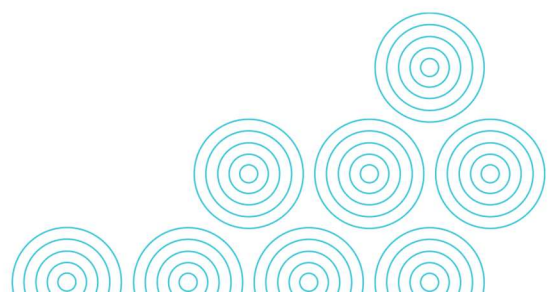




FY 2026 Water & Wastewater Rates
Conducted by Waterworth



The Long-Term Financial Model Explained

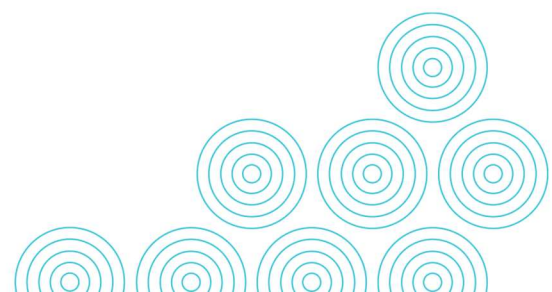
The Long-term Financial Model (LFM) displays a financial forecast of an enterprise funds revenue requirements for the future. It is based on historic financial data for previous fiscal years, as well as the most up-to-date budget for the future and makes assumptions based on these costs to graphically display the future of an enterprise fund's operating expenses. Other factors financial factors are considered and taken into account if applicable such as Capital Improvement Plans, Debt Amortization Schedules and more for a full picture of future revenue requirements. Revenues are also based on historical financial data as well as the most up-to-date projections for the current fiscal year. Revenues are projected as they have been historically with no future increases beyond what is in existing ordinances. With this information, the model displays whether there is a funding gap between revenues and revenue requirements, and its result on the enterprise funds cash position.

How to Read the Models

The LFM graph displays all the relevant financial information on top of each other for a full financial picture. Expenses, categorized as cash leaving the enterprise fund, are represented by the solid, continuous colors in the background of the graph. Revenues, categorized as cash entering the fund, are represented by the colored bars in the foreground of the model. The solid black line tracking across both the expenses and the revenues represents the cash position and it's reactions to a fund surplus or deficit. Lastly, the operating threshold, represented by the red dotted line, represents the minimum cash balance desired for the enterprise fund at any point in time.

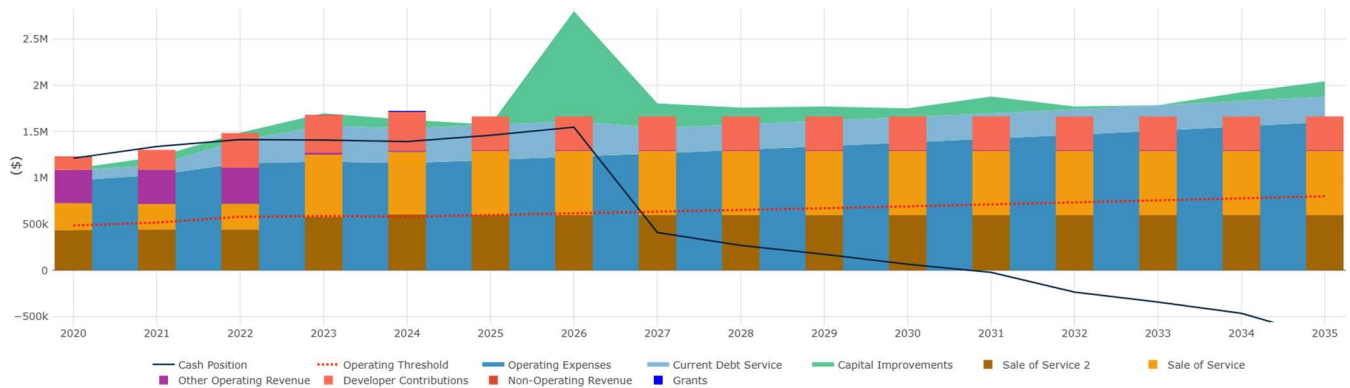
Legend

— Cash Position Operating Threshold
— Operating Expenses	— Current Debt Service
■ Sale of Water Service	■ Other Operating Revenue
■ Developer Contributions	■ Non-Operating Revenue
■ Grants	■ Borrowed Funds



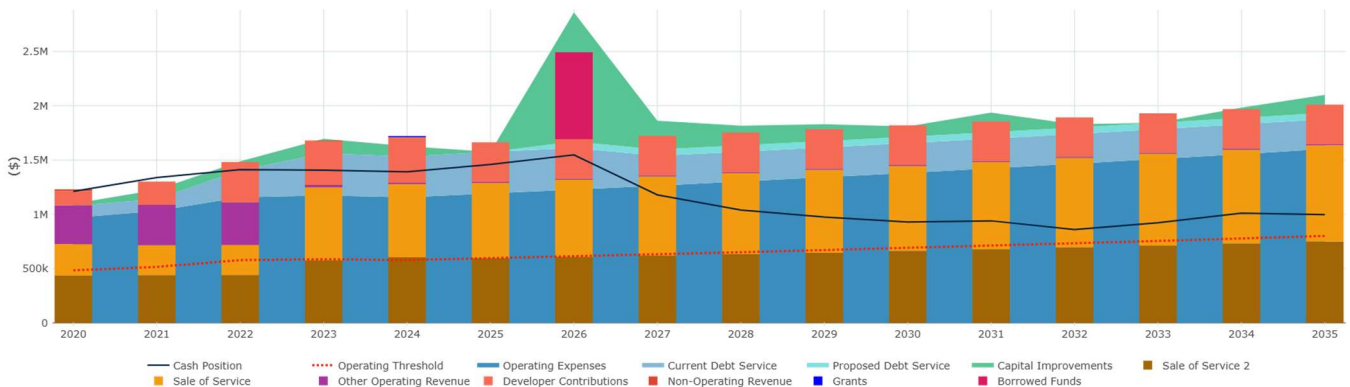
Combined Water & Wastewater Fund

Baseline – Current Financial Trajectory



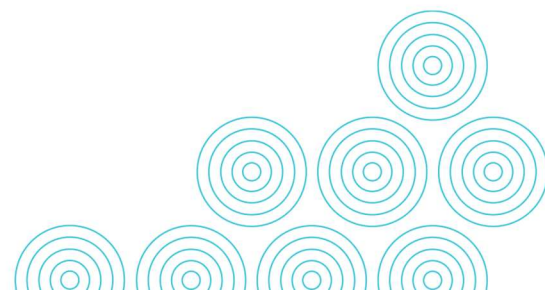
Cash Drops Below Operating Threshold before 2027

Adopted Solution – Water rates increased 2% & Sewer rates increased 2%



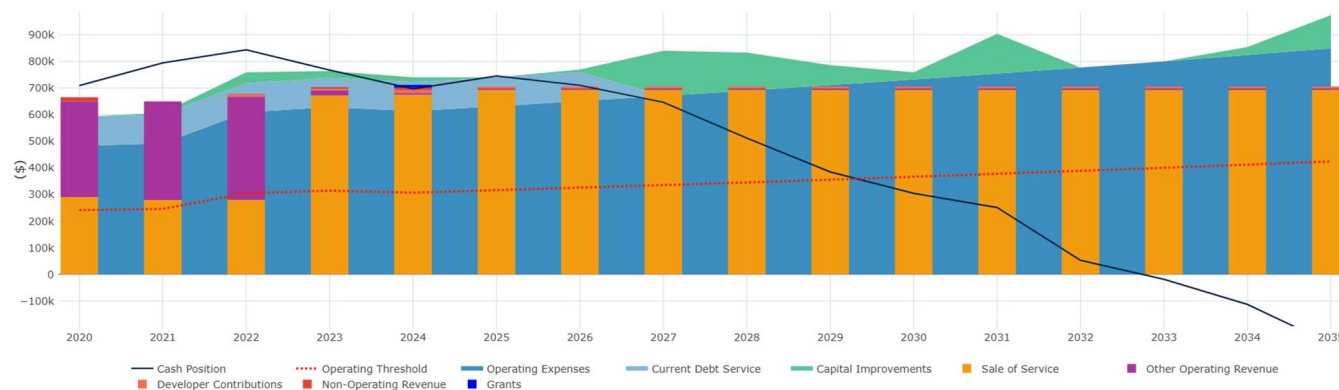
Cash Remains in Stable Position

*Models are projected based on the information above and are subject to change



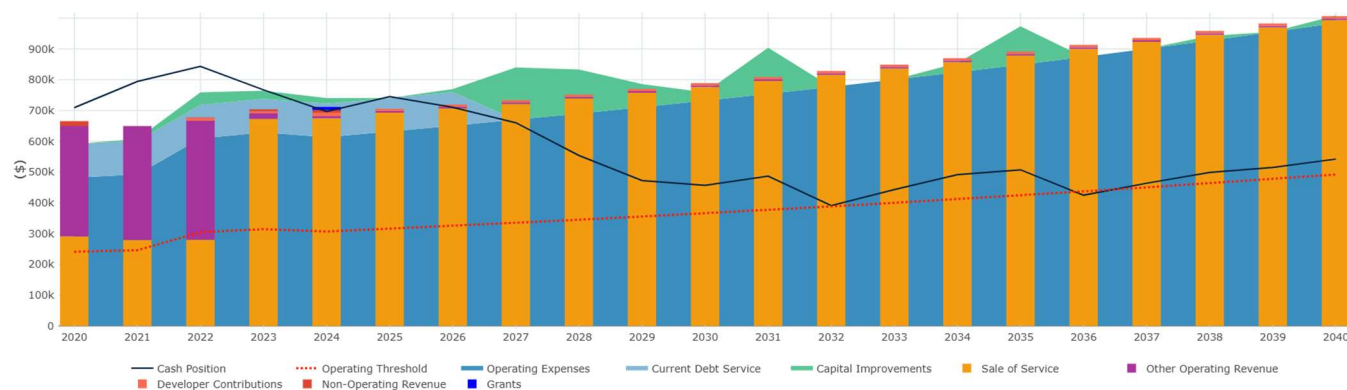
Water Service Area

Baseline – Current Financial Trajectory



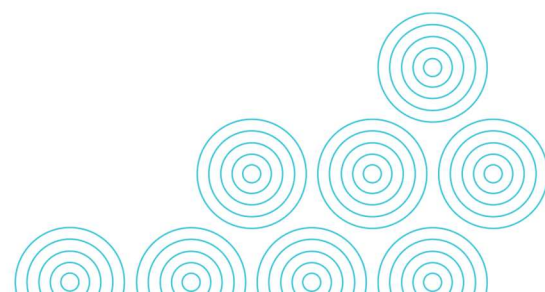
Cash Drops Below Operating Threshold before 2030

Adopted Solution – Water rates increased 2%



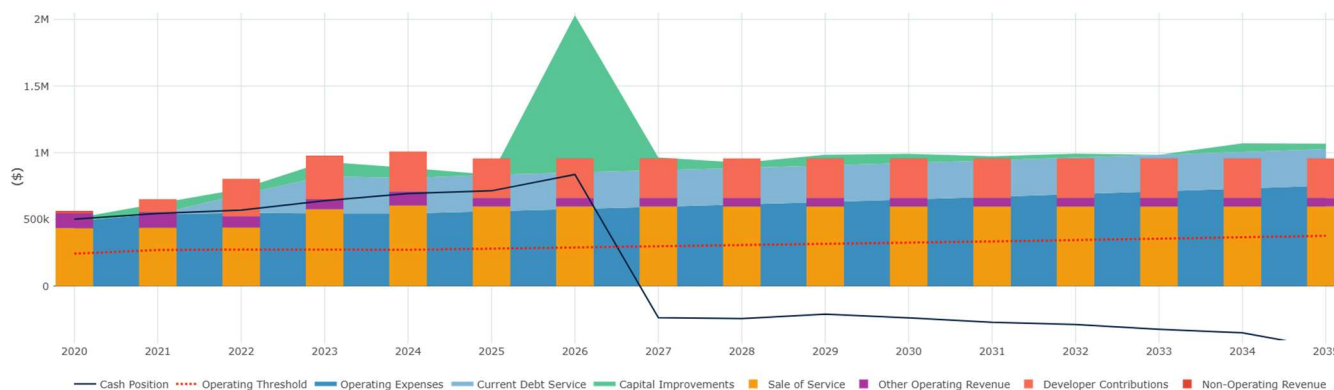
Cash Remains in Stable Position

*Models are projected based on the information above and are subject to change



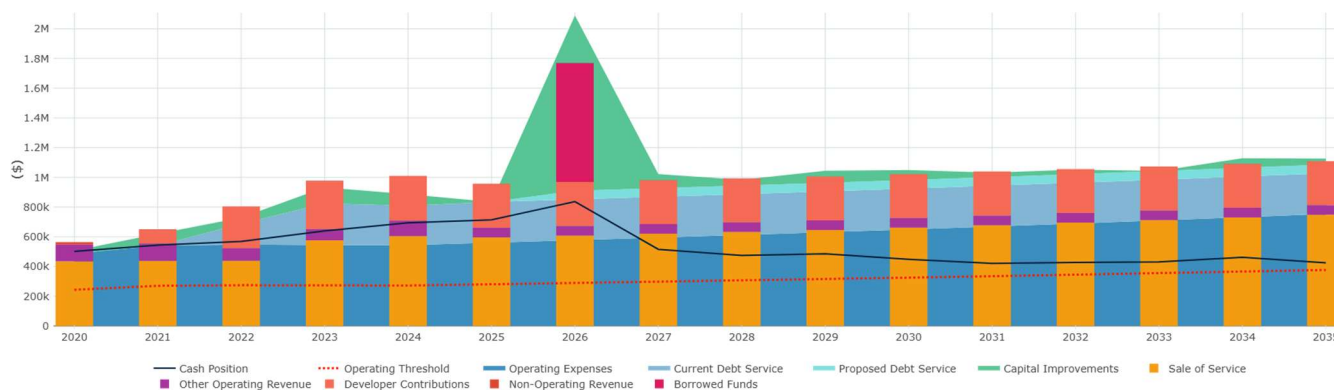
Wastewater Service Area

Baseline – Current Financial Trajectory



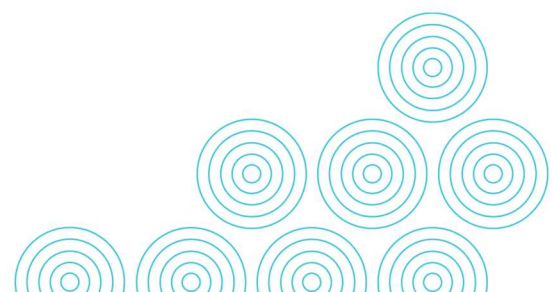
Cash Drops Below Operating Threshold before 2027

Adopted Solution – Sewer rates increased 2%



Cash Remains in Stable Position

*Models are projected based on the information above and are subject to change



Model Information

Operating Expenses

- Historic Data Taken from 2020-2024 Final Expense Budget Documents
- Budget Taken from the 2025 Preliminary Expense Budget
- 3% Annual Inflation Based on 2025 Budgeted Expenses

Capital Expenses

- Taken from the 2020-2024 Capital Expenses Document
- 2025 Capital Expenses Taken from the Capital Holding 2025-Date Order Document

Revenues

- Historic Data Taken from 2020-2024 Final Revenue Budget Documents
- Budget Taken from the 2025 Preliminary Revenue Budget

Debt Financing

- Debt Taken from Debt Amortization Schedules Associated with the Water and Wastewater Treatment Plants

Cash Position: Represents the Opening Cash Balances at Fiscal Year Start

- Retrieved from the Opening and Closing Cash Balances Found in the Statement of Cash Flows of the 2020-2023 Audits

Operating Threshold: Represents the Desired Minimum Cash on Hand Each Year

- Represents the Desired Minimum Cash on Hand Each Year
- 50% Operating Contingency: Represents 50% of the Operating Expenses for a Given Fiscal Year

