

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

<b>FISCAL PROJECTIONS</b>	<b>FY13 ESTIMATED</b>	<b>FY14 PROPOSED</b>	<b>FY14 RECOMMENDED</b>	<b>FY15 PROJECTION</b>	<b>FY16 PROJECTION</b>	<b>FY17 PROJECTION</b>	<b>FY18 PROJECTION</b>	<b>FY19 PROJECTION</b>
<b>SPENDING AFFORDABILITY RESULTS</b>								
New Water and Sewer Debt (\$millions)	\$412.7	\$506.4	\$497.4	\$543.8	\$421.5	\$428.1	\$387.5	\$343.2
Total Water and Sewer Operating Expenses (\$millions)	\$620.3	\$658.9	\$658.4	\$706.3	\$759.6	\$814.3	\$865.7	\$914.5
Debt Service (\$millions)	\$212.0	\$226.6	\$226.1	\$255.4	\$280.4	\$303.1	\$324.7	\$342.4
Average Water and Sewer Rate Increase	7.50%	7.25%	7.25%	11.80%	7.90%	7.50%	6.50%	5.60%
<b>BEGINNING FUND BALANCE (\$000)</b>	<b>111,860</b>	<b>103,532</b>	<b>103,532</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>
<b>REVENUES (\$000)</b>								
Water and Sewer Rate Revenue	521,000	571,055	571,055	640,449	693,383	747,561	798,150	845,643
Interest Income	700	1,000	1,000	3,000	3,000	3,000	3,000	3,000
Account Maintenance Fee	22,850	22,850	22,850	22,900	22,900	22,950	22,950	23,000
Miscellaneous	23,324	24,104	24,104	21,960	22,352	22,479	22,510	22,641
<b>Total Revenues</b>	<b>567,874</b>	<b>619,009</b>	<b>619,009</b>	<b>688,309</b>	<b>741,635</b>	<b>795,990</b>	<b>846,610</b>	<b>894,284</b>
SDC Debt Service Offset	2,192	1,428	1,428	1,167	728	207	0	0
Reconstruction Debt Service Offset (REDO)	11,000	10,500	10,500	10,500	10,000	10,000	10,000	10,000
Use of Prior Year Net Revenue	18,528	27,981	27,981	6,300	7,200	8,100	9,100	10,200
<b>TOTAL FUNDS AVAILABLE</b>	<b>599,594</b>	<b>658,918</b>	<b>658,918</b>	<b>706,276</b>	<b>759,563</b>	<b>814,297</b>	<b>865,710</b>	<b>914,484</b>
<b>EXPENDITURES (\$000)</b>								
Salaries and Wages	100,629	104,056	104,056	109,260	114,724	120,461	126,485	132,810
Heat, Light, and Power	24,223	23,910	23,910	23,952	24,468	27,693	28,406	30,012
Regional Sewage Disposal	51,309	53,207	53,207	55,176	57,218	59,335	61,530	63,807
Debt Service	198,967	226,629	226,136	255,390	280,405	303,122	324,702	342,443
PAYGO		13,782	13,782	18,732	26,708	34,804	42,165	48,724
All Other	214,266	225,634	225,634	237,466	248,840	260,782	273,322	286,488
Reserve Contribution	10,200	11,700	11,700	6,300	7,200	8,100	9,100	10,200
<b>TOTAL USE OF RESOURCES</b>	<b>599,594</b>	<b>658,918</b>	<b>658,425</b>	<b>706,276</b>	<b>759,563</b>	<b>814,297</b>	<b>865,710</b>	<b>914,484</b>
<b>REVENUE/EXPENDITURE SURPLUS/(GAP)</b>	<b>0</b>	<b>0</b>	<b>493</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>93,332</b>	<b>75,551</b>	<b>76,044</b>	<b>80,951</b>	<b>80,051</b>	<b>79,151</b>	<b>78,151</b>	<b>77,051</b>
<b>Additional Reserve Contribution</b>	<b>10,200</b>	<b>11,700</b>	<b>11,700</b>	<b>6,300</b>	<b>7,200</b>	<b>8,100</b>	<b>9,100</b>	<b>10,200</b>
<b>TOTAL YEAR END FUND BALANCE</b>	<b>103,532</b>	<b>87,251</b>	<b>87,744</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>	<b>87,251</b>
Debt Service as a Percentage of Water and Sewer Operating Budget	33.2%	34.4%	34.3%	36.2%	36.9%	37.2%	37.5%	37.4%
Estimated Water Production (MGD)	166.0	170.0	170.0	171.0	171.5	171.5	172.0	172.5
Total End of Fiscal Year Operating Reserve	41,600	53,300	53,300	59,600	66,800	74,900	84,000	94,200
Total Operating Reserve as a Percentage of Water and Sewer Rate Revenue	8.0%	9.3%	9.3%	9.3%	9.6%	10.0%	10.5%	11.1%
Total Workyears (all funds)	1,541	1,717	1,717	--	--	--	--	--

**Assumptions:**

1. The County Executive's operating budget recommendation is for FY14 only and incorporates the Executive's revenue and expenditure assumptions for that budget.
2. The FY15-19 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 FY14 water and sewer operating budget for WSSC.
3. The FY13 estimated spending affordability results are the values for the four spending affordability parameters implied by the FY13 budget jointly approved by Montgomery and Prince George's counties. The FY14 Proposed spending affordability results are the values of the spending affordability parameters associated with WSSC's proposed FY14 budget. The FY14 recommended spending affordability results are the spending affordability parameters associated with the County Executive's recommended WSSC budget for FY14. The FY15-19 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.
4. The total FY13 estimated workyears shown correspond to the actual workyears as of December, 2012.
5. Estimates of revenue in FY15-19 assume the rate increases projected by WSSC in the Average Water and Sewer Rate Increase line.