



Smart Management for
Small Water Systems

Financial Planning for Small Water Systems

Danville, VA
October 22, 2019



UNC
ENVIRONMENTAL
FINANCE CENTER



NADO
NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS
RESEARCH FOUNDATION



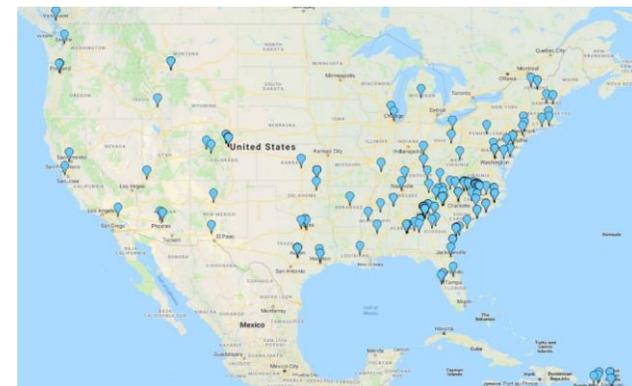
This program is made possible under a cooperative agreement with the US EPA.

Environmentalfinance.org

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Housekeeping and Project Introduction



CEU Certificates

If you need a CEU certificate, you will need to confirm the following on the roster today before you leave:

- Is your name spelled correctly?
- Did you provide an email address UNIQUE TO YOU? A unique email address is required to receive your certificate.
- Did you mark the checkbox that you need a certificate?

Within 30 days of the training, you will receive an email with instructions to print your certificate. Emails from EFCN may be blocked or go to your Junk mail. To avoid this issue, add Smallsystem@syr.edu to your email Contacts or check your Junk mail frequently.

EFCN will apply to the water operator state licensing agency for CEU preapproval when applicable. You may be awarded CEUs by your agency. It is your responsibility to confirm with the agency that training meets relevancy criteria established for your license type as some agencies may not apply CEUs to your license if the training topic is not relevant to your position.

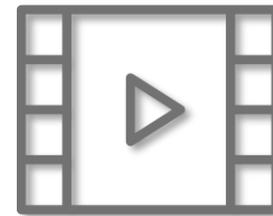
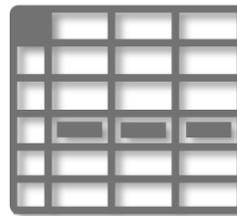
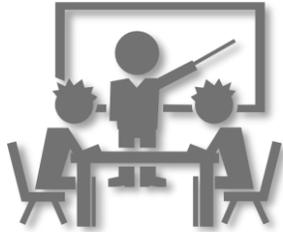
EFCN follows the IACET Standard of CEU calculation.

0.1 CEU = 1 Contact Hour or 1 Professional Development Hour

Questions? Please contact Smallsystem@syr.edu



Smart Management for Small Water Systems Program



The Environmental Finance Center Network (EFCN) is a university-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and improvement.

Small Systems Program Team

- Environmental Finance Center at The University of North Carolina at Chapel Hill
- Southwest Environmental Finance Center at the University of New Mexico
- Syracuse University Environmental Finance Center
- Environmental Finance Center at Wichita State University
- EFC West
- Environmental Finance Center at the University of Maryland
- New England Environmental Finance Center at the University of Southern Maine
- Great Lakes Environmental Infrastructure Center
- Government Finance Officers Association (GFOA)
- National Association of Development Organizations (NADO)



Areas of Expertise



Asset Management



Rate Setting and Fiscal Planning



Leadership Through Decision-making and Communication



Water Loss Reduction



Energy Management Planning



Accessing Infrastructure Financing Programs



Workforce Development



Water Conservation Finance and Management



Collaborating with Other Water Systems



Resiliency Planning



Managing Drought



This project has been funded wholly or in part by the United States Environmental Protection Agency under assistance agreement A18-0408-001 to the University of North Carolina at Chapel Hill. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does the EPA endorse trade names or recommend the use of commercial products mentioned in this document.



Workshop Objectives/Agenda

1. Assessing a utilities' financial position and performance and operating environment (key financial indicators). 9-10:45
2. Current trends in asset management 11 to 12
3. Eat lunch with someone new 12-1:15
4. Analyzing and modifying rate structures 1:15 - 2:30
5. Financial planning and funding sources (CIPs, VA WBOP) 2:45 to 4:00



Path Towards Financial Sustainability

- **Get to know your assets and financial condition**
- **Establish your priorities and goals**
- **Identify your “true”, “full”, or “fuller” costs**
- Get to know your customers (usage, characteristics)
- Consider future scenarios and changes
- **Establish rates (rate structure and prices)**
- Repeat as often as necessary.....



Introductions

1. Name, organization, title?
2. What was your first car?
3. What adjectives would you use to describe your current financial position and performance?
4. What indicators or metrics support your assessment?



Assessing a Utility's Financial Position and Performance and Operating Environment

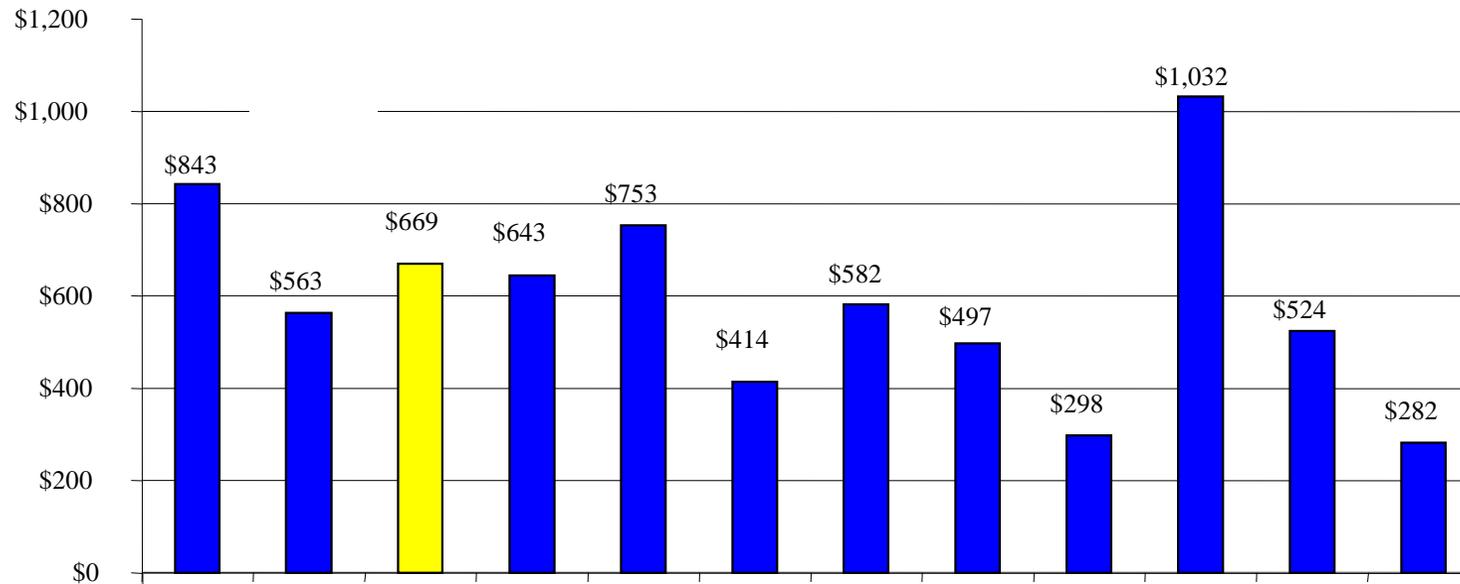
- Financial indicators
- Customer base demographics



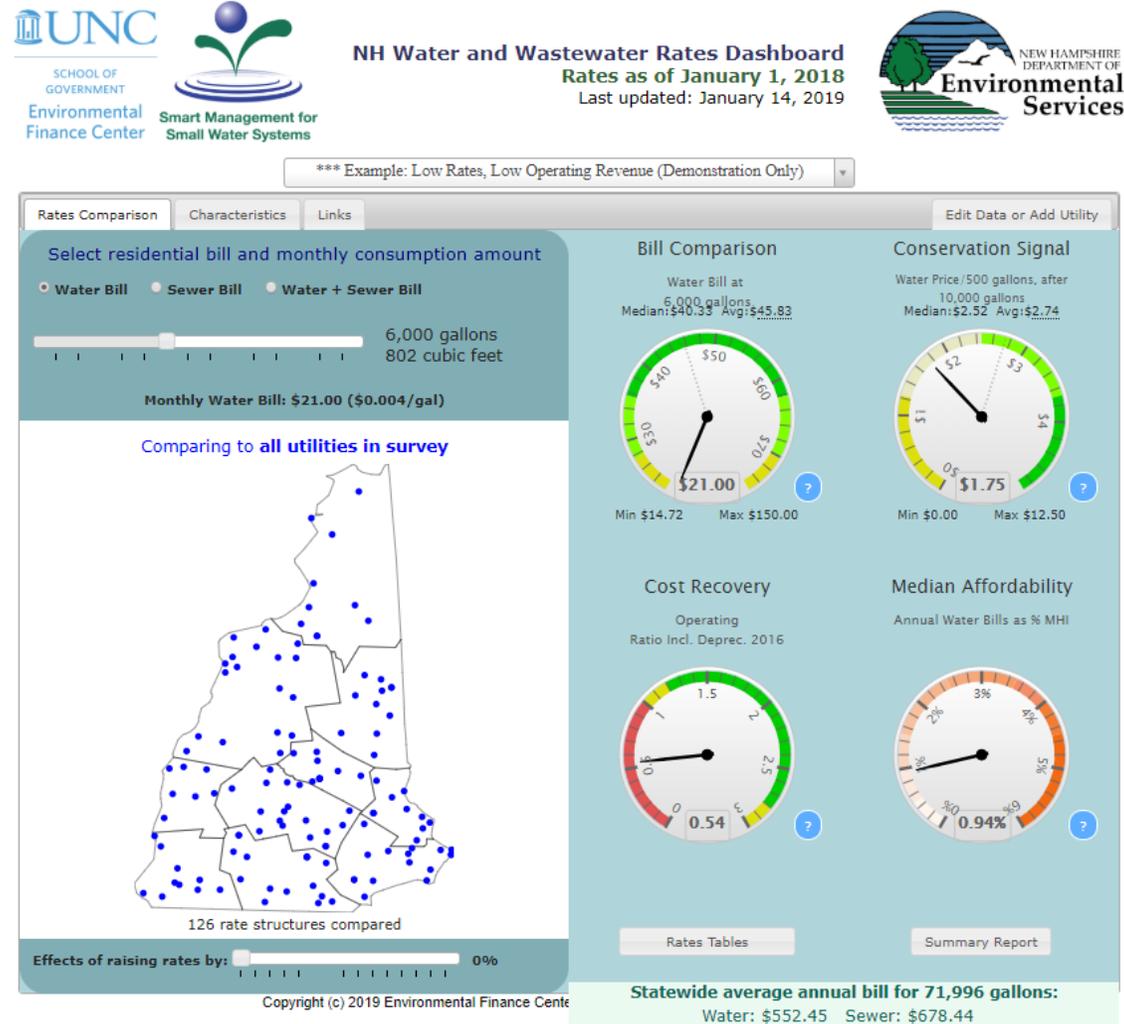
What keeps you up at night?

- Not being able to pay for operations
- Not being able to pay for needed capital investment
- Having rates that your customers can't or won't pay
- Being surprised and not resilient
- If you have revenue problems, how long can you maintain operations
- How much of your utility's expected life has already run out (and how much is left)

Financial Benchmarking: Friend or Foe? What is missing from this analysis?



Don't Race to the Bottom – Look Beyond Rates





Potential Sources of Information

- Financial reports (current and future)
- Actual past budgets/spending
- Asset management plans, capital budgets
- Billing software
- US Census
- Reports with peer data

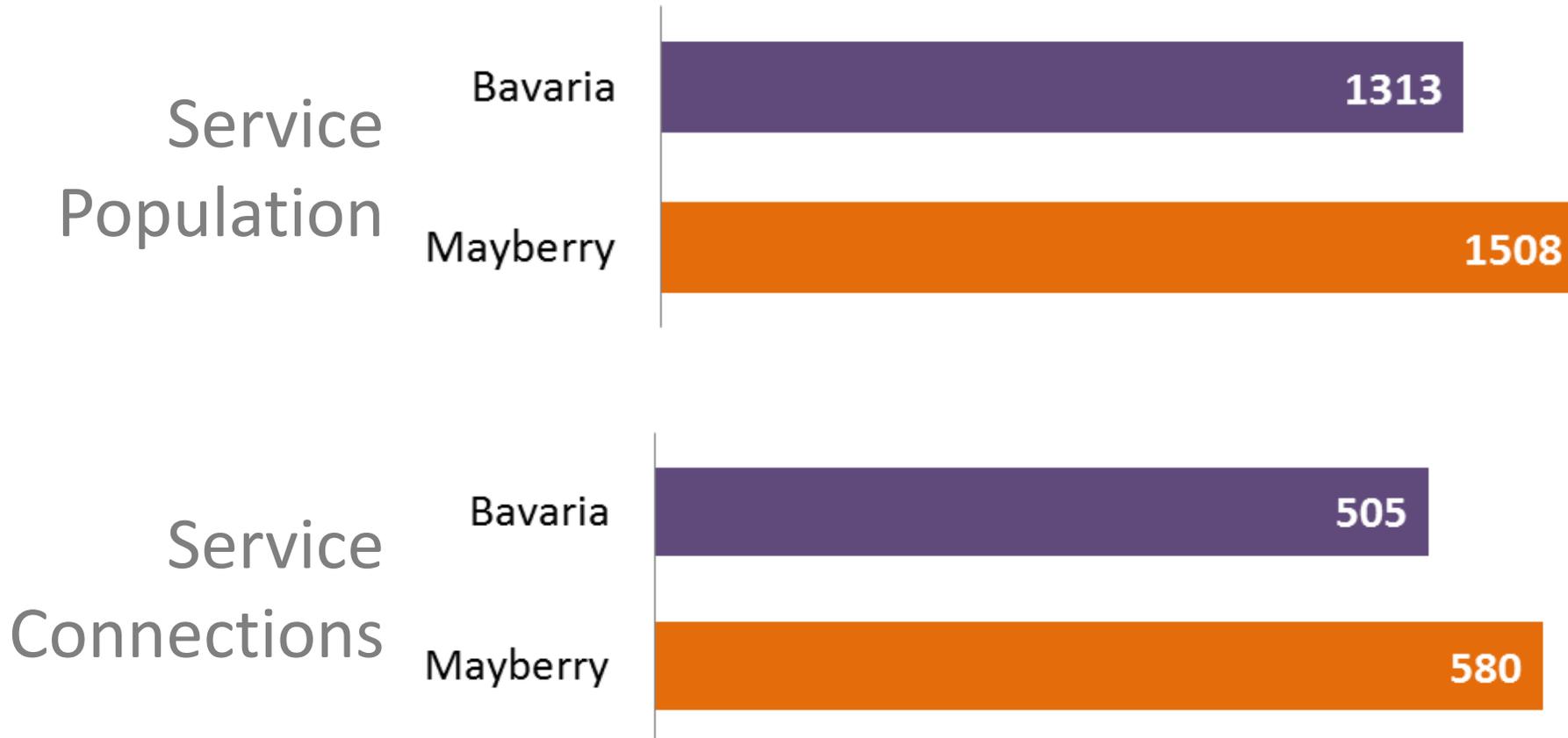


A Tale of Two Systems That Look Similar On Paper...

- **Bavaria** and **Mayberry**
- Two average small town community water systems from the same state

Note: Actual numbers from actual towns

They Serve Similar Populations



They Have Similar Demographics

MHI



Percent Poverty



...Though Vastly Different in
Financial Indicators (and In
Actual Appearance)



Mayberry



Bavaria

Quick Overview of Financial Statements

MAYBERN STATEMENT OF NET ASSETS PROPRIETARY FUNDS DECEMBER 31, 2010		BAYARIA STATEMENT OF NET ASSETS PROPRIETARY FUND JUNE 30, 2011	
ASSETS			
Current Assets			
Cash	244,130	368,001	(7)
Accounts receivable, net	41,800	60,346	(5)
Total current assets	285,930	640,203	(5)
Capital Assets			
Land and improvements	30,229	289,556	(9)
Distribution and collection systems	5,732,840	22,982	(9)
Multiple	5,732,840	896,073	(9)
Less accumulated depreciation	(12,534,338)	(1,454,079)	(8)
Total capital assets	2,729,531	(2,883,225)	(8)
Total Assets	\$ 4,015,461	\$ 4,015,461	
LIABILITIES			
Current Liabilities			
Accounts payable	9,252	289,556	(9)
Customer deposits	44,225	22,982	(9)
Total current liabilities	53,477	5,873,799	(9)
Noncurrent Liabilities			
Bond payable	100,000	896,073	(9)
Total noncurrent liabilities	100,000	1,454,079	(8)
Total Liabilities	\$ 153,477	\$ 4,015,461	
NET ASSETS			
Invested in capital assets net of related debt	2,848,229	30,833	(8)
Unrestricted net assets	114,583	5,781,214	(5)
Total net assets	3,230,812	6,421,871	(5)
Total liabilities and net assets	\$ 4,015,461	\$ 4,015,461	

The accompanying notes are an integral part of these financial statements.

4,355,133
114,583
163,267
\$ 4,632,983



Statement of Net Position

- The assets and liabilities of the water system on the day the financial statements were prepared



Statement of Revenues, Expenses & Changes in Net Position

- Annual operating and non-operating revenues and expenses for the water system
- Also transfers to and from the general fund



Statement of Cash Flows

- Money in and money out of the water system



Notes to Financial Statements

- Explanations, where needed, to the financial statements



Operating Ratio

$$= \frac{\textit{Operating Revenues}}{\textit{Operating Expenses}}$$

Please calculate two numbers—
one including depreciation, and one
excluding depreciation

Operating Ratio – Mayberry

Including Depreciation

$$\begin{array}{r} \boxed{\$444,231} \\ \text{Operating Revenues (1)} \\ \hline \boxed{\$511,448} \\ \text{Operating Expenses (including depreciation) (2)} \end{array} = \boxed{0.87}$$

1a.

Operating Ratio – Mayberry

Excluding Depreciation

1b.
$$\frac{\$444,231}{\$368,985} = 1.20$$

Operating Revenues (1)

Operating Expenses (excluding depreciation) (2-3)

OE \$511,448
- DEP \$142,463



Debt Service Coverage Ratio

$$= \frac{\textit{Operating Revenues} - \textit{Operating Expenditures (excludes depreciation)}}{\textit{Principal} + \textit{Interest Payments on Long Term Debt}}$$

Debt Service Coverage Ratio

– Mayberry

OE \$511,448
- Dep \$142,463

\$444,231 - \$368,985

Operating Revenues (1) Operating Expenses (2-3)
(excluding depreciation)

2. _____ = 0.89

\$84,783

Principal & Interest on Long-Term Debt (4)

P \$49,655
+ I \$35,128



Days of Cash on Hand

$$= \frac{\textit{Unrestricted cash and cash equivalents}}{\textit{(Operating Expenses – Depreciation) / 365}}$$

Days of Cash on Hand – Mayberry

$$\begin{array}{r} \boxed{\$107,706} \\ \text{Unrestricted Cash \& Cash Equivalents (5)} \\ \hline \boxed{3.} \quad \frac{\boxed{\$368,985} / 365}{\text{Operating Expenses (excluding depreciation) (2-3)}} = \boxed{107} \end{array}$$

OE \$511,448
- DEP \$142,463



Operating Ratio – Bavaria

Including Depreciation

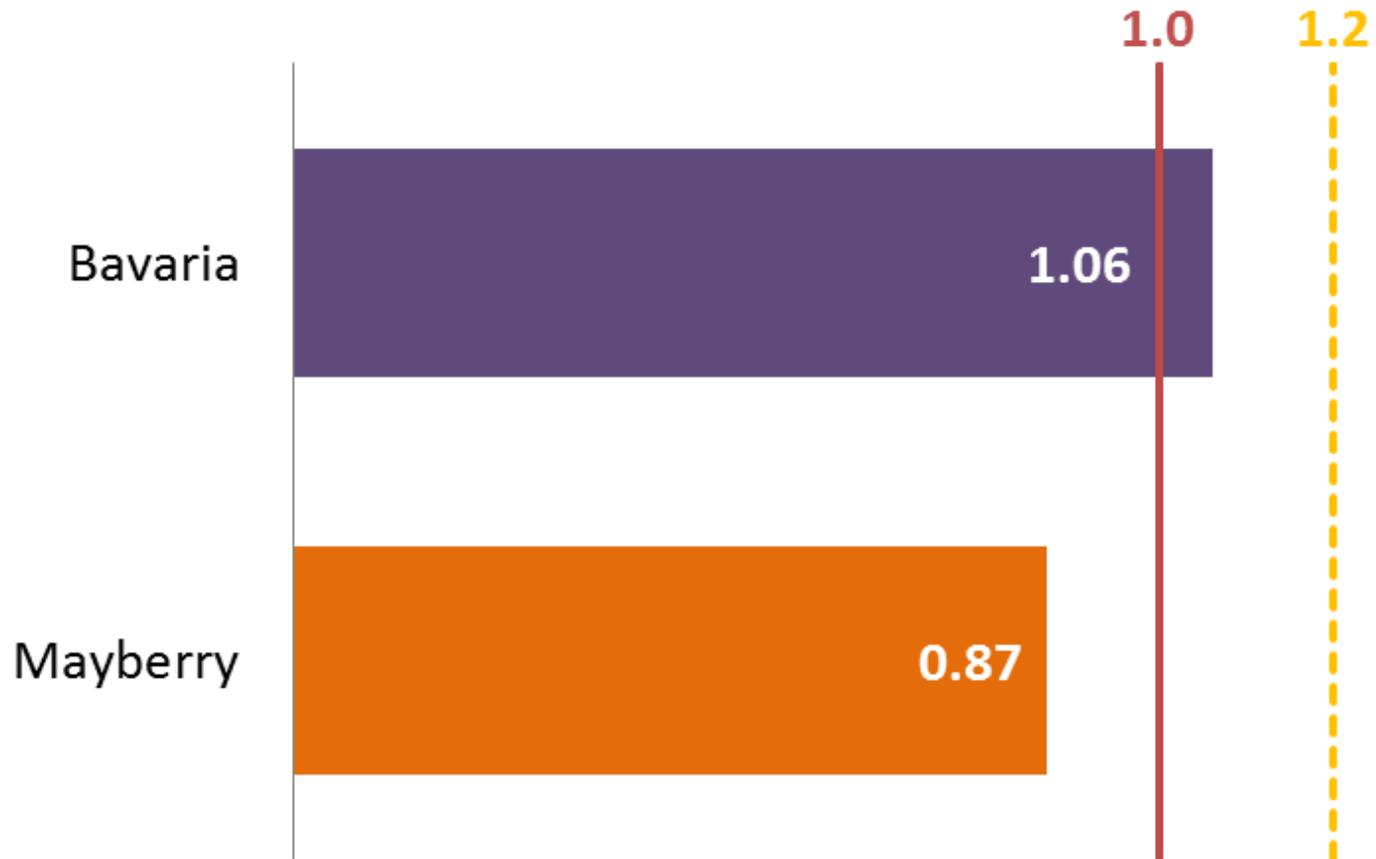
1a.

$$\frac{\text{Operating Revenues (1)}}{\text{Operating Expenses (including depreciation) (2)}} = 1.06$$

Operating Revenues (1)

Operating Expenses (including depreciation) (2)

Operating Ratio Including Depreciation



Operating Ratio – Bavaria

Excluding Depreciation

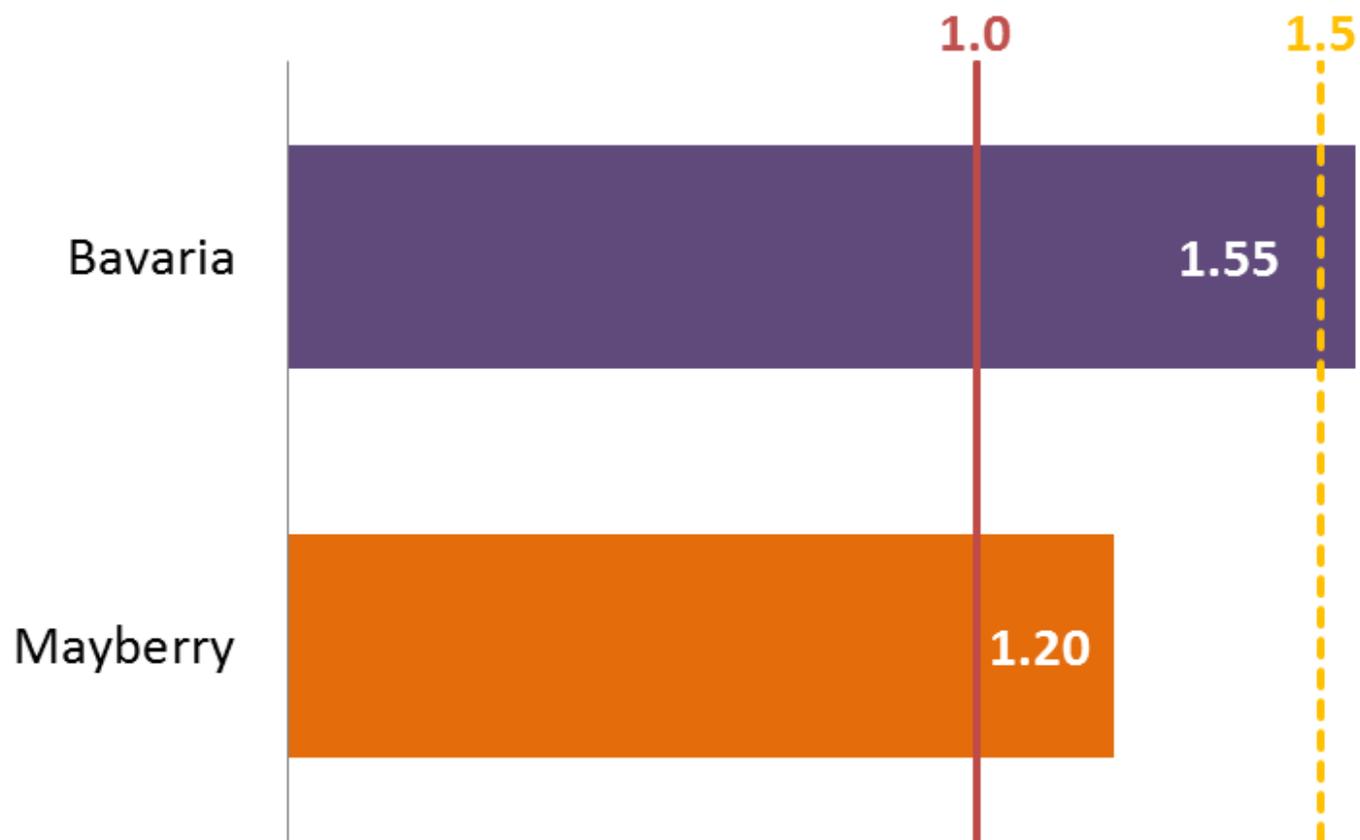
1b.
$$\frac{\$709,972}{\$459,082} = 1.55$$

Operating Revenues (1)

Operating Expenses (excluding depreciation) (2-3)

OE \$671,333
- Dep \$212,251

Operating Ratio Excluding Depreciation



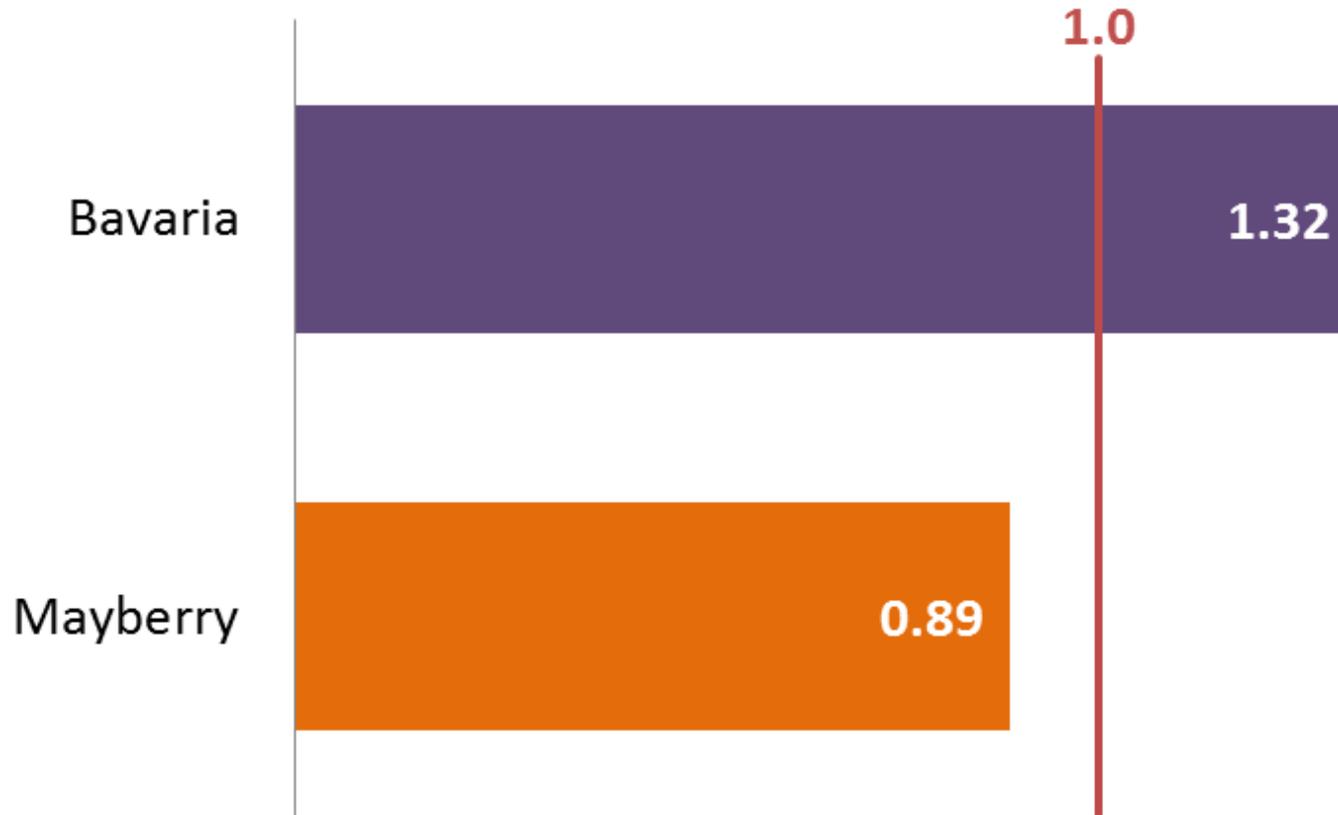
Debt Service Coverage Ratio – Bavaria

OE \$671,333
- Dep \$212,251

$$\frac{\begin{array}{r} \$709,972 \\ \text{Operating Revenues (1)} \end{array} - \begin{array}{r} \$459,082 \\ \text{Operating Expenses (2-3)} \\ \text{(excluding depreciation)} \end{array}}{\begin{array}{r} \$190,633 \\ \text{Principal \& Interest on Long-Term Debt (4)} \end{array}} = 1.32$$

2.

Debt Service Coverage Ratio

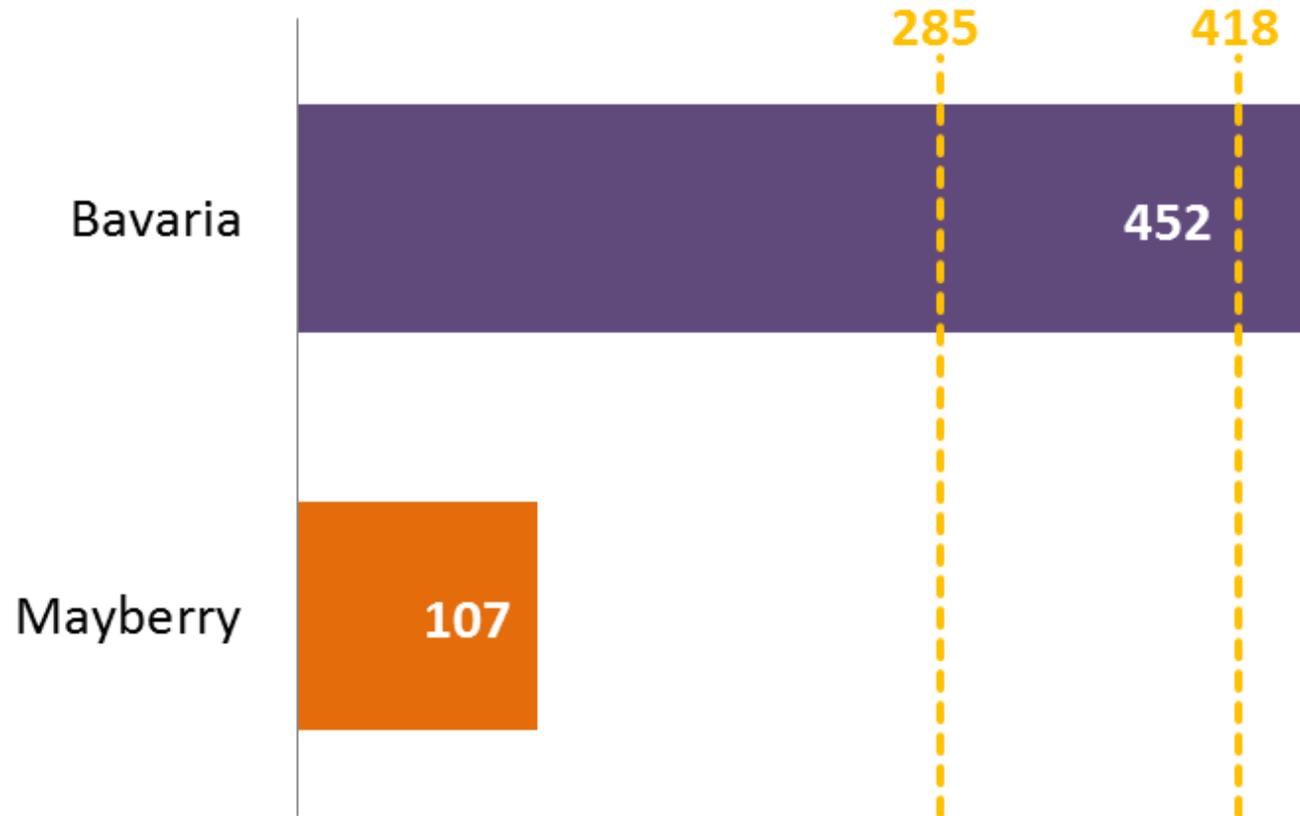


Days of Cash on Hand – Bavaria

$$\begin{array}{r} \boxed{\$568,061} \\ \text{Unrestricted Cash \& Cash Equivalents (5)} \\ \hline \boxed{3.} \quad \boxed{\$459,082} \quad / \quad 365 \\ \text{Operating Expenses (excluding depreciation) (2-3)} \end{array} = \boxed{452}$$

OE \$671,333
- Dep \$212,251

Days of Cash on Hand





One More to Mention: Asset Depreciation*

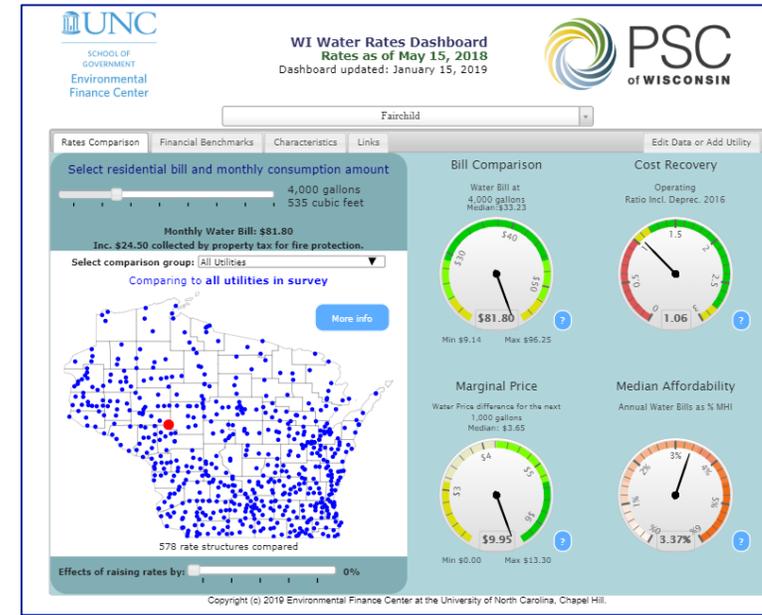
$$= \frac{\textit{Accumulated Depreciation}}{\textit{Gross Plant and Equipment}}$$

Benchmark? Don't get close to 1.0

*Caveat – This indicator is only as good as your depreciation schedule and even then historic pricing is likely to distort the results.

Assessing your customer's financial health

- Poverty rates
- Income distribution
- Unemployment
- Senior citizens on fixed income



	Fairchild village	Median for all utilities in survey
Number of Systems	1	578
Est. Number of Connections	217	652
Est. Service Population	564	1,496
Operating Revenue	\$129,102	\$356,652
Operating Expense	\$121,625	\$293,361
Current Assests	\$2,738	\$497,049
Average Household Size	2.26	2.37
Median Household Income	\$29,097	\$48,534
Poverty Rate	21.65%	11.66%



Why Care About This?

- Funders and ratings agencies care about this
- As you think about the future needs of your system, you have to know where you are starting from

Whiteboard Video: Financial Benchmarking

<http://www.waterrf.org/Pages/Projects.aspx?PID=4366>





WBOP and Other Assessment Tools

- Have you heard of the Waterworks Business Operation Plan (WBOP)?
- Are you using the WBOP or other planning tools?
- What aspects do you find most helpful about the tools you use?

A blue-tinted photograph of industrial waterworks machinery, including large pipes and valves, serving as a background for the top of the slide.

Waterworks Business Operations Plan

- Virginia Department of Health Office of Drinking Water assess a system's...
 - **Technical Capacity** – physical assets, as well as knowledge and skills to operate the system
 - **Managerial Capacity** – planning and organizational expertise
 - **Financial Capacity** – the ability to generate enough revenue, leverage funding, and manage funds to meet operational, maintenance, and expansion costs

WATERWORKS BUSINESS OPERATIONS PLAN

Please download one of the following files depending on your waterworks type:

[Community Business Operations Plan.zip](#)

[NTNC Business Operations Plan.zip](#)

[NTNC EZ Plan.zip](#)

[TNC Form \(Word Document\)](#)

[Serving residential populations](#)

[Serving the same non-residential population](#)

[Serving Pre-school/Daycare Facilities](#)

[Serving differing non-residential populations](#)



Documents Downloaded

- Community Excel Workbook (Excel)
 - Community Form (Word)
- Planning tools
- Community Instructions Appendices A-E (PDF)
 - Community Staff Review Guide (Word)
- Informative



WBOP – Community Form

- Part 1 – Waterworks Information
- Part 2 – Staffing
- Part 3 – Management, Operations & Procedures
- Part 4 – Planning
- Part 5 – Financial Information
- Part 6 – Sustainability Improvements
- Part 7 – Worksheets and Supporting Documents
- Part 8 – Statements for Owner Signature



WBOP – Excel Spreadsheet

- Data needed to populate the spreadsheet:
 - Financial reports
 - Up-to-date budget
 - Rate sheet
 - Capital improvement plan, if you have one
 - Census data



Explanation of Analyses

Line 27: Revenues > Expenditures: A "Not Sustainable" result on this analysis could mean the waterworks does not have adequate financial capacity. The waterworks should review the submittal for errors and/or consider the following:

1. Identify any expenses that can be eliminated or reduced
2. Review the revenues to determine if the rate structure can be modified to increase revenues, increase water rates, evaluate assessment of "special charges" when applicable, etc.
3. Consider whether or not consolidation or transfer of the waterworks is a better option.

If after reviewing the data this remains "Not Sustainable," document **Sustainability Improvements** which the waterworks will take in order to address the shortfall.

WBOP – Excel Spreadsheet

Supplemental Worksheet – Budget Documentation

- Provides a template to breakdown budget or import numbers from an existing budget

1	REVENUES	
2	Water Sales	\$ 315,000.00
3	Fees and Service	\$ 7,000.00
4	Other Revenue	\$ 10,000.00
5	TOTAL REVENUES (Add 2-4)	\$ 332,000.00
6	EXPENSES	
7	Operation & Maintenance Expenses	
8	Salaries & Other Benefits (Operator)	
9	Power & Other Utilities	\$ 16,850.00
10	Chemical & Treatment	
11	Monitoring	
12	Materials, Supplies and Parts	
13	Transportation Expenses	\$ -
14	Miscellaneous Expenses	\$ 27,100.00
15	Total Operation & Maintenance Expenses(Add 8-14)	\$ 43,950.00
16	General and Administrative Expenses	
17	Salaries & Benefits	\$ 305,681.00
18	Office Supplies & Postage	\$ 25,725.00
19	Insurance-Vehicle, Liability, and Workers Comp.	\$ -
20	Legal & Accounting	\$ 2,000.00
21	Engineering & Professional Services	\$ 6,000.00
22	Fees - and Taxes (VDH Waterworks, etc)	\$ -
23	Miscellaneous Expenses	\$ 700.00
24	Total General Administrative Expenses (Add 17-23)	\$ 340,106.00
25	Depreciation Expense (See Instructions)	\$ -
26	TOTAL O, M & ADMIN EXPENSES (Add 15+24)	\$ 384,056.00



TOTAL REVENUE REQ.(Add 26+28+40+44+48+52+ 56)	\$ 384,056.00
BUDGET SURPLUS (DEFICIT) (Subtract 5-58)	\$ (52,056.00)



WBOP – Excel Spreadsheet

Supplemental Worksheet – Revenue Projection

- Input:
 - Connections
 - Minimum charges
 - Commodity/volumetric rate
 - Minimum use
 - Breakdown of residential and commercial customers
 - Total gallons produced
 - Total gallons sold for residential and commercial

WBOP – Excel Spreadsheet

Supplemental Worksheet – Revenue Projection

- Output:

CALCULATED RESULTS PAGE						
FOR PROJECTED FISCAL YEAR	2018	2019	2020	2021	2022	2023
SECTION IV - WATER USE EVALUATION						
18. Gallons of Water Produced	3,500,000	3,552,500	3,605,788	3,659,874	3,714,772	3,770,494
19. Gallons associated with Res min use bills	0	0	0	0	0	0
20. Gallons associated with Non-Res min use bills	0	0	0	0	0	0
21. Residential Customers with > min use bill	585	590	598	606	612	620
22. Gallons Associated with minimum use portion of all non-minimum use Residential Customers	0	0	0	0	0	0
23. Non-Residential Customers with > minimum bill	0	0	0	0	0	0
24. Gallons Associated with minimum use portion of all non-minimum non-residential customers	0	0	0	0	0	0
25. Gallons applied to Residential commodity charge	2,991,695	3,036,570	3,082,119	3,128,351	3,175,276	3,222,905
26. Gallons Applied to the Non-Residential commodity	0	0	0	0	0	0
SECTION V - REVENUE SUMMARY						
27. Annual Revenue from Res Min Bills	\$ 8,820.00	\$ 10,495.80	\$ 11,668.86	\$ 12,592.64	\$ 18,942.00	\$ 21,801.00
28. Annual Revenues from Non-Res Min Bills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29. Revenues From Res Non-min customers	\$ 189,940.17	\$ 208,316.96	\$ 220,205.53	\$ 233,182.30	\$ 309,930.60	\$ 341,818.52
30. Revenues from Non-Res Non Min customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31. Revenues from Sale of Water	\$ 198,760.17	\$ 218,812.76	\$ 231,874.39	\$ 245,774.94	\$ 328,872.60	\$ 363,619.52
32. Total Annual Projected Revenues For the PWS	\$ 215,260.17	\$ 235,312.76	\$ 248,374.39	\$ 262,274.94	\$ 345,372.60	\$ 380,119.52
SECTION VII - AFFORDABILITY EVALUATION						
33. Annual Average User Charge, AUC (Bill Per Residence)	\$ 344.40	\$ 361.62	\$ 379.70	\$ 398.69	\$ 418.62	\$ 439.55
34. Monthly Average User Charge (Bill Per Residence)	\$ 28.70	\$ 30.14	\$ 31.64	\$ 33.22	\$ 34.89	\$ 36.63
35. Median Household Income, MHI (From US Census)	\$ 36,836.00	\$ 36,836.00	\$ 36,836.00	\$ 36,836.00	\$ 36,836.00	\$ 36,836.00
36. Household Affordability Ratio (AUC/MHI)	0.93%	0.98%	1.03%	1.08%	1.14%	1.19%
37. Is the actual HAR <=2%?	YES	YES	YES	YES	YES	YES

WBOP – Excel Spreadsheet

Supplemental Worksheet – Household Affordability

COMMUNITY Waterworks						
Supplemental Worksheet: Household Affordability						
<i>Calculated cells are highlighted in Green ~ All financial figures automatically rounded to the nearest whole number ~</i>						
OWNER:			PWSID NUMBER/S:			
FISCAL YEAR ENDING	2018	2019	2020	2021	2022	2023
HOUSEHOLD AFFORDABILITY RATIO						
1. Annual Average User Charge, AUC (Bill Per Residence)	\$ 279.00	\$ 306.00	\$ 318.00	\$ 339.00	\$ 357.00	\$ 372.00
2. Monthly Average User Charge (Bill Per Residence)	\$ 23.25	\$ 25.50	\$ 26.50	\$ 28.25	\$ 29.75	\$ 31.00
3. Median Household Income, MHI (From US Census)	\$ 41,163.00	\$ 41,163.00	\$ 41,163.00	\$ 41,163.00	\$ 41,163.00	\$ 41,163.00
4. Household Affordability Ratio (AUC/MHI)	0.68%	0.74%	0.77%	0.82%	0.87%	0.90%
AFFORDABILITY INDICATOR						
5. Is the actual HAR <=2%?	YES	YES	YES	YES	YES	YES

Affordability Assessment Tool

What do you need?

1) Utility Information

Name of the utility:

Example Town

Select the state, District of Columbia, or Puerto Rico from the dropdown menu:

North Carolina

Assess affordability of water, wastewater or combined water & wastewater rates?

Water

2) Monthly Charges at [Near] the Average Residential Water Use

What is the approximate average residential monthly consumption?

4,000

gallons/month

or

cubic feet/month

In this analysis, assess the rates charged at the rounded consumption of 4000 gallons/month (530 cubic feet/month)

Enter in the current monthly water residential charge at 4000 gallons/month:

Water

\$28.70

If you wish to assess affordability under different rates, enter alternative monthly water residential charge at 4000 gallons/month, otherwise copy the current rates from above:

Water

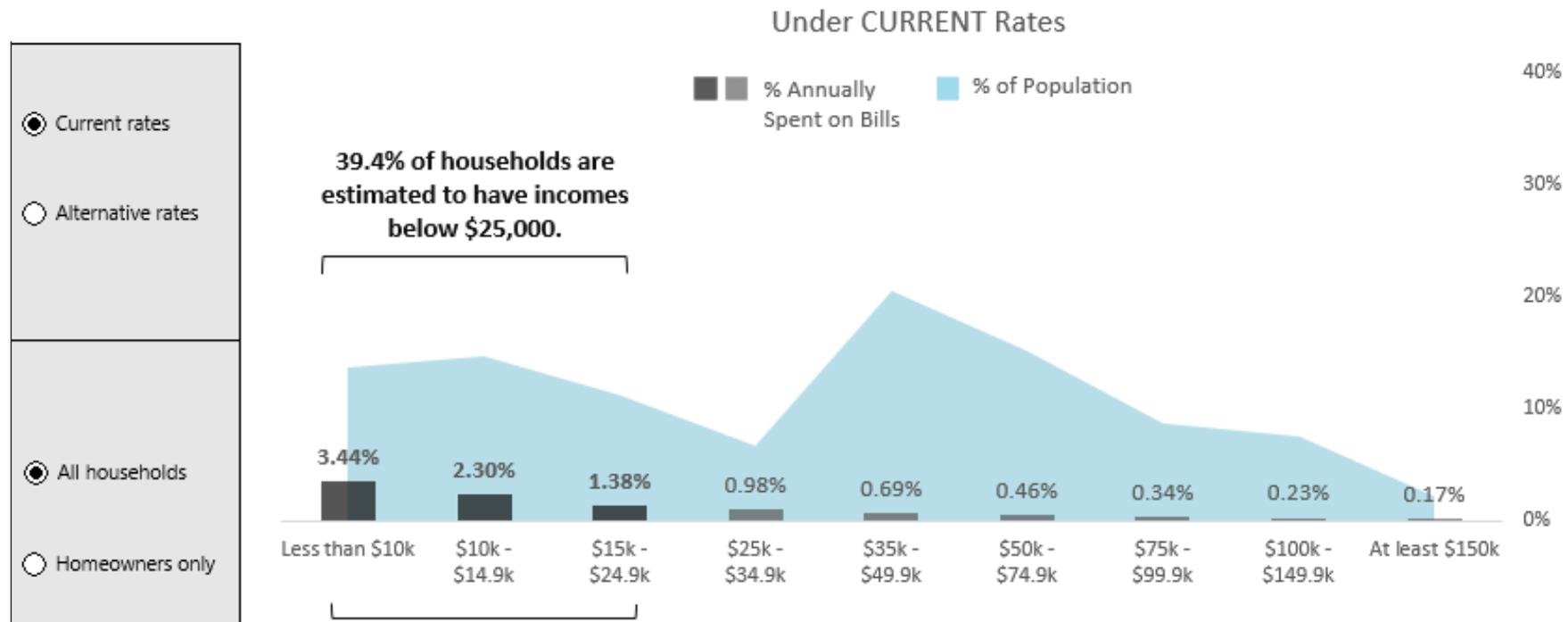
\$28.70

US Census Data

	Estimate	Margin of Error	Percent	Percent Margin of Error
EMPLOYMENT STATUS				
In labor force	not needed	not needed	not needed	not needed
Unemployed	not needed	not needed	3.8%	not needed
Not in labor force	not needed	not needed	43.4%	not needed
2017 INFLATION-ADJUSTED DOLLARS)				
Less than \$10,000	not needed	not needed	13.6%	not needed
\$10,000 to \$14,999	not needed	not needed	14.6%	not needed
\$15,000 to \$24,999	not needed	not needed	11.2%	not needed
\$25,000 to \$34,999	not needed	not needed	6.7%	not needed
\$35,000 to \$49,999	not needed	not needed	20.5%	not needed
\$50,000 to \$74,999	not needed	not needed	15.1%	not needed
\$75,000 to \$99,999	not needed	not needed	8.6%	not needed
\$100,000 to \$149,999	not needed	not needed	7.5%	not needed
\$150,000 to \$199,999	not needed	not needed	1.7%	not needed
\$200,000 or more	not needed	not needed	0.5%	not needed
mean household income (dollars)	\$36,836	not needed	not needed	not needed
With Social Security	not needed	not needed	35.1%	not needed
With Supplemental Security Income	not needed	not needed	11.5%	not needed
With cash public assistance income	not needed	not needed	3.0%	not needed
With Food Stamp/SNAP benefits in the past 12 months	not needed	not needed	31.4%	not needed
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL				
All people	not needed	not needed	29.6%	not needed

	Estimate	Margin of Error
Total:	not needed	not needed
Owner occupied:	465	not needed
Less than \$5,000	3	not needed
\$5,000 to \$9,999	27	not needed
\$10,000 to \$14,999	59	not needed
\$15,000 to \$19,999	26	not needed
\$20,000 to \$24,999	2	not needed
\$25,000 to \$34,999	22	not needed
\$35,000 to \$49,999	111	not needed
\$50,000 to \$74,999	58	not needed
\$75,000 to \$99,999	68	not needed
\$100,000 to \$149,999	68	not needed
\$150,000 or more	21	not needed
Renter occupied:	not needed	not needed
Less than \$5,000	not needed	not needed
\$5,000 to \$9,999	not needed	not needed
\$10,000 to \$14,999	not needed	not needed
\$15,000 to \$19,999	not needed	not needed
\$20,000 to \$24,999	not needed	not needed
\$25,000 to \$34,999	not needed	not needed
\$35,000 to \$49,999	not needed	not needed
\$50,000 to \$74,999	not needed	not needed
\$75,000 to \$99,999	not needed	not needed
\$100,000 to \$149,999	not needed	not needed
\$150,000 or more	not needed	not needed

Affordability of Water Rates Assessed at 4000 Gallons/Month and the 2017 Income Levels



39.4% of residential customers are estimated to have had less than \$25,000 in annual income. These households will have spent more than 1.38% of their income under the current rates for water bills at 4000 gallons/month. 13.6% of households will have spent more than 3.44% of their income. However, a substantial number of low-income households may be living in rental homes and apartments and do not pay water bills, which may be included in their rent.



Key Socioeconomic Indicators

	Selected Census geography	North Carolina in 2017	United States in 2017
Median Household Income	\$36,836	\$50,320	\$57,652
% Unemployment	3.8%	4.4%	4.1%
% Not in the labor force	43.4%	37.4%	36.6%
% of all people with income below poverty	29.6%	16.1%	14.6%
% with Social Security income	35.1%	31.7%	30.6%
% with Supplemental Security income	11.5%	5.0%	5.4%
% with cash public assistance income	3.0%	1.8%	2.6%
% with Food Stamp/SNAP benefits	31.4%	13.7%	12.6%

Key:

If any value for the selected Census geography is shown in red, its value is 'more stressed' than the state and national averages.

Financial Health Checkup Tool

What do you need?



Financial Health Checkup
FOR WATER UTILITIES

Financial data input worksheet



Step 2:
Enter targets

Step 1: Type in your utility's information in the green cells below.

Prepared by:

Date prepared:

Utility / Organization:

End date of the most recent financial statement used:

Key	Field in the financial statement/CAFR	Fiscal Year End				
		2014	2015	2016	2017	2018
[1]	Total Operating Revenues	\$ 2,341,857	\$ 2,556,399	\$ 2,271,777	\$ 2,334,236	\$ 2,501,286
[2]	Total Operating Expenses	\$ 2,229,208	\$ 2,403,938	\$ 2,565,282	\$ 2,555,504	\$ 2,740,266
[3]	Depreciation & Amortization Expenses	\$ 362,047	\$ 490,007	\$ 569,998	\$ 568,179	\$ 534,000
[4]	Debt Principal Payments	\$ 185,000	\$ 279,242	\$ 333,558	\$ 132,742	\$ 436,459
[4b]	Debt Interest Payments	\$ 84,859	\$ 81,330	\$ 72,808	\$ 71,620	\$ 55,535
[5]	Current Assets, excluding inventories, restricted cash, prepaids	\$ 2,986,691	\$ 3,565,601	\$ 3,266,234	\$ 3,050,573	\$ 2,941,629
[6]	Current Liabilities, excluding deposits & bond anticipation notes	\$ 757,776	\$ 776,266	\$ 495,555	\$ 656,257	\$ 547,019
[7]	Unrestricted Cash & Investments	\$ 1,961,851	\$ 2,883,569	\$ 2,411,154	\$ 2,273,697	\$ 2,415,013
[8]	Total Accumulated Depreciation	\$ 5,125,329	\$ 5,520,510	\$ 7,661,024	\$ 8,229,207	\$ 8,763,207
[9]	Total Depreciable Capital Assets	\$ 17,221,067	\$ 17,144,542	\$ 18,697,849	\$ 18,744,028	\$ 18,854,157

Step 2: Edit targets



Five-Year Trends

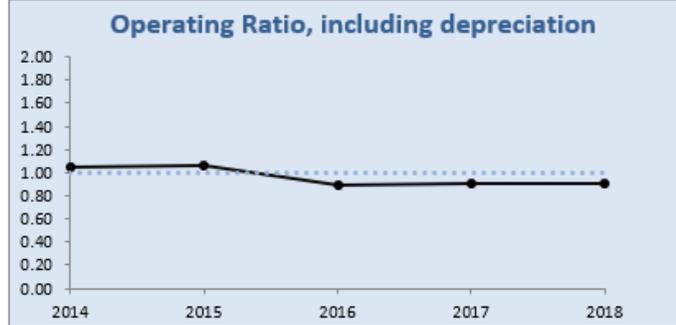
Key: Blue line = target
(edit targets in Step 2)

Above dotted line = exceeded target (good)

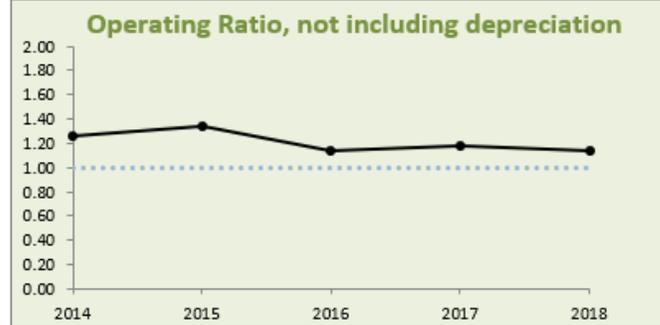
Below dotted line = did not meet target (needs improvement)

Assessment for Town of Anywhere

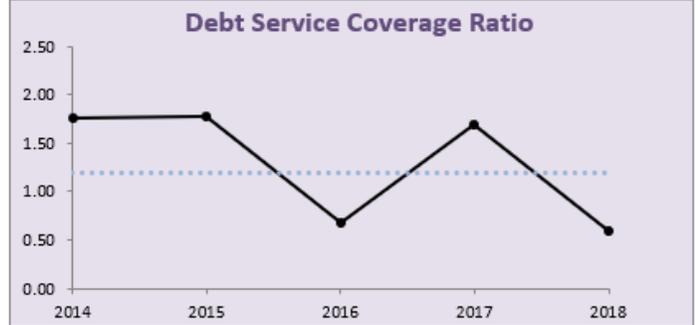
Did you generate the revenues needed to pay for O&M and a little for capital?



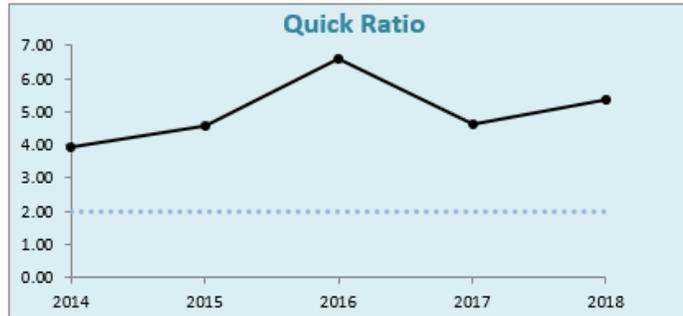
Did you generate the revenues needed to pay for O&M by itself?



Did you generate the revenues needed to pay for O&M and existing debt service?



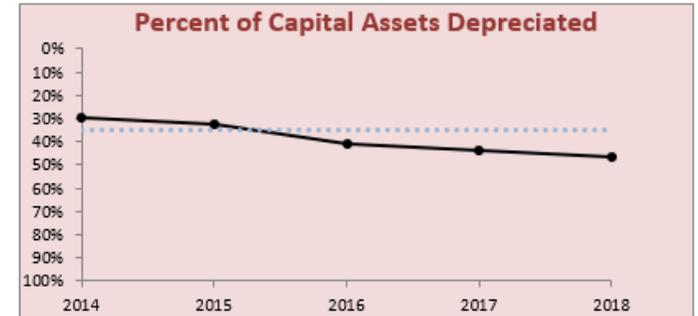
Did you have enough liquidity to pay your current liabilities at the end of the year?



How many days could you continue to operate the utility with the cash levels available?



How much have your utility's assets depreciated (nearing the end of their lives)?



More Resources

The Environmental Finance Blog

How you pay for it matters.



SCHOOL OF GOVERNMENT
Environmental Finance Center

Financial Health Checkup
FOR WATER UTILITIES

Financial data input worksheet

Step 1: Type in your utility's information in the green cells below.

Step 2: Enter targets

Prepared by:

Date prepared:

Utility / Organization:

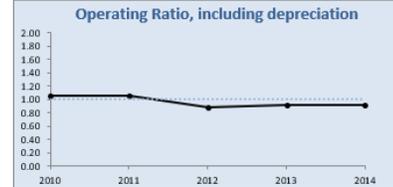
End date of the most recent financial statement used:

- Key** Field in the financial statement/CAFR
- [1] Total Operating Revenues
 - [2] Total Operating Expenses
 - [3] Depreciation & Amortization Expenses
 - [4] Debt Principal Payments
 - [4b] Debt Interest Payments
 - [5] Current Assets, excluding inventories, restricted cash, prepaids
 - [6] Current Liabilities, excluding deposits & bond anticipation notes
 - [7] Unrestricted Cash & Investments
 - [8] Total Accumulated Depreciation
 - [9] Total Depreciable Capital Assets

	Fiscal Year End				
	2010	2011	2012	2013	2014
[1] Total Operating Revenues	\$ 2,341,857	\$ 2,556,399	\$ 2,271,777	\$ 2,334,236	\$ 2,501,286
[2] Total Operating Expenses	\$ 2,229,208	\$ 2,403,938	\$ 2,565,282	\$ 2,555,504	\$ 2,740,266
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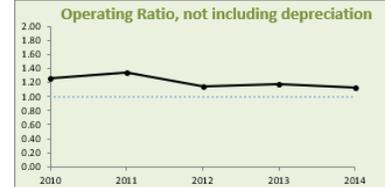
Line	FISCAL YEAR ENDING	ACTUAL PREVIOUS		PROJECTED for Fiscal Year Ending June 30,			
		2018	2019	2020	2021	2022	2023
FINANCIAL EVALUATION							
23	TOTAL REVENUE REQ.(Add 9+13+19B+20B+21B+22B)	\$ 2,499,067.00	\$ 2,764,510.00	\$ 662,648.00	\$ 2,759,866.00	\$ 3,232,260.00	\$ -
24	NET INCOME-BUDGET SURPLUS / DEFICIT (Line 4-23)	\$ (157,210.00)	\$ (208,111.00)	\$ 1,609,129.00	\$ (425,630.00)	\$ (730,974.00)	\$ -
ANALYSES							
27	Revenues ≥ expenses	Not Sustainable	Not Sustainable	Sustainable	Not Sustainable	Not Sustainable	Sustainable
28	Operating Cash Reserve ≥ Minimum Balance	Not Sustainable	Not Sustainable	Not Sustainable	Not Sustainable	Not Sustainable	Sustainable
29	Emergency Reserve ≥ Minimum Balance	Sustainable	Sustainable	Sustainable	Sustainable	Sustainable	Sustainable
30	Debt Service Coverage Ratio	0.42	0.42	4.96	(1.08)	(0.49)	#DIV/0!
31	Debt Service Coverage Ratio > 1.15XDebt Service Household Affordability Ratio (from Revenue Projection Wksht)	Not Sustainable	Not Sustainable	Sustainable	Not Sustainable	Not Sustainable	#DIV/0!
32		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Did you generate the revenues needed to pay for O&M and a little for capital?

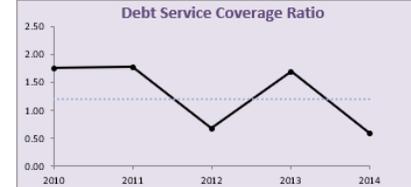


Assessment for Town of Anywhere

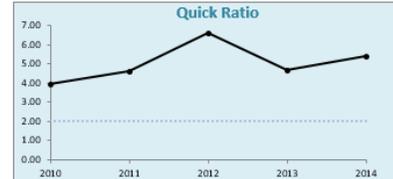
Did you generate the revenues needed to pay for O&M by itself?



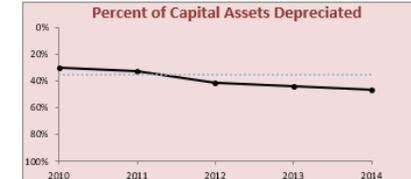
Did you generate the revenues needed to pay for O&M and existing debt service?



Did you have enough liquidity to pay your current liabilities at the end of the year?



How many days could you continue to operate the utility with the cash levels available? How much have your utility's assets depreciated (nearing the end of their lives)?





Small Group Assessment Time

- Calculate or find your metrics?
- Discuss what you think are current metrics that are used – what would you like to add?
- What are hidden problems or challenges you would like to shine light on?