



BUDGET & FINANCE COMMITTEE

Friday, December 4, 2015 @ 7:30 A.M.
10701 N. College Ave, Suite A, Indianapolis, IN 46280
Agenda

1. **O.W. Krohn Report – Carmel Proposed Surcharge**
2. **Cash Forecast**
3. **Financial Statements and Investments**
4. **Other Business**



231 East Main Street
Westfield, Indiana 46074

317-867-5888

www.owkcpa.com

November 6, 2015

Mr. Andrew Williams, Director
Clay Township Regional Waste District
10701 North College Avenue, Suite A
Carmel, Indiana 46280

Re: Proposed Surcharges for Exceeding Contract Peak Demands

Pursuant to your request, we have participated in a series of meetings with representatives of the City of Carmel in order to gain additional information and understanding of the proposed Excess Volume Surcharge Rates that Carmel proposes to unilaterally apply. Carmel's representatives made it clear that these series of meetings were not intended for negotiation purposes. Carmel believes that they have the absolute right to require the District to pay for a full year of hypothetical debt service on a hypothetical replacement cost valuation of Carmel's existing wastewater treatment plant (WWTP) for each and every individual occurrence of flows that exceed any of the existing contract flow parameters: 1. Max 3 Hour Interval, 2. Max Day, 3. Max Week or 4. Max Month. The District would not gain any future capacity rights regardless of how many potential occurrences within a given year, month, week or 3 hour interval. Carmel characterizes these penalty charges as "rent". The issue for mediation will be whether or not Carmel's proposed unilateral amendment meets the "fair, just & non-discriminatory standard" for establishing utility rates in Indiana.

The contract flow parameters were established back when the USEPA, thru IDEM, only funded 2 to 1 wet weather flow capacity vs. base flow capacity. Current USEPA / IDEM standards now 3 (or 4) to 1 wet weather flow capacity vs. base flow capacity ratios. CTRWD's WWTP can handle 5 to 1 wet weather flows. Carmel has indicated that their wet weather flow capacity is now 2.7 to 1. However, Carmel does not give any consideration to the District for their existing wet weather flow capacity.

The wholesale treatment agreement has always provided for the District to send excess flows, to the extent that Carmel has the capacity to handle such excess flows; and, so long as the District pays the surcharge rates that had been mutually agreed upon pursuant to the original wholesale agreement and all previous contract amendments. Carmel has the capacity and the District has paid the excess volume charges. Therefore, the District believes that they have complied with the terms of their wholesale treatment agreement. The District has not violated their agreement with Carmel. It is my understanding that there have not been any excess daily or weekly excess flow occurrences during the past 30 months (2 ½ years).

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Carmel's proposed contract amendment is no longer intended to be a surcharge. It is a punitive penalty charge akin to an IDEM Enforcement Fine, an extreme situation for an uncooperative perpetual offender that has caused significant harm to the environment and places considerable risk to the public health and safety of a community. The District doesn't believe that the rare instances that have occurred in the past warrant such drastic measures and punitive fines. Certainly not at this time when the District has made tremendous progress in flow management and their ability to control flow levels between the 2 WWTP's: Carmel's WWTP on Hazel Dell Rd and CTRWD's WWTP just west of Michigan Rd.

The proposed wholesale rate calculations proposed by Carmel could result in onerous penalties for the District should an 'act of god weather event' occur. Such an event would certainly impact Carmel and every other WWTP in Central Indiana. A recalculation of past surcharges (for excess flows that are currently allowable under the current contract rate) vs. the proposed punitive fines results in rate increases that could create tremendous hardship to the District. See Exhibit 1 below:

Exhibit 1.

Carmel Utilities - CTRWD Surcharges									
Sewer Volume Surcharge History: 01/01/2011 - 10/31/2015									
<u>Peak Flows per Contract - flows above the peak receive a surcharge:</u>						<u>Surcharge Rate:</u>			
6.16 MGD in any 3-hour period						\$49 per MGD over peak			
4.64 MGD in any day						\$389 per MGD over peak			
3.85 MGD in any week						\$2,733 per MGD over peak			
3.55 MGD in any month						\$11,845 per MGD over peak			
	<u>Surcharge Date</u>		<u>MGD Actual Flow</u>	<u>MGD Contract Peak</u>	<u>MGD Excess</u>	<u>Surcharge</u>		<u>Current Surcharge</u>	<u>Proposed Surcharge</u>
<u>2011</u>	February 28		5.137	4.640	0.497	daily peak of 4.64 MGD		\$193	\$94,430
	March 5		6.820	6.160	0.660	3-hour peak of 6.16 MGD		\$32	\$12,375
	April 20		unknown			3-hour peak of 6.16 MGD			
	April 25		unknown			3-hour peak of 6.16 MGD			
	June 20		7.400	6.160	1.240	3-hour peak of 6.16 MGD		\$61	\$23,250
	June 20		5.050	4.640	0.410	daily peak of 4.64 MGD		\$159	\$77,900
<u>2012</u>	None							<u>Current Surcharge</u>	<u>Proposed Surcharge</u>
<u>2013</u>	January 13		7.070	6.160	0.910	3-hour peak of 6.16 MGD			
	January 13		5.540	4.640	0.900	daily peak of 4.64 MGD		\$350	\$171,000
	April 17		4.920	4.640	0.280	daily peak of 4.64 MGD		\$109	\$53,200
	April 19	A	5.893	4.640	1.253	daily peak of 4.64 MGD		\$487	\$238,070
	Week ending April 20	B	3.909	3.850	0.059	weekly peak of 3.85 MGD		\$161	\$111,510
<u>2014</u>	February 21		6.810	6.160	0.650	3-hour peak of 6.16 MGD		\$253	\$123,500
	April 3		6.890	6.160	0.730	3-hour peak of 6.16 MGD		\$284	\$138,700
	June 19	C	7.100	6.160	0.940	3-hour peak of 6.16 MGD		\$46	\$17,625
<u>2015</u>		N/A	N/A	N/A	N/A	N/A		<u>Current</u>	<u>Proposed</u>
<u>Summary of Surcharges:</u>			14	total surcharges			<u>TOTALS</u>	\$2,136	\$1,061,560
			1,765	days of treatment: January 1, 2011 to October 31, 2015			<u>AVG INC.</u>	100.0%	49687.2%
			0.79%	surcharge percentage					

Carmel's proposed volume-based excessive flow rate increase averages nearly 500 times current surcharge levels. Rate Shock is a legitimate concern, even if we were to overlook the fair, just and non-discriminatory standards.

Exhibit 1. Continued

									Carmel Proposed Increase
A	Daily Surcharge	Current:	\$389 x 1.253 MGD =					\$487	
		Proposed:	1.253 MGD x 1,000,000 x \$0.19/gallon =					\$238,070	\$237,583
			Was \$0.389 / 1,000 Now \$190.00 / 1,000						48743.2%
B	Weekly Surcharge	Current:	\$2,733 x 0.059 MGD =					\$161	
		Proposed:	0.059 MGD x 1,000,000 x 7 days/week x \$0.27/gallon =					\$111,510	\$111,349
			Was \$2.733 / 1,000 Now \$270.00 / 1,000						69054.8%
C	Hourly Surcharge	Current:	\$49 x 0.940 MGD =					\$46	
		Proposed:	0.940 MGD x 1,000,000 / 24 hrs x 3 hrs x \$0.15/gallon =					\$17,625	\$17,579
			Was \$0.049 / 1,000 Now \$150.00 / 1,000						38165.3%

In spite of the aforementioned observations and irrespective of the following additional facts and considerations, Carmel appears to have a tremendous sense of need in imposing what may be one of the, if not the, highest volume surcharge rates (punitive fines) in the Country. From the District's perspective:

1. The District has made substantial efforts in addressing I/I remediation in recent years
2. The District is implementing an aggressive capital program to further control wet weather flow
3. The District has demonstrated its capabilities to control its flows to the City of Carmel by diverting flows from Basin 2 to the District's WWTP
4. The District has not exceeded its contract max day and max week flow peaks since April, 2013
5. The District has not exceeded its 3 hr contract max since June 19, 2014
6. The past excess flow occurrences have not caused any harm to Carmel
7. Carmel currently has the capacity to handle these rare occurrences; and, the District has not caused Carmel to incur any violations as a result of these isolated instances in the past
8. The District is within a year or so of completing a major interceptor project that will enable them to shift even more wet weather flows from Carmel to the District's WWTP
9. The District has committed to minimum daily flows to ensure a more stable revenue stream for Carmel on an hourly, daily, weekly & monthly basis

Carmel's representatives want to ignore the amount of capital contributions that have been made through past wholesale treatment charges, as well as the "black box" wholesale rate increase to which the District recently agreed. From the District's perspective, this recent "black box" agreement intuitively includes participation in Carmel's debt service requirements which constituted a major portion of their most recent retail rate increase. Originally, Carmel asserted that the same level of rate increase should be imposed on the wholesale customers, using their retail rate increase as the basis for the proposed wholesale rate increase. The majority of that rate increase was attributable to debt service on capital projects (both WWTP and Collection System projects). Approximately 17% of past wholesale rate calculations were attributed to the WWTP equipment replacement cost allowance. Looking back over the past 10 years, those capital contributions amount to more than \$1.8M, the majority of which come from the District. This replacement cost allowance is added to the wholesale rates after allocating all of the WWTP expenditures that flow through Carmel's operating budget. Therefore, there have been significant capital contributions from the wholesale treatment charges which the City's representatives refuse to consider.

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With this most recent “black box” agreement, it is my belief that the District will be paying for substantially more capital contributions through its wholesale treatment charges, in addition to the growing amount of City overhead (common costs) that are being allocated to and funded by Carmel Utility rates. Of course these issues are deemed to be “off limits” in our discussions with Carmel’s representatives. I firmly believe that the District is contributing towards debt service on past WWTP projects, particularly with the recent “black box” settlement. The recent settlement will result in a rate increase greater than the 45% retail rate increase within a year or two of the contract phase-in term. Consequently, it is reasonable for the District to expect to receive at least some nominal consideration for its potential use of the additional wet weather capacity that now exists at the Carmel Plant. The schedule below illustrates how the proposed surcharge rates could impact CTRWD and its own customer base.

Exhibit 2.

	Capital	2005-2014
	Contributions	Wholesale Rev
Total Wholesale Revenues	10 Yr	\$ 10,750,228
Revenue Attributable to E&R	17%	\$ 1,827,539

In addition to flow volumes that could trigger a potential surcharge, we also have concerns regarding the dollar amount of the proposed peak volume surcharges. I discussed the assumptions underlying the City’s purported “cost justification” for the extra-ordinary increases in the proposed volume surcharge rates with Carmel’s consulting engineer, Brian Houghton. Current surcharges fall within a range of \$0.049 per 1,000 gallons to \$2.733 per 1,000 gallons. The Proposed surcharges increase to a range of \$150.00 per 1,000 gallons to \$389.00 per 1,000 gallons. As can be seen above in Exhibit 1, when applied to surcharge situations that the District had experienced in the past, these increases are exceptionally large, particularly in light of the fact that Carmel has the capacity and capability to handle the flows during these rare peaking events. These isolated incidents have not caused Carmel to violate their NPDES permit.

The surcharge calculations in Exhibit 1 (above) indicate that the proposed increases, if applied to past surcharge events, could result in rate increases of more than 38,000% to nearly 70,000%. Clearly, these proposed rate increases are irregular and quite unusual by any measure; and, they are not supported by actual costs. They are based upon hypothetical costs of replacing the entire WWTP in present day dollars. The surcharge calculations also ignore the fact that the City and CTRWD received a significant amount of federal and state grants pursuant to their regional treatment agreement with the USEPA. The regional treatment agreements between Carmel, Clay Twp. and Westfield were pursuant to the PL 92-500 Construction Grant Program that was established in order to implement the Clean Water Act. Ignoring those grants, as well as the wholesale customer capital contributions that were made, grossly overstates Carmel’s actual costs. Because the District is pursuing further remedies to its collection system, agreeing to purchase additional base capacity from Carmel or paying exorbitant surcharges for a potentially rare occurrence is not in the best interest of the District.

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The District believes that it has, is and will continue to participate in capital costs despite Carmel's claim of "black boxing" the revenue requirements in our recent wholesale rate agreement. There should be some consideration for wet weather peaking capacity. That consideration could be in the form of revised wet weather peaking limitations or in the form of a reasonable increase in the surcharge calculations. The surcharge alternative offered by the District (increasing surcharge to include a \$10,000 fixed charge per incidence) represents a substantial increase for Carmel and provides a significant incentive for the District to continue its wet weather flow mitigation plans. The wet weather surcharges proposed by Carmel would create an extremely burdensome financial risk to the District that is unreasonable in my opinion.

I would suggest that the District's offer to increase the surcharge to a \$10,000 fixed fee per occurrence is a reasonable alternative during the 3 yr term of the District's recent wholesale rate agreement. During this 3 year window, the District can complete its capital improvements that will further mitigate wet weather flows. Carmel has excess capacity available. In addition, the District could commit to minimum monthly flow volumes that would bolster Carmel's wholesale revenues and provide greater stability in Carmel's wholesale revenue stream. Such an agreement will likely yield more revenue to Carmel than the potential surcharge revenues, based upon the past couple of years anyway. Such an alternative would also mitigate the tremendous risk for the District if it were to agree to Carmel's proposed surcharge increases.

Please contact me with questions, comments and / or suggestions as to how the District would like to proceed.

O. W. Krohn & Associates, LLP

Cash Forecast

11/30/2015

	Actual 2013	Actual 2014	Actual/Budget 2015	Budget 2016	2017	2018	2019	2020
Operating	1,902,000	2,706,000	4,143,000	(961,000)	(536,000)	483,000	2,155,000	4,192,000
Operating Reserve	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>	<u>2,192,000</u>
Net	4,094,000	4,898,000	6,335,000	1,231,000	1,656,000	2,675,000	4,347,000	6,384,000
Reserve for Replacement	<u>3,115,000</u>	<u>2,848,000</u>	<u>1,898,000</u>	<u>160,000</u>	<u>10,000</u>	<u>160,000</u>	<u>185,000</u>	<u>35,000</u>
Operating Funds	7,209,000	7,746,000	8,233,000	1,391,000	1,666,000	2,835,000	4,532,000	6,419,000
Plant Expansion	2,120,000	1,302,000	2,302,000	3,252,000	3,602,000	2,552,000	3,552,000	4,052,000
Interceptor	<u>755,000</u>	<u>1,862,000</u>	<u>2,087,000</u>	<u>337,000</u>	<u>(3,163,000)</u>	<u>(3,113,000)</u>	<u>(4,463,000)</u>	<u>(6,313,000)</u>
Subtotal	2,875,000	3,164,000	4,389,000	3,589,000	439,000	(561,000)	(911,000)	(2,261,000)
TOTAL	10,084,000	10,910,000	12,622,000	4,980,000	2,105,000	2,274,000	3,621,000	4,158,000

Notes: Used 2016 Operating & Capital Budgets.

Operating fund includes a 5% rate increase each year.

Operating Reserve and Reserve for Replacement funded by transfers from Operating Fund.

Reserve for Replacement will receive transfers of \$300,000 per year from the Operating Fund.

Plant Expansion funded by EDU fees. Forecasting \$1,000,000 in receipts per year.

Final plant expansion for full buildout will occur from 2020 to 2023 - \$15,500,000.

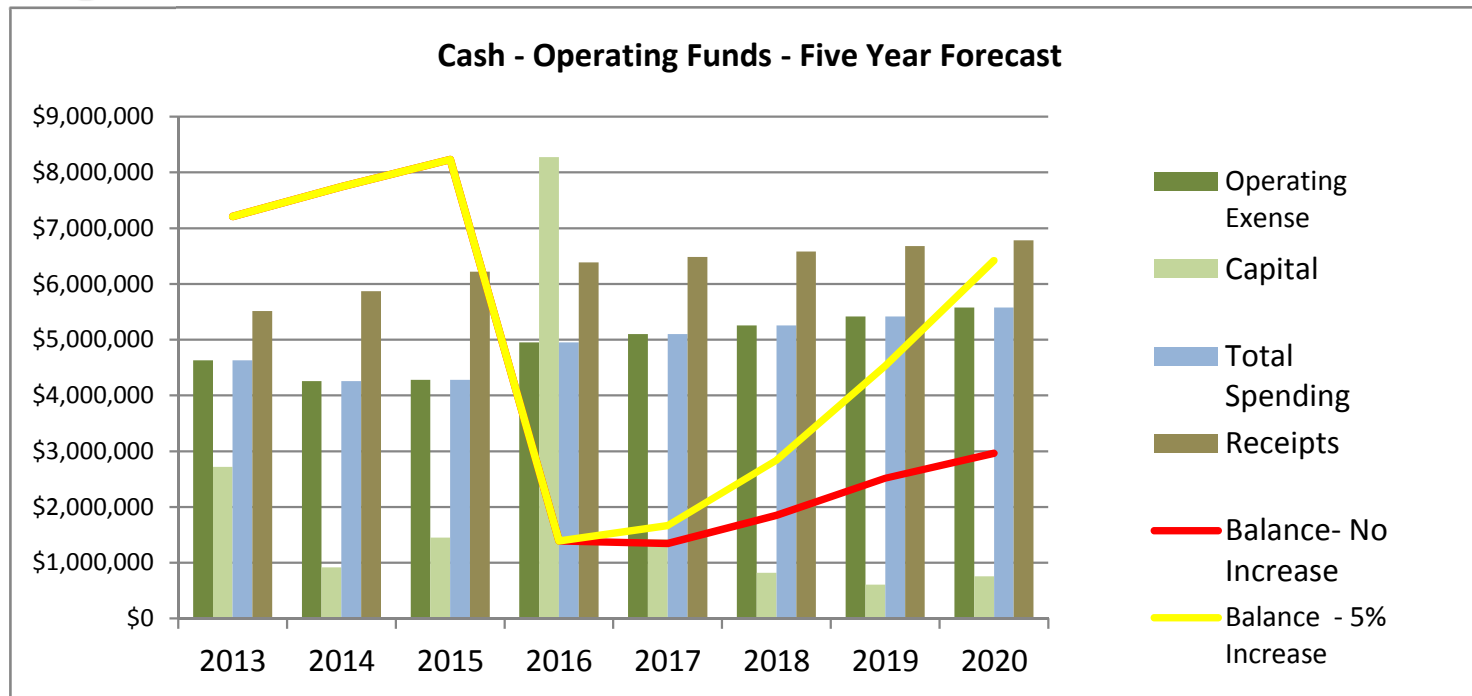
Interceptor funded by Interceptor fees. Forecasting \$1,000,000 per year in receipts with 13 year buildout completed in 2028.

Interceptor capital spending will be \$13,400,000 from 2016 to full buildout in 2020.



Chart 1

11/30/15 - with 2016 Budget

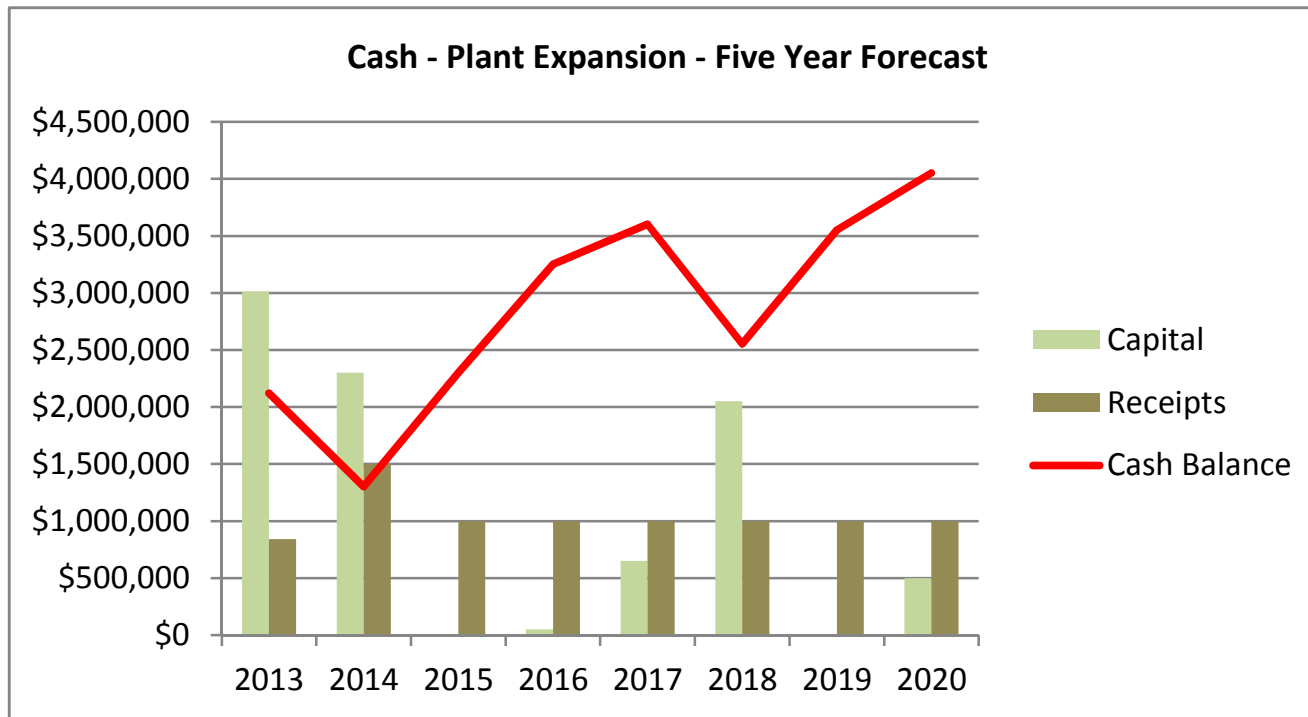


Operating, Operating Reserve and Reserve for Replacement Funds



Chart 2

11/30/15 - with 2016 Budget



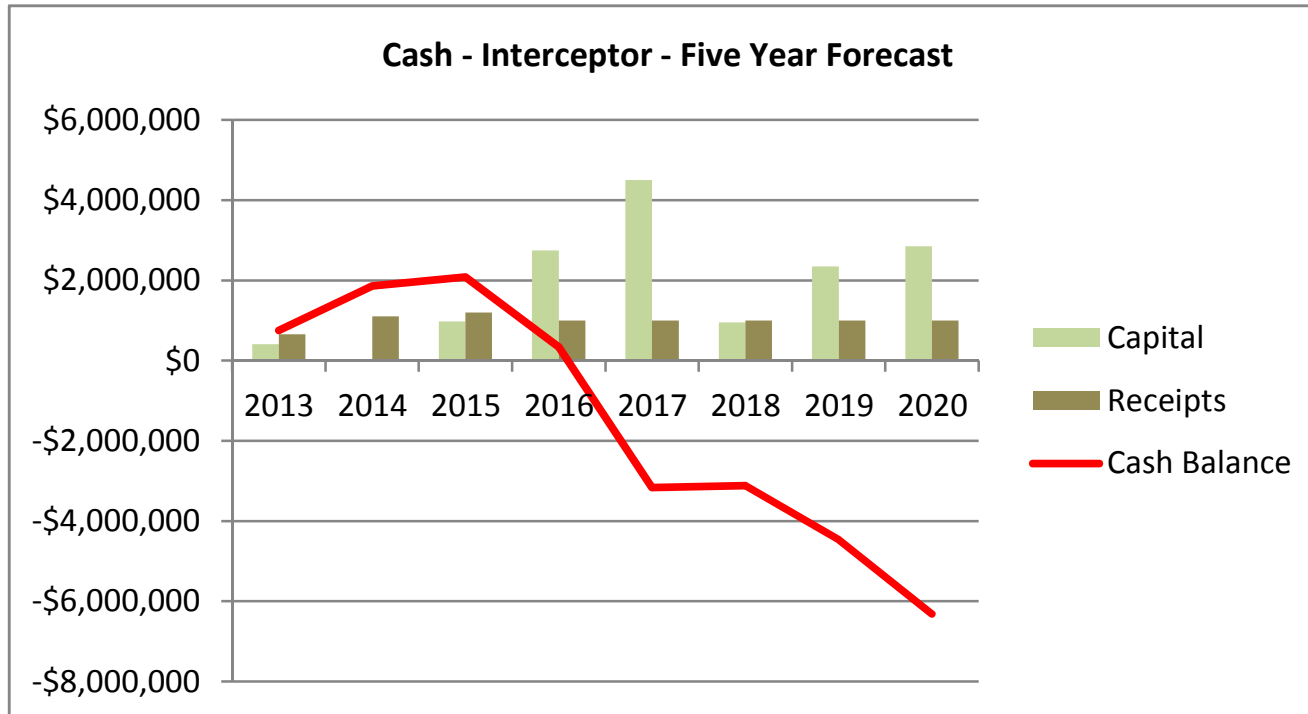
Plant Expansion funded by EDU fees. Forecasting \$1,000,000 in receipts per year.

Final plant expansion for full buildout will occur from 2020 to 2023 - \$15,500,000.



Chart 3

11/30/15 - with 2016 Budget



Interceptor funded by Interceptor fees. Forecasting \$1,000,000 per year in receipts with 13 year buildout completed in 2028.

Interceptor capital spending will be \$13,400,000 from 2016 to full buildout in 2020.

**Clay Township Regional Waste District
Budget & Finance Committee – Analysis of October 2015
December 4, 2015 Meeting**

Income Statements

October: Total Sales of \$570,000 were \$79,000 over budget due primarily to higher Commercial Sales. Other Income was \$13,000 over budget due to higher Interest.

Operating Expenses of \$350,000 were \$8,000 under budget. Spending was below budget by \$4,000 in Wages & Benefits, \$3,000 in Treatment and \$7,000 in Collection. Spending was over budget by \$6,000 in Administration. The major variances are as follows:

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance (unfavorable)</u>	<u>Explanation</u>
Consulting	13,000	2,000	(11,000)	Carmel negotiations – Sept, Oct
Computer Expenses	1,000	7,000	6,000	received refund check for tape backup
Sewage Trtmt-Carmel	54,000	60,000	6,000	lower flows to Carmel
Plant R&M	25,000	12,000	(13,000)	3 months Indy IT invoices, Wonderware software annual fee. \$5M over YTD
Lift Station R&M	21,000	15,000	(6,000)	\$12M for odor control media
Total Operating Exp.	350,000	358,000	8,000	2% under budget
Net Income (loss)	207,000	125,000	82,000	65% over budget

October YTD: Total Sales of \$5,179,000 were \$251,000 or 5% over budget due to higher Residential & Commercial Sales. Sales were 8% higher than 2014. Other Income was \$47,000 over budget due to higher Interest.

Year-to-date October Operating Expenses and major variances are as follows:

<u>Category</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance (unfavorable)</u>	<u>Explanation</u>
Sewage Trtmt-Carmel	576,000	630,000	54,000	lower flows, \$30M under 2014
Lift Station R&M	97,000	150,000	53,000	lower spending, \$34M under 2014
Special R&M (I&I)	8,000	62,000	54,000	budget allocation, minimal spending
Manhole R&M	1,000	57,000	56,000	budget allocation, no spending
Total Operating Exp.	3,416,000	3,692,000	276,000	8% under budget
Net Income (loss)	1,560,000	1,173,000	387,000	33% over budget, \$210M over 2014

Cash Generated

Cash Generated for October showed a net increase in all funds of \$114,000. Capital Spending for the month was \$793,000 or 8% of the annual budget. YTD spending is 22% of the budget. The Total Cash balance is \$13,148,000 or \$2,134,000 higher than the October 2014 balance. YTD Cash has increased \$2,234,000.

Individual fund balances and changes are listed on the Cash Generated Statements included with the monthly financial statements.

Investments

There were no changes in investments in October.

Clay Township Regional Waste District
Income Statement
October 2015

	Actual MTD thru 10/31/2015	Budget MTD thru 10/31/2015	Variance	Actual YTD thru 10/31/2015	Budget YTD thru 10/31/2015	Variance	Total Annual Budget	Variance
Sales								
Residential	339,553	332,270	7,283	3,296,513	3,219,210	77,303	3,884,000	(587,487)
Commercial	211,020	146,660	64,360	1,735,792	1,581,930	153,862	1,876,400	(140,608)
Other Revenue	19,339	12,400	6,939	147,138	127,700	19,438	148,300	(1,162)
Total Sales	569,912	491,330	78,582	5,179,443	4,928,840	250,603	5,908,700	(729,257)
Other Income	18,391	5,050	13,341	116,907	70,000	46,907	78,300	38,607
Total Revenue	588,303	496,380	91,923	5,296,350	4,998,840	297,510	5,987,000	(690,650)
Operating Expenses								
Wages & Benefits	143,866	148,340	4,474	1,501,497	1,486,030	(15,467)	1,779,200	277,703
Administration	58,730	52,350	(6,380)	466,172	540,880	74,708	655,200	189,028
Treatment	105,380	108,500	3,120	1,068,084	1,118,000	49,916	1,343,000	274,916
Collection System	41,585	48,800	7,215	380,031	547,400	167,369	673,000	292,969
Total Operating Expenses	349,562	357,990	8,428	3,415,784	3,692,310	276,526	4,450,400	1,034,616
Depreciation	288,927	285,200	(3,727)	2,889,272	2,851,600	(37,672)	3,422,000	532,728
Amortization	(256,847)	(271,900)	(15,053)	(2,568,470)	(2,718,200)	(149,730)	(3,262,000)	(693,530)
Total Expenses	381,642	371,290	(10,352)	3,736,586	3,825,710	89,124	4,610,400	873,814
NET SURPLUS/(DEFICIT)	206,661	125,090	81,571	1,559,764	1,173,130	386,634	1,376,600	183,164

Clay Township Regional Waste District

Income Statement

October 2015

		Actual MTD thru 10/31/2015	Budget MTD thru 10/31/2015	Variance	Actual YTD thru 10/31/2015	Budget YTD thru 10/31/2015	Variance	Total Annual Budget	Variance
Sales									
Residential									
4001-1	Sales - Residential	339,553	332,270	7,283	3,296,513	3,219,210	77,303	3,884,000	(587,487)
Residential		339,553	332,270	7,283	3,296,513	3,219,210	77,303	3,884,000	(587,487)
Commercial									
4003-1	Sales - Commercial	211,020	146,660	64,360	1,735,792	1,581,930	153,862	1,876,400	(140,608)
Commercial		211,020	146,660	64,360	1,735,792	1,581,930	153,862	1,876,400	(140,608)
Other Revenue									
4005-1	Late Charges	6,130	5,200	930	64,856	54,900	9,956	65,300	(444)
4007-1	Applications Fees	7,200	4,700	2,500	47,747	51,800	(4,054)	58,000	(10,254)
4009-1	Plan Reviews, Inspections, Misc. Revenue	6,009	2,500	3,509	34,536	21,000	13,536	25,000	9,536
Other Revenue		19,339	12,400	6,939	147,138	127,700	19,438	148,300	(1,162)
Total Sales		569,912	491,330	78,582	5,179,443	4,928,840	250,603	5,908,700	(729,257)
Other Income									
4501-1	Interest - Investments	3,483	0	3,483	12,132	0	12,132	0	12,132
4503-1	Interest - Banking	9,749	4,800	4,949	93,417	67,100	26,317	75,000	18,417
4507-1	Bank Fees	(28)	(800)	772	(5,407)	(8,000)	2,593	(9,600)	4,193
4601-1	Interest - by project	661	1,050	(389)	8,062	10,900	(2,838)	12,900	(4,838)
4701-1	Customer Fees & Reimbursements	0	0	0	4,091	0	4,091	0	4,091
4801-1	Gain/Loss on Asset Disposal	4,526	0	4,526	4,526	0	4,526	0	4,526
4901-1	Misc Income/Expense	0	0	0	86	0	86	0	86
Other Income		18,391	5,050	13,341	116,907	70,000	46,907	78,300	38,607
Total Revenue		588,303	496,380	91,923	5,296,350	4,998,840	297,510	5,987,000	(690,650)
Operating Expenses									
Wages & Benefits									
5001-1	Gross Wages	105,485	108,400	2,915	1,068,505	1,068,300	(205)	1,282,000	213,495
5003-1	Other Employee Exp	1,030	800	(230)	15,672	8,400	(7,272)	10,000	(5,672)
5005-1	Retirement Plan - Hoosier START	10,607	10,840	233	106,171	106,830	659	128,200	22,029

Clay Township Regional Waste District

Income Statement

October 2015

		Actual MTD thru 10/31/2015	Budget MTD thru 10/31/2015	Variance	Actual YTD thru 10/31/2015	Budget YTD thru 10/31/2015	Variance	Total Annual Budget	Variance
5007-1	Employee Insurance	19,139	20,400	1,262	234,422	224,200	(10,222)	265,000	30,578
5009-1	Taxes (Employer FICA)	7,606	7,900	294	76,728	78,300	1,572	94,000	17,272
Wages & Benefits		143,866	148,340	4,474	1,501,497	1,486,030	(15,467)	1,779,200	277,703
Administration									
5101-1	Clay Township Govt Center Operations	1,795	4,950	3,155	32,259	50,100	17,841	60,000	27,741
5103-1	Professional Education	4,212	1,000	(3,212)	12,961	18,000	5,039	23,000	10,039
5105-1	Boardmember Fees	2,050	1,650	(400)	15,600	15,700	100	19,000	3,400
5107-1	Board Expense	182	200	18	1,036	1,650	614	2,000	964
5109-1	Consulting	13,413	2,000	(11,413)	30,069	19,000	(11,069)	23,000	(7,069)
5111-1	Computer Expenses/Consultants	1,106	7,000	5,894	78,755	66,000	(12,755)	80,000	1,245
5113-1	Insurance	7,323	7,600	277	74,413	74,800	387	90,000	15,587
5115-1	Accounting Fees	0	0	0	0	0	0	6,000	6,000
5117-1	Legal Fees	6,159	4,100	(2,059)	31,613	41,800	10,187	50,000	18,387
5119-1	Engineering Fees	1,200	4,100	2,900	18,921	41,800	22,879	50,000	31,079
5121-1	Special Engineering (I & I)	0	1,600	1,600	0	16,800	16,800	20,000	20,000
5125-1	Professional Affiliations	458	500	42	4,046	4,150	104	4,500	454
5127-1	Travel & Mileage	1,289	550	(739)	6,785	5,900	(885)	7,000	215
5129-1	Collection	1,143	0	(1,143)	2,970	0	(2,970)	0	(2,970)
5131-1	Billing Service Contracts	12,436	10,900	(1,536)	107,780	124,100	16,320	147,200	39,420
5133-1	Bad Debt Expense	0	0	0	21	0	(21)	0	(21)
5135-1	Office Expense	436	910	474	7,709	9,180	1,471	11,000	3,291
5137-1	Postage Expense	750	790	40	7,500	7,900	400	9,500	2,000
5139-1	Office Services	2,527	2,500	(27)	26,161	25,000	(1,161)	30,000	3,839
5141-1	Customer Outreach & Education	2,251	2,000	(251)	7,572	19,000	11,428	23,000	15,428
Administration		58,730	52,350	(6,380)	466,172	540,880	74,708	655,200	189,028
Treatment									
5201-1	Sewage Treatment - Carmel WWTP	53,507	60,000	6,493	575,890	630,000	54,110	750,000	174,110
5203-1	Sewer Sampling & Lab	1,517	3,000	1,483	23,094	29,000	5,906	35,000	11,906
5205-1	Biosolids Disposal	6,682	10,000	3,318	113,407	100,000	(13,407)	120,000	6,593
5207-1	Plant R & M	25,344	12,000	(13,344)	121,073	116,000	(5,073)	140,000	18,927

Clay Township Regional Waste District

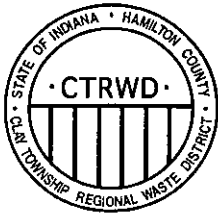
Income Statement

October 2015

		Actual MTD thru 10/31/2015	Budget MTD thru 10/31/2015	Variance	Actual YTD thru 10/31/2015	Budget YTD thru 10/31/2015	Variance	Total Annual Budget	Variance
5209-1	Utilities - Plant	16,645	18,000	1,355	187,527	173,000	(14,527)	215,000	27,473
5211-1	Operating Supplies - Plant	0	4,500	4,500	20,174	46,000	25,826	55,000	34,826
5213-1	Safety Materials & Training	1,686	1,000	(686)	16,248	14,000	(2,248)	18,000	1,752
5215-1	Permits	0	0	0	10,670	10,000	(670)	10,000	(670)
Treatment		105,380	108,500	3,120	1,068,084	1,118,000	49,916	1,343,000	274,916
Collection System									
5301-1	Lift Station R & M	21,483	15,000	(6,483)	97,249	150,000	52,751	180,000	82,751
5303-1	Line Maintenance	2,281	3,000	719	37,564	34,000	(3,564)	40,000	2,436
5305-1	Line Repair	0	4,000	4,000	44,733	32,000	(12,733)	40,000	(4,733)
5307-1	Equipment Repair	2,791	1,500	(1,291)	13,401	17,000	3,599	20,000	6,599
5309-1	Special R & M (I&I)	0	3,000	3,000	8,169	62,000	53,831	85,000	76,831
5313-1	Vehicle R & M	1,159	1,500	341	20,387	17,000	(3,387)	20,000	(387)
5315-1	Fuel	1,413	2,500	1,087	14,433	25,000	10,567	30,000	15,567
5317-1	Utilities - Lift Stations	11,363	13,000	1,637	128,080	130,000	1,920	155,000	26,920
5319-1	Operating Supplies - Collection System	505	500	(5)	5,052	5,000	(52)	6,000	948
5321-1	Manhole R&M	729	3,000	2,271	963	57,000	56,037	75,000	74,037
5322-1	Televising	(700)	800	1,500	1,253	8,400	7,148	10,000	8,748
5323-1	Uniforms & Shop Towels	561	1,000	439	8,749	10,000	1,251	12,000	3,251
Collection System		41,585	48,800	7,215	380,031	547,400	167,369	673,000	292,969
Total Operating Expenses		349,562	357,990	8,428	3,415,784	3,692,310	276,526	4,450,400	1,034,616
Depreciation									
5901-1	Depreciation	288,927	285,200	(3,727)	2,889,272	2,851,600	(37,672)	3,422,000	532,728
Depreciation		288,927	285,200	(3,727)	2,889,272	2,851,600	(37,672)	3,422,000	532,728
Amortization									
5911-1	Amortization of CIAC	(256,847)	(271,900)	(15,053)	(2,568,470)	(2,718,200)	(149,730)	(3,262,000)	(693,530)
Amortization		(256,847)	(271,900)	(15,053)	(2,568,470)	(2,718,200)	(149,730)	(3,262,000)	(693,530)
Total Expenses		381,642	371,290	(10,352)	3,736,586	3,825,710	89,124	4,610,400	873,814

Clay Township Regional Waste District
Income Statement
October 2015

	Actual MTD thru 10/31/2015	Budget MTD thru 10/31/2015	Variance	Actual YTD thru 10/31/2015	Budget YTD thru 10/31/2015	Variance	Total Annual Budget	Variance
NET SURPLUS/(DEFICIT)	206,661	125,090	81,571	1,559,764	1,173,130	386,634	1,376,600	183,164



Clay Township Regional Waste District

Summary Balance Sheet

October 31, 2015 compared to October 31, 2014

	October <u>2015</u>	October <u>2014</u>	<u>% of 2014</u>
<u>ASSETS</u>			
Utility Plant	100,616,683	100,501,520	100%
Current Assets			
Cash & Investments - Operating Fund	4,027,219	2,560,198	157%
Cash & Investments - Operating Reserve	2,192,400	2,192,400	100%
Cash & Investments - Reserve for Replacement	2,323,888	2,762,673	84%
Cash & Investments - Interceptor Fund	2,621,624	1,721,635	152%
Cash & Investments - Plant Expansion Fund	2,019,159	1,713,629	118%
Cash & Investments - Retainage & Other Funds	0	99,561	0%
Total Cash & Investments	13,184,289	11,050,095	119%
Accounts Receivable	557,536	497,966	112%
Liens Receivable	47,303	47,913	99%
Invoiced Receivables	116,597	289,455	40%
Notes & Interest Receivable	113,994	198,350	57%
Investment Interest Receivable	12,132	0	
Other Current Assets	236,109	215,457	110%
Total Current Assets	14,267,961	12,299,236	116%
TOTAL ASSETS	<u>114,884,643</u>	<u>112,800,755</u>	<u>102%</u>
<u>LIABILITIES</u>			
Current Liabilities			
Invoiced Payables	47,460	176,400	27%
Accounts Payable	998,611	482,727	207%
Accrued Paid Leave	82,183	85,366	96%
Other Current Liabilities	99,693	87,951	113%
Total Current Liabilities	1,227,947	832,444	148%
Long-Term Liabilities			
Developer Financed Interceptors Payable	0	78,329	0%
TOTAL LIABILITIES	<u>1,227,947</u>	<u>910,773</u>	<u>135%</u>
<u>EQUITY</u>			
Retained Earnings	18,034,021	16,550,948	109%
YTD Net Income	1,559,764	1,350,252	116%
Construction in Aid	94,062,912	93,988,782	100%
TOTAL EQUITY	<u>113,656,696</u>	<u>111,889,982</u>	<u>102%</u>
TOTAL LIABILITIES & EQUITY	<u>114,884,643</u>	<u>112,800,755</u>	<u>102%</u>

Clay Township Regional Waste District

Cash Generated

October 2015

	<u>Operating</u>	<u>Interceptor</u>	<u>Plant Expansion</u>	<u>Operating Reserve</u>	<u>Reserve for Replacement</u>	<u>Retainage</u>	<u>TOTAL</u>
Beginning Balance	3,891,806	2,645,304	1,966,134	2,192,400	2,374,284	(0)	13,069,927
Receipts:							
Deposits	581,319	19,832	81,626	0	0	0	682,777
Interest	9,749	0	0	0	0	0	9,749
Transfers	0	0	0	0	0	0	0
Total Receipts	<u>591,068</u>	<u>19,832</u>	<u>81,626</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>692,526</u>
Disbursements:							
Checks	370,879	43,512	28,600	0	50,397	0	493,388
Carmel Utilities	56,176	0	0	0	0	0	56,176
Thieneman-WWTP Digesters	28,600	0	0	0	0	0	28,600
Transfers	0	0	0	0	0	0	0
Total Disbursements	<u>455,655</u>	<u>43,512</u>	<u>28,600</u>	<u>0</u>	<u>50,397</u>	<u>0</u>	<u>578,164</u>
Net Increase/(Decrease)	135,413	(23,680)	53,026	0	(50,397)	0	114,362
Ending Balance	4,027,219	2,621,624	2,019,159	2,192,400	2,323,888	(0)	13,184,289

Clay Township Regional Waste District
Cash Generated
YTD October 2015

	<u>Operating</u>	<u>Interceptor</u>	<u>Plant Expansion</u>	<u>Operating Reserve</u>	<u>Reserve for Replacement</u>	<u>Retainage</u>	<u>TOTAL</u>
Beginning Balance	2,835,454	1,861,920	1,199,028	2,192,400	2,718,301	142,698	10,949,801
Receipts:							
Deposits	5,440,825	1,206,866	943,061	0	0	0	7,590,751
Interest	93,417	0	0	0	0	0	93,417
Transfers	39,462	0	104,357	0	0	1,121	144,940
Total Receipts	<u>5,573,704</u>	<u>1,206,866</u>	<u>1,047,417</u>	<u>0</u>	<u>0</u>	<u>1,121</u>	<u>7,829,108</u>
Disbursements:							
Checks	3,784,061	447,162	54,657	0	394,413	0	4,680,293
Carmel Utilities	569,278	0	0	0	0	0	569,278
Thieneman-WWTP Digesters	28,600	0	171,509	0	0	0	200,109
Transfers	0	0	1,121	0	0	143,819	144,940
Total Disbursements	<u>4,381,939</u>	<u>447,162</u>	<u>227,286</u>	<u>0</u>	<u>394,413</u>	<u>143,819</u>	<u>5,594,620</u>
Net Increase/(Decrease)	1,191,765	759,704	820,131	0	(394,413)	(142,698)	2,234,488
Ending Balance	4,027,219	2,621,624	2,019,159	2,192,400	2,323,888	0	13,184,289

Clay Township Regional Waste District Cash & Investments

October 31, 2015

Bank & Purch Date	Account	Amount	Maturity Date	Rate	Fund
<u>Citizens State / Fifth Third Banks</u>					
	Checking	\$ 208,000		0.05%	Plt Expan, Oper, Interceptor, Repl
	Money Market	\$ 5,249,400		0.50%	Oper, Res for Repl, Plt Expan, Int.
<u>Teacher's Credit Union</u>					
	Money Market	\$ 1,300		0.05%	Operating
<u>Merchants Bank of Indiana</u>					
	Money Market	\$ 1,121,800		2.00%	Operating, Res for Repl
	Money Market	\$ 4,603,800		1.50%	Plt Expan, Oper, Inter, Oper Res
<hr/>					
<u>Fifth Third Bank</u>					
7/15/2015	CD - 5 years	\$ 2,000,000	7/15/2020	2.05%	Operating Reserve, Oper
TOTAL CASH & Investments		<u>\$ 13,184,300</u>		1.40%	Interest rate - Total
Less: Cash		<u>\$ 11,184,300</u>		1.05%	Interest rate - Cash
NET INVESTMENTS		<u><u>\$ 2,000,000</u></u>		2.05%	Interest rate - Investments

Changing the Terms

Handout

Water resource recovery facility terminology gains momentum



This Quasar Energy Group (Cleveland) facility uses anaerobic digestion to treat the Village of Swanton's (Ohio) biosolids and produce methane. Photo courtesy of the Quasar Energy Group.

Last year, the Water Environment Federation (WEF; Alexandria, Va.) formally began using the term, **water resource recovery facility** (WRRF), in place of **wastewater treatment plant** and other conventional names. A task force appointed by the WEF Committee Leadership Council was tasked with developing a list of new terms, discussing them, and selecting one to use. **Water resource recovery facility** was adopted after the WEF Board of Trustees reviewed and approved the change in July 2012. It focuses on the products and benefits of treatment rather than the waste coming into facilities.

“WEF changing ‘wastewater treatment plant’ to ‘water resource recovery facility’ is the kind of thing that we need. Words are powerful; they motivate people. They mean something,” said Julian Sandino, a vice president at CH2M Hill (Englewood, Colo.), during a luncheon hosted by the U.S. chapter of the Inter-American Association of Sanitary & Environmental Engineering (Arlington, Va.).

The name change reflects a changing paradigm in the water sector, focusing on resource recovery. And this shift has occurred before, with the evolution of WEF’s name from the Federation of Sewage Works Associations to the Federation of Sewage and Industrial Wastes Associations to the Water Pollution Control Federation. WEF adopted the current name in 1991 to reflect an expanded focus of nonpoint and point sources of pollution.

“Even at WEF our name has changed with the times,” Sandino said. “This trend toward resource recovery, we’re already part of it,” he added.

The Michigan Water Environment Association (MWEA) adopted WRRF. Dave Vago, past president of MWEA, introduced the term and revealed the MWEA board’s endorsement of it to members in the December 2013 issue of the *Matters* magazine, said Jerry Harte, MWEA executive director.

“We are fully behind and committed to supporting the concept,” Harte said.

The article initiated MWEA's use of the term, which even appears in the title of the informational pamphlet, "Water Resource Recovery Management Handbook for Community Officials." The pamphlet gives local decision-makers an overview of the treatment process and describes wastewater treatment as water resource recovery. In addition, a MWEA program for continued training of professionals has been named Water Resource Recovery Technician Credential, Harte said. The title of the program is announced and explained many times each year, he added. Harte also speaks at many events every year, explaining and endorsing the "WRRF concept at each event," he said.

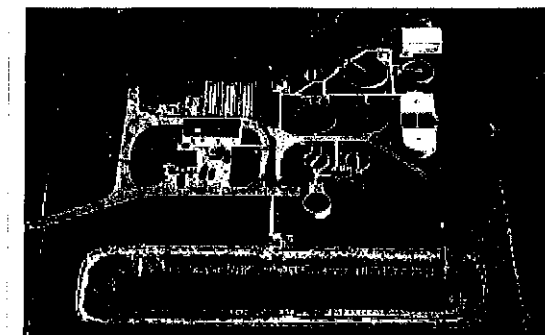
The Village of Swanton (Ohio), a WEF member, is considering adopting the term for its wastewater treatment plant. Currently, the village council is discussing the change. Both the council and village mayor would have to approve the change, said Steve Geise, superintendent of the village's wastewater treatment plant.

"WEF is recommending it to focus more on the products and benefits of treatment than the waste coming into the facilities," Geise said. "I feel that a name change would recognize Swanton as a leader in preserving the environment," he explained.

In addition, the village works to exemplify a WRRF. In 2013, it began transporting all the biosolids produced to a Quasar Energy Group (Cleveland) facility that uses anaerobic digestion to treat biosolids and produce methane. The energy produced from the village's biosolids equals about 9030 kWh/month, enough to power about 10 U.S. homes throughout the year, Geise said.

— **Jennifer Fulcher**, *WEF Highlights*

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The Village of Swanton (Ohio), a WEF member, is considering adopting the term water resource recovery facility to reflect the products and benefits generated by wastewater treatment. Photo courtesy of the Village of Swanton's (Ohio) wastewater treatment plant.