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## FISCAL YEAR 2012 BUDGET

### Summary

This Triunfo Sanitation District fiscal year 2011-2012 (FY12) budget provides a balanced spending plan for the operation, maintenance, financing and purchase of District facilities and infrastructure. The District provides essential wastewater, potable water, and recycled water services to the residents and businesses within its service area. Revenues in the budget are based on current wastewater and recycled water rates, and potable water rates reflect the increases approved on May 23, 2011. Expenses in the budget reflect anticipated operations and maintenance costs, as well as anticipated cost increases for wastewater treatment, potable water purchases and potable water related infrastructure, and recycled water purchases.

### Budget Overview

The FY12 Budget (Consolidated) anticipates an *increase* in net assets (before capital expenditures) of \$736,624. The figure anticipates full funding of all operating expenses, depreciation and amortization, and non-operating revenues and expenses as well as the new debt related to the Oak Canyon reservoir project.

Budgeted capital expenditures for FY2012 are expected to total \$7,031,767 and are found in the Wastewater (\$934,268), Potable Water (\$5,913,350), and Recycled Water (\$184,149) segments. Table I provides a forecast of Districtwide revenues and expenditures as well as historical data for each category.

**Table I – TSD Consolidated**

Description	Actual	Actual	Adopted	Estimated	Proposed
	FY 2009 Yearend	FY 2010 Yearend	FY 2011 Budget	FY 2011 Yearend	FY 2012 Budget
<b>Operating revenues:</b>					
Fees, sales	\$ 11,004,030	\$ 11,169,527	\$ 11,339,757	\$ 11,364,422	\$ 12,547,256
Service charges	1,215,791	1,208,412	1,217,266	1,218,276	1,264,900
Other revenue	247,935	341,151	309,960	291,708	262,420
<b>Total operating revenues</b>	<b>12,467,756</b>	<b>12,719,090</b>	<b>12,866,982</b>	<b>12,874,406</b>	<b>14,074,576</b>
<b>Operating expenses:</b>					
Wastewater treatment, Potable & R/W purchase	7,682,871	7,684,551	8,877,657	7,793,217	8,595,917
VRSD contract services	2,743,361	3,087,923	2,817,956	2,363,800	2,891,053
Operating materials and supplies	2,392	-	-	-	-
Contract services	2,250	-	-	-	229,725
Professional services	187,501	119,648	130,100	75,407	88,160
Insurance	53,840	39,169	45,500	37,271	64,647
Board member fees & reimbursable expenses	45,394	50,218	57,690	50,961	57,690
Management & administrative	47,878	121,434	120,610	20,670	112,255
Permits, licenses and fees	94,855	280,294	211,170	137,357	140,070
<b>Total operating expenses</b>	<b>10,860,342</b>	<b>11,383,237</b>	<b>12,260,683</b>	<b>10,478,682</b>	<b>12,179,517</b>
<b>Operating income(loss) before depreciation</b>	<b>1,607,414</b>	<b>1,335,853</b>	<b>606,299</b>	<b>2,395,725</b>	<b>1,895,060</b>
Depreciation and amortization	881,982	879,346	880,656	896,044	912,408
<b>Operating income(loss)</b>	<b>725,432</b>	<b>456,506</b>	<b>(274,357)</b>	<b>1,499,681</b>	<b>982,651</b>
<b>Non-operating revenues(expenses):</b>					
Interest and investment earnings	522,189	17,726	150,000	89,481	97,200
Gain(loss) on sales and/or disposals of assets	-	-	-	-	-
Debt service interest expense	(228,211)	(322,029)	(299,304)	(56,342)	(343,227)
Contributed capital assets	-	-	-	-	-
Overhead cost allocation	-	-	-	-	-
Other, net	10,112	-	-	-	-
<b>Total non-operating revenues(expenses)</b>	<b>304,089</b>	<b>(304,303)</b>	<b>(149,304)</b>	<b>33,139</b>	<b>(246,027)</b>
<b>Change in net assets before capital expenditures</b>	<b>\$ 1,029,521</b>	<b>\$ 152,204</b>	<b>\$ (423,661)</b>	<b>\$ 1,532,820</b>	<b>\$ 736,624</b>
Capital expenditures	2,171,190	2,110,860	9,651,351	2,021,149	7,031,767
Capital expenditures - contra	(630,524)	-	-	-	-
<b>Capital expenditures, net</b>	<b>1,540,666</b>	<b>2,110,860</b>	<b>9,651,351</b>	<b>2,021,149</b>	<b>7,031,767</b>
<b>Change in net assets</b>	<b>\$ (511,145)</b>	<b>\$ (1,958,656)</b>	<b>\$ (10,075,012)</b>	<b>\$ (488,329)</b>	<b>\$ (6,295,143)</b>

### **FY 2012 Budget Line Item Descriptions**

**Wastewater Treatment (JPA)** – Triunfo’s portion of the FY 2012 Joint Powers Authority wastewater treatment budget totals \$4.17M, down from the FY11 budget estimate of \$4.44M. The decrease is largely due to additional revenue related to the JPA wholesale reclaimed water rate increase.

**Wastewater Treatment (Tillman)** – The City of Los Angeles provides contract wastewater treatment for the Bell Canyon area at the Tillman Water Reclamation Facility. Wastewater treatment expenses for this service are approximately \$138,070.

**Recycled Water Purchased** – Proposed expenditures for recycled water purchases for FY 2012 total \$1,553,633. The increase in expense from FY11 budget is related to the change in wholesale recycled water rate set by the Joint Powers Authority.

**Potable Water Purchased** – The budget assumes that all water will be purchased at \$981/acre per acre foot. Any increase to the wholesale rate will be addressed as rate modifications are proposed.

**VRSD Contract** – The total budget for operation and management services by the Ventura Regional Sanitation District as proposed represents an increase from approximately \$2.82 million to approximately \$2.89 million (budget to budget). This comparison does not include the proposed \$252,048 related to the Conifer Tank replacement project. Budget to budget comparisons of the labor or “staff time” components of the VRSD contract are found on page 7-2.

**Operating Materials & Supplies** – Operating materials and supplies are typically purchased through the VRSD contract.

**Contract Services**– Services contracted directly by TSD are anticipated to include an outside firm to develop the District’s web site (\$30,000 budgeted), and Mail Manager (\$21,600) services for Potable Water Division billing. Due to a County of Ventura paving project in Oak Park, approximately 211 manhole covers will be raised along with approximately 264 valve (potable water) covers. Expenses for these projects are found in the Wastewater Division (\$79K) and the Potable Water Division (\$99,000) budgets.

**Professional Services** – The legal service budget includes projected legal fees (\$63K) in FY 2012. Also included in the Professional Services category are the annual financial audits for Triunfo and the Joint Powers Authority (\$25,000 and \$4,400, respectively).

**Insurance** – The cost of property and liability insurance is expected cost approximately \$64,647 in FY12.

**Management & Administrative** – FY12 budget anticipates \$74,815 in this category. Significant expenditures in this category include dues and memberships (\$17.3K), Tax collector fees (\$20K), Urban Water Conservation Council fees (\$3K), conference and training expenses (\$37.5K), and postage (\$22K) related to Oak Park Water Service billing.

**Permits, licenses and fees** – Expenses in this category include payments to the City of Los Angeles for fees related to use of the Tillman Wastewater treatment plant (\$140,070). These fees are in addition to Tillman wastewater treatment expenses.

**Depreciation** – This Budget includes full depreciation for both sanitation and water facilities.

**Debt Service** –Potable water segment debt detail will be found on page 4-1.

**Other Revenue** – This category includes other non-operating revenue (\$127K) from cell site rentals, other services and fees (\$36K), and permit, inspection and engineering fees from the Wastewater Division.

## **CONCLUSION**

The Budget for FY 2012 is presented in the following Sections 2 through 8. Included in the document are:

- Segment summaries of direct revenue and expense, by category, found on the first page of each section; and
- Comparative columns on the individual budget pages. The columns detail actual expense and revenue information for fiscal year 2009 and 2010 as well as 2011 and 2012 budget figures.

Also provided are the Joint Venture Budget by Las Virgenes Municipal Water District and a budget glossary - both found in Section 8.