

## Sewer Fund (Operating)

### PRIMARY SERVICES

- Collection, Treatment and Discharge of Sewage
- Repair and Maintenance of the Collection System
- Customer Billing and Service Activities
- Systems Planning Activities - System Modeling

### FINANCIAL SUMMARY

	Actual			Projected	
	FY2015	FY2016	FY2017	FY2018	FY2019
	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)
<i>Revenue:</i>					
Sewer Sales	\$ 21.3	22.8	\$ 25.0	\$ 25.6	\$ 27.3
Capital Recovery Charges	0.5	1.1	0.8	0.8	0.8
All Other	<u>1.2</u>	<u>1.8</u>	<u>1.6</u>	<u>1.2</u>	<u>0.2</u>
Total Revenue	\$ 23.0	\$ 25.7	\$ 27.4	\$ 27.5	\$ 28.4
<i>Expense:</i>					
Public Works	\$ 1.9	2.2	\$ 2.6	\$ 2.3	\$ 2.7
Depreciation	2.3	2.3	3.8	3.5	6.0
Waste Water Treatment Plant	7.4	7.6	7.4	8.9	8.9
Debt Service	3.1	3.2	2.6	2.9	3.2
All Other	<u>4.6</u>	<u>4.1</u>	<u>3.8</u>	<u>9.4</u>	<u>4.6</u>
Total Expense	\$ 19.3	\$ 19.4	\$ 20.2	\$ 27.0	\$ 25.3
<b>Net</b>	<b>\$ 3.7</b>	<b>\$ 6.3</b>	<b>\$ 7.2</b>	<b>\$ 0.6</b>	<b>\$ 3.1</b>
<b>Memo:</b>					
Debt Coverage Ratio (min 1.25)	2.3	2.1	2.2	1.9	1.8
Revenue Requirement Increase per plan	6.0%	5.2%	6.5%	6.0%	7.0%
Capital Projects/Equipment-Cash Flowed	\$ 2.8	\$ 1.0	\$ 8.4	\$ 9.4	\$ 9.7
Unrestricted Fund balance (net position)	\$ 16.5	\$ 19.9	\$ 22.0	\$ 22.6	\$ 25.6

### OBSERVATIONS ABOUT ABOVE FINANCIALS:

- FY16 All Other Revenue includes one-time return of fund balances from the Project Mgmt, Fleet, and Risk funds
- FY 15 All Other Expenses reflects the expensing of project costs that could not be capitalized
- Public Works expense fluctuation is primarily from equipment replacement purchases
- Waste water treatment operating expenses increase projected utility & contract increases
- Increase in depreciation in FY 17 reflects completion of the residuals handling project
- FY 18 increase in All Other includes one-time costs est. OPEB costs of \$6.6 Mil., est. ongoing annual expense is \$1.3 Mil.
- Increase in depreciation in FY 19 reflects completion of the Facilities Renovation Project
- Annual savings above is required to pay for capital improvements
- Current Bond Rating is AA+

### CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS

- Maintenance of operating revenue to cover debt coverage ratio
- The above projections include increased maintenance needs due to aging infrastructure

<b>FUND BALANCE (Net Assets)</b>	<u>Amount</u>
	(\$ Mils.)
<b>6/30/17 - Total Fund Balance (Net Position)</b>	<b>\$ 133.2</b>
Less:	
Restricted - Capital Assets	(93.1)
Restricted - Debt Service	(10.4)
Restricted - Equipment Replacement	<u>(7.7)</u>
<b>Unrestricted at June 30, 2017</b>	<b>22.0</b>
Less: Minimum Balance Requirement-25% of Operating Expenses	<u>(5.1)</u>
<b>Available Fund Balance</b>	<b><u><u>\$ 16.9</u></u></b>