Financial Capability Decision Tree

Primary Analysis
(Bond Rating & Issuer Credit Rating, Debt Service Coverage Ratio & Financial Statements)

Acceptable—High/High (OR Fully Funded by Capital Improvement Funds)

Acceptable—Medium or High/Medium (OR Unavailable Bond Rating or Issuer Credit Rating)

Unacceptable

Cursory Secondary Analysis (Socio-Economic)

Results of ALL Socio-Economic Indicators are NOT GOOD

Results of ALL Socio-Economic Indicators are GOOD

Water Service Affordability is Between 2.5 and 6.5% (MEDIUM) AND Results of ANY Socio-economic Indicators, Rate Comparison, & Rate Shock Analyses are MEDIUM or POOR

Water Service Affordability is Greater than 6.5% (POOR)

Analyst Uses Results of All Analyses Shown Above to Make a Recommendation of Financial Capability to Decision Maker

Financially Capable

Not Financially Capable