SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: February 7, 2019

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU DECEMBER 31, 2018 (50%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 2nd quarter actual revenues and expenses. This is the mid-year report on our fiscal year. It 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 at 3.9% ($97,355) ahead of the 50% schedule which is typical for the mid year. At the end of the 2Q we have sold 2.7% more water than last year during the same period.

Overall revenues are 4.26% more than budgeted.

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

As of the 2Q expenditures are 1.58% ($30,323) more than budgeted. It should be noted that many of our annual expenses have been paid for the year, and expenditures include $4,889 for the River Meadows project, which will be reimbursed from In-House Construction.

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 2Q Capital Budget (Table 2) is typical for mid year except for the USDA bond closing related income and expenditures - we have received the first installment of the annual assessment from the County and made the first payments on our debt. Regarding the bond closing, we received the funds from the bond closing prior to December 31 but because we didn't realize it until after December 31 we did not make the related expenditures - interim financing payoff and bond counsel expenses - in this reporting period. The expenses of the 2018 CIP construction (carryover from the 2018 Budget) have all been paid. Other than what we have reported, we see no major differences from the approved budget.

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 and also the funds at PARS. Table 3 is typical for the mid year of the fiscal year - funds will need to be moved around to balance out reserve targets. It does not show the financial implications of the bond closing at mid year because the bond funds were sent to a WestAmerica Bank account and do not show up in the County fund balances.

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of December 31, 2018 (50%)

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

	FY 2018-19 Actual	2018-19 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	790,991	1,557,162	-766,171	50.8%		
4031.11· Current Charges	403,903	638,176	-234,273	63.29%		
4031.12· Capital Debt Reduction Charge	144,216	288,172	-143,956	50.05%		
4031.1 · Other Water Sales Revenue	0	0	0	0.0%		
Total 4031 · Water Sales	1,339,110	2,483,510	-1,144,400	53.92%	This is a cash water sales figure.	*
Total OPERATING REVENUE	1,339,110	2,483,510	-1,144,400	53.92%		
NON-OPERATING REVENUE						
1700 · Interest	3,875	8,000	-4,125	48.43%		
3600 · Construction New Services	6,476	7,000	-524	92.52%		
3601 · Construction - Service Upgrades	1,682	4,000	-2,318	42.05%		
4032 · Rent	56,996	98,600	-41,604	57.81%		
4227 · SCWA reimbursement	2,745	2,500	245	109.82%		
4040 · Miscellaneous Income	2,633	1,500	1,133	175.56%		
Total NON-OPERATING REVENUE	74,407	121,600	-47,193	61.19%		
Total Income	1,413,517	2,605,110	-1,191,593	54.26%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	410,907	811,200	-400,293	50.65%	-	
5912 · Overtime	17,696	34,120	-16,424	51.87%		
5916 · On-Call Pay	17,400	34,950	-17,550	49.79%		
5918 · Extra help - Contract	18,581	34,100	-15,519	54.49%		
Total Salary	464,585	914,370	-449,785	50.81%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-3,099	0	-3,099	100.0%		
5920 · Retirement net employee share	34,841	75,281	-40,440	46.28%	-	
5920.4 · Retirement - UL	46,731	105,000	-58,269	44.51%	In the 1Q, the mandatory UL payment was paid for the year.	
5922 · Payroll Taxes - Employer Paid	6,182	15,646	-9,464	39.51%		
5930 · Health/Dental/Vision/AFLAC Ins.	93,570	190,000	-96,430	49.25%		
5931 · Retiree Health	5,394	7,680	-2,286	70.23%	In the 1Q, annual contribution to CERBT ($3,000) made.	
5940 · Workers Comp Insurance	27,297	25,605	1,692	106.61%	In the 1Q, workers' compensation insurance was paid for the year.	
Total Benefits	210,915	419,212	-208,297	50.31%		
Total SALARY & BENEFITS	675,500	1,333,582	-658,082	50.65%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,096	2,350	-1,254	46.63%		
6040-C · Cell Phones	1,865	4,050	-2,185	46.04%		
6040-P · Pagers & Radios	264	680	-416	38.84%		
6040-T · Telephones	10,260	18,000	-7,740	57.0%	-	
Total Communications	13,485	25,080	-11,595	53.77%		
Insurances						

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of December 31, 2018 (50%)

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	FY 2018-19 Actual	2018-19 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6101 · Gen. Liability	40,199	33,000	7,199	121.82%	(In the 1Q, paid for the year. Underbudgeted this year.)	
Total Insurances	40,199	33,000	7,199	121.82%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	7,524	14,000	-6,476	53.74%	-	
6151 · Office Maintenance	2,465	7,300	-4,835	33.76%		
Total Maint/Rep - Office & Vehicles	9,989	21,300	-11,311	46.9%		
Maint/Repair - Facilities						
6085 · Janitorial Services	4,978	9,445	-4,467	52.71%		
6100 · SCADA system	0	5,000	-5,000	0.0%		
6180 · Distribution System Repairs	27,939	40,000	-12,061	69.85%	In the 2Q the District spent $4889 on the River Meadows project, which will be reimbursed from In-House Construction	*
6235 · Treatment Sys/Well Repairs	40,738	45,000	-4,262	90.53%	In the 1Q, a budgeted well rehab on El Bonita Well 5 cost $37,627	
6143 · Generator Maintenance	579	1,000	-421	57.92%		
Total Maint/Repair - Facilities	74,235	100,445	-26,210	73.91%		
Miscellaneous Expenses						
6280 · Memberships	8,009	11,500	-3,491	69.64%		
6303 · Claims	386	1,500	-1,114	25.74%		
6593 · Governmental Fees	14,930	22,000	-7,070	67.86%	-	
Total Miscellaneous Expenses	23,325	35,000	-11,675	66.64%		
Office Expense						
6410 · Postage	6,228	16,000	-9,772	38.93%		
6430 · Printing Expense	5,954	7,500	-1,546	79.39%	In the 1Q, most printed supplies were purchased for the year.	
6461 · Office Supplies	3,253	5,000	-1,747	65.06%	-	
6800 · Subscriptions/Legal Notices	554	1,100	-546	50.39%		
6890 · Computers/Software	172	2,500	-2,328	6.9%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	16,162	32,600	-16,438	49.58%		
Operating Supplies						
6300 · Chemicals	4,374	20,000	-15,626	21.87%	-	
6880 · Tools and Equipment	1,471	5,000	-3,529	29.43%		
6881 · Safety Equipment	186	1,200	-1,014	15.52%		
Total Operating Supplies	6,032	26,200	-20,168	23.02%		
Professional Services						
6514 · Lab/Testing Fees	5,895	12,500	-6,605	47.16%		
6570 · Consultant Fees	4,200	18,000	-13,800	23.33%	-	
6610 · Legal	3,916	20,000	-16,084	19.58%	-	
6630 · Audit/Accounting	24,154	39,000	-14,846	61.93%	-	
Total Professional Services	38,165	89,500	-51,335	42.64%		
Rents & Leases						
6820 · Equipment	629	3,300	-2,671	19.06%		
6840 · Building & Warehouse	17,378	29,790	-12,413	58.33%		
Total Rents & Leases	18,006	33,090	-15,084	54.42%		
Transportation & Travel						
7120 · Seminars & related travel	554	2,650	-2,096	20.9%		
7201 · Vehicle Gas	9,214	20,000	-10,786	46.07%		
7300 · Travel Reimbursements	2,728	6,400	-3,672	42.62%		
Total Transportation & Travel	12,496	29,050	-16,554	43.02%		

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of December 31, 2018 (50%)

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

	FY 2018-19 Actual	2018-19 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Uniforms						
6021.1 · Boots	386	1,500	-1,114	25.72%		
6021.3 · T-shirts	1,636	1,800	-164	90.9%	In the 1Q, t-shirts were purchased for the year.	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	2,022	3,540	-1,518	57.12%		
Utilities						
7320 · Electricity	58,355	100,000	-41,645	58.36%	-	
7321 · Propane	619	3,000	-2,381	20.63%		
Total Utilities	58,974	103,000	-44,026	57.26%		
Total SERVICES & SUPPLIES	313,090	531,805	-218,715	58.87%		
Total OPERATING EXPENSES	988,589	1,865,387	-876,798	53.0%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	-575	0	-575	100.0%	In the 2Q, the District received a refund in the sum of $5780 for a prior period overcharge	*
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	0	50,000	-50,000	0.0%	-	
Total FIXED ASSET EXPENDITURES	-575	50,000	-50,575	-1.15%		
Total Expense	988,015	1,915,387	-927,372	51.58%		
Net Ordinary Income	425,502	689,723	-264,221	61.69%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	288,172	-288,172	0.0%		
8620.3 · Tfers to CIRF	0	360,000	-360,000	0.0%		
8620.10 · Tfers to CIRF PY Surplus Income	0	0	0	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	688,172	-688,172	0.0%	-	

Table 2. Sweetwater Springs Water District
FY 2018-19 Capital Program Budget Variances as of December 31, 2018 (50%)

	FY 18-19 ACTUAL (2Q)	FY 2018-19 Budget	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	13,107	27,000	-13,893	48.5%	
Annual Assessment (County)	391,074	710,000	-318,926	55.1%	1st installment
Prior Year Assessment	16,221	40,000	-23,779	40.6%	
Capital Debt Reduction Charge	0	288,172	-288,172	0.0%	
Interest	11,703	15,000	-3,297	78.0%	
Transfers to CIRF from Operations for prior year surplus	0	0	0	0.0%	
Transfers to CIRF from Operations	0	360,000	-360,000	0.0%	
Transfers to In-House Constr. from Operations	0	25,000	-25,000	0.0%	
USDA Bond / Interim Financing Proceeds	2,191,426		2,191,426		Interim Financing plus bond proceeds
Guernewood Park Modeling Funds	0		0		
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	2,623,531	1,465,172	1,158,359	179.1%	
EXPENSES					
Gen. Obligation Bonds Payments	62,784	64,284	-1,500	97.7%	
Cap One Revenue Bond	456,184	563,194	-107,010	81.0%	
Total Bond Payments	518,968	627,478	-108,510	82.7%	
State Loan Payments	73,309	146,619	-73,310	50.0%	
Private Placement Loan	117,007	225,045	-108,038	52.0%	
Total Debt Payments	709,284	999,142	-289,858	71.0%	Sum of all debt payments
2018 CIP	1,031,147		1,031,147	na	Carryover expenses from 2018 CIP. Interim Financing and Bond Counsel exp (approx $678,000) paid early January
2019 CIP	0	250,000	-250,000	0.0%	Monte Rio Green Sand Filter replacement
Guernewood Park Modeling Expense	2,516		2,516		Funded by Project Proponent, need to send them a bill
In-House Construction Projects	0	25,000	-25,000	0.0%	
TOTAL CAPITAL EXPENSES	1,742,946	1,274,142	468,804	136.8%	
SURPLUS/DEFICIT	880,585	191,030	689,555	461.0%	
Net Capital Funding	469,924	348,077	121,847	135.0%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

Table 3. FUND AND LOAN BALANCES (2Q)	FY 18-19 Actual 2Q	18-19 Budget	Difference Actual-FY19	Comments
DISTRICT RESERVES AND FUND BALANCES (2Q)				
District Policy Reserves				
Operating Budget Cash Reserve	469,861	279,808	190,053.44	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	96,475	466,347	(369,871.75)	corresponds to Operating Reserve 0300),
Debt Repayment Reserve (25% of Debt pmt)	102,315	249,786	(147,470.50)	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	1,109,363	1,245,940	(136,577)	Includes PARS below
TOTAL Reserves	2,043,018	2,410,774	(367,756)	
Reserves Above (below) Policy (Funds)	933,655	1,164,834	-231,179	Difference between Total and Policy Reserves
Reserves Above (below) Policy (Budget)	797,078			
DISTRICT FUNDS				
CIRF (7106-0600)	$ 693,269	100,000	593,269	
OPERATIONS (0100)	$ 469,861	279,808	190,053	
OPERATING RESERVE (0300)	$ 96,475	274,995	-178,520	
CAPITAL AND DEBT POLICY RESERVE (1100)	$ 102,315	475,027	-372,712	
IN HOUSE CONSTRUCTION (0500)	$ 69,107	79,315	-10,208	
BUILDING (0200)	$ 10,850	25,850	-15,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	$ 218,059	802,112	-584,053	
FEDERAL LOANS AND BONDS (0400)	$ 118,814	-	118,814	
STATE LOANS (0900)	$ 73,554	146,438	-72,884	
STATE LOANS RESERVES (0800,1000)	$ -	-	0	Including this in other reserves.
PARS*	$ 190,712	200,000		Added to Table
Total Funds Available	2,043,018	2,383,545	-340,526	

* June Amount

County Balances FY 2018-19 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")

														(using FY 2018-19 Reserve)
	$37,077.06	$200,945.35	$123,508.03	$10,850.00	$96,475.00	$491,931.25	$71,908.65	$266,473.85	$ 2,515.75	$146,863.42	$102,315.00	$791,250.09	$2,104,091.04	**$1,036,580.64**
NAME	**CERBT**	**PARS** (part of Oper Res)	**Operations + 15% Cash Policy Reserve**	**Bldg Fund** (part of Oper Res)	**Operating Policy Reserve** (25% less Bldg Fund and PARS)***	**Federal Loan (GO Bonds)** CIP 2018	**In-house Construction**	**Capital Improvements**	**Guernewood Project Escrow Funds**	**State Loan 58340**	**Capital and Debt Policy Reserve** ****	**Cap One Bonds and Citizens Bank Loan Debt**	**Policy Reserve:** (calc. FYE 2018)	**$1,265,940**
Fund			**76751**	**76752**	**76753**	**76754**	**76755**	**76756**	**76757**	**76759**	**76761**	**76762**	**TOTAL at COUNTY ↓**	**Reserves Above Policy** (PARS + COUNTY - GUERNEWOOD PK ESCROW)
Dep't			7106 **0100**	7106 **0200**	7106 **0300**	7106 **0400**	7106 **0500**	7106 **0600**	7106 **0700**	7106 **0900**	7106 **1100**	7106 **1200**		
FP1-Jul	$37,077.06	$204,586.92	$123,508.03	$10,850.00	$96,475.00	$491,931.25	$71,908.65	$266,473.85	$2,515.75	$146,863.42	$102,315.00	$674,243.49	$1,987,084.44	**$923,215.61**
FP2-Aug	$37,077.06	$207,454.87	$123,508.03	$10,850.00	$96,475.00	$478,551.25	$71,908.65	$279,580.95	$2,515.75	$146,863.42	$102,315.00	$218,059.49	$1,530,627.54	**$469,626.66**
FP3-Sept	$37,860.58	$206,941.56	$123,508.03	$10,850.00	$96,475.00	$441,685.47	$71,908.65	$279,580.95	$0.00	$73,554.41	$102,315.00	$218,059.49	$1,417,937.00	**$358,938.56**
FP4-Oct	$37,860.58	$196,833.74	$299,861.49	$10,850.00	$96,475.00	$410,754.84	$71,293.86	$288,350.41	$0.00	$73,554.41	$102,315.00	$218,059.49	$1,571,514.50	**$502,408.24**
FP5-Nov	$37,860.58	$199,373.10	$299,861.49	$10,850.00	$96,475.00	$174,962.07	$69,734.49	$288,350.41	$0.00	$73,554.41	$102,315.00	$218,059.49	$1,334,162.36	**$267,595.46**
FP6-Dec	$37,477.54	$190,711.85	$469,861.49	$10,850.00	$96,475.00	$118,813.98	$69,107.46	$693,269.46	$0.00	$73,554.41	$102,315.00	$218,059.49	$1,852,306.29	**$777,078.14**
FP7-Jan														
FP8-Feb														
FP9-Mar														
FP10-Apr														
FP11-May														
FP12-Jun														
FP 13 (FINAL)														

**** Available Funds: 76758 and 76759 (State Loan reserve funds) (These columns are hidden)**
***** Starting FY 2017-18, Bldg Fund and PARS considered part of Reserves**
****** $200,000 loaned from Cap Policy Reserve (1100) to Capital Improvements (0600) in Sept 2017.**