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# FINANCIAL VIABILITY

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# EUM Definition

## Financial Viability

Understands and plans for the full life-cycle cost of utility operations and value of water resources. Establishes and maintains an effective balance between long-term debt, asset values, operations and maintenance expenditures, and operating revenues. Establishes predictable rates—consistent with community expectations and acceptability—adequate to recover costs, provide for reserves, maintain support from bond rating agencies, plan and invest for future needs, and taking into account affordability and the needs of disadvantaged households. Implements sound strategies for collecting customer payments. Understands the opportunities available to diversify revenues and raise capital through adoption of new business models, including revenues from resource recovery.

Attribute	Attribute Components	Step 1: Rate Achievement (1-5)	Step 2: Rank Importance (1-10)
Financial Viability (FV)	<ul style="list-style-type: none"><li>Understands and plans for full life-cycle cost of utility.</li><li>Effectively balances long-term debt, asset values, operations and maintenance expenditures, and operating revenues.</li><li>Sets predictable and adequate rates to support utility current needs and plans to invest in future needs, taking into account affordability and the needs of disadvantaged households when setting rates.</li><li>Understands opportunities for diversifying revenue and raising capital.</li></ul>		



# EUM Ranking

Attribute	Rating	Ranking												Combined Ranking
		Board	Management	Directors	Groups	Managers	Board	Management	Directors	Groups	Managers	Combined Rating	Ave Ranking	
Product Quality	PQ	2	2	2	2	2	1	1	1	1	1	2	1	1
Customer Satisfaction	CS	2	3	2	2	2	5	5	3	7	5	3	5	5
Employee and Leadership Dev.	ED	3	3	3	3	3	4	7	6	5	7	3	5.8	6
Operational Optimization	OO	2	3	2	3	2	7	9	7	8	6	3	7.4	8
Financial Viability	FV	2	3	3	3	3	2	2	2	2	3	3	2.2	2
Infrastructure Strategy & Perform	IS	1	3	2	3	3	6	4	5	4	4	3	4.6	4
Enterprise Resiliency	ER	2	4	3	3	3	8	6	8	6	8	3	7.2	7
Community Sustainability	SU	3	4	4	3	3	10	10	9	10	9	4	9.6	10
Water Resource Sustainability	WS	2	3	2	3	3	3	3	4	3	2	3	3	3
Stakeholder Understanding &	SS	3	3	3	3	3	9	8	10	9	10	3	9.2	9



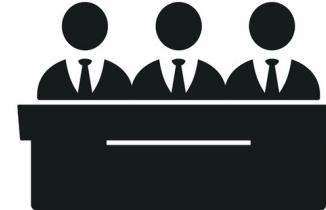
# Overall Financial Viability Outlook

Sub-topic	Adequate =====> Optimized =====> Transformational
Accounting, Auditing, & Financial Reporting	
Budget and Fiscal Policy	
Debt Management	
Procurement and Inventory	

# Accounting, Auditing & Financial Reporting

## Adequate:

- Strong accounting policies and procedures
- Strong internal control procedures and reviewed annually with auditors
- Established policies for capital assets and thresholds



## Optimized:

- Established audit committee in 2023
- Unrestricted fund balance level of 3-6 months of annual operating expenditures
- Mechanism established for employees and public to report fraud, waste, and abuse anonymously
- Strong financial reporting in monthly board reports



## Transformational:

- Submit financial data to Utah Transparency Website
- Financial and budget documents available on GHID's website



# Budget and Fiscal Policy



## Adequate:

- Budgets and rate increases are reviewed annually by Board
- Procedures in place to handle unbudgeted or over budget expenditures

## Optimized:

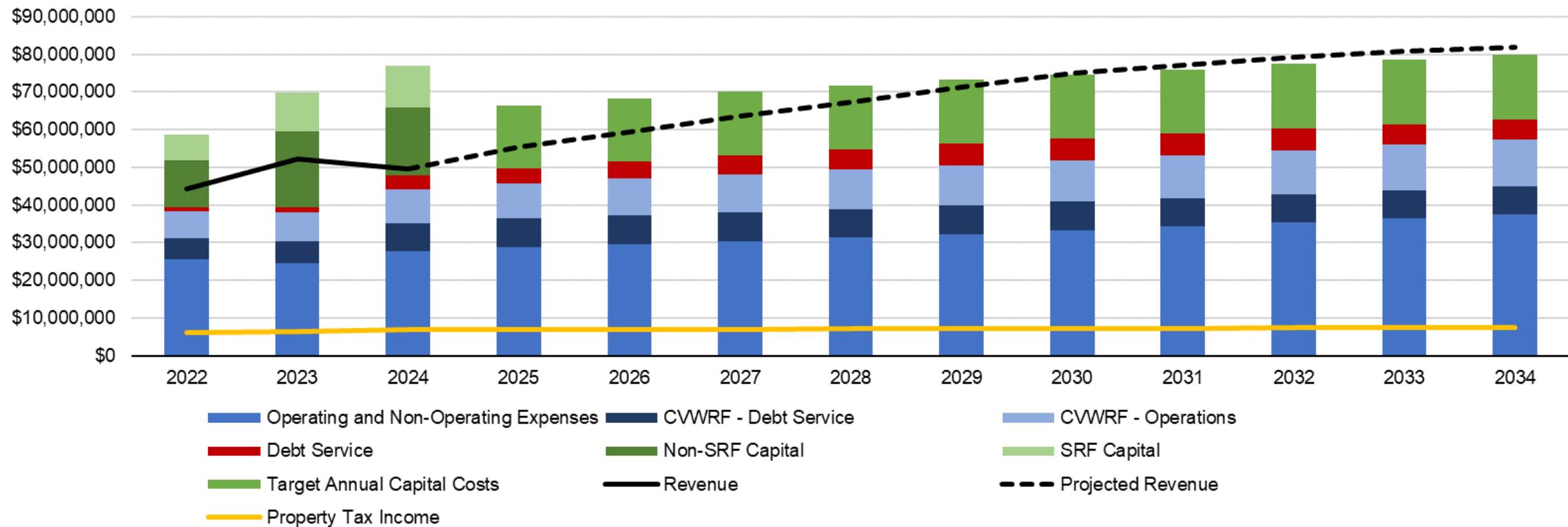
- Cost of service updated annually for water and wastewater services
- 10-year financial plan updated annually

## Transformational:

- Implemented water conservation rate structures
- Process for designing and sustaining post-employment benefits
- Current budget process includes personnel tracking for accurate payroll budgeting and anticipated position vacancies



# Budget and Fiscal Policy



\*Average rate increase over the next four years is 7%

\*Consultant recommended capital spend is about \$16M/year

\*Additional bonding of \$19M necessary to fund recommendations

# Debt Management

## Adequate:

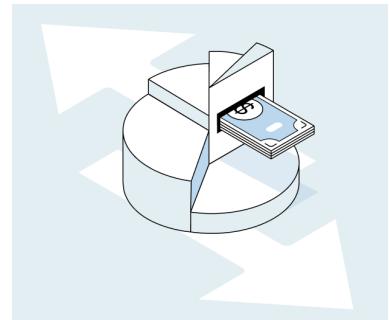
- Capital reserve and R&R fund established
- Administrative handbook addresses fiduciary and investing policies

## Optimized:

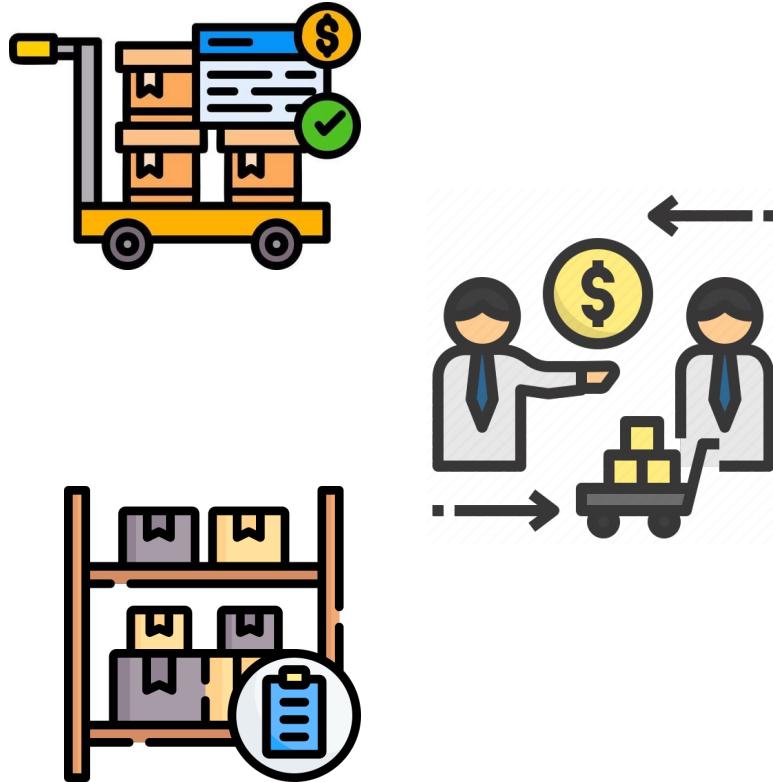
- 10-year financial plan addresses how District will fund capital and annual operating expenditures
- Historically the District has established a debt-to-equity target of 0.5
- Board has historically chosen a strategy to have smooth rate increases
- GHID has hired Zions Public Finance to monitor, evaluate and suggest bond refunding opportunities

## Transformational:

- We work with Zions Public Finance to provide any necessary and timely documentation to investors consistent with federal, state and local laws



# Procurement and Inventory



## Adequate:

- Adopted the UASD purchasing policy with specific dollar amount carve outs in the District's internal policies and procedures
- Departments actively manage inventory levels and make appropriate purchase recommendations

## Optimized:

- Internal policy addresses how the District disposes of surplus property
- Maintain detailed records in City Works and Pro 10 on installation and replacement of District assets

## Transformational:

- District complies with GASB 34\*
- Cityworks manages the District's assets

\*GASB 34 requires government entities to report the value of their capital assets on their financial statements



GRANGER-HUNTER  
IMPROVEMENT DISTRICT

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# QUESTIONS?

