Water Distribution/WW Collection

Financial Considerations
Five steps to Management

- Organizing
- Planning
- Staffing
- Directing
- Controlling
Organizing

- Towns, Cities, Townships, Counties ...
- Utility Boards, City Councils, Non-Profit Corps
- Service Districts, Service Areas,
Authorization Documents

- Utility Ordinance
- Rate Schedule
- Utility Budget
Planning

- Comprehensive Plan
- Utility Plan
- Master Plan/Facility Plan
Staffing

- Personnel Policies
- Safety
- Training
- Certification
Directing (operating)

- Maintenance Management
- Asset Management System
Controlling

- Financial and Management Information
- Budgeting
- Auditing
- Implementing
Projecting Operating Costs
Planning tool for Master Plan
Authorization for spending
Two Parts of any Budget

- Income
- Expense
Customers
- Rate payers
- Grants/loans
Expenses

- Debt Service Reserve
- Full cost of operation (!!)
- Replacement
- Reserves
Five steps to Budgeting

1. Debt Service Reserves
   1. Pay back that loan!

2. System Financial Reserves
   1. Planned Equipment Repair and Replacement
   2. Emergency Repairs
   3. Planned System Expansion and Improvement
3. Full Cost of Operating System

- Salaries or Personnel costs (+benefits)
- Office utilities
- Operating utilities
- Operating supplies
- Office supplies
- Contract System repairs
- Transportation Expenses
- Equipment leases
Insurance

Accounting, Auditing, Legal, Engineering

Telephone, building expenses

Licenses

Training, travel

continued
4. Estimate System Revenue

- Operating Revenue
  - Sale of water or sewer service
  - Connection fees
  - Late payments, penalties, reconnection fees
  - Forfeited meter deposits

- Non-Operating Revenue
  - Interest on checking/reserve accounts
  - Meter deposits
Seems Simple

- Subtract the expenses from the Revenue
- Do you have enough money?
- Project out five years
Some places to look

- Rate Increases
- New Customers
- Losing customers?
- Drought
- Temperature
- Uncollected bills
Things to do to help

- Collect overdue accounts
- Get serious about leak detection
- Make sure your cash registers are working
- Update fees, deposits, and service charges
- Improve customer billing
- Get tough on cheaters!
- Put your money to work
- Buy in quantity
- Add new customers
Stay out of the finance department