

ITEM 3

MISSOURI PUBLIC WATER SYSTEM FINANCIAL CAPACITY WORKSHEETS

PAGE 1: CUSTOMERS, REVENUES AND EXPENDITURES WORKSHEET
 Proposed Customers, Revenues and Expenses
 Name: Holtgreaves Farms Water Company Inc.

Line No	DESCRIPTION	Current Year	Inflation Factor (%)	Year 2	Year 3	Year 4	Year 5
1	PROJECTED CUSTOMERS	7		17	27	37	47
2	Annual increase in customers (%)			142.86	58.82	37.04	27.03
3	ANNUAL MEDIAN HOUSEHOLD INCOME (AMHI)	57,500	3.0	59,225	61,002	62,832	64,717
4	REVENUES AND EXPENSES						
5	AVAILABLE OPENING CASH BALANCE	0	0	26	6629	14636	23991
6	REVENUES RECEIVED						
7	Water Rates [calculation based on new customers**]	2856		6936	11016	15096	19176
8	Fees and Service Charges	525		750	750	750	750
9	Hookup Charges	11,200		16,000	16,000	16,000	16,000
10	Other Revenues	1,600		1,600	1,600	1,600	1,600
11	TOTAL REVENUES AVAILABLE (Lines 5 through 10)	14,681		23,712	34,395	46,482	69,817
12	OPERATING & MAINTENANCE EXPENSES						
13	Operating Expenses						
14	Salaries and Benefits	0	3.0	0	0	0	0
15	Power and other utility	1,200	3.0	3,002	4,910	6,631	9,068
16	Chemicals and Treatment*	0	0.0	0	0	0	0
17	Monitoring/Sample Collection	1,200	3.0	1,236	1,273	1,311	1,351
18	Materials, Supplies, and Parts	300	3.0	309	318	328	338
19	Transportation	0	0.0	0	0	0	0
20	Purchase Water*	0	0.0	0	0	0	0
21	Equipment Rental	0	0.0	0	0	0	0
22	Miscellaneous*	200	3.0	500	818	1,155	1,511
23	Total Operating Expenses (Lines 14 through 22)	2,900		6,047	7,320	9,725	12,268
24	General and Administrative						
25	Salaries and Benefits	0	3.0	0	0	0	0
26	Office Supplies and Postage*	200	3.0	500	818	1,155	1,511
27	Real Property/Office Equipment Rental	0	0.0	0	0	0	0
28	Insurance-Vehicles, liability, workers compensation	200	0.0	200	200	200	200
29	Legal and accounting	1,000	3.0	1,030	1,063	1,093	1,126
30	Contractor Services/Professional services	500	0.0	500	500	500	500
31	Fees	200	0.0	200	200	200	200
32	Advertising	0	0.0	0	0	0	0
33	Miscellaneous*	200	0.0	200	200	200	200
34	Total General and Administrative (Lines 25 through 33)	2,300		2,830	2,979	3,348	3,737
35	Other Expenses						
36	Other Deductions, Fees and Expenses	100		100	100	100	100
37	Income Taxes	0		0	0	0	0
38	Other Taxes	200		200	200	200	200
39	Total Other Expenses (Lines 36 through 38)	300		300	300	300	300
40	TOTAL O&M EXPENSES (Lines 23, 34, and 39)	6,500		7,977	10,600	13,373	16,305
41	Operating Reserve						
41a	Minimum operating reserve must equal 10% of Line 40 over 10 yrs	55		106	159	218	281
41b	Annual O&M Reserve Needed	55		106	159	217	280
42	Cumulative Operating Reserve Needed	55		160	318	535	815
42	TOTAL EXPENSES including Operating Reserve (Lines 40 + 41)	6,555		8,083	10,759	13,591	16,586
43	NET REVENUES FOR CIP & RESERVES (Line 11 - Line 42)	8,026		15,629	23,636	32,891	43,231

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 * This expense item is forecasted using both the inflation factor and increase in number of customers.

Assumed 5,000 gal/month/home

MISSOURI PUBLIC WATER SYSTEM FINANCIAL CAPACITY WORKSHEETS

PAGE 2: CAPITAL INVESTMENT / RESERVES WORKSHEET

Name: **Holtgrewe Farms Water Company Inc.**

Line No	DESCRIPTION	Current Year	Year 2	Year 3	Year 4	Year 5
44	REVENUES AVAILABLE FOR CAPITAL IMPROVEMENTS AND RESERVES (Line 43 from Page 1)	9026	15629	23636	32891	43231
45	OTHER FUNDS/RESOURCES AVAILABLE					
46	Depreciation Reserves					
47	Capital Contribution from Owner/stockholder (own source)					
48	Contribution/Advance from Customer/Other					
49	Grants					
50	DWWSRF Loan (if applicable)					
51	Business loans	75200				
52	Withdrawal from capital or other reserves					
53	Other Fund Sources					
54	TOTAL SOURCE OF FUNDS [Lines 46 through 53]	84226	15629	23636	32891	43231
55	CAPITAL/RESERVE USE OF FUNDS [in excess of operational expenses]					
56	Capital Improvement Plan Expenditures					
57	New Capital Facilities	75200				
58	Renewal and Replacement Facilities					
59	Safe Drinking Water Act Facilities					
60	Non-facility Costs					
61	Other Use of Funds					
62	Total CIP Expenditures [Lines 57 through 61]	75200	0	0	0	0
63	Debt Obligations [principal and interest expenses]					
64	Repayment to Customers/others					
65	Repayment of Business Loans	8600	8600	8600	8600	8600
66	Repayment of SRF Loan					
67	Other Use of Funds					
68	Total Debt Obligations [Lines 64 through 67]	8600	8600	8600	8600	8600
69	Depreciation Expense [Funded]	0	0	0	0	0
	[Funded depreciation in excess of all other P&I payments]					
70	Addition to Reserves					
71	Debt Service/Reserve	0	0	0	0	0
72	Emergency Reserve	400	400	400	400	400
72a	Cumulative Emergency Reserve Needed	400	800	1200	1600	2000
73	TOTAL CAPITAL/RESERVE EXPENSES [Lines 62, 65, 69, 71, 72]	84200	9000	9000	9000	9000
74	END OF YEAR SURPLUS OR DEFICIT [Line 54 - Line 73]	26	6629	14836	23891	34231
	[Surplus or deficit is calculated after including reserves and capital investments]					
75	PROJECTED MONTHLY RESIDENTIAL BILL	34	34	34	34	34
	Current and expected monthly water rate divided by number of residential customers [Line 71/2/Line 1]					
76	AFFORDABILITY INDEX [Annual Projection of Line 75 / Line 3]	0.7%	0.7%	0.7%	0.6%	0.6%
	Percent of monthly household income dedicated to water utility services [Rates Paid should not exceed 1.5 to 2.0%]					

This is the loan amount that the water company will be responsible for. The rest of the infrastructure cost will be the responsibility of Holtgrewe Farms LLC as part of the subdivision development

Surplus will be utilized to pay down the principle on the loan. The loan should be paid in full at the end of year 5.