

Understanding and Interpreting Your Utility's Financial Statements



PRESENTED BY:

Otto W. “Buzz” Krohn, CPA, CGMA
SEC Registered Municipal Advisor
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Accounting / Financial Workshop

- **Utility Financial Statements**
- **Cash Basis Budgets vs Accrual Basis Statements**
- **Expenditure Classifications & How Those Classifications Impact the Interpretation by Third Party Users of the Financial Statements**
- **Net Operating Income & Bond Coverage Ratios**



Financial Statement Basics

Accounting 101

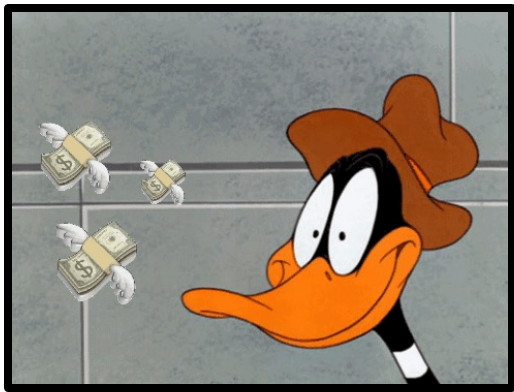
CASH BASIS

ACCRUAL BASIS

“DOUBLE ENTRY”

MODIFIED ACCRUAL BASIS





How to Read and Interpret Utility Financial Statements

5 Basic Questions

- 1. How profitable was Utility?*
- 2. How large an Equity in assets was required?*
- 3. Where did the assets come from?*
- 4. How did Utility manage its cash?*
- 5. How well did Utility manage the Equity?*

Accounting / Financial Workshop

- **GAAP - Generally Accepted Accounting Principles**
- **Recognizes Revenues when Earned & Expenses when Incurred (versus when cash is received or disbursed)**
- **Before we delve into Better Understanding of Utility Financial Statements**
- **Let's first take a step back and gain a better Understanding of Computer Technology -- Using A Very Simple Analogy**



Understanding Computer Technology



- Balance Sheet
- Statement of Cash Flows
- Income Statement
- Statement of Owners' Equity



Past financial performance
Separately useful

Current financial position
Best viewed as a package

**Cash Basis Budgets Are Patterned After DLGF /
SBOA Minimum Standards**

**Utility Financial Reports Are Patterned After
Business Reporting Standards (GAAP)**



Financial Statement Basics

- ***Balance Sheet: Statement of Net Assets***
 - SNAPSHOT OF FINANCIAL POSITION AS OF SPECIFIC DATE
 - ASSETS / LIABILITIES / EQUITY (CONTRIBUTED & EARNED)
- ***Income Statement: Statement of Activities***
 - MEASURES PERFORMANCE FOR SPECIFIC TIME PERIOD
 - OPERATING AND NON-OPERATING REVENUE & EXPENSE
 - NET INCOME & RETAINED EARNINGS
 - ACCRUAL BASIS OF ACCOUNTING
- ***Retained Earnings Statement: Statement of Position***
 - INCOME STATEMENT FLOW THROUGH TO BALANCE SHEET
 - CONTRIBUTED CAPITAL / DISTRIBUTIONS
- ***Cash Flow Statement***
 - MEASURES CASH FLOWS FOR SPECIFIC TIME PERIOD
 - CAPITAL INVESTMENTS VS. DEPRECIATION
 - DEBT RETIREMENT
 - CONVERTS ACCRUALS TO CASH BASIS

Basic Accounting Equation

Assets = Liabilities + Equity

Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Contributed Capital	Retained Earnings
Cash <i>*Short-Term Investments</i> <i>*Accounts Receivable</i> <i>*Inventory</i> <i>*Prepaid Expenses</i>	<i>*Long-Term Investments</i> <i>*Property</i> <i>*Equipment</i> <i>*Intangibles</i>	<i>*Accounts Payable</i> <i>*Accrued Payables</i> <i>*Unearned Revenue</i> <i>*Short-Term Notes Payable</i>	<i>*Long-Term Notes Payable</i> <i>*Bonds Payable</i>	<i>*Paid in Capital</i>	<i>*Revenue</i> <i>less: Expense</i> <i>less: Residual Equity Transfers</i>

Statement of Cash Flows

Reconciles Accrual Income Statement to Cash Flow by Reconciling:

- Changes in Balance Sheet Account Accruals
- Actual cash payments for Capital Expenditures
- Debt Retirement (Principal Payments)
- Contributions
- Distributions
- Other reconciling items

Net Income vs. Cash Flow

- **DEPRECIATION EXPENSE VERSUS ACTUAL CAPITAL EXPENDITURES FOR PLANT REPLACEMENTS AND IMPROVEMENTS**
- **BOND PRINCIPAL PAYMENTS**
- **ACCRUAL ADJUSTMENTS (PREPAIDS, RECEIVABLES AND PAYABLES)**

Basic Accounting Equation

Assets = Liabilities + Equity

Current Assets

*Cash
*Short-Term Investments
*Accounts Receivable
*Inventory
*Prepaid Expenses

Non-current Assets

*Long-Term Investments
*Property
*Equipment
*Intangibles

Current Liabilities

*Accounts Payable
*Accrued Payables
*Unearned Revenue
*Short-Term Notes Payable

Non-current Liabilities

*Long-Term Notes Payable
*Bonds Payable

Equity

Contributed Capital

*Paid In Capital

Retained Earnings

*Revenue
less: Expense
less: Residual
Equity Transfers

Statement of Owner's Equity

Note: Municipal Utilities are unique – Citizens (Ratepayers) ARE the Owners of the Utility Contributions in Aid of Construction (CIAC)

GASB vs. FASB vs. Regulatory Accounting Standards

Basic Accounting Equation

Assets		=	Liabilities		+	Equity (Retained Earnings)	
Current Assets	Non-current Assets		Current Liabilities	Non-current Liabilities		Contributed Capital	Retained Earnings
Cash <i>*Short-Term Investments</i> <i>*Accounts Receivable</i> <i>*Inventory</i> <i>*Prepaid Expenses</i>	<i>*Long-Term Investments</i> <i>*Property</i> <i>*Equipment</i> <i>*Intangibles</i>		<i>*Accounts Payable</i> <i>*Accrued Payables</i> <i>*Unearned Revenue</i> <i>*Short-Term Notes Payable</i>	<i>*Long-Term Notes Payable</i> <i>*Bonds Payable</i>		<i>*Paid in Capital</i>	<i>*Revenue less: expense less: Residual Equity Transfers</i>

Statement of Cash Flows

Balance Sheet

Statement of Equity (Retained Earnings)

Income Statement

The 4 Basic Financial Statements that are necessary to understand a business all relate back to the Balance Sheet



Statement of Cash Flows

Net operating cash flows
Net investing cash flows
Net financing cash flows

Balance Sheet

January 1

Assets
(Liabilities)
Owners' Equity

Income Statement

Revenues
(Expenses)
Net income

Balance Sheet

December 31

Assets
(Liabilities)
Owners' Equity

Statement of Owners' Equity

- *Increases/decreases in Contributed capital*
- *Increases/decreases in earned capital (R/E)*

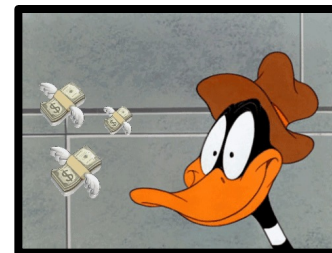
January 1

December 31

Financial Statements
period ended December 31, 20XX
(dollar values in thousands)

Statement of Cash Flows

Net operating cash flows	\$ 250
Net investing cash flows	(50)
Net financing cash flows	<u>(160)</u>
Increase in cash balance	\$ 40



Balance sheet

January 1

Assets	\$950
Liabilities	<u>(480)</u>
Owners' Equity	\$470

Income Statement

Revenues	\$1,650
Expenses	<u>(1,450)</u>
Net income	\$ 200

Balance sheet

December 31

Assets	\$1,010
Liabilities	<u>(420)</u>
Owners' Equity	\$590

Statement of Owners' Equity

Increase in contributed capital	\$ 50
Increase in earned capital	<u>70</u>
Increase in owner Equity	\$ 120

January 1



December 31



American Water Works Association

Dedicated to the World's Most Important Resource®

Financial Statements

period Ended December 31, 20XX

(dollar values in thousands)



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January 1



December 31



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period Ended December 31, 20XX
(dollar values in thousands)



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Owners' Equity	\$470

Assets Increased by \$60k

Liabilities Decreased by \$60k

Equity Increased by \$120k

Balance sheet

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KROHN
— ASSOCIATES —
CPAS AND CONSULTANTS

December 31



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Statement of Owners' Equity

Increase in contributed capital	\$ 50
Increase in earned capital (retained earnings)	70

January 1



December 31



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Increase in contributed capital	\$ 50
Increase in earned capital	<u>70</u>
Increase in owner Equity	\$ 120

Net income	\$200
Less: PILOT Pmts	<u>(130)</u>
Increase in earned capital	\$ 70

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Statement of Owners' Equity

Change in contributed capital	\$ 50
Change in earned capital	<u>70</u>
Increase in owner Equity	\$ 120

} 2 forms of Equity

January 1



December 31



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January 1



December 31



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Brilliant Person Quiz #1 of 4

- 1. How do you put a giraffe into a refrigerator?

A. The correct answer is:

Open the refrigerator, put in the giraffe, and close the door.

This question tests whether you tend to do simple things in an overly complicated way.

Brilliant Person Quiz #2

- 2. How do you put an elephant into a refrigerator?

A. Did you say?

Open the refrigerator, put in the elephant, and close the door.

The correct answer is:

Open the refrigerator, take out the giraffe and then put in the elephant, Close the door.

This tests your ability to think through the repercussions of your previous actions.



Brilliant Person Quiz #3

- 3. The Lion King is hosting an animal conference. All the animals attend... except one. Which animal does not attend?

A. The correct answer is:

*It's the elephant, he's still in the refrigerator.
You just put him in there...*

This tests your memory...



Brilliant Person Quiz #4

- 4. There is a river you must cross but it is used by crocodiles, and you do not have a boat. How do you manage it?

A. The correct answer is:

You jump into the river and swim across. Have you not been listening? All the crocodiles are attending the Animal Meeting.

This tests whether you learn quickly from your mistakes.



Brilliant Person Quiz Recap

- According to Anderson Consulting, 90% of adults fail to answer any of the questions correctly.

However, Many Pre-schoolers answered at least some of these questions correctly...

Anderson Consulting says this conclusively disproves the theory that most professionals have the brains of a four-year-old.



Expenditure Classifications



- Capital Outlay vs. Repairs & Maintenance
- Often a “Fine Line” to Consider
- Can cause major fluctuations in O&M costs from year to year
- Capital Costs flow thru the Balance Sheets by way of the Cash Flow Statement – Increases Asset Values & Equity
- Repairs & Maintenance flow thru the Income Statement – Reduces Net Income, Decreases Equity & Debt Coverage Ratios

Capital Expenditures vs Repairs

- Prolongs an Assets Useful Life (# of Yrs?)
- Replacement or New Asset (Capitalize)
 - 2 meters vs
 - 200 meters
- Repair (Expense)
- Routine vs Non-Recurring
- Materiality Threshold (\$5k or \$20k?)



Expense vs. Capital Classification

“GRAY AREA EXAMPLE”

- **WWTP – 2018 Rate Study (O&M \$3.1M)**
- **New WWTP Scheduled to be built in 2019**
- **Environmental Delays / COVID / Inflation**
- **2019 & 2020 Major Equipment Replacements**
 - Originally “Expensed” due to WWTP Project
 - Needed to keep WWTP Functioning
- **Before / After Reclassification:**
 - Restated Capital Expenditures

BEFORE RECLASSIFICATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE 12 MONTHS ENDED

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/15	12/31/14
OPERATING REVENUES:						
RESIDENTIAL SALES	\$ 2,945,745	\$ 2,902,738	\$ 2,894,703	\$ 2,828,580	\$ 2,847,165	\$ 2,847,872
COMMERCIAL/INDUSTRIAL SALES	1,590,847	1,523,599	1,462,630	1,467,422	1,420,302	1,137,609
MUNICIPAL SALES	29,981	29,215	26,977	29,441	23,962	29,353
PENALTIES	58,249	80,720	76,825	72,748	75,082	77,381
MISCELLANEOUS REVENUE	44,970	68,064	45,298	44,132	41,120	40,320
TOTAL OPERATING REVENUES	4,669,792	4,604,336	4,506,433	4,442,323	4,407,631	4,132,535
OPERATING EXPENSES:						
COLLECTION SYSTEM	717,256	1,086,726	445,702	495,308	387,420	335,119
TREATMENT PLANT	2,084,756	1,533,724	1,336,062	1,342,883	1,281,952	1,265,496
CUSTOMER ACCOUNTS	743,870	592,338	594,578	478,862	309,424	460,594
ADMINISTRATIVE AND GENERAL	773,302	721,364	755,801	734,207	639,275	877,850
			<i>Rate Study</i>			
SUBTOTAL	4,319,184	3,934,152	3,132,143	3,051,260	2,618,071	2,939,059
DEPRECIATION EXPENSE	888,343	847,876	831,248	819,769	854,675	837,524
TOTAL OPERATING EXPENSES	5,207,527	4,782,028	3,963,391	3,871,029	3,472,746	3,776,583
NET OPERATING INCOME	(537,735)	(177,692)	543,042	571,294	934,885	355,952

Major Repairs / Replacements After Rate Study

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE 12 MONTHS ENDED

	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
OPERATING REVENUES:				
RESIDENTIAL SALES	\$ 3,639,968	\$ 2,945,594	\$ 2,902,738	\$ 2,894,703
COMMERCIAL/INDUSTRIAL SALES	1,760,319	1,590,998	1,523,599	1,462,630
MUNICIPAL SALES	39,314	29,981	29,215	26,977
PENALTIES	36,690	58,249	80,720	76,825
MISCELLANEOUS REVENUE	<u>41,294</u>	<u>44,970</u>	<u>68,064</u>	<u>45,298</u>
TOTAL OPERATING REVENUES	<u>5,517,586</u>	<u>4,669,792</u>	<u>4,604,336</u>	<u>4,506,433</u>
OPERATING EXPENSES:				
COLLECTION SYSTEM	573,459	603,397	1,086,726	445,702
TREATMENT PLANT	2,655,545	2,082,057	1,533,724	1,336,062
CUSTOMER ACCOUNTS	832,776	749,609	592,338	594,578
ADMINISTRATIVE AND GENERAL	<u>891,635</u>	<u>751,679</u>	<u>721,364</u>	<u>755,801</u>
	BEFORE RECLASSIFICATION - MAJOR REPAIRS ON INC. STMT.			
SUBTOTAL	4,953,415	4,186,742	3,934,152	3,132,143
DEPRECIATION EXPENSE	<u>1,134,396</u>	<u>933,464</u>	<u>847,876</u>	<u>831,248</u>
TOTAL OPERATING EXPENSES	<u>6,087,811</u>	<u>5,120,206</u>	<u>4,782,028</u>	<u>3,963,391</u>
NET OPERATING INCOME	<u>(570,225)</u>	<u>(450,414)</u>	<u>(177,692)</u>	<u>543,042</u>

AFTER RECLASSIFICATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE 12 MONTHS ENDED

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
OPERATING REVENUES:			
RESIDENTIAL SALES	\$ 5,080,033	\$ 3,639,968	\$ 2,945,594
COMMERCIAL/INDUSTRIAL SALES	2,541,503	1,760,319	1,590,998
MUNICIPAL SALES	51,495	39,314	29,981
PENALTIES	100,994	36,690	58,249
MISCELLANEOUS REVENUE	114,657	41,294	44,970
TOTAL OPERATING REVENUES	7,888,682	5,517,586	4,669,792
2019 Rate Increases Phased-In thru 2022			
OPERATING EXPENSES:			
COLLECTION SYSTEM	512,726	333,448	280,909
TREATMENT PLANT	1,575,358	1,420,816	1,724,831
CUSTOMER ACCOUNTS	770,887	832,776	749,609
ADMINISTRATIVE AND GENERAL	725,709	891,635	751,679
SUBTOTAL	3,584,680	3,478,674	3,507,028
DEPRECIATION EXPENSE	1,185,525	1,134,396	933,464
TOTAL OPERATING EXPENSES	4,770,205	4,613,070	4,440,492
NET OPERATING INCOME	3,118,477	904,516	229,300

Much More Stable O&M After Restating Capital Outlays to Balance Sheet

2022 vs 2019

**WWTP
PROJECT**

**(\$60M vs \$40M
Bond Issue)**

**SRF vs OPEN
MARKET
BONDS**

**(20Yr Program &
35Yr Pool)**

**Rates <\$55/Mo.
vs >\$67/Mo.**

SWIF Funds???



PAST - CURRENT - FUTURE DEBT SERVICE COVERAGE AT CURRENT RATES

	ACTUAL 12/31/2021	PHASE 3 RATES PROJECTED 12/31/2022	PRO FORMA 12/31/2023
OPERATING REVENUES:			
RESIDENTIAL SALES	\$ 5,080,033	\$ 5,740,437	\$ 5,740,437
COMMERCIAL/INDUSTRIAL SALES	2,541,503	2,871,898	2,871,898
MUNICIPAL SALES	51,495	58,189	58,189
PENALTIES	100,994	65,000	65,000
TIF REVENUE PLEDGE	500,000	500,000	500,000
MISCELLANEOUS REVENUE	114,657	50,000	50,000
TOTAL OPERATING REVENUES	8,388,682	9,285,525	9,285,525
OPERATING EXPENSES:			
COLLECTION SYSTEM	512,726	528,108	543,951
TREATMENT PLANT	1,575,358	1,622,619	1,671,297
CUSTOMER ACCOUNTS	770,887	794,014	817,834
ADMINISTRATIVE AND GENERAL	725,709	747,480	769,905
SUBTOTAL	3,584,680	3,692,220	3,802,987
DEPRECIATION EXPENSE	1,185,525	1,200,000	1,200,000
TOTAL OPERATING EXPENSES	4,770,205	4,892,220	5,002,987
NET OPERATING INCOME	\$ 3,618,477	\$ 4,393,305	\$ 4,282,538
MAXIMUM ANNUAL DEBT SERVICE	\$ 820,526	\$ 1,250,000	\$ 4,207,373
COMPUTED DEBT SERVICE COVERAGE	<u>244.5%</u>	<u>196.0%</u>	<u>128.5%</u>
AVERAGE MONTHLY BILL - 4,000 GALLONS	\$ 48.32	\$ 54.60	\$ 54.60

Revenue Requirements

- **OPERATING COSTS**
 - **OPERATING LABOR**
 - DIRECT/INDIRECT
 - **ROUTINE MAINTENANCE COSTS**
 - **MATERIALS/SUPPLIES**
 - **ADMINISTRATIVE & BILLING COSTS**
 - SHARED OVERHEAD/INSURANCE/LEGAL COSTS
- **CAPITAL PROJECTS AND LONG TERM DEBT**
 - **PAY – GO PROJECTS**
 - **BOND FUNDED PROJECTS**
 - **DEBT COVERAGE**

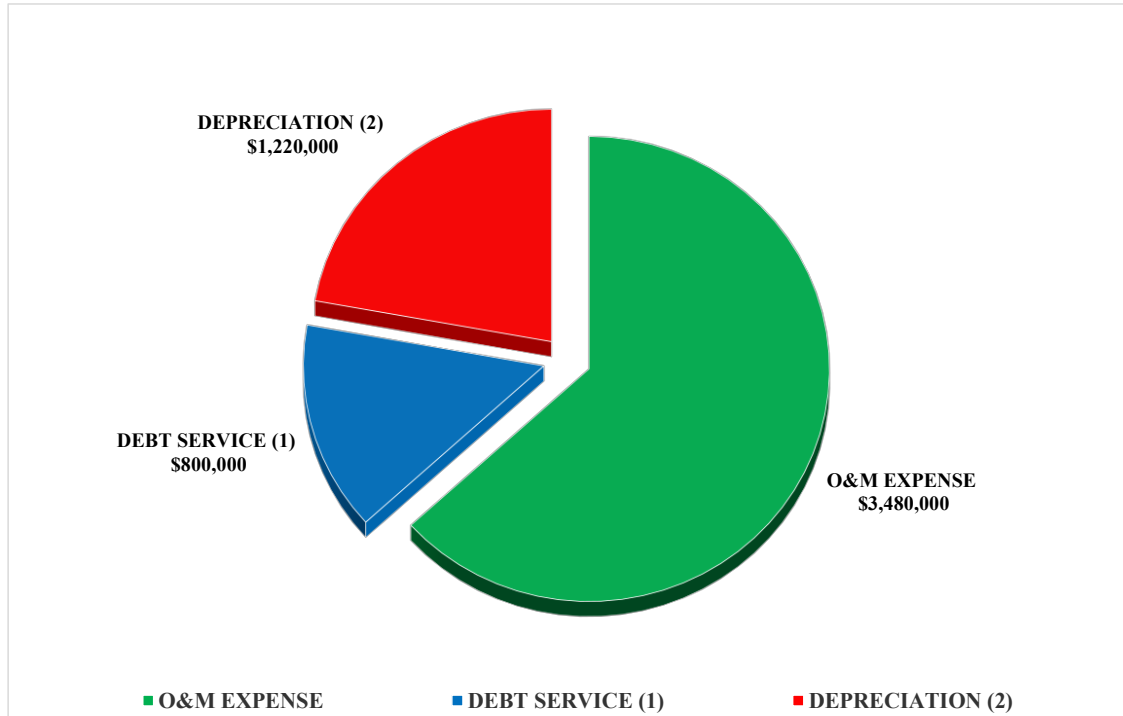
PILOT Payments
Working capital
Debt Service Reserves
Depreciation vs. CIP

Don't Get in the Hole



Hard to Get Out !!!

BREAKDOWN OF REVENUE REQUIREMENTS AND TYPICAL CUSTOMER BILLS



ANNUAL REVENUE REQUIREMENTS			BREAKDOWN OF TYPICAL MONTHLY BILLS		
				2,000 GALLONS	5,000 GALLONS
O&M EXPENSE	\$	3.48 M	O&M EXPENSE	\$ 27.08	\$ 38.28
DEBT SERVICE (1)		0.80 M	DEBT SERVICE (1)	6.23	8.80
DEPRECIATION (2)		1.22 M	DEPRECIATION (2)	9.50	13.42
TOTAL REV. REQ.	\$	5.50 M	TOTAL BILL	\$ 42.81	\$ 60.51

Key Performance Indicators

- **NET INCOME VS. CASH FLOWS (DEPRECIATION VS. CAPITAL OUTLAYS)**
- **WORKING CAPITAL AND RESERVES (EXCEED MINIMUM REQUIREMENTS)**
- **CAPITAL IMPROVEMENT NEEDS (5YR & 10YR PLANS)**
- **REPAIR AND MAINTENANCE NEEDS (ASSET MGMT PLAN)**
- **REVENUES VS. REVENUE REQUIREMENTS (DEBT COVERAGE RATIOS)**
- **OPERATIONAL EFFICIENCIES (LINE LOSS / I&I)**
- **CUSTOMER BASE, DIVERSITY AND GROWTH**
 - UNDERSTAND AND ASSESS VULNERABILITY
 - RELIANCE ON SINGLE INDUSTRY VS. DIVERSE CUSTOMER BASE
 - CAPACITY FOR GROWTH

Customer Billing Analysis

SCHEDULE OF DOLLARS BILLED, GALLONS USED AND CUSTOMER COUNT BY CUSTOMER CLASS FOR THE TWELVE MONTHS ENDED DECEMBER, 31, 2021

MONTH	DOLLARS BILLED				TOTAL
	RESIDENTIAL	COMMERCIAL	MUNICIPAL	FLAT RATE	
JANUARY	\$ 371,652	\$ 169,326	\$ 3,775	\$ 1,920	\$ 546,673
FEBRUARY	363,230	175,968	3,598	1,920	544,716
MARCH	415,507	184,555	4,379	1,920	606,361
APRIL	479,856	214,457	4,360	1,920	700,593
MAY	387,975	220,290	4,349	1,920	614,534
JUNE	412,539	219,676	4,410	1,950	638,575
JULY	432,789	263,972	4,684	1,890	703,335
AUGUST	428,428	213,269	4,449	1,890	648,036
SEPTEMBER	431,978	243,162	4,516	1,890	681,546
OCTOBER	457,202	221,820	4,342	1,860	685,224
NOVEMBER	435,614	212,736	4,353	3,995	656,698
DECEMBER	436,491	201,971	4,281	3,995	646,738
TOTAL	\$ 5,053,261	\$ 2,541,202	\$ 51,496	\$ 27,071	\$ 7,673,030
PERCENT	65.8%	33.1%	0.7%	0.4%	100.0%

Customer Billing Analysis

Large Users

Who Are They?

Diversity of
User Base?

Vulnerability?

COVID Impact?

	GALLONS USED				TOTAL
	RESIDENTIAL	COMMERCIAL	MUNICIPAL	FLAT RATE*	
JANUARY	39,430,504	25,593,653	48,310	256,000	65,328,467
FEBRUARY	36,915,609	27,068,714	30,803	256,000	64,271,126
MARCH	33,337,511	24,249,946	53,090	256,000	57,896,547
APRIL	42,235,245	26,841,261	49,617	256,000	69,382,123
MAY	37,700,044	27,881,633	47,660	256,000	65,885,337
JUNE	31,641,852	27,783,078	58,814	252,000	59,735,744
JULY	34,933,415	35,817,512	78,444	252,000	71,081,371
AUGUST	33,942,159	26,663,547	65,860	252,000	60,923,566
SEPTEMBER	34,403,616	32,015,293	77,902	252,000	66,748,811
OCTOBER	39,051,675	28,303,393	46,520	244,000	67,645,588
NOVEMBER	35,209,620	26,479,606	48,380	244,000	61,981,606
DECEMBER	35,116,649	24,545,890	35,340	244,000	59,941,879
TOTAL	433,917,899	333,243,526	640,740	3,020,000	770,822,165
PERCENT	56.3%	43.2%	0.1%	0.4%	100.0%

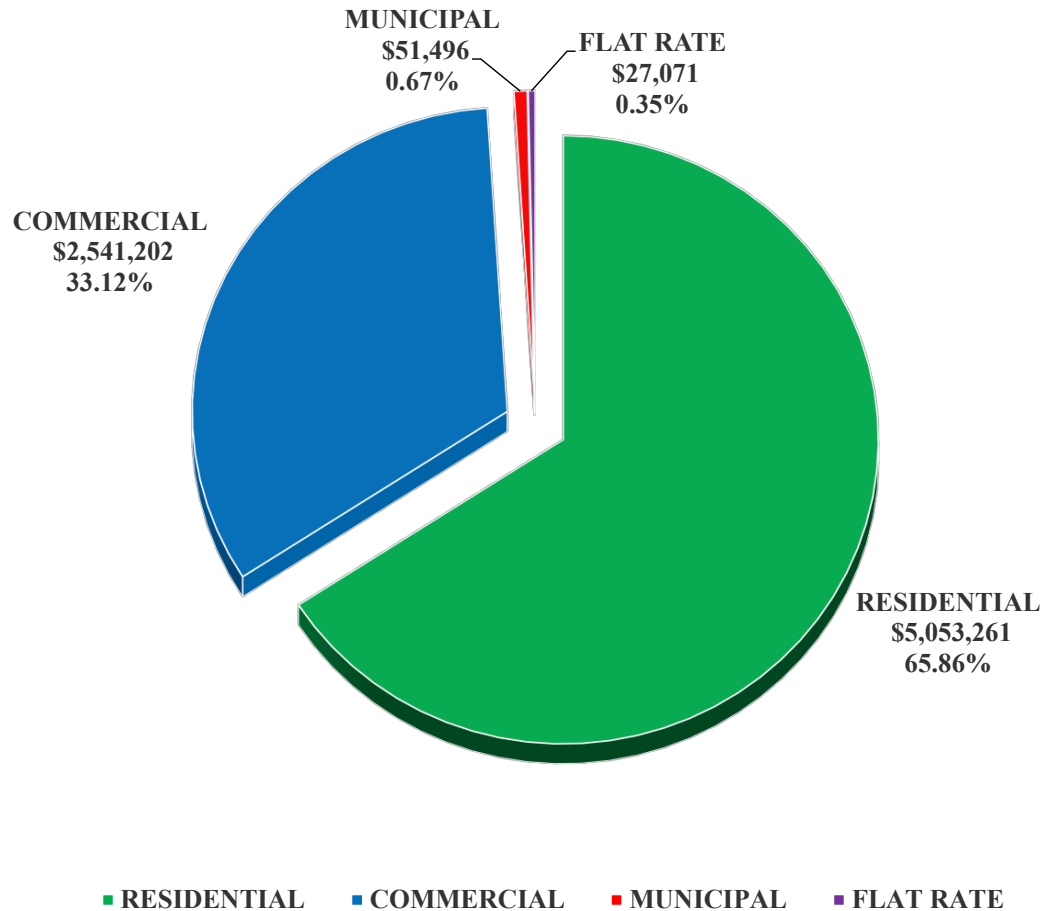
* ESTIMATE BASED ON 4,000 GALLON USAGE.

	CUSTOMER COUNT				TOTAL
	RESIDENTIAL	COMMERCIAL	MUNICIPAL	FLAT RATE	
JANUARY	8,071	569	21	64	8,725
FEBRUARY	8,100	569	21	64	8,754
MARCH	8,089	568	21	64	8,742
APRIL	8,137	568	21	64	8,790
MAY	8,164	563	21	64	8,812
JUNE	8,192	569	21	63	8,845
JULY	8,217	563	21	63	8,864
AUGUST	8,225	566	21	63	8,875
SEPTEMBER	8,266	571	21	63	8,921
OCTOBER	8,257	571	21	61	8,910
NOVEMBER	8,265	575	21	61	8,922
DECEMBER	8,285	571	21	61	8,938
AVERAGE	8,189	569	21	63	8,842
PERCENT	92.7%	6.4%	0.2%	0.7%	100.0%

Customer Vulnerability Analysis

- **How dependent is your utility revenue on a single industrial user or a specific industry?**
- **A Poultry Processing Plant in Southern Indiana uses 50% of City's Water Supply.**
- **Automotive Industry Dominates Certain Communities. Electric Cars May Have Significant Impact on Existing Plants.**

XYZ MUNICIPAL WASTEWATER UTILITY
DOLLARS BILLED BY CUSTOMER CLASS
TOTAL DOLLARS BILLED - \$7,673,030



SUPPLEMENTARY FINANCIAL INFORMATION

- CUSTOMER BILLING ANALYSIS / COMPARISONS
- LINE LOSS OR INFILTRATION / INFLOW
- PEAK & AVERAGE DAILY DEMAND (GPD)
- LARGE USER BILLING ANALYSIS / COMPARISONS
- PROJECTED CAPITAL IMPROVEMENT NEEDS
- WORKING CAPITAL & CASH RESERVES
- BOND COVERAGE / DEBT COVENANTS
- OPERATING REVENUES VS. REVENUE REQUIREMENTS
- ADEQUACY OF RATES & CHARGES (INCLUDING SDC's)
- IMPACT OF COVID ON ALL OF THE ABOVE ???

Extra Credit

Top 10 List of Tips for Financial (& Budget) Presentations

- 1. KISS - keep it simple and short.**
- 2. Break down your financial data into understandable categories.**
- 3. DO NOT take the audience's knowledge for granted.**
- 4. Explain the impact of new state and federal mandates.**
- 5. Show HOW budget categories may have changed.**
- 6. Emphasize COST REDUCTIONS where possible.**
- 7. Stylize your slides.**
- 8. Use photos. If discussing need for repairs, show them.**
- 9. Hand out "fact sheets" to accompany your slides.**
- 10. Be willing to give presentations wherever necessary!**
Boards, Chamber of Commerce, Industrial Users, etc.

QUESTIONS / COMMENTS



Brilliant Person Quiz

ANSWERS TO THE QUIZ

- 1) How long did the Hundred Years War last? **116 years**
- 2) Which country makes Panama hats? **Ecuador**
- 3) From which animal do we get cat gut? **Sheep and Horses**
- 4) In which month do Russians celebrate the October Revolution? **November**
- 5) What is a camel's hair brush made of? **Squirrel fur**
- 6) The Canary Islands in the Pacific are named after what animal? **Dogs**
- 7) What was King George VI's first name? **Albert**
- 8) What color is a purple finch? **Crimson**
- 9) Where are Chinese gooseberries from? **New Zealand**
- 10) What is the color of the black box in a commercial airplane? **Orange**