



Date: June 6, 2013

To: Regional Committees

From: Inland Empire Utilities Agency

Subject: Fiscal Year 2013/14 Regional Wastewater, Recycled Water and Recharge Water Programs Proposed Budget and Ten Year Capital Improvement Plan

RECOMMENDATION

It is recommended that the Regional Technical and Policy Committees (Committees) review and make recommendation to the IEUA Board of Directors (Board) to approve the proposed Fiscal Year (FY) 2013/14 Budget for the Agency's Regional Wastewater and Recycled Water programs and FY 2013/14 -2022/23 Ten Year Capital Improvement Plan (TYCIP). The proposed budgets were provided to the Regional Technical Committee at the May 2, 2013 meeting.

BACKGROUND

A budget workshop for the Agency's Board of Directors was facilitated on April 3, 2013 for review of the preliminary FY 2013/14 budget and TYCIP. A preliminary review of the proposed budget for the Agency's Regional Wastewater, Recycled Water and Recharge Water programs and TYCIP was presented to the Committees on April 4, 2013. A follow up presentation was also provided to the Regional Technical Committee on May 2, 2013. Highlighted in the respective program sections below are the minor changes that have been made to some operations and maintenance costs and capital projects since they were last presented to the Committees.

Budget Timeline

The following is the timeline for Board/Committee approval of FY 2013/14 budget for the Regional Wastewater and Recycled Water programs and TYCIP.

Board / Committee	Date
Regional Technical Committee	May 2, 2013
Regional Committees	June 6, 2013
IEUA Finance, Legal and Administration Committee	June 12, 2013
IEUA Board of Directors (Final Adoption)	June 19, 2013

Key Budget Assumptions

The Agency’s proposed FY 2013/14 budget and the FY 2013/14-2022/23 TYCIP are based on the Agency’s commitment to meet its Levels of Service (LOS) in an environment that is characterized by slow but gradual economic recovery. The focus of the LOS is to deliver high quality, reliable services to our customers in a regional, cost effective manner through prudence in financial planning and strategic resource management. As part of the broader Agency’s Asset Management Plan (AMP), the LOS aligns O&M and capital decisions to the Agency’s values and customer expectations.

The proposed budget for the Regional Wastewater and Recycled Water programs is based on multi-year rates adopted by the Agency’s Board in February 2012, for Fiscal Years (FYs) 2012/13 – 2014/15. Table 1 shows the adopted multi-year rates.

Table 1: Multi-Year Rates Adopted for FYs 2012/13 to 2014/15

Program	Rate	FY 2012/13 Effective July 1, 2012	FY 2013/14 Effective July 1, 2013	FY 2014/15 Effective July 1, 2014
Regional Wastewater	Monthly EDU Volumetric Fee	\$12.39	\$13.39	\$14.39
	New Per EDU Connection Fee	\$4,909	\$5,007	\$5,107
Recycled Water	Direct Delivery Rate Per AF	\$155	\$215	\$290
	Groundwater Recharge Per AF	\$195	\$255	\$335

Reinstatement of Repair and Replacement (R&R)

A significant component of the proposed budget and TYCIP is the reinstatement of Repair and Replacement (R&R) projects previously deferred as part of the Agency’s cost containment plan. Between FY 2013/14 and FY 2017/18, the Agency plans to spend an average of \$16 million annually in R&R projects, which is approximately double the average amount the Agency has spent annually since the economic downturn of FY 2007/08. Another key component is the expansion and improvement of the Agency’s Southern Service Area to meet the expected future growth and increased service demands.

Regional Wastewater Capital Improvement (RC) Fund

Key Changes from Preliminary Budget: Since the previous presentations to the Committees, the changes to the proposed Regional Wastewater Capital Improvement (RC) fund O&M and CIP budget include; receipt of an early lump sum payment in April 2013 of the two scheduled principal installments (\$2.3 million each) due in June 2013 and June 2014 from the sale of the outdoor composting land site, and the addition of a \$500,000 capital contribution for the Agency’s 50% share of IERCA capital improvement project expenditures budgeted in FY 2013/14.

Revenue and Other Sources of Funds: The total revenue and other sources of \$30.9 million in RC fund, as shown in Table 2 below include new EDU connection fees and property tax receipts. Following the 2008 economic downturn, the number of new EDU connections dropped dramatically from an average of 5,700 per year (2000 to 2007) to an average of 1,900 in the five years following. Based on FY 2012/13 projections of 1,700 new EDU connections, the proposed budget for FY 2013/14 conservatively estimates 1,800 new EDU connections with gradual increases in succeeding years as new development continues to accelerate in the service area.

Table 2: FY 2013/14 RC Fund Major Revenue & Other Sources of Funds

Fund	Major Revenue Category	Amount \$Millions	Key Assumptions
Regional Wastewater Capital (RC)	New EDU Connections Fees	\$9.0	1,800 new EDUs connections compared to 1,700 units projected for FY 2012/13. EDU connection fee to increase from \$4,909 per EDU to \$5,007/EDU effective 7/1/13.
	Property Tax Receipts	\$21.7	Assumes a 1% increase in FY 2013/14. Allocation of 65% of total property tax receipts to RC fund are designated for debt service costs in FY 2013/14.

Property tax receipts which are another major funding source for the RC fund are assumed to increase by 1% relative to the amount adopted in the FY 2012/13 budget. The increase of 1% is based on the County of San Bernardino Tax Assessor’s estimate of a 1.25% increase in property assessment roll.

Expenses and Other Uses of Funds: The total RC fund budget of \$41.1 million in expenses and other uses of funds as shown in Table 3 include debt service and capital costs and operating expenses. Debt service cost of approximately \$21 million related to principal and interest for 2005A, 2008B and 2010A bonds and SRF loan repayment comprise the largest expenditure. Debt service costs also include a \$5.5 million inter-fund loan transfer in support of capital expenditures in the Recycled Water Program. As Table 3 shows, other major expenditures include operating expenses of \$5.5 million, CIP of \$9.9 million, inter-fund transfers of \$4.2 million, and \$500,000 in capital contributions to the IERCA for the Agency’s share of capital

improvement project expenditures budgeted in FY 2013/14. Table 4 lists the major capital projects.

Table 3: FY 2013/14 RC Fund Major Expenses & Other Uses of Funds

Fund	Major Expenses Category	Budget \$Millions	Key Assumptions
Regional Wastewater Capital (RC)	Operating Expenses	\$5.5	Administrative costs for support of the Regional program.
	Debt Service Costs	\$21.0	Includes principal & interest for 2005A, 2008A, 2008B and 2010A bonds and SRF loan for RP-1 Dewatering Expansion Facility. Also included is a \$5.5M inter-fund loan to the Recycled Water program to support capital expenditures.
	Capital Project Costs	\$9.9	See Table 4 on major capital projects.
	Inter-Fund Transfers	\$4.2	Capital and debt service cost support to the Administrative (GG), Recycled Water (WC), and the Recharge Water (RW) funds.
	Capital Contribution	\$0.5	50% share of a capital call of \$1 million to support IERCA capital improvement project costs budgeted in FY 2013/14.

Table 4: Major RC Fund Capital Projects

Project Name	Total Project Budget \$Thousands	FY 2013/14 Budget \$Thousands
HVAC and Server Room Fire Suppression Improvements	\$2,100	\$1,200
RP-1 Aeration Ducting	\$848	\$848
Central Plant for New Operations Lab	\$2,765	\$700
RP-1 Headworks Rehabilitation Project	\$10,725	\$725

Regional Wastewater O&M (RO) Fund

Key Changes from Preliminary Budget: Since previous presentation to the Committees, the R&R capital budget for the Regional Wastewater Operations & Maintenance (RO) fund has increased from \$400,000 to \$650,000; a net change of \$250,000. The increase is due to a change in the scope of work for the RP-4 Headworks Retrofit project. As a result of this increase, the RO fund TYCIP increased from \$114.9 million to \$115.2 million.

Revenue and Other Sources of Fund: The RO fund accounts for the revenue and operating cost directly related to the domestic sewage treatment service and organic management activities, including employment costs to operate and support the Inland Empire Regional Composting Authority (IERCA) composter. Approximately 91%, or \$43.3 million, of the program’s operating revenues are generated from monthly EDU volumetric fees, and the balance of 9% is derived from property tax receipts and contract reimbursements. Total revenue and other sources of funds are proposed at \$55.1 million. Table 5 below shows the major revenue categories and related assumptions.

Table 5: FY 2013/14 RO Fund Major Revenue & Other Sources of Funds

Fund	Major Revenue Category	Budget \$Millions	Key Assumptions
Regional Wastewater Operations & Maintenance (RO)	Monthly Volumetric Charges	\$43.3	Projected growth of 0.50% in the number of over billable EDUs compared to FY 2012/13 adopted budget. EDU Volumetric rate to increase from \$12.39/EDU to \$13.39/EDU effective 7/1/13.
	Property Tax Receipts	\$7.3	Assumes a 1% increase in FY 2013/14. Allocation of 22% of total property tax receipts to RO Fund are designated to support debt service and capital investment.
	Contract Reimbursement	\$3.3	Reimbursement of employment costs from the IERCA.

The RO fund is allocated approximately 22% of total property tax receipts. This allocation was reduced from 27% beginning in FY 2009/10 when 5% was temporarily shifted to the Recycled Water program to support debt service costs. The 5% allocation is set to revert back to the RO fund in FY 2014/15.

Table 6 below shows the major expense categories in the RO fund including the key assumptions related to each category. Table 7 shows the list of major capital projects.

Table 6: FY 2013/14 RO Fund Major Expense and Uses of Funds

Fund	Major Expense Category	Budget \$Millions	Key Assumptions
Regional Wastewater Operations & Maintenance (RO)	Employment	\$25.3	No change in the 295 Full Time Equivalent (FTE) authorized positions, maintains a vacancy factor or up to 5%, includes 1% merit increase, higher benefit costs, including 5% increase in CalPERS employer contribution rate. (Subject to change from upcoming labor negotiations).

	Capital Repair Replacement (R&R)	\$10.1	Facilities and equipment condition assessment, maintenance, cleaning, and repairs related projects.
	Utilities	\$6.7	No change in total consumption as budgeted in current FY, \$0.12 kWh electricity rate for direct access; renewal energy rates based PPA contracts and annual CPI increase.
	Chemicals	\$4.3	Higher dosage of polymer due to RP-1 Dewatering centrifuge, and ferric chloride to maintain digester gas H2S concentration compliance.
	Bio Solids	\$3.5	Reduced costs due to process efficiency gains with RP-1 Dewatering centrifuges.
	Contract Work/Special Projects	\$2.0	Special (O&M) projects include: Digester cleaning, Bio-filer media replacement for RP-1 Headwork's and RP-5, Asset Management Master Plan, Asset Management Condition Assessments, and Blower analysis for various facilities.

Table 7: FY 2013/14 RO Fund Major Capital Projects

Project Name	Total Project Budget \$Thousands	FY 2013/14 Budget \$Thousands
SCADA Enterprise System Upgrade	\$9,850	\$850
RP-1 Secondary Clarifier Asset Rehab	\$5,300	\$800
Montclair Lift Station Upgrades	\$2,184	\$1,600
RP-2 Dome Replacement	\$1,800	\$1,800
CCWR Secondary Clarifier Rehab	\$890	\$650
RP-1 Asset Replacement	\$500	\$500

Recycled Water (WC) Fund

Key Changes from Preliminary Budget: For the Recycled Water fund, specific changes since the previous presentations to the Committees include a decrease of \$137,000, in the estimated utilities cost due to realignment of electricity costs to projected recycled water deliveries. After the adjustment, utilities costs are still projected to increase from \$1.8 million in FY 2012/13 to \$2.2 million in the FY 2013/14 proposed budget due to higher pumping costs. Additionally, a new project, the RP-1 Outfall Relocation and Upsizing project, initially budgeted in FY 2012/13

in the amount of \$2.0 million, was shifted to FY 2013/14, resulting in a total TYCIP increase of approximately \$2.0 million.

Revenue and Other Sources of Funds: Total program revenue and other sources of funds are budgeted at \$51.2 million, which includes recycled water sales, MWD LPP Program rebate, SRF loans and grants proceeds, property tax allocation, and inter-fund loan. Total recycled water AF deliveries, comprised of 21,400 AF of direct deliveries and 10,000 AF of recharge deliveries, are anticipated to increase slightly to 31,400 AF compared to 30,000 AF projected for the current fiscal year. Based on the multi-year rates adopted by the Board in February 2012, total recycled water sales are budgeted at \$7.2 million; \$4.6 million direct sales and \$2.6 million for recharge sales. The Metropolitan Water District of Southern California Local Project Program (MWD LPP) rebate of \$2.1 million is another key operating revenue source. This annual rebate is set to expire on June 2017.

As shown in Table 8, State Revolving Fund (SRF) loan proceeds and grant receipts in the amount of \$31.5 million represent approximately 60% of the \$51.2 million of the Recycled Water program's total revenue and other funding sources in FY 2013/14. These funding sources, along with a \$5.5 million inter-fund loan from the RC Fund and temporary 5% allocation of property taxes in the amount of \$1.7 million are the primary funding sources of the Recycled Water program CIP.

Table 8: FY 2013/14 WC Fund Major Revenue & Other Sources of Funds

Program	Major Revenue Category	Budget \$Millions	Key Assumptions
Recycled Water (WC)	Direct Sales	\$4.6	21,400 AF, an increase of 1,400 AF compared to FY 2012/13 adopted budget. Rate to increase from \$155 per Acre Foot (AF) to \$215/AF effective 7/1/13.
	Recharge Sales	\$2.5	10,000 AF, same as FY 2012/13 adopted budget. Rate to increase from \$195/AF to \$255/AF.
	MWD LPP Rebate	\$2.1	\$134/AF rebate for recycled water sales Up to 13,500 AF per FY. Rebate is set to expire in June 2017.
	Property Tax Receipts	\$1.7	Assumes a 1% increase in FY 2013/14. Allocation of 5% temporary of property taxes to WC fund support program costs. Beginning FY 2014/15 the 5% allocation reverts to the RO Fund.
	SRF Loan and Grant Proceeds	\$31.5	SRF loans and grants are the primary funding source for the Southern and Central/Wineville Area Recycled Water Projects
	Inter-fund Loan	\$5.5	Loan from RC fund to support capital expenditures not funded by SRF loans and grants

Expense & Other Uses of Funds: Total Recycled Water program expenses and other uses of funds are budgeted at \$53.9 million. Table 9 shows the major expense categories in the Recycled Water program. Debt service costs of \$5 million include repayment of principal and interest on outstanding debt. Repayment of the \$23.5 million outstanding inter-fund loans (\$8.5 million due to RC fund and \$15 million due WC fund) are scheduled to begin in FY 2016/17, increasing total annual debt service costs to a high of \$15.8 million in FY 2021/22. Full repayment of the \$23.5 million inter-fund loans is projected by FY 2022/23.

Table 9: FY 2013/14 WC Fund Major Expense Categories & Other Uses of Funds

Program	Major Revenue Category	Budget \$Millions	Key Assumptions
Recycled Water (WC)	Capital Projects	\$41.1	See Table 9 on major projects
	Debt Service Costs	\$5.0	Includes principal and interest costs for outstanding debt. Increasing by \$200,000 compared to projected actuals.
	Utilities	\$2.2	\$0.12 kWh electricity rate for direct access, renewal energy rates based PPA contracts and annual CPI increase. Higher pumping costs driving an increase of nearly \$400,000 compared to projected actuals.
	Employment	\$2.1	No change in the 295 Full Time Equivalent (FTE) authorized positions, maintains a vacancy factor or up to 5%, includes 1% merit increase, higher benefit costs, including 5% increase in CalPERS employer contribution rate. (Subject to upcoming labor negotiations).
	Contract Work/Special Projects	\$1.1	Some of the major O&M (Special) projects include; San Antonio & Jurupa Force ARV replacement, Urban Runoff Capture Retrofits at Recharge Basins, and Water Softener Removal Rebate Program.

Table 10 below shows the major capital projects included in the capital improvement program for FY 2013/14.

Table 10: FY 2013/14 WC Fund Major Capital Projects

Project Name	Total Project Budget \$thousands	FY 13/14 Budget \$thousands
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Wineville Extension – Segment A	\$18,248	\$8,000
Wineville Extension – Segment B	\$11,925	\$7,000
930 Zone RW Pipeline	\$6,875	\$6,100
930 Zone RW Reservoir	\$7,625	\$5,100
CCWRF RW Pump Station	\$11,217	\$3,750
San Sevaine Basin Improvements	\$2,502	\$1,700
GWR and RW SCADA Upgrades	\$2,433	\$781
Turner Basin Recharge Improvements	\$1,125	\$1,100
RP-1 Outfall Relocation	\$2,000	\$2,000

Recharge Water (RW) Fund

Key Changes from Preliminary Budget: Since the previous presentations to the Committees, the Recharge Water (RW) fund capital expenditures have increased by \$50,000, from \$560,000 to \$610,000, and special project costs were reduced by \$250,000, due to a decision to defer Groundwater Basin Improvements project (EN14031).

Pursuant with Chino Basin Recharge Master Plan and Peace II Agreement, costs for basins recharged with recycled water are pro-rated between Watermaster and the Agency based on the relative proportion of recycled water to the total water recharged in the basin. The Agency’s pro-rata share is estimated to increase from FY 2012/13 projected budget of \$275,000 to \$464,300 in FY 2013/14.

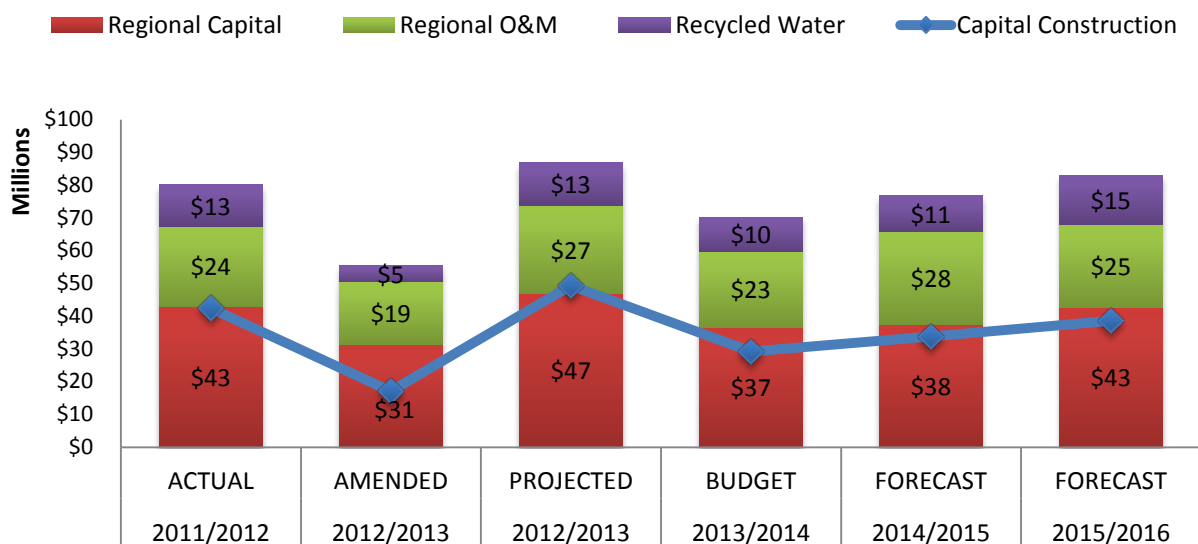
The RW fund accounts for the revenues and expenses associated with groundwater recharge operations and maintenance through joint effort with the Chino Basin Watermaster (Watermaster), Chino Basin Water Conservation District, and the San Bernardino County Flood Control District. Operating expenses include general basin maintenance and/or restoration, groundwater administration (e.g. labor and tools), contracted services (e.g. weeding and vector control), compliance reporting and environmental documentation for permit compliance.

Fund Balances

Consistent with sound and prudent fiscal practices, and in compliance with legal requirements, the Agency has historically maintained reserves within its various programs (funds) to sustain operational and capital requirements and to address unforeseen events. A critical component is funds designated to support capital investment, including replacement, repair, and improvement of the Agency’s facilities and infrastructure.

Total fund reserves for three major Agency funds (Regional Wastewater Capital, Regional Wastewater O&M, and Recycled Water) are reported in Figure 1. With the exception of FY 2012/13 Amended Budget when capital construction reserves drop to under \$17 million; just under 50%, or an average of \$40 million per fiscal year, of the total fund balance reserves are designated for capital construction, as indicated by the blue trend line in Figure 1. Based on the estimated \$1.1 billion replacement value of the Agency’s facilities and infrastructure, \$40 million is only sufficient to support about 4% of total assets.

Figure 1: Fund Balances for Regional Wastewater & Recycled Water Programs



The significant drop in the estimated ending fund balance reported for FY 2012/13 Amended Budget is primarily due to significantly higher budgeted amount for capital expenditures of \$56 million and operating expenses of \$77 million, both are projected to be significantly lower, as reflected by FY 2012/13 Projected higher ending reserve balances. Capital expenditures are projected to be only \$26 million and operating costs are estimated to be \$68 million through the end of the current fiscal year.

Establishing and sustaining appropriate fund reserves is essential to the Agency’s ability to upkeep and enhance facilities in a timely and cost effective manner, as well as safeguard its financial health to address economic, environmental, and regulatory variability. Prudent short and long term planning will support implementation of moderate rate increases and avoid unnecessary rate spikes in the future.

FY 2014-2023 Ten Year Capital Improvement Plan (TYCIP)

The proposed FY 2014-2023 TYCIP of \$415 million is approximately 82% higher than the currently adopted TYCIP of \$228 million. The changes made in the TYCIP since April’s

presentation is an increase of \$2 million, from \$413 million to \$415 million, which is due to the addition of the RP-1 Outfall Relocation and Upsizing project budget of \$2 million in the Recycled Water program. The proposed TYCIP focuses on critical R&R expenditures necessary to meet reliability and regulatory requirements. Also included, is the expansion and improvement of existing facilities as the Agency prepares to meet higher service demands anticipated from the anticipated growth in its service area.

Repair and Replacement (R&R)

Another key component of the TYCIP is capital projects for major maintenance, repair, and replacement of aging equipment and facilities. As mentioned in the RO fund summary, the deferral of R&R projects beginning in FY 2008/09 as part of the Agency's cost containment plan has resulted in an increase in the number of failures and emergency repairs. Exhibit C lists some of the major R&R included in the proposed TYCIP.

Improvement and Expansion Projects

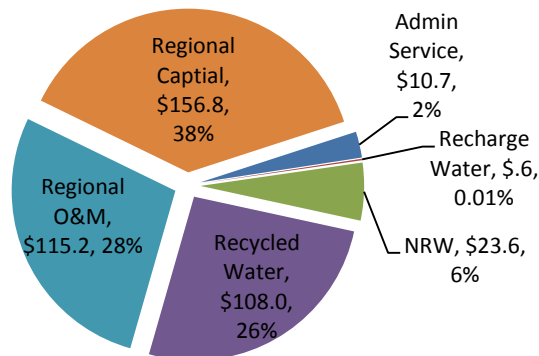
Included in the TYCIP are capital projects targeting required improvements and expansion of existing facilities in order to meet higher anticipated service demands in the future. Between FY 2012/13 and FY 2021/22, member agencies are projecting 33,495 new EDU connections. Nearly half, or 16,050 new EDU connections, are forecasted by the City of Ontario, primarily from the New Model Colony. The Agency's more conservative estimate of 21,700 in new EDU connections over the next ten years is based on historical trends and aligns with the service area economic outlook, as well as the Agency's projection for capacity utilization of existing facilities, which is expected to reach 76%, or 64.7 Million Gallons Per Day (MGD), by 2023.

Some of the large value improvement and expansion projects include the relocation of the solids handling facility from Regional Water Recycling Facility (RP-2) to Regional Water Recycling Facility (RP-5) and the expansion of the liquids handling capacity at RP-5. Exhibit B is list a of the major improvement and expansion projects planned for the initial five years.

TYCIP Allocation by Fund

Over 90% of the \$415 million proposed TYCIP is designated for the Regional Wastewater and Recycle Water programs, as illustrated in Figure 2.

Figure 2: TYCIP Allocation by Fund, \$415 Million



Of the total TYCIP, \$67.5 million, or 16%, is appropriated for FY 2013/14; and \$37.5 million, or 9%, for FY 2014/15. In total, capital expenditures are almost evenly split between the first and last five year periods; 51% of the total TYCIP proposed during the first 5 years with the remaining 49% in the final five years.

Of the total \$415 million TYCIP, 62% is projected to be financed through Pay-Go, 19% from SRF loans, and the balance of 19% from a combination of grants, new debt, and inter-fund loans, as indicated in Table 11.

Table 11: TYCIP Funding Sources

Funding Source	Amount (\$Millions)	% of TYCIP	Key Assumptions
New Debt (Bonds & SRF Loans)	\$119	29%	\$40M Bond issue in FY 2018/19 to finance Southern Area Expansion project (\$90M) \$40M SRF loans beginning in FY 2013/14 for Southern Areas and Central/Wineville \$25.2M SRF loans for future recycled water projects \$14M SRF loan to support new laboratory
Pay-Go	\$258	62%	Higher connection fees rates increasing from \$5,007 in FY 2013/14 to \$6,283 by FY 2022/23 Peg estimates of property tax receipts on estimates provided by the San Bernardino County Assessor. FY 2013/14 estimated growth is 1%
Grants	\$9	2%	Research and apply for grants to support Agency capital projects
Inter-fund Transfers	\$29	7%	Optimize inter-fund loans within funds to meet critical project demands
Total	\$415	100%	

Summary of Responses to Comments on Draft TYCIP

In the **Executive Summary**, a clarification was made to indicate that the FY2013/14 Wastewater Facilities Master Plan Update will consider regional growth patterns and make recommendations on future plans for liquids and solids treatment capacity. The plan will also address improvements at all facilities to provide adequate nutrient removal and odor control.

In Chapter 7 (Groundwater Recharge Chapter), a change was made to indicate that an updated Recycled Water Program Plan is currently under development that will be part of the Agency’s FY 2013/14 Integrated Water Resources Plan. It will re-evaluate the role the recycled water program plays in the regional water management portfolio and a revised, robust financial model will be developed to meet the future goals of the region. Alternatives for the use of recycled water for direct use and recharge will be evaluated based on an analysis of costs and benefits to the region and priorities for future use may be established.

In Chapter 4 (Regional Program), Chapter 6 (Recycled Water Chapter), and Chapter 7 (Groundwater Recharge Chapter), individual project data sheets were added to the end of each chapter summarizing each major project’s objectives, description, schedule, location, and funding sources. Sheets were developed for significant new and existing projects, generally over \$2 million.

Debt Coverage Ratio

The Debt Coverage Ratio (DCR) is the measurement of an entity’s ability to generate enough cash to cover debt payments (principal payments and related interest), and serves as a critical financial measure in determining its overall credit rating. DCR also affects an entity’s market accessibility for future borrowings and the associated costs. Improvement of the Agency’s DCR was a key driver of multi-year rate increases adopted by the Board in February 2012 for the Regional Wastewater and Recycled Water programs. The Board established a minimum DCR target of 1.50x and 1.70x to be achieved by the end of FY 2013/14 and FY 2014/15, respectively.

Based on current assumptions and the combined effect of the higher user charges and ongoing cost-containment initiatives, the DCR targets established by the Board are expected to be met as well as exceeded the target, as reported in Table 12.

Table 12: Debt Coverage Ratios

	Actual FY 2011/12	Projected Actual FY 2012/13	Forecast FY 2013/14	Forecast FY 2014/15	Forecast FY 2015/16
DCR actual/projection based on current assumptions	1.67x	2.03x	1.82x	2.11x	2.09x

The projected achievement of a DCR of 1.82x (Board target was 1.50x) in FY 2013/14 and the DCR of 2.11x in FY 2014/15 is significant; as these ratios are projected to exceed the 1.90X average credit rating identified by Fitch for AA rated medium size wastewater/water agencies, will better position the Agency to acquire new debt at a lower borrowing costs.

Table 12: Fitch Average Credit Rating

Rating Agency	AA rating	AAA rating
Fitch	1.9x	2.7x

Considering the growth anticipated over the next 10 years and the need to expand existing facilities to meet increased service demands, improving the Agency’s long term credit rating from AA- to AAA is essential. Attaining the AAA credit rating (considered high quality borrower) will better position the Agency to acquire new debt at a significantly lower cost. In today’s market, the cost of borrowing between AA and AAA is about 20 basis points. On a \$40 million bond issue, this translates to cost savings of over \$2.4 million over a 30 year term.

Conclusion

The Los Angeles County Economic Development Corporation, in its annual forecast released Wednesday, February 20, 2013 called for better conditions across the board in the inland empire this year and even stronger economy in 2014. Another echo from San Bernardino and Riverside counties suggests construction work could again be the region’s biggest economic engine.

The current outlook of strengthening local economic conditions will necessitate the Agency to proactively improve existing facilities in order to continue to meet the commitment of levels of service. To revamp the Agency’s aging infrastructure to levels that will successfully meet potential demands from growth, spending on annual repairs and replacement will need to be more than doubled from the \$6 million being spent currently to an annual investment of \$14 million as recommended by the Agency’s Asset Management Plan. Over the next ten years, the Agency will also need to address expansion of its existing facilities in order to meet the anticipated growth and higher service demands, particularly in the southern section of its service area.

Future capital investment in expansion and improvement of Agency facilities will be supported through a combination of pay-go and external financing, such as bonds or State Revolving Fund loans. To secure low borrowing costs and support moderate increases in the future, an essential financial goal for the Agency is to improve its long term credit rating from AA- to AAA.

Another key objective for the Agency is to ensure rates fully cover the cost of service, including R&R requirements, for its major programs. Achieving this critical objective will minimize the Agency’s reliance on property taxes and use of fund reserves more appropriately to support operating and capital replacements costs.

Attached are copies of the Sources and Uses of Fund reports for the Regional Wastewater, Recycled Water and Recharge Water Programs.

Attachment:

Exhibit A- D, Budget Reports for Regional Wastewater, Recycled Water, and Recharge Water Programs

Exhibit A
Regional Wastewater Capital Improvement Fund Report

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2013/14 BUDGET REGIONAL CAPITAL (RC) FUND - SOURCES AND USES OF FUNDS									
	2010/2011	2011/2012	2012/13	2012/13	2013/2014	2014/2015	2015/2016	2016/2017	2017/18
	ACTUAL	ACTUAL	AMENDED	PROJECTED ACTUAL	PROPOSED BUDGET		FORECAST		
REVENUES AND OTHER FINANCING SOURCES									
Contract Cost reimbursement	\$19,246	\$14,299	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	461,557	473,708	373,500	309,126	201,000	272,000	300,000	355,000	385,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$480,803	\$488,007	\$373,500	\$309,126	\$201,000	\$272,000	\$300,000	\$355,000	\$385,000
OTHER FINANCING SOURCES									
Property Tax - Debt and Capital	\$21,584,498	\$21,118,918	\$21,194,716	\$23,084,659	\$21,678,590	\$21,895,376	\$22,114,329	\$22,335,473	\$22,558,827
Regional System Connection Fees	5,398,048	7,686,126	5,399,900	8,345,300	9,012,600	11,235,400	13,086,688	16,175,146	16,660,400
State Loans	13,477,209	5,461,495	0	807,430	0	0	990,000	9,000,000	3,600,000
Grants	784,566	1,067,648	0	0	0	0	0	0	0
Sale of Assets	225	21,848	2,339,250	4,678,500	0	0	0	0	0
Other Revenues	115,572	562,765	7,000	7,000	6,000	6,000	6,000	6,000	6,000
Loan Transfer from Internal Fund	3,700,000	0	0	0	0	0	0	0	1,000,000
TOTAL OTHER FINANCING SOURCES	\$45,060,118	\$35,918,801	\$28,940,866	\$36,922,889	\$30,697,190	\$33,136,776	\$36,197,017	\$47,516,619	\$43,825,227
EXPENSES									
Employment Expenses	\$3,854,506	\$3,581,441	\$3,524,299	\$3,524,299	\$4,083,214	\$4,168,798	\$4,320,589	\$4,413,368	\$4,510,226
Contract Work/Special Projects	607,407	1,652,783	180,557	75,000	310,000	210,000	60,000	60,000	60,000
Operating Fees	564,549	413,482	328,137	328,137	479,070	493,442	508,245	523,493	539,198
Professional Fees and Services	197,123	395,427	521,728	506,890	342,892	345,139	347,445	347,445	354,812
Other Expenses	430,958	503,734	533,208	584,029	316,639	514,939	329,432	463,998	342,741
TOTAL EXPENSES	\$5,654,544	\$6,546,867	\$5,087,929	\$5,018,355	\$5,515,093	\$5,730,071	\$5,563,405	\$5,808,304	\$5,806,977
CAPITAL PROGRAM									
IERCA investment	\$0	\$0	\$500,000	\$500,000	\$500,000	\$285,000	\$0	\$0	\$0
Work in Progress	21,246,888	10,511,280	14,788,256	8,098,649	9,879,711	7,320,000	6,315,000	24,500,000	12,895,998
TOTAL CAPITAL PROGRAM	\$21,246,888	\$10,511,280	\$15,288,256	\$8,598,649	\$10,379,711	\$7,605,000	\$6,315,000	\$24,500,000	\$12,895,998
DEBT SERVICE									
Financial Expenses	\$59,349	\$21,897	\$257,400	(\$129,000)	\$220,880	\$220,880	\$353,880	\$220,880	\$220,880
Interest	6,201,471	6,246,504	7,938,191	6,997,956	7,098,427	7,186,815	7,223,965	7,277,587	6,964,744
Principal	6,407,995	6,632,651	6,636,418	7,906,265	8,165,374	8,388,286	8,663,478	8,934,140	9,050,712
Short Term Inter-Fund Loan	0	0	0	0	5,500,000	0	0	0	0
TOTAL DEBT SERVICE	\$12,668,815	\$12,901,052	\$14,832,009	\$14,775,221	\$20,984,681	\$15,795,981	\$16,241,323	\$16,432,607	\$16,236,336
TRANSFERS IN (OUT)									
Capital Contribution	(\$338,604)	(\$522,133)	(\$3,577,668)	(\$3,198,208)	(\$2,247,990)	(\$1,420,834)	(\$1,216,726)	(\$885,400)	(\$699,000)
Debt Service	3,750,186	(2,008,328)	(2,131,750)	(1,830,928)	(1,940,495)	(1,970,215)	(2,081,426)	(2,131,054)	(2,130,850)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$3,411,582	(\$2,530,461)	(\$5,709,418)	(\$5,029,136)	(\$4,188,485)	(\$3,391,049)	(\$3,298,152)	(\$3,016,454)	(\$2,829,850)
FUND BALANCE									
Net Income (Loss)	\$9,382,256	\$3,917,148	(\$11,603,246)	\$3,810,654	(\$10,169,780)	\$886,675	\$5,079,137	(\$1,885,746)	\$6,441,066
Beginning Fund Balance July 01	29,706,797	39,089,053	43,006,201	43,006,201	46,816,855	36,647,075	37,533,750	42,612,887	40,727,141
ENDING FUND BALANCE AT JUNE 30	\$39,089,053	\$43,006,201	\$31,402,955	\$46,816,855	\$36,647,075	\$37,533,750	\$42,612,887	\$40,727,141	\$47,168,207
RESERVE BALANCE SUMMARY									
Capital Expansion / Construction	\$10,031,823	\$11,030,077	\$9,937,255	\$13,376,035	\$2,346,522	\$1,678,744	\$1,430,281	\$1,565,865	\$1,617,003
CCRA Capital Construction	13,446,467	13,640,624	4,040,524	15,985,924	16,534,357	17,532,257	22,618,945	20,794,091	24,454,491
Debt Service & Redemption	15,610,763	18,335,500	17,425,176	17,454,896	17,766,196	18,322,749	18,563,661	18,367,186	21,096,713
ENDING BALANCE AT JUNE 30	\$39,089,053	\$43,006,201	\$31,402,955	\$46,816,855	\$36,647,075	\$37,533,750	\$42,612,887	\$40,727,142	\$47,168,207

Exhibit B

Regional Wastewater O&M Fund Report

INLAND EMPIRE UTILITIES AGENCY
FISCAL YEAR 2013/2014 BUDGET
REGIONAL OPERATIONS & MAINTENANCE (RO) FUND - SOURCES AND USES OF FUNDS

	2010/2011 ACTUAL	2011/2012 ACTUAL	2012/13 AMENDED BUDGET	2012/2013 PROJECTED ACTUAL	2013/2014 PROPOSED BUDGET	2014/15	2015/16 FORECAST	2016/17	2017/18
REVENUES									
User Charges	\$35,027,609	\$35,573,096	\$38,291,573	\$40,064,913	\$43,469,257	\$46,817,680	\$48,071,174	\$49,330,644	\$50,596,113
Property Tax - O&M	4,369,732	3,626,978	(305,254)	0	0	0	0	0	0
Cost Reimbursement JPA	2,496,771	2,607,121	3,225,907	3,060,793	3,262,445	3,327,694	3,394,248	3,462,133	3,531,375
Contract Cost Reimbursement	245,310	279,346	93,000	62,448	93,000	93,000	93,000	93,000	93,000
Interest Revenue	174,474	131,196	150,000	190,000	245,000	370,000	438,000	500,000	520,000
TOTAL REVENUES	\$42,313,896	\$42,217,737	\$41,455,226	\$43,378,154	\$47,069,702	\$50,608,374	\$51,996,422	\$53,385,777	\$54,740,488
OTHER FINANCING SOURCES									
Property Tax Revenues - Debt/Capital/Reserves	\$2,107,578	\$3,651,586	\$7,478,850	\$7,813,289	\$7,337,369	\$9,095,002	\$9,185,952	\$9,277,812	\$9,370,590
Grants	22,439	47,344	49,250	49,250	46,550	0	0	0	0
Other Revenues	72,154	814,561	360,000	434,350	637,200	745,416	764,178	783,504	803,409
TOTAL OTHER FINANCING SOURCES	\$2,202,171	\$4,513,491	\$7,888,100	\$8,296,869	\$8,021,119	\$9,840,418	\$9,950,130	\$10,061,316	\$10,173,999
EXPENSES									
Employment Expenses	\$23,227,410	\$23,673,521	\$25,011,035	\$23,652,197	\$25,321,594	\$25,764,968	\$26,574,222	\$27,110,410	\$27,640,597
Contract Work/Special Projects	610,454	982,890	200,027	156,793	1,989,050	730,000	730,000	670,000	670,000
Utilities	4,546,884	4,903,594	6,894,680	6,587,605	6,996,490	6,959,283	7,235,831	7,524,065	7,824,505
Operating Fees	1,439,603	1,235,967	854,602	855,104	782,059	804,268	824,229	847,401	874,611
Chemicals	3,760,188	3,310,504	4,259,080	3,594,686	4,277,663	4,425,815	4,558,590	4,695,347	4,836,207
Professional Fees and Services	1,575,471	1,604,098	2,702,834	2,045,318	2,676,175	2,710,717	2,777,031	2,847,111	2,923,736
Office and Admin istrative expenses	142,880	24,820	218,939	193,405	433,664	434,674	435,713	436,785	437,889
Biosolids Recycling	3,613,410	3,915,085	3,626,523	3,486,380	3,458,066	3,531,200	3,605,196	3,682,301	3,802,660
Materials & Supplies	1,940,661	1,673,006	1,962,640	1,689,500	1,761,278	1,817,373	1,870,114	1,924,424	1,980,342
Other Expenses	799,289	866,927	1,422,656	1,272,455	1,142,713	1,273,913	1,188,693	1,284,681	1,236,560
TOTAL EXPENSES	\$41,656,249	\$42,190,411	\$47,152,995	\$43,533,443	\$48,540,752	\$48,462,211	\$49,799,619	\$51,022,525	\$52,227,107
CAPITAL PROGRAM									
Work In Progress	\$2,024,855	\$4,011,385	\$7,264,215	\$4,951,511	\$5,729,724	\$6,104,200	\$10,814,000	\$10,590,000	\$9,270,000
Capital Adjustment	0	(359,800)	0	0	3,400,000	584,356	4,000,000	0	1,550,000
TOTAL CAPITAL PROGRAM	\$2,024,855	\$3,651,586	\$7,264,215	\$4,951,511	\$10,129,724	\$6,688,556	\$14,814,000	\$10,590,000	\$10,820,000
DEBT SERVICE									
Financial Expenses	\$36,968	\$259	\$350	\$250	\$300	\$300	\$300	\$300	\$300
Interest	45,755	4,992	214,285	214,285	214,285	214,285	214,285	214,285	214,285
TOTAL DEBT SERVICE	\$82,723	\$5,251	\$214,635	\$214,535	\$214,585	\$214,585	\$214,585	\$214,585	\$214,585
TRANSFERS IN (OUT)									
Capital Contribution	\$0	\$0	\$0	(\$400,000)	\$0	\$0	\$0	\$0	\$0
TOTAL INTERFUND TRANSFERS IN (OUT)	0	0	0	(400,000)	0	0	0	0	0
FUND BALANCE									
Net Income (Loss)	\$752,239	\$883,980	(\$5,288,519)	\$2,575,534	(\$3,794,240)	\$5,093,440	(\$2,881,652)	\$1,619,983	\$1,652,795
Beginning Fund Balance July 01	#REF!	23,409,893	24,293,873	24,293,873	26,869,407	23,075,167	28,168,607	25,286,955	26,906,938
ENDING FUND BALANCE AT JUNE 30	#REF!	\$24,293,873	\$19,005,354	\$26,869,407	\$23,075,167	\$28,168,607	\$25,286,955	\$26,906,938	\$28,559,733
RESERVE BALANCE SUMMARY									
Capital / Operation Contingencies	\$13,885,419	\$14,065,469	\$15,717,665	\$14,511,150	\$16,180,253	\$16,150,739	\$16,599,876	\$17,007,510	\$17,409,038
Capital Expansion / Construction	9,309,841	10,015,769	3,073,104	12,143,672	6,680,329	11,803,283	8,472,494	9,684,843	10,936,110
Debt Service & Redemption	214,635	214,635	214,585	214,585	214,585	214,585	214,585	214,585	214,585
ENDING BALANCE AT JUNE 30	\$23,409,896	\$24,293,873	\$19,005,354	\$26,869,407	\$23,075,167	\$28,168,607	\$25,286,955	\$26,906,938	\$28,559,733

Exhibit C
 Recycled Water Fund Report

INLAND EMPIRE UTILITIES AGENCY
 FISCAL YEAR 2013/14 BUDGET
 RECYCLED WATER (WC) FUND - SOURCES AND USES OF FUNDS

	2010/2011	2011/2012	2012/13	2013/14	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	PROPOSED BUDGET	FORECAST		
REVENUES								
Contract Cost reimbursement	\$11,892	\$5,877	\$50,000	\$10,000	\$1,324,144	\$50,000	\$50,000	\$50,000
Interest Revenue	143,445	112,466	94,585	133,015	128,551	236,413	321,308	284,180
Water Sales	4,352,802	6,009,469	7,754,000	7,129,000	9,230,000	13,205,750	16,349,500	18,072,000
TOTAL REVENUES	\$4,508,140	\$6,127,812	\$7,898,585	\$7,272,015	\$10,682,695	\$16,635,913	\$18,443,308	\$18,401,680
OTHER FINANCING SOURCES								
Property Tax - Debt/Capital	\$2,661,804	\$1,646,650	\$1,630,363	\$1,775,743	\$1,667,584	\$0	\$0	\$0
State Loans	4,796,157	1,555,072	13,332,000	2,882,264	22,880,753	16,908,295	9,908,155	2,103,851
Grants	6,022,279	2,826,279	3,333,000	1,490,000	8,586,923	640,378	0	0
Capital Contract Reimbursement	241,098	463,400	357,972	147,024	252,674	133,480	101,548	70,769
Other Revenues	23,751	660,076	500,000	1,580,000	100,000	0	0	0
Loan Transfer from Internal Fund	0	0	0	0	5,500,000	0	0	0
TOTAL OTHER FINANCING SOURCES	\$13,745,089	\$7,151,477	\$19,153,335	\$7,875,031	\$38,987,934	\$17,682,153	\$10,009,703	\$2,173,492
								\$ 70,769
Employment Expenses	\$2,087,090	\$2,572,561	\$2,043,879	\$2,234,056	\$2,073,668	\$2,117,132	\$2,194,219	\$2,241,337
Contract Work/Special Projects	48,785	930,501	914,020	181,500	1,075,000	984,073	400,000	375,000
Utilities	1,059,910	1,518,924	2,049,367	1,820,259	2,195,555	2,294,514	2,398,096	2,506,522
Operating Fees	179,891	214,929	151,963	102,078	205,835	247,923	210,298	167,747
Professional Fees and Services	1,568,667	835,654	521,251	861,546	870,112	889,259	907,373	926,029
Materials & Supplies	49,246	122,061	169,219	75,700	256,000	263,680	271,590	279,738
Other Expenses	113,908	309,215	390,054	318,523	254,980	260,080	265,281	270,587
TOTAL EXPENSES	\$5,107,497	\$6,503,845	\$6,239,753	\$5,593,662	\$6,931,150	\$7,124,237	\$6,646,857	\$6,812,012
								\$ 70,769
CAPITAL PROGRAM								
Work in Progress	\$23,458,574	\$13,755,138	\$24,722,647	\$7,006,863	\$41,079,010	\$19,407,044	\$8,919,329	\$3,862,500
TOTAL CAPITAL PROGRAM	\$23,458,574	\$13,755,138	\$24,722,647	\$7,006,863	\$41,079,010	\$19,407,044	\$8,919,329	\$4,475,000
DEBT SERVICE								
Financial Expenses	(\$24,117)	(\$24,175)	\$1,400	\$1,600	\$1,685	\$1,685	\$1,685	\$1,685
Interest	1,639,366	1,038,863	2,257,988	2,105,481	2,269,825	3,357,272	3,590,365	3,536,687
Principal	2,673,187	2,673,187	2,710,842	2,704,473	2,738,130	3,571,226	4,729,600	5,178,844
Short Term Inter-Fund Loan	0	0	0	0	0	0	1,000,000	2,500,000
TOTAL DEBT SERVICE	\$4,288,436	\$3,687,875	\$4,970,230	\$4,811,554	\$5,009,640	\$6,485,394	\$9,770,894	\$11,304,645
TRANSFERS IN (OUT)								
Capital Contribution	(\$12,353)	(\$19,048)	(\$130,516)	\$1,238,279	(\$387,008)	(\$51,853)	(\$44,387)	(\$32,500)
Debt Service	1,464,622	1,464,375	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622	1,464,622
Operation support	167,701	63,317	(75,048)	(75,048)	(364,324)	(400,000)	(400,000)	(400,000)
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,619,970	\$1,508,644	\$1,259,058	\$2,627,853	\$713,290	\$1,012,789	\$1,020,235	\$1,039,122
FUND BALANCE								
Net Income (Loss)	(\$12,981,307)	(\$9,158,925)	(\$7,621,652)	\$362,820	(\$2,635,881)	\$4,011,107	\$1,203,716	(\$3,201,906)
Beginning Fund Balance July 01	34,849,092	21,867,784	12,708,859	12,708,859	13,071,679	11,045,827	15,056,934	16,260,650
ENDING BALANCE AT JUNE 30	\$21,867,785	\$12,708,859	\$5,087,207	\$13,071,679	\$10,435,798	\$15,056,934	\$16,260,650	\$13,058,744
RESERVE BALANCE SUMMARY								
Operating Contingencies	\$1,727,777	\$1,506,657	\$68,120	\$1,661,714	\$1,781,059	\$1,661,713	\$1,733,455	\$1,804,584
Capital Expansion & Replacement	16,599,621	7,697,747	0	7,866,632	3,635,651	2,761,864	6,049,346	3,928,322
Debt Service & Redemption	3,540,386	3,504,455	5,019,087	3,543,333	5,019,087	6,622,250	7,304,587	7,325,838
ENDING BALANCE AT JUNE 30	\$21,867,784	\$12,708,859	\$5,087,207	\$13,071,679	\$10,435,798	\$15,056,934	\$16,260,650	\$13,058,744

Exhibit D
 Recharge Water Fund Report

INLAND EMPIRE UTILITIES AGENCY FISCAL YEAR 2013/2014 BUDGET RECHARGE WATER (RW) FUND - SOURCES AND USES OF FUNDS									
	2010/2011	2011/2012	2012/2013	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL	ACTUAL	AMENDED BUDGET	PROJECTED ACTUAL	ADOPTED BUDGET		FORECAST		
REVENUES AND OTHER FINANCING SOURCES									
Cost Reimbursement, JPA	\$687,001	\$719,547	\$722,317	\$757,089	\$794,776	\$775,000	\$797,000	\$828,000	\$860,000
Contract Cost Reimbursement	0	0	0	300	0	0	0	0	0
Interest Revenue	44,182	20,383	10,420	10,000	20,000	30,000	35,000	40,000	40,000
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$731,183	\$739,930	\$732,737	\$767,389	\$814,776	\$805,000	\$832,000	\$868,000	\$900,000
OTHER FINANCING SOURCES									
Grants	\$14,890	\$388,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Cost Reimbursement	366,790	175,135	437,387	562,155	547,873	505,593	616,804	666,432	666,228
Other Revenues	36,851	17,135	0	300	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES	\$418,541	\$581,116	\$437,387	\$562,455	\$547,873	\$505,593	\$616,804	\$666,432	\$666,228
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$1,149,724	\$1,321,046	\$1,170,124	\$1,329,844	\$1,362,649	\$1,310,593	\$1,448,804	\$1,534,432	\$1,566,228
EXPENSES									
Employment Expenses	\$366,103	\$383,500	\$394,818	\$394,818	\$494,464	\$496,724	\$498,658	\$508,632	\$518,804
Contract Work/Special Projects	\$0	\$245,750	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	130,724	128,040	141,000	141,000	96,000	98,880	101,846	104,901	108,048
Operating Fees	0	1,740	3,200	3,200	3,395	3,296	3,395	3,497	3,602
Professional Fees and Services	306,347	402,473	494,529	502,300	603,800	498,314	513,264	528,661	544,522
Office and Administrative Expenses	2,490	7,569	14,082	14,082	14,096	14,504	14,939	15,388	15,850
Materials & Supplies	33,662	23,274	80,760	88,100	67,100	62,833	64,822	66,767	68,771
Operation Contribution to IERCA	0	0	0	0	14,951	15,250	15,555	15,866	16,183
TOTAL EXPENSES	\$839,325	\$1,190,345	\$1,148,390	\$1,143,500	\$1,309,002	\$1,205,151	\$1,228,034	\$1,259,578	\$1,291,964
CAPITAL PROGRAM									
Work in Progress	\$58,158	\$412,533	\$699,719	\$600,202	\$610,000	\$0	\$0	\$0	\$0
TOTAL CAPITAL PROGRAM	\$58,158	\$205,840	\$699,719	\$600,202	\$610,000	\$0	\$0	\$0	\$0
DEBT SERVICE									
Financial Expenses	\$152,708	\$149,377	\$123,600	\$143,900	\$105,405	\$105,405	\$172,405	\$105,405	\$105,405
Interest	50,739	22,901	426,598	26,000	156,000	289,000	429,000	580,000	544,000
Principal	528,814	528,814	528,814	562,712	594,746	606,780	632,203	647,458	683,051
Short Term Inter-Fund Loan	3,700,000	0	0	0	0	0	0	0	0
TOTAL DEBT SERVICE	\$4,432,260	\$701,092	\$1,079,012	\$732,612	\$846,151	\$1,011,185	\$1,233,608	\$1,332,863	\$1,332,456
TRANSFERS IN (OUT)									
Debt Service	\$646,640	\$543,953	\$667,128	\$366,306	\$475,873	\$505,593	\$616,804	\$666,432	\$666,228
Operation support	378,049	236,683	275,048	275,048	464,324	400,000	400,000	400,000	400,000
TOTAL INTERFUND TRANSFERS IN (OUT)	\$1,024,689	\$780,636	\$942,176	\$641,354	\$940,197	\$905,593	\$1,016,804	\$1,066,432	\$1,066,228
FUND BALANCE									
Net Income (Loss)	(\$3,155,330)	\$4,405	(\$814,820)	(\$241,763)	(\$142,357)	\$15,099	\$19,521	\$24,288	\$24,220
Beginning Fund Balance July 01	5,615,006	2,459,676	2,464,082	2,464,082	2,222,318	2,079,961	2,095,060	2,114,581	2,138,869
ENDING BALANCE AT JUNE 30	\$2,459,676	\$2,464,082	\$1,649,261	\$2,222,318	\$2,079,961	\$2,095,060	\$2,114,581	\$2,138,869	\$2,163,089
RESERVE BALANCE SUMMARY									
Operating Contingencies	\$1,683,882	\$1,463,027	\$906,388	\$1,479,446	\$1,074,369	\$978,256	\$948,150	\$972,641	\$963,301
Capital Expansion & Replacement	409,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service & Redemption	366,790	501,055	242,873	242,873	505,593	616,804	666,432	666,228	699,788
ENDING BALANCE AT JUNE 30	\$2,459,676	\$2,464,082	\$1,649,261	\$2,222,318	\$2,079,961	\$2,095,060	\$2,114,581	\$2,138,869	\$2,163,089