

Boone County Regional Sewer District

Boone County, MO

2009 User Rate Study

Prepared by

Stephen M. Connelly, CPA, PC

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MISSOURI
2009 RATE STUDY
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Overview

In 2007, the District commissioned an engineering study that evaluated certain facilities' ability to comply with current and proposed regulations, and to meet current and projected capacity requirements.

In conjunction with the engineering study, and based on the updated projected need for capital expenditures, a current user rate study has been performed. The purpose of the rate study is to analyze the effect of projected CIP expenditures on the finances of the District and provide recommendations on proposed rate increases to fund the incremental debt issued for these purposes. A debt service coverage ratio has been calculated utilizing the state required ratio of 1.10. Projected income statements, balance sheets and statement of cash flows have also been created.

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MO
ASSUMPTIONS FOR RATE STUDY
Prepared by Stephen M. Connelly, CPA, PC
October 31, 2009**

1 CUSTOMERS

We will assume an annual growth rate of customers at 2%, which is the commonly accepted growth rate for the area over the period of study. Our customer base will be billed customers from the 2009 billing report.

2 USAGE

Given multiple variables involved in predicting usage and its volatile nature, we will assume usage constant with 2009 usage from the billing report to be our base.

3 RATES

Rates will be derived based on the necessary levels to meet the state mandated 1.10 debt service coverage ratio and other various assumptions regarding expenses.

4 DEBT

Debt is a function of the Revised Capital Improvement Plan funding list.

Additional capital purchases are factored into the fixed asset schedule as required. Debt is also fully recognized on the financial statements in the year of draw down.

5 INCOME STATEMENT ITEMS

Items on the income statement are evaluated on an individual basis, based on known data. Absent specific information, expenses are assumed to increase at the historical inflation rate of 3.5%.

BOONE COUNTY REGIONAL SEWER DISTRICT
 BOONE COUNTY, MO
 Projected Rate Structure 2008-2013
 Prepared by Stephen M. Connelly, CPA, PC
 October 31, 2009

Year	Rate A	Rate B	Rate C	Rate D	Rate E	Rate F	Other	Total	Base service fee	Usage charge	Water usage charge for forecasted gallons	Total monthly billing	Customers	Months	Total by rate class	Avg Bill
2008	\$ 12.45	\$ 21.15	\$ 12.45	\$ 21.15	\$ 22.05	\$ 21.65	\$ 12.45	\$ 12.45	\$ 3.65	\$ 3.65	\$ 18.37	\$ 30.82	\$ 5,306	12	\$ 1,962,601	\$ 78,514
2009	\$ 15.45	\$ 25.95	\$ 15.45	\$ 24.15	\$ 27.05	\$ 26.80	\$ 15.45	\$ 15.45	\$ 3.95	\$ 3.95	\$ 19.88	\$ 35.33	\$ 5,625	12	\$ 2,385,004	\$ 91,300
2010	\$ 16.45	\$ 26.95	\$ 16.45	\$ 25.15	\$ 28.05	\$ 27.80	\$ 16.45	\$ 16.45	\$ 3.95	\$ 3.95	\$ 19.88	\$ 36.33	\$ 5,738	12	\$ 2,501,554	\$ 95,158
2011	\$ 20.45	\$ 30.95	\$ 20.45	\$ 29.15	\$ 32.05	\$ 31.80	\$ 20.45	\$ 20.45	\$ 4.74	\$ 4.74	\$ 23.86	\$ 44.31	\$ 5,852	12	\$ 3,111,764	\$ 113,593
2012	\$ 20.45	\$ 30.95	\$ 20.45	\$ 29.15	\$ 32.05	\$ 31.80	\$ 20.45	\$ 20.45	\$ 5.69	\$ 5.69	\$ 28.63	\$ 49.08	\$ 5,969	12	\$ 3,515,826	\$ 125,952
2013	\$ 22.95	\$ 33.45	\$ 22.95	\$ 31.65	\$ 34.55	\$ 34.30	\$ 22.95	\$ 22.95	\$ 6.09	\$ 6.09	\$ 30.65	\$ 64.10	\$ 6,089	12	\$ 3,915,918	\$ 138,203

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MO**

Actual and Projected Rate Structure 2008-2013

Prepared by Stephen M. Connelly, CPA, PC

October 31, 2009

	RATE SCENARIO A					
	2008	2009	2010	2011	2012	2013
Base service fee	\$ 12.45	\$ 15.45	\$ 16.45	\$ 20.45	\$ 20.45	\$ 22.95
Usage charge	\$ 3.65	\$ 3.95	\$ 3.95	\$ 4.74	\$ 5.69	\$ 6.09
Total Charge (bsf + usage charge)	\$ 16.10	\$ 19.40	\$ 20.40	\$ 25.19	\$ 26.14	\$ 29.04
Prior Year Total Charge (bsf + usage charge)	\$ 12.00	\$ 16.10	\$ 19.40	\$ 20.40	\$ 25.19	\$ 26.14
Difference YoY	\$ 4.10	\$ 3.30	\$ 1.00	\$ 4.79	\$ 0.95	\$ 2.90
Percentage change	34%	20%	5%	23%	4%	11%
Funds available for DS Debt Service	454,122	744,147	887,782	1,209,370	1,425,771	1,874,603
DSCR Benchmark	1.84	1.68	1.47	1.71	1.76	1.30
Incremental Debt Service	279,468	285,938	187,054	345,799	543,324	252,832
Debt to Equity	0.61	0.58	0.61	1.17	1.42	1.64
	416,985	588,701	647,845	785,621	1,154,929	1,711,804

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MO**

**Actual and Projected Balance Sheet 2005-2013
Prepared by Stephen M. Connelly, CPA, PC
October 31, 2009**

	PROJECTED									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
ASSETS										
Cash & cash equivalents	\$ 934,533	615,062	1,064,563	890,330	752,065	489,921	921,023	988,213	1,112,183	
Investments, restricted SRF accounts	1,319,869	1,484,257	3,030,894	2,252,965	2,187,777	2,393,129	2,455,903	3,180,666	3,566,793	
Accounts receivable, net of AFDA	74,564	82,881	101,587	132,065	134,965	145,582	159,590	201,480	223,766	
Prepaid expenses	47,400	44,579	49,218	45,788	47,381	49,030	50,737	52,502	54,329	
Capital assets, net of AD	8,715,377	9,459,647	10,165,040	11,842,008	14,874,391	17,153,870	23,814,149	26,924,663	29,532,504	
TOTAL ASSETS	\$ 11,091,743	11,686,426	14,411,302	15,163,156	17,996,579	20,231,532	27,401,402	31,347,525	34,489,575	
LIABILITIES										
Accounts payable	\$ 55,621	114,087	48,281	51,818	78,149	99,200	110,560	135,632	154,411	
Accrued expenses and unearned revenue	259,547	271,205	371,148	426,502	706,857	535,302	650,627	792,758	913,758	
Notes and SRF bonds payable - current	161,870	172,863	193,723	284,383	276,920	304,400	350,300	565,900	717,900	
Notes and SRF bonds payable - long-term	2,525,133	3,075,913	5,571,303	5,286,920	6,036,761	7,110,102	14,007,431	17,302,799	20,054,463	
TOTAL LIABILITIES	\$ 3,002,171	3,634,068	6,184,454	6,049,623	7,098,687	8,049,004	15,118,918	18,797,089	21,840,532	
NET ASSETS										
Investment in capital assets, net of related debt	6,028,374	6,210,871	4,400,014	6,270,705	8,560,710	9,739,368	9,456,418	9,055,964	8,760,141	
Restricted for SRF	1,269,678	1,439,291	2,966,358	2,122,625	1,916,910	1,919,646	1,951,977	2,462,090	2,925,613	
Unrestricted	791,520	402,196	860,476	720,131	420,272	523,515	874,089	1,032,382	963,289	
TOTAL NET ASSETS	\$ 8,089,572	8,052,358	8,226,848	9,113,461	10,897,892	12,182,529	12,282,484	12,550,436	12,649,043	
TOTAL LIAB & NET ASSETS	\$ 11,091,743	11,686,426	14,411,302	15,163,084	17,996,579	20,231,532	27,401,402	31,347,525	34,489,575	

BOONE COUNTY REGIONAL SEWER DISTRICT

BOONE COUNTY, MO

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

ACTUAL AND PROJECTED YEARS ENDED DECEMBER 31, 2006-2013

Prepared by Stephen M. Connelly, CPA, PC

October 31, 2009

	2006	2007	2008	2009	2010	2011	2012	2013
OPERATING REVENUES:								
Customer fees	1,632,489	1,755,883	2,229,993	2,662,814	2,872,289	3,543,258	3,975,155	4,414,835
Grants								
Miscellaneous	11,076	8,527	11,514	24,820	25,316	25,823	26,339	26,866
Total Operating Revenue	1,643,565	1,764,410	2,241,507	2,687,634	2,897,605	3,569,081	4,001,494	4,441,701
OPERATING EXPENSES:								
Personnel expenses	658,201	738,224	780,251	788,882	809,581	837,793	866,988	897,200
Materials and supplies	25,247	8,448	8,140	9,693	10,030	10,379	10,741	11,114
Dues, training and seminars	5,160	4,083	5,207	7,593	7,857	8,130	8,413	8,706
Utilities	131,693	152,413	168,116	181,122	189,092	197,412	206,098	215,166
Equipment costs	57,537	53,915	67,816	50,985	105,936	174,843	261,253	369,612
Maintenance	110,090	399,331	432,480	553,426	709,448	773,124	999,300	1,119,912
Contract services	442,761	209,623	175,462	207,991	215,174	222,659	230,404	238,418
Miscellaneous	46,400	21,177	77,120	18,948	69,607	70,290	70,996	71,726
Bad debts	7,749	8,617	11,014	25,000	25,870	26,770	27,702	28,666
Depreciation	378,069	432,764	497,666	535,290	727,247	955,728	1,081,488	1,195,591
Total Operating Expenses	1,862,907	2,028,595	2,223,272	2,378,931	2,869,843	3,277,128	3,763,382	4,156,112
INCOME FROM OPERATIONS	(219,342)	(264,185)	18,235	308,703	27,763	291,953	238,112	285,589
NON-OPERATING REVENUES/(EXPENSES):								
Interest income	140,200	187,413	264,133	179,714	195,042	226,966	428,320	530,139
Interest expense	(132,377)	(156,197)	(276,556)	(259,391)	(277,053)	(325,215)	(554,040)	(794,100)
Bond issuance costs	(37,679)	(75,556)	(15,175)	(40,899)	(61,998)	(326,143)	(77,225)	(156,130)
Gain/(loss) on disposal of assets	3,000	(5,856)	488,871	895,796	1,669,168	1,476,280	310,418	316,658
Contributed collection systems	208,984	488,871	895,796	1,669,168	1,476,280	310,418	316,658	316,658
Miscellaneous								
Total Non-Operating Revenues/(Expenses)	182,128	438,675	868,378	1,475,729	1,256,873	(191,996)	29,839	(186,982)
NET INCOME/(LOSS)	(37,214)	174,490	886,613	1,784,432	1,284,635	99,957	267,951	98,608
INCREASE/(DECREASE) IN NET ASSETS	(37,214)	174,490	886,613	1,784,432	1,284,635	99,957	267,951	98,608
NET ASSETS, BEGINNING	8,089,572	8,052,358	8,226,848	9,113,461	10,897,893	12,182,528	12,282,485	12,550,435
NET ASSETS, ENDING	8,052,358	8,226,848	9,113,461	10,897,893	12,182,528	12,282,485	12,550,435	12,649,043
Funds available for DS	264,248	274,580	765,039	909,945	812,655	1,070,481	1,589,956	1,771,641
Debt Service	306,493	338,027	416,022	541,284	551,723	627,365	902,091	1,357,751
DSCR	0.86	0.81	1.84	1.68	1.47	1.71	1.76	1.30
Benchmark	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Incremental Debt Service	(66,268)	(88,409)	279,468	285,938	187,054	345,799	543,324	252,832

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MO**

**Actual and Projected Statement of Cash Flows 2006-2013
Prepared by Stephen M. Connelly, CPA, PC
October 31, 2009**

	PROJECTED							
	2006	2007	2008	2009	2010	2011	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES:								
Net income/(loss) from operating activities	\$ (219,342)	(264,185)	18,235	308,703	27,763	291,953	238,112	285,589
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation	378,069	432,764	497,666	535,290	727,247	955,728	1,081,488	1,195,591
(Increase) / decrease in accounts and other receivables	(8,317)	(18,706)	(30,478)	(2,900)	(10,617)	(14,008)	(41,891)	(22,285)
(Increase) / decrease in prepaid insurance	2,821	(4,639)	3,430	(1,593)	(1,549)	(1,706)	(1,766)	(1,827)
Increase / (decrease) in accounts and accruals payable	68,249	31,695	33,698	210,980	(242,061)	31,949	69,187	52,156
Increase / (decrease) in deferred revenue	1,875	2,442	25,194	22,842	16,160	16,712	17,280	4,075
Total Adjustments	442,697	443,556	529,509	764,620	489,080	988,674	1,124,299	1,227,709
Net Cash Provided by Operating Activities	\$ 223,355	179,371	547,744	1,073,323	516,843	1,280,627	1,362,410	1,513,299
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Net purchases of fixed assets	(910,355)	(649,286)	(1,278,837)	(1,898,506)	(1,530,446)	(7,305,588)	(3,878,479)	(3,466,774)
Principal paid on notes and bonds	(172,827)	(193,750)	(193,723)	(284,383)	(276,920)	(304,400)	(350,300)	(565,900)
Proceeds from the sale of fixed assets		(5,856)						
Interest paid on notes and bonds	(132,377)	(156,197)	(276,556)	(259,391)	(277,053)	(325,215)	(554,040)	(794,100)
Borrowing on notes	59,600	-	-	-	-	-	-	-
Borrowing on revenue bonds	675,000	2,710,000	-	1,026,761	1,377,741	7,247,629	3,861,268	3,469,564
Revenue bond issuance costs	(37,679)	(75,556)	(15,175)	(40,899)	(61,998)	(326,143)	(77,225)	(156,130)
Investments held in restricted accounts	(164,388)	(1,546,637)	777,929	65,188	(205,352)	(62,774)	(724,763)	(386,127)
Net Cash Used for Capital and Related Financing Activities	\$ (683,026)	82,718	(986,362)	(1,391,229)	(974,028)	(1,076,491)	(1,723,540)	(1,919,468)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest Income	140,200	187,413	264,313	179,714	195,042	226,966	428,320	530,139
Net Cash Provided by Investing Activities	140,200	187,413	264,313	179,714	195,042	226,966	428,320	530,139
Net Increase (Decrease) in Cash and Cash Equivalents	(319,471)	449,501	(174,305)	(138,192)	(262,144)	431,102	67,190	123,970
Cash and Cash Equivalents, Beginning of Year	934,533	615,062	1,064,563	890,258	752,065	489,921	921,023	988,213
Cash and Cash Equivalents, End of Year	\$ 615,062	1,064,563	890,258	752,065	489,921	921,023	988,213	1,112,183

**BOONE COUNTY REGIONAL SEWER DISTRICT
BOONE COUNTY, MO**

**Projected Number of Customers 2009-2013
Prepared by Stephen M. Connelly, CPA, PC
October 31, 2009**

Rate Class	<i>Number of BILLED Customers by Rate Class for 2009-2013</i>					
	2008	2009	2010	2011	2012	2013
A	5,706	5,625	5,738	5,852	5,969	6,089
B	166	166	169	173	176	180
C	33	43	44	45	46	47
D	19	17	17	18	18	18
E	45	44	45	46	47	48
F & Others	27	203	205	207	209	212
TOTAL	5,995	6,098	6,218	6,340	6,465	6,593

CIP FUNDING LIST with 3% ANNUAL INFLATION

CIP UPDATE - BOONE COUNTY REGIONAL SEWER DISTRICT

Description	Budget (3% Annual Inflation)
2007 DEBT FUNDING	TOTAL
2009 DEBT FUNDING	\$2,710,000
2010 DEBT FUNDING	TOTAL
2011 DEBT FUNDING	\$1,026,761
2012 DEBT FUNDING	TOTAL
2013 DEBT FUNDING	\$1,377,741
OTHERS PROJECTS AFTER 2013	TOTAL
TOTAL	\$7,247,629
TOTAL	\$3,861,268
TOTAL	\$3,469,564
COMBINED TOTAL FOR ALL PROJECTS	\$26,084,515

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	385,000	30,000	355,000	18,108	48,108	
Series 2000A	700,000	50,000	650,000	35,535	85,535	
Series 2002B	295,000	15,000	280,000	15,288	30,288	
Series 2004B	960,000	45,000	915,000	48,125	93,125	
Series 2006B	655,000	30,000	625,000	28,600	58,600	
Series 2007	2,710,000		2,710,000	75,612	75,612	
Lake of the Woods Connect Fee	35,760	11,920	23,840	11,920	11,920	
Fairway Meadows Extension	24,266	11,803	12,463	1,032	12,835	
Calculated	5,765,026	0	193,723	5,571,303	222,299	416,022

2008

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	355,000	30,000	325,000	16,833	46,833	
Series 2000A	650,000	50,000	600,000	33,035	83,035	
Series 2002B	280,000	15,000	265,000	14,800	29,800	
Series 2004B	915,000	45,000	870,000	45,819	90,819	
Series 2006B	625,000	30,000	595,000	27,400	57,400	
Series 2007	2,710,000		2,620,000	118,644	208,644	
Series 2009		1,026,761		1,026,761		
Lake of the Woods Connect Fee	23,840	11,920	11,920	11,920	11,920	
Fairway Meadows Extension	12,463		12,463	0.00	371	
Calculated	5,571,303	1,026,761	284,383	6,313,681	256,901	541,284

2010

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	325,000	30,000	295,000	15,531	45,531	
Series 2000A	600,000	50,000	550,000	30,485	80,485	
Series 2002B	265,000	15,000	250,000	14,050	29,050	
Series 2004B	870,000	50,000	820,000	43,325	93,325	
Series 2006B	595,000	30,000	565,000	26,200	56,200	
Series 2007	2,620,000	90,000	2,530,000	114,594	204,594	
Series 2009		1,026,761		1,026,761	30,618	
Series 2010		1,377,741		1,377,741	30,618	
Lake of the Woods Connect Fee	11,920		11,920	0	11,920	
Calculated	6,313,681	1,377,741	276,920	7,414,502	274,803	551,723

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	295,000	30,000	500,000	265,000	14,088	44,088
Series 2000A	550,000	50,000	500,000	500,000	27,680	77,680
Series 2002B	250,000	20,000	230,000	230,000	13,300	33,300
Series 2004B	820,000	50,000	770,000	770,000	40,700	90,700
Series 2006B	565,000	30,000	535,000	535,000	25,000	55,000
Series 2007	2,530,000	95,000	2,435,000	2,435,000	110,444	205,444
Series 2009	1,026,761	29,400	997,361	997,361	50,670	80,070
Series 2010	1,377,741		1,377,741	1,377,741	41,084	41,084
Series 2011	7,247,629		7,247,629	7,247,629		
Calculated	7,414,502	7,247,629	304,400	14,357,731	322,965	627,365

2011

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	265,000	30,000	450,000	235,000	12,513	42,513
Series 2000A	500,000	50,000	450,000	450,000	25,305	75,305
Series 2002B	230,000	20,000	210,000	210,000	12,250	32,250
Series 2004B	770,000	50,000	720,000	720,000	38,075	88,075
Series 2006B	535,000	30,000	505,000	505,000	23,800	53,800
Series 2007	2,435,000	100,000	2,335,000	2,335,000	106,544	206,544
Series 2009	997,361	31,000	966,361	966,361	49,189	80,189
Series 2010	1,377,741	39,300	1,338,441	1,338,441	67,992	107,292
Series 2011	7,247,629		7,247,629	7,247,629	216,124	216,124
Series 2012	3,861,268		3,861,268	3,861,268		
Calculated	14,357,731	3,861,268	350,300	17,868,699	551,791	902,091

2012

	Beg Bal	Advances	Payments	Ending Bal	Gross Interest	Gross DS
Series 1998B	235,000	30,000	205,000	205,000	10,938	40,938
Series 2000A	450,000	50,000	400,000	400,000	22,765	72,765
Series 2002B	210,000	20,000	190,000	190,000	11,200	31,200
Series 2004B	720,000	50,000	670,000	670,000	35,450	85,450
Series 2006B	505,000	30,000	475,000	475,000	22,600	52,600
Series 2007	2,335,000	105,000	2,230,000	2,230,000	102,444	207,444
Series 2009	966,361	32,600	933,761	933,761	47,628	80,228
Series 2010	1,338,441	41,500	1,296,941	1,296,941	66,011	107,511
Series 2011	7,247,629	208,800	7,040,829	7,040,829	357,672	564,472
Series 2012	3,861,268		3,861,268	3,861,268	115,143	115,143
Series 2013	3,469,564		3,469,564	3,469,564		
Calculated	17,868,699	3,469,564	565,900	20,772,363	791,851	1,357,751

2013