SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Ed Fortner, General Manager

Meeting Date: February 6, 2020

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU DECEMBER 31, 2019 (50%)

RECOMMENDED ACTION:
(Discussion item only.)

FISCAL IMPACT:
(None.)

DISCUSSION:

This report presents the 2nd quarter actual revenues and expenses. This is the mid-year report on our fiscal year. It comprises 50% of the year by time and so we compare the revenues and expenses to that standard.

Operating Budget:

In the 2Q the District approved a $500,000 extra payment on the PERS Unfunded Liability (UL) financed with a loan from District Policy Reserves in that same amount. This decision was not part of the FY 2019-20 budget. It impacted both Operations revenue in the form of loan proceeds in the sum of $500,000 and Operations expense in the form of the extra UL payment of $500,000 instead of the $64,549 that was budgeted. The net effect of this transaction is $64,549.

<u>Not including the District Policy Reserves loan proceeds transaction</u>, 2Q Revenue is greater than 50% of budgeted amount

Water Sales, the largest revenue line item, came in at 3.0% ($77,338) ahead of the 50% schedule which is typical for the mid year. At the end of the 2Q we have sold 3.5% less water than last year during the same period.

Overall revenues are 3.9% more than budgeted, with higher than budgeted revenues in all non-operating revenue categories.

<u>Not including the District Policy Reserves loan proceeds transaction</u>, 2Q Expenditures are higher than 50% of budgeted amount.

As of the 2Q expenditures are 1.0% ($22,143) more than budgeted. It should be noted that many of our annual expenses have been paid for the year. Of note in the 2Q was the $43,304 price tag for a well rehab of El Bonita Well 6. Budgeted at $18,000, the rehab revealed the need for a new pump and motor which drove costs up.

The District is still awaiting the price tag for the Lower Harrison Tank emergency parking area rehabilitation. $12,000 was budgeted for this project, but the actual cost will likely be significantly more. As of the 2Q, the District has spent $6,039 on this project.

For more detail on all the budget line items, please refer to the attached <u>Actual vs. Budgeted</u> breakdown provided with your packet.

Capital Budget:

The 2Q Capital Budget (Table 2) is typical for mid-year - we have received the first installment of the annual assessment from the county and made the first payments on our debt. The expenses of the 2019 CIP (carryover from the 2019 Budget) have all been paid. Transfers to CIRF and in-house construction have been made as well. We see no major differences from the approved budget.

<u>FUNDS AT THE COUNTY</u>

Table 3. Fund and Loan Balances show a comparison of the budgeted and 2nd Quarter balances. Also attached is the County Fund Balances for the 2nd Quarter. Table 3 includes all the funds listed in the County Fund Balances and also the funds at PARS and the USDA Bond Debt at WestAmerica. Table 3 is typical for the mid year of the fiscal year - funds will need to be moved around to balance out reserve targets.

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of December 31, 2019 (50%)

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

	FY 2019-20 Actual	2019-20 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	823,033	1,644,824	-821,791	50.04%		
4031.11· Current Charges	391,083	633,846	-242,763	61.7%		
4031.12· Capital Debt Reduction Charge	150,749	296,383	-145,634	50.86%		
Total 4031 · Water Sales	1,364,865	2,575,053	-1,210,188	53.0%	This is a cash water sales figure.	
Total OPERATING REVENUE	1,364,865	2,575,053	-1,210,188	53.0%		
NON-OPERATING REVENUE						
1700 · Interest	10,216	8,000	2,216	127.7%	-	
4448 · Policy Reserve Loan Proceeds	500,000	0	500,000	100.0%	In the 2Q, PERS UL payment accelerated via a loan from District Policy Reserves	*
3600 · Construction New Services	12,282	7,000	5,282	175.45%		
3601 · Construction - Service Upgrades	4,406	3,000	1,406	146.88%		
4032 · Rent	56,758	105,000	-48,242	54.06%		
4227 · SCWA reimbursement	2,995	0	2,995	100.0%		
4040 · Miscellaneous Income	5,646	1,500	4,146	376.42%	In the 1Q, the District received $4,202 for a meter relocation at a customer's request.	
Total NON-OPERATING REVENUE	592,303	124,500	467,803	475.75%	Percentage without UL 74.14%	
Total Income	1,957,168	2,699,553	-742,385	72.5%	Percentage without UL 54%	
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	436,179	903,046	-466,867	48.3%	-	
5912 · Overtime	18,462	34,307	-15,845	53.82%		
5916 · On-Call Pay	19,235	34,950	-15,715	55.04%		
5918 · Extra help - Contract	18,672	34,100	-15,428	54.76%		
Total Salary	492,548	1,006,403	-513,855	48.94%		
Benefits						
5500 · Flex Spending (Flex spending monies p	-510	0	-510	100.0%		
5920 · Retirement net employee share	36,707	95,927	-59,220	38.27%	This item was likely overbudgeted this year.	
5920.4 · Retirement - UL Mandatory	55,451	55,451	0	100.0%	In the 1Q, the mandatory UL payment was paid for the year.	
5920.5 · Retirement - UL Extra payment	500,000	64,549	435,451	774.61%	In the 2Q, PERS UL payment accelerated via a loan from District Policy Reserves	*
5922 · Payroll Taxes - Employer Paid	6,745	16,761	-10,016	40.24%		
5930 · Health/Dental/Vision/AFLAC Ins.	103,947	237,000	-133,053	43.86%		
5931 · Retiree Health	5,448	7,680	-2,232	70.94%	In the 1Q, annual contribution to CERBT ($3,000) made.	
5941 · Life insurance - GM	1,000	0	1,000	100.0%	-	
5940 · Workers Comp Insurance	33,377	37,000	-3,623	90.21%	In the 1Q, workers' compensation insurance was paid for the year.	
Total Benefits	742,166	514,368	227,798	144.29%	Percentage without UL 47.08%	
Total SALARY & BENEFITS	1,234,714	1,520,771	-286,057	81.19%	Percentage without UL 48.31%	
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,363	2,350	-987	58.0%		
6040-C · Cell Phones	2,017	4,900	-2,883	41.17%		
6040-P · Pagers & Radios	1,835	680	1,155	269.92%	In the 1Q, the District had unbudgeted maintenance work done on the radios ($1,588)	
6040-T · Telephones	12,062	22,900	-10,838	52.67%	-	

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of December 31, 2019 (50%)

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	FY 2019-20 Actual	2019-20 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
Total Communications	17,278	30,830	-13,552	56.04%		
Insurances						
6101 · Gen. Liability	45,214	44,000	1,214	102.76%	(In the 1Q, paid for the year. Underbudgeted this year.)	
Total Insurances	45,214	44,000	1,214	102.76%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	2,642	21,000	-18,358	12.58%	-	
6151 · Office Maintenance	2,832	6,000	-3,168	47.19%		
Total Maint/Rep - Office & Vehicles	5,474	27,000	-21,526	20.27%		
Maint/Repair - Facilities						
6085 · Janitorial Services	4,255	8,800	-4,545	48.35%		
6100 · SCADA system	1,507	5,000	-3,493	30.13%		
6180 · Distribution System Repairs	22,663	50,000	-27,337	45.33%	-	
6235 · Treatment Sys/Well Repairs	53,621	50,000	3,621	107.24%	In the 2Q the District rehabbed El Bonita Well 6 that required replacing the pump and motor ($43,304). One well rehab was budgeted for this fiscal year at $18,000.	*
6143 · Generator Maintenance	2,145	1,000	1,145	214.53%	The fire emergency resulted in much higher generator fuel amounts being used.	*
Total Maint/Repair - Facilities	84,191	114,800	-30,609	73.34%		
Miscellaneous Expenses						
6280 · Memberships	8,372	12,020	-3,648	69.65%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	15,965	15,000	965	106.43%	In the 2Q the District paid system fees for the year ($8,122)	*
Total Miscellaneous Expenses	24,337	28,520	-4,183	85.33%		
Office Expense						
6410 · Postage	9,311	17,000	-7,689	54.77%		
6430 · Printing Expense	3,680	7,500	-3,820	49.07%	-	
6461 · Office Supplies	2,213	6,000	-3,787	36.88%	-	
6800 · Subscriptions/Legal Notices	1,623	1,100	523	147.56%	In the 2Q unbudgeted ads for the Maintenance Worker position left this line item underbudgeted.	*
6890 · Computers/Software	405	2,500	-2,095	16.2%		
Total Office Expense	17,231	34,100	-16,869	50.53%		
Operating Supplies						
6300 · Chemicals	10,193	20,000	-9,807	50.97%	-	
6880 · Tools and Equipment	2,965	7,000	-4,035	42.36%		
6881 · Safety Equipment	794	1,200	-406	66.21%		
Total Operating Supplies	13,953	28,200	-14,247	49.48%		
Professional Services						
6514 · Lab/Testing Fees	6,654	12,500	-5,846	53.23%		
6570 · Consultant Fees	12,973	58,000	-45,027	22.37%	-	
6590 · Engineering	435	0	435	100.0%	-	
6610 · Legal	16,771	20,000	-3,229	83.86%	-	
6630 · Audit/Accounting	18,598	42,000	-23,402	44.28%	In the 1Q, the District changed credit card processing banks at a considerable cost savings., which will leave this line item overbudgeted this year.	
Total Professional Services	55,432	132,500	-77,068	41.84%		
Rents & Leases						
6820 · Equipment	606	3,300	-2,694	18.36%		
6840 · Building & Warehouse	17,378	29,790	-12,413	58.33%	1Q Bldg. rent paid thru October.	
Total Rents & Leases	17,983	33,090	-15,107	54.35%		

Sweetwater Springs Water District
FY 2019-20 Operating Budget Variances as of December 31, 2019 (50%)

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

	FY 2019-20 Actual	2019-20 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
Transportation & Travel						
7120 · Seminars & related travel	608	3,650	-3,042	16.65%		
7201 · Vehicle Gas	12,263	20,000	-7,737	61.32%		
7300 · Travel Reimbursements	4,732	7,400	-2,668	63.95%		
Total Transportation & Travel	17,603	31,050	-13,447	56.69%		
Uniforms						
6021.1 · Boots	685	1,500	-815	45.67%		
6021.3 · T-shirts	1,432	1,800	-368	79.58%	In the 1Q, t-shirts were purchased for the year.	
6021.4 · Jackets	93	240	-147	38.6%		
Total Uniforms	2,210	3,540	-1,330	62.43%		
Utilities						
7320 · Electricity	60,723	110,000	-49,277	55.2%	-	
7321 · Propane	1,072	3,000	-1,928	35.73%		
Total Utilities	61,795	113,000	-51,205	54.69%		
Total SERVICES & SUPPLIES	362,701	620,630	-257,929	58.44%		
Total OPERATING EXPENSES	1,597,415	2,141,401	-543,986	74.6%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	7,429	24,000	-16,571	30.95%	In the 2Q, the District spent $6,039 on the Lower Harrison parking area project, budgeted at $12,000.	*
8511.2 - Leasehold Improvements	0	0	0	0.0%		
8517 · Field/office equipment	0	0	0	0.0%	-	
8573 · Vehicles	0	0	0	0.0%	-	
Total FIXED ASSET EXPENDITURES	7,429	24,000	-16,571	30.95%		
Total Expense	1,604,843	2,165,401	-560,558	74.11%		
Net Ordinary Income	352,324	534,152	-181,828	65.96%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	296,383	296,383	0	100.0%		
8620.3 · Tfers to CIRF	0	190,000	-190,000	0.0%		
8620.5 · Tfers to Building Fund	0	15,000	-15,000	0.0%		
8620.2 · Tfers to In-House Constr	25,000	25,000	0	100.0%		
Total TRANSFERS TO OTHER FUNDS	321,383	526,383	-205,000	61.06%	-	

Sweetwater Springs Water District
FY 2019-20 Capital Budget Variances as of December 31, 2019 (50%)

	Jul - Dec 19	Budget	$ Over Budget	% of Budget	Notes
Income					
New Construction flat charges revenue	20,544.80	27,000.00	-6,455.20	76.09%	
CY Direct Charges	403,541.74	710,000.00	-306,458.26	56.84%	
PY Direct Charges	8,436.98	40,000.00	-31,563.02	21.09%	
Interest Revenue	14,253.05	25,000.00	-10,746.95	57.01%	
Tfer from Operations - CDR	296,383.00	296,383.00	0.00	100.0%	
Tfer from Operations - In House Constr.	25,000.00	25,000.00	0.00	100.0%	
Tfer from Operations - Surplus Income	0.00	190,000.00	-190,000.00	0.0%	
Total Income	768,159.57	1,313,383.00	-545,223.43	58.49%	
Expense					
In-House Construction	296.38				
CIP 2019 (MRTP Filter replacement)	62,471.67	0.00	62,471.67	100.0%	
Principal - State Loans	67,116.71	146,619.00	-79,502.29	45.78%	
Principal Pymt -USDA Bonds	27,622.00	98,821.00	-71,199.00	27.95%	
Principal - Priv. Placemnt Loan	80,660.10	216,062.00	-135,401.90	37.33%	
Principal-2013 Cap One Rev Bond	359,000.00	566,558.00	-207,558.00	63.37%	
Capital Interest	194,510.79				
Total Expense	791,677.65	1,028,060.00	-236,382.35	77.01%	
Net Capital Income	-23,518.08	285,323.00	-308,841.08	-8.24%	

Non-Operating Balances FY 2019-20 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")

											TOTAL at COUNTY ↓	GRAND TOTAL: COUNTY + USDA + PARS/CERBT	FY 2019-20 Policy Reserves: $1,379,359 Reserves Above Policy Net Loans from Reserves
	$42,621.30	$214,170.83	$245,519.11	$25,850.00	$753,494.00	$29,235.71	$789,646.59	$146,945.40	$786,011.28	$105,662.08	$2,776,702.09	$3,139,156.30	**1,759,797.30**
NAME	CERBT (Contributions are part of Reserves)	PARS (Contributions are part of Reserves)	Operations	Bldg Fund (part of Policy Reserves)	FY 2019-20 POLICY RESERVES: $1,379,359 ($1,116,991)	In-house Construction	Capital Improvements	State Loan 58340	Cap One Bonds and Citizens Bank Loan Debt	USDA Bond Debt (at WestAmerica)			Policy Reserve Loans Outstanding: $500,000 (Oct 2019)
	CONTRIBUTIONS: $36,518	CONTRIBUTIONS: $200,000											
Fund			76751	76752	76753	76755	76756	76759	76762				
Dep't			7106 0100	7106 0200	7106 0300	7106 0500	7106 0600	7106 0900	7106 1200				
FP1-Jul	$42,621.30	$215,332.01	$295,519.11	$25,850.00	$753,494.00	$29,000.81	$724,549.83	$146,945.40	$786,011.28	$124,164.15	$2,761,370.43	$3,143,487.89	**1,764,128.89**
FP2-Aug	$42,621.30	$214,435.22	$10,519.11	$25,850.00	$1,122,991.00	$29,000.81	$629,178.16	$146,945.40	$211,963.07	$124,166.19	$2,176,447.55	$2,557,670.26	**1,178,311.26**
FP3-Sept	$43,151.66	$216,665.90	$70,519.11	$25,850.00	$1,122,991.00	$29,000.81	$628,600.66	$73,636.39	$211,963.07	$59,883.68	$2,162,561.04	$2,482,262.28	**1,102,903.28**
FP4-Oct	$43,151.66	$219,824.38	$645,067.12	$25,850.00	$622,991.00	$29,000.81	$651,153.64	$73,636.39	$211,963.07	$59,884.70	$2,259,662.03	$2,582,522.77	**1,203,163.77**
FP5-Nov	$43,151.66	$223,512.49	$245,067.12	$25,850.00	$622,991.00	$28,704.43	$653,529.64	$73,636.39	$211,963.07	$59,885.65	$1,861,741.65	$2,188,291.45	**1,308,932.45**
FP6-Dec	$48,773.00	$227,382.62	$63,684.12	$25,850.00	$622,991.00	$53,704.43	$1,191,572.46	$73,636.39	$211,963.07	$166,584.67	$2,243,401.47	$2,686,141.76	**1,806,782.76**
FP7-Jan													
FP8-Feb													
FP9-Mar													
FP10-Apr													
FP11-May													
FP12-Jun													
FP 13 (FINAL)													

**** Available Funds: 76758 and 76759 (State Loan reserve funds); 76754 (Fed Loan); 76757 (Guernewood Park); 76761 (Cap and Debt policy reserve) (These columns are hidden)**
***** Starting FY 2017-18, Bldg Fund and PARS considered part of Reserves; Starting FY 2019-20, CERBT is also part of reserves, but only the contributions (not earnings) to PARS and CERBT are included**