

BUDGET

2010/2011

OPERATIONAL BUDGET 2010/2011

<u>Account</u>	<u>08/09</u> <u>Actual</u>	<u>09/10</u> <u>Budgeted</u>	<u>09/10</u> <u>9-Month</u> <u>Actual</u>	<u>09/10</u> <u>12-Month</u> <u>Estimated</u>	<u>10/11</u> <u>Proposed</u>	
Management Salary	94266.24	96204.00	72153.18	96204.24	99186.72	6
Staff Salaries	140664.64	157000.00	112980.66	152000.00	165400.00	6
Conservation	3974.15	30000.00	5753.92	8800.00	15000.00	7
Power	81722.71	94000.00	62605.13	81000.00	87000.00	8
Repairs & Maintenance	84322.09	65000.00	69111.80	88200.00	69000.00	9
Insurance	25756.54	28000.00	6492.37	8100.00	21000.00	3
Lab Fees	3300.80	7300.00	3490.95	5600.00	8000.00	
Engineer/Consulting Fees	78344.65	15000.00	20108.05	25000.00	9000.00	4 10
Office Expense	25554.39	46000.00	20417.82	42500.00	30000.00	11
Director Fees	11400.00	18500.00	16200.00	22000.00	24000.00	5 12
Audit Fees	6325.00	6325.00	6325.00	6325.00	9500.00	13
Legal Fees	13656.94	16500.00	10712.00	25000.00	15000.00	
Election	3896.00	0.00	0.00	0.00	5000.00	
Miscellaneous	0.00	500.00	0.00	0.00	500.00	
Payroll Taxes	19550.82	22000.00	15794.43	20000.00	22740.00	
PERS/Retirement	25489.27	30000.00	21548.38	29500.00	33600.00	
Health	71457.48	71000.00	56263.18	66720.00	73400.00	14
Retiree Health	0.00	0.00	5453.10	0.00	0.00	
OPEB	196730.00	0.00	0.00	0.00	0.00	15
City Water	3659.88	3805.00	1920.30	3840.61	3977.00	
Backflow Program	0.00	0.00	0.00	0.00	0.00	
Prof. Administration Fees	12204.63	9500.00	7595.82	7600.00	11000.00	
Bank Charges	185.18	500.00	880.89	1150.00	1200.00	
Professional Dues	23295.00	25000.00	22994.00	23000.00	24000.00	
Professional Meetings	13261.79	21000.00	11471.65	15500.00	18000.00	
Cert/Continuing Education	1078.18	1000.00	285.00	785.00	1200.00	
TOTALS	940096.38	764134.00	550557.63	728824.85	746703.72	
Debt Service (P&I)					341962.00	
TOTAL Operation & Debt					1088665.72	

REVENUE WITH SYSTEM MAINTENANCE CHARGES

ESTIMATED REVENUE 2009/2010

WATER SALES:	
Monthly Commercial (Meters)	300,000.00
Bi-Monthly Commercial (Flat Rate)	6,614.10
Bi-Monthly Residential (Flat Rate)	425,500.00
System Maintenance Charges	67,867.20
WATER SALES & MISCELLANEOUS	4,500.00
Sub-Total	804,481.30
INTEREST	3,567.00
UNCOLLECTABLES	-
TOTAL	808,048.30

ESTIMATED REVENUE 2010/2011

WATER SALES:	
Monthly Commercial (Meters)	315,000.00
Bi-Monthly Commercial (Flat Rate)	6,229.70
Bi-Monthly Residential (Flat Rate)	430,976.00
System Maintenance Charges	420,777.40
WATER SALES & MISCELLANEOUS	1,200.00
Sub-Total	1,174,183.10
INTEREST*	3,095.00
TOTAL	1,177,278.10

*Interest computed @ .5% on reserves of \$619,000.00

ESTIMATED CASH CARRYOVER 2009/2010

REVENUE	115,700.00
LOCAL AGENCY INVESTMENT FUND	619,000.00
TOTAL	734,700.00

TOTAL CAPITAL 2010/2011 (ESTIMATED)

REVENUE	1,177,278.10
CARRYOVER	734,700.00
Sub-Total	1,911,978.10
LESS PROPOSED 2010/2011 BUDGET inc. debt service	1,088,665.72
ESTIMATED CAPITAL END 2010/2011	823,312.38

COMMENTS

Column #4

- ¹ - Conservation: Since we have not yet completed negotiations with the Water Forum, we did not use the full budget on meeting BMP's.
- ² - Repairs and Maintenance: This area was higher due to the fact that opted to repair Well #5 rather than replace under the Planned System Maintenance expenses. Also we had a catastrophic pump failure at Well #1 which required extra unexpected expenses.
- ² - Insurance: The JPIA was able to keep claims down and issued record breaking premium refunds to most of its members; we were one of the fortunate ones to received over \$11,800.00.
- ³ - Engineering/Consulting Fees: Last years budget anticipated the final payment for our Master Plan and that any additional costs would be under a Planned System Maintenance budget, however, with the decision to replace Well #5, the failure at Well #1, and the Goodwill project, we needed engineering services for our normal operations.
- ⁴ - Director's Fees: Per the Auditor's recommendation, I no longer expense director stipends, while attending as authorized representatives to association meetings, under Professional Meetings but under Directors expense. In addition, I allowed for one more special meeting before June 30th in case there is a need.

Column #5

- ⁶ - Salaries (Manager & Staff): Reflects a 3.1% cost of living adjustment based on the Consumer Price Index, All Cities U.S., for the twelve month period ending January 2010. Given that some employees are still relatively new and are getting their required certification, it does include merit step increases assuming that the employee goals are met. No merit/step increase was budgeted for the General Manager.
- ⁷ - Conservation: This amount includes the potential increases costs to meet the Water Forum BMP requirements as well as additional temporary part-time staff to perform the required tasks.
- ⁸ - Power: SMUD has indicated there will be a 5.0% increase in January.
- ⁹ - Repairs & Maintenance: This amount includes normal operation expense; we are not planning for any more major pump failure expenses!
- ¹⁰ - Engineer/Consulting Fees: Includes a small amount for engineering and/or consulting fees that may be incurred that are not related with projects in the "Planned System Maintenance" budget.
- ¹¹ - Office Expense: The updated billing software has not been completed within last years fiscal year so some of the expense will be carried over to this fiscal year. The updated software will allow both our flat rate and metered accounts onto one system.
- ¹² - Director Fees: Budget allows for a 66.67% increase to be effective January 1, 2011, should the Board choose. A total of thirteen meetings are budgeted, twelve regular meetings and one special meetings, if necessary.
- ¹³ - Audit: Allows for additional work to set up books for tracking the Planned System Maintenance Charge revenue and related expenses.
- ¹⁴ - Health: Expected increases have not been announced by PERS so a 10% increase was used.
- ¹⁵ - OPEB (Other Post Employment Benefits): Our required two year valuation is not completed yet, but since we funded in full per the 2008 valuation report, I do not expect that a payment will be required in this fiscal year.

REVENUE COMMENTS

Interest rates drastically fell which made our actual interest revenue far less than anticipated. Again, due to the economy, we saw a high number of residential foreclosures that resulted in water terminations for long periods of time. We also saw a reduction in water use in our metered accounts from both cooler weather and conservation which resulted in less revenue. These factors resulted in less projected revenues for the 2009/2010 fiscal year. So far this year we have seen a reduction in water production so I took a conservative approach in estimating 2010/2011 metered revenue. I estimated the commodity charge on 90% of the 2009 usage at the new rate of \$.81 per 100 cubic feet. Last year I was very optimistic using a 1.9% rate of return on our investments in the Local Agency Investment Fund. This year I used the current rate of .5% with the hope that it can't go down much further. Last year, we adopted a budget that had a \$9,950 shortfall but even with some extraordinary expenses, we managed to come in with an estimate of \$35,000 under the total budget. This year the proposed budget I am presenting is in the black by approximately \$10,000 which allows for some unplanned expenses.

OPERATIONAL BUDGET WITH 2-YEAR PROJECTION

<u>Account</u>	09/10 12-Month <u>Estimated</u>	10/11 <u>Proposed</u>	Projected Proposal <u>11/12</u>	Projected Proposal <u>12/13</u>
Management Salary	96204.24	99186.72	104050.00	109300.00 ¹
Staff Salaries	152000.00	165400.00	180000.00	189000.00 ¹
Conservation	8800.00	15000.00	20000.00	20000.00
Power	81000.00	87000.00	91000.00	95500.00
Repairs & Maintenance	88200.00	69000.00	72450.00	98000.00 ²
Insurance	8100.00	21000.00	22000.00	23000.00
Lab Fees	5600.00	8000.00	5000.00	5300.00
Engineer/Consulting Fees	25000.00	9000.00	10000.00	10000.00
Office Expense	42500.00	30000.00	24000.00	25000.00
Director Fees	22000.00	24000.00	24000.00	24000.00
Audit Fees	6325.00	9500.00	7000.00	7350.00
Legal Fees	25000.00	15000.00	15000.00	15000.00 ³
Election	0.00	5000.00	0.00	5000.00
Miscellaneous	0.00	500.00	500.00	500.00
Payroll Taxes	20000.00	22740.00	24000.00	25000.00
PERS/Retirement	29500.00	33600.00	39600.00	43900.00 ⁴
Health	66720.00	73400.00	77000.00	80000.00
Retiree Health	0.00	0.00	0.00	0.00
OPEB	0.00	0.00	5000.00	5000.00 ⁵
City Water	3840.61	3977.00	4203.00	4383.00
Backflow Program	0.00	0.00	0.00	0.00
Prof. Administration Fees	7600.00	11000.00	9500.00	9500.00
Bank Charges	1150.00	1200.00	1200.00	1000.00
Professional Dues	23000.00	24000.00	26000.00	27300.00
Professional Meetings	15500.00	18000.00	18900.00	19800.00
Cert/Continuing Education	785.00	1200.00	1200.00	1200.00
TOTALS	728824.85	746703.72	781603.00	844033.00

COMMENTS

The purpose of this 2-year projection is to give us a look at what our expenses and revenues will be on the horizon. In projecting the expenses for the next two fiscal years, I generally used 5% unless I expected it to remain the same or had knowledge of the future expenses. Five percent may be a little conservative if inflation hits but we will adjust each year.

Again, on the revenue side, I used 90% of the 2009 commercial usage to at the approved rate to arrive at the monthly commercial revenue. The flat rate did not adjust for accounts that may be turned off for a long period of time.

¹ - Salaries: I estimated a 5% increase which includes COLA. However, due to the economy, we postponed doing a tri-annual salary survey in 2009. I recommend that we complete a survey which will make projecting this expense more accurate.

² - Repairs and Maintenance: Again, I used a 5% increase but in the 2012/13 projection included the replaced of the 2005 truck in order to get on a replacement cycle of eight years.

³ - Legal Fees: I anticipate that most of our legal expense will be from Planned System Maintenance projects and will be expenses accordingly.

⁴ - PERS/Retirement: PERS has provided an "projected" estimated rate for the 2011/12 fiscal year and used that in projecting these costs.

⁵ - OPEB: Without having a valuation, I included an amount in this area. The minimum payment allowed is \$5000; if your ARC is less, they recommend carrying it over to the next year.

SYSTEM MAINTENANCE BUDGET

	2009/2010	2010/2011	2011/2012	2012/2013
System Maintenance Charge	67,867.20	420,777.40	504,977.52	586,623.12
Less Debt Service		350,600.00	350,600.00	350,600.00
SUB-TOTAL		70,177.40	154,377.52	236,023.12
Carryover from Previous Year		67,867.20	138,044.60	292,422.12
TOTAL ON RESERVE**		138,044.60	292,422.12	528,445.24

** This amount is encumbered for direct payment of projects, future phase work, future debt service, or on reserve to meet loan covenant of revenue requirements of 1.2%.

Phase 1 Work

Well #9 w/ Building	1,300,000.00
Installation of 12" Distribution Main - Electrical Upgrades at all wells	174,000.00
Well #10 w/ Block Wall	250,000.00
Installation of 12" Distribution Main -	1,165,000.00
Demolish Well #1	324,000.00
Demolish Well #5	90,000.00
Demolish Well #7	50,000.00
Engineering/Legal/ Admin/Etc.	75,000.00
Contingencies	450,000.00
	1,077,000.00
	4,955,000.00