

ASSOCIATION OF ENVIRONMENTAL AUTHORITIES

Fiscal Planning and the Funding of Capital Projects

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NW FINANCIAL GROUP, LLC
Exceeding Expectations

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Proven Reputation • Experienced Professionals • Superior Client Service

Purpose of Long-Term Budget & Capital Planning

- ◆ NJEIT DEPT Certification for Reimbursement
- ◆ Fiscal Responsibility for Planning
- ◆ User Fee & Rate Projections
- ◆ Analyzing Historical Data & Future Trends

NJEIT/DEP Fiscal Sustainability Certification

- ◆ Options which must meet the “Asset Management Guidance and Best Practices” of the federal Water Pollution Control Act
 - The Borrower has developed and has formally adopted a fiscal sustainability plan (“FSP”) with respect to the Project
 - The Borrower currently projects that it will complete the development of and formally adopt a fiscal sustainability plan (“FSP”) with respect to the Project
- ◆ Requires that during the term of the note or long-term loan all costs of developing and implementing a FSP is included in the plan

Cash Flow Modeling

	Actual 2016	Actual 2017	Budget 2018	Projected 2019	Projected 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
REVENUES													
Water Fees & Service													
Water Delinquent Penalties													
Connection Fees													
Water Meter Fees													
Cell Tower Rent													
Interest Income													
Miscellaneous Fees & Income													
TOTAL REVENUES													
EXPENSES													
Administration													
Wages													
Other Expenses													
Fringe Benefits													
Cost of Providing Services													
Wages													
Other Expenses													
Fringe Benefits													
Existing Debt Service													
Additional Debt Service													
Coverage													
Appropriation to Township													
Capital													
Intrafund Loan													
TOTAL EXPENSES													
NET OPERATING INCOME													

Minimum Service Charge Needed

Capital Planning

- ◆ Immediate Needs
 - ◆ Wish List Projects
 - ◆ Federal & State Changing Regulations
 - ◆ Annual Engineers Report on Existing Infrastructure
 - ◆ Age of Infrastructure
 - ◆ Capital Equipment
- ◆ Political Environment

Capital Planning

Sample Authority
Capital Projects Summary

Year	Project #1	Project #2	Project #3	Project #4	Total Annual Capital Plan Borrowings	Projected Authority Surplus	Authority Surplus after Capital Projects
2017					0	3,000,000	3,000,000
2018					0	3,500,000	3,500,000
2019			936,250		936,250	5,000,000	4,063,750
2020	250,000	350,000	1,250,750	500,000	2,350,750	6,000,000	3,649,250
2021	250,000	350,000	1,249,750	500,000	2,349,750	6,000,000	3,650,250
2022	250,000	350,000	1,248,500	500,000	2,348,500	6,000,000	3,651,500
2023	250,000	350,000	1,252,000	500,000	2,352,000	6,000,000	3,648,000
2024	250,000	350,000	1,250,000	500,000	2,350,000	6,000,000	3,650,000
2025	250,000	350,000	1,247,750	500,000	2,347,750	6,000,000	3,652,250
2026	250,000	350,000	1,245,250	500,000	2,345,250	6,000,000	3,654,750
2027	250,000	350,000	1,242,250	500,000	2,342,250	6,000,000	3,657,750
2028	250,000	350,000	1,244,000	500,000	2,344,000	6,000,000	3,656,000

Benefits of Modeling

- ◆ Useable model that can be manipulated and updated
- ◆ Allows you to examining financing options for capital projects
 - Debt Service vs. Cash or Both
- ◆ Impact to budget and rates for capital projects
- ◆ Impact of budget on future expenses
- ◆ Development of reserves and rate stabilization policies
- ◆ Credit rating review

Regional Presence



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