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TRIUNFO SANITATION DISTRICT
FISCAL YEAR 2011 BUDGET SUMMARY
POTABLE WATER DIVISION

Comments

Description	Actual		Estimated		Proposed	
	FY 2008 Yearend	FY 2009 Yearend	FY 2010 Budget	FY 2010 Yearend	FY 2011 Budget	FY 2011 Budget
Operating revenues:						
Fees, sales	\$ 3,031,324	\$ 2,751,363	\$ 3,672,195	\$ 3,090,344	\$ 3,407,259	
Service charges	1,053,020	1,054,355	1,090,060	1,060,696	1,060,107	
Other revenue	181,371	168,521	42,000	125,961	142,000	
Total operating revenues	4,265,714	3,974,239	4,804,255	4,277,001	4,609,366	
Operating expenses:						
Wastewater treatment, Potable & R/W purchase	2,315,739	2,451,137	2,651,955	2,562,309	3,082,654	
VRSD contract services	1,135,513	1,237,291	1,215,798	1,039,669	1,431,022	
Operating materials and supplies	(74)	80	-	6,257	-	
Contract services	250	2,250	-	-	21,600	
Professional services	554	57,545	3,600	34,190	-	
Insurance	10,444	13,693	12,504	9,364	-	
Board member fees & reimbursable expenses	-	-	-	-	-	
Management & administrative	4,632	15,356	2,600	26,531	37,440	
Permits, licenses and fees	630	578	2,000	3,939	2,000	
Total operating expenses	3,467,687	3,777,929	3,888,457	3,682,259	4,574,716	
Operating income(loss) before depreciation	798,027	196,310	915,798	594,742	34,650	
Depreciation and amortization	450,136	457,928	457,920	434,673	457,920	
Operating income(loss)	347,891	(261,618)	457,878	160,068	(423,270)	
Non-operating revenues(expenses):						
Interest and investment earnings	357,531	187,916	181,488	30,225	30,000	
Gain(loss) on sales and/or disposals of assets	-	-	-	-	-	
Debt service interest expense	(138,303)	(132,841)	(97,272)	(117,578)	(292,704)	
Contributed capital assets	-	-	-	-	-	
Overhead cost allocation	-	-	-	-	(190,240)	
Other, net	25,644	23,191	125,481	56,950	88,260	
Total non-operating revenues(expenses)	224,872	78,266	209,697	(30,403)	(364,684)	
Change in net assets before capital expenditures	\$ 579,763	\$ (183,352)	\$ 667,575	\$ 129,665	\$ (787,954)	
Capital expenditures	422,204	455,017	309,974	-	8,104,737	
Capital expenditures - contra	(469,778)	(455,017)	-	-	-	
Capital expenditures, net	(47,574)	-	309,974	-	8,104,737	
Change in net assets	\$ 620,337	\$ (183,352)	\$ 357,601	\$ 129,665	\$ (8,892,691)	

[1] The budget assumes that beginning January 1, 2010 there will be 10% increase in the wholesale cost of potable water to TSD. Under this scenario, the wholesale cost of potable water will increase from \$938 per acre foot to \$1,032 per acre foot. Based on annual purchase of 2,793 acre feet of water, the cost of potable water purchased in FY11 will increase by \$112,344 (half year). The ongoing annual increase to TSD under this scenario is \$261,955. Water purchases are estimated at 55% July-December and 45% January-June.

[2] The annual cost increase (\$261,955/year) divided by total acre feet sold (2,234/year) equals the "pass-through" cost. The pass through cost per acre foot in this scenario (\$117.25/acre foot) equals 8%. The current price to customers on an "Acre Foot" basis is approximately \$1,472. If the 8% pass-through increase is approved, the new price to customers will be approximately \$1,589 per acre foot. The budgeted revenue forecast for FY11 includes a corresponding "pass-through" increase in rates in the second half of FY11 coinciding with the increased purchase price of the water.

The impact of the rate increase described above to a customer using 27 units (one unit = 748 gallons = 1 HCF) of water per month would be an increase in monthly water consumption charges of \$7.30 (\$88 per year).

[1] Water sales for FY11 are forecast based on the following assumptions:

	July to December:		January to June:		1,005 acre feet	
	Units	\$/Unit	Units	\$/Unit	Units	Extension
Tier 1	235,540	\$ 2.85	671,000	192,714	3.08	\$ 594,000
Tier 2	230,186	\$ 3.57	822,000	188,335	3.86	\$ 727,000
Tier 3	69,591	\$ 4.53	315,000	56,938	4.89	\$ 278,000
Total:	535,317	\$ 1,808,000	1,808,000	437,987		\$ 1,599,000

1 HCF = 748 gallons = 1 unit
1 Acre Foot (AF) = 435.6 HCF
[2] Expense to Calleguas Municipal Water District (water purchase):

	Quantity	Cost	Extension
Water purchased (July-December)	1,595 acre feet	\$ 938	\$ 1,496,000
Water Purchased January-June)	1,198 acre feet	1032	\$ 1,236,000
Pumping charges	2,793 acre feet	48	\$ 134,000
Capacity reservation charge	12 months	8775	\$ 105,000
Ready to serve charge	12 months	8738	\$ 105,000
Flow penalties	1	6000	\$ 6,000
Total water purchase costs:			\$ 3,082,000

[3] Debt service interest expense includes payment for the 1993 Water Installment Certificates (\$70K) - retires in 2013 - and approximately \$223,000 for the first payment of the water tank replacement loan (15 year loan, \$9M loan amount, 4.95% interest, bi-annual payments FY12 through FY25, single payments in FY11 and FY26).