



now joined with Umbaugh

Baker Tilly Municipal Advisors, LLC  
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City of Lowell  
SAW Grant  
Asset Management Financial Plan  
January 10, 2020

A primary goal of Asset Management is to develop a long-term plan for revenue support of capital improvements, as well as operating cost. The following Asset Management Financial Plan (AMFP) is intended to summarize the policy formulation in the areas of rate management, capital spending, and fund balance.

#### Methodology

A significant effort has been made by the City and their consulting engineers to inventory assets, evaluate the infrastructure, and determine asset criticality. The result is the identification of asset investment cost by project and by year. The AMFP covers an extended forecast period to take this asset evaluation into account. The AMFP is a four step process: 1) historical comparison with audits and budgets, 2) test year, or normalized budget year, along with inflation assumptions for purposes of forecasting, 3) proof of rate to revenue for reliance on customer data, and 4) cash flow forecast including revenue, operating expense, capital spending, debt, and fund balance (i.e., actual cash and investment balance). The analysis is a “cash basis” approach as described in the AWWA Manual of Rate Making Practices.

From year to year, this AMFP may be used to implement policy regarding rate management and budgeting.

#### Audit Comparison

One key indicator of financial health is the cash and investments found in the Comparative Statement of Net Position of the Sewer Fund. The City has maintained this cash and investment balance at around 20 months compared to the cash operating expenses. Management of the cash balance will be discussed further under Forecast – Cash Balance.

The Sewer Fund audited Revenues, Expenses and Changes in Net Position comparison reveals consistency in annual revenues and in annual operating expenses (excluding one-time expenditures).

#### Budget Comparison / Test Year

The current year budget is consistent with previous years. Certain adjustments have been made to reflect a normalized year for maintenance expenses. This has been utilized to develop the Test Year budget including expected percent inflation factors.

### Proof of Rate to Revenue

The City bills customers based on generally accepted methods. The vast majority of customers are billed a ready-to-serve charge based on meter size and a commodity charge based on usage, while trailer pads and apartment complexes are billed based on residential equivalent units. The number of customers billed at the current rates tie to the revenue reflected in the audit and budget, such that we can rely on the numbers in forecasting.

### Forecast - Capital Cost

Annual cost has been forecasted based on an engineering evaluation of asset inventory, condition assessment, and criticality. These are expenses not already included in the operating and maintenance budget. The forecast reflects a mix of cash-funding and debt-funding certain projects. This combination results in good maintenance of the cash balance and utilizing debt only when needed.

### Forecast - Cash Balance

Our standard minimum target of cash and investment to operating expenses (net of depreciation) is six months. This minimum target is higher for a system of this size. Due to the size of the system and extent of capital improvements forecasted, the cash balance target is around eighteen months. With the right mix of cash and debt-funding capital improvements, and inflationary rate increases, the system will be able to maintain an adequate amount of cash to respond to unforeseen events.

### Forecast - Rate Management

The revenue needs to support operations, debt, and capital improvements while solving to cash balance. The cash flow forecast demonstrates a rate track with annual increases of 2.00% per year. Annual increases are highly recommended to keep up with expected rising expenses over time.

### Management Summary

- Rates: increase by 2.00% per year (preliminary assumption). This will need to be updated as bonds are issued and capital improvements are better known.
- Cash Balance: target of eighteen months compared to cash operating expenses over forecast period.
- Capital Improvements: a mix of cash and debt funding in order to manage rates and cash effectively over time.

### AMFP – Management Tool

*The AMFP is a living document. It is most effective as a tool used annually for budget and user rate decisions.*



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January 10, 2020

City of Lowell  
301 E. Main St.  
Lowell, MI 49331

Re: City of Lowell (Michigan) Sewer Fund – SAW Grant – Asset Management Financial Plan

Dear City of Lowell:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of a SAW financial plan by the appropriate officers, officials and advisors of the City of Lowell. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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7	Cash Flow Analysis

We would appreciate your questions or comments on this information and would provide additional information upon request.

Sincerely,

BAKER TILLY MUNICIPAL ADVISORS, LLC

Andy Campbell, CPA, Senior Manager

**CITY OF LOWELL (MICHIGAN) SEWER FUND**

**COMPARATIVE STATEMENT OF NET POSITION**

	As of			
	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
	(-----Per Audit-----)			
<b>Assets</b>				
Current assets:				
Cash and pooled investments	\$2,012,461	\$2,736,914	\$1,939,552	\$1,645,089
Accounts receivable	229,423	130,811	139,555	265,228
Due from other governments	-	-	90,074	125,579
Total current assets	<u>2,241,884</u>	<u>2,867,725</u>	<u>2,169,181</u>	<u>2,035,896</u>
Noncurrent assets:				
Special assessments long-term	150,699	155,973	161,432	126,041
Capital assets:				
Land	4,500	4,500	4,500	4,500
Capital assets, net	<u>685,270</u>	<u>2,374,281</u>	<u>3,300,232</u>	<u>3,507,791</u>
Total noncurrent assets	<u>840,469</u>	<u>2,534,754</u>	<u>3,466,164</u>	<u>3,638,332</u>
Total Assets	<u>\$3,082,353</u>	<u>\$5,402,479</u>	<u>\$5,635,345</u>	<u>\$5,674,228</u>
<b>Deferred Outflows of Resources</b>				
Pension related	<u>43,951</u>	<u>20,015</u>	<u>5,332</u>	<u>20,952</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$47,577	\$206,567	\$211,186	\$101,254
Accrued liabilities	2,730	16,844	17,370	19,457
Current portion of long-term debt	-	68,520	70,000	70,000
Total current liabilities	<u>50,307</u>	<u>291,931</u>	<u>298,556</u>	<u>190,711</u>
Noncurrent liabilities				
Premium on bonds	-	144,858	135,615	126,519
Net pension liability	150,631	116,465	96,079	124,407
Net OPEB obligation	10,684	12,785	48,293	79,548
Compensated absences	1,917	2,620	2,761	3,089
Bonds payable, net of current portion	-	2,178,913	2,156,000	2,086,000
Total noncurrent liabilities	<u>163,232</u>	<u>2,455,641</u>	<u>2,438,748</u>	<u>2,419,563</u>
Total Liabilities	<u>213,539</u>	<u>2,747,572</u>	<u>2,737,304</u>	<u>2,610,274</u>
<b>Net Position</b>				
Net investment in capital assets	689,770	502,324	943,117	1,229,772
Unrestricted	<u>2,222,995</u>	<u>2,172,598</u>	<u>1,960,256</u>	<u>1,855,134</u>
Total Net Position	<u>2,912,765</u>	<u>2,674,922</u>	<u>2,903,373</u>	<u>3,084,906</u>
Total Liabilities and Net Position	<u>\$3,126,304</u>	<u>\$5,422,494</u>	<u>\$5,640,677</u>	<u>\$5,695,180</u>

**CITY OF LOWELL (MICHIGAN) SEWER FUND**

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>Fiscal Year Ended</b>			
	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>
	(-----Per Audit-----)			
<b>Operating Revenues</b>				
Charges for services	\$1,202,946	\$1,113,146	\$919,176	\$1,242,675
Other	14,934	2,862	2,278	3,438
<b>Total operating revenues</b>	<b>1,217,880</b>	<b>1,116,008</b>	<b>921,454</b>	<b>1,246,113</b>
<b>Operating Expenses</b>				
Treatment	578,139	899,113	777,881	825,692
Transmission and distribution	127,433	227,684	111,808	102,487
Customer accounts	102,521	66,283	80,057	118,973
Administrative and general	170,400	236,667	162,041	130,442
Subtotal	978,493	1,429,747	1,131,787	1,177,594
Depreciation expense	36,037	42,588	97,242	101,396
<b>Total operating expenses</b>	<b>1,014,530</b>	<b>1,472,335</b>	<b>1,229,029</b>	<b>1,278,990</b>
<b>Net operating income (loss)</b>	<b>203,350</b>	<b>(356,327)</b>	<b>(307,575)</b>	<b>(32,877)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Investment earnings	6,119	12,078	12,413	(5,038)
Interest expense	-	(58,784)	(79,701)	(76,859)
<b>Total nonoperating revenues (expenses)</b>	<b>6,119</b>	<b>(46,706)</b>	<b>(67,288)</b>	<b>(81,897)</b>
Capital grants	-	165,190	255,539	296,307
<b>Change in net position</b>	<b>209,469</b>	<b>(237,843)</b>	<b>(119,324)</b>	<b>181,533</b>
<b>Net position, beginning of year</b>	<b>2,703,296</b>	<b>2,912,765</b>	<b>3,022,697</b>	<b>2,903,373</b>
<b>Net position, end of year</b>	<b>\$2,912,765</b>	<b>\$2,674,922</b>	<b>\$2,903,373</b>	<b>\$3,084,906</b>

**CITY OF LOWELL (MICHIGAN) SEWER FUND**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**

	Fiscal Year Ended					Test Year	Multiplier	2020/21	2021/22	2022/23	2023/24	2024/25
	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020							
	----- Per Client -----											
<b>Operating Expenses</b>												
Dept 550 - Treatment												
590-550-702.000 Salaries-Permanent	\$1,049	\$99	\$497	\$400	-	-	0.0%	-	-	-	-	-
590-550-709.000 Salaries-Overtime	62	-	136	150	-	-	0.0%	-	-	-	-	-
590-550-715.000 Social Security	84	7	37	40	-	-	0.0%	-	-	-	-	-
590-550-716.000 Health Insurance	8	-	7	-	\$10	\$10	2.0%	\$10	\$10	\$11	\$11	\$11
590-550-717.000 Life Insurance	5	-	0	1	-	-	2.0%	-	-	-	-	-
590-550-719.000 Accrued Vacation/Sick Leave	-	703	-	-	-	-	0.0%	-	-	-	-	-
590-550-722.000 Workers Compensation	20	2	12	50	50	50	2.0%	51	52	53	54	55
590-550-723.000 Dental Insurance	12	1	3	5	5	5	2.0%	5	5	5	5	6
590-550-724.000 Eyecare	14	1	0	5	1	1	2.0%	1	1	1	1	1
590-550-725.000 Disability Insurance	16	1	1	2	2	2	2.0%	2	2	2	2	2
590-550-801.000 Professional Services	24,819	173,232	272,118	313,000	239,234	49,000	1.0%	12,000	12,120	12,241	12,364	12,487
590-550-802.000 Contractual	476,903	498,453	443,394	452,000	467,000	467,000	2.3%	477,508	488,251	499,237	510,470	521,955
590-550-850.000 Communications	-	-	20	-	-	-	0.0%	-	-	-	-	-
590-550-910.000 Insurance	9,195	13,259	17,320	17,320	16,294	16,294	1.0%	16,457	16,622	16,788	16,956	17,125
590-550-930.000 Repair & Maintenance	40,429	49,326	16,944	25,000	25,000	25,000	1.0%	25,250	25,503	25,758	26,015	26,275
590-550-940.000 Rentals	119	95	234	4,000	300	300	1.0%	303	306	309	312	315
590-550-970.000 Capital Outlay	-	-	-	-	-	[1]	0.0%	-	-	-	-	-
<b>Total Dept 550 - Treatment Expenses</b>	<b>552,734</b>	<b>735,180</b>	<b>750,725</b>	<b>811,973</b>	<b>747,896</b>	<b>557,662</b>		<b>531,586</b>	<b>542,872</b>	<b>554,404</b>	<b>566,189</b>	<b>578,233</b>
Dept 551 - Collection												
590-551-702.000 Salaries-Permanent	23,993	25,804	21,795	25,821	25,900	32,000	2.0%	32,640	33,293	33,959	34,638	35,331
590-551-707.000 Salaries-Temporary	10	-	-	-	-	-	0.0%	-	-	-	-	-
590-551-708.000 Standby	1,178	698	1,255	1,250	1,250	1,250	2.0%	1,275	1,301	1,327	1,353	1,380
590-551-709.000 Salaries-Overtime	166	797	982	1,000	2,000	2,000	2.0%	2,040	2,081	2,122	2,165	2,208
590-551-715.000 Social Security	1,921	2,112	1,866	2,100	2,200	2,200	2.0%	2,244	2,289	2,335	2,381	2,429
590-551-716.000 Health Insurance	2,249	581	652	2,189	8,463	8,463	2.0%	8,632	8,805	8,981	9,160	9,343
590-551-717.000 Life Insurance	64	79	66	75	81	81	2.0%	83	84	86	88	89
590-551-718.000 Pension	5,643	(629)	(3,877)	5,975	6,900	-	0.0%	-	-	-	-	-
590-551-721.000 Longevity	13	13	13	68	91	91	2.0%	93	95	97	99	100
590-551-722.000 Workers Compensation	489	524	461	600	1,100	1,100	2.0%	1,122	1,144	1,167	1,191	1,214
590-551-723.000 Dental Insurance	277	279	231	313	366	366	2.0%	373	381	388	396	404
590-551-724.000 Eyecare	94	102	81	97	149	149	2.0%	152	155	158	161	164
590-551-725.000 Disability Insurance	175	215	197	201	251	251	2.0%	256	261	266	271	277
590-551-740.000 Operating Supplies	183	146	231	750	800	800	1.0%	808	816	824	832	841
590-551-744.000 Uniforms	550	222	184	850	1,250	1,250	1.0%	1,263	1,275	1,288	1,301	1,314
590-551-800.000 Customer Installation Expense	-	-	7,250	15,000	5,000	5,000	1.0%	5,050	5,101	5,152	5,203	5,255
590-551-801.000 Professional Services	9,069	21,605	5,900	1,000	1,000	1,000	1.0%	1,010	1,020	1,030	1,041	1,051
590-551-802.000 Contractual	34,687	32,039	2,119	15,000	15,000	15,000	1.0%	15,150	15,302	15,455	15,609	15,765
590-551-910.000 Insurance	750	750	750	750	750	750	1.0%	758	765	773	780	788
590-551-930.000 Repair & Maintenance	41,875	56,172	59,185	115,000	125,500	75,000	1.0%	75,750	76,508	77,273	78,045	78,826
590-551-850.000 Communications	-	56	770	600	1,000	1,000	1.0%	1,010	1,020	1,030	1,041	1,051
590-551-864.000 Conferences & Conventions	490	1,866	2,378	2,200	3,000	3,000	1.0%	3,030	3,060	3,091	3,122	3,153
590-551-940.000 Rentals	3,524	11,890	9,319	8,750	9,000	9,000	1.0%	9,090	9,181	9,273	9,365	9,459
590-551-955.000 Miscellaneous Expense	33	-	-	-	2,500	2,500	1.0%	2,525	2,550	2,576	2,602	2,628
590-551-970.000 Capital Outlay	-	-	-	-	-	[1]	0.0%	-	-	-	-	-
<b>Total Dept 551 - Collection Expenses</b>	<b>127,433</b>	<b>155,321</b>	<b>111,808</b>	<b>199,588</b>	<b>213,550</b>	<b>162,250</b>		<b>164,352</b>	<b>166,484</b>	<b>168,648</b>	<b>170,843</b>	<b>173,071</b>

CITY OF LOWELL (MICHIGAN) SEWER FUND

(Continued)

COMPARATIVE DETAIL OF OPERATING EXPENSES

	Fiscal Year Ended					Test Year	Multiplier	2020/21	2021/22	2022/23	2023/24	2024/25
	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020							
	Per Client											
<b>Operating Expenses (Continued)</b>												
Dept 552 - Customer Accounts												
590-552-702.000 Salaries-Permanent	28,367	26,325	28,523	27,704	28,600	28,600	2.0%	29,172	29,755	30,351	30,958	31,577
590-552-703.000 Salaries-Meter Reads	4,247	4,244	4,247	4,500	4,500	4,500	2.0%	4,590	4,682	4,775	4,871	4,968
590-552-715.000 Social Security	2,424	2,148	1,988	2,500	2,200	2,200	2.0%	2,244	2,289	2,335	2,381	2,429
590-552-716.000 Health Insurance	13,613	11,708	14,080	13,124	14,108	14,108	2.0%	14,390	14,678	14,972	15,271	15,576
590-552-717.000 Life Insurance	103	103	99	101	101	101	2.0%	103	105	107	110	112
590-552-718.000 Pension	27,209	(2,549)	6,582	6,411	7,500	-	0.0%	-	-	-	-	-
590-552-721.000 Longevity	553	439	439	325	325	325	2.0%	332	338	345	352	359
590-552-722.000 Workers Compensation	337	248	167	300	200	200	2.0%	204	208	212	216	221
590-552-723.000 Dental Insurance	365	317	345	414	388	388	2.0%	396	404	412	420	429
590-552-724.000 Eyecare	135	117	126	152	141	141	2.0%	144	147	150	153	156
590-552-725.000 Disability	224	227	228	222	245	245	2.0%	249	254	260	265	270
590-552-727.000 Office Supplies	-	71	-	-	-	-	0.0%	-	-	-	-	-
590-552-730.000 Postage	2,503	2,464	2,539	3,000	3,000	3,000	1.0%	3,030	3,060	3,091	3,122	3,153
590-552-740.000 Operating Supplies	286	398	552	1,000	1,000	1,000	1.0%	1,010	1,020	1,030	1,041	1,051
590-552-860.000 Travel Expenses	399	369	412	400	400	400	1.0%	404	408	412	416	420
590-552-941.000 Data Processing	21,700	19,600	19,600	19,992	19,992	19,992	1.0%	20,192	20,394	20,598	20,804	21,012
590-552-955.000 Miscellaneous Expense	56	54	56	100	-	-	0.0%	-	-	-	-	-
590-552-969.000 Bad Debts	-	-	74	100	-	-	0.0%	-	-	-	-	-
<b>Total Dept 552 - Customer Accounts</b>	<b>102,521</b>	<b>66,282</b>	<b>80,055</b>	<b>80,345</b>	<b>82,700</b>	<b>75,200</b>		<b>76,460</b>	<b>77,743</b>	<b>79,049</b>	<b>80,379</b>	<b>81,733</b>
Dept 553 - Administration												
590-553-718.000 Pension	-	-	-	-	-	-	0.0%	-	-	-	-	-
590-553-801.000 Professional Services	24,402	5,427	941	-	10,000	10,000	1.0%	10,100	10,201	10,303	10,406	10,510
590-553-830.000 Administrative Services	143,400	166,100	161,100	117,504	117,504	117,504	1.0%	118,679	119,866	121,064	122,275	123,498
590-553-955.000 Miscellaneous Expense	2,598	65,140	-	-	-	-	0.0%	-	-	-	-	-
590-553-969.000 Depreciation-Contrib Capital	-	-	-	-	[2]	-	0.0%	-	-	-	-	-
590-553-991.000 Principal-Bonds	-	-	-	-	[3]	-	0.0%	-	-	-	-	-
590-553-995.000 Interest-Bonds	-	-	-	-	[3]	-	0.0%	-	-	-	-	-
590-553-996.000 Paying Agent Fees	-	500	150	-	350	350	0.0%	350	350	350	350	350
<b>Total Dept 573 - Administration</b>	<b>170,400</b>	<b>237,167</b>	<b>162,191</b>	<b>117,504</b>	<b>127,854</b>	<b>127,854</b>		<b>129,129</b>	<b>130,417</b>	<b>131,717</b>	<b>133,031</b>	<b>134,358</b>
<b>Total Operating Expenses</b>	<b>\$953,088</b>	<b>\$1,193,949</b>	<b>\$1,104,778</b>	<b>\$1,209,410</b>	<b>\$1,172,000</b>	<b>\$922,966</b>		<b>\$901,527</b>	<b>\$917,516</b>	<b>\$933,819</b>	<b>\$950,443</b>	<b>\$967,394</b>

[1] Capital Outlay is removed from this section of the report. This item is discussed later in the report.

[2] Depreciation Expense is removed from this report as it is performed on the cash basis.

[3] Principal and Interest on debt are removed from this section of the report. These items are discussed later in the report.

**CITY OF LOWELL (MICHIGAN) SEWER FUND**

**SCHEDULE OF AMORTIZATION OF \$2,156,000 PRINCIPAL AMOUNT OUTSTANDING OF GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS, SERIES 2016 - SEWER PORTION**

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal (-----In Dollars-----)	Interest	Total	
11/01/19	\$2,156,000	2.00	\$70,000	\$42,568.75	\$112,568.75	
05/01/20	2,086,000			41,868.75	41,868.75	\$154,437.50
11/01/20	2,086,000	2.00	70,000	41,868.75	111,868.75	
05/01/21	2,016,000			41,168.75	41,168.75	153,037.50
11/01/21	2,016,000	3.00	70,000	41,168.75	111,168.75	
05/01/22	1,946,000			40,118.75	40,118.75	151,287.50
11/01/22	1,946,000	3.00	70,000	40,118.75	110,118.75	
05/01/23	1,876,000			39,068.75	39,068.75	149,187.50
11/01/23	1,876,000	3.00	70,000	39,068.75	109,068.75	
05/01/24	1,806,000			38,018.75	38,018.75	147,087.50
11/01/24	1,806,000	4.00	70,000	38,018.75	108,018.75	
05/01/25	1,736,000			36,618.75	36,618.75	144,637.50
11/01/25	1,736,000	4.00	73,500	36,618.75	110,118.75	
05/01/26	1,662,500			35,148.75	35,148.75	145,267.50
11/01/26	1,662,500	4.00	73,500	35,148.75	108,648.75	
05/01/27	1,589,000			33,678.75	33,678.75	142,327.50
11/01/27	1,589,000	4.00	77,000	33,678.75	110,678.75	
05/01/28	1,512,000			32,138.75	32,138.75	142,817.50
11/01/28	1,512,000	4.00	80,500	32,138.75	112,638.75	
05/01/29	1,431,500			30,528.75	30,528.75	143,167.50
11/01/29	1,431,500	4.00	84,000	30,528.75	114,528.75	
05/01/30	1,347,500			28,848.75	28,848.75	143,377.50
11/01/30	1,347,500	4.00	87,500	28,848.75	116,348.75	
05/01/31	1,260,000			27,098.75	27,098.75	143,447.50
11/01/31	1,260,000	4.00	91,000	27,098.75	118,098.75	
05/01/32	1,169,000			25,278.75	25,278.75	143,377.50
11/01/32	1,169,000	4.00	94,500	25,278.75	119,778.75	
05/01/33	1,074,500			23,388.75	23,388.75	143,167.50
11/01/33	1,074,500	4.00	101,500	23,388.75	124,888.75	
05/01/34	973,000			21,358.75	21,358.75	146,247.50
11/01/34	973,000	4.00	105,000	21,358.75	126,358.75	
05/01/35	868,000			19,258.75	19,258.75	145,617.50
11/01/35	868,000	4.00	108,500	19,258.75	127,758.75	
05/01/36	759,500			17,088.75	17,088.75	144,847.50
11/01/36	759,500	4.50	112,000	17,088.75	129,088.75	
05/01/37	647,500			14,568.75	14,568.75	143,657.50
11/01/37	647,500	4.50	119,000	14,568.75	133,568.75	
05/01/38	528,500			11,891.25	11,891.25	145,460.00
11/01/38	528,500	4.50	122,500	11,891.25	134,391.25	
05/01/39	406,000			9,135.00	9,135.00	143,526.25
11/01/39	406,000	4.50	129,500	9,135.00	138,635.00	
05/01/40	276,500			6,221.25	6,221.25	144,856.25
11/01/40	276,500	4.50	136,500	6,221.25	142,721.25	
05/01/41	140,000			3,150.00	3,150.00	145,871.25
11/01/41	140,000	4.50	140,000	3,150.00	143,150.00	143,150.00
Totals			<u>\$2,156,000</u>	<u>\$1,193,858.75</u>	<u>\$3,349,858.75</u>	<u>\$3,349,858.75</u>



**CITY OF LOWELL (MICHIGAN) SEWER FUND**

**CASH FLOW ANALYSIS**

	<u>2019/20</u>	<u>Increase Per Year</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>
<b>Assumptions</b>													
Meter equivalents	1,387		1,387	1,387	1,387	1,387	1,387	1,387	1,387	1,387	1,387	1,387	1,387
Ready-to-serve charge - monthly	\$24.44	2.00%	\$24.93	\$25.43	\$25.94	\$26.46	\$26.99	\$27.53	\$28.08	\$28.64	\$29.21	\$29.80	\$30.39
REU count (apartments and mobile homes)	457		457	457	457	457	457	457	457	457	457	457	457
REU charge - monthly	\$24.44	2.00%	\$24.93	\$25.43	\$25.94	\$26.46	\$26.99	\$27.53	\$28.08	\$28.64	\$29.21	\$29.80	\$30.39
REU count (flat charge)	18		18	18	18	18	18	18	18	18	18	18	18
Flat charge - monthly	\$58.81		\$59.98	\$61.18	\$62.40	\$63.65	\$64.93	\$66.22	\$67.55	\$68.90	\$70.28	\$71.68	\$73.12
Volume sold - annual mgal - city	117,000		128,000	128,000	128,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000	136,000
Commodity charge - mgal - city	\$4.04	2.00%	\$4.12	\$4.21	\$4.29	\$4.38	\$4.46	\$4.55	\$4.64	\$4.74	\$4.83	\$4.93	\$5.03
Volume sold - annual mgal - township	43,244		43,244	43,244	43,244	43,244	43,244	43,244	43,244	43,244	43,244	43,244	43,244
Commodity charge - mgal - township	\$1.66		\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66	\$1.66
<i>Typical homeowner's bill (assumes 4,500 gallons/month)</i>	<i>\$42.64</i>		<i>\$43.49</i>	<i>\$44.36</i>	<i>\$45.24</i>	<i>\$46.15</i>							
<b>Revenues</b>													
<b>Rates &amp; charges</b>													
Ready-to-serve charge (metered)	\$406,985		\$415,124	\$423,427	\$431,896	\$440,533	\$449,344	\$458,331	\$467,498	\$476,848	\$486,384	\$496,112	\$506,034
Ready-to-serve charge (non-metered)	134,051		136,732	139,467	142,256	145,101	148,003	150,963	153,982	157,062	160,203	163,407	166,675
Flat charge	12,702		12,956	13,215	13,479	13,749	14,024	14,304	14,591	14,882	15,180	15,484	15,793
Commodity charge (city)	472,973		527,789	538,345	549,111	595,100	607,002	619,142	631,524	644,155	657,038	670,179	683,582
Commodity charge (township)	71,785		71,785	71,785	71,785	71,785	71,785	71,785	71,785	71,785	71,785	71,785	71,785
Total rates & charges revenue	1,098,495		1,164,386	1,186,238	1,208,527	1,266,268	1,290,158	1,314,525	1,339,380	1,364,732	1,390,591	1,416,967	1,443,870
Other	215,600		15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600	15,600
Total revenues	1,314,095		1,179,986	1,201,838	1,224,127	1,281,868	1,305,758	1,330,125	1,354,980	1,380,332	1,406,191	1,432,567	1,459,470
Less: Total operating expenditures	(901,527)		(917,516)	(933,819)	(950,443)	(967,394)	(984,680)	(1,002,308)	(1,020,284)	(1,038,616)	(1,057,312)	(1,076,378)	(1,095,823)
Net operating revenue	412,568		262,470	268,019	273,684	314,474	321,077	327,817	334,696	341,716	348,879	356,189	363,647
Less: Current debt service payments	(154,438)		(153,038)	(151,288)	(149,188)	(147,088)	(144,638)	(145,268)	(142,328)	(142,818)	(143,168)	(143,378)	(143,448)
Estimated pension contributions	(15,188)		(16,605)	(16,207)	(16,702)	(17,445)	(18,202)	(19,000)	(20,790)	(21,662)	(22,545)	(23,462)	(24,405)
Estimated SCADA improvements [1]	(50,000)		-	-	-	-	-	-	-	-	-	-	-
Estimated remaining bond proceeds to spend	-		-	-	-	-	-	-	-	-	-	-	-
Estimated cash-funded capital improvements	(103,000)		-	(553,000)	(287,000)	-	-	-	-	-	-	-	(1,941,000)
Estimated debt service #1 2024/25 bonds [2]	-		-	-	-	-	(83,500)	(272,750)	(272,750)	(272,750)	(272,750)	(272,750)	(272,750)
Net cash flow	\$89,942		\$92,828	(\$452,476)	(\$179,205)	\$149,941	\$395,814	\$218,617	\$233,524	\$246,202	\$259,296	\$272,788	(\$1,654,308)
<i>Cash &amp; investments</i>	<i>\$1,645,089</i>	<i>\$1,735,031</i>	<i>\$1,827,859</i>	<i>\$1,375,383</i>	<i>\$1,196,178</i>	<i>\$1,346,118</i>	<i>\$1,741,933</i>	<i>\$1,960,550</i>	<i>\$2,194,074</i>	<i>\$2,440,275</i>	<i>\$2,699,571</i>	<i>\$2,972,360</i>	<i>\$1,318,052</i>

[1] Assumed sewer fund allocation is 50% of overall costs.

[2] Estimated debt service payments based on a \$7,013,000 40-year USDA bond issue at the current intermediate rate (2.375%).