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## MEMORANDUM

TO: Dennis Feller, City of Lakeville

FROM: Nick Dragisich, Springsted

DATE: November 25, 2013

SUBJECT: Revised Water and Sewer Fund Analysis

Earlier this year, the City of Lakeville engaged Springsted to conduct an analysis and review of the financial performance of the City's Water and Sewer Funds, and to recommend rate adjustments necessary for each Fund to maintain revenues sufficient to meet operating costs, capital outlays and maintenance, debt service coverage, and cash reserves. We presented our findings and recommendations in a memorandum dated November 8, 2013 and discussed these at a City Council workshop on November 19, 2013. The City subsequently requested we evaluate some additional scenarios for the Sewer Fund. These additional scenarios include Scenario Three, Scenario Four, Scenario Five, and Scenario Six. This memorandum presents our initial findings and recommendations along with the additional scenarios we evaluated.

### Recent Performance

Our analysis began with a look at each Fund's recent financial performance, paying particular attention to income levels and cash reserves. In the water fund income and net income have been consistently negative since 2009. Cash accumulated to a level of approximately \$5.9 million in 2009 as a result of high consumption due to prevailing weather conditions. Balances have decreased in the ensuing years to approximately \$3.2 million at the end of 2013 as result of investment in water main replacements and major maintenance projects.

In the Sewer Fund, operating and net income have also been consistently negative, though cash levels have been more stable, varying in the range of \$2.7 million to \$2.8 million between 2009 and 2012. Cash levels are projected to decline slightly to \$2.6 million at the end of 2013.

### Assumptions

In our projections of future performance, we used a number of assumption based on discussions with the City, coupled with our professional experience. For the Water Fund, these assumptions included:

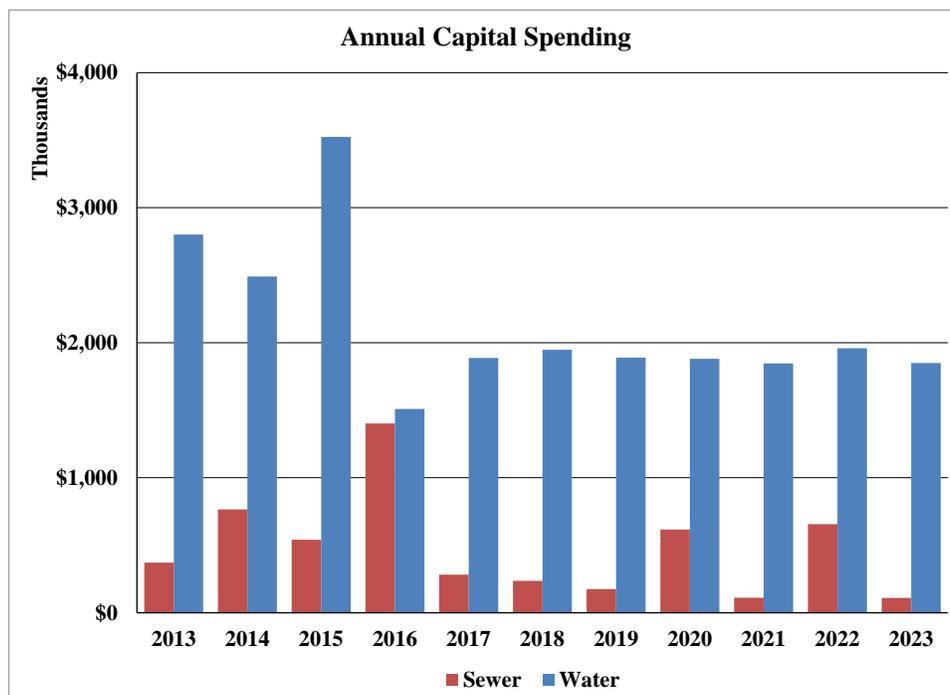
- New residential accounts and Tier 1 consumption would grow at 2% annually.
- Tier 2 and 3 consumption would grow 1% annually.

- Commercial accounts and consumption would grow at 1% annually.
- Miscellaneous revenues would increase by 0.25% each year.
- Personnel costs would increase 2.3% per year.
- Commodities costs would rise by 3% annually.
- Contractual services costs would rise by 2% per year.
- Cash balances in the Fund would earn 0.73% each year.

For our Sewer Fund projections, our assumptions were as follows:

- Accounts and usage would grow as per Water.
- Personnel and contractual service costs would increase consistent with Water.
- Commodities costs for Sewer would grow at 5% annually.
- Charges from MCES would increase 6.8% per year.
- Interest earnings of 0.73% on fund balances.

For each Fund, we assumed that capital expenditures would be made consistent with the City's capital improvement plan. Capital spending from each Fund fluctuates from year to year, as can be seen in the chart below. In general terms, over the course of the planning period, the Water Fund averages \$2.1 million in annual capital outlays, and the Sewer Fund averages \$578,000 per year. A detailed list of capital projects and costs for both Funds is attached as part of this memorandum.



### Baseline Projection

Using recent performance and current budgets as a baseline, we projected the financial performance of each Fund assuming that rates remained unchanged. Without rate adjustments, both Funds would run out of cash resources between 2017 and 2021. For this reason, rate increases in future years will be required. The extent of these rate increases is based on the amount of revenue needed by each Fund to cover its operating and maintenance costs,

capital improvement and replacement costs, and debt service costs for any debt issued to finance capital improvements, while maintaining an adequate level of cash reserves.

With the understanding that rate increases would be necessary, we looked at the magnitude and timing of rate increases that would be required for each of the Funds. Initially, we modeled the financial performance of the Funds if each paid for its capital improvements out of cash reserves. This would require 42.6% increase in water rates in 2014 and 2015. These increases, which would be necessary to keep the Water Fund solvent in those years, would also resulted in large cash surpluses in future years. In the Sewer Fund this would require 10.5% rate increases in 2014 through 2016. In order to smooth out the cash flows in the Water Fund, some capital expenditure will need to be financed by long-term borrowing. We looked at two basic scenarios for the Funds: one with minimal debt financing, and one with more significant borrowing.

### Scenario One

In our first scenario, we tried to keep debt financing of capital projects to a bare minimum in each Fund. For the Water Fund, we required borrowing in four years, for a total of \$6.2 million in debt financing. For the Sewer Fund, we projected no borrowing at all. The timing and amount of debt is as follows:

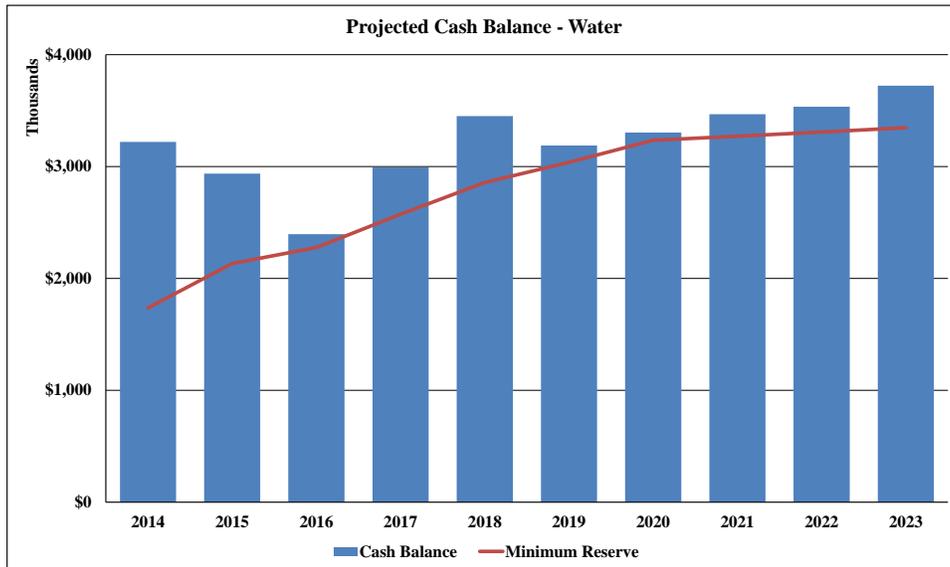
Year	Water	Sewer
2014	\$ 1,700,000	\$ -
2015	\$ 2,261,794	\$ -
2016	\$ -	\$ -
2017	\$ 1,240,547	\$ -
2018	\$ 1,000,000	\$ -
<b>Total</b>	<b>\$ 6,202,341</b>	<b>\$ -</b>

In order to cover operating and capital expenses, while maintaining sufficient cash reserves, we project the following rate increases would be required for each Fund:

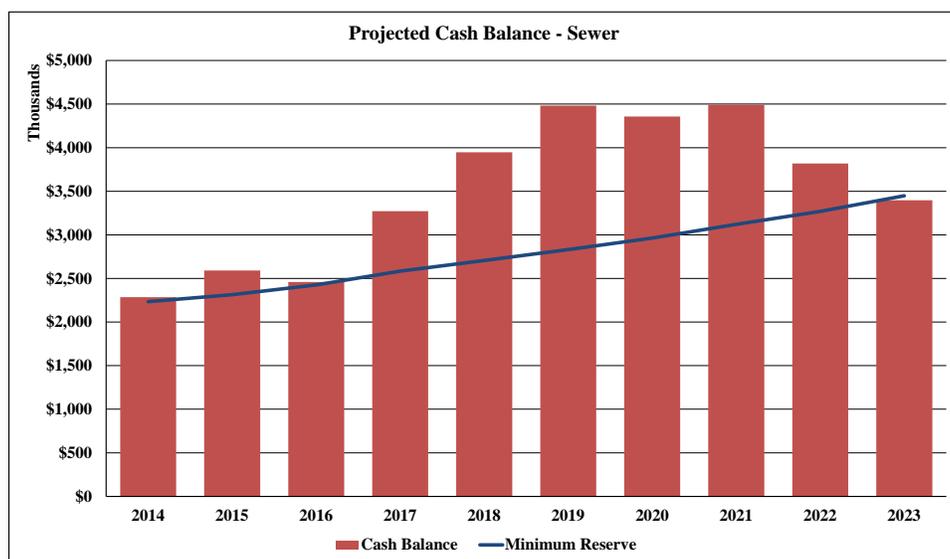
Year	Water	Sewer
2014	7.50%	10.50%
2015	7.50%	10.50%
2016	7.50%	10.50%
2017	7.25%	0.00%
2018	7.25%	0.00%
2019	7.25%	0.00%
2020	7.25%	0.00%

For the Water Fund, annual rate increases of 7.5% through 2016, and 7.25% from 2017 through 2020, will allow the Fund to maintain its minimum recommended cash reserves throughout the course of the planning period.

Additionally, these increases will return the Fund to positive net income by 2020. Projected cash balances in the Water Fund are shown in the chart below.

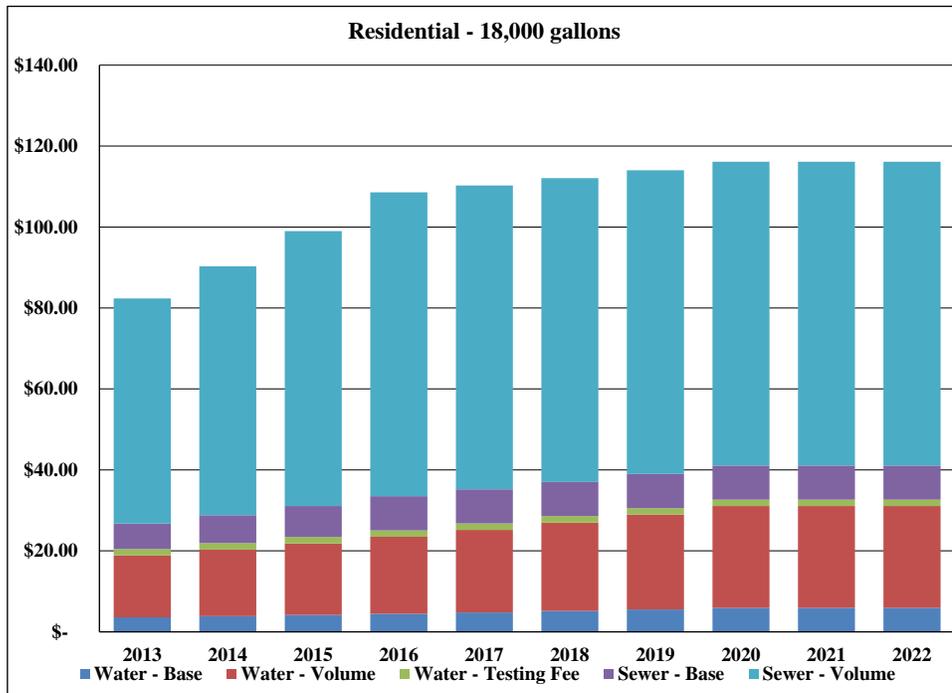


For the Sewer Fund, the rate increases are steeper, but fewer in number. Increases of 10.5% in 2014, 2015, and 2016 are required to keep the Sewer Fund from falling below the minimum recommended cash reserve. These rate increases are driven in large part by the anticipated 6.8% annual increases in the Metropolitan Council Environmental Services (M.C.E.S.) Charges. The combination of these rate increases is sufficient to bring the Fund into positive net income in 2016, but it falls back into negative net income immediately thereafter, as flat rates after 2017 are not enough to keep up with expected increase in M.C.E.S charges in addition to inflation in other operating costs. Cash reserves are maintained in the medium term due to the fact that depreciation is accounted for as an operating expense, but this expense is not reflected in cash balances. The projected cash balances in the Sewer Fund are shown in the chart below.

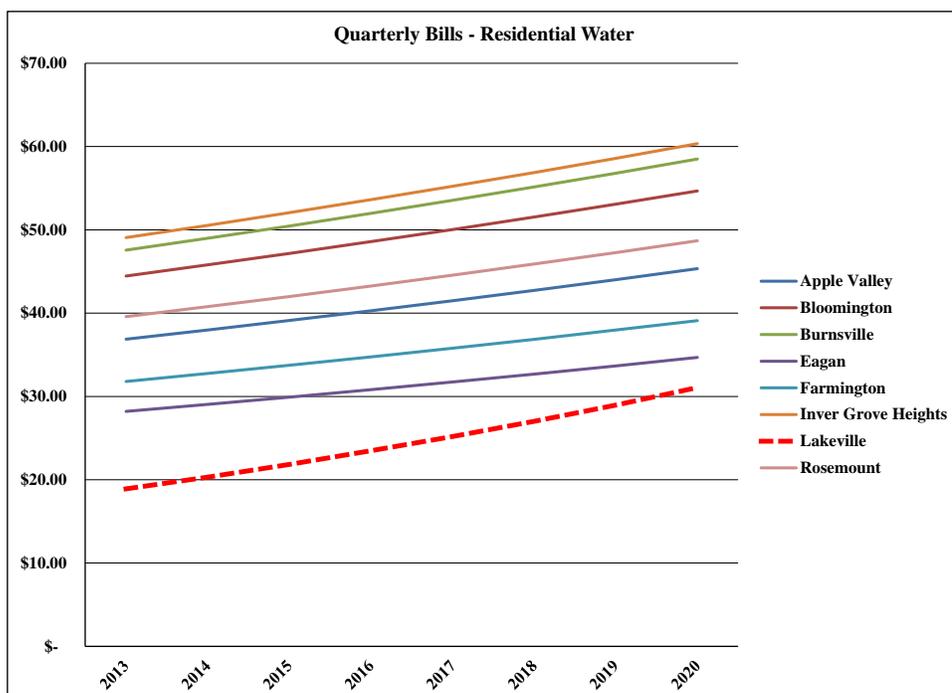


In terms of quarterly bills, the effect of the increases on water and sewer rates would cause the utility bill for an average residential customer to rise from its current level of \$82.36 per quarter to a level of \$108.55 per quarter in

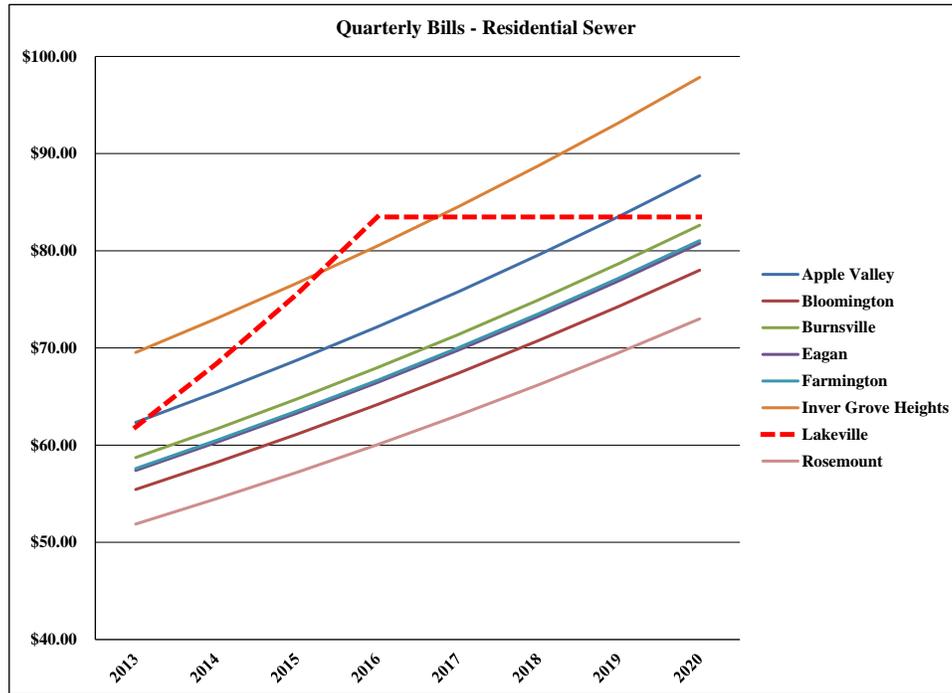
2016. From there, the average bill would continue to rise until it reached \$116.13 in 2020, at which point it would level off. Quarterly bills for other customers would rise similarly. Sample bills for a variety of users are attached as part of this memo.



A comparison of Lakeville's water rates to those of neighboring communities shows that Lakeville's rates are significantly lower than its peers at present; projected rate increases would close the gap to some extent, though projections anticipate Lakeville's rates would still be the lowest of the comparison group. Our projections assume that other communities will raise water rates by 3% annually. These are shown in the chart below.



Sewer rates for Lakeville are currently close to the average of its peer cities; rate increases would put Lakeville higher than these other communities, though they would catch up in later years, when Lakeville's rates are projected to remain flat. For purposes of our projections, we assume that sewer rates in neighboring communities will rise by 5%; this is higher than our projected water rate increases, due to anticipated annual increases in M.C.E.S. charges all communities will incur. These are shown in the chart below.



### Scenario Two

In our second scenario, we projected additional debt financing of capital projects in order to minimize rate increases while maintaining sufficient cash levels in each Fund. This enables the Funds to remain on schedule with their capital improvement programs.

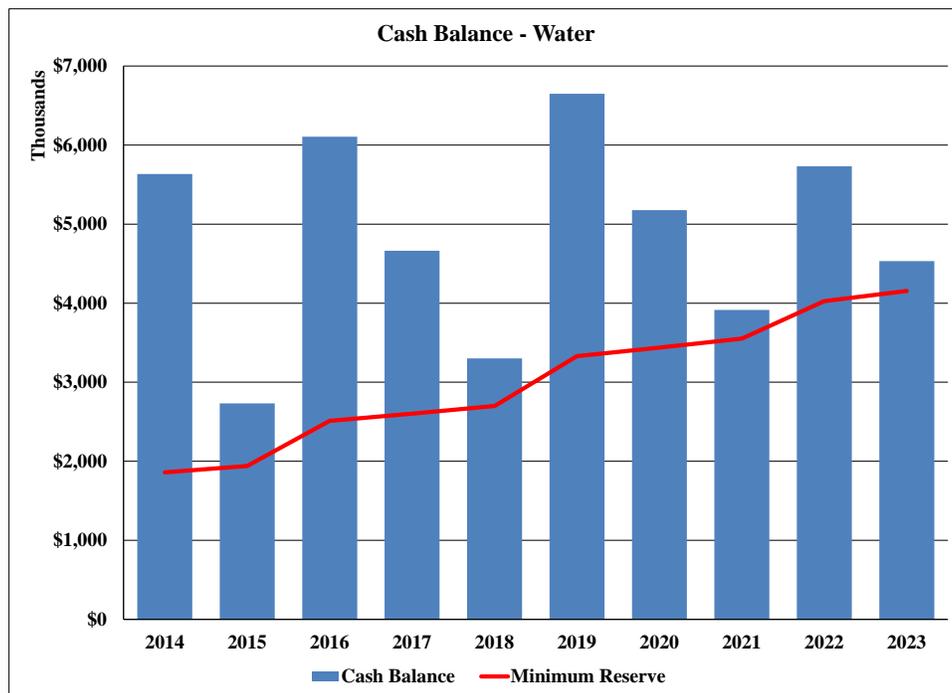
Under this scenario, we projected four series of debt financing, with the first in 2014 and the last in 2022. The debt issued would total \$15.8 million for the Water Fund and \$2.2 million for the Sewer Fund. The specific years and amounts are shown in the following table:

Year	Water	Sewer
2014	\$ 4,210,981	\$ 675,000
2016	\$ 4,122,039	\$ 1,052,000
2019	\$ 4,500,000	\$ -
2022	\$ 3,000,000	\$ 500,000
<b>Total</b>	<b>\$ 15,833,020</b>	<b>\$ 2,227,000</b>

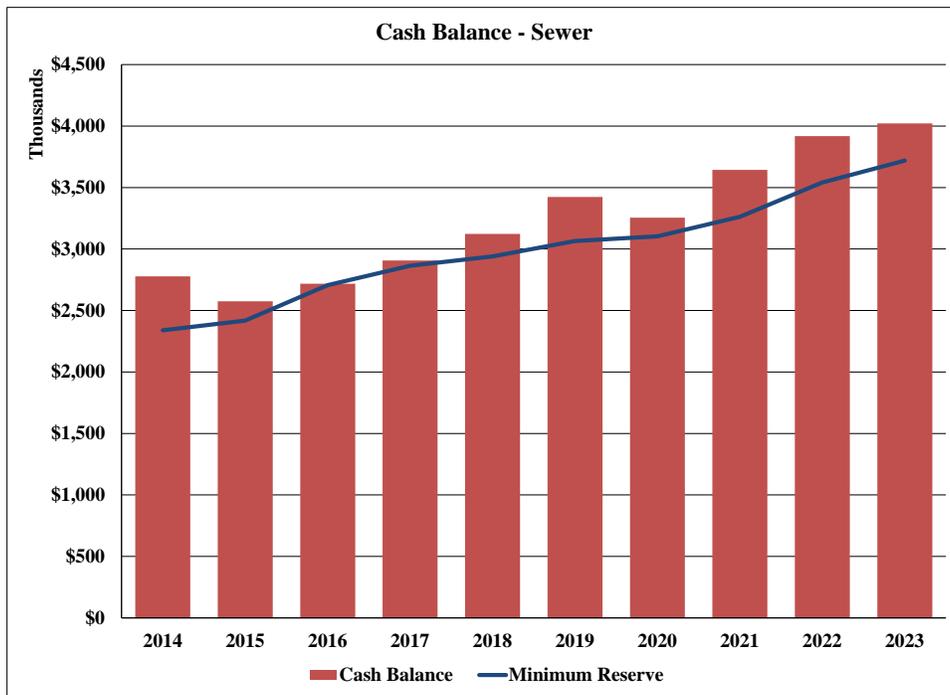
In order to cover operating and capital expenses, while maintaining sufficient cash reserves, we project the following rate increases would be required for each Fund:

Year	Water	Sewer
2014	4.25%	6.35%
2015	4.25%	6.35%
2016	4.25%	6.35%
2017	4.25%	6.00%
2018	4.25%	2.90%
2019	4.25%	2.90%
2020	4.25%	2.90%
2021	4.25%	2.90%
2022	4.25%	2.50%
2023	4.25%	2.50%

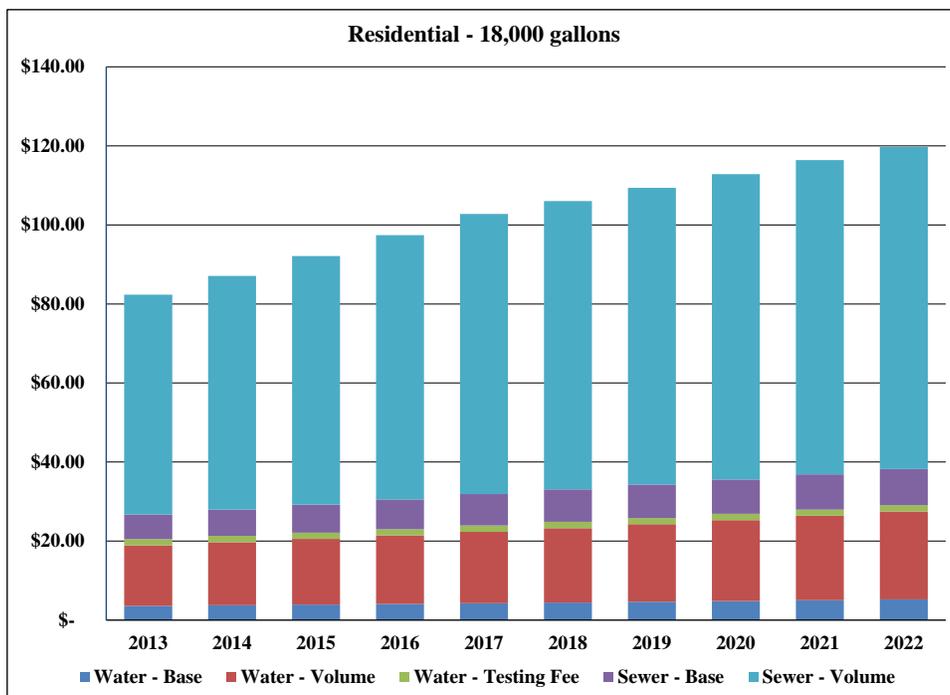
The Water Fund recommended annual rate increases of 4.25% are required to maintain minimum recommended levels of cash reserves. These increases are projected to reduce the deficit in the Fund's net income from approximately (\$1.2 million) in 2014 to approximately (\$34,284) in 2023. Projected cash reserves for the Water Fund are shown in the chart below.



We have recommended sanitary sewer rate increases of 6.35% required in 2014, 2015, and 2016, followed by a 6.0% increase in 2017. For the years 2018-2021, our projected rate increases are 2.9%, falling to 2.5% thereafter. These recommended rate increases, like those recommended for the Water Fund, are required to maintain minimum recommended levels of cash reserves. Projected cash reserves for the Sewer Fund are shown in the chart below.

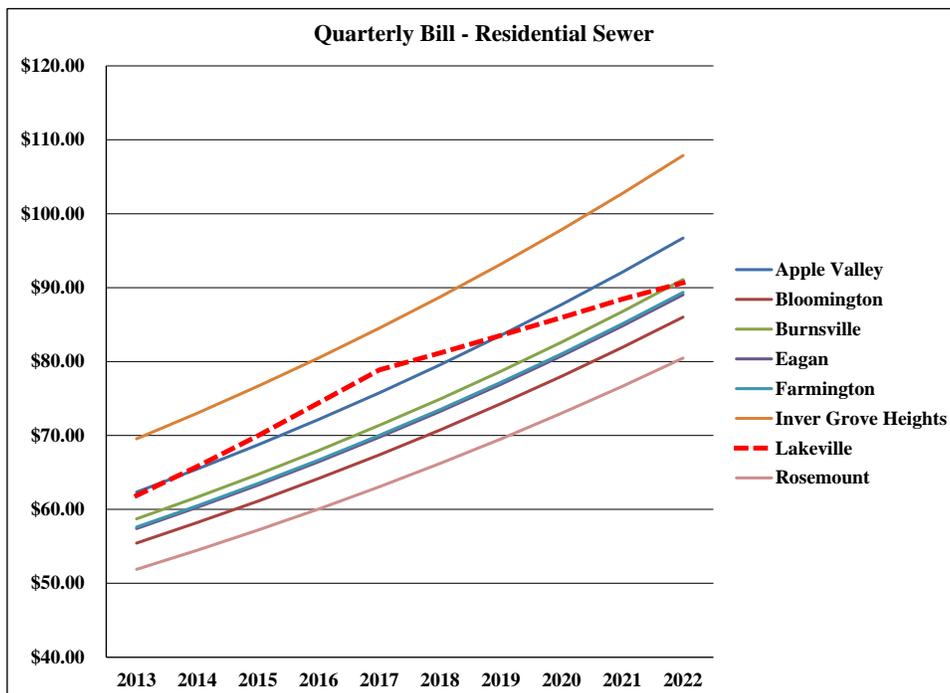
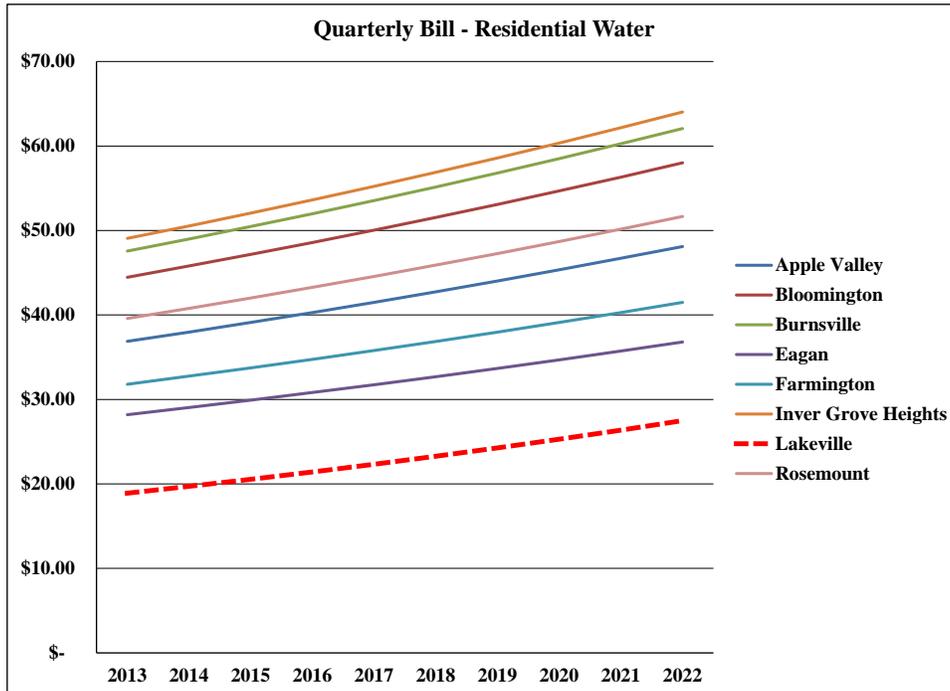


Under this scenario, the average quarterly water and sewer bill for a residential customer would rise steadily from its current level of \$82.36 per quarter to a level of \$119.73 per quarter in 2022 as shown in the chart below.



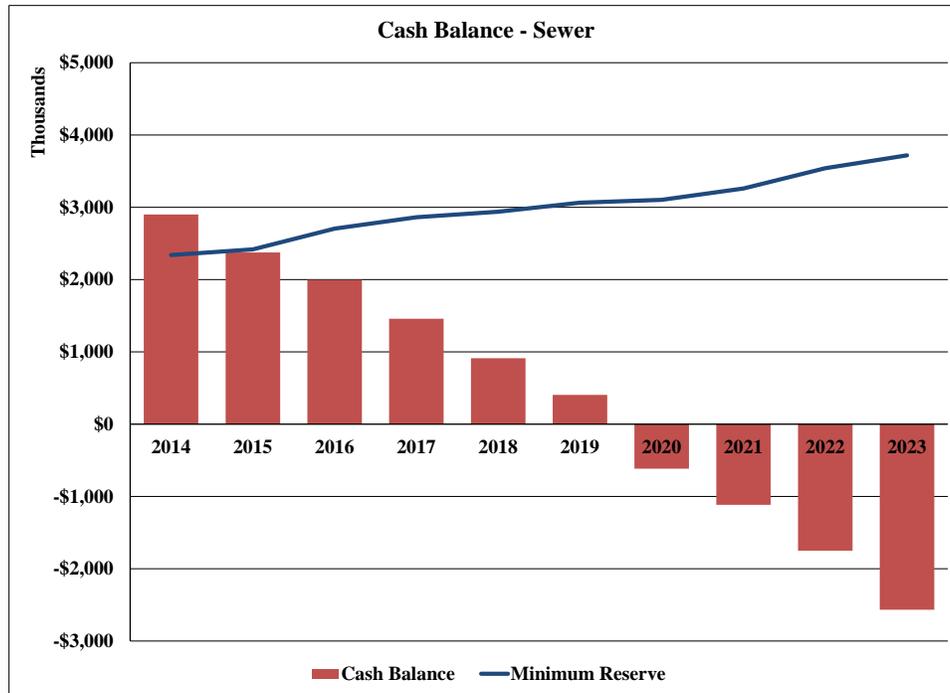
The average quarterly water and sewer bill in 2016 under this scenario would be \$97.42, as compared to \$108.55 in the earlier scenario.

Comparing Lakeville's rates to those of surrounding communities under this scenario, we see that water rates remain well below those of the other cities. Sewer rates are projected to rise to a level approximately equal to those of Inver Grove Heights, which is currently the highest of the group. These are shown in the charts below. As before, we assume for the purposes of our projections that other cities will raise water rates at 3% annually, and sewer rates at 5%.

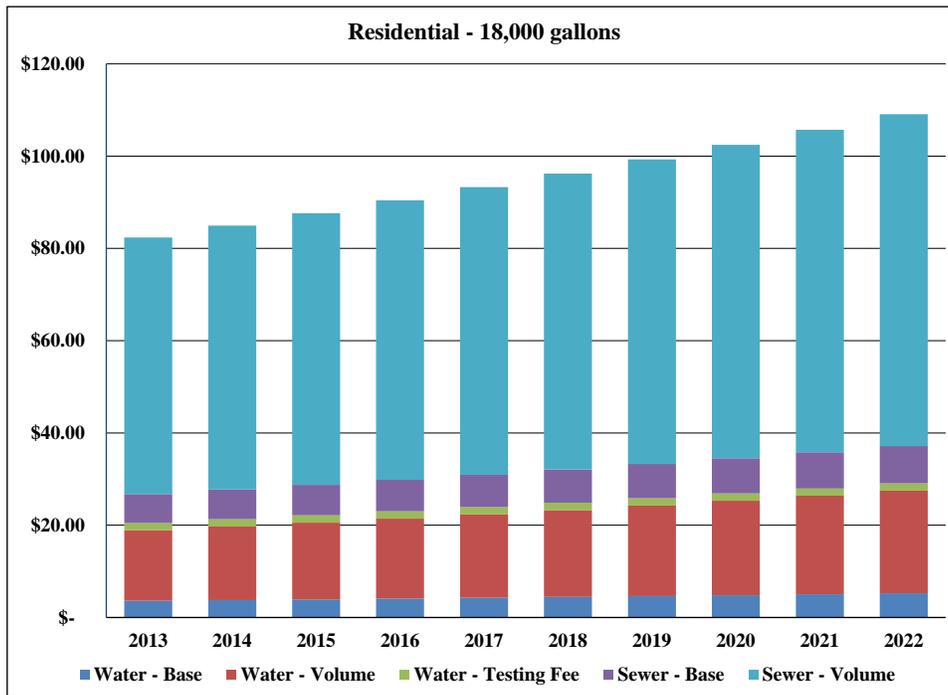


### Scenario Three

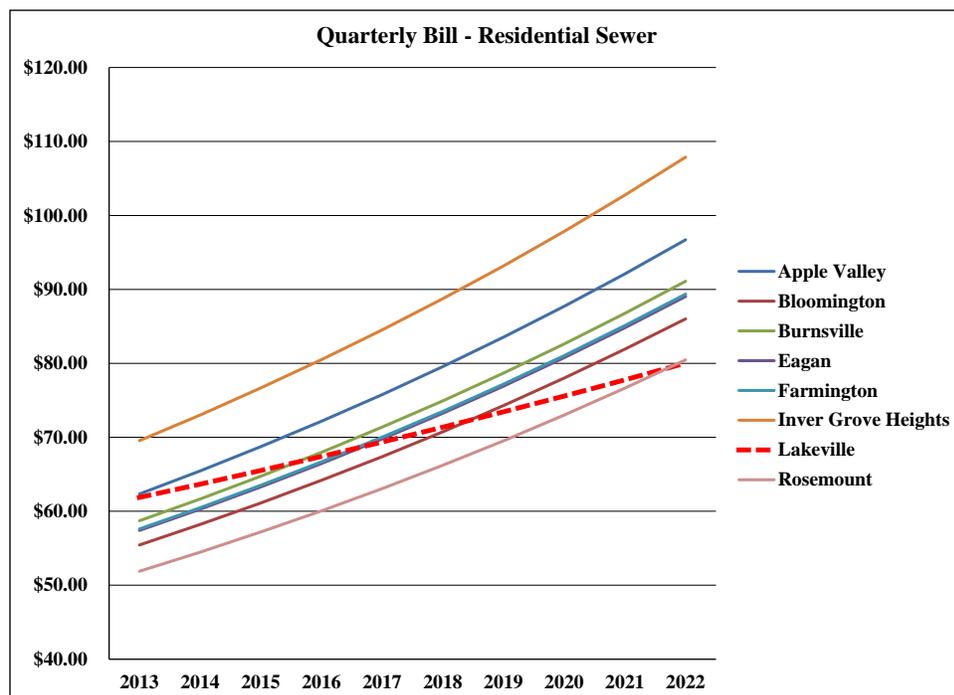
In our third scenario, we projected increases in the Sewer Fund at 2.90% each year. This scenario assumes the same capital improvements and debt financing as in Scenario Two. Cash balances in the Sewer Fund are projected to fall below the minimum recommended amounts beginning in 2015 and throughout the remaining years of the planning period. The Fund is projected to run out of cash in 2020 due to the insufficient rate increases as shown in the chart below. In addition, the debt service coverage ratio is projected to drop below 1.0 in 2017 and to go negative in 2020.



Under this scenario, the average quarterly water and sewer bill for a residential customer would rise from its current level of \$82.36 per quarter to a level of \$109.10 per quarter in 2022 as shown in the chart below. This is \$10.63 less than the Scenario Two projected quarterly bill of \$119.73. However, Scenario Two meets the minimum reserve requirements in each year.



Comparing Lakeville's sewer rates to those of surrounding communities under this scenario, shows that while sewer rates are projected to rise, they will rise more slowly than those of the surrounding communities. They are projected to be the lowest of the group in 2022. These are shown in the chart below. As in Scenario Two, we assume for the purposes of our projections that other cities will raise their sewer rates at 5% annually.



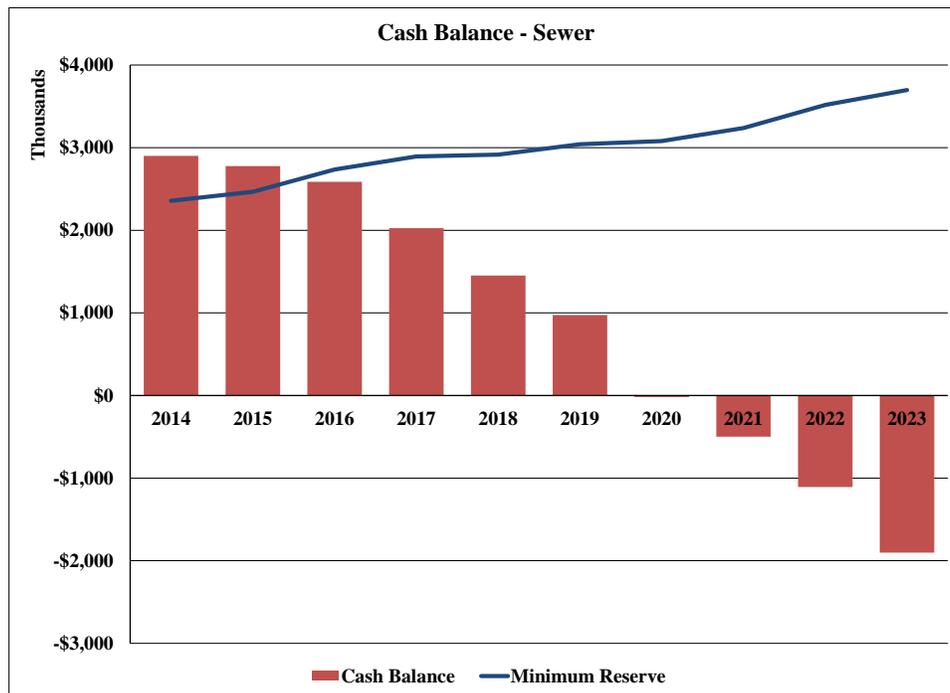
### Scenario Four

In our fourth scenario, we projected increases in the Sewer Fund at 2.90% each year the same as in Scenario Three. This scenario also assumes the same capital improvements in Scenario Two and Scenario Three; however, it increases the amount and number of bonds issued to finance capital improvements in an effort to improve the cash reserves.

Under this scenario, we projected four series of debt financing for the Sewer Fund, with the first in 2014 and the last in 2022. The debt issued would total \$2.88 million as compared to \$2.23 million in Scenario Two. A comparison of the debt under each scenario is shown in the table below:

Year	Sewer Scenario Two	Sewer Scenario Four
2014	\$ 675,000	\$ 675,000
2015	\$ -	\$ 422,000
2016	\$ 1,052,000	\$ 1,287,000
2019	\$ -	\$ -
2022	\$ 500,000	\$ 500,000
<b>Total</b>	<b>\$2,227,000</b>	<b>\$ 2,884,000</b>

Cash balances in the Sewer Fund are projected to fall below the minimum recommended amounts beginning in 2016 and throughout the remaining years of the planning period. The Fund is projected to run out of cash in 2020 due to the insufficient rate increases as shown in the chart below. In addition, the debt service coverage ratio is projected to drop below 1.0 in 2017 and to go negative in 2020.



The average quarterly water and sewer bill for a residential customer would rise from its current level of \$82.36 per quarter to a level of \$109.10 per quarter in 2022 as in Scenario Three since the projected rate increases are the same. As in Scenario Three, this is \$10.63 less than the Scenario Two projected quarterly bill of \$119.73. However, Scenario Two meets the minimum reserve requirements in each year.

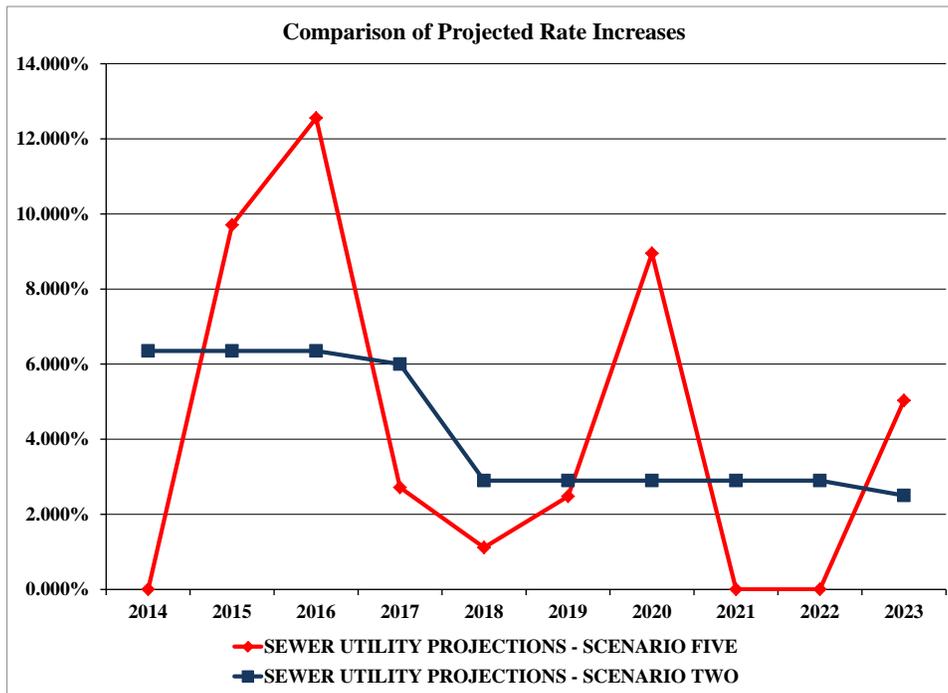
Lakeville's sewer rates under this scenario compared to surrounding communities are also the same as in Scenario Three. They will rise more slowly than those of the surrounding communities and are projected to be the lowest of the group in 2022. As in Scenario Two, we assume for the purposes of our projections that other cities will raise their sewer rates at 5% annually.

### Scenario Five

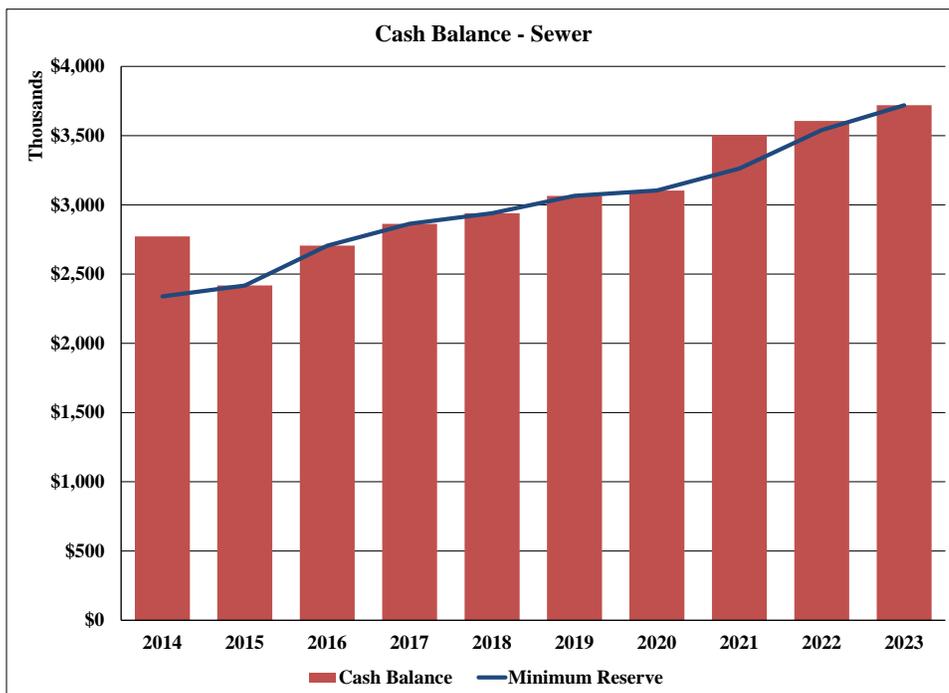
Scenario Five projects increases in the Sewer Fund each year at a rate that enables the Fund to meet the recommended minimum reserve requirements. This results in projected rate increases that vary erratically from 0% in some years to 12.553% in one year as shown in the table below. This scenario assumes the same capital improvements and debt financing as in Scenario Two.

Year	Sewer Scenario Two Projected Rate Increases	Sewer Scenario Five Projected Rate Increases
2014	6.35%	0.00%
2015	6.35%	9.706%
2016	6.35%	12.553%
2017	6.00%	2.716%
2018	2.90%	1.117%
2019	2.90%	2.480%
2020	2.90%	8.951%
2021	2.90%	0.00%
2022	2.90%	0.00%
2023	2.50%	5.034%

The chart on the following page shows these projected rate increases each year. Our experience is that utility customers do not like erratic utility rate increases as they are difficult to plan for and accommodate particularly for large utility customers.

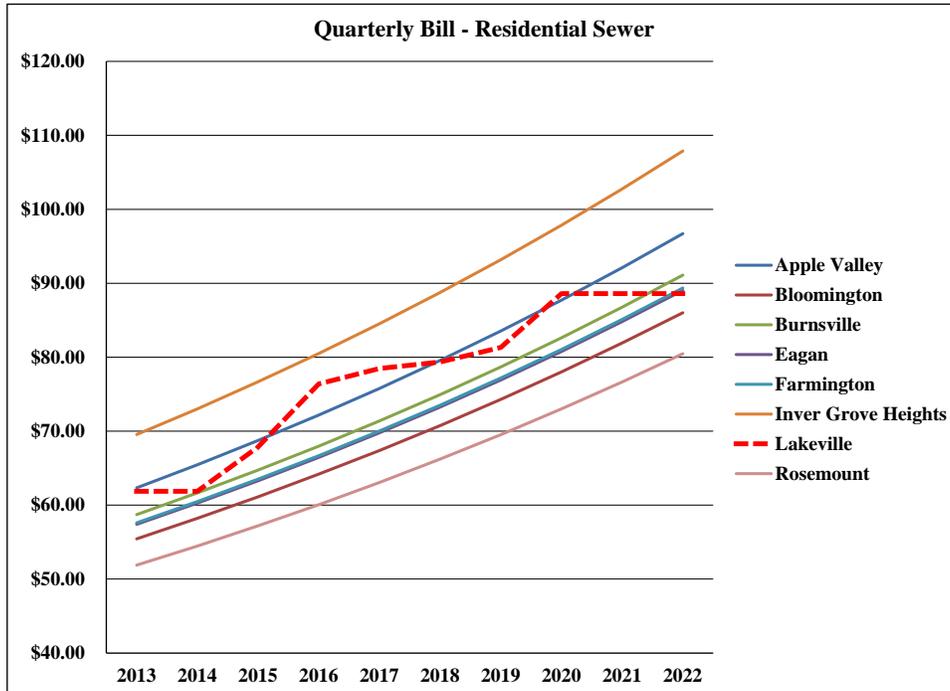


Cash balances in the Sewer Fund are projected to be at or above the minimum recommended amounts over the planning period as shown in the chart below. Debt service coverage ratio is projected to be above 2.0 in each year.



The average quarterly water and sewer bill for a residential customer would rise from its current level of \$82.36 per quarter to a level of \$117.67 per quarter in 2022. This is \$2.06 less than the Scenario Two projected quarterly bill of

\$119.73. Lakeville's sewer rates under this scenario will rise and fall based on each year's rate increase compared to those of the surrounding communities and are projected to be the in the middle of the group in 2022. As in Scenario Two, we assume for the purposes of our projections that other cities will raise their sewer rates at 5% annually.

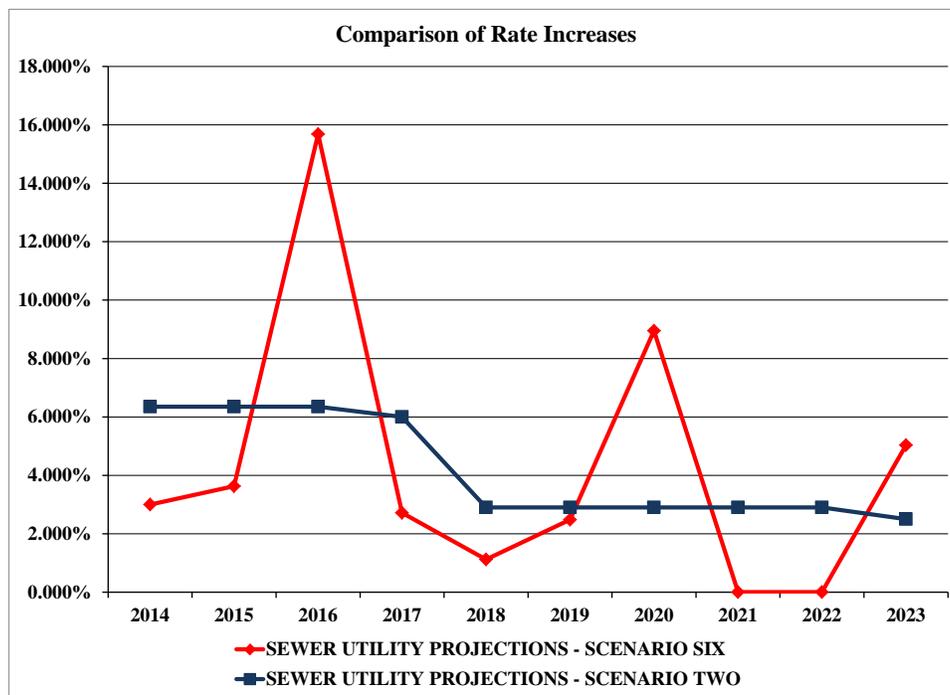


### Scenario Six

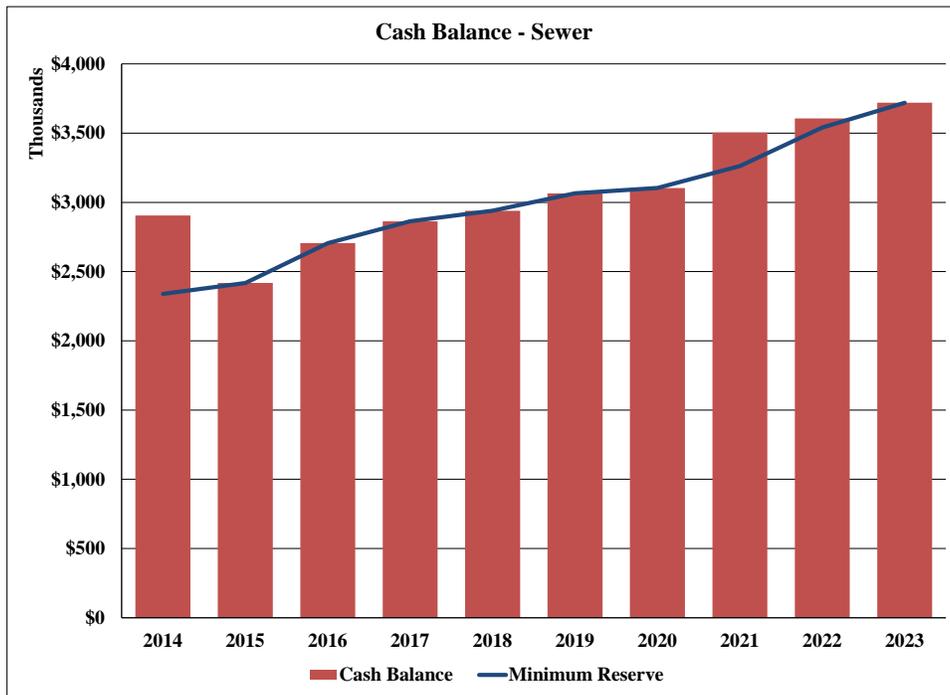
Scenario Six projects a 3% rate increase in the Sewer Fund for 2014 then projects future rate increases each year at a rate that enables the Fund to meet the recommended minimum reserve requirements. Like Scenario Five, this results in projected rate increases that vary erratically from 0% in some years to 15.683% in one year as shown in the table on the following page. This scenario assumes the same capital improvements and debt financing as in Scenario Two.

Year	Sewer Scenario Two Projected Rate Increases	Sewer Scenario Six Projected Rate Increases
2014	6.35%	3.00%
2015	6.35%	3.630%
2016	6.35%	15.683%
2017	6.00%	2.716%
2018	2.90%	1.117%
2019	2.90%	2.480%
2020	2.90%	8.951%
2021	2.90%	0.00%
2022	2.90%	0.00%
2023	2.50%	5.034%

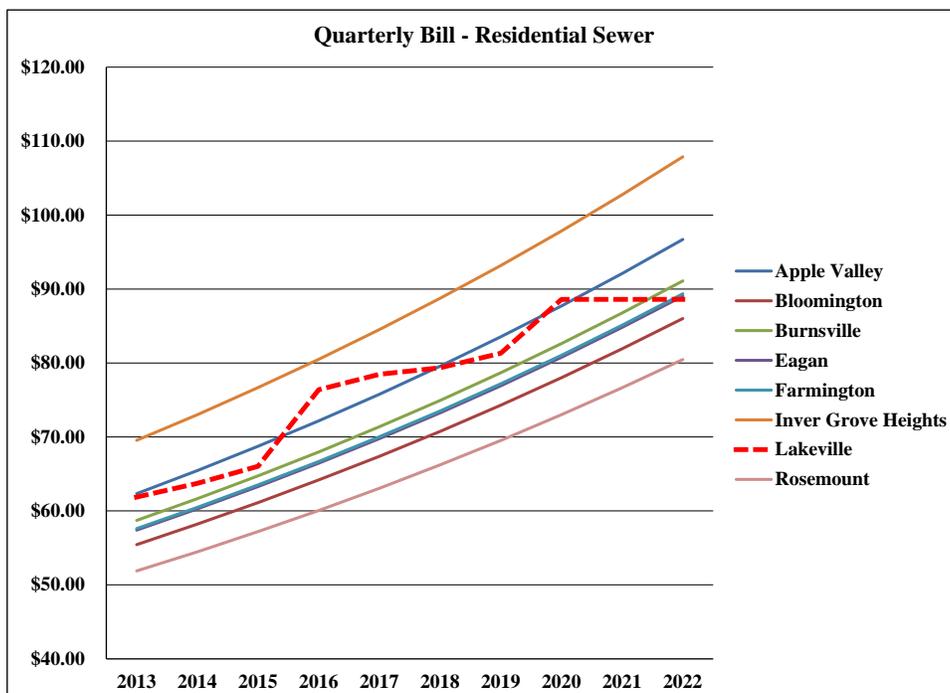
The chart on the following page shows these projected rate increases each year. Again, our experience is that utility customers do not like erratic utility rate increases as they are difficult to plan for and accommodate particularly for large utility customers.



Cash balances in the Sewer Fund are projected to be at or above the minimum recommended amounts over the planning period as shown in the chart below. Debt service coverage ratio is projected to be above 2.0 in each year.



The average quarterly water and sewer bill for a residential customer would rise from its current level of \$82.36 per quarter to a level of \$117.67 per quarter in 2022 as in Scenario Five. This is \$2.06 less than the Scenario Two projected quarterly bill of \$119.73. Lakeville's sewer rates under this scenario will rise and fall based on each year's rate increase compared to those of the surrounding communities and are projected to be the in the middle of the group in 2022. As in Scenario Two, we assume for the purposes of our projections that other cities will raise their sewer rates at 5% annually.



## Recommendations

Our projected future financial performance of the Water and Sewer Funds incorporating anticipated increases in operations and maintenance expenses and the City's capital improvement program shows that rate increases are needed in each fund. In our memorandum of November 8, 2013 we recommended rate increases in the Water and Sewer Utility based on Scenario Two. These were recommended because they will provide sufficient revenues to adequately fund water and sewer operations and capital costs and provide an adequate level of cash reserves while minimizing the impact on rates to the greatest extent possible. Scenario Two recommended a balanced approach to financing needed capital assets incorporating both debt and cash to minimize the rate increases needed. The recommended rate increases for the Water Fund were 4.25% each year while those for the Sewer Utility were 6.35% in 2014 through 2016, 6.00% in 2017 then declining to 2.90% in the period 2018 – 2021 and further declining to 2.50% in 2022 and 2023 as shown in the table below.

Year	Water	Sewer
2014	4.25%	6.35%
2015	4.25%	6.35%
2016	4.25%	6.35%
2017	4.25%	6.00%
2018	4.25%	2.90%
2019	4.25%	2.90%
2020	4.25%	2.90%
2021	4.25%	2.90%
2022	4.25%	2.50%
2023	4.25%	2.50%

The additional Scenarios Three and Four we evaluated for the Sewer Fund showed that limiting rate increases to less than 3% each year would cause the Sewer Fund to not meet recommended cash reserve levels and to actually run out of cash. The additional Scenarios Five and Six we evaluated for the Sewer Fund would meet recommended cash reserve levels each year, but result in very erratic rate increases that are, in our experience, problematic for utility customers.

Of the scenarios evaluated, it is our opinion that Scenario Two provides the best alternative for the City and its utility customers over the long-term.

These recommendations are based on information provided to us by the City of Lakeville. The City will need to monitor the performance of the Water and Sewer Utilities and make any necessary adjustments based upon actual performance and on the actual construction costs of the anticipated capital improvements.

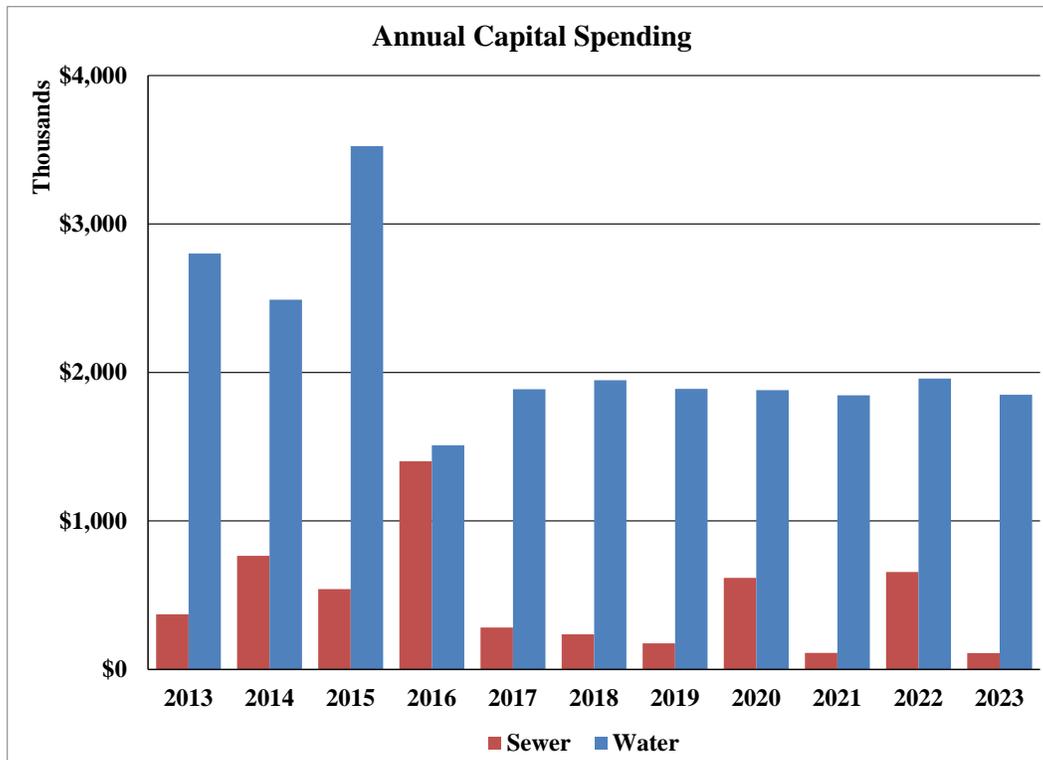
We would also point out that we have not included a sensitivity analysis for projected capital improvement costs. A sensitivity analysis would evaluate the utility rate impacts of actual construction improvements costs being more or less than projected costs. However, it is important to recognize that the actual cost of capital improvements may be greater than those projected which would impact projected rate increases. This difference can arise because the capital improvement plan is generally developed based on preliminary information and current construction costs. Costs can change as the projects get more clearly defined and construction costs at the time of the actual construction vary from those at the time of planning.

**Annual Capital Outlays - Water and Sewer**

<b>Year</b>	<b>Project</b>	<b>Dept</b>	<b>Cost</b>	<b>Year</b>	<b>Project</b>	<b>Dept</b>	<b>Cost</b>
2013	Well Rehab	Water	60,000	2013	#18 Lift Station Rehab	Sewer	35,000
2013	Water Meter Replacement	Water	64,200	2013	#22 Lift Station Rehab	Sewer	15,000
2013	WTF	Water	71,500	2013	#3 Lift Station Rehab	Sewer	48,000
2013	Equipment	Water	131,193	2013	I&I Repairs	Sewer	50,000
2013	Water Main Replace - Clays Acres	Water	2,474,000	2013	Misc Equipment	Sewer	94,903
				2013	Sanitary Sewer Rehabilitation Proj 13-02	Sewer	128,300
<b>2013</b>	<b>Total - Water</b>		<b>2,800,893</b>	<b>2013</b>	<b>Total - Sewer</b>		<b>371,203</b>
2014	Water Tower	Water	10,000	2014	#11 Lift Station Rehab	Sewer	40,000
2014	WTF	Water	27,000	2014	#19 Lift Station Rehab	Sewer	35,000
2014	Well Rehab	Water	60,000	2014	#5 Lift Station Rehab	Sewer	48,000
2014	Equipment	Water	67,740	2014	I/I Improvements	Sewer	177,000
2014	Water Main Replacements	Water	1,949,187	2014	Misc Equipment	Sewer	290,609
2014	Water Meter Replacement	Water	375,970	2014	Sanitary Sewer Rehabilitation Proj 14-02	Sewer	175,000
<b>2014</b>	<b>Total - Water</b>		<b>2,489,897</b>	<b>2014</b>	<b>Total - Sewer</b>		<b>765,609</b>
2015	Well Rehab	Water	60,000	2015	#12 Lift Station Rehab	Sewer	35,000
2015	Equipment	Water	118,549	2015	#13 Lift Station Rehab	Sewer	35,000
2015	Water Main Replacements	Water	2,261,794	2015	#6 Lift Station Rehab	Sewer	175,000
2015	Water Meter Replacement	Water	422,090	2015	I&I Repairs	Sewer	77,000
2015	WTF	Water	661,000	2015	I/I Improvements	Sewer	100,000
				2015	Misc Equipment	Sewer	118,549
<b>2015</b>	<b>Total - Water</b>		<b>3,523,433</b>	<b>2015</b>	<b>Total - Sewer</b>		<b>540,549</b>
2016	Equipment	Water	27,107	2016	Equipment	Sewer	26,116
2016	Tower and Reservoir Painting	Water	45,000	2016	I/I Improvements	Sewer	100,000
2016	Well Rehab	Water	60,000	2016	Lift Station Rehab	Sewer	835,000
2016	Water Meter Replacement	Water	190,907	2016	Sewer Vactor	Sewer	440,000
2016	Water Main Replacements	Water	1,186,934	<b>2016</b>	<b>Total - Sewer</b>		<b>1,401,116</b>
<b>2016</b>	<b>Total - Water</b>		<b>1,509,948</b>				
2017	Tower and Reservoir Painting	Water	40,000	2017	Equipment	Sewer	86,777
2017	Equipment	Water	86,777	2017	Grinders	Sewer	60,000
2017	Well Rehab	Water	120,000	2017	I/I Improvements	Sewer	100,000
2017	Water Meter Replacement	Water	199,330	2017	Lift Station Rehab	Sewer	35,000
2017	Water Main Replacements	Water	1,440,547				
<b>2017</b>	<b>Total - Water</b>		<b>1,886,654</b>	<b>2017</b>	<b>Total - Sewer</b>		<b>281,777</b>
2018	Equipment	Water	86,342	2018	Equipment	Sewer	86,342
2018	Wells	Water	165,000	2018	I/I Improvements	Sewer	100,000
2018	Water Meter Replacement	Water	201,274	2018	Lift Station Rehab	Sewer	50,000
2018	Water Main Replacements	Water	1,494,558				
<b>2018</b>	<b>Total - Water</b>		<b>1,947,174</b>	<b>2018</b>	<b>Total - Sewer</b>		<b>236,342</b>
2019	Equipment	Water	61,069	2019	Equipment	Sewer	61,069
2019	Wells	Water	120,000	2019	I/I Improvements	Sewer	100,000
2019	Water Meter Replacements	Water	208,711	2019	Lift Station Rehab	Sewer	15,000
2019	Water Main Replacements	Water	1,500,000				
<b>2019</b>	<b>Total - Water</b>		<b>1,889,780</b>	<b>2019</b>	<b>Total - Sewer</b>		<b>176,069</b>

**Annual Capital Outlays - Water and Sewer**

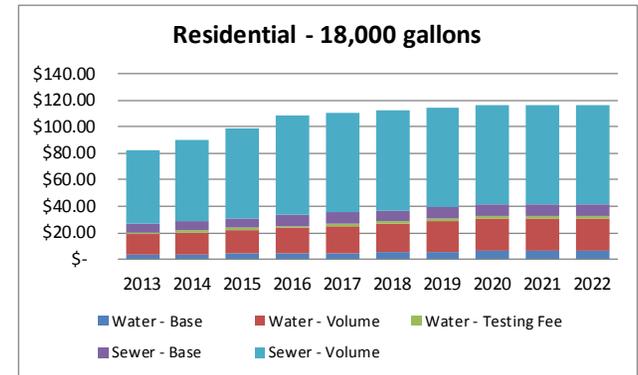
2020 Equipment	Water	49,728	2020 Equipment	Sewer	317,172
2020 Wells	Water	120,000	2020 I/I Improvements	Sewer	100,000
2020 Water Meter Replacements	Water	210,808	2020 Lift Station Rehab	Sewer	200,000
2020 Water Main Replacements	Water	<u>1,500,000</u>			
<b>2020 Total - Water</b>		<b>1,880,536</b>	<b>2020 Total - Sewer</b>		<b>617,172</b>
2021 Equipment	Water	11,258	2021 Equipment	Sewer	11,258
2021 Wells	Water	120,000	2021 I/I Improvements	Sewer	100,000
2021 Water Meter Replacements	Water	214,809			
2021 Water Main Replacements	Water	<u>1,500,000</u>			
<b>2021 Total - Water</b>		<b>1,846,067</b>	<b>2021 Total - Sewer</b>		<b>111,258</b>
2022 Wells	Water	60,000	2022 Equipment	Sewer	556,003
2022 Equipment	Water	179,600	2022 I/I Improvements	Sewer	100,000
2022 Water Meter Replacements	Water	218,902			
2022 Water Main Replacements	Water	<u>1,500,000</u>			
<b>2022 Total - Water</b>		<b>1,958,502</b>	<b>2022 Total - Sewer</b>		<b>656,003</b>
2023 Equipment	Water	10,000	2023 Equipment	Sewer	10,000
2023 Wells	Water	120,000	2023 I/I Improvements	Sewer	100,000
2023 Water Meter Replacements	Water	219,902			
2023 Water Main Replacements	Water	<u>1,500,000</u>			
<b>2023 Total - Water</b>		<b>1,849,902</b>	<b>2023 Total - Sewer</b>		<b>110,000</b>



### Sample Utility Bills – Scenario One

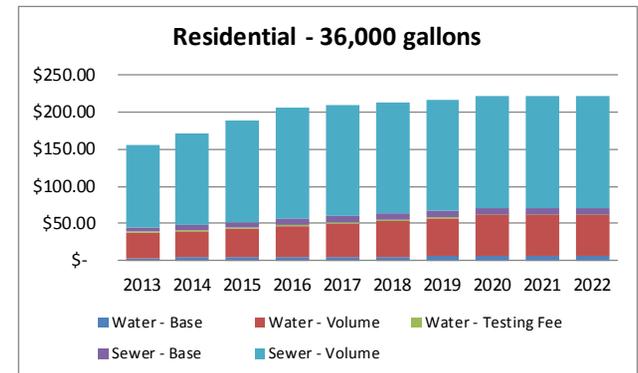
#### Residential Account - 18,000 gallons per quarter

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.87	\$ 4.16	\$ 4.47	\$ 4.80	\$ 5.14	\$ 5.52	\$ 5.92	\$ 5.92	\$ 5.92
Water - Volume	\$ 15.30	\$ 16.45	\$ 17.68	\$ 19.01	\$ 20.39	\$ 21.86	\$ 23.45	\$ 25.15	\$ 25.15	\$ 25.15
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.91	\$ 7.63	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43
Sewer - Volume	\$ 55.62	\$ 61.46	\$ 67.91	\$ 75.04	\$ 75.04	\$ 75.04	\$ 75.04	\$ 75.04	\$ 75.04	\$ 75.04
<b>Total</b>	<b>\$ 82.36</b>	<b>\$ 90.27</b>	<b>\$ 98.98</b>	<b>\$ 108.55</b>	<b>\$ 110.25</b>	<b>\$ 112.07</b>	<b>\$ 114.03</b>	<b>\$ 116.13</b>	<b>\$ 116.13</b>	<b>\$ 116.13</b>



#### Residential Account - 36,000 gallons per quarter

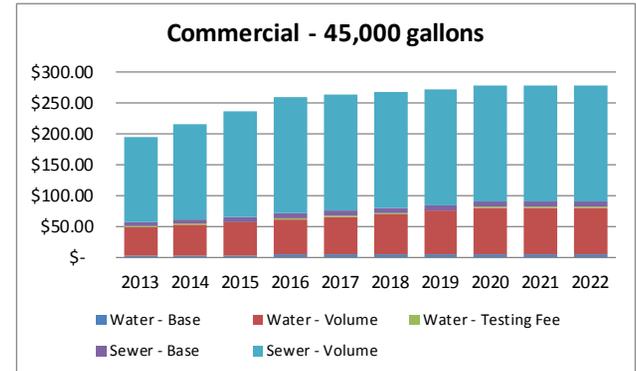
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.87	\$ 4.16	\$ 4.47	\$ 4.80	\$ 5.14	\$ 5.52	\$ 5.92	\$ 5.92	\$ 5.92
Water - Volume	\$ 33.54	\$ 36.06	\$ 38.76	\$ 41.67	\$ 44.69	\$ 47.93	\$ 51.40	\$ 55.13	\$ 55.13	\$ 55.13
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.91	\$ 7.63	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43
Sewer - Volume	\$ 111.24	\$ 122.92	\$ 135.83	\$ 150.09	\$ 150.09	\$ 150.09	\$ 150.09	\$ 150.09	\$ 150.09	\$ 150.09
<b>Total</b>	<b>\$ 156.22</b>	<b>\$ 171.34</b>	<b>\$ 187.97</b>	<b>\$ 206.25</b>	<b>\$ 209.60</b>	<b>\$ 213.18</b>	<b>\$ 217.03</b>	<b>\$ 221.16</b>	<b>\$ 221.16</b>	<b>\$ 221.16</b>



**Sample Utility Bills – Scenario One (Continued)**

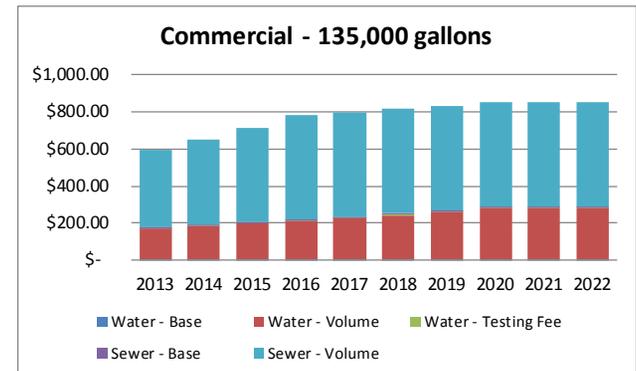
**Commercial Account - 45,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.87	\$ 4.16	\$ 4.47	\$ 4.80	\$ 5.14	\$ 5.52	\$ 5.92	\$ 5.92	\$ 5.92
Water - Volume	\$ 45.60	\$ 49.02	\$ 52.70	\$ 56.65	\$ 60.76	\$ 65.16	\$ 69.88	\$ 74.95	\$ 74.95	\$ 74.95
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.91	\$ 7.63	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43
Sewer - Volume	\$ 139.05	\$ 153.65	\$ 169.78	\$ 187.61	\$ 187.61	\$ 187.61	\$ 187.61	\$ 187.61	\$ 187.61	\$ 187.61
<b>Total</b>	<b>\$ 196.09</b>	<b>\$ 215.04</b>	<b>\$ 235.86</b>	<b>\$ 258.75</b>	<b>\$ 263.19</b>	<b>\$ 267.94</b>	<b>\$ 273.04</b>	<b>\$ 278.50</b>	<b>\$ 278.50</b>	<b>\$ 278.50</b>



**Commercial Account - 135,000 gallons per quarter**

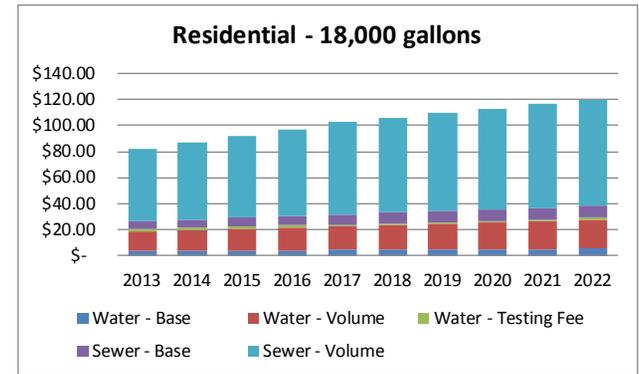
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.87	\$ 4.16	\$ 4.47	\$ 4.80	\$ 5.14	\$ 5.52	\$ 5.92	\$ 5.92	\$ 5.92
Water - Volume	\$ 166.20	\$ 178.67	\$ 192.06	\$ 206.47	\$ 221.44	\$ 237.49	\$ 254.71	\$ 273.18	\$ 273.18	\$ 273.18
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.91	\$ 7.63	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43	\$ 8.43
Sewer - Volume	\$ 417.15	\$ 460.95	\$ 509.35	\$ 562.83	\$ 562.83	\$ 562.83	\$ 562.83	\$ 562.83	\$ 562.83	\$ 562.83
<b>Total</b>	<b>\$ 594.79</b>	<b>\$ 651.98</b>	<b>\$ 714.80</b>	<b>\$ 783.80</b>	<b>\$ 799.09</b>	<b>\$ 815.49</b>	<b>\$ 833.08</b>	<b>\$ 851.95</b>	<b>\$ 851.95</b>	<b>\$ 851.95</b>



### Sample Utility Bills – Scenario Two

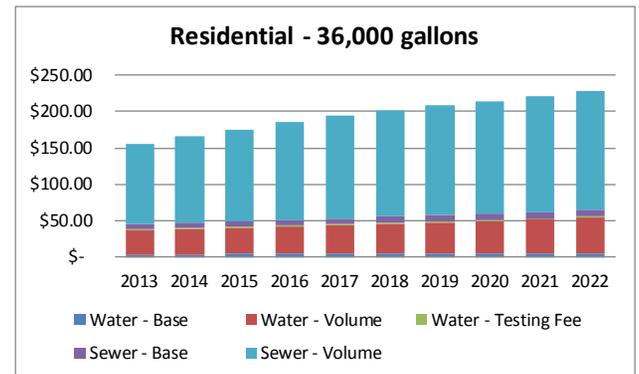
#### Residential Account - 18,000 gallons per quarter

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 15.30	\$ 15.95	\$ 16.63	\$ 17.33	\$ 18.07	\$ 18.84	\$ 19.64	\$ 20.47	\$ 21.35	\$ 22.25
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.65	\$ 7.07	\$ 7.52	\$ 7.97	\$ 8.20	\$ 8.44	\$ 8.68	\$ 8.93	\$ 9.16
Sewer - Volume	\$ 55.62	\$ 59.15	\$ 62.91	\$ 66.90	\$ 70.92	\$ 72.97	\$ 75.09	\$ 77.27	\$ 79.51	\$ 81.50
<b>Total</b>	<b>\$ 82.36</b>	<b>\$ 87.09</b>	<b>\$ 92.11</b>	<b>\$ 97.42</b>	<b>\$ 102.80</b>	<b>\$ 106.04</b>	<b>\$ 109.38</b>	<b>\$ 112.83</b>	<b>\$ 116.40</b>	<b>\$ 119.73</b>



#### Residential Account - 36,000 gallons per quarter

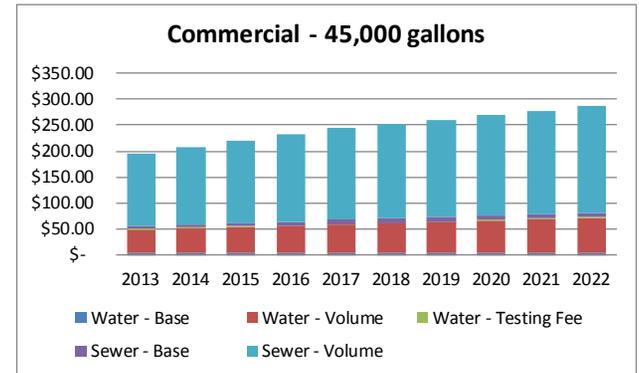
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 33.54	\$ 34.97	\$ 36.45	\$ 38.00	\$ 39.62	\$ 41.30	\$ 43.05	\$ 44.88	\$ 46.79	\$ 48.78
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.65	\$ 7.07	\$ 7.52	\$ 7.97	\$ 8.20	\$ 8.44	\$ 8.68	\$ 8.93	\$ 9.16
Sewer - Volume	\$ 111.24	\$ 118.30	\$ 125.82	\$ 133.81	\$ 141.83	\$ 145.95	\$ 150.18	\$ 154.53	\$ 159.02	\$ 162.99
<b>Total</b>	<b>\$ 156.22</b>	<b>\$ 165.26</b>	<b>\$ 174.84</b>	<b>\$ 184.99</b>	<b>\$ 195.26</b>	<b>\$ 201.47</b>	<b>\$ 207.88</b>	<b>\$ 214.51</b>	<b>\$ 221.35</b>	<b>\$ 227.76</b>



**Sample Utility Bills – Scenario Two (Continued)**

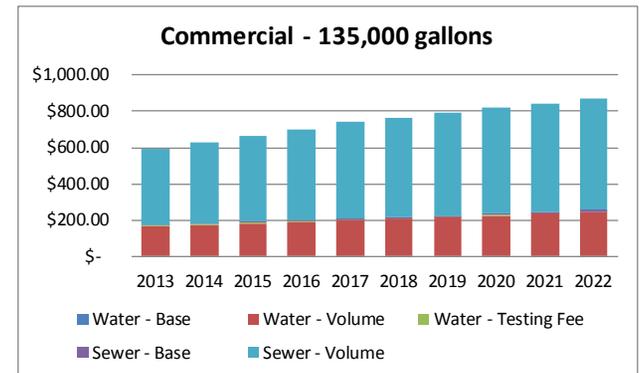
**Commercial Account - 45,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 45.60	\$ 47.54	\$ 49.56	\$ 51.66	\$ 53.86	\$ 56.15	\$ 58.54	\$ 61.02	\$ 63.62	\$ 66.32
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.65	\$ 7.07	\$ 7.52	\$ 7.97	\$ 8.20	\$ 8.44	\$ 8.68	\$ 8.93	\$ 9.16
Sewer - Volume	\$ 139.05	\$ 147.88	\$ 157.27	\$ 167.26	\$ 177.29	\$ 182.43	\$ 187.72	\$ 193.17	\$ 198.77	\$ 203.74
<b>Total</b>	<b>\$ 196.09</b>	<b>\$ 207.41</b>	<b>\$ 219.40</b>	<b>\$ 232.11</b>	<b>\$ 244.96</b>	<b>\$ 252.81</b>	<b>\$ 260.91</b>	<b>\$ 269.28</b>	<b>\$ 277.93</b>	<b>\$ 286.04</b>



**Commercial Account - 135,000 gallons per quarter**

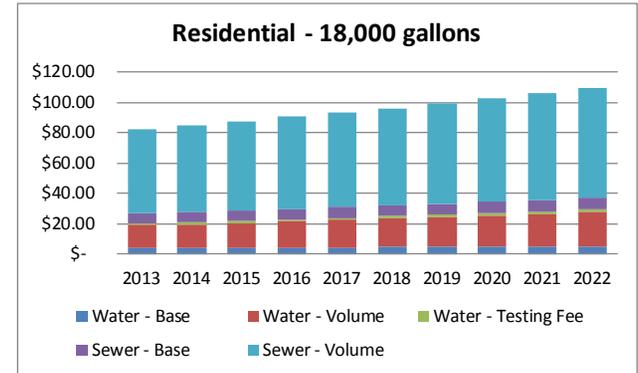
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 166.20	\$ 173.26	\$ 180.63	\$ 188.30	\$ 196.31	\$ 204.65	\$ 213.35	\$ 222.41	\$ 231.87	\$ 241.72
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.65	\$ 7.07	\$ 7.52	\$ 7.97	\$ 8.20	\$ 8.44	\$ 8.68	\$ 8.93	\$ 9.16
Sewer - Volume	\$ 417.15	\$ 443.64	\$ 471.81	\$ 501.77	\$ 531.88	\$ 547.30	\$ 563.17	\$ 579.50	\$ 596.31	\$ 611.22
<b>Total</b>	<b>\$ 594.79</b>	<b>\$ 628.89</b>	<b>\$ 665.01</b>	<b>\$ 703.26</b>	<b>\$ 741.99</b>	<b>\$ 766.17</b>	<b>\$ 791.17</b>	<b>\$ 817.01</b>	<b>\$ 843.72</b>	<b>\$ 868.92</b>



Sample Utility Bills – Scenarios Three and Four

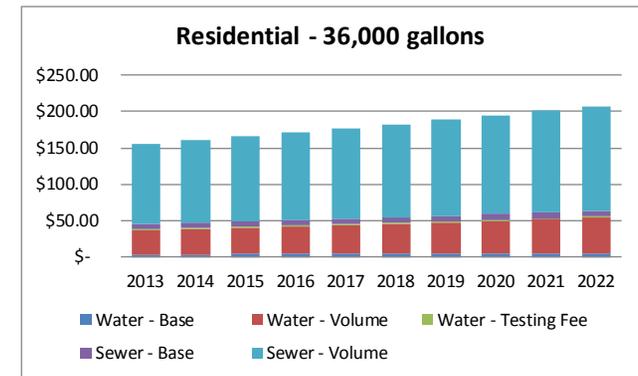
**Residential Account - 18,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 15.30	\$ 15.95	\$ 16.63	\$ 17.33	\$ 18.07	\$ 18.84	\$ 19.64	\$ 20.47	\$ 21.35	\$ 22.25
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.43	\$ 6.62	\$ 6.81	\$ 7.01	\$ 7.21	\$ 7.42	\$ 7.63	\$ 7.86	\$ 8.08
Sewer - Volume	\$ 55.62	\$ 57.23	\$ 58.89	\$ 60.60	\$ 62.36	\$ 64.17	\$ 66.03	\$ 67.94	\$ 69.91	\$ 71.94
<b>Total</b>	<b>\$ 82.36</b>	<b>\$ 84.96</b>	<b>\$ 87.64</b>	<b>\$ 90.41</b>	<b>\$ 93.28</b>	<b>\$ 96.24</b>	<b>\$ 99.30</b>	<b>\$ 102.46</b>	<b>\$ 105.73</b>	<b>\$ 109.10</b>



**Residential Account - 36,000 gallons per quarter**

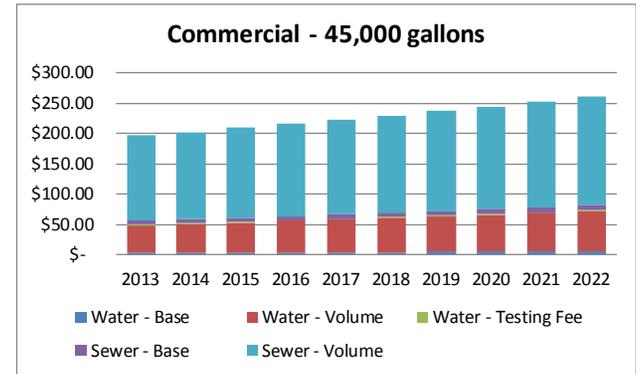
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 33.54	\$ 34.97	\$ 36.45	\$ 38.00	\$ 39.62	\$ 41.30	\$ 43.05	\$ 44.88	\$ 46.79	\$ 48.78
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.43	\$ 6.62	\$ 6.81	\$ 7.01	\$ 7.21	\$ 7.42	\$ 7.63	\$ 7.86	\$ 8.08
Sewer - Volume	\$ 111.24	\$ 114.47	\$ 117.79	\$ 121.20	\$ 124.72	\$ 128.33	\$ 132.05	\$ 135.88	\$ 139.82	\$ 143.88
<b>Total</b>	<b>\$ 156.22</b>	<b>\$ 161.21</b>	<b>\$ 166.36</b>	<b>\$ 171.68</b>	<b>\$ 177.18</b>	<b>\$ 182.87</b>	<b>\$ 188.74</b>	<b>\$ 194.81</b>	<b>\$ 201.09</b>	<b>\$ 207.57</b>



Sample Utility Bills – Scenario Three and Four (Continued)

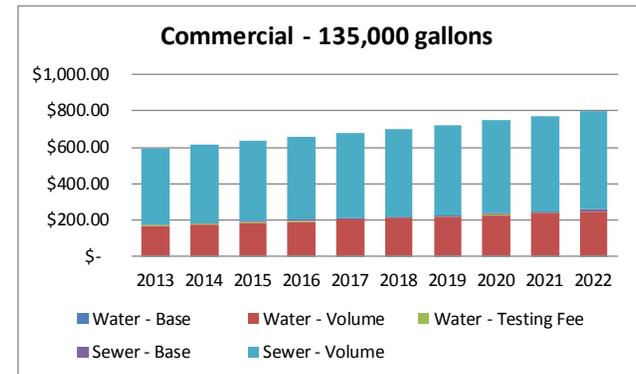
**Commercial Account - 45,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 45.60	\$ 47.54	\$ 49.56	\$ 51.66	\$ 53.86	\$ 56.15	\$ 58.54	\$ 61.02	\$ 63.62	\$ 66.32
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.43	\$ 6.62	\$ 6.81	\$ 7.01	\$ 7.21	\$ 7.42	\$ 7.63	\$ 7.86	\$ 8.08
Sewer - Volume	\$ 139.05	\$ 143.08	\$ 147.23	\$ 151.50	\$ 155.90	\$ 160.42	\$ 165.07	\$ 169.86	\$ 174.78	\$ 179.85
<b>Total</b>	<b>\$ 196.09</b>	<b>\$ 202.39</b>	<b>\$ 208.91</b>	<b>\$ 215.64</b>	<b>\$ 222.60</b>	<b>\$ 229.80</b>	<b>\$ 237.23</b>	<b>\$ 244.92</b>	<b>\$ 252.87</b>	<b>\$ 261.08</b>



**Commercial Account - 135,000 gallons per quarter**

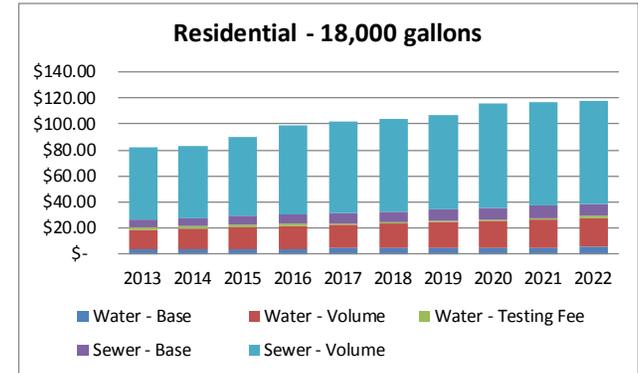
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 166.20	\$ 173.26	\$ 180.63	\$ 188.30	\$ 196.31	\$ 204.65	\$ 213.35	\$ 222.41	\$ 231.87	\$ 241.72
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.43	\$ 6.62	\$ 6.81	\$ 7.01	\$ 7.21	\$ 7.42	\$ 7.63	\$ 7.86	\$ 8.08
Sewer - Volume	\$ 417.15	\$ 429.25	\$ 441.70	\$ 454.50	\$ 467.69	\$ 481.25	\$ 495.20	\$ 509.57	\$ 524.34	\$ 539.55
<b>Total</b>	<b>\$ 594.79</b>	<b>\$ 614.29</b>	<b>\$ 634.44</b>	<b>\$ 655.29</b>	<b>\$ 676.84</b>	<b>\$ 699.13</b>	<b>\$ 722.18</b>	<b>\$ 746.02</b>	<b>\$ 770.68</b>	<b>\$ 796.18</b>



**Sample Utility Bills – Scenario Five**

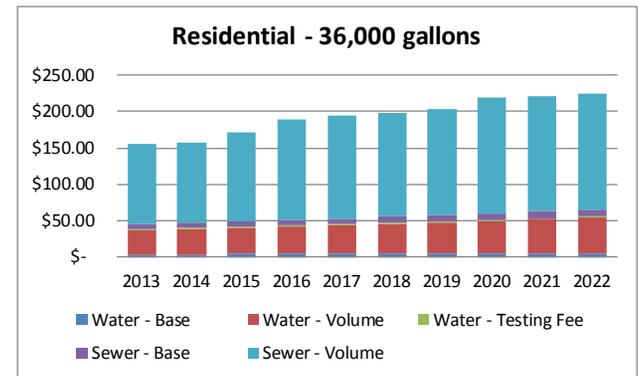
**Residential Account - 18,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 15.30	\$ 15.95	\$ 16.63	\$ 17.33	\$ 18.07	\$ 18.84	\$ 19.64	\$ 20.47	\$ 21.35	\$ 22.25
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.25	\$ 6.86	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 55.62	\$ 55.62	\$ 61.02	\$ 68.68	\$ 70.54	\$ 71.33	\$ 73.10	\$ 79.64	\$ 79.64	\$ 79.64
<b>Total</b>	<b>\$ 82.36</b>	<b>\$ 83.16</b>	<b>\$ 90.01</b>	<b>\$ 99.40</b>	<b>\$ 102.38</b>	<b>\$ 104.21</b>	<b>\$ 107.17</b>	<b>\$ 115.48</b>	<b>\$ 116.55</b>	<b>\$ 117.67</b>



**Residential Account - 36,000 gallons per quarter**

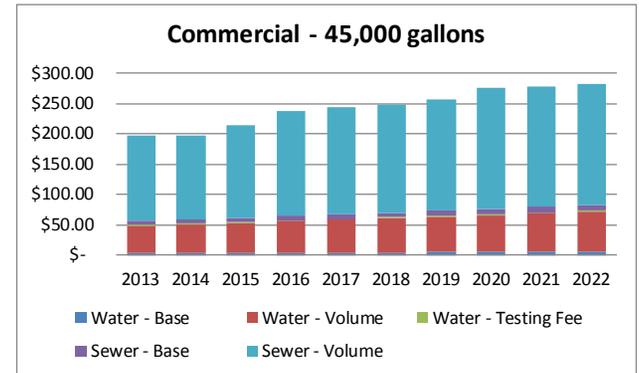
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 33.54	\$ 34.97	\$ 36.45	\$ 38.00	\$ 39.62	\$ 41.30	\$ 43.05	\$ 44.88	\$ 46.79	\$ 48.78
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.25	\$ 6.86	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 111.24	\$ 111.24	\$ 122.04	\$ 137.36	\$ 141.09	\$ 142.66	\$ 146.20	\$ 159.29	\$ 159.29	\$ 159.29
<b>Total</b>	<b>\$ 156.22</b>	<b>\$ 157.80</b>	<b>\$ 170.85</b>	<b>\$ 188.74</b>	<b>\$ 194.47</b>	<b>\$ 198.00</b>	<b>\$ 203.68</b>	<b>\$ 219.53</b>	<b>\$ 221.64</b>	<b>\$ 223.84</b>



**Sample Utility Bills – Scenario Five (Continued)**

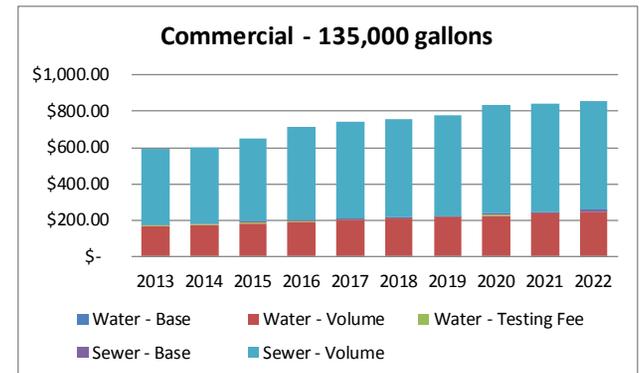
**Commercial Account - 45,000 gallons per quarter**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 45.60	\$ 47.54	\$ 49.56	\$ 51.66	\$ 53.86	\$ 56.15	\$ 58.54	\$ 61.02	\$ 63.62	\$ 66.32
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.25	\$ 6.86	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 139.05	\$ 139.05	\$ 152.55	\$ 171.70	\$ 176.36	\$ 178.33	\$ 182.75	\$ 199.11	\$ 199.11	\$ 199.11
<b>Total</b>	<b>\$ 196.09</b>	<b>\$ 198.18</b>	<b>\$ 214.46</b>	<b>\$ 236.75</b>	<b>\$ 243.99</b>	<b>\$ 248.52</b>	<b>\$ 255.71</b>	<b>\$ 275.49</b>	<b>\$ 278.29</b>	<b>\$ 281.21</b>



**Commercial Account - 135,000 gallons per quarter**

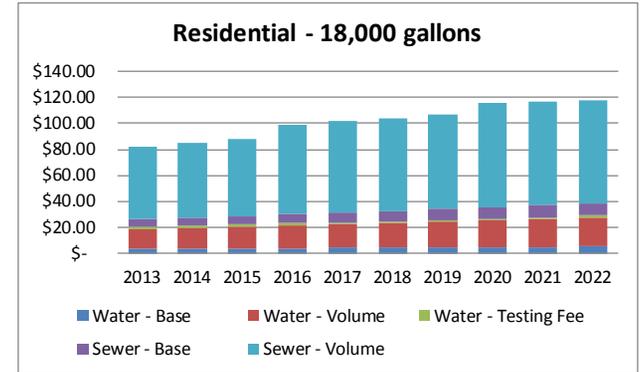
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 166.20	\$ 173.26	\$ 180.63	\$ 188.30	\$ 196.31	\$ 204.65	\$ 213.35	\$ 222.41	\$ 231.87	\$ 241.72
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.25	\$ 6.86	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 417.15	\$ 417.15	\$ 457.64	\$ 515.09	\$ 529.08	\$ 534.99	\$ 548.25	\$ 597.33	\$ 597.33	\$ 597.33
<b>Total</b>	<b>\$ 594.79</b>	<b>\$ 602.01</b>	<b>\$ 650.63</b>	<b>\$ 716.78</b>	<b>\$ 739.15</b>	<b>\$ 753.68</b>	<b>\$ 776.03</b>	<b>\$ 835.10</b>	<b>\$ 844.76</b>	<b>\$ 854.82</b>



### Sample Utility Bills – Scenario Six

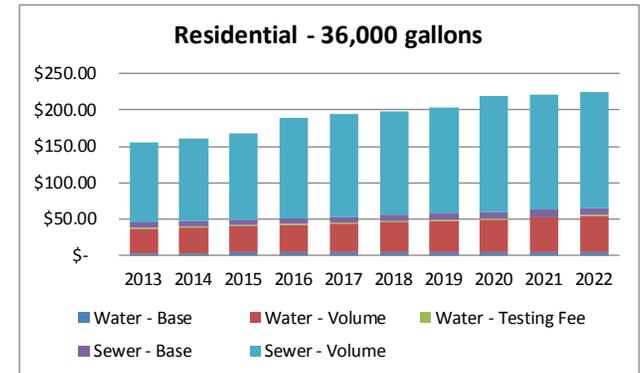
#### Residential Account - 18,000 gallons per quarter

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 15.30	\$ 15.95	\$ 16.63	\$ 17.33	\$ 18.07	\$ 18.84	\$ 19.64	\$ 20.47	\$ 21.35	\$ 22.25
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.44	\$ 6.67	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 55.62	\$ 57.29	\$ 59.37	\$ 68.68	\$ 70.54	\$ 71.33	\$ 73.10	\$ 79.64	\$ 79.64	\$ 79.64
<b>Total</b>	<b>\$ 82.36</b>	<b>\$ 85.02</b>	<b>\$ 88.17</b>	<b>\$ 99.40</b>	<b>\$ 102.38</b>	<b>\$ 104.21</b>	<b>\$ 107.17</b>	<b>\$ 115.48</b>	<b>\$ 116.55</b>	<b>\$ 117.67</b>



#### Residential Account - 36,000 gallons per quarter

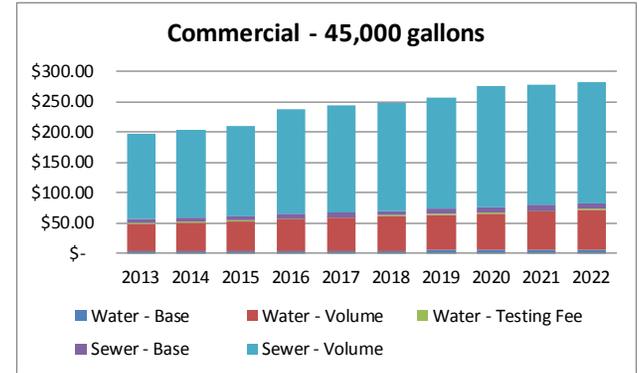
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 33.54	\$ 34.97	\$ 36.45	\$ 38.00	\$ 39.62	\$ 41.30	\$ 43.05	\$ 44.88	\$ 46.79	\$ 48.78
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.44	\$ 6.67	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 111.24	\$ 114.58	\$ 118.74	\$ 137.36	\$ 141.09	\$ 142.66	\$ 146.20	\$ 159.29	\$ 159.29	\$ 159.29
<b>Total</b>	<b>\$ 156.22</b>	<b>\$ 161.32</b>	<b>\$ 167.36</b>	<b>\$ 188.74</b>	<b>\$ 194.47</b>	<b>\$ 198.00</b>	<b>\$ 203.68</b>	<b>\$ 219.53</b>	<b>\$ 221.64</b>	<b>\$ 223.84</b>



Sample Utility Bills – Scenario Six (Continued)

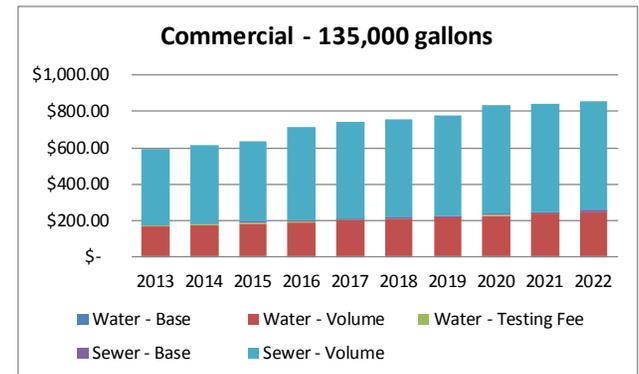
Commercial Account - 45,000 gallons per quarter

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 45.60	\$ 47.54	\$ 49.56	\$ 51.66	\$ 53.86	\$ 56.15	\$ 58.54	\$ 61.02	\$ 63.62	\$ 66.32
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.44	\$ 6.67	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 139.05	\$ 143.22	\$ 148.42	\$ 171.70	\$ 176.36	\$ 178.33	\$ 182.75	\$ 199.11	\$ 199.11	\$ 199.11
<b>Total</b>	<b>\$ 196.09</b>	<b>\$ 202.54</b>	<b>\$ 210.15</b>	<b>\$ 236.75</b>	<b>\$ 243.99</b>	<b>\$ 248.52</b>	<b>\$ 255.71</b>	<b>\$ 275.49</b>	<b>\$ 278.29</b>	<b>\$ 281.21</b>



Commercial Account - 135,000 gallons per quarter

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water - Base	\$ 3.60	\$ 3.75	\$ 3.91	\$ 4.08	\$ 4.25	\$ 4.43	\$ 4.62	\$ 4.82	\$ 5.02	\$ 5.24
Water - Volume	\$ 166.20	\$ 173.26	\$ 180.63	\$ 188.30	\$ 196.31	\$ 204.65	\$ 213.35	\$ 222.41	\$ 231.87	\$ 241.72
Water - Testing Fee	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59	\$ 1.59
Sewer - Base	\$ 6.25	\$ 6.44	\$ 6.67	\$ 7.72	\$ 7.93	\$ 8.02	\$ 8.21	\$ 8.95	\$ 8.95	\$ 8.95
Sewer - Volume	\$ 417.15	\$ 429.66	\$ 445.26	\$ 515.09	\$ 529.08	\$ 534.99	\$ 548.25	\$ 597.33	\$ 597.33	\$ 597.33
<b>Total</b>	<b>\$ 594.79</b>	<b>\$ 614.71</b>	<b>\$ 638.06</b>	<b>\$ 716.78</b>	<b>\$ 739.15</b>	<b>\$ 753.68</b>	<b>\$ 776.03</b>	<b>\$ 835.10</b>	<b>\$ 844.76</b>	<b>\$ 854.82</b>



Water Utility Projections – Scenario One

Projected Water Rate Adjustment	Average Change	Projected Change	Calculate	7.50%	7.50%	7.50%	7.25%	7.25%	7.25%	7.25%	0.00%	0.00%	0.00%
	2009-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenues</b>													
Charges for services	-2.84%		3,058,000	3,315,266	3,608,022	3,927,282	4,265,805	4,634,161	5,035,001	5,471,210	5,552,892	5,635,930	5,720,348
Penalties and interest	-2.93%	0.25%	177,822	178,267	178,712	179,159	179,607	180,056	180,506	180,957	181,410	181,863	182,318
Connection fees	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	N/A	0.25%	2,500	2,506	2,513	2,519	2,525	2,531	2,538	2,544	2,550	2,557	2,563
<b>Total Operating Revenue</b>			<b>3,238,322</b>	<b>3,496,039</b>	<b>3,789,247</b>	<b>4,108,960</b>	<b>4,447,937</b>	<b>4,816,748</b>	<b>5,218,044</b>	<b>5,654,711</b>	<b>5,736,852</b>	<b>5,820,350</b>	<b>5,905,229</b>
<b>Operating Expenses</b>													
Persomel	2.94%	2.30%	904,130	948,019	969,823	992,129	1,014,948	1,038,292	1,062,173	1,086,603	1,111,595	1,137,161	1,163,316
Commodities	3.02%	3.00%	343,482	349,067	373,815	385,029	396,580	408,478	420,732	433,354	446,355	459,745	473,538
Contractual services	-2.77%	2.00%	1,122,635	1,147,250	1,151,688	1,174,722	1,198,216	1,222,181	1,246,624	1,271,557	1,296,988	1,322,927	1,349,386
Major maintenance	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			2,091,251	2,086,445	2,044,716	2,003,822	1,963,745	1,924,470	1,885,981	1,848,261	1,811,296	1,775,070	1,739,569
New Depreciation			-	74,513	135,630	273,563	314,631	432,406	507,559	537,559	537,559	537,559	537,559
<b>Total Operating Expenses</b>			<b>4,461,498</b>	<b>4,605,294</b>	<b>4,675,673</b>	<b>4,829,265</b>	<b>4,888,121</b>	<b>5,025,827</b>	<b>5,123,069</b>	<b>5,177,333</b>	<b>5,203,792</b>	<b>5,232,463</b>	<b>5,263,367</b>
<b>Operating Income (Loss)</b>			<b>(1,223,176)</b>	<b>(1,109,255)</b>	<b>(886,426)</b>	<b>(720,306)</b>	<b>(440,184)</b>	<b>(209,078)</b>	<b>94,976</b>	<b>477,378</b>	<b>533,060</b>	<b>587,887</b>	<b>641,862</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	16,162	22,296	23,510	21,439	17,493	21,843	25,192	23,280	24,122	25,320	25,804
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New			-	(51,000)	(114,405)	(103,904)	(130,304)	(145,917)	(128,481)	(110,523)	(92,025)	(72,973)	
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>22,294</b>	<b>28,428</b>	<b>(21,358)</b>	<b>(86,835)</b>	<b>(80,279)</b>	<b>(102,329)</b>	<b>(114,593)</b>	<b>(99,069)</b>	<b>(80,269)</b>	<b>(60,573)</b>	<b>(41,037)</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(1,200,882)</b>	<b>(1,080,827)</b>	<b>(907,784)</b>	<b>(807,140)</b>	<b>(520,463)</b>	<b>(311,407)</b>	<b>(19,618)</b>	<b>378,308</b>	<b>452,791</b>	<b>527,313</b>	<b>600,825</b>
<b>Operating Transfers</b>													
Transfers In			-	-	-	-	-	-	-	-	-	-	-
Transfers (Out) to General Fund			(136,521)	(143,107)	(146,412)	(150,804)	(155,328)	(159,988)	(164,788)	(169,732)	(174,824)	(180,068)	(185,470)
Transfers (Out) to Water Fund			-	-	-	-	-	-	-	-	-	-	-
Transfers (Out) - other			-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers</b>			<b>(136,521)</b>	<b>(143,107)</b>	<b>(146,412)</b>	<b>(150,804)</b>	<b>(155,328)</b>	<b>(159,988)</b>	<b>(164,788)</b>	<b>(169,732)</b>	<b>(174,824)</b>	<b>(180,068)</b>	<b>(185,470)</b>
<b>Net Income (Loss)</b>			<b>(1,337,403)</b>	<b>(1,223,934)</b>	<b>(1,054,196)</b>	<b>(957,944)</b>	<b>(675,792)</b>	<b>(471,396)</b>	<b>(184,406)</b>	<b>208,577</b>	<b>277,967</b>	<b>347,245</b>	<b>415,354</b>

Water Utility Projections – Scenario One (Continued)

Projected Water Rate Adjustment	Average Change	Projected Change	Calculate	7.50%	7.50%	7.50%	7.25%	7.25%	7.25%	7.25%	0.00%	0.00%	0.00%
	2009-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			5,120,483	3,073,438	3,220,565	2,936,785	2,396,239	2,992,177	3,450,914	3,189,082	3,304,320	3,468,495	3,534,788
Net Income			(1,337,403)	(1,223,934)	(1,054,196)	(957,944)	(675,792)	(471,396)	(184,406)	208,577	277,967	347,245	415,354
Depreciation			2,091,251	2,160,958	2,180,347	2,277,385	2,278,376	2,356,876	2,393,540	2,385,820	2,348,855	2,312,629	2,277,127
Acquisition and Construction of Assets			(2,800,893)	(2,489,897)	(3,523,433)	(1,509,948)	(1,886,654)	(1,947,174)	(1,889,780)	(1,880,536)	(1,846,067)	(1,958,502)	(1,849,902)
Proceeds from New Long-Term Debt			-	1,700,000	2,261,794	-	1,240,547	1,000,000	-	-	-	-	-
Payments on New Long-Term Debt			-	-	(148,292)	(350,038)	(360,539)	(479,569)	(581,186)	(598,622)	(616,581)	(635,078)	(654,131)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>3,073,438</b>	<b>3,220,565</b>	<b>2,936,785</b>	<b>2,396,239</b>	<b>2,992,177</b>	<b>3,450,914</b>	<b>3,189,082</b>	<b>3,304,320</b>	<b>3,468,495</b>	<b>3,534,788</b>	<b>3,723,238</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		25.00%	809,581	874,010	947,312	1,027,240	1,111,984	1,204,187	1,304,511	1,413,678	1,434,213	1,455,087	1,476,307
For debt service		100.00%	-	199,292	464,443	464,443	609,873	727,104	727,104	727,104	727,104	727,104	727,104
For Revenue Deviations		20.00%	611,600	663,053	721,604	785,456	853,161	926,832	1,007,000	1,094,242	1,110,578	1,127,186	1,144,070
<b>Minimum Cash Balance Required</b>			<b>1,421,181</b>	<b>1,736,355</b>	<b>2,133,359</b>	<b>2,277,139</b>	<b>2,575,018</b>	<b>2,858,123</b>	<b>3,038,615</b>	<b>3,235,023</b>	<b>3,271,895</b>	<b>3,309,377</b>	<b>3,347,480</b>
<b>Amount Over (Under) Minimum</b>			<b>1,652,258</b>	<b>1,484,210</b>	<b>803,425</b>	<b>119,100</b>	<b>417,159</b>	<b>592,792</b>	<b>150,467</b>	<b>69,297</b>	<b>196,600</b>	<b>225,411</b>	<b>375,757</b>
<b>Debt Service Coverage</b>													
Operating Revenues			3,238,322	3,496,039	3,789,247	4,108,960	4,447,937	4,816,748	5,218,044	5,654,711	5,736,852	5,820,350	5,905,229
Less (Operating Expenditures)			(4,461,498)	(4,605,294)	(4,675,673)	(4,829,265)	(4,888,121)	(5,025,827)	(5,123,069)	(5,177,333)	(5,203,792)	(5,232,463)	(5,263,367)
Add in Depreciation			2,091,251	2,160,958	2,180,347	2,277,385	2,278,376	2,356,876	2,393,540	2,385,820	2,348,855	2,312,629	2,277,127
Plus Non-Operating Investment Earnings			16,162	22,296	23,510	21,439	17,493	21,843	25,192	23,280	24,122	25,320	25,804
<b>Net Revenues</b>			<b>884,237</b>	<b>1,073,999</b>	<b>1,317,431</b>	<b>1,578,518</b>	<b>1,855,685</b>	<b>2,169,641</b>	<b>2,513,707</b>	<b>2,886,478</b>	<b>2,906,036</b>	<b>2,925,836</b>	<b>2,944,793</b>
Debt Service			-	-	199,292	464,443	464,443	609,873	727,104	727,104	727,104	727,104	727,104
<b>Debt Service Coverage</b>			<b>-</b>	<b>-</b>	<b>6.61</b>	<b>3.40</b>	<b>4.00</b>	<b>3.56</b>	<b>3.46</b>	<b>3.97</b>	<b>4.00</b>	<b>4.02</b>	<b>4.05</b>

Sewer Utility Projections – Scenario One

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	10.500%	10.500%	10.500%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,899,096	5,511,999	6,201,742	6,315,294	6,431,036	6,549,011	6,669,262	6,791,835	6,916,775	7,044,128
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,899,096</b>	<b>5,511,999</b>	<b>6,201,742</b>	<b>6,315,294</b>	<b>6,431,036</b>	<b>6,549,011</b>	<b>6,669,262</b>	<b>6,791,835</b>	<b>6,916,775</b>	<b>7,044,128</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Benefits	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
Major maintenance	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Other charges	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation			-	29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(685,850)</b>	<b>(271,040)</b>	<b>135,045</b>	<b>(145,290)</b>	<b>(334,586)</b>	<b>(530,268)</b>	<b>(738,659)</b>	<b>(1,011,217)</b>	<b>(1,254,651)</b>	<b>(1,575,536)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	19,045	16,686	18,914	17,947	23,884	28,819	32,728	31,808	32,794	27,873
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>25,177</b>	<b>22,818</b>	<b>25,046</b>	<b>24,079</b>	<b>30,016</b>	<b>34,951</b>	<b>38,860</b>	<b>37,940</b>	<b>38,926</b>	<b>34,005</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(660,673)</b>	<b>(248,222)</b>	<b>160,090</b>	<b>(121,211)</b>	<b>(304,570)</b>	<b>(495,317)</b>	<b>(699,799)</b>	<b>(973,277)</b>	<b>(1,215,726)</b>	<b>(1,541,531)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			(138,143)	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>(119,118)</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(1,039,672)</b>	<b>(788,171)</b>	<b>(368,870)</b>	<b>35,387</b>	<b>(250,091)</b>	<b>(437,752)</b>	<b>(632,929)</b>	<b>(841,975)</b>	<b>(1,120,154)</b>	<b>(1,367,444)</b>	<b>(1,698,237)</b>



Water Utility Projections – Scenario Two

Projected Water Rate Adjustment	Average Change	Projected Change	Calculate	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%
	2009-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Operating Revenues</b>													
Charges for services	-2.84%		3,058,000	3,218,506	3,400,129	3,592,246	3,795,470	4,010,454	4,237,886	4,478,496	4,733,065	5,002,404	5,287,382
Penalties and interest	-2.93%	0.25%	177,822	178,267	178,712	179,159	179,607	180,056	180,506	180,957	181,410	181,863	182,318
Connection fees	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	N/A	0.25%	2,500	2,506	2,513	2,519	2,525	2,531	2,538	2,544	2,550	2,557	2,563
<b>Total Operating Revenue</b>			<b>3,238,322</b>	<b>3,399,279</b>	<b>3,581,354</b>	<b>3,773,923</b>	<b>3,977,602</b>	<b>4,193,041</b>	<b>4,420,929</b>	<b>4,661,998</b>	<b>4,917,025</b>	<b>5,186,824</b>	<b>5,472,263</b>
<b>Operating Expenses</b>													
Personnel	2.94%	2.30%	904,130	948,019	969,823	992,129	1,014,948	1,038,292	1,062,173	1,086,603	1,111,595	1,137,161	1,163,316
Commodities	3.02%	3.00%	343,482	349,067	373,815	385,029	396,580	408,478	420,732	433,354	446,355	459,745	473,538
Contractual services	-2.77%	2.00%	1,122,635	1,147,250	1,151,688	1,174,722	1,198,216	1,222,181	1,246,624	1,271,557	1,296,988	1,322,927	1,349,386
Major maintenance	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			2,091,251	2,086,445	2,044,716	2,003,822	1,963,745	1,924,470	1,885,981	1,848,261	1,811,296	1,775,070	1,739,569
New Depreciation			-	74,513	135,630	273,563	314,631	432,406	507,559	537,559	537,559	537,559	537,559
<b>Total Operating Expenses</b>			<b>4,461,498</b>	<b>4,605,294</b>	<b>4,675,673</b>	<b>4,829,265</b>	<b>4,888,121</b>	<b>5,025,827</b>	<b>5,123,069</b>	<b>5,177,333</b>	<b>5,203,792</b>	<b>5,232,463</b>	<b>5,263,367</b>
<b>Operating Income (Loss)</b>			<b>(1,223,176)</b>	<b>(1,206,015)</b>	<b>(1,094,319)</b>	<b>(1,055,342)</b>	<b>(910,519)</b>	<b>(832,786)</b>	<b>(702,139)</b>	<b>(515,336)</b>	<b>(286,767)</b>	<b>(45,639)</b>	<b>208,896</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	16,162	22,296	41,134	19,948	44,574	34,042	24,098	48,537	37,792	28,582	41,841
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	29,580	29,580	29,580	29,580	29,580	29,580	29,580	29,580
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New			-	(147,384)	(139,746)	(255,502)	(236,533)	(216,953)	(331,744)	(299,109)	(265,449)	(320,733)	
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>22,294</b>	<b>28,428</b>	<b>(100,118)</b>	<b>(84,086)</b>	<b>(175,216)</b>	<b>(166,778)</b>	<b>(157,143)</b>	<b>(247,495)</b>	<b>(225,605)</b>	<b>(201,155)</b>	<b>(243,180)</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(1,200,882)</b>	<b>(1,177,587)</b>	<b>(1,194,438)</b>	<b>(1,139,428)</b>	<b>(1,085,734)</b>	<b>(999,564)</b>	<b>(859,282)</b>	<b>(762,831)</b>	<b>(512,372)</b>	<b>(246,794)</b>	<b>(34,284)</b>
<b>Operating Transfers</b>													
Transfers In			-	-	-	-	-	-	-	-	-	-	-
Transfers (Out) to General Fund			(136,521)	(143,107)	(146,412)	(150,804)	(155,328)	(159,988)	(164,788)	(169,732)	(174,824)	(180,068)	(185,470)
Transfers (Out) to Water Fund			-	-	-	-	-	-	-	-	-	-	-
Transfers (Out) - other			-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers</b>			<b>(136,521)</b>	<b>(143,107)</b>	<b>(146,412)</b>	<b>(150,804)</b>	<b>(155,328)</b>	<b>(159,988)</b>	<b>(164,788)</b>	<b>(169,732)</b>	<b>(174,824)</b>	<b>(180,068)</b>	<b>(185,470)</b>
<b>Net Income (Loss)</b>			<b>(1,337,403)</b>	<b>(1,320,694)</b>	<b>(1,340,850)</b>	<b>(1,290,232)</b>	<b>(1,241,063)</b>	<b>(1,159,552)</b>	<b>(1,024,070)</b>	<b>(932,562)</b>	<b>(687,195)</b>	<b>(426,863)</b>	<b>(219,754)</b>

Water Utility Projections – Scenario Two (Continued)

Projected Water Rate Adjustment	Average Change 2009-2013	Projected Change 2014-2023	Calculate	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%	4.250%
			2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			5,120,483	3,073,438	5,634,787	2,732,616	6,105,987	4,663,300	3,301,136	6,648,931	5,177,012	3,915,329	5,731,658
Net Income			(1,337,403)	(1,320,694)	(1,340,850)	(1,290,232)	(1,241,063)	(1,159,552)	(1,024,070)	(932,562)	(687,195)	(426,863)	(219,754)
Depreciation			2,091,251	2,160,958	2,180,347	2,277,385	2,278,376	2,356,876	2,393,540	2,385,820	2,348,855	2,312,629	2,277,127
Acquisition and Construction of Assets			(2,800,893)	(2,489,897)	(3,523,433)	(1,509,948)	(1,886,654)	(1,947,174)	(1,889,780)	(1,880,536)	(1,846,067)	(1,958,502)	(1,849,902)
Proceeds from New Long-Term Debt			-	4,210,981	-	4,122,039	-	-	4,500,000	-	-	3,000,000	-
Payments on New Long-Term Debt			-	-	(218,234)	(225,873)	(593,346)	(612,315)	(631,894)	(1,044,640)	(1,077,276)	(1,110,935)	(1,407,343)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>3,073,438</b>	<b>5,634,787</b>	<b>2,732,616</b>	<b>6,105,987</b>	<b>4,663,300</b>	<b>3,301,136</b>	<b>6,648,931</b>	<b>5,177,012</b>	<b>3,915,329</b>	<b>5,731,658</b>	<b>4,531,786</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		25.00%	809,581	849,820	895,338	943,481	994,401	1,048,260	1,105,232	1,165,499	1,229,256	1,296,706	1,368,066
For debt service		100.00%	-	365,619	365,619	848,847	848,847	848,847	1,376,385	1,376,385	1,376,385	1,728,076	1,728,076
For Revenue Deviations		20.00%	611,600	643,701	680,026	718,449	759,094	802,091	847,577	895,699	946,613	1,000,481	1,057,476
<b>Minimum Cash Balance Required</b>			<b>1,421,181</b>	<b>1,859,140</b>	<b>1,940,983</b>	<b>2,510,777</b>	<b>2,602,342</b>	<b>2,699,198</b>	<b>3,329,194</b>	<b>3,437,583</b>	<b>3,552,254</b>	<b>4,025,263</b>	<b>4,153,619</b>
Amount Over (Under) Minimum			1,652,258	3,775,647	791,633	3,595,210	2,060,958	601,937	3,319,737	1,739,429	363,075	1,706,395	378,168
<b>Debt Service Coverage</b>													
Operating Revenues			3,238,322	3,399,279	3,581,354	3,773,923	3,977,602	4,193,041	4,420,929	4,661,998	4,917,025	5,186,824	5,472,263
Less (Operating Expenditures)			(4,461,498)	(4,605,294)	(4,675,673)	(4,829,265)	(4,888,121)	(5,025,827)	(5,123,069)	(5,177,333)	(5,203,792)	(5,232,463)	(5,263,367)
Add in Depreciation			2,091,251	2,160,958	2,180,347	2,277,385	2,278,376	2,356,876	2,393,540	2,385,820	2,348,855	2,312,629	2,277,127
Plus Non-Operating Investment Earnings			16,162	22,296	41,134	19,948	44,574	34,042	24,098	48,537	37,792	28,582	41,841
<b>Net Revenues</b>			<b>884,237</b>	<b>977,240</b>	<b>1,127,161</b>	<b>1,241,991</b>	<b>1,412,431</b>	<b>1,558,133</b>	<b>1,715,499</b>	<b>1,919,021</b>	<b>2,099,880</b>	<b>2,295,572</b>	<b>2,527,865</b>
Debt Service			-	-	365,619	365,619	848,847	848,847	848,847	1,376,385	1,376,385	1,376,385	1,728,076
<b>Debt Service Coverage</b>			<b>-</b>	<b>-</b>	<b>3.08</b>	<b>3.40</b>	<b>1.66</b>	<b>1.84</b>	<b>2.02</b>	<b>1.39</b>	<b>1.53</b>	<b>1.67</b>	<b>1.46</b>

Sewer Utility Projections – Scenario Two

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	6.350%	6.350%	6.350%	6.000%	2.900%	2.900%	2.900%	2.900%	2.500%	2.500%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,715,252	5,106,047	5,529,348	5,968,174	6,253,682	6,552,964	6,866,691	7,195,564	7,511,023	7,840,445
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,715,252</b>	<b>5,106,047</b>	<b>5,529,348</b>	<b>5,968,174</b>	<b>6,253,682</b>	<b>6,552,964</b>	<b>6,866,691</b>	<b>7,195,564</b>	<b>7,511,023</b>	<b>7,840,445</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Other charges	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation				29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(869,694)</b>	<b>(676,993)</b>	<b>(537,349)</b>	<b>(492,410)</b>	<b>(511,941)</b>	<b>(526,314)</b>	<b>(541,230)</b>	<b>(607,488)</b>	<b>(660,403)</b>	<b>(779,219)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	19,045	20,271	18,798	19,838	21,218	22,802	24,994	23,757	26,604	28,599
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	(18,500)	(16,342)	(42,168)	(36,357)	(30,397)	(25,204)	(19,873)	(16,249)	(22,516)	
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>25,177</b>	<b>7,903</b>	<b>8,588</b>	<b>(16,198)</b>	<b>(9,007)</b>	<b>(1,463)</b>	<b>5,922</b>	<b>10,017</b>	<b>16,487</b>	<b>12,216</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(844,517)</b>	<b>(669,089)</b>	<b>(528,761)</b>	<b>(508,608)</b>	<b>(520,947)</b>	<b>(527,777)</b>	<b>(535,308)</b>	<b>(597,472)</b>	<b>(643,915)</b>	<b>(767,003)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			(138,143)	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>(119,118)</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(1,039,672)</b>	<b>(972,015)</b>	<b>(789,737)</b>	<b>(653,464)</b>	<b>(637,487)</b>	<b>(654,129)</b>	<b>(665,390)</b>	<b>(677,484)</b>	<b>(744,349)</b>	<b>(795,634)</b>	<b>(923,709)</b>

Sewer Utility Projections – Scenario Two (Continued)

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	6.350%	6.350%	6.350%	6.000%	2.900%	2.900%	2.900%	2.900%	2.500%	2.500%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			2,777,648	2,591,488	2,776,891	2,575,128	2,717,577	2,906,586	3,123,556	3,423,832	3,254,412	3,644,377	3,917,730
Net Income			(1,039,672)	(972,015)	(789,737)	(653,464)	(637,487)	(654,129)	(665,390)	(677,484)	(744,349)	(795,634)	(923,709)
Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Acquisition and Construction of Assets			(371,203)	(765,609)	(540,549)	(1,401,116)	(281,777)	(236,342)	(176,069)	(617,172)	(111,258)	(656,003)	(110,000)
Proceeds from New Long-Term Debt			-	675,000	-	1,052,000	-	-	-	-	-	500,000	-
Payments on New Long-Term Debt			-	-	(86,074)	(88,232)	(236,911)	(242,722)	(202,723)	(207,916)	(120,804)	(124,428)	(249,473)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>2,591,488</b>	<b>2,776,891</b>	<b>2,575,128</b>	<b>2,717,577</b>	<b>2,906,586</b>	<b>3,123,556</b>	<b>3,423,832</b>	<b>3,254,412</b>	<b>3,644,377</b>	<b>3,917,730</b>	<b>4,021,884</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		40.00%	2,121,976	2,233,979	2,313,216	2,426,679	2,584,234	2,706,249	2,831,711	2,963,169	3,121,221	3,268,570	3,447,866
For debt service		100.00%	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988	271,988
<b>Minimum Cash Balance Required</b>			2,121,976	2,338,553	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,261,898	3,540,559	3,719,854
Amount Over (Under) Minimum			469,512	438,338	157,338	11,819	43,274	184,187	359,000	150,567	382,480	377,171	302,029
<b>Debt Service Coverage</b>													
Operating Revenues			4,359,166	4,715,252	5,106,047	5,529,348	5,968,174	6,253,682	6,552,964	6,866,691	7,195,564	7,511,023	7,840,445
Less (Operating Expenditures)			(5,304,939)	(5,584,946)	(5,783,039)	(6,066,697)	(6,460,584)	(6,765,622)	(7,079,279)	(7,407,922)	(7,803,052)	(8,171,426)	(8,619,664)
Add in Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Plus Non-Operating Investment Earnings			19,087	19,045	20,271	18,798	19,838	21,218	22,802	24,994	23,757	26,604	28,599
<b>Net Revenues</b>			<b>298,029</b>	<b>397,378</b>	<b>557,877</b>	<b>714,710</b>	<b>872,613</b>	<b>859,440</b>	<b>840,946</b>	<b>816,917</b>	<b>782,645</b>	<b>715,619</b>	<b>636,716</b>
Debt Service			-	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988
<b>Debt Service Coverage</b>			-	-	5.33	6.83	3.13	3.08	3.61	3.50	5.56	5.09	2.34

Sewer Utility Projections – Scenario Three

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,562,418	4,780,396	5,008,881	5,248,384	5,499,439	5,762,607	6,038,476	6,327,663	6,630,814	6,948,609
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,562,418</b>	<b>4,780,396</b>	<b>5,008,881</b>	<b>5,248,384</b>	<b>5,499,439</b>	<b>5,762,607</b>	<b>6,038,476</b>	<b>6,327,663</b>	<b>6,630,814</b>	<b>6,948,609</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Benefits	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
Major maintenance	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Other charges	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation			-	29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(1,022,528)</b>	<b>(1,002,644)</b>	<b>(1,057,816)</b>	<b>(1,212,200)</b>	<b>(1,266,183)</b>	<b>(1,316,672)</b>	<b>(1,369,445)</b>	<b>(1,475,389)</b>	<b>(1,540,612)</b>	<b>(1,671,055)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	18,187	21,179	17,336	14,566	10,652	6,653	2,958	-	-	-
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	-	(18,500)	(16,342)	(42,168)	(36,357)	(30,397)	(25,204)	(19,873)	(16,249)	(22,516)
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>24,319</b>	<b>8,811</b>	<b>7,126</b>	<b>(21,471)</b>	<b>(19,572)</b>	<b>(17,612)</b>	<b>(16,114)</b>	<b>(13,741)</b>	<b>(10,117)</b>	<b>(16,384)</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(998,209)</b>	<b>(993,832)</b>	<b>(1,050,691)</b>	<b>(1,233,671)</b>	<b>(1,285,756)</b>	<b>(1,334,283)</b>	<b>(1,385,559)</b>	<b>(1,489,130)</b>	<b>(1,550,728)</b>	<b>(1,687,439)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			139,943	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>158,968</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(761,586)</b>	<b>(1,125,707)</b>	<b>(1,114,480)</b>	<b>(1,175,393)</b>	<b>(1,362,550)</b>	<b>(1,418,937)</b>	<b>(1,471,896)</b>	<b>(1,527,736)</b>	<b>(1,636,007)</b>	<b>(1,702,447)</b>	<b>(1,844,145)</b>

Sewer Utility Projections – Scenario Three (Continued)

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			2,777,648	2,869,574	2,901,285	2,374,780	1,995,299	1,459,245	911,407	405,177	(614,495)	(1,116,188)	(1,749,648)
Net Income			(761,586)	(1,125,707)	(1,114,480)	(1,175,393)	(1,362,550)	(1,418,937)	(1,471,896)	(1,527,736)	(1,636,007)	(1,702,447)	(1,844,145)
Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Acquisition and Construction of Assets			(371,203)	(765,609)	(540,549)	(1,401,116)	(281,777)	(236,342)	(176,069)	(617,172)	(111,258)	(656,003)	(110,000)
Proceeds from New Long-Term Debt			-	675,000	-	1,052,000	-	-	-	-	-	500,000	-
Payments on New Long-Term Debt			-	-	(86,074)	(88,232)	(236,911)	(242,722)	(202,723)	(207,916)	(120,804)	(124,428)	(249,473)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>2,869,574</b>	<b>2,901,285</b>	<b>2,374,780</b>	<b>1,995,299</b>	<b>1,459,245</b>	<b>911,407</b>	<b>405,177</b>	<b>(614,495)</b>	<b>(1,116,188)</b>	<b>(1,749,648)</b>	<b>(2,565,930)</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		40.00%	2,121,976	2,233,979	2,313,216	2,426,679	2,584,234	2,706,249	2,831,711	2,963,169	3,121,221	3,268,570	3,447,866
For debt service		100.00%	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988	271,988
<b>Minimum Cash Balance Required</b>			2,121,976	2,338,553	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,261,898	3,540,559	3,719,854
Amount Over (Under) Minimum			<b>747,598</b>	<b>562,732</b>	<b>(43,011)</b>	<b>(710,459)</b>	<b>(1,404,068)</b>	<b>(2,027,962)</b>	<b>(2,659,655)</b>	<b>(3,718,340)</b>	<b>(4,378,085)</b>	<b>(5,290,207)</b>	<b>(6,285,784)</b>
<b>Debt Service Coverage</b>													
Operating Revenues			4,359,166	4,562,418	4,780,396	5,008,881	5,248,384	5,499,439	5,762,607	6,038,476	6,327,663	6,630,814	6,948,609
Less (Operating Expenditures)			(5,304,939)	(5,584,946)	(5,783,039)	(6,066,697)	(6,460,584)	(6,765,622)	(7,079,279)	(7,407,922)	(7,803,052)	(8,171,426)	(8,619,664)
Add in Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Plus Non-Operating Investment Earnings			19,087	18,187	21,179	17,336	14,566	10,652	6,653	2,958	-	-	-
<b>Net Revenues</b>			<b>298,029</b>	<b>243,686</b>	<b>233,134</b>	<b>192,781</b>	<b>147,550</b>	<b>94,632</b>	<b>34,440</b>	<b>(33,335)</b>	<b>(109,013)</b>	<b>(191,194)</b>	<b>(283,720)</b>
Debt Service			-	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988
<b>Debt Service Coverage</b>			-	-	2.23	1.84	0.53	0.34	0.15	(0.14)	(0.77)	(1.36)	(1.04)

Sewer Utility Projections – Scenario Four

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,562,418	4,780,396	5,008,881	5,248,384	5,499,439	5,762,607	6,038,476	6,327,663	6,630,814	6,948,609
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,562,418</b>	<b>4,780,396</b>	<b>5,008,881</b>	<b>5,248,384</b>	<b>5,499,439</b>	<b>5,762,607</b>	<b>6,038,476</b>	<b>6,327,663</b>	<b>6,630,814</b>	<b>6,948,609</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Other charges	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation			-	29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(1,022,528)</b>	<b>(1,002,644)</b>	<b>(1,057,816)</b>	<b>(1,212,200)</b>	<b>(1,266,183)</b>	<b>(1,316,672)</b>	<b>(1,369,445)</b>	<b>(1,475,389)</b>	<b>(1,540,612)</b>	<b>(1,671,055)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	18,187	21,179	20,278	18,889	14,791	10,607	7,108	-	-	-
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	-	(16,500)	(28,966)	(61,180)	(55,481)	(49,644)	(45,636)	(41,522)	(39,149)	(46,702)
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>24,319</b>	<b>10,811</b>	<b>(2,557)</b>	<b>(36,159)</b>	<b>(34,557)</b>	<b>(32,905)</b>	<b>(32,395)</b>	<b>(35,390)</b>	<b>(33,017)</b>	<b>(40,570)</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(998,209)</b>	<b>(991,832)</b>	<b>(1,060,373)</b>	<b>(1,248,359)</b>	<b>(1,300,740)</b>	<b>(1,349,576)</b>	<b>(1,401,841)</b>	<b>(1,510,779)</b>	<b>(1,573,629)</b>	<b>(1,711,625)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			139,943	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>158,968</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(761,586)</b>	<b>(1,125,707)</b>	<b>(1,112,480)</b>	<b>(1,185,076)</b>	<b>(1,377,239)</b>	<b>(1,433,922)</b>	<b>(1,487,189)</b>	<b>(1,544,017)</b>	<b>(1,657,656)</b>	<b>(1,725,348)</b>	<b>(1,868,331)</b>

Sewer Utility Projections – Scenario Four (Continued)

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%	2.900%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			2,777,648	2,869,574	2,901,285	2,777,740	2,587,469	2,026,221	1,453,004	973,736	(18,778)	(497,463)	(1,107,916)
Net Income			(761,586)	(1,125,707)	(1,112,480)	(1,185,076)	(1,377,239)	(1,433,922)	(1,487,189)	(1,544,017)	(1,657,656)	(1,725,348)	(1,868,331)
Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Acquisition and Construction of Assets			(371,203)	(765,609)	(540,549)	(1,401,116)	(281,777)	(236,342)	(176,069)	(617,172)	(111,258)	(656,003)	(110,000)
Proceeds from New Long-Term Debt			-	675,000	422,000	1,287,000	-	-	-	-	-	500,000	-
Payments on New Long-Term Debt			-	-	(107,114)	(124,340)	(247,417)	(253,116)	(160,469)	(164,477)	(76,147)	(78,520)	(202,279)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>2,869,574</b>	<b>2,901,285</b>	<b>2,777,740</b>	<b>2,587,469</b>	<b>2,026,221</b>	<b>1,453,004</b>	<b>973,736</b>	<b>(18,778)</b>	<b>(497,463)</b>	<b>(1,107,916)</b>	<b>(1,901,190)</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		40.00%	2,121,976	2,233,979	2,313,216	2,426,679	2,584,234	2,706,249	2,831,711	2,963,169	3,121,221	3,268,570	3,447,866
For debt service		100.00%	-	123,614	153,306	308,597	308,597	210,113	210,113	117,669	117,669	248,981	248,981
<b>Minimum Cash Balance Required</b>			<b>2,121,976</b>	<b>2,357,592</b>	<b>2,466,522</b>	<b>2,735,275</b>	<b>2,892,830</b>	<b>2,916,361</b>	<b>3,041,824</b>	<b>3,080,838</b>	<b>3,238,890</b>	<b>3,517,551</b>	<b>3,696,847</b>
Amount Over (Under) Minimum			<b>747,598</b>	<b>543,693</b>	<b>311,218</b>	<b>(147,806)</b>	<b>(866,609)</b>	<b>(1,463,357)</b>	<b>(2,068,088)</b>	<b>(3,099,615)</b>	<b>(3,736,353)</b>	<b>(4,625,467)</b>	<b>(5,598,037)</b>
<b>Debt Service Coverage</b>													
Operating Revenues			4,359,166	4,562,418	4,780,396	5,008,881	5,248,384	5,499,439	5,762,607	6,038,476	6,327,663	6,630,814	6,948,609
Less (Operating Expenditures)			(5,304,939)	(5,584,946)	(5,783,039)	(6,066,697)	(6,460,584)	(6,765,622)	(7,079,279)	(7,407,922)	(7,803,052)	(8,171,426)	(8,619,664)
Add in Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Plus Non-Operating Investment Earnings			19,087	18,187	21,179	20,278	18,889	14,791	10,607	7,108	-	-	-
<b>Net Revenues</b>			<b>298,029</b>	<b>243,686</b>	<b>233,134</b>	<b>195,722</b>	<b>151,873</b>	<b>98,771</b>	<b>38,393</b>	<b>(29,184)</b>	<b>(109,013)</b>	<b>(191,194)</b>	<b>(283,720)</b>
Debt Service			-	-	123,614	153,306	308,597	308,597	210,113	210,113	117,669	117,669	248,981
<b>Debt Service Coverage</b>			-	-	1.89	1.28	0.49	0.32	0.18	(0.14)	(0.93)	(1.62)	(1.14)

Sewer Utility Projections – Scenario Five

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	0.000%	9.706%	12.553%	2.716%	1.117%	2.480%	8.951%	0.000%	0.000%	5.034%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,433,949	4,952,813	5,676,016	5,936,806	6,113,084	6,379,495	7,077,745	7,207,828	7,340,422	7,851,706
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,433,949</b>	<b>4,952,813</b>	<b>5,676,016</b>	<b>5,936,806</b>	<b>6,113,084</b>	<b>6,379,495</b>	<b>7,077,745</b>	<b>7,207,828</b>	<b>7,340,422</b>	<b>7,851,706</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation				29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(1,150,997)</b>	<b>(830,226)</b>	<b>(390,681)</b>	<b>(523,778)</b>	<b>(652,538)</b>	<b>(699,783)</b>	<b>(330,176)</b>	<b>(595,224)</b>	<b>(831,004)</b>	<b>(767,958)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	18,187	20,242	17,650	19,752	20,902	21,457	22,373	22,658	25,586	26,329
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	(18,500)	(16,342)	(42,168)	(36,357)	(30,397)	(25,204)	(19,873)	(16,249)	(22,516)	
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>24,319</b>	<b>7,874</b>	<b>7,440</b>	<b>(16,284)</b>	<b>(9,323)</b>	<b>(2,808)</b>	<b>3,301</b>	<b>8,917</b>	<b>15,470</b>	<b>9,945</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(1,126,678)</b>	<b>(822,353)</b>	<b>(383,242)</b>	<b>(540,062)</b>	<b>(661,861)</b>	<b>(702,591)</b>	<b>(326,875)</b>	<b>(586,307)</b>	<b>(815,534)</b>	<b>(758,012)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			139,943	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>158,968</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(761,586)</b>	<b>(1,254,176)</b>	<b>(943,001)</b>	<b>(507,945)</b>	<b>(668,942)</b>	<b>(795,042)</b>	<b>(840,203)</b>	<b>(469,051)</b>	<b>(733,184)</b>	<b>(967,253)</b>	<b>(914,718)</b>

Sewer Utility Projections – Scenario Five (Continued)

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	0.000%	9.706%	12.553%	2.716%	1.117%	2.480%	8.951%	0.000%	0.000%	5.034%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			2,777,648	2,869,574	2,772,816	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,504,975	3,606,709
Net Income			(761,586)	(1,254,176)	(943,001)	(507,945)	(668,942)	(795,042)	(840,203)	(469,051)	(733,184)	(967,253)	(914,718)
Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Acquisition and Construction of Assets			(371,203)	(765,609)	(540,549)	(1,401,116)	(281,777)	(236,342)	(176,069)	(617,172)	(111,258)	(656,003)	(110,000)
Proceeds from New Long-Term Debt			-	675,000	-	1,052,000	-	-	-	-	-	500,000	-
Payments on New Long-Term Debt			-	-	(86,074)	(88,232)	(236,911)	(242,722)	(202,723)	(207,916)	(120,804)	(124,428)	(249,473)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>2,869,574</b>	<b>2,772,816</b>	<b>2,417,790</b>	<b>2,705,758</b>	<b>2,863,313</b>	<b>2,939,369</b>	<b>3,064,832</b>	<b>3,103,845</b>	<b>3,504,975</b>	<b>3,606,709</b>	<b>3,719,854</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		40.00%	2,121,976	2,233,979	2,313,216	2,426,679	2,584,234	2,706,249	2,831,711	2,963,169	3,121,221	3,268,570	3,447,866
For debt service		100.00%	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988	271,988
<b>Minimum Cash Balance Required</b>			2,121,976	2,338,553	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,261,898	3,540,559	3,719,854
Amount Over (Under) Minimum			<b>747,598</b>	<b>434,263</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>243,078</b>	<b>66,150</b>	<b>-</b>
<b>Debt Service Coverage</b>													
Operating Revenues			4,359,166	4,433,949	4,952,813	5,676,016	5,936,806	6,113,084	6,379,495	7,077,745	7,207,828	7,340,422	7,851,706
Less (Operating Expenditures)			(5,304,939)	(5,584,946)	(5,783,039)	(6,066,697)	(6,460,584)	(6,765,622)	(7,079,279)	(7,407,922)	(7,803,052)	(8,171,426)	(8,619,664)
Add in Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Plus Non-Operating Investment Earnings			19,087	18,187	20,242	17,650	19,752	20,902	21,457	22,373	22,658	25,586	26,329
<b>Net Revenues</b>			<b>298,029</b>	<b>115,217</b>	<b>404,614</b>	<b>860,229</b>	<b>841,159</b>	<b>718,527</b>	<b>666,132</b>	<b>1,025,350</b>	<b>793,810</b>	<b>544,001</b>	<b>645,707</b>
Debt Service			-	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988
<b>Debt Service Coverage</b>			<b>-</b>	<b>-</b>	<b>3.87</b>	<b>8.23</b>	<b>3.01</b>	<b>2.57</b>	<b>2.86</b>	<b>4.40</b>	<b>5.64</b>	<b>3.87</b>	<b>2.37</b>

Sewer Utility Projections – Scenario Six

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	3.000%	3.630%	15.683%	2.716%	1.117%	2.480%	8.951%	0.000%	0.000%	5.034%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>													
Service charges	3.54%		4,359,166	4,566,848	4,818,944	5,676,016	5,936,806	6,113,084	6,379,495	7,077,745	7,207,828	7,340,422	7,851,706
Connection fees	0.00%		-	-	-	-	-	-	-	-	-	-	-
Penalties and interest	0.00%		-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.00%		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>			<b>4,359,166</b>	<b>4,566,848</b>	<b>4,818,944</b>	<b>5,676,016</b>	<b>5,936,806</b>	<b>6,113,084</b>	<b>6,379,495</b>	<b>7,077,745</b>	<b>7,207,828</b>	<b>7,340,422</b>	<b>7,851,706</b>
<b>Operating Expenses</b>													
Personnel	2.79%	2.30%	641,895	677,457	693,039	708,978	725,285	741,966	759,032	776,489	794,349	812,619	831,309
Benefits	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
Commodities	6.54%	5.00%	87,216	84,481	82,642	86,774	91,113	95,668	100,452	105,474	110,748	116,286	122,100
Contractual services	-12.53%	2.00%	258,918	276,999	270,516	275,926	281,445	287,074	292,815	298,672	304,645	310,738	316,953
Major maintenance	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
MCES charges	6.80%	6.80%	3,092,195	3,297,982	3,522,245	3,761,757	4,017,557	4,290,751	4,582,522	4,894,133	5,226,934	5,582,366	5,961,967
Other charges	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-	-
	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
	0.00%	5.00%	-	-	-	-	-	-	-	-	-	-	-
Existing Depreciation			1,224,715	1,218,901	1,133,611	1,110,939	1,088,720	1,066,946	1,045,607	1,024,695	1,004,201	984,117	964,434
New Depreciation				29,126	80,987	122,322	256,464	283,217	298,851	308,458	362,175	365,301	422,902
<b>Total Operating Expenses</b>			<b>5,304,939</b>	<b>5,584,946</b>	<b>5,783,039</b>	<b>6,066,697</b>	<b>6,460,584</b>	<b>6,765,622</b>	<b>7,079,279</b>	<b>7,407,922</b>	<b>7,803,052</b>	<b>8,171,426</b>	<b>8,619,664</b>
<b>Operating Income (Loss)</b>			<b>(945,773)</b>	<b>(1,018,098)</b>	<b>(964,095)</b>	<b>(390,681)</b>	<b>(523,778)</b>	<b>(652,538)</b>	<b>(699,783)</b>	<b>(330,176)</b>	<b>(595,224)</b>	<b>(831,004)</b>	<b>(767,958)</b>
<b>Non Operating Revenues (Expenses)</b>													
Investment Earnings		0.73%	19,087	18,187	21,212	17,650	19,752	20,902	21,457	22,373	22,658	25,586	26,329
Existing Special Assessments			-	-	-	-	-	-	-	-	-	-	-
New Special Assessments			-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenue			1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632	1,632
Other revenue			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - Existing			-	-	-	-	-	-	-	-	-	-	-
Bond Interest - New/Projected			-	-	(18,500)	(16,342)	(42,168)	(36,357)	(30,397)	(25,204)	(19,873)	(16,249)	(22,516)
Gain/(Loss) on disposal			4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
<b>Total Non Operating Revenues (Expenses)</b>			<b>25,219</b>	<b>24,319</b>	<b>8,844</b>	<b>7,440</b>	<b>(16,284)</b>	<b>(9,323)</b>	<b>(2,808)</b>	<b>3,301</b>	<b>8,917</b>	<b>15,470</b>	<b>9,945</b>
<b>Net Income (Loss) Before Transfers</b>			<b>(920,554)</b>	<b>(993,779)</b>	<b>(955,252)</b>	<b>(383,242)</b>	<b>(540,062)</b>	<b>(661,861)</b>	<b>(702,591)</b>	<b>(326,875)</b>	<b>(586,307)</b>	<b>(815,534)</b>	<b>(758,012)</b>
<b>Operating Transfers</b>													
Transfers In			19,025	19,045	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857	18,857
Transfers (Out) to General Fund			139,943	(146,428)	(135,165)	(139,220)	(143,397)	(147,698)	(152,129)	(156,693)	(161,394)	(166,236)	(171,223)
Transfers (Out) - other			-	(115)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)	(4,340)
<b>Total Operating Transfers</b>			<b>158,968</b>	<b>(127,498)</b>	<b>(120,648)</b>	<b>(124,703)</b>	<b>(128,880)</b>	<b>(133,181)</b>	<b>(137,612)</b>	<b>(142,176)</b>	<b>(146,877)</b>	<b>(151,719)</b>	<b>(156,706)</b>
<b>Net Income (Loss)</b>			<b>(761,586)</b>	<b>(1,121,277)</b>	<b>(1,075,900)</b>	<b>(507,945)</b>	<b>(668,942)</b>	<b>(795,042)</b>	<b>(840,203)</b>	<b>(469,051)</b>	<b>(733,184)</b>	<b>(967,253)</b>	<b>(914,718)</b>

Sewer Utility Projections – Scenario Six (Continued)

Projected Sewer Rate Adjustment	Average Change	Projected Change	Calculate	3.000%	3.630%	15.683%	2.716%	1.117%	2.480%	8.951%	0.000%	0.000%	5.034%
	2010-2013	2014-2023	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Beginning Cash &amp; Investments</b>			2,777,648	2,869,574	2,905,715	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,504,975	3,606,709
Net Income			(761,586)	(1,121,277)	(1,075,900)	(507,945)	(668,942)	(795,042)	(840,203)	(469,051)	(733,184)	(967,253)	(914,718)
Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Acquisition and Construction of Assets			(371,203)	(765,609)	(540,549)	(1,401,116)	(281,777)	(236,342)	(176,069)	(617,172)	(111,258)	(656,003)	(110,000)
Proceeds from New Long-Term Debt			-	675,000	-	1,052,000	-	-	-	-	-	500,000	-
Payments on New Long-Term Debt			-	-	(86,074)	(88,232)	(236,911)	(242,722)	(202,723)	(207,916)	(120,804)	(124,428)	(249,473)
Payments on Existing Long-Term Debt			-	-	-	-	-	-	-	-	-	-	-
<b>Ending Cash Balance</b>			<b>2,869,574</b>	<b>2,905,715</b>	<b>2,417,790</b>	<b>2,705,758</b>	<b>2,863,313</b>	<b>2,939,369</b>	<b>3,064,832</b>	<b>3,103,845</b>	<b>3,504,975</b>	<b>3,606,709</b>	<b>3,719,854</b>
<b>Minimum Cash Balance</b>													
For ongoing operations		40.00%	2,121,976	2,233,979	2,313,216	2,426,679	2,584,234	2,706,249	2,831,711	2,963,169	3,121,221	3,268,570	3,447,866
For debt service		100.00%	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988	271,988
<b>Minimum Cash Balance Required</b>			2,121,976	2,338,553	2,417,790	2,705,758	2,863,313	2,939,369	3,064,832	3,103,845	3,261,898	3,540,559	3,719,854
Amount Over (Under) Minimum			<b>747,598</b>	<b>567,162</b>	-	-	<b>0</b>	-	-	-	<b>243,078</b>	<b>66,150</b>	<b>0</b>
<b>Debt Service Coverage</b>													
Operating Revenues			4,359,166	4,566,848	4,818,944	5,676,016	5,936,806	6,113,084	6,379,495	7,077,745	7,207,828	7,340,422	7,851,706
Less (Operating Expenditures)			(5,304,939)	(5,584,946)	(5,783,039)	(6,066,697)	(6,460,584)	(6,765,622)	(7,079,279)	(7,407,922)	(7,803,052)	(8,171,426)	(8,619,664)
Add in Depreciation			1,224,715	1,248,027	1,214,598	1,233,261	1,345,184	1,350,163	1,344,458	1,333,153	1,366,376	1,349,418	1,387,336
Plus Non-Operating Investment Earnings			19,087	18,187	21,212	17,650	19,752	20,902	21,457	22,373	22,658	25,586	26,329
<b>Net Revenues</b>			<b>298,029</b>	<b>248,116</b>	<b>271,714</b>	<b>860,229</b>	<b>841,159</b>	<b>718,527</b>	<b>666,132</b>	<b>1,025,350</b>	<b>793,810</b>	<b>544,001</b>	<b>645,707</b>
Debt Service			-	-	104,574	104,574	279,079	279,079	233,120	233,120	140,677	140,677	271,988
<b>Debt Service Coverage</b>			-	-	2.60	8.23	3.01	2.57	2.86	4.40	5.64	3.87	2.37