SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: November 3, 2011

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU SEPTEMBER 30, 2011 (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 slightly 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.

1Q Expenditures are lower than budgeted due to line item budgeted for Retirement Unfunded Liability Payoff.

1Q expenditures are lower than budgeted. However, this is only because $243,000 was budgeted for FY 11-12 to pay off unfunded retirement liability. This buyback actually occurred at the end of FY 2010-11. But for this large extraordinary expense, 1Q expenses came in slightly higher than budgeted. This is expected, as certain District bills are paid in full at the beginning of the fiscal year, such as insurance, LAFCO fees, water system fees, bills/envelopes, and chemicals.

There were two line items whose expenses will likely run over budget this year: Postage and Legal Expenses.

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 not in balance because some revenues won't come in until later in the year, because of carryover revenue and expenses from the prior year and loan repayment expenses that occurred in the quarter, and because the total cost of the 2013 CIP is included in the FY 2012 Budget but most of the expense won't occur until FY 2013.

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. There is more revenue from the CDC/RRROC grant for CIP IV-B even though there were much lower CIP IV-B expenses in the quarter, because CDC grant reimbursement lag expenditures. Reimbursement for the 2012 CIP is coming in but also lags expenditures. The non-grant funded part of the 2012 CIP will be funded from reserves.

Major 1st Quarter expenses are for initial payments for GO Bonds, State Loans, and the Private Placement Loan, and for the 2012 CIP expenses for which the Monte Rio element is assisted by a 75% CDC/RRROC grant.

FUNDS AT THE COUNTY AND AT REDWOOD CREDIT UNION

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.

It is difficult to make much of the comparisons in Table 3 because this is just the 1st quarter of the fiscal year. There are many expenses not incurred or paid and many revenues not received. The Budgeted CIRF shows the encumbrance for the 2013 CIP but those funds will largely not be expended until FY 2013.

Table 3. FUND AND LOAN BALANCES (1Q)		FY 11-12 Actual 1Q	11-12 Budget	Difference Actual-FY12	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
District Policy Reserves					
	Operating Balance	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	184,891	184,891	-	
	Economic Reserve (15% of Operating Exp)	277,337	277,337	-	
	Debt Repayment Reserve (25% of Debt pmt)	272,829	272,829	-	
	Capital Reserve	250,000	250,000	-	
Total District Policy		1,185,056	1,185,056	-	
TOTAL Reserves EOY		3,994,141	2,345,888	1,648,253	
Reserves Above (below) Policy		2,809,085	1,160,832	1,648,253	Difference between Total and Policy Reserves
DISTRICT FUNDS					
	CIRF	2,578,806	786,476	1,792,330	FY 12 Budget reflects 2013 CIP encumbrance
	OPERATING RESERVE	341,215	462,228	(121,012)	
	OPERATIONS	222,381	200,000	22,381	
	CD	640,489	663,577	(23,089)	
	IN HOUSE CONSTRUCTION	105,400	102,757	2,643	
	BUILDING	105,850	130,850	(25,000)	
Total Funds Available		3,994,141	2,345,888	1,648,253	

(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")												
		$107,381.32	$105,850.00	$396,970.00	$689,364.64	$109,075.53	$0.00	$2,930,298.23	$ 24,965.01	$24,750.00	$148,550.96	$146,619.86	$0.00	$4,683,825.55
					(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	632,583.98	$152,381.32	$105,850.00	$396,970.00	$689,364.64	$108,502.19	$0.00	$2,669,858.36	$24,965.01	$24,750.00	$148,550.96	$146,619.86	$0.00	$4,467,812.34
FP2-Aug	632,583.98	$222,381.32	$105,850.00	$396,970.00	$689,364.64	$105,399.51	$0.00	$2,384,563.36	$24,965.01	$24,750.00	$148,550.96	$146,619.86	$0.00	$4,249,414.66
FP3-Sept	640,488.52	$222,381.32	$105,850.00	$341,215.22	$231,846.96	$105,399.51	$0.00	$2,578,806.46	$13,188.04	$24,750.00	$75,241.95	$146,619.86	$0.00	$3,845,299.32
FP4-Oct														$0.00
FP5-Nov														$0.00
FP6-Dec														$0.00
FP7-Jan														$0.00
FP8-Feb														$0.00
FP9-Mar														$0.00
FP10-Apr														$0.00
FP11-May														$0.00
FP12-Jun														$0.00
FP 13 (FINAL)														$0.00
													Balance does not reflect June construction checks	$0.00

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of September 30, 2011 (25%)

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

	FY 2011-12 Actual	2011-12 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	58,159	216,000	-157,841	26.93%		
4031.1 · Daily Water Sales Deposits	460,346	1,814,250	-1,353,904	25.37%		
Total 4031 · Water Sales	518,505	2,030,250	-1,511,745	25.54%	This is a cash water sales figure.	
Total OPERATING REVENUE	518,505	2,030,250	-1,511,745	25.54%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds			0	0.0%		
1700 · Interest	9,591	35,000	-25,409	27.4%	Reflects interest earnings thru 1Q	
3600 · Construction New Services	200	5,000	-4,800	4.0%		
3601 · Construction - Service Upgrades	593	2,000	-1,407	29.67%		
4032 · Rent	16,638	65,000	-48,362	25.6%		
4227 · SCWA reimbursement		12,500	-12,500	0.0%		
4040 · Miscellaneous Income	567	2,200	-1,633	25.76%		
Total NON-OPERATING REVENUE	27,590	121,700	-94,110	22.67%		
Total Income	546,095	2,151,950	-1,605,855	25.38%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	188,951	735,285	-546,334	25.7%		
5912 · Overtime	9,296	29,848	-20,552	31.15%	In the 1Q, a weekend blowout on newly installed pipe on Rio Vista Terrace resulted in app. $1,500 of overtime	
5916 · On-Call Pay	7,025	33,090	-26,065	21.23%		
5918 · Extra help - Contract	9,266	37,100	-27,834	24.98%		
Total Salary	214,538	835,323	-620,785	25.68%		
Benefits						
5500 · Flex Spending (Flex spending monies pc	-2,031		-2,031	100.0%		
5920 · Retirement	25,894	112,000	-86,106	23.12%		
5920.1 · Ret: Prior Svce Side Fund payoff		243,000	-243,000	0.0%	Budgeted for FY 2011-12, but paid in FY 2010-11 due to PERS' due dates. This will be part of the Budget revision later this year.	
5922 · Payroll Taxes - Employer Paid	2,922	14,200	-11,278	20.58%		
5930 · Health/Dental/Vision/AFLAC Ins.	30,899	125,900	-95,001	24.54%		
5931 · Retiree Health	648	2,800	-2,152	23.14%		
5940 · Workers Comp Insurance	5,295	25,300	-20,005	20.93%	Includes 1st quarter premiums	
Total Benefits	63,627	523,200	-459,573	12.16%		
Total SALARY & BENEFITS	278,165	1,358,523	-1,080,358	20.48%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	383	1,800	-1,417	21.3%		
6040-C · Cell Phones	741	3,450	-2,709	21.47%		
6040-P · Pagers & Radios	208	850	-642	24.47%		
6040-S · SCADA software maint.	469	500	-31	93.83%	In the 1Q, SCADA sofware renewed for the year	
6040-T · Telephones	3,705	14,400	-10,695	25.73%		
Total Communications	5,506	21,000	-15,494	26.22%		

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	FY 2011-12 Actual	2011-12 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Insurances						
6101 · Gen. Liability	26,991	32,500	-5,509	83.05%		
6102 · Auto/Equipment	12,559	8,400	4,159	149.51%		
Total Insurances	39,549	40,900	-1,351	96.7%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	3,617	12,000	-8,383	30.14%		
6151 · Office Maintenance	2,129	5,000	-2,871	42.59%	In the 1Q, annual service contract for automated calling service was renewed	
Total Maint/Rep - Office & Vehicles	5,746	17,000	-11,254	33.8%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,480	7,100	-5,620	20.85%		
6180 · Distribution System Repairs	7,285	42,000	-34,715	17.35%		
6235 · Treatment Sys/Well Repairs	5,575	34,000	-28,425	16.4%		
6143 · Generator Maintenance	2,816	2,500	316	112.65%	1Q expense includes bi-annual generator maintenance	
Total Maint/Repair - Facilities	17,156	85,600	-68,444	20.04%		
Miscellaneous Expenses						
6280 · Memberships	713	8,000	-7,287	8.91%		
6303 · Claims		1,500	-1,500	0.0%		
6593 · Governmental Fees	12,919	18,500	-5,581	69.83%	1Q expense includes water system fees, paid twice yearly, and annual LAFCO costs.	
Total Miscellaneous Expenses	13,632	28,000	-14,368	48.69%		
Office Expense						
6410 · Postage	6,400	15,500	-9,100	41.29%	1Q postage included $3000 of postage paid on 7/2/2011 (last year's postage)	
6430 · Printing Expense	2,373	7,200	-4,827	32.95%	Bills and envelopes are purchased in yearly quantities.	
6461 · Office Supplies	613	5,000	-4,387	12.26%		
6800 · Subscriptions/Legal Notices	498	1,000	-502	49.76%		
6890 · Computers/Software	2,001	4,600	-2,599	43.49%	In the 1Q, 3 (budgeted) computers were purchased	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	11,884	33,800	-21,916	35.16%		
Operating Supplies						
6300 · Chemicals	14,465	17,000	-2,535	85.09%	In the 1Q, chemicals were largely purchased in yearly quantities	
6880 · Tools and Equipment	395	5,000	-4,605	7.9%		
6881 · Safety Equipment	142	1,500	-1,358	9.47%		
Total Operating Supplies	15,002	23,500	-8,498	63.84%		
Professional Services						
6083 · Laundry Service	753	3,000	-2,247	25.12%		
6514 · Lab/Testing Fees	2,291	13,000	-10,709	17.62%		
6570 · Consultant Fees	630	4,300	-3,670	14.65%		
6590 · Engineering	175	8,000	-7,826	2.18%		
6610 · Legal	6,503	15,000	-8,498	43.35%	In the 1Q, legal expenses were overbudget	

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6630 · Audit/Accounting	8,346	24,300	-15,954	34.35%	1Q expenses include a $4,500 payment for annual audit services	
Total Professional Services	18,697	67,600	-48,903	27.66%		
Rents & Leases						
6820 · Equipment	672	2,000	-1,328	33.59%	In 1Q, paid thru October	
6840 · Building & Warehouse	9,000	27,000	-18,000	33.33%	In 1Q, paid thru October	
Total Rents & Leases	9,672	29,000	-19,328	33.35%		
Transportation & Travel						
7120 · Seminars & related travel	506	4,000	-3,494	12.66%		
7201 · Vehicle Gas	6,680	24,000	-17,320	27.83%		
7300 · Travel Reimbursements	1,490	6,400	-4,910	23.28%		
Total Transportation & Travel	8,676	34,400	-25,724	25.22%		
Uniforms						
6021.1 · Boots		1,330	-1,330	0.0%		
6021.3 · T-shirts	1,021	1,200	-179	85.11%	T-shirts are purchased once yearly	
6021.4 · Jackets	173	360	-187	48.0%	Hats purchased in 1Q	
Total Uniforms	1,194	2,890	-1,696	41.32%		
Utilities						
7320 · Electricity	29,746	103,000	-73,254	28.88%	-	
7321 · Propane	30	3,700	-3,670	0.81%		
Total Utilities	29,776	106,700	-76,924	27.91%		
Total SERVICES & SUPPLIES	176,492	490,390	-313,898	35.99%		
Total OPERATING EXPENSES	454,657	1,848,913	-1,394,256	24.59%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	0	3,500	-3,500	0.0%		
8517 · Field/office equipment		0	0	0.0%		
8573 · Vehicles		0	0	0.0%		
Total FIXED ASSET EXPENDITURES	0	3,500	-3,500	0.0%		
Total Expense	454,657	1,852,413	-1,397,756	24.54%		
Net Ordinary Income	91,439	299,537	-208,098	30.53%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	216,000	-216,000	0.0%		
8620.3 · Tfers to CIRF	0	40,000	-40,000	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	296,000	-296,000	0.0%		

Table 3. FUND AND LOAN BALANCES (1Q)		FY 11-12 Actual 1Q	11-12 Budget	Difference Actual-FY12
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	BUILDING	105,850	130,850	(25,000)
Total Funds Available		3,994,141	2,345,888	1,648,253

Comments
Difference between Total and Policy Reserves
FY 12 Budget reflects 2013 CIP encumbrance