SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: September 4, 2014

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORTS THRU JUNE 30, 2014 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

OPERATIONS

FY 2013-14 ended up with the District showing a profit of $80,450 after budgeted[1] transfers. (District budgeting aims for a profit of $0 after budgeted transfers.)

Water Sales came in $29,995 less than budgeted -- one big reason for that is the District sold 11,236 fewer units of water than in FY 2012-13. Some of this shortfall was made up by other sources of revenue ($14,084 more than budgeted), and the remainder by less than budgeted expenses($63,784 less than budgeted).

A summary of items with the biggest budget variances are listed below, and there are quite a few this year so I color-coded them. Green line items helped our bottom line, red items hindered it. Please see the attached spreadsheet for a complete breakdown and explanation of line item variances.

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[1] In addition to the $675,800 budgeted to be transferred to CIRF and other funds, the District also transferred $238,367 to CIRF for FY 2012-13 CDR revenue and $147,466 to CIRF to conform to District policy levels in the Operations fund.

Revenue:

Water Sales	$29,995 less than budgeted
Rent	$14,804 more than budgeted
Misc. Income	$2,463 more than budgeted

Expenses:

Salary (Wages, OT, etc.)	$30,775 less than budgeted
Telephones	$2,268 more than budgeted
Vehicle maintenance	$5,165 less than budgeted
SCADA system	$4,102 less than budgeted
Distribution system	$12,146 less than budgeted
Treatment System/wells	$4,274 less than budgeted
Claims	$6,086 more than budgeted
Government Fees	$4,112 more than budgeted
Printing	$3,909 less than budgeted
Computers/Software	$1,922 more than budgeted
Legal fees	$14,196 less than budgeted
Electricity	$6,760 more than budgeted
Tanks/Facilities Sites	$7,234 less than budgeted
Leasehold improvements	$1,714 more than budgeted

CAPITAL

The 4Q review is dominated by capital expenses – it shows the effects of completing the 2014 CIP during this past fiscal year. Debt payments are down approximately $32,000 to reflect the effect of the USDA bonds refinancing. A new line item is Net Capital Funding which we use for planning purposes (the target is $500,000) – that was approximately $82,000 more than budgeted but still below the target. The remaining costs of the 2015 CIP will be carried over into the 2015 fiscal year.

The Capital Budget ended the year in good shape – revenues are on track and expenses are close to where they were expected to be.

FUNDS AT THE COUNTY

Table 3. District Fund Balances show a comparison of the budgeted and end of year (EOY). Also attached is the County Fund Balances for the fiscal year.

Table 3 has been changed a lot this year – we have tried to make the funds at the County balances (and titles) better correspond to the District Reserve Policy and the purposes for which the funds will be used. As noted above, in addition to the $675,800 budgeted to be transferred to CIRF and other funds, the District also transferred $238,367 to CIRF for FY 2012-13 CDR revenue and $147,466 to CIRF to conform to District policy levels in the Operations Fund. For another example, Fund 776708 is now called Cap One Bond and Citizens Bank Loan Debt and at the end of the year contains next year's payment for that debt. It was

formerly the Private Placement Loan fund and is not needed for that purpose now. We have also added two funds to the fund list in Table 3 – 776302 Capital and Debt Policy Reserve and 776708 Cap One Bonds and Citizens Bank Loan Debt. They had always been in the County Balances table (same fund numbers but with different titles).

The End of Year Total Funds available is substantially higher than budgeted mostly because of the decision to include the funds in the State Loans and Federal Loans funds in District total reserves.

Sweetwater Springs Water District
FY 2013-14 Operating Budget Variances as of June 30, 2014 (100%)

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

	FY 2013-14 Actual	2013-14 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						
4031.10· Base Rate	1,351,512	1,332,100	19,412	101.46%		
4031.11· Current Charges	589,167	675,100	-85,934	87.27%		
4031.12· Capital Debt Reduction Charge	246,360	245,800	560	100.23%		
4031.1 · Other Water Sales Revenue	35,966	0	35,966	100.0%		
Total 4031 · Water Sales	2,223,005	2,253,000	-29,995	98.67%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,223,005	2,253,000	-29,995	98.67%		
NON-OPERATING REVENUE						
1700 · Interest	6,684	7,500	-816	89.12%	Reflects interest earnings thru 4Q	*
3600 · Construction New Services	4,601	5,000	-399	92.02%		
3601 · Construction - Service Upgrades	100	2,000	-1,900	5.0%		
4032 · Rent	90,204	75,400	14,804	119.63%	In the 1Q, Crystal Communications paid past amounts owed in addition to current rent.	
4227 · SCWA reimbursement	2,433	2,500	-67	97.31%		
4040 · Miscellaneous Income	3,463	1,000	2,463	346.26%	In the 1Q, surplus bond refinancing funds totalling $2057.91 were placed here.	
Total NON-OPERATING REVENUE	107,484	93,400	14,084	115.08%		
Total Income	2,330,489	2,346,400	-15,911	99.32%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	669,619	693,626	-24,007	96.54%	-	
5912 · Overtime	27,604	30,772	-3,168	89.7%		
5916 · On-Call Pay	29,754	33,090	-3,336	89.92%		
5918 · Extra help - Contract	36,837	37,100	-263	99.29%		
Total Salary	763,813	794,588	-30,775	96.13%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-1,769		-1,769	100.0%		
5920 · Retirement	120,003	115,563	4,440	103.84%		
5922 · Payroll Taxes - Employer Paid	13,751	14,021	-270	98.07%		
5930 · Health/Dental/Vision/AFLAC Ins.	144,469	143,762	707	100.49%	In the 1Q, expenses reflect payment thru October.	
5931 · Retiree Health	17,308	17,324	-16	99.91%	In the 4Q $14,500 was was paid to CERBT	*
5940 · Workers Comp Insurance	21,146	25,746	-4,600	82.13%	In the 1Q, expenses include pymt for FY 2012-13 Audit; in the 2Q, worker's comp was paid for the remainder of the year.	
Total Benefits	314,908	316,416	-1,508	99.52%		
Total SALARY & BENEFITS	1,078,721	1,111,004	-32,283	97.09%		
SERVICES & SUPPLIES						
Communications						

Sweetwater Springs Water District
FY 2013-14 Operating Budget Variances as of June 30, 2014 (100%)

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

	FY 2013-14 Actual	2013-14 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6040-I · Internet service	1,783	1,800	-17	99.05%		
6040-C · Cell Phones	2,991	2,900	91	103.14%		
6040-P · Pagers & Radios	389	850	-461	45.77%		
6040-T · Telephones	18,768	16,500	2,268	113.75%		
Total Communications	23,931	22,050	1,881	108.53%		
Insurances						
6101 · Gen. Liability	25,412	21,000	4,412	121.01%	(Paid for the year)	
6102 · Auto/Equipment	5,170	14,000	-8,830	36.93%		
Total Insurances	30,582	35,000	-4,418	87.38%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	10,835	16,000	-5,165	67.72%		
6151 · Office Maintenance	5,507	4,600	907	119.71%	In the 2Q, the answering service was paid for the year. Also, the annual phone maintenance contract was paid ($1450) with a fee that almost doubled compared to past years.	
Total Maint/Rep - Office & Vehicles	16,341	20,600	-4,259	79.33%		
Maint/Repair - Facilities						
6085 · Janitorial Services	7,233	7,850	-617	92.14%		
6100 · SCADA system	898	5,000	-4,102	17.96%		
6180 · Distribution System Repairs	39,854	52,000	-12,146	76.64%		
6235 · Treatment Sys/Well Repairs	40,726	45,000	-4,274	90.5%	Well 4. The budgeted well rehab for FY 2013-14 was pushed to FY 2014-15.	*
6143 · Generator Maintenance	3,238	3,200	38	101.2%	In the 2Q, $2378 in unbudgeted maintenance was paid for repair of the office generator, all to be reimbursed by Ferrellgas. (Reimbursed in the 3Q.)	
Total Maint/Repair - Facilities	91,950	113,050	-21,100	81.34%		
Miscellaneous Expenses						
6280 · Memberships	9,128	9,020	108	101.19%		
6303 · Claims	7,586	1,500	6,086	505.73%	In the 2Q, $7586 claim paid on behalf of MiCasita complex to repave parking lot after the Mill Street Emergency leak.	
6593 · Governmental Fees	24,762	20,650	4,112	119.91%	1Q expense includes water system fees, paid twice yearly but higher than budgeted this year, and annual LAFCO costs.	
Total Miscellaneous Expenses	41,476	31,170	10,306	133.06%		
Office Expense						
6410 · Postage	14,300	16,000	-1,700	89.37%		
6430 · Printing Expense	4,541	8,450	-3,909	53.74%	Some printing projects are now being done in-house. The savings in this line item will be partially offset by higher copier maintenance fees (line item 6151).	*
6461 · Office Supplies	3,985	4,000	-15	99.63%	-	
6800 · Subscriptions/Legal Notices	799	700	99	114.21%		
6890 · Computers/Software	4,722	2,800	1,922	168.66%	In the 2Q, $599.80 in unbudgeted expense to renew District's domain name for the next 20 years. Also $564.44 for unbudgeted purchase of backup batteries for the computer and phone server due to electrical outage that blew the existing batteries.	
6579 · Furniture	256	500	-244	51.19%		
Total Office Expense	28,604	32,450	-3,846	88.15%		

Sweetwater Springs Water District
FY 2013-14 Operating Budget Variances as of June 30, 2014 (100%)

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

	FY 2013-14 Actual	2013-14 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Operating Supplies						
6300 · Chemicals	15,090	17,000	-1,910	88.77%	In the 1Q, some chemicals were purchased for the year.	
6880 · Tools and Equipment	3,751	6,000	-2,249	62.52%		
6881 · Safety Equipment	610	1,500	-890	40.67%		
Total Operating Supplies	19,451	24,500	-5,049	79.39%		
Professional Services						
6083 · Laundry Service	3,307	3,400	-93	97.26%		
6514 · Lab/Testing Fees	14,472	13,000	1,472	111.32%		
6570 · Consultant Fees	2,245	3,300	-1,055	68.03%	1Q expense includes annual fee for labor negotiator	
6610 · Legal	13,804	28,000	-14,196	49.3%	-	
6630 · Audit/Accounting	30,294	30,000	294	100.98%	-	
Total Professional Services	64,121	77,700	-13,579	82.52%		
Rents & Leases						
6820 · Equipment	1,653	3,300	-1,647	50.09%		
6840 · Building & Warehouse	27,000	27,000	0	100.0%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	28,653	30,300	-1,647	94.56%		
Transportation & Travel						
7120 · Seminars & related travel	1,282	4,150	-2,868	30.9%		
7201 · Vehicle Gas	24,323	26,500	-2,177	91.78%		
7300 · Travel Reimbursements	5,805	6,400	-595	90.7%		
Total Transportation & Travel	31,410	37,050	-5,640	84.78%		
Uniforms						
6021.1 · Boots	791	1,500	-709	52.76%		
6021.3 · T-shirts	1,302	1,200	102	108.46%	1Q expense includes T-shirts, purchased once yearly	
6021.4 · Jackets	0	360	-360	0.0%		
Total Uniforms	2,093	3,060	-967	68.4%		
Utilities						
7320 · Electricity	96,760	90,000	6,760	107.51%	-	
7321 · Propane	3,399	4,000	-601	84.97%		
Total Utilities	100,158	94,000	6,158	106.55%		
Total SERVICES & SUPPLIES	478,771	520,930	-42,159	91.91%		
Total OPERATING EXPENSES	1,557,492	1,631,934	-74,442	95.44%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	13,766	21,000	-7,234	65.55%	In the 1Q, $4,289 was paid for unbudgeted roof at MRTP. (None of the projects budgeted for this line item were done in FY 2013-14.)	*
8511.2 - Leasehold Improvements	1,714	0	1,714	100.0%	In the 1Q, $1714 was paid for unbudgeted parking lot lighting.	
8517 · Field/office equipment	1,267	1,000	267	126.74%		
8573 · Vehicles	0	0	0	0.0%		

Sweetwater Springs Water District
FY 2013-14 Operating Budget Variances as of June 30, 2014 (100%)

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

	FY 2013-14 Actual	2013-14 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Total FIXED ASSET EXPENDITURES	16,747	22,000	-5,253	76.13%		
Total Expense	1,574,239	1,653,934	-79,695	95.18%		
Net Ordinary Income	756,250	692,466	63,784	109.21%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	484,725	245,800	238,925	197.2%	In the 1Q, $238,368 was transferred to CIRF for FY 2012-13. In the 4Q $246,360.45 was transferred for FY 2013-14.	*
8620.3 · Tfers to CIRF	537,466	390,000	147,466	137.81%	In the 1Q, $147,466 was transferred to conform to FYE 2013 policy reserve levels.	
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	1,062,191	675,800	386,391	157.18%	Transfers to other funds exceeded budgeted amounts because of the FY 2012-13 transfer for CDR ($238,368) and because of a transfer to CIRF to conform the Operations fund to policy levels.	*

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 2013-14 Capital Program Budget Variances as of June 30, 2014 (100%)

	FY 13-14 ACTUAL (4Q)	FY 13-14 BUDGET	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	5,027	27,000	-21,973	18.6%	
Annual Assessment (County)	716,021	710,000	6,021	100.8%	
Prior Year Assessment	35,560	40,000	-4,440	88.9%	
Capital Debt Reduction Charge	484,728	245,800	238,928	197.2%	
Interest	16,287	25,000	-8,713	65.1%	
Transfers to CIRF from Operations	537,466	390,000	147,466	137.8%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
Funds from Reserves	314,148	1,525,000	-1,210,852	20.6%	Cost of CIP above revenue (could be deficit in Surplus/Deficit below). Difference from Actual is CIP 2015; affected by FY13 Fund transfers
TOTAL CAPITAL REVENUE	2,134,237	2,987,800	-853,563	71.4%	
EXPENSES					
Gen. Obligation Bonds Payments	71,120	687,000	-615,880	10.4%	reduced substantially because of refinancing
Cap One Revenue Bond	583,947	0	583,947	NA	Refinancing amount
Total Bond Payments	655,067	687,000	-31,933	95.4%	Sum of two prior rows and shows the impact of the refinancing
State Loan Payments	170,172	170,300	-128	99.9%	both payments made
Private Placement Loan	234,013	234,014	-1	100.0%	both payments made
Total Debt Payments	1,059,252	1,091,314	-32,062	97.1%	Sum of all debt payments
2014 CIP	964,121	974,000	-9,879	99.0%	Design: $138,036; Constr $835.964
2014 Mill Street Emergency	52,614	0	52,614		
2015 CIP	39,923	878,149	-838,226	4.5%	Awarded Construction Contract is $934,197; CM is approximately $130,000
In-House Construction Projects	18,328	25,000	-6,672	73.3%	
TOTAL CAPITAL EXPENSES	2,134,238	2,968,463	-834,225	71.9%	
SURPLUS/DEFICIT	0	19,337	-19,337	0.0%	
Net Capital Funding	444,893	363,153	81,739	122.5%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments (FY14 only)**

Table 3. DISTRICT FUND BALANCES (EOY FY 2014)	FY 13-14 Actual EOY	13-14 Budget	Difference Actual-FY14	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES				
District Policy Reserves				
Operating Budget Cash Reserve	244,790	200,000	44,790.10	corresponds to Operations (776013)
Operating Reserve (25% of Operating Exp)	407,984	407,984	-	corresponds to Operating Reserve (776039)
Debt Repayment Reserve (25% of Debt pmt)	272,829	272,829	-	Included in Capital and Debt Policy Reserve (776302)
Capital Reserve	250,000	250,000	-	Included in Capital and Debt Policy Reserve (776302)
Total District Policy	1,175,603	1,130,813	44,790	
TOTAL Reserves EOY	3,683,403	2,565,728	1,117,675	
Reserves Above (below) Policy	2,507,800	1,434,915	1,072,885	Difference between Total and Policy Reserves
DISTRICT FUNDS				
CIRF (776401)	1,132,004	1,694,137	-562,133	
OPERATIONS (776013)	323,402	200,000	123,402	
OPERATING RESERVE (776039)	407,983	407,984	-1	
CAPITAL AND DEBT POLICY RESERVE (776302)	511,306	NA		not included in FY14 Budget
IN HOUSE CONSTRUCTION (776211)	116,779	102,757	14,022	
BUILDING (776021)	150,850	160,850	-10,000	
CAP ONE BOND AND CITIZENS BANK LOAN (776708)	795,000	NA		not included in FY14 Budget
FEDERAL LOANS AND BONDS (776203)	72,570	na		not included in FY14 Budget
STATE LOANS (776500&776609)	173,510	na		not included in FY14 Budget
STATE LOANS RESERVES (776518&776617)	171,370			Restricted to last payment for State Loans; not included in Total Reserves
Total Funds Available	3,683,403	2,565,728	1,117,675	

County Balances FY 2013-14

(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")

	$630,624.13	$630,624.13	$135,850.00	$396,970.00	$689,303.42	$113,106.20	$0.00	$2,232,622.92	$ 24,957.13	$24,750.00	$148,554.92	$146,619.86	$0.00	$4,543,358.58
NAME	**CERBT**	**Operations + 15% Cash Policy Reserve**	**Bldg Fund**	**Operating Policy Reserve (25%)**	**Federal Loan (GO Bonds)**	**In-house Construction**	**Capital and Debt Policy Reserve**	**Capital Improvements**	**State Loan #58330**	**State Loan #58830 Final Pymt**	**State Loan 58340**	**State Loan 58340 Final Pymt**	**Cap One Bonds and Citizens Bank Loan Debt**	
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	$0.00	$630,624.13	$135,850.00	$396,970.00	$689,303.42	$110,106.66	$0.00	$2,028,590.20	$24,957.13	$24,750.00	$148,554.92	$146,619.86	$0.00	$4,336,326.32
FP2-Aug	$0.00	$332,358.13	$135,850.00	$264,526.00	$689,303.42	$107,091.69	$0.00	$2,129,848.47	$24,957.13	$24,750.00	$148,554.92	$146,619.86	$0.00	$4,003,859.62
FP3-Sept	$0.00	$402,790.13	$135,850.00	$264,526.00	$654,431.25	$103,980.35	$0.00	$2,024,329.80	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,845,703.46
FP4-Oct	$0.00	$484,629.07	$135,850.00	$264,526.00	$36,217.50	$103,980.35	$0.00	$2,463,401.26	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,748,400.11
FP5-Nov	$0.00	$574,629.07	$135,850.00	$264,526.00	$36,217.50	$100,755.32	$0.00	$2,355,674.18	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,727,448.00
FP6-Dec	$0.00	$634,629.07	$135,850.00	$264,526.00	$36,217.50	$100,337.47	$0.00	$2,564,523.60	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,995,879.57
FP7-Jan	$0.00	$681,245.37	$135,850.00	$264,526.00	$36,217.50	$100,173.75	$0.00	$2,424,833.57	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,902,642.12
FP8-Feb	$0.00	$746,245.37	$135,850.00	$264,526.00	$72,570.00	$94,872.58	$0.00	$2,107,620.29	$13,180.16	$24,750.00	$75,245.91	$146,619.86	$0.00	$3,681,480.17
FP9-Mar	$0.00	$818,245.37	$135,850.00	$264,526.00	$72,570.00	$94,872.58	$0.00	$2,107,620.29	$1,403.19	$24,750.00	$1,936.90	$146,619.86	$0.00	$3,668,394.19
FP10-Apr	$14,500.00	$438,297.75	$150,850.00	$407,983.00	$72,570.00	$119,301.03	$510,797.00	$1,827,543.61	$24,953.19	$24,750.00	$148,556.90	$146,619.86	$0.00	$3,872,222.34
FP11-May	$0.00	$468,297.75	$150,850.00	$407,983.00	$72,570.00	$117,298.66	$510,797.00	$1,011,012.61	$24,953.19	$24,750.00	$148,556.90	$146,619.86	$795,000.00	$3,878,688.97
FP12-Jun	$15,296.65	$568,297.75	$150,850.00	$407,983.00	$72,570.00	$116,778.72	$510,797.00	$871,510.01	$24,953.19	$24,750.00	$148,556.90	$146,619.86	$795,000.00	$3,838,666.43
FP 13 (FINAL)	$15,296.65	$323,402.68	$150,850.00	$407,983.00	$72,570.00	$116,778.72	$511,305.56	$1,132,004.01	$ 24,953.19	$24,750.00	$148,556.90	$146,619.86	$795,000.00	$3,854,773.92