

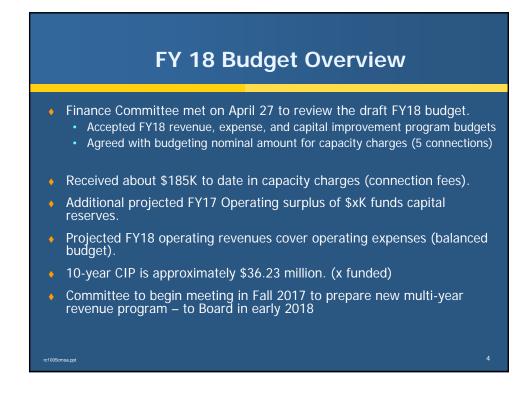
May 9, 2017 Board Meeting

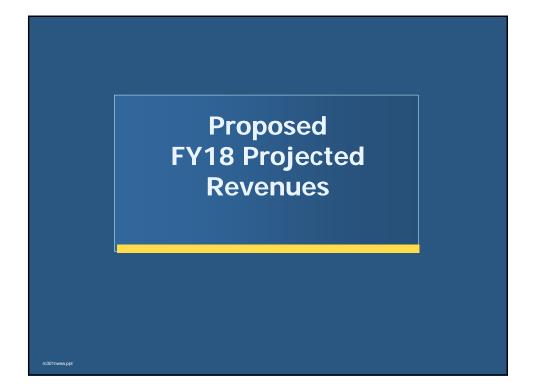


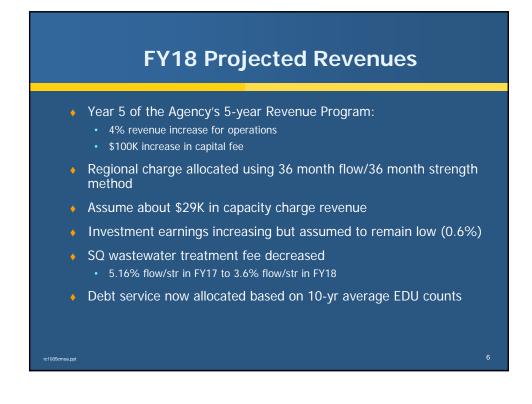
- Draft FY 18 Budget
 - Budget Summary/Overview
 - Proposed Projected Revenues
 - Proposed Operating Expenses
 - Updated Capital Improvement Program
 - Revised 10-yr CIP
 - FY 18 Capital Expenses by category
 - Major FY 18 Capital Projects
- Updated 10-year Financial Forecast
- Next updates and final budget presentation on June 13

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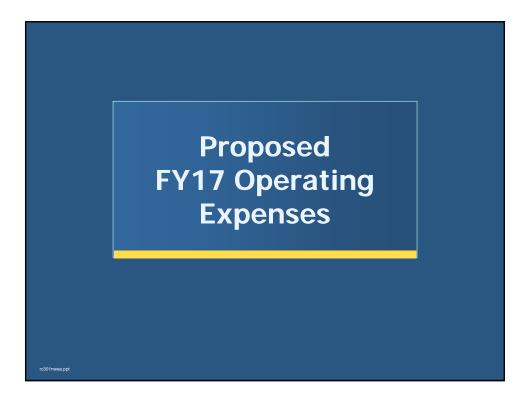








FY18 Projected Revenues					
Funding Source	FY17 Budget	FY17 Projection		FY18 Proposed Budget	% difference FY16–FY17
JPA Charges	\$10.4M	\$10.4M		\$10.9M	4.6%
Debt Service	\$4.96M	\$4.96M		\$4.95M	-0.2%
Contract Services	\$1.43M	\$1.45K		\$1.29M	-13.8%
Program Services	\$129K	\$133K		\$123K	-5.2%
Interest	\$56.5K	\$66.0K		\$113.5K	100.9%
Permits & Haulers	\$211K	\$244K		\$226K	7.1%
Other	\$20K	\$28.5K		\$20K	0.0%
Total	\$17.2M	\$17.5M		\$17.6M	2.3%



FY 18 Operating Expenses

• Operating expense - down 2.2%

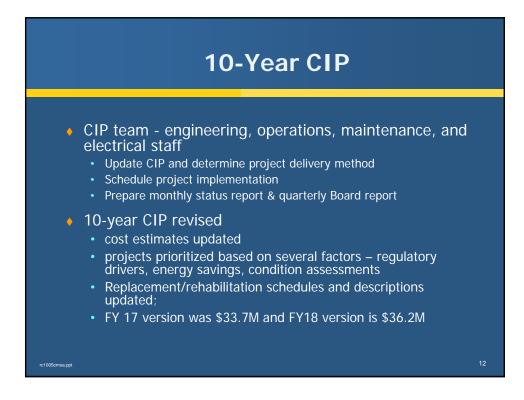
- Negotiated employee compensation increase of 2%
- 21 employees eligible for 5% compensation step increases
- Several new employees at beginning of compensation ranges
- Minor decrease in total benefit costs medical, OPEB
- Decrease in chemical costs and natural gas procurement
- Electricity purchase reduction and water procurement cost increase
- Reduced consulting services
- Many contract expenses have annual CPI adjustment 2.5% in CY16
- Funding the annual GASB 45 contribution for retiree medical liabilities

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Expense	FY17	FY17	FY 18	% difference
Salaries	Budget \$5.28M	Projection \$5.18M	Budget \$5.28M	FY17-FY18 -0.1%
Benefits	\$2.57M	\$2.40M	\$2.55M	-0.9%
Chemicals	\$1.15M	\$1.07M	\$1.07M	-6.7%
Biosolids	\$374K	\$334K	\$388K	3.7%
Maintenance	\$382K	\$387K	\$382K	0.0%
NPDES tests	\$169K	\$127K	\$180K	6.3%
Insurance	\$276K	\$204K	\$261K	-5.3%
Utilities	\$395K	\$379K	\$381K	-3.7%
General	\$1.00M	\$737K	\$866K	-13.4%
Total	\$11.6M	\$10.7M	\$11.3M	-2.2%

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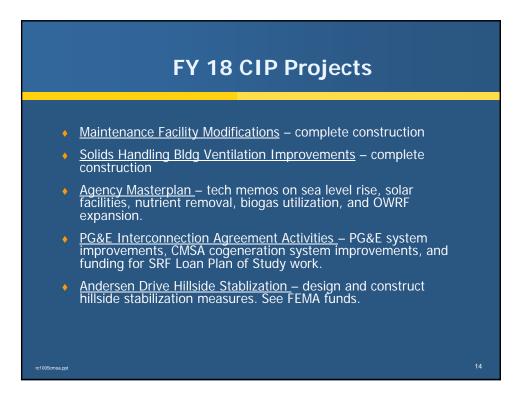


FY 18 CIP Expenses

Category	FY 18 Budget	# Activities	
Staff Salary/Benefits	\$185,200		
Facility Improvements	\$1,824,600	7	
General Equipment	\$527,100	10	
Liquid Treatment Systems	\$620,700	11	
Solids Treatment Systems	\$671,800	5	
Total	\$3,829,400	33	

 CIP projects are funded by capacity charges, restricted capital reserves, then unrestricted capital reserves.

• Staff labor expenses will be charged to four projects in FY17.





Updated 10-Yr Financial Forecast

- Operating and capital revenue increases planned through FY18
- Minor capacity charge revenues and low interest earnings
- Employee compensation adjustments reflect remaining 3-years of contracts
- Minor Organic Waste Program benefits; no power delivery
- Minor expense increases in most accounts (3%)
- Costs associated with two NPDES permit renewal cycles
- CIP funding reduction due to refinancing revenue bonds less coverage revenue (\$1.8 M over 10 years)

Next-Up

- Make Board directed adjustments
- Update 10-yr Financial Forecast and present in June
- Make any minor expense estimate adjustments
- Bring Final FY18 Budget to June Board meeting for adoption
- Prepare GFOA version of adopted FY18 budget

FY 18 Budget 10-Yr Financial Forecast

Category	Projected FY 17	Proposed FY 18	Forecast FY 20	Forecast FY 21
Operating Revenue	\$11.38M	\$11.68M	\$12.11M	\$11.97M
Operating Expenses	\$10.44M	\$11.58M	\$13.06M	\$12.01M
Surplus/(shortfall)	\$940K	\$93.5K	(\$945K)	(\$1.2M)
Operating Reserve Balance – end of FY	\$2.61M	\$2.70M	\$1.38M	-\$48K
Unres. Capital Reser Balance – end of FY		\$6.48M	\$2.26M	-\$1.8M

 Operating shortfall begins in FY19 and reserve depletion end of FY21/beginning FY22.

Capital reserve depletion in mid-FY 21 – CIP currently 74.5% funded.

