

Frequently Asked Questions about the New Rates

Why another rate increase?

MOFFAT WATER SUPPLY: Year-over-Year Profit / Loss Summary

	2012 AUDITED	2013 AUDITED	2014 AUDITED	2015 PROJECTED	2016 BUDGET
TOTAL INCOME:	\$1,052,757	\$1,045,048	\$1,030,884	\$1,121,507	\$1,276,895
TOTAL EXPENSE:	\$1,136,596	\$1,193,514	\$1,228,644	\$1,083,317	\$1,216,687
NET INCOME:	(\$83,839)	(\$148,466)	(\$197,760)	\$38,190	\$60,208
Debt Payment - Principal Portion Only	\$37,383	\$78,219	\$59,247	\$57,638	\$60,208
TWDB/USDA Reserve Required	\$100,522	\$120,681	\$140,839	\$160,997	\$181,155
3 mos Operating Exp Reserve Required	\$157,134	\$157,215	\$169,060	\$145,800	\$177,392
Cost of Goods Sold	\$419,012	\$436,032	\$430,494	\$376,600	\$386,172
Operating Expense	\$628,537	\$628,859	\$676,242	\$583,200	\$709,568

Per the **Profit & Loss Statement** above, MWSC's 2015 performance is reversing three prior years of loss. Financial accounting treats only the *interest* portion of loan payments as an expense, so we budget enough "profit" to cover principal reduction. **The approved 2016 Net Income of \$60,208 includes covering 2016 debt principal payments.**

Total Income includes revenue from water sales, installation & impact fees, late fees, and a small amount of interest income. Total Expense includes all operating cost for MWSC plus cost of goods sold ¹ and depreciation². You'll notice the 2016 expense line increasing, though still lower than in 2014. **To restore MWSC to full-staffing levels, cover higher costs for fuel/water/R&M/supplies plus new depreciation, and to allow profit sufficient to meet debt principal payments with the proposed balanced budget, an increase is necessary.**

For the second year in a row, there is no planned profit to put aside as Retained Earnings for future growth or new Capital Improvements.

Where's the benefit from *last year's* rate increase?

Raising rates last year kept us from losing money and strengthened our Balance Sheet³. Borrowed project funds have been fully converted to new assets in the form of "Property & Equipment." We are meeting all reserve requirements. Long-term Debt is paying down and Equity (net worth after covering all liabilities) is on the rise.

MOFFAT WATER SUPPLY: Year-over-Year Balance Sheet

	2012 AUDITED	2013 AUDITED	2014 AUDITED	2015 PROJECTED	2016 BUDGET
CURRENT ASSETS (CASH, A/R, INVENTORY)	\$808,071	\$440,558	\$335,079	\$413,250	\$695,458
PROPERTY & EQUIPMENT	\$2,504,386	\$3,107,908	\$3,410,399	\$3,688,818	\$3,688,818
OTHER ASSETS (RESERVES, PROJECT FUNDS)	\$1,640,489	\$1,046,869	\$567,115	\$206,076	\$181,655
TOTAL ASSETS:	\$4,952,946	\$4,595,335	\$4,312,593	\$4,308,144	\$4,565,931
CURRENT LIABILITIES (A/P, CURRENT TAX/DEBT)	\$269,397	\$107,765	\$74,305	\$74,121	\$74,121
LONG-TERM DEBT (net of current portion)	\$3,087,625	\$3,032,422	\$2,974,780	\$2,921,958	\$2,861,750
TOTAL EQUITY (MEMBERSHIPS, RET EARNINGS)	\$1,595,924	\$1,455,149	\$1,263,509	\$1,312,065	\$1,630,061
TOTAL LIABILITIES & EQUITY:	\$4,952,946	\$4,595,336	\$4,312,594	\$4,308,143	\$4,565,931

¹ Water purchased from Bluebonnet WSC

² Recognized deterioration of Assets over time that cause our repair & maintenance costs to rise

³ Profit-Loss Statements show Income vs Expenses; a Balance Sheet shows Assets vs Liabilities (or, "what you own vs what you owe.")

What is the Board doing to control costs?

Every member of the Board – *and every Staff Member* – is also a Customer of Moffat Water Supply. Our shared duty is to ensure **SOUND** operations, a **SAFE** drinking supply, and a financially **SOLVENT** organization.

Last year, the Board cut Expense by 10% overall. This included not filling the Operations Manager position when Mark Truelove assumed the role of General Manager. Unfortunately, MWSC has been severely short-staffed all year, and the Board realizes adding another Certified Operator is necessary. Wages, benefits, and certification cost accounts for 52% of the budgeted increase in 2016 Expense.

Though we've made a number of system improvements, we still use our first well which is over 50 years old. Other infrastructure is aging, and our Repair/Maintenance cost is growing. This accounts for 15% of the Expense increase.

Water cost is up by 11%, Depreciation is up by 18%, and Fuel Cost was underestimated last year by 5%.

2016 Budget Planning - Current Year Projected v 2016 APPROVED

	2015 Projected	2016 APPROVED	Difference	
			\$\$s	%
TOTAL INCOME:	\$1,121,507	\$1,276,895	\$155,388	14%
TOTAL EXPENSE*:	\$1,083,317	\$1,216,687	\$133,370	12%
NET INCOME:	\$38,190	\$60,208	\$22,018	58%
Debt Payment - Principal Portion Only	\$57,638	\$60,208	\$2,570	4%
TWDB/USDA Reserve Required	\$160,997	\$181,155	\$20,158	13%
3 mos Operating Exp Reserve Required	\$145,800	\$177,392	\$31,592	22%
Cost of Goods Sold	\$376,600	\$386,172	\$9,572	3%
Operating Expense**	\$583,200	\$709,568	\$126,368	22%

**Ttl Exp -Int -Water +Depr

How much more will I pay?

Only the Base Rate and the 1-3,000 gallons Tier are changing. **Total impact will be a maximum of \$3.95⁴ per month.**

Sample Billings Comparison - Current vs NEW Rates eff xx-xx-xx				
Gallons	Current Rates	NEW Rates	Increase	% Chg
0	\$36.80	\$40.00	\$3.20	8.70%
1,000	\$40.45	\$43.90	\$3.45	8.53%
3,000	\$47.75	\$51.70	\$3.95	8.27%
5,000	\$55.55	\$59.50	\$3.95	7.11%
10,000	\$77.30	\$81.25	\$3.95	5.11%
15,000	\$100.55	\$104.50	\$3.95	3.93%
25,000	\$148.55	\$152.50	\$3.95	2.66%
50,000	\$275.55	\$279.50	\$3.95	1.43%
100,000	\$571.55	\$575.50	\$3.95	0.69%
150,000	\$917.05	\$921.00	\$3.95	0.43%

⁴ \$3.20 change in Base Rate + 75-cents additional on the first 3,000 gallons