SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-C**

FROM: Steve Mack, General Manager

Meeting Date: May 6, 2010

SUBJECT: APPROVAL OF FISCAL YEAR 2010-2011 OPERATING AND CAPITAL IMPROVEMENT BUDGET

RECOMMENDED ACTION: A. Hold a public hearing on the proposed Fiscal Year 2010-2011 (FY11) Budget;
B. Consider approval of Resolution 10-10 which approves the FY11 Budget

FISCAL IMPACT: The FY11 Budget includes revenues of $4.46 million and expenses of $4.28 million. The projected end of year Reserves Above Policy amount is $2.68 million.

DISCUSSION:

The FY 11 Budget agenda report comes with several attachments:

- FY 11 Budget Report
- Resolution 10-10 which approves the FY11 Budget
- Exhibit A. FY 11 Detailed Budget which is the line item budget document with complete budget detail.

The Draft FY11 Budget was presented and discussed at the March Board Meeting. The Draft Budget came with several assumptions/results:

- No Water Use and Base Rate Charges or Capital Debt Reduction Charge (CDRC) increases.
- Less water will be sold in FY11, the revenue from the CDRC has been revised to match FY10 actual, and lower interest is expected, which results in less revenue in the Operating Budget (approximately $67,000 less than budgeted in FY10).
- A small increase in Salaries and Benefits.
- A small decrease in total Supplies and Services.
- The transfer to the Capital Improvement Reserve Fund (CIRF) is $40,000 less than last year.

- The major expense of the Capital section of the Budget is CIP IV-B, Project 2 which is approximately 75% funded by a grant from the Sonoma County Redevelopment Agency (RDA), supported by the Russian River Redevelopment Oversight Committee (RRROC).

District Reserves

The FY11 Budget includes the District Reserve Policy approved in September 2009.

- Budget Reserve – a reserve based on 10% of the Operating Budget expenses for emergencies, such as a natural disaster.
- Economic Reserve – 15% of the Operating Budget expenses for economic downturn or other economic crisis.
- Debt Repayment Reserve - 15% of the Operating Budget expenses to ensure funding is available to repay existing District debt.
- Capital Reserve – 25% of the nominal Capital Budget of $1 million for similar issues with the capital program.

The FY11 Budget aligns District Funds amounts with the Reserve Policy. The Operations Fund is reduced to $200,000 to align with the Operating Balance reserve. The Operating Reserve is increased to include the approximate balances for the Budget and Economic Reserves. The Capital Reserve and other undesignated reserves are in the CIRF and Redwood Credit Union certificate of deposit. The FY11 Budget shows a Policy Reserve of $1,085,152 and $2,685,975 in Reserves Above Policy.

Capital Improvement Planning

At the March Board meeting the Board requested an analysis of the long-term effects of not having a rate increase for the FY11 fiscal year would have on the capital program. Figure 1 is one of the alternatives reviewed for the Board and shows that the District can complete the approved 2010-2015 Capital Improvement Program with small annual increases (Figure 1 shows 3% annual increases) in the years following this fiscal year and have a small positive amount in the District's Reserves Above Policy in the last year of the planning period (FY15).

The Draft FY11 District Budget and Budget Presentation were put on the District's Website to make them accessible to District customers. At the time of this agenda report, we had received no comments on the Budget.

In summary, the FY11 Budget shows a funding plan will allow the District to accomplish its mission of providing good quality water to District customers, fund a major capital improvement project and end the year in good financial shape. Water rates are not changed for this budget but future increases will be needed to stay with a plan to increase capital funding to a sustainable level and keep pace with increasing costs.

Figure 1. Sweetwater Springs Water District CIP Planning Budget, Including 3% Rate Increase in FY12 and beyond

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,770,000	1,823,100	1,877,793	1,934,127	1,992,151	**3.0%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,116,200**	**2,170,100**	**2,271,543**	**2,398,814**	**2,506,451**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**528,320**	**545,305**	**608,833**	**697,160**	**764,793**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**510,305**	**573,833**	**662,160**	**729,793**	
Transfer to CIRF	**280,000**	**240,000**	**243,305**	**250,083**	**267,473**	**285,493**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,155,100**	**2,256,543**	**2,383,814**	**2,491,451**	
SURPLUS/DEFICIT	**41,888**	**20,270**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 260,270	$ 258,305	$ 265,083	$ 282,473	$ 300,493	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 75,287	$ 47,819	$ 26,015	$ 11,599	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,834,270	$ 2,488,152	$ 2,408,652	$ 2,125,175	$ 1,968,392	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 142,956**	**$ 1,838**	**$ 12,338**	**$ 19,861**	**$ 30,078**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,673,421**	**$ 2,295,259**	**$ 1,277,597**	**$ 617,459**	**$177,537**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,438,981**	**$ 2,295,259**	**$ 1,277,597**	**$ 617,459**	**$ 177,537**	

* Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund

** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal

Resolution No. 10-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SWEETWATER SPRINGS WATER DISTRICT ADOPTING THE FY 2010-11 OPERATING AND CAPITAL IMPROVEMENT BUDGET

BE IT RESOLVED, that the Board of Directors of the Sweetwater Springs Water District hereby adopts the attached FY 2010-11 Operating and Capital Improvement Budget and authorizes the General Manager to submit the attached budget to the Sonoma County Auditor.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on May 6, 2010, by the following vote.

Director	Aye	No
Sukey Robb-Wilder	_____	_____
Jim Quigley	_____	_____
Wanda Smith	_____	_____
Gaylord Schaap	_____	_____
Victoria Wikle	_____	_____

_____
Jim Quigley
President of the Board of Directors

_____
Attest: Julie A. Kenny
Clerk of the Board of Directors

Sweetwater Springs Water District

Annual Operating & Capital Improvement Budget

2010-11 Fiscal Year

(For the period July 1, 2010 - June 30, 2011)

Board of Directors
Jim Quigley, President
Sukey Robb-Wilder, Vice President
Gaylord Schaap, Financial Coordinator
Wanda Smith
Victoria Wikle

General Manager
Steve Mack

Sweetwater Springs Water District
Annual Operating & Capital Improvement Budget
2010-11 Fiscal Year

Summary

Table 1 is a summary of the FY11 Budget which is described and shown in detail in the following pages. The FY11 Budget is similar in form to last year's budget. Major changes include no rate increase to current water rates and inclusion of revenue from the Sonoma County Redevelopment Agency (RDA)/Russian River Redevelopment Oversight Committee (RRROC) for CIP IV-B capital projects.

Table 1. Sweetwater Springs Water District Draft FY11 Budget Summary

March 4, 2010	FY 08-09 Actual	FY 09-10 BUDGET	FY 09-10 REVISED BUDGET	FY 10-11 BUDGET	Difference FY11-FY10
OPERATING BUDGET					
WATER BILL REVENUE	1,965,920	2,048,518	2,048,518	1,997,000	(51,518)
OTHER REVENUE	143,764	134,800	134,800	119,200	(15,600)
TOTAL REVENUE	2,109,684	2,183,318	2,183,318	2,116,200	(67,118)
EXPENSES					
SALARY & BENEFITS	958,744	1,042,253	1,042,253	1,051,800	9,547
SERVICES & SUPPLIES	526,516	545,450	545,450	536,080	(9,370)
TOTAL OPERATING EXPENSES	1,485,260	1,587,703	1,587,703	1,587,880	177
OPERATING SURPLUS/DEFICIT	**624,424**	**595,615**	**595,615**	**528,320**	**(67,295)**
FIXED ASSET EXPENDITURES	38,636	5,000	5,000	1,050	(3,950)
TRANSFERS TO OTHER FUNDS	410,000	572,426	572,426	507000	(65,426)
TOTAL EXPENSES AND TRANSFERS	1,933,896	5,000	2,165,129	2,095,930	(69,199)
SURPLUS/DEFICIT	**175,788**	**18,189**	**18,189**	**20,270**	**2,081**
CAPITAL IMPROVEMENT BUDGET					
ASSESSMENTS	772,911	777,000	777,000	777,000	-
INTEREST	95,156	95,000	95,000	60,000	(35,000)
TRANSFERS FROM OPERATIONS	395,000	557,426	557,426	492,000	(65,426)
GRANTS AND REIMBURSEMENTS	628,636	0	1,366,970	1,065,000	(301,970)
PRIVATE PLACEMENT LOAN	1,363,536	1,052,000	661,695	440,000	(221,695)
TOTAL REVENUE	3,255,239	2,481,426	3,458,091	2,834,000	(624,091)
EXPENSES					
DEBT PAYMENTS	**971,236**	**1,091,314**	**1,091,314**	1,091,314	-
CAPITAL PROJECT EXPENSES	1,469,508	1,142,000	2,118,665	1,600,000	(518,665)
TOTAL EXPENSES	2,440,744	2,233,314	3,209,979	2,691,314	(518,665)
SURPLUS/DEFICIT	**814,495**	**248,112**	**248,112**	**142,686**	**(105,426)**
DISTRICT RESERVES AND FUND AND LOAN BALANCES					
TOTAL Reserves EOY	3,372,311	1,769,902	3,652,274	3,761,127	108,853
District Policy	969,341	995,830	1,085,081	1,085,152	71
Reserves Above (below) Policy	**2,402,970**	**774,072**	**2,567,193**	**2,675,975**	**108,782**
DISTRICT FUNDS					
CIRF	1,606,129	1,192,604	1,839,242	2,334,572	495,330
OPERATING RESERVE	225,000	225,000	225,000	396,970	171,970
OPERATIONS	770,352	603,609	788,541	200,000	(588,541)
CD	573,223	601,597	601,884	631,978	30,094
IN HOUSE CONSTRUCTION	121,757	107,929	106,757	91,757	(15,000)
BUILDING	75,850	90,850	90,850	105,850	15,000
DISTRICT LOANS					
Private Placement Loan	1,867,255	940,399	1,205,560	765,560	(440,000)

Summary of FY11 Revenues and Expenses. Figures 1 and 2 respectively show District FY 11 revenues and expenses. Note that revenues are enhanced by over $1 million from the RDA/RRROC Grant, acquired in December 2009, and by $440,000 from the $3 million Private Placement Loan (PPL) that was acquired in August 2008. which collectively fund the District's FY11 capital projects.

Figure 1. Sweetwater Springs Revenues, FY11
Total - $4.46 Million

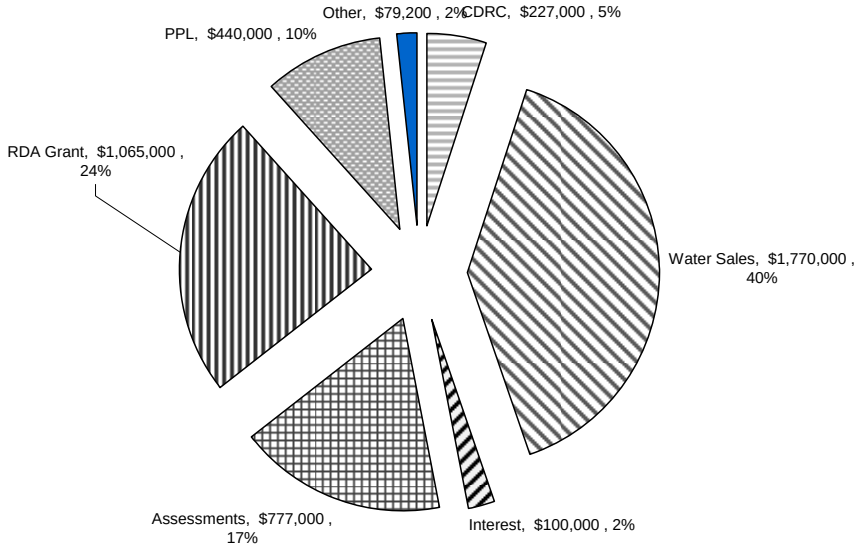
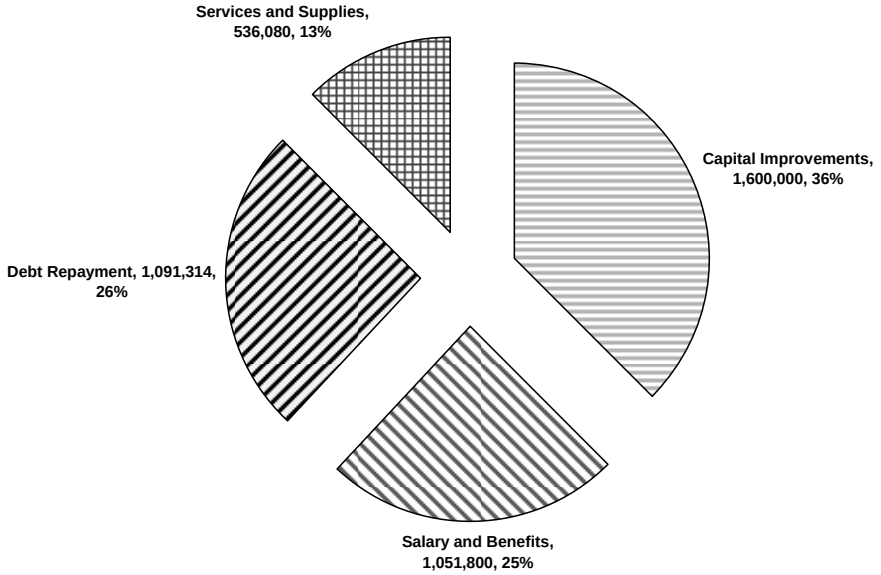


Figure 2. Sweetwater Springs Expenses, FY11
Total - $4.28 Million



2010-11 Fiscal Year (FY11) Budget

The annual budget of the Sweetwater Springs Water District (SSWD) allows the District to accomplish its mission which is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment. The District achieves its mission of producing good quality water by pumping Russian River underflow from five wells – 3 located at the Guerneville El Bonita well site and 2 located at the Monte Rio well site. That water is then treated in two separate treatment facilities at the Highlands site for Guerneville and at the Monte Rio well site and distributed through approximately 85 miles of distribution pipes and stored in 26 tanks and reservoirs. This system is managed and its operation administered by the District staff of 10 full time employees. The District has an aggressive capital improvement program aimed at maintaining and improving the capital infrastructure to deliver high quality water, reduce system water losses, and maintain adequate system pressure and fireflow. The annual budget identifies the revenues and expenses that accomplish these tasks.

The FY 11 Budget follows the format established for the FY10 Budget and includes no changes to the District's water rates.

No Change in Water Rates: Most of the revenues for the FY11 Budget come from water rates paid in bimonthly bills by District customers (Figure 1). Because of the poor local economic situation and a large grant from RDA/RRROC for CIP IV-B, Project 2, main replacement in the River Boulevard area in Monte Rio, District staff recommended and the Board has directed that there be no changes in water rates for FY11. District staff did a comprehensive multi-year analysis to show how the District CIP can be completed and District reserves maintained by returning to small rate increases in following years. More information on the District's water rates and a water rate calculator can be found on the District's website at www.sweetwatersprings.com**.**

CIP IV-B, Project 2: The FY11 Capital Budget includes CIP IV-B, Project 2, which is replacement of approximately 6,000 lineal feet of 6-inch water main water main and appurtenances on River Blvd, Alder Rd., Willow Rd., and Railroad Ave. in Monte Rio. This project is largely funded by the FY11 portion of the RDA/RRROC grant which is $1,095,000 (Table 2).

District Reserve Policy: A formal District Reserve Policy was approved in September 2009. The Reserve Policy allows the District to gauge its financial health and adequately plan for its future and allows ratepayers to follow this planning. The District Reserve Policy has the following components:

- Budget Reserve – a reserve based on 10% of the Operating Budget expenses for emergencies, such as a natural disaster.
- Economic Reserve – 15% of the Operating Budget expenses for economic downturn or other economic crisis.
- Debt Repayment Reserve - 15% of the Operating Budget expenses to ensure funding is available to repay existing District debt.

- Capital Reserve – 25% of the nominal Capital Budget of $1 million for similar issues with the capital program.

The sum of all district funds is shown in the budget as Total Reserves End of Year (EOY). This is the sum of the District discretionary funds, listed in the budget, minus $200,000 cash balance for operating purposes, at the end of the year. The difference between Total Reserves EOY and Total District Policy Reserves is Reserves Above District Policy. The District goal is to keep this number positive. The amount above the District Policy Reserve is the amount the District has for future capital projects. The Reserves Above District Policy is a good measure of where we are in funding an ongoing capital program.

Other Financial Assumptions/Highlights of the FY11 Budget include:

- No Water Use and Base Rate Charges or Capital Debt Reduction Charge (CDRC) increases.
- Less water will be sold in FY11, the revenue from the CDRC has been revised to match FY10 actual, and lower Operating interest is expected, which results in less revenue in the Operating Budget (approximately $67,000 less than budgeted in FY10).
- A small increase in Salaries and Benefits.
- A small decrease in total Supplies and Services as this section has been scrutinized for expected costs.
- The transfer to the Capital Improvement Reserve Fund (CIRF) is $40,000 less than last year.
- The FY11 Budget projects the end of year Policy Reserve at $1,085,152.
- The Reserves Above District Policy is projected to be approximately $2.67 million at the end of FY11. This is a healthy balance due largely to RDA/RRROC $1,994,250 grant for capital projects acquired in December 2009 and the Private Placement Loan acquired in August 2008. The Reserve balance will be needed in the coming years to fund the District's Capital Improvement Program.
- The Private Placement Loan balance, initially $3 million in August 2008, is projected at $765,560 at the end of FY11.
- District Expenses are approximately $260,000 more than District Revenues. The reason for this is the cost of the infrastructure projects of the Capital Improvement Program. The difference is made up by loan proceeds from the private placement loan.
- District Revenues are not sufficient to sustain annual capital improvements on the scale funded in FY11. However, the RDA/RRROC $1,994,250 grant will allow the District to complete the approved 2010-2015 Capital Improvement Program. Continuing capital improvements on this scale to improve District infrastructure will need to rely on grants or substantially increased rates, or the program will need to be reduced or delayed.

Line Item Highlights of the FY11 Budget:

<u>The FY11 Operating Budget provides for ongoing costs consistent with previous years' expenditures, except where identified below.</u>

The operating budget encompasses the "expenditures related to the operation, maintenance and repair of water facilities", as well as the billing, collections, accounting, fiscal management and other overall administration.

Water Bill Revenue line items have been adjusted to reflect no change in water rates and slightly reduced water sales. **Capital Debt Reduction Charge** (CDRC) revenue has been reduced to reflect the actual revenue produced in FY10 as there is no change in the charge. Operating interest is reduced to reflect continuing lower interest on deposited funds.

Under **Expenses, Wages** are up approximately $15,000 to reflect a small increase in employee salaries. **Benefits** are at a similar level to FY10 reflecting anticipated increases off actual expenses – based on midyear projections, Benefits were overbudgeted in FY10. Wages and Benefits are a major District expense – 66% of the Operating Budget expenses.

Total Supplies and Services are lower than the FY10 approved budget, but slightly more than the midyear projection. There are small increases in several line items to reflect higher costs, but savings in others. **Office Maintenance** is lower because computer maintenance has been less costly than expected. **Maintenance/Repair – Facilities** is a big cost item in Supplies and Services and is higher in FY11 to reflect known needed facilities maintenance. **Governmental Fees** is higher because fees charged by public agencies are increasing to reflect loss of revenue from other sources and the LAFCO cost was moved into this line item. **Professional Services** continues to decrease (slightly) to reflect staff's ability to keep consultants' costs down. **Electric and Propane**, another big cost item in this category, has been budgeted at the same amount for FY11. .

Fixed Asset Expenditures are a little lower than the FY10 level which is lower than historical amounts, because the District is not expecting to replace a vehicle in FY11. The expense for a new cut-off saw is included.

The Operating Budget has a surplus of approximately $528,000 which is transferred as revenue to the Capital Improvement Budget as Capital Improvement Reserve Fund (CIRF), Building Fund, In-House Construction Fund, and CDRC revenue.

The FY11 Capital Improvement Budget major expense is CIP IV-B, Project 2 which includes replacement of approximately 6,000 lineal feet of 6-inch water main water main and appurtenances on River Blvd, Alder Rd., Willow Rd., and Railroad Ave. in Monte Rio (estimated cost $1,515,000).

Capital Interest revenue is estimated conservatively to reflect expected continuing low interest rates this coming year.

Capital Debt is a major expense item – approximately $1.1 million and 26% of total District annual expenses. District Capital Debt includes:

- General Obligation Bonds – $12 million in bonds that were approved to purchase the District and make needed capital improvements. Paid off in 2032. Annual payment - $684,000.

- State Loans - two loans for approximately $3 million which were approved in 1995-6 for needed improvements. Paid off in 2021-2. Annual payment - $170,168.50.
- Private Placement Loan. $3 million loan acquired in 2008 for needed capital improvements. Paid off in 2028. Annual payment - $234,012.

CIP IV-B, Project 2 is funded by the RDA/RRROC grant and by the private placement loan (Table 2).

District Reserves and Funds and Loan Balances show the District's continuing healthy financial picture.

As discussed above reserve balances are a good measure of the health of the District's finances. For FY11, District Policy Reserves are at $1,085,152 and Reserves Above District Policy at the end of the year are $2,675,975**.** At the end of FY11, the loan balance for the private placement loan is projected to be $765,560.

Table 2. FY11 Capital Projects - CIP IV-B, Project 2	
Alder Road, Pebble Way, & Heller Streets (MR) – On River Blvd, Alder Rd., Willow Rd., and Railroad Ave., replace existing mains and appurtenances with approximately 6,000 lf of 6-inch water main, to complete loop.	$1,515,000
2011 - CIP IV-B, Project 2 Total Cost Estimate	**$1,515,000**
RDA/RRROC Grant Funding Amount	**$1,095,000**
Private Placement Loan Funding Amount	**$420,000**

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGETS, 2010-2011

	A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	Q
2	**OPERATING BUDGET**															
3							**FY 08-09 FINAL (CASH)**		**09-10 BUDGET**		**09-10 REVISED**	**FY 09-10 Projected**		**FY 10-11 BUDGET**	**Change FY11 FY10 Revised**	**NOTES**
4	**REVENUE**															
5		**OPERATING REVENUE**														
6			**4031 · Water Bill Revenue**													
7				**4031.1. · Capital Debt Reduction Charge**			169,568		252,426		252,426	227,000		227,000	(25,426)	revenue from current CDRC, no increase
8				**4031.1. · Water Sales**			1,796,352		1,796,092		1,796,092	1,796,000		1,770,000	(26,092)	reduction based on income model reduction of 5% in total sales, no increase in rates
9		**Total Water Bill Revenue**					**1,965,920**		**2,048,518**		**2,048,518**	**2,023,000**		**1,997,000**	**(51,518)**	
10		**OTHER OPERATING REVENUE**														
11			**4445 · Grant Proceeds**				0		0		0	0		-	-	
12			**1700 · Interest**				54,731		50,000		50,000	50,000		40,000	(10,000)	lower interest rates
13			**3600 · Construction New Services**				12,088		6,000		6,000	6,000		5,000	(1,000)	
14			**3601 · Construction Service Upgrades**				2,677		2,000		2,000	2,000		2,000	-	
15			**4032 · Rent**				70,796		74,600		74,600	70,000		70,000	(4,600)	
16			**4040 · Miscellaneous Income**				3,472		2,200		2,200	3,000		2,200	-	
17		**TOTAL OTHER OPERATING REVENUE**					143,764		134,800		134,800	131,000		119,200	(15,600)	
18		**TOTAL REVENUE**					**2,109,684**		**2,183,318**		**2,183,318**	**2,154,000**		**2,116,200**	**(67,118)**	
19	**EXPENSES**															
20		**OPERATING EXPENSES**														
21			**SALARY & BENEFITS**													
22				**Salary**												
23					**5910 · Wages**		635,500		687,229		687,229	692,408		702,200	14,971	Small Increase in salaries
24					**5912 · Overtime**		30,106		33,000		33,000	26,000		33,000	-	overtime hours should be going down some
25					**5916 · On-Call Pay**		24,147		26,436		26,436	26,870		26,500	64	same as last year
26					**5918 · Extra help - Contract**		32,175		32,000		32,000	33,280		33,500	1,500	includes received pay increase
27				**Total Salary**			721,928		**778,665**		**778,665**	**778,558**		**795,200**	**16,535**	
28				**Benefits**												
29					**5500 · Flex Spending**		-1,105		0		0	0		-	-	
30					**5920 · Retirement**		90,771		98,797		98,797	96,900		98,600	(197)	
31					**5920.1 · Retirement - Prior Service cost**		0					0		-	-	
32					**5922 · Payroll Taxes - Employer Paid**		13,187		14,006		14,006	11,000		14,300	294	
33					**5930 · Health/Dental/Vision/AFLAC Ins.**		110,372		116,715		116,715	113,400		116,000	(715)	20% increase in health premiums in 2011
34					**5940 · Workers Comp Insurance**		23,591		34,069		34,069	35,152		27,700	(6,369)	High projected base on half year, current rates
35				**Total Benefits**			236,816		263,587		263,587	256,452		256,600	(6,987)	
36			**Total SALARY & BENEFITS**				**958,744**		**1,042,252**		**1,042,252**	**1,035,010**		**1,051,800**	**9,548**	
37			**SERVICES & SUPPLIES**													
38				**Communications**												
39					**6040-I · Internet service**		1,689		1,800		1,800	1,800		1,800	-	Comcast -$70/month: 840 GotoMyPC $19.95/mo = $240 Sonic.net $143.7/Qtr. (A) = $575
40					**6040-C · Cell Phones**		3,179		3,100		3,100	3,100		3,100	-	SCADA - $65/mo. = $780 Verizon - $135/mo (F) = $1,620 Verizon $34/mo (A) = $408 Misc. parts/holders etc. - $200 (F)
41					**6040-LD · Long Distance**		538		700		700	700		700	-	AT&T - $50/mo = $600.

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGETS, 2010-2011

	A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	Q
3							**FY 08-09 FINAL (CASH)**		**09-10 BUDGET**		**09-10 REVISED**	**FY 09-10 Projected**		**FY 10-11 BUDGET**	**Change FY11 FY10 Revised**	**NOTES**
42					**6040-P · Pagers & Radios**		734		900		900	900		900	-	Cook - $53/mo (F) = $636 Misc. parts/batteries = $200 (F)
43					**6040-S · SCADA software maint.**		413		0		0	500		500	500	Wonderware.
44					**6040-T · Telephones**		12,265		12,000		12,000	12,000		13,800	1,800	Ans. Svc. $150/mo = $1800 Phones $1,000/mo = $12,000
45				**Total Communications**			**18,818**		**18,500**		**18,500**	**19,000**		**20,800**	**2,300**	
46				**Insurances**												
47					**6101 · Gen. Liability**		49,248		50,000		50,000	41,444		40,000	(10,000)	15% rate discount
48					**6102 · Auto/Equipment**		12,276		17,600		17,600	4,682		10,500	(7,100)	
49				**Total Insurances**			**61,524**		**67,600**		**67,600**	**46,126**		**50,500**	**(17,100)**	
50				**Maint/Rep - Office & Vehicles**												
51					**6140 · Vehicle Maintenance**		12,880		12,000		12,000	12,000		12,000	-	
52					**6151 · Office Maintenance**		2,194		10,700		10,700	8,000		4,800	(5,900)	Alarm System - $130/qtr.=$520 Shoretel maint. contract - $800/year The Compute Wizard - $155/mo = $1860/year Copy mach. maint - 470/yr US Netcom - $900/yr
53				**Total Maint/Rep - Office & Vehicles**			**15,074**		**22,700**		**22,700**	**20,000**		**16,800**	**(5,900)**	
54				**Maint/Repair - Facilities**												
55					**6085 · Janitorial Services**		5,750		6,700		6,700	6,700		7,100	400	Altech (office Janitorial): $212/mo = $2544 United Site Svces (port-o-lets): $200/mo = $2400 Sunrise Garbage $1150 Sewer - GVTP ($1000)
56					**6180 · Distribution System Repairs**		57,457		70,000		70,000	70,000		64,000	(6,000)	Includes $14,000 to inspect and clean sediment from bottom of ten tanks and $2,000 for repairs.
57					**6235 · Treatment Sys/Well Repairs**		25,866		45,000		45,000	45,000		56,000	11,000	Includes $1,000 for an unexpected pump or mortor at the well field. Includes the cost to rebuild two MIOX chlorine generation cells (Does not include maintenance or replacement of filters at MRTP)
58					**6143 · Generator Maintenance**		21,265		3,000		3,000	3,000		1,200	(1,800)	(Non-scheduled maintenance year.)
59				**Total Maint/Repair - Facilities**			**110,338**		**124,700**		**124,700**	**124,700**		**128,300**	**3,600**	
60				**Miscellaneous Expenses**												
61					**6280 · Memberships**		4,777		5,100		5,100	5,100		5,200	100	USA $150 AWWA $355 CSDA $3500 So. Cty EAC $70 MR Chamber -$50 Cal Rural $850 WCWW $150
62					**6303 · Claims**		638		1,500		1,500	500		1,500	-	
63					**6593 · Governmental Fees**		8,234		12,000		12,000	12,000		21,700	9,700	Dept of Public Health and State Board $12,000 Maps $50 Encroachment permit: $445 Elections costs: $4,000 LAFCO $5200
64				**Total Miscellaneous Expenses**			**13,649**		**18,600**		**18,600**	**17,600**		**28,400**	**9,800**	

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGETS, 2010-2011

	A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	Q
3							**FY 08-09 FINAL (CASH)**		**09-10 BUDGET**		**09-10 REVISED**	**FY 09-10 Projected**		**FY 10-11 BUDGET**	**Change FY11 FY10 Revised**	**NOTES**
65				**Office Expense**												
66					**6410 · Postage**		16,384		17,000		17,000	17,000		15,000	(2,000)	Billing (2000 pieces @ $.44 X 12 months) = $10,560 Prop 218 mailing: 4000 X .44 = $1,760 1 extra mailing: 3600 X .44 = $1,584 Other mail
67					**6430 · Printing Expense**		7,226		5,250		5,250	7,500		6,500	1,250	Window Envelopes $950 Return Envelopes $950 Water Bills $1500 Doorhangers $175 Turn Off Notices $450 Letterhead $300 CCRs $600 Misc. Inserts $250 Prop 218 notice: $600 Newletter: $500
68					**6461 · Office Supplies**		7,209		7,000		7,000	6,000		6,500	(500)	Supplies $5000 Plants $150 Christmas Tree $80 Coffee services $50/mo = $600 Christmas party $400
69					**6800 · Subscriptions/Legal Notices**		907		1,000		1,000	1,000		1,000	-	Press Democrat $200 (A) Legal Notices $600 (A) Sonoma West $40 (A) Safety Meeting Outlines $80 (F)
70					**6890 · Computers/Software**		3,284		1,950		1,950	1,950		1,700	(250)	Antivirus software ($30X5) = $300 Misc. $400 Workstation for SM: $900
71					**6579 · Furniture**		161		1,000		1,000	600		500	(500)	Better table for office area
72				**Total Office Expense**			**35,171**		**33,200**		**33,200**	**34,050**		**31,200**	**(2,000)**	
73				**Operating Supplies**												
74					**6300 · Chemicals**		11,613		14,800		14,800	14,800		16,000	1,200	
75					**6880 · Tools and Equipment**		5,216		5,500		5,500	5,500		6,000	500	
76					**6881 · Safety Equipment**		478		2,000		2,000	2,000		1,800	(200)	
77				**Total Operating Supplies**			**17,307**		**22,300**		**22,300**	**22,300**		**23,800**	**1,500**	
78				**Professional Services**												
79					**6083 · Laundry Service**		2,545		2,600		2,600	2,600		2,600	-	Mission $50/week = $2600
80					**6521 · County charges**		1,394		1,500		1,500	1,500		-	(1,500)	moved to Government Fees and Accounting
81					**6587 · LAFCO charges**		4,469		4,700		4,700	4,761		-	(4,700)	moved to Government fees
82					**6514 · Lab/Testing Fees**		6,759		8,500		8,500	8,500		9,000	500	
83					**6570 · Consultant Fees**		24,689		25,000		25,000	17,000		20,000	(5,000)	IEDA $900/mo = $10,800 Digital Buffet $400/qtr = $1600 SCADA $1000 Computer Wizard (non-maintenance work) $600 Misc. (John Thompson) -$500
84					**6590 · Engineering**		2,611		2,000		2,000	1,000		1,000	(1,000)	
85					**6591 · Engineering - re Cal Water**		6,579		0		0	0		-	-	
86					**6610 · Legal**		26,613		20,000		20,000	22,000		22,000	2,000	same as projected

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OPERATING AND CAPITAL BUDGETS, 2010-2011

	A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	Q
3							**FY 08-09 FINAL (CASH)**		**09-10 BUDGET**		**09-10 REVISED**	**FY 09-10 Projected**		**FY 10-11 BUDGET**	**Change FY11 FY10 Revised**	**NOTES**
87					**6630 · Audit/Accounting**		17,255		18,000		18,000	25,000	*	22,000	4,000	ADP $260/mo = $3120 Authorize.net $55/mo = $660 Auditor $6,500 (we need to renew his contract) United Bank $560/mo = $6720 West America fees $230/mo = $2760 Pam Rones 1099 = $250 Online Checks fee $30/mo = $360 CountyAcnting fees $1000
88				**Total Professional Services**			**92,914**		**82,300**		**82,300**	**82,361**		**76,600**	**(5,700)**	
89				**Rents & Leases**												
90					**6820 · Equipment**		1,146		2,000		2,000	2,000		3,500	1,500	Pitney Bowes Mail Machine $327/qtr. = $1308 (A) A-Action rents $2000
91					**6840 · Building & Warehouse**		27,000		27,000		27,000	27,000		27,000	-	
92				**Total Rents & Leases**			**28,146**		**29,000**		**29,000**	**29,000**		**30,500**	**1,500**	
93				**Transportation & Travel**												
94					**7120 · Seminars & related travel**		3,579		4,500		4,500	2,000		4,000	(500)	JK - $250 LK and CMH - $400 Field: $1,200 (as long at State provides expense reimbursement program
95					**7201 · Vehicle Gas**		20,897		16,800		16,800	22,000		20,000	3,200	Est. $1400/mo + extra
96					**7300 · Travel Reimbursements**		12,255		6,360		6,360	6,360		6,400	40	SM - $50/mo = $600 (A) KG $400/mo = $4800 (F) CMH/LK/JK $80/mo = $960 (A)
97				**Total Transportation & Travel**			**36,731**		**27,660**		**27,660**	**30,360**		**30,400**	**2,740**	
98				**Uniforms**												
99					**6021.1 · Boots**		1,136		1,330		1,330	1,330		1,330	-	$190 X 7 = $1330
100					**6021.3 · T-shirts**		1,068		1,200		1,200	1,215		1,200	-	
101					**6021.4 · Jackets**		181		360		360	360		250	(110)	
102				**Total Uniforms**			2,385		2,890		2,890	2,905		2,780	**(110)**	
103				**Utilities**												
104					**7320 · Electric and Propane**		94,459		96,000		96,000	96,000		96,000	-	Electricity - Office $3000 (A) Electricity - Field $90,000 (F) Propane $3000 (A)
105				**Total Utilities**			94,459		96,000		**96,000**	**96,000**		**96,000**	-	
106			**Total SERVICES & SUPPLIES**				526,516		545,450		**545,450**	**524,402**		**536,080**	**(9,370)**	
107		**Total OPERATING EXPENSES**					1,485,260		1,587,702		**1,587,702**	**1,559,412**		**1,587,880**	**178**	
108	OPERATING SURPLUS(DEFICIT)						**624,424**		**595,616**		**595,616**	**594,588**		**528,320**	**(67,296)**	
109		**FIXED ASSET EXPENDITURES**														
110			**8517 · Field/Office equipment**				1,146		5,000		5,000	5,700	*	1,050	(3,950)	Admin: (None for FY 2009-10) Field: 12" Stihl cut-off saw
111			**8573 · Vehicles**				30,777		0		0	0		-	-	
112			**8570 · Furniture**				0		0		0	0		-	-	
113			**8511.1 · Tank/Facilities Sites**				6,713		0		0	0		-	-	
114			**8511.6 · Leasehold Improvements**				0		0		0	0		-	-	
115			**8511.4 · Warehouse Improvements**				0		0		0	0		-	-	
116		**Total FIXED ASSET EXPENDITURES**					38,636		5,000		5,000	5,700		1,050	(3,950)	
117		**TRANSFERS TO OTHER FUNDS**													-	
118			**8620.7 · Tfers to CIRF for CDR Revenue**				170,000		252,426		252,426	227,000		227,000	(25,426)	same as CDRC revenue

EXHIBIT A. SWEETWATER SPRINGS WATER DISTRICT
OPERATING AND CAPITAL BUDGETS, 2010-2011

	A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	Q
3							FY 08-09 FINAL (CASH)		09-10 BUDGET		09-10 REVISED	FY 09-10 Projected		FY 10-11 BUDGET	Change FY11 FY10 Revised	NOTES
119			8620.3 · Tfers to CIRF				200,000		280,000		280,000	280,000		240,000	(40,000)	based on bottom line,
120			8620.5 · Tfers to Building Fund				15,000		15,000		15,000	15,000		15,000	-	same as 10
121			8620.2 · Tfers to In-House Constr				25,000		25,000		25,000	25,000		25,000	-	same as 10
122		Total TRANSFERS TO OTHER FUNDS					410,000		572,426		572,426	547,000		507,000	(65,426)	
123		DISASTER EXPENSE													-	
124			5141 · Disaster Wages - Staff				0		0		0	0		-	-	
125			7895 · Disaster Costs - Svces/Supplies				0		0		0	0		-	-	
126		Total DISASTER EXPENSE					0		0		0	0		0	-	
127	SURPLUS/DEFICIT						175,788		18,190		18,190	41,888		20,270	2,080	
128																
129	CAPITAL BUDGET															
130	REVENUE/SOURCES OF FUNDS															
131		Annual Assessment - New Services					23,497		27,000		27,000	27,000		27,000	-	
132		Annual Assessment (County)					704,304		710,000		710,000	710,000		710,000	-	
133		Prior Year Assessment					45,110		40,000		40,000	40,000		40,000	-	
134		Capital Debt Reduction Charge					170,000		252,426		252,426	227,000		227,000	(25,426)	
135		Interest					95,156		95,000		95,000	60,000		60,000	(35,000)	
136		Federal Grants							0		0				-	
137		Neeley Road Slide claim reimbursement							0						-	
138		County Reimb. for FEMA Viaduct Project					82,856								-	
139		Cal Trans Reimb. For Culvert Project													-	
140		CDC Grants, CIP IV-A, Projects 1 and 2					545,780								-	
141		CDC Grants, CIP IV-A FY09 Carryover									437,720	437,720			(437,720)	
142		CDC Grants, CIP IV-B, Project 1									899,250	899,250			(899,250)	
143		CDC Grants, CIP IV-B, Project 2									30,000	30,000		1,065,000	1,035,000	
144		Private Placement Funding (Carryover)					1,363,536				222,945	222,945			(222,945)	
145		Private Placement Funding (CIP IV-B)							1,052,000		438,750	438,750		440,000	1,250	
146		Transfers to CIRF from Operations					200,000		280,000		280,000	280,000		240,000	(40,000)	
147		Transfers to State Loans from Operations										0			-	
148		Transfers to In-House Constr. from Operations					25,000		25,000		25,000	25,000		25,000	-	
149		TOTAL REVENUE					3,255,239		2,481,426		3,458,091	3,397,665		2,834,000	(624,091)	
150																
151	EXPENSES															
152		DEBT PAYMENTS														
153		Gen. Obligation Bonds Payments					684,058		687,000		687,000	687,000		687,000	-	
154		State Loan Payments					170,172		170,300		170,300	170,300		170,300	-	
155		Loan to Neeley Road Slide claim												-	-	
156		Private Placement Loan					117,007		234,014		234,014	234,014		234,014	-	
157		TOTAL DEBT PAYMENTS					971,236		1,091,314		1,091,314	1,091,314		1,091,314	-	
158																
159		Guerne Way Improvements														
160		Tank/Facilities Improvements														
161		Hwy. 116 ("S"Curves" Main Repl. And MRTP Bottleneck Pipe Replacement					1,100									

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3							FY 08-09 FINAL (CASH)		09-10 BUDGET		09-10 REVISED	FY 09-10 Projected		FY 10-11 BUDGET	Change FY11 FY10 Revised	NOTES
162		CIP III					35,000		50,000		50,000	50,000		85,000	35,000	
163		CIP IV-A					1,306,335		0							
164		CIP IV-A, FY09 Carryover									660,665	660,665			(660,665)	
165		CIP IV-B, Project 1					69,601		1,052,000		1,328,000	1,328,000			(1,328,000)	
166		CIP IV-B, Project 2									40,000	40,000		1,475,000	1,435,000	
167		Crespo Tank Replacement Project													-	
168		In-House Construction Projects					57,472				40,000	40,000		40,000	-	
169			Total Capital Expenses				1,469,508		1,102,000		2,118,665	2,118,665		1,600,000	(518,665)	
170		TOTAL EXPENSES					**2,440,744**		**2,193,314**		**3,209,979**	**3,209,979**		**2,691,314**	**(518,665)**	
171		SURPLUS/DEFICIT					**814,495**		**288,112**		**248,112**	**187,686**		**142,686**	**(105,426)**	
172																
173	FUND AND LOAN BALANCES (EOY)															
174	DISTRICT RESERVES AND FUND AND LOAN BALANCES															
175		Operating Balance					200,000		200,000		200,000	200,000		200,000	-	
176		Budget Reserve (10%)					207,736		218,332		158,770	158,770		158,788	18	
177		Economic Reserve (15%)					311,605		327,498		238,155	238,155		238,182	27	
178		Debt Repayment Reserve (15%)									238,155	238,155		238,182	27	
179		Capital Reserve					250,000		250,000		250,000	250,000		250,000	-	
180	Total District Policy						969,341		995,830		1,085,081	1,085,081		1,085,152	71	Sum of policy reserves above
181	TOTAL Reserves EOY						**3,372,311**		**3,099,581**		**3,652,274**	**3,615,546**		**3,761,127**	**108,853**	Sum of District Fund balances below
182	Reserves Above (below) Policy						**2,402,970**		**2,103,751**		**2,567,193**	**2,530,465**		**2,675,975**	**108,782**	Difference between Total and Policy Reserves
183																
184	DISTRICT FUNDS															
185		CIRF					1,606,129		1,470,596		1,839,241	1,778,815		2,334,572	495,331	balancing this fund to reflect reserve policy, includes capital and debt repayment reserve
186		OPERATING RESERVE					225,000		225,000		225,000	225,000		396,970	171,970	balancing this fund to reflect reserve policy, budget and economic reserve
187		OPERATIONS					770,352		603,609		788,542	812,240		200,000	(588,542)	balancing this fund to reflect reserve policy, operating balance
188		CD					573,223		601,597		601,884	601,884		631,978	30,094	
189		IN HOUSE CONSTRUCTION					121,757		107,929		106,757	106,757		91,757	(15,000)	
190		BUILDING					75,850		90,850		90,850	90,850		105,850	15,000	
191																
192																
193	DISTRICT LOANS															
194		PPL					1,867,255		940,399		1,205,560	1,205,560		765,560	(440,000)	