



now joined with Umbaugh

Baker Tilly Municipal Advisors, LLC
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January 10, 2020

City of Lowell
301 E. Main St.
Lowell, MI 49331

Re: City of Lowell (Michigan) Water Fund – Water Asset Management Financial Plan

Dear City of Lowell:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of a water fund financial plan by the appropriate officers, officials and advisors of the City of Lowell. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

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8	Cash Flow Analysis

We would appreciate your questions or comments on this information and would provide additional information upon request.

Sincerely,

BAKER TILLY MUNICIPAL ADVISORS, LLC

Andy Campbell, CPA, Senior Manager

CITY OF LOWELL (MICHIGAN) WATER FUND

COMPARATIVE STATEMENT OF NET POSITION

	As of			
	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
	(----- Per Client -----)			
Assets				
Current assets:				
Cash and pooled investments	\$865,824	\$2,095,857	\$1,714,480	\$1,488,503
Accounts receivable	174,101	171,666	177,126	158,354
Prepaid and other assets	3,202	670	-	-
Inventory	98,386	77,048	81,873	97,640
Total current assets	<u>1,141,513</u>	<u>2,345,241</u>	<u>1,973,479</u>	<u>1,744,497</u>
Noncurrent assets:				
Special assessments long-term	-	-	-	-
Capital assets:				
Land	109,908	109,908	109,908	109,908
Capital assets, net	3,025,834	3,022,844	3,563,226	3,723,599
Total noncurrent assets	<u>3,135,742</u>	<u>3,132,752</u>	<u>3,673,134</u>	<u>3,833,507</u>
Total Assets	<u>\$4,277,255</u>	<u>\$5,477,993</u>	<u>\$5,646,613</u>	<u>\$5,578,004</u>
Deferred Outflows of Resources				
Pension related	221,155	120,869	35,066	135,407
Liabilities				
Current liabilities:				
Accounts payable	\$30,700	\$19,764	\$221,725	\$151,005
Accrued liabilities	11,126	17,050	17,542	25,164
Customer deposits	7,485	6,685	7,285	6,485
Current portion of long-term debt	125,000	141,480	100,000	-
Total current liabilities	<u>174,311</u>	<u>184,979</u>	<u>346,552</u>	<u>182,654</u>
Noncurrent liabilities				
Premium on bonds	-	66,555	62,306	58,126
Net pension liability	753,156	703,322	631,840	804,033
Net OPEB obligation	41,027	49,096	223,484	231,842
Compensated absences	8,666	9,937	9,131	9,604
Bonds payable, net of current portion	210,000	1,101,087	954,000	924,000
Total noncurrent liabilities	<u>1,012,849</u>	<u>1,929,997</u>	<u>1,880,761</u>	<u>2,027,605</u>
Total Liabilities	<u>1,187,160</u>	<u>2,114,976</u>	<u>2,227,313</u>	<u>2,210,259</u>
Net Position				
Net investment in capital assets	2,800,742	2,728,502	2,556,828	2,851,381
Unrestricted	510,508	755,384	897,538	651,771
Total Net Position	<u>3,311,250</u>	<u>3,483,886</u>	<u>3,454,366</u>	<u>3,503,152</u>
Total Liabilities and Net Position	<u>\$4,498,410</u>	<u>\$5,598,862</u>	<u>\$5,681,679</u>	<u>\$5,713,411</u>

CITY OF LOWELL (MICHIGAN) WATER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Fiscal Year Ended			
	6/30/2016	6/30/2017	6/30/2018	6/30/2019
	(-----Per Audit-----)			
Operating Revenues				
Charges for services	\$1,090,393	\$1,130,149	\$1,114,494	\$1,161,748
Other	20,223	32,426	15,701	11,212
Total operating revenues	<u>1,110,616</u>	<u>1,162,575</u>	<u>1,130,195</u>	<u>1,172,960</u>
Operating Expenses				
Treatment	403,366	413,137	493,047	425,382
Transmission and distribution	205,922	224,105	170,099	287,112
Customer accounts	89,842	82,296	79,700	92,041
Administrative and general	172,011	131,451	136,403	138,352
Subtotal	<u>871,141</u>	<u>850,989</u>	<u>879,249</u>	<u>942,887</u>
Depreciation expense	122,407	130,685	135,117	164,281
Total operating expenses	<u>993,548</u>	<u>981,674</u>	<u>1,014,366</u>	<u>1,107,168</u>
Net operating income (loss)	<u>117,068</u>	<u>180,901</u>	<u>115,829</u>	<u>65,792</u>
Non-Operating Revenues (Expenses)				
Investment earnings	424	3,542	6,455	17,549
Interest expense	(9,605)	(11,807)	(48,644)	(34,555)
Total non-operating revenues (expenses)	<u>(9,181)</u>	<u>(8,265)</u>	<u>(42,189)</u>	<u>(17,006)</u>
Change in net position	<u>107,887</u>	<u>172,636</u>	<u>73,640</u>	<u>48,786</u>
Net position, beginning of year	<u>3,203,363</u>	<u>3,311,250</u>	<u>3,380,726</u>	<u>3,454,366</u>
Net position, end of year	<u>\$3,311,250</u>	<u>\$3,483,886</u>	<u>\$3,454,366</u>	<u>\$3,503,152</u>

CITY OF LOWELL (MICHIGAN) WATER FUND

COMPARATIVE DETAIL OF OPERATING EXPENSES

		Fiscal Year Ended					Test Year	Multiplier	2020/21	2021/22	2022/23	2023/24	2024/25
		6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020							
		(----- Per Client -----)											
Operating Expenses													
Dept 552 - Customer Accounts													
591-552-725.000	Disability Insurance	-	-	-	-	-	-	0.0%	-	-	-	-	-
Dept 570 - Treatment													
591-570-702.000	Salaries-Permanent	\$101,372	\$110,711	\$118,923	\$112,829	\$126,200	\$126,200	2.0%	128,724	131,298	133,924	136,603	139,335
591-570-707.000	Salaries-Temporary	50	148	-	-	-	-	0.0%	-	-	-	-	-
591-570-709.000	Salaries-Overtime	22,276	25,658	25,059	-	25,000	25,000	0.0%	25,000	25,000	25,000	25,000	25,000
591-570-715.000	Social Security	9,660	10,415	11,293	25,000	11,000	11,000	2.0%	11,220	11,444	11,673	11,907	12,145
591-570-716.000	Health Insurance	43,907	34,032	87,548	24,426	18,733	18,733	3.0%	19,295	19,874	20,470	21,084	21,717
591-570-717.000	Life Insurance	238	294	287	258	300	300	2.0%	306	312	318	325	331
591-570-718.000	Pension	66,456	51,255	44,384	26,109	33,200	-	0.0%	-	-	-	-	-
591-570-719.000	Accrued Vacation/Sick Leave	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-570-721.000	Longevity	793	858	923	988	1,235	1,235	2.0%	1,260	1,285	1,311	1,337	1,364
591-570-722.000	Workers Compensation	2,041	3,851	4,060	5,000	5,000	5,000	2.0%	5,100	5,202	5,306	5,412	5,520
591-570-723.000	Dental Insurance	1,110	1,191	1,194	1,152	1,195	1,195	2.0%	1,219	1,243	1,268	1,294	1,320
591-570-724.000	Eyecare	539	601	596	577	621	621	2.0%	634	646	659	673	686
591-570-725.000	Disability Insurance	784	991	1,041	867	1,113	1,113	2.0%	1,135	1,158	1,181	1,205	1,229
591-570-726.000	Accrued Wages	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-570-727.000	Office Supplies	101	215	283	200	400	400	1.0%	404	408	412	416	420
591-570-740.000	Operating Supplies	9,048	10,141	8,550	9,670	10,432	10,432	1.0%	10,536	10,642	10,748	10,855	10,964
591-570-741.000	Fuel	238	320	91	400	500	500	1.0%	505	510	515	520	526
591-570-743.000	Chemicals	48,261	49,028	44,133	44,500	45,088	45,088	1.0%	45,539	45,995	46,455	46,919	47,388
591-570-744.000	Uniforms	-	-	-	800	150	150	1.0%	152	153	155	156	158
591-570-801.000	Professional Services	3,632	4,751	5,804	5,250	5,240	5,240	1.0%	5,292	5,345	5,399	5,453	5,507
591-570-802.000	Contractual	6,119	9,615	9,280	9,350	9,316	9,316	1.0%	9,409	9,503	9,598	9,694	9,791
591-570-850.000	Communications	2,299	5,047	2,370	2,400	2,400	2,400	1.0%	2,424	2,448	2,473	2,497	2,522
591-570-860.000	Travel Expenses	14	-	190	200	200	200	1.0%	202	204	206	208	210
591-570-864.000	Conferences & Conventions	1,891	1,407	3,287	3,500	4,500	4,500	1.0%	4,545	4,590	4,636	4,683	4,730
591-570-920.000	Public Utilities	58,889	59,662	65,585	62,000	62,000	62,000	2.0%	63,240	64,505	65,795	67,111	68,453
591-570-930.000	Repair & Maintenance	17,302	14,546	29,732	15,000	15,000	15,000	1.0%	15,150	15,302	15,455	15,609	15,765
591-570-940.000	Rentals	883	863	1,356	2,000	3,000	3,000	1.0%	3,030	3,060	3,091	3,122	3,153
591-570-955.000	Miscellaneous Expense	2,063	5,423	3,129	3,300	3,300	3,300	1.0%	3,333	3,366	3,400	3,434	3,468
591-570-970.000	Capital Outlay	-	-	-	-	-	[1]	0.0%	-	-	-	-	-
Total Dept 570 - Treatment Expenses		399,966	401,023	469,099	355,776	385,124	351,924		357,655	363,495	369,449	375,517	381,703
Dept 571 - Distribution													
591-571-702.000	Salaries-Permanent	49,204	41,565	44,413	54,618	106,000	106,000	2.0%	108,120	110,282	112,488	114,738	117,033
591-571-707.000	Salaries-Temporary	2,663	15	221	1,125	2,000	2,000	2.0%	2,040	2,081	2,122	2,165	2,208
591-571-708.000	Standby	887	705	1,405	-	1,500	1,500	0.0%	1,500	1,500	1,500	1,500	1,500
591-571-709.000	Salaries-Overtime	2,582	2,134	1,474	2,500	5,000	5,000	2.0%	5,100	5,202	5,306	5,412	5,520
591-571-715.000	Social Security	4,465	3,836	4,080	-	8,700	8,700	0.0%	8,700	8,700	8,700	8,700	8,700
591-571-716.000	Health Insurance	12,623	13,230	12,339	13,688	39,804	39,804	3.0%	40,998	42,228	43,495	44,800	46,144
591-571-717.000	Life Insurance	127	129	127	153	305	305	2.0%	311	317	323	330	336
591-571-718.000	Pension	40,483	29,743	18,712	12,639	28,000	-	0.0%	-	-	-	-	-
591-571-719.000	Accrued Vacation/Sick Leave	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-571-721.000	Longevity	345	344	344	406	475	475	2.0%	484	494	504	514	524
591-571-722.000	Workers Compensation	913	1,317	1,540	1,500	2,500	2,500	2.0%	2,550	2,601	2,653	2,706	2,760
591-571-723.000	Dental Insurance	498	490	468	595	1,360	1,360	2.0%	1,387	1,414	1,443	1,472	1,501
591-571-724.000	Eyecare	199	185	182	265	530	530	2.0%	541	552	563	574	586

CITY OF LOWELL (MICHIGAN) WATER FUND

(Continued)

COMPARATIVE DETAIL OF OPERATING EXPENSES

		Fiscal Year Ended					Test Year	Multiplier	2020/21	2021/22	2022/23	2023/24	2024/25
		6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020							
		(----- Per Client -----)											
Operating Expenses (Continued)													
591-571-725.000	Disability Insurance	337	355	379	423	973	973	2.0%	993	1,013	1,033	1,053	1,075
591-571-726.000	Accrued Wages	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-571-727.000	Office Supplies	-	199	-	200	300	300	1.0%	303	306	309	312	315
591-571-740.000	Operating Supplies	8,005	216	(3,813)	1,000	3,600	3,600	1.0%	3,636	3,672	3,709	3,746	3,784
591-571-744.000	Uniforms	550	352	330	850	1,250	1,250	1.0%	1,263	1,275	1,288	1,301	1,314
591-571-800.000	Customer Installation Expense	-	-	5,559	15,000	5,000	5,000	1.0%	5,050	5,101	5,152	5,203	5,255
591-571-801.000	Cross Connections	9,780	11,496	12,317	15,000	25,000	25,000	1.0%	25,250	25,503	25,758	26,015	26,275
591-571-802.000	Contractual	8,995	9,199	5,700	15,000	20,000	20,000	1.0%	20,200	20,402	20,606	20,812	21,020
591-571-850.000	Communications	837	1,086	1,346	1,200	1,200	1,200	1.0%	1,212	1,224	1,236	1,249	1,261
591-571-864.000	Conferences & Conventions	2,962	2,224	1,022	3,000	4,500	4,500	1.0%	4,545	4,590	4,636	4,683	4,730
591-571-920.000	Public Utilities	20,432	19,976	20,396	21,000	23,000	23,000	2.0%	23,460	23,929	24,408	24,896	25,394
591-571-930.000	Repair & Maintenance	27,160	44,315	31,415	35,000	48,500	48,500	1.0%	48,985	49,475	49,970	50,469	50,974
591-571-940.000	Rentals	4,464	2,460	7,282	8,750	12,000	12,000	1.0%	12,120	12,241	12,364	12,487	12,612
591-571-941.000	Fuel	-	-	-	-	3,500	3,500	1.0%	3,535	3,570	3,606	3,642	3,679
591-571-955.000	Miscellaneous Expense	859	1,665	2,861	2,250	3,000	3,000	1.0%	3,030	3,060	3,091	3,122	3,153
591-571-970.000	Capital Outlay	-	-	-	-	- [1]	-	0.0%	-	-	-	-	-
591-571-991.000	Principal	-	-	-	-	- [2]	-	0.0%	-	-	-	-	-
591-571-995.000	Interest	-	-	-	-	- [2]	-	0.0%	-	-	-	-	-
Total Dept 571 - Distribution Expenses		199,370	187,238	170,100	206,162	347,996	319,996		325,312	330,733	336,261	341,900	347,652
Dept 572 - Customer Accounts													
591-572-702.000	Salaries - Permanent	28,367	26,324	28,523	27,704	29,000	29,000	2.0%	29,580	30,172	30,775	31,391	32,018
591-572-703.000	Salaries - Meter Reads	4,247	4,243	3,892	4,500	4,500	4,500	2.0%	4,590	4,682	4,775	4,871	4,968
591-572-707.000	Salaries - Temporary	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-572-709.000	Salaries - Overtime	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-572-715.000	Social Security	2,423	2,147	1,988	3,000	2,500	2,500	2.0%	2,550	2,601	2,653	2,706	2,760
591-572-716.000	Health Insurance	11,698	9,607	10,818	13,124	14,108	14,108	3.0%	14,531	14,967	15,416	15,879	16,355
591-572-717.000	Life Insurance	103	102	98	101	101	101	2.0%	103	105	107	110	112
591-572-718.000	Pension	19,066	12,194	6,582	6,411	7,500	-	0.0%	-	-	-	-	-
591-572-719.000	Accrued Vacation/Sick Leave	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-572-721.000	Longevity	552	439	439	325	325	325	2.0%	332	338	345	352	359
591-572-722.000	Workers Compensation	417	268	138	400	200	200	2.0%	204	208	212	216	221
591-572-723.000	Dental Insurance	365	317	345	414	388	388	2.0%	396	404	412	420	429
591-572-724.000	Eyecare	135	117	126	152	141	141	2.0%	144	147	150	153	156
591-572-725.000	Disability	224	227	228	222	245	245	2.0%	249	254	260	265	270
591-572-726.000	Accrued Wages	-	-	-	-	-	-	0.0%	-	-	-	-	-
591-572-727.000	Office Supplies	-	71	-	1,500	1,500	1,500	1.0%	1,515	1,530	1,545	1,561	1,577
591-572-730.000	Postage	2,503	2,464	2,539	3,000	3,000	3,000	1.0%	3,030	3,060	3,091	3,122	3,153
591-572-740.000	Operating Supplies	286	398	87	1,000	1,000	1,000	1.0%	1,010	1,020	1,030	1,041	1,051
591-572-860.000	Travel Expenses	399	369	767	500	500	500	1.0%	505	510	515	520	526
591-572-864.000	Conferences & Conventions	-	-	23,000	-	-	-	0.0%	-	-	-	-	-
591-572-940.000	Rentals	-	-	56	-	-	-	0.0%	-	-	-	-	-
591-572-941.000	Data Processing	19,000	23,000	74	23,460	23,460	23,460	1.0%	23,695	23,932	24,171	24,413	24,657
591-572-955.000	Miscellaneous Expense	57	-	-	100	100	100	1.0%	101	102	103	104	105
591-572-969.000	Bad Debts	-	9	-	100	100	100	1.0%	101	102	103	104	105
Total Dept 572 - Customer Accounts		89,841	82,297	79,698	86,013	88,668	81,168		82,636	84,135	85,664	87,226	88,821

CITY OF LOWELL (MICHIGAN) WATER FUND

(Continued)

COMPARATIVE DETAIL OF OPERATING EXPENSES

		Fiscal Year Ended					Test Year	Multiplier	2020/21	2021/22	2022/23	2023/24	2024/25
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020									
(----- Per Client -----)													
Operating Expenses (Continued)													
Dept 573 - Administration													
591-573-702.000	Salaries - Permanent	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-715.000	Social Security	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-716.000	Health Insurance	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-717.000	Life Insurance	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-718.000	Pension	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-719.000	Accrued Vacation/Sick Leave	-	1,271	-	-	-	0.0%	-	-	-	-	-	
591-573-721.000	Longevity	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-722.000	Workers Compensation	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-723.000	Dental Insurance	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-724.000	Eyecare	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-725.000	Disability	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-726.000	Accrued Wages	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-727.000	Office Supplies	-	-	5	-	-	0.0%	-	-	-	-	-	
591-573-740.000	Operating Supplies	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-801.000	Professional Services	36,296	2,785	10,077	-	15,000	1.0%	15,150	15,302	15,455	15,609	15,765	
591-573-830.000	Administrative Services	125,400	91,500	114,400	114,546	114,400	2.0%	116,688	119,022	121,402	123,830	126,307	
591-573-864.000	Conferences & Conventions	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-906.997	Cost Of Issuance	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-910.000	Insurance	9,240	8,971	10,644	11,000	13,269	1.0%	13,402	13,536	13,671	13,808	13,946	
591-573-940.000	Rentals	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-941.000	Data Processing	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-955.000	Miscellaneous Expense	1,075	26,924	1,277	2,000	-	1.0%	-	-	-	-	-	
591-573-967.000	Amortization	-	-	-	-	[3]	0.0%	-	-	-	-	-	
591-573-968.000	Depreciation	-	-	-	-	[3]	0.0%	-	-	-	-	-	
591-573-969.000	Depreciation - Contributed Capital	-	-	-	-	[3]	0.0%	-	-	-	-	-	
591-573-970.000	Capital Outlay	-	-	-	-	[1]	0.0%	-	-	-	-	-	
591-573-977.000	Contingency - Equipment Replacement	-	-	-	-	-	0.0%	-	-	-	-	-	
591-573-991.000	Principal - Bonds	-	-	-	-	[2]	0.0%	-	-	-	-	-	
591-573-995.000	Interest - Bonds	-	-	-	-	[2]	0.0%	-	-	-	-	-	
591-573-996.000	Paying Agent Fees	200	200	550	550	1,200	0.0%	1,200	1,200	1,200	1,200	1,200	
Total Dept 573 - Administration		172,211	131,652	136,953	128,096	143,869		146,440	149,059	151,728	154,447	157,218	
Dept 906 - Debt Service													
591-906-995.000	Interest	-	6,591	(6,017)	-	-	0.0%	-	-	-	-	-	
Dept 965 - Transfers Out													
591-965-999.101	Transfer To General Fund	-	-	-	-	-	0.0%	-	-	-	-	-	
591-965-999.203	Transfer To Local Street Fund	-	-	-	-	-	0.0%	-	-	-	-	-	
Total Dept 965 - Transfers Out Expenses		-	-	-	-	-		-	-	-	-	-	
Dept 999 - Transfers In													
591-999-999.990	Current Fund Contra Change	-	-	-	-	-	0.0%	-	-	-	-	-	
Total Operating Expenses		\$861,389	\$808,800	\$849,834	\$776,047	\$965,658		\$912,042	\$927,422	\$943,102	\$959,091	\$975,393	

[1] Capital Outlay is removed from this section of the report. This item is discussed later in the report.

[2] Principal and Interest on debt are removed from this section of the report. These items are discussed later in the report.

[3] Depreciation and Amortization Expense are removed from this report as it is performed on the cash basis.

CITY OF LOWELL (MICHIGAN) WATER FUND

SCHEDULE OF AMORTIZATION OF \$924,000 PRINCIPAL AMOUNT OUTSTANDING OF GENERAL OBLIGATION LIMITED TAX CAPITAL IMPROVEMENT BONDS, SERIES 2016 - WATER PORTION

Payment Date	Principal Balance (In Dollars)	Interest Rate (%)	Debt Service			Fiscal Year Total
			Principal (-----In Dollars-----)	Interest	Total	
11/1/2019	\$924,000	2.00	\$30,000	\$17,996.25	\$47,996.25	
5/1/2020	894,000			17,696.25	17,696.25	\$65,692.50
11/1/2020	894,000	2.00	30,000	17,696.25	47,696.25	
5/1/2021	864,000			17,396.25	17,396.25	65,092.50
11/1/2021	864,000	3.00	30,000	17,396.25	47,396.25	
5/1/2022	834,000			16,946.25	16,946.25	64,342.50
11/1/2022	834,000	3.00	30,000	16,946.25	46,946.25	
5/1/2023	804,000			16,496.25	16,496.25	63,442.50
11/1/2023	804,000	3.00	30,000	16,496.25	46,496.25	
5/1/2024	774,000			16,046.25	16,046.25	62,542.50
11/1/2024	774,000	4.00	30,000	16,046.25	46,046.25	
5/1/2025	744,000			15,446.25	15,446.25	61,492.50
11/1/2025	744,000	4.00	31,500	15,446.25	46,946.25	
5/1/2026	712,500			14,816.25	14,816.25	61,762.50
11/1/2026	712,500	4.00	31,500	14,816.25	46,316.25	
5/1/2027	681,000			14,186.25	14,186.25	60,502.50
11/1/2027	681,000	4.00	33,000	14,186.25	47,186.25	
5/1/2028	648,000			13,526.25	13,526.25	60,712.50
11/1/2028	648,000	4.00	34,500	13,526.25	48,026.25	
5/1/2029	613,500			12,836.25	12,836.25	60,862.50
11/1/2029	613,500	4.00	36,000	12,836.25	48,836.25	
5/1/2030	577,500			12,116.25	12,116.25	60,952.50
11/1/2030	577,500	4.00	37,500	12,116.25	49,616.25	
5/1/2031	540,000			11,366.25	11,366.25	60,982.50
11/1/2031	540,000	4.00	39,000	11,366.25	50,366.25	
5/1/2032	501,000			10,586.25	10,586.25	60,952.50
11/1/2032	501,000	4.00	40,500	10,586.25	51,086.25	
5/1/2033	460,500			9,776.25	9,776.25	60,862.50
11/1/2033	460,500	4.00	43,500	9,776.25	53,276.25	
5/1/2034	417,000			8,906.25	8,906.25	62,182.50
11/1/2034	417,000	4.00	45,000	8,906.25	53,906.25	
5/1/2035	372,000			8,006.25	8,006.25	61,912.50
11/1/2035	372,000	4.00	46,500	8,006.25	54,506.25	
5/1/2036	325,500			7,076.25	7,076.25	61,582.50
11/1/2036	325,500	4.00	48,000	7,076.25	55,076.25	
5/1/2037	277,500			6,116.25	6,116.25	61,192.50
11/1/2037	277,500	4.00	51,000	6,116.25	57,116.25	
5/1/2038	226,500			5,096.25	5,096.25	62,212.50
11/1/2038	226,500	4.50	52,500	5,096.25	57,596.25	
5/1/2039	174,000			3,915.00	3,915.00	61,511.25
11/1/2039	174,000	4.50	55,500	3,915.00	59,415.00	
5/1/2040	118,500			2,666.25	2,666.25	62,081.25
11/1/2040	118,500	4.50	58,500	2,666.25	61,166.25	
5/1/2041	60,000			1,350.00	1,350.00	62,516.25
11/1/2041	60,000	4.50	60,000	1,350.00	61,350.00	61,350.00
	Totals		<u>\$924,000</u>	<u>\$502,736.25</u>	<u>\$1,426,736.25</u>	<u>\$1,426,736.25</u>

CITY OF LOWELL (MICHIGAN) WATER FUND

CASH FLOW ANALYSIS

	<u>2019/20</u>		<u>2020/21</u>	<u>Increase</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>2028/29</u>	<u>2029/30</u>	<u>2030/31</u>
Assumptions		<u>Increase</u>		<u>Per Year</u>										
Water meter equivalents	1,466		1,466		1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466	1,466
Ready-to-serve charge - monthly (all months)	\$24.25	6.50%	\$25.83	3.00%	\$26.60	\$27.40	\$28.22	\$29.07	\$29.94	\$30.84	\$31.76	\$32.71	\$33.70	\$34.71
Irrigation meter equivalents	121		121		121	121	121	121	121	121	121	121	121	121
Ready-to-serve charge - monthly (six months)	\$24.25	6.50%	\$25.83	3.00%	\$26.60	\$27.40	\$28.22	\$29.07	\$29.94	\$30.84	\$31.76	\$32.71	\$33.70	\$34.71
REU count (apartments and mobile homes)	457		457		457	457	457	457	457	457	457	457	457	457
REU charge - monthly	\$24.25	6.50%	\$25.83	3.00%	\$26.60	\$27.40	\$28.22	\$29.07	\$29.94	\$30.84	\$31.76	\$32.71	\$33.70	\$34.71
Volume sold - annual mgal - city	127,750		127,750		127,750	127,750	127,750	127,750	127,750	127,750	127,750	127,750	127,750	127,750
Commodity charge - mgal - city	\$2.37	6.50%	\$2.53	3.00%	\$2.60	\$2.68	\$2.76	\$2.85	\$2.93	\$3.02	\$3.11	\$3.20	\$3.30	\$3.40
Volume sold - annual mgal - township	58,589		58,589		58,589	58,589	58,589	58,589	58,589	58,589	58,589	58,589	58,589	58,589
Commodity charge - mgal - township	\$3.70	6.50%	\$3.94	3.00%	\$4.06	\$4.18	\$4.30	\$4.43	\$4.57	\$4.70	\$4.85	\$4.99	\$5.14	\$5.29
<i>Typical homeowner's bill (assumes 4,500 gallons/month)</i>	<i>\$34.93</i>		<i>\$37.20</i>		<i>\$38.32</i>	<i>\$39.47</i>	<i>\$40.65</i>							
Revenues														
Rates & charges														
Water ready-to-serve charge	\$426,569		\$454,296		\$467,925	\$481,962	\$496,421	\$511,314	\$526,653	\$542,453	\$558,726	\$575,488	\$592,753	\$610,535
Irrigation ready-to-serve charge	17,602		18,746		19,308	19,887	20,484	21,099	21,732	22,384	23,055	23,747	24,459	25,193
REU charge	132,982		141,625		145,874	150,250	154,758	159,401	164,183	169,108	174,181	179,407	184,789	190,333
Commodity charge - city	303,218		322,927		332,615	342,593	352,871	363,457	374,361	385,592	397,159	409,074	421,346	433,987
Commodity charge - township	216,721		230,808		237,732	244,864	252,210	259,776	267,569	275,596	283,864	292,380	301,152	310,186
Total rates & charges revenue	1,097,090		1,168,401		1,203,453	1,239,557	1,276,744	1,315,046	1,354,497	1,395,132	1,436,986	1,480,096	1,524,499	1,570,234
Other	18,000		18,000		18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Total revenues	1,115,090		1,186,401		1,221,453	1,257,557	1,294,744	1,333,046	1,372,497	1,413,132	1,454,986	1,498,096	1,542,499	1,588,234
Less: Total operating expenditures	(896,958)		(912,042)		(927,422)	(943,102)	(959,091)	(975,393)	(1,008,968)	(1,026,254)	(1,043,882)	(1,061,859)	(1,080,193)	(1,098,891)
Net operating revenue	218,133		274,359		294,032	314,455	335,653	357,653	363,529	386,878	411,105	436,237	462,306	489,342
Less: Current debt service payments	(65,693)		(65,093)		(64,343)	(63,443)	(62,543)	(61,493)	(61,763)	(60,503)	(60,713)	(60,863)	(60,953)	(60,983)
Estimated pension contributions	(80,789)		(88,246)		(86,124)	(88,762)	(92,711)	(96,735)	(100,974)	(110,487)	(115,122)	(119,813)	(124,684)	(129,696)
Estimated SCADA improvements [1]	(50,000)		-		-	-	-	-	-	-	-	-	-	-
Estimated cash-funded capital improvements	(204,000)		-		-	-	(310,512)	-	-	(131,107)	(131,409)	(505,982)	(364,040)	(877,431)
Estimated debt service #1 2021/22 bonds [2]	-		-		(35,000)	(64,750)	(64,750)	(64,750)	(64,750)	(64,750)	(64,750)	(64,750)	(64,750)	(64,750)
Net cash flow	(\$182,348)		\$121,021		\$108,565	\$97,500	(\$194,863)	\$199,425	\$200,793	\$84,782	\$103,861	(\$250,420)	(\$87,371)	(\$578,767)
<i>Cash & investments</i>	<i>\$1,488,503</i>	<i>\$1,306,155</i>	<i>\$1,427,176</i>		<i>\$1,535,741</i>	<i>\$1,633,241</i>	<i>\$1,438,378</i>	<i>\$1,637,803</i>	<i>\$1,838,596</i>	<i>\$1,923,378</i>	<i>\$2,027,239</i>	<i>\$1,776,819</i>	<i>\$1,689,448</i>	<i>\$1,110,680</i>

[1] Assumed water fund allocation is 50% of overall costs.

[2] Estimated debt service based on a \$1,652,479 40-year USDA bond issue at the current intermediate rate (2.375%).