

Resolution No. 2017-02

A RESOLUTION OF THE UTILITY SERVICE BOARD TO
APPROVE THE REPORT OF THE FINANCIAL ADVISOR
AND APPROVE A CHANGE IN WATER RATES

WHEREAS, the Utility Service Board (the "Board") was established pursuant to IC 8-1.5-3 et seq. to oversee the operation of the Lawrence Municipal Utilities; and

WHEREAS, the Lawrence Water Utility has operated at a deficit and deferred maintenance and capital improvements; and

WHEREAS, the Board has engaged Umbaugh & Associates ("Umbaugh") to prepare a Report on the operations, capital needs and necessary revenues required to support the costs of the Water Utility as set forth in Exhibit A (the "Rate Report"); and

WHEREAS, Umbaugh has provided a calculation of the appropriate Payment in Lieu of Taxes based upon the value of the Water Utility Assets and the tax rate for the City of Lawrence; and

WHEREAS, Umbaugh has provided the Board with a final Rate Report which shows that rates are insufficient to provide adequate funding for operation of the Water Utility; and

WHEREAS, the Rate Report shows that current water rates are also insufficient to provide for the capital improvements and maintenance needed for the Water Utility, including a new water treatment plant at the Richardt Street site; and

WHEREAS, pursuant to IC 8-1.5-3-8(d), it is unlawful to not provide for utility rates sufficient to maintain the utility property in a sound physical and financial condition to render adequate and efficient service; and

WHEREAS, Umbaugh has provided a calculation of rates and charges sufficient to produce the necessary revenue to operate and maintain the utility, as set forth in Exhibit B, (the "Proposed Rates and Changes"); and

WHEREAS, the Board desires to provide for the adequate operation and necessary capital needs of the Water Utility.

NOW, THEREFORE, BE IT RESOLVED by the Utility Service Board of the City of Lawrence, Indiana, that:

Section 1. The Rate Report prepared and submitted by Umbaugh is hereby accepted and approved.

Section 2. The Board determines that the provisions for capital needs in the Rate Report are necessary and required for the provision of a safe, dependable water supply for the customers of Lawrence Water Utility.

Section 3. The Board determines that the Rate Report provides for the adequate operation of the Water Utility and recommends the adoption of the Proposed Rates, as determined by Umbaugh.

Section 4. The Board approves and adopts the determination of the Payment in Lieu of Taxes as presented in the Rate Report.


Section 5. The Board does now determine that the Proposed Rates are necessary and of public utility and benefit for the operation of the Water Utility and thereby approve and adopt said Proposed Rates.

Section 6. The Board requests that the Common Council of the City of Lawrence provide for the necessary public hearing and adoption of the Proposed Rates as set forth herein.

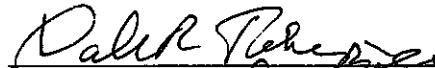
Section 7. This Resolution is effective upon passage.

Adopted and passed this 28th day of February, 2017.

UTILITY SERVICE BOARD
City of Lawrence, Indiana



Steven Hall, President



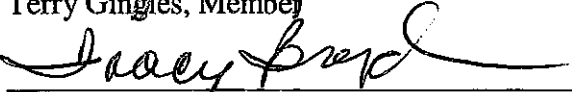
Dale TeKippe, Vice President



Dave Parnell, Secretary

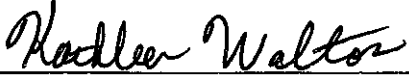


Terry Gingles, Member



Tracy Boyd, Member

Attest:



Kathleen Walton, Recording Secretary

Resolution No. 2017-02

Exhibit "A"

*Accounting Report
On Rate Study*

*Lawrence (Indiana)
Municipal Water Utility*

February 24, 2017

*Umbaugh
Certified Public Accountants
Indianapolis, Indiana*

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UMBAUGH

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ACCOUNTANTS' RATE STUDY AND COMPILATION REPORT

February 24, 2017

Utility Service Board
9001 East 59th Street
Lawrence, IN 46216

RE: Lawrence (Indiana) Municipal Water Utility (the "Utility")

In connection with the proposed increase in the Utility's schedule of water rates and charges and the proposed project, we have, at your request, compiled this special purpose rate study report.

This special purpose rate study report has been prepared for the purpose of requesting approval of a new schedule of water rates and charges and should not be used for any other purpose.

Further, the pro forma financial information in this report which has not been compiled, reviewed or audited by us, is based upon unaudited financial information for the twelve months ended December 31, 2015 which was compiled by us and assumptions provided by management and their consulting engineers or obtained from other sources. This pro forma financial information is prepared for the purpose of showing the estimated financial effects on the Utility's revenue and revenue requirements of an increase in rates and charges for service and other changes that may be reasonably fixed, known or measured. The actual results achieved may vary from the pro forma information and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have compiled the accompanying comparative schedule of selected financial information arising from cash transactions and the comparative schedule of cash receipts and disbursements as of December 31, 2014 and 2015 and for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

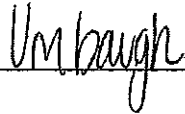
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Utility Service Board
Date: February 24, 2017
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Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements are presented on the cash basis of accounting used by the Utility which is a comprehensive basis of accounting other than the generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Utility's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

PRO FORMA FINANCIAL INFORMATION

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY
SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Per Consulting Engineers)

<u>ESTIMATED PROJECT COSTS</u>	Phase I	Phase II
Estimated Construction Costs:		
Well field rehabilitation and capacity expansion	\$1,095,000	
Richardt WTP Phase II	5,038,500	
Oaklandon Rd. elevated tank rehabilitation	473,000	
Sumac Lane water main	375,000	
Fort Harrison WTP filter building and asset rehabilitation		\$4,909,500
Indiana Lake WTP improvements		301,000
52nd St. elevated tank rehabilitation		374,000
Downtown water main		1,222,000
N. Kitley Ave/Karen Dr. area water main		1,475,000
Winding Ridge booster station improvements		99,000
Total Estimated Construction Costs	6,981,500	8,380,500
Estimated Non-Construction Costs:		
Non-construction costs	1,281,000	2,106,000
Allowance for legal, bond counsel, financial advisory bond issuance costs and rounding	132,500	133,500
Total Estimated Non-Construction Costs	1,413,500	2,239,500
Total Estimated Project Costs	\$8,395,000	\$10,620,000
 <u>ESTIMATED PROJECT FUNDING</u>		
Proposed Waterworks Revenue Bonds of 2017	\$8,395,000	
Proposed Waterworks Revenue Bonds of 2019		\$10,620,000

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY
PRO FORMA ANNUAL OPERATING DISBURSEMENTS

	<u>2017 Budget (1)</u>
Salaries and benefits	\$1,698,937
Professional and contractual services	641,250
Materials and supplies	386,950
Transportation expense	97,950
Insurance	74,524
Chemicals	125,000
Rental of equipment	14,500
Purchased power	286,500
Miscellaneous	642,245
Total 2017 Budgeted Operating Disbursements	3,967,856
3% Inflation (2018)	119,036
Total Pro Forma Operating Disbursements (2018)	4,086,892
3% Inflation (2019)	122,607
Total Pro Forma Operating Disbursements (2019)	\$4,209,499

(1) 2017 Budget per Utility Management. Periodic maintenance has been built into the annual budget.

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

PAYMENT IN LIEU OF TAX CALCULATION

	Pro Forma		
	Current	Phase I	Phase II
Depreciated value of assets*	\$127,660,607	\$127,660,607	\$136,055,607
Water Bond projects completed	-	8,395,000	10,620,000
Estimated net assessed value	127,660,607	136,055,607	146,675,607
Divided by 100	100	100	100
Sub-totals	1,276,606	1,360,556	1,466,756
Times 2016 corporate tax rate of \$0.7883 per \$100	0.7883	0.7883	0.7883
Total calculated payment in lieu of tax	<u>\$1,006,349</u>	<u>\$1,072,526</u>	<u>\$1,156,244</u>

* Per Wessler Engineering report dated November of 2016.

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

NORMALIZED ANNUAL OPERATING RECEIPTS
AT EXISTING RATES

<u>Month</u>	<u>Number of Customers</u>	<u>Increase (Decrease) In Users</u>	<u>Times Additional Monthly Bills</u>	<u>Additional Monthly Bills</u>
January, 2015	14,236			
February	14,212	(24)	1	(24)
March	14,176	(36)	2	(72)
April	14,194	18	3	54
May	14,225	31	4	124
June	14,230	5	5	25
July	14,248	18	6	108
August	14,244	(4)	7	(28)
September	14,279	35	8	280
October	14,307	28	9	252
November	14,295	(12)	10	(120)
December	14,327	32	11	352
Totals		<u>91</u>		951

Times average residential monthly bill for 4,000 gallons at existing rates	x	<u>\$22.41</u>
Total normalized increase in metered sales		21,312
Plus test year normalized metered sales (1)		<u>5,230,240</u>
Normalized metered sales		<u>\$5,251,552</u>

(1) Test year metered sales have been normalized to account for abnormal November and December billing. Calculated as follows:

10 Month Average Metered Sales (Jan. - Oct.)	\$435,853
Times 12 Months	<u>12</u>
Normalized metered sales	<u>\$5,230,236</u>

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

SRF

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING RECEIPTS(See explanation of adjustments, page 8.)
(Amounts rounded to nearest \$100)

	<u>Phase I</u> <u>(2017 and 2018)</u>	<u>Phase II</u> <u>(2019)</u>
<u>Pro Forma Revenue Requirements:</u>		
Operation and maintenance (1)	\$4,086,900	\$4,209,500
Utility receipts tax (2)	84,200	152,800
Additional Indiana utility receipts tax (2)	68,600	7,900
Payment in lieu of taxes (3)	1,072,500	1,156,200
Repayment of sewer loan (4)	750,000	-
Lease payments (5)	251,700	251,700
Debt service:		
Outstanding bonds (6)	1,232,600	1,237,900
Proposed Phase I bonds (7)	617,700	617,700
Proposed Phase II bonds (8)	-	781,400
Debt service reserve:		
Proposed Phase I bonds (9)	123,500	123,500
Proposed Phase II bonds (9)	-	156,300
Allowance for replacements and improvements (10)	<u>2,627,700</u>	<u>2,787,500</u>
Total Revenue Requirements	10,915,400	11,482,400
Less other nonoperating income (11)	(281,700)	(281,700)
Less penalties (12)	<u>(116,500)</u>	<u>(116,500)</u>
Net Revenue Requirements	<u>\$10,517,200</u>	<u>\$11,084,200</u>
<u>Pro Forma Available Revenues:</u>		
Metered sales (13)	\$5,251,600	\$5,251,600
Fire Protection (13)	236,200	236,200
Hydrants (13)	127,800	127,800
Additional revenues from rate increase	<u>-</u>	<u>4,901,600</u>
Total Available Revenues	<u>\$5,615,600</u>	<u>\$10,517,200</u>
Additional Revenues Required	<u>\$4,901,600</u>	<u>\$567,000</u>
Resulting Approximate Increase in Average Residential Bill (Presently \$22.41 for 4,000 gallons)	<u>\$19.57</u>	<u>\$2.28</u>

(Continued on next page)

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL OPERATING RECEIPTS

(Explanation of Adjustments)

SRF

- (1) See "Pro Forma Annual Cash Operating Disbursements," page 4.
- (2) To provide an allowance for Indiana Utility Receipts tax at 1.4% and additional Utility Receipts tax on increased receipts.
- (3) To provide an allowance for payment in lieu of taxes. See calculation on page 5.
- (4) To provide an allowance for repayment of the \$1,500,000 sewer loan over a 12 month period. Assumes \$750,000 in 2017 and 2018.
- (5) To provide an allowance for the repayment of the Utility's outstanding lease obligations.
- (6) To provide an allowance to pay the outstanding bonds.
- (7) To provide an allowance for the average annual debt service on the proposed bonds of 2018. Assumes a \$8,395,000 SRF bond issue amortized over 20 years at 4%.
- (8) To provide an allowance for the average annual debt service on the proposed bonds of 2019. Assumes a \$10,620,000 SRF bond issue amortized over 20 years at 4%.
- (9) To provide an allowance for the funding of a debt service reserve on the proposed bonds over 5 years.
- (10) To provide an allowance for annual capital improvements equal to annual depreciation expense.
- (11) Based on the 2 year historical average for 2014 and 2015 for tap fees, inspection fees, special assessment fees, plan review fees, meter fees, backflow and EDU fees.
- (12) Based on 2015 collections.
- (13) Based on 2015 collections normalized for November and December collections, see page 6.

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PRESENT WATER RATES AND CHARGES

(Approved July 23, 2008, Ordinance No. 15, 2008)

I. Monthly Service Charge:

<u>Meter Size</u>	<u>Per Month</u>
5/8 inch meter	\$7.53
1 inch meter	9.94
1 1/2 inch meter	12.36
2 inch meter	19.24
3 inch meter	69.25
4 inch meter	87.84
6 inch meter	130.59
8 inch meter	179.85
10 inch meter	251.80
12 inch meter	352.52

II. Monthly Consumption (Per 1,000 Gallons):

	<u>Per 1,000 Gallons</u>
First 15,000 gallons	\$3.72
Next 985,000 gallons	2.24
Over 1,000,000 gallons	1.86

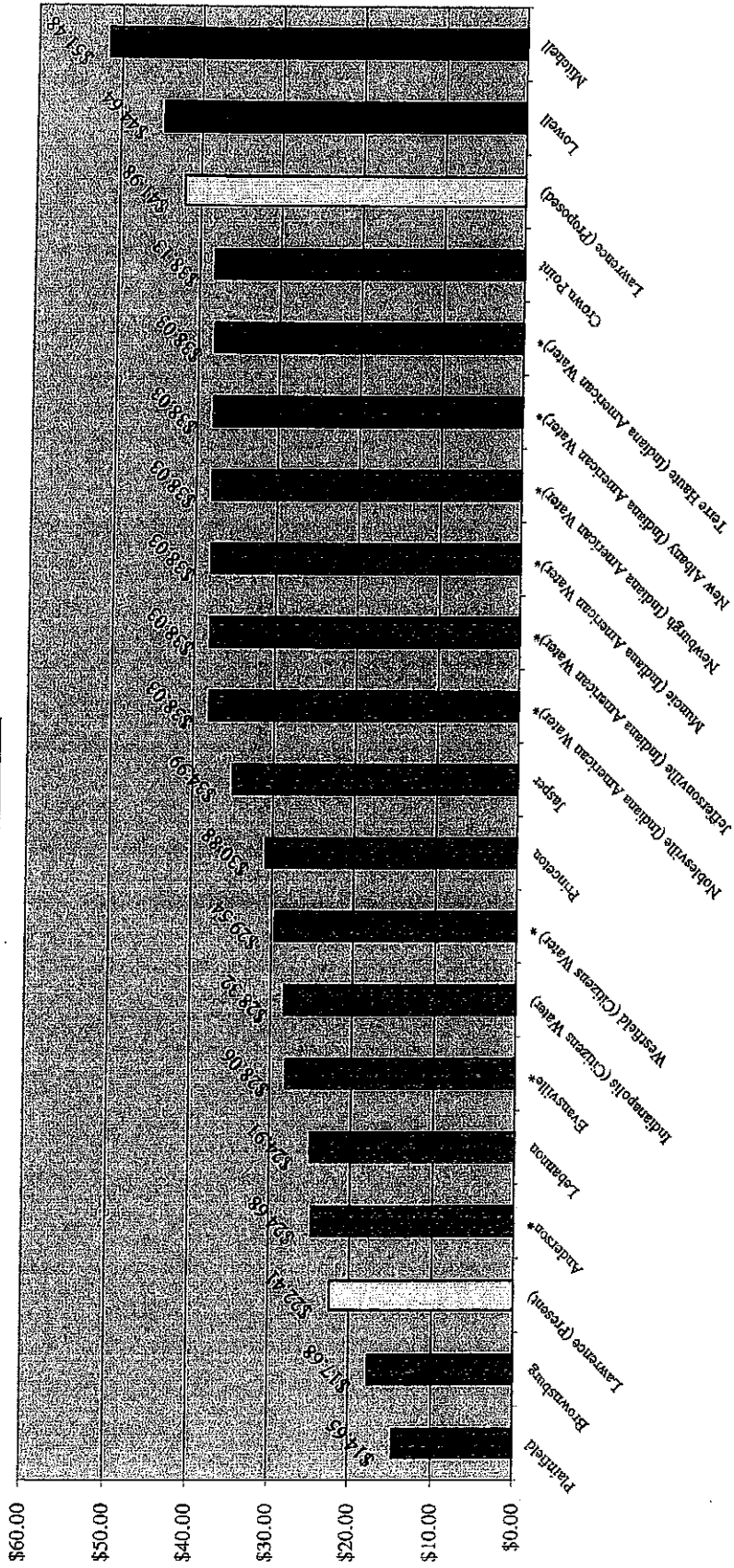
III: Fire Protection Services:

	<u>Per Annum</u>
Private Hydrant	\$594.88
Sprinkler Connection	
4 inch line	\$674.35
6 inch line	1,467.75
8 inch line	2,578.54
10 inch line	3,967.01
12 inch line	5,950.51

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF RESIDENTIAL WATER UTILITY MONTHLY BILLINGS



(Based on Usage of 4,000 Gallons or 553 Cubic Feet)

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY
SUPPLEMENTAL HISTORICAL FINANCIAL INFORMATION

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

**COMPARATIVE SCHEDULE OF SELECTED FINANCIAL
INFORMATION ARISING FROM CASH TRANSACTIONS**

<u>Cash and Cash Equivalents:</u>	As of	
	<u>12/31/2014</u>	<u>12/31/2015</u>
Operating	(\$637,848)	(\$1,097,023)
Sinking fund:		
Bond and interest	-	
Debt service reserve '07	663,508	663,508
Debt service reserve '09	395,232	395,232
Capital Improvement	-	(377,735)
Total Cash and Cash Equivalents	<u>\$420,892</u>	<u>(\$416,018)</u>

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DISBURSEMENTS

	Calendar Year	
	2014	2015
Operating Receipts:		
Residential	\$3,734,534	\$3,533,118
Commercial	1,567,470	1,473,292
Penalties	116,065	116,484
Private Fire Protection	225,874	215,806
Hydrants	136,258	117,683
Total Operating Receipts	<u>5,780,201</u>	<u>5,456,383</u>
Operating Disbursements:		
Salaries and wages	1,198,012	1,197,085
Employee benefits	513,534	609,638
Purchased water	63,247	14,670
Purchased power	314,175	240,626
Chemicals	111,232	117,992
Materials and supplies	427,246	526,391
Contractual services	473,863	360,302
Equipment rental	4,721	4,780
Transportation	145,387	81,567
Insurance	72,897	60,013
Postage	3,480	3,034
Communication	54,635	85,251
Advertising	1,743	2,396
Repairs and maintenance	21,993	45,961
Refunds	16,527	21,093
Licenses and fees	20,353	21,546
Bond premiums	2,700	1,840
Travel	556	520
Subscriptions	7,681	3,774
Bank charges	116,893	-
Miscellaneous	22,066	18,557
Total Operating Disbursements	<u>3,592,941</u>	<u>3,416,936</u>
Net Operating Receipts	<u>2,187,260</u>	<u>2,039,447</u>
Non-Operating Receipts:		
Tap fees	35,000	30,500
Inspection fees	8,700	16,275
Special assessments	37,715	33,178
Plan review fees	18,990	20,740
Meter fees	16,455	40,781
Backflow	7,902	15,077
EDU fees	114,440	156,810
Application fees	4,850	6,050
Observation fees	600	-
Refunds	478	-
Miscellaneous	11,585	13,678
Sale of assets	911	1,724
Sales tax (net)	(9,083)	(4,217)
Totals	<u>248,543</u>	<u>330,596</u>
Non-Operating Disbursements:		
Debt service	1,482,272	1,484,398
Capital improvements	419,484	377,734
Utility receipts tax	288,443	-
Contractual payment to City	1,112,727	1,344,821
Totals	<u>3,302,926</u>	<u>3,206,953</u>
Increase/(Decrease) In Cash and Cash Equivalents	(867,123)	(836,910)
Beginning Cash and Cash Equivalents	<u>1,288,015</u>	<u>420,892</u>
Ending Cash and Cash Equivalents	<u>\$420,892</u>	<u>(\$416,018)</u>

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

COMPARISON OF ACCOUNT BALANCES WITH
MINIMUM BALANCES REQUIRED

<u>Cash and Investments:</u>	<u>Account Balance at 12/31/2015</u>	<u>Minimum Balance Required</u>	<u>Ref.*</u>	<u>Variance</u>
Operating	(\$1,097,023)	\$885,623	(1)	(\$1,982,646)
Sinking fund:				
Bond and interest account	-	-	(2)	-
Debt service reserve account	1,058,740	1,243,136	(3)	(184,396)
Capital Improvement	<u>(377,735)</u>	<u>-</u>	(4)	<u>(377,735)</u>
Totals	<u>(\$416,018)</u>	<u>\$2,128,759</u>		<u>(\$2,544,777)</u>

* Minimum balance required by Bond Ordinance.

- (1) The balance maintained in this fund shall be sufficient to pay expenses of operation, repair and maintenance for the next succeeding two calendar months.

Operating Disbursements	\$5,312,677
Times factor for 2 months (2 months/12 months)	<u>16.67%</u>
Minimum balance required	<u>\$885,623</u>

- (2) The balance of this account should be equal to the accrued monthly transfers of 1/6 of the interest on all outstanding bonds payable on the then next succeeding interest payment date and 1/12th of the principal on all outstanding bonds payable on the then next succeeding principal payment date.

	<u>Amount</u>	<u>Months Factor *</u>	<u>Balance</u>
Principal due 1/1/2016			
2007 A Bonds	\$155,000	0/12	\$ -
2007 B Bonds	155,000	0/12	-
2009 A Bonds	200,000	0/12	-
2009 B Bonds	70,000	0/12	-
Interest due 1/1/2016			
2007 A Bonds	65,809	0/6	-
2007 B Bonds	107,653	0/6	-
2009 A Bonds	120,036	0/6	-
2009 B Bonds	32,866	0/6	-
Minimum balance required			<u>\$ -</u>

* Principal and interest payments were made prior to December 31, 2016. No balance is required.

- (3) The balance in this account should be equal to the maximum annual combined debt service

Minimum balance required	<u>\$1,243,136</u>
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- (4) No balance is required. However, it is recommended that a reserve equal to annual depreciation expense be maintained in this account.

\$ -

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

**SCHEDULE OF AMORTIZATION OF \$2,555,000 PRINCIPAL AMOUNT OF
OUTSTANDING WATERWORKS UTILITY REVENUE REFUNDING BONDS, SERIES 2007A**

Principal payable annually on January 1st.

Interest payable semiannually on January 1st and July 1st.

Interest rates as indicated.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Interest Rates (%)	Debt Service		Bond Year Total
				Interest	Total	
				(-----In Dollars-----)		
1/1/2017	\$2,555	\$165	4.125	\$62,515.63	\$227,515.63	\$227,515.63
7/1/2017				59,112.50	59,112.50	
1/1/2018	2,390	170	4.250	59,112.50	229,112.50	288,225.00
7/1/2018				55,500.00	55,500.00	
1/1/2019	2,220	175	5.000	55,500.00	230,500.00	286,000.00
7/1/2019				51,125.00	51,125.00	
1/1/2020	2,045	185	5.000	51,125.00	236,125.00	287,250.00
7/1/2020				46,500.00	46,500.00	
1/1/2021	1,860	195	5.000	46,500.00	241,500.00	288,000.00
7/1/2021				41,625.00	41,625.00	
1/1/2022	1,665	205	5.000	41,625.00	246,625.00	288,250.00
7/1/2022				36,500.00	36,500.00	
1/1/2023	1,460	215	5.000	36,500.00	251,500.00	288,000.00
7/1/2023				31,125.00	31,125.00	
1/1/2024	1,245	225	5.000	31,125.00	256,125.00	287,250.00
7/1/2024				25,500.00	25,500.00	
1/1/2025	1,020	235	5.000	25,500.00	260,500.00	286,000.00
7/1/2025				19,625.00	19,625.00	
1/1/2026	785	250	5.000	19,625.00	269,625.00	289,250.00
7/1/2026				13,375.00	13,375.00	
1/1/2027	535	260	5.000	13,375.00	273,375.00	286,750.00
7/1/2027				6,875.00	6,875.00	
1/1/2028	275	275	5.000	6,875.00	281,875.00	288,750.00
Totals		<u>\$2,555</u>		<u>\$836,240.63</u>	<u>\$3,391,240.63</u>	<u>\$3,391,240.63</u>

Redemption Provisions:

The Bonds maturing on or after January 1, 2018 are callable by the City at face value plus accrued interest to the date of redemption.

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

**SCHEDULE OF AMORTIZATION OF \$2,945,000 PRINCIPAL AMOUNT OF OUTSTANDING
TAXABLE WATERWORKS UTILITY REVENUE REFUNDING BONDS, SERIES 2007B**

Principal payable annually on January 1st.
Interest payable semiannually on January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Interest Rates (%)	Debt Service		Bond Year Total
				Interest (-----In Dollars-----)	Total	
1/1/2017	\$2,945	\$165	6.000	\$103,003.16	\$268,003.16	\$268,003.16
7/1/2017				98,053.16	98,053.16	
1/1/2018	2,780	175	6.000	98,053.16	273,053.16	371,106.32
7/1/2018				92,803.16	92,803.16	
1/1/2019	2,605	185	7.125	92,803.16	277,803.16	370,606.32
7/1/2019				86,212.53	86,212.53	
1/1/2020	2,420	200	7.125	86,212.53	286,212.53	372,425.06
7/1/2020				79,087.53	79,087.53	
1/1/2021	2,220	215	7.125	79,087.53	294,087.53	373,175.06
7/1/2021				71,428.15	71,428.15	
1/1/2022	2,005	230	7.125	71,428.15	301,428.15	372,856.30
7/1/2022				63,234.40	63,234.40	
1/1/2023	1,775	245	7.125	63,234.40	308,234.40	371,468.80
7/1/2023				54,506.27	54,506.27	
1/1/2024	1,530	265	7.125	54,506.27	319,506.27	374,012.54
7/1/2024				45,065.64	45,065.64	
1/1/2025	1,265	285	7.125	45,065.64	330,065.64	375,131.28
7/1/2025				34,912.51	34,912.51	
1/1/2026	980	305	7.125	34,912.51	339,912.51	374,825.02
7/1/2026				24,046.88	24,046.88	
1/1/2027	675	325	7.125	24,046.88	349,046.88	373,093.76
7/1/2027				12,468.75	12,468.75	
1/1/2028	350	350	7.125	12,468.75	362,468.75	374,937.50
Totals	\$2,945			\$1,426,641.12	\$4,371,641.12	\$4,371,641.12

Redemption Provisions:

The Bonds maturing on or after January 1, 2018 are callable by the City at face value plus accrued interest to the date of redemption.

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

**SCHEDULE OF AMORTIZATION OF \$4,190,000 PRINCIPAL AMOUNT
OF OUTSTANDING WATERWORKS REVENUE BONDS, SERIES 2009A**

Principal payable annually on January 1st.
Interest payable semiannually on January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Interest Rates (%)	Debt Service		Bond Year Total
				Interest (-----In Dollars-----)	Total	
1/1/2017	\$4,190	\$210	4.80	\$115,436.00	\$325,436.00	\$325,436.00
7/1/2017				110,396.00	110,396.00	
1/1/2018	3,980	220	4.99	110,396.00	330,396.00	440,792.00
7/1/2018				104,907.00	104,907.00	
1/1/2019	3,760	230	5.11	104,907.00	334,907.00	439,814.00
7/1/2019				99,030.50	99,030.50	
1/1/2020	3,530	245	5.21	99,030.50	344,030.50	443,061.00
7/1/2020				92,648.25	92,648.25	
1/1/2021	3,285	255	5.26	92,648.25	347,648.25	440,296.50
7/1/2021				85,941.75	85,941.75	
1/1/2022	3,030	270	5.34	85,941.75	355,941.75	441,883.50
7/1/2022				78,732.75	78,732.75	
1/1/2023	2,760	285	5.41	78,732.75	363,732.75	442,465.50
7/1/2023				71,023.50	71,023.50	
1/1/2024	2,475	300	5.46	71,023.50	371,023.50	442,047.00
7/1/2024				62,833.50	62,833.50	
1/1/2025	2,175	315	5.56	62,833.50	377,833.50	440,667.00
7/1/2025				54,076.50	54,076.50	
1/1/2026	1,860	330	5.66	54,076.50	384,076.50	438,153.00
7/1/2026				44,737.50	44,737.50	
1/1/2027	1,530	350	5.77	44,737.50	394,737.50	439,475.00
7/1/2027				34,640.00	34,640.00	
1/1/2028	1,180	370	5.83	34,640.00	404,640.00	439,280.00
7/1/2028				23,854.50	23,854.50	
1/1/2029	810	395	5.89	23,854.50	418,854.50	442,709.00
7/1/2029				12,221.75	12,221.75	
1/1/2030	415	415	5.89	12,221.75	427,221.75	439,443.50
Totals		<u>\$4,190</u>		<u>\$1,865,523.00</u>	<u>\$6,055,523.00</u>	<u>\$6,055,523.00</u>

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF AMORTIZATION OF \$865,000 PRINCIPAL AMOUNT OF
OUTSTANDING TAXABLE WATERWORKS REVENUE BONDS, SERIES 2009B

Principal payable annually on January 1st.
Interest payable semiannually on January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance (-----In \$1,000's-----)	Principal	Interest Rates (%)	Debt Service		Bond Year Total
				Interest (-----In Dollars-----)	Total	
1/1/2017	\$865	\$70	6.76	\$30,587.00	\$100,587.00	\$100,587.00
7/1/2017				28,221.00	28,221.00	
1/1/2018	795	75	7.00	28,221.00	103,221.00	131,442.00
7/1/2018				25,596.00	25,596.00	
1/1/2019	720	85	7.11	25,596.00	110,596.00	136,192.00
7/1/2019				22,574.25	22,574.25	
1/1/2020	635	90	7.11	22,574.25	112,574.25	135,148.50
7/1/2020				19,374.75	19,374.75	
1/1/2021	545	95	7.11	19,374.75	114,374.75	133,749.50
7/1/2021				15,997.50	15,997.50	
1/1/2022	450	100	7.11	15,997.50	115,997.50	131,995.00
7/1/2022				12,442.50	12,442.50	
1/1/2023	350	110	7.11	12,442.50	122,442.50	134,885.00
7/1/2023				8,532.00	8,532.00	
1/1/2024	240	115	7.11	8,532.00	123,532.00	132,064.00
7/1/2024				4,443.75	4,443.75	
1/1/2025	125	125	7.11	4,443.75	129,443.75	133,887.50
Totals		<u>\$865</u>		<u>\$304,950.50</u>	<u>\$1,169,950.50</u>	<u>\$1,169,950.50</u>

(See Accountants' Report)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF COMBINED BOND AMORTIZATION

Payment Date	2007A Bonds	2007B Bonds	2009A Bonds	2009B Bonds	Bond Year Total
1/1/2017	\$227,515.63	\$268,003.16	\$325,436.00	\$100,587.00	\$921,541.79
7/1/2017	59,112.50	98,053.16	110,396.00	28,221.00	
1/1/2018	229,112.50	273,053.16	330,396.00	103,221.00	1,231,565.32
7/1/2018	55,500.00	92,803.16	104,907.00	25,596.00	
1/1/2019	230,500.00	277,803.16	334,907.00	110,596.00	1,232,612.32
7/1/2019	51,125.00	86,212.53	99,030.50	22,574.25	
1/1/2020	236,125.00	286,212.53	344,030.50	112,574.25	1,237,884.56
7/1/2020	46,500.00	79,087.53	92,648.25	19,374.75	
1/1/2021	241,500.00	294,087.53	347,648.25	114,374.75	1,235,221.06
7/1/2021	41,625.00	71,428.15	85,941.75	15,997.50	
1/1/2022	246,625.00	301,428.15	355,941.75	115,997.50	1,234,984.80
7/1/2022	36,500.00	63,234.40	78,732.75	12,442.50	
1/1/2023	251,500.00	308,234.40	363,732.75	122,442.50	1,236,819.30
7/1/2023	31,125.00	54,506.27	71,023.50	8,532.00	
1/1/2024	256,125.00	319,506.27	371,023.50	123,532.00	1,235,373.54
7/1/2024	25,500.00	45,065.64	62,833.50	4,443.75	
1/1/2025	260,500.00	330,065.64	377,833.50	129,443.75	1,235,685.78
7/1/2025	19,625.00	34,912.51	54,076.50		
1/1/2026	269,625.00	339,912.51	384,076.50		1,102,228.02
7/1/2026	13,375.00	24,046.88	44,737.50		
1/1/2027	273,375.00	349,046.88	394,737.50		1,099,318.76
7/1/2027	6,875.00	12,468.75	34,640.00		
1/1/2028	281,875.00	362,468.75	404,640.00		1,102,967.50
7/1/2028			23,854.50		
1/1/2029			418,854.50		442,709.00
7/1/2029			12,221.75		
1/1/2030			427,221.75		439,443.50
Totals	<u>\$3,391,240.63</u>	<u>\$4,371,641.12</u>	<u>\$6,055,523.00</u>	<u>\$1,169,950.50</u>	<u>\$14,988,355.25</u>

Average annual principal and interest payment
for the five bond years ending January 1, 2022

\$1,234,453.61

(See Accountants' Report)

Resolution No. 2017-02

Exhibit "B"

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF PRESENT AND PROPOSED WATER RATES AND CHARGES

I. Monthly Service Charge:

Meter Size (Per Month):	<u>Current (1)</u>	<u>Phase I</u>	<u>Phase II</u>
5/8 inch meter	\$7.53	\$14.10	\$14.86
1 inch meter	9.94	18.62	19.62
1 1/2 inch meter	12.36	23.15	24.40
2 inch meter	19.24	36.03	37.97
3 inch meter	69.25	129.70	136.69
4 inch meter	87.84	164.52	173.39
6 inch meter	130.59	244.58	257.76
8 inch meter	179.85	336.84	355.00
10 inch meter	251.80	471.60	497.02
12 inch meter	352.52	660.23	695.82

II. Monthly Consumption (Per 1,000 Gallons):

First	15,000 gallons	\$3.72	\$6.97	\$7.35
Next	985,000 gallons	2.24	4.20	4.43
Over	1,000,000 gallons	1.86	3.48	3.67

III. Fire Protection Services (Per Annum):

Private Hydrant	\$594.88	\$1,114.15	\$1,174.20
Sprinkler Connection			
4 inch line	\$674.35	\$1,262.99	\$1,331.07
6 inch line	1,467.75	2,748.95	2,897.12
8 inch line	2,578.54	4,829.35	5,089.65
10 inch line	3,967.01	7,429.81	7,830.28
12 inch line	5,950.51	11,144.71	11,745.41

(1) Current rates and charges approved July 23, 2008 in Ordinance No. 15, 2008 and amended and restated in Ordinance No. 24, 2009 and Ordinance No. 9, 2012.

(Continued on next page)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED WATER RATES AND CHARGES

IV. Connection and Development Fees: Current (1) Phase I Phase II

Each connection charge shall be computed on the basis of equivalent dwelling units (EDU) constituting the equivalent of 5,000 gallons per month as a single-family residence. Each proposed connection shall be assessed the proportionate multiple of EDUs as determined by the Utility Superintendent and staff in accordance with the industry standards upon review of the proposed facility to be connected

An EDU shall be charged at \$1,500.00 per EDU for purpose of determining the Connection Charge.

Meter Cost	Direct Cost + Administrative and Overhead Charges of 25% of Direct Cost		
Tap and Inspection (per tap)	\$500.00	\$500.00	\$500.00
Plan Review Fees	\$90.00 per hour or Direct Cost + Administrative and Overhead Charge of 25%, whichever is greater		
Inspection Fees	\$75.00 per hour or Direct Cost + Administrative and Overhead Charge of 25%, whichever is greater		
Testing Fees	Direct Cost + Administrative and Overhead Charge of 25%, whichever is greater		
Backflow Preventer Testing	\$80.00 Per test		

(1) Current rates and charges approved July 23, 2008 in Ordinance No. 15, 2008 and amended and restated in Ordinance No. 24, 2009 and Ordinance No. 9, 2012.

(Continued on next page)

LAWRENCE (INDIANA) MUNICIPAL WATER UTILITY

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED WATER RATES AND CHARGES

V. Miscellaneous Fees	<u>Current (1)</u>	<u>Phase I</u>	<u>Phase II</u>
Disconnect Notice- Multi family housing (per instance)	\$50.00	\$50.00	\$50.00
Turn on Fee (per instance of turn off) Disconnect for Non-payment of Bill in Excess of \$75	\$35.00	\$35.00	\$35.00
Request by Customer Nights, Weekends and Holidays (per hour)	\$35.00	\$50.00	\$50.00
Change Over Fee (per instance)	\$30.00	\$30.00	\$30.00
Temporary Hydrant Connection (per instance)	\$75.00	\$75.00	\$75.00
Late Reporting of Temporary Hydrant Water Usage (must report use of temporary hydrant water usage within the end of the calendar month in which usage begins and within ten (10) days after the end of usage) (per instance)	\$100.00	\$100.00	\$100.00
Deposit for Hydrant Meter	\$200.00	\$200.00	\$200.00
Penalty Charge for Tampering with a Meter or Measuring Equipment (per instance)	\$250.00	\$250.00	\$250.00
Unauthorized Use of Potable Water from a public or private fire hydrant (per instance)	\$250.00	\$250.00	\$250.00
Fee for bad check/insufficient funds (per instance)	\$25.00	\$35.00	\$35.00
Repair or Replacement of a Damaged Meter (per meter)		Direct Cost + Administrative and Overhead Charge of 25%, whichever is greater	
Statement Fee (per month)		\$1.00	\$2.00

(1) Current rates and charges approved July 23, 2008 in Ordinance No. 15, 2008 and amended and restated in Ordinance No. 24, 2009 and Ordinance No. 9, 2012.