

D. FINANCIAL STATUS OF THE MUNICIPAL WASTEWATER SYSTEM

Annual Operation and Maintenance Expense. Audits of the City's financial activities for the fiscal years 2017 and 2018 indicate the municipal wastewater system experienced an annual operating expense of \$349,945 in 2018 and \$370,384 in 2017. Pages from the two audits titled "Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Funds" are included in an appendix to this chapter and present detailed line item expenses. It is noted in these statement that depreciation is recognized as an expense.

Also provided from the audits are "Statements of Cash Flow" for the referenced fiscal years. These statements relate net cash "used for" operating activities to total \$234,093 in fiscal year 2018 and \$242,617 in fiscal year 2017.

Expense of Energy for Wastewater Treatment. Since the mode of wastewater treatment is a mechanical plant, a review of the cost of energy incurred for final pumping and treatment is appropriate.

Focusing on the primary lift station, monthly bills from the electric utility for thirteen monthly billing periods from April 19, 2018 to May 16, 2019 were reviewed. In this period of 392 days, the primary lift station consumed 23,335 kwh for a cost of \$3,228.14.

During the period April 2018 through April 2019, the treatment plant received from the lift station 46,609,000 gallons of wastewater. The approximate energy expense for pumping is thus computed at \$0.0693 per one-thousand gallons of wastewater

At the treatment plant, in the 368-day period from May 4, 2018 to May 7, 2019, electrical energy consumption totaled 388,548 kwh at a cost of \$37,702.70. During this period 42,934,000 gallons of wastewater were treated. The approximate cost of energy to treat one-thousand gallons of wastewater is computed to be \$0.8782 during that time period.

Revenue from Sewer Service. The referenced audits relate "Receipts from Customer" of \$379,257 in 2018, and \$378,001 in 2017.

More recently, for the period July 2018 through June 2019, the City's records relate billings totaling \$382,243 through issuance of 9,192 monthly account bills. For each month in that period an average of 766 bills were issued, with an average charge per bill of \$41.59.

Outstand Debt. From the audit for FYE June 30, 2018, long-term debt applicable to the municipal wastewater system is listed as follows;

- \$675,000 Certificate of Participation Bonds to refinance a lease purchase agreement for the purpose of expanding and upgrading the City's wastewater system, due in annual installments with interest rates of 2.5% to 4.25%, maturing in Oct. 1, 2028.
- \$450,000 Refunding Revenue Bonds for Waterworks and Sewerage System, due in annual installments with interest 1.0% to 3.7%, maturing Oct. 1, 2023.
- Line of Credit from Arvest Bank, \$100,000 limit, for sewer pump and lift station project, outstanding amount of \$74,119 borrowed. Payment due annually with interest of 2.5%, maturing March 25, 2019.
- As of June 30, 2019, amounts due within one year for these three debts totaled \$75,590. Required debt reserve totals \$290,425, while the cash balance of these restricted reserves totaled \$340,570.

Utility Rates. Sewer service customers, both residential and commercial, of the municipal wastewater system pay a base rate of \$30.31 for use of up to 1000 gallons of metered potable water. For metered water usage above the first 1000 gallons, the residential customer is charged \$3.22 per 1000 gallons. For residential customers, metered potable water consumption during the months December, January, and February is summed and an average monthly volume is computed. This becomes the amount billed monthly for sewer service for the next twelve months. Commercial customers are billed on the basis of the actual amount of potable water consumed per month.

Water rates for customers of the municipal water system are as follows;

First 200 cubic feet	\$22.28, minimum
Next 2000 cubic feet.....	\$0.01 per cubic foot
Over 2200 cubic feet.....	\$0.005 per cubic foot

Thus, a water system customer consuming 700 cubic feet of water in a month (5,236 gallon actual or averaged) would be billed \$22.28 for the first 200 cu. ft. and \$5.00 for the remaining 500 cu. ft., for a \$27.28 total billing.

For a residential sewer customer, assuming the average monthly water consumption was 700 cubic feet, the sewer bill would be \$30.31 plus \$13.64 for a total billing of \$43.95.