SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date: February 7, 2013

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU DECEMBER 31, 2012 (50%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 2nd quarter actual revenues and expenses. This comprises 50% of the year by time and so we compare the revenues and expenses to that standard. This is a good time to review our current year budget prior to the work needed to develop the budget for the next fiscal year.

In past years because of forgotten or unanticipated events, we have recommended and the Board has approved a mid-year budget revision. While this year there are some changes from what was budgeted in several line items, staff believes there is nothing so major that a mid-year budget revision is necessary and so one is not being presented.

Operating Budget:

2Q Revenue is greater than 50% of budgeted amount.

Last quarter we reported Water Sales were up compared to last year. This trend continues. As of the end of the 2Q, Water Sales are up by 17,851 units (1 unit = 748 gallons) compared to this same period last year. This increase should generate upwards of $40,000 in additional revenue for this year, more than offsetting the shortfalls to non-operating revenue discussed in the 1Q report. Another way to look at this – at last year's mid-year review, water sales revenue was 53% of budgeted; this year water sales revenue is almost 58% of budgeted.

2Q Expenditures are higher than 50% of budgeted amount.

2Q expenditures are 3% higher than budgeted. This is expected, as certain District bills are paid in full at the beginning of the fiscal year, such as insurance, LAFCO fees, and water system fees. Worthy of mention in the 2Q are Distribution System Repairs at 85.06% of budget, and Treatment System Repairs at 93.03% of budget. The Distribution System Repairs line item includes $11,359 of expenses that will be reimbursed in the 3Q from the In-House Construction account. However, the Treatment System Repairs line item incurred $10,359 of unbudgeted maintenance costs this past quarter and will finish the year overbudget.

For more detail on all the budget line items for the entire year, please refer to the attached Actual vs. Budgeted breakdown provided with your packet.

Capital Budget:

The 2Q Capital Budget (Table 2) is not in balance because some revenues won't come in until later in the year, because of carryover revenue and expenses from the prior year and loan repayment expenses that occurred in the quarter, and because the total cost of the 2014 CIP is included in the FY 2013 Budget but most of the expense won't occur until FY 2014 (and none had occurred by midyear).

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction have started coming in and are at appropriate midyear levels. There is more revenue from the CDC/RRROC grant for 2013 CIP – these revenues always lag the expenses. The non-grant funded part of the 2013 CIP will be funded from reserves.

Major 2nd Quarter expenses are for initial payments for GO Bonds, State Loans, and the Private Placement Loan, and for the 2013 CIP expenses for which is assisted by the 75% CDC/RRROC grant.

FUNDS AT THE COUNTY

Table 3. Fund and Loan Balances show a comparison of the budgeted and 2nd Quarter balances. Also attached is the County Fund Balances for the 2nd Quarter. Of note the CD at Redwood Credit Union expired in early October and those funds have been transferred into the CIRF.

At midyear, Table 3 is looking much as we should expect. Actual CIRF is much larger than the Budgeted CIRF because of the transfer of the Redwood Credit Union CD and the encumbrance for the 2014 CIP. The 2014 CIP funds will largely not be expended until FY 2014, and there had been no related design costs billed to the District until January. The Operations Fund is accruing water sales revenue – that's a good thing – and will be balanced out at the end of the year.

Sweetwater Springs Water District
FY 2012-13 Operating Budget Variances as of December 31, 2012 (50%)

Note: Document is cumulative. Changes to text made from previous reports are *'d in the "Changed" column and underlined.

	FY 2012-13 Actual	2012-13 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Ordinary Income/Expense						
Income						
OPERATING REVENUE						
4031 · Water Sales						
4031.1. 2· Capital Debt Reduction Charge	119,293	230,000	-110,707	51.87%		
4031.1 · Daily Water Sales Deposits	1,036,487	1,796,550	-760,063	57.69%		
Total 4031 · Water Sales	1,155,780	2,026,550	-870,770	57.03%	After the 2Q, water sales are up by 17,851 units compared to this same period last year. At a minimum that should generate app. $40,000 additional Water Sales revenue	*
Total OPERATING REVENUE	1,155,780	2,026,550	-870,770	57.03%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	1,875	0	1,875	100.0%	In the 1Q, rec'd $1875 as final reimbursement for Neeley slide administrative costs	
1001 · CY Direct Charge Proceeds	-1,198	0	-1,198	100.0%	This line item reflects direct charge refunds. Techinically, these should be reimbursed from the CIRF account.	*
1700 · Interest	12,053	35,000	-22,947	34.44%	Reflects interest earnings thru 2Q	*
3600 · Construction New Services	1,806	4,000	-2,194	45.15%		
3601 · Construction - Service Upgrades	4,206	2,000	2,206	210.3%	Underbudgeted for the year.	*
4032 · Rent	29,258	81,000	-51,742	36.12%	In the 1Q, the District agreed to waive past rent due from Crystal Communications as well as future rent through 2012 in exchange for providing a new radio system/radios.	
4227 · SCWA reimbursement	0	8,000	-8,000	0.0%	Just before the 1Q, the District amended it's Agreement with SCWA. In lieu of reimbursement, SCWA will administer the District's toilet install program for customers not on sewer. Therefore, SCWA reimbursement will be reduced to the cost of dues - app. $2,500 for FY 2012-13.	
4040 · Miscellaneous Income	84	3,000	-2,916	2.79%		
Total NON-OPERATING REVENUE	48,084	133,000	-84,916	36.15%		
Total Income	1,203,864	2,159,550	-955,686	55.75%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	361,621	755,736	-394,115	47.85%	-	
5912 · Overtime	13,484	30,270	-16,786	44.55%		
5916 · On-Call Pay	14,565	33,090	-18,525	44.02%		
5918 · Extra help - Contract	18,448	33,600	-15,152	54.91%		
Total Salary	408,118	852,696	-444,578	47.86%		
Benefits						
5500 · Flex Spending (Flex spending monies pc	-1,961		-1,961	100.0%		
5920 · Retirement	60,018	119,521	-59,503	50.22%		
5922 · Payroll Taxes - Employer Paid	5,587	14,420	-8,833	38.75%		
5930 · Health/Dental/Vision/AFLAC Ins.	62,470	133,702	-71,232	46.72%	-	
5931 · Retiree Health	1,344	2,760	-1,416	48.7%		
5940 · Workers Comp Insurance	17,007	25,049	-8,042	67.89%	In the 1Q, expenses reflect pymt through the 2Q, plus pymt for FY 2011-12 Audit	

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	FY 2012-13 Actual	2012-13 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Total Benefits	144,465	295,452	-150,987	48.9%		
Total SALARY & BENEFITS	552,583	1,148,148	-595,565	48.13%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	812	1,800	-988	45.12%		
6040-C · Cell Phones	1,649	2,720	-1,071	60.63%		
6040-P · Pagers & Radios	326	850	-524	38.37%		
6040-S · SCADA software maint.	0	0	0	0.0%		
6040-T · Telephones	8,932	15,400	-6,468	58.0%		
Total Communications	11,719	20,770	-9,051	56.42%		
Insurances						
6101 · Gen. Liability	20,711	28,000	-7,289	73.97%	-	
6102 · Auto/Equipment	13,932	8,000	5,932	174.15%		
Total Insurances	34,643	36,000	-1,357	96.23%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	9,149	16,000	-6,851	57.18%		
6151 · Office Maintenance	2,149	5,000	-2,851	42.98%		
Total Maint/Rep - Office & Vehicles	11,298	21,000	-9,702	53.8%		
Maint/Repair - Facilities						
6085 · Janitorial Services	4,414	5,200	-786	84.89%	In the 2Q, garbage was paid for the year.	*
6100 · SCADA system	0	2,780	-2,780	0.0%		
6180 · Distribution System Repairs	38,275	45,000	-6,725	85.06%	Underbudgeted for the year. However, total expenses thru the 2Q include $11,358.97 that will be reimbursed from In-House Construction in the 3Q.	*
6235 · Treatment Sys/Well Repairs	37,212	40,000	-2,788	93.03%	Underbudgeted due to 2 unexpected 2Q expenses: (1) flow meter repairs ($4,547) and a new chlorine cell ($5,812)	*
6143 · Generator Maintenance	3,041	0	3,041	100.0%	In the 1Q this line item is already overbudget because nothing was budgeted for Generator Maintenance in FY 2012-13 (it was later decided to do generator maintenance annually instead of bi-annually.)	*
Total Maint/Repair - Facilities	82,942	92,980	-10,038	89.2%		
Miscellaneous Expenses						
6280 · Memberships	4,717	8,700	-3,983	54.22%		
6303 · Claims	410	1,500	-1,090	27.33%		
6593 · Governmental Fees	19,838	19,500	338	101.73%	1Q expense includes water system fees, paid twice yearly, and annual LAFCO costs.	
Total Miscellaneous Expenses	24,965	29,700	-4,735	84.06%		
Office Expense						
6410 · Postage	6,316	16,000	-9,684	39.48%		
6430 · Printing Expense	2,673	6,400	-3,727	41.77%		
6461 · Office Supplies	2,894	4,000	-1,106	72.34%	In the 1Q, the District spent approx. $600 on new meter book covers, an unbudgeted expenses.	

Sweetwater Springs Water District
FY 2012-13 Operating Budget Variances as of December 31, 2012 (50%)

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	FY 2012-13 Actual	2012-13 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6800 · Subscriptions/Legal Notices	506	820	-314	61.74%		
6890 · Computers/Software	796	1,600	-804	49.76%		
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	13,185	29,320	-16,135	44.97%		
Operating Supplies						
6300 · Chemicals	6,100	17,000	-10,900	35.88%		
6880 · Tools and Equipment	2,539	5,000	-2,461	50.78%		
6881 · Safety Equipment	50	1,500	-1,450	3.36%		
Total Operating Supplies	8,689	23,500	-14,811	36.98%		
Professional Services						
6083 · Laundry Service	1,484	3,400	-1,916	43.66%		
6514 · Lab/Testing Fees	3,974	13,000	-9,026	30.57%		
6570 · Consultant Fees	1,953	1,300	653	150.26%	This line item was underbudgeted.	*
6590 · Engineering	0	4,000	-4,000	0.0%		
6610 · Legal	16,296	20,000	-3,704	81.48%	This line item was underbudgeted.	*
6630 · Audit/Accounting	16,103	27,500	-11,397	58.56%	1Q expenses include a $4,500 payment for annual audit services	
Total Professional Services	39,811	69,200	-29,389	57.53%		
Rents & Leases						
6820 · Equipment	672	3,400	-2,728	19.76%		
6840 · Building & Warehouse	15,750	27,000	-11,250	58.33%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	16,422	30,400	-13,978	54.02%		
Transportation & Travel						
7120 · Seminars & related travel	550	4,000	-3,450	13.75%		
7201 · Vehicle Gas	14,971	26,500	-11,529	56.49%		
7300 · Travel Reimbursements	2,976	6,400	-3,424	46.5%		
Total Transportation & Travel	18,497	36,900	-18,403	50.13%		
Uniforms						
6021.1 · Boots	205	1,500	-1,295	13.67%		
6021.3 · T-shirts	504	1,200	-696	41.97%	T-shirts are purchased once yearly	
6021.4 · Jackets	0	360	-360	0.0%		
Total Uniforms	709	3,060	-2,351	23.16%		
Utilities						
7320 · Electricity	55,215	90,000	-34,785	61.35%	-	
7321 · Propane	724	3,100	-2,376	23.35%		
Total Utilities	55,939	93,100	-37,161	60.08%		
Total SERVICES & SUPPLIES	318,819	485,930	-167,111	65.61%		
Total OPERATING EXPENSES	871,402	1,634,078	-762,676	53.33%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	2,275	15,000	-12,725	15.17%	In the 1Q, $2,275 was paid for unbudgeted tree removal.	

Sweetwater Springs Water District
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8517 · Field/office equipment	1,706	5,000	-3,294	34.13%		
8573 · Vehicles	0	0	0	0.0%		
Total FIXED ASSET EXPENDITURES	3,981	20,000	-16,019	19.91%		
Total Expense	875,383	1,654,078	-778,695	52.92%		
Net Ordinary Income	328,481	505,472	-176,991	64.99%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	230,000	-230,000	0.0%		
8620.3 · Tfers to CIRF	0	220,000	-220,000	0.0%		
8620.5 · Tfers to Building Fund	0	15,000	-15,000	0.0%		
8620.2 · Tfers to In-House Constr	0	25,000	-25,000	0.0%		
Total TRANSFERS TO OTHER FUNDS	0	490,000	-490,000	0.0%		

Table 2. Sweetwater Springs Water District
FY 2012-13 Capital Program Budget Variances as of December 31, 2012 (50%)

	FY 12-13 ACTUAL (2Q)	FY 12-13 BUDGET	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	13,715	27,000	-13,285	50.8%	
Annual Assessment (County)	387,242	710,000	-322,758	54.5%	
Prior Year Assessment	19,014	40,000	-20,986	47.5%	
Capital Debt Reduction Charge	0	230,000	-230,000	0.0%	
Interest	11,822	25,000	-13,178	47.3%	2Q
CDC Grants, 2012 CIP		0			
CDC Grants, 2013 CIP	612,663	914,250	-301,587	67.0%	
Transfers to CIRF from Operations		220,000			
Transfers to In-House Constr. from Operations		25,000			
TOTAL REVENUE	1,044,457	2,191,250	-1,146,793	47.7%	
EXPENSES					
Gen. Obligation Bonds Payments	460,053	687,000	-226,947	67.0%	1st Payment made
State Loan Payments	85,086	170,300	-85,214	50.0%	1st Payment made
Private Placement Loan	117,006	234,014	-117,008	50.0%	1st Payment made
CIP IV-B, Project 2	1,240	-	1,240		Continuing expenses due to Rio Vista Terrace
2013 CIP Carryover	811,673	1,219,000	-407,327	66.6%	Construction started in July 2012
2014 CIP	0	1,592,000	-1,592,000	0.0%	Anticipated design costs, construction contract award in June 2013
In-House Construction Projects	6,310	25,000	-18,690	25.2%	
TOTAL EXPENSES	1,481,368	3,927,314	-2,445,946	37.7%	
SURPLUS/DEFICIT	-436,911	-1,736,064	1,299,153	25.2%	

Table 3. FUND AND LOAN BALANCES (2Q)		FY 12-13 Actual 2Q	12-13 Budget	Difference Actual-FY12	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
District Policy Reserves					
	Operating Balance	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	163,708	163,708	-	
	Economic Reserve (15% of Operating Exp)	245,562	245,562	-	
	Debt Repayment Reserve (25% of Debt pmt)	272,829	272,829	-	
	Capital Reserve	250,000	250,000	-	
Total District Policy		1,132,099	1,132,099	-	
TOTAL Reserves EOY		4,208,898	3,018,140	1,190,759	
Reserves Above (below) Policy		3,076,799	1,886,041	1,190,759	Difference between Total and Policy Reserves
DISTRICT FUNDS					
	CIRF	3,042,758	1,463,507	1,579,251	FY 13 Budget reflects 2014 CIP encumbrance, CD
	OPERATING RESERVE	396,970	409,270	(12,300)	
	OPERATIONS	541,983	200,000	341,983	
	CD	-	696,756	(696,756)	CD ended in early October, funds moved to CIRF
	IN HOUSE CONSTRUCTION	106,337	102,757	3,580	
	BUILDING	120,850	145,850	(25,000)	
Total Funds Available		4,208,898	3,018,140	1,190,759	Difference is FY 2014 CIP

County Balances FY 2012-13

(from "Trial Balance by Project" Report (FAMIS 017))

Beginning balances per FAMIS:

(Note: Warrants requested in FP 12 for last fiscal year are not subtracted from GL101 until FP 1 of the next year. They are instead recorded as "Vendors Payable")

		$246,433.92	$120,850.00	$396,970.00	$3,794.28	$112,980.07	$0.00	$3,143,483.47	$ 1,411.07	$24,750.00	$1,932.94	$146,619.86	$0.00	$4,199,225.61
					(Restricted)	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	
NAME	**CD at Redwood Cred U**	**Operations**	**Bldg Fund**	**Reserves**	**Federal Loan (GO Bonds)**	**In-house Construction**	**Federal Construction**	**Capital Improvement Revenue**	**State Loan #58330**	**State Loan #58830 Reserve**	**State Loan 58340**	**State Loan 58340 Reserve**	**Private Placement Funding**	
INDEX		**776013**	**776021**	**776039**	**776203**	**776211**	**776302**	**776401**	**776500**	**776518**	**776609**	**776617**	**776708**	
PROJECT		**001**	**002**	**003**	**200**	**210**	**300**	**400**	**500**	**510**	**600**	**610**	**700**	
FP1-Jul	664,620.62	$246,433.92	$120,850.00	$396,970.00	$3,794.28	$112,647.70	$0.00	$3,003,948.42	$1,411.07	$24,750.00	$1,932.94	$146,619.86	$0.00	$4,059,358.19
FP2-Aug	664,620.62	$241,761.12	$120,850.00	$396,970.00	$229,311.60	$111,363.01	$0.00	$2,158,300.66	$24,961.07	$24,750.00	$148,552.94	$146,619.86	$0.00	$3,603,440.26
FP3-Sept	672,925.48	$292,161.12	$120,850.00	$396,970.00	$229,311.60	$109,246.26	$0.00	$2,130,935.38	$13,184.10	$24,750.00	$75,243.93	$146,619.86	$0.00	$3,539,272.25
FP4-Oct	0.00	$363,982.91	$120,850.00	$396,970.00	$229,311.60	$109,246.26	$0.00	$2,755,127.84	$13,184.10	$24,750.00	$75,243.93	$146,619.86	$0.00	$4,235,286.50
FP5-Nov	0.00	$441,982.91	$120,850.00	$396,970.00	$229,311.60	$109,086.26	$0.00	$2,699,304.97	$13,184.10	$24,750.00	$75,243.93	$146,619.86	$0.00	$4,257,303.63
FP6-Dec	0.00	$541,982.91	$120,850.00	$396,970.00	$229,311.60	$106,337.46	$0.00	$3,042,758.07	$13,184.10	$24,750.00	$75,243.93	$146,619.86	$0.00	$4,698,007.93
FP7-Jan														$0.00
FP8-Feb														$0.00
FP9-Mar														$0.00
FP10-Apr														$0.00
FP11-May														$0.00
FP12-Jun														$0.00
FP 13 (FINAL)														$0.00
													Balance does not reflect June construction checks	$0.00