SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Steve Mack, General Manager

Meeting Date: August 6, 2009

Subject: Actual vs. Budgeted (Operations and Capital) reports thru June 30, 2009 (100%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

OPERATIONS

Good News: FY 2008-09 ended up with the District showing net income of approximately $156,000 more than anticipated. This extra income was mostly due to less-than-budgeted expenses rather than a surplus of income. For a complete breakdown and explanation of line item variances, please refer to the attached FY 2008-09 Operating Budgeted Variances spreadsheet. A summary of items with the biggest variances contributing to the extra income are listed below:

Income:
Water Sales: $29,356 more than budgeted

Expenses:
Salaries and Benefits: $38,073 less than budgeted
Facilities/Maintenance: $19,462 less than budgeted
Professional Services: $14,266 less than budgeted
Contingencies: $10,000 less than budgeted (this line item was rolled into Facilities/Maint.)
Travel/Gas: $21,969 less than budgeted
Electricity: $15,573 less than budgeted

CAPITAL

The 4Q review shows the effects of completing CIP IV-A, Project 1 and starting (but not finishing) Project 2. As discussed at the last report, from a fund balance perspective, we are paying for Project 1 out of the Private Placement Loan fund and putting the SCRA reimbursement in the Capital Improvement Reserve Fund (CIRF). This has no impact on the overall amount of fund balances nor any other financial item, but will result in the PPL fund being depleted sooner than projected in the long-term planning budget estimates and the CIRF will be larger by the identical amount. The Capital budget ended the year in good shape – revenues are on track and expenses are where they were expected to be. Costs for the remainder of Project 2 will be carried over into this current Fiscal Year.

Sweetwater Springs Water District
FY 2008-09 Operating Budget Variances as of June 30, 2009 (100%)

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

	FY 2008-09 Actual	2008-09 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	169,568	170,000	-432	99.75%		
4031.1 · Daily Water Sales Deposits	1,796,352	1,766,564	29,788	101.69%		
Total 4031 · Water Sales	1,965,920	1,936,564	29,356	101.52%	This is a cash water sales figure.	
Total OPERATING REVENUE	1,965,920	1,936,564	29,356	101.52%		
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	0.0%		
1700 · Interest	54,731	50,000	4,731	109.46%	Reflects 4Q interest earnings	
3600 · Construction New Services	12,088	6,000	6,088	201.46%		
3601 · Construction - Service Upgrades	2,677	8,000	-5,323	33.47%		
4032 · Rent	70,796	74,600	-3,804	94.9%	This item is underbudget because one of our tenants, Crystal Communications, is in arrears.	*
4040 · Miscellaneous Income	3,472	2,200	1,272	157.83%		
Total NON-OPERATING REVENUE	143,763	140,800	50,000	102.11%		
Total Income	2,109,684	2,077,364	32,320	101.56%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	635,500	646,120	-10,620	98.36%		
5912 · Overtime	30,106	39,200	-9,094	76.8%		
5916 · On-Call Pay	24,147	25,784	-1,637	93.65%		
5918 · Extra help - Contract	32,175	32,000	175	100.55%		
Total Salary	721,927	743,104	-21,177	97.15%		
Benefits						
5500 · Flex Spending (Flex spending monie	-1,105	0	-1,105	100.0%		
5920 · Retirement	90,771	91,856	-1,085	98.82%		
5922 · Payroll Taxes - Employer Paid	13,187	13,212	-25	99.81%		
5930 · Health/Dental/Vision/AFLAC Ins.	110,372	115,535	-5,163	95.53%		
5940 · Workers Comp Insurance	23,591	33,108	-9,517	71.25%		
Total Benefits	236,815	253,711	-16,896	93.34%		
Total SALARY & BENEFITS	958,742	996,815	-38,073	96.18%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,689	1,800	-111	93.81%		
6040-C · Cell Phones	3,179	3,000	179	105.98%		
6040-LD · Long Distance	538	700	-162	76.89%		
6040-P · Pagers & Radios	734	1,000	-266	73.37%		
6040-S · SCADA software maint.	413	0	413	100.0%		
6040-T · Telephones	12,265	15,100	-2,835	81.23%		
Total Communications	18,818	21,600	-2,782	87.12%		
Insurances						
6101 · Gen. Liability	49,248	53,000	-3,752	92.92%	Bill paid yearly and is paid for the year	
6102 · Auto/Equipment	12,276	11,200	1,076	109.61%	Bill paid yearly and is paid for the yea	
Total Insurances	61,524	64,200	-2,676	95.83%		

Sweetwater Springs Water District
FY 2008-09 Operating Budget Variances as of June 30, 2009 (100%)

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	FY 2008-09 Actual	2008-09 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	12,880	10,000	2,880	128.8%	Work on the brakes/muffler of the backhoe cost $4,407 1st Qr	
6151 · Office Maintenance	2,194	3,850	-1,656	56.98%		
Total Maint/Rep - Office & Vehicles	15,074	13,850	1,224	108.84%		
Maint/Repair - Facilities						
6085 · Janitorial Services	5,750	6,200	-450	92.74%		
6180 · Distribution System Repairs	57,457	70,000	-12,543	82.08%		
6235 · Treatment Sys/Well Repairs	25,866	53,000	-27,134	48.8%	Cost savings on a well rehab (saved app. $6,000) and on MIOX cells (saved app. $2,000), and general overbudgeting on this line item resulted in much lower expenses than anticipated	*
6143 · Generator Maintenance	21,265	600	20,665	3,544.22%	This line item was underbudgeted for the year. Also, in the 3Q, expenses formally classed in Contingencies totalling $16,740 for an emergency repair of the El Bonita generator were moved to this line item.	
Total Maint/Repair - Facilities	110,338	129,800	-19,462	85.01%		
Miscellaneous Expenses						
6280 · Memberships	4,777	4,200	577	113.74%	In the 2Q, the CSDA membership costs came in 70% higher than last year ($3,325 vs. 2,499 last year).	
6303 · Claims	638	2,500	-1,862	25.51%	This line item was overbudgeted for the year.	*
6593 · Governmental Fees	8,234	11,000	-2,766	74.86%	1Q expense includes water system fees, paid twice yearly.	
Total Miscellaneous Expenses	13,649	17,700	-4,051	77.11%		
Office Expense						
6410 · Postage	16,384	17,000	-616	96.38%		
6430 · Printing Expense	7,226	5,000	2,226	144.52%	Bills and envelopes are purchased in yearly quantities. Extra inserts (app.$962) 3 special orders of envelopes (app. $1,380), and enlargements/posters (app. $300) leave this item underbudgeted for the year.	*
6461 · Office Supplies	7,209	4,000	3,209	180.23%	Two unbudgeted parties totalling $2075.90 (CH retirement party and Christmas party) and higher-than-expected supplies costs leave this line item underbudgeted for the year.	*
6800 · Subscriptions/Legal Notices	907	1,275	-368	71.13%		
6890 · Computers/Software	3,284	2,500	784	131.38%	In the 2Q, an unexpectedly high cost to upgrade to Office 2003 ($1,456.45) rendered this line item underbudgeted for the year.	
6579 · Furniture	161	500	-339	32.12%		
Total Office Expense	35,171	30,275	4,896	116.17%		
Operating Supplies						
6300 · Chemicals	11,613	11,000	613	105.57%		
6880 · Tools and Equipment	5,216	5,000	216	104.32%		

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6881 · Safety Equipment	478	2,700	-2,222	17.69%		
Total Operating Supplies	17,307	18,700	-1,393	92.55%		
Professional Services						
6083 · Laundry Service	2,545	1,980	565	128.55%		
6521 · County charges	1,394	7,100	-5,706	19.63%	The District avoided Elections costs for the last election, leaving this line item with a large surplus.	*
6587 · County LAFCO charges	4,469	4,100	369	109.0%		
6500 · Specialized Svces - Misc	0	2,000	-2,000	0.0%		
6514 · Lab/Testing Fees	6,759	7,000	-241	96.55%		
6570 · Consultant Fees	24,689	50,000	-25,311	49.38%	This line item came in underbudget for the year. One big reason why is because $25,000 was budgeted for costs associated with recruiting a new GM, but much of this expense was incurred last fiscal year and only $14,831 paid in FY 2008-09: Bob Murray ($6,500); Chuck Howell ($3,200); Interviewee travel costs ($1,347); and GM moving expenses ($3,784).	*
6590 · Engineering	2,611	2,000	611	130.56%	Unreimbursed preliminary engineering for a possible resort project left this line item underbudgeted for the year.	*
6591 · Engineering - re Cal Water	6,579	0	6,579	100.0%	As part of the FYE close, this line item will be closed out to a Cal Water Payable on our Balance Sheet	*
6610 · Legal	26,613	22,000	4,613	120.97%	In the 1Q, we spent more than budgeted on legal counsel. Personnel matters (GM transition) drove this line item up.	
6630 · Audit/Accounting	17,255	11,000	6,255	156.87%	In the 2Q, bills for the FY 2007-08 Audit were paid in the sum of $6,500. This line item was underbudgeted for the year, in part because credit card and online payment services fees have increased this year as more customer use our online payment option.	*
Total Professional Services	92,914	107,180	-14,266	86.69%		
Rents & Leases						
6820 · Equipment	1,146	3,200	-2,054	35.8%		
6840 · Building & Warehouse	27,000	27,000	0	100.0%		
Total Rents & Leases	28,146	30,200	-2,054	93.2%		
Transportation & Travel						
7120 · Seminars & related travel	3,579	4,500	-921	79.53%		
7201 · Vehicle Gas	20,897	31,000	-10,103	67.41%		
7300 · Travel Reimbursements	12,255	23,200	-10,945	52.82%	In the 1Q, unbudgeted money was spent on GM interviewee travel reimbursements and GM moving expenses ($5,130.32). This item is was overbudgeted largely because a travel allowance was budgeted for GM Howell that GM Mack does not get.	*
Total Transportation & Travel	36,731	58,700	-21,969	62.57%		
Uniforms						

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6021.1 · Boots	1,136	1,300	-164	87.36%		
6021.3 · T-shirts	1,068	1,600	-532	66.77%	T-shirts are purchased once yearly	
6021.4 · Jackets	181	900	-719	20.06%		
Total Uniforms	2,385	3,800	-1,415	62.75%		
Utilities						
7320 · Electric and Propane	94,459	110,032	-15,573	85.85%	-	
Total Utilities	94,459	110,032	-15,573	85.85%		
Contingencies						
6000 · Contingencies (Lg, unbudgeted exp.)	0	10,000	-10,000	0.0%	In the 1Q, the El Bonita generator needed major repairs. In the 3Q, the $16,740 for this expense was moved to Generator Maintenance line item.	
Total SERVICES & SUPPLIES	526,515	616,037	-89,522	85.47%		
Total OPERATING EXPENSES	1,485,258	1,612,852	-127,594	92.09%		
FIXED ASSET EXPENDITURES						
8517 · Field equipment	1,146	1,200	-54	95.54%		
8573 · Vehicles	30,777	34,500	-3,723	89.21%	This line item was underbudgeted for the year.	
8511.1 - Tank/Facilities Sites	6,713	0	6,713	100.0%	In the 2Q, the El Bonita facilitiy's roof was replaced. This was in last year's budgeted but wasn't completed that year and was not included in this year's budget. In the 3Q, the feeder for the El Bonita pump had to be replaced due to theft ($2,188) and transfer switches were installed at Edghill and Schoeneman ($2,025)	
Total FIXED ASSET EXPENDITURES	38,637	35,700	2,937	108.23%		
Total Expense	1,523,894	1,648,552	-124,658	92.44%		
Net Ordinary Income	585,790	428,812	156,978	136.61%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.3 · Tfers to CIRF	370,000	370,000	0	100.0%		
8620.5 · Tfers to Building Fund	15,000	15,000	0	100.0%	The inflow to the Bldg Fund is not included in the Capital Improvement spreadsheet.	*
8620.2 · Tfers to In-House Constr	25,000	25,000	0	100.0%		
Total TRANSFERS TO OTHER FUNDS	410,000	410,000	0	100.0%		

Sweetwater Springs Water District

FY 2008-09 Capital Program Budget Variances as of June 30, 2009 (100%)

	FY 08-09 ACTUAL	FY 08-09 BUDGET (REVISED)	$ Over Budget for Year	% of Budget	Comments
REVENUE					
Annual Assessment - New Services	23,497	27,000	-3,503	87.0%	
Annual Assessment (County)	704,304	710,000	-5,696	99.2%	
Prior Year Assessment	45,110	40,000	5,110	112.8%	
** **Capital Debt Reduction Charge**	170,000	170,300	-300	99.8%	Transfer from Operations
Interest	95,156	60,000	35,156	158.6%	Reflects interest on PPL
County Reimb. for FEMA Viaduct Project	0	51,483	-51,483	0.0%	
Cal Trans Reimb. For Culvert Project	82,856	80,000	2,856	103.6%	
CDC Grants	545,780	983,500	-437,720	55.5%	Reimbursements for CIP IV-A, carried over into next FY
** **Private Placement Funding (Loan proceeds)**	1,363,536	983,500	380,036	138.6%	CIP IV-A is being funded from PPL, CDC 50% goes to CIRF
Transfers to CIRF from Operations	200,000	199,700	300	100.2%	End of year transfer, CDRC subtracted
Transfers to In-House Constr. from Operations	25,000	25,000	0	100.0%	
TOTAL REVENUE	3,255,239	3,330,483	-75,244	97.7%	
EXPENSES					
Gen. Obligation Bonds Payments	684,058	687,000	-2,942	99.6%	
State Loan Payments	170,172	170,300	-128	99.9%	
Private Placement Loan	117,007	185,000	-67,993	63.2%	One payment this year
Hwy. 116 ("S"Curves" Main Repl. And MRTP Bottleneck Pipe Replacement)	1,100		1,100	100.0%	payment on old project
CIP III	35,000	35,000	0	100.0%	Settlement payment
** **CIP IV-A**	1,306,335	1,967,000	-660,665	66.4%	CIP IV-A, Project 1 completed; Project 2 started in May, carried over into next FY
CIP IV-B	69,601	75,000	-5,399	92.8%	
In-House Construction Projects	57,472	75,000	-17,528	76.6%	
TOTAL EXPENSES	2,440,744	3,194,300	-753,556	76.4%	
SURPLUS/DEFICIT	814,495	136,183	678,312	598.1%	