

## **DEPUTY GENERAL MANAGER/CFO REPORT**

April 29, 2011

To: Board of Directors

From: Suha Kilic, Deputy GM/CFO

Subject: **2011 PBCSD Long-Term Financial Plan**

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### **SUMMARY**

The PBCSD Long-Term Financial Plan and Reserve Policies are updated annually to meet the following objectives:

- 1) Provide a method of financing for the capital assets presented in the District Long-Term Capital Outlay Program based on a “pay-as-you-go” basis.
- 2) Establish District reserves designated for various purposes.
- 3) Identify the District’s current and estimated future resources available for operations and maintenance (O&M) and various reserves.
- 4) Identify the needs, establish criteria and set adequate levels for each designated reserve to provide the District with fiscal stability over the long-term.
- 5) Provide a projection of the District's long-tem financial position.

### **RECOMMENDATIONS**

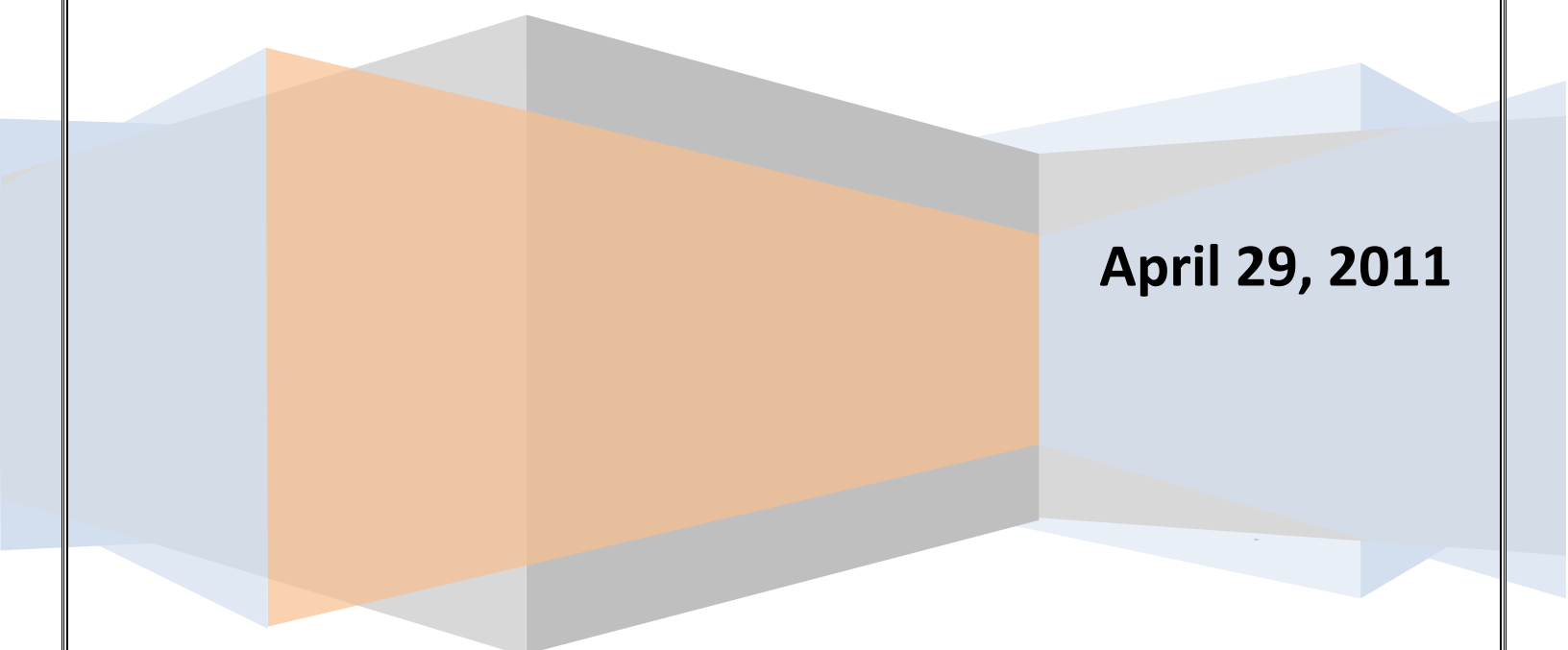
It is recommended the Board:

- 1) approve the District’s 2011 Long-Term Financial Plan including the reserve policies and the amounts; and
- 2) authorize the Staff to make necessary inter-fund transfers to implement the Plan.

Agenda Item No: 6B

**PEBBLE BEACH COMMUNITY  
SERVICES DISTRICT**

**LONG-TERM  
FINANCIAL PLAN**



**April 29, 2011**

**PEBBLE BEACH COMMUNITY SERVICES DISTRICT  
LONG-TERM FINANCIAL PLAN AND RESERVE POLICIES  
April 29, 2011**

**PBCSD FUND STRUCTURE**

Fund accounting system is used by the State and local governments to maintain and report their resources separately for their different types of activities. As required by the State Controller's Office and the Governmental Accounting Standards Board (GASB) the District's financial statements are reported in two main categories as follows:

**1. Governmental Funds** are used to account for activities which are mainly financed through property taxes. The District's general government (administration /engineering); fire protection/emergency medical and supplemental law enforcement services comprise its governmental fund activities.

**2. Proprietary Funds** are used to report business-type activities which are financed, in whole or part, by fees paid by those who directly benefit from the service. The District's business-type activities include wastewater collection and treatment, solid waste collection, and reclaimed water distribution services.

The monies within each fund type reported above are accounted for separately in certain categories based on restrictions imposed by external sources (i.e. law, debt covenants, creditors, contributors etc.) and designations made internally. Currently there are no external restrictions imposed on District resources. Internally, the District's cash and investments within each fund are kept in six separate categories. The amount designated for each category is determined by the Board pursuant to District reserve policies.

**PBCSD INTERNAL FUND DESIGNATIONS**

The purpose of the internal designations is to identify necessary financial resources to meet current operational and capital outlay needs; and to set aside necessary resources for future needs (reserves) for continued economic stability of the District. The District reserve policies are included in this document. The cash and investments are kept and accounted for separately under six different types of reserves designated by the Board for both the governmental and the proprietary funds. The same reserve policies apply to each of these funds, therefore, for simplicity and to provide clarity in understanding the District's overall financial position they are first presented in a combined manner. In a later section of this report, the monies designated for the governmental and proprietary fund reserves are reported separately to provide guidance for the implementation of Governmental Accounting Standards Board (GASB) Statement 54.

The definitions of District Board designations and the current reserve policies are as follows:

- 1) **Operations:** resources designated to finance ongoing operations and maintenance (“O&M”) expenditures during the dry periods when there is little or no revenue flow to the District.
- 2) **O&M Reserve:** to be used in the case of a natural disaster; or catastrophic and other unforeseen events. The O&M Reserve is maintained at 10% of the current year O&M Budget. Every year upon adoption of the final budget, the amount in the O&M reserve will be adjusted to meet the 10% criteria by transferring the necessary amount from Operations. If the O&M Reserve is used during a fiscal year, it will be replenished to the appropriate level as soon as sufficient revenue is available.
- 3) **Rate Stabilization Reserve:** Established to help offset the impact of increases in wastewater service rates which may result from revenue fluctuations. It is maintained at 50% of the amount budgeted for wastewater operations and adjusted annually upon adoption of the final budget.
- 4) **Capital Outlay Acquisition:** Designated to keep the monies necessary to finance the construction projects and capital equipment which are included in the current fiscal year’s budget. During the year, the amounts required for the budgeted capital projects are transferred from the Capital Outlay Reserve and the Special Projects Reserve funds described below.
- 5) **Capital Outlay Reserve:** Established to set aside and accumulate funds to finance the future capital outlays identified for the District’s required operations in the Long-Term Capital Outlay Plan (“COP”).
- 6) **Special Projects Reserve:** Designated to hold the resources available to finance special capital projects such as fire protection water system improvements, undergrounding of overhead utilities, and addition or expansion of services.

#### **FINANCING OF THE LONG-TERM CAPITAL OUTLAY PROGRAM**

The following two-step process has been used to allocate the District’s current and future resources among the six designations described above:

- 1) Determination of an initial allocation from the District’s current cash balance.

- 2) Determination of estimated revenue that can be allocated in future years.

### **1. Allocation of Current Cash and Investments**

**The District has approximately \$18,681,000 in cash and investments as of April 1, 2011.** The recommended allocation of this amount among the six designations is presented in this section (and summarized in **Appendix A**).

- 1) **Operations:** The recommended initial amount to be designated for operations is **\$1,500,000**. This amount has been determined based on the annual cyclical flow of property tax and user fee revenues and estimated monthly O&M expenditures. The revenue inflow to the District does not evenly match monthly O&M expenses because the District receives most of its annual revenue twice a year, in December and April. The recommended initial amount is expected to provide sufficient working capital until December 2011. A short-term cash flow projection for Operations for the period of April through December 2011 is presented in **Appendix B**.
- 2) **O&M Reserves:** The initial balance to be **\$1,029,000 or 10%** of the current O&M Budget.
- 3) **Rate Stabilization Reserves:** Established at **\$1,172,000 or 50%** of the amount budgeted for wastewater operations in the current year.
- 4) **Capital Outlay Acquisition:** The recommended amount is **\$5,257,000** which is necessary to finance the capital outlays and outstanding commitments which will be paid during the remaining part of the current fiscal year (FY 2010-11) or may be rolled over into the next fiscal year (FY 2011-12).
- 5) **Capital Outlay Reserves:** The recommended initial balance is **\$7,383,000**. This amount may be used over the next 15 years to finance the capital projects and equipment identified in the Long-Term COP *with the exception of:* reclamation assets which will be financed by contributed capital; and special projects which are explained in the next section. In determining the initial amount, the following method has been used:
  - a) An annual allocation for each item included in the Long-Term COP has been determined using the estimated cost and useful life of each item (current replacement cost divided by useful life).

- b) An initial deposit has been calculated by multiplying the annual allocation determined above by the age of each the item. This method ensures that monies representing all prior year allocations have been set aside for each COP item. The total amount determined for all items is placed into the Capital Outlay Reserves.

This methodology is based on financing the capital outlays on a “pay-as-you-go” basis. When the future annual contributions are added to the initial deposit, monies to finance each item will be available in the scheduled acquisition or replacement year. The following example illustrates this concept:

The Long-Term COP, Exhibit "B", year "2019-20" includes replacement of Fire Ladder Truck 6671. The cost of the fire truck is \$600,000 and the useful life is 15 years. Therefore, 1) the recommended annual savings for a new truck is \$40,000 (\$600,000/15 years) and, 2) because the current fire truck is 7 years old, it is recommended to place an initial allocation of \$280,000 (\$40,000 x 7 years) in the capital outlay reserve fund for this item. When future annual contributions of \$40,000 over the next eight years are added to the initial allocation, the full replacement amount will be available in the year 2019-20. Annual allocations will continue in order to finance future replacements thereafter. Similar calculations have been made for all items listed in the COP except the annual sewer replacement projects: The Long-term COP includes annual Sewer and Manhole Replacement Projects in the amount of \$600,000. These projects are assumed to be financed in their scheduled year. Nevertheless, \$1,200,000 (amount sufficient to finance these projects for a two-year period) is included in the initial capital outlay reserve allocation.

Based on these assumptions the required initial allocation for the Capital Outlay Reserves as of April 1, 2011 is identified by function as follows:

	<u>Allocation</u>
Wastewater	\$4,247,000
Fire and Emergency Medical	1,365,000
Administration/Engineering	702,000
CAWD Treatment Plant	<u>1,069,000</u>
Total	<u>\$7,383,000</u>

The detailed calculations made in determining the amounts recommended above are not included in this report and are available for review.

- 6) **Special Projects Reserves:** Designated to separately keep the resources for discretionary projects such as fire water system improvements or undergrounding of overhead utilities. The **\$2,340,000** balance remaining after allocations to other reserve funds is recommended to be designated as the Special Projects Reserves. Potential uses of these reserves may include discretionary capital projects; and addition or expansion of District services

## **2. Designation of Future Revenue and Long-Term Outlook**

### **Future Annual Revenue and Expenditures**

The District's annual revenue and expenditure profile and apportionment of future revenue for O&M expenditures and various reserves are provided in the attached "**Appendix C**". Currently, District's annual revenues exceed its annual O&M expenditures by \$2,560,000. A portion of this amount will be needed to maintain the reserves described above and to finance required capital outlays; and a portion is expected to be available to finance discretionary special projects.

### **Apportionment of Future Annual Revenue**

- 1) **Operations:** Over the next 15-year period, it is likely that District's current annual revenues will be sufficient to finance the District's current level of operations. It is recommended that the District continue to determine its financing requirements annually and designate revenues in excess of O&M expenditures in the following order: 1) Maintenance of O&M and Rate Stabilization Reserves, 2) Capital Outlay Reserves and, 3) Special Projects Reserves.
- 2) **O&M Reserves:** An annual allocation of approximately **\$35,000** is required to maintain the reserves at 10% of the O&M budget.
- 3) **Rate Stabilization Reserves:** An annual allocation of approximately **\$35,000** is required to maintain these reserves at 50% of the wastewater operations budget.
- 4) **Capital Outlay Reserves:** The recommended future annual allocation is **\$1,470,000**. This amount has been determined using the cost and useful life of each item included in the Long-Term COP as explained above.

The calculated necessary **future annual allocations** to Capital Outlay Reserves by activity are:

	<u>Annual Allocation</u>
Wastewater	\$ 906,000
Fire and Emergency Medical	280,000
Administration/Engineering	152,000
CAWD Treatment Plant	<u>132,000</u>
Total	<u>\$1,470,000</u>

- 5) **Special Projects Reserves:** It is estimated that in the FY 2011-12, approximately **\$1,020,000** in annual revenue can be allocated for special projects. In future years, the amount of revenue that may be available for special projects may vary based on various factors which would impact the District revenues and expenditures. If the District revenues and expenditures increase at the same rate, it is conceivable that this amount may also increase at the same rate and be available for the long-term.

#### **ASSUMPTIONS MADE**

The following are the assumptions made and concepts used in development of the Plan:

- All capital outlays, with the exception of Reclamation assets, will be financed with the District's own resources on a pay-as-you-go basis (no debt financing).
- A total of \$891,000 in Reclamation assets (Distribution System and Forest Lake Reservoir) will be financed with contributed capital over the next 15-year period. No District funds are allocated for these assets.
- It is assumed that the District will continue to be in existence (going-concern principle); and at the end of the 15-year period adequate reserves will be available for the longer future.
- The costs included in the Long-Term COP are based on estimated current costs. The costs of capital assets; and the revenues and expenditures projected in the Long-Term Financial Plan have not been escalated over time. If the District revenues increase at the same rate as its expenditures, the amount available for the required capital outlays and discretionary projects will also increase at the same rate. Because 15-year is a very long time to predict, in order to improve reliability, costs of the capital items are reviewed and adjusted; and both the Long-Term COP and the Financial Plans are updated annually.

### **GASB 54 IMPLEMENTATION**

The District is required to comply with the new Governmental Accounting Standards Board (GASB) Statement 54 reporting requirements beginning with FY the 2010-11 annual financial statements. The GASB 54 changes how the fund balance is reported in the *governmental fund* financial statements. Fund balance represents the difference between a fund's assets and liabilities. The GASB 54 provides more structured classifications presented below in reporting the fund balance of the governmental funds.

- 1) **Non-spendable Fund Balance:** Amounts that cannot be spent due to form; for example, inventories, prepaid amounts, and the amounts that must be maintained intact legally or contractually (i.e. principal of a permanent fund required to be retained in perpetuity).
- 2) **Restricted Fund Balance:** Amounts constrained for a specific purpose by external parties (i.e. creditors, debt covenants, grantors, contributors, laws and regulations of other governments), as well as constitutional provision or enabling legislation.
- 3) **Committed Fund Balance:** Amounts constrained for a specific purpose by a formal action of a government's highest level of decision-making authority. In contrast to the "restricted" fund balance, the amounts in the committed fund balance can be removed or changed by a formal action of the same authority.
- 4) **Assigned Fund Balance:** Amounts constrained by the government's intent to use funds for a specific purpose that aren't otherwise non-spendable, restricted or committed. The decision to assign amounts can be made by a governing board or a body or official that has been delegated authority. Actions to remove or modify assignments therefore are not as strict.
- 5) **Unassigned Fund Balance:** The residual amount which represents the fund balance that has not been classified as non-spendable, restricted, committed or assigned.

*Because the GASB 54 applies only to the Financial Statements of the Governmental Funds, the reserve amounts have been separately reported for the governmental and proprietary funds in the table below based on the criteria presented in the previous sections.*

**Designation of District Cash and Investments as of April 1, 2011  
 based on Classifications under GASB 54**

<b>Board Designation</b>	<b>Amount as of 4-1-2011</b>	<b>Proprietary Funds</b>	<b>Governmental Funds</b>	<b>GASB 54 Reporting</b>
<b>Operations</b>	<b>\$1,500,000</b>	<b>\$220,000</b>	<b>\$1,280,000</b>	<b>Committed</b>
<b>O&amp;M Reserves</b>	<b>\$1,029,000</b>	<b>\$296,000</b>	<b>\$733,000</b>	<b>Committed</b>
<b>Rate Stabilization Reserves</b>	<b>\$1,172,000</b>	<b>\$1,172,000</b>	<b>\$0</b>	<b>N/A</b>
<b>Capital Outlay Acquisition</b>	<b>\$5,257,000</b>	<b>\$1,809,000</b>	<b>\$3,448,000</b>	<b>Committed</b>
<b>Capital Outlay Reserves</b>	<b>\$7,383,000</b>	<b>\$5,316,000</b>	<b>\$2,067,000</b>	<b>Committed</b>
<b>Special Project Reserves (Undergrounding Utilities)</b>	<b>\$2,340,000</b>	<b>\$0</b>	<b>\$2,340,000</b>	<b>Committed</b>
<b>Total</b>	<b>\$18,681,000</b>	<b>\$8,813,000</b>	<b>\$9,868,000</b>	

**LONG-TERM OUTLOOK**

During the next 15 years, it can be expected that the District's current financial position combined with anticipated future revenue will be adequate to meet all capital needs identified in the COP, including the undergrounding of overhead utilities projects over the next five years. Beyond the 5-year term, the amount that may be available for undergrounding or discretionary projects will depend on various factors including those outside the District's controls as discussed below:

- 1) Availability of property taxes: The District heavily relies on property tax revenue (84% of total revenue). On two different occasions in the previous years, the State shifted property tax revenue from enterprise special districts to help with its financial problems. The first shift which occurred in 1993-94, resulted in a loss of over \$1 million in annual property tax revenue for the District on a permanent basis. A more recent temporary shift resulted in the District losing \$1,700,000 over a two-year period (fiscal years 2004-05 and

2005-06). This second shift ended beginning 2006-07 with constitutional protection for special districts thereafter. However, since then the Legislative Analyst's Office made one unsuccessful proposal to authorize the counties to receive a portion of the water and wastewater district property taxes in order to finance certain responsibilities transferred to the counties from the State. Such a shift would have been allowed under the current law. Therefore, although lessened, there may always be the risk of property tax revenue loss for the District.

In addition to the State takeaways, other economic factors may impact the District's property tax revenue. The District's property tax revenues decreased by approximately 2% or \$200,000 in the fiscal year 2010-11. The decrease was due to the adjustments made on assessed values of commercial and residential properties by the County Assessor's office, as a result of the decline in the real estate market. Although, it is estimated that property tax revenue will not decline further in the next fiscal year and some of the adjustments will be reversed as the real estate market improves, it should be noted that the cycles in the real estate market may have an impact on the District revenues.

- 2) The rate of change in revenues and expenses: It is expected that the District financial position allows \$5 million in undergrounding projects to be completed in the next five years. Beyond that time frame, the amount of available funding for discretionary projects will be subject to the rate of change in revenues and O&M expenditures. During the past ten years, property tax revenues increased at an annual average rate of 10.9% mainly due to the continual increase in the residential and commercial property values during the first eight years of that time period. The average annual increase in total revenues of the District was 7.4% in the last ten years. There was no increase in the District's sewer or fire fees during that period.

The expenditures increased at an annual average rate of 10% over the same period mainly due to the expansion and addition of services. In the last ten years, the District undertook new programs including, addition of a 4<sup>th</sup> firefighter to two fire engines, 24/7 paramedic response from both fire stations, increased fire command staff, open space clearance for fire protection, a supplemental traffic enforcement program, new programs that requires use of technology, (i.e. Reverse 911, expanded SCADA), a regularly published newsletter, and an annual household hazardous waste collection program. The number of firefighter & emergency medical personnel has increased from 35 to 44 (from 26 Full Time Equivalent-FTE to 32 FTE) due to the implementation of a 24/7 paramedic program as well

as addition of a fire captain, cost-share division chief and cost-share operations chief positions. The cost of fire service was also impacted significantly due to changes in labor laws which prescribe the overtime rules and regular work hours for firefighting personnel.

### **CONCLUSIONS**

In future years, the amount of available funding for discretionary projects will be subject to available property tax which may be impacted by events out of the District's control as well as the rate of change in revenues and O&M expenditures.

Although some increases in expenditures are anticipated, it is probable that revenues and O&M expenditures may increase at similar rates in the near future. There was a slight decrease in property tax revenue in the current fiscal year, yet it is conceivable that the real estate market may be forming a bottom and property tax revenue may resume its 2% minimum annual increase in the very near future. In addition, although it constitutes a small percentage of revenues, investment earnings may also be near all time lows due to current very low interest environment for fixed income securities. In conclusion, if the current laws which determine the allocation of property taxes do not change, the District may continue to maintain its fiscal stability and be in a position to respond to infrastructure improvements and service needs within its boundaries.

Appendix A

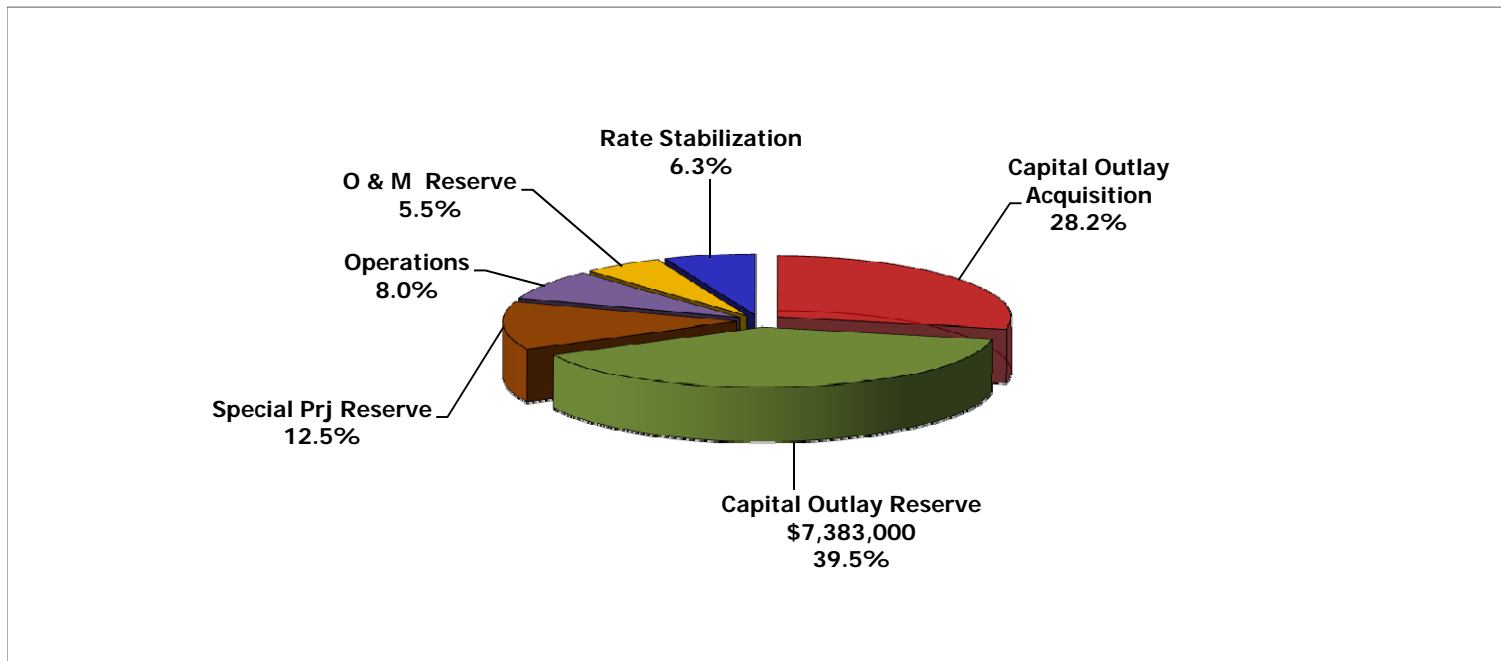
DESIGNATION OF CURRENT \$18,681,000 CASH BALANCE

1. Operations / Reserves:

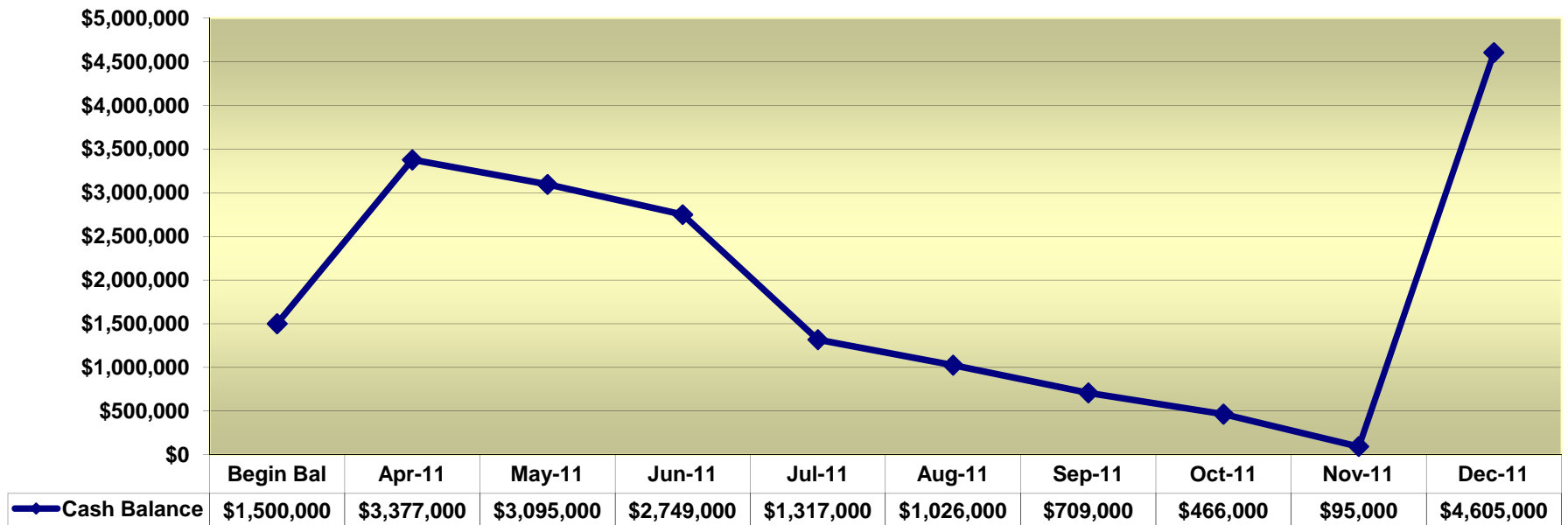
A. Operations	\$ 1,500,000
B. O&M Reserve	1,029,000
C. Rate Stabilization Reserve	1,172,000
<b>Total</b>	<b>\$ 3,701,000</b>

2. Capital Outlays / Reserves:

A. Capital Outlay Acquisition Fund	\$ 5,257,000
B. Capital Outlay Reserve	7,383,000
C. Special Projects Reserve	2,340,000
<b>Total</b>	<b>\$ 14,980,000</b>



**Appendix B  
PBCSD LONG TERM FINANCIAL PLAN  
GENERAL FUND SHORT TERM CASH FLOW PROJECTION  
APRIL - DECEMBER 2011**



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
<b>Beginning Balance</b>	\$ 1,500,000	\$ 3,377,000	\$ 3,095,000	\$ 2,749,000	\$ 1,317,000	\$ 1,026,000	\$ 709,000	\$ 466,000	\$ 95,000
<b>Revenue</b>	4,178,000	121,000	157,000	107,000	160,000	313,000	114,000	109,000	6,177,000
<b>Total Expenditures</b>	2,301,000	403,000	503,000	1,539,000	451,000	630,000	357,000	480,000	1,667,000
<b>Ending Balance</b>	<u>\$ 3,377,000</u>	<u>\$ 3,095,000</u>	<u>\$ 2,749,000</u>	<u>\$ 1,317,000</u>	<u>\$ 1,026,000</u>	<u>\$ 709,000</u>	<u>\$ 466,000</u>	<u>\$ 95,000</u>	<u>\$ 4,605,000</u>

Appendix C

ALLOCATION OF ANNUAL REVENUE TO O&M EXPENDITURES AND DISTRICT RESERVES

**REVENUES:**

<b>Property Taxes</b>	<b>\$ 10,100,000</b>
<b>User Fees:</b>	
Sewer	735,000
Fire	195,000
Solid Waste	550,000
<b>Interest</b>	<b>200,000</b>
<b>Other</b>	<b>250,000</b>
<b>Reimbursements</b>	<b>435,000</b>
<b>TOTAL REVENUES</b>	<b>12,465,000</b>

**O&M EXPENDITURES:**

<b>O&amp;M Expenses</b>	
<b>Admin, Engineering, Wastewater, Fire</b>	<b>3,980,000</b>
<b>Contractual Services:</b>	
CalFire Fire Protection	4,200,000
Sewer Treatment	1,000,000
Garbage Residential Basic Service	550,000
Supp Vehicle Code Enforcement	175,000
<b>TOTAL O&amp;M EXPENDITURES</b>	<b>9,905,000</b>
<b>REVENUES OVER O&amp;M EXP.</b>	<b>\$ 2,560,000</b>

**AVAILABLE FOR CAPITAL**

**OUTLAYS / RESERVE FUNDS:**

<b>O&amp;M RESERVE</b>	<b>\$ 35,000</b>
<b>RATE STABILIZATION</b>	<b>35,000</b>
<b>CAPITAL OUTLAYS</b>	<b>1,470,000</b>
<b>SPECIAL PROJECTS/     ADDITIONAL SERVICES</b>	<b>1,020,000</b>
<b>TOTAL</b>	<b>\$ 2,560,000</b>

**Appendix D**  
**PBCSD LONG TERM FINANCIAL PLAN**  
**CAPITAL OUTLAY RESERVE FUND REVENUES, EXPENDITURES AND BALANCES**

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	FISCAL YEAR							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>BEGINNING BALANCE</b>	<b>\$ 7,383,000</b>	<b>\$ 6,677,000</b>	<b>\$ 6,684,000</b>	<b>\$ 6,627,500</b>	<b>\$ 6,392,000</b>	<b>\$ 6,734,000</b>	<b>\$ 6,606,000</b>	<b>\$ 6,751,000</b>
<b>REVENUES:</b>								
Annual Revenue Allocation	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000
Reimb/Contributed Capital	0	40,000	92,000	95,000	90,000	150,000	50,000	0
<b>TOTAL REVENUES</b>	<b>1,469,000</b>	<b>1,509,000</b>	<b>1,561,000</b>	<b>1,564,000</b>	<b>1,559,000</b>	<b>1,619,000</b>	<b>1,519,000</b>	<b>1,469,000</b>
<b>EXPENDITURES:</b>								
Long-Term Capital								
Outlay Plan Items (*)	2,175,000	1,502,000	1,617,500	1,799,500	1,217,000	1,747,000	1,374,000	1,032,000
<b>TOTAL EXPENDITURES</b>	<b>2,175,000</b>	<b>1,502,000</b>	<b>1,617,500</b>	<b>1,799,500</b>	<b>1,217,000</b>	<b>1,747,000</b>	<b>1,374,000</b>	<b>1,032,000</b>
<b>REVENUES OVER EXP.</b>	<b>(706,000)</b>	<b>7,000</b>	<b>(56,500)</b>	<b>(235,500)</b>	<b>342,000</b>	<b>(128,000)</b>	<b>145,000</b>	<b>437,000</b>
<b>ENDING BALANCE</b>	<b>\$ 6,677,000</b>	<b>\$ 6,684,000</b>	<b>\$ 6,627,500</b>	<b>\$ 6,392,000</b>	<b>\$ 6,734,000</b>	<b>\$ 6,606,000</b>	<b>\$ 6,751,000</b>	<b>\$ 7,188,000</b>

**Notes:**

(\*): Reclaimed Water Distribution System Assets are financed through Reclamation Project Reimbursements.

**Appendix D**  
**PBCSD LONG TERM FINANCIAL PLAN**  
**CAPITAL OUTLAY RESERVE FUND REVENUES, EXPENDITURES AND BALANCES**

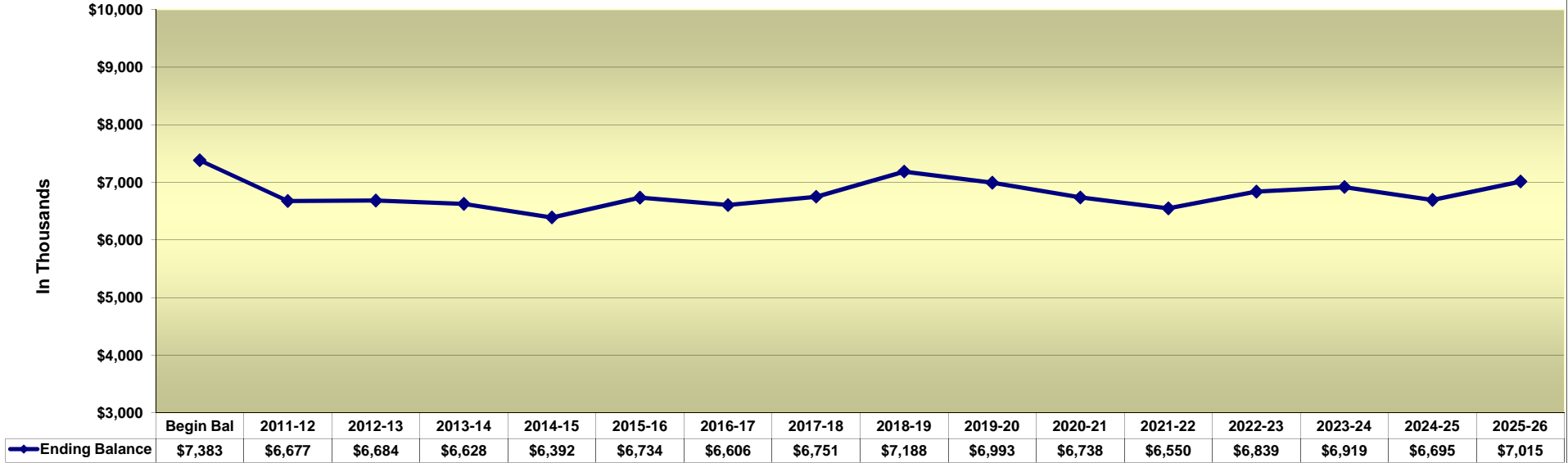
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	FISCAL YEAR						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>BEGINNING BALANCE</b>	\$ 7,188,000	\$ 6,993,000	\$ 6,738,000	\$ 6,550,000	\$ 6,839,000	\$ 6,919,000	\$ 6,695,000
<b>REVENUES:</b>							
Annual Revenue Allocation	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000	1,469,000
Reimb/Contributed Capital	12,000	40,000	100,000	40,000	80,000	10,000	92,000
<b>TOTAL REVENUES</b>	<b>1,481,000</b>	<b>1,509,000</b>	<b>1,569,000</b>	<b>1,509,000</b>	<b>1,549,000</b>	<b>1,479,000</b>	<b>1,561,000</b>
<b>EXPENDITURES:</b>							
Long-Term Capital							
Outlay Plan Items (*)	1,676,000	1,764,000	1,757,000	1,220,000	1,469,000	1,703,000	1,241,000
<b>TOTAL EXPENDITURES</b>	<b>1,676,000</b>	<b>1,764,000</b>	<b>1,757,000</b>	<b>1,220,000</b>	<b>1,469,000</b>	<b>1,703,000</b>	<b>1,241,000</b>
<b>REVENUES OVER EXP.</b>	<b>(195,000)</b>	<b>(255,000)</b>	<b>(188,000)</b>	<b>289,000</b>	<b>80,000</b>	<b>(224,000)</b>	<b>320,000</b>
<b>ENDING BALANCE</b>	<b>\$ 6,993,000</b>	<b>\$ 6,738,000</b>	<b>\$ 6,550,000</b>	<b>\$ 6,839,000</b>	<b>\$ 6,919,000</b>	<b>\$ 6,695,000</b>	<b>\$ 7,015,000</b>

**Notes:**

(\*): Reclaimed Water Distribution System Assets are financed through Reclamation Project Reimbursements.

**Appendix D  
PBCSD LONG TERM FINANCIAL PLAN  
CAPITAL OUTLAY RESERVE FUND REVENUES, EXPENDITURES AND BALANCES  
FY 2011-12 THROUGH FY 2025-26**



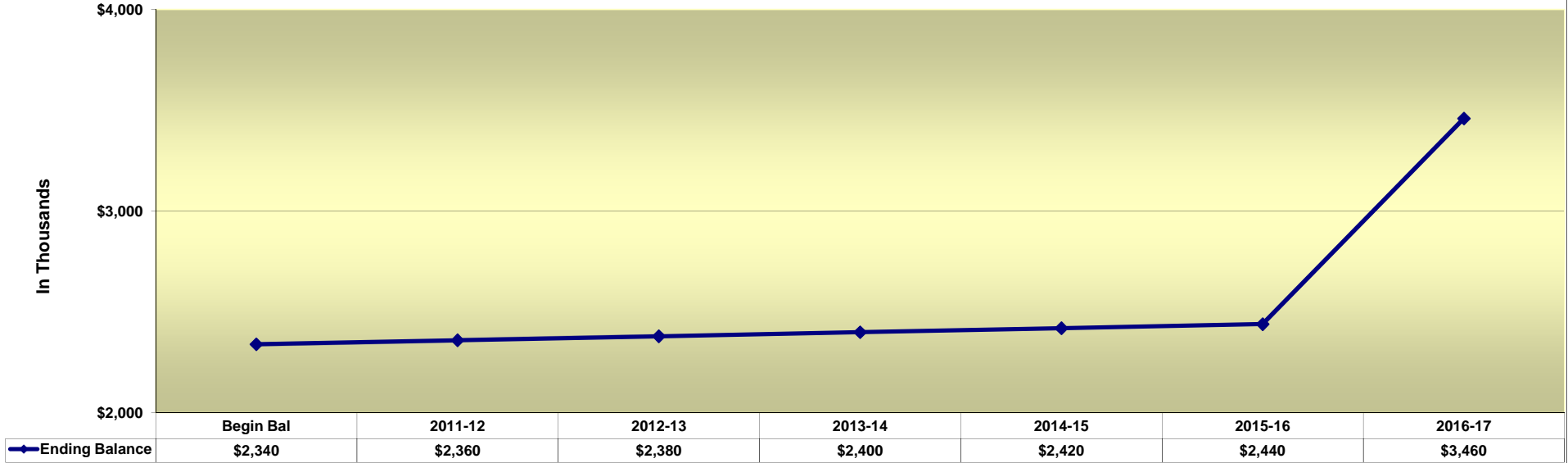
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Beginning Balance</b>	<b>\$7,383,000</b>	<b>\$6,677,000</b>	<b>\$6,684,000</b>	<b>\$6,627,500</b>	<b>\$6,392,000</b>	<b>\$6,734,000</b>	<b>\$6,606,000</b>	<b>\$6,751,000</b>	<b>\$7,188,000</b>	<b>\$6,993,000</b>	<b>\$6,738,000</b>	<b>\$6,550,000</b>	<b>\$6,839,000</b>	<b>\$6,919,000</b>	<b>\$6,695,000</b>
<b>Revenue</b>	<b>1,469,000</b>	<b>1,509,000</b>	<b>1,561,000</b>	<b>1,564,000</b>	<b>1,559,000</b>	<b>1,619,000</b>	<b>1,519,000</b>	<b>1,469,000</b>	<b>1,481,000</b>	<b>1,509,000</b>	<b>1,569,000</b>	<b>1,509,000</b>	<b>1,549,000</b>	<b>1,479,000</b>	<b>1,561,000</b>
<b>Total Expenditures</b>	<b>2,175,000</b>	<b>1,502,000</b>	<b>1,617,500</b>	<b>1,799,500</b>	<b>1,217,000</b>	<b>1,747,000</b>	<b>1,374,000</b>	<b>1,032,000</b>	<b>1,676,000</b>	<b>1,764,000</b>	<b>1,757,000</b>	<b>1,220,000</b>	<b>1,469,000</b>	<b>1,703,000</b>	<b>1,241,000</b>
<b>Ending Balance</b>	<b>\$6,677,000</b>	<b>\$6,684,000</b>	<b>\$6,627,500</b>	<b>\$6,392,000</b>	<b>\$6,734,000</b>	<b>\$6,606,000</b>	<b>\$6,751,000</b>	<b>\$7,188,000</b>	<b>\$6,993,000</b>	<b>\$6,738,000</b>	<b>\$6,550,000</b>	<b>\$6,839,000</b>	<b>\$6,919,000</b>	<b>\$6,695,000</b>	<b>\$7,015,000</b>

**Appendix E**  
**PBCSD LONG TERM FINANCIAL PLAN**  
**SPECIAL PROJECTS RESERVE FUND REVENUES, EXPENDITURES AND BALANCES**

April 29, 2011  
Page 17 of 18

	FISCAL YEAR					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>BEGINNING BALANCE</b>	<b>\$ 2,340,000</b>	<b>\$ 2,360,000</b>	<b>\$ 2,380,000</b>	<b>\$ 2,400,000</b>	<b>\$ 2,420,000</b>	<b>\$ 2,440,000</b>
<b>REVENUES:</b>						
Annual Revenue Allocation	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
<b>TOTAL REVENUES</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>	<b>1,020,000</b>
<b>EXPENDITURES:</b>						
Undergrounding Overhead Utilities	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0
<b>TOTAL EXPENDITURES</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>0</b>
<b>REVENUES OVER EXP.</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>1,020,000</b>
<b>ENDING BALANCE</b>	<b>\$ 2,360,000</b>	<b>\$ 2,380,000</b>	<b>\$ 2,400,000</b>	<b>\$ 2,420,000</b>	<b>\$ 2,440,000</b>	<b>\$ 3,460,000</b>

**Appendix E  
PBCSD LONG TERM FINANCIAL PLAN  
SPECIAL PROJECTS RESERVE FUND REVENUES, EXPENDITURES AND BALANCES  
FY 2011-12 THROUGH FY 2016-17**



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Beginning Balance	\$2,340,000	\$2,360,000	\$2,380,000	\$2,400,000	\$2,420,000	\$2,440,000
Revenue	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Total Expenditures	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	0
Ending Balance	<u>\$2,360,000</u>	<u>\$2,380,000</u>	<u>\$2,400,000</u>	<u>\$2,420,000</u>	<u>\$2,440,000</u>	<u>\$3,460,000</u>