

Dockton Water Association

Proposed Budget - 2020/2021 Fiscal Year (July through June)

For Shareholder Review

Dockton Water Association, Proposed Budget 2020/2021

	2019-20 Budget	2019-20 Forecast Actual ¹	2020-21 Proposed Budget
OPERATING FUND			
BEGINNING FUND BALANCE	19,500	15,221	5,020
INCOME: Water Sales (Active Shares), Taxes and Fees	226,100	220,370	221,100
COSTS:			
Staffing and Contract Services	(103,000)	(103,091)	(103,000)
Business Operations	(25,500)	(26,450)	(28,250)
System Operations	(40,500)	(37,350)	(42,500)
Taxes & Licenses	(15,500)	(13,680)	(15,900)
King County Franchise Fee (pending ruling)	(12,000)	-	(12,000)
Total Operating Costs:	(196,500)	(180,571)	(201,650)
Operating Profit (Loss)	29,600	39,799	19,450
Total Available Funds: (Beg. Balance plus Operating Profit)	49,100	55,020	24,470
Transfer to Capital Funds	(50,000)	(50,000)	(30,000)
ENDING FUND BALANCE	(900)	5,020	(5,530)

SYSTEM REPLACEMENT FUND			
BEGINNING FUND BALANCE	202,000	201,939	207,949
INCOME: Transfer from Operating Fund	50,000	50,000	30,000
INVESTMENTS:			
Meter Replacement Program	(3,000)	(1,600)	(3,000)
Hake to Manzanita Connection	-	-	(30,000)
Office IT upgrade	(10,000)	(2,069)	-
Office and Board Room remodel	(15,000)	(35,130)	-
Historic Building Renovation	-	-	(35,000)
Unscheduled Replacement Costs	(9,000)	(5,191)	(9,000)
TOTAL INVESTMENTS	(37,000)	(43,990)	(77,000)
Net Change in Fund	13,000	6,010	(47,000)
ENDING FUND BALANCE	215,000	207,949	160,949

CAPITAL IMPROVEMENT FUND			
BEGINNING FUND BALANCE	316,000	322,231	290,023
INCOME: Reserve Shares and Capital Charges	85,080	86,250	85,080
Commercial Loan			200,000
State Loan Payments (Existing loan pay't: \$30k, New: \$20k)	(31,000)	(30,963)	(50,000)
INVESTMENT:			
Emergency Service	(10,000)	(1,152)	-
Booster Station Generator	(50,000)	(45,697)	-
Sandy Shores Filtration	(100,000)	(15,259)	(500,000)
Restoration of office/board room space	(15,000)	(23,569)	-
Convert Springs water tank to storage	(3,000)	-	(3,000)
Hake to Manzanita Connection	-	-	(22,500)
Unscheduled Improvement Costs	(3,000)	(1,818)	(3,000)
TOTAL INVESTMENTS	(181,000)	(87,495)	(528,500)
Net Change in Fund	(126,920)	(32,208)	(293,420)
ENDING FUND BALANCE	189,080	290,023	(3,397)

CONTINGENCY RESERVES			
BEGINNING FUND BALANCE	78,400	78,400	78,400
Net Change in Fund	-	-	-
ENDING FUND BALANCE	78,400	78,400	78,400

TOTAL FUNDS	481,580	581,392	230,422
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¹ Includes actual results through March 2020. April-June is estimated

NOTES:

* We manage our finances using four Funds. Each fund has inflows and outflows during the year. The total balance of all four funds at any time equals the total amount of cash we hold at the bank. (USBank and Chase, Vashon branches)

* The **Operating Fund** is used to run the business on a day-to-day basis. This fund receives income from Active Shareholders ("base charge" and water usage plus taxes and fees) and pays out all operating expenses. We try to operate at break-even, after making an annual transfer to the System Replacement fund.

This year we are budgeting a slight loss, but often we do slightly better than budgeted. However, our cost structure is now permanently higher with full-time staff, insurance increased to current values, and soon more energy use (for the filtration plant) so we may need to consider billing rate increases in the coming year.

We continue to budget \$12,000 for the anticipated Franchise Fee payable to King County -- though our actual liability remains undetermined.

On a one-time basis we are reducing the annual transfer to the System Replacement fund from \$50,000 to \$30,000, primarily to hold off on an immediate rate increase.

* **System Replacement Fund** holds our cash reserves for projects that replace existing pipes and equipment. We always budget to replace old meters (\$3k) and for unexpected replacements (\$15k). This year we'd also like to complete the connection between Hake and Manzanita and start the long overdue renovation of our historic building.

* **Capital Improvement Fund** holds our reserves for projects where we upgrade/expand our system. It receives the income from the Capital Charges we all pay and the "base charge" paid by Reserve Shareholders. This year we plan to bring in additional funds through a commercial loan. This interim loan is for the Sandy Shores Filtration project.

The size of loan we can take is limited by the annual payments (debt load) we can support. During the year we will work to obtain a loan from the State of WA. At lower interest and longer term, this can be a larger loan that pays off the commercial loan and provides additional funds for planned capital projects in 2021/2022 and beyond.

* **Contingency Fund** was originally a requirement of our State Loan. This can now be considered a "rainy day" fund.

* **Total Funds** is the Ending Balance of all four funds. Budgeted Ending Total Funds of \$230,422 is less than recent years but still a very good financial position for us.

* If you have questions or would like more details, please contact the Association's Treasurer:
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