



Looking west on Long Street in the King-Lincoln neighborhood.

ENTERPRISE FUNDS

Sewerage and Drainage Operating Fund

2016 Cash Balance Statement

The sanitary sewer enterprise fund is used by the city to account for all financial activity related to the operation of the sanitary sewer enterprise. The city collects and treats effluent of city residents and residents of certain suburban areas. The city has two sewerage treatment plants. Revenues consist primarily of user charges.

The projected beginning year 2016 cash balance is \$207.1 million, which includes \$125 million in two reserve funds and an EPA mandated replacement fund.

2016 Sewerage and Drainage Operating Fund Balance Summary

Unencumbered Cash Balance (January 1, 2016)	\$ 207,063,673
Plus Estimated 2016 Receipts	259,126,353
Plus Estimated Encumbrance Cancellations	6,264,003
Total Estimated Available Resources	\$ 472,454,029
Less 2016 Recommended Operating Budget (Sewers/Drains)	(271,053,679)
Less 2016 Recommended Operating Budget (Administration)	(8,403,198)
Projected Available Balance (December 31, 2016)	\$ 192,997,152

2016 Revenue Summary

User fees support the operations of the Division of Sewerage and Drainage. Section 118 of the Columbus City Charter empowers City Council to establish separate utility rates to fully cover the cost of service. Rates are set to fully recover the cost of operations, maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time fully meet the needs of the system. To achieve this goal, a pro forma operating statement was developed. The pro forma is routinely updated to reflect changing appropriations, expenditures and revenues.

2016 Revenue Summary

2016 Sewerage and Drainage Operating Fund				
Revenue by Source and Year				
Historical and Projected				
	2013	2014	2015	2016
Revenue Summary	Actual	Actual	Estimated	Proposed
Sewer Sales	\$ 190,692,377	\$ 192,976,479	\$ 198,208,762	\$ 204,179,801
Wet Weather Charges	31,125,466	32,587,890	34,413,488	35,690,790
System Capacity Charges	4,990,726	5,971,738	6,039,717	6,100,114
Investment Income	1,073,981	1,654,336	1,875,718	1,894,475
Storm Maintenance Reimbursement	8,072,050	8,307,135	8,069,019	8,311,090
Other*	2,831,058	2,948,079	8,802,287	9,214,086
Unencumbered Cash Balance	186,076,576	197,037,025	213,732,941	207,063,673
Total Resources	\$ 424,862,234	\$ 441,482,682	\$ 471,141,932	\$ 472,454,029
Percent Change		3.91%	6.72%	0.28%

*Includes debt refinancing premiums in 2013 and 2014 and encumbrance cancellations in 2015 and 2016.

Notes:

- The Sewer and Water Advisory Board recommended a three percent increase in revenues for 2016. With this increase, revenues, excluding the beginning balance and encumbrance cancellations, will total \$259.1 million in 2016.
- There will be no change to the sewer system capacity fee in 2016.
- Due to the volatility of the market, the interest income projection is normally very conservative, with a projected one percent increase in 2016. Investment income, as a revenue source to the enterprise funds, is based on the amount of cash available in the treasury upon which interest can be earned.
- The storm maintenance reimbursement will continue in 2016. This transfer of funds from the storm to the sanitary sewer fund is a reimbursement for shared resources.
- The low income discount is continued in 2016. This discount is applied to the commodity portion of the sanitary sewer to provide financial relief to qualifying customers.

Sewerage and Drainage Operating Fund

Pro Forma Operating Statement

Presented below is a pro forma operating statement for the sewerage system enterprise operating fund, reflecting sanitary sewer operations only. A separate pro forma statement for storm sewer operations is presented later in this document. Represented is a projection of the sewerage and drainage operating fund revenues and expenditures for the period 2014 through 2025, the assumptions for which are outlined below. The pro forma operating statement is essential to the planning and rate setting processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The Sewer and Water Advisory Board recommended various sewer rate increases to produce three percent more revenue in 2016.
 - Growth of the sanitary system is projected to be 0.5 percent throughout the pro forma projection period.
 - System capacity charges are assumed to grow by one percent annually.
 - Projections for personnel costs reflect the rates in effect for the various collective bargaining agreements and/or management salary ordinances represented in the division.
 - Equipment costs in 2016 and beyond include the required annual allotment to the EPA-mandated capital replacement fund. The division has \$4.5 million budgeted in its operating budget for capital outlay as well as additional funds budgeted in an equipment reserve.
 - The 2016 operations and maintenance budget includes \$11.1 million to pay pro rata (payment to the general fund for services provided to the utility divisions by general fund agencies).
 - In 2016, the division will pay \$154.2 million in debt service costs related to various debt issuances over the years. This debt was issued to help fund large infrastructure improvements and upgrades at the wastewater treatment plants and wastewater system.
 - Included in the above-noted figure is \$91.1 million in debt service payments to the Ohio Water Development Authority (OWDA). Use of these low-interest moneys help to decrease the debt retirement expenses associated with sanitary sewer projects. Unlike municipal bonds, debt service on OWDA funded construction projects is not paid until construction is complete.
 - The Division of Sewerage and Drainage's capital improvements plan has been reduced by fifteen percent throughout the pro forma period. This reduction recognizes the likelihood that actual debt issuance in any given year will not reach levels outlined in the capital improvements budget because of unavoidable lags in the project planning and implementation process.
 - The Division of Sewerage and Drainage's pro forma statement also assumes that all general obligation debt will be issued late in any given year, such that the interest expense is not due until the following year and the principal payment is due the year after that.
 - A portion of the costs associated with the Public Utilities Director's Office are borne by the sewerage enterprise operating fund. In 2016, \$8.4 million is allocated in this fund for the Director's Office.
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SANITARY SEWER ENTERPRISE FUND

Pro Forma Operating Statement
For Years 2014 - 2025 (000's omitted)

	Actual	Estimated	Proposed									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Cash Balance	197,037	213,733	207,064	192,997	180,549	173,990	174,054	169,567	163,312	174,764	182,343	189,905
Utility Revenues												
Sewer Sales	192,976	198,209	199,200	206,067	217,224	231,132	245,945	264,144	283,709	301,941	315,389	326,324
Sewer Sales Increase	-	-	4,980	8,586	10,861	11,557	14,347	15,408	14,185	10,065	7,885	8,158
Wet Weather	32,588	34,413	34,830	36,123	38,030	40,319	42,732	45,630	48,706	51,605	53,873	55,163
Wet Weather Increase	-	-	860	1,451	1,806	1,901	2,352	2,493	2,281	1,624	1,290	1,347
Interest Income	1,654	1,876	1,894	1,913	1,933	1,952	1,971	1,991	2,011	2,031	2,051	2,072
System Capacity Charge	5,972	6,040	6,100	6,161	6,223	6,285	6,348	6,411	6,475	6,540	6,606	6,672
Other	2,632	2,900	2,950	3,001	2,990	3,013	3,072	3,132	3,194	3,228	3,293	3,359
Reimbursement from Stormwater Fund	8,307	8,069	8,311	8,560	8,817	9,082	9,354	9,635	9,924	10,222	10,528	10,844
Debt Refinancing	316	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>244,446</u>	<u>251,507</u>	<u>259,126</u>	<u>271,863</u>	<u>287,884</u>	<u>305,241</u>	<u>326,121</u>	<u>348,844</u>	<u>370,486</u>	<u>387,255</u>	<u>400,915</u>	<u>413,938</u>
Projected Encumbrance Cancellations	-	5,902	6,264	6,471	6,682	6,903	7,138	7,463	7,634	7,880	8,128	8,382
Total Resources	<u>441,483</u>	<u>471,142</u>	<u>472,454</u>	<u>471,331</u>	<u>475,116</u>	<u>486,134</u>	<u>507,312</u>	<u>525,875</u>	<u>541,431</u>	<u>569,899</u>	<u>591,386</u>	<u>612,226</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	35,045	35,795	36,764	37,683	38,625	39,591	40,581	41,595	42,635	43,701	44,793	45,913
27th Pay Period	-	-	-	-	-	-	-	1,600	-	-	-	-
Health Insurance	8,193	8,393	9,295	9,946	10,642	11,387	12,184	13,037	13,950	14,926	15,971	17,089
Supplies & Materials	6,292	8,787	8,298	8,464	8,633	8,806	8,982	9,162	9,345	9,532	9,722	9,917
Pro Rata	10,909	10,885	11,103	11,843	12,555	13,326	14,253	15,263	16,224	16,967	17,567	18,139
Contractual Services	34,731	41,915	46,438	47,831	49,266	50,744	52,266	53,834	55,449	57,113	58,826	60,591
Other	763	757	475	484	494	504	514	524	535	545	556	568
Equipment	2,349	4,519	4,503	4,593	4,685	4,779	4,875	4,972	5,071	5,173	5,276	5,382
Department of Public Utilities Allocation	5,914	7,206	8,403	8,571	8,743	8,918	9,096	9,278	9,463	9,653	9,846	10,043
Total Operations & Maintenance	<u>104,197</u>	<u>118,257</u>	<u>125,280</u>	<u>129,416</u>	<u>133,644</u>	<u>138,054</u>	<u>142,751</u>	<u>149,266</u>	<u>152,673</u>	<u>157,610</u>	<u>162,559</u>	<u>167,642</u>
Debt Service												
Revenue Bond	18,302	18,346	18,346	18,606	18,606	18,606	18,606	18,606	18,606	27,381	33,268	46,631
General Obligation	39,891	46,882	44,608	43,175	41,966	38,144	35,273	34,278	33,248	29,960	28,394	27,478
OWPCLF/OWDA Debt- Non Wet Weather	65,360	80,593	91,083	90,410	87,959	85,509	85,508	84,794	79,421	76,281	71,246	67,449
Proposed New Debt	-	-	-	9,041	18,885	31,737	55,577	75,591	82,692	96,325	106,014	114,292
Assessments	-	-	140	134	66	31	30	29	29	-	-	-
Total Debt Service	<u>123,553</u>	<u>145,821</u>	<u>154,177</u>	<u>161,366</u>	<u>167,482</u>	<u>174,026</u>	<u>194,994</u>	<u>213,298</u>	<u>213,994</u>	<u>229,947</u>	<u>238,922</u>	<u>255,850</u>
Total Expense	<u>227,750</u>	<u>264,078</u>	<u>279,457</u>	<u>290,782</u>	<u>301,126</u>	<u>312,080</u>	<u>337,745</u>	<u>362,563</u>	<u>366,667</u>	<u>387,556</u>	<u>401,481</u>	<u>423,491</u>
Ending Fund Balance	<u>213,733</u>	<u>207,064</u>	<u>192,997</u>	<u>180,549</u>	<u>173,990</u>	<u>174,054</u>	<u>169,567</u>	<u>163,312</u>	<u>174,764</u>	<u>182,343</u>	<u>189,905</u>	<u>188,734</u>
Projected Revenue Increase			3.00%	5.00%	6.00%	6.00%	7.00%	7.00%	6.00%	4.00%	3.00%	3.00%

Electricity Enterprise Fund

2016 Cash Balance Statement

The electricity enterprise fund is used by the city to account for all financial activity related to the operation of the electricity enterprise. The city purchases, but does not generate electricity and sells it to its residential and commercial customers. Revenues consist primarily of user charges.

Revenues into the electricity enterprise fund are expected to continue to parallel the expense for the purchase of power. Electrical sales revenue is expected to increase slightly over that of the previous year.

At the beginning of 2016, there is a projected cash balance of nearly \$18.2 million, which reflects the combined balances of the reserve and operating funds.

2016 Electricity Enterprise Fund Balance Summary	
Unencumbered Cash Balance (January 1, 2016)	\$ 18,192,909
Plus Estimated 2016 Receipts	82,207,665
Plus Estimated Encumbrance Cancellations	504,187
Total Estimated Available Resources	<u>\$ 100,904,761</u>
Less 2016 Recommended Operating Budget (Electricity)	(84,587,374)
Less 2016 Recommended Operating Budget (Administration)	(1,178,227)
Projected Available Balance (December 31, 2016)	<u><u>\$ 15,139,160</u></u>

2016 Revenue Summary

The Division of Electricity is supported by revenues generated through the sale of wholesale (purchased) power. Section 118 of the Columbus City Charter empowers City Council to establish separate utility rates to fully cover the cost of service. Rates are set to fully recover the cost of operations, maintenance and debt service. City Council must approve all rate increases before they are effective.

Electricity operating fund revenues fall into two basic categories: revenue from the retail sale of electricity and specific services (e.g. operation and maintenance of expressway lighting) and investment earnings.

2016 Revenue Summary

2016 Electricity Enterprise Fund				
Revenue by Source and Year				
Historical and Projected				
Revenue Summary	2013	2014	2015	2016
	Actual	Actual	Estimated	Proposed
Charges for Electrical Service	\$ 84,148,067	\$ 80,174,806	\$ 78,176,094	\$ 79,069,356
Investment Income	102,566	155,732	226,148	125,000
Other Revenue*	3,617,544	3,610,794	3,585,623	3,350,137
Street Light Assessments	376,199	310,706	-	167,358
Unencumbered Cash Balance	9,756,907	15,700,015	21,127,157	18,192,909
Total Resources	\$ 98,001,283	\$ 99,952,053	\$ 103,115,022	\$ 100,904,761
Percent Change		1.99%	3.16%	-2.14%

*Includes encumbrance cancellations in 2015 and 2016.

Notes:

- Revenues, excluding the beginning year cash balance and encumbrance cancellations, are expected to be \$82.2 million in 2016.
- Revenues to the electricity enterprise fund are generated through the purchase of wholesale and resale of retail electricity.
- Effective May 2001, changes in state law caused the Division of Electricity to pay the proceeds of a kilowatt hour tax to the general fund. At that time, to avoid a net reduction in revenue to the division, the general fund reimbursed the payments to the electricity operating fund. However, in 2004, legislation was passed that allowed the general fund to keep the kilowatt hour proceeds. In turn, through 2008, the division received a portion of the costs associated with operation of the street light system from the street construction, maintenance and repair fund (SCMR fund). Starting in 2009, however, this intra-fund transfer was not made and will again not be made in 2016. In 2016, the general fund will retain 100 percent of the value of the kilowatt hour tax.

Electricity Enterprise Fund

Pro Forma Operating Statement

Presented below is a pro forma operating statement for the electricity enterprise operating fund, which outlines projections of operating fund revenues and expenditures on a cash basis for the period 2014 through 2025. Assumptions are outlined below. This division does not follow the same rate setting processes as the Water, Sanitary and Stormwater Divisions. Rather, its rates are determined by what the market will support given that there are other providers of retail electricity in the area. As such, the pro forma operating statement is essential to this division's planning, management and decision making processes. The major assumptions upon which the pro forma's numbers are based are as follows:

- The pro forma assumes operating, maintenance and debt service costs for the division's street lighting program through the entire pro forma period. The objective of the program is to install street lighting throughout the city with revenues derived from electric retail sales.
 - The largest portion, by far, of the Division of Electricity's budget is for the purchase of wholesale electrical power. In 2016, \$55.8 million is budgeted for this commodity. This amount is only 2.8 percent more than expended in 2014 and 1.2 percent more than it projects to spend in 2015. These nominal increases reflect the division's recent success at securing favorable wholesale rates.
 - Growth of the electric system (i.e., sales) is projected to be 0.5 percent throughout the pro forma projection period.
 - A portion of the costs associated with the Public Utilities Director's Office are borne by the electricity enterprise operating fund. In 2016, \$1.2 million is allocated in this fund for this purpose.
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ELECTRICITY ENTERPRISE FUND

Pro Forma Operating Statement
For Years 2014 - 2025 (000's omitted)

	Actual	Estimate	Proposed									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Cash Balance	15,700	21,127	18,193	15,139	15,995	14,800	12,102	5,905	2,733	-668	-730	597
Utility Revenues												
Electricity Sales												
Residential	6,152	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Commercial	65,340	66,100	67,720	67,748	67,777	67,807	67,838	67,870	67,903	67,937	67,972	68,007
Expressway Lighting	481	917	945	973	1,002	1,032	1,063	1,095	1,128	1,162	1,196	1,232
Kilowatt Hour Tax Reduction	-1,579	-3,242	-3,172	-3,179	-3,186	-3,193	-3,200	-3,208	-3,215	-3,223	-3,232	-3,574
PCRA	10,261	8,000	8,131	8,269	6,365	4,468	7,163	9,993	10,964	14,084	16,359	16,359
Electric Sales Increase	-	401	391	395	396	387	377	391	405	410	426	438
Total Electric Sales	80,175	78,176	79,069	79,234	77,353	75,469	78,179	81,046	82,057	85,207	87,525	87,231
Other Revenues	3,921	2,586	3,013	3,079	3,032	3,125	3,212	3,311	3,413	3,518	3,626	3,738
Investment Earnings	156	226	125	125	125	125	125	125	125	125	125	125
Total Revenue	<u>84,252</u>	<u>80,988</u>	<u>82,208</u>	<u>82,439</u>	<u>80,510</u>	<u>78,719</u>	<u>81,516</u>	<u>84,482</u>	<u>85,595</u>	<u>88,850</u>	<u>91,277</u>	<u>91,093</u>
Projected Encumbrance Cancellations	-	1,000	504	483	487	488	526	526	534	534	540	541
Total Resources	<u>99,952</u>	<u>103,115</u>	<u>100,905</u>	<u>98,061</u>	<u>96,993</u>	<u>94,007</u>	<u>94,144</u>	<u>90,913</u>	<u>88,861</u>	<u>88,716</u>	<u>91,086</u>	<u>92,232</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	7,826	8,619	9,472	9,520	9,567	9,615	9,663	9,711	9,760	9,809	9,858	9,907
27th Pay Period	-	-	-	-	-	-	372	-	-	-	-	-
Health Insurance	1,478	1,664	2,020	1,780	2,162	1,905	2,313	2,038	2,475	2,181	2,648	2,334
Purchase Power	54,297	55,150	55,800	56,452	56,660	56,625	62,325	62,637	62,950	63,265	63,581	63,899
Supplies & Materials	1,045	1,661	1,639	1,672	1,706	1,740	1,775	1,810	1,846	1,883	1,921	1,959
Pro Rata	3,735	3,690	3,800	3,698	3,617	3,536	3,663	3,796	3,846	3,993	4,102	4,094
Services	4,537	6,986	6,797	5,500	5,555	5,611	5,667	5,723	5,781	5,838	5,897	5,956
Other Disbursements	258	21	51	51	51	51	51	51	51	51	51	101
Capital Equipment	1,445	2,804	3,274	600	600	1,000	600	600	1,000	600	600	600
Department of Public Utilities Allocation	734	1,003	1,178	1,196	1,214	1,232	1,251	1,269	1,288	1,308	1,327	1,347
DOS Allocation												
Total Operations & Maintenance	<u>75,356</u>	<u>81,598</u>	<u>84,031</u>	<u>80,468</u>	<u>81,130</u>	<u>81,314</u>	<u>87,678</u>	<u>87,636</u>	<u>88,997</u>	<u>88,927</u>	<u>89,984</u>	<u>90,197</u>
Debt Service												
Distribution G.O. Debt	2,155	2,943	808	782	609	251	242	233	223	219	215	205
Street Lighting G.O. debt	1,003	381	759	669	445	331	320	312	309	301	291	279
Street Light Assessments	311	-	167	146	9	8	-	-	-	-	-	-
Total Debt Service	<u>3,469</u>	<u>3,324</u>	<u>1,734</u>	<u>1,597</u>	<u>1,063</u>	<u>591</u>	<u>562</u>	<u>544</u>	<u>532</u>	<u>520</u>	<u>505</u>	<u>484</u>
Total Expense	<u>78,825</u>	<u>84,922</u>	<u>85,766</u>	<u>82,065</u>	<u>82,193</u>	<u>81,905</u>	<u>88,239</u>	<u>88,180</u>	<u>89,529</u>	<u>89,446</u>	<u>90,489</u>	<u>90,680</u>
Ending Fund Balance	<u>21,127</u>	<u>18,193</u>	<u>15,139</u>	<u>15,995</u>	<u>14,800</u>	<u>12,102</u>	<u>5,905</u>	<u>2,733</u>	<u>-668</u>	<u>-730</u>	<u>597</u>	<u>1,551</u>

Water Operating Fund

2016 Cash Balance Statement

The water enterprise fund is used by the city to account for all financial activity relating to the operation of the water enterprise. The city collects, purifies, and sells water to city residents and residents of certain suburban areas. Water is collected from surface areas (rivers) and wells. The city has three water treatment plants. Revenues consist primarily of user charges.

The projected beginning year 2016 cash balance is \$71.9 million, which includes \$45.0 million in a reserve fund.

2016 Water Operating Fund Balance Summary	
Unencumbered Cash Balance (January 1, 2016)	\$ 71,926,372
Plus Estimated 2016 Receipts	188,866,944
Plus Estimated Encumbrance Cancellations	6,052,055
Total Estimated Available Resources	<u>\$ 266,845,371</u>
Less 2016 Recommended Operating Budget (Water)	(200,733,368)
Less 2016 Recommended Operating Budget (Administration)	(7,494,161)
Projected Available Balance (December 31, 2016)	<u><u>\$ 58,617,842</u></u>

2016 Revenue Summary

User fees completely support the operations of the Water Division. Section 118 of the Columbus City Charter empowers City Council to establish separate utility rates to fully cover the cost of service. Rates are set to recover the cost of operations, maintenance and debt service, and are reviewed annually by the Sewer and Water Advisory Board. City Council must approve all rate increases before they are effective.

One of the city's goals in the rate setting process is to avoid steep increases and at the same time fully meet the needs of the system. To achieve this goal, a pro forma operating statement was developed. The pro forma is routinely updated to reflect changing appropriations, expenditures and revenues.

2016 Revenue Summary

2016 Water Operating Fund				
Revenue by Source and Year				
Historical and Projected				
	2013	2014	2015	2016
Revenue Summary	Actual	Actual	Estimated	Proposed
Water Sales	\$ 158,672,628	\$ 159,410,225	\$ 160,900,000	\$ 167,094,650
Water Penalty Fee	2,063,031	2,196,140	2,165,000	2,186,650
System Capacity Charges	4,763,123	4,947,609	5,322,892	5,376,121
Sewer Billings	6,355,055	6,301,390	6,503,034	6,568,064
Meter Service Fee	582,490	941,984	904,396	913,440
Investment Income	1,241,051	1,450,541	1,561,405	1,577,019
Other Revenue*	10,026,630	11,107,509	10,359,025	11,203,055
Unencumbered Cash Balance	71,225,117	83,997,405	81,037,630	71,926,372
Total Resources	<u>\$ 254,929,125</u>	<u>\$ 270,352,803</u>	<u>\$ 268,753,382</u>	<u>\$ 266,845,371</u>
Percent Change		6.05%	-0.59%	-0.71%

*Includes debt refinancing premiums in 2013, 2014 and 2015 and encumbrance cancellations in 2014, 2015 and 2016.

Notes:

- The Sewer and Water Advisory Board recommended a four percent increase in water rates for 2016. Water sales are projected to generate \$167.1 million in 2016.
- There will be no change to the water system capacity fee in 2016.
- The low income discount is continued in 2016. This discount is applied to the commodity portion of the water bill to provide financial relief to qualifying customers.
- The interest income projection is expected to increase by one percent. Investment income, as a revenue source to the enterprise funds, is based on the amount of cash available in the treasury upon which interest can be earned.

Water Operating Fund

Pro Forma Operating Statement

A pro forma operating statement from 2014 through 2025 is presented below. The statement is designed to project the utility's revenues and expenditures for that period, given certain assumptions and is essential to the planning and rate setting process. The major assumptions upon which the water pro forma's numbers are based are as follows:

- The sewer and water advisory board recommended a four percent increase in water rates for 2016.
 - Growth of the water system is projected to be 0.5 percent throughout the pro forma period.
 - System capacity charges are assumed to grow by one percent annually.
 - Interest rates on investments of revenues and reserves are projected to grow by one percent annually.
 - Included in the operations and maintenance budget for 2016 is \$8.9 million for payment of pro rata.
 - Proposed new debt is issued both in the form of general obligation bonds and loans from the Water Supply Revolving Loan Account at an assumed interest rate of four percent.
 - The Division of Water's pro forma statement assumes that all debt will be issued late in any given year, such that the interest expense is not due until the following year and the principal payment is due the year after that.
 - The Division of Water's capital improvements budget (CIB) has been discounted by 15 percent. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process.
 - A portion of the costs associated with the Public Utilities Director's Office are borne by the water enterprise operating fund. In 2016, \$7.5 million is allocated in this fund for this purpose.
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WATER ENTERPRISE FUND

Pro Forma Operating Statement

For Years 2014 - 2025 (000's omitted)

	Actual	Estimate	Proposed									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Beginning Cash Balance	83,997	81,038	71,926	58,618	45,607	42,486	48,629	56,255	63,787	73,527	84,772	96,717
Utility Revenues												
Water Sales	159,410	160,900	161,705	169,014	180,050	191,807	204,332	211,515	216,824	222,266	227,845	231,274
Water Sales Increase	-	-	5,390	8,451	9,003	9,590	5,108	3,525	3,614	3,704	1,899	1,927
Interest Income	1,451	1,561	1,577	1,593	1,609	1,625	1,641	1,657	1,674	1,691	1,708	1,725
System Capacity Charges	4,948	5,323	5,376	5,430	5,484	5,539	5,594	5,650	5,707	5,764	5,822	5,880
Sewer Billing Charges	6,301	6,503	6,568	6,634	6,700	6,767	6,835	6,903	6,972	7,042	7,112	7,183
Penalties	2,196	2,165	2,187	2,209	2,231	2,253	2,275	2,298	2,321	2,344	2,368	2,392
Meter Service Fees	942	904	913	923	932	941	951	960	970	979	989	999
Other	5,025	5,100	5,151	5,177	5,203	5,229	5,255	5,281	5,307	5,334	5,361	5,387
Debt Refinancing	579	129	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>180,851</u>	<u>182,585</u>	<u>188,867</u>	<u>199,428</u>	<u>211,211</u>	<u>223,751</u>	<u>231,992</u>	<u>237,790</u>	<u>243,389</u>	<u>249,125</u>	<u>253,103</u>	<u>256,767</u>
Projected Encumbrance Cancellations	5,504	5,131	6,052	6,031	6,161	6,329	6,434	6,563	6,696	6,878	6,968	7,111
Total Resources	<u>270,353</u>	<u>268,753</u>	<u>266,845</u>	<u>264,077</u>	<u>262,979</u>	<u>272,567</u>	<u>287,055</u>	<u>300,608</u>	<u>313,873</u>	<u>329,529</u>	<u>344,843</u>	<u>360,595</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	37,218	38,711	39,490	39,885	40,284	40,687	41,093	41,504	41,919	42,339	42,762	43,190
27th Pay Period	-	-	-	-	-	-	1,581	-	-	-	-	-
Health Insurance	8,523	9,343	10,353	11,078	11,853	12,683	13,570	14,520	15,537	16,624	17,788	19,033
Supplies & Materials	20,888	22,782	23,327	23,794	24,270	24,755	25,250	25,755	26,270	26,796	27,332	27,878
Pro Rata	8,050	8,515	8,866	8,974	9,504	10,069	10,440	10,701	10,952	11,211	11,390	11,555
Contractual Services	23,086	27,183	28,974	29,264	29,557	29,852	30,151	30,452	30,757	31,064	31,375	31,689
Other/Transfers out	1,116	327	261	266	271	277	282	288	294	299	305	312
Equipment	1,913	2,432	2,276	850	850	1,500	1,000	1,000	1,020	1,900	950	950
Department of Public Utilities Allocation	4,608	6,152	7,494	6,500	6,630	6,763	6,898	7,036	7,177	7,320	7,466	7,616
Total Operations & Maintenance	<u>105,402</u>	<u>115,444</u>	<u>121,041</u>	<u>120,610</u>	<u>123,219</u>	<u>126,585</u>	<u>128,685</u>	<u>131,256</u>	<u>133,926</u>	<u>137,553</u>	<u>139,368</u>	<u>142,222</u>
Debt Service												
General Obligation	78,409	81,383	80,626	79,608	74,666	68,082	63,216	59,614	55,013	51,160	48,319	46,916
Proposed New Debt	-	-	6,560	18,251	22,608	29,271	38,900	45,950	51,407	56,044	60,440	64,751
Total Debt Service	<u>78,409</u>	<u>81,383</u>	<u>87,186</u>	<u>97,859</u>	<u>97,274</u>	<u>97,353</u>	<u>102,116</u>	<u>105,564</u>	<u>106,420</u>	<u>107,204</u>	<u>108,758</u>	<u>111,667</u>
Total Expense	<u>183,811</u>	<u>196,827</u>	<u>208,228</u>	<u>218,470</u>	<u>220,493</u>	<u>223,938</u>	<u>230,800</u>	<u>236,820</u>	<u>240,346</u>	<u>244,757</u>	<u>248,127</u>	<u>253,889</u>
Ending Fund Balance	<u>81,038</u>	<u>71,926</u>	<u>58,618</u>	<u>45,607</u>	<u>42,486</u>	<u>48,629</u>	<u>56,255</u>	<u>63,787</u>	<u>73,527</u>	<u>84,772</u>	<u>96,717</u>	<u>106,706</u>
Projected Revenue Increase			4.00%	6.00%	6.00%	6.00%	3.00%	2.00%	2.00%	2.00%	1.00%	1.00%

Storm Sewer Maintenance Fund

2016 Cash Balance Statement

The storm sewer maintenance fund is used by the city to account for all financial activity related to the operation of the storm sewer enterprise. The city has a separate storm sewerage system, as well as a combined system that also handles sanitary sewage. Revenues consist primarily of user charges.

Prior to 1993, the storm sewer maintenance special revenue fund was used only to reimburse the sanitary operating fund for stormwater management expenses. No expenditures were made directly out of this fund. This arrangement changed in 1993, when the storm sewer maintenance fund became the operating fund for stormwater management engineering and design, although the sanitary fund is still reimbursed for some storm sewer maintenance expenses. More recently, this fund's designation changed from that of special revenue to enterprise fund. This change allowed the division to set aside monies in a reserve fund against which contracts could be certified in the absence of bond cash.

A 2016 beginning year cash balance of \$20.1 million is projected for this fund. This includes a \$9 million reserve balance.

2016 Storm Sewer Maintenance Fund	
Balance Summary	
Unencumbered Cash Balance (January 1, 2016)	\$ 20,103,151
Plus Estimated 2016 Receipts	40,367,464
Plus Estimated Encumbrance Cancellations	<u>250,000</u>
Total Estimated Available Resources	\$ 60,720,615
Less 2016 Recommended Operating Budget (Storm Sewer)	(39,095,763)
Less 2016 Recommended Operating Budget (Administration)	(2,240,537)
Projected Available Balance (December 31, 2016)	<u><u>\$ 19,384,315</u></u>

2016 Revenue Summary

Storm sewer maintenance fees provide the vast majority of revenues to this fund. In August 1995, the Division of Sewerage and Drainage implemented a new fee structure based on the impervious area of a given property, which directly relates to stormwater runoff into the storm drainage system. The stormwater service fee is based upon an equitable and consistent rate system, defined in equivalent residential units (ERU), where one ERU equals 2,000 square feet of impervious area.

In 2011, there was no increase to the stormwater fee as it was determined that sufficient revenues were being generated under the current fee structure. In 2012, the Sewer and Water Advisory Board voted to decrease the fee by two percent. In 2013, the fee structure remained unchanged. More recently however, small increases have been necessary; for 2016, the Board has recommended a one percent increase.

2016 Revenue Summary

2016 Storm Sewer Maintenance Fund				
Revenue by Source and Year				
Historical and Projected				
	2013	2014	2015	2016
Revenue Summary	Actual	Actual	Estimated	Proposed
Storm Maintenance Fees	\$ 35,974,336	\$ 37,877,002	\$ 38,848,671	\$ 39,643,346
Investment Income	125,908	206,570	239,953	247,152
Other Revenue*	292,360	46,568	135,000	286,050
Penalties	430,047	453,018	436,550	440,916
Unencumbered Cash Balance	18,380,951	19,323,225	20,172,543	20,103,151
Total Resources	\$ 55,203,602	\$ 57,906,383	\$ 59,832,717	\$ 60,720,615
Percent Change		4.90%	3.33%	1.48%

*Includes debt refinancing premiums in 2013 and 2014 and encumbrance cancellations in 2015 and 2016.

Storm Sewer Maintenance Fund Pro Forma Operating Statement

- The storm sewer maintenance pro forma operating statement assumes a one percent increase to the storm sewer maintenance fee in 2016.
- Proposed new debt is issued both in the form of general obligation bonds and loans from the Water Pollution Control Loan Fund at an assumed interest rate of four percent.
- The division's capital improvements plan has been discounted by 15 percent throughout the pro forma period. This reduction recognizes the probability that debt issued in any given year will not reach the levels outlined in the division's capital improvements budget due to unavoidable lags in the project planning and implementation process.
- In 2005, costs associated with the street cleaning function were added to the storm sewer budget, having been transferred from the Department of Public Service. In 2008, snow removal costs were also transferred. In 2016, \$8.7 million is budgeted for these services.
- A portion of the costs associated with the Public Utilities Director's Office are borne by the storm sewer enterprise operating fund. In 2016, \$2.2 million is allocated in this fund for this purpose.

STORM SEWER ENTERPRISE FUND

Pro Forma Operating Statement

For Years 2014 - 2025 (000's omitted)

	Actual	Estimate	Proposed									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash Balance	19,323	20,173	20,103	19,384	18,232	16,789	16,527	17,795	20,759	24,292	28,335	32,536
Utility Revenues												
Storm Maintenance Service Charges	37,877	38,849	39,316	39,945	40,926	42,354	44,496	46,747	49,108	50,868	52,645	53,988
Service Charge Increase (Decrease)	-	-	328	666	1,023	1,588	1,669	1,753	1,228	1,272	877	450
Investment Earnings	207	240	247	255	262	270	278	287	295	304	313	322
Storm Sewer Maintenance Penalties	453	437	441	445	450	454	459	463	468	473	477	482
Other Revenues	-57	35	36	37	38	39	41	42	43	44	46	47
Debt Refinancing	104	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>38,583</u>	<u>39,560</u>	<u>40,367</u>	<u>41,347</u>	<u>42,700</u>	<u>44,706</u>	<u>46,942</u>	<u>49,292</u>	<u>51,142</u>	<u>52,961</u>	<u>54,358</u>	<u>55,289</u>
Projected Encumbrance Cancellations	-	100	250	250	250	250	250	250	250	250	250	250
Total Resources	<u>57,906</u>	<u>59,833</u>	<u>60,721</u>	<u>60,982</u>	<u>61,182</u>	<u>61,744</u>	<u>63,719</u>	<u>67,337</u>	<u>72,151</u>	<u>77,503</u>	<u>82,943</u>	<u>88,075</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	1,140	1,271	1,516	1,561	1,608	1,656	1,640	1,690	1,740	1,792	1,846	1,902
27th Pay Period	-	-	-	-	-	-	66	-	-	-	-	-
Health Insurance	252	297	389	416	445	476	509	545	583	624	668	714
Supplies & Materials	11	24	21	22	22	23	23	24	24	25	25	26
Contractual Services	1,685	1,364	2,294	2,340	2,387	2,435	2,483	2,533	2,584	2,635	2,688	2,742
Pro Rata	1,702	1,783	1,818	1,861	1,921	2,012	2,112	2,218	2,301	2,383	2,446	2,488
Equipment	29	50	-	-	-	-	-	-	-	-	-	-
Other	231	28	210	214	218	223	227	232	236	241	246	251
Incremental O&M (Blueprint) - NEW	-	-	-	349	359	664	1,098	1,597	2,123	2,657	3,294	3,294
Reimbursement to Sanitary Enterprise	8,307	8,470	8,300	8,466	8,635	8,808	8,984	9,164	9,347	9,534	9,725	9,919
Department of Public Utilities Allocation	1,382	1,857	2,241	2,285	2,331	2,378	2,425	2,474	2,523	2,574	2,625	2,678
Dept of Technology Allocation	1,183	1,400	1,504	1,534	1,565	1,596	1,628	1,661	1,694	1,728	1,762	1,798
Street Cleaning (transferred from Public Service)	7,841	8,841	8,720	8,807	8,895	8,984	9,074	9,165	9,256	9,349	9,443	9,537
Total Operations & Maintenance	<u>23,763</u>	<u>25,385</u>	<u>27,013</u>	<u>27,856</u>	<u>28,388</u>	<u>29,254</u>	<u>30,272</u>	<u>31,302</u>	<u>32,413</u>	<u>33,543</u>	<u>34,768</u>	<u>35,348</u>
Debt Service												
General Obligation	13,971	14,344	14,323	14,413	14,024	13,219	12,043	10,822	10,168	9,542	9,011	8,691
Proposed New Debt	-	-	-	481	1,396	2,172	3,050	3,908	4,746	5,563	6,121	6,192
Proposed New Debt (Loan)	-	-	-	-	585	572	559	546	533	520	507	494
Total Debt Service	<u>13,971</u>	<u>14,344</u>	<u>14,323</u>	<u>14,894</u>	<u>16,005</u>	<u>15,963</u>	<u>15,652</u>	<u>15,276</u>	<u>15,447</u>	<u>15,625</u>	<u>15,640</u>	<u>15,378</u>
Total Expense	<u>37,734</u>	<u>39,730</u>	<u>41,336</u>	<u>42,750</u>	<u>44,393</u>	<u>45,217</u>	<u>45,924</u>	<u>46,578</u>	<u>47,860</u>	<u>49,168</u>	<u>50,408</u>	<u>50,726</u>
Ending Fund Balance	<u>20,173</u>	<u>20,103</u>	<u>19,384</u>	<u>18,232</u>	<u>16,789</u>	<u>16,527</u>	<u>17,795</u>	<u>20,759</u>	<u>24,292</u>	<u>28,335</u>	<u>32,536</u>	<u>37,349</u>
Projected Revenue Increase			1.00%	2.00%	3.00%	4.50%	4.50%	4.50%	3.00%	3.00%	2.00%	1.00%

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