



# **GLWA Ten Year Financial Forecast**

## **Discussion Draft**

### **October 14, 2019**





October 16, 2019

To Our Stakeholders,

The Great Lakes Water Authority is committed to ensuring long-term sustainability of the systems that it operates and supporting regional collaboration through your engagement. The purpose of the ten-year financial forecast is to provide a financial blueprint for aligning and fulfilling operational and capital needs while maintaining a focus on affordability and environmental stewardship.

The attached discussion draft forecast through FY 2030, prepared by The Foster Group based upon information from across GLWA, occurs at a time when GLWA is in the initial stages of updating and presenting initial plan documents for FY 2021 – in particular, the capital improvement plan, operating budget, and service charges.

It should be noted that the draft forecast is management's representation of what could be, not necessarily what will be, based on a given set of scenarios and assumptions. The forecast will continue to evolve as we work through the FY 2021+ planning cycle and seek stakeholder feedback and continue to refine the scenarios and assumptions.

We thrive on your feedback. The Office of the Chief Financial Officer & Treasurer is easily reached via email at [cfo@glwater.org](mailto:cfo@glwater.org).

Regards,

Nicolette Bateson, CPA  
Chief Financial Officer & Treasurer

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**MEMORANDUM**

GLWA Financial Forecast Update  
Preliminary First Discussion Draft

October 14, 2019

To: Nicolette Bateson

From: Bart Foster

This memorandum is intended to introduce updated long-term financial plan forecasts for the GLWA Regional System Water and Sewer funds. These PRELIMINARY updated projections reflect forecasted financial results for a ten-year projection period (*Fiscal Year 2021 through Fiscal Year 2030*) for GLWA's capital and operating requirements. Separate exhibits are designed to summarize forecasts for both the Water Fund and the Sewer Fund. These forecast summaries are presented in similar format to prior published work products we have prepared in various forums, which largely focused on revenue requirements (reflected as either "budget" or "cash" basis) in a manner that aligns with requirements of the GLWA Master Bond Ordinances (MBO's). In addition, this document introduces summaries in a "GAAP basis" format that aligns with GLWA's "Statement of Changes in Net Position" contained in annual audited financial statements. We have also attempted to provide a reconciliation between the two separate, but related, depictions. Where appropriate, the exhibits present actual GAAP basis results to provide context.

At this point we are compelled to provide appropriate caveats to the forecasts presented herein. First, the efforts undertaken to prepare these forecasts are consistent with the analyses that we utilize to prepare financial feasibility report(s) that we have provided to GLWA in support of financial transactions. However, the efforts to date should be considered in the context of the "Preliminary First Discussion Draft" that introduces this commentary. We encourage stakeholders to review these forecasts with that understanding in mind. In addition, our formally published forecasts always carry this caveat:

*In conducting our studies and formulating our projections and opinions contained herein, we reviewed the books, records, agreements, capital improvement programs and other information produced by the Authority as we deemed necessary. While we consider such books, records, and other documents to be reliable, we have not verified the accuracy of these documents. The projections set forth herein are intended as "forward-looking statements". Actual results may differ materially from those projected, as influenced by conditions, events, and circumstances that may actually occur.*

Having said all that, let's review our first look at the updated forecasts. First, an introduction of the core executive summary assumptions we've incorporated into the baseline analysis.

1. FY 2021 O&M = as indicated in year 2 of FY 2020 Biennial Budget (*FY 2020 + 2%*)
2. Future O&M growth = 2%
3. CIP's reflects drafts submitted for review last week, expected to be same as "rolled out" 10/17
4. CIP Expenditure Level = 85% (*up from 75% in FY 2020 Biennial Budget*)
5. No recognition of potential refinancing savings in debt service
6. Investment earnings rate = 2.0% (*down from 2.5% in FY 2020 Biennial Budget*)
7. Capital financing policy:
  - o Apply "confirmed" SRF resources to specific projects;
  - o Spend existing I&E Funds until they reach policy minimum (*\$90 million*);
  - o Do not rely on annual deposits to I&E to finance CIP until subsequent year(s);
  - o Issue debt to finance remainder of annual capital requirements;
  - o Plan annual bond sales in amounts that result in \$50 million "carryover" at year end
8. "Top Line" increase in annual revenue requirements = 3% (*down from 4% in FY 2020 Biennial Budget*)
9. GAAP basis elements reflect "best estimates" based on current guidelines
  - o These are occasionally difficult to forecast
  - o Depreciation expense reflects:
    - Detailed review of existing asset records;
    - New assets reflect 1/2 year of depreciation in year of addition;
    - Capital outlay depreciates over 7 years;
    - Major CIP assets average life (based on detail review of CIP) = ~ 40 years
10. Total GLWA / DWSD "Legacy Pension Obligation" annual payments reduce from \$45.4 million to \$9.0 million starting in FY 2024

The forecasted financial results resulting from our application of these assumptions are summarized in the attached exhibits. We note that we have arranged the exhibits to introduce the "new" GAAP basis forecasts at the beginning, and the traditional "budget/cash" basis projections at the end. In reality, traditional financial planning (supported by the commitment to limiting annual revenue requirement increases to 4%) focusses entirely on the budget/cash basis approach – while using the GAAP basis results as a reality check.

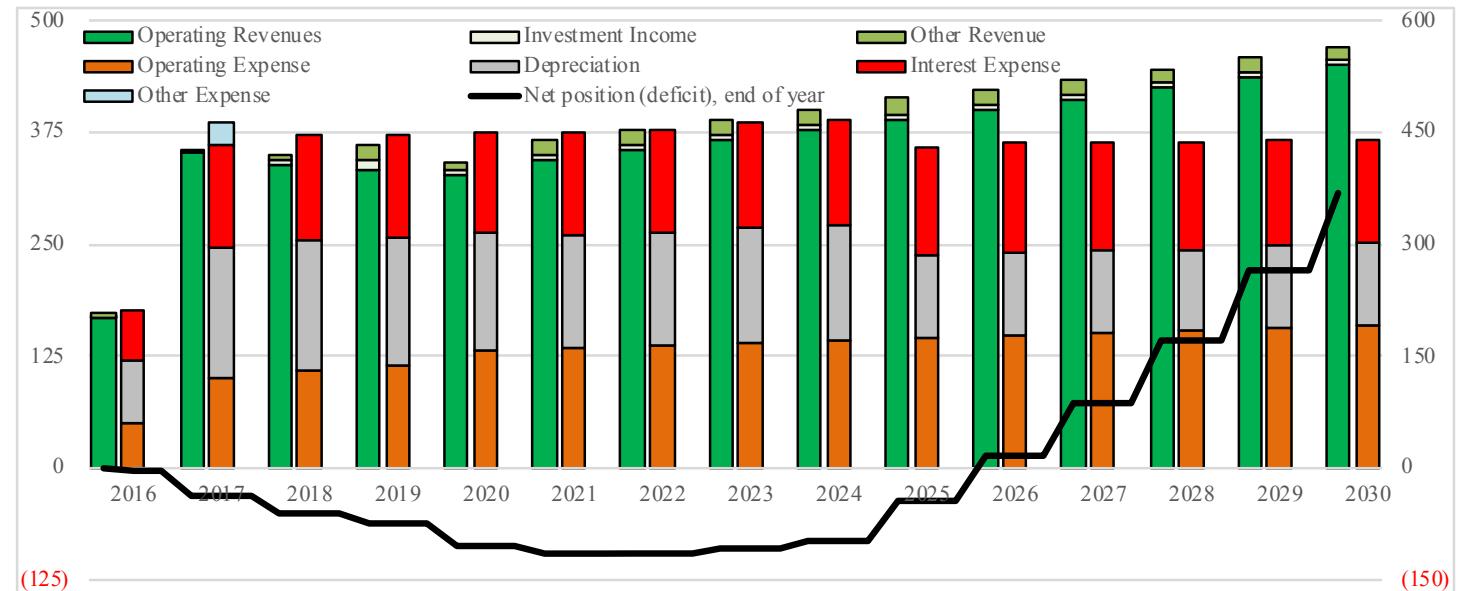
Herewith we introduce each exhibit in an executive summary format. The exhibit page number references are consistent between the separate Water (W) and Sewer (S) page numbers.

1. Forecasted (*and reported actual / estimated for FY 2016 - 2019*) Statement of Changes in Net Position
  - o Presents the GAAP basis forecast of annual results - and actual / estimated results for prior years. Shows anticipated short-term continuation of annual

losses, followed by material structural changes and inclining net position. This forecast is largely a result of . . .

2. Compares forecasted Budget / Cash basis forecast with GAAP basis forecast
  - o Several “revenue requirements” (O&M, debt service interest, WRAP) are identical between the two approaches. Others are materially different. This exhibit illustrates the comparison. In general, if “cash basis” non-common capital items (which are used to establish charges and revenue levels) exceed their GAAP basis elements, a net gain will be forecasted, and vice versa. In recent years, the GAAP basis elements have exceeded the cash basis elements, and decreases in Net Position have resulted. This trend is forecasted to dramatically reverse, due primarily to . . .
3. Forecasted Depreciation Expense
  - o When GLWA “acquired” its capital assets, a total asset value and depreciation schedule was established via a “valuation study”. The nature of the analysis produced a material increase in asset value (from what was on the DWSD books) and a corresponding acceleration of depreciation schedules for the acquired assets. This is illustrated in the chart, which shows a material drop off in annual depreciation expense. We’ve added forecasted depreciation expense on new assets (from annual capital outlay and the CIP) but the pace of new depreciation does not make up for the drop off of depreciation on existing assets.
4. Forecasted CIP Financing Plan
  - o Illustrates forecasted plan resulting from application of CIP financing policy noted above. Note that the forecast anticipates the next “new money Regional System” Water bond transaction for FY 2023 and the next Sewer transaction in FY 2021 - the upcoming budget year. These are subject to change, and could be impacted by DWSD Local System needs.
5. Forecasted Application of CIP Funding Sources
  - o Illustrates growing utilization of I&E monies to finance annual capital improvements. The Water picture is “muddled” because of the early year spend down of existing balances while the Sewer picture is more evident of steady growth - as the existing balance is slightly higher than the \$90 million policy minimum.
6. Forecasted Operating Fund Financing Plan (Revenue Requirements)
  - o Graphical depiction of the “business plan” under a 3% top line / 2% O&M growth rate assumption
7. Forecasted Fund Balance Summary
  - o Illustrates “non-restricted” liquidity balances and debt service coverage (as computed for the Regional System portion)

We are hopeful that this executive summary presentation provides a platform for discussion of financial planning policies and assumptions as the development of the FY 2021 Budget and related forecast proceeds. We are prepared to discuss this matter at your convenience.

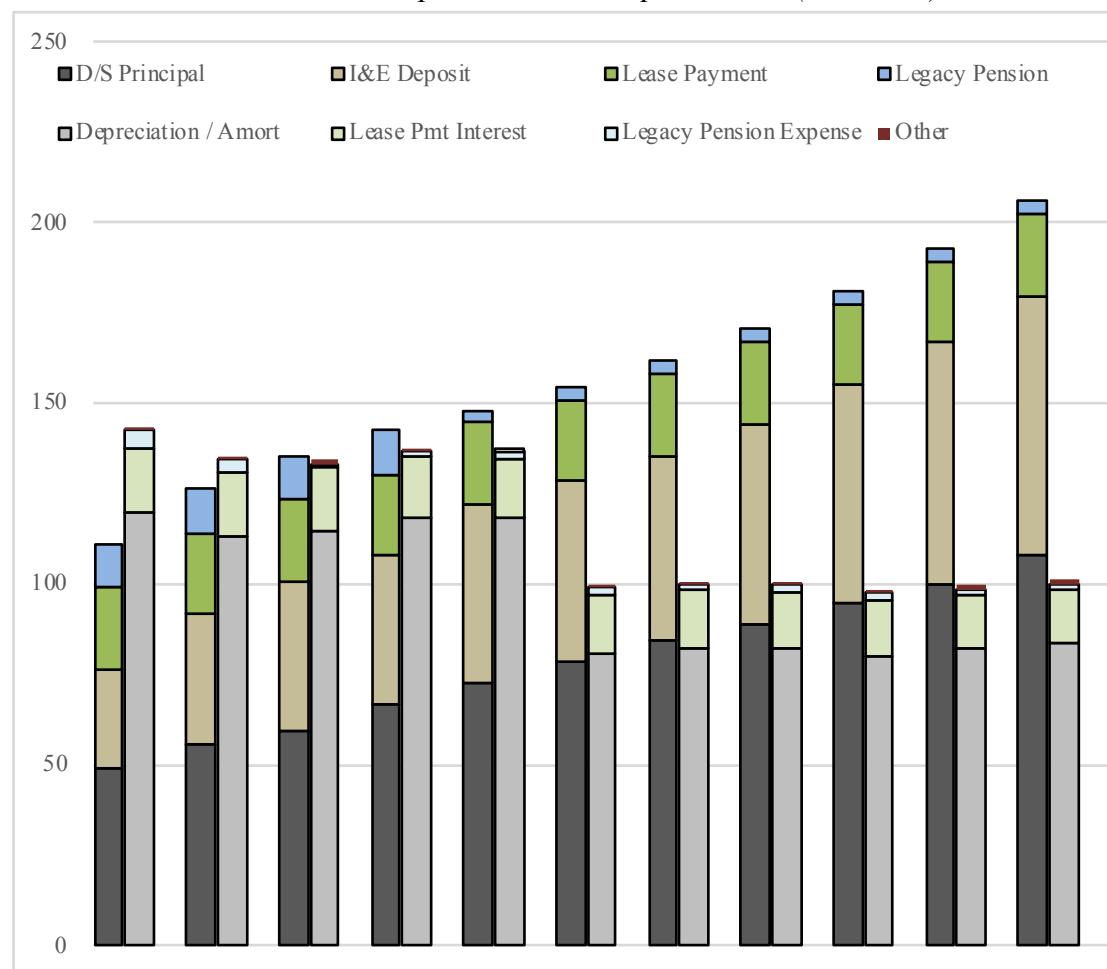
Water Supply System - Reported and Forecasted Statement of Changes in Net Position (*\$ millions*)

	2016 Act.	2017 Act.	2018 Act.	2019 Est.	2020 Est.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
1 Total operating revenues	167.7	351.7	338.3	331.6	326.1	343.1	355.3	366.0	377.0	388.4	400.2	412.3	424.8	437.6	450.9
2 Operating expenses	49.5	101.7	108.5	114.5	131.5	134.1	136.8	139.5	142.3	145.2	148.1	151.0	154.1	157.1	160.3
3 Depreciation/Amortization	71.3	144.1	146.1	144.1	131.9	125.5	127.0	130.4	130.0	92.3	93.3	92.8	90.3	91.5	92.1
4 Total operating expenses	120.8	245.9	254.6	258.7	263.4	259.6	263.8	269.9	272.3	237.5	241.4	243.8	244.4	248.6	252.4
5 Operating income	46.8	105.9	83.7	72.9	62.7	83.5	91.5	96.1	104.7	150.9	158.8	168.5	180.4	189.0	198.5
<b>Nonoperating revenue (expenses)</b>															
6 Earnings on investments	0.4	1.8	6.1	13.1	7.1	6.8	5.0	5.1	5.3	5.3	5.4	5.4	5.5	5.6	5.6
7 Interest Expense - Bonded Debt	(56.5)	(113.7)	(118.2)	(114.2)	(111.6)	(114.7)	(113.3)	(115.5)	(117.7)	(121.0)	(121.0)	(120.3)	(119.0)	(116.9)	(114.0)
8 Other Non-Operating	5.2	6.4	4.4	15.6	9.3	15.3	18.0	19.0	18.0	19.1	17.9	16.7	15.9	15.7	14.7
9 Special Item	0.0	(32.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Change in net position	(4.1)	(32.4)	(24.0)	(12.5)	(32.5)	(9.2)	1.3	4.8	10.3	54.4	61.1	70.3	82.8	93.4	104.9
10 Net position (deficit), beginning of year	0.0	(4.1)	(36.5)	(60.4)	(72.9)	(105.4)	(114.6)	(113.3)	(108.5)	(98.2)	(43.8)	17.2	87.6	170.4	263.8
11 <b>Net position (deficit), end of year</b>	(4.1)	(36.5)	(60.4)	(72.9)	(105.4)	(114.6)	(113.3)	(108.5)	(98.2)	(43.8)	17.2	87.6	170.4	263.8	368.7

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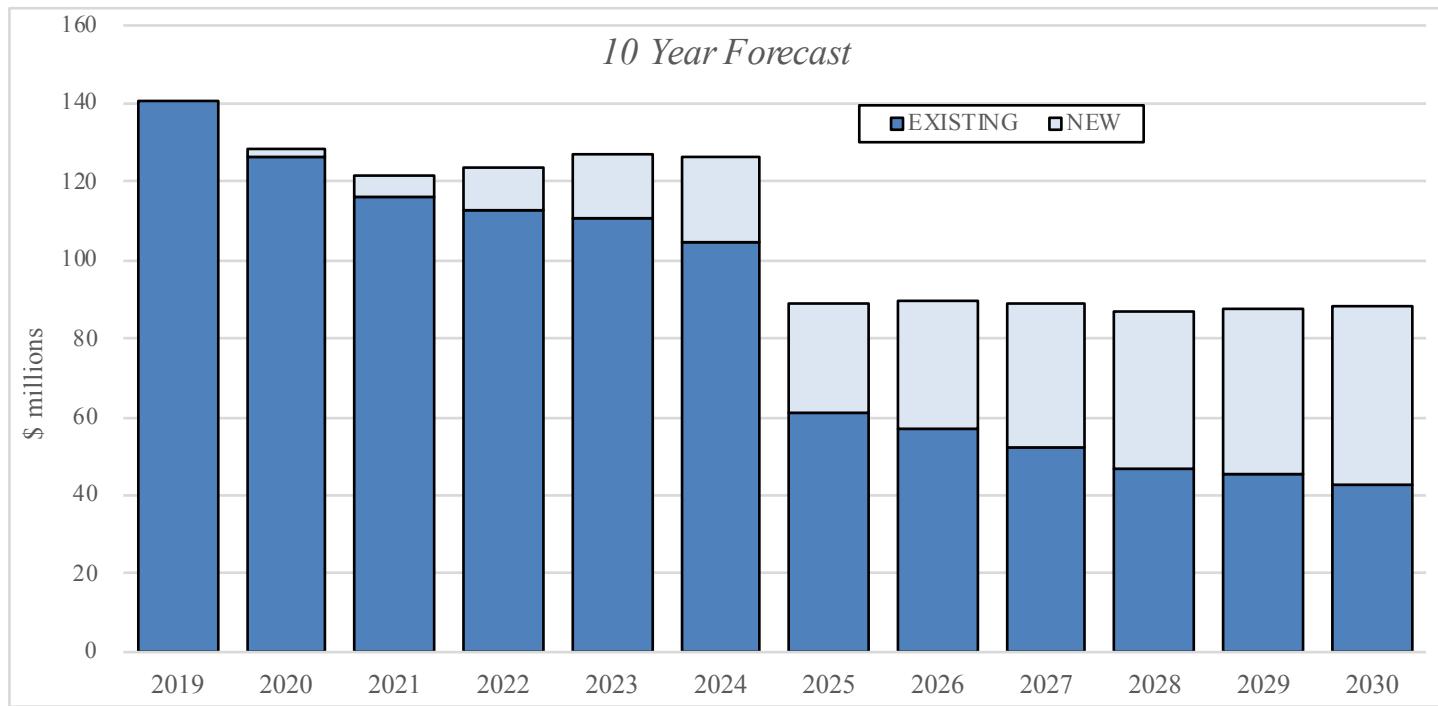
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**Water Supply System**  
**Comparison of Forecasted "Non-Common" Capital Revenue Requirements - (\$ millions)**

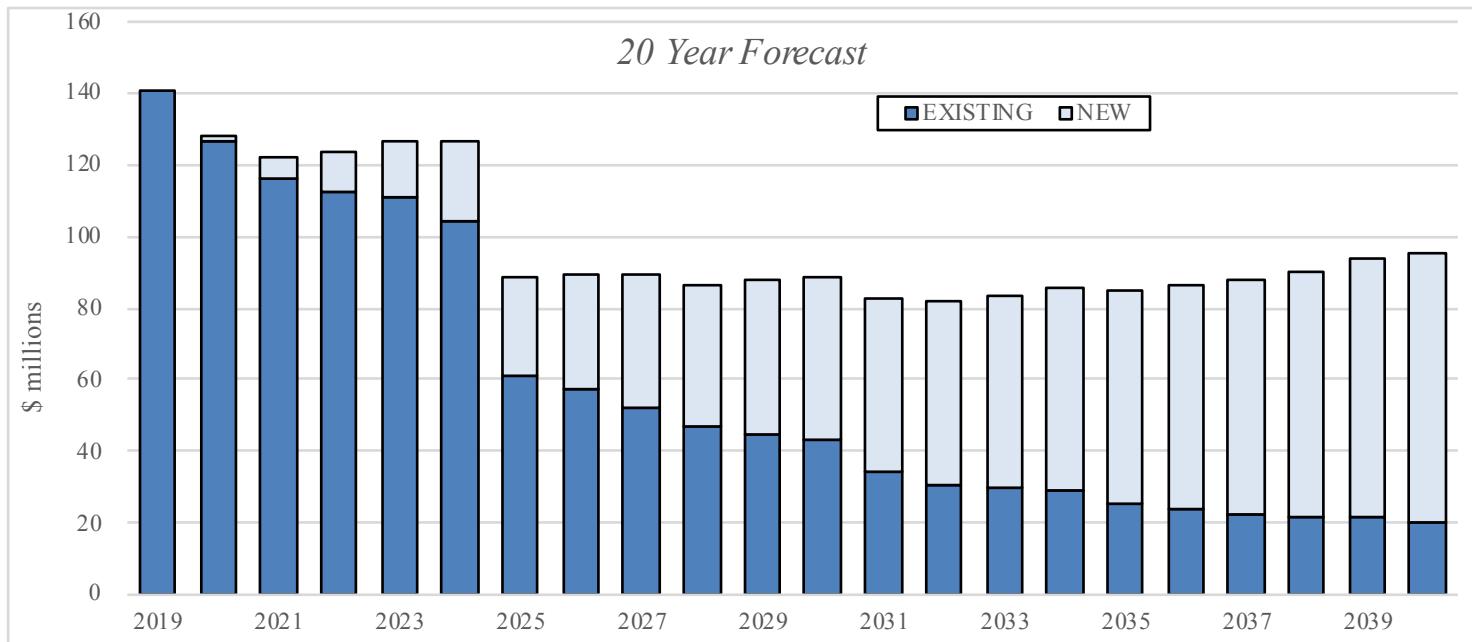


	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Budget (Cash) Basis</b>											
Debt Service Principal	48.6	55.5	58.9	66.8	72.8	78.5	84.5	88.9	94.4	99.9	108.3
I&E Deposit	27.6	36.0	41.6	40.9	49.2	50.0	51.0	55.5	60.4	67.0	71.5
Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Legacy Pension Payments	12.3	12.3	12.3	12.3	3.1	3.1	3.9	3.9	3.7	3.6	3.5
Total Cash Basis	111.1	126.3	135.4	142.5	147.7	154.2	161.9	170.8	181.0	192.9	205.8
<b>GAAP Basis</b>											
Depreciation (and other amortization)	119.9	113.3	114.9	118.3	118.2	80.8	82.2	82.1	80.2	81.8	83.6
Lease Payment Interest	17.5	17.2	17.0	16.8	16.6	16.3	16.0	15.8	15.5	15.2	14.9
Legacy Pension Expense	5.2	4.0	1.3	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Other	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8
Total accrual Basis	143.5	135.5	134.1	137.7	137.4	99.8	100.9	100.5	98.2	99.5	100.9
Difference = Change in net position	(32.5)	(9.2)	1.3	4.8	10.3	54.4	61.1	70.3	82.8	93.4	104.9

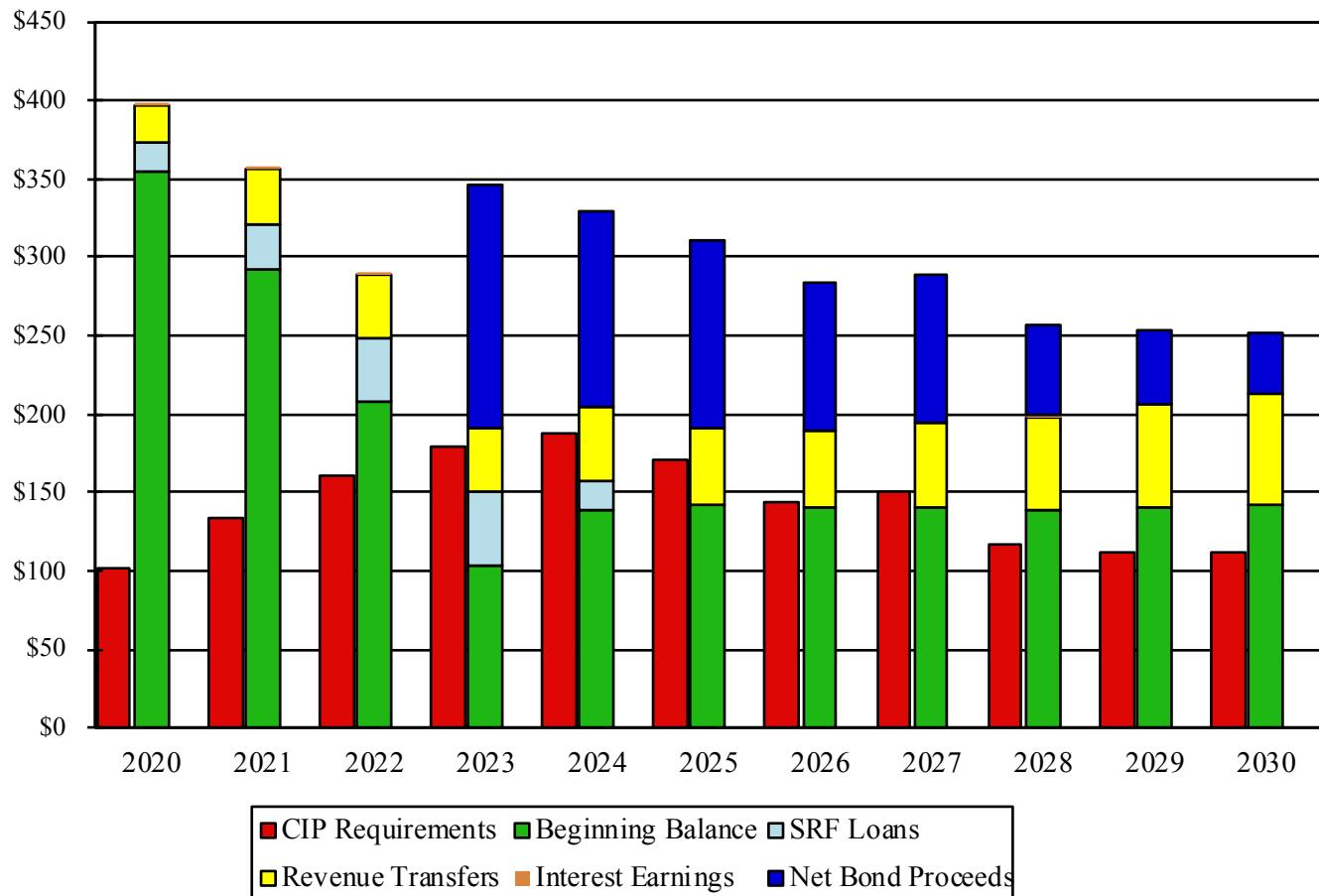
Illustration of Forecasted GLWA Depreciation Expense  
***Water Existing and New Assets - \$ millions***



	EXISTING	NEW	TOTAL
EXISTING	140.5		140.5
NEW	0.0	1.9	1.9
TOTAL	140.5	1.9	128.4

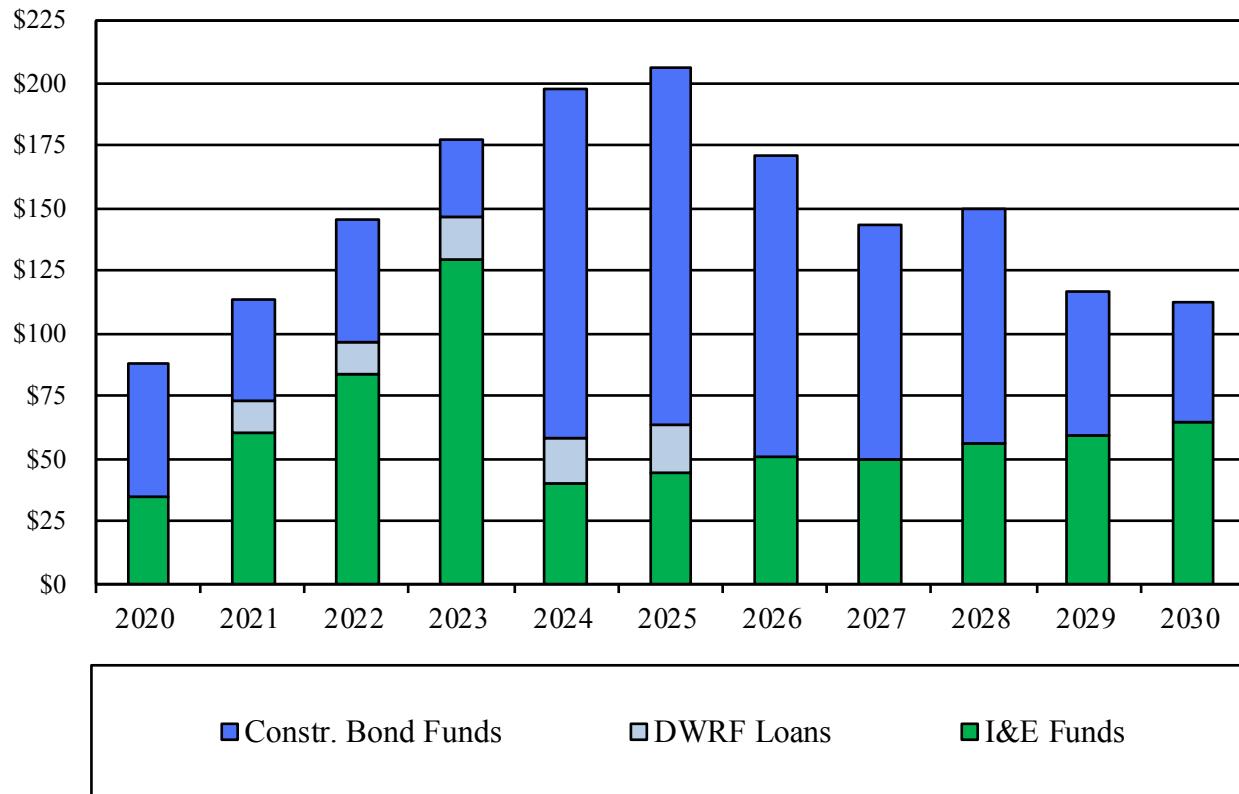


## Capital Improvement Program Financing Plan



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CIP Requirement	101.2	133.3	161.1	179.2	187.7	171.2	143.8	149.8	116.3	112.1	111.4
<u>Sources</u>											
Begin Balance	355.6	292.3	207.3	103.8	138.6	141.8	140.0	140.3	139.0	139.8	142.1
Bond Sale	0.0	100.0	0.0	215.0	182.0	128.0	100.0	103.6	87.1	78.5	0.0
Net Prem / Disc											
less: DWSD CIP	0.0	(94.0)	0.0	(47.0)	(47.0)	0.0	0.0	(3.4)	(24.5)	(25.9)	
less: Issue Exp	0.0	(6.0)	155.1	(43.9)	(14.7)	(34.0)	(6.0)	(42.9)	(14.6)	(14.1)	
SRF Loans	18.5	28.3	41.6	47.4	18.5	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Xfers	23.6	35.1	40.8	40.0	48.3	49.1	50.1	54.5	59.4	65.9	70.4
Total Sources	397.8	355.8	289.7	346.3	329.5	311.2	284.1	288.8	255.8	253.7	251.1
End Balance	296.5	222.5	128.5	167.1	141.8	140.0	140.3	139.0	139.4	141.6	139.7

## Application of CIP Funding Sources



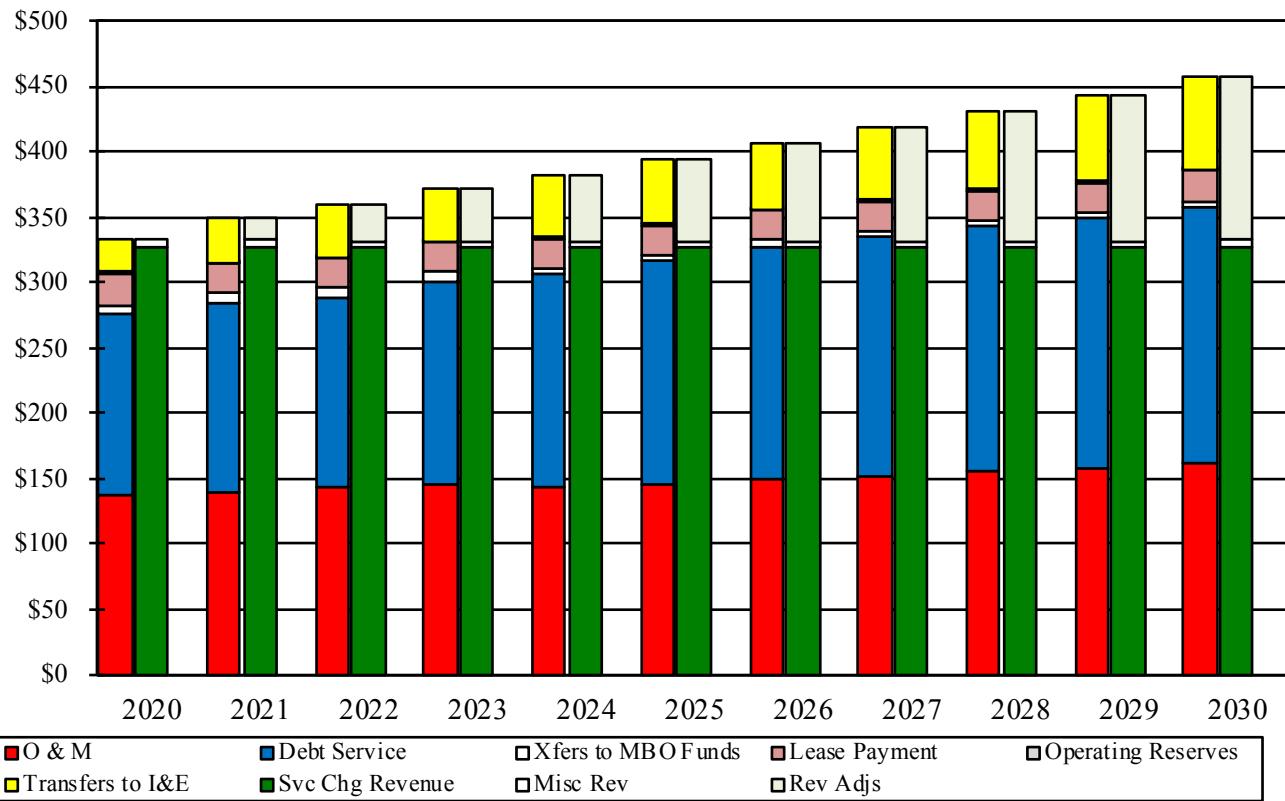
■ Constr. Bond Funds

□ DWRF Loans

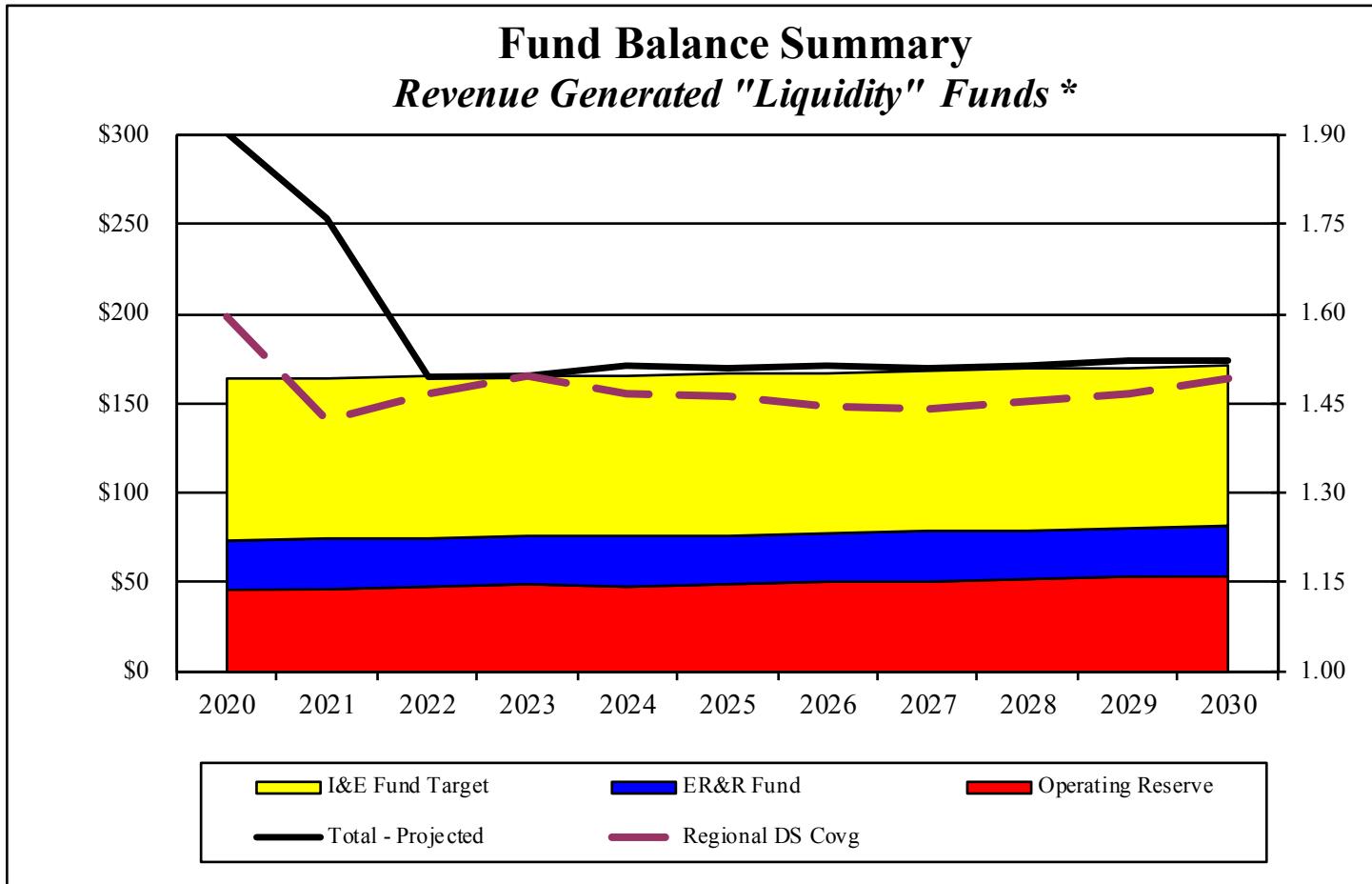
■ I&E Funds

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
I&E Funds	35.3	60.1	84.2	129.7	39.7	44.9	50.7	49.8	56.1	58.9	64.3
DWRF Loans	0.0	12.9	12.4	16.6	18.9	18.5	0.0	0.0	0.0	0.0	0.0
Constr. Bond Funds	52.9	41.1	49.1	31.4	139.5	142.8	120.4	93.9	93.7	57.4	47.8
<i>I&amp;E % of Total</i>	40%	53%	58%	73%	20%	22%	30%	35%	37%	51%	57%

## Operational Financing Plan



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
Svc. Chg. Revenue	326.1	326.4	326.4	326.4	326.4	326.4	326.4	326.4	326.4	326.4	326.4
<b>Revenue Adjustments</b>	<b>5.1%</b>	<b>3.6%</b>	<b>3.0%</b>								
Revenue from Adjs	16.7	28.9	39.7	50.6	62.1	73.8	85.9	98.4	111.2	124.5	
Other	7.1	6.8	5.0	5.1	5.3	5.3	5.4	5.4	5.5	5.6	5.6
<b>Total Revenue</b>	<b>333.2</b>	<b>349.9</b>	<b>360.3</b>	<b>371.2</b>	<b>382.3</b>	<b>393.8</b>	<b>405.6</b>	<b>417.7</b>	<b>430.3</b>	<b>443.2</b>	<b>456.5</b>
<b>BUDGET</b>											
O&M Expense	137.5	140.2	142.9	145.6	143.5	146.4	149.3	152.2	155.3	158.3	161.5
Debt Service	137.6	143.2	145.3	154.0	163.2	171.0	178.0	182.7	187.5	190.8	196.4
Xfers to MBO Funds	8.0	8.0	8.1	8.1	3.8	3.9	4.7	4.8	4.7	4.6	4.6
Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Operating Reserves	4.0	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0
Transfers to I&E	23.6	35.1	40.8	40.0	48.3	49.1	50.1	54.5	59.4	65.9	70.4
<b>Total BUDGET</b>	<b>333.2</b>	<b>349.9</b>	<b>360.3</b>	<b>371.2</b>	<b>382.3</b>	<b>393.8</b>	<b>405.6</b>	<b>417.7</b>	<b>430.3</b>	<b>443.2</b>	<b>456.5</b>
Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0	0.0



	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u>Fund Balance Minimums</u>											
Operating Reserve	45.9	46.7	47.6	48.5	47.8	48.8	49.8	50.8	51.8	52.8	53.8
ER&R Fund	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
I&E Fund Target	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Total - Minimums	163.4	164.2	165.1	166.0	165.3	166.3	167.3	168.3	169.3	170.3	171.3
<u>Projections</u>											
Operating Reserve	46.8	47.7	48.6	49.5	50.4	51.3	52.3	53.3	54.3	55.3	56.4
ER&R Fund	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
I&E Fund	226.8	177.7	88.8	89.1	92.5	90.8	91.0	89.4	89.9	91.5	89.5
Total - Projected	301.1	252.9	164.8	166.1	170.4	169.6	170.8	170.2	171.7	174.4	173.4
Projected > Minimum	137.8	88.7	(0.3)	0.0	5.0	3.4	3.6	2.0	2.5	4.1	2.1
Regional DS Covg	1.60	1.42	1.46	1.50	1.46	1.46	1.45	1.44	1.45	1.47	1.49

\* Revenue Generated Funds only. Excludes Debt Service Reserve & Construction Funds (Bond Generated) & "Pass Thru" Funds (Debt Sevc, etc)

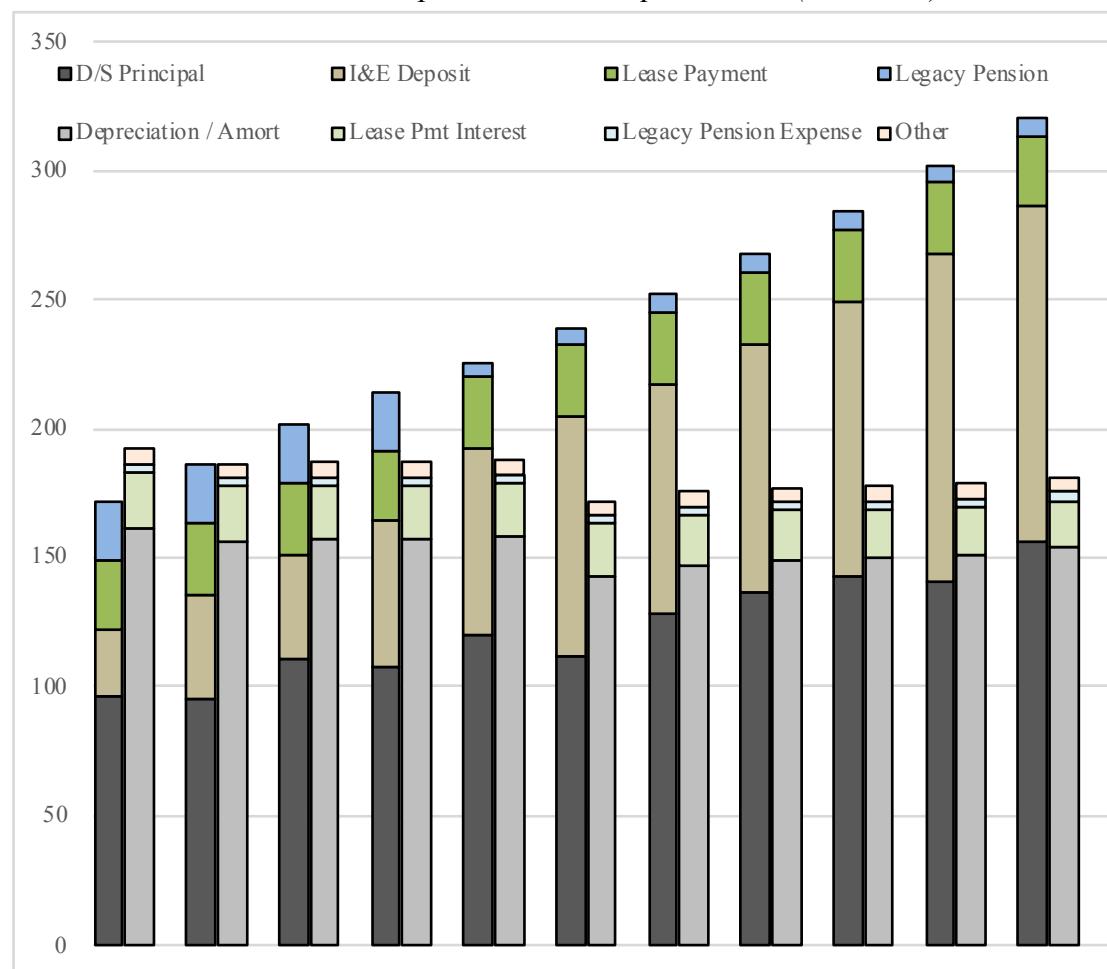
Sewage Disposal System - Reported and Forecasted Statement of Changes in Net Position (*\$ millions*)

	2016 Act.	2017 Act.	2018 Act.	2019 Est.	2020 Est.	2021 Proj.	2022 Proj.	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
1 Total operating revenues	230.5	505.8	473.6	469.5	471.9	487.8	502.6	517.9	533.6	550.0	566.5	583.8	601.5	619.9	638.6
2 Operating expenses	84.4	151.3	176.4	170.7	187.1	190.8	194.6	198.5	202.5	206.5	210.7	214.9	219.2	223.6	228.0
3 Depreciation/Amortization	86.0	185.6	187.3	168.5	151.8	146.8	147.6	147.8	149.0	133.4	137.4	139.0	140.0	141.3	144.2
4 Total operating expenses	170.4	336.9	363.6	339.3	338.9	337.6	342.2	346.3	351.5	339.9	348.0	353.9	359.1	364.9	372.2
5 Operating income	60.1	168.9	110.0	130.2	133.0	150.2	160.5	171.6	182.2	210.1	218.5	229.9	242.4	255.0	266.4
<b>Nonoperating revenue (expenses)</b>															
6 Earnings on investments	1.1	2.2	5.3	11.1	6.6	7.2	7.3	7.3	7.3	7.2	7.4	7.3	7.3	7.1	7.3
7 Interest Expense - Bonded Debt	(56.5)	(113.7)	(118.2)	(136.8)	(135.7)	(134.2)	(130.2)	(129.1)	(128.6)	(127.4)	(124.8)	(121.8)	(118.2)	(113.8)	(109.9)
8 Other Non-Operating	(17.2)	(51.7)	(46.9)	(11.6)	(24.0)	(24.1)	(23.2)	(22.5)	(23.0)	(23.5)	(24.0)	(24.6)	(24.9)	(24.9)	(24.7)
9 Special Item	0.0	(61.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Change in net position	(12.6)	(55.8)	(50.0)	(7.1)	(20.2)	(0.9)	14.3	27.1	37.8	66.3	77.0	90.7	106.5	123.5	139.1
10 Net position (deficit), beginning of year	0.0	(12.6)	(68.4)	(118.3)	(125.4)	(145.6)	(146.5)	(132.1)	(105.0)	(67.2)	(0.8)	76.1	166.9	273.4	396.9
11 <b>Net position (deficit), end of year</b>	(12.6)	(68.4)	(118.3)	(125.4)	(145.6)	(146.5)	(132.1)	(105.0)	(67.2)	(0.8)	76.1	166.9	273.4	396.9	536.0

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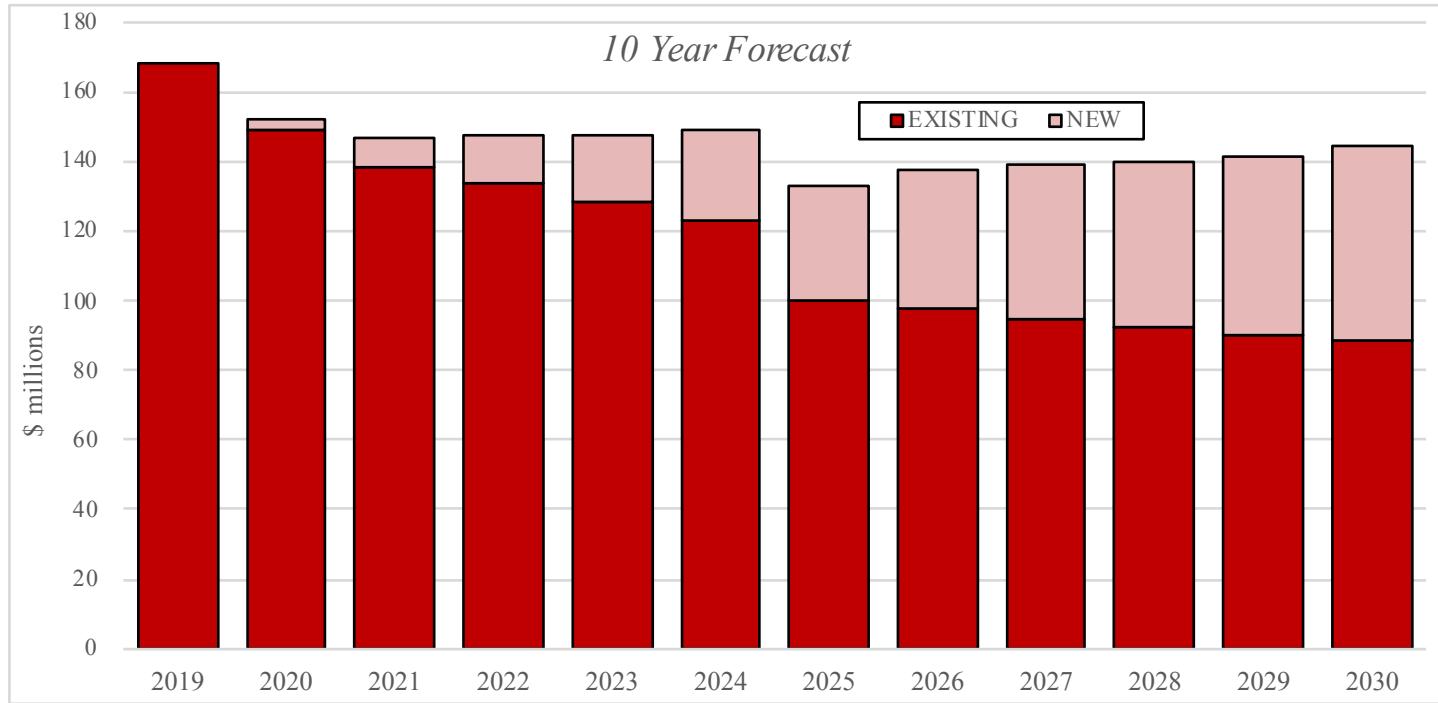
THE FOSTER GROUP

**Sewage Disposal System**  
**Comparison of Forecasted "Non-Common" Capital Revenue Requirements - (\$ millions)**

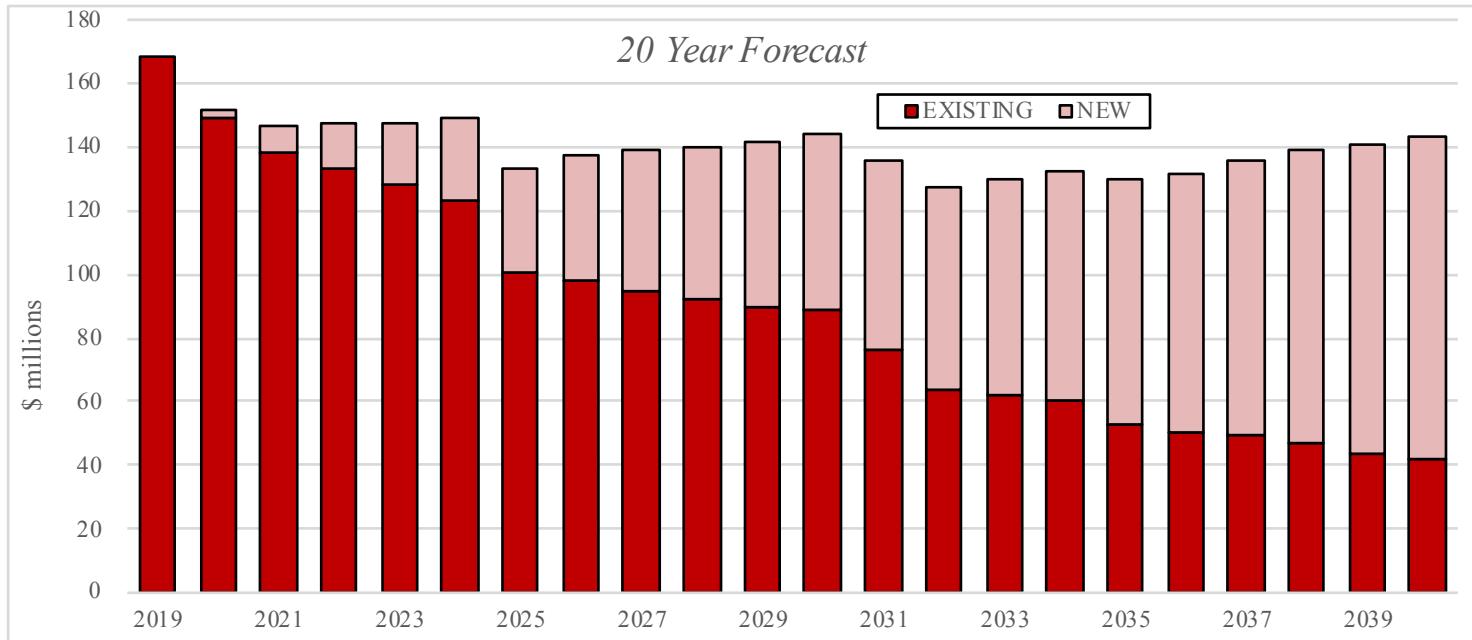


	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<u><b>Budget (Cash) Basis</b></u>											
Debt Service Principal	96.6	95.0	110.7	108.0	119.7	112.2	128.1	137.1	142.6	140.9	155.7
I&E Deposit	25.2	40.8	40.9	56.3	72.7	92.8	89.5	95.6	106.9	126.9	130.1
Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
Legacy Pension Payments	22.4	22.4	22.4	22.4	6.0	6.0	7.7	7.6	7.2	6.9	6.9
Total Cash Basis	171.8	185.8	201.5	214.3	225.9	238.5	252.7	267.8	284.2	302.2	320.2
<u><b>GAAP Basis</b></u>											
Depreciation (and other amortization)	161.6	156.6	157.4	157.6	158.8	143.2	147.2	148.8	149.8	151.1	154.0
Lease Payment Interest	21.4	21.1	20.8	20.5	20.3	19.9	19.6	19.3	18.9	18.6	18.2
Legacy Pension Expense	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Other	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
Total accrual Basis	192.0	186.7	187.2	187.2	188.0	172.1	175.8	177.1	177.7	178.7	181.2
Difference = Change in net position	(20.2)	(0.9)	14.3	27.1	37.8	66.3	77.0	90.7	106.5	123.5	139.1

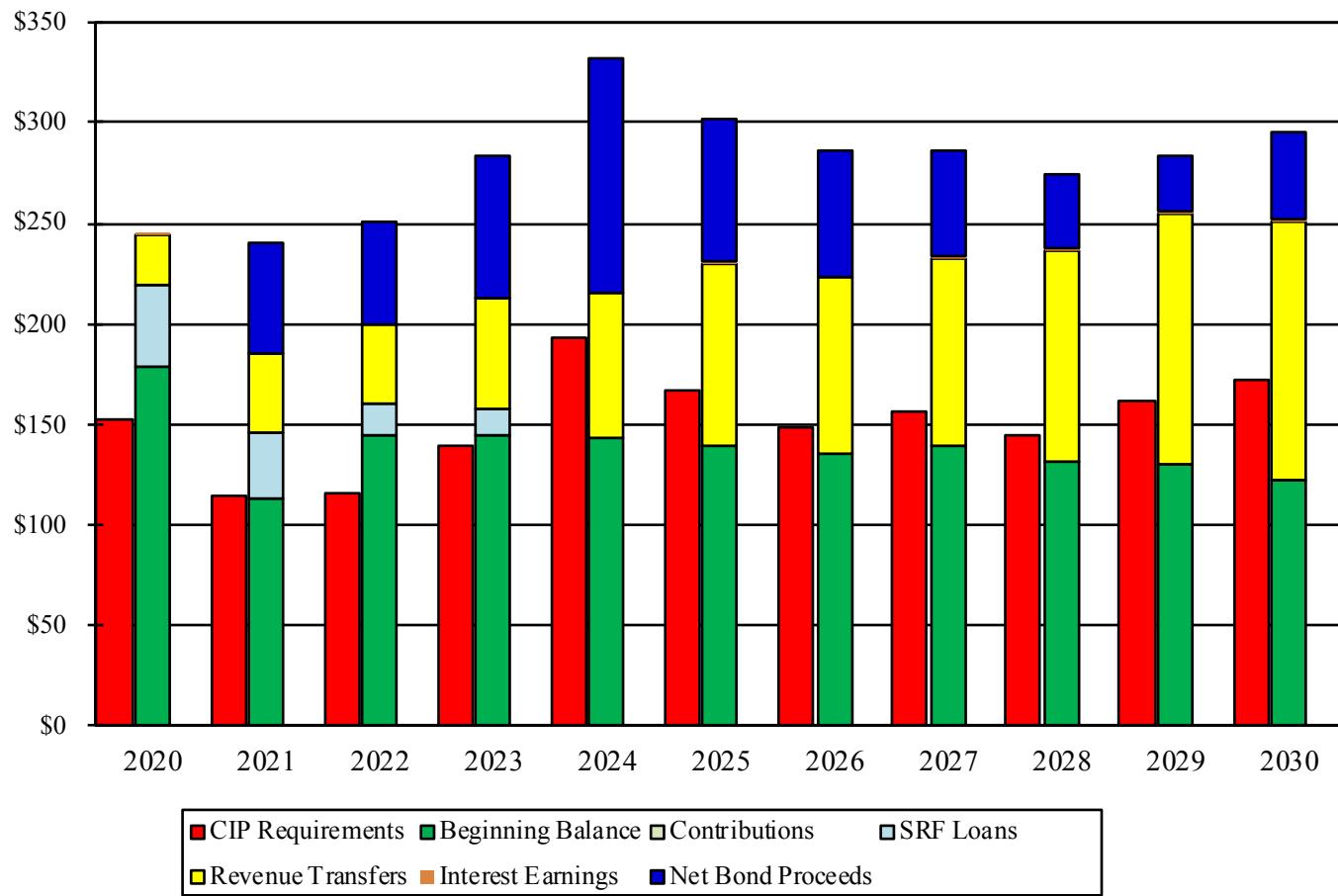
Illustration of Forecasted GLWA Depreciation Expense  
Sewer Existing and New Assets - \$ millions



	EXISTING	NEW	TOTAL
EXISTING	168.2	0.0	168.2
NEW		3.1	3.1
TOTAL	168.2	3.1	171.3

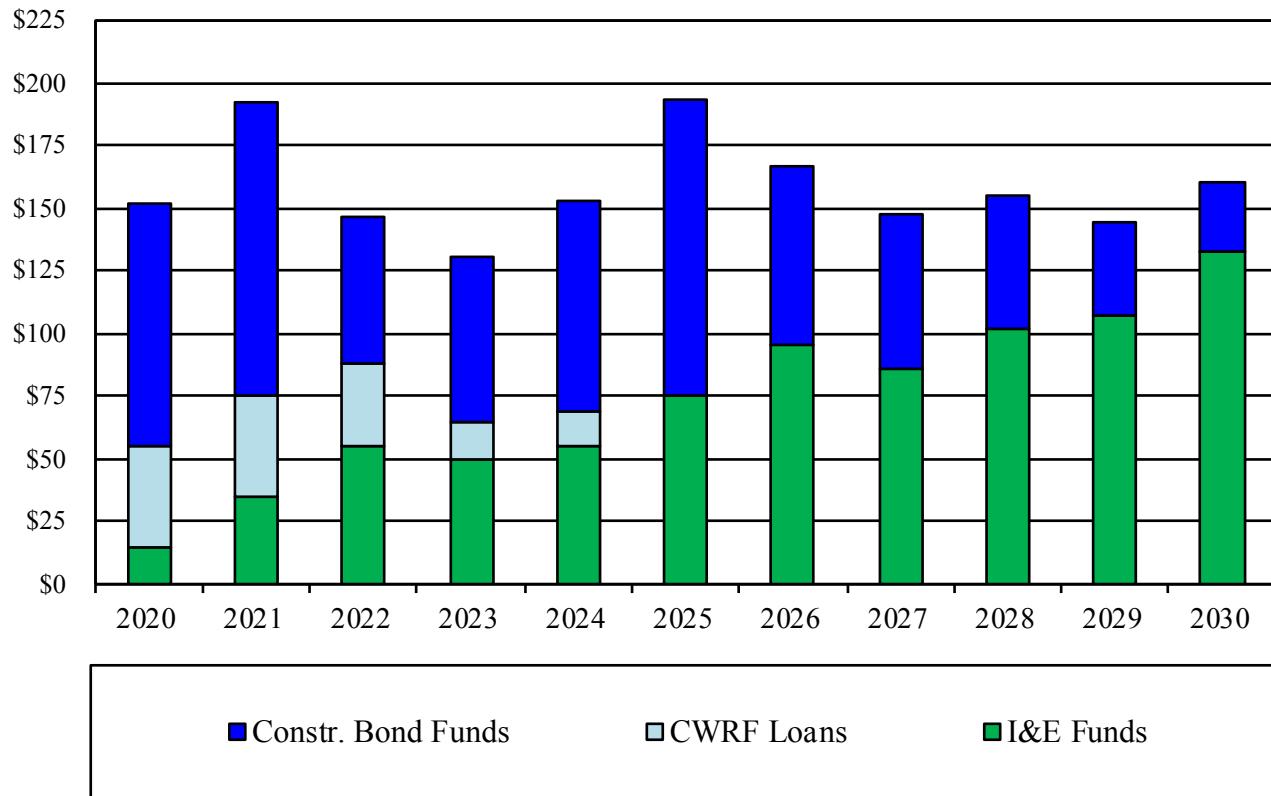


## Capital Improvement Program Financing



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CIP Req't	151.8	113.9	115.8	139.7	193.2	166.9	148.1	155.6	145.0	160.8	172.4
<u>Sources</u>											
Begin Balance	178.4	112.4	145.0	143.7	143.2	139.0	135.2	138.5	131.1	129.8	122.4
CIAC / Grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bond Sale	0.0	58.0	104.0	75.0	125.0	76.0	67.0	57.0	52.0	47.0	
less: DWSD CIP	0.0	0.0	(47.0)	0.0	0.0	0.0	0.0	0.0	0.0	(11.3)	(16.9)
less: Issue Exp	0.0	(3.5)	(6.2)	(4.5)	(7.5)	(4.6)	(4.0)	(3.4)	(3.1)	(2.8)	
SRF Loans	41.1	40.5	46.0	27.9	13.5	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Xfers	25.2	39.6	39.6	55.0	71.4	91.4	88.1	94.2	105.5	125.4	128.6
Total Sources	244.7	192.5	285.2	277.5	298.6	347.9	294.7	295.7	290.2	292.8	278.3
End Balance	92.9	78.5	169.4	137.8	105.5	180.9	146.6	140.1	145.2	132.0	105.9

## Application of CIP Funding Sources



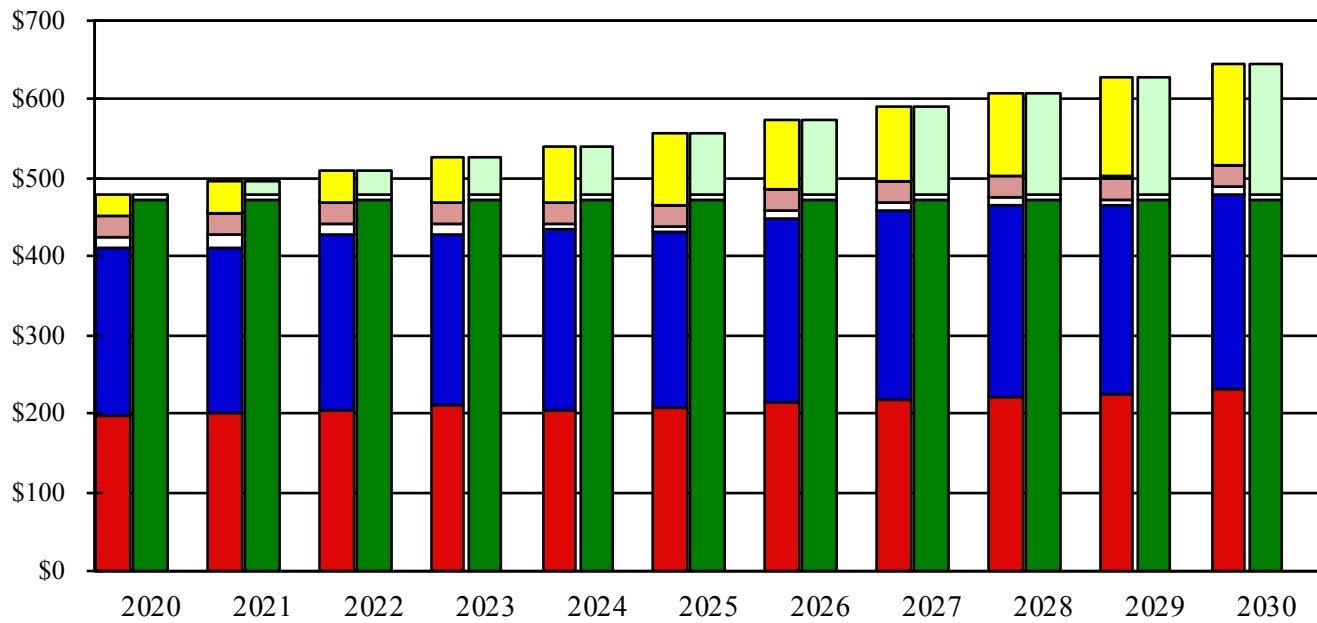
■ Constr. Bond Funds

□ CWRF Loans

■ I&amp;E Funds

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
I&E Funds	14.3	35.1	54.9	50.0	55.0	75.4	95.8	85.4	101.6	107.0	132.4
CWRF Loans	41.1	40.5	33.2	15.1	13.5	0.0	0.0	0.0	0.0	0.0	0.0
Constr. Bond Funds	96.9	116.7	59.0	65.8	84.7	117.8	71.1	62.7	54.0	38.0	28.4
<i>I&amp;E % of Total</i>	9%	18%	37%	38%	36%	39%	57%	58%	65%	74%	82%

## Operating Fund Financing Plan

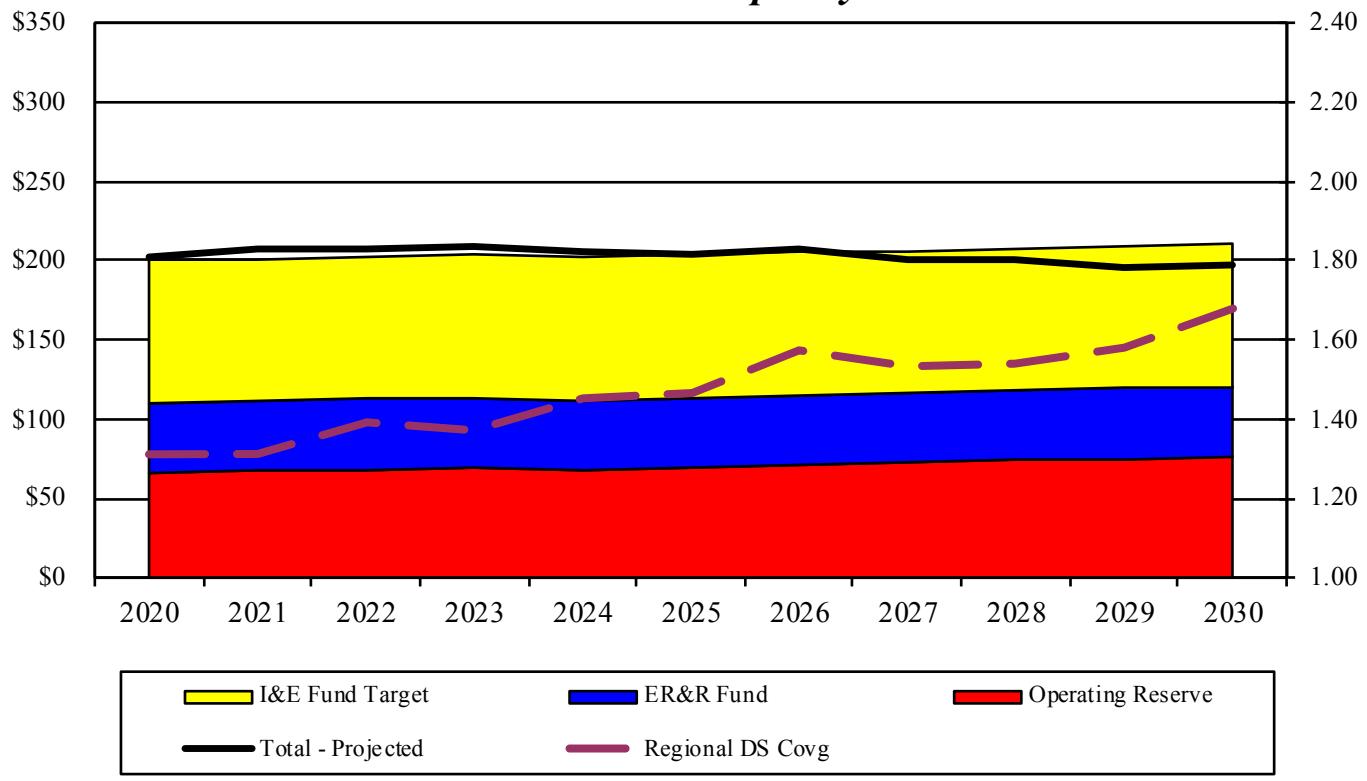


■ O & M	■ Debt Service	□ Xfers to MBO Funds	■ Lease Payment	■ Operating Reserves
■ Transfers to I&E	■ Svc. Chg. Revenue	□ Misc Rev	□ Rev Adjs	

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>REVENUE</b>											
Svc. Chg. Revenue	471.9	471.9	471.9	471.9	471.9	471.9	471.9	471.9	471.9	471.9	471.9
<b>Revenue Adjustments</b>	<b>3.4%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.0%</b>
Revenue from Adjs	0.0	16.0	30.7	46.0	61.8	78.1	94.6	111.9	129.7	148.1	166.7
Other	6.6	7.2	7.3	7.3	7.3	7.2	7.4	7.3	7.3	7.1	7.3
Total Revenue	478.4	495.0	509.9	525.2	540.9	557.2	573.9	591.1	608.8	627.1	645.9
<b>BUDGET</b>											
O&M Expense	197.9	201.6	205.4	209.3	204.6	208.6	212.8	217.0	221.3	225.7	230.1
Debt Service	213.8	211.0	221.9	217.7	229.5	221.6	235.7	242.5	245.0	239.1	250.1
Xfers to MBO Fund	14.0	14.1	14.2	14.2	6.6	6.6	8.5	8.5	8.2	8.0	8.0
Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
Operating Reserves	0.0	1.2	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5
Transfers to I&E	25.2	39.6	39.6	55.0	71.4	91.4	88.1	94.2	105.5	125.4	128.6
Total BUDGET	478.4	495.0	509.9	525.2	540.9	557.2	573.9	591.1	608.8	627.1	645.9
Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

## Fund Balance Summary

### Revenue Generated "Liquidity" Funds \*



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Fund Balance Minimums</b>											
Operating Reserve	66.0	67.2	68.5	69.8	68.2	69.5	70.9	72.3	73.8	75.2	76.7
ER&R Fund	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
I&E Fund Target	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0
Total - Minimums	200.0	201.2	202.5	203.8	202.2	203.5	204.9	206.3	207.8	209.2	210.7
<b>Projections</b>											
Operating Reserve	67.3	68.5	69.8	71.1	72.4	73.8	75.2	76.6	78.0	79.5	81.0
ER&R Fund	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0
I&E Fund	91.4	95.4	93.7	93.8	89.8	85.4	88.1	80.7	79.1	72.1	73.0
Total - Projected	202.7	208.0	207.6	208.9	206.2	203.2	207.2	201.2	201.1	195.6	198.0
Projected > Min	2.7	6.7	5.1	5.1	4.1	(0.3)	2.3	(5.1)	(6.6)	(13.6)	(12.8)
Regional DS Covg	1.31	1.31	1.39	1.37	1.45	1.47	1.57	1.53	1.54	1.58	1.68

\* Revenue Generated Funds only. Excludes Debt Service Reserve & Construction Funds (Bond Generated) & "Pass Thru" Funds (Debt Svc, etc)