

Enterprise Funds

Sewerage and Drainage Operating Fund

2012 Cash Balance Statement

The projected beginning year 2012 cash balance is \$157.9 million, which includes \$60 million in a reserve fund.

2012 SEWERAGE AND DRAINAGE OPERATING FUND BALANCE SUMMARY	
Cash Balance (January 1, 2012)	\$ 157,902,906
Plus Estimated 2012 Receipts	<u>239,596,125</u>
Total Estimated Available Resources	\$ 397,499,031
Less 2012 Recommended Operating Budget (Sewers/Drains)	(238,506,532)
Less 2012 Recommended Operating Budget (Administration)	(4,569,040)
Projected Available Balance (December 31, 2012)	<u><u>\$ 154,423,459</u></u>
Note: Cash Balance at January 1, 2012 does not include "bond debt service" reserve fund balance of \$10 million	

2012 Revenue Summary

User fees completely support the operations of the Division of Sewerage and Drainage. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water 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. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements in this section relative to this fund are made on a cash basis and include prior year expenditures.

2012 Revenue Summary

SEWERAGE AND DRAINAGE REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2009-2012				
REVENUE SUMMARY	2009 Actual	2010 Actual	2011 Estimated	2012 Proposed
Service Charges:				
Sewer Sales	\$ 177,851,430	\$ 181,154,799	\$ 189,066,277	\$ 192,950,352
Wet Weather Charges	25,636,339	26,848,511	29,262,675	30,348,798
System Capacity Charges	3,471,405	4,061,321	3,801,267	3,839,280
Investment Income	6,767,844	2,645,658	1,258,975	1,271,565
Storm Maintenance Reimbursement	6,413,631	7,007,270	8,824,530	9,089,266
Other*	3,020,988	3,750,902	4,137,428	2,096,864
Beginning Year Cash Balance	115,595,315	132,638,479	152,746,467	157,902,906
TOTAL RESOURCES	\$ 338,756,952	\$ 358,106,940	\$ 389,097,619	\$ 397,499,031
PERCENT CHANGE		5.71%	8.65%	2.16%

*Includes debt refinancing premiums in 2010 and 2011.

Revenue Notes:

- The Sewer and Water Advisory Board recommended a three percent increase in revenues in 2012. With this increase, revenues, excluding the beginning balance, will total \$239.6 million in 2012.
- System capacity fees are assumed to grow by one percent. Growth of this fee has declined steadily over the last decade, as it is based on growth of the sanitary sewer system, which has also slowed in recent years.
- Due to the volatility of the market, the interest income projection is very conservative and reflects a growth rate of one percent over that of 2011. 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 2012. This transfer of funds from the storm sewer fund to the sanitary sewer fund is made to pay for shared resources.
- The low income discount is continued in 2012 on the commodity portion of the sanitary sewer bill to provide financial relief to qualified customers.

Sewer 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 on a cash basis for the period 2010 through 2021, 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 2012.
- Sanitary sales growth is projected at zero percent in 2012, 0.5 percent in 2013 and 2014 and at 1 percent for the balance of the pro forma projection period.
- System capacity charges are assumed to grow by one percent annually, representing modest growth of these charges.
- 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 2012 and beyond include the required annual allotment to the EPA-mandated capital replacement fund.
- The 2012 operations and maintenance budget includes \$10.37 million to pay pro rata (payment to the general fund for services provided to the utility divisions by general fund agencies).
- In 2012, new debt will be issued in the form of general obligation bonds to fund various sanitary and wet-weather sewer projects related to the federally mandated projects.
- Debt service for payment of Ohio Water Development Authority (OWDA) low-interest loans has been included within the appropriate debt schedules. Use of these low-interest monies 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 ten 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 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 2012, \$4.6 million is allocated in this fund for this purpose.

SANITARY SEWER ENTERPRISE FUND
Pro Forma Operating Statement
For Years 2010 - 2021 (000's omitted)

	<i>Actual</i>	<i>Projections</i>	<i>Budget</i>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Beginning Cash Balance	132,638	152,746	157,903	154,423	157,578	161,451	153,410	154,681	141,927	141,541	148,551	155,801
Utility Revenues												
Sewer Sales	181,155	189,066	189,066	195,373	202,074	216,002	230,906	250,266	271,275	292,737	301,453	310,429
Sewer Sales Increase			3,884	4,884	10,104	10,800	14,432	15,642	15,824	4,879	5,024	5,174
Wet Weather	26,849	29,263	29,617	30,717	31,838	33,778	35,799	38,369	41,099	43,862	45,087	46,373
Wet Weather Increase			732	740	1,536	1,592	2,111	2,237	2,238	685	731	751
Interest Income	2,646	1,259	1,272	1,284	1,297	1,310	1,323	1,336	1,350	1,363	1,377	1,391
System Capacity Charge	4,061	3,801	3,839	3,878	3,916	3,956	3,995	4,035	4,075	4,116	4,157	4,199
Other	2,380	2,383	2,097	2,132	2,168	2,205	2,242	2,281	2,257	2,267	2,312	2,358
Reimbursement from Stormwater Fund Transfer	7,007	8,825	9,089	9,362	9,643	9,932	10,230	10,537	10,853	11,179	11,514	11,859
Debt Refinancing	<u>1,371</u>	<u>1,755</u>										
Total Revenue	<u>225,468</u>	<u>236,351</u>	<u>239,596</u>	<u>248,370</u>	<u>262,576</u>	<u>279,575</u>	<u>301,038</u>	<u>324,703</u>	<u>348,972</u>	<u>361,088</u>	<u>371,655</u>	<u>382,535</u>
Total Resources	<u>358,107</u>	<u>389,098</u>	<u>397,499</u>	<u>402,794</u>	<u>420,153</u>	<u>441,025</u>	<u>454,449</u>	<u>479,384</u>	<u>490,899</u>	<u>502,629</u>	<u>520,206</u>	<u>538,336</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	34,325	35,705	37,960	39,098	40,271	41,479	42,724	44,005	45,326	46,685	48,086	49,529
Health Insurance	6,434	7,122	8,168	8,739	9,351	10,006	10,706	11,456	12,258	13,116	14,034	15,016
Supplies & Materials	5,345	8,214	7,796	7,952	8,111	8,273	8,438	8,607	8,779	8,955	9,134	9,317
Pro Rata	9,122	10,692	10,367	10,750	11,377	12,129	13,082	14,133	15,214	15,746	16,206	16,680
Contractual Services	30,332	39,351	40,882	42,108	43,372	44,673	46,013	47,393	48,815	50,280	51,788	53,342
Other	351	829	100	102	104	106	108	110	113	115	117	120
Equipment	1,618	3,606	3,930	4,008	4,088	4,170	4,254	4,339	4,425	4,514	4,604	4,696
Department of Public Utilities Allocation	<u>3,832</u>	<u>4,304</u>	<u>4,569</u>	<u>4,660</u>	<u>4,754</u>	<u>4,849</u>	<u>4,946</u>	<u>5,045</u>	<u>5,145</u>	<u>5,248</u>	<u>5,353</u>	<u>5,460</u>
Total Operations & Maintenance	<u>91,359</u>	<u>109,822</u>	<u>113,771</u>	<u>117,418</u>	<u>121,428</u>	<u>125,685</u>	<u>130,270</u>	<u>135,088</u>	<u>140,075</u>	<u>144,659</u>	<u>149,323</u>	<u>154,159</u>
Debt Service												
Revenue Bond	18,540	20,727	20,727	20,727	20,727	20,727	20,727	20,727	20,727	20,727	20,727	20,727
General Obligation	31,433	34,177	39,686	37,505	36,465	34,102	33,068	32,078	31,036	27,420	25,388	24,541
Debt Refinancing												
OWPCLF/OWDA Debt- Non Wet Weather	64,028	66,021	68,091	68,091	65,677	84,735	84,062	83,389	80,938	78,487	78,497	77,772
Proposed New Debt			678	1,356	14,291	22,256	31,535	66,074	76,547	82,786	90,471	96,715
Assessments		<u>448</u>	<u>123</u>	<u>119</u>	<u>115</u>	<u>111</u>	<u>106</u>	<u>102</u>	<u>34</u>			
Total Debt Service	<u>114,001</u>	<u>121,373</u>	<u>129,305</u>	<u>127,798</u>	<u>137,275</u>	<u>161,930</u>	<u>169,497</u>	<u>202,370</u>	<u>209,283</u>	<u>209,420</u>	<u>215,082</u>	<u>219,756</u>
Total Expense	<u>205,360</u>	<u>231,195</u>	<u>243,076</u>	<u>245,216</u>	<u>258,703</u>	<u>287,615</u>	<u>299,768</u>	<u>337,458</u>	<u>349,358</u>	<u>354,078</u>	<u>364,405</u>	<u>373,915</u>
Ending Fund Balance	152,746	157,903	154,423	157,578	161,451	153,410	154,681	141,927	141,541	148,551	155,801	164,421
Projected Revenue Increase (2011)	2.00%	6.00%	3.00%	3.00%	6.00%	6.00%	7.50%	7.50%	7.00%	2.00%	2.00%	2.00%

Electricity Enterprise Fund

2012 Cash Balance Statement

Revenues into the electricity enterprise fund are projected to grow parallel to the growth of purchase power increases as the division attempts to recover these cost increases. Since there are no planned transfers from the special income tax (SIT) fund to the electricity enterprise fund to cover the purchase power cost increases, the division must continue to recover these costs through rate increases or fuel cost adjustments to its customers.

At the beginning of 2012, there is a projected cash balance of over \$3.2 million, which reflects the combined balances of the reserve and operating funds.

2012 ELECTRICITY ENTERPRISE FUND BALANCE SUMMARY	
Cash Balance (January 1, 2012)	\$ 3,222,128
Plus Estimated 2012 Receipts	90,961,970
Total Estimated Available Resources	<u>\$ 94,184,098</u>
Less 2012 Recommended Operating Budget (Electricity)	(90,695,253)
Less 2012 Recommended Operating Budget (Administration)	(640,718)
Projected Available Balance (December 31, 2012)	<u><u>\$ 2,848,127</u></u>

2012 Revenue Summary

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 investments.

Statements in this section relative to this fund are made on a cash basis though do account for prior year expenditures.

2011 Revenue Summary

ELECTRICITY ENTERPRISE FUND REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2009-2012				
REVENUE SUMMARY	2009 Actual	2010 Actual	2011 Estimated	2012 Proposed
Charges for Electric Service	\$ 73,368,942	\$ 82,177,901	\$ 85,769,133	\$ 87,148,076
Investment Income	207,910	64,249	40,116	40,116
Other Revenue*	1,926,528	3,604,537	3,261,172	3,360,638
Street Light Assessments	480,236	492,174	441,065	413,140
Transportation Street Lighting Revenue	-	-	-	-
Beginning Year Cash Balance	11,868,640	4,373,873	2,869,936	3,222,128
TOTAL RESOURCES	\$ 87,852,256	\$ 90,712,734	\$ 92,381,422	\$ 94,184,098
PERCENT CHANGE		3.26%	1.84%	1.95%

*Includes debt refinancing premiums in 2011.

Revenue Notes:

- Revenues, excluding the beginning year cash balance are expected to be \$90.96 million in 2012.
- 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 2012. In 2012 the general fund will retain approximately half the proceeds of the kilowatt hour tax and return the other half to the electricity enterprise fund.
- Due to the volatility of the market, the 2012 interest income projection reflects no growth over that of 2011. Investment income, as a revenue source to the enterprise funds, is based on the amount of cash available in the treasury on which interest can be earned.

Electricity 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 2010 through 2021. 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.
- Projections for personnel costs reflect the rates in effect for the various collective bargaining agreements and/or management salary ordinances represented in the division.
- The largest portion, by far, of the Division of Electricity's budget is for the purchase of electrical power. In 2012 \$64.6 million is budgeted for this wholesale power, which in turn, is sold to the division's customers. Purchase power costs are projected to grow by one percent annually through the end of the pro forma period.
- The 2012 budget also includes \$4.07 million for payment of pro rata.
- Revenues will increase by 1.6 percent in 2012 and by 1.0 percent in 2013.
- Proposed new bonded debt is conservatively projected. It is assumed that such debt will be directly bonded at 4.0 percent in 2012, 4.5 percent in 2013 and 5.0 percent thereafter. Details regarding the proposed capital expenditures are available in the capital summary section of this document.
- The Division of Electricity's pro forma statement also assumes 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.
- A portion of the costs associated with the Public Utilities Director's Office are borne by the electricity enterprise operating fund. In 2012, \$640,718 is allocated in this fund for this purpose.

Enterprise Funds

ELECTRICITY ENTERPRISE FUND Pro Forma Operating Statement For Years 2010 - 2021 (000's omitted)

	Actual	Projection	Budget									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Beginning Cash Balance	4,374	2,870	3,222	2,848	2,754	2,246	1,601	2,156	3,274	3,744	4,364	4,599
Utility Revenues												
Electricity Sales												
Residential	6,559	6,907	6,976	7,046	7,116	7,187	7,259	7,332	7,405	7,479	7,554	7,629
Commercial	67,600	66,503	67,184	67,872	68,567	69,270	69,980	70,698	71,424	72,157	72,899	73,648
Kilowatt Hour Tax Reduction	-3,284	-1,616	-1,537	-1,554	-1,571	-1,589	-1,607	-1,625	-1,643	-1,662	-1,681	-1,700
PCRA	11,304	13,975	14,525	14,673	14,081	14,225	14,370	15,281	14,665	14,815	14,967	15,120
Total Electric Sales	82,178	85,769	87,148	88,037	88,194	89,093	90,003	91,686	91,851	92,790	93,738	94,697
Other Revenues	4,097	3,656	3,774	3,786	3,879	3,968	3,957	4,052	4,033	4,156	4,274	4,404
Investment Earnings	64	40	40	40	40	40	40	40	40	40	40	40
Total Revenue	86,339	89,511	90,962	91,863	92,113	93,101	94,000	95,778	95,924	96,986	98,052	99,142
Total Resources	90,713	92,381	94,184	94,711	94,867	95,348	95,601	97,934	99,199	100,730	102,416	103,741
Utility Expense												
Operations & Maintenance												
Personnel Services	7,307	6,870	7,417	7,640	7,869	8,105	8,348	8,599	8,857	9,122	9,396	9,678
Health Insurance	1,148	1,143	1,291	1,381	1,478	1,582	1,692	1,811	1,937	2,073	2,218	2,373
Purchase Power	62,971	64,400	64,629	65,275	65,928	66,587	67,253	67,926	68,605	69,291	69,984	70,684
Supplies & Materials	644	899	1,250	1,275	1,300	1,326	1,353	1,380	1,408	1,436	1,465	1,494
Pro Rata	3,715	4,028	4,073	4,117	4,129	4,175	4,221	4,302	4,314	4,362	4,411	4,460
Services	4,926	4,757	5,436	5,545	5,655	5,769	5,884	6,002	6,122	6,244	6,369	6,496
Other Disbursements	19	156	158	158	158	158	158	158	158	158	158	158
Capital Equipment	683	1,036	1,777	1,813	1,849	1,886	1,924	1,962	2,002	2,042	2,083	2,124
Department of Public Utilities Allocation	553	573	641	654	667	680	694	707	722	736	751	766
Total Operations & Maintenance	81,966	83,862	86,673	87,858	89,035	90,268	91,527	92,847	94,124	95,465	96,834	98,233
Debt Service												
Distribution G.O. Debt	3,540	3,315	3,005	2,777	2,335	2,246	946	834	666	290	280	265
Street Lighting G.O. debt	1,845	1,541	1,245	999	931	893	615	419	201	88	85	82
Refinancing of Debt Issuance/Less Premium												
Street Light Assessments	492	441	413	323	311	290	167	146	9	8		
New Distribution Debt Service							86	259	251	282	393	501
New Street Lighting Debt Service					10	50	103	154	203	233	225	217
Total Debt Service	5,877	5,297	4,663	4,098	3,586	3,479	1,917	1,813	1,330	901	983	1,064
Total Expense	87,843	89,159	91,336	91,957	92,621	93,747	93,445	94,659	95,455	96,366	97,817	99,297
Ending Fund Balance	2,870	3,222	2,848	2,754	2,246	1,601	2,156	3,274	3,744	4,364	4,599	4,444
Projected Revenue Increase												
Increase in PCRA (Actual & Projected)												
PCRA (%)	14.00%	20.00%	20.00%	20.00%	19.00%	19.00%	19.00%	20.00%	19.00%	19.00%	19.00%	19.00%

Water Operating Fund

2012 Cash Balance Statement

The projected beginning year 2012 cash balance is \$40.6 million, which includes \$27 million in a reserve fund.

2012 WATER OPERATING FUND BALANCE SUMMARY		
Cash Balance (January 1, 2012)	\$	40,554,562
Plus Estimated 2012 Receipts		173,175,536
Total Estimated Available Resources	\$	213,730,098
Less 2012 Recommended Operating Budget (Water)		(173,354,996)
Less 2012 Recommended Operating Budget (Administration)		(4,075,363)
Projected Available Balance (December 31, 2012)	\$	36,299,739
<p>Note: Cash Balance at January 1, 2012 does not include "bond debt service" reserve fund balance of \$10 million</p>		

2012 Revenue Summary

User fees completely support the operations of the Water Division. Section 118 of the Columbus City Charter empowers the City Council to establish separate sewer and water 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. This document is updated annually to reflect current appropriation levels and adjusted for actual revenues and expenditures.

Statements in this section relative to this fund are made on a cash basis though do account for prior year expenditures.

2012 Revenue Summary

WATER OPERATING FUND REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2009-2012				
REVENUE SUMMARY	2009 Actual	2010 Actual	2011 Estimated	2012 Proposed
Water Sales	\$ 127,557,616	\$ 135,745,830	\$ 146,256,893	\$ 156,007,353
Water Penalty Fees	1,727,213	1,772,802	1,827,944	1,846,223
System Capacity Charges	2,987,186	2,821,000	3,415,894	3,450,053
Sewer Billings	5,796,878	5,648,001	6,680,187	6,880,593
Meter Service Fee	741,917	389,160	423,866	428,105
Investment Income	1,977,259	1,026,337	940,770	950,178
Other Revenue*	1,983,692	4,638,736	7,210,350	3,613,031
Beginning Year Cash Balance	34,746,266	31,298,309	35,368,275	40,554,562
TOTAL RESOURCES	\$ 177,518,027	\$ 183,340,175	\$ 202,124,179	\$ 213,730,098
PERCENT CHANGE		3.28%	10.25%	5.74%

*Includes debt refinancing premiums in 2010 and 2011.

Revenue Notes:

- The Sewer and Water Advisory Board recommended an eight percent increase in revenues in 2012, largely funded by rate increases to the various customer classes. With this increase, revenues, excluding the beginning balance, will total over \$173.18 million in 2012.
- Sewer billing charges are projected to total \$6.88 million in 2012. These charges reflect the Sewer Division's portion of the cost of operating the billing system in 2012.
- System capacity fees are assumed to grow by one percent. Growth of this fee has declined steadily over the last decade, as it is based on growth of the water system, which has also slowed in recent years.
- The low income discount is continued in 2012 on the commodity portion of the water bill to provide financial relief to qualified customers.
- Due to the volatility of the market, the interest income projection is very conservative and reflects a growth rate of one percent over that of 2011. 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 Pro Forma Operating Statement

A pro forma operating statement from 2010 through 2021 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 rate increases to produce eight percent more revenue in 2012.
- Water sales growth is projected at zero percent in 2012, 0.5 percent in 2013 and 2014 and at 1 percent for the balance of the pro forma projection period.
- System capacity charges are assumed to grow by one percent annually, representing modest growth of these charges.
- Interest rates on investments of revenues and reserves are projected 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.
- Included in the operations and maintenance budget for 2012 is \$7.79 million for payment of pro rata and \$18.89 million for the purchase of chemicals.
- Proposed new debt is issued in the form of bonds at an assumed interest rate of four percent in 2012, 4.5 percent in 2013 and five percent thereafter.
- The Division of Water's capital improvements budget (CIB) has been discounted by 20 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 2012, \$4.1 million is allocated in this fund for this purpose.

WATER ENTERPRISE FUND
Pro Forma Operating Statement
For Years 2010 - 2021 (000's omitted)

	<i>Actual</i>	<i>Projections</i>	<i>Budget</i>		2014	2015	2016	2017	2018	2019	2020	2021
	2010	2011	2012	2013								
Beginning Cash Balance	31,298	35,368	40,555	36,300	42,178	46,446	48,649	50,109	52,806	58,298	66,722	72,799
Utility Revenues												
Water Sales	135,746	146,257	146,257	158,747	172,304	186,209	196,534	203,462	208,579	213,825	218,123	222,507
Water Sales Increase			9,750	10,583	10,051	6,983	4,094	2,543	2,607	1,782	1,818	1,854
Interest Income	1,026	941	950	960	969	979	989	999	1,009	1,019	1,029	1,039
System Capacity Charges	2,821	3,416	3,450	3,485	3,519	3,555	3,590	3,626	3,662	3,699	3,736	3,773
Sewer Billing Charges	5,648	6,680	6,881	7,087	7,300	7,519	7,744	7,976	8,216	8,462	8,716	8,978
Penalties	1,773	1,828	1,846	1,865	1,883	1,902	1,921	1,940	1,960	1,979	1,999	2,019
Meter Service Fees	389	424	428	432	437	441	445	450	454	459	464	468
Other	2,481	3,577	3,613	3,649	3,686	3,723	3,760	3,797	3,835	3,874	3,912	3,952
Debt Refinancing	<u>2,157</u>	<u>3,633</u>										
Total Revenue	<u>152,042</u>	<u>166,756</u>	<u>173,176</u>	<u>186,808</u>	<u>200,149</u>	<u>211,310</u>	<u>219,078</u>	<u>224,794</u>	<u>230,323</u>	<u>235,099</u>	<u>239,797</u>	<u>244,591</u>
Total Resources	<u>183,340</u>	<u>202,124</u>	<u>213,730</u>	<u>223,108</u>	<u>242,327</u>	<u>257,756</u>	<u>267,728</u>	<u>274,903</u>	<u>283,129</u>	<u>293,397</u>	<u>306,519</u>	<u>317,390</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	35,887	37,613	39,567	40,754	41,977	43,236	44,533	45,869	47,246	48,663	50,123	51,627
27th Pay Period												
Health Insurance	6,800	7,651	8,486	9,080	9,715	10,395	11,123	11,902	12,735	13,626	14,580	15,601
Supplies & Materials	19,461	21,120	22,884	23,531	24,196	24,881	25,585	26,309	27,054	27,821	28,610	29,421
Pro Rata	6,027	7,504	7,793	8,406	9,007	9,509	9,859	10,116	10,365	10,579	10,791	11,007
Contractual Services	21,207	23,253	24,573	25,064	25,566	26,077	26,598	27,130	27,673	28,226	28,791	29,367
Data Processing												
Other	780	916	100	102	104	106	108	110	113	115	117	120
Equipment	1,943	1,074	1,443	1,472	1,501	1,531	1,562	1,593	1,625	1,658	1,691	1,725
Department of Public Utilities Allocation	<u>3,406</u>	<u>3,754</u>	<u>4,075</u>	<u>4,157</u>	<u>4,240</u>	<u>4,325</u>	<u>4,411</u>	<u>4,500</u>	<u>4,590</u>	<u>4,681</u>	<u>4,775</u>	<u>4,870</u>
Total Operations & Maintenance	<u>95,510</u>	<u>102,884</u>	<u>108,922</u>	<u>112,567</u>	<u>116,306</u>	<u>120,060</u>	<u>123,780</u>	<u>127,529</u>	<u>131,399</u>	<u>135,370</u>	<u>139,477</u>	<u>143,736</u>
Debt Service												
Revenue Bond	6,173											
General Obligation	46,288	58,686	66,786	64,917	63,179	59,254	57,734	53,555	49,197	43,424	40,920	37,671
Debt Refinancing												
Proposed New Debt			<u>1,723</u>	<u>3,446</u>	<u>16,396</u>	<u>29,792</u>	<u>36,106</u>	<u>41,012</u>	<u>44,234</u>	<u>47,882</u>	<u>53,323</u>	<u>57,318</u>
Total Debt Service	<u>52,461</u>	<u>58,686</u>	<u>68,509</u>	<u>68,363</u>	<u>79,575</u>	<u>89,046</u>	<u>93,840</u>	<u>94,568</u>	<u>93,431</u>	<u>91,306</u>	<u>94,243</u>	<u>94,989</u>
Total Expense	<u>147,972</u>	<u>161,570</u>	<u>177,430</u>	<u>180,930</u>	<u>195,881</u>	<u>209,106</u>	<u>217,619</u>	<u>222,097</u>	<u>224,831</u>	<u>226,675</u>	<u>233,720</u>	<u>238,725</u>
Ending Fund Balance	35,368	40,555	36,300	42,178	46,446	48,649	50,109	52,806	58,298	66,722	72,799	78,665
Projected Revenue Increase (2011)	8.50%	7.50%	8.00%	8.00%	7.00%	4.50%	2.50%	1.50%	1.50%	1.00%	1.00%	1.00%

Storm Sewer Maintenance Fund

2012 Cash Balance Statement

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 2012 beginning year cash balance of \$17.6 million is projected for this fund. This includes a \$9 million reserve balance. No additional reserve fund transfers are projected at this time. However, the department will request that any surplus revenues, when available, be shifted to that fund.

2012 STORM SEWER MAINTENANCE FUND BALANCE SUMMARY		
Unencumbered Cash Balance (January 1, 2012)	\$	17,645,354
Plus Estimated 2012 Receipts		<u>37,223,427</u>
Total Estimated Available Resources	\$	54,868,781
Less 2012 Recommended Operating Budget		(37,242,558)
Less 2012 Recommended Operating Budget (Administration)		(1,218,391)
Projected Available Balance (December 31, 2012)	<u>\$</u>	<u><u>16,407,832</u></u>
Note: Balance at January 1, 2012 includes reserve fund balance		

2012 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 this fee as it was determined that sufficient revenues were being generated using the current rate structure. Similarly, in 2012, the Sewer and Water Advisory Board recommended a two percent decrease to the ERU as a minor adjustment to the ERU rate structure.

Statements in this section relative to this fund are made on a cash basis though do account for prior year expenditures.

2012 Revenue Summary

STORM SEWER MAINTENANCE FUND				
REVENUE BY SOURCE AND YEAR				
HISTORICAL AND PROJECTED				
2009-2012				
REVENUE SUMMARY	2009	2010	2011	2012
	Actual	Actual	Estimated	Proposed
Storm Maintenance Fees	\$ 32,565,490	\$ 36,184,609	\$ 36,821,732	\$ 36,583,798
Investment Earnings	531,708	299,249	185,264	190,822
Other Revenues *	360,357	674,254	1,152,709	448,807
Beginning Year Cash Balance	9,229,497	10,017,172	14,589,534	17,645,354
TOTAL RESOURCES	\$ 42,687,052	\$ 47,175,284	\$ 52,749,239	\$ 54,868,781
PERCENT CHANGE		10.51%	11.82%	4.02%

*Includes debt refinancing premiums in 2010 and 2011.

Revenue Notes:

- 2012 revenues are based on a charge of \$4.48 per ERU, per month.

Storm Sewer Maintenance Pro Forma Operating Statement

- The Storm Sewer Maintenance pro forma operating statement assumes that there will be a two percent decrease to the storm sewer maintenance fee in 2012 such that the new ERU, or equivalent residential unit, will be \$4.48.
- Proposed new debt is issued in the form of bonds at an assumed interest rate of four percent in 2012, 4.5 percent in 2013 and five percent thereafter.
- 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 Public Service Department. In 2008, snow removal costs were also transferred. In 2012, the cost of these services will total \$7.1 million.
- A portion of the costs associated with the Public Utilities Director's Office are borne by the storm sewer enterprise operating fund. In 2012, \$1.2 million is allocated in this fund for this purpose.

STORM SEWER ENTERPRISE FUND
Pro Forma Operating Statement
For Years 2010 - 2021 (000's omitted)

	<i>Actual</i>	<i>Projection</i>	<i>Budget</i>									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Beginning Cash Balance	10,017	14,590	17,645	16,408	15,717	14,831	13,509	12,623	12,148	12,318	12,953	14,331
Utility Revenues												
Storm Maintenance Service Charges	36,185	36,822	37,204	36,654	37,412	38,372	39,766	41,184	42,200	43,490	43,930	44,373
Rate Increase (Decrease)		0	-620	504	514	879	911	566	774	0	0	0
Investment Earnings	299	185	191	197	202	209	215	221	228	235	242	249
Storm Sewer Maintenance Penalties	437	427	432	436	441	445	449	454	459	463	468	473
Other Revenues	237	17	17	18	18	19	19	20	20	21	22	22
Debt Refinancing		<u>709</u>										
Total Revenue	<u>37,158</u>	<u>38,160</u>	<u>37,223</u>	<u>37,808</u>	<u>38,588</u>	<u>39,923</u>	<u>41,361</u>	<u>42,446</u>	<u>43,680</u>	<u>44,209</u>	<u>44,661</u>	<u>45,117</u>
Total Resources	<u>47,175</u>	<u>52,749</u>	<u>54,869</u>	<u>54,216</u>	<u>54,305</u>	<u>54,754</u>	<u>54,870</u>	<u>55,068</u>	<u>55,828</u>	<u>56,527</u>	<u>57,614</u>	<u>59,448</u>
Utility Expense												
Operations & Maintenance												
Personnel Services	1,181	1,187	1,384	1,426	1,469	1,513	1,558	1,605	1,653	1,702	1,754	1,806
Health Insurance	212	240	311	333	356	381	407	436	466	499	534	571
Supplies & Materials	13	25	34	35	36	36	37	38	38	39	40	41
Contractual Services	1,540	329	2,358	2,405	2,453	2,502	2,552	2,603	2,656	2,709	2,763	2,818
Pro Rata	1,497	1,717	1,675	1,701	1,736	1,797	1,861	1,910	1,966	1,989	2,010	2,030
Equipment		103	130	133	135	138	141	144	146	149	152	155
Other	325	250	80	82	83	85	87	88	90	92	94	96
Reimbursement to Sanitary Enterprise	7,007	7,750	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	8,366
Department of Public Utilities Allocation	1,024	1,075	1,218	1,243	1,268	1,293	1,319	1,345	1,372	1,400	1,428	1,456
Dept of Technology Allocation	550	1,191	1,463	1,493	1,523	1,553	1,584	1,616	1,648	1,681	1,715	1,749
Street Cleaning (transferred from Public Service)	<u>6,131</u>	<u>6,532</u>	<u>7,114</u>	<u>7,256</u>	<u>7,401</u>	<u>7,549</u>	<u>7,700</u>	<u>7,854</u>	<u>8,011</u>	<u>8,171</u>	<u>8,335</u>	<u>8,501</u>
Total Operations & Maintenance	<u>19,481</u>	<u>20,399</u>	<u>22,768</u>	<u>23,245</u>	<u>23,742</u>	<u>24,275</u>	<u>24,823</u>	<u>25,367</u>	<u>25,930</u>	<u>26,473</u>	<u>27,025</u>	<u>27,590</u>
Debt Service												
General Obligation	13,105	14,705	15,682	15,231	14,804	14,370	13,860	13,413	12,945	12,123	10,981	9,715
Proposed New Debt		<u>0</u>	<u>11</u>	<u>22</u>	<u>927</u>	<u>2,600</u>	<u>3,564</u>	<u>4,140</u>	<u>4,636</u>	<u>4,978</u>	<u>5,278</u>	<u>5,567</u>
Total Debt Service	<u>13,105</u>	<u>14,705</u>	<u>15,693</u>	<u>15,253</u>	<u>15,731</u>	<u>16,971</u>	<u>17,424</u>	<u>17,553</u>	<u>17,581</u>	<u>17,101</u>	<u>16,259</u>	<u>15,282</u>
Total Expense	<u>32,586</u>	<u>35,104</u>	<u>38,461</u>	<u>38,499</u>	<u>39,473</u>	<u>41,245</u>	<u>42,247</u>	<u>42,920</u>	<u>43,511</u>	<u>43,574</u>	<u>43,283</u>	<u>42,872</u>
Ending Fund Balance	14,590	17,645	16,408	15,717	14,831	13,509	12,623	12,148	12,318	12,953	14,331	16,576
Projected Revenue Increase (2011)	9.00%	0.00%	-2.00%	1.50%	1.50%	2.50%	2.50%	1.50%	2.00%	0.00%	0.00%	0.00%

Enterprise Funds

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