

BIENNIAL BUDGET SUMMARY FY 2016/17 & 2017/18

PROPOSED APPROPRIATIONS

The FY 2016/17 proposed appropriation of \$1,648.7 million is comprised of \$1,200.2 million or 72.8 percent for operations expense, \$328.5 million or 19.9 percent for debt service expense, and \$120.0 million or 7.3 percent to fund Replacement and Refurbishment expenses from operating revenues. The FY 2017/18 proposed appropriation of \$1,695.3 million is comprised of \$1,231.2 million or 72.6 percent for operations expense, \$344.1 million or 20.3 percent for debt service expense, and \$120.0 million or 7.1 percent to fund Replacement and Refurbishment expenses from operating revenues. The table below provides a comparison of FY 2016/17 and FY 2017/18 and illustrates the total proposed appropriations for the operating and capital budgets.

FY 2016/17 and 2017/18 Proposed Operating and Capital Appropriations, \$millions

Proposed Budget	FY 2016/17	FY 2017/18	Total Biennium
Operating Budget	\$1,200.2	\$1,231.2	\$2,431.4
Debt Service	328.5	344.1	672.6
PAYGo	120.0	120.0	240.0
Grand Total	\$1,648.7	\$1,695.3	\$3,344.0

The proposed biennial budget for FY 2016/17 and 2017/18 provides funding for Metropolitan’s key priorities while meeting most financial policy guidelines, with proposed overall rate increases of 4.0 percent in each year of the proposed biennial budget. The proposed overall rate increases of 4.0 percent are in line with recent increases, consistent with rate projections of 3 to 5 percent increases, and reflect the current environment of lower sales volumes due to the Governor’s Executive Order to reduce statewide water use by 25 percent.

The biennial budget is developed and monitored on a modified accrual basis. Revenues and expenses are recognized in the period they are earned and incurred. Depreciation and amortization are not included; payment of debt service is included. The modified-accrual basis of accounting provides a better match of revenues and expenses for budgeting and reporting.