

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		
	FY2017	FY2018	FY2019	FY2020	FY2021
	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)	(\$ Mil.)
<i>Revenue:</i>					
Sewer Sales	\$ 25.0	\$ 25.4	\$ 25.9	\$ 29.1	\$ 31.4
Capital Recovery Charges	0.8	1.7	1.4	1.2	0.8
All Other	1.6	1.7	1.5	0.7	0.8
Total Revenue	\$ 27.4	\$ 28.8	\$ 28.8	\$ 31.0	\$ 33.0
<i>Expense:</i>					
Collection System	\$ 2.6	\$ 2.3	\$ 2.6	\$ 2.8	\$ 2.8
Depreciation	3.8	4.0	6.0	6.3	6.5
Waste Water Treatment Plant	7.4	7.8	9.2	9.4	9.6
Debt Service (Interest Not Principal)	2.6	3.1	3.0	2.9	2.7
All Other	3.8	10.0	4.4	4.3	4.2
Total Expense	\$ 20.2	\$ 27.2	\$ 25.3	\$ 25.7	\$ 25.8
Net	\$ 7.2	\$ 1.6	\$ 3.5	\$ 5.3	\$ 7.2
Memo:					
Debt Coverage Ratio (min 1.25)	2.2	1.7	1.3	1.6	1.8
Revenue Requirement Increase per plan	6.5%	6.0%	3.5%	7.0%	7.0%
Capital Projects/Equipment-Cash Flowed	\$ 8.4	\$ 6.4	\$ 8.1	\$ 10.5	\$ 11.8
Unrestricted Fund balance (net position)	\$ 22.0	\$ 22.9	\$ 18.3	\$ 13.1	\$ 8.5

OBSERVATIONS ABOUT ABOVE FINANCIALS:

- Fund balance includes reserves for principle debt payments of \$7 Mil., \$8 Mil., and \$8.2 Mil. in FY's 19, 20, and 21.
- Depreciation increases are due to the completion of the residuals handling & facilities renovation projects.
- FY 18 "All Other" Expenses includes recognition of OPEB costs of \$6.57 Mil. ongoing annual expense for pension and post-employment benefits total \$1.6 Mil./yr in FY20/FY21 "All Other" Expenses.
- Current Bond Rating is AA+.
- WWTP increases includes increased solids handling costs and expected maintenance costs associated with maintenance for the newly rehabilitated plant.

CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS

- The Facilities Renovation Project is Complete and now all debt is being levied
- The above projections include increased maintenance needs due to aging infrastructure and the full operation costs of Wastewater included in the operating budget
- Asset management plans are being finalized (FY19/FY20) and future needs will be identified

FUND BALANCE (Net Assets)FY 2018

(\$ Mils.)

6/30/2018 - Total Fund Balance (Net Position)**\$ 134.8**

Less:

Restricted - Capital Assets

(93.5)

Restricted - Debt Service

(10.5)

Restricted - Equipment Replacement

(7.9)**Unrestricted at June 30, 2018****22.9**

Less: Minimum Balance Requirement-25% of Oper Exp

(4.1)**Available Fund Balance****\$ 18.8**Known Risks

- FY 19 Anticipated Capital needs \$8.1 mil.
- FY 20 Anticipated Capital needs \$10.5 mil.
- FY 21 Anticipated Capital needs \$11.8 mil.