



WEST BASIN MUNICIPAL WATER DISTRICT
 17140 S. Avalon Blvd., Suite 210
 Carson, CA 90746

AGENDA NO. 8

August 13, 2008 – Finance Committee
 Gray (Chair), Smith
August 25, 2008 – Board Meeting
 Prepared by: Mary-Ann Rexroad
 Submitted by: Margaret Moggia
 Approved by: Rich Nagel

CONSENT CALENDAR

FISCAL YEAR 2007-08 BUDGET TO ACTUALS

SUMMARY:

For the year ended June 30, 2008, actual net revenues of \$3,217,599 enabled West Basin to achieve its targeted debt coverage for both the senior and subordinated liens. The net revenues were placed into designated funds. For the Fiscal Year (FY) 2007-08 the debt coverage, based on unaudited numbers, was as follows:

Senior Debt Coverage	1.63
Subordinate Debt Coverage	1.50
Overall Debt Coverage	1.15

Operating Revenues

Operating revenues fell short of budgeted operating revenues by \$2,873,000 or 7.8%. This shortfall was due to several factors. One factor is the recycled water sales and the other is Desalter revenues. Recycled water acre-feet (AF) were the highest in West Basin's history; however, recycled water sales fell short of its budget for the FY 2007-08 by approximately 1,000 AF due to lower than anticipated demand of Title 22 (irrigation water) and Boiler Feed water. Due to bacterial issues at the C. Marvin Brewer Desalter throughout the end of fiscal year resulted in approximately 500 AF of lower sales.

Interest earnings fell below budget as a result of lower interest rates. In addition, West Basin anticipated \$350,000 of revenues from the Rice Swap; however, the recent refunding of the Swap Payment Assurance Agreement (SPAA) places any swap earnings into a trust, and is therefore no longer a revenue source for West Basin.

Other revenues were below budget by \$1,587,000 due to delays in implementing conservation programs that resulted in lower incentive payments.

Operating Expenditures

In FY 2007-08, a change in methodology was made regarding the District Administration program. The total amount was allocated similar to Finance and Support Services as these program costs represents additional oversight and support for West Basin's activities. In addition, overhead costs include a \$742,000 payment towards Central Basin's side fund and approximately \$242,000 for the retiree health costs required under GASB 45.

Recycling Operations and Maintenance expenses exceeded budget by \$2,284,900 or 12.4% due to higher chemical and facility maintenance costs and additional allocations to this program as mentioned above.

The Water Resources Planning Budget was \$1,803,200 lower than budgeted due to delays in implementing conservation programs. The Public and Governmental Affairs program was over budget by \$244,000 due to the additional allocation, as described above.

Non-Operating Expenses were \$1,700,000 less than budgeted due to the savings from the bond refunding of the Auction Rate Securities in May 2008.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 8, Finance – Manage finances to optimize the public’s investment return and minimize risk.

COMMITMENT STATEMENT:

Sound Financial and Resource Management – West Basin is committed to efficient business operations, financial planning, and asset management.

FISCAL IMPACTS:

As part of the year end review of the budget to actual activity, both the operating and non-operating revenues and expenses are considered in order to determine West Basin’s debt coverage. Based on these preliminary and unaudited numbers, West Basin achieved its targeted senior, subordinate and overall debt coverage.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on August 13, 2008 and agendized to the August 25, 2008 Board meeting Consent Calendar.

RECOMMENDED MOTION:

This item is for information only.

LIST OF EXHIBITS:

Exhibit “A” – Revenue and Expense Budget vs. Actual Fiscal Year 2007-2008 (Unaudited)