

**WSSC PROPOSED BUDGET: SIX-YEAR FORECAST FOR WATER AND SEWER OPERATING FUNDS**

FISCAL PROJECTIONS	FY14 ESTIMATED	FY15 PROPOSED	FY15 RECOMMENDED	FY16 PROJECTION	FY17 PROJECTION	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION
<b>SPENDING AFFORDABILITY RESULTS</b>								
New Water and Sewer Debt (\$millions)	\$497.4	\$384.6	\$384.6	\$364.9	\$335.6	\$310.2	\$242.0	\$162.9
Total Water and Sewer Operating Expenses (\$millions)	\$658.4	\$678.1	\$678.1	\$721.5	\$778.9	\$839.8	\$901.7	\$955.5
Debt Service (\$millions)	\$226.1	\$227.0	\$227.0	\$250.0	\$267.8	\$282.6	\$292.6	\$301.0
Average Water and Sewer Rate Increase	7.25%	6.00%	6.00%	11.30%	8.80%	8.50%	9.10%	6.40%
<b>BEGINNING FUND BALANCE (\$000)</b>	<b>132,932</b>	<b>128,851</b>	<b>128,851</b>	<b>110,388</b>	<b>110,288</b>	<b>110,888</b>	<b>112,088</b>	<b>122,554</b>
<b>REVENUES (\$000)</b>								
Water and Sewer Rate Revenue	554,296	586,255	586,255	652,458	709,572	770,390	840,436	893,834
Interest Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Account Maintenance Fee	22,850	22,900	22,900	22,900	22,900	22,900	22,900	22,900
Miscellaneous	23,844	26,574	26,574	27,060	27,192	27,388	27,528	27,748
<b>Total Revenues</b>	<b>601,990</b>	<b>636,729</b>	<b>636,729</b>	<b>703,418</b>	<b>760,664</b>	<b>821,678</b>	<b>891,864</b>	<b>945,482</b>
SDC Debt Service Offset	1,428	1,167	1,167	728	207	0	0	0
Reconstruction Debt Service Offset (REDO)	10,500	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Use of Prior Year Net Revenue	15,781	30,193	30,193	7,400	7,700	8,100	(166)	0
<b>TOTAL FUNDS AVAILABLE</b>	<b>629,699</b>	<b>678,089</b>	<b>678,089</b>	<b>721,546</b>	<b>778,571</b>	<b>839,778</b>	<b>901,698</b>	<b>955,482</b>
<b>EXPENDITURES (\$000)</b>								
Salaries and Wages	100,600	107,087	107,087	112,443	117,728	123,974	130,174	136,683
Heat, Light, and Power	23,910	22,906	22,906	24,832	25,851	26,902	28,004	29,013
Regional Sewage Disposal	53,207	55,176	55,176	57,218	59,335	61,530	63,807	66,168
Debt Service	221,300	227,042	217,612	250,013	267,835	282,596	292,612	301,014
PAYGO	13,782	19,996	19,996	27,341	45,503	69,256	97,770	130,120
All Other	205,200	243,582	243,582	242,399	254,019	266,220	279,031	292,484
Reserve Contribution	11,700	2,300	2,300	7,300	8,300	9,300	10,300	0
<b>TOTAL USE OF RESOURCES</b>	<b>629,699</b>	<b>678,089</b>	<b>668,659</b>	<b>721,546</b>	<b>778,571</b>	<b>839,778</b>	<b>901,698</b>	<b>955,482</b>
<b>REVENUE/EXPENDITURE SURPLUS/(GAP)</b>	<b>0</b>	<b>0</b>	<b>9,430</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>YEAR END FUND BALANCE w/o additional reserve contribution</b>	<b>117,151</b>	<b>98,658</b>	<b>108,088</b>	<b>102,988</b>	<b>102,588</b>	<b>102,788</b>	<b>112,254</b>	<b>122,554</b>
<b>Additional Reserve Contribution</b>	<b>11,700</b>	<b>2,300</b>	<b>2,300</b>	<b>7,300</b>	<b>8,300</b>	<b>9,300</b>	<b>10,300</b>	<b>0</b>
<b>TOTAL YEAR END FUND BALANCE</b>	<b>128,851</b>	<b>100,958</b>	<b>110,388</b>	<b>110,288</b>	<b>110,888</b>	<b>112,088</b>	<b>122,554</b>	<b>122,554</b>
Debt Service as a Percentage of Water and Sewer Operating Budget	35.1%	33.5%	32.5%	34.6%	34.4%	33.7%	32.5%	31.5%
Estimated Water Production (MGD)	165.0	168.0	168.0	168.0	168.0	168.0	168.0	168.0
Total End of Fiscal Year Operating Reserve	53,300	55,600	55,600	62,900	71,200	80,500	90,800	90,800
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	9.6%	9.5%	9.5%	9.6%	10.0%	10.4%	10.8%	10.2%
Total Workyears (all funds)	1,527	1,717	1,717	--	--	--	--	--

**Assumptions:**

- The County Executive's operating budget recommendation is for FY15 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
- The FY16-20 projections reflect WSSC's multi-year forecast and assumptions, which are not adjusted to conform to the County Executive's Recommended budget for WSSC. The projected expenditures, revenues, and fund balances for these years may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed in the County Executive's Recommended FY15 water and sewer operating budget for WSSC.
- The FY14 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY14 budget jointly approved by Montgomery and Prince George's counties. The FY15 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY15 budget. The FY15 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY15. The FY16-20 spending affordability figures correspond to the values of the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year.
- The total FY14 estimated workyears shown correspond to the actual workyears as of December, 2013.
- Estimates of revenue in FY16-20 assume the rate increases projected by WSSC in the Average Water and Sewer Rate Increase line.