

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

LONG-TERM FINANCIAL PLAN

March 31, 2017



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OBJECTIVES

The Long-Term Financial Plan of the Pebble Beach Community Services District (PBCSD) has been prepared to meet the following objectives:

- Identify the District's current and estimated future resources available for operations (O&M) and capital outlays.
- Provide a financing method for the District's 15-Year Capital Outlay Program (COP) on a "pay-as-you-go" basis.
- Identify the needs and establish criteria for District reserves to be designated for various purposes.
- Set acceptable funding levels for designated reserves.
- Provide a projection of the District's long-term financial position.

HIGHLIGHTS OF THE PROPOSED PLAN

Current Projects and Commitments

The Plan includes \$6,919,000 earmarked to complete the committed construction projects and other planned capital outlays in the current or the next fiscal years. This amount includes \$3,872,500 for completion of the Phase II undergrounding projects; \$1,946,500 for CAWD Treatment Plant improvements according to outstanding contracts and commitments; \$291,500 for wet utilities portion of the Lodge Area Improvement Projects; and \$808,500 for the sewer pump station improvements, sewer line replacements, and other equipment which are included in the current year budget. This amount is placed in the District's Capital Outlay Acquisition Fund.

District Reserves

The Plan is based on maintaining the **Operating (O&M) Reserves** and **Rate Stabilization Reserves** at the previously established policy levels. More information on these two reserves provided beginning on Page 5 of this report.

Capital Outlay Reserves were historically established using a methodology mainly based on useful lives and ages of the items included in the Long-Term COP. Last year the Board approved temporary reduction (for a period of 12 years) in the Capital Outlay reserves. Due to higher than expected revenue growth in the current fiscal year, the proposed 2017 plan allows the temporary reduction period to be reduced to

7 years (see table on page 4). The proposed plan includes the following two policy considerations:

- The District to continue undergrounding after completion of the projects currently underway. The plan includes a \$3,250,000 allocation over the next two fiscal years for the Phase III (Forest Lake Road between Hawkins Way and Stevenson Drive). Thereafter, annual \$1,100,000 allocations will be made for the remaining 13-year term of the plan for a total of \$17,550,000 over 15 years.
- The District to pay for CAWD Plant capital outlays planned for the next 15-years on a pay-as-you-go basis from its annual current revenue. In addition, the District to incrementally build reserves for CAWD Plant Capital Outlays with an ultimate target of \$4,000,000. This goal was established in the prior year based on the recent experience of high renewal/replacement costs and can be accomplished in the fiscal year 2031-32, the final year of the Plan (see table on page 4).

Background and Discussion Related to Policy

- **Undergrounding Projects Financing:** The current board policy is financing undergrounding projects on a pay-as-you-go basis with annual allocations from current revenue. This policy goal can be met over the 15-year term of the Plan.
- **Establishing Reserves for CAWD Treatment Plant:** PBCSD is responsible for 1/3 of the CAWD Treatment Plant capital outlay costs. In April 2014, CAWD updated its Capital Outlay 15-year Master Plan which identified the renewal and replacement needs of the Treatment Plant. The CAWD Plan includes approximately \$26,000,000 capital projects to be accomplished in the first five years. PBCSD paid approximately \$3,200,000 over the last two fiscal years; and \$5,500,000 is expected to be paid in the next three fiscal years. The magnitude of the plant renewal/replacement costs are significantly higher than the amounts included in the PBCSD long-term plans prepared in the years prior to adoption of CAWD Master Plan. The proposed 2017 PBCSD Financial Plan includes sufficient funds to finance the CAWD Treatment Plant improvements over the next 15 years. Yet, the high costs revealed the need for establishing sufficient reserves for the Treatment Plant to finance future capital improvements beyond the 15-year term.

- **Temporary Reduction in Capital Outlay Reserves:** Historically, the District’s annual capital outlay reserve amounts were determined by a methodology using estimated cost and useful life of the items included in the long-term COP, as explained in more detail in this report. Beginning in 2016, financing of the long-term COP required allowing the capital outlay reserves to temporarily fall below the levels calculated by this methodology, mainly due to high costs of the CAWD Treatment Plant improvements and the undergrounding projects.

Conclusion

The District’s 2017 Capital Outlay Program may be completed on a “pay-as-you-go” basis with the understanding that capital outlay reserves will temporarily fall below the previously established policy levels. However, the District is expected to maintain financial stability while continuing with undergrounding program, and building reserves for future CAWD Treatment Plant capital outlays, without material risk. The Phase II undergrounding projects are located in difficult locations with complex existing infrastructure and limitations. It is probable that future undergrounding projects may be accomplished at lower costs. Due to above mentioned variables, it is recommended the District continue with its practice of updating its Long-Term Capital Outlay Program and Financial Plan annually and make adjustments as necessary.

The following table displays the District reserve requirements calculated based on the current policy; the estimated levels based on the implementation of the 2017 Long-Term COP; and the amount that may be available for special projects.

District Estimated Reserve Fund Balances 2017 thru 2032				
Fiscal Year Ending	Historical Method *	Proposed Plan *	Difference	Reserves for CAWD Plant
2016-17	\$10,833,000	\$9,841,000	(992,000)	0
2017-18	\$10,593,955	10,503,000	(90,955)	0
2018-19	\$10,376,377	8,177,999	(2,198,378)	0
2019-20	\$9,592,800	6,769,999	(2,822,801)	0
2020-21	\$9,163,223	7,025,998	(2,137,224)	0
2021-22	\$9,344,645	7,854,998	(1,489,647)	0
2022-23	\$9,935,068	9,097,998	(837,070)	0
2023-24	\$10,516,490	10,056,997	(459,493)	0
2024-25	\$10,945,913	10,943,997	(1,916)	0
2025-26	\$10,391,336	10,541,997	150,661	150,661
2026-27	\$11,299,758	11,920,996	621,238	621,238
2027-28	\$11,221,181	12,565,996	1,344,815	1,344,815
2028-29	\$12,207,604	14,199,995	1,992,392	1,992,392
2029-30	\$12,483,026	15,082,995	2,599,969	2,599,969
2030-31	\$12,722,449	16,069,995	3,347,546	3,347,546
2031-32	\$13,068,871	17,149,994	4,081,123	4,081,123

*: includes O&M, Rate Stabilization and Capital Outlay Reserves

METHODS USED IN ALLOCATION OF DISTRICT RESOURCES FOR CURRENT AND FUTURE NEEDS

The following is an explanation of the District’s fund structure used in allocation of resources for the District’s activities.

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 and report the activities which are mainly financed through property taxes. The District’s general government (administration /engineering); fire protection/emergency medical, supplemental law enforcement, and utilities undergrounding services comprise its governmental fund activities.

2. Proprietary Funds are used to account for and report the 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 recycled water distribution services.

In addition, the cash and investments of each fund are kept and accounted for separately in certain categories (sub-funds). These categories are established based on restrictions imposed by external sources (i.e. law, debt covenants, creditors, contributors, etc.) and designations made internally by the Board. Currently, there are no external restrictions imposed on District resources. Internally, the District's cash and investments are kept and accounted for in six separate categories designated 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 same reserve policies apply to both governmental and proprietary 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 the designations approved by the District Board 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 committed construction projects and other planned capital equipment 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 in the Long-Term Capital Outlay Plan (COP) with the exception of reclamation assets which will be financed by contributed capital; and special projects described below.
- 6) **Special Projects Reserve:** Designated to hold the resources available to finance special discretionary capital projects 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 Resources

The District has approximately \$19,060,000 in cash and investments as of March 1, 2017. The recommended allocation of this amount among the six designations is presented in this section (a summary is provided in **Appendix A**).

- 1) **Operations:** The recommended initial amount to be designated for operations is **\$2,300,000**. This amount has been determined based on the annual cyclical flow of property tax, user fees and other 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 2017. A short-term cash flow

projection for Operations for the period of March through December 2017 is presented in **Appendix B**.

- 2) **O&M Reserves:** The initial balance to be **\$1,226,000 or 10%** of the current O&M Budget.
- 3) **Rate Stabilization Reserves:** Established at **\$1,357,000 or 50%** of the amount budgeted for wastewater operations in the current year.
- 4) **Capital Outlay Acquisition:** The recommended amount is **\$6,919,000** which is necessary to finance the outstanding commitments and current year budgeted capital outlays which may be paid in the remaining part of the current fiscal year (FY 2016-17) or may be rolled over into the next fiscal year (FY 2017-18).
- 5) **Capital Outlay Reserves:** The current balance is **\$7,258,000** which is **\$992,000** below the amount calculated using the historical methods. In determining the capital outlay reserve amount, the following method has been used historically:
 - 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).
 - 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 year. The following example illustrates this concept:

The Long-Term COP, Exhibit "B", year "2020-21" includes replacement of Fire Engine 22. The cost of the engine is \$650,000 and the useful life is 10 years as the front line engine. Therefore, 1) the recommended annual savings for a new engine is \$65,000 (\$650,000/10 years) and, 2) because the current engine is seven years old, it is recommended to place an initial allocation of \$455,000 (\$65,000 x 7 years) in the capital outlay reserve fund for this item. When future

annual contributions of \$65,000 over the next three years are added to the initial allocation, the full replacement amount will be available in the year 2020-21. Annual allocations will continue in order to finance future replacements thereafter. Similar calculations have been made for all items listed in the COP, with the following exceptions:

1. The sewer and manhole replacement projects which are assumed to be financed from annual current revenue according to the schedule in the Long-term COP. Nevertheless, \$500,000 is included in the capital outlay reserve allocation for any emergency repair/replacement needs.
2. PBCSD share of the CAWD Treatment Plant Capital Outlays which are assumed to be financed from annual current revenue. However, in review of the high costs, a \$4,000,000 reserve for CAWD Plant is planned to be developed over the term of the Plan.

Based on the methodology and assumptions explained above, the required **initial allocation** for the Capital Outlay Reserves as of March 1, 2017 is identified by function as follows:

	<u>Allocation</u>
Wastewater	\$5,104,000
Fire and Emergency Medical	2,167,000
Administration/Engineering	<u>979,000</u>
Total	<u>\$8,250,000</u>

The current amount available is \$7,258,000 due to temporary reduction below policy levels, which began in 2016.

- 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 Capital Outlay Acquisition Fund reported above includes **\$3,872,500** in the current fiscal year (FY 2016-17) for the Phase IIA and Phase IIB undergrounding projects which are underway. Aside from that, there is no initial allocation available for Special Projects Reserve Fund. However, the Long-Term Financial Plan includes an additional \$17,550,000 over the 15-year term for the undergrounding projects from annual current revenues, as scheduled in the Long-term COP.

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 (excluding depreciation) by \$3,334,000. 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 special projects such as utilities undergrounding.

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 **\$70,000** is required to maintain the reserves at 10% of the O&M budget.
- 3) **Rate Stabilization Reserves:** An annual allocation of approximately **\$57,000** is required to maintain these reserves at 50% of the wastewater operations budget.
- 4) **Capital Outlay Reserves:** The recommended future annual allocation is **\$1,565,000**. 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	\$673,000
Fire and Emergency Medical	367,000
Administration/Engineering	146,000
CAWD Treatment Plant	<u>379,000</u>
Total	<u>\$1,565,000</u>

- 5) **Special Projects/Undergrounding/Rebuilding Reserves:** It is estimated that **\$1,642,000** in annual revenue will be available to allocate \$1,100,000 annually for undergrounding projects; to develop \$4,000,000 reserves for CAWD Treatment Plant, and to rebuild capital outlay reserves to prior policy levels. The actual amount available for these purposes 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 \$4,625,000 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 REPORTING

The Governmental Accounting Standards Board (GASB) Statement 54 requires the District to report the fund balance (the difference between assets and liabilities) of the *governmental funds* be reported in the following categories in its annual financial statements.

- 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 March 1, 2017
 GASB 54 Classifications**

Board Designation	Amount as of 3-1-2017	Proprietary Funds	Governmental Funds	GASB 54 Reporting
Operations	\$2,300,000	\$500,000	\$1,800,000	Committed
O&M Reserves	\$1,226,000	\$354,500	\$871,500	Committed
Rate Stabilization Reserves	\$1,357,000	\$1,357,000	\$0	N/A
Capital Outlay Acquisition	\$6,919,000	\$2,592,500	\$4,326,500	Committed
Capital Outlay Reserves	\$7,258,000	\$4,112,000	\$3,146,000	Committed
Special Project Reserves (Undergrounding Utilities)	\$0	\$0	\$0	N/A
Total	\$19,060,000	\$8,916,000	\$10,144,000	

LONG-TERM OUTLOOK

PBCSD’s financial responsibility related to CAWD Treatment Plan capital outlays is estimated to be \$9,600,000 over the term of the long-term financial plan, including current outstanding commitments. The high costs related to Treatment Plant improvements revealed a need to establish reserves for Treatment Plant capital outlays that may be needed beyond the end of 15-year Long-Term COP (FY 2031-32). Regarding the undergrounding program, the District is in a position to finance Phase IIA and IIB (remaining estimated cost of \$3,872,000) and Phase III (estimated \$3,250,000) over the next two fiscal years by allowing the capital outlay reserves to temporarily fall below the current policy levels. It is also estimated the District may allocate an additional \$14,300,000 for undergrounding projects during the 15-year term. The resources that will be available for undergrounding of utilities and other discretionary projects may vary depending on Board’s policies and priorities (internal factors); as well as the following factors that may be outside the District’s control:

- 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 \$1,000,000 in annual property tax revenue for the District on a permanent basis. Another shift resulted in a loss of additional \$1,700,000 over a two-year period (fiscal years 2004-05 and 2005-06) for the District. This second shift ended beginning 2006-07 with constitutional protection for special districts thereafter. 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. Although lessened, there may always be the risk of property tax revenue loss for the District.

In addition to the State takeaways, the economy, in particular changes in real estate values, may impact the District's property tax revenue negatively, as seen in FY 2010-11.

- 2) The rate of change in revenues and expenses: The amount of available funding for discretionary projects such as undergrounding will also be impacted by the rate of change in revenues and O&M expenditures. The District's sewer fees were not increased for a period of 15 years until FY 2013-14. The Fire Service tax has not been changed since 1981. Increases in garbage fees were passed through to the franchise holder with no material impact in District revenues. Investment revenues are dependent on fixed income interest rates, which have been at historical lows over the last decade. The expenditures increased mainly due to the expansion and addition of services. In the last ten years, the District undertook new programs including, addition of a 4th firefighter on a fire truck (requires three positions), 24/7 paramedic service from both fire stations, increased fire command staff, additional fire ladder truck, open space clearance for fire protection, a supplemental traffic enforcement program, new programs that require use of technology (i.e. SCADA, CodeRed Emergency Notification), additional community service events (i.e. household hazardous waste collection) and undergrounding of utilities. The number of firefighter & emergency medical personnel has increased from 35 to 44 (from 26 Full Time Equivalent-FTE to 30 FTE) due to the implementation of a 24/7 paramedic program as well as the addition of one fire captain, one cost-share division chief, one cost-share operations chief and four cost-share communications operator 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; and increases in retirement plan costs.

Appendix D provides the estimated revenues, expenditures and balances for the District reserves funds over the 15-year term under the proposed 2017 long-term financial plan. The chart in **Appendix E** provides a comparison of the estimated reserve fund balances calculated using the historical methodology versus the proposed 2017 Plan. It is estimated the District will be able to finance its capital outlay requirements and continue with the undergrounding program over the next 15 years by temporarily reducing its capital outlay reserves without material risk. Beginning in fiscal year 2023-24 (7th year of the plan) the District may start building reserves for future CAWD Plant Capital Outlays reaching a \$4,000,000 target level in fiscal year 2031-32, the final year of the plan.

The actual amounts that may be available for undergrounding and other discretionary projects will be subject to the rate of change in revenues and O&M expenditures, and other factors that may be outside the District's control. Due the variables presented in this report, it is recommended the District continue with its practice of updating its Long-Term Capital Outlay Program and Financial Plan annually.

Appendix A

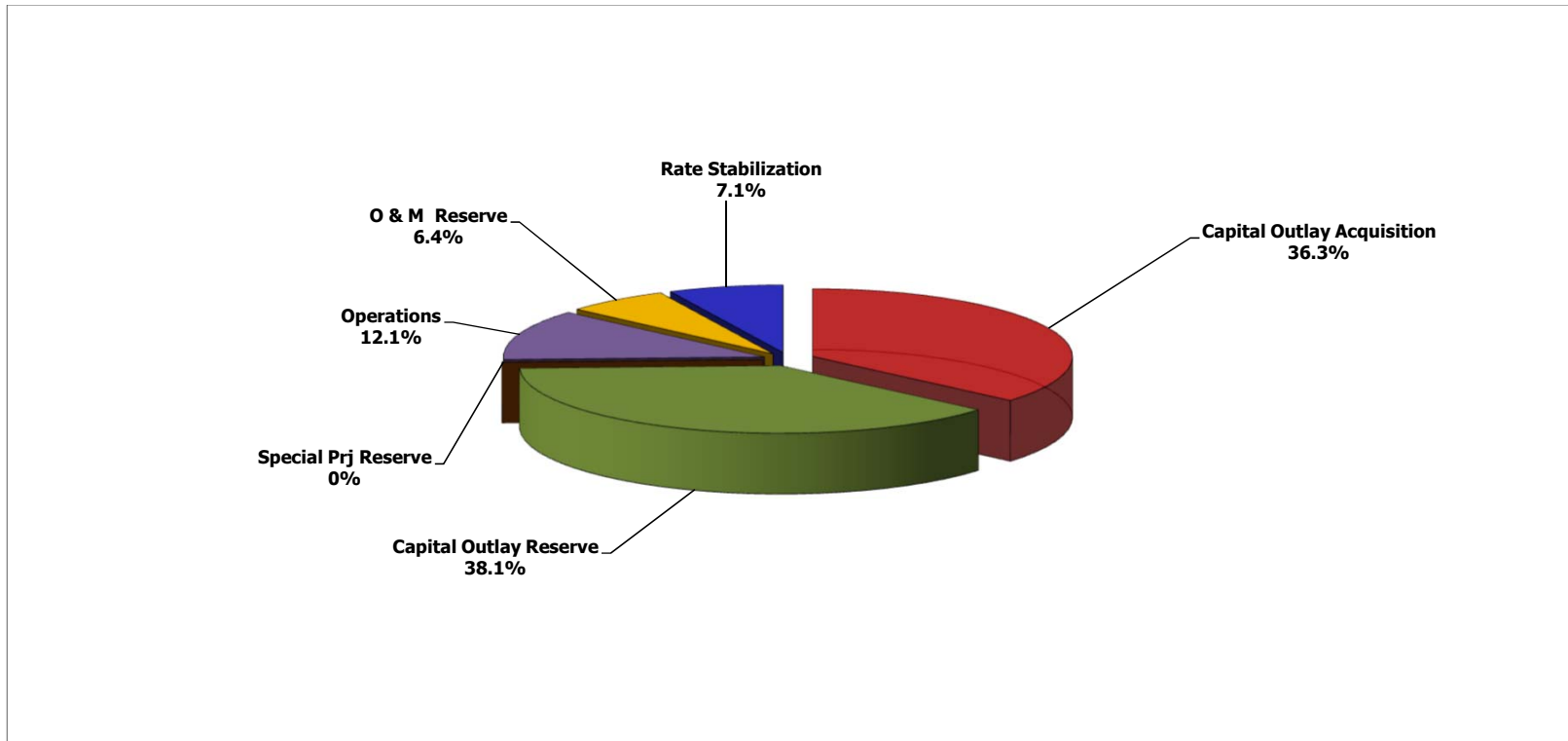
DESIGNATION OF CURRENT \$19,060,000 CASH BALANCE

1. Operations / Reserves:

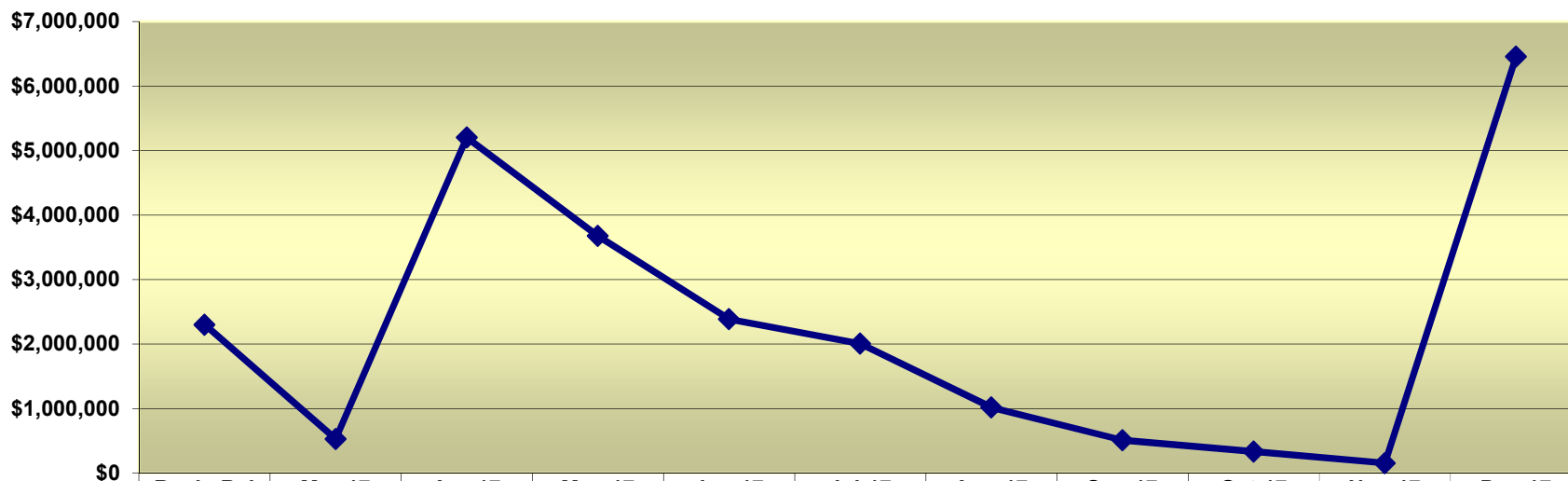
A. Operations	\$2,300,000
B. O&M Reserve	1,226,000
C. Rate Stabilization Reserve	1,357,000
Total	\$4,883,000

2. Capital Outlays / Reserves:

A. Capital Outlay Acquisition Fund (Included in current FY 2016-17 Budget)	
Admin/Fire/Wastewater Collection	\$ 808,500
CAWD Treatment Plant	1,946,500
Undergrounding Utilities Phase IIA & IIB	3,872,500
Lodge Area Utilities Improvement Prj	291,500
Subtotal Capital Acquisition Fund	\$ 6,919,000
B. Capital Outlay Reserve	7,258,000
C. Special Projects Reserve	0
Total	\$ 14,177,000



**Appendix B
PBCSD LONG TERM FINANCIAL PLAN
GENERAL FUND SHORT TERM CASH FLOW PROJECTION
MARCH - DECEMBER 2017**



	Begin Bal	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Cash Balance	\$2,300,000	\$528,000	\$5,203,000	\$3,675,000	\$2,385,000	\$2,007,000	\$1,016,000	\$508,000	\$330,000	\$153,000	\$6,457,000

	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Beginning Balance	\$ 2,300,000	\$ 528,000	\$ 5,203,000	\$ 3,675,000	\$ 2,385,000	\$ 2,007,000	\$ 1,016,000	\$ 508,000	\$ 330,000	\$ 153,000
Revenue	61,000	5,281,000	81,000	532,000	147,000	49,000	57,000	342,000	253,000	8,294,000
Total Expenditures	1,833,000	606,000	1,609,000	1,822,000	525,000	1,040,000	565,000	520,000	430,000	1,990,000
Ending Balance	\$ 528,000	\$ 5,203,000	\$ 3,675,000	\$ 2,385,000	\$ 2,007,000	\$ 1,016,000	\$ 508,000	\$ 330,000	\$ 153,000	\$ 6,457,000

Appendix C

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

REVENUES:

Property Taxes	\$ 12,948,000
User Fees:	
Sewer	937,000
Fire	197,000
Solid Waste	790,000
Interest	200,000
Other	300,000
Reimbursements	465,000
TOTAL REVENUES	<u>15,837,000</u>

O&M EXPENDITURES:

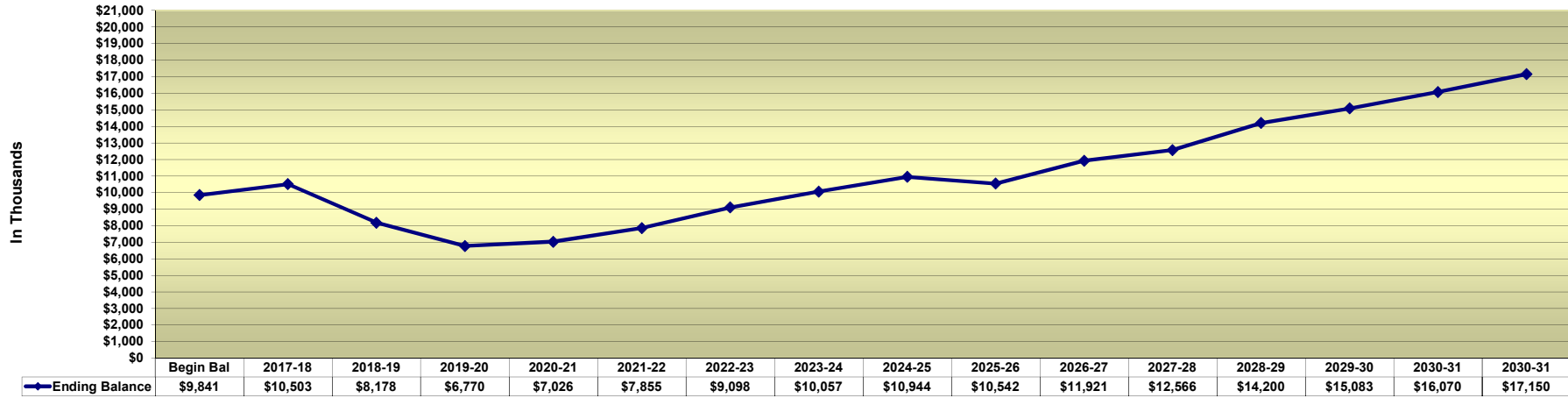
O&M Expenses	
Admin, Engineering, Wastewater, Fire	4,396,000
Contractual Services:	
Fire Protection / Emergency Medical	5,600,000
Sewer Treatment	1,459,000
Garbage Service	828,000
Supplemental Law Enforcement	220,000
TOTAL O&M EXPENDITURES	<u>12,503,000</u>
REVENUES OVER O&M EXP.	<u><u>\$ 3,334,000</u></u>

AVAILABLE FOR CAPITAL

OUTLAYS / RESERVE FUNDS:

O&M RESERVE	\$ 70,000
RATE STABILIZATION	57,000
CAPITAL OUTLAYS	1,565,000
SPECIAL PROJECTS/ ADDITIONAL SERVICES	<u>1,642,000</u>
TOTAL	<u><u>\$ 3,334,000</u></u>

**Appendix D
PBCSD LONG TERM FINANCIAL PLAN
CAPITAL OUTLAY RESERVE FUND REVENUES, EXPENDITURES AND BALANCE (INCLUDING UNDERGROUNDING PROJECTS)
FY 2017-18 THROUGH FY 2031-32**



	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Beginning Balance	\$9,841,000	\$10,503,000	\$8,178,000	\$6,770,000	\$7,026,000	\$7,855,000	\$9,098,000	\$10,057,000	\$10,944,000	\$10,542,000	\$11,921,000	\$12,566,000	\$14,200,000	\$15,083,000	\$16,070,000
Revenue	3,959,000	3,619,000	3,429,000	3,469,000	3,434,000	3,424,000	3,334,000	3,334,000	3,374,000	6,224,000	3,504,000	3,399,000	3,414,000	3,384,000	3,334,000
Long-Term Capital Items	3,047,000	2,944,000	3,737,000	2,113,000	1,505,000	1,081,000	1,275,000	1,347,000	2,676,000	3,745,000	1,759,000	665,000	1,431,000	1,297,000	1,154,000
Undergrounding Projects	250,000	3,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Ending Balance	\$10,503,000	\$8,178,000	\$6,770,000	\$7,026,000	\$7,855,000	\$9,098,000	\$10,057,000	\$10,944,000	\$10,542,000	\$11,921,000	\$12,566,000	\$14,200,000	\$15,083,000	\$16,070,000	\$17,150,000

Appendix D
PBCSD LONG TERM FINANCIAL PLAN
REVENUES, EXPENDITURES AND FUND BALANCES FOR RESERVES
(INCLUDING UNDERGROUNDING PROJECTS)

March 31, 2017
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	FISCAL YEAR							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
BEGINNING BALANCE	\$ 9,841,000	\$ 10,503,000	\$ 8,178,000	\$ 6,770,000	\$ 7,026,000	\$ 7,855,000	\$ 9,098,000	\$ 10,057,000
REVENUES:								
Annual Revenue Allocation								
Capital Outlay & Special Prj	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000
O&M & Rate Stabl Reserves	127,000	127,000	127,000	127,000	127,000	127,000	127,000	127,000
Reimb/Contributed Capital	625,000	285,000	95,000	135,000	100,000	90,000	0	0
TOTAL REVENUES	3,959,000	3,619,000	3,429,000	3,469,000	3,434,000	3,424,000	3,334,000	3,334,000
EXPENDITURES:								
Long-Term Capital								
Outlay Plan Items (*)	3,047,000	2,944,000	3,737,000	2,113,000	1,505,000	1,081,000	1,275,000	1,347,000
Undergrounding Projects	250,000	3,000,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
TOTAL EXPENDITURES	3,297,000	5,944,000	4,837,000	3,213,000	2,605,000	2,181,000	2,375,000	2,447,000
REVENUES OVER EXP.	662,000	(2,325,000)	(1,408,000)	256,000	829,000	1,243,000	959,000	887,000
ENDING BALANCE	\$ 10,503,000	\$ 8,178,000	\$ 6,770,000	\$ 7,026,000	\$ 7,855,000	\$ 9,098,000	\$ 10,057,000	\$ 10,944,000

Notes:

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

Appendix D
PBCSD LONG TERM FINANCIAL PLAN
REVENUES, EXPENDITURES AND FUND BALANCES FOR RESERVES
(INCLUDING UNDERGROUNDING PROJECTS)

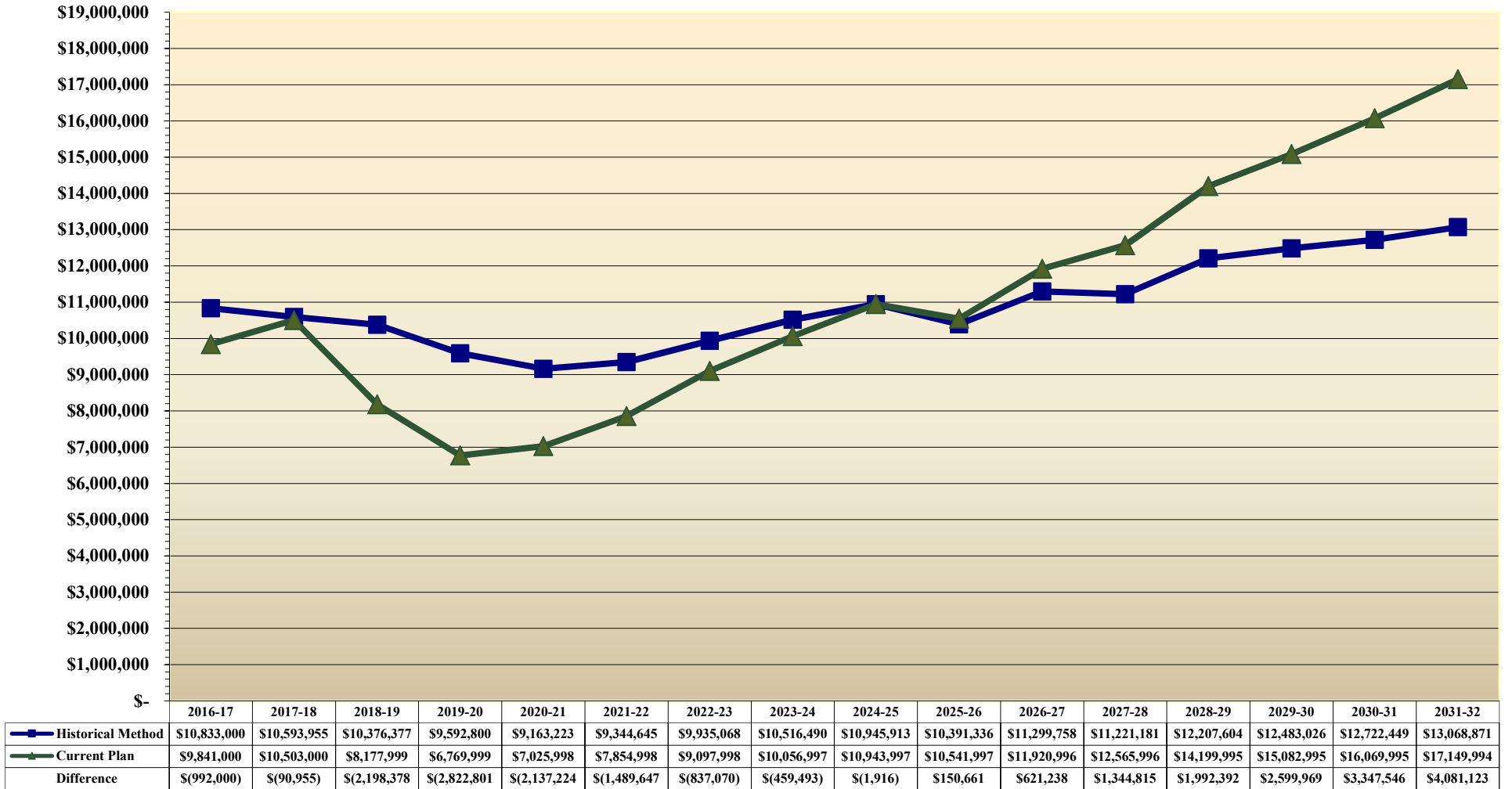
March 31, 2017
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	FISCAL YEAR						
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
BEGINNING BALANCE	\$ 10,944,000	\$ 10,542,000	\$ 11,921,000	\$ 12,566,000	\$ 14,200,000	\$ 15,083,000	\$ 16,070,000
REVENUES:							
Annual Revenue Allocation							
Capital Outlay & Special Prj	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000	3,207,000
O&M & Rate Stabl Reserves	127,000	127,000	127,000	127,000	127,000	127,000	127,000
Reimb/Contributed Capital	40,000	2,890,000	170,000	65,000	80,000	50,000	0
TOTAL REVENUES	3,374,000	6,224,000	3,504,000	3,399,000	3,414,000	3,384,000	3,334,000
EXPENDITURES:							
Long-Term Capital							
Outlay Plan Items (*)	2,676,000	3,745,000	1,759,000	665,000	1,431,000	1,297,000	1,154,000
Undergrounding Projects	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
TOTAL EXPENDITURES	3,776,000	4,845,000	2,859,000	1,765,000	2,531,000	2,397,000	2,254,000
REVENUES OVER EXP.	(402,000)	1,379,000	645,000	1,634,000	883,000	987,000	1,080,000
ENDING BALANCE	\$ 10,542,000	\$ 11,921,000	\$ 12,566,000	\$ 14,200,000	\$ 15,083,000	\$ 16,070,000	\$ 17,150,000

Notes:

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

**Appendix E
District Reserve Fund Balances*
Historical Method (■) vs. Proposed Plan (▲)**



*Reserve Fund Balances include O&M, Rate Stabilization, Capital Outlay Reserve, and Special Projects Reserve.