

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

LONG-TERM FINANCIAL PLAN

March 29, 2019



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OBJECTIVES

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

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

HIGHLIGHTS OF THE PROPOSED PLAN

Current Projects and Commitments

The District has approximately \$19,200,000 in cash and investments as of March 1, 2019. Of that amount, \$4,860,000 is earmarked for the construction projects and other capital outlays which will be completed in the remaining part of the current year or rolled over to the next fiscal year. The earmarked amount includes \$3,480,000 for the sewer pump station rehabilitations, sewer line replacements, and other equipment; \$950,000 for the District's payment for one-third cost of Carmel Area Wastewater District (CAWD) Treatment Plant improvements; and \$430,000 for undergrounding projects.

District Reserves

The **Operating (O&M) Reserves** and **Rate Stabilization Reserves** are adjusted to \$1,365,000 and \$1,475,000 respectively, according to District policy.

Capital Outlay Reserves: The proposed plan includes the following three policy considerations related to major projects and reserves:

- **Undergrounding Projects Financing:**

The current board policy is to finance undergrounding projects on a pay-as-you-go basis with annual allocations from current revenue. The proposed plan includes \$1,400,000 annual allocation in the first 13 years of the plan (through fiscal year 2031-32), the same as the prior year's plan. The allocation is increased to \$2,200,000 in the last two years, fiscal years 2032-33 and 2033-34. The \$800,000 annual increase in the last two years mainly results from revenue growth being higher than the growth in operating expenses in the last few years.

- **Establishing Reserves for CAWD Treatment Plant:**
In 2014, CAWD developed a 15-year Master Plan and started major capital improvement projects. PBCSD paid approximately \$6,500,000 over the last five fiscal years from its annual revenue; and is expected to pay another \$9,400,000 in the next 15 years. The magnitude of the costs is significantly higher than the amounts included in the PBCSD long-term plans prepared in the years prior to CAWD's adoption of its Master Plan. The proposed PBCSD Financial Plan is based on the assumptions that: 1) PBCSD will continue to pay CAWD Plant capital outlays from its annual current revenue, 2) will build \$4,000,000 in additional reserves to finance future CAWD plant capital outlays beyond the 15-year term. The target amount will be reached in fiscal year 2031-32, the 13th year of the plan.
- **Temporary Reduction in Capital Outlay Reserves:**
Historically, the District's capital outlay reserve amounts were determined by a methodology using estimated cost and useful life of the capital outlays, as explained in more detail in this report. Beginning in 2016, financing of the Long-Term COP required allowing the reserves to temporarily fall below the levels calculated by this method, mainly due to the high costs of the CAWD Plant improvements and the undergrounding projects. In 2016, the Board approved the temporary reduction in the Capital Outlay reserves for a period of 12 years. Because of the high revenue growth in the last few years, temporary reduction period is reduced to eight years in the proposed 2019 plan (see table on page 3).

Conclusion

The capital outlay reserves will be temporarily below the historical policy levels in the next eight fiscal years. However, the District is expected to maintain financial stability while continuing with its undergrounding program, paying for its share of CAWD Treatment Plant capital outlays and building sufficient reserves, without material risk in the next 15 years. Due to various economic factors, assumptions used and the length of the time period, 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 a comparison of the District reserve requirements calculated based on the historical method and the proposed 2019 Long-Term Plan which includes development of additional reserves for CAWD Treatment Plant.

District Estimated Reserve Fund Balances FY 2018/19 thru FY 2033/34				
Fiscal Year Ending	Historical Method *	2019 Proposed Plan *	Difference	Reserves for CAWD Plant
2018-19	\$14,081,000	\$11,340,000	-\$2,741,000	\$0
2019-20	\$12,758,000	\$10,455,000	-\$2,303,000	\$0
2020-21	\$11,129,000	\$8,430,000	-\$2,699,000	\$0
2021-22	\$10,447,000	\$7,043,000	-\$3,404,000	\$0
2022-23	\$11,046,000	\$8,297,000	-\$2,749,000	\$0
2023-24	\$11,257,000	\$9,205,000	-\$2,052,000	\$0
2024-25	\$10,806,000	\$9,517,000	-\$1,289,000	\$0
2025-26	\$10,297,000	\$9,700,000	-\$597,000	\$0
2026-27	\$11,216,000	\$11,352,000	\$136,000	\$136,000
2027-28	\$11,691,000	\$12,685,000	\$994,000	\$994,000
2028-29	\$12,502,000	\$14,344,000	\$1,842,000	\$1,842,000
2029-30	\$12,875,000	\$15,242,000	\$2,367,000	\$2,367,000
2030-31	\$12,634,000	\$15,859,000	\$3,225,000	\$3,225,000
2031-32	\$12,739,000	\$16,813,000	\$4,074,000	\$4,000,000
2032-33	\$13,340,000	\$17,472,000	\$4,132,000	\$4,000,000
2033-34	\$13,684,000	\$17,708,000	\$4,024,000	\$4,000,000

*: 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

State laws and accounting regulations require the local governments to use “fund accounting” which involves maintaining and reporting resources and financial transactions separately for different types of activities. Accordingly, the District’s financial statements are kept and 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 and engineering), fire protection/emergency medical, supplemental law enforcement, and utility 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, and recycled water distribution services.

In addition, the assets and liabilities of each of the two main categories explained above are kept in separate sub-categories either based on restrictions imposed by external sources (i.e. law, debt covenants, creditors, contributors, etc.), or designations made by the District Board pursuant internal policies. Currently, there are no external restrictions imposed on District resources. Internally, the District's cash and investments are accounted for in six sub-categories designated according to the District's operational needs and 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 funds are reported separately for compliance with state and local governments reporting requirements.

The designations and the current reserve policies are as follows:

- 1) Operations:** Designated to pay for ongoing operations and maintenance (O&M) expenditures.
- 2) O&M Reserve:** Maintained to be used in the case of catastrophic or 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 O&M Reserve balance is 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 is 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 for the committed construction projects and other 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 into the Acquisition fund.
- 5) **Capital Outlay Reserve:** Established to set aside funds to finance the future capital outlays identified in the Long-Term 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 discretionary capital projects (currently the undergrounding projects) and addition or expansion of services.

FINANCING METHOD OF THE LONG-TERM COP

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 following is the recommended allocation of the District's current \$19,200,000 cash and investments among six designations (a summary is provided in Appendix A):

- 1) **Operations:** The recommended initial amount to be designated for operations is **\$3,000,000**. This amount has been determined based on the annual cyclical flow revenues and estimated 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 amount is expected to provide sufficient working capital until December 2019. A short-term cash flow projection for Operations is presented in **Appendix B**.

- 2) **O&M Reserves:** Established at **\$1,365,000 or 10%** of the current O&M Budget.
- 3) **Rate Stabilization Reserves:** Established at **\$1,475,000 or 50%** of the amount budgeted for wastewater operations in the current year.
- 4) **Capital Outlay Acquisition:** The recommended amount is **\$4,860,000** to finance the outstanding commitments and other budgeted capital outlays which may be completed in the remaining part of the current fiscal year (2018-19) or rolled over to the next fiscal year (2019-20).
- 5) **Capital Outlay Reserves:** The **\$8,500,000** remaining after the above allocations is placed in capital outlay reserves. This amount is **\$2,741,000** below the amount calculated using the historical method. Historically, the following method has been used in determining the capital outlay reserve amount:
 - 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 for all prior year allocations have been set aside for each COP item.

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 needed for each item will be ready in the scheduled acquisition year. The following example illustrates this concept:

The Long-Term COP, Exhibit "B", fiscal year 2020-21 includes replacement of Fire Engine 22. The cost of the engine is \$650,000 and the useful life is 10 years. Therefore, the recommended annual savings is \$65,000 ($\$650,000/10$ years). Because the current engine is nine years old, an initial allocation of \$585,000 ($\$65,000 \times 9$ years) is placed in the capital outlay reserve for this item. When the annual \$65,000 contribution is added next year, the full replacement amount will be available in the year 2020-21. Thereafter, annual contributions will continue in order to finance future replacements. 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, \$600,000 is set aside in the capital outlay reserves for 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 consideration of the high costs, a \$4,000,000 reserve for CAWD Plant is planned to be established by fiscal year 2031-32.

Based on the methodology and assumptions explained above, the required **initial allocation** for the Capital Outlay Reserves as of March 1, 2019 is identified by function as follows:

	<u>Allocation</u>
Wastewater	\$ 7,664,000
Fire and Emergency Medical	2,527,000
Administration/Engineering	<u>1,050,000</u>
Total	<u>\$11,241,000</u>

The current available amount \$8,500,000 is below the levels calculated using the historical method mainly due to high costs of undergrounding projects and CAWD Treatment Plant capital improvements paid in recent years.

- 6) **Special Projects Reserves:** Designated to separately keep the resources for discretionary projects such as past fire water system improvements, and presently the undergrounding of overhead utilities. There is no initial allocation available for Special Projects Reserves in the proposed plan. However, the capital outlay acquisition fund includes \$430,000 for the remaining part of the current fiscal year for the undergrounding projects. The plan also allocates \$1,400,000 annually for 13 years beginning upcoming fiscal year, and \$2,200,000 annually in the last two years, for a total of an additional \$22,600,000.

2. Designation of Future Revenue and Long-Term Outlook

Future Annual Revenue and Expenditures

Currently, District’s annual revenues exceed its annual O&M expenditures (excluding depreciation) by **\$3,950,000**. A portion of this amount will be needed to maintain the reserves and to pay for required capital outlays, and a portion is expected to be available to finance special projects such as utilities undergrounding. The annual revenue and expenditure profile and

apportionment of future revenue for O&M expenditures and various reserves are provided in Appendix C.

Apportionment of Future Annual Revenue

- 1) **Operations:** Over the next 15-year period, the District’s current annual revenue is expected to be sufficient to finance its 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 **\$65,000** is required to maintain the reserves at 10% of the O&M budget.
- 3) **Rate Stabilization Reserves:** An annual allocation of approximately **\$80,000** is required to maintain these reserves at 50% of the wastewater operations budget.
- 4) **Capital Outlay Reserves:** The calculated annual allocation is **\$1,705,000**. This amount has been determined using the cost and useful life of each item included in the Long-Term COP.

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

	<u>Annual</u>
	<u>Allocation</u>
Wastewater	\$740,000
Fire and Emergency Medical	403,000
Administration/Engineering	147,000
CAWD Treatment Plant	<u>415,000</u>
Total	<u>\$1,705,000</u>

- 5) **Special Projects/Undergrounding/Rebuilding Reserves:** It is estimated that **\$2,100,000** in annual revenue will be available to: 1) rebuild capital outlay reserves to historical policy levels, 2) develop \$4,000,000 in reserves for CAWD Treatment Plant, and 3) continue with undergrounding projects. The actual amount available for these purposes may vary based on factors which may impact the District revenues and expenditures.

ASSUMPTIONS MADE

The following are the assumptions 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 \$7,940,000 in Reclamation assets (Distribution System and Forest Lake Reservoir) will be financed with contributed capital. No District funds are allocated for these assets.
- At the end of the 15 years the District will continue to be in existence and adequate reserves will be available for future years.
- The costs included in the Long-Term COP are based on estimated current costs 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 O&M expenditures, the amount available for the required capital outlays and discretionary projects will also increase at the same rate.

GASB 54 REPORTING IMPLEMENTATION

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* 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 and prepaid amounts.
- 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 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 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.

**Designation of District Cash and Investments as of March 1, 2019
 GASB 54 Classifications**

Board Designation	Amount as of 3-1-2019	Proprietary Funds	Governmental Funds	GASB 54 Reporting
Operations	\$3,000,000	\$1,100,000	\$1,900,000	Committed
O&M Reserves	\$1,365,000	\$384,000	\$981,000	Committed
Rate Stabilization Reserves	\$1,475,000	\$1,475,000	\$0	N/A
Capital Outlay Acquisition	\$4,845,000	\$4,093,000	\$752,000	Committed
Capital Outlay Reserves	\$8,500,000	\$4,923,000	\$3,577,000	Committed
Special Project Reserves (Undergrounding Utilities)	\$0	\$0	\$0	N/A
Total	\$19,185,000	\$11,975,000	\$7,210,000	

LONG-TERM OUTLOOK

The resources that will be available for undergrounding of utilities and other discretionary projects may vary depending on Board's priorities and the following factors outside the District's control:

- 1) Availability of property taxes: Currently, the main revenue source of the District, property tax, makes up 85% 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 fiscal year 1993-94, resulted in the permanent loss of over \$1,000,000 in annual property tax revenue for the District. Another shift resulted in a loss of an additional \$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. Since then, the State 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 the changes in real estate market impact the District's property tax revenue. In fiscal year 2010-11 the property tax revenue declined as a result of the decline in the market and adjustments made in property valuations. The property tax revenue increased continually since then following national expansionary monetary and fiscal policies. **The future monetary policies and the 2018 Tax Reform Law may impact asset values and resulting property tax revenue which should be monitored and considered in future decision making.**

- 2) The rate of change in other revenues and expenses: Over the last ten years, the expenditures increased due to the expansion and addition of services. The District undertook new programs including: addition of a fourth firefighter on a fire truck (requires three positions), 24/7 paramedic service from both fire stations, water rescue program, increased fire command personnel, additional fire ladder truck, increased commitment for open space clearance for fire protection, a traffic enforcement program, SCADA and other technology investments, community service events (i.e. annual household hazardous waste collection and emergency preparedness events), and undergrounding of utilities. 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 pension and other retirement benefit costs. The increase in property tax revenue, the main funding source of the District, was high enough to finance the above- mentioned expansions in services. The sewer service fees, the second highest revenue source, was flat for a period of 15 years until FY 2013-14. Over the last five years, the District has been gradually increasing the sewer fees, which currently covers approximately 15% of the cost of providing service. **Because the financial plan is based on assumption that the revenues will increase at the same rate as expenditures, the District may consider continuing to increase the fees gradually in future years.**

Appendix D provides the estimated revenues, expenditures and balances for the District reserves over the term of the Long-Term Financial Plan. The chart in **Appendix E** provides a comparison of the estimated reserve fund balances calculated using the historical methodology and the proposed plan. In conclusion, it is estimated the District is in a position to finance its capital outlay program with its annual revenue, including \$9,400,000 CAWD Treatment Plan capital outlays and \$22,600,000 for undergrounding projects over the next 15 years. The capital outlay reserves may be below the levels calculated with the historical method for a period of up to eight years, without material risk. In fiscal year 2026-27, the District may reach historical levels and start building additional reserves for future CAWD Plant capital outlays reaching a \$4,000,000 target level in fiscal year 2031-32, the 13th year of the plan. Thereafter, the amounts that can be allocated to undergrounding projects or discretionary projects may be increased. Due to the variables presented in this report, it is recommended the District continue with its practice of updating its Long-Term Capital Outlay and Financial Plans annually.

Appendix A

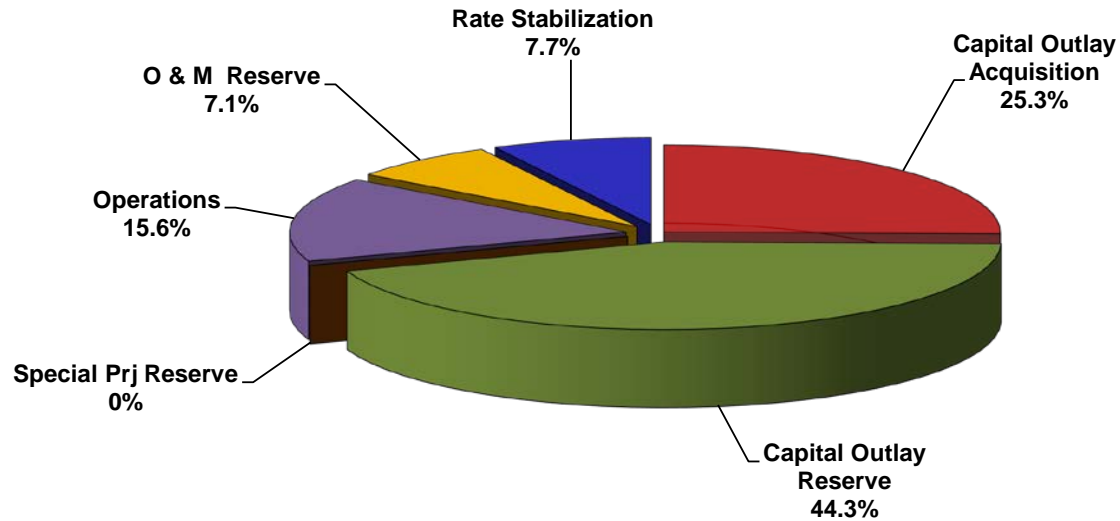
DESIGNATION OF CURRENT \$19,200,000 CASH BALANCE

1. Operations / Reserves:

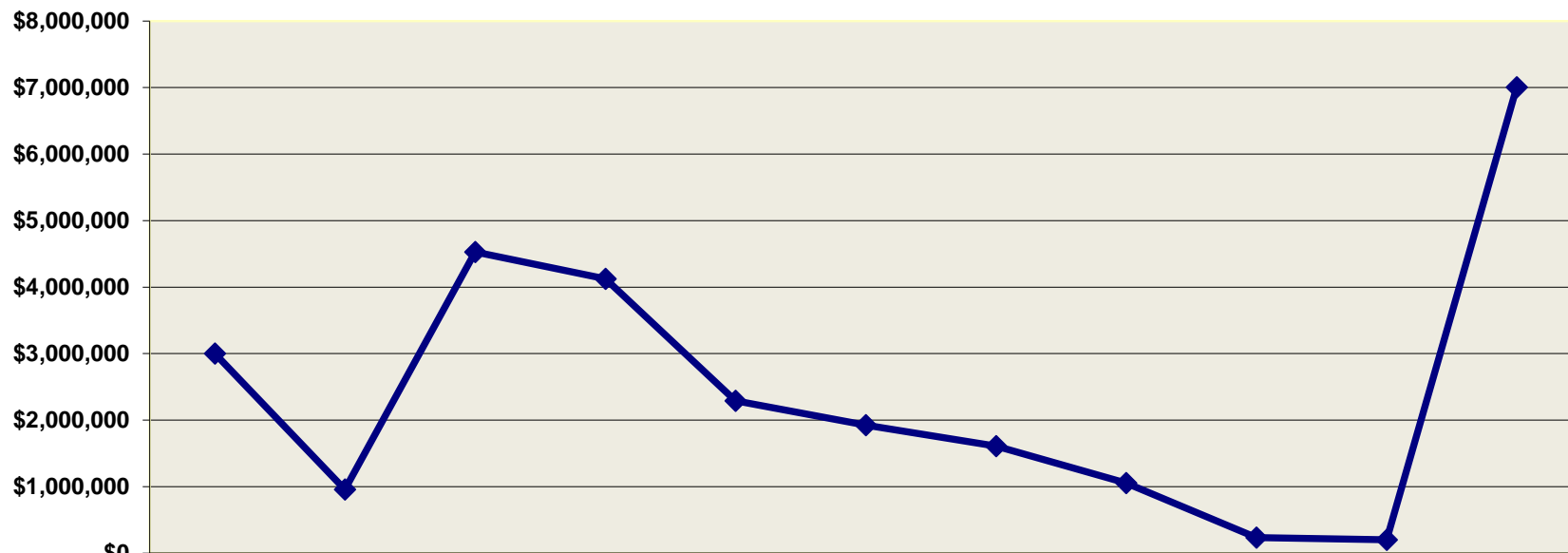
A. Operations	\$ 3,000,000
B. O&M Reserve	1,365,000
C. Rate Stabilization Reserve	1,475,000
Total	\$ 5,840,000

2. Capital Outlays / Reserves:

A. Capital Outlay Acquisition Fund (Included in current FY 2018-19 Budget)	
Admin/Fire/Wastewater Collection	\$ 3,480,000
CAWD Treatment Plant	950,000
Undergrounding Utilities	430,000
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Subtotal Capital Acquisition Fund	\$ 4,860,000
B. Capital Outlay Reserve	8,500,000
C. Special Projects Reserve	0
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Total	\$ 13,360,000



Appendix B
PBCSD LONG TERM FINANCIAL PLAN
GENERAL FUND SHORT TERM CASH FLOW PROJECTION
MARCH - DECEMBER 2019



	Begin Bal	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Cash Balance	\$3,000,000	\$958,000	\$4,528,000	\$4,125,000	\$2,293,000	\$1,926,000	\$1,612,000	\$1,053,000	\$236,000	\$202,000	\$7,006,000

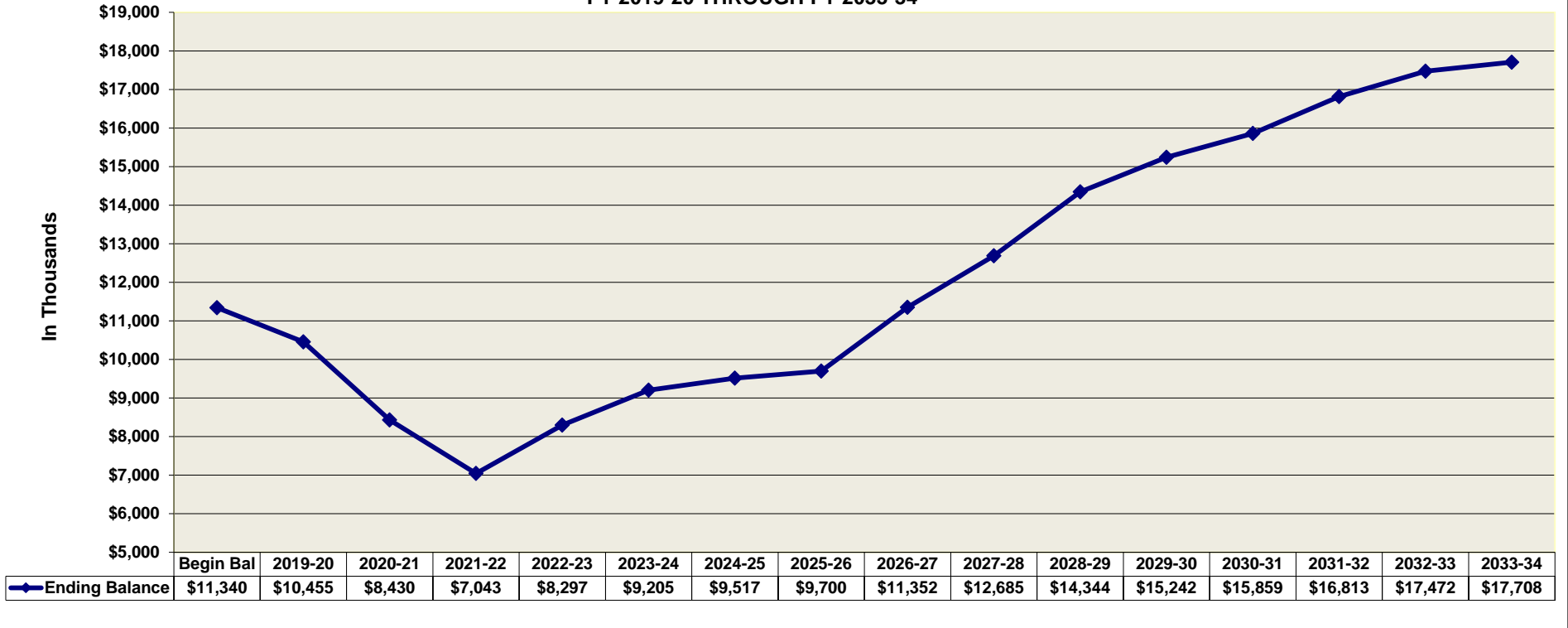
	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Beginning Balance	\$ 3,000,000	\$ 958,000	\$ 4,528,000	\$ 4,125,000	\$ 2,293,000	\$ 1,926,000	\$ 1,612,000	\$ 1,053,000	\$ 236,000	\$ 202,000
Revenue	375,000	5,691,000	75,000	278,000	215,000	125,000	82,000	155,000	415,000	9,010,000
Total Expenditures	2,417,000	2,121,000	478,000	2,110,000	582,000	439,000	641,000	972,000	449,000	2,206,000
Ending Balance	\$ 958,000	\$ 4,528,000	\$ 4,125,000	\$ 2,293,000	\$ 1,926,000	\$ 1,612,000	\$ 1,053,000	\$ 236,000	\$ 202,000	\$ 7,006,000

Appendix C

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

REVENUES:	
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Property Taxes	\$ 14,700,000
User Fees:	
Sewer	1,000,000
Fire	200,000
Solid Waste	850,000
Interest	300,000
Other	350,000
Reimbursements	500,000
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TOTAL REVENUES	17,900,000
O&M EXPENDITURES:	
<hr/>	
O&M Expenses	
Admin, Engineering, Wastewater, Fire & Reclamation	5,050,000
Contractual Services:	
Fire Protection / Emergency Medical	6,100,000
Sewer Treatment	1,700,000
Garbage Service	850,000
Supplemental Law Enforcement	250,000
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TOTAL O&M EXPENDITURES	13,950,000
REVENUES OVER O&M EXP.	\$ 3,950,000
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AVAILABLE FOR CAPITAL	
OUTLAYS / RESERVE FUNDS:	
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O&M RESERVE	\$ 65,000
RATE STABILIZATION	80,000
CAPITAL OUTLAYS	1,705,000
SPECIAL PROJECTS/ BUILD CAPITAL OUTLAY RESERVES	2,100,000
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TOTAL	\$ 3,950,000
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Appendix D
PBCSD LONG TERM FINANCIAL PLAN
CAPITAL OUTLAY RESERVE FUND REVENUES, EXPENDITURES AND BALANCE (INCLUDING UNDERGROUNDING PROJECTS)
FY 2019-20 THROUGH FY 2033-34



(In Thousands)	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	2032-33	2033-34
Beginning Balance	\$11,340	\$10,455	\$8,430	\$7,043	\$8,297	\$9,205	\$9,517	\$9,700	\$11,352	\$12,685	\$14,344	\$15,242	\$15,859	\$16,813	\$17,472
Revenue	5,730	4,515	4,030	3,950	3,970	3,950	3,980	8,600	3,970	4,205	4,200	4,170	3,950	3,950	4,020
Long-Term Capital Items	5,215	5,140	4,017	1,296	1,662	2,238	2,397	5,548	1,237	1,146	1,902	2,153	1,596	1,091	1,584
Undergrounding Projects	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	2,200	2,200
Ending Balance	\$10,455	\$8,430	\$7,043	\$8,297	\$9,205	\$9,517	\$9,700	\$11,352	\$12,685	\$14,344	\$15,242	\$15,859	\$16,813	\$17,472	\$17,708

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

March 29, 2019
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	FISCAL YEAR							
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
BEGINNING BALANCE	\$ 11,340,000	\$ 10,455,000	\$ 8,430,000	\$ 7,043,000	\$ 8,297,000	\$ 9,205,000	\$ 9,517,000	\$ 9,700,000
REVENUES:								
Annual Revenue Allocation								
Capital Outlay & Special Prj	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000
O&M & Rate Stabl Reserves	145,000	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Reimb/Contributed Capital	1,780,000	565,000	80,000	0	20,000	0	30,000	4,650,000
TOTAL REVENUES	5,730,000	4,515,000	4,030,000	3,950,000	3,970,000	3,950,000	3,980,000	8,600,000
EXPENDITURES:								
Long-Term Capital								
Outlay Plan Items (*)	5,215,000	5,140,000	4,017,000	1,296,000	1,662,000	2,238,000	2,397,000	5,548,000
Undergrounding Projects	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
TOTAL EXPENDITURES	6,615,000	6,540,000	5,417,000	2,696,000	3,062,000	3,638,000	3,797,000	6,948,000
REVENUES OVER EXP.	(885,000)	(2,025,000)	(1,387,000)	1,254,000	908,000	312,000	183,000	1,652,000
ENDING BALANCE	\$ 10,455,000	\$ 8,430,000	\$ 7,043,000	\$ 8,297,000	\$ 9,205,000	\$ 9,517,000	\$ 9,700,000	\$ 11,352,000

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)

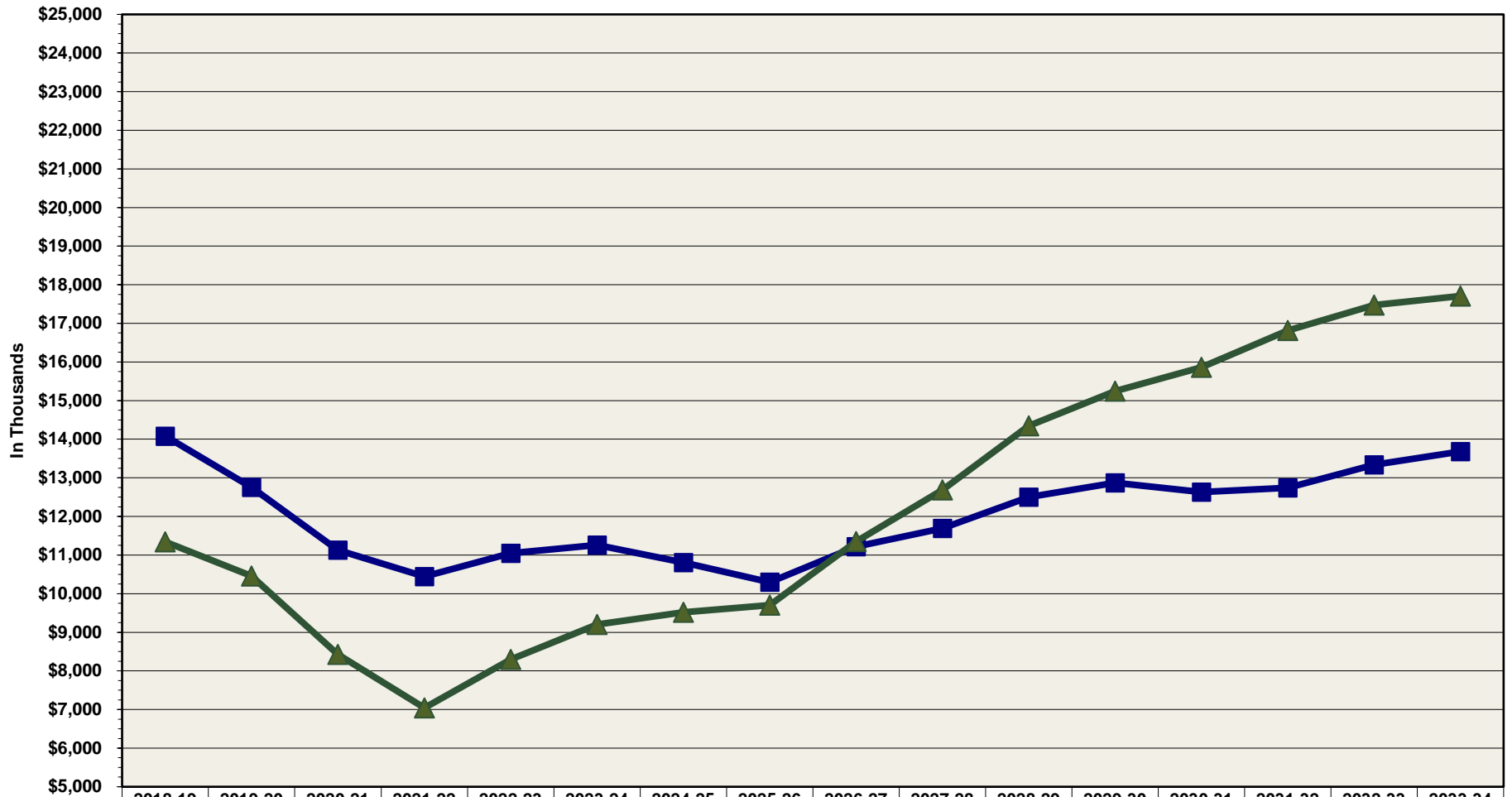
March 29, 2019
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	FISCAL YEAR						
	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
BEGINNING BALANCE	\$ 11,352,000	\$ 12,685,000	\$ 14,344,000	\$ 15,242,000	\$ 15,859,000	\$ 16,813,000	\$ 17,472,000
REVENUES:							
Annual Revenue Allocation							
Capital Outlay & Special Prj	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000	3,805,000
O&M & Rate Stabl Reserves	145,000	145,000	145,000	145,000	145,000	145,000	145,000
Reimb/Contributed Capital	20,000	255,000	250,000	220,000	0	0	70,000
TOTAL REVENUES	3,970,000	4,205,000	4,200,000	4,170,000	3,950,000	3,950,000	4,020,000
EXPENDITURES:							
Long-Term Capital							
Outlay Plan Items (*)	1,237,000	1,146,000	1,902,000	2,153,000	1,596,000	1,091,000	1,584,000
Undergrounding Projects	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	2,200,000	2,200,000
TOTAL EXPENDITURES	2,637,000	2,546,000	3,302,000	3,553,000	2,996,000	3,291,000	3,784,000
REVENUES OVER EXP.	1,333,000	1,659,000	898,000	617,000	954,000	659,000	236,000
ENDING BALANCE	\$ 12,685,000	\$ 14,344,000	\$ 15,242,000	\$ 15,859,000	\$ 16,813,000	\$ 17,472,000	\$ 17,708,000

Notes:

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

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



	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	2032-33	2033-34
■ Historical Method	\$14,081	\$12,758	\$11,129	\$10,447	\$11,046	\$11,257	\$10,806	\$10,297	\$11,216	\$11,691	\$12,502	\$12,875	\$12,634	\$12,739	\$13,340	\$13,684
▲ Current Plan	\$11,340	\$10,455	\$8,430	\$7,043	\$8,297	\$9,205	\$9,517	\$9,700	\$11,352	\$12,685	\$14,344	\$15,242	\$15,859	\$16,813	\$17,472	\$17,708
Difference	\$(2,741)	\$(2,303)	\$(2,699)	\$(3,404)	\$(2,749)	\$(2,052)	\$(1,289)	\$(597)	\$136	\$994	\$1,842	\$2,367	\$3,225	\$4,074	\$4,132	\$4,024

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