SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: November 4, 2010

Subject: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU SEPTEMBER 30, 2010 (25%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 1st quarter actual revenues and expenses. This comprises 25% of the year by time and so we compare the revenues and expenses to that standard.

Operating Budget:

1Q Revenue is greater than 25% of budgeted amount.

Water Sales, the largest revenue line item, came in slightly ahead of the 25% schedule. This is expected, as seasonal fluctuations typically render first quarter water sales higher than other quarters due to higher sales for outside watering and greater visitor activity during the warmer weather.

1Q Expenditures are higher than budgeted.

1Q expenditures are higher than budgeted. This is expected, as certain District bills were paid for the year at the beginning of the fiscal year, such as insurance, LAFCO fees, water system fees, bills/envelopes, and (this year) chemicals.

There were two unbudgeted larger expenditures in the first quarter. The first was Engineering costs paid to Brelje & Race to update the District's maps. In the 1Q, $1,845 was spent on this project, and it is anticipated that another $2,200 in mapping costs will accrue before fiscal year end. The second is Tanks/Facilities expenditures totaling $3,823 to rehab the driveway to the Villa Grande tank.

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 1Q Capital Budget is not in balance because revenues won't come in until later in the year and because of carryover revenue and expenses from the prior year and loan repayment expenses occurred in the quarter.

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transters to in-house construction won't be happening until later in the fiscal year. We have major revenues and expenses related to CIP IV-B, Project 1, which were unbudgeted for FY11 but are budgeted carryovers from FY10. There is revenue from the CDC/RRROC grant for CIP IV-A even though there were no CIP IV-A expenses, because CDC grant reimbursement lag expenditures.

Major 1st Quarter expenses are for initial payments for GO Bonds, State Loans, and Private Placement Loan, and for CIP IV-B, Projects 1 and 2, funding for which are assisted by a 75% CDC/RRROC grant.

Of note for the Capital Budget, design of the 2012 CIP, mainline replacement on Foothill Drive in Monte Rio and Eastern, Western, and Northern Avenues in Guerneville has started but is not budgeted for FY11, and construction will be starting in June at the end of the FY 2011. We will be doing a midyear budget revision to acknowledge these changes.

FUNDS AT THE COUNTY AND AT REDWOOD CREDIT UNION

Table 3. Fund and Loan Balances show a comparison of the budgeted and 1st Quarter balances. Also attached is the County Fund Balances for the 1st Quarter.

It is difficult to make much of the comparisons in Table 3 because this is just the 1st quarter of the fiscal year. There are many expenses not paid and many revenues not received. Of note is that the Private Placement Loan has a balance of -$74,024 and it is completely spent. That balance will be revised to $0 with a transfer from CIRF. Also, CIP IV-B, Project 1 and Project 2 have been budgeted at the estimated construction cost (Project 1 in FY 10 and Project 2 in FY 11) but the construction contract awards were less than the estimates and not all construction costs have been paid and reimbursements from CDC have not totally happened.

The District Fund balances still show the transition to align these funds with the Reserve Policy elements. Funds need to be moved in the Operations and Operations Reserve Funds to have them correspond to the Reserve Policy targets.

Table 3. FUND AND LOAN BALANCES (EOY)		FY 10-11 Actual 1st Quarter	FY 10-11 Budget	Difference Actual-FY11 Budget	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
District Policy Reserves					
	Operating Balance	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	158,788	158,788	-	
	Economic Reserve (15% of Operating Exp)	238,182	238,182	-	
	Debt Repayment Reserve (25% of Debt pmt)	238,182	238,182	-	
	Capital Reserve	250,000	250,000	-	
Total District Policy		1,085,152	1,085,152	-	
TOTAL Reserves EOY		4,188,394	3,761,127	427,267	Difference because of unpaid construction expenses and PPL
Reserves Above (below) Policy		3,103,242	2,675,975	427,267	
DISTRICT FUNDS					
	CIRF	2,786,264	2,334,572	451,692	Higher because of PPL expenditures
	OPERATING RESERVE	324,970	396,970	(72,000)	Still needs balancing to Reserve Policy, should be ~$396,970
	OPERATIONS	343,880	200,000	143,880	Still needs balancing to Reserve Policy, should be ~$200,000
	CD	609,697	631,978	(22,281)	Interest on track
	IN HOUSE CONSTRUCTION	106,757	91,757	15,000	
	BUILDING	90,850	105,850	(15,000)	
DISTRICT LOANS					
	Private Placement Loan	(74,024)	765,560	(839,584)	Private Placement Loan balance is spent
Total Funds Available (sum of Total Reserves EOY and PPL)		4,188,394	4,526,687	(338,293)	

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of September 30, 2010 (25%)

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

	FY 2010-11 Actual	2010-11 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						
4031.1. 2· Capital Debt Reduction Charge	39,265	227,000	-187,735	17.3%		
4031.1 · Daily Water Sales Deposits	465,646	1,770,000	-1,304,354	26.31%		
Total 4031 · Water Sales	504,911	1,997,000	-1,492,089	25.28%	This is a cash water sales figure.	*
Total OPERATING REVENUE	504,911	1,997,000	-1,492,089	25.28%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	0.0%		
1700 · Interest	9,303	40,000	-30,697	23.26%	Reflects interest earnings thru 1Q	*
3600 · Construction New Services	200	5,000	-4,800	4.0%		
3601 · Construction - Service Upgrades	0	2,000	-2,000	0.0%		
4032 · Rent	16,482	70,000	-53,518	23.55%		
4040 · Miscellaneous Income	1,175	2,200	-1,025	53.43%		
Total NON-OPERATING REVENUE	27,160	119,200	-92,040	22.79%		
Total Income	532,071	2,116,200	-1,584,129	25.14%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	158,553	702,200	-543,647	22.58%		
5912 · Overtime	5,932	33,000	-27,068	17.98%		
5916 · On-Call Pay	6,085	26,500	-20,415	22.96%		
5918 · Extra help - Contract	8,736	33,500	-24,764	26.08%		
Total Salary	179,307	795,200	-615,893	22.55%		
Benefits						
5500 · Flex Spending (Flex spending monie	-2,136	0	-2,136	100.0%		
5920 · Retirement	22,616	98,600	-75,984	22.94%		
5922 · Payroll Taxes - Employer Paid	2,448	14,300	-11,852	17.12%		
5930 · Health/Dental/Vision/AFLAC Ins.	28,983	116,000	-87,017	24.99%		
5931 · Retiree Health	630	0	630	100.0%		
5940 · Workers Comp Insurance	11,124	27,700	-16,576	40.16%	Includes 1st and 2nd quarter premiums.	*
Total Benefits	63,665	256,600	-192,935	24.81%		
Total SALARY & BENEFITS	242,972	1,051,800	-808,828	23.1%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	383	1,800	-1,417	21.3%		
6040-C · Cell Phones	799	3,100	-2,301	25.77%		
6040-LD · Long Distance	119	700	-581	17.07%		
6040-P · Pagers & Radios	260	900	-640	28.93%		
6040-S · SCADA software maint.	0	500	-500	0.0%		
6040-T · Telephones	3,100	13,800	-10,700	22.46%		
Total Communications	4,662	20,800	-16,138	22.41%		
Insurances						
6101 · Gen. Liability	30,757	40,000	-9,243	76.89%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	*

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of September 30, 2010 (25%)

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

	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6102 · Auto/Equipment	8,172	10,500	-2,328	77.83%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	*
Total Insurances	38,929	50,500	-11,571	77.09%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	2,259	12,000	-9,741	18.82%		
6151 · Office Maintenance	1,181	4,800	-3,620	24.59%		
Total Maint/Rep - Office & Vehicles	3,439	16,800	-13,361	20.47%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,314	7,100	-5,786	18.5%		
6180 · Distribution System Repairs	11,839	64,000	-52,161	18.5%		
6235 · Treatment Sys/Well Repairs	4,495	56,000	-51,505	8.03%		
6143 · Generator Maintenance	0	1,200	-1,200	0.0%		
Total Maint/Repair - Facilities	17,648	128,300	-110,652	13.76%		
Miscellaneous Expenses						
6280 · Memberships	654	5,200	-4,546	12.58%		
6303 · Claims	19	1,500	-1,481	1.28%		
6593 · Governmental Fees	14,048	21,700	-7,652	64.74%	1Q expense includes water system fees, paid twice yearly, and annual LAFCO costs. $4,000 was budgeted for election costs, which we will not have to pay this year because we won't need a Board election.	*
Total Miscellaneous Expenses	14,722	28,400	-13,678	51.84%		
Office Expense						
6410 · Postage	3,476	15,000	-11,524	23.17%		
6430 · Printing Expense	2,596	6,500	-3,904	39.95%	Bills and envelopes are purchased in yearly quantities.	*
6461 · Office Supplies	1,298	6,500	-5,202	19.97%		
6800 · Subscriptions/Legal Notices	571	1,000	-429	57.08%		
6890 · Computers/Software	1,207	1,700	-493	70.99%	In the 1Q, a (budgeted) computer was purchased ($900)	*
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	9,148	31,200	-22,052	29.32%		
Operating Supplies						
6300 · Chemicals	12,600	16,000	-3,400	78.75%	In the 1Q, chemicals were largely purchased in yearly quantities	*
6880 · Tools and Equipment	532	6,000	-5,468	8.87%		
6881 · Safety Equipment	66	1,800	-1,734	3.65%		
Total Operating Supplies	13,198	23,800	-10,602	55.45%		
Professional Services						
6083 · Laundry Service	677	2,600	-1,923	26.05%		
6514 · Lab/Testing Fees	4,293	9,000	-4,707	47.7%	In the 1Q, costs include tests that only need to be done annually.	*
6570 · Consultant Fees	4,835	20,000	-15,165	24.18%		
6590 · Engineering	1,845	1,000	845	184.5%	Underbudgeted. 1Q general engineering fees are for system maps. It is anticipated that a total of $4,000 will be spent updating maps this fiscal year.	*

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of September 30, 2010 (25%)

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	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6610 · Legal	1,441	22,000	-20,559	6.55%		
6630 · Audit/Accounting	7,372	22,000	-14,628	33.51%		
Total Professional Services	20,464	76,600	-56,136	26.72%		
Rents & Leases						
6820 · Equipment	0	3,500	-3,500	0.0%		
6840 · Building & Warehouse	9,000	27,000	-18,000	33.33%		
Total Rents & Leases	9,000	30,500	-21,500	29.51%		
Transportation & Travel						
7120 · Seminars & related travel	569	4,000	-3,431	14.23%		
7201 · Vehicle Gas	5,507	20,000	-14,493	27.54%		
7300 · Travel Reimbursements	1,371	6,400	-5,029	21.43%		
Total Transportation & Travel	7,448	30,400	-22,952	24.5%		
Uniforms						
6021.1 · Boots	363	1,330	-967	27.27%		
6021.3 · T-shirts	916	1,200	-284	76.35%	T-shirts are purchased once yearly	*
6021.4 · Jackets	0	250	-250	0.0%		
Total Uniforms	1,279	2,780	-1,501	46.0%		
Utilities						
7320 · Electric and Propane	32,677	96,000	-63,323	34.04%		
Total Utilities	32,677	96,000	-63,323	34.04%		
Total SERVICES & SUPPLIES	172,613	536,080	-363,467	32.2%		
Total OPERATING EXPENSES	415,585	1,587,880	-1,172,295	26.17%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	3,823	0	3,823	100.0%	In the 1Q, $3,823 was spent to rehab the driveway to the Villa Grande tank.	*
8517 · Field/office equipment	0	1,050	-1,050	0.0%		
8573 · Vehicles	0	0	0	0.0%		
Total FIXED ASSET EXPENDITURES	3,823	1,050	2,773	364.05%		
Total Expense	419,408	1,588,930	-1,169,522	26.4%		
Net Ordinary Income	112,663	527,270	-414,607	21.37%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	227,000	-227,000	0.0%		
8620.3 · Tfers to CIRF	0	240,000	-240,000	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	507,000	-507,000	0.0%		

Table 2. Sweetwater Springs Water District
FY 2010-11 Capital Program Budget Variances as of September 30, 2010 (25%)

	FY 10-11 ACTUAL	FY 10-11 BUDGET	% of Budget	Comments
REVENUE				
Annual Assessment - New Services	2,376	27,000	8.8%	
Annual Assessment (County)	0	710,000	0.0%	
Prior Year Assessment	0	40,000	0.0%	
Capital Debt Reduction Charge	0	227,000	0.0%	
Interest	7,948	60,000	13.2%	off considerably
CDC Grants, CIP IV-B, Project 1	96,918		NA	In FY10 Budget, reimbursements lag expenses
CDC Grants, CIP IV-B, Project 2	2,113	1,065,000	0.2%	FY11 CIP
Private Placement Funding (CIP IV-B)	624,273	440,000	141.9%	End of PPL
Transfers to CIRF from Operations	0	240,000	0.0%	End of year transfer
Transfers to In-House Constr. from Operations	0	25,000	0.0%	End of year transfer
TOTAL REVENUE	733,628	2,834,000	25.9%	
EXPENSES			#DIV/0!	
Gen. Obligation Bonds Payments	450,688	687,000	65.6%	
State Loan Payments	85,086	170,300	50.0%	
Private Placement Loan	117,007	234,014	50.0%	1 of 2 payments made
CIP III	85,000	85,000	100.0%	Settlement payment
CIP IV-B, Project 1 CIP 2010	319,156	0	NA	FY 10 carryover, construction started in May, anticipate December 10 completion
CIP IV-B, Project 2 CIP 2011	304,937	1,475,000	20.7%	Design costs, construction started in July 10
CIP 2012	180	0	NA	Design costs, construction starts in June 11, mid-year budget revision
In-House Construction Projects	3,090	40,000	7.7%	
TOTAL EXPENSES	1,365,144	2,691,314	50.7%	
SURPLUS/DEFICIT	-631,515	142,686	-442.6%	Difference from Actual to Budget due to Project 1 carryover into FY 11