

Budget Category	Year 1	Year 2	Year 3
Total Revenue Requirements	\$605,000	\$618,480	\$648,296
Total Revenues	\$590,000	\$590,056	\$569,256
Revenue Surplus (Deficiency)	(\$15,000)	(\$28,424)	(\$79,040)
% Revenue Increase Needed to Cover Costs	2.54%	4.81%	13.88%

Instructions: Use the *Village of Sunflower Stats Sheet* and answer the questions below to fill in the table above.

1. Use the numbers from the forecast exercise to populate the *Total Revenue Requirements* row above (Hint: Use number from Total Expenses).

2. Assume no change in the *total water metered* and *number of accounts* and use the new charges from the *Base/Volume Charge Exercise* (problems 1 and 2) to fill in Year 2's total revenues.

Vol. charge (\$2.28) X water metered [140,000,000 / 1,000] = \$319,200 annual volume revenue
\$319,200 X 0.94 collected = \$300,048
PLUS
Number of accounts (1,000) X (Base charge [\$25.71] X 12 months = \$308,520 annual base revenue
\$308,520 X 0.94 collected = \$290,008
Total revenue = \$590,056

3. Assume that in Year 3 the *total water metered* decreases by 5% and the *number of accounts* decreases by 2%. Using your new base/volume charges from the *Base/Volume Charge Exercise* (problems 1 and 2), calculate the total revenues for Year 3.

Vol. charge (\$2.28) X (Water metered [133,000,000 / 1,000]) = \$303,240 X 0.94 collected = \$285,047
PLUS
Number of accounts (980) X (Base charge [\$25.71] X 12 months) = \$302,350 X 0.94 collected = \$284,209
Total revenue = \$569,256