SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 5, 2010

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORTS THRU JUNE 30, 2010 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

OPERATIONS

FY 2009-10 ended up with the District showing net income of approximately $36,000 more than anticipated. As occurred last year, this extra income was mostly due to overbudgeting certain expenses – District revenues came in approximately $43,000 *short* of what was budgeted. It should be noted that each of the line items overbudgeted in FY 2009-10 was decreased for the FY 2010-11 budget.

For a complete breakdown and explanation of line item variances, please refer to the attached FY 2009-10 Operating Budgeted Variances spreadsheet. A summary of items with the biggest budget variances are listed below:

Income:	
Water Sales:	$36,180 less than budgeted
Expenses:	
Workers Comp Ins.:	$12,210 less than budgeted
Gen'l Liability Ins.:	$10,545 less than budgeted
Auto/Equip't Ins.:	$12,918 less than budgeted
Distribution Sys. Rep:	$24,974 less than budgeted
Consultant Fees:	$10,914 less than budgeted

Governmental Fees:: $11,800 more than budgeted

CAPITAL

The 4Q review shows the effects of completing CIP IV-A, Project 1 and Project 2 and starting (but not finishing) CIP IV-B, Project 1 during this past fiscal year. As discussed in prior reports, from a fund balance perspective, we are paying for Project 1 (and all CIP construction) out of the Private Placement Loan (PPL) fund and putting the SCRA reimbursement in the Capital Improvement Revenue Fund (CIRF). This has no impact on the overall amount of fund balances nor any other financial item, but will result in the PPL fund being depleted sooner than projected in the long-term planning budget estimates, and the CIRF will be 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 Project 1 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 using up the PPL at a faster rate than shown in the budget with a corresponding increase in the CIRF. Also, CIP IV-B, Project 1 was budgeted in FY 10, but not completed, but 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 still show the transition to align these funds with the Reserve Policy elements. Funds need to be moved in the Operations and Operations Reserve Funds to have them correspond to the Reserve Policy targets.

Table 3. FUND AND LOAN BALANCES (EOY)		FY 09-10 Actual EOY	09-10 REVISED	Difference Actual-FY10 Revised	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
District Policy Reserves					
	Operating Balance	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	158,770	158,770	-	
	Economic Reserve (15% of Operating Exp)	238,155	238,155	-	
	Debt Repayment Reserve (25% of Debt pmt)	272,829	238,155	34,674	Corrected amount
	Capital Reserve	250,000	250,000	-	
Total District Policy		1,119,755	1,085,081	34,674	
TOTAL Reserves EOY		4,358,584	3,652,274	706,310	Difference because carryover construction expenses and PPL
Reserves Above (below) Policy		3,238,830	2,567,193	671,636	Reflects error in Debt Repayment Reserve
DISTRICT FUNDS					
	CIRF	2,886,863	1,839,241	1,047,622	
	OPERATING RESERVE	324,970	225,000	99,970	Still needs balancing to Reserve Policy, should be ~$396,926
	OPERATIONS	343,880	788,542	(444,662)	Still needs balancing to Reserve Policy, should be ~$200,000
	CD	602,173	601,884	289	
	IN HOUSE CONSTRUCTION	109,848	106,757	3,091	
	BUILDING	90,850	90,850	-	
DISTRICT LOANS					
	Private Placement Loan	678,346	1,205,560	(527,214)	

Total Funds Available (sum of Total Reserves EOY and PPL)	5,036,930	4,857,834	179,096	CIP IV-B, Project 1 costs still outstanding

Sweetwater Springs Water District
FY 2009-10 Operating Budget Variances as of June 30, 2010 (100%)

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

	FY 2009-10 Actual	2009-10 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						
4031.1. 2· Capital Debt Reduction Charge	215,928	252,426	-36,498	85.54%	Underbudgeted, but the District actually transferred the budgeted amount to CIRF.	*
4031.1 · Daily Water Sales Deposits	1,796,411	1,796,092	319	100.02%		
Total 4031 · Water Sales	2,012,339	2,048,518	-36,180	98.23%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,012,339	2,048,518	-36,180	98.23%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	0.0%		
1700 · Interest	40,332	50,000	-9,668	80.66%	Reflects interest earnings thru 4Q	*
3600 · Construction New Services	3,293	6,000	-2,707	54.89%		
3601 · Construction - Service Upgrades	2,304	2,000	304	115.18%		
4032 · Rent	77,869	74,600	3,269	104.38%		
4040 · Miscellaneous Income	4,114	2,200	1,914	187.01%		
Total NON-OPERATING REVENUE	127,912	134,800	-6,888	94.89%		
Total Income	2,140,251	2,183,318	-43,068	98.03%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	690,858	687,229	3,629	100.53%		
5912 · Overtime	24,900	33,000	-8,100	75.46%		
5916 · On-Call Pay	26,955	26,436	519	101.96%		
5918 · Extra help - Contract	33,899	32,000	1,899	105.93%		
Total Salary	776,611	778,665	-2,054	99.74%		
Benefits						
5500 · Flex Spending (Flex spending monie	1,679	0	1,679	100.0%		
5920 · Retirement	97,211	98,797	-1,586	98.4%		
5922 · Payroll Taxes - Employer Paid	13,881	14,006	-125	99.11%		
5930 · Health/Dental/Vision/AFLAC Ins.	111,192	116,715	-5,523	95.27%		
5931 · Retiree Health	2,270	0	2,270	100.0%	This line item was broken out from Health Insurance at the request of our Auditor (Michael Celentano) to comply with GASB 45	
5940 · Workers Comp Insurance	21,859	34,069	-12,210	64.16%	Overbudgeted for the year. The FY 2010-11 budget for this line item was reduced to $27,700.	*
Total Benefits	248,093	263,587	-15,494	94.12%		
Total SALARY & BENEFITS	1,024,704	1,042,252	-17,548	98.32%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,390	1,800	-410	77.22%		
6040-C · Cell Phones	2,819	3,100	-281	90.95%		
6040-LD · Long Distance	507	700	-193	72.39%		
6040-P · Pagers & Radios	622	900	-278	69.1%		
6040-S · SCADA software maint.	499	0	499	100.0%		
6040-T · Telephones	12,526	12,000	526	104.39%		
Total Communications	18,363	18,500	-138	99.26%		

Sweetwater Springs Water District
FY 2009-10 Operating Budget Variances as of June 30, 2010 (100%)

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

	FY 2009-10 Actual	2009-10 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Insurances						
6101 · Gen. Liability	39,435	50,000	-10,565	78.87%	Bill paid yearly and is paid for the year. Overbudgeted. In FY 2010-11, budget reduced to $40,000.	*
6102 · Auto/Equipment	4,682	17,600	-12,918	26.61%	Bill paid yearly and is paid for the year. Overbudgeted. In FY 2010-11, budget reduced to $10,500.	*
Total Insurances	44,117	67,600	-23,483	65.26%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	7,222	12,000	-4,778	60.18%		
6151 · Office Maintenance	5,064	10,700	-5,636	47.33%	Overbudgeted. The budgeted amount included $6,000 for computer network maintenance, but our actual contract is only $1,860. The FY 2010-11 budget is reduced to $4,800 for this line item.	*
Total Maint/Rep - Office & Vehicles	12,286	22,700	-10,414	54.12%		
Maint/Repair - Facilities						
6085 · Janitorial Services	6,178	6,700	-522	92.21%		
6180 · Distribution System Repairs	45,026	70,000	-24,974	64.32%	Overbudgeted for the year. The FY 2010-11 budget for this line item was reduced to $64,000..	*
6235 · Treatment Sys/Well Repairs	81,747	77,984	3,764	104.83%	In the 1Q, an unbudgeted rehab of MR Well 5 ($13,902) will leave this line item underbudgeted for the year. Also this quarter, two large maintenance projects were done: (1) replace pump/motor for MR Well 4 ($7295) and (2) Video of El Bonita Well 5 ($9446). In the 2Q, the El Bonita Well Rehab -- slated for FY 2010-11 -- became necessary this year at an unbudgeted cost of $12,076. At the March Board meeting, the budget for this line item was increased from $45,000 to $77,983.64 because of the need to replace the filter media in the Monte Rio green sand filter.	
6143 · Generator Maintenance	2,892	3,000	-108	96.4%		
Total Maint/Repair - Facilities	135,844	157,684	-21,840	86.15%		
Miscellaneous Expenses						
6280 · Memberships	4,729	5,100	-371	92.73%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	23,800	12,000	11,800	198.33%	1Q expense includes water system fees, paid twice yearly. Always hard to predict, system fees were higher than anticipated this year, leaving this line item underbudgeted. In FY 2010-11, the budget for this line item is $21,700.	*
Total Miscellaneous Expenses	28,529	18,600	9,929	153.38%		
Office Expense						
6410 · Postage	12,268	17,000	-4,732	72.17%		

Sweetwater Springs Water District
FY 2009-10 Operating Budget Variances as of June 30, 2010 (100%)

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

	FY 2009-10 Actual	2009-10 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6430 · Printing Expense	7,842	5,250	2,592	149.38%	Bills and envelopes are purchased in yearly quantities. Unbudgeted costs of meter reading pages ($497), Auto-pay bills (app. $250), tag books (app. $900), and other smaller print jobs will leave this line item underbudgeted for the year.	
6461 · Office Supplies	3,958	7,000	-3,042	56.54%	Overbudgeted. In FY 2010-11, the budget for this line item is reduced to $6,500	*
6800 · Subscriptions/Legal Notices	808	1,000	-192	80.79%		
6890 · Computers/Software	1,200	1,950	-750	61.54%		
6579 · Furniture	664	1,000	-336	66.44%		
Total Office Expense	26,741	33,200	-6,459	80.54%		
Operating Supplies						
6300 · Chemicals	16,723	14,800	1,923	112.99%		
6880 · Tools and Equipment	3,724	5,500	-1,776	67.72%		
6881 · Safety Equipment	1,119	2,000	-881	55.93%		
Total Operating Supplies	21,566	22,300	-734	96.71%		
Professional Services						
6083 · Laundry Service	2,568	2,600	-32	98.76%		
6521 · County charges	1,712	1,500	212	114.11%		
6587 · County LAFCO charges	4,761	4,700	61	101.3%	Bill is pd yearly and is paid for the year	
6514 · Lab/Testing Fees	8,767	8,500	267	103.14%		
6570 · Consultant Fees	14,086	25,000	-10,914	56.35%	Overbudgeted. In FY 2010-11, the budget for this line item is reduced to $20,000.	*
6590 · Engineering	425	2,000	-1,575	21.26%		
6610 · Legal	17,874	20,000	-2,126	89.37%	In the 1Q and 2Q, the Berry/Korbel litigation and the cell tower negotiations are leaving legal expenses slightly overbudget.	
6630 · Audit/Accounting	18,888	18,000	888	104.93%		
Total Professional Services	69,081	82,300	-13,219	83.94%		
Rents & Leases						
6820 · Equipment	1,755	2,000	-245	87.73%		
6840 · Building & Warehouse	27,000	27,000	0	100.0%		
Total Rents & Leases	28,755	29,000	-245	99.15%		
Transportation & Travel						
7120 · Seminars & related travel	1,862	4,500	-2,638	41.37%		
7201 · Vehicle Gas	21,692	16,800	4,892	129.12%		
7300 · Travel Reimbursements	5,453	6,360	-907	85.73%		
Total Transportation & Travel	29,006	27,660	1,346	104.87%		
Uniforms						
6021.1 · Boots	1,119	1,330	-211	84.16%		
6021.3 · T-shirts	1,215	1,200	15	101.26%	T-shirts are purchased once yearly	
6021.4 · Jackets	272	360	-88	75.43%		
Total Uniforms	2,606	2,890	-284	90.17%		
Utilities						

Sweetwater Springs Water District
FY 2009-10 Operating Budget Variances as of June 30, 2010 (100%)

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

	FY 2009-10 Actual	2009-10 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
7320 · Electric and Propane	94,484	96,000	-1,516	98.42%	_	
Total Utilities	94,484	96,000	-1,516	98.42%		
Total SERVICES & SUPPLIES	511,376	578,434	-67,058	88.41%		
Total OPERATING EXPENSES	1,536,080	1,620,686	-84,605	94.78%		
FIXED ASSET EXPENDITURES						
8517 · Field/office equipment	10,507	5,000	5,507	210.14%	In the 3Q, the District purchased a generator for the Schoeneman tank ($3,413) and a compressor ($1,464). We have no detailed list of what was budgeted for this line item so it is unclear what was budgeted and unbudgeted, but no further purchases are anticipated for this line item.	
8573 · Vehicles	0	0	0	0.0%		
Total FIXED ASSET EXPENDITURES	10,507	5,000	5,507	210.14%		
Total Expense	1,546,587	1,625,686	-79,099	95.13%		
Net Ordinary Income	593,663	557,632	36,031	106.46%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	252,426	252,426	0	100.0%		
8620.3 · Tfers to CIRF	280,000	280,000	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	572,426	572,426	0	100.0%		

Table 2. Sweetwater Springs Water District
FY 2009-10 Capital Program Budget Variances as of March 31, 2010 (75%)

	FY 09-10 ACTUAL	FY 09-10 BUDGET	FY 09-10 REVISED BUDGET	$ Over Revised Budget for Year	% of Budget	Comments
REVENUE						
Annual Assessment - New Services	14,658	27,000	27,000	-12,342	54.3%	
Annual Assessment (County)	696,522	710,000	710,000	-13,478	98.1%	
Prior Year Assessment	34,148	40,000	40,000	-5,852	85.4%	
Capital Debt Reduction Charge	252,426	252,426	252,426	0	100.0%	Didn't actually get this amount - it's lower
Interest	34,027	95,000	95,000	-60,973	35.8%	off considerably
Cal Trans Reimb. For Culvert Project	52,547	0	0	52,547	NA	Received in 1st Q
CDC Grants, CIP IV-A, FY09 carryover	437,720	0	437,720	0	100.0%	Reimbursements for FY09 CIP IV-A, carried over into FY10
CDC Grants, CIP IV-B, Project 1	233,969		899,250	-665,281	26.0%	Project will carryover into FY11
CDC Grants, CIP IV-B, Project 2	16,657		30,000	-13,343	55.5%	Reimbursements for CIP IV-B, Project 2 design
Private Placement Funding (FY09 Carryover)	659,239		222,945	436,294	295.7%	PPL used for paying construction costs
Private Placement Funding (CIP IV-B)	298,879	1,052,000	438,750	-139,871	68.1%	CDC Grant, Bonita Terrace, FY09 Carryover
Transfers to CIRF from Operations	280,000	280,000	280,000	0	100.0%	End of year transfer, CDRC subtracted
Transfers to In-House Constr. from Operations	25,000	25,000	25,000	0	100.0%	
TOTAL REVENUE	3,035,791	2,481,426	3,458,091	-422,300	87.8%	
EXPENSES						
Gen. Obligation Bonds Payments	687,375	687,000	687,000	375	100.1%	
State Loan Payments	170,172	170,300	170,300	-128	99.9%	
Private Placement Loan	234,013	234,014	234,014	-1	100.0%	2 payments made
CIP III	50,000	50,000	50,000	0	100.0%	Settlement payment
CIP IV-A	659,239	0	660,665	-1,426	99.8%	Project 2 started in May, carried over into FY10, Completed in November 09
CIP IV-B, Project 1	405,422	1,052,000	**1,328,000**	-922,578	30.5%	Construction started in May, anticipate October 10 completion
CIP IV-B, Project 2	22,210		40,000	-17,790	55.5%	Design costs, started in July 10
In-House Construction Projects	20,311	40,000	40,000	-19,689	50.8%	
TOTAL EXPENSES	2,248,742	2,233,314	3,209,979	-961,237	70.1%	
SURPLUS/DEFICIT	787,049	248,112	248,112	538,937	317.2%	Budget due to Project 1 carryover into FY 11

(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")												
		$770,352.33	$75,850.00	$225,000.00	$685,375.36	$121,756.89	($0.95)	$1,606,129.13	$ 24,842.89	$24,750.00	$148,547.00	$146,619.86	$1,867,255.40	$5,696,477.91
					(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	573,223.48	$800,352.33	$75,850.00	$225,000.00	$685,375.36	$105,158.89	($0.95)	$1,439,122.53	$24,842.89	$24,750.00	$148,547.00	$146,619.86	$1,636,464.17	$5,312,082.08
FP2	573,223.48	$800,352.33	$75,850.00	$225,000.00	$236,687.68	$104,264.93	($0.95)	$1,651,149.23	$24,842.89	$24,750.00	$148,547.00	$146,619.86	$1,424,993.25	$4,863,056.22
FP3	573,223.48	$880,352.33	$75,850.00	$225,000.00	$236,687.68	$102,514.93	($0.95)	$1,764,646.37	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$1,295,539.22	$4,840,263.35
FP4	580,486.72	$919,930.52	$75,850.00	$225,000.00	$236,687.68	$98,681.55	($0.95)	$1,791,402.58	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$1,267,656.97	$4,874,882.12
FP5	580,486.72	$1,044,930.52	$75,850.00	$225,000.00	$236,687.68	$96,031.71	($0.95)	$1,897,596.13	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$1,048,932.12	$4,884,700.98
FP6	587,638.56	$1,044,930.52	$75,850.00	$225,000.00	$236,687.68	$94,181.71	($0.95)	$2,252,935.18	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$1,006,417.17	$5,195,675.08
FP7	587,638.56	$1,114,771.87	$75,850.00	$225,000.00	$236,687.68	$93,981.71	($0.95)	$2,255,499.96	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$900,996.53	$5,162,460.57
FP8	587,638.56	$869,771.87	$90,850.00	$225,000.00	($2,000.00)	$113,217.24	$0.00	$2,543,253.07	$13,065.92	$24,750.00	$75,237.99	$146,619.86	$873,423.03	$4,973,188.98
FP9	594,821.17	$869,771.87	$90,850.00	$225,000.00	$688,000.00	$114,176.24	$0.00	$1,682,953.07	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$854,066.88	$4,869,705.85
FP10	594,821.17	$545,486.78	$90,850.00	$396,970.00	$688,000.00	$113,268.62	$0.00	$2,256,978.19	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$829,658.42	$5,266,099.80
FP11	594,821.17	$268,060.78	$90,850.00	$324,970.00	$688,000.00	$110,127.61	$0.00	$2,636,404.19	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$824,186.42	$5,287,486.79
FP12	602,172.72	$341,686.78	$90,850.00	$324,970.00	$688,000.00	$109,847.61	$0.00	$2,777,638.45	$24,968.95	$24,750.00	$148,548.98	$146,619.86	$678,345.94	$5,356,226.57
FP 13 (FINAL)	602,172.72	$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
													Balance does not reflect June construction checks	$0.00