



City of Polk City, Iowa

Sewer Enterprise Fund: Rate & Revenue Sufficiency Study

Jon Burmeister, CFA
Managing Director

Matthew Stoffel, CFA
Senior Managing Consultant

August 26, 2019

PFM Financial
Advisors LLC

801 Grand Avenue
Suite 3300
Des Moines, IA

www.pfm.com



Table of Contents

- I. Executive Summary
- II. Sewer Utility Cash Flow – Base Case
- III. Sewer Rate Study Analysis
 - Billing Data Key Metrics
 - Revenue Requirements (FY 2020 Budget)
 - Rate Structure Options & Considerations
 - Discussion Items
- IV. Appendices
 - Example Cash Flows
 - Option 1
 - Option 2
 - Option 3
 - WRA Inputs



August 26, 2019

Memorandum

To: Don Sandor, Interim City Administrator
From: Jon Burmeister & Matthew Stoffel, PFM Financial Advisors, LLC
Re: Rate & Revenue Sufficiency Study for the City's Sewer Enterprise System

PFM Financial Advisors, LLC ("PFM") has conducted an analysis of the City of Polk City's (the "City") Sanitary Sewer Enterprise System (the "System"). During our analysis we have conducted a detailed review of the following attributes of the System:

- Three years of audited financial information (FY 2016 to FY 2018)
- Unaudited financial data for FY 2019
- Adopted budget for FY 2020
- Anticipated future operating and capital needs of the System
- Des Moines Metropolitan Wastewater Reclamation Authority ("WRA") Data
 - Historical Flow Data
 - Projected Future Expenses
 - Debt Service Requirements & 28E Covenant Requirements
- 28E Agreement between the City, Polk County and the City of Ankeny
 - Details of the cost share for Rock Creek Sewer Improvements
- 36 Months of detailed billing data including consumption trends for every customer of the System

PFM met with City staff on August 8, 2019 and with the City's Finance Committee on August 12, 2019 to share preliminary findings and provide an opportunity to discuss preliminary observations, considerations and recommendations. During these discussion we discussed both financial and policy implications of changes to the structure of the sewer rates. PFM's recommendations are intended to help the City make sound financial decisions that align with the City's policy goals.

The City needs to maintain sewer rates sufficient to meet the current financial requirements and be prepared for both future requirements of WRA obligation as well as future development of the City, such as developments to the North and East.

The following sections highlight our observations, considerations and recommendations for the City's Sanitary Sewer Enterprise Fund.



Observations

- System has been growing by 80 to 100 meters per year
- System has 96% residential meters with 4% commercial and 1 governmental meter
- 24% of Commercial customers use more than 10,000 gallons per month
- On average large users have higher peaking ratios
- Average user uses 3,900 gallons per month
- Rock Creek Sewer was a significant long term investment
 - Sewer that was required to connect the to the WRA
 - City's cost share portion was \$12.4M capital investment
 - City will pay \$559,793 until the final year in 2040
- A result of the City's reduction in local option sales tax revenue it was necessary for the City to increased expense allocation to the utility funds

Considerations

- The City has a taken important necessary steps to satisfy revenue requirements of the Sewer System but still needs approximately 15.5% more revenues to align with the FY 2020 expenses.
- The FY 2020 is projected at a deficit of \$190,700.
- Because of the Systems strong cash position at the end of FY 2019, rate increases can be phased in over the course of the next several years.
- The City is currently conducting several capital improvement studies that will likely result in future capital expenditures required for the City to continue to grow and maintain the existing infrastructure. These include:
 - Inflow & Infiltration ("I&I") Study
 - North Trunk Sewer Study
 - East Trunk Sewer Study

Rock Creek Capital Charge

- Projected cost for Polk City was \$17,790,789 per 28E Agreement
 - Revised to \$17,170,471 after completion of the project
 - Reduction of \$650,318 for City
- Annual Payment of \$559,793 per year until 2040 (\$443,915 in final year)
- \$15.00 capital charge only covers 61% of cost assuming 1,904 customers
- City can consider applying the annual connection fees toward the Rock Creek cost.

Assumptions

- Working with City Staff we have outlined the following assumptions for future financial projections
 - Line by line review of operating expense growth assumptions
 - 75 new metes per year & 1% increase in billed consumption
 - \$35,000 for future connection fees
 - 9% flow growth for WRA expenses in FY 2021
 - 0% flow growth for WRA expenses past FY 2021
 - \$3M of new capital improvements by Fiscal Year 2024



Current Rate Structure

- The City has the following rate structure
 - \$15.63 - Availability Charge
 - \$5.90 – Rate per 1,000 gallons
 - \$15.00 – Rock Creek Sanitary Charge (per Meter)

Future Rate Structure Options

- Option 1 – Keep the existing mix and apply rates increases evenly
 - 15.5% increase implemented over several years
 - \$18.05 - Availability Charge
 - \$6.81 – Rate per 1,000 gallons
 - \$17.33 – Rock Creek Sanitary Charge (per Meter)
- Option 2 – Switch Rock Creek Charge to Variable Charge
 - Decreases minimum and shift significant cost to larger users
 - Consider projecting a reduction in usage by users that can adjust consumption
 - \$17.30 - Availability Charge
 - \$6.05 – Rate per 1,000 gallons
 - \$5.30 – Rock Creek Sanitary Charge (Rate per 1,000 gallons)
- Option 3 – Future Increases Applied to Variable Charge
 - Over time shifts more cost share from small users to larger users
 - \$15.63 - Availability Charge
 - \$8.01 – Rate per 1,000 gallons
 - \$6.45 – applied to operating System (Local & WRA)
 - \$1.56 – applied to Rock Creek Capital
 - \$15.00 – Rock Creek Sanitary Charge (per Meter)

Recommendations

Our analysis shows that the larger users of the system are paying a smaller portion of the System costs relative to their consumption. Additionally, the larger users are also using the system less consistently and have on average higher peaking ratio than average users.

As discussed in detail with City staff and the City's Finance Committee, PFM would recommend that the City consider applying future rate increases to the variable component of the City's sewer rates.



Sewer Utility Cash Flow – Base Case

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	7.00%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	6.50%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sewer Rates		4/1/2017	4/1/2018	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Sewer Availability Charge 1	\$12.92	\$14.21	\$15.63	\$15.63	\$15.63	\$16.72	\$17.81	\$18.79	\$19.73	\$20.72
Rates per 1,000 2	\$4.87	\$5.36	\$5.90	\$5.90	\$5.90	\$6.31	\$6.72	\$7.09	\$7.45	\$7.82
Rock Creek Sanitary Charge 3	\$0.00	\$0.00	\$15.00	\$15.00	\$15.00	\$16.05	\$17.09	\$18.03	\$18.94	\$19.88
Average Monthly Bill (3,900 gals) 4	\$31.91	\$35.11	\$53.64	\$53.64	\$53.64	\$57.39	\$61.13	\$64.49	\$67.71	\$71.10
Change in Average Monthly Bill 5	\$0.00	\$3.20	\$18.53	\$0.00	\$0.00	\$3.75	\$3.73	\$3.36	\$3.22	\$3.39
Average \$\$ Per 1,000 6	\$6.44	\$7.94	\$8.72	\$9.66	\$9.66	\$10.34	\$11.01	\$11.62	\$12.20	\$12.81
Average Annual Sewer Meters 7	1,564	1,660	1,763	1,857	1,912	1,987	2,062	2,137	2,212	2,287
SEWER (1,000 gallons) 8	81,988	83,293	90,970	91,003	91,913	92,832	93,760	94,698	95,645	96,601
Operating Revenues		20.4%	14.4%	52.7%	(1.2%)	5.4%	8.2%	7.2%	6.7%	6.7%
Usage Fees 9	\$527,667	\$661,175	\$792,896	\$879,309	\$888,102	\$959,772	\$1,032,378	\$1,100,051	\$1,166,604	\$1,237,183
Rock Creek Sanitary Charge 10	0	0	0	328,364	344,160	382,696	422,955	462,448	502,612	545,636
Connections 11	57,925	93,390	71,880	114,400	75,000	35,000	35,000	35,000	35,000	35,000
Sales Tax Revenue 12	2,810	3,382	4,107	4,485	4,000	4,986	5,405	5,803	6,200	6,621
Special Assessments 13	10,411	0	0	0	0	0	0	0	0	0
Miscellaneous 14	33,315	3,060	1,748	2,665	2,000	2,000	2,000	2,000	2,000	2,000
Total Operating Revenues 15	\$632,128	\$761,007	\$870,631	\$1,329,223	\$1,313,262	\$1,384,454	\$1,497,739	\$1,605,302	\$1,712,415	\$1,826,441
Operating Expenses		(17.9%)	20.8%	7.6%	61.4%	(3.5%)	5.9%	4.2%	4.1%	4.1%
Sewer Operations Exp 16	\$198,755	\$176,200	\$226,952	\$259,761	\$482,041	\$470,441	\$491,246	\$512,026	\$533,180	\$554,926
WRA O&M 17	105,019	106,253	110,770	97,110	93,411	83,241	94,348	98,188	101,792	105,550
WRA O&M Credit 18	25,992	(11,584)	(10,388)	(4,700)	(7,045)	(5,140)	(4,920)	(5,080)	(5,280)	(5,280)
Total Operating Expenses 19	\$329,766	\$270,869	\$327,334	\$352,171	\$568,407	\$548,542	\$580,673	\$605,134	\$629,692	\$655,196
Net Operating Income 20	\$302,362	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245
Interest Income 21	6,996	0	0	0	0	0	0	0	0	0
Net Revenue for Debt 22	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245

Sewer Enterprise Fund

Growth Assumptions	
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Net Revenue for Debt 23	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245
Sewer Debt Service										
WRA Existing Debt Service 24	\$ 196,432	\$ 195,418	\$ 201,251	\$ 195,472	\$ 201,410	\$229,929	\$230,028	\$230,146	\$230,218	\$230,376
WRA Pending Debt Service 25	0	0	2,682	0	0	8,801	13,743	13,741	13,745	13,750
WRA Future Debt Service 26	0	0	0	0	0	1,358	9,620	23,533	35,745	48,116
WRA Interest Earned 27	(208)	(470)	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
WRA Prior Year Debt Adjustment 28	(10,242)	(5,419)	(3,166)	(1,905)	(3,737)	(1,028)	(492)	0	0	0
Total Parity Debt Service 29	\$ 185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$291,749
Proposed Sewer Lining SRF (2024) 30	0	0	0	0	0	0	0	0	0	186,000
Total Sewer Revenue Debt 31	\$185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$477,749
Debt Service Coverage										
Net Revenues / All Debt 32	1.66	2.59	2.72	5.06	3.78	3.50	3.63	3.75	3.88	2.45
Cashflow after Debt Service 33	\$123,376	\$300,610	\$343,224	\$784,105	\$548,022	\$597,343	\$664,659	\$733,239	\$803,508	\$693,496
Capital Outlays 34	(\$73,956)	(\$23,485)	(\$64,809)	(\$42,876)	(\$154,000)	(\$155,500)	(\$179,650)	(\$236,994)	(\$3,092,571)	(\$89,773)
WRA R&R/Capital 35	(22,572)	(28,583)	(23,840)	(21,429)	(22,473)	(23,436)	(24,602)	(24,849)	(25,097)	(25,348)
WRA Equipment & Insurance 36	(2,458)	(665)	(586)	2,129	102	(1,280)	(1,429)	(845)	(845)	(845)
WRA Surcharge 37	0	0	0	0	0	0	0	0	0	0
WRA Working Capital Reserve 38	(238)	(597)	(1,430)	(1,157)	(2,558)	(8,477)	661	(1,358)	(1,398)	(1,336)
Misc. sources/uses 39	0	(2)	0	29	0	0	0	0	3,000,000	0
Transfer to Rock Creek Capital 40	0	0	0	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)
Transfers(out)/in 41	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Restricted 42	0	0	0	0	0	0	0	0	0	0
Annual Surplus/ (Deficit) 43	\$24,151	\$247,277	\$252,559	\$161,010	(\$190,700)	(\$151,143)	(\$100,155)	(\$90,599)	\$123,804	\$16,401
Beginning Cash Balance 44	\$152,416	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$495,570	\$395,415	\$304,816	\$428,620
Ending Cash Balance 45	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$495,570	\$395,415	\$304,816	\$428,620	\$445,021
Cash Balance as % of O & M 46	54%	156%	207%	238%	114%	90%	68%	50%	68%	68%
Designated										
Sewer Construction Fund 47	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total WRA Expenses 48	\$342,261	\$314,043	\$326,310	\$305,813	\$308,128	\$349,863	\$367,205	\$387,088	\$403,067	\$419,548
Total Sewer Expenses 49	\$614,972	\$513,730	\$618,072	\$1,168,214	\$1,503,962	\$1,535,597	\$1,597,893	\$1,695,901	\$1,588,611	\$1,810,040
WRA Expenses as % Total Exp 50	56%	61%	53%	26%	20%	23%	23%	23%	25%	23%

Sewer Enterprise Fund

<i>Growth Assumptions</i>	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

<i>SEWER REVENUE ADJUSTMENTS</i>					
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	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sanitary Sewer Capital Outlays										
Parker Lift Station				\$0	\$0	\$0	\$40,000	\$0	\$0	\$0
TCI Lift Station				0	0	0	0	40,000	0	0
Sanitary Sewer Study (North Trunk Sewer/North Service Area)				0	0	20,000	0	0	2,000,000	0
Sanitary Sewer Study (East Trunk Sewer)				0	0	20,000	0	0	0	0
Sanitary Sewer I&I Study				0	0	30,000	50,000	50,000	0	0
Slip Lining of Sewers				0	0	0	0	0	1,000,000	0
Other Capital				42,876	154,000	85,500	89,650	146,994	92,571	89,773
Total				\$42,876	\$154,000	\$155,500	\$179,650	\$236,994	\$3,092,571	\$89,773

City of Polk City, Iowa
Sewer Enterprise Fund
Operational Expenses

EXHIBIT 2

	Audit			Unaudited		Projected					Expense	
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Growth	
Salary	59,279	59,599	51,780	83,755	206,738	212,940	219,328	225,908	232,685	239,666	3%	
Part-Time Salaries	0	0	0	607	10,000	10,000	10,000	10,000	10,000	10,000	0%	
Overtime	3,444	1,937	2,382	5,064	2,600	2,678	2,758	2,841	2,926	3,014	3%	
Vac/Sick/Holiday	0	0	16,155	13,866	0	0	0	0	0	0	0%	
City Share FICA	5,729	4,471	5,135	7,657	15,815	16,289	16,778	17,281	17,800	18,334	3%	
City Share IPERS	7,015	5,405	6,234	9,694	19,516	20,101	20,705	21,326	21,965	22,624	3%	
Group Insurance	16,701	16,356	16,783	17,500	23,000	24,150	25,358	26,625	27,957	29,354	5%	
Workers Compensation	2,122	2,344	2,602	2,416	3,200	3,232	3,264	3,297	3,330	3,363	1%	
Unemployment	245	62	478	354	300	303	306	309	312	315	1%	
Clothing Allowance	403	1,047	1,206	1,020	1,500	1,500	1,500	1,500	1,500	1,500	0%	
Medical Insur. Copays	0	0	30	30	0	0	0	0	0	0	0%	
Training - Sewer	4,096	4,318	5,390	5,096	3,000	3,000	3,000	3,000	3,000	3,000	0%	
Repair/Maintenance (Buildings)	1,360	931	0	1,493	2,500	2,500	2,500	2,500	2,500	2,500	0%	
Bldgs/Grounds Op. Maintenance	2,503	5,576	6,626	7,229	6,000	6,000	6,000	6,000	6,000	6,000	0%	
Vehicle Operations	1,502	1,426	521	587	2,500	2,500	2,500	2,500	2,500	2,500	0%	
Vehicle Repairs	189	676	1,852	1,380	1,500	1,500	1,500	1,500	1,500	1,500	0%	
Operational Equipment Repair	2,499	1,693	5,492	5,855	3,000	3,000	3,000	3,000	3,000	3,000	0%	
Utilities - Sewer	25,419	22,956	20,747	29,453	24,000	25,200	26,460	27,783	29,172	30,631	5%	
Telephone Services - Sewer	4,018	4,269	4,492	4,007	4,500	4,725	4,961	5,209	5,470	5,743	5%	
Engineering Fees	1,480	179	18,083	10,364	4,000	4,000	4,000	4,000	4,000	4,000	0%	
Insurance (Veh/Bldg/Liab)	5,948	6,104	6,438	5,764	6,500	6,700	6,900	7,100	7,300	7,500	\$200	
Payments to Other Agencies	0	0	0	175	0	0	0	0	0	0	0%	
Rent/Lease (Equip/Vehicle)	0	80	466	528	0	0	0	0	0	0	0%	
Sales Tax	2,549	3,786	4,329	4,419	4,500	4,500	4,500	4,500	4,500	4,500	0%	
Technology Services - Sewer	76	657	872	1,422	1,500	1,600	1,700	1,800	1,900	2,000	\$100	
Technology - G.I.S.	15,842	0	0	0	0	0	0	0	0	0	0%	
Misc. Contract Work	33,800	23,338	47,741	30,641	55,000	57,750	60,638	63,669	66,853	70,195	5%	
Misc. Equip & Supplies	3,542	1,449	1,963	1,118	11,000	5,000	5,150	5,305	5,464	5,628	3%	
Meters	7,580	23,306	32,999	28,129	35,000	38,500	42,350	46,585	51,244	56,368	10%	
Office Supplies - Sewer	969	715	32	1,006	1,000	1,000	1,000	1,000	1,000	1,000	0%	
OP. Maint. Supplies	258	0	1,222	253	1,000	1,000	1,000	1,000	1,000	1,000	0%	
Postage	2,500	3,150	1,550	3,350	2,500	2,575	2,652	2,732	2,814	2,898	3%	
Iron, Steel & Non-Ferrous	462	0	0	0	0	0	0	0	0	0	0%	
Misc. Commoditys	804	1,660	2,004	66	1,500	1,500	1,500	1,500	1,500	1,500	0%	
New Vehicle	49,054	0	13,727	4,383	90,000	33,000	33,000	85,800	26,400	18,150	schedule	
Plant & Equipment	0	0	0	0	25,000	10,000	10,300	10,609	10,927	11,255	3%	
WRA Hookup	143,009	314,044	326,311	305,813	338,000	349,863	367,205	387,088	403,067	419,548	WRA Model	
Office Equipment	0	0	0	2,187	0	0	0	0	0	0	0%	
Shop Equipment	199,651	613	1,419	0	23,000	2,500	2,575	2,652	2,732	2,814	3%	
Repairs/Construction	10,923	2,587	12,735	11,771	15,000	20,000	25,000	30,000	35,000	40,000	\$5,000	
Subtotal	614,973	514,735	619,796	608,450	944,169	879,107	919,388	1,015,920	997,318	1,031,402		
Less WRA Operating Expense	(131,011)	(94,669)	(100,382)	(92,410)	(86,366)	(71,228)	(81,637)	(85,001)	(88,108)	(91,555)		
Less WRA Debt Payments	(185,982)	(189,529)	(200,072)	(192,947)	(196,833)	(218,744)	(231,485)	(244,847)	(256,120)	(267,619)		
Less WRA Capital	(25,268)	(29,845)	(25,856)	(20,456)	(24,929)	(33,194)	(25,371)	(27,051)	(27,340)	(27,529)		
Less Local Capital Outlays	(73,956)	(23,485)	(64,809)	(42,876)	(154,000)	(85,500)	(89,650)	(146,994)	(92,571)	(89,773)		
Net Local Operating Expenses	\$198,756	\$177,207	\$228,676	\$259,761	\$482,041	\$470,441	\$491,246	\$512,026	\$533,180	\$554,926		

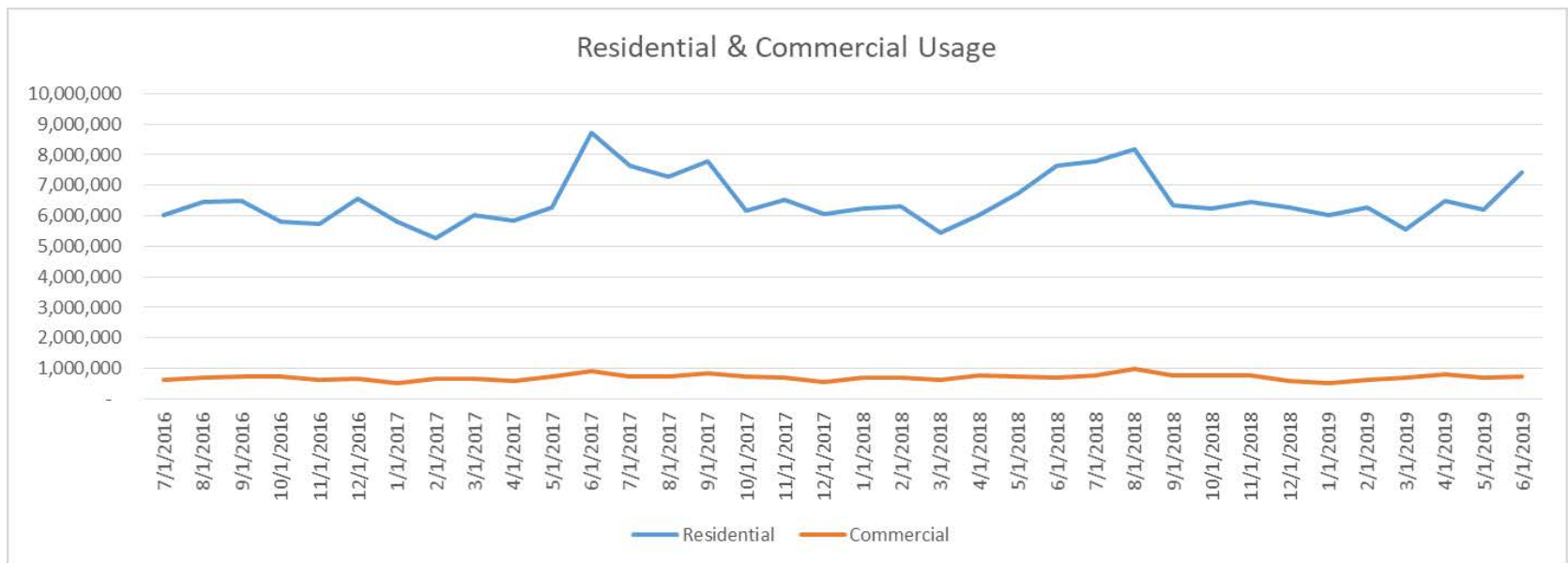


Billing Data Key Metrics



Billing Data Evaluated

- ◆ Monthly Detail from July 2016 through June 2019
- ◆ 2,714 Accounts
- ◆ Data Evaluated by Account Type (Residential vs Commercial)
- ◆ Data Evaluated by Usage Trends
- ◆ Average Usage, Max Usage and Peaking Ratio's Identified



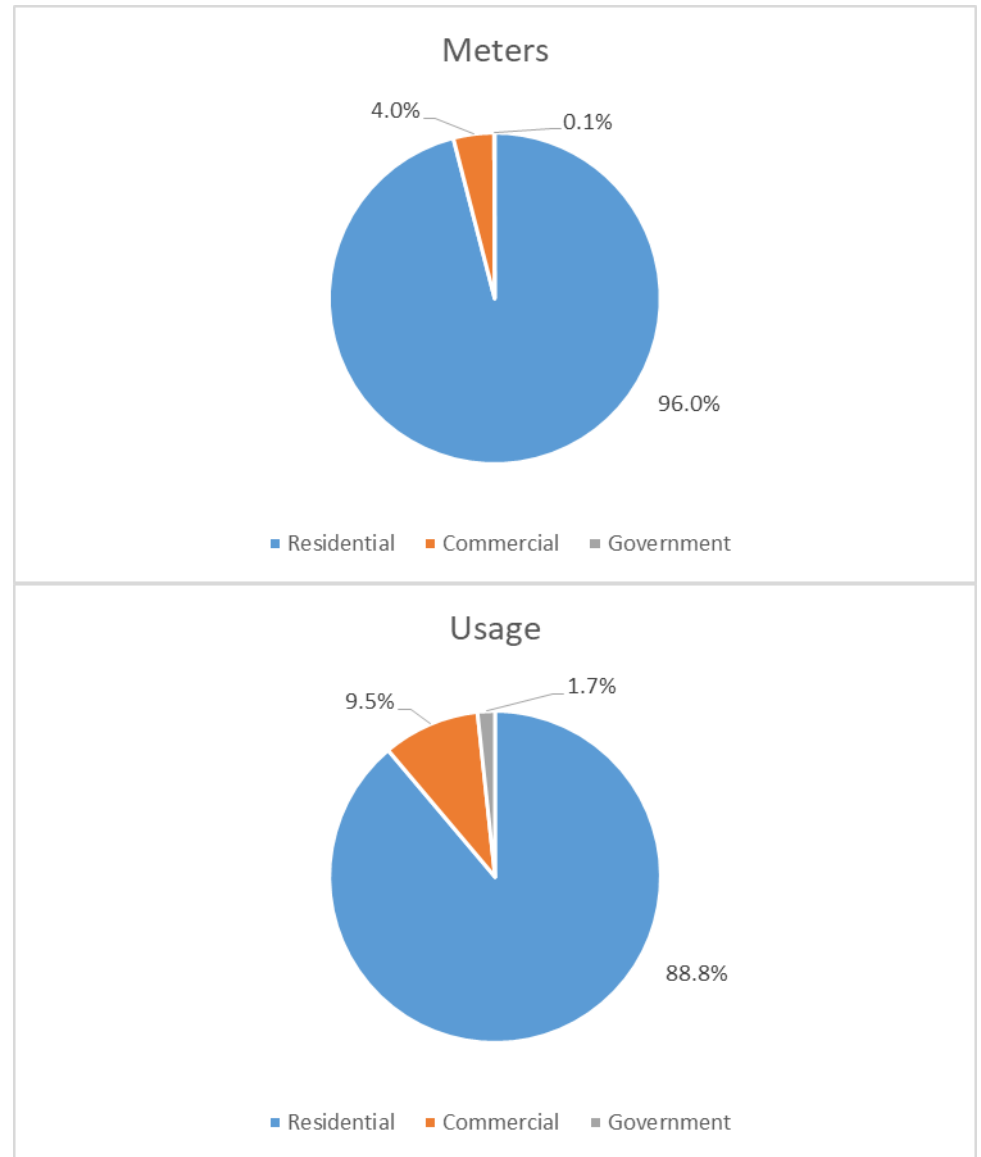


Accounts by Customer Type

- ◆ June 2019
 - 1,835 Residential Meters
 - 76 Commercial Meters
 - 1 Government Meter

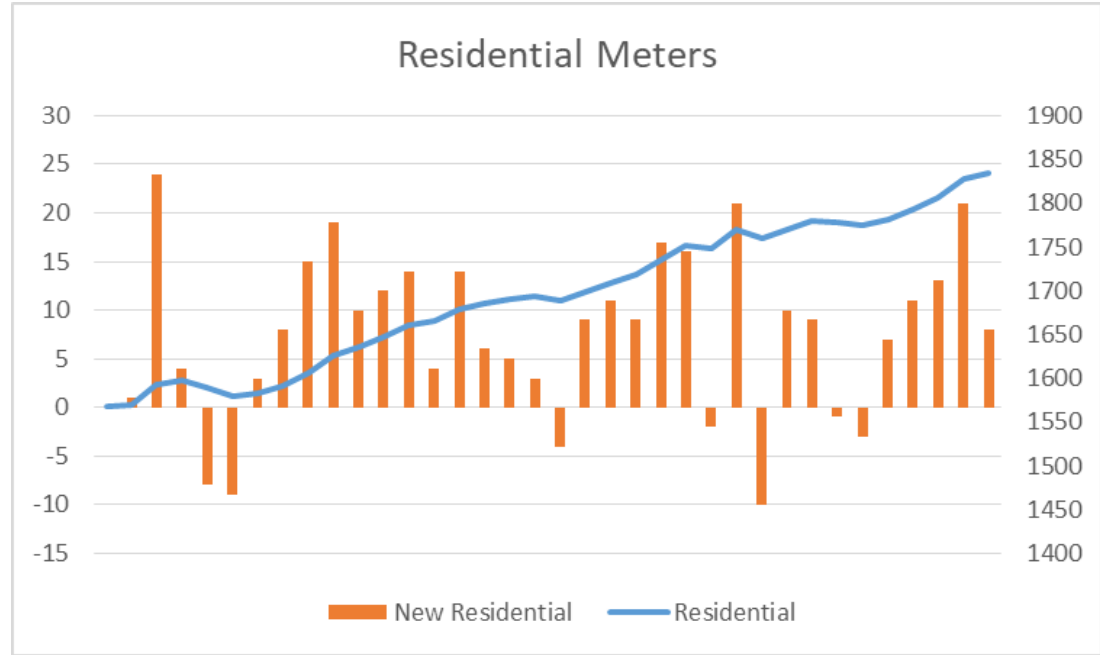
- 1,912 Total Meters

- ◆ Usage % is Average over 36 Months



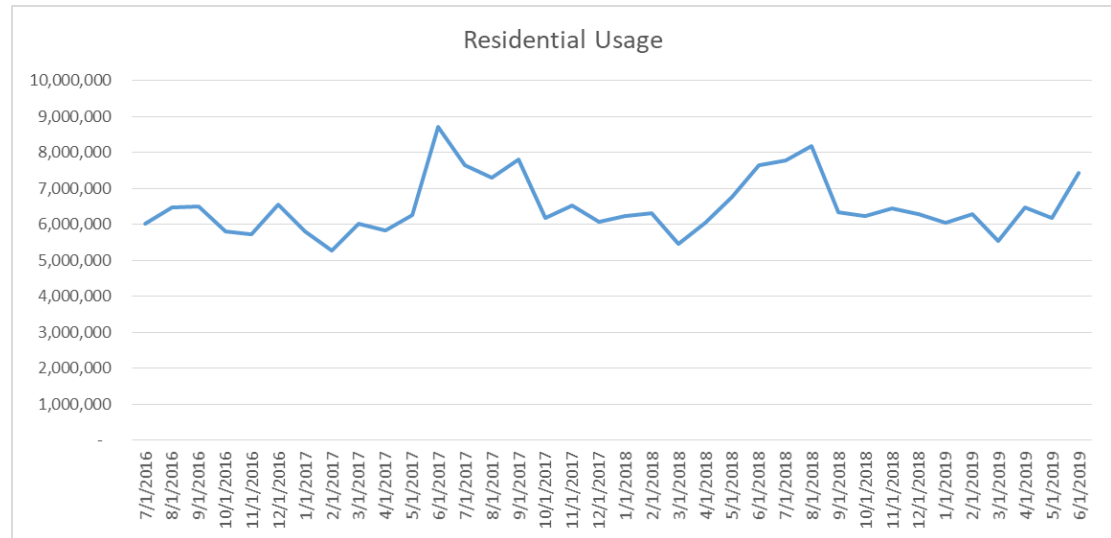


Residential Customers



Residential Meter Count

	<u>Beginning</u>	<u>Ending</u>	<u>Change</u>
FY 2017	1,568	1,647	79
FY 2018	1,647	1,751	104
FY 2019	1,751	1,835	84

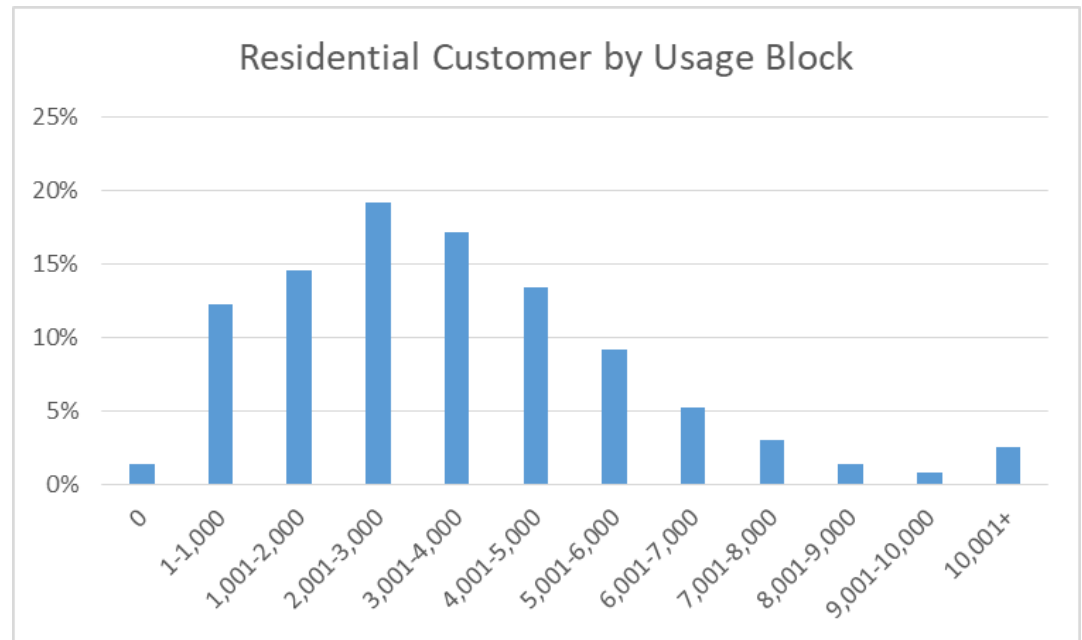




Residential Customers

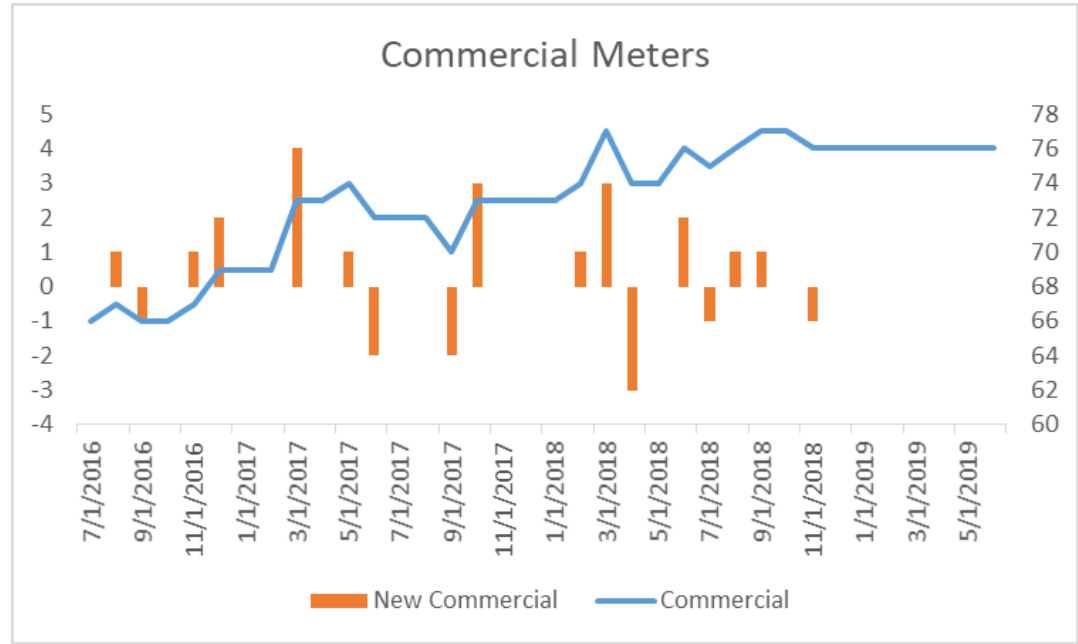
- ◆ Average Usage – 3,653 gallons/Month
- ◆ Average Peaking Factor – 1.98x

<u>Block</u>	<u>Count</u>	<u>Percentage</u>
0	36	1%
1-1,000	321	12%
1,001-2,000	382	15%
2,001-3,000	502	19%
3,001-4,000	448	17%
4,001-5,000	350	13%
5,001-6,000	240	9%
6,001-7,000	136	5%
7,001-8,000	79	3%
8,001-9,000	36	1%
9,001-10,000	22	1%
10,001+	67	3%



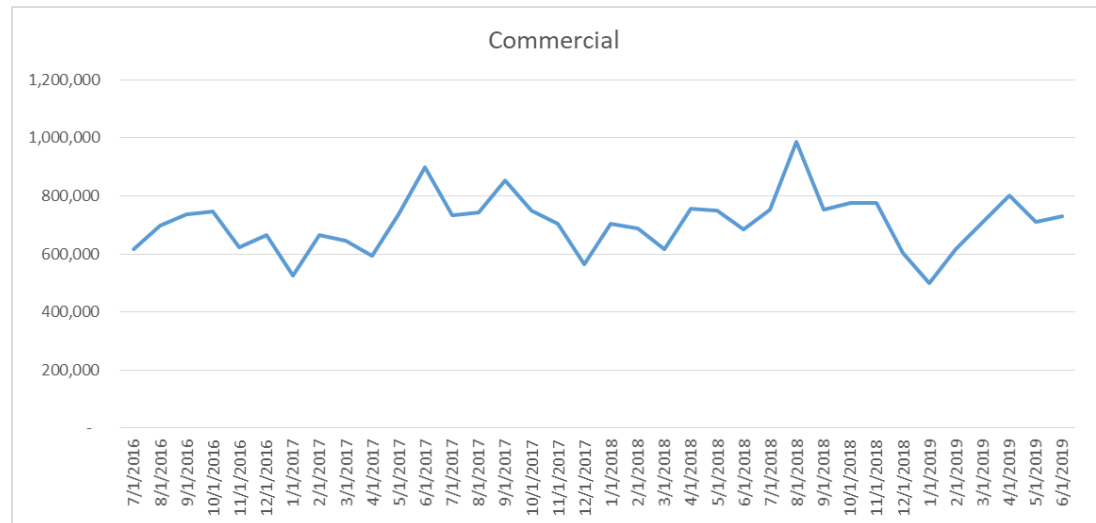


Commercial Customers



Commercial Meter Count

	<u>Beginning</u>	<u>Ending</u>	<u>Change</u>
FY 2017	66	72	6
FY 2018	72	76	4
FY 2019	76	76	0

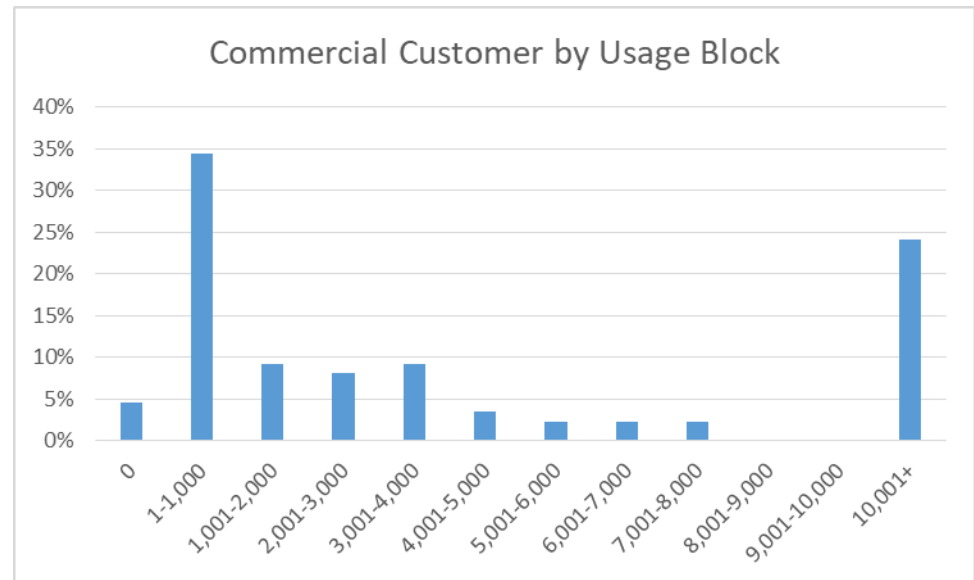




Commercial Customers

- ◆ Average Usage – 9,273 gallons/Month
- ◆ Average Peaking Factor – 3.21x

<u>Block</u>	<u>Count</u>	<u>Percentage</u>
0	4	5%
1-1,000	30	34%
1,001-2,000	8	9%
2,001-3,000	7	8%
3,001-4,000	8	9%
4,001-5,000	3	3%
5,001-6,000	2	2%
6,001-7,000	2	2%
7,001-8,000	2	2%
8,001-9,000	0	0%
9,001-10,000	0	0%
10,001+	21	24%

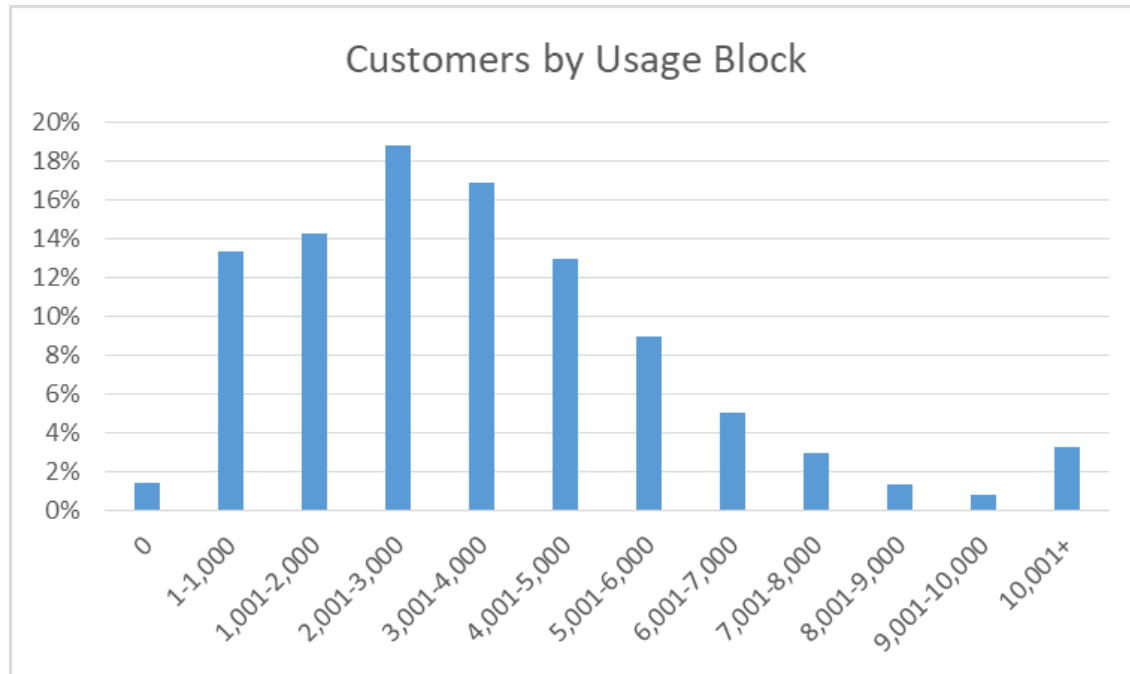


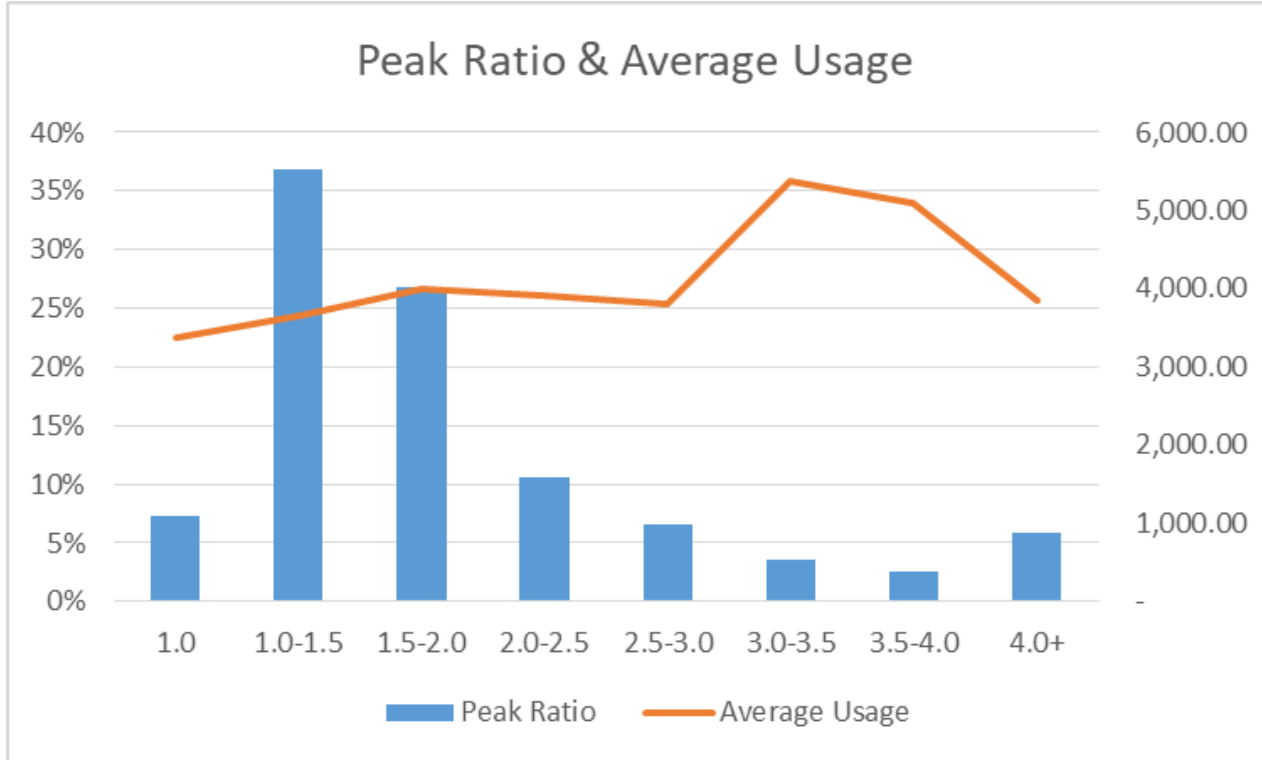


Total System Metrics

- ◆ Average Usage – 3,878 gallons/month
- ◆ Average Peaking Factor – 2.02x

<u>Block</u>	<u>Count</u>	<u>Percentage</u>
0	38	1%
1-1,000	361	13%
1,001-2,000	387	14%
2,001-3,000	510	19%
3,001-4,000	458	17%
4,001-5,000	351	13%
5,001-6,000	243	9%
6,001-7,000	137	5%
7,001-8,000	80	3%
8,001-9,000	37	1%
9,001-10,000	22	1%
10,001+	89	3%





<u>Peak Ratio</u>	<u>Count</u>	<u>% Count</u>	<u>Average Usage</u>
1.0	199	7%	3,383.96
1.0-1.5	998	37%	3,660.04
1.5-2.0	729	27%	3,989.05
2.0-2.5	286	11%	3,905.16
2.5-3.0	177	7%	3,809.20
3.0-3.5	96	4%	5,375.16
3.5-4.0	69	3%	5,103.51
4.0+	160	6%	3,857.87



Top Users

<u>Account Type</u>	<u>Average Usage (36 Months)</u>	<u>Account Description</u>
Commercial	173,307	Nursing Home
Commercial	100,960	Car Wash
Commercial	48,476	Elementary School
Commercial	47,421	Hotel
Commercial	33,659	Pizza Restaurant
Residential	33,261	New Home (No irrigation meter)
Residential	30,336	New Home (No irrigation meter)
Residential	30,163	New Home (No irrigation meter)
Residential	26,908	New Home (No irrigation meter)
Commercial	26,860	Day Care Facility
Commercial	26,666	Appartment Complex (24 units)
Residential	22,681	New Home (No irrigation meter)
Residential	22,629	New Home (No irrigation meter)
Commercial	22,599	Casey's
Commercial	22,274	Daycare & Church
Commercial	20,443	Appartment Complex (8 units)
Residential	20,063	New Home (No irrigation meter)



Revenue Requirements (FY 2020 Budget)



Revenue Requirements (FY 2020)

Rock Creek	\$ 559,793
Less: Connection Fees	<u>\$ (75,000)</u>
Rock Creek Net of Connection Fees	\$ 484,793
Rock Creek	\$ 484,793
WRA	\$ 308,128
City Operating	\$ 482,000
City Capital	<u>\$ 154,000</u>
Net Expenses	\$ 1,428,921
Connection Fees	<u>\$ 75,000</u>
Gross Expense	\$ 1,503,921



System Assumptions

Customers: 1,904
Annual Gallons Billed: 91,000,000



Revenue Requirements – Cost per Meter

	<u>System</u>	<u>Annually</u>	<u>Monthly</u>
City Operating	\$482,000	\$253.15	\$21.10
WRA	\$308,128	\$161.83	\$13.49
Rock Creek	\$484,793	\$254.62	\$21.22
City Capital	<u>\$154,000</u>	<u>\$80.88</u>	<u>\$6.74</u>
Total	\$1,428,921	\$750.48	\$62.54

Assumes 1,904 Meters



Revenue Requirements – Cost per 1,000 Gallons (“kgal”)

	<u>System</u>	<u>\$/kgal*</u>	<u>Monthly**</u>
City Operating	\$482,000	\$5.30	\$20.66
WRA	\$308,128	\$3.39	\$13.21
Rock Creek	\$484,793	\$5.33	\$20.78
City Capital	<u>\$154,000</u>	<u>\$1.69</u>	<u>\$6.60</u>
Total	\$1,428,921	\$15.70	\$61.24

*Assumes 91,000,000 gallons per year

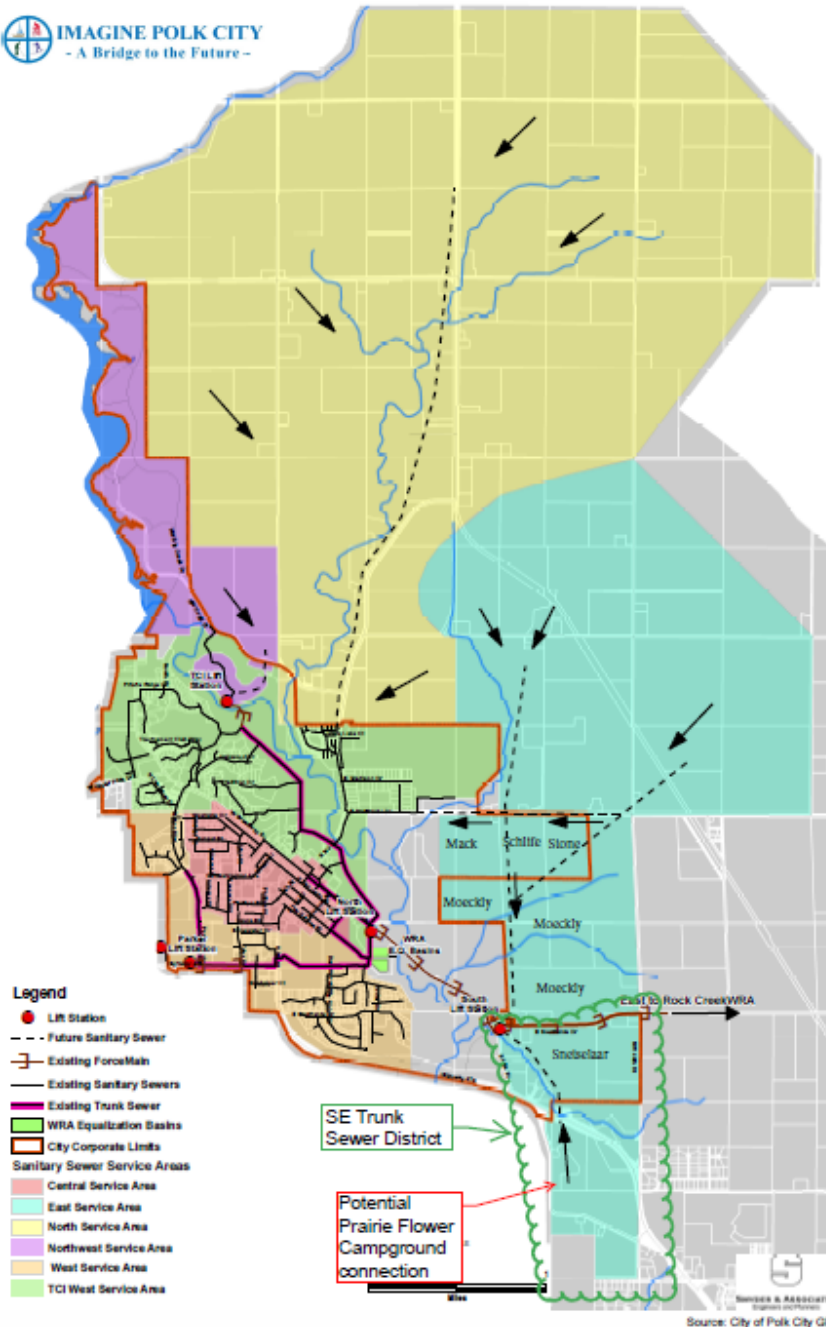
**Assumes 3,900 gallons per meter per month



SANITARY SEWER SYSTEM



Future Considerations





Rate Structure Options & Considerations



Current Rate Structure

	<u>Current</u>
Availability Fee	\$15.63
Per Kgal	\$5.90
Rock Creek Capital (Meter)	\$15.00
Average Customer (3,900)	\$53.64
Minimum	\$30.63
Fixed	57%
Variable	43%
Revenues Projected	\$1,236,734
Revenues Required	\$1,428,921
Difference	(\$192,187)
Meeting Revenue Requirements	No



Option 1 – Adjust Current Rate Structure to Satisfy Revenue Requirements

	<u>Option 1</u>	<u>% Change</u>
Availability Fee	\$18.05	15.5%
Per Kgal	\$6.81	15.5%
Rock Creek Capital (Meter)	\$17.33	15.5%
Average Customer (3,900)	\$61.94	15.5%
Minimum	\$35.38	15.5%
Fixed	57%	
Variable	43%	
Revenues Projected	\$1,428,072	
Revenues Required	\$1,428,921	
Difference	(\$849)	
Meeting Revenue Requirements	Yes	



Option 2 – Rock Creek Charge as a Variable Charge

	<u>Option 2</u>	<u>% Change</u>
Availability Fee	\$17.30	11%
Per Kgal	\$6.05	3%
Rock Creek Capital (per Kgal)	\$5.30	38%
Average Customer (3,900)	\$61.57	15%
Minimum	\$17.30	-44%
Fixed	28%	
Variable	72%	
Revenues Projected	\$1,427,290	
Revenues Required	\$1,428,921	
Difference	(\$1,631)	
Meeting Revenue Requirements	Yes	



Option 3 – Increase Applied Only to Variable Charges

	<u>Option 3</u>	<u>% Change</u>
Availability Fee	\$15.63	0%
Per Kgal	\$6.45	9%
Rock Creek Capital (per kgal)	\$1.56	41%
Rock Creek Capital (Meter)	\$15.00	0%
Average Customer (3,900)	\$61.87	15%
Minimum	\$30.63	0%
Fixed	50%	
Variable	50%	
Revenues Projected	\$1,427,387	
Revenues Required	\$1,428,921	
Difference	(\$1,534)	
Meeting Revenue Requirements	Yes	
Rock Creek Revenues Fixed	\$342,720	Fixed \$559,793
Rock Creek Revenues Variable	<u>\$142,073</u>	Variable <u>(\$75,000)</u>
Rock Creek Revenues Total	\$484,793	\$484,793
		Rock Creek Expense Connection Fees
		Net Rock Creek Expense



Customer Impact

<u>Customer</u>	<u>Monthly Usage (gallons)</u>	<u>Current</u>	<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
Nursing Home	170,000	\$1,033.63	\$1,193.08	\$1,946.80	\$1,392.54
Car Wash	100,000	\$620.63	\$716.38	\$1,152.30	\$831.75
School/Hotel	48,000	\$313.83	\$362.26	\$562.10	\$415.17
Business (25,000)	25,000	\$178.13	\$205.63	\$301.05	\$230.91
Home Owner (20,000)	20,000	\$148.63	\$171.58	\$244.30	\$190.85
Home Owner (10,000)	10,000	\$89.63	\$103.48	\$130.80	\$110.74
Home Owner (5,000)	5,000	\$60.13	\$69.43	\$74.05	\$70.69
Home Owner (3,900)	3,900	\$53.64	\$61.94	\$61.57	\$61.87
Home Owner (1,000)	1,000	\$36.53	\$42.19	\$28.65	\$38.64
Minimum	0	\$30.63	\$35.38	\$17.30	\$30.63



Discussion



Discussion Items

- Determining the Correct Allocation for Fixed and Variable Requirements
- Connection Fees
 - What should the City project for Future years?
 - Where should these Revenues be applied?
 - Is there an opportunity to increase Connection Fee Charges?
- Future Capital Needs
 - I&I Study and Improvements
 - North Trunk Sewer
 - East Trunk Sewer
- Cash Flow Options
 - Option 1 – Applied % Increase Evenly to all charges
 - Option 2 – Switch Rock Creek to Variable Charge
 - Option 3 – Apply Increase only to Variable Charges



Option 1 – Example Cashflow

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	7.00%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	6.50%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sewer Rates		4/1/2017	4/1/2018	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Sewer Availability Charge 1	\$12.92	\$14.21	\$15.63	\$15.63	\$15.63	\$16.72	\$17.81	\$18.79	\$19.73	\$20.72
Rates per 1,000 2	\$4.87	\$5.36	\$5.90	\$5.90	\$5.90	\$6.31	\$6.72	\$7.09	\$7.45	\$7.82
Rock Creek Sanitary Charge 3	\$0.00	\$0.00	\$15.00	\$15.00	\$15.00	\$16.05	\$17.09	\$18.03	\$18.94	\$19.88
Average Monthly Bill (3,900 gals) 4	\$31.91	\$35.11	\$53.64	\$53.64	\$53.64	\$57.39	\$61.13	\$64.49	\$67.71	\$71.10
Change in Average Monthly Bill 5	\$0.00	\$3.20	\$18.53	\$0.00	\$0.00	\$3.75	\$3.73	\$3.36	\$3.22	\$3.39
Average \$\$ Per 1,000 6	\$6.44	\$7.94	\$8.72	\$9.66	\$9.66	\$10.34	\$11.01	\$11.62	\$12.20	\$12.81
Average Annual Sewer Meters 7	1,564	1,660	1,763	1,857	1,912	1,987	2,062	2,137	2,212	2,287
SEWER (1,000 gallons) 8	81,988	83,293	90,970	91,003	91,913	92,832	93,760	94,698	95,645	96,601
Operating Revenues		20.4%	14.4%	52.7%	(1.2%)	5.4%	8.2%	7.2%	6.7%	6.7%
Usage Fees 9	\$527,667	\$661,175	\$792,896	\$879,309	\$888,102	\$959,772	\$1,032,378	\$1,100,051	\$1,166,604	\$1,237,183
Rock Creek Sanitary Charge 10	0	0	0	328,364	344,160	382,696	422,955	462,448	502,612	545,636
Connections 11	57,925	93,390	71,880	114,400	75,000	35,000	35,000	35,000	35,000	35,000
Sales Tax Revenue 12	2,810	3,382	4,107	4,485	4,000	4,986	5,405	5,803	6,200	6,621
Special Assessments 13	10,411	0	0	0	0	0	0	0	0	0
Miscellaneous 14	33,315	3,060	1,748	2,665	2,000	2,000	2,000	2,000	2,000	2,000
Total Operating Revenues 15	\$632,128	\$761,007	\$870,631	\$1,329,223	\$1,313,262	\$1,384,454	\$1,497,739	\$1,605,302	\$1,712,415	\$1,826,441
Operating Expenses		(17.9%)	20.8%	7.6%	61.4%	(3.5%)	5.9%	4.2%	4.1%	4.1%
Sewer Operations Exp 16	\$198,755	\$176,200	\$226,952	\$259,761	\$482,041	\$470,441	\$491,246	\$512,026	\$533,180	\$554,926
WRA O&M 17	105,019	106,253	110,770	97,110	93,411	83,241	94,348	98,188	101,792	105,550
WRA O&M Credit 18	25,992	(11,584)	(10,388)	(4,700)	(7,045)	(5,140)	(4,920)	(5,080)	(5,280)	(5,280)
Total Operating Expenses 19	\$329,766	\$270,869	\$327,334	\$352,171	\$568,407	\$548,542	\$580,673	\$605,134	\$629,692	\$655,196
Net Operating Income 20	\$302,362	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245
Interest Income 21	6,996	0	0	0	0	0	0	0	0	0
Net Revenue for Debt 22	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245

CITY OF POLK CITY, IOWA

EXHIBIT 1

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	7.00%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	6.50%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Net Revenue for Debt 23	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$835,911	\$917,066	\$1,000,167	\$1,082,723	\$1,171,245
Sewer Debt Service										
WRA Existing Debt Service	\$ 196,432	\$ 195,418	\$ 201,251	\$ 195,472	\$ 201,410	\$229,929	\$230,028	\$230,146	\$230,218	\$230,376
WRA Pending Debt Service	0	0	2,682	0	0	8,801	13,743	13,741	13,745	13,750
WRA Future Debt Service	0	0	0	0	0	1,358	9,620	23,533	35,745	48,116
WRA Interest Earned	(208)	(470)	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
WRA Prior Year Debt Adjustment	(10,242)	(5,419)	(3,166)	(1,905)	(3,737)	(1,028)	(492)	0	0	0
Total Parity Debt Service	\$ 185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$291,749
Proposed Sewer Lining SRF (2024)	0	0	0	0	0	0	0	0	0	186,000
Total Sewer Revenue Debt	\$185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$477,749
Debt Service Coverage										
Net Revenues / All Debt	1.66	2.59	2.72	5.06	3.78	3.50	3.63	3.75	3.88	2.45
Cashflow after Debt Service										
Cashflow after Debt Service	\$123,376	\$300,610	\$343,224	\$784,105	\$548,022	\$597,343	\$664,659	\$733,239	\$803,508	\$693,496
Capital Outlays	(\$73,956)	(\$23,485)	(\$64,809)	(\$42,876)	(\$154,000)	(\$155,500)	(\$179,650)	(\$236,994)	(\$3,092,571)	(\$89,773)
WRA R&R/Capital	(22,572)	(28,583)	(23,840)	(21,429)	(22,473)	(23,436)	(24,602)	(24,849)	(25,097)	(25,348)
WRA Equipment & Insurance	(2,458)	(665)	(586)	2,129	102	(1,280)	(1,429)	(845)	(845)	(845)
WRA Surcharge	0	0	0	0	0	0	0	0	0	0
WRA Working Capital Reserve	(238)	(597)	(1,430)	(1,157)	(2,558)	(8,477)	661	(1,358)	(1,398)	(1,336)
Misc. sources/uses	0	(2)	0	29	0	0	0	0	3,000,000	0
Transfer to Rock Creek Capital	0	0	0	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)
Transfers(out)/in	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Restricted	0	0	0	0	0	0	0	0	0	0
Annual Surplus/ (Deficit)	\$24,151	\$247,277	\$252,559	\$161,010	(\$190,700)	(\$151,143)	(\$100,155)	(\$90,599)	\$123,804	\$16,401
Beginning Cash Balance	\$152,416	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$495,570	\$395,415	\$304,816	\$428,620
Ending Cash Balance	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$495,570	\$395,415	\$304,816	\$428,620	\$445,021
Cash Balance as % of O & M	54%	156%	207%	238%	114%	90%	68%	50%	68%	68%
Designated										
Sewer Construction Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total WRA Expenses	\$342,261	\$314,043	\$326,310	\$305,813	\$308,128	\$349,863	\$367,205	\$387,088	\$403,067	\$419,548
Total Sewer Expenses	\$614,972	\$513,730	\$618,072	\$1,168,214	\$1,503,962	\$1,535,597	\$1,597,893	\$1,695,901	\$1,588,611	\$1,810,040
WRA Expenses as % Total Exp	56%	61%	53%	26%	20%	23%	23%	23%	25%	23%

Sewer Enterprise Fund

<i>Growth Assumptions</i>	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

<i>SEWER REVENUE ADJUSTMENTS</i>					
1-Jul-16	0.00%	1-Apr-20	7.00%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	6.50%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sanitary Sewer Capital Outlays										
Parker Lift Station				\$0	\$0	\$0	\$40,000	\$0	\$0	\$0
TCI Lift Station				0	0	0	0	40,000	0	0
Sanitary Sewer Study (North Trunk Sewer/North Service Area)				0	0	20,000	0	0	2,000,000	0
Sanitary Sewer Study (East Trunk Sewer)				0	0	20,000	0	0	0	0
Sanitary Sewer I&I Study				0	0	30,000	50,000	50,000	0	0
Slip Lining of Sewers				0	0	0	0	0	1,000,000	0
Other Capital				42,876	154,000	85,500	89,650	146,994	92,571	89,773
Total				\$42,876	\$154,000	\$155,500	\$179,650	\$236,994	\$3,092,571	\$89,773



Option 2 – Example Cashflow

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	7.07%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	7.20%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sewer Rates		4/1/2017	4/1/2018	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Sewer Availability Charge 1	\$12.92	\$14.21	\$15.63	\$15.63	\$15.63	\$16.48	\$17.30	\$18.25	\$19.16	\$20.12
Rates per 1,000 2	\$4.87	\$5.36	\$5.90	\$5.90	\$5.90	\$6.00	\$6.05	\$6.38	\$6.70	\$7.04
Rock Creek Sanitary Charge 3	\$0.00	\$0.00	\$15.00	\$15.00	\$15.00	\$4.50	\$5.30	\$5.59	\$5.87	\$6.16
Average Monthly Bill (3,900 gals) 4	\$31.91	\$35.11	\$53.64	\$53.64	\$53.64	\$57.43	\$61.57	\$64.95	\$68.20	\$71.61
Change in Average Monthly Bill 5	\$0.00	\$3.20	\$18.53	\$0.00	\$0.00	\$3.79	\$4.14	\$3.39	\$3.25	\$3.41
Average \$\$ Per 1,000 6	\$6.44	\$7.94	\$8.72	\$9.66	\$9.66	\$10.35	\$11.09	\$11.70	\$12.28	\$12.90
Average Annual Sewer Meters 7	1,564	1,660	1,763	1,857	1,912	1,987	2,062	2,137	2,212	2,287
SEWER (1,000 gallons) 8	81,988	83,293	90,970	91,003	91,913	89,155	90,047	90,947	91,857	92,775
Operating Revenues		20.4%	14.4%	52.7%	(1.2%)	4.4%	8.9%	7.2%	6.7%	6.7%
Usage Fees 9	\$527,667	\$661,175	\$792,896	\$879,309	\$888,102	\$927,881	\$972,855	\$1,048,536	\$1,124,305	\$1,205,095
Rock Creek Sanitary Charge 10	0	0	0	328,364	344,160	401,199	477,248	508,532	539,298	571,926
Connections 11	57,925	93,390	71,880	114,400	75,000	35,000	35,000	35,000	35,000	35,000
Sales Tax Revenue 12	2,810	3,382	4,107	4,485	4,000	4,936	5,386	5,783	6,179	6,600
Special Assessments 13	10,411	0	0	0	0	0	0	0	0	0
Miscellaneous 14	33,315	3,060	1,748	2,665	2,000	2,000	2,000	2,000	2,000	2,000
Total Operating Revenues 15	\$632,128	\$761,007	\$870,631	\$1,329,223	\$1,313,262	\$1,371,016	\$1,492,489	\$1,599,851	\$1,706,782	\$1,820,620
Operating Expenses		(17.9%)	20.8%	7.6%	61.4%	(3.5%)	5.9%	4.2%	4.1%	4.1%
Sewer Operations Exp 16	\$198,755	\$176,200	\$226,952	\$259,761	\$482,041	\$470,441	\$491,246	\$512,026	\$533,180	\$554,926
WRA O&M 17	105,019	106,253	110,770	97,110	93,411	83,241	94,348	98,188	101,792	105,550
WRA O&M Credit 18	25,992	(11,584)	(10,388)	(4,700)	(7,045)	(5,140)	(4,920)	(5,080)	(5,280)	(5,280)
Total Operating Expenses 19	\$329,766	\$270,869	\$327,334	\$352,171	\$568,407	\$548,542	\$580,673	\$605,134	\$629,692	\$655,196
Net Operating Income 20	\$302,362	\$490,139	\$543,296	\$977,052	\$744,855	\$822,474	\$911,816	\$994,716	\$1,077,090	\$1,165,425
Interest Income 21	6,996	0	0	0	0	0	0	0	0	0
Net Revenue for Debt 22	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$822,474	\$911,816	\$994,716	\$1,077,090	\$1,165,425

CITY OF POLK CITY, IOWA

EXHIBIT 1

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	7.07%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	7.20%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Net Revenue for Debt 23	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$822,474	\$911,816	\$994,716	\$1,077,090	\$1,165,425
Sewer Debt Service										
WRA Existing Debt Service	\$ 196,432	\$ 195,418	\$ 201,251	\$ 195,472	\$ 201,410	\$229,929	\$230,028	\$230,146	\$230,218	\$230,376
WRA Pending Debt Service	0	0	2,682	0	0	8,801	13,743	13,741	13,745	13,750
WRA Future Debt Service	0	0	0	0	0	1,358	9,620	23,533	35,745	48,116
WRA Interest Earned	(208)	(470)	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
WRA Prior Year Debt Adjustment	(10,242)	(5,419)	(3,166)	(1,905)	(3,737)	(1,028)	(492)	0	0	0
Total Parity Debt Service	\$ 185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$291,749
Proposed Sewer Lining SRF (2024)	0	0	0	0	0	0	0	0	0	186,000
Total Sewer Revenue Debt	\$185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$477,749
Debt Service Coverage										
Net Revenues / All Debt	1.66	2.59	2.72	5.06	3.78	3.45	3.61	3.73	3.86	2.44
Cashflow after Debt Service										
Cashflow after Debt Service	\$123,376	\$300,610	\$343,224	\$784,105	\$548,022	\$583,906	\$659,409	\$727,788	\$797,875	\$687,675
Capital Outlays	(\$73,956)	(\$23,485)	(\$64,809)	(\$42,876)	(\$154,000)	(\$155,500)	(\$179,650)	(\$236,994)	(\$3,092,571)	(\$89,773)
WRA R&R/Capital	(22,572)	(28,583)	(23,840)	(21,429)	(22,473)	(23,436)	(24,602)	(24,849)	(25,097)	(25,348)
WRA Equipment & Insurance	(2,458)	(665)	(586)	2,129	102	(1,280)	(1,429)	(845)	(845)	(845)
WRA Surcharge	0	0	0	0	0	0	0	0	0	0
WRA Working Capital Reserve	(238)	(597)	(1,430)	(1,157)	(2,558)	(8,477)	661	(1,358)	(1,398)	(1,336)
Misc. sources/uses	0	(2)	0	29	0	0	0	0	3,000,000	0
Transfer to Rock Creek Capital	0	0	0	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)
Transfers(out)/in	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Restricted	0	0	0	0	0	0	0	0	0	0
Annual Surplus/ (Deficit)	\$24,151	\$247,277	\$252,559	\$161,010	(\$190,700)	(\$164,581)	(\$105,405)	(\$96,050)	\$118,171	\$10,580
Beginning Cash Balance	\$152,416	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$482,132	\$376,728	\$280,678	\$398,849
Ending Cash Balance	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$482,132	\$376,728	\$280,678	\$398,849	\$409,430
Cash Balance as % of O & M	54%	156%	207%	238%	114%	88%	65%	46%	63%	62%
Designated										
Sewer Construction Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total WRA Expenses	\$342,261	\$314,043	\$326,310	\$305,813	\$308,128	\$349,863	\$367,205	\$387,088	\$403,067	\$419,548
Total Sewer Expenses	\$614,972	\$513,730	\$618,072	\$1,168,214	\$1,503,962	\$1,535,597	\$1,597,893	\$1,695,901	\$1,588,611	\$1,810,040
WRA Expenses as % Total Exp	56%	61%	53%	26%	20%	23%	23%	23%	25%	23%

Sewer Enterprise Fund

<i>Growth Assumptions</i>	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

<i>SEWER REVENUE ADJUSTMENTS</i>					
1-Jul-16	0.00%	1-Apr-20	7.07%	1-Apr-24	5.00%
1-Apr-17	10.00%	1-Apr-21	7.20%		
1-Apr-18	9.99%	1-Apr-22	5.50%		
1-Apr-19	0.00%	1-Apr-23	5.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sanitary Sewer Capital Outlays										
Parker Lift Station				\$0	\$0	\$0	\$40,000	\$0	\$0	\$0
TCI Lift Station				0	0	0	0	40,000	0	0
Sanitary Sewer Study (North Trunk Sewer/North Service Area)				0	0	20,000	0	0	2,000,000	0
Sanitary Sewer Study (East Trunk Sewer)				0	0	20,000	0	0	0	0
Sanitary Sewer I&I Study				0	0	30,000	50,000	50,000	0	0
Slip Lining of Sewers				0	0	0	0	0	1,000,000	0
Other Capital				42,876	154,000	85,500	89,650	146,994	92,571	89,773
Total				\$42,876	\$154,000	\$155,500	\$179,650	\$236,994	\$3,092,571	\$89,773



Option 3 – Example Cashflow

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	12.00%	1-Apr-24	8.00%
1-Apr-17	10.00%	1-Apr-21	12.00%		
1-Apr-18	9.99%	1-Apr-22	12.00%		
1-Apr-19	0.00%	1-Apr-23	8.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sewer Rates		4/1/2017	4/1/2018	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024
Sewer Availability Charge 1	\$12.92	\$14.21	\$15.63	\$15.63	\$15.63	\$15.63	\$15.63	\$15.63	\$15.63	\$15.63
Rates per 1,000 2	\$4.87	\$5.36	\$5.90	\$5.90	\$5.90	\$6.61	\$7.40	\$8.29	\$8.95	\$9.67
Rock Creek Sanitary Charge 3	\$0.00	\$0.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Average Monthly Bill (3,900 gals) 4	\$31.91	\$35.11	\$53.64	\$53.64	\$53.64	\$56.40	\$59.49	\$62.96	\$65.54	\$68.34
Change in Average Monthly Bill 5	\$0.00	\$3.20	\$18.53	\$0.00	\$0.00	\$2.76	\$3.09	\$3.46	\$2.59	\$2.79
Average \$\$ Per 1,000 6	\$6.44	\$7.94	\$8.72	\$9.66	\$9.66	\$10.73	\$11.76	\$12.90	\$13.83	\$14.83
Average Annual Sewer Meters 7	1,564	1,660	1,763	1,857	1,912	1,987	2,062	2,137	2,212	2,287
SEWER (1,000 gallons) 8	81,988	83,293	90,970	91,003	91,913	92,832	93,760	94,698	95,645	96,601
Operating Revenues		20.4%	14.4%	52.7%	(1.2%)	5.5%	7.8%	8.0%	6.1%	6.2%
Usage Fees 9	\$527,667	\$661,175	\$792,896	\$879,309	\$888,102	\$986,114	\$1,080,664	\$1,185,772	\$1,271,114	\$1,362,926
Rock Creek Sanitary Charge 10	0	0	0	328,364	344,160	357,660	371,160	384,660	398,160	411,660
Connections 11	57,925	93,390	71,880	114,400	75,000	35,000	35,000	35,000	35,000	35,000
Sales Tax Revenue 12	2,810	3,382	4,107	4,485	4,000	4,991	5,392	5,833	6,200	6,591
Special Assessments 13	10,411	0	0	0	0	0	0	0	0	0
Miscellaneous 14	33,315	3,060	1,748	2,665	2,000	2,000	2,000	2,000	2,000	2,000
Total Operating Revenues 15	\$632,128	\$761,007	\$870,631	\$1,329,223	\$1,313,262	\$1,385,765	\$1,494,216	\$1,613,265	\$1,712,473	\$1,818,177
Operating Expenses		(17.9%)	20.8%	7.6%	61.4%	(3.5%)	5.9%	4.2%	4.1%	4.1%
Sewer Operations Exp 16	\$198,755	\$176,200	\$226,952	\$259,761	\$482,041	\$470,441	\$491,246	\$512,026	\$533,180	\$554,926
WRA O&M 17	105,019	106,253	110,770	97,110	93,411	83,241	94,348	98,188	101,792	105,550
WRA O&M Credit 18	25,992	(11,584)	(10,388)	(4,700)	(7,045)	(5,140)	(4,920)	(5,080)	(5,280)	(5,280)
Total Operating Expenses 19	\$329,766	\$270,869	\$327,334	\$352,171	\$568,407	\$548,542	\$580,673	\$605,134	\$629,692	\$655,196
Net Operating Income 20	\$302,362	\$490,139	\$543,296	\$977,052	\$744,855	\$837,223	\$913,543	\$1,008,131	\$1,082,781	\$1,162,982
Interest Income 21	6,996	0	0	0	0	0	0	0	0	0
Net Revenue for Debt 22	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$837,223	\$913,543	\$1,008,131	\$1,082,781	\$1,162,982

CITY OF POLK CITY, IOWA

EXHIBIT 1

Sewer Enterprise Fund

Growth Assumptions	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

SEWER REVENUE ADJUSTMENTS					
1-Jul-16	0.00%	1-Apr-20	12.00%	1-Apr-24	8.00%
1-Apr-17	10.00%	1-Apr-21	12.00%		
1-Apr-18	9.99%	1-Apr-22	12.00%		
1-Apr-19	0.00%	1-Apr-23	8.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection	
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	
Net Revenue for Debt 23	\$309,358	\$490,139	\$543,296	\$977,052	\$744,855	\$837,223	\$913,543	\$1,008,131	\$1,082,781	\$1,162,982	
Sewer Debt Service											
WRA Existing Debt Service	24	\$ 196,432	\$ 195,418	\$ 201,251	\$ 195,472	\$ 201,410	\$229,929	\$230,028	\$230,146	\$230,218	\$230,376
WRA Pending Debt Service	25	0	0	2,682	0	0	8,801	13,743	13,741	13,745	13,750
WRA Future Debt Service	26	0	0	0	0	0	1,358	9,620	23,533	35,745	48,116
WRA Interest Earned	27	(208)	(470)	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
WRA Prior Year Debt Adjustment	28	(10,242)	(5,419)	(3,166)	(1,905)	(3,737)	(1,028)	(492)	0	0	0
Total Parity Debt Service	29	\$ 185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$291,749
Proposed Sewer Lining SRF (2024)	30	0	0	0	0	0	0	0	0	0	186,000
Total Sewer Revenue Debt	31	\$185,982	\$189,529	\$200,072	\$192,947	\$196,833	\$238,568	\$252,407	\$266,928	\$279,215	\$477,749
Debt Service Coverage											
Net Revenues / All Debt	32	1.66	2.59	2.72	5.06	3.78	3.51	3.62	3.78	3.88	2.43
Cashflow after Debt Service											
Cashflow after Debt Service	33	\$123,376	\$300,610	\$343,224	\$784,105	\$548,022	\$598,655	\$661,136	\$741,203	\$803,566	\$685,232
Capital Outlays	34	(\$73,956)	(\$23,485)	(\$64,809)	(\$42,876)	(\$154,000)	(\$155,500)	(\$179,650)	(\$236,994)	(\$3,092,571)	(\$89,773)
WRA R&R/Capital	35	(22,572)	(28,583)	(23,840)	(21,429)	(22,473)	(23,436)	(24,602)	(24,849)	(25,097)	(25,348)
WRA Equipment & Insurance	36	(2,458)	(665)	(586)	2,129	102	(1,280)	(1,429)	(845)	(845)	(845)
WRA Surcharge	37	0	0	0	0	0	0	0	0	0	0
WRA Working Capital Reserve	38	(238)	(597)	(1,430)	(1,157)	(2,558)	(8,477)	661	(1,358)	(1,398)	(1,336)
Misc. sources/uses	39	0	(2)	0	29	0	0	0	0	3,000,000	0
Transfer to Rock Creek Capital	40	0	0	0	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)	(559,793)
Transfers(out)/in	41	0	0	0	0	0	0	0	0	0	0
Transfers (to)/from Restricted	42	0	0	0	0	0	0	0	0	0	0
Annual Surplus/ (Deficit)	43	\$24,151	\$247,277	\$252,559	\$161,010	(\$190,700)	(\$149,832)	(\$103,678)	(\$82,635)	\$123,862	\$8,137
Beginning Cash Balance	44	\$152,416	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$496,881	\$393,204	\$310,569	\$434,431
Ending Cash Balance	45	\$176,567	\$423,845	\$676,404	\$837,413	\$646,713	\$496,881	\$393,204	\$310,569	\$434,431	\$442,568
Cash Balance as % of O & M	46	54%	156%	207%	238%	114%	91%	68%	51%	69%	68%
Designated											
Sewer Construction Fund	47	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total WRA Expenses	48	\$342,261	\$314,043	\$326,310	\$305,813	\$308,128	\$349,863	\$367,205	\$387,088	\$403,067	\$419,548
Total Sewer Expenses	49	\$614,972	\$513,730	\$618,072	\$1,168,214	\$1,503,962	\$1,535,597	\$1,597,893	\$1,695,901	\$1,588,611	\$1,810,040
WRA Expenses as % Total Exp	50	56%	61%	53%	26%	20%	23%	23%	23%	25%	23%

Sewer Enterprise Fund

<i>Growth Assumptions</i>	
Sewer Usage	1.00%
Customer Growth (Meters per year)	75
WRA Growth Rate (FY 2021)	9.00%
WRA Debt Growth Rate (FY 2022-2025)	0.00%

<i>SEWER REVENUE ADJUSTMENTS</i>					
1-Jul-16	0.00%	1-Apr-20	12.00%	1-Apr-24	8.00%
1-Apr-17	10.00%	1-Apr-21	12.00%		
1-Apr-18	9.99%	1-Apr-22	12.00%		
1-Apr-19	0.00%	1-Apr-23	8.00%		

	Audited Financial Statements			Unaudited	Budget	Projection	Projection	Projection	Projection	Projection
	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Sanitary Sewer Capital Outlays										
Parker Lift Station				\$0	\$0	\$0	\$40,000	\$0	\$0	\$0
TCI Lift Station				0	0	0	0	40,000	0	0
Sanitary Sewer Study (North Trunk Sewer/North Service Area)				0	0	20,000	0	0	2,000,000	0
Sanitary Sewer Study (East Trunk Sewer)				0	0	20,000	0	0	0	0
Sanitary Sewer I&I Study				0	0	30,000	50,000	50,000	0	0
Slip Lining of Sewers				0	0	0	0	0	1,000,000	0
Other Capital				42,876	154,000	85,500	89,650	146,994	92,571	89,773
Total				\$42,876	\$154,000	\$155,500	\$179,650	\$236,994	\$3,092,571	\$89,773



WRA Inputs

Polk City Budget Projections

		Budget Book Budget FY 2018	Amended Budget FY 2019	Budget Book Budget FY 2020	Projected FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
<u>OPERATING:</u>									
Gross O&M Expenses	1	\$138,973	\$120,703	\$123,177	\$151,404	\$155,477	\$159,356	\$163,034	\$166,851
<u>Less: Revenue Offsets</u>	2	<u>(28,203)</u>	<u>(23,593)</u>	<u>(29,766)</u>	<u>(75,036)</u>	<u>(68,920)</u>	<u>(69,275)</u>	<u>(69,646)</u>	<u>(70,017)</u>
Net O&M Expenses	3	\$110,770	\$97,110	\$93,411	\$76,368	\$86,557	\$90,081	\$93,388	\$96,835
<u>PY Adjustment (O&M)</u>	4	<u>(10,388)</u>	<u>(4,700)</u>	<u>(7,045)</u>	<u>(5,140)</u>	<u>(4,920)</u>	<u>(5,080)</u>	<u>(5,280)</u>	<u>(5,280)</u>
WRA O&M (Above Line)	5	\$100,382	\$92,410	\$86,366	\$71,228	\$81,637	\$85,001	\$88,108	\$91,555
<u>DEBT:</u>									
Existing WRA Debt	6	\$201,251	\$195,472	\$201,410	\$210,944	\$211,035	\$211,143	\$211,209	\$211,354
Pending WRA Debt	7	2,682	0	0	8,074	12,608	12,606	12,610	12,615
<u>Future WRA Debt</u>	8	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,246</u>	<u>8,825</u>	<u>21,590</u>	<u>32,794</u>	<u>44,143</u>
Total Gross WRA Debt	9	\$203,933	\$195,472	\$201,410	\$220,264	\$232,469	\$245,339	\$256,612	\$268,111
Interest Earned	10	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
<u>PY Adjustments (Debt)</u>	11	<u>(3,166)</u>	<u>(1,905)</u>	<u>(3,737)</u>	<u>(1,028)</u>	<u>(492)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total WRA Net Debt	12	\$200,072	\$192,947	\$196,833	\$218,744	\$231,485	\$244,847	\$256,120	\$267,619
<u>CAPITAL:</u>									
CIP/R&R Reserve	13	\$23,840	\$21,429	\$22,473	\$23,436	\$24,602	\$24,849	\$25,097	\$25,348
Equipment & Insurance	14	586	(2,129)	(102)	1,280	1,429	845	845	845
WRA Surcharges	15	0	0	0	0	0	0	0	0
<u>Working Capital Reserve</u>	16	<u>1,430</u>	<u>1,157</u>	<u>2,558</u>	<u>8,477</u>	<u>(661)</u>	<u>1,358</u>	<u>1,398</u>	<u>1,336</u>
WRA Capital (Below Line)	17	\$25,856	\$20,456	\$24,929	\$33,194	\$25,371	\$27,051	\$27,340	\$27,529
Total WRA Expenses	18	\$326,310	\$305,813	\$308,128	\$323,166	\$338,493	\$356,900	\$371,568	\$386,703
YoY Increase (\$\$)	19	\$12,267	(\$20,497)	\$2,315	\$15,037	\$15,327	\$18,407	\$14,668	\$15,136
YoY Increase (%)	20	3.9%	-6.3%	0.8%					

Assumptions:

2018 Flow assumptions (For FY 2020)

Estimate for prior year adjustments:

 Operating - \$1,000,000 annually

 Debt - \$200,000 for FY 2021 and \$100,000 for FY 2022

Biomethane project - revenue and expense projections as of May 2018 (adjusted to limit pass through revenue to communities)

Future Debt includes CIP updated February 2019

Surcharges adjusted for Norwalk Prepayment on August 1, 2018 (FY 2020 to FY 2024)

Surcharges adjusted for Ankeny anticipated Prepayment on July 1, 2020 (for FY 2021 to FY 2024)

City of Polk City
Historical WRA Flow Growth

	Geometric Mean		
	3 year	5 year	10 year
Core Debt	(6.2%)	(0.5%)	(1.6%)
Exp Debt	(5.8%)	(1.6%)	(2.7%)
SWD Debt	(6.0%)	(1.1%)	(2.2%)
WRF O&M	(6.9%)	(0.9%)	(0.4%)

	Debt Breakdown	
	Debt	Growth
Core	67%	(6.2%)
Expansion	21%	(5.8%)
SWD	12%	(6.0%)
Weighted Avg Growth		(6.1%)

Fiscal Year	3 year average flow used for budget & debt allocation															
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Core																
Polk City WRA	0.0	0.0	0.0	0.0	0.0	0.0	160.9	169.7	148.3	140.7	112.5	122.0	137.8	148.0	128.1	119.2
Total WRA	17,959.7	17,636.3	18,221.3	17,888.6	19,268.4	23,704.1	27,790.0	30,949.1	29,264.0	25,477.5	22,317.1	20,547.2	23,093.0	24,822.7	24,918.4	24,210.3
Polk City %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.579%	0.548%	0.507%	0.552%	0.504%	0.594%	0.597%	0.596%	0.514%	0.492%
Expansion																
Polk City WRA	0.0	0.0	0.0	0.0	0.0	0.0	160.9	169.7	148.3	140.7	112.5	122.0	137.8	148.0	128.1	119.2
Total WRA	5,758.7	6,020.3	6,714.6	6,955.6	7,884.7	9,297.4	10,492.0	11,121.7	10,511.2	9,654.6	8,930.6	8,747.0	9,911.8	10,553.3	10,535.3	10,260.7
Polk City %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	1.534%	1.526%	1.411%	1.457%	1.260%	1.395%	1.390%	1.402%	1.216%	1.162%
SWD																
Polk City %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.897%	0.874%	0.808%	0.854%	0.756%	0.861%	0.861%	0.865%	0.748%	0.715%
ESI																
Polk City %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	1.038%	1.339%	1.274%	1.257%
O&M																
Polk City WRF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	112.5	122.0	137.8	148.0	128.1	119.2
Total WRF	16,056.7	15,541.7	15,681.1	15,797.0	16,890.4	20,926.4	24,768.6	27,727.4	26,233.8	22,751.8	21,886.2	20,110.7	22,620.9	24,314.0	24,918.4	24,210.3
Polk City %	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.514%	0.607%	0.609%	0.609%	0.514%	0.492%

	Total System Flow Growth (All of WRA)															
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Core	(1.8%)	3.3%	(1.8%)	7.7%	23.0%	17.2%	11.4%	(5.4%)	(12.9%)	(12.4%)	(7.9%)	12.4%	7.5%	0.4%	(2.8%)	
Expansion	4.5%	11.5%	3.6%	13.4%	17.9%	12.8%	6.0%	(5.5%)	(8.1%)	(7.5%)	(2.1%)	13.3%	6.5%	(0.2%)	(2.6%)	
O&M	(3.2%)	0.9%	0.7%	6.9%	23.9%	18.4%	11.9%	(5.4%)	(13.3%)	(3.8%)	(8.1%)	12.5%	7.5%	2.5%	(2.8%)	

	Total Polk City Flow Growth															
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Core	0.0%	0.0%	0.0%	0.0%	0.0%	1000.0%	5.5%	(12.6%)	(5.1%)	(20.0%)	8.4%	13.0%	7.4%	(13.4%)	(6.9%)	
Expansion	0.0%	0.0%	0.0%	0.0%	0.0%	1000.0%	5.5%	(12.6%)	(5.1%)	(20.0%)	8.4%	13.0%	7.4%	(13.4%)	(6.9%)	
O&M	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1000.0%	8.4%	13.0%	7.4%	(13.4%)	(6.9%)	

	Total Polk City Percentage Growth															
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Core	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(5.4%)	(7.5%)	8.9%	(8.7%)	17.9%	0.5%	(0.2%)	(13.8%)	(4.3%)	
Expansion	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.5%)	(7.5%)	3.3%	(13.5%)	10.7%	(0.4%)	0.9%	(13.3%)	(4.4%)	
SWD	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(2.6%)	(7.5%)	5.6%	(11.4%)	13.9%	0.0%	0.4%	(13.5%)	(4.4%)	
ESI	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	29.0%	(4.9%)	(1.3%)	
O&M	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.1%	0.3%	0.0%	(15.6%)	(4.3%)	

Polk City Debt Detail

	Budget	Budget	Budget	Budget	Projected	Projected	Projected	Projected	Projected
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
2004B									
2006000	0	0	0	0	0	0	0	0	0
SRF 4-7	0	0	0	0	0	0	0	0	0
2008A SWD	7,715	7,741	6,690	5,242	5,274	5,311	5,346	5,379	5,424
2008B EXP	4,963	4,997	4,324	3,392	3,406	3,430	3,453	3,475	3,507
2008D EXP	1,963	1,976	1,710	1,354	1,359	1,376	1,392	1,395	1,410
2009B EXP	6,271	6,325	5,495	5,245	5,248	5,248	5,245	5,251	5,242
2009C EXP	6,874	6,938	6,018	5,748	5,743	5,746	5,745	5,753	5,745
2010A SWD	3,934	3,953	3,417	3,264	3,267	3,268	3,268	3,265	3,268
2010B EXP	5,235	5,271	4,573	4,370	4,379	4,373	4,377	4,367	4,377
2010C-1 CORE (BABs)	277	279	289	277	323	323	323	323	323
2010C-2 CORE	9,224	9,202	7,944	7,631	7,628	7,629	7,630	7,629	7,627
2011A CORE	19,256	19,226	16,580	15,872	15,871	15,872	15,874	15,872	15,872
2011B EXP	11,961	12,014	10,457	10,000	9,990	9,999	9,990	9,999	9,991
2011C SWD	4,443	4,459	3,858	3,688	3,693	3,689	3,690	3,689	3,693
2011D SWD	6,650	6,681	5,775	5,523	5,524	5,522	5,526	5,527	5,526
2012B EXP	2,073	2,089	1,810	1,726	1,735	1,730	1,736	1,729	1,734
2012C CORE	5,777	5,766	4,974	4,761	4,763	4,762	4,759	4,759	4,761
2012D CORE	2,247	2,242	1,936	1,850	1,850	1,850	1,854	1,852	1,853
2012E EXP	8,916	8,955	7,792	7,444	7,451	7,454	7,453	7,449	7,453
2012F EXP	1,027	1,036	910	869	868	866	864	862	859
2012G SWD	9,874	9,921	8,577	8,203	8,204	8,202	8,199	8,207	8,205
2013A CORE	2,416	2,415	2,079	1,991	1,992	1,991	1,994	1,992	1,993
Series 2013B (Ref)	32,724	32,781	28,447	29,787	32,237	32,097	32,160	32,189	32,197
2014A CORE	657	658	565	543	540	541	543	539	540
2014C EXP	4,785	4,829	4,189	4,003	4,002	3,999	4,007	4,002	3,996
2014D SWD	3,295	3,307	2,864	2,734	2,736	2,737	2,738	2,738	2,736
2015A SWD	4,893	4,482	3,871	3,698	3,702	3,699	3,702	3,699	3,701
2015B CORE	136	134	114	112	111	109	112	110	114
2015C EXP	1,358	1,374	1,194	1,132	1,134	1,135	1,137	1,139	1,140
2015E (Ref)	21,183	21,263	18,434	17,636	17,610	17,651	17,619	17,603	17,644
2016A CORE	2,874	2,877	2,482	2,372	2,371	2,376	2,376	2,372	2,374
2016E EXP	754	529	470	454	448	453	446	451	456
2016F CwC	1,038	7,529	25,249	25,651	25,653	25,656	25,649	25,656	25,653
2017A CORE	0	1,371	1,454	7,691	9,580	9,588	9,585	9,583	9,588
2018A CORE	0	0	296	413	1,264	1,262	1,265	1,262	1,263
2018D-1 CORE	453	1,311	208	958	3,139	3,140	3,135	3,140	3,138
2018D-2 CORE	0	0	10	617	2,750	2,747	2,748	2,747	2,745
2018E CORE	170	0	60	506	3,296	3,398	3,401	3,402	3,398
2018F CORE	0	0	52	1,750	1,806	1,806	1,805	1,804	1,807
Total Existing Debt	195,419	203,933	195,168	198,507	210,944	211,035	211,143	211,209	211,354
Flow Growth Factor				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Existing with Growth	195,419	203,933	195,168	198,507	210,944	211,035	211,143	211,209	211,354
Pending 2018 Certificate Debt									
\$11.94M Sewer Lining P1 (CORE)	0	0	961	2,903	3,605	3,605	3,604	3,606	3,608
\$10.945M WRF Clarifiers P1 (CORE)	0	0	0	0	3,296	3,296	3,295	3,293	3,295
\$10.348M Sewer Lining P2 (CORE)	0	0	0	0	470	3,114	3,112	3,113	3,114
\$10.337M WRF Phosphorus P1 (CORE)	0	0	0	0	704	2,593	2,596	2,597	2,598
Total Pending Debt	0	0	961	2,903	8,074	12,608	12,606	12,610	12,615
Flow Growth Factor				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Pending with Growth	-	-	961	2,903	8,074	12,608	12,606	12,610	12,615
Future Debt									
Future CORE	0	0	0	0	1,133	7,187	19,951	31,165	42,197
Future CORE with Community Contribution	0	0	0	0	0	0	0	0	0
Future Expansion	0	0	0	0	113	1,638	1,640	1,629	1,946
Total Future	0	0	0	0	1,246	8,825	21,590	32,794	44,143
Flow Growth Factor				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Future with Growth	-	-	-	-	1,246	8,825	21,590	32,794	44,143
Adjustments to Gross Debt									
Total WRA Debt	195,419	203,933	196,129	201,409	220,264	232,469	245,339	256,612	268,111
Total WRA Debt with Flow Growth	195,419	203,933	196,129	201,409	220,264	232,469	245,339	256,612	268,111
Interest Earnings on Existing WRA Debt	(470)	(695)	(620)	(840)	(492)	(492)	(492)	(492)	(492)
WRA Debt - Prior Year Adjustment	(5,419)	(3,166)	(1,905)	(3,737)	(1,028)	(492)	0	0	0
Net Debt for Cashflow	189,530	200,072	193,604	196,832	218,744	231,485	244,847	256,120	267,619