SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 2, 2017

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU DECEMBER 31, 2016 (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.

Operating Budget:

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

Water Sales, the largest revenue line item, came in 1.78% ahead of the 50% schedule. Seasonal fluctuations typically render first and second quarter water sales higher than other quarters due to higher sales for outside watering and greater visitor activity during the warmer weather. In terms of the units of water sold this year's sales remain slow historically, but are slightly (3%) higher than last year's water sales.

Overall revenues are right on track.

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

2Q expenditures are 1.63% higher than budgeted. This is expected, as certain District bills -- such as insurance -- are paid in full at the beginning of the fiscal year and the annual payment for the phone system maintenance ($1,500) and CERBT ($3,090) was made in the 2nd quarter.

There was one unbudgeted expense this quarter: Costs totaling $3,577 were incurred to transfer management and troubleshooting of our SCADA system from our past consultant who retired to a new consultant.

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 2nd Quarter Actual vs Budgeted demonstrates how things can change during a fiscal year. The largest revenue and expense items in the Capital Budget are not happening so that makes it more difficult to follow the fiscal year progress. We are not doing the full 2017 CIP and, thus, we are not going after the USDA loan/bond. In a separate Agenda item we are recommending a mid-year budget revision to reflect expected revenues and expenses better.

Other unbudgeted events were paying off the smaller State loan and refinancing the Private Placement Loan (actually an interest rate reset) which incurred costs for Brandis Tallman. We are recommending that these be in the mid-year adjustment as well.

Highlighted in the Capital Budget is a one-time transfer to CIRF of $50,392 from Operations for a prior year surplus.

We did receive the first installment of annual assessment revenue, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction won't be happening until later in the fiscal year.

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. Table 3 includes all the funds listed in the County Fund Balances.

Table 3 is typical for the 2nd quarter of the fiscal year - the first debt payments have been made and the first installment of the annual assessment has come in. The County funds for the smaller State Loan (0700 and 0800) can go away or be repurposed - it's been paid off.

The County Balances Table shows that funds above District Policy are $963, 832 at mid year.

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of December 31, 2016 (50%)

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

	FY 2016-17 Actual	2016-17 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	745,145	1,482,093	-736,948	50.28%		
4031.11· Current Charges	334,379	597,361	-262,982	55.98%		
4031.12· Capital Debt Reduction Charge	135,544	270,375	-134,831	50.13%		
4031.1 · Other Water Sales Revenue	1,758	0	1,758	100.0%		
Total 4031 · Water Sales	1,216,826	2,349,829	-1,133,003	51.78%	This is a cash water sales figure.	*
Total OPERATING REVENUE	1,216,826	2,349,829	-1,133,003	51.78%		
NON-OPERATING REVENUE						
1700 · Interest	4,973	7,500	-2,527	66.3%	-	
3600 · Construction New Services	5,575	7,000	-1,425	79.64%		
3601 · Construction - Service Upgrades	300	2,000	-1,700	15.0%		
4032 · Rent	55,156	94,346	-39,190	58.46%		
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	461	1,500	-1,039	30.75%		
Total NON-OPERATING REVENUE	66,465	114,846	-48,381	57.87%		
Total Income	1,283,291	2,464,675	-1,181,384	52.07%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	392,656	823,000	-430,344	47.71%	-	
5912 · Overtime	14,917	34,400	-19,483	43.36%		
5916 · On-Call Pay	16,410	37,700	-21,290	43.53%		
5918 · Extra help - Contract	18,466	37,000	-18,534	49.91%		
Total Salary	442,449	932,100	-489,651	47.47%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-1,404	0	-1,404	100.0%		
5920 · Retirement net employee share	45,631	84,460	-38,829	54.03%	-	
5922 · Payroll Taxes - Employer Paid	5,977	14,355	-8,378	41.64%		
5930 · Health/Dental/Vision/AFLAC Ins.	75,782	146,000	-70,218	51.91%		
5931 · Retiree Health	5,340	7,000	-1,660	76.29%	In the 2Q, our annual deposit into our CERBT account was made in the sum of $3,090.	*
5940 · Workers Comp Insurance	45,125	36,000	9,125	125.35%	In the 1Q, workers' compensation insurance was paid for the year. This line item was underbudgeted.	
Total Benefits	176,452	287,815	-111,363	61.31%		
Total SALARY & BENEFITS	618,901	1,219,915	-601,014	50.73%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	972	1,850	-878	52.52%		
6040-C · Cell Phones	1,947	4,050	-2,103	48.07%		
6040-P · Pagers & Radios	240	620	-380	38.74%		
6040-T · Telephones	8,760	17,000	-8,240	51.53%	-	
Total Communications	11,918	23,520	-11,602	50.67%		
Insurances						

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of December 31, 2016 (50%)

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

	FY 2016-17 Actual	2016-17 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6101 · Gen. Liability	29,955	32,200	-2,245	93.03%	(In the 1Q, paid for the year.)	
6102 · Auto/Equipment			0	0.0%		
Total Insurances	29,955	32,200	-2,245	93.03%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	3,938	18,000	-14,062	21.88%	-	
6151 · Office Maintenance	4,302	6,200	-1,898	69.39%	In the 2Q the District paid for the annual phone maintenance contract for the in the sum of $1500.	*
Total Maint/Rep - Office & Vehicles	8,241	24,200	-15,959	34.05%		
Maint/Repair - Facilities						
6085 · Janitorial Services	4,638	8,500	-3,862	54.57%		
6100 · SCADA system	4,747	5,000	-253	94.95%	In the 2Q, the District spent an unbudgeted $3,577 to transfer maintenance of the SCADA system to a new vendor.	*
6180 · Distribution System Repairs	40,076	50,000	-9,924	80.15%	In the 1Q, pump repairs were needed at the Harrison Booster ($5893.55) and Crespo Tank ($2281.35)	
6235 · Treatment Sys/Well Repairs	10,370	45,000	-34,630	23.04%	-	
6143 · Generator Maintenance	251	2,000	-1,749	12.55%		
Total Maint/Repair - Facilities	60,083	110,500	-50,417	54.37%		
Miscellaneous Expenses						
6280 · Memberships	6,757	10,400	-3,643	64.97%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	14,125	18,400	-4,275	76.76%	-	
Total Miscellaneous Expenses	20,882	30,300	-9,418	68.92%		
Office Expense						
6410 · Postage	10,352	16,000	-5,648	64.7%		
6430 · Printing Expense	1,730	7,500	-5,770	23.06%	-	
6461 · Office Supplies	2,191	4,000	-1,809	54.78%	-	
6800 · Subscriptions/Legal Notices	804	1,100	-296	73.1%		
6890 · Computers/Software	810	3,000	-2,190	27.0%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	15,887	32,100	-16,213	49.49%		
Operating Supplies						
6300 · Chemicals	8,078	18,500	-10,422	43.66%	-	
6880 · Tools and Equipment	1,455	6,000	-4,545	24.25%		
6881 · Safety Equipment	874	1,000	-126	87.41%		
Total Operating Supplies	10,407	25,500	-15,093	40.81%		
Professional Services						
6083 · Laundry Service	1,505	3,000	-1,495	50.17%		
6514 · Lab/Testing Fees	4,342	15,000	-10,659	28.94%		
6570 · Consultant Fees	4,700	18,000	-13,300	26.11%	-	
6610 · Legal	3,850	20,000	-16,150	19.25%	-	
6630 · Audit/Accounting	20,506	34,500	-13,994	59.44%	-	
Total Professional Services	34,903	90,500	-55,597	38.57%		
Rents & Leases						
6820 · Equipment	963	2,000	-1,037	48.13%		
6840 · Building & Warehouse	16,527	28,800	-12,273	57.38%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	17,489	30,800	-13,311	56.78%		

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of December 31, 2016 (50%)

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

	FY 2016-17 Actual	2016-17 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Transportation & Travel						
7120 · Seminars & related travel	816	2,650	-1,834	30.81%		
7201 · Vehicle Gas	7,802	23,000	-15,198	33.92%		
7300 · Travel Reimbursements	2,720	6,400	-3,680	42.5%		
Total Transportation & Travel	11,338	32,050	-20,712	35.38%		
Uniforms						
6021.1 · Boots	855	1,500	-645	57.0%		
6021.3 · T-shirts	1,529	1,500	29	101.9%	-	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	2,384	3,240	-856	73.57%		
Utilities						
7320 · Electricity	54,949	90,000	-35,051	61.06%	-	
7321 · Propane	380	3,000	-2,620	12.67%		
Total Utilities	55,329	93,000	-37,671	59.49%		
Total SERVICES & SUPPLIES	278,816	527,910	-249,094	52.82%		
Total OPERATING EXPENSES	897,717	1,747,825	-850,108	51.36%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	0	22,000	-22,000	0.0%		
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	39,333	45,000	-5,667	87.41%	-	
Total FIXED ASSET EXPENDITURES	39,333	67,000	-27,667	58.71%		
Total Expense	937,050	1,814,825	-877,775	51.63%		
Net Ordinary Income	346,240	649,850	-303,610	53.28%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	270,375	-270,375	0.0%		
8620.3 · Tfers to CIRF	0	330,000	-330,000	0.0%		
8620.10 · Tfers to CIRF PY Surplus Income	50,392		50,392	100.0%		
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	50,392	270,375	-219,983	18.64%	-	

Water Sales

	Base	Current	CDR
Oct	$120,214.89	$79,799.60	$21,865.58
Nov	$105,494.33	$44,382.70	$19,278.19
Dec	$119,855.42	$51,917.20	$21,799.79
TOTAL	$345,564.64	$176,099.50	$62,943.56
July	$105,543.52	$62,759.60	
August	$119,815.28	$71,367.00	
Sept	$105,351.55	$60,696.35	
	$330,710.35	$194,822.95	
	$676,274.99	$370,922.45	

Table 2. Sweetwater Springs Water District
FY 2016-17 Capital Program Budget Variances as of December 31, 2016 (50%)

	FY 16-17 ACTUAL (2Q)	FY 2016-17	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	5,902	27,000	-21,098	21.9%	
Annual Assessment (County)	395,440	710,000	-314,560	55.7%	
Prior Year Assessment	23,808	40,000	-16,192	59.5%	
Capital Debt Reduction Charge	0	270,375	-270,375	0.0%	
Interest	4,182	8,000	-3,818	52.3%	
Transfers to CIRF from Operations for prior year surplus	50,392	0	50,392	0.0%	New item- highlights additional FY 2015-16 amount beyond what was budgeted that could be transferred to CIRF based on surplus income and County fund levels. This transfer occured at the beginning of FY2016-17 after adjustments were made to County funds to reflect FY 2016-17 policy reserve requirements.
Transfers to CIRF from Operations	0	330,000	-330,000	0.0%	
Transfers to In-House Constr. from Operations	0	25,000	-25,000	0.0%	
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	479,724	1,410,375	-930,651	34.0%	
EXPENSES					
Gen. Obligation Bonds Payments	64,284	64,284	0	100.0%	
Cap One Revenue Bond	445,938	566,508	-120,570	78.7%	
Total Bond Payments	510,222	630,792	-120,570	80.9%	
State Loan Payments	183,526	170,300	13,226	107.8%	Includes paying off smaller State Loan ($81,768)
Private Placement Loan	133,357	117,007	16,350	114.0%	INCLUDES $16,350 TO BRANDIS TALLMAN
Total Debt Payments	827,105	918,099	-90,994	90.1%	Sum of all debt payments
2017 CIP	21,713	2,187,000	-2,165,287	1.0%	Design Expenses
In-House Construction Projects	7,335	25,000	-17,665	29.3%	
TOTAL CAPITAL EXPENSES	856,154	3,130,099	-2,273,945	27.4%	
TOTAL CAPITAL EXPENSES WO Projected 2017 CIP Construction Exp	**856,154**	**964,812**	**-108,659**		
SURPLUS/DEFICIT	-376,429	-1,719,724	1,343,295	21.9%	
Net Capital Funding	133,961	348,077	-214,116	38.5%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

County Balances FY 2016-17 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")

	$25,428.46	$324,420.80	$180,850.00	$425,102.00	$0.00	$93,525.43	($247,763.69)	$ 23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$802,111.50	$2,430,883.03	
NAME	**CERBT**	**Operations + 15% Cash Policy Reserve**	**Bldg Fund**	**Operating Policy Reserve (25%)**	**Federal Loan (GO Bonds)**	**In-house Construction**	**Capital Improvements**	**State Loan #58330**	**State Loan #58830 Final Pymt**	**State Loan 58340**	**State Loan 58340 Final Pymt**	**Capital and Debt Policy Reserve**	**Cap One Bonds and Citizens Bank Loan Debt**	**2015-16 FYE Policy Reserve:**	**$1,207,907**
Fund		**76751**	**76752**	**76753**	**76754**	**76755**	**76756**	**76757**	**76758**	**76759**	**76760**	**76761**	**76762**		
Dep't		7106 **0100**	7106 **0200**	7106 **0300**	7106 **0400**	7106 **0500**	7106 **0600**	7106 **0700**	7106 **0800**	7106 **0900**	7106 **1000**	7106 **1100**	7106 **1200**		**Reserves Above Policy**
FP1-Jul	$25,428.46	$374,420.80	$180,850.00	$425,102.00	$0.00	$93,273.21	($264,769.81)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$685,104.89	$2,346,618.08	**$967,341.22**
FP2-Aug	$25,428.46	$312,174.80	$180,850.00	$436,956.00	$0.00	$92,914.15	($230,239.42)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$239,166.89	$1,884,459.41	**$505,182.55**
FP3-Sept	$26,338.88	$412,174.80	$180,850.00	$436,956.00	$0.00	$87,356.60	($291,578.36)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,795,804.66	**$441,277.80**
FP4-Oct	$25,517.70	$414,462.98	$180,850.00	$436,956.00	$0.00	$87,356.60	($289,502.51)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,800,168.69	**$445,641.83**
FP5-Nov	$25,517.70	$534,462.98	$180,850.00	$436,956.00	$0.00	$87,356.60	($289,502.51)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,920,168.69	**$565,641.83**
FP6-Dec	$29,244.72	$534,462.98	$180,850.00	$86,956.00	$0.00	$85,938.11	$460,106.12	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$2,318,358.83	**$963,831.97**
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	

Table 3. FUND AND LOAN BALANCES (2Q)	FY 16-17 Actual 2Q	16-17 Budget	Difference Actual-FY17	Comments
DISTRICT RESERVES AND FUND BALANCES (2Q)				
District Policy Reserves				
Operating Budget Cash Reserve	534,463	262,174	272,289.23	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	86,956	436,956	(350,000.25)	corresponds to Operating Reserve 0300)
Debt Repayment Reserve (25% of Debt pmt)	258,777	258,777	-	Included in Capital and Debt Policy Reserve 1100)
Capital Reserve	250,000	250,000	-	Included in Capital and Debt Policy Reserve (1100)
Total District Policy	1,130,195	1,207,907	(77,711)	
TOTAL Reserves	2,171,739	2,594,683	(422,944)	
Reserves Above (below) Policy	1,313,833	1,415,968	-102,135	Difference between Total and Policy Reserves
DISTRICT FUNDS				
CIRF (7106-0600)	460,106	(37,859)	497,965	
OPERATIONS (0100)	534,463	263,943	270,520	
OPERATING RESERVE (0300)	86,956	425,102	-338,146	
CAPITAL AND DEBT POLICY RESERVE (1100)	510,829	508,777	2,053	
IN HOUSE CONSTRUCTION (0500)	85,938	104,315	-18,377	
BUILDING (0200)	180,850	195,850	-15,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	239,167	800,522	-561,355	1st payment made
FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	payment made this year
STATE LOANS (0700, 0900)	73,430	170,172	-96,742	paid off smaller loan
STATE LOANS RESERVES (0800,1000)	146,620	171,370	-24,750	Restricted to last payment for State Loans; not included in Total Reserves; paid off smaller State Loan
Total Funds Available	2,171,739	2,495,106	-323,367	