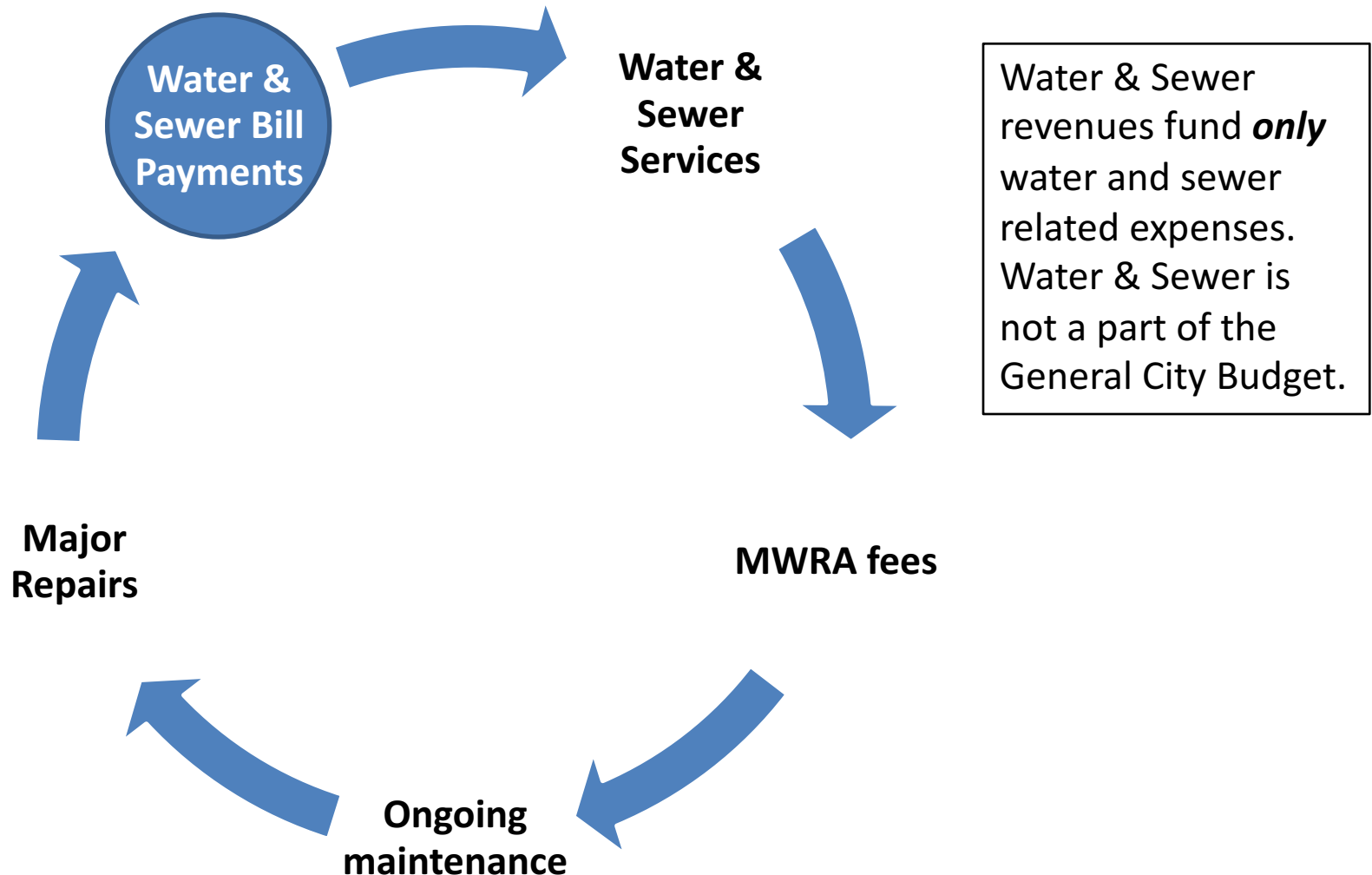


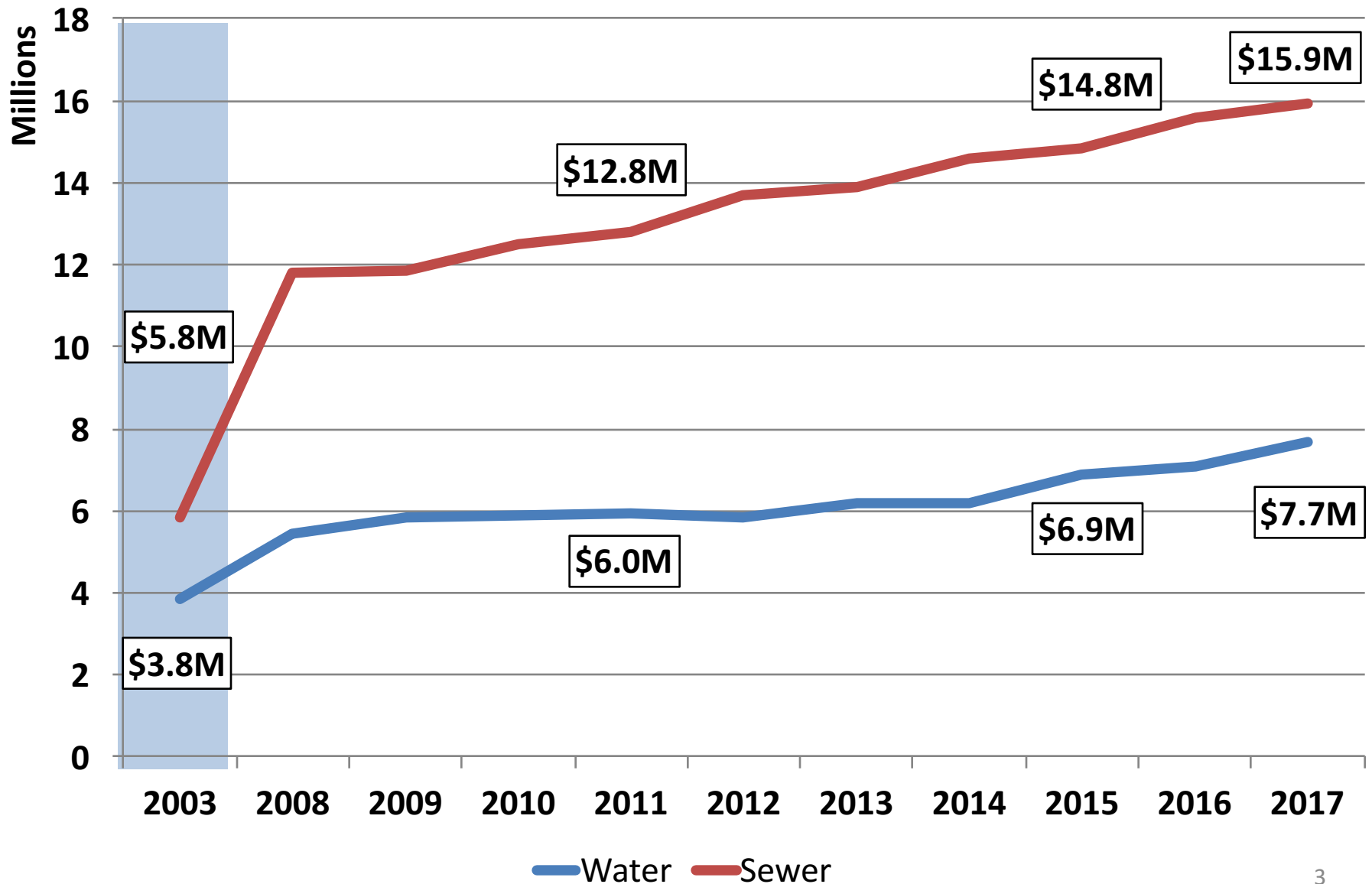
Water/Sewer Enterprise Funds

Financial Analysis

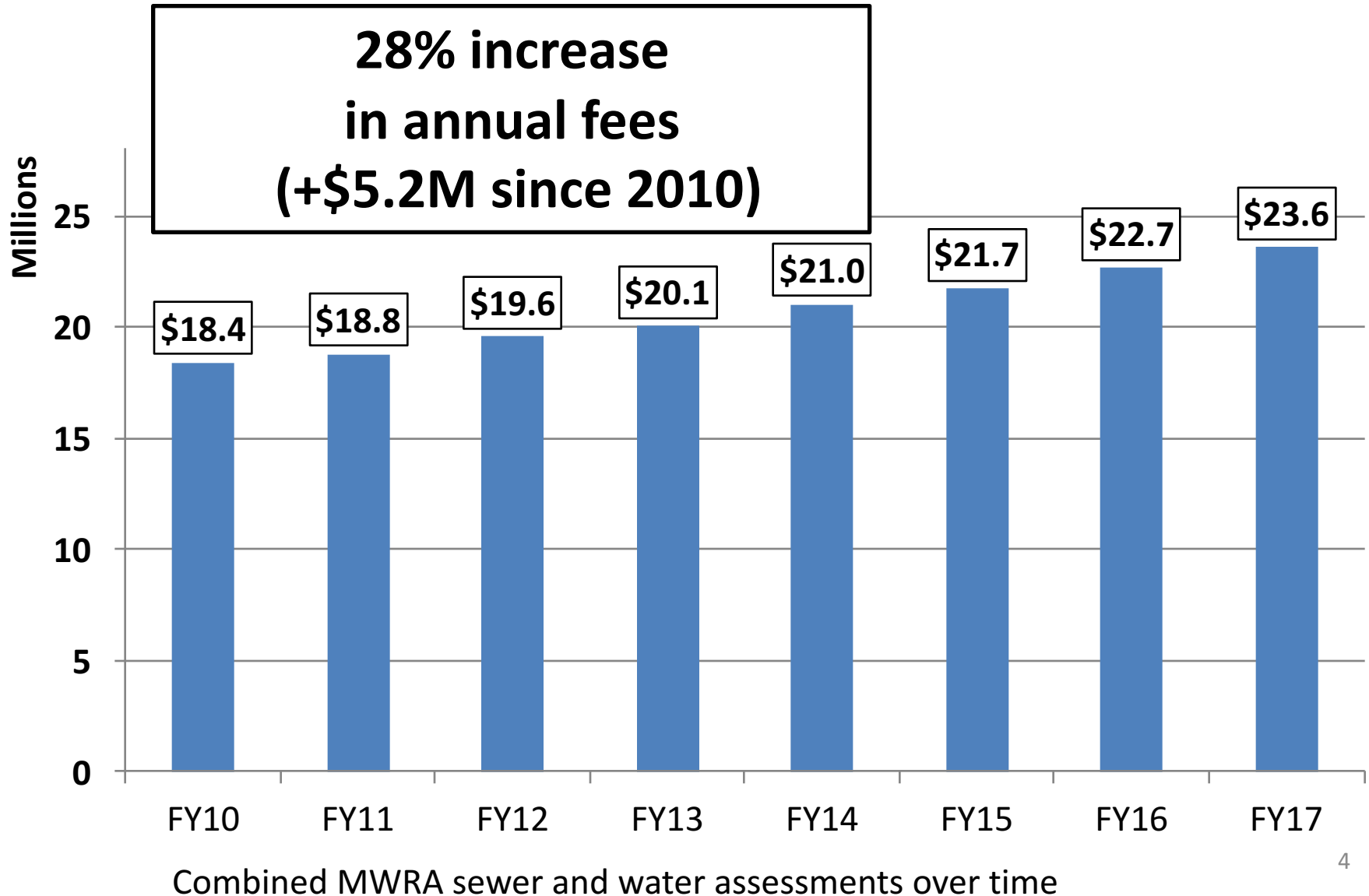
A Separate Enterprise Fund



MWRA Assessments Over Time

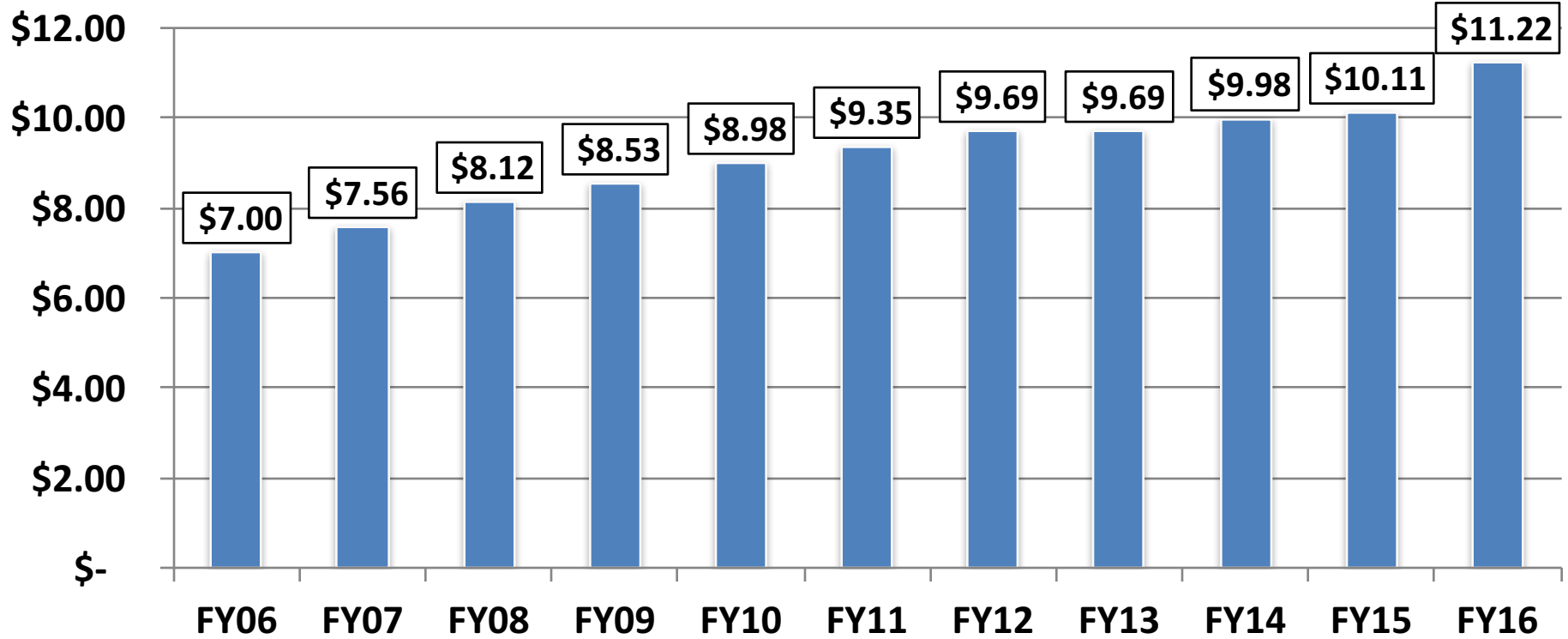


Fees charged to the City by MWRA are rising



Historical Water & Sewer Rates

W/S Rates for Tier 1 (0-13 Units)

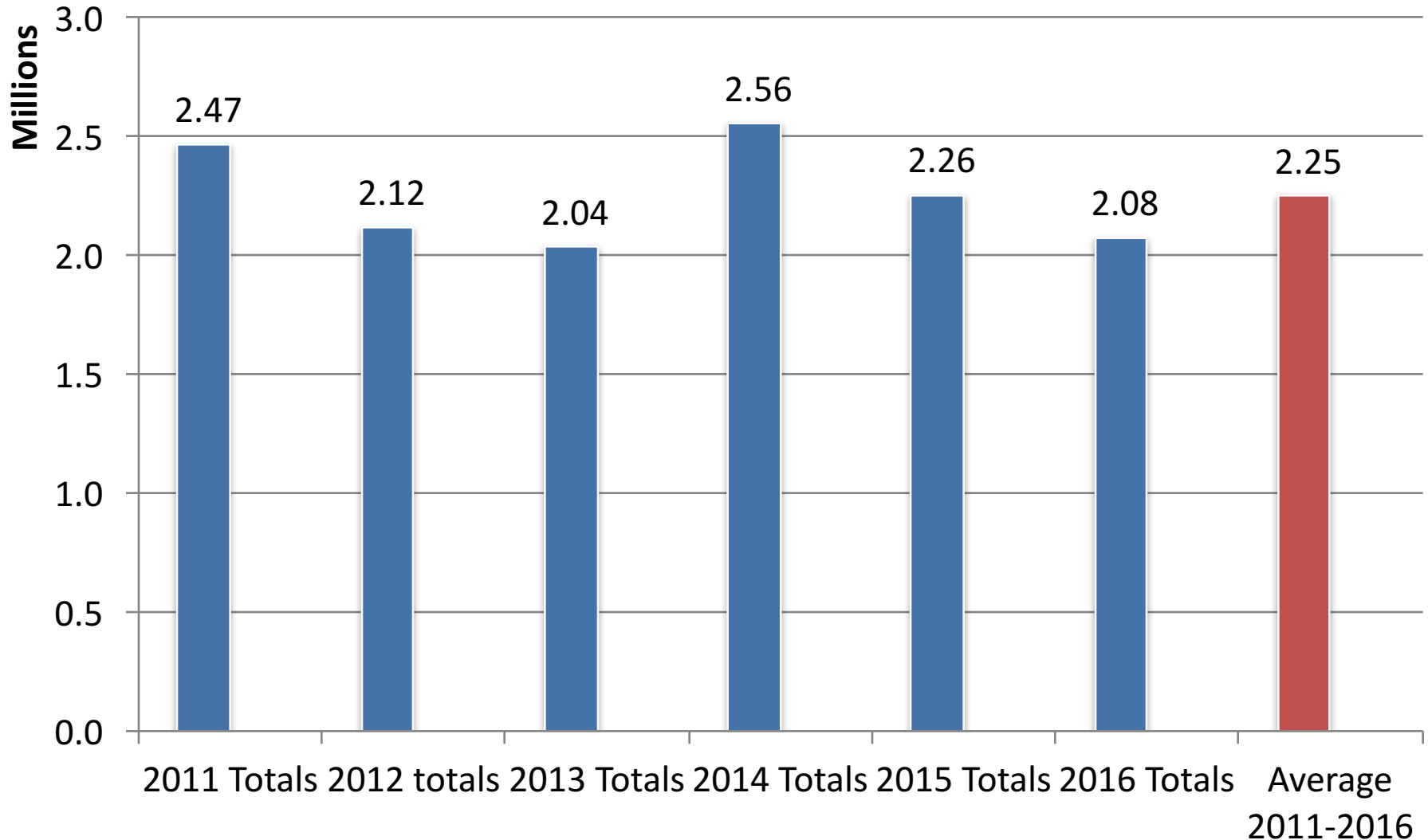


Water & Sewer Usage FY11-FY16

FY Year/Description	Water Usage HCF	Sewer Usage HCF
2011 Totals	2,467,806	2,509,785
2012 Totals	2,119,331	2,196,117
2013 Totals	2,035,953	1,969,019
2014 Totals	2,555,076	2,442,553
2015 Totals	2,257,828	2,183,762
2016 Totals	2,078,746	2,175,133
Average 2011-2016	2,252,457	2,246,062
Change 2012/2011	-14.1%	-12.5%
Change 2013/2012	-3.9%	-10.3%
Change 2014/2013	25.5%	24.0%
Change 2015/2014	-11.6%	-10.6%
Change 2016/2015	-7.9%	-0.4%
Change 2016/2011	-15.8%	-13.3%

Water Usage Trends

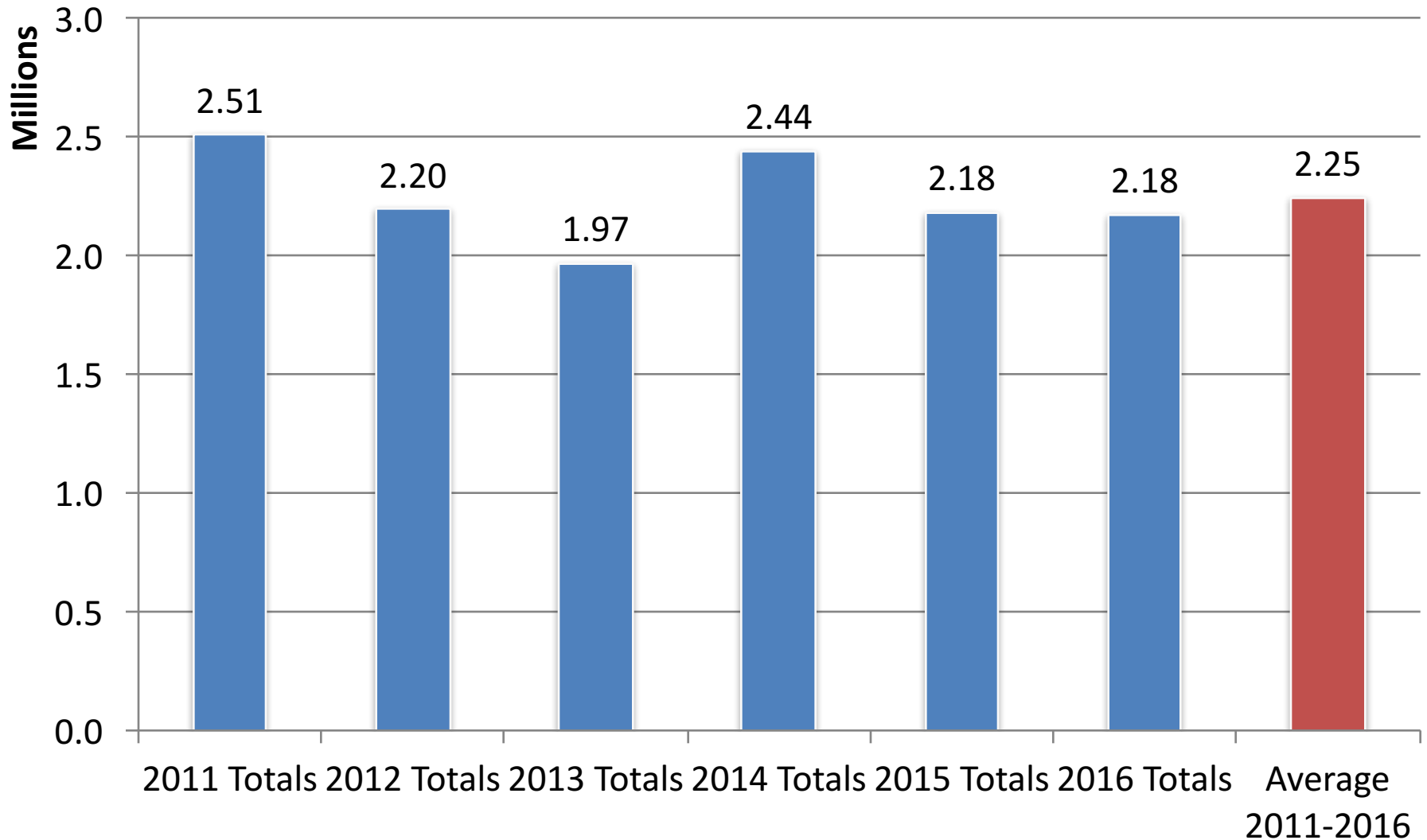
(In millions of units billed)



**1 Unit = 100 cubic feet, or 748 gallons*

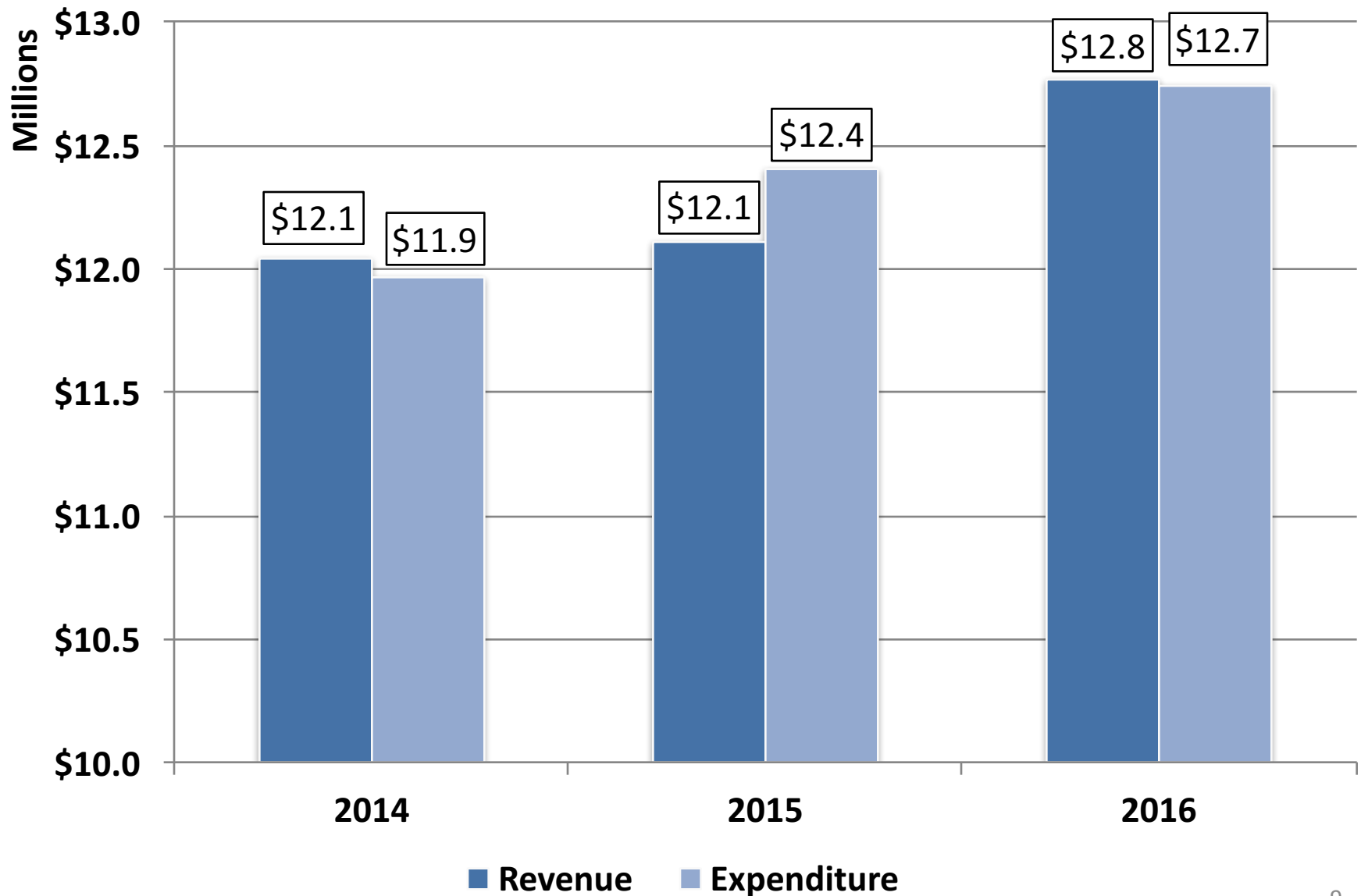
Sewer Usage Trends

(In millions of units billed)

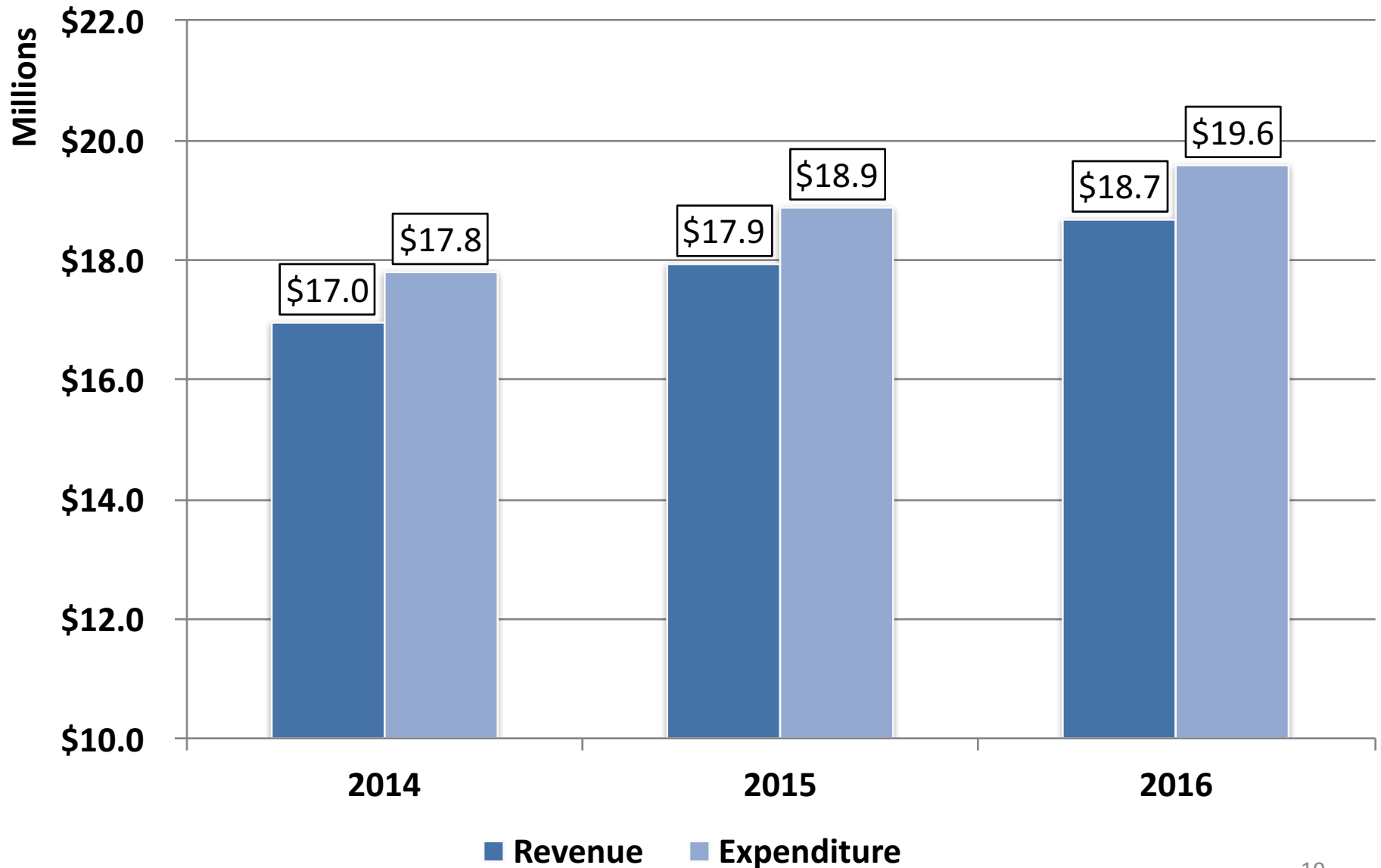


**1 Unit = 100 cubic feet, or 748 gallons*

Water Enterprise Revenue & Expenses



Sewer Enterprise Revenue & Expenses



Water/Sewer FY16 Q4 Revenue Issues

- Projected revenue shortfalls were apparent in April 2016
 - Water: Approximately \$600K (\$900K projected operating deficit)
 - Sewer: Approximately \$2.3M (\$2.9M projected operating deficit)
- Finance worked with Water Department to assess the revenue collection and expenditures on a weekly basis
- By mid-May the situation improved slightly as a result of increased revenue and reduced spending
 - Water projected operating deficit: \$400K
 - Sewer projected operating deficit: \$1.6M

Water/Sewer FY16 Q4 Revenue Issues

- The city takes immediate action to remediate the deficit, close the books with positive balance and prevent excessive Water & Sewer rate increases
 - Reduced OM spending and saved \$140K in Water and \$364K in Sewer.
 - Reduced Capital spending and saved \$215K in Water and \$363K in Sewer.
 - PS savings: \$237K in Water and \$40K in Sewer.
 - Liquidated prior year encumbrances.
 - Minimized the amount of carry-forward funds from \$1.1M in 2015 to \$373K in 2016.

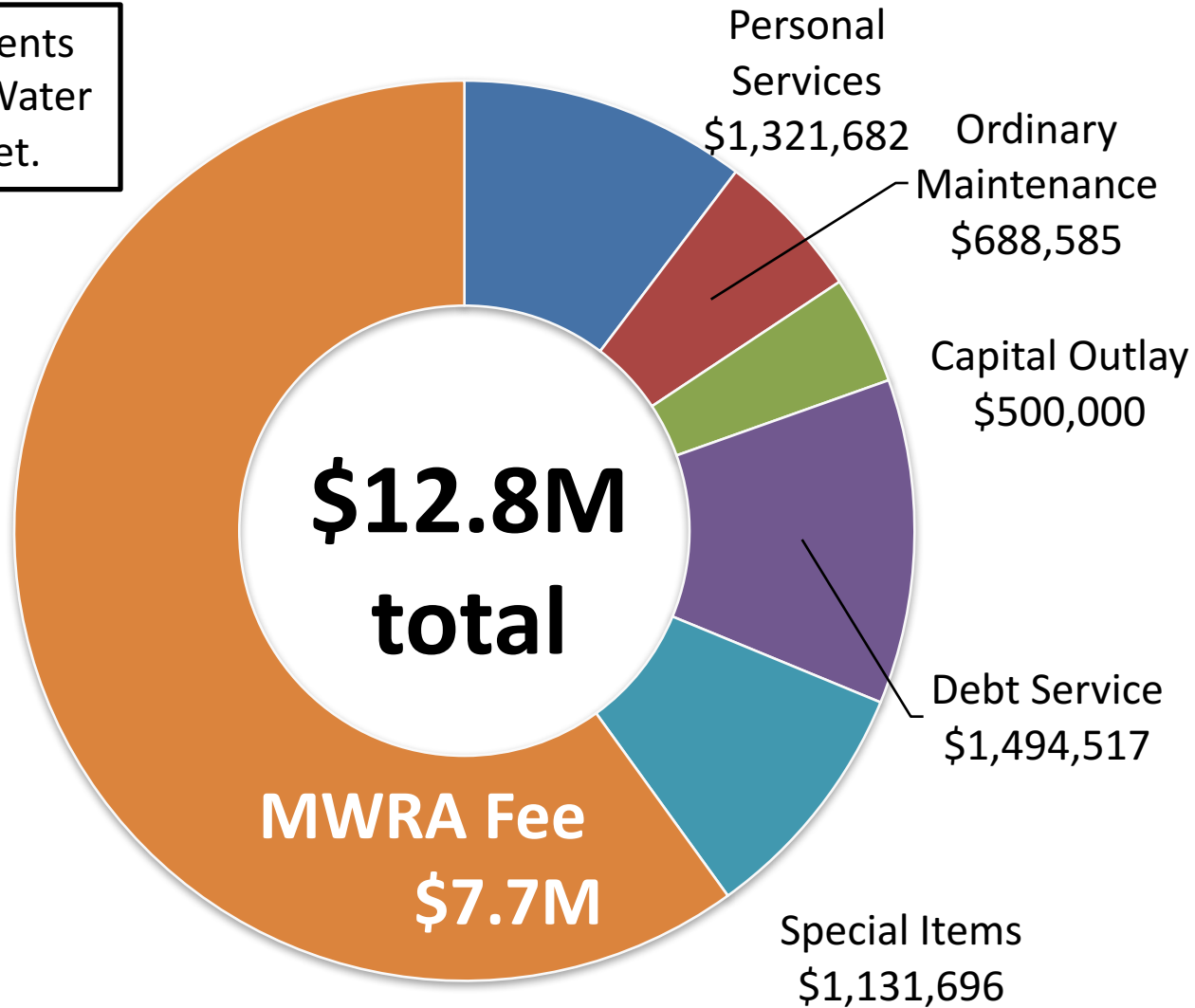
FY16 Water/Sewer Operating Shortfall

- The table below shows the operating shortfalls which will be absorbed by and provided for from existing Retained Earnings and reversion of prior year encumbrances

City of Somerville Water / Sewer	2016	
	Water	Sewer
Revenues	\$12,765,711.24	\$18,688,473.33
Expenditures	(\$12,744,430.85)	(\$19,580,233.58)
Reserve for Encumbrances	(\$146,317.37)	(\$227,432.72)
Operating Shortfall	(\$125,036.98)	(\$1,119,192.97)
Reverse Prior Year Encumbrances	\$499,687.07	\$602,215.55
Add Prior Year Certified Retained Earnings	\$309,496.50	\$702,492.02
Ending Balance	\$684,146.59	\$185,514.60

Water Expenditure Summary FY17

MWRA Assessments
are 60% of the Water
Enterprise budget.



Sewer Expenditure Summary FY17

MWRA Assessments
are 80% of the Sewer
Enterprise budget.

