

<b>Dockton Water Association Fund Flows</b>	<b>2023-2024 Budget</b>	<b>2023-2024 Forecast Actuals</b>	<b>2024-2025 Proposed Budget</b>
<b>Beginning OPERATIONS Fund Balance</b>	<b>1,896</b>	<b>2,989</b>	<b>3,729</b>
Base Charges	190,000	195,792	212,000
Usage Charges	91,000	91,810	87,000
Adjustments, Penalties & Good Neighbor Fund	-3,000	-168	-1,000
State Utility Excise Tax	13,500	13,495	14,352
Total Monthly Billings	291,500	300,929	312,352
Miscellaneous income	500	417	300
Total Billed Sources	292,000	301,346	312,652
Transfers to Capital and Contingency Funds	-40,000	-60,000	-60,000
Total Available Funds (Beg. Balance plus Income)	253,896	244,335	256,381
Use of Funds			
Staffing	132,878	130,600	140,750
Business Operations	33,100	34,405	41,700
System Operations	55,151	57,669	48,070
Taxes and Fees	29,100	17,933	29,900
Total Use of Funds	250,229	240,607	260,420
<b>Ending OPERATIONS Fund Balance</b>	<b>3,667</b>	<b>3,729</b>	<b>-4,039</b>

<b>Beg. SYSTEMS REPLACEMENTS Fund Balance</b>	267,021	265,479	297,479
Transfer from Operations	40,000	40,000	60,000
Loan Receipts	85,000	83,281	150,000
Total Available Funds	392,021	388,760	507,479
Projects			
Meter Replacement Program	3,000	3,000	0
Billing System Replacement			2,500
DWA Building	5,000	5,000	
Silos	10,000	0	10,000
Sandy Shores PRV Replacement	85,000	83,281	150,000
94th to Pt Piner (initial engineering)			30,000
Unscheduled Capital Costs	9,000	0	9,000
Total Projects	112,000	91,281	201,500
Debt Servicing	9,000	0	10,000
<b>Ending SYSTEMS REPLACEMENTS Fund Balance</b>	<b>271,021</b>	<b>297,479</b>	<b>295,979</b>

<b>Beg. CAPITAL IMPROVEMENTS Fund Balance</b>	-38,564	-42,816	-3,936
Base Charges (paid by Reserve Shares)	15,000	13,000	16,000
Capital Charges	95,000	95,324	125,000
Adjustments & Penalties	0	752	0
Total Monthly Billings	110,000	109,076	141,000
New Membership Fees & Hookups Charges		22,016	
Total Billed Sources	110,000	131,092	141,000
Interest Income	205	8,210	12,000
Transfer from Operations Fund		10,000	
Loan Receipts	100,000	0	250,000
Total Available Funds	171,641	106,486	399,064
Projects			
Service Connections		11,499	
Meter Upgrade Program			35,000
Dockton Springs	113,000	46,939	50,000
Lower Sandy Shores New Main			250,000
Unscheduled Capital Costs	3,000	0	
Total Projects	116,000	58,438	335,000
Interest Expense	16,000	13,733	15,000
Loan Principal Payment	38,000	38,251	38,000
<b>Ending CAPITAL IMPROVEMENTS Fund Balance</b>	<b>1,641</b>	<b>-3,936</b>	<b>11,064</b>

<b>Beginning CONTINGENCY Fund Balance</b>	<b>104,102</b>	<b>103,283</b>	<b>100,835</b>
Transfer from Operations		10,000	
Loan Principal Payment	1,404	12,448	
<b>Ending CONTINGENCY Fund Balance</b>	<b>102,698</b>	<b>100,835</b>	<b>100,835</b>

<b>SUMMARY (Entire Business)</b>			
<b>Beginning Balance - ALL FUNDS</b>	334,455	328,935	398,106
Billed Sources	402,000	432,438	453,652
Other Sources	185,205	91,491	412,000
<b>Total Available Funds</b>	<b>921,660</b>	<b>852,864</b>	<b>1,263,758</b>
Staffing and Contract Svcs	132,878	130,600	140,750
Business Operations	33,100	34,405	41,700
System Operations	55,151	57,669	48,070
Taxes and Fees	29,100	17,933	29,900
Projects	228,000	149,719	536,500
Debt Servicing	64,404	64,432	63,000
<b>Total Use of Funds</b>	<b>542,633</b>	<b>454,757</b>	<b>859,920</b>
<b>Ending Balance - ALL FUNDS</b>	<b>379,027</b>	<b>398,106</b>	<b>403,838</b>

**NOTES re: Proposed Budget:** We manage our finances by tracking income and expenses through 4 funds.

The **Operations Fund** tracks income and costs of day-to-day operations of Dockton Water. Income for Operations comes from monthly Base Rate and Water Usage charges. Costs are to run the business, operate the water system and make an annual transfer towards our capital reserves. Upward pressure on costs continues, including: cost-of-living-adjustments for staff, skyrocketing insurance premiums and inflationary increases across the board. Dave maintains tight cost management and this budget is as lean as we can make it. Due to inflation, unfortunately, our budget requires us to raise Base Rate to \$40, starting in July. The Usage rate can remain at \$.03/cubic ft for another year.

The **Systems Replacements Fund** reserves capital to replace the aging components of our significant infrastructure. Money flows into this fund via transfers from Operations and from loans. This current year we are tapping a loan facility from the State of Washington to pay pre-construction engineering costs for the replacement of the PRV (pressure release valve) in Lower Sandy Shores. In the coming year we've budgeted the actual construction costs to replace the PRV (financed with a new state loan) and costs for work on the water silos and to begin engineering for the replacement of the main connecting to Pt Piner and Summerhurst.

The **Capital Improvements Fund** reserves capital to increase capacity, modernize and expand our water system. Money flows into this fund via the monthly Capital Charge, 50% of reserve shareholders' Base Rate, loans and sales of shares. This current year we are covering the pre-construction costs for three new wells at Dockton Springs. For next year we will use reserves to complete construction of these new wells and begin a 4-year cycle of upgrading all water meters. Additionally, we are budgeting loan receipts to cover the costs for the new main in Lower Sandy Shores that we are building in conjunction with the PRV replacement. One callout is that we anticipate the Interest Income (from our reserves in a high-yield savings account at Kitsap Bank) to nearly cover the Interest Expense we pay on past loans. For this fund to cover costs of projects, service debt and build-up reserves for future projects we are increasing the monthly Capital Charge to \$22, effective July 1, 2024.

The **Contingency Fund** (aka Emergency Fund) is for unanticipated, urgent needs. This year we pay off the SBA "Covid Emergency" loan which, thankfully, went unused.

**TREASURER'S STATEMENT:** We are keeping up with the inflating costs of operations, engineering and construction as we slowly rebuild our capital reserves for future projects. We are now qualify for low-interest loans from the State Department of Health. However, we need to continue raising rates and capital charges to cover the costs of essential "replacement" and "improvement" projects in the coming years. The Board works earnestly to keep rate increases minimal while also rebuilding capital reserves. Currently, DWA is in strong position to accomplish its goals.