

# *Alaska SRF Model User Guide*

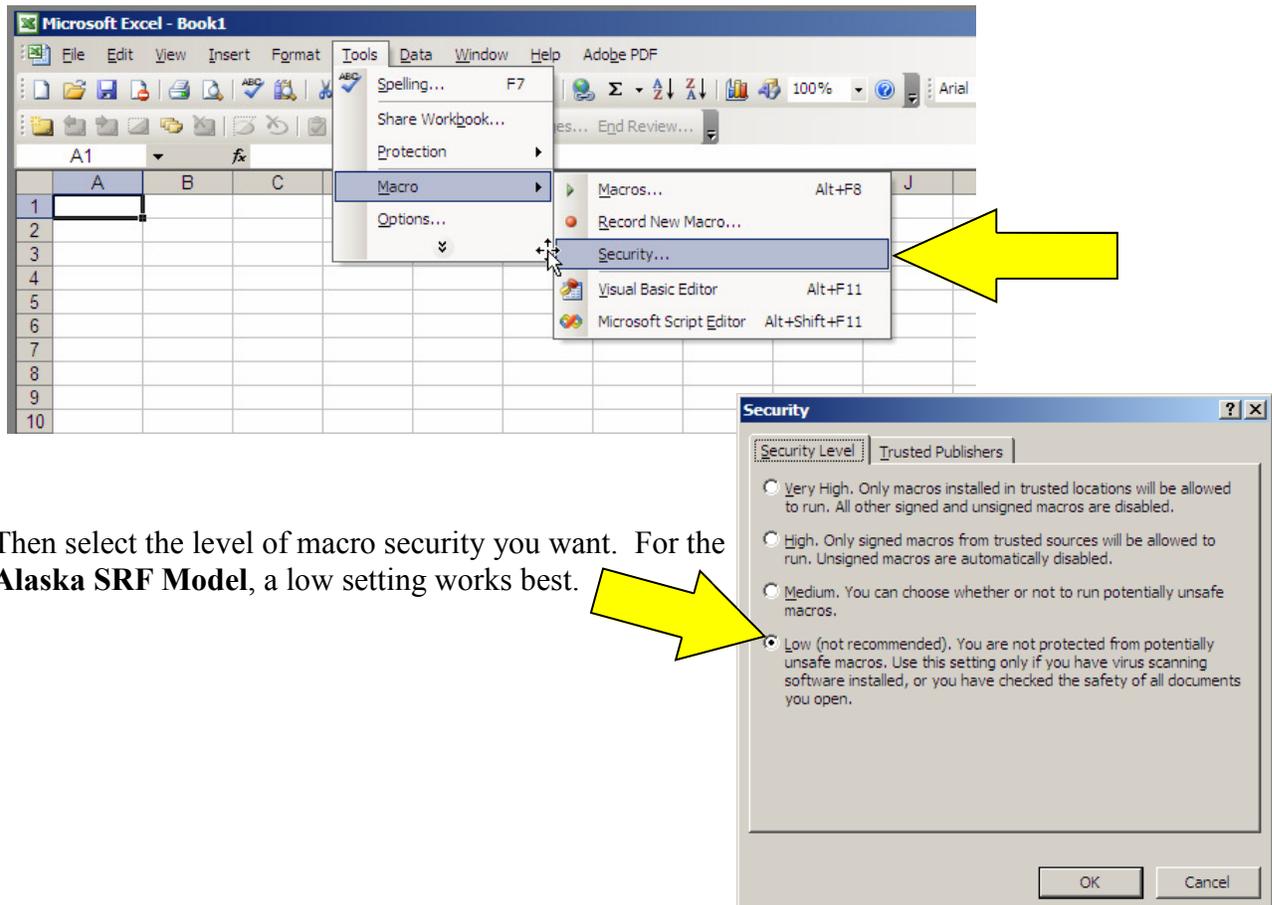
The **Alaska SRF model** is built within a Microsoft Excel workbook. Familiarity with Microsoft Excel is helpful to use the model. The workbook uses macros to assist users in navigating through the various input and report screens.

Here are the steps to take in using the **Alaska SRF Model**:

## Step 1.

First, open Microsoft Excel. Because the model uses macros to guide users, you will need to change the macro security level to “low.” While this is an adjustment that you don’t normally make in the day to day use of Excel, this is fairly easy to do.

1. On the Excel menu bar, Left click the mouse on “Tools,” then scroll to “Macro.” When the next window opens, scroll to “Security,” and then left click on your mouse.



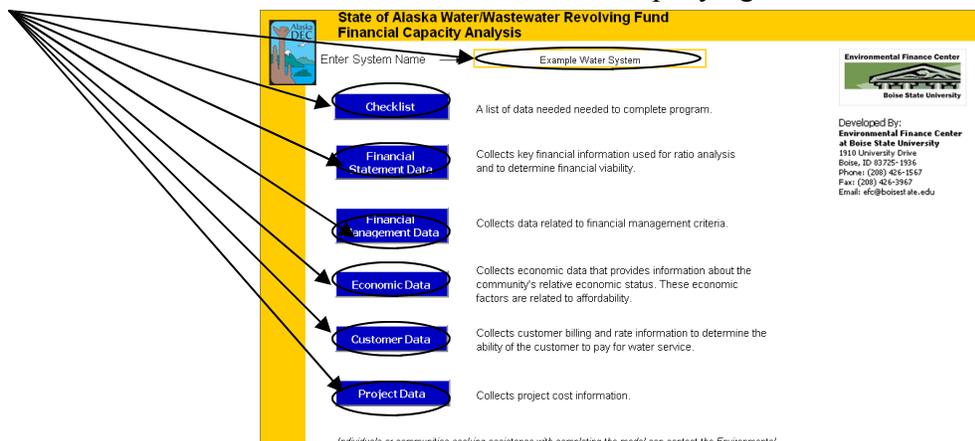
Then select the level of macro security you want. For the **Alaska SRF Model**, a low setting works best.

### Step 2.

Now that the macro security level has been changed, you can open the **Alaska SRF model**. Before doing anything else, save a copy of the “blank” file using a unique file name. This way you will always have a “blank” file in case you want to create a new model. A pop-up will appear reminding you to do this.

### Step 3.

After opening the model, the main menu will appear. Each of the six (6) buttons located on the left side of the screen will lead you to an area of the model that needs to be completed. Enter a name for the system, then click on each of the buttons and fill out the accompanying forms.



1. “Checklist”- It lists the items that are needed to fill out the model.

**System Data Checklist**

**Community Information**

- 1) Community population
- 2) Number of residential customers
- 3) Median household income for the community and the state
- 4) Poverty rate for the community and the state
- 5) Unemployment rate for the community and the state

**Financial and Management Information**

- 1) Audited financial statements for current year (most recent year available) and two years prior
- 2) Annual budget for current year
- 3) Capital budget
- 4) Capital improvement plan
- 5) Bond rating (including date of issue and who it was issued by)
- 6) Number of days in the billing cycle
- 7) Current average monthly residential customer charge for wastewater service
- 8) Estimated average monthly residential customer charge after receiving loan
- 9) Frequency of rate setting
- 10) Number of rate changes in past 10 years
- 11) Description of guidance used in rate setting
- 12) Date of last rate increase

**SRF Loan Information**

- 1) Description of project to be funded by SRF loan
- 2) Loan amount
- 3) Loan term
- 4) Loan interest rate

**Supporting documents to be sent to the Environmental Finance Center (address located on the main page of the model):**

- 1) **Rate Structure (and proposed Rate Structure) for the water/wastewater fund.** This document should include all the costs that are to be paid by the users of the system. This will include setup costs, fixed and volume charges, and any other charges assessed to users of the water/wastewater system.
- 2) **City Ordinances for the make up of the system's rate structure.** These ordinances will layout the costs for users of the water/wastewater system as established by the city.
- 3) **Audited Financial Statements.** The audited financial statements for the entire city should be included, unless the water/wastewater fund is a self-sustained entity that doesn't receive funds from the general city fund or any other fund to support its operations; in that case, providing the statements for just the water or wastewater fund would suffice.

## 2. “Financial Statement Data”-

This is where users can enter their financial data for a three year period. This information can be pulled directly from the system’s financial statements.

The financial information loaded into this form will reveal the system’s financial capacity. The data will show how well the system is performing financially and the trends that are developing. Some of the financial inputs used in this form are tied together, so it’s important to fill in all input areas, if possible.

In the case that your utility has not maintained asset information, fill in only the “**Income Sheet/Misc**” section. This section focuses solely on the yearly revenues and expenses facing the system. Even the smallest of systems should have this information available.

Identify year of financial information -->>	Previous Yr 2 2005	Previous Yr 1 2006	Most Recent Year 2007
Current Assets	50000	60000	65000
Receivables	20000	15000	12000
Net Fixed Assets	1000000	1120000	1100000
Total Assets	1050000	1180000	1165000
Current Liabilities	30000	40000	35000
Non-Current Liabilities	750000	650000	550000
Total Liabilities	780000	690000	585000
Fund Net Assets	270000	490000	580000

## 3. “Financial Management Data”-

This section will measure the managerial capacity of the water system. It asks a variety of questions to determine if the utility is taking the necessary steps to sustain itself. The input areas will ask either a “Yes” or “No” question, or for the user to fill in the blank. For the “Yes” or “No” questions, the answer will originally be set to “No”; requiring the user to switch the answer to provide a “Yes” response.

When issuing debt to secure capital financing, some public water systems will seek a “**bond rating**”. Corporate and governmental bond issues may have ratings assigned to them by rating agencies such as Moody’s, Standard & Poors, or Fitch. The bond rating speaks to the investment quality of the debt issue. It is not unusual for small water systems not to have a corporate bond rating.

**Cash Reserve Budget**  
Does the system have a cash reserve budget equal to 1 1/2 times monthly operating, maintenance, general, and administrative (OMGA) costs?  
 Yes  No

**Rate Setting**  
How frequently does the system review rates?  
annually  
When was the last rate increase?  
1/1/2008  
How many rate increases have been implemented in the past ten years?  
5  
What guidance or expertise is used in rate setting?  
A rate study was completed by our city's engineering company in 2005.

**Planning Documents**  
Does the system have an annual budget?  
 Yes  No  
Does the system have a capital improvement plan?  
 Yes  No  
Does the system have a capital budget?  
 Yes  No

**Audited Financial Statements**  
Does the system undergo annual financial audits?  
 Yes  No  
Who performs the annual audits?  
ABC Auditing Inc.

**Data Sources**  
Does the system have a bond rating?  
 Yes  No  
Rating: AA  
Date of Issue: 1/1/2005  
Issued By: Moody's

4. “Economic Data”-

This form will identify the economic status of the community. “Poverty Rate”, “Annual Median Household Income” and “Unemployment Rate” are looked at to provide a glimpse into the economic situation of the community.

To obtain this information, communities can use data collected locally or use a credible, national agency as a source. A few sources that could be used to find this information are the U.S Census Bureau: <http://factfinder.census.gov/home/saff/main.html?lang=en>, the U.S. Department of Labor: <http://www.bls.gov/>, or visit City-Data.com at: <http://www.city-data.com/>.

**Economic Data**

**Data Instructions:** Enter all percentages as numbers (Example: 1.5 for 1.5%)

**Poverty Rate**

Community (%)  State (%)

**Annual Median Household Income**

Community \$  State \$

**Data Instructions:** Enter unemployment rate for two consecutive years.

**Unemployment Rate**

Year 1 Year 2 Year 1 Year 2

Community (%)   State (%)

**Data Sources**

Poverty Rate  
U.S. Census Bureau: 2006 U.S. Census

Unemployment Rate  
U.S. Department of Labor: Bureau of Labor Statistics

Annual Median Household Income (MHI)  
U.S. Census Bureau: 2006 U.S. Census

OK Cancel

5. “Customer Data”-

This form will provide information about the community being supported by the utility. It asks for the current monthly rates and future monthly rates for residential customers.

Residential rates are compared against the “Annual Median Household Income” of the community to determine affordability of current residential rates as well as projected rates.

**Customer Data**

Community Population

Number of residential customers

Current average monthly residential rate \$

Future average monthly residential rate \$   
(expected average monthly rate after receiving the SRF loan)

Billing Cycle (days)

Please provide the affordability threshold. (% of Median Household Income)

%

OK Cancel

This will be an estimated affordability threshold for the community and should be established by the community.

Affordability is established by measuring user rates versus monthly household income.

6. “Project Data”-

The project information to be supported by the SRF Loan should be input into this page; along with the details of the loan.

**Project Data**

**Project Information**

Project Name

Project Description (Max 600 characters)

**SRF Loan Information**

Loan Amount \$

Interest rate  %  
Enter data as 5 for 5%

Loan term in Years (Example, 20 year loan = 20)

OK Cancel

#### Step 4.

Once all the forms are completed, again click on the checklist button and use the checklist as a guide to verify that all of the models inputs have been completed. Also, take **special note** towards the bottom of the checklist where supporting documents are required to be submitted.

Menu		System Data Checklist	
<b>Community Information</b>			
<input type="checkbox"/>	1)	Community population.	
<input type="checkbox"/>	2)	Number of residential customers.	
<input type="checkbox"/>	3)	Median household income for the community and the state.	
<input type="checkbox"/>	4)	Poverty rate for the community and the state.	
<input type="checkbox"/>	5)	Unemployment rate for the community and the state.	
<b>Financial and Management Information</b>			
<input type="checkbox"/>	1)	Audited financial statements for current year (most recent year available) and two years prior.	
<input type="checkbox"/>	2)	Annual budget for current year.	
<input type="checkbox"/>	3)	Capital budget.	
<input type="checkbox"/>	4)	Capital improvement plan.	
<input type="checkbox"/>	5)	Bond rating (including date of issue and what was issued by).	
<input type="checkbox"/>	6)	Number of days in the billing cycle.	
<input type="checkbox"/>	7)	Current average monthly residential customer charge for water/wastewater service.	
<input type="checkbox"/>	8)	Estimated average monthly residential customer charge after receiving loan.	
<input type="checkbox"/>	9)	Frequency of rate setting.	
<input type="checkbox"/>	10)	Number of rate changes in past 10 years.	
<input type="checkbox"/>	11)	Description of guidance used in rate setting.	
<input type="checkbox"/>	12)	Date of last rate increase.	
<b>SRF Loan Information</b>			
<input type="checkbox"/>	1)	Description of project to be funded by SRF loan.	
<input type="checkbox"/>	2)	Loan amount.	
<input type="checkbox"/>	3)	Loan term.	
<input type="checkbox"/>	4)	Loan interest rate.	
<b>Supporting documents to be sent to the Environmental Finance Center (address located on the main page of the model):</b>			
1) <i>Rate Structure (and proposed Rate Structure) for the water/wastewater fund.</i> This document should include all the costs that are to be paid by the users of the system. This will include setup costs, fixed and volume charges, and any other charges assessed to users of the water/wastewater system.			
2) <i>City Ordinances for the makeup of the system's rate structure.</i> These ordinances will lay out the costs for users of the water/wastewater system as established by the city.			
3) <i>Audited Financial Statements.</i> The audited financial statements for the entire city should be included, unless the water/wastewater fund is a self-sustaining entity that doesn't receive funds from the general city fund or any other funds to support its operation; in that case, providing the statements for just the water/wastewater fund would suffice.			

#### Step 5.

Upon completing the checklist review and gathering needed supporting documentation, its time to submit the data for review. This can be done by attaching the completed file to an email. This email should be sent to the following address: [efc@boisestate.edu](mailto:efc@boisestate.edu). Electronic copies of the supporting documents can also be submitted by email, or hard copies of the documents can be sent to the Environmental Finance Center using the following address:

Environmental Finance Center  
Boise State University  
1910 University Drive  
Boise, ID 83725-1936

If you have any questions or concerns about filling out this model, please email the Environmental Finance Center at: [efc@boisestate.edu](mailto:efc@boisestate.edu) or call us at (208) 426-2673.