

2016 Budget Presentation

Presentation to the Board of Commissioners

December 1, 2015



Agenda

1.Capital Budget

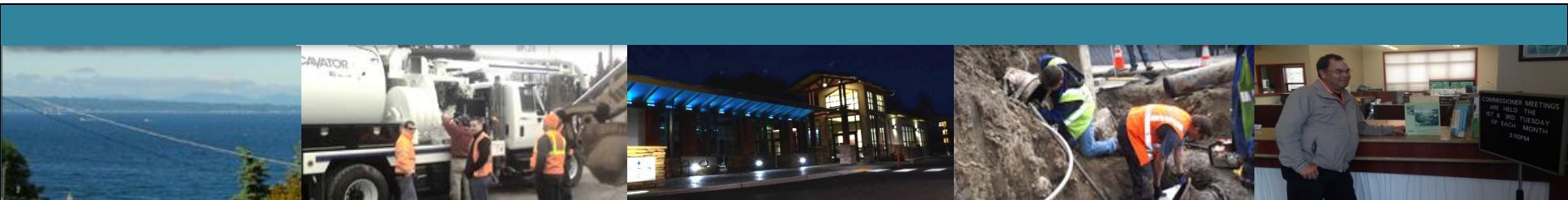
2.Usage and Revenue Forecast

3.Revision to Operating Costs

4.Vehicle Replacement Account

5.Long Term Rate Forecast

6.2016 Revenue Requirement



Relationship

Capital Budget

Multi-Year

Uses (Outflows / Costs / Expenditures / Needs)

- Capital projects and plans
- Land and buildings
- Vehicles, equipment, furniture
- Extraordinary maintenance

Sources (Inflows / Revenues / Resources)

- Cash savings (reserves) including interest)
- Connection charges
- Debt proceeds
- Current year rate revenue contribution
- Grants
- One-time sources like sale of assets

Operating Budget

Single-Year

Uses (Outflows / Costs / Expenditures / Needs)

- Purchased water
- Material, supplies and labor
- Administration & Taxes
- Debt Service
- Capital contribution (depreciation funding)
- Funding of operating reserves

Sources (Inflows / Revenues / Resources)

- Rate revenues
- Other revenues (Antenna rents, interest, penalties, hookups)
- Limited use of reserves (revenue shortfalls)

*Budgets
are linked
through
capital
funding*



CAPITAL PLAN 2015 - 2020

SOURCES:

	2015	2016	2017	2018	2019	2020	2015-2020
Construction Fund Beginning Balance	\$ 2,620,955	\$ 1,907,153	\$ 1,565,625	\$ 6,045,544	\$ 1,724,985	\$ 3,363,072	\$ 2,620,955
Transfers from the Maintenance Fund	1,443,904	1,551,221	958,757	870,919	1,083,652	1,496,984	7,405,436
Interest Earnings	14,104	10,263	8,425	32,532	9,282	18,097	92,704
Connection Fees	52,354	797,880	50,000	50,000	50,000	50,000	1,050,234
Sale of Old Maintenance Property	-	-	-	-	1,000,000	-	1,000,000
2016 Bond Proceeds	-	-	6,000,000	-	-	-	6,000,000
DWSRF Loan	-	2,087,042	-	-	-	-	2,087,042

TOTAL SOURCES

4,131,316 6,353,558 8,582,808 6,998,995 3,867,919 4,928,153 20,256,370

USES:

Admin Building - Design / Construction / Furniture & Other							-
Maintenance Building	-	-	1,686,321	3,761,773	-	-	5,448,094
NCPS - 4MG Reservoir- Design and Construction	1,595,249	4,188,098	244,919	-	-	-	6,028,265
Main Replc - NE 185th/187th - 28th/29th Ave NE	5,577	-	-	-	-	-	5,577
Wireless Building	79,903	-	-	-	-	-	79,903
Comp Plan Updates	33,333	90,125	7,034	-	-	-	130,493
System-wide - Rebuild/Replace PRV Stations	-	112,947	275,257	286,267	297,718	-	972,189
PRV Replace - Ridgcrest	137,946	-	-	-	-	-	137,946
GIS Project	1,233	45,100	31,142	32,387	33,683	35,030	178,576
McAleer Creek/LFP Culvert	33,596	160,011	-	-	-	-	193,608
Water Sample Stands	26,010	28,852	-	-	-	-	54,862
2.0 MG Reservoir Capial Improvements - Construction	-	-	118,920	-	-	-	118,920
18th Ave	-	-	-	163,564	-	-	163,564
NE 171st	-	-	-	99,399	-	-	99,399
NE 169th St & 22nd Ave NE - Construction	-	-	-	17,268	-	-	17,268
NE 160th Street - Construction	-	-	-	515,936	-	-	515,936
19th Street	-	-	-	214,982	-	-	214,982
20th Place NE	-	-	-	-	-	349,621	349,621
NE 200th St/25th Ave. NE	-	-	-	-	-	346,526	346,526
Capitalized Interest	130,000	130,000	130,000	130,000	130,000	130,000	780,000
Meters/Services/Hydrants	167,788	14,999	15,449	16,067	16,710	17,378	248,390
Computer and Office Equipment	13,528	17,800	28,222	36,367	26,737	27,575	150,229

TOTAL USES

2,224,163 4,787,933 2,537,264 5,274,010 504,848 906,130 16,234,348

NET SURPLUS

\$1,907,153 \$1,565,625 \$6,045,544 \$1,724,985 \$3,363,072 \$4,022,022 \$4,022,022

Transfers from the Maint. Fund include transfers in lieu of Depreciation and CIC revenues

Connection charges are in the que for payment in late 2015 and early 2016.

\$6 million in bond proceeds are needed to fund capital and keep rate increases at a lower level. It was forecast for 2016 at \$5 million last year.

Maint Bldg is almost double from last year's projection.

NCPS higher by \$1.7 million

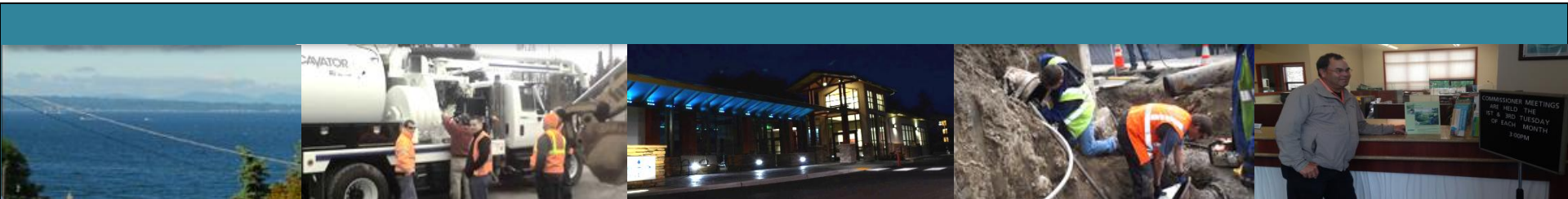
Total capital costs projects from 2015-2020 is about \$3.4 million higher than projected last year.

Reserve levels in 2020 should be close to what was projected in 2015

The 2016 Budgeting Challenge

Is it possible for the District to fund an additional \$3.4 million in capital projects without raising rates above those projected in the 2015 Budget and still end up with more reserves in 2020 than was projected last year?

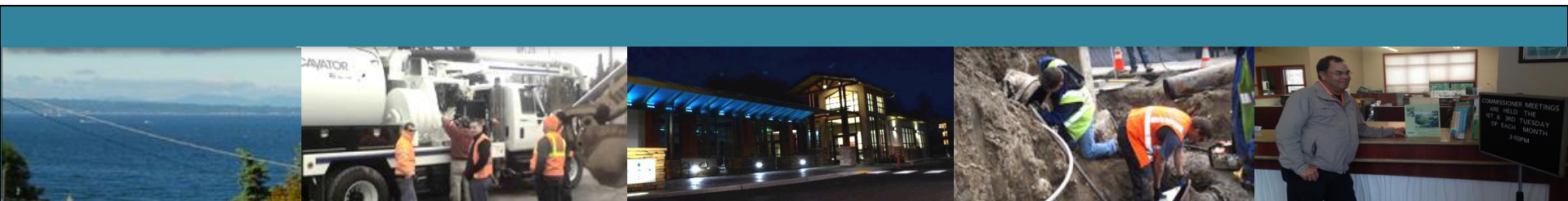
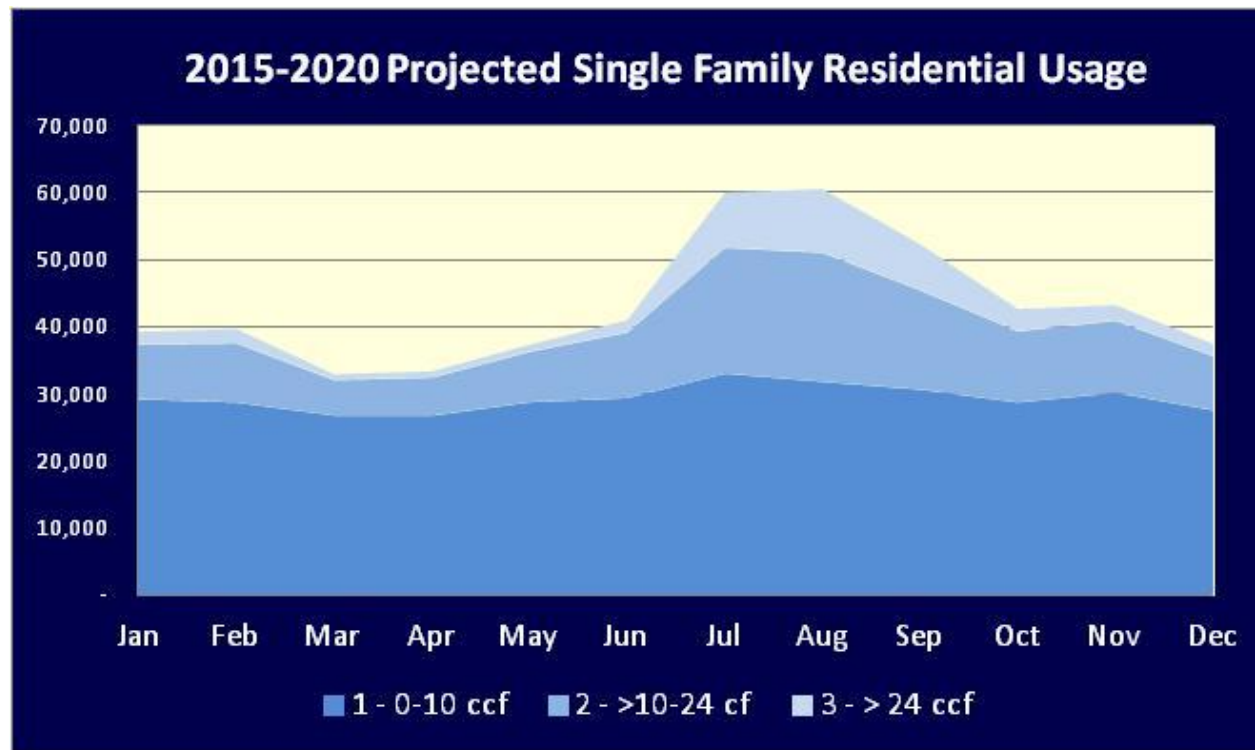
Short Answer: YES!!



CAPITAL PLAN 2015 - 2020								Prior Year	
	2015	2016	2017	2018	2019	2020	2015-2020	Plan	Difference
SOURCES:									
Construction Fund Beginning Balance	\$ 2,620,955	\$ 1,907,153	\$ 1,565,625	\$ 6,045,544	\$ 1,724,985	\$ 3,363,072	\$ 2,620,955	\$ 2,656,185	\$ (35,230)
Transfers from the Maintenance Fund	1,443,904	1,551,221	958,757	870,919	1,083,652	1,496,984	7,405,436	5,437,206	1,968,230
Interest Earnings	14,104	10,263	8,425	32,532	9,282	18,097	92,704	94,304	(1,600)
Connection Fees	52,354	797,880	50,000	50,000	50,000	50,000	1,050,234	300,000	750,234
Sale of Old Maintenance Property	-	-	-	-	1,000,000	-	1,000,000	1,000,000	-
2016 Bond Proceeds	-	-	6,000,000	First \$1.75 million, or roughly half of the needed money comes from new funding sources – connection charges and debt proceeds.			6,000,000	5,000,000	1,000,000
DWSRF Loan	-	2,087,042	-				2,087,042	2,087,042	-
TOTAL SOURCES	4,131,316	6,353,558	8,582,808	6,045,544	504,848	906,130	20,256,370	16,574,737	3,681,633
USES:									
Admin Building - Design / Construction / Furniture & Other							-	268,192	(268,192)
Maintenance Building	-	-	1,686,321	3,163,564	-	-	5,448,094	2,941,474	2,506,620
NCPS - 4MG Reservoir- Design and Construction	1,595,249	4,188,098	244,919	17,268	-	-	6,028,265	4,333,657	1,694,608
Main Replc - NE 185th/187th - 28th/29th Ave NE	5,577	-	-	-	-	-	5,577	-	5,577
Wireless Building	79,903	-	-	-	-	-	79,903	61,522	18,381
Comp Plan Updates	33,333	90,125	7,034	-	-	-	130,493	490,370	(359,877)
System-wide - Rebuild/Replace PRV Stations	-	112,947	275,257	286,267	297,718	-	972,189	1,113,415	(141,226)
PRV Replace - Ridgcrest	137,946	-	-	-	-	-	137,946	130,521	7,425
GIS Project	1,233	45,100	31,142	32,387	33,683	35,030	178,576	193,944	(15,368)
McAleer Creek/LFP Culvert	33,596	160,011	-	-	-	-	193,608	196,420	(2,812)
Water Sample Stands	26,010	28,852	-	-	-	-	54,862	-	54,862
2.0 MG Reservoir Capial Improvements - Construction	-	-	118,920	-	-	-	118,920	-	118,920
18th Ave	-	-	-	163,564	-	-	163,564	161,653	1,911
NE 171st	-	-	-	99,399	-	-	99,399	102,398	(2,999)
NE 169th St & 22nd Ave NE - Construction	-	-	-	17,268	-	-	17,268	19,417	(2,149)
NE 160th Street - Construction	-	-	-	515,936	-	-	515,936	533,494	(17,558)
19th Street	-	-	-	214,982	-	-	214,982	216,075	(1,093)
20th Place NE	-	-	-	-	-	349,621	349,621	375,380	(25,759)
NE 200th St/25th Ave. NE	-	-	-	-	-	346,526	346,526	371,039	(24,513)
Capitalized Interest	130,000	130,000	130,000	130,000	130,000	130,000	780,000	990,000	(210,000)
Meters/Services/Hydrants	167,788	14,999	15,449	16,067	16,710	17,378	248,390	197,884	50,506
Computer and Office Equipment	13,528	17,800	28,222	36,367	26,737	27,575	150,229	99,765	50,464
TOTAL USES	2,224,163	4,787,933	2,537,264	5,274,010	504,848	906,130	16,234,348	12,796,620	3,437,727
NET SURPLUS	\$1,907,153	\$1,565,625	\$6,045,544	\$1,724,985	\$3,363,072	\$4,022,022	\$4,022,022	\$3,778,116	\$243,906

CAPITAL PLAN 2015 - 2020								Prior Year	
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Interest Earnings	14,104	10,263	8,425	32,532	9,282	18,097	92,704	94,304	(1,600)
Connection Fees	52,354	797,880	50,000	50,000	50,000	50,000	1,050,234	300,000	750,234
Sale of Old Maintenance Property	-	-	-	-	1,000,000	-	1,000,000	1,000,000	-
2016 Bond Proceeds	-	-	6,000,000	The other half, and more, come from the Maint Fund cash transfers. The next sections will show the source of that funding when the rate increases are not projected to be higher than planned from last year.			6,000,000	5,000,000	1,000,000
DWSRF Loan	-	2,087,042	-				2,087,042	2,087,042	-
TOTAL SOURCES	4,131,316	6,353,558	8,582,808	6,916,463	504,848	906,130	20,256,370	16,574,737	3,681,633
USES:									
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GIS Project	1,233	45,100	31,142	32,387	33,683	35,030	178,576	193,944	(15,368)
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Capitalized Interest	130,000	130,000	130,000	130,000	130,000	130,000	780,000	990,000	(210,000)
Meters/Services/Hydrants	167,788	14,999	15,449	16,067	16,710	17,378	248,390	197,884	50,506
Computer and Office Equipment	13,528	17,800	28,222	36,367	26,737	27,575	150,229	99,765	50,464
TOTAL USES	2,224,163	4,787,933	2,537,264	5,274,010	504,848	906,130	16,234,348	12,796,620	3,437,727
NET SURPLUS	\$1,907,153	\$1,565,625	\$6,045,544	\$1,724,985	\$3,363,072	\$4,022,022	\$4,022,022	\$3,778,116	\$243,906

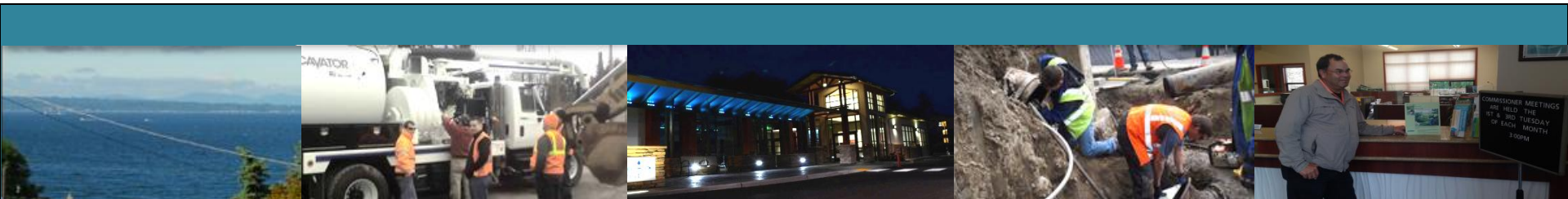
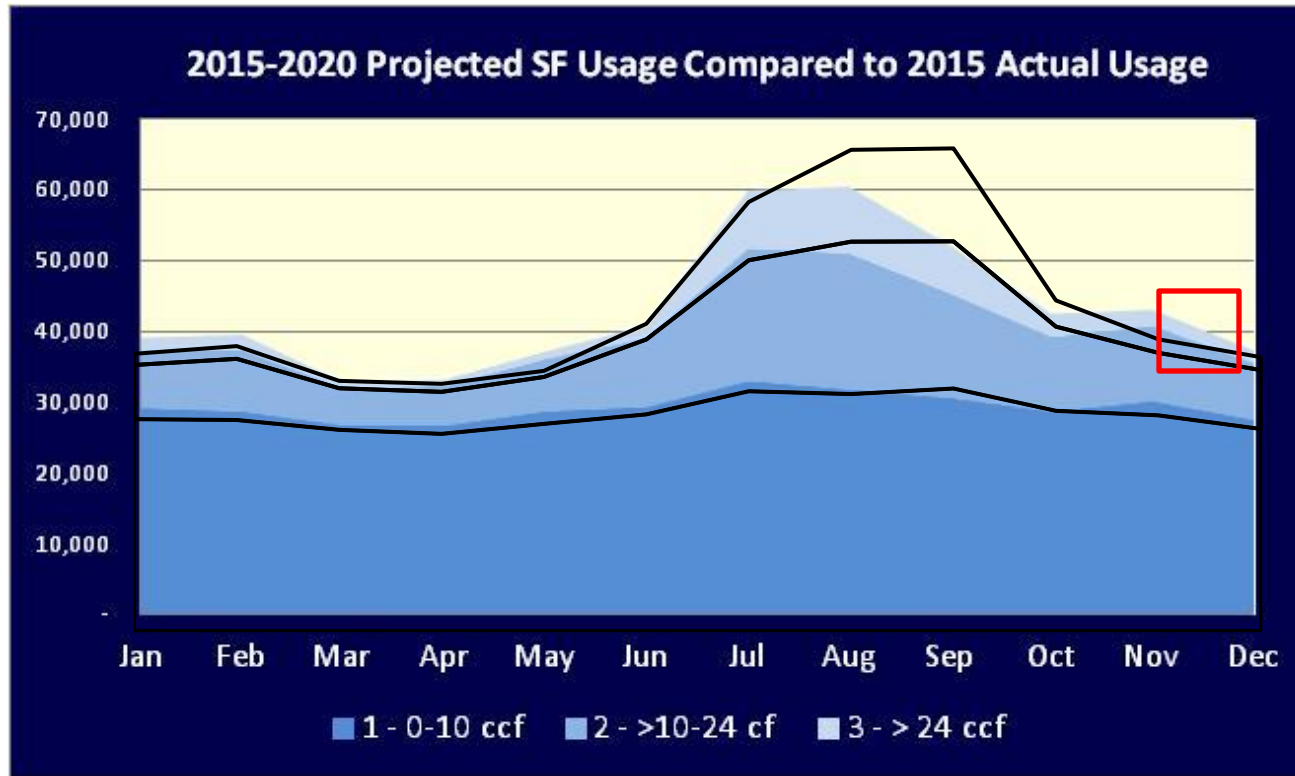
2015-2020 Demand (Usage) Forecasts for Single Family



2015-2020 Demand (Usage) Forecasts for Single Family

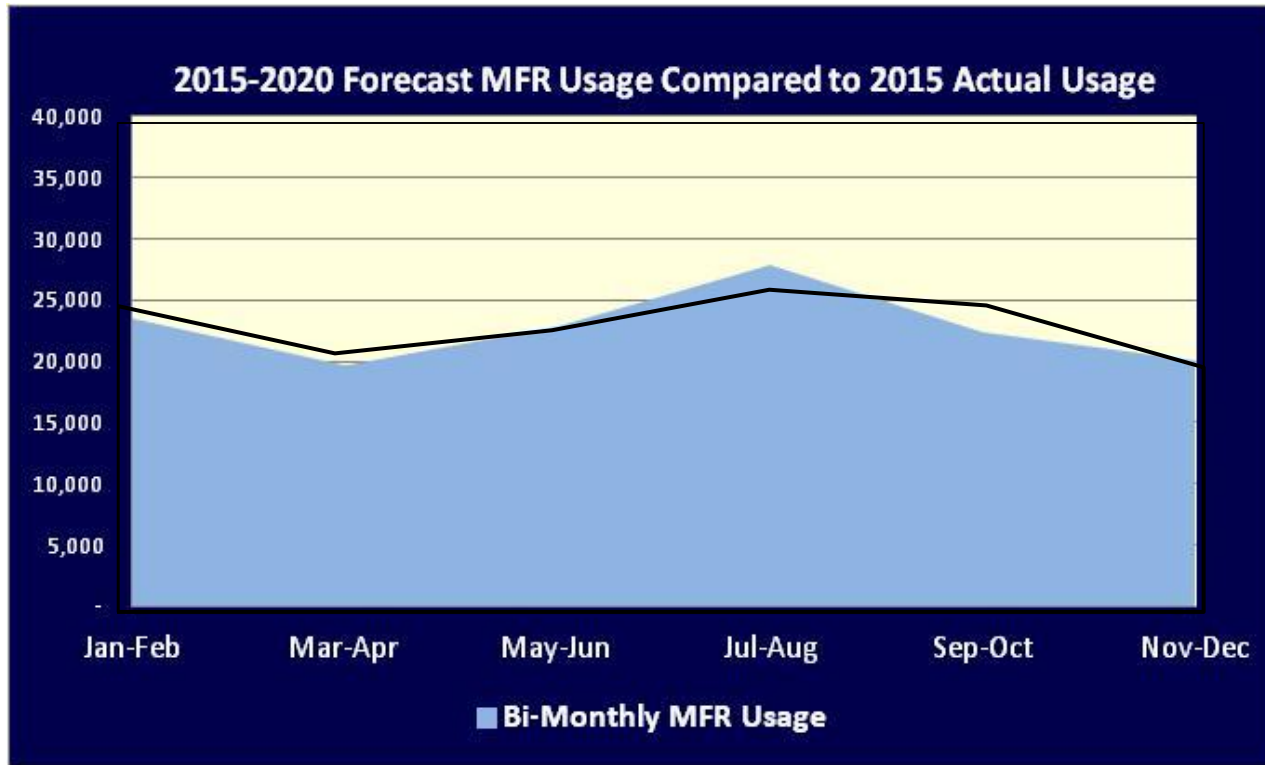
Compared to 2015 Usage – Actual through Nov – Projected for Dec

Month	2014	2015
Jan	39,130	37,796
Feb	39,565	38,851
Mar	32,777	34,106
Apr	33,221	33,698
May	37,209	35,470
Jun	40,864	41,903
Jul	59,954	58,537
Aug	60,471	65,661
Sep	52,217	65,853
Oct	42,536	45,092
Nov	43,110	39,782
Dec	37,344	37,344
TOTAL	518,398	534,093



2015-2020 Demand (Usage) Forecasts for Multi-Family

Compared to 2015 Usage – Actual through Nov – Projected for Dec



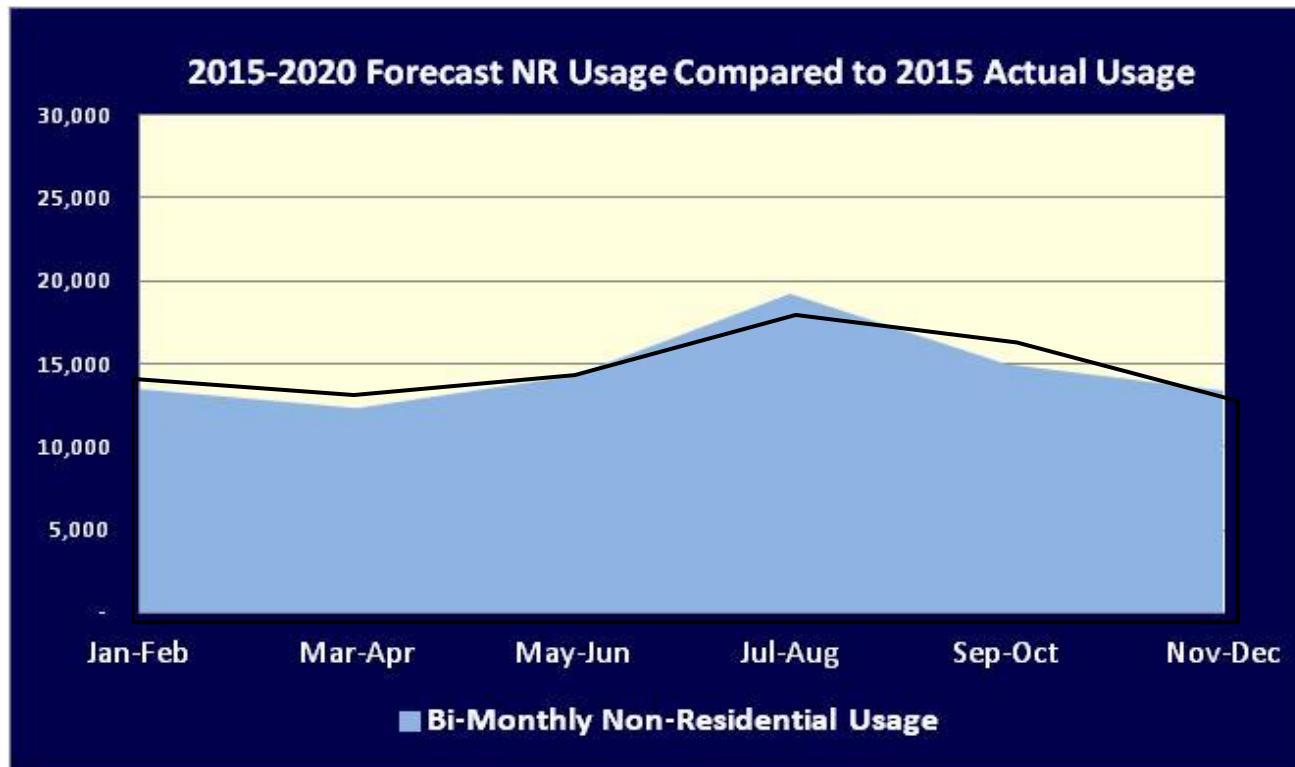
Usage for Nov of 2015 came in slightly under Nov of 2014 (1.6%). Not enough to change the 2016 forecast but something to watch.

Total usage was 3% or 4,100 ccf higher for 2015 than projected.



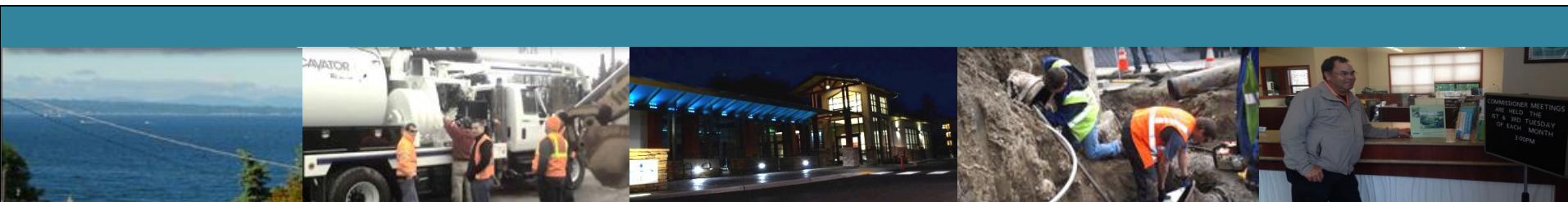
2015-2020 Demand (Usage) Forecasts for Non-Residential

Compared to 2015 Usage – Actual through Nov – Projected for Dec



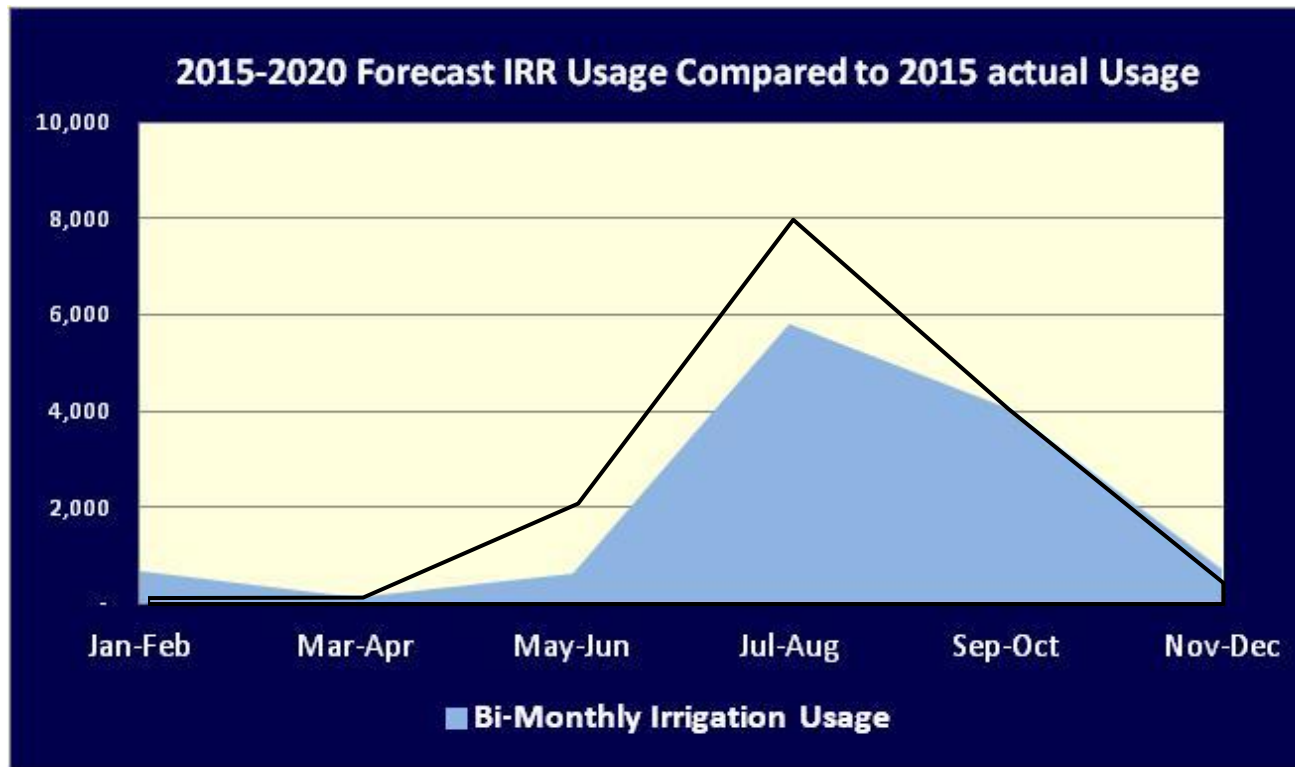
Usage for Nov of 2015 came in under Nov of 2014 (3%). Not enough to change the 2016 forecast but something to watch.

Total usage was 3% or 3,000 ccf higher for 2015 than projected.



2015-2020 Demand (Usage) IRR Forecasts

Compared to 2015 Usage – Actual through Nov – Projected for Dec



Usage for Nov of 2015 came in under Nov of 2014 (less than 14%, 55 ccf). Not enough to change the 2016 forecast but something to watch.

Total usage was 83% or 10,000 ccf higher for 2015 than projected.



Summary of Usage Between 2014 and 2015

November

Customer Class	Nov-14	Nov-15	Difference	Percent Diff
Single Family	\$ 43,110	\$ 39,782	\$ (3,328)	-8%
Multi-Family	5,146	5,062	(84)	-2%
Non-Residential	7,146	6,912	(234)	-3%
Irrigation	399	344	(55)	-14%
TOTAL	\$ 55,801	\$ 52,100	\$ (3,701)	-7%

Entire Year

Customer Class	Total 2014	Total 2015	Difference	Percent Diff
Single Family	\$ 518,398	\$ 534,093	\$ 15,695	3%
Multi-Family	136,546	140,688	4,142	3%
Non-Residential	87,732	90,741	3,009	3%
Irrigation	11,990	21,972	9,982	83%
TOTAL	\$ 754,666	\$ 787,494	\$ 32,828	4%



2015-2016 Total Rate Revenue Comparisons

Total Revenue Forecasts for 2015 - 2016

Original 2015

\$6,130,497

346,353 FF
321,718 ERU
248,730 CIC
117,969 IRR
587,436 NR
711,110 MFR
3,802,180 SF

Revised 2015

\$6,389,939

362,248 FF
313,251 ERU
243,904 CIC
172,832 IRR
614,508 NR
736,266 MFR
3,946,930 SF

\$260,000 additional rate revenues generated from the higher usage in the summer months.

Original 2016

\$6,314,411

356,744 FF
331,370 ERU
256,192 CIC
116,358 IRR
605,059 NR
732,443 MFR
3,916,246 SF

Revised 2016

\$6,415,968

363,585 FF
322,648 ERU
251,221 CIC
118,981 IRR
617,716 NR
743,825 MFR
3,997,993 SF

\$102,000 additional rate revenues in 2016 than previously projected resulting from using a more precise method for forecasting demand. This will have a compound affect on future revenue projections.

2015-2020 Operating Forecast

OPERATING ACCOUNT	2015	2016	2017	2018	2019	2020	2015-2020
Sources:							
BEGINNING BALANCE	\$ 1,147,796	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,147,796
Rate Revenue Increase	3.0%	3.00%	3.00%	4.70%	4.70%	4.70%	
Cumulative Rate Increase	3.0%	6.1%	9.3%	14.4%	19.8%	25.4%	
REVENUE							
Net Interest Earnings	26,970	20,219	24,816	31,446	37,661	44,332	185,443
Total Service Revenues	6,516,435	6,546,416	6,719,863	7,035,152	7,366,064	7,712,528	41,896,457
Total Other Revenues	442,409	407,947	395,867	412,202	429,225	446,967	2,534,617
TOTAL REVENUE	6,985,814	6,974,582	7,140,546	7,478,799	7,832,949	8,203,827	44,616,517
Total Sources	\$ 8,133,610	\$ 8,322,511	\$ 8,381,353	\$ 8,736,623	\$ 9,088,312	\$ 9,470,447	\$ 45,764,314
Uses:							
OPERATING COSTS							
Total Admin/Planning/Cust Service/Taxes	\$ 2,042,163	\$ 2,107,790	\$ 2,158,295	\$ 2,263,489	\$ 2,333,565	\$ 2,446,721	13,352,022
SPU Rate Increase	-7% SPU Inc	0% SPU Inc	0% SPU Inc	20% SPU Inc	0% SPU Inc	0% SPU Inc	
Water Purchases	1,490,236	1,446,815	1,446,815	1,736,178	1,736,178	1,736,178	9,592,400
All Other O&M costs	1,018,637	1,014,733	1,060,104	1,107,217	1,156,139	1,206,942	6,563,772
TOTAL OPERATING COSTS	4,551,036	4,569,338	4,665,214	5,106,883	5,225,882	5,389,840	29,508,193
CAPITAL COSTS							
Transfer CIC Revenues to Capital	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436
Transfer to Vehicle Replacement Account	122,000	95,000	100,000	105,000	110,000	116,000	648,000
Transfer to Capital in Lieu of Depreciation	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000
Total Debt Service (Net of Capitalization)	668,742	866,145	1,399,558	1,398,458	1,402,158	1,204,108	6,939,169
TOTAL CAPITAL COSTS	2,234,645	2,512,366	2,458,316	2,374,377	2,595,810	2,817,091	14,992,605
Total Uses	\$ 6,785,681	\$ 7,081,704	\$ 7,123,530	\$ 7,481,260	\$ 7,821,692	\$ 8,206,932	\$ 44,500,798
ENDING BALANCE - OPERATING ACCOUNT	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,263,516	\$ 1,263,516

The Operating Forecast consists of all Sources of cash (Beginning Balance and Revenue) less all Uses of cash (Operating and Capital Costs).

Rate Revenue Increases are identical to those projected last year.

The total rate revenues from the previous slide are imbedded in total service revenues, late fees and street lights are also included here.

The ending balance is what is known as the operating reserves, which are subject to minimum reserve requirements – basically 60 days working capital and 10% additional for revenue shortfalls. Rate increases must reflect maintaining these reserves at a minimum level.

2015-2020 Operating

Other revenues were under-projected by nearly a million dollars from antenna lease revenue and hookup revenues that were previously treated as capital revenue

OPERATING ACCOUNT	2015	2016	2017	2018	2019	2020	2021	2022	Difference
Sources:									
BEGINNING BALANCE	\$ 1,147,796	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,147,796	\$ 828,870	\$ 318,926
Rate Revenue Increase	3.0%	3.00%	3.00%	4.70%	4.70%	4.70%			
Cumulative Rate Increase	3.0%	6.1%	9.3%	14.4%	19.8%	25.4%			
REVENUE									
Net Interest Earnings	26,970	20,219	24,816	31,446	37,661	44,332	185,443	142,358	43,085
Total Service Revenues	6,516,435	6,546,416	6,719,863	7,035,152	7,366,064	7,712,528	41,896,457	41,125,396	771,061
Total Other Revenues	442,409	407,947	395,867	412,202	429,225	446,967	2,534,617	1,625,989	908,628
TOTAL REVENUE	6,985,814	6,974,582	7,140,546	7,478,799	7,832,949	8,203,827	44,616,517	42,893,743	1,722,774
Total Sources	\$ 8,133,610	\$ 8,322,511	\$ 8,381,353	\$ 8,736,623	\$ 9,088,312	\$ 9,470,447	\$ 45,764,314	\$ 43,722,613	\$ 2,041,701
Uses:									
OPERATING COSTS									
Total Admin/Planning/Cust Service/Taxes	\$ 2,042,163	\$ 2,107,790	\$ 2,158,295	\$ 2,263,489	\$ 2,333,565	\$ 2,446,721	13,352,022	13,040,218	311,804
SPU Rate Increase	-7% SPU Inc	0% SPU Inc	0% SPU Inc	20% SPU Inc	0% SPU Inc	0% SPU Inc			
Water Purchases	1,490,236	1,446,815	1,446,815	1,736,178	1,736,178	1,736,178	9,592,400	9,544,883	47,517
All Other O&M costs	1,018,637	1,014,733	1,060,104	1,107,217	1,156,139	1,206,942	6,563,772	7,104,740	(540,968)
TOTAL OPERATING COSTS	4,551,036	4,569,338	4,665,214	5,106,883	5,225,882	5,389,840	29,508,193	29,689,841	(181,648)
CAPITAL COSTS									
Transfer CIC Revenues to Capital	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436	1,637,206	(31,770)
Transfer to Vehicle Replacement Account	122,000	95,000	100,000	105,000	110,000	116,000	648,000	794,000	(146,000)
Transfer to Capital in Lieu of Depreciation	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000	3,800,000	2,000,000
Total Debt Service (Net of Capitalization)	668,742	866,145	1,399,558	1,398,458	1,402,158	1,204,108	6,939,169	6,805,340	133,829
TOTAL CAPITAL COSTS	2,234,645	2,512,366	2,458,316	2,374,377	2,595,810	2,817,091	14,992,605	13,036,546	1,956,059
Total Uses	\$ 6,785,681	\$ 7,081,704	\$ 7,123,530	\$ 7,481,260	\$ 7,821,692	\$ 8,206,932	\$ 44,500,798	\$ 42,726,387	\$ 1,774,411
ENDING BALANCE - OPERATING ACCOUNT	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,263,516	\$ 1,263,516	\$ 996,226	\$ 267,290

Higher revenues in 2015 than projected plus a more precise starting point for 2016 has a compounding affect over time resulting in nearly \$800,000(\$260k-\$511k) more revenue from 2015-2020 than was previously projected.

2015-2020 Operating Forecast

OPERATING ACCOUNT	2015	2016	2017	2018	2019	2020	2015-2020	Per 2015 Budget	Difference
Sources:									
BEGINNING BALANCE	\$ 1,147,796	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,147,796	\$ 828,870	\$ 318,926
Rate Revenue Increase	3.0%	3.00%	3.00%	4.70%	4.70%	4.70%			
Cumulative Rate Increase	3.0%	6.1%	9.3%	14.4%	19.8%	25.4%			
REVENUE									
Net Interest Earnings	26,970	20,219	24,816	31,446	37,661	44,332	185,443	142,358	43,085
Total Service Revenues	6,516,435	6,546,416	6,719,863	7,035,152	7,366,064	7,712,528	41,896,457	41,125,396	771,061
Total Other Revenues	442,409	407,947	395,867	412,202	429,225	446,967	2,534,617	1,625,989	908,628
TOTAL REVENUE	6,985,814	6,974,582	7,140,546	7,478,799	7,832,949	8,203,827	44,616,517	42,893,743	1,722,774
Total Sources	\$ 8,133,610	\$ 8,322,511	\$ 8,381,353	\$ 8,736,623	\$ 9,088,312	\$ 9,470,447	\$ 45,764,314	\$ 43,722,613	\$ 2,041,701
Uses:									
OPERATING COSTS									
Total Admin/Planning/Cust Service/									
SPU Rate Increase	-7% SPU Inc	0% SPU Inc	0% SPU Inc	20% SPU Inc	0% SPU Inc	0% SPU Inc			
Water Purchases	1,490,236	1,446,815	1,446,815	1,736,178	1,736,178	1,736,178	9,592,400	9,544,883	47,517
All Other O&M costs	1,018,637	1,014,733	1,060,104	1,107,217	1,156,139	1,206,942	6,563,772	7,104,740	(540,968)
TOTAL OPERATING COSTS	4,551,036	4,569,338	4,665,214	5,106,883	5,225,882	5,389,840	29,508,193	29,689,841	(181,648)
CAPITAL COSTS									
Transfer CIC Revenues to Capital	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436	1,637,206	(31,770)
Transfer to Vehicle Replacement Account	122,000	95,000	100,000	105,000	110,000	116,000	648,000	794,000	(146,000)
Transfer to Capital in Lieu of Depreciation	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000	3,800,000	2,000,000
Total Debt Service (Net of Capitalization)	668,742	866,145	1,399,558	1,398,458	1,402,158	1,204,108	6,939,169	6,805,340	133,829
TOTAL CAPITAL COSTS	2,234,645	2,512,366	2,458,316	2,374,377	2,595,810	2,817,091	14,992,605	13,036,546	1,956,059
Total Uses	\$ 6,785,681	\$ 7,081,704	\$ 7,123,530	\$ 7,481,260	\$ 7,821,692	\$ 8,206,932	\$ 44,500,798	\$ 42,726,387	\$ 1,774,411
ENDING BALANCE - OPERATING ACCOUNT	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,263,516	\$ 1,263,516	\$ 996,226	\$ 267,290

A combination of higher beginning balance, higher revenues in 2015 from summer usage, a more precise forecast of rate revenues going forward and proper forecasting of other revenues allowing an addition \$2 million to be contributed to capital.

CAPITAL PLAN 2015 - 2020								Prior Year	
	2015	2016	2017	2018	2019	2020	2015-2020	Plan	Difference
SOURCES:									
Construction Fund Beginning Balance	\$ 2,620,955	\$ 1,907,153	\$ 1,565,625	\$ 6,045,544	\$ 1,724,985	\$ 3,363,072	\$ 2,620,955	\$ 2,656,185	\$ (35,230)
Transfers from the Maintenance Fund	1,443,904	1,551,221	958,757	870,919	1,083,652	1,496,984	7,405,436	5,437,206	1,968,230
Interest Earnings	14,104	10,263	8,425	32,532	9,282	18,097	92,704	94,304	(1,600)
Connection Fees	52,354	797,880	50,000	50,000	50,000	50,000	1,050,234	300,000	750,234
Sale of Old Maintenance Property	-	-	-	-	1,000,000	-	1,000,000	1,000,000	-
2016 Bond Proceeds	-	-	6,000,000	In summary the additional source of funding come from addition operating revenues and reduced costs, new connection charges and additional debt proceeds.			6,000,000	5,000,000	1,000,000
DWSRF Loan	-	2,087,042	-				2,087,042	2,087,042	-
TOTAL SOURCES	4,131,316	6,353,558	8,582,808	6,916,463	504,848	906,130	20,256,370	16,574,737	3,681,633
USES:									
Admin Building - Design / Construction / Furniture & Other							-	268,192	(268,192)
Maintenance Building	-	-	1,686,321	3,000,000			5,448,094	2,941,474	2,506,620
NCPS - 4MG Reservoir- Design and Construction	1,595,249	4,188,098	244,919				6,028,265	4,333,657	1,694,608
Main Replc - NE 185th/187th - 28th/29th Ave NE	5,577	-	-				5,577		5,577
Wireless Building	79,903	-	-	-	-	-	79,903	61,522	18,381
Comp Plan Updates	33,333	90,125	7,034	-	-	-	130,493	490,370	(359,877)
System-wide - Rebuild/Replace PRV Stations	-	112,947	275,257	286,267	297,718	-	972,189	1,113,415	(141,226)
PRV Replace - Ridgcrest	137,946	-	-	-	-	-	137,946	130,521	7,425
GIS Project	1,233	45,100	31,142	32,387	33,683	35,030	178,576	193,944	(15,368)
McAleer Creek/LFP Culvert	33,596	160,011	-	-	-	-	193,608	196,420	(2,812)
Water Sample Stands	26,010	28,852	-	-	-	-	54,862	-	54,862
2.0 MG Reservoir Capial Improvements - Construction	-	-	118,920	-	-	-	118,920	-	118,920
18th Ave	-	-	-	163,564	-	-	163,564	161,653	1,911
NE 171st	-	-	-	99,399	-	-	99,399	102,398	(2,999)
NE 169th St & 22nd Ave NE - Construction	-	-	-	17,268	-	-	17,268	19,417	(2,149)
NE 160th Street - Construction	-	-	-	515,936	-	-	515,936	533,494	(17,558)
19th Street	-	-	-	214,982	-	-	214,982	216,075	(1,093)
20th Place NE	-	-	-	-	-	349,621	349,621	375,380	(25,759)
NE 200th St/25th Ave. NE	-	-	-	-	-	346,526	346,526	371,039	(24,513)
Capitalized Interest	130,000	130,000	130,000	130,000	130,000	130,000	780,000	990,000	(210,000)
Meters/Services/Hydrants	167,788	14,999	15,449	16,067	16,710	17,378	248,390	197,884	50,506
Computer and Office Equipment	13,528	17,800	28,222	36,367	26,737	27,575	150,229	99,765	50,464
TOTAL USES	2,224,163	4,787,933	2,537,264	5,274,010	504,848	906,130	16,234,348	12,796,620	3,437,727
NET SURPLUS	\$1,907,153	\$1,565,625	\$6,045,544	\$1,724,985	\$3,363,072	\$4,022,022	\$4,022,022	\$3,778,116	\$243,906

2015-2020 Operating Forecast

OPERATING ACCOUNT	2015	2016	2017	2018	2019	2020	2015-2020	Per 2015 Budget	Difference
Sources:									
BEGINNING BALANCE	\$ 1,147,796	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,147,796	\$ 828,870	\$ 318,926
Rate Revenue Increase	3.0%	3.00%	3.00%	4.70%	4.70%	4.70%			
Cumulative Rate Increase	3.0%	6.1%	9.3%	14.4%	19.8%	25.4%			
REVENUE									
Net Interest Earnings	26,970	20,219	24,816	31,446	37,661	44,332	185,443	142,358	43,085
Total Service Revenues	6,516,435	6,546,416	6,719,863	7,035,152	7,366,064	7,712,528	41,896,457	41,125,396	771,061
Total Other Revenues	442,409	407,947	395,867	412,202	429,225	446,967	2,534,617	1,625,989	908,628
TOTAL REVENUE	6,985,814	6,974,582	7,140,546	7,478,799	7,832,949	8,203,827	44,616,517	42,893,743	1,722,774
Total Sources	\$ 8,133,610	\$ 8,322,511	\$ 8,381,353	\$ 8,736,623	\$ 9,088,312	\$ 9,470,447	\$ 45,764,314	\$ 43,722,613	\$ 2,041,701
Uses:									
OPERATING COSTS									
Total Admin/Planning/Cust Service/Taxes	\$ 2,042,163	\$ 2,107,790	\$ 2,158,295	\$ 2,263,489	\$ 2,333,565	\$ 2,446,721	13,352,022	13,040,218	311,804
SPU Rate Increase	-7% SPU Inc	0% SPU Inc	0% SPU Inc	20% SPU Inc	0% SPU Inc	0% SPU Inc			
Water Purchases	1,490,236	1,446,815	1,446,815	1,736,178	1,736,178	1,736,178	9,592,400	9,544,883	47,517
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TOTAL OPERATING COSTS	4,551,036	4,569,338	4,665,214	5,106,883	5,225,882	5,389,840	29,508,193	29,689,841	(181,648)
CAPITAL COSTS									
Transfer CIC Revenues to Capital	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436	1,637,206	(31,770)
Transfer to Vehicle Replacement Account	122,000	95,000	100,000	105,000	110,000	116,000	648,000	794,000	(146,000)
Transfer to Capital in Lieu of Depreciation	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000	3,800,000	2,000,000
Total Debt Service (Net of Capitalization)	668,742	866,145	1,399,558	1,398,458	1,402,158	1,204,108	6,939,169	6,805,340	133,829
TOTAL CAPITAL COSTS	2,234,645	2,512,366	2,458,316	2,374,377	2,595,810	2,817,091	14,992,605	13,036,546	1,956,059
TOTAL USES	\$ 6,785,681	\$ 7,081,704	\$ 7,123,530	\$ 7,481,260	\$ 7,821,692	\$ 8,206,931	\$ 44,500,798	\$ 42,726,387	\$ 1,774,411
							\$ 1,263,516	\$ 996,226	\$ 267,290

The minimum reserve levels were increased by approximately \$250,000 to cover a portion of debt service. This is an on-going annual increase over last year's forecast. To generate this extra funding, some costs were cut in the operating budget. The following slides show the major changes being recommended.

2016 Projected Operating Costs

Objects (Types of Cost) V	2014 Actual	2015 Budget	2015 Actual	2016 Budget
BUSINESS ADMINISTRATION	\$ 190,092	\$ 141,000	\$ 145,138	\$ 172,100
PLANNING AND DEVELOPMENT	\$ 80,020	\$ 111,000	\$ 77,975	\$ 66,000
PUBLIC AND REGIONAL OUTREACH	\$ 57,218	\$ 65,700	\$ 55,160	\$ 61,300
OFFICE AND RECORDS MANAGEMENT	\$ 234,101	\$ 178,700	\$ 188,371	\$ 189,700
CUSTOMER SERVICE AND BILLING				
PURCHASED WATER AND POWER				
OPERATIONS AND MAINTENANCE				
TAXES AND FRANCHISE FEES				
PASS-THRU COSTS				
EMPLOYEE COSTS				
CAPITAL COSTS				

Billing
Reporting

	<u>2014 Actual</u>	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>Prior Budget</u>	<u>2016 Budget</u>
Outside Billing Costs	\$ 40,062	\$ 43,700	\$ 38,886	\$ 46,000	\$ 40,000	\$ 6,000
Con. Confidence Report	\$ 5,934	\$ 1,500	\$ 6,097	\$ 6,100	\$ 6,100	\$ -
TOTAL	\$ 45,996	\$ 45,200	\$ 44,983	\$ 52,100	\$ 46,100	\$ 6,000

2016 Projected Operating Costs

Objects (Types of Cost) ↓ V	2014 Actual	2015 Budget	2015 Actual	2016 Budget
BUSINESS ADMINISTRATION	\$ 190,092	\$ 141,000	\$ 145,138	\$ 172,100
PLANNING AND DEVELOPMENT				
PUBLIC AND REGIONAL OUTREACH				
OFFICE AND RECORDS MANAGEMENT				
CUSTOMER SERVICE AND BILLING				
PURCHASED WATER AND POWER				
OPERATIONS AND MAINTENANCE				
TAXES AND FRANCHISE FEES				
PASS-THRU COSTS				
EMPLOYEE COSTS				
CAPITAL COSTS				

Special Projects

Miscellaneous & Other

	<u>2014 Actual</u>	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>Prior Budget</u>	<u>Difference</u>
<i>Amicas Brief</i>	\$ 7,534	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Annexations</i>	\$ 5,790	\$ -	\$ 1,701	\$ 2,000	\$ 2,000	\$ -
<i>Boundary Review</i>	\$ 66,696	\$ -	\$ 7,500	\$ -	\$ -	\$ -
<i>Code Book</i>	\$ -	\$ 10,000	\$ 16,775	\$ 3,000	\$ 3,000	\$ -
<i>Personnel Manual</i>	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ (10,000)
<i>Unspecified Projects</i>	\$ -	\$ 50,000	\$ -	\$ 10,000	\$ 38,000	\$ (28,000)
<i>Preservation Reserve</i>	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
TOTAL	\$ 80,020	\$ 110,000	\$ 75,975	\$ 65,000	\$ 103,000	\$ (38,000)
<i>Miscellaneous & Other</i>	\$ -	\$ 1,000	\$ 2,000	\$ 1,000	\$ -	\$ 2,000

**\$38,000 compounded
over six years equals a
savings of over \$200,000**

Preservation Account

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2015-2027
BEGINNING BALANCE	\$ -	\$ 42,500	\$ 93,180	\$ 144,671	\$ 196,986	\$ 250,137	\$ 304,140	\$ 359,006	\$ 414,750	\$ 471,386	\$ 528,928	\$ 587,391	\$ 646,789	\$ -
Interest Earnings	-	680	1,491	2,315	3,152	4,002	4,866	5,744	6,636	7,542	8,463	9,398	10,349	64,638
Transfer from Rate Revenue	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	650,000
Other Sources														-
Uses	(7,500)													(7,500)
ENDING BALANCE	\$ 42,500	\$ 93,180	\$ 144,671	\$ 196,986	\$ 250,137	\$ 304,140	\$ 359,006	\$ 414,750	\$ 471,386	\$ 528,928	\$ 587,391	\$ 646,789	\$ 707,138	\$ 707,138

2016 Projected Operating Costs

Objects (Types of Cost) I V	2014 Actual	2015 Budget	2015 Actual	2016 Budget
BUSINESS ADMINISTRATION	\$ 190,092	\$ 141,000	\$ 145,138	\$ 172,100
PLANNING AND DEVELOPMENT	\$ 80,020	\$ 111,000	\$ 77,975	\$ 66,000
PUBLIC AND REGIONAL OUTREACH	\$ 57,218	\$ 65,700	\$ 55,160	\$ 61,300
OFFICE AND RECORDS MANAGEMENT	\$ 234,101	\$ 178,700	\$ 188,371	\$ 189,700
CUSTOMER SERVICE AND BILLING	\$ 45,996	\$ 45,200	\$ 44,983	\$ 52,100
PURCHASED WATER AND POWER	\$ 1,580,707	\$ 1,466,194	\$ 1,512,300	\$ 1,468,815
OPERATIONS AND MAINTENANCE	\$ 229,074	\$ 220,900	\$ 251,990	\$ 220,300
TAXES AND FRANCHISE FEES	\$ 672,828	\$ 686,453	\$ 705,322	\$ 709,500
PASS-THRU COSTS	\$ 10,853	\$ 9,300	\$ 7,802	\$ 7,900
EMPLOYEE COSTS				
CAPITAL COSTS				

**\$8,605 compounded over
six years equals a savings
of nearly \$46,000**

Travel & Training
Temp Employee Costs
Other Employee Costs

	<u>2014 Actual</u>	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>Prior Budget</u>	<u>2016 Budget</u>
Travel & Training	\$ 45,687	\$ 47,986	\$ 35,643	\$ 40,300	\$ 48,905	\$ (8,605)
Temp Employee Costs	\$ 17,143	\$ -	\$ 2,216	\$ -	\$ -	\$ -
Tests and Miscellaneous	\$ 1,569	\$ 1,700	\$ 2,331	\$ 2,500	\$ 2,500	\$ -
Uniforms	\$ 4,900	\$ 4,800	\$ 8,914	\$ 5,000	\$ 5,000	\$ -
TOTAL	\$ 69,300	\$ 54,486	\$ 49,104	\$ 47,800	\$ 56,405	\$ (8,605)



Training and Conferences

2016 - Budget

WATER DISTRICT	Dates	Location	Registra tion	AirFare or Mileage	Lodging	Per Diem & Other	2016 TOTAL	2015 BUDGET	2015 ACTUAL
TRAINING									
Inspector/Project Manager	Various	Seattle					\$ 1,000	\$ 6,000	\$ 5,136
Office Staff	Various	Various					\$ 6,000	\$ 5,000	\$ 892
Excutive Assistant	Various	Various					\$ 500	\$ 1,500	\$ 950
Field Crew	Various	Various					\$ 8,000	\$ 8,000	\$ 5,892
TOTAL TRAINING							\$ 15,500	\$ 20,500	\$ 12,869
CONFERENCES & BOARD MEETINGS									
General Manager									
Woment in Leadership	February	Mercer Island	\$ 125				\$ 125	\$ -	\$ 125
WASWD Conference	April 14-15	Yakima	\$475	\$ 168	\$ 600	\$ 120	\$ 1,363	\$ 1,363	\$ 1,218
PNWS Conference	May 3-7	Boise	\$425	\$ 300	\$ 600	\$ 150	\$ 1,475	\$ -	\$ 350
WASWD Conference	Sep 21-25	Spokane	\$475	\$ 151	\$ 600	\$ 120	\$ 1,346	\$ 1,346	\$ 954
PWT F Board Meetings	Monthly	Olympia					\$ -	\$ -	\$ -
				Total General Manager			\$ 4,309	\$ 2,709	\$ 2,648
Operations Manager									
WASWD Conference	April 14-15	Yakima	\$475	\$ 168	\$ 600	\$ 120	\$ 1,363	\$ 1,363	\$ 1,359
PNWS Conference	May 3-7	Boise	\$425	\$ 300	\$ 600	\$ 150	\$ 1,475	\$ 1,177	\$ 552
AWWA Conference - ACE 15	Jun 7-10	Chicago	\$820	\$ 600	\$ 2,000	\$ 1,000	\$ 4,420	\$ 4,320	\$ 3,487
WASWD Conference	Sep 21-25	Spokane	\$475	\$ 291	\$ 600	\$ 120	\$ 1,486	\$ 1,346	\$ 1,187
PNWS Board Meeting	Oct 5-7	Spokane		\$ 291	\$ 500	\$ 150	\$ 941	\$ 1,070	\$ 918
				Total Operations Manager			\$ 9,685	\$ 9,276	\$ 7,502
Commissioner Ricker									
WASWD Conference	April 14-15	Yakima	\$475	\$ 168	\$ 600	\$ 120	\$ 1,363	\$ 1,363	\$ -
PNWS Conference	May 3-7	Boise	\$410	\$ 17	\$ 600	\$ 150	\$ 1,177	\$ 1,177	\$ 504
AWWA Conference - ACE 15	Jun 7-10	Chicago	\$820	\$ 500	\$ 2,000	\$ 1,000	\$ 4,320	\$ 4,320	\$ 3,486
WASWD Conference	Sep 21-25	Spokane	\$475	\$ 291	\$ 600	\$ 120	\$ 1,486	\$ 1,346	\$ 1,255
				Total Ricker			\$ 8,346	\$ 8,206	\$ 5,245
Commissioner Haines									
WASWD Conference	April 14-15	Yakima	\$475	\$ 168	\$ 600	\$ 120	\$ 1,363	\$ 1,363	\$ 1,026
PNWS Conference	May 3-7	Boise	\$410	\$ 17	\$ 600	\$ 150	\$ 1,177	\$ 1,177	\$ 403
AWWA Conference - ACE 15	Jun 7-10	Chicago	\$820	\$ 500	\$ 2,000	\$ 1,000	\$ 4,320	\$ -	\$ 3,288
WASWD Conference	Sep 21-25	Spokane	\$475	\$ -	\$ 600	\$ 120	\$ 1,195	\$ 1,346	\$ 954
				Total Haines			\$ 8,055	\$ 3,886	\$ 5,671
Commissioner Schoonmaker									
PNWS Conference	April 14-15	Yakima	\$475	\$ 168	\$ 600	\$ 120	\$ 1,363	\$ 1,363	\$ 440
WASWD Conference	Sep 21-25	Spokane	\$475	\$ 151	\$ 600	\$ 120	\$ 1,346	\$ 1,346	\$ 1,267
				Total Schoonmaker			\$ 2,709	\$ 2,709	\$ 1,707
Planned Under-Expenditure of Travel and Training Costs							\$ (8,605)		
TOTAL CONFERENCES AND MEETING							\$ 24,500	\$ 26,786	\$ 22,773
GRAND TOTAL CONFERENCES, MEETINGS AND TRAINING							\$ 40,000	\$ 47,286	\$ 35,643

2016 Projected Operating Costs

Objects (Types of Cost) V	2014 Actual	2015 Budget	2015 Actual	2016 Budget
BUSINESS ADMINISTRATION	\$ 190,092	\$ 141,000	\$ 145,138	\$ 172,100
PLANNING AND DEVELOPMENT	\$ 80,020	\$ 111,000	\$ 77,975	\$ 66,000
PUBLIC AND REGIONAL OUTREACH	\$ 57,218	\$ 65,700	\$ 55,160	\$ 61,300
OFFICE AND RECORDS MANAGEMENT	\$ 234,101	\$ 178,700	\$ 188,371	\$ 189,700
CUSTOMER SERVICE AND BILLING	\$ 45,996	\$ 45,200	\$ 44,983	\$ 52,100
PURCHASED WATER AND POWER	\$ 1,580,707	\$ 1,466,194	\$ 1,512,300	\$ 1,468,815
OPERATIONS AND MAINTENANCE	<div> Outside Services Supplies & Materials Equipment/Tools Telemetry Miscellaneous Field Vehicle Expense </div>			
TAXES AND FRANCHISE FEES				
PASS-THRU COSTS				
EMPLOYEE COSTS				
CAPITAL COSTS				

**\$17,000 compounded
over six years equals a
savings of nearly \$95,000**

	<u>2014 Actual</u>	<u>2015 Budget</u>	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>Prior Budget</u>	<u>2016 Budget</u>
<i>Fuel and Oil</i>	\$ 18,784	\$ 19,000	\$ 14,745	\$ 15,200	\$ 15,200	\$ 0
<i>Repair and Maintenance</i>	\$ 12,100	\$ 10,100	\$ 43,871	\$ 19,000	\$ 36,000	\$ (17,000)
TOTAL	\$ 30,884	\$ 29,100	\$ 58,616	\$ 34,200	\$ 51,200	\$ (17,000)

Initial contribution is reduced by \$30,000 and then increased by 5% per year.

The lower contribution rate over six years is \$176,000 but is offset by surplus revenues.

VEHICLE REPLACEMENT ACCOUNT	2015	2016	2017	2018	2019	2020	2021	2015-2021	Prior Bud	Prior Bud
BEGINNING BALANCE	\$ 120,000	\$ 115,217	\$ 194,945	\$ 183,577	\$ 274,127	\$ 372,551	\$ 379,414	\$ 120,000	\$ 120,000	\$ -
<u>Sources:</u>										
Net Interest Earnings	1,200	1,728	3,899	4,589	8,224	13,039	13,280	45,959	32,725	13,234
Revenue from Sales	17,000	-	12,879	-	-	13,493	-	43,373	-	43,373
Transfer from Operating Revenues after 2014	122,000	95,000	100,000	105,000	110,000	116,000	121,000	769,000	945,000	(176,000)
Total Sources	\$ 260,200	\$ 211,945	\$ 311,724	\$ 293,166	\$ 392,351	\$ 515,083	\$ 513,694	\$ 978,332	\$ 1,097,725	\$ (119,393)
<u>Uses:</u>										
Unit# 1 2007 Intern't Vac-Con 5204	-	-	-	-	-	-	(503,912)	(503,912)	(463,655)	(463,655)
Unit# 1 2007 Intern't Vac-Con 5205 - ANNUAL Major Maint	-	(17,000)	(18,307)	(19,039)	(19,801)	(20,593)	-	(94,739)	-	-
Unit# 2 2010 F-150 P/U	-	-	-	-	-	(36,340)	-	(36,340)	(36,165)	(36,165)
Unit# 3 2010 F-150 P/U	-	-	-	-	-	(36,340)	-	(36,340)	(36,165)	(36,165)
Unit# 4 2000 Dodge P/U - Unit21 2015 Ford Explorer	(31,090)	-	-	-	-	-	-	(31,090)	(30,000)	(30,000)
Unit# 5 GMC 10 Yard Dump	-	-	(109,840)	-	-	-	-	(109,840)	(109,840)	(109,840)
Unit# 8 2010 F-150 4x4	-	-	-	-	-	(42,396)	-	(42,396)	(42,193)	(42,193)
Unit# 15 2001 Chevy P/U - Unit22 2015 Ford Explorer	(35,170)	-	-	-	-	-	-	(35,170)	(35,700)	(35,700)
Unit# 17 2007 International 5 Yard Dump	-	-	-	-	-	-	-	-	-	-
Unit# 18 2013 F-350 Service Body	-	-	-	-	-	-	-	-	-	-
Unit# 19 2013 F-150 P/U	-	-	-	-	-	-	-	-	-	-
Unit# 20 F-550 Service Van	-	-	-	-	-	-	-	-	-	-
2000 Durango - Unit23 2015 Ford Explorer	(39,362)	-	-	-	-	-	-	(39,362)	(35,700)	(35,700)
District Manager Vehicle - Unit23 2015 Ford Explorer	(39,362)	-	-	-	-	-	-	(39,362)	(35,700)	(35,700)
TR-1 Backhoe 1991	-	-	-	-	-	-	-	-	-	-
TR-2 Backhoe 2001	-	-	-	-	-	-	-	-	-	-
Total Uses	\$ (144,983)	\$ (17,000)	\$ (128,147)	\$ (19,039)	\$ (19,801)	\$ (135,669)	\$ (503,912)	\$ (968,550)	\$ (825,118)	\$ (825,118)
ENDING BALANCE - VEHICLE REPLACEMENT ACCOUNT	\$ 115,217	\$ 194,945	\$ 183,577	\$ 274,127	\$ 372,551	\$ 379,414	\$ 9,782	\$ 9,782	\$ 272,607	\$ (944,511)

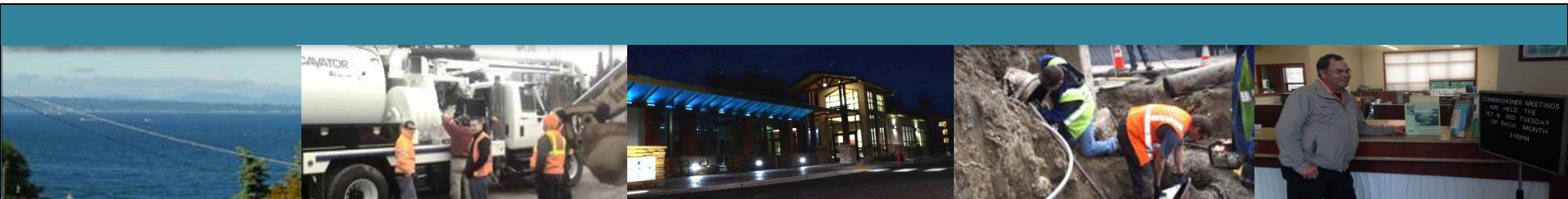
Instead of replacing the vactor next year, as an alternative major maint could be done each year and the purchase delayed until 2021. If connection revenues (or reduced costs) come in, an earlier replacement could be scheduled. If needed the replacement could also be included in the 2017 bond issue.

Account is depleted by 2021 but builds sufficiently to fund future vehicle purchases – see next slide.

VEHICLE REPLACEMENT ACCOUNT	2022	2023	2024	2025	2026	2027	2028	2015-2028
BEGINNING BALANCE	\$ 9,782	\$ 29,722	\$ 53,510	\$ 191,383	\$ 154,085	\$ 160,354	\$ 318,967	\$ 120,000
<u>Sources:</u>								
Net Interest Earnings	342	1,040	1,873	6,698	5,393	5,612	11,164	78,082
Revenue from Sales	14,133	14,379	-	24,573	19,410	-	28,963	144,831
Transfer from Operating Revenues after 2014	126,000	131,000	136,000	141,000	147,000	153,000	159,000	1,762,000
Total Sources	\$ 150,258	\$ 176,142	\$ 191,383	\$ 363,654	\$ 325,887	\$ 318,967	\$ 518,094	\$ 2,104,914
<u>Uses:</u>								
Unit# 1 2007 Intern't Vac-Con 5204	-	-	-	-	-	-	-	(503,912)
Unit# 1 2007 Intern't Vac-Con 5205 - ANNUAL Major Maint	-	-	-	-	-	-	(28,182)	(122,921)
Unit# 2 2010 F-150 P/U	-	-	-	-	-	-	-	(36,340)
Unit# 3 2010 F-150 P/U	-	-	-	-	-	-	-	(36,340)
Unit# 4 2000 Dodge P/U - Unit21 2015 Ford Explorer	-	-	-	(44,213)	-	-	-	(75,303)
Unit# 5 GMC 10 Yard Dump	-	-	-	-	-	-	-	(109,840)
Unit# 8 2010 F-150 4x4	-	-	-	-	-	-	-	(42,396)
Unit# 15 2001 Chevy P/U - Unit22 2015 Ford Explorer	-	-	-	(51,582)	-	-	-	(86,751)
Unit# 17 2007 International 5 Yard Dump	(120,536)	-	-	-	-	-	-	(120,536)
Unit# 18 2013 F-350 Service Body	-	-	-	-	-	-	(92,836)	(92,836)
Unit# 19 2013 F-150 P/U	-	(122,632)	-	-	-	-	-	(122,632)
Unit# 20 F-550 Service Van	-	-	-	-	-	-	(154,174)	(154,174)
2000 Durango - Unit23 2015 Ford Explorer	-	-	-	(56,887)	-	-	-	(96,249)
District Manager Vehicle - Unit23 2015 Ford Explorer	-	-	-	(56,887)	-	-	-	(96,249)
TR-1 Backhoe 1991	-	-	-	-	(165,533)	-	-	(165,533)
TR-2 Backhoe 2001	-	-	-	-	-	-	-	-
Total Uses	\$ (120,536)	\$ (122,632)	\$ -	\$ (209,569)	\$ (165,533)	\$ -	\$ (275,192)	\$ (1,862,012)
ENDING BALANCE - VEHICLE REPLACEMENT ACCOUNT	\$ 29,722	\$ 53,510	\$ 191,383	\$ 154,085	\$ 160,354	\$ 318,967	\$ 242,901	\$ 242,901

POTENTIAL SAVINGS	2016	2017	2018	2019	2020	TOTAL
Special Projects	\$ (38,000)	\$ (39,045)	\$ (40,216)	\$ (41,423)	\$ (42,666)	\$ (201,350)
Conferences	(8,605)	(8,842)	(9,107)	(9,380)	(9,661)	(45,595)
Move vactor maint to Replc Acct	(17,000)	(18,307)	(19,039)	(19,801)	(20,593)	(94,739)
Contribution to Vehicle Replc Acct	(30,000)	(29,000)	(29,000)	(29,000)	(29,000)	(146,000)
TOTAL	\$ (93,605)	\$ (95,193)	\$ (97,362)	\$ (99,603)	\$ (101,920)	\$ (487,684)

Nearly \$500k is saved by rethinking four areas of spending.



Cash Flow Forecast

2016 Budget Forecast

OPERATING ACCOUNT	2014	2015	2016	2017	2018	2019	2020	2015-2020
Sources:								
BEGINNING BALANCE	\$ 747,424	\$ 1,147,796	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,147,796
Rate Revenue Increase	0.0%	3.0%	3.00%	3.00%	4.70%	4.70%	4.70%	
Cumulative Rate Increase	0.0%	3.0%	6.1%	9.3%	14.4%	19.8%	25.4%	
REVENUE								
Net Interest Earnings	10,973	26,970	20,219	24,816	31,446	37,661	44,332	185,443
Total Service Revenues	6,070,842	6,516,435	6,546,416	6,719,863	7,035,152	7,366,064	7,712,528	41,896,457
Total Other Revenues	744,199	442,409	407,947	395,867	412,202	429,225	446,967	2,534,617
TOTAL REVENUE	6,826,014	6,985,814	6,974,582	7,140,546	7,478,799	7,832,949	8,203,827	44,616,517
Total Sources	\$ 7,573,438	\$ 8,133,610	\$ 8,322,511	\$ 8,381,353	\$ 8,736,623	\$ 9,088,312	\$ 9,470,447	\$ 45,764,314
Uses:								
OPERATING COSTS								
Total Admin/Planning/Cust Service/Taxes	1,898,978	\$ 2,042,163	\$ 2,107,790	\$ 2,158,295	\$ 2,263,489	\$ 2,333,565	\$ 2,446,721	13,352,022
SPU Rate Increase	0% SPU Inc	-7% SPU Inc	0% SPU Inc	0% SPU Inc	20% SPU Inc	0% SPU Inc	0% SPU Inc	
Water Purchases	1,547,687	1,490,236	1,446,815	1,446,815	1,736,178	1,736,178	1,736,178	9,592,400
All Other O&M costs	1,061,415	1,018,637	1,014,733	1,060,104	1,107,217	1,156,139	1,206,942	6,563,772
TOTAL OPERATING COSTS	4,508,080	4,551,036	4,569,338	4,665,214	5,106,883	5,225,882	5,389,840	29,508,193
CAPITAL COSTS								
Transfer CIC Revenues to Capital	237,492	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436
Transfer to Vehicle Replacement Account	120,000	122,000	95,000	100,000	105,000	110,000	116,000	648,000
Transfer to Capital in Lieu of Depreciation	600,000	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000
Total Debt Service (Net of Capitalization)	668,541	668,742	866,145	1,399,558	1,398,458	1,402,158	1,204,108	6,939,169
TOTAL CAPITAL COSTS	1,694,340	2,234,645	2,512,366	2,458,316	2,374,377	2,595,810	2,817,091	14,992,605
Total Uses	\$ 6,202,420	\$ 6,785,681	\$ 7,081,704	\$ 7,123,530	\$ 7,481,260	\$ 7,821,692	\$ 8,206,932	\$ 44,500,798
ENDING BALANCE - OPERATING ACCOUNT	\$ 1,371,018	\$ 1,347,929	\$ 1,240,807	\$ 1,257,824	\$ 1,255,363	\$ 1,266,620	\$ 1,263,516	\$ 1,263,516
CAPITAL ACCOUNT	2014	2015	2016	2017	2018	2019	2020	2015-2020
Sources:								
BEGINNING BALANCE	\$ 2,973,403	\$ 2,620,955	\$ 1,907,153	\$ 1,565,625	\$ 6,045,544	\$ 1,724,985	\$ 3,363,072	\$ 2,620,955
Transfer CIC Revenues from Operations	237,492	243,904	251,221	258,757	270,919	283,652	296,984	1,605,436
Transfer from Operations in Lieu of Depreciation	600,000	1,200,000	1,300,000	700,000	600,000	800,000	1,200,000	5,800,000
New Bond Proceeds	-	-	-	6,000,000	-	-	-	6,000,000
Total Other Sources of Funds	5,753,797	66,458	2,895,184	58,425	82,532	1,059,282	68,097	4,229,979
Total Sources	\$ 9,564,692	\$ 4,131,316	\$ 6,353,558	\$ 8,582,808	\$ 6,998,995	\$ 3,867,919	\$ 4,928,153	\$ 20,256,370
Total Uses	\$ 6,943,737	\$ 2,224,163	\$ 4,787,933	\$ 2,537,264	\$ 5,274,010	\$ 504,848	\$ 906,130	\$ 16,234,348
ENDING BALANCE - CAPITAL ACCOUNT	\$ 2,620,955	\$ 1,907,153	\$ 1,565,625	\$ 6,045,544	\$ 1,724,985	\$ 3,363,072	\$ 4,022,022	\$ 4,022,022
VEHICLE REPLACEMENT ACCOUNT	2014	2015	2016	2017	2018	2019	2020	2015-2020
END BAL - VEHICLE REPLACEMENT ACCOUNT	\$ 120,000	\$ 115,217	\$ 194,026	\$ 183,400	\$ 275,775	\$ 377,746	\$ 374,686	\$ 374,686
PRESEVATION ACCOUNT	2014	2015	2016	2017	2018	2019	2020	2015-2020
ENDING BALANCE - BOND FUND	\$ 772,148	\$ 42,500	\$ 93,180	\$ 144,671	\$ 196,986	\$ 250,137	\$ 304,140	\$ 304,140
BOND FUND	2014	2015	2016	2017	2018	2019	2020	2015-2020
ENDING BALANCE - BOND FUND	\$ 772,148	\$ 772,148	\$ 772,148	\$ 1,301,361	\$ 1,301,361	\$ 1,301,361	\$ 1,301,361	\$ 1,301,361
Ending Bal - All District Cash	\$ 4,884,121	\$ 4,184,947	\$ 3,865,787	\$ 8,932,800	\$ 4,754,469	\$ 6,558,936	\$ 7,265,725	\$ 7,265,725

Projected rate increases – increases to around 5% in 2018 with an estimated 20% increase from SPU

SPU Increase – 20% estimated in 2018

CIC, Vehicle & Capital transfers are all capital costs – Over \$8 million.

Debt service jumps up in 2016 & 2017 due to the DWSRF loan and a new bond issue – DS + Tran = \$15 million in capital costs.

End bal in Operating Reserves meet minimum reserve requirements

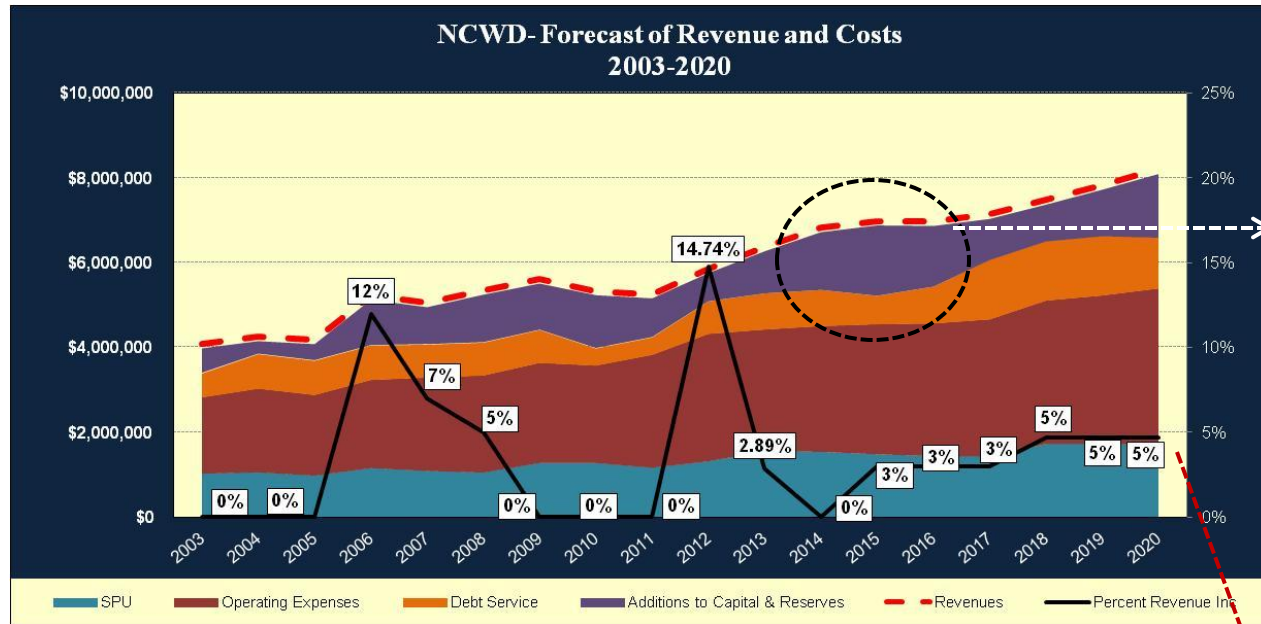
\$6 million in debt issued in 2017

Ending Capital reserves in 2020 position the District to “pay as you go” for capital costs in the future

The ending balance of cash includes all sources of cash at the District

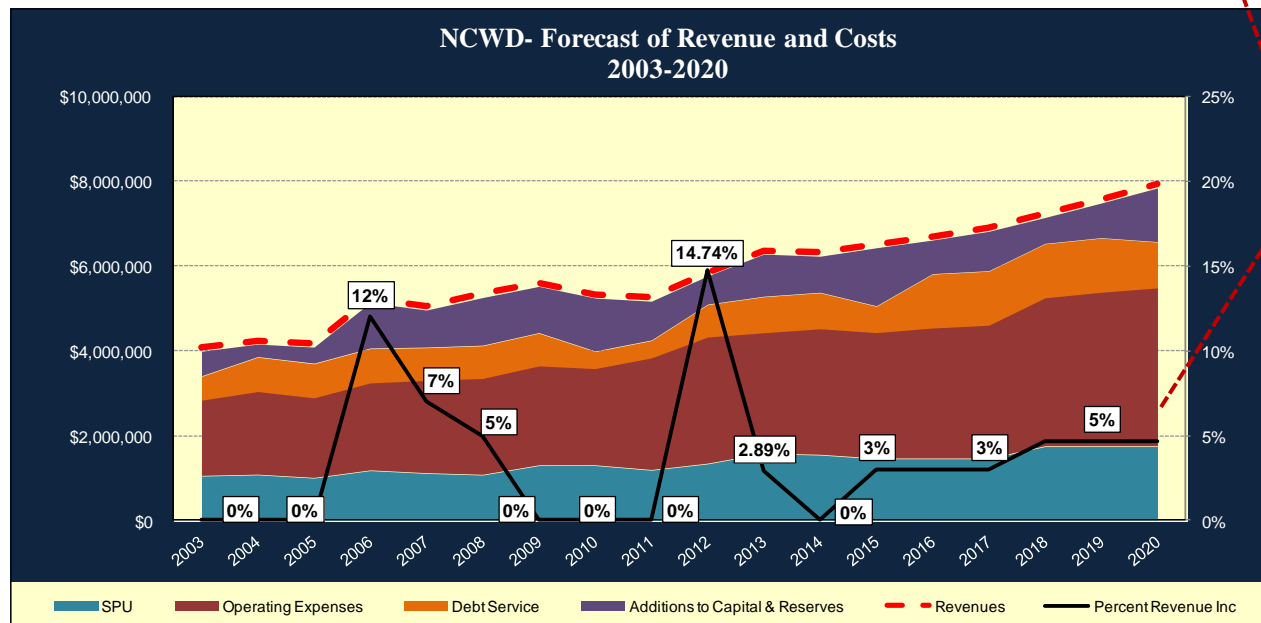
Financial Forecast of Costs, Revenue and Rate Increases

2016 Forecast



Most notable difference is in the higher revenues in 2015 and resulting higher contribution to the capital fund.

2015 Forecast



Planned rate increases are identical although rate revenues are higher under 2016 model do to higher revenues in 2015 and more precise revenue projections going forward.

2016 Revenue Requirement Increase

Projected 2016 Costs (Needs/Uses):

Purchased Water:	\$ 1,446,815
Salaries and Benefits	1,621,625
Administration and O&M	791,398
Taxes	346,000
Franchise Fees	363,500
Debt Service	866,145
Capital Transfer	1,300,000
CIC Transfer	251,221
Vehicle Replacement Contribution	95,000
Additions to (Use of) Reserves	<u>(\$107,122)</u>

Total Projected 2016 Costs (Needs/Uses) 6,974,582

Plus Growth Revenues	0
Less Interest Earnings	(20,219)
Less Other Revenue (<i>Late Fees, Rents, Hookups</i>)	(548,820)

Rate Revenues Required in 2016 (Revenue Requirement) \$ 6,405,543

Less Projected Revenues at 2015 Existing Rates	(6,218,701)
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Revenue Short Fall \$ 186,843

% Rate Revenue Increase Needed in 2016 3.00%

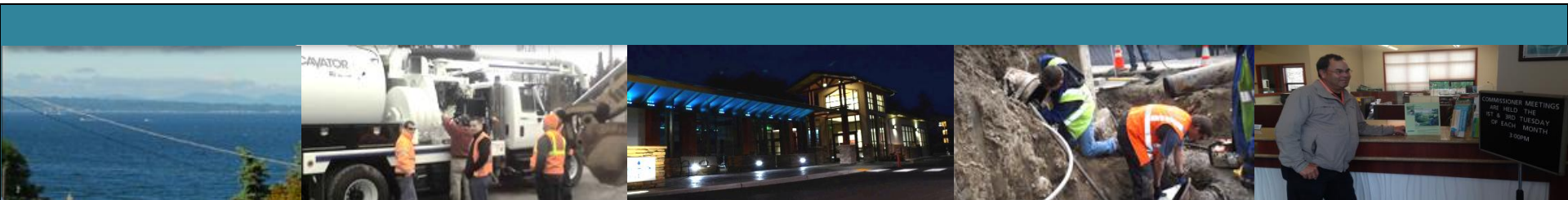


What's Next?

Budget Books Delivered Week of December 7th

Customer Bill Calculations Compared to Region on Dec 15th

2016 Budget Approved December 15, 2015



End

