

Water and Sewer Utility Rate Study Sparta Township, New Jersey

Laracy Associates LLC

**Matthew M. Laracy
CPA, CMFO, QPA**

**Michael J. Rohal
PE, CPWM, PP, RMC, QPA**

November 2024

Introduction and Scope

Laracy Associates LLC has been contracted by Sparta Township to perform a rate study of the municipally owned Water and Sewer Utility. This report presents the results of the study conducted by a project team of Matt Laracy and Michael Rohal. Matt Laracy is municipal finance professional and holds licenses as a Certified Public Accountant, Certified Municipal Finance Officer, and Qualified Purchasing Agent. Michael Rohal has over 40 years of diverse experience as a Municipal Administrator and Municipal Engineer. Michael is a licensed Professional Engineer, Certified Public Works Manager, Professional Planner, Registered Municipal Clerk, and Qualified Purchasing Agent.

Sparta Township is located in Sussex County, New Jersey and has a population of 19,600 according to the 2020 census. The Township operates separate Water and Sewer Utilities that provide water and wastewater services to the residents and businesses of the community. While the operations behind maintaining these utilities are sometimes combined, they are separate funds and treated independently from a financial perspective. These utilities are owned and operated by the local government and are responsible for providing clean and safe drinking water, managing and treating wastewater, and maintaining the water and sewer infrastructure owned by the municipality. Both utilities are funded by charges and fees paid by its customers, not by the municipal tax base, and are subject to regulations and oversight by both state and federal agencies.

The rate structure of these utilities is based on the costs associated with providing these services, including capital expenditures for infrastructure upgrades and replacements, operating expenses such as energy and labor, and debt service for financing of infrastructure improvements. The rate structure must be designed to ensure that the utility is able to sustainably provide reliable water and wastewater services to meet the needs of the community while also ensuring financial stability and meeting regulatory requirements.

The purpose of the rate study is to assess the current rates set by the Township and provide recommendations for a fair and equitable rate structure that balances the needs of the utility and its customers. The study will consider factors such as infrastructure costs, capital investments, operating expenses, and future projections to ensure that the utility can continue to provide high-quality services and meet the growing needs of the community.

The majority of the data has been derived from the Township audits, budget documents, and internal financials. Various projections and estimates have been made during the course of this study and will be noted within the report.

Water Utility

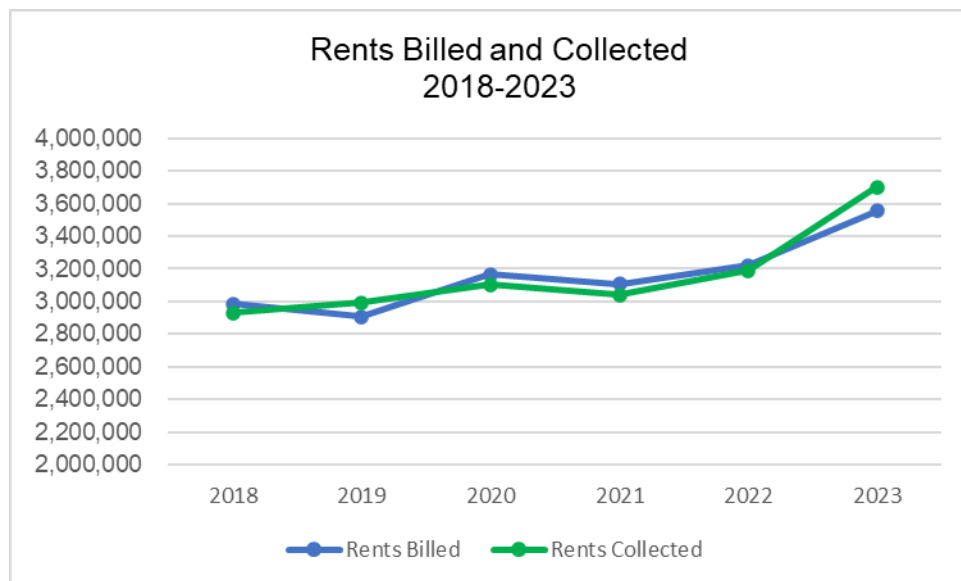
There are approximately 6,700 customers that are being serviced by the Township. The vast majority, 95%, are residential customers. There are approximately 350 commercial customers.

Water Revenue

Customers are billed on a quarterly basis and charged a rate of \$4.50 per 1,000 gallons of water consumption. There is also a minimum quarterly service charge that is billed based on meter size.

Meter Size (Inches)	Minimum Quarterly Service Charge
5/8 x 3/4	\$33.38
4-Mar	\$44.58
1	\$72.18
1 1/4	\$102.88
1 1/2	\$123.28
2	\$194.88
3	\$332.88
4	\$410.88
6	\$880.88
8	\$1,376.88

Rents billed and collected have been consistent year over year.



Since 2018, the Township collects an average of \$3,150,000 in water rents annually with a collection rate of approximately 90%. 2023 saw an increase in water usage and collections with \$3,554,549 in collected rents. Rents make up most of the cash in-flows for water utility. Other revenues include cell tower fees, interest charges, connections fees, inspection fees, additional meter purchases, and final meter readings.

This level of consistency in usage and collection has tremendous value to the municipality in that it offers a dependable and predictable revenue stream that can be forecasted and managed to a desired result.

Operating Expenses

Operating expenses make up about 53% of the budget, while capital and debt service costs average approximately 47%.

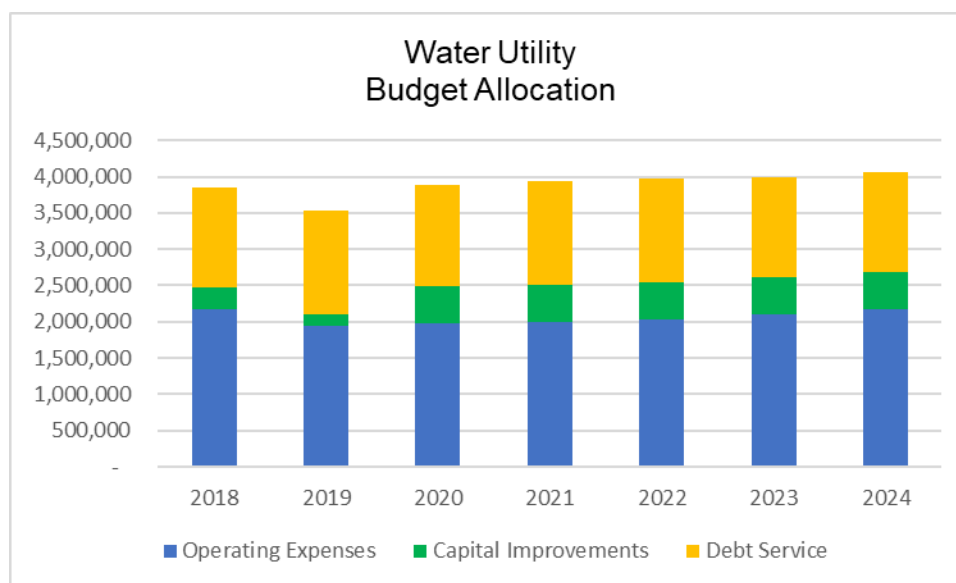
Operating expenses include salaries and related fringe benefits. These fringe benefits include health benefits, pension contributions, and employer taxes. Other operating expenses include parts and repairs, service contracts, utilities, and general supplies. Salary costs are driven by collective bargaining agreements and the increase in the New Jersey minimum wage. As the minimum wage increases to the \$15 per hour target, there is upward pressure on all wages related to part-time work.

Operating costs have increased between 1%-3% annually since 2018. The Township has managed these costs well despite ongoing inflation and supply chain issues.

Capital Improvement and Debt

Maintaining capital infrastructure and making capital improvements are essential for a water and sewer utility as they ensure the reliability, safety and efficiency of the system, enabling the utility to provide clean, safe, and accessible water and sewer services to the community. These improvements can range from replacing aging infrastructure, upgrading outdated technology, and expanding the system to meet growing demand. Furthermore, such investments can improve the overall financial sustainability of the utility by reducing the cost of operation and maintenance, improving the efficiency of water and sewer services, and avoiding the costly repair and replacement of infrastructure that has reached the end of its useful life.

Capital expenses and related debt service costs account for approximately 30% of the utility budget. A breakdown of the total utility budget, highlighting the capital and debt allocations, is presented below:



Sparta has consistently funded capital needs with a \$500,000 capital improvement fund allocation each year since 2020. This is a fiscally sound practice that significantly reduces financing costs and reduces the overall debt burden on the utility.

Larger scale projects, however, do require financing in the form of bond anticipation notes, serial bonds, or loans. Outstanding debt per the 2023 Annual Financial Statement is \$6,637,800. The Township has been paying down their debt obligation annually and has reduced outstanding debt by \$5,359,218 since 2018.

	2018	2019	2020	2021	2022	2023
Bonds Payable	11,315,000	10,330,000	9,315,000	8,280,000	7,210,000	6,135,000
Notes Payable	680,000	609,000	792,000	695,600	599,200	502,800
	11,997,018	10,941,019	10,109,020	8,975,600	7,809,200	6,637,800

As the utility ages, increased investment into capital improvements and infrastructure is required. Federal and State legislation has been consistently tightening the regulations that water and wastewater utilities operate within to advance the public welfare and reduce environmental impact. For example, N.J.S.A 58:12A-0 et seq. which mandates the identification and replacement of all lead service lines within the next decade. Additionally, New Jersey DEP has enacted stringent PFOA and PFAS containment levels that will require substantial capital investment.

The Township is currently finalizing a long-term capital plan that will be essential to managing capital costs in future years.

Fund Balance

	2018	2019	2020	2021	2022	2023*
Fund Balance	346,299	181,416	1,480,808	2,125,535	2,014,597	2,010,323
Revenue and Other Income						
Fund Balance	300,000	150,000	500,000	500,000	500,000	500,000
Rents	2,930,636	2,994,226	3,102,626	3,040,475	3,191,196	3,211,286
Other Revenue	652,977	1,682,975	1,328,252	706,701	756,002	1,008,245
Lapse of Prior Year Budget	98,289	150,093	103,595	95,655	19,816	14,010
	<u>3,981,902</u>	<u>4,977,294</u>	<u>5,034,473</u>	<u>4,342,832</u>	<u>4,467,014</u>	<u>4,733,541</u>
Expenditures	(3,846,785)	(3,527,903)	(3,889,746)	(3,953,770)	(3,971,288)	(3,991,785)
Fund Balance Anticipated	(300,000)	(150,000)	(500,000)	(500,000)	(500,000)	(500,000)
Ending Balance	<u>181,416</u>	<u>1,480,808</u>	<u>2,125,535</u>	<u>2,014,597</u>	<u>2,010,323</u>	<u>2,252,079</u>

The water utility maintains a strong fund balance of approximately \$2.25 million as of December 31, 2023, which is 56% of the total utility budget. As a best practice, the Governmental Finance Officers of America recommends a fund balance level of 25% total expenditures. The utility is well above this threshold.

Fund balance has increased significantly since 2018 despite relatively flat rent collection. This has been accomplished through responsible expense management and the occasional receipt of larger, non-recurring revenues like connection fees.

Projections

Utilizing the data provided by the Township, we have compiled financial projections to help guide the decision-making process.

Below is a projection of the capital improvement plan budgetary impact.

	Capital Plan 2025-2029				
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Capital Improvement Fund	500,000	500,000	500,000	500,000	500,000
Bonds, Notes, and Loans	1,500,000	1,750,000	1,850,000	1,750,000	1,850,000
	<u>2,000,000</u>	<u>2,250,000</u>	<u>2,350,000</u>	<u>2,250,000</u>	<u>2,350,000</u>
Estimated Annual Principal	75,000	158,750	243,313	318,647	395,215
Estimated Annual Interest	60,000	127,000	194,650	254,918	316,172
Additional Debt Service	<u>135,000</u>	<u>285,750</u>	<u>437,963</u>	<u>573,564</u>	<u>711,386</u>

Debt can be financed and structured in a variety of ways by utilizing a combination of short-term notes, serial bonds, and loans. Interest rates will fluctuate as well, and the ultimate financing plan is undetermined at this time. This projection utilized an average amortization of 30 years and assumed interest rate of 4% in order to provide an estimated budgetary impact of the capital plan.

Projecting the entire Water Utility budget clearly indicates that the current revenue stream cannot support the anticipated increase in capital spending. In the model below, we have projected operating results, including the projected capital improvement plan costs, utilizing an average 2% increase to operations.

	Projected			
	2024	2025	2026	2027
Beginning Fund Balance	2,252,079	2,252,079	1,886,374	1,285,497
Revenue and Other Income				
Fund Balance	500,000	500,000	750,000	750,000
Rents	3,201,241	3,201,241	3,201,241	3,201,241
Other Revenue	823,650	823,650	823,650	823,650
Lapse of Prior Year Budget	43,161	43,161	43,161	43,161
	4,568,051	4,568,051	4,818,051	4,818,051
Expenditures	(4,066,672)	(4,433,755)	(4,668,928)	(4,889,149)
Fund Balance Anticipated	(500,000)	(500,000)	(750,000)	(750,000)
Ending Fund Balance	2,253,457	1,886,374	1,285,497	464,398
Surplus (Deficit) in Operations	1,379	(365,705)	(600,877)	(821,099)

With no rate increase, this analysis projects a deficit in operations beginning in 2025 and a cash deficit by the year 2028. A larger portion of fund balance will have to be utilized as a revenue to balance the budget and it is unlikely to be fully replenished. The deficit would continue to grow as expenses increase and the capital plan is phased in. Please refer Schedule A for a full analysis and projection.

The rate of decline in fund balance due to the growing deficit may not be as rapid as projected, as it is likely that the capital improvement plan may not be fully implemented each year. Large scale projects take time to plan, bid, award, and complete. There will also be some reductions in the annual capital improvement fund expense, as a larger portion of capital funding will come from debt. Nevertheless, it is very clear that a rate increase is required to prevent a budgetary deficit in 2025 and future years.

Water Utility Comments and Recommendations

1. The Township has substantial capital improvement needs to ensure the reliability, safety and efficiency of the system while also complying with Federal and State regulations. Capital investment reduces costly emergency repairs and increases efficiency while decreases costs. It is recommended that the Township explore Federal and State funding opportunities to aid in the financing of the capital plan. Government backed loans often allow for competitive interest rates and longer-term amortization. Certain loans allow for principal forgiveness.
2. To avoid an operational deficit, it is recommended that the Township adopt a fee ordinance to update the Water and Sewer rates as follows:
 - Implement a Water Capital Improvement fee of \$20 per quarter for Water Utility customers. This fee is designed to cover a portion of the debt service related to upcoming capital improvements. The flat fee also provides an additional baseline revenue that will not fluctuate on usage.
 - Implement a general rate increase on the following schedule:
 - i. 2025 – 5%
 - ii. 2026 – 2.5%
 - iii. 2027 – 2.5%
3. Implementing the recommended capital fee and rate increases, we can estimate the follow collections based on historical usage:
 - 2022: \$3,191,196 (Actual)
 - 2023: \$3,211,286 (Actual)
 - 2024: \$3,201,241 (Projected)
 - 2025: \$3,897,463 (Projected)
 - 2026: \$3,981,495 (Projected)
 - 2027: \$4,067,629 (Projected)

*Full historical and projected financials are included on Schedule B

4. The estimated impact on the average quarterly bill, assuming the addition of a capital surcharge and suggested rate increases, is presented below:

Customer Type	2024 Average Quarterly Bill	2025 Projected	2026 Projected	2027 Projected
Residential	\$133	\$160	\$164	\$167

5. The timeline of the capital improvement program, and the structure of financing associated with the program, will likely be the primary driver of the utility budget in the coming years. Water rates should be analyzed again in 2027-2028 to maintain the financial health of the utility.
6. The Township may consider moving to an inclining block rate schedule in the future. A block rate schedule for water utility fees is a pricing structure where the cost of water varies depending on how much is consumed. Typically, this structure includes several "blocks" or tiers, with different rates applied to different levels of usage. If considered, the Township should make significant efforts to educate the customer base on the implementation and its intended goals. Some benefits include:
 - Encourages Conservation – Higher rates for greater usage incentive customers to use water efficiently, reducing overall consumption.
 - Promotes Equity – Essential water usage (drinking, cooking, hygiene) is often priced at a lower rate, making basic water needs more affordable
 - Environmental Benefits – lower water use reduces the strain on natural water sources and infrastructure.
 - Rate Customization – Utilities can set rates to align with community values and priorities.

Potential downsides to consider when exploring an inclining block rate schedule include:

- Economic Impact on Business – Businesses or industries with high water demands may be discouraged from entry, development, or growth.
- Potential for Inequity – Larger families and multi-family dwellings can be negatively impacted.
- Billing Complexity – Depending on the block design, customers may find it more difficult to understand their bill and monitor their usage, which could lead to billing disputes.

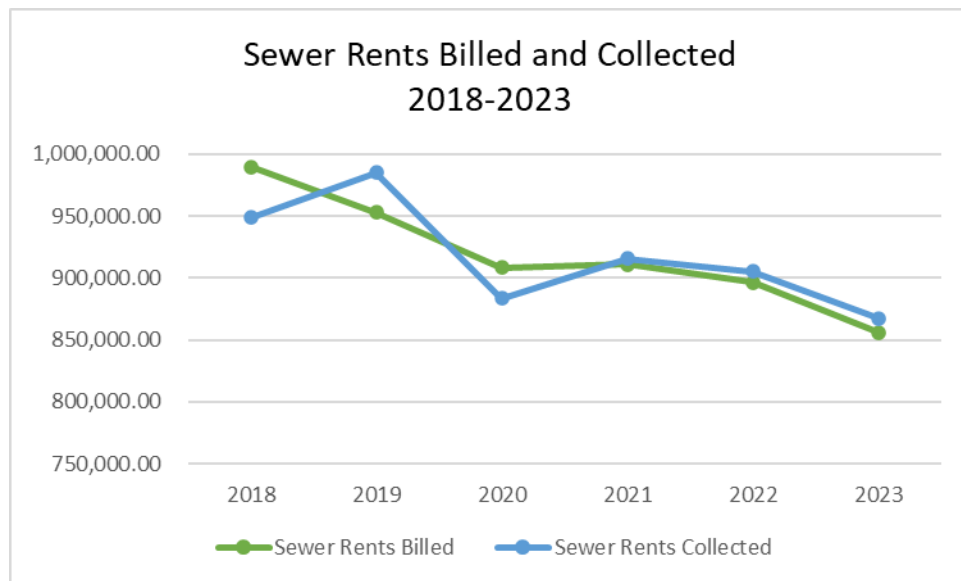
Sewer Utility

There are approximately 588 total sewer customers that are being serviced by the Township. This includes 144 commercial customers and 444 residential customers. This is a substantial difference in customer base as compared to the Water utility that services over 7,000 customers.

Sewer Revenue

Customers are billed on a quarterly basis and charged a rate of \$17.44 per 1,000 gallons of water consumption, plus a flat quarterly fee of \$100. The average sewer bill is approximately \$255 for residential and \$665 for commercial.

Sewer rents billed collected make up the majority of the utility's revenue, but have been decreasing consistently since 2018.



Sewer rents have decreased 15.6% since 2018. Other revenues include sewer connection fees, an allocation from the board of education, and interest on investments.

Sewer Utility Expenses

While sewer utility rents have been decreasing, the cost to operate the utility have increased steadily. The Sussex County Municipal Utilities Authority (SCMUA) provides the Township wastewater treatment and disposal. This the largest expense for the Sewer utility and the cost of these services has increased 26.5% since 2018.

Debt service related to facility maintenance and infrastructure is the other large expense for the sewer utility and has increased 35% since 2018. Together, the SCMUA and Debt Service costs make up 92% of the total budget and are the only material cost drivers.

Fund Balance and Operating Deficit

	2018	2019	2020	2021	2022	2023
Fund Balance	40,691.27	21,645.23	51,326.77	11,326.77	87,301.68	35,619.08
Revenue and Other Income						
Fund Balance	40,000.00	21,000.00	40,000.00	11,000.00	87,000.00	87,000.00
Rents	863,039.75	901,341.40	805,617.13	835,523.73	825,247.73	846,236.32
Current Fund	25,327.00	-		157,549.00	-	118,733.96
Other Revenue	154,579.71	140,486.72	133,776.04	697,489.65	134,201.73	118,153.42
Lapse of Prior Year Budget	29,324.50	24,635.42	43,153.08	58,680.28	25,818.94	29,269.00
Operating Deficit			20,123.75			
	<u>1,112,270.96</u>	<u>1,087,463.54</u>	<u>1,042,670.00</u>	<u>1,760,242.66</u>	<u>1,072,268.40</u>	<u>1,199,392.70</u>
Expenditures	(1,091,317.00)	(1,036,782.00)	(1,042,670.00)	(1,673,267.75)	(1,036,951.00)	(1,070,705.80)
Fund Balance Anticipated	(40,000.00)	(21,000.00)	(40,000.00)	(11,000.00)	(87,000.00)	(87,000.00)
Ending Balance	<u>21,645.23</u>	<u>51,326.77</u>	<u>11,326.77</u>	<u>87,301.68</u>	<u>35,619.08</u>	<u>77,305.98</u>

Due to increasing expenses and decreasing revenue, the Sewer Utility has been operating at or near a deficit. The utility required a supplement from the Township's current fund in the amounts of \$157,549 in 2021, \$118,734 in 2023, and \$243,056 in 2024. When the Current Fund is used to fund a utility, it means the taxpayers of the municipality are supplementing costs that should be paid for by the customers.

Covid Recovery ARPA funds were received in 2022, which helped to keep fund balance from depleting completely. However, the current revenue stream is unable to support the expenses of the utility.

The Township is currently working on a detailed capital improvement plan. This is necessary to maintain a reliable, safe, and efficient sewer system. Nevertheless, the costs associated with this plan will only put more pressure on the budget.

Projections

Projecting the entire Sewer Utility budget highlights the growing operational deficit and increasing necessity of supplemental funding from the Current Fund.

	Projected			
	2024	2025	2026	2027
Beginning Fund Balance	77,306	54,121	0	(0)
Revenue and Other Income				
Fund Balance	76,000	54,000		
Rents	835,669	835,669	835,669	835,669
Other Revenue	128,710	128,710	128,710	128,710
Lapse of Prior Year Budget	37,923	37,923	37,923	37,923
Current Fund/Deficit Funding	243,056	250,176	343,495	383,869
	1,321,358	1,306,478	1,345,797	1,386,171
Expenditures	(1,268,543)	(1,306,599)	(1,345,797)	(1,386,171)
Fund Balance Anticipated	(76,000)	(54,000)	-	-
Ending Fund Balance	54,121	0	(0)	(0)
Surplus (Deficit) in Operations	(23,185)	(54,121)	(0)	0

Without a rate increase, or an expansion of the customer base, this analysis projects an operational deficit of close to \$400,000 by the year 2027. This is without including the project costs and debt service that would be added with the implementation of a capital infrastructure improvement program. Please refer to Schedule C for a full analysis and projection.

Sewer Utility Comments and Recommendations

1. The lack of Sewer Utility customers, especially when compared to the Township's Water Utility, presents the Township with a major obstacle. The cost to operate the sewer system is becoming more difficult to support with a limited user base. Capital infrastructure needs will only exasperate this issue.
 - a. The Township should strongly consider any means available to grow the customer base. The Township has identified approximately 125 possible residential connections, and 30 possible commercial connections. These connections result in additional \$200,000 in revenue, which would reduce the severity of future rate increases.
 - b. The Township may want to consider the long-term viability of this utility as compared to possible benefits of a public utility sale.
2. To avoid an operational deficit, it is recommended that the Township adopt a fee ordinance to update the Water and Sewer rates as follows:
 - a. Increase the quarterly sewer fee from \$100 to \$150 per quarter for residential and commercial customers
 - b. Implement a general rate increase on the following schedule (Current rate is \$17.44 per 1,000 gallons):
 - i. 2025 – 25% (21.80 per 1,000 gallons)
 - ii. 2026 – 10% (23.98 per 1,000 gallons)
 - iii. 2027 – 5% (25.18 per 1,000 gallons)
 - c. If the Township plans to continue to supplement the Sewer Utility with an allocation of Current Fund dollars, the recommended rate increases can be reduced and/or phased in over a longer period.
3. Implementing the recommended quarterly fee and rate increases, we can estimate the follow collections based on historical usage:
 - a. 2022: \$825,247 (Actual)
 - b. 2023: \$846,236 (Actual)
 - c. 2024: \$835,669 (Projected)
 - d. 2025: \$1,162,187 (Projected)
 - e. 2026: \$1,266,645 (Projected)
 - f. 2027: \$1,324,097 (Projected)

*Full historical and projected financials are included on Schedule D

These rate increases are designed to keep the Sewer Utility out of an operational deficit and to remove the necessity of additional funding from the Municipal Current Fund.

4. The estimated impact on the average quarterly bill, assuming the addition of a capital surcharge and application of the suggested rate increases, is presented below:

Customer Type	2024 Average Quarterly Bill	2025 Projected	2026 Projected	2027 Projected
Residential	\$256	\$370	\$407	\$428
Commercial	\$664	\$881	\$969	\$1,017

5. The timeline of any anticipated capital improvement program, and the structure of financing associated with the program, will likely be the primary driver of the utility budget in the coming years.

Schedule A
Water Operating Results and Projections (With No Rate Action)

	Audited Financials					Unaudited	Projected			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	346,299	181,416	1,480,808	2,125,535	2,014,597	2,010,323	2,252,079	2,252,079	1,886,374	1,285,497
Revenue and Other Income										
Fund Balance	300,000	150,000	500,000	500,000	500,000	500,000	500,000	500,000	750,000	750,000
Rents	2,930,636	2,994,226	3,102,626	3,040,475	3,191,196	3,211,286	3,201,241	3,201,241	3,201,241	3,201,241
Other Revenue	652,977	1,682,975	1,328,252	706,701	756,002	1,008,245	823,650	823,650	823,650	823,650
Lapse of Prior Year Budget	98,289	150,093	103,595	95,655	19,816	14,010	43,161	43,161	43,161	43,161
	3,981,902	4,977,294	5,034,473	4,342,832	4,467,014	4,733,541	4,568,051	4,568,051	4,818,051	4,818,051
Expenditures	(3,846,785)	(3,527,903)	(3,889,746)	(3,953,770)	(3,971,288)	(3,991,785)	(4,066,672)	(4,433,755)	(4,668,928)	(4,889,149)
Fund Balance Anticipated	(300,000)	(150,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(750,000)	(750,000)
Ending Fund Balance	181,416	1,480,808	2,125,535	2,014,597	2,010,323	2,252,079	2,253,457	1,886,374	1,285,497	464,398
Surplus (Deficit) in Operations	(164,883)	1,299,391	644,727	(110,938)	(4,274)	241,756	1,379	(365,705)	(600,877)	(821,099)
2023 projections based on unaudited financials provided by Sparta Township										
2024-2027 projections based on contractual increases, general operating expense increase of 2%, and additional debt service estimates based on capital project plan (2024-2029)										

Schedule B
Water Utility Operating Results and Projections (With Proposed Rate Increases)

	Audited Financials					Unaudited	Projected (With Recommended Rate Action)			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	346,299	181,416	1,480,808	2,125,535	2,014,597	2,010,323	2,252,079	2,253,457	2,583,976	2,763,354
Revenue and Other Income										
Fund Balance	300,000	150,000	500,000	500,000	500,000	500,000	500,000	500,000	750,000	750,000
Rents	2,930,636	2,994,226	3,102,626	3,040,475	3,191,196	3,211,286	3,201,241	3,897,463	3,981,495	4,067,629
Other Revenue	652,977	1,682,975	1,328,252	706,701	756,002	1,008,245	823,650	823,650	823,650	823,650
Lapse of Prior Year Budget	98,289	150,093	103,595	95,655	19,816	14,010	43,161	43,161	43,161	43,161
	3,981,902	4,977,294	5,034,473	4,342,832	4,467,014	4,733,541	4,568,051	5,264,274	5,598,306	5,684,440
Expenditures	(3,846,785)	(3,527,903)	(3,889,746)	(3,953,770)	(3,971,288)	(3,991,785)	(4,066,672)	(4,433,755)	(4,668,928)	(4,889,149)
Fund Balance Anticipated	(300,000)	(150,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(750,000)	(750,000)
Ending Fund Balance	181,416	1,480,808	2,125,535	2,014,597	2,010,323	2,252,079	2,253,457	2,583,976	2,763,354	2,808,644
Surplus (Deficit) in Operations	(164,883)	1,299,391	644,727	(110,938)	(4,274)	241,756	1,379	330,518	179,378	45,290

Schedule C
Sewer Utility Operating Results and Projections (With No Rate Action)

	Audited Financials					Unaudited	Projected			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	40,691	21,645	51,327	11,327	87,302	35,619	77,306	54,121	0	(0)
Revenue and Other Income										
Fund Balance	40,000	21,000	40,000	11,000	87,000	87,000	76,000	54,000		
Rents	863,040	901,341	805,617	835,524	825,248	846,236	835,669	835,669	835,669	835,669
Other Revenue	154,580	140,487	133,776	697,490	134,202	118,153	128,710	128,710	128,710	128,710
Lapse of Prior Year Budget	29,325	24,635	43,153	58,680	25,819	29,269	37,923	37,923	37,923	37,923
Current Fund/Deficit Funding	25,327	-	20,124	157,549	-	118,734	243,056	250,176	343,495	383,869
	1,112,271	1,087,464	1,042,670	1,760,243	1,072,268	1,199,393	1,321,358	1,306,478	1,345,797	1,386,171
Expenditures	(1,091,317)	(1,036,782)	(1,042,670)	(1,673,268)	(1,036,951)	(1,070,706)	(1,268,543)	(1,306,599)	(1,345,797)	(1,386,171)
Fund Balance Anticipated	(40,000)	(21,000)	(40,000)	(11,000)	(87,000)	(87,000)	(76,000)	(54,000)	-	-
Ending Fund Balance	21,645	51,327	11,327	87,302	35,619	77,306	54,121	0	(0)	(0)
Surplus (Deficit) in Operations	(19,046)	29,682	(40,000)	75,975	(51,683)	41,687	(23,185)	(54,121)	(0)	0

Schedule D
Sewer Utility Operating Results and Projections (With Proposed Rate Increase)

	Audited Financials					Unaudited	Projected (With Recommended Rate Action)			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Fund Balance	40,691	21,645	51,327	11,327	87,302	35,619	77,306	54,121	23,062	57,263
Revenue and Other Income										
Fund Balance	40,000	21,000	40,000	11,000	87,000	87,000	76,000	64,000	20,000	20,000
Rents	863,040	901,341	805,617	835,524	825,248	846,236	835,669	1,162,187	1,266,645	1,324,097
Other Revenue	154,580	140,487	133,776	697,490	134,202	118,153	128,710	128,710	128,710	128,710
Lapse of Prior Year Budget	29,325	24,635	43,153	58,680	25,819	29,269	37,923	37,923	37,923	37,923
Current Fund/Deficit Funding	25,327	-	20,124	157,549	-	118,734	243,056			
	1,112,271	1,087,464	1,042,670	1,760,243	1,072,268	1,199,393	1,321,358	1,339,540	1,399,998	1,457,451
Expenditures	(1,091,317)	(1,036,782)	(1,042,670)	(1,673,268)	(1,036,951)	(1,070,706)	(1,268,543)	(1,306,599)	(1,345,797)	(1,386,171)
Fund Balance Anticipated	(40,000)	(21,000)	(40,000)	(11,000)	(87,000)	(87,000)	(76,000)	(64,000)	(20,000)	(20,000)
Ending Fund Balance	21,645	51,327	11,327	87,302	35,619	77,306	54,121	23,062	57,263	108,543
Surplus (Deficit) in Operations	(19,046)	29,682	(40,000)	75,975	(51,683)	41,687	(23,185)	(31,059)	34,201	51,280