

Water Utility Fund

The Water Utility Fund is an Enterprise Fund, that is, a fund that is used to account for operations which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges. The Water Utility Fund is used to account for the operations of the water supply system.

Revenues: The Water Utility Fund revenues are projected at \$1,422,400, \$2,544 higher than the current year's estimated actual.

Water Services is projected at \$25,500, \$4,500 lower than the current year's budget. This decrease is based on lower than budgeted tap fees so far this fiscal year, and a more conservative estimate of where miscellaneous water services (nsf check fees, turn-on/turn-off fees) receipts will be next fiscal year.

Metered Sales is projected at \$1,347,400, \$45,400 higher than fiscal 2005-06's budget and approximately the same as fiscal 2005-06s estimated actual. Fiscal 2005-06 will be the first full year in which the new water rates have been in effect, and should give us a better idea of what future metered sales revenues will be.

Interest and Rents are budgeted at \$23,000, \$2,000 higher than the current year's estimated actual. Higher interest rates and a higher amount to invest have been responsible for the increase in interest earnings of this fund.

Other Revenues are budgeted at \$6,500, \$500 higher than the current year's estimated actual. Other revenue includes workers' compensation refunds and other miscellaneous reimbursements received.

Other Financing Sources – Contribution from Water Capital Improvement Fund is budgeted at \$20,000, \$10,000 (100%) higher than the current year's budget. These are the interest earnings of the Water Capital Improvement Fund, which are transferred here, and have increased as a result of higher interest rates.

Expenses: Water Utility Fund expenses are projected at \$1,328,585, \$17,056 (1.30%) higher than the current fiscal year's budget.

Production has been budgeted at \$107,926, \$3,784 (3.39%) lower than the current year's budget and \$10,316 (10.57%) higher than the current year's estimated actual. This increase over the current year's estimated actual is due mainly to increases in utility costs, wages, and wage-related benefits.

Distribution is budgeted at \$277,617, \$6,955 (2.57%) higher than the current year's estimated actual and \$28,312 (11.36%) higher than the current year's budget. The reasons for the increases, as compared to the current year's budget, are again related to increases in wages and wage-related benefits.

Collections is budgeted at \$92,148, \$3,983 (4.52%) higher than the current year's budget and \$1,277 (1.41%) higher than the current year's estimated actual. The increases are again largely due to wage and wage-related benefit increases.

Administration is budgeted at \$412,084, \$11,945 (2.99%) higher than the current year's budget, and \$31,674 (8.33%) higher than the current year's estimated actual. Increases are related to wages and benefits, increases in liability insurance premiums, and depreciation expense.

Debt Service is budgeted at \$299,315, \$3,400 lower than the current year's budget and is based on actual bond principal, interest & paying agent fees due within the fiscal year. A copy of the bond amortization schedule is provided in this section of the budget.

Other Financing Uses is budgeted at \$139,495, \$20,000 less than the current year's budget and estimated actual. This expenditure category consists of a \$64,000 transfer to the Water Capital Improvement Fund to help build up that fund's balance, and a \$75,495 transfer to the Health Insurance Fund for a portion of retiree health insurance costs. Included in the current year's budgeted was a one-time transfer in the amount of \$20,000 to the General Fund towards the cost of the new computer equipment and software.

Retained Earnings: The projected retained earnings for the Water Utility Fund at the end of fiscal 2005-06 is \$1,611,064 and \$1,704,879 at the end of fiscal 2006-07, an estimated increase of \$93,815.

Future Fund Outlook: Because of the 2004 rate increases, the water fund has been able to recoup a portion of previous years' losses and more closely match revenues and expenditures of this fund, along with making the required annual bond payments on the 2004 water bonds. The Water Fund could handle an increase in the transfer to the Water Capital Improvement Fund to build up its fund balance for future water projects, both big and small.