

UTILITY BUDGET REPORT

February 8, 2006

	FY06 Budget	Funds Available	% Available	% Expended	Status
Electric	\$5,265,446.00	\$1,994,528.55	37.9%	62.1%	Concern
Natural Gas	\$2,063,198.00	\$1,007,455.45	48.8%	51.2%	Watch
Water & Sewer	\$803,800.00	\$397,916.76	49.5%	50.5%	Okay
Irrigation	\$672,496.00	\$328,421.37	48.8%	51.2%	Watch
Trash	\$245,930.00	\$131,597.03	53.5%	46.5%	Good
Propane	\$10,300.00	\$3,858.75	37.5%	62.5%	Watch
	\$9,061,170.00	\$3,863,777.91	42.64%	57.4%	

OVERVIEW: The figures in the table above are based on Oracle reports run on February 8, 2006. Since utility meters are on varying billing cycles, much of the usage for the month of January has not yet been billed or paid. Based only on time, it would be expected that about 55% of each annual budget would have been spent at this time. At this point 57.4% of the total utility budgets have been spent. Thus, the simple time based analysis indicates that there could be a budget shortfall. However, the seasonal nature of both usage and rates must be considered. Expenditures for electricity account for virtually all of the pending shortfall. See more detail on the budget for electricity and the other utilities below.

ELECTRIC: Electricity is by far the largest utility expense in the district, accounting for 58% of the total utilities budget. At this time, expenditures for electricity are significantly more than expected at this point in the fiscal year. Although the extremely warm weather over the last eight weeks caused a reduction in natural use for heating, it also caused substantial operation of air conditioning equipment and higher electricity usage and demand costs. Electric rates have remained higher than expected due to the high prices for generation fuels such as natural gas and coal. Gas prices are now dropping so there should be some reduction in electric rates (ECA) as well. Such reductions combined with increased conservation efforts may be able to keep expenditures within budget for the year. Weather will also be a key component. Overall, there is concern that this budget is under funded, especially since a 1% shortfall equates to over \$50,000.

NATURAL GAS: Natural gas prices are far more volatile than any other utility. Earlier budget updates addressed how hurricanes, market speculation and the global petroleum situation had driven prices up. Recent storage reports combined with mild weather have been moving natural gas market prices lower. Also, extremely mild weather locally has resulted in a reduced gas usage in the district. Three months ago, the natural gas budgets appeared to be under funded. Expenditures are now on line with projections. Status has been upgraded to WATCH.

Note: Data in table above has been adjusted to include the Kerr-McGee invoice for December gas usage, \$87,147. That expenditure had not yet posted in Oracle on Feb. 8.

WATER, SEWER & IRRIGATION: Many sites do not have separate irrigation meters, the water used for irrigation at many sites is paid via water budgets. Therefore those sites have greater usage/costs during the watering season. Although the hot weather in July resulted in increased water usage for irrigation, both the water and irrigation budgets are now in line with projections. There has been very little precipitation through the winter thus far. That combined with the mild weather has resulted in atypical field usage and deterioration. This could result in greater irrigation use this spring. However, if there is normal precipitation through the rest of the fiscal year, these budgets should be adequate.

TRASH: Expenditures for trash removal vary little month to month. This budget is in good shape.

PROPANE: This fuel is used only at Cherry Valley Elementary. Since the propane tanks are filled periodically, it is not possible to track usage accurately by the month. The school recently had the tanks filled but that delivery has not yet been billed. That charge will likely use most of the remaining funds in this budget. It is possible that the site will not need another delivery this year, but most likely a late spring or early summer delivery will be necessary. Thus, this budget may ultimately be overspent. This shortfall will not be significant in total dollars.