SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: November 1, 2018

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU SEPTEMBER 30, 2018 (25%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 1st quarter actual revenues and expenses. This comprises 25% of the year by time and so we compare the revenues and expenses to that standard.

Operating Budget:

1Q Revenue is greater than 25% of budgeted amount.

Water Sales, the largest revenue line item, came in at 1.2% ahead of the 25% schedule. This is expected, as seasonal fluctuations typically render first quarter water sales higher than other quarters due to higher sales for outside watering and greater visitor activity during the warmer weather. In terms of the units of water sold this year's sales are 1.7% higher than last year.

Overall revenues are right on track.

1Q Expenditures are higher than 25% of budgeted amount.

1Q expenditures are 4.4% higher than budgeted. This is partially expected as certain District bills -- such as insurance -- are paid in full at the beginning of the fiscal year. This year PERS mandatory UL totalling $46,731 was paid in full at the beginning of the year instead of monthly as has been done in prior years.

1Q expenses also included a budgeted rehab of El Bonita Well 5 totalling $37,627.

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 1Q Capital Budget (Table 2) is typical for the 1st Quarter - most revenues won't come in until later in the year and 2018 and 2019 CIP expenses are paid when billed and not on any regular schedule.

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction won't be happening until later in the fiscal year.

Major 1st Quarter expenses are for initial payments for GO Bonds, the Capital One Bank Bond, the USDA GO bond, State Loans, and the Private Placement Loan.

The 2018 CIP construction costs were budgeted and appropriated in FY18 but all of its construction expenses and many engineering expenses occur in this fiscal year and are funded with appropriated carryover funds; the actual construction payments have been made by interim financing from Cobank and we are self funding the engineering costs; this item will be completed when the bond closing happens in December.

FUNDS AT THE COUNTY

Table 3. Fund and Loan Balances show a comparison of the budgeted and 1st Quarter balances. Also attached is the County Fund Balances for the 1st Quarter. Table 3 includes all the funds listed in the County Fund Balances.

Table 3 is typical for the 1st quarter of the fiscal year for the most part - there are many expenses incurred or paid but many revenues not received. What is not typical is that the funds identified for Policy Reserves are not in balance - the District has funds to meet Policy Reserves but we have moved funds into CIRF to pay some of the 2018 CIP construction costs. This will be brought back into balance when the USDA Bonds are completed.

We have noticed an error in the approved Final FY 18-19 Budget - Total Reserves in Table 3 ($2,410,774.27) is different from Total Funds Available ($2,383,545) and they should be the same. We expect to do a mid year adjustment to the Budget and we will correct the mistake then.

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of September 30, 2018 (25%)

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

	FY 2018-19 Actual	2018-19 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	384,193	1,557,162	-1,172,969	24.67%		
4031.11· Current Charges	196,826	638,176	-441,350	30.84%		
4031.12· Capital Debt Reduction Charge	70,622	288,172	-217,550	24.51%		
4031.1 · Other Water Sales Revenue	0	0	0	0.0%		
Total 4031 · Water Sales	651,641	2,483,510	-1,831,869	26.24%	This is a cash water sales figure.	*
Total OPERATING REVENUE	651,641	2,483,510	-1,831,869	26.24%		
NON-OPERATING REVENUE						
1700 · Interest	10	8,000	-7,990	0.12%	Does not include 1Q County interest, which has not been reported yet.	*
3600 · Construction New Services	6,376	7,000	-624	91.09%		
3601 · Construction - Service Upgrades	762	4,000	-3,238	19.04%		
4032 · Rent	23,053	98,600	-75,547	23.38%		
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	711	1,500	-789	47.42%		
Total NON-OPERATING REVENUE	30,912	121,600	-90,688	25.42%		
Total Income	682,553	2,605,110	-1,922,557	26.2%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	184,704	811,200	-626,496	22.77%	-	
5912 · Overtime	9,149	34,120	-24,971	26.81%		
5916 · On-Call Pay	7,850	34,950	-27,100	22.46%		
5918 · Extra help - Contract	9,386	34,100	-24,714	27.52%		
Total Salary	211,088	914,370	-703,282	23.09%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-755	0	-755	100.0%		
5920 · Retirement net employee share	16,034	75,281	-59,247	21.3%	-	
5920.4 · Retirement - UL	46,731	105,000	-58,269	44.51%	In the 1Q, the mandatory UL payment was paid for the year.	
5922 · Payroll Taxes - Employer Paid	2,778	15,646	-12,868	17.76%		
5930 · Health/Dental/Vision/AFLAC Ins.	46,626	190,000	-143,374	24.54%		
5931 · Retiree Health	4,197	7,680	-3,483	54.65%	In the 1Q, annual contribution to CERBT ($3,000) made.	*
5940 · Workers Comp Insurance	27,297	25,605	1,692	106.61%	In the 1Q, workers' compensation insurance was paid for the year.	*
Total Benefits	142,908	419,212	-276,304	34.09%		
Total SALARY & BENEFITS	353,997	1,333,582	-979,585	26.55%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	546	2,350	-1,804	23.22%		
6040-C · Cell Phones	893	4,050	-3,157	22.04%		
6040-P · Pagers & Radios	151	680	-529	22.15%		
6040-T · Telephones	5,976	18,000	-12,024	33.2%	-	
Total Communications	7,565	25,080	-17,515	30.16%		
Insurances						

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of September 30, 2018 (25%)

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	FY 2018-19 Actual	2018-19 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6101 · Gen. Liability	40,199	33,000	7,199	121.82%	(In the 1Q, paid for the year. Underbudgeted this year.)	*
Total Insurances	40,199	33,000	7,199	121.82%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	3,029	14,000	-10,971	21.64%	-	
6151 · Office Maintenance	1,531	7,300	-5,769	20.97%		
Total Maint/Rep - Office & Vehicles	4,560	21,300	-16,740	21.41%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,981	9,445	-7,464	20.98%		
6100 · SCADA system	0	5,000	-5,000	0.0%		
6180 · Distribution System Repairs	11,943	40,000	-28,057	29.86%	-	
6235 · Treatment Sys/Well Repairs	38,867	45,000	-6,133	86.37%	In the 1Q, a budgeted well rehab on El Bonita Well 5 cost $37,627	*
6143 · Generator Maintenance	480	1,000	-520	48.03%		
Total Maint/Repair - Facilities	53,272	100,445	-47,173	53.04%		
Miscellaneous Expenses						
6280 · Memberships	1,094	11,500	-10,406	9.51%		
6303 · Claims	327	1,500	-1,173	21.79%		
6593 · Governmental Fees	7,143	22,000	-14,857	32.47%	-	
Total Miscellaneous Expenses	8,564	35,000	-26,436	24.47%		
Office Expense						
6410 · Postage	3,166	16,000	-12,834	19.79%		
6430 · Printing Expense	4,103	7,500	-3,397	54.71%	In the 1Q, most printed supplies were purchased for the year.	*
6461 · Office Supplies	2,227	5,000	-2,773	44.54%	-	
6800 · Subscriptions/Legal Notices	472	1,100	-628	42.94%		
6890 · Computers/Software	0	2,500	-2,500	0.0%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	9,969	32,600	-22,631	30.58%		
Operating Supplies						
6300 · Chemicals	3,177	20,000	-16,823	15.89%	-	
6880 · Tools and Equipment	624	5,000	-4,376	12.48%		
6881 · Safety Equipment	105	1,200	-1,095	8.79%		
Total Operating Supplies	3,907	26,200	-22,293	14.91%		
Professional Services						
6514 · Lab/Testing Fees	3,718	12,500	-8,783	29.74%		
6570 · Consultant Fees	0	18,000	-18,000	0.0%	-	
6610 · Legal	1,584	20,000	-18,416	7.92%	-	
6630 · Audit/Accounting	8,404	39,000	-30,596	21.55%	-	
Total Professional Services	13,705	89,500	-75,795	15.31%		
Rents & Leases						
6820 · Equipment	326	3,300	-2,974	9.88%		
6840 · Building & Warehouse	9,930	29,790	-19,860	33.33%	1Q Bldg. rent paid thru October.	*
Total Rents & Leases	10,256	33,090	-22,834	30.99%		
Transportation & Travel						
7120 · Seminars & related travel	536	2,650	-2,114	20.23%		
7201 · Vehicle Gas	4,611	20,000	-15,389	23.06%		
7300 · Travel Reimbursements	1,409	6,400	-4,991	22.01%		
Total Transportation & Travel	6,556	29,050	-22,494	22.57%		

Sweetwater Springs Water District
FY 2018-19 Operating Budget Variances as of September 30, 2018 (25%)

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

	FY 2018-19 Actual	2018-19 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Uniforms						
6021.1 · Boots	225	1,500	-1,275	15.0%		
6021.3 · T-shirts	1,636	1,800	-164	90.9%	In the 1Q, t-shirts were purchased for the year.	*
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	1,861	3,540	-1,679	52.57%		
Utilities						
7320 · Electricity	34,067	100,000	-65,933	34.07%	-	
7321 · Propane	20	3,000	-2,980	0.67%		
Total Utilities	34,087	103,000	-68,913	33.09%		
Total SERVICES & SUPPLIES	194,501	531,805	-337,304	36.57%		
Total OPERATING EXPENSES	548,497	1,865,387	-1,316,890	29.4%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	5,206	0	5,206	100.0%		
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	0	50,000	-50,000	0.0%	-	
Total FIXED ASSET EXPENDITURES	5,206	50,000	-44,795	10.41%		
Total Expense	553,703	1,915,387	-1,361,684	28.91%		
Net Ordinary Income	128,850	689,723	-560,873	18.68%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	288,172	-288,172	0.0%		
8620.3 · Tfers to CIRF	0	360,000	-360,000	0.0%		
8620.10 · Tfers to CIRF PY Surplus Income	0	0	0	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	688,172	-688,172	0.0%	-	

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 2018-19 Capital Program Budget Variances as of September 30, 2018 (100%)

	FY 18-19 ACTUAL (1Q)	FY 2018-19 Budget	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	13,107	27,000	-13,893	48.5%	
Annual Assessment (County)	2,376	710,000	-707,624	0.3%	1st installment
Prior Year Assessment	0	40,000	-40,000	0.0%	
Capital Debt Reduction Charge	0	288,172	-288,172	0.0%	
Interest	0	15,000	-15,000	0.0%	
Transfers to CIRF from Operations for prior year surplus	0	0	0	0.0%	
Transfers to CIRF from Operations	0	360,000	-360,000	0.0%	
Transfers to In-House Constr. from Operations	0	25,000	-25,000	0.0%	
USDA Bond / Interim Financing Proceeds	249,191		249,191		Interim financing for 2018 CIP
Guernewood Park Modeling Funds	0		0		
Funds from Reserves	0	0	0	0.0%	
TOTAL CAPITAL REVENUE	264,674	1,465,172	-1,200,498	18.1%	
EXPENSES					
Gen. Obligation Bonds Payments	62,784	64,284	-1,500	97.7%	
Cap One Revenue Bond	456,184	563,194	-107,010	81.0%	
Total Bond Payments	518,968	627,478	-108,510	82.7%	
State Loan Payments	73,309	146,619	-73,310	50.0%	
Private Placement Loan	117,007	225,045	-108,038	52.0%	
Total Debt Payments	709,284	999,142	-289,858	71.0%	Sum of all debt payments
2018 CIP	299,437		299,437	na	Carryover expenses from 2018 CIP (total $1,143,962.70)
2019 CIP	0	250,000	-250,000	0.0%	Monte Rio Green Sand Filter replacement
Guernewood Park Modeling Expense	2,516		2,516		Funded by Project Proponent, need to send them a bill
In-House Construction Projects	0	25,000	-25,000	0.0%	
TOTAL CAPITAL EXPENSES	1,011,237	1,274,142	-262,905	79.4%	
SURPLUS/DEFICIT	-746,562	191,030	-937,592	-390.8%	
Net Capital Funding	53,302	348,077	-294,775	15.3%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

Table 3. FUND AND LOAN BALANCES (1Q)	FY 17-18 Actual 1Q	18-19 Budget	Difference Actual-FY19	Comments
DISTRICT RESERVES AND FUND BALANCES (1Q)				
District Policy Reserves				
Operating Budget Cash Reserve	123,508	279,808	(156,300.02)	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	96,475	466,347	(369,871.75)	corresponds to Operating Reserve 0300),
Debt Repayment Reserve (25% of Debt pmt)	102,315	249,786	(147,470.50)	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	779,240	1,245,940	(466,701)	Includes PARS below
TOTAL Reserves	1,683,193	2,410,774	(727,581)	
Reserves Above (below) Policy (Funds)	903,954	1,164,834	-260,880	Difference between Total and Policy Reserves
Reserves Above (below) Policy (Budget)	437,253			
DISTRICT FUNDS				
CIRF (7106-0600)	$ 279,581	100,000	179,581	
OPERATIONS (0100)	$ 123,508	279,808	-156,300	
OPERATING RESERVE (0300)	$ 96,475	274,995	-178,520	
CAPITAL AND DEBT POLICY RESERVE (1100)	$ 102,315	475,027	-372,712	
IN HOUSE CONSTRUCTION (0500)	$ 71,909	79,315	-7,406	
BUILDING (0200)	$ 10,850	25,850	-15,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	$ 218,059	802,112	-584,053	
FEDERAL LOANS AND BONDS (0400)	$ 500,000	-	500,000	
STATE LOANS (0900)	$ 73,554	146,438	-72,884	
STATE LOANS RESERVES (0800,1000)	$ -	-	0	Including this in other reserves.
PARS*	$ 206,942	200,000		Added to Table
Total Funds Available	$ 1,683,193	2,383,545	-700,351	

* June Amount

County Balances FY 2018-19 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")

														(using FY 2018-19 Reserve)
	$37,077.06	$200,945.35	$123,508.03	$10,850.00	$96,475.00	$491,931.25	$71,908.65	$266,473.85	$ 2,515.75	$146,863.42	$102,315.00	$791,250.09	$2,104,091.04	**$1,036,580.64**
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 2018)	**$1,265,940**
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	$37,077.06	$204,586.92	$123,508.03	$10,850.00	$96,475.00	$491,931.25	$71,908.65	$266,473.85	$2,515.75	$146,863.42	$102,315.00	$674,243.49	$1,987,084.44	**$923,215.61**
FP2-Aug	$37,077.06	$207,454.87	$123,508.03	$10,850.00	$96,475.00	$478,551.25	$71,908.65	$279,580.95	$2,515.75	$146,863.42	$102,315.00	$218,059.49	$1,530,627.54	**$469,626.66**
FP3-Sept	$37,860.58	$206,941.56	$123,508.03	$10,850.00	$96,475.00	$441,685.47	$71,908.65	$279,580.95	$0.00	$73,554.41	$102,315.00	$218,059.49	$1,417,937.00	**$358,938.56**
FP4-Oct														
FP5-Nov														
FP6-Dec														
FP7-Jan														
FP8-Feb														
FP9-Mar														
FP10-Apr														
FP11-May														
FP12-Jun														
FP 13 (FINAL)														

**** 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.**