

**ITEM FOR CONSIDERATION
CITY OF MEADOWLAKES**

Date: January 6, 2011
To: Honorable Mayor Williams and Council Persons
From: Johnnie Thompson, City Manager
RE: Agenda Item IV - Consent Items
Item "I" - Utility Fund Financial Reports

1. **INTENDED FILING DATE:** January 6, 2011
 2. **REQUESTED COUNCIL AGENDA DATE:** January 11, 2011
 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 December 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 every 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.

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 is continuing to perform very well. For the first three months of our fiscal year our cash balance has increased from \$215,000 to \$255,000; a \$40,000 increase. Of the approximate \$255,000 in available cash roughly \$85,000 is committed and unavailable for use which gives us roughly \$170,000 in uncommitted funds. I anticipate January and February to have a small positive cash flow. However, due to the timing in which the expenses are paid in relation to the new water treatment filters I anticipate a rather large negative flow in March or April. If the current drought continues I believe we will have a slight positive cash flow for the fiscal year instead of the nearly \$80,000 loss that was budgeted.

BALANCE SHEET

Attached is a balance sheet for the Public Works Fund showing assets and liabilities as of December 31, 2010 and December 31, 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 \$48,600 greater than this time last year.
- Debt Service Cash is approximately \$15,100 greater than at this time last year.
- Our net gain for the year stands at \$130,770, compared to 41,392 in December of 2009. This is misleading to some degree, since the transfers in from property taxes that are restricted to debt service are being reported as revenues. The adjusted net gain for the 1st quarter of FY 2011 after transfers to debt service is \$23,800 instead of the net loss of \$9,200 that was budgeted.

PROFIT AND LOSS BUDGET VS ACTUAL

The attached P&L statement reflects the PWD funds for the first quarter of our current fiscal year. Overall the fund is doing quite well with an adjusted net gain as mentioned above of nearly \$24,000 instead of the anticipated (budgeted) net loss of \$9,200. Listed below is a brief review of the highlights of the PWD fund and its first quarter performance:

Total Income

- a. Water Revenues - both the month and year-to-date exceed those budgeted. Year-to-date water revenues are \$19,000 greater than those budgeted and December's water revenues are roughly \$5,000 greater than those budgeted for the month.
- b. Miscellaneous Revenues – exceed those budgeted due to the sale of surplus 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 first quarter is approximately \$9,000 greater than those budgeted for the period and about \$6,000 greater for December than those budgeted.

Total Expenses

- a. Employee Expenses – for the first quarter are \$13,000 less than those budgeted for the period; however, for December slightly more than those budgeted due to the longevity pay being expensed in December instead of November as budgeted.
- b. Administrative Expenses – for the first quarter are slightly above those budgeted (\$1,100) which is due to insurance expenses being greater than budgeted. December's expenses were about \$725 less than those budgeted for the period.
- c. Operating Expenses – for both the first quarter and the month are below those budgeted, for the quarter they are \$9,600 less and for the month about \$800 less.
- 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:	Amount	Description
Public Works Fund				
12/03/2010	12087	PEC	\$ 4,537.75	November 2010 electrical usage
12/09/2010	12103	Techline Pipe L.P.	\$ 3,668.61	Water meters purchased
12/16/2010	12105	Allied Waste Services #843	\$14,097.53	November 2010 solid waste contract
12/16/2010	12111	HACH	\$ 3,549.95	Wastewater treatment plant repair & maintenance
12/22/2010	12124	Card Services – VISA	\$ 3,106.54	WWTP R&M (\$2665), postage, office supplies, Veh. R&M
General Fund				
12/06/2010	5513	Marble Falls Area EMS Inc	\$ 2,791.67	Monthly contract expense
12/06/2010	5522	Meadowlakes Public Works Div.	\$16,407.81	Debt Service property tax transfer
12/13/2010	5529	Burnet Central Appraisal District	\$ 2,853.13	1st Quarter collection and appraisal expense
12/21/2010	5533	Apex Fleet	\$ 9,610.00	Purchase used truck-2008 Dodge with insurance proceeds

City of Meadowlakes - Public Works Fund

Cash Flow Analysis

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
Beginning Cash Balance	\$ 215,547	\$ 223,253	\$ 250,051	\$ 257,374								
Cash Inflows (Income)												
Account Receivables	\$ 89,013	\$ 81,309	\$ 88,630									
Loan Proceeds	\$ 2,461	\$ 2,465	\$ 2,470									
Contract Services	\$ 6,667	\$ 6,667	\$ 6,667									
Miscellaneous	\$ 3,670	\$ 8,199	\$ 4,080									
Other Receivables	\$ 25,054	\$ 424	\$ -									
Total Cash Inflows	\$ 126,866	\$ 98,064	\$ 101,847									
Available Cash Balance	\$ 342,413	\$ 322,317	\$ 351,898									
Cash Outflows (Expenses)												
Prior Months Payables/Misc.	\$ 40,256	\$ 1,193	\$ 4,720									
Employee Expenses	\$ 32,564	\$ 28,464	\$ 31,510									
Administrative Expenses	\$ 15,960	\$ 5,133	\$ 2,859									
Operating Expenses	\$ 15,179	\$ 8,730	\$ 26,881									
Mowing Contract Expenses	\$ 857	\$ 301	\$ 111									
Solid Waste Collection Expense	\$ -	\$ 14,101	\$ 14,098									
Subtotal	\$ 104,815	\$ 57,921	\$ 80,179									
Other Cash Outflows:												
Assets Purchased	\$ -	\$ -										
Debt Service Transfer	\$ 14,345	\$ 14,345	\$ 14,345									
Subtotal	\$ 14,345	\$ 14,345	\$ 14,345									
Total Cash Outflows	\$ 119,160	\$ 72,266	\$ 94,524									
Ending Cash Balance	\$ 223,253	\$ 250,051	\$ 257,374									
Difference Beginning to End Cash	\$ 7,706	\$ 26,798	\$ 7,323									

City of Meadowlakes-Utility Fund
Balance Sheet Prev Year Comparison
As of December 31, 2010

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>
ASSETS		
Current Assets		
Checking/Savings		
1000 · Operating Cash		
1010 · Petty Cash	400.00	400.00
1020 · American Bk Operating Checking	1,953.20	5,388.66
1030 · American Bk - Operating MM	254,662.28	202,608.10
1340 · American Bank - I&S	<u>358.66</u>	<u>358.66</u>
Total 1000 · Operating Cash	257,374.14	208,755.42
1100 · Construction Cas		
1110 · American Bank - Construction	2,859.19	2,858.61
1122 · 2008 Construction Fund Account	<u>16,090.60</u>	<u>16,081.20</u>
Total 1100 · Construction Cas	18,949.79	18,917.81
1300 · Debt Service		
1341 · Series 2008 Debt Service Accoun	<u>127,226.98</u>	<u>112,097.48</u>
Total 1300 · Debt Service	127,226.98	112,097.48
Total Checking/Savings	403,550.91	339,770.71
Accounts Receivable		
1600 · Advances to other Funds		
1601 · Loan to RCC Division	<u>324,324.30</u>	<u>353,689.25</u>
Total 1600 · Advances to other Funds	324,324.30	353,689.25
Total Accounts Receivable	324,324.30	353,689.25
Other Current Assets		
1500 · Operating Receivables		
1510 · Service Receivables	64,149.01	65,573.92
1515 · Other General Fund Receivables	-1,250.66	507.76
1550 · Operating Maintenance Tax Rec.	3,183.20	3,183.20
1582 · Golf Course Receivable	-209.82	885.85
1583 · Construction Receivable	-50.00	-50.00
1584 · Other receivables	<u>848.84</u>	<u>400.75</u>
Total 1500 · Operating Receivables	66,670.37	70,501.48
1800 · Operating Inventories		
1810 · Meter Inventory	4,902.34	4,902.34
1820 · Materials & Supplies Inventory	<u>18,322.74</u>	<u>18,322.74</u>
Total 1800 · Operating Inventories	23,225.08	23,225.08
Total Other Current Assets	89,895.45	93,728.56
Total Current Assets	817,770.66	787,186.52

City of Meadowlakes-Utility Fund
Balance Sheet Prev Year Comparison
As of December 31, 2010

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>
Fixed Assets		
1900 · Fixed Assets		
1850 · 2008 Bond Issuance Cost	83,744.50	83,744.50
1910 · Land		
1911 · Public Works Land	28,097.00	28,097.00
1912 · Golf Course Land	1,798,556.00	1,798,556.00
1910 · Land - Other	14,237.00	14,237.00
Total 1910 · Land	<u>1,838,890.00</u>	<u>1,838,890.00</u>
1915 · Elevated Storage	239,475.05	239,475.05
1920 · Water Distribution	660,047.68	660,047.68
1925 · Water Treatment Plant	256,821.99	256,821.99
1930 · Water Rights	106,111.21	106,111.21
1935 · Sewage Collection System	833,321.26	833,321.26
1940 · Sewage Treatment Plants	714,620.97	0.00
1945 · Drainage System	377,307.63	377,307.63
1950 · Raw Water Intake	563,837.32	563,837.32
1955 · WTP Expansion	1,735,545.90	1,735,545.90
1965 · Machinery & Equipment		
1966 · PWD Machinery & Equipment	293,039.26	293,039.26
1967 · Golf-Machinery & Equipment	23,999.71	23,999.71
1965 · Machinery & Equipment - Other	52,605.62	52,605.62
Total 1965 · Machinery & Equipment	<u>369,644.59</u>	<u>369,644.59</u>
1970 · Auto	119,965.41	119,965.41
1975 · Furniture & Fixtures		
1976 · PWD-Furniture & Fixtures	44,768.92	44,768.92
1977 · Golf-Furniture & Fixtures	70,319.79	70,319.79
Total 1975 · Furniture & Fixtures	<u>115,088.71</u>	<u>115,088.71</u>
1980 · Building; Additions & Improve		
1982 · Golf Course Buildings	1,390,917.49	1,390,917.49
1985 · Municipal Building	300,441.95	300,441.95
1980 · Building; Additions & Improve - Other	65,156.34	65,156.34
Total 1980 · Building; Additions & Improve	<u>1,756,515.78</u>	<u>1,756,515.78</u>
1990 · Accumulated Depreciation	-2,737,626.17	-2,737,626.17
1900 · Fixed Assets - Other	0.00	714,620.97
Total 1900 · Fixed Assets	<u>7,033,311.83</u>	<u>7,033,311.83</u>
1983 · Golf Irrigation Improvements	194,444.78	194,444.78
Total Fixed Assets	<u>7,227,756.61</u>	<u>7,227,756.61</u>
TOTAL ASSETS	<u>8,045,527.27</u>	<u>8,014,943.13</u>

City of Meadowlakes-Utility Fund
Balance Sheet Prev Year Comparison
As of December 31, 2010

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable	21,171.22	27,992.52
3210 · Current Portion of Bonds Payabl	255,000.00	255,000.00
Total Accounts Payable	<u>276,171.22</u>	<u>282,992.52</u>
Other Current Liabilities		
2100 · Payroll Liabilities	20.88	20.88
3000 · Operating Accounts Payable	286.58	286.58
3010 · Service Deposits Payable	67,468.52	63,737.60
3020 · Sales Tax Payable	833.61	958.88
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	<u>88,797.68</u>	<u>85,192.01</u>
Total Current Liabilities	364,968.90	368,184.53
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	<u>4,330,000.00</u>	<u>4,330,000.00</u>
Total Long Term Liabilities	<u>4,330,000.00</u>	<u>4,330,000.00</u>
Total Liabilities	4,694,968.90	4,698,184.53
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	130,772.09	41,392.15
Total Equity	<u>3,350,558.37</u>	<u>3,316,758.60</u>
TOTAL LIABILITIES & EQUITY	<u><u>8,045,527.27</u></u>	<u><u>8,014,943.13</u></u>

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

	<u>Oct - Dec 10</u>	<u>Budget Oct- Dec</u>	<u>Dec 10</u>	<u>Budget Dec</u>
Ordinary Income/Expense				
Income				
5010 · Water Revenue	\$ 80,512	\$ 61,000	\$ 21,273	\$ 16,000
5020 · Sewer Revenues	\$ 112,141	\$ 110,500	\$ 37,280	\$ 37,000
5030 · Garbage Revenue	\$ 46,654	\$ 46,050	\$ 15,601	\$ 15,350
5040 · Pump Fee Revenue	\$ 4		\$ 1	\$ -
5110 · Contract Services	\$ 20,000	\$ 20,000	\$ 6,667	\$ 6,667
5120 · Water Connect Fee Revenue	\$ 725	\$ 725	\$ -	\$ -
5130 · Sewer Connect Fee Revenue	\$ 725	\$ 725	\$ -	\$ -
5140 · Transfer Fee	\$ 775	\$ 550	\$ 300	\$ 200
5150 · Penalty & Interest Earned	\$ 1,796	\$ 1,824	\$ 683	\$ 542
5170 · Miscellaneous Revenues	\$ 5,150	\$ 300	\$ 203	\$ 100
5180 · Chipping Service	\$ 30	\$ -	\$ -	\$ -
5181 · Transfer In from Reserves	\$ -	\$ 20,000	\$ -	\$ -
5200 · Interest earned on Investments	\$ 1,844	\$ 2,125	\$ 530	\$ 725
5310 · Property Tax Revenue	\$ 1,182		\$ -	
5500 · SECO Grant Funds	\$ 501		\$ -	
Total Income	\$ 272,039	\$ 263,599	\$ 82,537	\$ 76,584
Expense				
6100 · Employee Expenses				
6110 · Salaries & Wages	\$ 71,052	\$ 77,000	\$ 26,043	\$ 24,000
6120 · FICA Expense	\$ 5,436	\$ 5,900	\$ 1,992	\$ 1,840
6140 · Worker's Compensation Insurance	\$ 3,507	\$ 8,500	\$ (1,112)	\$ 500
6150 · Employee Insurance Expenses	\$ 9,924	\$ 10,620	\$ 3,765	\$ 3,540
6160 · Employee Retirement Expense	\$ 1,080	\$ 1,540	\$ 396	\$ 480
6170 · Employee Uniform Expense	\$ 847	\$ 876	\$ 302	\$ 291
6180 · Employee Training & Travel Exp	\$ 761	\$ 876	\$ 116	\$ 291
Total 6100 · Employee Expenses	\$ 92,607	\$ 105,312	\$ 31,503	\$ 30,942
6200 · Administrative Expenses				
6225 · Misc. Dues & Fees				
6226 · TECQ Fees	\$ 3,103	\$ 3,500	\$ -	\$ -
6227 · Other Misc. Dues & Fees	\$ 110	\$ 375	\$ -	\$ -
Total 6225 · Misc. Dues & Fees	\$ 3,213	\$ 3,875	\$ -	\$ -
6235 · Computer/Office Equip R&M	\$ 859	\$ 1,000	\$ -	\$ 400
6240 · Software Update	\$ 1,062		\$ 162	\$ -
6245 · Office Equipment Rental	\$ 288	\$ 300	\$ 96	\$ 100
6250 · Office Supplies	\$ 756	\$ 1,300	\$ 525	\$ 500
6255 · Postage Expense	\$ 922	\$ 1,300	\$ 123	\$ 500
6260 · Telephone Expense	\$ 1,095	\$ 1,675	\$ 548	\$ 575
6270 · Insurance - GL & Property	\$ 14,591	\$ 12,000	\$ -	\$ -
6280 · Bad Debts	\$ 4	\$ 250	\$ -	\$ 80
6282 · Miscellaneous	\$ 176	\$ 180	\$ 32	\$ 60
Total 6200 · Administrative Expenses	\$ 22,967	\$ 21,880	\$ 1,486	\$ 2,215

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

	<u>Oct - Dec 10</u>	<u>Budget Oct- Dec</u>	<u>Dec 10</u>	<u>Budget Dec</u>
6300 · Operating Expenses				
6305 · Electrical Expense - Plants	\$ 12,508	\$ 13,500	\$ 2,747	\$ 4,500
6310 · Heating Fuel	\$ 490	\$ 1,250	\$ 490	\$ -
6315 · Chemicals				
6316 · WTP Chemical Expense	\$ 970	\$ 6,800	\$ 269	\$ 1,800
6317 · WWTP Chemicals	\$ 1,012	\$ 950	\$ -	\$ 500
Total 6315 · Chemicals	\$ 1,983	\$ 7,750	\$ 269	\$ 2,300
6320 · Outside Testing Expense	\$ 619	\$ 1,500	\$ 363	\$ 400
6325 · Repair & Maintenance				
6321 · Wastewater/Irrigation R&M Exp.				
6322 · Irrigation Maintenance Expense	\$ 1,197	\$ 1,500	\$ 1,197	\$ 500
6324 · Irrigation Electric Subsidy	\$ 3,750	\$ 1,875	\$ -	
6327 · WWTP Repair & Maintenance	\$ 15,447	\$ 7,500	\$ 8,365	\$ 2,500
Total 6321 · Wastewater/Irrigation R&M E	\$ 20,394	\$ 10,875	\$ 9,562	\$ 3,000
6326 · WTP Repair & Maintenance	\$ (965)	\$ 3,000	\$ 34	\$ 1,000
6328 · Distribution Repair & Maint.	\$ -	\$ 1,875	\$ -	\$ 625
6329 · R&M-Building/Misc	\$ 1,485	\$ 5,000	\$ 385	\$ 1,500
Total 6325 · Repair & Maintenance	\$ 20,915	\$ 20,750	\$ 9,981	\$ 6,125
6330 · Vehicle Repair & Maintenance	\$ 303	\$ 1,320	\$ 67	\$ 450
6335 · Machinery Repair & Maintenance	\$ 1,029	\$ 1,600	\$ 27	\$ 500
6340 · Vehicle & Machinery Fuel				
6341 · Vehicle Fuel	\$ 884	\$ 1,350	\$ 594	\$ 450
6342 · Machinery Fuel	\$ -	\$ 400	\$ -	\$ -
6340 · Vehicle & Machinery Fuel - Other	\$ -		\$ -	\$ -
Total 6340 · Vehicle & Machinery Fuel	\$ 884	\$ 1,750	\$ 594	\$ 450
6345 · Equipment Lease/Rental	\$ 330	\$ 400	\$ -	\$ 400
6350 · Miscellaneous Operational Exp.	\$ 21	\$ 750	\$ -	\$ 250
6355 · Meter Purchased	\$ 5,000	\$ 2,500	\$ -	\$ -
6360 · Tap Materials	\$ -	\$ 750	\$ -	\$ -
6365 · Small Tools	\$ 70		\$ -	\$ -
Total 6300 · Operating Expenses	\$ 44,152	\$ 53,820	\$ 14,539	\$ 15,375
6400 · POA Contract Mowing Expense				
6420 · POA Equipment R&M	\$ 541	\$ 750	\$ 18	\$ 250
6450 · Fuel - POA	\$ 473	\$ 1,000	\$ 94	\$ 250
Total 6400 · POA Contract Mowing Expense	\$ 1,014	\$ 1,750	\$ 112	\$ 500
6500 · Other Expenses				
6510 · Garbage Service Expense	\$ 42,347	\$ 42,000	\$ 14,148	\$ 14,000
6550 · Assets Purchased	\$ 2,100	\$ 5,000	\$ -	\$ -
Total 6500 · Other Expenses	\$ 44,447	\$ 47,000	\$ 14,148	\$ 14,000
8200 · Transfers Out to Debt Service	\$ 43,035	\$ 43,035	\$ 14,345	\$ 14,345
Total Expense	\$ 248,221	\$ 272,797	\$ 76,133	\$ 77,377
Net Ordinary Income	\$ 23,817	\$ (9,198)	\$ 6,404	\$ (793)

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

	<u>Oct - Dec 10</u>	<u>Budget Oct- Dec</u>	<u>Dec 10</u>	<u>Budget Dec</u>
Other Income/Expense				
Other Income				
8100 · Transfer In From PWD Operating	\$ -	\$ -		
9000 · Debt Service Rev. (Transfers)				
9001 · Transfer in from Operating	\$ 43,035	\$ 43,035	\$ 14,345	\$ 14,345
9002 · Transfer in from General	\$ 63,920	\$ 60,000	\$ 50,565	\$ 40,000
Total 9000 · Debt Service Rev. (Transfers)	<u>\$ 106,955</u>	<u>\$ 103,035</u>	<u>\$ 64,910</u>	<u>\$ 54,345</u>
Total Other Income	<u>\$ 106,955</u>	<u>\$ 103,035</u>	<u>\$ 64,910</u>	<u>\$ 54,345</u>
Net Other Income	<u>\$ 106,955</u>	<u>\$ 103,035</u>	<u>\$ 64,910</u>	<u>\$ 54,345</u>
Net Income	<u><u>\$ 130,772</u></u>	<u><u>\$ 93,837</u></u>	<u><u>\$ 71,314</u></u>	<u><u>\$ 53,552</u></u>