

January 17, 2024

2023 SEWER RATE STUDY:

Village of Kronenwetter, WI

Phase I: Long-Range Cash Flow Analysis Update after January 2024 adopted rates



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2023 Sewer Rate Study

Section 1 — Historical Analysis

Village of Kronenwetter, WI

Table 1

Sewer Rate Performance

Village of Kronenwetter, WI

		Shown with no increase				Est	Est
Component	Description	2018	2019	2020	2021	2022	2023
Cash Basis							
1	Operating and Maintenance	\$460,425	\$548,509	\$557,352	\$460,190	\$540,933	\$757,909
2	Debt	\$0	\$0	\$0	\$0	\$0	\$0
3	Cash Funded Capital [^]	\$10,383	\$0	\$17,629	\$97,591	\$70,750	\$363,120
Less:							
	Other Revenue	\$28,666	\$51,872	\$29,167	\$33,452	\$4,894	\$15,493
	Interest Income	\$11,783	\$15,710	\$11,689	\$7,635	\$7,016	\$19,011
	Revenue Requirement (Costs less Other Income)	\$430,359	\$480,927	\$534,125	\$516,694	\$599,773	\$1,086,526
	User Rates Revenue	\$600,118	\$594,179	\$655,122	\$664,497	\$660,000	\$660,000
	Rate Adequacy	\$169,759	\$113,252	\$120,997	\$147,803	\$60,227	(\$426,526)
	Rate Adjustment Needed	0.00%	0.00%	0.00%	0.00%	0.00%	64.63%
Utility Basis (PSC)							
1	Operating and Maintenance	\$460,425	\$548,509	\$557,352	\$460,190	\$540,933	\$757,909
2	Depreciation	\$215,317	\$217,691	\$219,926	\$222,261	\$217,957	\$224,202
3	NIRB	\$13,992,288	\$9,531,609	\$9,490,894	\$9,431,103	\$9,219,421	\$9,212,154
	Typical ROI (2%)	\$279,846	\$190,632	\$189,818	\$188,622	\$184,388	\$184,243
Less:							
	Other Revenue	\$28,666	\$51,872	\$29,167	\$33,452	\$4,894	\$15,493
	Interest Income	\$11,783	\$15,710	\$11,689	\$7,635	\$7,016	\$19,011
	Revenue Requirement (Costs less Other Income)	\$915,139	\$889,250	\$926,240	\$829,986	\$931,369	\$1,131,851
	User Rates Revenue	\$600,118	\$594,179	\$655,122	\$664,497	\$660,000	\$660,000
	Rate Adequacy	(\$315,021)	(\$295,071)	(\$271,118)	(\$165,489)	(\$271,369)	(\$471,851)
	Rate Adjustment Needed	52.49%	49.66%	41.38%	24.90%	41.12%	71.49%

Notes:

[^]Includes recommended debt coverage at 1.25x annual debt payment

Table 2

Sewer Utility Rate Performance Charts

Village of Kronenwetter, WI

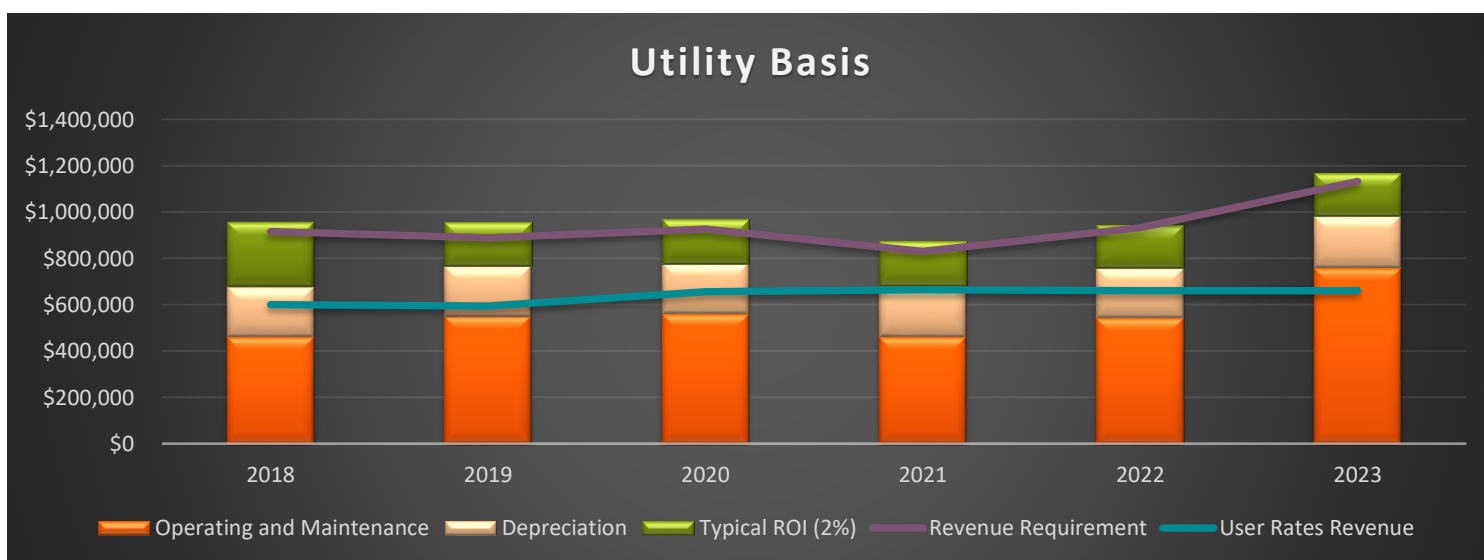
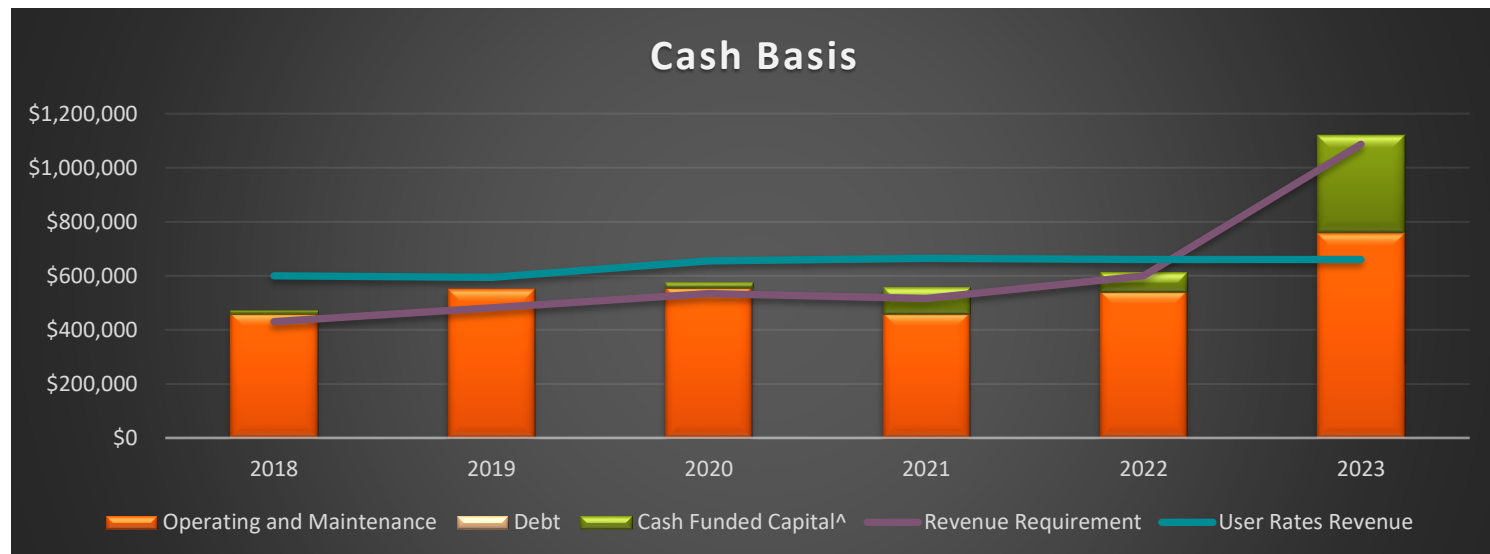


Table 3
Sewer Utility Cash Flow Analysis - Historical 2018-2022
Village of Kronenwetter, WI

	Actual				Estimated
	2018	2019	2020	2021	2022
Revenues					
Total Revenues from User Rates	\$600,118	\$594,179	\$655,122	\$664,497	\$660,000
Percent Increase to User Rates	0.00%	0.00%	0.00%	0.00%	0.00%
Total Other Revenues	\$40,449	\$67,582	\$41,606	\$41,087	\$11,910
Total Revenues	\$640,567	\$661,761	\$696,728	\$705,584	\$671,910
Less: Expenses					
Operating and Maintenance	\$460,425	\$548,509	\$557,352	\$460,190	\$540,933
PILOT Payment	\$3,895	\$4,173	\$4,801	\$4,599	\$5,000
Net Before Debt Service and Capital Expenditures	\$176,247	\$109,079	\$134,575	\$240,795	\$125,977
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$10,383	\$0	\$17,629	\$97,591	\$70,750
Debt Issued/Grants/Aid	\$0	\$0	\$0	\$0	\$0
Reconcile to Audit	(\$35,949)	(\$6,561)	(\$27,842)	(\$38,728)	\$0
Net Annual Cash Flow	\$129,915	\$102,518	\$89,104	\$104,476	\$55,227
<u>Restricted and Unrestricted Cash Balance:</u>					
Balance at first of year	\$911,215	\$1,041,130	\$1,143,648	\$1,232,752	\$1,337,228
Net Annual Cash Flow Addition/(subtraction)	\$129,915	\$102,518	\$89,104	\$104,476	\$55,227
Balance at end of year	\$1,041,130	\$1,143,648	\$1,232,752	\$1,337,228	\$1,392,455

Notes:

Table 4

Sewer Utility Financial Benchmarking Analysis

Village of Kronenwetter, WI

	Actual				Estimated	Budget
	2018	2019	2020	2021	2022	2023
Target minimum cash balance						
Target minimum working capital - Ehlers ¹	319,250	323,866	284,355	316,204	409,213	504,893
Actual Days Cash Available - PSC ²	825	761	807	1,061	940	465
Actual Days Cash Available - Moody's ³	825	761	807	1,061	940	465
Actual Days Cash Available - S&P ⁴	825	761	807	1,061	940	465
Actual working capital-cash balance						
Over (Under) Ehlers target	1,041,130	1,143,648	1,232,752	1,337,228	1,392,455	964,895
Over (Under) PSC target (90 days)	721,880	819,782	948,397	1,021,024	983,242	460,001
Over (Under) Moody's target (150 days)	735	671	717	971	850	375
Over (Under) S&P target (150 days)	675	611	657	911	790	315

Notes:

- 1) Target capital equals 5 mos of next year's operating expenses, including depreciation, plus 100% of debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return

Average Utility Plant in Service	17,328,733	13,065,469	13,202,964	13,311,359	13,317,634	13,534,569
Less: Utility Plant Accumulated Depreciation	3,336,445	3,533,860	3,712,070	3,880,256	4,098,213	4,322,415
Average Net Investment Rate Base (NIRB)	13,992,288	9,531,609	9,490,894	9,431,103	9,219,421	9,212,154
Net Operating Income	(46,958)	(120,149)	(92,989)	15,498	(93,996)	(302,653)
ROR	-0.34%	-1.26%	-0.98%	0.16%	-1.02%	-3.29%
Typical	2.00%					

Cost Recovery

Operating Revenues	628,784	646,051	684,289	697,949	664,894	679,458
Operating Expenses incl. Depr & Amortization	675,742	766,200	777,278	682,451	758,891	982,111
Cost Recovery	0.93	0.84	0.88	1.02	0.88	0.69
Cost Recovery w/o Depr.	1.37	1.18	1.23	1.52	1.23	0.90

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of less than 1 could be a sign of financial concern. In general, this ratio should be higher than 1 to accommodate future capital investments.

Leverage

Total Long-Term Debt	0	0	0	0	0	0
Total Net Assets	10,874,154	10,765,542	10,714,254	10,816,759	10,724,778	10,436,136
Debt-to Equity Ratio	0.00	0.00	0.00	0.00	0.00	0.00

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and bond rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio greater than 1.0 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and bond rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. For this ratio, Net Assets are equal to the Net Investment Rate Base of the utility.

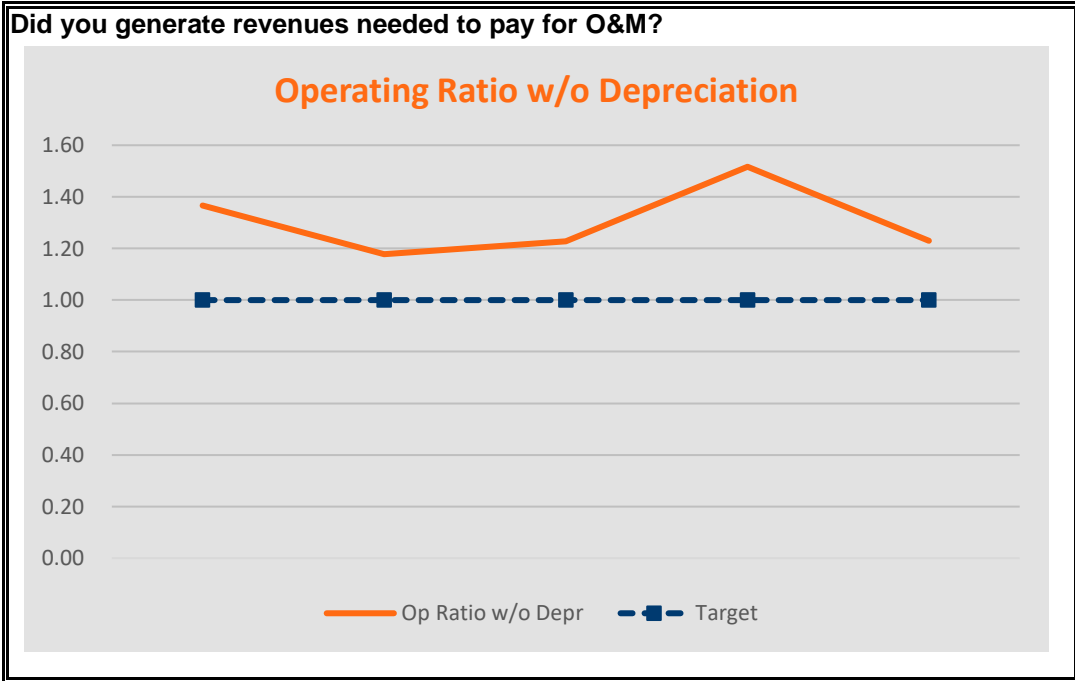
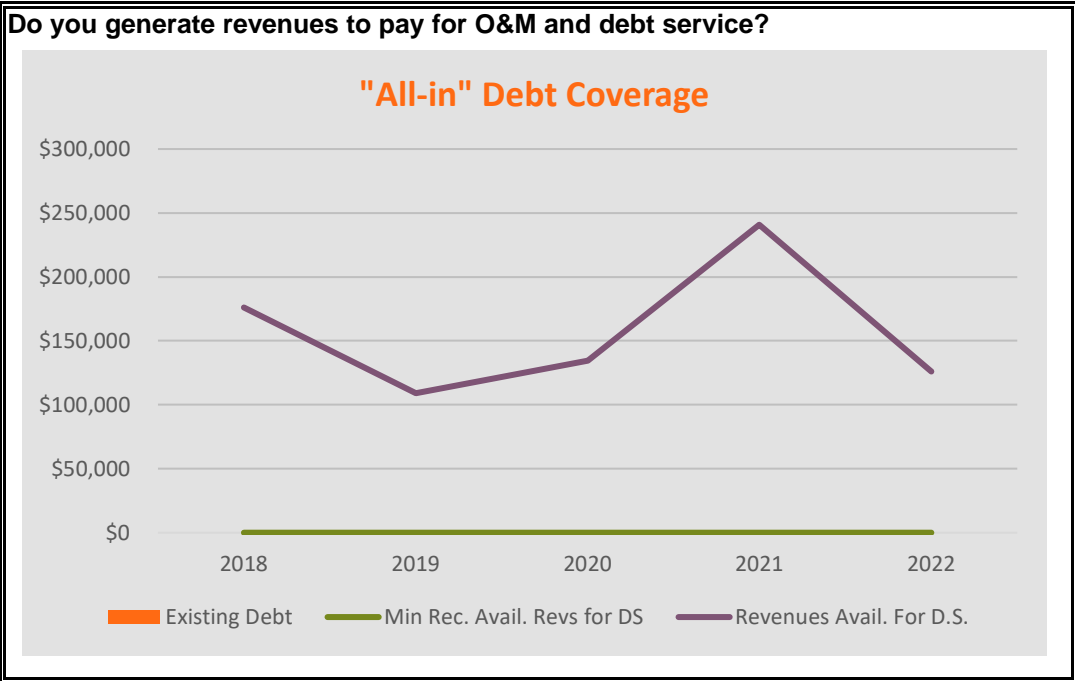
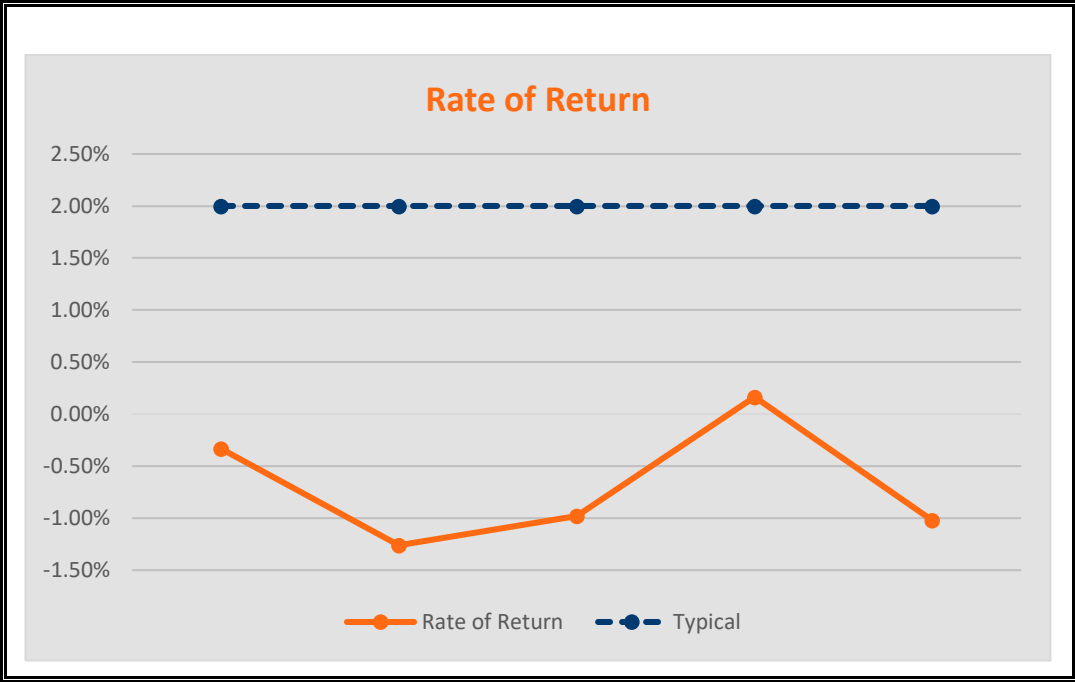
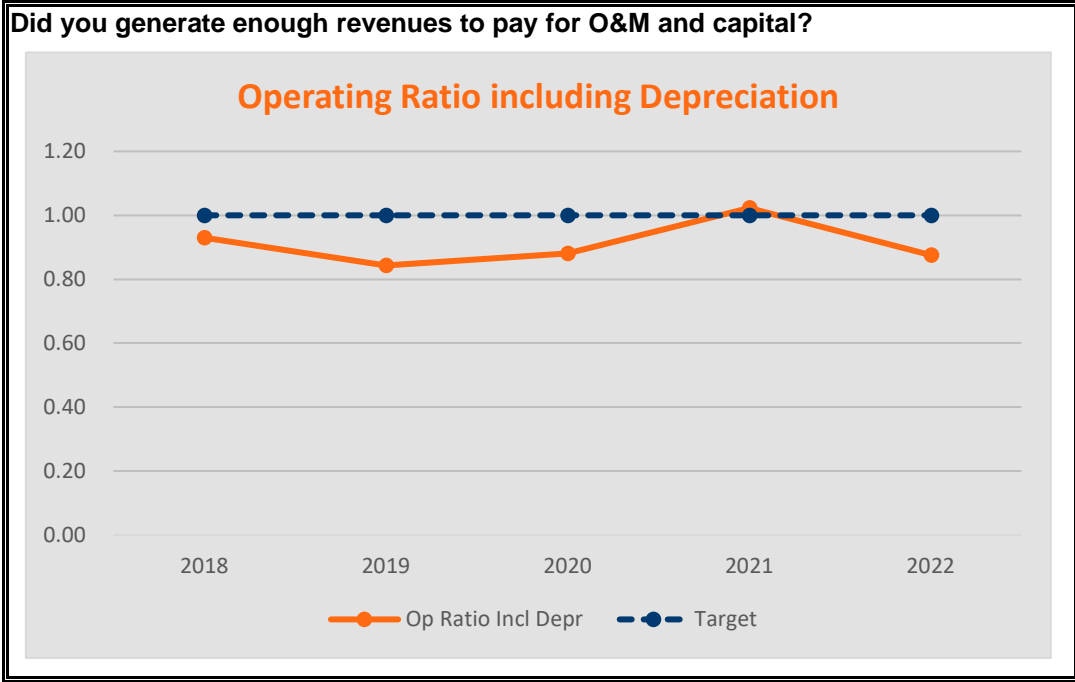
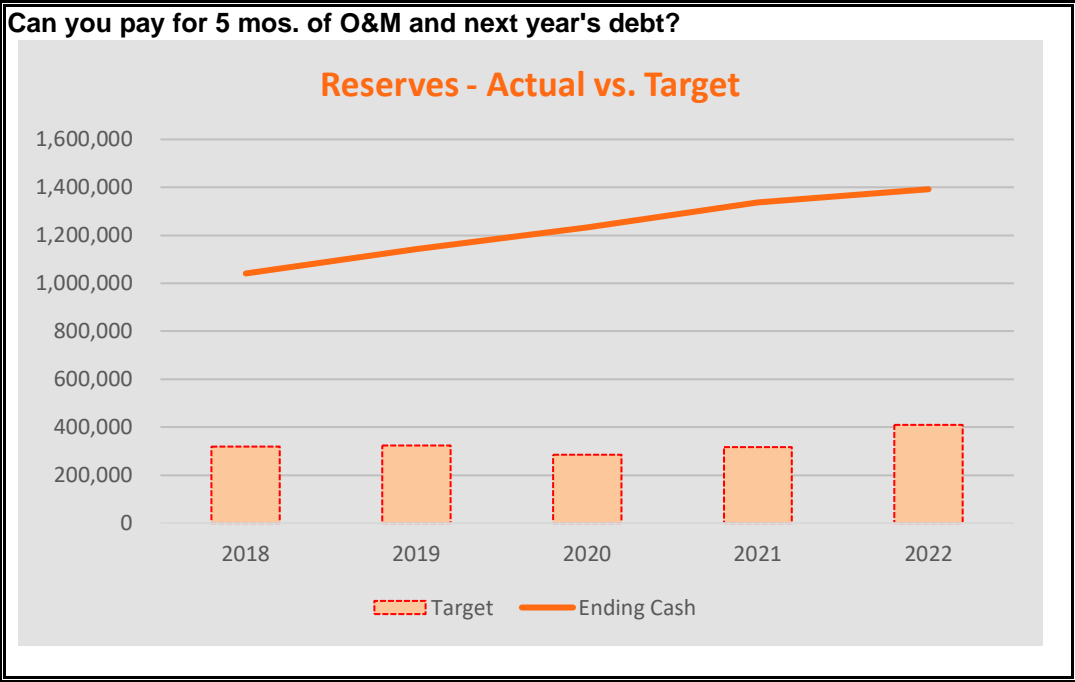
Condition of Assets:

Accumulated Depreciation Expense	3,336,445	3,533,860	3,712,070	3,880,256	4,098,213	4,322,415
Average Total Plant in Service	17,328,733	13,065,469	13,202,964	13,311,359	13,317,634	13,534,569
Asset Depreciation	16.15%	21.29%	21.95%	22.57%	23.53%	24.21%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 5
Sewer Utility Financial Health Charts
Village of Kronenwetter, WI





2023 Sewer Rate Study

Section 2 — Long-Range Cash Flow Analysis

Village of Kronenwetter, WI

Table 6

Sewer Utility Capital Improvement Plan

Village of Kronenwetter, WI

Projects	Funding	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Totals
Sewer Lift Station Rebuild Program	User Fees		50,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	530,000
New Lift Station (#12): Design	Cash		50,000									50,000
New Lift Station (#12): Construction	Revenue Debt							1,000,000				1,000,000
Sewer Ordinance and Rate Study	Cash											0
Sewer Interceptor Capacity Review & Design	Revenue Debt				140,000							140,000
Water Meter Change Out	Cash		40,000	40,000								80,000
Water & Sewer GIS System	User Fees		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	450,000
Vac Truck	Revenue Debt			360,000	360,000							720,000
New Storage Building/Garage (heated)	Cash		340,000									340,000
2023 YE Estimate	Cash	363,120										363,120
Actual CIP Costs		363,120	530,000	510,000	610,000	110,000	110,000	1,110,000	110,000	110,000	110,000	3,673,120

Sources of Funding	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
G.O. Debt	0	0	0	0	0	0	0	0	0	0	0
Revenue Debt	0	0	360,000	500,000	0	0	1,000,000	0	0	0	1,860,000
Grants/Aids	0	0	0	0	0	0	0	0	0	0	0
Special Assessment	0	0	0	0	0	0	0	0	0	0	0
User Fees/Annual Surplus	0	100,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	980,000
Tax Levy	0	0	0	0	0	0	0	0	0	0	0
Equipment Replacement Fund	0	0	0	0	0	0	0	0	0	0	0
Cash	363,120	430,000	40,000	0	0	0	0	0	0	0	833,120
Total	363,120	530,000	510,000	610,000	110,000	110,000	1,110,000	110,000	110,000	110,000	3,673,120

Notes:

Table 7 Capital Improvements Financing Plan

Village of Kronenwetter, WI

	2024		2029	
	Revenue Bonds	Sewer Portion	Revenue Bonds	Sewer Portion
CIP Projects¹	2024 Sewer Projects 860,000	860,000	2029 Sewer Projects 1,000,000	1,000,000
Less Other Available Revenues				
Cash Available	(135,000)	(135,000)	(400,000)	(400,000)
ERF Funds	-	0	-	0
Net Borrowing Requirement	725,000	725,000	600,000	600,000
Debt Service Reserve				
Debt Service Reserve Funds On Hand	-	0	(95,000)	(95,000)
New Debt Service Reserve Requirement	95,000	95,000	170,000	170,000
Subtotal Reserve Fund Requirement	95,000	95,000	75,000	75,000
Estimated Issuance Expenses	59,663	59,663	57,788	57,788
TOTAL TO BE FINANCED	879,663	879,663	732,788	732,788
Estimated Interest Earnings	4.00% (17,200)	(17,200)	4.00% (20,000)	(20,000)
Assumed spend down (months)	6.00		6.00	
Rounding	2,538	2,538	2,213	2,213
NET BOND SIZE	865,000	865,000	715,000	715,000

Notes:

1) Source of Project Totals

Table 8

Sewer Utility Projected Debt Service Payments (PROPOSED)

Village of Kronenwetter, WI

NAME	Sewer Revenue Bonds Series 2025				Sewer Revenue Bonds Series 2029			
AMT DATED MATURE	\$865,000 6/1/2025 5/1				\$715,000 6/1/2029 5/1			
Year	Principal	Est. Rate ¹	Interest	Total	Principal	Est. Rate ²	Interest	Total
2023								
2024								
2025			67,398	67,398				
2026	50,000	5.50%	46,200	96,200				
2027	50,000	5.50%	43,450	93,450				
2028	50,000	5.50%	40,700	90,700				
2029	50,000	5.50%	37,950	87,950				
2030	45,000	5.50%	35,338	80,338	20,000	6.00%	60,175	80,175
2031	40,000	5.50%	33,000	73,000	50,000	6.00%	40,200	90,200
2032	40,000	5.50%	30,800	70,800	50,000	6.00%	37,200	87,200
2033	40,000	5.50%	28,600	68,600	50,000	6.00%	34,200	84,200
2034	40,000	5.50%	26,400	66,400	50,000	6.00%	31,200	81,200
2035	40,000	5.50%	24,200	64,200	50,000	6.00%	28,200	78,200
2036	40,000	5.50%	22,000	62,000	50,000	6.00%	25,200	75,200
2037	40,000	5.50%	19,800	59,800	50,000	6.00%	22,200	72,200
2038	40,000	5.50%	17,600	57,600	50,000	6.00%	19,200	69,200
2039	40,000	5.50%	15,400	55,400	50,000	6.00%	16,200	66,200
2040	40,000	5.50%	13,200	53,200	50,000	6.00%	13,200	63,200
2041	40,000	5.50%	11,000	51,000	50,000	6.00%	10,200	60,200
2042	40,000	5.50%	8,800	48,800	50,000	6.00%	7,200	57,200
2043	40,000	5.50%	6,600	46,600	50,000	6.00%	4,200	54,200
2044	40,000	5.50%	4,400	44,400	45,000	6.00%	1,350	46,350
2045	60,000	5.50%	1,650	61,650	0	6.00%	0	
TOTALS	865,000		534,485	1,399,485	715,000		350,125	1,065,125

PROPOSED Sewer Utility Debt Service Summary				
Total Prin	Total Int	Total P&I	Prin Outstanding	Year
0	0	0		2023
0	0	0		2024
0	67,398	67,398	865,000	2025
50,000	46,200	96,200	815,000	2026
50,000	43,450	93,450	765,000	2027
50,000	40,700	90,700	715,000	2028
50,000	37,950	87,950	1,380,000	2029
65,000	95,513	160,513	1,315,000	2030
90,000	73,200	163,200	1,225,000	2031
90,000	68,000	158,000	1,135,000	2032
90,000	62,800	152,800	1,045,000	2033
90,000	57,600	147,600	955,000	2034
90,000	52,400	142,400	865,000	2035
90,000	47,200	137,200	775,000	2036
90,000	42,000	132,000	685,000	2037
90,000	36,800	126,800	595,000	2038
90,000	31,600	121,600	505,000	2039
90,000	26,400	116,400	415,000	2040
90,000	21,200	111,200	325,000	2041
90,000	16,000	106,000	235,000	2042
90,000	10,800	100,800	145,000	2043
85,000	5,750	90,750	60,000	2044
60,000	1,650	61,650	0	2045
1,580,000	884,610	2,464,610		TOTALS

Notes:

1) Rate assumes recent WI/TE/Rev/BQ sale plus 50 bps (or 0.50%).

2) Rate assumes previous proposed plan issue plus 50 bps (or 0.50%).

Table 9

Sewer Utility Cash Flow Analysis - Projected 2023-2032

Village of Kronenwetter, WI

	Budget 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenues										
Total Revenues from User Rates ¹	\$663,965	\$1,175,219	\$1,222,227	\$1,271,116	\$1,309,250	\$1,348,527	\$1,388,983	\$1,430,653	\$1,473,572	\$1,473,572
Percent Increase to User Rates	0.00%	77.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%
Cumulative Percent Rate Increase	0.00%	77.00%	84.08%	91.44%	97.19%	103.10%	109.20%	115.47%	121.94%	121.94%
Dollar Amount Increase to Revenues		\$511,253	\$47,009	\$48,889	\$38,133	\$39,277	\$40,456	\$41,669	\$42,920	\$0
Total Other Revenues	\$34,503	\$32,825	\$33,007	\$33,190	\$33,375	\$33,562	\$33,750	\$33,939	\$34,130	\$34,322
Total Revenues	\$698,469	\$1,208,044	\$1,255,234	\$1,304,307	\$1,342,625	\$1,382,089	\$1,422,733	\$1,464,592	\$1,507,702	\$1,507,895
Less: Expenses										
Operating and Maintenance	\$757,909	\$971,996	\$991,436	\$1,011,264	\$1,031,490	\$1,052,119	\$1,223,162	\$1,247,625	\$1,272,578	\$1,298,029
PILOT Payment	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Net Before Debt Service and Capital Expenditures	(\$64,440)	\$231,048	\$258,799	\$288,043	\$306,136	\$324,970	\$194,571	\$211,967	\$230,125	\$204,866
Debt Service										
Existing Debt P&I	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New (2023-2032) Debt Service P&I	\$0	\$0	\$67,398	\$96,200	\$93,450	\$90,700	\$87,950	\$160,513	\$163,200	\$158,000
Total Debt Service	\$0	\$0	\$67,398	\$96,200	\$93,450	\$90,700	\$87,950	\$160,513	\$163,200	\$158,000
Transfer In (Out)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: Capital Improvements	\$363,120	\$530,000	\$569,663	\$610,000	\$110,000	\$110,000	\$1,167,788	\$110,000	\$110,000	\$110,000
Debt Issued/Grants/Aid	\$0	\$0	\$865,000	\$0	\$0	\$0	\$715,000	\$0	\$0	\$0
Net Annual Cash Flow	(\$427,560)	(\$298,952)	\$486,738	(\$418,157)	\$102,686	\$124,270	(\$346,166)	(\$58,546)	(\$43,075)	(\$63,134)
Restricted and Unrestricted Cash Balance:										
Balance at first of year	\$1,392,455	\$964,895	\$665,942	\$1,152,681	\$734,523	\$837,209	\$961,479	\$615,312	\$556,766	\$513,691
Net Annual Cash Flow Addition/(subtraction)	(\$427,560)	(\$298,952)	\$486,738	(\$418,157)	\$102,686	\$124,270	(\$346,166)	(\$58,546)	(\$43,075)	(\$63,134)
Balance at end of year	\$964,895	\$665,942	\$1,152,681	\$734,523	\$837,209	\$961,479	\$615,312	\$556,766	\$513,691	\$450,557
"All-in"Debt Coverage	N/A	N/A	3.84	2.99	3.28	3.58	2.21	1.32	1.41	1.30

Notes:

- 1) Assumes no changes in customer count or usage beyond Test Year.
- 2) Assumes 2.00% annual inflation beyond budget year.

Legend:

- Increase depicted to maintain with assumed O&M inflation
- Increase needed above inflationary adjustment

Table 10

Sewer Utility Financial Benchmarking Analysis Projected 2023 - 2032

Village of Kronenwetter, WI

	Budget	Projected								
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Target minimum cash balance										
Target minimum working capital - Ehlers ¹	504,893	588,486	633,955	646,490	654,037	729,413	824,183	838,968	846,075	852,826
Actual Days Cash Available - PSC ²	465	250	397	254	284	321	178	151	139	120
Actual Days Cash Available - Moody's ³	465	214	389	231	236	275	133	113	99	79
Target minimum working capital - S&P ⁴	465	214	389	231	236	275	133	113	99	79
Actual working capital-cash balance										
Over (Under) Ehlers target	964,895	665,942	1,152,681	734,523	837,209	961,479	615,312	556,766	513,691	450,557
Over (Under) PSC target (90 days)	460,001	77,456	518,726	88,033	183,171	232,066	(208,870)	(282,202)	(332,384)	(402,269)
Over (Under) Moody's target (150 days)	375	160	307	164	194	231	88	61	49	30
Over (Under) S&P target (150 days)	315	64	239	81	86	125	(17)	(37)	(51)	(71)
Over (Under) S&P target (150 days)	315	64	239	81	86	125	(17)	(37)	(51)	(71)

Notes:

- 1) Target capital equals 5 mos of next year's operating expenses, including depreciation, plus 100% of debt.
- 2) PSC formula = O&M expense + taxes + interest on long term debt ÷ 365 to get expense per day. Then Unrestricted Cash ÷ expense per day
- 3) Moody's Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation
- 4) S&P Formula = [(Unrestricted Cash + Liquid Investments) * 365 days] ÷ Total O&M Expenses less Depreciation; include designated reserve funds: ERFs, RSFs, etc

Rate of Return										
Average Utility Plant in Service	13,534,569	13,981,129	14,501,129	15,061,129	15,421,129	15,531,129	16,141,129	16,751,129	16,861,129	16,971,129
Less: Utility Plant Accumulated Depreciation	4,322,415	4,562,163	4,821,340	5,100,688	5,396,495	5,696,386	6,012,735	6,357,918	6,707,185	7,060,535
Average Net Investment Rate Base (NIRB)	9,212,154	9,418,966	9,679,789	9,960,441	10,024,634	9,834,743	10,128,394	10,393,211	10,153,944	9,910,594
Net Operating Income	(302,653)	(23,200)	(14,927)	(5,903)	(4,318)	10,383	(136,523)	(148,011)	(133,986)	(163,378)
ROR	-3.29%	-0.25%	-0.15%	-0.06%	-0.04%	0.11%	-1.35%	-1.42%	-1.32%	-1.65%
Typical	2.00%									

Cost Recovery										
Operating Revenues	679,458	1,188,544	1,235,686	1,284,709	1,322,979	1,362,393	1,402,988	1,444,797	1,487,858	1,488,001
Operating Expenses incl. Depr & Amortization	982,111	1,211,744	1,250,612	1,290,612	1,327,296	1,352,010	1,539,511	1,592,808	1,621,844	1,651,380
Cost Recovery	0.69	0.98	0.99	1.00	1.00	1.01	0.91	0.91	0.92	0.90
Cost Recovery w/o Depr.	0.90	1.22	1.25	1.27	1.28	1.29	1.15	1.16	1.17	1.15

Notes:

This operating ratio indicates whether operating revenues (mostly charges to customers) were sufficient to cover operations and capital (in the form of depreciation) for the water and/or wastewater utility in the fiscal year. A ratio of < 1 could be a sign of financial concern. In general, this ratio should be > 1 to accommodate future capital investments.

Leverage										
Total Long-Term Debt	0	0	865,000	815,000	765,000	715,000	1,380,000	1,315,000	1,225,000	1,135,000
Total Net Assets	10,436,136	10,427,436	10,299,997	10,262,492	10,229,371	10,213,750	9,996,234	9,767,506	9,575,164	9,358,679
Debt-to Equity Ratio	0.00	0.00	0.08	0.08	0.07	0.07	0.14	0.13	0.13	0.12

Notes:

This indicator measures the existing level of leveraging of assets, and is used by funders and rating agencies to evaluate the risk of providing additional loans to the utility. The ratio indicates the amount of long-term debt that exists for every \$1 of assets (fund equity). A utility with a ratio > 1 has more long-term debt than equity in the system's assets. There are no natural benchmarks for this indicator, and funders and rating agencies will assess this ratio in various ways. In general, the higher this ratio, the more likely the utility will be considered to be over-leveraged and the more difficult it will be for the utility to obtain additional loans. Net Assets are equal to the Net Investment Rate Base of the utility.

Condition of Assets:										
Accumulated Depreciation Expense	4,322,415	4,562,163	4,821,340	5,100,688	5,396,495	5,696,386	6,012,735	6,357,918	6,707,185	7,060,535
Average Total Plant in Service	13,534,569	13,981,129	14,501,129	15,061,129	15,421,129	15,531,129	16,141,129	16,751,129	16,861,129	16,971,129
Asset Depreciation	24.21%	24.60%	24.95%	25.30%	25.92%	26.83%	27.14%	27.51%	28.46%	29.38%

Notes:

This indicator of infrastructure condition estimates the portion of the average expected life of the utility's physical assets that has already passed. As this ratio approaches 100%, the capital assets become fully depreciated, and infrastructure needs replacement or rehabilitation. The accuracy of this indicator relies heavily on the accuracy of the depreciation schedule, and historic pricing likely distorts this indicator (newer utilities may be slightly disadvantaged as a result).

Table 11

Sewer Utility Statement of Projected Revenue Bond Coverage

Village of Kronenwetter, WI

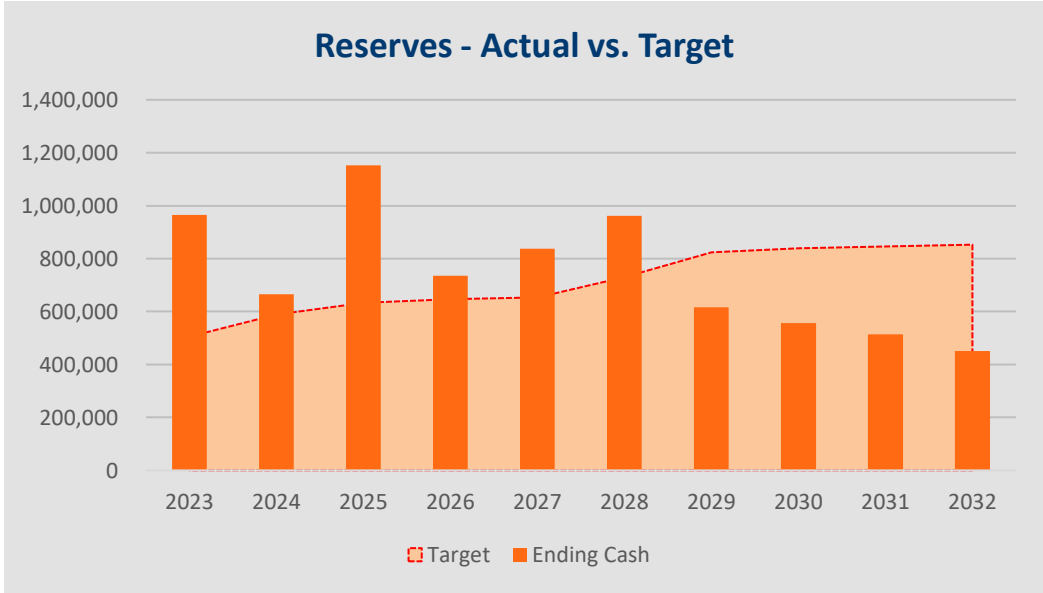
Year	Total Operating Revenues	Less: Total O&M Expense	Amount Available for Debt Service	Existing Rev Debt	Future Rev Debt (2023-2032)			
				Total	Total	Total Sewer Debt Service	Coverage	Debt Service Capacity @ 1.25x
2023	698,469	(757,909)	(59,440)	-	-	-	N/A	(47,552)
2024	1,208,044	(971,996)	236,048	-	-	-	N/A	188,838
2025	1,255,234	(991,436)	263,799	-	67,398	67,398	3.91	143,641
2026	1,304,307	(1,011,264)	293,043	-	96,200	96,200	3.05	138,234
2027	1,342,625	(1,031,490)	311,136	-	93,450	93,450	3.33	155,459
2028	1,382,089	(1,052,119)	329,970	-	90,700	90,700	3.64	173,276
2029	1,422,733	(1,223,162)	199,571	-	87,950	87,950	2.27	71,707
2030	1,464,592	(1,247,625)	216,967	-	160,513	160,513	1.35	13,061
2031	1,507,702	(1,272,578)	235,125	-	163,200	163,200	1.44	24,900
2032	1,507,895	(1,298,029)	209,866	-	158,000	158,000	1.33	9,893

Notes:

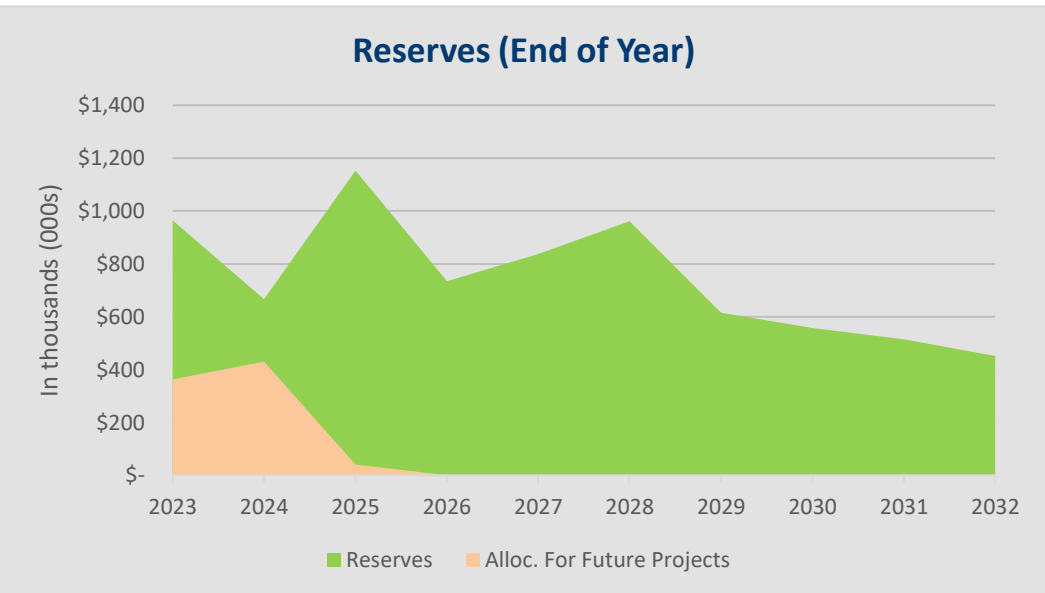
1) Revenue Coverage determined from PROPOSED 2024 Revenue Bonds.

Table 12
Sewer Utility Long-Range Planning Analysis
Village of Kronenwetter, WI

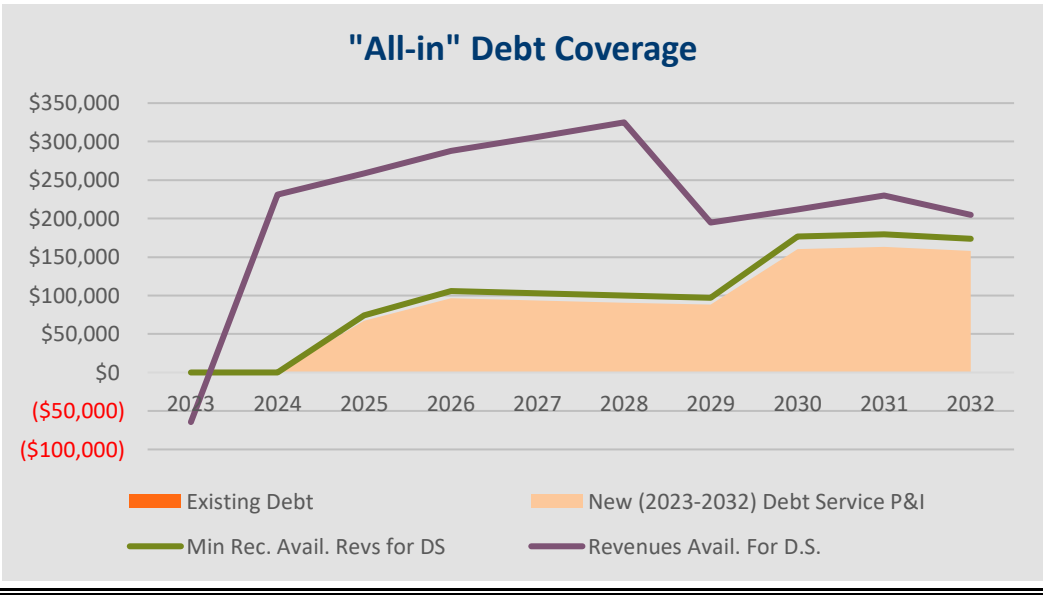
Are rates set to maintain adequate reserves?



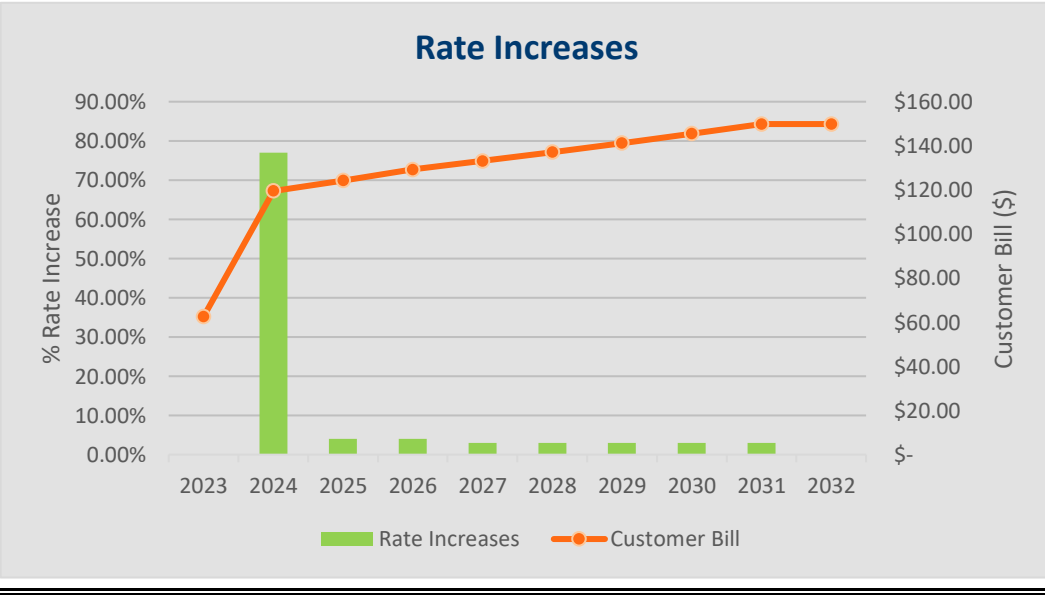
How much reserves are planned for future projects?



Are rates set to pay for financial obligations?



Rate increases





2023 Sewer Rate Study

Section 3 — Rate Impact Analysis

Village of Kronenwetter, WI

Table 13

Projected Impact of CIP on Typical Residential Utility Bill

Village of Kronenwetter, WI

Year	Water					Sewer					Utility Bill (Annual)	Change Over Prior Year	% of MHI (84,435)	Year
	Increase	Water Vol. Charge ¹	Water User Charge ²	Utility Bill (Quarterly)	Change Over Prior Year	Increase	Sewer Vol. Charge ³	Sewer User Charge ³	Utility Bill (Quarterly)	Change Over Prior Year				
		<u>Tiered</u>	<u>Serv. + PFP</u>				<u>1,000 Gal</u>	<u>Gen Service</u>						
2022		3.59	29.40	\$ 72.48			3.39	21.85	\$ 62.53		\$ 540.04		0.64%	2022
2023	0.00%	3.59	29.40	\$ 72.48	\$ -	0.00%	3.39	21.85	\$ 62.53	\$ -	\$ 540.04	\$ -	0.64%	2023
2024	0.00%	3.59	29.40	\$ 72.48	\$ -	77.00%	6.48	41.77	\$ 119.53	\$ 57.00	\$ 768.04	\$ 228.00	0.91%	2024
2025	3.00%	3.70	30.28	\$ 74.65	\$ 2.17	4.00%	6.74	43.44	\$ 124.31	\$ 4.78	\$ 795.86	\$ 27.82	0.94%	2025
2026	3.00%	3.81	31.19	\$ 76.89	\$ 2.24	4.00%	7.01	45.18	\$ 129.28	\$ 4.97	\$ 824.71	\$ 28.85	0.98%	2026
2027	3.00%	3.92	32.13	\$ 79.20	\$ 2.31	3.00%	7.22	46.53	\$ 133.16	\$ 3.88	\$ 849.45	\$ 24.74	1.01%	2027
2028	3.00%	4.04	33.09	\$ 81.58	\$ 2.38	3.00%	7.44	47.93	\$ 137.16	\$ 3.99	\$ 874.94	\$ 25.48	1.04%	2028
2029	3.00%	4.16	34.08	\$ 84.02	\$ 2.45	3.00%	7.66	49.37	\$ 141.27	\$ 4.11	\$ 901.18	\$ 26.25	1.07%	2029
2030	3.00%	4.29	35.11	\$ 86.54	\$ 2.52	3.00%	7.89	50.85	\$ 145.51	\$ 4.24	\$ 928.22	\$ 27.04	1.10%	2030
2031	3.00%	4.42	36.16	\$ 89.14	\$ 2.60	3.00%	8.13	52.37	\$ 149.88	\$ 4.37	\$ 956.07	\$ 27.85	1.13%	2031
2032	22.82%	5.42	44.41	\$ 109.49	\$ 20.34	0.00%	8.13	52.37	\$ 149.88	\$ -	\$ 1,037.45	\$ 81.38	1.23%	2032
Total Change over planning period					\$ 37.01						\$ 497.41			

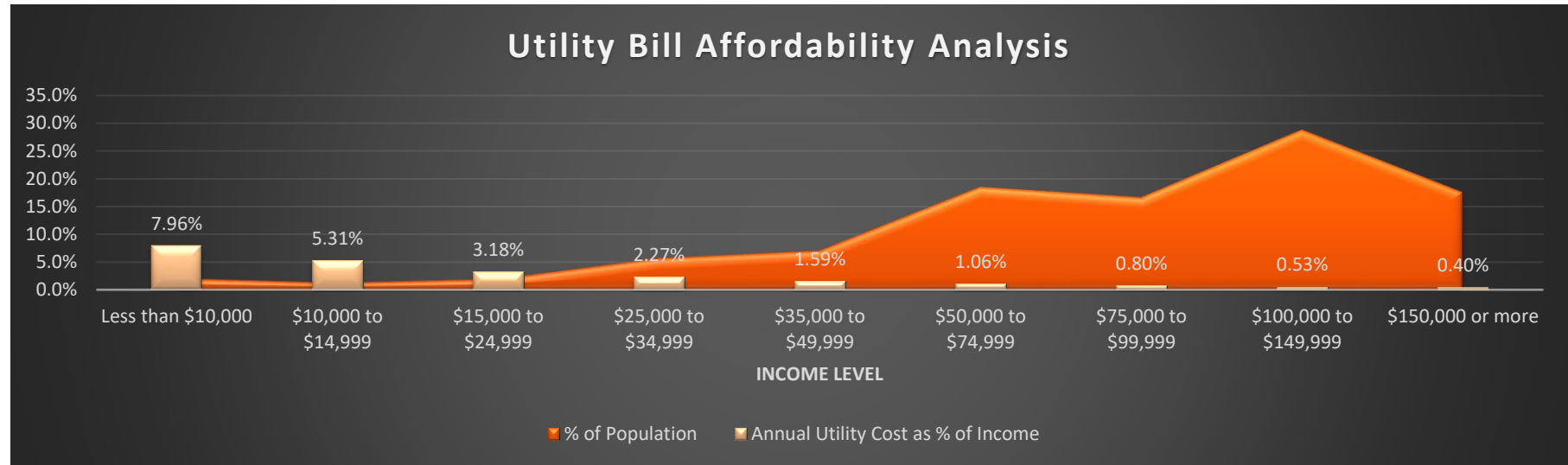
Notes:

1. Current water volumetric rate is \$3.59 per 1,000 Gallons up to the first 15,000 gallons per quarter.
2. The water user charges include a quarterly service charge of \$16.20 plus a public fire protection charge of \$13.20 for a 5/8 inch meter.
3. The current Sewer volumetric rate is \$3.39 per 1,000 gallons and a service charge of \$21.85 for 5/8 inch meter.
4. The usage is assumed to be 12,000 Gallons per quarter.

Table 14

Projected Impact of CIP on Typical Residential Utility Bill - Affordability

Village of Kronenwetter, WI



Notes:

- 1) Utility Cost taken as a 5-year average of water and wastewater bills for an average (5/8"; 12 kgal./qtr.) Residential User.
- 2) City Income Level from U.S. Census Bureau's American Community Survey.
- 3) 11.1% of residential customers are estimated to have less than \$35,000 of income. These households will have spent more than 4.68% of their income under the 4-year average for this plan.