SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 2, 2018

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU JUNE 30, 2018 (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 2017-18, budgeted operating income was $8,178. (Typically, net operating income is budgeted to be approximately $0, as any excess budgeted is transferred to our Capital Improvement Revenue Fund (CIRF).)

Our actual income in FY 2017-18 is $108,488, mostly due to higher than budgeted revenues. More details follow in the discussion below.

Operating Budget:

FY 2017-18 Revenue ended the year $89,266 (3.6%) more than budgeted.

Water Sales, the largest revenue line item, came in at 1.9% ($44,741.49) more than budgeted. Our customers used 5.5% more water this year than last and 7.2% more than FY 2015-16, which was our lowest usage ever.

Non-operating revenue exceeded budgeted amounts by $44,524.53. Most of this ($36,424) is attributable to FEMA reimbursements for the El Bonita vault seals and other flood related expenses. Construction Services Upgrades revenue also significantly exceeded budgeted amounts, by $9,506.

FY 2017-18 Expenditures ended the year $11,044 (0.6%) less than budgeted.

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

Salaries & Benefits came in at $10,398.47 more than budgeted. This was due to an extra, unbudgeted payment in the sum of $22,000 towards our PERS unfunded liability. Offsetting this extra payment were savings in Wages and Salaries, which came in $27,747 underbudget, due to two employees who were on unpaid temporary disability leave for a portion of the year.

Service and Supplies came in $69,225.32 under budget. Notably, the Maintenance/Repair of facilities finished the year $47,188 under budget. This is due in part to a trend in recent years to increasing in-house construction expenditures as straight system repairs decrease.

System/Equipment Upgrades were $39,233 more than budgeted. At the very end of the fiscal year, the Canyon 4 Tank was relined at a cost of $21,732, the last of a number of tank improvements done this year.

Other notable line items for this year are below:

Health/Dental insurance: $16,320 more than budgeted
Claims (Waller litigation): $14,570 more than budgeted
Treatment System expenses: $13,406 less than budgeted
Governmental fees: $14,300 less than budgeted
Chemicals: $6,521 less than budgeted
Legal costs: $8,435 less than budgeted
Gas: $4,633 less than budgeted

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 4Q Capital Budget (Table 2) shows the Capital Budget at the end of the year. The Capital Budget came in mostly as expected: carryover funds paid for the completion of the 2017 CIP, the 2018 CIP was budgeted for the 2018 fiscal year and will be funded bond funds that will be acquired in FY 2019 at the end of the project, and the receipt and expenditure of funds to prepare and run a computer model Guerneville System to determine the Guernewood Park Resort water supply needs.

Actual Net Capital Funding (Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments) was $517,972, approximately $170,000 more than budgeted. This is largely due to Net Operating Revenue coming in higher than budgeted.

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 $2,314,663 which is $280,020 less than budgeted. This is mostly due to the funding from the USDA bond coming in FY 19; we expect this bond to refund upfront District expenses for the 2108 CIP.

The funds listed in District Policy Reserves in Table 3 are different from the budgeted amounts in part because we are getting ready to pay for 2018 CIP expenditures. The District has ended the fiscal year in good shape - ready to fund the 2018 CIP with the expected amount of reserves and able to fund the 2019 CIP which is replacement of the green sand filter at the Monte Rio Treatment Facility.

Sweetwater Springs Water District
FY 2017-18 Operating Budget Variances as of June 30, 2018 (100%)

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)	*=Changed
Ordinary Income/Expense						
Income						
OPERATING REVENUE						
4031 · Water Sales						
4031.10· Base Rate	1,550,404	1,528,520	21,884	101.43%		
4031.11· Current Charges	597,461	575,358	22,103	103.84%		
4031.12· Capital Debt Reduction Charge	279,369	278,615	754	100.27%		
4031.1 · Other Water Sales Revenue	0	0	0	0.0%		
Total 4031 · Water Sales	2,427,235	2,382,493	44,742	101.88%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,427,235	2,382,493	44,742	101.88%		
NON-OPERATING REVENUE						
1700 · Interest	8,161	8,000	161	102.01%	-	
4500 · Unrealized Gain on PARS Investment	945	0	945	100.0%		
3600 · Construction New Services	8,235	7,000	1,235	117.64%		
3601 · Construction - Service Upgrades	11,506	2,000	9,506	575.31%		
4032 · Rent	96,470	98,600	-2,130	97.84%		
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	2,384	1,500	884	158.91%		
4445 · Grant (FEMA) Proceeds	36,424	0	36,424	100.0%	In the 2Q and 3Q the District received FEMA reimbursement for El Bonita vault seals and other flood related expenses incurred last year.	
Total NON-OPERATING REVENUE	164,125	119,600	44,525	137.23%		
Total Income	2,591,359	2,502,093	89,266	103.57%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	777,596	801,720	-24,124	96.99%	This line item came in under budget for the year due to two employees on temporary, unpaid disability leave for a portion of the 3rd and 4th Q.	*
5912 · Overtime	28,256	33,200	-4,944	85.11%		
5916 · On-Call Pay	34,590	33,100	1,490	104.5%		
5918 · Extra help - Contract	36,931	37,100	-169	99.55%		
Total Salary	877,373	905,120	-27,747	96.93%		
Benefits						
5500 · Flex Spending (Flex spending monies p	820	0	820	100.0%		
5920 · Retirement net employee share	64,100	65,100	-1,000	98.46%	-	
5920.4 · Retirement - UL	112,003	90,000	22,003	124.45%	In the 4Q, a budgeted extra payment on our UL in the sum of of $54,000 was made, plus an unbudgeted UL payment of $22,000.	*
5922 · Payroll Taxes - Employer Paid	15,062	15,300	-238	98.44%		
5930 · Health/Dental/Vision/AFLAC Ins.	186,420	170,100	16,320	109.59%	This line item was underbudgeted for the year.	*
5931 · Retiree Health	7,698	7,680	18	100.23%	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	433,325	395,180	38,145	109.65%		
Total SALARY & BENEFITS	1,310,698	1,300,300	10,398	100.8%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	2,016	2,350	-334	85.78%		
6040-C · Cell Phones	4,076	4,050	26	100.65%		
6040-P · Pagers & Radios	470	620	-150	75.79%		
6040-T · Telephones	16,671	17,000	-329	98.06%	-	

Sweetwater Springs Water District
FY 2017-18 Operating Budget Variances as of June 30, 2018 (100%)

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)	*=Changed
Total Communications	23,233	24,020	-787	96.72%		
Insurances						
6101 · Gen. Liability	36,181	33,000	3,181	109.64%	(In the 1Q, paid for the year. Underbudgeted this year.)	
Total Insurances	36,181	33,000	3,181	109.64%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	11,743	12,500	-757	93.95%	-	
6151 · Office Maintenance	7,148	6,400	748	111.69%		
Total Maint/Rep - Office & Vehicles	18,891	18,900	-9	99.95%		
Maint/Repair - Facilities						
6085 · Janitorial Services	6,373	8,800	-2,427	72.42%		
6100 · SCADA system	3,201	5,000	-1,799	64.01%		
6180 · Distribution System Repairs	25,369	50,000	-24,631	50.74%	Overbudgeted. Costs in this category seem to be shifting more to In-House Construction.	*
6235 · Treatment Sys/Well Repairs	31,594	45,000	-13,406	70.21%	A well rehab was budgeted for this fiscal year but not completed.	*
6143 · Generator Maintenance	6,836	3,200	3,636	213.63%	This line item was underbudgeted for the year. In the 3Q unplanned generator maintenance issues cropped up.	
Total Maint/Repair - Facilities	73,372	112,000	-38,628	65.51%		
Miscellaneous Expenses						
6280 · Memberships	11,082	10,800	282	102.61%		
6303 · Claims	16,070	1,500	14,570	1,071.33%	The Waller litigation costs left this line item underbudgeted.	*
6593 · Governmental Fees	4,700	19,000	-14,300	24.74%	Overbudgeted. Greater than anticipated savings due to a State reduction in rates for low income areas.	*
Total Miscellaneous Expenses	31,852	31,300	552	101.77%		
Office Expense						
6410 · Postage	15,744	16,000	-256	98.4%		
6430 · Printing Expense	7,753	7,500	253	103.37%	In the 1Q, most printed supplies were purchased for the year.	
6461 · Office Supplies	4,111	4,100	11	100.28%	-	
6800 · Subscriptions/Legal Notices	553	1,100	-547	50.26%		
6890 · Computers/Software	1,560	3,000	-1,440	51.99%	-	
6579 · Furniture	844	500	344	168.71%	In the 3Q we purchased a new file cabinet for SM ($564) and new shelving for JK ($279)	
Total Office Expense	30,564	32,200	-1,636	94.92%		
Operating Supplies						
6300 · Chemicals	11,979	18,500	-6,521	64.75%	Overbudgeted	*
6880 · Tools and Equipment	5,676	5,000	676	113.52%		
6881 · Safety Equipment	1,262	1,200	62	105.19%		
Total Operating Supplies	18,917	24,700	-5,783	76.59%		
Professional Services						
6083 · Laundry Service	1,283	3,000	-1,717	42.76%	The District discontinued weekly laundry service of our carpets and rags.	*
6514 · Lab/Testing Fees	11,611	14,000	-2,389	82.94%		
6570 · Consultant Fees	17,000	18,000	-1,000	94.44%	-	
6610 · Legal	11,565	20,000	-8,435	57.83%	Overbudgeted.	*
6630 · Audit/Accounting	38,832	35,500	3,332	109.39%	-	
Total Professional Services	80,291	90,500	-10,209	88.72%		
Rents & Leases						
6820 · Equipment	1,409	3,300	-1,891	42.69%		

Sweetwater Springs Water District
FY 2017-18 Operating Budget Variances as of June 30, 2018 (100%)

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)	*=Changed
6840 · Building & Warehouse	29,672	29,790	-118	99.6%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	31,081	33,090	-2,009	93.93%		
Transportation & Travel						
7120 · Seminars & related travel	473	2,650	-2,177	17.85%		
7201 · Vehicle Gas	18,367	23,000	-4,633	79.86%		
7300 · Travel Reimbursements	5,428	6,400	-972	84.81%		
Total Transportation & Travel	24,268	32,050	-7,782	75.72%		
Uniforms						
6021.1 · Boots	1,320	1,500	-180	88.0%		
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	3,014	3,240	-226	93.01%		
Utilities						
7320 · Electricity	97,851	95,000	2,851	103.0%	-	
7321 · Propane	2,820	3,000	-180	93.99%		
Total Utilities	100,670	98,000	2,670	102.73%		
Total SERVICES & SUPPLIES	472,335	533,000	-60,665	88.62%		
Total OPERATING EXPENSES	1,783,034	1,833,300	-50,266	97.26%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	60,723	22,000	38,723	276.01%	In the 4th Q, an unbudgeted tank liner was installed at Canyon 4 ($21,732).	*
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	500	0	500	100.0%	In FY 2018-19, the District will be moving to a cloud-based phone server.	
8573 · Vehicles	0	0	0	0.0%	-	
Total FIXED ASSET EXPENDITURES	61,223	22,000	39,223	278.29%		
Total Expense	1,844,257	1,855,300	-11,043	99.41%		
Net Ordinary Income	747,103	646,793	100,310	115.51%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	278,615	278,615	0	100.0%		
8620.3 · Tfers to CIRF	320,000	320,000	0	100.0%		
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	638,615	638,615	0	100.0%	-	
FYE OPERATING SURPLUS (LOSS)	108,488	8,178				

Table 2. Sweetwater Springs Water District
FY 2017-18 Capital Program Budget Variances as of June 30, 2018 (100%)

	FY 17-18 ACTUAL (4Q)	FY 2017-18 Budget	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	15,764	27,000	-11,236	58.4%	
Annual Assessment (County)	726,080	710,000	16,080	102.3%	1st installment
Prior Year Assessment	22,709	40,000	-17,291	56.8%	
Capital Debt Reduction Charge	278,615	278,615	0	100.0%	
Interest	17,075	8,000	9,075	213.4%	
Transfers to CIRF from Operations for prior year surplus	0	0	0	0.0%	
Transfers to CIRF from Operations	320,000	320,000	0	100.0%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
USDA Bond Proceeds	0	1,463,000	-1,463,000	0.0%	
Guernewood Park Modeling Funds	41,800		41,800		
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	1,447,042	2,871,615	-1,424,573	50.4%	
EXPENSES					
Gen. Obligation Bonds Payments	65,783	64,284	1,499	102.3%	
Cap One Revenue Bond	564,344	566,508	-2,164	99.6%	
Total Bond Payments	630,127	630,792	-665	99.9%	
State Loan Payments	146,618	146,438	180	100.1%	
Private Placement Loan	234,013	234,014	-1	100.0%	
Total Debt Payments	1,010,758	1,011,244	-486	100.0%	Sum of all debt payments
2017 CIP	764,857		764,857	na	Carryover expenses from FY17 Phase 1 (total $732,000)
2018 CIP	36,823	1,463,000	-1,426,177	2.5%	Design Expenses
Guernewood Park Modeling Expense	39,284		39,284		Funded by Project Proponent
In-House Construction Projects	25,775	25,000	775	103.1%	
TOTAL CAPITAL EXPENSES	1,877,498	2,499,244	-621,746	75.1%	
SURPLUS/DEFICIT	-430,456	372,371	-802,827	-115.6%	
Net Capital Funding	517,972	348,077	169,895	148.8%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

Table 3. FUND AND LOAN BALANCES (4Q)	FY 17-18 Actual 4Q	17-18 Budget	Difference Actual-FY18	Comments
DISTRICT RESERVES AND FUND BALANCES (2Q)				
District Policy Reserves				
Operating Budget Cash Reserve	123,508	274,995	(151,486.97)	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	96,475	458,325	(361,850.00)	corresponds to Operating Reserve 0300),
Debt Repayment Reserve (25% of Debt pmt)	102,315	252,811	(150,496.00)	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	773,243	1,236,131	(462,888)	Includes PARS below
TOTAL Reserves	2,314,663	2,594,683	(280,020)	
Reserves Above (below) Policy (Funds)	1,541,419	1,415,968	125,451	Difference between Total and Policy Reserves
Reserves Above (below) Policy (Budget)	1,078,532			
DISTRICT FUNDS				
CIRF (7106-0600)	$ 266,474	(334,700)	601,174	
OPERATIONS (0100)	$ 123,508	458,325	-334,817	
OPERATING RESERVE (0300)	$ 96,475	274,995	-178,520	
CAPITAL AND DEBT POLICY RESERVE (1100)	$ 102,315	502,811	-400,496	
IN HOUSE CONSTRUCTION (0500)	$ 75,982	104,315	-28,333	
BUILDING (0200)	$ 10,850	213,850	-203,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	$ 791,250	802,112	-10,862	Made both payments
FEDERAL LOANS AND BONDS (0400)	$ 500,000	64,284	435,716	Available for 2018 CIP
STATE LOANS (0900)	$ 146,863	146,438	425	Made both payments
STATE LOANS RESERVES (0800,1000)	$ -	146,739	-146,739	Including this in other reserves.
PARS*	$ 200,945			Added to Table
Total Funds Available	$ 2,314,663	2,232,430	82,233	

* June Amount

County Balances FY 2017-18 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")

	$31,495.21	$0.00	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,683.88	$572,035.18	$ 0.00	$146,740.72	$510,829.00	$801,357.29	$2,641,613.14	**$1,405,978.14**
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 2017)	**$1,235,635**
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	$31,495.21	$0.00	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,683.88	$567,080.17	$0.00	$146,740.72	$510,829.00	$684,350.69	$2,519,651.53	**$1,284,016.53**
FP2-Aug	$31,495.21	$0.00	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,485.12	$392,439.15	$0.00	$146,740.72	$502,315.00	$233,190.69	$1,885,137.75	**$649,502.75**
FP3-Sept	$32,680.36	$0.00	$255,161.07	$195,850.00	$86,956.00	$0.00	$72,485.12	$371,767.49	$0.00	$73,431.71	$302,315.00	$233,190.69	$1,591,157.08	**$355,522.08**
FP4-Oct	$32,680.36	$200,000.00	$352,003.38	$850.00	$86,956.00	$0.00	$60,102.21	$172,213.90	$0.00	$73,431.71	$302,315.00	$233,190.69	$1,281,062.89	**$245,427.89**
FP5-Nov	$32,680.36	$200,929.02	$387,003.38	$10,850.00	$86,956.00	$0.00	$83,224.11	$17,841.65	$0.00	$73,431.71	$302,315.00	$233,190.69	$1,194,812.54	**$160,106.56**
FP6-Dec	$37,200.62	$202,050.96	$337,003.38	$10,850.00	$247,475.00	$0.00	$82,006.97	$461,189.05	$0.00	$73,431.71	$302,315.00	$233,190.69	$1,747,461.80	**$713,877.76**
FP7-Jan	$37,200.95	$205,681.35	$318,822.41	$10,850.00	$246,475.00	$0.00	$76,769.97	$518,617.71	$41,800.00	$220,172.43	$302,315.00	$116,184.09	$1,852,006.61	**$780,252.96**
FP8-Feb	$37,200.95	$199,486.15	$318,822.41	$10,850.00	$246,475.00	$0.00	$76,769.97	$518,617.71	$41,581.25	$220,172.43	$302,315.00	$3,000.09	$1,738,603.86	**$660,873.76**
FP9-Mar	$36,686.95	$198,523.64	$408,822.41	$10,850.00	$246,475.00	$0.00	$76,769.97	$505,664.56	$35,743.75	$146,863.42	$302,315.00	$3,000.09	$1,736,504.20	**$663,649.09**
FP10-Apr	$36,686.95	$198,418.90	$82,838.11	$10,850.00	$96,475.00	$500,000.00	$76,769.97	$214,994.86	$26,143.75	$146,863.42	$102,315.00	$791,250.09	$2,048,500.20	**$985,140.35**
FP11-May	$36,686.95	$201,076.61	$122,838.11	$10,850.00	$96,475.00	$500,000.00	$75,982.08	$214,994.86	$18,486.90	$146,863.42	$102,315.00	$791,250.09	$2,080,055.46	**$1,027,010.17**
FP12-Jun	$37,077.06	$200,945.35	$122,838.11	$10,850.00	$96,475.00	$500,000.00	$75,982.08	$249,248.86	$18,486.90	$146,863.42	$102,315.00	$791,250.09	$2,114,309.46	**$1,061,132.91**
FP 13 (FINAL)	$37,077.06	$200,945.35	$123,508.03	$10,850.00	$96,475.00	$500,000.00	$75,982.08	$266,473.85	$ 18,486.90	$146,863.42	$102,315.00	$791,250.09	$2,132,204.37	**$1,079,027.82**

**** 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.**