SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 4, 2016

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, remains slightly ahead of the 50% mark at 50.93%. As we head into slower winter season sales, however, this may change. In terms of the units of water sold this year's sales remain at record lows, lagging behind last year's second quarter water sales by about 21%.

Overall revenue is at 51.52% of budgeted, thanks to several thousand dollars of unanticipated revenue that came in and was discussed last quarter.

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

2Q expenditures are 0.79% higher than budgeted. This is expected, as certain District bills are paid in full at the beginning of the fiscal year, such as insurance. We also purchased a new District truck this year.

Of note in the 2nd quarter...

Distribution System Repairs (6180) expenses are just $1,345 this fiscal year to date. A total of $35,000 was budgeted for this line item but less is being spent this year on routine system repairs in favor of larger staff projects funded by the In-House Construction account. This is a good trend, and one that will likely be reflected in next year's budget.

Retirement (5120) expenses are $17,860 less than budgeted and Wages (5910) are $38,999 more than budgeted. These two budget "miscues" are due to changes in the labor contract concluded after the budget was finalized that resulted in employees taking on 7% of their retirement costs in exchange for higher wages in the initial year of the union contract. In addition, there was one extra payroll period in the first half 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 2nd Quarter Capital Budget (Table 2) is typical for midyear - most revenues won't come in until later in the year and 2016 CIP expenses were paid when billed and not on any regular schedule - most of the expenses of this project have been paid.

Full revenue from the annual assessment, Capital Debt Reduction Charge (CDRC), and transfers to CIRF and in-house construction won't be happening until later in the fiscal year. Zero amounts in these transfers makes the funds from reserve balance much higher than budgeted. That will be changed at the end of 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 midyear - there are many expenses incurred or paid but many revenues not received and transfers yet to come.

MID YEAR ADJUSTMENT

At mid year we look at the budget progress and determine if there are formal adjustments needed. While there are some changes - wages vs retirement because of the Union MOU and 6180 vs in house construction - we believe those are worthy of continuing to watch but a formal mid year adjustment is not needed.

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of December 31, 2015 (50%)

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

	FY 2015-16 Actual	2015-16 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	721,725	1,434,921	-713,196	50.3%		
4031.11· Current Charges	305,243	587,100	-281,857	51.99%		
4031.12· Capital Debt Reduction Charge	130,995	261,565	-130,570	50.08%		
4031.1 · Other Water Sales Revenue	5,138	0	5,138	100.0%		
Total 4031 · Water Sales	1,163,101	2,283,586	-1,120,485	50.93%	This is a cash water sales figure.	*
Total OPERATING REVENUE	1,163,101	2,283,586	-1,120,485	50.93%		
NON-OPERATING REVENUE						
1700 · Interest	1,743	7,500	-5,757	23.25%	-	
3600 · Construction New Services	6,312	7,000	-688	90.18%		
3601 · Construction - Service Upgrades	0	2,000	-2,000	0.0%		
4032 · Rent	56,353	90,482	-34,129	62.28%	In the 1Q, Crystal Communications made extra payments of $12,210 on prior year arrears.	
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	6,275	1,500	4,775	418.3%	In the 1Q, a District customer paid off a large ($5,406) water account that had been sent to Collections.	
Total NON-OPERATING REVENUE	70,684	110,982	-40,298	63.69%		
Total Income	1,233,784	2,394,568	-1,160,784	51.52%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	406,265	734,732	-328,467	55.29%	-	
5912 · Overtime	17,126	31,479	-14,353	54.41%		
5916 · On-Call Pay	17,558	34,083	-16,525	51.52%		
5918 · Extra help - Contract	18,442	36,919	-18,477	49.95%		
Total Salary	459,391	837,213	-377,822	54.87%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-1,510		-1,510	100.0%		
5920 · Retirement net employee share	44,296	124,311	-80,015	35.63%		
5922 · Payroll Taxes - Employer Paid	6,344	14,438	-8,094	43.94%		
5930 · Health/Dental/Vision/AFLAC Ins.	69,333	145,668	-76,335	47.6%		
5931 · Retiree Health	2,196	7,000	-4,804	31.37%	-	
5940 · Workers Comp Insurance	31,838	36,000	-4,162	88.44%	In the 1Q, workers' compensation insurance was paid for the year.	
Total Benefits	152,498	327,417	-174,919	46.58%		
Total SALARY & BENEFITS	611,889	1,164,630	-552,741	52.54%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	779	1,800	-1,021	43.27%		
6040-C · Cell Phones	2,341	4,300	-1,959	54.44%		
6040-P · Pagers & Radios	257	600	-343	42.91%		
6040-T · Telephones	8,567	19,950	-11,383	42.94%		
Total Communications	11,944	26,650	-14,706	44.82%		
Insurances						
6101 · Gen. Liability	31,468	27,000	4,468	116.55%	(In the 1Q, paid for the year)	

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of December 31, 2015 (50%)

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	FY 2015-16 Actual	2015-16 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6102 · Auto/Equipment	0	5,200	-5,200	0.0%		
Total Insurances	31,468	32,200	-732	97.73%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	9,052	16,000	-6,948	56.57%	-	
6151 · Office Maintenance	2,556	5,700	-3,144	44.85%		
Total Maint/Rep - Office & Vehicles	11,608	21,700	-10,092	53.49%		
Maint/Repair - Facilities						
6085 · Janitorial Services	4,570	8,140	-3,570	56.15%		
6100 · SCADA system	48	5,000	-4,952	0.95%		
6180 · Distribution System Repairs	1,345	35,000	-33,655	3.84%	Similar to In-House Construction which is over budget	*
6235 · Treatment Sys/Well Repairs	3,214	60,000	-56,786	5.36%	-	
6143 · Generator Maintenance	1,799	3,500	-1,701	51.4%		
Total Maint/Repair - Facilities	10,975	111,640	-100,665	9.83%		
Miscellaneous Expenses						
6280 · Memberships	6,385	9,700	-3,315	65.82%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	10,661	20,500	-9,839	52.01%	-	
Total Miscellaneous Expenses	17,046	31,700	-14,654	53.77%		
Office Expense						
6410 · Postage	8,336	16,000	-7,664	52.1%		
6430 · Printing Expense	3,706	7,500	-3,794	49.42%	-	
6461 · Office Supplies	2,835	4,000	-1,165	70.87%	-	
6800 · Subscriptions/Legal Notices	661	1,100	-439	60.12%		
6890 · Computers/Software	240	3,000	-2,760	8.02%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	15,779	32,100	-16,321	49.16%		
Operating Supplies						
6300 · Chemicals	8,701	18,000	-9,299	48.34%	-	
6880 · Tools and Equipment	1,788	5,500	-3,712	32.5%		
6881 · Safety Equipment	67	1,000	-933	6.67%		
Total Operating Supplies	10,555	24,500	-13,945	43.08%		
Professional Services						
6083 · Laundry Service	1,050	3,400	-2,350	30.89%		
6514 · Lab/Testing Fees	5,105	15,000	-9,895	34.03%		
6570 · Consultant Fees	5,775	13,000	-7,225	44.42%	-	
6610 · Legal	5,041	20,000	-14,959	25.21%	-	
6630 · Audit/Accounting	17,586	34,500	-16,914	50.97%	-	
Total Professional Services	34,556	85,900	-51,344	40.23%		
Rents & Leases						
6820 · Equipment	337	2,000	-1,663	16.83%		
6840 · Building & Warehouse	16,340	28,100	-11,760	58.15%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	16,677	30,100	-13,423	55.41%		
Transportation & Travel						
7120 · Seminars & related travel	433	2,650	-2,217	16.35%		
7201 · Vehicle Gas	10,295	25,000	-14,705	41.18%		
7300 · Travel Reimbursements	2,888	6,400	-3,512	45.13%		
Total Transportation & Travel	13,616	34,050	-20,434	39.99%		
Uniforms						

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of December 31, 2015 (50%)

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	FY 2015-16 Actual	2015-16 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6021.1 · Boots	364	1,500	-1,136	24.28%		
6021.3 · T-shirts	352	1,500	-1,148	23.45%	-	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	716	3,240	-2,524	22.1%		
Utilities						
7320 · Electricity	47,157	100,000	-52,843	47.16%	-	
7321 · Propane	467	2,000	-1,533	23.36%		
Total Utilities	47,624	102,000	-54,376	46.69%		
Total SERVICES & SUPPLIES	222,566	535,780	-313,214	41.54%		
Total OPERATING EXPENSES	834,455	1,700,410	-865,955	49.07%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	28,453	22,000	6,453	129.33%	1Q expenditures included $6303.75 for the Park Ave. tank foundation (budgeted) and replacement of a staircase on Canyon 6 ($7145.93, unbudgeted).	
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	1,086	0	1,086	100.0%		
8573 · Vehicles	36,266	50,000	-13,734	72.53%	This line item was overbudgeted.	
Total FIXED ASSET EXPENDITURES	65,805	72,000	-6,195	91.4%		
Total Expense	900,260	1,772,410	-872,150	50.79%		
Net Ordinary Income	333,524	622,158	-288,634	53.61%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	261,565	-261,565	0.0%		
8620.3 · Tfers to CIRF	0	320,000	-320,000	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	621,565	-621,565	0.0%	-	

Table 2. Sweetwater Springs Water District
FY 2015-16 Capital Program Budget Variances as of December 31, 2015 (50%)

	FY 15-16 ACTUAL (2Q)	FY 15-16 BUDGET	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	22,357	27,000	-4,643	82.8%	
Annual Assessment (County)	403,571	710,000	-306,429	56.8%	
Prior Year Assessment	11,486	40,000	-28,514	28.7%	
Capital Debt Reduction Charge	0	261,565	-261,565	0.0%	
Interest	2,769	25,000	-22,231	11.1%	
Transfers to CIRF from Operations	23,184	320,000	-296,816	7.2%	
Transfers to In-House Constr. from Operations	0	25,000	-25,000	0.0%	
Funds from Reserves	1,247,633	630,000	617,633	198.0%	Cost of CIP above revenue transferrred to Capital Budget (CDRC and Transfer to CIRF coming).
TOTAL CAPITAL REVENUE	1,711,001	2,038,565	-327,564	83.9%	
EXPENSES					
Gen. Obligation Bonds Payments	64,284	64,284	0		
Cap One Revenue Bond	442,554	566,508	-123,954	NA	
Total Bond Payments	506,838	630,792	-123,954	80.3%	
State Loan Payments	85,086	170,300	-85,214	50.0%	
Private Placement Loan	117,007	234,014	-117,007	50.0%	
Total Debt Payments	708,931	1,035,106	-326,175	68.5%	Sum of all debt payments
2016 CIP	975,189	935,000	40,189	104.3%	Contract awarded in May for $1,024,837
2017 CIP	1,648	895,400	-893,753	0.2%	
In-House Construction Projects	25,234	25,000	234	100.9%	
TOTAL CAPITAL EXPENSES	1,711,001	2,890,506	-1,179,505	59.2%	
TOTAL CAPITAL EXPENSES WO Projected 2016 CIP Construction Exp	**1,711,001**	**1,996,754**	**-285,752**		
SURPLUS/DEFICIT	0	-851,941	851,941	0.0%	
Net Capital Funding	262,987	348,077	-85,090	75.6%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments (FY15 only); need assessment payment from County**

Table 3. FUNDS AND LOAN BALANCES (2Q)	FY 15-16 Actual 1Q	15-16 Budget	Difference Actual-FY16	Comments
POLICY RESERVES				
Operating Budget Cash Reserve	255,061	255,061	-	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	425,102	425,102	-	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	1,188,939	1,188,939	-	
TOTAL Reserves	2,173,841	2,594,683	(420,842)	
Reserves Above (below) Policy	984,901	1,415,968	-431,067	Difference between Total and Policy Reserves
DISTRICT FUNDS				
CIRF (7106-0600)	$20,910	(85,318)	106,227	
OPERATIONS (0100)	$641,772	425,102	216,670	
OPERATING RESERVE (0300)	$425,102	255,061	170,041	
CAPITAL AND DEBT POLICY RESERVE (1100)	$510,829	508,777	2,053	
IN HOUSE CONSTRUCTION (0500)	$79,082	123,106	-44,024	
BUILDING (0200)	$165,850	180,850	-15,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	244,945	800,522	-555,577	1st payment made
FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	payment made this year
STATE LOANS (0700, 0900)	85,352	170,172	-84,820	1st payment made
STATE LOANS RESERVES (0800,1000)	171,370	171,370	0	Restricted to last payment for State Loans; not included in Total Reserves
Total Funds Available	2,173,841	2,442,556	-268,715	

Table 4. County Balances FY 2015-16

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	
		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")												
	$21,481.71	$303,535.31	$165,850.00	$399,812.00	$0.00	$106,333.28	$529,149.40	$ 23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$804,505.30	$3,161,822.28
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**	
FP1-Jul	$21,481.71	$303,535.31	$165,850.00	$399,812.00	$0.00	$104,315.49	$534,740.80	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$687,498.70	$3,048,389.29
FP2-Aug	$21,481.71	$303,535.31	$165,850.00	$399,812.00	$0.00	$101,218.45	$378,356.69	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$244,944.70	$2,446,354.14
FP3-Sept	$20,221.51	$478,535.31	$165,850.00	$399,812.00	$0.00	$94,841.78	$22,963.59	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$244,944.70	$2,174,498.39
FP4-Oct	$20,221.51	$480,245.51	$165,850.00	$399,812.00	$0.00	$85,120.22	($110,104.78)	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$244,944.70	$2,033,418.66
FP5-Nov	$20,221.51	$590,245.51	$165,850.00	$399,812.00	$0.00	$83,098.60	($300,270.40)	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$244,944.70	$1,951,231.42
FP6-Dec	$20,697.24	$641,771.51	$165,850.00	$425,102.00	$0.00	$79,081.55	$20,909.60	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$244,944.70	$2,345,210.37
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
	*FY 2014-15 CERBT Contributions: $3,334.01 + 2900 Cumulative CERBT Contributions: $20,734.01													