SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Ed Fortner, General Manager

Meeting Date: August 1, 2019

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU JUNE 30, 2019 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 4th quarter -- end of fiscal year -- actual revenues and expenses as compared to budgeted. In FY 2018-19, budgeted operating income was $1,551. (Typically, net operating income is budgeted to be approximately $0, as any excess budgeted is transferred to our Capital Improvement Revenue Fund (CIRF).)

Our income in FY 2018-19 is showing $125,107. However, we were only able to contribute $210,000 to CIRF compared to a budgeted $360,000 - a $150,000 shortfall. **Had we transferred the full budgeted amount to CIRF we would have shown a loss this fiscal year of $24,893** ($125,107 - $150,000).

Operating Budget:

FY 2018-19 Revenue ended the year $51,585 (2%) more than budgeted.

Water Sales, the largest revenue line item, came in at 1.3% ($32,979) more than budgeted. Our customers used 2.7% more water this year than last and 10.2% more than FY 2015-16, which was our lowest usage ever.

Non-operating revenue exceeded budgeted amounts by $18,606. Most of this is attributable to Construction Service Upgrades ($6,384) and Rent ($7,117). Interest revenue exceeded budgeted amounts by $2,900 as interest on our funds at the County exceeded 2% this year, up about a half a percent from last year.

FY 2018-19 Expenditures ended the year $78,030 (4.1%) <u>more</u> than budgeted.

Expenses break down into three categories: Salaries & Benefits, Services & Supplies, and System/Equipment.

Salaries & Benefits came in at $6,558.30 more than budgeted which is remarkably close to budget considering we had several unanticipated events that whipsawed this area of our budget this year. We paid an extra, unbudgeted payment in the sum of $20,000 towards our PERS unfunded liability. We replaced a 70% parttime GM and a 70% parttime Account Clerk who were not participating in our District health benefit with two fulltime employees who are participating in our District health benefit. We paid over $22,000 to our outgoing GM for unused vacation. We also incurred extra overtime costs due to the flood. Partially offsetting these extra costs were two employees who were on leave for part of the year, one on disability and one on paid family leave.

Service and Supplies came in $83,524 over budget. Approximately $35,432 of this overage was unbudgeted costs incurred pursuant to hiring a new General Manager.

System/Equipment Upgrades were $5,495 less than budgeted.

There were many notable expense line items this year

Wages: $24,723 more than budgeted
Consultant Fees: $27,380 more than budgeted
Telephones: $4,512 more than budgeted
Insurance: $7,948 more than budgeted
Treatment System: $19,465 more than budgeted
Office Supplies: $2,518 more than budgeted
Vehicle Maintenance: $4,193 more than budgeted
Travel Reimbursements: $6,381 more than budgeted

and the good news....

Distribution System Repairs: $7,927 less than budgeted
Governmental Fees: $4,872 less than budgeted
Legal costs: $7,282 less than budgeted
Chemicals: $5,623 less than budgeted
Gas: $4,633 less than budgeted

For more detail on all the budget line items, please refer to the attached <u>Actual vs. Budgeted</u> breakdown provided with your packet.

Capital Budget:

The 4Q Capital Budget (Table 2) shows the Capital Budget at the end of the fiscal year. The Capital Budget came in mostly as expected with the exception of the USDA Bond revenue of $1,535,000 balanced against the 2018 CIP expense of $1,013,064 and an unbudgeted overage of $42,908 due to the River Meadows project. Also, transfer to CIRF is down to $210,000 with decreased Net Operating Revenue.

Actual Net Capital Funding (Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments) was $444,055, approximately $96,000 more than budgeted. This is largely due to CIP 2019 not being completed and River Meadows.

FUNDS AT THE COUNTY

Table 3. Fund and Loan Balances show a comparison of the budgeted and 4th Quarter balances. Also attached is the County Fund Balances for the 4th Quarter. Table 3 includes all the funds listed in the County Fund Balances and also the funds at PARS. At the end of the year, Total District Reserves were $2,967,219, which is $583,674 more than budgeted. This is mostly due to the funding from the USDA bond.

The funds listed in District Policy Reserves in Table 3 are approximately the same. The District has ended the fiscal year in good shape - ready to fund the completion of the 2019 CIP with the expected amount of reserves while looking forward to a year with no CIP to replenish reserves. As we complete this final FY quarter, we look forward to FY20 with a new Union negotiation, focus on unfunded pension liability, and a Cost of Service Study to determine rates going forward.

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of June 30, 2019 (100%)

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)	*=Changed
Ordinary Income/Expense						
Income						
OPERATING REVENUE						
4031 · Water Sales						
4031.10· Base Rate	1,585,609	1,557,162	28,447	101.83%		
4031.11· Current Charges	647,749	638,176	9,573	101.5%		
4031.12· Capital Debt Reduction Charge	278,867	288,172	-9,305	96.77%		
4031.1 · Other Water Sales Revenue	0	0	0	0.0%		
Total 4031 · Water Sales	2,512,225	2,483,510	28,715	101.16%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,512,225	2,483,510	28,715	101.16%		
NON-OPERATING REVENUE						
1700 · Interest	10,900	8,000	2,900	136.25%	The District is now earning over 2% interest on our funds at the County.	*
3600 · Construction New Services	6,978	7,000	-22	99.69%		
3601 · Construction - Service Upgrades	10,384	4,000	6,384	259.59%		
4032 · Rent	105,717	98,600	7,117	107.22%		
4227 · SCWA reimbursement	2,745	2,500	245	109.82%		
4040 · Miscellaneous Income	3,482	1,500	1,982	232.13%		
Total NON-OPERATING REVENUE	140,206	121,600	18,606	115.3%		
Total Income	2,652,431	2,605,110	47,321	101.82%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	835,923	811,200	24,723	103.05%		
5912 · Overtime	36,645	34,120	2,525	107.4%		
5916 · On-Call Pay	35,788	34,950	838	102.4%		
5918 · Extra help - Contract	37,047	34,100	2,947	108.64%	Underbudgeted this year.	*
Total Salary	945,403	914,370	31,033	103.39%	In the 4Q, we replaced a 70% GM with a full-time GM, and a 70% Acct Clerk with a full-time Acct Clerk, offset by one employee on disability and another employee on paid family leave.	*
Benefits						
5500 · Flex Spending (Flex spending monies p	-2,643	0	-2,643	100.0%		
5920 · Retirement net employee share	67,856	75,281	-7,425	90.14%		
5920.4 · Retirement - UL	125,451	105,000	20,451	119.48%	In the 1Q, the mandatory UL payment was paid for the year. In the 3Q, an extra payment of $78,720 was made, app. $20,000 more than budgeted.	
5922 · Payroll Taxes - Employer Paid	14,603	15,646	-1,043	93.34%		
5930 · Health/Dental/Vision/AFLAC Ins.	185,364	190,000	-4,636	97.56%	In the 4Q, the new GM and Acct Clerk were added to District health. App. $22,000 was paid to the outgoing GM for unused vacation.	
5931 · Retiree Health	7,842	7,680	162	102.11%	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	425,770	419,212	6,558	101.56%		
Total SALARY & BENEFITS	1,371,173	1,333,582	37,591	102.82%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	2,354	2,350	4	100.17%		
6040-C · Cell Phones	4,058	4,050	8	100.21%		
6040-P · Pagers & Radios	453	680	-227	66.66%		

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of June 30, 2019 (100%)

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
6040-T · Telephones	22,512	18,000	4,512	125.07%	This item was underbudgeted this year. The District switched telephone systems which triggered unforeseen charges from AT&T.	
Total Communications	29,378	25,080	4,298	117.14%		
Insurances						
6101 · Gen. Liability	40,948	33,000	7,948	124.09%	(In the 1Q, paid for the year. Underbudgeted this year.)	
Total Insurances	40,948	33,000	7,948	124.09%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	18,193	14,000	4,193	129.95%	-	
6151 · Office Maintenance	5,701	7,300	-1,599	78.09%		
Total Maint/Rep - Office & Vehicles	23,894	21,300	2,594	112.18%		
Maint/Repair - Facilities						
6085 · Janitorial Services	8,420	9,445	-1,025	89.15%		
6100 · SCADA system	5,812	5,000	812	116.24%		
6180 · Distribution System Repairs	32,073	40,000	-7,927	80.18%	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	64,466	45,000	19,466	143.26%	In the 1Q, a budgeted well rehab on El Bonita Well 5 cost $37,627. In the 3Q, an unbudgeted well rehab on MR Well 5 cost $14,216.	
6143 · Generator Maintenance	1,122	1,000	122	112.21%		
Total Maint/Repair - Facilities	111,893	100,445	11,448	111.4%		
Miscellaneous Expenses						
6280 · Memberships	12,306	11,500	806	107.01%		
6303 · Claims	386	1,500	-1,114	25.74%		
6593 · Governmental Fees	17,128	22,000	-4,872	77.85%	-	
Total Miscellaneous Expenses	29,819	35,000	-5,181	85.2%		
Office Expense						
6410 · Postage	12,303	16,000	-3,697	76.89%		
6430 · Printing Expense	8,467	7,500	967	112.9%	In the 1Q, most printed supplies were purchased for the year.	
6461 · Office Supplies	7,518	5,000	2,518	150.35%	-	
6800 · Subscriptions/Legal Notices	861	1,100	-239	78.32%		
6890 · Computers/Software	2,636	2,500	136	105.46%	-	
6579 · Furniture	1,250	500	750	249.94%		
Total Office Expense	33,035	32,600	435	101.34%		
Operating Supplies						
6300 · Chemicals	14,377	20,000	-5,623	71.89%	-	
6880 · Tools and Equipment	2,960	5,000	-2,040	59.2%		
6881 · Safety Equipment	-232	1,200	-1,432	-19.37%	In the 3Q the District received its annual $1000 rebate from SDRMA for safety expenditures.	
Total Operating Supplies	17,105	26,200	-9,095	65.29%		
Professional Services						
6514 · Lab/Testing Fees	13,063	12,500	563	104.51%		
6570 · Consultant Fees	45,380	18,000	27,380	252.11%	In the 3Q, the District spent an unbudgeted $27,000 on the GM recruiter	
6610 · Legal	12,718	20,000	-7,282	63.59%	-	
6630 · Audit/Accounting	42,824	39,000	3,824	109.81%	-	
Total Professional Services	113,986	89,500	24,486	127.36%		
Rents & Leases						
6820 · Equipment	1,235	3,300	-2,065	37.41%		
6840 · Building & Warehouse	29,790	29,790	0	100.0%		

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of June 30, 2019 (100%)

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
Total Rents & Leases	31,025	33,090	-2,065	93.76%		
Transportation & Travel						
7120 · Seminars & related travel	1,450	2,650	-1,200	54.71%		
7201 · Vehicle Gas	23,553	20,000	3,553	117.77%		
7300 · Travel Reimbursements	12,781	6,400	6,381	199.7%	In the 3Q, the District spent un unbudgeted $5000 for the new GM temporary housing allowance	
Total Transportation & Travel	37,783	29,050	8,733	130.06%		
Uniforms						
6021.1 · Boots	1,249	1,500	-251	83.27%		
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	2,885	3,540	-655	81.5%		
Utilities						
7320 · Electricity	102,809	100,000	2,809	102.81%	-	
7321 · Propane	3,178	3,000	178	105.92%		
Total Utilities	105,987	103,000	2,987	102.9%		
Total SERVICES & SUPPLIES	577,738	531,805	45,933	108.64%		
Total OPERATING EXPENSES	1,948,911	1,865,387	83,524	104.48%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	-531	0	-531	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	45,037	50,000	-4,963	90.07%	-	
Total FIXED ASSET EXPENDITURES	44,506	50,000	-5,494	89.01%		
Total Expense	1,993,416	1,915,387	78,029	104.07%		
Net Ordinary Income	659,015	689,723	-30,708	95.55%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	288,172	288,172	0	100.0%		
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	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	328,172	688,172	-360,000	47.69%	-	

Table 2. Sweetwater Springs Water District
FY 2018-19 Capital Program Budget Variances as of June 30, 2019 (100%)

	FY 18-19 ACTUAL (4Q)	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)	718,394	710,000	8,394	101.2%	
Prior Year Assessment	26,651	40,000	-13,349	66.6%	
Capital Debt Reduction Charge	288,172	288,172	0	100.0%	
Interest	39,902	15,000	24,902	266.0%	
Transfers to CIRF from Operations for prior year surplus	0	0	0	0.0%	
Transfers to CIRF from Operations	210,000	360,000	-150,000	58.3%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
Transfers to WA Bond from WA Main for USDA bond payments	132,500	0	132,500	#DIV/0!	New line item for FY 2018-19
USDA Bond / Interim Financing Proceeds	1,535,000		1,535,000		Bond proceeds
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	2,988,726	1,465,172	1,523,554	204.0%	
EXPENSES					
Gen. Obligation Bonds Payments	78,208	64,284	13,924	121.7%	First installment of 2018 USDA Bond pd June
Cap One Revenue Bond	563,194	563,194	0	100.0%	
Total Bond Payments	641,402	627,478	13,924	102.2%	
State Loan Payments	146,618	146,619	-1	100.0%	
Private Placement Loan	225,044	225,045	-1	100.0%	
Total Debt Payments	1,013,064	999,142	13,922	101.4%	Sum of all debt payments
2018 CIP	1,063,919		1,063,919	na	Carryover expenses from 2018 CIP. Interim Financing and Bond Counsel exp (approx $678,000) paid early January
2019 CIP	168,306	250,000	-81,694	67.3%	Monte Rio Green Sand Filter replacement
In-House Construction Projects	67,908	25,000	42,908	271.6%	River Meadows
TOTAL CAPITAL EXPENSES	2,313,197	1,274,142	1,039,055	181.5%	
SURPLUS/DEFICIT	675,529	191,030	484,499	353.6%	
Net Capital Funding	444,005	348,077	95,928	127.6%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

Table 3. FUND AND LOAN BALANCES (3Q)	FY 18-19 Actual 4Q	18-19 Budget	Difference Actual-FY19	Comments
DISTRICT RESERVES AND FUND BALANCES (3Q)				
District Policy Reserves				
Operating Budget Cash Reserve	241,820	279,808	(37,988.23)	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	246,475	466,347	(219,871.75)	corresponds to Operating Reserve 0300),
Debt Repayment Reserve (25% of Debt pmt)	257,019	249,786	7,233.50	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	1,209,485	1,245,940	(36,456)	Includes PARS below
TOTAL Reserves	2,967,219	2,410,774	556,444	
Reserves Above (below) Policy (Funds)	1,757,734	1,164,834	592,900	Difference between Total and Policy Reserves
Reserves Above (below) Policy (Budget)	1,721,278			
DISTRICT FUNDS				
CIRF (7106-0600)	$ 769,692	100,000	669,692	
OPERATIONS (0100)	$ 241,820	279,808	-37,988	
OPERATING RESERVE (0300)	$ 246,475	274,995	-28,520	
CAPITAL AND DEBT POLICY RESERVE (1100)	$ 507,019	475,027	31,993	
IN HOUSE CONSTRUCTION (0500)	$ 29,236	79,315	-50,079	
BUILDING (0200)	$ 25,850	25,850	0	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	$ 786,011	802,112	-16,101	
FEDERAL LOANS AND BONDS (0400)	$ -	-	0	
STATE LOANS (0900)	$ 146,945	146,438	507	
STATE LOANS RESERVES (0800,1000)	$ -	-	0	Including this in other reserves.
PARS*	$ 214,171	200,000	14,171	
Total Funds Available	2,967,219	2,383,545	583,674	

* 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** Annual Debt: $932,957 (county) + $99,000 (WA)	**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	$37,477.54	$201,502.22	$294,180.89	$25,850.00	$246,475.00	$475,388.19	$30,778.78	$986,751.25	$0.00	$73,554.41	$302,315.00	$110,021.28	$2,545,314.80	**$1,480,877.02**
FP8-Feb	$37,477.54	$205,287.65	$294,180.89	$25,850.00	$246,475.00	$463,012.10	$29,235.71	$993,280.15	$0.00	$73,554.41	$302,315.00	$3,011.28	$2,430,914.54	**$1,370,262.19**
FP9-Mar	$41,286.94	$208,017.85	$294,180.89	$25,850.00	$246,475.00	$0.00	$29,235.71	$526,592.25	$0.00	$146,945.40	$302,315.00	$786,011.28	$2,357,605.53	**$1,299,683.38**
FP10-Apr	$41,286.94	$212,220.26	$297,474.82	$25,850.00	$246,475.00	$0.00	$29,235.71	$650,031.19	$0.00	$146,945.40	$507,019.00	$786,011.28	$2,689,042.40	**$1,635,322.66**
FP11-May	$41,286.94	$205,540.47	$397,474.82	$25,850.00	$246,475.00	$0.00	$29,235.71	$592,531.19	$0.00	$146,945.40	$507,019.00	$786,011.28	$2,731,542.40	**$1,671,142.87**
FP12-Jun	$42,000.00	$214,170.83	$241,819.82	$25,850.00	$246,475.00	$0.00	$29,235.71	$769,691.69	$0.00	$146,945.40	$507,019.00	$786,011.28	$2,753,047.90	**$1,701,278.73**
FP 13 (FINAL)	$42,000.00	$214,170.83												

**** 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**