

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 \$1,415,500, \$6,900 (.48%) lower than the current year's budget.

Water Services is projected at \$25,500, the same as the current year's budget. Miscellaneous water services include NSF check fees, turn-on/turn-off fees and other miscellaneous receipts.

Metered Sales is projected at \$1,340,400, \$7,000 lower than fiscal 2006-07's budget. This estimate is based on 2005-06 actual receipts and 2006-07 projected receipts.

Interest and Rents are budgeted at \$43,000, \$12,000 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 \$6,600, \$100 higher than the current budget. Other revenue includes workers' compensation refunds and other miscellaneous reimbursements received.

Other Financing Sources – Contribution from Water Capital Improvement Fund is budgeted at \$0 versus \$20,000 in the current year's budget. These were the interest earnings of the Water Capital Improvement Fund, which were transferred here, and will no longer be transferred but will remain in the Water Capital Improvement Fund to build up that fund's balance.

Expenses: Water Utility Fund expenses are projected at \$1,485,297, \$95,320 (6.85%) higher than the current fiscal year's estimated actual.

Production has been budgeted at \$101,125, \$6,801 (6.3%) lower than the current year's budget and \$3,035 (3.09%) higher than the current year's estimated actual.

Distribution is budgeted at \$306,250, \$28,633 (10.3%) higher than the current year's budget and \$22,250 (6.7%) lower than the current year's estimated actual. The reason for the increase, as compared to the current year's budget, is related to increases in wages and wage-related benefits, utilities, and repair/maintenance costs. During 2006-07, a large amount of meters for the meter replacement program were purchased and installed.

Collections is budgeted at \$121,150, \$24,160 (24.91%) higher than the current year's estimated actual. A large portion of this increase is related to 75% of the Water Clerk's wages and benefits being charged here versus the 50% previously being charged.

Administration is budgeted at \$483,527, \$55,940 (13.08%) higher than the current year's estimated actual and \$71,443 (17.34%) higher than the current year's budget. Increases are related to wages and benefits (namely pension and health insurance), and increases in liability insurance premiums. Depreciation expense has been increased by \$45,000 over the 2006-07 budget, which accounts for most of the increase in this function.

Debt Service is budgeted at \$300,915, \$1,600 higher 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 \$172,330, \$32,835 higher than the current year's budget and estimated actual. This expenditure category consists of a \$75,000 transfer to the Water Capital Improvement Fund to help build up that fund's balance, and a \$97,330 transfer to the Health Insurance Fund for a portion of retiree health insurance costs.

Retained Earnings: The projected retained earnings for the Water Utility Fund at the end of fiscal 2006-07 is \$1,874,093 and \$1,804,296 at the end of fiscal 2007-08, an estimated decrease of \$69,797.

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. In addition, the Water Fund has been able to increase its transfer to the Water Capital Improvement Fund by \$11,000, which assists in boosting that fund's health to make way for larger water capital improvement projects.