SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: May 5, 2011

Subject: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU MARCH 31, 2011 (75%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 3rd quarter actual revenues and expenses. This comprises 75% of the year by time and so we compare the revenues and expenses to that standard.

Operating Budget:

3Q Revenue is greater than 75% of budgeted amount.

Water Sales, the largest revenue line item, are at 77.2% of the budgeted amount.

This is a good indication that our annual Water Sales figure will be right on target with budgeted amounts. Of interest, though it hasn't had a major impact on water sales, the actual *amount* of water sold is about 4.5% less than last year's sales as of March 31. Our customers are conserving.

Also on the revenue side, the District received reimbursement from SCWA in the sum of $10,608 as part of our Agreement with them to be members of CUWCC. This revenue is offset by the membership costs (6280) of CUWCC and by toilet rebates given. The District also received claim reimbursement from SDRMA in the sum of $6,975 (recorded as Miscellaneous Income (4040)) for storm damage to District lines near the Crespo Tank and Santa Rosa Booster Station. This revenue is offset largely by overtime costs (5912) incurred to fix the damage, which occurred over a weekend.

3Q Expenditures are less than 75% of budgeted amount.

3Q expenditures are 72.6% of budgeted amounts.

Two of the District's largest operations expenses (other than salaries and benefits which are slightly underbudget) are underbudget. Distribution System Repairs (6180) was slightly above budget last quarter, but as of the end of 3Q is now just 61.52% of its $64,000 budget. Similarly, the Treatment System/Well Repairs line item (6235) remains well underbudget at 14% of its $56,000 budget.

Another large line item to keep an eye on is electricity (7320) and propane (7321), budgeted at $96,000, the same as last year. Last quarter, we were overbudget on this line item by 7.72%. As of the 3Q, that amount has narrowed to 2.6% overbudget. As noted last quarter, District's electricity costs are driven by the amount of water sold: more water sold means more pumping necessary, which requires more electricity. This year, despite less water sold as of the same date last year, our electricity costs are slightly higher.

Finally, District non-CIP related engineering costs (6590) are overbudget. Not included in the $1,000 budget for this line item, the District contracted with Brelje & Race to provide updated maps of the District's facilities and improvements. Through April over $9,000 has been spent on this item.

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 3Q Capital Budget is not in balance because revenues won't come in until later in the year and because of carryover revenue and expenses from the prior year and loan repayment expenses occurred during the first half of the fiscal year.

Revenue from the annual assessment is over 50% (same as 2Q); the Capital Debt Reduction Charge (CDRC) transfers won't be happening until later in the fiscal year; transfers to CIRF and In-house Construction have happened. We have major revenues and expenses related to CIP IV-B, Project 1, which were unbudgeted for FY11 but are budgeted carryovers from FY10.

At the 3Q the GO Bonds, State Loans, and Private Placement Loan are fully paid for the year. We have had major expenses for CIP IV-B, Projects 1 and 2, funding for which are assisted by a 75% CDC/RRROC grant. Design expenses for the 2012 CIP show up in the 3Q.

FUNDS AT THE COUNTY AND AT REDWOOD CREDIT UNION

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 shows the District's Funds are following the Budget direction at the end of the 3rd Quarter. District Reserves are higher than budgeted at the 3rd Quarter mark because construction costs have not been fully reimbursed. These totals will always lag while the District has ongoing large capital projects.

Table 3. FUND AND LOAN BALANCES (EOY)		FY 10-11 Actual 1st Quarter	FY 10-11 Actual 2st Quarter	FY 10-11 Actual 3rd' Quarter	FY 10-11 Budget	Difference Actual-FY11 Budget	Comments
DISTRICT RESERVES AND FUND AND LOAN BALANCES							
District Policy Reserves							
	Operating Balance	200,000	200,000	200,000	200,000	-	
	Budget Reserve (10% of Operating Exp)	158,788	158,788	158,788	158,788	-	
	Economic Reserve (15% of Operating Exp)	238,182	238,182	238,182	238,182	-	
	Debt Repayment Reserve (25% of Debt pmt)	238,182	238,182	238,182	238,182	-	
	Capital Reserve	250,000	250,000	250,000	250,000	-	
Total District Policy		1,085,152	1,085,152	1,085,152	1,085,152	-	
TOTAL Reserves EOY or EOQ		4,188,394	4,886,844	5,006,025	3,761,127	1,125,717	Difference because of ongoing capital expenses
Reserves Above (below) Policy		3,103,242	3,801,692	3,920,873	2,675,975	1,244,898	
DISTRICT FUNDS							
	CIRF	2,786,264	3,130,915	3,327,208	2,334,572	992,636	Higher because of PPL expenditures
	OPERATING RESERVE	324,970	324,970	396,970	396,970	-	Balanced to Reserve Policy
	OPERATIONS	343,880	620,651	432,316	200,000	232,316	Still needs balancing to Reserve Policy, should be ~$200,000
	CD	609,697	617,316	624,861	631,978	(7,117)	Interest on track
	IN HOUSE CONSTRUCTION	106,757	102,142	118,820	91,757	27,063	
	BUILDING	90,850	90,850	105,850	105,850	-	
DISTRICT LOANS							
	Private Placement Loan	-74,024	0	0	765,560	(765,560)	Private Placement Loan balance is spent
Total Funds Available (sum of Total Reserves EOY		4,188,394	4,886,844	5,006,025	4,526,687	479,338	

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of March 31, 2011 (75%)

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

	FY 2010-11 Actual	2010-11 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	175,814	227,000	-51,186	77.45%		
4031.1 · Daily Water Sales Deposits	1,366,909	1,770,000	-403,091	77.23%		
Total 4031 · Water Sales	1,542,723	1,997,000	-454,277	77.25%	This is a cash water sales figure.	
Total OPERATING REVENUE	1,542,723	1,997,000	-454,277	77.25%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	0.0%		
1700 · Interest	27,654	40,000	-12,346	69.14%	Reflects interest earnings thru 3Q	*
3600 · Construction New Services	2,576	5,000	-2,424	51.51%		
3601 · Construction - Service Upgrades	100	2,000	-1,900	5.0%		
4032 · Rent	49,664	70,000	-20,336	70.95%		
4227 · SCWA reimbursement	10,608	0	10,608	100.0%	Received in the 3Q, offset in part by Toilet Rebates (part of Water Sales), and CUWCC membership costs	*
4040 · Miscellaneous Income	11,404	2,200	9,204	518.35%	Includes SDRMA claim reimbursement of $6,975.84 in the 3Q, offset largely by overtime	*
Total NON-OPERATING REVENUE	102,006	119,200	-17,194	85.58%		
Total Income	1,644,728	2,116,200	-471,472	77.72%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	506,911	702,200	-195,289	72.19%		
5912 · Overtime	23,954	33,000	-9,046	72.59%	See, Misc. income comments above	*
5916 · On-Call Pay	19,565	26,500	-6,935	73.83%		
5918 · Extra help - Contract	26,499	33,500	-7,001	79.1%		
Total Salary	576,929	795,200	-218,271	72.55%		
Benefits						
5500 · Flex Spending (Flex spending monie	3,900	0	3,900	100.0%		
5920 · Retirement	71,760	98,600	-26,840	72.78%		
5922 · Payroll Taxes - Employer Paid	11,380	14,300	-2,920	79.58%		
5930 · Health/Dental/Vision/AFLAC Ins.	86,970	116,000	-29,030	74.97%		
5931 · Retiree Health	1,908	0	1,908	100.0%		
5940 · Workers Comp Insurance	24,403	27,700	-3,297	88.1%	Includes 1st, 2nd 3rd, and 4th quarter premiums.	*
Total Benefits	200,322	256,600	-56,278	78.07%		
Total SALARY & BENEFITS	777,250	1,051,800	-274,550	73.9%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,150	1,800	-650	63.9%		
6040-C · Cell Phones	2,445	3,100	-655	78.86%		
6040-LD · Long Distance	352	700	-348	50.29%		
6040-P · Pagers & Radios	797	900	-103	88.59%		
6040-S · SCADA software maint.	456	500	-44	91.27%		
6040-T · Telephones	9,721	13,800	-4,079	70.44%		

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Total Communications	14,922	20,800	-5,878	71.74%		
Insurances						
6101 · Gen. Liability	30,757	40,000	-9,243	76.89%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	
6102 · Auto/Equipment	8,172	10,500	-2,328	77.83%	Overbudgeted. Premium was refunded in September to reduce our limits to be the same as last year's.	
Total Insurances	38,929	50,500	-11,571	77.09%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	9,806	12,000	-2,194	81.72%		
6151 · Office Maintenance	5,576	4,800	776	116.16%		
Total Maint/Rep - Office & Vehicles	15,382	16,800	-1,418	91.56%		
Maint/Repair - Facilities						
6085 · Janitorial Services	5,202	7,100	-1,898	73.27%		
6180 · Distribution System Repairs	39,370	64,000	-24,630	61.52%	In the 2Q, $11,829.50 (budgeted at $14,000) was spent to video the tanks and removed sediment where needed.	
6235 · Treatment Sys/Well Repairs	7,876	56,000	-48,124	14.06%	In the 2Q, we appear to be underbudget, but the budget for this this line item includes $14,000 for *predicted* repairs that haven't been necessary as of the end of the 2Q	
6143 · Generator Maintenance	1,336	1,200	136	111.36%		
Total Maint/Repair - Facilities	53,784	128,300	-74,516	41.92%		
Miscellaneous Expenses						
6280 · Memberships	8,260	5,200	3,060	158.85%	See, Misc. income comments above	*
6303 · Claims	3,445	1,500	1,945	229.68%		
6593 · Governmental Fees	15,835	21,700	-5,865	72.97%	1Q expense includes water system fees, paid twice yearly, and annual LAFCO costs. $4,000 was budgeted for election costs, which we will not have to pay this year because we won't need a Board election.	
Total Miscellaneous Expenses	27,540	28,400	-860	96.97%		
Office Expense						
6410 · Postage	13,202	15,000	-1,798	88.01%		
6430 · Printing Expense	6,153	6,500	-347	94.67%	Bills and envelopes are purchased in yearly quantities.	
6461 · Office Supplies	3,321	6,500	-3,179	51.09%		
6800 · Subscriptions/Legal Notices	711	1,000	-289	71.08%		
6890 · Computers/Software	1,705	1,700	5	100.31%	In the 1Q, a (budgeted) computer was purchased ($900)	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	25,092	31,200	-6,108	80.42%		
Operating Supplies						
6300 · Chemicals	14,883	16,000	-1,117	93.02%	In the 1Q, chemicals were largely purchased in yearly quantities	
6880 · Tools and Equipment	3,944	6,000	-2,056	65.74%		
6881 · Safety Equipment	1,561	1,800	-239	86.71%		

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of March 31, 2011 (75%)

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	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
Total Operating Supplies	20,388	23,800	-3,412	85.66%		
Professional Services						
6083 · Laundry Service	2,044	2,600	-556	78.61%		
6514 · Lab/Testing Fees	8,349	9,000	-651	92.76%	In the 1Q, costs include tests that only need to be done annually.	
6570 · Consultant Fees	11,270	20,000	-8,730	56.35%		
6590 · Engineering	5,981	1,000	4,981	598.09%	Underbudgeted. 1Q general engineering fees are for system maps. It is anticipated that a total of $4,000 will be spent updating maps this fiscal year. <u>However, actual mapping costs are $9000+ thru 4/18</u>	*
6592 · Engineering for Fife Creek Commons	1,747	0	1,747	100.0%	These are 2Q expenses incurred for the Burbank housing project in downtown Guerneville. We will be reimbursed for these costs.	
6610 · Legal	8,889	22,000	-13,111	40.41%		
6630 · Audit/Accounting	17,581	22,000	-4,419	79.91%		
Total Professional Services	55,860	76,600	-20,740	72.92%		
Rents & Leases						
6820 · Equipment	0	3,500	-3,500	0.0%		
6840 · Building & Warehouse	22,500	27,000	-4,500	83.33%		
Total Rents & Leases	22,500	30,500	-8,000	73.77%		
Transportation & Travel						
7120 · Seminars & related travel	1,277	4,000	-2,723	31.92%		
7201 · Vehicle Gas	17,003	20,000	-2,997	85.02%		
7300 · Travel Reimbursements	4,166	6,400	-2,234	65.1%		
Total Transportation & Travel	22,446	30,400	-7,954	73.84%		
Uniforms						
6021.1 · Boots	553	1,330	-777	41.55%		
6021.3 · T-shirts	916	1,200	-284	76.35%	T-shirts are purchased once yearly	
6021.4 · Jackets	0	250	-250	0.0%		
Total Uniforms	1,469	2,780	-1,311	52.84%		
Utilities						
7320 · Electricity	71,678	96,000	-24,322	74.67%	-	
7321 · Propane	2,804	0	2,804	100.0%	<u>This line item was broken out from electricity during the 3rd Q</u>	*
Total Utilities	74,482	96,000	-21,518	77.59%		
Total SERVICES & SUPPLIES	372,794	536,080	-163,286	69.54%		
Total OPERATING EXPENSES	1,150,044	1,587,880	-437,836	72.43%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	3,823	0	3,823	100.0%	In the 1Q, $3,823 was spent to rehab the driveway to the Villa Grande tank.	
8517 · Field/office equipment	0	1,050	-1,050	0.0%		
8573 · Vehicles	0	0	0	0.0%		
Total FIXED ASSET EXPENDITURES	3,823	1,050	2,773	364.05%		
Total Expense	1,153,867	1,588,930	-435,063	72.62%		

Sweetwater Springs Water District
FY 2010-11 Operating Budget Variances as of March 31, 2011 (75%)

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	FY 2010-11 Actual	2010-11 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Net Ordinary Income	490,862	527,270	-36,408	93.1%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	227,000	-227,000	0.0%		
8620.3 · Tfers to CIRF	0	240,000	-240,000	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	507,000	-507,000	0.0%		

Table 2. Sweetwater Springs Water District
FY 2010-11 Capital Program Budget Variances as of March 31, 2010 (75%)

	FY 10-11 ACTUAL (3Q)	FY 10-11 BUDGET	% of Budget	Comments
REVENUE				
Annual Assessment - New Services	58,963	27,000	218.4%	Includes $50,830 for Fife Creek Commons
Annual Assessment (County)	385,355	710,000	54.3%	
Prior Year Assessment	34,703	40,000	86.8%	
Capital Debt Reduction Charge	0	227,000	0.0%	
Interest	17,904	60,000	29.8%	off considerably
CDC Grants, CIP IV-B, Project 1	543,654	541,724	100.4%	
CDC Grants, CIP IV-B, Project 2	651,669	1,065,000	61.2%	FY11 CIP
Private Placement Funding (CIP IV-B)	550,249	440,000	125.1%	End of PPL
Transfers to CIRF from Operations	240,000	240,000	100.0%	End of year transfer
Transfers to In-House Constr. from Operations	25,000	25,000	100.0%	End of year transfer
TOTAL REVENUE	2,507,498	3,375,724	74.3%	
EXPENSES				
Gen. Obligation Bonds Payments	684,205	687,000	99.6%	
State Loan Payments	170,172	170,300	99.9%	
Private Placement Loan	234,013	234,014	100.0%	1 of 2 payments made
CIP III	85,000	85,000	100.0%	Settlement payment
CIP IV-B, Project 1 CIP 2010	724,811	722,298	NA	FY 10 carryover, construction started in May, near completion
CIP IV-B, Project 2 CIP 2011	868,593	1,475,000	58.9%	construction started in July 10
CIP 2012	52,440	1,264,532	NA	Total design costs = $61,000, construction starts in June 11,
In-House Construction Projects	16,028	40,000	40.1%	
TOTAL EXPENSES	2,835,262	4,678,144	60.6%	
SURPLUS/DEFICIT	-327,765	-1,302,420	25.2%	Major difference from Actual to Budget due to Project 1 carryover into FY 11