

Appendix M
City Water Fund Financial Data

City of Tumwater
 Water Fund
 Exhibit 1
 Escalation Factors

| ESCALATION FACTORS | Projected | | | | | | |
|---------------------------------|-----------|-------|-------|-------|-------|-------|--|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Revenues: | | | | | | | |
| Growth | Budget | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | From WSP Demand Forecast |
| Miscellaneous Revenues | Budget | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | |
| Interest Income (Interest Rate) | 1.00% | 1.00% | 1.50% | 2.00% | 3.00% | 3.00% | |
| Expenses [1]: | | | | | | | |
| Labor | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | From Historical Compensation Increases |
| Benefits | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | |
| Materials & Supplies | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | |
| Miscellaneous | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | |
| New Debt Service: | | | | | | | |
| Revenue Bond | | | | | | | |
| Term in Years | 20 | 20 | 20 | 20 | 20 | 20 | |
| Rate | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | |
| PWTF | | | | | | | |
| Term in Years | 20 | 20 | 20 | 20 | 20 | 20 | |
| Rate | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | |

[1] Based on Historical Washington State hourly wage rate data, historical compensation data, and historical PPI data from BLS

City of Tumwater
Water Fund - Exhibit 2
Sources and Applications of Funds

| SOURCES OF FUNDS | FORECAST | | | | | | Notes |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| Rate Revenues | \$3,320,403 | \$3,436,617 | \$3,556,898 | \$3,681,390 | \$3,810,239 | \$3,943,597 | |
| Total Rate Revenues | \$3,320,403 | \$3,436,617 | \$3,556,898 | \$3,681,390 | \$3,810,239 | \$3,943,597 | 09/10 Budget, As Growth |
| Other Revenues | | | | | | | |
| Interest Inc. | \$44,886 | \$42,562 | \$66,896 | \$84,925 | \$135,295 | \$133,194 | Calculated on Reserve Balances |
| Other Misc Revenue | 516,565 | 532,062 | 548,024 | 564,465 | 581,398 | 598,840 | 09/10 Budget, As Misc Rev |
| Total Other Revenues | \$561,451 | \$574,624 | \$614,920 | \$649,390 | \$716,693 | \$732,034 | |
| TOTAL OPERATING REVENUES | \$3,881,853 | \$4,011,241 | \$4,171,818 | \$4,330,780 | \$4,526,932 | \$4,675,631 | |
| TOTAL SOURCES OF FUNDS | \$3,881,853 | \$4,011,241 | \$4,171,818 | \$4,330,780 | \$4,526,932 | \$4,675,631 | |
| USE OF FUNDS | | | | | | | |
| Administration | | | | | | | |
| Salaries & Wages | \$221,612 | \$230,476 | \$239,695 | \$249,283 | \$259,254 | \$269,624 | As Labor |
| Personnel Benefits | 124,315 | 129,288 | 134,459 | 139,838 | 145,431 | 151,248 | As Benefits |
| Supplies | 3,711 | 3,823 | 3,937 | 4,055 | 4,177 | 4,302 | As Materials & Supplies |
| Other Services & Charges | 88,300 | 90,949 | 93,678 | 96,488 | 99,382 | 102,364 | As Materials & Supplies |
| Intergovernmental Services & Taxes | 234,200 | 241,226 | 248,462 | 255,916 | 263,594 | 271,501 | As Materials & Supplies |
| Interfund Payments for Services | 490,557 | 505,274 | 520,432 | 536,045 | 552,126 | 568,690 | As Materials & Supplies |
| Total Administration | \$1,162,695 | \$1,201,035 | \$1,240,663 | \$1,281,625 | \$1,323,965 | \$1,367,731 | |
| | 3% | 3% | 3% | 3% | 3% | 3% | |
| Operations & Maintenance | | | | | | | |
| Salaries & Wages | \$490,288 | \$509,899 | \$530,295 | \$551,507 | \$573,567 | \$596,510 | As Labor |
| Personnel Benefits | 233,928 | 243,285 | 253,017 | 263,137 | 273,663 | 284,609 | As Benefits |
| Supplies | 394,713 | 406,555 | 418,751 | 431,314 | 444,253 | 457,581 | As Materials & Supplies |
| Other Services & Charges | 322,772 | 332,455 | 342,429 | 352,702 | 363,283 | 374,182 | As Materials & Supplies |
| Interfund Payments for Services | 96,220 | 99,106 | 102,079 | 105,142 | 108,296 | 111,545 | As Materials & Supplies |
| Total Operations & Maintenance | \$1,537,921 | \$1,591,301 | \$1,646,572 | \$1,703,802 | \$1,763,062 | \$1,824,426 | |
| | 3% | 3% | 3% | 3% | 3% | 3% | |
| TOTAL O&M EXPENSES | \$2,700,615 | \$2,792,335 | \$2,887,235 | \$2,985,427 | \$3,087,027 | \$3,192,157 | |
| NET INCOME | \$1,181,238 | \$1,218,906 | \$1,284,583 | \$1,345,353 | \$1,439,905 | \$1,483,474 | |
| Debt Service | | | | | | | |
| Revenue Bonds - Principal | \$382,638 | \$382,638 | \$382,638 | \$382,638 | \$382,638 | \$382,638 | Debt Schedule |
| Revenue Bonds - Interest | 0 | 0 | 0 | 0 | 0 | 0 | Debt Schedule |
| PWTF Loans - Principal | 91,916 | 74,584 | 66,103 | 53,775 | 54,313 | 54,856 | Debt Schedule |
| PWTF Loans - Interest | 5,429 | 4,333 | 3,404 | 2,743 | 2,205 | 1,662 | Debt Schedule |
| New Revenue Bond Payment | 66,943 | 317,981 | 401,661 | 903,737 | 903,737 | 1,071,095 | Calc. |
| Total Debt Service | \$546,927 | \$779,537 | \$853,806 | \$1,342,893 | \$1,342,893 | \$1,510,252 | |
| Taxes and Transfers | | | | | | | |
| Change in Working Capital | \$171,240 | \$67,692 | \$203,491 | (\$213,480) | \$213,568 | (\$70,029) | |
| Transfer to AM/Sewer/Equip Rental | 0 | 0 | 0 | 0 | 0 | 0 | |
| Utility Tax Transfer | 232,911 | 240,674 | 250,309 | 259,847 | 271,616 | 280,538 | 6% City Utility Tax |
| Total Taxes and Transfers | \$404,151 | \$308,366 | \$453,800 | \$46,367 | \$485,184 | \$210,509 | |
| TOTAL APPLICATION OF FUNDS BEFORE CIP | \$3,651,694 | \$3,880,239 | \$4,194,841 | \$4,374,686 | \$4,915,104 | \$4,912,918 | |
| BALANCE/(DEFICIENCY) AFTER O&M | \$230,159 | \$131,003 | (\$23,023) | (\$43,907) | (\$388,172) | (\$237,286) | |

City of Tumwater
Water Fund - Exhibit 2
Sources and Applications of Funds

| | FORECAST | | | | | | |
|---|--------------------|--------------------|----------------------|----------------------|----------------------|----------------------|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Notes |
| Capital Outlays | | | | | | | |
| 2009 Budgeted CIP Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 2009 Budget |
| Annual Historical CIP Expenditures | 0 | 0 | 0 | 0 | 0 | 0 | Expenditure Status Report |
| Water Supply | 3,325,185 | 3,564,199 | 277,037 | 6,110,112 | 254,043 | 133,246 | 2010-2015 CIP |
| Water Storage | 0 | 0 | 0 | 60,544 | 0 | 999,342 | 2010-2015 CIP |
| Water Pump Stations | 0 | 0 | 0 | 0 | 50,809 | 719,526 | 2010-2015 CIP |
| Water Distribution System | 325,000 | 418,152 | 1,939,259 | 1,501,494 | 1,282,918 | 1,945,386 | 2010-2015 CIP |
| Water Maintenance and Operations | 115,000 | 680,120 | 230,864 | 18,163 | 0 | 313,127 | 2010-2015 CIP |
| To Capital Reserve | 0 | 0 | 0 | 0 | 50,000 | 0 | Input |
| Total Capital Outlays | \$3,765,185 | \$4,662,472 | \$2,447,160 | \$7,690,314 | \$1,637,769 | \$4,110,627 | |
| Less: Outside Funding Sources | | | | | | | |
| Connection Fees | \$491,896 | \$509,113 | \$526,931 | \$545,374 | \$564,462 | \$584,218 | As Growth |
| New Rev. Bond Proceeds | 800,000 | 3,000,000 | 1,000,000 | 6,000,000 | 0 | 2,000,000 | Input |
| Use of Capital Reserve | 1,800,000 | 300,000 | 0 | 0 | 0 | 0 | Input |
| Total Outside Funding | \$3,091,896 | \$3,809,113 | \$1,526,931 | \$6,545,374 | \$564,462 | \$2,584,218 | |
| ADDITIONAL CIP FUNDING REQUIRED | \$673,289 | \$853,359 | \$920,228 | \$1,144,940 | \$1,073,307 | \$1,526,409 | 2008 Depr Expense: \$575,000 depr on new plant @ 50 yr life + 2008 deprec. |
| | \$669,559 | \$762,809 | \$811,752 | \$965,558 | \$997,314 | \$1,079,526 | |
| TOTAL REVENUE REQUIREMENTS | \$4,324,983 | \$4,733,598 | \$5,115,069 | \$5,519,626 | \$5,988,411 | \$6,439,327 | |
| Balance/(Deficiency) of Funds Before Added Tax | (\$443,129) | (\$722,356) | (\$943,251) | (\$1,188,847) | (\$1,461,480) | (\$1,763,695) | |
| Plus Additional Taxes @ 5.029% + 6% | (\$54,931) | (\$89,545) | (\$116,927) | (\$147,372) | (\$181,168) | (\$218,631) | State and City Utility Taxes |
| Balance/(Deficiency) of Funds | (\$498,060) | (\$811,901) | (\$1,060,178) | (\$1,336,218) | (\$1,642,647) | (\$1,982,326) | |
| Balance as a % of Rate Revenues | 15.00% | 23.63% | 29.81% | 36.30% | 43.11% | 50.27% | |
| Proposed Rate Adjustment | 15.00% | 7.50% | 5.00% | 5.00% | 5.00% | 5.00% | Input |
| Add'l rate revenue from adjustment | 498,060 | 811,901 | 1,060,178 | 1,336,218 | 1,642,647 | 1,982,326 | |
| Balance/Deficiency after adjustment | (\$0) | (\$0) | \$0 | (\$0) | (\$0) | \$0 | |
| Add'l adjustment to balance | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Average Residential Customer Rate - based on 1,000 cu ft | | | | | | | |
| Balance Customer Rate | \$26.85 | \$28.87 | \$30.31 | \$31.83 | \$33.42 | \$35.09 | |
| Rate Difference - Monthly | 3.50 | 2.01 | 1.44 | 1.52 | 1.59 | 1.67 | |
| Proposed Customer Rate | \$26.85 | \$28.87 | \$30.31 | \$31.83 | \$33.42 | \$35.09 | |
| Rate Difference - Monthly | 3.50 | 2.01 | 1.44 | 1.52 | 1.59 | 1.67 | |
| Debt Service Coverage Ratio (All Debt) | | | | | | | |
| Before Balance Adjustment | 2.16 | 1.56 | 1.50 | 1.00 | 1.07 | 0.98 | |
| After Balance Rate Adjustment | 2.97 | 2.49 | 2.61 | 1.89 | 2.16 | 2.15 | |
| Reserve Funds | | | | | | | |
| Operating Reserve | | | | | | | |
| Beginning Balance | \$0 | \$171,240 | \$238,932 | \$442,423 | \$228,943 | \$442,511 | |
| +/- Change in Working Capital | 171,240 | 67,692 | 203,491 | (213,480) | 213,568 | (70,029) | |
| Ending Balance | \$171,240 | \$238,932 | \$442,423 | \$228,943 | \$442,511 | \$372,482 | |
| Minimum Target | \$368,440 | \$384,972 | \$401,236 | \$418,271 | \$436,415 | \$455,095 | |
| Capital Reserve | | | | | | | |
| Beginning Balance | \$6,117,316 | \$4,317,316 | \$4,017,316 | \$4,017,316 | \$4,017,316 | \$4,067,316 | |
| Plus: Additions | 0 | 0 | 0 | 0 | 50,000 | 0 | |
| Less: Uses of Funds | 1,800,000 | 300,000 | 0 | 0 | 0 | 0 | |
| Ending Balance | \$4,317,316 | \$4,017,316 | \$4,017,316 | \$4,017,316 | \$4,067,316 | \$4,067,316 | |
| Minimum Target | \$4,043,921 | \$4,043,921 | \$4,043,921 | \$4,043,921 | \$4,043,921 | \$4,043,921 | |
| Typical/Minimum Reserve Levels | | | | | | | |
| Operating Reserve | \$368,440 | \$384,972 | \$401,236 | \$418,271 | \$436,415 | \$455,095 | 45 days O&M + Taxes |
| Capital Reserve | 4,043,921 | 4,043,921 | 4,043,921 | 4,043,921 | 4,043,921 | 4,043,921 | Average Annual Capital Expense |
| Total Target Reserves | \$4,412,361 | \$4,428,894 | \$4,445,157 | \$4,462,192 | \$4,480,336 | \$4,499,016 | |
| Total Funds Projected Ending Balance: | \$4,488,556 | \$4,256,248 | \$4,459,739 | \$4,246,259 | \$4,509,827 | \$4,439,798 | |

City of Tumwater
Water Fund
Exhibit 3
Water System Debt

| PWTF #1 5-91-280-065 | | | | | PWTF #2 5-92-280-042 | | | | | PWTF #3 5-93-280-052 | | | | |
|-------------------------|----------|-----------|----------|-------------|-------------------------|---------|-----------|----------|-------------|-------------------------|----------|-----------|----------|-------------|
| Date | Payment | Principal | Interest | Remaining | Date | Payment | Principal | Interest | P&I | Date | Payment | Principal | Interest | P&I |
| | | | 1% | \$332,550 | | | | 3% | \$140,000 | | | | 1% | \$234,390 |
| 12/31/1991 | \$18,428 | \$15,103 | \$3,326 | \$317,447 | 12/31/1992 | \$9,410 | \$5,210 | \$4,200 | \$134,790 | 12/31/1993 | \$12,989 | \$10,645 | \$2,344 | \$223,745 |
| 12/31/1992 | 18,428 | 15,254 | 3,174 | 302,193 | 12/31/1993 | 9,410 | 5,367 | 4,044 | 129,423 | 12/31/1994 | 12,989 | 10,751 | 2,237 | 212,994 |
| 12/31/1993 | 18,428 | 15,406 | 3,022 | 286,787 | 12/31/1994 | 9,410 | 5,528 | 3,883 | 123,896 | 12/31/1995 | 12,989 | 10,859 | 2,130 | 202,135 |
| 12/31/1994 | 18,428 | 15,560 | 2,868 | 271,226 | 12/31/1995 | 9,410 | 5,693 | 3,717 | 118,202 | 12/31/1996 | 12,989 | 10,967 | 2,021 | 191,167 |
| 12/31/1995 | 18,428 | 15,716 | 2,712 | 255,510 | 12/31/1996 | 9,410 | 5,864 | 3,546 | 112,338 | 12/31/1997 | 12,989 | 11,077 | 1,912 | 180,090 |
| 12/31/1996 | 18,428 | 15,873 | 2,555 | 239,637 | 12/31/1997 | 9,410 | 6,040 | 3,370 | 106,298 | 12/31/1998 | 12,989 | 11,188 | 1,801 | 168,902 |
| 12/31/1997 | 18,428 | 16,032 | 2,396 | 223,605 | 12/31/1998 | 9,410 | 6,221 | 3,189 | 100,077 | 12/31/1999 | 12,989 | 11,300 | 1,689 | 157,603 |
| 12/31/1998 | 18,428 | 16,192 | 2,236 | 207,413 | 12/31/1999 | 9,410 | 6,408 | 3,002 | 93,669 | 12/31/2000 | 12,989 | 11,413 | 1,576 | 146,190 |
| 12/31/1999 | 18,428 | 16,354 | 2,074 | 191,058 | 12/31/2000 | 9,410 | 6,600 | 2,810 | 87,069 | 12/31/2001 | 12,989 | 11,527 | 1,462 | 134,663 |
| 12/31/2000 | 18,428 | 16,518 | 1,911 | 174,541 | 12/31/2001 | 9,410 | 6,798 | 2,612 | 80,271 | 12/31/2002 | 12,989 | 11,642 | 1,347 | 123,021 |
| 12/31/2001 | 18,428 | 16,683 | 1,745 | 157,858 | 12/31/2002 | 9,410 | 7,002 | 2,408 | 73,269 | 12/31/2003 | 12,989 | 11,759 | 1,230 | 111,262 |
| 12/31/2002 | 18,428 | 16,850 | 1,579 | 141,008 | 12/31/2003 | 9,410 | 7,212 | 2,198 | 66,057 | 12/31/2004 | 12,989 | 11,876 | 1,113 | 99,386 |
| 12/31/2003 | 18,428 | 17,018 | 1,410 | 123,990 | 12/31/2004 | 9,410 | 7,428 | 1,982 | 58,628 | 12/31/2005 | 12,989 | 11,995 | 994 | 87,391 |
| 12/31/2004 | 18,428 | 17,188 | 1,240 | 106,801 | 12/31/2005 | 9,410 | 7,651 | 1,759 | 50,977 | 12/31/2006 | 12,989 | 12,115 | 874 | 75,276 |
| 12/31/2005 | 18,428 | 17,360 | 1,068 | 89,441 | 12/31/2006 | 9,410 | 7,881 | 1,529 | 43,096 | 12/31/2007 | 12,989 | 12,236 | 753 | 63,040 |
| 12/31/2006 | 18,428 | 17,534 | 894 | 71,907 | 12/31/2007 | 9,410 | 8,117 | 1,293 | 34,979 | 12/31/2008 | 12,989 | 12,358 | 630 | 50,682 |
| 12/31/2007 | 18,428 | 17,709 | 719 | 54,198 | 12/31/2008 | 9,410 | 8,361 | 1,049 | 26,618 | 12/31/2009 | 12,989 | 12,482 | 507 | 38,200 |
| 12/31/2008 | 18,428 | 17,886 | 542 | 36,311 | 12/31/2009 | 9,410 | 8,612 | 799 | 18,006 | 12/31/2010 | 12,989 | 12,607 | 382 | 25,593 |
| 12/31/2009 | 18,428 | 18,065 | 363 | 18,246 | 12/31/2010 | 9,410 | 8,870 | 540 | 9,136 | 12/31/2011 | 12,989 | 12,733 | 256 | 12,860 |
| 12/31/2010 | 18,428 | 18,246 | 182 | 0 | 12/31/2011 | 9,410 | 9,136 | 274 | (0) | 12/31/2012 | 12,989 | 12,860 | 129 | 0 |
| | | \$332,550 | \$36,017 | \$3,269,176 | | | \$140,000 | \$48,204 | \$1,466,799 | | | \$234,390 | \$25,386 | \$2,304,201 |

City of Tumwater
Water Fund
Exhibit 3
Water System Debt

| PWTF #4 5-98-791-066 | | | | |
|-------------------------|----------|-------------|-----------|--------------|
| Date | Payment | Principal | Interest | P&I |
| | | | 1% | \$1,019,900 |
| 12/31/1998 | \$56,518 | \$46,319 | \$10,199 | \$973,581 |
| 12/31/1999 | 56,518 | 46,782 | 9,736 | 926,799 |
| 12/31/2000 | 56,518 | 47,250 | 9,268 | 879,549 |
| 12/31/2001 | 56,518 | 47,723 | 8,795 | 831,826 |
| 12/31/2002 | 56,518 | 48,200 | 8,318 | 783,626 |
| 12/31/2003 | 56,518 | 48,682 | 7,836 | 734,944 |
| 12/31/2004 | 56,518 | 49,169 | 7,349 | 685,776 |
| 12/31/2005 | 56,518 | 49,660 | 6,858 | 636,115 |
| 12/31/2006 | 56,518 | 50,157 | 6,361 | 585,958 |
| 12/31/2007 | 56,518 | 50,658 | 5,860 | 535,300 |
| 12/31/2008 | 56,518 | 51,165 | 5,353 | 484,135 |
| 12/31/2009 | 56,518 | 51,677 | 4,841 | 432,458 |
| 12/31/2010 | 56,518 | 52,193 | 4,325 | 380,265 |
| 12/31/2011 | 56,518 | 52,715 | 3,803 | 327,549 |
| 12/31/2012 | 56,518 | 53,243 | 3,275 | 274,307 |
| 12/31/2013 | 56,518 | 53,775 | 2,743 | 220,532 |
| 12/31/2014 | 56,518 | 54,313 | 2,205 | 166,219 |
| 12/31/2015 | 56,518 | 54,856 | 1,662 | 111,363 |
| 12/31/2016 | 56,518 | 55,404 | 1,114 | 55,958 |
| 12/31/2017 | 56,518 | 55,958 | 560 | 0 |
| | | \$1,019,900 | \$110,462 | \$10,026,259 |

| 2003 Refunding Bond Matures 2015 | | | | |
|-------------------------------------|-----------|-------------|-----------|-------------|
| Date | Payment | Principal | Interest | P&I |
| | \$2,003 | | 2.94% | \$4,085,000 |
| 12/31/2010 | \$382,638 | \$321,017 | \$52,571 | \$3,763,983 |
| 12/31/2011 | 382,638 | 337,067 | 42,941 | 3,426,916 |
| 12/31/2012 | 382,638 | 345,093 | 32,829 | 3,081,823 |
| 12/31/2013 | 382,638 | 361,144 | 22,476 | 2,720,680 |
| 12/31/2014 | 382,638 | 180,572 | 11,642 | 2,540,108 |
| 12/31/2015 | 382,638 | 184,584 | 5,999 | 2,355,524 |
| | | \$1,729,477 | \$168,458 | |