

**WATER AUTHORITY
OF
WESTERN NASSAU COUNTY**

OPERATING PLAN

FINANCIAL FORECAST

FISCAL YEAR JUNE 2011 - MAY 2012

**PROJECTION OF REVENUES, EXPENSES
AND REQUIRED RATE RELIEF**

**Water Authority of Western Nassau County
OPERATING PLAN
FISCAL YEAR JUNE 2011 - MAY 2012
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Water Authority of Western Nassau County
Summary of Revenue Requirement

Fiscal Year 2011 - 12	Tariffs	Adjustments	Op Plan	Rate Change	Op Plan	Op Plan	Variance Before Increase
	Projected		2011 - 12		2011 - 12	2010 - 11	
Operating Revenues:							
Residential Water Sales	\$8,804,200		\$8,804,200	\$425,900	\$9,230,100	\$8,756,400	\$47,800
Commercial Water Sales	1,678,300		1,678,300	81,200	1,759,500	1,924,710	(246,410)
Municipal Hydrant Rentals	1,826,500		1,826,500	88,400	1,914,900	1,825,590	910
Commercial Fire Sprinklers	93,000		93,000	4,500	97,500	89,440	3,560
Water Sales	12,402,000		12,402,000	600,000	13,002,000	12,596,140	(194,140)
Other Revenue	60,000		60,000		60,000	50,000	10,000
Rate Subsidy		100,000	100,000		100,000	100,000	
Rate Stabilization Contribution							
Total Revenues	12,462,000	100,000	12,562,000	600,000	13,162,000	12,746,140	(184,140)
Operating Expenses:							
Operations & Maintenance	8,175,510		8,175,510		8,175,510	8,119,540	55,970
Amortization of Plant	1,170,000		1,170,000		1,170,000	1,126,900	43,100
Total Operating Expenses	9,345,510		9,345,510		9,345,510	9,246,440	99,070
Total Utility Operating Margin	3,116,490	100,000	3,216,490	600,000	3,816,490	3,499,700	(283,210)
Interest Charges & Other:							
Interest on Bonds	3,043,500		3,043,500		3,043,500	3,036,300	7,200
Amortization of Debt Expense	76,800		76,800		76,800	84,500	(7,700)
Transfer From Rate Fund							
Less: Interest & Other Income	(1,277,000)		(1,277,000)		(1,277,000)	(1,636,600)	359,600
Net Interest Charges	1,843,300		1,843,300		1,843,300	1,484,200	359,100
Surplus (Deficit)	\$1,273,190	\$100,000	\$1,373,190	\$600,000	\$1,973,190	\$2,015,500	(\$642,310)
Debt Coverage Ratio	1.223		1.245		1.377	1.373	
Required Change in Rates				600,000	600,000	850,000	
Required Change in Revenue		100,000		600,000	700,000	850,000	
Percentage Rate Change				4.84%	4.84%	7.24%	
Subsidy %		0.81%			0.81%	0.85%	
Rate Stabilization %							
Total Additional Revenue Required		0.81%		4.84%	5.64%	8.09%	

Water Authority of Western Nassau County

Debt Coverage Ratio
2011 - 12

	Operating Plan Current Rates	Operating Plan Adjustments	Operating Plan Rate Change	Operating Plan 2010 - 11
Total Utility Operating Margin	3,116,490	3,216,490	3,816,490	3,499,700
Add:				
(a) Non-cash Items	1,170,000	1,170,000	1,170,000	1,126,900
Interest & Other Income	1,277,000	1,277,000	1,277,000	1,636,600
Total Available for Coverage	5,563,490	5,663,490	6,263,490	6,263,200
Debt Service:				
Interest on Revenue Bonds	3,043,500	3,043,500	3,043,500	3,036,300
Principle on Revenue Bonds	1,505,000	1,505,000	1,505,000	1,525,000
Net Debt Service	4,548,500	4,548,500	4,548,500	4,561,300
Ratio	1.223	1.245	1.377	1.373

(a) Non-cash items are added back to Utility Operating Income and has no effect on the Debt Coverage Ratio.

Water Authority of Western Nassau County
Operating Plan
2011 - 12

Variance vs. Current Plan <u>Total Operation & Maintenance Expenses</u>	Projected <u>2011 - 12</u>	Op Plan <u>2010 - 11</u>	<u>Change</u>
Supervisory Salaries	\$1,083,360	\$1,055,580	\$27,780
Non Supervisory Salaries	1,871,720	1,985,450	(113,730)
Payroll Overheads	1,559,390	1,358,740	200,650
Transportation \ Purchasing	229,160	211,830	17,330
Tools & Work Equipment Charges	4,380	15,070	(10,690)
Materials & Stores	48,210	26,670	21,540
Small Tools Including Uniforms	28,470	27,810	660
Laboratory Charges	109,000	126,000	(17,000)
Chemicals	192,000	190,900	1,100
Production Contractors	75,000	95,850	(20,850)
T & D Contractors	111,000	132,800	(21,800)
Billing and Inserting Contractor	62,800	57,800	5,000
Special Services	222,500	230,500	(8,000)
Purchased Power	1,360,800	1,363,100	(2,300)
Building & Yard Maintenance	19,220	25,400	(6,180)
Various Training and Education	19,100	12,860	6,240
Uncollectibles	15,000	12,000	3,000
Insurance Costs	262,400	262,900	(500)
General Office Supplies & Expenses	83,700	85,200	(1,500)
Information Systems	231,700	236,600	(4,900)
Administrative Costs	31,900	35,680	(3,780)
Central Operations Office	422,400	428,050	(5,650)
Production Miscellaneous	31,000	37,500	(6,500)
T & D Miscellaneous	80,100	97,500	(17,400)
Customer Service Miscellaneous	21,200	7,750	13,450
<u>Total Summary by Functional Cost</u>	<u>\$8,175,510</u>	<u>\$8,119,540</u>	<u>\$55,970</u>

Water Authority of Western Nassau County
Operating Plan
2011 - 12

Variance vs. Current Plan Production Expenses	Projected 2011 - 12	Op Plan 2010 - 11	Change
(Source of Supply, Pumping and Water Treatment Expenses)			
Supervisory Salaries	\$339,220	\$344,220	(\$5,000)
Non Supervisory Salaries	612,200	618,580	(6,380)
Payroll Overheads - Production	502,070	430,180	71,890
Transportation \ Purchasing	109,520	100,880	8,640
Materials	6,150	12,550	(6,400)
Small Tools including Uniforms	20,000	19,660	340
Tools & Work Equipment	120	5,400	(5,280)
Laboratory Charges	109,000	126,000	(17,000)
Chemicals	192,000	190,900	1,100
Contractors:			
Pump Repairs & Maintenance	28,250	44,900	(16,650)
Structures and Improvements	23,000	16,200	6,800
Water Treatment	15,000	26,000	(11,000)
VOC Towers Maintenance	8,750	8,750	
Purchased Power	1,360,800	1,363,100	(2,300)
Snow Removal & Ground Maintenance	14,220	20,900	(6,680)
Miscellaneous Voucher Purchases:			
Pumping Equipment	16,000	22,500	(6,500)
Structures & Improvements	15,000	15,000	
Water Treatment Supplies			
Total Production Expenses	\$3,371,300	\$3,365,720	\$5,580

Water Authority of Western Nassau County
Operating Plan
2011 - 12

Variance vs. Current Plan	Projected	Op Plan	Change
Transmission & Distribution Expenses	2011 - 12	2010 - 11	
Supervisory Salaries	\$123,090	\$98,630	\$24,460
Non Supervisory Salaries	678,450	728,070	(49,620)
Payroll Overheads - T & D	422,970	369,370	53,600
Transportation \ Purchasing	89,530	84,220	5,310
Tools & Work Equipment	4,020	9,360	(5,340)
Materials	39,500	12,950	26,550
Small Tools including Uniforms	5,000	4,790	210
Tank Repair & Painting			
Contractor Charges:			
Paving Contractors	51,000	47,400	3,600
Mark Out Contractors	60,000	85,400	(25,400)
Main Cleaning			
Engineering Services	20,000	20,000	
Miscellaneous Voucher Purchases:			
Removing & Resetting Meters	1,200	1,200	
Boring Samples	5,000	5,000	
T & D - Maintenance			
Mains	2,400	2,600	(200)
Services	46,500	44,700	1,800
Carting Refuse From Station 44	25,000	44,000	(19,000)
Total Transmission & Distribution Expenses	\$1,573,660	\$1,557,690	\$15,970

**Water Authority of Western Nassau County
Operating Plan
2010 - 11**

Variance vs. Current Plan	Projected	Op Plan	Change
Customer Service Expenses	2011 - 12	2010 - 11	
Supervisory Salaries - Office	\$164,510	\$161,280	\$3,230
Non Supervisory Salaries	447,920	486,370	(38,450)
Payroll Overheads - Customer Service	323,180	289,370	33,810
Transportation \ Purchasing	18,440	16,710	1,730
Materials	2,080	970	1,110
Small Tools including Uniforms - Operations	3,000	3,150	(150)
Tools & Work	120	130	(10)
Information Systems:			
MUPS Software Maintenance & Support	208,500	202,100	6,400
Info Systems Equipment Maintenance	22,900	34,200	(11,300)
Miscellaneous Data Processing Costs	300	300	
Uncollectibles	15,000	12,000	3,000
Billing and Inserting Contractor	62,800	57,800	5,000
Annual Water Supply Statement	11,000	11,000	
Rights & Responsibility Brochure			
Customer Outreach	5,000	5,000	
Miscellaneous Voucher Purchases:			
Meter Reading	6,800	5,350	1,450
Billing & Accounting	14,400	2,400	12,000
Total Customer Service Expenses	\$1,305,950	\$1,288,130	\$17,820

Water Authority of Western Nassau County
Operating Plan
2011 - 12

Variance vs. Current Plan Administrative & General Expenses	Projected 2011 - 12	Op Plan 2010 - 11	Change
Supervisory Salaries	\$430,750	\$426,850	\$3,900
Chairman Salary	25,790	24,600	1,190
Non Supervisory Salaries	133,150	152,430	(19,280)
Payroll Overheads - Administrative	311,170	269,820	41,350
Transportation	11,670	10,020	1,650
Small Tools	470	210	260
Tools & Work	120	180	(60)
Materials	480	200	280
Legal Services	154,000	149,500	4,500
Audit & Actuarial Fees	32,500	45,000	(12,500)
General Liability Insurance	224,600	228,400	(3,800)
Property Insurance	37,800	34,500	3,300
Building & Yard Maintenance	5,000	4,500	500
Central Operations Office:			
Lease Payments	252,000	244,700	7,300
Property Taxes	77,900	65,400	12,500
Office Repairs & Lease Requirements	4,700	45,700	(41,000)
Electric & Heating	70,000	54,400	15,600
Cleaning Service	7,500	7,500	
Carting Refuse Costs	2,500	2,750	(250)
HVAC Maintenance Contract	6,000	6,000	
Fire Inspections	600	400	200
Pest Control	1,200	1,200	
Administrative Voucher Charges:			
Various Training and Education	18,700	12,860	5,840
Industry Related Conferences/Meetings	400		400
Telephone Charges	53,300	53,900	(600)
Office Postage	10,500	11,000	(500)
Office Machine Supplies/Expense	19,900	20,300	(400)
Dues, Memberships & Licenses	13,900	14,000	(100)
Public/Legal Notices	7,100	5,000	2,100
Bond Trustee Fees	3,200	7,550	(4,350)
Employee Programs	5,600	6,180	(580)
Miscellaneous Administrative	2,100	2,950	(850)
Total Administrative & General Expenses	\$1,924,600	\$1,908,000	\$16,600

**Water Authority of Western Nassau County
Operating Plan
2011 - 12**

Variance vs. Fiscal Year 2010 Actuals Summary by Functional Cost	Projected 2011 - 12	Actual FY 2010	Change
Supervisory Salaries	\$1,083,360	\$1,096,200	(\$12,840)
Non Supervisory Salaries	1,871,720	2,089,600	(217,880)
Payroll Overheads	1,559,390	1,159,900	399,490
Transportation \ Purchasing	229,160	217,300	11,860
Tools & Work Equipment Charges	4,380	4,600	(220)
Materials & Stores	48,210	97,400	(49,190)
Small Tools Including Uniforms	28,470	48,200	(19,730)
Laboratory Charges	109,000	132,300	(23,300)
Chemicals	192,000	254,200	(62,200)
Production Contractors	75,000		75,000
T & D Contractors	111,000	119,100	(8,100)
Billing and Inserting Contractor	62,800	60,300	2,500
Special Services	222,500	169,800	52,700
Purchased Power	1,360,800	1,243,400	117,400
Building & Yard Maintenance	19,220	24,200	(4,980)
Various Training and Education	19,100	10,900	8,200
Uncollectibles	15,000	18,800	(3,800)
Insurance Costs	262,400	258,800	3,600
General Office Supplies & Expenses	83,700	82,500	1,200
Information Systems	231,700	183,500	48,200
Administrative Costs	31,900	10,700	21,200
Central Operations Office	422,400	429,300	(6,900)
Production Miscellaneous	31,000	48,550	(17,550)
T & D Miscellaneous	80,100	15,280	64,820
Customer Service Miscellaneous	21,200	15,570	5,630
Total Summary by Functional Cost	\$8,175,510	\$7,790,400	\$385,110

APPENDIX A

Water Authority of Western Nassau County
Operating Plan
2011 - 12
Breakdown of Required Rate Relief by Element

Category	Fiscal Year 2011 - 12	Fiscal Year 2010 - 11	Change
(b) Operating Revenues:	\$12,562,000	\$12,746,140	(\$184,140)
Operation & Maintenance Expenses:			
Labor	2,955,080	3,041,030	(85,950)
Employee Benefits	1,559,390	1,358,740	200,650
Power	1,360,800	1,363,100	(2,300)
Office Operations	737,800	749,850	(12,050)
Transportation, Tools & Materials	329,440	306,780	22,660
Chemicals	192,000	190,900	1,100
Insurance	262,400	262,900	(500)
Contractors	580,300	642,950	(62,650)
Other O&M	198,300	203,290	(4,990)
(a) Total Operation & Maintenance	8,175,510	8,119,540	55,970
Financing Activity			
(a) Interest & Other Income	1,277,000	1,636,600	(359,600)
Debt Requirements:			
Interest Expense	3,043,500	3,036,300	7,200
Principal Repayment	1,505,000	1,525,000	(20,000)
Total Debt Service	4,548,500	4,561,300	(12,800)
Required Return on Debt	1,714,990	1,701,900	13,090
(a) Required Debt Coverage	6,263,490	6,263,200	290
(a) Total Revenue Required Before Adjustments	13,162,000	12,746,140	415,860
(b) Revenue Adjustments		(184,140)	184,140
Total Revenue Required	\$13,162,000	\$12,562,000	\$600,000

APPENDIX B

**Water Authority of Western Nassau County
Operating Plan
2011 - 12
Summary of Change in Revenue Requirement**

Change in Water Service Revenues		
Water Revenue per last Operating Plan	\$12,596,140	
Water Revenues Projected per Tariffs	12,402,000	
	<u>(194,140)</u>	
Change in Water Service Revenues		
Change in Miscellaneous Revenue	10,000	
	<u>(184,140)</u>	
Revenue Change by Category		
Change in Residential Revenue	47,800	
Change in Commercial Revenue	(246,410)	
Change in Other Revenue	14,470	
	<u>(184,140)</u>	
Change in Revenue Requirement		
Additional Revenue due to Revenue Forecast	184,140	1.48%
Additional Revenue due to Operating Activity	55,970	0.45%
Additional Revenue due to Financing Activity	359,890	2.90%
	<u>600,000</u>	<u>4.84%</u>
Revenue Shortfall	600,000	4.84%
Change in Rate Subsidy		
	<u>\$600,000</u>	<u>4.84%</u>

WATER AUTHORITY OF WESTERN NASSAU COUNTY

APPROVED TARIFF RATES

Operating Plan

2011 - 12

		<u>OLD RATES</u> 2010 - 11	<u>NEW RATES</u> 2011 - 12
METER RESIDENTIAL - Service Classification 1			
METER COMMERCIAL - Service Classification 2			
	Minimum Charge		<u>4.84%</u>
	5/8"	\$30.71	\$32.20
	3/4"	\$30.71	\$32.20
	1"	\$30.71	\$32.20
	1.5"	\$30.71	\$32.20
	2"	\$30.71	\$32.20
	3"	\$30.71	\$32.20
	4"	\$30.71	\$32.20
	6"	\$30.71	\$32.20
	8"	\$30.71	\$32.20
	10"	\$30.71	\$32.20
	Base Rates (per 1,000 gallons)		
	For the first 9,000		
	For the next 96,000	2.954	3.097
	All over 105,000	2.027	2.125
	Summer Surcharge		
PUBLIC FIRE HYDRANTS - Service Classification 3			
	S.C. 3	\$751.00	<u>4.84%</u> \$787.00
PRIVATE FIRE SPRINKLERS - Service Classification 4			
	1"	\$10.81	<u>4.84%</u> \$11.33
	1.5"	\$16.61	\$17.41
	2"	\$24.90	\$26.10
	2.5"	\$29.14	\$30.55
	3"	\$43.23	\$45.32
	4"	\$78.18	\$81.96
	6"	\$159.71	\$167.44
	8"	\$319.36	\$334.81
	10"	\$438.75	\$459.98