SWEETWATER SPRINGS WATER DISTRICT

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

FROM: Ed Fortner, General Manager

Meeting Date: November 5, 2020

SUBJECT: ACTUAL VS. BUDGETED (OPERATIONS AND CAPITAL) REPORT THRU SEPTEMBER 30, 2020 (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 slightly greater than 25% of budgeted amount.

Water Sales, the largest revenue line item, came in at just 0.4% ahead of the 25% schedule. Staff believes that's a bit low. In terms of units of water sold, this year's sales are 9% higher than the units of water sold last year thru September. Coupled with the 5% rate increase, staff would have assumed our water sales would have been higher. However, water sales represents cash collected during the period, not billings. There has been some lag in water sales due to pandemic, so it will be interesting to see if Water Sales will align better with the units of water sold next quarter.

Overall revenues are below budgeted amounts, largely because we budgeted but haven't yet received the $500,000 in loan proceeds from our District Policy Reserve to pay down the District's Unfunded Liability with CalPERS.

1Q Expenditures are lower than 25% of budgeted amount.

Normally 1Q expenditures are higher than budgeted because certain District bills -- such as insurance -- are paid in full at the beginning of the fiscal year. However, this year several large budgeted but as yet unpaid operating expenses are skewing actual vs. budgeted results. They include:

(1) $500,000 UL extra payment;
(2) $50,000 new truck;
(3) $135,000 Policy Reserve loan payment

Next quarter these expenses should be paid, which will give us a more realistic picture of how the District is doing this year.

Expenses of note this quarter include a sharp increase in our liability insurance, budgeted at $46,000 but costing $64,397. We also installed the (budgeted) tank liner at the Park Avenue Tank ($11,780). Finally, due to the fire we purchased 3 Chromebooks and 2 laptops and installed VPN equipment (unbudgeted)($2,644) which will leave the Computers/Software line item 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 1Q Capital Budget (Table 2) is typical for the 1st Quarter - most revenues will not come in until later in the year.

Revenue from the annual assessment, Capital Debt Reduction Charge (CDRC) and transfers to in-house construction will not occur until later in the fiscal year.

Major 1st Quarter expenses are for initial payments for GO Bonds, the Capital One Bank Bond, the USDA GO bond, State Loans, and the Private Placement Loan.

FUNDS AT THE COUNTY

Attached is the County Fund Balances for the 1st Quarter. 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. County Fund Balances include the funds at PARS and CERBT. At the end of the quarter, Total District Reserves were $2,221,839 and Reserves Above Policy were $1,319,178.

Funds at the County show typical activity for the 1st quarter of the year.

Sweetwater Springs Water District
FY 2020-21 Operating Budget Variances as of September 30, 2020 (100%)

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

	FY 2020-21 Actual	2020-21 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						
4031.10· Base Rate	417,011	1,728,369	-1,311,359	24.13%		
4031.11· Current Charges	204,738	700,541	-495,803	29.23%		
4031.12· Capital Debt Reduction Charge	76,192	316,573	-240,381	24.07%		
Total 4031 · Water Sales	697,941	2,745,483	-2,047,542	25.42%	This is a cash water sales figure.	
Total OPERATING REVENUE	697,941	2,745,483	-2,047,542	25.42%		
NON-OPERATING REVENUE						
1700 · Interest	14	16,000	-15,986	0.09%	-	
4448 · Policy Reserve Loan Proceeds	0	500,000	-500,000	0.0%		
3600 · Construction New Services	16,693	7,000	9,693	238.47%	This line item was underbudgeted this year.	*
3601 · Construction - Service Upgrades	1,289	3,000	-1,712	42.95%	-	
4032 · Rent	34,511	110,810	-76,299	31.15%		
4040 · Miscellaneous Income	330	1,500	-1,170	21.97%		
Total NON-OPERATING REVENUE	52,837	638,310	-585,473	8.28%		
Total Income	750,778	3,383,793	-2,633,015	22.19%		
Expense						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	203,949	835,000	-631,051	24.43%	-	
5912 · Overtime	11,099	37,000	-25,901	30.0%		
5916 · On-Call Pay	9,945	37,000	-27,055	26.88%		
5918 · Extra help - Contract	9,386	36,000	-26,614	26.07%		
Total Salary	234,378	945,000	-710,622	24.8%		
Benefits						
5500 · Flex Spending (Flex spending monies	-1,249	0	-1,249	100.0%		
5920 · Retirement net employee share	17,634	87,000	-69,366	20.27%		
5920.4 · Retirement - UL Mandatory	34,552	34,854	-302	99.13%	In the 1Q, the mandatory UL payment was paid for the year.	*
5920.5 · Retirement - UL Extra payment	0	500,000	-500,000	0.0%	-	
5922 · Payroll Taxes - Employer Paid	3,159	16,000	-12,841	19.74%		
5930 · Health/Dental/Vision/AFLAC Ins.	80,036	240,000	-159,964	33.35%	In the 1Q, Health ins. Pd thru October.	*
5931 · Retiree Health	5,224	9,800	-4,576	53.31%	In the 1Q, annual contribution to CERBT ($3,000) made.	*
5941 · Life insurance - GM	0	1,000	-1,000	0.0%	-	
5940 · Workers Comp Insurance	20,508	38,000	-17,492	53.97%	In the 1Q, workers' compensation insurance was paid for the year. This item was overbudgeted this year.	*
Total Benefits	159,864	926,654	-766,790	17.25%		
Total SALARY & BENEFITS	394,242	1,871,654	-1,477,412	21.06%		
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	882	2,700	-1,818	32.68%		
6040-C · Cell Phones	1,160	4,600	-3,440	25.22%		
6040-P · Pagers & Radios	0	200	-200	0.0%		

Sweetwater Springs Water District
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	FY 2020-21 Actual	2020-21 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Changed
6040-T · Telephones	7,439	24,000	-16,561	30.99%	-	
Total Communications	9,481	31,500	-22,019	30.1%		
Insurances						
6101 · Gen. Liability	64,397	46,000	18,397	139.99%	In the 1Q, paid for the year. Underbudgeted this year.	*
Total Insurances	64,397	46,000	18,397	139.99%		
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	2,790	21,000	-18,210	13.29%	-	
6151 · Office Maintenance	1,497	6,000	-4,503	24.95%		
Total Maint/Rep - Office & Vehicles	4,287	27,000	-22,713	15.88%		
Maint/Repair - Facilities						
6085 · Janitorial Services	1,596	9,000	-7,404	17.74%		
6100 · SCADA system	1,248	5,000	-3,752	24.96%		
6180 · Distribution System Repairs	23,113	50,000	-26,887	46.23%	??	
6235 · Treatment Sys/Well Repairs	8,170	75,000	-66,830	10.89%		
6143 · Generator Maintenance	1,514	4,000	-2,486	37.86%		
Total Maint/Repair - Facilities	35,643	143,000	-107,357	24.93%		
Miscellaneous Expenses						
6280 · Memberships	726	11,000	-10,274	6.6%		
6303 · Claims	0	1,500	-1,500	0.0%		
6593 · Governmental Fees	6,960	19,000	-12,040	36.63%	??	
Total Miscellaneous Expenses	7,686	31,500	-23,814	24.4%		
Office Expense						
6410 · Postage	3,163	19,000	-15,837	16.65%		
6430 · Printing Expense	3,470	8,000	-4,530	43.37%	-	
6461 · Office Supplies	1,826	6,000	-4,174	30.43%	-	
6800 · Subscriptions/Legal Notices	910	1,100	-190	82.77%		
6890 · Computers/Software	3,228	2,500	728	129.13%		
Total Office Expense	12,597	36,600	-24,003	34.42%		
Operating Supplies						
6300 · Chemicals	1,121	20,000	-18,879	5.61%	-	
6880 · Tools and Equipment	1,535	7,000	-5,465	21.93%		
6881 · Safety Equipment	400	2,000	-1,600	20.01%		
Total Operating Supplies	3,056	29,000	-25,944	10.54%		
Professional Services						
6514 · Lab/Testing Fees	2,942	12,500	-9,558	23.54%		
6570 · Consultant Fees	11,042	52,000	-40,958	21.24%	-	
6590 · Engineering	100	0	100	100.0%	-	
6610 · Legal	3,021	30,000	-26,979	10.07%	-	
6630 · Audit/Accounting	7,335	35,000	-27,665	20.96%		
Total Professional Services	24,440	129,500	-105,060	18.87%		
Rents & Leases						
7913 · Policy Reserve Loan	0	135,000	-135,000	0.0%		

Sweetwater Springs Water District
FY 2020-21 Operating Budget Variances as of September 30, 2020 (100%)

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

	FY 2020-21 Actual	2020-21 Budget	$ Over Budget for the Year	% of Budget	Notes (Underlined notes reflect changes since last report)	*=Ch ged
6820 · Equipment	0	3,300	-3,300	0.0%		
6840 · Building & Warehouse	10,301	32,000	-21,699	32.19%	1Q Bldg. rent paid thru October.	*
Total Rents & Leases	10,301	170,300	-159,999	6.05%		
Transportation & Travel						
7120 · Seminars & related travel	160	5,000	-4,840	3.2%		
7201 · Vehicle Gas	5,742	24,000	-18,258	23.93%		
7300 · Travel Reimbursements	1,639	7,000	-5,361	23.42%		
Total Transportation & Travel	7,541	36,000	-28,459	20.95%		
Uniforms						
6021.1 · Boots	0	1,500	-1,500	0.0%		
6021.3 · T-shirts	1,071	1,800	-729	59.53%	In the 1Q, t-shirts were purchased for the year.	*
6021.4 · Jackets	0	240	-240	0.0%		
Total Uniforms	1,071	3,540	-2,469	30.27%		
Utilities						
7320 · Electricity	39,070	115,000	-75,930	33.97%	-	
7321 · Propane	54	3,000	-2,946	1.81%		
Total Utilities	39,124	118,000	-78,876	33.16%		
Total SERVICES & SUPPLIES	219,624	801,940	-582,316	27.39%		
Total OPERATING EXPENSES	613,867	2,673,594	-2,059,727	22.96%		
FIXED ASSET EXPENDITURES						
8511.1 · Tank/Facilities Sites	12,737	24,000	-11,263	53.07%		
8511.2 - Leasehold Improvements	0	0	0	0.0%	-	
8517 · Field/office equipment	0	9,500	-9,500	0.0%	-	
8573 · Vehicles	0	50,000	-50,000	0.0%	-	
Total FIXED ASSET EXPENDITURES	12,737	83,500	-70,763	15.25%		
Total Expense	626,604	2,757,094	-2,130,490	22.73%		
Net Ordinary Income	124,174	626,699	-502,525	19.81%		
Other Income/Expense						
Other Expense						
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	0	316,573	-316,573	0.0%		
8620.3 · Tfers to CIRF	0	270,000	-270,000	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	626,573	-626,573	0.0%	-	

Sweetwater Springs Water District
FY 2020-21 Capital Budget Variances as of September 30, 2020 (25%)

	Jul 20 - Sept 20	Budget	$ Over Budget	% of Budget	Notes
Income					
New Construction flat charges revenue	14,330.90	27,000.00	-12,669.10	53.08%	
CY Direct Charges	2,376.00	710,000.00	-707,624.00	0.34%	
PY Direct Charges	0.00	40,000.00	-40,000.00	0.0%	
Interest Revenue	0.00	25,000.00	-25,000.00	0.0%	
Tfer from Operations - CDR	0.00	316,573.00	-316,573.00	0.0%	
Tfer from Operations - In House Constr.	0.00	25,000.00	-25,000.00	0.0%	
Tfer from Operations - Surplus Income	0.00	270,000.00	-270,000.00	0.0%	
Total Income	16,706.90	1,413,573.00	-1,396,866.10	1.18%	
Expense					
In-House Construction	358.31	25,000.00	-24,641.69	1.43%	
CIP 2021 (Main repl: Old River Rd; Woodland)	23,560.40	1,326,000.00	-1,302,439.60	1.78%	
Principal - State Loans	69,131.72	139,298.00	-70,166.28	49.63%	
Principal Pymt -USDA Bonds	28,278.00	54,278.00	-26,000.00	52.1%	
Principal - Priv. Placemnt Loan	86,061.50	167,650.00	-81,588.50	51.33%	
Principal-2013 Cap One Rev Bond	368,000.00	368,000.00	0.00	100.0%	
Capital Interest	134,817.82	319,908.00	-185,090.18	42.14%	
Total Expense	710,207.75	2,400,134.00	-1,689,926.25	29.59%	
Net Capital Income	-693,500.85	-986,561.00	293,060.15	70.3%	

Non-Operating Balances FY 2020-21 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 2020-21 Policy Reserves: $1,402,661** Reserve Loans Outstanding: $500,000 (Oct. 2019)
	$47,203.17	$221,675.97	$15,691.50	$40,850.00	$622,991.00	$39,096.86	$884,672.93	$147,272.38	$730,925.86	$149,332.13	$2,481,500.53	$2,899,711.80	
NAME	**CERBT** (Contributions are part of Reserves)	**PARS** (Contributions are part of Reserves)	**Operations**	**Bldg Fund** (part of Policy Reserves)	**FY 2020-21 POLICY RESERVES: $1,402,661**	**In-house Construction**	**Capital Improvements**	**State Loan 58340**	**Cap One Bonds and Citizens Bank Loan Debt**	**USDA Bond Debt** (at WestAmerica)			POLICY RESERVES NET RESERVE LOANS:
	CONTRIBUTIONS: **$39,518**	CONTRIBUTIONS: **$200,000**			($622,293)								$902,661
Fund			**76751**	**76752**	**76753**	**76755**	**76756**	**76759**	**76762**				Reserves Above Policy:
Dep't			7106 0100	7106 0200	7106 0300	7106 0500	7106 0600	7106 0900	7106 1200				
FP1-Jul	$47,203.17	$221,675.97	$15,691.50	$40,850.00	$622,991.00	$39,096.86	$884,672.93	$147,272.38	$622,604.65	$149,334.66	$2,373,179.32	$2,791,393.12	**$1,888,732.12**
FP2-Aug	$47,203.17	$236,316.81	$15,691.50	$40,850.00	$622,991.00	$38,738.55	$884,672.93	$147,272.38	$115,478.23	$149,337.19	$1,865,694.59	$2,298,551.76	**$1,395,890.76**
FP3-Sept	$52,881.70	$231,619.37	$15,691.50	$40,850.00	$622,991.00	$38,738.55	$877,819.43	$73,963.37	$182,229.44	$85,054.97	$1,852,283.29	$2,221,839.33	**$1,319,178.33**
FP4-Oct													
FP5-Nov													
FP6-Dec													
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**