

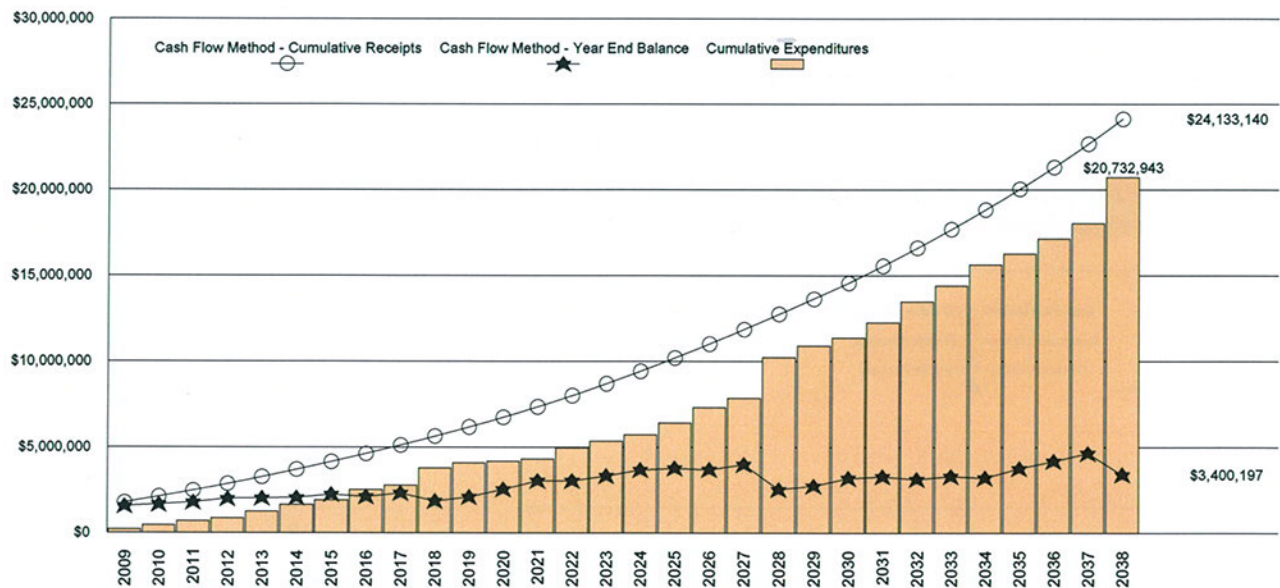
### CASH FLOW METHOD

**\$266,628 CASH FLOW METHOD MINIMUM ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2009.**

General. The Cash Flow Method is founded on the concept that the Replacement Reserve Account is solvent if cumulative receipts always exceed cumulative expenses. The Cash Flow Method calculates a MINIMUM annual deposit to Replacement Reserves that will:

- Fund all Projected Replacements listed in the Replacement Reserve Inventory (see Section B)
- Prevent Replacement Reserves from dropping below the Minimum Recommended Balance of \$262,744, which is 5.0 percent of the one-time replacement cost of the Projected Replacements listed in the Inventory
- Allow a constant annual funding level between peaks in cumulative expenditures

**Graph #3. Cash Flow Method - Cumulative Receipts and Expenditures Graph**



**Table #1. Cash Flow Method Data - Years 1 through 30**

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Starting balance	\$1,504,000									
Annual deposit	\$266,628	\$281,293	\$296,764	\$313,086	\$330,306	\$348,473	\$367,639	\$387,859	\$409,191	\$431,696
Interest on reserves		\$62,586	\$66,372	\$71,621	\$79,753	\$81,057	\$81,960	\$89,709	\$84,716	\$93,153
Expenditures	\$205,990	\$249,207	\$231,912	\$181,409	\$377,457	\$406,954	\$255,884	\$602,391	\$282,993	\$994,065
Year end balance	\$1,564,638	\$1,659,310	\$1,790,534	\$1,993,832	\$2,026,435	\$2,049,010	\$2,242,725	\$2,117,902	\$2,328,816	\$1,859,600
Minimum rec. funding lvl.	\$262,744	\$277,195	\$292,441	\$308,525	\$325,494	\$343,396	\$362,283	\$382,208	\$403,230	\$425,407
Cumulative expenditures	\$205,990	\$455,197	\$687,109	\$868,518	\$1,245,975	\$1,652,929	\$1,908,814	\$2,511,205	\$2,794,198	\$3,788,262
Cumulative receipts	\$1,770,628	\$2,114,507	\$2,477,643	\$2,862,351	\$3,272,410	\$3,701,940	\$4,151,539	\$4,629,106	\$5,123,014	\$5,647,863

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual deposit	\$455,440	\$480,489	\$506,916	\$534,796	\$564,210	\$595,242	\$627,980	\$662,519	\$698,957	\$737,400
Interest on reserves	\$74,384	\$83,914	\$102,109	\$121,838	\$121,742	\$133,200	\$147,442	\$151,050	\$148,330	\$159,847
Expenditures	\$291,580	\$109,511	\$115,823	\$659,030	\$399,485	\$372,397	\$685,235	\$881,556	\$559,355	\$2,359,735
Year end balance	\$2,097,844	\$2,552,736	\$3,045,938	\$3,043,542	\$3,330,008	\$3,686,053	\$3,776,240	\$3,708,253	\$3,996,185	\$2,533,697
Minimum rec. funding lvl.	\$448,805	\$473,489	\$499,531	\$527,005	\$555,990	\$586,570	\$618,831	\$652,867	\$688,775	\$726,657
Cumulative expenditures	\$4,079,842	\$4,189,353	\$4,305,176	\$4,964,206	\$5,363,692	\$5,736,089	\$6,421,324	\$7,302,879	\$7,862,235	\$10,221,970
Cumulative receipts	\$6,177,686	\$6,742,089	\$7,351,114	\$8,007,748	\$8,693,700	\$9,422,142	\$10,197,564	\$11,011,132	\$11,858,419	\$12,755,667

Year	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Annual deposit	\$777,957	\$820,745	\$865,885	\$913,509	\$963,752	\$1,016,759	\$1,072,680	\$1,131,678	\$1,193,920	\$1,259,586
Interest on reserves	\$101,348	\$109,439	\$127,908	\$131,834	\$125,435	\$132,044	\$128,475	\$150,795	\$167,729	\$185,996
Expenditures	\$677,028	\$468,465	\$895,623	\$1,205,342	\$923,937	\$1,238,034	\$643,168	\$859,123	\$904,958	\$2,695,294
Year end balance	\$2,735,974	\$3,197,692	\$3,295,862	\$3,135,863	\$3,301,112	\$3,211,881	\$3,769,869	\$4,193,218	\$4,649,909	\$3,400,197
Minimum rec. funding lvl.	\$766,623	\$808,788	\$853,271	\$900,201	\$949,712	\$1,001,946	\$1,057,053	\$1,115,191	\$1,176,527	\$1,241,236
Cumulative expenditures	\$10,898,998	\$11,367,463	\$12,263,086	\$13,468,429	\$14,392,366	\$15,630,400	\$16,273,568	\$17,132,691	\$18,037,649	\$20,732,943
Cumulative receipts	\$13,634,971	\$14,565,155	\$15,558,948	\$16,604,292	\$17,693,478	\$18,842,281	\$20,043,437	\$21,325,909	\$22,687,558	\$24,133,140