

Proposed Budget - 2021/2022 Fiscal Year (July through June)

Dockton Water Association, Proposed Budget 2021/2022

	2020-21 Budget	2020-21 Forecast Actual ¹	2021-22 Proposed Budget
OPERATING FUND			
BEGINNING FUND BALANCE	5,020	20,525	28,435
INCOME: Water Sales (Active Shares), Taxes and Fees	221,100	225,788	246,150
COSTS:			
Staffing and Contract Services	(103,000)	(102,731)	(114,140)
Business Operations	(28,250)	(29,765)	(29,700)
System Operations	(42,500)	(40,980)	(52,670)
Taxes & Licenses	(15,900)	(14,402)	(16,600)
King County Franchise Fee (pending ruling)	(12,000)	-	(12,000)
Total Operating Costs:	(201,650)	(187,878)	(225,110)
Operating Profit (Loss)	19,450	37,910	21,040
Total Available Funds: (Beg. Balance plus Operating Profit)	24,470	58,435	49,475
Transfer to Capital Funds	(30,000)	(30,000)	(30,000)
ENDING FUND BALANCE	(5,530)	28,435	19,475
SYSTEM REPLACEMENT FUND			
BEGINNING FUND BALANCE	207,949	210,910	230,910
INCOME: Transfer from Operating Fund	30,000	30,000	30,000
INVESTMENTS:			
Meter Replacement Program	(3,000)	(3,000)	(3,000)
Hake to Manzanita Connection	(30,000)	-	-
Replacements @ Dockton Springs	-	-	(6,000)
Replacements @ DWA Building	(35,000)	(2,000)	(12,000)
Unscheduled Replacement Costs	(9,000)	(5,000)	(9,000)
TOTAL INVESTMENTS	(77,000)	(10,000)	(30,000)
Net Change in Fund	(47,000)	20,000	-
ENDING FUND BALANCE	160,949	230,910	230,910
CAPITAL IMPROVEMENT FUND			
BEGINNING FUND BALANCE	290,023	267,755	(60,406)
INCOME: Reserve Shares Base, All Capital Charges	85,080	84,713	80,000
Commercial Loan	200,000	250,000	-
Installation of new service connections	-	(4,500)	-
Loan Servicing (Existing loan pay't: \$30k, New: \$20k)	(50,000)	(35,000)	(50,000)
INVESTMENT:			
Booster Station Generator	-	(4,000)	-
Hake to Manzanita Connection	(22,500)	-	-
Sandy Shores Filtration	(500,000)	(617,374)	(25,000)
Improvements @ Springs	-	-	(10,000)
Improvements @ Office	(3,000)	-	-
Unscheduled Improvement Costs	(3,000)	(2,000)	(3,000)
TOTAL INVESTMENTS	(528,500)	(623,374)	(38,000)
Net Change in Fund	(293,420)	(328,161)	(8,000)
ENDING FUND BALANCE	(3,397)	(60,406)	(68,406)
CONTINGENCY RESERVES			
BEGINNING FUND BALANCE	78,400	78,400	104,102
Receipt ('20/21) and Repay't ('21/22) of SBA EID Loan	-	31,200	(31,200)
Emergency purchase of replacement pump for Springs	-	(5,498)	-
ENDING FUND BALANCE	78,400	104,102	72,902
TOTAL FUNDS	230,422	303,041	254,881

¹ Includes actual results through March 2021. 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 Kitsap Bank.)

* 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.

Since 2017, the last revision of our Rates, we have seen increased costs that will be on-going. In particular, Staffing is up about 20%, Communications/IT is doubled, Insurance is up 60%, energy is up 30%. These costs reflect that we now have full-time professional staff, updated insurance values and greater use of energy (plus a bit of inflation.) To balance, we are increasing our Income about \$22,000 with a soon to be announced rate change.

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

As last year, our transfer to System Replacement Fund is only \$30,000. We've had fewer Replacement projects, recently but we do want to increase this annual transfer back to the historic \$50,000, or better, next year.

* **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 (\$9k). This year we need to address some urgent needs on our old office building and replace a pump at the Dockton Springs. (We lack the right-of-way needed to build our Hake to Manzanita connection, as was budgeted for this past year.)

* **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 "1/2 base charge" paid by Reserve Shareholders.

We repay our loans from this fund. This cost increases with the new loan for the Filtration Plant. We also want to encircle the Filtration Plant with fencing, which we did not have in the project budget. And, we will also improve fencing and signage at Dockton Springs.

* **Contingency Fund** was originally a requirement of our State Loan. These funds are available to us for Emergencies.

This year we plan to return the "Economic Injury Disaster" loan we received from the SBA as, fortunately, we suffered only minor losses due to COVID. (We did not collect late payment fees during the year.)

* **Total Funds** is the Ending Balance of all four funds.

Ending Total Funds of \$254,881 is historically low, but more than we budgeted last year. In the coming years we will rebuild this balance to support our infrastructure needs.

* for questions or more details, please contact the Association's Treasurer: Todd Currie, twcurrie@yahoo.com