Budget Category	Year 1	Year 2	Year 3
Personnel	$129,000	$132,225	
Benefits	$65,000		
Purchased Water	$230,000	$234,600	
Utilities	$76,000	$78,280	$80,628
Contract Services	$10,000		
Interfund Transfers (Out)	$45,000	$46,125	
Debt Service	$50,000	$50,000	$50,000
Debt Service on New Debt	-	-	$16,000
Increase in Reserve Requirements			
Total Expenses	**$605,000**	**$618,480**	**$648,296**

Instructions: Calculate the answers to the questions below to fill in the table above. In this example, *Utility Services* and *Debt Service* remain constant and *Commodities* increased by 4% in Year 2. Round answer up to the nearest whole dollar amount.

1. Calculate Year 3 *Personnel* expenses if they increase by 2.5%.

2. Calculate *Benefits* expenses if they increase 3% per year.

3. Calculate Year 3 *Purchased Water* expenses if they increase by 2%.

4. Calculate *Contractual Services* expenses if they increase 3% per year.

5. Calculate *Interfund Transfers* in Year 3 if they increase by 2.5%.

For Discussion: A major upgrade ($250,000) to the filter plant will require a new loan in Year 2. You wish to cash finance 20% of the project, leaving $200,000 to borrow with a debt service payment of $16,000 per year during the next 20 years. Will an increase in the debt service reserve also be required? How will you build cash to fund the $50,000 for the water plant project?

Village of Sunflower
(1) Forecasting Exercise

Budget Category	Year 1	Year 2	Year 3
Personnel	$129,000	$132,225	**$135,531**
Benefits	$65,000	**$66,950**	**$68,958**
Purchased Water	$230,000	$234,600	**$239,292**
Commodities/Utilities	$76,000	$78,280	$80,628
Contract Services	$10,000	**$10,300**	**$10,609**
Interfund Transfers (Out)	$45,000	$46,125	**$47,278**
Debt Service	$50,000	$50,000	$50,000
Debt Service on New Debt	-	-	$16,000
Increase in Reserve Requirements			
Total Expenses	**$605,000**	**$618,480**	**$648,296**

Instructions: Calculate the answers to the questions below to fill in the table above. In this example, *Debt Service* remain constant and *Commodities/Utilities* increased by 4% in Year 2. Round answer up to the nearest whole dollar amount.

1. Calculate Year 3 *Personnel* expenses if they increase by 2.5%. **$135,531**

2. Calculate *Benefits* expenses if they increase 3% per year. **$66,950 / $68,958**

3. Calculate Year 3 *Purchased Water* expenses if they increase by 2%. **$239,292**

4. Calculate *Contractual Services* expenses if they increase 3% per year. **$10,300 / $10,609**

5. Calculate *Interfund Transfers* in Year 3 if they increase by 2.5%. **$47,278**

For Discussion: A major upgrade ($250,000) to the filter plant will require a new loan in Year 2. You wish to cash finance 20% of the project, leaving $200,000 to borrow with a debt service payment of $16,000 per year during the next 20 years. Will an increase in the debt service reserve also be required? How will you build cash to fund the $50,000 for the water plant project?