



King County Water District No. 90

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August 15, 2011

Operating Board
c/o Terri Gregg @ terri.gregg@seattle.gov
Wholesale Contracts Manager
Seattle Public Utilities
PO Box 34018
Seattle, WA 98124-4018

Re: Financial Information

Dear Board Members:

At the July Board Meeting, I raised the issue of the lack of timely financial information provided on the Water System. I believe that an operation the size of the Water System, with revenue and expenses of \$60 million annually, should regularly prepare an annual budget and timely quarterly financial information to enable water purchasers (i.e. Contract Holders) to better understand ongoing trends and plan their own operations. Under the current approach, information on a year's finances is not provided until five to six months following the close of a year. This approach has led, *inter alia*, to the collective surprise about the most recent rate increases.

I request that a subcommittee immediately be established to develop budget and quarterly reporting formats and assess the timeline and costs for implementation, with a directive to complete its work by the end of 2011. Obviously, there will be some additional expense for this, but I believe it is better to know when a cliff is near than to discover it after falling off. As a possible blueprint, attached is a copy of Water District 90's regular monthly report. This information is provided within 21 days of the end of a month.

Additionally, there was a recently completed expense analysis. I request that the analysis be redone to include the subsequently discovered \$2 million in additional expenses.

Thank you for your consideration of our request for quarterly reports as set forth above.

Sincerely,

A handwritten signature in blue ink, reading "Byron D. Murgatroyd". The signature is fluid and cursive, with the first name being the most prominent.

Byron D. Murgatroyd
Commissioner
King County Water District No. 90

Cc: Operating Board email list

King County Water District 90 Profit & Loss Budget vs. Actual

July 2011

	July 2011				Jan - Jul 11				Annual Budget			
	July 11	July Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Jan - Jul Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Annual Budget	\$ Over Budget	% of Budget
A-Water Sales												
4000.00 · Residential Base Rates	165,875	167,870	(1,995)	99%	938,219	943,002	(4,783)	99%	938,219	1,723,780	(785,561)	54%
4002.00 · Commercial Base Rates	4,518	4,518	0	100%	23,823	23,823	0	100%	23,823	43,128	(19,305)	55%
4005.00 · Irrigation Base Rates	5,134	5,171	(37)	99%	19,743	20,725	(982)	95%	19,743	36,638	(16,895)	54%
4005.50 · Fire Base Rates	981	981	0	100%	4,696	4,695	1	100%	4,696	8,410	(3,714)	56%
4006.00 · Leak Adjustments	(831)	(935)	104	89%	(3,390)	(6,425)	3,035	53%	(3,390)	(11,000)	7,610	31%
4007.00 · Residential Consump	157,211	155,921	1,290	101%	503,744	483,930	19,814	104%	503,744	1,062,632	(558,888)	47%
4008.00 · Commercial Consump	14,037	14,794	(757)	95%	61,174	63,149	(1,975)	97%	61,174	146,220	(85,046)	42%
4009.00 · Irrigation Consumption	8,029	12,444	(4,415)	65%	10,539	20,371	(9,832)	52%	10,539	54,885	(44,346)	19%
4009.50 · Fire Consumption	4	0	4	100%	5	0	5	100%	5	1	4	500%
4010.00 · Bulk Water Consumption	0	125	(125)	0%	759	875	(116)	87%	759	1,500	(741)	51%
4030.00 · Water Purchases	(43,252)	(128,781)	85,529	34%	(352,022)	(362,949)	10,927	97%	(352,022)	(717,224)	365,202	49%
4035.00 · Excise Tax	(17,501)	(17,619)	118	99%	(78,889)	(77,535)	(1,354)	102%	(78,889)	(152,884)	73,995	52%
Total A-Water Sales	294,205	214,489	79,716	137%	1,128,401	1,113,661	14,740	101%	1,128,401	2,196,086	(1,067,685)	51%
B-Other Service Income												
4210.00 · Late Charges	2,905	2,700	205	108%	18,776	18,650	126	101%	18,776	32,000	(13,224)	59%
4215.00 · Service Charges	1,655	1,590	65	104%	10,314	11,080	(766)	93%	10,314	19,000	(8,686)	54%
4220.00 · Lock-offs	645	420	225	154%	5,794	2,915	2,879	199%	5,794	5,000	794	116%
4230.00 · Inspection Services	400	420	(20)	95%	2,793	2,915	(122)	96%	2,793	5,000	(2,207)	56%
4240.00 · Radio Tower Lease	3,400	3,400	0	100%	23,800	23,800	0	100%	23,800	40,800	(17,000)	58%
4250.00 · Street Lights	12,416	12,475	(59)	100%	49,275	49,362	(87)	100%	49,275	86,250	(36,975)	57%
4260.00 · Water Availability	1,500	1,500	0	100%	8,925	10,000	(1,075)	89%	8,925	17,125	(8,200)	52%
4270.00 · Other Misc Income	422	450	(28)	94%	841	3,150	(2,309)	27%	841	5,400	(4,559)	16%
Total B-Other Service Income	23,343	22,955	388	102%	120,518	121,872	(1,354)	99%	120,518	210,575	(90,057)	57%
C-Interest Income												
4410.00 · Checking Account Int	0	3	(3)	0%	12	16	(4)	75%	12	28	(16)	43%
4420.00 · Maintenance Fund Int	561	835	(274)	67%	3,789	5,010	(1,221)	76%	3,789	10,010	(6,221)	38%
Total C-Interest Income	561	838	(277)	67%	3,801	5,026	(1,225)	76%	3,801	10,038	(6,237)	38%
D - Meter Revenue												
Total D - Meter Revenue	6,300	6,600	(300)	95%	30,000	45,800	(15,800)	66%	30,000	78,500	(48,500)	38%
Total Income	324,409	244,882	79,527	132%	1,282,720	1,286,359	(3,639)	100%	1,282,720	2,495,199	(1,212,479)	51%

King County Water District 90 Profit & Loss Budget vs. Actual

July 2011

Expense	July 11				Jan - Jul 11				Jan - Jul 11			
	July 11	July Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Jan - Jul Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Annual Budget	\$ Over Budget	% of Budget
A-Wages												
Total 5010.00 · Mngmnt Wages	32,110	21,354	10,756	150%	160,364	149,515	10,849	107%	160,364	256,285	(95,921)	63%
Total 5020.00 · Field Wages	29,742	33,585	(3,843)	89%	206,480	212,676	(6,196)	97%	206,480	363,220	(156,740)	57%
Total 5030.00 · Offices Wages	7,992	8,905	(913)	90%	57,745	62,335	(4,590)	93%	57,745	107,604	(49,859)	54%
Total 5040.00 · Comm Wages	5,928	2,496	3,432	238%	16,224	17,472	(1,248)	93%	16,224	29,952	(13,728)	54%
5050.00 · Overtime	2,004	1,680	324	119%	3,443	10,650	(7,207)	32%	3,443	18,200	(14,757)	19%
5060.00 · Standby	1,736	1,700	36	102%	11,729	11,640	89	101%	11,729	20,200	(8,471)	58%
5090.00 · Wages to Projects	(605)	(420)	(185)	144%	(3,311)	(2,915)	(396)	114%	(3,311)	(5,000)	1,689	66%
Total A-Wages	78,907	69,300	9,607	114%	452,674	461,373	(8,699)	98%	452,674	790,461	(337,787)	57%
B-Employee Benefits												
5100.00 · Payroll Taxes	6,982	6,150	832	114%	40,912	42,050	(1,138)	97%	40,912	72,470	(31,558)	56%
5105.00 · Unemployment	238	1,020	(782)	23%	6,523	10,070	(3,547)	65%	6,523	11,482	(4,959)	57%
5110.00 · Employee Retirement	5,017	5,010	7	100%	24,146	23,490	656	103%	24,146	49,000	(24,854)	49%
5120.00 · Medical Insurance	11,137	10,940	197	102%	75,189	76,580	(1,391)	98%	75,189	131,278	(56,089)	57%
5120.50 · Comm Health Insurance	1,025	1,025	0	100%	7,176	7,175	1	100%	7,176	12,300	(5,124)	58%
5130.00 · License, Certs, Endorse	25	80	(55)	31%	137	730	(593)	19%	137	1,300	(1,163)	11%
5140.00 · Uniforms	0	315	(315)	0%	1,818	2,205	(387)	82%	1,818	3,800	(1,982)	48%
Total B-Employee Benefits	24,424	24,540	(116)	100%	155,901	162,300	(6,399)	96%	155,901	281,630	(125,729)	55%
C-Maint of Water System												
6000.00 · Main Maintenance	4,048	4,200	(152)	96%	8,624	29,150	(20,526)	30%	8,624	50,000	(41,376)	17%
6010.00 · New Meter Installation	1,375	3,850	(2,475)	36%	12,615	26,850	(14,235)	47%	12,615	46,000	(33,385)	27%
6020.00 · Pump Equipment Maint	58	1,250	(1,192)	5%	6,012	8,750	(2,738)	69%	6,012	15,000	(8,988)	40%
6030.00 · Service Maintenance	2,844	1,675	1,169	170%	13,790	11,650	2,140	118%	13,790	20,000	(6,210)	69%
6040.00 · Tank Maintenance	0	250	(250)	0%	0	1,750	(1,750)	0%	0	3,000	(3,000)	0%
6050.00 · Telemetry System	5,736	1,500	4,236	382%	15,221	10,500	4,721	145%	15,221	18,000	(2,779)	85%
6060.00 · Telemetry -Phone Chgs	656	610	46	108%	4,828	4,260	568	113%	4,828	7,300	(2,472)	66%
6080.00 · Meter Maintenance	1,994	210	1,784	950%	2,088	1,460	628	143%	2,088	2,500	(412)	84%
Total C-Maint of Water System	16,711	13,545	3,166	123%	63,178	94,370	(31,192)	67%	63,178	161,800	(98,622)	39%

King County Water District 90 Profit & Loss Budget vs. Actual

July 2011

	July 11				Jan - Jul 11				Jan - Jul 11			
	July 11	Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Jan - Jul Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Annual Budget	\$ Over Budget	% of Budget
W - Water Production Well/Trm												
6100.00 · Building Supplies	0	40	(40)	0%	0	280	(280)	0%	0	480	(480)	0%
6110.00 · Chemicals	2,297	1,665	632	138%	8,223	11,675	(3,452)	70%	8,223	20,000	(11,777)	41%
6130.00 · Lab Supplies	0	50	(50)	0%	6	350	(344)	2%	6	600	(594)	1%
6140.00 · Maintenance (Plant/Bldg)	0	150	(150)	0%	0	1,050	(1,050)	0%	0	1,800	(1,800)	0%
6150.00 · Parts/Equipment R&M	817	2,000	(1,183)	41%	1,462	14,000	(12,538)	10%	1,462	24,000	(22,538)	6%
6160.00 · Permits	0	0	0	0%	0	0	0	0%	0	180	(180)	0%
6170.00 · Phone/Alarm	55	255	(200)	22%	3,559	2,935	624	121%	3,559	4,210	(651)	85%
6180.00 · Puget Power (Electricity)	5,242	5,675	(433)	92%	26,380	39,725	(13,345)	66%	26,380	68,100	(41,720)	39%
6190.00 · Sludge/Septic Pumping	0	350	(350)	0%	0	1,100	(1,100)	0%	0	1,850	(1,850)	0%
Total W - Water Production Well/Trm	8,411	10,185	(1,774)	83%	39,630	71,115	(31,485)	56%	39,630	121,220	(81,590)	33%
D-Truck & Field Equip Expense												
6300.00 · Truck Fuel	1,926	1,575	351	122%	11,278	11,025	253	102%	11,278	18,900	(7,622)	60%
6301.00 · Truck Maintenance	254	835	(581)	30%	7,733	5,830	1,903	133%	7,733	10,000	(2,267)	77%
6311.00 · Equipment Maintenance	772	450	322	172%	2,792	3,150	(358)	89%	2,792	5,400	(2,608)	52%
6320.00 · Equipment Rental	0	65	(65)	0%	0	435	(435)	0%	0	750	(750)	0%
6330.00 · Generator O & M	0	420	(420)	0%	4,932	2,915	2,017	169%	4,932	5,000	(68)	99%
Total D-Truck & Field Equip Expense	2,952	3,345	(393)	88%	26,735	23,355	3,380	114%	26,735	40,050	(13,315)	67%
E-Outside Services												
7000.00 · Accounting/Auditing	0	0	0	0%	407	500	(93)	81%	407	12,000	(11,593)	3%
7010.00 · Engineering	1,068	1,250	(182)	85%	8,542	8,750	(208)	98%	8,542	15,000	(6,458)	57%
7020.00 · Legal	1,313	2,085	(772)	63%	10,188	14,580	(4,392)	70%	10,188	25,000	(14,812)	41%
7023.00 · Billing	3,572	3,000	572	119%	21,945	21,000	945	105%	21,945	36,000	(14,055)	61%
7024.00 · Newsletters	865	500	365	173%	3,245	3,500	(255)	93%	3,245	6,000	(2,755)	54%
7025.00 · Billing Systems	570	636	(66)	90%	3,990	4,452	(462)	90%	3,990	7,632	(3,642)	52%
7030.00 · Water Availability Letters	0	150	(150)	0%	0	1,025	(1,025)	0%	0	1,750	(1,750)	0%
7040.00 · Computer/Nwkw Consult	851	710	141	120%	4,546	4,950	(404)	92%	4,546	8,500	(3,954)	53%
Total E-Outside Services	8,239	8,331	(92)	99%	52,863	58,757	(5,894)	90%	52,863	111,882	(59,019)	47%

King County Water District 90 Profit & Loss Budget vs. Actual

July 2011

	July 2011				Jan - Jul 2011				Jan - Jul 2011			
	July 11	July Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Jan - Jul Budget	\$ Over Budget	% of Budget	Jan - Jul 11	Annual Budget	\$ Over Budget	% of Budget
F-Other Expenses												
7280.00 · Association Dues	643	720	(77)	89%	4,501	5,015	(514)	90%	4,501	8,600	(4,099)	52%
7295.00 · Bad Debt Expense	0	85	(85)	0%	83	575	(492)	14%	83	1,000	(917)	8%
7298.00 · Building/Lanitorial Sply	114	210	(96)	54%	1,287	1,455	(168)	88%	1,287	2,500	(1,213)	51%
7300.00 · Building/Office Maint	133	420	(287)	32%	1,190	2,915	(1,725)	41%	1,190	5,000	(3,810)	24%
7310.00 · Business Insurance	3,249	3,250	(1)	100%	22,743	22,750	(7)	100%	22,743	39,650	(16,907)	57%
7320.00 · Business Taxes	0	0	0	0%	3,524	3,500	24	101%	3,524	3,500	24	101%
7330.00 · Commissioner Expense	178	220	(42)	81%	2,941	3,540	(599)	83%	2,941	6,638	(3,697)	44%
7335.00 · Conv/Wkshops/Train	0	425	(425)	0%	3,829	5,395	(1,566)	71%	3,829	9,669	(5,840)	40%
7350.00 · Field Supplies	510	535	(25)	95%	2,524	3,735	(1,211)	68%	2,524	6,400	(3,876)	39%
7355.00 · Garbage	831	435	396	191%	1,846	3,035	(1,189)	61%	1,846	5,200	(3,354)	36%
7360.00 · General Election Expens	0	0	0	0%	(16)	0	(16)	100%	(16)	10,000	(10,016)	(0%)
7370.00 · Inspect/Permits	972	1,000	(28)	97%	3,401	7,000	(3,599)	49%	3,401	12,000	(8,599)	28%
7380.00 · Int Exp - PWTF Loans	0	0	0	0%	17,541	17,541	0	100%	17,541	17,541	0	100%
7390.00 · Investment Fees	33	30	3	110%	(91)	210	(301)	(43%)	(91)	360	(451)	(25%)
7400.00 · Mileage Reimbursement	77	235	(158)	33%	1,161	1,620	(459)	72%	1,161	2,775	(1,614)	42%
7415.00 · Misc Expense	1	5	(4)	20%	2	30	(28)	7%	2	50	(48)	4%
7425.00 · Office Equipment	0	300	(300)	0%	1,060	2,100	(1,040)	50%	1,060	3,600	(2,540)	29%
7430.00 · Office Supplies	582	670	(88)	87%	4,981	4,665	316	107%	4,981	8,000	(3,019)	62%
7450.00 · Operating Permits/Licens	491	500	(9)	98%	3,437	3,500	(63)	98%	3,437	6,000	(2,563)	57%
7460.00 · Postage/Shipping	0	360	(360)	0%	2,303	2,520	(217)	91%	2,303	4,320	(2,017)	53%
7480.00 · Phone Expense												
7480.10 · Cell Phones	361	460	(99)	78%	3,713	3,200	513	116%	3,713	5,490	(1,777)	68%
7480.20 · Answering Service	204	155	49	132%	1,500	1,085	415	138%	1,500	1,860	(360)	81%
7480.30 · Office Phones	152	280	(128)	54%	1,157	1,870	(713)	62%	1,157	3,270	(2,113)	35%
Total 7480.00 · Phone Expense	717	895	(178)	80%	6,370	6,155	215	103%	6,370	10,620	(4,250)	60%
7483.00 · Pubs & Subscriptions	0	70	(70)	0%	33	465	(432)	7%	33	800	(767)	4%

King County Water District 90 Profit & Loss Budget vs. Actual

July 2011

	July 11	July Budget	\$ Over Budget	% of Budget
7490.00 - Puget Sound Energy				
7490.10 - Pumps	6,165	5,750	415	107%
7490.20 - Office	432	625	(193)	69%
7490.30 - Street Lights	5,777	5,825	(48)	99%
7490.50 - Natural Gas	41	345	(304)	12%
Total 7490.00 - Puget Sound Energy	12,415	12,545	(130)	99%
7510.00 - Safety Supplies & Exp	0	175	(175)	0%
7520.00 - Service Charges	78	40	38	195%
7600.00 - Water Quality Testing	122	320	(198)	38%
Total F-Other Expenses	21,146	23,445	(2,299)	90%
Total Expense	160,790	152,691	8,099	105%
Net Ordinary Income	163,619	92,191	71,428	177%
7650.00 - Depreciation Expense	62,500	62,500	0	100%
Net Income	101,119	29,691	71,428	341%

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	Jan - Jul 11	Jan - Jul Budget	\$ Over Budget	% of Budget
46,414	40,250	6,164	115%	
2,191	4,375	(2,184)	50%	
40,282	40,775	(493)	99%	
303	1,755	(1,452)	17%	
89,190	87,155	2,035	102%	
187	1,225	(1,038)	15%	
728	280	448	260%	
1,454	2,220	(766)	65%	
176,209	188,601	(12,392)	93%	
967,190	1,059,871	(92,681)	91%	
315,530	226,488	89,042	139%	
437,500	437,500	0	100%	
(121,970)	(211,012)	89,042	58%	

	Jan - Jul 11	Annual Budget	\$ Over Budget	% of Budget
46,414	69,000	(22,586)	67%	
2,191	7,500	(5,309)	29%	
40,282	69,900	(29,618)	58%	
303	3,480	(3,177)	9%	
89,190	149,880	(60,690)	60%	
187	2,100	(1,913)	9%	
728	480	248	152%	
1,454	3,811	(2,357)	38%	
176,209	320,494	(144,285)	55%	
967,190	1,827,537	(860,347)	53%	
315,530	667,662	(352,132)	47%	
437,500	750,000	(312,500)	58%	
(121,970)	(82,338)	(39,632)	148%	