



**Village of Ontonagon**  
**County of Ontonagon, State of Michigan**  
**Sewer Fund – Rate Study (Final)**

June 20, 2024



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## **Executive Summary**

### **1.1 Community Background**

The Village of Ontonagon is located in Ontonagon County, Michigan. It is 3.86 square miles and has a population of approximately 1,285 (2020 Census).

*Source: Village of Ontonagon.*

### **1.2 Objectives**

The Village received funding from the Clean Water State Revolving Fund (CWSRF) for capital improvements needed to the system. The capital improvements primarily consist of replacement of sanitary sewer main, expansion of sanitary sewer main, manholes, improvements of lift stations, and improvements to remove sewer infiltration.

The Village received an initial loan of \$6,445,000. Of that amount, \$3,222,500 in principal forgiveness and the remaining \$3,222,500 to be borrowed at the overburdened interest rate of 2.0%. Construction bids came back higher than expected, the Village reduced the project scope and received additional CWSRF loan in the amount of \$620,000. The Village's new CWSRF loan amount is \$7,065,000. Of that amount, \$3,222,500 is principal forgiveness and the remaining \$3,842,500 will be borrowed at the overburdened interest rate of 2.0%. We are recommending the Village implements rate increases to fund the CWSRF debt payments.

## Information and Assumptions

A significant effort has been made by the Village to inventory assets, evaluate the infrastructure, and determine asset criticality. The result is the identification of asset investment cost by project and by year. The rate study covers a 6-year forecast period to take this asset evaluation into account. The rate study is a four-step process: 1) historical comparison with audits and budgets, 2) test year, or normalized budget year, along with inflation assumptions for purposes of forecasting, 3) proof of rate to revenue for reliance on customer data, and 4) cash flow forecast including revenue, operating expense, debt, and fund balance (i.e., actual cash and investment balance). The analysis is a “cash basis” approach as described in the AWWA Manual of Rate Making Practices.

### Key Information

- Audited comprehensive annual financial statements for FYE 2021 through FYE 2023.
- Actual Revenue and Expenditure Report for FYE 2022 through FYE 2024.
- Budgeted Revenue and Expenditure Report for FYE 2025.
- Sewer fund cash balance as of March 31, 2024, provided by the Village.

### Key Assumptions

- Rates should not only cover the system costs, but also support future system maintenance, capital improvements, and debt service payments.
- The Village will follow AWWA guidelines.
- The Village is not anticipating significant population growth.
- The budgeted amount for other revenue in FYE 2024/25 will be consistent in future years.
- No new major customers will be connecting to the system.

## **Revenues**

### 2.1 Rates

The Village serves roughly 891 customers that are charged a monthly sewer fee based on meter size and on a consumption basis for the volume of wastewater used. The number of customers billed at the current rates is tied to the revenue reflected in the audit and budget, such that we can rely on these numbers for forecasting.

### 2.2 Revenues

The Village's sewer revenues have been consistent over the last couple of years. The Village derives its revenue from both its ready-to-serve charge and its commodity charge. In addition to the revenues brought in by user rates, the Village is conservatively assuming approximately \$1,000 per year in interest income. Roughly 67% of the Village's user rate revenue is brought in by the ready-to-serve charge, 32% by the consumption charge, and the remaining <1% is brought in by the Village's interest income revenue.

## **Operating & Maintenance Expenses**

### 3.1 Expenses

The Village's operation and maintenance expenses have increased over the last couple of years due to the rise in costs. The adopted budget for fiscal year 2024/25 shows to be around the average. The comparative detail of the operations and maintenance expenses can be found in Appendix A of this report.

### 3.2 Test Year

A test year is a normalized year for operating and maintenance expense and becomes the base year used for forecasting future expenses.

Prior year budget actuals are analyzed for trends, outliers, or one-time expenses. Any items of concern were discussed with Village officials to determine what a particular line-item expense would be in a normal year. Certain adjustments were made to these line-items to reflect a normalized year's expense more accurately to be used in the test year before forecasted out into future years.

### 3.3 Inflation Assumptions

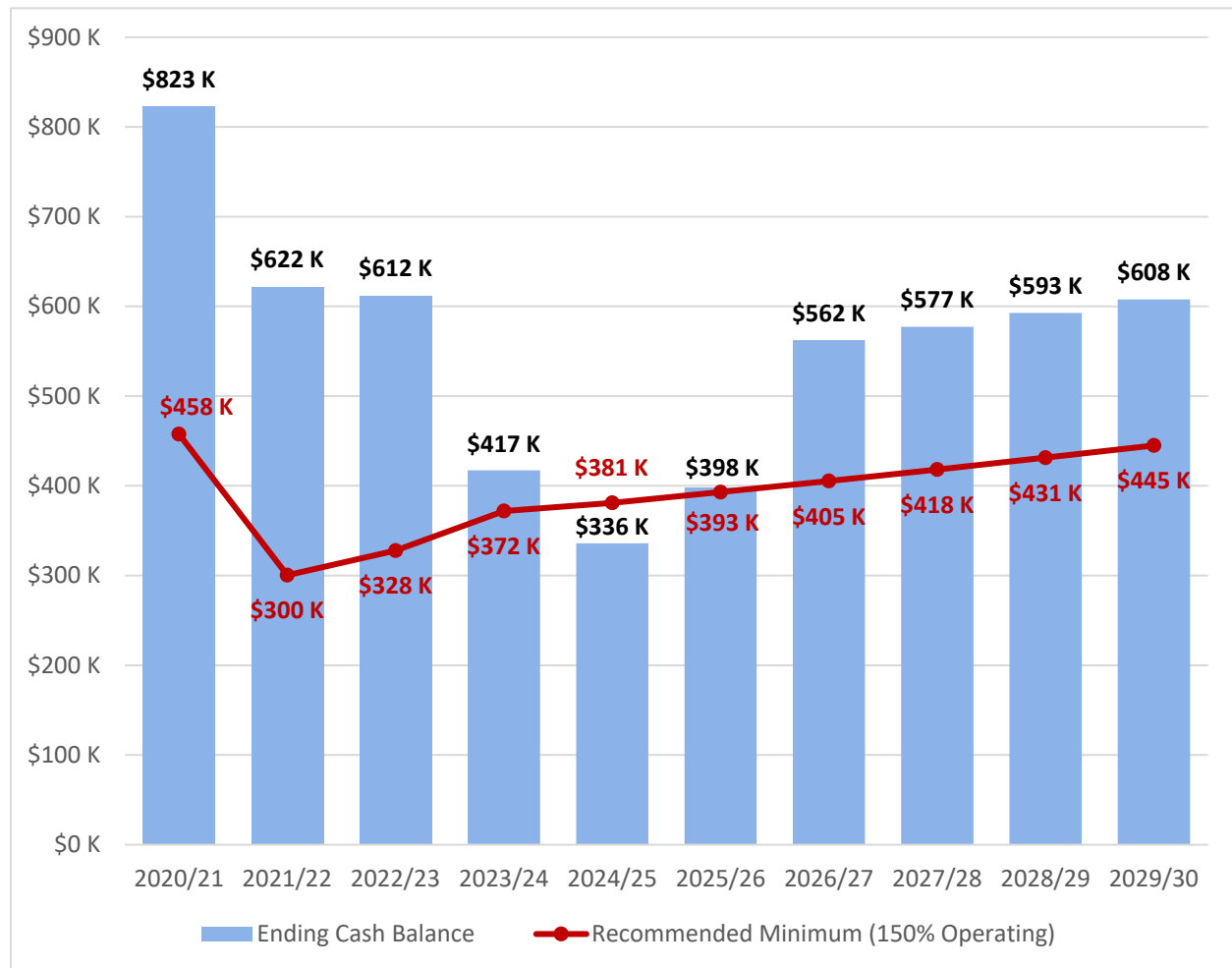
The next step is to increase the test year expenses by an annual inflationary percentage. This is done as it is not reasonable to expect expenses to be the same as they are today over the 6 years forecasted in the report. These annual inflationary increases reflect the increases in costs over time and are used to help estimate what future operating and maintenance expenses will be.

# Cash Balances

## 4.1 Cash Position Summary

The unrestricted cash & investments balance for the Village is currently over 15 months of cash operating expenses (net of depreciation). Which is under our recommended minimum balance of 18 months of cash operating expenses for the Village’s sewer fund. Over the forecast period, the cash balance begins to increase allowing the Village to cash-fund unexpected repairs. The forecast estimates the ending unrestricted cash balance to be over 24 months’ worth of cash operating expenses.

TABLE 4-1: SCHEDULE OF ACTUAL AND ESTIMATED ENDING UNRESTRICTED CASH BALANCE





## Debt Service

### 5.1 Debt Limitation

The Village is subject to the State of Michigan debt limitation of 10% of State Equalized Value (SEV), however, Act 94 of 1933 allows communities to issue bonds secured by the revenues of the system and because the security is system revenues (as opposed to the Village's taxing ability) these bonds do not count towards the debt limit. Since the sewer fund can issue bonds under Act 94 of 1933, the 10% of SEV debt limit is not a concern related to the sewer fund utilizing debt to finance projects.

### 5.2 Current & New Debt Service

The Village currently has one existing bond issue that the sewer fund is contributing to. The final payment for this bond issue is due 9/1/2036 but is callable at any time. The Village's complete debt service schedule is included in Appendix B of this report.

TABLE 5-2 SEWER FUND SCHEDULE OF EXISTING & NEW DEBT SERVICE

Year	1996 USDA Bond Issue	2024 CWSRF Projected	Total
2024/25	\$160,715	-	\$160,715
2025/26	159,508	\$92,647	252,154
2026/27	160,120	76,850	236,970
2027/28	159,530	232,775	392,305
2028/29	160,715	232,100	392,815
2029/30	160,653	233,850	394,503
<b>Total</b>	<b>\$961,240</b>	<b>\$868,222</b>	<b>\$1,829,462</b>

# Cash Flow

## 6.1 Methodology

The revenue needs to support operations, debt, and capital improvements while solving to cash balance. With Village direction, it is our recommendation to implement two one-time increases, followed by annual inflationary increases to assist in rising costs and current system needs.

## 6.2 Proposed/Potential Rates

Table 6-2A demonstrates a one-time increase of \$18.50 to the Village's ready-to-serve charge and a \$2.50 increase to the consumption charge beginning April 1, 2025. A second one-time increase of \$6.00 to the Village's ready-to-serve charge and a \$2.00 increase to the consumption charge beginning April 1, 2026, with inflationary increases of 5.0% to the consumption charge rates thereafter.

TABLE 6-2A: PROPOSED RATES ADJUSTMENTS

Adjustment	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Ready-to-Serve Charge (monthly) *	\$21.00	\$39.50	\$45.50	\$45.50	\$45.50	\$45.50
Consumption Charge (per 1,000 gallons)	6.00	8.50	10.50	11.03	11.58	12.16

\*3/4" meter size ready-to-serve rate.

The Village bills customers monthly. The table below shows the estimates of a typical homeowner's monthly bill based on 4,500 gallons of usage.

TABLE 6-2B: TYPICAL HOMEOWNER'S MONTHLY BILL

Homeowner Type	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Metered [1]	\$48.00	\$77.75	\$92.75	\$95.11	\$97.59	\$100.20

[1] Assumes 4,500 gallons usage per month.



### 6.3 Rate Impact Summary

The proposed rate track for the current rate structure results in an increase of \$29.75 in fiscal year 2025/26 and an increase of \$15.00 in fiscal year 2026/27, followed by additional increases on average of \$2.48 to a typical homeowner's monthly bill per year. Assumes 4,500 gallons of usage per month.

TABLE 6-3: TYPICAL HOMEOWNER'S MONTHLY BILL





VILLAGE OF ONTONAGON

Appendix A Comparative Detail  
of Operating Expenses

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**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**

		Fiscal Year Ended				Test Year	Multiplier
		3/31/2022	3/31/2023	3/31/2024	3/31/2025		
		(-----Per Client-----)					
Fund 590 - Sewer Fund							
Dept. 191 - Administration							
702.000	Salary/Wages	\$28,168	\$33,086	\$39,240	\$40,000	\$40,000	3.0%
711.000	Workers Comp	232	96	203	205	205	3.0%
712.000	Unemployment	52	7	6	7	7	3.0%
715.000	F.I.C.A./Med	3,674	2,713	3,498	3,500	3,500	3.0%
716.000	Hospitalization	16,847	14,162	24,044	25,000	25,000	3.0%
717.000	Employee Life & Disability Insurance	59	56	73	75	75	3.0%
718.000	Employer Retirement Contribution	10,547	(735)	9,145	9,200	9,200	3.0%
718.300	MERS 401A Employer Match	771	1,115	1,193	1,250	1,250	3.0%
720.000	Holiday Pay	753	669	1,377	1,500	1,500	3.0%
722.000	Vacation/PTO Pay	53	1,630	3,678	4,000	4,000	3.0%
723.000	Personal Days	2,985	316	-	-	-	0.0%
723.100	Funeral Leave	-	126	-	-	-	0.0%
724.000	Birthday Pay	41	42	69	75	75	3.0%
727.000	Office Supplies	277	-	-	-	-	0.0%
730.000	Postage	2,905	3,108	4,531	5,000	5,000	3.0%
741.000	Supplies & Materials	301	1,382	1,889	600	600	3.0%
757.000	Credit Card Service Fees	588	622	590	600	600	3.0%
801.000	Professional Services	295	-	778	850	850	0.0%
801.100	Professional Services - Audit	1,320	1,400	2,280	2,400	2,400	3.0%
801.200	Professional Services - Legal	-	117	11	15	15	3.0%
801.701	Professional Services - Ordinances	-	532	-	-	-	0.0%
807.000	Contracted Service - Computer Support	-	-	991	1,000	1,000	3.0%
808.000	Data Processing	-	-	338	375	375	3.0%
850.000	Telephone & Communications	-	78	353	100	100	3.0%
860.000	Transportation & Travel	120	168	120	120	120	3.0%
865.000	Training/Meetings	-	130	184	100	100	3.0%
905.000	Printing & Publishing	-	-	264	250	250	3.0%
911.000	Insurance/Bonds	8,641	314	330	350	350	3.0%
956.000	Miscellaneous	237	-	-	-	-	0.0%
980.000	Office Equipment	1,537	783	1,221	1,500	1,500	3.0%
990.300	Misc. Exp.	-	120	100	-	-	3.0%
Total Dept. 191 - Administration		\$80,401	62,037	96,505	98,072	98,072	
Dept. 490 - Administration							
741.000	Supplies & Materials	611	-	-	-	-	0.0%
Dept. 551 - Construction							
801.600	Professional Services - Engineering	852	-	-	-	-	0.0%
Dept. 554 - Sewer Plant Operations							
702.000	Salary/Wages	7,098	7,513	7,090	7,200	7,200	3.0%
711.000	Workers Comp	1,118	155	225	250	250	3.0%
712.000	Unemployment	1	1	1	1	1	3.0%
715.000	F.I.C.A./Med	620	672	544	550	550	3.0%
716.000	Hospitalization	5,545	4,658	5,018	5,000	5,000	3.0%
717.000	Employee Life & Disability Insurance	13	9	10	10	10	3.0%
718.000	Employer Retirement Contribution - MERS	3,466	(489)	2,801	3,000	3,000	3.0%
718.301	MERS HCSP Employer Match	-	182	71	75	75	0.0%
865.000	Training/Meetings	-	1,276	42	50	50	3.0%
911.000	Insurance/Bonds	953	8,893	8,511	8,500	8,500	3.0%
930.000	Repairs & Maintenance	852	-	-	-	-	0.0%
955.000	Samples & Testing	1,640	2,590	3,320	3,320	3,320	3.0%
Total Dept. 554 - Sewer Plant Operations		21,305	25,462	27,634	27,956	27,956	

**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**

		Fiscal Year Ended				Test Year	Multiplier
		3/31/2022	3/31/2023	3/31/2024	3/31/2025		
		(-----Per Client-----)					
Operating Expenses (Continued)							
Dept. 555 - Operations of Sewer System							
702.000	Salary/Wages	13,252	19,964	20,919	22,150	22,150	3.0%
711.000	Workers Comp	645	459	738	750	750	3.0%
712.000	Unemployment	1	2	4	5	5	3.0%
715.000	F.I.C.A./Med	1,411	1,922	2,071	2,200	2,200	3.0%
716.000	Hospitalization	9,726	18,377	18,274	20,000	20,000	3.0%
717.000	Employee Life & Disability Insurance	29	35	43	45	45	3.0%
718.000	Employer Retirement Contribution	7,908	(1,293)	9,141	10,000	10,000	3.0%
718.300	MERS 401A Employer Match	-	162	518	600	600	3.0%
718.301	MERS HCSP Employer Match	-	484	261	275	275	0.0%
720.000	Holiday Pay	981	1,041	1,237	1,400	1,400	3.0%
721.000	Sick Pay	861	381	394	400	400	3.0%
722.000	Vacation/PTO Pay	2,459	2,730	3,635	3,800	3,800	3.0%
723.000	Personal Days	153	117	166	135	135	3.0%
723.100	Funeral Leave	34	81	69	75	75	3.0%
724.000	Birthday Pay	122	85	149	165	165	3.0%
725.000	Clothing Allowance	191	372	311	400	400	3.0%
725.200	Longevity	606	589	529	600	600	3.0%
741.000	Supplies & Materials	4,390	5,225	7,141	7,500	7,500	3.0%
755.000	Gas & Fuel	669	55	645	750	750	3.0%
760.000	Equipment Rentals	2,582	12,276	6,619	7,000	7,000	3.0%
803.000	Contracted Services	-	-	563	650	650	3.0%
806.000	Contracted Services Building & Grounds	1,975	22,625	2,325	2,500	2,500	3.0%
830.000	Telephone & Communications	-	81	111	125	125	0.0%
850.000	Telephone & Communications	1,396	1,971	2,007	2,100	2,100	3.0%
865.000	Training/Meetings	1,407	137	112	125	125	3.0%
921.000	Electric Bills	42,368	39,362	43,995	42,500	42,500	4.0%
928.000	Natural Gas Bills	846	1,124	857	750	750	4.0%
930.000	Repairs & Maintenance	3,107	2,186	975	1,000	1,000	3.0%
969.000	Depreciation Expense	-	-	-	- [1]	-	0.0%
981.203	US-45 Manhole Replacement	-	500	-	-	-	3.0%
Total Dept. 555 - Operations of Sewer System		97,119	131,048	123,807	128,000	128,000	
Dept. 557 - Water Distribution System							
930.101	Project Plan	-	-	-	- [2]	-	0.0%
Dept. 906 - Debt Service							
991.000	Debt Service - Interest	-	-	-	- [3]	-	0.0%
Total Sewer Operating Expenses		\$200,288	\$218,547	\$247,946	\$254,028	\$254,028	

[1] Depreciation Expense is removed from this report as this report is completed on the cash basis.

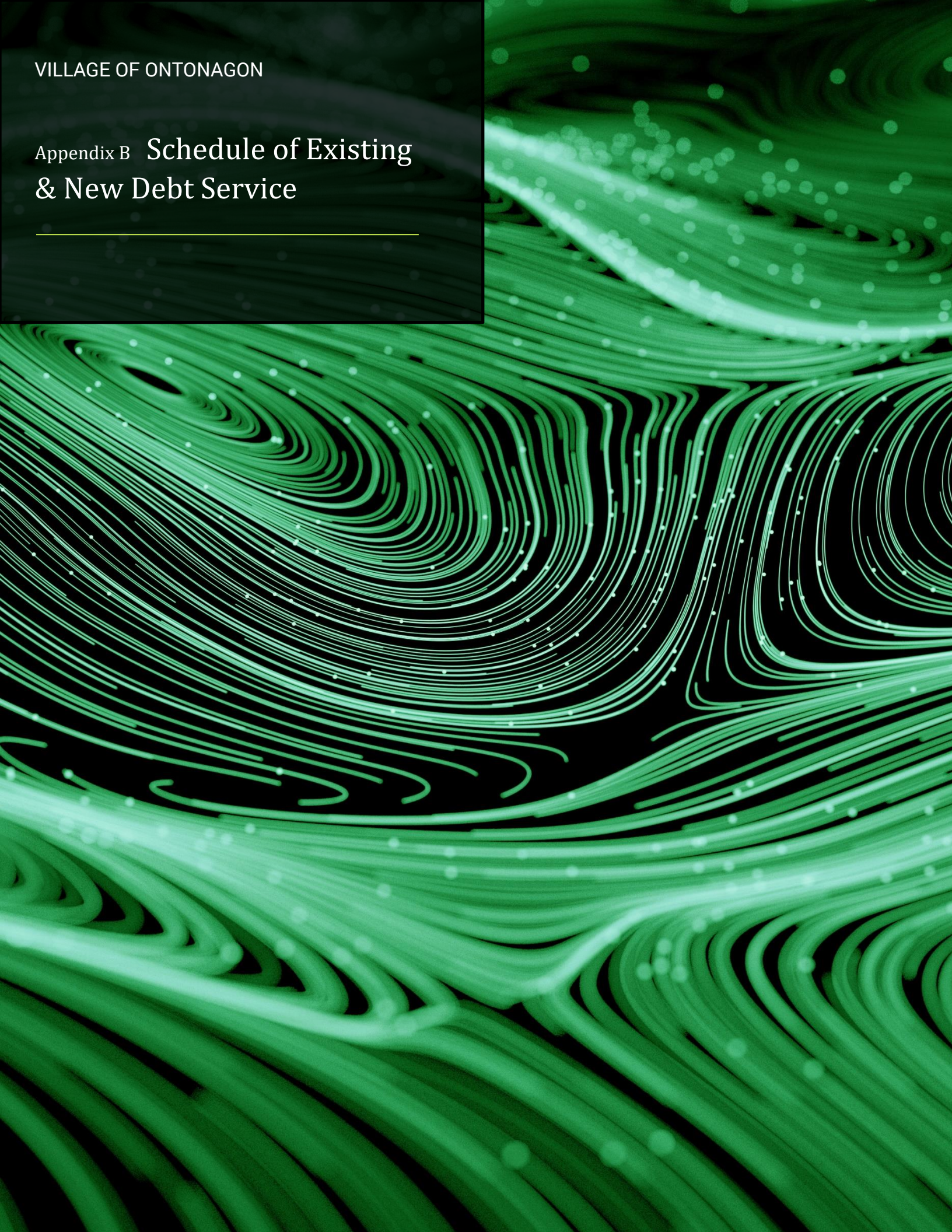
[2] Water Distribution System is removed from this report.

[3] Bond Interest is removed from this section of the report. This item is addressed later in the report.



Appendix B Schedule of Existing  
& New Debt Service

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**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND**

**SCHEDULE OF AMORTIZATION OF \$1,573,000 PRINCIPAL AMOUNT OUTSTANDING**  
**OF 1996 USDA REVENUE BONDS**

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal	Interest	Total	
			(-----In Dollars-----)			
09/01/24	\$1,573,000	4.50	\$92,000	\$35,392.50	\$127,392.50	
03/01/25	1,481,000			33,322.50	33,322.50	\$160,715.00
09/01/25	1,481,000	4.50	95,000	33,322.50	128,322.50	
03/01/26	1,386,000			31,185.00	31,185.00	159,507.50
09/01/26	1,386,000	4.50	100,000	31,185.00	131,185.00	
03/01/27	1,286,000			28,935.00	28,935.00	160,120.00
09/01/27	1,286,000	4.50	104,000	28,935.00	132,935.00	
03/01/28	1,182,000			26,595.00	26,595.00	159,530.00
09/01/28	1,182,000	4.50	110,000	26,595.00	136,595.00	
03/01/29	1,072,000			24,120.00	24,120.00	160,715.00
09/01/29	1,072,000	4.50	115,000	24,120.00	139,120.00	
03/01/30	957,000			21,532.50	21,532.50	160,652.50
09/01/30	957,000	4.50	120,000	21,532.50	141,532.50	
03/01/31	837,000			18,832.50	18,832.50	160,365.00
09/01/31	837,000	4.50	125,000	18,832.50	143,832.50	
03/01/32	712,000			16,020.00	16,020.00	159,852.50
09/01/32	712,000	4.50	130,000	16,020.00	146,020.00	
03/01/33	582,000			13,095.00	13,095.00	159,115.00
09/01/33	582,000	4.50	136,000	13,095.00	149,095.00	
03/01/34	446,000			10,035.00	10,035.00	159,130.00
09/01/34	446,000	4.50	142,000	10,035.00	152,035.00	
03/01/35	304,000			6,840.00	6,840.00	158,875.00
09/01/35	304,000	4.50	149,000	6,840.00	155,840.00	
03/01/36	155,000			3,487.50	3,487.50	159,327.50
09/01/36	155,000	4.50	155,000	3,487.50	158,487.50	158,487.50
	Totals		<u>\$1,573,000</u>	<u>\$503,392.50</u>	<u>\$2,076,392.50</u>	<u>\$2,076,392.50</u>

Note: Callable anytime.

**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND**

**SCHEDULE OF AMORTIZATION OF \$3,842,500 PRINCIPAL AMOUNT OUTSTANDING**  
**OF 2024 CWSRF REVENUE LTGO BONDS**

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal	Interest	Total	
			(-----In Dollars-----)			
04/01/25	\$3,842,500	2.00		\$54,221.94	\$54,221.94	
10/01/25	3,842,500			38,425.00	38,425.00	\$92,646.94
04/01/26	3,842,500	2.00		38,425.00	38,425.00	
10/01/26	3,842,500			38,425.00	38,425.00	76,850.00
04/01/27	3,842,500	2.00	\$157,500	38,425.00	195,925.00	
10/01/27	3,685,000			36,850.00	36,850.00	232,775.00
04/01/28	3,685,000	2.00	160,000	36,850.00	196,850.00	
10/01/28	3,525,000			35,250.00	35,250.00	232,100.00
04/01/29	3,525,000	2.00	165,000	35,250.00	200,250.00	
10/01/29	3,360,000			33,600.00	33,600.00	233,850.00
04/01/30	3,360,000	2.00	170,000	33,600.00	203,600.00	
10/01/30	3,190,000			31,900.00	31,900.00	235,500.00
04/01/31	3,190,000	2.00	170,000	31,900.00	201,900.00	
10/01/31	3,020,000			30,200.00	30,200.00	232,100.00
04/01/32	3,020,000	2.00	175,000	30,200.00	205,200.00	
10/01/32	2,845,000			28,450.00	28,450.00	233,650.00
04/01/33	2,845,000	2.00	180,000	28,450.00	208,450.00	
10/01/33	2,665,000			26,650.00	26,650.00	235,100.00
04/01/34	2,665,000	2.00	180,000	26,650.00	206,650.00	
10/01/34	2,485,000			24,850.00	24,850.00	231,500.00
04/01/35	2,485,000	2.00	185,000	24,850.00	209,850.00	
10/01/35	2,300,000			23,000.00	23,000.00	232,850.00
04/01/36	2,300,000	2.00	190,000	23,000.00	213,000.00	
10/01/36	2,110,000			21,100.00	21,100.00	234,100.00
04/01/37	2,110,000	2.00	195,000	21,100.00	216,100.00	
10/01/37	1,915,000			19,150.00	19,150.00	235,250.00
04/01/38	1,915,000	2.00	195,000	19,150.00	214,150.00	
10/01/38	1,720,000			17,200.00	17,200.00	231,350.00
04/01/39	1,720,000	2.00	200,000	17,200.00	217,200.00	
10/01/39	1,520,000			15,200.00	15,200.00	232,400.00
04/01/40	1,520,000	2.00	205,000	15,200.00	220,200.00	
10/01/40	1,315,000			13,150.00	13,150.00	233,350.00
04/01/41	1,315,000	2.00	210,000	13,150.00	223,150.00	
10/01/41	1,105,000			11,050.00	11,050.00	234,200.00
04/01/42	1,105,000	2.00	215,000	11,050.00	226,050.00	
10/01/42	890,000			8,900.00	8,900.00	234,950.00
04/01/43	890,000	2.00	215,000	8,900.00	223,900.00	
10/01/43	675,000			6,750.00	6,750.00	230,650.00
04/01/44	675,000	2.00	220,000	6,750.00	226,750.00	
10/01/44	455,000			4,550.00	4,550.00	231,300.00
04/01/45	455,000	2.00	225,000	4,550.00	229,550.00	
10/01/45	230,000			2,300.00	2,300.00	231,850.00
04/01/46	230,000	2.00	230,000	2,300.00	232,300.00	232,300.00
Totals			<u>\$3,842,500</u>	<u>\$988,121.94</u>	<u>\$4,830,621.94</u>	<u>\$4,830,621.94</u>



**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND****SCHEDULE OF COMBINED DEBT SERVICE**

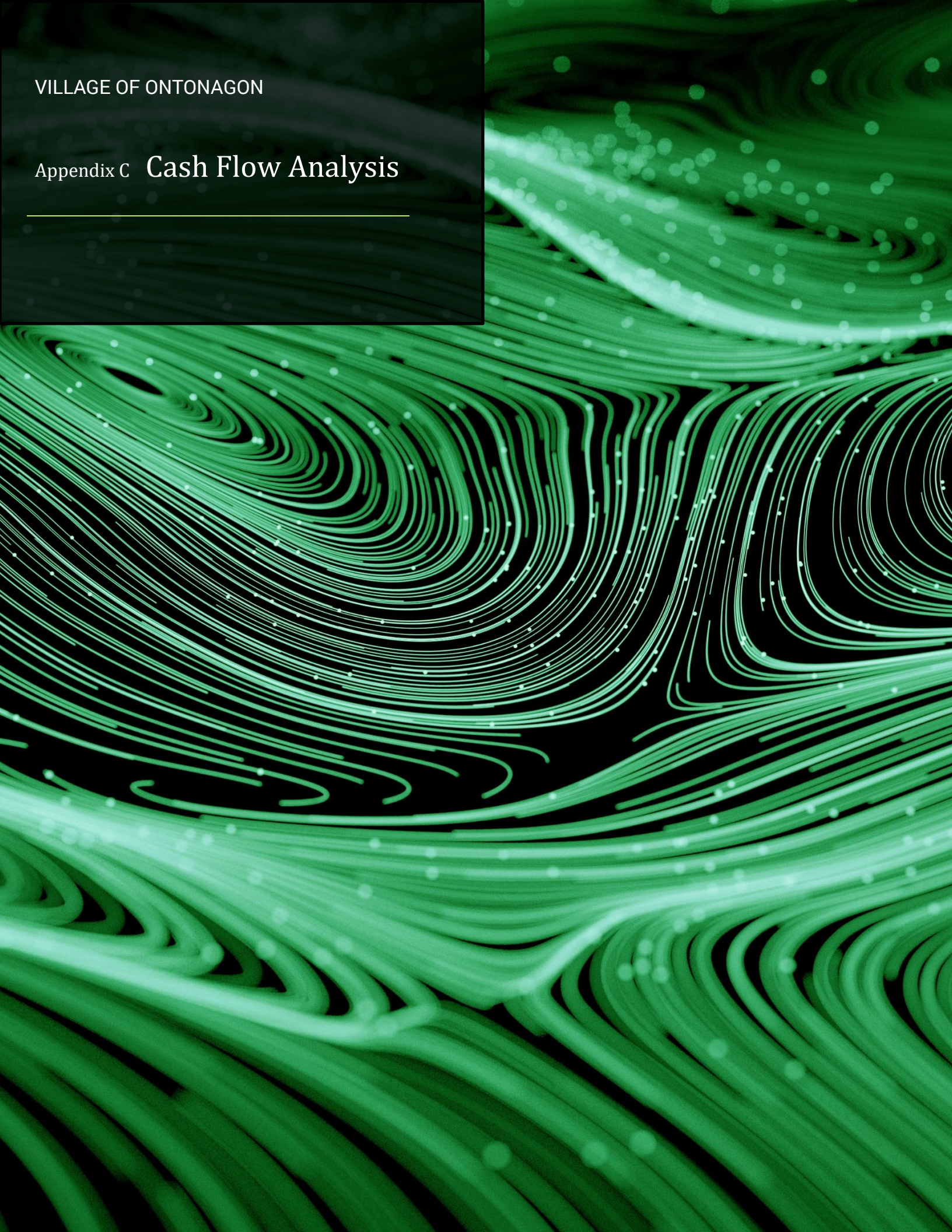
<b>Fiscal Year Ended</b>	<b>1996 USDA Bonds</b>	<b>Projected 2024 CWSRF Bonds</b>	<b>Total</b>
2024/25	\$160,715.00	-	\$160,715.00
2025/26	159,507.50	\$92,646.94	252,154.44
2026/27	160,120.00	76,850.00	236,970.00
2027/28	159,530.00	232,775.00	392,305.00
2028/29	160,715.00	232,100.00	392,815.00
2029/30	160,652.50	233,850.00	394,502.50
2030/31	160,365.00	235,500.00	395,865.00
2031/32	159,852.50	232,100.00	391,952.50
2032/33	159,115.00	233,650.00	392,765.00
2033/34	159,130.00	235,100.00	394,230.00
2034/35	158,875.00	231,500.00	390,375.00
2035/36	159,327.50	232,850.00	392,177.50
2036/37	158,487.50	234,100.00	392,587.50
2037/38	-	235,250.00	235,250.00
2038/39	-	231,350.00	231,350.00
2039/40	-	232,400.00	232,400.00
2040/41	-	233,350.00	233,350.00
2041/42	-	234,200.00	234,200.00
2042/43	-	234,950.00	234,950.00
2043/44	-	230,650.00	230,650.00
2044/45	-	231,300.00	231,300.00
2045/46	-	231,850.00	231,850.00
2046/47	-	232,300.00	232,300.00
Totals	<u>\$2,076,392.50</u>	<u>\$4,830,621.94</u>	<u>\$6,907,014.44</u>



VILLAGE OF ONTONAGON

## Appendix C Cash Flow Analysis

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**VILLAGE OF ONTONAGON (MICHIGAN) SEWER FUND**

**CASH FLOW ANALYSIS - 20-YEAR CWSRF - \$7,065,000 BOND AMOUNT**

	<u>2024/25</u>		<u>2025/26</u>		<u>2026/27</u>		<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>
		<u>Increase</u>		<u>Increase</u>		<u>Increases Per Year</u>			
Assumptions									
Meter Equivalents	891		891		891		891	891	891
Ready-to-Serve Rate (per month)	\$21.00	\$18.50	\$39.50	\$6.00	\$45.50	0.00%	\$45.50	\$45.50	\$45.50
Billable Flow (1,000 gal.)	18,000		18,000		18,000		18,000	18,000	18,000
Consumption Charge (per 1,000 gal.)	\$6.00	\$2.50	\$8.50	\$2.00	\$10.50	5.00%	\$11.03	\$11.58	\$12.16
<i>Typical homeowner's monthly bill (assumes 4,500 gallons/month)</i>	<i>\$48.00</i>		<i>\$77.75</i>		<i>\$92.75</i>		<i>\$95.11</i>	<i>\$97.59</i>	<i>\$100.20</i>
Revenue									
Ready-to-Serve Charge	\$224,532		\$422,334		\$486,486		\$486,486	\$486,486	\$486,486
Consumption Charge	108,000		153,000		189,000		198,450	208,373	218,791
Interest Income	1,000		1,000		1,000		1,000	1,000	1,000
Total Revenues	<u>333,532</u>		<u>576,334</u>		<u>676,486</u>		<u>685,936</u>	<u>695,859</u>	<u>706,277</u>
Less: Total Operating Expenditures	<u>(254,028)</u>		<u>(262,042)</u>		<u>(270,238)</u>		<u>(278,775)</u>	<u>(287,588)</u>	<u>(296,684)</u>
Net Operating Revenue	79,504		314,292		406,248		407,161	408,271	409,593
Less: Current Debt Service Payments	(160,715)		(159,508)		(160,120)		(159,530)	(160,715)	(160,653)
Estimated Debt Service #1 2024 CWSRF Bonds [1]	-		(92,647)		(76,850)		(232,775)	(232,100)	(233,850)
Estimated Cash-Funded Capital Improvements	<u>-</u>		<u>-</u>		<u>(5,000)</u>		<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flow	<u>(\$81,211)</u>		<u>\$62,138</u>		<u>\$164,278</u>		<u>\$14,856</u>	<u>\$15,456</u>	<u>\$15,091</u>
<i>Cash &amp; Investments</i>	<i>\$580,217</i>	<i>\$499,006</i>	<i>\$561,144</i>		<i>\$725,422</i>		<i>\$740,278</i>	<i>\$755,734</i>	<i>\$770,825</i>
<i>Less: Debt Service Reserve [2]</i>	<i>(163,000)</i>	<i>(163,000)</i>	<i>(163,000)</i>		<i>(163,000)</i>		<i>(163,000)</i>	<i>(163,000)</i>	<i>(163,000)</i>
<i>Unrestricted, RRI Cash and Investments</i>	<u><i>\$417,217</i></u>	<u><i>\$336,006</i></u>	<u><i>\$398,144</i></u>		<u><i>\$562,422</i></u>		<u><i>\$577,278</i></u>	<u><i>\$592,734</i></u>	<u><i>\$607,825</i></u>

[1] Estimated debt service payments based on a \$3,842,500 20-year CWSRF bond issue at an interest rate of 2.00%. Total project assumed to be \$7,065,000 with \$3,222,500 principal forgiveness.

[2] Accumulated, includes 1996 USDA Bonds.