



**FINANCE COMMITTEE MEETING
MONTECITO WATER DISTRICT
583 SAN YSIDRO ROAD, MONTECITO, CALIFORNIA
TUESDAY, FEBRUARY 13, 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 November 2017
- B. Review Unaudited District Monthly Financial Reports for December 2017
- C. Discuss Meter Service Charge for January
- D. Discuss Cash Flow Regarding Emergency Spending
- E. Discuss Moving Reserve Funds to the General Fund

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: FEBRUARY 13, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: NOVEMBER 2017 FINANCIAL REPORTS

RECOMMENDATION:

For information and discussion only; no action required.

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 – NOVEMBER, 2017

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	259.89	149.31	110.58	74.1%
Multi Family	5.73	4.05	1.68	41.4%
Agricultural	28.57	14.81	13.77	93.0%
Institutional	13.70	12.46	1.24	10.0%
Commercial	21.12	17.07	4.05	23.7%
Non-Potable	10.62	4.80	5.82	121.2%
Monthly Total	339.65	202.50	137.15	67.7%

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	1,371.10	1,369.84	1.26	0.1%
Multi Family	29.75	33.74	(3.99)	(11.8%)
Agricultural	163.85	170.52	(6.67)	(3.9%)
Institutional	121.18	194.08	(72.91)	(37.6%)
Commercial	116.32	120.61	(4.29)	(3.6%)
Non-Potable	78.55	64.22	14.33	22.3%
Yearly Total	1,880.74	1,953.00	(72.26)	(3.7%)

A. Water Sales in Acre Feet (AF)

During the month of November 2017, MWD sold 339.65 AF of water to its customers compared to a budgeted amount 202.50 AF which translates to a budget variance of +137.15 AF or 67.7%. 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	\$ 3,493,089	\$ 3,452,735	\$ 40,354	1.2%
Multi Family	69,963	79,527	(9,564)	(12.0%)
Agricultural	227,275	237,956	(10,681)	(4.5%)
Institutional	330,556	512,121	(181,565)	(35.5%)
Commercial	315,172	324,244	(9,072)	(2.8%)
Non-Potable	47,902	39,164	8,738	22.3%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 4,483,957	\$ 4,645,747	\$ (161,790)	(3.5%)

2. STATEMENT OF REVENUE AND EXPENDITURES – NOVEMBER 2017

A. Revenues

Total Revenue YTD as of November 30, 2017 is \$9,169,370 compared to the YTD Budget of \$9,552,154 for a budget variance of -\$382,784 or -4%.

	YTD ACTUAL	YTD BUDGET	OVER (UNDER)
REVENUE			
WATER SALES	4,483,957	4,645,747	(161,790)

WSE SURCHARGE	2,692,614	2,935,007	(242,393)
ORD. 94 PENALTIES	(3,105)	-	(3,105)
SERVICE CHARGES	1,775,993	1,782,077	(6,084)
WAC	-	-	-
PRIVATE FIRE HYDRANT	28,467	27,502	965
LATE CHARGES	32,082	21,255	10,827
CONNECTION FEES	13,988	7,477	6,511
CAP. COST RECOVERY	56,904	58,090	(1,186)
INTEREST	42,240	41,667	573
OTHER	46,231	33,333	12,898
TOTAL REVENUE	\$ 9,169,370	\$ 9,552,154	(\$ 382,784)

B. Expenses:

1. JPA Expenses

Total JPA Expenses YTD through November 30, 2017 are \$3,441,696 compared to the YTD budget of \$3,129,804 which is above budget by \$312k. This variance is due to the variable portion of the SWP being above budget by \$75k (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 November 30, 2017 are \$2,747,166 compared to the YTD budget of \$3,166,511 which is below budget by \$419k. This variance is primarily due to the following factors – **Engineering**, a recycled water feasibility study has not yet been completed (\$28k), a fish relocation project was not necessary (\$10k), as well as other combined variances (\$11k); **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 (\$240k), as well as other combined variances (\$101k). Please see footnotes to the Financial Statements for further clarification.

ATTACHMENTS:

- 1) Financial Package – November 2017



FINANCIAL REPORTS
FINANCE COMMITTEE MEETING
For the Month of November 2017
February 13, 2018

MONTECITO WATER DISTRICT
STATEMENT OF REVENUE AND EXPENDITURES
November 30, 2017

	MTD ACTUAL	MTD BUDGET	OVER (UNDER)	Footnote	YTD ACTUAL	YTD BUDGET	OVER (UNDER)	Footnote
REVENUE								
WATER SALES	815,859	479,064	336,795	(1)	4,483,957	4,645,747	(161,790)	(1)
WSE SURCHARGE	491,597	304,321	187,276	(1)	2,692,614	2,935,007	(242,393)	(1)
ORDINANCE 94 PENALTIES	-	-	-		(3,105)	-	(3,105)	
SERVICE CHARGES	355,134	356,274	(1,140)		1,775,993	1,782,077	(6,084)	
WATER AVAILABILITY CHARGE	-	-	-		-	-	-	
PRIVATE FIRE HYDRANT	5,683	5,620	63		28,467	27,502	965	
LATE CHARGES	8,155	4,251	3,904		32,082	21,255	10,827	
SERVICE CONNECTION FEES	1,591	-	1,591		13,988	7,477	6,511	
CAPITAL COST RECOVERY FEES	-	-	-		56,904	58,090	(1,186)	
INTEREST REVENUE - GENERAL	8,831	8,333	497		42,240	41,667	573	
OTHER REVENUE (LOSS)	22,208	4,667	17,541	(2)	43,189	23,333	19,856	(2)
REIMBURSEMENTS	-	2,000	(2,000)		3,042	10,000	(6,958)	
TOTAL REVENUE	\$ 1,709,058	\$ 1,164,530	\$ 544,528		\$ 9,169,370	\$ 9,552,154	(\$ 382,784)	
OPERATING EXPENSE								
JPA OPERATING EXPENSE								
CACHUMA OPERATIONS & MAINT BOARD (COMB)	68,199	37,999	30,200	(3)	228,671	215,741	12,930	(3)
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	8,638	8,638	-		43,188	43,188	-	
US BUREAU OF RECLAMATION (USBR)	-	-	-		51,550	51,550	-	
CATER WATER TREATMENT PLANT	333,373	315,000	18,373		323,417	315,000	8,417	
STATE WATER PROJECT (SWP) - FIXED	410,975	410,975	-		2,054,877	2,054,877	-	
STATE WATER PROJECT (SWP) - VARIABLE	40,885	89,890	(49,005)	(4)	524,467	449,448	75,019	(4)
SUPPLEMENTAL WATER PURCHASE	-	-	-		215,525	-	215,525	(5)
TOTAL JPA OPERATING EXPENSE	\$ 862,070	\$ 862,501	(\$ 432)		\$ 3,441,696	\$ 3,129,804	\$ 311,892	
MWD DIRECT EXPENSE								
JAMESON	7,924	7,579	345		55,114	50,282	4,831	
TRANSMISSION & DISTRIBUTION	116,394	120,268	(3,873)		569,492	605,070	(35,578)	(6)
TREATMENT	105,389	93,058	12,331	(7)	515,719	488,187	27,532	(7)
TOTAL MWD DIRECT EXPENSE	\$ 229,707	\$ 220,904	\$ 8,803		\$ 1,140,324	\$ 1,143,539	(\$ 3,215)	
MWD INDIRECT EXPENSE								
ENGINEERING	41,332	53,753	(12,422)	(8)	190,711	238,039	(47,328)	(8)
CUSTOMER SERVICE	34,408	32,378	2,030		170,931	165,127	5,804	
PUBLIC INFORMATION / CONSERVATION	7,496	6,234	1,263		25,455	65,613	(40,158)	(9)
FLEET	14,494	13,769	725		76,587	70,083	6,504	
ADMINISTRATION (incl Depreciation)	219,109	266,059	(46,950)	(10)	1,143,158	1,484,110	(340,952)	(10)
TOTAL MWD INDIRECT EXPENSE	\$ 316,839	\$ 372,194	(\$ 55,355)		\$ 1,606,842	\$ 2,022,972	(\$ 416,130)	
TOTAL OPERATING EXPENSE	\$ 1,408,616	\$ 1,455,599	(\$ 46,984)		\$ 6,188,862	\$ 6,296,315	(\$ 107,454)	
NET OPERATING SURPLUS / (DEFICIT)	\$ 300,443	(\$ 291,070)	\$ 591,512		\$ 2,980,509	\$ 3,255,839	(\$ 275,330)	

NON OPERATING EXPENSE			
2004 DWR ORTEGA LOAN	-	-	-
BOND INTEREST EXPENSE	-	(295,200)	295,200
CATER DWR LOAN	-	-	-
CATER CAPITAL	(115,824)	(115,824)	0
CATER OZONE	(138,173)	-	(138,173)
TOTAL NON OPERATING EXPENSE	(\$ 253,996)	(\$ 411,024)	\$ 157,028
NET OPERATING SURPLUS / (DEFICIT)	\$ 46,446	(\$ 702,094)	\$ 748,540
NET POSITION, BEGINNING OF PERIOD	\$ 31,932,971	\$ 32,539,655	(\$ 606,684)
NET POSITION, END OF PERIOD	\$ 31,979,417	\$ 31,837,561	\$ 141,856

	-	-	-
(11)	-	(295,200)	295,200
	-	-	-
	(115,824)	(115,824)	0
(12)	(138,173)	-	(138,173)
	(\$ 253,996)	(\$ 411,024)	\$ 157,028
	\$ 2,726,512	\$ 2,844,815	(\$ 118,302)
	\$ 29,252,905	\$ 28,992,747	\$ 260,158
	\$ 31,979,417	\$ 31,837,561	\$ 141,856

November 30, 2017

FOOTNOTES

- (1) **WATER SALES (in AF) - November** Actual 339.65 and Budget 202.50 = Variance 137.15; **YTD Actual 1,880.74 and Budget 1,953.00 = Variance (72.6)**
- (2) **OTHER REVENUE** - Relates to Gain on the Sale of Assets (two vehicles + misc small equipment)
- (3) **COMB - November OVER by \$30k** - October & November expenses recorded in November; **YTD OVER by \$13k** due to EPFP budgeted in later month
- (4) **STATE WATER PROJECT (VARIABLE)** - Timing difference. Anticipate slow-down in billing in coming months.
- (5) **SUPPLEMENTAL WATER PURCHASE** - Net purchases from Santa Maria to leave \$500,000 in Water Repayment Debt to AVEK relating to 2015 purchase.
- (6) **TRANSMISSION & DISTRIBUTION** - **YTD UNDER by \$35k** Variances Salaries (\$4k); Repairs (\$7k); Outside Services (\$18k); Supplies (\$10k); Utilities +\$4k
- (7) **TREATMENT - November OVER by \$12k** Outside Service (\$5k), Supplies (\$7k)
YTD OVER by \$27k Supplies (\$10k), Outside Service (\$10k), Electricity (\$7k)
- (8) **ENGINEERING - November UNDER by \$12k** Recycled Water Feasibility Study has not yet occurred
YTD UNDER by \$47k GIS (\$2k); SGMA (\$7k); Fish Relocation (\$10k); Recycled Water Feasibility (\$28k)
- (9) **PUBLIC INFORMATION / CONSERVATION** - **YTD UNDER by \$40k** Website development (\$20k); Postage (\$7k); Legal-Special (\$5k); Conserv Prg (\$5k)
- (10) **ADMINISTRATION - November UNDER by \$47k** Local Water Supply Negotiations (\$35k); Legal (\$15k)
YTD UNDER by \$341k - Salaries (\$18k); Local Water Supply Negotiations (\$240k); Legal (\$38k); Rate Sutdy (\$14k); LAFCO (\$10k); Insurance (\$12k); Computer (\$9k)
- (11) **BOND INTEREST EXPENSE - November UNDER by \$295k** - Timing difference. Payment made in December
- (12) **CATER OZONE - November OVER budget by \$138k** - Timing difference. Budgeted in April 2018

MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
November 30, 2017

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 \$ 8,450,096

Legal settlement reserve \$ -

Total unrestricted cash and investments \$ 13,850,096

Restricted - cash and investments \$ 3,612,592

Total Cash (unrestricted & restricted) \$ 17,462,689

Receivables:

Accounts receivable - water sales & services, net \$ 1,773,127

Accounts receivable - other \$ 1,736

Accrued Interest \$ 2,630

Materials and supplies inventory \$ 259,941

Prepaid water charges (SWP and other prepaid water) \$ 5,378,584

Prepaid expenses and other deposits \$ 244,456

Total Current Assets \$ 7,660,474

Noncurrent:

Capital assets - not being depreciated \$ 673,526

Capital assets - being depreciated, net \$ 31,511,187

Total Noncurrent Assets \$ 32,184,713

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions \$ 1,116,776

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

TOTAL COMBINED ASSETS:

\$ 58,424,651

**MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
November 30, 2017 (Continued)**

LIABILITIES

Current:

Accounts payable and accrued expenses	\$	62,856	
Accrued wages and related payables	\$	10,031	
Unearned revenue and other deposits	\$	69,721	
Accrued interest payable	\$	-	
Long-term liabilities - due within one year:			
Accrued compensated absences	\$	37,001	
Bonds Payable	\$	-	
Loan Payable	\$	635,016	
Total Current Liabilities		\$	814,625

Noncurrent:

Accrued compensated absences	\$	369,087	
Accrued water exchange transfer	\$	500,000	
Bonds payable	\$	13,360,000	
Loan payable	\$	6,299,797	
Legal settlement payable	\$	-	
Other post-employment benefits payable	\$	780,930	
Net pension liability	\$	3,797,410	
Total Noncurrent Liabilities		\$	25,107,225
Total Liabilities		\$	25,921,850

DEFERRED INFLOWS OF RESOURCES

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

NET POSITION

Net investment in capital assets	\$	12,072,809	
Restricted	\$	3,612,592	
Unrestricted	\$	16,294,016	
Total Net Position		\$	31,979,417

TOTAL COMBINED LIABILITIES, DEFERRALS AND NET POSITION:

\$ 58,424,651

**MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
November 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>MTD</u>	<u>YTD</u>
Operating Income (loss)	\$ 291,612	\$ 2,938,269
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	104,511	515,707
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	373,681	273,910
Materials and supplies inventory	(940)	(12,161)
Prepaid water charges	409,123	2,563,656
Prepaid expenses and other deposits	19,463	(124,653)
Litigation Liability	-	(1,140,668)
Accounts payable	208	(843,026)
Accrued wages and related payables	4,025	(44,734)
Unearned revenue and other deposits	6,207	38,154
Accrued water exchange transfer	-	(834,475)
Compensated absences	21,040	65,707
Net cash provided (used) by operating activities	<u>\$ 1,228,930</u>	<u>\$ 3,395,686</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	\$ (24,822)	\$ (705,366)
Interest Payable	-	-
Net cash provided (used) by capital financing and related activities	<u>\$ (24,822)</u>	<u>\$ (705,366)</u>

**MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
November 30, 2017 (Continued)**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ortega Interest	\$ -	\$ -
Bond Interest	-	-
Cater DWR Loan	-	-
Cater Capital	(115,824)	(115,824)
Cater Ozone	(138,173)	(138,173)
	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	\$ (253,997)	\$ (253,997)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	\$ 8,831	\$ 42,239
	<hr/>	<hr/>
Net cash provided by (used) by investing activities	\$ 8,831	\$ 42,239

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 958,942	\$ 2,478,562
	<hr/>	<hr/>
Cash and cash equivalents, beginning of period	\$ 16,503,747	\$ 14,984,127
	<hr/>	<hr/>
Cash and cash equivalents, end of period	\$ 17,462,689	\$ 17,462,689
	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION TO STATEMENT OF NET POSITION:

Cash and investments - cash equivalents	\$ 13,850,096	\$ 13,850,096
Restricted cash and investments - cash equivalents	3,612,592	3,612,592
	<hr/>	<hr/>
	\$ 17,462,689	\$ 17,462,689
	<hr/> <hr/>	<hr/> <hr/>



DASHBOARD REPORT WATER SALES (AF)

11/30/2017

MONTH TO DATE WATER SALES (AF)				
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Single Family	259.89	149.31	110.58	74.1%
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Yearly Total	1,880.74	1,953.00	(72.26)	(3.7%)

Fiscal Year = July thru June



DASHBOARD REPORT WATER SALES (\$)

MONTH TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT MONTH	BUDGET MONTH	VARIANCE	
			\$	%
Single Family	\$ 660,562	\$ 365,681	\$ 294,881	80.6%
Multi Family	13,493	9,547	3,946	41.3%
Agricultural	40,142	21,499	18,643	86.7%
Institutional	37,062	33,095	3,967	12.0%
Commercial	58,122	46,313	11,809	25.5%
Non-Potable	6,479	2,929	3,550	121.2%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 815,860	\$ 479,064	\$ 336,796	70.3%

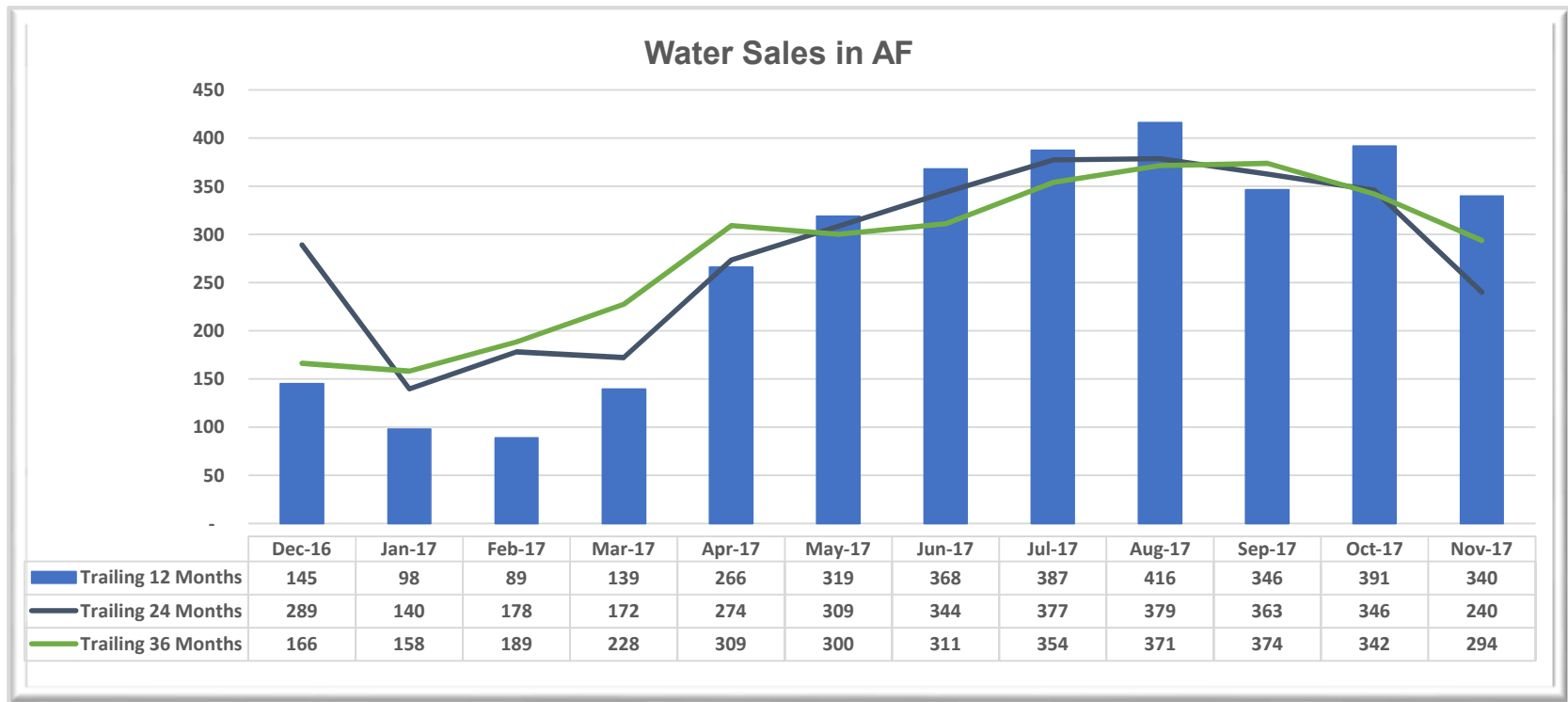
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Fiscal Year = July thru June

MONTH ENDING

11/30/2017

(Select Date From Drop Down Arrow)

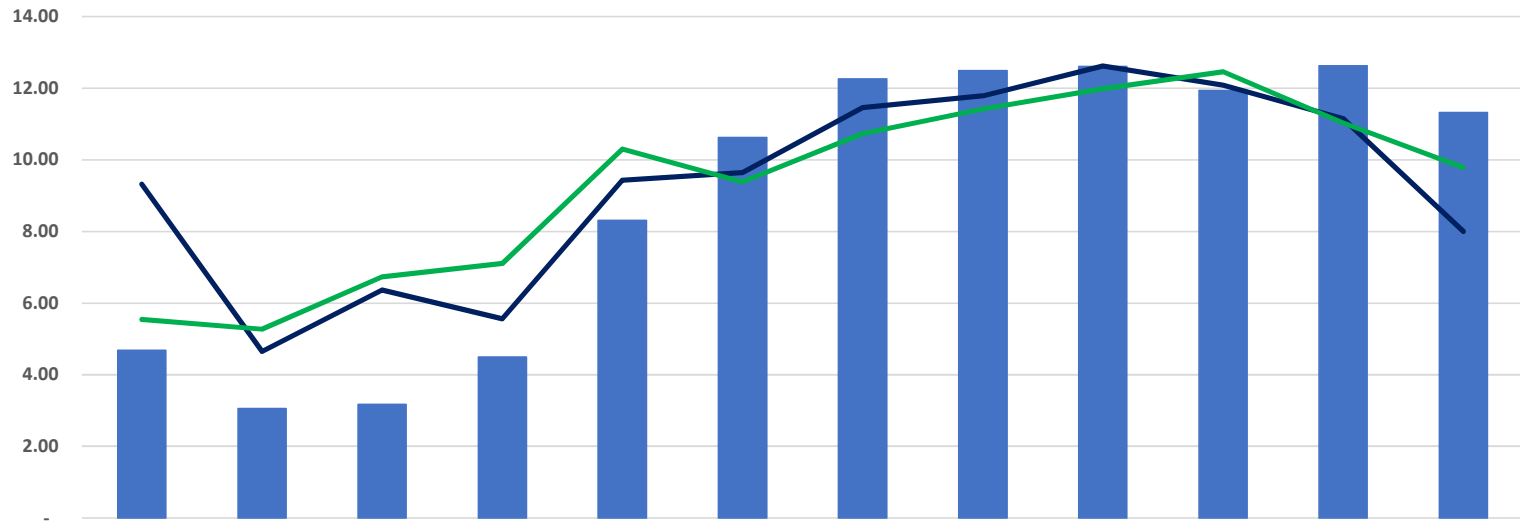


■ Trailing 12 Months 3,304 AF
■ Trailing 24 Months 3,409 AF
■ Trailing 36 Months 3,395 AF



11/30/2017

Average Daily Water Sales Per Month (AF)



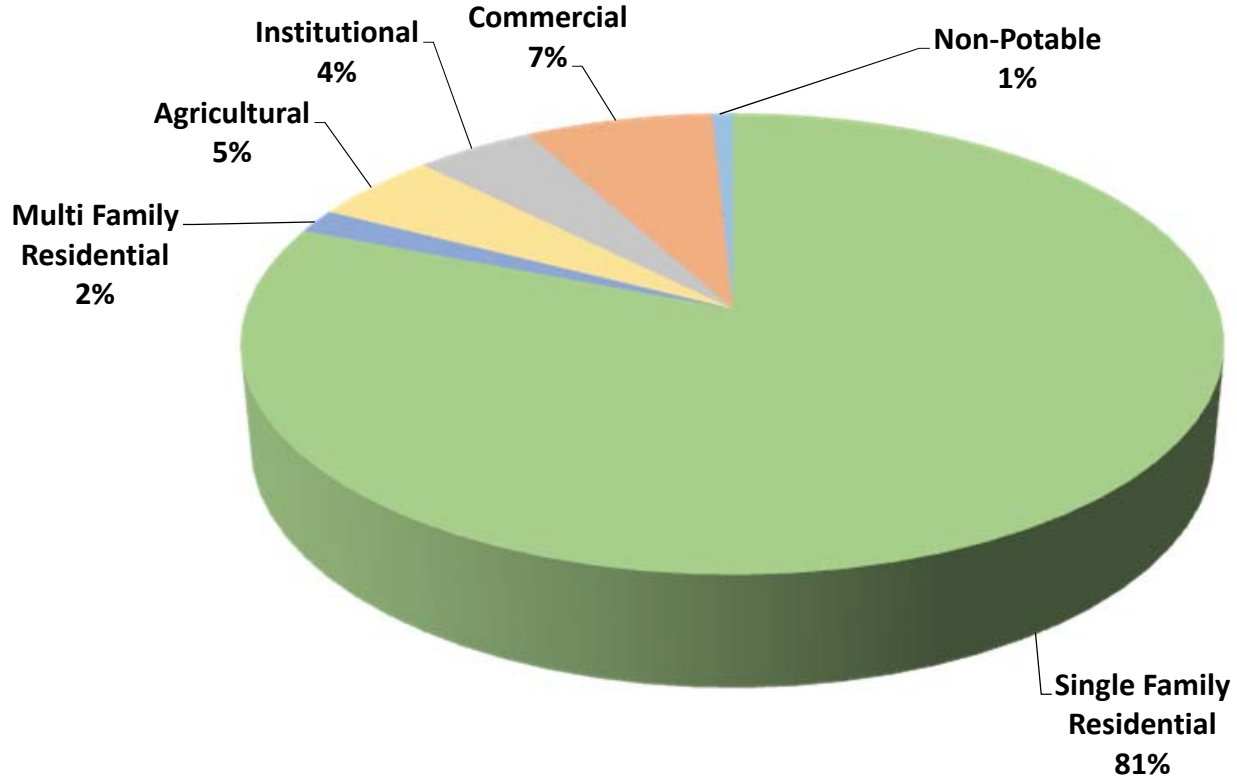
	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Trailing 12 Months	4.68	3.05	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32
Trailing 24 Months	9.32	4.65	6.36	5.56	9.43	9.64	11.46	11.79	12.62	12.08	11.15	8.00
Trailing 36 Months	5.54	5.27	6.73	7.11	10.30	9.38	10.73	11.42	11.98	12.46	11.03	9.79

MONTH ENDING

11/30/2017

(Select Date From Drop Down Arrow)

Water Sales by Classification November 30, 2017

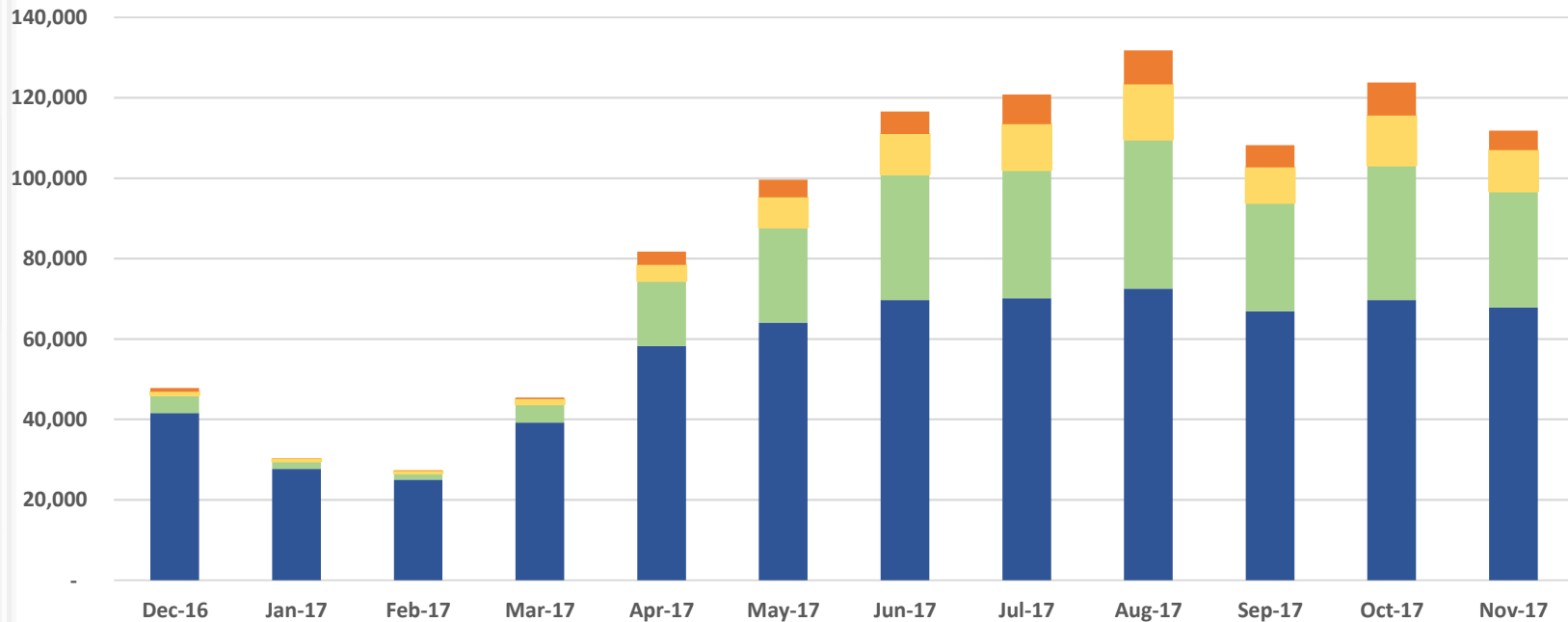




DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING **11/30/2017**

Monthly SFR Water Consumption by Tier (HCF)



■ Tier 4	900	100	200	400	3,300	4,400	5,600	7,400	8,500	5,500	8,200	4,800
■ Tier 3	900	500	500	1,200	3,900	7,400	10,000	11,300	13,600	8,800	12,400	10,200
■ Tier 2	4,400	1,900	1,600	4,600	16,300	23,700	31,300	32,000	37,200	27,000	33,500	29,000
■ Tier 1	41,600	27,700	25,000	39,200	58,200	64,100	69,700	70,100	72,500	66,900	69,700	67,800

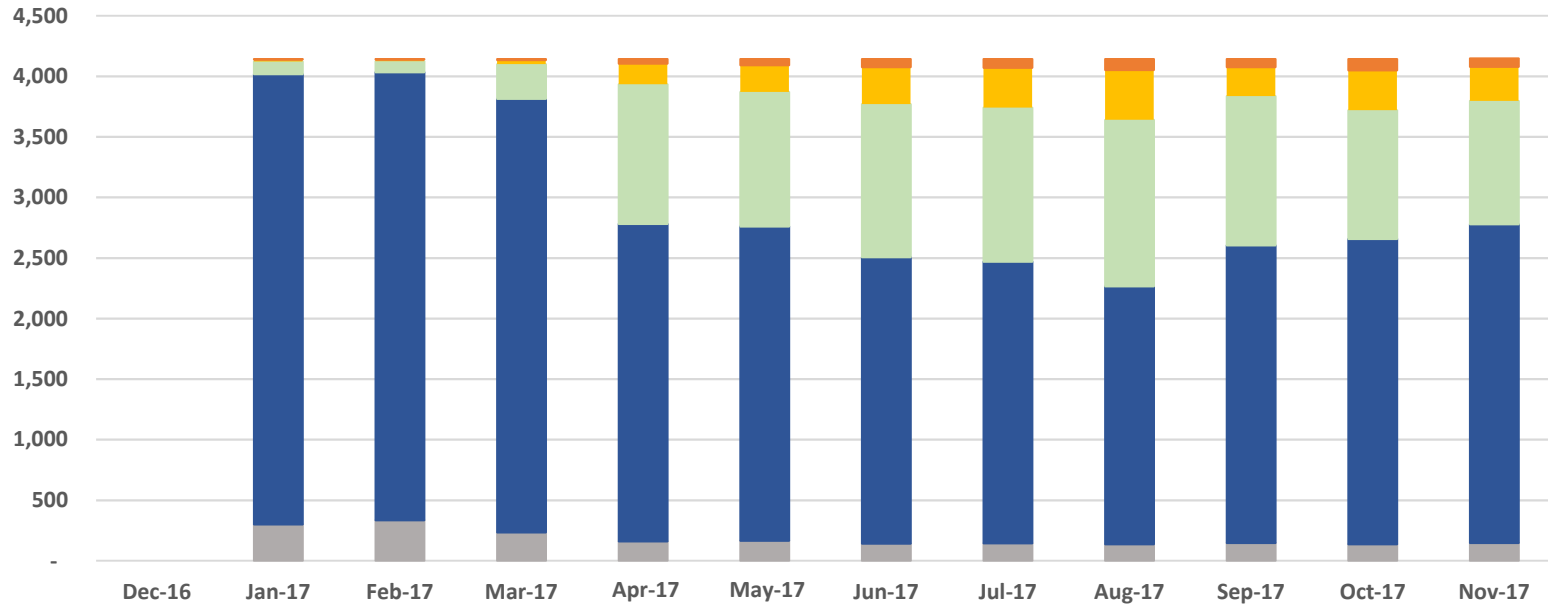


DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING

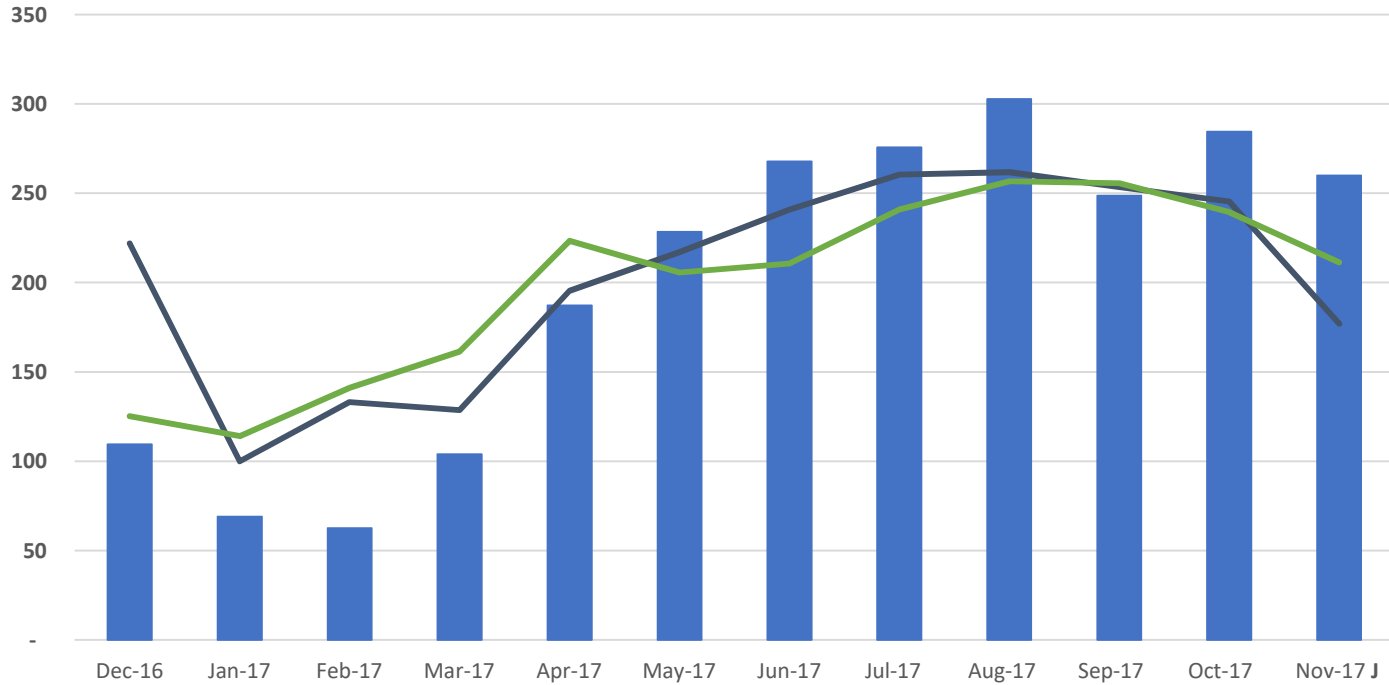
11/30/2017

Monthly SFR Water Consumption by Tier (# of Customers)



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Tier 4 Usage	-	2	3	9	36	50	67	71	89	65	93	67
Tier 3 Usage	-	19	15	34	172	223	307	330	413	243	330	284
Tier 2 Usage	-	104	90	284	1,154	1,108	1,263	1,273	1,375	1,229	1,061	1,017
Tier 1 Usage	-	3,717	3,700	3,581	2,621	2,597	2,365	2,323	2,128	2,459	2,522	2,632
"0" Usage	-	301	335	235	160	165	141	146	138	147	137	147

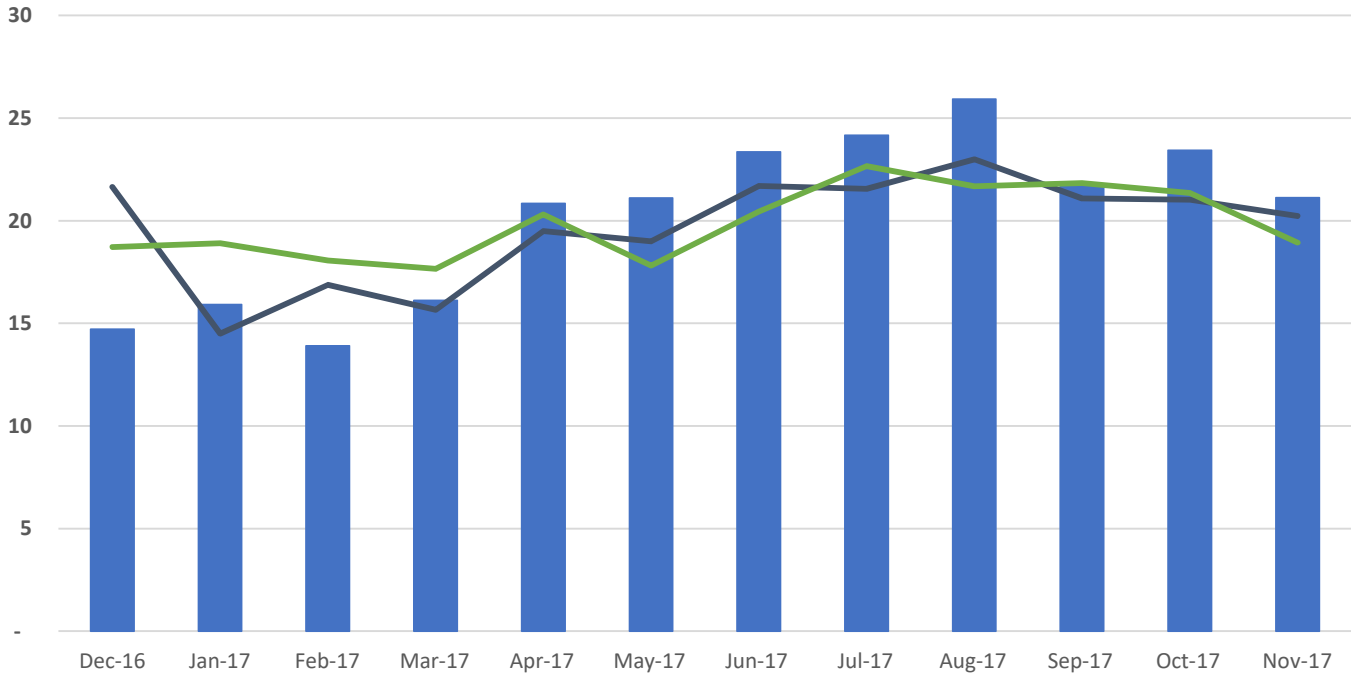
Water Sales by Month (AF) SINGLE FAMILY RESIDENTIAL



Trailing 12 Months	109	69	63	104	187	228	268	276	303	249	284	260
Trailing 24 Months	222	100	133	129	195	217	241	260	262	253	245	177
Trailing 36 Months	125	114	141	161	223	206	211	241	257	256	239	211

■ Trailing 12 Months(SINGLE FAMILY RESIDENTIAL) 2,386 AF
■ Trailing 24 Months(SINGLE FAMILY RESIDENTIAL) 2,435 AF
■ Trailing 36 Months(SINGLE FAMILY RESIDENTIAL) 2,399 AF
 Trailing 12 Months vs. Trailing 24 Months: (2.0%)
 Trailing 12 Months vs. Trailing 36 Months: (0.6%)

Water Sales by Month (AF) COMMERCIAL



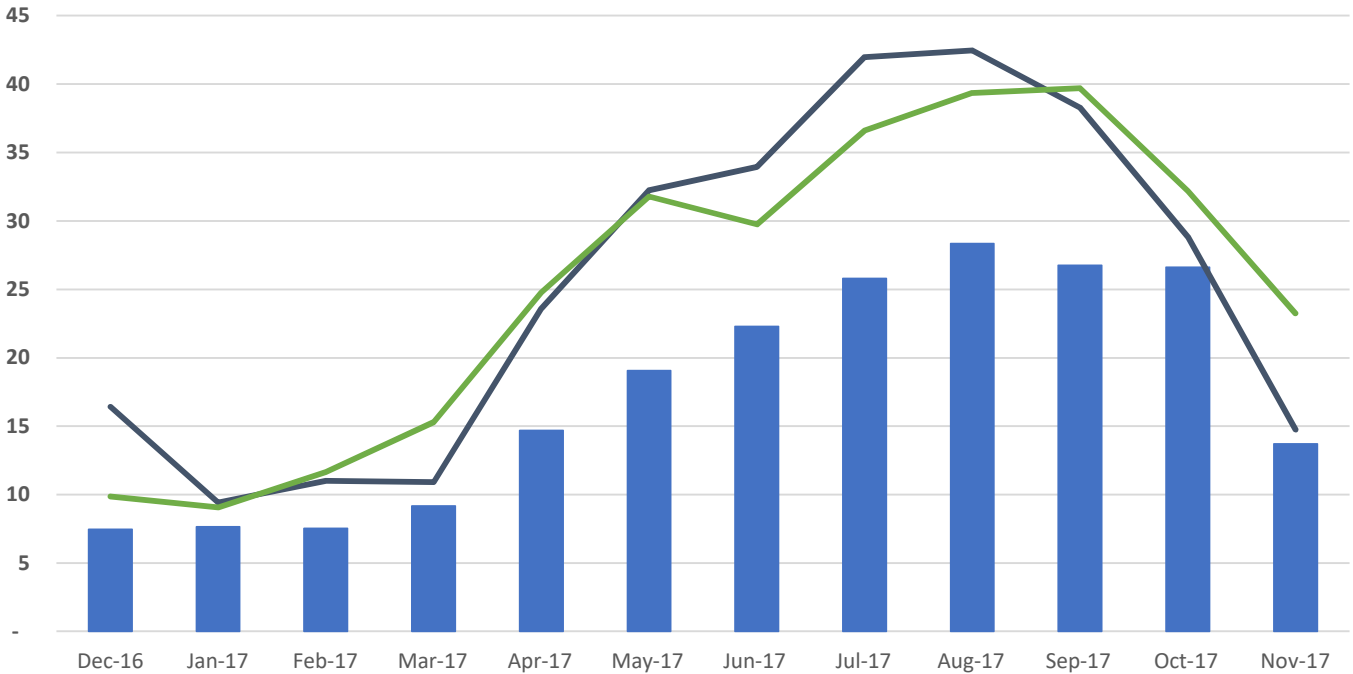
■ Trailing 12 Months	15	16	14	16	21	21	23	24	26	22	23	21
— Trailing 24 Months	22	14	17	16	20	19	22	22	23	21	21	20
— Trailing 36 Months	19	19	18	18	20	18	20	23	22	22	21	19

- Trailing 12 Months (COMMERCIAL) 242 AF
- Trailing 24 Months (COMMERCIAL) 236 AF
- Trailing 36 Months (COMMERCIAL) 238 AF

Trailing 12 Months vs. Trailing 24 Months: 2.7%

Trailing 12 Months vs. Trailing 36 Months: 1.6%

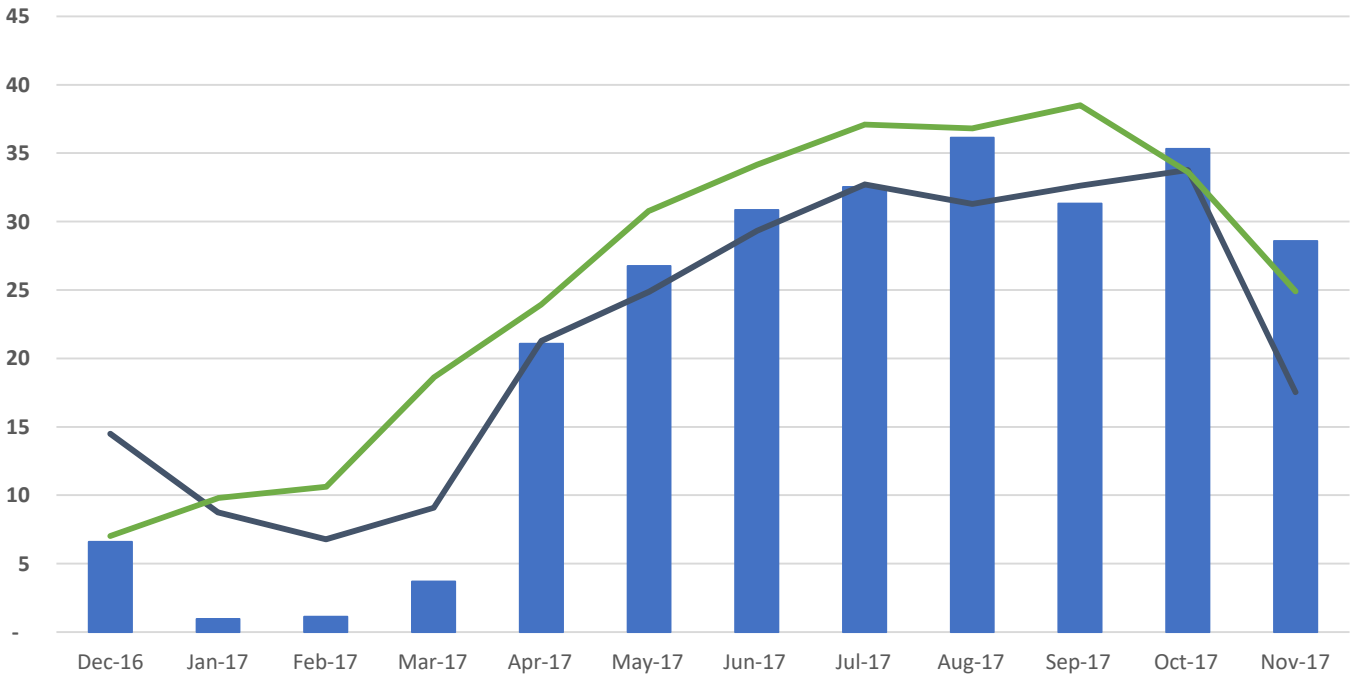
Water Sales by Month (AF) INSTITUTIONAL



Trailing 12 Months	7	8	8	9	15	19	22	26	28	27	27	14
Trailing 24 Months	16	9	11	11	24	32	34	42	42	38	29	15
Trailing 36 Months	10	9	12	15	25	32	30	37	39	40	32	23

■ Trailing 12 Months (INSTITUTIONAL) 209 AF
■ Trailing 24 Months (INSTITUTIONAL) 304 AF
■ Trailing 36 Months (INSTITUTIONAL) 303 AF
 Trailing 12 Months vs. Trailing 24 Months: (31.2%)
 Trailing 12 Months vs. Trailing 36 Months: (31.1%)

Water Sales by Month (AF) AGRICULTURE



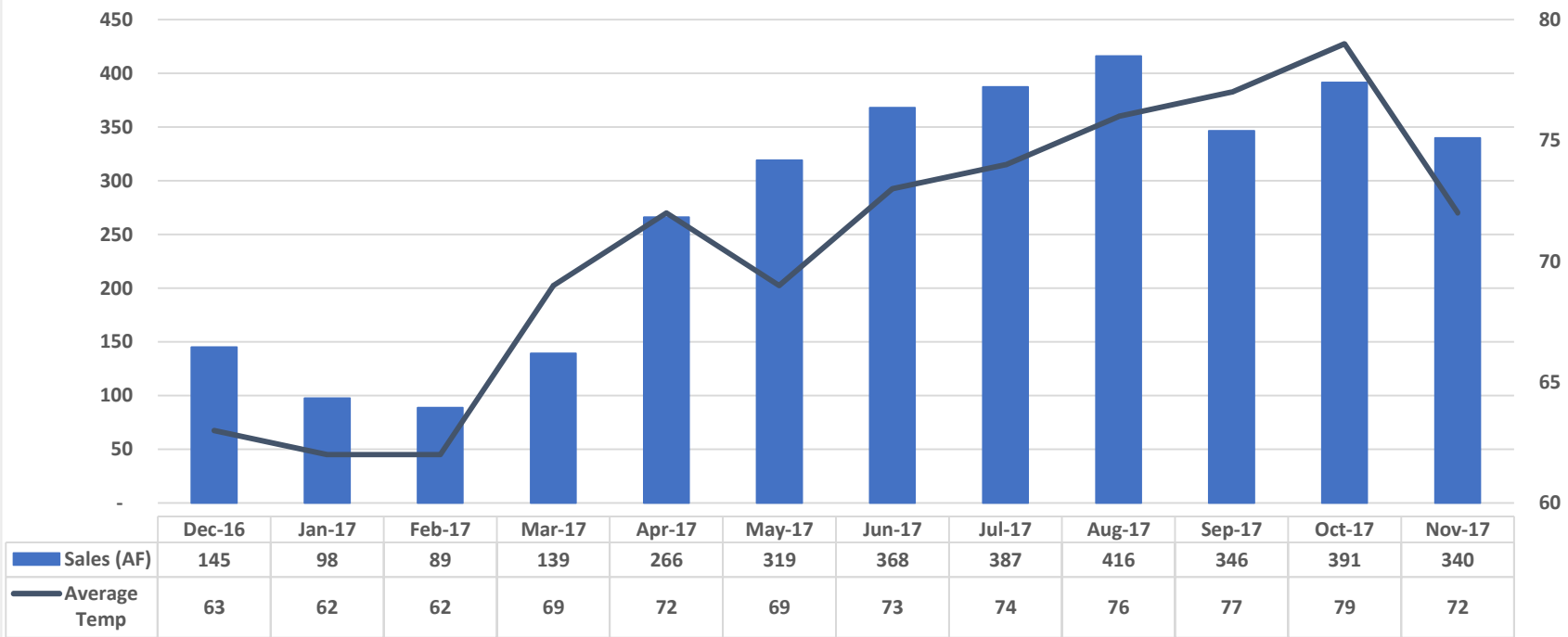
Trailing 12 Months	7	1	1	4	21	27	31	33	36	31	35	29
Trailing 24 Months	14	9	7	9	21	25	29	33	31	33	34	18
Trailing 36 Months	7	10	11	19	24	31	34	37	37	39	34	25

Trailing 12 Months (AGRICULTURE) 255 AF
 Trailing 24 Months (AGRICULTURE) 263 AF
 Trailing 36 Months (AGRICULTURE) 306 AF
 Trailing 12 Months vs. Trailing 24 Months: (2.9%)
 Trailing 12 Months vs. Trailing 36 Months: (16.7%)



11/30/2017

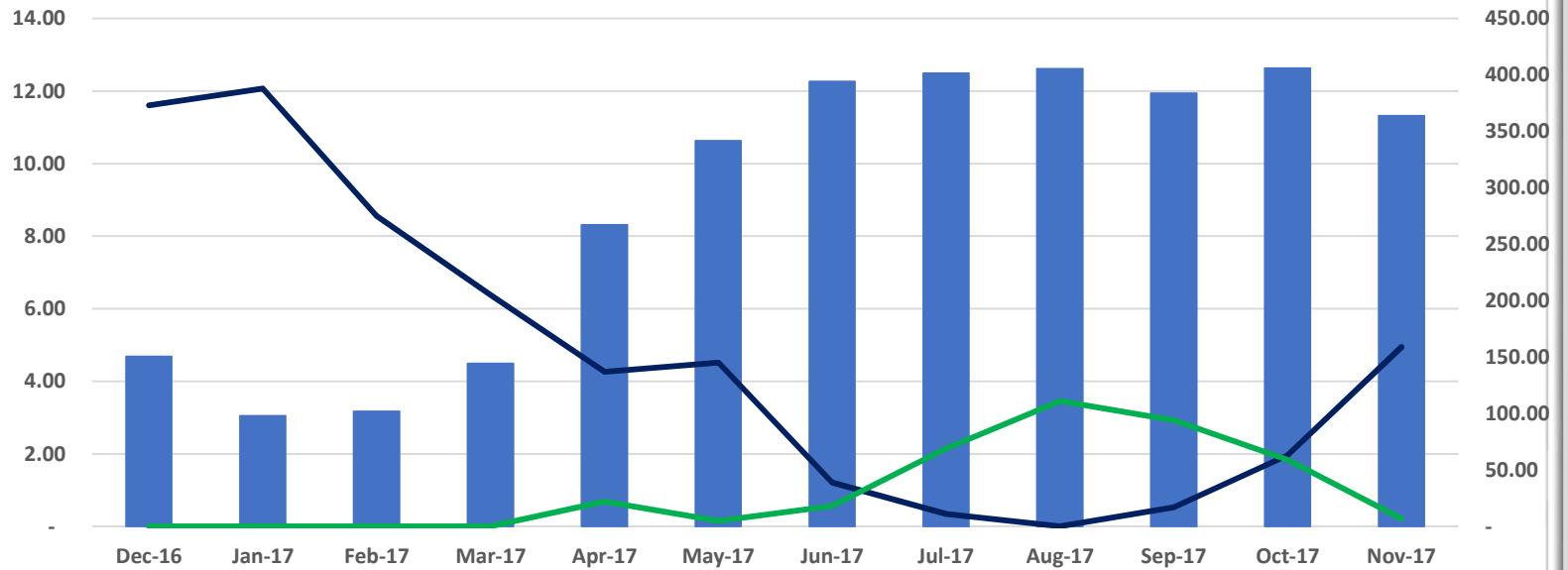
Sales / Average Temperature





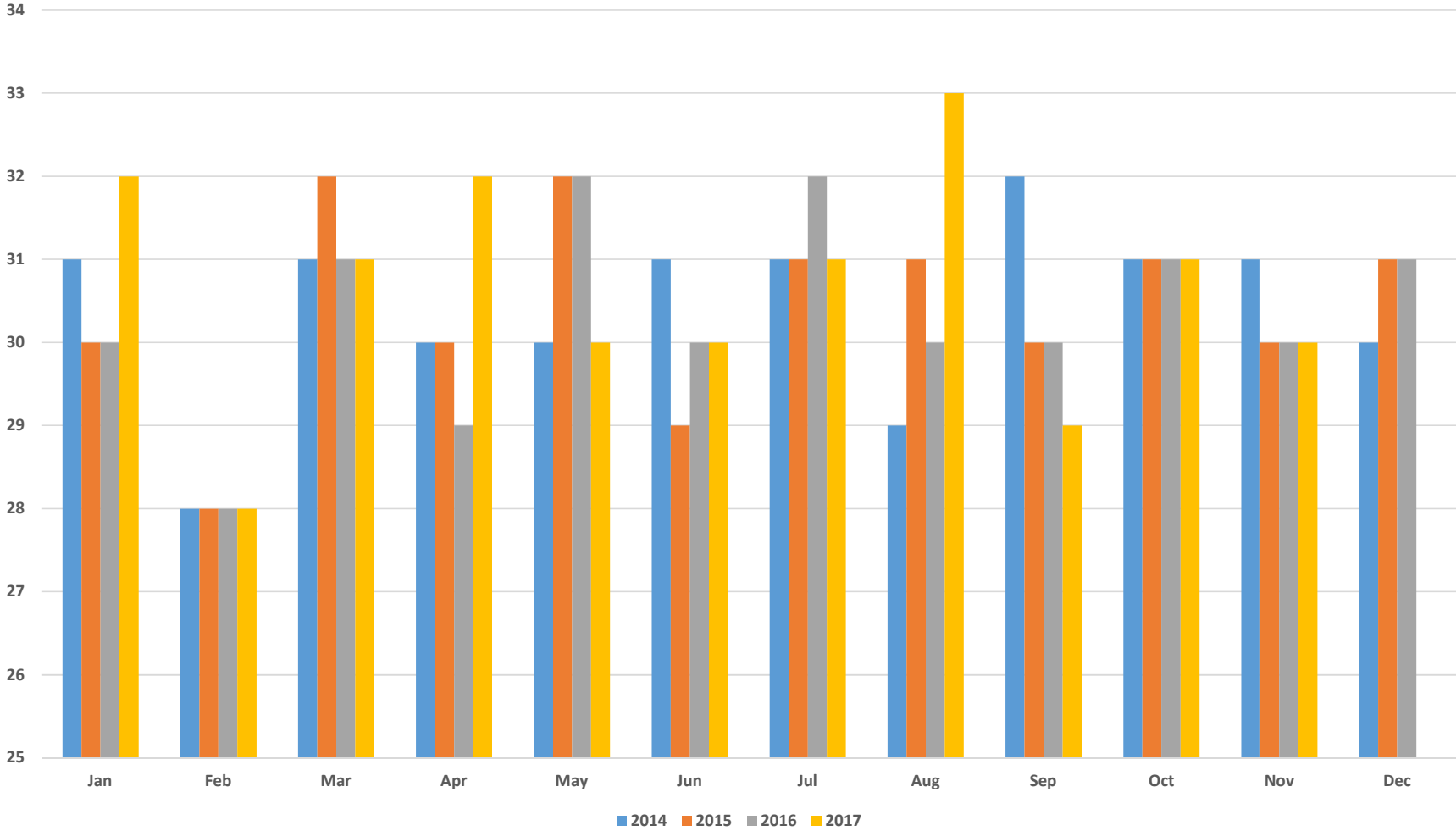
11/30/2017

Average Daily Sales - Degree Days (Base 65)

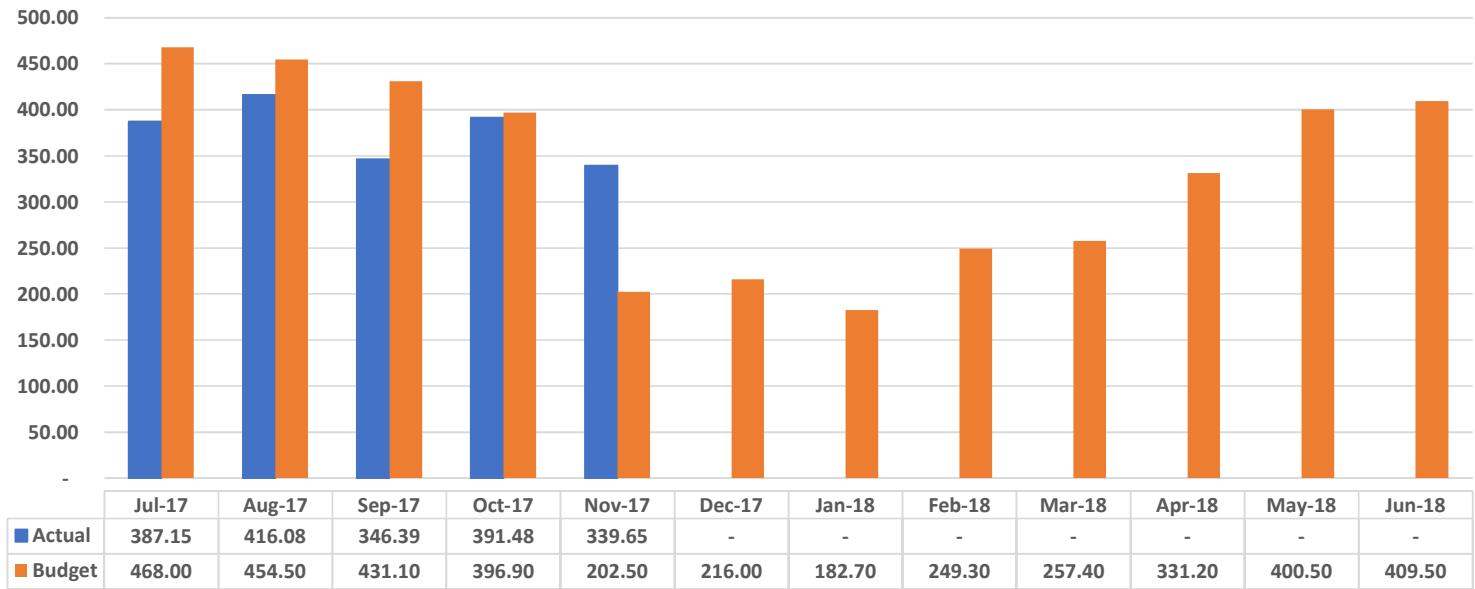


	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Average Daily Sales	4.68	3.05	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32
Heating Degree Days	373.00	388.00	275.00	205.00	137.00	145.00	39.00	11.00	-	17.00	63.00	159.00
Cooling Degree Days	-	-	-	-	22.00	5.00	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	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
JAN	4.7%	97.6	239,823	182.7	\$448,968	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
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	1,880.7	\$4,483,957	176.7	10.4%	\$431,254	10.6%	(72.3)	(3.7%)	(\$161,791)	(3.5%)

**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)	1,704.0	4,052,703	1,953.0	\$4,645,748	1,880.7	\$4,483,957	176.7	10.4%	\$431,254	10.6%	(72.3)	(3.7%)	(\$161,791)	(3.5%)

QUARTERLY COMPARISON - ACTUALS THROUGH NOVEMBER 2017 (*)

	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	731.1	\$1,749,408	0.7	0.1%	\$14,800	0.9%	(84.3)	(10.3%)	(\$187,146)	(9.7%)
Jan-Mar (Actual)	325.5	791,258	689.4	1,678,314	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
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	1,881.0	\$4,483,957	31.7	10.4%	\$88,245	10.6%	(288.3)	(3.7%)	(\$672,747)	(3.5%)

(*) 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 NOVEMBER 2017 (*)**

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								1880.75
AVERAGE	602.19	625.20	561.24	484.17	345.29	267.86	246.57	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	1880.75
17/18 % VS AVERAGE	64%	67%	62%	81%	98%	0%	0%	0%	0%	0%	0%	0%	37%
17/18 % VS MAXIMUM	49%	50%	46%	58%	64%	0%	0%	0%	0%	0%	0%	0%	29%

Total METER Connections = 4,604

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-B

DATE: FEBRUARY 13, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: DECEMBER 2017 FINANCIAL REPORTS

RECOMMENDATION:

For information and discussion only; no action required.

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 – DECEMBER, 2017

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	259.92	162.99	96.93	59.5%
Multi Family	4.51	5.62	(1.11)	(19.8%)
Agricultural	25.90	9.82	16.08	163.8%
Institutional	15.91	11.10	4.81	43.3%
Commercial	15.34	21.91	(6.58)	(30.0%)
Non-Potable	9.79	4.56	5.22	114.5%
Monthly Total	331.36	216.00	115.36	53.4%

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	1,631.02	1,532.83	98.19	6.4%
Multi Family	34.26	39.35	(5.10)	(13.0%)
Agricultural	189.75	180.33	9.42	5.2%
Institutional	137.08	205.18	(68.10)	(33.2%)
Commercial	131.66	142.52	(10.86)	(7.6%)
Non-Potable	88.34	68.78	19.55	28.4%
Yearly Total	2,212.10	2,169.00	43.10	2.0%

A. Water Sales in Acre Feet (AF)

During the month of December 2017, MWD sold 331.36 AF of water to its customers compared to a budgeted amount 216.00 AF which translates to a budget variance of +115.36 AF or 53.4%. 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

MONTH TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT MONTH	BUDGET MONTH	VARIANCE	
			\$	%
Single Family	\$ 661,447	\$ 391,484	\$ 269,963	69.0%
Multi Family	10,615	13,220	(2,605)	(19.7%)
Agricultural	36,679	16,119	20,560	127.6%
Institutional	44,421	28,998	15,423	53.2%
Commercial	40,437	58,353	(17,916)	(30.7%)
Non-Potable	5,968	2,782	3,186	114.5%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 799,567	\$ 510,956	\$ 288,611	56.5%

2. STATEMENT OF REVENUE AND EXPENDITURES – DECEMBER 2017

A. Revenues

Total Revenue MTD as of December 31, 2017 is \$1,825,930 compared to the MTD Budget of \$1,460,280 for a budget variance of \$365,650 or 20%.

	MTD ACTUAL	MTD BUDGET	OVER (UNDER)
REVENUE			
WATER SALES	799,566	510,957	288,610
WSE SURCHARGE	481,242	324,609	156,633

ORD. 94 PENALTIES	-	-	-
SERVICE CHARGES	354,958	356,204	(1,246)
WAC	175,787	178,066	(2,279)
PRIVATE FIRE HYDRANT	5,869	5,627	242
LATE CHARGES	(293)	4,251	(4,544)
CONNECTION FEES	-	7,477	(7,477)
CAP. COST RECOVERY	-	58,090	(58,090)
INTEREST	1,640	8,333	(6,693)
OTHER	4,023	4,667	(644)
REIMBURSEMENTS	3,140	2,000	1,140
TOTAL REVENUE	\$ 1,825,930	\$ 1,460,280	\$ 365,650

B. Expenses:

1. JPA Expenses

Total JPA Expenses MTD for December 31, 2017 are \$657,151 compared to the MTD budget of \$573,248 which is above budget by \$84k. This variance is due to the variable portion of the SWP being above budget by \$110k (but is anticipated to slowly come closer to budget over time as a result of SWP's billing practice), as well as a timing difference of (25K) on the EPFP payment. Please see footnotes to the Financial Statements for further clarification.

2. MWD Expenses

Total MWD Expenses MTD as of December 31, 2017 are \$620,704 compared to the MTD budget of \$595,835 which is above budget by \$25k. This variance is primarily due to the following factors – **Transmission and Distribution**, Salaries and benefits (\$26k); **Treatment**, Salaries and Benefits (\$21k), Supplies (\$11k), repairs and Maintenance (-\$6k); **Engineering**, a recycled water feasibility study has not yet been completed (-\$19k), **Administration**, local water supply negotiations planned but not completed (-\$30k), Dues and Subscriptions timing issue (\$25k), Building Maintenance (-\$18k) (planned carpet and paint in the board room) as well as other smaller variances. Please see footnotes to the Financial Statements for further clarification.

ATTACHMENTS:

- 1) Financial Package – December 2017



FINANCIAL REPORTS

FINANCE COMMITTEE MEETING

For the Month of December 2017

February 13, 2018

MONTECITO WATER DISTRICT
STATEMENT OF REVENUE AND EXPENDITURES
 December 31, 2017

	MTD ACTUAL	MTD BUDGET	OVER (UNDER)	%		YTD ACTUAL	YTD BUDGET	OVER (UNDER)	
REVENUE									
WATER SALES	799,566	510,957	288,610	36.10%	(1)	5,283,523	5,156,704	126,819	(1)
WSE SURCHARGE	481,242	324,609	156,633	32.55%	(1)	3,173,856	3,259,617	(85,760)	(1)
ORDINANCE 94 PENALTIES	-	-	-	#DIV/0!		(3,105)	-	(3,105)	
SERVICE CHARGES	354,958	356,204	(1,246)	-0.35%		2,130,951	2,138,281	(7,331)	
WATER AVAILABILITY CHARGE	175,787	178,066	(2,279)	-1.30%		175,787	178,066	(2,279)	
PRIVATE FIRE HYDRANT	5,869	5,627	242	4.12%		34,335	33,129	1,207	
LATE CHARGES	(293)	4,251	(4,544)	1548.43%		31,789	25,506	6,283	
SERVICE CONNECTION FEES	-	7,477	(7,477)	#DIV/0!		13,988	14,953	(965)	
CAPITAL COST RECOVERY FEES	-	58,090	(58,090)	#DIV/0!	(2)	56,904	116,179	(59,275)	(2)
INTEREST REVENUE - GENERAL	1,640	8,333	(6,693)	-408.12%		43,880	50,000	(6,120)	(2)
OTHER REVENUE (LOSS)	4,023	4,667	(644)	-16.01%		47,212	28,000	19,212	(3)
REIMBURSEMENTS	3,140	2,000	1,140	36.30%		6,182	12,000	(5,818)	(3)
TOTAL REVENUE	\$ 1,825,930	\$ 1,460,280	\$ 365,650	20.03%		\$ 10,995,301	\$ 11,012,434	(\$ 17,133)	
OPERATING EXPENSE									
JPA OPERATING EXPENSE									
CACHUMA OPERATIONS & MAINT BOARD (COMB)	39,190	63,746	(24,556)	-62.66%	(4)	267,861	279,487	(11,626)	(4)
CACHUMA CONSERVATION & RELEASE BOARD (CCRB)	8,638	8,638	-	0.00%		51,826	51,826	-	
US BUREAU OF RECLAMATION (USBR)	(1,793)	-	(1,793)	100.00%		49,757	51,550	(1,793)	
CATER WATER TREATMENT PLANT	-	-	-	#DIV/0!		323,417	315,000	8,417	
STATE WATER PROJECT (SWP) - FIXED	410,975	410,975	-	0.00%		2,465,852	2,465,852	-	
STATE WATER PROJECT (SWP) - VARIABLE	200,141	89,890	110,252	55.09%	(5)	724,608	539,338	185,271	(5)
SUPPLEMENTAL WATER PURCHASE	-	-	-	-		215,525	-	215,525	(6)
TOTAL JPA OPERATING EXPENSE	\$ 657,151	\$ 573,248	\$ 83,903	12.77%		\$ 4,098,847	\$ 3,703,052	\$ 395,794	
MWD DIRECT EXPENSE									
JAMESON	11,423	10,154	1,269	11.11%		66,536	60,436	6,100	
TRANSMISSION & DISTRIBUTION	137,097	110,910	26,187	19.10%	(7)	706,588	715,980	(9,391)	(7)
TREATMENT	117,097	93,708	23,390	19.97%	(8)	632,816	581,894	50,922	(8)
TOTAL MWD DIRECT EXPENSE	\$ 265,617	\$ 214,771	\$ 50,845	19.14%		\$ 1,405,941	\$ 1,358,310	\$ 47,631	
MWD INDIRECT EXPENSE									
ENGINEERING	38,054	55,253	(17,199)	-45.20%	(9)	228,765	293,293	(64,529)	(9)
CUSTOMER SERVICE	37,336	32,378	4,958	13.28%		208,267	197,506	10,761	
PUBLIC INFORMATION / CONSERVATION	6,692	15,234	(8,542)	-127.65%	(10)	32,147	80,847	(48,700)	(10)
FLEET	17,230	13,769	3,461	20.09%		93,817	83,852	9,965	
ADMINISTRATION (incl Depreciation)	255,775	264,429	(8,654)	-3.38%	(11)	1,398,934	1,748,538	(349,604)	(11)
TOTAL MWD INDIRECT EXPENSE	\$ 355,087	\$ 381,064	(\$ 25,977)	-7.32%		\$ 1,961,930	\$ 2,404,036	(\$ 442,106)	
TOTAL OPERATING EXPENSE	\$ 1,277,855	\$ 1,169,083	\$ 108,772	8.51%		\$ 7,466,718	\$ 7,465,399	\$ 1,319	
NET OPERATING SURPLUS / (DEFICIT)	\$ 548,075	\$ 291,196	\$ 256,879	46.87%		\$ 3,528,583	\$ 3,547,035	(\$ 18,452)	
NON OPERATING EXPENSE									
2004 DWR ORTEGA LOAN	(79,163)	-	(79,163)	100.00%		(79,163)	(295,200)	216,037	

BOND INTEREST EXPENSE	(331,409)	(345,231)	13,822	-4.17%
CATER DWR LOAN	-	-	-	#DIV/0!
CATER CAPITAL	-	-	-	#DIV/0!
CATER OZONE	-	-	-	#DIV/0!
TOTAL NON OPERATING EXPENSE	(\$ 410,572)	(\$ 345,231)	(\$ 65,341)	15.91%
NET OPERATING SURPLUS / (DEFICIT)	\$ 137,503	(\$ 54,035)	\$ 191,538	139.30%
NET POSITION, BEGINNING OF PERIOD	\$ 31,979,417	\$ 31,837,562	\$ 141,855	
NET POSITION, END OF PERIOD	\$ 32,116,920	\$ 31,783,527	\$ 333,393	

(331,409)	(345,231)	13,822
(115,824)	(115,824)	0
-	-	-
(138,173)	-	(138,173)
(\$ 664,568)	(\$ 756,255)	\$ 91,687
\$ 2,864,015	\$ 2,790,780	\$ 73,235
\$ 29,252,905	\$ 28,992,747	\$ 260,158
\$ 32,116,920	\$ 31,783,527	\$ 333,393

December 31, 2017

FOOTNOTES

(1) **WATER SALES (in AF) - MTD** Actual 331.36 and Budget 216.0 = Variance 115.36; **YTD** Actual 2,212.1 and Budget 2,169.0 = Variance 43.10

(2) **CAPITAL COST RECOVERY - MTD** Anticipated new meter installations have not occurred

(3) **OTHER REVENUE - YTD** Gain on the sale of fixed assets

(4) **COMB - MTD UNDER by \$24k - ; YTD UNDER by \$11k** due to timing difference

(5) **STATE WATER PROJECT (VARIABLE) -MTD OVER BY \$110k - ; YTD OVER \$185K** Timing difference. Anticipate slow-down in billing in coming months.

(6) **SUPPLEMENTAL WATER PURCHASE - YTD** Net purchases from Santa Maria to leave \$500,000 in Water Repayment Debt to AVEK relating to 2015 purchase.

(7) **TRANSMISSION & DISTRIBUTION - MTD OVER by \$26k** Thomas Fire & Main Breaks in December

(8) **TREATMENT - MTD OVER by \$23k** Overtime related to Thomas Fire **YTD OVER by \$51k** Salaries OVER by (\$23k) Overtime related to Thomas Fire, Supplies (\$10k), Outside Service (\$10k), Electricity (\$7k)

(9) **ENGINEERING - MTD UNDER by \$17k** Recycled Water Feasibility Study has not yet occurred **YTD UNDER by \$64k** GIS (\$2k); SGMA (\$7k); Fish Relocation (\$10k); Recycled Water Feasibility (\$28k)

(10) **PUBLIC INFORMATION / CONSERVATION MTD UNDER \$9k-** Postage (\$4K), Legal (\$5K); **YTD UNDER by \$49k** Website development (\$20k);Postage (\$7k); Legal-Special (\$5k); Conserv Prg (\$5k)

(11) **ADMINISTRATION - MTD UNDER by \$9k** Building Maintenance

YTD UNDER by \$350k - Salaries (\$18k); Local Water Supply Negotiations (\$240k); Legal (\$38k); Rate Sutdy (\$14k); LAFCO (\$10k); Insurance (\$12k); Computer (\$9k); Building Maintenance (\$9K)

**MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
December 31, 2017**

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 \$ 7,952,794

Legal settlement reserve \$ -

Total unrestricted cash and investments \$ 13,352,794

Restricted - cash and investments \$ 3,476,336

Total Cash (unrestricted & restricted) \$ 16,829,130

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

Receivables:

Accounts receivable - water sales & services, net \$ 1,802,973

Accounts receivable - other \$ 168

Accrued Interest \$ 2,630

Materials and supplies inventory \$ 260,345

Prepaid water charges (SWP and other prepaid water) \$ 5,091,520

Prepaid expenses and other deposits \$ 184,030

Total Current Assets \$ 7,341,667

Noncurrent:

Capital assets - not being depreciated \$ 979,410

Capital assets - being depreciated, net \$ 31,406,586

Total Noncurrent Assets \$ 32,385,996

DEFERRED OUTFLOWS OF RESOURCES

Deferred pensions \$ 1,116,776

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

TOTAL COMBINED ASSETS:

\$ 58,303,569

**MONTECITO WATER DISTRICT
STATEMENT OF NET POSITION - UNAUDITED
December 31, 2017 (Continued)**

LIABILITIES

Current:

Accounts payable and accrued expenses	\$	5,281	
Accrued wages and related payables	\$	14,900	
Unearned revenue and other deposits	\$	70,314	
Accrued interest payable	\$	-	
Long-term liabilities - due within one year:			
Accrued compensated absences	\$	46,575	
Bonds Payable	\$	-	
Loan Payable	\$	635,016	
Total Current Liabilities		635,016	\$ 772,086

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			\$ 25,663,265

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	\$	3,476,336	
Unrestricted	\$	16,567,775	
Total Net Position		32,116,920	\$ 32,116,920

TOTAL COMBINED LIABILITIES, DEFERRALS AND NET POSITION:

\$ 58,303,569

**MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
December 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>MTD</u>	<u>YTD</u>
Operating Income (loss)	\$ 546,435	\$ 3,484,703
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	104,601	620,308
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable	(28,278)	245,631
Materials and supplies inventory	(404)	(12,565)
Prepaid water charges	287,064	2,850,720
Prepaid expenses and other deposits	60,425	(64,228)
Litigation Liability	-	(1,140,668)
Accounts payable	(57,576)	(900,601)
Accrued wages and related payables	4,869	(39,865)
Unearned revenue and other deposits	594	38,748
Accrued water exchange transfer	-	(834,475)
Compensated absences	9,574	75,281
	<u>927,304</u>	<u>4,322,989</u>
Net cash provided (used) by operating activities	<u>\$ 927,304</u>	<u>\$ 4,322,989</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

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

**MONTECITO WATER DISTRICT
STATEMENT OF CASH FLOWS - UNAUDITED
December 31, 2017 (Continued)**

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Ortega Interest	\$ (79,163)	\$ (79,163)
Bond Interest	(331,409)	(331,409)
Cater DWR Loan	(216,046)	(331,870)
Cater Capital	-	-
Cater Ozone	-	(138,173)
	<hr/>	<hr/>
Net cash provided (used) by noncapital financing activities	\$ (626,618)	\$ (880,615)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings	\$ 1,640	\$ 43,879
Purchase of underground water banking shares	\$ (630,000)	\$ (630,000)
	<hr/>	<hr/>
Net cash provided by (used) by investing activities	\$ (628,360)	\$ (586,121)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (633,558)	\$ 1,845,003
---	---------------------	---------------------

Cash and cash equivalents, beginning of period	\$ 17,462,689	\$ 14,984,127
	<hr/>	<hr/>
Cash and cash equivalents, end of period	<u>\$ 16,829,130</u>	<u>\$ 16,829,130</u>

RECONCILIATION TO STATEMENT OF NET POSITION:

Cash and investments - cash equivalents	\$ 13,352,794	\$ 13,352,794
Restricted cash and investments - cash equivalents	3,476,336	3,476,336
	<hr/>	<hr/>
	<u>\$ 16,829,130</u>	<u>\$ 16,829,130</u>



DASHBOARD REPORT WATER SALES (AF)

12/31/2017

MONTH TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	259.92	162.99	96.93	59.5%
Multi Family	4.51	5.62	(1.11)	(19.8%)
Agricultural	25.90	9.82	16.08	163.8%
Institutional	15.91	11.10	4.81	43.3%
Commercial	15.34	21.91	(6.58)	(30.0%)
Non-Potable	9.79	4.56	5.22	114.5%
Monthly Total	331.36	216.00	115.36	53.4%

YEAR TO DATE WATER SALES (AF)				
CLASSIFICATION	ACTUAL	BUDGET	VARIANCE	
			AF	%
Single Family	1,631.02	1,532.83	98.19	6.4%
Multi Family	34.26	39.35	(5.10)	(13.0%)
Agricultural	189.75	180.33	9.42	5.2%
Institutional	137.08	205.18	(68.10)	(33.2%)
Commercial	131.66	142.52	(10.86)	(7.6%)
Non-Potable	88.34	68.78	19.55	28.4%
Yearly Total	2,212.10	2,169.00	43.10	2.0%

Fiscal Year = July thru June



DASHBOARD REPORT WATER SALES (\$)

MONTH TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT MONTH	BUDGET MONTH	VARIANCE	
			\$	%
Single Family	\$ 661,447	\$ 391,484	\$ 269,963	69.0%
Multi Family	10,615	13,220	(2,605)	(19.7%)
Agricultural	36,679	16,119	20,560	127.6%
Institutional	44,421	28,998	15,423	53.2%
Commercial	40,437	58,353	(17,916)	(30.7%)
Non-Potable	5,968	2,782	3,186	114.5%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 799,567	\$ 510,956	\$ 288,611	56.5%

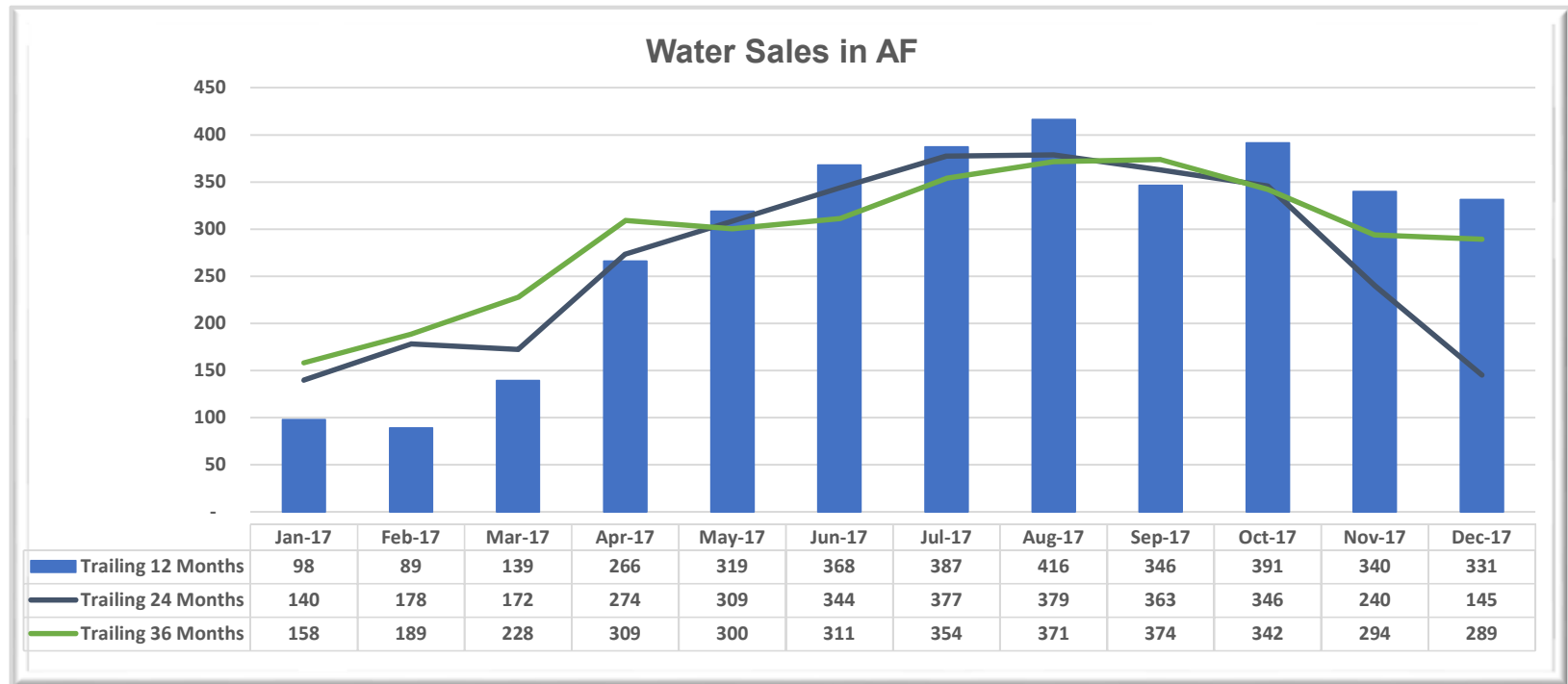
YEAR TO DATE WATER SALES (\$)				
CLASSIFICATION	CURRENT YTD	BUDGET YTD	VARIANCE	
			\$	%
Single Family	\$ 4,154,535	\$ 3,844,220	\$ 310,315	8.1%
Multi Family	80,578	92,747	(12,169)	(13.1%)
Agricultural	263,954	254,075	9,879	3.9%
Institutional	374,976	541,119	(166,143)	(30.7%)
Commercial	355,609	382,597	(26,988)	(7.1%)
Non-Potable	53,871	41,946	11,925	28.4%
Adjustments	-	-	-	0.0%
Monthly Total	\$ 5,283,523	\$ 5,156,704	\$ 126,819	2.5%

fiscal Year = July thru Jun

MONTH ENDING

12/31/2017

(Select Date From Drop Down Arrow)

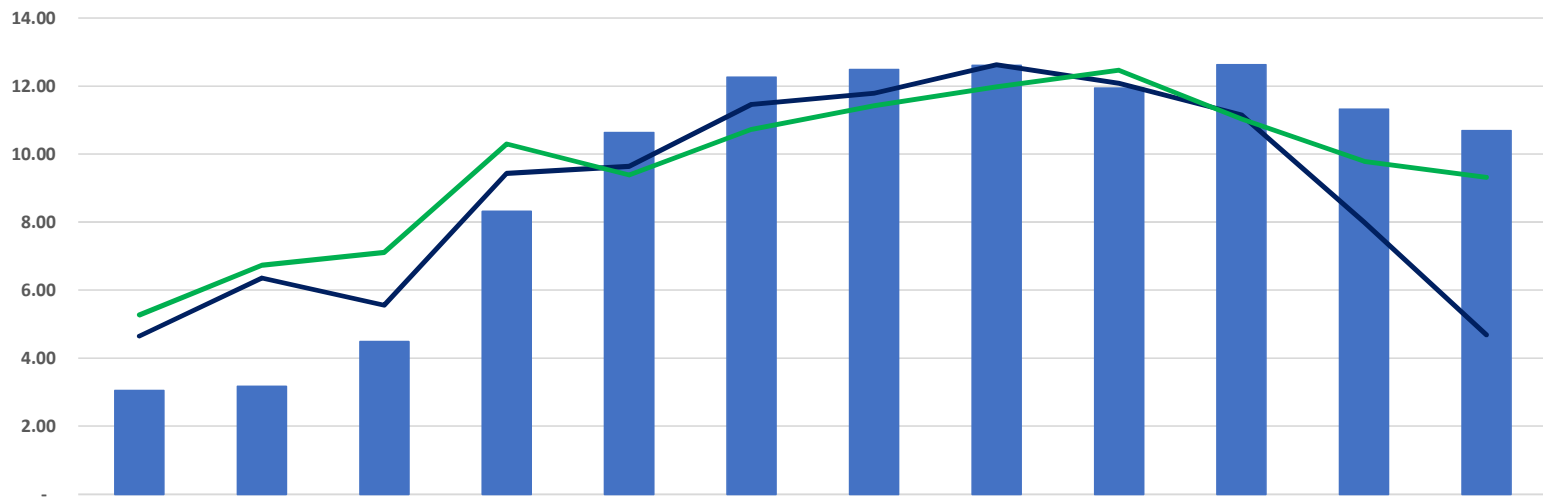


Trailing 12 Months 3,490 AF
 Trailing 24 Months 3,265 AF
 Trailing 36 Months 3,518 AF



12/31/2017

Average Daily Water Sales Per Month



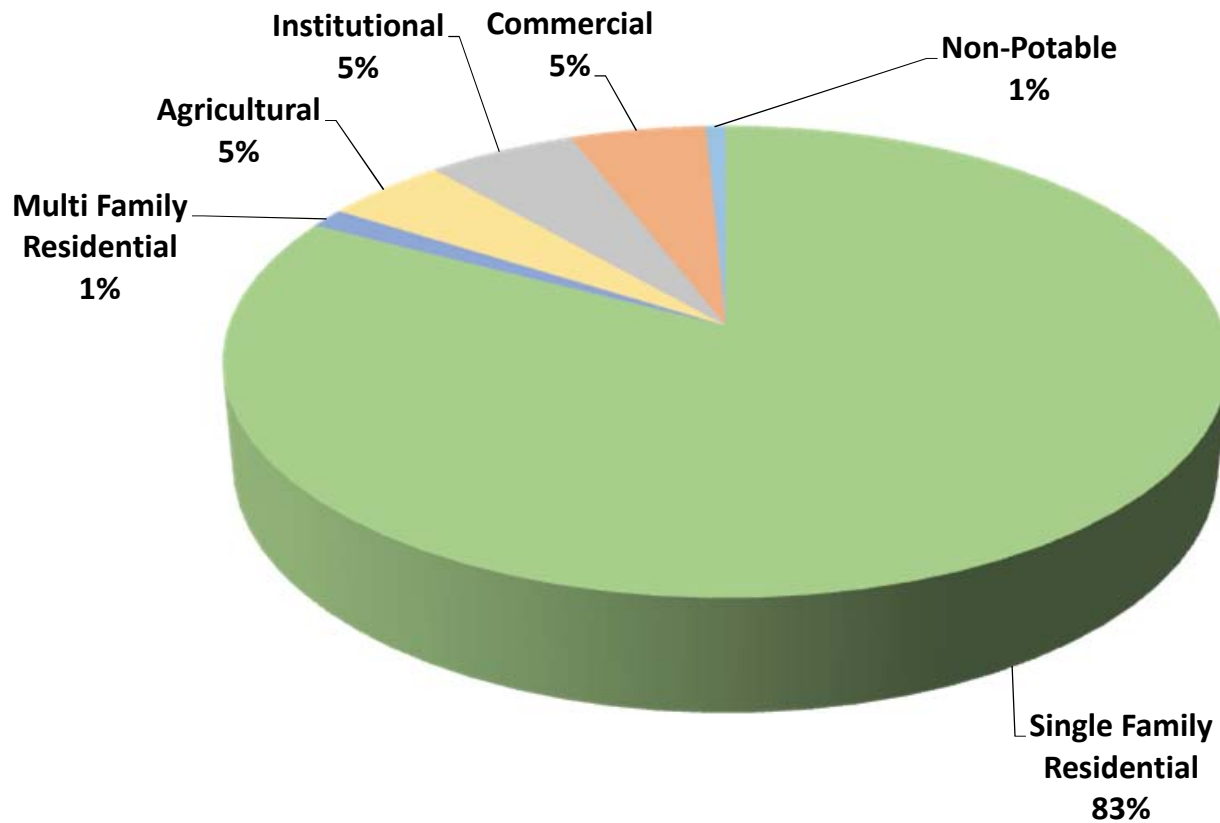
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Trailing 12 Months	3.05	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32	10.69
Trailing 24 Months	4.65	6.36	5.56	9.43	9.64	11.46	11.79	12.62	12.08	11.15	8.00	4.68
Trailing 36 Months	5.27	6.73	7.11	10.30	9.38	10.73	11.42	11.98	12.46	11.03	9.79	9.32

MONTH ENDING

12/31/2017

(Select Date From Drop Down Arrow)

Water Sales by Classification December 31, 2017



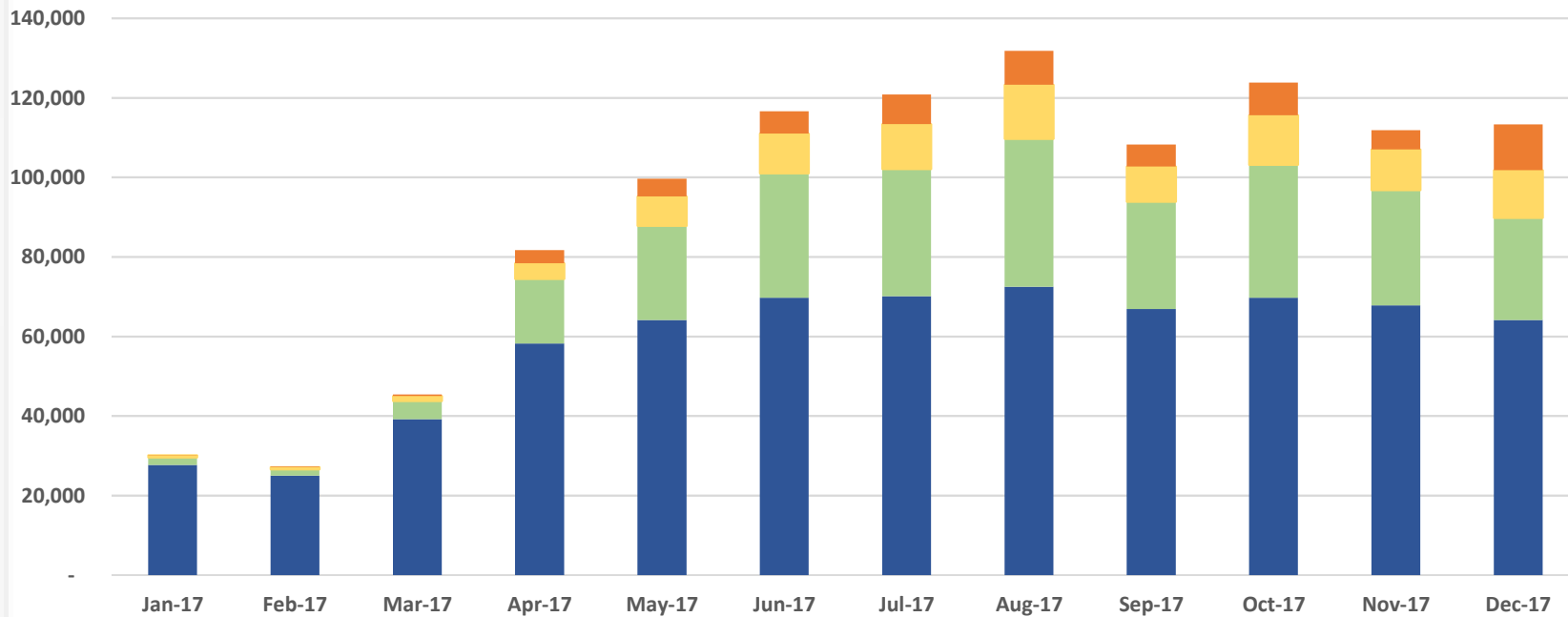


DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING

12/31/2017

Monthly SFR Water Consumption by Tier (HCF)



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

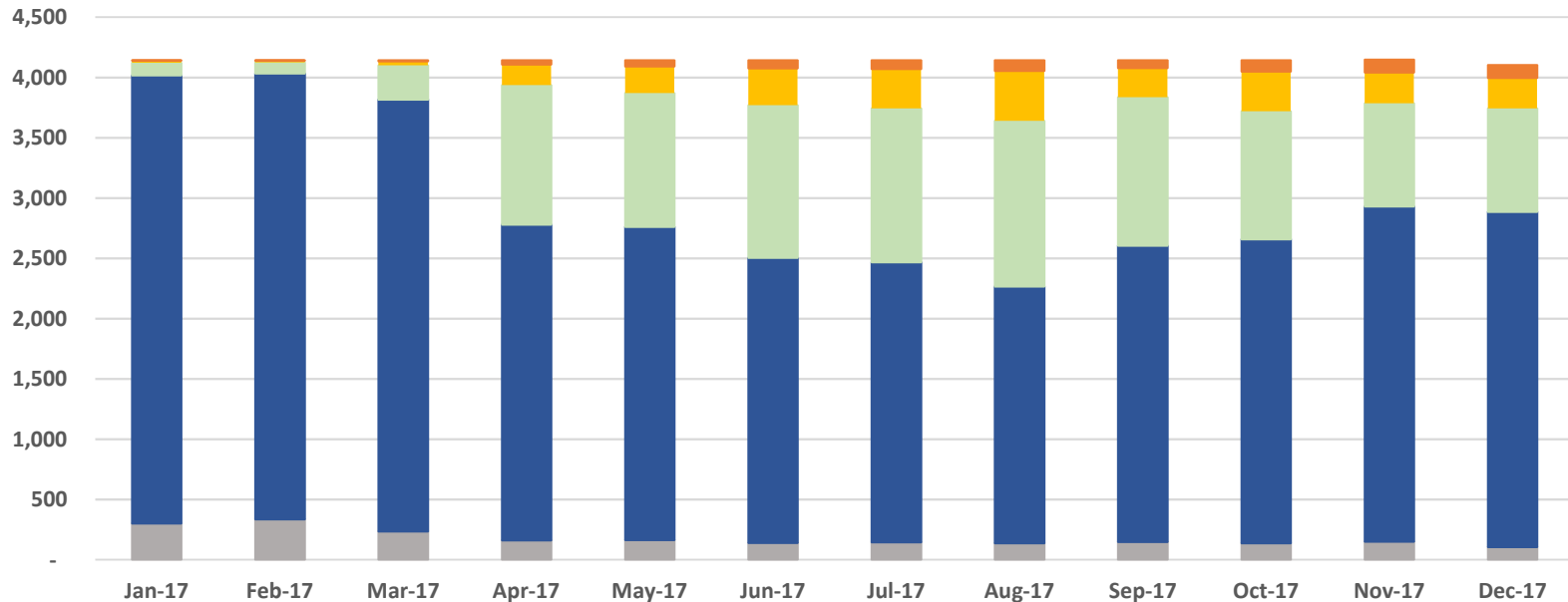


DASHBOARD REPORT SFR CONSUMPTION TRENDS

MONTH ENDING

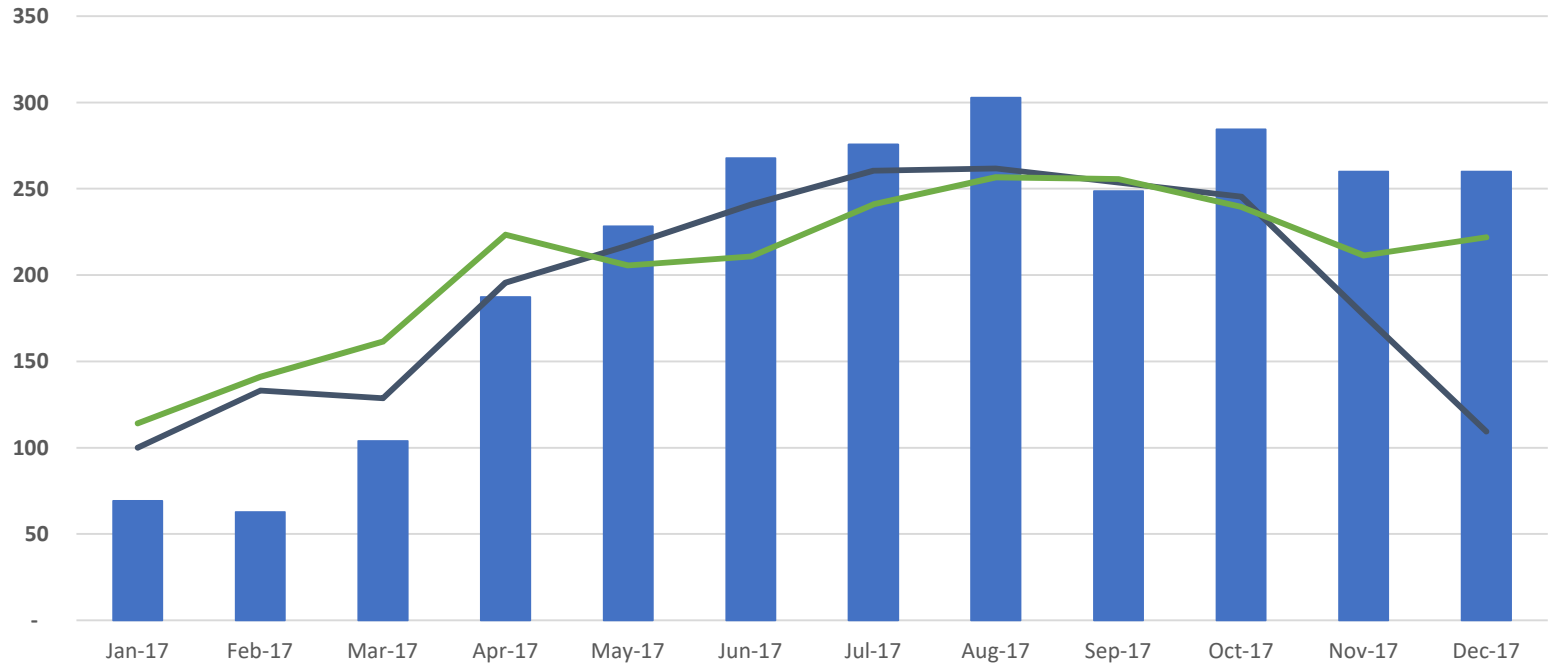
12/31/2017

Monthly SFR Water Consumption by Tier (# of Customers)



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Tier 4 Usage	2	3	9	36	50	67	71	89	65	93	106	106
Tier 3 Usage	19	15	34	172	223	307	330	413	243	330	255	255
Tier 2 Usage	104	90	284	1,154	1,108	1,263	1,273	1,375	1,229	1,061	856	856
Tier 1 Usage	3,717	3,700	3,581	2,621	2,597	2,365	2,323	2,128	2,459	2,522	2,780	2,780
"0" Usage	301	335	235	160	165	141	146	138	147	137	150	106

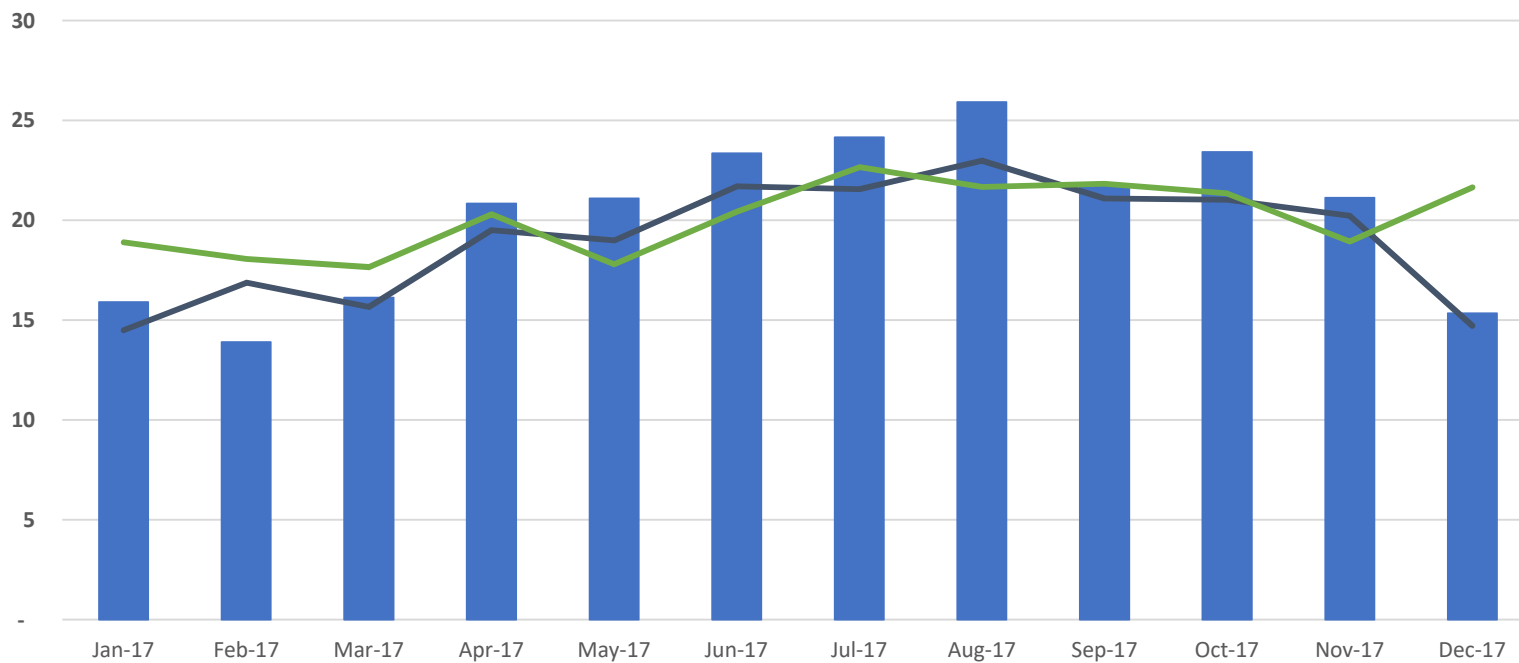
Water Sales by Month (AF) SINGLE FAMILY RESIDENTIAL



	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Trailing 12 Months	69	63	104	187	228	268	276	303	249	284	260	260
Trailing 24 Months	100	133	129	195	217	241	260	262	253	245	177	109
Trailing 36 Months	114	141	161	223	206	211	241	257	256	239	211	222

■ Trailing 12 Months(SINGLE FAMILY RESIDENTIAL) 2,482 AF
■ Trailing 24 Months(SINGLE FAMILY RESIDENTIAL) 2,323 AF
■ Trailing 36 Months(SINGLE FAMILY RESIDENTIAL) 2,550 AF
 Trailing 12 Months vs. Trailing 24 Months: 6.9%
 Trailing 12 Months vs. Trailing 36 Months: (2.6%)

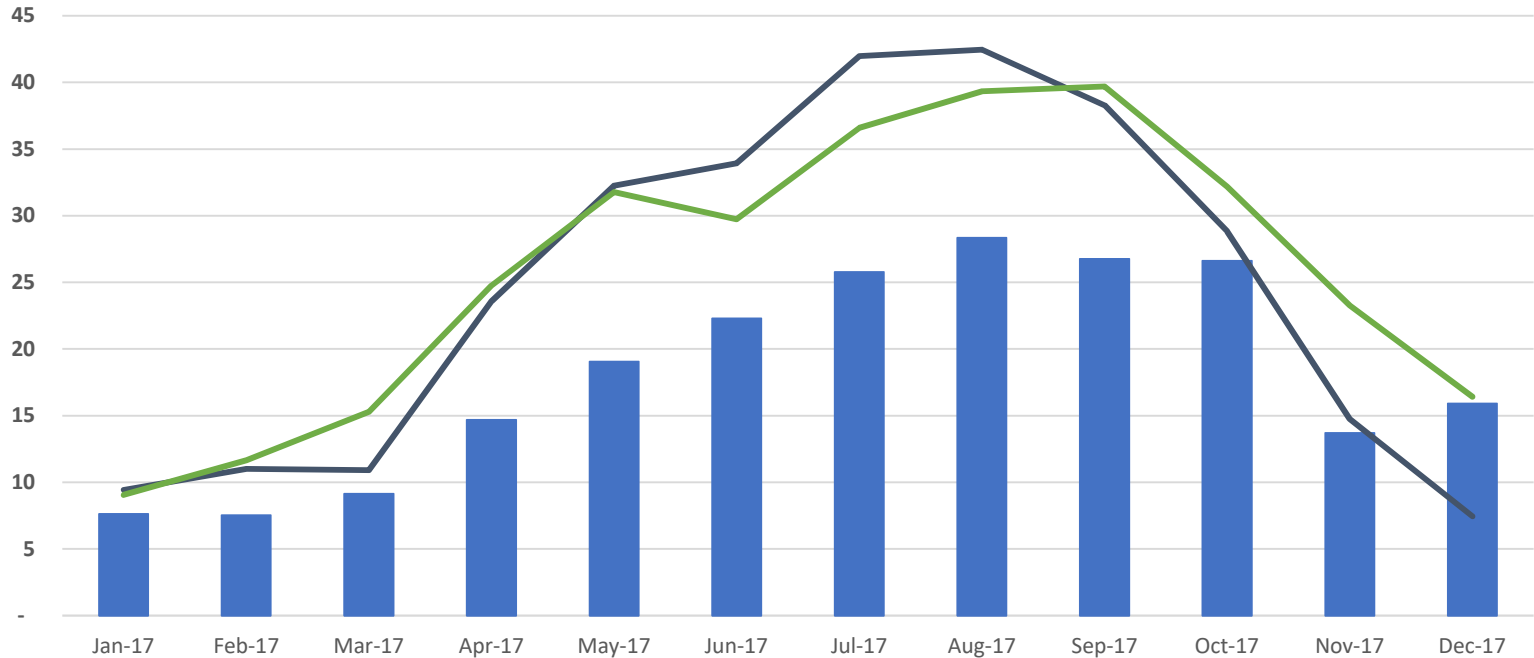
Water Sales by Month (AF) COMMERCIAL



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

	Trailing 12 Months (COMMERCIAL)	243 AF
	Trailing 24 Months (COMMERCIAL)	229 AF
	Trailing 36 Months (COMMERCIAL)	241 AF
	Trailing 12 Months vs. Trailing 24 Months:	6.1%
	Trailing 12 Months vs. Trailing 36 Months:	0.7%

Water Sales by Month (AF) INSTITUTIONAL

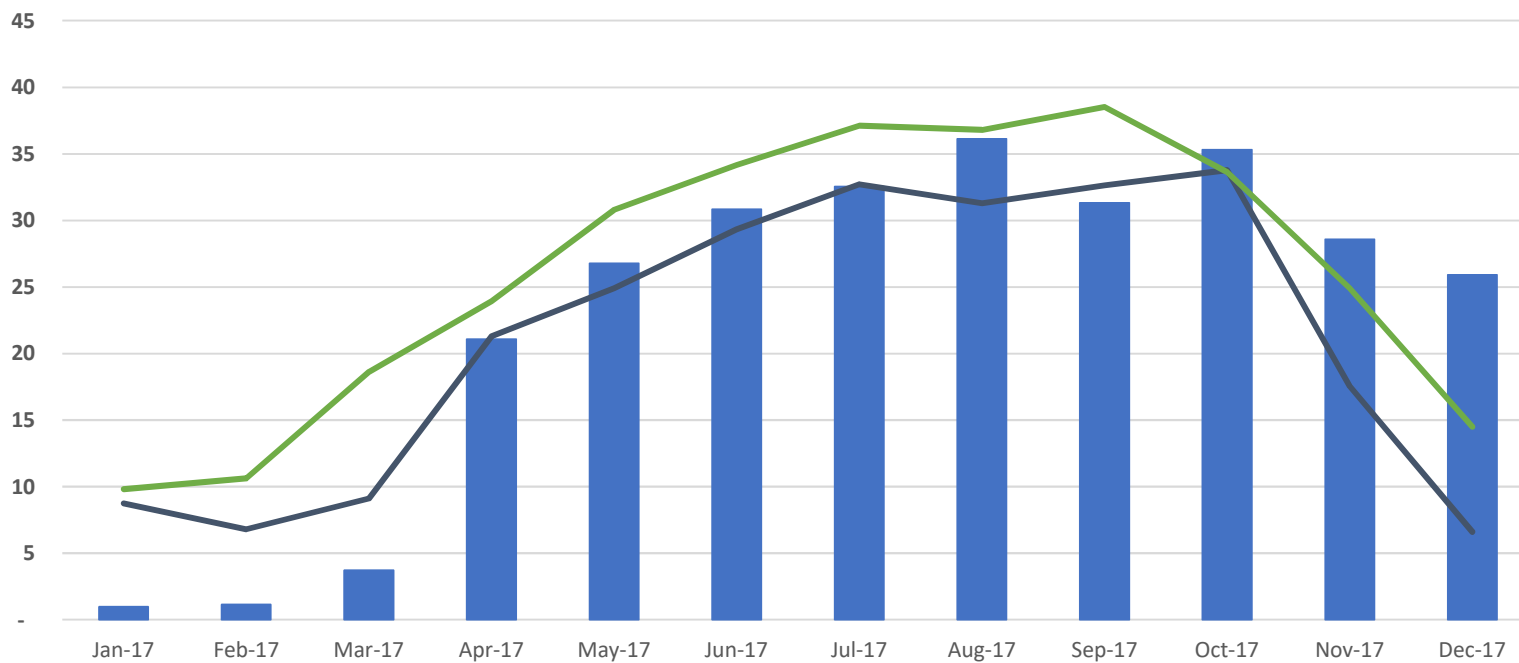


	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Trailing 12 Months	8	8	9	15	19	22	26	28	27	27	14	16
Trailing 24 Months	9	11	11	24	32	34	42	42	38	29	15	7
Trailing 36 Months	9	12	15	25	32	30	37	39	40	32	23	16



■ Trailing 12 Months (INSTITUTIONAL) 217 AF
■ Trailing 24 Months (INSTITUTIONAL) 295 AF
■ Trailing 36 Months (INSTITUTIONAL) 310 AF
 Trailing 12 Months vs. Trailing 24 Months: (26.3%)
 Trailing 12 Months vs. Trailing 36 Months: (29.8%)

Water Sales by Month (AF) AGRICULTURE

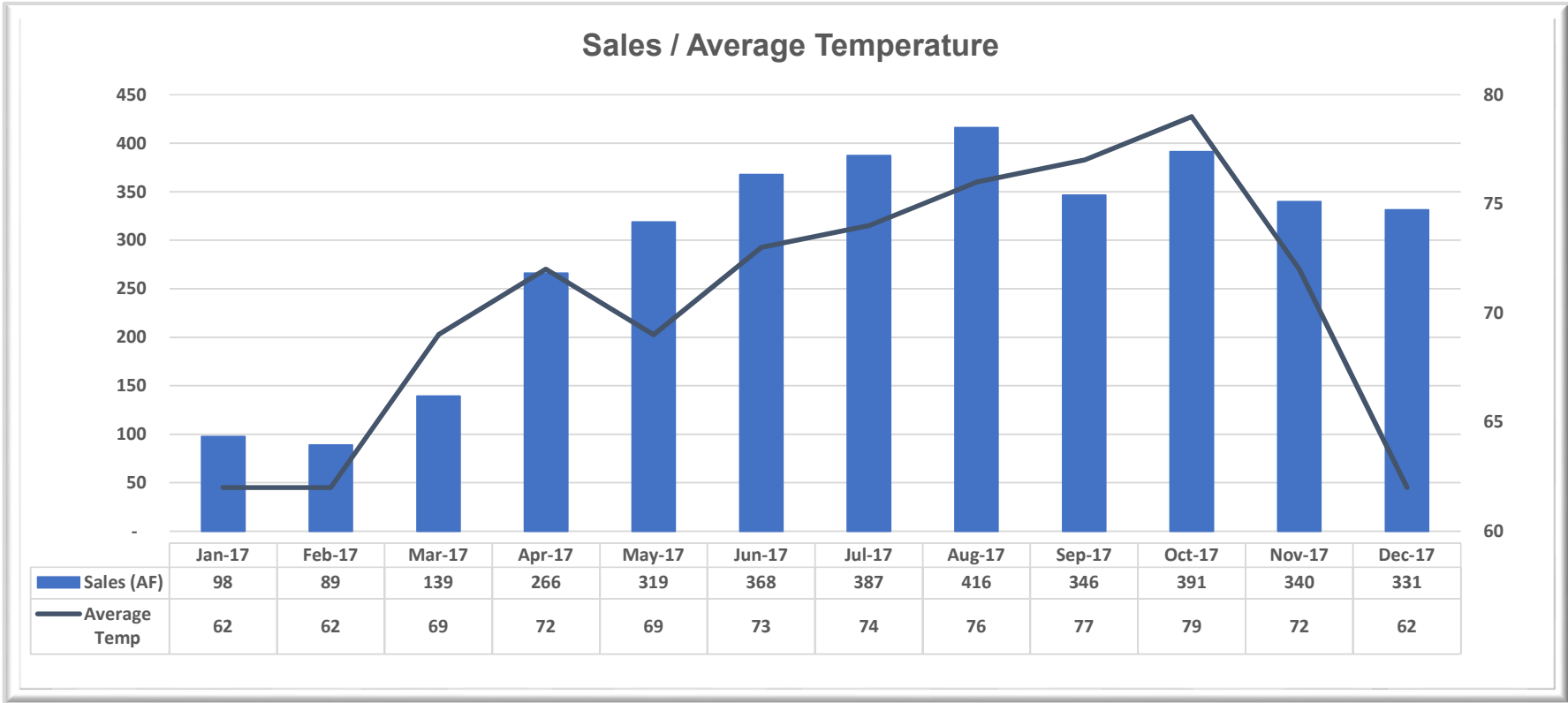


	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Trailing 12 Months	1	1	4	21	27	31	33	36	31	35	29	26
Trailing 24 Months	9	7	9	21	25	29	33	31	33	34	18	7
Trailing 36 Months	10	11	19	24	31	34	37	37	39	34	25	14

Trailing 12 Months (AGRICULTURE) 274 AF
 Trailing 24 Months (AGRICULTURE) 255 AF
 Trailing 36 Months (AGRICULTURE) 313 AF
 Trailing 12 Months vs. Trailing 24 Months: 7.7%
 Trailing 12 Months vs. Trailing 36 Months: (12.5%)



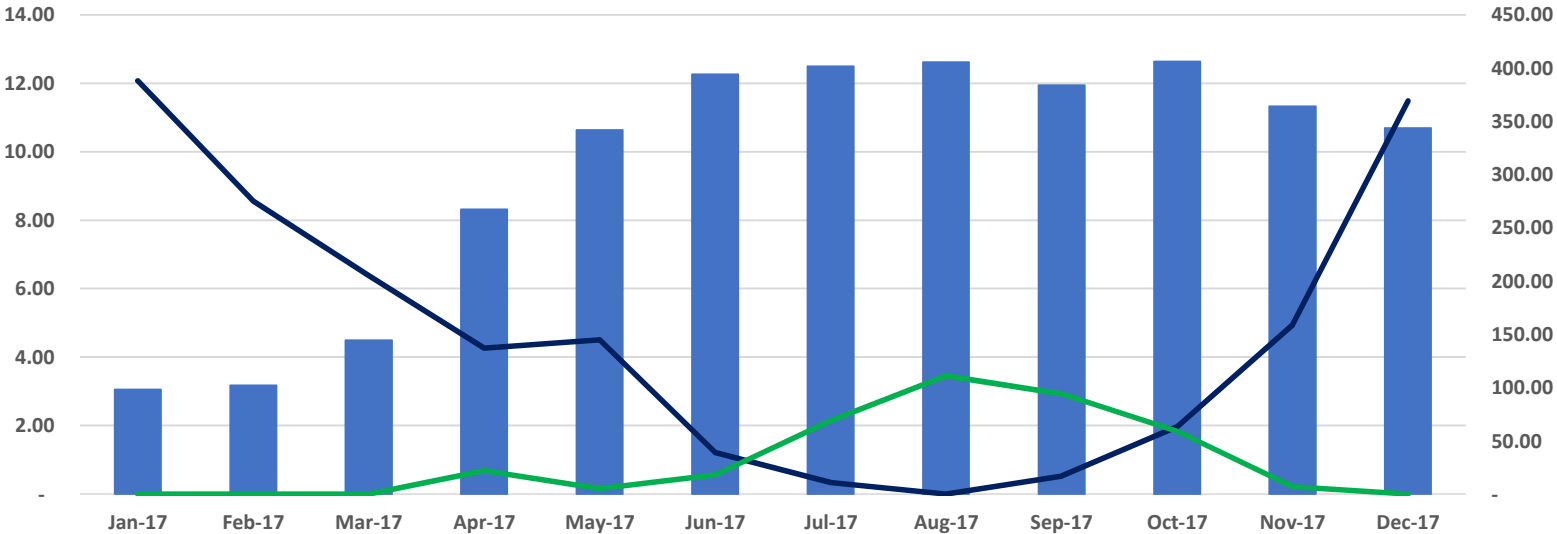
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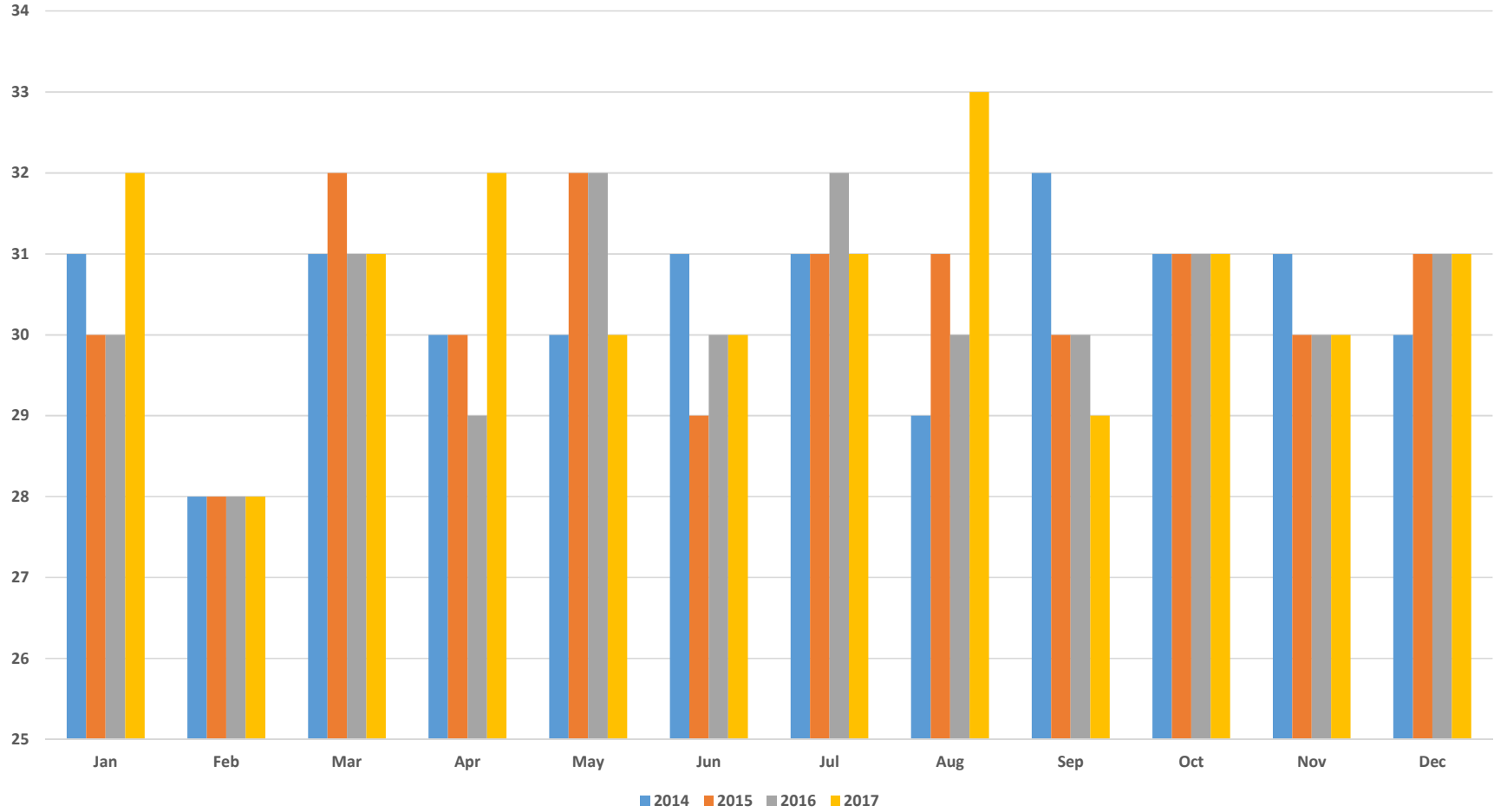
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Average Daily Sales - Degree Days (Base 65)

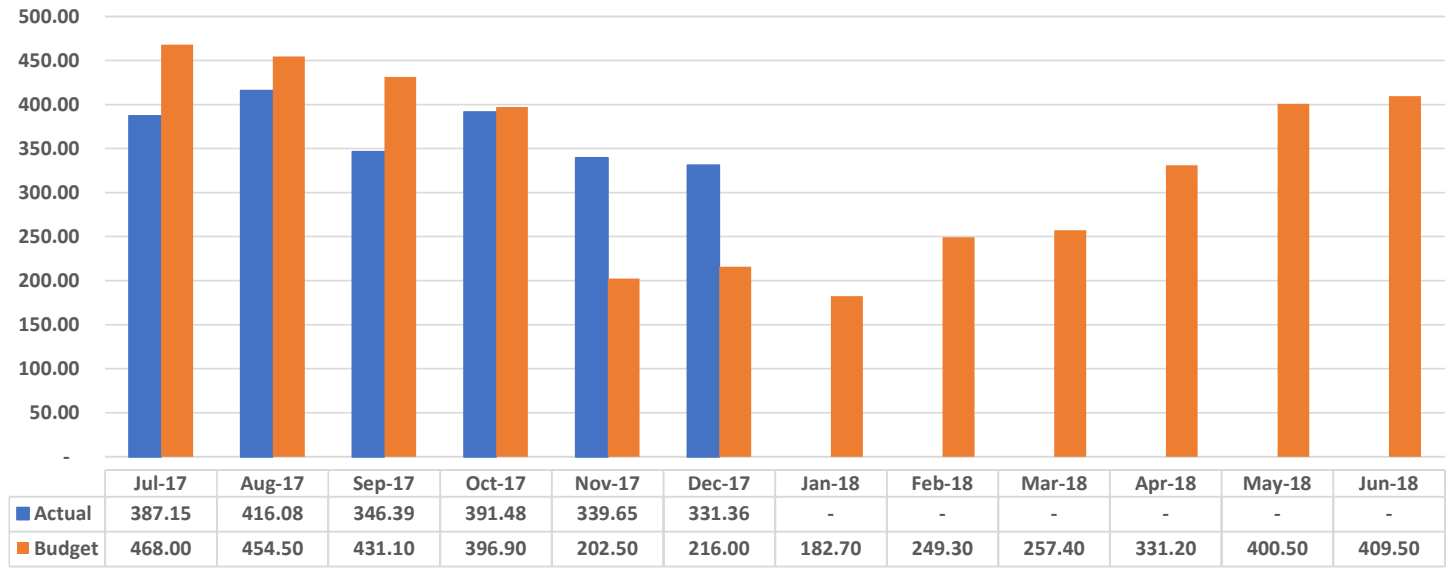


	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Average Daily Sales	3.05	3.17	4.49	8.31	10.63	12.26	12.49	12.61	11.94	12.63	11.32	10.69
Heating Degree Days	388.00	275.00	205.00	137.00	145.00	39.00	11.00	-	17.00	63.00	159.00	369.00
Cooling Degree Days	-	-	-	22.00	5.00	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	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
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	2,212.1	\$5,283,524	363.1	19.6%	\$887,811	20.2%	43.1	2.0%	\$126,819	2.5%

**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)	1,849.0	4,395,712	2,169.0	\$5,156,704	2,212.1	\$5,283,523	363.1	19.6%	\$887,811	20.2%	43.1	2.0%	\$126,819	2.5%

QUARTERLY COMPARISON - ACTUALS THROUGH DECEMBER 2017 (*)

	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	0.0	\$0	0.0	0.0%	\$0	0.0%	0.0	0.0%	\$0	0.0%
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	2,213.0	\$5,283,524	363.1	19.6%	\$887,811	20.2%	43.1	2.0%	\$126,819	2.5%

(*) 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 DECEMBER 2017 (*)**

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							2212.11
AVERAGE	602.19	625.20	561.24	484.17	345.29	270.75	246.57	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	2212.11
17/18 % VS AVERAGE	64%	67%	62%	81%	98%	122%	0%	0%	0%	0%	0%	0%	43%
17/18 % VS MAXIMUM	49%	50%	46%	58%	64%	66%	0%	0%	0%	0%	0%	0%	34%

Total METER Connections = **4,604**

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-C

DATE: FEBRUARY 13, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: AUTHORIZE JANUARY METER CHARGE FORGIVENESS

RECOMMENDATION:

Recommend that the Board authorize District staff to implement the partial forgiveness of the January meter charges for the period of January 9 through January 31, 2018.

BACKGROUND:

On January 9, 2018, the District suffered damage to its infrastructure as a result of the catastrophic debris flows. From January 9 through January 31, 2018 a large portion of the District's customers were without potable water. The District staff recommends forgiveness of the meter charges during the outage period.

DISCUSSION

The District staff has proposed a credit based on the number of days that service was interrupted due to the January 9 debris flow. The majority of District customers were without potable water for approximately 23 of the 31 days in January, making the proposed forgiveness 63.3% of the amount billed or \$230,713. The District will charge customers for 11 days of potable water from December 29, 2017 through January 8, 2018.

ATTACHMENTS

- 1) January Meter Charges

Meter Service Charges - January 2018

	Current amount to be billed for meter charges	Amount to be billed from December 29th through January 8th	Proposed credit if meter charges are billed from December 29th through January 8th
1'	119,241	43,722	(75,520)
1 1/2'	69,838	25,607	(44,231)
2'	54,703	20,058	(34,645)
3'	7,492	2,747	(4,745)
3' Special (Riven Rock mutual)	1,204	441	(762)
3/4F'	25,773	9,450	(16,323)
3/4S'	75,223	27,582	(47,641)
4'	1,784	654	(1,130)
6'	8,919	3,270	(5,649)
Hydrant (Nesbitt & Miramar)	106	39	(67)
	0		
	\$ 364,283.73	\$ 133,570.70	\$ (230,713.03)

Staff recommends only billing customers for the time that they had potable water available, which was December 29, 2017 through January 8, 2018. The financial impact of the recommendation will be (\$230,713).

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-D

DATE: FEBRUARY 13, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: PROJECTED CASH FLOWS REGARDING EMERGENCY SPENDING

RECOMMENDATION:

For information and discussion only; no action required

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 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 January, the Operating Cash is approximately \$4M with roughly \$2M in both Wells Fargo and American Riviera. The District experienced a dramatic increase in operating and emergency expenses in January. The invoices for these emergency expenses are expected to be received and payable in February, potentially putting a strain on cash. There is concern that the District may need to borrow money to cover the additional expenses in the event that reimbursements from FEMA and Cal OES are delayed. Based on an estimated cash flow analysis, it appears that the District has sufficient cash on hand available through March without the need to borrow money.

ATTACHMENTS

1) Estimated Cash Flow

Cash Flow

<u>January</u>	Budget	Estimate to Charge for 11 days	Estimate for No Forgiveness
Operating Cash Beginning	\$ 3,184,369.13	\$ 3,184,369.13	\$ 3,184,369.13
Revenue	\$ 1,015,354.00	\$ 381,514.52	\$ 611,514.52
Expenses	\$ (963,631.00)	\$ (1,013,631.00)	\$ (1,013,631.00)
Decrease in AR		\$ 1,370,000.00	\$ 1,150,000.00
Depreciation	\$ 106,243.00	\$ 106,243.00	\$ 106,243.00
Cash Flows From Operations	<u>\$ 157,966.00</u>	<u>\$ 844,126.52</u>	<u>\$ 854,126.52</u>

Ending Operating Cash	\$ 3,342,335.13	\$ 4,028,495.65	\$ 4,038,495.65
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February

Operating Cash Beginning	\$ 3,342,335.13	\$ 4,028,495.65	\$ 4,038,495.65
Revenue	\$ 1,247,573.00	\$ 1,122,815.70	\$ 1,122,815.70
Expenses	\$ (1,237,815.00)	\$ (1,287,815.00)	\$ (1,287,815.00)
Emergency - Construction		\$ (1,100,000.00)	\$ (1,100,000.00)
Emergency - Consultants		\$ (117,000.00)	\$ (117,000.00)
Emergency - Mutual Aid		\$ (315,000.00)	\$ (315,000.00)
increase in A/R		\$ (1,504,330.22)	\$ (1,734,330.22)
Depreciation	\$ 106,243.00	\$ 106,243.00	\$ 106,243.00
Cash Flows From Operations	<u>\$ 116,001.00</u>	<u>\$ (3,095,086.52)</u>	<u>\$ (3,325,086.52)</u>

Ending Operating Cash	\$ 3,458,336.13	\$ 933,409.13	\$ 713,409.13
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March	Budget	Estimate to Charge for 11 days	Estimate for No Forgiveness
Operating Cash Beginning	\$ 3,458,336.13	\$ 933,409.13	\$ 713,409.13
Revenue	\$ 1,323,487.00	\$ 1,230,842.91	\$ 1,230,842.91
Expenses	\$ (1,410,769.00)	\$ (1,410,769.00)	\$ (1,410,769.00)
Emergency - Construction			
Emergency - Consultants			
Emergency - Mutual Aid			
Decrease in A/R		\$ 362,438.79	\$ 580,938.79
Depreciation	\$ 106,243.00	\$ 106,243.00	\$ 106,243.00
Cash Flows From Operations	<u>\$ 18,961.00</u>	<u>\$ 288,755.70</u>	<u>\$ 507,255.70</u>
Ending Operating Cash	<u>\$ 3,477,297.13</u>	<u>\$ 1,222,164.83</u>	<u>\$ 1,220,664.83</u>

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 last 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. Budgeted revenue in Feb and Mar will both be decreased as the customer base has not been allowed back into their homes.

**MONTECITO WATER DISTRICT
MEMORANDUM**

SECTION: 3-E

DATE: FEBRUARY 13, 2018

TO: FINANCE COMMITTEE

FROM: BUSINESS MANAGER

SUBJECT: AUTHORIZE USE OF EMERGENCY FUNDS

RECOMMENDATION:

Recommend that the Board authorize the use of the Reserve for Emergencies funds.

BACKGROUND:

The Board established a reserve policy, Resolution 2155, in which funds are reserved for a specific purpose. The Reserve for Emergencies fund is considered a Board Assigned Reserve to be utilized upon approval by the Board. In the event of an emergency in which the District's infrastructure is severely damaged, the Board can grant the use of these reserve funds. The catastrophic debris flow on January 9, 2018 meets the criteria established under Resolution 2155.

DISCUSSION

District staff believes the Reserve for Emergencies funds should be released as unrestricted funds as a result of the January 9 debris flow. A combination of 1) increased expenses and decreased revenues in the month of January, 2) billing for January being postponed until February and 3) the possibility that FEMA and Cal OES reimbursements may not be funded within the 60 day time frame stated, it would be prudent to utilize the Reserve for Emergencies funds. The authorization to use the reserved funds will have no financial impact as it is merely allowing use of assets that are already on the balance sheet and in the District's operating bank accounts. The Reserve for Emergencies fund is \$1 million.

ATTACHMENTS

- 1) Resolution 2155

RESOLUTION NO. 2155

**RESOLUTION OF THE BOARD OF DIRECTORS OF
MONTECITO WATER DISTRICT
ADOPTING A RESERVE POLICY**

WHEREAS, the mission of Montecito Water District ("District") is to provide an adequate and reliable supply of high quality water to the residents of the Montecito and Summerland communities at the most reasonable cost; and

WHEREAS, Water Code Section 31000 grants the District express and implied powers to carry out its mission; and

WHEREAS, Water Code Section 31001 authorizes the District generally to perform all acts necessary to carry out its mission; and

WHEREAS, Water Code Section 31007 requires that rates and charges be collected and fixed so as to: yield an amount sufficient to pay operating expenses; provide for repairs and depreciation of works owned or operated by the District; pay the interest on bonded debt; and pay principal of the bonded debt as it becomes due; and

WHEREAS, the adoption of a reserve policy will assist the District in accomplishing its general mission, and fulfilling the requirements of the Water Code;

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Montecito Water District hereby adopts the "Montecito Water District Reserve Policy" that is attached to this Resolution, and incorporated herein by this reference.

PASSED AND ADOPTED by the Board of Directors of the Montecito Water District this 28th of June 2017 by the following roll call vote:

AYES: Directors Frye, Morgan, Plough, Shaikewitz, and Wicks

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:


Richard Shaikewitz, President

ATTEST:


Nicholas Turner, Secretary



MONTECITO WATER DISTRICT RESERVE POLICY

FY 2017-18

Montecito Water District

STATEMENT OF RESERVE POLICY

The mission of Montecito Water District is to provide an adequate and reliable supply of high quality water to the residents of the Montecito and Summerland communities at the most reasonable cost. In addition to supplying high quality water, the Board is also charged with responsibility for the construction, operation, maintenance, repair and replacement of facilities to transport and deliver that water to District customers, and for the collection and accumulation of revenues necessary to accomplish these purposes. The reserve amounts stated in this document reflect the projected activity for FY 2017/18 and will be updated annually.

POLICY STATEMENT

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service needs. Additionally, fiscal responsibility requires anticipating the likelihood of, and preparing for, unforeseen events. Montecito Water District (District) desires to identify and provide a calculation methodology and/or maintained level of all existing and future needs of the District where reserve funds are required and/or necessary. The District's Board of Directors realize the importance of reserves in providing reliable service to its customers, financing unanticipated capital projects, and the funding of emergencies, should they arise. To this extent, the District will at all times strive to have sufficient funding available to meet its operating, unanticipated capital, emergency and debt service obligations, as well as to avoid significant rate fluctuations due to changes in cash flow requirements.

The Board may designate specific reserve funds and maintain minimum reserve balances consistent with statutory obligations that it has determined to be in the best interest of the District. The Policy directives outlined in this document are intended to ensure that the District has sufficient funds to meet current and future needs. The Board reviews the types, as well as the amounts, of reserve funds annually. Considerations to continue or establish new reserve funds is determined based on the following criteria:

- ◆ Purpose of the reserve.
- ◆ Availability and source of funds to continue, replenish or establish the reserve.
- ◆ Operating expenditure levels approved within the annual budget process.
- ◆ Future capital expenditure and debt service requirements of the District.
- ◆ Board approval of the reserve policy.

The District recognizes the importance of operating the District with a sound business plan in place that provides for unanticipated or emergency costs should they arise within a budgeted fiscal year.

It is the Board's intent through this Policy to describe how and why specific reserves are established and maintained by the District and to provide the District's customers with assurance that reserve balances will be maintained at prudent and fiscally responsible levels.

DEFINITIONS

This Policy describes the reserve funds to be maintained in connection with:

- I. **RESTRICTED FUNDS:** Restrictions on the use of these funds are imposed by an outside source such as creditors, grantors, contributors, laws, or regulations governing use. These funds are specifically governed by a written contract with the District or outlined within the debt covenants of a debt financing.
- II. **UNRESTRICTED FUNDS:** These funds have no externally imposed use restrictions. The use of Unrestricted Funds is at the discretion of the District's Board of Directors. Unrestricted Funds may be designated for a specific purpose, which would be determined by the Board. The Board also has the authority to redirect the use of these funds as the District's needs change.

The Unrestricted funds can further be subdivided into "Committed", "Assigned" and "Unassigned" funds. Committed funds refer to the fund balance amounts that have constraints imposed by formal action of the District's Board of Directors. Once adopted, the limitation imposed remains in effect until a similar action is taken (the adoption of a new resolution) to remove or reverse the limitation. Assigned funds refer to the fund balance amounts that are constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Unassigned funds refer to the fund balance that is not restricted, committed nor assigned.

To summarize:

- ◆ **Restricted Reserves** – Funds that are designated for a particular purpose and whose use is restricted to only that purpose. The Restricted Reserves consist of the 2010A Revenue COP Bond reserve, CCWA Rate Coverage Reserve and the DWR Ortega reserve.
- ◆ **Board Committed Reserves** - Funds that are designated to satisfy limitations set by external requirements established by creditors, grant agencies or contributors, or law. A Board

“Committed” reserve has been identified to pay costs associated with the class action lawsuit against Montecito Water District.

- ◆ **Board Assigned Reserves** – Funds that are designated for the purpose of funding items such as new capital facilities, repair or replacement of existing facilities, and general operating reserves designated for a specific purpose and use by the Board. Board Assigned reserves are comprised of the following reserve accounts: “Reserve for Operations”, “Reserve for Emergencies” and “Reserve for Unanticipated or Unplanned Capital Repair and/or Replacement”.
- ◆ **Unassigned Reserves** – Funds that have accumulated as a result of operations that are not designated to be set aside for any particular purpose.

GENERAL PROVISIONS

The District will maintain its operating and capital funds in designated accounts in a manner that ensures its financial soundness and provides transparency to its customers. The fund balances are considered the minimum necessary to maintain the District’s fiscal strength and flexibility and adequately provide for:

- ◆ Compliance with applicable statutory requirements.
- ◆ Financing of unanticipated or unplanned capital projects.
- ◆ Cash flow requirements.
- ◆ Economic uncertainties and other financial hardships or downturns in the economy.
- ◆ Contingencies arising from hydrological, meteorological or man-made changes or emergencies.

Through a variety of policy documents and plans, including the District’s CIP and Rate Model, the Board of Directors has set forth a number of long-term goals for the District. The fundamental purpose of the District’s policy documents and plans is to link what must be accomplished with the necessary resources to successfully do so. An analysis will be conducted annually on the District’s Capital Improvement Program (CIP) to ascertain adequate reserve fund balances are meeting the goals outlined in this Policy.

The District has established and will maintain the reserve funds outlined in the following sections. A principal tenet of the District’s Reserve Policy shall be the generation of interest income on accumulated cash balances. Unless otherwise stated in this Reserve Policy, interest derived from reserve balances will be considered unrestricted and unassigned in nature. Reserve balances will be reviewed by the

Business Manager on a monthly basis, as well as annually during the budget review process, in order to determine how reserve fund balances compare with the budgeted projections and how they measure against the goals outlined in this Policy. The minimum established for each reserve fund represents the baseline financial condition that is acceptable to the District from risk and long-range financial planning perspectives. Maintaining reserve funds at appropriate levels is a prudent, ongoing business process that consists of an iterative, dynamic assessment and application of various funding alternatives. These alternatives (either alone or in combination with each other) include, but are not limited to: rates, loans and grants, debt financing, investment of funds, and levels of capital expenditures.

The Board shall approve any reallocation of funds or any transfers among reserve funds.

SPECIFIC PROVISIONS

MWD will maintain the following reserve funds and respective target levels:

1. Restricted Reserves.

(a) 2010A Revenue COP Bond Reserve – These are reserve funds held by the bond trustees necessary to comply with the bond covenants and loan agreements established at the time of issuance of the revenue certificates of participation. This originates from the 1998 bond issuance for CIP, which was refinanced in 2010 and have a maturity date of 2027. This reserve approximates the annual principal and interest payment on the COP. \$1,455,615

(b) CCWA Rate Coverage Reserve – These are reserve funds held by CCWA that approximate 25% of the annual charge by CCWA to the District for the fixed and variable charges from the State Water Project, in addition to the proportionate share of CCWA’s administrative costs. \$1,425,135

(c) DWR Ortega Reserve – These are reserve funds held by DWR as part of Contract #SRF99CX121. This reserve approximates the annual principal and interest payment on the loan relating to the construction of the roof on the Ortega Reservoir. \$590,433

2. Unrestricted Reserves.

(a) **Reserve for Litigation.** A committed “Reserve for Litigation” is hereby created for the District, to which the Board may appropriate unrestricted District revenues. The Reserve for Litigation will be utilized to pay the costs associated with the litigation against the District. Per the 2017/18 budget, the Board establishes an amount of \$1,775,000

(b) **Reserve for Operations.** An assigned “Reserve for Operations” is hereby created for the District, to which the Board may appropriate unrestricted District revenues. The Reserve for Operations may be utilized to pay the cost of operating the District’s general system including unanticipated costs associated with operations. This reserve is designated by the Board to maintain working capital for operations and to meet routine cash flow needs. The District shall endeavor to maintain in the “Reserve for Operations” an amount sufficient to pay for a minimum of 90 days of normal operations of the District excluding depreciation expense and payments to DWR, as reflected in the annual audit of the District presented to the Board each year. However, the funds appropriated to the “Reserve for Operations” may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the “Reserve for Operations” may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District’s unrestricted fund balance. The District’s “Five Year Financial Plan” produced by Black and Veatch suggests a reserve amount of \$3.0 million. Per the 2017/18 budget, the Board establishes an amount of **\$3,400,000**

(c) **Reserve for Emergencies.** An assigned “Reserve for Emergencies” is hereby created, to which the Board may appropriate unrestricted District revenues. The “Reserve for Emergencies” may be utilized in the event of a hydrological, meteorological or man-made emergency in which the District’s infrastructure is severely damaged. While the District will strive to have adequate insurance coverage and protection, it may be necessary for the District to have cash available in the interim. The funds appropriated to the “Reserve for Emergencies” may be accessed at any time for any other District purpose, upon approval by the Board. Funds appropriated to the “Reserve for Emergencies” may be invested in the same manner as other District funds, and the earnings thereon shall be credited to the District’s unrestricted fund balance. The “Five Year Financial Plan” produced by Black and Veatch suggested a reserve amount of \$1.0 million. Per the 2017/18 budget, the Board establishes an amount of **\$1,000,000**

(d) **Reserve for Unanticipated or Unplanned Capital Repair & Replacement.** An assigned “Reserve for Unanticipated or Unplanned Capital Repair & Replacement” is hereby created to which the Board may appropriate unrestricted District revenues. The “Reserve for Unanticipated or Unplanned Capital Repair & Replacement” may be utilized to construct or procure new infrastructure for the District; expenditures include but are not limited to transmission and distribution capital assets, buildings, pumping equipment, technical equipment, and transportation equipment. Per the 2017/18 budget, the Board establishes an amount of **\$1,000,000**

3. Additional Reserves

In addition to the reserves identified above, the Board may approve the creation of such additional reserve accounts, whether temporary or permanent, as the Board deems necessary or appropriate, by amendment to this resolution or by simple motion. In such event, the Board will identify the purposes for which such additional reserve accounts are created, provide guidance as to the amount which the District should endeavor to maintain in each such fund or account and establish the limits and restrictions pertaining thereto.

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Each year the District's General Manager or Business Manager shall provide the Board of Directors with a report indicating the beginning and ending balance for each of the reserve funds or accounts created pursuant to this policy and the purposes for which expenditures have been made therefrom, and shall make recommendations to replenish or augment fund or account balances as appropriate.