SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 4, 2016

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU JUNE 30, 2016 (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. Every year the budget is drafted to transfer projected surplus revenues to our Capital Improvement Revenue Fund (CIRF), leaving just a small amount (this year $593) as budgeted net operating income.

Good news: In FY 2015-16, after all budgeted transfers, the District showed net operating income of $84,065.74, despite lagging water sales.

Operating Budget:

FY 2015-16 Revenue ended the year $22,049.93 (0.9%) <u>less</u> than budgeted.

Water Sales, the largest revenue line item and one that is very conservatively budgeted, nonetheless missed budgeted amounts by $37,626.75 (-1.65%). As has been discussed extensively at Board meetings, our customers have responded impressively to a multi-year statewide push to conserve water usage due to the lingering drought.

Non-operating revenue, particularly Rent and Miscellaneous Income, exceeded budgeted amounts by $15,676.82, leaving an overall net revenue deficit of $22,049.93. Rent was boosted by extra payments from Crystal Communications, who had fallen behind in their payments in previous years. Miscellaneous income was boosted by a large payment from a customer who had been sent to Collections.

FY 2015-16 Expenditures ended the year $105,522.67 (6%) less than budgeted.

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

Salaries & Benefits were right on budget, and System/Equipment Upgrades were slightly ($9,367.05) under budget. The bulk of the savings came from Service & Supplies, where expenses came in at $96,155.62 (-5.65%) less than budgeted. *There were savings in every category*, which at least in part reflects the relationship between water production and costs to produce. The largest saving were in the following line items:

Distribution System Repairs: $22,250.85 less than budgeted
Vehicle Purchase: $19,634.22 less than budgeted
Electricity: $12,386.16 less than budgeted
Chemicals: $7,630.41 less than budgeted
Legal: $7,947.33 less than budgeted
Treatment System / Well Repairs: $6,680.92 less than budgeted
Gas: $5,887.37 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) is on track with the Budget - the annual (2016) CIP was completed in April, all revenues are in, and 2017 CIP design expenses have been paid. The District is going for a USDA bond/grant for the 2017 CIP and the construction contract will not be awarded until the 2017 fiscal year at the earliest.

Interest was below budget and new services assessments, annual assessment, and prior year annual assessment revenue combine were close to the budgeted amounts.

All debt payments were made in FY16 at near budgeted amounts.

Total Capital Expenses without the FY17 CIP construction costs are over budget - the awarded contract was above the budgeted amount. As noted above the FY 17 CIP construction contract will not be awarded until FY 17 and will be much higher than the estimated amount in the FY 16 Budget - the project was in design in FY 17 and the project cost was not known at the time of FY 16 Budget development and adoption.

Net Capital Funding came in at $279,621 approximately $68,000 lower 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. Reserves above Policy are approximately $183,000 less than budgeted, a reflection of the higher than budgeted cost of the 2016 CIP.

The District's financial picture is healthy but we do not have excess funds - the Reserve Policy amount, funds to pay the bills at the beginning of this fiscal year and a little extra.

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of June 30, 2016 (100%)

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	1,437,538	1,434,921	2,617	100.18%		
4031.11· Current Charges	509,923	587,100	-77,177	86.86%		
4031.12· Capital Debt Reduction Charge	261,458	261,565	-107	99.96%		
4031.1 · Other Water Sales Revenue	37,040	0	37,040	100.0%		
Total 4031 · Water Sales	2,245,959	2,283,586	-37,627	98.35%	This is a cash water sales figure.	*
Total OPERATING REVENUE	2,245,959	2,283,586	-37,627	98.35%		
NON-OPERATING REVENUE						
1700 · Interest	9,142	7,500	1,642	121.89%	-	
3600 · Construction New Services	6,712	7,000	-288	95.89%		
3601 · Construction - Service Upgrades	100	2,000	-1,900	5.0%		
4032 · Rent	99,219	90,482	8,737	109.66%	In the 1Q, Crystal Communications made extra payments of $12,210 on prior year arrears.	
4227 · SCWA reimbursement	2,495	2,500	-5	99.79%		
4040 · Miscellaneous Income	8,891	1,500	7,391	592.74%	In the 1Q, a District customer paid off a large ($5,406) water account that had been sent to Collections.	
Total NON-OPERATING REVENUE	126,559	110,982	15,577	114.04%		
Total Income	2,372,518	2,394,568	-22,050	99.08%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	783,622	734,732	48,890	106.65%	FY 2015-16 had one extra payroll.	*
5912 · Overtime	28,379	31,479	-3,100	90.15%		
5916 · On-Call Pay	33,428	34,083	-655	98.08%		
5918 · Extra help - Contract	36,907	36,919	-12	99.97%		
Total Salary	882,336	837,213	45,123	105.39%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-296		-296	100.0%		
5920 · Retirement net employee share	85,337	124,311	-38,974	68.65%	Overbudgeted.	*
5922 · Payroll Taxes - Employer Paid	15,548	14,438	1,110	107.69%		
5930 · Health/Dental/Vision/AFLAC Ins.	140,619	145,668	-5,049	96.53%		
5931 · Retiree Health	8,140	7,000	1,140	116.29%	This line item includes CERBT deposits ($3,694.40).	*
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	281,186	327,417	-46,231	85.88%		
Total SALARY & BENEFITS	1,163,522	1,164,630	-1,108	99.91%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,778	1,800	-22	98.8%		
6040-C · Cell Phones	4,417	4,300	117	102.71%		
6040-P · Pagers & Radios	485	600	-115	80.91%		
6040-T · Telephones	14,670	19,950	-5,280	73.53%	AT&T rates were renegotiated.	*
Total Communications	21,350	26,650	-5,300	80.11%		
Insurances						
6101 · Gen. Liability	32,175	27,000	5,175	119.17%	(In the 1Q, paid for the year)	

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of June 30, 2016 (100%)

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
6102 · Auto/Equipment	0	5,200	-5,200	0.0%		
Total Insurances	32,175	32,200	-25	99.92%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	14,784	16,000	-1,216	92.4%	-	
6151 · Office Maintenance	5,717	5,700	17	100.3%		
Total Maint/Rep - Office & Vehicles	20,501	21,700	-1,199	94.48%		
Maint/Repair - Facilities						
6085 · Janitorial Services	7,397	8,140	-743	90.87%		
6100 · SCADA system	6,801	5,000	1,801	136.02%		
6180 · Distribution System Repairs	12,749	35,000	-22,251	36.43%	Similar to In-House Construction which is over budget	
6235 · Treatment Sys/Well Repairs	53,319	60,000	-6,681	88.87%	-	
6143 · Generator Maintenance	1,814	3,500	-1,686	51.83%		
Total Maint/Repair - Facilities	82,080	111,640	-29,560	73.52%		
Miscellaneous Expenses						
6280 · Memberships	10,076	9,700	376	103.87%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	15,772	20,500	-4,728	76.94%	-	
Total Miscellaneous Expenses	25,848	31,700	-5,852	81.54%		
Office Expense						
6410 · Postage	11,403	16,000	-4,597	71.27%		
6430 · Printing Expense	4,666	7,500	-2,834	62.21%	-	
6461 · Office Supplies	5,734	4,000	1,734	143.34%	-	
6800 · Subscriptions/Legal Notices	759	1,100	-341	68.99%		
6890 · Computers/Software	598	3,000	-2,402	19.92%	3 workstations were budgeted, but not needed this year (app. $2,000).	*
6579 · Furniture	487	500	-13	97.42%		
Total Office Expense	23,646	32,100	-8,454	73.66%		
Operating Supplies						
6300 · Chemicals	10,370	18,000	-7,630	57.61%	-	
6880 · Tools and Equipment	3,750	5,500	-1,750	68.19%		
6881 · Safety Equipment	90	1,000	-910	8.98%		
Total Operating Supplies	14,210	24,500	-10,290	58.0%		
Professional Services						
6083 · Laundry Service	2,207	3,400	-1,193	64.91%		
6514 · Lab/Testing Fees	13,392	15,000	-1,608	89.28%		
6570 · Consultant Fees	16,900	13,000	3,900	130.0%	Budget did not include $4,200 annual fee for Open Spatial (mapping)	*
6610 · Legal	12,053	20,000	-7,947	60.26%	-	
6630 · Audit/Accounting	30,566	34,500	-3,934	88.6%	-	
Total Professional Services	75,118	85,900	-10,782	87.45%		
Rents & Leases						
6820 · Equipment	967	2,000	-1,033	48.38%		
6840 · Building & Warehouse	28,045	28,100	-55	99.8%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	29,012	30,100	-1,088	96.39%		
Transportation & Travel						
7120 · Seminars & related travel	702	2,650	-1,948	26.5%		
7201 · Vehicle Gas	19,113	25,000	-5,887	76.45%		
7300 · Travel Reimbursements	5,606	6,400	-794	87.59%		
Total Transportation & Travel	25,421	34,050	-8,629	74.66%		

Sweetwater Springs Water District
FY 2015-16 Operating Budget Variances as of June 30, 2016 (100%)

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
Uniforms						
6021.1 · Boots	991	1,500	-509	66.06%		
6021.3 · T-shirts	352	1,500	-1,148	23.45%	-	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	1,343	3,240	-1,897	41.44%		
Utilities						
7320 · Electricity	87,614	100,000	-12,386	87.61%	-	
7321 · Propane	2,415	2,000	415	120.76%		
Total Utilities	90,029	102,000	-11,971	88.26%		
Total SERVICES & SUPPLIES	440,732	535,780	-95,048	82.26%		
Total OPERATING EXPENSES	1,604,254	1,700,410	-96,156	94.35%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	28,940	22,000	6,940	131.55%	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	3,327	0	3,327	100.0%	Expenditures include 2 unbudgeted laptops for the field ($2,240.78) and a generator ($1,086.41)	*
8573 · Vehicles	30,366	50,000	-19,634	60.73%	This line item was overbudgeted,but the vehicle purchase price was offset by the sale of three older District trucks (total sale proceeds $5,900)	*
Total FIXED ASSET EXPENDITURES	62,633	72,000	-9,367	86.99%		
Total Expense	1,666,887	1,772,410	-105,523	94.05%		
Net Ordinary Income	705,631	622,158	83,473	113.42%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	261,565	261,565	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	621,565	621,565	0	100.0%	-	

Water Sales

	Base	Current	CDR
Oct	$120,214.89	$79,799.60	$21,865.58
Nov	$105,494.33	$44,382.70	$19,278.19
Dec	$119,855.42	$51,917.20	$21,799.79
TOTAL	$345,564.64	$176,099.50	$62,943.56
July	$105,543.52	$62,759.60	
August	$119,815.28	$71,367.00	
Sept	$105,351.55	$60,696.35	
	$330,710.35	$194,822.95	
	$676,274.99	$370,922.45	

Table 2. Sweetwater Springs Water District
FY 2015-16 Capital Program Budget Variances as of June 30, 2016 (100%)

	FY 15-16 ACTUAL (4Q)	FY 15-16 BUDGET	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	27,949	27,000	949	103.5%	
Annual Assessment (County)	722,085	710,000	12,085	101.7%	
Prior Year Assessment	25,447	40,000	-14,553	63.6%	
Capital Debt Reduction Charge	261,565	261,565	0	100.0%	
Interest	8,367	25,000	-16,633	33.5%	
Transfers to CIRF from Operations	343,184	320,000	23,184	107.2%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
Funds from Reserves	808,385	630,000	178,385	128.3%	Cost of CIP above revenue transferrred to Capital Budget (CDRC and Transfer to CIRF coming).
TOTAL CAPITAL REVENUE	2,221,982	2,038,565	183,417	109.0%	
EXPENSES					
Gen. Obligation Bonds Payments	64,284	64,284	0		
Cap One Revenue Bond	567,492	566,508	984	NA	
Total Bond Payments	631,776	630,792	984	100.2%	
State Loan Payments	170,172	170,300	-128	99.9%	
Private Placement Loan	234,013	234,014	-1	100.0%	
Total Debt Payments	1,035,961	1,035,106	855	100.1%	Sum of all debt payments
2016 CIP	1,026,584	935,000	91,584	109.8%	Contract awarded in May 2015 for $1,024,837
2017 CIP	123,395	895,400	-772,005	13.8%	Design Expenses, going for USDA Bond
In-House Construction Projects	36,042	25,000	11,042	144.2%	
TOTAL CAPITAL EXPENSES	2,221,982	2,890,506	-668,524	76.9%	
TOTAL CAPITAL EXPENSES WO Projected 2017 CIP Construction Exp	**2,221,982**	**2,118,501**	**103,481**		
SURPLUS/DEFICIT	0	-851,941	851,941	0.0%	
Net Capital Funding	279,621	348,077	-68,456	80.3%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments (FY15 only); need assessment payment from County**

Table 3. FUNDS AND LOAN BALANCES (4Q)	FY 15-16 Actual4Q	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	2,259,513	2,442,556	(183,042)	
Reserves Above (below) Policy	1,070,574	1,253,616	(183,042)	Difference between Total and Policy Reserves
DISTRICT FUNDS				
CIRF (7106-0600)	($247,764)	(85,318)	-162,446	
OPERATIONS (0100)	$324,421	425,102	-100,681	
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)	$93,525	123,106	-29,581	
BUILDING (0200)	$180,850	180,850	0	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	802,112	800,522	1,590	1st payment made
FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	payment made this year
STATE LOANS (0700, 0900)	170,438	170,172	266	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	2,259,513	2,442,556	-183,042	

County Balances FY 2015-16

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
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	
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	$20,697.24	$693,892.99	$165,850.00	$425,102.00	$0.00	$78,076.71	($11,574.91)	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$127,938.30	$2,246,836.10
FP8-Feb	$20,697.24	$433,892.99	$180,850.00	$425,102.00	$0.00	$102,467.54	$233,120.78	$11,922.28	$24,750.00	$73,429.87	$146,619.86	$510,829.00	$3,000.30	$2,145,984.62
FP9-Mar	$21,156.27	$433,992.99	$180,850.00	$425,102.00	$0.00	$100,674.83	$215,994.85	$145.31	$24,750.00	$120.86	$146,619.86	$510,829.00	$3,000.30	$2,042,080.00
FP10-Apr	$21,156.27	$516,563.65	$180,850.00	$425,102.00	$0.00	$100,674.83	$502,798.98	$145.31	$24,750.00	$120.86	$146,619.86	$510,829.00	$3,000.30	$2,411,454.79
FP11-May	$21,156.27	$584,847.75	$180,850.00	$425,102.00	$0.00	$93,525.43	($559,236.61)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$802,111.50	$2,379,837.06
FP12-Jun	$25,428.46	$324,420.80	$180,850.00	$425,102.00	$0.00	$93,525.43	($247,763.69)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$802,111.50	$2,430,883.03
FP 13 (FINAL)	$25,428.46	$324,420.80	$180,850.00	$425,102.00	$0.00	$93,525.43	($247,763.69)	$ 23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$802,111.50	$2,430,883.03

*FY 2014-15 CERBT Contributions: $3,334.01 + 2900
* FY 2015-16 CERBT Contributions: $3694.40
Cumulative CERBT Contributions: $24,428.41