

**LEBANON UTILITIES  
2016**

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2016 Budget**

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# Lebanon Electric Utility

## 2016 Budget

# ELECTRIC UTILITY 2016 Budget

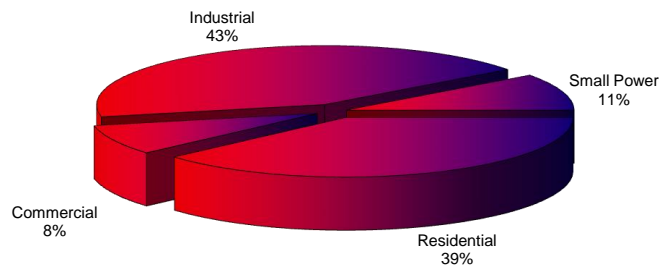
## Revenues

	Actual 2014	Budget 2015	9 Months 2015	Rolling 12 Months	Proposed 2016
<b>Operating Revenue</b>					
Residential	8,412,009	8,798,758	6,645,429	8,521,497	8,995,169
Commercial	1,807,797	1,906,862	1,414,690	1,831,733	1,924,047
Industrial	9,359,547	9,584,881	7,389,809	9,674,534	10,105,481
Small Power	2,399,854	2,542,231	1,733,433	2,260,235	2,365,727
Street & Highway Lighting	91,592	95,401	68,822	92,765	95,493
Security Lights	56,866	59,217	42,748	57,602	59,305
Interdepartmental	105,314	111,149	85,261	110,496	116,011
Late Penalties	66,263	82,780	68,690	86,497	92,158
<b>Total Revenue from Sales</b>	<b>22,299,242</b>	<b>23,181,279</b>	<b>17,448,882</b>	<b>22,635,359</b>	<b>23,753,389</b>
<b>Other Revenue</b>					
Interest	57,340	50,192	32,780	40,350	37,028
Other	142,113	133,055	196,038	213,488	402,185
<b>Total Other Revenues</b>	<b>199,453</b>	<b>183,247</b>	<b>228,818</b>	<b>253,838</b>	<b>439,213</b>
<b>Total Revenue</b>	<b>22,498,695</b>	<b>23,364,526</b>	<b>17,677,700</b>	<b>22,889,197</b>	<b>24,192,602</b>

Note: A growth factor of 2% and an estimated increase of 1.47% in purchased power was used in determining the proposed 2016 revenues.  
The 1.47% will be passed on to the customers via the ECA.

The 10 year planning study shows growth in the range of 1.8% to 3.5%.

**Projected Operating Revenue by Rate Class**



Rate Class	Number of Customers
Residential	7,584
Commercial	919
Commercial - Sm Pwr	246
Industrial - Lg Pwr	116
Municipal	60
<b>Total</b>	<b>8,925</b>
	(As of 09-15)

# ELECTRIC UTILITY 2016 Budget

## Revenues/Expenses

	Actual 2014	Budget 2015	9 Months 2015	Rolling 12 Months	Proposed 2016	
<b>Operating Revenues</b>						
Residential	8,412,009	8,798,758	6,645,429	8,521,497	8,995,169	(1),(2)
Commercial	1,807,797	1,906,862	1,414,690	1,831,733	1,924,047	(1),(2)
Industrial	9,359,547	9,584,881	7,389,809	9,674,534	10,105,481	(1),(2)
Small Power	2,399,854	2,542,231	1,733,433	2,260,235	2,365,727	(1),(2)
Street & Highway Lighting	91,592	95,401	68,822	92,765	95,493	(1),(2)
Security Lights	56,866	59,217	42,748	57,602	59,305	(1),(2)
Interdepartmental	105,314	111,149	85,261	110,496	116,011	(1),(2)
Late Penalties	66,263	82,780	68,690	86,497	92,158	(1),(2)
<b>Total Operating Revenue</b>	<b>22,299,242</b>	<b>23,181,279</b>	<b>17,448,882</b>	<b>22,635,359</b>	<b>23,753,389</b>	
<b>Other Revenue</b>						
Other	142,113	133,055	196,038	213,488	402,185	(3)
<b>Total Other Revenue</b>	<b>142,113</b>	<b>133,055</b>	<b>196,038</b>	<b>213,488</b>	<b>402,185</b>	
<b>Total Revenue (less Interest)</b>	<b>22,441,355</b>	<b>23,314,334</b>	<b>17,644,920</b>	<b>22,848,847</b>	<b>24,155,574</b>	
<b>Purchased Services</b>						
Purchased Power	16,962,054	17,846,157	13,446,816	17,332,575	18,247,805	(4)
Telephone	22,616	21,949	10,059	16,050	15,026	
Contractual Services - Testing	8,040	46,000	4,234	4,635	46,000	(5)
Contractual Services - IT	0	0	0	0	71,075	
Contractual Services - Other	297,084	333,235	141,627	245,308	280,229	(6)
Accounting Fees	12,434	7,300	3,525	7,531	12,300	(7)
Engineering Fees	53,753	35,000	23,088	28,889	30,433	(8)
Legal Fees	40,163	30,468	49,420	66,590	67,567	(9)
Utilities	35,198	33,543	26,045	37,250	46,560	(10)
<b>Total Purchased Services</b>	<b>17,431,342</b>	<b>18,353,652</b>	<b>13,704,814</b>	<b>17,738,828</b>	<b>18,816,994</b>	
<b>Wages &amp; Benefits</b>						
Operation Supervision	10,683	111,759	66,093	76,774	90,768	(11)
Engineering	128,341	135,685	63,055	87,998	126,596	(11)
Line Work	365,039	181,724	279,265	257,008	398,524	(11)
Bond Work	171,359	245,833	46,445	202,903	63,784	(11)
Line Locating	15,623	15,610	11,945	16,313	16,404	(11)
Dispatcher	0	27,040	0	0	0	(11)
Mapping	13,205	35,164	8,526	21,669	11,709	(11)
Tree Trimming	26	0	65	65	89	(11)
Fiber	0	0	0	0	0	(11)
Meter Reading	52,378	52,956	34,259	46,623	47,049	(11)
Billing	32,608	32,300	24,095	33,312	33,090	(11)
Administrative	134,334	136,230	98,135	135,077	134,772	(11)
Office Personnel	87,260	94,611	68,193	96,072	93,652	(11)
Sick/Vacation Pay	158,493	131,490	117,492	177,231	161,356	(11)
FICA Taxes	98,652	96,490	64,119	91,266	92,264	(11)
Group Insurance	338,168	340,054	252,053	326,457	446,974	(12)
Pension	200,021	199,327	151,333	202,000	202,786	(13)
Miscellaneous Payroll	96,700	96,970	45,818	82,690	62,923	(11)
<b>Total Wages &amp; Benefits</b>	<b>1,902,890</b>	<b>1,933,243</b>	<b>1,330,891</b>	<b>1,853,458</b>	<b>1,982,741</b>	

**ELECTRIC UTILITY  
2016 Budget**

**Revenues/Expenses (Cont.)**

	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>9 Months 2015</b>	<b>Rolling 12 Months</b>	<b>Proposed 2016</b>	
<b>Operating Supplies &amp; Expense</b>						
Station Expenses	514	548	1,297	1,297	1,543	
Street Lights and Signals	10,758	9,478	10,083	17,148	15,602	
Security Lights	1,583	1,367	567	1,312	1,055	
Meter Expense	51,549	28,000	11,215	25,871	28,000	(14)
Meter Repair & Maintenance	1,395	2,000	0	305	2,000	
Tools & Equipment	18,851	21,671	10,798	12,353	14,094	
Safety Equipment	30,589	26,010	7,855	17,747	14,392	
Rents	2,499	2,665	612	3,112	2,003	(15)
Maintenance of Lines	138,118	50,000	87,526	170,152	146,295	
Maintenance of Transformers	4,811	5,130	60	1,015	558	(16)
Maintenance of Station Equipment	6,876	7,333	322	322	383	
Fiber	7,860	8,382	844	8,704	5,013	
General Maintenance	47,056	44,896	11,879	25,777	21,224	(17)
Office Supplies	22,912	21,867	8,548	13,251	12,571	
Janitorial Services	4,813	4,824	3,618	4,825	26,024	(23)
Interior Landscaping	0	177	0	0	177	
Exterior Landscaping	1,116	1,767	1,625	1,891	1,979	
Computer Equipment	7,265	7,170	1,771	6,123	8,215	
Software Expense	1,895	6,510	3,370	3,608	6,510	
Maintenance Agreements	52,869	60,202	52,910	55,470	64,269	(18)
Dues & Subscriptions	11,578	12,961	11,280	11,209	13,487	
Postage	22,855	24,359	9,409	13,385	13,224	
Insurance	61,173	62,617	65,590	65,659	66,902	
Conference & Training	54,072	43,565	19,111	42,124	23,510	
Promotion	5,226	4,695	2,500	3,975	4,695	
Employee Recognition	2,007	1,550	954	1,458	1,550	
Transportation	40,474	42,251	41,676	53,593	55,672	
Uniforms	16,271	16,196	12,021	16,017	16,343	
SCADA Expense	897	101	449	1,251	943	
Payment in Lieu of Taxes	109,175	110,548	98,930	128,410	134,545	
Depreciation Expense	569,646	580,547	433,046	576,599	588,943	
Amortization of Deferred Costs	(12,484)	2,544	(9,363)	(12,480)	(12,480)	
Gross Income Tax	317,000	294,772	253,783	330,783	304,867	(19)
Bad Debt Expense	284,114	57,953	57,953	342,067	59,383	(20)
Lease Rental Payments - Principal	64,495	66,262	66,262	66,262	68,029	(21)
Lease - Copiers/Printers	0	0	2,242	2,241	2,667	
Bank Fees - Credit Card	23,681	25,715	22,537	28,973	30,101	
Miscellaneous	135,195	131,055	12,859	106,561	63,090	
<b>Total Operating Supplies &amp; Expense</b>	<b>2,118,704</b>	<b>1,787,688</b>	<b>1,316,139</b>	<b>2,148,370</b>	<b>1,807,380</b>	
<b>Total Expenses</b>	<b>21,452,936</b>	<b>22,074,583</b>	<b>16,351,844</b>	<b>21,740,656</b>	<b>22,607,114</b>	
<b>Operating Income</b>	<b>988,419</b>	<b>1,239,751</b>	<b>1,293,076</b>	<b>1,108,191</b>	<b>1,548,460</b>	
<b>Interest</b>						
Interest Revenue	57,340	50,192	32,780	40,350	37,028	
Interest Expense	(404,949)	(390,510)	(297,975)	(394,155)	(373,501)	(22)
<b>Total Interest Revenue (Expense)</b>	<b>(347,609)</b>	<b>(340,318)</b>	<b>(265,195)</b>	<b>(353,805)</b>	<b>(336,473)</b>	
<b>Extraordinary Items</b>						
Gain on Sale of Assets	0	0	0	0	0	
Loss on Sale of Assets	(11,927)	(7,500)	(8,939)	(19,403)	(7,500)	
<b>Total Extraordinary Items</b>	<b>(11,927)</b>	<b>(7,500)</b>	<b>(8,939)</b>	<b>(19,403)</b>	<b>(7,500)</b>	
<b>Net Margin</b>	<b>628,883</b>	<b>891,933</b>	<b>1,018,942</b>	<b>734,983</b>	<b>1,204,487</b>	

# ELECTRIC UTILITY 2016 Budget

## Notes to Proposed Revenue and Expenses

Note	Description
(1)	A growth factor of 2% was used in determining the proposed 2016 revenues.
(2)	An estimated average increase in purchased power costs of 1.47% 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. Also includes \$160,000 reimbursement for Enterprise Back-Up.
(4)	A 1.47% 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 \$150,000.
(7)	Accounting fees include State Board of Accounts audit costs, projections for possible regulatory tests related to the bond issue. SBOA costs have increased to full price.
(8)	Includes the use of Spectrum 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. The new Electric Operations Building has been factored in also.
(11)	Assumes a 3% increase to be split between inflation and merit. Also assumes a Technical Services Manager for 1/2 year and an additional apprentice for 1/2 year.
(12)	Assumes a 33% increase in group health insurance.
(13)	Funding of the Defined Benefit Plan and the Defined Contribution Plan. No increase budgeted other than the employee portion as it is based on gross wages.
(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 2016 Budget**

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

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**  
**2016 Budget**  
**Capital Additions**

Item	Class	Description	Code	Amount	Notes
1	B	<b>69KV - South Loop.</b> Construction Materials Land & Land Rights South Substation Land Engineering	3	1,962,000 876,000 753,000 237,000 66,000 30,000	
2	A	<b>Operations Building</b> - Site preparation, material, construction, mechanicals, asphalt, concrete & furnishings.	3	1,870,400	
3	B	<b>System Improvements</b> - Ongoing system improvements to provide operational flexibility. First year of a six year program. Enterprise Back-up Reconductor the 1251 and 1254 Circuits.	1	577,700 477,700 100,000	
4	C	<b>Electric's Portion of the IT Budget</b> - The estimated cost to IT to support Electric Operations.	1	162,124	
5	C	<b>New and Replacement Transformers</b> - Ongoing transformer purchase allotment for new units	2	100,000	
6	C	<b>Service to New Facilities</b> - Ongoing service extensions for new customers.	1	100,000	
7	C	<b>Automated Meter Reading</b> - 3 Phase meter change outs.	2	60,000	
8	C	<b>Engineering</b> - Unplanned electrical projects.	1	50,000	
9	C	<b>Replacement of Underground Primary Conductor</b> - Targeted underground cable replacement based on failures and outage reports.	2	50,000	
10	D	<b>Ford Pick-Up</b> - Replacement of 2000 Ford Pick-Up.	2	36,000	(a),(b)
11	B	<b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.	1	31,000	
12	C	<b>Electric System Automation</b> - Ongoing system improvement / demand side management.	1	30,000	
13	B	<b>Squirrel Guards</b> - To protect system from squirrel damage. Five guards at \$6,000.	1	30,000	

# ELECTRIC UTILITY 2016 Budget

## Capital Additions (Cont.)

Item	Class	Description	Code	Amount	Notes
14	C	<b>SCADA Upgrades</b> - Ongoing SCADA system improvements.	1	20,000	
15	D	<b>Electric's Portion of Administration Vehicles</b> - Electric's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	12,000	(a),(b)
16	B	<b>Spill Prevention Containment Control</b> - Ongoing preparedness for oil spill remediation.	1	2,000	
TOTAL				<u>5,093,224</u>	
Operational Cash Flow				1,002,824	
Other				258,000	
Bond				<u>3,832,400</u>	
TOTAL				<u>5,093,224</u>	

Code:	Class:	
1	Operational Cash Flow	A
2	Reserves	B
3	Bonding	C
4	Other	D
		Must Accomplish This Year
		Accomplish for Improvement of System Integrity
		Ongoing Program - Accomplish for Improvement of System Integrity
		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 2016 Budget

### Capital Projects - 5 Years Beyond Fiscal Year 2016

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Total Amount
1	<b>System Model Future Projects</b> On-going system improvements to provide operational flexibility.	2,539,700	592,000	657,500	600,600	651,500	909,600	5,950,900
	69kv South Loop/Enterprise Back-up/Reconductor							
2	<b>Operations Building</b> Estimated amount needed to complete project.	1,870,400	0	0	0	0	0	1,870,400
3	<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.	48,000	233,333	10,850	450,000	225,000	105,850	1,073,033
4	<b>Residential Subdivisions</b> Install electric utility service facilities.	100,000	100,000	100,000	100,000	100,000	100,000	600,000
5	<b>New and Replacement Transformers</b> Both O.H. and pad mounted types.	100,000	100,000	100,000	100,000	100,000	100,000	600,000
6	<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	60,000	360,000
7	<b>Replacement Program for Deteriorated Cable</b> On-going program to replace deteriorated cable.	50,000	50,000	50,000	50,000	50,000	50,000	300,000
8	<b>IT Budget</b> On-going program. See IT 5-year capital budget for breakdown.	162,124	63,630	16,120	19,220	9,920	3,720	274,734
9	<b>Non-System Model Future Improvements</b> Unforeseen system improvements to provide operational flexibility.	141,000	40,000	30,000	20,000	20,000	20,000	271,000
10	<b>SCADA, Pictometry &amp; Engineering Software</b> Additions and enhancements to existing software.	20,000	20,000	20,000	20,000	20,000	20,000	120,000

**ELECTRIC UTILITY  
2016 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2016**

<b>Item</b>	<b>Description</b>	<b>Projected 2016</b>	<b>Projected 2017</b>	<b>Projected 2018</b>	<b>Projected 2019</b>	<b>Projected 2020</b>	<b>Projected 2021</b>	<b>Total Amount</b>
11	<b>Spill Prevention</b> Ongoing program to address spill prevention.	2,000	2,000	1,500	1,500	2,500	2,000	11,500
<b>Totals</b>		<u>5,093,224</u>	<u>1,260,963</u>	<u>1,045,970</u>	<u>1,421,320</u>	<u>1,238,920</u>	<u>1,371,170</u>	<u>11,431,567</u>

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

**Electric Utility**  
**Projected Cash Analysis**

	2016	2017	2018	2019	2020	2021
Total Cash & Investments - Beginning of Year Not Restricted by Ordinance/Regulation	11,557,750	7,745,457	7,758,858	8,151,032	8,356,139	8,939,421
Add:						
Projected Operating Income (A)	24,155,574	25,396,915	26,880,095	28,449,893	30,111,367	31,869,870
Interest	37,028	38,727	38,794	40,755	41,781	44,697
Depreciation	588,943	600,721	612,736	624,991	637,490	650,240
Less:						
Projected Operational Expenses (B)	(22,607,114)	(23,870,852)	(25,205,233)	(26,614,205)	(28,101,939)	(29,672,838)
Bond Principal and Interest	(893,500)	(891,148)	(888,249)	(875,006)	(866,496)	(857,641)
Estimated Cash & Investments Before Capital Expenditures Not Restricted by Ordinance/Regulation	12,838,680	9,019,821	9,197,002	9,777,459	10,178,341	10,973,750
Less:						
Projected Capital Expenditures	(5,093,224)	(1,260,963)	(1,045,970)	(1,421,320)	(1,238,920)	(1,371,170)
Estimated Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	7,745,457	7,758,858	8,151,032	8,356,139	8,939,421	9,602,580
Less: Two Months of Average Operating Income	(3,767,852)	(3,978,475)	(4,200,872)	(4,435,701)	(4,683,657)	(4,945,473)
Available Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	<u>3,977,604</u>	<u>3,780,382</u>	<u>3,950,159</u>	<u>3,920,438</u>	<u>4,255,765</u>	<u>4,657,108</u>

(A) Prior year plus increase of 5.84% which is the average change in the last 5 years.

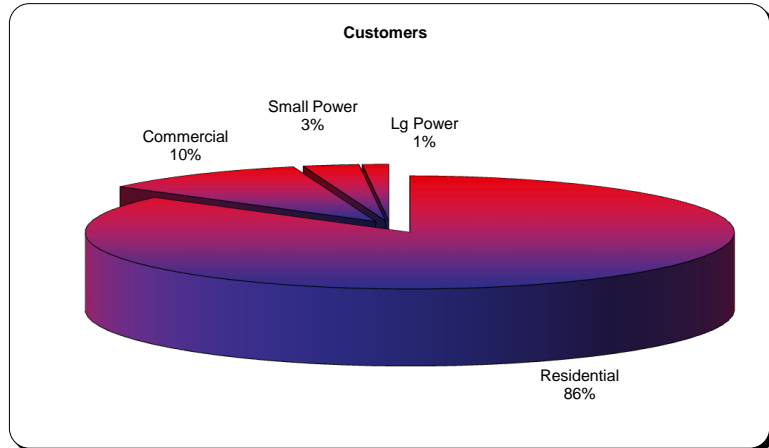
(B) Prior year plus increase of 5.59% which is the average change in the last 5 years.

# ELECTRIC UTILITY 2016 Budget

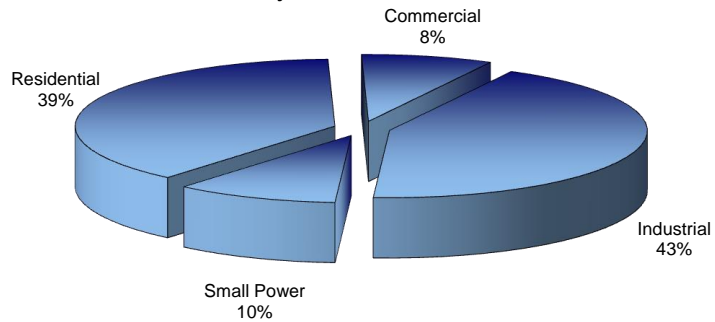
## Statistics

### Number of Customers

Residential	7,584
Commercial	919
Small Power	246
Lg Power	116
Municipal	60



### Projected 2016 Revenue

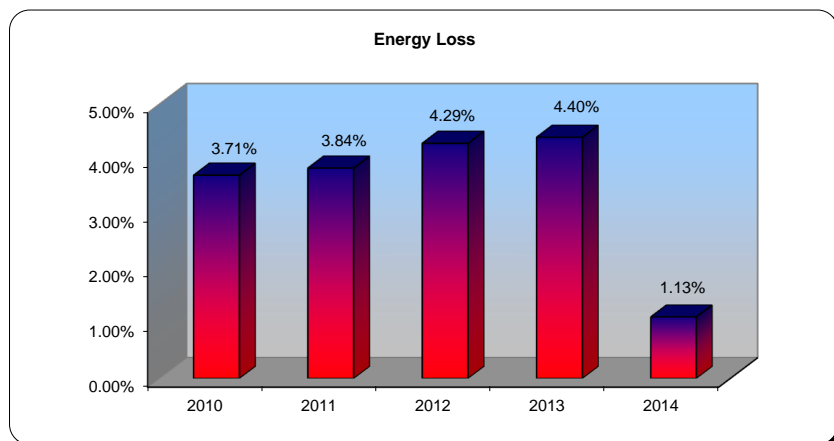


### Projected 2016 Revenue

Residential	8,995,169
Commercial	1,924,047
Industrial	10,105,481
Small Power	2,365,727

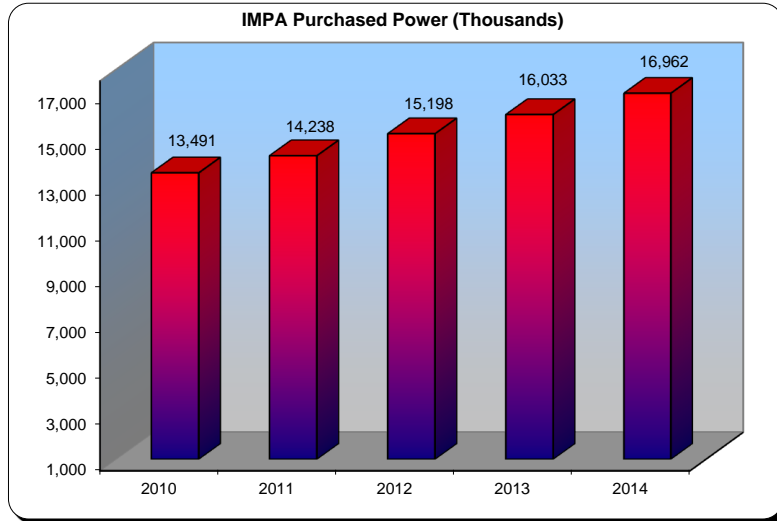
### Line Loss Factor

2010	3.71%
2011	3.84%
2012	4.29%
2013	4.40%
2014	1.13%



# ELECTRIC UTILITY 2016 Budget

## Statistics

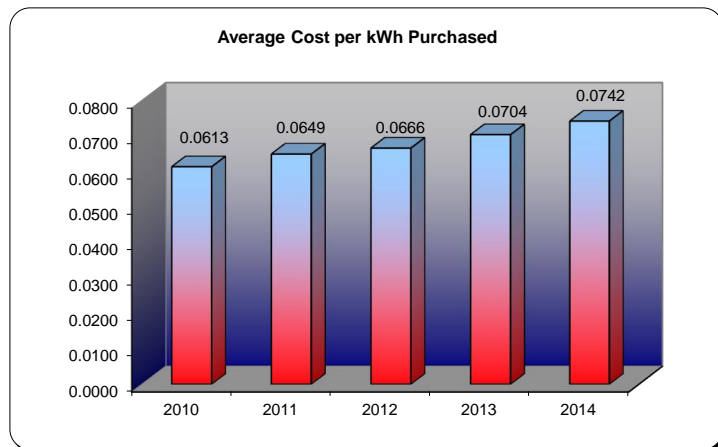
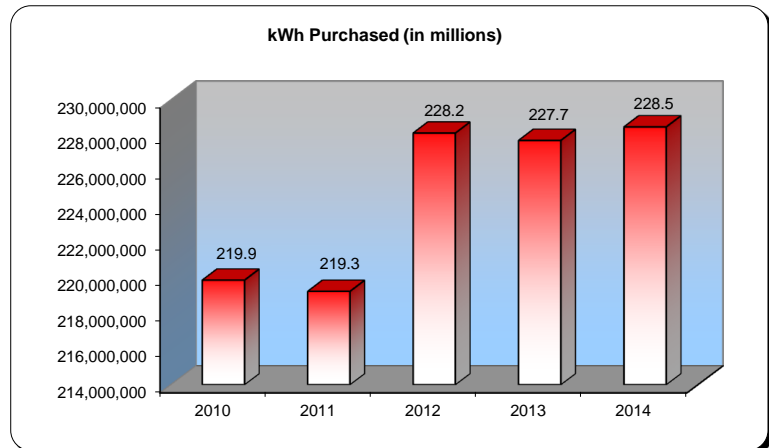


### IMPA Power Bill

2010	13,490,729
2011	14,237,650
2012	15,198,287
2013	16,033,380
2014	16,962,054
**2015 Year to Date Thru Sept.	13,446,816

### kWh Purchased

2010	219,922,923
2011	219,295,848
2012	228,154,825
2013	227,743,365
2014	228,499,822
**2015 Year to Date Thru Sept.	173,092,929



### Average Cost per kWh Purchased

2010	0.0613
2011	0.0649
2012	0.0666
2013	0.0704
2014	0.0742
**2015 Year to Date Thru Sept.	0.0777

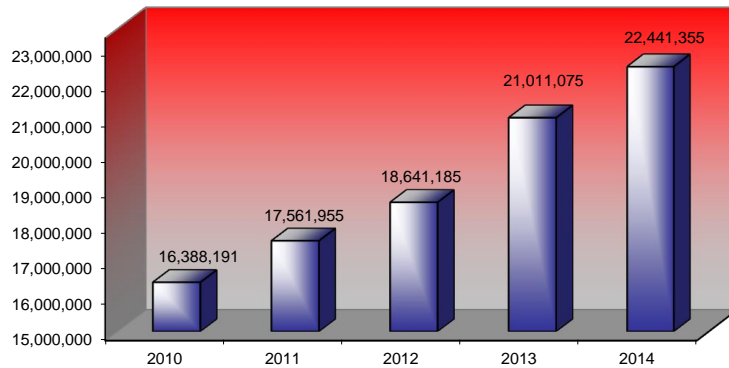
# ELECTRIC UTILITY 2016 Budget

## Statistics

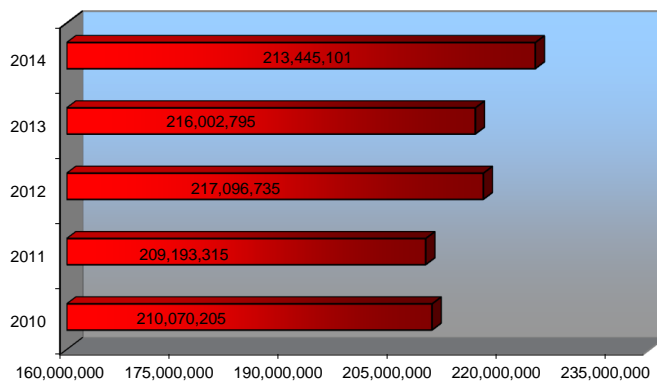
### Revenue From Sales

2010	16,388,191
2011	17,561,955
2012	18,641,185
2013	21,011,075
2014	22,441,355
**2015 Year to Date Thru Sept.	17,644,920

### Revenue From Sales



### kWh Sold



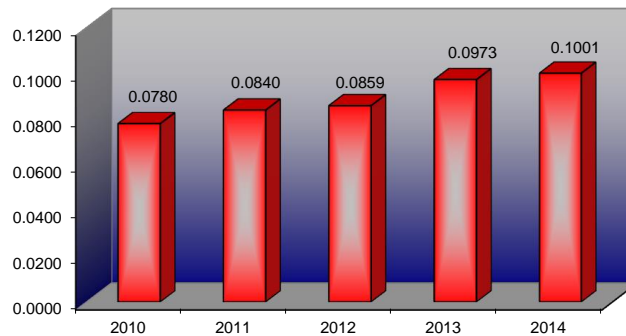
### Kilowatt Hours Sold

2010	210,070,205
2011	209,193,315
2012	217,096,735
2013	216,002,795
2014	224,216,793
**2015 Year to Date Thru Sept.	168,010,014

### Average Revenue per kWh Sold

2010	0.0780
2011	0.0840
2012	0.0859
2013	0.0973
2014	0.1001
**2015 Year to Date Thru Sept.	0.1050

### Average Revenue Per kWh Sold





# Lebanon Water Utility

## 2016 Budget

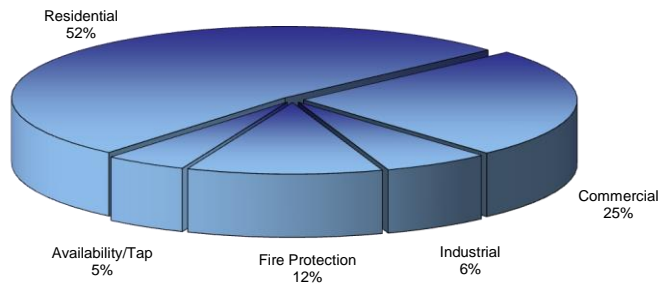
# WATER UTILITY 2016

## Revenues

	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>9 Months 2015</u>	<u>Rolling 12 Months</u>	<u>Proposed 2016</u>
<b>Operating Revenue</b>					
Residential	\$1,577,068	1,609,437	1,218,604	1,610,339	1,649,924
Commercial	675,316	689,200	593,567	758,233	790,324
Industrial	189,647	193,903	149,001	193,540	200,026
Fire Protection	342,379	347,052	267,991	358,760	365,201
Availability Fees	40,165	36,045	125,982	133,300	153,651
Rent	11,318	11,644	7,990	10,266	10,669
Late Penalties	11,236	13,268	10,870	14,529	14,801
<b>Total Revenue from Sales</b>	<u><b>2,847,129</b></u>	<u><b>2,900,549</b></u>	<u><b>2,374,005</b></u>	<u><b>3,078,967</b></u>	<u><b>3,184,597</b></u>
<b>Other Revenue</b>					
Interest	8,346	8,339	5,369	7,854	7,656
Other	38,694	39,795	84,308	90,101	103,281
<b>Total Other Revenues</b>	<u><b>47,040</b></u>	<u><b>48,134</b></u>	<u><b>89,677</b></u>	<u><b>97,955</b></u>	<u><b>110,937</b></u>
<b>Total Revenue</b>	<u><u><b>2,894,169</b></u></u>	<u><u><b>2,948,683</b></u></u>	<u><u><b>2,463,682</b></u></u>	<u><u><b>3,176,922</b></u></u>	<u><u><b>3,295,534</b></u></u>

Note: A growth factor of 2% for residential, commercial and industrial was used in determining the proposed 2016 revenues.

**Projected Operating Revenue by Rate Class**



<u>Rate Class</u>	<u>Number of Customers</u>
Residential	5,686
Commercial	821
Industrial	68
Municipal	3
<b>Total</b>	<u><u><b>6,578</b></u></u>
	(As of 9-15)

# WATER UTILITY 2016 Budget

## Revenues/Expenses

	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>9 Months 2015</u>	<u>Rolling 12 Months</u>	<u>Proposed 2016</u>	
<b>Operating Revenues</b>						
Residential	1,577,068	1,609,437	1,218,604	1,610,339	1,649,924	(1)
Commercial	675,316	689,200	593,567	758,233	790,324	(1)
Industrial	189,647	193,903	149,001	193,540	200,026	(1)
Fire Protection	342,379	347,052	267,991	358,760	365,201	(1)
Availability Fees	40,165	36,045	125,982	133,300	153,651	(1)
Rent	11,318	11,644	7,990	10,266	10,669	(1)
Late Penalties	11,236	13,268	10,870	14,529	14,801	(1)
<b>Total Operating Revenue</b>	<b><u>2,847,129</u></b>	<b><u>2,900,549</u></b>	<b><u>2,374,005</u></b>	<b><u>3,078,967</u></b>	<b><u>3,184,597</u></b>	
<b>Other Revenue</b>						
Other	38,694	39,795	84,308	90,101	103,281	
<b>Total Other Revenue</b>	<b><u>38,694</u></b>	<b><u>39,795</u></b>	<b><u>84,308</u></b>	<b><u>90,101</u></b>	<b><u>103,281</u></b>	
<b>Total Revenue (less Interest)</b>	<b><u>2,885,823</u></b>	<b><u>2,940,344</u></b>	<b><u>2,458,313</u></b>	<b><u>3,169,068</u></b>	<b><u>3,287,878</u></b>	
<b>Purchased Services</b>						
Engineering Fees	58,623	62,513	3,838	9,051	7,226	
Accounting Fees	0	5,500	4,650	4,650	7,000	(2)
Legal Fees	20,025	12,284	23,267	35,499	37,426	
Contractual Services - Testing	15,322	10,389	7,171	14,883	12,467	(3)
Contractual Services - IT	0	0	0	0	71,075	
Contractual Services - Other	77,530	60,515	59,276	79,191	153,829	(3)
Telephone Expense	18,173	17,167	8,342	13,331	11,858	
Utilities	148,205	151,369	122,344	163,133	178,838	
<b>Total Purchased Services</b>	<b><u>337,878</u></b>	<b><u>319,737</u></b>	<b><u>228,888</u></b>	<b><u>319,738</u></b>	<b><u>479,718</u></b>	
<b>Wages &amp; Benefits</b>						
Salaries WT	197,483	198,620	109,985	159,487	181,046	(4)
Salaries WD	193,301	192,385	135,689	185,031	186,346	(4)
Meter Reading	57,023	56,926	37,788	51,668	51,896	(4)
Billing Salaries	31,060	30,767	23,386	32,142	32,117	(4)
Administrative Salaries	186,839	189,873	136,747	184,665	187,799	(4)
Office Salaries	106,021	115,065	84,789	113,138	116,444	(4)
Line Locating	15,423	15,517	12,231	16,399	16,797	(4)
Sick/Vacation Leave	153,228	128,596	76,543	142,204	105,119	(4)
FICA Taxes	72,096	67,906	45,685	67,187	65,036	(4)
Pension	141,728	139,945	102,102	139,326	136,136	(5)
Group Insurance	249,650	251,166	178,502	233,344	316,544	(6)
<b>Total Wages &amp; Benefits</b>	<b><u>1,403,852</u></b>	<b><u>1,386,766</u></b>	<b><u>943,447</u></b>	<b><u>1,324,591</u></b>	<b><u>1,395,279</u></b>	

# WATER UTILITY 2016

## Revenues/Expenses (Cont.)

	Actual 2014	Budget 2015	9 Months 2015	Rolling 12 Months	Proposed 2016
<b>Operating Supplies &amp; Expense</b>					
Chemicals	49,081	49,800	31,467	42,998	44,601
Materials & Supplies	17,427	19,389	18,187	24,784	25,007
Meter Expense	3,836	7,500	5,798	8,810	8,000
Meter Repair & Maintenance	1,159	2,500	0	0	2,000
Office Supplies	21,747	20,121	7,002	12,596	11,185
Janitorial Services	4,813	4,824	3,618	4,825	4,824
Interior Landscaping	0	177	0	0	177
Exterior Landscaping	1,099	1,767	1,641	1,677	1,979
Sand / Gravel / Pavement	9,727	10,152	3,234	5,560	5,035
SCADA Expense	2,300	2,453	1,309	3,154	2,499
Safety Equipment	716	764	813	1,497	1,316
Miscellaneous Equipment	1,347	1,437	6,658	6,658	8,374
Tools	1,065	1,078	666	877	900
Line Expense	4,245	4,527	0	0	0
Transportation	23,992	25,243	11,605	17,718	16,928
Insurance	58,458	59,847	59,182	59,251	60,436
Regulatory Expense	6,767	7,217	5,235	6,768	7,011
Well Expense	6,367	6,794	0	6,328	3,227
Dues & Subscriptions	4,895	6,411	5,791	4,953	7,437
Promotional Expense	4,974	6,695	591	1,904	5,240
Employee Recognition	2,194	1,550	633	1,423	1,550
Bad Debt Expense	64,020	7,251	7,251	71,271	7,961 (7)
Postage	22,824	24,570	9,552	13,358	12,991
Conferences & Training	17,091	21,564	8,024	8,659	19,410
Uniforms - Cleaning	11,332	11,466	5,746	8,107	7,815
General Maintenance	27,088	28,956	20,085	24,684	26,247
Computer Equipment	6,483	7,170	(344)	2,868	8,215
Software Expense	1,356	6,510	3,997	4,235	4,650
Maintenance Agreements	37,103	36,348	36,965	40,524	45,803
Payment in Lieu of Taxes	124,203	126,751	100,303	131,183	136,412
Depreciation	361,765	369,399	269,216	358,883	366,134
Gross Income Tax	37,700	35,284	31,089	41,089	39,455
Lease Rental Payments - Principal	64,495	66,262	66,262	66,262	68,029 (8)
Lease - Copiers/Printers	0	0	2,242	2,241	3,049
Bank Fees - Credit Card	22,963	23,381	21,854	28,095	29,721
Miscellaneous	15,091	14,353	29,804	37,657	40,533
<b>Total Operating Supplies &amp; Expense</b>	<b>1,039,723</b>	<b>1,019,511</b>	<b>775,476</b>	<b>1,050,897</b>	<b>1,034,152</b>
<b>Total Expenses</b>	<b>2,781,453</b>	<b>2,726,014</b>	<b>1,947,811</b>	<b>2,695,226</b>	<b>2,909,149</b>
<b>Operating Income</b>	<b>104,370</b>	<b>214,330</b>	<b>510,502</b>	<b>473,842</b>	<b>378,729</b>
<b>Interest</b>					
Interest Revenue	8,346	8,339	5,369	7,854	7,656
Interest Expense	(16,674)	(16,635)	(16,635)	(16,635)	(15,001) (9)
<b>Total Interest Revenue (Expense)</b>	<b>(8,328)</b>	<b>(8,296)</b>	<b>(11,266)</b>	<b>(8,781)</b>	<b>(7,345)</b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	(17,479)	(1,000)	(1,310)	(18,789)	(10,473)
<b>Total Extraordinary Items</b>	<b>(17,479)</b>	<b>(1,000)</b>	<b>(1,310)</b>	<b>(18,789)</b>	<b>(10,473)</b>
<b>Net Margin</b>	<b>78,563</b>	<b>205,034</b>	<b>497,926</b>	<b>446,272</b>	<b>360,911</b>

## **WATER UTILITY 2016 Budget**

### **Notes to Proposed Revenue and Expenses**

Note	Description
(1)	An overall growth factor of 2% was used in determining the proposed 2016 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, however, their prices have increased. Also, 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. \$106,000 is for removing material from backwash tank.
(4)	Assumes a 3% increase to be split between inflation and merit. Also assumes and additional employee at the water plant.
(5)	Assumes a 33% 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 2016 Budget

## Capital Additions

Item	Class	Description	Code	Amount	Notes
1	B	<b>Indianapolis Avenue Phase II</b> - Includes Engineering plus Construction.	2	1,232,158	
2	A	<b>Lafayette Avenue Project</b> - Carry forward from 2015 of remaining work/billing.	2	618,954	
3	B	<b>Generator &amp; Switchgear</b> - Emergency systems to operate the wells and plant when REMC experiences an outage.	2	395,000	
4	B	<b>Water Controls</b> - Updating the controls. Current controls are 28 years old.	2	205,000	
5	B	<b>Facility Rehab</b> - Accounts for unplanned capital projects.	2	50,000	
6	C	<b>Well Improvement and Rehab</b> - System integrity.	2	45,000	
7	D	<b>Dodge Dakota</b> - Replacement of our 2002 Dodge Dakota Pick-up in agreement with our vehicle replacement program.	2	40,000	(a),(b)
8	B	<b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.	1	31,000	
9	B	<b>Automated Meter Reading</b> - Annual amount for meter replacements as needed.	2	25,000	
10	C	<b>Water's Portion of the IT Budget</b> - The estimated cost to IT to support Water Operations.	1	24,056	
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	12,000	(a),(b)
TOTAL				2,678,168	
Operational Cash Flow				55,056	
Other				2,623,112	
TOTAL				2,678,168	

Code:	Class:	
1	Operational Cash Flow	A
2	Reserves	B
3	Bonding	C
4	Other	D

### 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 2016 Budget

## Capital Projects - 5 Years Beyond Fiscal Year 2016

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	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.	1,851,112 (A)	1,158,000	429,000	700,000	0	1,446,000	5,584,112
		Ind. Ave II / Lafayette Ave.	East Street	Patterson	Elizaville		Ind. Ave III	
2	<b>Facility Rehab</b> Miscellaneous improvements as deemed necessary by staff. This is a standing capital improvements program	650,000 (B)	50,000	0	60,000	260,000	60,000	1,080,000
		Switch Gear / Water Controls / Misc.				Paint Chicago Water Tower / Misc.		
3	<b>5 Year Vehicle Replacement Program</b> Ongoing program including support departments, IT, Meter Engineering	52,000	66,333	10,850	50,000	53,250	95,850	328,283
4	<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	45,000	50,000	50,000	50,000	285,000
5	<b>Hydrant &amp; Valve Replacement Program</b> Program to replace the bourbon and old hydrants.	0	0	40,000	60,000	60,000	0	160,000
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	25,000	150,000
7	<b>IT Budget</b> See IT capital budget for breakdown.	24,056	63,630	16,120	19,220	9,920	3,720	136,666
8	<b>Disaster Recovery</b> A Plan for Lebanon Utilities in case of disaster.	31,000	0	0	0	0	0	31,000
Total		<u>2,678,168</u>	<u>1,407,963</u>	<u>565,970</u>	<u>964,220</u>	<u>458,170</u>	<u>1,680,570</u>	<u>7,755,061</u>

Notes: (A) Indianapolis Ave II - \$1,232,158 (B) Switch Gear - \$395,000  
Lafayette Ave - \$618,954 Water Controls - \$205,000

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

## Water Utility

### Projected Cash Analysis

	2016	2017	2018	2019	2020	2021
Total Cash & Investments - Beginning of Year Not Restricted by Ordinance/Regulation	4,851,201	2,991,011	2,326,787	2,416,928	2,037,991	2,076,438
Add:						
Projected Operating Income (A)	3,287,878	3,308,591	3,329,435	3,350,411	3,371,518	3,392,759
Interest	7,656	8,690		11,897	9,904	9,993
Repayment from the Wastewater Utility - Availability	80,460	82,069	83,710	85,384	87,092	88,834
Depreciation	366,134	377,118	388,431	400,084	412,087	424,449
Less:						
Projected Operational Expenses (B)	(2,909,149)	(3,019,406)	(3,133,841)	(3,252,614)	(3,375,888)	(3,503,834)
Interest Expense	(15,001)	(13,323)	(11,624)	(9,881)	(8,096)	(6,266)
Estimated Cash & Investments Before Capital Expenditures Not Restricted by Ordinance/Regulation	5,669,179	3,734,750	2,982,898	3,002,211	2,534,608	2,482,374
Less:						
Projected Capital Expenditures	(2,678,168)	(1,407,963)	(565,970)	(964,220)	(458,170)	(1,680,570)
Estimated Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	2,991,011	2,326,787	2,416,928	2,037,991	2,076,438	801,804
Less: Two Months of Average Operation Expense	(484,858)	(503,234)	(522,307)	(542,102)	(562,648)	(583,972)
Available Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	<u>2,506,153</u>	<u>1,823,552</u>	<u>1,894,622</u>	<u>1,495,888</u>	<u>1,513,790</u>	<u>217,831</u>

(A) Prior year plus increase of .63% which is the average change in the last 5 years subtracting out the highest year and the lowest year and the rate increase (which has been taken into account separately).

(B) Prior year plus increase of 3.79% which is the average change in the last 5 years subtracting out the highest year and the lowest year.

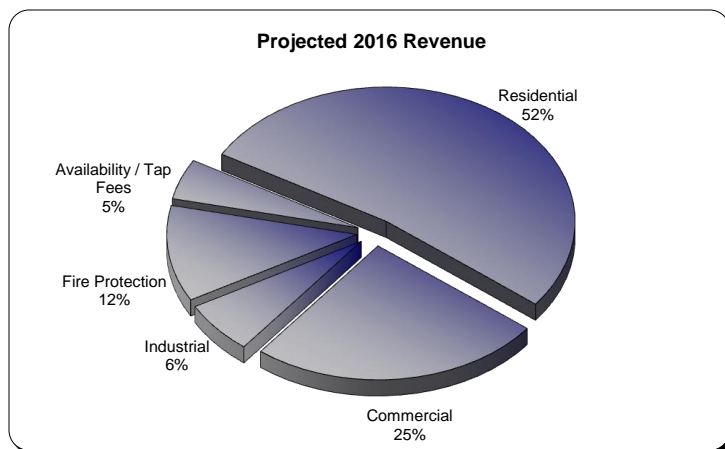
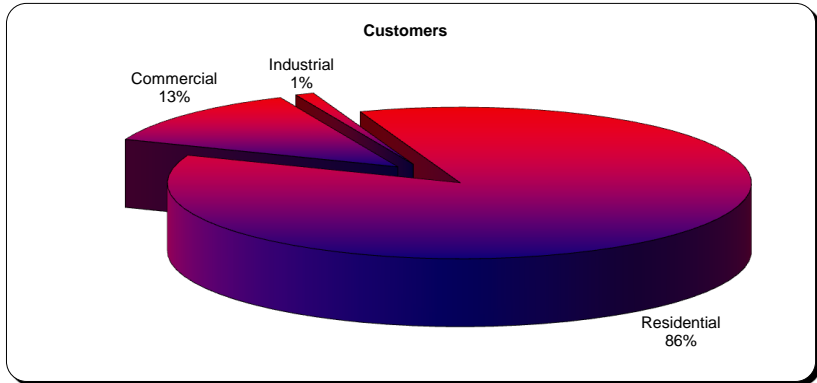


# WATER UTILITY 2016 Budget

## Statistics

### Number of Customers

Residential	5,686
Commercial	821
Industrial	68
Municipal	3

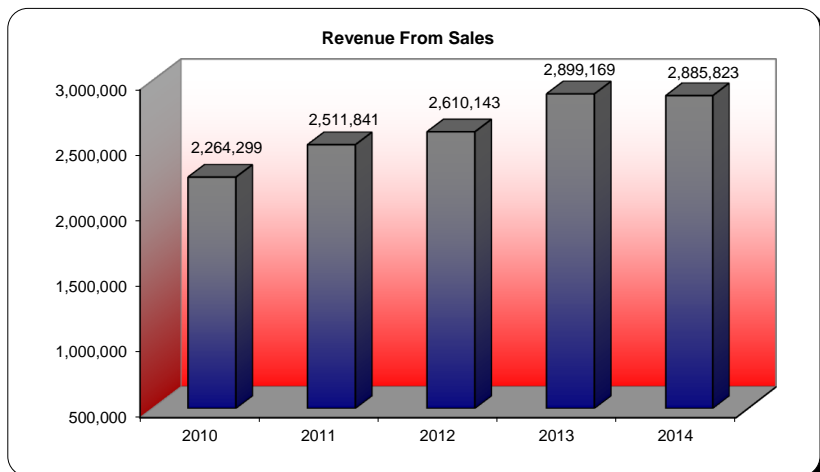


### Projected 2016 Revenue

Residential	1,649,924
Commercial	790,324
Industrial	200,026
Fire Protection	365,201
Availability / Tap Fees	153,651

### Revenue From Sales

2010	2,264,299
2011	2,511,841
2012	2,610,143
2013	2,899,169
2014	2,885,823
**2015 Year to Date Thru Sept.	2,458,313



# WATER UTILITY 2016 Budget

## Statistics

### Gallons Pumped (Series 1)

2010	489,132,000
2011	554,640,000
2012	589,863,000
2013	512,168,000
2014	504,257,000

\*\*2015 Year to Date Thru Sept.

426,627,873

### Gallons Sold (Series 2)

2010	464,545,000 *
2011	428,609,000 *
2012	490,067,750 *
2013	470,585,547 *
2014	469,658,515 *

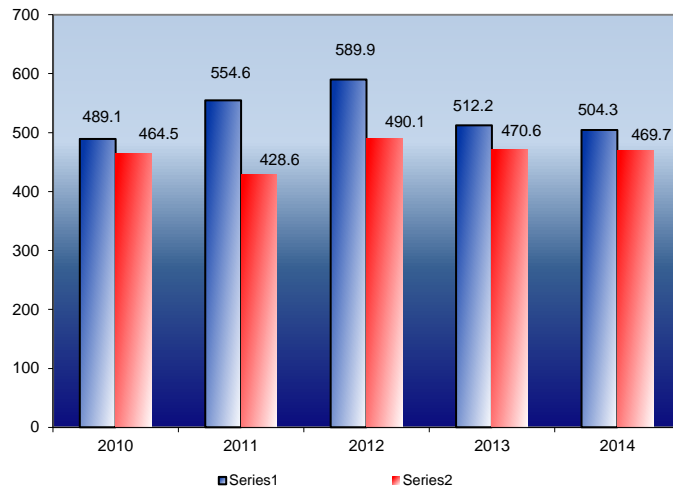
\*\*2015 Year to Date Thru Sept.

366,988,417 \*

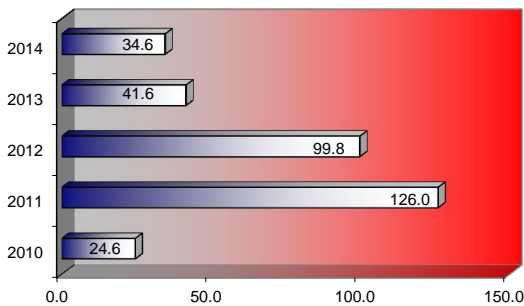
### Yearly Backflush

Add *	10,200,000
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Gallons Pumped (Millions)



Water Loss (Millions)



Water Loss (Millions)

2010	24,587,000
2011	126,031,000
2012	99,795,250
2013	41,582,453
2014	34,598,485

\*\*2015 Year to Date Thru Sept.

59,639,456

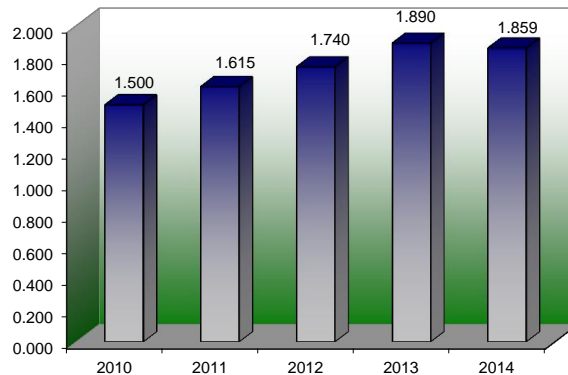
### Water Cost (Per Thousand)

2010	1.500
2011	1.615
2012	1.740
2013	1.890
2014	1.859

\*\*2015 Year to Date Thru Sept.

1.377

Water Cost Per Thousand



# Lebanon Wastewater Utility

## 2016 Budget

# WASTEWATER UTILITY 2016 Budget

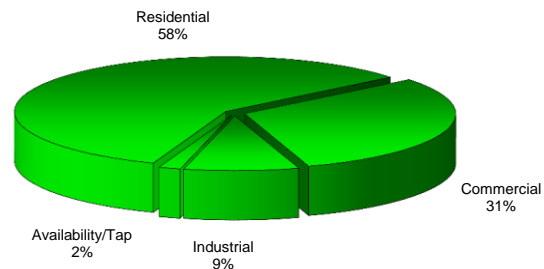
## Revenues

	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>9 Months 2015</u>	<u>Rolling 12 Months</u>	<u>Proposed 2016</u>
<b>Operating Revenue</b>					
Residential	2,168,596	2,221,379	1,606,800	2,123,872	2,815,740
Commercial	1,054,552	1,079,351	858,412	1,102,796	1,483,248
Industrial	328,307	337,765	241,715	314,731	420,432
Availability Fees	38,908	33,633	48,392	57,386	80,460
Tap Fees	800	817	467	668	852
Inspection Fees	3,367	3,247	3,250	4,100	5,566
Late Penalties	49,277	58,720	46,618	62,341	82,169
<b>Total Revenue from Sales</b>	<u><b>3,643,807</b></u>	<u><b>3,734,912</b></u>	<u><b>2,805,654</b></u>	<u><b>3,665,894</b></u>	<u><b>4,888,466</b></u>
<b>Other Revenue</b>					
Other	3,378	6,239	10,938	11,020	13,058
Storm Reimbursement	115,488	118,224	93,223	122,440	55,836
Interest	6,474	6,437	3,196	5,258	4,855
<b>Total Other Revenues</b>	<u><b>125,340</b></u>	<u><b>130,900</b></u>	<u><b>107,357</b></u>	<u><b>138,718</b></u>	<u><b>73,749</b></u>
<b>Total Revenue</b>	<u><u><b>3,769,147</b></u></u>	<u><u><b>3,865,812</b></u></u>	<u><u><b>2,913,011</b></u></u>	<u><u><b>3,804,612</b></u></u>	<u><u><b>4,962,215</b></u></u>

Note: A growth factor of 2% for residential, commercial and industrial was used in determining the proposed 2016 revenues.

A 32% rate increase was also used with an effective date of January 1, 2016.

## Projected Revenue by Rate Class



<u>Rate Class</u>	<u>Number of Customers</u>
Residential	5,508
Commercial	772
Industrial	<u>66</u>

# WASTEWATER UTILITY

## 2016 Budget

### Revenues/Expenses

	Actual 2014	Budget 2015	9 Months 2015	Rolling 12 Months	Proposed 2016	
<b>Operating Revenues</b>						
Residential	2,168,596	2,221,379	1,606,800	2,123,872	2,815,740	(1)
Commercial	1,054,552	1,079,351	858,412	1,102,796	1,483,248	(1)
Industrial	328,307	337,765	241,715	314,731	420,432	(1)
Availability Fees	38,908	33,633	48,392	57,386	80,460	(1)
Tap Fees	800	817	467	668	852	(1)
Inspection Fees	3,367	3,247	3,250	4,100	5,566	(1)
Late Penalties	49,277	58,720	46,618	62,341	82,169	(1)
<b>Total Operating Revenues</b>	<b>3,643,807</b>	<b>3,734,912</b>	<b>2,805,654</b>	<b>3,665,894</b>	<b>4,888,466</b>	
<b>Other Revenues</b>						
Storm Reimbursement	115,488	118,224	93,223	122,440	55,836	(2)
Other	3,378	6,239	10,938	11,020	13,058	
<b>Total Other Revenue</b>	<b>118,866</b>	<b>124,463</b>	<b>104,161</b>	<b>133,460</b>	<b>68,894</b>	
<b>Total Revenue (less Interest)</b>	<b>3,762,673</b>	<b>3,859,375</b>	<b>2,909,815</b>	<b>3,799,354</b>	<b>4,957,360</b>	
<b>Purchased Services</b>						
Engineering Fees	1,925	10,000	31,675	33,599	38,674	
Accounting Fees	23,331	35,000	8,650	12,650	12,334	(3)
Legal Fees	26,323	17,867	40,494	55,737	59,462	
Contractual Services - Sludge Removal	131,627	110,000	63,608	91,679	110,000	
Contractual Services - IT	0	0	0	0	71,075	
Contractual Services - Other	117,772	118,815	59,909	102,390	118,128	(4)
Telephone Expense	18,364	17,335	8,578	13,704	13,335	
Utilities	278,100	263,248	226,165	320,700	322,014	
<b>Total Purchased Services</b>	<b>597,442</b>	<b>572,265</b>	<b>439,079</b>	<b>630,459</b>	<b>745,022</b>	
<b>Wages &amp; Benefits</b>						
Salaries WWC	205,073	205,223	123,521	175,872	184,636	(5)
Salaries WWT	186,228	196,533	112,689	155,065	184,760	(5)
Meter Reading	51,665	52,219	33,475	45,690	45,972	(5)
Line Locating	15,364	15,451	12,078	16,246	16,587	(5)
Mapping	59	66	153	153	210	(5)
Billing Salaries	31,060	30,767	23,386	32,142	32,117	(5)
Laboratory Salaries	38,653	36,764	37,266	45,884	51,179	(5)
Administrative Salaries	186,839	189,873	136,741	184,659	187,791	(5)
Office Salaries	106,518	115,623	92,741	121,092	127,364	(5)
Vacation/Sick Leave	128,271	112,369	73,270	128,267	100,624	(5)
FICA Taxes	72,196	70,923	49,439	68,395	71,338	(5)
Pension	152,331	151,630	112,496	150,922	149,995	(6)
Group Insurance	253,894	256,478	187,616	241,351	272,214	(7)
<b>Total Wages &amp; Benefits</b>	<b>1,428,151</b>	<b>1,433,919</b>	<b>994,871</b>	<b>1,365,738</b>	<b>1,424,786</b>	

**WASTEWATER UTILITY**  
**2016 Budget**

**Revenues/Expenses (Cont.)**

	<b>Actual 2014</b>	<b>Budget 2015</b>	<b>9 Months 2015</b>	<b>Rolling 12 Months</b>	<b>Proposed 2016</b>
<b>Operating Supplies &amp; Expense</b>					
Chemicals	24,877	51,208	9,031	16,607	54,611
Materials & Supplies	4,555	5,421	3,603	5,108	5,055
Lab	14,387	12,976	8,988	12,175	12,321
Liftstations	22,508	14,789	9,427	18,416	15,803
Office Supplies	21,070	19,955	7,641	11,669	11,147
Janitorial Services	4,813	4,824	3,618	4,825	4,824
Interior Landscaping	0	177	0	0	177
Exterior Landscaping	1,116	1,767	1,625	1,891	1,979
Meter Expense	1,904	10,000	1,422	2,326	10,000
Safety Equipment	1,577	1,682	813	1,393	1,263
SCADA Equipment	665	709	3,797	4,421	4,837
Sand / Gravel / Pavement	4,969	2,583	5,506	10,011	8,850
Miscellaneous Equipment	2,570	2,741	9,859	9,859	12,183
General Maintenance	60,218	62,075	30,983	44,351	43,687
Transportation	23,074	21,994	10,716	17,695	16,311
Computer Equipment	7,970	7,170	(194)	3,917	10,715
Software Expense	1,356	6,510	3,997	4,235	4,650
Maintenance Agreements	42,685	42,504	35,222	38,195	43,430
Insurance	58,600	59,992	60,464	60,533	61,744
Promotional Expense	4,959	2,695	591	1,904	2,695
Employee Recognition	1,912	1,550	662	1,170	1,550
Regulatory Expense	9,500	10,130	7,125	9,500	9,690
Bad Debt Expense	0	9,337	9,337	9,337	12,221 (8)
Dues & Subscriptions	3,511	4,911	3,242	2,999	5,937
Postage	22,629	24,069	9,436	13,236	13,167
Conferences & Training	17,268	19,364	7,367	9,623	19,210
Uniforms	9,271	9,643	4,054	5,961	5,797
Safety Training Expense	2,976	3,135	2,806	2,894	3,384
Pumps, Motors & Equipment	6,505	6,937	0	350	179
Payment in Lieu of Taxes	207,814	212,013	164,459	216,333	222,162
Depreciation Expense	706,231	720,515	527,240	703,656	717,046
Amortization - Deferred Costs	9,189	36,875	7,017	9,318	9,356
Lease Rental Payments - Principal	64,495	66,262	66,262	66,262	68,029 (9)
Lease - Copiers/Printers	0	0	2,242	2,241	2,667
Bank Fees - Credit Card	22,963	23,381	21,854	28,095	29,721
Miscellaneous	20,900	19,005	10,328	17,643	16,021
<b>Total Operating Supplies &amp; Expense</b>	<b>1,409,037</b>	<b>1,498,899</b>	<b>1,050,540</b>	<b>1,368,149</b>	<b>1,462,420</b>
<b>Total Expenses</b>	<b>3,434,630</b>	<b>3,505,083</b>	<b>2,484,490</b>	<b>3,364,346</b>	<b>3,632,228</b>
<b>Operating Income</b>	<b>328,043</b>	<b>354,292</b>	<b>425,325</b>	<b>435,008</b>	<b>1,325,132</b>
<b>Interest</b>					
Interest Revenue	6,473	6,437	3,196	5,258	4,855
Interest Expense	(311,888)	(263,063)	(130,285)	(262,824)	(196,357) (10)
<b>Total Interest Revenue (Expense)</b>	<b>(305,415)</b>	<b>(256,626)</b>	<b>(127,089)</b>	<b>(257,566)</b>	<b>(191,502)</b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	(16,915)	(1000)	(2,612)	(19,527)	(11,735)
<b>Total Extraordinary Items</b>	<b>(16,915)</b>	<b>(1,000)</b>	<b>(2,612)</b>	<b>(19,527)</b>	<b>(11,735)</b>
<b>NET MARGIN</b>	<b>5,713</b>	<b>96,666</b>	<b>295,624</b>	<b>157,915</b>	<b>1,121,895</b>

## **WASTEWATER UTILITY 2016 Budget**

### **Notes to Proposed Revenue and Expenses**

Note	Description
(1)	An overall growth factor of 2% was used in determining the proposed 2016 revenues. Also, factored in a 32% rate increase effective January 1, 2016.
(2)	This represents the amount that the City reimburses the Utilities for Stormwater services and costs. This amount has been reduced due to the City taking over the operations.
(3)	Accounting fees include the cost of the State Board of Accounts annual audit, the bond disclosure costs and a potential 2016 rate case.
(4)	Estimated amount for miscellaneous contractual services needed by the different departments. Infiltration Remediation for 2016 has been estimated to be \$50,000.
(5)	Assumes a 3% increase to be split between inflation and merit. Also, assumes an additional 1 1/2 employees.
(6)	Assumes a 33% 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 2013 and 2014 bonds.

# WASTEWATER UTILITY 2016 Budget

## Capital Additions

Item	Class	Description	Code	Amount	Notes
1	C	<b>Line Repair and Replacement Program (yrly +/-</b> Indianapolis Avenue - Phase I Grant Street Sanitary Patterson Street - Building Purchase Lining Sanitary Project Indianapolis Avenue - Phase II	2	1,515,000 650,000 170,000 300,000 300,000 95,000	
2	B	<b>Grit Removal</b> - Removal of sand and gravel from system.	3	680,000	
3	B	<b>Facility Rehab</b> - EQ Basin plus windows in operation	2	150,000	
4	B	<b>Manhole Rehab Program</b> - Indianapolis Ave., & Morningside.	2	80,000	
5	C	<b>#2 450 Ford Truck &amp; Crane</b> - Replacement truck used to pull lift station pumps in agreement with our vehicle replacement program.	2	67,000	(a),(b)
6	B	<b>Driveway for Prairie Heights Lift Station</b> - Allows us to get the Vac truck to the Prairie Heights lift station.	1	59,500	
7	C	<b>Wastewater's Portion of the IT Budget</b> - The estimated cost to IT to support Wastewater Operations.	1	44,056	
8	C	<b>Dodge Ram &amp; Plow #12</b> - Replacement of our 2001 Dodge Ram truck & plow in agreement with our vehicle replacement program.	2	40,000	(a),(b)
9	B	<b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.	1	31,000	
10	C	<b>Automated Meter Reading</b> - Annual amount for meter replacements as needed.	2	25,000	
11	C	<b>Jet Truck Rehab Water Storage Tanks</b> - Clear water storage.	1	19,000	
12	D	<b>Wastewater's Portion of Administration Vehicles</b> - Wastewater's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	12,000	(a),(b)



# WASTEWATER UTILITY 2016 Budget

## Capital Additions (Cont)

Item	Class	Description	Code	Amount	Notes
13	B	<b>Hydra Drops</b> - For three Lift Stations	1	7,000	
14	B	<b>Sampler</b> - Auto sampling stations.	1	5,500	
15	C	<b>Clarifier Accessories</b> - Helps remove particles from clarifier.	1	5,000	
TOTAL				<u>2,740,056</u>	
Operational Cash Flow				171,056	
Bond Proceeds				680,000	
Other				<u>1,889,000</u>	
TOTAL				<u>2,740,056</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.**

2,060,056

**WASTEWATER UTILITY  
2016 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2016**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Total Amount
1	<b>Master Plan Development</b> Extension of service and liftstation replacement and Buildings and Grounds.	1,215,000 (A)	0	1,300,000 Patterson	769,265 Elizaville	0	608,000 Morningside	3,892,265
2	<b>System Rehab Program</b> Yearly program to repair collection system.	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
3	<b>Grit Removal</b> Grit Removal	680,000	0	0	0	0	0	680,000
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.	119,000	113,333	80,850	122,000	13,250	205,850	654,283
5	<b>Manhole Rehab Program</b> Ongoing program.	80,000	80,000	80,000	80,000	80,000	80,000	480,000
6	<b>Facility Rehab</b> Miscellaneous Repairs.	96,000	0	60,000	60,000	60,000	60,000	336,000
7	<b>IT Budget</b> See IT capital budget for breakdown.	44,056	63,630	16,120	19,220	9,920	3,720	156,666
8	<b>EQ Basin</b> EQ Basin & Lining	150,000	0	0	0	0	0	150,000
9	<b>AMR</b> Automated Meter Reading performed by Lebanon Utilities internal staff.	25,000	25,000	25,000	25,000	25,000	25,000	150,000
10	<b>Disaster Recovery</b> A Plan for Lebanon Utilities in case of disaster.	31,000	0	0	0	0	0	31,000
Total		<u>2,740,056</u>	<u>581,963</u>	<u>1,861,970</u>	<u>1,375,485</u>	<u>488,170</u>	<u>1,282,570</u>	<u>8,330,214</u>

Notes: (A) Indianapolis Avenue Phase I \$650,000  
Patterson Street \$300,000  
Grant St. Sanitary \$170,000  
Indianapolis Avenue Phase II \$95,000

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

## WASTEWATER UTILITY

### Projected Cash Analysis

	2016	2017	2018	2019	2020	2021
Total Cash & Investments - Beginning of Year Not Restricted by Ordinance/Regulation	1,254,516	3,234,032	3,717,725	2,877,745	2,470,974	2,893,085
Add:						
Projected Operating Income (A)	4,957,360	4,983,634	5,010,047	5,036,600	5,063,294	5,090,130
Interest	4,855	9,599	10,846	8,785	7,808	8,905
Depreciation & Amortization	726,402	748,194	770,640	793,760	817,572	842,099
Bond Proceeds	3,480,000	0	0	0	0	0
Less:						
Projected Operational Expenses (B)	(3,632,228)	(3,723,760)	(3,817,599)	(3,913,802)	(4,012,430)	(4,113,543)
Repayment to Water Utility - Availability	(80,460)	(160,919)	(164,138)	(167,421)	(170,769)	(174,184)
Bond Principal & Interest Payments	(736,357)	(791,092)	(787,806)	(789,208)	(795,194)	(804,596)
Estimated Cash & Investments Before Capital Expenditures Not Restricted by Ordinance/Regulation	5,974,088	4,299,687	4,739,715	3,846,459	3,381,255	3,741,895
Less:						
Projected Capital Expenditures	(2,740,056)	(581,963)	(1,861,970)	(1,375,485)	(488,170)	(1,282,570)
Estimated Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	3,234,032	3,717,725	2,877,745	2,470,974	2,893,085	2,459,325
Less: Two Months of Average Operation Expense	(605,371)	(620,627)	(636,266)	(652,300)	(668,738)	(685,591)
Available Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	<u>2,628,661</u>	<u>3,097,098</u>	<u>2,241,479</u>	<u>1,818,673</u>	<u>2,224,347</u>	<u>1,773,735</u>

(A) Prior year plus increase of 0.53% which is the average change in the last 5 years subtracting out the highest year and the lowest year.

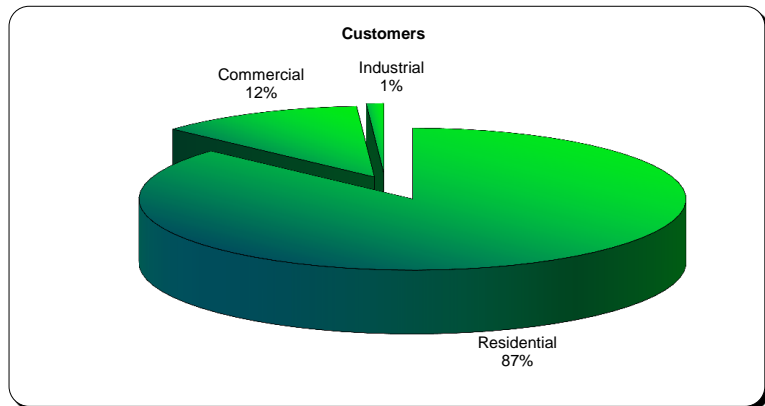
(B) Prior year plus increase of 2.52% which is the average change in the last 5 years subtracting out the highest year and the lowest year.

# WASTEWATER UTILITY 2016 Budget

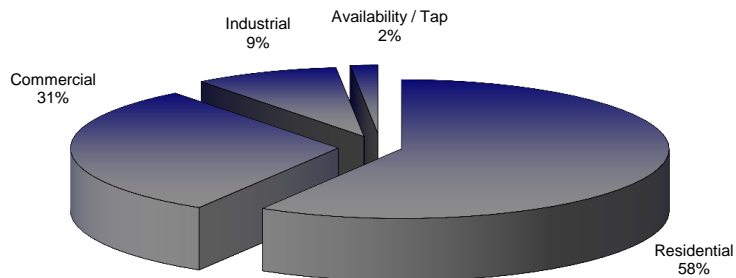
## Statistics

### Number of Customers

Residential	5,508
Commercial	772
Industrial	66



### Projected 2016 Revenue

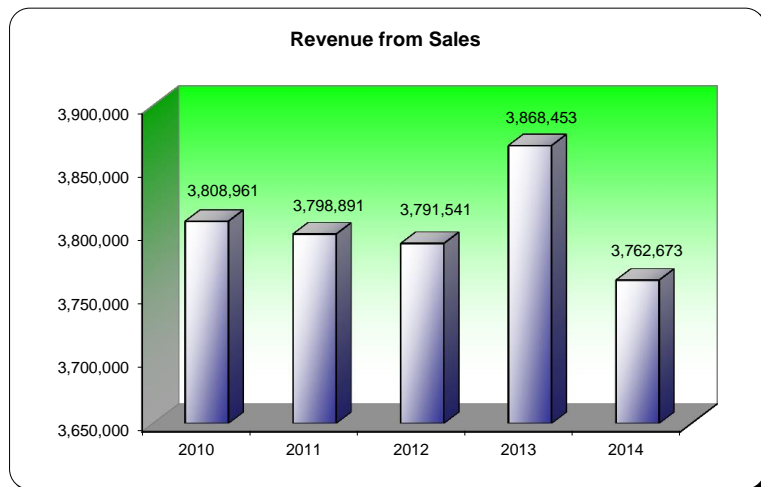


### Projected 2016 Revenue

Residential	2,815,740
Commercial	1,483,248
Industrial	420,432
Availability / Tap	80,460

### Revenue From Sales

2010	3,808,961
2011	3,798,891
2012	3,791,541
2013	3,868,453
2014	3,762,673
**2015 Year to Date Thru Sept.	2,909,815

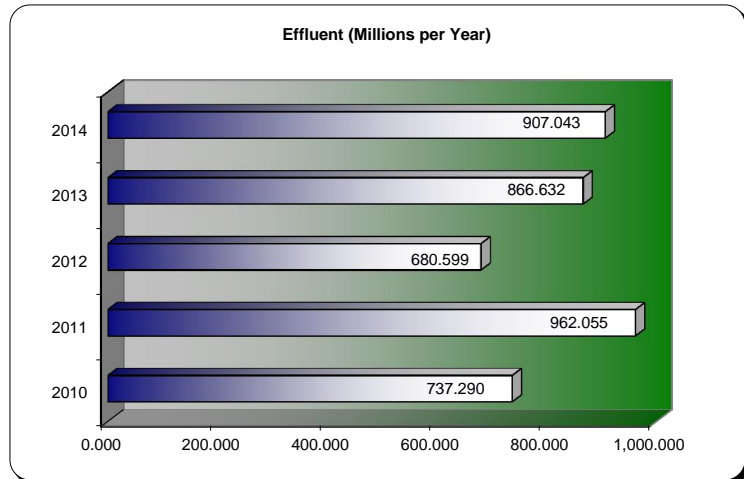


# WASTEWATER UTILITY 2016 Budget

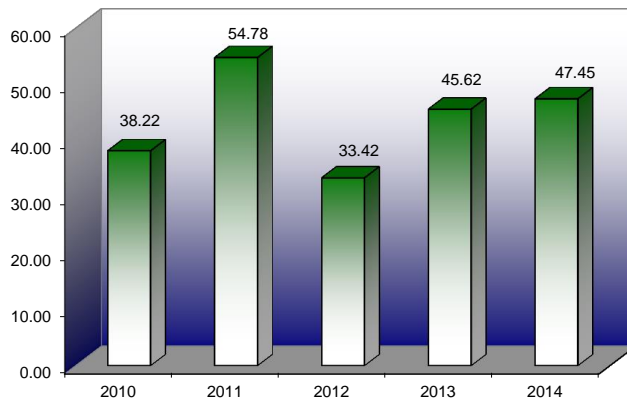
## Statistics

### Effluent (1,000,000 Gallons)

2010	737.290
2011	962.055
2012	680.599
2013	866.632
2014	907.043
**2015 Year to Date Thru Sept.	809.740



### Rainfall (Inches)



### Rainfall (Inches)

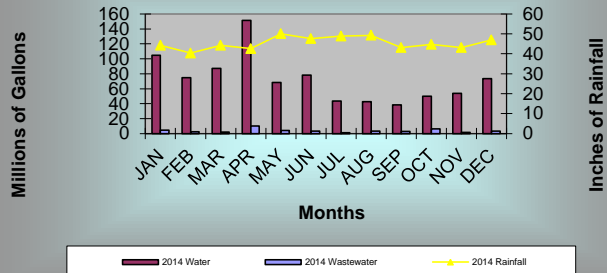
2010	38.22
2011	54.78
2012	33.42
2013	45.62
2014	47.45
**2015 Year to Date Thru Sept.	41.85

# WASTEWATER UTILITY

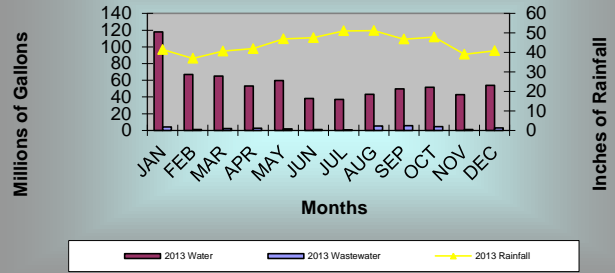
## 2016 Budget

### Statistics

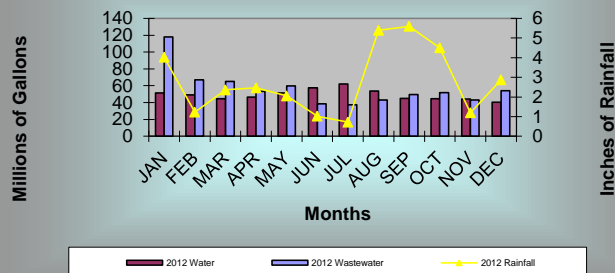
2014 Rainfall Impacts



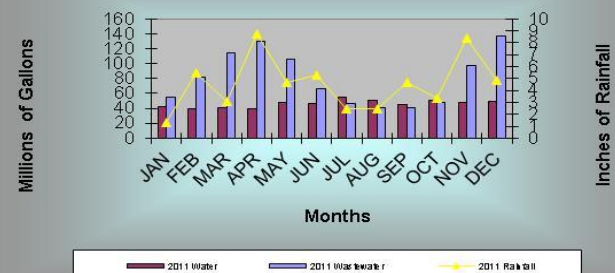
2013 Rainfall Impacts



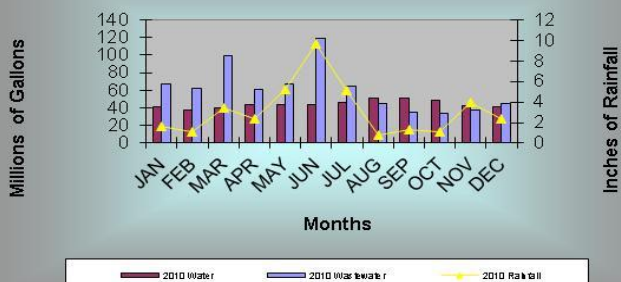
2012 Rainfall Impacts



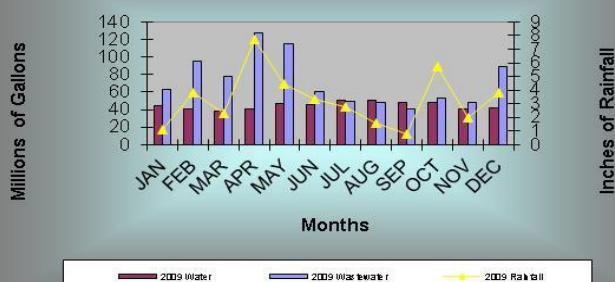
2011 Rainfall Impacts



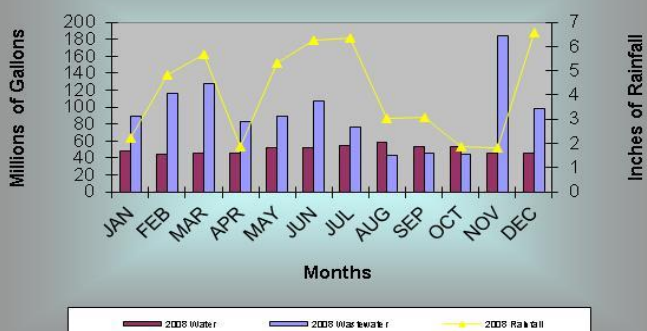
2010 Rainfall Impacts



2009 Rainfall Impacts



2008 Rainfall Impacts



2007 Rainfall Impacts



# Telecommunications Division

## 2016 Budget

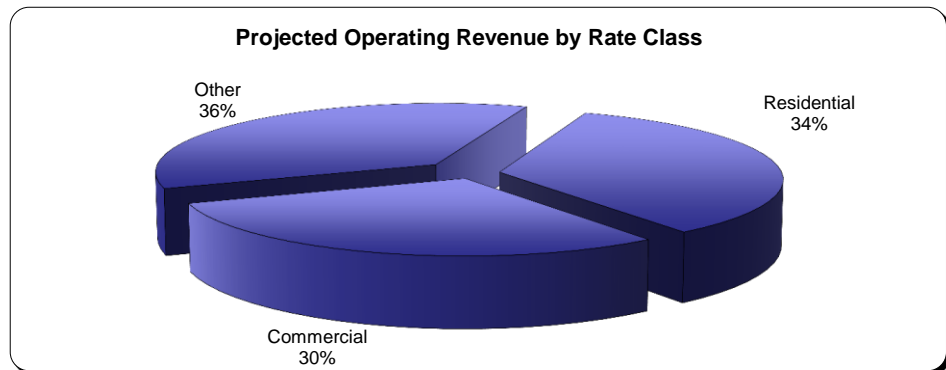


# TELECOMMUNICATIONS DIVISION 2016 Budget

## Revenues

	Actual 2014	Budget 2015	9 Months 2015	Rolling 12 Months	Proposed 2016
<b>Operating Revenue</b>					
Residential	167,208	172,185	143,574	188,022	195,419
Commercial	53,380	54,924	47,213	61,157	63,915
Custom Commercial	94,165	96,645	76,460	100,467	104,243
Installations	12,178	11,048	10,969	15,310	15,417
Equipment	157,437	161,882	134,728	176,362	183,340
Set-up Charges	4,620	4,544	3,180	4,380	4,439
Late Penalties	1,921	1,888	2,008	2,895	2,870
<b>Total Revenue from Sales</b>	<b>490,909</b>	<b>503,116</b>	<b>418,132</b>	<b>548,593</b>	<b>569,643</b>
<b>Other Revenue</b>					
Interest	221	247	171	229	235
Other	69,769	73,733	31,653	40,608	42,648
<b>Total Other Revenues</b>	<b>69,990</b>	<b>73,980</b>	<b>31,824</b>	<b>40,837</b>	<b>42,884</b>
<b>Total Revenue</b>	<b>560,899</b>	<b>577,096</b>	<b>449,956</b>	<b>589,430</b>	<b>612,526</b>

Note: An average growth factor of 3% was used in determining the proposed 2016 revenues.



Rate Class	Number of Customers
Wireless	785
Fiber	14
<b>Total</b>	<b>799</b>
(As of 9-15)	

**TELECOMMUNICATIONS DIVISION**  
**2016 Budget**

**Revenues/Expenses**

	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>9 Months 2015</u>	<u>Rolling 12 Months</u>	<u>Proposed 2016</u>	
<b>Operating Revenues</b>						
Residential	167,208	172,185	143,574	188,022	195,419	(1)
Commercial	53,380	54,924	47,213	61,157	63,915	(1)
Custom Commercial	94,165	96,645	76,460	100,467	104,243	(1)
Installations	12,178	11,048	10,969	15,310	15,417	(1)
Equipment	157,437	161,882	134,728	176,362	183,340	(1)
Set-up Charges	4,620	4,544	3,180	4,380	4,439	(1)
Late Penalties	1,921	1,888	2,008	2,895	2,870	(1)
<b>Total Operating Revenue</b>	<b>490,909</b>	<b>503,116</b>	<b>418,132</b>	<b>548,593</b>	<b>569,643</b>	
<b>Other Revenue</b>						
Other	69,769	73,733	31,653	40,608	42,648	
<b>Total Other Revenue</b>	<b>69,769</b>	<b>73,733</b>	<b>31,653</b>	<b>40,608</b>	<b>42,648</b>	
<b>Total Revenue (less Interest)</b>	<b>560,678</b>	<b>576,849</b>	<b>449,785</b>	<b>589,201</b>	<b>612,291</b>	
<b>Purchased Services</b>						
Bandwidth	45,196	50,000	38,808	50,291	55,000	
Telephone	4,462	4,166	2,013	3,332	3,068	
Contractual Services - Other	52,969	17,481	11,797	19,207	16,314	(2)
Accounting Fees	0	662	1,050	1,050	1,250	(3)
Legal Fees	4,165	1,410	3,218	5,938	5,967	
Utilities	8,334	8,074	7,303	10,148	10,291	
<b>Total Purchased Services</b>	<b>115,126</b>	<b>81,793</b>	<b>64,189</b>	<b>89,966</b>	<b>91,889</b>	
<b>Wages &amp; Benefits</b>						
Customer Install	33,617	33,829	31,669	39,934	53,492	(4)
Billing	2,339	2,319	2,162	2,795	2,969	(4)
Administrative	38,351	39,166	22,197	32,240	30,484	(4)
Office Personnel	39,400	39,219	34,702	45,593	47,657	(4)
Redundant Fiber	0	0	0	0	0	
Sick/Vacation Pay	16,489	14,421	9,512	14,387	13,063	(4)
FICA Taxes	9,334	9,183	6,896	9,367	10,236	(4)
Group Insurance	39,765	39,925	29,223	38,084	51,822	(5)
Pension	20,404	20,402	15,581	20,808	20,775	(6)
<b>Total Wages &amp; Benefits</b>	<b>199,699</b>	<b>198,464</b>	<b>151,942</b>	<b>203,208</b>	<b>230,498</b>	

**TELECOMMUNICATIONS DIVISION**  
**2016 Budget**

**Revenues/Expenses (Cont.)**

	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>9 Months 2015</u>	<u>Rolling 12 Months</u>	<u>Proposed 2016</u>
<b>Operating Supplies &amp; Expense</b>					
Tools & Equipment	561	594	651	725	812
Installation Supplies	6,336	6,458	4,322	6,011	6,005
Tower Rent	15,369	15,877	13,906	16,637	17,941
Maintenance of Equipment	142	122	122	161	165
General Maintenance	2,051	2,220	1,178	2,012	1,827
Office Supplies	2,482	2,493	761	1,128	1,093
Janitorial Services	1,121	1,089	817	1,113	1,089
Interior Landscaping	0	39	0	0	39
Exterior Landscaping	469	399	682	795	447
Miscellaneous Equipment	248	264	677	677	907
Communications Equipment	3,336	4,028	1,692	2,102	2,223
Fiber	3,424	3,651	944	945	1,124
Computer Equipment	2,310	3,490	1,238	2,440	1,855
Software Expense	237	2,750	1,545	1,599	2,050
Maintenance Agreements	5,326	5,418	6,280	6,626	7,650
Dues & Subscriptions	896	2,373	2,002	1,385	2,614
Postage	2,164	2,331	951	1,302	1,293
Insurance	11,229	12,549	12,564	12,864	17,087
Conference & Training	2,075	4,336	1,044	1,203	3,890
Promotion	1,727	2,915	377	673	2,780
Employee Recognition	474	350	118	220	350
Transportation	4,851	4,930	2,717	4,166	3,695
Freight / Shipping	1,821	1,832	1,763	2,162	2,398
Payment in Lieu of Taxes	1,948	1,957	1,873	2,439	2,547
Depreciation Expense	40,581	41,407	31,240	41,491	42,486
Gross Income Tax	7,800	5,955	6,018	8,518	8,265
Bad Debt Expense	7,444	1,258	1,258	8,702	1,424
Lease Rental Payments - Principal	14,563	14,964	14,962	14,962	15,362
Lease - Copiers/Printers	0	0	506	0	344
Bank Fees - Credit Card	2,153	2,191	2,049	2,633	2,736
Miscellaneous	17,878	22,182	12,578	17,112	17,280
<b>Total Operating Supplies &amp; Expense</b>	<b><u>161,016</u></b>	<b><u>170,422</u></b>	<b><u>126,835</u></b>	<b><u>162,803</u></b>	<b><u>169,778</u></b>
<b>Total Expenses</b>	<b><u>475,841</u></b>	<b><u>450,679</u></b>	<b><u>342,966</u></b>	<b><u>455,977</u></b>	<b><u>492,165</u></b>
<b>Operating Income</b>	<b><u>84,837</u></b>	<b><u>126,170</u></b>	<b><u>106,819</u></b>	<b><u>133,224</u></b>	<b><u>120,126</u></b>
<b>Interest</b>					
Interest Revenue	221	247	171	229	235
Interest Expense	(3,765)	(3,755)	(3,756)	(3,756)	(3,389)
<b>Total Interest Revenue (Expense)</b>	<b><u>(3,544)</u></b>	<b><u>(3,508)</u></b>	<b><u>(3,585)</u></b>	<b><u>(3,527)</u></b>	<b><u>(3,154)</u></b>
<b>Extraordinary Items</b>					
Gain on Sale of Assets	0	0	0	0	0
Loss on Sale of Assets	(4,114)	(3,000)	(1,233)	(2,693)	(3,000)
<b>Total Extraordinary Items</b>	<b><u>(4,114)</u></b>	<b><u>(3,000)</u></b>	<b><u>(1,233)</u></b>	<b><u>(2,693)</u></b>	<b><u>(3,000)</u></b>
<b>Net Margin</b>	<b><u>77,179</u></b>	<b><u>119,662</u></b>	<b><u>102,001</u></b>	<b><u>127,004</u></b>	<b><u>113,973</u></b>

**TELECOMMUNICATIONS DIVISION**  
**2016 Budget**

**Notes to Proposed Revenue and Expenses**

Note	Description
(1)	The revenue numbers are based on a 3% increase in revenue for 2016.
(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 3% increase to be split between inflation and merit.
(5)	Assumes a 33% 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 2016 Budget

## Capital Additions

Item	Class	Description	Code	Amount	Notes
1	C	<b>Fiber Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades. Airblown Fiber to Elm Street Water Tower.	2	20,000	
2	C	<b>Wireless Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades.	2	12,000	
3	A	<b>Wireless Tower Infrastructure Upgrades</b> - Annual amount for routine break/fix and required upgrades.	2	10,000	
4	B	<b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.	1	7,000	
5	C	<b>Telecom's Portion of the IT Budget</b> - The estimated cost to IT to support Wastewater Operations. Coverage for 100 new customers and replacements as needed.	1	5,432	
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				<u>54,432</u>	
Operational Cash Flow				12,432	
Other				<u>42,000</u>	
TOTAL				<u>54,432</u>	

**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  
2016 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2016**

Item	Description	Projected 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Total Amount
1	<b>Customer Equipment</b> Equipment on customer premises.	20,000	20,000	20,000	20,000	20,000	20,000	120,000
2	<b>Wireless Equipment Upgrades</b> Upgrade to our wireless system.	22,000	20,000	0	20,000	0	20,000	82,000
3	<b>IT Budget</b> See IT capital budget for breakdown.	5,432	14,368	3,640	4,340	2,240	840	30,860
4	<b>Disaster Recovery Plan</b> A plan for Lebanon Utilities in case of Disaster	7,000	0	0	0	0	0	7,000
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	4,901
Total		<u>54,432</u>	<u>54,368</u>	<u>26,090</u>	<u>44,340</u>	<u>22,240</u>	<u>43,290</u>	<u>244,761</u>

## Telecommunications Division

### Projected Cash Analysis

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Cash & Investments - Beginning of Year Not Restricted by Ordinance/Regulation	150,072	180,099	180,893	179,338	178,984	175,297
Add:						
Projected Operating Income (A)	612,291	624,537	637,027	649,768	662,763	676,019
Interest	235	900	905	889	879	852
Depreciation & Amortization	42,486	43,761	45,074	46,426	47,819	49,253
Less:						
Projected Operational Expenses (B)	(492,165)	(491,028)	(500,848)	(510,865)	(521,082)	(531,504)
Interest on Lease	(3,389)	(3,008)	(2,624)	(2,232)	(1,826)	(1,416)
Repayment of Loan	(75,000)	(120,000)	(155,000)	(140,000)	(170,000)	(145,000)
Estimated Cash & Investments Before Capital Expenditures Not Restricted by Ordinance/Regulation	234,531	235,262	205,428	223,324	197,537	223,501
Less:						
Projected Capital Expenditures	(54,432)	(54,368)	(26,090)	(44,340)	(22,240)	(43,290)
Estimated Cash & Investments - End of Year Not Restricted by Ordinance/Regulation	180,099	180,893	179,338	178,984	175,297	180,211
Less: Two Months of Average Operation Expense	(82,027)	(81,838)	(83,475)	(85,144)	(86,847)	(88,584)
Available Cash & Investments - Beginning of Year Not Restricted by Ordinance/Regulation	<u>98,072</u>	<u>99,055</u>	<u>95,863</u>	<u>93,840</u>	<u>88,450</u>	<u>91,627</u>

# IT Capital Program

## 2016 Budget



**IT  
2016 Budget  
Capital Additions**

Item	Class	Description	Code	Amount	Department
1	A	<b>Workorder Upgrade</b> - Update the Electric Work Order software to include increased Security, more user friendly and more streamlined.	2	60,000	Electric
2	A	<b>Electric Operations Building</b> - IT needs to support the new Electric Operations Building.	2	58,068	Electric
3	A	<b>Infrastructure Upgrades</b> - Continuing work on upgrades to company networking systems.	2	25,000	IT
4	B	<b>Surveillance Systems</b> - Electric Dept. - For video surveillance in high vandalism areas. .	1	20,000	Electric
5	B	<b>Surveillance Systems</b> - Water Dept. - For video surveillance in high vandalism areas. .	1	20,000	Wastewater
6	B	<b>Paymentus Kiosk</b> - Credit Card Kiosk Outside or in entry.	1	18,000	Customer Service
7	B	<b>Northstar Automation</b> - Automation efforts to allow reports to run overnight.	1	15,000	Customer Service
8	A	<b>E-Mail Archive System</b> - For archiving and storing company e-mail per retention requirements.	1	5,700	IT
9	B	<b>Locator Equipment</b>	1	5,000	Locating
10	B	<b>Northstar Reporting</b> - Report writing software.	1	5,000	Customer Service
11	B	<b>Web Filtering Appliances</b> - Device to monitor and report on Internet usage and performance.	1	3,900	IT
TOTAL				<u>235,668</u>	
Operational Cash Flow				92,600	
Other				<u>143,068</u>	
TOTAL				<u>235,668</u>	

**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  
2016 Budget**

**Capital Projects - 5 Years Beyond Fiscal Year 2016**

Item	Description	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021	Total Amount
1	<b>Disaster Recovery</b> Develop a back-up IT system at the electric operations building for emergencies.	193,257	0	0	0	0	193,257
2	<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
3	<b>Workgroup Switch Upgrades</b> Replace out-of-date switches based on a standard replacement cycle.	0	0	20,000	20,000	0	40,000
4	<b>Data Center Switch/Router Upgrade</b> Replace out-of-date core switches based on a standard replacement cycle.	0	0	30,000	0	0	30,000
6	<b>Data Center Storage (SAN) Upgrades</b> Additional processors and memory to keep up with system demands.	0	20,000	0	0	0	20,000
7	<b>Data Center Virtual Server Upgrades</b> Additional processors and memory to keep up with system demands.	0	20,000	0	0	0	20,000
Total		<u>205,257</u>	<u>52,000</u>	<u>62,000</u>	<u>32,000</u>	<u>12,000</u>	<u>363,257</u>

# Vehicle Replacement Plan

## 2016 Budget

**ALL UTILITIES  
2016 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Cycle Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<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										
	2000	81	Ford Pick-Up	10	36,000									
<b>II. Bucket Trucks</b>														
	2001	9	GMC C 6500 (Tree Bucket)	10				225,000						
	2002	3	GMC C 6500	10										
	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										
	1997		1PL Wire Trailer	None										
	2002		Bandit Chipper	None										
			Case Backhoe	15						95,000				
			Backyard Machine	None										
			Hole Vac	None										
	2002		Case DBH4 Trencher	10										
	2003		Trencher Trailer	10										
	2008		Forklift Clark	None										
	2009		Cable Puller	None										
<b>Total</b>					<u>36,000</u>	<u>225,000</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>	<u>0</u>

**ALL UTILITIES  
2016 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Cycle Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Water:</b>														
<b>Administration:</b>														
<b>I. Vehicles</b>														
	2006	14	Ford Escape (1/2)	5					13,250					
<b>Water Plant:</b>														
<b>I. Vehicles</b>														
	1989	15	Ford Ranger	10										
	2002	35	Dodge Dakota Pickup	10	40,000									
	2014	31	Ford Escape	10								30,000		
<b>II. Other Equipment</b>														
	2003		John Deere Lawn Mower	None										
	2005		Deere 210E Landscape Loader	None										
			Jacobsen Mower	None										
<b>Water Distribution:</b>														
<b>I. Vehicles</b>														
	2015	10	1T Service Truck	10										
	2015	6	Ford F 350 Service Truck	10										
<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		58,000								
	2004		Vemeer	None						85,000				
	2003		Sullair	None										
<b>Total</b>					<u>40,000</u>	<u>58,000</u>	<u>0</u>	<u>50,000</u>	<u>53,250</u>	<u>85,000</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>0</u>

**ALL UTILITIES  
2016 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Cycle Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Wastewater:</b>														
<b>Administration:</b>														
<b>I. Vehicles</b>														
	2006	14	Ford Escape (1/2)	5					13,250					
<b>Wastewater Treatment Plant:</b>														
<b>I. Vehicles</b>														
	2001	12	Dodge Ram	10	40,000									
	2007	37	GMC Sierra	10				35,000						
<b>II. Other Equipment</b>														
	1988		Bunton Mower	10										
	2008		Kubota Mower	None										
	2011		Kubota Mower	10										
	2002		Toro Z Master	None										
	2011		Toro Z Master	10						15,000				
	1996		Ransome Mower	None										
	1987		Deutz / Allis Tractor	None										
	Old	5	GMC 3500 Dump	None										
	2008		Hauler Gator Type	None										
<b>Sewer Maintenance:</b>														
<b>I. Vehicles</b>														
	2014	24	Ford Escape	10										
	2005	2	Ford F 450	7	67,000									
	2008	26	Ford F 350 Super Duty	7		60,000							37,000	
	2003	23	3/4T Camera Van	10						120,000				
			Camera Van Updates			45,000								
	1990	27	Ford F Super Duty Jet Truck	None										
<b>II. Dump Trucks</b>														
	2002	13	Ford F 650 2T Dump	10			70,000							
	2009	25	Ford F 450 Dump	10						60,000				
<b>III. Other Equipment</b>														
	2002		Air Compressor	None										
	2000	36	Vactor	10										
			Case Backhoe 580 Super	10				87,000						
	1988		Manhole Vac (obsolete)	None										
	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>107,000</u>	<u>105,000</u>	<u>70,000</u>	<u>122,000</u>	<u>13,250</u>	<u>195,000</u>	<u>0</u>	<u>0</u>	<u>37,000</u>	<u>0</u>

**ALL UTILITIES**  
**2016 Budget**

**Vehicles - 10 Year Replacement Plan**

<u>Dept.</u>	<u>Year</u>	<u>No.</u>	<u>Description</u>	<u>Cycle Years</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>	<u>FY 2025</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>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

**ALL UTILITIES  
2016 Budget**

**Vehicles - 10 Year Replacement Plan**

Dept.	Year	No.	Description	Dept.	Cycle Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Miscellaneous:</b>															
<b>Meter Technicians:</b>															
<b>I. Vehicles</b>															
	2013	20	Ford Escape		10								25,000		
	2015	34	Chevy Silverado		10										
<b>II. Locator Vehicles</b>															
	2006	33	GMC Canyon		7	36,000									
<b>Administration:</b>															
<b>I. Vehicles</b>															
	2006	80	GMC Caynon	GIS	10		25,000								
	2010	90	GMC Pick-Up	Facility	10					35,000					
	2014	1	Jeep Cherokee	GM	5			35,000					30,000		
<b>Total</b>						<u>36,000</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>	<u>0</u>