SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: May 4, 2017

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU MARCH 31, 2017 (75%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 3rd quarter actual revenues and expenses, revised to reflect Mid-Year Budget revisions. 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, remains ahead of budgeted amounts at 76.97%. In terms of the units of water sold this year's sales remain slow historically, but are slightly (3%) higher than last year's water sales.

Overall revenues are also slightly ahead of budgeted amounts, at 77.47%. Of note, interest rates earned at the County are rising. In the third quarter, we earned 1.1% (annualized) on our County funds.

3Q Expenditures are right at 75% of budgeted amount.

3Q expenditures are at 75.44%.

Winter weather resulted in some overtime pay, as well as $1,448 in emergency-related robocalls (6151 - Office Maintenance). In addition, we spent $5,911.73 on two unbudgeted 6" valves (6180 Distribution System Repairs), $15,199.14 on testing of the MR 4 Well, and an unbudgeted

$17,103 for vaulting at the El Bonita Well (6235 Treatment System/Well Repairs). The extra expenses will leave all three of these line items underbudgeted for the year.

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 3rd Quarter Actual vs Budgeted again demonstrates how things can change during a fiscal year. The mid-year budget revision changed the CIP to reflect what we are actually doing and that contract is on the agenda for award at the May meeting.

Also included in the budget revision were paying off the smaller State loan and refinancing the Private Placement Loan (actually an interest rate reset) which incurred costs for Brandis Tallman.

We have received the first installment of annual assessment revenue. The CIRF and In-House Construction transfers have happened. The Capital Debt Reduction Charge (CDRC) transfer won't be happening until later in the fiscal year.

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 is typical for the 3rd quarter of the fiscal year - all debt payments have been made and the first installment of the annual assessment has come in. CIRF is much larger than budgeted but we have payments for the construction project coming.

The County Balances Table shows that funds above District Policy are $853,169.94 at the end of the 3rd quarter. Table 3 shows actual Policy Reserves below the budgeted amount, however that is a reflection of two funds which correspond to County Funds (0100 and 0300). The District is meeting the Policy Reserve amount.

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of March 31 (75%)

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

	FY 2016-17 Actual	2016-17 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						
4031.10· Base Rate	1,108,055	1,480,664	-372,609	74.84%		
4031.11· Current Charges	470,921	563,372	-92,451	83.59%		
4031.12· Capital Debt Reduction Charge	201,607	269,302	-67,695	74.86%		
Total 4031 · Water Sales	1,780,584	2,313,338	-532,754	76.97%	This is a cash water sales figure.	
Total OPERATING REVENUE	1,780,584	2,313,338	-532,754	76.97%		
NON-OPERATING REVENUE						
1700 · Interest	7,448	7,500	-52	99.3%	-	
3600 · Construction New Services	5,128	7,000	-1,872	73.26%		
3601 · Construction - Service Upgrades	400	2,000	-1,600	20.0%		
4032 · Rent	85,430	94,346	-8,916	90.55%		
4227 · SCWA reimbursement	0	2,500	-2,500	0.0%		
4040 · Miscellaneous Income	2,005	1,500	505	133.65%		
Total NON-OPERATING REVENUE	100,410	114,846	-14,436	87.43%		
Total Income	1,880,994	2,428,184	-547,190	77.47%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	572,757	823,000	-250,243	69.59%	-	
5912 · Overtime	22,992	34,400	-11,408	66.84%		
5916 · On-Call Pay	24,105	37,700	-13,595	63.94%		
5918 · Extra help - Contract	27,851	37,000	-9,149	75.27%		
Total Salary	647,705	932,100	-284,395	69.49%		
Benefits						
5500 · Flex Spending (Flex spending monies p	1,714	0	1,714	100.0%		
5920 · Retirement net employee share	67,312	84,460	-17,148	79.7%	-	
5922 · Payroll Taxes - Employer Paid	12,280	14,355	-2,075	85.54%		
5930 · Health/Dental/Vision/AFLAC Ins.	119,656	146,000	-26,344	81.96%		
5931 · Retiree Health	6,492	7,000	-508	92.74%	In the 2Q, our annual deposit into our CERBT account was made in the sum of $3,090.	
5940 · Workers Comp Insurance	45,125	36,000	9,125	125.35%	In the 1Q, workers' compensation insurance was paid for the year. This line item was underbudgeted.	
Total Benefits	252,578	287,815	-35,237	87.76%		
Total SALARY & BENEFITS	900,283	1,219,915	-319,632	73.8%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,457	1,850	-393	78.77%		
6040-C · Cell Phones	2,897	4,050	-1,153	71.52%		
6040-P · Pagers & Radios	343	620	-277	55.3%		
6040-T · Telephones	11,785	17,000	-5,215	69.32%	-	
Total Communications	16,482	23,520	-7,038	70.08%		
Insurances						

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of March 31 (75%)

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

	FY 2016-17 Actual	2016-17 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6101 · Gen. Liability	30,745	32,200	-1,455	95.48%	(In the 1Q, paid for the year.)	
6102 · Auto/Equipment			0	0.0%		
Total Insurances	30,745	32,200	-1,455	95.48%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	5,694	18,000	-12,306	31.64%	-	
6151 · Office Maintenance	6,564	6,200	364	105.87%	In the 2Q the District paid for the annual phone maintenance contract for the in the sum of $1500. In the 3Q, an unbudged $1,448 was spend for emergency weather-related callouts, leaving this line item underbudgeted for the year.	*
Total Maint/Rep - Office & Vehicles	12,258	24,200	-11,942	50.65%		
Maint/Repair - Facilities						
6085 · Janitorial Services	6,119	8,500	-2,381	71.99%		
6100 · SCADA system	4,747	5,000	-253	94.95%	In the 2Q, the District spent an unbudgeted $3,577 to transfer maintenance of the SCADA system to a new vendor.	
6180 · Distribution System Repairs	54,762	50,000	4,762	109.53%	In the 1Q, pump repairs were needed at the Harrison Booster ($5893.55) and Crespo Tank ($2281.35) In the 3Q, $5,911.73 was spent on 6" valves (2).	*
6235 · Treatment Sys/Well Repairs	48,278	45,000	3,278	107.29%	This line item was underbudgeted. In the 3Q, three unbudgeted repairs -- MR Well 4 test ($15,199.14), 10" GVs (2) ($3,698.16), and vaulting for the El Bonita well ($17,103.50) left this line item undbudgeted for the year.	*
6143 · Generator Maintenance	382	2,000	-1,618	19.11%		
Total Maint/Repair - Facilities	114,289	110,500	3,789	103.43%		
Miscellaneous Expenses						
6280 · Memberships	9,302	10,400	-1,098	89.44%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	15,438	18,400	-2,962	83.9%	-	
Total Miscellaneous Expenses	24,740	30,300	-5,560	81.65%		
Office Expense						
6410 · Postage	16,722	16,000	722	104.51%		
6430 · Printing Expense	4,898	7,500	-2,602	65.3%	-	
6461 · Office Supplies	3,671	4,000	-329	91.76%	-	
6800 · Subscriptions/Legal Notices	804	1,100	-296	73.1%		
6890 · Computers/Software	810	3,000	-2,190	27.0%	-	
6579 · Furniture	0	500	-500	0.0%		
Total Office Expense	26,905	32,100	-5,195	83.82%		
Operating Supplies						
6300 · Chemicals	16,179	18,500	-2,321	87.45%	-	
6880 · Tools and Equipment	1,854	6,000	-4,146	30.9%		
6881 · Safety Equipment	1,054	1,000	54	105.43%		
Total Operating Supplies	19,087	25,500	-6,413	74.85%		
Professional Services						
6083 · Laundry Service	2,111	3,000	-889	70.38%		
6514 · Lab/Testing Fees	7,506	15,000	-7,494	50.04%		
6570 · Consultant Fees	17,200	18,000	-800	95.56%	-	
6610 · Legal	5,368	20,000	-14,632	26.84%	-	

Sweetwater Springs Water District
FY 2016-17 Operating Budget Variances as of March 31 (75%)

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

	FY 2016-17 Actual	2016-17 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6630 · Audit/Accounting	28,305	34,500	-6,195	82.04%	-	
Total Professional Services	60,490	90,500	-30,010	66.84%		
Rents & Leases						
6820 · Equipment	1,276	2,000	-724	63.78%		
6840 · Building & Warehouse	23,620	28,800	-5,180	82.01%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	24,895	30,800	-5,905	80.83%		
Transportation & Travel						
7120 · Seminars & related travel	1,066	2,650	-1,584	40.24%		
7201 · Vehicle Gas	13,600	23,000	-9,400	59.13%		
7300 · Travel Reimbursements	4,225	6,400	-2,175	66.02%		
Total Transportation & Travel	18,892	32,050	-13,158	58.95%		
Uniforms						
6021.1 · Boots	855	1,500	-645	57.0%		
6021.3 · T-shirts	1,529	1,500	29	101.9%	-	
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	2,384	3,240	-856	73.57%		
Utilities						
7320 · Electricity	75,516	90,000	-14,484	83.91%	-	
7321 · Propane	2,172	3,000	-828	72.42%		
Total Utilities	77,689	93,000	-15,311	83.54%		
Total SERVICES & SUPPLIES	428,855	527,910	-99,055	81.24%		
Total OPERATING EXPENSES	1,329,138	1,747,825	-418,687	76.05%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	694	22,000	-21,306	3.15%		
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	39,333	45,000	-5,667	87.41%	-	
Total FIXED ASSET EXPENDITURES	40,027	67,000	-26,973	59.74%		
Total Expense	1,369,165	1,814,825	-445,660	75.44%		
Net Ordinary Income	511,828	613,359	-101,531	83.45%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	270,375	-270,375	0.0%		
8620.3 · Tfers to CIRF	330,000	330,000	0	100.0%		
8620.10 · Tfers to CIRF PY Surplus Income	50,392		50,392	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	420,392	640,375	-219,983	65.65%	-	

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 2016-17 Capital Program Budget Variances as of March 31, 2017 (75%)

	FY 16-17 ACTUAL (3Q)	FY 2016-17 Rev	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	5,902	27,000	-21,098	21.9%	
Annual Assessment (County)	395,440	710,000	-314,560	55.7%	
Prior Year Assessment	23,808	40,000	-16,192	59.5%	
Capital Debt Reduction Charge	0	269,302	-269,302	0.0%	
Interest	7,921	8,000	-79	99.0%	
Transfers to CIRF from Operations for prior year surplus	50,392	0	50,392	0.0%	New item- highlights additional FY 2015-16 amount beyond what was budgeted that could be transferred to CIRF based on surplus income and County fund levels. This transfer occured at the beginning of FY2016-17 after adjustments were made to County funds to reflect FY 2016-17 policy reserve requirements.
Transfers to CIRF from Operations	330,000	330,000	0	100.0%	
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
Funds from Reserves	0	600,000	-600,000	0.0%	
TOTAL CAPITAL REVENUE	838,464	2,009,302	-1,170,838	41.7%	
EXPENSES					
Gen. Obligation Bonds Payments	64,284	64,284	0	100.0%	
Cap One Revenue Bond	565,098	566,508	-1,410	99.8%	
Total Bond Payments	629,382	630,792	-1,410	99.8%	
State Loan Payments	256,835	252,068	4,767	101.9%	Includes paying off smaller State Loan ($81,768)
Private Placement Loan	250,363	250,364	-1	100.0%	INCLUDES $16,350 TO BRANDIS TALLMAN
Total Debt Payments	1,136,580	1,133,224	3,356	100.3%	Sum of all debt payments
2017 CIP	36,338	824,000	-787,662	4.4%	Design Expenses, Contract award at May Meeting
In-House Construction Projects	8,608	25,000	-16,392	34.4%	
TOTAL CAPITAL EXPENSES	1,181,527	1,982,224	-800,697	59.6%	
SURPLUS/DEFICIT	-343,063	27,078	-370,141	-1266.9%	
Net Capital Funding	-171,775	348,077	-519,852	-49.3%	**=Net Operating Revenues + Assessments + Capital Interest - Total Debt Payments**

County Balances FY 2016-17 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")

	$25,428.46	$324,420.80	$180,850.00	$425,102.00	$0.00	$93,525.43	($247,763.69)	$ 23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$802,111.50	$2,430,883.03	
NAME	**CERBT**	**Operations + 15% Cash Policy Reserve**	**Bldg Fund**	**Operating Policy Reserve (25%)****	**Federal Loan (GO Bonds)**	**In-house Construction**	**Capital Improvements** *(incl. $350,000 "loan" from Oper Res.)*	**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**	**2015-16 FYE Policy Reserve:**	**$1,207,907**
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**		**Reserves Above Policy**
FP1-Jul	$25,428.46	$374,420.80	$180,850.00	$425,102.00	$0.00	$93,273.21	($264,769.81)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$685,104.89	$2,346,618.08	**$967,341.22**
FP2-Aug	$25,428.46	$312,174.80	$180,850.00	$436,956.00	$0.00	$92,914.15	($230,239.42)	$23,699.25	$24,750.00	$146,738.88	$146,619.86	$510,829.00	$239,166.89	$1,884,459.41	**$505,182.55**
FP3-Sept	$26,338.88	$412,174.80	$180,850.00	$436,956.00	$0.00	$87,356.60	($291,578.36)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,795,804.66	**$441,277.80**
FP4-Oct	$25,517.70	$414,462.98	$180,850.00	$436,956.00	$0.00	$87,356.60	($289,502.51)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,800,168.69	**$445,641.83**
FP5-Nov	$25,517.70	$534,462.98	$180,850.00	$436,956.00	$0.00	$87,356.60	($289,502.51)	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$1,920,168.69	**$565,641.83**
FP6-Dec	$29,244.72	$534,462.98	$180,850.00	$86,956.00	$0.00	$85,938.11	$460,106.12	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$239,166.89	$2,318,358.83	**$963,831.97**
FP7-Jan	$29,244.72	$637,116.91	$180,850.00	$86,956.00	$0.00	$85,938.11	$462,163.46	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$122,160.29	$2,306,063.50	**$951,536.64**
FP8-Feb	$29,244.72	$302,116.91	$195,850.00	$86,956.00	$0.00	$109,665.44	$777,538.44	$0.00	$0.00	$73,429.87	$146,619.86	$510,829.00	$3,000.29	$2,206,005.81	**$851,478.95**
FP9-Mar	$30,537.75	$377,116.91	$195,850.00	$86,956.00	$0.00	$109,665.44	$777,538.44	$0.00	$0.00	$120.86	$146,619.86	$510,829.00	$3,000.29	$2,207,696.80	**$853,169.94**
FP10-Apr														$0.00	
FP11-May														$0.00	
FP12-Jun														$0.00	
FP 13 (FINAL)														$0.00	

**** $350,000 loaned from Operating Policy Reserve (0300) to Capital Improvements (0600) in December 2016.**

Table 3. FUND AND LOAN BALANCES (3Q)	FY 16-17 Actual 3Q	16-17 Budget	Difference Actual-FY17	Comments
DISTRICT RESERVES AND FUND BALANCES (2Q)				
District Policy Reserves				
Operating Budget Cash Reserve	377,117	262,174	114,943.16	corresponds to Operations (0100)
Operating Reserve (25% of Operating Exp)	86,956	436,956	(350,000.25)	corresponds to Operating Reserve 0300)
Debt Repayment Reserve (25% of Debt pmt)	258,777	258,777	-	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	972,849	1,207,907	(235,057)	
TOTAL Reserves	2,192,697	2,594,683	(401,986)	
Reserves Above (below) Policy	1,334,791	1,415,968	-81,177	Difference between Total and Policy Reserves
DISTRICT FUNDS				
CIRF (7106-0600)	777,538	(37,859)	815,397	
OPERATIONS (0100)	377,117	263,943	113,174	
OPERATING RESERVE (0300)	86,956	425,102	-338,146	
CAPITAL AND DEBT POLICY RESERVE (1100)	510,829	508,777	2,053	
IN HOUSE CONSTRUCTION (0500)	109,665	104,315	5,350	
BUILDING (0200)	180,850	195,850	-15,000	
CAP ONE BOND AND CITIZENS BANK LOAN (1200)	3,000	800,522	-797,522	1st payment made
FEDERAL LOANS AND BONDS (0400)	-	64,284	-64,284	payment made this year
STATE LOANS (0700, 0900)	121	170,172	-170,051	paid off smaller loan
STATE LOANS RESERVES (0800,1000)	146,620	146,620	0	Restricted to last payment for State Loans; not included in Total Reserves; paid off smaller State Loan
Total Funds Available	2,192,697	2,495,106	-302,409	