

MEETING:	REGULAR MEETING OF THE UTILITY ADVISORY COMMITTEE
DATE AND TIME:	Wednesday, August 16, 2023 5:00 PM
LOCATION:	Germantown Village Hall Board Room N112 W17001 Mequon Road

NOTICE: Citizens not wishing to attend the meeting personally or virtually may submit any public comments by sending an email to comments@germantownwi.gov by 4 p.m. on the day of the meeting so that it can be provided to the members of the body for their consideration.

AGENDA

- I. **CALL TO ORDER:** *This meeting has been given public notice in accordance with Section 19.83 and 19.84, Wis. Stats, in such form that will apprise the general public and news media of subject matter that is intended for consideration and action.*
- II. **ROLL CALL:**
- III. **CITIZEN INPUT:** *(Please be advised per 19.84(2) that information and comment will be received from the public. It is the policy of this municipality that public input be limited to a three (3) minute period per person with a time extension granted at the discretion of the Chairperson. Be advised that there may be limited discussion of the information received but no action will be taken under public comments.)*
- IV. **APPROVAL OF MINUTES**
 - A. June 28, 2023 Meeting
- V. **NEW BUSINESS:**
 - A. Water Utility Cash Flow Analysis
 - B. Schedule for Sewer Utility Rate Analysis
 - C. Schedule for Future Meetings
- VI. **ADJOURNMENT:**

UPON REASONABLE NOTICE, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request this service, please contact the Village Clerk at (262)250-4740 at least 2 days prior to the meeting.

VILLAGE OF GERMANTOWN
N112 W17001 MEQUON ROAD
GERMANTOWN, WI 53022

MEETING: **UTILITY ADVISORY COMMITTEE**

DATE AND TIME: **WEDNESDAY, JUNE 28, 2023 5:00 P.M.**

LOCATION: **Germantown Village Hall Board Room
N112 W17001 Mequon Road**

- i. Call to Order: 5:02 PM – Village Board Room
- ii. Roll Call: Dennis Myers, Scott Hefle, Steve Wesolowski, Dan Campbell, Bob Warren – no one absent.
 - a. Others in attendance: Administrator Kreklow, Finance Director Uselding, and Public Works Director Ratayczak

iii. Approval of Minutes: April 12th Meeting

- a. Motion Approve: Hefle
- b. Second: Steve Wesolowski
- c. Ayes: Unanimous
- d. Nays:
- e. Abstain:

iv. Public Comment

Melanie Smythe commented on the composition and role of the committee and provided her opinion on the sewer utility rate study proposals.

v. Unfinished Business

- a. Update on Tyler Munis Billing Implementation

Finance Director Uselding provided a demonstration of Tyler Munis billing module and answered questions.

- b. Overview of Capacity Analysis of Village Conveyance System and Lift Stations

Director Ratayczak gave an overview of studies conducted by Ruckert & Muelke on lift station capacity and responded to questions from the members of the committee.

- c. Update on Water Utility Cash Flow Analysis

Administrator Kreklow informed the Committee that Ehlers has completed their first cut at the analysis and found that 2022 revenues were right on projections from the last PSC rate case. Ehler has requested more data on Water utility assets and capital planning and is working on the next draft of the analysis.

vi. New Business

a. Proposals for a Sewer Utility Rate Study

Motion by Warren to select Ehlers for sewer utility rate study, second Campbell.

Approved 4-1 (Hefle opposed)

Next Meeting: Wednesday, August 16th 5:00PM

Meeting Adjourned at 7:04

BUSINESS OF THE UTILITY ADVISORY COMMITTEE

MEETING DATE: August 16, 2023

PLACEMENT: Action Item

ITEM TITLE: Water Utility Cash Flow Analysis

SUBMITTED BY:

SUMMARY EXPLANATION:

ATTACHMENT:

1. Ehlers Water LRCFA Presentation 8-11-23
2. Ehlers LRCFA 8-14-23

RECOMMENDATION:

ACTION BY Committee:



Village of Germantown, WI 2023 Water Long-Range Cash Flow Analysis

August 16, 2023 Utility Advisory Committee

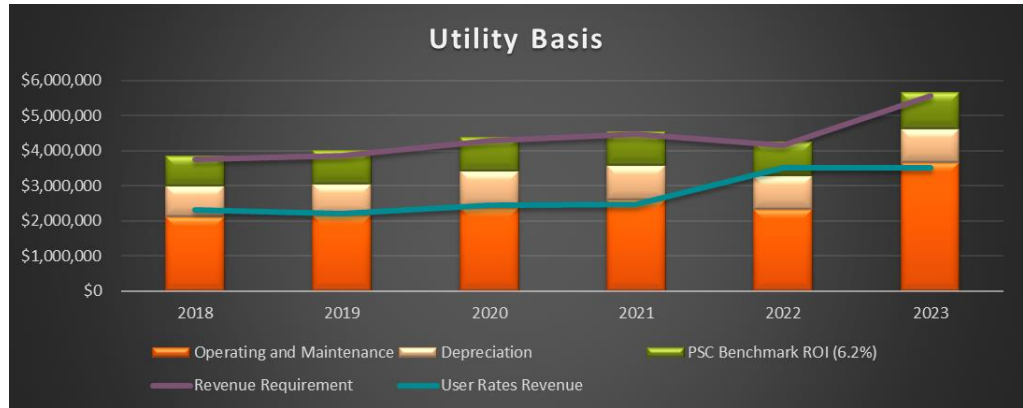
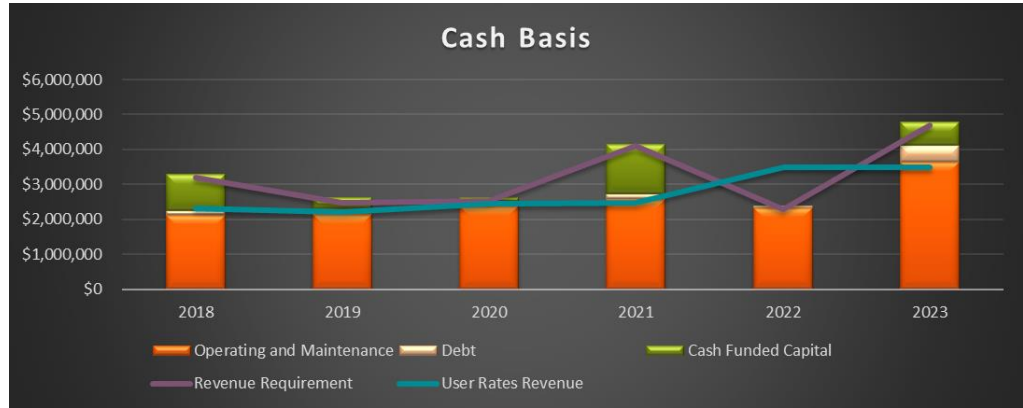
Why are we here?

- Develop a long-range plan to document past performance, and prepare future cash flows to account for capital projects funded by the water utility and tax increment districts
- Our Process
 - ✓ Historical Rate Performance
 - ✓ Future Projections
 - O&M, Depreciation, and PILOT
 - Funding Project(s): Debt vs. Cash
 - ✓ Rate Impact

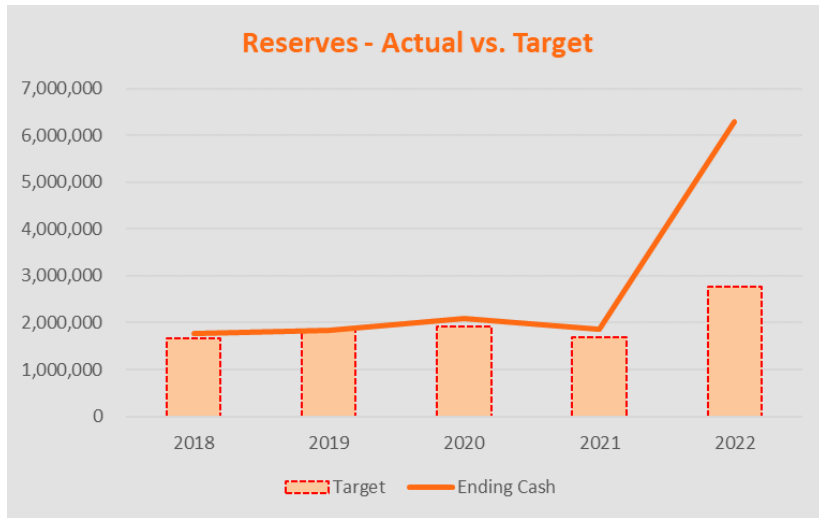
Water Rates Historical Implementation

- Last Conventional Rate Case (CRC) completed: October, 2021
 - ✓ 66.8% increase in step 1
 - ✓ 9.8% increase in step 2 (yet to be completed)
 - Tied to completion of booster station and elevated tower projects
- Since then:
 - ✓ Well No. 12 and Well No. 12 Well Facility

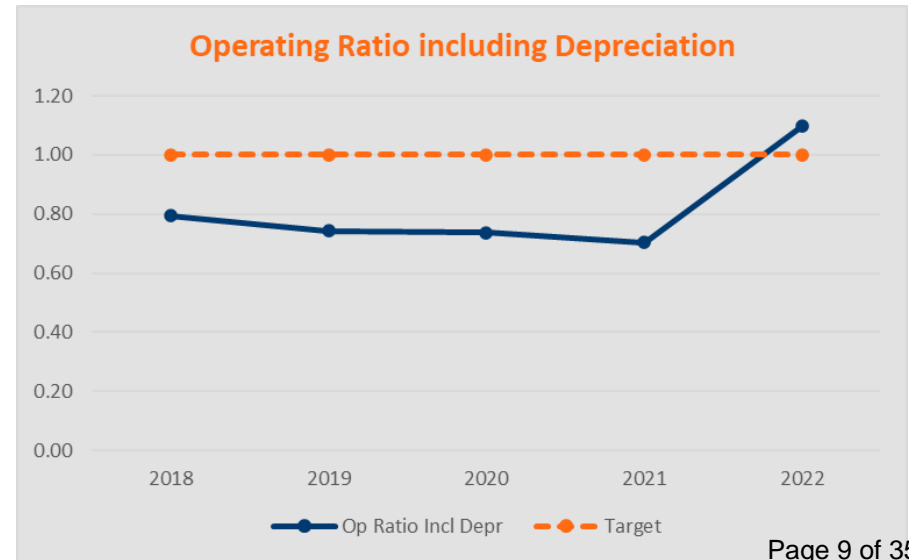
Water: Historical Rate Performance



Water: Historical Financial Indicators



- Reserves to fund deficits and capital
- Concerns of aging system



Future Capital

- Well No. 12 = \$481,000
 - Well No. 12 Well Facility = \$4,615,000
 - Elevated Tower = \$2,200,000
 - Booster Station = \$1,100,000
 - Glenwood Park Mains = \$1,156,000
 - Routine capital = \$425,000 (Average annual)
- Borrowed \$3,600,000 in 2022
 - TIDs 6 & 7 repay a portion of 2022 issue
 - TIDS 6,7,8 repay 65% of Well No. 12 project
 - Richfield Water Revenues

Water: Future Projection

	Budget	Projected								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues										
Total Revenues from User Rates ¹	\$3,503,241	\$3,726,238	\$4,324,174	\$4,324,174	\$4,363,174	\$4,363,174	\$4,744,988	\$4,744,988	\$4,783,988	\$4,783,988
Percent Increase to User Rates	0.00%	6.37%	15.00%	0.00%	0.00%	0.00%	8.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	0.00%	6.37%	22.32%	22.32%	22.32%	22.32%	32.11%	32.11%	32.11%	32.11%
Dollar Amount Increase to Revenues		\$222,997	\$597,936	\$0	\$39,000	\$0	\$381,814	\$0	\$39,000	\$0
Other Revenues										
Interest Income	\$47,000	\$47,118	\$10,951	\$12,577	\$13,585	\$14,108	\$15,499	\$18,354	\$42,092	\$47,153
TIDs 6 & 7 Revenues - 2022 Issue	\$89,067	\$72,844	\$110,844	\$132,544	\$133,644	\$134,544	\$130,344	\$126,144	\$127,394	\$128,947
TIDs 6,7,8 Revenues - 2023 Issue			\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059
Other Income	\$80,300	\$80,765	\$81,235	\$81,709	\$82,188	\$82,672	\$83,161	\$83,654	\$84,651	\$85,668
Total Other Revenues	\$216,367	\$200,726	\$477,088	\$500,888	\$503,476	\$505,383	\$503,062	\$502,211	\$528,196	\$535,827
Total Revenues	\$3,719,608	\$3,926,964	\$4,801,262	\$4,825,062	\$4,866,649	\$4,868,556	\$5,248,049	\$5,247,198	\$5,312,184	\$5,319,815
Less: Expenses										
Operating and Maintenance ²	\$2,278,401	\$3,014,353	\$2,332,284	\$2,402,252	\$2,474,320	\$2,548,549	\$2,625,006	\$2,703,756	\$2,784,869	\$2,868,415
PILOT Payment	\$620,000	\$632,400	\$645,048	\$657,949	\$671,108	\$684,530	\$698,221	\$712,185	\$726,429	\$740,957
Net Before Debt Service and Capital Expenditures	\$821,207	\$280,211	\$1,823,930	\$1,764,861	\$1,721,222	\$1,635,477	\$1,924,823	\$1,831,257	\$1,800,886	\$1,710,442
Debt Service										
Existing Debt P&I	\$468,923	\$426,357	\$480,641	\$468,624	\$466,407	\$463,790	\$455,872	\$395,863	\$399,088	\$398,366
New (2023-2032) Debt Service P&I	\$0	\$0	\$548,117	\$549,562	\$549,165	\$548,638	\$547,893	\$546,919	\$545,740	\$549,201
Total Debt Service	\$468,923	\$426,357	\$1,028,758	\$1,018,186	\$1,015,572	\$1,012,428	\$1,003,765	\$942,781	\$944,828	\$947,567
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$1,999,549	\$8,565,000	\$470,000	\$545,000	\$601,000	\$345,000	\$350,000	\$350,000	\$350,000	\$350,000
Debt Proceeds	\$1,336,549	\$4,915,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$310,716)	(\$3,796,145)	\$325,172	\$201,674	\$104,649	\$278,049	\$571,058	\$538,476	\$506,059	\$412,876
<u>Restricted and Unrestricted Cash Balance:</u>										
Balance at first of year	\$6,297,025	\$5,986,309	\$2,190,164	\$2,515,336	\$2,717,010	\$2,821,659	\$3,099,709	\$3,670,766	\$4,209,243	\$4,715,301
Net Annual Cash Flow Addition/(subtraction)	-\$310,716	-\$3,796,145	\$325,172	\$201,674	\$104,649	\$278,049	\$571,058	\$538,476	\$506,059	\$412,876
Balance at end of year	\$5,986,309	\$2,190,164	\$2,515,336	\$2,717,010	\$2,821,659	\$3,099,709	\$3,670,766	\$4,209,243	\$4,715,301	\$5,128,177



Water: Future Cash & Rate of Return

	Budget	Projected									
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
Target minimum cash balance											
Target minimum working capital - Ehlers ¹	2,812,911	3,189,502	3,229,554	3,280,016	3,330,269	3,373,115	3,364,985	3,421,207	3,479,480	3,532,965	
Actual Days Cash Available - PSC ²	738	83	130	161	171	203	269	329	383	423	
Actual Days Cash Available - Moody's ³	811	87	163	189	199	233	306	369	425	465	
Actual Days Cash Available - S&P ⁴	811	87	163	189	199	233	306	369	425	465	
Actual working capital-cash balance											
Over (Under) Ehlers target	3,173,397	(999,338)	(714,218)	(563,006)	(508,610)	(273,406)	305,781	788,035	1,235,821	1,595,212	
Over (Under) PSC target (90 days)	648	(7)	40	71	81	113	179	239	293	333	
Over (Under) Moody's target (150 days)	661	(63)	13	39	49	83	156	219	275	315	
Over (Under) S&P target (150 days)	661	(63)	13	39	49	83	156	219	275	315	
Notes:											
1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of following year's debt.											
2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day											
3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation											
4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc											
Rate of Return											
Average Utility Plant in Service	26,028,338	31,310,613	35,828,113	36,335,613	36,908,613	37,381,613	37,729,113	38,079,113	38,429,113	38,779,113	
Plus: Materials and Supplies	0	0	0	0	0	0	0	0	0	0	
Less: Utility Plant Accumulated Depreciation	9,317,593	10,103,074	11,106,354	12,128,012	13,170,596	14,232,324	15,306,921	16,394,513	17,495,098	18,608,677	
Less: Regulatory Liability	45,645	0	0	0	0	0	0	0	0	0	
Average Net Investment Rate Base (NIRB)	16,665,100	21,207,539	24,721,758	24,207,601	23,738,017	23,149,289	22,422,191	21,684,600	20,934,014	20,170,435	
Net Operating Income	21,340	(659,031)	390,996	290,224	223,550	117,238	396,524	291,309	222,956	112,905	
ROR	0.13%	-3.11%	1.58%	1.20%	0.94%	0.51%	1.77%	1.34%	1.07%	0.56%	

Water: Impact on Avg. Res. Bill

Year	Water					Utility Bill (Annual)	Change Over Prior Year	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Quarterly)	Change Over Prior Year			
2022		Tiered 4.15	Serv. + PFP 21.47	\$ 71.27		\$ 285.08		2022
2023	0.00%	4.15	21.47	\$ 71.27	\$ -	\$ 285.08	\$ -	2023
2024	9.18%	4.53	23.44	\$ 77.81	\$ 6.54	\$ 311.25	\$ 26.17	2024
2025	15.00%	5.21	26.96	\$ 89.48	\$ 11.67	\$ 357.94	\$ 46.69	2025
2026	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2026
2027	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2027
2028	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2028
2029	8.00%	5.63	29.11	\$ 96.64	\$ 7.16	\$ 386.57	\$ 28.64	2029
2030	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2030
2031	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2031
2032	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2032
Total Change over planning period					\$ 25.37	\$ 101.49		

Notes:

1. Current water volumetric rate is 4.15 per 1,000 gallons.
2. The water user charges include a quarterly service charge of \$19.35 plus a public fire protection charge of \$2.13 for a 5/8 inch meter.
3. The usage is assumed to be 12,000 Gallons per quarter.

Recommendations

- Consider Water Revenue Bond Issue in 2024 for 2023 and 2024 CIP Projects
- Step 2 Rate increase in 2024
- Consider conventional rate case for 2025 test year
- Meet with PSC staff at outset of next conventional rate case for approval on lower rate of return due to TID revenues
- Next conventional rate case in 2029, BUT cash flow will need to be monitored

Questions?

August 14, 2023

Water Utility Long Range Cash Flow Analysis:

Village of Germantown, WI



Prepared by:

Ehlers
N19W24400 Riverwood Drive
Waukesha, WI 53188

BUILDING COMMUNITIES. IT'S WHAT WE DO.

Table 1 Water Rate Performance

Village of Germantown, WI

		Shown with no increase				Est	Budget
Revenue Requirement							
Component	Description	2018	2019	2020	2021	2022	2023
Cash Basis							
1	Operating and Maintenance	\$2,122,148	\$2,153,550	\$2,369,448	\$2,582,057	\$2,324,833	\$2,898,401
2	Debt	\$136,500	\$138,974	\$141,204	\$138,210	\$58,839	\$468,923
3	Cash Funded Capital	\$1,031,590	\$320,472	\$102,166	\$1,430,086	\$0	\$663,000
Less:							
	Other Revenue	\$58,590	\$69,970	\$62,540	\$46,282	\$93,151	\$46,500
	Interest Income	\$31,844	\$60,529	\$33,007	\$1,394	\$7,992	\$47,000
	Revenue Requirement (Costs less Other Income)	\$3,199,804	\$2,482,497	\$2,517,271	\$4,102,677	\$2,282,530	\$3,936,824
	User Rates Revenue	\$2,317,394	\$2,197,232	\$2,451,194	\$2,465,047	\$3,503,241	\$3,503,241
	Rate Adequacy	(\$882,410)	(\$285,265)	(\$66,077)	(\$1,637,630)	\$1,220,711	(\$433,583)
	Rate Adjustment Needed	38.08%	12.98%	2.70%	66.43%	0.00%	12.38%
Utility Basis (PSC)							
1	Operating and Maintenance	\$2,122,148	\$2,153,550	\$2,369,448	\$2,582,057	\$2,324,833	\$2,898,401
2	Depreciation	\$870,266	\$902,670	\$1,041,246	\$992,684	\$950,876	\$970,876
	NIRB	\$13,888,960	\$15,189,718	\$15,600,894	\$15,429,340	\$15,741,048	\$16,665,100
3	PSC Benchmark ROI (6.2%)	\$861,115	\$941,762	\$967,255	\$956,619	\$975,945	\$1,033,236
Less:							
	Other Revenue	\$58,590	\$69,970	\$62,540	\$46,282	\$93,151	\$46,500
	Interest Income	\$31,844	\$60,529	\$33,007	\$1,394	\$7,992	\$47,000
	Revenue Requirement (Costs less Other Income)	\$3,763,095	\$3,867,483	\$4,282,402	\$4,483,684	\$4,150,511	\$4,809,013
	User Rates Revenue	\$2,317,394	\$2,197,232	\$2,451,194	\$2,465,047	\$3,503,241	\$3,503,241
	Rate Adequacy	(\$1,445,701)	(\$1,670,251)	(\$1,831,208)	(\$2,018,637)	(\$647,271)	(\$1,305,773)
	Rate Adjustment Needed	62.38%	76.02%	74.71%	81.89%	18.48%	37.27%

Table 2 Water Utility Rate Performance Charts

Village of Germantown, WI

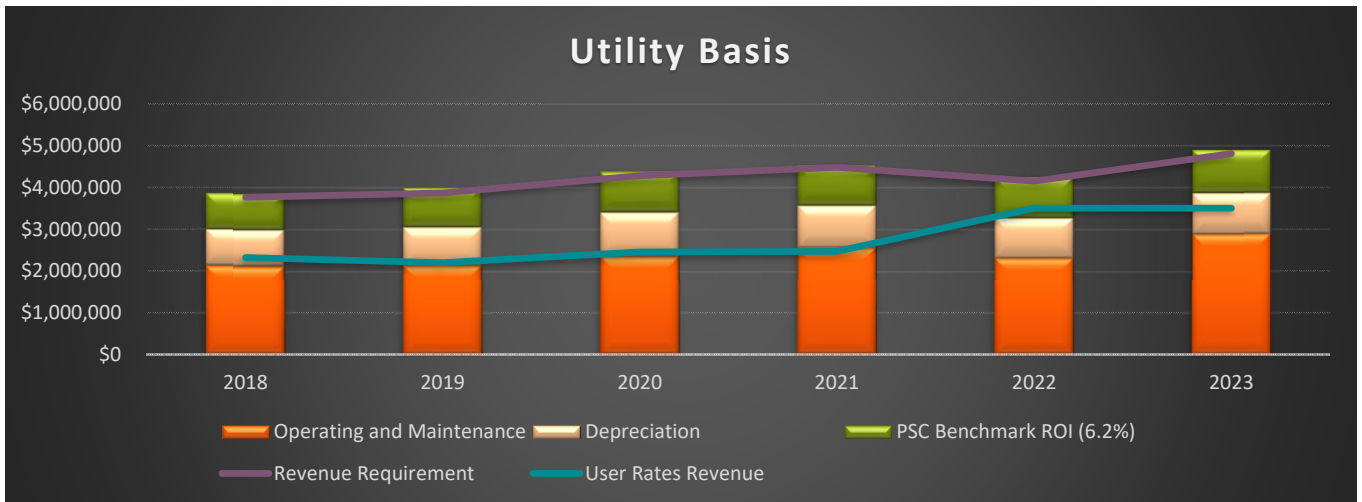
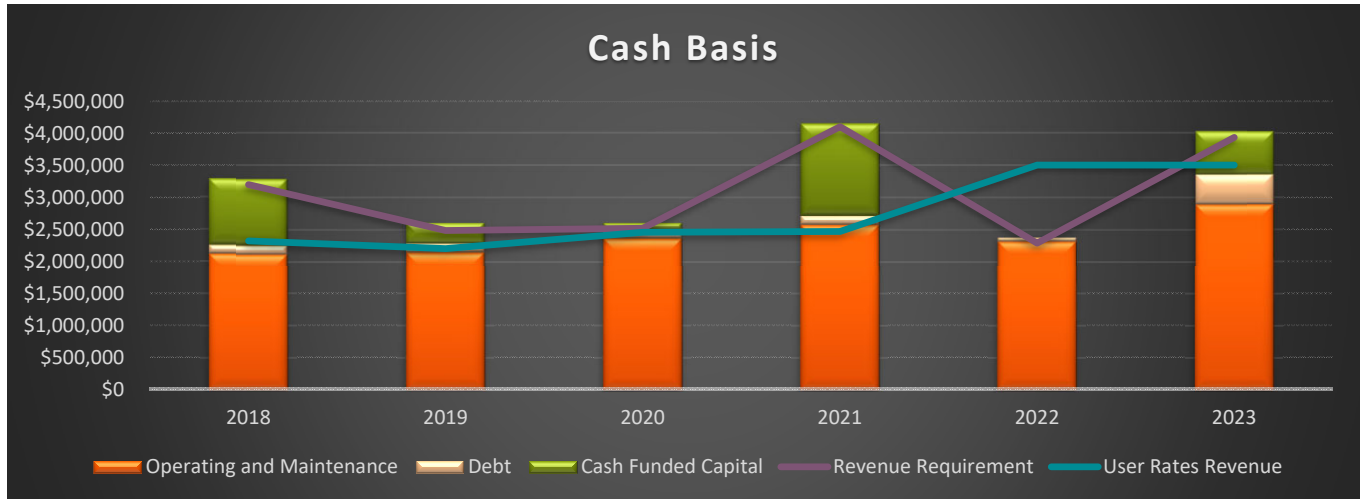


Table 3

Water Utility Cash Flow Analysis - Historical 2018-2022

Village of Germantown, WI

	Actual				Estimated
	2018	2019	2020	2021	2022
Revenues					
Total Revenues from User Rates	\$2,317,394	\$2,197,232	\$2,451,194	\$2,465,047	\$3,503,241
Percent Increase to User Rates					
Other Revenues					
Interest Income	\$31,844	\$60,529	\$33,007	\$1,394	\$7,992
Other Income	\$103,354	\$80,637	\$65,444	\$74,351	\$93,933
Total Other Revenues	\$135,198	\$141,166	\$98,451	\$75,745	\$101,925
Total Revenues	\$2,452,592	\$2,338,398	\$2,549,645	\$2,540,792	\$3,605,165
Less: Expenses					
Operating and Maintenance	\$1,539,529	\$1,538,464	\$1,693,573	\$1,941,605	\$1,704,833
PILOT Payment	\$582,619	\$615,086	\$675,875	\$640,452	\$620,000
Net Before Debt Service and Capital Expenditures	\$330,444	\$184,848	\$180,197	-\$41,265	\$1,280,332
Existing Debt P&I ¹	\$136,500	\$138,974	\$141,204	\$138,210	\$58,839
Transfer In (Out)/Cap. Contrib.	\$61,485	\$0	\$219,086	\$731,253	\$0
Less: Capital Improvements	\$1,031,590	\$320,472	\$102,166	\$1,430,086	\$926,000
Debt Proceeds/Grants	\$0	\$0	\$0	\$0	\$4,140,000
Reconcile to Audit	-\$115,767	\$343,279	\$80,516	\$658,316	
Net Annual Cash Flow	(\$891,928)	\$68,681	\$236,429	(\$219,992)	\$4,435,493
Restricted and Unrestricted Cash Balance:					
Balance at first of year	\$2,668,342	\$1,776,414	\$1,845,095	\$2,081,524	\$1,861,532
Net Annual Cash Flow Addition/(subtraction)	-\$891,928	\$68,681	\$236,429	-\$219,992	\$4,435,493
Balance at end of year	\$1,776,414	\$1,845,095	\$2,081,524	\$1,861,532	\$6,297,025

Notes:

Table 4 Water Utility Financial Benchmarking Analysis

Village of Germantown, WI

	Actual				Estimated	Budget
	2018	2019	2020	2021	2022	2023
Target minimum cash balance						
Target minimum working capital - Ehlers ¹	1,667,084	1,846,551	1,925,581	1,696,694	2,403,561	2,812,911
Actual Days Cash Available - PSC ²	295	310	333	251	1,140	738
Actual Days Cash Available - Moody's ³	303	317	339	255	1,151	811
Actual Days Cash Available - S&P ⁴	421	317	339	255	1,151	811
Actual working capital-cash balance						
Over (Under) Ehlers target	109,330	(1,456)	155,944	164,839	3,893,464	3,173,397
Over (Under) PSC target (90 days)	205	220	243	161	1,050	648
Over (Under) Moody's target (150 days)	153	167	189	105	1,001	661
Over (Under) S&P target (150 days)	271	167	189	105	1,001	661

Notes:

- 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of following year's debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return

Total Utility Plant in service BOY	20,704,026	21,564,597	24,079,532	22,685,951	24,102,564	25,028,564
Total Utility Plant in service EOY	21,564,597	24,079,532	22,685,951	24,102,564	25,028,564	27,028,113
Average Total Plant in Service	21,134,312	22,822,065	23,382,742	23,394,258	24,565,564	26,028,338
Contributed Plant in Service BOY	20,664,222	21,929,060	22,102,894	25,360,897	25,687,209	25,687,209
Contributed Plant in Service EOY	21,929,060	22,102,894	25,360,897	25,687,209	25,687,209	25,687,209
Avg Contributed Plant in Service	21,296,641	22,015,977	23,731,896	25,524,053	25,687,209	25,687,209
Average Utility Plant in Service	21,134,312	22,822,065	23,382,742	23,394,258	24,565,564	26,028,338
Plus: Materials and Supplies	0	0	0	0	0	0
Less: Utility Plant Accumulated Depreciation	6,743,317	7,221,590	7,462,369	7,736,717	8,346,717	8,976,717
Less: Regulatory Liability	502,035	410,757	319,479	228,201	136,923	45,645
Average Net Investment Rate Base (NIRB)	13,888,960	15,189,718	15,600,894	15,429,340	16,081,924	17,005,976
Net Operating Income	(259,645)	(454,711)	(425,396)	(533,953)	661,558	21,340
ROR	-1.87%	-2.99%	-2.73%	-3.46%	4.11%	0.13%
Benchmark	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Cost Recovery

Operating Revenues	2,375,984	2,267,202	2,513,734	2,511,329	3,596,391	3,549,741
Operating Expenses incl. Depr & Amortization	2,992,414	3,056,220	3,410,694	3,574,741	3,275,709	3,869,277
Operating Expenses w/o Depr & Amortization	2,122,148	2,153,550	2,369,448	2,582,057	2,324,833	2,898,401
Cost Recovery incl. Depr	0.79	0.74	0.74	0.70	1.10	0.92
Cost Recovery w/o Depr	1.41	1.42	1.44	1.38	1.41	1.33
Target	1.00	1.00	1.00	1.00	1.00	1.00

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage

Total Long-Term Debt	911,329	800,911	689,413	571,809	4,471,810	4,228,069
Total Net Assets	43,493,657	46,182,426	48,046,848	49,789,773	50,715,773	52,715,322
Debt-to Equity Ratio	0.02	0.02	0.01	0.01	0.09	0.08

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:

Accumulated Depreciation Expense	12,825,362	13,690,844	14,739,200	15,773,624	16,808,048	17,842,472
Total Net Assets	43,493,657	46,182,426	48,046,848	49,789,773	50,715,773	52,715,322
Asset Depreciation	29.49%	29.65%	30.68%	31.68%	33.14%	33.85%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Asset Efficiency

Total Assets	43,493,657	46,182,426	48,046,848	49,789,773	50,715,773	52,715,322
Revenue	2,317,394	2,197,232	2,451,194	2,465,047	3,503,241	3,503,241
Investment to produce \$1 Revenue	\$ 18.77	\$ 21.02	\$ 19.60	\$ 20.20	\$ 14.48	\$ 15.05

Notes:

This indicator is a measure of how much investment (in \$) is necessary to produce \$1 of Sales Revenue
Wisconsin 2017 Average = \$ 13.52

Table 5 Water Utility Financial Health Charts

Village of Germantown, WI

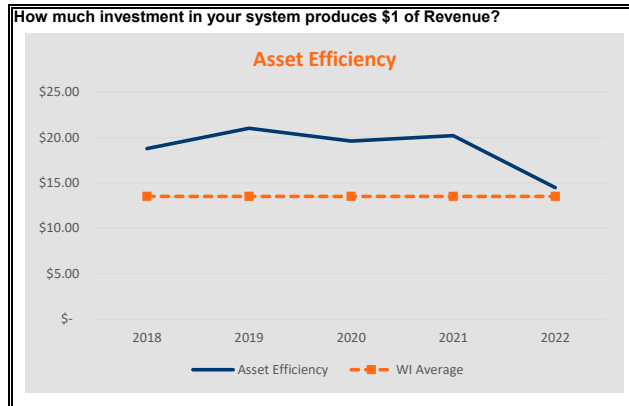
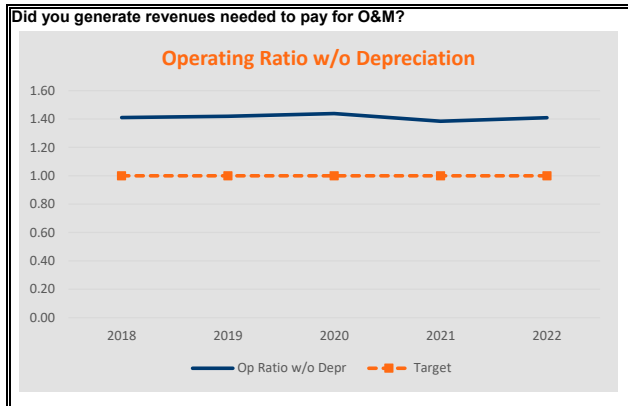
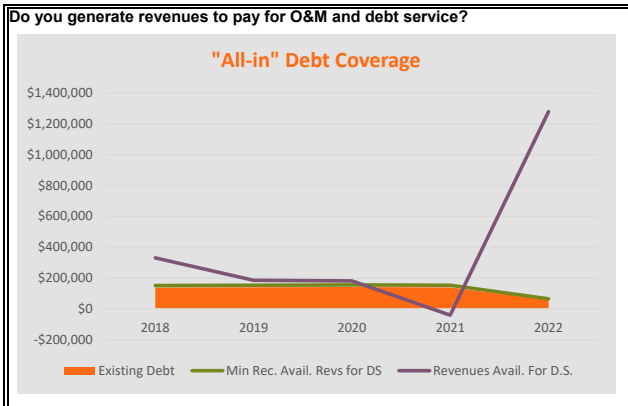
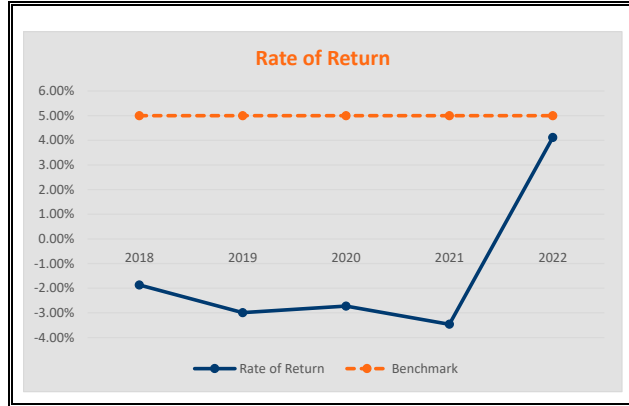
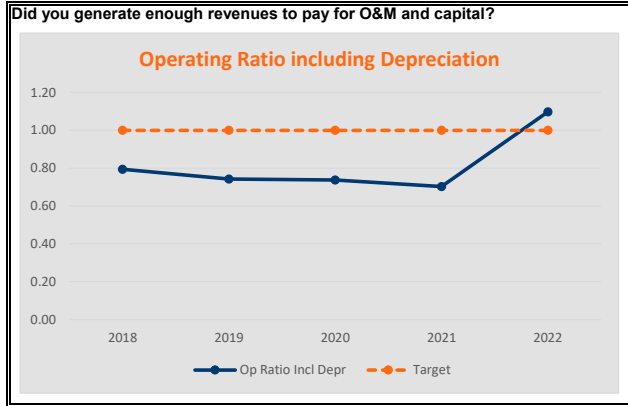
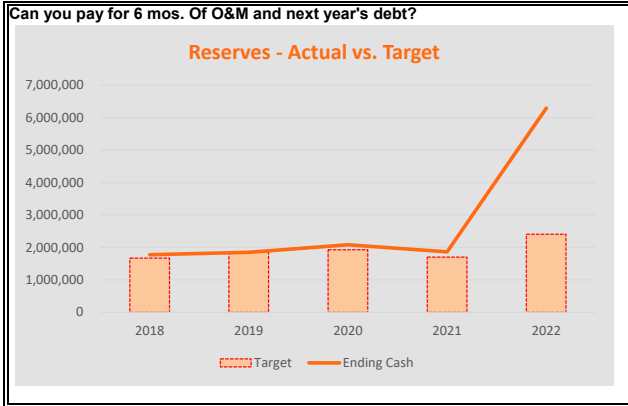


Table 6
Water Utility Capital Improvement Plan
Village of Germantown, WI

Projects	Funding	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals	
Well Rehabilitation													0
Well #2	Cash				150,000							150,000	
Well #3	Cash						250,000					250,000	
Well #4	Cash											0	
Well #5	Cash	150,000										150,000	
Well #7	Cash		150,000									150,000	
Well #11	Cash											0	
Well Roof Shingling-new access hatch													0
#2 (shingles)	Cash					15,000						15,000	
#4 (shingles)	Cash					15,000						15,000	
#5 (flat roof)	Cash						25,000					25,000	
#7 (Shingles)	Cash					15,000						15,000	
Well house door lock upgrade													0
22 well house and tower doors locks	Cash											0	
Keyless access	Cash					55,000						55,000	
Camera all wells	Cash					56,000						56,000	
Well house VFD													0
#2	Cash				45,000							45,000	
#3	Cash					45,000						45,000	
#4	Cash			45,000								45,000	
#11	Cash						45,000					45,000	
Trucks/Equipment													0
Vac/valve turner-2007	Cash					145,000						145,000	
Replace Crane Truck - Box, Frame crane	Cash	105,000										105,000	
Well Generators													0
#2	Cash				300,000							300,000	
#4	Cash			300,000								300,000	
#7	Revenue Debt		300,000									300,000	
250KW Load Bank	Cash					30,000						30,000	
Well Antenna System													0
Well Antenna System	Cash		150,000									150,000	
Relay Work													0
Well #4-Pretube line and new outlet piping	Cash			75,000								75,000	
Santa Fe, Apache, Indianwood Dr, Cherokee, Commanche, Pawnee, Council Bluffs-(13) hydrants	Cash					150,000						150,000	
Misc valve and hydrant work	Cash		50,000	50,000	50,000	50,000	50,000					250,000	
Transmission/Distribution Mains													0
Glenwood Park	Revenue Debt	1,155,770										1,155,770	
Meters													0
Various Meter Replacements	Cash	50,000										50,000	
Fence for Well #5 & #7	Cash	58,000										58,000	
Placeholder - Average Capital Expenses (Future yrs)	Cash							350,000	350,000	350,000	350,000	4,550,000	
Well No. 12	Revenue Debt	480,779										480,779	
Well No. 12 Well Facility	Revenue Debt		4,615,000									4,615,000	
Elevated Tower	Revenue Debt		2,200,000									2,200,000	
Booster Station	Revenue Debt		1,100,000									1,100,000	
Actual CIP Costs		1,999,549	8,565,000	470,000	545,000	601,000	345,000	350,000	350,000	350,000	350,000	16,970,549	
Percent Inflation		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
Inflated Project Costs		1,999,549	8,565,000	470,000	545,000	601,000	345,000	350,000	350,000	350,000	350,000	17,075,549	
Sources of Funding													
G.O. Debt		0	0	0	0	0	0	0	0	0	0	0	
Revenue Debt		1,336,549	4,915,000	0	0	0	0	0	0	0	0	6,251,549	
Grants/Aids		0	0	0	0	0	0	0	0	0	0	0	
Special Assessment		0	0	0	0	0	0	0	0	0	0	0	
User Fees		0	0	0	0	0	0	0	0	0	0	0	
Previously Borrowed Revenue Bonds		300,000	3,300,000	0	0	0	0	0	0	0	0	3,600,000	
Equipment Replacement Fund		0	0	0	0	0	0	0	0	0	0	0	
Cash		363,000	350,000	470,000	545,000	601,000	345,000	350,000	350,000	350,000	350,000	7,224,000	
Total		1,999,549	8,565,000	470,000	545,000	601,000	345,000	350,000	350,000	350,000	350,000	17,075,549	

Notes:

Table 7

Capital Improvements Financing Plan

Village of Germantown, WI

	2024
	Revenue Bonds
	2023 + 2024 Projects
CIP Projects¹	6,251,549
Less Other Available Revenues	
Cash Available	-
ERF Funds	-
Net Borrowing Requirement	6,251,549
Debt Service Reserve	
Debt Service Reserve Funds On Hand	(414,000)
New Debt Service Reserve Requirement	966,283
Subtotal Reserve Fund Requirement	552,283
Estimated Issuance Expenses	208,625
TOTAL TO BE FINANCED	7,012,456
Estimated Interest Earnings	(46,887)
Assumed spend down (months)	3.00
Rounding	4,430
NET BOND SIZE	6,970,000

Notes:

1) Source of Project Totals

Table 8 Water Utility Projected Debt Service Payments (PROPOSED)

Village of Germantown, WI

Water Rev Bonds Series 2024				
NAME				
AMT	\$6,970,000			
DATED	5/1/2024			
MATURE	5/1			
RATE				
Year	Principal	Est. Rate	Interest	Total
2023				
2024				
2025	80,000	0	468,117	548,117
2026	245,000	0	304,562	549,562
2027	255,000	0	294,165	549,165
2028	265,000	0	283,638	548,638
2029	275,000	0	272,893	547,893
2030	285,000	0	261,919	546,919
2031	295,000	0	250,740	545,740
2032	310,000	0	239,201	549,201
2033	320,000	0	227,231	547,231
2034	335,000	0	214,200	549,200
2035	345,000	0	199,952	544,952
2036	360,000	0	184,915	544,915
2037	380,000	0	168,720	548,720
2038	395,000	0	151,180	546,180
2039	415,000	0	132,239	547,239
2040	435,000	0	111,834	546,834
2041	455,000	0	89,796	544,796
2042	480,000	0	66,068	546,068
2043	505,000	0	40,824	545,824
2044	535,000	0	13,910	548,910
TOTALS	6,970,000		3,976,102	10,946,102

PROPOSED Water Utility Debt Service Summary				
Total Prin	Total Int	Total P&I	Prin Outstanding	Year
0	0	0	0	2023
0	0	0	6,970,000	2024
80,000	468,117	548,117	6,890,000	2025
245,000	304,562	549,562	6,645,000	2026
255,000	294,165	549,165	6,390,000	2027
265,000	283,638	548,638	6,125,000	2028
275,000	272,893	547,893	5,850,000	2029
285,000	261,919	546,919	5,565,000	2030
295,000	250,740	545,740	5,270,000	2031
310,000	239,201	549,201	4,960,000	2032
320,000	227,231	547,231	4,640,000	2033
335,000	214,200	549,200	4,305,000	2034
345,000	199,952	544,952	3,960,000	2035
360,000	184,915	544,915	3,600,000	2036
380,000	168,720	548,720	3,220,000	2037
395,000	151,180	546,180	2,825,000	2038
415,000	132,239	547,239	2,410,000	2039
435,000	111,834	546,834	1,975,000	2040
455,000	89,796	544,796	1,520,000	2041
480,000	66,068	546,068	1,040,000	2042
505,000	40,824	545,824	535,000	2043
535,000	13,910	548,910	0	2044
6,970,000	3,976,102	10,946,102		TOTALS

Notes:

- 1) Rate assumes
- 2) Rate assumes Aa2 sale of 8/8/23 + .75

Table 9
Water Utility Cash Flow Analysis - Projected 2023-2032

Village of Germantown, WI

	Budget	Projected								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues										
Total Revenues from User Rates ¹	\$3,503,241	\$3,726,238	\$4,324,174	\$4,324,174	\$4,363,174	\$4,363,174	\$4,744,988	\$4,744,988	\$4,783,988	\$4,783,988
Percent Increase to User Rates	0.00%	6.37%	15.00%	0.00%	0.00%	0.00%	8.00%	0.00%	0.00%	0.00%
Cumulative Percent Rate Increase	0.00%	6.37%	22.32%	22.32%	22.32%	22.32%	32.11%	32.11%	32.11%	32.11%
Dollar Amount Increase to Revenues		\$222,997	\$597,936	\$0	\$39,000	\$0	\$381,814	\$0	\$39,000	\$0
Other Revenues										
Interest Income	\$47,000	\$47,118	\$10,951	\$12,577	\$13,585	\$14,108	\$15,499	\$18,354	\$42,092	\$47,153
TIDs 6 & 7 Revenues - 2022 Issue	\$89,067	\$72,844	\$110,844	\$132,544	\$133,644	\$134,544	\$130,344	\$126,144	\$127,394	\$128,947
TIDs 6,7,8 Revenues - 2023 Issue			\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059	\$274,059
Other Income	\$80,300	\$80,765	\$81,235	\$81,709	\$82,188	\$82,672	\$83,161	\$83,654	\$84,651	\$85,668
Total Other Revenues	\$216,367	\$200,726	\$477,088	\$500,888	\$503,476	\$505,383	\$503,062	\$502,211	\$528,196	\$535,827
Total Revenues	\$3,719,608	\$3,926,964	\$4,801,262	\$4,825,062	\$4,866,649	\$4,868,556	\$5,248,049	\$5,247,198	\$5,312,184	\$5,319,815
Less: Expenses										
Operating and Maintenance ²	\$2,278,401	\$3,014,353	\$2,332,284	\$2,402,252	\$2,474,320	\$2,548,549	\$2,625,006	\$2,703,756	\$2,784,869	\$2,868,415
PILOT Payment	\$620,000	\$632,400	\$645,048	\$657,949	\$671,108	\$684,530	\$698,221	\$712,185	\$726,429	\$740,957
Net Before Debt Service and Capital Expenditures	\$821,207	\$280,211	\$1,823,930	\$1,764,861	\$1,721,222	\$1,635,477	\$1,924,823	\$1,831,257	\$1,800,886	\$1,710,442
Debt Service										
Existing Debt P&I	\$468,923	\$426,357	\$480,641	\$468,624	\$466,407	\$463,790	\$455,872	\$395,863	\$399,088	\$398,366
New (2023-2032) Debt Service P&I	\$0	\$0	\$548,117	\$549,562	\$549,165	\$548,638	\$547,893	\$546,919	\$545,740	\$549,201
Total Debt Service	\$468,923	\$426,357	\$1,028,758	\$1,018,186	\$1,015,572	\$1,012,428	\$1,003,765	\$942,781	\$944,828	\$947,567
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$1,999,549	\$8,565,000	\$470,000	\$545,000	\$601,000	\$345,000	\$350,000	\$350,000	\$350,000	\$350,000
Debt Proceeds	\$1,336,549	\$4,915,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Cash Flow	(\$310,716)	(\$3,796,145)	\$325,172	\$201,674	\$104,649	\$278,049	\$571,058	\$538,476	\$506,059	\$412,876
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$6,297,025	\$5,986,309	\$2,190,164	\$2,515,336	\$2,717,010	\$2,821,659	\$3,099,709	\$3,670,766	\$4,209,243	\$4,715,301
Net Annual Cash Flow Addition/(subtraction)	-\$310,716	-\$3,796,145	\$325,172	\$201,674	\$104,649	\$278,049	\$571,058	\$538,476	\$506,059	\$412,876
Balance at end of year	\$5,986,309	\$2,190,164	\$2,515,336	\$2,717,010	\$2,821,659	\$3,099,709	\$3,670,766	\$4,209,243	\$4,715,301	\$5,128,177

Notes:

- 1) Includes revenues from the Village of Richfield, starting in 2025
- 2) Assumes 3.00% annual inflation beyond budget year.

Legend:

- Simplified Rate Case (if eligible)
- Conventional (Full) Rate Case

Table 10 Water Utility Operations Cash Flow Analysis

Village of Germantown, WI

	Actual				Draft Actual 2022	Budget 2023	1	2	3	4	5	6	7	8	9	10
	2018	2019	2020	2021			Projected									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
1 Rates % Increase						0.00%	6.37%	15.00%	0.00%	0.00%	0.00%	8.00%	0.00%	0.00%	0.00%	
2 Revenue growth assumption							1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	2.00%	2.00%	
3 Investment income yield							0.25%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	1.00%	
4 Expense growth - Treatment							3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
5 Expense growth - Collection Expense							2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
6 Expense growth - General and Administrative/Cust							2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
10 Beginning net assets	30,878,218	31,625,178	33,368,843	34,501,328	34,498,231	34,865,312	34,451,394	33,385,955	32,878,174	32,448,048	31,976,134	31,422,872	31,175,280	30,850,087	30,503,231	
11																
12 Operating Revenues																
13 Water Charges	2,317,394	2,197,232	2,451,194	2,465,047	3,503,241	3,503,241	3,726,238	4,285,174	4,285,174	4,285,174	4,285,174	4,627,988	4,627,988	4,627,988	4,627,988	
14 Water Charges - Richfield								39,000	39,000	78,000	78,000	117,000	117,000	156,000	156,000	
15 Other	58,590	69,970	62,540	46,282	93,151	46,500	46,965	47,435	47,909	48,388	48,872	49,361	49,854	50,851	51,868	
16 Total Operating Revenues	2,375,984	2,267,202	2,513,734	2,511,329	3,596,391	3,549,741	3,773,203	4,371,608	4,372,083	4,411,562	4,412,046	4,794,348	4,794,842	4,834,839	4,835,856	
17																
18 Operating Expenses																
19 Operating and Maintenance	1,539,529	1,538,464	1,693,573	1,941,605	1,704,833	2,198,401	2,264,353	2,332,284	2,402,252	2,474,320	2,548,549	2,625,006	2,703,756	2,784,869	2,868,415	
20 One-Time Operating Expenses						80,000	750,000									
21 Depreciation - Water	870,266	902,670	1,041,246	992,684	950,876	970,876	1,126,357	1,344,157	1,362,534	1,383,460	1,402,604	1,415,474	1,428,468	1,441,461	1,454,455	
22 Total Operating Expenses	2,409,795	2,441,134	2,734,819	2,934,289	2,655,709	3,249,277	4,140,710	3,676,440	3,764,786	3,857,779	3,951,153	4,040,480	4,132,224	4,226,330	4,322,870	
23																
24 Net Operations	(33,811)	(173,932)	(221,085)	(422,960)	940,682	300,464	(367,507)	695,168	607,297	553,782	460,893	753,869	662,618	608,509	512,986	
25 Non operating revenues (expenses)																
26 Interest Income	31,844	60,529	33,007	1,394	7,992	47,000	47,118	10,951	12,577	13,585	14,108	15,499	18,354	42,092	47,153	
27 Interest Expense - Existing Debt	(38,155)	(34,606)	(30,785)	(26,713)	(16,235)	(225,182)	(146,449)	(134,535)	(121,289)	(107,809)	(93,895)	(79,646)	(65,863)	(54,088)	(43,366)	
28 Interest Expense - New Debt (2023-2032)						0	0	(468,117)	(304,562)	(294,165)	(283,638)	(272,893)	(261,919)	(250,740)	(239,201)	
29 Miscellaneous	43,378	10,667	2,904	28,069	782	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	
30 COI																
31 Total non operating revenue (expenses)	37,067	36,590	5,126	2,750	(7,461)	(174,382)	(95,532)	(587,901)	(409,474)	(384,589)	(359,624)	(333,240)	(305,627)	(258,935)	(231,614)	
32																
33 Net increase (decrease) in resources	3,256	(137,342)	(215,959)	(420,210)	933,221	126,081	(463,038)	107,267	197,823	169,194	101,269	420,629	356,991	349,574	281,373	
34																
35 Operating Transfer In (Out)																
36 Capital Contributions	1,326,323	2,496,093	2,024,319	1,057,565	53,860	80,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
37 Cumulative Effect of Change in Acct Principle																
38 PILOT Payment	(582,619)	(615,086)	(675,875)	(640,452)	(620,000)	(620,000)	(632,400)	(645,048)	(657,949)	(671,108)	(684,530)	(698,221)	(712,185)	(726,429)	(740,957)	
39 Ending Net Assets	31,625,178	33,368,843	34,501,328	34,498,231	34,865,312	34,451,394	33,385,955	32,878,174	32,448,048	31,976,134	31,422,872	31,175,280	30,850,087	30,503,231	30,073,647	
40 CIP Funding																
41 Purchase of Capital Assets - Water	(1,031,590)	(320,472)	(102,166)	(1,430,086)	(926,000)	(1,999,549)	(8,565,000)	(470,000)	(545,000)	(601,000)	(345,000)	(350,000)	(350,000)	(350,000)	(350,000)	
42 Capital Contributions	61,485		219,086	731,253		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
43 Principal Payments on Existing bonds	(98,345)	(104,368)	(110,419)	(111,497)	(42,604)	(243,741)	(279,908)	(346,106)	(347,336)	(358,599)	(369,895)	(376,226)	(330,000)	(345,000)	(355,000)	
44 Debt Proceeds/Grants					4,140,000	1,336,549	4,915,000									
45 Transfers - TID 6 & 7 (2022C Issue)						89,067	72,844	110,844	132,544	133,644	134,544	130,344	126,144	127,394	128,947	
46 Transfers - TID 6,7,8 (2024 Issue)								274,059	274,059	274,059	274,059	274,059	274,059	274,059	274,059	

47	Disposal of Capital Asset					0	0	(80,000)	(245,000)	(255,000)	(265,000)	(275,000)	(285,000)	(295,000)	(310,000)	
48	Future Debt Principal (2023-2032)															
49	Special Assessment Revenues Collected	1,386														
50	Debt Reallocation between funds															
51																
52	Beginning Cash	2,668,342	1,776,414	1,845,095	2,081,524	1,861,532	6,297,025	5,986,309	2,190,164	2,515,336	2,717,010	2,821,659	3,099,709	3,670,766	4,209,243	4,715,301
53	Add net operations (line 24)	(33,811)	(173,932)	(221,085)	(422,960)	940,682	300,464	(367,507)	695,168	607,297	553,782	460,893	753,869	662,618	608,509	512,986
54	Add back depreciation (line 21)	870,266	902,670	1,041,246	992,684	950,876	970,876	1,126,357	1,344,157	1,362,534	1,383,460	1,402,604	1,415,474	1,428,468	1,441,461	1,454,455
55	Add net non operating (line 31)	37,067	36,590	5,126	2,750	(7,461)	(174,382)	(95,532)	(587,901)	(409,474)	(384,589)	(359,624)	(333,240)	(305,627)	(258,935)	(231,614)
56	Add capital and bond (lines 41-50)	(1,067,064)	(424,840)	6,501	(810,330)	3,171,396	(787,674)	(3,827,064)	(481,203)	(700,733)	(776,896)	(541,293)	(566,824)	(534,798)	(558,548)	(581,995)
57	Add transfer in (out)	(582,619)	(615,086)	(675,875)	(640,452)	(620,000)	(620,000)	(632,400)	(645,048)	(657,949)	(671,108)	(684,530)	(698,221)	(712,185)	(726,429)	(740,957)
58	Net change in balance sheet items	(115,767)	343,279	80,516	658,316	0	0	0	0	0	0	0	0	0	0	0
59	Ending Cash	1,776,414	1,845,095	2,081,524	1,861,532	6,297,025	5,986,309	2,190,164	2,515,336	2,717,010	2,821,659	3,099,709	3,670,766	4,209,243	4,715,301	5,128,177
60	Restricted Cash	499,887	509,418	507,005	507,005	921,005	921,005	1,473,288	1,473,288	1,473,288	1,473,288	1,473,288	1,473,288	1,473,288	1,473,288	1,473,288
61	Unrestricted Cash	1,276,527	1,335,677	1,574,519	1,354,527	5,376,020	5,065,304	716,876	1,042,048	1,243,722	1,348,371	1,626,421	2,197,478	2,735,955	3,242,013	3,654,889
62																
63	Ending Net Assets	31,625,178	33,368,843	34,501,328	34,498,231	34,865,312	34,451,394	33,385,955	32,878,174	32,448,048	31,976,134	31,422,872	31,175,280	30,850,087	30,503,231	30,073,647

Table 11

Water Utility Financial Benchmarking Analysis Projected 2023 - 2032

Village of Germantown, WI

	Budget	Projected								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Target minimum cash balance										
Target minimum working capital - Ehlers ¹	2,812,911	3,189,502	3,229,554	3,280,016	3,330,269	3,373,115	3,364,985	3,421,207	3,479,480	3,532,965
Actual Days Cash Available - PSC ²	738	83	130	161	171	203	269	329	383	423
Actual Days Cash Available - Moody's ³	811	87	163	189	199	233	306	369	425	465
Actual Days Cash Available - S&P ⁴	811	87	163	189	199	233	306	369	425	465
Actual working capital-cash balance										
Over (Under) Ehlers target	5,986,309	2,190,164	2,515,336	2,717,010	2,821,659	3,099,709	3,670,766	4,209,243	4,715,301	5,128,177
Over (Under) PSC target (90 days)	3,173,397	(999,338)	(714,218)	(563,006)	(508,610)	(273,406)	305,781	788,035	1,235,821	1,595,212
Over (Under) Moody's target (150 days)	648	(7)	40	71	81	113	179	239	293	333
Over (Under) S&P target (150 days)	661	(63)	13	39	49	83	156	219	275	315
Over (Under) S&P target (150 days)	661	(63)	13	39	49	83	156	219	275	315

Notes:

- 1) Target capital equals 6 mos of next year's operating expenses, including depreciation, plus 100% of following year's debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return										
Average Utility Plant in Service	26,028,338	31,310,613	35,828,113	36,335,613	36,908,613	37,381,613	37,729,113	38,079,113	38,429,113	38,779,113
Plus: Materials and Supplies	0	0	0	0	0	0	0	0	0	0
Less: Utility Plant Accumulated Depreciation	9,317,593	10,103,074	11,106,354	12,128,012	13,170,596	14,232,324	15,306,921	16,394,513	17,495,098	18,608,677
Less: Regulatory Liability	45,645	0	0	0	0	0	0	0	0	0
Average Net Investment Rate Base (NIRB)	16,665,100	21,207,539	24,721,758	24,207,601	23,738,017	23,149,289	22,422,191	21,684,600	20,934,014	20,170,435
Net Operating Income	21,340	(659,031)	390,996	290,224	223,550	117,238	396,524	291,309	222,956	112,905
ROR	0.13%	-3.11%	1.58%	1.20%	0.94%	0.51%	1.77%	1.34%	1.07%	0.56%
Benchmark	6.50%									

Cost Recovery										
Operating Revenues	3,549,741	3,773,203	4,371,608	4,372,083	4,411,562	4,412,046	4,794,348	4,794,842	4,834,839	4,835,856
Operating Expenses incl. Depr & Amortization	3,249,277	4,140,710	3,676,440	3,764,786	3,857,779	3,951,153	4,040,480	4,132,224	4,226,330	4,322,870
Operating Expenses w/o Depr & Amortization	2,278,401	3,014,353	2,332,284	2,402,252	2,474,320	2,548,549	2,625,006	2,703,756	2,784,869	2,868,415
Cost Recovery incl. Depr	1.09	0.91	1.19	1.16	1.14	1.12	1.19	1.16	1.14	1.12
Cost Recovery w/o Depr	1.43	1.37	1.58	1.57	1.56	1.55	1.54	1.53	1.52	1.51
Target	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of < 1 could be a sign of financial concern. In general, this ratio should be > 1 to accommodate future capital investments.

Leverage										
Total Long-Term Debt	4,228,069	10,918,162	10,492,056	9,899,720	9,286,122	8,651,226	8,000,000	7,385,000	6,745,000	6,080,000
Total Net Assets	52,715,322	61,280,322	61,750,322	62,295,322	62,896,322	63,241,322	63,591,322	63,941,322	64,291,322	64,641,322
Debt-to Equity Ratio	0.08	0.18	0.17	0.16	0.15	0.14	0.13	0.12	0.10	0.09

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio > 1 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:										
Accumulated Depreciation Expense	9,317,593	10,103,074	11,106,354	12,128,012	13,170,596	14,232,324	15,306,921	16,394,513	17,495,098	18,608,677
Total Net Assets	52,715,322	61,280,322	61,750,322	62,295,322	62,896,322	63,241,322	63,591,322	63,941,322	64,291,322	64,641,322
Asset Depreciation	17.68%	16.49%	17.99%	19.47%	20.94%	22.50%	24.07%	25.64%	27.21%	28.79%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Asset Efficiency										
Total Assets	52,715,322	61,280,322	61,750,322	62,295,322	62,896,322	63,241,322	63,591,322	63,941,322	64,291,322	64,641,322
Revenue	3,503,241	3,726,238	4,285,174	4,285,174	4,285,174	4,285,174	4,627,988	4,627,988	4,627,988	4,627,988
Investment to produce \$1 Revenue	\$ 15.05	\$ 16.45	\$ 14.41	\$ 14.54	\$ 14.68	\$ 14.76	\$ 13.74	\$ 13.82	\$ 13.89	\$ 13.97

Notes:

Table 12 Water Utility Statement of Projected Revenue Bond Coverage

Village of Germantown, WI

Year	Total Operating Revenues	Less: Total O&M Expense	Amount Available for Debt Service	Existing Rev Debt	Future Rev	Total Water Debt Service	Coverage	Debt Service Capacity @ 1.25x	Max of Plan Debt Service
				Total	Total				
2023	3,719,608	(2,278,401)	1,441,207	468,923	-	468,923	3.07	684,043	1,028,758
2024	3,926,964	(3,014,353)	912,611	426,357	-	426,357	2.14	303,732	1,028,758
2025	4,801,262	(2,332,284)	2,468,978	480,641	548,117	1,028,758	2.40	946,424	1,028,758
2026	4,825,062	(2,402,252)	2,422,810	468,624	549,562	1,018,186	2.38	920,061	1,028,758
2027	4,866,649	(2,474,320)	2,392,330	466,407	549,165	1,015,572	2.36	898,291	1,028,758
2028	4,868,556	(2,548,549)	2,320,007	463,790	548,638	1,012,428	2.29	843,578	1,028,758
2029	5,248,049	(2,625,006)	2,623,043	455,872	547,893	1,003,765	2.61	1,094,670	1,028,758
2030	5,247,198	(2,703,756)	2,543,442	395,863	546,919	942,781	2.70	1,091,973	1,028,758
2031	5,312,184	(2,784,869)	2,527,315	399,088	545,740	944,828	2.67	1,077,024	1,028,758
2032	5,319,815	(2,868,415)	2,451,400	398,366	549,201	947,567	2.59	1,013,553	1,028,758

Notes:

Table 13
Water Utility Long-Range Planning Analysis
Village of Germantown, WI

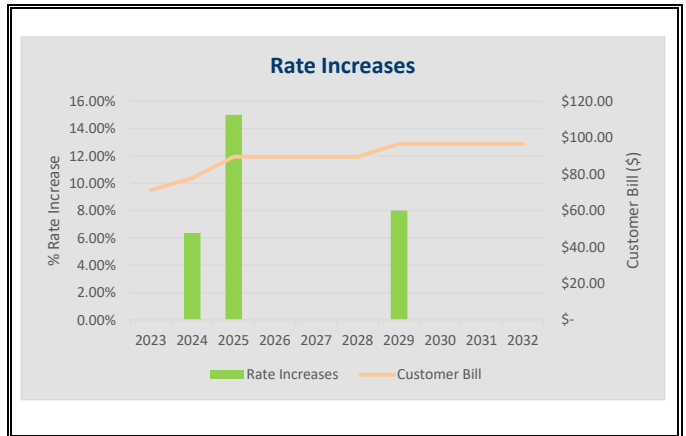
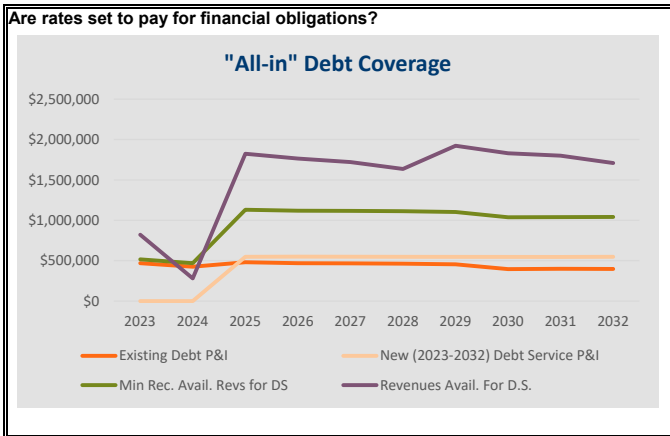
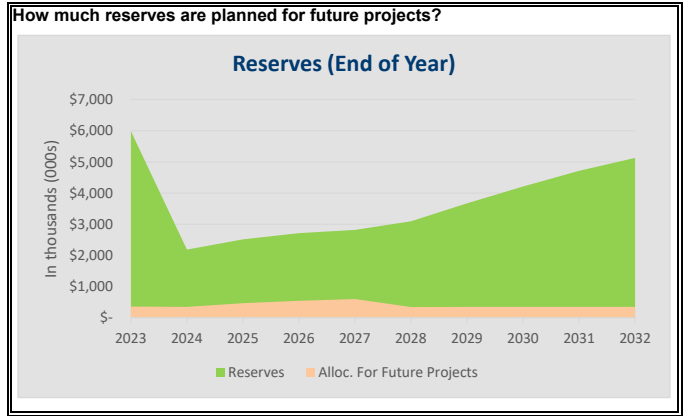
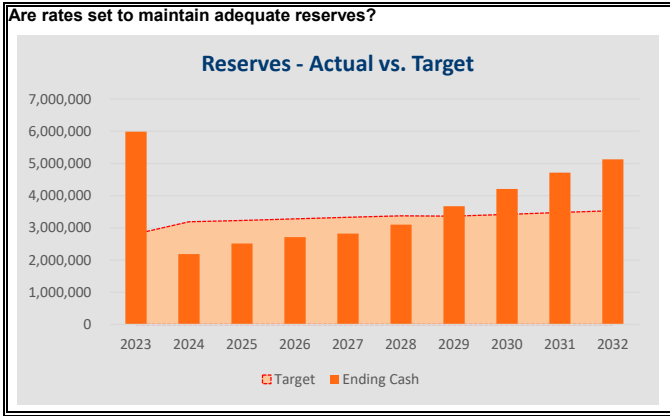


Table 14

Projected Impact of CIP on Typical Residential Utility Bill

Village of Germantown, WI

Year	Water					Utility Bill (Annual)	Change Over Prior Year	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Quarterly)	Change Over Prior Year			
		Tiered	Serv. + PFP					
2022		4.15	21.47	\$ 71.27		\$ 285.08		2022
2023	0.00%	4.15	21.47	\$ 71.27	\$ -	\$ 285.08	\$ -	2023
2024	9.18%	4.53	23.44	\$ 77.81	\$ 6.54	\$ 311.25	\$ 26.17	2024
2025	15.00%	5.21	26.96	\$ 89.48	\$ 11.67	\$ 357.94	\$ 46.69	2025
2026	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2026
2027	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2027
2028	0.00%	5.21	26.96	\$ 89.48	\$ -	\$ 357.94	\$ -	2028
2029	8.00%	5.63	29.11	\$ 96.64	\$ 7.16	\$ 386.57	\$ 28.64	2029
2030	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2030
2031	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2031
2032	0.00%	5.63	29.11	\$ 96.64	\$ -	\$ 386.57	\$ -	2032
Total Change over planning period					\$ 25.37	\$ 101.49		

Notes:

1. Current water volumetric rate is 4.15 per 1,000 gallons.
2. The water user charges include a quarterly service charge of \$19.35 plus a public fire protection charge of \$2.13 for a 5/8 inch meter.
3. The usage is assumed to be 12,000 Gallons per quarter.

BUSINESS OF THE UTILITY ADVISORY COMMITTEE

MEETING DATE: August 16, 2023

PLACEMENT: Presentation

ITEM TITLE: Schedule for Sewer Utility Rate Analysis

SUBMITTED BY:

SUMMARY EXPLANATION:

ATTACHMENT:

1. Ehlers Updated Schedule 8-4-23

RECOMMENDATION:

ACTION BY Committee:

Project Tasks	Start Date	End Date
Kickoff meeting	8/8/2023	8/17/2023
Information gathering	8/8/2023	8/25/2023
Fiscal Sensitivity Analysis	8/25/2023	9/1/2023
Review with staff	9/6/2023	9/6/2023
Review Existing User Rates Structure	9/6/2023	9/15/2023
Memo	9/15/2023	9/15/2023
Revenue Requirement and Rate Calculation	9/6/2023	9/22/2023
Review Rates with staff	9/22/2023	9/22/2023
Cash Flow Analysis Scenarios and Funding PI	9/22/2023	10/6/2023
Review Analysis with staff	10/9/2023	10/9/2023
Draft Report Prep and review with staff	9/22/2023	10/13/2023
Final Report Submittal	10/16/2023	10/20/2023
Utility Advisory Committee Meeting	10/24/2023	10/24/2023
Public Works & Highway Committee	11/7/2023	11/7/2023
Village Board Meeting	11/20/2023	11/20/2023

BUSINESS OF THE UTILITY ADVISORY COMMITTEE

MEETING DATE: August 16, 2023

PLACEMENT: Action Item

ITEM TITLE: Schedule for Future Meetings

SUBMITTED BY:

SUMMARY EXPLANATION:

ATTACHMENT:

RECOMMENDATION:

ACTION BY Committee: