SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 6, 2015

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU JUNE 30, 2015 (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. It should be noted that the budgeted amounts reflect the mid-year budget revisions that were approved in March. Additionally, 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 $2,953) as budgeted net operating income.

Good news: In FY 2014-15, after all budgeted transfers, the District showed net operating income of $119,836. This was mostly due to expenses coming in under budget.

Operating Budget:

4Q Revenue ended the year $21,249.52 (0.9%) more than budgeted (as revised by the mid-year budget revisions).

Water Sales, the largest revenue line item, contributed $6,135 to this surplus, with most of the remainder in the Miscellaneous Income category from the sale of the Woods Avenue parcel in the 1Q ($16,108), and the signing bonus of $6,750 from Crown Castle for the AT&T/Mt. Jackson lease.

Current Charges - the revenue affected by the State mandate to reduce water use - came in at $559,959 which is $15,041 less than the revised budget amount of $570,000. As noted this was made up by the Woods Ave. parcel sale.

Rent came in at $9,894 less than budgeted, due to arrears from Crystal Communications.

4Q Expenditures are $95,634 (5.4%) less than budgeted.

In the 4Q, the District spent $7,500 on SunKay Associates to negotiate the Crown Castle (AT&T) lease, and $8,113 on leak detection equipment, both unbudgeted.

Even with these unbudgeted expenses, overall expenses were less than budgeted. The largest saving were in the following areas:

Salaries and Benefits: $60,785 less than budgeted
Treatment System / Well Repairs: $5,725 less than budgeted
Legal: $4,713 less than budgeted
Gas: $5,744 less than budgeted
Electricity: $14,250 less than budgeted
Vehicles: $26,736 less than budgeted

For more detail on all the budget line items, including line item mid-year budget revisions, 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 (2015) CIP is completed, all revenues are in, and 2016 CIP design expenses have been paid, the award of 2016 CIP construction contract has happened but construction costs won't come in until the next fiscal year.

Interest was below budget but annual assessment and prior year annual assessment revenue were above budget.

All debt payments were made in FY15. There were no General Obligation Bond payments in FY15 because of the settlement agreement with USDA.

$683,000 were needed from Reserves to pay for the capital project - that was close to the budgeted amount projected.

Total Capital Expenses without the obligated FY16 CIP construction costs show results close to budgeted; approximately $37,000 over budgeted. The FY 16 construction contract awarded in May 2015, but construction did not start until July and thus no actual construction costs came out of the FY15 accounts.

Net Capital Funding came in at approximately $401,000, approximately $52,000 higher than budgeted - fairly close to the projection of the revised budget.

FUNDS AT THE COUNTY

Table 3. Fund and Loan Balances show a comparison of the budgeted and 3rd Quarter balances. Also attached is the County Fund Balances for the 3rd Quarter. Table 3 includes all the funds listed in the County Fund Balances.

Sweetwater Springs Water District
FY 2014-15 Operating Budget Variances as of June 30, 2015 (100%)

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

	FY 2014-15 Actual	2014-15 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	1,397,014	1,393,127	3,887	100.28%		
4031.11· Current Charges	554,959	570,000	-15,041	97.36%	Mid-year budget revision: $725,894 to $570,000	
4031.12· Capital Debt Reduction Charge	254,854	253,947	907	100.36%		
4031.1 · Other Water Sales Revenue	16,381	0	16,381	100.0%		
Total 4031 · Water Sales	2,223,209	2,217,074	6,135	100.28%	This is a cash water sales figure.	
Total OPERATING REVENUE	2,223,209	2,217,074	6,135	100.28%		
NON-OPERATING REVENUE						
1700 · Interest	6,754	7,500	-746	90.05%	Reflects interest earnings thru 4Q	*
3600 · Construction New Services	13,663	13,000	663	105.1%	Mid-year budget revision: $5,000 to $13,000	
3601 · Construction - Service Upgrades	2,122	1,000	1,122	212.22%		
4032 · Rent	78,456	88,350	-9,894	88.8%		
4227 · SCWA reimbursement	2,495	2,500	-5	99.79%		
4040 · Miscellaneous Income	25,476	1,500	23,976	1,698.37%	In the 1Q, proceeds from the sale of 14335 Woods Ave. (to Jardine) were placed here ($16,108). In the 4Q, we received a $6,750 signing bonus from Crown Castle (AT&T/Mt. Jackson).	*
Total NON-OPERATING REVENUE	128,965	113,850	15,115	113.28%		
Total Income	2,352,174	2,330,924	21,250	100.91%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	679,152	716,000	-36,848	94.85%	Mid-year budget revision: $697,038 to $716,000	
5912 · Overtime	22,998	30,562	-7,564	75.25%		
5916 · On-Call Pay	30,200	33,090	-2,890	91.27%		
5918 · Extra help - Contract	36,919	34,100	2,819	108.27%		
Total Salary	769,269	813,752	-44,483	94.53%		
Benefits						
5500 · Flex Spending (Flex spending monies p	1,272		1,272	100.0%		
5920 · Retirement	114,526	121,115	-6,589	94.56%		
5922 · Payroll Taxes - Employer Paid	14,044	14,067	-23	99.83%		
5930 · Health/Dental/Vision/AFLAC Ins.	129,894	143,249	-13,355	90.68%		
5931 · Retiree Health	10,453	7,000	3,453	149.33%	In the 1Q $3,334.01 was was paid to CERBT	
5940 · Workers Comp Insurance	16,939	18,000	-1,061	94.11%	In the 1Q, expenses include pymt for the FY 2013-14 audit and FY 2014-15 payments thru the 2Q. As of the 3Q, workers comp has been paid for the year.	
Total Benefits	287,128	303,431	-16,303	94.63%		
Total SALARY & BENEFITS	1,056,397	1,117,183	-60,786	94.56%		

Sweetwater Springs Water District
FY 2014-15 Operating Budget Variances as of June 30, 2015 (100%)

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

	FY 2014-15 Actual	2014-15 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,819	1,800	19	101.03%		
6040-C · Cell Phones	4,728	4,300	428	109.95%		
6040-P · Pagers & Radios	642	560	82	114.56%		
6040-T · Telephones	18,357	19,950	-1,593	92.02%		
Total Communications	25,545	26,610	-1,065	96.0%		
Insurances						
6101 · Gen. Liability	27,632	27,000	632	102.34%	(In the 1Q, paid for the year)	
6102 · Auto/Equipment	4,105	5,200	-1,095	78.94%		
Total Insurances	31,737	32,200	-463	98.56%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	25,338	22,000	3,338	115.17%	In the 1Q, $3,628 was spent on backhoe repairs. Mid-year budget revision: $14,000 to $22,000 for backhoe and dumptruck repairs	
6151 · Office Maintenance	6,220	4,050	2,170	153.57%		
Total Maint/Rep - Office & Vehicles	31,558	26,050	5,508	121.14%		
Maint/Repair - Facilities						
6085 · Janitorial Services	7,185	8,000	-815	89.82%		
6100 · SCADA system	33,196	35,000	-1,804	94.85%	Mid-year budget revision: $5,000 to $35,000 for SCADA software upgrades	
6180 · Distribution System Repairs	26,352	24,000	2,352	109.8%		
6235 · Treatment Sys/Well Repairs	97,275	103,000	-5,725	94.44%	In the 1Q, unbudgeted expenses totalling over $14,000 were spent on a Well 5 rehab. (Well 4 was budgeted for rehab this year.) In addition, problems have now been identified at Well 6. It is likely that this line item will be overbudget this year. Mid-year budget revision: $42,000 to $103,000	
6143 · Generator Maintenance	2,810	3,200	-390	87.81%		
Total Maint/Repair - Facilities	166,818	173,200	-6,382	96.32%		
Miscellaneous Expenses						
6280 · Memberships	9,486	9,700	-214	97.8%		
6303 · Claims	2,054	1,500	554	136.91%		
6593 · Governmental Fees	18,872	20,500	-1,628	92.06%	1Q expense includes water system fees, paid twice yearlyr, and annual LAFCO costs.	
Total Miscellaneous Expenses	30,412	31,700	-1,288	95.94%		
Office Expense						
6410 · Postage	16,537	16,000	537	103.36%		
6430 · Printing Expense	5,206	7,500	-2,294	69.41%	-	
6461 · Office Supplies	3,973	4,000	-27	99.31%	-	
6800 · Subscriptions/Legal Notices	974	800	174	121.73%		

Sweetwater Springs Water District
FY 2014-15 Operating Budget Variances as of June 30, 2015 (100%)

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

	FY 2014-15 Actual	2014-15 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6890 · Computers/Software	2,732	700	2,032	390.36%	In the1Q, the computer server and SM's workstation wre replaced as they were both still running on XP Pro, no longer supported by Micrsoft. This was an unbudgeted expense of $2,597.22	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	29,422	29,500	-78	99.74%		
Operating Supplies						
6300 · Chemicals	15,617	17,000	-1,383	91.87%	In the 1Q, some chemicals were purchased for the year.	
6880 · Tools and Equipment	2,938	6,500	-3,562	45.2%		
6881 · Safety Equipment	990	1,000	-10	98.96%		
Total Operating Supplies	19,545	24,500	-4,955	79.77%		
Professional Services						
6083 · Laundry Service	2,183	3,400	-1,217	64.2%		
6514 · Lab/Testing Fees	12,245	15,000	-2,755	81.64%		
6570 · Consultant Fees	22,565	14,966	7,599	150.77%	1Q expense is the annual fee for labor negotiator. Mid-year budget revision: $3,300 to $14,966 to reflect higher labor negotiator costs. In the 4Q we paid an unbudgeted $7,500 to SunKay to negotiate our AT&T Mt. Jackon lease with Crown Castle.	*
6610 · Legal	15,287	20,000	-4,713	76.44%	-	
6630 · Audit/Accounting	34,572	29,600	4,972	116.8%	-	
Total Professional Services	86,852	82,966	3,886	104.68%		
Rents & Leases						
6820 · Equipment	2,347	2,000	347	117.33%		
6840 · Building & Warehouse	27,495	27,675	-180	99.35%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	29,842	29,675	167	100.56%		
Transportation & Travel						
7120 · Seminars & related travel	2,898	2,800	98	103.48%		
7201 · Vehicle Gas	19,255	25,000	-5,745	77.02%		
7300 · Travel Reimbursements	5,731	6,400	-669	89.54%		
Total Transportation & Travel	27,884	34,200	-6,316	81.53%		
Uniforms						
6021.1 · Boots	1,230	1,500	-270	82.0%		
6021.3 · T-shirts	2,250	1,500	750	150.0%	1Q expense includes T-shirts, purchased once yearly	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	3,480	3,240	240	107.41%		
Utilities						
7320 · Electricity	85,749	100,000	-14,251	85.75%	-	
7321 · Propane	2,262	4,000	-1,738	56.54%		
Total Utilities	88,011	104,000	-15,989	84.63%		
Total SERVICES & SUPPLIES	571,105	597,841	-26,736	95.53%		
Total OPERATING EXPENSES	1,627,502	1,715,024	-87,522	94.9%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	7,119	9,000	-1,881	79.1%	Mid-year budget revision: $22,000 to $9,000	

Sweetwater Springs Water District
FY 2014-15 Operating Budget Variances as of June 30, 2015 (100%)

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	FY 2014-15 Actual	2014-15 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	8,113	0	8,113	100.0%	In the 4Q the District purchased leak detection equipement (an unbudgeted expense.)	*
8573 · Vehicles	35,656	50,000	-14,344	71.31%		
Total FIXED ASSET EXPENDITURES	50,888	59,000	-8,112	86.25%		
Total Expense	1,678,391	1,774,024	-95,634	94.61%		
Net Ordinary Income	673,783	556,900	116,883	120.99%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	253,947	253,947	0	100.0%		
8620.3 · Tfers to CIRF	260,000	260,000	0	100.0%	Mid-year budget revision: $500,000 to $260,000	
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	553,947	553,947	0	100.0%	-	

Table 2. Sweetwater Springs Water District
FY 2014-15 Capital Program Budget Variances as of June 30, 2015 (100%)

	FY 14-15 ACTUAL (4Q)	FY 14-15 BUDGET	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	52,719	27,000	25,719	195.3%	
Annual Assessment (County)	720,216	710,000	10,216	101.4%	
Prior Year Assessment	55,059	40,000	15,059	137.6%	
Capital Debt Reduction Charge	253,947	253,947	0	100.0%	
Interest	11,995	25,000	-13,005	48.0%	
Transfers to CIRF from Operations	260,000	260,000	0	100.0%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
Funds from Reserves	683,000	695,000	-12,000	98.3%	Cost of CIP above revenue (could be deficit in Surplus/Deficit below).
TOTAL CAPITAL REVENUE	2,061,937	2,035,947	25,990	101.3%	
EXPENSES					
Gen. Obligation Bonds Payments	0	0	0		No payment this year because of bond reissuance
Cap One Revenue Bond	566,508	566,508	0	NA	both payments made
Total Bond Payments	566,508	566,508	0	100.0%	
State Loan Payments	170,172	170,300	-128	99.9%	both payments made
Private Placement Loan	234,013	234,014	-1	100.0%	both payments made
Total Debt Payments	970,693	970,822	-129	100.0%	Sum of all debt payments
2014 CIP	1,234	0	1,234		
2015 CIP	971,912	1,037,346	-65,434	93.7%	Project is completed
2016 CIP	64,917	975,000	-910,083	6.7%	Contract awarded in May for $1,024,837
In-House Construction Projects	37,463	25,000	12,463	149.9%	
Mapping Project	14,811	0	14,811		
TOTAL CAPITAL EXPENSES	2,061,030	3,008,168	-947,138	68.5%	
TOTAL CAPITAL EXPENSES WO Projected 2016 CIP Construction Exp	**2,061,030**	**2,098,085**	**-37,055**		
SURPLUS/DEFICIT	907	-972,221	973,128	-0.1%	
Net Capital Funding	401,031	348,077	52,954	115.2%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments (FY15 only); need assessment payment from County**

Table 3. FUND AND LOAN BALANCES (3Q)		FY 14-15 Actual4Q	14-15 Budget (Revised)	Difference Actual-FY15	Comments
DISTRICT RESERVES AND FUND BALANCES (3Q)					
District Policy Reserves					
	Operating Budget Cash Reserve	303,535	257,254	46,281.31	corresponds to Operations (0100)
	Operating Reserve (25% of Operating Exp)	399,812	428,756	(28,944.00)	corresponds to Operating Reserve 0300)
	Debt Repayment Reserve (25% of Debt pmt)	260,829	242,706	18,123.25	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		1,214,177	1,178,716	35,461	
TOTAL Reserves		2,988,435	2,594,683	393,752	
Reserves Above (below) Policy		1,774,258	1,415,968	358,290	Difference between Total and Policy Reserves
DISTRICT FUNDS					
	CIRF (7106-0600)	529,149	97,033	432,116	
	OPERATIONS (0100)	303,535	257,254	46,281	
	OPERATING RESERVE (0300)	399,812	428,756	-28,944	
	CAPITAL AND DEBT POLICY RESERVE (1100)	510,829	492,706	18,123	
	IN HOUSE CONSTRUCTION (0500)	104,315	118,106	-13,791	
	BUILDING (0200)	165,850	165,850	0	
	CAP ONE BOND AND CITIZENS BANK LOAN (1200)	804,505	800,522	3,983	
	FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	
	STATE LOANS (0700, 0900)	170,438	170,172	266	
	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		2,988,435	2,594,683	393,752	

County Balances FY 2014-15

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")

	$15,296.65	$323,402.68	$150,850.00	$407,983.00	$72,570.00	$116,778.72	$1,132,004.01	$ 24,953.19	$24,750.00	$148,556.90	$146,619.86	$511,305.56	$795,000.00	$3,854,773.92
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	$15,296.65	$323,402.68	$150,850.00	$407,983.00	$72,570.00	$116,778.72	$1,124,193.31	$24,953.19	$24,750.00	$148,556.90	$146,619.86	$511,305.56	$677,993.40	$3,729,956.62
FP2-Aug	$15,296.65	($112,551.32)	$150,850.00	$407,983.00	$72,570.00	$116,778.72	$1,129,169.31	$24,953.19	$24,750.00	$148,556.90	$146,619.86	$511,305.56	$677,993.40	$3,298,978.62
FP3-Sept	$18,172.41*	$323,402.68	($285,104.00)	$407,983.00	$72,570.00	$115,770.45	$982,701.11	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$511,305.56	$677,993.40	$3,066,416.17
FP4-Oct	$18,349.70	$514,494.81	$150,850.00	$407,983.00	$72,570.00	$112,712.65	$816,902.52	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$512,041.47	$242,039.40	$3,089,387.82
FP5-Nov	$18,349.70	$564,494.81	$150,850.00	$407,983.00	$72,570.00	$111,676.16	$659,247.52	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$512,041.47	$242,039.40	$2,980,696.33
FP6-Dec	$18,342.92	$654,494.81	$150,850.00	$407,983.00	$72,570.00	$110,611.16	$835,553.28	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$512,041.47	$242,039.40	$3,245,937.09
FP7-Jan	$18,342.92	$656,089.67	$150,850.00	$407,983.00	$72,570.00	$108,942.97	$837,565.71	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$512,769.21	$125,032.80	$3,131,597.33
FP8-Feb	$18,342.92	$656,089.67	$150,850.00	$407,983.00	$72,570.00	$108,770.19	$759,956.53	$13,176.22	$24,750.00	$75,247.89	$146,619.86	$512,769.21	($5,521.20)	$2,923,261.37
FP9-Mar	$18,791.07	$498,217.61	$165,850.00	$399,812.00	$0.00	$132,702.31	$416,403.04	$1,399.25	$24,750.00	$1,938.88	$146,619.86	$510,829.00	$804,505.30	$3,103,027.25
FP10-Apr	$18,791.07	$498,217.61	$165,850.00	$399,812.00	$0.00	$132,702.31	$416,403.04	$1,399.25	$24,750.00	$1,938.88	$146,619.86	$510,829.00	$804,505.30	$3,103,027.25
FP11-May	$21,481.71	$558,217.61	$165,850.00	$399,812.00	$0.00	$109,865.31	$395,351.55	$1,399.25	$24,750.00	$1,938.88	$146,619.86	$510,829.00	$804,505.30	$3,119,138.76
FP12-Jun	$21,481.71	$303,535.31	$165,850.00	$399,812.00	$0.00	$104,315.49	$529,149.40	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$804,505.30	$3,159,804.49
FP 13 (FINAL)	(6/30 value is estimated)													$0.00

4/5/2014 Initial CERBT Contribution: $14,500
4/5/2014 FY 2014-15 CERBT Contributions: $3,334.01
6/4/2015 FY 2014-15 CERBT Contribution #2: