SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: November 2, 2017

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU SEPTEMBER 30, 2017 (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 at 1.1% ahead of the 25% schedule. 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. In terms of the units of water sold this year's sales are 6.3% higher than last year and have rebounded 14% from the record low first quarter sales of FY 2015-16.

Overall revenues are right on track.

1Q Expenditures are higher than 25% of budgeted amount.

1Q expenditures are 1.3% higher than budgeted. This is expected, as certain District bills -- such as insurance -- are paid in full at the beginning of the fiscal year.

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 (Table 2) is typical for the 1st Quarter - most revenues won't come in until later in the year and 2017 and 2018 CIP expenses are paid when billed and not on any regular schedule.

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction won't be happening until later in the fiscal year.

Major 1st Quarter expenses are for initial payments for GO Bonds, the Capital One Bank Bond, the USDA GO bond, State Loans, and the Private Placement Loan.

The 2017 CIP Phase 1 construction costs were budgeted and appropriated in FY17 but all of its construction expenses occur in this fiscal year and are funded with carryover funds; the first quarter shows the expenses that were billed then.

FUNDS AT THE COUNTY

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

Table 3 is typical for the 1st quarter of the fiscal year for the most part - there are many expenses incurred or paid but many revenues not received. What is not typical is that the funds identified for Policy Reserves are not in balance - the District has funds to meet Policy Reserves but we have moved funds into CIRF to pay expected Phase 1 construction costs. This will be brought back into balance when the USDA Bonds are completed.

Relatively soon we will be sending a $200,000 check to PARS. We intend for most of that check to come out of the Building Fund (0200). Our use of PARS as a location for part of our Policy Reserves changing how Table 3 looks (adding PARS and including it into the Policy Reserves section at a minimum).

Sweetwater Springs Water District
FY 2017-18 Operating Budget Variances as of September 30, 2017 (25%)

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

	FY 2017-18 Actual	2017-18 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	364,860	1,528,520	-1,163,660	23.87%		
4031.11· Current Charges	188,031	575,358	-387,327	32.68%		
4031.12· Capital Debt Reduction Charge	68,429	278,615	-210,186	24.56%		
4031.1 · Other Water Sales Revenue	0	0	0	0.0%		
Total 4031 · Water Sales	621,320	2,382,493	-1,761,173	26.08%	This is a cash water sales figure.	*
Total OPERATING REVENUE	621,320	2,382,493	-1,761,173	26.08%		
NON-OPERATING REVENUE						
1700 · Interest	1,847	8,000	-6,153	23.09%	-	
3600 · Construction New Services	100	7,000	-6,900	1.43%		
3601 · Construction - Service Upgrades	3,437	2,000	1,437	171.86%		
4032 · Rent	30,315	98,600	-68,285	30.75%		
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	246	1,500	-1,254	16.4%		
Total NON-OPERATING REVENUE	35,945	119,600	-83,655	30.06%		
Total Income	657,265	2,502,093	-1,844,828	26.27%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	183,529	801,720	-618,191	22.89%	-	
5912 · Overtime	8,253	33,200	-24,947	24.86%		
5916 · On-Call Pay	8,050	33,100	-25,050	24.32%		
5918 · Extra help - Contract	9,386	37,100	-27,714	25.3%		
Total Salary	209,217	905,120	-695,903	23.12%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-1,089	0	-1,089	100.0%		
5920 · Retirement net employee share	15,051	65,100	-50,049	23.12%	-	
5920.4 · Retirement - UL	9,030	90,000	-80,970	10.03%		
5922 · Payroll Taxes - Employer Paid	2,735	15,300	-12,565	17.87%		
5930 · Health/Dental/Vision/AFLAC Ins.	47,237	170,100	-122,863	27.77%		
5931 · Retiree Health	4,152	7,680	-3,528	54.06%	In the 1Q, annual contribution to CERBT ($3,000) made.	*
5940 · Workers Comp Insurance	47,224	47,000	224	100.48%	In the 1Q, workers' compensation insurance was paid for the year.	*
Total Benefits	124,339	395,180	-270,841	31.46%		
Total SALARY & BENEFITS	333,556	1,300,300	-966,744	25.65%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	486	2,350	-1,864	20.67%		
6040-C · Cell Phones	1,145	4,050	-2,905	28.26%		
6040-P · Pagers & Radios	182	620	-438	29.38%		
6040-T · Telephones	5,366	17,000	-11,634	31.57%	-	
Total Communications	7,179	24,020	-16,841	29.89%		
Insurances						
6101 · Gen. Liability	36,181	33,000	3,181	109.64%	(In the 1Q, paid for the year. Underbudgeted this year.)	*

Sweetwater Springs Water District
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	FY 2017-18 Actual	2017-18 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
Total Insurances	36,181	33,000	3,181	109.64%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	2,627	12,500	-9,873	21.01%	-	
6151 · Office Maintenance	125	6,400	-6,275	1.96%		
Total Maint/Rep - Office & Vehicles	2,752	18,900	-16,148	14.56%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,899	8,800	-6,901	21.58%		
6100 · SCADA system	3,201	5,000	-1,799	64.01%		
6180 · Distribution System Repairs	12,203	50,000	-37,797	24.41%	-	
6235 · Treatment Sys/Well Repairs	5,428	45,000	-39,572	12.06%	-	
6143 · Generator Maintenance	479	3,200	-2,721	14.98%		
Total Maint/Repair - Facilities	23,210	112,000	-88,790	20.72%		
Miscellaneous Expenses						
6280 · Memberships	726	10,800	-10,074	6.72%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	6,004	19,000	-12,996	31.6%	-	
Total Miscellaneous Expenses	6,729	31,300	-24,571	21.5%		
Office Expense						
6410 · Postage	3,289	16,000	-12,711	20.56%		
6430 · Printing Expense	5,152	7,500	-2,348	68.69%	In the 1Q, most printed supplies were purchased for the year.	*
6461 · Office Supplies	829	4,100	-3,271	20.21%	-	
6800 · Subscriptions/Legal Notices	377	1,100	-723	34.25%		
6890 · Computers/Software	511	3,000	-2,489	17.02%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	10,156	32,200	-22,044	31.54%		
Operating Supplies						
6300 · Chemicals	1,131	18,500	-17,369	6.11%	-	
6880 · Tools and Equipment	794	5,000	-4,206	15.88%		
6881 · Safety Equipment	561	1,200	-639	46.78%		
Total Operating Supplies	2,486	24,700	-22,214	10.07%		
Professional Services						
6083 · Laundry Service	607	3,000	-2,393	20.25%		
6514 · Lab/Testing Fees	3,409	14,000	-10,591	24.35%		
6570 · Consultant Fees	585	18,000	-17,415	3.25%	-	
6610 · Legal	235	20,000	-19,765	1.18%	-	
6630 · Audit/Accounting	8,500	35,500	-27,000	23.95%	-	
Total Professional Services	13,337	90,500	-77,163	14.74%		
Rents & Leases						
6820 · Equipment	313	3,300	-2,987	9.49%		
6840 · Building & Warehouse	9,812	29,790	-19,978	32.94%	1Q Bldg. rent paid thru October.	*
Total Rents & Leases	10,125	33,090	-22,965	30.6%		
Transportation & Travel						
7120 · Seminars & related travel	0	2,650	-2,650	0.0%		
7201 · Vehicle Gas	4,323	23,000	-18,677	18.8%		
7300 · Travel Reimbursements	1,323	6,400	-5,077	20.67%		
Total Transportation & Travel	5,646	32,050	-26,404	17.62%		
Uniforms						
6021.1 · Boots	440	1,500	-1,060	29.33%		

Sweetwater Springs Water District
FY 2017-18 Operating Budget Variances as of September 30, 2017 (25%)

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

	FY 2017-18 Actual	2017-18 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6021.3 · T-shirts	1,694	1,500	194	112.91%	In the 1Q, t-shirts were purchased for the year.	*
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	2,134	3,240	-1,106	65.85%		
Utilities						
7320 · Electricity	32,980	95,000	-62,020	34.72%	-	
7321 · Propane	20	3,000	-2,980	0.67%		
Total Utilities	33,000	98,000	-65,000	33.67%		
Total SERVICES & SUPPLIES	152,935	533,000	-380,065	28.69%		
Total OPERATING EXPENSES	486,492	1,833,300	-1,346,808	26.54%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	33	22,000	-21,967	0.15%		
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	0	0	0	0.0%	-	
Total FIXED ASSET EXPENDITURES	33	22,000	-21,967	0.15%		
Total Expense	486,525	1,855,300	-1,368,775	26.22%		
Net Ordinary Income	170,740	646,793	-476,053	26.4%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	278,615	-278,615	0.0%		
8620.3 · Tfers to CIRF	0	320,000	-320,000	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	638,615	-588,223	7.89%	-	

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 September 30, 2016 (25%)

	FY 17-18 ACTUAL (1Q)	FY 2017-18	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	2,376	27,000	-24,624	8.8%	
Annual Assessment (County)	0	710,000	-710,000	0.0%	
Prior Year Assessment	0	40,000	-40,000	0.0%	
Capital Debt Reduction Charge	0	278,615	-278,615	0.0%	
Interest	4,468	8,000	-3,532	55.9%	
Transfers to CIRF from Operations for prior year surplus	0	0	0	0.0%	
Transfers to CIRF from Operations	0	320,000	-320,000	0.0%	
Transfers to In-House Constr. from Operations	0	25,000	-25,000	0.0%	
USDA Bond Proceeds	0	1,463,000	-1,463,000	0.0%	
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	6,844	2,871,615	-2,864,771	0.2%	
EXPENSES					
Gen. Obligation Bonds Payments	64,284	64,284	0	100.0%	
Cap One Revenue Bond	451,160	566,508	-115,348	79.6%	
Total Bond Payments	515,444	630,792	-115,348	81.7%	
State Loan Payments	73,309	146,438	-73,129	50.1%	
Private Placement Loan	117,007	234,014	-117,007	50.0%	
Total Debt Payments	705,760	1,011,244	-305,484	69.8%	Sum of all debt payments
2017 CIP	406,463		406,463	na	Carryover expenses from FY17 Phase 1 (total $732,000)
2018 CIP		1,463,000	-1,463,000	0.0%	Design Expenses, budget plan under review
In-House Construction Projects	199	25,000	-24,801	0.8%	
TOTAL CAPITAL EXPENSES	1,112,421	2,499,244	-1,386,823	44.5%	
TOTAL CAPITAL EXPENSES WO Projected 2017 CIP Construction Exp	**1,112,421**	**1,036,244**	**76,177**		
SURPLUS/DEFICIT	-1,105,577	372,371	-1,477,948	-296.9%	
Net Capital Funding	-167,181	348,077	-515,258	-48.0%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

Table 3. FUND AND LOAN BALANCES (1Q)	FY 17-18 Actual 1Q	17-18 Budget	Difference Actual-FY18	Comments
DISTRICT RESERVES AND FUND BALANCES (1Q)				
District Policy Reserves				
Operating Budget Cash Reserve	255,161	274,995	(19,833.93)	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	86,956	458,325	(371,369.00)	corresponds to Operating Reserve 0300), Low
Debt Repayment Reserve (25% of Debt pmt)	52,315	252,811	(200,496.00)	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	644,432	1,236,131	(591,699)	
TOTAL Reserves	1,591,157	2,594,683	(1,003,526)	
Reserves Above (below) Policy (actual)	926,891	1,415,968	-489,077	Difference between Total and Policy Reserves
Reserves Above (below) Policy (budgeted)	355,026	1,415,968	-1,060,942	
DISTRICT FUNDS				
CIRF (7106-0600)	$371,767.49	(334,700)	706,467	
OPERATIONS (0100)	$255,161.07	458,325	-203,164	
OPERATING RESERVE (0300)	$86,956.00	274,995	-188,039	
CAPITAL AND DEBT POLICY RESERVE (1100)	302,315	502,811	-200,496	
IN HOUSE CONSTRUCTION (0500)	$72,485.12	104,315	-31,830	
BUILDING (0200)	$195,850.00	213,850	-18,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	$233,190.69	802,112	-568,921	Made first of two payments
FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	
STATE LOANS (0700, 0900)	$73,431.71	146,438	-73,006	Made first of two payments
STATE LOANS RESERVES (0800,1000)	-	146,739	-146,739	Including this in other reserves.
Total Funds Available	1,591,157	2,232,430	-641,273	

County Balances FY 2017-18 and Reserves Above Policy

(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")

	$31,495.21	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,683.88	$572,035.18	$146,740.72	$510,829.00	$801,357.29	$2,641,613.14	
NAME	CERBT	Operations + 15% Cash Policy Reserve	Bldg Fund	Operating Policy Reserve (25% less Bldg Fund)***	Federal Loan (GO Bonds)	In-house Construction	Capital Improvements *(incl. $350,000 "loan" from Oper Res.)*	State Loan 58340	Capital and Debt Policy Reserve ****	Cap One Bonds and Citizens Bank Loan Debt	Policy Reserve: (calc. FYE 2017)	$1,235,635
Fund		76751	76752	76753	76754	76755	76756	76759	76761	76762		
Dep't		7106 0100	7106 0200	7106 0300	7106 0400	7106 0500	7106 0600	7106 0900	7106 1100	7106 1200		Reserves Above Policy
FP1-Jul	$31,495.21	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,683.88	$567,080.17	$146,740.72	$510,829.00	$684,350.69	$2,519,651.53	$1,284,016.53
FP2-Aug	$31,495.21	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,485.12	$392,439.15	$146,740.72	$502,315.00	$233,190.69	$1,885,137.75	$649,502.75
FP3-Sept	$32,680.36	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,485.12	$371,767.49	$73,431.71	$302,315.00	$233,190.69	$1,591,157.08	$355,522.08
FP4-Oct												
FP5-Nov												
FP6-Dec												
FP7-Jan												
FP8-Feb												
FP9-Mar												
FP10-Apr												
FP11-May												
FP12-Jun												
FP 13 (FINAL)												

** $350,000 loaned from Operating Policy Reserve (0300) to Capital Improvements (0600) in December 2016. (In FY 2017-18 reduced to $175,519***).
** Available Funds: 76757 (Formerly State Loan #58330); 76758 and 76759 (State Loan reserve funds) (These columns are hidden)
*** Starting FY 2017-18, Bldg Fund considered part of Reserves
**** $200,000 loaned from Cap Policy Reserve (1100) to Capital Improvements (0600) in Sept 2017.