

**LEBANON UTILITIES  
2018 BUDGET - FINAL**

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# Lebanon Electric Utility

## 2018 Budget - Final

# ELECTRIC UTILITY

## 2018 Budget - Final

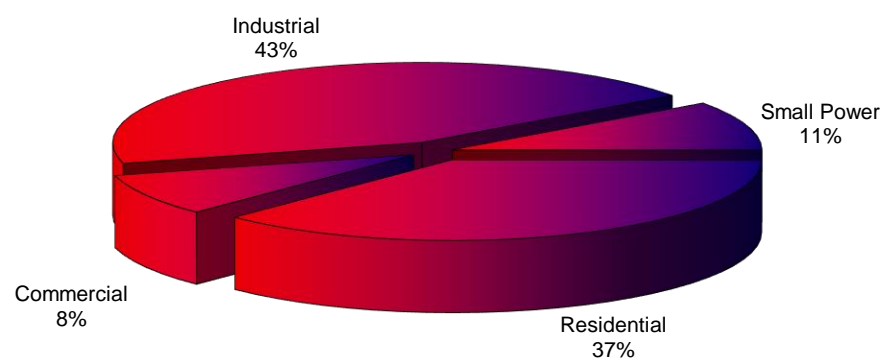
### Revenues

|                                 | Actual<br>2016    | Budget<br>2017    | 9 Months<br>2017  | Rolling<br>12 Months | Proposed<br>2018  |
|---------------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| <b>Operating Revenue</b>        |                   |                   |                   |                      |                   |
| Residential                     | 8,552,629         | 8,750,859         | 6,335,635         | 8,228,976            | 8,122,284         |
| Commercial                      | 1,950,546         | 1,997,271         | 1,426,235         | 1,864,242            | 1,834,176         |
| Industrial                      | 9,682,321         | 9,810,881         | 7,476,786         | 9,769,152            | 9,613,490         |
| Small Power                     | 2,284,153         | 2,319,630         | 1,672,247         | 2,212,960            | 2,163,779         |
| Street & Highway Lighting       | 97,250            | 95,016            | 82,955            | 110,199              | 107,543           |
| Security Lights                 | 58,994            | 58,988            | 44,487            | 60,035               | 58,130            |
| Interdepartmental               | 106,460           | 109,129           | 79,163            | 102,277              | 101,222           |
| Late Penalties                  | 87,921            | 87,561            | 70,856            | 92,941               | 91,281            |
| <b>Total Revenue from Sales</b> | <b>22,820,274</b> | <b>23,229,335</b> | <b>17,188,364</b> | <b>22,440,782</b>    | <b>22,091,906</b> |
| <b>Other Revenue</b>            |                   |                   |                   |                      |                   |
| Interest                        | 23,506            | 24,809            | 17,896            | 22,346               | 23,104            |
| Other                           | 155,977           | 448,765           | 285,584           | 297,502              | 185,923           |
| <b>Total Other Revenues</b>     | <b>179,483</b>    | <b>473,574</b>    | <b>303,480</b>    | <b>319,848</b>       | <b>209,027</b>    |
| <b>Total Revenue</b>            | <b>22,999,757</b> | <b>23,702,909</b> | <b>17,491,844</b> | <b>22,760,630</b>    | <b>22,300,933</b> |

**Note:** A growth factor of 2% and an estimated decrease of 4.5% in purchased power was used in determining the proposed 2018 revenues.  
The (4.5)% will be passed on to the customers via the ECA.

The 10 year planning study shows growth in the range  
of 1.8% to 3.5%.

**Projected Operating Revenue by Rate Class**



| Rate Class          | Number of<br>Customers |
|---------------------|------------------------|
| Residential         | 7,702                  |
| Commercial          | 1,015                  |
| Commercial - Sm Pwr | 250                    |
| Industrial - Lg Pwr | 121                    |
| Municipal           | 62                     |
| <b>Total</b>        | <b>9,150</b>           |
|                     | (As of 09-17)          |

# ELECTRIC UTILITY

## 2018 Budget - Final

### Revenues/Expenses

|                                      | Actual<br>2016    | Budget<br>2017    | 9 Months<br>2017  | Rolling<br>12 Months | Proposed<br>2018  |         |
|--------------------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|---------|
| <b>Operating Revenues</b>            |                   |                   |                   |                      |                   |         |
| Residential                          | 8,552,629         | 8,750,859         | 6,335,635         | 8,228,976            | 8,122,284         | (1),(2) |
| Commercial                           | 1,950,546         | 1,997,271         | 1,426,235         | 1,864,242            | 1,834,176         | (1),(2) |
| Industrial                           | 9,682,321         | 9,810,881         | 7,476,786         | 9,769,152            | 9,613,490         | (1),(2) |
| Small Power                          | 2,284,153         | 2,319,630         | 1,672,247         | 2,212,960            | 2,163,779         | (1),(2) |
| Street & Highway Lighting            | 97,250            | 95,016            | 82,955            | 110,199              | 107,543           | (1),(2) |
| Security Lights                      | 58,994            | 58,988            | 44,487            | 60,035               | 58,130            | (1),(2) |
| Interdepartmental                    | 106,460           | 109,129           | 79,163            | 102,277              | 101,222           | (1),(2) |
| Late Penalties                       | 87,921            | 87,561            | 70,856            | 92,941               | 91,281            | (1),(2) |
| <b>Total Operating Revenue</b>       | <b>22,820,274</b> | <b>23,229,335</b> | <b>17,188,364</b> | <b>22,440,782</b>    | <b>22,091,906</b> |         |
| <b>Other Revenue</b>                 |                   |                   |                   |                      |                   |         |
| Other                                | 155,977           | 448,765           | 285,584           | 297,502              | 185,923           | (3)     |
| <b>Total Other Revenue</b>           | <b>155,977</b>    | <b>448,765</b>    | <b>285,584</b>    | <b>297,502</b>       | <b>185,923</b>    |         |
| <b>Total Revenue (less Interest)</b> | <b>22,976,251</b> | <b>23,678,100</b> | <b>17,473,948</b> | <b>22,738,284</b>    | <b>22,277,830</b> |         |
| <b>Purchased Services</b>            |                   |                   |                   |                      |                   |         |
| Purchased Power                      | 17,857,037        | 18,114,537        | 13,273,627        | 17,318,262           | 16,777,948        | (4)     |
| Telephone                            | 16,838            | 16,006            | 11,995            | 16,800               | 16,725            |         |
| Contractual Services - Testing       | 18,572            | 130,000           | 138,825           | 144,163              | 7,500             | (5)     |
| Contractual Services - IT            | 66,319            | 62,400            | 69,638            | 90,987               | 65,136            | (6)     |
| Contractual Services - Other         | 197,619           | 159,971           | 144,981           | 228,321              | 199,512           | (7)     |
| Accounting Fees                      | 11,411            | 11,100            | 237               | 237                  | 11,100            | (8)     |
| Engineering Fees                     | 125,465           | 74,193            | 34,628            | 105,297              | 50,000            | (9)     |
| Legal Fees                           | 38,241            | 43,078            | 45,790            | 52,122               | 57,719            | (10)    |
| Utilities                            | 33,950            | 34,328            | 34,321            | 42,461               | 44,993            | (11)    |
| <b>Total Purchased Services</b>      | <b>18,365,452</b> | <b>18,645,613</b> | <b>13,754,042</b> | <b>17,998,650</b>    | <b>17,230,633</b> |         |
| <b>Wages &amp; Benefits</b>          |                   |                   |                   |                      |                   |         |
| Operation Supervision                | 54,907            | 80,195            | 87,165            | 94,598               | 119,707           | (12)    |
| Engineering                          | 75,435            | 122,614           | 126,655           | 163,779              | 153,940           | (12)    |
| Line Work                            | 303,381           | 339,224           | 318,338           | 342,299              | 437,184           | (12)    |
| Bond Work                            | 86,507            | 50,871            | 2,184             | 51,649               | 2,999             | (12)    |
| Line Locating                        | 25,238            | 25,806            | 14,279            | 20,727               | 19,610            | (12)    |
| Mapping                              | 1,657             | 893               | 4,610             | 5,617                | 6,331             | (12)    |
| Tree Trimming                        | 162               | 0                 | 136               | 298                  | 187               | (12)    |
| Meter Reading                        | 51,975            | 46,935            | 47,163            | 64,962               | 64,771            | (12)    |
| Billing                              | 27,495            | 29,510            | 15,752            | 21,759               | 21,633            | (12)    |
| Administrative                       | 143,564           | 140,680           | 99,444            | 140,572              | 169,570           | (12)    |
| Office Personnel                     | 88,313            | 106,017           | 71,197            | 96,875               | 148,673           | (12)    |
| Sick/Vacation Pay                    | 174,332           | 154,413           | 122,587           | 184,482              | 168,353           | (12)    |
| FICA Taxes                           | 83,991            | 84,325            | 74,250            | 99,903               | 111,984           | (12)    |
| Group Insurance                      | 392,847           | 525,680           | 307,136           | 403,619              | 500,889           | (13)    |
| Pension                              | 239,285           | 184,257           | 137,711           | 239,491              | 189,769           | (14)    |
| Miscellaneous Payroll                | 135,271           | 123,412           | 69,055            | 146,879              | 94,836            | (12)    |

|                                   |                         |                         |                         |                         |                         |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Total Wages &amp; Benefits</b> | <b><u>1,884,360</u></b> | <b><u>2,014,832</u></b> | <b><u>1,497,662</u></b> | <b><u>2,077,509</u></b> | <b><u>2,210,434</u></b> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|

**ELECTRIC UTILITY  
2018 Budget - Final**

**Revenues/Expenses (Cont.)**

|   | <b>Actual<br/>2016</b> | <b>Budget<br/>2017</b> | <b>9 Months<br/>2017</b> | <b>Rolling<br/>12 Months</b> | <b>Proposed<br/>2018</b> |      |
|---|------------------------|------------------------|--------------------------|------------------------------|--------------------------|------|
| <b>Operating Supplies &amp; Expense</b>       |                        |                        |                          |                              |                          |      |
| Station Expenses                              | 1,951                  | 2,321                  | 3,362                    | 3,362                        | 2,501                    |      |
| Street Lights and Signals                     | 6,546                  | 4,667                  | 7,029                    | 9,654                        | 8,703                    |      |
| Security Lights                               | 0                      | 750                    | 121                      | 121                          | 894                      |      |
| Meter Expense                                 | 7,685                  | 6,360                  | 8,303                    | 10,961                       | 8,236                    | (15) |
| Meter Repair & Maintenance                    | 323                    | 2,884                  | 0                        | 0                            | 0                        |      |
| Tools & Equipment                             | 18,435                 | 29,137                 | 18,504                   | 13,281                       | 19,807                   |      |
| Safety Equipment                              | 13,978                 | 5,396                  | 7,322                    | 18,025                       | 14,172                   |      |
| Rents   | 7,463                  | 9,646                  | 0                        | 0                            | 1,000                    |      |
| Maintenance of Lines                          | 84,334                 | 107,657                | 76,735                   | 102,980                      | 90,700                   |      |
| Maintenance of Transformers                   | 6,637                  | 7,898                  | 0                        | 0                            | 2,000                    | (16) |
| Maintenance of Station Equipment              | 7,770                  | 5,987                  | 53                       | 2,672                        | 1,399                    |      |
| Fiber   | 139                    | 166                    | 0                        | 0                            | 0                        |      |
| General Maintenance                           | 28,845                 | 22,345                 | 12,505                   | 38,472                       | 25,124                   | (17) |
| Office Supplies                               | 6,559                  | 7,291                  | 5,164                    | 6,761                        | 7,460                    |      |
| Janitorial Services                           | 11,417                 | 17,824                 | 13,368                   | 17,824                       | 17,824                   |      |
| Interior Landscaping                          | 0                      | 177                    | 0                        | 0                            | 177                      |      |
| Exterior Landscaping                          | 5,612                  | 1,979                  | 2,051                    | 4,581                        | 1,979                    |      |
| Computer Equipment                            | 2,946                  | 3,100                  | 6,214                    | 7,063                        | 6,471                    |      |
| Software Expense                              | 5,174                  | 6,510                  | 7,750                    | 8,305                        | 6,510                    |      |
| Maintenance Agreements                        | 53,807                 | 62,240                 | 46,524                   | 47,516                       | 81,769                   | (18) |
| Dues & Subscriptions                          | 10,500                 | 13,585                 | 11,946                   | 11,503                       | 13,418                   |      |
| Postage                                       | 2,610                  | 3,421                  | 411                      | 470                          | 519                      |      |
| Insurance                                     | 67,577                 | 69,150                 | 63,928                   | 63,711                       | 65,207                   |      |
| Conference & Training                         | 47,488                 | 59,167                 | 34,109                   | 48,356                       | 48,994                   |      |
| Promotion                                     | 4,188                  | 5,988                  | 1,567                    | 1,568                        | 10,219                   |      |
| Employee Recognition                          | 130                    | 1,550                  | 612                      | 641                          | 1,550                    |      |
| Transportation                                | 29,394                 | 35,608                 | 22,105                   | 27,913                       | 29,267                   |      |
| Uniforms                                      | 11,464                 | 15,000                 | 20,993                   | 23,983                       | 20,507                   |      |
| SCADA Expense                                 | 217                    | 258                    | 78                       | 78                           | 93                       |      |
| Payment in Lieu of Taxes                      | 139,574                | 141,882                | 115,309                  | 150,560                      | 156,820                  |      |
| Depreciation Expense                          | 609,921                | 607,508                | 638,458                  | 801,683                      | 868,303                  |      |
| Amortization of Deferred Costs                | (12,484)               | (12,480)               | (9,363)                  | (12,480)                     | (12,480)                 |      |
| Gross Income Tax                              | 328,500                | 315,496                | 244,000                  | 326,500                      | 317,334                  | (19) |
| Bad Debt Expense                              | 59,383                 | 116,147                | 116,147                  | 116,147                      | 110,460                  | (20) |
| Lease Rental Payments - Principal             | 68,029                 | 68,913                 | 68,913                   | 68,912                       | 70,680                   | (21) |
| Lease - Copiers/Printers                      | 3,213                  | 3,502                  | 3,119                    | 3,815                        | 4,067                    |      |
| Bank Fees - Credit Card                       | 34,421                 | 34,112                 | 29,491                   | 38,528                       | 39,703                   |      |
| Miscellaneous                                 | 102,748                | 208,634                | 50,379                   | 73,760                       | 73,442                   |      |
| <b>Total Operating Supplies &amp; Expense</b> | <b>1,776,494</b>       | <b>1,991,776</b>       | <b>1,627,207</b>         | <b>2,037,226</b>             | <b>2,114,827</b>         |      |
| <b>Total Expenses</b>                         | <b>22,026,306</b>      | <b>22,652,221</b>      | <b>16,878,911</b>        | <b>22,113,385</b>            | <b>21,555,895</b>        |      |
| <b>Operating Income</b>                       | <b>949,945</b>         | <b>1,025,879</b>       | <b>595,037</b>           | <b>624,899</b>               | <b>721,935</b>           |      |
| <b>Interest</b>                               |                        |                        |                          |                              |                          |      |
| Interest Revenue                              | 23,506                 | 24,809                 | 17,896                   | 22,346                       | 23,104                   |      |
| Interest Expense                              | (373,501)              | (356,148)              | (271,443)                | (360,093)                    | (338,248)                | (22) |
| <b>Total Interest Revenue (Expense)</b>       | <b>(349,995)</b>       | <b>(331,339)</b>       | <b>(253,547)</b>         | <b>(337,747)</b>             | <b>(315,144)</b>         |      |
| <b>Extraordinary Items</b>                    |                        |                        |                          |                              |                          |      |
| Gain on Sale of Assets                        | 1,100                  | 0                      | 0                        | 0                            | 0                        |      |
| Loss on Sale of Assets                        | (10,528)               | (7,500)                | (3,030)                  | (6,247)                      | (7,500)                  |      |
| <b>Total Extraordinary Items</b>              | <b>(9,428)</b>         | <b>(7,500)</b>         | <b>(3,030)</b>           | <b>(6,247)</b>               | <b>(7,500)</b>           |      |

|            |                |                |                |                |                |
|------------|----------------|----------------|----------------|----------------|----------------|
| Net Margin | <u>590,522</u> | <u>687,040</u> | <u>338,460</u> | <u>280,905</u> | <u>399,290</u> |
|------------|----------------|----------------|----------------|----------------|----------------|



## **ELECTRIC UTILITY 2018 Budget - Final**

### **Notes to Proposed Revenue and Expenses**

| Note | Description   |
|------|---|
| (1)  | A growth factor of 2% was used in determining the proposed 2017 revenues.   |
| (2)  | An estimated average decrease in purchased power costs of 6.05%. Approximately 75% of which will be passed on to customers via the tracker adjustment.  |
| (3)  | This amount includes miscellaneous revenue such as pole attachments and the sale of scrap metal.  |
| (4)  | A 6.05% <u>decrease</u> in purchased power costs has been estimated using estimates by IMPA. Again, a portion of this will be passed to customers via the tracker adjustment factor.  |
| (5)  | Testing includes \$10,000 for meter testing and \$50,000 for substation testing.  |
| (6)  | Contractual Services for IT - Year 3 of a 3 year agreement.   |
| (7)  | Estimated amount for miscellaneous contractual services needed by the different departments. Also, includes amounts for a new billing/CRM system and \$70,000 for contracting out tree trimming.  |
| (8)  | Accounting fees include State Board of Accounts audit costs and possible look at rate structure.  |
| (9)  | Includes the use of Spectrum for engineering services assistance. The services include engineering services, relay engineering, doble client, civil engineering, system study confirmation, and operational and engineering insight. This amount only represents the operational portion of work to be performed. |
| (10) | General legal counsel.  |
| (11) | Electric's portion of shared utility bills along with all utility bills for their individual facility. The new Electric Operations Building has been factored in also.  |
| (12) | Assumes a 3% increase to be split between inflation and merit. Also, includes a new Substation Technician (80,000) and an Electric Operation Assistant (\$38,000).  |
| (13) | Assumes a 8.4% increase in group health insurance. Also assumes two (2) additional employees with family insurance (\$67,000).  |
| (14) | Funding of the Defined Benefit Plan and the Defined Contribution Plan. No increase budgeted other than the employee portion as it is based on gross wages and the addition of two (2) additional employees (\$7,080).   |
| (15) | Miscellaneous meter expenses only. With the implementation of AMI all meters have been capitalized, however, endpoints or other parts may need to be replaced.  |
| (16) | Transformer maintenance is used for refurbishments of existing transformers.  |
| (17) | Estimated and then allowed for the usual winter contingencies.  |

**ELECTRIC UTILITY  
2018 Budget - Final**

**Notes to Proposed Revenue and Expenses (Cont.)**

| Note | Description   |
|------|---|
| (18) | General maintenance agreements on items such as SCADATA, SCATA, Northstar, Microsoft, m-care and other misc. systems. |
| (19) | Utility receipts tax is equal to 1.2% of total revenues.  |
| (20) | A bad debt allowance has been set at .5%.   |
| (21) | Lease rental principal on municipal building.   |
| (22) | Lease rental interest on municipal building plus interest on 2013 Revenue Bonds.                                      |

**ELECTRIC UTILITY**  
**2018 Budget - Final**  
**Capital Additions**

| Item | Class | Description   | Code | Amount    | Notes   |
|------|-------|---|------|-----------|---------|
| 1    | A     | <b>69KV - South Loop</b> - Secondary transmission service point from Duke to Central Sub.   | 3    | 2,047,742 |         |
| 2    | A     | <b>Automated Meter Infrastructure</b> - Upgrading to an AMI Project.  | 3    | 1,700,000 |         |
| 3    | D     | <b>Bucket Truck</b> - Replacement of Chevy Duramax Bucket truck (Truck #17).  | 2    | 225,000   | (a),(b) |
| 4    | A     | <b>System Upgrades</b> - Upgrade 12kv system as required (1272, 1261).  | 2    | 120,000   |         |
| 5    | A     | <b>SCADA Upgrade</b> - Replace all RTU's and associated equipment.  | 2    | 100,000   |         |
| 6    | C     | <b>Service to New Facilities</b> - Ongoing service extensions for new customers (est. 30 homes, 4 commercial, 2 industrial).  | 1    | 100,000   |         |
| 7    | A     | <b>Ulen Electric Facility Upgrade</b> - Transformer and primary cable replacement (safety issue).   | 2    | 80,000    |         |
| 8    | C     | <b>Replacement of Underground Primary Conductor</b> - Targeted underground cable replacement based on failures and outage reports (est. 1,000' 3*, 3,000' 1*).      | 2    | 75,000    |         |
| 9    | C     | <b>Electric's Portion of the IT Budget</b> - The estimated cost to the Electric Utility for IT Functions.   | 1    | 69,018    |         |
| 10   | C     | <b>System Maintenance</b> - Replace/install approximately (1) mile of distribution line.  | 2    | 60,000    |         |
| 11   | C     | <b>New and Replacement Transformers</b> - Ongoing transformer purchase allotment for new units  | 2    | 60,000    |         |
| 12   | D     | <b>Electric's Portion of Administration Vehicles</b> - Electric's portion of administrative vehicle replacements in agreement with our vehicle replacement program. | 2    | 25,000    | (a),(b) |
| 13   | B     | <b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster (24 hour   | 1    | 10,000    |         |
| 14   | A     | <b>Transformer Dolly</b> - Apparatus used to move pad mount transformers into rear lots and properties with little to no damage.                                    | 1    | 8,500     |         |
| 15   | A     | <b>Hot Arms (Arm Mount)</b> - Insulated arms that attach, temporarily to the ends of cross arms to move wires out of the way so that new can be                     | 1    | 5,400     |         |

put in.

**ELECTRIC UTILITY**  
**2018 Budget - Final**  
**Capital Additions (Cont.)**

| Item | Class | Description  | Code | Amount | Notes |
|------|-------|--|------|--------|-------|
| 16   | A     | <b>Truck 7</b> - Truck bed is rusting and needs sandblasted and repainted.   | 2    | 3,000  |       |
| 17   | A     | <b>Extended Hot Sticks</b> - (3) 40' tall, fiberglass hot sticks that collapse into 5' sections. These are used to operate fused disconnects and switches from the ground. | 1    | 1,900  |       |
| 18   | A     | <b>Extended Hot Sticks</b> - (3) 12' fiberglass sticks that are used to operate the fronts of pad mount transformers and underground switches.                             | 1    | 1,250  |       |

TOTAL

4,691,810

Operational Cash Flow

196,068

Other

748,000

Bond

3,747,742

TOTAL

4,691,810

**Code:**

**Class:**

|   |                       |   |  |
|---|-----------------------|---|--|
| 1 | Operational Cash Flow | A | Must Accomplish This Year  |
| 2 | Reserves              | B | Accomplish for Improvement of System Integrity                   |
| 3 | Bonding               | C | Ongoing Program - Accomplish for Improvement of System Integrity |
| 4 | Other                 | D | Ongoing Program - Long Term/Short Term & Vehicles/Equipment      |

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**

# ELECTRIC UTILITY

## 2018 Budget - Final

### Capital Projects - 5 Years Beyond Fiscal Year 2018

| Item | Description   | Projected<br>2019                              | Projected<br>2020                              | Projected<br>2021                              | Projected<br>2022                                     | Projected<br>2023                                   | Total<br>Amount |
|------|---|--|--|--|---|---|-----------------|
| 1    | <b>System Model Future Projects</b><br>On-going system improvements to provide operational flexibility.   | 256,000  | 260,000  | 369,000  | 235,054   | 239,000   | 1,359,054       |
|      |   | Automated<br>Switching<br>Devices -<br>Group A | Automated<br>Switching<br>Devices -<br>Group B | Automated<br>Switching<br>Devices -<br>Group C | Reconductor<br>69kv Lines<br>from Central to<br>West. | Reconductor<br>69kv Lines<br>from West to<br>North. |                 |
| 2    | <b>Residential Subdivisions</b><br>Install electric utility service facilities.   | 100,000  | 110,000  | 120,000  | 144,000   | 163,000   | 637,000         |
| 3    | <b>10 Year Vehicle Replacement Program</b><br>Ongoing program and includes electric's portion of multi-departmental vehicle/equipment replacement program- five of ten years. | 185,000  | 240,850  | 10,850   | 0   | 52,633  | 489,333         |
| 4    | <b>New and Replacement Transformers</b><br>Both O.H. and pad mounted types.   | 64,000   | 70,000   | 77,000   | 87,000  | 98,000  | 396,000         |
| 5    | <b>Replacement Program for Deteriorated Cable</b><br>On-going program to replace deteriorated cable.  | 42,000   | 46,000   | 50,000   | 55,000  | 62,000  | 255,000         |
| 6    | <b>AMR/AMI Replacement Program</b><br>On-going program to replace old AMR Meters and upgrade to AMI and for new business.   | 50,000   | 50,000   | 50,000   | 50,000  | 50,000  | 250,000         |
| 7    | <b>IT Budget</b><br>On-going program. See IT 5-year capital budget for breakdown.   | 11,780   | 1,550  | 1,550  | 1,550   | 1,550   | 17,980          |

# ELECTRIC UTILITY 2018 Budget - Final

## Capital Projects - 5 Years Beyond Fiscal Year 2018

| Item | Description  | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 | Projected<br>2022 | Total<br>Amount  |
|------|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| 8    | <b>SCADA, Pictometry &amp; Engineering Softwar</b><br>Additions and enhancements to existing software. | 2,500             | 2,500             | 2,500             | 2,500             | 2,500             | 12,500           |
|      | <b>Totals</b>  | <u>711,280</u>    | <u>780,900</u>    | <u>680,900</u>    | <u>575,104</u>    | <u>668,683</u>    | <u>3,416,867</u> |

**\*\*These figures do not include any future or anticipated annexation.**

**Electric Utility**  
**Projected Cash Analysis**

|  | <u>2018</u>             | <u>2019</u>             | <u>2020</u>           | <u>2021</u>             | <u>2022</u>             | <u>2023</u>             |
|--|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| Total Cash & Investments - Beginning of Year<br>Not Restricted by Ordinance/Regulation             | 8,608,988               | 4,642,270               | 4,810,842             | 4,931,034               | 5,317,395               | 5,984,079               |
| Add:   |                         |                         |                       |                         |                         |                         |
| Projected Operating Income (A)   | 22,277,830              | 23,378,354              | 24,533,245            | 25,745,187              | 27,017,000              | 28,351,639              |
| Interest   | 23,104                  | 23,211                  | 24,054                | 24,655                  | 26,587                  | 29,920                  |
| Depreciation   | 868,303                 | 885,669                 | 903,382               | 921,450                 | 939,879                 | 958,677                 |
| Less:  |                         |                         |                       |                         |                         |                         |
| Projected Operational Expenses (B)   | (21,555,895)            | (22,532,377)            | (23,693,094)          | (24,766,391)            | (25,888,308)            | (27,061,049)            |
| Bond Principal and Interest  | <u>(888,249)</u>        | <u>(875,006)</u>        | <u>(866,496)</u>      | <u>(857,641)</u>        | <u>(853,369)</u>        | <u>(848,657)</u>        |
| Estimated Cash & Investments Before Capital Expenditures<br>Not Restricted by Ordinance/Regulation | 9,334,080               | 5,522,122               | 5,711,934             | 5,998,295               | 6,559,183               | 7,414,610               |
| Less:  |                         |                         |                       |                         |                         |                         |
| Projected Capital Expenditures   | <u>(4,691,810)</u>      | <u>(711,280)</u>        | <u>(780,900)</u>      | <u>(680,900)</u>        | <u>(575,104)</u>        | <u>(668,683)</u>        |
| Estimated Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | 4,642,270               | 4,810,842               | 4,931,034             | 5,317,395               | 5,984,079               | 6,745,927               |
| Less: Two Months of Average Operating Income   | <u>(3,592,649)</u>      | <u>(3,755,396)</u>      | <u>(3,948,849)</u>    | <u>(4,127,732)</u>      | <u>(4,314,718)</u>      | <u>(4,510,175)</u>      |
| Available Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | <u><u>1,049,621</u></u> | <u><u>1,055,446</u></u> | <u><u>982,185</u></u> | <u><u>1,189,663</u></u> | <u><u>1,669,361</u></u> | <u><u>2,235,752</u></u> |

(A) Prior year plus increase of 4.94% which is the average change in the last 10 years.

(B) Prior year plus increase of 4.53% which is the average change in the last 10 years.

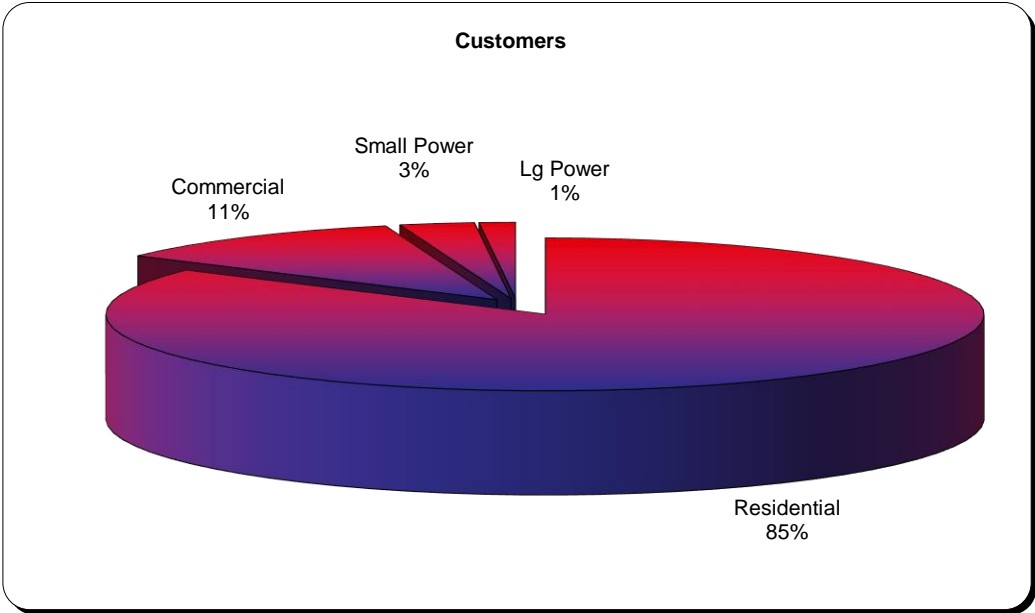


**ELECTRIC UTILITY  
2018 Budget - Final**

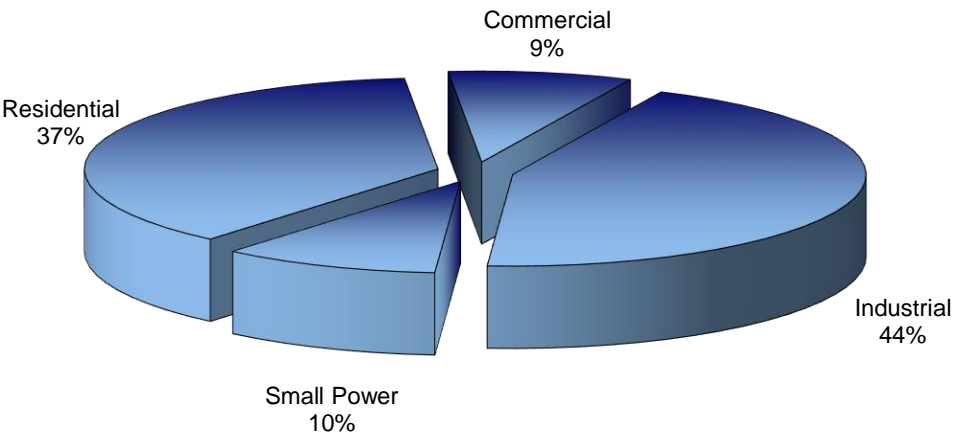
**Statistics**

**Number of Customers**

|             |       |
|-------------|-------|
| Residential | 7,702 |
| Commercial  | 1,015 |
| Small Power | 250   |
| Lg Power    | 121   |
| Municipal   | 62    |



**Projected 2018 Revenue**

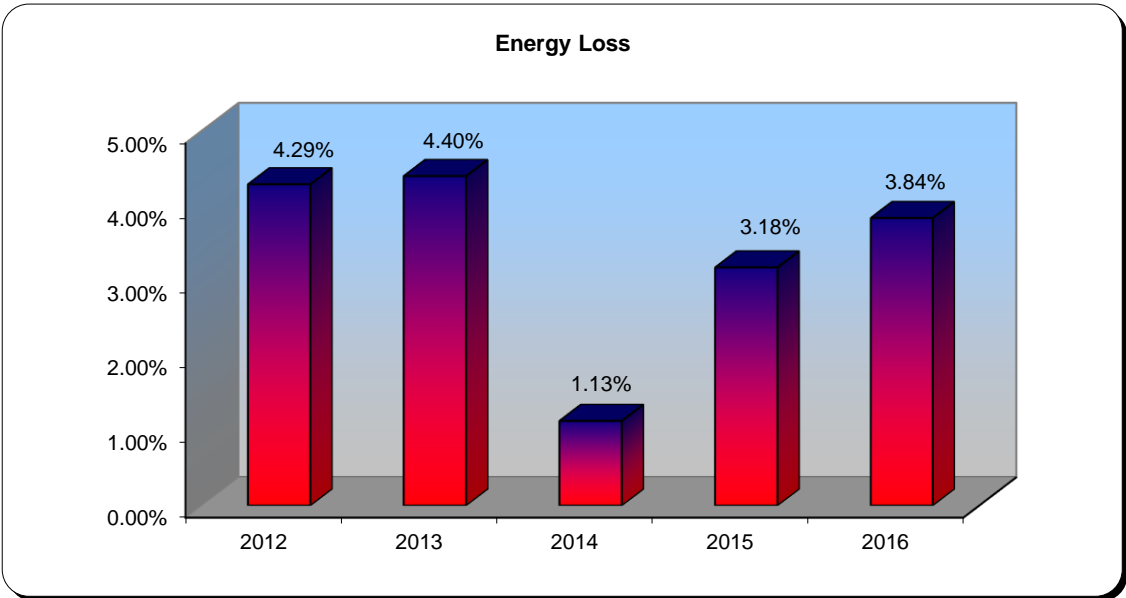


**Projected 2018 Revenue**

|             |           |
|-------------|-----------|
| Residential | 8,122,284 |
| Commercial  | 1,834,176 |
| Industrial  | 9,613,490 |
| Small Power | 2,163,779 |

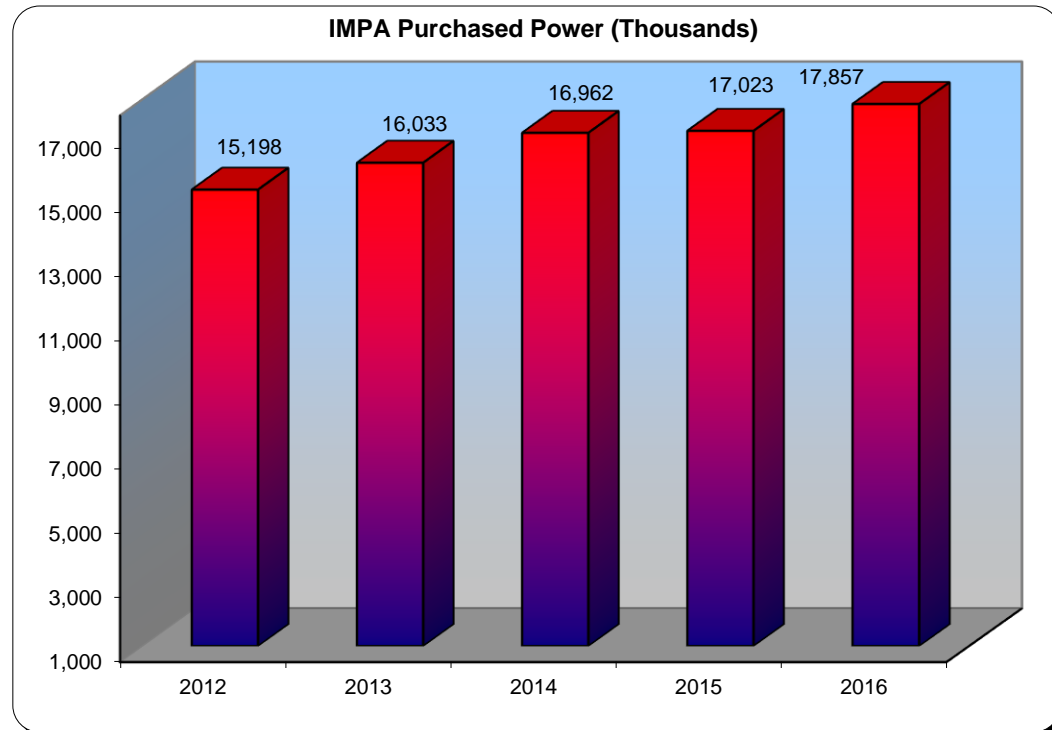
**Line Loss Factor**

|      |       |
|------|-------|
| 2012 | 4.29% |
| 2013 | 4.40% |
| 2014 | 1.13% |
| 2015 | 3.18% |
| 2016 | 3.84% |



# ELECTRIC UTILITY 2018 Budget - Final

## Statistics

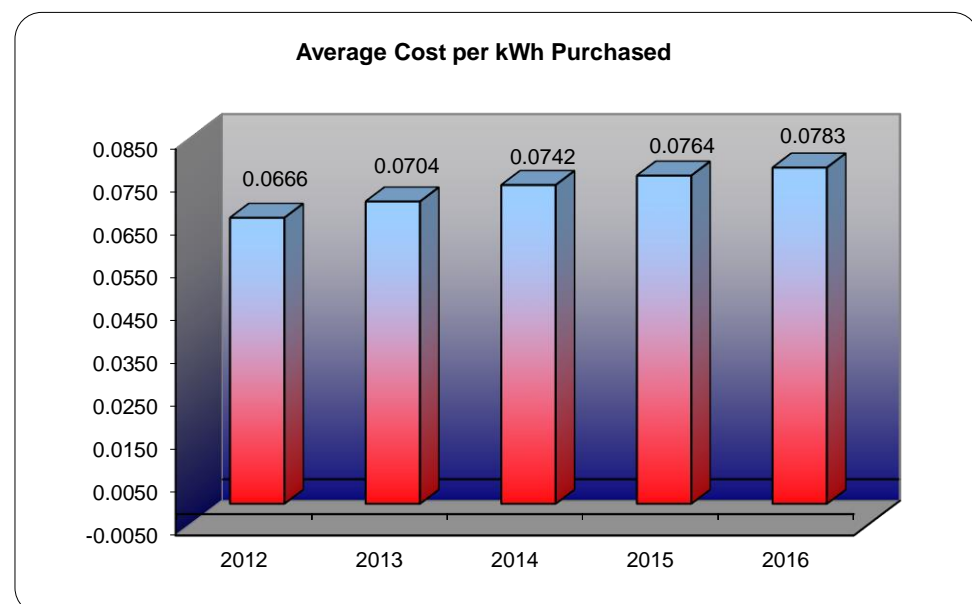
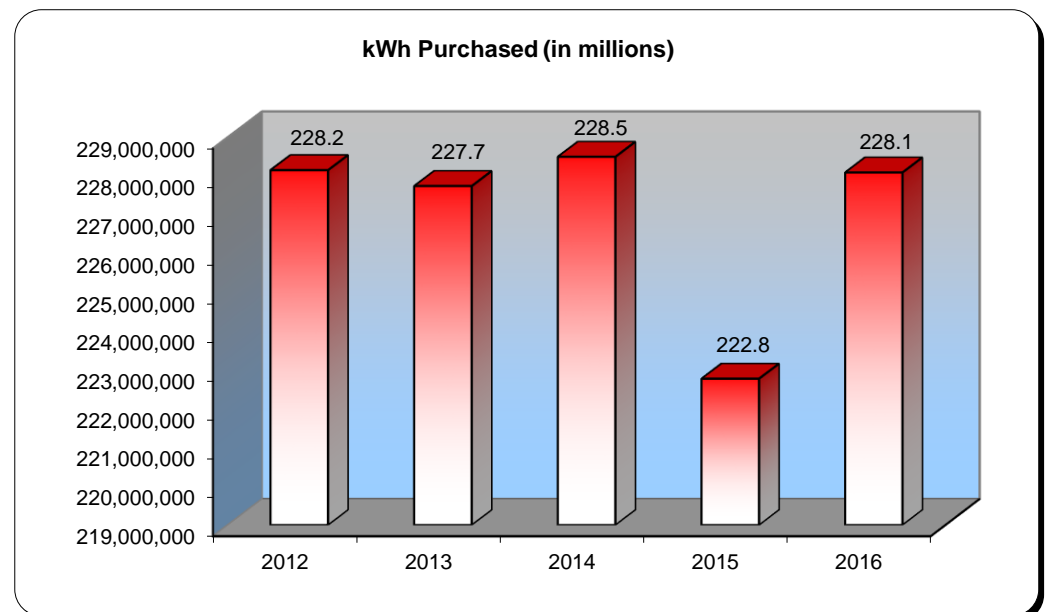


### IMPA Power Bill

|                                |            |
|--------------------------------|------------|
| 2012                           | 15,198,287 |
| 2013                           | 16,033,380 |
| 2014                           | 16,962,054 |
| 2015                           | 17,023,459 |
| 2016                           | 17,857,037 |
| **2017 Year to Date Thru Sept. | 13,273,627 |

### kWh Purchased

|                                |             |
|--------------------------------|-------------|
| 2012                           | 228,154,825 |
| 2013                           | 227,743,365 |
| 2014                           | 228,499,822 |
| 2015                           | 222,762,959 |
| 2016                           | 228,093,436 |
| **2017 Year to Date Thru Sept. | 168,850,382 |



### Average Cost per kWh Purchased

|                                |        |
|--------------------------------|--------|
| 2012                           | 0.0666 |
| 2013                           | 0.0704 |
| 2014                           | 0.0742 |
| 2015                           | 0.0764 |
| 2016                           | 0.0783 |
| **2017 Year to Date Thru Sept. | 0.0786 |

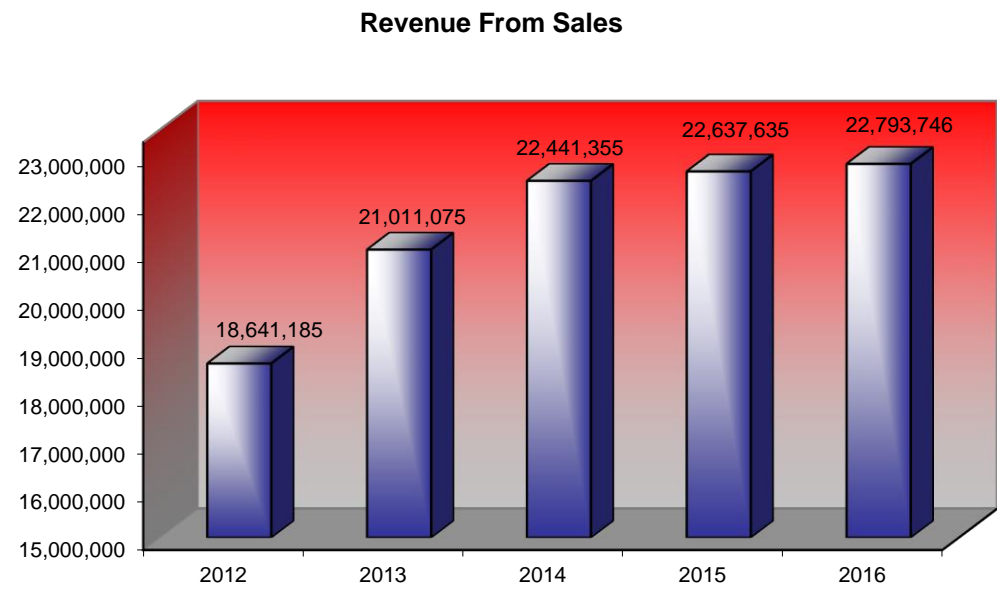
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# ELECTRIC UTILITY 2018 Budget - Final

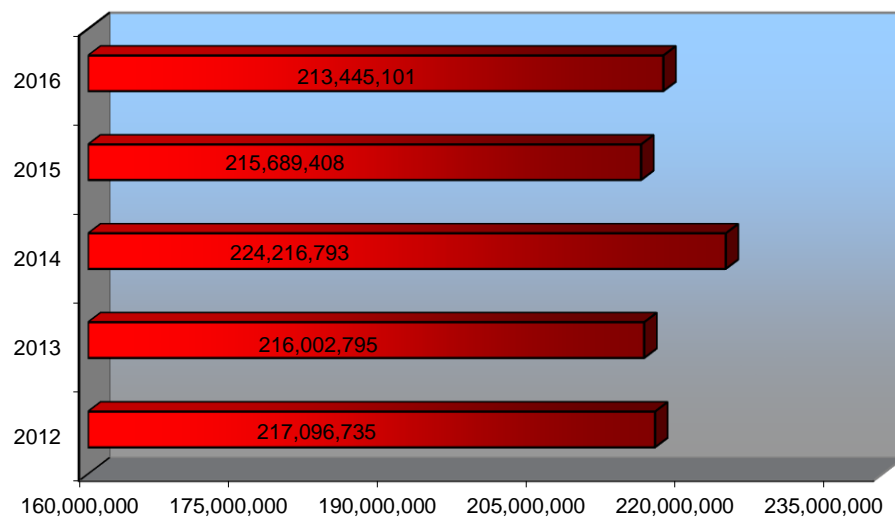
## Statistics

### Revenue From Sales

|                                |            |
|--------------------------------|------------|
| 2012                           | 18,641,185 |
| 2013                           | 21,011,075 |
| 2014                           | 22,441,355 |
| 2015                           | 22,637,635 |
| 2016                           | 22,793,746 |
| **2017 Year to Date Thru Sept. | 17,473,948 |



### kWh Sold

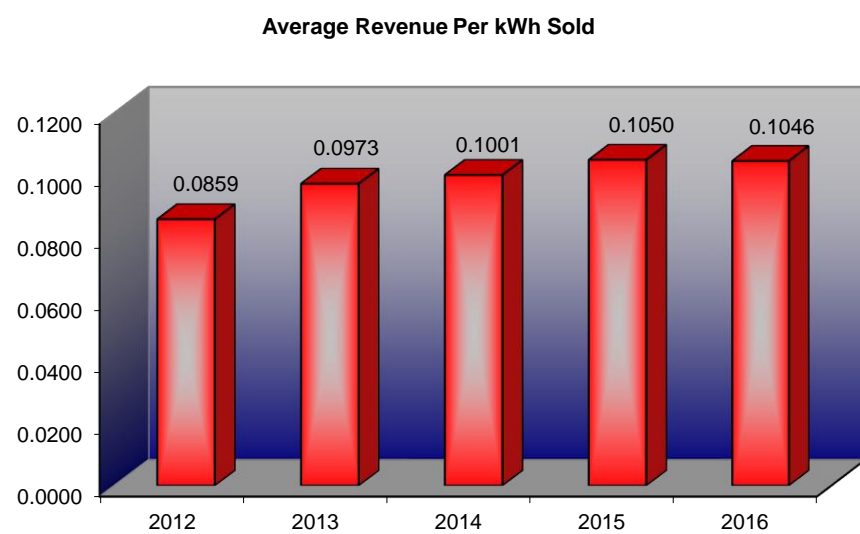


### Kilowatt Hours Sold

|                                |             |
|--------------------------------|-------------|
| 2012                           | 217,096,735 |
| 2013                           | 216,002,795 |
| 2014                           | 224,216,793 |
| 2015                           | 215,689,408 |
| 2016                           | 217,927,795 |
| **2017 Year to Date Thru Sept. | 164,511,402 |

### Average Revenue per kWh Sold

|                                |        |
|--------------------------------|--------|
| 2012                           | 0.0859 |
| 2013                           | 0.0973 |
| 2014                           | 0.1001 |
| 2015                           | 0.1050 |
| 2016                           | 0.1046 |
| **2017 Year to Date Thru Sept. | 0.1062 |





# Lebanon Water Utility

2018 Budget - Final

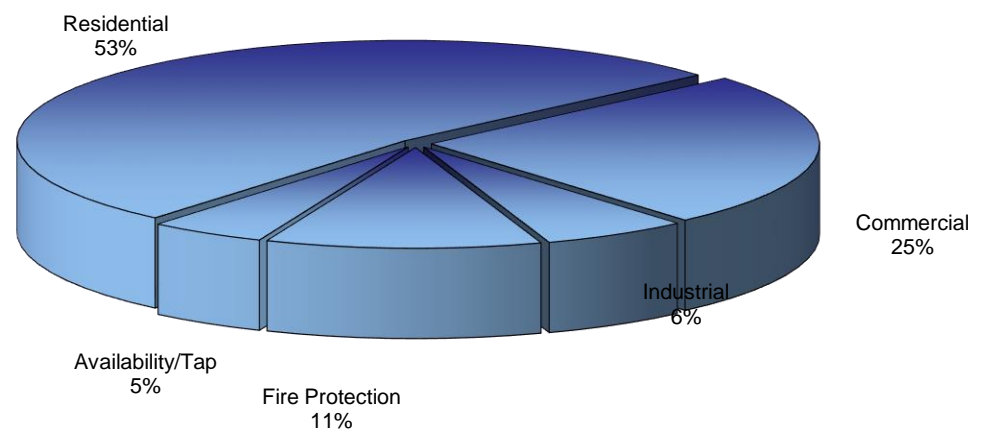
## WATER UTILITY 2018 Budget - Final

### Revenues

|                                 | Actual<br>2016   | Budget<br>2017   | 9 Months<br>2017 | Rolling<br>12 Months | Proposed<br>2018 |
|---------------------------------|------------------|------------------|------------------|----------------------|------------------|
| <b>Operating Revenue</b>        |                  |                  |                  |                      |                  |
| Residential                     | \$1,615,221      | \$1,654,227      | \$1,217,162      | \$1,612,349          | \$1,649,968      |
| Commercial                      | \$774,479        | \$759,007        | \$574,632        | \$775,568            | \$786,289        |
| Industrial                      | \$187,438        | \$193,850        | \$141,258        | \$186,053            | \$190,942        |
| Fire Protection                 | \$355,384        | \$364,755        | \$264,991        | \$353,005            | \$360,226        |
| Availability Fees               | \$72,169         | \$133,779        | \$644,380        | \$646,380            | \$153,000        |
| Rent                            | \$10,305         | \$10,710         | \$8,059          | \$10,336             | \$10,751         |
| Late Penalties                  | \$14,034         | \$14,146         | \$9,766          | \$13,463             | \$13,507         |
| <b>Total Revenue from Sales</b> | <b>3,029,030</b> | <b>3,130,474</b> | <b>2,860,248</b> | <b>3,597,154</b>     | <b>3,164,685</b> |
| <b>Other Revenue</b>            |                  |                  |                  |                      |                  |
| Interest                        | 8,318            | 8,099            | 8,838            | 11,381               | 11,814           |
| Other                           | 42,549           | 54,325           | 48,728           | 55,647               | 61,515           |
| <b>Total Other Revenues</b>     | <b>50,867</b>    | <b>62,424</b>    | <b>57,566</b>    | <b>67,028</b>        | <b>73,329</b>    |
| <b>Total Revenue</b>            | <b>3,079,897</b> | <b>3,192,898</b> | <b>2,917,814</b> | <b>3,664,182</b>     | <b>3,238,014</b> |

Note: A growth factor of 2% for residential, commercial and industrial was used in determining the proposed 2018 revenues.

**Projected Operating Revenue by Rate Class**



| Rate Class   | Number of<br>Customers |
|--------------|------------------------|
| Residential  | 5,764                  |
| Commercial   | 831                    |
| Industrial   | 68                     |
| Municipal    | 5                      |
| <b>Total</b> | <b>6,668</b>           |
|              | (As of 09/17)          |

# WATER UTILITY

## 2018 Budget - Final

### Revenues/Expenses

|                                      | <u>Actual<br/>2016</u>  | <u>Budget<br/>2017</u>  | <u>9 Months<br/>2017</u> | <u>Rolling<br/>12 Months</u> | <u>Proposed<br/>2018</u> |     |
|--------------------------------------|-------------------------|-------------------------|--------------------------|------------------------------|--------------------------|-----|
| <b>Operating Revenues</b>            |                         |                         |                          |                              |                          |     |
| Residential                          | 1,615,221               | 1,654,227               | 1,217,162                | 1,612,349                    | 1,649,968                | (1) |
| Commercial                           | 774,479                 | 759,007                 | 574,632                  | 775,568                      | 786,289                  | (1) |
| Industrial                           | 187,438                 | 193,850                 | 141,258                  | 186,053                      | 190,942                  | (1) |
| Fire Protection                      | 355,384                 | 364,755                 | 264,991                  | 353,005                      | 360,226                  | (1) |
| Availability Fees                    | 72,169                  | 133,779                 | 644,380                  | 646,380                      | 153,000                  | (1) |
| Rent                                 | 10,305                  | 10,710                  | 8,059                    | 10,336                       | 10,751                   | (1) |
| Late Penalties                       | 14,034                  | 14,146                  | 9,766                    | 13,463                       | 13,507                   | (1) |
| <b>Total Operating Revenue</b>       | <b><u>3,029,030</u></b> | <b><u>3,130,474</u></b> | <b><u>2,860,248</u></b>  | <b><u>3,597,154</u></b>      | <b><u>3,164,685</u></b>  |     |
| <b>Other Revenue</b>                 |                         |                         |                          |                              |                          |     |
| Other                                | 42,549                  | 54,325                  | 48,728                   | 55,647                       | 61,515                   |     |
| <b>Total Other Revenue</b>           | <b><u>42,549</u></b>    | <b><u>54,325</u></b>    | <b><u>48,728</u></b>     | <b><u>55,647</u></b>         | <b><u>61,515</u></b>     |     |
| <b>Total Revenue (less Interest)</b> | <b><u>3,071,579</u></b> | <b><u>3,184,799</u></b> | <b><u>2,908,976</u></b>  | <b><u>3,652,801</u></b>      | <b><u>3,226,200</u></b>  |     |
| <b>Purchased Services</b>            |                         |                         |                          |                              |                          |     |
| Engineering Fees                     | 48,391                  | 45,899                  | 189,518                  | 207,650                      | 70,000                   |     |
| Accounting Fees                      | 9,023                   | 7,000                   | 237                      | 237                          | 7,000                    | (2) |
| Legal Fees                           | 39,441                  | 39,821                  | 34,193                   | 42,565                       | 44,959                   |     |
| Contractual Services - Testing       | 7,684                   | 11,573                  | 5,571                    | 7,991                        | 7,864                    | (3) |
| Contractual Services - IT            | 66,319                  | 62,400                  | 69,638                   | 90,987                       | 65,136                   |     |
| Contractual Services - Other         | 51,042                  | 282,571                 | 111,125                  | 118,437                      | 250,012                  | (3) |
| Telephone Expense                    | 12,613                  | 11,931                  | 11,503                   | 15,342                       | 15,644                   |     |
| Utilities                            | 151,358                 | 159,149                 | 120,205                  | 158,998                      | 162,828                  |     |
| <b>Total Purchased Services</b>      | <b><u>385,871</u></b>   | <b><u>620,344</u></b>   | <b><u>541,990</u></b>    | <b><u>642,207</u></b>        | <b><u>623,444</u></b>    |     |
| <b>Wages &amp; Benefits</b>          |                         |                         |                          |                              |                          |     |
| Salaries WT                          | 191,493                 | 173,033                 | 127,951                  | 193,449                      | 175,719                  | (4) |
| Salaries WD                          | 181,326                 | 171,668                 | 136,930                  | 193,254                      | 188,051                  | (4) |
| Meter Reading                        | 59,533                  | 54,613                  | 49,126                   | 68,893                       | 67,466                   | (4) |
| Billing Salaries                     | 26,663                  | 28,619                  | 15,275                   | 21,100                       | 20,978                   | (4) |
| Administrative Salaries              | 206,632                 | 202,817                 | 163,057                  | 222,008                      | 256,932                  | (4) |
| Office Salaries                      | 107,669                 | 126,083                 | 86,135                   | 116,560                      | 131,188                  | (4) |
| Line Locating                        | 34,089                  | 29,219                  | 23,190                   | 36,001                       | 31,848                   | (4) |
| Sick/Vacation Leave                  | 142,550                 | 121,901                 | 111,658                  | 165,445                      | 153,344                  | (4) |
| FICA Taxes                           | 68,851                  | 67,409                  | 54,696                   | 76,134                       | 76,103                   | (4) |
| Pension                              | 186,045                 | 149,489                 | 115,096                  | 189,023                      | 153,977                  | (5) |
| Group Insurance                      | 334,448                 | 441,876                 | 258,837                  | 344,824                      | 384,146                  | (6) |
| <b>Total Wages &amp; Benefits</b>    | <b><u>1,539,299</u></b> | <b><u>1,566,727</u></b> | <b><u>1,141,951</u></b>  | <b><u>1,626,691</u></b>      | <b><u>1,639,751</u></b>  |     |



# WATER UTILITY

## 2018 Budget - Final

### Revenues/Expenses (Cont.)

|   | Actual<br>2016   | Budget<br>2017   | 9 Months<br>2017 | Rolling<br>12 Months | Proposed<br>2018 |
|---|------------------|------------------|------------------|----------------------|------------------|
| <b>Operating Supplies &amp; Expense</b>       |                  |                  |                  |                      |                  |
| Chemicals                                     | 42,136           | 39,437           | 37,083           | 51,320               | 57,000           |
| Materials & Supplies                          | 11,347           | 10,477           | 12,032           | 15,499               | 16,086           |
| Meter Expense                                 | 1,833            | 10,000           | 10,836           | 10,904               | 10,000           |
| Meter Repair & Maintenance                    | 0                | 1,000            | 0                | 0                    | 1,000            |
| Office Supplies                               | 12,102           | 11,436           | 6,513            | 10,301               | 10,182           |
| Janitorial Services                           | 5,417            | 4,824            | 3,118            | 4,824                | 4,824            |
| Interior Landscaping                          | 0                | 177              | 0                | 0                    | 177              |
| Exterior Landscaping                          | 1,702            | 1,979            | 1,110            | 1,531                | 1,979            |
| Sand / Gravel / Pavement                      | 3,210            | 3,695            | 11,663           | 11,768               | 13,933           |
| SCADA Expense                                 | 558              | 0                | 0                | 558                  | 285              |
| Safety Equipment                              | 658              | 262              | 0                | 658                  | 336              |
| Miscellaneous Equipment                       | 847              | 799              | 1,549            | 2,103                | 2,577            |
| Tools   | 5,460            | 3,546            | 1,817            | 4,460                | 3,510            |
| Transportation                                | 15,169           | 15,749           | 11,022           | 15,225               | 15,260           |
| Insurance                                     | 64,945           | 68,975           | 60,104           | 59,887               | 61,085           |
| Regulatory Expense                            | 6,817            | 7,071            | 5,235            | 6,768                | 7,011            |
| Well Expense                                  | 0                | 2,821            | 11,728           | 11,728               | 13,956           |
| Dues & Subscriptions                          | 4,146            | 7,535            | 6,314            | 4,974                | 8,116            |
| Promotional Expense                           | 1,052            | 2,533            | 1,567            | 1,613                | 10,210           |
| Employee Recognition                          | 157              | 1,550            | 277              | 335                  | 1,550            |
| Bad Debt Expense                              | 7,961            | 15,652           | 15,652           | 15,652               | 15,823 (7)       |
| Postage                                       | 2,563            | 3,363            | 885              | 967                  | 1,095            |
| Conferences & Training                        | 13,658           | 11,974           | 5,795            | 12,312               | 19,093           |
| Uniforms - Cleaning                           | 5,968            | 6,464            | 10,859           | 12,540               | 13,780           |
| General Maintenance                           | 40,629           | 36,972           | 28,437           | 41,859               | 40,685           |
| Computer Equipment                            | 1,664            | 4,495            | 5,407            | 6,084                | 4,371            |
| Software Expense                              | 4,774            | 4,650            | 6,934            | 7,088                | 6,200            |
| Maintenance Agreements                        | 38,346           | 42,707           | 35,228           | 37,690               | 69,077           |
| Payment in Lieu of Taxes                      | 130,558          | 134,414          | 98,235           | 130,406              | 133,307          |
| Depreciation                                  | 381,493          | 385,158          | 292,880          | 390,151              | 398,135          |
| Gross Income Tax                              | 39,000           | 38,218           | 27,000           | 36,500               | 38,714           |
| Lease Rental Payments - Principal             | 68,029           | 68,913           | 68,913           | 68,912               | 70,680 (8)       |
| Lease - Copiers/Printers                      | 3,213            | 3,502            | 3,119            | 3,815                | 4,067            |
| Bank Fees - Credit Card                       | 33,378           | 33,077           | 28,597           | 37,360               | 38,500           |
| Miscellaneous                                 | 16,063           | 19,955           | 20,401           | 24,100               | 27,730           |
| <b>Total Operating Supplies &amp; Expense</b> | <b>964,853</b>   | <b>1,003,380</b> | <b>830,310</b>   | <b>1,039,892</b>     | <b>1,120,333</b> |
| <b>Total Expenses</b>                         | <b>2,890,023</b> | <b>3,190,451</b> | <b>2,514,251</b> | <b>3,308,790</b>     | <b>3,383,527</b> |
| <b>Operating Income</b>                       | <b>181,556</b>   | <b>(5,652)</b>   | <b>394,725</b>   | <b>344,011</b>       | <b>(157,327)</b> |
| <b>Interest</b>                               |                  |                  |                  |                      |                  |
| Interest Revenue                              | 8,318            | 8,099            | 8,838            | 11,381               | 11,814           |
| Interest Expense                              | (15,001)         | (13,323)         | (13,323)         | (13,323)             | (11,623) (9)     |
| <b>Total Interest Revenue (Expense)</b>       | <b>(6,683)</b>   | <b>(5,224)</b>   | <b>(4,485)</b>   | <b>(1,942)</b>       | <b>191</b>       |
| <b>Extraordinary Items</b>                    |                  |                  |                  |                      |                  |
| Gain on Sale of Assets                        | 0                | 0                | 0                | 0                    | 0                |
| Loss on Sale of Assets                        | 0                | (5,303)          | 0                | 0                    | (5,000)          |
| <b>Total Extraordinary Items</b>              | <b>0</b>         | <b>(5,303)</b>   | <b>0</b>         | <b>0</b>             | <b>(5,000)</b>   |
| <b>Net Margin</b>                             | <b>174,873</b>   | <b>(16,179)</b>  | <b>390,240</b>   | <b>342,069</b>       | <b>(162,136)</b> |

## **WATER UTILITY 2018 Budget - Final**

### **Notes to Proposed Revenue and Expenses**

| Note | Description  |
|------|--|
| (1)  | An overall growth factor of 2% was used in determining the proposed 2018 revenues.   |
| (2)  | The only projected accounting fees are for the cost of the State Board of Accounts annual audit and bond testing. Over the last 5 years the cost of the audit has averaged between \$2,300 and \$3,500, however, their prices have increased. Also, estimating \$2,000 for bond testing. |
| (3)  | Estimated amount for miscellaneous contractual services needed by the different departments. Also, includes approximately \$30,000 for a rate study and \$150,000 for clean-up of Iron Slurry.   |
| (4)  | Assumes a 3% increase to be split between inflation and merit. Also assumes an additional employee at the water plant.   |
| (5)  | Assumes a 8.3% increase in group health insurance.   |
| (6)  | Funding of the Defined Benefit Plan and the Defined Contribution Plan.   |
| (7)  | A bad debt allowance has been set at .5%.  |
| (8)  | Lease rental principal on municipal building.  |
| (9)  | Lease rental interest on municipal building plus miscellaneous interest deductions.  |

# WATER UTILITY 2018 Budget - Final

## Capital Additions

| Item | Class | Description   | Code | Amount    | Notes   |
|------|-------|---|------|-----------|---------|
| 1    | A     | <b>Indianapolis Avenue Phase II</b> - Includes Engineering plus Construction.   | 2    | 1,050,000 |         |
| 2    | B     | <b>Sugar Creek Improvements</b> - Generator and Switchgear.   | 1    | 570,000   |         |
| 3    | A     | <b>East Street</b> - 8" waterline from Washington Street to Ulen Drive.   | 2    | 400,000   |         |
| 4    | B     | <b>SC and CS Water Treatment Controls</b> - Update controls for both Sugar Creek and Chicago Street plants.   | 2    | 210,000   |         |
| 5    | B     | <b>South Annexed Area</b> - Potential Well.   | 2    | 200,000   |         |
| 6    | C     | <b>Facility Rehab and Other Projects</b>  | 2    | 150,000   |         |
| 7    | C     | <b>Well Improvement and Rehab</b> - System integrity.   | 2    | 120,000   |         |
| 8    | C     | <b>Equipment Repair &amp; Replacement</b> - Replace 2003 backhoe.   | 2    | 120,000   |         |
| 9    | C     | <b>Water's Portion of the IT Budget</b> - The estimated cost to the Water Utility for IT Functions.   | 1    | 69,018    |         |
| 10   | B     | <b>Lafayette Avenue</b> - Waterline bore and associated work.   | 2    | 40,000    |         |
| 11   | C     | <b>Automated Meter Infrastructure</b> - Annual amount for meter replacements as needed.   | 2    | 30,000    |         |
| 12   | D     | <b>Water's Portion of Administration Vehicles</b> - Water's portion of administrative vehicle replacements in agreement with our vehicle replacement program. | 2    | 25,000    | (a),(b) |
| 13   | C     | <b>Hydrant &amp; Valve Rehab Work</b>   | 2    | 20,000    |         |
| 14   | B     | <b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.   | 1    | 10,000    |         |

TOTAL

3,014,018

Operational Cash Flow

649,018

Other

2,365,000

TOTAL

3,014,018

### Code:

### Class:

|   |                       |   |  |
|---|-----------------------|---|--|
| 1 | Operational Cash Flow | A | Must Accomplish This Year  |
| 2 | Reserves              | B | Accomplish for Improvement of System Integrity                   |
| 3 | Bonding               | C | Ongoing Program - Accomplish for Improvement of System Integrity |
| 4 | Other                 | D | Ongoing Program - Long Term/Short Term & Vehicles/Equipment      |

### Notes:

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**

# WATER UTILITY 2018 Budget - Final

## Capital Projects - 5 Years Beyond Fiscal Year 2018

| Item  | Description  | Projected<br>2019 | Projected<br>2020    | Projected<br>2021    | Projected<br>2022 | Projected<br>2023 | Total<br>Amount   |
|-------|--|-------------------|----------------------|----------------------|-------------------|-------------------|-------------------|
| 1     | <b>Water Main Loop</b><br>Elizaville and John Bart   | 0                 | 0                    | 2,145,000            | 0                 |                   | 2,145,000         |
| 2     | <b>Indianapolis Avenue - Phase III</b>   | 0                 | 2,045,000            | 0                    | 0                 |                   | 2,045,000         |
| 3     | <b>Water Main Loop</b><br>Edwards to SR39.   | 0                 | 0                    | 1,195,000            | 0                 |                   | 1,195,000         |
| 4     | <b>Line Replacement</b><br>Program to replace lines.   | 0                 | 445,000<br>Green St. | 720,000<br>Grant St. | 0                 |                   | 1,165,000         |
| 5     | <b>Sugar Creek</b><br>Well Line Loop   | 940,000           | 0                    | 0                    | 0                 |                   | 940,000           |
| 6     | <b>Facility Rehab and Other Projects</b><br>Miscellaneous improvements as deemed necessary by staff.                           | 150,000           | 150,000              | 150,000              | 150,000           | 150,000           | 750,000           |
| 7     | <b>Sugar Creek Electric and Controls to Well Field</b><br>Sugar Creek WTP replacement of conductors and signal wire.           | 675,000           | 0                    | 0                    | 0                 |                   | 675,000           |
| 8     | <b>Well Improvement Program</b><br>Program to maintain and clean wells<br>We have 10 active wells and work on 2 wells per year | 70,000            | 70,000               | 70,000               | 70,000            | 70,000            | 350,000           |
| 9     | <b>5 Year Vehicle/Mower Replacement Program</b><br>Ongoing program including support departments, IT, Meter Engineering        | 38,500            | 23,350               | 75,850               | 81,000            | 77,633            | 296,333           |
| 10    | <b>Equipment Repair &amp; Replacement</b>  | 50,000            | 40,000               | 65,000               | 50,000            | 40,000            | 245,000           |
| 11    | <b>AMR/AMI</b><br>Ongoing Program for AMR/AMI System   | 30,000            | 30,000               | 30,000               | 30,000            | 30,000            | 150,000           |
| 12    | <b>Hydrant &amp; Valve Replacement Program</b><br>Program to replace the bourbon and old hydrants.                             | 20,000            | 20,000               | 20,000               | 20,000            | 20,000            | 100,000           |
| 13    | <b>IT Budget</b><br>See IT capital budget for breakdown.   | 11,780            | 1,550                | 1,550                | 1,550             | 1,550             | 17,980            |
| Total |  | <u>1,985,280</u>  | <u>2,824,900</u>     | <u>4,472,400</u>     | <u>402,550</u>    | <u>389,183</u>    | <u>10,074,313</u> |

**\*\*These figures do not include any future or anticipated annexation.**

## Water Utility

### Projected Cash Analysis

|  | 2018             | 2019           | 2020               | 2021               | 2022               | 2023               |
|--|------------------|----------------|--------------------|--------------------|--------------------|--------------------|
| Total Cash & Investments - Beginning of Year<br>Not Restricted by Ordinance/Regulation             | 4,910,383        | 2,317,363      | 700,918            | (1,755,805)        | (5,864,724)        | (5,916,584)        |
| Add:   |                  |                |                    |                    |                    |                    |
| Projected Operating Income (A)   | 3,226,200        | 3,304,758      | 3,448,515          | 3,598,525          | 3,755,061          | 3,918,406          |
| Interest   | 11,814           | 11,587         | 3,505              | (8,779)            | (29,324)           | (29,583)           |
| Repayment from the Wastewater Utility - Availability   | 180,000          | 183,600        | 187,272            | 191,017            | 194,838            | 198,735            |
| Depreciation   | 398,135          | 406,098        | 414,220            | 422,504            | 430,955            | 439,574            |
| Less:  |                  |                |                    |                    |                    |                    |
| Projected Operational Expenses (B)   | (3,383,527)      | (3,527,327)    | (3,677,239)        | (3,833,521)        | (3,996,446)        | (4,166,295)        |
| Lease Interest Expense   | (11,624)         | (9,881)        | (8,096)            | (6,266)            | (4,394)            | (2,457)            |
| Estimated Cash & Investments Before Capital Expenditures<br>Not Restricted by Ordinance/Regulation | 5,331,381        | 2,686,198      | 1,069,095          | (1,392,324)        | (5,514,034)        | (5,558,204)        |
| Less:  |                  |                |                    |                    |                    |                    |
| Projected Capital Expenditures   | (3,014,018)      | (1,985,280)    | (2,824,900)        | (4,472,400)        | (402,550)          | (389,183)          |
| Estimated Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | 2,317,363        | 700,918        | (1,755,805)        | (5,864,724)        | (5,916,584)        | (5,947,388)        |
| Less: Two Months of Average Operation Expense  | (563,921)        | (587,888)      | (612,873)          | (638,920)          | (666,074)          | (694,382)          |
| Available Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | <u>1,753,442</u> | <u>113,030</u> | <u>(2,368,678)</u> | <u>(6,503,644)</u> | <u>(6,582,658)</u> | <u>(6,641,770)</u> |

(A) Prior year plus increase of 4.35% which is the average change in the last 5 years.

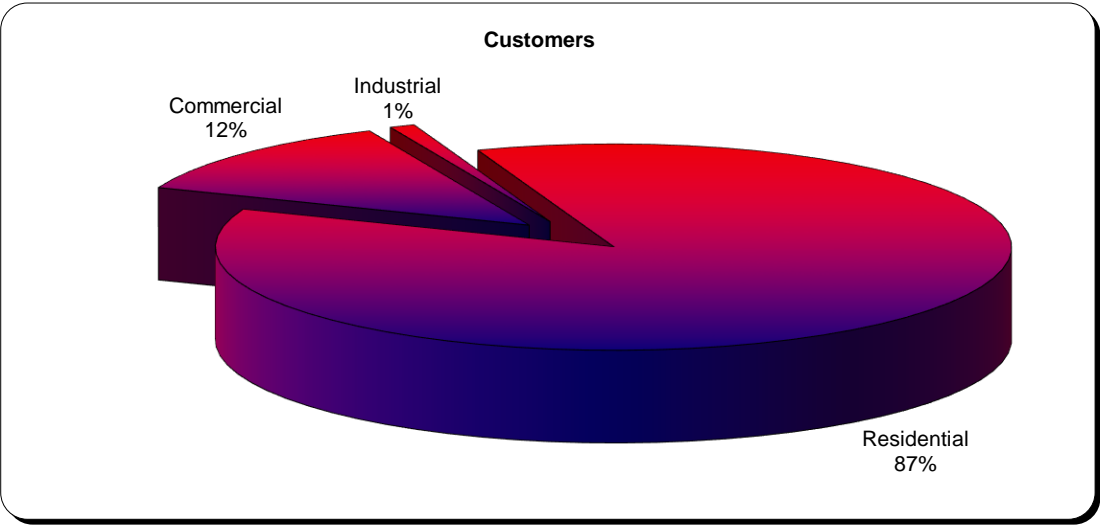
(B) Prior year plus increase of 4.25% which is the average change in the last 5.

# WATER UTILITY 2018 Budget - Final

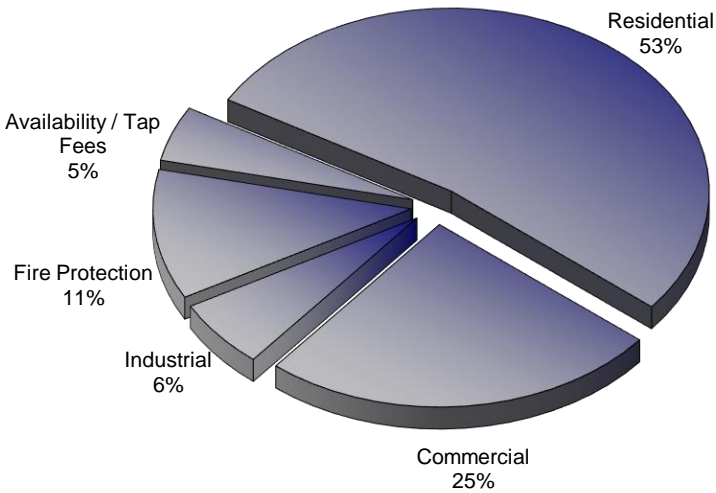
## Statistics

### Number of Customers

|             |       |
|-------------|-------|
| Residential | 5,764 |
| Commercial  | 831   |
| Industrial  | 68    |
| Municipal   | 5     |



### Projected 2018 Revenue



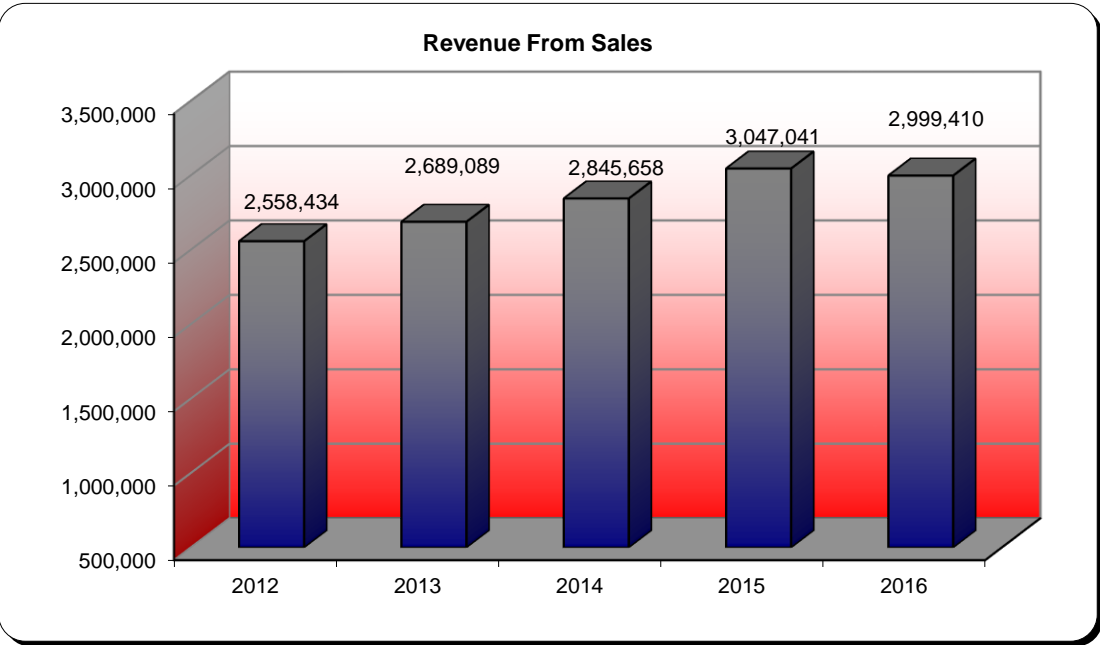
### Projected 2018 Revenue

|                         |           |
|-------------------------|-----------|
| Residential             | 1,649,968 |
| Commercial              | 786,289   |
| Industrial              | 190,942   |
| Fire Protection         | 360,226   |
| Availability / Tap Fees | 153,000   |

### Revenue From Sales

|                                |           |
|--------------------------------|-----------|
| 2012                           | 2,558,434 |
| 2013                           | 2,689,089 |
| 2014                           | 2,845,658 |
| 2015                           | 3,047,041 |
| 2016                           | 2,999,410 |
| **2017 Year to Date Thru Sept. | 2,264,596 |

\*\*\*Does not include Availability Fees





WATER UTILITY  
2018 Budget - Final

Statistics

Gallons Pumped (Series 1)

|                                |             |
|--------------------------------|-------------|
| 2012                           | 611,191,000 |
| 2013                           | 532,727,000 |
| 2014                           | 544,567,000 |
| 2015                           | 610,432,000 |
| 2016                           | 633,820,000 |
| **2017 Year to Date Thru Sept. | 449,476,000 |

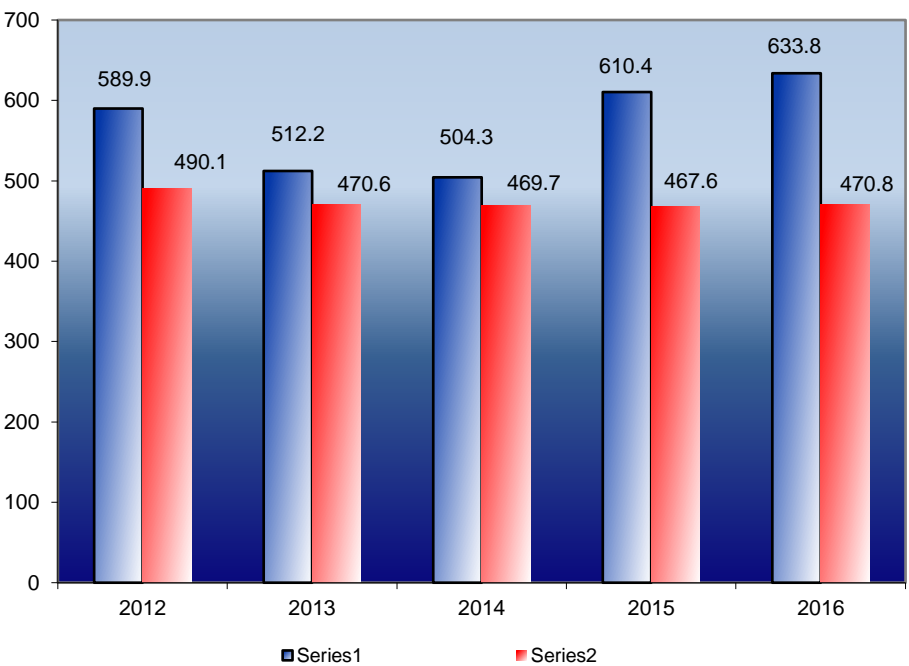
Gallons Sold (Series 2)

|                                |               |
|--------------------------------|---------------|
| 2012                           | 490,067,750 * |
| 2013                           | 470,585,547 * |
| 2014                           | 469,658,515 * |
| 2015                           | 467,628,601 * |
| 2016                           | 470,805,471 * |
| **2017 Year to Date Thru Sept. | 360,814,150 * |

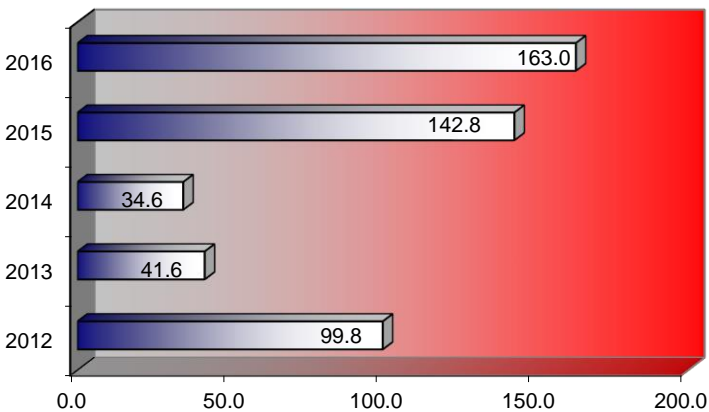
Yearly Backflush

|       |            |
|-------|------------|
| Add * | 10,200,000 |
|-------|------------|

Gallons Pumped (Millions)



Water Loss (Millions)



Water Loss (Millions)

|                                |             |
|--------------------------------|-------------|
| 2012                           | 121,123,250 |
| 2013                           | 62,141,453  |
| 2014                           | 74,908,485  |
| 2015                           | 142,803,399 |
| 2016                           | 163,014,529 |
| **2017 Year to Date Thru Sept. | 88,661,850  |

# Lebanon Wastewater Utility

## 2018 Budget - Final

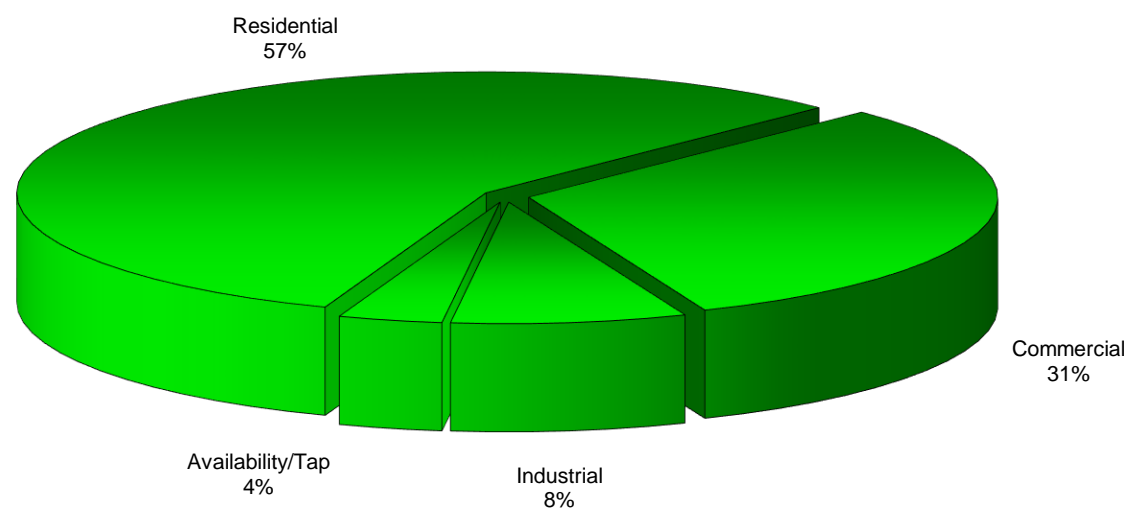
## WASTEWATER UTILITY 2018 Budget - Final

### Revenues

|                                 | Actual<br>2016   | Budget<br>2017   | 9 Months<br>2017 | Rolling<br>12 Months | Proposed<br>2018 |
|---------------------------------|------------------|------------------|------------------|----------------------|------------------|
| <b>Operating Revenue</b>        |                  |                  |                  |                      |                  |
| Residential                     | 2,769,604        | 2,823,435        | 1,606,800        | 2,806,943            | 2,868,649        |
| Commercial                      | 1,520,613        | 1,498,757        | 858,412          | 1,562,520            | 1,574,760        |
| Industrial                      | 395,066          | 405,596          | 241,715          | 397,274              | 406,910          |
| Availability Fees               | 58,200           | 79,152           | 48,392           | 599,828              | 180,000          |
| Tap Fees                        | 433              | 408              | 467              | 430                  | 423              |
| Inspection Fees                 | 3,850            | 4,216            | 3,250            | 4,523                | 4,872            |
| Late Penalties                  | 78,945           | 77,782           | 46,618           | 76,246               | 75,940           |
| <b>Total Revenue from Sales</b> | <b>4,826,711</b> | <b>4,889,346</b> | <b>2,805,654</b> | <b>5,447,764</b>     | <b>5,111,554</b> |
| <b>Other Revenue</b>            |                  |                  |                  |                      |                  |
| Other                           | 17,140           | 11,238           | 41,170           | 50,045               | 55,991           |
| Storm Reimbursement             | 9,925            | 0                | 0                | 0                    | 0                |
| Interest                        | 4,933            | 4,345            | 5,936            | 7,674                | 8,073            |
| <b>Total Other Revenues</b>     | <b>31,998</b>    | <b>15,583</b>    | <b>47,106</b>    | <b>57,719</b>        | <b>64,064</b>    |
| <b>Total Revenue</b>            | <b>4,858,709</b> | <b>4,904,929</b> | <b>2,852,760</b> | <b>5,505,483</b>     | <b>5,175,618</b> |

Note: A growth factor of 2% for residential, commercial and industrial was used in determining the proposed 2018 revenues.

### Projected Revenue by Rate Class



| Rate Class    | Number of<br>Customers |
|---------------|------------------------|
| Residential   | 5,590                  |
| Commercial    | 783                    |
| Industrial    | 69                     |
| <b>Total</b>  | <b>6,442</b>           |
| (As of 09/17) |                        |

# WASTEWATER UTILITY

## 2018 Budget - Final

### Revenues/Expenses

|                                       | Actual<br>2016   | Budget<br>2017   | 9 Months<br>2017 | Rolling<br>12 Months | Proposed<br>2018 |     |
|---------------------------------------|------------------|------------------|------------------|----------------------|------------------|-----|
| <b>Operating Revenues</b>             |                  |                  |                  |                      |                  |     |
| Residential                           | 2,769,604        | 2,823,435        | 2,113,394        | 2,806,943            | 2,868,649        | (1) |
| Commercial                            | 1,520,613        | 1,498,757        | 1,143,933        | 1,562,520            | 1,574,760        | (1) |
| Industrial                            | 395,066          | 405,596          | 300,441          | 397,274              | 406,910          | (1) |
| Availability Fees                     | 58,200           | 79,152           | 599,828          | 599,828              | 180,000          | (1) |
| Tap Fees                              | 433              | 408              | 300              | 430                  | 423              | (1) |
| Inspection Fees                       | 3,850            | 4,216            | 3,773            | 4,523                | 4,872            | (1) |
| Late Penalties                        | 78,945           | 77,782           | 54,492           | 76,246               | 75,940           | (1) |
| <b>Total Operating Revenues</b>       | <b>4,826,711</b> | <b>4,889,346</b> | <b>4,216,161</b> | <b>5,447,764</b>     | <b>5,111,554</b> |     |
| <b>Other Revenues</b>                 |                  |                  |                  |                      |                  |     |
| Storm Reimbursement                   | 9,925            | 0                | 0                | 0                    | 0                | (2) |
| Other                                 | 17,140           | 11,238           | 41,170           | 50,045               | 55,991           |     |
| <b>Total Other Revenue</b>            | <b>27,065</b>    | <b>11,238</b>    | <b>41,170</b>    | <b>50,045</b>        | <b>55,991</b>    |     |
| <b>Total Revenue (less Interest)</b>  | <b>4,853,776</b> | <b>4,900,584</b> | <b>4,257,331</b> | <b>5,497,809</b>     | <b>5,167,545</b> |     |
| <b>Purchased Services</b>             |                  |                  |                  |                      |                  |     |
| Engineering Fees                      | 63,976           | 37,900           | 66,723           | 108,962              | 70,000           |     |
| Accounting Fees                       | 10,145           | 12,097           | 237              | 1,487                | 7,000            | (3) |
| Legal Fees                            | 49,497           | 54,914           | 38,327           | 45,184               | 49,106           |     |
| Contractual Services - Sludge Removal | 122,215          | 135,000          | 99,882           | 142,848              | 200,000          |     |
| Contractual Services - IT             | 66,319           | 62,400           | 69,638           | 90,987               | 65,136           |     |
| Contractual Services - Other          | 66,467           | 107,372          | 53,980           | 64,080               | 90,512           | (4) |
| Telephone Expense                     | 12,863           | 11,798           | 10,402           | 14,441               | 14,438           |     |
| Utilities                             | 309,018          | 309,597          | 242,004          | 318,612              | 327,055          |     |
| <b>Total Purchased Services</b>       | <b>700,500</b>   | <b>731,078</b>   | <b>581,193</b>   | <b>786,601</b>       | <b>823,247</b>   |     |
| <b>Wages &amp; Benefits</b>           |                  |                  |                  |                      |                  |     |
| Salaries WWC                          | 195,725          | 195,450          | 129,616          | 183,024              | 178,006          | (5) |
| Salaries WWT                          | 175,867          | 218,489          | 141,978          | 187,877              | 194,983          | (5) |
| Meter Reading                         | 51,297           | 46,254           | 46,463           | 64,080               | 63,809           | (5) |
| Line Locating                         | 24,688           | 25,415           | 13,095           | 19,276               | 17,984           | (5) |
| Mapping                               | 2,195            | 1,093            | 6,395            | 7,793                | 8,782            | (5) |
| Billing Salaries                      | 26,663           | 28,619           | 15,275           | 21,100               | 20,978           | (5) |
| Laboratory Salaries                   | 53,001           | 51,831           | 39,088           | 54,347               | 53,681           | (5) |
| Administrative Salaries               | 206,793          | 203,038          | 163,057          | 222,009              | 256,932          | (5) |
| Office Salaries                       | 108,209          | 126,627          | 86,418           | 116,986              | 131,577          | (5) |
| Vacation/Sick Leave                   | 143,862          | 119,200          | 109,454          | 166,521              | 150,317          | (5) |
| FICA Taxes                            | 70,502           | 71,972           | 56,896           | 77,218               | 79,124           | (5) |
| Pension                               | 200,214          | 160,325          | 121,905          | 201,874              | 163,056          | (6) |
| Group Insurance                       | 343,370          | 457,113          | 272,185          | 358,561              | 403,420          | (7) |
| <b>Total Wages &amp; Benefits</b>     | <b>1,602,386</b> | <b>1,705,426</b> | <b>1,201,825</b> | <b>1,680,666</b>     | <b>1,722,649</b> |     |

**WASTEWATER UTILITY**  
**2018 Budget**

**Revenues/Expenses (Cont.)**

|   | <b>Actual<br/>2016</b> | <b>Budget<br/>2017</b> | <b>9 Months<br/>2017</b> | <b>Rolling<br/>12 Months</b> | <b>Proposed<br/>2018</b> |
|---|------------------------|------------------------|--------------------------|------------------------------|--------------------------|
| <b>Operating Supplies &amp; Expense</b>       |                        |                        |                          |                              |                          |
| Chemicals                                     | 26,678                 | 37,314                 | 39,095                   | 51,095                       | 45,000                   |
| Materials & Supplies                          | 6,275                  | 9,150                  | 1,010                    | 1,344                        | 1,372                    |
| Lab   | 12,546                 | 13,216                 | 8,387                    | 11,334                       | 11,484                   |
| Liftstations                                  | 22,198                 | 19,715                 | 15,922                   | 21,630                       | 21,858                   |
| Office Supplies                               | 13,297                 | 11,991                 | 13,227                   | 11,786                       | 15,505                   |
| Janitorial Services                           | 5,417                  | 4,824                  | 3,118                    | 4,824                        | 4,824                    |
| Interior Landscaping                          | 0                      | 177                    | 0                        | 0                            | 177                      |
| Exterior Landscaping                          | 1,702                  | 1,979                  | 1,110                    | 1,531                        | 1,979                    |
| Meter Expense                                 | 18                     | 10,000                 | 7,003                    | 7,003                        | 8,334                    |
| Safety Equipment                              | 506                    | 336                    | 0                        | 430                          | 219                      |
| SCADA Equipment                               | 12,489                 | 15,450                 | 13,471                   | 15,215                       | 16,920                   |
| Sand / Gravel / Pavement                      | 3,414                  | 4,391                  | 584                      | 928                          | 870                      |
| Miscellaneous Equipment                       | 5,185                  | 2,037                  | 5,351                    | 8,663                        | 8,508                    |
| General Maintenance                           | 51,970                 | 45,778                 | 32,719                   | 52,989                       | 49,273                   |
| Transportation                                | 12,054                 | 14,194                 | 6,788                    | 8,839                        | 9,124                    |
| Computer Equipment                            | 3,907                  | 4,495                  | 0                        | 6,735                        | 4,371                    |
| Software Expense                              | 4,774                  | 4,650                  | 7,115                    | 7,270                        | 6,200                    |
| Maintenance Agreements                        | 36,843                 | 40,808                 | 31,784                   | 34,144                       | 64,927                   |
| Insurance                                     | 64,233                 | 66,130                 | 60,752                   | 60,535                       | 61,746                   |
| Promotional Expense                           | 1,052                  | 2,534                  | 1,567                    | 1,613                        | 10,210                   |
| Employee Recognition                          | 157                    | 1,550                  | 776                      | 834                          | 1,550                    |
| Regulatory Expense                            | 9,500                  | 9,690                  | 7,125                    | 9,500                        | 9,690                    |
| Bad Debt Expense                              | 12,221                 | 24,447                 | 24,447                   | 24,447                       | 25,558 (8)               |
| Dues & Subscriptions                          | 2,243                  | 6,034                  | 3,710                    | 3,150                        | 6,615                    |
| Postage                                       | 2,473                  | 3,253                  | 346                      | 409                          | 444                      |
| Conferences & Training                        | 15,475                 | 11,772                 | 7,288                    | 14,229                       | 21,793                   |
| Uniforms                                      | 6,213                  | 6,540                  | 11,426                   | 13,077                       | 14,439                   |
| Safety Training Expense                       | 3,500                  | 4,254                  | 4,417                    | 5,395                        | 5,755                    |
| Pumps, Motors & Equipment                     | 0                      | 0                      | 0                        | 0                            | 0                        |
| Payment in Lieu of Taxes                      | 207,619                | 211,561                | 155,089                  | 206,188                      | 210,616                  |
| Depreciation Expense                          | 723,577                | 731,851                | 577,403                  | 762,856                      | 785,268                  |
| Amortization - Deferred Costs                 | 9,356                  | 9,360                  | 7,017                    | 9,360                        | 9,360                    |
| Lease Rental Payments - Principal             | 68,029                 | 68,913                 | 68,913                   | 68,912                       | 70,680 (9)               |
| Lease - Copiers/Printers                      | 3,213                  | 3,502                  | 3,119                    | 3,815                        | 4,067                    |
| Bank Fees - Credit Card                       | 33,378                 | 33,476                 | 28,597                   | 37,360                       | 38,892                   |
| Miscellaneous                                 | 13,871                 | 14,969                 | 18,493                   | 25,611                       | 27,203                   |
| <b>Total Operating Supplies &amp; Expense</b> | <b>1,395,383</b>       | <b>1,450,341</b>       | <b>1,167,169</b>         | <b>1,493,051</b>             | <b>1,574,830</b>         |
| <b>Total Expenses</b>                         | <b>3,698,269</b>       | <b>3,886,845</b>       | <b>2,950,187</b>         | <b>3,960,318</b>             | <b>4,120,726</b>         |
| <b>Operating Income</b>                       | <b>1,155,507</b>       | <b>1,013,739</b>       | <b>1,307,144</b>         | <b>1,537,491</b>             | <b>1,046,819</b>         |
| <b>Interest</b>                               |                        |                        |                          |                              |                          |
| Interest Revenue                              | 4,933                  | 4,345                  | 5,936                    | 7,674                        | 8,073                    |
| Interest Expense                              | (138,605)              | (425,718)              | (98,868)                 | (128,467)                    | (412,651) (10)           |
| <b>Total Interest Revenue (Expense)</b>       | <b>(133,672)</b>       | <b>(421,373)</b>       | <b>(92,932)</b>          | <b>(120,793)</b>             | <b>(404,578)</b>         |
| <b>Extraordinary Items</b>                    |                        |                        |                          |                              |                          |
| Gain on Sale of Assets                        | 0                      | 0                      | 0                        | 0                            | 0                        |
| Loss on Sale of Assets                        | 0                      | (5,000)                | 0                        | 0                            | (5,000)                  |
| <b>Total Extraordinary Items</b>              | <b>0</b>               | <b>(5,000)</b>         | <b>0</b>                 | <b>0</b>                     | <b>(5,000)</b>           |
| <b>NET MARGIN</b>                             | <b>1,021,835</b>       | <b>587,366</b>         | <b>1,214,212</b>         | <b>1,416,698</b>             | <b>637,241</b>           |

# WASTEWATER UTILITY

## 2018 Budget - Final

### Notes to Proposed Revenue and Expenses

| Note | Description   |
|------|---|
| (1)  | An overall growth factor of 2% was used in determining the proposed 2018 revenues.  |
| (2)  | This represents the amount that the City reimburses the Utilities for Stormwater services and costs. This amount has been reduced to \$0.                             |
| (3)  | Accounting fees include the cost of the State Board of Accounts annual audit and the bond disclosure costs.   |
| (4)  | Estimated amount for miscellaneous contractual services needed by the different departments.  |
| (5)  | Assumes a 3% increase to be split between inflation and merit. Also, assumes an additional amount for positions that were vacant for a portion of the year last year. |
| (6)  | Assumes a 8.3% increase in group health insurance.  |
| (7)  | Funding of the Defined Benefit Plan and the Defined Contribution Plan.  |
| (8)  | A bad debt allowance has been set at .5%.   |
| (9)  | Lease rental principal on municipal building.   |
| (10) | Lease rental interest on municipal building and bond interest on the 2013 and 2014 bonds.   |

# WASTEWATER UTILITY 2018 Budget - Final

## Capital Additions

| Item | Class | Description   | Code | Amount    | Notes |
|------|-------|---|------|-----------|-------|
| 1    | A     | <b>Wastewater Improvement / Expansion Projects</b>  | 3    | 5,180,000 |       |
|      |       | WWTP Improvements   |      | 3,486,000 |       |
|      |       | Biosolids Dewatering  |      | 1,694,000 |       |
| 2    | B     | <b>Lift Station on Indianapolis Ave</b> - Replacement of existing can style lift station.   | 2    | 775,000   |       |
| 3    | C     | <b>Line Repair and Replacement Program</b> (yrly +/-).  | 2    | 230,000   |       |
| 4    | B     | <b>Collection System Repairs and Upgrades</b> - Used for various repairs and upgrades in the collection system.                           | 2    | 100,000   |       |
| 5    | B     | <b>Enterprise Blvd/Purity Dr Lift Station</b> - Existing Lift Station West of Purity Drive may need to be upsized due to increased flows. | 2    | 100,000   |       |
| 6    | B     | <b>South Annexed Area</b> - Storage Facility.   | 2    | 100,000   |       |
| 7    | B     | <b>Crane Truck</b> - Adding a second crane truck.   | 2    | 70,000    |       |
| 8    | C     | <b>Wastewater's Portion of the IT Budget</b> - The estimated cost to the Wastewater Utility for IT Functions.                             | 1    | 69,018    |       |
| 9    | B     | <b>WWTP Repairs and Upgrades</b> - Used for various repairs and upgrades at WWTP.   | 2    | 30,000    |       |
| 10   | C     | <b>Automated Meter Infrastructure</b> - Annual amount for meter replacements as needed.   | 2    | 30,000    |       |
| 11   | B     | <b>Security Systems</b> - Security for lift stations.   | 1    | 20,000    |       |
| 12   | B     | <b>Equipment Replacement</b> - Replace equipment as needed.   | 2    | 17,000    |       |
| 13   | B     | <b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.   | 1    | 10,000    |       |

# WASTEWATER UTILITY

## 2018 Budget - Final

### Capital Additions (Cont)

| Item                  | Class | Description   | Code | Amount    | Notes   |
|-----------------------|-------|---|------|-----------|---------|
| 14                    | D     | <b>Wastewater's Portion of Administration Vehicles</b> - Wastewater's portion of administrative vehicle replacements in agreement with our vehicle replacement program. | 2    | 25,000    | (a),(b) |
| TOTAL                 |       |   |      | 6,756,018 |         |
| Operational Cash Flow |       |   |      | 99,018    |         |
| Bond Proceeds         |       |   |      | 5,180,000 |         |
| Other                 |       |   |      | 1,477,000 |         |
| TOTAL                 |       |   |      | 6,756,018 |         |

**Code:**

**Class:**

|   |                       |   |  |
|---|-----------------------|---|--|
| 1 | Operational Cash Flow | A | Must Accomplish This Year  |
| 2 | Reserves              | B | Accomplish for Improvement of System Integrity                   |
| 3 | Bonding               | C | Ongoing Program - Accomplish for Improvement of System Integrity |
| 4 | Other                 | D | Ongoing Program - Long Term/Short Term & Vehicles/Equipment      |

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**\*\*These figures do not include any future or anticipated annexation.**



# WASTEWATER UTILITY 2018 Budget Final

## Capital Projects - 5 Years Beyond Fiscal Year 2018

| Item  | Description   | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 | Projected<br>2023 | Total<br>Amount |
|-------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| 1     | <b>Master Plan Development</b><br>Major improvements and expansion funded by a 2018 Bond.   | 3,486,000         | 0                 | 0                 | 0                 |                   | 3,486,000       |
| 2     | <b>Patterson Street Gravity Sewer</b><br>Patterson from old RR E/W to main street.  | 0                 | 0                 | 0                 | 0                 | 650,000           | 650,000         |
| 3     | <b>Line Repair and Replacement</b><br>Ongoing project to help with infiltration.  | 120,000           | 120,000           | 120,000           | 120,000           | 120,000           | 600,000         |
| 4     | <b>Simplicity Lift Station</b>  | 0                 | 0                 | 600,000           | 0                 |                   | 600,000         |
| 5     | <b>10 Year Vehicle/Equipment Replacement Program</b><br>Ongoing program and includes wastewater's portion of multi-departmental equipment replacement program- five of ten years. | 87,000            | 94,850            | 133,350           | 85,000            | 149,633           | 549,833         |
| 6     | <b>Grant Street Sanitary</b><br>Reroute of sanitary sewer lines to eliminate various pipes in Prairie.  | 0                 | 0                 | 530,000           | 0                 | 0                 | 530,000         |
| 7     | <b>Enterprise Blvd/Purity Dr. Lift Station</b><br>Existing lift station west of purity drive upsizing.  | 0                 | 400,000           | 0                 | 0                 | 0                 | 400,000         |
| 8     | <b>Collection System Repairs and Upgrades</b><br>Various repairs and upgrades in the collection system.   | 40,000            | 40,000            | 40,000            | 40,000            | 40,000            | 200,000         |
| 9     | <b>WWTP Repairs and Upgrades</b><br>Various repairs and upgrades at WWTP.   | 30,000            | 30,000            | 30,000            | 30,000            | 30,000            | 150,000         |
| 10    | <b>AMR/AMI</b><br>Ongoing Program for AMR/AMI System  | 30,000            | 30,000            | 30,000            | 30,000            | 30,000            | 150,000         |
| 11    | <b>IT Budget</b><br>See IT capital budget for breakdown.  | 11,780            | 1,550             | 1,550             | 1,550             | 1,550             | 17,980          |
| Total |   | 3,804,780         | 716,400           | 1,484,900         | 306,550           | 1,021,183         | 7,333,813       |

**\*\*These figures do not include any future or anticipated annexation.**

## WASTEWATER UTILITY

### Projected Cash Analysis

|  | 2018             | 2019             | 2020             | 2021           | 2022           | 2023         |
|--|------------------|------------------|------------------|----------------|----------------|--------------|
| Total Cash & Investments - Beginning of Year<br>Not Restricted by Ordinance/Regulation             | 5,294,474        | 4,973,324        | 1,821,203        | 1,737,503      | 876,823        | 1,192,468    |
| Add:   |                  |                  |                  |                |                |              |
| Projected Operating Income (A)   | 5,167,545        | 5,253,843        | 5,341,582        | 5,430,787      | 5,521,481      | 5,613,689    |
| Interest   | 8,073            | 24,867           | 9,106            | 8,688          | 4,384          | 5,962        |
| Depreciation & Amortization  | 794,628          | 818,467          | 843,021          | 868,312        | 894,361        | 921,192      |
| Bond Proceeds  | 5,800,000        | 0                | 0                | 0              | 0              | 0            |
| Less:  |                  |                  |                  |                |                |              |
| Projected Operational Expenses (B)   | (4,120,726)      | (4,224,568)      | (4,331,027)      | (4,440,169)    | (4,552,061)    | (4,666,773)  |
| Repayment to Water Utility - Availability  | (180,000)        | (183,600)        | (187,272)        | (191,017)      | (194,838)      | (198,735)    |
| Bond Principal & Interest Payments   | (1,034,652)      | (1,036,350)      | (1,042,710)      | (1,052,379)    | (1,051,132)    | (1,061,355)  |
| Estimated Cash & Investments Before Capital Expenditures<br>Not Restricted by Ordinance/Regulation | 11,729,342       | 5,625,983        | 2,453,903        | 2,361,723      | 1,499,018      | 1,806,448    |
| Less:  |                  |                  |                  |                |                |              |
| Projected Capital Expenditures   | (6,756,018)      | (3,804,780)      | (716,400)        | (1,484,900)    | (306,550)      | (1,021,183)  |
| Estimated Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | 4,973,324        | 1,821,203        | 1,737,503        | 876,823        | 1,192,468      | 785,265      |
| Less: Two Months of Average Operation Expense  | (686,788)        | (704,095)        | (721,838)        | (740,028)      | (758,677)      | (777,796)    |
| Available Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | <u>4,286,537</u> | <u>1,117,108</u> | <u>1,015,665</u> | <u>136,795</u> | <u>433,791</u> | <u>7,469</u> |

(A) Prior year plus increase of 1.67% which is the average change in the last 5 years taking out the highest and lowest year.

(B) Prior year plus increase of 2.52% which is the average change in the last 5 years taking out the highest and lowest year..

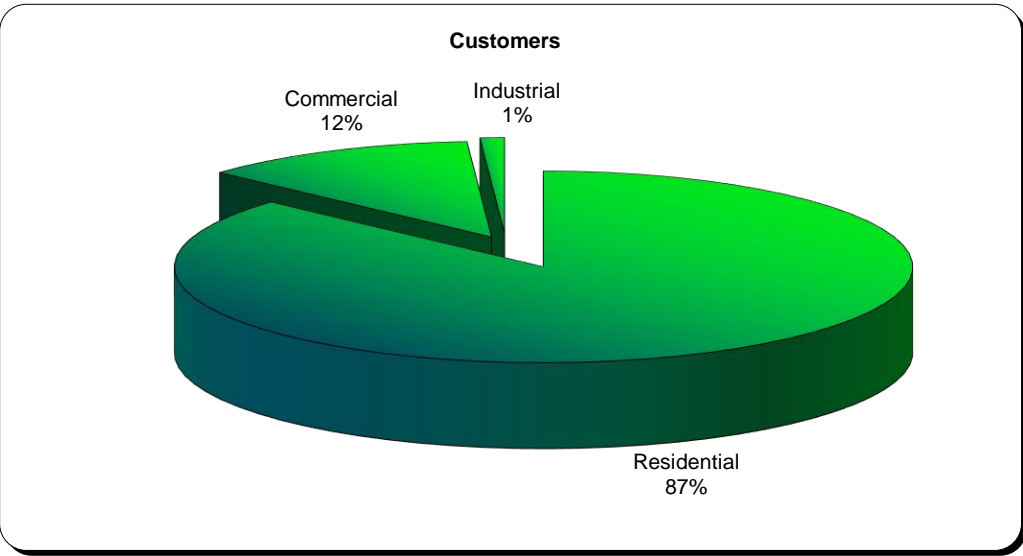
# WASTEWATER UTILITY

## 2018 Budget - Final

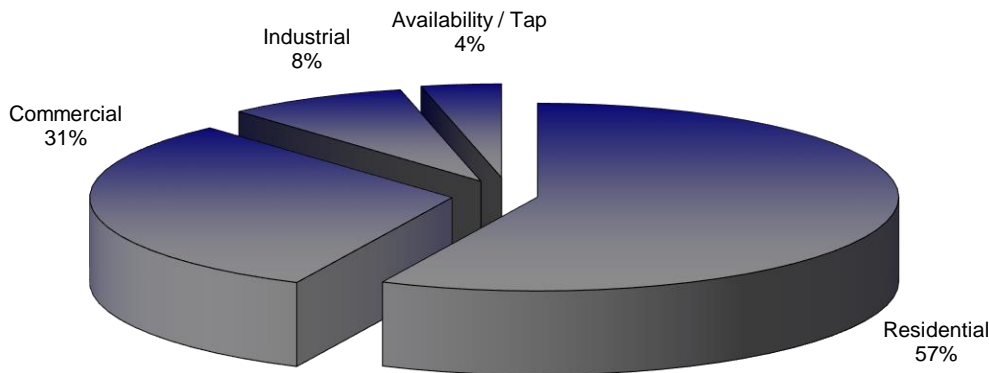
### Statistics

#### Number of Customers

|             |       |
|-------------|-------|
| Residential | 5,590 |
| Commercial  | 783   |
| Industrial  | 69    |



#### Projected 2018 Revenue



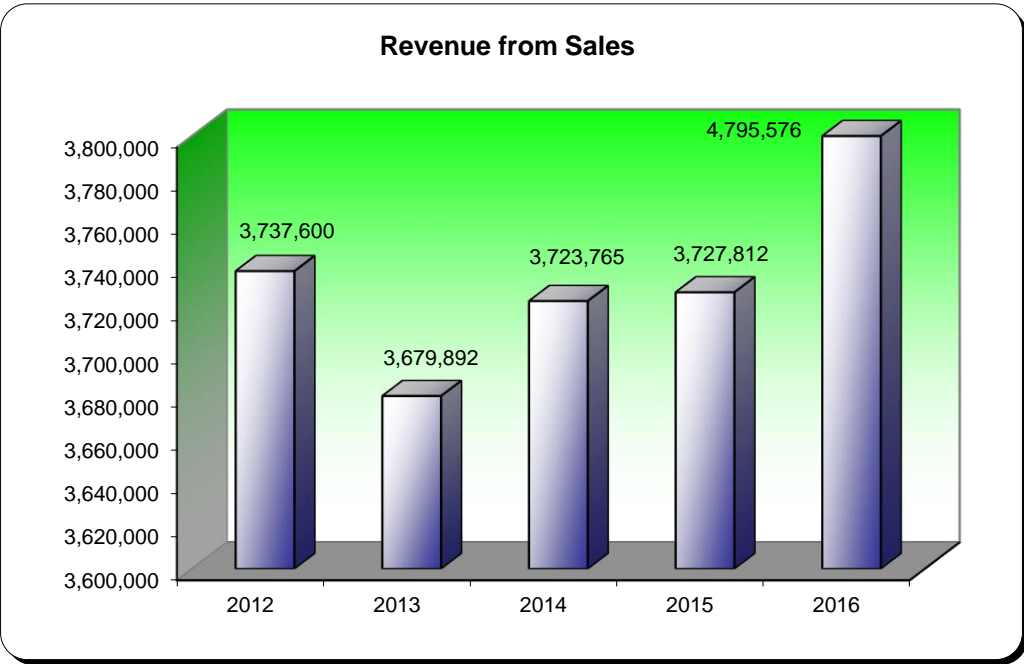
#### Projected 2018 Revenue

|                    |           |
|--------------------|-----------|
| Residential        | 2,868,649 |
| Commercial         | 1,574,760 |
| Industrial         | 406,910   |
| Availability / Tap | 180,000   |

#### Revenue From Sales

|                                |           |
|--------------------------------|-----------|
| 2012                           | 3,737,600 |
| 2013                           | 3,679,892 |
| 2014                           | 3,723,765 |
| 2015                           | 3,727,812 |
| 2016                           | 4,795,576 |
| **2017 Year to Date Thru Sept. | 4,073,707 |

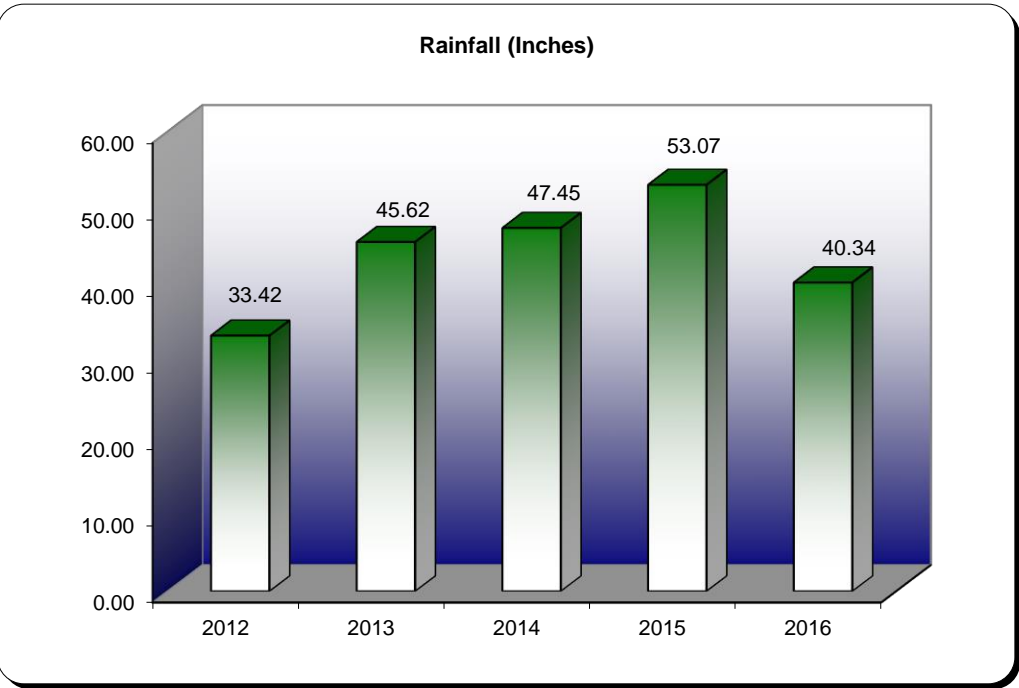
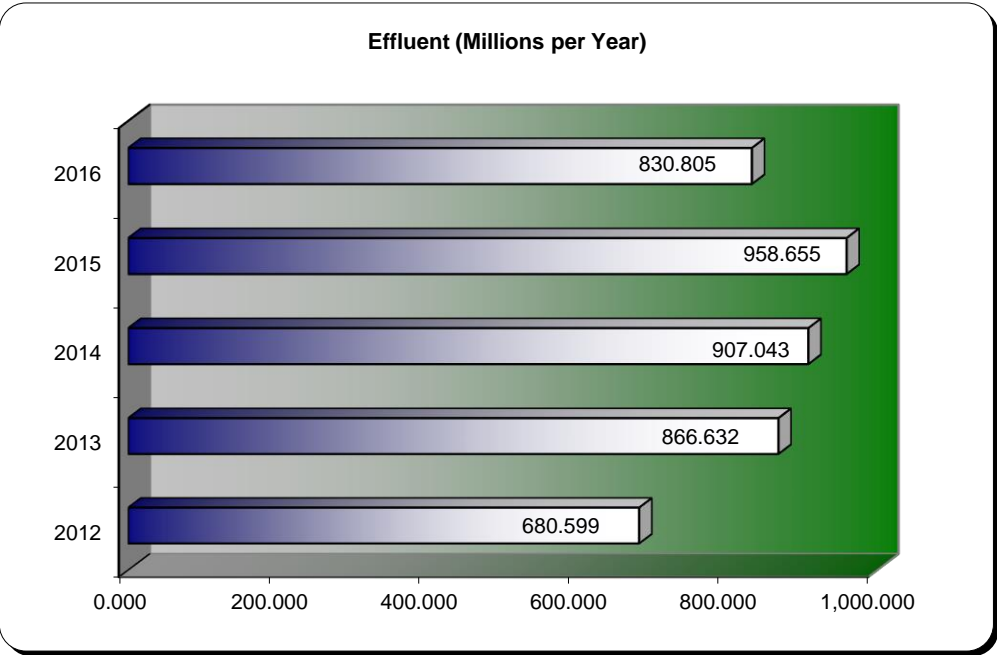
\*\*\*Does not include Availability Fees.



# **WASTEWATER UTILITY** **2018 Budget - Final**

## **Statistics**

| <b>Effluent (1,000,000 Gallons)</b> |         |
|-------------------------------------|---------|
| 2012                                | 680.599 |
| 2013                                | 866.632 |
| 2014                                | 907.043 |
| 2015                                | 958.655 |
| 2016                                | 830.805 |
| **2017 Year to Date Thru Sept.      | 716.932 |



| <b>Rainfall (Inches)</b>       |       |
|--------------------------------|-------|
| 2012                           | 33.42 |
| 2013                           | 45.62 |
| 2014                           | 47.45 |
| 2015                           | 53.07 |
| 2016                           | 40.34 |
| **2017 Year to Date Thru Sept. | 36.81 |

# Telecommunications Division

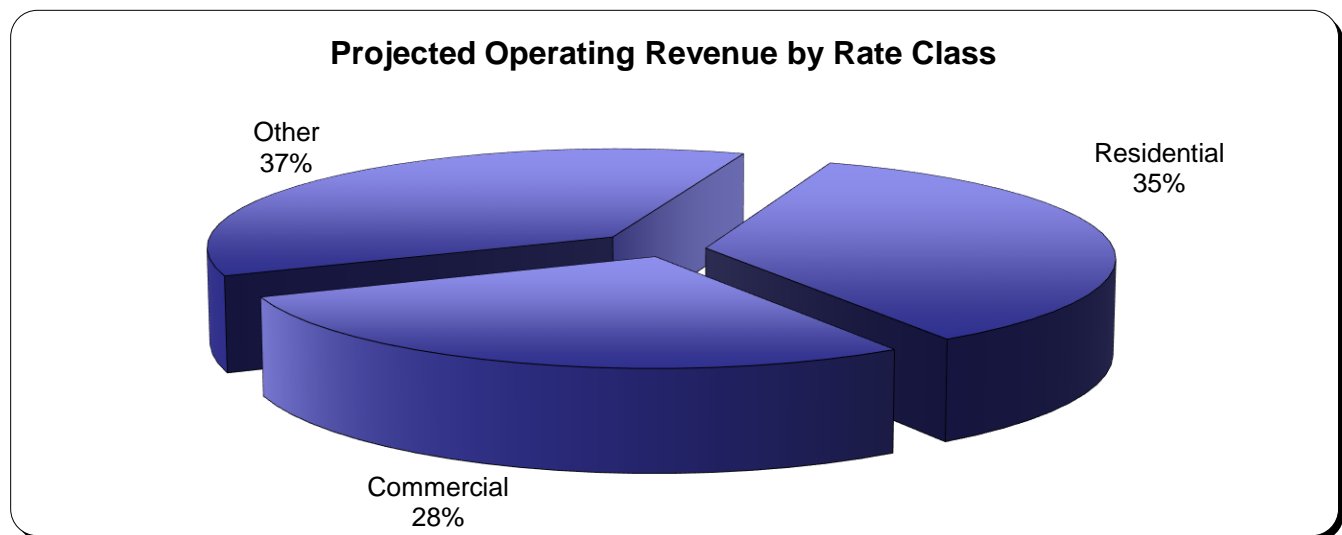
2018 Budget - Final

## TELECOMMUNICATIONS DIVISION 2018 Budget - Final

### Revenues

|                                 | Actual<br>2016 | Budget<br>2017 | 9 Months<br>2017 | Rolling<br>12 Months | Proposed<br>2018 |
|---------------------------------|----------------|----------------|------------------|----------------------|------------------|
| <b>Operating Revenue</b>        |                |                |                  |                      |                  |
| Residential                     | 225,267        | 224,961        | 188,515          | 248,310              | 254,828          |
| Commercial                      | 80,637         | 79,735         | 74,512           | 96,197               | 99,729           |
| Custom Commercial               | 96,285         | 98,370         | 72,709           | 97,145               | 98,986           |
| Installations                   | 25,312         | 29,133         | 13,030           | 15,610               | 16,822           |
| Equipment                       | 211,789        | 211,812        | 177,099          | 233,108              | 239,312          |
| Set-up Charges                  | 6,000          | 6,556          | 3,540            | 4,830                | 4,871            |
| Late Penalties                  | 3,452          | 3,818          | 3,080            | 3,838                | 4,052            |
| <b>Total Revenue from Sales</b> | <b>648,742</b> | <b>654,385</b> | <b>532,485</b>   | <b>699,038</b>       | <b>718,599</b>   |
| <b>Other Revenue</b>            |                |                |                  |                      |                  |
| Interest                        | 352            | 334            | 502              | 608                  | 651              |
| Other                           | 37,790         | 39,937         | 35,178           | 44,131               | 22,842           |
| <b>Total Other Revenues</b>     | <b>38,142</b>  | <b>40,271</b>  | <b>35,680</b>    | <b>44,739</b>        | <b>23,494</b>    |
| <b>Total Revenue</b>            | <b>686,884</b> | <b>694,656</b> | <b>568,165</b>   | <b>743,777</b>       | <b>742,093</b>   |

Note: An average growth factor of 2% was used in determining the proposed 2018 revenues.



| Rate Class   | Number of<br>Customers |
|--------------|------------------------|
| Wireless     | 1,030                  |
| Fiber        | 14                     |
| <b>Total</b> | <b>1,044</b>           |

(As of 10-17)

**TELECOMMUNICATIONS DIVISION**  
**2018 Budget - Final**

**Revenues/Expenses**

|                                      | <u>Actual<br/>2016</u> | <u>Budget<br/>2017</u> | <u>9 Months<br/>2017</u> | <u>Rolling<br/>12 Months</u> | <u>Proposed<br/>2018</u> |     |
|--------------------------------------|------------------------|------------------------|--------------------------|------------------------------|--------------------------|-----|
| <b>Operating Revenues</b>            |                        |                        |                          |                              |                          |     |
| Residential                          | 225,267                | 224,961                | 188,515                  | 248,310                      | 254,828                  | (1) |
| Commercial                           | 80,637                 | 79,735                 | 74,512                   | 96,197                       | 99,729                   | (1) |
| Custom Commercial                    | 96,285                 | 98,370                 | 72,709                   | 97,145                       | 98,986                   | (1) |
| Installations                        | 25,312                 | 29,133                 | 13,030                   | 15,610                       | 16,822                   | (1) |
| Equipment                            | 211,789                | 211,812                | 177,099                  | 233,108                      | 239,312                  | (1) |
| Set-up Charges                       | 6,000                  | 6,556                  | 3,540                    | 4,830                        | 4,871                    | (1) |
| Late Penalties                       | 3,452                  | 3,818                  | 3,080                    | 3,838                        | 4,052                    | (1) |
| <b>Total Operating Revenue</b>       | <b>648,742</b>         | <b>654,385</b>         | <b>532,485</b>           | <b>699,038</b>               | <b>718,599</b>           |     |
| <b>Other Revenue</b>                 |                        |                        |                          |                              |                          |     |
| Other                                | 37,790                 | 39,937                 | 35,178                   | 44,131                       | 22,842                   |     |
| <b>Total Other Revenue</b>           | <b>37,790</b>          | <b>39,937</b>          | <b>35,178</b>            | <b>44,131</b>                | <b>22,842</b>            |     |
| <b>Total Revenue (less Interest)</b> | <b>686,532</b>         | <b>694,322</b>         | <b>567,663</b>           | <b>743,169</b>               | <b>741,441</b>           |     |
| <b>Purchased Services</b>            |                        |                        |                          |                              |                          |     |
| Bandwidth                            | 53,145                 | 66,960                 | 51,685                   | 64,973                       | 68,282                   |     |
| Telephone                            | 3,122                  | 3,020                  | 2,042                    | 2,834                        | 2,834                    |     |
| Contractual Services - Other         | 5,667                  | 18,786                 | 4,488                    | 5,163                        | 15,422                   | (2) |
| Contractual Services - IT            | 29,815                 | 27,137                 | 26,011                   | 34,115                       | 27,137                   |     |
| Accounting Fees                      | 3,465                  | 3,588                  | 54                       | 54                           | 64                       | (3) |
| Legal Fees                           | 3,927                  | 5,039                  | 2,823                    | 3,966                        | 3,942                    |     |
| Utilities                            | 8,990                  | 9,802                  | 7,666                    | 9,478                        | 10,047                   |     |
| <b>Total Purchased Services</b>      | <b>108,131</b>         | <b>134,331</b>         | <b>94,769</b>            | <b>120,583</b>               | <b>127,728</b>           |     |
| <b>Wages &amp; Benefits</b>          |                        |                        |                          |                              |                          |     |
| Customer Install                     | 33,902                 | 39,415                 | 29,170                   | 34,374                       | 40,060                   | (4) |
| Billing                              | 2,502                  | 2,685                  | 1,432                    | 1,978                        | 1,967                    | (4) |
| Administrative                       | 27,931                 | 27,505                 | 19,798                   | 27,700                       | 27,189                   | (4) |
| Office Personnel                     | 70,689                 | 72,958                 | 54,358                   | 75,563                       | 77,564                   | (4) |
| Sick/Vacation Pay                    | 15,616                 | 12,360                 | 11,339                   | 17,953                       | 15,572                   | (4) |
| FICA Taxes                           | 10,746                 | 10,723                 | 8,394                    | 11,335                       | 11,751                   | (4) |
| Group Insurance                      | 60,158                 | 99,041                 | 44,427                   | 59,234                       | 66,498                   | (5) |
| Pension                              | 31,092                 | 25,727                 | 19,301                   | 31,022                       | 25,979                   | (6) |
| <b>Total Wages &amp; Benefits</b>    | <b>252,636</b>         | <b>290,414</b>         | <b>188,219</b>           | <b>259,159</b>               | <b>266,580</b>           |     |

**TELECOMMUNICATIONS DIVISION**  
**2018 Budget - Final**

**Revenues/Expenses (Cont.)**

|   | <b>Actual<br/>2016</b> | <b>Budget<br/>2017</b> | <b>9 Months<br/>2017</b> | <b>Rolling<br/>12 Months</b> | <b>Proposed<br/>2018</b> |
|---|------------------------|------------------------|--------------------------|------------------------------|--------------------------|
| <b>Operating Supplies &amp; Expense</b>       |                        |                        |                          |                              |                          |
| Tools & Equipment                             | 1,895                  | 2,247                  | 1,249                    | 1,259                        | 1,593                    |
| Installation Supplies                         | 6,513                  | 6,965                  | 4,267                    | 5,485                        | 5,699                    |
| Tower Rent                                    | 17,664                 | 18,766                 | 15,268                   | 18,027                       | 19,576                   |
| Maintenance of Equipment                      | 182                    | 172                    | 859                      | 904                          | 1,045                    |
| General Maintenance                           | 2,411                  | 1,687                  | 2,036                    | 3,401                        | 2,769                    |
| Office Supplies                               | 1,140                  | 1,138                  | 638                      | 902                          | 894                      |
| Janitorial Services                           | 1,110                  | 1,089                  | 817                      | 1,092                        | 1,089                    |
| Interior Landscaping                          | 0                      | 39                     | 0                        | 0                            | 39                       |
| Exterior Landscaping                          | 715                    | 447                    | 466                      | 643                          | 447                      |
| Miscellaneous Equipment                       | 327                    | 396                    | 9                        | 89                           | 153                      |
| Communications Equipment                      | 722                    | 859                    | 1,137                    | 1,137                        | 1,353                    |
| Fiber   | 139                    | 165                    | 1,648                    | 1,648                        | 1,961                    |
| Computer Equipment                            | 2,551                  | 1,855                  | 1,260                    | 1,879                        | 1,200                    |
| Software Expense                              | 1,779                  | 2,050                  | 1,238                    | 1,313                        | 2,900                    |
| Maintenance Agreements                        | 6,188                  | 6,886                  | 5,085                    | 5,251                        | 8,536                    |
| Dues & Subscriptions                          | 1,893                  | 2,623                  | 1,449                    | 1,370                        | 2,120                    |
| Postage                                       | 245                    | 328                    | 59                       | 63                           | 72                       |
| Insurance                                     | 13,986                 | 14,316                 | 22,472                   | 22,423                       | 22,921                   |
| Conference & Training                         | 1,174                  | 4,101                  | 1,667                    | 2,300                        | 3,421                    |
| Promotion                                     | 227                    | 2,900                  | 290                      | 291                          | 370                      |
| Employee Recognition                          | 22                     | 350                    | 11                       | 17                           | 350                      |
| Transportation                                | 3,494                  | 3,844                  | 2,568                    | 3,242                        | 3,400                    |
| Freight / Shipping                            | 1,692                  | 1,987                  | 2,599                    | 2,817                        | 3,204                    |
| Payment in Lieu of Taxes                      | 2,617                  | 2,524                  | 1,970                    | 2,658                        | 2,695                    |
| Depreciation Expense                          | 41,927                 | 43,461                 | 30,073                   | 40,103                       | 40,902                   |
| Gross Income Tax                              | 8,500                  | 8,332                  | 8,000                    | 10,500                       | 10,795                   |
| Bad Debt Expense                              | 1,424                  | 3,272                  | 3,272                    | 3,272                        | 3,894                    |
| Lease Rental Payments - Principal             | 15,361                 | 15,561                 | 15,561                   | 15,560                       | 15,960                   |
| Lease - Copiers/Printers                      | 726                    | 780                    | 704                      | 0                            | 479                      |
| Bank Fees - Credit Card                       | 3,129                  | 3,101                  | 2,681                    | 3,500                        | 3,608                    |
| Miscellaneous                                 | 23,475                 | 25,367                 | 20,860                   | 25,403                       | 27,140                   |
| <b>Total Operating Supplies &amp; Expense</b> | <b>163,228</b>         | <b>177,608</b>         | <b>150,213</b>           | <b>176,549</b>               | <b>190,585</b>           |
| <b>Total Expenses</b>                         | <b>523,995</b>         | <b>602,353</b>         | <b>433,201</b>           | <b>556,291</b>               | <b>584,893</b>           |
| <b>Operating Income</b>                       | <b>162,537</b>         | <b>91,969</b>          | <b>134,462</b>           | <b>186,878</b>               | <b>156,548</b>           |
| <b>Interest</b>                               |                        |                        |                          |                              |                          |
| Interest Revenue                              | 352                    | 334                    | 502                      | 608                          | 651                      |
| Interest Expense                              | (3,387)                | (3,009)                | (3,008)                  | (3,009)                      | (2,627)                  |
| <b>Total Interest Revenue (Expense)</b>       | <b>(3,035)</b>         | <b>(2,675)</b>         | <b>(2,506)</b>           | <b>(2,401)</b>               | <b>(1,976)</b>           |
| <b>Extraordinary Items</b>                    |                        |                        |                          |                              |                          |
| Gain on Sale of Assets                        | 0                      | 0                      | 0                        | 0                            | 0                        |
| Loss on Sale of Assets                        | (864)                  | (5,000)                | (3,078)                  | (3,192)                      | (5,000)                  |
| <b>Total Extraordinary Items</b>              | <b>(864)</b>           | <b>(5,000)</b>         | <b>(3,078)</b>           | <b>(3,192)</b>               | <b>(5,000)</b>           |



|            |                |               |                |                |                |
|------------|----------------|---------------|----------------|----------------|----------------|
| Net Margin | <u>158,638</u> | <u>84,294</u> | <u>128,878</u> | <u>181,285</u> | <u>149,573</u> |
|------------|----------------|---------------|----------------|----------------|----------------|

**TELECOMMUNICATIONS DIVISION**  
**2018 Budget - Final**

**Notes to Proposed Revenue and Expenses**

| Note | Description  |
|------|--|
| (1)  | The revenue numbers are based on a 3% increase in revenue for 2018.                              |
| (2)  | Estimated amount for miscellaneous contractual services needed by the different departments.     |
| (3)  | The only projected accounting fees are for the cost of the State Board of Accounts annual audit. |
| (4)  | Assumes a 3% increase to be split between inflation and merit.                                   |
| (5)  | Assumes a 8.3% increase in group health insurance.   |
| (6)  | Funding of the Defined Benefit Plan and the Defined Contribution Plan.                           |
| (7)  | A bad debt allowance has been set at .5%.  |
| (8)  | Lease rental principal on municipal building.  |
| (9)  | Includes a portion for the interest on the lease for the municipal building.                     |

# TELECOMMUNICATIONS DIVISION 2018 Budget - Final

## Capital Additions

| Item                  | Class | Description   | Code | Amount  | Notes   |
|-----------------------|-------|---|------|---------|---------|
| 1                     | C     | <b>CPE Upgrades</b> - Upgrades for a portion of the existing customers to newer and faster equipment.   | 2    | 45,000  |         |
| 2                     | C     | <b>Telecom's Portion of the IT Budget</b> - The estimated cost to the Telecommunication Utility for IT Functions.   | 1    | 15,585  |         |
| 3                     | C     | <b>Wireless Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades. This will cover approx. 100 customers.                        | 2    | 13,000  |         |
| 4                     | B     | <b>Fiber Customer Installs</b> - Money for new installs.  | 2    | 10,000  |         |
| 5                     | C     | <b>Fiber Maintenance &amp; Upgrades</b> - Annual amount for routine break/fix and required upgrades. Air blown Fiber to Elm Street Water Tower.                       | 2    | 10,000  |         |
| 6                     | C     | <b>Tower AP Upgrades</b> - Additional access points, antennas or upgrade access points to provide faster service.   | 2    | 7,000   |         |
| 7                     | C     | <b>Backhaul Upgrades</b> - To maintain or upgrade the radios that feed the different locations.   | 2    | 7,000   |         |
| 8                     | B     | <b>Disaster Recovery Plan</b> - A plan for Lebanon Utilities in case of a disaster.   | 1    | 2,260   |         |
| 9                     | B     | <b>Router/Switch Upgrades</b> - Upgrade routing and switching infrastructure for the internet service.  | 2    | 1,000   |         |
| 10                    | C     | <b>Telecom's Portion of the Administration Vehicles</b> - Telecom's portion of administrative vehicle replacements in agreement with our vehicle replacement program. | 2    | -       | (a),(b) |
| TOTAL                 |       |   |      | 110,845 |         |
| Operational Cash Flow |       |   |      | 17,845  |         |
| Other                 |       |   |      | 93,000  |         |
| TOTAL                 |       |   |      | 110,845 |         |

**Code:**

1 Operational Cash Flow  
2 Reserves  
3 Bonding  
4 Other

**Class:**

A Must Accomplish This Year  
B Accomplish for Improvement of System Integrity  
C Ongoing Program - Accomplish for Improvement of System Integrity  
D Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by engineering consultant.
- (d) May include capitalized labor.

**TELECOMMUNICATIONS DIVISION  
2018 Budget - Final**

**Capital Projects - 5 Years Beyond Fiscal Year 2018**

| Item  | Description  | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 | Projected<br>2023 | Total<br>Amount |
|-------|--|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| 1     | <b>Wireless Customer Equipment</b><br>Equipment on customer premises.  | 13,000            | 13,000            | 13,000            | 13,000            | 13,000            | 65,000          |
| 2     | <b>CPE Upgrades</b><br>Upgrade existing customer equipment.  | 0                 | 0                 | 0                 | 50,000            | 0                 | 50,000          |
| 3     | <b>Fiber Customer Installs</b><br>Fiber to new businesses.   | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 50,000          |
| 4     | <b>Fiber Upgrades</b><br>Major maintenance and repair.   | 10,000            | 10,000            | 10,000            | 10,000            | 10,000            | 50,000          |
| 5     | <b>10 Year Vehicle Replacement Program</b><br>Ongoing program and includes telecoms portion of multi-departmental equipment replacement program-five of ten years. | 0                 | 2,450             | 2,450             | 0                 | 27,100            | 32,000          |
| 6     | <b>Tower AP Upgrades</b><br>Additional access points, antennas or upgrade access points to provide for faster service.   | 0                 | 10,000            | 0                 | 10,000            | 0                 | 20,000          |
| 7     | <b>Backhaul upgrades</b><br>To maintain or upgrade the radios that feed the remote locations.  | 0                 | 0                 | 10,000            | 0                 | 10,000            | 20,000          |
| 8     | <b>IT Budget</b><br>See IT capital budget for breakdown.   | 2,660             | 350               | 350               | 350               | 350               | 4,060           |
| 9     | <b>Router/Switch Upgrades</b><br>Upgrade routing and switching infrastructure for the internet service.  | 1,000             | 0                 | 1,000             | 0                 | 1,000             | 3,000           |
| Total |  | 23,660            | 32,800            | 33,800            | 80,350            | 58,450            | 229,060         |



## Telecommunications Division

### Projected Cash Analysis

|  | 2018           | 2019           | 2020           | 2021           | 2022           | 2023           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Cash & Investments - Beginning of Year<br>Not Restricted by Ordinance/Regulation             | 292,509        | 230,652        | 261,340        | 288,002        | 288,876        | 268,396        |
| Add:   |                |                |                |                |                |                |
| Projected Operating Income (A)   | 741,441        | 756,270        | 771,395        | 786,823        | 802,560        | 818,611        |
| Interest   | 651            | 1,153          | 1,297          | 1,420          | 1,415          | 1,302          |
| Depreciation & Amortization  | 44,796         | 46,140         | 47,524         | 48,950         | 50,418         | 51,931         |
| Less:  |                |                |                |                |                |                |
| Projected Operational Expenses (B)   | (584,893)      | (596,591)      | (608,523)      | (620,693)      | (633,107)      | (645,769)      |
| Interest on Lease  | (3,008)        | (2,624)        | (2,232)        | (1,826)        | (1,416)        | (554)          |
| Repayment of Loan  | (150,000)      | (150,000)      | (150,000)      | (180,000)      | (160,000)      | (150,000)      |
| Estimated Cash & Investments Before Capital Expenditures<br>Not Restricted by Ordinance/Regulation | 341,497        | 285,000        | 320,802        | 322,676        | 348,746        | 343,916        |
| Less:  |                |                |                |                |                |                |
| Projected Capital Expenditures   | (110,845)      | (23,660)       | (32,800)       | (33,800)       | (80,350)       | (58,450)       |
| Estimated Cash & Investments - End of Year<br>Not Restricted by Ordinance/Regulation               | 230,652        | 261,340        | 288,002        | 288,876        | 268,396        | 285,466        |
| Less: Two Months of Average Operation Expense  | (97,482)       | (99,432)       | (101,420)      | (103,449)      | (105,518)      | (107,628)      |
| Available Cash & Investments - Beginning of Year<br>Not Restricted by Ordinance/Regulation         | <u>133,170</u> | <u>161,908</u> | <u>186,581</u> | <u>185,427</u> | <u>162,878</u> | <u>177,838</u> |

(A) Prior year plus increase of 2% in 2019 - 2023.

(B) Prior year plus increase of 2% in 2019 - 2023 which will need to be monitored by staff.

\*\*If funds permit more will be applied to the loan.

# IT Capital Program

2018 Budget - Final

**IT**  
**2018 Budget - Final**  
**Capital Additions**

| Item                  | Class | Description  | Code | Amount  | Department |
|-----------------------|-------|--|------|---------|------------|
| 1                     | B     | <b>Software</b> - Replace the billing/cs system.                         | 2    | 200,000 | IT         |
| 2                     | A     | <b>Video Room</b> - Lebanon Utilities portion to upgrade the video room. | 2    | 22,638  | IT         |
| TOTAL                 |       |  |      | 222,638 |            |
| Operational Cash Flow |       |  |      | -       |            |
| Other                 |       |  |      | 222,638 |            |
| TOTAL                 |       |  |      | 222,638 |            |

**Class:**

- A Must Accomplish This Year
- B Accomplish for Improvement of System Integrity
- C Ongoing Program - Accomplish for Improvement of System Integrity
- D Ongoing Program - Long Term/Short Term & Vehicles/Equipment

**Code:**

- 1 Operational Cash Flow
- 2 Reserves
- 3 Bonding
- 4 Other

**Notes:**

- (a) Cost does not reflect money received from sale of old vehicle/equipment.
- (b) Included in 10 year replacement plan.
- (c) Cost estimates provided by consultant.
- (d) May include capitalized labor.



IT  
2018 Budget - Final

Capital Projects - 5 Years Beyond Fiscal Year 2018



| Item | Description   | Projected<br>2019 | Projected<br>2020 | Projected<br>2021 | Projected<br>2022 | Projected<br>2023 | Total<br>Amount |
|------|---|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| 1    | <b>Network Replacement</b><br>Multi-year program to upgrade the network over a 5-year period.<br>Includes contingency plan. | 38,000            | 5,000             | 5,000             | 5,000             | 5,000             | 58,000          |
|      | Total   | <u>38,000</u>     | <u>5,000</u>      | <u>5,000</u>      | <u>5,000</u>      | <u>5,000</u>      | <u>58,000</u>   |


# Vehicle Replacement Plan

2018 Budget - Final

**ALL UTILITIES  
2018 Budget - Final**

**Vehicles - 10 Year Replacement Plan**

| Dept.                        | Year | No. | Description               | Cycle<br>Years | FY<br>2018     | FY<br>2019     | FY<br>2020     | FY<br>2021 | FY<br>2022 | FY<br>2023    | FY<br>2024     | FY<br>2025    | FY<br>2026    |
|------------------------------|------|-----|---------------------------|----------------|----------------|----------------|----------------|------------|------------|---------------|----------------|---------------|---------------|
| <b>Electric:</b>             |      |     |                           |                |                |                |                |            |            |               |                |               |               |
| <b>Electric Distribution</b> |      |     |                           |                |                |                |                |            |            |               |                |               |               |
| <b>I. Light Vehicles</b>     |      |     |                           |                |                |                |                |            |            |               |                |               |               |
|                              | 2013 | 88  | Dodge Van                 | 10             |                |                |                |            |            | 35,000        |                |               |               |
|                              | 2016 | 28  | Ford Pick-Up              | 10             |                |                |                |            |            |               |                |               | 40,000        |
|                              | 2016 | 81  | Ford F-150 4X4            | 10             |                |                |                |            |            |               |                |               | 40,000        |
|                              | 2015 | 34  | Chevy Silverado           | 10             |                |                |                |            |            |               |                | 35,000        |               |
| <b>II. Bucket Trucks</b>     |      |     |                           |                |                |                |                |            |            |               |                |               |               |
|                              | 2016 | 3   | GMC C 6500                | 10             |                |                |                |            |            |               |                |               |               |
|                              | 2018 | 17  | Chevy Duramax C 7500      | 10             | 225,000        |                |                |            |            |               |                |               |               |
|                              | 2009 | 8   | Ford 550 (Service Bucket) | 10             |                | 185,000        |                |            |            |               |                |               |               |
|                              | 2013 | 11  | Line Bucket 45ft          | 10             |                |                |                |            |            | 217,250       |                |               |               |
|                              | New  |     | Service Bucket 37ft       | 10             |                |                |                |            |            |               |                |               |               |
| <b>III. Line Trucks</b>      |      |     |                           |                |                |                |                |            |            |               |                |               |               |
|                              | 2007 | 19  | International 4300        | 10             |                |                | 230,000        |            |            |               |                |               |               |
|                              | 2017 | 22  | International 4300        | 10             | 215,000        |                |                |            |            |               |                |               |               |
| <b>IV. Misc. Trucks</b>      |      |     |                           |                |                |                |                |            |            |               |                |               |               |
|                              | 2008 | 7   | 1T Ford Dump Truck        | 10             | 3,000          |                |                |            |            |               |                |               |               |
| <b>V. Other Equipment</b>    |      |     |                           |                |                |                |                |            |            |               |                |               |               |
|                              | 2002 |     | Pole Trailer              | None           |                |                |                |            |            |               |                |               |               |
|                              | 1985 |     | 2PL Wire Trailer          | None           |                |                |                |            |            |               |                |               |               |
|                              | 1997 |     | 1PL Wire Trailer          | None           |                |                |                |            |            |               |                |               |               |
|                              | 2002 |     | Bandit Chipper            | None           |                |                |                |            |            |               |                |               |               |
|                              |      |     | Backyard Machine          | None           |                |                |                |            |            |               |                |               |               |
|                              |      |     | Hole Vac                  | None           |                |                |                |            |            |               |                |               |               |
|                              | 2002 |     | Case DBH4 Trencher        | 10             |                |                |                |            |            |               |                |               |               |
|                              | 2003 |     | Trencher Trailer          | 10             |                |                |                |            |            |               |                |               |               |
|                              | 2008 |     | Forklift Clark            | None           |                |                |                |            |            |               |                |               |               |
|                              | 2009 |     | Cable Puller              | None           |                |                |                |            |            |               |                |               |               |
| <b>Total</b>                 |      |     |                           |                | <u>443,000</u> | <u>185,000</u> | <u>230,000</u> | <u>0</u>   | <u>0</u>   | <u>35,000</u> | <u>217,250</u> | <u>35,000</u> | <u>80,000</u> |

  
FY  
2027

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**ALL UTILITIES**  
**2018 Budget - Final**

**Vehicles - 10 Year Replacement Plan**

| Dept.                           | Year | No. | Description                 | Cycle<br>Years | FY<br>2018 | FY<br>2019 | FY<br>2020 | FY<br>2021 | FY<br>2022 | FY<br>2023 | FY<br>2024 | FY<br>2025 | FY<br>2026 | FY<br>2027 |
|---------------------------------|------|-----|-----------------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Water:</b>                   |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
| <b>Administration:</b>          |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>              |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2006 | 14  | Ford Escape (1/2)           | 10             |            |            | 12,500     |            |            |            |            |            |            |            |
| <b>Water Plant:</b>             |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>              |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2016 | 15  | Dodge                       | 10             |            |            |            |            |            |            |            |            | 35,000     |            |
|                                 | 2002 | 35  | Dodge Dakota Pickup         | 10             |            | 30,000     |            |            |            |            |            |            |            |            |
|                                 | 2014 | 31  | Ford Escape                 | 10             |            |            |            |            |            | 35,000     |            |            |            |            |
| <b>II. Other Equipment</b>      |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2003 |     | John Deere Lawn Mower       | None           |            | 8,500      |            |            |            |            |            |            |            |            |
|                                 | 2005 |     | Deere 210E Landscape Loader | None           |            |            |            |            |            |            |            |            | 8,500      |            |
| <b>Water Distribution:</b>      |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>              |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2015 | 10  | 1T Service Truck            | 10             |            |            |            |            |            |            |            | 65,000     |            |            |
|                                 | 2015 | 6   | Ford F 350 Service Truck    | 10             |            |            |            |            |            |            |            | 65,000     |            |            |
| <b>II. Dump Trucks</b>          |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2002 | 18  | GMC 2T Dump Truck           | 10             |            |            |            |            | 70,000     |            |            |            |            |            |
|                                 | 2004 | 29  | 1 1/2T Ford F450            | 15             |            |            |            |            |            | 60,000     |            |            |            |            |
| <b>III. Other Equipment</b>     |      |     |                             |                |            |            |            |            |            |            |            |            |            |            |
|                                 | 2003 |     | Backhoe                     | None           | 120,000    |            |            |            |            |            |            |            |            |            |
|                                 | 2006 |     | Case 570MXT Backhoe         |                |            |            |            |            |            |            |            |            | 75,000     |            |
|                                 | 2004 |     | Vemeer                      | None           |            |            |            | 65,000     |            |            |            |            |            |            |
|                                 | 2003 |     | Sullair                     | None           |            |            |            |            |            |            | 10,000     |            |            |            |
|                                 | 1977 |     | Bame Backhoe Trailer        |                |            |            |            |            | 7,000      |            |            |            |            |            |
|                                 | 1997 |     | Trailer                     |                |            |            |            |            | 4,000      |            |            |            |            |            |
| <b>Subtotal Vehicles</b>        |      |     |                             |                | 0          | 30,000     | 12,500     | 0          | 70,000     | 60,000     | 35,000     | 130,000    | 35,000     | 0          |
| <b>Subtotal Other Equipment</b> |      |     |                             |                | 120,000    | 8,500      | 0          | 65,000     | 11,000     | 0          | 10,000     | 0          | 83,500     | 0          |
| <b>Total</b>                    |      |     |                             |                | 120,000    | 38,500     | 12,500     | 65,000     | 81,000     | 60,000     | 45,000     | 130,000    | 118,500    | 0          |

**ALL UTILITIES  
2018 Budget - Final**

**Vehicles - 10 Year Replacement Plan**

| Dept.                              | Year | No. | Description            | Cycle<br>Years | FY<br>2018 | FY<br>2019 | FY<br>2020 | FY<br>2021 | FY<br>2022 | FY<br>2023 | FY<br>2024 | FY<br>2025 | FY<br>2026 | FY<br>2027 |
|------------------------------------|------|-----|------------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Wastewater:</b>                 |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
| <b>Administration:</b>             |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>                 |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 2006 | 14  | Ford Escape (1/2)      | 10             |            |            | 12,500     |            |            |            |            |            |            |            |
| <b>Wastewater Treatment Plant:</b> |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>                 |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 2001 | 12  | Dodge Ram              | 10             |            | 50,000     |            |            |            |            |            |            |            |            |
|                                    | 2007 | 37  | GMC Sierra             | 10             |            |            | 35,000     |            |            |            |            |            |            |            |
| <b>II. Other Equipment</b>         |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 1988 |     | Bunton Mower           | None           |            | 8,500      |            |            |            |            |            |            |            |            |
|                                    | 2008 |     | Kubota Mower           | None           |            |            |            |            |            | 8,500      |            |            |            |            |
|                                    | 2011 |     | Kubota Mower           | 7              | 17,000     |            |            |            |            |            |            |            |            |            |
|                                    | 2002 |     | Toro Z Master          | None           |            | 8,500      |            |            |            |            |            |            |            |            |
|                                    | 2011 |     | Toro Z Master          | 10             |            |            |            | 15,000     |            |            |            |            |            |            |
|                                    | 1987 |     | Deutz / Allis Tractor  | None           |            | 17,000     |            |            |            |            |            |            |            |            |
|                                    | 2015 |     | Com Pro Trailer        | None           |            |            |            |            |            |            |            | 2,700      |            |            |
|                                    | 2008 |     | Kubota RTV900          | None           |            |            | 15,000     |            |            |            |            |            |            |            |
| <b>Sewer Maintenance:</b>          |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
| <b>I. Vehicles</b>                 |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 2014 | 24  | Ford Escape            | 10             |            |            |            |            |            |            | 35,000     |            |            |            |
|                                    | 2016 | 2   | Ford                   | 10             |            |            |            |            |            |            |            |            | 70,000     |            |
|                                    | 2008 | 26  | Ford F 350 Super Duty  | 10             |            |            | 60,000     |            |            |            |            |            |            |            |
|                                    | 2003 | 23  | 3/4T Camera Van        | 10             |            |            |            |            |            | 350,000    |            |            |            |            |
|                                    | 2015 | 27  | Ford                   | 10             |            |            |            |            |            |            |            | 130,000    |            |            |
|                                    |      |     | 2nd Crane Truck        |                | 70,000     |            |            |            |            |            |            |            |            |            |
| <b>II. Dump Trucks</b>             |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 2002 | 13  | Ford F 650 2T Dump     | 10             |            |            |            | 70,000     |            |            |            |            |            |            |
|                                    | 2009 | 25  | Ford F 450 Dump        | 10             |            |            |            |            | 60,000     |            |            |            |            |            |
| <b>III. Other Equipment</b>        |      |     |                        |                |            |            |            |            |            |            |            |            |            |            |
|                                    | 2002 |     | Air Compressor         | None           |            |            |            |            |            | 10,000     |            |            |            |            |
|                                    | 2000 | 36  | Vactor                 | 10             |            |            |            |            |            |            |            | 230,000    |            |            |
|                                    | 2009 |     | Case Backhoe 580 Super | 10             |            |            |            |            |            |            | 120,000    |            |            |            |
|                                    | 2002 |     | Liftstation Generator  | None           |            |            |            |            |            | 12,000     |            |            |            |            |
|                                    | 2002 |     | Case 85 XT Skid Steer  | None           |            |            |            |            | 65,000     |            |            |            |            |            |
|                                    | 2002 |     | Skid Steer Trailer     | None           |            |            |            |            | 7,000      |            |            |            |            |            |
| <b>Subtotal Vehicles</b>           |      |     |                        |                | 70,000     | 50,000     | 107,500    | 70,000     | 60,000     | 350,000    | 35,000     | 130,000    | 70,000     | 0          |
| <b>Subtotal Other Equipment</b>    |      |     |                        |                | 17,000     | 34,000     | 15,000     | 15,000     | 72,000     | 30,500     | 120,000    | 232,700    | 0          | 0          |

|              |                      |                      |                       |                      |                       |                       |                       |                       |                      |                 |
|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------|
| <b>Total</b> | <u><u>87,000</u></u> | <u><u>84,000</u></u> | <u><u>122,500</u></u> | <u><u>85,000</u></u> | <u><u>132,000</u></u> | <u><u>380,500</u></u> | <u><u>155,000</u></u> | <u><u>362,700</u></u> | <u><u>70,000</u></u> | <u><u>0</u></u> |
|--------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------|

**ALL UTILITIES**  
**2018 Budget - Final**

**Vehicles - 10 Year Replacement Plan**

| Dept.                     | Year               | No. | Description        | Cycle<br>Years | FY<br>2018 | FY<br>2019 | FY<br>2020 | FY<br>2021 | FY<br>2022 | FY<br>2023    | FY<br>2024    | FY<br>2025 | FY<br>2026 | FY<br>2027 |
|---------------------------|--------------------|-----|--------------------|----------------|------------|------------|------------|------------|------------|---------------|---------------|------------|------------|------------|
| <b>Telecommunications</b> |                    |     |                    |                |            |            |            |            |            |               |               |            |            |            |
|                           | <b>I. Vehicles</b> |     |                    |                |            |            |            |            |            |               |               |            |            |            |
|                           | 2014               | 51  | Ford E Series E150 | 8              |            |            |            |            |            | 25,000        |               |            |            |            |
|                           | 2014               | 85  | Ford E Series E150 | 8              |            |            |            |            |            |               | 25,000        |            |            |            |
|                           |                    |     | <b>Total</b>       |                | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>25,000</u> | <u>25,000</u> | <u>0</u>   | <u>0</u>   | <u>0</u>   |



**ALL UTILITIES**  
**2018 Budget - Final**

**Vehicles - 10 Year Replacement Plan**

| Dept.                       | Year | No. | Description   | Dept.    | Cycle<br>Years | FY<br>2018    | FY<br>2019 | FY<br>2020    | FY<br>2021    | FY<br>2022 | FY<br>2023    | FY<br>2024 | FY<br>2025 | FY<br>2026 | FY<br>2027    |
|-----------------------------|------|-----|---------------|----------|----------------|---------------|------------|---------------|---------------|------------|---------------|------------|------------|------------|---------------|
| <b>Miscellaneous:</b>       |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
| <b>Meter Technicians:</b>   |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
| <b>I. Vehicles</b>          |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
|                             | 2017 | 16  | Ford F150     | Metering | 10             |               |            |               |               |            |               |            |            |            | 30,000        |
|                             | 2017 | 80  | Ford F150     | Metering | 10             |               |            |               |               |            |               |            |            |            | 30,000        |
|                             | 2018 |     | Ford F150     | Metering | 10             | 25,000        |            |               |               |            |               |            |            |            |               |
|                             | 2018 | 21  | Ford F150     | Metering | 10             | 25,000        |            |               |               |            |               |            |            |            |               |
|                             | 2013 | 20  | Ford Escape   | TA       | 10             |               |            |               |               |            | 25,000        |            |            |            |               |
| <b>II. Locator Vehicles</b> |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
|                             | 2018 | 33  | Ford          |          | 10             | 25000         |            |               |               |            |               |            |            |            |               |
| <b>Administration:</b>      |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
| <b>I. Vehicles</b>          |      |     |               |          |                |               |            |               |               |            |               |            |            |            |               |
|                             | 2010 | 90  | GMC Pick-Up   | Facility | 10             |               |            |               | 35,000        |            |               |            |            |            |               |
|                             | 2014 | 1   | Jeep Cherokee | GM       | 5              |               |            | 35,000        |               |            | 30000         |            |            |            |               |
| <b>Total</b>                |      |     |               |          |                | <u>75,000</u> | <u>0</u>   | <u>35,000</u> | <u>35,000</u> | <u>0</u>   | <u>55,000</u> | <u>0</u>   | <u>0</u>   | <u>0</u>   | <u>60,000</u> |