



Interlaken Town
P.O. Box 1256
Midway, UT 84049
(435) 565-3812

FY 2022 Budget Update and Expense Report
Bart Smith, Interlaken Town Administrator
March 26, 2022

RE: FY2022 Budget Update and Expense Proposals
TO: Interlaken Town Council

This is a follow-up report to the revenue and expenses report presented at the 3/7/22 town council meeting earlier this month. Since that meeting some critical issues have come up regarding proposed expenditures and it is imperative to understand the overall impact on the town's financial standing from these proposals.

Water System Security and Surveillance Project

At the previous meeting the council voted to approve an expenditure for the Verkada/Geneva security system, which combined security and surveillance for the pumphouse, water tank, and DPW site. The approval was pending the outcome of the proposed FEMA grant. This grant was abandoned as it turned out to be impractical to install an effective alarm siren for the town. After a topographical analysis from Sentry Siren, it was determined that 2 sirens would be necessary to spread an alarm to all the lots in town. It was proposed that one of the sirens be placed at the pumphouse, while the other would be situated up higher, possibly on Lot E of the town's municipal property. This lot, located at the intersection of Jungfrau and Eiger Point, has no current access to power, and would present an eyesore to neighboring homes. The siren at the pumphouse would also be an eyesore, given both sirens would require a 35' to 40' high tower. Besides the logistical and aesthetic issues presented by the siren, it seemed that a more effective response to emergencies in town would be to use bulk text messaging and voice calls. A cost-effective platform for these types of alerts was approved by the council at the 3/7/22 council meeting and will be set up this spring.

The original bid for the security system from Verkada/Geneva expired on 2/11/22 and was bid at \$28,581.88. A new bid was provided on 3/23/22 for \$31,749.11 which covered cost increases from the earlier bid. After examining this bid, I asked Verkada to bid the same equipment with a 10-year license instead of the 5-year license included in the previous bids. Recall that the equipment is warranted for 10 years, and an extension to the licensing was discussed at the council meeting. This bid turned out to be quite large, at \$41,857.33. After probing a bit more, I discovered that a large part of this bid (\$8500 plus) was dedicated to a leak sensor for the well heads and monitoring of the site by a 3rd party. As we already have cameras and environmental sensors to monitor the well heads, this seemed like a redundant and expensive option to include with the system. Finally, I had them prepare another bid which eliminated leak detection and site monitoring but included the 10-year licensing. This brought the system bid down to **\$33,540.76**, which is what I had them order.



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Pumphouse Electrical Service Upgrade

Earlier this year we had a single-phase power surge which blew up the transfer switch used as part of the backup generator system for the pumphouse. The repair and replacement of the transfer switch turned out to be quite expensive - \$2,225 plus additional diagnostic costs. In addition, the generator was down for a while, as we had to wait for the part. This whole incident brought to light some failures in the transformers at the pole, which HL&P has since replaced with new tubs. However, in order to make use of these transformers (we are still connected to the old ones), the pumphouse service requires an upgrade from 100 amps to 200 amps. HL&P also noted that the step-down transformer in the pumphouse was ancient and likely to fail. With an increased load on the pumphouse service from adding the security system as well as service to the DPW site (for equipment and block heaters) it was decided to upgrade the 208V service from 100 amps to 200 amps. Finally, since the security system requires POE service to the cameras bordering the DPW site, it is necessary to trench and install conduit for this wiring. So, all together, this had turned out to be a significant expense for the town at **\$37,070**.

FY2022 Budget Impact

The attached report summarizes the impact of the above two expenditures on the FY2022 budget which ends on June 30, 2022. Without getting into the weeds, scroll down to lines 29 through 36 in the report to see the impact of these expenses on the fiscal year end balances using projected revenue and expense numbers for the remainder of the year (3/1/22 through 6/30/22). Because of various unspent items and revenue increases, the projected end of year balances would exceed budget by **\$87,894 over all 6 accounts**, including the above-described expenditures of **\$33,540.76** (security system) and **\$37,070** (electrical upgrades).

Fund Balance Summary							
Line#		Water Bond Sinking	Water Revenue	Water Reserve	Transportation Reserve	Building	General
29	Budgeted Balance 7/1/2022	\$160,238	\$81,046	\$159,520	\$229,091	\$51,635	\$39,125
30	Projected Balance 7/1/2022	\$160,490	\$65,156	\$159,520	\$229,091	\$51,636	\$142,656
31	Difference (Projected - Budgeted)	\$252	-\$15,890	\$0	\$0	\$1	\$103,531
32							
33	Total of Fund Balances 7/1/2022						
34	FY2022 Budgeted	\$720,655					
35	FY2022 Projected	\$808,549					
36	Difference (Projected - Budgeted)	\$87,894					



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Here's some details regarding this projection.

Look at line 10, Maintenance & Repair for the approved budget under the Budgeted General Fund. We currently have \$61,681 in unspent funds.

FY2022 Approved Budget - 7/1/2022							
Line#		Water Bond Sinking	Water Revenue	Water Reserve	Transportation Reserve	Building	General
01	Budgeted 7/1/2022 Balances	\$ 160,238.00	\$ 81,046.00	\$ 159,520.00	\$ 229,091.00	\$ 51,635.00	\$ 39,125.00
02							
03	Unexecuted Budgeted Transfers						
04	Budgeted Transfers In	\$ 78,275.00	\$ 31,500.00	\$ -	\$ 25,908.00	\$ -	\$ 81,400.00
05	Budgeted Transfers Out	\$ -	\$ (108,775.00)	\$ (30,000.00)	\$ (50,000.00)	\$ (9,900.00)	\$ (18,408.00)
06	Net Transfers	\$ 78,275.00	\$ (77,275.00)	\$ (30,000.00)	\$ (24,092.00)	\$ (9,900.00)	\$ 62,992.00
07							
08	Unspent Budgeted Expenses						
09	Administrative & Operating Expenses	\$ -	\$ (11,327.00)	\$ -	\$ -	\$ (1,347.00)	\$ (26,756.00)
10	Maintenance & Repair	\$ -	\$ (2,561.00)	\$ -	\$ -	\$ -	\$ (61,681.00)
11	Capital Expense - Water System	\$ -	\$ (45,950.00)	\$ -	\$ -	\$ -	\$ -
12	Capital Expense - Roads	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,596.00)
13	Capital Expense - DPW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,630.00)
14	TOTAL Unspent Budgeted Expenses	\$ -	\$ (59,838.00)	\$ -	\$ -	\$ (1,347.00)	\$ (131,663.00)

Compare this to line 21 in the Projected General Fund, \$6,681 that will most likely be spent for the remainder of this fiscal year. This is due to the delay of major road maintenance expenditures in FY2022, to be done in FY2023.

FY2022 Projection - 7/1/2022							
Line#		Water Bond Sinking	Water Revenue	Water Reserve	Transportation Reserve	Building	General
15	Fund Balances (3/1/2022)	\$ 82,150.00	\$ 48,863.00	\$ 189,416.00	\$ 251,921.00	\$ 51,850.00	\$ 115,833.00
16	Outstanding Budgeted Revenue	\$ 65.00	\$ 169,297.00	\$ 104.00	\$ 1,262.00	\$ 11,033.00	\$ -
17							
18	Projections to FY End 3/1/2022 - 7/1/2022						
19	Remaining Net Transfers	\$ 78,275.00	\$ (77,275.00)	\$ (30,000.00)	\$ (24,092.00)	\$ (9,900.00)	\$ 62,992.00
20	Administrative & Operating Expenses	\$ -	\$ (11,327.00)	\$ -	\$ -	\$ (1,347.00)	\$ (26,756.00)
21	Maintenance & Repair	\$ -	\$ (2,561.00)	\$ -	\$ -	\$ -	\$ (6,681.00)
22	Capital Expense - Water (Geneva Security System Bid 3259)	\$ -	\$ (33,540.76)	\$ -	\$ -	\$ -	\$ -
23	Capital Expense - Water (Pumphouse Birch Electrical Bids 38,41)	\$ -	\$ (30,300.00)	\$ -	\$ -	\$ -	\$ -
24	Capital Expense - Roads	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Capital Expense - DPW Site (Excavation & Birch Electrical Bids 39,40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,770.00)
26	TOTAL Projected Transfers + Expenses	\$ 78,275.00	\$ (155,003.76)	\$ (30,000.00)	\$ (24,092.00)	\$ (11,247.00)	\$ 17,785.00
27							
28	Additional Projected Revenue Over Budget	\$ -	\$ 2,000.00	\$ -	\$ -	\$ -	\$ 9,038.00

That difference accounts for the bulk of the year end balances between budget vs. projected.

Another impact on the budget is the difference between budgeted General Fund DPW site capital improvements – line 13 - \$26,630 budget vs line 25 - \$11,770 projected. Note that the projected \$11,770 expense includes the excavation of the DPW site further back into the hill side for increased space, as well as the installation of power at the site.



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Summary

Due to combination of reduced expenditures in FY2022 and revenue increases, the additional expenses of the Verkada/Geneva security system and pumphouse electrical upgrades do not negatively impact the end of year balances of the town's accounts. The projected \$87,894 surplus over budget could be advanced to next year's budget and applied to road maintenance or other capital improvements.

Sincerely,

Bart Smith
Interlaken Town Administrator