SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Ed Fortner, General Manager

Meeting Date: August 6, 2020

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU JUNE 30, 2020 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 4th quarter -- end of fiscal year -- actual cash revenues and expenses as compared to budgeted. In FY 2019-20, budgeted operating income was $7,769. (Typically, net operating income is budgeted to be approximately $0, as any excess budgeted is transferred to our Capital Improvement Revenue Fund (CIRF).)

Our cash operating income in FY 2019-20 was $72,673. However, this includes loan proceeds from the District's policy reserves of $500,000, used to pay down the District's Unfunded Liability (UL) with PERS retirement system. There were a number of line items that ended the year significantly different than the budgeted amounts, mostly in a good way. These were offset by the emergency project at our Lower Harrison tank site, as discussed below.

Operating Budget:

FY 2019-20 Revenue ended the year $555,062 (120.6%) more than budgeted, of which $500,000 was loan proceeds from the District's policy reserves.

Water Sales, the largest revenue line item, came in almost exactly as budgeted which is quite remarkable. This line item was budgeted at $2,575,053, compared to actual proceeds of $2,579,342 ($4,289 more than budgeted). Our customers used 2.7% less water this year than last year.

Non-operating revenue exceeded budgeted amounts by $550,773. Most of this is attributable to loan proceeds from the District's policy reserves ($500,000), but interest revenue also exceeded budgeted amounts by $9,662 and revenue from Construction New Services and Service Upgrades was up considerably, exceeding budgeted amounts by $30,824.

FY 2019-20 Expenditures ended the year $490,159 (122.6%) <u>more</u> than budgeted, of which $435,451 was PERS Retirement UL extra payment made in excess of the budgeted UL extra payment.

Expenses break down into three categories: Salaries & Benefits, Services & Supplies, and System/Equipment.

Salaries & Benefits came in at $341,238.44 more than budgeted. Discussed at length through this year is the $500,000 paid towards our PERS unfunded liability (UL). This extra payment was $435,451 more than originally budgeted, a decision made in the Fall of 2019 after considering the benefits of paying off our UL as quickly as possible. Funds for the extra UL payment came from a loan from our own District policy reserves. Offsetting this sum in part was staff wages, which came in at $55,884 less than budgeted, normal retirement costs (based on wages), which were $38,031 less than budgeted, and lower than expected health insurance costs which saved the District $17,528. Staff changes during the year replaced employees at the top of their pay grade in the Field Manager position and the Crew Supervisor position with in-house promotions at a lower pay grade. Two field trainees were hired and, unfortunately, anticipated treatment and distribution licensing promotions did not happen as the onslaught of Coronavirus has suspended all testing opportunities.

Service and Supplies came in $30,673 less than budgeted. Of note in this category were the following line items:

The good news…

Vehicle Maintenance: $14,345 less than budgeted
Consultant Fees: $23,880 less than budgeted
Audit/Accounting: $12,136 less than budgeted

. . . and the not so good news…

Distribution System Repairs: $5,020 more than budgeted
Treatment System: $6,548 more than budgeted

System/Equipment Upgrades were $179,593 more than budgeted.

This is the category containing expenses associated with the Lower Harrison emergency project to reinforce the parking area. Budgeted at

$12,000, actual costs were $177,007, with approximately $8,000 left to be paid in FY 2020-21.

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

Capital Budget:

The 4Q Capital Budget (Table 2) shows the Capital Budget at the end of the fiscal year. The Capital Budget came in mostly as expected with the exception of the delayed Prior Year Flat Charges revenue shortfall of $19,292 and an unbudgeted overage of $62,471.67 due to carryover of the Monte Rio Filter replacement project (FY 2018-2019 CIP). Also, transfer to CIRF was $190,000 with decreased Net Operating Revenue.

FUNDS AT THE COUNTY

Fund and Loan Balances show a comparison of the budgeted and 4th Quarter balances. Also attached is the County Fund Balances for the 4th Quarter. County Fund Balances include the funds at PARS and CERBT. At the end of the year, Total District Reserves were $2,879,236.

The funds listed in District Policy Reserves are approximately the same. The District has ended the fiscal year in good shape. Hopefully we will hit targets that allow us to fully fund the FY 2020-2021 CIP. Looking forward to the first quarter of FY 2020-2021, we are fortunate with the new five year Union MOU, full paydown on unfunded pension liability, and an approved rate increase based on the recently completed Rate Study that will create available Capital funds.

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of June 30, 2020 (100%)

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

	FY 2019-20 Actual	2019-20 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
Ordinary Income/Expense						
Income						
OPERATING REVENUE						
4031 · Water Sales						
4031.10· Base Rate	1,644,252	1,644,824	-572	99.97%		
4031.11· Current Charges	635,637	633,846	1,791	100.28%		
4031.12· Capital Debt Reduction Charge	299,453	296,383	3,070	101.04%		
Total 4031 · Water Sales	2,579,342	2,575,053	4,289	100.17%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,579,342	2,575,053	4,289	100.17%		
NON-OPERATING REVENUE						
1700 · Interest	17,662	8,000	9,662	220.77%	-	
4448 · Policy Reserve Loan Proceeds	500,000	0	500,000	100.0%	In the 2Q, PERS UL payment accelerated via a loan from District Policy Reserves	
3600 · Construction New Services	31,041	7,000	24,041	443.44%	This line item was underbudgeted this year.	*
3601 · Construction - Service Upgrades	9,783	3,000	6,783	326.1%	This line item was underbudgeted this year.	*
4032 · Rent	106,669	105,000	1,669	101.59%		
4227 · SCWA reimbursement	2,995	0	2,995	100.0%		
4040 · Miscellaneous Income	7,123	1,500	5,623	474.9%	In the 1Q, the District received $4,202 for a meter relocation at a customer's request.	
Total NON-OPERATING REVENUE	675,273	124,500	550,773	542.39%		
Total Income	3,254,615	2,699,553	555,062	120.56%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	847,162	903,046	-55,884	93.81%	Retirement and lack of licensing promotions opportunitites due to Coronavirus left this line item overbudgeted.	*
5912 · Overtime	30,230	34,307	-4,077	88.12%		
5916 · On-Call Pay	37,980	34,950	3,030	108.67%		
5918 · Extra help - Contract	37,286	34,100	3,186	109.34%		
Total Salary	952,658	1,006,403	-53,745	94.66%		
Benefits						
5500 · Flex Spending (Flex spending monies	2,549	0	2,549	100.0%		
5920 · Retirement net employee share	70,738	95,927	-25,189	73.74%	This item was likely overbudgeted this year.	
5920.4 · Retirement - UL Mandatory	55,451	55,451	0	100.0%	In the 1Q, the mandatory UL payment was paid for the year.	
5920.5 · Retirement - UL Extra payment	500,000	64,549	435,451	774.61%	In the 2Q, PERS UL payment accelerated via a loan from District Policy Reserves	
5922 · Payroll Taxes - Employer Paid	14,653	16,761	-2,108	87.42%		
5930 · Health/Dental/Vision/AFLAC Ins.	219,472	237,000	-17,528	92.6%		
5931 · Retiree Health	8,784	7,680	1,104	114.38%	In the 1Q, annual contribution to CERBT ($3,000) made.	
5941 · Life insurance - GM	2,000	0	2,000	100.0%	-	
5940 · Workers Comp Insurance	35,704	37,000	-1,296	96.5%	In the 1Q, workers' compensation insurance was paid for the year.	
Total Benefits	909,352	514,368	394,984	176.79%		
Total SALARY & BENEFITS	1,862,009	1,520,771	341,238	122.44%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	2,818	2,350	468	119.93%		
6040-C · Cell Phones	4,018	4,900	-882	82.01%		

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of June 30, 2020 (100%)

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

	FY 2019-20 Actual	2019-20 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6040-P · Pagers & Radios	1,921	680	1,241	282.46%	In the 1Q, the District had unbudgeted maintenance work done on the radios ($1,588)	
6040-T · Telephones	22,785	22,900	-115	99.5%	-	
Total Communications	31,542	30,830	712	102.31%		
Insurances						
6101 · Gen. Liability	45,300	44,000	1,300	102.96%	(In the 1Q, paid for the year. Underbudgeted this year.)	
Total Insurances	45,300	44,000	1,300	102.96%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	6,657	21,000	-14,343	31.7%	Overbudgeted.	*
6151 · Office Maintenance	5,575	6,000	-425	92.92%		
Total Maint/Rep - Office & Vehicles	12,233	27,000	-14,767	45.31%		
Maint/Repair - Facilities						
6085 · Janitorial Services	8,745	8,800	-55	99.37%		
6100 · SCADA system	3,082	5,000	-1,918	61.65%		
6180 · Distribution System Repairs	55,020	50,000	5,020	110.04%	-	
6235 · Treatment Sys/Well Repairs	56,548	50,000	6,548	113.1%	In the 2Q the District rehabbed El Bonita Well 6 that required replacing the pump and motor ($43,304). One well rehab was budgeted for this fiscal year at $18,000.	
6143 · Generator Maintenance	2,145	1,000	1,145	214.53%	The fire emergency resulted in much higher generator fuel amounts being used.	
Total Maint/Repair - Facilities	125,541	114,800	10,741	109.36%		
Miscellaneous Expenses						
6280 · Memberships	9,914	12,020	-2,106	82.48%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	17,591	15,000	2,591	117.27%	In the 2Q the District paid system fees for the year ($8,122)	
Total Miscellaneous Expenses	27,505	28,520	-1,015	96.44%		
Office Expense						
6410 · Postage	17,413	17,000	413	102.43%		
6430 · Printing Expense	6,629	7,500	-871	88.39%	-	
6461 · Office Supplies	5,078	6,000	-922	84.63%	-	
6800 · Subscriptions/Legal Notices	1,753	1,100	653	159.38%	In the 2Q unbudgeted ads for the Maintenance Worker position left this line item underbudgeted.	
6890 · Computers/Software	1,800	2,500	-700	72.02%		
Total Office Expense	32,674	34,100	-1,426	95.82%		
Operating Supplies						
6300 · Chemicals	20,560	20,000	560	102.8%	-	
6880 · Tools and Equipment	6,443	7,000	-557	92.04%		
6881 · Safety Equipment	1,220	1,200	20	101.65%		
Total Operating Supplies	28,223	28,200	23	100.08%		
Professional Services						
6514 · Lab/Testing Fees	12,592	12,500	92	100.74%		
6570 · Consultant Fees	34,120	58,000	-23,881	58.83%	-	
6590 · Engineering	2,225	0	2,225	100.0%	-	
6610 · Legal	26,506	20,000	6,506	132.53%	-	
6630 · Audit/Accounting	29,864	42,000	-12,136	71.1%	In the 1Q, the District changed credit card processing banks at a considerable cost savings., which will leave this line item overbudgeted this year.	
Total Professional Services	105,306	132,500	-27,194	79.48%		

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of June 30, 2020 (100%)

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

	FY 2019-20 Actual	2019-20 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Rents & Leases						
6820 · Equipment	1,212	3,300	-2,088	36.72%		
6840 · Building & Warehouse	29,790	29,790	0	100.0%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	31,002	33,090	-2,088	93.69%		
Transportation & Travel						
7120 · Seminars & related travel	1,675	3,650	-1,975	45.9%		
7201 · Vehicle Gas	23,561	20,000	3,561	117.81%		
7300 · Travel Reimbursements	7,287	7,400	-113	98.48%		
Total Transportation & Travel	32,524	31,050	1,474	104.75%		
Uniforms						
6021.1 · Boots	1,827	1,500	327	121.79%		
6021.3 · T-shirts	1,757	1,800	-43	97.62%	In the 1Q, t-shirts were purchased for the year.	
6021.4 · Jackets	93	240	-147	38.6%		
Total Uniforms	3,677	3,540	137	103.86%		
Utilities						
7320 · Electricity	111,051	110,000	1,051	100.96%	-	
7321 · Propane	3,380	3,000	380	112.68%		
Total Utilities	114,431	113,000	1,431	101.27%		
Total SERVICES & SUPPLIES	589,957	620,630	-30,673	95.06%		
Total OPERATING EXPENSES	2,451,967	2,141,401	310,566	114.5%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	202,158	24,000	178,158	842.33%	In the 2Q, the District spent $6,039 on the Lower Harrison parking area project, budgeted at $12,000. In the 3Q, the District spent $24,471 on the Lower Harrison project, plus $10,370 on tank inspection/cleaning (unbudgeted), and $2262 on a booster pump for the Crespo Tank (unbudgeted).	*
8511.2 - Leasehold Improvements	1,435	0	1,435	100.0%	-	
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	0	0	0	0.0%	-	
Total FIXED ASSET EXPENDITURES	203,593	24,000	179,593	848.31%		
Total Expense	2,655,560	2,165,401	490,159	122.64%		
Net Ordinary Income	599,056	534,152	64,904	112.15%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	296,383	296,383	0	100.0%		
8620.3 · Tfers to CIRF	190,000	190,000	0	100.0%		
8620.5 · Tfers to Building Fund	15,000	15,000	0	100.0%		
8620.2 · Tfers to In-House Constr	25,000	25,000	0	100.0%		
Total TRANSFERS TO OTHER FUNDS	526,383	526,383	0	100.0%	-	

Sweetwater Springs Water District
FY 2019-20 Capital Budget Variances as of June 30, 2020 (100%)

	Jul 19 - June 20	Budget	$ Over Budget	% of Budget	Notes
Income					
New Construction flat charges revenue	44,511.60	27,000.00	17,511.60	164.86%	
CY Direct Charges	721,555.00	710,000.00	11,555.00	101.63%	
PY Direct Charges	20,708.00	40,000.00	-19,292.00	51.77%	Delayed payments/ COVID
Interest Revenue	27,387.00	25,000.00	2,387.00	109.55%	
Tfer from Operations - CDR	296,383.00	296,383.00	0.00	100.0%	
Tfer from Operations - In House Constr.	25,000.00	25,000.00	0.00	100.0%	
Tfer from Operations - Surplus Income	190,000.00	190,000.00	0.00	100.0%	
Total Income	1,325,544.60	1,313,383.00	12,161.60	100.93%	
Expense					
In-House Construction	14,903.95	50,000.00	-35,096.05	29.81%	
CIP 2019 (MRTP Filter replacement)	62,471.67	0.00	62,471.67	100.0%	Carryover, Unbudgeted
Principal - State Loans	135,234.85	146,619.00	-11,384.15	92.24%	
Principal Pymt -USDA Bonds	27,622.00	98,821.00	-71,199.00	27.95%	No Principal Payment
Principal - Priv. Placemnt Loan	162,570.43	216,062.00	-53,491.57	75.24%	
Principal-2013 Cap One Rev Bond	359,000.00	566,558.00	-207,558.00	63.37%	
Capital Interest	343,646.29				
Total Expense	1,105,449.19	1,078,060.00	27,389.19	102.54%	
Net Capital Income	220,095.41	235,323.00	-15,227.59	93.53%	

Non-Operating Balances FY 2019-20 and Reserves Above Policy

			Beginning balances: (Note: Warrants requested in FP 12 for last fiscal year are not subtracted from Cash until FP 1 of the next year. They are instead recorded as "Vendors Payable")								**TOTAL at COUNTY ↓**	**GRAND TOTAL: COUNTY + USDA + PARS/CERBT**	FY 2019-20 Policy Reserves: $1,379,359 **Reserves Above Policy Net Loans from Reserves**
	$42,621.30	$214,170.83	$245,519.11	$25,850.00	$753,494.00	$29,235.71	$789,646.59	$146,945.40	$786,011.28	$105,662.08	$2,776,702.09	$3,139,156.30	**1,759,797.30**
NAME	**CERBT** (Contributions are part of Reserves)	**PARS** (Contributions are part of Reserves)	**Operations**	**Bldg Fund** (part of Policy Reserves)	**FY 2019-20 POLICY RESERVES: $1,379,359**	**In-house Construction**	**Capital Improvements**	**State Loan 58340**	**Cap One Bonds and Citizens Bank Loan Debt**	**USDA Bond Debt** (at WestAmerica)			Policy Reserve Loans Outstanding: $500,000 (Oct 2019)
	CONTRIBUTIONS: $36,518	**CONTRIBUTIONS: $200,000**			**($1,116,991)**								
Fund			**76751**	**76752**	**76753**	**76755**	**76756**	**76759**	**76762**				
Dep't			7106 0100	7106 0200	7106 0300	7106 0500	7106 0600	7106 0900	7106 1200				
FP1-Jul	$42,621.30	$215,332.01	$295,519.11	$25,850.00	$753,494.00	$29,000.81	$724,549.83	$146,945.40	$786,011.28	$124,164.15	$2,761,370.43	$3,143,487.89	**1,764,128.89**
FP2-Aug	$42,621.30	$214,435.22	$10,519.11	$25,850.00	$1,122,991.00	$29,000.81	$629,178.16	$146,945.40	$211,963.07	$124,166.19	$2,176,447.55	$2,557,670.26	**1,178,311.26**
FP3-Sept	$43,151.66	$216,665.90	$70,519.11	$25,850.00	$1,122,991.00	$29,000.81	$628,600.66	$73,636.39	$211,963.07	$59,883.68	$2,162,561.04	$2,482,262.28	**1,102,903.28**
FP4-Oct	$43,151.66	$219,824.38	$645,067.12	$25,850.00	$622,991.00	$29,000.81	$651,153.64	$73,636.39	$211,963.07	$59,884.70	$2,259,662.03	$2,582,522.77	**1,203,163.77**
FP5-Nov	$43,151.66	$223,512.49	$245,067.12	$25,850.00	$622,991.00	$28,704.43	$653,529.64	$73,636.39	$211,963.07	$59,885.65	$1,861,741.65	$2,188,291.45	**1,308,932.45**
FP6-Dec	$48,773.00	$227,382.62	$63,684.12	$25,850.00	$622,991.00	$53,704.43	$1,191,572.46	$73,636.39	$211,963.07	$166,584.67	$2,243,401.47	$2,686,141.76	**1,806,782.76**
FP7-Jan	$48,773.00	$227,083.04	$69,332.89	$25,850.00	$622,991.00	$53,704.43	$271,477.73	$220,581.39	$882,473.86	$166,587.42	$2,146,411.30	$2,588,854.76	**1,709,495.76**
FP8-Feb	$48,773.00	$217,599.55	$149,332.89	$25,850.00	$622,991.00	$39,096.86	$274,900.53	$220,581.39	$781,925.86	$166,589.97	$2,114,678.53	$2,547,641.05	**1,668,282.05**
FP9-Mar	$41,378.19	$197,336.18	$149,332.89	$25,850.00	$622,991.00	$39,096.86	$274,907.73	$147,272.38	$781,925.86	$166,592.88	$2,041,376.72	$2,446,683.97	**$1,567,324.97**
FP10-Apr	$41,378.19	$211,514.09	$153,411.74	$25,850.00	$622,991.00	$39,096.86	$598,754.46	$147,272.38	$781,925.86	$166,595.61	$2,369,302.30	$2,788,790.19	**$1,909,431.19**
FP11-May	$41,378.19	$218,115.29	$13,411.74	$40,850.00	$622,991.00	$39,096.86	$860,291.26	$147,272.38	$730,925.86	$166,598.25	$2,454,839.10	$2,880,930.83	**$2,001,571.83**
FP12-Jun	$48,000.00	$221,675.97	$12,354.74	$40,850.00	$622,991.00	$39,096.86	$873,359.26	$147,272.38	$730,925.86	$149,332.13	$2,466,850.10	$2,885,858.20	**$2,006,499.20**
FP 13 (FINAL)													

** Available Funds: 76758 and 76759 (State Loan reserve funds); 76754 (Fed Loan); 76757 (Guernewood Park); 76761 (Cap and Debt policy reserve) (These columns are hidden)

*** Starting FY 2017-18, Bldg Fund and PARS considered part of Reserves; Starting FY 2019-20, CERBT is also part of reserves, but only the contributions (not earnings) to PARS and CERBT are included