

# Lebanon Electric Utility

2015 Budget

**ELECTRIC UTILITY  
2015 Budget**

**Revenues/Expenses**

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>	
<b>Operating Revenues</b>						
Residential	7,827,569	8,151,619	7,658,495	8,398,498	8,798,758	(1),(2)
Commercial	1,735,526	1,785,751	1,660,103	1,819,728	1,906,862	(1),(2)
Industrial	8,680,690	9,071,001	8,609,497	9,333,866	9,584,881	(1),(2)
Small Power	2,347,119	2,437,794	2,222,938	2,415,496	2,542,231	(1),(2)
Street & Highway Lighting	90,710	96,795	82,910	91,201	95,401	(1),(2)
Security Lights	53,290	56,396	51,700	56,351	59,217	(1),(2)
Interdepartmental	90,122	97,164	95,829	103,665	111,149	(1),(2)
Late Penalties	81,897	86,916	59,756	69,580	82,780	(1),(2)
<b>Total Operating Revenue</b>	<b><u>20,906,923</u></b>	<b><u>21,783,436</u></b>	<b><u>20,441,228</u></b>	<b><u>22,288,385</u></b>	<b><u>23,181,279</u></b>	
<b>Other Revenue</b>						
Other	104,802	106,043	134,936	147,203	133,055	(3)
<b>Total Other Revenue</b>	<b><u>104,802</u></b>	<b><u>106,043</u></b>	<b><u>134,936</u></b>	<b><u>147,203</u></b>	<b><u>133,055</u></b>	
<b>Total Revenue (less Interest)</b>	<b><u>21,011,725</u></b>	<b><u>21,889,479</u></b>	<b><u>20,576,164</u></b>	<b><u>22,435,588</u></b>	<b><u>23,314,334</u></b>	
<b>Purchased Services</b>						
Purchased Power	16,033,380	16,619,460	15,589,122	16,973,550	17,846,157	(4)
Telephone	20,223	19,952	18,644	21,692	21,949	
Contractual Services - Testing	31,058	45,000	8,040	18,149	46,000	(5)
Contractual Services - Other	81,746	340,569	238,241	255,255	333,235	(6)
Accounting Fees	6,490	7,136	9,314	11,454	7,300	(7)
Engineering Fees	18,424	40,000	47,950	51,686	35,000	(8)
Legal Fees	19,203	26,207	29,949	27,070	30,468	(9)
Utilities	31,082	32,725	29,112	32,108	33,543	(10)
<b>Total Purchased Services</b>	<b><u>16,241,606</u></b>	<b><u>17,131,049</u></b>	<b><u>15,970,372</u></b>	<b><u>17,390,964</u></b>	<b><u>18,353,652</u></b>	
<b>Wages &amp; Benefits</b>						
Operation Supervision	67,920	0	2,064	14,167	111,759	(11)
Engineering	198,472	259,053	120,755	190,103	135,685	(11)
Line Work	332,267	393,399	330,324	327,938	181,724	(11)
Bond Work	0	0	147,586	147,586	245,833	(11)
Line Locating	17,195	16,939	13,892	14,964	15,610	(11)
Dispatcher	0	0	0	0	27,040	(11)
Mapping	13,139	7,958	7,230	8,494	35,164	(11)
Tree Trimming	871	0	26	26	0	(11)
Fiber	3,441	4,763	0	0	0	(11)
Meter Reading	48,435	55,223	47,129	52,374	52,956	(11)
Billing	24,494	23,917	28,746	31,914	32,300	(11)
Administrative	139,210	131,240	118,053	138,179	136,230	(11)
Office Personnel	81,552	81,219	75,479	85,332	94,611	(11)
Sick/Vacation Pay	214,648	214,131	117,022	152,894	131,490	(11)
FICA Taxes	92,894	97,537	85,873	98,058	96,490	(11)
Group Insurance	360,556	395,631	302,637	329,345	340,054	(12)
Pension	198,875	174,837	182,716	201,877	199,327	(13)
Miscellaneous Payroll	120,656	141,712	86,300	91,317	96,970	(11)
<b>Total Wages &amp; Benefits</b>	<b><u>1,914,625</u></b>	<b><u>1,997,559</u></b>	<b><u>1,665,832</u></b>	<b><u>1,884,568</u></b>	<b><u>1,933,241</u></b>	

**ELECTRIC UTILITY  
2015 Budget**

**Revenues/Expenses (Cont.)**

	Actual 2013	Budget 2014	11 Months 2014	Rolling 12 Months	Proposed 2015	
<b>Operating Supplies &amp; Expense</b>						
Station Expenses	0	2,000	514	514	548	
Street Lights and Signals	2,364	2,813	8,888	8,888	9,478	
Security Lights	0	0	1,281	1,282	1,367	
Meter Expense	53,985	5,000	43,186	43,642	28,000	(14)
Meter Repair & Maintenance	6,110	7,271	1,090	1,090	2,000	
Tools & Equipment	16,218	17,388	18,449	22,365	21,671	
Safety Equipment	14,562	14,528	23,382	25,492	26,010	
Rents	936	1,114	2,499	2,499	2,665	(15)
Maintenance of Lines	37,402	35,742	56,120	60,876	50,000	
Maintenance of Transformers	22,412	26,487	4,811	4,811	5,130	(16)
Maintenance of Station Equipment	6,206	3,750	6,876	6,877	7,333	
Fiber	614	731	7,860	7,860	8,382	
General Maintenance	26,779	31,977	41,546	42,709	44,896	(17)
Office Supplies	18,255	20,850	20,119	20,929	21,867	
Janitorial Services	4,824	4,824	4,257	4,628	4,824	
Interior Landscaping	0	177	0	0	177	
Exterior Landscaping	2,514	1,767	1,099	2,984	1,767	
Computer Equipment	7,253	6,200	7,003	8,196	7,170	
Software Expense	1,701	7,750	1,657	1,677	6,510	
Maintenance Agreements	45,398	56,950	58,699	54,008	60,202	(18)
Dues & Subscriptions	11,171	12,460	11,647	10,921	12,961	
Postage	23,949	26,194	22,112	23,641	24,359	
Insurance	48,211	49,175	61,389	61,388	62,617	
Conference & Training	48,193	47,004	44,103	47,460	43,565	
Promotion	1,604	1,240	4,021	4,503	4,695	
Employee Recognition	280	1,550	1,598	1,764	1,550	
Transportation	47,643	45,681	37,678	41,742	42,251	
Uniforms	14,425	14,921	14,711	15,709	16,196	
SCADA Expense	0	0	95	95	101	
Payment in Lieu of Taxes	96,950	106,646	99,349	107,430	110,548	
Depreciation Expense	567,179	594,598	521,733	568,544	580,547	
Amortization of Deferred Costs	457	(2,544)	2,328	2,544	2,544	
Gross Income Tax	292,000	262,674	240,000	311,000	294,772	(19)
Bad Debt Expense	0	0	0	0	57,953	(20)
Lease Rental Payments - Principal	55,661	64,496	64,495	64,496	66,262	(21)
Bank Fees - Credit Card	22,508	21,920	21,669	23,626	25,715	
Miscellaneous	85,203	85,910	90,495	158,248	131,055	
<b>Total Operating Supplies &amp; Expense</b>	<b>1,582,967</b>	<b>1,579,244</b>	<b>1,546,759</b>	<b>1,764,438</b>	<b>1,787,687</b>	
<b>Total Expenses</b>	<b>19,739,198</b>	<b>20,707,852</b>	<b>19,182,963</b>	<b>21,039,970</b>	<b>22,074,580</b>	
<b>Operating Income</b>	<b>1,272,527</b>	<b>1,181,627</b>	<b>1,393,201</b>	<b>1,395,618</b>	<b>1,239,754</b>	
<b>Interest</b>						
Interest Revenue	16,719	45,500	55,498	59,840	50,192	
Interest Expense	(292,143)	(404,949)	(372,899)	(405,477)	(390,510)	(22)
<b>Total Interest Revenue (Expense)</b>	<b>(275,424)</b>	<b>(359,449)</b>	<b>(317,401)</b>	<b>(345,637)</b>	<b>(340,318)</b>	
<b>Extraordinary Items</b>						
Gain on Sale of Assets	0	0	0	0	0	
Loss on Sale of Assets	(3,528)	(7,500)	(1,463)	(3,537)	(7,500)	
<b>Total Extraordinary Items</b>	<b>(3,528)</b>	<b>(7,500)</b>	<b>(1,463)</b>	<b>(3,537)</b>	<b>(7,500)</b>	
<b>Net Margin</b>	<b>993,575</b>	<b>814,678</b>	<b>1,074,337</b>	<b>1,046,444</b>	<b>891,936</b>	

# ELECTRIC UTILITY 2015 Budget

## Notes to Proposed Revenue and Expenses

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Note	Description
(1)	A growth factor of 2% was used in determining the proposed 2015 revenues.
(2)	An estimated average increase in purchased power costs of 2.98% that will be passed to customers via the tracker adjustment factor.
(3)	This amount includes miscellaneous revenue such as pole attachments and the sale of scrap metal.
(4)	A 2.98% increase in purchased power costs has been estimated using estimates by IMPA. Again, this will be passed to customers via the tracker adjustment factor.
(5)	Testing includes \$15,000 for pole testing, \$15,000 for meter testing and \$16,000 for substation testing.
(6)	Estimated amount for miscellaneous contractual services needed by the different departments. Also includes \$80,000 for contracting out tree trimming and the use of an outside Line Crew at an estimated amount of \$205,920.
(7)	Accounting fees include State Board of Accounts audit costs, projections for possible regulatory tests related to the bond issue and cash advisory services.
(8)	Includes the use of ISC for engineering services assistance. The services include engineering services, relay engineering, double client, civil engineering, system study confirmation, and operational and engineering insight. This amount only represents the operational portion of work to be performed.
(9)	General legal counsel.
(10)	Electric's portion of shared utility bills along with all utility bills for their individual facility.
(11)	Assumes a 1.7% increase in salaries and wages for inflation and 1.3% for merit increases. Also includes a new Dispatcher/Mapping position.
(12)	Assumes a 3% increase in group health insurance.
(13)	Funding of the Defined Benefit Plan and the Defined Contribution Plan. No increase budgeted.
(14)	Miscellaneous meter expenses only. With the implementation of AMR all meters will be capitalized, however, endpoints or other parts may need to be replaced.
(15)	Annual payments for customer revenue under territory agreements. Per CS Manager no payments required.

**ELECTRIC UTILITY  
2015 Budget**

**Notes to Proposed Revenue and Expenses (Cont.)**

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Note	Description
(16)	Transformer maintenance is used for refurbishments of existing transformers.
(17)	Estimated and then allowed for the usual winter contingencies.
(18)	Allowed for new maintenance plans on software such as mCare, eDocs and a document management system.
(19)	Utility receipts tax is equal to 1.2% of total revenues.
(20)	A bad debt allowance has been set at .25%.
(21)	Lease rental principal on municipal building.
(22)	Lease rental interest on municipal building plus interest on 2013 Revenue Bonds.

## ELECTRIC UTILITY 2015 Budget

### Capital Additions

Item	Class	Description	Code	Amount	Notes
1	B	<b>Operations Building</b> - Site preparation, material, construction, mechanicals, asphalt,	3	3,870,000	
2	B	<b>69KV</b> - Loop around city. 69KV Loop Right of Way	3	975,000 900,000 75,000	
3	A	<b>South Substation</b> Land Purchase (Carry over from 2014) Materials & Equipment	3	580,000 450,000 130,000	
4	A	<b>Central Substation</b> Substation Construction Labor - Ground grid, gravel, steel erection. Engineering	3	277,000 250,000 27,000	
5	C	<b>Reconductor Circuits</b> - Upgrade Circuits.	2	230,000	(c)
6	D	<b>Bucket Truck</b> - Replacement of 2002 GMC C 6500.	1	225,000	
7	A	<b>System Integrity Plan</b> - Ongoing system improvements to provide operational flexibility.	1	200,000	
8	C	<b>New and Replacement Transformers</b> - Ongoing transformer purchase allotment for new units.	2	200,000	
9	C	<b>Electric's Portion of the IT Budget</b> - The estimated cost to IT to support Electric Operations.	1	135,017	
10	C	<b>Service to New Facilities</b> - Ongoing service extensions for new customers.	1	100,000	
11	C	<b>Automated Meter Reading</b> - 3 Phase meter change outs.	2	60,000	(c)
12	A	<b>Estimated Project Contingencies</b> - For contingencies on all bond projects.	3	50,000	
13	C	<b>Electric System Automation</b> - Ongoing system improvement / demand side management.	1	50,000	

## ELECTRIC UTILITY 2015 Budget

### Capital Additions (Cont.)

Item	Class	Description	Code	Amount	Notes
14	C	<b>Replacement of Underground Primary Conductor</b> - Targeted underground cable replacement based on failures and outage reports.	2	50,000	
15	D	<b>1PL Wire Trailer</b> - Replacement of 1997 Trailer.	2	40,000	(a),(b)
16	D	<b>Ford Pick-Up</b> - Replacement of 1997 Ford Pick-Up.	1	35,000	(a),(b)
17	A	<b>West Substation</b> Substation Construction Labor - Ground grid, gravel, steel erection. Engineering	3	33,000	
				25,000	
				8,000	
18	B	<b>SCADA Upgrades</b> - Ongoing SCADA system improvements.	1	20,000	
19	D	<b>Electric's Portion of Administration Vehicles</b> - Electric's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	17,334	(a),(b)
20	C	<b>Capacitor Controls</b> - Ongoing system power factor correction.	1	15,000	
21	C	<b>Voltage Regulator Controls</b> - Circuit level voltage regulation to protect commercial and industrial customers.	1	12,500	
22	B	<b>Spill Prevention Containment Control</b> - Ongoing preparedness for oil spill remediation.	1	8,000	
<b>TOTAL</b>				<u>7,182,851</u>	
Operational Cash Flow				800,517	
Other				597,334	
Bond				<u>5,785,000</u>	
<b>TOTAL</b>				<u>7,182,851</u>	

Code:	Class:	
1	Operational Cash Flow	A Must Accomplish This Year
2	Reserves	B Accomplish for Improvement of System Integrity
3	Bonding	C Ongoing Program - Accomplish for Improvement of System Integrity
4	Other	D Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**

**ELECTRIC UTILITY  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
1	<b>New and Replacement Transformers</b> Both O.H. and pad mounted types.	200,000	200,000	200,000	200,000	200,000	1,000,000
2	<b>10 Year Vehicle Replacement Program</b> Ongoing program and includes electric's portion of multi-departmental vehicle/equipment replacement program- five of ten years.	456,667	8,333	10,850	450,000	225,000	1,150,850
3	<b>Circuits</b> 12kV distribution circuit extension and new circuit construction plan.	100,000	100,000	100,000	100,000	100,000	500,000
4	<b>Residential Subdivisions</b> Install electric utility service facilities.	100,000	100,000	100,000	100,000	100,000	500,000
5	<b>AMR Replacement Program</b> On-going program to replace old AMR Meters and for new business.	60,000	60,000	60,000	60,000	60,000	300,000
6	<b>Replacement Program for Deteriorated Cable</b> On-going program to replace deteriorated cable.	50,000	50,000	50,000	50,000	50,000	250,000
7	<b>Electric System Automation</b> Outage management solution and automated system correction.	50,000	50,000	50,000	50,000	50,000	250,000
8	<b>SCADA, Pictometry &amp; Engineering Software</b> Additions and enhancements to existing software.	20,000	20,000	20,000	20,000	20,000	100,000
9	<b>Capacitor Controls</b> Ongoing program to replace capacitor controls.	15,000	15,000	15,000	15,000	15,000	75,000
10	<b>Spill Prevention</b> Ongoing program to address spill prevention.	15,000	15,000	15,000	15,000	15,000	75,000
11	<b>IT Budget</b> On-going program. See IT 5-year capital budget for breakdown.	23,870	3,720	16,120	19,220	9,920	72,850



**ELECTRIC UTILITY  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
12	<b>Voltage Regulators &amp; Controls</b> Ongoing program to replace voltage regulators controls.	12,500	12,500	12,500	12,500	12,500	62,500
<b>Totals</b>		<u>1,079,167</u>	<u>630,833</u>	<u>633,350</u>	<u>1,072,500</u>	<u>847,500</u>	<u>4,263,350</u>

\*\*These figures do not include any future or anticipated annexation.

# Lebanon Water Utility

2015 Budget

## WATER UTILITY 2015 Budget

### Revenues/Expenses

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>	
<b>Operating Revenues</b>						
Residential	1,456,679	1,567,666	1,446,560	1,577,693	1,609,437	(1)
Commercial	613,885	647,887	622,069	672,751	689,200	(1)
Industrial	174,571	184,647	175,032	189,258	193,903	(1)
Fire Protection	318,385	341,623	309,964	342,352	347,052	(1)
Availability Fees	210,080	180,000	32,845	34,845	36,045	(1)
Rent	8,351	8,235	10,557	11,314	11,644	(1)
Late Penalties	12,425	13,910	9,947	11,243	13,268	(1)
<b>Total Operating Revenue</b>	<b><u>2,794,376</u></b>	<b><u>2,943,968</u></b>	<b><u>2,606,974</u></b>	<b><u>2,839,456</u></b>	<b><u>2,900,548</u></b>	
<b>Other Revenue</b>						
Other	104,793	89,496	35,664	39,124	39,795	
<b>Total Other Revenue</b>	<b><u>104,793</u></b>	<b><u>89,496</u></b>	<b><u>35,664</u></b>	<b><u>39,124</u></b>	<b><u>39,795</u></b>	
<b>Total Revenue (less Interest)</b>	<b><u>2,899,169</u></b>	<b><u>3,033,464</u></b>	<b><u>2,642,638</u></b>	<b><u>2,878,580</u></b>	<b><u>2,940,343</u></b>	
<b>Purchased Services</b>						
Engineering Fees	23,667	28,274	58,623	58,622	62,513	
Accounting Fees	5,276	5,500	0	2,220	5,500	(2)
Legal Fees	16,036	18,146	11,275	11,787	12,284	
Contractual Services - Testing	3,866	19,435	9,742	9,742	10,389	(3)
Contractual Services - Other	19,109	57,849	61,563	62,086	60,515	(3)
Telephone Expense	13,683	13,225	14,967	16,490	17,167	
Utilities	148,845	157,730	131,851	144,376	151,369	
<b>Total Purchased Services</b>	<b><u>230,482</u></b>	<b><u>300,159</u></b>	<b><u>288,021</u></b>	<b><u>305,323</u></b>	<b><u>319,737</u></b>	
<b>Wages &amp; Benefits</b>						
Salaries WT	198,076	196,299	176,765	202,359	198,620	(4)
Salaries WD	180,468	183,144	171,216	191,658	192,385	(4)
Meter Reading	51,331	57,534	50,662	56,857	56,926	(4)
Billing Salaries	23,512	23,195	27,382	30,212	30,767	(4)
Administrative Salaries	187,834	183,655	165,794	189,695	189,873	(4)
Office Salaries	99,663	101,737	93,682	104,796	115,065	(4)
Line Locating	28,111	23,342	13,810	16,304	15,517	(4)
Sick/Vacation Leave	143,155	130,012	114,446	142,155	128,596	(4)
FICA Taxes	65,131	64,409	60,434	69,105	67,906	(4)
Pension	134,164	119,747	128,283	141,424	139,945	(5)
Group Insurance	251,715	272,894	223,530	243,950	251,166	(6)
<b>Total Wages &amp; Benefits</b>	<b><u>1,363,160</u></b>	<b><u>1,355,968</u></b>	<b><u>1,226,004</u></b>	<b><u>1,388,515</u></b>	<b><u>1,386,765</u></b>	

**WATER UTILITY  
2015**

**Revenues/Expenses (Cont.)**

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>
<b>Operating Supplies &amp; Expense</b>					
Chemicals	38,950	40,637	44,748	46,042	49,800
Materials & Supplies	34,055	42,548	17,856	18,538	19,389
Meter Expense	526	7,500	3,836	4,083	7,500
Meter Repair & Maintenance	210	3,000	1,159	1,369	2,500
Office Supplies	16,235	18,342	18,617	19,143	20,121
Janitorial Services	4,824	4,824	4,257	4,628	4,824
Interior Landscaping	0	177	0	0	177
Exterior Landscaping	1,879	1,767	1,083	1,083	1,767
Sand / Gravel / Pavement	6,033	2,107	7,403	11,829	10,152
SCADA Expense	2,633	3,555	2,300	2,300	2,453
Safety Equipment	4,699	5,287	716	716	764
Miscellaneous Equipment	3,239	3,941	1,347	1,348	1,437
Tools	3,406	3,968	994	1,029	1,078
Line Expense	2,600	3,126	4,245	4,245	4,527
Transportation	21,934	23,493	22,096	25,392	25,243
Insurance	49,725	50,510	58,674	58,674	59,847
Regulatory Expense	6,765	7,030	6,767	6,768	7,217
Well Expense	9	0	6,367	6,376	6,794
Dues & Subscriptions	4,179	5,945	6,072	4,349	6,411
Promotional Expense	1,482	6,695	3,769	4,128	6,695
Employee Recognition	197	1,550	1,498	1,664	1,550
Bad Debt Expense	0	0	0	3,486	7,251 (7)
Postage	23,674	26,138	22,081	20,015	24,570
Conferences & Training	14,373	19,003	16,725	16,804	21,564
Uniforms - Cleaning	9,392	8,605	10,304	11,946	11,466
General Maintenance	24,307	26,937	26,005	28,408	28,956
Computer Equipment	7,965	6,200	5,391	5,827	7,170
Software Expense	2,454	7,750	1,118	1,139	6,510
Maintenance Agreements	29,789	37,473	35,832	32,182	36,348
Payment in Lieu of Taxes	125,171	127,675	113,910	124,344	126,751
Depreciation	324,507	327,514	331,976	361,935	369,399
Gross Income Tax	30,300	36,402	27,700	36,800	35,284
Lease Rental Payments - Principal	55,661	64,496	64,495	64,495	66,262 (8)
Bank Fees - Credit Card	21,826	21,817	21,012	22,911	23,381
Miscellaneous	12,282	11,337	11,102	14,698	14,353
<b>Total Operating Supplies &amp; Expense</b>	<b>885,281</b>	<b>957,349</b>	<b>901,455</b>	<b>968,694</b>	<b>1,019,510</b>
<b>Total Expenses</b>	<b>2,478,923</b>	<b>2,613,476</b>	<b>2,415,480</b>	<b>2,662,532</b>	<b>2,726,013</b>
<b>Operating Income</b>	<b>420,246</b>	<b>419,988</b>	<b>227,158</b>	<b>216,048</b>	<b>214,331</b>
<b>Interest</b>					
Interest Revenue	8,282	8,517	7,387	8,293	8,339
Interest Expense	(31,330)	(16,674)	(16,674)	(16,674)	(16,635) (9)
<b>Total Interest Revenue (Expense)</b>	<b>(23,048)</b>	<b>(8,157)</b>	<b>(9,287)</b>	<b>(8,381)</b>	<b>(8,296)</b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	0	(1,000)	0	0	(1,000)
<b>Total Extraordinary Items</b>	<b>0</b>	<b>(1,000)</b>	<b>0</b>	<b>0</b>	<b>(1,000)</b>
<b>Net Margin</b>	<b>397,198</b>	<b>410,831</b>	<b>217,871</b>	<b>207,667</b>	<b>205,035</b>

# WATER UTILITY 2015 Budget

## Notes to Proposed Revenue and Expenses

Note	Description
(1)	An overall growth factor of 2% was used in determining the proposed 2015 revenues.
(2)	The only projected accounting fees are for the cost of the State Board of Accounts annual audit and bond testing. Over the last 5 years the cost of the audit has averaged between \$2,300 and \$3,500 and I am estimating \$2,000 for bond testing.
(3)	Estimated amount for miscellaneous contractual services needed by the different departments. Also, includes waters portion of of a promotional effort and an updated salary and wage study. The testing portion includes tests for Nitrates, TTHM and IOC's. Also, includes water meter testing.
(4)	Assumes a 1.7% increase in salaries and wages for inflation and 1.3% for merit increases.
(5)	Assumes a 3% increase in group health insurance.
(6)	Funding of the Defined Benefit Plan and the Defined Contribution Plan.
(7)	A bad debt allowance has been set at .25%.
(8)	Lease rental principal on municipal building.
(9)	Lease rental interest on municipal building plus miscellaneous interest deductions.

## WATER UTILITY 2015 Budget

### Capital Additions

Capital Additions					
Item	Class	Description	Code	Amount	Notes
1	B	<b>Lafayette Avenue</b> - In conjunction with a city storm project.	2	865,552	
2	B	<b>Indianapolis Avenue</b> - In conjunction with a city road project.	2	776,000	
3	B	<b>East Street</b> - Phase I of a city storm project.	2	700,000	
4	C	<b>Water's Portion of the IT Budget</b> - The estimated cost to IT to support Water Operations.	1	135,017	
5	C	<b>Facility Rehab</b> - Ongoing project to maintain and renovate the facilities.	2	65,000	
6	C	<b>Well Improvement and Rehab</b> - Annual improvements and rehab on wells.	2	40,000	
7	D	<b>Ford F 350 #6</b> - Replacement of our Ford F 350 #6 in agreement with our vehicle replacement program.	2	40,000	(a),(b)
8	D	<b>Service Truck #10</b> - Replacement of our Service Truck #10 in agreement with our vehicle replacement program.	2	40,000	(a),(b)
9	D	<b>Ford F250 with Plow #12</b> - Replacement of our Ford Ranger #12 in agreement with our vehicle replacement program.	2	30,000	(a),(b)
10	C	<b>Automated Meter Reading</b> - Annual amount for meter replacements as needed.	2	25,000	
11	D	<b>Water's Portion of Administration Vehicles</b> - Water's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	17,333	(a),(b)
12	B	<b>Pilot AMR</b>	1	10,000	
13	D	<b>Jacobsen Mower (1989)</b> - Replacement of our Jacobsen mower in agreement with our vehicle replacement program.	2	9,000	(a),(b)
TOTAL				2,752,902	
Operational Cash Flow				145,017	
Other				2,607,885	
TOTAL				2,752,902	

<b>Code:</b>	<b>Class:</b>		
1	Operational Cash Flow	A	Must Accomplish This Year
2	Reserves	B	Accomplish for Improvement of System Integrity
3	Bonding	C	Ongoing Program - Accomplish for Improvement of System Integrity
4	Other	D	Ongoing Program - Long Term/Short Term & Vehicles/Equipment

- Notes:**
- (a) Cost does not reflect money received from sale of old vehicle/equipment.
  - (b) Included in 10 year replacement plan.
  - (c) Cost estimates provided by engineering consultant.
  - (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**

**WATER UTILITY  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
1	<b>Yearly Water Main Replacement</b> Replacement of old and undersized lines. We have 87 miles of lines or 459,360 ft of water main \$ 50/ft. = \$22,968,000 @ \$300,000/yr. It will be replaced in 77 yrs.	1,126,000 (A)	700,000 (B)	817,000 (C)	429,000 (D)	900,000 (E)	3,972,000
2	<b>Hydrant &amp; Valve Replacement Program</b> Program to replace old hydrants	60,000	60,000	80,000	80,000	80,000	360,000
3	<b>Facility Rehab</b> Miscellaneous improvements as deemed necessary by staff. This is a standing capital improvements program	65,000	220,000	70,000	65,000	70,000	490,000
4	<b>5 Year Vehicle Replacement Program</b> Ongoing program including support departments, IT, Meter Engineering	106,667	58,333	68,350	85,000	0	318,350
5	<b>Well Improvement Program</b> Program to maintain and clean wells We have 10 active wells and work on 2 wells per year	45,000	45,000	50,000	50,000	50,000	240,000
6	<b>AMR</b> Automated Meter Reading performed by Lebanon Utilities staff This system will tell us if usage is high and help us to help our customers It should eliminate most estimates	25,000	25,000	25,000	25,000	25,000	125,000
7	<b>IT Budget</b> See IT capital budget for breakdown.	23,870	3,720	16,120	19,220	9,920	72,850
Total		<u>1,451,537</u>	<u>1,112,053</u>	<u>1,126,470</u>	<u>753,220</u>	<u>1,134,920</u>	<u>5,578,200</u>

Notes: (A) East St. & North St. (C) Indianapolis Ave. Phase 2. (E) Indianapolis Ave. Phase 3. (G) Switch Gear (I) Paint Elm St. Water Tower  
(B) Elizaville Rd. (optional) (D) Patterson St. (F) Paint Chicago Water Tower (H) Paint SC + (J) Heating System Chicago St. +

**\*\*These figures do not include any future or anticipated annexation.**

# Lebanon Wastewater Utility

## 2015 Budget



## WASTEWATER UTILITY 2015 Budget

### Revenues/Expenses

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>	
<b>Operating Revenues</b>						
Residential	2,146,245	2,185,570	1,994,621	2,179,694	2,221,379	(1)
Commercial	1,003,936	1,001,583	973,110	1,054,799	1,079,351	(1)
Industrial	328,812	335,436	304,392	330,220	337,765	(1)
Availability Fees	188,561	153,000	29,914	33,314	33,633	(1)
Tap Fees	800	714	733	803	817	(1)
Inspection Fees	6,941	7,829	2,967	3,129	3,247	(1)
Late Penalties	59,737	62,928	43,769	49,742	58,720	(1)
<b>Total Operating Revenues</b>	<b><u>3,735,032</u></b>	<b><u>3,747,060</u></b>	<b><u>3,349,506</u></b>	<b><u>3,651,701</u></b>	<b><u>3,734,911</u></b>	
<b>Other Revenues</b>						
Storm Reimbursement	5,285	128,300	106,409	115,730	118,224	(2)
Other	128,136	2,087	3,365	8,562	6,239	
<b>Total Other Revenue</b>	<b><u>133,421</u></b>	<b><u>130,387</u></b>	<b><u>109,774</u></b>	<b><u>124,292</u></b>	<b><u>124,463</u></b>	
<b>Total Revenue (less Interest)</b>	<b><u>3,868,453</u></b>	<b><u>3,877,447</u></b>	<b><u>3,459,280</u></b>	<b><u>3,775,993</u></b>	<b><u>3,859,374</u></b>	
<b>Purchased Services</b>						
Engineering Fees	6,667	8,044	0	0	10,000	
Accounting Fees	14,234	50,500	19,331	28,259	35,000	(3)
Legal Fees	13,251	13,612	16,033	17,542	17,867	
Contractual Services - Sludge Removal	125,147	120,000	104,643	136,308	110,000	
Contractual Services - Other	78,648	115,379	87,450	88,434	118,815	(4)
Telephone Expense	14,216	14,295	14,977	16,646	17,335	
Utilities	275,740	289,127	230,072	250,248	263,248	
<b>Total Purchased Services</b>	<b><u>527,903</u></b>	<b><u>610,957</u></b>	<b><u>472,506</u></b>	<b><u>537,437</u></b>	<b><u>572,265</u></b>	
<b>Wages &amp; Benefits</b>						
Salaries WWC	214,155	228,014	182,642	204,278	205,223	(5)
Salaries WWT	193,322	192,097	166,008	189,219	196,533	(5)
Meter Reading	47,611	54,523	46,473	51,511	52,219	(5)
Line Locating	16,119	16,279	13,751	15,481	15,451	(5)
Mapping	12,519	7,792	59	823	66	(5)
Billing Salaries	23,512	23,195	27,382	30,212	30,767	(5)
Laboratory Salaries	79,250	81,710	32,719	42,272	36,764	(5)
Administrative Salaries	187,834	183,655	165,794	189,696	189,873	(5)
Office Salaries	102,751	106,011	94,179	105,293	115,623	(5)
Vacation/Sick Leave	167,580	148,539	100,005	132,138	112,369	(5)
FICA Taxes	78,580	79,988	63,119	72,751	70,923	(5)
Pension	158,130	152,925	138,994	154,468	151,630	(6)
Group Insurance	283,919	309,226	228,257	250,332	256,478	(7)
<b>Total Wages &amp; Benefits</b>	<b><u>1,565,282</u></b>	<b><u>1,583,954</u></b>	<b><u>1,259,382</u></b>	<b><u>1,438,474</u></b>	<b><u>1,433,920</u></b>	

**WASTEWATER UTILITY  
2015 Budget**

**Revenues/Expenses (Cont.)**

	<b>Actual 2013</b>	<b>Budget 2014</b>	<b>11 Months 2014</b>	<b>Rolling 12 Months</b>	<b>Proposed 2015</b>
<b>Operating Supplies &amp; Expense</b>					
Chemicals	14,753	17,101	24,577	24,577	51,208
Materials & Supplies	4,888	4,305	4,650	5,557	5,421
Lab	11,494	10,284	11,246	13,174	12,976
Liftstations	20,013	18,495	13,680	14,075	14,789
Office Supplies	17,979	20,859	18,384	19,072	19,955
Janitorial Services	4,824	4,824	4,257	4,628	4,824
Interior Landscaping	0	177	0	93	177
Exterior Landscaping	1,879	1,767	1,099	1,007	1,767
Meter Expense	362	137	1,904	2,150	10,000
Safety Equipment	5,807	6,685	1,577	1,577	1,682
SCADA Equipment	3,698	6,820	665	665	709
Sand / Gravel / Pavement	5,048	1,882	667	4,338	2,583
Miscellaneous Equipment	4,536	5,155	2,570	2,570	2,741
General Maintenance	56,790	55,919	56,701	59,861	62,075
Transportation	19,694	21,458	20,183	21,108	21,994
Computer Equipment	8,175	6,200	5,980	6,416	7,170
Software Expense	2,454	7,750	1,118	1,139	6,510
Maintenance Agreements	28,879	36,711	41,781	37,762	42,504
Insurance	48,008	49,448	58,816	58,816	59,992
Promotional Expense	1,482	2,695	3,754	4,113	2,695
Employee Recognition	425	1,550	1,498	1,664	1,550
Regulatory Expense	9,500	9,690	9,500	9,500	10,130
Bad Debt Expense	0	0	0	0	9,337 (8)
Dues & Subscriptions	2,890	4,445	3,753	3,092	4,911
Postage	23,652	25,956	21,886	23,318	24,069
Conferences & Training	14,625	16,303	16,167	17,122	19,364
Uniforms	8,427	7,543	8,217	9,943	9,643
Safety Training Expense	1,087	809	2,939	2,940	3,135
Pumps, Motors & Equipment	0	0	6,505	6,505	6,937
Payment in Lieu of Taxes	208,240	209,465	190,522	207,870	212,013
Depreciation Expense	696,945	709,660	647,522	706,194	720,515
Amortization - Deferred Costs	24,276	36,875	33,802	36,876	36,875
Lease Rental Payments - Principal	55,661	64,496	64,495	64,496	66,262 (9)
Bank Fees - Credit Card	21,826	21,817	21,012	22,911	23,381
Miscellaneous	17,756	19,565	17,299	18,393	19,005
<b>Total Operating Supplies &amp; Expense</b>	<b>1,346,073</b>	<b>1,406,846</b>	<b>1,318,726</b>	<b>1,413,522</b>	<b>1,498,899</b>
<b>Total Expenses</b>	<b>3,439,258</b>	<b>3,601,757</b>	<b>3,050,614</b>	<b>3,389,433</b>	<b>3,505,084</b>
<b>Operating Income</b>	<b>429,195</b>	<b>275,690</b>	<b>408,666</b>	<b>386,560</b>	<b>354,291</b>
<b>Interest</b>					
Interest Revenue	7,100	7,609	5,652	6,455	6,437
Interest Expense	(301,987)	(232,584)	(214,859)	(233,499)	(263,063) (10)
<b>Total Interest Revenue (Expense)</b>	<b>(294,887)</b>	<b>(224,975)</b>	<b>(209,207)</b>	<b>(227,044)</b>	<b>(256,626)</b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	0	(1,000)	0	0	(1,000)
<b>Total Extraordinary Items</b>	<b>0</b>	<b>(1,000)</b>	<b>0</b>	<b>0</b>	<b>(1,000)</b>
<b>NET MARGIN</b>	<b>134,308</b>	<b>49,715</b>	<b>199,459</b>	<b>159,516</b>	<b>96,664</b>

**WASTEWATER UTILITY  
2015 Budget**

**Notes to Proposed Revenue and Expenses**

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Note	Description
(1)	An overall growth factor of 2% was used in determining the proposed 2015 revenues.
(2)	This represents the amount that the City reimburses the Utilities for Stormwater services and costs.
(3)	Accounting fees include the cost of the State Board of Accounts annual audit, the bond disclosure costs and a potential 2015 rate case.
(4)	Estimated amount for miscellaneous contractual services needed by the different departments. Infiltration Remediation for 2015 has been estimated to be \$50,000.
(5)	Assumes a 1.7% increase in salaries and wages for inflation and 1.3% for merit increases.
(6)	Assumes a 3% increase in group health insurance.
(7)	Funding of the Defined Benefit Plan and the Defined Contribution Plan.
(8)	A bad debt allowance has been set at .25%.
(9)	Lease rental principal on municipal building.
(10)	Lease rental interest on municipal building and bond interest on the 2005 and 2013 bonds.

**WASTEWATER UTILITY  
2015 Budget**

**Capital Additions**

Item	Class	Description	Code	Amount	Notes
1	A	<b>Indianapolis Avenue</b>	2	558,700	
2	B	<b>Prairie Heights Lift Station</b> - This project will reduce operation costs, move it out of flood waters as well as follow our master plan for future development.	2	323,202	
3	C	<b>Line Repair and Replacement Program (yrly +/-)</b> - Annual program to reduce infiltration and inflow.	2	300,000	
4	D	<b>Ford F Super Duty #27</b> - Replacement of our Ford F Super Duty #27 Jet Truck in agreement with our vehicle replacement program.	2	120,600	(a),(b)
5	C	<b>Wastewater's Portion of the IT Budget</b> - The estimated cost to IT to support Wastewater Operations.	1	135,017	
6	B	<b>Facility Rehab</b> - Ongoing project to maintain and renovate the facilities.	2	70,000	
7	B	<b>Manhole Rehab Program</b> - Annual program to reduce infiltration and inflow.	2	80,000	
8	A	<b>Lafayette Avenue Sanitary</b>	1	40,000	
9	B	<b>Automated Meter Reading</b> - Annual amount for meter replacements as needed.	2	25,000	
10	D	<b>Toro Z Master</b> - Replacement of our Toro Z Master in agreement with our vehicle replacement program.	2	15,000	(a),(b)
11	D	<b>Wastewater's Portion of Administration Vehicles</b> - Wastewater's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	17,333	(a),(b)
12	B	<b>Pilot AMR</b>	1	<u>10,000</u>	
TOTAL				<u>1,694,852</u>	
Operational Cash Flow				185,017	
Other				<u>1,509,835</u>	
TOTAL				<u>1,694,852</u>	

**Code:**

**Class:**

1	Operational Cash Flow	A	Must Accomplish This Year
2	Reserves	B	Accomplish for Improvement of System Integrity
3	Bonding	C	Ongoing Program - Accomplish for Improvement of System Integrity
4	Other	D	Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**

**WASTEWATER UTILITY  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
1	<b>Master Plan Development</b> Extension of service and liftstation replacement and Buildings and Grounds.	170,000 (A)	769,265 (B)	220,000 (C)	1,300,000 (D)	650,000 (E)	3,109,265
2	<b>System Rehab Program</b> Yearly program to repair collection system.	300,000	300,000	300,000	300,000	300,000	1,500,000
3	<b>Facility Rehab</b> Miscellaneous Repairs.	50,000	50,000	680,000 (F)	60,000	60,000	900,000
4	<b>10 Year Vehicle Replacement Program</b> Ongoing program and includes wastewater's portion of multi-departmental equipment replacement program- five of ten years.	96,667	48,333	148,350	122,000	50,000	465,350
5	<b>Manhole Rehab Program</b> Ongoing program.	80,000	80,000	80,000	80,000	80,000	400,000
6	<b>AMR</b> Automated Meter Reading performed by Lebanon Utilities internal staff.	25,000	25,000	25,000	25,000	25,000	125,000
7	<b>IT Budget</b> See IT capital budget for breakdown.	23,870	3,720	16,120	19,220	9,920	72,850
Total		<u>745,537</u>	<u>1,276,318</u>	<u>1,469,470</u>	<u>1,906,220</u>	<u>1,174,920</u>	<u>6,572,465</u>

Notes: (A) Grant St. (C) Indianapolis Ave. Phase 2 (E) Indianapolis Ave. Lift Station  
(B) Elizaville Rd. (optional) (D) Patterson (F) Grit

**\*\*These figures do not include any future or anticipated annexation.**

# Telecommunications Division

## 2015 Budget

**TELECOMMUNICATIONS DIVISION  
2015 Budget**

**Revenues/Expenses**

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>	
<b>Operating Revenues</b>						
Residential	150,460	149,323	152,587	167,882	172,185	(1)
Commercial	50,024	51,533	48,706	53,514	54,924	(1)
Custom Commercial	91,521	92,787	85,732	94,134	96,645	(1)
Installations	8,405	8,557	9,858	10,699	11,048	(1)
Equipment	137,331	136,186	143,691	157,580	161,882	(1)
Set-up Charges	3,780	3,646	4,320	4,110	4,544	(1)
Late Penalties	1,783	1,947	1,457	1,495	1,888	(1)
<b>Total Operating Revenue</b>	<b><u>443,304</u></b>	<b><u>443,979</u></b>	<b><u>446,351</u></b>	<b><u>489,414</u></b>	<b><u>503,116</u></b>	
<b>Other Revenue</b>						
Other	79,349	46,524	66,939	70,147	73,733	
<b>Total Other Revenue</b>	<b><u>79,349</u></b>	<b><u>46,524</u></b>	<b><u>66,939</u></b>	<b><u>70,147</u></b>	<b><u>73,733</u></b>	
<b>Total Revenue (less Interest)</b>	<b><u>522,653</u></b>	<b><u>490,503</u></b>	<b><u>513,290</u></b>	<b><u>559,561</u></b>	<b><u>576,850</u></b>	
<b>Purchased Services</b>						
Bandwidth	30,162	40,000	41,369	44,409	50,000	
Telephone	4,024	4,186	3,591	4,021	4,166	
Contractual Services - Other	4,991	16,081	46,377	46,530	17,481	(2)
Accounting Fees	2,919	2,694	0	1,298	662	(3)
Legal Fees	3,822	5,878	2,101	472	1,410	
Utilities	8,677	9,057	6,968	7,772	8,074	
<b>Total Purchased Services</b>	<b><u>54,595</u></b>	<b><u>77,896</u></b>	<b><u>100,406</u></b>	<b><u>104,502</u></b>	<b><u>81,792</u></b>	
<b>Wages &amp; Benefits</b>						
Customer Install	21,572	18,861	30,107	33,367	33,829	(4)
Billing	2,207	2,176	2,064	2,331	2,319	(4)
Administrative	37,706	36,390	34,137	39,052	39,166	(4)
Office Personnel	73,062	76,708	34,904	39,150	39,219	(4)
Redundant Fiber	9,324	12,907	0	0	0	
Sick/Vacation Pay	18,297	13,891	12,834	16,724	14,421	(4)
FICA Taxes	11,800	11,773	8,173	9,332	9,183	(4)
Group Insurance	42,291	45,140	35,532	39,074	39,925	(5)
Pension	21,070	18,701	18,702	20,691	20,402	(6)
<b>Total Wages &amp; Benefits</b>	<b><u>237,329</u></b>	<b><u>236,547</u></b>	<b><u>176,453</u></b>	<b><u>199,721</u></b>	<b><u>198,465</u></b>	

**TELECOMMUNICATIONS DIVISION  
2015 Budget**

**Revenues/Expenses (Cont.)**

	<u>Actual 2013</u>	<u>Budget 2014</u>	<u>11 Months 2014</u>	<u>Rolling 12 Months</u>	<u>Proposed 2015</u>
<b>Operating Supplies &amp; Expense</b>					
Tools & Equipment	2,120	2,102	513	606	594
Installation Supplies	6,975	7,616	5,721	6,421	6,458
Tower Rent	10,481	13,300	14,459	15,358	15,877
Maintenance of Equipment	716	848	111	118	122
General Maintenance	2,539	2,903	1,842	2,343	2,220
Office Supplies	2,255	2,582	2,289	2,391	2,493
Janitorial Services	1,089	1,089	995	1,081	1,089
Interior Landscaping	0	39	0	0	39
Exterior Landscaping	264	399	462	461	399
Miscellaneous Equipment	13	19	248	248	264
Communications Equipment	2,665	1,694	3,196	4,411	4,028
Fiber	965	990	3,424	3,424	3,651
Computer Equipment	1,877	3,400	2,013	2,228	3,490
Software Expense	250	2,750	183	188	2,750
Maintenance Agreements	4,010	5,361	5,491	4,633	5,418
Dues & Subscriptions	1,468	2,271	1,513	1,392	2,373
Postage	2,364	2,581	2,095	2,219	2,331
Insurance	8,391	11,524	11,278	11,278	12,549
Conference & Training	1,751	3,980	2,012	2,036	4,336
Promotion	335	2,915	1,454	1,534	2,915
Employee Recognition	44	350	393	430	350
Transportation	5,049	5,096	4,431	4,863	4,930
Freight / Shipping	3,236	3,193	1,646	1,952	1,832
Payment in Lieu of Taxes	1,494	1,525	1,759	1,882	1,957
Depreciation Expense	30,050	29,690	37,212	40,150	41,407
Gross Income Tax	5,700	5,081	5,300	7,300	5,955
Bad Debt Expense	0	0	0	0	1,258 (7)
Lease Rental Payments - Principal	12,569	14,562	14,563	14,564	14,964 (8)
Bank Fees - Credit Card	2,046	1,993	1,970	2,147	2,191
Miscellaneous	27,369	24,498	16,046	25,990	22,182
<b>Total Operating Supplies &amp; Expense</b>	<b><u>138,085</u></b>	<b><u>154,351</u></b>	<b><u>142,619</u></b>	<b><u>161,648</u></b>	<b><u>170,423</u></b>
<b>Total Expenses</b>	<b><u>430,009</u></b>	<b><u>468,794</u></b>	<b><u>419,478</u></b>	<b><u>465,871</u></b>	<b><u>450,680</u></b>
<b>Operating Income</b>	<b><u>92,644</u></b>	<b><u>21,709</u></b>	<b><u>93,812</u></b>	<b><u>93,690</u></b>	<b><u>126,169</u></b>
<b>Interest</b>					
Interest Revenue	264	381	200	261	247
Interest Expense	(7,075)	(3,767)	(3,765)	(3,765)	(3,755) (9)
<b>Total Interest Revenue (Expense)</b>	<b><u>(6,811)</u></b>	<b><u>(3,386)</u></b>	<b><u>(3,565)</u></b>	<b><u>(3,504)</u></b>	<b><u>(3,508)</u></b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	(4,285)	(3,000)	(2,772)	(2,773)	(3,000)
<b>Total Extraordinary Items</b>	<b><u>(4,285)</u></b>	<b><u>(3,000)</u></b>	<b><u>(2,772)</u></b>	<b><u>(2,773)</u></b>	<b><u>(3,000)</u></b>
<b>Net Margin</b>	<b><u>81,548</u></b>	<b><u>15,323</u></b>	<b><u>87,475</u></b>	<b><u>87,413</u></b>	<b><u>119,661</u></b>



**TELECOMMUNICATIONS DIVISION  
2015 Budget**

**Notes to Proposed Revenue and Expenses**

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Note	Description
(1)	The revenue numbers are based on a 3% increase in revenue for 2015.
(2)	Estimated amount for miscellaneous contractual services needed by the different departments.
(3)	The only projected accounting fees are for the cost of the State Board of Accounts annual audit.
(4)	Assumes a 1.7% increase in salaries and wages for inflation and 1.3% for merit increases.
(5)	Assumes a 3% increase in group health insurance.
(6)	Funding of the Defined Benefit Plan and the Defined Contribution Plan.
(7)	A bad debt allowance has been set at .25%.
(8)	Lease rental principal on municipal building.
(9)	Includes a portion for the interest on the lease for the municipal building.

**TELECOMMUNICATIONS DIVISION  
2015 Budget**

**Capital Additions**

Item	Class	Description	Code	Amount	Notes
1	C	<b>Telecom's Portion of the IT Budget</b> - The estimated cost to IT to support Wastewater Operations.	1	30,488	
2	A	<b>Wireless Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades.	2	10,000	
3	A	<b>Fiber Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades.	2	10,000	
4	A	<b>Upgrade Routing/Switching Infrastructure</b>	2	5,000	
5	A	<b>Server Upgrades (Virtualize)</b>	2	5,000	
6	C	<b>Telecom's Portion of the Administration Vehicles</b> - Telecom's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	-	(a),(b)
TOTAL				60,488	
Operational Cash Flow				30,488	
Other				30,000	
TOTAL				60,488	

**Code:**

1 Operational Cash Flow  
2 Reserves  
3 Bonding  
4 Other

**Class:**

A Must Accomplish This Year  
B Accomplish for Improvement of System Integrity  
C Ongoing Program - Accomplish for Improvement of System Integrity  
D Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**TELECOMMUNICATIONS DIVISION  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
1	<b>Wireless Equipment Upgrades</b> Upgrade to our wireless system.	0	60,000	0	0	60,000	120,000
2	<b>Customer Equipment</b> Equipment on customer premises.	20,000	20,000	20,000	20,000	20,000	100,000
3	<b>Internet Bandwidth Upgrade</b> See IT capital budget for breakdown.	10,000	10,000	10,000	10,000	10,000	50,000
4	<b>IT Budget</b> See IT capital budget for breakdown.	5,390	840	3,640	4,340	2,240	16,450
5	<b>10 Year Vehicle Replacement Program</b> Ongoing program and includes telecoms portion of multi-departmental equipment replacement program- five of ten years.	0	0	2,450	0	0	2,450
Total		<u>25,390</u>	<u>80,840</u>	<u>26,090</u>	<u>24,340</u>	<u>82,240</u>	<u>238,900</u>

# IT Capital Program

## 2015 Budget

**IT  
2015 Budget  
Capital Additions**

Item	Class	Description	Code	Amount	Department
1	B	<b>Northstar Upgrade</b> - Estimated amount to upgrade the Customer Service/Billing System.	2	70,140	Customer Service
2	B	<b>Electric Work Order Upgrade</b> - Estimated amount to upgrade the Work Order System.	2	60,000	Electric
3	A	<b>Infrastructure Upgrades</b> - Continuing work on upgrades to company networking systems.	2	40,000	IT
4	B	<b>Surveillance Systems</b> - Electric Dept. - For video surveillance in high vandalism areas. .	1	40,000	Electric
5	B	<b>Surveillance Systems</b> - Water Dept. - For video surveillance in high vandalism areas. .	1	40,000	Water
6	B	<b>Customer Connect</b> - System to allow Customer Service the ability to better manage risk.	1	37,600	Customer Service
7	B	<b>Fiber Network Build-Out</b> - Complete the fiber loop around the city to provide additional access and redundant routes.	1	20,000	IT
8	A	<b>Utility Website Upgrade</b> - Project to rewrite/redesign the Utilities out-dated website.	2	20,000	IT
9	A	<b>Data Back-Up &amp; Recovery Plan - Phase II</b> - Further enhance offsite and archive processes and procedures.	1	20,000	IT
10	B	<b>Customer Communication Enhancements</b> - Technology enhancements for communicating with customers. Possible	1	20,000	Customer Service
11	B	<b>ProfitStars</b> - Allows Customer Service to scan payments and checks for automatic input and deposit.	1	16,799	Customer Service
12	B	<b>Network Access - Substations</b> - Complete any fiber connections necessary to connect to the data center.	1	10,000	Electric
13	B	<b>Network Access - Liftstations</b> - Complete any fiber connections necessary to connect to the data center.	1	10,000	Wastewater
14	B	<b>Document Management System</b> - This is a project to evaluate and recommend a system.	1	10,000	IT
15	A	<b>E-Mail Archive System</b> - For archiving and storing company e-mail per retention requirements.	1	10,000	IT
16	B	<b>Web Filtering Appliances</b> - Device to monitor and report on Internet usage and performance.	1	6,000	IT
17	B	<b>Phone System Additions/Enhancements</b> - For additional phones and licensing for softphone, audio and web conferencing.	2	5,000	IT
TOTAL				435,539	
				Operational Cash Flow	240,399
				Other	195,140
TOTAL				435,539	

**Class:**

- A Must Accomplish This Year
- B Accomplish for Improvement of System Integrity
- C Ongoing Program - Accomplish for Improvement of System Integrity
- D Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Code:**

- 1 Operational Cash Flow
- 2 Reserves
- 3 Bonding
- 4 Other

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by consultant.
- (d) May include capitalized labor.

**IT  
2015 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2015**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Total Amount
1	<b>Workstation Upgrades</b> Replace out-of-date workstations based on a standard replacement cycle.	12,000	12,000	12,000	12,000	12,000	60,000
2	<b>Workgroup Switch Upgrades</b> Replace out-of-date switches based on a standard replacement cycle.	20,000	0	0	20,000	20,000	60,000
3	<b>Data Center Switch/Router Upgrade</b> Replace out-of-date core switches based on a standard replacement cycle.	0	0	0	30,000	0	30,000
4	<b>Virtual Desktop Rollout</b> Implementation of virtual workstations.	30,000	0	0	0	0	30,000
5	<b>Data Center Storage (SAN) Upgrades</b> Additional processors and memory to keep up with system demands.	10,000	0	20,000	0	0	30,000
6	<b>Data Center Virtual Server Upgrades</b> Additional processors and memory to keep up with system demands.	5,000	0	20,000	0	0	25,000
Total		<u>77,000</u>	<u>12,000</u>	<u>52,000</u>	<u>62,000</u>	<u>32,000</u>	<u>235,000</u>

# Vehicle Replacement Plan

## 2015 Budget

**ALL UTILITIES  
2015 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Cycle Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Electric:</b>														
<b>Electric Distribution</b>														
<b>I. Light Vehicles</b>														
	2000		GMC Sonoma Pick-Up	None										
	2013	88	Dodge Van	10									35,000	
	2003	21	Chevy Ext. Full Size	10										
	1997	28	Ford Pick-Up	10	35,000									
	2001	81	Ford Pick-Up	10		35,000								
<b>II. Bucket Trucks</b>														
	2001	9	GMC C 6500 (Tree Bucket)	10					225,000					
	2002	3	GMC C 6500	10	225,000									
	2004	17	Chevy Duramax C 7500	10		225,000								
	2009	8	Ford 550 (Service Bucket)	10					185,000					
	2013	11	Line Bucket 45ft	10										217,250
	New		Service Bucket 37ft	10										
<b>III. Line Trucks</b>														
	2007	19	International 4300	10						225,000				
	2009	22	International 4300	10								225,000		
<b>IV. Misc. Trucks</b>														
	2002	5	GMC C 7500 Wire Hauler	15										
	2008	7	1T Ford Dump Truck	10					40,000					
<b>V. Other Equipment</b>														
	1967		Pole Trailer	None										
	1985		2PL Wire Trailer	None		50,000								
	1997		1PL Wire Trailer	None	40,000									
	2002		Bandit Chipper	None										
			Case Backhoe	15						95,000				
			Backyard Machine	None		140,000								
			Hole Vac	None										
	2002		Case DBH4 Trencher	10										
	2003		Trencher Trailer	10										
	2008		Forklift Clark	None										
	2009		Cable Puller	None										
<b>Total</b>					<u>300,000</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>450,000</u>	<u>225,000</u>	<u>95,000</u>	<u>225,000</u>	<u>35,000</u>	<u>217,250</u>



**ALL UTILITIES  
2015 Budget**

**Vehicles - 10 Year Replacement Plan**

<u>Dept.</u>	<u>Year</u>	<u>No.</u>	<u>Description</u>	<u>Cycle Years</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Water:</b>														
<b>Administration:</b>														
<b>I. Vehicles</b>														
	2006	14	Ford Escape (1/2)	5				17,500						
<b>Water Plant:</b>														
<b>I. Vehicles</b>														
	1989	12	Ford Ranger		30,000									
	2002	35	Dodge Dakota Pickup	10		30,000								
	2014	31	Ford Escape	10									30,000	
<b>II. Other Equipment</b>														
	2003		John Deere Lawn Mower	None										
	2005		Deere 210E Landscape Loader	None										
<b>Water Distribution:</b>														
<b>I. Vehicles</b>														
	2003	10	1T Service Truck	10	40,000									
	2003	6	Ford F 350	None	40,000									
<b>II. Dump Trucks</b>														
	2002	18	GMC 2T Dump Truck	10			50,000							
	2004		1 1/2T Ford F450	15				40,000						
<b>III. Other Equipment</b>														
	2003		John Deere 310 S G	None		70,000								
	2004		Vemeer	None				85,000						
	1989		Jacobsen Mower	None	9,000									
	2003		Sullair	None										
<b>Total</b>					<u>119,000</u>	<u>100,000</u>	<u>50,000</u>	<u>57,500</u>	<u>85,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>0</u>

**ALL UTILITIES  
2015 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Cycle Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Wastewater:</b>														
<b>Administration:</b>														
<b>I. Vehicles</b>														
	2006	14	Ford Escape (1/2)	5				17,500						
<b>Wastewater Treatment Plant:</b>														
<b>I. Vehicles</b>														
	2001		Dodge Ram	10							37,000			
	2007	37	GMC Sierra	10					35,000					
<b>II. Other Equipment</b>														
	1988		Bunton Mower	10										
	2002		Kubota Mower	10										
	2001		Toro Z Master	7	15,000							15,000		
	1996		Ransome Mower	None										
	1987		Deutz / Allis Tractor	None										
	2008		Hauler Gator Type	None										
<b>Sewer Maintenance:</b>														
<b>I. Vehicles</b>														
	2014	24	Ford Escape	10									30,000	
	2005	2	Ford F 350	7		40,000							40,000	
	1997	26	Ford F 350 Super Duty	10			40,000							
	2003	23	3/4T Camera Van	10				120,000						
	1990	27	Ford F Super Duty Jet Truck	None	120,600									
<b>II. Dump Trucks</b>														
	2008	25	F450 1T Dump	10						50,000				
	2002	13	Ford F 650 2T Dump	10		50,000								
<b>III. Other Equipment</b>														
	2002		Air Compressor	None										
	2000	36	Vactor	10										
			Case Backhoe 580 Super	10					87,000					
	2002		Liftstation Generator	None										
	2006		4-Wheel Cart	None										
			Grouting Vehicle	None										
	2002		Case 85 XT Skid Steer	None										
	2002		Skid Steer Trailer	None										
<b>Total</b>					<u>135,600</u>	<u>90,000</u>	<u>40,000</u>	<u>137,500</u>	<u>122,000</u>	<u>50,000</u>	<u>37,000</u>	<u>15,000</u>	<u>70,000</u>	<u>0</u>

**ALL UTILITIES  
2015 Budget**

**Vehicles - 10 Year Replacement Plan**

<u>Dept.</u>	<u>Year</u>	<u>No.</u>	<u>Description</u>	<u>Cycle Years</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
<b>Telecommunications</b>														
<b>I. Vehicles</b>														
	2014	51	Ford E Series E150	8								25,000		
	2014	85	Ford E Series E150	8								25,000		
			<b>Total</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0</u>

**ALL UTILITIES  
2015 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Dept.	Cycle Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Miscellaneous:</b>															
<b>Meter Technicians:</b>															
<b>I. Vehicles</b>															
	1999	16	3/4T Ford F Series (Services)		None	22,000									
	2001	20	Dodge Dakota		10									25,000	
	2004	34	3/4T Ford F Series (Van)		10	30,000									
<b>II. Locator Vehicles</b>															
	2006	33	GMC Canyon		7		20,000								
<b>Administration:</b>															
<b>I. Vehicles</b>															
	2006	11	GMC Caynon	GIS	10			25,000							
	2010	90	GMC Pick-Up	Facility	10							35,000			
	2008		Buick Rendezvous	GM	5				35,000					30,000	
			<b>Total</b>			<u>52,000</u>	<u>20,000</u>	<u>25,000</u>	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>55,000</u>	<u>0</u>