Characteristics

- Should be self-sustaining.

- Retained earnings must be certified by the DLS and only then may be appropriated for expenditures related to the enterprise fund.
Water Revenue vs. Expenditures

- Annual increase in revenue generally coincides with the annual increase in expenditures.

- Expense line only includes direct expenses.

- Indirect expenses for budgeted FY2020 totaled $1,686,287. Of this, 50% or $843,144 is allocated to the Water Enterprise.
Sewer/WWTP Revenue vs. Expenses

- **Sewer Expenses**
  - 2015: 379
  - 2016: 422
  - 2017: 397
  - 2018: 389
  - 2019: 405
  - 2020: 516

- **WWTP Expenses**
  - 2015: 1,037
  - 2016: 1,027
  - 2017: 1,059
  - 2018: 1,080
  - 2019: 1,136
  - 2020: 1,265
Sewer Revenue vs. Expenditures

- The trend has become stagnant or decreasing revenues, but increasing expenses.
- Expense line only includes direct expenses.
- As previously stated, indirect expenses for budgeted FY2020 totaled $1,686,287. Of this, 50% or $843,144 is allocated to the Sewer Enterprise.
What happens if indirect expenses are included?

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Revenue</td>
<td>1,605,988</td>
<td>1,583,340</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>(771,087)</td>
<td>(912,705)</td>
</tr>
<tr>
<td>Indirect Expenses</td>
<td>(877,286)</td>
<td>(843,144)</td>
</tr>
<tr>
<td></td>
<td>(42,385)</td>
<td>(172,508)</td>
</tr>
</tbody>
</table>
What happens if indirect expenses are included?

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Revenue</td>
<td>2,380,710</td>
<td>2,381,729</td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>-1,880,972</td>
<td>-2,116,962</td>
</tr>
<tr>
<td>Indirect Expenses</td>
<td>-877,286</td>
<td>-843,144</td>
</tr>
<tr>
<td></td>
<td>(377,548)</td>
<td>(578,376)</td>
</tr>
</tbody>
</table>
What are Indirect Expenses?

- Salaries, benefits, insurances, central services, departmental, and debt.
- A small portion of the cost for certain city department heads that directly impact or are impacted by the operations of the Enterprise Fund.
- Actual costs of Enterprise Debt.