



**2015-2016
Approved Operating Budget
Regular Board Meeting
June 23, 2015**

**Prepared by
William H. Stewart**

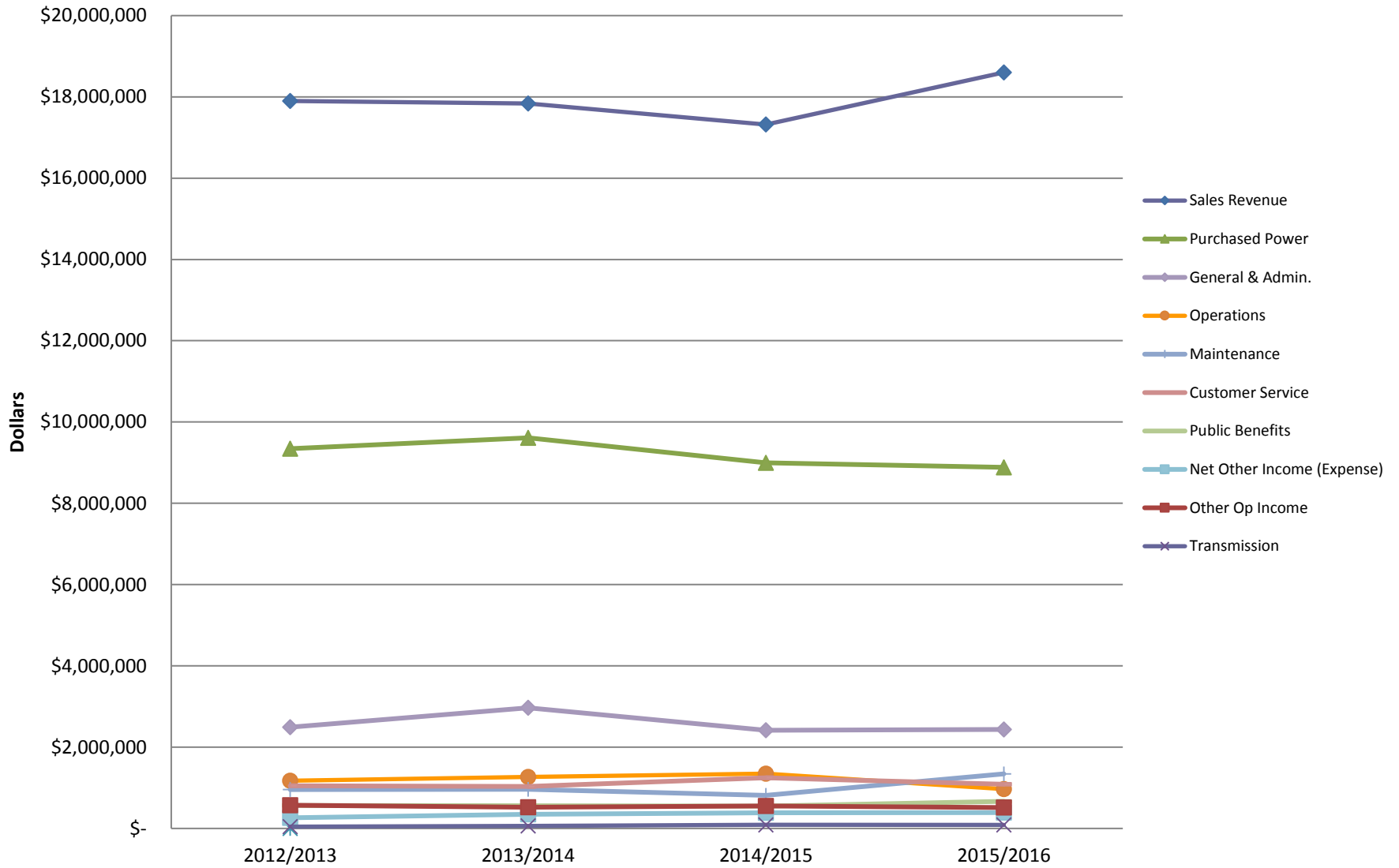
**Budget Committee
William H. Stewart
Doug Smith
Cort Cortez
Keri Richards
Karen Rollings
Theresa Phillips
Nick Dominguez
Cady Schroeder**

Lassen Municipal Utility District Operating Budget

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Lassen Municipal Utility District Summary Income and Budget Plan - Fiscal Years 2012-2013 thru 2015-16



Lassen Municipal Utility District
Revenue and Expense Budget Plan - Summary
Fiscal Year July 1, 2015 through June 30, 2016

Projected Increase/Decrease in Energy Revenues per Kwh **0.0¢**
 Projected Change in Facilities Charge per meter **\$0.00**
 Average Change in Consumer Price Index Used for Budgeted Rate of Change **1.500%**

Line No.		A	B	C	D	E
				PROJECTED	DRAFT	PROJECTED
		ACTUAL 2012/2013	ACTUAL 2013/2014	ACTUAL 2014/2015	BUDGET 2015/2016	Expected Effect to Contrib. Margin
	OPERATING REVENUES:					
1	Sales to Customers	\$ 17,901,717	\$ 17,836,019	17,318,474	\$ 18,601,113	\$ 1,282,639
2	Other Operating Income	570,269	524,548	550,809	514,057	(36,752)
3						
4	Total Operating Revenues	18,471,986	18,360,567	17,869,283	19,115,170	1,245,887
5						
6	OPERATING EXPENSES:					
7	Purchased Power	9,343,692	9,611,315	8,993,577	8,884,642	108,935
8	Transmission	43,817	62,831	89,922	85,191	4,731
9	Operations	1,173,737	1,269,692	1,348,220	967,809	380,411
10	Maintenance	957,746	963,129	814,078	1,342,812	(528,734)
11	Customer Service	1,048,382	1,033,096	1,246,662	1,085,099	161,563
12	Public Benefits & Solar	568,365	558,473	549,490	666,775	(117,285)
13	General & Administrative	2,492,640	2,968,325	2,415,696	2,432,256	(16,560)
14	Depreciation	1,469,239	1,486,963	1,263,129	1,282,076	(18,947)
15						
16	Total Operating Expense	17,097,618	17,953,824	16,720,774	16,746,660	(25,886)
17						
18						
19	Income (Loss) from Operations	1,374,368	406,743	1,148,508	2,368,510	1,220,001
20						
21	Interest Expense	(59,877)	(76,813)	-	-	-
22	Interest Income	32,272	30,906	22,419	22,755	336
23	Capital Gains (Loss)	(1,352)	11,879	11,029	11,195	165
24	Other Income	265,994	357,983	327,716	332,632	4,916
25	Rental Income	25,569	24,143	23,224	23,573	348
26	Total Other Income (Expense)	262,606	348,098	384,389	390,155	5,766
27						
28	Net Contribution to Margins	\$ 1,636,974	\$ 754,841	\$ 1,532,897	\$ 2,758,664	\$ 1,225,767
29						
30	Add back non cash elements included above:					
31	Depreciation Included Above	\$ 1,469,239	\$ 1,486,963	\$ 1,263,129	\$ 1,282,076	\$ 18,947
32	Amortization of Debt Acquisition Costs	-	-	-	-	-
33	Expected Contribution to Cash	\$ 3,106,213	\$ 2,241,804	\$ 2,796,026	\$ 4,040,741	\$ 1,244,714

Notes:

Columns A & B: These are presented for historical perspective only.

Column C: Projected Actual is derived using the actual balances at March 31, 2015 (the most complete financial information at the time the budget process was begun), then dividing by nine months (the number of monthly periods in our fiscal year at that point) and multiplying by twelve, except when a better projection is available, then the better information is used. This is done at this point in time to provide a guide for planning purposes.

Column D: Draft Budget is based in part on historical data, projected specific items, labor based on expected hours worked at projected hourly rates and other considerations.

Column E: The Expected Effect to Contribution to Margin (Column E) is simply the net change between the Projected Actual (Column C) and the Draft Budget (Column D).

Lassen Municipal Utility District

Fiscal Year July 1, 2015 through June 30, 2016

Labor Budget Comparison

			(Note 1)	(Note 2)	(Note 3)	(Note 4)
	Budget 2010-11	Budget 2011-12	Budget 2012-13	Budget 2013-14	Budget 2014-15	Budget 2015-16
Administration	\$ 425,600	\$ 431,000	\$ 391,700	\$ 492,400	\$ 600,500	\$ 653,500
Customer Service	495,849	545,547	615,416	579,211	595,009	605,465
Public Benefits	100,300	101,000	100,800	102,600	77,900	78,014
Electrical Department	1,729,240	1,914,485	2,234,290	2,203,500	2,208,932	2,108,451
Performance Merit Program - PMP			30,000	40,000	40,000	40,000
	<u>\$ 2,750,989</u>	<u>\$ 2,992,032</u>	<u>\$ 3,372,206</u>	<u>\$ 3,417,711</u>	<u>\$ 3,522,341</u>	<u>\$ 3,485,430</u>
Percent Budgeted Change (Over Preceding Year)	-5.43%	8.76%	12.71%	1.35%	3.06%	-1.05%
Actual Gross Payroll Paid for the Fiscal Year	<u>\$ 2,772,515</u>	<u>\$ 2,729,980</u>	<u>\$ 3,059,749</u>	<u>\$ 3,098,710</u>	<u>\$ 3,421,851</u>	<u>N/A</u>

Notes for Budget Years Illustrated:

(1)

Compensation for Budget Year 2012-13 recognized and anticipated the addition or replacement of the following positions:

- a) Accounting and Finance Manager
- b) Electric Superintendent
- c) Storekeeper Trainee
- d) Information Technology Operations Technician

(2)

Compensation for Budget Year 2013-14 recognized and anticipated the following new positions:

- a) Assistant General Manager
- b) Staking Technician Trainee
- c) Replace Temporary Laborer with Full-time Laborer

(3)

Compensation for Budget Year 2014-15 recognizes the following one new and two anticipated positions:

- a) Assistant General Manager (Filled May 12, 2014)
- b) Two (2) Apprentice Linemen second 2/3 of the year (Filled only one)

(4)

Compensation for Budget Year 2015-16 includes a bargaining unit wage increase of 2.5% based on recently approved represented employee's contract.

Compensation for Budget Year 2015-16 anticipates the following events:

- a) Retirement of Electric Operations Manager
- b) Promotion of Electric Superintendent to Electric Operations Manager
- c) Electric Superintendent position to remain vacant

Lassen Municipal Utility District
 Fiscal Year July 1, 2015 through June 30, 2016
 Capital and Equipment Requests

Line No.	Control No.	Brief Description	(A)	(B)	(C)	(D)	(E)	(F)	A	(G)
			Capital Projects Budgeted but not Completed 2014-15	Dollars Spent on Project 2014-15	Capital Item Carry Over to 2015-16	Budgeted LMUD Internal Labor in Project 2015-16	Materials or Other Additions or Reductions	New Capital Item 2015-16 Including C/O's		Consider 2016-17
Engineering & Operations										
1	C-1	Westwood Breaker Replacement (2)	357,993	(11,625)	346,368	54,489	-	400,857		
2	C-2	Milwood Substation Capacitor Bank	663,820	(3,562)	621,054	39,204	-	660,258		
3	C-3	Eagle Lake Meter Reading Upgrade	-	-	-	22,740	-	22,740		
4	C-4	System Sectionalizing Study and Arc Flash Analysis	78,000	(27,150)	50,850	-	-	50,850		
5	C-5	SCADA Software & Configuration	68,300	-	68,300	14,841	21,250	104,391		
6	C-6	Ordinary Replacement of Poles	-	-	-	58,764	84,000	142,764		
7	C-7	Shaffer Mountain Communication Site	-	-	-	24,323	22,850	47,173		
8	C-8	System Modeling Improvements	-	-	-	17,294	57,285	74,579		
9	C-9	Substation Transformer & Equipment Testing	-	-	-	-	45,000	45,000		
10	C-10	Transmission Pole Replacement	-	-	-	24,867	40,500	65,367		
11	C-11	Re-location of Distribution Line along Fish & Game Road	-	-	-	34,474	43,059	77,533		
12	C-12	Westwood (4kV to 12kV) Cutover - Phase 1	-	-	-	27,404	49,960	77,364		
13	C-13	Re-Conductor Section of Eagle Lake Line (Fire Stn to Antelope Mt.)	-	-	-	98,571	45,400	143,971		
14	C-14	Design to Rebuild Lava Beds	-	-	-	-	25,000	25,000		
15	C-15	Viewland, NV Energy - Interconnect Studies (Continued)	-	-	-	-	120,000	120,000		
16	C-16	Conversion 5 Mile Substation	-	-	-	-	-	-		140,000
27			\$ 1,168,113		\$ 1,086,572	\$ 416,971	\$ 554,304	\$ 2,057,847		\$ 140,000
31		Facilities								
32	F-1	Rock/Road Base Slump Stone area	-	-	-	-	-	10,000		
33	F-2	Lambert Sub - Pave/Asphalt Driveway	-	-	-	-	-	10,000		
34	F-3	Facility/Office Renovations	-	-	-	-	-	7,500		
35	F-4	Asphalt/Pave Chestnut Storage Yard	-	-	-	-	-	90,000		
36	F-5	Roop St. Office - Roof Liner	-	-	-	-	-	55,000		
37	F-7	Crack Seal and Coat Asphalt - Chestnut St	-	-	-	-	-	20,000		
38	F-8	Fuel Pump for Operations Center	-	-	-	-	-	21,821		
39	F-12	A/C Recycling/Recharging Unit	-	-	-	-	-	5,000		
40	F-13	Case Backhoe	-	-	-	-	-	-		115,000
41	F-14	Meter Reader Vehicles (2 @ 25k each)	-	-	-	-	-	-		50,000
42			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,321		\$ 165,000
49		Information Technology								
50		Scheduled Workstation Replacements	-	-	-	-	5,000	5,000		
51		Cisco Firewall	-	-	-	-	2,000	2,000		
52		Operations Server	24,000	-	24,000	-	-	24,000		
53		SCADA Workstation & Equipment	-	-	-	-	21,000	21,000		
54		GIS/NIS Upgrade	49,600	-	49,600	-	-	49,600		
55		GIS Field Equipment	-	-	-	-	15,000	15,000		
56		Eagle Lake Meter Reading Upgrade	-	-	-	10,637	20,000	30,637		
73			\$ 73,600		\$ 73,600	\$ 10,637	\$ 63,000	\$ 147,237		\$ -
74		Customer Service								
		GIS Interface With PCS (Part One)	7,200	-	7,200	-	-	7,200		
75		Eagle Lake Software Interface with PCS	6,000	-	6,000	-	-	6,000		
76		Upgrade Eagle Lake Meter Reading System	461,435	-	461,435	15,698	(20,000)	457,133		
77			\$ 474,635	\$ -	\$ 474,635	\$ 15,698	\$ (20,000)	\$ 470,333		
95										
96		2015-16 Capital Budget Year Totals	\$ 1,716,348		\$ 1,634,807	\$ 443,306	\$ 597,304	\$ 2,894,738		

Lassen Municipal Utility District

Projected Cash Availability (See Note 1, below)

Fiscal Year July 1, 2015 through June 30, 2016

Line No		A Available Cash	B Budgeted 2015-16
1	Budgeted Net Income (From Line 28, Budget Plan - Summary)		\$ 2,758,664
2			
3	Add Non-Cash Income Statement Items:		
4	Depreciation		1,282,076
5	Amortization Debt Expense		
6	Projected Net Cash from Budgeted Operations (FYE 2015-16)		4,040,741
7			
8			
9	Deduct Expected Non-Income Statement Items:		
10	Board Designated Reserve for Viewland Interconnection		(1,300,000)
11	Board Designated Reserve for OPEB CERBT Contribution		(300,000)
12	Capital & Equipment Requests (See Schedule)		(2,894,738)
13	Benefits & Overhead Attributed to Capital Projects		(376,688)
14	Total Expected Cash Expenditures from Other than Operations		(4,871,426)
15			
16	Cash Required from Savings (Reserves) (Line 6 + Line 14)		\$ (830,685)
17			
18	Available Cash (Period Ended May 31, 2015):		
19	Board Restricted Funds - US Bank CD	1,500,000	
20	Board Restricted Funds - L.A.I.F.	723,830	
21	Board Restricted Funds - Viewland Interconnection	6,732,911	
22	Board Restricted Funds - Medical Reserve Fund	57,657	
23	Board Restricted Funds - Public Benefits	165,201	
24	Board Restricted Funds - SB-1 Solar Rebate Funds	69,813	
25	U.S. Bank and Other - Unrestricted	1,265,632	
26	LAIF Savings - Unrestricted	-	
27	Plumas Bank - Unrestricted	3,924	
28	L.A.I.F. FMV Adjustment	2,780	
29	Available Cash	\$ 10,521,748	
30	Cash Added (Used) to/from Savings (Reserves) (Line 16)	(830,685)	
31	Cash Deposited into Reserve for Viewland Interconnect fund	1,300,000	
32	Remaining Cash Reserves (Note 3)	\$ 10,991,063	

Note 1: This "Projected Cash Availability" schedule does not attempt to account for changes in operating assets and liabilities which also give rise to sources or uses of cash (i.e. Accounts Receivable, Accounts Payable, etc.). Accordingly, this is not a Cash Flow Statement in the traditional sense as would be presented with the District's annual financial statements.

Note 2: It is important to note that the "Cash Required from Savings" (Line 16) is based largely on expected operations for the fiscal year 2015-16. As such, this schedule identifies the use of "short-term" cash for "long-term" assets and improvements.

Note 3: Cash Reserves. Industry "Rules-of-Thumb" indicate cash reserves should be three to six months of operating expenses; or 20% of historical investment in Plant. Six months operating expense would equate to approximately \$8.2 million, twenty percent of historical investment in plant would be \$9.4 million.