



**CENTRAL CONTRA COSTA**  
**SOLID WASTE AUTHORITY**

# Agenda Report

TO: CCCSWA BOARD OF DIRECTORS  
FROM: JANELLE CAMERON, ACCOUNTING AND BUSINESS OPERATIONS  
PAUL MORSEN, EXECUTIVE DIRECTOR  
DATE: MARCH 15, 2010

**SUBJECT: FY 2009/10 MID-YEAR BUDGET REPORT**

## SUMMARY

This report for fiscal year (FY) 2009/10 (July 1, 2009 through December 31, 2009) summarizes the first six months of Actuals versus Budgeted expenditures at the half-year point. Staff normally brings this information to the Board at the February meeting, but due to the February planning workshop's limited agenda, it is being presented at this meeting. As of December 31, 2009, the budget's line items should show expenditures of not more than 50%, and all but one line is at or under the 50% level. The total expenses are at 43% as of December 31, 2009, seven per cent (7%) less than anticipated. Projections show that the Authority will be at or under budget at the end of the FY 2010.

## RECOMMENDED ACTION

1. This report is presented for information only. No action is requested at this time. Staff is available to answer questions.

## DISCUSSION

Please refer to Attachments:

1. Board-approved 2009/10 Operations Fund Budget
2. 2009/10 Operations Fund Budget Report – Actuals for July through December 2009
3. 2009/10 Operations Fund Projections for end of fiscal year
4. Diversion Incentive Fund Projections

## Operations Fund

The total funds available carried over from the previous fiscal year (FY 2008/09) were \$464,240 which is \$125,599 or 37% higher than anticipated. This is primarily due to collecting a total Revenue of \$1,130,509 or 9% less than projected and total expenses of \$1,388,709 or 6% less than projected.

As well as reporting the status of the budget at mid-year, this report provides the Board with staff's best estimate of our financial position at the end of the 2009/10 fiscal year line item by line item. Due to the downturn in the economy and the loss of recycling revenues that have been experienced, Staff has eliminated

all expenditures not considered to be absolutely necessary and have cut expenses where possible in an attempt to end the fiscal year with as large as a fund balance (operations reserve) as possible, allowing for maximum funds available for next fiscal year.

Accordingly, we anticipate ending the fiscal year with an Operations Fund balance of \$411,613 rather than the \$190,886 that was estimated when this fiscal year's budget was prepared.

### Revenue

The Unappropriated Fund Balance at the beginning of FY 2009/10 was \$464,240. At the end of December 2009, the Revenues collected should be at 50%. The Authority has collected \$465,660 or 39% of Revenues expected for the year, 11% less than anticipated. This is due to not getting the SRRE and Administration Revenue from Republic Services into the system before the month closed on December 14, 2009. However, the December check was put into the system on the very first business day of January 2010 and our current revenue at the time of this report is on target. Therefore, the Total Funds Available at mid-year is \$929,900 or 60% of what was budgeted.

1. State Grants - the Authority has not received the \$45,000 that was anticipated when this fiscal year's budget was prepared. State grants, under the Department of Conservation, for cities and counties were suspended in November, 2009. These funds were being used for School Programs.
2. The Authority has already collected \$16,162 or 24% of Interest Income it anticipated for the year.

It is anticipated that at the end of the fiscal year we will have received \$1,154,577 in total revenues compared to a budgeted \$1,201,732; an approximate 4% decrease over what was budgeted.

### Expenses

Expenses were \$309,445 or 35% of the budget putting us 15% under budget at December 30, 2009. The following provides an explanation by expense category. Please note that some expense variances result from timing differences that will correct themselves by the end of the fiscal year. Also, some expenses are paid once a year, but budgeted on a monthly basis. At fiscal year's end, it is estimated that we will have expended \$1,207,203 compared to our projections made during last year's budgeting process of \$1,349,487—putting us at 89% expended at the June 30, 2010 fiscal year end.

1. **Personnel Service** expenses were at \$345,581 which is 48% of the budgeted amount or 2% under budget with remaining funds of \$368,741. We anticipate being substantially under budget in this category by the end of the fiscal year by having expended 86% of what was budgeted.
2. **Materials and Supplies** expenses were at \$13,482 which is 26% of the budgeted amount or 24% under budget at mid-year with remaining funds of \$38,309. We anticipate being under budget in this category by the end of the fiscal year spending only 93% of what was planned.
3. **Rent and Utilities** expenses were at \$34,099 which is 36% of the budgeted amount or 14% under budget with remaining funds of \$60,412. Our office rent which is paid once per month was discounted for the month of January and February due to our building going into receivership and our contracted tenant improvements not being made. We anticipate being under budget in this category by the end of the fiscal year spending only 73% of what was planned.

4. **Professional Services** expenses were at \$72,179 which is 40% of the budgeted amount or 10% under budget at mid-year. It is anticipated that we will be close to budget in this line item at the end of the fiscal year by spending 98% of what was budgeted.
5. **Programs and Information** expenses were \$109,299 or 43% of the budgeted amount (7% under budget) with remaining funds of \$774,846. It is anticipated that we will be close to budget in this line item at the end of the fiscal year by spending 96% of what was budgeted

### **Ending Total Fund Balance for Mid-Year**

Overall, the 2009/10 mid-year Operations Fund's **Ending Total Fund** balance is \$355,259 and our End of Year projections show that we should have an **Ending Total Fund** balance of \$411,613 at the end of the FY 2009/10.

### **Diversions Incentive Fund**

The Authority's Diversion Incentive Fund (DIF) holds income from the sale of recyclables and is used for one-time expenses, financing new diversion programs, and has been the source of funds to adjust the reserve balances of member agencies disadvantaged by the past allocation of reserves during rate setting. The fund is also used for the school's Wastebusters program, incentive bonuses for increasing recycling tonnage, and our retail battery collection program, among others. Last autumn, an unexpected change in the specifications of EBMUD's grinding process caused the Authority to delay the full roll out of our Commercial Food Waste Program. Due to this unforeseen problem, the Board has approved extending the pilot program from March 2010 to September 2010 using unbudgeted DIF funds to fund this interim period.

While there have been unforeseen expenses, there has also been an increase in the recycling market which has caused the DIF revenue to be more than double what was forecasted. Staff had planned to have \$580,000 in revenue for FY 2009/10, now we are forecasting that if recycling conditions remain stable, revenues will be \$1,581,756 by the end of FY 2009/10.

Staff has taken a very close look at our DIF budget this year and is affecting savings where possible to maximize the end-of-fiscal year fund balance.

### **ATTACHMENTS**

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4. Diversion Incentive Fund Projections