

Dockton Water Association

PROPOSED Budget - 2022/2023 Fiscal Year (July through June)

FUND ACTIVITY	2021-22 Budget	2021-22 Forecast Actual ¹	2022-23 Proposed Budget
OPERATING FUND			
BEGINNING FUND BALANCE	28,435	28,695	4,369
INCOME: Water Sales (Active Shares), Taxes and Fees	246,150	254,726	270,850
COSTS:			
Staffing and Contract Services	(114,140)	(120,577)	(122,000)
Business Operations	(29,700)	(34,854)	(28,950)
System Operations	(67,670)	(68,213)	(44,520)
Taxes & Licenses	(16,600)	(15,408)	(15,400)
King County Franchise Fee (TBD)	(12,000)	-	(12,000)
Total Operating Costs:	(240,110)	(239,052)	(222,870)
Operating Surplus (Deficit)	6,040	15,674	47,980
Total Available Funds: (Beg. Balance plus Operating Profit)	34,475	44,369	52,349
Transfer to Capital Funds	(30,000)	(40,000)	(50,000)
ENDING FUND BALANCE	4,475	4,369	2,349

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 the Base Rate and Water Usage billings plus taxes and fees. It pays out all operating expenses. We budget to be near break-even in this fund, after transfers to the System Replacement fund.

To cover increased systemic and inflationary costs we are raising our revenue in 2023 with a slight increase from \$.02 to \$.025/cf in the Water Usage rate, effective July 1, 2022. We are seeing costs increases in payroll, water treatment, energy and IT.

Overall, we expect reduced costs in Operations due to reduced litigation with King County and completion of updates to our Small Water System Management Plan and will be able to increase our transfer to our capital funds to the historic \$50,000 that we had reduced during COVID.

* **System Replacement Fund** holds our cash reserves for projects that replace existing system capacity. We always budget to replace old meters (\$3k) and for unexpected replacements (\$9k). This year we will initiate engineering to have two projects "near shovel ready". This can improve our position for possible grants and loans, esp. considering the federal infrastructure programs.

* **System Enhancement Fund** (formerly called "Capital Improvement Fund") holds our reserves for projects where we expand/upgrade our system. This fund receives the income from the Capital Charges we all pay and 1/2 of the base charge paid by Reserve Shareholders. It also receives funds from any net new sales of shares to help finance system extensions.

We are planning very little new expenditure from this fund as we rebuild reserves following completion of the Filtration Plant in 2020. This fund also services our loans.

* **Contingency Fund** was originally a requirement of our State Loan. These funds are available to us for Emergencies. We put our Covid related EID Loan in this fund and have chosen to not pay off the loan at this time.

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

Budgeting for an Ending Total Balance of \$238k is still fairly tight and underlines the importance for us to rebuild our reserves.

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

SYSTEM REPLACEMENT FUND			
BEGINNING FUND BALANCE	230,910	235,323	275,069
INCOME: Transfer from Operating Fund	30,000	40,000	50,000
INVESTMENTS:			
Meter Replacement Program	(3,000)	(254)	(3,000)
Replacements @ Dockton Springs	(6,000)	-	-
Replacements @ DWA Building	(12,000)	-	(32,000)
Sandy Shores PRV Replacement	-	-	(59,000)
94th & Summerhurst Connection	-	-	(30,000)
Hake Springs Well House demo	-	-	(7,000)
Unscheduled Replacement Costs	(9,000)	-	(9,000)
TOTAL INVESTMENTS	(30,000)	(254)	(140,000)
Net Change in Fund	-	39,746	(90,000)
ENDING FUND BALANCE	230,910	275,069	185,069

SYSTEM ENHANCEMENT FUND			
BEGINNING FUND BALANCE	(60,406)	(89,574)	(78,203)
INCOME: Reserve Shares Base, All Capital Charges	80,000	81,693	82,200
Net Receipts from New Shares and Installations	-	7,100	-
Loan Servicing: interest and principle payments	(50,000)	(52,882)	(51,500)
INVESTMENT:			
Sandy Shores Filtration	(25,000)	(20,864)	-
Improvements @ Dockton Springs	(10,000)	(3,675)	(3,000)
Unscheduled Improvement Costs	(3,000)	-	(3,000)
TOTAL INVESTMENTS	(38,000)	(24,540)	(6,000)
Net Change in Fund	(8,000)	11,371	24,700
ENDING FUND BALANCE	(68,406)	(78,203)	(53,503)

CONTINGENCY RESERVES			
BEGINNING FUND BALANCE	104,102	104,102	104,102
Receipt ('20/21) and Repay't ('21/22) of SBA EID Loan	(31,200)	-	-
ENDING FUND BALANCE	72,902	104,102	104,102
TOTAL FUNDS	230,422	305,338	238,018

¹ Includes actual results through March 2022. April-June is estimated

Message from the Treasurer: Revenues in 2022 are a bit higher than last year due to changes we made to our rate structure. Costs are mainly in line with expectations with the biggest exception being the legal fees (now completed) related to clarifying the King County Franchise Fee. The fee is for permission to use the right-of-way along county roads. The law suit succeeded in requiring the county to negotiate fairly (despite their "monopoly") and fully consider the public good of our investments in fire suppression. (Hydrants, water storage, assured pressure and pipe-capacity, etc.)

We have seen the costs of chlorine and energy use increase partially due to inflation but also due to our increased use of the Sandy Shores well -- which is contributing greatly to our reliable supply of water. We have kept our infrastructure investments limited as we rebuild our capital funds following the Filtration Plant investment. Since we expect to see continued inflationary pressure on our operating costs, we will implement a small billing increase effective on July 1st.

DWA is operating very well. Our biggest challenge, financially, is to rebuild our capital funds and/or successfully apply for difficult-to-obtain government loans and grants for infrastructure replacements and improvements.