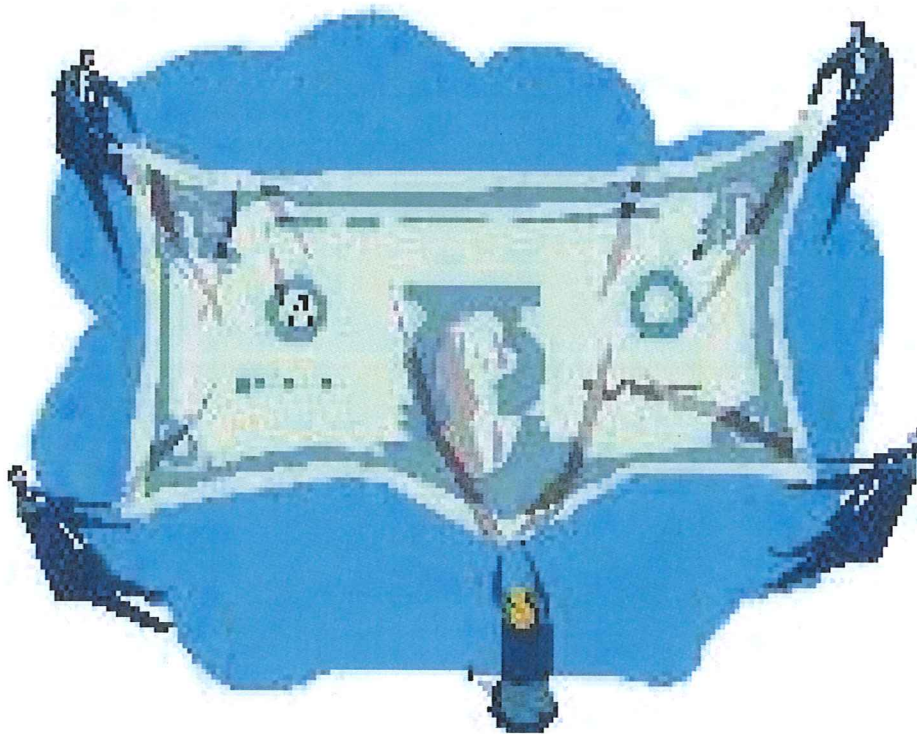


**PUBLIC UTILITY DISTRICT NUMBER 1
OF JEFFERSON COUNTY**



2012 BUDGET

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Manager's Statement

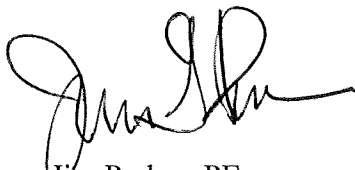
This year has been a very challenging year for the PUD staff with most of our attention on the acquisition of Puget Sound Energy's electrical infrastructure in Jefferson County, while still proceeding on several major water improvement projects, and the updating of the PUD Water System Plan.

A major effort was put into submitting for the financing of the power acquisition. Those efforts are bearing out with guarantied loans from RUS. If everything remains on schedule the PUD will be running the electrical facilities for Eastern Jefferson County by 31 March 2013. 2012 will focus our efforts on setting the utility to be ready to start power operations (staffing, equipment, data transfer, procedures, etc.) while trying to keep costs to a minimum. Our goal is still to match PSE rates from the start.

In calculating the budget for 2012 it can be seen that the costs of acquiring power will continue to put a tremendous stress on the PUD's limited financial resources. This will probably continue to be the case until both long and short term financing are secured and the electrical utility is producing revenues. Up until now we have been fortunate that the PUD's prudent management of its general funds over the years in anticipation of such an opportunity has provided the reserves needed to properly pursue the acquisition of electrical facilities from PSE and still maintain its other obligations. However, the PUD Board has had to increase tax revenues collections to allow for the acquisition. It is still the goal of the PUD to end the collection of property tax altogether, but that will probably be years off, until Peterson Lake is paid for and the power utility is through its nascent years of operation.

In addition to the strides for public power the PUD continues to provide water and sewer services throughout the county in an efficient and cost effective manner. Additionally, the PUD has still managed to plan, engineer, permit, and finance for further system growth and reliability. Projects for 2012 will include the construction of a 1.6 million dollars water treatment facility and a half million dollar water transmission line.

For the next few years, the expense for the acquisition of existing power utilities for Jefferson County will continue to put a heavy stress our budget. The Board will have to use its full complement of tools and resources to meet its end goal of a publicly owned and operated electrical utility for the citizens of Jefferson County.



Jim Parker, PE
Manager

PUD Board of Commissioners

Position #1 – City of PT

Barney Burke, Vice President

Term expiring December 2016



Position #2 – Mid Quimper

Kenneth McMillen, President

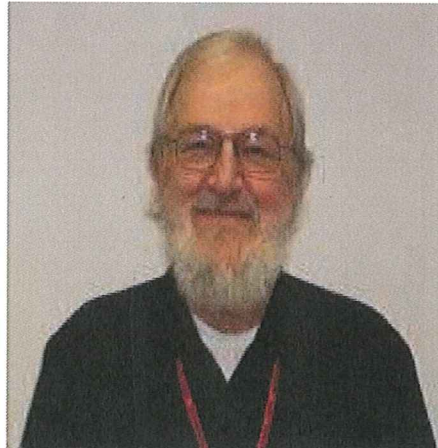
Term expiring December 2014



Position #3 – South & West County

Wayne G. King, Board Secretary

Term expiring December 2012



BUDGET PROCESS OVERVIEW

Budgeting is an essential element of the financial planning, control, and evaluation processes of government. The planning process involves determining the types and levels of services to be provided and allocating available resources among various departments, programs or functions

Financial control and evaluation procedures typically focus upon assuring that fixed expenditure limitations (appropriations) are not exceeded, and on comparing estimated and actual revenues and expenditures.

The budget authorizes and provides control of financial operations during the fiscal year. The appropriations constitute maximum expenditure authorizations during the fiscal year, and cannot be exceeded until subsequently amended by the Board of Commissioners.

The PUD accounting and budgeting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources. The funds are segregated for the purpose of carrying on specific activities or attaining certain objectives.

While typically thought of as a financial activity done to satisfy state law, budgeting is a process of planning. Fiscal planning involves all elements of government and should be considered one of most important functions for the PUD Board of Commissioners. The process of budgeting does not only allocate fiscal resources to meet needs and provide services, but will set a direction for the future. The elements of good planning include identifying community needs, PUD resources, the capabilities to meet community needs and a plan to match such resources to the needs.

The planning for this document starts with the Managers proposed budget to the Board of Commissioners. Thereafter the Board will meet with the Manager for a budget workshop to amend, change, or redirect the managers proposed budget. If necessary several such iterations will occur. The Budget must be on file at the PUD by the 1st Monday in September, RCW 54, with a budget hearing on the first Monday in October. The hearing is generally adjourned to the following regularly scheduled board meetings. Usually by November the Board will close the hearing and pass the budget by resolution, submitting it to the County's Treasurer, Assessor, and Auditor, and on posting it on the PUD web-site (www.jeffpud.org). The Budget can be changed (amended) at any time after it is adopted by the PUD BOC by motion during an open public meeting

The financial aspects of the budget are monitored in regular quarterly reports issued by the PUD's contracted accountant, David Papandrew. David is a CPA who was commonly used by the SAO to audit governmental agencies. Since hiring him the PUD has passed all of its State Audits. The State Audits the PUD every other year, copies of those reports can be seen at www.soa.wa.gov. The PUD's next scheduled State Audit will occur in late 2012 for the CY 2010 and 2011.

The PUD budget seeks to achieve these interrelated functions:

A Policy Tool

The PUD budget process is conducted in a manner that allows the PUD Board an opportunity to comprehensively review the direction of the PUD and to redirect its activities by means of allocation of financial resources. On this basis, the budget sets policy for the following year. This budget also facilitates the evaluation of the PUD programs by providing a means to measurably examine the financial activities of the PUD.

An Operations Guide

This budget provides financial control by setting forth both legislative and administrative guidance to PUD employees regarding the character and scope of their activities.

A Financial Plan

The budget outlines the manner in which the financial resources of the PUD will be managed during the budget period. This allocation of resources is based on understanding both the current year's needs and long-term view of the development of the PUD's programs. The budget takes into account unforeseen contingencies and provides for the need for periodic adjustments.

As a Communication Medium

The budget provides management information as a comprehensive tabulation of information regarding both the character and scope of the PUD activity. No budget can be effective unless it communicates. Since this budget has diverse audience, it seeks to communicate at several levels and for several purposes. It seeks to communicate clear policy at a usable level of detail to PUD employee, to communicate significant policy issues and options in a form that can be acted on by officials, and to communicate the plans of the PUD to its constituents in a manner which affords them an opportunity to provide meaningful comments to the elected officials.

Budget summary

While the budget planning and adoption process is discussed above, there are many issues that are important to discuss in order to understand the dynamics of this document. For financial and accounting purposes, PUD operations are divided into three categories: general governmental, enterprise activities, and servicing of debt for capital projects.

Enterprise funds are established for government activities that are financed and operated in a manner similar to private business. In the PUD's case this includes the operations and maintenance of both water and sewer systems. The PUD has over 3,500 water

connections servicing a population of over 8,000 individuals throughout the County. The PUD also has over 200 sewer connections most of which are also PUD water customers. The activities of the enterprise fund makes up most of the PUD revenues and expenses.

Debt Service funds accumulate resources and account for the payment of principal and interest for the general obligation long-term debt and special assessment debt (local utility districts). These funds account for the acquisition or development of major capital facilities. Sources of revenue for these funds can include bond proceeds, federal/state grants, interest earnings, and transfers from other funds, and revenue bonds.

Internal Service funds account for the financing of goods and services provided by one department or agency to other departments or agencies in the PUD.

Fiduciary funds include Pension Trust, Expendable Trust, and Agency Funds, which are used to account for assets held by the PUD in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The PUD does not maintain any such funds.

The General Fund which provides basic PUD services such as PUD administration, legislative, legal, personnel services, risk management, financial services, public safety, planning, building, facilities, and associated support functions which are not directly related to the PUD enterprise activities. The resources to support these activities are primarily property taxes. The PUD BOC makes an effort to minimize these costs, only charging those activities that they feel do not solely benefit PUD utility customers, but rather benefit the County citizenry as a whole. This year those items are limited to our efforts to acquire power, payments for Peterson Lake, and membership in NOANet.

Special Revenue funds account for the proceeds of specific revenue sources other than special assessments, expendable trusts or major capital projects. These revenues finance particular activities or functions as required by law or administrative regulators.

PUD Budget Summary

As a utility the PUD maintains both an Enterprise Fund (utility fund) and a Bond Fund. The daily operations of the PUD are accounted for in the Enterprise Fund, while the Bond Fund reflects those long term debts the PUD has acquired in its role of providing requested water and sewer utilities through out the county. The PUD also has a General Fund that it uses to meet its requirements under RCW 54 for the conservation and preservation of the County's water and electric resources, beyond those directly related to the PUD's enterprise activities.

Purpose -- 1931 c 1: "The purpose of this act is to authorize the establishment of public utility districts to conserve the water and power resources of the State of Washington for the benefit of the people thereof, and to supply public utility service, including water and electricity for all uses." [1931 c 1 § 1.]

General Fund

The PUD general fund is used for those projects that are not considered directly related to PUD operations and maintenance of its water and sewer systems. In 2012 use of this fund will be restricted to the acquisition of power facilities, telecom support, and the purchase of Peterson Lake. Over the past 2 years the PUD has expended over 1,200,000 dollars in its efforts to become an electrical utility. Most of this money has come from reserves that were developed in the General Fund over the years. However, the PUD has had to loan the general fund 500,000 dollars from its enterprise fund to cover operations through the end of the year. It is expected the balance in the fund is to be approximately 140,000 dollars in the red by the end of the year.

In order to continue the pursuit of power the PUD BOC will be increasing the amount of property tax it collects by the allowed 1%, plus new construction. This should collect about 565,500 dollars. All but about 180,000 of that will be dedicated to the power. Peterson Lake will take about 170,000 and telecom about 10,000. The PUD has calculated it may be able to get through 2012 by using its general fund, but more likely it will have to acquire short term debt to pay for electrical utility start up costs. It anticipates much of that will be through short term borrowing to be repaid by electrical rates, however it may be looking at using its taxing authority to issue a municipal bond, or perhaps developing a line of credit to fund the late 2012 and 2013 power acquisition and transition process. It is anticipated that once the power system is acquired and up and running for a few years the PUD will be able to lower its collection of property taxes.

The PUD spent over 140,000 dollars so far to prevail in a lawsuit filed by two Port Townsend residents over its use of property taxes for the purchase of Peterson Lake. Anticipating global climate change, increased demands on limited water resources, and disappear watershed areas, the PUD Board purchased the lake and related watershed area. Following a Superior Court decision in favor of the PUD, the proponents of the lawsuit have appealed the case to a higher court. It is hoped the case will be settled early 2012,

however it may be appealed again to the Washington State Supreme Court. The PUD has to budget for this item.

Enterprise Fund

The PUD's enterprise fund consists of those operations (funds) related to operating a utility. Revenues and expenses are directly related to those operations. The Enterprise Fund includes the following activities:

Utility Fund

The PUD utility fund is used to provide funds for daily operational requirements, emergency repairs, and capital improvements/ replacements. The PUD follows guidelines established by DOH in its financial viability policies to determine fund balances. Currently DOH requires a 90 day operational reserve, and an emergency replacement/ repair reserve equal to the largest emergency replacement cost. DOH also recommends a capital replacement fund to replace aging infrastructure, which the PUD's board currently has targeted as 25% of the depreciated value of the PUD's water and sewer assets. The PUD, while trying to maintain the best service possible at the lowest price for its ratepayers, must also be planning to meet 6, 20, and 50 planning requirements as set forth by the county GMA, state and federal mandates, and internal planning processes.

Non-LUD Debt & Trust Fund

In addition to the PUD Bond Fund which is maintained separately by the County Treasurer for the PUD, the PUD has acquired system improvements through other debt financing methods. For example, the PUD as the County SMA stepped up and acquired several failing water systems that were later improved through the use of the Public Works Trust Fund. This debt is being repaid through rates and/or surcharges to rates. In 2011 the PUD paid off two of these debts: the LUD#6 (Triton Cove) and LUD#8 (Lazy-C) water systems. Remaining payments are due for:

Shine Platt (BWB)	PWTF
Snow Creek	PWTF
Tri-Area purchase from City	RUS Loan
Tri-Area purchase from City	PWTF

By the end of 2012 the PUD will have finished its Sparling Well upgrade project, which is being financed from a State Revolving Fund loan. This project will be repaid through rates similar to the Tri-Area purchase from the City.

Capital Improvement Fund

The PUD generally pays for system improvements beyond normal depreciation either through the LUD process, by a developer fully paying for the improvements, or as stated earlier, through government backed loans. The PUD does use System Development Charges to assist in the development of additional general system improvements (such as source and storage) projects which allow for the systems to expand without increasing rates.

Capital Replacement Fund (Depreciation)

Although tracked as part of the enterprise fund, this fund is used to fund replacement of infrastructure that has exceeded its expected life. The fund is recommended by DOH. Although the amount is not set in policy the PUD is striving for a 50% balance of depreciated capital value. Although the ultimate goal is 50% the intermediate goal is to achieve and maintain a 25% balance.

PUD Bond Fund

The Jefferson County Treasure maintains the PUD's Bond Fund. They have historically tracked the different many LUD Bonds separately. A listing of those funds and balances is recorded at enclosure 4 of this Budget.

LUD#1	Gardiner Water System	RUS Bond
LUD#3	South Hastings Loop Water System	RUS Bond
LUD#5	Ocean Grove LOSS	Revenue Bond
LUD#6	Triton Cove Water System	RUS Bond
LUD#8	Lazy-C Water System	RUS Bond
LUD#11	Shine Water System	Revenue Bond
LUD#13	Bywater Bay Water System extension	Revenue Bond
LUD#14	Marrowstone Island Water Line Extension	PWTF/ Revenue Bond
LUD#15	Beckett Point LOSS	PWTF/ Revenue Bond

The Bond Fund continues to be well funded. This is a result of past prudent management decisions, the maximizing fund of balances, and following recommendations from a variety of qualified professionals. In general the Bond Fund uses Revenue Bonds to finance projects, with the funding primarily coming from assessments against the participating properties.

CY2012 PUD Budget

General Fund Revenues/ Expenses

The PUD provides what are considered general governmental services authorized by state law, including the conservation of water and electrical resources (RCW 54). The PUD General Fund receives the greatest amount of its operating revenues from a property tax authorized in RCW 54.15.080. These funds are used to provide for the PUD non enterprise fund activities. The general goal of the PUD continues to be to lower the rate of property tax that the PUD takes in and eventually be completely free from this source of revenue. However, as a result of the PUD citizen approved authority to acquire electrical facilities and the PUD purchase of Peterson Lake the PUD Board of Commissioners have directed the Manager for the years of 2011, 2012 and 2013 to collect the highest amount available to the PUD Board of Commissioners.

This year the Board will dedicate approximately 170,000 of the tax dollars towards the purchase of Peterson Lake in keeping with their mission of conservation of the state's water resources. In general the balance of the tax revenues will be used to finance the acquisition of power.

A historical review of the PUD General Fund Collections for the past 20 years is shown in table 1. Breakdown of General Fund Expenses are shown in Exhibit 1 (enclosure 2) with the balance projections shown at Table 2.

Table 1 - Property Tax Levy Rate by the PUD

Taxing Rate of PUD -

<u>Year</u>	<u>PUDs % of Total Levy</u>	<u>PUD Levy Rate \$/ \$1000</u>	<u>Rate Change</u>	<u>Assessment Amount</u>
1981				102,500
1990	1.34	.15313	-----	
1991	1.25	.14688	-.0063	163,800
1992	1.29	.14250	-.0043	
1993	1.22	.14957	+.0070	201,850
1994	1.14	.14202	-.0075	
1995	1.15	.14538	+.0032	
1996	1.21	.14045	-.0049	
1997	1.24	.14435	+.0039	
1998	1.23	.14457	+.0002	
1999	1.22	.15229	+.0077	
2000	1.23	.15162	-.0057	355,500
2001	1.25	.15175	+.0013	372,500
2002	1.24	.14535	-.0064	379,950
2003	.99	.11405	-.0313	311,861
2004	.96	.10570	-.0830	
2005	.91	.09880	-.01515	310,000
2006	1.13	.10498	+.0062	391,650
2007	1.11	.10826	+.0048	410,000
2008	1.09	.08929	-.0190	422,000
2009	.92	.07275	-.01654	374,987
2010	.89	.07029	-.00246	379,500
2011	1.2	.10226	+.03107	554,378
2012				565,500

Table 2: General Fund Balance Analysis

	<u>Calendar Year</u>						
	2007	2008	2009	2010	2011	2012	2013
Operating							
Beginning Balance	\$799,784	\$764,993	\$741,291	\$741,291	\$466,291	366,291	366,291
Cash Flow	-\$34,791	-\$36,021	\$0	-805,000	-100,000		
Plus Interfund loan				\$500,000			
Ending Balance - including intra fund loan	\$764,993	\$741,291	\$741,291	\$436,291	366,291	366,291	366,291
Less: Min Operating 6 Month Target	\$200,000	\$200,000	\$200,000	\$150,000	50,000	50,000	50,000
Less: Cap Contingency. Targ.	\$200,000	\$200,000	\$200,000	\$100,000			
Less: 10% Loan Coverage for Lake	\$200,000	\$200,000	\$200,000	\$170,000	170,000	160,000	160,000
 Balance Available for Capital/Planning	 \$164,993	 \$141,291	 \$141,291	 \$516,291	 \$146,291	 \$156,291	 \$156,291
Plus: Other Funding Resources			\$100,000				
Less Projects Expenses							
Public Power			\$375,000	\$400,000			
MOS training							
Attorney fees - lawsuit tax			\$30,000	\$70,000	45,000	20,000	
Plus: Inter-fund transfer							
Ending Balance after policy and projects	\$164,993	\$141,291	-\$163,709	\$46,291	\$101,291	\$136,291	\$156,291

Utility Fund Revenues/ Expenses

The PUD's primary business continues to be water supply and distribution functions. The PUD Board's efforts to consolidate, update, and improve on water systems in Eastern Jefferson County continues to produce good results, with reductions in unaccounted for water, water conservation successes, replacement of older infrastructure, and extensions that loop or tie-up separate systems. Examples include acquisition and upgrade of the Moore Mobile Manor water lines, the upgrade of the water line hanging on the Indian Island Bridge, the installation of water line between Marrowstone and Indian Islands, and the upgrade of the Gardiner pump/treatment building.

The Budget this year reflects rate changes suggested and approved during past years budget/rate hearings. The rate changes came as a result of a rate study done four years ago by FSCC (check out PUD website – jeffpud.org).

After the past 14 years of acquiring, upgrading, and consolidating of water systems and the construction of several Large On-Site Septic Systems (LOSS), it would appear the PUD will have a period of slowed water/ sewer activities. Major projects seen in the near future will be the enlargement of the Sparling Treatment Plant and extension of the LUD#14 water line on Indian Island, effectively tying in Marrowstone Island from both the North and South ends. Longer term projects would be the total incorporation of the LUD#3 water system into the Quimper Water System.

Table 3 shows the PUD Utility Fund Analysis. Enclosure 1 is the PUD 2012 Budget Resolution; enclosure 2 contains the 2012 budget worksheet. The worksheet provides a detailed breakdown of revenues and costs projected for 2012, except for the Sparling well improvement, and the Marrowstone Island transmission line, which are reflected on Table 3.

Table 3: Enterprise Fund Balance Analysis

	<u>Calendar Year</u>						
Operating	2007	2008	2009	2010	2011	2012	2,013
Beginning Balance	\$1,007,227	\$1,400,000	\$956,381	\$2,200,000	\$1,641,000	\$1,468,948	\$1,468,194
Cash Flow	-\$140,222	\$32,325	\$1,143,619	-\$59,000	-172,052	-754	0
Ending Balance	\$867,005	\$1,432,325	\$2,200,000	\$2,141,000	\$1,468,948	\$1,468,194	\$1,468,194
Less: Inter-fund loan**				\$500,000			
less: Operating 90 Day Target	\$316,497	\$327,936	\$327,936	\$340,000	\$360,000	\$380,000	250,000
sick/vacation time balance		\$74,327	\$74,327	\$74,327	\$74,327	\$74,327	75,000
Less: Emergency Replacement Cont. Target	\$600,000	\$600,000	\$500,000	\$500,000	\$500,000	\$400,000	400,000
Less: Capital Replacement Fund (at 25% of depreciated)			\$832,173	\$907,173	\$982,173	\$1,182,173	\$1,307,173
Balance Available for Capital Improvemen	\$550,508	\$430,062	\$465,564	-\$180,500	-\$447,552	-\$568,306	-\$563,979
Plus: Other Capital Funding Resources							
LUD#14 Bond Fund						400,000	
County infrastructure grant			\$15,000		\$200,000	\$300,000	
DOH grant for OMV		\$156,000					
SRF loan -					\$1,400,000		
Total Capital Resources available		\$586,062	\$480,564	-\$180,500	-\$247,552	\$1,531,694	-\$563,979
Less: Capital Projects Scheduled							
Sparling well upgrade			\$15,000		\$300,000	\$1,600,000	
Indian Island transmission						400,000	
OMV upgrades		\$320,000					
Balance after Policies Met & Capital Proje	\$550,508	\$266,062	\$465,564	-\$180,500	-\$547,552	-\$468,306	-\$563,979
Total fixed assets -			26,223,913				
Depreciated assets			3,328,692	3,628,692	3,928,692	4,728,692	5,228,692

* note 2009 saw reimbursement of LUD14 & 15 interfund loans transfers

**note 2014 may see reimbursement of inter fund transfer of 500,000

Enclosures

PUBLIC UTILITY DISTRICT NO. 1
OF
JEFFERSON COUNTY, WASHINGTON

RESOLUTION NO. 2011-015

A RESOLUTION Adopting a Budget for the Calendar Year 2012

WHEREAS, in accordance with RCW 54.16.070 and RCW 84.52.020, the Board of Commissioners of Public Utility District No.1 of Jefferson County, Washington has prepared a budget for the projected financial transactions of the District for the calendar year 2012 and conducted a series of Public Hearings; and

WHEREAS, the Board of Commissioners of the District did approve a six year rate schedule on 21 November 2007, Resolution 2007-014; and

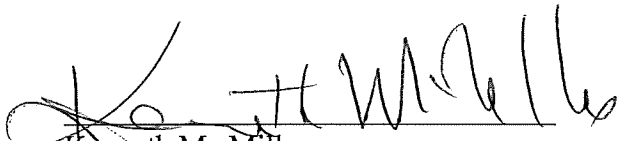
WHEREAS, the Board of Commissioners of the District did meet on Monday, October 3, 2011 and held a Public Hearing on the proposed 2012 budget starting at 5:00 p.m. in the District Office at 230 Chimacum Road, Port Hadlock, Washington; and


WHEREAS, the Public Hearing was continued and reconvened at the subsequent regularly scheduled PUD BOC meetings, as announced publicly by the Board of Commissioners; and

WHEREAS, the Public Hearing was continued and closed by the PUD Board of Commissioners on the 1ST of November 2011.

NOW, THEREFORE, BE IT RESOLVED that the Commission, after taking public testimony and consideration of all the evidence and information provided by the staff, hereby adopts the budget identified on attached Exhibit "A" and confirms the updated rate schedule identified on attached Exhibit "B".

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, at a regular open public meeting held this 1ST day of November 2011.


Kenneth Mc Millen
President


Barney Burke
Vice President

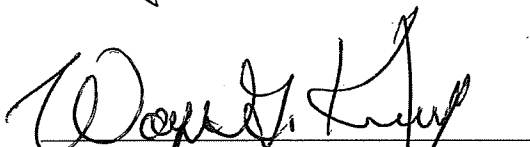

Wayne G. King
Secretary

EXHIBIT "A"

PUBLIC UTILITY DISTRICT NUMBER 1 OF JEFFERSON COUNTY

2012 BUDGET

INCOME SOURCES

1. Property Taxes	\$ 565,500
2. Timber Taxes	\$ 11,500
3. Water Rates	\$ 1,591,668
4. Water Hookups	\$ 21,600
5. Sewer Rates	\$ 64,008
6. _____	\$
7. Other Income	\$ 111,000
8. System Development Charges	\$ 34,100

TOTAL INCOME	\$ 2,399,376
--------------	--------------

EXPENSE CATEGORIES

1. Personnel & Benefits	\$ 850,469
2. General & Admin	\$ 256,300
3. Water Operations	\$ 332,193
4. Water Hookups	\$ 18,562
5. Sewer Operations	\$ 23,661
6. B&O Taxes	\$ 81,468
7. Programs	\$ 405,064
8. Debt Repayment – non bond fund	\$ 432,412
9. Capital Replacement/ construction	\$ (754)

TOTAL EXPENSES	\$ 2,399,376
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BREAKDOWN OF BUDGET COSTS BASED ON OPERATIONS REVENUE VERSUS TAX
REVENUE FOR CY 2012 BUDGET

INCOME SOURCES

1. Property Taxes	\$ 565,500
2. Timber Taxes	\$ 11,500
3. Water Rates	\$ 1,591,668
4. Water Hookups	\$ 21,600
5. Sewer Rates	\$ 64,008
6. -----	\$ -----
7. Other Income	\$ 111,000
8. System Development Charges	\$ 34,100

TOTAL INCOME	\$ 2,399,376
--------------	--------------

EXPENSE CATEGORIES

	TOTAL	OPERATIONAL	PUD TAX
1. Personnel & Benefits	\$ 850,469	\$ 850,469	\$ 000
2. General & Admin	\$ 256,300	\$ 256,300	\$ 000
3. Water Operations	\$ 332,193	\$ 332,193	\$ 000
4. Water Hookups	\$ 18,562	\$ 18,562	\$ 000
5. Sewer Operations	\$ 23,661	\$ 23,661	\$ 000
6. B & O Taxes	\$ 81,468	\$ 81,468	\$ 000
7. Programs	\$ 405,064	\$ 000	\$ 405,064
8. Debt Replacement	\$ 432,412	\$ 260,476	\$ 171,946
9. Capital Replacement	\$ (754)	\$ (754)	\$ 000
TOTAL EXPENSES	\$ 2,399,376	\$1,822,376	\$ 577,000

Derived From Resolution 2007-014;

EXHIBIT B

Public Utility District Number 1 of Jefferson County

2012 WATER AND SEWER RATES

	Quimper Water System	Group A Water Systems	Group B Water Systems		Sewer
RESIDENTIAL BASE FEE					
All Meters	\$21.25	\$17.50	\$20.00		\$26.00
Low Income	\$14.88	\$ 12.25	\$14.00		\$18.20
COMMERCIAL BASE FEE					
Meter Size					
3/4"	\$21.25	\$21.25	\$21.25		
1"	\$53.00	\$53.00	\$53.00		
1-1/2"	\$106.00	\$106.00	\$106.00		
2"	\$169.00	\$169.00	\$169.00		
3"	\$317.00	\$317.00	\$317.00		
4"	\$528.00	\$528.00	\$528.00		
6"	\$1,056.00	\$1,056.00	\$1,056.00		
8"	\$1,689.00	\$1,689.00	\$1,689.00		
CONSUMPTIVE RATES (per 100 gallons)					
	0 - 5,000	5,001-10,000	10,001 plus		
Residential	\$ 0.25	\$ 0.36	\$ 0.47		
Commercial	\$ 0.35	\$ 0.35	\$ 0.35		

Notes:

1. Quimper: Hadlock 37, Olympic Mobile Village, Marrowstone Island, Tri-Area
2. Group A: Lazy-C, Triton Cove, Bywater, Gardiner, Snow Creek, GCS, Quilcene, LUD#3
3. Group B: Skywater, Bishop, Mats View, VDC

As approved in resolution 2007-014

PUBLIC UTILITY DISTRICT NO. 1
OF
JEFFERSON COUNTY, WASHINGTON

RESOLUTION NO. 2011-014

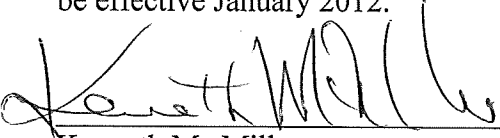
A RESOLUTION of the Board of Commissioners of Public Utility District No.1 of Jefferson County, Washington to increase their regular levy versus the District's prior year's levy amount, not including increases that would occur from new construction and increases in the states valued assessed properties.

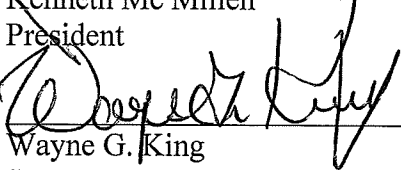
WHEREAS, the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington has properly given notice of the Public Hearing held on Monday, October 3, 2011 to consider the District's expense budget for the year 2012 pursuant to RCW 85.55.120; and

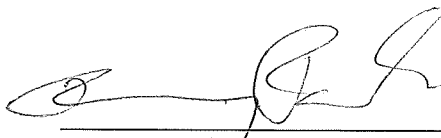
WHEREAS, the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the District does require an increase in property tax revenue from the previous year in excess of the increase resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of states assessed properties, in order to discharge the expected increased expenses and obligations of the District and in its best interest:

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington that the regular property tax levy limit, not including any increase resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increases in value of states assessed property, is hereby authorized for the 2012 tax levy in the amount of \$559,923.94 which is an increase of 1.00% (\$5,543.80) from the previous year's levy amount.

ADOPTED by the Board of Commissioners of Public Utility District No. 1 of Jefferson County, Washington on this 1st day of November, 2011 during a regular open meeting, to be effective January 2012.


Kenneth Mc Millen
President


Wayne G. King
Secretary


Barney Burke
Vice-President

password: password

INCOME SOURCES	Operating Funds		Actual May 2010 - Jun 2011
	Water/Sewer Budget 2012	General Fund Budget 2012	
1. Property Taxes (910)		\$565,500	554,378
2. Timber Taxes (832)		11,500	\$11,979
3. Water Sales (400.10)	\$1,591,668		\$1,563,910
4. Water Hookups (400.62)	\$21,600		\$19,600
5. Sewer Rates (400.20 & 400.30)	\$64,008		\$62,223
6.			
7. Other Income (814, 400.8, .5, .9, .3)	\$111,000		\$99,389
8. System Development Charges	\$34,100		\$22,800
TOTAL INCOME	\$1,822,376 76%	\$577,000 24%	\$2,334,279
EXPENSE CATEGORIES			
1. Personnel & Benefits (600)	\$850,469	\$0	\$750,460
2. General & Admin (700 - 760)	\$256,300	\$0	\$268,530
3. Water Operations	\$332,193		\$251,800
4. Water Hookups	\$18,562		
5. Sewer Operations	\$23,661		\$21,498
6. B&O Taxes (760)	\$81,468		\$78,950
7. Programs - power		\$405,064	\$419,900
8. Debt Repayment -non Bond/LUD	\$260,476	\$171,936	\$178,000
9. Capital Replacement/ construction	(\$754)		\$300,000
EXPENSE BY FUND			
General Fund related		\$577,000	
Enterprise Fund related	\$1,823,130		\$2,269,138
TOTAL EXPENSES	\$1,822,376	\$577,000	\$2,399,376

METERED WATER SALES (400.10)

System Name	# Conn	2011		2010-2011		2009-2010	2008-2009	2007-2008
		Average	Annual	July- Jun	July-June	July -June	July -June	July -June
		Mo Bill	Total					
1. Quimper Water Syste	2,489							1
South Hasting (LUD#3)		310	\$95,563	91,843	93,432	88,161	77,898.60	
Tri-area		1,930	\$1,254,550	1,241,704	1,303,281	1,232,163	1,017,817.36	
GCS		294						88,783.24
Marrowstone Island		265						
2. Gardiner (LUD#1)		133	\$35	\$55,965	\$54,368	57,925	53,474	40,530.55
3. Triton Cove (LUD#6)		61	\$22	\$16,088	\$15,355	15,026	15,441	12,773.69
Triton-Willaims Surch	61		\$8	\$5,856	####			\$6,000
4. Lazy-C (LUD#8)		121	\$23	\$33,366	\$31,913	31,818	32,145	28,735.00
Surcharge	139		\$6	\$10,700	####			\$10,700
Quilcene		26	\$33	\$13,887	\$13,574	13,497	9,964	9,005.38
5. Bywater Bay/Shine		217	\$32	\$83,645	\$81,040	85,045	79,135	68,577.98
Surcharge	17		\$50	\$9,000	####			\$12,000
6. Bishop/Mats Mats/Skywater		57	\$30	\$22,968	\$21,600	20,408	19,574	\$20,849
Vandecar/Valiani								
7. Snow Creek Ranch		39	\$21	\$10,836	\$9,900	10,471	9,284	\$7,856
Surcharge	43		14	\$7,224	8,100			\$7,560
8. SMA Contracts		2	\$400	\$4,800	\$650	1,200	2,100	\$4,640
TOTAL WATER SALES (400.10)	3,455		\$1,591,668	1,561,947	1,632,103	\$1,531,477	\$1,368,462	

WATER INSTALLATION INCOME DETAIL (400.60)

System Name	# Conn	Hookup		SDC	SDC's	
		Fee	Total			
				Fee	Total	
1. Gardiner		1	\$1,500	\$1,500	\$0	\$1,500
2. South Hastings	Normal	1	\$1,500	\$1,500	\$2,700	\$2,700
South Hastings	meter	2	\$200	\$400	\$0	\$0
3. Tri-area		8	\$1,500	\$12,000	\$2,000	\$16,000
4. Glen Cove So (new)		2	\$1,500	\$3,000	\$2,000	\$4,000
Glen Cove So (box)		1	\$200	\$200	\$2,000	\$2,000
5. Triton Cove		0	\$1,500	\$0	\$0	\$0
6. Lazy-C		0	\$1,500	\$0	\$0	\$0
7. Quilcene		1	\$1,500	\$1,500	\$2,000	\$2,000
8. Bywater Bay/Shine		1	\$1,500	\$1,500	\$7,400	\$7,400
9. Valiani/Eagle Ridge/Mats Mats		0	\$1,500	\$0	\$0	\$0
10. Snow Creek		0	\$1,500	\$0	\$3,800	\$0
11. Vandecar		0	\$1,500	\$0	\$0	\$0
TOTAL NEW CONNECTIONS	17					
Total Hookup Fees (400.62)			\$21,600			
Total SDC Fees (400.66)					\$34,100	

SEWER/ SEPTIC INCOME DETAIL

Monthly charg

26.00

System Name	# Conn	Average Mo Bill	Annual Total
1. Levine		5	\$26.00
2. Disco Ridge (dbr3)		37	\$26.00
3. Ocean Grove (lud5)		38	\$26.00
4. Shoenfeld		9	\$26.00
5. House & Rouse		3	\$55.00
6. Old Alcohol Plant		1	\$150.00
7. Mats View Terrace/cotton		8	\$26.00
8. Sqanamish View		4	\$26.00
9. South Point		3	\$26.00
10. Becket Point	88	80	\$26.00
11. Senior Seven		1	\$320.00

Septic System Totals (400.20)	189	\$63,708
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Septic System Hookups (400.25)	2 New connections @	\$150	\$300
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TOTAL SEWER CHARGES (400.20)	64,008
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TOTAL SEWER REVENUES	\$64,008
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OTHER INCOME DETAIL

1. Grants, loans	\$0
2. Water System Surcharges	\$28,000
3. Interest	\$20,000
Investments (814)	\$20,000
4. Misc	\$63,000
Fees/Charges (400.8, 400.5, 400.6)	\$60,000
Timber Sales & Other (838)	\$3,000
5.	
6. SDC'S (400.34)	\$34,100
TOTAL OTHER INCOME	\$145,100

ENCL 2

PERSONNEL COSTS (600)

G.F. UTILITY FUND
WATER SEPTIC

Commissioners	Salary	No. Units	# Comm	Total	
Regular Meetings	\$102	23	3	\$7,038	\$7,038
Extra Meetings	\$102	48	3	\$14,688	\$14,688
Monthly Salary	\$1,300	12	3	\$46,800	\$46,800
COMMISSIONERS TOTAL (610.10)				\$68,526	\$68,526

Employee	COLA	Wage 2011	Hours	Total	cy2011	
1. Manager (610.20)	1.000	\$47.60	2,080	\$99,354	\$99,000	99,354
2. Resource Man (620.1)	1.000	\$27.46	2,080	\$57,117		57,117
3. Admin Assit (620)	1.013	\$16.27	2,080	\$34,292		34,292
4. Acct (620) RJ	1.013	\$24.22	2,080	\$54,168	Add' 1.5/hr	54,168
5. Operator 1 Mike (620)	1.013	\$27.55	2,080	\$58,066		58,066
6. Operator 2	1.013	\$26.29	0	\$0		0
7. Operator 3 Doug	1.013	\$25.33	2,080	\$53,387		53,387
8. Operator 4 Jerry R	1.013	\$26.39	2,080	\$55,621		55,621
9. Operator 5 Eric	1.013	\$29.40	2,080	\$66,181	Add' 2/hr supervisor	66,181
10. Operator 6 Bob	1.013	\$24.68	2,080	\$52,017		52,017
11. Operator wastewater	1.013	\$26.00	0	\$0		0
12. Acct (620)	1.013	\$19.03	1,733	\$33,424		33,424
13. Overtime	1.013	\$45.00	350	\$15,959		15,959
EMPLOYEES TOTAL				\$579,586		\$0 \$579,586 \$0
PERSONNEL TOTAL (605)				\$648,112		\$0 \$648,112 \$0
Taxes and Benefits						
1. FICA (640)	0.0765		\$49,581 (7.65%)			\$0 \$49,581 \$0
2. L&I (640)	.2206 and 1.338		\$13,895 (estimate)			\$0 \$13,895 \$0
3. Employment Security (640)	0.0052		\$3,370 (estimate)			\$0 \$3,370 \$0
4. Medical & Dental (652)			\$93,013 (estimate)			\$0 \$87,025 \$5,988
5. Life Insurance (652)			\$479 (estimate)			\$0 \$479 \$0
6. Retirement (current)	7.25%	7.25%	\$42,020 (estimate)			\$0 \$40,020 \$2,000
TOTAL BENEFITS (650)			\$202,357			\$0 \$194,369 \$7,988
TOTAL PERSONNEL AND BENEFITS (600)				\$850,469		\$0 \$842,481 \$7,988

0%

Inflation rate: 1.013

GENERAL AND ADMINISTRATIVE EXPENSE (700) TOTAL	GENERAL FUND
EXPENSE	SUPPORTED

1. Rent	\$0
2. Telephone Services (772)	\$6,900
3. Office Expenses (copier) (710,715)	\$12,000
4. Postage (715)	\$1,000
5. Insurance - business (720)	\$36,000
6. Licenses, Permits, & Fees (735)	\$15,000
7. Dues & Subscriptions (725)	\$2,000
8. Professional Fees (740)	
Accounting (741)	\$40,000
Legal (743)	\$5,000
Minutes (950.200)	\$7,000
network - phone	\$16,000
9. Software Maintenance (746)	\$45,000
10. Travel (750)	\$2,500
11. Taxes (760)	\$81,468
12. Utilities (770)	\$3,500
13. State Auditor Office	\$10,000
14. Bld Maint (775)	\$3,000
15. Bank Charges (792 & 794)	\$4,400
16. Billing	\$23,000
17. Computer (746,192)	\$6,000
18. BOC Expenses (travel, meals) (940.200)	\$9,000
19. Other general (700)	\$1,000
20. Election Costs (747)	\$8,000

Misc office staff
5% of income
Water, power

cleaning, grounds, painting

replacement, maintenance
puda 7500

GROSS GEN & ADMIN EXPENSE (700) less:	256,300
DISTRICT TO OPERATIONAL	\$256,300

\$0

0%
100%

WATER OPERATIONS EXPENSE DETAIL (without personnel)

Direct costs and general water systems (less labor & benefits) prorated on direct labor

System Name	Direct Costs	G&A	B&O Taxes	Direct Labor Benefits	Admin Labor Benefits	System totals & depreciation
1. Gardiner	\$19,788	\$9,866	\$2,815	\$14,056	9,254	\$55,780
2. Quimper	\$210,516	\$95,216	\$63,104	\$263,055	173,186	\$805,076
3. Triton Cove	\$9,534	\$2,334	\$1,104	\$6,447	4,244	\$23,662
4. South Hastings	\$48,659	\$11,859	\$4,807	\$32,763	21,570	\$119,658
5. Lazy-C	\$8,429	\$1,492	\$2,217	\$12,788	8,419	\$33,345
6. Snow Creek Ranch	\$4,292	\$0	\$908	\$4,122	2,714	\$12,036
7.			\$0	\$0	0	\$0
8. Bywater/Shine	\$19,351	\$8,301	\$4,660	\$22,934	15,099	\$70,346
9. Quilcene	\$4,045	\$995	\$699	\$6,024	3,966	\$15,728
10. Small systems	\$7,581	\$2,181	\$1,155	\$2,748	3,966	\$17,630
			0			
Total Water Costs	\$332,193	\$132,243	\$81,468	\$364,937	\$242,418	\$1,153,260
LAB & BEN				\$364,937	\$242,418	\$607,356
TOTAL LESS LABOR & BENEFIT	\$332,193			\$0	\$0	\$545,905

NOTES:

Detail on summary worksheet.

WATER HOOKUP EXPENSE DETAILS (contractors and materials only)

System Name	# Conn	PUD Costs (Less lab)	PUD Lab	Contract Cost	Expense	B & O Taxes	Total Expense	Total Exp Less labor
1. LUD #1	1	\$421	\$200	\$700	\$1,321	\$28	\$1,349	\$1,149
2. LUD #3 (normal)	1	\$421	\$200	\$700	\$1,321	\$28	\$1,349	\$1,149
LUD #3 (DBR)	2	\$421	\$200	\$700	\$2,642	\$55	\$2,697	\$2,297
3. Tri-Area	8	\$421	\$200	\$700	\$10,568	\$221	\$10,789	\$9,189
4. Quilcene	1	\$421	\$200	\$700	\$1,321	\$28	\$1,349	\$1,149
5. Glen Cove So (new)	2	\$421	\$200	\$700	\$2,642	\$55	\$2,697	\$2,297
Glen Cove So (box)	1	\$180	\$45		\$225	\$5	\$230	\$185
6. Triton Cove (proj)	0	\$421	\$200	\$700	\$0	\$0	\$0	\$0
7. Lazy-C (proj)	0	\$421	\$200	\$700	\$0	\$0	\$0	\$0
8. Van DeCar	0	\$275	\$200	\$700	\$0	\$0	\$0	\$0
9. Snow Creek Ranch	0	\$421	\$200	\$700	\$0	\$0	\$0	\$0
10. Skywater	0	\$421	\$200	\$700	\$0	\$0	\$0	\$0
11. Bywater/Shine	1	\$421	\$200	\$700	\$1,321	\$28	\$1,349	\$1,149
TOTAL NEW CONNE	17		3,245		\$21,361	\$446	\$21,807	\$18,562

ENCL 2

SEWER OPERATIONS

	GEN & ADMIN	LABOR & POWER	BENEFITS	MILEAGE	MAINT	SHARE GENERAL	SEWER TAX	TOTAL
1. Levine	\$192			122	1,500	784	60	\$2,659
2. Old Alcohol Plant	\$178			61		726	69	\$1,034
3. LUD5	\$311	1000		122	1600	1,269	457	\$4,759
4. Squamish/House & F	\$189	400		184	1000	770	73	\$2,616
5. Schoenfelds	\$207	288		184	900	843	108	\$2,530
6. Becket Point	\$185	1800		490	2000	755	961	\$6,191
7. Mats View Terrace	\$203	900		122	800	829	69	\$2,923
8. DBRIII	\$308			122	2000	1,254	445	\$4,129
9. TOTAL	\$1,773	\$4,388		\$1,408	\$9,800	\$7,230	\$2,243	\$26,842
Less Counted elsewrt	1,773			1,408				\$3,181
TOTAL	\$0	\$4,388		\$0	\$9,800	\$7,230	\$2,243	\$23,661

GENERAL SYSTEM COSTS

1

DIR COSTS:

1 SYS OPER (WAGES):

MGMT & OFFICE

FIELD

2 SYS OPER (BENEFITS)

3 MOBILE PHONES 2,400

4 MATERIALS & TOOLS(505 & 506 10,000

5 DUES & SUBSCRIPTIONS

6 TRUCK INSURANCE (554)

property
repairs

7 TRUCK MAINTENANCE (558) 10,000

8 LICENSE & PERMITS

9 REPAIR 20,000

system repairs - leaks, pumps, valves

10 TRUCK GASOLINE (552) 22,000

11 TRAINING (545) 5,000

Field personnel certification

12 SCADA

13 NEW VEHICLE 30,000

Truck - Light duty

14 SYSTEM UPGRADES 40,000

Looping of lines - pump house upgrades -

TOTAL GENERAL SYSTEMS C 139,400

132,170 Water
7,230 Sewer

RATIO OF CONNI

PROJECTS & PROGRAMS EXPENSE DETAILS

General Fund Programs

1. Telecommunications - NOANET	\$4,000	annual cost to NOANet as active members
2. Community involvement/ education	\$1,500	fairs, education
3. PUD Power Authority	\$379,564	Contractors; Bond payments
4. Peterson Lake Legal	\$15,000	Legal expense
5. Peterson Lake Maintenance	\$3,000	Area police, protection
6. Peterson Lake Resource Management	\$2,000	Forest Plan and implementation

	\$405,064	
TOTAL PROGRAMS		\$405,064

Capital Project Loans - paid through rates not assessments

1. Snow Creek Ranch SRF Loan	\$10,960	150K@1% for 20 years
2. Lazy-C and Triton Cove PWTF loan repayment		paid off 2011
3. Sound View villa PWTF loan repayment	\$7,967	100K @ 5% for 20 years
4. Tri-area PWTF loan repayment - water tank	\$76,787	1.3 M@ 1%for 20 years
5. Tri-area RUS loan repayment - purchase	\$164,762	3 M @ 4.75 for 40 years
6. Sparling well upgrade - assume starts late part of year, first payment in 2013	\$0	.8 M @ 1% 20 years 42,000
7. Peterson Lake	171,936	

COLUMN TOTALS	\$171,936	\$260,476
TOTAL CAPITAL LOAN REPAYMENT		\$432,412
TOTAL CAPITAL EXPENSE	\$432,412	

	ALL SYSTE	LUD#1	QUIMPER	LUD#3	LAZY C	SNOW CREEK	TRITON COVE	BYWATER BAY	Small systems	QUILCENE
WATER BILLINGS:	1,619,648	55,965	1,254,550	95,563	44,066	18,060	21,944	92,645	22,968	13,887
Loan payments	283,476		241,549	0	15,000	10,960	8,000	7,967		
DIR COSTS:										
1 SYS OPER (WAGES)	\$285,272	10,982	205,512	25,596	9,991	3,220	5,037	17,917	2,147	4,706
2 SYS OPER (BENEFITS)	\$79,876	3,075	57,543	7,167	2,797	902	1,410	5,017	601	1,318
3 TELEMETRY (540)	\$3,200	400	1,300	1,000	0	500	0			
4 ELECTRICAL (507)	\$84,500	2,900	62,000	4,400	2,200	400	1,800	8,000	2,000	800
5 WATER (503)	\$23,000			23,000				0		
6 CHEMICALS (504)	\$24,850	0	23,000	0	0	500	0	350	500	500
7 TESTING (535)	\$13,200	400	7,000	300	400	900	900	700	1,600	1,000
12 REPAIRS	\$40,500	10,000	16,000	6,000	1,000	500	4,000	2,000	1,000	
13 PUB UTIL TAX	\$81,468	2,815	63,104	4,807	2,217	908	1,104	4,660	1,155	699
14 MISC. (MATERIALS)	\$10,850	1,000	6,000	2,100	200	0	500	0	300	750
15 GEN WATER SYS SHARE	\$132,170	5,088	95,216	11,859	4,629	1,492	2,334	8,301	2,181	995
TOTAL DIRECT COSTS	\$778,599	\$36,659	\$536,675	\$86,229	\$23,433	\$9,322	\$17,084	\$46,945	\$11,484	\$10,767
REV B/4 INDIR COSTS	\$841,049	\$19,306	\$717,875	\$9,334	\$20,633	\$8,738	\$4,860	\$45,700	\$11,484	\$3,120
REV AFTER DEBT	\$557,573	\$19,306	\$476,326	\$9,334	\$5,633	(\$2,222)	(\$3,140)	\$37,733	\$11,484	\$3,120
INDIRECT COSTS (1):										
16 GEN & ADMIN	\$256,300	9,866	184,640	22,997	8,976	2,893	4,525	16,098	4,228	4,228
17 OH LAB & BEN	\$240,401	9,254	173,186	21,570	8,419	2,714	4,244	15,099	3,966	3,966
TOT INDIRECT COSTS	\$500,870	\$19,120	\$357,826	\$44,566	\$17,395	\$5,607	\$8,770	\$31,197	\$8,194	\$8,194
TOTAL REVENUE	\$56,703	\$185	\$118,501	(\$35,232)	(\$11,763)	(\$7,829)	(\$11,910)	\$6,536	\$3,290	(\$5,075)
	\$291,770	\$9,788	\$194,516	\$42,659	\$7,429	\$3,792	\$5,534	\$17,351	\$6,581	\$4,045

NOTES: Assume workload is distributed by number of customers.

1. () = Negative amount

2. Distribution based on percentage of customers, no correction for age of system, distance, density, components

3. Note if you assume equal distribution of labor, misc, and general water share that the

ENC 2

Enclosure 3 (PUD Fund Status) to 2012 Budget

J E F F E R S O N C O U N T Y
MONTHLY FINANCIAL STATEMENT
10/31/2011

680-001-010 P U D NO 1 GENERAL

BEGINNING CASH BALANCE		627,581.97	
MISCELLANEOUS RECEIPTS	192,538.61		
TOTAL RECEIPTS		192,538.61	
WARRANTS REDEEMED	282,066.37		
REMITTANCES	96,709.62		
TOTAL DISBURSEMENTS		378,775.99	
ENDING CASH BALANCE		441,344.59	**
PRIOR WARRANTS OUTSTANDING		166,784.38	
WARRANTS ISSUED	125,629.65		
WARRANTS REDEEMED	282,066.37		
WARRANTS OUTSTANDING		10,347.66	
UNENCUMBERED CASH BALANCE		430,996.93	**
BEGINNING INVESTMENT BALANCE			
INVESTMENTS ACQUIRED	.00		
INVESTMENTS LIQUIDATED	.00		
ENDING INVESTMENT BALANCE		980,558.47	**

ENCL 3-1

J E F F E R S O N C O U N T Y
MONTHLY FINANCIAL STATEMENT
10/31/2011

680-001-015 PUD #1 - TAX REVENUE FUND

BEGINNING CASH BALANCE

442,244.72

TAX RECEIPTS 171,300.88
MISCELLANEOUS RECEIPTS 57.52
TOTAL RECEIPTS

171,358.40

REMITTANCES 15,000.00
TOTAL DISBURSEMENTS

15,000.00

ENDING CASH BALANCE

598,603.12 **

UNENCUMBERED CASH BALANCE

598,603.12 **

**Public Works Board****AMORTIZATION SCHEDULE**

Department of Community, Trade, and Economic Development
210 11th Ave. SW, Suite G2, P.O. Box 48319, Olympia, WA 98504-8319

Payment Schedule:

Year	Due	Principal	Interest	Payment
1	7/1/2000	0.00	2,882.43	2,882.43
2	7/1/2001	5,140.18	4,883.17	10,023.35
3	7/1/2002	5,140.19	4,626.17	9,766.36
4	7/1/2003	5,140.18	4,369.16	9,509.34
5	7/1/2004	5,140.19	4,112.14	9,252.33
6	7/1/2005	5,140.18	3,855.14	8,995.32
7	7/1/2006	5,140.19	3,598.13	8,738.32
8	7/1/2007	5,140.18	3,341.12	8,481.30
9	7/1/2008	5,140.18	3,084.11	8,224.29
10	7/1/2009	5,140.19	2,827.10	7,967.29
11	7/1/2010	5,140.18	2,570.10	7,710.28
12	7/1/2011	5,140.19	2,313.08	7,453.27
13	7/1/2012	5,140.18	2,056.07	7,196.25
14	7/1/2013	5,140.18	1,799.07	6,939.25
15	7/1/2014	5,140.19	1,542.05	6,682.24
16	7/1/2015	5,140.18	1,285.05	6,425.23
17	7/1/2016	5,140.19	1,028.03	6,168.22
18	7/1/2017	5,140.18	771.03	5,911.21
19	7/1/2018	5,140.19	514.02	5,654.21
20	7/1/2019	5,140.18	257.01	5,397.19
Total		\$97,663.50	\$51,714.18	\$149,377.68

Client:	Jefferson County PUD 1
Loan Number:	PW-99-691-ELP-301
Project Description:	Sound View Villa Emergency Loan
Initial Loan Amount:	\$108,515.00
Initial Local Match:	\$0.00
Initial Match %:	0.00%
Initial Interest Rate:	5.00%
Date Loan was Authorized:	6/30/1999
Loan Amount at Closing:	\$108,515.00
Local Match at Closing:	\$0.00
Match % at Closing:	0.00%
Interest Rate at Closing:	5.00%
Closing Date:	9/30/2000
Loan Type:	Emergency Loan
Loan Term (Years):	20
Years Principal is Initially Deferred:	1

History:	Date	Draw	Extra Payment*	Principal	Interest	Late Fee	Balance
						Opening balance:	0.00
	11/16/1999	16,277.25	0.00	0.00	0.00	0.00	16,277.25
	12/1/1999	81,386.25	0.00	0.00	0.00	0.00	97,663.50
	6/13/2000	0.00	0.00	0.00	2,882.43	0.00	97,663.50
	6/11/2001	0.00	0.00	5,140.19	4,883.17	0.00	92,523.31
	6/10/2002	0.00	0.00	5,140.19	4,626.17	0.00	87,383.12
	6/6/2003	0.00	0.00	5,140.19	4,369.15	0.00	82,242.93
	6/21/2004	0.00	0.00	5,140.19	4,112.15	0.00	77,102.74
	6/6/2005	0.00	0.00	5,140.19	3,855.14	0.00	71,962.55
	6/9/2006	0.00	0.00	5,140.19	3,598.13	0.00	66,822.36
	6/8/2007	0.00	0.00	5,140.19	3,341.12	0.00	61,682.17
	7/1/2008	0.00	0.00	5,140.14	3,084.11	0.00	56,542.03
	7/1/2009	0.00	0.00	5,140.19	2,827.10	0.00	51,401.84
	7/1/2010	0.00	0.00	5,140.18	2,570.09	0.00	46,261.66
	Total:	\$97,663.50	\$0.00	\$51,401.84	\$40,148.76	\$0.00	

* Includes forgiveness of principal amount

Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and may not exactly match the actual values invoiced.

**Public Works Board****AMORTIZATION SCHEDULE**

Department of Community, Trade, and Economic Development
210 11th Ave. SW, Suite G2, P.O. Box 48319, Olympia, WA 98504-8319

Payment Schedule:

Year	Due	Principal	Interest	Payment
1	7/1/2002	69,806.98	7,944.42	77,751.40
2	7/1/2003	69,806.98	11,169.12	80,976.10
3	7/1/2004	69,806.99	10,471.05	80,278.04
4	7/1/2005	69,806.98	9,772.97	79,579.95
5	7/1/2006	69,806.98	9,074.91	78,881.89
6	7/1/2007	69,806.98	8,376.84	78,183.82
7	7/1/2008	69,806.98	7,678.77	77,485.75
8	7/1/2009	69,806.98	6,980.70	76,787.68
9	7/1/2010	69,806.99	6,282.62	76,089.61
10	7/1/2011	69,806.98	5,584.56	75,391.54
11	7/1/2012	69,806.98	4,886.49	74,693.47
12	7/1/2013	69,806.98	4,188.42	73,995.40
13	7/1/2014	69,806.98	3,490.35	73,297.33
14	7/1/2015	69,806.98	2,792.28	72,599.26
15	7/1/2016	69,806.99	2,094.21	71,901.20
16	7/1/2017	69,806.98	1,396.14	71,203.12
17	7/1/2018	69,806.98	698.07	70,505.05
Total		\$1,186,718.69	\$102,881.92	\$1,289,600.61

Client:	Jefferson County PUD 1
Loan Number:	PW-02-691-066
Project Description:	Transfer From City of Port Townsend
Initial Loan Amount:	\$1,186,718.69
Initial Local Match:	\$0.00
Initial Match %:	0.00%
Initial Interest Rate:	1.00%
Date Loan was Authorized:	6/30/2001
Loan Amount at Closing:	\$1,186,718.69
Local Match at Closing:	\$0.00
Match % at Closing:	0.00%
Interest Rate at Closing:	1.00%
Closing Date:	9/18/2002
Loan Type:	Construction
Loan Term (Years):	17

History:	Date	Draw	Extra Payment*	Principal	Interest	Late Fee	Balance
	10/31/2001	1,186,718.69	0.00	0.00	0.00	Opening balance:	0.00
	10/9/2002	0.00	0.00	69,806.98	7,911.46	0.00	1,186,718.69
	6/6/2003	0.00	0.00	69,806.98	11,169.12	0.00	1,116,911.71
	6/21/2004	0.00	0.00	69,806.98	10,471.05	0.00	1,047,104.73
	6/6/2005	0.00	0.00	69,806.98	9,772.98	0.00	977,297.75
	6/9/2006	0.00	0.00	69,806.98	9,074.91	0.00	907,490.77
	6/8/2007	0.00	0.00	69,806.98	8,376.84	0.00	837,683.79
	7/1/2008	0.00	0.00	69,806.99	7,678.77	0.00	767,876.81
	7/1/2009	0.00	0.00	69,806.98	6,980.70	0.00	698,069.82
	7/1/2010	0.00	0.00	69,806.99	6,282.63	0.00	628,262.84
	Total:	\$1,186,718.69	\$0.00	\$628,262.84	\$77,718.46	\$0.00	558,455.85

* Includes forgiveness of principal amount

Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and may not exactly match the actual values invoiced.

**Public Works Board****AMORTIZATION SCHEDULE**

Department of Community, Trade, and Economic Development
210 11th Ave. SW, Suite G2, P.O. Box 48319, Olympia, WA 98504-8319

Payment Schedule:

Year	Due	Principal	Interest	Payment
1	7/1/2006	0.00	0.00	0.00
2	7/1/2007	34,960.36	167.38	35,127.74
3	7/1/2008	50,775.76	4,318.75	55,094.51
4	7/1/2009	50,775.75	4,315.94	55,091.69
5	7/1/2010	50,775.76	4,062.06	54,837.82
6	7/1/2011	50,775.76	3,808.18	54,583.94
7	7/1/2012	50,775.76	3,554.30	54,330.06
8	7/1/2013	50,775.76	3,300.43	54,076.19
9	7/1/2014	50,775.75	3,046.54	53,822.29
10	7/1/2015	50,775.76	2,792.67	53,568.43
11	7/1/2016	50,775.76	2,538.79	53,314.55
12	7/1/2017	50,775.76	2,284.91	53,060.67
13	7/1/2018	50,775.75	2,031.03	52,806.78
14	7/1/2019	50,775.76	1,777.15	52,552.91
15	7/1/2020	50,775.76	1,523.27	52,299.03
16	7/1/2021	50,775.76	1,269.40	52,045.16
17	7/1/2022	50,775.76	1,015.51	51,791.27
18	7/1/2023	50,775.75	761.64	51,537.39
19	7/1/2024	50,775.76	507.75	51,283.51
20	7/1/2025	50,775.76	253.88	51,029.64
Total		\$948,924.00	\$43,329.58	\$992,253.58

Client:	Jefferson County PUD 1
Loan Number:	PW-05-691-024
Project Description:	Beckett Point Large on-Site Sewage System (Loss)
Initial Loan Amount:	\$948,924.00
Initial Local Match:	\$724,317.00
Initial Match %:	76.33%
Initial Interest Rate:	0.50%
Date Loan was Authorized:	5/2/2005
Loan Amount at Closing:	\$948,924.00
Local Match at Closing:	\$1,600,000.00
Match % at Closing:	168.61%
Interest Rate at Closing:	0.50%
Closing Date:	5/11/2008
Loan Type:	Construction
Loan Term (Years):	20
Years Principal is Initially Deferred:	1

History:	Date	Draw	Extra Payment*	Principal	Interest	Late Fee	Balance
	5/25/2007	189,784.80	0.00	0.00	0.00	Opening balance:	0.00
	6/8/2007	0.00	0.00	9,988.67	94.89	0.00	189,784.80
	6/20/2007	474,462.00	0.00	0.00	0.00	0.00	179,796.13
	7/9/2007	0.00	0.00	34,960.35	167.37	0.00	654,258.13
	7/11/2007	0.00	0.00	-9,988.67	-94.89	0.00	619,297.78
	7/16/2007	0.00	0.00	0.00	0.00	0.00	629,286.45
	7/20/2007	237,231.00	0.00	0.00	0.00	0.00	629,286.45
	4/17/2008	47,446.20	0.00	0.00	0.00	0.00	866,517.45
	7/1/2008	0.00	0.00	50,775.77	4,318.75	0.00	913,963.65
	7/1/2009	0.00	0.00	50,775.75	4,315.94	0.00	863,187.88
	7/1/2010	0.00	0.00	50,775.76	4,062.06	0.00	812,412.13
Total:		\$948,924.00	\$0.00	\$187,287.63	\$12,864.12	\$0.00	761,636.37

* Includes forgiveness of principal amount

Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and may not exactly match the actual values invoiced.

**Public Works Board****AMORTIZATION SCHEDULE**

Department of Community, Trade, and Economic Development
210 11th Ave. SW, Suite G2, P.O. Box 48319, Olympia, WA 98504-8319

Payment Schedule:

Year	Due	Principal	Interest	Payment
1	7/1/2006	0.00	0.00	0.00
2	7/1/2007	47,368.42	1,258.33	48,626.75
3	7/1/2008	102,923.98	6,242.33	109,166.31
4	7/1/2009	108,806.33	8,961.04	117,767.37
5	7/1/2010	108,806.33	8,704.50	117,510.83
6	7/1/2011	108,806.33	8,160.48	116,966.81
7	7/1/2012	108,806.33	7,616.44	116,422.77
8	7/1/2013	108,806.33	7,072.41	115,878.74
9	7/1/2014	108,806.32	6,528.38	115,334.70
10	7/1/2015	108,806.33	5,984.35	114,790.68
11	7/1/2016	108,806.33	5,440.32	114,246.65
12	7/1/2017	108,806.33	4,896.28	113,702.61
13	7/1/2018	108,806.33	4,352.25	113,158.58
14	7/1/2019	108,806.33	3,808.23	112,614.56
15	7/1/2020	108,806.33	3,264.19	112,070.52
16	7/1/2021	108,806.33	2,720.15	111,526.48
17	7/1/2022	108,806.33	2,176.13	110,982.46
18	7/1/2023	108,806.33	1,632.10	110,438.43
19	7/1/2024	108,806.33	1,088.06	109,894.39
20	7/1/2025	108,806.33	544.03	109,350.36
Total		\$2,000,000.00	\$90,450.00	\$2,090,450.00

Client:	Jefferson County PUD 1
Loan Number:	PW-05-691-025
Project Description:	Marrowstone Island Water System
Initial Loan Amount:	\$2,000,000.00
Initial Local Match:	\$2,474,350.00
Initial Match %:	123.72%
Initial Interest Rate:	0.50%
Date Loan was Authorized:	5/2/2005
Loan Amount at Closing:	\$2,000,000.00
Local Match at Closing:	\$2,498,379.00
Match % at Closing:	124.92%
Interest Rate at Closing:	0.50%
Closing Date:	2/25/2009
Loan Type:	Construction
Loan Term (Years):	20
Years Principal is Initially Deferred:	1

History:	Date	Draw	Extra Payment*	Principal	Interest	Late Fee	Balance
						Opening balance:	0.00
	11/17/2006	400,000.00	0.00	0.00	0.00	0.00	400,000.00
	6/22/2007	0.00	0.00	21,052.63	1,244.44	0.00	378,947.37
	6/29/2007	500,000.00	0.00	0.00	0.00	0.00	878,947.37
	7/20/2007	0.00	0.00	26,315.79	13.89	0.00	852,631.58
	11/30/2007	500,000.00	0.00	0.00	0.00	0.00	1,352,631.58
	4/17/2008	500,000.00	0.00	0.00	0.00	0.00	1,852,631.58
	7/1/2008	0.00	0.00	102,923.98	6,242.32	0.00	1,749,707.60
	1/28/2009	100,000.00	0.00	0.00	0.00	0.00	1,849,707.60
	7/1/2009	0.00	0.00	108,806.33	8,961.04	0.00	1,740,901.27
	7/1/2010	0.00	0.00	108,806.33	8,704.51	0.00	1,632,094.94
Total:		\$2,000,000.00	\$0.00	\$367,905.06	\$25,166.20	\$0.00	

* Includes forgiveness of principal amount

Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and may not exactly match the actual values invoiced.

ENCL 1 - PG 4

**Public Works Board****AMORTIZATION SCHEDULE**

Department of Community, Trade, and Economic Development
210 11th Ave. SW, Suite G2, P.O. Box 48319, Olympia, WA 98504-8319

Payment Schedule:

Year	Due	Principal	Interest	Payment
1	10/1/2001	0.00	0.00	0.00
2	10/1/2002	0.00	0.00	0.00
3	10/1/2003	8,271.99	2,095.57	10,367.56
4	10/1/2004	8,271.99	3,722.40	11,994.39
5	10/1/2005	8,271.99	3,515.59	11,787.58
6	10/1/2006	8,271.99	3,308.80	11,580.79
7	10/1/2007	8,272.00	3,102.00	11,374.00
8	10/1/2008	8,271.99	2,895.19	11,167.18
9	10/1/2009	8,271.99	2,688.40	10,960.39
10	10/1/2010	8,271.99	2,481.60	10,753.59
11	10/1/2011	8,271.99	2,274.80	10,546.79
12	10/1/2012	8,271.99	2,067.99	10,339.98
13	10/1/2013	8,271.99	1,861.20	10,133.19
14	10/1/2014	8,271.99	1,654.40	9,926.39
15	10/1/2015	8,271.99	1,447.60	9,719.59
16	10/1/2016	8,271.99	1,240.80	9,512.79
17	10/1/2017	8,272.00	1,034.00	9,306.00
18	10/1/2018	8,271.99	827.19	9,099.18
19	10/1/2019	8,271.99	620.40	8,892.39
20	10/1/2020	8,271.99	413.60	8,685.59
21	10/1/2021	8,271.99	206.80	8,478.79
Total		\$157,167.83	\$37,458.33	\$194,626.16

Client:	Jefferson County PUD 1
Loan Number:	00-65120-008
Project Description:	Snow Creek Ranch Water System Improvements
Initial Loan Amount:	\$168,300.00
Initial Local Match:	\$0.00
Initial Match %:	0.00%
Initial Interest Rate:	2.50%
Date Loan was Authorized:	10/1/2000
Loan Amount at Closing:	\$168,300.00
Local Match at Closing:	\$0.00
Match % at Closing:	0.00%
Interest Rate at Closing:	2.50%
Closing Date:	9/19/2004
Loan Type:	DWSRF
Loan Term (Years):	21
Years Principal is Initially Deferred:	2

History:	Date	Draw	Extra Payment*	Principal	Interest	Late Fee	Balance
						Opening balance:	0.00
	3/19/2003	157,167.83	0.00	0.00	0.00		157,167.83
	9/24/2003	0.00	0.00	8,271.99	2,095.57	0.00	148,895.84
	9/20/2004	0.00	0.00	8,271.99	3,722.40	0.00	140,623.85
	9/12/2005	0.00	0.00	8,271.99	3,515.60	0.00	132,351.86
	9/11/2006	0.00	0.00	8,271.99	3,308.79	0.00	124,079.87
	9/24/2007	0.00	0.00	0.00	0.00	0.00	124,079.87
	10/1/2007	0.00	0.00	8,272.00	3,102.00	0.00	115,807.87
	10/1/2008	0.00	0.00	8,271.99	2,895.20	0.00	107,535.88
	10/1/2009	0.00	0.00	8,271.99	2,688.40	0.00	99,263.89
	10/1/2010	0.00	0.00	8,271.99	2,481.60	0.00	90,991.90
	Total:	\$157,167.83	\$0.00	\$66,175.93	\$23,809.56	\$0.00	

* Includes forgiveness of principal amount

Loan calculations are based on a 360-day year of twelve 30-day months. All values are approximate and may not exactly match the actual values invoiced.

Enclosure 6 (Capital Projects) PUD 2012 Budget

Capital Projects for 2012.

Capital Projects closing out 2011:

- a. Sparling well upgrade. Engineering and permits are being completed this year, with construction to be completed in 2012. Will provide 600-1200 gpm of treated water.
- b. On-going efforts to extend the water line from Marrowstone Island to the portage canal bridge should result in construction in 2012. Permits are now in hand and Bid documents are being drafted.
- c. Water line extension to replace the Sahara Water System. After almost 20 years this project has been completed. Costs of the project were generally born by the participants. The PUD did invest some funds, which it will recoup through connections charges.
- d. SCADA upgrades. The PUD hopes to finish up its on going SCADA project. Completion has been waiting for OPSCAN providing space on the Maynor communication tower. Regardless of final approval the Board has directed completion of this project by year end.

Capital Projects anticipated in 2013:

- a. The major project schedule for 2012 will be the increased treatment capacity at the Sparling site. This could cost as much as 1,800,000 dollars. The PUD obtained a loan of 1.6 million to complete the work of which as much as .8 M will be loan forgiveness. Additionally up to 200,000 dollars will be a grant from the County Infrastructure Fund. This project will provide the PUD with the water needs to meet the next 20 to 30 years of growth under current projections, and will allow for the consolidation of LUD#3 into the Quimper Water System. It will also set the stage to phase out the existing Sparling Treatment Plant.
- b. The installation of approximately 9,000 LF of transmission water line on Indian Island will complete the LUD#14 project. It will allow the PUD to provide water to the island independently from the Indian Island Water System, owned by the US Navy. This project will be paid out of the LUD#14 Bond Fund.
- c. Other planned projects are:
 - a. Shine – bring emergency well on line. This improvement will only be available given emergency situations due to water rights.

- b. Engineering for a looping project from Snagstead area to the LUD#3 water system. This would allow for better utilization of regional storage and supplies.
- c. County is working on the Tri-Area UGA sewer system. The PUD potentially will be the operator/ manager of such a system. No costs are projected yet; however, the PUD needs to plan accordingly.
- d. PUD is in negotiations with the US Navy over the acquisition of their water system. The terms have yet to be worked out.
- e. Dosewallips State Park Large On-site Sewer System. The State Parks in attempting to build a large sewer system to service not only the Park but also the Brinnon area. The PUD could end up owning and operating the system.