



**ADVERTISED
2017 ANNUAL BUDGET**

Draft
November 3, 2016

The Annual Budget covers the 60th year of operation of Fairfax Water and has been prepared pursuant to the General Trust Indenture dated October 1, 1992, under which all outstanding Water Revenue Bonds of Fairfax Water have been issued. Fairfax Water is considered an enterprise fund and the Annual Budget represents the financial plan of Fairfax Water for the calendar year. The Annual Budget includes the funds and accounts created by the General Trust Indenture and has been organized in accordance with the "flow of funds" provisions therein. There are five major divisions of the Budget: Revenue Fund, Debt Service Fund, Reserve Fund, Improvement Fund and General Fund.

Reviewers of the Annual Budget should be aware that Fairfax Water is a single-purpose public agency charged with the responsibility to construct, operate, and maintain a water system in compliance with state and federal water quality regulations. Line items of current expenses and capital expenditures are estimates based on historical experience and current judgment as to cost trends and the labor, material and services required to operate, maintain and expand the water system. Fairfax Water has very little latitude with respect to the level of service it must provide or the requirements imposed by various regulatory agencies. There are few discretionary programs within Fairfax Water's assigned scope of activity. As such, one of the more important purposes of the Annual Budget is to assess the adequacy of Fairfax Water's revenues to satisfy the requirements of the General Trust Indenture.

The revenues of the water system include payments from various wholesale customers under agreements which include the purchase of capacity rights in Fairfax Water's system. Wholesale customers account for approximately 45% of the total water sales volume of Fairfax Water in 2017.

The 2017 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2017. It is intended that these proposed charges would be considered for adoption at Fairfax Water's meeting of December 15, 2016, following a public hearing on the matter.

The General Trust Indenture requires Fairfax Water's Consulting Engineer to make an inspection of the water system annually and to submit a report on or before December 1 of each year setting forth findings as to the physical condition of the water system, recommendations as to the adequacy of the budgeted amounts for current expenses and capital expenditures, and any necessary or advisable revisions of the rates, fees and charges.

The Annual Budget is contained on pages 2 through 8. Details and supporting data related to the Annual Budget are included on pages 9 through 53.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017

<u>REVENUE FUND</u>	<u>2016</u>		<u>2017</u>
	<u>Budget</u>	<u>Current Estimate</u>	<u>Budget</u>
<u>REVENUES</u>			
Wholesale Revenue (Fixed and Commodity) ⁽¹⁾			
Virginia-American Water Company			
Alexandria District	\$ 9,547,000	\$ 9,692,000	\$ 9,693,000
Prince William District	3,666,000	3,686,000	3,689,000
Prince William County Service Authority	10,991,000	10,341,000	10,748,000
Loudoun Water	9,478,000	8,113,000	8,240,000
Town of Herndon	1,269,000	1,149,000	1,215,000
Fort Belvoir	1,914,000	1,847,000	1,832,000
Dulles International Airport	407,000	390,000	388,000
Town of Vienna	1,565,000	1,449,000	1,537,000
Untreated			
Prince William County Park Authority	1,000	1,000	1,000
Vulcan Materials Company	13,000	14,000	14,000
Old Hickory Golf Course	7,000	7,000	7,000
Total - Wholesale Revenue	<u>38,858,000</u>	<u>36,689,000</u>	<u>37,364,000</u>
Retail Revenue (Commodity and Billing)	<u>104,206,000</u>	<u>107,939,000</u>	<u>108,420,000</u>
Total - Wholesale and Retail Revenue	<u>143,064,000</u>	<u>144,628,000</u>	<u>145,784,000</u>

⁽¹⁾ See Exhibit 1 (page 25) for a breakdown of commodity and fixed charges revenue.

	2016		2017 Budget
	Budget	Current Estimate	
<u>Other Revenues</u>			
Availability Charges	\$ 9,000,000	\$ 6,400,000	\$ 7,000,000
Local Facility Charges	850,000	551,000	600,000
Service Connection Charges	900,000	684,000	700,000
Account Charges	1,020,000	1,050,000	1,050,000
Delinquent Account Charges	370,000	450,000	450,000
Returned Check Charges	45,000	50,000	50,000
Sewer Service Billing Charges	6,800,000	7,100,000	6,800,000
Merchandising and Jobbing	35,000	120,000	50,000
Fire Hydrant Permit Fees	550,000	623,000	650,000
Laboratory Services	88,000	75,000	75,000
Investment Income	1,365,000	1,945,000	1,955,000
Non-Operating Income	600,000	650,000	1,150,000
Sale of Scrap Material	50,000	60,000	50,000
Bad Debt Recovery	10,000	10,000	10,000
Bond Subsidy	1,052,000	1,058,000	1,057,000
Miscellaneous	100,000	366,000	100,000
Total - Other Revenues	<u>22,835,000</u>	<u>21,192,000</u>	<u>21,747,000</u>
Rate Revisions ⁽¹⁾	<u>4,482,000</u>	<u>- -</u>	<u>3,775,000</u>
Total - Revenues	170,381,000	165,820,000	171,306,000

⁽¹⁾ The 2017 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2017.

	2016		2017 Budget
	Budget	Current Estimate	
<u>CURRENT EXPENSES</u>			
<u>Operation and Maintenance Expenses</u>			
Supply Facilities	\$ 10,267,000	\$ 8,641,000	\$ 9,778,000
Treatment Facilities	24,136,000	22,726,000	24,390,000
Transmission System	5,758,000	5,373,000	5,504,000
Distribution System	18,547,000	17,595,000	18,134,000
Administrative and General	33,576,000	32,271,000	34,204,000
Total - Operation and Maintenance Expenses	92,284,000	86,606,000	92,010,000
<u>Other Expenses</u>			
New Services and Meters	1,540,000	1,374,000	1,425,000
Merchandising and Jobbing	9,000	--	9,000
Total - Other Expenses	1,549,000	1,374,000	1,434,000
Total - Current Expenses	93,833,000	87,980,000	93,444,000
<u>NET REVENUES</u>			
Net Revenues Defined	76,548,000	77,840,000	77,862,000
Transfer from Reserve Fund	522,000	523,000	--
Total Net Revenues	77,070,000	78,363,000	77,862,000
<u>DEBT SERVICE COVERAGE</u>			
Net Revenues	77,070,000	78,363,000	77,862,000
Annual Principal and Interest Requirements	41,417,394	41,417,394	41,128,941
Coverage	1.86	1.89	1.89

	2016		2017 Budget
	Budget	Current Estimate	
<u>DEBT SERVICE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 29,417,852	\$ 29,417,853	\$ 31,181,582
<u>Receipts</u>			
Transfer from Revenue Fund	41,417,394	41,417,394	41,128,941
Investment Income	110,000	230,000	250,000
Total - Receipts	<u>41,527,394</u>	<u>41,647,394</u>	<u>41,378,941</u>
<u>Disbursements</u>			
Interest Payable - April 1 and October 1	20,878,665	20,878,665	20,240,667
Principal Payable - April 1	18,775,000	18,775,000	20,800,000
Transfer of Investment Income to Revenue Fund	110,000	230,000	250,000
Total - Disbursements	<u>39,763,665</u>	<u>39,883,665</u>	<u>41,290,667</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>31,181,581</u>	<u>31,181,582</u>	<u>31,269,856</u>

	2016		2017 Budget
	Budget	Current Estimate	
<u>RESERVE FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 15,766,000	\$ 15,698,000	\$ 15,175,000
<u>Receipts</u>			
Investment Income	150,000	195,000	200,000
Total - Receipts	<u>150,000</u>	<u>195,000</u>	<u>200,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	150,000	195,000	200,000
Transfer of Excess Requirement to Revenue Fund	522,000	523,000	--
Total - Disbursements	<u>672,000</u>	<u>718,000</u>	<u>200,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>15,244,000</u>	<u>15,175,000</u>	<u>15,175,000</u>

	2016		2017 Budget
	Budget	Current Estimate	
<u>IMPROVEMENT FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 879,000	\$ 1,298,000	\$ 930,000
<u>Receipts</u>			
Transfer from Revenue Fund	11,000,000	11,000,000	11,000,000
Transfer from General Fund	80,000,000	51,000,000	14,000,000
Bond Proceeds	--	--	75,000,000
Advances for Construction	50,000	130,000	100,000
Contributions for Construction	1,800,000	840,000	1,000,000
Investment Income	51,000	14,000	764,000
Miscellaneous	300,000	30,000	50,000
Total - Receipts	<u>93,201,000</u>	<u>63,014,000</u>	<u>101,914,000</u>
<u>Disbursements</u>			
Part B Capital Improvement Program			
Materials and Supplies	90,000	600,000	90,000
Refunds - Advances for Construction	100,000	22,000	50,000
General Expenses	16,870,000	17,300,000	16,750,000
Subdivision and Other Development Projects	1,235,000	1,210,000	1,235,000
Extraordinary Maintenance and Repairs	38,055,000	20,200,000	40,293,000
Additions, Extensions and Betterments	28,784,000	20,400,000	33,915,000
General Studies	3,248,000	1,380,000	2,456,000
Part C Capital Improvement Program	--	--	--
Part D Capital Improvement Program	4,359,000	1,850,000	6,643,000
Part E Capital Improvement Program	520,000	420,000	466,000
Total - Disbursements	<u>93,261,000</u>	<u>63,382,000</u>	<u>101,898,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>819,000</u>	<u>930,000</u>	<u>946,000</u>

	2016		2017 Budget
	Budget	Current Estimate	
<u>GENERAL FUND</u>			
<u>Balance Carried Forward from Prior Year</u>	\$ 112,232,000	\$ 118,731,000	\$ 93,677,000
<u>Receipts</u>			
Transfer from Revenue Fund (Net Revenues)	24,131,000	25,946,000	25,733,000
Investment Income	1,100,000	1,500,000	1,500,000
Total - Receipts	<u>25,231,000</u>	<u>27,446,000</u>	<u>27,233,000</u>
<u>Disbursements</u>			
Transfer of Investment Income to Revenue Fund	1,100,000	1,500,000	1,500,000
Transfer to Improvement Fund	80,000,000	51,000,000	14,000,000
Total - Disbursements	<u>81,100,000</u>	<u>52,500,000</u>	<u>15,500,000</u>
<u>Balance Carried Forward to Ensuing Year</u>	<u>56,363,000</u>	<u>93,677,000</u>	<u>105,410,000</u>



DETAILS AND SUPPORTING DATA

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2017

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I. Highlights of 2017 Annual Budget

<u>Category</u>	<u>2016 Budget</u>	<u>2016 Current Estimate</u>	<u>2017 Budget</u>	<u>% Increase (Decrease)</u>
Retail Customer Accounts Added	300	286	300	4.9
Retail Equivalent 5/8" Units Added	2,300	1,560	1,710	9.6
Retail Customers - End of Year	281,046	281,024	281,324	0.1
Wholesale Water Sales (mg)	24,572	25,606	25,095	(2.0)
Retail Water Sales (mg)	30,900	31,700	31,200	(1.6)
Total Water Sales (mg)	55,472	57,306	56,295	(1.8)
Water Sales Revenue (\$ million)	147.251	144.628	149.232	3.2
Water Produced and Purchased (mg)	61,600	63,700	62,600	(1.7)
Water Produced and Purchased (mgd)	168.3	174.1	171.5	(1.5)
Total Revenues (\$ million)	170.381	165.820	171.306	3.3
Current Expenses (\$ million)	93.833	87.980	93.444	6.2
Net Revenues (\$ million)	77.070	78.363	77.862	(0.6)
Total Debt Service (\$ million)	41.417	41.417	41.129	(0.7)
Debt Service Coverage	1.86	1.89	1.89	--
Authorized Employees	475	475	475	--

Highlights of 2017 Annual Budget (Continued)

- ♦ 300 retail customers are projected to be added in 2017, 14 more than the number projected for 2016. A total of 281,324 customers are expected to be served at the end of 2017.
- ♦ Water sales are estimated to be 56.3 billion gallons in 2017, as compared to 57.3 billion gallons in 2016.
- ♦ Average daily production is expected to be 171.5 million gallons per day (mgd) in 2017, as compared to 174.1 mgd in 2016.
- ♦ Revenues are expected to be \$171.3 million in 2017, as compared to \$165.8 million in 2016.
- ♦ The 2017 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2017.
- ♦ Current Expenses are projected to be \$93.4 million in 2017, a 6.2% increase as compared to the 2016 Current Estimate and a 0.4% decrease from the 2016 Budget.
- ♦ Net Revenues are projected to be \$77.9 million in 2017, as compared to \$78.4 million in 2016.
- ♦ Debt service coverage is projected at 1.89 in 2017, as compared to 1.89 in 2016.
- ♦ It is expected that the Improvement Fund will have a cash balance of \$0.9 million on January 1, 2017. Improvement Fund receipts are estimated at \$101.9 million and expenditures are estimated at \$101.9 million in 2017, resulting in an expected balance of \$0.9 million on December 31, 2017.
- ♦ It is expected that the General Fund will have a balance of \$105.4 million at the end of 2017.
- ♦ In 2017 the authorized staff complement is expected to remain constant at a total of 475 employees.
- ♦ Expected payroll costs of \$39.196 million in 2017 represents a 0.1% decrease from the \$39.248 million budgeted in 2016.

II. Customer Growth

- ♦ Applications for new services in 2017 are projected to be 17 more than the number currently estimated for 2016 and 24 more than the actual number of applications received in 2015.
- ♦ 300 customer accounts are expected to be added in 2017.
- ♦ Single family and townhouse units comprise 94% of all retail customers.
- ♦ 46,541 customer accounts were added to the system with the acquisition of the cities of Falls Church and Fairfax in 2014.
- ♦ Sales per customer in 2014 does not include a full year billing cycle for the customer accounts acquired from Falls Church and Fairfax.

	<u>Actual</u>				Current Estimate 2016	Budget 2017
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
<u>Customers</u>						
Number of Applications Received	231	436	352	276	283	300
Number of Services Installed	250	307	454	498	377	300
Number of Customer Accounts Added (net)	83	184	46,584	192	286	300
Number of Equivalent 5/8" Units Added	1,843	1,628	2,721	3,290	1,560	1,710
 <u>Total Customers (End-of-Year)</u>						
Single Family	156,136	156,206	187,264	187,306	187,484	187,671
Townhouse	65,536	65,601	76,799	76,865	76,917	76,972
Apartment	3,265	3,272	4,003	4,028	4,052	4,077
Commercial/Industrial	7,686	7,726	11,010	11,065	11,095	11,126
Municipal/Institutional	1,085	1,087	1,400	1,404	1,406	1,408
Restricted Service	70	70	70	70	70	70
	<u>233,778</u>	<u>233,962</u>	<u>280,546</u>	<u>280,738</u>	<u>281,024</u>	<u>281,324</u>
 <u>Sales Per Customer</u>						
Retail Customers (Average)	233,737	233,870	280,525	280,642	280,881	281,174
Retail Water Sales (mg)	26,449	25,747	29,922	31,023	31,700	31,200
Sales Per Customer (1,000 gal)	113	110	107	111	113	111

III. Water Sales

- ♦ Total water sales are expected to decrease 1.8% in 2017 as compared to 2016.
- ♦ Total water sales are expected to increase 3.2% in 2016 as compared to 2015.
- ♦ Total water sales increased 11.1% in 2014 as compared to 2013 due to the acquisition of the cities of Falls Church and Fairfax.

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
<u>Water Sales</u>						
<u>Wholesale</u>						
Million Gallons	24,156	23,318	24,587	24,529	25,606	25,095
Daily Average (mgd)	66.0	63.9	67.4	67.2	70.0	68.8
% of Total Sales	48	48	45	44	45	45
<u>Retail</u>						
Million Gallons	26,449	25,747	29,922	31,023	31,700	31,200
Daily Average (mgd)	72.3	70.5	82.0	85.0	86.6	85.5
% of Total Sales	52	52	55	56	55	55
<u>Total</u>						
Million Gallons	50,605	49,065	54,509	55,552	57,306	56,295
Daily Average (mgd)	138.3	134.4	149.3	152.2	156.6	154.2

IV. Water Production (Supply)

- ♦ Water production is expected to average 171.5 mgd in 2017, as compared to 174.1 mgd in 2016.
- ♦ Occoquan River water production is expected to account for 34.9% of total production in 2017.
- ♦ Potomac River water production is expected to account for 56.9% of total production in 2017.
- ♦ Purchased water from the Washington Aqueduct is expected to account for 8.2% of total production in 2017.

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
<u>Supply vs. Sales (mg)</u>						
Water Supply	54,986	52,638	59,584	59,814	63,700	62,600
Water Sales	50,605	49,065	54,509	55,552	57,306	56,295
Non-Revenue Water:						
Quantity	4,381	3,573	5,075	4,262	6,394	6,305
As a % of Supply	8.0	6.8	8.5	7.1	10.0	10.0
<u>Sources of Supply (mg)</u>						
Purchased	40	25	5,113	5,141	5,220	5,130
Occoquan:						
Treated	23,333	21,745	21,638	22,138	22,171	21,787
Untreated	100	72	80	74	80	80
	23,433	21,817	21,718	22,212	22,251	21,867
Potomac	31,513	30,796	32,753	32,461	36,229	35,603
Total Supply	54,986	52,638	59,584	59,814	63,700	62,600
<u>Daily Average (mgd)</u>						
Occoquan	64.0	59.8	59.5	60.9	60.8	59.9
Potomac	86.1	84.4	89.7	88.9	99.0	97.5
Washington Aqueduct	--	--	14.0	14.1	14.3	14.1
Total	150.1	144.2	163.2	163.9	174.1	171.5

V. Revenues

- ♦ 2017 total revenues are estimated at \$171.3 million, as compared to \$165.8 million in 2016.
- ♦ Revenues from total water sales (inclusive of proposed retail rate revisions) are expected to increase by \$4.6 million or 3.2% in 2017.
- ♦ In 2017, revenues from connection charges are budgeted to increase by 8.7% as compared to 2016.
- ♦ In 2014, wholesale revenues include \$29.8 million from Prince William County Service Authority for the purchase of additional capacity in Fairfax Water's system.
- ♦ In 2014 and 2015, other revenue includes \$16.9 million and \$1.8 million, respectively, of payments from the City of Fairfax as required by the asset purchase agreement.

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
----- \$ Million -----						
<u>Revenues</u>						
Water Sales						
Wholesale	38.055	45.535	76.499	42.220	36.689	37.364
Retail	75.415	74.393	95.555	104.235	107.939	108.420
Subtotal	113.470	119.928	172.054	146.455	144.628	145.784
Connection Charges:						
Availability	6.754	6.209	10.674	13.000	6.400	7.000
Local Facility	.508	.682	.786	1.107	.551	.600
Service Connection	.302	.496	.696	.639	.684	.700
Investment Income	3.553	2.373	1.124	1.362	1.945	1.955
Sewer Service Billing Charges	5.247	5.890	6.064	6.544	7.100	6.800
Other Revenue	3.286	3.151	20.883	5.132	3.454	3.635
Bond Subsidy	1.135	1.086	1.053	1.052	1.058	1.057
Rate Revisions ⁽¹⁾	--	--	--	--	--	3.775
Total - Revenues	134.255	139.815	213.334	175.291	165.820	171.306

⁽¹⁾ The 2017 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2017.

VI. Current Expenses - Exhibits 2, 3, and 4

- ♦ Current Expenses are projected to increase 6.2% in 2017 as compared to 2016.
- ♦ The increase is due to higher operation and maintenance costs such as employee payroll and benefits, contractual services, chemicals, and purchased water from the Washington Aqueduct.

	<u>Actual</u>				Current Estimate 2016	Budget 2017
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
----- \$ Million -----						
<u>Current Expenses</u>						
Operation and Maintenance	74.469	72.612	84.021	87.644	86.606	92.010
New Services and Meters	.905	.945	1.424	1.570	1.374	1.425
Merchandising and Jobbing	.001	.000	.000	.000	.000	.009
Total	<u>75.375</u>	<u>73.557</u>	<u>85.445</u>	<u>89.214</u>	<u>87.980</u>	<u>93.444</u>

Categories of Expense

Operation and Maintenance

Supply Facilities	5.565	4.847	8.883	10.668	8.641	9.778
Treatment Facilities	22.730	23.210	22.573	22.215	22.726	24.390
Transmission System	4.160	3.692	5.064	5.413	5.373	5.504
Distribution System	12.913	12.698	16.817	17.570	17.595	18.134
Administrative and General	29.101	28.165	30.684	31.778	32.271	34.204
Total	<u>74.469</u>	<u>72.612</u>	<u>84.021</u>	<u>87.644</u>	<u>86.606</u>	<u>92.010</u>

Current Expenses (Continued)

Operation and Maintenance Expenses

- ♦ The following table depicts costs for major items of Operation and Maintenance expense for the years 2012-2017.

	<u>Actual</u>				Current Estimate 2016	Budget 2017
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>		
	----- \$ Million -----					
Operation and Maintenance	74.469	72.612	84.021	87.644	86.606	92.010
<u>Major Items of Expense</u>						
Personal Services	22.854	23.097	26.421	26.866	26.954	28.007
Employee Benefits	23.616	23.851	26.284	26.871	26.923	27.801
Power Purchased	9.914	9.346	9.135	9.141	9.089	9.200
Utilities	1.453	1.346	1.300	1.450	1.328	1.372
Water Treatment Chemicals	7.082	7.010	6.668	6.077	6.267	7.491
Residuals Management Chemicals	.031	.074	.000	.074	.075	.075
Purchased Water	.053	.081	4.637	6.567	4.512	5.576
Supplies and Materials	3.847	4.188	4.456	5.092	5.173	5.248
Insurance	1.319	1.184	1.169	1.026	1.176	1.201
Gasoline and Fuel	.906	.858	1.035	.631	.567	.625
Postage	.529	.508	.616	.624	.632	.654
Printed Reports	.141	.056	.062	.069	.070	.070
Advertising	.058	.056	.032	.048	.062	.064
Customer Relations	.170	.175	.258	.236	.260	.265
Books, Periodicals and Dues	.146	.134	.138	.140	.108	.137
Contractual Services	8.599	8.015	9.113	9.430	10.473	10.671
Professional Services	1.832	.824	.789	1.086	.748	.910
Employee Training and Meetings	.253	.339	.342	.377	.362	.475
Programs	.976	.865	1.012	1.093	1.143	1.149
Miscellaneous	.249	.218	.140	.415	.300	.324
Subtotal	<u>84.028</u>	<u>82.225</u>	<u>93.607</u>	<u>97.313</u>	<u>96.222</u>	<u>101.315</u>
Transfer to Improvement Fund	<u>(9.559)</u>	<u>(9.613)</u>	<u>(9.586)</u>	<u>(9.669)</u>	<u>(9.616)</u>	<u>(9.305)</u>
Total - Operation and Maintenance	74.469	72.612	84.021	87.644	86.606	92.010

VII. Net Revenues - Coverage

- ♦ Net Revenues are funds remaining after Current Expenses are deducted from Revenues.
- ♦ Net Revenues are allocated to: (1) Reserve for Current Expenses; (2) Debt Service Fund; (3) Reserve Fund; (4) Improvement Fund; and (5) General Fund.
- ♦ The following table depicts Net Revenues for the years 2012-2017:

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
	----- \$ Million -----					
Revenues	134.255	139.815	213.334	175.291	165.820	171.306
Current Expenses	75.375	73.557	85.445	89.214	87.980	93.444
Net Revenues Defined	58.880	66.258	127.889	86.077	77.840	77.862
Transfer from Reserve Fund	.453	.806	.668	.627	.523	- -
Net Revenues - Total	59.333	67.064	128.557	86.704	78.363	77.862
 Debt Service	 39.390	 38.969	 40.020	 39.915	 41.417	 41.129
 Coverage	 1.51	 1.72	 3.21	 2.17	 1.89	 1.89

VIII. Debt Service Fund

- ♦ The Debt Service Fund was established to accumulate deposits necessary for the payment of the principal and interest on outstanding bond issues.
- ♦ In 2017, Fairfax Water's debt service will be \$41,128,941, which will provide a coverage ratio of 1.89. Coverage is derived by dividing Net Revenues by debt service.

IX. Reserve Fund

- ♦ The General Trust Indenture requires that the Reserve Fund be maintained at the "Reserve Requirement" which is defined in the Indenture to be an amount equal to the maximum amount of interest accruing on all outstanding bonds in the current or any future Bond Year. The current Reserve Requirement is \$19,863,941 which is funded with a Qualified Reserve Fund Substitute (Insurance) as well as approximately \$15 million in cash and securities.

X. Improvement Fund - Exhibit 5

The Improvement Fund is comprised of projects funded from Net Revenues and bond proceeds.

(1) Capital Improvement Program (Part A)

- ♦ The Part A Capital Improvement Program was completed in 2004.
- ♦ Financing requirements for this program were satisfied in 1994 by the issuance of \$76.3 million in Water Revenue Bonds.

(2) Capital Improvement Program (Part B)

- ♦ Projects in the Improvement Fund which are generally financed from Net Revenues include such items as major repairs to water mains, extensions of water mains, system improvements and the purchase of property and capital equipment, e.g., motor vehicles.

(3) Capital Improvement Program (Part C)

- ♦ The first phase of the Part C Capital Improvement Program has been completed. Additional spending is not anticipated until 2026.
- ♦ Financing for this program is from the issuance of revenue bonds and cash on hand.

(4) Capital Improvement Program (Part D)

- ♦ The Part D Capital Improvement Program is currently estimated to cost \$6.643 million in 2017 of which \$5.173 million relates to various transmission projects and \$1.470 million relates to General Plant Facilities.
- ♦ Financing for this program is from the issuance of revenue bonds and cash on hand.

(5) Capital Improvement Program (Part E)

- ♦ The Part E Capital Improvement Program is currently estimated to cost \$0.466 million in 2017 of which \$0.386 million relates to expansion of transmission facilities in Tysons Corner and \$0.080 million relates to General Plant Facilities.
- ♦ Financing for this program is from the issuance of revenue bonds and cash on hand.

(6) Summary of Improvement Fund Budget

- ♦ As depicted in the following table, it is expected that the Improvement Fund will have a balance of \$0.9 million on January 1, 2017. Improvement Fund receipts are estimated at \$101.9 million, including \$75.0 million in bond proceeds, and expenditures are estimated at \$101.9 million in 2017, resulting in an expected balance of \$0.9 million on December 31, 2017.

Improvement Fund (Continued)

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
----- \$ Million -----						
Balance Carried Forward - January 1	21.465	3.900	1.085	0.166	1.298	.930
<u>Receipts</u>						
Transfer from Revenue Fund	11.000	11.000	11.000	11.000	11.000	11.000
Transfer from General Fund	20.000	42.000	57.000	45.000	51.000	14.000
Bond Proceeds	.304	.346	--	--	--	75.000
Investment Income and Other	17.724	1.067	1.087	1.200	1.014	1.914
Total - Receipts	<u>49.028</u>	<u>54.413</u>	<u>69.087</u>	<u>57.200</u>	<u>63.014</u>	<u>101.914</u>
<u>Disbursements</u>						
Part B Capital Improvement Program						
Materials and Supplies	.125	(.164)	1.663	(.054)	.600	.090
Refunds of Advances	.080	.049	.024	.007	.022	.050
General Expenses	10.859	12.463	12.566	13.309	17.300	16.750
Subdivision/Development Projects	1.324	1.117	1.126	1.126	1.210	1.235
Extraordinary Maintenance and Repair	23.950	20.755	20.853	22.728	20.200	40.293
Additions, Extensions and Betterments	6.426	5.781	5.286	3.883	20.400	33.915
General Studies	2.320	2.095	9.820	2.238	1.380	2.456
Part C Capital Improvement Program	.396	.802	1.358	3.916	--	--
Part D Capital Improvement Program	20.768	10.902	15.797	8.064	1.850	6.643
Part E Capital Improvement Program	.345	3.428	1.513	.851	.420	.466
Total - Disbursements	<u>66.593</u>	<u>57.228</u>	<u>70.006</u>	<u>56.068</u>	<u>63.382</u>	<u>101.898</u>
Balance Carried Forward - December 31	3.900	1.085	.166	1.298	.930	.946

XI. General Fund

- ♦ The General Fund was established to provide funding for special activities of Fairfax Water, e.g., acquisition of a water system.
- ♦ Generally, Net Revenues in excess of those required to be deposited to the Debt Service Fund and Improvement Fund are deposited to the General Fund. It is expected that these funds will be subsequently transferred to the Improvement Fund.

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
	----- \$ Million -----					
General Fund Balance Forward						
January 1	137.784	128.808	109.955	97.041	118.731	93.677
December 31	128.808	109.955	97.041	118.731	93.677	105.410

XII. Personnel Requirements - Exhibits 6, 7, and 8

- ◆ The personnel complement is expected to remain constant in 2017 at a total of 475 authorized positions.
- ◆ Total 2017 personal services costs are estimated at \$39.196 million, of which \$29.276 million and \$9.920 million are estimated to be charged to the Revenue and Improvement Funds, respectively.
- ◆ The 2017 total budgeted personal services cost of \$39.196 million includes a cost-of-living adjustment of 1.4% effective the first pay period of 2017 based on the CPI-U for the 12-month period ending July 31, 2016.

	Actual				Current Estimate 2016	Budget 2017
	2012	2013	2014	2015		
Number of Employees Added	--	--	58	--	--	--
Total Employees Authorized	417	417	475	475	475	475
Total Payroll Cost (\$ Million)	32.500	32.931	36.937	37.761	37.685	39.196

Employees by Division

Management	49	49	49	50	50	50
Finance	91	91	108	108	108	108
Planning and Engineering	64	64	66	65	65	65
Technology	45	45	45	46	46	46
Production	82	82	82	82	82	82
Transmission and Distribution	86	86	125	124	124	124
Total	417	417	475	475	475	475

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
DETAILS OF WATER SALES REVENUE

	2016 Budget				2016 Current Estimate				2017 Budget				% Increase / (Decrease)		
	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume (MG)	Sales Revenue (\$1,000)	Demand Charges (\$1,000)	Total (\$1,000)	Volume	Sales Revenue	Demand Charges
Wholesale Water Sales															
Virginia-American Water															
Alexandria District	5,720	6,864	2,683	9,547	5,800	6,960	2,732	9,692	5,800	7,018	2,675	9,693	--	0.8	(2.1)
Prince William District	1,725	2,070	1,596	3,666	1,730	2,076	1,610	3,686	1,730	2,093	1,596	3,689	--	0.8	(0.9)
Dulles International Airport	300	336	71	407	285	319	71	390	285	319	69	388	--	--	(2.8)
Fort Belvoir	720	806	1,108	1,914	660	739	1,108	1,847	660	739	1,093	1,832	--	--	(1.4)
PWCSA	7,750	9,300	1,691	10,991	8,500	10,200	141	10,341	8,200	9,922	826	10,748	(3.5)	(2.7)	485.8
Town of Herndon	790	948	321	1,269	791	949	200	1,149	780	944	271	1,215	(1.4)	(0.5)	35.5
Loudoun Water	6,700	5,561	3,917	9,478	7,000	5,670	2,443	8,113	6,800	5,576	2,664	8,240	(2.9)	(1.7)	9.0
Town of Vienna	790	948	617	1,565	760	912	537	1,449	760	920	617	1,537	--	0.9	14.9
Untreated															
Vulcan Materials	50	13	--	13	53	14	--	14	53	14	--	14	--	--	--
PWCPA	2	1	--	1	2	1	--	1	2	1	--	1	--	--	--
Old Hickory	25	7	--	7	25	7	--	7	25	7	--	7	--	--	--
Total - Wholesale	24,572	26,854	12,004	38,858	25,606	27,847	8,842	36,689	25,095	27,553	9,811	37,364	(2.0)	(1.1)	11.0
Retail Water Sales *	30,900	108,393	--	108,393	31,700	107,939	--	107,939	31,200	111,868	--	111,868	(1.6)	3.6	--
Total - Water Sales	55,472	135,247	12,004	147,251	57,306	135,786	8,842	144,628	56,295	139,421	9,811	149,232	(1.8)	2.7	11.0

* Budget columns include revenue associated with proposed retail rate revisions.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
DETAILS OF CURRENT EXPENSES

Item	2016		2017	% Increase (Decrease)
	Budget	Current Estimate	Budget	
<u>Personal Services</u>				
Salaries-Regular	\$ 24,996,000	\$ 24,805,000	\$ 25,754,000	3.8
Salaries-Overtime	3,321,000	2,735,000	2,867,000	4.8
Salaries-Stand-By	85,000	90,000	90,000	--
Salaries-Summer	375,000	300,000	315,000	5.0
Salaries-Part-Time/Temporary	300,000	240,000	250,000	4.2
Subtotal	29,077,000	28,170,000	29,276,000	3.9
<u>Employee Benefits</u>				
OASDI-FICA	2,865,000	2,732,000	2,842,000	4.0
Health Insurance	5,760,000	5,868,000	5,868,000	--
Life Insurance	658,000	565,000	706,000	25.0
Disability Program	100,000	55,000	60,000	9.1
Retirement Program	18,289,000	17,613,000	18,236,000	3.5
Educational Reimbursement	65,000	62,000	65,000	4.8
Employee Assistance Program	11,000	12,000	12,000	--
Employee Awards Program	10,000	16,000	12,000	(25.0)
Subtotal	27,758,000	26,923,000	27,801,000	3.3
<u>Power Purchased</u>				
Electricity - Production/Transmission Facilities	9,295,000	9,089,000	9,200,000	1.2
<u>Utilities</u>				
Electricity - Administrative Facilities	317,000	288,000	300,000	4.2
Water and Sewer	220,000	251,000	251,000	--
Heating Oil	--	48,000	50,000	4.2
Heating Gas	520,000	425,000	442,000	4.0
Telephone	320,000	247,000	257,000	4.0
Trash Removal	78,000	69,000	72,000	4.3
Subtotal	1,455,000	1,328,000	1,372,000	3.3

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Chemicals</u>				
<i>Coagulants:</i>				
Poly Aluminum Chloride	\$ 3,000,000	\$ 2,273,000	\$ 2,364,000	4.0
Polymers	80,000	141,000	147,000	4.3
	<u>3,080,000</u>	<u>2,414,000</u>	<u>2,511,000</u>	<u>4.0</u>
<i>Disinfectant/Oxidant:</i>				
Sodium Hypochlorite	1,100,000	1,206,000	1,254,000	4.0
Ammonium Hydroxide	197,000	196,000	204,000	4.1
Liquid Oxygen	600,000	651,000	677,000	4.0
Potassium Permanganate	398,000	446,000	464,000	4.0
	<u>2,295,000</u>	<u>2,499,000</u>	<u>2,599,000</u>	<u>4.0</u>
<i>pH Adjustment:</i>				
Caustic Soda	400,000	431,000	448,000	3.9
Sulfuric Acid	200,000	165,000	171,000	3.6
	<u>600,000</u>	<u>596,000</u>	<u>619,000</u>	<u>3.9</u>
<i>Corrosion Inhibitor:</i>				
Phosphoric Acid	350,000	384,000	400,000	4.2
<i>Oral Health:</i>				
Hydrofluosilicic Acid (Fluoride)	350,000	285,000	297,000	4.2
<i>Ozone Quenching/Reducing Agent:</i>				
Calcium Thiosulfate	19,000	64,000	66,000	3.1
Sodium Bisulfate	29,000	25,000	26,000	4.0
	<u>48,000</u>	<u>89,000</u>	<u>92,000</u>	<u>3.4</u>
<i>Algaecide:</i>				
Copper Sulfate	173,000	--	173,000	100.0
Copper Sulfate Pentahydrate (liquid)	51,000	--	--	--
	<u>224,000</u>	<u>--</u>	<u>173,000</u>	<u>100.0</u>
<i>Filter Media:</i>				
Granular Activated Carbon	800,000	--	800,000	100.0
	<u>800,000</u>	<u>--</u>	<u>800,000</u>	<u>100.0</u>
Subtotal	<u>7,747,000</u>	<u>6,267,000</u>	<u>7,491,000</u>	<u>19.5</u>

Item	2016		2017	% Increase (Decrease)
	Budget	Current Estimate	Budget	
<u>Residuals Management Chemicals</u>				
Polymers	\$ 110,000	\$ 75,000	\$ 75,000	--
Subtotal	110,000	75,000	75,000	--
<u>Purchased Water</u>				
Loudoun Water	20,000	12,000	12,000	--
Washington Aqueduct	6,070,000	4,500,000	5,564,000	23.6
Subtotal	6,090,000	4,512,000	5,576,000	23.6
<u>Supplies</u>				
Cleaning and Custodial	26,000	26,000	27,000	3.8
Vehicle and Automotive	360,000	418,000	418,000	--
Laboratory	575,000	572,000	583,000	1.9
Office	120,000	98,000	102,000	4.1
Computer	285,000	398,000	398,000	--
Mechanical and Electrical	138,000	204,000	208,000	2.0
Safety	239,000	215,000	219,000	1.9
Telephone and Communication	60,000	20,000	20,000	--
Photographic and Reproduction	57,000	79,000	79,000	--
Small Tools	188,000	240,000	245,000	2.1
Construction and Maintenance	1,071,000	924,000	952,000	3.0
Meter Parts and Supplies	102,000	65,000	75,000	15.4
Uniforms and Clothing	80,000	77,000	80,000	3.9
Security	50,000	45,000	50,000	11.1
Miscellaneous	100,000	100,000	100,000	--
Subtotal	3,451,000	3,481,000	3,556,000	2.2

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Materials</u>				
Service Connection	\$ 498,000	\$ 371,000	\$ 386,000	4.0
Meters	159,000	144,000	150,000	4.2
Hydrants and Appurtenances	160,000	150,000	155,000	3.3
Pipe and Appurtenances	219,000	184,000	191,000	3.8
Valves and Appurtenances	132,000	134,000	138,000	3.0
Pumps and Appurtenances	42,000	57,000	59,000	3.5
Instrumentation and SCADA	134,000	251,000	201,000	(19.9)
Automotive	17,000	12,000	14,000	16.7
Electrical and Electronics	235,000	241,000	248,000	2.9
Mechanical	168,000	123,000	127,000	3.3
HVAC	92,000	78,000	81,000	3.8
Lube and Fluids	14,000	20,000	20,000	--
Miscellaneous General Materials	87,000	85,000	87,000	2.4
Subtotal	1,957,000	1,850,000	1,857,000	0.4
<u>Insurance</u>				
Workmen's Compensation	340,000	380,000	380,000	--
Liability	335,000	346,000	350,000	1.2
Motor Vehicle	36,000	99,000	120,000	21.2
Property	301,000	295,000	295,000	--
Unemployment Compensation	20,000	24,000	24,000	--
Miscellaneous Insurance	18,000	32,000	32,000	--
Subtotal	1,050,000	1,176,000	1,201,000	2.1
<u>Gasoline and Fuel</u>				
Gasoline	700,000	467,000	514,000	10.1
Diesel Fuel	170,000	92,000	101,000	9.8
Other Fuel	10,000	8,000	10,000	25.0
Subtotal	880,000	567,000	625,000	10.2

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Postage and Parcel Service</u>				
Postage	\$ 624,000	\$ 599,000	\$ 620,000	3.5
Parcel Service	40,000	33,000	34,000	3.0
Subtotal	664,000	632,000	654,000	3.5
<u>Reports</u>				
Annual Report	10,000	5,000	5,000	--
Consumer Confidence Report	70,000	65,000	65,000	--
Subtotal	80,000	70,000	70,000	--
<u>Advertising</u>				
Recruiting	30,000	35,000	36,000	2.9
Other Advertising	20,000	27,000	28,000	3.7
Subtotal	50,000	62,000	64,000	3.2
<u>Customer Relations</u>				
Visitor Education Center	25,000	10,000	10,000	--
Special Tours and Programs	58,000	50,000	55,000	10.0
Printed Literature	50,000	70,000	70,000	--
Miscellaneous Customer Relations	130,000	130,000	130,000	--
Subtotal	263,000	260,000	265,000	1.9
<u>Books, Periodicals and Dues</u>				
Reference Materials	55,000	18,000	20,000	11.1
Periodical Subscriptions	20,000	20,000	45,000	125.0
Association Dues	62,000	70,000	72,000	2.9
Subtotal	137,000	108,000	137,000	26.9

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Contractual Services</u>				
Equipment Maintenance	\$ 962,000	\$ 978,000	\$ 990,000	1.2
Building/Grounds Maintenance	1,445,000	1,442,000	1,407,000	(2.4)
Computer Hosting Services	550,000	525,000	650,000	23.8
Equipment Rental	32,000	25,000	27,000	8.0
Uniform Rental	160,000	154,000	160,000	3.9
Computer Application Support and Licensing	1,430,000	1,347,000	1,387,000	3.0
Telephone and Communication	670,000	715,000	715,000	--
Residuals Management	380,000	389,000	405,000	4.1
Hazardous Waste Disposal	35,000	39,000	41,000	5.1
Pavement Replacement	2,080,000	2,483,000	2,533,000	2.0
Security	1,015,000	924,000	938,000	1.5
Electrical	200,000	134,000	142,000	6.0
Diving	52,000	64,000	65,000	1.6
Safety and Health	180,000	164,000	170,000	3.7
Temporary Staffing	50,000	125,000	50,000	(60.0)
Bill Print Services	300,000	309,000	315,000	1.9
Information Technology	200,000	117,000	122,000	4.3
Spoil Disposal	453,000	325,000	338,000	4.0
Lease - Central Maintenance Facility	180,000	180,000	180,000	--
Other Contractual Services	48,000	34,000	36,000	5.9
Subtotal	10,422,000	10,473,000	10,671,000	1.9
<u>Professional Services</u>				
Banking	258,000	206,000	225,000	9.2
Insurance	43,000	15,000	15,000	--
Financial	275,000	245,000	250,000	2.0
Legal	200,000	100,000	150,000	50.0
Trustee	40,000	30,000	40,000	33.3
Management Consultants	150,000	75,000	150,000	100.0
Advocacy Services	70,000	67,000	70,000	4.5
Other Professional Services	10,000	10,000	10,000	--
Subtotal	1,046,000	748,000	910,000	21.7

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Employee Training and Meetings</u>				
Employee Training	\$ 275,000	\$ 225,000	\$ 325,000	44.4
Professional Meetings	50,000	60,000	62,000	3.3
Board Travel	10,000	2,000	10,000	400.0
Miscellaneous Travel and Meetings	100,000	75,000	78,000	4.0
Subtotal	435,000	362,000	475,000	31.2
<u>Programs</u>				
Cross Connection Control	611,000	648,000	648,000	--
Utilities Notification	145,000	142,000	148,000	4.2
Potomac River Reservoirs	135,000	158,000	158,000	--
Virginia Technical Assistance Fund (State User Fees)	160,000	160,000	160,000	--
Water Supply Stakeholder Outreach Program	35,000	35,000	35,000	--
Subtotal	1,086,000	1,143,000	1,149,000	0.5
<u>Miscellaneous</u>				
Highway Permits	26,000	24,000	24,000	--
Professional Licenses	5,000	5,000	5,000	--
Injuries and Damages	300,000	201,000	225,000	11.9
Miscellaneous	65,000	70,000	70,000	--
Subtotal	396,000	300,000	324,000	8.0
Subtotal - Current Expenses	103,449,000	97,596,000	102,749,000	5.3
Less: Reimbursable Services	(9,616,000)	(9,616,000)	(9,305,000)	(3.2)
Total - Current Expenses	<u>93,833,000</u>	<u>87,980,000</u>	<u>93,444,000</u>	<u>6.2</u>

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
SUMMARY OF CURRENT EXPENSES

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Operation and Maintenance Expenses</u>				
<u>Supply</u>				
<u>Occoquan</u>				
Personal Services	\$ 227,000	\$ 224,000	\$ 233,000	4.0
Power Purchased	1,019,000	991,000	1,003,000	1.2
Water Treatment Chemicals	37,000	43,000	51,000	18.6
Supplies and Materials	37,000	37,000	38,000	2.7
Contractual Services	59,000	68,000	69,000	1.5
Programs	25,000	35,000	35,000	--
Subtotal	1,404,000	1,398,000	1,429,000	2.2
<u>Potomac</u>				
Personal Services	269,000	260,000	270,000	3.8
Power Purchased	1,989,000	2,003,000	2,027,000	1.2
Utilities	90,000	52,000	54,000	3.8
Supplies and Materials	79,000	111,000	113,000	1.8
Gasoline and Fuel	14,000	8,000	9,000	12.5
Contractual Services	152,000	110,000	112,000	1.8
Programs	150,000	158,000	158,000	--
Subtotal	2,743,000	2,702,000	2,743,000	1.5

<u>Item</u>	<u>2016</u>		<u>2017</u> <u>Budget</u>	<u>% Increase</u> <u>(Decrease)</u>
	<u>Budget</u>	<u>Current</u> <u>Estimate</u>		
<u>Purchased</u>				
Personal Services	\$ 28,000	\$ 26,000	\$ 27,000	3.8
Purchased Water	6,090,000	4,512,000	5,576,000	23.6
Contractual Services	2,000	3,000	3,000	- -
Subtotal	<u>6,120,000</u>	<u>4,541,000</u>	<u>5,606,000</u>	<u>23.5</u>
Total - Supply	10,267,000	8,641,000	9,778,000	13.2

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Treatment</u>				
<u>Griffith</u>				
Personal Services	\$ 3,538,000	\$ 3,514,000	\$ 3,649,000	3.8
Power Purchased	1,251,000	1,209,000	1,224,000	1.2
Utilities	90,000	161,000	166,000	3.1
Water Treatment Chemicals	4,079,000	3,270,000	3,909,000	19.5
Supplies and Materials	298,000	383,000	389,000	1.6
Contractual Services	820,000	875,000	892,000	1.9
Programs	80,000	80,000	80,000	--
Miscellaneous	7,000	5,000	5,000	--
Subtotal	10,163,000	9,497,000	10,314,000	8.6
<u>Corbalis</u>				
Personal Services	4,230,000	4,510,000	4,685,000	3.9
Power Purchased	2,432,000	2,445,000	2,475,000	1.2
Utilities	716,000	553,000	571,000	3.3
Water Treatment Chemicals	3,631,000	2,954,000	3,531,000	19.5
Waste Disposal Chemicals	110,000	75,000	75,000	--
Supplies and Materials	1,117,000	1,141,000	1,159,000	1.6
Contractual Services	1,638,000	1,460,000	1,488,000	1.9
Programs	90,000	80,000	80,000	--
Miscellaneous	9,000	11,000	12,000	9.1
Subtotal	13,973,000	13,229,000	14,076,000	6.4
Total - Treatment	24,136,000	22,726,000	24,390,000	7.3

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Transmission</u>				
<u>Transmission System</u>				
Personal Services	\$ 2,155,000	\$ 2,084,000	\$ 2,168,000	4.0
Power Purchased	2,604,000	2,441,000	2,471,000	1.2
Utilities	81,000	27,000	28,000	3.7
Supplies and Materials	195,000	217,000	220,000	1.4
Contractual Services	662,000	545,000	555,000	1.8
Programs	30,000	28,000	30,000	7.1
Subtotal	5,727,000	5,342,000	5,472,000	2.4
<u>Wholesale Customer Accounts</u>				
Personal Services	27,000	27,000	28,000	3.7
Supplies and Materials	4,000	4,000	4,000	--
Subtotal	31,000	31,000	32,000	3.2
Total - Transmission	5,758,000	5,373,000	5,504,000	2.4
<u>Distribution</u>				
<u>Distribution System</u>				
Personal Services	4,124,000	3,685,000	3,827,000	3.9
Utilities	8,000	5,000	5,000	--
Supplies and Materials	1,132,000	959,000	974,000	1.6
Contractual Services	1,716,000	2,595,000	2,644,000	1.9
Programs	711,000	762,000	766,000	0.5
Miscellaneous	39,000	35,000	38,000	8.6
Subtotal	7,730,000	8,041,000	8,254,000	2.6

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Retail Customer Accounts</u>				
Personal Services	\$ 7,575,000	\$ 7,261,000	\$ 7,542,000	3.9
Utilities	10,000	9,000	9,000	--
Supplies and Materials	607,000	550,000	553,000	0.5
Postage and Parcel Service	592,000	571,000	591,000	3.5
Reports	70,000	65,000	65,000	--
Contractual Services	1,955,000	1,090,000	1,111,000	1.9
Miscellaneous	8,000	8,000	9,000	12.5
Subtotal	<u>10,817,000</u>	<u>9,554,000</u>	<u>9,880,000</u>	<u>3.4</u>
Total - Distribution	18,547,000	17,595,000	18,134,000	3.1
<u>Administrative and General</u>				
<u>Office Building</u>				
Personal Services	359,000	265,000	275,000	3.8
Utilities	311,000	337,000	349,000	3.6
Supplies and Materials	289,000	181,000	184,000	1.7
Contractual Services	317,000	276,000	281,000	1.8
Subtotal	<u>1,276,000</u>	<u>1,059,000</u>	<u>1,089,000</u>	<u>2.8</u>
<u>Shop and Storage Yards</u>				
Personal Services	338,000	305,000	317,000	3.9
Utilities	144,000	180,000	186,000	3.3
Supplies and Materials	144,000	153,000	155,000	1.3
Contractual Services	324,000	387,000	394,000	1.8
Subtotal	<u>950,000</u>	<u>1,025,000</u>	<u>1,052,000</u>	<u>2.6</u>

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Vehicles and Equipment</u>				
Personal Services	\$ 713,000	\$ 721,000	\$ 751,000	4.2
Supplies and Materials	435,000	531,000	539,000	1.5
Gasoline and Fuel	866,000	559,000	616,000	10.2
Contractual Services	49,000	57,000	58,000	1.8
Subtotal	2,063,000	1,868,000	1,964,000	5.1
<u>Administrative</u>				
Personal Services	4,240,000	4,072,000	4,235,000	4.0
Employee Benefits	27,758,000	26,923,000	27,801,000	3.3
Utilities	5,000	4,000	4,000	--
Supplies and Materials	776,000	906,000	920,000	1.5
Insurance	1,050,000	1,176,000	1,201,000	2.1
Postage and Parcel Service	72,000	61,000	63,000	3.3
Reports	10,000	5,000	5,000	--
Advertising	50,000	62,000	64,000	3.2
Customer Relations	263,000	260,000	265,000	1.9
Books, Periodicals and Dues	137,000	108,000	137,000	26.9
Contractual Services	2,728,000	3,007,000	3,064,000	1.9
Professional Services	1,046,000	748,000	910,000	21.7
Employee Training and Meetings	435,000	362,000	475,000	31.2
Miscellaneous	333,000	241,000	260,000	7.9
Subtotal	38,903,000	37,935,000	39,404,000	3.9
Total - Administrative and General	43,192,000	41,887,000	43,509,000	3.9
Less: Reimbursable Services	(9,616,000)	(9,616,000)	(9,305,000)	(3.2)
Total - Administrative and General	33,576,000	32,271,000	34,204,000	6.0
Total - Operation and Maintenance Expenses	92,284,000	86,606,000	92,010,000	6.2

Item	2016		2017 Budget	% Increase (Decrease)
	Budget	Current Estimate		
<u>Other Expenses</u>				
<u>New Services and Meters</u>				
Personal Services	\$ 1,250,000	\$ 1,216,000	\$ 1,265,000	4.0
Supplies and Materials	290,000	158,000	160,000	1.3
Subtotal	1,540,000	1,374,000	1,425,000	3.7
<u>Merchandising and Jobbing</u>				
Personal Services	4,000	--	4,000	100.0
Supplies and Materials	5,000	--	5,000	100.0
Subtotal	9,000	--	9,000	100.0
Total - Other Expenses	1,549,000	1,374,000	1,434,000	4.4
Total - Current Expenses	93,833,000	87,980,000	93,444,000	6.2

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN
REVENUE FUND AND IMPROVEMENT FUND

	<u>Total</u>	<u>Allocated to Improvement Fund</u>	
		<u>Amount</u>	<u>% Total</u>
Personal Services Cost	\$ 39,196,000	\$ 9,920,000	25
Number of Motor Vehicles	303	25	8

	<u>Total</u>	<u>Allocated to Improvement Fund</u>	
		<u>Percent</u>	<u>Amount</u>
<u>Administrative</u>			
Office Facilities	\$ 1,089,000	25	\$ 272,000
Shop and Storage Yard Facilities	1,052,000	8	84,000
Maintenance of Equipment	1,964,000	8	157,000
Administrative and General			
Personal Services	4,235,000	--	--
Other Administrative Expenses	<u>35,169,000</u>	<u>25</u>	<u>8,792,000</u>
Total	43,509,000	21	9,305,000

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
DETAILS OF IMPROVEMENT FUND

Item	Cash Receipts 2017
<u>Balance Carried Forward - January 1, 2016</u>	\$ 930,000
<u>Receipts</u>	
Transfer from Revenue Fund	11,000,000
Transfer from General Fund	14,000,000
Bonds Proceeds	75,000,000
Advances for Construction	100,000
Contributions for Construction	1,000,000
Investment Income	764,000
Miscellaneous Income	50,000
Total - Receipts	101,914,000
<u>Balance Carried Forward and Receipts</u>	102,844,000

EXHIBIT 5

<u>Item</u>	<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2017</u>	<u>Cash Disbursements 2017</u>
Disbursements - Part B Capital Improvement Program			
<u>General and Administrative</u>			
Project 1194-General Expenses			
Personal Services	\$ 6,645,000	\$ --	\$ 6,645,000
Transfer to Revenue Fund (Administrative)	9,305,000	--	9,305,000
Materials (Inventory)	90,000	--	90,000
Refunds of Advances	50,000	--	50,000
Trust Engineer - Basic Ordering Agreement	50,000	--	50,000
Miscellaneous	2,000,000	--	2,000,000
Subtotal	18,140,000	--	18,140,000
Transfer to Part D Capital Improvement Program	(1,170,000)	--	(1,170,000)
Transfer to Part E Capital Improvement Program	(80,000)	--	(80,000)
Total - General and Administrative - Part B	16,890,000	--	16,890,000
<u>Subdivision and Other Development Projects</u>			
Project 1195-Subdivision Expenses			
Personal Services	1,215,000	--	1,215,000
Supplies and Materials	15,000	--	15,000
Miscellaneous	5,000	--	5,000
Total - Subdivision and Other Development Projects	1,235,000	--	1,235,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
<u>Extraordinary Maintenance and Repairs</u>			
Supply Facilities			
Project 577 Major Repairs-Reservoirs, Dams, Intakes, Etc.	\$ 125,000	\$ --	\$ 125,000
Project 1251 Potomac River Reservoirs-Renew/Replace	66,000	--	66,000
Subtotal	191,000	--	191,000
Treatment Facilities			
Project 579 Major Repairs-Treatment Facilities	3,533,000	--	3,533,000
Project 2350 Corbalis WTP-Solids Dewatering Equipment	24,400,000	--	--
Subtotal	27,933,000	--	3,533,000
Transmission Facilities			
Project 186A Major Repairs-Transmission Mains	570,000	--	570,000
Project 215A Major Repairs-Transmission Pumping	430,000	--	430,000
Project 631A Major Repairs-Transmission Storage	4,750,000	--	4,750,000
Project 648B Major Repairs-Sales Meters	30,000	--	30,000
<u>Transmission Mains Relocation Projects</u>			
Projects Previously Authorized	1,184,000	428,000	183,000
Other Anticipated Relocations - Distribution	8,750,000	--	650,000
Subtotal	15,714,000	428,000	6,613,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
Distribution Facilities			
Project 186B Major Repairs-Distribution Mains	\$ 650,000	\$ --	\$ 650,000
Project 215B Major Repairs-Pumping Facilities	10,000	--	10,000
Project 631B Major Repairs-Storage Facilities	10,000	--	10,000
Project 648C Major Repairs-Distribution Meters Over 2"	75,000	--	75,000
Project 648D Major Repairs-Distribution Meters 2" and Smaller	1,000,000	--	1,000,000
Project 649 Major Repairs/Repainting-Fire Hydrants	100,000	--	100,000
Project 1107B Self Insurance Program/Water Main Breaks	750,000	--	750,000
Project 2200 Distribution System Sustainability Program	315,051,000	98,551,000	17,700,000
 <u>Distribution Mains Relocation Projects</u>			
Projects Previously Authorized	866,000	306,000	180,000
Other Anticipated Relocations - Distribution	7,250,000	--	500,000
Subtotal	325,762,000	98,857,000	20,975,000
 General Plant Facilities			
Project 234 Major Repairs-Motor Vehicles	40,000	--	40,000
Project 650 Major Repairs-Shop and Yard Facilities	7,500,000	--	7,500,000
Project 800 Major Repairs-Construction Equipment	10,000	--	10,000
Project 801 Major Repairs-Office Facilities	1,419,000	--	1,419,000
Project 2351 Surplus Property Demolition and Disposal	280,000	160,000	12,000
Subtotal	9,249,000	160,000	8,981,000
 Total - Extraordinary Maintenance and Repairs	 378,849,000	 99,445,000	 40,293,000

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
<u>Additions, Extensions and Betterments</u>			
Supply Facilities			
Project 1244 Jennings Randolph Reservoir	\$ 537,000	\$ --	\$ 537,000
Project 1460A Major Additions-Metering Facilities-Purchased Water	10,000	--	10,000
Project 1499 Improvements-Supply Facilities	200,000	--	200,000
Project 2071 Future Water Supply Sources	1,325,000	1,076,000	25,000
Project 2352 Quarry Acquisition	21,171,000	11,919,000	7,075,000
Subtotal	23,243,000	12,995,000	7,847,000
Treatment Facilities			
Project 915 Improvements to Treatment Facilities	885,000	--	885,000
Subtotal	885,000	--	885,000
Transmission Facilities			
Project 1285 Additions and Improvements-Pumping Facilities	775,000	--	775,000
Project 1286 Additions and Improvements-Storage Facilities	10,000	--	10,000
Project 1460B Major Additions-Metering Facilities-Sales	20,000	--	20,000
Project 1719 Cathodic Protection Transmission Water Mains	200,000	--	200,000
Project 2111 Water Main Extension Program-Transmission System	5,342,000	2,064,000	332,000
Project 2377 Prince William County Transmission Improvements	10,094,000	--	--
Project 2573 Dunn Loring System Interconnections	225,000	93,000	132,000
General Transmission System Reinforcement	3,205,000	2,000	803,000
Subtotal	19,871,000	2,159,000	2,272,000
Distribution Facilities			
Project 1287 Additions and Improvements-Pumping Facilities	10,000	--	10,000
Project 1288 Additions and Improvements-Storage Facilities	10,000	--	10,000
Project 2100 Water Main Extension Program-Distribution System	7,555,000	4,555,000	303,000
General Distribution System Reinforcement	3,000,000	--	300,000
Subtotal	10,575,000	4,555,000	623,000
General Plant Facilities			
Project 597 Additions and Alterations-Shop Facilities	10,000	--	10,000
Project 803 Additions and Alterations-Office Facilities	250,000	--	250,000
Project 2366 Electronic Security Surveillance Improvements	300,000	--	300,000
Project 2553 Central Maintenance Facility	27,240,000	540,000	10,800,000
Project 3652 Capital Equipment Purchases	2,000,000	--	2,000,000
Subtotal	29,800,000	540,000	13,360,000

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
System Integration Transmission Facilities					
Project	2535	Rosemary Lane System Integration	\$ 1,196,000	\$ 1,196,000	\$ - -
Project	2539	Colshire Drive Water Main	301,000	266,000	35,000
Project	2544	Reston Pumping Station Connections	2,442,000	1,021,000	1,421,000
Project	2545	Lee Highway Transmission Main	9,924,000	706,000	1,000,000
Project	2546	Braddock Road Transmission Main	7,120,000	645,000	1,500,000
Project	2547	University Tank Replacement	12,494,000	429,000	330,000
Project	2548	Seven Corners Tank Replacement	11,195,000	448,000	500,000
Project	2549	Second High Storage Elevation	3,860,000	153,000	100,000
Project	2559	Griffith Road and Pimmit Drive System Improvement	1,910,000	161,000	1,749,000
Project	2581	Route 50 PRV Vault at Jermantown Road	136,000	--	136,000
Project	xxxx	Chain Bridge Pumping Station Upgrades	3,165,000	--	--
Project	xxxx	Reston Pumping Station Upgrades	1,536,000	--	--
Project	xxxx	Langley Pumping Station Upgrades	2,556,000	--	--
Project	xxxx	West Fairfax Connector	5,051,000	--	--
Project	xxxx	Pickett Road Transmission Main-Phase I	9,257,000	--	--
Project	xxxx	Lyndhurst Elevated Tank	13,477,000	--	--
Project	xxxx	Seven Corners Route 50 Crossing	1,820,000	--	--
Project	xxxx	Seven Corners Connector	973,000	--	--
	Subtotal		88,413,000	5,025,000	6,771,000
System Integration Distribution Facilities					
Project	2560	Haycock- Poplar Heights Pressure Zone Modifications	4,700,000	508,000	2,157,000
	Subtotal		4,700,000	508,000	2,157,000
Total - Additions, Extensions and Betterments			177,487,000	25,782,000	33,915,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
<u>General Studies and Programs</u>			
Supply Facilities			
Project 390 Watershed Management Activities	\$ 991,000	\$ --	\$ 991,000
Subtotal	991,000	--	991,000
Treatment Facilities			
Project 1401 Water Quality Improvement Studies	80,000	--	80,000
Subtotal	80,000	--	80,000
General and Administrative			
Project 1477 Water Research Foundation	120,000	--	120,000
Project 2273 Energy Management	100,000	--	100,000
Project 2324 Enterprise Geographical Information System	8,235,000	4,346,000	525,000
Project 2422 Environmental Permitting and Compliance	10,000	--	10,000
Project 2426 ERP Enhancements and Upgrade	1,855,000	505,000	500,000
Project 2441 Communication Lease Handling	10,000	--	10,000
Project 2508 Water Quality and Security Program	1,661,000	236,000	120,000
Subtotal	11,991,000	5,087,000	1,385,000
Total - General Studies and Programs	13,062,000	5,087,000	2,456,000
Total - Part B Capital Improvement Program	587,523,000	130,314,000	94,789,000

EXHIBIT 5

<u>Item</u>		<u>Total Project Cost</u>	<u>Disbursements Prior to Jan. 1, 2017</u>	<u>Cash Disbursements 2017</u>
Disbursements - Part C Capital Improvement Program				
Transmission Facilities				
Project 1877	Pumping Station Modifications	\$ 21,089,000	\$ 6,630,000	\$ --
Subtotal		21,089,000	6,630,000	--
General Plant Facilities				
Project 1838	General and Administrative - Part C	51,037,000	50,577,000	--
Subtotal		51,037,000	50,577,000	--
Total - Part C Capital Improvement Program		72,126,000	57,207,000	--

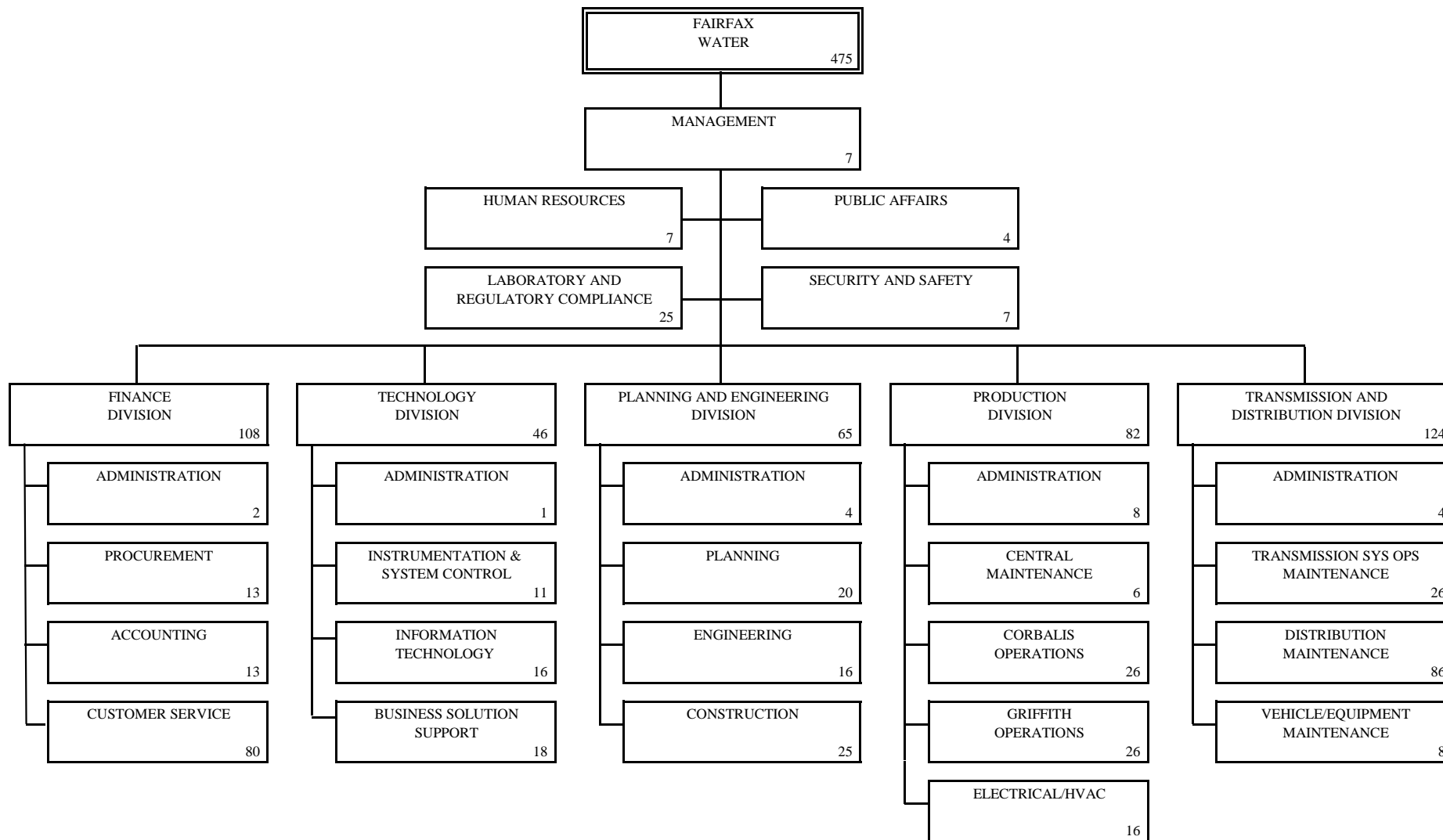
EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2017	Cash Disbursements 2017
Disbursements - Part D Capital Improvement Program			
Transmission Facilities			
Project 2528 South Kings Highway Transmission Main	\$ 7,086,000	\$ 2,321,000	\$ 4,765,000
Project 2564 Main Service Improvements at Griffith	388,000	184,000	204,000
Project xxxx Penderwood Site No. 1 Tank Valve Upgrades	367,000	--	204,000
Project xxxx Griffith FWPS First High Pumps	3,428,000	--	--
Subtotal	<u>11,269,000</u>	<u>2,505,000</u>	<u>5,173,000</u>
General Plant Facilities			
Project 2199 General and Administrative - Part D	51,397,000	49,957,000	1,170,000
Project 2578 Bond Financing	400,000	100,000	300,000
Subtotal	<u>51,797,000</u>	<u>50,057,000</u>	<u>1,470,000</u>
Total - Part D Capital Improvement Program	<u>63,066,000</u>	<u>52,562,000</u>	<u>6,643,000</u>
Disbursements - Part E Capital Improvement Program			
Transmission Facilities			
Project 2481 Tysons East Transmission Main	6,567,000	5,489,000	386,000
Subtotal	<u>6,567,000</u>	<u>5,489,000</u>	<u>386,000</u>
General Plant Facilities			
Project 2517 General and Administrative - Part E	350,000	--	80,000
Subtotal	<u>350,000</u>	<u>--</u>	<u>80,000</u>
Total - Part E Capital Improvement Program	<u>6,917,000</u>	<u>5,489,000</u>	<u>466,000</u>
<u>Total - Improvement Fund</u>	<u>729,632,000</u>	<u>245,572,000</u>	<u>101,898,000</u>
<u>Balance Carried Forward - December 31, 2017</u>			<u>946,000</u>

FAIRFAX WATER

PERSONNEL ORGANIZATION PLAN

FOR THE YEAR ENDING DECEMBER 31, 2017



FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
DERIVATION OF PERSONAL SERVICES COSTS

<u>Base Salaries</u>	<u>2016 Budget</u>		<u>2016 Current Estimate ⁽¹⁾</u>		<u>2017 Budget</u>	
Management (Includes Members' Fees)	50	\$ 4,560,000	50	\$ 4,165,000	50	\$ 4,705,000
Finance Division	108	6,869,000	108	6,578,000	108	6,901,000
Planning and Engineering Division	65	6,172,000	65	5,762,000	65	6,218,000
Technology Division	46	5,021,000	46	4,286,000	46	5,133,000
Transmission and Distribution Division	124	7,343,000	124	7,178,000	124	7,593,000
Production Division	82	6,537,000	82	5,900,000	82	6,385,000
Subtotal - Base Salaries	<u>475</u>	<u>36,502,000</u>	<u>475</u>	<u>33,869,000</u>	<u>475</u>	<u>36,935,000</u>
 <u>Adjustments</u>						
Less Allowance for Vacancies		<u>(1,521,000)</u>		<u>--</u>		<u>(2,189,000)</u>
Subtotal		34,981,000		33,869,000		34,746,000
Plus Overtime		3,447,000		3,212,000		3,250,000
Plus Salaries for Summer/Temporary Employees		<u>745,000</u>		<u>604,000</u>		<u>642,000</u>
Subtotal		39,173,000		37,685,000		38,638,000
Plus Allowance for 1.4% Cost-of-Living Increase Effective the First Pay Period of 2017		<u>75,000</u>		<u>--</u>		<u>558,000</u>
Total - Personal Services		<u><u>39,248,000</u></u>		<u><u>37,685,000</u></u>		<u><u>39,196,000</u></u>

⁽¹⁾ Base salaries for 2016 Current Estimate include a 0.2% cost-of-living increase.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2017
ALLOCATION OF PERSONAL SERVICES COSTS
REVENUE AND IMPROVEMENT FUNDS

<u>REVENUE FUND</u>	2016		2017 Budget
	Budget	Current Estimate	
<u>Operation and Maintenance</u>			
Supply			
Occoquan	\$ 227,000	\$ 224,000	\$ 233,000
Potomac	269,000	260,000	270,000
Purchased	28,000	26,000	27,000
	<u>524,000</u>	<u>510,000</u>	<u>530,000</u>
Treatment			
Griffith	3,538,000	3,514,000	3,649,000
Potomac	4,230,000	4,510,000	4,685,000
	<u>7,768,000</u>	<u>8,024,000</u>	<u>8,334,000</u>
Transmission			
Transmission System	2,155,000	2,084,000	2,168,000
Wholesale Accounts	27,000	27,000	28,000
	<u>2,182,000</u>	<u>2,111,000</u>	<u>2,196,000</u>
Distribution			
Distribution System	4,124,000	3,685,000	3,827,000
Retail Accounts	7,575,000	7,261,000	7,542,000
	<u>11,699,000</u>	<u>10,946,000</u>	<u>11,369,000</u>
Administrative			
General Plant	1,410,000	1,291,000	1,343,000
Administrative	4,240,000	4,072,000	4,235,000
	<u>5,650,000</u>	<u>5,363,000</u>	<u>5,578,000</u>
Total - Operations and Maintenance	<u>27,823,000</u>	<u>26,954,000</u>	<u>28,007,000</u>

	2016		2017 Budget
	Budget	Current Estimate	
<u>Other</u>			
New Services and Meters	\$ 1,250,000	\$ 1,216,000	\$ 1,265,000
Merchandising and Jobbing	4,000	- -	4,000
Total - Other	<u>1,254,000</u>	<u>1,216,000</u>	<u>1,269,000</u>
Total - Revenue Fund	29,077,000	28,170,000	29,276,000
 <u>IMPROVEMENT FUND</u>			
General	6,398,000	6,481,000	6,645,000
Subdivision and Development	1,215,000	1,076,000	1,215,000
Extraordinary Maintenance	1,639,000	1,420,000	1,485,000
Additions and Extensions	681,000	351,000	373,000
Special Studies	238,000	187,000	202,000
Total - Improvement Fund	<u>10,171,000</u>	<u>9,515,000</u>	<u>9,920,000</u>
Total - Personal Services	<u><u>39,248,000</u></u>	<u><u>37,685,000</u></u>	<u><u>39,196,000</u></u>