SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B.**

FROM: Steve Mack, General Manager

Meeting Date : April 1, 2010

SUBJECT: DRAFT FY 2010-11 OPERATING AND CAPITAL BUDGET; DISCUSSION OF LONG-TERM EFFECTS OF VARIOUS RATE STRATEGIES

RECOMMENDED ACTION: Receive a presentation on the draft FY 2010-11 Operating and Capital Budget, including a review of the analysis of the effects of various rate strategies.

FISCAL IMPACT: none

DISCUSSION:

At the March Board meeting, staff presented the draft budget which includes the recommendation that there not be a rate increase for the 2010-11 fiscal year (FY11). The District wants to get to a revenue position whereby annual rates, fees, and assessments fund a reasonable, sustainable annual capital program and in the past I have suggested that this would mean a Transfers to CIRF in the Operating Budget of approximately $500,000. Not having a rate increase in FY11 does not further this objective, particularly with the continual rise of District expenses. The Board requested a presentation on the long-term effects of not having a rate increase for the FY11 fiscal year would have on the capital program.

The approach for this analysis was to use the long-term capital planning spreadsheet as a base for examining several water rate scenarios. The long-term spreadsheet was changed to include several revenue and expense line items from the Operating Budget to show the changes of the scenarios and the assumptions of the analyses.

Assumptions:

- Salaries and Benefits will increase 3% per year. The historical annual change since 2003 has been 4.1% (historical data shown in Figure 1).
- Services and Supplies will increase 1% per year. The historical annual change since 2003 has been 0.8%. (also shown in Figure 1).
- Water Sales will be flat – the only factor in water sales revenue is the rate increase.
- Fixed Assets will be $20,000 per year allowing for a new truck every other year.

- The Capital Debt Reduction Charge (CDRC) will increase 25% per year starting in FY13 to a maximum of $404,300. This will provide full recovery of debt payments from the CDRC and the annual assessment by FY15.
- The rate increase for water use charges and the base rate is the same for every year in each of the analyses – that is, the 2% scenario is 2% for every year of the analysis. The recent District approach has been to increase the water use charges and base rate according to the San Francisco consumer price index (CPI) which varies from year to year.

Of course, any of these assumptions can be challenged. At the meeting I intend to have this rate analysis model available and other scenarios and assumptions can be reviewed.

Five rate scenario worksheets are attached. The first rate scenario shows the effect of having a 1.8% rate increase for FY11 (the February 2010 CPI value) - this coming fiscal year, and which we are not planning to do – and having a 2.5% annual increase through the rest of the five year planning period through FY15. The key rows to consider are in yellow – the Transfer to CIRF row and the Funds Above District Policy row.

The next four rate scenarios show the effects of no rate increase for FY11 with following 4-year annual rate increases of 2%, 2.5%, 3%, and 3.5%, respectively. Some observations:

- Comparing the initial scenario of 1.8% increase for FY11 and 2.5% for the four following years with the scenario that has no rate increase for FY11 and 2.5% for the four following years shows a difference in the FY15 Transfers to CIRF of approximately $35,000 and a five-year difference of approximately $167,000. At the 2.5% increase rate, Transfers to CIRF increase about $9,000 per year.
- A 3% rate increase scenario results in similar FY15 Transfers to CIRF amounts and is off approximately $67,000 for the five year period. The higher rate increase means the 3% approach would overtake the initial scenario fairly soon.
- Having no rate increase for FY11 and then 2% through the planning period results in a decreasing Transfers to CIRF and Funds Above District Policy in the negative at the end of FY11, under the assumptions used. This is not a sustainable approach.

The analysis shows that the District can forego a rate increase in FY11 and still maintain progress toward a sustainable capital program. Annual rate increases that follow generally the CPI can develop the revenue needed for this. The District should continue to seek grants to supplement ratepayer revenues. That will help the District get to a sustainable level sooner.

Figure 1. Historical District Expenses
Salary and Benefits, and Services and Supplies

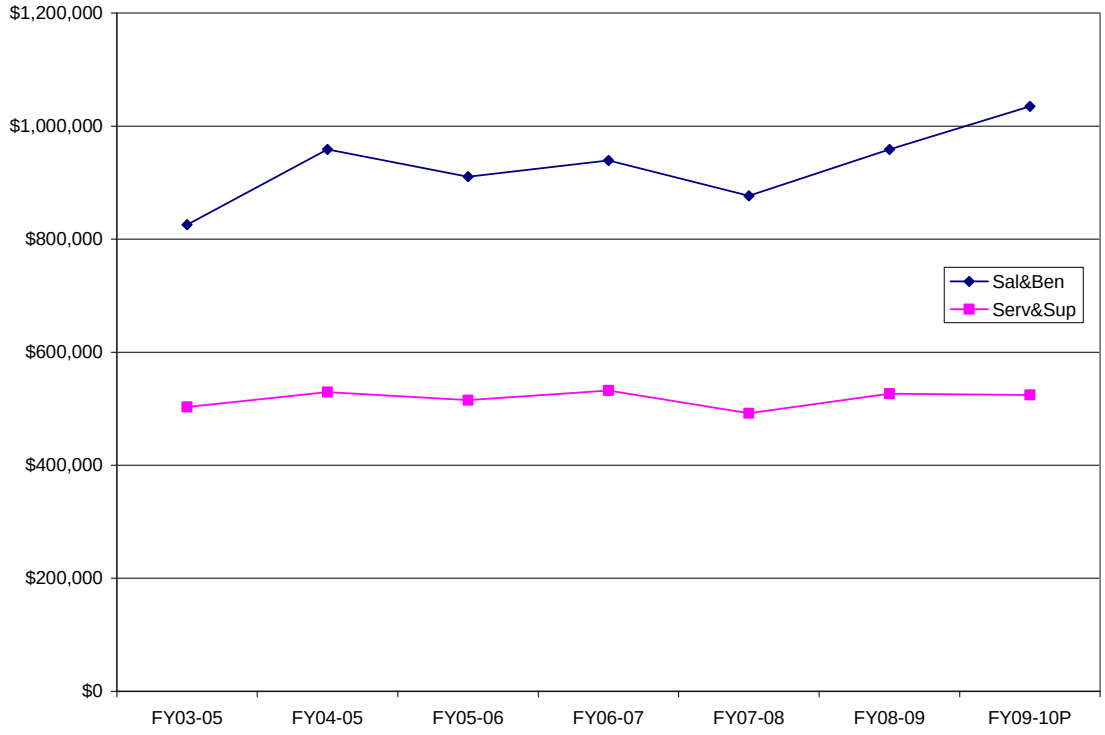

Exhibit A. Sweetwater Springs Water District
Evaluation of Water Rate Scenarios

Sweetwater Springs Water District CIP Planning Budget, Including FY 11 1.8% Rate Increase and 2.5% beyond

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,801,860	1,846,907	1,893,079	1,940,406	1,988,916	**2.5%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,148,060**	**2,193,907**	**2,286,829**	**2,405,094**	**2,503,216**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**560,180**	**569,112**	**624,119**	**703,440**	**761,559**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**534,112**	**589,119**	**668,440**	**726,559**	
Transfer to CIRF	**320,000**	**280,000**	**307,112**	**305,369**	**313,752**	**322,259**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,178,907**	**2,271,829**	**2,390,094**	**2,488,216**	
SURPLUS/DEFICIT	**41,888**	**52,130**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 292,130	$ 282,112	$ 280,369	$ 288,752	$ 297,259	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 76,084	$ 49,231	$ 27,844	$ 13,631	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,866,130	$ 2,512,755	$ 2,425,350	$ 2,133,284	$ 1,967,190	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 174,816**	**$ 26,441**	**$ 29,036**	**$ 27,970**	**$ 28,876**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,705,281**	**$ 2,351,722**	**$ 1,350,758**	**$ 698,728**	**$ 257,604**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,470,841**	**$ 2,351,722**	**$ 1,350,758**	**$ 698,728**	**$ 257,604**	

*** Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund**

**** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal**

Exhibit A. Sweetwater Springs Water District
Evaluation of Water Rate Scenarios

Sweetwater Springs Water District CIP Planning Budget, Including Rate Increase

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,770,000	1,805,400	1,841,508	1,878,338	1,915,905	**2.0%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,116,200**	**2,152,400**	**2,235,258**	**2,343,026**	**2,430,205**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**528,320**	**527,605**	**572,548**	**641,372**	**688,548**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**492,605**	**537,548**	**606,372**	**653,548**	
Transfer to CIRF	**320,000**	**280,000**	**265,605**	**253,798**	**251,684**	**249,248**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,137,400**	**2,220,258**	**2,328,026**	**2,415,205**	
SURPLUS/DEFICIT	**41,888**	**20,270**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 260,270	$ 240,605	$ 228,798	$ 226,684	$ 224,248	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 75,287	$ 47,376	$ 24,654	$ 8,810	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,834,270	$ 2,470,452	$ 2,371,925	$ 2,068,026	$ 1,889,357	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 142,956**	**$ (15,862)**	**$ (24,389)**	**$ (37,288)**	**$ (48,957)**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,673,421**	**$ 2,277,559**	**$ 1,223,170**	**$ 505,882**	**$ (13,075)**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,438,981**	**$ 2,277,559**	**$ 1,223,170**	**$ 505,882**	**$ (13,075)**	

*** Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund**

**** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal**

Exhibit A. Sweetwater Springs Water District
Evaluation of Water Rate Scenarios

Sweetwater Springs Water District CIP Planning Budget, Including Rate Increase

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,770,000	1,814,250	1,859,606	1,906,096	1,953,749	**2.5%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,116,200**	**2,161,250**	**2,253,356**	**2,370,784**	**2,468,049**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**528,320**	**536,455**	**590,646**	**669,130**	**726,392**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**501,455**	**555,646**	**634,130**	**691,392**	
Transfer to CIRF	**320,000**	**280,000**	**274,455**	**271,896**	**279,442**	**287,092**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,146,250**	**2,238,356**	**2,355,784**	**2,453,049**	
SURPLUS/DEFICIT	**41,888**	**20,270**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 260,270	$ 249,455	$ 246,896	$ 254,442	$ 262,092	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 75,287	$ 47,598	$ 25,333	$ 10,200	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,834,270	$ 2,479,302	$ 2,390,244	$ 2,096,463	$ 1,928,591	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 142,956**	**$ (7,012)**	**$ (6,070)**	**$ (8,851)**	**$ (9,723)**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,673,421**	**$ 2,286,409**	**$ 1,250,339**	**$ 561,489**	**$ 81,766**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,438,981**	**$ 2,286,409**	**$ 1,250,339**	**$ 561,489**	**$ 81,766**	

*** Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund**

**** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal**

Exhibit A. Sweetwater Springs Water District
Evaluation of Water Rate Scenarios

Sweetwater Springs Water District CIP Planning Budget, Including Rate Increase

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,770,000	1,823,100	1,877,793	1,934,127	1,992,151	**3.0%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,116,200**	**2,170,100**	**2,271,543**	**2,398,814**	**2,506,451**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**528,320**	**545,305**	**608,833**	**697,160**	**764,793**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**510,305**	**573,833**	**662,160**	**729,793**	
Transfer to CIRF	**320,000**	**280,000**	**283,305**	**290,083**	**307,473**	**325,493**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,155,100**	**2,256,543**	**2,383,814**	**2,491,451**	
SURPLUS/DEFICIT	**41,888**	**20,270**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 260,270	$ 258,305	$ 265,083	$ 282,473	$ 300,493	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 75,287	$ 47,819	$ 26,015	$ 11,599	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,834,270	$ 2,488,152	$ 2,408,652	$ 2,125,175	$ 1,968,392	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 142,956**	**$ 1,838**	**$ 12,338**	**$ 19,861**	**$ 30,078**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,673,421**	**$ 2,295,259**	**$ 1,277,597**	**$ 617,459**	**$ 177,537**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,438,981**	**$ 2,295,259**	**$ 1,277,597**	**$ 617,459**	**$ 177,537**	

*** Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund**

**** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal**

Exhibit A. Sweetwater Springs Water District
Evaluation of Water Rate Scenarios

Sweetwater Springs Water District CIP Planning Budget, Including Rate Increase

	FY 09-10 Projected	FY 11	FY 12	FY 13	FY 14	FY 15	
OPERATING BUDGET							
WATER BILL REVENUE							Rate Increase
Water Use and Base Rate	1,796,000	1,770,000	1,831,950	1,896,068	1,962,431	2,031,116	**3.5%**
Capital Debt Reduction Charge**	227,000	227,000	227,000	283,750	354,688	404,300	see ** below
OTHER REVENUE	131,000	119,200	120,000	110,000	110,000	110,000	
TOTAL REVENUE	**2,154,000**	**2,116,200**	**2,178,950**	**2,289,818**	**2,427,118**	**2,545,416**	
EXPENSES							
SALARY & BENEFITS	1,035,010	1,051,800	1,083,354	1,115,855	1,149,330	1,183,810	3% increase
SERVICES & SUPPLIES	524,402	536,080	541,441	546,855	552,324	557,847	1% increase
TOTAL OPERATING EXPENSES	**1,559,412**	**1,587,880**	**1,624,795**	**1,662,710**	**1,701,654**	**1,741,657**	
OPERATING SURPLUS/DEFICIT	**594,588**	**528,320**	**554,155**	**627,108**	**725,464**	**803,759**	
FIXED ASSET EXPENDITURES	5,700	1,050	20,000	20,000	20,000	20,000	one truck per 2 years
TRANSFERS TO OTHER FUNDS	547,000	507,000	**519,155**	**592,108**	**690,464**	**768,759**	
Transfer to CIRF	**320,000**	**280,000**	**292,155**	**308,358**	**335,777**	**364,459**	
TOTAL EXPENSES AND TRANSFERS	**2,112,112**	**2,095,930**	**2,163,950**	**2,274,818**	**2,412,118**	**2,530,416**	
SURPLUS/DEFICIT	**41,888**	**20,270**	**15,000**	**15,000**	**15,000**	**15,000**	
CAPITAL IMPROVEMENT BUDGET							
REVENUE/SOURCES OF FUNDS							
Net Operating Revenues*	$ 321,888	$ 260,270	$ 267,155	$ 283,358	$ 310,777	$ 339,459	
Total Assessments	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	$ 782,000	
Capital Debt Reduction Charge**	$ 227,000	$ 227,000	$ 227,000	$ 283,750	$ 354,688	$ 404,300	
Capital Interest	$ 60,000	$ 60,000	$ 75,287	$ 48,040	$ 26,699	$ 13,007	
CDC Grants	**$ 899,250**	**$ 1,065,000**					
Private Placement Funding (Loan proceeds)	$ 438,750	$ 440,000	$ 765,560	$ -			
Transfers From CIRF/Reserves			$ 380,000	$ 1,030,000	$ 680,000	$ 470,000	
TOTAL REVENUE	$ 2,728,888	$ 2,834,270	$ 2,497,002	$ 2,427,149	$ 2,154,163	$ 2,008,766	
EXPENSES							
Total Debt Payments	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	$ 1,091,314	
CIP III	$ 50,000	$ 85,000					
CIP IV-A (Obligated)							
	CIP IV-B, Proj 1	CIPIV-B, Proj 2	FY 12 CIP	FY 13 CIP	FY 14 CIP	FY 15 CIP	
Annual CIP	**$ 1,328,000**	**$ 1,475,000**	**$ 1,355,000**	**$ 1,265,000**	**$ 974,000**	**$ 807,000**	
In-House Construction Projects	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	
TOTAL EXPENSES	$ 2,509,314	$ 2,691,314	$ 2,486,314	$ 2,396,314	$ 2,105,314	$ 1,938,314	
SURPLUS/DEFICIT	**$ 219,574**	**$ 142,956**	**$ 10,688**	**$ 30,835**	**$ 48,849**	**$ 70,452**	
FUND AND LOAN BALANCES (EOY)							
Funds above District Reserve Policy	**$ 2,530,465**	**$ 2,673,421**	**$ 2,304,109**	**$ 1,304,944**	**$ 673,793**	**$ 274,244**	
Begining PP Loan							
EOY PP LOAN	$ 1,205,560	$ 765,560	$ -				
Total Funding Available for CIP	**$ 3,736,025**	**$ 3,438,981**	**$ 2,304,109**	**$ 1,304,944**	**$ 673,793**	**$ 274,244**	

*** Net Operating Revenues includes Transfers to Other Funds plus Surplus/Deficit minus CDRC and Transfers to In-House Construction and Building Fund**

**** Projection delays CDRC rate increases to FY13, 25% increase per year afterwards to max of $404,300 to pay for Private Placement Loan interest and principal**