

**ITEM FOR CONSIDERATION
CITY OF MEADOWLAKES**

Date: December 6, 2010
To: Honorable Mayor Williams and Council Persons
From: Johnnie Thompson, City Manager
RE: Agenda IV. -Consent Items
J. Utility Fund Financial Reports

1. **INTENDED FILING DATE:** December 8, 2010
 2. **REQUESTED COUNCIL AGENDA DATE:** December 14, 2010
 3. **CONTACT NAME & NUMBER:** Johnnie Thompson, 830-693-2951
 4. **PLACE ON:** **CONSENT** **NEW BUSINESS** **OLD BUSINESS**
 5. **BUDGET IMPACT STATEMENT ATTACHED:** **YES** **NO** **N/A**
 6. **ORIGINAL COPIES OF DOCUMENTS APPROVED TO FORM BY CITY ATTORNEY:** **YES**
 NO **N/A**
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7. BACKGROUND/ANALYSIS:

I have attached for your review and possible approval copies of the November 2010 Public Works financial statements. I will briefly review each below:

CASH FLOW ANALYSIS

As I briefed you last month, I will be providing you with a Cash Flow Analysis each month in order to help you better understand how the Public Works Fund is performing. The monthly Financial Statements that are provided are based on the accrual method of accounting and it can be confusing to understand how we might be showing a profit yet our cash has decreased from the previous period. Accrual accounting reflects income at the time of billing, not at the time of collection, like with the cash accounting methods utilized by most private companies.

The Cash Flow Analysis that accompanies the attached financial statements is a shortened profit and loss statement based on cash accounting instead of accrual. The PWD fund has performed very well both in November and October. In fact, our net positive cash influx was 172% greater in November than last October. Our net positive cash increase was \$20,928; up from last months \$7,706 which brings our year-to-date cash increase to \$30,634. Total PWD cash on deposits as of 11-30-2010 was \$244,181 and of this only approximately \$163,000 is uncommitted and available for actual operational use. We have approximately \$82,000 in outstanding payables, the majority of it being deposits payable.

BALANCE SHEET

Attached is a balance sheet for the Public Works Fund showing assets and liabilities as of November 30, 2010 and November 30, 2009. These balances may vary slightly after posting the end-of-year audit adjustments. A few highlights of this report are listed below:

- Operating Cash is approximately \$41,200 greater than this time last year.
- Debt Service Cash is approximately \$27,700 less than at this time last year.
- Accounts payable are slightly greater than at this time last year.
- Please note that our standing long term debt will be decreased by \$255,000 via an audit adjustment.
- Our net gain for the year stands at \$61,636, compared to a net loss of \$18,496 in November of 2009.

PROFIT AND LOSS BUDGET VS ACTUAL

The attached P&L statement has a comparison both for the current month as well as the first two months of the fiscal year. Our net gain for the year-to-date is approximately \$28,000 greater than budgeted with a net gain of \$19,590 compared to a budgeted loss of \$8,400; for the month of November we saw a net gain of \$15,000 compared to a budget loss of \$12,400. Listed below is a brief review of the highlights of the PWD fund:

Total Income

- a. Water Revenues - both the month and year-to-date exceed those budgeted. Year-to-date water revenues are \$14,000 greater than those budgeted. Approximately \$9,000 is contributed to increased revenues in November.
- b. Miscellaneous Revenues - exceed those budgeted due to the sale of two vehicles and some miscellaneous equipment.
- c. Transfer in from Reserves - due to a positive cash flow no transfer was required to the PWD from reserves.
- d. Total Income - for the year-to-date exceeds those actually budgeted by about \$22,000 (taking into consideration that no reserve funds were used) and November's income was approximately \$15,000 greater than those budgeted.

Total Expenses

- a. Employee Expenses - for the year-to-date and the month are below those budgeted partially due to longevity pay being expensed in December instead of November as budgeted and less than anticipated worker's compensation insurance costs.
- b. Administrative Expenses - exceeded those budgeted for the year-to-date by approximately \$2,000 which is due to additional insurance costs. November's expenses came in at about those budgeted.
- c. Operating Expenses - for the year-to-date are approximately \$11,000 less than those budgeted and approximately \$2,000 less than those budgeted for the month. Mainly due to the prepayments of the January-March electrical subsidy.
- d. POA Contract Expenses - are about as those budgeted.
- e. Other Expenses - are near those budgeted.

f. Net Income - as mentioned above, exceed those budgeted

EXCESS DISBURSEMENTS

Below you will find all disbursements made during the month of November that exceed \$2,500 along with a brief description of each.

Date	Check #	Issued To:	Description	Amount
Public Works Fund				
11/05/2010	12045	PEC	Electrical-Plants	5,223.30
11/19/2010	12057	Allied Waste Services #843	Solid Waste Collection-Contract	14,046.77
11/19/2010	12075	Techline Pipe L.P.	Meter Purchased & Assets Purchased	5,768.61
General Fund				
11/03/2010	5493	Marble Falls Area EMS Inc	Contract	2,791.67
11/19/2010	5506	Meadowlakes Public Works Tax	Transfer of Property Tax Revenue to Debt Service	13,354.29

City of Meadowlakes-Utility Fund
Balance Sheet
 As of November 30, 2010

	<u>Nov 30, 10</u>	<u>Nov 30, 09</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 - Operating Cash		
1010 - Petty Cash	400.00	400.00
1020 - American Bk Operating Checking	6,361.14	11,920.76
1030 - American Bk - Operating MM	237,060.95	190,292.38
1340 - American Bank - I&S	358.66	358.66
Total 1000 - Operating Cash	<u>244,180.75</u>	<u>202,971.80</u>
1100 - Construction Cas		
1110 - American Bank - Construction	2,858.96	2,856.37
1122 - 2008 Construction Fund Account	16,087.96	16,057.48
Total 1100 - Construction Cas	<u>18,946.92</u>	<u>18,913.85</u>
1300 - Debt Service		
1341 - Series 2008 Debt Service Account	62,299.18	90,044.06
Total 1300 - Debt Service	<u>62,299.18</u>	<u>90,044.06</u>
Total Checking/Savings	<u>325,426.85</u>	<u>311,929.71</u>
Accounts Receivable		
1600 - Advances to other Funds		
1601 - Loan to RACK Division	326,793.85	356,109.94
Total 1600 - Advances to other Funds	<u>326,793.85</u>	<u>356,109.94</u>
Total Accounts Receivable	<u>326,793.85</u>	<u>356,109.94</u>
Other Current Assets		
1500 - Operating Receivables		
1510 - Service Receivables	77,148.72	62,836.66
1515 - Other General Fund Receivables	-1,411.64	507.76
1550 - Operating Maintenance Tax Rec.	3,183.20	3,183.20
1582 - Golf Course Receivable	-209.82	86.08
1583 - Construction Receivable	-50.00	-50.00
1584 - Other receivables	423.72	330.79
Total 1500 - Operating Receivables	<u>79,084.18</u>	<u>66,894.49</u>
1800 - Operating Inventories		
1810 - Meter Inventory	4,902.34	4,902.34
1820 - Materials & Supplies Inventory	18,322.74	18,322.74
Total 1800 - Operating Inventories	<u>23,225.08</u>	<u>23,225.08</u>
Total Other Current Assets	<u>102,309.26</u>	<u>90,119.57</u>
Total Current Assets	<u>754,529.96</u>	<u>758,159.22</u>
Total Fixed Assets	<u>7,227,756.61</u>	<u>7,227,756.61</u>
TOTAL ASSETS	<u><u>7,982,286.57</u></u>	<u><u>7,985,915.83</u></u>

City of Meadowlakes-Utility Fund
Balance Sheet
 As of November 30, 2010

	Nov 30, 10	Nov 30, 09
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	26,693.77	22,368.37
3210 · Current Portion of Bonds Payable	255,000.00	255,000.00
Total Accounts Payable	281,693.77	277,368.37
Other Current Liabilities		
2100 · Payroll Liabilities	20.88	20.88
3000 · Operating Accounts Payable	286.58	286.58
3010 · Service Deposits Payable	67,593.40	63,237.60
3020 · Sales Tax Payable	1,081.33	950.92
3155 · Employee Retirement Payable	371.89	371.89
3200 · Accrued Interest Payable	16,633.00	16,633.00
3560 · Deferred Operating Tax Revenue	3,183.20	3,183.20
Total Other Current Liabilities	89,170.28	84,684.07
Total Current Liabilities	370,864.05	362,052.44
Long Term Liabilities		
3600 · Long Term Debt		
3611 · 2008 Certificates Obligations	3,570,000.00	3,570,000.00
3612 · 2008 General Obligations Bonds	760,000.00	760,000.00
Total 3600 · Long Term Debt	4,330,000.00	4,330,000.00
Total Long Term Liabilities	4,330,000.00	4,330,000.00
Total Liabilities	4,700,864.05	4,692,052.44
Equity		
3900 · Retained Earnings	394,090.86	449,671.03
4000 · General Fund Fund Balance	180,681.91	180,681.91
4010 · Reserved for Inventories	21,710.99	21,710.99
4020 · General Fund-Fixed Assets	2,558,064.00	2,558,064.00
4100 · Debt Service Fund	46,335.32	46,335.32
4200 · Capital Projects Fund	18,903.20	18,903.20
Net Income	61,636.24	18,496.94
Total Equity	3,281,422.52	3,293,863.39
TOTAL LIABILITIES & EQUITY	7,982,286.57	7,985,915.83

City of Meadowlakes-Utility Fund
Profit & Loss Budget vs. Actual
October through November 2010

	<u>Oct - Nov 10</u>	<u>Oct-Nov Budget</u>	<u>Nov 10</u>	<u>Nov. Budget</u>
Ordinary Income/Expense				
Income				
5010 · Water Revenue	59,240	45,000	29,297	20,000
5020 · Sewer Revenues	74,861	73,500	37,409	37,000
5030 · Garbage Revenue	31,053	30,700	15,564	15,350
5040 · Pump Fee Revenue	3	-	1	-
5110 · Contract Services	13,333	13,333	6,667	6,666
5120 · Water Connect Fee Revenue	725	725	725	725
5130 · Sewer Connect Fee Revenue	725	725	725	725
5140 · Transfer Fee	475	350	275	125
5150 · Penalty & Interest Earned	1,113	1,082	507	541
5170 · Miscellaneous Revenues	4,948	200	4,809	100
5180 · Chipping Service	30	-	30	-
5181 · Transfer in Operating Reserves	-	20,000		
5200 · Interest earned on Investments	1,188	1,400	535	725
5310 · Property Tax Revenue	1,182			-
5500 · SECO Grant Funds	501			-
Total Income	<u>189,376</u>	<u>187,015</u>	<u>96,543</u>	<u>81,957</u>
Expense				
6100 · Employee Expenses				
6110 · Salaries & Wages	45,009	53,000	22,539.83	29,000
6120 · FICA Expense	3,443	4,060	1,724.29	2,220
6140 · Worker's Compensation Insurance	4,619	8,000	3,083.70	3,540
6150 · Employee Insurance Expenses	6,159	7,080	342.61	580
6160 · Employee Retirement Expense	684	1,060	214.67	292
6170 · Employee Uniform Expense	545	585	304.97	292
6180 · Employee Training & Travel Exp	645	585		
Total 6100 · Employee Expenses	<u>61,104</u>	<u>74,370</u>	<u>28,210</u>	<u>35,924</u>
6200 · Administrative Expenses				
6225 · Misc. Dues & Fees				
6226 · TECQ Fees	3,103	3,500	1,853	2,000
6227 · Other Misc. Dues & Fees	110	375	-	100
Total 6225 · Misc. Dues & Fees	<u>3,213</u>	<u>3,875</u>	<u>1,853</u>	<u>2,100</u>
6235 · Computer/Office Equip R&M	859	600	859	-
6240 · Software Update	900		900	-
6245 · Office Equipment Rental	192	200	96	100
6250 · Office Supplies	230	800	197	500
6255 · Postage Expense	799	800	650	500
6260 · Telephone Expense	514	1,100	483	550
6270 · Insurance - GL & Property	14,591	12,000	-	1,000
6280 · Bad Debts	-	170	-	90
6282 · Miscellaneous	144	120	38	60
Total 6200 · Administrative Expenses	<u>21,444</u>	<u>19,665</u>	<u>5,078</u>	<u>4,900</u>

City of Meadowlakes-Utility Fund
Profit & Loss Budget vs. Actual
October through November 2010

	<u>Oct - Nov 10</u>	<u>Oct-Nov Budget</u>	<u>Nov 10</u>	<u>Nov. Budget</u>
6300 · Operating Expenses				
6305 · Electrical Expense - Plants	9,761	9,000	4,538	4,500
6310 · Heating Fuel	-	1,250	-	1,250
6315 · Chemicals				
6316 · WTP Chemical Expense	702	5,000	-	1,500
6317 · WWTP Chemicals	1,012	450	437	225
Total 6315 · Chemicals	<u>1,714</u>	<u>5,450</u>	<u>437</u>	<u>1,725</u>
6320 · Outside Testing Expense	256	1,100	256	750
6325 · Repair & Maintenance				
6321 · Wastewater/Irrigation R&M Exp.				
6322 · Irrigation Maintenance Expe	-	1,000	-	
6324 · Irrigation Electric Subsidy	3,750	1,875	-	500
6327 · WWTP Repair & Maintenanc	5,396	5,000	5,109	2,500
Total 6321 · Wastewater/Irrigation R&M	<u>9,146</u>	<u>7,875</u>	<u>5,109</u>	<u>3,000</u>
6326 · WTP Repair & Maintenance	(999)	2,000	301	1,000
6328 · Distribution Repair & Maint.	-	1,250	-	625
6329 · R&M-Building/Misc	1,017	3,500	466	2,000
Total 6325 · Repair & Maintenance	<u>9,164</u>	<u>14,625</u>	<u>5,876</u>	<u>6,625</u>
6330 · Vehicle Repair & Maintenance	148	870	142	420
6335 · Machinery Repair & Maintenance	921	1,100	750	600
6340 · Vehicle & Machinery Fuel				
6341 · Vehicle Fuel	455	900	455	450
6342 · Machinery Fuel	-	400	-	400
6340 · Vehicle & Machinery Fuel - Other	(101)		65	
Total 6340 · Vehicle & Machinery Fuel	<u>355</u>	<u>1,300</u>	<u>520</u>	<u>850</u>
6350 · Miscellaneous Operational Exp.	21	500	21	250
6355 · Meter Purchased	5,000	2,500	5,000	2,500
6360 · Tap Materials	-	750	-	250
6365 · Small Tools	70		16	-
Total 6300 · Operating Expenses	<u>27,411</u>	<u>38,445</u>	<u>17,557</u>	<u>19,720</u>
6400 · POA Contract Mowing Expense				
6420 · POA Equipment R&M	523	500	-	250
6450 · Fuel - POA	314	750	149	250
Total 6400 · POA Contract Mowing Expense	<u>837</u>	<u>1,250</u>	<u>149</u>	<u>500</u>
6500 · Other Expenses				
6510 · Garbage Service Expense	28,199	28,000	14,098	14,000
6550 · Assets Purchased	2,100	5,000	2,100	5,000
Total 6500 · Other Expenses	<u>30,299</u>	<u>33,000</u>	<u>16,198</u>	<u>19,000</u>
8200 · Transfers Out to Debt Service	28,690	28,690	14,345	14,345
Total Expense	<u>169,785</u>	<u>195,420</u>	<u>81,536</u>	<u>94,389</u>
Net Ordinary Income	19,591	(8,405)	15,008	(12,432)
Other Income/Expense				
Other Income				
9000 · Debt Service Rev. (Transfers)				
9001 · Transfer in from Operating	28,690	28,690	14,345	14,345
9002 · Transfer in from General	13,354	20,000	13,354	20,000
Total 9000 · Debt Service Rev. (Transfers)	<u>42,044</u>	<u>48,690</u>	<u>27,699</u>	<u>34,345</u>
Total Other Income	<u>42,044</u>	<u>48,690</u>	<u>27,699</u>	<u>34,345</u>
Net Other Income	<u>42,044</u>	<u>48,690</u>	<u>27,699</u>	<u>34,345</u>
	<u><u>61,635</u></u>	<u><u>40,285</u></u>	<u><u>42,707</u></u>	<u><u>21,913</u></u>