

Rate and Financing Report

City of Bloomington Sewage Works

August 22, 2019

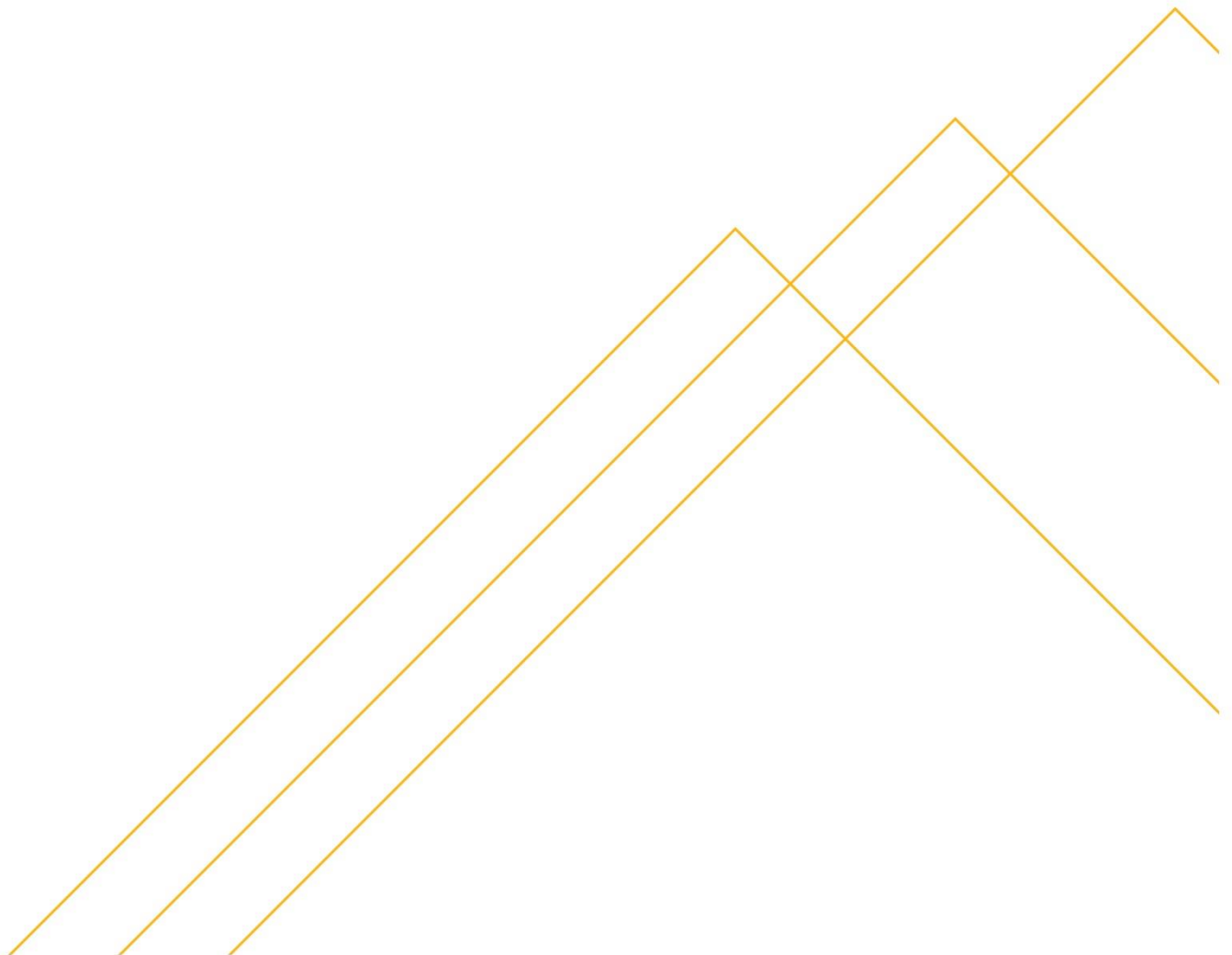


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Purpose of the Report

Crowe LLP (“Crowe” or “we”) has performed a study and analysis of the operating and financial reports, budgets, and other data pertaining to the City of Bloomington Sewage Works (“Utility”). The results of our analysis are contained in this Rate and Financing Report (“Report”).

The purpose of this Report is to estimate the Utility’s cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, current and proposed debt service payments, and to make capital improvements to the Utility’s system. This Report is based on data for the twelve months ended December 31, 2018 (“Test Year”). The historical information used in this Report was taken from the books and records of the Utility and was adjusted as necessary for fixed, known, and measurable items as disclosed in the exhibits and schedules of this Report.

This Utility has developed a 10-year capital improvement plan (“Capital Improvement Plan”) with significant capital improvements to the Utility’s system. This Report summarizes the first seven years of the Capital Improvement Plan and proposes funding sources through current cash balances, ongoing extensions and replacements, a proposed bond issuance in 2020 (“2020 Bonds”), and a proposed future bond issue (“Future Bonds”). The proposed rates in this Report do not incorporate estimated debt service on the Future Bonds when determining revenue requirements of the Utility. Based on the amortization of the Utility’s current outstanding bonds, and including the 2020 Bonds, the Utility will have additional capacity for some portion of debt service on the Future Bonds commensurate with the final maturities of existing outstanding debt between 2025 and 2029. An analysis of the Utility’s financial and rate position would be required prior to issuance of the Future Bonds to determine the Utility’s cash flow and financial capacity to meet debt service on the Future Bonds.

This Report calculates a surcharge (“Outside City Surcharge Factor”) to be applied against the Utility’s rates and charges for customers located outside the City of Bloomington’s (“City”) corporation boundaries (“Outside Customers”). We calculated the Outside City Surcharge Factor based on Test Year operating expenses, and debt and lease payment obligations of the Utility prior to the implementation of the Capital Improvement Plan. See the “Outside City Surcharge Factor” section of this Report for details on the calculation. Pro Forma revenues of the Utility were adjusted for the calculated increase in revenues as a result of the Outside City Surcharge Factor prior to consideration of the required across-the-board increase shown on the Revenue Requirements page of this Report. Therefore, were the Utility to implement the rates and charges proposed in this Report, Outside Customer bills would increase by both the Outside City Surcharge Factor and the across-the-board percentage increase. See the “Typical Monthly Bill Analysis” section for the effects on typical monthly customer bills.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying exhibits and schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6699 or Craig Lotz at (317) 689-5512.

Financial Statements

Balance Sheets as of December 31, 2018, 2017, and 2016

ASSETS AND OTHER DEBITS	2018	2017	2016
<u>Utility Plant - Sewage Works</u>			
Utility Plant in Service	\$ 163,598,061	\$ 162,593,224	\$ 161,928,095
Less: Accumulated Depreciation	(91,703,638)	(88,515,843)	(85,094,585)
Net Utility Plant in Service	71,894,423	74,077,381	76,833,510
Add: Construction Work in Progress	9,707,790	3,700,639	682,358
Net Utility Plant - Sewage Works	81,602,213	77,778,020	77,515,868
<u>Utility Plant - Stormwater Utility</u>			
Utility Plant in Service	18,138,346	17,999,632	17,818,959
Less: Accumulated Depreciation	(3,005,983)	(2,716,425)	(2,429,768)
Net Utility Plant in Service	15,132,363	15,283,207	15,389,191
Add: Construction Work in Progress	855,686	440,537	285,959
Net Utility Plant - Stormwater Utility	15,988,049	15,723,744	15,675,150
<u>Restricted Assets</u>			
Sinking Fund	105	1,491	2,419
Debt Service Reserve Fund	5,817,513	5,726,301	6,690,957
Bond and Interest Fund	4,777,941	5,704,636	5,556,575
Construction Fund - Sewage Works	647,358	5,283,434	58,405
Total Restricted Assets	11,242,917	16,715,862	12,308,356
<u>Current and Accrued Assets</u>			
<u>Operation and Maintenance</u>			
Fund - Sewage Works	13,427,791	8,584,643	6,237,648
<u>Operation and Maintenance</u>			
Fund - Stormwater Utility	772,110	654,868	704,064
Accounts Receivable - Net	167,897	812,613	430,921
Total Current and Accrued Assets	14,367,798	10,052,124	7,372,633
<u>Deferred Debits</u>			
Unamortized Bond Issuance Costs	217,661	248,526	279,392
Unamortized Bond Discount	184,503	193,075	83,609
Deferral Loss on Advance Refunding	512,425	597,829	683,233
Total Deferred Debits	914,589	1,039,430	1,046,234
Total Assets and Other Debits	\$ 124,115,566	\$ 121,309,180	\$ 113,918,241

Balance Sheets as of December 31, 2018, 2017, and 2016 (Continued)

LIABILITIES AND OTHER CREDITS	2018	2017	2016
<u>Equity Capital</u>			
Unappropriated Retained Earnings	\$ 33,119,462	\$ 27,378,221	\$ 24,503,119
Current Year Earnings	7,558,011	5,741,241	2,875,102
Total Equity Capital	<u>40,677,473</u>	<u>33,119,462</u>	<u>27,378,221</u>
<u>Long Term Debt</u>			
Revenue Bonds Payable	27,184,400	30,519,000	27,970,400
SRF Loans Payable	7,686,367	8,555,634	9,395,877
Capital Lease Obligations	-	260,178	648,197
Compensated Absences			
Payable - Long Term	214,546	231,540	226,530
Total Long Term Debt	<u>35,085,313</u>	<u>39,566,352</u>	<u>38,241,004</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	782,557	271,854	190,868
Revenue Bonds - Current	3,334,600	4,246,400	4,138,883
SRF Loans - Current	869,267	840,243	812,801
Capital Lease Obligations - Current	260,178	322,978	314,396
Accounts Payable to Associated Company	12,264	10,056	7,961
Unearned Revenue	822,182	669,680	665,442
Accrued Payroll	230,303	192,365	192,932
Compensated Absences			
Payable - Short Term	73,535	66,572	68,438
Total Current and Accrued Liabilities	<u>6,384,886</u>	<u>6,620,148</u>	<u>6,391,721</u>
<u>Deferred Credits</u>			
Unamortized Bond Premium	332,664	367,988	281,176
Other Deferred Liabilities	19,000	19,000	19,000
Total Deferred Credits	<u>351,664</u>	<u>386,988</u>	<u>300,176</u>
Contributions in Aid of Construction	<u>41,607,119</u>	<u>41,607,119</u>	<u>41,607,119</u>
Prior Period Adjustments	<u>9,111</u>	<u>9,111</u>	<u>-</u>
Total Liabilities and Other Credits	<u>\$ 124,115,566</u>	<u>\$ 121,309,180</u>	<u>\$ 113,918,241</u>

Calculation of Required Fund Balances

<u>Operating Fund</u>	
<u>Calculation of Required Operating Fund Balance</u>	
Adjusted Operation and Maintenance Expenses	\$ 12,370,964
Adjusted Taxes Other Than Income Taxes (FICA Only) (1)	404,424
Sub-Total	<u>12,775,388</u>
Divide by: Twelve Months	12
Monthly Operation and Maintenance Expenses	<u>1,064,616</u>
Times: Two Months	2
Required Operating Fund Balance	<u>2,129,232</u>
Less: Available Sewage Works Operating Fund Balance	<u>(13,427,791)</u>
Excess of Fund Balance	11,298,559
Less: Estimated Cash Contribution to Capital Improvement Plan (2)	<u>(10,393,144)</u>
Net Excess of Fund Balance	<u><u>\$ 905,415</u></u>
<u>Bond and Interest Funds</u>	
<u>Calculation of Required Bond and Interest Fund Balance</u>	
<u>Calculation of Required Sinking Fund Balance</u>	
Principal Payment Due January 1, 2019	\$ 4,203,867
Interest Payment due January 1, 2019	<u>574,073</u>
Total Required Bond and Interest Fund Balance	4,777,940
Less: Current Bond and Interest Fund Balance	<u>(4,777,941)</u>
Excess of Fund Balance	<u><u>\$ 1</u></u>
<u>Debt Service Reserve Fund</u>	
Maximum Annual Debt Service	\$ 5,355,770
Less: Current Balance of Debt Service Reserve	<u>(5,817,513)</u>
Excess of Fund Balance (3)	<u><u>\$ 461,743</u></u>

(1) Per the Bond Ordinances, the required two (2) month Operating Fund Balance excludes the Payment in Lieu of Taxes (PILOT).

(2) The Utility intends to use cash on hand to help fund portions of its Capital Improvement Plan. See the "Capital Improvement Plan" schedule in this Report for the estimated cash contribution.

(3) The Utility intends to use the excess funds within a proposed refunding.

Combined Outstanding Debt

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 B SRF Loan	2006 C SRF Loan	2012 A Refunding Bonds	2012 C Bonds	2013 Refunding Bonds	2017 Bonds	Total
2018	\$ 358,108	\$ 471,976	\$ 214,676	\$ 440,472	\$ 436,662	\$ 267,968	\$ 2,223,078	\$ 365,000	\$ 4,777,940
2019	405,552	570,070	246,094	504,936	519,450	336,836	2,318,332	454,500	5,355,770
2020	405,544	569,496	246,094	504,936	518,500	336,462	2,319,884	453,900	5,354,816
2021	406,160	567,888	246,094	504,935	517,250	340,962	1,175,724	458,200	4,217,213
2022	406,360	565,200	246,094	504,935	518,774	339,636	1,181,232	457,300	4,219,531
2023	406,148	566,472	246,093	504,935	514,774	343,174	1,191,296	461,300	4,234,192
2024	405,522	566,316	246,094	504,936	514,274	345,824	1,190,826	460,100	4,233,892
2025	405,484	564,970	246,094	504,935	520,300	343,174		463,800	3,048,757
2026		567,444	246,093	504,935	514,550	350,374		467,300	2,650,696
2027					517,530	351,574		467,250	1,336,354
2028					508,958	352,312		471,900	1,333,170
2029						357,282		471,100	828,382
2030						356,432		475,000	831,432
2031						359,832		473,450	833,282
2032						362,688		476,600	839,288
2033								479,300	479,300
2034								486,550	486,550
2035								488,200	488,200
2036								494,400	494,400
Totals	\$ 3,198,878	\$ 5,009,832	\$ 2,183,426	\$ 4,479,955	\$ 5,601,022	\$ 5,144,530	\$ 11,600,372	\$ 8,825,150	\$ 46,043,165

Combined Maximum Annual Debt Service.

\$ 5,355,770

Average Annual Debt Service (2019-2023)

\$ 4,676,304

Note: The debt service for 2018 only includes the portion of principal and interest payments due on January 1, 2019.

Sewage Works Revenue Bonds of 2004 State Revolving Fund (SRF) Loan Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 310,000	3.44 %	\$ 48,108	\$ 358,108	\$ 358,108
7/1/19			42,776	42,776	
1/1/20	320,000	3.44	42,776	362,776	405,552
7/1/20			37,272	37,272	
1/1/21	331,000	3.44	37,272	368,272	405,544
7/1/21			31,580	31,580	
1/1/22	343,000	3.44	31,580	374,580	406,160
7/1/22			25,680	25,680	
1/1/23	355,000	3.44	25,680	380,680	406,360
7/1/23			19,574	19,574	
1/1/24	367,000	3.44	19,574	386,574	406,148
7/1/24			13,261	13,261	
1/1/25	379,000	3.44	13,261	392,261	405,522
7/1/25			6,742	6,742	
1/1/26	392,000	3.44	6,742	398,742	405,484
Totals	<u>\$ 2,797,000</u>		<u>\$ 401,878</u>	<u>\$ 3,198,878</u>	

Amended Sewage Works Revenue Bonds of 2006, Series A-1 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 374,600	4.64 %	\$ 97,376	\$ 471,976	\$ 471,976
7/1/19			88,685	88,685	
1/1/20	392,700	4.73	88,685	481,385	570,070
7/1/20			79,398	79,398	
1/1/21	410,700	4.75	79,398	490,098	569,496
7/1/21			69,644	69,644	
1/1/22	428,600	4.78	69,644	498,244	567,888
7/1/22			59,400	59,400	
1/1/23	446,400	4.80	59,400	505,800	565,200
7/1/23			48,686	48,686	
1/1/24	469,100	4.83	48,686	517,786	566,472
7/1/24			37,358	37,358	
1/1/25	491,600	4.83	37,358	528,958	566,316
7/1/25			25,485	25,485	
1/1/26	514,000	4.83	25,485	539,485	564,970
7/1/26			13,072	13,072	
1/1/27	<u>541,300</u>	4.83	<u>13,072</u>	<u>554,372</u>	567,444
Totals	<u>\$ 4,069,000</u>		<u>\$ 940,832</u>	<u>\$ 5,009,832</u>	

Note: The 2006 A-1 Bonds were issued through the Indiana Bond Bank. The amortization schedule was amended March 26, 2015, and resulted in a reduction in the overall payments of approximately \$720,000.

Sewage Works Revenue Bonds of 2006, Series B State Revolving Fund (SRF) Loan Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 183,258	3.33 %	\$ 31,418	\$ 214,676	\$ 214,676
7/1/19			28,367	28,367	
1/1/20	189,360	3.33	28,367	217,727	246,094
7/1/20			25,214	25,214	
1/1/21	195,666	3.33	25,214	220,880	246,094
7/1/21			21,956	21,956	
1/1/22	202,182	3.33	21,956	224,138	246,094
7/1/22			18,590	18,590	
1/1/23	208,914	3.33	18,590	227,504	246,094
7/1/23			15,111	15,111	
1/1/24	215,871	3.33	15,111	230,982	246,093
7/1/24			11,517	11,517	
1/1/25	223,060	3.33	11,517	234,577	246,094
7/1/25			7,803	7,803	
1/1/26	230,488	3.33	7,803	238,291	246,094
7/1/26			3,965	3,965	
1/1/27	238,163	3.33	3,965	242,128	246,093
Totals	<u>\$ 1,886,962</u>		<u>\$ 296,464</u>	<u>\$ 2,183,426</u>	

Sewage Works Revenue Bonds of 2006, Series C State Revolving Fund (SRF) Loan Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 376,009	3.33 %	\$ 64,463	\$ 440,472	\$ 440,472
7/1/19			58,203	58,203	
1/1/20	388,530	3.33	58,203	446,733	504,936
7/1/20			51,734	51,734	
1/1/21	401,468	3.33	51,734	453,202	504,936
7/1/21			45,049	45,049	
1/1/22	414,837	3.33	45,049	459,886	504,935
7/1/22			38,142	38,142	
1/1/23	428,651	3.33	38,142	466,793	504,935
7/1/23			31,005	31,005	
1/1/24	442,925	3.33	31,005	473,930	504,935
7/1/24			23,631	23,631	
1/1/25	457,674	3.33	23,631	481,305	504,936
7/1/25			16,010	16,010	
1/1/26	472,915	3.33	16,010	488,925	504,935
7/1/26			8,136	8,136	
1/1/27	488,663	3.33	8,136	496,799	504,935
Totals	<u>\$ 3,871,672</u>		<u>\$ 608,283</u>	<u>\$ 4,479,955</u>	

Sewage Works Refunding Revenue Bonds, Series 2012 A Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 355,000	2.50 %	\$ 81,662	\$ 436,662	\$ 436,662
7/1/19			77,225	77,225	
1/1/20	365,000	3.00	77,225	442,225	519,450
7/1/20			71,750	71,750	
1/1/21	375,000	3.00	71,750	446,750	518,500
7/1/21			66,125	66,125	
1/1/22	385,000	3.50	66,125	451,125	517,250
7/1/22			59,387	59,387	
1/1/23	400,000	3.50	59,387	459,387	518,774
7/1/23			52,387	52,387	
1/1/24	410,000	5.00	52,387	462,387	514,774
7/1/24			42,137	42,137	
1/1/25	430,000	3.25	42,137	472,137	514,274
7/1/25			35,150	35,150	
1/1/26	450,000	3.50	35,150	485,150	520,300
7/1/26			27,275	27,275	
1/1/27	460,000	3.70	27,275	487,275	514,550
7/1/27			18,765	18,765	
1/1/28	480,000	(1)	18,765	498,765	517,530
7/1/28			9,479	9,479	
1/1/29	490,000	(2)	9,479	499,479	508,958
Totals	<u>\$ 4,600,000</u>		<u>\$ 1,001,022</u>	<u>\$ 5,601,022</u>	

Reference	Principal	Coupon	Principal	Coupon
(1)	\$ 165,000	4.00 %	\$ 315,000	3.80 %
(2)	170,000	4.00	320,000	3.80

Sewage Works Revenue Bonds, Series 2012 C Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 205,000	2.000 %	\$ 62,968	\$ 267,968	\$ 267,968
7/1/19			60,918	60,918	
1/1/20	215,000	2.500	60,918	275,918	336,836
7/1/20			58,231	58,231	
1/1/21	220,000	2.500	58,231	278,231	336,462
7/1/21			55,481	55,481	
1/1/22	230,000	2.750	55,481	285,481	340,962
7/1/22			52,318	52,318	
1/1/23	235,000	2.750	52,318	287,318	339,636
7/1/23			49,087	49,087	
1/1/24	245,000	3.000	49,087	294,087	343,174
7/1/24			45,412	45,412	
1/1/25	255,000	3.000	45,412	300,412	345,824
7/1/25			41,587	41,587	
1/1/26	260,000	3.000	41,587	301,587	343,174
7/1/26			37,687	37,687	
1/1/27	275,000	3.200	37,687	312,687	350,374
7/1/27			33,287	33,287	
1/1/28	285,000	3.250	33,287	318,287	351,574
7/1/28			28,656	28,656	
1/1/29	295,000	3.400	28,656	323,656	352,312
7/1/29			23,641	23,641	
1/1/30	310,000	3.500	23,641	333,641	357,282
7/1/30			18,216	18,216	
1/1/31	320,000	3.625	18,216	338,216	356,432
7/1/31			12,416	12,416	
1/1/32	335,000	3.625	12,416	347,416	359,832
7/1/32			6,344	6,344	
1/1/33	350,000	3.625	6,344	356,344	362,688
Totals	<u>\$ 4,035,000</u>		<u>\$ 1,109,530</u>	<u>\$ 5,144,530</u>	

Sewage Works Refunding Revenue Bonds, Series 2013 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 2,125,000	1.78 %	\$ 98,078	\$ 2,223,078	\$ 2,223,078
7/1/19			79,166	79,166	
1/1/20	2,160,000	1.78	79,166	2,239,166	2,318,332
7/1/20			59,942	59,942	
1/1/21	2,200,000	1.78	59,942	2,259,942	2,319,884
7/1/21			40,362	40,362	
1/1/22	1,095,000	1.78	40,362	1,135,362	1,175,724
7/1/22			30,616	30,616	
1/1/23	1,120,000	1.78	30,616	1,150,616	1,181,232
7/1/23			20,648	20,648	
1/1/24	1,150,000	1.78	20,648	1,170,648	1,191,296
7/1/24			10,413	10,413	
1/1/25	1,170,000	1.78	10,413	1,180,413	1,190,826
Totals	<u>\$ 11,020,000</u>		<u>\$ 580,372</u>	<u>\$ 11,600,372</u>	

Sewage Works Revenue Bonds of 2017 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
1/1/19	\$ 275,000	2.00 %	\$ 90,000	\$ 365,000	\$ 365,000
7/1/19			87,250	87,250	
1/1/20	280,000	2.00	87,250	367,250	454,500
7/1/20			84,450	84,450	
1/1/21	285,000	2.00	84,450	369,450	453,900
7/1/21			81,600	81,600	
1/1/22	295,000	2.00	81,600	376,600	458,200
7/1/22			78,650	78,650	
1/1/23	300,000	2.00	78,650	378,650	457,300
7/1/23			75,650	75,650	
1/1/24	310,000	2.00	75,650	385,650	461,300
7/1/24			72,550	72,550	
1/1/25	315,000	2.00	72,550	387,550	460,100
7/1/25			69,400	69,400	
1/1/26	325,000	2.00	69,400	394,400	463,800
7/1/26			66,150	66,150	
1/1/27	335,000	3.00	66,150	401,150	467,300
7/1/27			61,125	61,125	
1/1/28	345,000	3.00	61,125	406,125	467,250
7/1/28			55,950	55,950	
1/1/29	360,000	3.00	55,950	415,950	471,900
7/1/29			50,550	50,550	
1/1/30	370,000	3.00	50,550	420,550	471,100
7/1/30			45,000	45,000	
1/1/31	385,000	3.00	45,000	430,000	475,000
7/1/31			39,225	39,225	
1/1/32	395,000	3.00	39,225	434,225	473,450
7/1/32			33,300	33,300	
1/1/33	410,000	3.00	33,300	443,300	476,600
7/1/33			27,150	27,150	
1/1/34	425,000	3.00	27,150	452,150	479,300
7/1/34			20,775	20,775	
1/1/35	445,000	3.00	20,775	465,775	486,550
7/1/35			14,100	14,100	
1/1/36	460,000	3.00	14,100	474,100	488,200
7/1/36			7,200	7,200	
1/1/37	480,000	3.00	7,200	487,200	494,400
Totals	<u>\$ 6,795,000</u>		<u>\$ 2,030,150</u>	<u>\$ 8,825,150</u>	

Vehicle and Equipment Lease – 2014 Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Sewer Portion (1)
1/1/19	\$ 164,895	2.28 %	\$ 5,704	\$ 170,599	\$ 170,599	\$ 117,054
7/1/19	166,775	2.28	3,824	170,599		
1/1/20	<u>168,676</u>	2.28	<u>1,923</u>	<u>170,599</u>	341,198	234,092
Totals	<u>\$ 500,346</u>		<u>\$ 11,451</u>	<u>\$ 511,797</u>		

- (1) The Vehicle and Equipment Lease payments are allocated between the Sewage Works, the Bloomington Municipal Water Utility, and the Bloomington Municipal Stormwater Utility. The Sewage Works' allocated share is approximately sixty-nine percent (69%). The Vehicle and Equipment lease payments are not on parity with the outstanding bonds of the Utility.

ESG Solar Lease

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Sewer Portion (1)
6/30/19	\$ 255,624	2.97 %	\$ 191,990	\$ 447,614		
12/30/19	259,421	2.97	188,194	447,615	\$ 895,229	\$ 284,468
6/30/20	263,273	2.97	184,342	447,615		
12/30/20	267,183	2.97	180,432	447,615	895,230	284,468
6/30/21	271,150	2.97	176,465	447,615		
12/30/21	275,177	2.97	172,438	447,615	895,230	284,468
6/30/22	279,263	2.97	168,352	447,615		
12/30/22	283,410	2.97	164,205	447,615	895,230	284,468
6/30/23	287,619	2.97	159,996	447,615		
12/30/23	291,890	2.97	155,725	447,615	895,230	284,468
6/30/24	296,225	2.97	151,390	447,615		
12/30/24	300,623	2.97	146,991	447,614	895,229	284,468
6/30/25	305,088	2.97	142,527	447,615		
12/30/25	309,618	2.97	137,997	447,615	895,230	284,468
6/30/26	314,216	2.97	133,399	447,615		
12/30/26	318,882	2.97	128,733	447,615	895,230	284,468
6/30/27	323,618	2.97	123,997	447,615		
12/30/27	328,423	2.97	119,192	447,615	895,230	284,468
6/30/28	333,300	2.97	114,315	447,615		
12/30/28	338,250	2.97	109,365	447,615	895,230	284,468
6/30/29	343,273	2.97	104,342	447,615		
12/30/29	348,371	2.97	99,244	447,615	895,230	284,468
6/30/30	353,544	2.97	94,071	447,615		
12/30/30	358,794	2.97	88,821	447,615	895,230	284,468
6/30/31	364,122	2.97	83,493	447,615		
12/30/31	369,529	2.97	78,086	447,615	895,230	284,468
6/30/32	375,017	2.97	72,598	447,615		
12/30/32	380,586	2.97	67,029	447,615	895,230	284,468
6/30/33	386,237	2.97	61,377	447,614		
12/30/33	391,973	2.97	55,642	447,615	895,229	284,468
6/30/34	397,794	2.97	49,821	447,615		
12/30/34	403,701	2.97	43,914	447,615	895,230	284,468
6/30/35	409,696	2.97	37,919	447,615		
12/30/35	415,780	2.97	31,835	447,615	895,230	284,468
6/30/36	421,954	2.97	25,661	447,615		
12/30/36	428,220	2.97	19,395	447,615	895,230	284,468
6/30/37	434,580	2.97	13,035	447,615		
10/30/37	<u>443,227</u>	2.97	<u>4,388</u>	<u>447,615</u>	895,230	284,468
Totals	<u>\$ 12,928,651</u>		<u>\$ 4,080,716</u>	<u>\$ 17,009,367</u>		

Annual Lease Payment

\$ 284,468

- (1) The ESG Solar Lease payments are allocated between the Sewage Works, the Bloomington Municipal Water Utility, the City of Bloomington Redevelopment Commission, and the City of Bloomington Parks & Recreation Department. The Sewage Works' allocated share is thirty-one and seventy-eight hundredths percent (31.78%). The ESG Solar lease payments are not on parity with the outstanding bonds of the Utility.

Equipment Lease Purchase for Advance Metering Infrastructure Project Amortization Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total	Sewer Portion (1)
2/15/20	\$ 210,000	3.40 %	\$ 352,750	\$ 562,750	\$ 562,750	\$ 337,650
8/15/20	420,000	3.40	149,430	569,430		
2/15/21	430,000	3.40	142,290	572,290	1,141,720	685,032
8/15/21	435,000	3.40	134,980	569,980		
2/15/22	445,000	3.40	127,585	572,585	1,142,565	685,539
8/15/22	450,000	3.40	120,020	570,020		
2/15/23	460,000	3.40	112,370	572,370	1,142,390	685,434
8/15/23	470,000	3.40	104,550	574,550		
2/15/24	470,000	3.40	96,560	566,560	1,141,110	684,666
8/15/24	485,000	3.40	88,570	573,570		
2/15/25	490,000	3.40	80,325	570,325	1,143,895	686,337
8/15/25	500,000	3.40	71,995	571,995		
2/15/26	505,000	3.40	63,495	568,495	1,140,490	684,294
8/15/26	520,000	3.40	54,910	574,910		
2/15/27	520,000	3.40	46,070	566,070	1,140,980	684,588
8/15/27	535,000	3.40	37,230	572,230		
2/15/28	540,000	3.40	28,135	568,135	1,140,365	684,219
8/15/28	555,000	3.40	18,955	573,955		
2/15/29	560,000	3.40	9,520	569,520	1,143,475	686,085
Totals	<u>\$ 9,000,000</u>		<u>\$ 1,839,740</u>	<u>\$ 10,839,740</u>		

Average Annual Lease Payment (Excluding Half Year Payment on 2/25/2020)

\$ 685,133

- (1) The Advance Metering Infrastructure Project payments are allocated between the Sewage Works and the Bloomington Municipal Water Utility. The Sewage Works' allocated share is sixty percent (60%). The Advance Metering Infrastructure Project lease payments are not on parity with the outstanding bonds of the Utility.

Statements of Income for the Twelve Months Ended December 31, 2018, 2017, and 2016

	2018	2017	2016
<u>Operating Revenues</u>			
Metered Sales - Single Family	\$ 6,573,372	\$ 6,511,699	\$ 5,593,469
Metered Sales - Commercial	3,979,180	3,776,800	2,932,959
Metered Sales - Industrial	389,124	345,131	342,290
Metered Sales - Public Authority	4,196,297	3,787,888	2,867,037
Metered Sales - Multiple Family	6,598,653	6,538,028	5,549,370
Forfeited Discounts	154,435	184,864	128,798
Miscellaneous Operating Revenues	94,715	101,729	106,584
Total Operating Revenues	<u>21,985,776</u>	<u>21,246,139</u>	<u>17,520,507</u>
<u>Operation and Maintenance Expenses</u>			
Director	767,484	648,512	678,721
Utility Service Board	487,982	1,025,760	962,876
Accounting	418,506	387,953	369,781
Billing and Collections	427,175	380,791	337,186
Customer Relations	181,875	172,761	167,512
Purchasing	233,607	228,919	224,506
Environmental Services	7,150	2,468	2,373
Communications	153,763	140,936	133,951
Blucher Poole Treatment Plant	1,769,556	1,645,743	1,400,255
Dillman Road Treatment Plant	3,029,958	2,918,167	2,885,716
Laboratory	192,231	179,177	171,500
Transmission and Distribution	1,944,807	1,958,586	1,870,093
Booster and Lift Stations	154,039	153,319	151,389
Meters	598,272	563,752	568,593
Engineering	820,246	757,382	751,584
Total Operation and Maintenance Expenses	<u>11,186,651</u>	<u>11,164,226</u>	<u>10,676,036</u>
Sewage Works Depreciation Expense	<u>3,470,312</u>	<u>3,421,258</u>	<u>3,428,930</u>
<u>Taxes Other Than Income Taxes</u>			
FICA	347,746	337,255	329,985
Payment in Lieu of Property Taxes	-	356,709	495,226
Total Taxes Other Than Income Taxes	<u>347,746</u>	<u>693,964</u>	<u>825,211</u>
Total Operating Expenses	<u>15,004,709</u>	<u>15,279,448</u>	<u>14,930,177</u>
Net Operating Income	<u>6,981,067</u>	<u>5,966,691</u>	<u>2,590,330</u>

Statements of Income for the Twelve Months Ended December 31, 2018, 2017, and 2016 (continued)

	2018	2017	2016
<u>Other Income</u>			
Interest Income	\$ 199,230	\$ 32,078	\$ (4,270)
Stormwater Revenues	1,465,817	1,428,749	1,412,918
Connection Charges	1,040,234	483,818	364,592
Miscellaneous Other Income	179,930	125,355	120,555
Extraordinary Income	-	-	756,772
Total Other Income	<u>2,885,211</u>	<u>2,070,000</u>	<u>2,650,567</u>
<u>Other Expenses</u>			
Stormwater Expenses	725,123	642,158	724,422
Stormwater Depreciation Expense	289,558	286,657	250,523
Interest Expense	1,260,370	1,237,308	1,357,884
Miscellaneous Expense	33,216	129,327	32,966
Total Other Expenses	<u>2,308,267</u>	<u>2,295,450</u>	<u>2,365,795</u>
Net Income	<u>\$ 7,558,011</u>	<u>\$ 5,741,241</u>	<u>\$ 2,875,102</u>

Outside City Surcharge Factor

Allocation of Operating Expenses to Outside City Customers

<u>Allocation of Pipe by Volume</u>		
	<u>Volume of Pipe (cf)</u>	<u>Percentage</u>
Volume Common to all Customers (Inside and Outside) (cf)	1,479,067	88.23%
Volume for Outside Customers Only (cf)	197,310	11.77%
Total Volume of Pipe	<u>1,676,377</u>	
<u>Detail of Depreciation Expense</u>		
Depreciation Expense - Collection System	\$ 1,392,483	
Depreciation Expense - Treatment	1,442,584	
Depreciation Expense - General Capital	635,245	
Sewage Works Depreciation Expense	<u>\$ 3,470,312</u>	
<u>Allocation of Operation and Maintenance Expense to Outside Customers Only</u>		
Transmission and Distribution	\$ 1,944,807	
Booster and Lift Stations	154,039	
Depreciation Expense - Collection System	1,392,483	
Total Collection System Expenses	<u>3,491,329</u>	
Times: Percent of Pipe Volume for Outside Customers Only	<u>11.77%</u>	
Collection System Expenses Allocable to Outside Customers	<u>\$ 410,929</u>	

Calculation of Outside City Surcharge Factor

<u>Calculation of Current Cost for All Customer Classes</u>	
Total Operating Expenses (1)	\$ 15,004,709
Less: Collection System Expenses Allocable to Outside Customers	(410,929)
Average Annual Debt Service (2019-2023)	4,676,304
Vehicle and Equipment Lease - 2014	234,092
ESG Solar Lease - Annual Lease Payment	284,468
Advance Metering Infrastructure - Average Annual Lease Payment	685,133
Current Costs of the Utility	<u>\$ 20,473,777</u>
Divided by: Total Annual Consumption (in 1,000 gallons)	<u>2,569,626</u>
Calculated Cost Per 1,000 Gallons for All Customers Classes	<u>\$ 7.97</u>
<u>Calculation of Allocated Cost for Outside Customers</u>	
Collection System Expenses Allocable to Outside Customers	\$ 410,929
Divided by: Annual Consumption of Outside Users (in 1,000 gallons)	<u>432,184</u>
Allocated Cost Per 1,000 Gallons for Outside Customers	<u>\$ 0.95</u>
Total Cost Per 1,000 Gallons for Outside Customers	<u>\$ 8.92</u>
Ratio of Total Cost for Outside Customers to Cost for All Customer Classes (Outside City Surcharge Factor)	<u>12%</u>

(1) Amount is inclusive of Depreciation Expense for the Sewage Works.

Adjustments to the Financials

Adjusted Statement of Income

	2018	Adjustment Amount	Adj.	Adjusted
Operating Revenues				
Metered Sales	\$ 21,736,626	\$ 260,380	(1)	\$ 18,119,069
		(3,877,937)	(2)	
Metered Sales - Outside Customers	-	3,877,937	(2)	4,343,289
		465,352	(3)	
Forfeited Discounts	154,435			154,435
Miscellaneous Operating Revenues	94,715			94,715
Total Operating Revenues	<u>21,985,776</u>	<u>725,732</u>		<u>22,711,508</u>
Operating Expenses				
Operation and Maintenance Expenses	11,186,651	460,003	(4)	12,370,964
		39,726	(5)	
		(142,234)	(6)	
		855,000	(7)	
		(28,182)	(8)	
Sewage Works Depreciation Expense	3,470,312			3,470,312
Taxes Other Than Income Taxes	347,746	56,678	(9)	683,566
		279,142	(10)	
Total Operating Expenses	<u>15,004,709</u>	<u>1,520,133</u>		<u>16,524,842</u>
Net Operating Income	<u>\$ 6,981,067</u>	<u>\$ (794,401)</u>		<u>\$ 6,186,666</u>

Detail of Adjustments

(1)	
To adjust "Metered Sales" for customer account transfers recorded to revenue.	
Adjustment - Increase	<u>\$ 260,380</u>
(2)	
To adjust "Metered Sales" to reclassify revenue from customers located outside the City of Bloomington as "Metered Sales - Outside Customers."	
Adjustment	<u>\$ 3,877,937</u>
(3)	
To adjust "Metered Sales - Outside Customers" for the outside city customer surcharge.	
Metered Sales - Outside Customers	\$ 3,877,937
Times: Outside City Surcharge Factor	<u>12%</u>
Adjustment - Increase	<u>\$ 465,352</u>
(4)	
To adjust "Operation and Maintenance Expenses" for the increase in budgeted salaries and wages and anticipated additions of new employee positions.	
Pro Forma Salaries and Wages	\$ 5,286,592
Less: Test Year	<u>(4,826,589)</u>
Adjustment - Increase	<u>\$ 460,003</u>
(5)	
To adjust "Operation and Maintenance Expenses" for the estimated change in Employee Pension and Benefits.	
Pro Forma Employee Pension and Benefits	\$ 2,218,489
Less: Test Year	<u>(2,178,763)</u>
Adjustment - Increase	<u>\$ 39,726</u>
(6)	
To adjust "Operation and Maintenance Expenses" to remove the ESG Solar Lease Payment from Operating Expenses.	
Adjustment - Decrease	<u>\$ (142,234)</u>

Detail of Adjustments (Continued)

(7)	
To adjust "Operation and Maintenance Expenses" for inclusion of the Shared Services Contract between City of Bloomington Utilities and the City of Bloomington.	
Estimated Shared Service Expense (excluding solar lease payment)	\$ 855,000
Less: Test Year	<u>-</u>
Adjustment - Increase	<u><u>\$ 855,000</u></u>
(8)	
To adjust "Operation and Maintenance Expenses" for the removal of non-recurring expenses recorded during the test year.	
Rates and Charges Analysis	\$ 15,162
Computer Purchase for Blucher Poole	<u>13,020</u>
Adjustment - Decrease	<u><u>\$ (28,182)</u></u>
(9)	
To adjust "Taxes Other Than Income Taxes" for the estimated change in FICA tax due to the change in salaries and wages.	
Pro Forma Salaries and Wages	\$ 5,286,592
Times: FICA Tax Rate	<u>7.65%</u>
Pro Forma FICA Tax	404,424
Less: Test Year FICA Tax	<u>(347,746)</u>
Adjustment - Increase	<u><u>\$ 56,678</u></u>
(10)	
To adjust "Taxes Other Than Income Taxes" for the estimated Pro Forma Payment in Lieu of Taxes (PILOT).	
Net Utility Plant in Service (Sewage Works) as of December 31, 2018	\$ 71,894,423
Add: Construction Work in Progress (CWIP)	9,707,790
Less: Net Utility Plant in Service and CWIP Outside City Limits	<u>(50,454,924)</u>
Estimated Inside City Limits Net Utility Plant in Service	31,147,289
Times: Gross Corporate Tax Rate (per \$100 Assessed Valuation)	<u>0.8962</u>
Pro Forma PILOT Payments	279,142
Less: Test Year	<u>-</u>
Adjustment - Increase	<u><u>\$ 279,142</u></u>

Capital Improvement Plan

Project	2019	2020	2021	2022	2023	2024	2025	Total
Dillman Road Waste Water Treatment Plant								
Aeration Basin Air Diffuser Improvements	\$ 356,000							\$ 356,000
Clarifier Algae Control - Weir	300,000	\$ 300,000	\$ 300,000					900,000
Digester Tanks - Membrane with PD	200,000	2,700,000 *	1,000,000 *					3,900,000
Aeration Tanks - with RAS/WAS/Scum Pumps	201,400	3,705,600 *	500,000 *					4,407,000
Multi-stage Blowers	121,471	1,035,885 *	200,000 *					1,357,356
Standalone Disc Filter Addition	224,031	2,096,125 *	800,000 *					3,120,156
Improvements to Chemical Disinfection	52,884	211,536	-					264,420
Phase 1 Electrical Improvements	294,543	277,173	400,000					971,716
Existing SCADA Improvements	141,024	564,096						705,120
WAS Thickening - Gravity Belt	-	-	500,000	\$ 2,320,000 ^				2,820,000
Vortex Grit Removal				1,050,629 ^	\$ 4,202,515 ^			5,253,144
Phase 1 Electrical Improvements				229,164	916,656			1,145,820
WAS Thickening - Gravity Belt				500,000 ^	2,320,000 ^			2,820,000
Plant Wide SCADA Improvements				1,000,000	2,000,000			3,000,000
UV Disinfection						\$ 1,000,000	\$ 2,370,000	3,370,000
Miscellaneous Improvements								-
Mechanical Screen No. 1 Replacement				350,000				350,000
Sludge Press Re-Build				325,000				325,000
Roof Replacement	100,000	219,000	90,000					409,000
								-
Blucher Poole Waste Water Treatment Plant								
Aeration Basin Improvements (Nos. 1 & 2)	330,000							330,000
Phosphorous Removal System	150,000							150,000
Plant expansion (EQ Basin/PC plus other capacity)						1,900,000	12,000,000 #	13,900,000
Non-Potable Water System Replacement	200,000							200,000
UV System Shelter Protection		48,000						48,000
UV System Replacement	80,000	695,000						775,000
Roof Replacements	306,000							306,000
Miscellaneous Improvements			500,000	500,000	500,000			1,500,000

Capital Improvement Plan (Continued)

Project	2019	2020	2021	2022	2023	2024	2025	Total
Collection System								
Plymouth Lift Station Elimination	\$ 145,000							145,000
Infiltration and Inflow (I&I) Reduction Program Development	15,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	615,000
Sewer Lining, Manhole Rehab, FM lining	430,000	430,000	430,000	430,000	430,000	430,000	430,000	3,010,000
IU Health	670,000							670,000
IU Health North Interceptor	500,000	571,500						1,071,500
Lift stations (Arlington, morningside, cans, etc)		100,000	100,000	100,000	100,000	100,000	100,000	600,000
SE-Interceptor College Mall								
SE Interceptor MH 8830 past goat farm								
SC Interceptor south of Gordan Pike								
Other								
AMI		690,000 >	690,000 >	690,000 >	690,000 >	690,000 >	690,000 >	4,140,000
New Service Center					1,760,000	7,060,000 #		8,820,000
Software and business process automation	80,000	100,000	100,000	100,000	100,000	100,000	100,000	680,000
Vehicle and Equipment Replacement	365,000	365,000	365,000	365,000	365,000	365,000	365,000	2,555,000
Total Capital Improvement Plan	\$ 5,262,353	\$ 14,208,915	\$ 6,075,000	\$ 8,059,793	\$ 13,484,171	\$ 11,745,000	\$ 16,155,000	\$ 74,990,232
Less: Projects to be Funded by Proposed 2020 Bonds (*)		(9,537,610)	(2,500,000)					(12,037,610)
Less: Projects to be Funded by Future Bond Issue (#)						(7,060,000)	(12,000,000)	(19,060,000)
Less: Projects to be Funded by Cash Contribution (^)				(3,870,629)	(6,522,515)			(10,393,144)
Less: AMI Project Funded through AMI Lease (>)(1)		(690,000)	(690,000)	(690,000)	(690,000)	(690,000)	(690,000)	(4,140,000)
Extensions and Replacements (to be funded through Revenue)	\$ 5,262,353	\$ 3,981,305	\$ 2,885,000	\$ 3,499,164	\$ 6,271,656	\$ 3,995,000	\$ 3,465,000	\$ 29,359,478
Average Annual Extensions and Replacements (2020-2023)					\$ 4,159,281			

(1) Funded through the Equipment Lease Purchase for Advance Metering Infrastructure Project.

Proposed Sewage Works Revenue Bonds, Series 2020

Estimated Sources and Uses of Funds

	Amount
Sources of Funds:	
Par Amount	\$ 13,230,000
Total Sources of Funds	\$ 13,230,000
Uses of Funds:	
Digester Tanks - Membrane with PD	\$ 3,700,000
Aeration Tanks - with RAS/WAS/Scum Pumps	4,205,600
Multi-stage Blowers	1,235,885
Standalone Disc Filter Addition	2,896,125
Debt Service Reserve (1)	938,178
Underwriter's Discount (1% of Par)	132,300
Cost of Issuance	117,500
Additional Proceeds	4,412
Total Uses of Funds	\$ 13,230,000

- (1) Funded at Maximum Annual Debt Service. This Report assumes the current excess funds in the Sewage Works' combined debt service reserve will be contributed to a proposed refunding currently contemplated by the Utility as of the date of this Report.

Estimated Amortization Schedule

Date	Principal	Coupon (1)	Interest	Period Total	Fiscal Total
7/1/20			\$ 197,799	\$ 197,799	
1/1/21			197,799	197,799	\$ 395,598
7/1/21			197,799	197,799	
1/1/22	\$ 540,000	2.30 %	197,799	737,799	935,598
7/1/22			191,589	191,589	
1/1/23	555,000	2.35	191,589	746,589	938,178
7/1/23			185,068	185,068	
1/1/24	565,000	2.40	185,068	750,068	935,136
7/1/24			178,288	178,288	
1/1/25	580,000	2.50	178,288	758,288	936,576
7/1/25			171,038	171,038	
1/1/26	595,000	2.60	171,038	766,038	937,076
7/1/26			163,303	163,303	
1/1/27	610,000	2.70	163,303	773,303	936,606
7/1/27			155,068	155,068	
1/1/28	625,000	2.80	155,068	780,068	935,136
7/1/28			146,318	146,318	
1/1/29	645,000	2.85	146,318	791,318	937,636
7/1/29			137,126	137,126	
1/1/30	660,000	2.90	137,126	797,126	934,252
7/1/30			127,556	127,556	
1/1/31	680,000	3.00	127,556	807,556	935,112
7/1/31			117,356	117,356	
1/1/32	700,000	3.05	117,356	817,356	934,712
7/1/32			106,681	106,681	
1/1/33	720,000	3.10	106,681	826,681	933,362
7/1/33			95,521	95,521	
1/1/34	745,000	3.20	95,521	840,521	936,042
7/1/34			83,601	83,601	
1/1/35	770,000	3.25	83,601	853,601	937,202
7/1/35			71,089	71,089	
1/1/36	795,000	3.25	71,089	866,089	937,178
7/1/36			58,170	58,170	
1/1/37	820,000	3.30	58,170	878,170	936,340
7/1/37			44,640	44,640	
1/1/38	845,000	3.35	44,640	889,640	934,280
7/1/38			30,486	30,486	
1/1/39	875,000	3.40	30,486	905,486	935,972
7/1/39			15,611	15,611	
1/1/40	905,000	3.45	15,611	920,611	936,222
Totals	<u>\$ 13,230,000</u>		<u>\$ 4,948,214</u>	<u>\$ 18,178,214</u>	

(1) Assumes A rates as of July 26, 2019, plus 100 basis points. Interest rates are estimated and subject to change.

Estimated Combined Debt after Issuance of the Proposed 2020 Bonds

Year	2004 SRF Loan	Amended 2006 A-1 Bonds	2006 B SRF Loan	2006 C SRF Loan	2012 A Refunding Bonds	2012 C Bonds	2013 Refunding Bonds	2017 Bonds	Proposed 2020 Bonds	Total
2018	\$ 358,108	\$ 471,976	\$ 214,676	\$ 440,472	\$ 436,662	\$ 267,968	\$ 2,223,078	\$ 365,000		\$ 4,777,940
2019	405,552	570,070	246,094	504,936	519,450	336,836	2,318,332	454,500		5,355,770
2020	405,544	569,496	246,094	504,936	518,500	336,462	2,319,884	453,900	\$ 395,598	5,750,414 (1)
2021	406,160	567,888	246,094	504,935	517,250	340,962	1,175,724	458,200	935,598	5,152,811
2022	406,360	565,200	246,094	504,935	518,774	339,636	1,181,232	457,300	938,178	5,157,709
2023	406,148	566,472	246,093	504,935	514,774	343,174	1,191,296	461,300	935,136	5,169,328
2024	405,522	566,316	246,094	504,936	514,274	345,824	1,190,826	460,100	936,576	5,170,468
2025	405,484	564,970	246,094	504,935	520,300	343,174		463,800	937,076	3,985,833
2026		567,444	246,093	504,935	514,550	350,374		467,300	936,606	3,587,302
2027					517,530	351,574		467,250	935,136	2,271,490
2028					508,958	352,312		471,900	937,636	2,270,806
2029						357,282		471,100	934,252	1,762,634
2030						356,432		475,000	935,112	1,766,544
2031						359,832		473,450	934,712	1,767,994
2032						362,688		476,600	933,362	1,772,650
2033								479,300	936,042	1,415,342
2034								486,550	937,202	1,423,752
2035								488,200	937,178	1,425,378
2036								494,400	936,340	1,430,740
2037									934,280	934,280
2038									935,972	935,972
2039									936,222	936,222
Totals	\$ 3,198,878	\$ 5,009,832	\$ 2,183,426	\$ 4,479,955	\$ 5,601,022	\$ 5,144,530	\$ 11,600,372	\$ 8,825,150	\$ 18,178,214	\$ 64,221,379

(1) Estimated Combined Maximum Annual Debt Service.

\$ 5,750,414

Estimated Average Annual Debt Service (2021-2024)

\$ 5,162,579

Statement of Revenue Requirements

Adjusted Operation and Maintenance Expense	\$ 12,370,964
Adjusted Taxes Other Than Income Taxes	683,566
Estimated Average Annual Debt Service (2021-2024)	5,162,579
Average Annual Lease Payment: Equipment for Advance Meter Infrastructure	685,133
Annual Lease Payment: Solar Lease	284,468
Average Annual Extensions and Replacements (2020-2023)	<u>4,159,281</u>
Total Revenue Requirements	23,345,991
Less: Adjusted Operating Revenues	<u>22,711,508</u>
Deficit	634,483
Divide by: Adjustable Operating Revenues	<u>22,462,358</u>
Percent Rate Increase Required	<u>3%</u>

Note: The Revenue Requirements exclude the annual portion of the Vehicle and Equipment Lease – 2014, as the Utility will make the final lease payment in January 2020.

Schedule of Present and Proposed Rates and Charges

	Present Rates	Proposed Rates
SEWAGE WORKS RATES (1)		
<u>Monthly Usage Charge (Per 1,000 Gallons)</u>		
Inside City Customers	\$ 7.76	\$ 7.99
Outside City Customers	7.76	8.95 (2)
<u>Monthly Service Charge (per meter)</u>		
Inside City Customers	\$ 7.95	8.19
Outside City Customers	7.95	9.17 (2)
<u>Excess Strength Surcharge</u>		
<u>Rate per Pound in Excess of 300 ppm</u>		
Biochemical Oxygen Demand (BOD)	\$ 0.380	\$ 0.391
Suspended Solids (SS)	0.310	0.319
<u>Special Laboratory Analysis Monthly Charge</u>		
Strength of BOD and SS Sampling Charge	\$ 166.90	\$ 171.91
Grease and Oil Sampling	156.45	161.14
Metal Sampling (per metal per test)	34.77	35.81
<u>Unmetered Users</u>		
Minimum Annual Charge - Inside City Customers	\$ 773.47	\$ 796.74
Minimum Annual Charge - Outside City Customers	773.47	892.41 (2)
STORMWATER UTILITY RATES (3)		
<u>Stormwater Utility Monthly Charges</u>		
Single Family Residential Customers	\$ 4.32	\$ 4.32
All other customers shall be charged based upon the amount of runoff generated by the customer.		

- (1) Sewage Works Present Rates and Charges went into effect on January 1, 2017.
- (2) Includes the Outside City Surcharge Factor applied against the Proposed Rates for Inside City Customers.
- (3) Stormwater Present Rates and Charges went into effect on July 1, 2019. Ordinance 2-20-2019 provides for an additional rate increase to \$5.95 effective January 1, 2020.

Typical Monthly Bill Analysis

Inside City Customers

Gallons	Sewage Works Present Charge	Proposed Charge	Difference
0	\$ 7.95	\$ 8.19	\$ 0.24
1,000	15.71	16.18	0.47
2,000	23.47	24.17	0.70
3,000	31.23	32.16	0.93
4,000	38.99	40.15	1.16
5,000	46.75	48.14	1.39
6,000	54.51	56.13	1.62
7,000	62.27	64.12	1.85
8,000	70.03	72.11	2.08
9,000	77.79	80.10	2.31
10,000	85.55	88.09	2.54
11,000	93.31	96.08	2.77
12,000	101.07	104.07	3.00
13,000	108.83	112.06	3.23
14,000	116.59	120.05	3.46
15,000	124.35	128.04	3.69
16,000	132.11	136.03	3.92
17,000	139.87	144.02	4.15
18,000	147.63	152.01	4.38
19,000	155.39	160.00	4.61
20,000	163.15	167.99	4.84

Outside City Customers

Gallons	Sewage Works Present Charge	Proposed Charge	Difference
0	\$ 7.95	\$ 9.17	\$ 1.22
1,000	15.71	18.12	2.41
2,000	23.47	27.07	3.60
3,000	31.23	36.02	4.79
4,000	38.99	44.97	5.98
5,000	46.75	53.92	7.17
6,000	54.51	62.87	8.36
7,000	62.27	71.82	9.55
8,000	70.03	80.77	10.74
9,000	77.79	89.72	11.93
10,000	85.55	98.67	13.12
11,000	93.31	107.62	14.31
12,000	101.07	116.57	15.50
13,000	108.83	125.52	16.69
14,000	116.59	134.47	17.88
15,000	124.35	143.42	19.07
16,000	132.11	152.37	20.26
17,000	139.87	161.32	21.45
18,000	147.63	170.27	22.64
19,000	155.39	179.22	23.83
20,000	163.15	188.17	25.02