SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 4, 2011

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORTS THRU JUNE 30, 2011 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

OPERATIONS

FY 2010-11 ended up with the District showing net loss of approximately $118,367. However, but for the one-time unbudgeted (because it was originally anticipated to count against the FY 2012 budget) PERS Side Fund payment of $230,511, the District would have shown a net income of $112,144 -- $91,874 more than budgeted. While District revenues were right on track with budgeted amounts, expenses, other than the Side Fund payment, were less than expected, particularly Distribution System Repairs and Treatment System/Well Repairs. The budget for both of these line items was decreased for the FY 2011-12 budget. Also of note, earlier in the year staff was concerned with the Electricity line item. By year end, however, this line item came in right on budget.

For a complete breakdown and explanation of line item variances, please refer to the attached FY 2010-11 Operating Budgeted Variances spreadsheet. A summary of items with the biggest budget variances are listed below:

Expenses:

Retirement – Side Fund payoff:	$230,511 (unbudgeted)
Tanks/Faciltities	$3,822.50 (unbudgeted)
Gen'l Liability Ins.:	$9,242 less than budgeted

Distribution Sys. Rep:	$15,523 less than budgeted
Treatment System/Wells:	$40,581 less than budgeted
Legal:	$6170 less than budgeted
Engineering:	$8,171 more than budgeted

CAPITAL

The 4Q review shows the effects of completing CIP IV-B, Project 1 and Project 2 and starting (but not finishing) the 2012 CIP during this past fiscal year. As discussed in prior reports, from a fund balance perspective, we paid for CIP IV-A and some of CIP IV-B out of the Private Placement Loan (PPL) fund and putting the Sonoma County Community Redevelopment Agency reimbursement into the Capital Improvement Revenue Fund (CIRF). This has no impact on the overall amount of fund balances nor any other financial item, but did result in the PPL fund being depleted sooner than projected in the long-term planning budget estimates, and the CIRF larger by the identical amount. The Capital Budget ended the year in good shape – revenues are on track and expenses are where they were expected to be. Costs for the remainder of the 2012 CIP will be carried over into this current Fiscal Year.

FUNDS AT THE COUNTY AND AT REDWOOD CREDIT UNION

Table 3. Fund and Loan Balances show a comparison of the budgeted and end of year (EOY). Also attached is the County Fund Balances for the fiscal year.

In Table 3 the Debt Repayment Reserve was miscalculated in the revised budget; otherwise the Policy Reserves are identical to budgeted amounts. Total Reserves EOY are higher than budgeted. That is because the approach of using up the Private Placement Loan (PPL) for paying construction bills is used up the PPL at a faster rate than shown in the budget with a corresponding increase in the CIRF. Also, the 2012 CIP was budgeted in FY 11, but none of the construction costs were paid in FY 11 - the obligation to pay for the construction cost is still there even though the carryover funds show in the total reserves.

The District Fund balances are fairly well aligned with the Reserve Policy elements.

Table 3. FUND AND LOAN BALANCES (EOY)		FY 10-11 Actual EOY	10-11 REVISED	Difference Actual-FY11 Revised	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
District Policy Reserves					
	Operating Balance	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	158,788	158,788	-	
	Economic Reserve (15% of Operating Exp)	238,182	238,182	-	
	Debt Repayment Reserve (25% of Debt pmt)	272,829	238,182	34,647	Correct calculation of reserve amount
	Capital Reserve	250,000	250,000	-	
Total District Policy		1,119,799	1,085,152	34,647	
TOTAL Reserves EOY		5,142,882	3,697,764	1,445,118	Difference because carryover construction expenses and PPL
Reserves Above (below) Policy		4,023,083	2,612,612	1,410,471	Difference between Total and Policy Reserves
DISTRICT FUNDS					
	CIRF	3,546,844	2,271,209	1,275,635	
	OPERATING RESERVE	396,970	396,970	-	
	OPERATIONS	332,877	200,000	132,877	End of year balancing, should be ~$200,000
	CD	632,584	631,978	606	
	IN HOUSE CONSTRUCTION	102,757	91,757	11,000	
	BUILDING	130,850	105,850	25,000	
District Loans					
	PPL	-	765,000		PPL used up in paying CIP IV-B expenses
Total Funds Available (District Funds plus PPL)		5,142,882	4,462,764	680,118	

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of June 30, 2011 (100%)

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

	FY 2010-11 Actual	2010-11 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						
4031.1. 2· Capital Debt Reduction Charge	235,548	227,000	8,548	103.77%		
4031.1 · Daily Water Sales Deposits	1,763,527	1,770,000	-6,473	99.63%		
Total 4031 · Water Sales	1,999,075	1,997,000	2,075	100.1%	This is a cash water sales figure.	
Total OPERATING REVENUE	1,999,075	1,997,000	2,075	100.1%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	0.0%		
1700 · Interest	36,892	40,000	-3,108	92.23%	Reflects interest earnings thru 4Q	*
3600 · Construction New Services	2,974	5,000	-2,026	59.49%		
3601 · Construction - Service Upgrades	2,982	2,000	982	149.12%		
4032 · Rent	68,044	70,000	-1,956	97.21%		
4227 · SCWA reimbursement	13,039	0	13,039	100.0%	Received in the 3Q and 4Q, offset in part by Toilet Rebates (part of Water Sales), and CUWCC membership costs	*
4040 · Miscellaneous Income	12,081	2,200	9,881	549.15%	Includes SDRMA claim reimbursement of $6,975.84 in the 3Q, offset largely by overtime	
Total NON-OPERATING REVENUE	136,013	119,200	16,813	114.11%		
Total Income	2,135,087	2,116,200	18,887	100.89%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	692,819	702,200	-9,381	98.66%		
5912 · Overtime	32,765	33,000	-235	99.29%	See, Misc. income comments above	
5916 · On-Call Pay	26,660	26,500	160	100.6%		
5918 · Extra help - Contract	35,029	33,500	1,529	104.56%		
Total Salary	787,272	795,200	-7,928	99.0%		
Benefits						
5500 · Flex Spending (Flex spending monies pc	2,876	0	2,876	100.0%		
5920 · Retirement	100,949	98,600	2,349	102.38%		
5920.1 · Ret: Prior Svce Side Fund payoff	230,511	0	230,511	100.0%	Budgeted for FY 2011-12, but paid in the 4Q due to PERS' due dates	*
5922 · Payroll Taxes - Employer Paid	14,419	14,300	119	100.83%		
5930 · Health/Dental/Vision/AFLAC Ins.	116,645	116,000	645	100.56%		
5931 · Retiree Health	2,556	0	2,556	100.0%		
5940 · Workers Comp Insurance	24,403	27,700	-3,297	88.1%	Includes 1st, 2nd 3rd, and 4th quarter premiums.	
Total Benefits	492,359	256,600	235,759	191.88%		
Total SALARY & BENEFITS	1,279,631	1,051,800	227,831	121.66%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,534	1,800	-266	85.2%		
6040-C · Cell Phones	3,155	3,100	55	101.76%		
6040-LD · Long Distance	463	700	-237	66.07%		
6040-P · Pagers & Radios	1,097	900	197	121.84%		

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of June 30, 2011 (100%)

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

	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6040-S · SCADA software maint.	456	500	-44	91.27%		
6040-T · Telephones	13,229	13,800	-571	95.86%		
Total Communications	19,933	20,800	-867	95.83%		
Insurances						
6101 · Gen. Liability	30,757	40,000	-9,243	76.89%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	
6102 · Auto/Equipment	8,172	10,500	-2,328	77.83%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	
Total Insurances	38,929	50,500	-11,571	77.09%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	11,341	12,000	-659	94.51%		
6151 · Office Maintenance	5,759	4,800	959	119.97%		
Total Maint/Rep - Office & Vehicles	17,099	16,800	299	101.78%		
Maint/Repair - Facilities						
6085 · Janitorial Services	6,259	7,100	-841	88.15%		
6180 · Distribution System Repairs	48,477	64,000	-15,523	75.75%	In the 2Q, $11,829.50 (budgeted at $14,000) was spent to video the tanks and removed sediment where needed.	
6235 · Treatment Sys/Well Repairs	15,419	56,000	-40,581	27.53%	In the 2Q, we appear to be underbudget, but the budget for this this line item includes $14,000 for *predicted* repairs that haven't been necessary as of the end of the 2Q	
6143 · Generator Maintenance	1,751	1,200	551	145.96%		
Total Maint/Repair - Facilities	71,906	128,300	-56,394	56.05%		
Miscellaneous Expenses						
6280 · Memberships	8,460	5,200	3,260	162.69%	See, Misc. income comments above	
6303 · Claims	3,315	1,500	1,815	221.01%		
6593 · Governmental Fees	16,085	21,700	-5,615	74.12%	1Q expense includes water system fees, paid twice yearly, and annual LAFCO costs. $4,000 was budgeted for election costs, which we will not have to pay this year because we won't need a Board election.	
Total Miscellaneous Expenses	27,860	28,400	-540	98.1%		
Office Expense						
6410 · Postage	13,240	15,000	-1,760	88.27%		
6430 · Printing Expense	7,030	6,500	530	108.15%	Bills and envelopes are purchased in yearly quantities.	
6461 · Office Supplies	4,274	6,500	-2,226	65.75%		
6800 · Subscriptions/Legal Notices	792	1,000	-208	79.2%		
6890 · Computers/Software	1,705	1,700	5	100.31%	In the 1Q, a (budgeted) computer was purchased ($900)	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	27,041	31,200	-4,159	86.67%		
Operating Supplies						
6300 · Chemicals	14,892	16,000	-1,108	93.08%	In the 1Q, chemicals were largely purchased in yearly quantities	

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of June 30, 2011 (100%)

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

	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6880 · Tools and Equipment	4,647	6,000	-1,353	77.45%		
6881 · Safety Equipment	1,561	1,800	-239	86.71%		
Total Operating Supplies	21,099	23,800	-2,701	88.65%		
Professional Services						
6083 · Laundry Service	2,781	2,600	181	106.95%		
6514 · Lab/Testing Fees	12,015	9,000	3,015	133.5%	In the 1Q, costs include tests that only need to be done annually.	
6570 · Consultant Fees	15,220	20,000	-4,780	76.1%		
6590 · Engineering	9,171	1,000	8,171	917.09%	Underbudgeted. 1Q general engineering fees are for system maps. It is anticipated that a total of $4,000 will be spent updating maps this fiscal year. However, actual mapping costs are $9000+ thru 4/18	
6592 · Engineering for Fife Creek Commons pr	1,747	0	1,747	100.0%	These are 2Q expenses incurred for the Burbank housing project in downtown Guerneville. We will be reimbursed for these costs.	
6610 · Legal	15,830	22,000	-6,170	71.95%		
6630 · Audit/Accounting	24,219	22,000	2,219	110.09%	County services doubled to $2623 this year	*
Total Professional Services	80,981	76,600	4,381	105.72%		
Rents & Leases						
6820 · Equipment	339	3,500	-3,161	9.69%		
6840 · Building & Warehouse	27,000	27,000	0	100.0%		
Total Rents & Leases	27,339	30,500	-3,161	89.64%		
Transportation & Travel						
7120 · Seminars & related travel	1,709	4,000	-2,291	42.73%		
7201 · Vehicle Gas	24,008	20,000	4,008	120.04%		
7300 · Travel Reimbursements	6,057	6,400	-343	94.64%		
Total Transportation & Travel	31,774	30,400	1,374	104.52%		
Uniforms						
6021.1 · Boots	1,226	1,330	-104	92.21%		
6021.3 · T-shirts	916	1,200	-284	76.35%	T-shirts are purchased once yearly	
6021.4 · Jackets	0	250	-250	0.0%		
Total Uniforms	2,143	2,780	-637	77.07%		
Utilities						
7320 · Electricity	92,552	96,000	-3,448	96.41%	-	
7321 · Propane	3,280	0	3,280	100.0%	This line item was broken out from electricity during the 3rd Q	
Total Utilities	95,832	96,000	-168	99.83%		
Total SERVICES & SUPPLIES	461,937	536,080	-74,143	86.17%		
Total OPERATING EXPENSES	1,741,568	1,587,880	153,688	109.68%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	3,823	0	3,823	100.0%	In the 1Q, $3,823 was spent to rehab the driveway to the Villa Grande tank.	
8517 · Field/office equipment	1,064	1,050	14	101.34%		
8573 · Vehicles	0	0	0	0.0%		

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of June 30, 2011 (100%)

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

	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Total FIXED ASSET EXPENDITURES	4,887	1,050	3,837	465.39%		
Total Expense	1,746,455	1,588,930	157,525	109.91%		
Net Ordinary Income	388,633	527,270	-138,637	73.71%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	227,000	-227,000	0.0%		
8620.3 · Tfers to CIRF	0	240,000	-240,000	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	507,000	-507,000	0.0%		

Table 2. Sweetwater Springs Water District
FY 2010-11 Capital Program Budget Variances as of June 30, 2011 (100%)

	FY 10-11 ACTUAL (4Q)	FY 10-11 REVISED BUDGET	$ Over Revised Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	58,963	27,000	31,963	218.4%	Includes $50,830 for Fife Creek Commons
Annual Assessment (County)	703,739	710,000	-6,261	99.1%	
Prior Year Assessment	40,448	40,000	448	101.1%	
Capital Debt Reduction Charge	227,000	227,000	0	100.0%	
Interest	23,045	60,000	-36,955	38.4%	off considerably
CDC Grants, CIP IV-B, Project 1	621,608	541,724	79,884	114.7%	
CDC Grants, CIP IV-B, Project 2.	959,333	1,065,000	-105,667	90.1%	
CDC Grants, 2012 CIP	3,191	0	3,191	#DIV/0!	
Private Placement Funding (CIP IV-B)	550,249	440,000	110,249	125.1%	
Transfers to CIRF from Operations	240,000	240,000	0	100.0%	End of Year Transfer
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	End of Year Transfer
TOTAL REVENUE	3,452,576	3,375,724	76,852	102.3%	
EXPENSES					
Gen. Obligation Bonds Payments	684,205	687,000	-2,795	99.6%	
State Loan Payments	170,172	170,300	-128	99.9%	
Private Placement Loan	234,013	234,014	-1	100.0%	2 payments made
CIP III	85,000	85,000	0	100.0%	Last settlement payment
CIP IV-B, Project 1	828,751	722,298	106,453	114.7%	Project is completed
CIP IV-B, Project 2	1,278,811	1,475,000	-196,189	86.7%	Project is completed
2012 CIP	73,932	1,264,532	-1,190,600	5.8%	Design costs, Construction started in June 2011
In-House Construction Projects	26,345	40,000	-13,655	65.9%	
TOTAL EXPENSES	3,381,229	4,678,144	-1,296,915	72.3%	
SURPLUS/DEFICIT	71,347	-1,302,420	1,373,767	-5.5%	Major difference from 2012 CIP obligated in FY 11 Budget but not spent

(from "Trial Balance by Project" Report (FAMIS 017))														
		Beginning balances per FAMIS: (Note: Warrants requested in FP 12 for last fiscal year are not subtracted from GL101 until FP 1 of the next year. They are instead recorded as "Vendors Payable")												
		$343,880.43	$90,850.00	$324,970.00	$688,000.00	$109,847.61	$0.00	$2,886,863.46	$ 24,968.95	$24,750.00	$148,548.98	$146,619.86	$678,345.94	$5,467,645.23
					(Restricted)	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	*(Restricted)*	
NAME	**CD at Redwood Cred U**	**Operations**	**Bldg Fund**	**Reserves**	**Federal Loan**	**In-house Construction**	**Federal Construction**	**Capital Improvement Revenue**	**State Loan #58330**	**State Loan #58830 Reserve**	**State Loan 58340**	**State Loan 58340 Reserve**	**Private Placement Funding**	
INDEX		**776013**	**776021**	**776039**	**776203**	**776211**	**776302**	**776401**	**776500**	**776518**	**776609**	**776617**	**776708**	
PROJECT		**001**	**002**	**003**	**200**	**210**	**300**	**400**	**500**	**510**	**600**	**610**	**700**	
FP1-Jul	602,172.72	$343,880.43	$90,850.00	$324,970.00	$688,000.00	$109,847.61	$0.00	$2,684,856.86	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$550,249.35	$5,137,542.04
FP2-Aug	602,172.72	$343,880.43	$90,850.00	$324,970.00	$237,312.32	$108,608.06	$0.00	$2,783,888.40	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$418,507.30	$4,652,904.30
FP3-Sept	609,697.25	$343,880.43	$90,850.00	$324,970.00	$237,312.32	$106,757.22	$0.00	$2,786,264.40	$13,191.98	$24,750.00	$75,239.97	$146,619.86	($74,023.70)	$4,075,812.48
FP4-Oct	609,697.25	$465,650.63	$90,850.00	$324,970.00	$237,312.32	$104,077.29	$0.00	$2,496,171.24	$13,191.98	$24,750.00	$75,239.97	$146,619.86	$0.00	$3,978,833.29
FP5-Nov	609,697.25	$525,650.63	$90,850.00	$324,970.00	$237,312.32	$102,142.29	$0.00	$2,783,420.76	$13,191.98	$24,750.00	$75,239.97	$146,619.86	$0.00	$4,324,147.81
FP6-Dec	617,315.80	$620,650.63	$90,850.00	$324,970.00	$237,312.32	$102,142.29	$0.00	$3,130,915.49	$13,191.98	$24,750.00	$75,239.97	$146,619.86	$0.00	$4,766,642.54
FP7-Jan	617,315.80	$622,315.68	$90,850.00	$324,970.00	$237,312.32	$97,935.32	$0.00	$3,218,863.07	$13,191.98	$24,750.00	$75,239.97	$146,619.86	$0.00	$4,852,048.20
FP8-Feb	617,315.80	$712,315.68	$90,850.00	$324,970.00	$3,794.64	$94,557.60	$0.00	$3,175,569.53	$13,191.98	$24,750.00	$75,239.97	$146,619.86	$0.00	$4,661,859.26
FP9-Mar	624,861.16	$432,315.68	$105,850.00	$396,970.00	$3,794.64	$118,820.10	$0.00	$3,327,208.23	$1,415.01	$24,750.00	$1,930.96	$146,619.86	$0.00	$4,559,674.48
FP10-Apr	624,861.16	$493,387.95	$105,850.00	$396,970.00	$3,794.64	$116,447.88	$0.00	$3,614,785.72	$1,415.01	$24,750.00	$1,930.96	$146,619.86	$0.00	$4,905,952.02
FP11-May	624,861.16	$533,387.95	$105,850.00	$396,970.00	$3,794.64	$116,447.88	$0.00	$3,456,198.80	$1,415.01	$24,750.00	$1,930.96	$146,619.86	$0.00	$4,787,365.10
FP12-Jun	632,583.98	$332,876.95	$105,850.00	$396,970.00	$3,794.64	$109,075.53	$0.00	$3,546,844.20	$1,415.01	$24,750.00	$1,930.96	$146,619.86	$0.00	$4,670,127.15
FP 13 (FINAL)	632,583.98													$0.00
													Balance does not reflect June construction checks	$0.00