

Ironhouse Sanitary District
Financial Reporting Narrative
Executive Summary
April 30, 2020

Financial Position

As of April 30, 2020, Ironhouse Sanitary District (ISD) cash and investment balance was \$28.2 million of which \$9.6 million consist of dedicated unrestricted reserves and \$7.2 million consist of restricted reserves. \$11.4 million of the cash balance is used for day-to-day operations.

Cash and investment reserve balances as of April 30, 2020 consist of the following:

Operating Cash: \$ 11,409,629

Unrestricted Dedicated Reserves:

Capital Expenditure Reserve	\$ 8,808,983
Rate Stabilization Reserve	\$ 732,000
Jersey Island Use Reserve	<u>\$ 35,488</u>
	<u>\$ 9,576,471</u>

Restricted Reserves:

Debt Service Reserve	\$ 2,937,701
Trunk Line Capacity Reserve	<u>\$ 4,311,253</u>
	<u>\$ 7,248,954</u>

At April 30, 2020, total ISD assets were \$119.6 million of which \$84.2 million is the net book value of fixed assets. Total ISD liabilities are \$43.0 million.

Actual to Budget Operating Results – Representing 83.3% of Budget

Net Income

For the ten months ended April 30, 2020, ISD generated net income of \$2,048,476 as compared to annual budgeted net income of \$883,403 (231.9% of budget). Included in net income is \$3,250,000 of depreciation expense. Included in the annual budgeted net income is \$3,900,000 of depreciation expense. Excluding depreciation, ISD generated net income of \$5,298,476 for the ten-month period compared to annual budgeted net income of \$4,783,403 (110.8% of budget).

Revenue and Other Income

For the ten months ended April 30, 2020, there were 204.8 new connections as compared to ISD's annual estimate of 150 connections (136.5% of estimate). For the ten-month period, total operating revenue was \$11,052,114 as compared to annual budgeted operating revenue of \$12,467,901 (88.6% of budget).

For the ten months ended April 30, 2020, cattle revenue was \$629,867 as compared to an annual budget of \$1,050,000 (60.0% of budget).

Interest income for the ten-month period was \$346,745 as compared to an annual budget of \$275,000 (126.1% of budget).

Expenses

For the ten months ended April 30, 2020, total operating expenses were \$9,787,774 as compared to an annual operating expense budget of \$12,475,698 (78.4% of budget). Excluding depreciation expense, operating expenses for the ten-month period were \$6,537,774 as compared to an annual operating expense budget of \$8,575,698 (76.2% of budget).

Budget Variance Explanations (Representing 83.3% of Annual Budget)

Significant Revenue Variances

Connection Related Fees – Favorable Variance – 136% of Annual Budget

204.8 YTD new connections resulted in connection related revenue exceeding YTD budget by \$603,508.

Significant Expense Variances

Salaries and Related Expenses – Favorable Variance – 77% of Annual Budget

Mostly due to a delay in hiring a supervisor at the WRF, an employee who was on temporary disability during the first quarter of the year and an employee who terminated employment, salaries and benefits have a YTD favorable variance of \$316,512.

Programming Services – Favorable Variance – 1% of Annual Budget

\$53,000 of the annual budget of \$63,000 was for SCADA programming to virtually calculate flows in the collection system. Due to consultant unavailability, this project is delayed until FY 20/21.

Ironhouse Sanitary District
Comparative Statements of Financial Position
As of April 30, 2020

	Apr 30, 20	Apr 30, 19	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Petty Cash	225	334	(109)
Wells Fargo Checking	985,206	1,250,028	(264,822)
CalTRUST Investment Fund	3,551,313	7,824,299	(4,272,986)
LAIF Investment Fund	14,812,956	12,612,400	2,200,556
BAC Commerce Savings	62,312	62,284	29
Total Checking/Savings	19,412,012	21,749,344	(2,337,333)
Other Current Assets			
Due from RD830	83,921	125,843	(41,922)
Inventory	480,770	458,848	21,922
Prepaid Insurance CSRMA	108,282	62,980	45,303
Prepaid Expense - Other	69,250	50,317	18,932
Wells Investment Securities	8,823,042	6,144,312	2,678,730
Total Other Current Assets	9,565,264	6,842,300	2,722,965
Total Current Assets	28,977,276	28,591,644	385,632
Fixed Assets			
Land and Improvements	9,945,529	9,862,367	83,163
Construction in Progress	2,646,170	583,303	2,062,867
Plant and Improvements	51,654,665	51,654,665	0
Collection System and Pipelines	56,422,671	56,259,749	162,923
Equipment, Furniture & Fixtures	23,037,820	22,334,914	702,906
Vehicles and Vessels	2,588,868	2,330,449	258,419
WRF Operating System	44,023	44,023	0
Accumulated Depreciation	(62,165,802)	(58,332,416)	(3,833,387)
Total Fixed Assets	84,173,944	84,737,054	(563,110)
Other Assets			
Investment in Cattle	1,205,762	1,085,599	120,163
Deferred Outflows - Pension	1,386,435	1,937,891	(551,456)
Deferred Outflows - OPEB	336,543	0	336,543
Prepaid Interest - SWRCB	3,484,908	4,021,048	(536,140)
Other Receivable Long-Term	58,369	72,961	(14,592)
Total Other Assets	6,472,017	7,117,499	(645,482)
TOTAL ASSETS	119,623,237	120,446,197	(822,960)
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	94,786	170,592	(75,806)
Other Current Liabilities			
Accrued Payroll Related Costs	133,715	114,846	18,870
Compensated Absences	279,637	270,198	9,439
Construction Deposits	91,483	91,483	0
Unearned Revenue			
Undercrossing Fees	22,209	34,886	(12,677)
Unearned Service Sewer Charges	1,180,620	1,181,508	(888)
Total Unearned Revenue	1,202,829	1,216,394	(13,565)

Ironhouse Sanitary District
Comparative Statements of Financial Position
As of April 30, 2020

	Apr 30, 20	Apr 30, 19	\$ Change
Current Portion of SWRQCB Loan	2,937,701	2,937,701	0
Total Other Current Liabilities	4,645,366	4,630,622	14,744
Total Current Liabilities	4,740,152	4,801,214	(61,062)
Long Term Liabilities			
SWRCB Loan Long-Term	32,314,705	35,252,406	(2,937,701)
Net Pension Liability	4,157,300	4,378,364	(221,064)
Net OPEB Liability	1,587,624	1,688,666	(101,042)
Deferred Inflows - Pension	234,564	210,533	24,031
Total Long Term Liabilities	38,294,193	41,529,969	(3,235,776)
Total Liabilities	43,034,345	46,331,183	(3,296,837)
Equity			
Unrestricted Net Assets			
Investment in Capital Assets	52,406,446	50,573,942	1,832,504
Operating Reserves			
Operating Reserve - Cash	7,357,021	7,516,530	(159,509)
Total Operating Reserves	7,357,021	7,516,530	(159,509)
Total Unrestricted Net Assets	59,763,467	58,090,472	1,672,995
Dedicated URNA			
Rate Stabilization Reserve	732,000	732,000	0
Jersey Island Use/Trail Reserve	35,488	34,753	735
Capital Expenditure Reserve	8,808,983	8,316,048	492,934
Total Dedicated URNA	9,576,471	9,082,801	493,669
Restricted Reserves			
Debt Service Reserve - SWRQCB	2,937,701	2,937,701	0
Trunk Line Capacity Reserve	4,311,253	3,991,360	319,893
Expansion Reserve	0	60,672	(60,672)
Total Restricted Reserves	7,248,954	6,989,733	259,221
CY Net Asset Change Offset	(2,048,476)	(2,293,659)	245,183
Net Income	2,048,476	2,245,668	(197,192)
Total Equity	76,588,891	74,115,014	2,473,877
TOTAL LIABILITIES & EQUITY	119,623,237	120,446,197	(822,960)

**Ironhouse Sanitary District
Actual to Budget Summary
Ten Months Ended April 30, 2020**

	Actual Apr. YTD	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Ordinary Income/Expense					
Income					
Sewer Service Charge	\$ 8,759,625	\$ 8,759,625	100%	\$ 10,511,550	83%
Inspection Fees	28,210	0	100%	0	
Plan Check Fees	12,580	0	100%	0	
Connection Fees	283,648	174,000	163%	208,800	136%
Sewer Use Charge (New Permits)	95,713	41,125	233%	49,350	194%
Capacity Fees	1,276,695	782,835	163%	939,401	136%
Lease and Permits	1,340	933	144%	1,100	122%
Hay Sales	171,354	145,833	118%	175,000	98%
RD830 Levee Maintenance	83,921	108,750	77%	145,000	58%
RD830 Management Reimbursement	0	45,000	0%	60,000	0%
Undercrossing Maintenance	0	0	0%	4,000	0%
Mineral Rights	7,108	7,083	100%	8,500	84%
Jersey Island Use Fees	695	167	416%	200	348%
Recycled Water Fees	25	0	100%	0	
Other Fees and Services	7,832	17,500	45%	35,000	22%
Ad Valorem and Other Taxes	292,098	280,250	104%	295,000	99%
Offers of Dedication	0	0	0%	0	
Miscellaneous Income	31,270	29,167	107%	35,000	89%
Total Income	11,052,114	10,392,268	106%	12,467,901	89%
Gross Profit	11,052,114	10,392,268	106%	12,467,901	89%
Expense					
Salaries and Related Expenses	3,951,758	4,268,270	93%	5,119,005	77%
Administration Expenses	272,877	322,442	85%	380,528	72%
Insurance	115,510	106,300	109%	141,300	82%
Operations and Maintenance	1,180,989	1,312,815	90%	1,555,265	76%
Professional Services	486,863	629,000	77%	747,800	65%
Utilities	529,777	526,497	101%	631,800	84%
Depreciation Expense	3,250,000	3,250,000	100%	3,900,000	83%
Total Expense	9,787,774	10,415,324	94%	12,475,698	78%
Net Ordinary Income	1,264,340	(23,056)	(5,484%)	(7,797)	-16216%
Other Income/Expense					
Other Income					
Cattle Sales	629,867	875,000	72%	1,050,000	60%
Gain (Loss) Sale of Assets	0	0	0%	0	
Unrealized/Realized Gains and Losses	156,898	0	100%	0	
Realized Gains	33,187	0	100%	0	
Interest Income	346,745	229,167	151%	275,000	126%
Total Other Income	1,166,697	1,104,167	106%	1,325,000	88%
Other Expense					
Cattle Operation Expenses	382,561	361,501	106%	433,800	88%
Total Other Expense	382,561	361,501	106%	433,800	88%
Net Other Income	784,136	742,666	106%	891,200	88%
Net Income	\$ 2,048,476	\$ 719,610	285%	\$ 883,403	232%

Ironhouse Sanitary District
Actual to Budget Detail
Ten Months Ended April 30, 2020

	Actual Apr. YTD	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Ordinary Income/Expense					
Income					
Sewer Service Charge	8,759,625	8,759,625	100%	10,511,550	83%
Inspection Fees	28,210	0	100%	0	
Plan Check Fees	12,580	0	100%	0	
Connection Fees	283,648	174,000	163%	208,800	136%
Sewer Use Charge (New Permits)	95,713	41,125	233%	49,350	194%
Capacity Fees					
Plant Capacity Fees	1,070,903	656,648	163%	787,977	136%
TLC Fees	205,792	126,187	163%	151,424	136%
Total Capacity Fees	1,276,695	782,835	163%	939,401	136%
Lease and Permits	1,340	933	144%	1,100	122%
Hay Sales	171,354	145,833	118%	175,000	98%
RD830 Levee Maintenance	83,921	108,750	77%	145,000	58%
RD830 Management Reimbursement	0	45,000	0%	60,000	0%
Undercrossing Maintenance	0	0	0%	4,000	0%
Mineral Rights	7,108	7,083	100%	8,500	84%
Jersey Island Use Fees	695	167	416%	200	348%
Recycled Water Fees	25	0	100%	0	
Other Fees and Services	7,832	17,500	45%	35,000	22%
Ad Valorem and Other Taxes	292,098	280,250	104%	295,000	99%
Offers of Dedication	0	0	0%	0	
Miscellaneous Income	31,270	29,167	107%	35,000	89%
Total Income	11,052,114	10,392,268	106%	12,467,901	89%
Gross Profit	11,052,114	10,392,268	106%	12,467,901	89%
Expense					
Salaries and Related Expenses					
Salaries and Wages					
Base Staff Salaries	2,270,376	2,419,989	94%	2,903,987	78%
Stand By/On Call	38,830	40,000	97%	48,000	81%
Overtime Pay	72,042	33,333	216%	40,000	180%
Vehicle Allowance	13,300	12,100	110%	14,520	92%
Vacation Buy-Back	40,270	30,833	131%	37,000	109%
Accrued Time Pay-Out	5,474	16,667	33%	20,000	27%
Other Pay	14,592	14,592	100%	14,592	100%
Director Pay	27,200	32,533	84%	39,040	70%
Temporary Staff Wages	8,474	16,667	51%	20,000	42%
Total Salaries and Wages	2,490,558	2,616,714	95%	3,137,139	79%
Health, Life and Disability					
Medical Insurance - Staff	403,212	441,423	91%	529,708	76%
Medical Insurance - Directors	23,122	21,966	105%	26,359	88%

Ironhouse Sanitary District
Actual to Budget Detail
Ten Months Ended April 30, 2020

	Actual		% of	Annual	% of
	Apr. YTD	YTD Budget	YTD Budget	Budget	Annual Budget
Dental Insurance - Staff	67,273	82,048	82%	98,457	68%
Dental Insurance - Directors	2,503	2,852	88%	3,422	73%
Vision - Staff	7,106	7,748	92%	9,297	76%
Vision - Directors	441	430	103%	516	85%
Life and Disability	9,851	37,688	26%	45,226	22%
Total Health, Life and Disability	513,508	594,155	86%	712,985	72%
Retirement - CalPERS	595,218	646,341	92%	775,609	77%
OPEB Annual Req. Contribution	237,631	291,667	81%	350,000	68%
Workers Compensation Insurance	73,696	73,544	100%	88,253	84%
Payroll Taxes - Employer	41,147	45,849	90%	55,019	75%
Total Salaries and Related Expenses	3,951,758	4,268,270	93%	5,119,005	77%
Administration Expenses					
Bank and Credit Card Fees	603	417	145%	500	121%
Coalitions	12,013	18,500	65%	22,200	54%
County - LAFCO	8,885	8,500	105%	8,500	105%
County - Processing Fees	8,403	12,500	67%	13,000	65%
Dues and Memberships	28,965	25,767	112%	30,920	94%
Election Expense	0	0	0%	0	
Employee Events & Appreciation	17,546	24,917	70%	28,200	62%
Employee Wellness Program	7,018	6,667	105%	7,000	100%
Expensed Equip/Furn/Software	10,830	18,333	59%	22,000	49%
Licenses/Permits/Certifications	57,177	54,167	106%	65,000	88%
Office Supplies and Expenses	15,931	13,333	119%	16,000	100%
Physicals & Exams	902	3,417	26%	4,100	22%
Postage and Delivery	1,115	1,667	67%	2,000	56%
Printing and Reproduction	1,809	1,833	99%	2,200	82%
Public Education and Outreach	1,639	12,500	13%	15,000	11%
Records Management	1,050	1,667	63%	2,000	53%
Subscriptions and Notices	3,807	6,083	63%	7,300	52%
Telecommunications					
Cellular Reimbursement	14,575	15,000	97%	18,000	81%
Office Line and Internet	27,332	26,417	103%	31,700	86%
Total Telecommunications	41,907	41,417	101%	49,700	84%
Temporary Support Services	3,490	11,250	31%	13,500	26%
Training and Conferences	50,139	55,340	91%	66,408	76%
Miscellaneous Administration	(352)	4,167	(8%)	5,000	-7%
Total Administration Expenses	272,877	322,442	85%	380,528	72%
Insurance					
CSRMA Business Package	114,210	105,000	109%	140,000	82%
Fidelity Bond	1,300	1,300	100%	1,300	100%
Total Insurance	115,510	106,300	109%	141,300	82%
Operations and Maintenance					

Ironhouse Sanitary District
Actual to Budget Detail
Ten Months Ended April 30, 2020

	Actual Apr. YTD	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Bio-Solids Removal	116,736	116,667	100%	140,000	83%
Encroachment Permits	0	1,000	0%	1,200	0%
Equipment Rental	10,919	17,083	64%	20,500	53%
Fuel					
Diesel - On Road	12,543	10,000	125%	12,000	105%
Diesel - Off Road	36,608	43,333	84%	52,000	70%
Gasoline	19,337	21,500	90%	25,800	75%
Total Fuel	68,488	74,833	92%	89,800	76%
Janitorial Service and Supplies	27,327	19,417	141%	23,300	117%
Jersey Island Use Expense	0	0	0%	0	
Landscaping Services & Supplies	14,990	16,833	89%	20,200	74%
Maintenance and Repair					
Building Maintenance	28,794	32,500	89%	39,000	74%
Collection System Repair	52,151	41,667	125%	50,000	104%
Farm and Field Maintenance	66,896	88,333	76%	106,000	63%
Ground Maintenance	48,785	31,000	157%	37,200	131%
Pond Maintenance	0	4,167	0%	5,000	0%
Road Repairs	0	0	0%	50,000	
Undercrossing Maintenance	300	3,333	9%	4,000	8%
Vehicle & Equip. Maintenance	61,487	75,417	82%	90,500	68%
WRF Maintenance & Repair	166,486	225,000	74%	270,000	62%
Total Maintenance and Repair	424,899	501,417	85%	651,700	65%
Mosquito Abatement	2,250	10,000	23%	12,000	19%
CMMS	37,825	12,500	303%	12,500	303%
Supplies and Materials					
Chemicals	62,354	62,500	100%	75,000	83%
Lab Supplies	881	8,333	11%	10,000	9%
Maintenance Supplies	7,500	9,167	82%	11,000	68%
Operating Supplies	3,960	13,333	30%	16,000	25%
Total Supplies and Materials	74,695	93,333	80%	112,000	67%
Qrtly Groundwatering Monitoring	6,918	7,500	92%	9,000	77%
Reclamation Assessments	338,218	338,065	100%	338,065	100%
Safety Related Expenses	17,352	21,667	80%	26,000	67%
Telemetry System & Calibration	8,526	41,667	20%	50,000	17%
Tools and Expensed Equipment	15,097	20,000	75%	24,000	63%
Uniforms and Servicing	16,749	20,833	80%	25,000	67%
Total Operations and Maintenance	1,180,989	1,312,815	90%	1,555,265	76%
Professional Services					
Accounting Services	90,598	104,167	87%	125,000	72%
Auditing and Tax Services	10,000	13,333	75%	16,000	63%
Caretaker Costs	14,000	14,000	100%	16,800	83%
Consulting Services					

Ironhouse Sanitary District
Actual to Budget Detail
Ten Months Ended April 30, 2020

	Actual Apr. YTD	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Connection Rate Studies	27,746	35,000	79%	35,000	79%
Engineering Services	96,724	125,000	77%	150,000	64%
Financial Analysis Projections	4,120	3,750	110%	4,500	92%
Geotechnical Services	980	4,167	24%	5,000	20%
GIS and Mapping	13,338	4,167	320%	5,000	267%
HR Analysis and Services	28,187	50,000	56%	60,000	47%
Information Technology	12,212	10,000	122%	12,000	102%
Inspection Services	0	0	0%	0	
Programming Services	695	52,500	1%	63,000	1%
Regulatory Services	6,861	16,667	41%	20,000	34%
Strategic and Other Planning	0	0	0%	0	
Studies and Assessments	40,750	20,833	196%	25,000	163%
Other Contracted Services	8,792	8,333	106%	10,000	88%
Total Consulting Services	240,405	330,417	73%	389,500	62%
Lab Testing					
General Lab Services	26,234	30,000	87%	36,000	73%
Total Lab Testing	26,234	30,000	87%	36,000	73%
Legal Services					
General Business Issues	79,040	75,000	105%	90,000	88%
Personnel Related	735	8,333	9%	10,000	7%
Total Legal Services	79,775	83,333	96%	100,000	80%
Payroll/Benefit Processing Fees	10,237	10,000	102%	12,000	85%
Public Outreach Services	15,614	43,750	36%	52,500	30%
Total Professional Services	486,863	629,000	77%	747,800	65%
Utilities					
Diablo Water District	7,975	4,830	165%	5,800	138%
Electric and Gas	521,802	521,667	100%	626,000	83%
Total Utilities	529,777	526,497	101%	631,800	84%
Depreciation Expense	3,250,000	3,250,000	100%	3,900,000	83%
Total Expense	9,787,774	10,415,324	94%	12,475,698	78%
Net Ordinary Income	1,264,340	(23,056)	(5,484%)	(7,797)	-16216%
Other Income/Expense					
Other Income					
Cattle Sales	629,867	875,000	72%	1,050,000	60%
Gain (Loss) Sale of Assets	0	0	0%	0	
Unrealized/Realized Gains and Losses	156,898	0	100%	0	
Realized Gains	33,187	0	100%	0	
Interest and Dividend Income	346,745	229,167	151%	275,000	126%
Total Other Income	1,166,697	1,104,167	106%	1,325,000	88%

Ironhouse Sanitary District
Actual to Budget Detail
Ten Months Ended April 30, 2020

	Actual Apr. YTD	YTD Budget	% of YTD Budget	Annual Budget	% of Annual Budget
Other Expense					
Cattle Operation Expenses					
Salaries and Related Expenses					
Salaries and Wages	150,208	125,000	120%	150,000	100%
Temporary Staff Wages	7,341	16,667	44%	20,000	37%
Health, Life & Disability	42,082	25,000	168%	30,000	140%
Retirement - CalPERS	29,538	19,167	154%	23,000	128%
Workers Compensation	7,232	10,833	67%	13,000	56%
Payroll Taxes - Employer	2,740	3,250	84%	3,900	70%
Total Salaries and Related Expenses	239,141	199,917	120%	239,900	100%
Dues & Subscriptions	1,480	1,167	127%	1,400	106%
Feed	15,556	10,000	156%	12,000	130%
Fencing	5,061	20,833	24%	25,000	20%
Fuel					
Diesel - On Road	2,207	2,167	102%	2,600	85%
Diesel - Off Road	2,950	2,625	112%	3,150	94%
Gasoline	2,206	3,375	65%	4,050	54%
Total Fuel	7,363	8,167	90%	9,800	75%
Operating Supplies	5,798	18,333	32%	22,000	26%
Replacement Cattle	54,225	43,333	125%	52,000	104%
State Inspection Fees	652	1,667	39%	2,000	33%
Trucking	5,300	4,167	127%	5,000	106%
Vaccination Supplies	30,224	42,500	71%	51,000	59%
Vehicle/Equipment Maintenance	10,451	4,167	251%	5,000	209%
Veterinary Services	7,310	6,250	117%	7,500	97%
Miscellaneous	0	1,000	0%	1,200	0%
Total Cattle Operation Expenses	382,561	361,501	106%	433,800	88%
Total Other Expense	382,561	361,501	106%	433,800	88%
Net Other Income	784,136	742,666	106%	891,200	88%
Net Income	2,048,476	719,610	285%	883,403	232%