




Conor M. Baldwin
Chief Financial Officer

Austin Ball
Deputy CFO

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager 
FROM: Conor Baldwin, Chief Financial Officer
CC: Kelly Oakes, City Auditor
Steve Duchesne, Executive Director Lowell Regional Water Utility
Mark Young, Executive Director Lowell Regional Wastewater Utility
DATE: February 23, 2023

SUBJECT: MOTION RESPONSE: 2/7/2023 – C. Gitschier - Req. City Mgr. Provide An Update On The Water And Wastewater Enterprise Accounts Current Revenue For FY23 And Where They Are With Respect To The Projections For FY23.

Enclosed with this memorandum is a copy of the MUNIS revenue reports for the water and sewer enterprise funds for FY2023, for receipts collected through period 9 YTD (2/15/23).

The primary purpose of enterprise fund accounting under the law (M.G.L., Chapter 44 § 53F1/2) is to provide the Lowell taxpayers with complete transparency regarding the financial self-sufficiency/ rates for the three public services of water, sewer, and public parking. Enterprise Funds provide a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods and services. Under enterprise accounting, the revenues and expenditures of the service are segregated into a separate fund with its own financial statements, rather than commingled with revenues and expenditures of all other government activities. The fund balance carries forward from year-to-year in a manner similar to free cash, which is known as the “retained earnings” of each individual fund, and is available for appropriation after certification by the Department of Revenue (“DOR”). Enterprise Fund accounting allows the City of Lowell to demonstrate to the public the total cost of providing a service. An undesignated fund balance equal to 10% or greater of the annual revenue for the fund is a best practice according to the Government Finance Officers Association (“GFOA”). For the water fund this would be \$1.2 million and for the wastewater fund it would be \$2.5 million.

At the most recent certification by the DOR (7/1/2022), the retained earnings for the water and sewer enterprise funds were \$2.77 million and \$2.81 million, respectively. As part of the tax rate setting process every year, the City of Lowell submits its revenue estimates to the DOR via Gateway online system on the A-2 form. The preliminary estimates included in the budget are analyzed by the DOR field representatives and approved by the Director. Any increases in fees for the enterprise funds must include written documentation and financial analysis to support increases of estimated vs. actual revenues over the prior year. Copies of the submissions, which were approved by the DOR in December, are also enclosed, for reference.



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The following is a summary of the year to date revenue for the water and sewer enterprise funds:

FY2023 Water Enterprise Fund Revenue

- Actual collections for the enterprise, to date, are \$8.18 million, or 64.5% of the revised projection. This revised total estimate does not include the retained earnings, which are shown on the MUNIS report, but function as a balance sheet account.
- Water Usage is at 66.2%, or approximately \$7.6 million of the revised FY2023 estimate of \$11.5 million.
 - Through period 7 of FY2022, the water enterprise local usage collections were \$7 million, or 62.5% collected.
- Solar renewable energy credits (“SREC”):
 - Typically the sale of the SREC credits is negotiated through DEP and the receipts are received in one lump sum payment. The City has reached out to our broker to determine the market rate for FY2023.
- The Water Lien Revenue is collected over the two actual tax bills, as the outstanding municipal charges are apportioned equally over the property owner’s third and fourth quarter real estate bills.

FY2023 Wastewater Enterprise Fund Revenue

- Actual collections for the enterprise, to date, are \$13.6 million, or 51.4% of the revised projection. This revised total estimate does not include the retained earnings, which are shown on the MUNIS report, but function as a balance sheet account.
- Sewer Usage is at 63%, or approximately \$11.2 million of the revised FY2023 estimate of \$17.7 million.
 - Through period 7 of FY2022, the sewer enterprise local usage collections were \$10.2 million, or 57.2% collected.



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FY2023 Wastewater Enterprise Fund Revenue (continued)

- The town billings have been mailed to the various towns (Chelmsford, Dracut, Tyngsboro, and Tewksbury), but the revenue has not yet been recognized. Bills were mailed to the town on February 7th after the formula for determining their annual assessment was completed, pursuant to the Intermunicipal Agreements (“IMA”), was completed by the finance and sewer departments. This revenue is expected either later in Q3 or some time in Q4.
- The Sewer Lien Revenue is collected over the two actual tax bills, as the outstanding municipal charges are apportioned equally over the property owner’s third and fourth quarter real estate bills.

Please let me know if you have any questions.

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
SEWER ENTERPRISE - THRU 2-15-23

FOR 2023 09

	ORIGINAL ESTIM REV	ESTIM REV ADJSTMTS	REVISED EST REV	ACTUAL YTD REVENUE	REMAINING REVENUE	PCT COLL
60000005 REVENUE USER CHARGES USER CHAR						
424600 SEWER USAGE REVENUE	-17,800,000	62,481	-17,737,520	-11,175,642.46	-6,561,877.04	63.0%
424606 SEPTAGE RECEIPTS	-2,000,000	0	-2,000,000	-1,739,369.71	-260,630.29	87.0%
482003 OTHER MISC INTEREST	0	-76,403	-76,403	-78,477.95	2,074.95	102.7%
TOTAL REVENUE USER CHARGES USER CHAR	-19,800,000	-13,923	-19,813,923	-12,993,490.12	-6,820,432.38	65.6%
60000006 WASTEWATER ENTERPRISE FUND						
422103 SEWER LIEN REVENUE	-1,100,000	0	-1,100,000	-566,201.88	-533,798.12	51.5%
TOTAL WASTEWATER ENTERPRISE FUND	-1,100,000	0	-1,100,000	-566,201.88	-533,798.12	51.5%
60000030 WASTEWATER REVENUE DEPT REV OT						
437204 LABORATORY ANALYSIS REC.	-19,000	0	-19,000	-4,870.00	-14,130.00	25.6%
TOTAL WASTEWATER REVENUE DEPT REV OT	-19,000	0	-19,000	-4,870.00	-14,130.00	25.6%
60000035 WASTEWATER REVENUE SPEC ASSTS						
424602 TEWKSBURY ASSESSMENT	-1,500,000	0	-1,500,000	.00	-1,500,000.00	.0%
424605 CHELMSFORD ASSESSMENT	-1,900,000	0	-1,900,000	.00	-1,900,000.00	.0%
424607 DRACUT/TYNGSBORO ASSEMNT	-1,912,000	0	-1,912,000	.00	-1,912,000.00	.0%
TOTAL WASTEWATER REVENUE SPEC ASSTS	-5,312,000	0	-5,312,000	.00	-5,312,000.00	.0%
60000040 WASTEWATER REVENUE OTHER REVEN						
437017 JUNK/SCRAP METAL REVENUE-MIS	0	0	0	-2,532.95	2,532.95	100.0%
484011 OTHER MISC INTEREST (SLN)	-200,000	13,923	-186,078	-23,080.62	-162,996.88	12.4%
TOTAL WASTEWATER REVENUE OTHER REVEN	-200,000	13,923	-186,078	-25,613.57	-160,463.93	13.8%
60000045 WASTEWATER REVENUE OTHER FINAN						

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
SEWER ENTERPRISE - THRU 2-15-23

FOR 2023 09

	ORIGINAL ESTIM REV	ESTIM REV ADJSTMTS	REVISED EST REV	ACTUAL YTD REVENUE	REMAINING REVENUE	PCT COLL
497501 7/1/21 retained earnings - sewer	-2,655,080	0	-2,655,080	.00	-2,655,080.00	.0%
TOTAL WASTEWATER REVENUE OTHER FINAN	-2,655,080	0	-2,655,080	.00	-2,655,080.00	.0%
GRAND TOTAL	-29,086,080	0	-29,086,080	-13,590,175.57	-15,495,904.43	46.7%

** END OF REPORT - Generated by Conor Baldwin **

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
SEWER ENTERPRISE - THRU 2-15-23

REPORT OPTIONS

	Field #	Total	Page Break
Sequence 1	9	Y	N
Sequence 2	11	Y	N
Sequence 3	0	N	N
Sequence 4	0	N	N

Report title:
 FY2023 YEAR TO DATE REVENUE

Includes accounts exceeding 0% of budget.

Print totals only: Y
 Print Full or Short description: S
 Print full GL account: N
 Format type: 1
 Double space: N
 Suppress zero bal accts: Y
 Include requisition amount: N
 Print Revenues-Version headings: Y
 Print revenue as credit: Y
 Print revenue budgets as zero: N
 Include Fund Balance: N
 Print journal detail: N
 From Yr/Per: 2018/12
 To Yr/Per: 2018/12
 Include budget entries: Y
 Incl encumb/liq entries: Y
 Sort by JE # or PO #: J
 Detail format option: 1
 Include additional JE comments: N
 Multiyear view: F
 Amounts/totals exceed 999 million dollars: N

Year/Period: 2023/ 9
 Print MTD Version: N

Roll projects to object: N
 Carry forward code: 2

Find Criteria

Field Name	Field value
Fund	6000
FUNCTION	
DEPARTMENT	
AP/UM/OET	
DOE/PROGS	
FY/GRADE	
LEVEL	
CATEGORY	
Character Code	
Org	
Object	4*
Project	
Account type	

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
SEWER ENTERPRISE - THRU 2-15-23

REPORT OPTIONS

Account status
Rollup code

SCHEDULE A-2

ENTERPRISE FUNDS CH. 44 S.53 F1/2 et al - Fiscal Year 2023

Enterprise fund number: A-2(1ST) Of 3

Type of enterprise fund: Sewer

Name of enterprise fund/statutory reference: Sewer

Retained Earnings Certified	Date Certified	Amount Certified
FY2022 Retained Earnings (as of 06/30/2021)	3/9/2022	3,800,613
FY2023 Retained Earnings (as of 06/30/2022)		

	(a) FY 2022 Actual Revenues	(b) FY 2023 Estimated Revenues	Percent Change
1. Enterprise revenues and available funds			
a. User charges	17,323,971.23	17,737,519.50 *	2.39
Other departmental revenue	9,641,449.05	8,617,077.58	-10.62
Investment income	76,403.37	76,403.00	0.00
Total revenues	27,041,823.65	26,431,000.08	
Retained earnings appropriated from July 1, 2021 Certification	0.00	2,655,080.00 **	
Retained earnings appropriated from July 1, 2022 Certification		0.00 **	
Other enterprise available funds		0.00	
Total revenues and available funds	27,041,823.65	29,086,080.08 (To Recap Pg 2, Part III B, line 3)	

* Written documentation should be uploaded to support increases of estimated vs actual revenues

** Retained earnings must be certified by the Director of Accounts prior to appropriation

2. Total costs appropriated			
a. Costs appropriated in the enterprise fund			
Salaries, wages and expenses	14,286,449.00		
Capital Outlay	0.00		
Other - DEBT SERVICE	8,674,730.00		
Total costs appropriated in the enterprise fund		22,961,179.00 2a	
b. Indirect costs appropriated in the general fund			
Health Insurance	2,025,929.34		
Pension	1,436,552.10		
Debt	0.00		
Shared employees	2,662,419.64		
Other	0.00		
Total costs appropriated in the general fund		6,124,901.08 2b	
Total costs		29,086,080.08 2a + 2b	

3. Calculation of subsidy (see instructions)	
Revenue and available funds	29,086,080.08 (part 1 col b)

SCHEDULE A-2

ENTERPRISE FUNDS CH. 44 S.53 F1/2 et al - Fiscal Year 2023

Less: Total costs	29,086,080.08 <i>(part 2 total costs)</i>
Less: Prior year deficit	0.00 <i>(To Recap Pg 2 Part II B)</i>
(Negative represents subsidy)	0.00
4. Sources of funding for costs appropriated in the enterprise fund	
a. Revenue and available funds	22,961,179.00
b. Taxation	0.00
c. Free Cash	0.00
d. Non-Enterprise Available Funds	0.00
Total sources of funding for costs appropriated in the enterprise fund	22,961,179.00 <i>(Must equal total part 2a)</i>

Signatures

Accounting Officer

I hereby certify that the actual revenues - Part 1 column (a) and the amounts appropriated - part 2(a & b) are to the best of my knowledge correct and complete.

Kelly Oakes, City Auditor , Lowell , koakes@lowellma.gov 978-674-4080 | 12/8/2022 8:16 AM

Documents

Documents have been uploaded.

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
WATER ENTERPRISE - THRU 2-15-23

FOR 2023 09

	ORIGINAL ESTIM REV	ESTIM REV ADJSTMTS	REVISED EST REV	ACTUAL YTD REVENUE	REMAINING REVENUE	PCT COLL
61000005 REVENUE WATER ENTERPRISE						
421100 WATER USAGE CHARGES	-11,300,000	-200,000	-11,500,000	-7,617,059.52	-3,882,940.48	66.2%
422102 WATER LIEN REVENUE	-645,875	1	-645,874	-301,298.10	-344,575.90	46.6%
437017 JUNK/SCRAP METAL REVENUE-MIS	-2,000	0	-2,000	-787.02	-1,212.98	39.4%
437025 WATER- PERMIT FEES/MISC	-275,000	0	-275,000	-125,031.28	-149,968.72	45.5%
437304 SOLAR RENEW ENERGY/SREC	-100,000	0	-100,000	.00	-100,000.00	.0%
482003 OTHER MISC INTEREST	-150,000	0	-150,000	-135,325.57	-14,674.43	90.2%
TOTAL REVENUE WATER ENTERPRISE	-12,472,875	-199,999	-12,672,874	-8,179,501.49	-4,493,372.51	64.5%
61000045 REVENUE WATER ENTERPRISE						
497501 7/1/21 RETAINED EARNINGS	-2,966,178	1,384,284	-1,581,894	.00	-1,581,894.00	.0%
TOTAL REVENUE WATER ENTERPRISE	-2,966,178	1,384,284	-1,581,894	.00	-1,581,894.00	.0%
GRAND TOTAL	-15,439,053	1,184,285	-14,254,768	-8,179,501.49	-6,075,266.51	57.4%
** END OF REPORT - Generated by Conor Baldwin **						

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
WATER ENTERPRISE - THRU 2-15-23

REPORT OPTIONS

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Sequence 1	9	Y	N
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 Include Fund Balance: N
 Print journal detail: N
 From Yr/Per: 2018/12
 To Yr/Per: 2018/12
 Include budget entries: Y
 Incl encumb/liq entries: Y
 Sort by JE # or PO #: J
 Detail format option: 1
 Include additional JE comments: N
 Multiyear view: F
 Amounts/totals exceed 999 million dollars: N

Year/Period: 2023/ 9
 Print MTD Version: N

Roll projects to object: N
 Carry forward code: 2

Find Criteria

Field Name	Field value
Fund	6100
FUNCTION	
DEPARTMENT	
AP/UM/OET	
DOE/PROGS	
FY/GRADE	
LEVEL	
CATEGORY	
Character Code	
Org	
Object	4*
Project	
Account type	

CITY OF LOWELL
FY2023 YEAR TO DATE REVENUE
WATER ENTERPRISE - THRU 2-15-23

REPORT OPTIONS

Account status
Rollup code

SCHEDULE A-2

ENTERPRISE FUNDS CH. 44 S.53 F1/2 et al - Fiscal Year 2023

Enterprise fund number: A-2(2ND) Of 3

Type of enterprise fund: Water

Name of enterprise fund/statutory reference: Water

Retained Earnings Certified	Date Certified	Amount Certified
FY2022 Retained Earnings (as of 06/30/2021)	3/9/2022	1,581,894
FY2023 Retained Earnings (as of 06/30/2022)		

	(a) FY 2022 Actual Revenues	(b) FY 2023 Estimated Revenues	Percent Change
1. Enterprise revenues and available funds			
a. User charges	11,547,755.00	11,500,000.00	-0.41
Other departmental revenue	2,810,692.89	1,022,874.00	-63.61
Investment income	220,997.38	150,000.00	-32.13
Total revenues	14,579,445.27	12,672,874.00	
Retained earnings appropriated from July 1, 2021 Certification	0.00	1,581,894.00 **	
Retained earnings appropriated from July 1, 2022 Certification		0.00 **	
Other enterprise available funds		0.00	
Total revenues and available funds	14,579,445.27	14,254,768.00 (To Recap Pg 2, Part III B, line 3)	

* Written documentation should be uploaded to support increases of estimated vs actual revenues
 ** Retained earnings must be certified by the Director of Accounts prior to appropriation

2. Total costs appropriated			
a. Costs appropriated in the enterprise fund			
Salaries, wages and expenses	7,267,047.00		
Capital Outlay	0.00		
Other - DEBT SERVICE	4,051,485.00		
Total costs appropriated in the enterprise fund		11,318,532.00 2a	
b. Indirect costs appropriated in the general fund			
Health Insurance	1,421,236.00		
Pension	500,000.00		
Debt	0.00		
Shared employees	0.00		
Other - ADMIN OH	1,015,000.00		
Total costs appropriated in the general fund		2,936,236.00 2b	
Total costs		14,254,768.00 2a + 2b	

3. Calculation of subsidy (see instructions)	
Revenue and available funds	14,254,768.00 (part 1 col b)

SCHEDULE A-2

ENTERPRISE FUNDS CH. 44 S.53 F1/2 et al - Fiscal Year 2023

Less: Total costs	14,254,768.00 <i>(part 2 total costs)</i>
Less: Prior year deficit	0.00 <i>(To Recap Pg 2 Part II B)</i>
(Negative represents subsidy)	0.00
4. Sources of funding for costs appropriated in the enterprise fund	
a. Revenue and available funds	11,318,532.00
b. Taxation	0.00
c. Free Cash	0.00
d. Non-Enterprise Available Funds	0.00
Total sources of funding for costs appropriated in the enterprise fund	11,318,532.00 <i>(Must equal total part 2a)</i>

Signatures

Accounting Officer

I hereby certify that the actual revenues - Part 1 column (a) and the amounts appropriated - part 2(a & b) are to the best of my knowledge correct and complete.

Kelly Oakes, City Auditor , Lowell , koakes@lowellma.gov 978-674-4080 | 12/8/2022 8:17 AM

Documents

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