

MADISON WATER UTILITY

11/12/2019

 Financial Forecast - Sources and Uses of Funds Summary - MODEL #1 (One-time Rate Increase & Debt Refunding's)

Actual 2017 - Forecasted 2025

(As of Q3 2019 Projections)

Sources of Funds	Actual	Actual	Projected	Budgeted	Forecasted				
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating income (exclude current year rate increase)	\$ 9,543,413	\$ 9,621,636	\$ 18,305,005	\$ 18,872,987	\$ 17,929,098	\$ 16,965,632	\$ 15,981,989	\$ 14,977,549	\$ 13,951,676
Operating income from rate increase (current year)			1,740,900		3,551,500	3,551,500	3,551,500	3,551,500	3,551,500
Add: Depreciation/Depreciation charged	6,944,967	7,548,684	7,737,401	7,930,836	8,129,107	8,332,335	8,540,643	8,754,159	8,973,013
Changes in receivables and payables *	1,444,543	1,061,001	-	-	-	-	-	-	-
Total From Operations	17,932,923	18,231,321	26,042,406	28,544,723	29,609,705	28,849,467	28,074,132	27,283,208	26,476,189
From Other Sources:									
Proceeds from debt issue	-	40,155,000	20,000,000	-	33,725,000	-	36,331,000	-	-
Interest income	511,259	413,102	1,016,885	510,220	525,527	541,292	557,531	574,257	591,485
Special assessments	868,493	666,197	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other cash in-flows **	335,876	2,034,930	133,148	-	-	-	-	-	-
Cash implicitly financed	6,159,367	-	-	-	-	-	-	-	-
Total From Other Sources	7,874,995	43,269,229	21,650,032	1,010,220	34,750,527	1,041,292	37,388,531	1,074,257	1,091,485
Total Sources of Funds	\$ 25,807,918	\$ 61,500,550	\$ 47,692,439	\$ 29,554,943	\$ 64,360,231	\$ 29,890,759	\$ 65,462,663	\$ 28,357,465	\$ 27,567,674
Uses of Funds									
Acquisition and construction of utility plant	\$ 23,155,792	\$ 18,230,809	\$ 10,249,000	\$ 9,925,000	\$ 13,187,000	\$ 16,793,000	\$ 22,854,000	\$ 20,550,000	\$ 21,641,000
Repayment of cash implicitly financed	-	6,159,367	-	-	16,481,767	18,066,559	18,794,259	18,549,009	18,334,415
For Debt Service - existing revenue bonds	16,249,644	13,255,178	17,195,292	19,094,553	152,090	159,850	167,423	175,552	-
For Debt Service - existing advance from city	909,597	907,937	967,766	144,600	352,000	1,278,600	1,897,400	3,123,450	4,011,300
For Debt Service - proposed revenue bonds *****	-	-	-	176,000	-	-	-	-	-
Other cash out-flows	1,220,274	3,029,300	-	-	7,687,500	7,879,688	8,076,680	8,278,597	8,485,562
Tax Equivalent ***	6,765,049	6,771,980	7,200,000	7,500,000	-	-	-	-	-
Total Uses of Funds	\$ 48,300,356	\$ 48,354,571	\$ 35,612,058	\$ 36,840,153	\$ 37,860,357	\$ 44,177,697	\$ 51,789,762	\$ 50,676,608	\$ 52,472,277
Net Cash Flows	\$ (22,492,438)	\$ 13,145,979	\$ 12,080,381	\$ (7,285,210)	\$ 26,499,874	\$ (14,286,937)	\$ 13,672,901	\$ (22,319,143)	\$ (24,904,603)
Beginning Cash*	\$ 36,193,930	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 57,528,480	\$ 35,209,337
Ending Cash	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 57,528,480	\$ 35,209,337	\$ 10,304,735
Bond Redemption (Restricted)	\$ 9,781,679	\$ 12,772,842	\$ 15,461,345	\$ 13,253,127	\$ 15,078,640	\$ 16,072,919	\$ 16,101,340	\$ 16,002,669	\$ 16,216,746
Construction Proceeds (Restricted)	-	8,024,067	20,000,000	13,000,000	33,725,000	20,041,000	36,331,000	18,669,000	-
Depreciation Fund (Restricted)	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Internally Designated (Restricted)	3,148,893	2,263,850	-	-	-	-	-	-	-
Total Restricted Cash	13,680,572	23,810,759	36,211,345	27,003,127	49,553,640	36,863,919	53,182,340	35,421,669	16,966,746
Unrestricted Cash	20,920	3,036,712	2,716,507	4,639,514	8,588,876	6,991,660	4,346,140	(212,331)	(6,662,011)
Total Cash	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 57,528,480	\$ 35,209,337	\$ 10,304,735
Bond Reserve Funds (Investments)	\$ 13,151,324	\$ 16,180,624	\$ 17,707,576	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057
Minimum Targeted Unrestricted Cash ****	\$ 4,607,890	\$ 4,343,579	\$ 3,942,705	\$ 4,218,886	\$ 4,345,453	\$ 4,475,816	\$ 4,610,091	\$ 4,748,394	\$ 4,890,845
Excess (Deficiency) for Targeted Cash	\$ (4,586,970)	\$ (1,306,867)	\$ (1,226,198)	\$ 420,628	\$ 4,243,423	\$ 2,515,844	\$ (263,951)	\$ (4,960,725)	\$ (11,552,856)
Months of Unrestricted Cash - Forecasted	0.01	2.10	1.89	3.30	5.93	4.69	2.83	(0.13)	(4.09)
Debt Coverage	1.04	1.00	1.35	1.73	1.64	1.51	1.45	1.38	1.27
Rate of Return	2.51%	2.44%	6.39%	7.29%	7.50%	6.82%	6.08%	5.41%	4.76%

* Reconciles this summary to the 2017 and 2018 audited financial statements. Cash does not include Bond Reserve Funds which are considered "Investments" for financial statement purposes.

** Line includes Build America Bond rebates associated with the 2010 Revenue Bonds

*** This is no longer an operating expense under GASB 34.

**** This has been defined as three months operating expenses

***** Proposed revenue debt service is based upon interim financing with BANS and a 20-year repayment period under the Wisconsin Safe Drinking Water Loan Program

MADISON WATER UTILITY

11/12/2019

 Financial Forecast - Sources and Uses of Funds Summary - [MODEL #2 \(Multi-Year Rate Increases & Debt Refundings\)](#)

Actual 2017 - Forecasted 2025

(As of Q3 2019 Projections)

Sources of Funds	Actual	Actual	Projected	Budgeted	Forecasted				
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating income (exclude current year rate increase)	\$ 9,543,413	\$ 9,621,636	\$ 18,305,005	\$ 18,872,987	\$ 17,929,098	\$ 16,965,632	\$ 15,981,989	\$ 14,977,549	\$ 13,951,676
Operating income from rate increase (current year)			1,740,900		3,551,500	3,551,500	7,282,700	7,282,700	11,278,000
Add: Depreciation/Depreciation charged	6,944,967	7,548,684	7,737,401	7,930,836	8,129,107	8,332,335	8,540,643	8,754,159	8,973,013
Changes in receivables and payables *	1,444,543	1,061,001	-	-	-	-	-	-	-
Total From Operations	17,932,923	18,231,321	26,042,406	28,544,723	29,609,705	28,849,467	31,805,332	31,014,408	34,202,689
From Other Sources:									
Proceeds from debt issue	-	40,155,000	20,000,000	-	33,725,000	-	36,331,000	-	-
Interest income	511,259	413,102	1,016,885	510,220	525,527	541,292	557,531	574,257	591,485
Special assessments	868,493	666,197	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other cash in-flows **	335,876	2,034,930	133,148	-	-	-	-	-	-
Cash implicitly financed	6,159,367	-	-	-	-	-	-	-	-
Total From Other Sources	7,874,995	43,269,229	21,650,032	1,010,220	34,750,527	1,041,292	37,388,531	1,074,257	1,091,485
Total Sources of Funds	\$ 25,807,918	\$ 61,500,550	\$ 47,692,439	\$ 29,554,943	\$ 64,360,231	\$ 29,890,759	\$ 69,193,863	\$ 32,088,665	\$ 35,294,174
Uses of Funds									
Acquisition and construction of utility plant	\$ 23,155,792	\$ 18,230,809	\$ 10,249,000	\$ 9,925,000	\$ 13,187,000	\$ 16,793,000	\$ 22,854,000	\$ 20,550,000	\$ 21,641,000
Repayment of cash implicitly financed	-	6,159,367	-	-	16,481,767	18,066,559	18,794,259	18,549,009	18,334,415
For Debt Service - existing revenue bonds	16,249,644	13,255,178	17,195,292	19,094,553	152,090	159,850	167,423	175,552	-
For Debt Service - existing advance from city	909,597	907,937	967,766	144,600	352,000	1,278,600	1,897,400	3,123,450	4,011,300
For Debt Service - proposed revenue bonds *****	-	-	-	176,000	-	-	-	-	-
Other cash out-flows	1,220,274	3,029,300	-	-	7,687,500	7,879,688	8,076,680	8,278,597	8,485,562
Tax Equivalent ***	6,765,049	6,771,980	7,200,000	7,500,000	-	-	-	-	-
Total Uses of Funds	\$ 48,300,356	\$ 48,354,571	\$ 35,612,058	\$ 36,840,153	\$ 37,860,357	\$ 44,177,697	\$ 51,789,762	\$ 50,676,608	\$ 52,472,277
Net Cash Flows	\$ (22,492,438)	\$ 13,145,979	\$ 12,080,381	\$ (7,285,210)	\$ 26,499,874	\$ (14,286,937)	\$ 17,404,101	\$ (18,587,943)	\$ (17,178,103)
Beginning Cash*	\$ 36,193,930	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 61,259,680	\$ 42,671,737
Ending Cash	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 61,259,680	\$ 42,671,737	\$ 25,493,635
Bond Redemption (Restricted)	\$ 9,781,679	\$ 12,772,842	\$ 15,461,345	\$ 13,253,127	\$ 15,078,640	\$ 16,072,919	\$ 16,101,340	\$ 16,002,669	\$ 16,216,746
Construction Proceeds (Restricted)	-	8,024,067	20,000,000	13,000,000	33,725,000	20,041,000	36,331,000	18,669,000	-
Depreciation Fund (Restricted)	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Internally Designated (Restricted)	3,148,893	2,263,850	-	-	-	-	-	-	-
Total Restricted Cash	13,680,572	23,810,759	36,211,345	27,003,127	49,553,640	36,863,919	53,182,340	35,421,669	16,966,746
Unrestricted Cash	20,920	3,036,712	2,716,507	4,639,514	8,588,876	6,991,660	8,077,340	7,250,069	8,526,889
Total Cash	\$ 13,701,492	\$ 26,847,471	\$ 38,927,852	\$ 31,642,642	\$ 58,142,516	\$ 43,855,579	\$ 61,259,680	\$ 42,671,737	\$ 25,493,635
Bond Reserve Funds (Investments)	\$ 13,151,324	\$ 16,180,624	\$ 17,707,576	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057	\$ 16,703,057
Minimum Targeted Unrestricted Cash ****	\$ 4,607,890	\$ 4,343,579	\$ 3,942,705	\$ 4,218,886	\$ 4,345,453	\$ 4,475,816	\$ 4,610,091	\$ 4,748,394	\$ 4,890,845
Excess (Deficiency) for Targeted Cash	\$ (4,586,970)	\$ (1,306,867)	\$ (1,226,198)	\$ 420,628	\$ 4,243,423	\$ 2,515,844	\$ 3,467,249	\$ 2,501,675	\$ 3,636,044
Months of Unrestricted Cash - Forecasted	0.01	2.10	1.89	3.30	5.93	4.69	5.26	4.58	5.23
Debt Coverage	1.04	1.00	1.35	1.73	1.64	1.51	1.64	1.57	1.68
Rate of Return	2.51%	2.44%	6.39%	7.29%	7.50%	6.82%	7.71%	6.99%	7.95%

* Reconciles this summary to the 2017 and 2018 audited financial statements. Cash does not include Bond Reserve Funds which are considered "Investments" for financial statement purposes.

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*** This is no longer an operating expense under GASB 34.

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