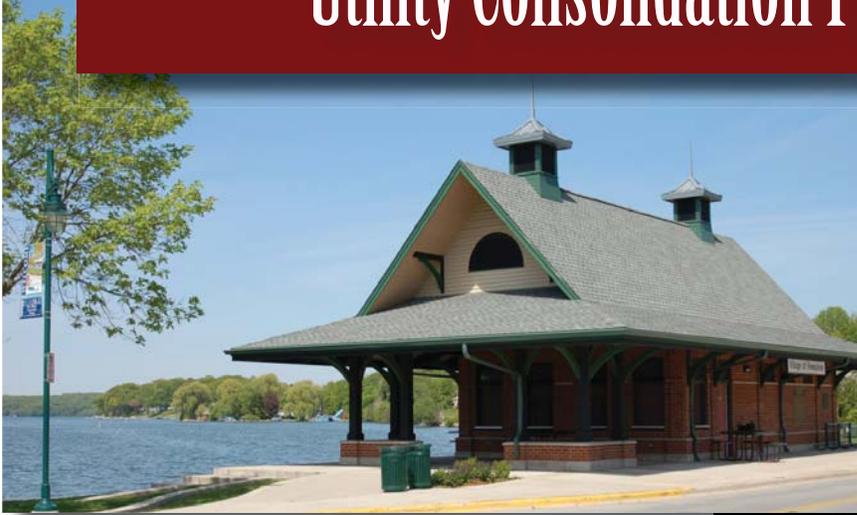


Utility Consolidation Financial Analysis



Prepared for the City of Pewaukee and the
Village of Pewaukee

August 2009

UTILITY CONSOLIDATION FINANCIAL ANALYSIS

CITY AND VILLAGE OF PEWAUKEE
WAUKESHA COUNTY, WISCONSIN

AUGUST/2009

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EXECUTIVE SUMMARY

A Consolidation Tax Rate Feasibility Analysis prepared in the spring of 2009 reviewed and recommended options under which both City and Village taxpayers could obtain reduced property tax rates as a result of consolidation. After review of the study, the Merger Advisory Committee recommended that the City Council and Village Board pursue the following alternatives:

1. Seek legislation to allow the creation of a special taxing district for consolidation. This taxing district would encompass the area that is currently within the Village limits. Property within this district would be taxed and the revenues would be used to make a payment to the consolidated municipality in order to reduce its general tax levy. This payment would enable both City and Village property owners to benefit from the reduction in overall property tax rates.

2. Conduct studies of the future sewer and water utility capital projects needed with and without consolidation to quantify capital costs that could be avoided, as well as the associated utility rate impacts, and determine the amount of Village utility reserves, if any, that could be used to create a tax rate reduction fund for the new consolidated municipality. This tax rate reduction fund would be used reduce the general property tax levy for some period of time and keep the property tax rate for City property owners from increasing due to consolidation. This would offer another alternative by which both City and Village property owners could benefit from the reduction in overall property tax rates due to consolidation.

Ruekert/Mielke prepared studies regarding the consolidation of the sanitary sewer and water facilities. Those studies evaluated how the water and sanitary sewer systems could be connected and evaluated future capital cost avoidance that could be achieved by consolidating the sewer and water utilities.

The Water Utility Consolidation Study analyzed the capacity of the City and Village water systems to supply projected future water demands through 2035 under two scenarios: the continuation of separate water utilities; and as a single interconnected water utility. The study found that a capital cost savings of approximately \$6.7 million could be achieved through consolidation. This was due to various economies that would be created by consolidation, such as a reduced need for backup facilities for areas of the City that are separated from one another and the ability of the two systems to share well and storage capacity.

The Sanitary Sewer Utility Consolidation Study conducted a broad evaluation of the capital costs to the sanitary sewer utilities to identify future anticipated benefits of consolidation. With the assumption that the two communities would continue to cooperate, prior studies of the consolidation of the City and Village sewer utilities have concluded that, while there would be some reductions in administrative and operations costs, there would be little impact on capital improvement costs. This study found that consolidation of the two utilities would reduce the costs associated with independent planning for the two systems and negotiation and administration of the inter-municipal agreements. In addition, it was pointed out that, without consolidation, the City could be at risk for significantly higher capital costs if it was unable to successfully negotiate cooperative agreements with the Village to serve areas of the City that are currently without sewer service.

The purpose of this Utility Consolidation Financial Analysis was to evaluate the impacts of consolidation of the sewer and water utilities on future utility rates; determine how much of the existing Village utility reserves, if any, could be used for tax rate reduction for a consolidated municipality; and to estimate the likely impacts on future user charge rates of withdrawing utility reserves, taking into account future capital expenditures.

This study developed and compared forecasts of cash flows, reserve balances, and required overall percentage rate increases for the City and Village utility customers for the period 2010-2025 for the following scenarios:

1. The utilities remain separate and do not consolidate.
2. The municipalities and the utilities consolidate entirely. Legislation to create a consolidation taxing district is successful and a taxing district encompassing the Village is used to make a payment to the consolidated municipality. Therefore, no utility reserves are withdrawn to make a consolidation payment.
3. The municipalities and the utilities consolidate entirely. A consolidation taxing district is not formed, therefore, Village utility reserves are withdrawn, prior to consolidation, to make a consolidation payment to the consolidated municipality in order to prevent property taxes from increasing for City property owners due to consolidation.

Table 10 summarizes the findings of this study. The following conclusions were drawn from these findings:

1. Current sewer user charges for City customers are about the same as those for Village customers, taking into account the slightly higher amount of water use per customer for City customers. If the two utilities were to remain separate, it is expected that Village sewer user charge rates would increase by a higher percentage than City sewer user charge rates between 2009 and 2025.
2. Current water user charges for City customers are about the same as those for Village customers, taking into account the higher water usage by City customers. If the two utilities were to remain separate, both utilities would require significant rate increases before 2025. However, it is expected that the City would require much higher water rate increases as compared to the Village.
3. Since there are only modest operation and maintenance savings expected from consolidation of the sewer utilities, the forecast rate increases for a consolidated utility are similar to the rate increases that would be expected for separate City and Village sewer utilities if the communities would continue to cooperate. The consolidation of the sewer utilities would result in slightly lower rates for both City customers and Village customers, as compared to maintaining separate utilities.
4. Consolidation of the water utilities is expected to yield significant capital cost savings of approximately \$6.7 million. These savings would translate into a reduction in total required user charge revenues for 2025 of approximately \$560,000 per year, as compared to the amount of total revenues that would be

required if the utilities remain separate. These savings would not be shared equally by City and Village customers, however. Under consolidation of the water utilities, Village water charges are forecast to be approximately 3% higher by 2025 than if the utilities remained separate. City customers, on the other hand, are forecast to have rates that would be approximately 19% lower than would be the case if the utilities remained separate.

5. The Consolidation Tax Rate Feasibility Analysis proposed the withdrawal of \$3.5 to \$5.25 million in utility reserves for the purpose of

making a consolidation payment to the consolidated municipality in order to achieve property tax savings for City tax payers as well as Village tax payers. That study pointed out that the amount that could be withdrawn from utility reserves should be verified and the impacts of such a withdrawal on future user charge rates should be studied. This study considered the impact of the withdrawal of \$4.75 million in Village utility reserves—\$3.00 million from the sewer utility and \$1.75 million from the water utility—to make a consolidation payment to the consolidated municipality in order to prevent property taxes from increasing for City property owners due to consolidation. This withdrawal of funds is projected to result in future sewer rates that are slightly higher than the rates for a consolidated sewer utility with no withdrawal of funds, but similar to or lower than future rates for separate City and Village sewer utilities. The withdrawal of water utility reserves is not expected to impact the future water rate increases in comparison to the forecast rates for consolidated utilities with no withdrawal of utility funds. The withdrawal of funds would reduce the amount of reserves, but not below a reasonable level. Therefore, it appears to be feasible to withdraw approximately \$4.75 million from utility reserves without significant impacts on utility customers.

6. When both the sewer and water utilities are considered, both City and Village customers would benefit from the consolidation of the utilities. However, City customers would benefit more than Village customers. City customers would

Table 10 - Summary of Sewer and Water Rates by Scenario

	Average Annual Charges / REC	
	2009	2025
City		
Scenario 1		
Sewer	\$416	\$455
Water	\$407	\$742
Total	\$823	\$1,196
Scenario 2		
Sewer ⁽¹⁾	\$419	\$431
Water ⁽¹⁾	\$407	\$621
Total	\$826	\$1,053
Scenario 3		
Sewer ⁽¹⁾	\$419	\$458
Water ⁽¹⁾	\$407	\$621
Total	\$826	\$1,079
Village		
Scenario 1		
Sewer	\$346	\$429
Water	\$354	\$503
Total	\$699	\$932
Scenario 2		
Sewer ⁽¹⁾	\$346	\$356
Water ⁽¹⁾	\$339	\$519
Total	\$685	\$874
Scenario 3		
Sewer ⁽¹⁾	\$346	\$378
Water ⁽¹⁾	\$339	\$518
Total	\$685	\$896

(1) All annual charges were converted to an amount based on typical water or sewer usage per residential customer for each utility, in order to provide a fair comparison between Scenarios.

have lower water and sewer rates due to consolidation. Village customers would experience lower sewer rates, slightly higher water rates, and slightly lower total utility rates as compared to continuation of separate utilities. These impacts of consolidation are similar even if Village utility reserves are withdrawn to make a consolidation payment to the general fund of the consolidated municipality.

7. If the City and Village were successful in obtaining legislation to allow for the creation of a consolidation taxing district, not only would City and Village property owners benefit from reduced property tax rates, but utility customers in both the City and the Village would also experience lower future water and sewer rates.

8. If the City and the Village were not able to create a consolidation taxing district, utility reserve funds could be used to ensure that both City and Village property owners share in the benefits of consolidation. The use of utility reserves would enable the consolidated municipality to reduce tax rates for City property owners, all other factors being equal. It would also achieve an even larger property tax rate decrease for Village property owners. However, the savings in utility user charges would be somewhat smaller for both City and Village customers under this approach as compared to the use of the consolidation taxing district.

INTRODUCTION

Prior studies have shown that consolidation of the City and Village of Pewaukee would result in overall cost savings in general fund expenditures. However, these studies have also shown that the majority of these cost savings would inure to the benefit of Village taxpayers unless a different method of redistributing these cost savings between both the City and Village taxpayers can be found.

In the spring of 2009, the Southeastern Wisconsin Regional Planning Commission (SEWRPC), facilitated the preparation of a Consolidation Tax Rate Feasibility Analysis and the review of the study report by the Merger Advisory Committee, which was comprised of representatives of both the City and Village. The purpose of this study was to review and recommend options under which both City and Village taxpayers could obtain reduced property tax rates as a result of consolidation. The study identified three feasible options for achieving this purpose.

After review of the study, the Merger Advisory Committee recommended that the City Council and Village Board proceed with two of the next steps outlined in the Consolidation Tax Rate Feasibility Analysis report, dated March 11, 2009. These recommended steps were as follows:

1. Seek legislation to allow the creation of a special taxing district for consolidation. This taxing district would encompass the area that is currently within Village limits. Property within this district would be taxed and the revenues would be used to make a payment to the consolidated municipality in order to reduce its general tax levy. This payment would enable both City and Village property owners to benefit from the reduction in overall property tax rates.

2. Conduct studies of the future sewer and water utility capital projects needed with and without consolidation to quantify capital costs that could be avoided, as well as the associated utility rate impacts, and determine the amount of Village utility reserves, if any, that could be used to create a tax rate reduction fund for the new consolidated municipality. This tax rate reduction fund would be used to reduce the general property tax levy for some period of time and keep the property tax rate for City property owners from increasing due to consolidation. This would offer another alternative by which both City and Village property owners could benefit from the reduction in overall property tax rates due to consolidation.

Ruekert/Mielke prepared studies regarding the consolidation of the sanitary sewer and water facilities. Those studies evaluated how the water and sanitary sewer systems could be connected and evaluated future capital cost avoidance that could be achieved by consolidating the sewer and water utilities.

The Water Utility Consolidation Study analyzed the capacity of the City and Village water systems to supply projected future water demands through 2035 under two scenarios: the continuation of separate water utilities; and as a single interconnected water utility. The study determined the new water facilities that would be needed under each of these scenarios and the estimated cost of those facilities. The study found that improvements totaling \$10.3 million would be needed through 2035 if the two utilities remain separate. Consolidation of the utilities would significantly reduce the need for new facilities due to several factors, such as a reduced need for backup facilities for areas of the City that are separated from one another and the ability of the two

systems to share well and storage capacity. A consolidated utility would require approximately \$3.6 million of new facilities through 2035. Therefore, a capital cost savings of approximately \$6.7 million could be achieved through consolidation.

The Sanitary Sewer Utility Consolidation Study conducted a broad evaluation of the capital costs to the sanitary sewer utilities to identify future anticipated benefits of consolidation. The study reviewed existing sanitary sewer studies, inter-municipal agreements, sewer service areas and system capacities. Prior studies of the consolidation of the City and Village sewer utilities have concluded that, while there would be some reductions in administrative and operations costs, there would be little impact on capital improvement costs. These studies assumed that the two municipalities would continue to cooperate with each other by interconnecting the two systems and allowing sewage from the City of Pewaukee to flow through Village sewer system. Consolidation of the two utilities would reduce the costs associated with independent planning for the two systems and negotiation and administration of the inter-municipal agreements. Without consolidation, the City could be at risk for significantly higher capital costs if it was unable to successfully negotiate cooperative agreements with the Village to serve areas of the City that are currently without sewer service.

The purpose of this Utility Consolidation Financial Analysis was to evaluate the impacts of consolidation of the sewer and water utilities on future utility rates; determine how much of the existing Village utility reserves, if any, could be used for tax rate reduction for a consolidated municipality; and to estimate the likely impacts on future user charge rates of withdrawing utility reserves, taking into account future capital expenditures.

METHODOLOGY

The planning area for this study encompasses the entire area within the corporate boundaries of the City and Village. The planning period used for the water study extended from 2010 through 2035, consistent with the Southeastern Wisconsin Regional Water Study. This study uses a shorter planning period, 2010-2025, for two reasons. First, the expected timing of construction of the latest recommended water system improvements is 2025. In addition, it would be difficult to project some of the alternatives described below for a period of more than 10-15 years.

This study developed and compared forecasts of cash flows, reserve balances, and required overall percentage rate increases for the City and Village utility customers for the following scenarios:

1. The utilities remain separate and do not consolidate.
2. The municipalities and the utilities consolidate entirely. Legislation to create a consolidation taxing district is successful and a taxing district encompassing the Village is used to make a payment to the consolidated municipality. Therefore, no utility reserves are withdrawn to make a consolidation payment.
3. The municipalities and the utilities consolidate entirely. A consolidation taxing district is not formed, therefore, Village utility reserves are withdrawn, prior to consolidation, to make a consolidation payment to the consolidated municipality in order to prevent property taxes from increasing for City property owners due to consolidation.

This study considered the impacts of these scenarios in terms of the required percentage increases in total user charge revenues and the impacts on the average single-family residential customer. It did not include the preparation of detailed cost of service studies or rate schedules. This study gave preliminary consideration to an operations and maintenance budget for consolidated sewer and water utilities. However it did not include a detailed study of the organization and operations of consolidated utilities to identify all potential O&M savings from consolidation.

The forecasts and conclusions of this study are intended to identify the overall long-term trends in future utility user charges. It is not intended that these forecasts be used as a prediction of the exact amount of user charge rate increases for each year. The exact amount of future rate increases will be influenced not only by factors such as the amount of customer demand and costs, but also by the policy decisions of the governing bodies regarding issues such as the use of utility reserve funds versus increasing utility rates.

EXISTING CONDITIONS

Historical data regarding rates for service, number of customers, billable water demand and wastewater flow, revenues and expenses, reserve balances, and existing debt service are shown in Appendix A. These data were analyzed to quantify the characteristics of the consolidated sewer and water utilities and to develop appropriate factors to use for forecasts of future conditions.

FORECAST CUSTOMERS AND DEMAND

Sewer Utilities

Table 1 shows a summary of the approximate number of residential equivalent customers (RECs) served by the City and Village sewer utilities as of the beginning of 2009. A REC is defined as a unit of wastewater flow equal to the amount of wastewater generated by the average single-family residential unit. All single-family units are considered to be one REC, regardless of some variation in the actual amount of flow generated by each unit. Nonresidential customers may be more than one REC, depending on the amount of wastewater generated as compared to the average single-family unit.

The City sewer utility currently serves approximately 6,369 RECs based upon its current billing system. The City bills its sewer utility customers based on the number of RECs assigned to each customer, not metered water usage, and bills a flat fee per REC. The Village

Table 1 - Sewer Utility 3-Year Historical Customer Usage

City of Pewaukee Sewer Utility

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	3,369	2,761	6,130	
2007	3,432	2,844	6,276	146
2008	3,474	2,895	6,369	93
Average	3,425	2,833	6,258	120
Trend	3,530	2,968	6,498	

Village of Pewaukee Sewer Utility

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	1,636	2,403	4,039	
2007	1,640	2,552	4,192	153
2008	1,645	2,537	4,182	-10
Average	1,640	2,497	4,138	72
Trend	1,649	2,632	4,281	

provides wastewater collection and treatment services for approximately 4,182 RECs. The Village bases its wastewater billings on metered water usage, minus water usage for outdoor purposes such as lawn irrigation. The Village allows its customers to have separate water meters for outdoor water use. For purposes of estimating rate impacts under the scenarios of the continuation of separate utilities, these REC estimates were used.

Currently, City and Village residential customers have different average consumption volumes, with the City having a higher average use per customer. Therefore, for purposes of estimating rate impacts for a consolidated utility, a new REC definition is required. Table 3 shows the computation of a REC definition based on the three year average annual residential sewer usage for the combined City and Village residential customer base. For a consolidated utility, a REC was defined as a usage of 64.7 thousand gallons per year. Based upon this definition, a combined City-Village sewer utility would serve approximately 10,481 RECs.

Both the City and Village have experienced modest increases in the numbers of customers and amount of wastewater treated in recent years. Due to the current state of the economy and statewide efforts to promote water conservation, it is projected that the number of customers and wastewater flows will increase at or below the pace experienced in recent years, at least for the next several years. Although that pace may increase later, in order to be conservative in these projections, it was assumed that the number of RECs would increase by 30 per year for the City and 7 per year for the Village.

Water Utilities

Table 2 shows a summary of the approximate number of residential equivalent customers (RECs) served by the

City and Village water utilities as of the beginning of 2009 based upon their current utility billing systems. Both the City and the Village have “declining block” water rates, where the charge per unit of water decreases at higher levels of water use. Large commercial, public and industrial customers therefore pay less per unit for their water as compared to the typical residential customer. Therefore, defining RECs strictly on the basis of water use compared to the average single-family residential customer would not be useful for purposes of predicting the amount of revenues from nonresidential customers. For purposes of this study, the number of RECs for nonresidential customers was determined based on the amount of service charge revenues from these customers as compared to the average amount of annual service charge revenues per single-family residential customer. Using this definition, the City water utility currently serves approximately 4,550 RECs, while the Village serves 3,489 RECs, as of the beginning of 2009.

Table 2 - Water Utility 3-Year Historical Customer Usage

City of Pewaukee Water Utility				
Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	2,566	1,961	4,527	
2007	2,626	2,034	4,660	133
2008	2,660	1,890	4,550	-111
Average	2,617	1,962	4,579	11
Trend	2,711	1,890	4,602	

Village of Pewaukee Water Utility				
Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	1,636	1,798	3,434	
2007	1,640	1,869	3,509	74
2008	1,645	1,844	3,489	-19
Average	1,640	1,837	3,478	28
Trend	1,649	1,883	3,533	

Source: Public Service Commission of Wisconsin Annual Reports. Number of non-residential Residential Equivalent Connections (RECs) computed based on the amount of non-residential billings compared to residential billings.

Currently, City and Village residential customers have different average consumption volumes, with the City having a higher average use per customer. Therefore, for purposes of estimating rate impacts for a consolidated utility, a new REC definition is required. Table 3 shows the computation of a REC definition based on the three year average annual residential water usage for the combined City and Village residential customer base. For a consolidated utility, a REC was defined as a usage of 65.8 thousand gallons per year. Based upon this definition, a combined City-Village water utility would serve approximately 7,930 RECs. The number of RECs served by the water utility as compared to the sewer utility is due to the

fact that non-residential water customers generally pay lower rates for water service as compared to residential customers.

Both the City and Village have experienced modest increases in the numbers of customers and the amount of water demand in recent years. Due to the current state of the economy and statewide efforts to promote water conservation, it is projected that the number of customers and water demand will increase at or below the recent pace, at least for the next several years, with the potential for that pace to increase later. Therefore, for purposes of forecasting future customers and demand for water service during the planning period of this study, it was assumed that the number of RECs would increase by 30 per year for the City and 7 per year for the Village.

Table 3 - Definition of Standard REC for Consolidated Utilities

Sewer Utilities				Water Utilities					
Average Sewer Use Per Residential Customer				Average Water Use Per Residential Customer					
		No. Cust.	1,000 Gals.	Ave. Use / Cust.			Ave. Use / Cust.		
City	2006	2,566	175,929	68.6	City	2006	2,566	175,929	68.6
	2007	2,626	182,500	69.5		2007	2,626	182,500	69.5
	2008	2,660	186,031	69.9		2008	2,660	186,031	69.9
	Average	2,617	181,487	69.3		Average	2,617	181,487	69.3
Village	2006	1,636	95,481	58.4	Village	2006	1,636	100,177	61.2
	2007	1,640	94,684	57.7		2007	1,640	100,093	61.0
	2008	1,645	91,400	55.6		2008	1,645	95,990	58.4
	Average	1,640	93,855	57.2		Average	1,640	98,753	60.2
Combined	2006	4,202	271,410	64.6	Combined	2006	4,202	276,106	65.7
	2007	4,266	277,184	65.0		2007	4,266	282,593	66.2
	2008	4,305	277,431	64.4		2008	4,305	282,021	65.5
	Average	4,258	275,342	64.7		Average	4,258	280,240	65.8
Sewer REC Defined		64.7 (000 gallons per year)		Water REC Defined		65.8 (000 gallons per year)			
Convert RECs to New Definition				Convert RECs to New Definition					
Sewer				Water					
	Estimated Billed RECs 2008	Estimated Volume (000s)	RECs at New Definition		Estimated Billed RECs 2008	Estimated Volume (000s)	RECs at New Definition		
City	6,369	445,439	6,888	City	4,550	318,184	4,836		
Village	4,182	232,384	3,593	Village	3,489	203,619	3,095		
Total			10,481	Total			7,930		

**FORECAST OPERATION AND
MAINTENANCE BUDGETS**

Preliminary estimated operation and maintenance budgets for consolidated utilities were prepared based on the 2009 budgets for the City and Village sewer and water utilities. The actual 2009 City and Village budgets and the estimated consolidated 2009 budget were used as the basis for future projections. Based on recent years' trends in O&M costs, an inflation factor of 5 percent was used to forecast future O&M costs for all scenarios.

In order to prepare the consolidated budgets for the sewer and water utilities, several key assumptions were made. First, it was assumed that there would be some minor changes in staffing for consolidated utilities as compared to the current staffing arrangements. Table 4 shows the approximate current allocation of the City

and Village staff's hours, wages and benefits to the sewer and water utilities. The way in which the City and Village currently staff their utilities differs in certain respects. The Village has two operators for each utility, one of who is designated as the senior operator or foreman. The Village also budgets for approximately 400 hours per year of overtime for each utility. These operators spend the majority of their time on utility operations, but may on occasion assist with other public works functions if needed. In addition, a percentage of the wages and benefits of the public works director and superintendent are allocated to each utility in proportion to the amount of time devoted to utility operations. Similarly, the Village allocates half of the Deputy Treasurer's wages to the Sewer Utility and half to the Water Utility. The City has dedicated utility staff, including a water superintendent, water operators, and a utility clerk. Wages and benefits for these employees are allocated between the sewer

Table 4 - Current Allocation of Utility Staff

Water Utility	Staff Position	FTE	City			Village				Total		
			Annual Wages per FTE	Wages & Benefits per FTE	Alloc. Wages & Benefits	Annual Wages per FTE	Wages & Benefits per FTE	Alloc. Wages	Alloc. Wages & Benefits	FTE	Alloc. Wages & Benefits	
	Engineer / DPW	0.10	\$97,905	\$131,043	\$13,104	0.25	\$91,225	\$128,104	\$22,806	\$32,026	0.35	\$45,130
	Assistant Engineer	0.10	\$59,663	\$71,329	\$7,133						0.10	\$7,133
	Engineering Technician	0.10	\$37,029	\$45,134	\$4,513						0.10	\$4,513
	Public Works Supervisor / Utility Supt.	0.80	\$79,394	\$96,859	\$77,487	0.25	\$68,804	\$101,560	\$17,201	\$25,390	1.05	\$102,877
	Water Senior Operator	1.00	\$60,159	\$72,729	\$72,729	1.00	\$55,952	\$74,546	\$55,952	\$74,546	2.00	\$147,275
	Water Operators	2.10	\$50,918	\$73,982	\$155,362	1.00	\$52,520	\$81,676	\$52,520	\$81,676	3.10	\$237,038
	Overtime - Operators					0.20				\$14,909	0.20	\$14,909
	Deputy Treasurer					0.50	\$51,813	\$80,833	\$25,907	\$40,417	0.50	\$40,417
	City Accountant	0.10	\$53,602	\$78,034	\$7,803						0.10	\$7,803
	Utility Billing Clerk	0.60	\$36,412	\$44,136	\$26,482						0.60	\$26,482
	Total	4.90			\$364,614	3.20			\$174,386	\$268,964	8.10	\$633,578

Sewer Utility	Staff Position	FTE	City			Village				Total		
			Annual Wages per FTE	Wages & Benefits per FTE	Wages & Benefits Alloc. To Sewer	Annual Wages per FTE	Wages & Benefits per FTE	Alloc. Wages	Alloc. Wages & Benefits	FTE	Alloc. Wages & Benefits	
	Engineer / DPW	0.10	\$97,905	\$131,043	\$13,104	0.25	\$91,225	\$128,104	\$22,806	\$32,026	0.35	\$45,130
	Assistant Engineer	0.10	\$59,663	\$71,329	\$7,133						0.10	\$7,133
	Engineering Technician	0.10	\$37,029	\$45,134	\$4,513						0.10	\$4,513
	Public Works Supervisor / Utility Supt.	0.20	\$79,394	\$96,859	\$19,372	0.25	\$68,804	\$101,560	\$17,201	\$25,390	0.45	\$44,762
	Senior Operators	1.00	\$60,159	\$72,729	\$72,729	1.00	\$55,952	\$74,546	\$55,952	\$74,546	2.00	\$147,275
	Operators	0.90	\$50,918	\$73,982	\$66,584	1.00	\$52,520	\$81,676	\$52,520	\$81,676	1.90	\$148,260
	Overtime - Operators					0.20				\$14,909	0.20	\$14,909
	City Accountant	0.10		\$78,034	\$7,803						0.10	\$7,803
	Deputy Treasurer					0.50	\$51,813	\$80,833	\$25,907	\$40,417	0.50	\$40,417
	Utility Billing Clerk	0.20		\$44,136	\$8,827						0.20	\$8,827
	Total	2.70			\$200,066	3.20			\$174,386	\$268,964	5.90	\$469,030

and water utilities based on the relative amount of time devoted to each utility. Approximately 10 percent of the wages and benefits of the City engineering staff and the City accountant are also allocated to each utility.

A preliminary proposal for the staffing of consolidated sewer and water utilities is shown in Table 5. This proposal assumes the addition of a Utility Director. It also assumes the continued allocation of some engineering staff and accounting staff wages to the utilities. However, the proposed staffing for a consolidated City reduces the number of total engineering positions, so it was assumed that there would be less engineering staff time allocated to the utilities, as compared to the total amount of time currently allocated to separate utilities.

Wages and benefits for City employees are different from those for Village employees in similar positions. It was assumed that if the two utilities were combined, the employees of the consolidated utility would receive the higher wage and benefit rates for each

position.

Sewer Utilities

Table 6 shows the 2009 Sewer Utility operation and maintenance budgets for the Village Utility, the City Utility, the combined total, and a preliminary estimate of a consolidated City/Village Sewer Utility.

Based on these assumptions, it is estimated that consolidation of the two sewer utilities would result in net annual operation and maintenance costs savings of approximately \$31,000. There may be additional savings from operational efficiencies, however, these savings are not expected to be significant and were not analyzed at this time.

Water Utilities

Table 7 shows the 2009 Water Utility operation and maintenance budgets for the Village Utility, the City Utility, the combined total, and a preliminary estimate of a consolidated City/Village Water Utility. In order to prepare the consolidated budget, similar assumptions were made for the water utilities as for the sewer utilities.

Based on these assumptions, it is estimated that consolidation of the two water utilities would result in annual operation and maintenance costs savings of approximately \$59,000. There may be additional savings from operational efficiencies, however, these savings are not expected to be significant and were not analyzed at this time. In addition, due to expected future capital cost avoidance if the two utilities were to merge, additional future operation and maintenance savings could be expected.

Table 5 - Proposed Allocation of Consolidated Utility Staff

Staff Position	Water Utility			
	FTE	Annual Wages per FTE	Wages & Benefits per FTE	Alloc. Wages & Benefits
Utility Director	0.55	\$83,740	\$117,660	\$64,713
Senior Operator	1.00	\$60,159	\$72,729	\$72,729
Water Operator ⁽¹⁾	4.30	\$52,520	\$81,676	\$351,207
DPW	0.30	\$97,905	\$131,043	\$39,313
Asst. Engineer	0.10	\$59,663	\$71,329	\$7,133
Engineering Technician	0.10	\$37,029	\$45,134	\$4,513
Utility Clerk	1.00	\$36,412	\$44,136	\$44,136
City Accountant	0.10	\$53,602	\$78,034	\$7,803
Total	7.45			\$591,547

Staff Position	Sewer Utility			
	FTE	Annual Wages per FTE	Wages & Benefits per FTE	Alloc. Wages & Benefits
Utility Director	0.45	\$83,740	\$117,660	\$52,947
Senior Operator	1.00	\$60,159	\$72,729	\$72,729
Sewer Operator ⁽¹⁾	3.10	\$52,520	\$81,676	\$253,196
DPW	0.20	\$97,905	\$131,043	\$26,209
Asst. Engineer	0.10	\$59,663	\$71,329	\$7,133
Engineering Technician	0.10	\$37,029	\$45,134	\$4,513
Utility Clerk	0.50	\$36,412	\$44,136	\$22,068
City Accountant	0.10	\$53,602	\$78,034	\$7,803
Total	5.55			\$446,598

**City and Village of Pewaukee
Utility Consolidation Financial Analysis**

Table 6 - Sewer Utility 2009 Operation & Maintenance Budget

Expenses	City ⁽¹⁾ 2009	Village ⁽²⁾ 2009	Total 2009	Merged 2009
Wages & Benefits ⁽³⁾	\$195,853	\$268,758	\$464,611	\$446,598
Treatment Cost - Brookfield	\$450,000	\$430,000	\$880,000	\$880,000
Treatment Cost - LPSD	\$422,000		\$422,000	\$422,000
Village of Pewaukee Service Charges	\$58,000		\$58,000	\$0
Subtotal Treatment Cost	\$930,000	\$430,000	\$1,360,000	\$1,302,000
Power and Fuel for Pumping	\$37,000	\$8,200	\$45,200	\$45,200
Other Utilities	\$11,500		\$11,500	\$11,500
Lift Station Operation		\$108,300	\$108,300	\$108,300
Maintenance of Collection System	\$40,000	\$11,900	\$51,900	\$51,900
Maintenance of Pumping Equipment	\$15,000	\$7,500	\$22,500	\$22,500
Maintenance of Force Main		\$3,000	\$3,000	\$3,000
Maintenance - Buildings and Grounds	\$20,000	\$500	\$20,500	\$20,500
Maintenance, Repair and Rehab		\$6,000	\$6,000	\$6,000
Maintenance, Sewer Cleaning	\$50,000		\$50,000	\$50,000
Maintenance, Flowmeters	\$8,000		\$8,000	\$8,000
Maintenance, Control Systems	\$5,000		\$5,000	\$5,000
Operating Supplies and Expenses	\$5,000		\$5,000	\$5,000
SCADA ⁽⁵⁾	\$7,000		\$7,000	\$7,000
Transportation ⁽⁵⁾	\$16,750		\$16,750	\$16,750
Protective Clothing / Safety ⁽⁵⁾	\$1,500	\$900	\$2,400	\$2,400
Billing and Metering ⁽⁴⁾⁽⁵⁾	\$12,000		\$12,000	\$12,000
Water Utility Meter Use		\$25,000	\$25,000	\$25,000
Office Supplies and Expenses ⁽⁵⁾	\$3,750	\$2,905	\$6,655	\$6,655
Office Equipment Maintenance ⁽⁵⁾	\$5,000		\$5,000	\$5,000
Outside Service Employees ⁽⁵⁾	\$42,500	\$28,550	\$71,050	\$60,250
Insurance (Liability and Workers Comp) ⁽⁵⁾	\$20,650	\$8,210	\$28,860	\$28,860
Misc. General Supplies and Expenses ⁽⁵⁾	\$10,825	\$250	\$11,075	\$11,075
Work for Other Departments		\$0	\$0	\$0
Rent - Office Space ⁽⁵⁾	\$20,000	\$2,600	\$22,600	\$20,000
Misc. Debt - Pension Payment		\$12,161	\$12,161	\$12,161
Subtotal O&M Supplies and Expenses	\$331,475	\$225,976	\$557,451	\$544,051
Total O&M	\$1,457,328	\$924,734	\$2,382,062	\$2,292,649
Total Savings				\$89,413
Net Savings (net of sewer service payment from City to Village) ⁽⁶⁾				\$31,413

(1) Source: City of Pewaukee Public Works Department 2009 Operating Budget, Water Utility.

(2) Source: Village of Pewaukee Proposed 2009 Water Utility Budget.

(3) Village - includes wages and benefits for all staff allocated to the Utility, including engineering and administrative. City - includes wages and benefits for all staff allocated to the Utility, including approximately 10% of City engineering staff (which is shown in the City's Water & Sewer Utility budget under General and Administrative, Account 923-3850 General Management).

(4) Village budgets for these costs through wages and benefits.

(5) Included in the City's utility budgets under General and Administrative costs, which are allocated 50% to the Water Utility and 50% to the Sewer Utility.

(6) Under an existing agreement between the City and the Village, the Village provides sewer service to properties in the northwest corner of the City and bills the City for this cost. If the two utilities consolidate, this payment of \$58,000 would be eliminated as a cost to the City but it would also be a reduction in revenues for the Village. Therefore, this amount should not be counted as a savings due to consolidation.

Table 7 - Water Utility 2009 Operation & Maintenance Expenses

Expenses	City ⁽¹⁾ 2009	Village ⁽²⁾ 2009	Total 2009	Merged 2009
Wages & Benefits ⁽³⁾	\$365,005	\$271,490	\$636,495	\$591,547
Administrative Salaries				
Source of Supply (Wells & Equip.)	\$46,000	\$11,800	\$57,800	\$57,800
Operation of Pumping Plant	\$67,200	\$0	\$67,200	\$67,200
Power Purchased for Pumping	\$200,000	\$120,000	\$320,000	\$320,000
Maintenance of Pumping Buildings	\$15,000	\$1,750	\$16,750	\$16,750
Water Treatment	\$66,500	\$9,900	\$76,400	\$76,400
Chemicals	\$65,000	\$24,500	\$89,500	\$89,500
Distribution System		\$500	\$500	\$500
Transmission & Dist. Supplies	\$7,500	\$1,400	\$8,900	\$8,900
Maintenance of Reservoirs	\$10,000	\$23,500	\$33,500	\$33,500
Maintenance of Mains	\$50,000	\$15,000	\$65,000	\$65,000
Maintenance of Services		\$1,850	\$1,850	\$1,850
Maintenance of Meters	\$15,000	\$8,550	\$23,550	\$23,550
Maintenance of Hydrants	\$25,000	\$2,000	\$27,000	\$27,000
Maintenance of Booster Station		\$1,600	\$1,600	\$1,600
Meter Exchange	\$20,000		\$20,000	\$20,000
Meter Supplies	\$2,000	\$5,300	\$7,300	\$7,300
Leak Detection	\$10,000		\$10,000	\$10,000
Cross Connection Inspection ⁽⁴⁾	\$15,000		\$15,000	\$15,000
Diggers Hotline ⁽⁴⁾	\$17,000		\$17,000	\$17,000
Misc. Repairs	\$3,000		\$3,000	\$3,000
SCADA ⁽⁵⁾	\$7,000		\$7,000	\$7,000
Transportation Expense ⁽⁵⁾	\$16,750	\$6,500	\$23,250	\$23,250
Metering and Billing ⁽⁴⁾⁽⁵⁾	\$12,000		\$12,000	\$12,000
Clothing & Safety Equipment	\$1,500	\$1,000	\$2,500	\$2,500
Office Supplies & Expenses ⁽⁵⁾	\$3,750	\$625	\$4,375	\$4,375
Office Equipment Maintenance ⁽⁵⁾	\$5,000		\$5,000	\$5,000
Outside Services ⁽⁵⁾	\$42,500	\$44,700	\$87,200	\$76,000
Insurance (Liability and Workers Comp) ⁽⁵⁾	\$20,650	\$10,730	\$31,380	\$31,380
PSC Expenses		\$1,500	\$1,500	\$1,500
Rent - Office Space ⁽⁵⁾	\$20,000	\$2,600	\$22,600	\$20,000
Misc. General Supplies and Expenses ⁽⁵⁾	\$10,825	\$1,625	\$12,450	\$12,450
Subtotal Operation & Maintenance Supplies & Expenses	\$774,175	\$296,930	\$1,071,105	\$1,057,305
Total Operation & Maintenance Savings	\$1,139,180	\$568,420	\$1,707,600	\$1,648,852 \$58,748

(1) Source: City of Pewaukee Public Works Department 2009 Operating Budget, Water Utility.

(2) Source: Village of Pewaukee Proposed 2009 Water Utility Budget.

(3) Village - includes wages and benefits for all staff allocated to the Utility, including engineering and administrative. City - includes wages and benefits for all staff allocated to the Utility, including approximately 10% of City engineering staff (which is shown in the City's Water & Sewer Utility budget under General and Administrative, Account 923-3850 General Management).

(4) Village budgets for these costs through wages and benefits.

(5) Included in the City's utility budgets under General and Administrative costs, which are allocated 50% to the Water Utility and 50% to the Sewer Utility.

FORECAST CAPITAL IMPROVEMENT COSTS

Sewer Utilities

Forecast capital improvement costs include both improvements that the Utilities would pay for to expand the capacity of the City and Village sewer systems to accommodate future development and costs to replace existing facilities. Certain costs to expand the systems would be funded either by developers or by special assessments levied on property owners for facilities extended to serve areas that currently do not have service. This study was concerned with costs that would be paid for by the Utilities. Therefore, future system improvements that could be expected to be funded by developers or through special assessments were not included in this analysis. The anticipated future capital costs for each utility were obtained from several sources. The five-year capital improvement programs for the City and Village were obtained and reviewed. The City of Brookfield was contacted to obtain information about the expected amounts and timing for improvements to the Fox River Water Pollution Control Center, which treats wastewater from both the City and the Village. In addition, future replacement costs were estimated based on past history and the level of expenditures contained in the 5-year capital improvement plans. It should be noted that a detailed study of the timing and cost of future system replacements would be recommended in order to refine these figures, however, that effort was beyond the scope of the current studies.

Table 8 shows the estimated sewer utility capital costs by year for the City Sewer Utility, the Village Sewer Utility and a consolidated City/Village Sewer Utility. As concluded in the Sewer Utility Consolidation Study and shown in this table, there are no significant sewer capital cost savings expected from consolidation that could be

quantified at this time. However, as noted in the Sewer Utility Consolidation Study, the City could be at risk to incur significantly higher costs to provide sewer service to certain areas if the two utilities do not consolidate.

Water Utilities

Forecast capital improvement projects include both improvements to expand the capacity of the City and Village water systems to accommodate future development, and costs to replace existing facilities. As explained above for sewer system improvements, future system improvements that could be expected to be funded by developers or through special assessments were not included in this analysis. The anticipated future capital costs for each utility were obtained from several sources. The five-year capital improvement programs for the City and Village were obtained and reviewed. In addition, future replacement costs were estimated based on past history and the level of expenditures contained in the 5-year capital improvement plans. It should be noted that a detailed study of the timing and cost of future system replacements would be recommended in order to refine these figures, however, that effort was beyond the scope of the current studies. Finally, preliminary cost estimates and anticipated timing for water system improvements that will be needed through 2025 were obtained from the Water Utility Consolidation Study.

Table 9 shows the estimated water utility capital costs by year for the City Water Utility, the Village Water Utility and a consolidated City/Village Water Utility. As concluded in the Water Utility Consolidation Study and shown in this table, there are approximately \$6.7 million in total capital cost savings between 2010 and 2025 that could be achieved by consolidation of the water utilities.

Table 8 - Sewer Utility Capital Improvements Plan

Project	Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City ⁽¹⁾																	
FRWPCC ⁽⁵⁾	Biosolids Thickening Project	\$218,500															
FRWPCC ⁽⁵⁾	Add 2 Deep-Bed Filters	\$96,140															
FRWPCC ⁽⁵⁾	WPCC Building Roof Replacements	\$4,720															
FRWPCC ⁽⁵⁾	Replace Bar Screens	\$471,960															
FRWPCC ⁽⁵⁾	Membrane Bridge Filter		\$524,400														
Northmound Lift Station Rehab	Maintenance		\$450,000														
Jericho Lift Station Rehab	Maintenance			\$450,000													
FRWPCC ⁽⁵⁾	2035 Facilities Planning				\$34,960	\$34,960											
Misc Replacement and Rehab ⁽⁴⁾							\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
Subtotal City		\$791,320	\$974,400	\$450,000	\$34,960	\$34,960	\$195,000										
Village ⁽²⁾																	
Caldwell St. - Capitol to Maiden	Replace Sewers & Laterals - 600'	\$90,000															
Sunset Dr. & Ridgeway Dr.	Replace Sewers & Laterals - 1,020'	\$150,000															
FRWPCC ⁽⁵⁾	Biosolids Thickening Project	\$181,125															
FRWPCC ⁽⁵⁾	Add 2 Deep-Bed Filters	\$79,695															
FRWPCC ⁽⁵⁾	WPCC Building Roof Replacements	\$3,912															
FRWPCC ⁽⁵⁾	Replace Bar Screens	\$391,230															
Lake St. - Park to Prospect	Replace Sewers & Laterals - 970'		\$165,000														
FRWPCC ⁽⁵⁾	Membrane Bridge Filter		\$434,700														
Third St. - Richmond to Tower	Line Sewer & Lateral Repairs - 450'		\$45,000														
Rehab White Oaks LS	Wet Well and Pumps		\$80,000														
Spring St. - Prospect to Dead End	Line Sewer & Lateral Repairs - 650'			\$65,000													
Brandt Ct. - Mary Knoll to East End	Line Sewer & Lateral Repairs - 800'			\$80,000													
Lookout Dr. - Third to Dead End	Line Sewer & Lateral Repairs - 1,050'				\$50,000												
Kopmeier LS Rehab	Wet Well and Pumps				\$80,000												
Lake St. - Prospect to Lookout	Replace Sewers & Laterals - 800'				\$150,000												
FRWPCC ⁽⁵⁾	2035 Facilities Planning				\$28,980	\$28,980											
Peffer Park - Richmond to Main	Replace Sewer - 250'					\$40,000											
West Ave. - Wisconsin to North End	Replace Sewers & Laterals - 500'					\$105,000											
LS 1 - 35,000 hours	Replace pump wear rings & Pump 3 volute					\$40,000											
Misc Replacement and Rehab ⁽⁴⁾							\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Subtotal Village		\$895,962	\$724,700	\$145,000	\$308,980	\$213,980	\$240,000										
Consolidated ⁽³⁾		\$1,687,282	\$1,699,100	\$595,000	\$343,940	\$248,940	\$435,000										

Notes:

- (1) Source: City of Pewaukee Water & Sewer Capital Improvement Plan.
- (2) Source: Village of Pewaukee Sanitary Sewer Utility 5-Year Capital Improvement Plan.
- (3) Total combined CIP.
- (4) Based on annual average from the 5-year CIP, less major improvements to the Fox River Water Pollution Control Center (FRWPCC).
- (5) Source: City of Brookfield 5-Year Capital Improvement Plan and Wisconsin Clean Water Fund American Recovery and Reinvestment Act Funding List. Fox River Water Pollution Control Center project costs are allocated based on the percentages found in Exhibit B of the intermunicipal agreement between the City of Brookfield and Village of Pewaukee for ownership in the FRWPCC.

Table 9 - Water Utility Capital Improvements Plan

Project	Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Scenario 1B ⁽¹⁾																	
City																	
Still River Well	with 100,000 gallon reservoir	\$1,552,500															
Well 2 - Deer Haven	Add pumping station	\$405,000															
New Well with Radium Treatment												\$1,012,500					\$2,295,000
New Elevated Tank								\$202,500									
Standpipe Repair	Repair																
City Hall Water Tower	Repair		\$405,000														
East Well 3	Increase pump capacity	\$148,500															
East - West Transmission		\$3,145,500															
East - Northwest Transmission												\$540,000					
Misc Rehab and Replacement ⁽²⁾							\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Subtotal City Costs		\$5,251,500	\$405,000	\$0	\$0	\$0	\$100,000	\$302,500	\$100,000	\$100,000	\$100,000	\$1,652,500	\$100,000	\$100,000	\$100,000	\$100,000	\$2,395,000
Village																	
Lake St. Water Tower Repair	Repair and Repaint	\$150,000															
River Hills Water Main Relay	Replace Mains & Laterals	\$850,000															
Well 2 VFD	Install VFD on well pump motor	\$80,000															
Standpipe Repair	Repair and Repaint		\$200,000														
Well 2 Valve Vault Replacement			\$15,000														
Replace Utility Truck			\$35,000														
Well 3 Reservoir Repair	Repair and Repaint			\$110,000													
Well 4 Pump Rehabilitation	Repair as necessary			\$85,000													
Prospect Ave. Water Main	230' Loop at Maple			\$35,000													
Quinlan Tower Repair	Interior Repair				\$85,000												
Well 3 Generator & Garage Addition					\$250,000												
Well 6 Pump Rehabilitation	Repair as necessary					\$35,000											
Well 5 Radium Treatment						\$810,000											
Misc Replacement and Rehab ⁽²⁾							\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Subtotal Village Costs		\$1,080,000	\$250,000	\$230,000	\$335,000	\$845,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Through 2025		\$15,746,500															
Scenario 2 ⁽¹⁾																	
Lake St. Water Tower Repair	Repair and Repaint	\$150,000															
River Hills Water Main Relay	Replace Mains & Laterals	\$850,000															
Well 2 VFD	Install VFD on well pump motor	\$80,000															
Standpipe Repair	Repair and Repaint		\$200,000														
Well 2 Valve Vault Replacement			\$15,000														
Replace Utility Truck			\$35,000														
Well 3 Reservoir Repair	Repair and Repaint			\$110,000													
Well 4 Pump Rehabilitation	Repair as necessary			\$85,000													
Prospect Ave. Water Main	230' Loop at Maple			\$35,000													
Quinlan Tower Repair	Interior Repair				\$85,000												
Well 3 Generator & Garage Addition					\$250,000												
Well 6 Pump Rehabilitation	Repair as necessary					\$35,000											
Standpipe Repair	Repair							\$202,500									
City Hall Water Tower	Demolition of tower		\$135,000														
Still River Well	with 100,000 gallon reservoir	\$1,552,500															
Well 2 - Deer Haven	Add pumping station	\$405,000															
West Side Interconnection		\$324,000															
East Side Interconnection		\$324,000															
Northeast Side Interconnection		\$189,000															
South Side Interconnection		\$665,000															
Misc Rehab and Replacement ⁽²⁾							\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Subtotal Scenario 2		\$4,539,500	\$385,000	\$230,000	\$335,000	\$35,000	\$300,000	\$502,500	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Through 2025		\$9,027,000															
Difference		\$6,719,500															

Notes:

(1) Source: Ruekert & Mielke, Inc.

(2) Minimal amount for rehab and replacement of pumps, vaults, vehicles, limited water main relays, etc.

OTHER KEY ASSUMPTIONS

Several other assumptions should be noted with respect to the financial forecasts. In general it should be noted that these forecasts are preliminary forecasts for planning purposes and contain many assumptions which may be subject to change. In addition, as noted below and on the various tables, there are many differences in the way that the City and Village budget for and fund their sewer and water utilities. If the utilities were to consolidate, the consolidated entity would have to develop new policies. Finally, as noted in this report, certain costs and revenues could be the subject of much more detailed analysis and study than was included within this preliminary analysis.

Financing—It was assumed that annual capital outlays of less than \$500,000 would be cash financed with annual utility revenues, while annual capital outlays over \$500,000 would be financed with bond issues. The forecasts of future cash flow include both debt service on existing debt plus estimates of future debt issues. Unless otherwise indicated by City or Village staff, it was assumed that existing debt service would be retired according to the original schedules and would not be retired early or refinanced. Interest rates on future debt issues were assumed to average 4.5%. It was also assumed that bond covenants would require the utilities to have revenues sufficient to cover O&M expenses, plus debt service on any outstanding General Obligation bonds or promissory notes, plus 125% of the debt service on any outstanding Revenue bonds.

Allocation of City of Pewaukee Utility Assets and Debt—The City of Pewaukee does not account for sewer and water utility assets and liabilities separately. Therefore, for purposes of evaluating future rate impacts on the sewer and water utilities, an estimated allocation of debt and reserves between the water and sewer utilities was

prepared based on general assumptions provided by the City's auditor. Utility debt was split between the two utilities on the basis of the value of utility plant in service for each utility (value of utility infrastructure), currently approximately 40% water and 60% sewer. Utility reserves were allocated 30% to water and 70% to sewer.

Special Assessments—Under Wisconsin law, municipalities have the authority to construct public infrastructure and levy special assessments on the properties that benefit from that infrastructure. The City has a policy of levying special assessments when it constructs water and sewer main extensions to previously unserved areas. The Village similarly assesses costs for water and sewer main extensions. For purposes of this study it was assumed that future water and sewer main extensions to unserved areas would be either constructed by developers or constructed by the City or Village and funded through special assessments.

Hookup Fees / Reserve Capacity Assessments—Both the City and the Village impose fees on new connections to offset the cost of infrastructure improvements that are constructed by the City or Village and are not funded by special assessments, but are needed in whole or in part to accommodate new development, such as main oversizing wells, reservoirs, and other facilities related to utility capacity. Both the City and the Village use these funds to offset the cost of infrastructure costs or debt service. Of the \$8.8 million of Village utility reserves, \$3.6 million was generated from hookup fees. The City does not account for these funds in the same manner as the Village. The amount of the fee per Residential Equivalent Connection is significantly different for each municipality. The City charges sewer connection fees in the amount of \$2,048 per REC and a water reserve capacity assessment of \$3,735 per REC, with an annual inflation adjustment. The Village charges a sewer hookup fee of

\$1,600 per REC and a water hookup fee of \$800 per REC. The policies related to how these fees are imposed and used would need to be evaluated and determined by the new consolidated entity. The amount of the fees must be related to the cost of providing facilities. Wisconsin Statutes allow for municipalities to charge the same fee throughout the municipality, or different fees may be charged by area if costs are different in different geographic locations within the municipality. Therefore, an in-depth study of the costs per REC of the consolidated entity would need to be prepared in order to determine the appropriate amount of the fees in the future.

Water for Public Fire Protection—A certain portion of the water utility costs for both the City and the Village have been identified by the Wisconsin Public Service Commission (PSC) as the cost of providing water for public fire protection (i.e. the cost of installing and maintaining fire hydrants and the cost of actual water used for fire suppression). The PSC allows several different methods of charging benefited properties for this service. The Village Water Utility currently charges this cost of \$409,720 per year to the Village General Fund, and it is recovered through the general property tax levy. The City has chosen to recover this cost through a tax rate applied to all City properties within 500 feet of a fire hydrant. The current tax rate is \$0.242 per year per thousand of assessed property value, and generates approximately \$517,211 per year. In the 2009 Consolidated General Fund budget prepared for the prior studies, it was assumed that if the City and Village consolidate, the Village public fire protection costs would no longer be charged to the General Fund and would instead be charged directly to the benefited properties, similar to the method used by the City. Therefore, for purposes of this study, the same assumption was made. This charge could be imposed as a meter charge to each customer based on meter size, or it

could be imposed as a tax, as the City has chosen to do. The specific mechanism for charging this cost directly to utility customers would need to be evaluated and determined by the new consolidated entity. For all scenarios, the average annual cost per REC includes public fire protection charges.

Interest Earnings—It was assumed that future interest earnings on cash reserve balances would be at a rate of 3.25%, which approximates the average annual interest rate on the Local Government Investment Pool for the last 10 years.

Reserve Balances—It was assumed that the City and Village, or a Consolidated Municipality, would maintain unrestricted utility reserve balances equal to at least one year's debt service plus 50 percent of the annual operation and maintenance expenses. When utilities issue revenue bonds—bonds backed by a pledge of future utility revenues—they are typically required to maintain a debt reserve fund in the amount of the highest year's debt service. In addition, it is a recommended practice to maintain operating reserves in the amount of 3 to 6 months of operation and maintenance expenses. The scenarios shown in this study all maintain at least this minimum amount of reserves and in most cases significantly higher reserve balances.

FINANCIAL FORECASTS: SCENARIO 1, SEPARATE UTILITIES

The first scenario that was considered was the continuation of separate sewer and water utilities. Detailed financial models were prepared based on the assumptions stated above and are contained in Appendix B. The results are summarized on Table 10. The average annual charges per Residential Equivalent Connection shown for each utility are based on the individual utility's average usage per customer. Usage per customer for each of the utilities is significantly different. Therefore Table 10

should not be used to compare City rates to Village rates, but only to compare rates between scenarios for each municipality.

Sewer Utilities

These analyses show that if the City Sewer Utility remains separate, it is anticipated that user charge rate increases totaling approximately 9% will be needed between 2009 and 2025. It is anticipated that no rate increases will be needed for some years, possibly as many as ten years.

Based on the assumptions noted above, it is anticipated that the Village Sewer Utility will require user charge rate increases totaling approximately 24% during this time period, and that a rate increase may be needed as soon as 2010.

Water Utilities

A similar analysis was prepared for the City and Village Water Utilities if they remain separate entities. Based on this analysis, it is anticipated that the City Water Utility will require significantly higher rate increases as compared to the Village Water Utility, due to its higher anticipated capital costs. Water rates for the City are forecast to increase by approximately 82%, while Village rates are forecast to increase by approximately 42% between 2009 and 2025.

FORECASTS: SCENARIO 2, COMPLETELY CONSOLIDATED UTILITIES, NO WITHDRAWAL OF VILLAGE UTILITY RESERVES

Under this Scenario, the utilities would be consolidated physically, operationally and financially, and all customers in the consolidated utility area would be subject to the same schedule of user charge rates. The detailed financial models are contained in Appendix B. The following section summarizes the findings for this scenario.

Sewer Utility

The financial forecasts for the consolidated Sewer Utility are similar to the forecasts for the separate sewer utilities, since there are no significant capital or O&M cost savings. Overall, it is projected that rate increases of 3% would be needed between 2009 and 2025 for a consolidated sewer utility. However, the merging of the two utilities would impact City and Village customers somewhat differently. It was assumed that the consolidated utility would set its rates at approximately the Village's current rates. Therefore, City customers could expect to see an initial increase of less than 1% in their sewer charge rates, while Village customers could expect their rates to remain the same. Consolidation would result in somewhat lower forecast rates for both City and Village customers, as compared to Scenario 1. Forecast rates for City customers are approximately 6% lower than the forecast rates under Scenario 1, while Village rates are approximately 20% lower as compared to Scenario 1.

Water Utility

It was assumed that a consolidated utility would set its rates at a rate that would be approximately equal to the City's current rates. As compared to the continuation of completely separate water utilities, a physically connected water utility would result in significant capital cost savings. Therefore, the overall need for rate increases would be reduced. It is projected that total rate increases of 53% would be needed between 2009 and 2025 under this Scenario. However, when compared to existing user charge rates and the forecast future rate increases under Scenario 1, City customers and Village customers would experience very different rate impacts from consolidation of the water utilities. City customers could expect their rates to initially remain about the same, while Village customers would experience a decrease of approximately 4%. Forecast future rates for

City customers would be approximately 19% less under this Scenario as compared to Scenario 1, while forecast future rates for Village customers would be approximately 3% higher.

***FORECASTS: SCENARIO 3,
COMPLETELY CONSOLIDATED
UTILITIES, WITHDRAWAL OF VILLAGE
UTILITY RESERVES TO MAKE A
CONSOLIDATION PAYMENT***

This Scenario is similar to Scenario 2, except that it assumes the withdrawal of Village Utility funds to make a consolidation payment, as was proposed in the Consolidation Tax Rate Feasibility Analysis. This Scenario tests the impact that such a withdrawal would have on future rate increases for City and Village customers as compared to the projected future rate increases under Scenario 2. The detailed financial models are contained in Appendix B. The following section summarizes the findings for this scenario.

Sewer Utility

For purposes of this analysis, it was assumed that \$3.0 million would be withdrawn from Sewer Utility funds as part of a consolidation payment. This scenario shows that a withdrawal of this amount from Village Sewer Utility funds would result in future rate increases totaling approximately 9% between 2009 and 2025, compared to the 3% increase that was forecast under Scenario 2. The cash reserve balance of the consolidated utility would be considerably lower by 2025 under this scenario. However, reserve balances are forecast to remain above the level needed to provide at least one year's debt service plus 6 months of operation and maintenance expense.

Water Utility

For purposes of this analysis, it was assumed that approximately \$1.75 million

would be drawn from Village Water Utility funds to make a consolidation payment. The withdrawal of utility reserves in this amount is not expected to result in the need for higher rate increases. It would result in the utility carrying lower reserve balances. However, reserve balances are forecast to remain well above the level needed to provide at least one year's debt service plus 6 months of operation and maintenance expense.

CONCLUSIONS

Table 10 summarizes the current and projected future user charge rates per REC for sewer and water utility customers in the City and Village under each of the Scenarios described above. Several conclusions may be drawn from this comparison:

1. Current sewer user charges for City customers are about the same as those for Village customers, taking into account the slightly higher amount of water use per customer for City customers. If the two utilities were to remain separate, it is expected that Village sewer user charge rates would increase by a higher percentage than City sewer user charge rates over the planning period.
2. Current water user charges for City customers are about the same as those for Village customers, taking into account the higher water usage by City customers. If the two utilities were to remain separate, both utilities would require significant rate increases before 2025. However, it is expected that the City would require much higher water rate increases as compared to the Village.
3. Since there are only modest operation and maintenance savings

expected from consolidation of the sewer utilities, the forecast rate increases for a consolidated utility are similar to the rate increases that would be expected for separate City and Village sewer utilities if the communities would continue to cooperate. The consolidation of the sewer utilities would result in slightly lower rates for both City customers and Village customers, as compared to maintaining separate utilities.

4. Consolidation of the water utilities is expected to yield significant capital cost savings of approximately \$6.7 million. These savings would translate into a reduction in total required user charge revenues for 2025 of approximately \$560,000 per year, as compared to the amount of total revenues that would be required if the utilities remain separate. These savings would not be shared equally by City and Village customers, however. Under consolidation of the water utilities, Village water charges are forecast to be approximately 3% higher by 2025 than if the utilities remained separate. City customers, on the other hand, are forecast to have rates that would be approximately 19% lower than would be the case if the utilities remained separate.
5. The Consolidation Tax Rate Feasibility Analysis proposed the withdrawal of \$3.5 to \$5.25 million in utility reserves in order to make a consolidation payment to the consolidated municipality in order to achieve property tax savings for both City and Village taxpayers. That study pointed out that the amount that could be withdrawn should be verified and the impacts of such a withdrawal on future user charge rates should be studied. This study considered the impact of the

withdrawal of \$4.75 million in Village utility reserves—\$3.00 million from the sewer utility and \$1.75 million from the water utility—on future user charge rates, taking into consideration future capital costs. The Village's utility reserve funds as of the end of 2008 are sufficient to support withdrawals of these amounts without reducing reserve funds below a reasonable level. This withdrawal of funds is forecast to have financial impacts on the consolidated utilities in the future. This withdrawal of funds could result in somewhat higher future sewer rate increases, but is not expected to impact the future water rate increases in comparison to the forecast rates for consolidated utilities with no withdrawal of utility funds. Forecast sewer rates would be approximately at or slightly below the forecast rates for separate sewer utilities for both the City and the Village. The withdrawal of funds would reduce the amount of reserves, but not below a reasonable level. Therefore, it appears to be feasible to withdraw approximately \$4.75 million from utility reserves without significant impacts on utility customers.

6. When both the sewer and water utilities are considered, both City and Village customers would benefit from the consolidation of the utilities. However, City customers would benefit more than Village customers. City customers would have lower water and sewer rates due to consolidation. Village customers would experience lower sewer rates, slightly higher water rates, and slightly lower total utility rates as compared to continuation of separate utilities. These impacts of consolidation are similar even if Village utility reserves are withdrawn

to make a consolidation payment to the general fund of the consolidated municipality.

7. If the City and Village were successful in obtaining legislation to allow for the creation of a consolidation taxing district, not only would City and Village property owners benefit from reduced property tax rates, but utility customers in both the City and the Village would also experience lower future water and sewer rates.
8. If the City and the Village were not able to create a consolidation taxing

district, utility reserve funds could be used to ensure that both City and Village property owners share in the benefits of consolidation. The use of utility reserves would enable the consolidated municipality to reduce tax rates for City property owners, all other factors being equal. It would also achieve an even larger property tax rate decrease for Village property owners. However, the savings in utility user charges would be somewhat smaller for both City and Village customers under this approach as compared to the use of the consolidation taxing district.

Table 10 - Summary of Sewer and Water Rates by Scenario

City	Average Annual Charges / REC	
	2009	2025
Scenario 1		
Sewer	\$416	\$455
Water	\$407	\$742
Total	\$823	\$1,196
Scenario 2		
Sewer ⁽¹⁾	\$419	\$431
Water ⁽¹⁾	\$407	\$621
Total	\$826	\$1,053
Scenario 3		
Sewer ⁽¹⁾	\$419	\$458
Water ⁽¹⁾	\$407	\$621
Total	\$826	\$1,079
Village		
Scenario 1		
Sewer	\$346	\$429
Water	\$354	\$503
Total	\$699	\$932
Scenario 2		
Sewer ⁽¹⁾	\$346	\$356
Water ⁽¹⁾	\$339	\$519
Total	\$685	\$874
Scenario 3		
Sewer ⁽¹⁾	\$346	\$378
Water ⁽¹⁾	\$339	\$518
Total	\$685	\$896

(1) All annual charges were converted to an amount based on typical water or sewer usage per residential customer for each utility, in order to provide a fair comparison between Scenarios.

APPENDIX A

Sewer Utility 3-Year Historical Customer Usage

City of Pewaukee Sewer Utility

Year	Residential					Non-Residential					Total	
	No. RECs	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	No. RECs	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	1,000 Gals.	Revenues
2006	3,369	NA	NA	\$1,401,390	\$416	2,761	NA	NA	\$1,148,589	\$416	NA	\$2,549,979
2007	3,432	NA	NA	\$1,427,815	\$416	2,844	NA	NA	\$1,182,933	\$416	NA	\$2,610,748
2008	3,474	NA	NA	\$1,445,091	\$416	2,895	NA	NA	\$1,204,508	\$416	NA	\$2,649,599
Average	3,425	NA	NA	\$1,424,765	\$416	2,833	NA	NA	\$1,178,677	\$416	NA	\$2,603,442
Trend	3,530	NA	NA	\$1,468,466	\$416	2,968	NA	NA	\$1,234,596	\$416	NA	\$2,703,062

Note: City does not bill for sewer service on the basis of metered water usage.

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	3,369	2,761	6,130	
2007	3,432	2,844	6,276	146
2008	3,474	2,895	6,369	93
Average	3,425	2,833	6,258	120
Trend	3,530	2,968	6,498	

Village of Pewaukee Sewer Utility

Year	Residential					Non-Residential					Total	
	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	1,000 Gals.	Revenues
2006	1,636	95,481	58.36	\$481,226	\$294	465	140,236	301.58	\$706,787	\$1,520	235,717	\$1,188,014
2007	1,640	94,684	57.73	\$477,208	\$291	473	147,336	311.49	\$742,575	\$1,570	242,020	\$1,219,783
2008	1,645	91,400	55.56	\$460,657	\$280	476	140,986	296.19	\$710,569	\$1,493	232,386	\$1,171,226
Average	1,640	93,855	57.22	\$473,030	\$288	471	142,853	303.08	\$719,977	\$1,528	236,708	\$1,193,007
Trend	1,649	89,774	54.42	\$452,461	\$274	482	143,603	297.73	\$723,759	\$1,501	233,377	\$1,176,220

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	1,636	2,403	4,039	
2007	1,640	2,552	4,192	153
2008	1,645	2,537	4,182	-10
Average	1,640	2,497	4,138	72
Trend	1,649	2,632	4,281	

Water Utility 3-Year Historical Customer Usage

City of Pewaukee Water Utility

Year	Residential					Non-Residential					Total	
	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	1,000 Gals.	Revenues
2006	2,566	175,929	68.56	\$634,490	\$247	483	200,346	414.80	\$484,880	\$1,004	376,275	\$1,119,370
2007	2,626	182,500	69.50	\$650,893	\$248	499	216,985	434.84	\$504,225	\$1,010	399,485	\$1,155,118
2008	2,660	186,031	69.94	\$675,628	\$254	480	196,695	409.78	\$479,953	\$1,000	382,726	\$1,155,581
Average	2,617	181,487	69.33	\$653,670	\$250	487	204,675	419.99	\$489,686	\$1,005	386,162	\$1,143,356
Trend	2,711	191,589	70.71	\$694,808	\$256	484	201,024	415.05	\$484,759	\$1,001	392,613	\$1,179,567

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	2,566	1,961	4,527	
2007	2,626	2,034	4,660	133
2008	2,660	1,890	4,550	-111
Average	2,617	1,962	4,579	11
Trend	2,711	1,890	4,602	

Village of Pewaukee Water Utility

Year	Residential					Non-Residential					Total	
	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	No. Cust.	1,000 Gals.	Ave. Use / Cust.	Revenues	Ave. Cost / Cust.	1,000 Gals.	Revenues
2006	1,636	100,177	61.23	\$371,654	\$227	465	153,275	329.62	\$408,546	\$879	253,452	\$780,200
2007	1,640	100,093	61.03	\$371,212	\$226	473	159,384	336.96	\$422,999	\$894	259,477	\$794,211
2008	1,645	95,990	58.35	\$361,685	\$220	476	150,771	316.75	\$405,541	\$852	246,761	\$767,226
Average	1,640	98,753	60.21	\$368,184	\$224	471	154,477	327.74	\$412,362	\$875	253,230	\$780,546
Trend	1,649	94,566	57.33	\$358,215	\$217	482	151,973	315.08	\$409,357	\$849	246,539	\$767,572

Year	Residential RECs	Non-Residential RECs	Total	Change from Previous
2006	1,636	1,798	3,434	
2007	1,640	1,869	3,509	74
2008	1,645	1,844	3,489	-19
Average	1,640	1,837	3,478	28
Trend	1,649	1,883	3,533	

Source: Public Service Commission of Wisconsin Annual Reports.

Current User Charge Rates

Sewer Service Rates

	City ⁽¹⁾	Village ⁽²⁾
Volume Charge (per 1,000 gallons)	\$0.00	\$6.04
Service Charge (per quarter)	\$104.00	\$0.00

Water Service Rates ⁽³⁾

	City	Village
Volume Charge - Tier 1 (per 1,000 gallons per quarter)	\$2.25 (First 50,000 gallons)	\$2.51 (First 50,000 gallons)
Volume Charge - Tier 2 (per 1,000 gallons per quarter)	\$2.05 (Next 250,000 gallons)	\$2.16 (Next 950,000 gallons)
Volume Charge - Tier 3 (per 1,000 gallons per quarter)	\$1.75 (Over 300,000 gallons)	\$1.34 (Over 1,000,000 gallons)
Service Charge - 5/8" meter (per quarter)	\$24.00	\$18.45
Public Fire Protection Charge (per \$1,000 equalized value per quarter) ⁽⁴⁾	\$0.0605	\$0.1034

Notes:

(1) Source: City of Pewaukee Water & Sewer Utility, rates effective 1st quarter 2002.

(2) Source: Village of Pewaukee, rates effective 1st quarter 2009.

(3) Source: Public Service Commission of Wisconsin.

(4) City charges for public fire protection as a tax on property within 500 feet of the water service area. The current rate is \$0.0605 per quarter per \$1,000 of assessed value. The Village charges public fire protection to the General Fund and recovers that amount through the general tax levy. The current total charge per year is approximately \$409,472, which converts to an annual tax rate of approximately \$0.413593 per \$1,000 of equalized value (based on 1/1/2008 total equalized value).

Sewer Utility 3-Year Historical Revenues and Expenses

Revenues	City					Village				
	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽²⁾	Change	Percent Change	2006 ⁽³⁾	2007 ⁽⁴⁾	2008 ⁽³⁾	Change	Percent Change
Sewer Service charges	\$2,549,979	\$2,610,748	\$2,649,599	\$99,620	4%	\$1,188,014	\$1,219,783	\$1,171,226	-\$16,788	-1%
Forfeited discounts				\$0		\$9,474	\$10,158	\$10,699	\$1,224	13%
Interest income ⁽⁶⁾	\$319,216	\$357,010	\$154,117	-\$165,099	-52%	\$284,948	\$306,440	\$143,116	-\$141,832	-50%
Other sewer revenues ⁽⁵⁾	\$10,345	\$11,577	\$13,865	\$3,520	34%	\$127,991	\$107,262	\$142,833	\$14,842	12%
Total Operating Revenues	\$2,879,540	\$2,979,335	\$2,817,581	-\$61,959	-2%	\$1,610,427	\$1,643,643	\$1,467,874	-\$142,554	-9%
Operation and Maintenance Expenses										
Wages & Benefits	\$145,702	\$138,881	\$113,147	-\$32,555	-22%	\$176,865	\$176,629	\$190,039	\$13,174	7%
Transmission and treatment	\$843,281	\$773,670	\$936,212	\$92,931	11%	\$375,832	\$481,836	\$447,592	\$71,760	19%
Utilities	\$30,222	\$32,097	\$31,534	\$1,312	4%	\$7,028	\$7,932	\$8,403	\$1,374	20%
Total Maintenance	\$96,556	\$29,262	\$125,146	\$28,590	30%	\$128,954	\$137,362	\$188,970	\$60,016	47%
General & Administrative	\$117,640	\$110,511	\$130,519	\$12,879	11%	\$81,196	\$73,780	\$95,308	\$14,113	17%
Total O&M Expenses	\$1,233,401	\$1,084,421	\$1,336,558	\$103,157	8%	\$769,875	\$877,539	\$930,312	\$160,437	21%

Notes:

- (1) Source: Actual figures stated in 2008 & 2009 Operating Budgets, provided by the City of Pewaukee.
- (2) Source: City of Pewaukee Financial Statements, Year Ended December 31, 2008.
- (3) Source: Actual figures provided by the Village of Pewaukee.
- (4) Source: 2007 Actual figures, stated in Village of Pewaukee Proposed 2009 Sewer Utility Budget.
- (5) City figures include forfeited discounts.
- (6) Per the City Auditor, approximately 70% of utility reserves are attributable to the Sewer Utility, 30% to the Water Utility

Water Utility 3-Year Historical Revenues and Expenses

Revenues	City					Village				
	2006	2007	2008	Change	Percent Change	2006	2007	2008	Change	Percent Change
Sales of water	\$1,564,272	\$1,734,473	\$1,733,735	\$169,463	11%	\$1,227,382	\$1,250,282	\$1,227,881	\$499	0%
Forfeited discounts	\$2,615	\$4,197	\$4,273	\$1,658	63%	\$6,235	\$6,555	\$7,024	\$789	13%
Misc service revenues	\$0			\$0		\$1,397			-\$1,397	-100%
Rents from water property	\$0	\$0	\$0	\$0		\$141,948	\$154,969	\$178,643	\$36,695	26%
Interdepartmental rents	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
Other water revenues	\$5,423	\$4,123	\$5,670	\$247	5%	\$12,531	\$16,110	\$14,868	\$2,337	19%
Total Operating Revenues	\$1,572,310	\$1,742,793	\$1,743,678	\$171,368	11%	\$1,389,493	\$1,427,916	\$1,428,416	\$38,923	3%
Non-Operating Revenues										
Interest and Dividend ⁽¹⁾	\$136,807	\$153,004	\$66,050	-\$70,757	-52%	\$145,907	\$130,867	\$41,967	-\$103,940	-71%
Misc. Non-Operating Revenues			\$3,935	\$3,935					\$0	
Total Non-Operating Revenues	\$136,807	\$153,004	\$69,985	-\$66,822	-49%	\$145,907	\$130,867	\$41,967	-\$103,940	-71%
Total Revenues	\$1,709,117	\$1,895,797	\$1,813,663	\$104,546	6%	\$1,535,400	\$1,558,783	\$1,470,383	-\$65,017	-4%
Operation and Maintenance Expenses										
Source of supply	\$4,096	\$6,091	\$44,437	\$40,341	985%	\$31,829	\$52,428	\$59,974	\$28,145	88%
Pumping	\$232,937	\$264,766	\$262,090	\$29,153	13%	\$131,096	\$143,904	\$118,936	-\$12,160	-9%
Water treatment	\$87,350	\$103,579	\$126,932	\$39,582	45%	\$39,172	\$35,212	\$40,345	\$1,173	3%
Transmission and distribution	\$148,863	\$135,203	\$109,655	-\$39,208	-26%	\$83,075	\$72,929	\$100,090	\$17,015	20%
Customer accounts	\$19,866	\$26,350	\$31,415	\$11,549	58%	\$32,689	\$31,188	\$32,802	\$113	0%
Sales expenses	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	
Administrative and general	\$318,087	\$292,475	\$304,554	-\$13,533	-4%	\$140,309	\$122,943	\$161,148	\$20,839	15%
Total O&M Expenses	\$811,199	\$828,464	\$879,083	\$67,884	8%	\$458,170	\$458,604	\$513,295	\$55,125	12%
Taxes										
Social Security Tax	\$17,722	\$17,125	\$17,596	-\$126	-1%	\$12,180	\$11,989	\$13,523	\$1,343	11%
PSC Remainder Assessment	\$1,412	\$1,627	\$1,611	\$199	14%	\$1,154	\$1,508	\$1,210	\$56	5%
PILOT	\$326,488	\$352,211	\$390,896	\$64,408	20%	\$185,354	\$209,051	\$215,801	\$30,447	16%
Total Taxes	\$345,622	\$370,963	\$410,103	\$64,481	19%	\$198,688	\$222,548	\$230,534	\$31,846	16%

Source: 2006 - 2008 Annual PSC Reports for the City of Pewaukee Water Utility and Village of Pewaukee Water Utility.
 (1) Per the City Auditor, approximately 70% of utility reserves are attributable to the Sewer Utility, 30% to the Water Utility

Water Utility Financial Summary

Net Assets	City ⁽¹⁾		Village ⁽²⁾		
	2007	2008	2006	2007	2008
Capital Assets, Net of Debt	\$25,922,142	\$25,657,772	\$9,425,453	\$8,887,410	\$8,932,269
Restricted for Debt Service	\$1,286,393	\$1,268,620	\$146,533	\$152,618	\$153,811
Unrestricted (Less Connection Fees)	\$2,313,570	\$1,063,784	\$1,604,144	\$1,758,086	\$2,533,379
Reserved for Connection Fees				\$764,639	\$92,560
Total Net Assets	\$29,522,106	\$27,990,176	\$11,176,130	\$11,562,753	\$11,712,019

Cash Flows	City ⁽³⁾		Village ⁽²⁾		
	2007	2008	2006	2007	2008
Operating Activities	\$851,558	\$334,201	\$785,964	\$858,539	\$755,325
Noncapital Financing Activities	(\$105,663)	(\$117,269)	(\$209,414)	(\$198,121)	(\$225,665)
Capital Financing Activities	(\$1,620,746)	(\$1,593,825)	(\$1,415,714)	(\$17,553)	(\$562,622)
Investing Activities	\$170,227	\$370,945	\$145,907	\$130,867	\$41,969
Net Change in Cash and Cash Equivalents	(\$704,624)	(\$1,005,948)	(\$693,257)	\$773,732	\$9,007
Cash and Cash Equivalents - Beginning of Year	\$2,949,951	\$2,245,327	\$3,110,575	\$2,417,318	\$3,191,050
Cash and Cash Equivalents - End of Year	\$2,245,327	\$1,239,379	\$2,417,318	\$3,191,050	\$3,200,057

Notes:

- (1) Source: City of Pewaukee Financial Statements, December 31, 2008. Capital assets and debt service split between utilities on the basis of utility plant in service. Unrestricted reserves split between utilities 30% for water and 70% for sewer.
- (2) Source: Village of Pewaukee Water Utility Financial Statements, December 31, 2008.
- (3) Source: City of Pewaukee Financial Statements, December 31, 2008. Assumes 30% for water and 70% for sewer, per City Auditor.

Sewer Utility Financial Summary

Net Assets	City ⁽¹⁾			Village ⁽²⁾		
	2006	2007	2008	2006	2007	2008
Capital Assets, Net of Debt		\$33,642,860	\$37,905,035			\$10,288,582
Restricted for Debt Service		\$1,669,536	\$1,874,172			\$554,857
Restricted for Replacement Fund						\$289,647
Unrestricted (Net of Connection Fees)		\$5,398,331	\$2,482,164			\$5,889,548
Reserved for Connection Fees						\$3,556,332
Total Net Assets	\$0	\$40,710,726	\$42,261,371	\$0	\$0	\$20,578,966
Cash Flows	City ⁽³⁾			Village ⁽²⁾		
	2006	2007	2008	2006	2007	2008
Operating Activities		\$1,986,970	\$779,801			\$387,205
Noncapital Financing Activities		(\$246,548)	(\$273,627)			(\$25,642)
Capital Financing Activities		(\$3,781,740)	(\$3,718,925)			(\$674,604)
Investing Activities		\$397,197	\$865,538			\$143,111
Net Change in Cash and Cash Equivalents	\$0	(\$1,644,122)	(\$2,347,213)	\$0	\$0	(\$169,930)
Cash and Cash Equivalents - Beginning of Year		\$6,883,218	\$5,239,097		\$0	\$6,120,628
Cash and Cash Equivalents - End of Year	\$0	\$5,239,097	\$2,891,884	\$0	\$0	\$5,950,698

Notes:

- (1) Source: City of Pewaukee Financial Statements, December 31, 2008. Split between utilities on the basis of utility plant in service.
- (2) Source: Village of Pewaukee Financial Statements, December 31, 2008.
- (3) Source: City of Pewaukee Financial Statements, December 31, 2008. Assumes 30% for water and 70% for sewer, per City Auditor.

Existing Sewer Debt Service Schedules

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City ⁽¹⁾																
1996 CWFL, Revenue Pledge	\$598,312	\$598,071	\$597,821	\$597,563	\$597,297	\$597,023	\$596,740	\$596,447								
1998 Installment Loan (G.O.) ⁽³⁾	\$31,459	\$31,446	\$31,434	\$31,421	\$31,407	\$31,393	\$31,378	\$31,344								
2001 G.O. Refunding Bonds ⁽³⁾	\$164,864	\$155,496														
2003 G.O. Promissory Notes ⁽³⁾	\$137,249	\$142,471	\$130,561	\$85,487	\$84,605											
2004 G.O. Bonds ⁽³⁾	\$85,036	\$84,698	\$84,253	\$84,452	\$84,570	\$85,360	\$55,113	\$55,291	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997
Subtotal City	\$1,016,921	\$1,012,182	\$844,068	\$798,923	\$797,879	\$713,776	\$683,231	\$683,083	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997
Village ⁽²⁾																
Issue 2, \$970,000, Revenue Bonds	\$158,526															
1996 Clean Water Fund Loan, \$1,880,000	\$131,949	\$131,949	\$131,949	\$131,949	\$131,949	\$131,949	\$131,949	\$131,949								
1996 Clean Water Fund Loan, \$7,625,000	\$445,126	\$445,126	\$445,126	\$445,126	\$445,126	\$445,126	\$445,126	\$445,126								
1992 Issue, \$2,010,000	\$23,100	\$23,100	\$23,100													
Subtotal Village	\$758,701	\$600,175	\$600,175	\$577,075	\$577,075	\$577,075	\$577,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Village & City Sewer Debt	\$1,775,622	\$1,612,357	\$1,444,243	\$1,375,998	\$1,374,954	\$1,290,851	\$1,260,306	\$683,083	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997

Notes:

(1) Source: City of Pewaukee.

(2) Source: Village of Pewaukee.

(3) G.O. debt service payments are split between the City's water and sewer utilities based on the proportion of net assets.

Existing Water Debt Service Schedules

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City ⁽¹⁾																
1998 Installment Loan (G.O.) ⁽³⁾	\$21,294	\$21,286	\$21,277	\$21,268	\$21,259	\$21,250	\$21,240	\$21,217								
2001 G.O. Refunding Bonds ⁽³⁾	\$111,596	\$105,254														
2003 G.O. Promissory Notes ⁽³⁾	\$92,904	\$96,438	\$88,376	\$57,866	\$57,269											
2004 G.O. Bonds ⁽³⁾	\$57,561	\$57,332	\$57,030	\$57,165	\$57,245	\$57,780	\$37,306	\$37,427	\$37,995	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904
Subtotal City	\$283,354	\$280,310	\$166,684	\$136,299	\$135,773	\$79,030	\$58,546	\$58,643	\$37,995	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904
Village ⁽²⁾																
Issue 11, \$960,000, G.O. Promissory Notes	\$121,649	\$117,951	\$119,145	\$120,121	\$120,880	\$116,530	\$117,071	\$117,395	\$117,501							
Issue 3, \$3,205,000, Revenue Bonds	\$417,511	\$424,974	\$421,193	\$417,543	\$418,138	\$417,738	\$416,313	\$423,833								
Subtotal Village	\$539,160	\$542,925	\$540,338	\$537,664	\$539,018	\$534,268	\$533,384	\$541,228	\$117,501							
Total Village & City Water Debt	\$822,514	\$823,235	\$707,022	\$673,963	\$674,791	\$613,298	\$591,930	\$599,871	\$155,496	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904

Notes:

(1) Source: City of Pewaukee.

(2) Source: Village of Pewaukee.

(3) G.O. debt service payments are split between the City's water and sewer utilities based on the proportion of net assets.

Future Sewer Debt Service Schedules

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City ⁽¹⁾																
2010 Projects - \$985,000 Issue - Sewer Portion (G.O.)	\$18,288	\$52,090	\$51,865	\$56,573	\$61,113	\$85,124	\$88,565	\$91,588	\$94,230	\$91,770	\$89,310	\$86,730	\$84,030	\$81,330	\$78,630	\$75,855
2011 Projects - \$974,400 Issue (G.O.) ⁽²⁾		\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908	\$74,908
Subtotal City	\$18,288	\$126,998	\$126,773	\$131,481	\$136,021	\$160,032	\$163,473	\$166,496	\$169,138	\$166,678	\$164,218	\$161,638	\$158,938	\$156,238	\$153,538	\$150,763
Village ⁽²⁾																
2010 Projects	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878	\$68,878
2011 Projects		\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712	\$55,712
Subtotal Village	\$68,878	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590
Total Village & City Debt	\$87,166	\$251,588	\$251,363	\$256,071	\$260,611	\$284,622	\$288,063	\$291,086	\$293,728	\$291,268	\$288,808	\$286,228	\$283,528	\$280,828	\$278,128	\$275,353
Consolidated ⁽²⁾																
2010 Projects	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712	\$129,712
2011 Projects		\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620	\$130,620
Total	\$129,712	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332	\$260,332

(1) Assumes City projects in Ehlers 4/3/09 proposal moved back one year.

(2) All payments based on 20-year financing at an interest rate of 4.5%.

Future Water Debt Service Schedules

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
City ⁽¹⁾																
2010 Water Projects - G.O.	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715
2020 Water Projects - G.O.											\$127,038	\$127,038	\$127,038	\$127,038	\$127,038	\$127,038
2025 Water Projects - G.O.																\$176,431
Subtotal City	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$530,753	\$530,753	\$530,753	\$530,753	\$530,753	\$707,184
Village ⁽¹⁾																
Water Main Relay Project - \$1,080,000 Issue	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026
Well 5 Radium Treatment - \$845,000 Issue					\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960	\$64,960
Subtotal Village	\$83,026	\$83,026	\$83,026	\$83,026	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987
Total Village & City Debt	\$486,741	\$486,741	\$486,741	\$486,741	\$551,702	\$551,702	\$551,702	\$551,702	\$551,702	\$551,702	\$678,739	\$678,739	\$678,739	\$678,739	\$678,739	\$855,170
Consolidated ⁽¹⁾																
2010 Water Projects - G.O.	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979

(1) All payments based on 20-year financing at an interest rate of 4.5%.

APPENDIX B

Scenario 1, Separate Utilities - Sewer Utilities

City Sewer Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Service Charges	\$2,611,500	\$2,662,079	\$2,674,559	\$2,687,039	\$2,699,519	\$2,711,999	\$2,724,479	\$2,736,959	\$2,749,439	\$2,761,919	\$2,774,399	\$2,786,879	\$2,799,359	\$2,811,839	\$2,909,049	\$3,009,560	\$3,113,484
Forfeited Discounts	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Special Assessments	\$29,204	\$24,235	\$23,134	\$22,333	\$20,000	\$19,000	\$18,050	\$17,148	\$16,290	\$15,476	\$14,702	\$13,967	\$13,268	\$12,605	\$11,975	\$11,376	\$10,807
Reserve Capacity Assessments	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440	\$61,440
Other Income	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Interest Income	\$80,670	\$91,089	\$74,802	\$83,517	\$77,134	\$81,501	\$86,091	\$83,193	\$77,297	\$88,532	\$98,660	\$105,968	\$110,216	\$111,099	\$108,319	\$104,334	\$98,966
Total Operating Revenues	\$2,794,814	\$2,850,842	\$2,845,935	\$2,866,329	\$2,870,993	\$2,885,940	\$2,902,060	\$2,910,740	\$2,916,466	\$2,930,367	\$2,961,201	\$2,980,254	\$2,996,283	\$3,008,983	\$3,102,783	\$3,198,710	\$3,296,698
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$1,457,328	\$1,530,194	\$1,606,704	\$1,687,039	\$1,771,391	\$1,859,961	\$1,952,959	\$2,050,607	\$2,153,137	\$2,208,294	\$2,318,709	\$2,434,644	\$2,556,376	\$2,684,195	\$2,818,405	\$2,959,325	\$3,107,291
Capital Outlay - Cash Financed		\$791,320		\$450,000	\$34,960	\$34,960	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
Total Expenditures Before Debt Service	\$1,457,328	\$2,321,514	\$1,606,704	\$2,137,039	\$1,806,351	\$1,894,921	\$2,147,959	\$2,245,607	\$2,348,137	\$2,403,294	\$2,513,709	\$2,629,644	\$2,751,376	\$2,879,195	\$3,013,405	\$3,154,325	\$3,302,291
Net Before Debt Service	\$1,337,486	\$529,328	\$1,239,230	\$729,290	\$1,063,741	\$991,019	\$754,101	\$665,133	\$568,329	\$536,073	\$447,492	\$350,610	\$244,907	\$129,787	\$89,378	\$44,384	-\$5,594
Debt Service																	
Debt Service - Existing	\$1,016,921	\$1,012,182	\$844,068	\$798,923	\$797,879	\$713,776	\$683,231	\$683,083	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997	\$0
Debt Service - Future (G.O.)		\$18,288		\$126,773	\$131,481	\$136,021	\$160,032	\$163,473	\$166,496	\$169,138	\$166,678	\$164,218	\$161,638	\$158,938	\$156,238	\$153,538	\$150,763
Total Debt Service	\$1,016,921	\$1,030,470	\$971,066	\$925,696	\$929,360	\$849,797	\$843,263	\$846,556	\$222,627	\$224,455	\$222,619	\$219,918	\$217,734	\$215,301	\$212,019	\$209,535	\$150,763
Net Cash Flow	\$320,565	(\$501,142)	\$268,164	(\$196,406)	\$134,381	\$141,222	(\$89,163)	(\$181,423)	\$345,702	\$311,618	\$224,873	\$130,692	\$27,173	(\$85,513)	(\$122,641)	(\$165,151)	(\$156,357)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$1,337,486	\$529,328	\$1,239,230	\$729,290	\$1,063,741	\$991,019	\$754,101	\$665,133	\$568,329	\$536,073	\$447,492	\$350,610	\$244,907	\$129,787	\$89,378	\$44,384	(\$5,594)
Add: Cash-Financed Capital	\$0	\$791,320	\$0	\$450,000	\$34,960	\$34,960	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000	\$195,000
Available for Revenue Bond Debt Coverage	\$1,337,486	\$1,320,648	\$1,239,230	\$1,179,290	\$1,098,701	\$1,025,979	\$949,101	\$860,133	\$763,329	\$731,073	\$642,492	\$545,610	\$439,907	\$324,787	\$284,378	\$239,384	\$189,406
Revenue Bond Debt	\$598,312	\$598,071	\$597,821	\$597,563	\$597,297	\$597,023	\$596,740	\$596,447	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Debt Coverage	224%	221%	207%	197%	184%	172%	159%	144%	N/A								
Total Number of RECs ⁽²⁾	6,369	6,399	6,429	6,459	6,489	6,519	6,549	6,579	6,609	6,639	6,669	6,699	6,729	6,759	6,789	6,819	6,849
Average Annual Charge / REC ⁽³⁾	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$416	\$428	\$441	\$455
Projected Rate Increase	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%
Cash Reserve Balances, Beginning of Year ⁽⁴⁾	\$2,482,164	\$2,802,729	\$2,301,587	\$2,569,751	\$2,373,346	\$2,507,727	\$2,648,949	\$2,559,787	\$2,378,364	\$2,724,066	\$3,035,683	\$3,260,556	\$3,391,248	\$3,418,420	\$3,332,907	\$3,210,266	\$3,045,116
Change in Amount of Reserves	\$320,565	(\$501,142)	\$268,164	(\$196,406)	\$134,381	\$141,222	(\$89,163)	(\$181,423)	\$345,702	\$311,618	\$224,873	\$130,692	\$27,173	(\$85,513)	(\$122,641)	(\$165,151)	(\$156,357)
Cash Reserve Balances, End of Year ⁽⁵⁾	\$2,802,729	\$2,301,587	\$2,569,751	\$2,373,346	\$2,507,727	\$2,648,949	\$2,559,787	\$2,378,364	\$2,724,066	\$3,035,683	\$3,260,556	\$3,391,248	\$3,418,420	\$3,332,907	\$3,210,266	\$3,045,116	\$2,888,759
Debt Service plus 6 Months O&M	\$1,795,567	\$1,774,418	\$1,769,215	\$1,815,056	\$1,779,778	\$1,819,743	\$1,871,859	\$1,299,195	\$1,328,602	\$1,381,973	\$1,437,240	\$1,495,922	\$1,557,398	\$1,621,221	\$1,689,198	\$1,704,409	

Village Sewer Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Service Charges	\$1,445,415	\$1,447,834	\$1,450,253	\$1,481,725	\$1,513,877	\$1,546,722	\$1,595,767	\$1,598,412	\$1,601,056	\$1,603,700	\$1,606,344	\$1,608,989	\$1,611,633	\$1,662,705	\$1,715,392	\$1,769,743	\$1,843,538
Forfeited Discounts	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600	\$8,600
Hookup Fees	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200
Other Income	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000	\$185,000
Interest Income	\$150,000	\$182,003	\$187,924	\$190,729	\$189,029	\$181,250	\$175,546	\$168,488	\$178,027	\$185,848	\$191,789	\$195,677	\$197,530	\$196,553	\$194,712	\$191,689	\$187,360
Total Operating Revenues	\$1,800,215	\$1,834,636	\$1,842,977	\$1,877,254	\$1,907,706	\$1,932,771	\$1,976,114	\$1,971,699	\$1,983,883	\$1,994,348	\$2,002,933	\$2,009,466	\$2,013,763	\$2,064,058	\$2,114,903	\$2,166,232	\$2,235,698
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$924,734	\$970,971	\$1,019,519	\$1,070,495	\$1,124,020	\$1,180,221	\$1,239,232	\$1,301,194	\$1,366,253	\$1,434,566	\$1,506,294	\$1,581,609	\$1,660,689	\$1,743,724	\$1,830,910	\$1,922,456	\$2,018,578
Capital Outlay - Cash Financed	\$455,000	\$0	\$0	\$145,000	\$308,980	\$213,980	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Replacement Fund Contributions	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400	\$12,400
Total Expenditures Before Debt Service	\$1,392,134	\$983,371	\$1,031,919	\$1,227,895	\$1,445,400	\$1,406,601	\$1,491,632	\$1,553,594	\$1,618,653	\$1,686,966	\$1,758,694	\$1,834,009	\$1,913,089	\$1,996,124	\$2,083,310	\$2,174,856	\$2,270,978
Net Before Debt Service	\$408,081	\$851,266	\$811,058	\$649,359	\$462,306	\$526,170	\$484,482	\$418,106	\$365,230	\$307,382	\$244,239	\$175,457	\$100,674	\$67,934	\$31,593	-\$8,623	-\$35,281
Debt Service																	
Debt Service - Existing	\$758,701	\$600,175	\$600,175	\$577,075	\$577,075	\$577,075	\$577,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - Future (G.O.)		\$68,878		\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590	\$124,590
Total Debt Service	\$758,701	\$669,053	\$724,765	\$701,665	\$701,665	\$701,665	\$701,665	\$124,590									
Net Cash Flow	(\$350,620)	\$182,212	\$86,293	(\$52,306)	(\$239,359)	(\$175,495)	(\$217,184)	\$293,516	\$240,639	\$182,792	\$119,648	\$50,866	(\$23,917)	(\$56,656)	(\$92,997)	(\$133,214)	(\$159,871)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$408,081	\$851,266	\$811,058	\$649,359	\$462,306	\$526,170	\$484,482	\$418,106	\$365,230	\$307,382	\$244,239	\$175,457	\$100,674	\$67,934	\$31,593	(\$8,623)	(\$35,281)
Add: Cash-Financed Capital	\$455,000	\$0	\$0	\$145,000	\$308,980	\$213,980	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Available for Revenue Bond Debt Coverage	\$863,081	\$851,266	\$811,058	\$794,359	\$771,286	\$740,150	\$724,482	\$658,106	\$605,230	\$547,382	\$484,239	\$415,457	\$340,674	\$307,934	\$271,593	\$231,377	\$204,719
Revenue Bond Debt	\$758,701	\$600,175	\$600,175	\$577,075	\$577,075	\$577,075	\$577,075	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Debt Coverage	114%	142%	135%	138%	134%	128%	126%	NA</									

Scenario 1, Separate Utilities - Water Utilities

City Water Utility Forecasted Revenues & Expenditures

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues																	
Water Service Charges (including Fire Protection)	\$1,851,000	\$2,086,790	\$2,352,515	\$2,367,826	\$2,383,136	\$2,470,400	\$2,560,755	\$2,654,308	\$2,751,169	\$2,851,454	\$2,955,279	\$3,062,767	\$3,174,045	\$3,289,243	\$3,408,496	\$3,566,235	\$3,731,140
Forfeited Discounts	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Special Assessments	\$59,779	\$54,404	\$50,099	\$44,667	\$40,000	\$38,000	\$36,100	\$34,295	\$32,580	\$30,951	\$29,400	\$27,933	\$26,537	\$25,210	\$23,949	\$22,752	\$21,614
Reserve Capacity Assessments	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050	\$112,050
Other Income	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500
Interest Income	\$34,573	\$42,990	\$43,660	\$40,768	\$49,512	\$56,225	\$66,342	\$70,047	\$69,003	\$74,771	\$80,277	\$85,415	\$89,242	\$89,253	\$88,495	\$86,871	\$85,354
Total Operating Revenues	\$2,072,402	\$2,311,234	\$2,573,324	\$2,580,311	\$2,599,698	\$2,691,475	\$2,788,247	\$2,885,700	\$2,979,803	\$3,084,226	\$3,192,009	\$3,303,165	\$3,416,874	\$3,530,756	\$3,647,991	\$3,802,908	\$3,965,159
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$1,139,180	\$1,196,139	\$1,255,946	\$1,318,743	\$1,384,680	\$1,453,914	\$1,526,610	\$1,602,941	\$1,683,088	\$1,767,242	\$1,855,604	\$1,948,384	\$2,045,804	\$2,148,094	\$2,255,498	\$2,368,273	\$2,486,687
Taxes ⁽¹⁾	\$390,896	\$410,441	\$430,963	\$452,511	\$475,137	\$498,894	\$523,839	\$550,030	\$577,532	\$606,409	\$636,729	\$668,565	\$701,994	\$737,093	\$773,948	\$812,645	\$853,278
Capital Outlay - Cash Financed	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000	\$405,000
Total Expenditures Before Debt Service	\$1,530,076	\$1,606,580	\$2,091,909	\$1,771,255	\$1,859,817	\$1,952,808	\$2,150,449	\$2,455,471	\$2,360,620	\$2,473,651	\$2,592,333	\$2,616,950	\$2,847,797	\$2,985,187	\$3,129,447	\$3,280,919	\$3,339,965
Net Before Debt Service	\$542,326	\$704,654	\$481,415	\$809,056	\$739,881	\$738,667	\$637,799	\$430,229	\$619,183	\$610,575	\$599,676	\$686,216	\$569,076	\$545,569	\$518,544	\$521,990	\$625,194
Debt Service																	
Debt Service - Existing	\$283,354	\$280,310	\$166,684	\$136,299	\$135,773	\$79,030	\$58,546	\$58,643	\$37,995	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904	\$0
Debt Service - Future (G.O.)	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715	\$403,715
Total Debt Service	\$283,354	\$684,025	\$570,399	\$540,015	\$540,015	\$462,281											
Net Cash Flow	\$258,971	\$20,628	(\$88,984)	\$269,041	\$200,393	\$255,922	\$175,538	(\$32,129)	\$177,473	\$169,416	\$158,095	\$117,760	\$352	(\$23,335)	(\$49,966)	(\$46,667)	(\$81,990)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$542,326	\$704,654	\$481,415	\$809,056	\$739,881	\$738,667	\$637,799	\$430,229	\$619,183	\$610,575	\$599,676	\$686,216	\$569,076	\$545,569	\$518,544	\$521,990	\$625,194
Add: Cash-Financed Capital	\$0	\$0	\$405,000	\$0	\$0	\$0	\$100,000	\$302,500	\$100,000	\$100,000	\$100,000	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$0
Available for Revenue Bond Debt Coverage	\$542,326	\$704,654	\$886,415	\$809,056	\$739,881	\$738,667	\$737,799	\$732,729	\$719,183	\$710,575	\$699,676	\$686,216	\$669,076	\$645,569	\$618,544	\$621,990	\$625,194
Revenue Bond Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Debt Coverage	N/A																
Total Number of RECs ⁽²⁾	4,550	4,580	4,610	4,640	4,670	4,700	4,730	4,760	4,790	4,820	4,850	4,880	4,910	4,940	4,970	5,000	5,030
Average Annual Charge / REC ⁽²⁾⁽³⁾	\$407	\$456	\$510	\$510	\$510	\$526	\$541	\$558	\$574	\$592	\$609	\$628	\$646	\$666	\$686	\$713	\$742
Projected Rate Increase		12%	12%	0%	0%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%
Cash Reserve Balances, Beginning of Year ⁽⁴⁾	\$1,063,784	\$1,322,756	\$1,343,384	\$1,254,400	\$1,523,442	\$1,723,834	\$1,979,756	\$2,155,294	\$2,123,165	\$2,300,638	\$2,470,054	\$2,628,148	\$2,745,908	\$2,746,260	\$2,722,925	\$2,672,959	\$2,626,292
Change in Amount of Reserves	\$258,971	\$20,628	(\$88,984)	\$269,041	\$200,393	\$255,922	\$175,538	(\$32,129)	\$177,473	\$169,416	\$158,095	\$117,760	\$352	(\$23,335)	(\$49,966)	(\$46,667)	(\$81,990)
Cash Reserve Balances, End of Year ⁽⁵⁾	\$1,322,756	\$1,343,384	\$1,254,400	\$1,523,442	\$1,723,834	\$1,979,756	\$2,155,294	\$2,123,165	\$2,300,638	\$2,470,054	\$2,628,148	\$2,745,908	\$2,746,260	\$2,722,925	\$2,672,959	\$2,626,292	\$2,544,302
Debt Service plus 6 Months O&M		\$1,282,095	\$1,198,372	\$1,199,386	\$1,231,828	\$1,209,702	\$1,225,566	\$1,263,829	\$1,283,253	\$1,324,780	\$1,369,383	\$1,542,648	\$1,591,626	\$1,642,951	\$1,696,260	\$1,752,794	\$1,950,527

Village Water Utility Forecasted Revenues & Expenditures

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues																	
Water Service Charges (including Fire Protection)	\$1,233,561	\$1,310,198	\$1,365,334	\$1,422,784	\$1,482,646	\$1,574,732	\$1,656,753	\$1,726,438	\$1,729,854	\$1,733,269	\$1,736,684	\$1,740,100	\$1,743,515	\$1,746,930	\$1,750,346	\$1,753,761	\$1,809,892
Forfeited Discounts	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Hookup Fees	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600	\$5,600
Other Income	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100	\$65,100
Interest Income	\$35,000	\$84,734	\$85,317	\$78,326	\$72,301	\$63,088	\$63,944	\$59,389	\$54,981	\$62,512	\$72,327	\$80,587	\$87,142	\$91,832	\$94,489	\$94,930	\$92,963
Total Operating Revenues	\$1,344,261	\$1,470,632	\$1,526,350	\$1,576,810	\$1,630,647	\$1,713,520	\$1,796,397	\$1,861,527	\$1,860,535	\$1,871,481	\$1,884,711	\$1,896,386	\$1,906,357	\$1,914,463	\$1,920,535	\$1,924,391	\$1,978,555
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$568,420	\$596,841	\$626,693	\$658,017	\$690,918	\$725,464	\$761,737	\$799,824	\$839,815	\$881,806	\$925,896	\$972,191	\$1,020,801	\$1,071,841	\$1,125,433	\$1,181,704	\$1,240,790
Taxes ⁽¹⁾	\$218,969	\$229,918	\$241,414	\$253,484	\$266,159	\$279,467	\$293,440	\$308,112	\$323,517	\$339,693	\$356,678	\$374,512	\$393,237	\$412,899	\$433,544	\$455,222	\$477,983
Capital Outlay - Cash Financed	\$190,252	\$0	\$250,000	\$230,000	\$335,000	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Total Expenditures Before Debt Service	\$977,641	\$826,759	\$1,118,097	\$1,141,502	\$1,292,077	\$1,004,930	\$1,255,177	\$1,307,936	\$1,363,333	\$1,421,499	\$1,482,574	\$1,546,703	\$1,614,038	\$1,684,740	\$1,758,977	\$1,836,926	\$1,918,772
Net Before Debt Service	\$366,620	\$643,873	\$408,254	\$435,308	\$338,570	\$708,590	\$541,220	\$553,591	\$497,202	\$449,982	\$402,137	\$349,683	\$292,319	\$229,723	\$161,558	\$87,465	\$59,783
Debt Service																	
Debt Service - Existing	\$539,160	\$542,925	\$540,338	\$537,664	\$539,018	\$534,268	\$533,384	\$541,228	\$117,501	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Debt Service - Future (Revenue)	\$83,026	\$83,026	\$83,026	\$83,026	\$83,026	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987	\$147,987
Total Debt Service	\$539,160	\$625,951	\$623,364	\$620,690	\$622,044	\$682,255	\$681,371	\$689,215	\$265,488	\$147,987							
Net Cash Flow	(\$172,540)	\$17,922	(\$215,111)	(\$185,382)	(\$283,474)	\$26,335	(\$140,151)	(\$135,623)	\$231,715	\$301,995	\$254,150	\$201,697	\$144,332	\$81,736	\$13,571	(\$60,521)	(\$88,204)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$366,620	\$643,873	\$408,254	\$435,308	\$338,570	\$708,590	\$541,220	\$553,591	\$497,202	\$449,982	\$402,137	\$349,683	\$292,319	\$229,723	\$161,558	\$87,465	\$59,783
Add: Cash-Financed Capital	\$190,252	\$0	\$250,000	\$230,000	\$335,000	\$0	\$200,000	\$20									

Scenario 2, Completely Merged Utilities, No Withdrawal of Village Reserves - Sewer Utilities

Merged Sewer Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Service Charges	\$4,094,053	\$4,108,506	\$4,122,958	\$4,137,411	\$4,151,863	\$4,166,315	\$4,180,768	\$4,195,220	\$4,209,672	\$4,224,125	\$4,238,577	\$4,253,030	\$4,267,482	\$4,281,934	\$4,296,387	\$4,310,839	\$4,455,050
Forfeited Discounts	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600
Special Assessments	\$29,204	\$24,235	\$23,134	\$22,333	\$20,000	\$19,000	\$18,050	\$17,148	\$16,290	\$15,476	\$14,702	\$13,967	\$13,268	\$12,605	\$11,975	\$11,376	\$10,807
Reserve Capacity Assessments / Hookup Fees	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640
Other Income ⁽¹⁾	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000
Interest Income	\$274,068	\$277,133	\$268,422	\$281,789	\$274,814	\$271,733	\$270,135	\$258,334	\$260,245	\$277,696	\$292,300	\$302,188	\$306,111	\$299,178	\$285,655	\$264,955	
Total Operating Revenues	\$4,617,565	\$4,630,113	\$4,634,754	\$4,661,773	\$4,666,917	\$4,677,289	\$4,689,193	\$4,690,942	\$4,706,448	\$4,737,537	\$4,765,819	\$4,789,424	\$4,807,942	\$4,820,891	\$4,827,780	\$4,828,110	\$4,951,052
Expenditures																	
Operation & Maintenance ⁽²⁾	\$2,292,649	\$2,407,281	\$2,527,645	\$2,654,028	\$2,786,729	\$2,926,066	\$3,072,369	\$3,225,987	\$3,387,287	\$3,504,151	\$3,679,358	\$3,863,326	\$4,056,493	\$4,259,317	\$4,472,283	\$4,695,897	\$4,930,692
Capital Outlay - Cash Financed	\$455,000	\$791,320	\$0	\$595,000	\$343,940	\$248,940	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000
Total Expenditures Before Debt Service	\$2,747,649	\$3,198,601	\$2,527,645	\$3,249,028	\$3,130,669	\$3,175,006	\$3,507,369	\$3,660,987	\$3,822,287	\$3,939,151	\$4,114,358	\$4,298,326	\$4,491,493	\$4,694,317	\$4,907,283	\$5,130,897	\$5,365,692
Net Before Debt Service	\$1,869,916	\$1,431,512	\$2,107,109	\$1,412,745	\$1,536,248	\$1,502,283	\$1,181,824	\$1,029,955	\$884,162	\$798,386	\$651,460	\$491,098	\$316,450	\$126,573	(\$79,503)	(\$302,788)	(\$414,640)
Debt Service																	
Debt Service - Existing	\$1,775,622	\$1,612,357	\$1,444,243	\$1,375,998	\$1,374,954	\$1,290,851	\$1,260,306	\$683,083	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997	\$0
Debt Service - Future	\$87,166	\$251,588	\$251,588	\$251,363	\$256,071	\$260,611	\$284,622	\$288,063	\$291,086	\$293,728	\$291,268	\$288,808	\$286,228	\$283,528	\$280,828	\$278,128	\$275,353
Total Debt Service	\$1,775,622	\$1,699,523	\$1,695,832	\$1,627,361	\$1,631,025	\$1,551,463	\$1,544,929	\$971,146	\$347,217	\$349,045	\$347,209	\$344,508	\$342,324	\$339,891	\$336,609	\$334,125	\$275,353
Net Cash Flow	\$94,295	(\$268,011)	\$411,277	(\$214,616)	(\$94,778)	(\$49,179)	(\$363,105)	\$58,809	\$536,945	\$449,340	\$304,251	\$146,590	(\$25,875)	(\$213,318)	(\$416,112)	(\$636,913)	(\$689,993)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$1,869,916	\$1,431,512	\$2,107,109	\$1,412,745	\$1,536,248	\$1,502,283	\$1,181,824	\$1,029,955	\$884,162	\$798,386	\$651,460	\$491,098	\$316,450	\$126,573	(\$79,503)	(\$302,788)	(\$414,640)
Add: Cash-Financed Capital	\$455,000	\$791,320	\$0	\$595,000	\$343,940	\$248,940	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000
Available for Revenue Bond Debt Coverage	\$2,324,916	\$2,222,832	\$2,107,109	\$2,007,745	\$1,880,188	\$1,751,223	\$1,616,824	\$1,464,955	\$1,319,162	\$1,233,386	\$1,086,460	\$926,098	\$751,450	\$561,573	\$355,497	\$132,212	\$20,360
Revenue Bond Debt	\$1,357,013	\$1,198,246	\$1,197,996	\$1,174,638	\$1,174,372	\$1,174,098	\$1,173,815	\$596,447	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Debt Coverage	171%	186%	176%	171%	160%	149%	138%	246%	NA								
Total Number of RECs ⁽³⁾	10,481	10,518	10,555	10,592	10,629	10,666	10,703	10,740	10,777	10,814	10,851	10,888	10,925	10,962	10,999	11,036	11,073
Average Annual Charge / REC ⁽³⁾	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$402
Projected Rate Increase		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
Cash Reserve Balances, Beginning of Year ⁽⁴⁾	\$8,432,862	\$8,527,156	\$8,259,145	\$8,670,423	\$8,455,807	\$8,361,029	\$8,311,850	\$7,948,745	\$8,007,554	\$8,544,498	\$8,993,839	\$9,298,090	\$9,444,679	\$9,418,805	\$9,205,487	\$8,789,375	\$8,152,462
Change in Amount of Reserves	\$94,295	(\$268,011)	\$411,277	(\$214,616)	(\$94,778)	(\$49,179)	(\$363,105)	\$58,809	\$536,945	\$449,340	\$304,251	\$146,590	(\$25,875)	(\$213,318)	(\$416,112)	(\$636,913)	(\$689,993)
Cash Reserve Balances, End of Year ⁽⁵⁾	\$8,527,156	\$8,259,145	\$8,670,423	\$8,455,807	\$8,361,029	\$8,311,850	\$7,948,745	\$8,007,554	\$8,544,498	\$8,993,839	\$9,298,090	\$9,444,679	\$9,418,805	\$9,205,487	\$8,789,375	\$8,152,462	\$7,462,469
Debt Service plus 6 Months O&M		\$2,903,164	\$2,959,654	\$2,954,375	\$3,024,390	\$3,014,495	\$3,081,113	\$2,584,140	\$2,040,860	\$2,101,121	\$2,186,888	\$2,276,172	\$2,370,571	\$2,469,550	\$2,572,750	\$2,682,074	\$2,740,700

(1) Excludes payment from City of Pewaukee to Village of Pewaukee for sewer service to properties within the City.
 (2) Assumes annual inflation of 5%.
 (3) Based on a combined average usage of 64,700 gallons per year per Residential Equivalent Connection (see Table 3) and the Village's current rate of \$6.04 per 1,000 gallons.
 (4) Combined cash attributable to each sewer utility from Table 10.
 (5) Assumes that reserve balances will not fall below the total amount of one year's debt service plus six months operation and maintenance costs.

Scenario 2, Completely Merged Utilities, No Withdrawal of Village Reserves - Water Utilities

Merged Water Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Service Charges (including Fire Protection)	\$3,084,561	\$3,202,181	\$3,377,905	\$3,461,390	\$3,546,863	\$3,634,371	\$3,723,960	\$3,815,679	\$3,909,578	\$4,005,705	\$4,104,115	\$4,204,858	\$4,350,225	\$4,500,529	\$4,655,936	\$4,816,618	\$4,982,749
Forfeited Discounts	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
Special Assessments	\$59,779	\$54,404	\$50,099	\$44,667	\$40,000	\$38,000	\$36,100	\$34,295	\$32,580	\$30,951	\$29,404	\$27,933	\$26,537	\$25,210	\$23,949	\$22,752	\$21,614
Reserve Capacity Assessments	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650
Other Income	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600
Interest Income	\$124,915	\$132,827	\$135,861	\$132,048	\$132,791	\$128,576	\$134,375	\$130,699	\$118,161	\$124,169	\$131,960	\$137,552	\$140,693	\$142,448	\$142,630	\$141,050	\$137,468
Total Operating Revenues	\$3,472,005	\$3,592,162	\$3,766,614	\$3,840,855	\$3,922,404	\$4,003,697	\$4,097,185	\$4,183,423	\$4,263,069	\$4,363,576	\$4,468,228	\$4,573,094	\$4,720,205	\$4,870,937	\$5,025,265	\$5,183,170	\$5,344,582
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$1,648,852	\$1,731,295	\$1,817,860	\$1,908,753	\$2,004,190	\$2,104,400	\$2,209,620	\$2,320,101	\$2,436,106	\$2,557,911	\$2,685,807	\$2,820,097	\$2,961,102	\$3,109,157	\$3,264,615	\$3,427,846	\$3,599,238
Taxes ⁽²⁾	\$566,947	\$595,295	\$625,060	\$656,313	\$689,128	\$723,585	\$759,764	\$797,752	\$837,640	\$879,522	\$923,498	\$969,672	\$1,018,156	\$1,069,064	\$1,122,517	\$1,178,643	\$1,237,575
Capital Outlay - Cash Financed	\$190,252	\$385,000	\$385,000	\$230,000	\$335,000	\$35,000	\$300,000	\$502,500	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Expenditures Before Debt Service	\$2,406,052	\$2,326,590	\$2,827,919	\$2,795,065	\$3,028,319	\$2,862,984	\$3,269,384	\$3,620,353	\$3,573,746	\$3,737,433	\$3,909,304	\$4,089,770	\$4,279,258	\$4,478,221	\$4,687,132	\$4,906,489	\$5,136,813
Net Before Debt Service	\$1,065,953	\$1,265,572	\$938,695	\$1,045,789	\$894,085	\$1,140,712	\$827,802	\$563,071	\$689,324	\$626,143	\$558,924	\$483,324	\$440,947	\$392,716	\$338,133	\$276,681	\$207,769
Debt Service																	
Debt Service - Existing	\$822,514	\$823,235	\$707,022	\$673,963	\$674,791	\$613,298	\$591,930	\$599,871	\$155,496	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904	\$0
Debt Service - Future (Revenue)	\$190,252	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979
Total Debt Service	\$822,514	\$1,172,214	\$1,056,001	\$1,022,943	\$1,023,770	\$962,277	\$940,909	\$948,851	\$504,475	\$386,423	\$386,845	\$386,682	\$386,950	\$387,131	\$386,737	\$386,883	\$348,979
Net Cash Flow	\$243,439	\$93,357	(\$117,306)	\$22,847	(\$129,685)	\$178,435	(\$113,107)	(\$385,780)	\$184,849	\$239,720	\$172,078	\$96,642	\$53,996	\$5,585	(\$48,604)	(\$110,202)	(\$141,210)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$1,065,953	\$1,265,572	\$938,695	\$1,045,789	\$894,085	\$1,140,712	\$827,802	\$563,071	\$689,324	\$626,143	\$558,924	\$483,324	\$440,947	\$392,716	\$338,133	\$276,681	\$207,769
Add: Cash-Financed Capital	\$190,252	\$0	\$385,000	\$230,000	\$335,000	\$35,000	\$300,000	\$502,500	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Available for Revenue Bond Debt Coverage	\$1,256,205	\$1,265,572	\$2,057,674	\$1,275,789	\$1,229,085	\$1,175,712	\$1,127,802	\$1,065,571	\$989,324	\$926,143	\$858,924	\$783,324	\$740,947	\$692,716	\$638,133	\$576,681	\$507,769
Revenue Bond Debt	\$417,511	\$773,953	\$770,172	\$766,522	\$767,117	\$766,717	\$765,292	\$772,812	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979
Revenue Bond Debt Coverage	301%	164%	267%	166%	160%	153%	147%	138%	283%	265%	246%	224%	212%	198%	183%	165%	146%
Total Number of RECs ⁽³⁾	7,930	7,967	8,004	8,041	8,078	8,115	8,152	8,189	8,226	8,263	8,300	8,337	8,374	8,411	8,448	8,485	8,522
Average Annual Charge / REC ⁽³⁾⁽⁴⁾	\$383	\$402	\$422	\$430	\$439	\$448	\$457	\$466	\$475	\$485	\$494	\$504	\$519	\$535	\$551	\$568	\$585
Projected Rate Increase		5%	5%	2%	2%	2%	2%	2%	2%	2%	2%	2%	3%	3%	3%	3%	3%
Cash Reserve Balances, Beginning of Year ⁽⁵⁾	\$3,843,534	\$4,086,973	\$4,180,330	\$4,063,024	\$4,085,871	\$3,956,186	\$4,134,621	\$4,021,514	\$3,635,734	\$3,820,582	\$4,060,302	\$4,232,381	\$4,329,023	\$4,383,019	\$4,388,604	\$4,340,001	\$4,229,798
Change in Amount of Reserves	\$243,439	\$93,357	(\$117,306)	\$22,847	(\$129,685)	\$178,435	(\$113,107)	(\$385,780)	\$184,849	\$239,720	\$172,078	\$96,642	\$53,996	\$5,585	(\$48,604)	(\$110,202)	(\$141,210)
Cash Reserve Balances, End of Year ⁽⁶⁾	\$4,086,973	\$4,180,330	\$4,063,024	\$4,085,871	\$3,956,186	\$4,134,621	\$4,021,514	\$3,635,734	\$3,820,582	\$4,060,302	\$4,232,381	\$4,329,023	\$4,383,019	\$4,388,604	\$4,340,001	\$4,229,798	\$4,088,588
Debt Service plus 6 Months O&M		\$2,037,862	\$1,964,931	\$1,977,319	\$2,025,866	\$2,014,477	\$2,045,719	\$2,108,901	\$1,722,528	\$1,665,379	\$1,729,749	\$1,796,731	\$1,867,501	\$1,941,709	\$2,019,044	\$2,100,806	\$2,148,598

(1) Assumes annual inflation of 5%.

(2) If the City and Village consolidate, the tax rate applied to Village water utility assets would decrease, resulting in a lower property tax equivalent payment. For purposes of this analysis, it was assumed that the tax rate would be at least as low as the most recent City tax rate.

(3) Based on a combined average usage of 65,800 gallons per year per Residential Equivalent Connection (see Table 3).

(4) Includes public and private fire protection charges. Assumes that a consolidated utility would set rates approximately equal to the average of the two utilities' rates.

(5) Combined cash attributable to each water utility from Table 11.

(6) Assumes that reserve balances will not fall below the total amount of one year's debt service plus six months operation and maintenance costs.

Scenario 3, Completely Merged Utilities, Withdrawal of Village Reserves - Sewer Utilities

Merged Sewer Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sewer Service Charges	\$4,094,053	\$4,108,506	\$4,122,958	\$4,137,411	\$4,151,863	\$4,166,315	\$4,180,768	\$4,195,220	\$4,209,672	\$4,224,125	\$4,238,577	\$4,253,030	\$4,267,482	\$4,281,934	\$4,425,278	\$4,573,369	\$4,726,363
Forfeited Discounts	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600	\$15,600
Special Assessments	\$29,204	\$24,235	\$23,134	\$22,333	\$20,000	\$19,000	\$18,050	\$17,148	\$16,290	\$15,476	\$14,702	\$13,967	\$13,268	\$12,605	\$11,975	\$11,376	\$10,807
Reserve Capacity Assessments / Hookup Fees	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640	\$72,640
Other Income ⁽¹⁾	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000	\$132,000
Interest Income	\$274,068	\$179,633	\$167,753	\$177,848	\$167,495	\$160,927	\$155,728	\$140,208	\$138,281	\$151,767	\$162,278	\$167,941	\$168,342	\$162,998	\$151,412	\$137,275	\$120,285
Total Operating Revenues	\$4,617,565	\$4,532,613	\$4,534,086	\$4,557,832	\$4,559,598	\$4,566,482	\$4,574,785	\$4,572,816	\$4,584,483	\$4,611,608	\$4,635,797	\$4,655,177	\$4,669,332	\$4,677,775	\$4,808,905	\$4,942,260	\$5,077,695
Expenditures																	
Operation & Maintenance ⁽²⁾	\$2,292,649	\$2,407,281	\$2,527,645	\$2,654,028	\$2,786,729	\$2,926,066	\$3,072,369	\$3,225,987	\$3,387,287	\$3,504,151	\$3,679,358	\$3,863,326	\$4,056,493	\$4,259,317	\$4,472,283	\$4,695,897	\$4,930,692
Capital Outlay - Cash Financed	\$455,000	\$791,320	\$0	\$595,000	\$343,940	\$248,940	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000
Total Expenditures Before Debt Service	\$2,747,649	\$3,198,601	\$2,527,645	\$3,249,028	\$3,130,669	\$3,175,006	\$3,507,369	\$3,660,987	\$3,822,287	\$3,939,151	\$4,114,358	\$4,298,326	\$4,491,493	\$4,694,317	\$4,907,283	\$5,130,897	\$5,365,692
Net Before Debt Service	\$1,869,916	\$1,334,012	\$2,006,440	\$1,308,805	\$1,428,929	\$1,391,477	\$1,067,416	\$911,829	\$762,197	\$672,457	\$521,439	\$356,851	\$177,840	(\$16,542)	(\$98,378)	(\$188,637)	(\$287,997)
Debt Service																	
Debt Service - Existing	\$1,775,622	\$1,612,357	\$1,444,243	\$1,375,998	\$1,374,954	\$1,290,851	\$1,260,306	\$683,083	\$56,130	\$55,317	\$55,941	\$55,700	\$56,096	\$56,362	\$55,780	\$55,997	\$0
Debt Service - Future		\$87,166	\$251,588	\$251,363	\$256,071	\$260,611	\$284,622	\$288,063	\$291,086	\$293,728	\$291,268	\$288,808	\$286,228	\$283,528	\$280,828	\$278,128	\$275,353
Total Debt Service	\$1,775,622	\$1,699,523	\$1,695,832	\$1,627,361	\$1,631,025	\$1,551,463	\$1,544,929	\$971,146	\$347,217	\$349,045	\$347,209	\$344,508	\$342,324	\$339,891	\$336,609	\$334,125	\$275,353
Net Cash Flow	\$94,295	(\$365,511)	\$310,609	(\$318,556)	(\$202,096)	(\$159,986)	(\$477,512)	(\$59,317)	\$414,980	\$323,411	\$174,230	\$12,342	(\$164,485)	(\$356,433)	(\$434,987)	(\$522,762)	(\$563,350)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$1,869,916	\$1,334,012	\$2,006,440	\$1,308,805	\$1,428,929	\$1,391,477	\$1,067,416	\$911,829	\$762,197	\$672,457	\$521,439	\$356,851	\$177,840	(\$16,542)	(\$98,378)	(\$188,637)	(\$287,997)
Add: Cash-Financed Capital	\$455,000	\$791,320	\$0	\$595,000	\$343,940	\$248,940	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000	\$435,000
Available for Revenue Bond Debt Coverage	\$2,324,916	\$2,125,332	\$2,006,440	\$1,903,805	\$1,772,869	\$1,640,417	\$1,502,416	\$1,346,829	\$1,197,197	\$1,107,457	\$956,439	\$791,851	\$612,840	\$418,458	\$336,622	\$246,363	\$147,003
Revenue Bond Debt	\$1,357,013	\$1,198,246	\$1,197,996	\$1,174,638	\$1,174,372	\$1,174,098	\$1,173,815	\$596,447	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Bond Debt Coverage	171%	177%	167%	162%	151%	140%	128%	226%	NA								
Total Number of RECs ⁽³⁾	10,481	10,518	10,555	10,592	10,629	10,666	10,703	10,740	10,777	10,814	10,851	10,888	10,925	10,962	10,999	11,036	11,073
Average Annual Charge / REC ⁽³⁾	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$391	\$402	\$414	\$427
Projected Rate Increase		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	3%	3%
Cash Reserve Balances, Beginning of Year ⁽⁴⁾	\$8,432,862	\$5,527,156	\$5,161,645	\$5,472,254	\$5,153,697	\$4,951,601	\$4,791,616	\$4,314,103	\$4,254,786	\$4,669,766	\$4,993,177	\$5,167,407	\$5,179,749	\$5,015,264	\$4,658,832	\$4,223,845	\$3,701,082
Withdrawal from Village Reserves Paid to Consolidated General Fund	(\$3,000,000)																
Change in Amount of Reserves	\$94,295	(\$365,511)	\$310,609	(\$318,556)	(\$202,096)	(\$159,986)	(\$477,512)	(\$59,317)	\$414,980	\$323,411	\$174,230	\$12,342	(\$164,485)	(\$356,433)	(\$434,987)	(\$522,762)	(\$563,350)
Cash Reserve Balances, End of Year ⁽⁵⁾	\$5,527,156	\$5,161,645	\$5,472,254	\$5,153,697	\$4,951,601	\$4,791,616	\$4,314,103	\$4,254,786	\$4,669,766	\$4,993,177	\$5,167,407	\$5,179,749	\$5,015,264	\$4,658,832	\$4,223,845	\$3,701,082	\$3,137,732
Debt Service plus 6 Months O&M		\$2,903,164	\$2,959,654	\$2,954,375	\$3,024,390	\$3,014,495	\$3,081,113	\$2,584,140	\$2,040,860	\$2,101,121	\$2,186,888	\$2,276,172	\$2,370,571	\$2,469,550	\$2,572,750	\$2,682,074	\$2,740,700

(1) Excludes payment from City of Pewaukee to Village of Pewaukee for sewer service to properties within the City.
 (2) Assumes annual inflation of 5%.
 (3) Based on average usage of 64,700 gallons per year per Residential Equivalent Connection (see Table 3). Initial charges based on the Village's current rate of \$6.04 per 1,000 gallons.
 (4) Combined cash attributable to each sewer utility from Table 10.
 (5) Assumes that reserve balances will not fall below the total amount of one year's debt service plus six months operation and maintenance costs.

Scenario 3, Completely Merged Utilities, Withdrawal of Village Reserves - Water Utilities

Merged Water Utility Forecasted Revenues & Expenditures

Revenues	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Service Charges (including Fire Protection)	\$3,035,533	\$3,202,181	\$3,377,905	\$3,529,260	\$3,651,864	\$3,778,649	\$3,909,753	\$4,006,048	\$4,104,631	\$4,123,093	\$4,141,555	\$4,243,218	\$4,347,290	\$4,497,493	\$4,652,795	\$4,813,368	\$4,979,388
Forfeited Discounts	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
Special Assessments	\$59,779	\$54,404	\$50,099	\$44,667	\$40,000	\$38,000	\$36,100	\$34,295	\$32,580	\$30,951	\$29,404	\$27,933	\$26,537	\$25,210	\$23,949	\$22,752	\$21,614
Reserve Capacity Assessments	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650	\$117,650
Other Income	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600	\$75,600
Interest Income	\$124,915	\$74,358	\$75,492	\$69,718	\$70,640	\$67,818	\$76,332	\$76,808	\$68,705	\$79,445	\$89,597	\$95,030	\$98,035	\$98,308	\$96,957	\$93,791	\$89,568
Total Operating Revenues	\$3,422,977	\$3,533,693	\$3,706,245	\$3,846,394	\$3,965,255	\$4,087,217	\$4,224,935	\$4,319,901	\$4,408,667	\$4,436,239	\$4,463,306	\$4,568,931	\$4,674,612	\$4,823,761	\$4,976,452	\$5,132,661	\$5,292,320
Expenditures																	
Operation & Maintenance ⁽¹⁾	\$1,648,852	\$1,731,295	\$1,817,860	\$1,908,753	\$2,004,190	\$2,104,400	\$2,209,620	\$2,320,101	\$2,436,106	\$2,557,911	\$2,685,807	\$2,820,097	\$2,961,102	\$3,109,157	\$3,264,615	\$3,427,846	\$3,599,238
Taxes ⁽²⁾	\$566,947	\$595,295	\$625,060	\$656,313	\$689,128	\$723,585	\$759,764	\$797,752	\$837,640	\$879,522	\$923,498	\$969,672	\$1,018,156	\$1,069,064	\$1,122,517	\$1,178,643	\$1,237,575
Capital Outlay - Cash Financed	\$190,252		\$385,000	\$230,000	\$335,000	\$35,000	\$300,000	\$502,500	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total Expenditures Before Debt Service	\$2,406,052	\$2,326,590	\$2,827,919	\$2,795,065	\$3,028,319	\$2,862,984	\$3,269,384	\$3,620,353	\$3,573,746	\$3,737,433	\$3,909,304	\$4,089,770	\$4,279,258	\$4,478,221	\$4,687,132	\$4,906,489	\$5,136,813
Net Before Debt Service	\$1,016,925	\$1,207,103	\$878,326	\$1,051,329	\$936,936	\$1,224,232	\$955,551	\$699,548	\$834,921	\$698,807	\$554,002	\$479,161	\$395,354	\$345,540	\$289,320	\$226,172	\$155,507
Debt Service																	
Debt Service - Existing	\$822,514	\$823,235	\$707,022	\$673,963	\$674,791	\$613,298	\$591,930	\$599,871	\$155,496	\$37,444	\$37,866	\$37,703	\$37,971	\$38,152	\$37,758	\$37,904	\$0
Debt Service - Future (Revenue)		\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979
Total Debt Service	\$822,514	\$1,172,214	\$1,056,001	\$1,022,943	\$1,023,770	\$962,277	\$940,909	\$948,851	\$504,475	\$386,423	\$386,845	\$386,682	\$386,950	\$387,131	\$386,737	\$386,883	\$348,979
Net Cash Flow	\$194,411	\$34,889	(\$177,675)	\$28,386	(\$86,834)	\$261,955	\$14,642	(\$249,303)	\$330,446	\$312,383	\$167,156	\$92,479	\$8,404	(\$41,590)	(\$97,417)	(\$160,711)	(\$193,472)
Available for Revenue Bond Debt Coverage Test																	
Net Before Debt Service	\$1,016,925	\$1,207,103	\$878,326	\$1,051,329	\$936,936	\$1,224,232	\$955,551	\$699,548	\$834,921	\$698,807	\$554,002	\$479,161	\$395,354	\$345,540	\$289,320	\$226,172	\$155,507
Add: Cash-Financed Capital	\$190,252	\$0	\$385,000	\$230,000	\$335,000	\$35,000	\$300,000	\$502,500	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Available for Revenue Bond Debt Coverage	\$1,207,177	\$1,207,103	\$1,263,326	\$1,281,329	\$1,271,936	\$1,259,232	\$1,255,551	\$1,202,048	\$1,134,921	\$998,807	\$854,002	\$779,161	\$695,354	\$645,540	\$589,320	\$526,172	\$455,507
Revenue Bond Debt	\$417,511	\$773,953	\$770,172	\$766,522	\$767,117	\$766,717	\$765,292	\$772,812	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979	\$348,979
Revenue Bond Debt Coverage	289%	156%	164%	167%	166%	164%	164%	156%	325%	286%	245%	223%	199%	185%	169%	151%	131%
Total Number of RECs ⁽³⁾	7,930	7,967	8,004	8,041	8,078	8,115	8,152	8,189	8,226	8,263	8,300	8,337	8,374	8,411	8,448	8,485	8,522
Average Annual Charge / REC ⁽³⁾⁽⁴⁾	\$383	\$402	\$422	\$439	\$452	\$466	\$480	\$489	\$499	\$499	\$499	\$509	\$519	\$535	\$551	\$567	\$584
Projected Rate Increase		5%	5%	4%	3%	3%	3%	2%	2%	0%	0%	2%	2%	3%	3%	3%	3%
Cash Reserve Balances, Beginning of Year ⁽⁵⁾	\$3,843,534	\$2,287,945	\$2,322,834	\$2,145,159	\$2,173,545	\$2,086,711	\$2,348,666	\$2,363,309	\$2,114,006	\$2,444,452	\$2,756,836	\$2,923,992	\$3,016,471	\$3,024,875	\$2,983,285	\$2,885,867	\$2,725,156
Withdrawal from Village Reserves Paid to Consolidated General Fund	(\$1,750,000)																
Change in Amount of Reserves	\$194,411	\$34,889	(\$177,675)	\$28,386	(\$86,834)	\$261,955	\$14,642	(\$249,303)	\$330,446	\$312,383	\$167,156	\$92,479	\$8,404	(\$41,590)	(\$97,417)	(\$160,711)	(\$193,472)
Cash Reserve Balances, End of Year ⁽⁶⁾	\$2,287,945	\$2,322,834	\$2,145,159	\$2,173,545	\$2,086,711	\$2,348,666	\$2,363,309	\$2,114,006	\$2,444,452	\$2,756,836	\$2,923,992	\$3,016,471	\$3,024,875	\$2,983,285	\$2,885,867	\$2,725,156	\$2,531,684
Debt Service plus 6 Months O&M		\$2,037,862	\$1,964,931	\$1,977,319	\$2,025,866	\$2,014,477	\$2,045,719	\$2,108,901	\$1,722,528	\$1,665,379	\$1,729,749	\$1,796,731	\$1,867,501	\$1,941,709	\$2,019,044	\$2,100,806	\$2,148,598

(1) Assumes annual inflation of 5%.
(2) If the City and Village consolidate, the tax rate applied to Village water utility assets would decrease, resulting in a lower property tax equivalent payment. For purposes of this analysis, it was assumed that the tax rate would be at least as low as the most recent City tax rate.
(3) Based on a combined average usage of 65,800 gallons per year per Residential Equivalent Connection (see Table 3).
(4) Includes public and private fire protection charges. Assumes that a consolidated utility would set rates approximately equal to the average of the two utilities' rates.
(5) Combined cash attributable to each water utility from Table 11.
(6) Assumes that reserve balances will not fall below the total amount of one year's debt service plus six months operation and maintenance costs.