

This is the Treasurer's report for the 2017 year.

I am Mike Carlson a Trustee and the Treasurer. I live on 182nd Ave SE.

Roosevelt Water will receive our financial statement the first part of March for 2017 from our accountant McGoorty Eisenman Inc. of Everett.

If you would like a copy of the financial statement, please let Janelle know and we will mail or email you a copy.

The information I will be using for this report has come from the Summary of expenses from our QuickBooks and from our budget for 2018.

Operating and Administrative expenses for 2017 were \$369,137.

This is below what we had budgeted for 2017 by 5.7%.

This is up from 2016 by about \$12,500 or about 3.6%. We feel this is inline with the standard increases we all must endure each year.

We have added another full-time labor employee. One that has had experiences from being a part time employee over the last several years. Reason for a third full time employee is due to the time Janelle must spend on the increased administrative duties, building of the pump station and the reservoir along with all the new plats and construction. We need to have two labors when working on our water system. Our insurance prefers we have two people on the work sites. We have always used part time labor so adding a third full time increase our labor by about \$11,000 per year. This was off set by the \$20,868 we charged back to the contractors installing the water systems in the new plats and updating water lines. We must have one of our people on site when installing so that we know it has been done to our specifications before we accept it as ours.

Water purchased from the City of Everett water works for 2017 was \$206,980 up from 2016 which was \$181,745. This is from Everett's water rate increase and our 5 new members. Also, we seemed we all use more water this last summer.

New rates will be review in detail at our reorganization meeting next week. In preliminary talks we should probably see a small 2% increase due to water and operation costs.

Our water loss was still below the 15% that the DOH says is acceptable.

Ours was 9.53% and after we take the flushing of hydrant's and flushing of new lines installed along with the new project flushing we are at 3.81%. This is usually because of leaks or breaks in the lines.

Because of not having our financials done yet I do not have Revenues over Expenses which in the past few years has been between \$120,000 to \$200,00 to the good. After the administration committee has done the summary and 2018 budget we see that that shouldn't change.

We started the year with \$1,349,238 dollars in 5 local banks and an investment firm. As of this January we have \$1,331,515. This is down \$17,723.

About the loan. The Association entered into a note payable with the Washington State Department of Commerce through the Drinking Water Sate Revolving Fund in June 2015 for the construction of the Water Tank 2 and Pump Station 3. A total of \$3,529,664 was available for our two projects. These costs are expended through July 2019. We should have both projects completed by the end of 2018 or early 2019.

We have drawn funds in the amount of \$2,206,375 on this loan as of December 31st, 2017. Janelle will explain where we are with the pump station and reservoir.

Upon project completion, the loan shall have a 20-year term with interest charged a 1.5% and a loan payment of \$204,386 per year.

The state did not pass a budget in 2017 so our loan money dried up but this January they have finally passed a budget and we can draw on our loan again.

We have been calculating in our water rates for the past years to make sure we have enough money coming in to fund our loan payments. We feel more than confident we are in a very good position. We did not want to have to ask our members to come up with extra money for these two projects. This is also the way the board feels for any future projects. We don't see any large projects in the near future. Just replacing and updating lines and equipment as needed. We don't want to get into a position like the city of Everett has put themselves in with old and decaying city water lines.

When large developments come in we made sure they pay a good portion of any updating of our system. Developers for their development must put in the water system under our supervision and their expense before we sign off and except the development.

The trustees have put in place that we will always keep in a reserve fund 3 and a half month of our expenses. Which at this time is just under \$100,000.

We keep our expenses under control because of all the work the employee's and trustees take on. This is mainly due to the work Janelle puts in. Thank you, Janelle, for another year of your staying on top of things and doing such a great job.

Are there any questions?

Trustee and Treasurer
Mike K Carlson