LAKE MITCHELL SEWER AUTHORITY (MICHIGAN) SEWER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

	Fiscal Year Ended					
	6/30/2019	6/30/2020	6/30/2021	6/30/2022	Test Year	Multiplier
	(---Per Client			---)		
General Operating Budget:						
591 000 702.00: Salaries & Wages	$6,700	$6,500	$5,100	$7,650	$7,650	2.00%
591 000 727.00: Office Supplies	3,632	3,147	7,263	7,450	7,450	2.00%
591 000 745.00: Gas & Oil	4,630	3,082	2,906	5,000	5,000	2.00%
591 000 800.00: Service Charge	10	-	80	-	-	0.00%
591 000 801.00: Professional Services/Audit	3,170	4,450	5,388	5,550	5,550	2.00%
591 000 801.01: Attorney	9,524	15,456	24,159	20,000	20,000	2.00%
591 000 801.04: Attorney Bond Council / Easements	-	-	48,997	20,000	20,000	2.00%
591 000 827.00: Contracted Services	229,694	243,737	247,064	255,000	255,000	[1]
591 000 827.01: Computer Software/Hardware	498	4,311	860	2,000	2,000	2.00%
591 000 827.02: Computer Main./Support	4,973	4,325	4,963	6,000	6,000	2.00%
591 000 827.03: Copier Maintenance	195	488	-	1,000	1,000	2.00%
591 000 827.04: Computer Purchase	1,560	-	-	3,000	3,000	2.00%
591 000 850.00: Communications	360	599	368	600	600	2.00%
591 000 900.00: Printing	308	1,453	270	1,000	1,000	2.00%
591 000 910.00: Insurance	4,962	5,211	5,442	6,000	6,000	2.00%
591 000 930.01: Vehicle License/tabs/reg.	508	125	123	-	-	0.00%
591 000 930.02: Vehicle Maint. & Repair	6,339	659	723	3,500	3,500	2.00%
591 000 930.09: Equipment Maint. & Repair	-	142	-	1,000	1,000	2.00%
591 000 940.00: Miss Dig	753	1,005	1,228	1,500	1,500	2.00%
591 000 940.01: Dues & Membership	-	100	100	100	100	2.00%
591 000 956.00: Miscellaneous	1,143	323	1,510	1,500	1,500	2.00%
591 000 956.01: Maintenance Tools	532	3,067	957	2,500	2,500	2.00%
591 000 968.00: Depreciation	-	-	-	- [2]	-	0.00%
591 000 976.01: Building Expense	830	8,270	1,300	20,000	20,000	2.00%
Total General Operating Budget expenses	280,320	306,449	358,800	370,350	370,350	
Utilities:						
591 000 920.00: System Electric	84,293	89,650	94,054	92,000	92,000	2.00%
591 000 920.01: Garbage Pickup	846	1,053	1,231	1,400	1,400	2.00%
591 000 976.03: Internet	2,408	2,609	2,007	2,500	2,500	2.00%
591 000 976.04: Phone	2,392	2,480	3,485	3,240	3,240	2.00%
591 000 976.05: Propane	3,062	2,112	2,984	4,000	4,000	2.00%
591 000 976.06: Security	613	842	793	800	800	2.00%
591 000 976.07: Electric Office	2,940	2,548	2,660	3,100	3,100	2.00%
Total Utilities expenses	96,555	101,294	107,215	107,040	107,040	

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LAKE MITCHELL SEWER AUTHORITY (MICHIGAN) SEWER FUND

(Continued)

COMPARATIVE DETAIL OF OPERATING EXPENSES

	Fiscal Year Ended					
	6/30/2019	6/30/2020	6/30/2021	6/30/2022	Test Year	Multiplier
	(------Per Client------)					
Maintenance/Repair:						
591 000 828.00: Engineering - General	-	285	-	2,000	2,000	3.00%
591 000 828.01: Engineering Lift Station Rehab	28,988	40,763	(20,669)	-	-	0.00%
591 000 828.02: Coll Sys Rehab - Engineering RD	-	21,045	273,028	200,000	-	0.00%
591 000 930.00: System Maintenance	28,646	34,360	12,026	38,500	38,500	3.00%
591 000 930.03: Emergency Repair	9,375	25,595	62,250	35,000	35,000	3.00%
591 000 930.04: Vac Stations	-	10,388	9,075	14,000	14,000	3.00%
591 000 930.05: Manhole Repair	-	-	-	500	500	3.00%
591 000 930.06: GPS Cleanout Maint.	-	-	-	500	500	3.00%
591 000 930.07: Smoke Testing	-	-	-	5,000	5,000	3.00%
591 000 930.08: Illegal Connection Inspections	-	-	13,295	20,000	20,000	3.00%
591 000 930.10: Water Meter Install	-	-	12,347	-	-	0.00%
591 000 970.00: Capital Improvement	-	-	-	8,000	8,000	3.00%
591 000 970.01: Grinder Pumps	36,170	-	25,776	44,000	[3]	3.00%
591 000 970.02: Lift Station Pumps	-	-	13,555	5,000	5,000	3.00%
591 000 970.03: Extension Risers	7,176	-	-	1,000	1,000	3.00%
591 000 970.04: GPS Control Panels	-	-	-	-	-	0.00%
591 000 970.05: Lift Station Panels	-	-	-	-	-	0.00%
591 000 970.06: New Truck	-	-	-	-	-	0.00%
591 000 970.07: Extension to Sewer System	-	13,512	-	-	-	0.00%
Total Maintenance/Repair expenses	110,355	145,948	400,683	373,500	129,500	
Repair & Replacement Fund (RR&I)						
591 000 999.00: Transfer Out to R&R Fund	-	-	-	-	132,817 [3]	0.00%
City of Cadillac Offload Fee						
591 000 975.01: Wastewater Treatment	192,287	216,140	157,393	216,000	216,000	[4]
591 000 975.02: Lab Services	-	381	602	1,000	1,000	0.00%
591 000 975.03: Ready to Serve Charge	-	32,381	34,016	37,000	37,000	[5]
591 000 975.00: Interconnect	2,905	3,203	3,936	7,500	7,500	0.00%
Total City of Cadillac Offload Fee expenses	195,192	252,105	195,948	261,500	261,500	
Total Operating Expenses	$682,422	$805,796	$1,062,645	$1,112,390	$1,001,207	

[1] Based on contract negotiation between the client and operator. Assumes 15% increase for fiscal year 2023/24 and then 4.75% increases per year thereafter.
[2] Depreciation is removed from this report as this study is performed on the cash basis.
[3] Total RR&I per USDA Letter of Conditions is $132,817. Noted accounts account for the total needed reserves/spending per year.
[4] Per contract, multiplier will be decreasing from 1.4 to 1.3 of City of Cadillac flow rate starting May 1, 2022. Further decrease going into effect on May 1, 2028 to 1.2 multiplier.
[5] Per contract, multiplier will be increasing from 0.29 to 0.57 of City of Cadillac Ready to Serve rate starting May 1, 2022. Further increase going into effect on May 1, 2028 to 0.87 multiplier.

LAKE MITCHELL SEWER AUTHORITY (MICHIGAN) SEWER FUND

CITY OF CADILLAC INVOICE HISTORY AND FUTURE ESTIMATES - FISCAL YEAR

2020/21	Flow Charge Calculation					Ready to Serve (RTS) Charge Calculation						
Invoice Date	City Flow Charge	Multiplier	Authority Flow Charge	Billable Units (in 100 cf units)	Flow Charges	City RTS Charge	Multiplier	Authority Flow Charge	Billable Units (REU's)	RTS Charges	Surcharges	Total
July	$2.46	1.40	$3.44	5,984.01	$20,608.93	$10.61	0.29	$3.08	877.00	$2,698.44	-	$23,307.37
August	2.46	1.40	3.44	4,921.73	16,950.44	10.61	0.29	3.08	877.00	2,698.44	$30.60	19,679.48
September	2.46	1.40	3.44	4,293.43	14,786.57	10.61	0.29	3.08	877.00	2,698.44	-	17,485.01
October	2.46	1.40	3.44	3,562.77	12,270.18	10.61	0.29	3.08	877.00	2,698.44	-	14,968.62
November	2.62	1.40	3.67	3,497.47	12,828.72	11.31	0.29	3.28	877.00	2,876.47	-	15,705.19
December	2.62	1.40	3.67	3,521.26	12,915.98	11.31	0.29	3.28	877.00	2,876.47	12.24	15,804.69
January	2.62	1.40	3.67	3,356.01	12,309.84	11.31	0.29	3.28	877.00	2,876.47	50.76	15,237.08
February	2.62	1.40	3.67	2,995.47	10,987.38	11.31	0.29	3.28	877.00	2,876.47	3.24	13,867.10
March	2.62	1.40	3.67	2,898.79	10,632.76	11.31	0.29	3.28	883.00	2,896.15	-	13,528.91
April	2.62	1.40	3.67	3,080.63	11,299.76	11.31	0.29	3.28	878.00	2,879.75	103.67	14,283.18
May	2.62	1.40	3.67	3,080.63	11,299.77	11.31	0.29	3.28	878.00	2,879.75	40.43	14,219.95
June	2.62	1.40	3.67	3,628.43	13,309.08	11.31	0.29	3.28	878.00	2,879.75	-	16,188.83
					$160,199.43					$33,835.06	$240.94	$194,275.43

2021/22	Flow Charge Calculation					Ready to Serve (RTS) Charge Calculation						
Invoice Date	City Flow Charge	Multiplier	Authority Flow Charge	Billable Units (in 100 cf units)	Flow Charges	City RTS Charge	Multiplier	Authority Flow Charge	Billable Units (REU's)	RTS Charges	Surcharges	Total
July	$2.62	1.40	$3.67	4,757.39	$17,450.11	$11.31	0.29	$3.28	878.00	$2,879.75	361.18	$20,691.04
August	2.75	1.40	3.85	5,422.00	20,874.70	11.87	0.29	3.44	878.00	3,022.34	28.17	23,925.21
September	2.75	1.40	3.85	5,815.97	22,391.48	11.87	0.29	3.44	878.00	3,022.34	25.58	25,439.40
October	2.75	1.40	3.85	3,489.21	13,433.46	11.87	0.29	3.44	878.00	3,022.34	95.75	16,551.55
November	2.75	1.40	3.85	2,694.73	10,374.71	11.87	0.29	3.44	878.00	3,022.34	10.05	13,407.10
December	2.75	1.40	3.85	2,352.67	9,057.77	11.87	0.29	3.44	878.00	3,022.34	14.57	12,094.68
January	2.75	1.40	3.85	3,356.01	12,920.64	11.87	0.29	3.44	878.00	3,022.34	50.76	15,993.74
February	2.75	1.40	3.85	2,995.47	11,532.56	11.87	0.29	3.44	878.00	3,022.34	3.24	14,558.14
March	2.75	1.40	3.85	2,898.79	11,160.34	11.87	0.29	3.44	878.00	3,022.34	-	14,182.68
April	2.75	1.40	3.85	3,080.63	11,860.44	11.87	0.29	3.44	878.00	3,022.34	103.67	14,986.44
May	2.75	1.40	3.85	3,080.63	11,860.45	11.87	0.29	3.44	878.00	3,022.34	40.43	14,923.21
June	2.75	1.30	3.58	3,628.43	12,971.64	11.87	0.57	6.77	878.00	5,940.46	-	18,912.10
					$165,888.29					$39,043.61	$733.40	$205,665.30

2022/23	Flow Charge Calculation					Ready to Serve (RTS) Charge Calculation						
Invoice Date	City Flow Charge	Multiplier	Authority Flow Charge	Billable Units (in 100 cf units)	Flow Charges	City RTS Charge	Multiplier	Authority Flow Charge	Billable Units (REU's)	RTS Charges	Surcharges	Total
July	$2.75	1.30	$3.58	4,757.39	$17,007.67	$11.87	0.57	$6.77	878.00	$5,940.46	$361.18	$23,309.31
August	2.75	1.30	3.58	5,422.00	19,383.65	11.87	0.57	6.77	878.00	5,940.46	28.17	25,352.28
September	2.75	1.30	3.58	5,815.97	20,792.09	11.87	0.57	6.77	878.00	5,940.46	25.58	26,758.13
October	2.75	1.30	3.58	3,489.21	12,473.93	11.87	0.57	6.77	878.00	5,940.46	95.75	18,510.14
November	2.75	1.30	3.58	2,694.73	9,633.66	11.87	0.57	6.77	878.00	5,940.46	10.05	15,584.17
December	2.75	1.30	3.58	2,352.67	8,410.79	11.87	0.57	6.77	878.00	5,940.46	14.57	14,365.82
January	2.75	1.30	3.58	3,356.01	11,997.74	11.87	0.57	6.77	878.00	5,940.46	50.76	17,988.96
February	2.75	1.30	3.58	2,995.47	10,708.81	11.87	0.57	6.77	878.00	5,940.46	3.24	16,652.51
March	2.75	1.30	3.58	2,898.79	10,363.17	11.87	0.57	6.77	878.00	5,940.46	-	16,303.63
April	2.75	1.30	3.58	3,080.63	11,013.26	11.87	0.57	6.77	878.00	5,940.46	103.67	17,057.39
May	2.75	1.30	3.58	3,080.63	11,013.27	11.87	0.57	6.77	878.00	5,940.46	40.43	16,994.16
June	2.75	1.30	3.58	3,628.43	12,971.64	11.87	0.57	6.77	878.00	5,940.46	-	18,912.10
					$155,769.67					$71,285.52	$733.40	$227,788.60

= Unknown estimates at this time, based on past history.

LAKE MITCHELL SEWER AUTHORITY (MICHIGAN) SEWER FUND

CASH FLOW ANALYSIS - INFLATIONARY INCREASES ON CADILLAC CHARGES AND AUTHORITY RATES

		2021/22	One-Time Increase	2022/23	Increases Per Year	2023/24	2024/25	2025/26	2026/27	2027/28
Assumptions										
Residential equivalent units billed		1,010.521		1,010.521		1,010.521	1,010.521	1,010.521	1,010.521	1,010.521
O/M charge (monthly)		$54.12	($2.25)	$51.87	$1.25	$53.12	$54.37	$55.62	$56.87	$58.12
R/R charge (monthly)		$7.46	$3.50	$10.96	$0.00	$10.96	$10.96	$10.96	$10.96	$10.96
Offload charge (monthly)		$21.74	$0.75	$22.49	$0.75	$23.24	$23.99	$24.74	$25.49	$26.24
Debt charge (monthly)		-	$30.50	$30.50	$0.00	$30.50	$30.50	$30.50	$30.50	$30.50
Typical homeowner's monthly bill		*$83.32*		*$115.82*		*$117.82*	*$119.82*	*$121.82*	*$123.82*	*$125.82*
Revenues										
O/M charge		$656,273		$628,989		$644,147	$659,304	$674,462	$689,620	$704,778
R/R charge		90,462		132,904		132,904	132,904	132,904	132,904	132,904
Offload charge		263,625		272,719		281,814	290,909	300,003	309,098	318,193
Debt charge		-		369,851		369,851	369,851	369,851	369,851	369,851
Connection charges		-		-		-	-	-	-	-
Other		9,500		9,500		9,500	9,500	9,500	9,500	9,500
Total revenues		1,019,859		1,413,963		1,438,215	1,462,468	1,486,720	1,510,973	1,535,225
Operating Expenditures										
O/M expenditures		(850,890)		(653,473)		(675,940)	(699,281)	(723,530)	(748,727)	(774,912)
R/R expenditures		-		(132,817)		(132,817)	(132,817)	(132,817)	(132,817)	(132,817)
Offload charges		(261,500)		(236,289)		(243,122)	(250,161)	(257,411)	(264,878)	(272,569)
Total operating expenditures		(1,112,390)		(1,022,578)		(1,051,880)	(1,082,259)	(1,113,758)	(1,146,422)	(1,180,299)
Net operating revenue		(92,531)		391,384		386,335	380,209	372,962	364,550	354,926
Less: Estimated debt service #1 2022/23 bonds [1]		-		(88,500)		(336,000)	(336,000)	(336,000)	(336,000)	(336,000)
Net cash flow		($92,531)		$302,884		$50,335	$44,209	$36,962	$28,550	$18,926
Cash & investments	*$782,122*	*$689,591*		*$992,475*		*$1,042,811*	*$1,087,020*	*$1,123,982*	*$1,152,532*	*$1,171,459*
Less: Estimated debt service reserve [2]	-	-		*(33,600)*		*(67,200)*	*(100,800)*	*(134,400)*	*(168,000)*	*(201,600)*
Unrestricted cash & investments	*$782,122*	*$689,591*		*$958,875*		*$975,611*	*$986,220*	*$989,582*	*$984,532*	*$969,859*

[1] Estimated debt service payments based on a $9,388,000 40-year USDA bond issue at the Letter of Conditions rate (1.875%).
[2] Accumulated.

Robert D. Hilty
05.25.2022
Attest: 5.25.2022 Sheila Hill

Draft 04/19/2022