

Western Municipal Water District

Financial Justification for Proposed Water Rates
Effective Date: May 11, 2009

Riverside Service Area

Untreated Water
Full Service and Agricultural

Uses of Revenue ("Revenue Requirement")

Purchased Water	\$ 376,116
Transmission & Distribution	431,000
Water Pumping - Booster	877,000
Customer Accounts	16,000
Major Maintenance / Asset Replacement Reserve	783,000
General & Administrative Expenses	648,000
Debt Service	201,000
Total Uses of Revenue	<u>3,332,116</u>

Sources of Revenue

Water Sales and Service Revenue using Current Rates	1,212,000
Interest Revenue	9,000
Total Sources of Revenue	<u>1,221,000</u>

Shortfall of Revenue

\$ (2,111,116)

Shortfall Covered By:

Additional Revenue from Proposed Rates	389,000
Reduction in Funding of the Major Maintenance / Asset Replacement Reserve ⁽¹⁾	783,000
Property Tax Revenue	900,000
Transfer from Prior Years' Operating Reserve ⁽²⁾	39,116
Total	<u>\$ 2,111,116</u>

(1) Proposed rates are insufficient to fully fund the Major Maintenance / Asset Replacement Reserve.

(2) Prior years' operating reserves are being used since proposed rates are insufficient to meet the revenue requirement presented above.