

CITY OF WEST LAFAYETTE WASTEWATER UTILITY

PROPOSED 2014 BUDGET





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American Institute of CPAs  
Indiana CPA Society

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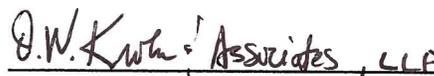
Honorable John Dennis, Mayor and  
Members of the Board of Public Works and Safety  
City of West Lafayette  
City Hall  
609 W. Navajo  
West Lafayette, Indiana 47906

At your request, we have compiled the accompanying limited financial information for the City of West Lafayette Wastewater Utility. The information includes the proposed 2014 operating budget along with projected operating revenues, operating expenditures, capital expenditures and cash flows for years 2014 through 2018. The accompanying schedules were prepared for internal use only for distribution to the appropriate City Officials. The use of these schedules should be limited to those that are familiar with the accounting and financial reporting practices for the City.

Pages 1 – 5 Key Budget Assumptions and General Comments

Schedule I Budgeted 2014 Operation and Maintenance Expenses  
Schedule II Projected Operating Revenues and Expenses – 2014-2018  
Schedule III Five Year Capital Expenditure Plan  
Schedule IV Projected Cash Flows and Bond Coverage – 2014-2018

The assumptions are based upon information provided to us by management of the City of West Lafayette. In preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions; consequently, we express no opinion or assurance thereon.

  
O. W. Krohn & Associates, LLP

## **Budgeted 2013 Operation and Maintenance Expenses – Schedule I**

### **Overall Changes**

The 2014 budget reflects the revised departmental and line item categories from the new accounting system that is aligned with the State Board of Accounts and National Association of Regulatory Utility Commissioners (NARUC) guidelines. The new system has adopted standardized expense categories city wide. On a departmental level the system will now track expenditures for Collection System operations and maintenance. In addition, for financial reporting purposes, the new departments will consolidate into the groupings shown on the 2014 budget. The key changes included combining lab operations and plant maintenance with treatment plant and also eliminating the undistributed insurance expense. Property, liability and workman's compensation are now allocated between treatment plant, sanitation and storm water in the budget.

Total budgeted expenditures for 2014 increased \$284,851 from the 2013 budget. Wages, insurance and employee benefits account for a majority or \$189,667 of this increase. The 2014 operating expenditure budget totals \$5,136,660 of which 60% is comprised of wages, insurance and employee benefits. Wages and benefit costs for each department were based upon actual staffing and wage rates per 2014 salary ordinance which provided for a base wage rate increase of 2%. One new IT position shared between the Utility and City was added in 2014. Employer paid health insurance for participating employees included premium increases and selected coverage levels. Health insurance premiums increased 8.75% from the prior year.

### **Treatment Plant**

This budget decreased by \$6,000 due to routine inflationary increases which were offset by reclassification of certain expenses. For example, utility power costs were based upon 2013 actual plus a 6% rate increase. However, when power costs related to lift stations were shifted to collection system, the utility budget for treatment plant decreased. Based upon 2013 experience and management's estimates we also decreased the chemicals and sludge removal budgets by \$10,000 and \$25,000, respectively. Services and other charges increased by \$24,000 mainly due to the reclassification of \$20,000 in workman's compensation for plant employees from undistributed.

### **Collection System**

The department's budget increased \$256,197 for 2014 primarily due to reallocation of wages and benefit costs previously included in Utility Administration. Changes in non-wage categories including utilities and services and other charges. Power for lift stations in the amount of \$36,000 was broken out from plant power costs for the first time in the 2014 budget. Services and other charges in the new budget includes CSO monitoring and lift station maintenance. An increase of \$17,000 reflected actual experience in 2013.

### **Sanitation**

The budget increased \$54,828 in 2014. Wage and benefits accounted for \$28,654 of this increase partly due to a one time base rate adjustment in the driver/collector/processor positions. Waste disposal fees, which make up most of the services and other charges category, is now being separately reported beginning in 2014. The reclassification of property and liability insurance costs added \$21,174 to the budget.

### Storm Water

Budget for the department increased \$42,177 to provide for wage increase and changes in benefit costs for the same 3.75 FTE's as in 2013. In addition, ten percent of the billing labor costs were reallocated from customer services. We allocated \$15,000 of the prior services and other charges to professional services in 2014 to separately account for the ongoing updates and maintenance to the storm water customer data base which is different than wastewater. The reclassification of property and liability insurance costs added \$11,588 to the budget.

### Customer Accounts

Wages and benefits decreased after ten percent of the billing labor was allocated to Storm Water. This change was to reflect the cost of the new storm water billing requirements and more than offset the wage and benefit rate increases. Other line items in this department were unchanged from 2013.

### Administration & General

Budget for Administration decreased \$57,924 overall due to the reallocation of wages and benefits to better match up utility management's activities with the applicable functions in the utility. A portion of each Supervisor's time was allocated to treatment plant operations, plant maintenance, collection system operations and collection system maintenance based upon their areas of responsibility. Previously all of their costs were included in utility administration. City Administration wages also includes a 40% share of the new IT position in 2014. Increases in the non-wage categories included service contracts and consulting based upon management's estimates.

## **Projected Operating Revenues and Expenses (2014-2018) – Schedule II**

2014 budgeted revenues for wastewater, recycling and other operating are unchanged from the 2013 budget. Trash and storm water fees have been adjusted to reflect new rates adopted in 2013. Monthly trash fees were increased from \$9 to \$16 per household effective in July 2013. Trash revenues at the new rates for a full year are estimated to total \$950,000. New storm water fees (\$8 per ERU) which were adopted in 2013 became effective January 1<sup>st</sup> 2014. Our original 2014 revenue estimate of \$1,300,000 was based upon a slightly lower number of ERU's than what was billed in the first month. Current statistics from the GIS data base indicate sufficient ERU's to generate \$1,433,250 annually. While we develop a consistent billing and collection history and assess the impact of the credit program, we are stepping up to this total over three years. Future projections will be adjusted as experience dictates. Except for storm water charges, all other operating revenues were held constant at the 2014 budget levels for projected revenues in 2015-2018.

Expenditures have been adjusted for inflation using the 2014 budget as base line. Annual inflation adjustments range 2% to 5% depending on type of expenditure. Plant Maintenance and Laboratory are included in treatment plant in the updated financial reporting structure. We have shown comparative budget amounts for 2014 vs. 2013 but starting in 2014, all will be in plant operations. Similarly the undistributed insurance

expense of \$156,085 for 2014 is allocated to the applicable function from now on. 2012 Actual and 2013 Budget amounts are shown for comparative purposes.

### **Five Year Capital Plan – Schedule III**

Capital projects and related expenditures by functional category are summarized for 2014 through 2018. Specific projects and overall cost estimates have been provided by the Utility Director.

Lift station projects include the Purdue Research Park (PRP) regional lift station project which began in 2013 and will be completed in 2014. The remaining project cost totals \$1,724,000 most of which will be funded by draws on the 1.5% State Revolving Loan Program 2012 Bond. The Utility has applied for SRF Program funding for the Sheraton and Fairway Knoll lift station replacement projects. Those projects, which are shown at the estimated cost of \$1,097,000 in 2014 and \$837,000 in 2015, will not proceed until SRF funds are available.

Collection system projects in the next two years included completion of the Cumberland Avenue Interceptor, Wet Weather Facility Improvements (\$600,000) and Western Interceptor Tree Replacement (\$250,000). Bond funding (\$2,500,000) is assumed for the new Cumberland Avenue Interceptor which will provide service to ongoing and future development along the Cumberland Avenue extension out to the new US 231. The 2014 Open Market Bonds are anticipated to be placed in May 2014.

At the time that the last capital plan was adopted, the City was notified by IDEM that it had six months to develop a plan for reducing phosphorus levels in treated flows at the plant. The Utility's consulting engineers have developed a two-phase plan. Phase I Nutrient Removal improvements will begin in 2014 and be completed in 2015 at an estimated cost of \$1,380,000. This project will be funded by the same 2014 open market revenue bond to be issued for the Cumberland Avenue Interceptor project. It is expected that the final phase of nutrient removal will follow at a cost of approximately \$1,250,000. The timing and cost of this phase will be reevaluated once Phase I is operational.

The Storm Water & Drainage project category was established in the last capital plan due to the volume of infrastructure projects requiring drainage and storm water management components which the Utility has been funding. In the past two years, the Utility spent approximately \$1,825,000 of improvement funds on storm water projects including: Yeager Road Phases I-II and Cumberland Avenue Phases I-II and Northwestern Corridor Phases I-II. Similar projects planned for the next two years include Cumberland Avenue Phase III (\$400,000), Salisbury Street Phase III (\$350,000) and Perimeter Parkway (\$200,000). These projects will be funded with the new storm water fee revenue.

Capital equipment purchases have been budgeted in three categories. Wastewater general equipment purchases include new software, vehicle replacements and lease payments for a copier. Annual capital purchases for Sanitation of \$200,000 primarily include lease purchase payments for recycling trucks. Storm water equipment includes sewer camera equipment, leaf vacuums and an additional street sweeper in 2016.

Over the next five years a total of \$14,478,000 in projects and other capital expenditures have been identified. Approximately half of this total is expected to be funded with bond proceeds. The remaining 2012 SRF Loan funds of \$1,613,502 will help complete the PRP regional lift station project. A \$4,000,000 open market revenue bond is expected to fund the Cumberland Avenue sewer and Nutrient Removal Phase I projects. Approximately \$7 million is assumed to be funded with cash on hand. This will not be solely from the improvement funds generated by sewer fees. The new storm water fund will pay for storm water projects.

The Utility has updated its CSO Long Term Control Plan which identifies projects to mitigate combined sewer overflows in the system. The 15-year plan was approved by IDEM in January 2012. The proposed implementation schedule developed by the Utility's consulting engineers begins with \$600,000 in wet weather facility improvements in 2014-2015. The first CSO interceptor project is expected to begin with a \$1,000,000 expenditure in 2018.

#### **Projected Cash Flows and Bond Coverage (2014-2018) – Schedule IV**

This schedule projects cash flows for 2014 through 2018 beginning with operating revenues and expenditures from Schedule II. Other pledged revenues include interest income and tap fees. Interest income in 2014 is estimated based upon current low market rates of 0.25% applied to projected cash balances. Thereafter, an annual increase in interest rates of .05% was applied. From the resulting net revenues, which range from \$5.5 to \$5.8 million, we have deducted the budgeted \$528,200 payment to the City for PILT, debt service for all outstanding and potential new bonds, and projected capital expenditures from Schedule III. Projected ending cash balances include all operating, improvement, storm water and restricted funds.

The improvement fund has been historically used to cover planned as well as unexpected expenditure requirements for the Utility. These funds are also relied upon to provide temporary cash flow loans to the City which avoids the cost of external borrowing. To continue to provide this margin of safety for the City, sound financial planning practices indicate that management should continue its practice of establishing guidelines for key fund balances. The key funds for the Wastewater Utility include the Operating Fund, Debt Service Reserve Fund, the Bond & Interest Funds and Improvement Fund. Bond ordinances define the necessary funds to be established, sources and uses of the funds and in some cases the required or suggested minimum balances. The Operating Fund, per ordinance, should have a balance of at least two months of operating and maintenance expenditures which in this case is approximately \$800,000. The Debt Service Reserve Fund requires a balance equal to combined maximum annual debt service. Additional reserve for 2012 Bonds and proposed 2014 Bonds will be build up over five years to a total requirement of approximately \$3.625 million on all outstanding bonds. Bond & Interest accumulates funds for each semiannual debt payment. The required balance at the end of the year is approximately \$1.6 million. Therefore by ordinance the Utility should have approximately \$5 million in funds on hand excluding improvement funds. Guidelines for improvement funds are not stipulated in the bond ordinances but are set by management based upon both historical experience and anticipated needs. Based upon

these types of considerations and historical as well as projected cash flows, management wants to maintain a target level of improvement funds ranging from \$3-\$4 million.

The Utility's ending 2013 balance of improvement funds totals approximately \$4.8 million compared to \$6.5 million a year ago. The cash flow schedule indicates that revenue sources will exceed expenditures in 2014-2016 if the proposed new bonds are issued during this timeframe. Those bonds include a \$4 million open market revenue bond with an estimated annual payment of \$380,000 and a \$2 million SRF Loan with an estimated \$130,000 payment. This additional debt service is included in combined debt payments on Schedule IV and is also in the bond coverage calculations at the bottom of the sheet.

These projections assume that storm water fees will be collected beginning in 2014 to cover the cost of existing and future storm sewer projects. In 2012 and 2013, prior to the implementation of storm water fees, approximately \$1.825 million of the improvement fund was spent on storm water and drainage projects. Once sufficient storm water funds are built up over the next few years, we have assumed that the storm water revenue fund will reimburse the improvement fund. With the new storm water revenues, operating and capital needs should be covered in the next 3 to 5 years. At the end of the projection period in 2018, we have estimated the improvement fund will be at about \$4.75 million after reimbursement from storm water. This is over the recommended minimum balance and approximately the same as the current improvement fund balance.

Bond coverage (ratio of pledged net revenues to annual debt service) for all debt including the potential new bonds is projected to range from 151% to 171%. Minimum bond coverage requirements are generally 125%.

## CITY OF WEST LAFAYETTE WASTEWATER UTILITY

BUDGETED OPERATION AND MAINTENANCE EXPENSE

FOR THE YEAR ENDING DECEMBER 31

	2014 BUDGET	2013 BUDGET
TREATMENT PLANT		
WAGES	\$ 491,074	\$ 496,946
INSURANCE AND BENEFITS	224,070	205,929
SUPPLIES	127,500	115,500
BULK CHEMICALS	55,000	65,000
SERVICES AND OTHER CHARGES	234,823	210,376
UTILITIES	382,475	397,200
SLUDGE REMOVAL	225,000	250,000
WASTE DISPOSAL FEES	10,000	15,000
	<u>1,749,942</u>	<u>1,755,951</u>
COLLECTION SYSTEM		
WAGES	342,115	208,442
INSURANCE AND BENEFITS	167,697	100,133
SUPPLIES	30,000	30,540
SERVICES AND OTHER CHARGES	73,000	56,000
PROFESSIONAL SERVICES	45,000	45,000
UTILITIES	36,000	-
REPAIRS	10,000	7,500
	<u>703,812</u>	<u>447,615</u>
SANITATION		
WAGES	355,005	339,691
INSURANCE AND BENEFITS	183,428	170,088
SUPPLIES	105,000	100,000
SERVICES AND OTHER CHARGES	41,174	210,000
WASTE DISPOSAL FEES	190,000	-
	<u>874,607</u>	<u>819,779</u>
STORM WATER		
WAGES	225,204	189,465
INSURANCE AND BENEFITS	86,316	80,706
SUPPLIES	40,000	45,000
SERVICES AND OTHER CHARGES	51,588	60,760
PROFESSIONAL SERVICES	15,000	-
	<u>418,108</u>	<u>375,931</u>

CITY OF WEST LAFAYETTE WASTEWATER UTILITY

BUDGETED OPERATION AND MAINTENANCE EXPENSE  
FOR THE YEAR ENDING DECEMBER 31

	<u>2014</u> <u>BUDGET</u>	<u>2013</u> <u>BUDGET</u>
CUSTOMER ACCOUNTS		
WAGES	84,495	90,708
INSURANCE AND BENEFITS	39,742	36,947
SUPPLIES	46,000	46,000
SERVICES AND OTHER CHARGES	<u>55,000</u>	<u>56,000</u>
	<u>225,237</u>	<u>229,655</u>
ADMINISTRATION AND GENERAL		
UTILITY ADMINISTRATION WAGES	234,465	342,990
UTILITY ADMINISTRATION INS/BENEFITS	80,047	115,050
CITY ADMINISTRATION WAGES	410,958	378,027
CITY ADMINISTRATION INS/BENFITS	151,984	131,811
SUPPLIES	5,000	8,000
SERVICES AND OTHER CHARGES	62,500	57,000
PROFESSIONAL SERVICES	<u>220,000</u>	<u>190,000</u>
	<u>1,164,954</u>	<u>1,222,878</u>
TOTAL OPERATION AND MAINTENANCE EXPENSE	<u>\$ 5,136,660</u>	<u>\$ 4,851,809</u>

CITY OF WEST LAFAYETTE WASTEWATER UTILITY

SCHEDULE II

PROJECTED OPERATING REVENUES AND EXPENSES  
FOR THE YEARS ENDING DECEMBER 31

	ACTUAL	BUDGET	BUDGET	PROJECTED				Notes
	2012	2013	2014	2015	2016	2017	2018	
PROJECTED OPERATING REVENUES:								
WASTEWATER USER FEES	\$ 8,322,056	\$ 8,350,000	\$ 8,350,000	\$ 8,350,000	\$ 8,350,000	\$ 8,350,000	\$ 8,350,000	(1)
PENALTIES	61,145	60,000	60,000	60,000	60,000	60,000	60,000	(1)
SANITATION TRASH FEES	530,233	715,000	950,000	950,000	950,000	950,000	950,000	(2)
RECYCLING GRANT	41,500	41,500	41,500	41,500	41,500	41,500	41,500	(1)
RECYCLABLE SALES	62,327	60,000	60,000	60,000	60,000	60,000	60,000	(1)
TOTERS AND BINS	10,888	10,000	10,000	10,000	10,000	10,000	10,000	(1)
STORM WATER FEES	-	-	1,300,000	1,365,000	1,433,250	1,433,250	1,433,250	(2)
OTHER OPERATING REVENUES	93,561	70,000	70,000	70,000	70,000	70,000	70,000	(3)
<b>TOTAL OPERATING REVENUES</b>	<b>9,121,710</b>	<b>9,306,500</b>	<b>10,841,500</b>	<b>10,906,500</b>	<b>10,974,750</b>	<b>10,974,750</b>	<b>10,974,750</b>	
PROJECTED OPERATING EXPENSES:								
PLANT OPERATION	1,475,665	1,437,089	1,425,351	1,787,513	1,814,981	1,843,125	1,871,962	(4)
PLANT MAINTENANCE	100,926	88,000	93,500	-	-	-	-	(4)
LABORATORY	145,524	135,986	107,768	-	-	-	-	(4)
COLLECTION SYSTEM	403,813	447,615	703,812	722,019	740,841	760,304	780,434	(4)
SANITATION	712,429	819,779	853,433	893,801	912,815	932,498	952,879	(4) (5)
STORM WATER	332,332	355,171	406,520	428,760	439,754	451,103	462,823	(4)
CUSTOMER ACCOUNTS	221,712	229,655	225,237	230,934	236,804	242,854	249,090	(4)
ADMINISTRATIVE AND GENERAL	1,286,385	1,222,878	1,164,954	1,190,813	1,217,538	1,245,164	1,273,725	(4)
UNDISTRIBUTED	106,022	115,636	156,085	-	-	-	-	(4)
<b>TOTAL OPERATING EXPENSES</b>	<b>4,784,808</b>	<b>4,851,809</b>	<b>5,136,660</b>	<b>5,253,840</b>	<b>5,362,733</b>	<b>5,475,048</b>	<b>5,590,913</b>	
<b>NET OPERATING REVENUES</b>	<b>\$ 4,336,902</b>	<b>\$ 4,454,691</b>	<b>\$ 5,704,840</b>	<b>\$ 5,652,660</b>	<b>\$ 5,612,017</b>	<b>\$ 5,499,702</b>	<b>\$ 5,383,837</b>	

NOTES:

- (1) Adjustments to revenue categories from the 2013 to 2014 Budget are based upon actual 2013 experience to date.
- (2) Beginning mid 2013, projection includes the increase in the trash fees from \$9 to \$16 per month. Also included new storm water fees at \$8 per month per ERU with the first billing in January 2014.
- (3) Other operating revenues budget was based on 2013 experience. Includes fog fees, lien fees, inspection fees, land rental income and street sweeping contract.
- (4) Operating expenses were trended using 2014 budget as baseline. Annual increases assumed generally ranged from 2% to 5% depending on type of expenditure. For example all wage categories were increased 2% per year. Plant maintenance and lab are included in plant operation beginning in 2014 for financial reporting purposes. Undistributed (insurance) is allocated between plant operation, sanitation and storm water operations beginning in 2014.
- (5) Includes one time base wage adjustment for sanitation in 2014.

CITY OF WEST LAFAYETTE WASTEWATER UTILITY

FIVE YEAR CAPITAL EXPENDITURE PLAN

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Cumulative Totals</u>
<b>LIFT STATION</b>						
North Service - PRP Region Lift Station Project	\$ 1,724,000					\$ 1,724,000
Sheraton Lift Station Replacement	1,097,000					1,097,000
Fairway Knoll Lift Station Replacement		837,000				837,000
<b>COLLECTION SYSTEM</b>						
Western Interceptor Tree Replacement	250,000					250,000
Wet Weather Facility Improvements	200,000	400,000				600,000
Cumberland Avenue - Sewer Extension	2,500,000					2,500,000
LTCP - New CSO Interceptor					1,000,000	1,000,000
<b>TREATMENT PLANT IMPROVEMENTS</b>						
Nutrient Removal (Phosphorus) Phase I	380,000	1,000,000				1,380,000
Nutrient Removal (Phosphorus) Phase II			250,000	1,000,000		1,250,000
<b>STORM WATER &amp; DRAINAGE</b>						
Jordan Creek Watershed Study	40,000					40,000
Cumberland Avenue Phase III	400,000					400,000
Salisbury Street Phase III	350,000					350,000
Perimeter Parkway Phase 1A Part 2		200,000				200,000
Boes Ditch			50,000	475,000	500,000	1,025,000
Cuppy-McClure Ditch Improvements					75,000	75,000
<b>EQUIPMENT</b>						
<b>WASTEWATER GENERAL</b>						
	100,000	100,000	100,000	50,000	50,000	400,000
<b>SANITATION</b>						
	200,000	200,000	200,000	200,000	200,000	1,000,000
<b>STORM WATER</b>						
	60,000	-	154,000	68,000	68,000	350,000
<b>SUB TOTALS</b>	<b>7,301,000</b>	<b>2,737,000</b>	<b>754,000</b>	<b>1,793,000</b>	<b>1,893,000</b>	<b>14,478,000</b>
LESS: SRF LOAN DRAWS - 2012 BONDS	(1,613,502)					(1,613,502)
LESS: PROPOSED 2014 SRF BONDS	(1,097,000)	(837,000)				(1,934,000)
LESS: PROPOSED 2014 OPEN MARKET BONDS	(2,880,000)	(1,000,000)				(3,880,000)
<b>NET TOTALS</b>	<b>\$ 1,710,498</b>	<b>\$ 900,000</b>	<b>\$ 754,000</b>	<b>\$ 1,793,000</b>	<b>\$ 1,893,000</b>	<b>\$ 7,050,498</b>

CITY OF WEST LAFAYETTE WASTEWATER UTILITY

PROJECTED CASH FLOWS AND BOND COVERAGE  
FOR THE TWELVE MONTHS ENDED DECEMBER 31

		<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
PROJECTED OPERATING REVENUES	(1)	\$ 10,841,500	\$ 10,906,500	\$ 10,974,750	\$ 10,974,750	\$ 10,974,750
PROJECTED OPERATING EXPENDITURES	(1)	<u>5,136,660</u>	<u>5,253,840</u>	<u>5,362,733</u>	<u>5,475,048</u>	<u>5,590,913</u>
PROJECTED NET OPERATING REVENUES		<u>5,704,840</u>	<u>5,652,660</u>	<u>5,612,017</u>	<u>5,499,702</u>	<u>5,383,837</u>
PROJECTED NON OPERATING REVENUE						
INTEREST INCOME	(2)	25,000	28,000	30,000	35,000	40,000
TAP FEES	(3)	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
TOTAL PLEDGED NET REVENUES		5,844,840	5,795,660	5,757,017	5,649,702	5,538,837
PAYMENT IN LIEU OF TAXES	(3)	(528,200)	(528,200)	(528,200)	(528,200)	(528,200)
COMBINED ANNUAL DEBT SERVICE	(4)	(3,401,195)	(3,656,465)	(3,656,203)	(3,665,120)	(3,660,019)
CAPITAL EXPENDITURES, NET OF DEBT FINANCING	(5)	<u>(1,710,498)</u>	<u>(900,000)</u>	<u>(754,000)</u>	<u>(1,793,000)</u>	<u>(1,893,000)</u>
PROJECTED CASH INCREASE (DECREASE)		204,947	710,995	818,614	(336,618)	(542,382)
BEGINNING CASH BALANCE		<u>10,433,972</u>	<u>10,638,919</u>	<u>11,349,914</u>	<u>12,168,528</u>	<u>11,831,910</u>
ENDING CASH BALANCE		<u>\$ 10,638,919</u>	<u>\$ 11,349,914</u>	<u>\$ 12,168,528</u>	<u>\$ 11,831,910</u>	<u>\$ 11,289,528</u>
PROJECTED BOND COVERAGE	(6)	<u>172%</u>	<u>159%</u>	<u>157%</u>	<u>154%</u>	<u>151%</u>

NOTES:

- (1) See Schedule I - Projected Operating Revenues and Expenditures.
- (2) Based upon projected cash balances and interest rate of .25% for 2014 based on current market conditions. Rate increased by .05% annually for assumed improvement in market.
- (3) Per 2014 City Budget.
- (4) Per Combined Debt Service Schedule plus estimated debt service for 2014 open market and SRF bonds.
- (5) See Schedule III - Five Year Capital Plan.
- (6) Represents Total Pledged Net Revenues divided by Combined Annual Debt Service. Minimum standard generally 125%.
- (7) Includes \$1,825,000 transfer from Storm Water to reimburse Improvement for capital projects prior to 2014.

	<b>2018</b>	<b>Unrestricted</b>	<b>Restricted</b>
<b>Operating</b>		<b>\$ 800,000</b>	
<b>Debt Resrv.</b>			<b>\$ 3,625,299</b>
<b>Bond &amp; Int.</b>			<b>1,600,000</b>
<b>Improvement (7)</b>		<b>4,753,439</b>	
<b>Storm Water</b>		<b>510,790</b>	
<b>Total Cash</b>		<b>\$ 6,064,229</b>	<b>\$ 5,225,299</b>