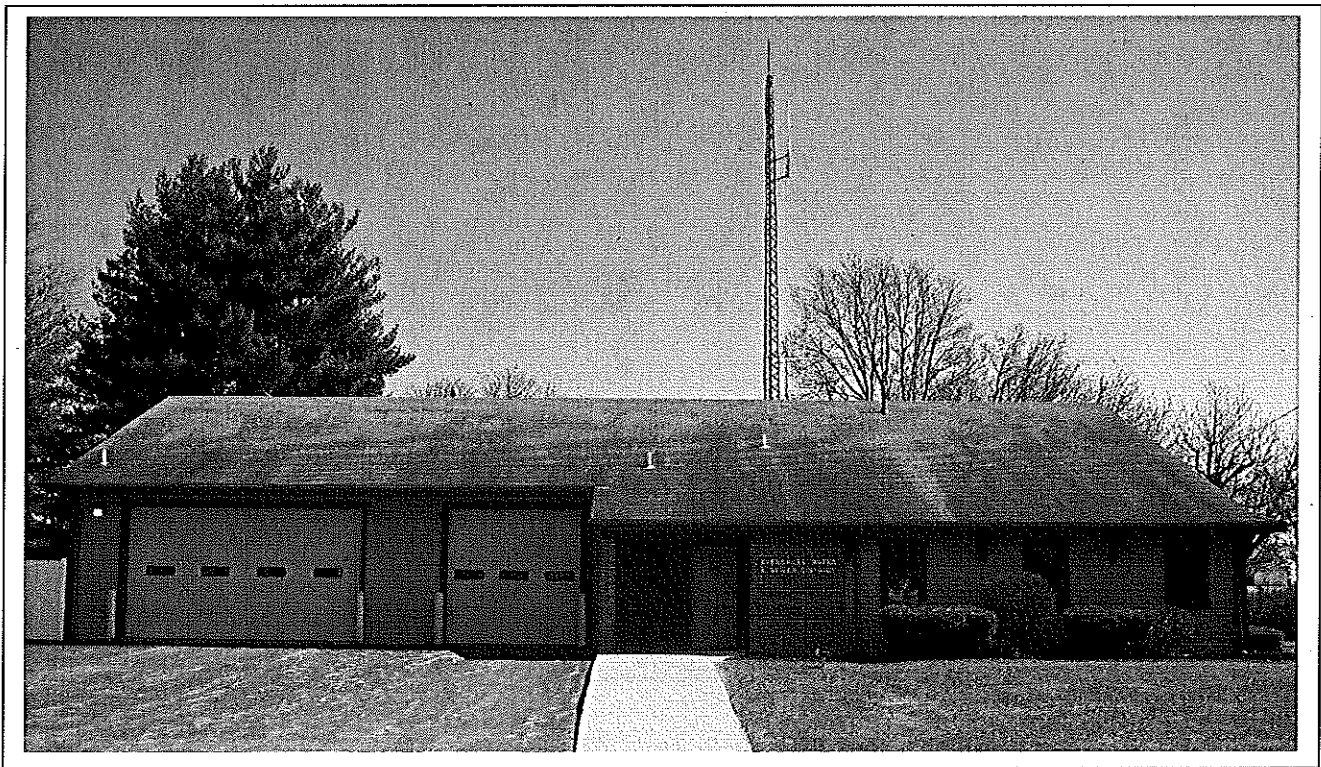
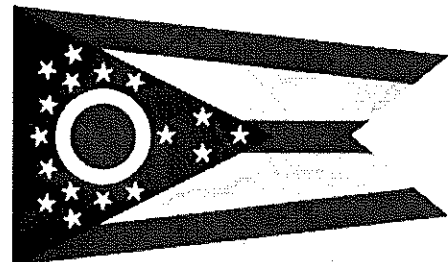


Ayersville Water and Sewer District's 2016 Operating, Capital Improvements, Cash Reserves, and Contingency Budgets

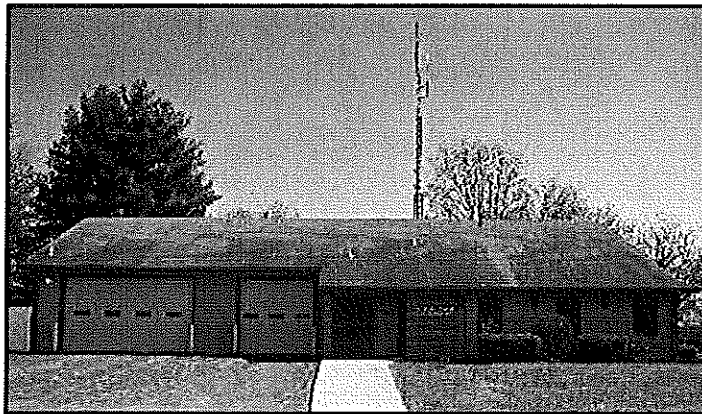


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Ayersville Water & Sewer District's

**2016 Operating, Capital
Improvements, Cash Reserves,
and Contingency Budgets**



John Sindel
President

Greg Schafer
Vice President

Robert Cooper
Secretary/Treasurer

Frank D'Ambrosia
John Ehlinger
Bill Kauffman
John Miller
Trustees

Caleb Antoine
Field Manager

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DETAILED BUDGET FOR AYERSVILLE WATER AND SEWER DISTRICT.....APPENDIX A



Executive Summary

DISCUSSION

The word “progress” is a perfect word to describe 2015. Two new trustees were appointed to the Board of Trustees by the Highland Township Trustees: Greg Schafer and Robert Cooper. An election was held for officers. Trustees were nominated and elected to committees which have held meetings throughout the year. There were accomplishments in 2015. The Board adopted a new version of bylaws and an employee handbook. A Board committee had discussions and began work on an accounting procedures manual. Another committee drafted water and sewer regulations. Final documents should be completed in 2016. The District began development of a website. At year end, the 2016 budgets were approved. The Board continues efforts to better manage Ayersville Water and Sewer District's (AWSD's or District's) operations and to gain our customers' confidence and trust.

2016 BUDGETS

We are pleased to present the Annual 2016 Operating, Capital Improvements, Cash Reserve, and Contingency Budgets for the District. The 2016 budget reflects a steady retention in customers. The District is budgeting estimated total revenue of \$1,628,500 and total budgeted expenses of \$1,820,230 with the difference between estimated revenue and budgeted expenses to be taken from available unencumbered cash balances at the end of fiscal year 2015. The District will be budgeting monies from available unencumbered cash balances in the Water and Sewer Operating Funds to transfer and provide for capital improvement, cash reserve and contingency funds for both Water and Sewer.

AWSD's budgets are based on the calendar year, i.e., January 1 to December 31. The use of a calendar year for budgeting and financial reporting aligns our financial data with our operational and performance statistics and data, much of which is accumulated and maintained on a calendar year basis. In addition, the 2016 budgets have been prepared on a cash basis. AWSD reports on the cash basis in our audited financial statements.

The 2016 operating budget addresses several key issues and priorities for our District. The budget places emphasis on employee compensation issues, use of professional services, resource planning, equipment, and a continued commitment to upgrading and replacement of the system's infrastructure. Employee compensation and health care represents a significant portion of the operating budget. The budget reflects efforts to control health care costs. AWSD changed providers to Aetna Health Care on July 1 which offers a Health Savings Account (HSA). The District matches employees' contributions up to a pre-determined amount. Employees pay 20% of the premiums. By offering employees a HSA that allows them to take a more active role in their health care buying decisions and to pay

significantly lower premiums, both AWSD and its workforce have a new way to manage their health care costs and benefit from the savings. Most importantly, the budget reflects the importance of investing in employees by offering training and ensuring they have the proper safety gear and training to remain injury free.

The 2016 budget reflects a commitment to better communicate with our customers through a newsletter and www.ayersvillewsd.com. The website will make it easier and more convenient for its customers to pay their monthly bills on online. We continue to promote and develop convenient payment methods and encourage our customers to use them. As more customers migrate to these alternative forms of payment, merchant service costs associated with credit and debit card processing will grow. In addition, the 2016 budget also includes funds to replace and/or upgrade our account and billing software to better process customer payments. This includes improvements to our cash receipts when bill payments are made at the District's office.

Planning for the future is a necessary element for any organization that wants to grow and remain vibrant. In the long term, the District will need to create a facilities master plan for water supply and distribution and sanitary sewer collection. In the short-term, the 2016 budget includes funding for capital improvements. It continues the District's commitment to the upgrading and replacement of system infrastructure. The capital budget includes \$25,000 for the replacement of aging pipe, upgrades and replacements, and improvements to water and sewer system's performance. Due to age, funds are budgeted for replacement of the District's vehicles when needed and repairs to buildings. AWSD needs to digitally map our water and sewer infrastructure in the event of a natural disaster or emergency. Finally, security is of utmost importance. The District will investigate all sources of government aid and grants when available to assist in these efforts.

The development of the 2016 budgets was guided by strengthening our finances and ensuring that AWSD's financial strength and stability are maintained and improved well into the future. To this end, the budget includes cash reserves for water and sewer accounts. Obviously, it is important to demonstrate our commitment to the District's customers and lenders that monies have been set aside and not spent. This is the Board's responsibility to all stakeholders. Second, the contingency budget for the water and sewer accounts are set aside for unexpected events the might occur. The source of these monies are the appropriations from the 2015 operating budget for the water and sewer funds that were not spent and were carried over to the 2016 contingency budget for the water and sewer accounts, respectively.

BUDGET PROCESS

A preliminary budget for 2016 was adopted by the Board of Trustees in August 2015. The final budget process begins in early November for the forthcoming year which runs from January 1 to December 31. Utilizing direction from the Board of Trustees, the Budget and Finance Committee projects fixed operating costs and salary and fringe benefit costs for currently budgeted staffing and service levels. District objectives and service enhancement requests are developed. This information is assimilated by the committee and the District Manager in November along with current financial results. In November, projected revenues are generated based on current rate structures. Certain growth assumptions are made based on analysis of customer growth and demand information. In late November, the District Manager meets with Budget and Finance Committee to review funding requests, prioritize program needs and establish consensus on objectives. Based on the most recent revenue estimates available, the Budget and Finance Committee modifies funding requests according to prioritized service levels. The Board of Trustees approves the budget at its first meeting in January.

The Board of Trustees may amend or supplement the budget at any time after its approval by majority vote of its members. It is important to note that amendments or supplements to the budget are legal and appropriate in situations where the District has determined that there is the need to provide additional monies for expenses which were not originally provided for in the original budget due to unforeseen changes. The District Manager has the authority to make administrative adjustments to the budget with approval by the Budget and Finance Committee as long as those changes will not modify any of the line items in the high level budget approved by the Board.

Sincerely,

Greg Schafer, President

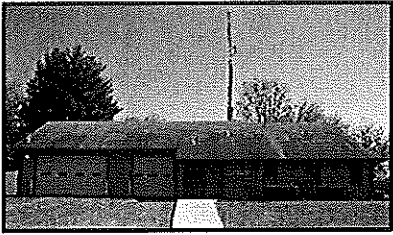
Dated: _____

Robert Cooper, Treasurer

Dated: _____

Caleb Antoine, District Manager

Dated: _____



Budget Glossary

Appropriation: Money legally approved by District by resolution to be expended.

Audit: An examination of the District's accounting record by an independent accounting firm or Auditor of State to determine the accuracy and validity of records and reports as well as conformity with established policies. The General Accounting Standards Board (GASB) sets standards for financial reporting for units of government that are referred to as Generally Accepted Accounting Principles (GAAP).

Basis of Budgeting: The District's budgeting is completed using a cash-basis of budgeting. Revenues are budgeted if they are present or in the process of collection. Fund expenditures are generally budgeted when the related fund expenditure is obligated. Utility service revenue estimates are based on the number of customers times an estimated usage amount.

Budget: The official written statement of the District's financial program that is adopted every year by the Board. As the operating plan for the District, it consists of proposed expenditures for specific purposes, projects, and programs and the adopted means of financing those expenditures.

Budget Calendar: The schedule followed by the District for developing its annual budget. The process for developing the 2016 Budget and CIP began in November 2015, and included work sessions with the Budget and Finance Committee.

Budget Message: The District Manager's general discussion of the budget that is presented to the District as part of the budget document. This message explains broad budget and policy issues and presents the District Manager's recommendations to the Board.

Capital Improvement Program (CIP): A planning document that presents the District's capital infrastructure needs for the next five years. The CIP is revised annually. The first year of the CIP is funded in the current year's operating budget. It is important to note that many of the District's capital infrastructure may not be scheduled for completion even in a five year period of time.

Capital Equipment: New or replacement equipment which has a minimum life expectancy of one year and a minimum expense of \$2,500.

Capital Project: New infrastructure (e.g. buildings, water lines, etc.) or replacement of or improvements to existing infrastructure which has a minimum life expectancy of five years and a minimum expense of \$5,000.

Cash Reserve: Appropriations are set aside that are not intended for immediate use within the fiscal year, and are only available for expenditure by way of a Board resolution. In this context, it means unencumbered, water and sewer operating fund balances which were not used and were carried over from prior fiscal years into future fiscal years.

Contingency: A contingency is typically used to provide additional funds for unforeseen costs or change orders that are not part of the original project estimate. In this context, it means two or three percent of the total budget appropriations for the water and sewer operating fund balances, respectively.

Debt Service: Payment of principal and interest on an obligation resulting from loans to the District according to a predetermined payment schedule.

Encumbrance: A reservation of funds to cover purchase orders, contracts or other funding commitments that are yet to be fulfilled and paid for but which have been made. The budget basis of accounting considers an encumbrance to be the equivalent of an expenditure. Funds may be encumbered from one fiscal year to the next.

Enterprise Deposit Fund: A fund in which the deposits for services are collected and refunded to customers.

Expenditure: The actual outlay of funds from the District's treasury.

Financial Policies: A series of written procedures used to guide the District's budget process. Financial policies help ensure that the District uses best financial practices to manage its money, assets, infrastructure, treasury and debt.

Fiscal Year: The twelve-month period that establishes the beginning and the ending period for recording financial transactions. The fiscal year is January 1 to December 31.

Fund: An accounting concept used to separate or subdivide financial activity of an entity for legal and managerial purposes. All financial activity of a governmental entity must be classified in relation to a fund.

Fund Balance: The difference between the debits and credits of a particular fund. The fund balance not spent in one fiscal year will be carried forward to the next as the beginning fund balance, unless it is reserved for a contingency.

Infrastructure: The physical assets of the District, such as water and sewer systems, buildings, etc. The District's infrastructure is maintained or expanded in part through the annual Capital Improvement Program.

Lease-Purchase: A form of financing by which the District leases a piece of equipment or a property from a qualified lending institution for a predetermined period of time with an arranged payment schedule. At the end of the lease period, the District may purchase the equipment for a nominal fee.

Line Item Budget: A budget in which expenditures are classified and displayed by detailed expense categories, such as full time wages, overtime wages, workers compensation, office supplies, fuel, insurance, etc. Changes to this budget only require approval by the Budget and Finance Committee unless the change would affect the Summary Budget.

Mandate: Legislation passed by the State or Federal government requiring action or provision of services and/or programs.

Operating Expenses: All expenses that are necessary to maintain existing levels of services. Operating expenses generally include wages, utilities, supplies, etc., but not equipment replacement and capital expenditures. Operating expenses can also be labeled fixed costs.

Operating Margin: The difference, positive or negative, between operating revenues and operating expenses in a given year. If positive, the operating margin equals the amount of funding available for capital and/or other discretionary spending (or reserving for future needs or tax cuts) in a given year. If negative, the operating margin represents the amount of beginning year fund balance needed to balance the budget in the current year's budget.

Resolution: A formal decision of the Board that expresses its will or intent passed by a majority of the Board.

Revenue: Funds that the District receives as income, such as fees for services, penalties, etc. These funds may slightly vary from one fiscal year to the next but because the nature of District services are fairly predictable.

Sewer Capital Improvement Fund: A fund used by the District to set aside appropriations for items with a long term useful life.

Sewer Operating Fund: A fund used to account for the sanitary sewer service charges collected by the District. Sewer charges are calculated according to the District's water and sewer regulations. Appropriations are made for utilities, compensation, office expenses, services, supplies, equipment, repairs and maintenance, and miscellaneous items.

Summary Budget: The summarized budget which is the legal level of control approved by the Board. Changes to this budget shall be approved by the Board.

User Fees/Charges: A payment made to the District for receipt of services by the user who benefits from the service. The primary source of user fees and charges is for water and sanitary sewer services.

Water Capital Improvement Fund: A fund used to pay for major capital improvements to the District's water system.

Water Operating Fund: The specific fund which receives all payments for water used by the District's customers. Water charges are calculated based on usage. Appropriations are made for utilities, compensation, office expenses, services, supplies, equipment, repairs and maintenance, and miscellaneous items.



Account Descriptions

Accounting Fees means services provided by either the Auditor of State or by an independent professional accounting firm.

Advertising means expenses for publication of official notes, ads, legal advertising in newspapers and periodicals, etc.

Auditing Services means services provided by either the Auditor of State's Audit Division or by an independent public accounting firm.

Bank Fees means service fees and other charges charged by a financial institution as repository of the District's funds.

Buildings and Furnishings means expenses related to maintenance of existing buildings, construction of new buildings, and purchasing of contents therein with an expected useful life of five years or more.

Cleaning and Janitorial Supplies means expenses related to the care and upkeep of the offices and buildings.

Compensation of Board Members means money paid to trustees of the Board.

Deposits Applied (Water) means money collected from customers to receive water service.

Deposits Refunded (Water) means money returned to customers who have received water service.

Electricity means the costs for electricity.

Employee Overtime means money in gross paid to employees for hours worked in excess of 40 hours per week.

Employee Reimbursement for Cell Phone Usage means the cost reimbursed to the District Manager for District use of his or her personal cell phone.

Employee Wages means money in gross paid to the employees for 40 hours or less per week.

Equipment and Hardware means the cost of acquisition of tangible property of a more or less durable nature, other than land, buildings, or improvement other than buildings, which are useful in carrying out the operations of the District and which may be expected to have a period of service of a year or more without material impairment of its physical condition. It also does not include tools.

Equipment and Machinery means expenses related to purchasing of new or used equipment and machinery with an expected useful life of five years or more.

Equipment Leasing and Rental means the cost of leasing or rental of tangible property of a more or less durable nature which are useful in carrying out the operations of the District for a limited period of time.

FICA/Medicare means the District's share of expenses related to Medicare taxes.

Fuel and Vehicle Expense means the costs for fuel and other minor expenses to operate the vehicles on a daily work basis.

Garbage and Trash Removal means the costs of garbage and trash pickup.

Geographic Information System (G.I.S.) and Mapping means the costs to implement and maintain a computer system to capture, store, check and display the location of District infrastructure.

Grinder Pumps and Supplies (In District) means costs related to purchasing grinder pumps, parts, and supplies for customer use within the boundaries of the District.

Grinder Pumps and Supplies (Out of District) means costs related to purchasing grinder pumps, parts, and supplies for customer use outside the boundaries of the District.

Health Insurance means the District's share of expenses paid in the form of insurance premiums for employee health care.

Information Technology (IT) means the costs for hardware in the form of computers, storage, networking, and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data, and for services related thereto. IT expenses may be considered operating or capital expenditures depending on the expected useful life of item (five years or more for a capital expense).

Information Technology Maintenance means the expenses related to (1) Hardware maintenance is the testing and cleaning of equipment; (2) Information system maintenance is the routine updating of master files, such as adding and deleting employees and customers and changing credit limits and product prices; (3) Software, or program, maintenance is the updating of application programs in order to meet changing information requirements, such as adding new functions and changing data formats. (It also includes fixing bugs and adapting the software to new hardware devices.); and (4) Disk or file maintenance is the periodic reorganizing of disk files that have become fragmented due to continuous updating.

Insurance and Bonding means cost of property and liability insurance.

Interest means payments on outstanding indebtedness.

Judgments and Awards means the expenses related to a legal action against the District that result in a court of competent jurisdiction rendering a binding decision.

Legal Fees means services provided by an external law firm.

Medical Services and Pre-Employment Checks means the costs related to employee required immunizations from diseases received after employment starts and background checks for potential new employees who are extended a job hire.

Memberships and Dues means expenses for dues and fees incurred on behalf of the District or its employees.

Natural Gas means costs for natural gas.

Office Supplies and Materials means the costs of stationery, forms, reproduction supplies, small items of equipment, maps, other supplies consumed in the office environment.

Ohio Public Employees Retirement System means the District's share of retirement contributions, payable to OPERS.

Operating Supplies and Materials means physical items required for the running of the District's operations, that is, they do include consumable materials used on an ongoing basis.

Other Contractual Services means contracted services which are not classified elsewhere.

Other Non-Operating Expenses means those expenses incurred which are outside of the main operations of the District; they are also described as incidental or peripheral.

Paid Supplemental Benefits (Comp. Time) means employee's hours worked in excess of 40 hours a week up to a maximum of 40 hours in a calendar year that are not immediately paid as wages in the same pay period as earned. Time accumulated may be later used on a straight time basis in lieu of actual hours worked.

Postage means postage and shipping expense.

Principal means payments for the retirement of outstanding bonds, loans and note indebtedness.

Printing and Reproduction means costs of contractual printing and reproduction such as work done on printing presses, lithographing, and microfilming.

Professional and Technical Services means costs of professional services obtained from external sources.

Public Relations means those expenses related to activities dedicated to maintaining the image of the District or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

Repairs and Maintenance of Buildings and Land means the costs of service, maintenance, repair, overhaul, or rework of buildings and land. Cost of routine maintenance and repair required to keep a building or land up to a standard condition of service ability and the prevention or deterioration by the accomplishment of such work as periodic painting, exterior building cleaning, re-roofing, curb and sidewalk repair, one-time emergency repair of damage to utility, systems and facilities resulting from accidents or acts of God; includes services by contract.

Repairs and Maintenance of Equipment means the costs of service, maintenance, repair, overhaul, or rework of equipment. Cost of routine maintenance and repair required to keep a piece of equipment up to a standard condition of service ability and the prevention or deterioration by the accomplishment of such work as oil changes, tire rotation, etc., one-time emergency repair of damage to a piece of equipment, and body, drivetrain and electronics repairs resulting from accidents or acts of God; includes services by contract.

Repairs and Maintenance of Infrastructure means the costs of service, maintenance, repair, overhaul, or rework of water and sewer infrastructure. Cost of routine maintenance and repair required to keep water and sewer infrastructure up to a standard condition of service ability and the prevention or deterioration, one-time emergency repair of damage to utility, systems and facilities resulting from accidents or acts of God; includes services by contract.

Repairs and Maintenance of Vehicles means the costs of service, maintenance, repair, overhaul, or rework of vehicles. Cost of routine maintenance and repair required to keep a vehicle up to a standard condition of service ability and the prevention or deterioration by the accomplishment of such work as oil changes, tire rotation, etc., one-time emergency repair of damage to a vehicle, and body, drivetrain and electronics repairs resulting from accidents or acts of God; includes services by contract.

Repairs and Maintenance to Roads means the costs of service, maintenance, repair, overhaul, or rework of roads due to maintenance or installation of water or sewer infrastructure. Cost of routine maintenance and repair required to keep a road up to a standard condition of service ability and the prevention or deterioration by the accomplishment of such work as boring, concrete and/or blacktop, stones, pipe, etc., one-time emergency repair of damage to utility, systems and facilities resulting from accidents or acts of God; includes services by contract.

Safety Equipment and Supplies means costs to provide personal protective equipment and fall hazard equipment to employees, supplies such as cones, barriers, lights, ladders, texting equipment, etc., and training materials.

Security Hardware and Service means costs for equipment, materials and services to safeguard District property, buildings and offices, infrastructure, etc.; includes services by contract. A useful life of five years or more is expected.

Sewer System Repair and Replacement means costs to repair or replace infrastructure used to collect sewer waste; includes services by contract. A useful life of five years or more is expected.

Sewer Treatment Supplies means the costs for mechanical treatment and chemicals to treat wastewater.

Small Tools and Minor Equipment means hammers, saws, wrenches, garden tools, small power tools, and other tools and equipment having a life expectancy of less than five years.

Social Security means the District's share of retirement contributions, payable to the Social Security Administration for Social Security.

Tax Collection Fees means the expenses of certifying delinquent accounts to the county auditor for collection.

Telephone means the cost of telephone and fax services.

Testing and Lab Work means expenses to ensure water quality meets and/or exceeds the requirements of the Ohio Environmental Protection Agency.

Training Services and Travel means expenses and fees paid for training employees and all travel related expenses whether related to training or not.

Unemployment Compensation means payments to the State for unemployment compensation.

Uniform and Work Gear Allowance means payments for employees uniform and work related clothing.

Vehicles means the costs to purchase work vehicles. A useful live of five years or more is expected.

Vehicle and Instrument Parts and Supplies means costs to keep work vehicles and instruments used in field operations in good working order and to improve and better their efficiency and performance.

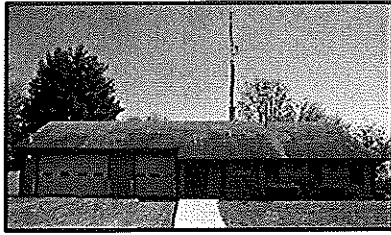
Water and Sewage means the expenses for water and sewer services provided by the City of Defiance, Ohio.

Water System Repair and Replacement means costs to repair or replace infrastructure used to supply potable water; includes services by contract, A useful live of five years or more is expected.

Water Tower and Tanks means costs to purchase a water tower and tanks and parts and materials, service and maintain the water tower and tanks used to store potable water; includes services by contract, A useful live of five years or more is expected.

Water Treatment Supplies means the costs for mechanical treatment and chemicals to make the water supply healthy and clean to drink.

Worker's Compensation means payments to the Ohio Bureau of Workers' Compensation.



2016 Operating Budget Legal Level of Control

Fund # 5101 - Water Operating Fund	Budget
Personal Services	\$109,490
All Other Disbursements	318,100
Capital Outlay	20,500
Debt Service-Principal & Interest	90,000
Transfers Out	<u>176,000</u>
Total Budget-Legal Level of Control-Water Operating Fund	<u><u>\$714,090</u></u>

Fund # 5201 - Sewer Operating Fund	Budget
Personal Services	\$109,490
All Other Disbursements	368,150
Capital Outlay	32,000
Debt Service-Principal & Interest	247,500
Transfers Out	<u>183,000</u>
Total Budget-Legal Level of Control-Sewer Operating Fund	<u><u>\$940,140</u></u>



2016 Operating Budget

OVERVIEW

Adequate fund balance and reserve levels are necessary components of the District's overall financial management strategy and key factors in assessing the District's financial strength and fiduciary integrity. Maintenance of a fund balance for each accounting fund assures adequate resources for cash flow and mitigation of short-term revenue shortages, and enables multi-year planning for self-support program improvements. This applies to all funds used by the District to formulate the 2016 budgets, not simply the operating budget.

First is the 2016 Operating Budget for Expenditures. With respect to the District, the two main services provided to customers are providing potable water and sanitary sewer collection and disposal. As a result, the primary funds used to account for budgeted operating expenses are water and sewer. Most accounts in the water and sewer operating funds are for shared expenses. A pre-determined ratio is used to split shared expenses between the water and sewer operating funds.

What follows is a discussion of those budgeted expenses followed by that for the 2016 budgeted revenues for the water and sewer funds. The 2016 Total Budget including the Operating Budget for Expenditures is intentionally more detailed and descriptive than the 2015 budget to allow all stakeholders to better understand District expenditures and revenues. As a result, individual account names may have changed making it harder to make a direct comparison between the 2016 and 2015 budgets. However, the 2016 budget is now a more true reflection of actual and planned District expenditures and revenues.

WATER EXPENSES

The total budgeted expenditures in 2016 for the water fund is \$714,090, which is an increase from 2015 of \$448,178 due mainly to recent inflationary trends and staffing needs. One of the biggest components is the cost of utilities (electricity, natural gas, and water and sewage) of \$183,900 or 39% of budgeted expenses for the water fund. The 2015 budget for utilities was \$179,200. In the last quarter of 2015, the District has made a concerted effort to limit water loss at hydrants and valves. Reducing water loss has an immediate impact on the amount of water use billed to the District by the City of Defiance, which is the District's sole source of potable water. This effort to reduce water loss will continue into 2016.

2016 OPERATING BUDGET - WATER EXPENSES (Continued)

Compensation is a budgeted expenditure for the District. The 2016 budgeted expense for compensation is \$109,490 up from \$80,221 in 2015. Compensation includes employee wages and paid supplemental benefits, payroll taxes, unemployment and worker's compensation, Ohio Public Employees Retirement System (OPERS), reimbursements, uniform allowance and work gear, and compensation of Board members. The 2016 budgeted expenditures for compensation reflects four (4) full time employees and seven (7) Board members (trustees).

The District Manager and the Board recognize the sensitive nature of the amount and type of compensation paid. Both strive to compensate our employees commensurate with the prevailing wages and benefits as of others with similar education, training, and experience who are employed at surrounding water and sewer districts. New employees are evaluated after 30 and 90 days of continuous employment. Current employees are evaluated annually. Employees' raises are determined by the Board upon recommendation of the Employee Relations Committee.

Trustees are compensated \$100 for general Board meetings and \$50 for committee meetings. These particular amounts are representative of other O.R.C. Section 6119 districts throughout Ohio. General Board meetings are normally held once every month; and, committee meetings are held on an ad hoc basis when a need arises as determined by a consensus of its members. Prior to 2015, committees met rarely if at all. This negatively impacted the District by not giving proper guidance to and oversight of District management. The Board wants to assert proper control of District operations and planning. To the extent practicable, the Board will limit the number of meetings out of a desire to be financially responsible with District funds.

The District has chosen to budget at a much higher summary level for the legal level of control which is documented in the above budget for the Water Operating Fund. The items denoted in the following six paragraphs are detailed in Appendix A, but are summarized under one budget line item for the legal level of control under the category "All Other Disbursements".

As the budget in Appendix A indicates, there are other categories of expenses budgeted in the 2016 water operating fund. The budget for services totals \$71,450, which includes professional and technical services, insurance and bonding, other contractual services, auditing services, accounting and legal fees, garbage and trash removal, fuel and vehicle expense, employee health insurance, and medical services and background checks. The budget for insurance and bonding is \$6,000 in 2016. This includes insurance against employee theft and malfeasance and a bond of \$50,000 for the Treasurer of the Board. The 2016 budget for auditing services of \$7,500, accounting fees of \$7,500 and legal fees of \$10,000 decreased slightly from 2015 but still reflect the need to meet the findings and recommendations of our auditor and state of a litigious society.

2016 OPERATING BUDGET - WATER EXPENSES (Continued)

A separate account for fuel and vehicle expense and its associated budget of \$4,000 provides better tracking of expenses. Health insurance is budgeted \$16,000 in 2016. In July 2015, the District entered into a contract with Aetna to provide health insurance to District employees. Employees pay 20% of the premiums. The Board agreed to contribute \$500 per employee to a Health Savings Account. The District requires criminal and civil background checks for all new employees. In addition, employees are required as a condition of employment to receive certain vaccination and immunizations from disease. Funds are budgeted accordingly.

The category for repairs and maintenance in the 2016 budget is \$21,500. In the 2015 budget, this only included repairs and maintenance of vehicles and equipment and buildings and land. The 2016 budget adds repairs and maintenance of infrastructure and roads. The increase in 2016 over 2015 reflects these two new accounts. The \$9,000 budgeted for repairs and maintenance of infrastructure in 2016 is a recognition by the District Manager and the Board that the District's water lines, etc., need attention due to their age and condition. Field employees are requesting an increase in the repair and maintenance budget that reflect an increased volume of service line repairs and renewals, valve reworks, hydrant maintenance, etc. In addition, the District is occasionally responsible for road damage caused by repairs to and maintenance of infrastructure and new installations. The 2016 budget for this expense is \$5,000.

Supplies in 2016 are budgeted for \$15,000. This category includes cleaning and janitorial supplies, vehicle and instrumentation parts, water treatment supplies, testing and lab work, office supplies and materials, and operating supplies and materials. In the 2015 budget, office and operating supplies and materials were budgeted in \$6,500. The other four accounts were added to the 2016 operating budget. In the last quarter of 2015, the District terminated its contract with Service Master to clean the office. A local student was hired instead at a net savings to the District. The budget for cleaning and janitorial supplies is \$1,000 to reflect the need for the District to buy its own. Water treatment supplies consist mainly of chemical agents, etc., to treat potable water as required by OEPA. The 2016 budget allocates \$5,000 for these expenses. Testing and lab work is mandated by the OEPA to insure the public water supply is safe to drink. A budget of \$2,500 is allocated.

A significant 2016 budgeted expenditure of \$106,000 is for miscellaneous items which include judgments and awards, principal, interest, other non-operating expenses, and water refunds. The budget for principal and interest is slightly higher in 2016 over 2015. Both expenses are consistent from year to year because they represent the amount of debt and interest charges related thereto owed to governmental entities for past water projects. See Debt Information later in this document. New accounts for judgments and awards in the amount of \$10,000 and other non-operating expenses in the amount of \$5,000 were budgeted in 2016. The District is unaware of any pending litigation or settlements but wants to be financially prudent by budgeting for any eventuality.

2016 OPERATING BUDGET - WATER EXPENSES (Continued)

Finally, the 2015 budget for office related expenses totaled \$8,895 which included accounts for telephone, postage, printing and reproduction, and advertising. The budget for telephone expense in 2015 was excessive and reduced to \$3,500. Telephone includes costs associated with land lines to the office, internet, electronic water meter reads (Sensus), and other communication equipment. Budgeted expenses for printing and reproduction were reduced in the 2016 budget to \$500. The 2016 operating budget for office expenses is \$11,250 which adds accounts for public relations, information technology, information technology maintenance, memberships and dues, and bank fees. The District needs to invest in new information technology whose cost can be significant. A combined budget in 2016 of \$3,250 reflects this reality. Bank fees in the amount of \$750 are budgeted in 2016. The last item is a budgeted expense of \$500 for public relations. The District Manager and the Board recognize the need to better communicate with our customers and the community.

The 2016 budget expenses for equipment is \$25,500. This includes small tools and minor equipment, safety equipment and supplies, equipment and hardware, and equipment leasing and rental. In comparison, \$6,500 was budgeted in 2015 for small tools and minor equipment in this category of expenses. The District Manager and the Board are committed to doing whatever is possible to make sure our employees are safe on the job. A conscious decision was made to re-empathize the commitment to safety in the late 2015, and the 2016 budget of \$3,000 reflects it. Equipment and hardware are budgeted \$15,000. Operational efficiency requires it. For example, employees need specialized equipment to properly maintain fire hydrants and valves. In the future, the District may want to lease or rent equipment because of the cost or the amount of use does not justify purchasing it.

2016 OPERATING BUDGET - SEWER EXPENSES

The total budgeted expenditures in 2016 for the sewer fund is \$940,140, which is an increase from 2015 of \$665,550 due to the same reasons listed under water operating expenses. In fact, the discussion above for water operating expenses also apply to sewer operating expenses. Differences, to the extent they exist, will follow.

Compensation is a large expenditure for the District in every annual budget. The 2016 budgeted expense for compensation is \$109,490 up from \$80,221 in 2015.

The 2016 budget expense for equipment is \$32,000. In comparison, \$16,000 was budgeted in 2015 for small tools and minor equipment in this category of expenses. In the 2016 budget, this category in the sewer operating fund also includes safety equipment and supplies, equipment and hardware, and equipment leasing and rental like the water operating fund. The District Manager and the Board recognize that the hazards working around sanitary sewers are greater than working around water. Some hazards are obvious and others are not like methane gas. Again, our employees' safety is a priority. The 2016 budget of \$12,000 reflects our commitment to safety.

2016 OPERATING BUDGET - SEWER EXPENSES (Continued)

The equipment and hardware account is budgeted \$14,000. The disparity between the 2016 budgets for the sewer and water operating funds for this particular account acknowledges that less equipment and hardware are needed.

The District has chosen to budget at a much higher summary level for the legal level of control which is documented in the above budget for the Sewer Operating Fund. The items denoted in the following six paragraphs are detailed in Appendix A, but are summarized under one budget line item for the legal level of control under the category "All Other Disbursements".

As the budget in Appendix A indicates, there are other categories of expenses budgeted in the 2016 sewer operating fund. The largest 2016 budgeted expenditure of \$262,500 is for miscellaneous items which includes judgments and awards, principal, interest, and other non-operating expenses. The budget in 2016 for principal (\$200,000) and interest (\$47,000) is slightly higher over 2015. Both expenses are consistent from year to year because they represent the amount of debt and interest charges related thereto owed to governmental entities for past sewer projects. See Debt Information later in this document.

Another component of the budget is the cost of utilities (electricity, natural gas, and water and sewage) of \$193,000 or 29% of budgeted expenses for the sewer fund. The 2016 budget for electricity of \$17,000 reflects the fact that more is used for sewer operations than water because of the pumps needed to move waste. The 2015 budget for utilities was \$179,200.

The 2016 budget for services totals \$83,900, which allocates \$10,000 more to the other contractual services account than in the water operating fund. The reason for the additional allocation is similar to that under the water operating fund.

Supplies in 2016 are budgeted for \$42,500. This category differs between the sewer and water operating funds in that water treatment supplies and testing and lab work accounts are deleted and sewer treatment supplies and grinder pumps and supplies (inside and outside the District) accounts are added to the former. In the 2015 budget, office and operating supplies and materials were budgeted in \$5,500. The budget for sewer treatment supplies in the 2016 budget is \$15,000. This includes such items as chemicals for odor reduction. The 2016 budget for expenses related to grinder pumps and supplies is \$12,500 for inside the District and \$7,500 for outside the District. In past budgets, the District did not track revenues and expenses related to grinder pumps. The District Manager has opined that grinder pump sales and service to other sewer districts may be profitable for our District. As a result, separate accounts were created in the 2016 operating budget to track revenues versus expenses.

2016 OPERATING BUDGET - SEWER EXPENSES (Continued)

The category for repairs and maintenance in the 2016 budget is \$22,500, which allocates \$10,000 less to the repairs and maintenance of infrastructure account than in the water operating fund. The difference is due to the fact that the sewer infrastructure is not in as much need of repairs and maintenance as the sewer infrastructure is not as old as the water infrastructure. In the 2015 budget, only \$6,165 was allotted for repairs and maintenance of vehicles and equipment and buildings and land.

The 2016 operating budget for office expenses is \$11,250. See the discussion above under the water operating fund for office expenses.



2016 Operating Budget

WATER REVENUES

The detailed budget for the Water Operating Fund is shown in Appendix A. Water sales are the primary source of revenue in the water operating fund, comprising 92% of estimated revenue. Customers are mostly residential and limited commercial. The Board does not plan to raise water rates in the next year unless City of Defiance raises its water rate. The District purchases all its potable water from the City of Defiance. Water sales for 2015 through the current date have been \$528,619 with gallons sold of 24,560,668. The budgeted revenue of \$514,000 for 2016 is close to 2015. There will likely be few if any new water connections to the District system. As a result, any increase in water sales to customers are mostly due to increased usage by existing ones.

As Appendix A indicates, there are other minor sources of water revenue. First, tapping fees are charged to customers for material and labor used to make a physical connection to a water distribution line. Budgeted revenue of \$2000 assumes few, if any, new connections during 2016. Second, the District sells bulk water mostly to the farmers in the local community and to some local, road construction companies. Budgeted revenue of \$4,000 goes unchanged from the 2015 budget. Third, service charges associated with penalties are derived from delinquent charges and miscellaneous service charges. The budgeted revenue for 2016 was increased by \$5,000 over 2015 to \$15,000 due to actual revenue exceeding that budgeted. Fourth, it is expected that revenue for parts will increase from 2015 to \$1,000. A better inventory and billing system is expected to account for the increase. Fifth, budgeted revenue for interest was increased to \$1,500 to reflect returns in 2015. Sixth, debit card charges are the source of revenue for miscellaneous operating revenue. A decrease of \$500 from last year to a budgeted revenue of \$500 in 2016 reflects fewer customers using a debit card to pay their water bills. Finally, budgeted revenue for 2016 was increased to \$20,000 for miscellaneous non-operating revenue.

SEWER REVENUES

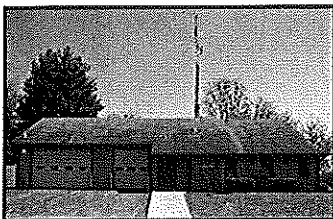
The detailed budget for the Sewer Operating Fund is shown in Appendix A. As far as sewer operating fund, usage is the primary sources of revenue, comprising 49% of the estimated 2016 revenue. The budgeted revenue of \$370,000 for usage in 2016 is also the same as 2015. Again, customers are mostly residential and limited commercial. The Board does not plan to raise sewer rates in the next year unless City of Defiance raises its sewer rate. The District sends all its sanitary sewer sludge to the City of Defiance for treatment. There are two other significant sources of sewer operating revenue—Special Assessments and Other Financial Sources. Special assessments for 2015 were \$150,000. The budgeted revenue of \$150,000 for 2016 is identical to 2015. Other Financing Sources include planning and

final assessments. The budgeted revenue for 2016 was decreased by \$15,000 from 2015 to \$200,000. This decrease better reflects actual collections. There will likely be few if any new sanitary sewer connections to the District system. As a result, these revenue stream are not likely to increase.

There are other minor sources of water revenue. First, service charges associated with penalties are derived from delinquent charges and miscellaneous service charges. The budgeted revenue for 2016 remains the same as 2015 at \$10,000. The type or amount charged in penalties are not scheduled to change significantly in 2016. Second, budgeted revenue for interest was increased to \$1,500 to reflect returns in 2015. Third, debit card charges are the source of revenue for miscellaneous operating revenue. A decrease of \$500 from last year to a budgeted revenue of \$500 in 2016 reflects fewer customers using a debit card to pay their sewer bills. Finally, budgeted revenue for 2016 was increased to \$20,000 for miscellaneous non-operating revenue.

DEPOSIT REVENUES

The budgeted revenues for water deposits as shown in Appendix A was increased to \$3,500 for 2016, which represents a \$2,500 increase over 2015. This account has a limited purpose, as described.



Capital Improvements Budget

2016 FUNDING LEVELS

The Board in consultation with the District Manager presents a capital budget. In 2016, the District intends to develop a Capital Improvement Program (CIP) which will be a five-year fiscal planning tool used to identify the future capital needs of AWSO, as well as identify the timing and method of financing those capital needs. Capital improvement plans provide a link between the visions articulated by a comprehensive plan and the annual capital expenditure budget. These plans allow for a systematic, simultaneous evaluation of potential projects. A capital improvement is a substantial, nonrecurring expenditure for a physical improvement with a long useful life. Capital projects included in any future CIP will be non-recurring major projects that exceed \$2,500 in cost and have a useful life of five years or greater. The significant cost of the projects included in any future CIP may also require the use of debt or reserves to finance their cost.

The 2016 Capital Budget as shown in Appendix A totals \$165,000 of which \$85,000 is earmarked for the water fund and remaining \$80,000 is for the sewer fund. See the CIP section for details on capital budgeting. Capital items in the operating budget include recurring normal water and sewer systems improvements required to replace aging pipe, replace meters, make upgrades, serve new customers and improve flows, etc. Also, funds are included in the Capital Budget for the water tower, buildings and furnishings, vehicles, equipment and machinery, information technology, security hardware and services, and G.I.S. and mapping. These items generally but not always have a cost of more than \$2,500.

CAPITAL IMPROVEMENT PROGRAM (CIP)

I. Overview

Normal system improvements and routine annual additions and replacements are included as part of the annual Capital Budget rather than the CIP. This is because these types of capital needs are funded with current revenues generated by our rates and the funding level for these recurring capital needs is steady and constant from year to year. Normal system improvements include the water and sewer line replacement, water meters, and system additions and extensions. Routine replacements during the year are generally purchases of new or leased vehicles and equipment.

CAPITAL IMPROVEMENT PROGRAM (CIP) (Continued)

The capital budget is adopted annually, encompassing appropriations for the projects scheduled for the first year of the plan, and authorizing any borrowing and grants necessary to fund these improvements. The subsequent four years are considered planning years and are subject to annual appropriation. A Five-Year Financial Forecast will be used in the development of the CIP, and the financing plan for the CIP will be shaped by the availability of funds projected in the forecast.

II. Strategic Planning

In 2016, the District intends to complete its first formal comprehensive strategic plan. The planning process will include numerous strategic planning workshops with both employees and the Board. The Strategic Plan will focus on three main strategic areas over the next five years, including stakeholder relations, operational excellence, and human capital

Numerous strategies will be developed and prioritized to ensure the successful implementation of the Strategic Plan. The strategies will be developed and designed to either continuously improve our current state or to reposition our District for the future. Some of these strategies may require additional human or financial resources.

The operational excellence focus area of our Strategic Plan will have a substantial impact on the CIP and be evidenced in the projects proposed to the Board for approval. Among the objectives will be the development and implementation of a robust asset management program in order to optimize infrastructure life cycle costs. A strategy to accomplish this involves developing and maintaining coordinated master plan for all District infrastructure and facilities to enhance service levels. Another strategy that will impact future CIPs is the utilization of an asset management program to prioritize future operating and capital expenditures.

Another objective of the operational excellence focus area will be to develop and implement a secure another long-term water supply. One of the strategies to accomplish this is the development of a water resource master plan. Increasing the reliability of water delivery through enhanced capital planning and improvement of operational processes will be another objective. Among the strategies to achieve this is the optimization of operations to reduce energy and chemical costs.

III. Project Ranking

A project request should be evaluated at a minimum against the following criteria:

- Improves water quality;
- Provides capacity to meet current or future demand;
- Mitigates risk to public safety or health;
- Systematic replacement of existing infrastructure;
- Improves operational efficiency;
- Coordinates with other projects and requirements; and
- Promotes economic development.

CAPITAL IMPROVEMENT PROGRAM (CIP) (Continued)

A project should be reviewed and evaluated as to how it meets the following requirements:

- Evaluation criteria they met;
- Review of the project objectives;
- Priority assigned to them;
- Assessment of their urgency; and
- Risks of deferring project.

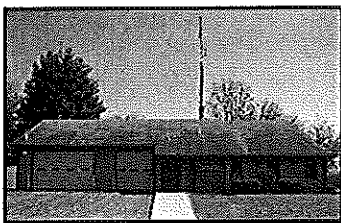
IV. Stakeholder Involvement

The CIP is a planning document that is updated on a periodic basis and subject to change as the needs of the District become more defined and individual projects move along in their planning and budgeting processes. The effective use of a CIP process provides for considerable advance project identification, planning, evaluation, scope definition, design, public discussion, cost estimating and financial planning. As such, stakeholders include the Board, employees, customers, the community, and others. Questions about strategic planning and development of a CIP should be directed to the District Manager.

The legal level of control Capital Improvement Program budget is shown below:

Fund #7201 - Water Capital Improvements Fund	Budget
Capital Outlay	<u>\$ 85,000</u>
Total Budget-Legal Level of Control-Water Capital Improvements Fund	<u>\$ 85,000</u>

Fund #7202 - Sewer Capital Improvements Fund	Budget
Capital Outlay	<u>\$ 80,000</u>
Total Budget-Legal Level of Control-Sewer Capital Improvements Fund	<u>\$ 80,000</u>



Cash Reserves Budget

2016 FUNDING LEVELS

Our Cash Reserves Policy establishes that a target minimum amount of unrestricted cash and investments equal to 60 days of operations and maintenance expenses. For purposes of this policy, day's cash on hand is defined as unrestricted cash and investments divided by annual operations and maintenance expenses times 365 days. The Board has targeted increasing the cash reserves year over year, with the goal of exceeding annual operation and capital expenditures. Consequently, our operation plan and capital investment strategy have been geared towards the achievement of those targets. This financing strategy for the 2016 Cash Reserves budget includes \$10,000 for the water account(s) and \$10,000 for the sewer account(s). *Please note:* The District will fund the initial monies being moved to these reserves from existing surplus funds for 2016 and use the above referenced targets for future years.

CASH RESERVES POLICY

I. Purpose

Formal written policies that establish guidelines for building and maintaining cash reserves can help the District sustain operations during difficult economic periods. The purpose is, therefore, to enhance long-term financial planning and mitigate the risks associated with changes in revenues due to economic and local market conditions. These policies also aim to assist in the allocation of sufficient monies for the purchase of capital equipment, construction of capital improvements, and unanticipated expenditures that may occur. In addition, the District will be able to maintain reasonable and affordable water rates for our customers. The cash reserve balances are unrestricted. The balances will be utilized for emergency expenditures, annual budget shortfalls or other approved capital projects. Cash reserves can be used to fund unforeseen or urgent capital requirements not funded through alternate sources.

An operating surplus in any year will typically increase the level of cash reserves available. An operating loss in any year will typically reduce available cash reserves. Cash reserve balances and policies can positively impact on the District's credit worthiness with government and, as a consequence, its long-term cost to fund major projects.

In considering the District's long-term financial plans, there are some years where there will be peaks in capital asset purchases. If cash is not accumulated to meet these peaks, acquiring funds from other sources becomes necessary to meet strategic and operational needs. The cost associated in obtaining funds in turn reduces the ability to generate and maintain future cash reserves.

CASH RESERVES POLICY (Continued)

This Cash Reserves Policy provides direction to District employees in relation to the cash reserve function and establishes a decision framework that:

- Guides and determines when funds are to be set aside for future expenditure;
- Reduces the requirement for ad hoc borrowing; and
- Provides a framework for access to cash reserves in lieu of borrowing.

As part of the annual budget process, the District will consider the level of existing cash reserves carried forward, projected utilization, if any, of those cash reserves during the twelve month budget period and net interest earnings, the latter which contributes to the operating result.

II. Approach

In developing this Cash Reserves policy, the Board considered:

- The existing financial control and compliance processes that form part of the governance framework of the District;
- The dependency of the District on current operations for operational and specific capital program funding, and
- The use of cash reserves to support the ability of the District to achieve its strategic direction and operational objectives.

III. Objectives

The objectives for the Cash Reserves policy include:

- To ensure an optimal level of cash (including cash equivalent investments) is maintained in reserve to cover operations and working capital requirements.
- To define the approval process for expenditure of District's cash reserves, including investments and the rolling-over of cash equivalent investments.
- To optimize the selective utilization of cash reserves to support the achievement of the strategic direction and operational objectives of the District where all other funding sources, options and streams either do not exist or have been exhausted.

IV. Defined Terms

Cash Reserves means cash held by the District, including cash equivalents and investments, not associated with the following:

- Service funding allocations received from government agencies;
- Specific capital funding allocations received from government agencies;
- Employee salary deductions; or
- A contractual commitment to provide goods or services at a future point in time.

Working Capital means the level of liquidity (liquid assets) that the Board determines is necessary to support day-to-day operations, the growth of the District's business and the expected net movement in current assets and current liabilities.

CASH RESERVES POLICY (Continued)

Employee Entitlements means the amount payable to an employee; these amounts would be payable should they cease their employment.

V. Authority Limits

Cash reserves will be used for the purposes of providing continuity through extreme events, dealing with normal cash fluctuations during the year, maintaining rate stability, and funding capital investment. Authority limits in relation to expenditure from cash reserves within the approved Budget are determined by the Board. Expenditure from cash reserves that is associated with a Board approved purpose is permitted with the approval of the Board. The Board reserves the right to approve a program of works to be funded from cash reserves. In such cases the Board may delegate responsibility to the District Manager for ensuring appropriate project governance and monitoring of expenditure in accordance with the Board approved scope of works. Any exercise of delegated authority must be compliant with other District policies.

VI. Restrictions

The Board may not approve expenditure from cash reserves that causes the cash reserve balance to have a negative balance. Excess reserves above the minimum level will not be used for recurring expenditures, only for capital expenditures and/or one-time expenditures.

VII. Reporting

The District Manager shall ensure that the Board receives a report, at least quarterly, on expenditure from cash reserves, to be prepared by the District

VIII. Review Procedure

This policy in its entirety will be reviewed and ratified (including any changes if required) at least once every two years by the Board.

The Board will review recommendations from the District Manager annually through the Budget and Finance Committee regarding the target of the cash reserves.

Proposed changes to this policy shall:

- be recommended to the Board through the Budget and Finance Committee, and
- require the approval and adoption of the Board to be effected.

As part of the annual budget process, the District will consider the level of existing cash reserves carried forward and projected utilization if any of those cash reserves during the twelve month budget period and net interest earnings, the latter which contributes to the operating result.

The District Manager will notify the Board in advance if there are indications that the cash reserve will fall below the minimum level and will identify actions to be taken to avoid or mitigate the situation. Should reserves fall below the minimum level, it is the Board's intent to replenish reserves within two (2) fiscal years.

It is the intent of the Board to maintain a rate structure sufficient to maintain the minimum level of reserves.



Contingency Budget

2016 FUNDING LEVELS

Our Contingency Budget Policy establishes that a minimum amount of unrestricted cash and investments equal between two and three percent of the total annual operating budgets. The Board expects for unexpected and extraordinary events to happen during the year which require additional expenditures. The strategy is to plan for such contingencies in advance; and, the contingency budget is funded accordingly. This financing strategy for the 2016 Contingency Budget includes \$16,000 for the water account(s) and \$23,000 for the sewer account(s).

CONTINGENCY POLICY

I. Purpose

The Contingency Budget Policy is intended to provide guidelines for budgeting and throughout the year, to ensure that sufficient financial resources are maintained for unanticipated expenditures or revenue shortfalls. It is also intended to preserve flexibility throughout the fiscal year to make adjustments in funding for programs approved in connection with the annual budget. This policy should maintain a long-term perspective, recognizing that stated thresholds are considered minimum balances. The primary objective of establishing and maintaining this policy is for the District to be in a strong financial position that will allow for better position to weather negative economic trends.

II. Approach

These unrestricted funds are available for the ongoing operation of the District and are subject to the limitations defined by this policy. Contingency represents dollars appropriated in the annual budget that are set aside for unanticipated or undefined costs incurred in the year. The level of contingency approved annually in the budget should be an amount sufficient to cover possible expenditure variations during the fiscal year. With Board approval, contingency can be used during the year to cover these requirements.

Contingency funds are one-time only resources: once they are depleted, there is not a continuing revenue source to replenish them. Costs such as self-insured claims, capital investments and asset replacement, and unanticipated or higher than anticipated expenses, and unexpected declines in revenue all may be covered by the contingency budget each year.

The contingency fund may be used only for nonrecurring or unforeseen needs that arise during the fiscal year, including expenses associated with natural disasters, unexpected liability, public safety, health needs, requirements that have been identified after the budget process has occurred, and opportunities to achieve cost savings.

CONTINGENCY POLICY (Continued)

The fund may also be used, if needed, to cover revenue shortfalls experienced by the District for three consecutive months (based on a two-month rolling average) that are 5% or more below the budget forecast. Funds may only be allocated after a financial analysis has been prepared by the District Manager that all other surplus funds available to the District have been completely exhausted.

III. Authority Limits

The contingency budget will be at least two but no more than three percent of the total annual operating budgets to cover revenue shortfalls, unplanned but necessary expenditures, or operating changes that occur outside of the planned annual budget.

Based on an assessment of expenditure risk for the upcoming fiscal year, the District Manager may recommend a higher level of contingency and include such recommendation in the proposed budget for the next fiscal year. The Board holds final authority over approval of the annual budget.

The Board must approve a restoration plan to correct for the shortage if the ending balance in the contingency budget is less than two percent of the total annual operating budget for the upcoming fiscal year.

IV. Reporting

The Board will receive financial reports at least quarterly, which include current fund balance levels, and comparison of contingency budget balance to this policy's standards.

V. Review Procedure

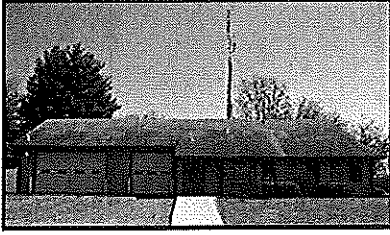
This policy in its entirety will be reviewed and ratified (including any changes if required) at least once every two years by the Board.

The Board will review recommendations from the District Manager annually through the Budget and Finance Committee regarding the target of the contingency budget.

Proposed changes to this policy shall:

- be recommended to the Board through the Budget and Finance Committee, and
- require the approval and adoption of the Board to be effected.

As part of the annual budget process, the District will consider the level of existing contingency funds carried forward and projected utilization if any of those contingency funds during the twelve month budget period and net interest earnings, the latter which contributes to the operating result.



Deposits and Debt

LIST OF CASH DEPOSITS

As of November 30, 2015, the District had an ICS (money market) savings account with First Federal Bank of the Midwest in the amount of \$1,707,093.01 earning interest in the amount of \$3,460.27 year to date at a .25% rate of return.

As of November 30, 2015, the District had a savings account with First Federal Bank of the Midwest in the amount of \$8,177.44 earning interest in the amount of \$1.83 year to date at a .03% rate of return.

As of November 30, 2015, the District had a business premier checking account with First Federal Bank of the Midwest in the amount of \$267,080.34 earning no interest.

As of November 30, 2015, the District had a business savings account with the Farmers & Merchants State Bank in the amount of \$150,113.85 earning interest in the amount of \$45.17 year to date at a .03% rate of return.

In total, the District has cash resources in the amount of \$2,132,464.50 and has earned interest year to date in the amount of \$3,507.27. Interest on investments will continue to be relatively small due to interest rates remaining low over the upcoming fiscal year. We have estimated that we will earn an interest rate of between 0 and .25% on our investments at First Federal Bank of the Midwest and Farmers & Merchants State Bank.

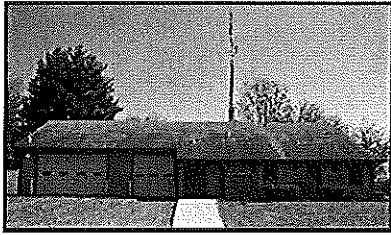
LIST OF INDEBTEDNESS

Two loans are outstanding to the Ohio Water Development Authority. Principal and interest payments are due on January 1 and July 1. The first loan has an outstanding loan balance of \$3,377.49 as of December 1. The five year loan of \$400,000.00 (amount financed and interest) originated on January 1, 2012, at an interest rate of 3.95%. The last payment is due on July 1, 2016. The semi-annual payments in 2015 were \$41,125.92 (January 1) and \$41,938.15 (July 1). This loan is expected to be paid in full during 2016.

The second loan has an outstanding loan balance of \$377,619.89 as of December 1. The 15 year loan of \$415,893.46 (amount financed and interest) originated on July 1, 2015, at an interest rate of 2.82%. The last payment is due on January 1, 2030. The semi-annual payment is \$11,233.24. Similar payments are expected to be made in 2016.

The United States Department of Agriculture (USDA) is owed one loan that originated on September 9, 2002, in the amount of \$1,743,265.45 with an annual interest rate of 4.75%. The loan was taken for sewer infrastructure improvements. Principal and interest payments are due on June 1 and December 1. As of December 17, the outstanding balance was \$763,381.27. In 2015, combined payments in the amount of \$138,961.43 was paid or \$69,462.59 on June 1 and \$69,498.84 on December 1. Similar payments are expected to be made in 2016. The last payment is due in 2040.

The 2016 operating budget includes \$265,000.00 in principal payments and \$72,500.00 in interest payments for a total budgeted debt service of \$337,500.00. The outstanding loan obligations are payable from the net revenues derived from the water and sewer operations of the District which remain after paying operation and maintenance expenses.



District Infrastructure

WATER AND SEWER LINES

District operations began in the late 1960's with the laying of water lines. Today, there is approximately 25 miles of water lines maintained by the District. Water lines were last installed in the last decade. Two sewer projects have been completed in the history of the District. Both were completed in the last decade. The Phase A Sewer Project was completed in 2002. The Phase B Sewer Project was completed six years later in 2008. Currently, there is approximately 20 miles of sewer lines maintained by the District.

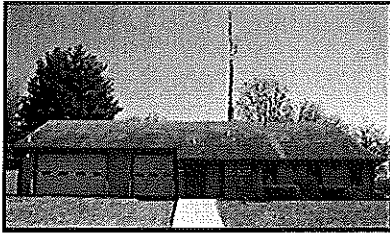
The District has five sewer lift stations in operation and one water station. The chlorination station on Ayersville Avenue is where the District takes water from the City of Defiance and adds chlorine before supplying our customers with potable water. The District maintains approximately 200 grinder pumps which physically alters sewage making disposal easier. Around half of our customers use grinder pumps while the rest rely on a gravity system. The District maintains approximately 12 Gorman-Rupp pumps that push sewage to the City of Defiance for treatment.

WATER TOWER, HYDRANTS AND VALVES

The water tower was installed in the early 1970's and has a capacity of 150,000 gallons. In the last five years, the water tower was resealed and painted. Telemetry was recently replaced and sits on top of the water tower. In addition, the District owns approximately 96 Mueller and Kennedy hydrants. Hydrants are numbered and mapped. Flushing of the water lines takes place twice a year. Main valves are located at most intersections and half way down each road. There are hydrant and sewer valves at each location.

WATER AND SEWER CONSUMPTION

The District has approximately 600 water and 700 sewer customers. From December 26, 2014 through November 24, 2015, the City of Defiance charged the District for 32,523,802.6 gallons of water consumed and 57,004,969.56 gallons of sewage flow. The water usage and sewer flow should remain flat in 2016. The District will continue to address unintended water loss. The disparity in the amounts of water consumer usage and sewage flow reflects more customers are using the District's sanitary sewer system and water infiltration into the system. The District intends to be proactive in sewer line maintenance projects.



Financial Policies

OPERATING BUDGET POLICY

The Operating Budget Policy provides guidelines to the Board and employees for their consideration of the broader implications of the budget process and the development of an operating budget that is consistent with public finance best practices.

I. Key Budget Features

The operating budget is the annual financial operating plan for AWSD. An annual operating budget will be adopted each fiscal year. The operating budget will be prepared on a cash basis order to be consistent with the approach used in the five-year financial forecast once eventually developed by the District.

A balanced budget will be adopted, meaning that:

- Operating revenues must fully cover operating expenditures, including debt service; and
- The ending reserve balance must be maintained as set forth in the Reserve Policy.

Under this policy, it is allowable for total expenditures to exceed revenues; however, in this situation, the reserve balance can only be used to fund capital improvement plan projects, or other "one-time" non-recurring expenditures.

Budgetary practices that balance current expenditures at the expense of meeting future years' expenses will be avoided. Examples include postponing necessary expenditures, accruing future years' revenues or rolling over short-term debt. Long-term debt will not be used to fund current expenditures. The operating budget will provide for adequate maintenance, repair and replacement of capital plant and equipment. Sufficient funding will be provided to cover annual debt service costs.

The operating budget will be development in accordance with the policies and priorities to cover annual debt service costs.

The operating budget will be developed in accordance with the policies and priorities set forth in strategic plans, master plans, the five-year financial forecast once developed, and Board goals.

II. Budget Process

The District Manager will submit a proposed operating budget to the Board on an annual basis. The Board will adopt the annual budget through a vote, taken at a posted Board meeting in December, prior to the start of the next fiscal year.

OPERATING BUDGET POLICY (Continued)

III. Budget Control System

A budgetary control system to ensure adherence to the budget and a budget/encumbrance control system will be used to ensure proper budgetary control. Regular reports will be prepared comparing actual revenues and expenditures to budgeted amounts.

The Board will approve a high level summarized budget which will be denoted as the legal level of control. A detailed line item budget (Appendix A) will be maintained and any changes to the detailed line item budget will be approved by the Budget and Finance Committee.

The Board will only be required to approve any changes to the high level summarized budget, but will not be required to approve budget changes at the line item level.

Budget accountability rests primarily with the District Manager; he or she is responsible for ensuring that the budget stays within prescribed funding levels. The District must stay within budget for all funds.

Budget amendments with the same fund are used during the fiscal year as priorities develop and change and to accurately reflect the District's expenditure needs. The District Manager is authorized and may make budget line item transfers between accounts with the Budget and Finance Committee's approval with each of the funds so long as the high level summarized budget is not affected.

IV. Amendments to the Budget

The Board may amend or supplement the budget at any time after its adoption by resolution. The District Manager has the authority to make administrative adjustments to the line item budget upon approval of the Budget and Finance Committee.

CAPITAL PLANNING, BUDGETING AND MANAGEMENT POLICY

The Capital Planning, Budgeting and Management Policy provides a means to systematically identify, plan, schedule, finance, as well as track and monitor capital projects to ensure cost-effectiveness as well as conformance to established policies and procedures.

I. Capital Improvement Program

Capital Investments included in the Capital Improvement Program (CIP) are generally defined as having a useful life of five years or greater and a cost that exceeds \$2500.00.

CIP project requests are prepared by the District Manager and submitted with a recommended expenditure plan. This includes all estimated capital costs and estimates of any new or substantially increased future operations and maintenance costs related to the implementation of projects upon completion.

CAPITAL PLANNING, BUDGETING AND MANAGEMENT POLICY (Continued)

The District Manager will evaluate the various CIP requests and select those with the highest priority. Within available funding, the highest priority projects are then selected and funded in the CIP.

The following criteria will be considered when evaluating the relative priority of a proposed CIP project:

- Improves water quality;
- Improves capacity to meet current and future demand;
- Mitigates risk to public health or safety;
- Replaces existing infrastructure systematically;
- Improves operational efficiency;
- Coordinates with other projects or requirements;
- Improves workplace safety; and
- Promotes economic development.

Projects included in the CIP must be consistent with any strategic plan as well as master plans that may have been prepared or likely to be prepared.

Facilities whose construction or acquisition results in new or substantially increased operating costs are considered only after an assessment indicated a clear need for a project and that recurring resources for funding the increased operating costs are available. All projects submitted to the Board for approval shall include a projection of annual operating costs.

The five-year financial forecast, once developed, used in conjunction with the development of the CIP, will be used to determine the capacity to fund projects, their timing as well as the appropriate mix of debt and pay-as-you-go financing in the funding of capital projects.

Capital improvements will be funded primarily through either pay-as-you-go or debt financing. Factors which favor pay-as-you-go financing include circumstances where:

- A project can be adequately funded from available current revenues and reserves;
- A project can be completed in an acceptable time frame given available revenues;
- Additional debt levels could adversely affect the credit rating or repayment sources; and
- Market conditions are unstable or suggest difficulties in receiving favorable interest rates on debt.

CAPITAL PLANNING, BUDGETING AND MANAGEMENT POLICY (Continued)

Factors which favor long-term debt financing include circumstances where:

- Revenues available for debt are considered sufficient and reliable so that long-term financing can be received;
- Market conditions present favorable interest rates;
- A project is mandated by the State or Federal Government and current revenues or reserves are insufficient to pay project costs;
- A project is immediately required to meet or relieve capacity needs and existing un-programmed reserves are insufficient to pay project costs; and
- The life of the project or asset financed is five years or longer.

Expenditures included in the CIP must equal estimated resources available for capital spending.

The District Manager will submit a proposed CIP to the Board on an annual basis. The Board will adopt the CIP by resolution, taken at a posted Board meeting, in December prior to the start of the next fiscal year.

All proposals for the expenditure of capital funds are formulated and presented to the Board within the framework of a CIP. Except in circumstances of an extraordinary opportunity or emergency, appropriations of capital funds will not be considered outside of the CIP process.

A regular status report will be prepared on active projects approved in the CIP.

II. Capital Budget

The first year of the adopted CIP will be the capital budget for that fiscal year. The adopted capital budget will be administered by the District Manager within the authority provided in this policy.

III. Capital Project Management

Each project shall have a designated project manager who will be responsible for all aspects of project management and budgetary control. In accomplishing the project for which the budget was authorized, project managers ensure that their respective budgets stay within the prescribed funding levels.

Budget transfers within a project or project fund must be approved by the District Manager and the Board. Budget transfers between projects or project funds must be authorized by the District Manager and the Board. The District Manager is authorized to make transfers between projects or project funds working within the total amount of the Board adopted capital budget for that fiscal year.

CAPITAL PLANNING, BUDGETING AND MANAGEMENT POLICY (Continued)

The District Clerk will provide accurate, detailed regular expenditure reports to project managers and will ensure that purchases are allowable and appropriate and are charged to the proper accounts and funds. The District Clerk will also audit expenditures on a regular basis and advise project managers of any current or pending expenditure overrun of a significant amount. The District Manager will be informed of significant capital budget issues that emerge as a result of auditing or significant budget variances that cannot be reconciled.

Due to the changing project scope or external factors that are beyond the control of the project manager, cost increases may occur after the Board adopts the CIP. If it is determined that there are insufficient funds with a project's budget to finance an activity or acquisition, and if the District Manager elects not to use his or her transfer authority to address the funding issue, the project manager will prepare and submit a request proposing a supplemental appropriation to the District Manager for review. After review and his or her approval, the District Manager will place the request for a supplemental appropriation on a future Board meeting agenda for consideration.

Project managers must complete projects in a timely manner. Retainage and warranty issues must be resolved shortly after a project is complete. Project managers will notify the District Manager upon completion that the project is ready for close-out.

If the project is completed under-budget, the District Manager retains the authority to determine where the unspent balances shall be directed. If the project is over-budget, the project manager, in conjunction with the District Manager, will determine the appropriate course of action to recommend to the Board to resolve the project deficit. The District Clerk will prepare all necessary accounting adjustments needed to close out a project.

LONG-TERM FINANCIAL PLANNING POLICY

I. Objective

The Long-Term Financial Planning Policy provides a mechanism to consider the financial future of the District. Long-term financial planning will seek to identify financial opportunities and challenges facing our District beyond its annual operating budget cycle and aid in the development of strategies to address them.

II. Commitment to Preparing a Plan

Each year a financial forecast of revenues, operating and capital expenditures will be prepared.

III. Scope of the Plan

The forecast of revenues, operating and capital expenditures will consider the following factors at least five years into the future:

- Projected water demand;
- Policy changes;
- Impacts of inflation;
- Development activity;
- Operations and maintenance costs associated with capital projects;
- Legal and regulatory changes;
- Analysis of financial trends;
- Impact of demographic and economic changes on services, revenue and expenses; and
- The costs that are deferred or postponed until the future.

IV. Relationship between Financial Planning and Strategic Planning

Long-term financial planning will be a part of the strategic planning process for the District. Forecasting of recurring available revenues will be used to determine the fiscal capacity of the District.

V. Finding Imbalances

Long-term financial planning will involve the analysis of financial trends and projections of revenues, expenditures, debt, and noncurrent liabilities in order to uncover potential long term imbalances.

VI. Long-term Balance

Long-term financial planning will be used to identify alternative strategies needed to address future financial opportunities and challenges facing our District.

2016 AWSD Budget

Revenue Status

5101 Water Operating Fund

Account Code	Account Name	Final Budget
5101-542-1000	Tap Fees (Tap Fees)	\$2,000.00
5101-543-2000	Bulk Sales (Bulk Water)	\$4,000.00
5101-590-0000	Other - Charges for Services	\$470,000.00
5101-590-3000	Other - Charges for Services (Penalties)	\$15,000.00
5101-590-4000	Other - Charges for Services (Parts)	\$1,000.00
5101-701-0000	Interest	\$1,500.00
5101-891-0000	Other - Miscellaneous Operating	\$500.00
5101-892-0000	Other - Miscellaneous Non-Operating	\$20,000.00
TOTAL		\$514,000.00

5102 Sewer Operating Fund

Account Code	Account Name	Final Budget
5201-390-0000	Other - Special Assessments	\$150,000.00
5201-590-0000	Other - Charges for Services	\$370,000.00
5201-590-3000	Other - Charges for Services (Penalties)	\$10,000.00
5201-701-0000	Interest	\$1,500.00
5201-891-0000	Other - Miscellaneous Operating	\$500.00
5201-892-0000	Other - Miscellaneous Non-Operating	\$20,000.00
5201-999-0000	Other - Other Financial Sources	\$200,000.00
TOTAL		\$752,000.00

5781 Enterprise Deposit Fund

Account Code	Account Name	Final Budget
5781-544-0000	Deposits	\$3,500.00
TOTAL		\$3,500.00

5701 Water Capital Improvements Fund

Account Code	Account Name	Final Budget
5701-999-1006	Transfer from Water Operating Fund	\$150,000.00
TOTAL		\$150,000.00

5702 Sewer Capital Improvements Fund

Account Code	Account Name	Final Budget
5702-999-1001	Transfer from Sewer Operating Fund	\$150,000.00
TOTAL		\$150,000.00

5721 Water Cash Reserve Fund

Account Code	Account Name	Final Budget
5721-999-1002	Transfer from Water Operating Fund Rsvd 12/31	\$10,000.00
TOTAL		\$10,000.00

5721 Sewer Cash Reserve Fund

Account Code	Account Name	Final Budget
5721-999-1002	Transfer from Sewer Operating Fund Rsvd 12/31	\$10,000.00
TOTAL		\$10,000.00

5722 Water Contingency Fund

Account Code	Account Name	Final Budget
5722-999-1004	Transfer from Water Op Fund(3% Water Op Budget	\$16,000.00
TOTAL		\$16,000.00

5742 Sewer Contingency Fund

Account Code	Account Name	Final Budget
5742-999-1005	Transfer from ASewer Op Fund(3% Water Op Budget	\$23,000.00
TOTAL		\$23,000.00

2016 AYERSVILLE WATER AND SEWER DISTRICT'S BUDGET

Appropriation Status

5101 Water Operating Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
	UTILITIES		
5101-513-311-0000	Electricity	30/70	\$8,000.00
5101-523-313-0000	Natural Gas	50/50	\$900.00
5101-533-312-0000	Water and Sewage	As Charged	\$175,000.00
Subtotal			
	COMPENSATION		
5101-539-130-7001	Employee Wages	50/50	\$70,000.00
5101-539-139-7002	Employee Overtime	50/50	\$9,000.00
5101-539-150-0000	Compensation of Board Members	50/50	\$7,500.00
5101-539-211-0000	Ohio Public Employees Retirement System	50/50	\$13,000.00
5101-539-212-0000	Social Security	50/50	\$800.00
5101-539-213-0000	FICA/Medicare	50/50	\$1,300.00
5101-539-225-0000	Worker's Compensation	50/50	\$1,200.00
5101-539-240-0000	Unemployment Compensation	50/50	\$10.00
5101-539-139-7003	Paid Supplemental Benefits (Comp. Time)	50/50	\$1,250.00
5101-539-270-0000	Uniforms & Clothing	50/50	\$1,250.00
5101-539-250-0000	Employee Reimbursements	50/50	\$180.00
5101-539-600-2004	Training Services and Travel	50/50	\$4,000.00
Subtotal			\$109,490.00
	OFFICE		
5101-539-321-0000	Telephone	50/50	\$3,500.00
5101-539-322-0000	Postage	50/50	\$2,000.00
5101-539-324-0000	Printing and Reproduction	50/50	\$500.00
5101-539-325-0000	Advertising	50/50	\$500.00
5101-539-600-5001	Public Relations	50/50	\$500.00
5101-539-600-5002	Information Technology	50/50	\$2,000.00
5101-539-600-7004	Information Technology Maintenance	50/50	\$1,250.00
5101-539-391-0000	Dues and Fees	50/50	\$250.00
5101-539-600-7005	Bank Fees	50/50	\$750.00
Subtotal			\$11,250.00
	SERVICES		
5101-539-340-0000	Professional and Technical Services	50/50	\$9,500.00
5101-539-351-0000	Insurance and Bonding	50/50	\$6,000.00
5101-539-600-7006	Employee Health Insurance	50/50	\$16,000.00
5101-539-390-0000	Other Contractual Services	25/75	\$10,000.00
5101-740-344-0000	Tax Collection Fees	50/50	\$50.00
5101-745-342-0000	Auditing Services	50/50	\$7,500.00
5101-539-600-2002	Accounting Fees	50/50	\$7,500.00
5101-539-600-2001	Legal Fees	50/50	\$10,000.00
5101-539-221-7007	Medical/Hospitalization(Med Services & Pre-Emp Cks	50/50	\$500.00
5101-564-398-0000	Garbage & Trash Removal	50/50	\$400.00
5101-539-600-2003	Fuel & Vehicle Expense	50/50	\$4,000.00
Subtotal			\$71,450.00
	SUPPLIES		
5101-539-410-0000	Office Supplies and Materials		\$1,000.00
5101-539-490-5003	Cleaning and Janitorial Supplies	50/50	\$1,000.00
5101-539-420-0000	Operating Supplies and Materials	50/50	\$5,000.00
5101-539-490-5004	Vehicle and Instrumentation Parts	50/50	\$500.00
5101-539-600-5005	Water Treatment Supplies	100/0	\$5,000.00
5101-539-600-5006	Testing and Lab Work	100/0	\$2,500.00
Subtotal			\$15,000.00

	EQUIPMENT		
5101-539-440-0000	Small Tools and Minor Equipment	50/50	\$5,000.00
5101-539-440-1000	Small Tools and Minor Equipment (Tap Fees)	50/50	\$1,500.00
5101-539-490-6001	Safety Equipment and Supplies	50/50	\$3,000.00
5101-539-600-6002	Equipment and Hardware	50/50	\$15,000.00
5101-539-600-6003	Equipment Leasing and Rental	50/50	\$1,000.00
Subtotal			\$25,500.00
	REPAIRS AND MAINTENANCE		
5101-690-433-0000	Repairs and Maintenance of Vehicles	50/50	\$2,500.00
5101-690-439-4001	Repairs and Maintenance of Equipment	50/50	\$2,500.00
5101-730-431-0000	Repairs and Maintenance of Buildings and Land	50/50	\$2,500.00
5101-539-439-4002	Repairs and Maintenance of Infrastructure	50/50	\$9,000.00
5101-620-439-4003	Repairs and Maintenance to Roads	50/50	\$5,000.00
Subtotal			\$21,500.00
	MISCELLANEOUS		
5101-850-790-5007	Judgments and Awards	As Charged	\$5,000.00
5101-850-710-0000	Principal	As Charged	\$65,000.00
5101-850-720-0000	Interest	As Charged	\$25,000.00
5101-850-790-7007	Other Non-Operating Expenses	50/50	\$4,000.00
5781-539-610-0000	Water Deposits Refunded	100/0	\$1,000.00
Subtotal			\$100,000.00
	TRANSFERS OUT		
5101-810-910-1008	Transfer to Water Capital Improvement Fund	100/0	\$150,000.00
5101-910-910-1009	Transfer to Cash Reserve Fund	100/0	\$10,000.00
5101-810-910-1010	Transfer To Contingency Fund	100/0	\$16,000.00
Subtotal			\$176,000.00
Total			\$714,090.00

5201 Sewer Operating Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
	UTILITIES		
5201-513-311-0000	Electricity	30/70	\$17,000.00
5201-523-313-0000	Natural Gas	50/50	\$1,000.00
5201-543-312-0000	Water and Sewage	As Charged	\$175,000.00
Subtotal			\$193,000.00
	COMPENSATION		
5201-549-130-7001	Employee Wages	50/50	\$70,000.00
5201-549-130-7002	Employee Overtime	50/50	\$9,000.00
5201-549-150-0000	Compensation of Board Members	50/50	\$7,500.00
5201-549-211-0000	Ohio Public Employees Retirement System	50/50	\$13,000.00
5201-549-212-0000	Social Security	50/50	\$800.00
5201-549-213-0000	FICA/Medicare	50/50	\$1,300.00
5201-549-225-0000	Worker's Compensation	50/50	\$1,200.00
5201-549-240-0000	Unemployment Compensation	50/50	\$10.00
5201-549-139-7003	Paid Supplemental Benefits (Comp. Time)	50/50	\$1,250.00
5201-549-270-0000	Uniforms & Clothing	50/50	\$1,250.00
5201-549-250-0000	Employee Reimbursements	50/50	\$180.00
5201-549-600-2004	Training Services and Travel	50/50	\$4,000.00
Subtotal			\$109,490.00
	OFFICE		
5201-549-321-0000	Telephone	50/50	\$3,500.00
5201-549-322-0000	Postage	50/50	\$2,000.00
5201-549-324-0000	Printing and Reproduction	50/50	\$500.00
5201-549-325-0000	Advertising	50/50	\$500.00
5201-549-600-5001	Public Relations	50/50	\$500.00
5201-549-600-5002	Information Technology	50/50	\$2,000.00
5201-549-600-7004	Information Technology Maintenance	50/50	\$1,250.00

5201-549-391-0000	Dues & Fees	50/50	\$250.00
5201-549-600-7005	Bank Fees	50/50	\$750.00
Subtotal			\$11,250.00
	SERVICES		
5201-549-340-0000	Professional and Technical Services	50/50	\$9,500.00
5201-549-351-0000	Insurance and Bonding	50/50	\$6,000.00
5201-549-600-7006	Employee Health Insurance	50/50	\$16,000.00
5201-549-390-0000	Other Contractual Services	25/75	\$20,000.00
5201-745-342-0000	Auditing Services	50/50	\$7,500.00
5201-549-600-2002	Accounting Fees	50/50	\$10,000.00
5201-549-600-2001	Legal Fees	50/50	\$10,000.00
5201-549-221-7007	Medical Hospitalization (Med Services & Pre Empl Cks	50/50	\$500.00
5201-564-398-0000	Garbage & Trash Removal	50/50	\$400.00
5201-549-600-2003	Fuel and Vehicle Expense	50/50	\$4,000.00
Subtotal			\$83,900.00
	SUPPLIES		
5201-549-410-0000	Office Supplies and Materials	50/50	\$1,000.00
5201-549-490-5003	Cleaning and Janitorial Supplies	50/50	\$1,000.00
5201-549-420-0000	Operating Supplies and Materials	50/50	\$5,000.00
5201-549-490-5004	Vehicle and Instrumentation Parts & Supplies	50/50	\$500.00
5201-549-600-2005	Sewer Treatment Supplies	0/100	\$15,000.00
5201-549-490-5008	Grinder Pumps (in district)	0/100	\$12,500.00
5201-549-490-5009	Grinder Pumps (Out of District)	0/100	\$7,500.00
Subtotal			\$42,500.00
	EQUIPMENT		
5201-549-440-0000	Small Tools and Minor Equipment	50/50	\$5,000.00
5201-549-490-6001	Safety Equipment and Supplies	50/50	\$12,000.00
5201-549-600-6003	Equipment Leasing and Rental	50/50	\$1,000.00
5201-549-600-6002	Equipment and Hardware	50/50	\$14,000.00
Subtotal			\$32,000.00
	REPAIRS AND MAINTENANCE		
5201-690-433-0000	Repairs and Maintenance of Vehicles	50/50	\$2,500.00
5201-690-439-4001	Repairs and Maintenance of Equipment	50/50	\$2,500.00
5201-730-431-0000	Repairs and Maintenance of Buildings and Land	50/50	\$2,500.00
5201-549-439-4002	Repairs and Maintenance of Infrastructure	50/50	\$10,000.00
5201-620-439-4003	Repairs and Maintenance to Roads	50/50	\$5,000.00
Subtotal		50/50	\$22,500.00
	MISCELLANEOUS		
5201-850-790-5007	Judgments and Awards	50/50	\$10,000.00
5201-850-710-0000	Principal	50/50	\$200,000.00
5201-850-720-0000	Interest	50/50	\$47,500.00
5201-850-790-1007	Other Non-Operating Expenses	50/50	\$5,000.00
Subtotal			\$262,500.00
	TRANSFERS OUT		
5201-910-910-1018	Transfer to Sewer Capital Improvement Fund	0/100	\$150,000.00
5201-910-910-1009	Transfer to Cash Reserve Fund	0/100	\$10,000.00
5201-910-910-1010	Transfer to Contingency Fund	0/100	\$23,000.00
Subtotal			\$183,000.00
TOTAL			\$940,140.00
5781 Enterprise Deposit Fund			
Account Code	Account Name	Ratio Water/Sewer	Budget
5781-539-610-0000	Deposits Refunded (Water)	100/0	\$500.00
5781-539-620-0000	Deposits Applied (Water)	100/0	\$500.00
TOTAL			\$1,000.00

5701 Water Capital Improvements Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
5701-800-500-8000	Water Tower and Tanks	100/0	\$10,000.00
5701-800-500-8001	Water System Repair and Replacement	100/0	\$5,000.00
5701-800-500-8002	Buildings and Furnishings	50/50	\$10,000.00
5701-800-500-8003	Vehicles	50/50	\$15,000.00
5701-800-500-8004	Equipment and Machinery	50/50	\$10,000.00
5701-800-500-5002	Information Technology	50/50	\$7,500.00
5701-800-500-8005	Security Hardware and Services	50/50	\$7,500.00
5701-800-500-8006	G.I.S.	50/50	\$5,000.00
5701-800-500-8007	Undesignated Working Capital	50/50	\$15,000.00
TOTAL			\$85,000.00

5702 Sewer Capital Improvements Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
5702-800-500-8011	Sewer System Repair and Replacement	0/100	\$10,000.00
5702-800-500-8002	Buildings and Furnishings	50/50	\$10,000.00
5702-800-500-8003	Vehicles	50/50	\$8,500.00
5702-800-500-8004	Equipment and Machinery	50/50	\$7,500.00
5702-800-500-5002	Information Technology	50/50	\$7,500.00
5702-800-500-8005	Security Hardware and Services	50/50	\$7,500.00
5702-800-500-8006	G.I.S.	50/50	\$5,000.00
5702-800-500-8007	Undesignated Working Capital	50/50	\$24,000.00
TOTAL			\$80,000.00

5721 Water Cash Reserve Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
5721-910-910-0000	Transfers Out	100/0	\$0.00
TOTAL			\$0.00

5741 Sewer Cash Reserve Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
5741-910-910-0000	Transfers Out	0/100	\$0.00
TOTAL			\$0.00

5722 Water Contingency Fund

Account Code	Account Name	Ratio Water/Sewer	Budget
5722-930-930-0000	Transfers Out	100/0	\$0.00
TOTAL			\$0.00

5742 Sewer Contingency Fund

Account Code		Account Name	Ratio Water/Sewer	Budget
5742-930-930-0000	Transfers Out		0/100	\$0.00
TOTAL				\$0.00