) 310 AF

Trailing 12 Months vs. Trailing 24 Months: (24.3%)
 Trailing 12 Months vs. Trailing 36 Months: (28.4%)

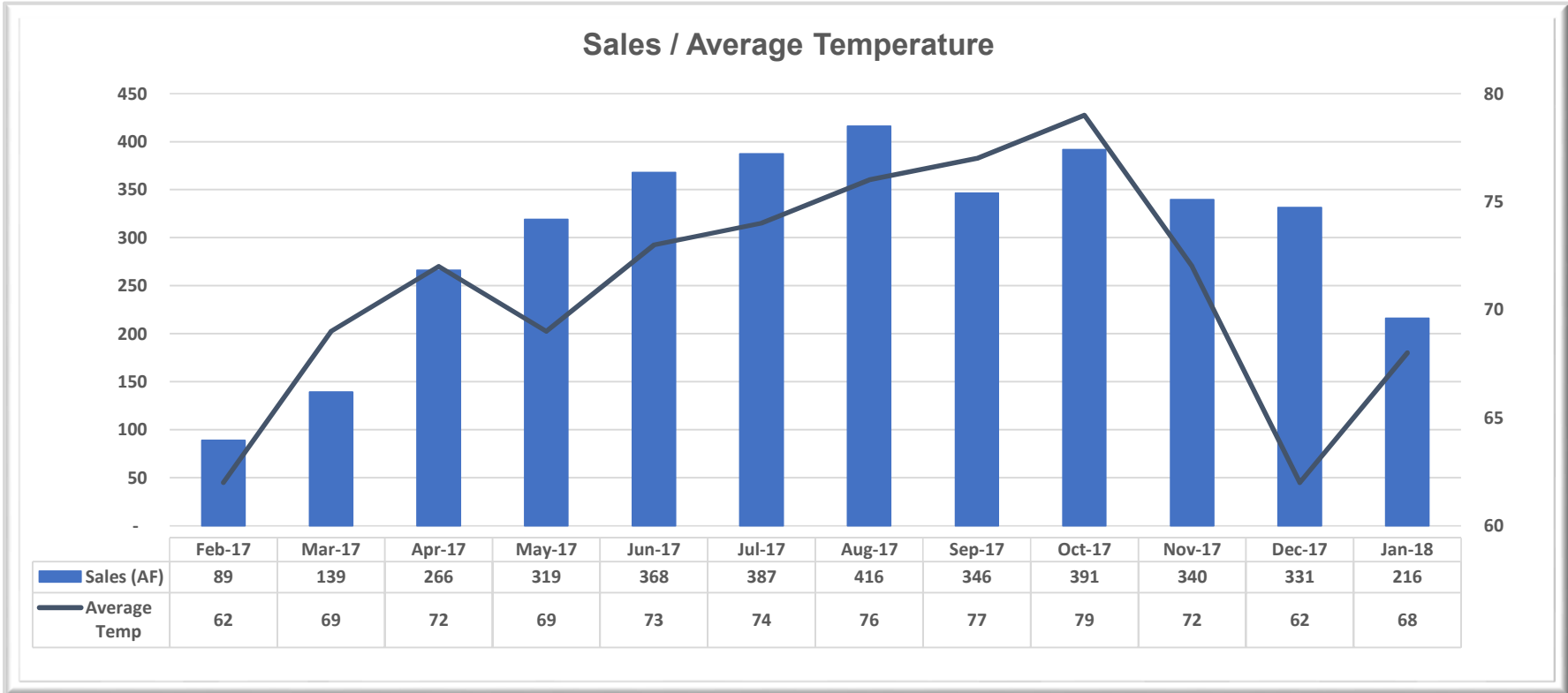
Water Sales by Month (AF) AGRICULTURE



	Trailing 12 Months (AGRICULTURE)	285 AF
	Trailing 24 Months (AGRICULTURE)	247 AF
	Trailing 36 Months (AGRICULTURE)	312 AF
	Trailing 12 Months vs. Trailing 24 Months:	15.5%
	Trailing 12 Months vs. Trailing 36 Months:	(8.7%)



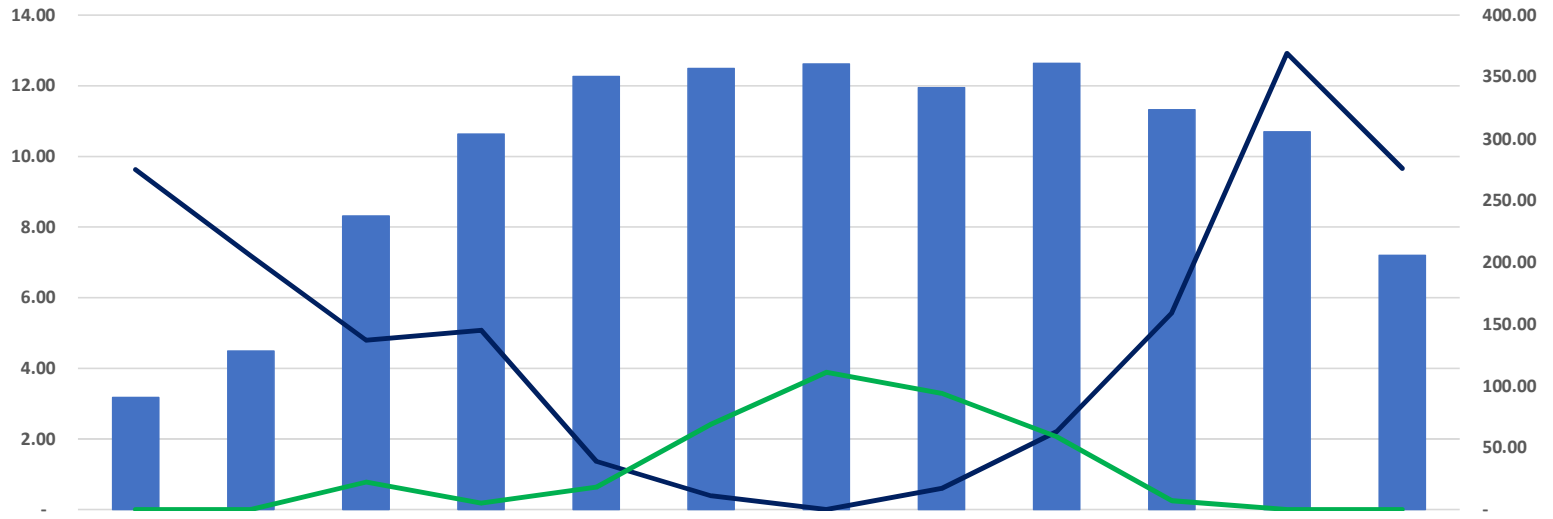
1/31/2018





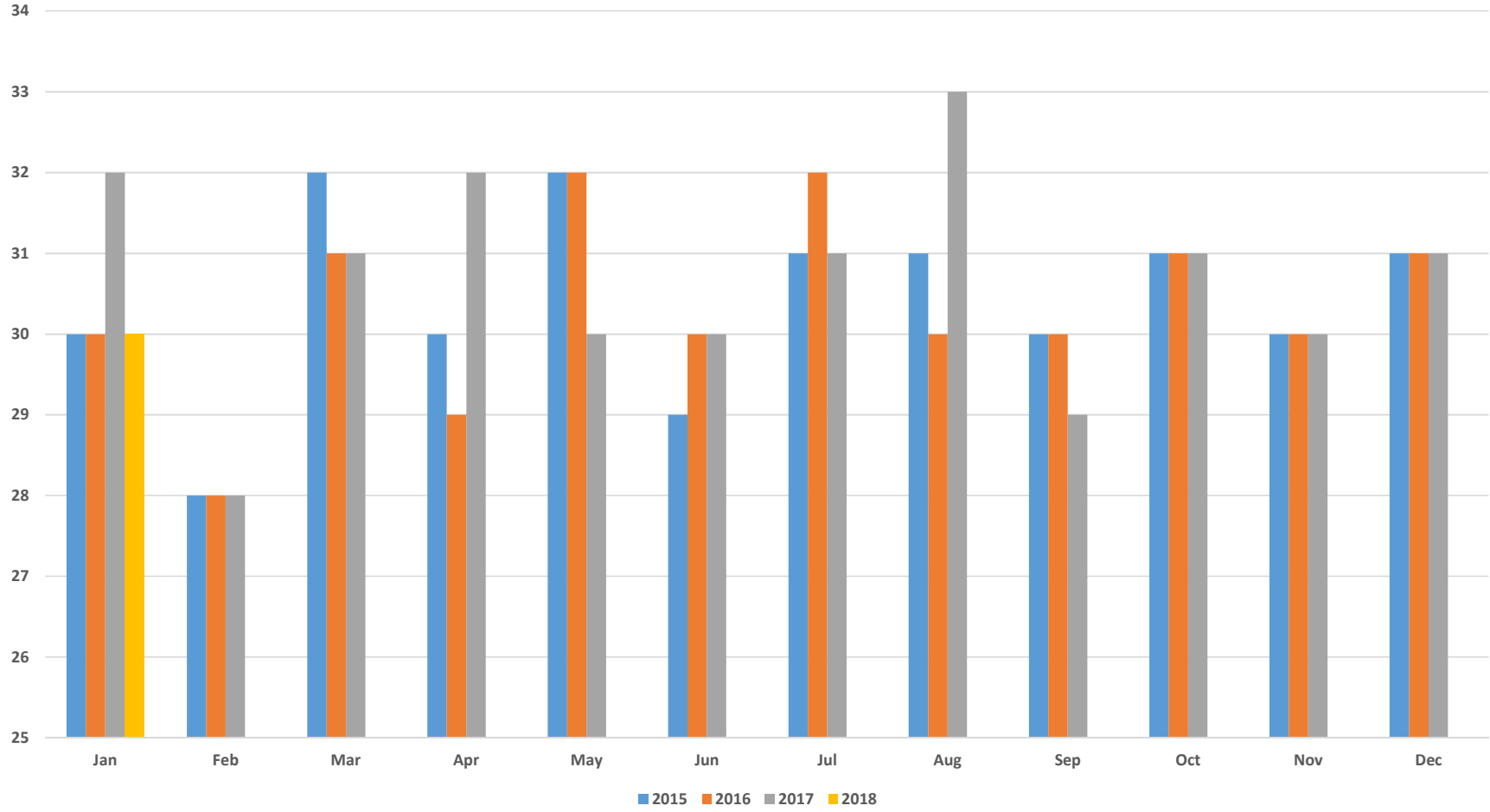
1/31/2018

Average Daily Sales - Degree Days (Base 65)

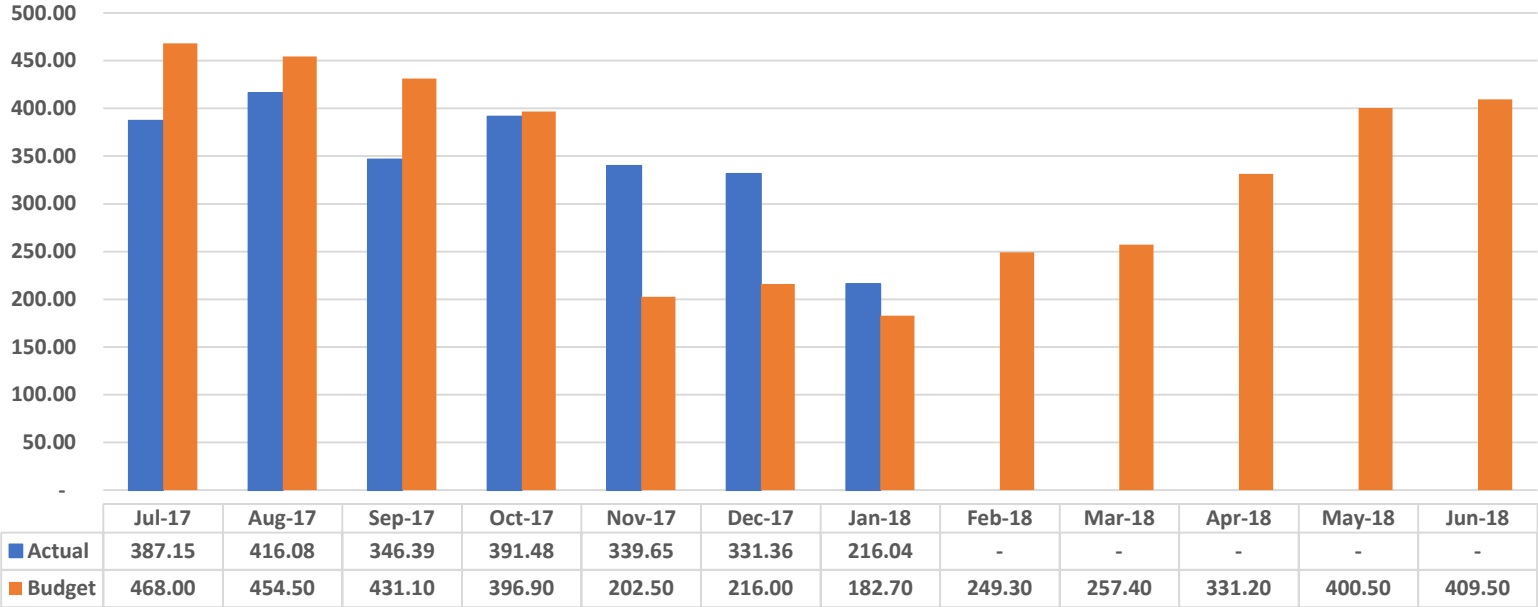


	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18
Average Daily Sales	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32	10.69	7.20
Heating Degree Days	275.00	205.00	137.00	145.00	39.00	11.00	-	17.00	63.00	159.00	369.00	276.00
Cooling Degree Days	-	-	22.00	5.00	18.00	69.00	111.00	94.00	59.00	7.00	-	-

Billing Days per Month



Water Sales in AF (in AF)



**MONTECITO WATER DISTRICT
WATER SALES ANALYSIS
FOR FISCAL YEAR 2017/18**

MONTH	% SALES BREAKDOWN	2016/17 ACTUAL SALES (*)		2017/18 BUDGET SALES		2017/18 ACTUAL SALES (*)		YTD VARIANCE PRIOR YEAR VS. CURRENT YEAR				YTD VARIANCE BUDGET VS. ACTUAL			
		AF	\$	AF	\$	AF	SALES	AF	%	\$	%	AF	%	\$	%
JUL	11.6%	377.4	898,395	468.0	\$1,114,126	387.1	\$909,119	9.7	2.6%	\$10,724	1.2%	(80.9)	(17.3%)	(205,007)	(18.4%)
AUG	11.2%	378.7	897,501	454.5	\$1,077,194	416.1	\$997,265	37.4	9.9%	\$99,764	11.1%	(38.4)	(8.4%)	(79,929)	(7.4%)
SEP	10.7%	362.5	865,208	431.1	\$1,028,830	346.4	\$828,165	(16.1)	(4.4%)	-\$37,043	(4.3%)	(84.7)	(19.6%)	-\$200,665	(19.5%)
OCT	9.9%	345.5	824,021	396.9	\$946,534	391.5	\$933,549	46.0	13.3%	\$109,528	13.3%	(5.4)	(1.4%)	-\$12,985	(1.4%)
NOV	5.0%	239.9	567,578	202.5	\$479,064	339.6	\$815,859	99.7	41.6%	\$248,281	43.7%	137.1	67.7%	\$336,795	70.3%
DEC	5.3%	145.0	343,009	216.0	\$510,956	331.4	\$799,566	186.4	128.6%	\$456,557	133.1%	115.4	53.4%	\$288,610	56.5%
JAN	4.7%	97.6	239,823	182.7	\$448,968	216.0	\$400,615	118.4	121.3%	\$160,792	67.0%	33.3	18.2%	-\$48,353	(10.8%)
FEB	6.4%	88.8	218,446	249.3	\$613,435	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
MAR	6.4%	139.1	332,989	257.4	\$615,911	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
APR	8.2%	266.0	612,907	331.2	\$785,317	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
MAY	10.6%	318.9	743,836	400.5	\$1,013,272	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
JUN	10.0%	367.8	871,971	409.5	\$955,734	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
TOTAL	100.0%	3,127.2	7,415,684	3,999.6	\$9,589,341	2,428.1	\$5,684,138	481.5	24.7%	\$1,048,603	22.6%	76.4	3.2%	\$78,466	1.4%

**YTD ACTUAL WATER SALES COMPARISON
FOR FISCAL YEAR 2017/18**

	2016/17 ACTUAL SALES (YTD)		2017/18 BUDGET SALES (YTD)		2017/18 ACTUAL SALES (YTD)		YTD VARIANCE PRIOR YEAR VS. CURRENT YEAR				YTD VARIANCE BUDGET VS. ACTUAL			
	AF	\$	AF	\$	AF	\$	AF	%	\$	%	AF	%	\$	%
Cummulative (YTD)	1,946.6	4,635,535	2,351.7	\$5,605,672	2,428.1	\$5,684,138	481.5	24.7%	\$1,048,603	22.6%	76.4	3.2%	\$78,466	1.4%

QUARTERLY COMPARISON - ACTUALS THROUGH JANUARY 2018 (*)

	2016/17 ACTUAL SALES		2017/18 BUDGET SALES		2017/18 ACTUAL SALES (*)		VARIANCE PRIOR YEAR VS. CURRENT YEAR				VARIANCE BUDGET VS. ACTUAL			
	AF	\$	AF	\$	AF	\$	AF	%	\$	%	AF	%	\$	%
Jul-Sep (Actual)	1,118.6	\$2,661,104	1,353.6	\$3,220,150	1,149.6	\$2,734,549	31.0	2.8%	\$73,445	2.8%	(204.0)	(15.1%)	(\$485,601)	(15.1%)
Oct-Dec (Actual)	730.4	1,734,608	815.4	1,936,554	1,062.5	\$2,548,974	332.1	45.5%	\$814,366	46.9%	247.1	30.3%	\$612,420	31.6%
Jan-Mar (Actual)	325.5	791,258	689.4	1,678,314	216.0	\$400,615	(109.5)	(33.6%)	(\$390,643)	(49.4%)	(473.4)	(68.7%)	(\$1,277,699)	(76.1%)
Apr-Jun (Actual)	952.7	2,228,714	1,141.2	2,754,323	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
Total (Actual)	3,127.2	\$7,415,684	3,999.6	\$9,589,341	2,429.0	\$5,684,138	253.6	24.7%	\$497,168	22.6%	(430.3)	3.2%	(\$1,150,880)	1.4%

(*) Sales figures reported are as of the close of billing for that period and do not reflect final financial amounts. Budgeted amounts are used prior to actual figures being available for comparative purposes

**MONTECITO WATER DISTRICT
METERED WATER SALES - ACRE FEET
ACTUALS THROUGH JANUARY 2018 (*)**

MONTH	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YR TOTAL
1996-97	541.74	608.10	490.40	441.30	240.80	167.50	146.40	253.70	405.00	527.50	616.60	535.40	4974.44
1997-98	627.20	629.90	624.60	590.00	235.40	179.90	159.40	128.70	186.06	242.03	290.00	415.40	4308.59
1998-99	567.80	566.30	447.60	548.00	352.67	297.30	279.40	202.90	252.80	310.00	440.10	547.97	4812.84
1999-00	656.44	621.80	542.90	541.00	341.90	501.30	285.90	146.30	288.20	329.59	529.63	556.20	5341.16
2000-01	574.40	719.30	568.50	368.20	381.30	364.00	224.90	162.00	257.00	318.60	438.00	534.20	4910.40
2001-02	571.70	631.20	501.40	436.70	214.10	191.70	235.20	331.20	378.90	499.80	655.70	586.40	5234.00
2002-03	714.96	691.72	572.91	543.09	316.16	228.56	323.44	236.50	312.70	372.00	423.10	458.72	5193.86
2003-04	707.18	677.68	675.26	528.96	286.21	320.92	275.41	267.97	398.04	624.78	623.60	668.60	6054.61
2004-05	693.71	763.52	753.31	408.50	367.50	301.60	158.00	195.30	189.00	516.50	493.40	607.50	5447.84
2005-06	659.00	695.60	656.00	413.00	372.00	294.80	265.08	345.20	180.50	203.40	357.30	623.30	5065.18
2006-07	681.40	707.50	606.70	540.80	530.70	359.80	415.50	201.10	462.90	469.10	703.00	655.00	6333.50
2007-08	739.40	832.60	642.00	594.20	509.30	328.80	188.00	212.00	474.10	629.00	694.00	675.00	6518.40
2008-09	798.00	724.64	633.87	674.67	384.67	225.41	325.87	159.67	370.15	504.98	596.33	566.11	5964.37
2009/10	742.30	631.10	657.00	458.30	445.12	227.74	190.35	139.34	294.99	348.93	571.75	538.61	5245.53
2010/11	538.41	727.65	548.36	380.37	305.68	190.81	200.96	261.47	203.60	366.94	544.19	447.14	4715.58
2011/12	617.27	555.95	610.01	446.47	294.66	316.66	337.17	394.72	371.30	271.33	504.24	582.64	5302.42
2012/13	638.77	712.13	681.09	650.89	415.54	149.43	240.86	311.99	388.90	536.67	601.32	617.82	5945.40
2013/14	697.66	730.90	684.30	662.58	496.06	378.50	530.73	357.85	206.59	305.52	373.14	352.27	5776.10
2014/15	362.48	360.73	368.36	345.56	233.41	166.23	158.11	188.53	227.57	308.96	300.16	311.07	3331.17
2015/16	353.90	371.40	373.74	342.06	293.71	289.17	139.62	178.14	172.29	273.55	308.50	343.65	3439.73
2016/17	377.38	378.68	362.54	345.53	239.92	145.00	97.59	88.78	139.09	266.01	318.90	367.79	3127.21
2017/18	387.15	416.08	346.39	391.48	339.65	331.36	216.04						2428.15
AVERAGE	602.19	625.20	561.24	484.17	345.29	270.75	245.18	226.83	293.32	391.68	494.43	523.37	5097.25
MAXIMUM	798.00	832.60	753.31	674.67	530.70	501.30	530.73	394.72	474.10	629.00	703.00	675.00	6518.40
MINIMUM	353.90	360.73	346.39	342.06	214.10	145.00	97.59	88.78	139.09	203.40	290.00	311.07	2428.15
17/18 % VS AVERAGE	64%	67%	62%	81%	98%	122%	88%	0%	0%	0%	0%	0%	48%
17/18 % VS MAXIMUM	49%	50%	46%	58%	64%	66%	41%	0%	0%	0%	0%	0%	37%

Total METER Connections = **4,604**

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-D

DATE: MARCH 14, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: PROJECTED CASH FLOWS REGARDING EMERGENCY SPENDING

RECOMMENDATION:

For information and discussion only.

BACKGROUND:

As a result of the catastrophic debris flow that occurred on Jan 9, 2018, the District anticipates experiencing non-budgeted expenses and the possibility of needing additional cash. With the January billing postponed and reduced due to the Board's decision to waive the monthly meter service charge and the District incurring additional expenses as a result of emergency repairs and subcontract work necessary to get the system back to an operational level, cash management is crucial.

DISCUSSION

At the end of February, the Operating Cash is approximately \$2.6M with approximately \$600K in Wells Fargo and \$2M in American Riviera. The District experienced a dramatic increase in operating and emergency expenses in January. Approximately one-half of the invoices for these emergency expenses were received and payable in February, and the District is anticipating the remaining half to be received and payable in March, potentially putting a strain on cash. There is concern that the District may need to borrow money or liquidate investments to cover the additional expenses in the event that reimbursements from FEMA and Cal OES are delayed. Based on a current estimated cash flow analysis, it appears that the District has sufficient cash on hand available through April without the need to borrow money or liquidate investments.

ATTACHMENTS

1) Estimated Cash Flow

Cash Flow

<u>January</u>	Budget	Actuals	
Operating Cash Beginning	\$ 3,184,369.13	\$ 3,184,369.13	
Revenue	\$ 1,015,354.00	\$ 671,652.00	The Board forgave the January
Expenses	\$ (963,631.00)	\$ (1,228,655.00)	meter service charge
Decrease in AR		\$ 831,195.00	
Increase in A/P		\$ 96,095.00	
Other non-cash fluctuations		\$ 384,602.00	
Depreciation	\$ 106,243.00	\$ 104,601.00	
Cash Flows From Operations	<u>\$ 157,966.00</u>	<u>\$ 859,490.00</u>	

<u>Ending Operating Cash</u>	<u>\$ 3,342,335.13</u>	<u>\$ 4,043,859.13</u>	Actual
------------------------------	------------------------	------------------------	--------

<u>February</u>	Budget	Actuals	
Operating Cash Beginning	\$ 3,342,335.13	\$ 4,043,859.13	
Revenue	\$ 1,247,573.00	\$ 1,415,797.00	Actual as of 3/7/18
Expenses	\$ (1,237,815.00)	\$ (1,201,490.00)	Actual as of 3/7/18
Emergency - Construction		\$ (697,867.00)	Increase BS Item
Emergency - Consultants		\$ (50,000.00)	Increase BS Item
Emergency - Mutual Aid		\$ (100,000.00)	Increase BS Item
Other non-cash fluctuations		\$ 350,580.18	
increase in A/R		\$ (1,206,101.60)	
Depreciation	\$ 106,243.00	\$ 106,243.00	
Cash Flows From Operations	<u>\$ 116,001.00</u>	<u>\$ (1,382,838.42)</u>	

<u>Ending Operating Cash</u>	<u>\$ 3,458,336.13</u>	<u>\$ 2,661,020.71</u>	Actual 3/7/18
------------------------------	------------------------	------------------------	---------------

March	Budget		Estimate	
Operating Cash Beginning	\$	3,458,336.13	\$	2,661,020.71
Revenue	\$	1,323,487.00	\$	1,307,487.00
Expenses	\$	(1,410,769.00)	\$	(1,410,769.00) Assume budgeted amounts
Emergency - Construction			\$	(402,133.00) Increase BS Item
Emergency - Consultants			\$	(67,000.00) Increase BS Item
Emergency - Mutual Aid			\$	(215,000.00) Increase BS Item
Other non-cash fluctuations				
Decrease in A/R			\$	680,067.43
Depreciation	\$	106,243.00	\$	106,243.00
Cash Flows From Operations	\$	18,961.00	\$	(1,104.57)
Ending Operating Cash	\$	3,477,297.13	\$	2,659,916.14

April	Budget		Estimate	
Operating Cash Beginning	\$	3,477,297.13	\$	2,659,916.14
Revenue	\$	1,630,676.30	\$	1,614,676.30
Expenses	\$	(1,410,769.00)	\$	(1,327,211.17) Assume budgeted amounts
Emergency - Construction				Assume balance rec'd in Mar
Emergency - Consultants				Assume balance rec'd in Mar
Emergency - Mutual Aid				Assume balance rec'd in Mar
Other non-cash fluctuations				
Increase in A/R			\$	(437,938.00)
Depreciation	\$	106,243.00	\$	106,243.00
Cash Flows From Operations	\$	326,150.30	\$	(44,229.87)
Ending Operating Cash	\$	3,803,447.43	\$	2,615,686.27

Assumptions

1. January A/R will decrease as we will have collected December payments and will have a minimal January billing
2. Vast majority of the invoices for services rendered during the emergency period will be due in February, based amounts on the list provided at the 1/30/18 Board meeting
3. Due to timing of January bill, a minimum of 85% of both January and February bills will be in AR at the end of February
4. Non-emergency AP will remain at normal levels with a negligible fluctuation
5. No change in Inventory as parts purchased items were put immediately into use
6. Estimated revenue in Feb will both be decreased as the customer base has not been allowed back into their homes.
7. Estimated revenue for March and April will be approximately \$16K less than budget to account for the homes that have had their meters locked due to permanent loss. This is based on the 3 month average of prior year actuals for the specified meters.

Full Forgiveness

\$	1,833,487.21	Beginning A/R	
\$	671,652.00	Jan Billing - Add to A/R	
\$	(1,502,847.00)	December Payments Rec'd	
\$	1,002,292.21	Ending Jan A/R	
	\$	(831,195.00)	Decrease in A/R
\$	1,002,292.21	Beginning A/R	
\$	1,411,293.50	Feb Billing - Add to A/R	
\$	(205,191.90)	January Payments Rec'd	
\$	2,208,393.81	Ending A/R	
	\$	1,206,101.60	Increase in A/R
\$	2,208,393.81	Beginning A/R	
\$	1,307,487.00	Mar Billing - Add to A/R	
\$	(1,987,554.43)	January & Feb Payments Payments Rec'd @ 90%	
\$	1,528,326.38	Ending A/R	
	\$	(680,067.43)	Decrease in A/R
\$	1,528,326.38	Beginning A/R	
\$	1,614,676.30	Apr Billing - Add to A/R	
\$	(1,176,738.30)	March Payments Rec'd @ 90%	
\$	1,966,264.38	Ending A/R	
	\$	437,938.00	Increase in A/R