

RAFTER J IMPROVEMENT AND SERVICE DISTRICT BUDGET
7-1-2010--6-30-2011

	Actual FY 2008-2009	Approved Budget FY 2009-2010	Proposed Budget FY 2010-2011
Operating Income			
Rafter J HOA Infrastructure Fee	270,000		-
1st Special Assmt - Operating	13,646	13,000	13,000
2nd Special Assmt - Operating	11,952	12,000	12,000
Adams Canyon & SPSC Water	14,450	15,170	15,170
Metered Water Fees		131,544	131,544
Non-Metered Water Fees (within District)		480	4,500
Water Tap Fees (Connection Fees)	500		-
Water Meter 3/4" sales			5,000
Annual Assessment		150,000	150,000
Intergovernmental Agmt-Wtr Meter	180,000		-
Markup for Pass-through Bills	20		-
Miscellaneous Income	85		-
Gov't Bond Valuation Change	(1,210)		-
Interest Income on Operating Funds	23,796	24,000	15,000
A/P Discount	12	1	-
Total Operating Income	513,252	346,195	346,214
Operating Expense			
Bad Debt			-
Bank Service Charges			50
Entrance Electric	401	500	1,000
General Admin Expense	25,836	89,750	95,625
Infrastructure Expense	2,990		-
Professional Services	22,552	29,500	25,500
Liability Insurance	3,623	3,500	5,000
Miscellaneous	28	400	10,000
Water System Maintenance	33,419	48,900	45,450
Road Maintenance	8,014	11,400	14,150
Sewer System Maintenance	24,264	37,700	28,200
Major Repairs and Replacements			
Amortization Expense	375		
Depreciation Expense	18,441		
Sewer Systems			-
Permits and Fees	2,130		-
Water Systems	11,011	12,000	-
Total Operating Expense	153,085	233,650	224,975
Excess Cash From Operations	360,167	112,545	121,239
Special Assessments & Grants			
2nd Special Assmt - Water	135,570	135,000	135,000
2nd Special Assmt - Sewer	80,901	75,000	75,000
2nd Special Assmt - Roads	64,580	65,000	65,000
SLIB Grant	1,107,115	992,885	182,437
WWDC - Grant	320,023	274,861	181,036
Interest on Special Assmt Funds	13,915	15,000	3,000
Total Special Assmts & Grants	1,722,106	1,557,746	641,473
Loans - Source of Funds			
Clean Water Loan	228,075	454,926	33,305
Drinking Water Loan	1,035,328	134,104	-
Joint Powers Road Loan		900,000	841,719
New Water Tank Loan	93,628	85,879	39,667
Total Loan Income	1,357,032	1,574,909	914,691
Capital Expenditures			
Accumulated Amortization	(375)		
Accumulated Depreciation	(18,441)		
Clean Water Construction Costs	547,814	1,214,008	215,742
Drinking Water Construction Costs	2,044,199	357,906	-
Street Overlays	12,093	910,000	856,558
Water Meter	356,577		-
WWDC - Water Tank, Well, & Other	200,083	360,741	264,666
Total Capital Expenditures	3,141,950	2,842,655	1,336,966
Loans - Payments			
Clean Water (Sewer) Interest			35,000
Clean Water (Sewer) Principal			85,388
Drinking Water Interest			17,500
Drinking Water Principal			70,320
Joint Powers Interest			58,000
Joint Powers Principal			900,000
Total Loan Payments	-		1,166,208
Capital Income/(Expenditure) Balance	(62,812)	290,000	(947,010)

ISD Budget Message for Fiscal Year 2010-2011

The District's Budget consists of two separate portions. The first portion covers the District's routine Operations and Maintenance (O&M) activities while the second and final portion addresses the Infrastructure Improvement Project.

The O&M portion reflects holding the water usage charges and the annual assessment amount the same as the previous fiscal year. It also shows some income from sales of ¾" water meters. These water meter sales involved the ¾" meters that were changed out for 1" meters. The District arranged to sell these used meters to another water district. It also reflects an increase in income from non-metered customers within the District due to billing for water used to irrigate common areas in Rafter J as well as Townhome common areas.

The budgeted amount for water system maintenance remains high due to uncertainty regarding the backup diesel-driven generator. In the previous fiscal year, the generator (an alternator, actually) developed an internal fault and had to be replaced. The cost was covered under warranty. Then the replacement generator also developed an internal fault. While it may also be covered under the warranty, the supplier is rightfully concerned as to the cause of these faults. The District has been told that when the new generator is installed, test equipment will also be installed to try to determine what the cause of these faults. The District agrees with this plan. If the root cause of the faults is determined to be related to the design, condition, or operation of District's circuitry that the generator powers, the cost of the new generator will be borne by the District and will not be covered under warranty. At this time, the District has no evidence of any problem with its portion of the circuitry and will scrutinize any findings to the contrary.

In summary, the District's O&M budget anticipates revenue in excess of costs of \$121,239, of which \$100,000 will be added to its Reserve account. This results in a budgeted excess cash amount of \$21,239.

The Infrastructure Improvement Project portion of the budget reflects an ending of the actual work on the project, the termination of further income from the state through loans and grants, and the beginning of repayment of the outstanding loans. There are four loans associated with the project: a Drinking Water Loan at 2.5% annual interest, a Clean Water (Sewer) Loan at 2.5% annual interest, a Paving Loan at 6.0% annual interest, and a Water Well and Tank Loan at 4.0% annual interest. The Drinking Water Loan repayment actually began in the previous fiscal year on December 1 with a large prepayment that brought the balance of the loan from \$1,500,000 to \$700,000. The Clean Water (Sewer) Loan repayment is planned to begin on August 1 of this year. The Paving Loan's purpose is to cover the cost of resurfacing the streets after the patching from the water and sewer work was completed. Unfortunately, problems were encountered with the resurfacing which has delayed using these funds though the state lending body has agreed to allow these funds to also be used for project costs unrelated to the resurfacing. The District has held these loan funds available for last-minute project contingencies but plans to repay the entire loan as soon as the resurfacing has been completed.

Since the project status is one in which revenues are dropping while loan repayments are increasing, the project portion of the budget reflects an expenditure of \$947,010 in excess of the revenues. This expenditure will be made from savings that have been built from the collection of the special assessment amounts over the years. The District has calculated the repayments of the remaining balances of the Drinking Water and Clean Water (Sewer) Loans such that they will be retired by the time that the special assessments end in the spring of 2019 while maintaining a positive cash flow throughout the interim.

Prepared by Vernon E. Martin, President
Rafter J Improvement and Service District