FILED
March 29, 2018
INDIANA UTILITY
REGULATORY COMMISSION

Petitioner's Exhibit No. 1

EVANSVILLE WATER AND SEWER UTILITY

INDIANA UTILITY REGULATORY COMMISSION

CAUSE NO. 45073

IURC
PETITIONER'S
EXHIBIT NO. 1
9-5-18
DATE REPORTER

DIRECT TESTIMONY

OF

DOUGLAS L. BALDESSARI, CPA

SPONSORING ATTACHMENT DLB-1

Q. Please state your name and business address.

A. My name is Douglas L. Baldessari and my business address is 8365 Keystone Crossing, Suite 300, Indianapolis, Indiana 46240.

Q. What is your profession and where are you employed?

A. I am a Certified Public Accountant with the firm of H.J. Umbaugh & Associates ("Umbaugh"), Certified Public Accountants, LLP.

Q. Can you describe Umbaugh and its area of expertise?

A. Umbaugh is a firm of Certified Public Accountants practicing exclusively as independent financial advisors and utility consultants. The firm, in existence for over sixty (60) years, is a regional CPA firm with offices in Indianapolis and Mishawaka, Indiana, Okemos, Michigan and Columbus, Ohio. Our firm has concentrated its practice in providing financial advisory services to various governmental entities and not-for-profit utilities. A large part of our practice involves accounting studies in connection with changes in utility rates and financial planning for the issuance of tax-exempt bonds and other evidences of indebtedness.

Q. What is your educational experience?

A. In May 1991, I received a Bachelor of Science Degree in Finance from the University of Connecticut, School of Business, Storrs, Connecticut. In August 2001, I received my Master of Professional Accountancy from Indiana University Kelly School of Business, Indianapolis, Indiana. Since then I have completed various professional courses sponsored by the American Institute of Certified Public Accountants, Indiana CPA Society, and American Water Works Association and other professional organizations.

Q. Please describe your relevant professional experience.

A. I joined H.J. Umbaugh & Associates in March 2000 and, in 2002, completed the requirements to become licensed as a Certified Public Accountant in the State of Indiana. I became a Partner with the firm in January of 2013. During the past eighteen (18) years with Umbaugh, I have been involved with many professional engagements including financial studies for municipally-owned water and sewage utilities, not-for-profit water corporations, regional water and sewer districts, and conservancy districts. These studies quite often have involved the determination of utility revenue requirements, cost of service studies, and the financial planning associated with the issuance of tax-exempt and taxable bonds and loans.

Q. What professional organizations are you associated with?

A. I am a member of the American Institute of Certified Public Accountants, the American Water Works Association, the Indiana Water Environment Association where I serve as Vice President, and the Indiana CPA Society where I serve on the Board of Directors. In addition our firm is a member of both the Indiana Rural Water Association and the Indiana Water and Wastewater Alliance.

Q. Have you testified before as an expert witness?

A. Yes, I have testified before the Indiana Utility Regulatory Commission ("IURC") on several previous occasions.

Q. Was your firm retained by the City of Evansville acting through its Water and Sewer Utility Board ("Evansville" or "City" or "Petitioner") in connection with these proceedings?

A. Yes.

Q. Would you briefly describe the purposes for which you were retained and the nature and scope of the services which you were to provide?

A. We were retained to assist utility management ("Management") with the compilation of the possible future financial requirements of the Petitioner and to make recommendations regarding across-the-board changes in the Petitioner's present schedule of rates and charges for service. We were also retained to provide financing options in light of the Petitioner's desire to construct certain improvements to its waterworks system ("Utility"). Our study was based upon information that we obtained from the Utility records that were made available to us by Management.

Q. Have the results of those studies been summarized in a written report?

A. Yes. Our firm prepared an accounting report dated March 26, 2018 ("Accounting Report" or "Report") summarizing the results of our studies.

Q. Please identify Petitioner's Exhibit No. DLB-1.

A. Exhibit No. DLB-1 is a copy of our Accounting Report summarizing the results of the accounting services performed for the Petitioner.

Q. Was the Accounting Report prepared by you or under your supervision?

A. Yes, it was.

Q. In addition to preparation of your Accounting Report, what have you or your staff done in preparation to give testimony in this Cause?

A. We have discussed matters pertinent to the Cause with Evansville's Water and Sewer Utility Board of Directors, Director Allen Mounts, Water Superintendent Pat Keepes, Deputy Director of Project Management Michael Labitzke, Water and Sewer Utility Chief Financial Officer Jenny Collins and Evansville's counsel. I have also reviewed the testimony of Mr. Keepes filed in the Cause.

Q. Would you please explain the Accounting Report to the extent not otherwise self-explanatory?

A. The Accounting Report is divided into two sections. The first section (pages 3 through 32) contains pro forma financial information for the 12 months ended September 30, 2017. This test year, when coupled with fixed, known and measurable adjustments expected to occur within twelve (12) months of the end of the test year, is representative of the Petitioner's operations for ratemaking purposes.

The second section of the Accounting Report (pages 33 to 46) contains additional supplemental financial information regarding the test year ended September 30, 2017, and comparative financial information for the preceding calendar years 2014 through 2016.

Page 3 of the Report contains an estimate of the costs and funding of the capital improvements (the "Project") proposed by Management. Construction costs, together with contingencies and engineering fees, have been estimated by the consulting engineers and Management to be $132,361,824. Non-construction costs, estimated to be $14,993,176, include allowances for underwriter's discount, other financing costs and the pre-funding of a $10.55 million debt service reserve. In addition, an allowance for a portion of the interest on the bonds capitalized for the July 1, 2019 interest payment has been included. Total estimated costs of the Project are shown to be $147,355,000 and will be funded from the proceeds of Waterworks District (the "District") revenue bonds (the "Proposed Bonds"). The allowance for capitalized interest has been included to allow the phase-in of the proposed rates increases. The District plans on issuing bond anticipation notes (the "BANs") in a yet to be determined amount to fund preliminary costs associated with these projects. The BANs will subsequently be refinanced with the proceeds of the Proposed Bonds. The Project and estimated costs are further discussed in Mr. Keepes' Testimony.

The amortization of the Proposed Bonds is shown on page 7 of the report. Principal repayments on the Proposed Bonds are shown paid annually over a eighteen-year period beginning January 1, 2021 through January 1, 2038 and semiannually thereafter. Interest is shown to be paid semiannually beginning July 1, 2019 at assumed interest rates ranging from 2.50 percent to 4.00 percent including an allowance for market fluctuations. Actual interest rates will be determined through competitive bidding or through negotiations with the State Revolving Fund Loan Program ("SRF") as further described below. The principal payments have been structured to allow for level annual debt service on the Proposed Bonds through January 1, 2040. It is assumed $825,000 of the interest payment due July 1, 2019 will be capitalized to phase-in the proposed increase in rates and charges.

In addition, Evansville anticipates issuing the Proposed Bonds in one or more series on the open market or through the SRF. Evansville as of the date of this filing, is reviewing the planned projects with their consulting engineers to identify projects best suited for a proposed SRF financing. Evansville has had and will continue to have discussions with SRF in order to help determine amounts, terms, interest rate(s) and timing for the Petitioner to finance a portion of the proposed projects through the SRF. There is the possibility of SRF pooled funding along with the traditional subsidized funding due to the potential size of the financing along with availability of funds. However, the actual interest rates will be determined when the bonds price via a competitive sale or the SRF financing(s) close.

Finally, as mentioned in the prior paragraph, the open market financing could be issued in one or more series. Over the next several months the Petitioner will be determining the amount and timing of the open market and SRF bond issues.

Q. Mr. Baldessari it appears the Petitioner does not currently have any outstanding debt through SRF. Why is the Petitioner considering issuing a portion of the Proposed Bonds with the SRF?

A. Correct, the Petitioner does not currently have outstanding debt with the SRF. There are a number of factors which have led the Petitioner to consider the SRF program including lower interest rates, the possibility of extended terms and availability of funds. The SRF program allows utilities to issue debt at subsidized interest rates which are lower than what the Petitioner would otherwise receive through an open market bond issue with its current "A+" rating from Standard & Poors. Currently, interest rates with the SRF program are as low as 2.0 percent. Each quarter SRF will evaluate the rate and adjust up or down as needed. The quarterly interest rate is set at or below 90% of the average 20-year AAA-rated general obligation bond. A lower interest rate would allow the Petitioner to reduce the annual debt service payments and reduce the rate impact. SRF also presents the option of issuing bonds up to thirty-five years for qualifying projects although the interest rates will increase for maturities longer than 20 years. By issuing longer term bonds the Petitioner is able to spread out the impact of the annual debt service payments on the Proposed Bonds and reduce the rate impact on the users of the system. The final advantage is the availability of SRF funds. SRF has what is calls a Project Priority List due to more demand for its funds in recent years than funds the SRF program has available. If the project were to not fall in the fundable range the Petitioner would need use the SRF's pooled program or issue on the open market through a competitive sale. Currently, we anticipate SRF will have available funding through the SRF subsidized or pooled program for the projects the Petitioner determines make sense to issue through SRF. SRF uses the revolving payments from their previously issued debt along with their ability to leverage their AAA rating on the open market to allow for more money to be issued at lower interest rates. Also, through our discussions with SRF, Evansville will only have to file one "Master" Preliminary Engineering Report (PER) along with receiving Categorical Exclusion for environmental impacts of the distribution system improvements, as most of the waterline relocations or improvements are in previously disturbed land in the right-of-way. Finally, SRF was selected to receive $436 million through the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) to assist in funding additional projects throughout the State of Indiana. When considering the amount of funding needs and considering that Evansville only needs to file one Master PER, the possibility of receiving lower interest rates, longer terms and availability of funds it has led the determination that the Petitioner should issue a portion of the Proposed Bonds with the SRF.

Q. Please continue with the explanation of the Accounting Report.

A. Page 8 of the report combines the debt service requirements of the outstanding Waterworks District Revenue Bonds, Series 2013A (the "2013A Bonds"), the Waterworks District Revenue Bonds, Series 2013C (the "2013C Bonds"), the Waterworks District Revenue Refunding Bonds, Series 2014B (the "2014B Bonds"), the Waterworks District Revenue Bonds, Series 2016A (the "2016A Bonds") and the Waterworks District Refunding Revenue Bonds, Series 2016B (the "2016B Bonds") with the Proposed Bonds. The pro forma combined average annual debt service is calculated to be $20.7 million for the five bond years ending January 1, 2026 assuming an open market bond issue for the Proposed Bonds. Once the Proposed Bonds are sold either through SRF or on the open market, the debt service requirement will be adjusted to reflect the actual interest rates and debt service requirements for any material change through the true-up process.

Pages 4 to 6 summarize the proposed capital improvement plan for extensions and replacements (the "CIP") for the Utility proposed by Management. The CIP is made up of improvements to the distribution system, the treatment plant, booster station, wholesale projects and annual capital improvements. The various improvements in the CIP total $157.3 million over the 3-year period shown. The proposed CIP projects are to be funded with a combination of $132.3 million of proceeds from the Proposed Bonds and $25.0 million from rate funded projects from the annual CIP allowance. The annual

CIP funding from rates and charges will be $7.1 million in year one of the rate phase-in period, $8.3 million for Phase II and $9.6 million for Phase III and thereafter in order to help phase-in the rate increases to ease the financial burden on rate payers. The Petitioner along with their Consulting Engineer just recently finalized a thirty-year Master Plan which includes an estimated $132.5 million of planned distribution system projects in the CIP that are not able to be funded in this funding period and will need to be deferred until there is available funding. As mentioned in Cause No. 44760, Evansville would like to maintain an ongoing 1.5% replacement rate on its distribution system infrastructure. Evansville has a very large water distribution system providing water throughout the City, Vanderburgh County which includes selling water wholesale in portions of both Gibson and Warrick Counties. Evansville has approximately 600 miles of cast iron pipe with an average age of 90 years, Evansville plans to systematically replace is infrastructure through a combination of rate funded CIP and proceeds from the Proposed Bonds. We would propose that to the extent other parties identify potential savings or offsets to our revenue requirement that are not set forth in my Attachment, that we use those savings and/or offsets to partially fund these identified and unfunded distribution replacement projects. The full CIP and need for the projects are further discussed in Mr. Keepes' testimony in this Cause. Evansville does not have any available funds to apply to reduce the annual CIP requirement as shown on page 38 of the Report and described later in my testimony.

Pages 9 through 15 of the Accounting Report present the pro forma annual cash operating expenses. Adjustments to test year expenses have been made for fixed, known and measurable changes. The fifteen adjustments to annual cash operating expenses are detailed below.

The first adjustment to the annual cash operating expenses is to salaries and wages. The adjustment reflects the current number of positions, including budgetary changes between the Utility and the Sewage Works, interdepartmental changes and current pay rates based on the 2018 Utility Budget approved by City Council on October 9 2017, along with anticipated hours that each employee will work. The salaries and wages are further adjusted by the addition of five new employees, per Management. One of the new positions will be 100% funded by the Sewage Works. Two of the positions will be allocated 25% to the Utility and 75% to the Sewage Works and the remaining two positions will be allocated 50% to the Utility and 50% to the Sewage Works. In addition, the Utility has transferred seven positions from the Sewage Works budget to the Utility's budget. Four of the seven transferred positions will be allocated 100% to the Sewage Works the other three positions will be allocated 25% to the Utility and 75% to the Sewage Works. The new positions plus the positions that were transferred from the Sewage Works will be included in the Utility Budget along with the other new positions added during the test year and the portion allocated to the Sewage Works will be reimbursed through the "Sewer utility portion of general expenses" revenue line on the general ledger. This adjustment results in a $1,027,839 increase in test year operating expenses.

The second adjustment to the annual cash operating expenses is an adjustment to FICA expense due to the increase in salaries and wages from the increase in pay rates, the addition of new employee positions and other budgetary changes. This adjustment reflects the pro forma salaries and wages expense multiplied by the FICA rate of 7.65%. This adjustment results in an $89,092 increase in the test year operating expenses.

The third adjustment to the annual cash operating expenses is an adjustment for PERF due to the increase in salaries and wages. This adjustment is calculated by taking the pro forma salaries and wages expense subject to PERF multiplied by the 2018 PERF rate of 14.20% (11.20% Employer Portion plus 3.0% Employee Portion); plus an assumed allowance for funding of the pension expense as determined by the Indiana Public Retirement System's (INPRS) Public Employees' Retirement Fund (PERF) for the measurement date of June 30, 2016 (as adjusted) per the INPRS audit report for the plan as a whole, and recorded in the results of operations of the Utility as of December 31, 2016. The recognition of accrued pension expense and the net position liability are required by GASB Statement Nos. 68 and 71. The allowance for funding of the pension expense is calculated by taking the test year pension expense divided by the test year salaries and wages and multiplying the percentage times the pro forma salaries and wages subject to PERF. This adjustment results in a $201,371 increase in test year operating expenses.

Q. Mr. Baldessari, does the Utility anticipate setting-up a restricted fund/account for the dollars generated from the accrued pension expense.

A. Yes, the Utility intends to set-up a restricted fund/account to set aside the dollars generated from the accrued pension expense. The dollars restricted in this account will be used only for future pension expenses of the Utility's employees.

Q. Please continue with your testimony.

A. The fourth adjustment to the annual cash operating expenses is an adjustment for health and life insurance to reflect the current health and life cost per budgeted position based on the City Controller's estimates allocated to the Utility. In addition, the 2018 Utility Budget has been adjusted for the addition of two employees in the planning department and the reduction of one employee in the distribution department. This adjustment results in a $1,008,258 increase in test year operating expenses.

The fifth adjustment to the annual cash operating expenses is an adjustment for worker's compensation. Similar to the health and life insurance adjustment above, the City Controller allocates the current cost of worker's compensation coverage to each City Department based on the number of budgeted employee positions. The 2018 Utility Budget for worker's compensation has been adjusted for the addition of two employees in the planning department and the reduction of one employee in the distribution department. This adjustment results in a $5,584 decrease in test year operating expenses.

The sixth adjustment to the annual cash operating expenses is an adjustment for the Teamster's Scholarship and Educational Trust Fund. This fund is required by the collective bargaining agreement between the City and the Teamsters Local Union No. 215, and the funding is based on the number of union positions in each City department. The pro forma amount is based on the approved 2018 Utility Budget less one position in the distribution department. This adjustment results in a $55 increase in test year operating expenses.

The seventh adjustment to the annual cash operating expenses is an adjustment for periodic maintenance. The pro forma amount of periodic maintenance is broken in to various components including pump maintenance, filter media, dredging for the intake structure in the Ohio River, booster stations, traveling screen maintenance, leak detection and distribution system assessment and periodic maintenance related to the tank maintenance agreement. The various periodic maintenance components are described in additional details below.

The pro forma periodic maintenance adjustment for pump maintenance is broken into high and low service pumps. Based on bids received from Dieg Brothers Lumber & Construction Co., Inc. ("Dieg Brothers") on November 28, 2017 the annual maintenance per high service pump is $90,240. Assuming a four year replacement interval, as agreed to in the last rate case, for the seven high service pumps, the annual cost for high service pumps is $157,920. The cost per low service pump is also based on the bids received November 28, 2017 from Dieg Brothers. The annual maintenance per low service pump is \$100,140. Assuming a four year replacement interval for the six low service pumps, the annual cost per pump is \$150,210.

Pro forma periodic maintenance for the filter media beds is based on bids received from Dieg Brothers on November 28, 2017. The bid totals \$2,013,641 for eight filter beds. Based on replacement of four filters per year the annual filter media maintenance is \$1,006,820 annually.

Pro Forma periodic maintenance for dredging of the intake structure in the Ohio River is based on a proposal from Foertsch Construction Co., Inc. dated October 11, 2017. Year one maintenance totals \$339,740 and is based on a proposal of \$31.39 per square yard of dredging and disposal assuming 10,000 yards. Included in year one is a mobilization and demobilization fee of \$25,840. Years two and three each assume \$185,000 in dredging expenses based on an estimated 5,000 yards per year including the mobilization and demobilization expense. The three-year average for the periodic maintenance related to dredging is \$236,580 per year.

Pro forma periodic maintenance for the booster station pumps is based on actual costs for the booster station located at 1st Avenue and estimates provided by the Water Superintendent for the other seventeen booster stations. Based on the actual costs and estimates provided, the average cost per booster station is \$20,637. The annual allowance for booster station pumps based on replacement of three pumps per year is \$61,911.

Pro forma periodic maintenance for the traveling screens is based on the quote from Atlas Traveling Water Screen dated November 1, 2017. The three year quote for traveling screen maintenance totals $246,720. Based on a four-year replacement interval, as agreed to in the last rate case, the annual allowance for traveling screen maintenance is $61,680.

Pro forma periodic maintenance for leak detection and distribution system maintenance is based on an estimate provided by M.E. Simpson Co., Inc. on December 1, 2017. The estimate totals $1,478,650. The annual allowance based on a three-year interval totals $492,883.

The final component of the periodic maintenance adjustment is for tank maintenance. The Utility entered into a Master Service Agreement with Utility Service Co., Inc. on May 10, 2016. Included in the agreement is the cleaning, inspection and tank coating for the Utility's nine tanks at an average cost of $505,884 for 2019, 2020 and 2021. In addition, the agreement covers the installation and annual inspection of the active mixing system in the Utility's 20 million gallon underground tank at an average annual cost of $8,425.

The periodic maintenance adjustments, as described in detail above, results in a $1,972,788 increase in test year operating expenses. The large increase in the adjustment for annual periodic maintenance is due to the increases in costs for the leak detection and distribution system maintenance contract, the filter media based on bids received, the high and low service pumps, intake structure dredging and the booster stations and the timing of periodic maintenance as it relates to the test year period.

The eighth adjustment to the annual cash operating expenses is an adjustment to eliminate expenditures considered to be non-recurring in nature that occurred in the test year. During the test year there were amounts paid for parking lot repairs at Allen's Lane, new Evansville logos for the Killian and Darmstadt tanks, installation of new water service, IURC penalty case, nonrecurring legal expenses for Plantation Estates and a technology assessment. This adjustment results in a $203,567 decrease in test year operating expenses.

The ninth adjustment to the annual cash operating expenses is to contractual services. The pro forma contractual service expense is based on a combination of existing contracts, contract proposals, budgeted amounts and estimates provided by Management. Significant among the increases is the adjustment for the credit card service fees to be paid by the Utility. The credit card fees were first billed to and paid by the Utility in February of 2017 for the January 2017 Utility bills. The credit card fees are part of Evansville's implementation of a customer engagement and analytics mobile platform which is used to enhance customer service, bring more customers to the on-line platform and increase collection rates. The Utility also has a five year contract with Sensus Metering System which helps insure that all hardware and software updates for the Utility's meters are made in a timely manner. The Utility has also entered into a contract with Acadis U.S. Inc. for an asset management development assistance program. Other contractual adjustments for Smart Utility Systems, Fire & Rain, First Billing Services, Johnson Controls and Tyler Technologies are updated contracts for contractual services which were included in the last rate case. This total adjustment results in a $155,203 increase in test year operating expenses.

The tenth adjustment to the annual cash operating expenses is for utility receipts tax. This adjustment is calculated by taking the normalized operating revenues at current rates from page 16 of the report plus normalized non-operating income. These amounts are reduced by the exempt revenues and the utility receipts tax exemption of $1,000. The pro forma revenues subject to utility receipt tax times the 1.4% tax rate results in a $40,863 increase in test year operating expenses.

The eleventh adjustment to the annual cash operating expenses is an adjustment to bad debt expense for the normalization of metered revenues. The adjustment is calculated by multiplying the incremental change for the normalized residential and commercial metered revenues by the bad debt percentage. The bad debt percentage is calculated by dividing the test year bad debt expense by the test year residential and commercial metered revenues. This results in a test year bad debt percentage of .686% which is then multiplied by the incremental change of $3,239,388. This adjustment results in a $22,222 increase in test year operating expenses.

The twelfth adjustment to the annual cash operating expenses is an adjustment to postage expense. This adjustment is based on the adjusted 2018 Utility Budget amount less the test year expense and results in a $23,438 increase in test year operating expenses.

The thirteenth adjustment to the annual cash operating expenses is an adjustment to rent expense. This adjustment is based on the cost estimates from Management to lease additional office space for the Utility. The adjustment results in a $131,852 increase in test year operating expenses.

The fourteenth adjust to the annual cash operating expenses is an adjustment to normalize adjustments made during the test year for both expenses incurred prior to the test year and accruals. This adjustment results in a $450,858 decrease in test year operating expenses.

The fifteenth adjustment to annual cash operating expense is to contractual services for the Sewage Works that are budgeted within the Planning and Engineering department of the Utility. These contracts are for various services that relate to the Consent Decree with the U.S. EPA and are fully reimbursed to the Utility through the Sewer utility portion of general expenses. This adjustment results in a $625,579 increase in test year operating expenses.

The test year cash operating expenses of $20,141,395 have been increased by $4,638,551 to arrive at pro forma annual cash operating expenses of $24,779,946.

Page 16 summarizes the normalized annual operating revenues of the Utility. The first revenue adjustment is to normalize the test year metered revenues for the Phase I 26.07% increase in rates and charges billed in November and December of 2016 and January of 2017 and the trued-up Phase I 29.37% increase in rates and charges billed February 2017 through September 2017 of the test year. The test year metered revenues are further adjusted to account for the Phase II 14.03% increase in rates and charges effective January 1, 2018. Phases I and II were approved pursuant to Cause No. 44760. In addition to the adjustments noted above, the normalized metered revenues have been reduced to account for a historical decline in the base line metered revenues. These normalization adjustments result in a $3,984,249 increase in revenues.

Q. Mr. Baldessari in the first revenue adjustment noted above, can you explain why you included a reduction in base line revenues based on the historical decline in the metered revenues?

A. Yes, we included this calculation in our adjustment to account for the decline in water sold and the subsequent decrease in revenues. The annual trend of water sold shows a steady decline over the last few years for the Utility. In 2011 total gallons sold by the Utility was 6.9 billion. In 2017 total gallons sold declined to 6.4 billion (this is an 8% decrease in water gallons sold). Since the water sold to customers is declining, when the Utility raises rates they do not recognize the full impact of the rate increase and are always playing “catch-up” to make up for the lost revenues. When analyzing the baseline revenues from 2014 through the nine months ended September 30, 2017, we calculate a -

4.0% decrease in residential sales, a 2.7% increase in commercial sales, a -0.7% decrease in industrial sales and a -1.8% decrease in public authority sales. Overall, we calculated a decrease in base sales of $437,165. The rate increases requested in this Cause result in significant increases in the rates paid by customers. We anticipate as the rates continue to climb for both the Utility and the Sewage Works, customers will focus on conserving water in order to lower their monthly bill. The City's Sewage Works has seen the impact of customers conservation efforts materialize as their rates continue to rise. Currently the Sewage Works is experiencing less than full realization on their increase in revenues. The adjustment for the reduction in baseline revenues will allow the Utility to increase rates to a sufficient level to make up for the revenue loss and recognize the revenues needed to fund their revenue requirements.

Q. Please continue with the explanation of the Accounting Report.

A. Next, the test year revenues have been increased in adjustments two and three to reflect normalized annual metered sales resulting from the actual number of additional users added during the test year as calculated on pages 20 and 21. These normalization adjustments result in a $99,712 increase in revenues.

On pages 22 and 23 the test year revenues have been adjusted for the current number of customers assessed the public and private fire protection charges at the current rates resulting in a $686,092 increase in revenues.

Revenue adjustment five normalizes the test year for the pro forma amount of reimbursements from the Sewer Utility for shared expenses. This amount is then increased for the additional staff not allocated to the Water Utility. The total revenue increase for this adjustment is $2,001,343.

On page 24 revenues are normalized for an increase of $67,194 in adjustment six for the year end adjustment to reconnection fees to reconcile accounts receivable.

Adjustment seven increases revenues by $14,868 to normalize the test year for the growth in commercial and industrial customers added during the test year.

In the prior two rate proceedings the City has been phasing out the outside City rate differential for its public fire protection charges. The approved plan was to eliminate in phases, spread out over three rate cases, the outside City rate differential for its fire protection charges to ease the burden on the waterworks customers from the effect of the rate change. Page 25 calculates the revenue-neutral proposed monthly public fire protection charges for all customers prior to applying the proposed across-the-board rate increases. The pro forma public fire protection charges assume the final one-third of the territorial rate differential is phased-out in this rate proceeding, or all of the remaining differential.

A summary of the pro forma annual revenue requirements of the Petitioner can be found on page 26 of the report with the explanation of adjustments on pages 27 through 29.

The pro forma annual revenues are shown in three phases. Phase I reflects those expected requirements and revenues needed now through the end of 2019 with $7.1 million of the CIP to help phase-in the required increase. Phase II reflects those expected requirements and revenues needed through 2020 with $8.3 million of the CIP, an increase in the payment in lieu of taxes and an additional phase-in of the debt service on the Proposed Bonds. Phase III reflects those requirements and revenues needed during 2021 and thereafter including increased payment in lieu of property taxes, increased debt service to the average annual pro forma amount for the five bond years ended January 1, 2026 and the full proposed $9.6 million annual CIP requirement for extensions and replacements. Evansville is proposing that the rates and charges needed to satisfy these requirements be phased-in over this three-year period to minimize the burden on ratepayers and to allow Evansville to make needed extensions and replacements to its system.

Pro forma cash operating expenses totaling $24,779,946 are detailed on pages 9 to 15 plus the additional $80,032 for Phase I, $178,321 for Phase II and $235,058 for Phase III for Indiana utility receipts taxes and bad debt expense resulting from the proposed revenue increases. The calculated payment in lieu of property taxes for Phase I is calculated to be $2,506,663 assuming current capital assets net of the estimated 25% located outside the City limits and accumulated depreciation expense at the current corporate tax rate. The calculated payment in lieu of property taxes have been reduced in each phase in order to phase in the rates and charges. The Phase I amount is $1,882,300 which has been increased by $626,800 for Phase II and an additional $603,800 in Phase III to provide for additional payments in lieu of taxes as construction of planned improvements is completed.

Debt service requirements for Phase I reflect the assumed principal and interest payments on the outstanding bond issues and Proposed Bonds for the bond year ended January 1, 2020 with interest only payments during construction on the Proposed Bonds. The large increase in debt service payments between the test year and Phase I can be attributed to the incremental build-up of the debt service payments over two phases as allowed in Cause No. 44760. The test year debt service payments fall into Phase I. The Phase II debt service requirement increases by $4,186,477 to provide for both principal and interest payments on the Proposed Bonds. Phase II reflects the assumed principal and interest payments on the outstanding bond issues and Proposed Bonds for the bond year ending January 1, 2021. The Phase III debt service requirement increases by an additional $2,009,595 to provide for both principal and interest payments on the Proposed Bonds. The Phase I combined annual debt service requirement on the outstanding bonds and Proposed Bonds for the bond year ended January 1, 2020 is $14,489,736, the Phase II combined annual debt service requirement on the outstanding bonds and Proposed bonds for the bond year ending January 1, 2021 is $18,676,213 and the Phase III combined annual debt service requirement equal to the average annual combined debt service on the outstanding bonds and Proposed Bonds for the five bond years ending January 1, 2026 is $20,685,808.

The debt service reserve requirement for the Proposed Bonds are anticipated to be funded from bond proceeds and will not need to be included as an annual revenue requirement. The outstanding Waterworks District bonds have specific debt service reserve requirements for each issue and the Proposed Bonds are also anticipated to have their own specific debt service reserve requirement. The debt service reserve requirement for the Proposed Bonds will be the minimum of the "Three Prong Test" or three calculations pursuant to the bond resolution. The three calculations are 1) 10% of the par amount of the Proposed Bonds plus a minor portion; 2) the maximum annual debt service on the Proposed Bonds; 3) 125% of the average annual debt service on the Proposed Bonds. The minimum debt service reserve requirement for the Proposed Bonds is calculated to be the equal to the maximum annual debt service on the Proposed Bonds or $10,553,763. This amount has been included in the Project Costs on page 3.

The Utility is currently funding the debt service reserve for the outstanding 2013C bonds through monthly transfers in the amount of $7,720.34. The final required transfer is schedule to be made November 30, 2018. No additional transfers to the reserve will be required. The reduction in debt service reserve transfers has been reflected on page 26 of the Report in adjustment six.

The CIP annual requirement for extensions and replacements is equal to $7.1 million for Phase I, $8.3 million for Phase II and $9.6 million for Phase III as shown on pages 4 to 6.

The annual CIP requirement has been proposed in increasing amounts to more ratably phase-in the proposed rate increases yet still make required improvement to the infrastructure.

Q. Mr. Baldessari, in Cause No. 44760 for Phase I (2017) the annual allowance for capital improvements funded through rates and charges was set at $4.5 million. Can you explain why the Petitioner only expended $1,072,644 through the twelve months ended September 30, 2017?

A. Yes, as noted previously, the Petitioner has frequently issued debt on the open market. As part of these financings, the Petitioner has requested to receive a rating from the rating agencies on these issuances. The rating is necessary for the Petitioner to receive competitive interest rates when selling their bonds on the open market. One part of the rating process is to evaluate the cash balances of the Petitioner. At the time of the issuance of the 2016A and 2016B bonds, the Petitioner did not have adequate balances in the operating or improvement funds. In order for the Petitioner to maintain their "A+" rating, it was determined that the cash balances in the operating and capital improvement funds would need to be maintained at adequate levels. During first half of 2017, the Petitioner built up their cash balances to the necessary levels by delaying rate funded capital expenditures. In addition, the Petitioner evaluated their revenues as they came in during the summer months of 2017 and determined that they were meeting expectations. Since the Petitioner was able to build up the cash balances in early 2017 and also see anticipated revenues materialize it allowed them to lift the temporary restriction on capital expenditures. During the latter half of 2017 the Petitioner evaluated capital needs and began bidding out projects. The Petitioner plans to spend the remainder of the 2017 budget in addition to the 2018 budget by the end of 2018.

Q. Please continue with the explanation of the Accounting Report.

A. Next, the pro forma revenue requirements are reduced by pro forma interest income, the Sewage Works' portion of the general expenses and other operating and non-operating income. On Page 29 non-operating income was reduced in adjustment 10 to normalize for a timing issue related to the collection of connection fees during the test year.

Finally, in Phase III the revenue requirements are reduced by the fixed capacity payments from Gibson Water Corporation. Based on information provided by the consulting engineer and Management, Gibson Water Corporation was allocated a portion of the construction and non-construction costs for projects that can be directly attributable to Gibson Water Corporation. The annual debt service for a 20-year bond issue assuming a net interest cost of 3.565 percent is $152,915. In addition, a twenty-five percent coverage factor was included. The resulting annual wholesale user capacity recovery charge was calculated to be $191,144. These projects and the resulting capacity fee are subject to future discussions with Gibson Water Corporation. There is the possibility that Gibson Water Corporation may not want to move forward with these projects and if so the capacity charge, if any, will be adjusted and other projects completed or adjusted as necessary.

The resulting net revenue requirements are $39,836,804 for Phase I, $46,010,570 for Phase II and $49,689,258 for Phase III.

In order to provide revenues to meet these requirements, the Petitioner has proposed that water rates and charges be increased across-the-board by 18.90% effective January 1, 2019 or upon approval by this Commission for Phase I, 15.50% effective January 1, 2020 for Phase II and 8.00% effective January 1, 2021 for Phase III.

Pages 30 to 32 of the report show the proposed rates and charges. Existing rates have been increased 18.90% across-the-board to arrive at the rates proposed for Phase I, an additional 15.50% across-the-board to arrive at the rates proposed for Phase II and additional 8.00% across-the-board to arrive at the rates proposed for Phase III and thereafter.

Q. Please continue with the explanation of the Accounting Report.

A. The second section of the Accounting Report, which displays supplemental financial information, begins on page 33. Included in this section is a comparative statement of net position of the Utility as of December 31, 2014, 2015, 2016 and September 30, 2017. Page 35 of the report contains a statement of revenues, expenses and changes in net position comparing the Utility's revenues, expenses and resulting net revenues for the test year with the three preceding calendar years. A comparative statement of cash flows can be found on pages 36 and 37 of the report. This schedule compares the Utility's cash receipts and cash disbursements of the test year with the three preceding calendar years. Page 40 displays the detailed cash operating expenses for the test year and the three preceding calendar years.

Q. In Cause No. 44760 it was recommended that the Utility implement computer program modifications to allow conversion of its current fund accounts to a format that conforms to NARUC's Uniform System of Accounts. Has the Utility implemented this recommendation?

A. No, the Utility has not implemented this recommendation.

Q. Please describe why the Utility has not implemented this recommendation.

A. First I would note that as a municipally owned utility, Evansville is not required to keep its books and records in accordance with the NARUC Uniform System of Accounts. The City of Evansville Controller's office (the "City Controller"), to whom the Petitioner is required to report, maintains a cash basis fund accounting system for all City departments as required by the Indiana State Board of Accounts (the "SBOA"). The Evansville Water and Sewer Utilities ("Utilities") are also on this accounting system and each maintains an accrual fund that allows the preparation of "proprietary" or "enterprise" financial statements when combining the cash basis funds of the Petitioner along with the accrual fund. These statements are presented on the modified accrual basis which is in conformity with the Government Accounting Standards Board ("GASB") and U.S. Generally Accepted Accounting Principles ("GAAP"), also required by the SBOA. In addition, the SBOA prepares an examination of the proprietary financial statements every year only for the Utilities, and in each year has received an "unqualified" or "clean" opinion since 2009. Finally, GASB pronouncement Statement No. 34 issued in June of 1999, required state and local governments to produce their proprietary fund financial statements in a certain format with several subsequent pronouncements tweaking the presentation format. Statement No. 34 no longer allowed proprietary funds to present certain information on the face of the financial statement on what was formerly known as the balance sheet (now the Statement of Net Position), for items such as, Equity Capital which included Retained Earnings, Contributions-in-Aid-of-Construction and Operating Reserves. These items were consolidated and renamed "Net Position" and reconfigured to Invested in Capital Assets, Restricted and Unrestricted categories. NARUC still uses the financial statement presentation format prior to GASB No. 34. However, the elements to allow the Petitioner to prepare NARUC reports, when necessary, such as the IURC Annual Report are there either on the face of the financials or in the detailed working trial balance.

In addition, the City has contacted Tyler Technologies Inc. ("Tyler") (the City's enterprise accounting software provider) to see if there is currently an option to convert to NARUC accounting. Currently, Tyler does not offer an option for NARUC accounting and are not aware of any other clients using a NARUC system.

Q. Please continue with the explanation of the Accounting Report.

A. Pages 38 and 39 compare the fund balances of the Petitioner as of September 30, 2017 with the minimum balances either required to be maintained by the outstanding bond resolutions in effect with respect to the Petitioner's outstanding long-term indebtedness, or that are typically maintained by municipal utilities such as the Petitioner. The minimum balances for the operation and maintenance is calculated based on the 45 day allowance for the payment of current operating expenses plus an amount to be paid for the annual storage tank maintenance program which was not paid to date as of September 30, 2017, but was paid within the adjustment period as of the end of November 2017. As shown on this schedule the balance in the operating fund is $3.04 million above the recommended balance.

The bond and interest and debt service reserve fund minimum balances are required by the outstanding bond resolutions. The allowance for unforeseen capital expenditures is included in the improvement fund for budgetary purposes in an amount equal to $500,000, which is the required minimum balance per the Utility's Reserve Policy, plus $2,408,285 of capital projects encumbered at year end 2017. The minimum balance required in the improvement fund is equal to $2,908,285. The customer deposits fund includes customer deposits and is restricted and held to pay back to customers disconnecting from the water system. The Construction Fund is restricted for the completion of the construction projects.

Q. Mr. Baldessari, what does the Utility intend to do with the available funds in the Construction Fund? Will any of these funds be applied to the proposed projects?

A. It is the Petitioner's intention to spend down the remaining balance in the construction fund, with the exception of the $10 million restricted for well development and engineering for the new water treatment plant, by the end of 2018. The balance in the construction fund is appropriated to specific projects not included in the capital improvement plan for this Cause and as such will not be available for the projects proposed in this Cause.

Q. Please continue with the explanation of the Accounting Report.

A. The Periodic Maintenance balance is fully restricted to provide a funding source for periodic maintenance items as approved in Cause No. 44760. The Utility currently has restricted funds totaling $1,683,439 to pay periodic maintenance expenses related to the approved Contract 'A' bid from Dieg Brothers for one high and one low service pump and four filters beds, the Contract 'B' bid from Dieg Brothers for one high and one low service pump. The proposal from Atlas Traveling Screens for the maintenance of two traveling screens and the Professional Service Agreement with HNTB Corporation for preparation of specifications to rebuild high and low service pumps and rehabilitate filter beds at the water treatment plant represent the remainder of the restricted funds. The Assistance Program fund is money that is fully restricted to provide assistance to low-income customers from non-utility revenues.

Q. Mr. Baldessari do you anticipate any additional unforeseen requirements on the Utility's available funds during the adjustment period?

A. Yes I do. Based on historical information provided by Utility concerning main breaks and information we have through the end of January 2018 we would expect additional needs on the Utility's funds through the adjustment period. Through the end of January 2018, the Utility has experienced 159 main breaks costing the Utility over $485,000 in additional employee overtime, materials and supplies and contractual services. While main breaks are not uncommon for the Utility, the number experienced in January 2018 was significant and has used up nearly 50% or more of the Utility's 2018 budget in accounts such as overtime, materials and supplies and other contractual services. The American Waters Works Association (AWWA) uses a benchmarking report to score utilities based on the number of main breaks per 100 miles. The best performing utilities have a benchmark score around four and a score of eighteen for the worst performing, with the median score being a seven. Evansville has experienced scores of 47.9 in 2014, 38.2 in 2015, 25.6 in 2016, 23.1 in 2017 and through January of 2018 15.9. On average the Petitioner has experience just under 340 main breaks per year over the last four years (2014-2017) which can cost between $3,000 and $5,000 per occurrence. If this were to remain consistent, the Utility would need to expend nearly $1.36 million for main breaks in 2018 assuming 340 breaks at an average cost of $4,000. Based on what the Utility has experience in the past and what we have seen through January 2018 we would expect the number of main breaks to cause a strain on the Utility's funds.

Q. Please continue with the explanation of the Accounting Report.

A. Pages 41 to 46 display the amortization schedules of the outstanding 2013A Bonds, 2013C Bonds, 2014B Bonds, 2016A Bonds, the 2016B Bonds and the outstanding combined debt service schedule.

Q. Does this conclude the explanation of your Accounting Report?

A. Yes it does.

Q. Is it your opinion that the proposed financing through the issuance of the Proposed Bonds, and the structure of the Proposed Bonds, is a reasonable and necessary method of funding the proposed improvements?

A. Yes it is. The use of tax-exempt debt is an appropriate means to finance the proposed improvements. This method allows the Petitioner the ability to spread the recovery of these costs among the benefited users. It results in lower rates for current customers and provides a mechanism for future customers of the Petitioner to pay for a portion of the facilities that they will use.

Q. Do the proposed revenues provide adequate debt service coverage required by IC 8-1.5-2-19(b)?

A. Yes.

Q. Is it your opinion the rates proposed in your Accounting Report are fair, just, non-discriminatory and reasonable and necessary to meet the projected revenue requirements of the utility?

A. Yes, it is my opinion they are.

Q. Does this conclude your direct testimony in this Cause?

A. Yes it does.

VERIFICATION

I, Douglas L. Baldessari, a Certified Public Accountant with the firm of H. J. Umbaugh & Associates, Certified Public Accountants LLP, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.

Douglas L. Baldessari

Date: 3/29/18

Petitioner's Exhibit DLB-1

IURC Cause No. ____

CITY OF EVANSVILLE, IN WATERWORKS DISTRICT

Accounting Report On Proposed Improvement Project and Increase In Rates and Charges

March 26, 2018

Umbaugh
Certified Public Accountants
Indianapolis, Indiana

TABLE OF CONTENTS

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Page(s)

PRO FORMA FINANCIAL INFORMATION

SUPPLEMENTAL FINANCIAL DATA

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ACCOUNTANTS' RATE STUDY AND COMPILATION REPORT

March 26, 2018

Board of Directors
Evansville Water and Sewer Utility
One N.W. Martin Luther King Jr., #104
P.O. Box 19
Evansville, IN 47740-0001

In connection with the Evansville Waterworks District's ("District") proposed improvement project and increase in water rates and charges, we have, at your request, compiled this special purpose report for submission to the Indiana Utility Regulatory Commission.

This special purpose report has been prepared for the purpose of requesting approval of the Proposed Waterworks District Revenue Bonds (the "Proposed Bonds") and adjustments to water rates and charges by the Indiana Utility Regulatory Commission and should not be used for any other purpose.

Further, the pro forma financial information in this report which has not been compiled, reviewed or audited by us, is based upon financial information for the twelve months ended September 30, 2017, which was compiled by us and assumptions provided by management and their consulting engineers or obtained from other sources. This pro forma financial information is prepared for the purpose of showing the estimated financial effects on the utility's revenue and revenue requirements of the debt service resulting from the Proposed Bonds and an increase in rates and charges for service and other changes that may be reasonably fixed, known or measured, excluding provisions for future inflation. The actual results achieved may vary from the pro forma information and the variations may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have compiled the accompanying comparative statement of net position of the District as of December 31, 2014, 2015 and 2016 and September 30, 2017 and the related comparative statements of revenues, expenses, and changes in net position, and cash flows for the periods then ended and supplementary data. We have not audited or reviewed the accompanying historical financial statements and supplementary data, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

(Continued on next page)

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the District's financial position, results of operations and its cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PRO FORMA FINANCIAL INFORMATION

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Per Consulting Engineer and Utility Management)

ESTIMATED PROJECT COSTS

Estimated Construction Costs, Contingencies and Engineering: (1)	
Distribution system improvements	$99,970,000
Wholesale user improvements	6,454,900
Water treatment plant improvements	23,341,024
Booster station improvements	2,595,900
Total Estimated Construction Costs, Contingencies and Engineering	132,361,824
Estimated Non-Construction Costs:	
Pre-funded debt service reserve	10,553,763
Capitalized interest (7/1/19) (2)	825,000
Allowance for underwriter's discount (1.5%)	2,210,325
Allowance for legal, bond counsel, financial advisory, bond issuances costs, general project contingencies and rounding (3)	1,404,088
Total Estimated Non-Construction Costs	14,993,176
Total Estimated Project Costs	$147,355,000

ESTIMATED PROJECT FUNDING

Proposed Waterworks District Revenue Bonds (3)	$147,355,000

(1) See pages 4 - 6 for the detailed Proposed Capital Improvement Plan.
(2) A portion of the July 1, 2019 interest payment is assumed to be capitalized.
(3) Multiple series of bond issues possible.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2019	2020	2021	Total
Distribution System:				
President's Neighborhood Central	$3,905,300 (2)			$3,905,300
President's Neighborhood West	3,666,600 (2)			3,666,600
President's Neighborhood East	1,435,800 (2)			1,435,800
Franklin Ave and Illinois East of Pigion Creek	1,406,800 (2)			1,406,800
Washington and Second - Relocation	1,704,200 (2)			1,704,200
Hogue Road, Red Bank to Williams	2,391,900 (2)			2,391,900
New Harmony Road, Allens Lane to Harmony Way	1,061,800 (1)			1,061,800
Harmony Way, Franklin Heights Neighborhood	4,478,700 (2)			4,478,700
Sweetser Rotherwood Area	5,619,200 (2)			5,619,200
Kansas Road, St. Petersburg to I-69 - Relocation	3,463,200 (2)			3,463,200
Waterworks Road - (4) 30" Water Main Relocations	5,693,700 (2)			5,693,700
Road Project Relocations (unknown)	3,289,200 (2)			3,289,200
Bartels Lane, Evergreen Road South		$800,300 (2)		800,300
Ingle Ave, Forest to Marion		477,400 (1)		477,400
Fendrich Neighborhood		2,866,000 (2)		2,866,000
Stanley Ave, Governor to dead end east of Kerth		1,636,600 (2)		1,636,600
Kerth Avenue, St. George to Christ		590,300 (1)		590,300
Christ Rd - Extension Kerth to Fares		138,000 (2)		138,000
Allens Ln - Phase I		1,155,000 (2)		1,155,000
Grove Street, South of Allens Lane		1,112,200 (2)		1,112,200
Rosewood Drive, Weaver to Hermann and Karch Drive east of Hermann		402,100 (1)		402,100
Gayne Street, West of Van Ness		598,900 (1)		598,900
Upper Mt Vernon - Phase I, Red Bank Road, and New Harmony Road		7,100,800 (2)		7,100,800
Tupman Road, north of Upper Mt Vernon		855,500 (2)		855,500
Bellaire Road, Oak Hill to Weinbach		359,300 (2)		359,300
US 41 and Lynch Rd		5,732,000 (2)		5,732,000
Schmitt Lane, east of Oak Hill		513,300 (1)		513,300
Whetstone Road, west of Oak Hill		265,300 (2)		265,300
Bexley Road, east of Oak Hill		598,900 (2)		598,900
New York Ave, Bayse to Riverside		898,300 (2)		898,300
Claremont, Bosse, and Craig Aves		3,122,600 (2)		3,122,600
Lakeview Blvd, Harmony to Golfmoor		770,000 (2)		770,000
Road Project Relocations (unknown)		3,387,900 (2)		3,387,900
Charlotte and Russel Sts			$1,542,200 (2)	1,542,200
Peerless Road, Upper Mt Vernon to Moya			2,203,000 (1)	2,203,000
Morgan Ave, Fares to Garvin			1,806,400 (2)	1,806,400
Neighborhood of Covert, Vann, Graham, and Hawthorne			4,273,800 (2)	4,273,800
Senate Ave, Petersburg to Kentucky & St George			4,317,700 (2)	4,317,700
First Ave, Pigeon Creek to Booster Station			3,374,900 (2)	3,374,900
Mesker Park - Phase I			1,542,200 (2)	1,542,200
Speaker Rd, James Ave, Nolan Ave			1,277,800 (2)	1,277,800
Maryland Ave, Harmony to Wessel			1,674,200 (2)	1,674,200
Covert Ave - Phase II and Wedge Ave			1,718,400 (1)	1,718,400
Columbia - Phase I, Fares, Columbia to Morgan			4,141,500 (2)	4,141,500
Schutte Road, Broadway to USI Tank			2,335,100 (2)	2,335,100
Evans Street & Louisiana			616,800 (2)	616,800
Division St, Vann to Stockwell			1,724,500 (2)	1,724,500
Road Project Relocations (unknown)			3,489,600 (2)	3,489,600
Sub-totals	$38,116,400	$33,380,700	$36,038,100	$107,535,200

(Continued on next page)

(See Accountants' Report)

(Cont'd)

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2019	2020	2021	Total
Sub-totals carried forward	$38,116,400	$33,380,700	$36,038,100	$107,535,200
Treatment Plant:				
Replace MCCs/Switchgear/Transformers	1,115,000 (2)			1,115,000
Filter Backwash System - Replace Main In/Out of Floodwall to Tanks	787,000 (1)			787,000
Extend Existing Outfall Sewers	656,000 (2)			656,000
Line 36" Outfall #4 Sewer and Below Existing Filter Buildings	88,000 (1)			88,000
New 6.0 MG Clearwell and HSP #4	18,096,000 (2)			18,096,000
Replace and Upgrade Main Plant Switchgear	1,312,000 (2)			1,312,000
Rehab/Repair North Secondary Sed Basin Structural Rehab	656,000 (2)			656,000
Transformer Switches (Allows Bypass of Main Switchgear)	79,000 (2)			79,000
Enclose Filters 13-20 at Gallery Access, Relocate 1.5MG Clearwell Vent (for Dehumidification Project)	66,000 (1)			66,000
Filters 13-20 Pipe Gallery Coating, Rehab, Replace (As Needed)	131,127 (2)			131,127
Flow Meters and Vaults for Transmission Mains (Four 30" and One 48")		877,897 (2)		877,897
Grout Injection to Repair Existing 6.5 MG Clearwell			418,000 (2)	418,000
Booster Station:				
Campground Booster Station Improvements		461,900 (2)		461,900
Lincoln Booster Station Replacement		2,134,000 (2)		2,134,000
Wholesale Projects:				
Stallings Booster Station Replacement			5,008,100 (2)	5,008,100
Shroeder Road to Volkman Tank - Extension			1,446,800 (2)	1,446,800
Annual Capital Improvements Projects:				
Annual Blow-offs	41,400 (1)	42,600 (1)	43,900 (1)	127,900
Distribution System Improvements	268,000 (1)	268,000 (1)	268,000 (1)	804,000
Engineering Equipment	36,540 (1)	37,700 (1)	38,830 (1)	113,070
Hydrant Replacement Program	275,000 (1)	275,000 (1)	275,000 (1)	825,000
Operations Equipment	360,948 (1)	500,632 (1)	649,596 (1)	1,511,176
Surveying Equipment	-	53,350 (1)	-	53,350
Annual Resetters	45,672 (1)	45,672 (1)	45,672 (1)	137,016
Residential Meters	494,888 (1)	648,970 (1)	826,583 (1)	1,970,441
Industrial Meters	366,000 (1)	377,000 (1)	388,000 (1)	1,131,000
Valve Replacement Program	113,000 (1)	113,000 (1)	113,000 (1)	339,000
Annual Vehicles	477,914 (1)	646,520 (1)	390,120 (1)	1,514,554
320' of new 8" main on Kathleen Ave.	167,000 (1)			167,000
Annual Capital On-Call CES/RPR	1,200,000 (1)	1,200,000 (1)	1,200,000 (1)	3,600,000
Enclose Switch Gear Housing	70,000 (1)			70,000
Inglefield Road	490,000 (1)			490,000
Install new 8" on Dexter and Jackson Ave.	300,000 (1)			300,000
Sub-totals	$65,808,889	$41,062,941	$47,149,701	$154,021,531

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PROPOSED CAPITAL IMPROVEMENT PLAN
(Per Consulting Engineer and Utility Management)

PROJECT	2019	2020	2021	Total
Sub-totals carried forward	$65,808,889	$41,062,941	$47,149,701	$154,021,531
Annual Capital Improvements Projects (Cont'd):				
Pump replacement			130,000 (1)	130,000
Replace 8" on Lake Dr.		384,000 (1)		384,000
Replace water main on Cardinal Drive		288,000 (1)		288,000
Replace Watermain on Wall Street.		160,000 (1)		160,000
Virginia Avenue		338,000 (1)		338,000
1100 of 8" to replace existing 2" along Helfrich Avenue			200,000 (1)	200,000
2,600' of 8" to replace existing 4" and 6" along Alvord and Columbia			338,000 (1)	338,000
1100' of 8" to replace existing 2" and 4"along Washington Avenue			253,000 (1)	253,000
Southeast Blvd - Phase I Tie-in at Powell			35,000 (1)	35,000
Add VFD for pump #1 on Campground Booster			33,000 (1)	33,000
Annual New Service Connections	373,000 (1)	384,000 (1)	395,000 (1)	1,152,000
Total Proposed Capital Improvements	$66,181,889	$42,616,941	$48,533,701	$157,332,531
Less: Rate funded projects (1)	(7,082,162)	(8,344,444)	(9,544,101)	(24,970,707)
Totals	$59,099,727	$34,272,497	$38,989,600	$132,361,824
Bond Funded Proposed Capital Improvements (2)	$59,099,727	$34,272,497	$38,989,600	$132,361,824
Summary:				
Distribution System	$38,116,400	$33,380,700	$36,038,100	$107,535,200
Treatment Plant	22,986,127	877,897	418,000	24,282,024
Booster Station	-	2,595,900	-	2,595,900
Wholesale Projects	-	-	6,454,900	6,454,900
Annual Capital Improvements	5,079,362	5,762,444	5,622,701	16,464,507
Totals	$66,181,889	$42,616,941	$48,533,701	$157,332,531

Note: This capital improvement plan does not include estimated construction costs for the new water treatment plant.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $147,355,000 PRINCIPAL AMOUNT OF
PROPOSED WATERWORKS DISTRICT REVENUE BONDS, SERIES 2018A

Principal payable annually January 1st, beginning January 1, 2021 and semi-annually on July 1, 2038.
Interest payable semi-annually January 1st and July 1st, beginning July 1, 2019.
Assumes interest rates as indicated.
Assumes bonds dated December 19, 2018.

Payment Date	Principal Balance	Principal	Assumed Interest Rates (1)	Debt Service: Interest	Debt Service: Capitalized Interest	Debt Service: Total	Bond Year Total
	(In thousands)		(%)	(--In Dollars--)			
07/01/19				$2,673,980.00	($825,000.00)	$1,848,980.00	
01/01/20	$147,355			2,506,856.25		2,506,856.25	$4,355,836.25
07/01/20				2,506,856.25		2,506,856.25	
01/01/21	147,355	$3,530	2.50	2,506,856.25		6,036,856.25	8,543,712.50
07/01/21				2,462,731.25		2,462,731.25	
01/01/22	143,825	5,625	3.00	2,462,731.25		8,087,731.25	10,550,462.50
07/01/22				2,378,356.25		2,378,356.25	
01/01/23	138,200	5,795	3.00	2,378,356.25		8,173,356.25	10,551,712.50
07/01/23				2,291,431.25		2,291,431.25	
01/01/24	132,405	5,970	3.00	2,291,431.25		8,261,431.25	10,552,862.50
07/01/24				2,201,881.25		2,201,881.25	
01/01/25	126,435	6,150	3.00	2,201,881.25		8,351,881.25	10,553,762.50
07/01/25				2,109,631.25		2,109,631.25	
01/01/26	120,285	6,330	3.00	2,109,631.25		8,439,631.25	10,549,262.50
07/01/26				2,014,681.25		2,014,681.25	
01/01/27	113,955	6,520	3.00	2,014,681.25		8,534,681.25	10,549,362.50
07/01/27				1,916,881.25		1,916,881.25	
01/01/28	107,435	6,720	3.00	1,916,881.25		8,636,881.25	10,553,762.50
07/01/28				1,816,081.25		1,816,081.25	
01/01/29	100,715	6,920	3.00	1,816,081.25		8,736,081.25	10,552,162.50
07/01/29				1,712,281.25		1,712,281.25	
01/01/30	93,795	7,125	3.00	1,712,281.25		8,837,281.25	10,549,562.50
07/01/30				1,605,406.25		1,605,406.25	
01/01/31	86,670	7,340	3.50	1,605,406.25		8,945,406.25	10,550,812.50
07/01/31				1,476,956.25		1,476,956.25	
01/01/32	79,330	7,595	3.50	1,476,956.25		9,071,956.25	10,548,912.50
07/01/32				1,344,043.75		1,344,043.75	
01/01/33	71,735	7,865	3.50	1,344,043.75		9,209,043.75	10,553,087.50
07/01/33				1,206,406.25		1,206,406.25	
01/01/34	63,870	8,140	3.50	1,206,406.25		9,346,406.25	10,552,812.50
07/01/34				1,063,956.25		1,063,956.25	
01/01/35	55,730	8,425	3.75	1,063,956.25		9,488,956.25	10,552,912.50
07/01/35				905,987.50		905,987.50	
01/01/36	47,305	8,740	3.75	905,987.50		9,645,987.50	10,551,975.00
07/01/36				742,112.50		742,112.50	
01/01/37	38,565	9,065	3.75	742,112.50		9,807,112.50	10,549,225.00
07/01/37	29,500			572,143.75		572,143.75	
01/01/38	29,500	9,405	3.75	572,143.75		9,977,143.75	10,549,287.50
07/01/38	20,095	4,880	3.75	395,800.00		5,275,800.00	
01/01/39	15,215	4,970	4.00	304,300.00		5,274,300.00	10,550,100.00
07/01/39	10,245	5,070	4.00	204,900.00		5,274,900.00	
01/01/40	5,175	5,175	4.00	103,500.00		5,278,500.00	10,553,400.00
Totals		$147,355		$66,844,986.25	($825,000.00)	$213,374,986.25	$213,374,986.25

Average annual debt service for the five bond years ending January 1, 2026. $10,551,612.50

(1) The Waterworks District currently has an A+ bond rating from S&P.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF PRO FORMA COMBINED BOND AMORTIZATION

Payment Date	Outstanding Series 2013A Bonds	Series 2013C Bonds	Series 2014B Bonds	Series 2016A Bonds	Series 2016B Bonds	Proposed 2018 Bonds	Total	Bond Year Total
07/01/18	$650,062.50	$316,390.63	$375,000.00	$792,800.00	$496,246.88		$2,630,500.01	
01/01/19	710,062.50	576,390.63	2,195,000.00	2,377,800.00	1,641,246.88		7,500,500.01	$10,131,000.02
07/01/19	649,162.50	309,890.63	329,500.00	761,100.00	484,796.88	$1,848,980.00	4,383,430.01	
01/01/20	709,162.50	659,890.63	2,249,500.00	2,331,100.00	1,649,796.88	2,506,856.25	10,106,306.26	14,489,736.27
07/01/20	648,262.50	301,140.63	281,500.00	729,700.00	473,146.88	2,506,856.25	4,940,606.26	
01/01/21	708,262.50	676,140.63	2,301,500.00	2,354,700.00	1,658,146.88	6,036,856.25	13,735,606.26	18,676,212.52
07/01/21	647,362.50	296,453.13	231,000.00	697,200.00	455,371.88	2,462,731.25	4,790,118.76	
01/01/22	712,362.50	761,453.13	2,361,000.00	2,302,200.00	1,670,371.88	8,087,731.25	15,895,118.76	20,685,237.52
07/01/22	646,387.50	284,828.13	177,750.00	665,100.00	437,146.88	2,378,356.25	4,589,568.76	
01/01/23	716,387.50	819,828.13	2,422,750.00	2,285,100.00	1,677,146.88	8,173,356.25	16,094,568.76	20,684,137.52
07/01/23	645,162.50	276,803.13	121,625.00	632,700.00	418,546.88	2,291,431.25	4,386,268.76	
01/01/24	715,162.50	831,803.13	2,491,625.00	2,322,700.00	1,678,546.88	8,261,431.25	16,301,268.76	20,687,537.52
07/01/24	643,937.50	267,784.38	62,375.00	598,900.00	399,646.88	2,201,881.25	4,174,525.01	
01/01/25	713,937.50	892,784.38	2,557,375.00	2,303,900.00	1,694,646.88	8,351,881.25	16,514,525.01	20,689,050.02
07/01/25	642,537.50	256,846.88		564,800.00	380,221.88	2,109,631.25	3,954,037.51	
01/01/26	712,537.50	951,846.88		2,159,800.00	4,465,221.88	8,439,631.25	16,729,037.51	20,683,075.02
07/01/26	641,137.50	244,250.00		532,900.00	318,946.88	2,014,681.25	3,751,915.63	
01/01/27	716,137.50	964,250.00		2,192,900.00	4,523,946.88	8,534,681.25	16,931,915.63	20,683,831.26
07/01/27	639,637.50	229,850.00		499,700.00	253,243.75	1,916,881.25	3,539,312.50	
01/01/28	724,637.50	1,049,850.00		2,149,700.00	4,588,243.75	8,636,881.25	17,149,312.50	20,688,625.00
07/01/28	637,937.50	213,450.00		466,700.00	182,800.00	1,816,081.25	3,316,968.75	
01/01/29	722,937.50	1,128,450.00		2,116,700.00	4,662,800.00	8,736,081.25	17,366,968.75	20,683,937.50
07/01/29	636,237.50	194,578.13		433,700.00	93,200.00	1,712,281.25	3,069,996.88	
01/01/30	721,237.50	1,194,578.13		2,103,700.00	4,753,200.00	8,837,281.25	17,609,996.88	20,679,993.76
07/01/30	634,537.50	173,328.13		400,300.00		1,605,406.25	2,813,571.88	
01/01/31	5,709,537.50	1,223,328.13		1,755,300.00		8,945,406.25	17,633,571.88	20,447,143.76
07/01/31	529,865.63	151,015.63		373,200.00		1,476,956.25	2,531,037.51	
01/01/32	5,854,865.63	1,361,015.63		1,623,200.00		9,071,956.25	17,911,037.51	20,442,075.02
07/01/32	420,037.50	124,546.88		348,200.00		1,344,043.75	2,236,828.13	
01/01/33	6,010,037.50	1,389,546.88		1,598,200.00		9,209,043.75	18,206,828.13	20,443,656.26
07/01/33	301,250.00	96,084.38		323,200.00		1,206,406.25	1,926,940.63	
01/01/34	6,176,250.00	1,416,084.38		1,583,200.00		9,346,406.25	18,521,940.63	20,448,881.26
07/01/34	154,375.00	65,559.38		298,000.00		1,063,956.25	1,581,890.63	
01/01/35	6,329,375.00	1,450,559.38		1,593,000.00		9,488,956.25	18,861,890.63	20,443,781.26
07/01/35		33,531.25		272,100.00		905,987.50	1,211,618.75	
01/01/36		1,483,531.25		3,642,100.00		9,645,987.50	14,771,618.75	15,983,237.50
07/01/36				204,700.00		742,112.50	946,812.50	
01/01/37				5,219,700.00		9,807,112.50	15,026,812.50	15,973,625.00
07/01/37				104,400.00		572,143.75	676,543.75	
01/01/38				5,324,400.00		9,977,143.75	15,301,543.75	15,978,087.50
07/01/38						5,275,800.00	5,275,800.00	
01/01/39						5,274,300.00	5,274,300.00	10,550,100.00
07/01/39						5,274,900.00	5,274,900.00	
01/01/40						5,278,500.00	5,278,500.00	10,553,400.00
Totals	$48,430,781.26	$22,667,662.64	$18,157,500.00	$59,038,800.00	$39,056,631.34	$213,374,986.25	$400,726,361.49	$400,726,361.49

Average annual debt service for the 5 bond years ending January 1, 2026. $20,685,807.52

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PRO FORMA ANNUAL CASH OPERATING EXPENSES

See Explanation of Adjustments, pages 10 to 15.

Cash operating expenses for the twelve months ended September 30, 2017 (see page 35)		$20,141,395
Adjustments:		
(1)	Salaries and wages	1,027,839
(2)	FICA	89,092
(3)	PERF	201,371
(4)	Health and life insurance	1,008,258
(5)	Workman's compensation	(5,584)
(6)	Teamster's scholarship fund	55
(7)	Periodic maintenance	1,972,788
(8)	Non-recurring items	(203,567)
(9)	Contractual services	155,203
(10)	Utility receipts tax	40,863
(11)	Bad debt expense	22,222
(12)	Postage	23,438
(13)	Lease of office space	131,852
(14)	Year-end adjustment reclassified	(450,858)
(15)	Operation and maintenance expenses - Sewer *	625,579
	Total Adjustments	4,638,551
	Total Pro Forma Cash Operating Expenses	$24,779,946

* This will be adjusted through the sewer shared revenues (see page 23).

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 1 - Salaries and Wages

To adjust test year expense to reflect the 2018 across the board 1% increase in salaries and wages approved by the Utility Board and to normalize for the addition of 12 new employees, per utility management.

Pro forma payroll expense	$7,654,296
Less test year expense	(6,626,457)
Adjustment	$1,027,839

Adjustment 2 - FICA

To adjust test year FICA expense to reflect pro forma salaries and wages expense.

Pro forma salaries and wages expense	$7,654,296
Times FICA rate	7.65%
Pro forma FICA expense	585,554
Less test year expense	(496,462)
Adjustment	$89,092

Adjustment 3 - PERF

To adjust test year PERF expense to reflect pro forma salaries and wages expense at the current PERF rate of 14.20%.

Pro forma salaries and wages expense	$7,654,296
Less payroll applicable to Board members	(10,000)
Sub-total	7,644,296
Times PERF rate	14.20%
Pro forma PERF expense	1,085,490
Plus assumed pension expense adjustment	401,482
Less test year expense	(1,285,601)
Adjustment	$201,371

Adjustment 4 - Health and Life Insurance

To adjust the test year to reflect pro forma health and life insurance expense adjusted for the additional employees, per the Utility 2018 Budget and the City Controller.

Pro forma annual health and life insurance	$2,679,203
Less test year expense	(1,670,945)
Adjustment	$1,008,258

Adjustment 5 - Workman's Compensation

To adjust the test year to reflect pro forma workman's compensation adjusted for the additional employees, per the Utility 2018 Budget and the City Controller.

Pro forma workman's compensation expense	$117,436
Less test year expense	(123,020)
Adjustment	($5,584)

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 6 - Teamster's Scholarship Fund

To adjust the test year to reflect the pro forma teamster's scholarship fund expense, per the teamster's contract and the Utility 2018 Budget.

Pro forma teamster's scholarship fund expense	$9,750
Less test year expense	(9,695)
Adjustment	$55

Adjustment 7 - Periodic Maintenance

To adjust the test year to allow for periodic maintenance on the pumps, filter media, water intake structure, tank maintenance, booster stations, traveling screens and leak detection, per the Water Superintendent.

I.	Pump Maintenance		
	a.	High service pumps (7 pumps over a 4 year cycle @ an average of $90,240 per pump)	$157,920
	b.	Low service pumps (6 pumps over a 4 year cycle @ and average of $100,140 per pump)	150,210
II.	Filter Media (4 filter beds @ @ $251,705 each)		1,006,820
III.	Dredging in front of Intake Structure (every year)		236,580
IV.	Tank Maintenance		
	a.	Cleaning, inspection and tank coating (9 total tanks) (yearly per maintenance contract)	505,884
	b.	Campground 20 MG underground tank ($25,575 every 3 years)	8,425
V.	Booster Stations (3 pumps per year @ $20,637 each)		61,911
VI.	Traveling Screens Maintenance (3 screens over a 4 year cycle @ an average annual amount of $246,720)		61,680
VII.	Leak Detection and Distribution System Maintenance Assessment ($1,478,650 over 3 years)		492,883
		Total	2,682,313
		Less test year amounts	(709,525)
		Adjustment	$1,972,788

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 8 - Non-recurring Items

To eliminate expenditures that are considered non-recurring in nature.

Date	Expense Category	Description	Amount
December, 2016	Distribution - Contractual services	Parking lot repairs	($37,408)
March, 2017	Treatment - Repairs and Maintenance	New "Evansville" logo for Killian Tank	(15,167)
July, 2017	Treatment - Repairs and Maintenance	New "Evansville" logo for Darmstadt Tank	(15,167)
July, 2017	Admin and Gen - Contractual services	WestMonroe - Technology Assessment	(85,500)
September, 2017	Distribution - Contractual services	Install new water service	(9,500)
Various	Distribution - Contractual services	IURC penalty case	(13,500)
Various	Admin and Gen - Legal	Plantation Estates	(27,325)
	Adjustment		($203,567)

Adjustment 9 - Contractual Services

To adjust the test year to reflect pro forma contractual services expense, per the contractual service agreements and utility management.

(A) Pro forma GIS contractual services (test year included 27 pays) (currently $10,337.81 - Bi-weekly)

Less test year expense	$276,847	
	(276,562)	
Sub-total		$285

(B) To adjust the test year for the marketing communication contract for outreach and brand management, per utility management and contract.

Contract amount (Fire & Rain - $130,000 split with Sewer Utility)	$65,000	
Less test year amount	(69,027)	
Sub-total		(4,027)

(C) To adjust the test year for the renewed printing/billing/electronic payments contract for EWSU, per utility management and contract.

YR 1 - Contract amount	$114,000	
YR 2 - Contract amount	114,000	
YR 3 - Contract amount	114,000	
Total	342,000	
Divided by 3	3	
Average contract amount (3 years-First Billing)	114,000	
Lest test year amount	(125,059)	
Sub-total		(11,059)

(D) To adjust the test year for the customer engagement and analytics on a mobile platform contract for EWSU, per utility management and contract (Smart Utility Systems).

Contract amount	$96,390	
Less test year amount	(100,140)	
Sub-total		(3,750)

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Sub-total carried forward		($18,551)
(E) To adjust the test year for EWSU paying the revised credit card service fee from the First Billing application instead of the customer, per utility management and contact (First Billing).		
Pro forma amount	$457,141	
Less test year amount	(373,620)	
Sub-total		83,521
(F) To adjust the test year for the document scanning and imaging to SharePoint for the planning and engineering department. (per Deputy Director of Engineering)		
Pro forma amount	$59,000	
Less test year amount	(49,501)	
Sub-total		9,499
(G) To adjust the test year for computer and software support services for various system platforms, per utility management and contracts.		
Pro forma expense (based on Utility 2018 Budget)	$119,800	
Less test year amount	(126,011)	
Sub-total		(6,211)
(H) To adjust the test year for the measurement and verification services per the Guaranteed Performance Contract with JCI (Water Portion Only).		
Pro forma amount (based on the average contract price for 2018-2020)	$50,348	
Less test year amount	(48,171)	
Sub-total		2,177
(I) Pro forma - on call water modeling services (per Deputy Director - Engineering)		
Pro forma amount	$30,000	
Less test year amount	(9,839)	
Sub-total		20,161
(J) To adjust the test year to include the contract to assist with after hour phone calls. (Continental Message Solution, Inc.)		
Pro forma amount ($640 per month for 12 months)		7,680
(K) To adjust the test year for GIS editing services. (Frontier Geospatial)		
Pro forma amount	$12,000	
Less test year amount	(12,228)	
Sub-total		(228)
(L) To adjust the test year for the asset management development assistance program. (Acadis U.S. Inc.)		
Pro forma amount	$33,900	
Less test year amount	(5,061)	
Sub-total		28,839

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Sub-total carried forward		$126,887
(M) To adjust the test year for the Water Utility's portion of the Sensus Metering System contract.		
YR 1 - Contract amount	$26,928	
YR 2 - Contract amount	19,714	
YR 3 - Contract amount	20,306	
Total	66,948	
Divided by 3	3	
Sub-total		22,316
(N) To adjust the test year for the increase in the annual City Controller expense.		
Pro forma amount (based on Utility 2018 Budget)	$51,000	
Less test year amount	(45,000)	
Sub-total		6,000
Adjustment		$155,203

Adjustment 10 - Utility Receipts Tax

To adjust the test year to normalize Utility Receipts Tax ("URT") expense.

Normalized operating revenues	$41,401,827
Plus non-operating income	377,928
Less sewer utility, county reimbursements and other operating revenues	(7,371,586)
Less normalized exempt sales	(6,145,667)
Less taxpayer deduction	(1,000)
Pro forma revenues subject to URT	28,261,502
Times tax rate	1.4%
Pro forma URT expense	395,661
Less test year amount	(354,798)
Adjustment	$40,863

Adjustment 11 - Bad Debt Expense

To adjust the test year for adjustment to bad debt expense for the normalization of metered revenue, see page 16.

Normalized Operating Revenues:		
Residential	$1,873,085	
Commercial	1,366,303	
Increase in residential and commercial revenues		$3,239,388
Times: Bad debt % for the test year *		0.686%
Adjustment		$22,222

* Calculated by dividing the test year bad debt expense by the residential and commercial revenues.

Adjustment 12 - Postage

To adjust the test year to reflect an increase in postage expenses, per Utility 2018 Budget and the contract with First Billing.

Pro forma postage	$291,583
Less test year expense	(268,145)
Adjustment	$23,438

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL CASH OPERATING EXPENSES
(Explanation of Adjustments)

Adjustment 13 - Lease of Office Space

To adjust the test year to include the lease of additional office space.

Adjustment	$131,852

Adjustment 14 - Normalization Adjustment

To adjust the test year expense to normalize adjustments made during the test year period for both expenses incurred prior to test year and accruals.

(A) Contractual Services - Legal	($18,270)
(B) Contractual Services - Distribution	2,675
(C) Repairs and Maintenance - Distribution	(432,263)
(D) Postage - Administration	25,000
(E) Software Support - Administration	(28,000)
Adjustment	($450,858)

Adjustment 15 - Additional Operating and Maintenance Expenses - Sewer

To adjust the test year for the Engineering and Planning Department to reflect an increase to contractual services due to the Sewage Works' related Capacity Management and Operation and Maintenance ("CMOM") expenses based on the Consent Decree with the U.S. EPA (the District will not be responsible for these costs as the Sewage Works will directly reimburse the District through the sewer utility portion of general expenses revenue).

(A) Pro forma sewer - sewer large diameter inspection services (per Deputy Director - Engineering)	$550,000	
Less test year expense	(50,198)	
Sub-total		$499,802
(B) Pro forma sewer - annual green infrastructure benefit analysis (per Deputy Director - Engineering)	$45,000	
Less test year expense	(8,942)	
Sub-total		36,058
(C) Pro forma sewer - on call sewer modeling services (per Deputy Director - Engineering)	$45,000	
Less test year expense	(51,823)	
Sub-total		(6,823)
(D) Pro forma sewer - sewer basin modeling/calibration (per Deputy Director - Engineering)	$162,180	
Less test year expense	(53,127)	
Sub-total		109,053
(E) Pro forma sewer - facility locating services (per Deputy Director - Engineering)	$365,000	
Less test year expense	(377,511)	
Sub-total		(12,511)
Adjustment		$625,579

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES

See Explanation of Adjustments, pages 17 to 24.

	12 Months Ended 9/30/2017	Normalization Adjustments	Ref.	Normalized Revenues	Normalization Adjustments	Ref.	Normalized Revenues
Operating Revenues:							
Residential	$13,696,042	$1,873,085	(1),(2)	$15,569,127			$15,569,127
Industrial	3,775,573	654,749	(1)	4,430,322			4,430,322
Commercial	6,197,076	1,366,303	(1),(7)	7,563,379			7,563,379
Public authority	929,528	177,713	(1),(3)	1,107,241			1,107,241
Fire protection:							
Inside City	2,189,308	415,052	(4)	2,604,360			2,604,360
Outside City	1,239,611	188,233	(4)	1,427,844			1,427,844
Flat rate sprinklers	526,780	82,807	(4)	609,587			609,587
Split services and fire plugs	18,980			18,980			18,980
Forfeited discounts	147,946	26,979	(1)	174,925			174,925
Other	457,282			457,282	$67,194	(6)	524,476
Sewer utility portion of general expenses	5,370,243	13,740	(5)	5,383,983	1,987,603	(5)	7,371,586
Totals	$34,548,369	$4,798,661		$39,347,030	$2,054,797		$41,401,827

Note: Rate increases effective November 7, 2017 (subsequently trued-up on February 1, 2017) and January 1, 2018 were approved pursuant to IURC Order in Cause No. 44760 on October 5, 2016.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (1)

To adjust the test year metered operating revenues for a full year of the Phase I 29.37% rate increase first billed starting February 1, 2017 and the Phase II 14.03% increase first billed starting January 1, 2018. The Phase II increase has been adjusted to reflect a reduction in base sales based on the test year's amount.

(A)

	12 Months Ended 9/30/2017	Phase I Rate Increase Effective 2/1/2017 (a)	Sub-total	Phase II Rate Increase Effective 1/1/2018 (b)	Normalized Metered Revenues
		(29.37%)		(14.03%)	
Metered - Operating Revenues					
Residential	$13,696,042	$469,210	$14,165,252	$1,341,279	$15,506,531
Industrial	3,775,573	137,040	3,912,613	517,709	4,430,322
Commercial	6,197,076	248,648	6,445,724	1,102,787	7,548,511
Public authority	929,528	26,133	955,661	114,464	1,070,125
Fire protection:					
Inside City	2,189,308		2,189,308		2,189,308
Outside City	1,239,611		1,239,611		1,239,611
Flat rate sprinklers (c)	526,780		526,780		526,780
Forfeited discounts	147,946	5,457	153,403	21,522	174,925
Totals	$28,701,864	$886,488	$29,588,352	$3,097,761	$32,686,113

(a) The Phase I 26.07% increase in rates and charges was first billed on 11/07/2016 with billing cycle 3. The Phase I rate was subsequently revised based on a true-up report filed with the OUCC on December 27, 2016. The revised 29.37% rate was first billed February 1, 2017 with billing cycle 1.
(b) Phase II rates were effective beginning January 1, 2018. See adjustment in section B below to account for a reduction in base sales.
(c) Billed on an annual basis - billed February 2017.

(B) METERED SALES

	Calendar Year Ended 12/31/2014	Calendar Year Ended 12/31/2015	Calendar Year Ended 12/31/2016	Twelve Months Ended 9/30/2017 (3)
Residential:	$10,801,372	$11,188,398	$11,160,679	$13,696,042
Annual increase (decrease)		$387,026	($27,719)	$2,451,308
Less estimated revenue 2015 rate increase of 7.86%		(848,988)	-	-
Less estimated revenue 2016 rate increase of 26.07% (1)		-	(486,136)	(695,713)
Less estimated revenue 2017 rate increase of 29.37% (True-up) (2)		-	-	(2,090,076)
Net increase (decrease) in revenues		(461,962)	(513,855)	(334,481)
Divided by prior year's revenues		10,801,372	11,188,398	10,611,616
Average Annual Percentage Change		-4.3%	-4.6%	-3.2%
3-Year Average				-4.0%

(1) Calendar Year 2016 includes two months of the 26.07% increase and the twelve months ended September 30, 2017 includes 3 months.
(2) The twelve months ended September 30, 2017 include eight months of the 29.37% increase.
(3) The annual increase (decrease) and prior year's revenues are based on the differential from the 12 months ended September 30, 2016.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (1) (Cont'd)

(B) METERED SALES (CONT'D)	Calendar Year Ended 12/31/2014	12/31/2015	12/31/2016	Twelve Months Ended 9/30/2017 (3)
Commercial:	$4,306,590	$4,872,646	$5,039,561	$6,197,076
Annual increase (decrease)		$566,056	$166,915	$1,438,132
Less estimated revenue 2015 rate increase of 7.86%		(338,498)	-	-
Less estimated revenue 2016 rate increase of 26.07% (1)		-	(211,716)	(314,655)
Less estimated revenue 2017 rate increase of 29.37% (True-up) (2)		-	-	(945,292)
Net increase (decrease) in revenues		227,558	(44,801)	178,185
Divided by prior year's revenues		4,306,590	4,872,646	4,758,944
Average Annual Percentage Change		5.3%	-0.9%	3.7%
3-Year Average				2.7%
Industrial:	$3,002,751	$3,212,321	$3,243,414	$3,775,573
Annual increase (decrease)		$209,570	$31,093	$873,798
Less estimated revenue 2015 rate increase of 7.86%		(236,016)	-	-
Less estimated revenue 2016 rate increase of 26.07% (1)		-	(139,575)	(202,293)
Less estimated revenue 2017 rate increase of 29.37% (True-up) (2)		-	-	(607,732)
Net increase (decrease) in revenues		(26,446)	(108,482)	63,773
Divided by prior year's revenues		3,002,751	3,212,321	2,901,775
Average Annual Percentage Change		-0.9%	-3.4%	2.2%
3-Year Average				-0.7%
Public Authority:	$708,992	$760,917	$739,220	$929,528
Annual increase (decrease)		$51,925	($21,697)	$200,966
Less estimated revenue 2015 rate increase of 7.86%		(55,727)	-	-
Less estimated revenue 2016 rate increase of 26.07% (1)		-	(33,062)	(46,024)
Less estimated revenue 2017 rate increase of 29.37% (True-up) (2)		-	-	(138,266)
Net increase (decrease) in revenues		(3,802)	(54,759)	16,676
Divided by prior year's revenues		708,992	760,917	728,562
Average Annual Percentage Change		-0.5%	-7.2%	2.3%
3-Year Average				-1.8%

(1) Calendar Year 2016 includes two months of the 26.07% increase and the twelve months ended September 30, 2017 includes 3 months.
(2) The twelve months ended September 30, 2017 include eight months of the 29.37% increase.
(3) The annual increase (decrease) and prior year's revenues are based on the differential from the 12 months ended September 30, 2016.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (1) (Cont'd)

(B) METERED SALES (CONT'D)

Metered Sales - Pro Forma Revenues	Residential	Commercial	Industrial	Public Authority
Normalized revenue	$14,165,252	$6,445,724	$3,912,613	$955,661
Less: Reduction in base sales for 2014 - 2017	(566,610)	174,035	(27,388)	(17,202)
Sub-totals	13,598,642	6,619,759	3,885,225	938,459
Times 14.03% increase effective January 1, 2018	1,907,889	928,752	545,097	131,666
Pro Forma 2018 Revenues	15,506,531	7,548,511	4,430,322	1,070,125
Less normalized revenues amount	(14,165,252)	(6,445,724)	(3,912,613)	(955,661)
Adjustment	$1,341,279	$1,102,787	$517,709	$114,464

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (2)

To adjust the test year residential revenues to normalize for the estimated financial effects of approximately 292 users added to the system from the beginning of the test year (based on billing records).

Billing Cycle	Increase/ (Decrease) In Users (a)(c)	Times Estimated Additional Monthly Bills	Additional Monthly Bills	Estimated Monthly Residential Bill (b)	Adjustment
October 2016	(7)	0	0	$15.56	$0
November	(78)	1	(78)	19.60	(1,529)
December	70	2	140	19.60	2,744
January 2017	54	3	162	19.60	3,175
February	(47)	4	(188)	20.12	(3,783)
March	(105)	5	(525)	20.12	(10,563)
April	53	6	318	20.12	6,398
May	17	7	119	20.12	2,394
June	123	8	984	20.12	19,798
July	88	9	792	20.12	15,935
August	(29)	10	(290)	20.12	(5,835)
September	153	11	1,683	20.12	33,862
Totals	292		3,117		$62,596

(a) Per utility personnel and monthly billing summaries.
(b) Estimated monthly bill assuming average residential consumption of 3,676 gallons priced at test year rates (average bill calculated assuming 5/8" meter).
(c) Adjusted for temporary shutoffs.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (3)

To adjust the test year public authority revenues to normalize for the estimated financial effects of approximately 20 users added to the system from the beginning of the test year (based on billing records).

Billing Cycle	Increase/ (Decrease) In Users (a)	Times Estimated Additional Monthly Bills	Additional Monthly Bills	Estimated Monthly Public Authority Bill (b)	Adjustment
October 2016	1	0	0	$309.23	$0
November	0	1	0	389.75	0
December	0	2	0	389.75	0
January 2017	3	3	9	389.75	3,508
February	5	4	20	400.09	8,002
March	8	5	40	400.09	16,004
April	3	6	18	400.09	7,202
May	(1)	7	(7)	400.09	(2,801)
June	(1)	8	(8)	400.09	(3,201)
July	0	9	0	400.09	0
August	1	10	10	400.09	4,001
September	1	11	11	400.09	4,401
Totals	20		93		$37,116

(a) Per utility personnel and monthly billing summaries.
(b) Estimated monthly bill assuming average public authority consumption of 122,189 gallons priced at test year rates (average bill calculated assuming 1" meter assuming consumption for the 12 months ended 9/30/17).

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (4)

To adjust the test year fire protection revenues to reflect the current number of connections at the current 2018 rates and charges per information provided by utility personnel.

(A) Fire Protection Service - Inside City Limits:

Fire Protection Charge Customer Count as of 1/17/18			Times Rate Per Month - 2018	Revenue Per Month	Revenue Per Year
5/8	inch meter	39,485	$3.67	$144,910	$1,738,920
1	inch meter	1,528	7.89	12,056	144,672
1 1/2	inch meter	64	14.57	932	11,184
2	inch meter	1,286	23.35	30,028	360,336
3	inch meter	73	51.07	3,728	44,736
4	inch meter	214	78.81	16,865	202,380
6	inch meter	57	149.32	8,511	102,132
	Sub-totals	42,707		217,030	2,604,360

(B) Fire Protection Service - Outside City Limits:

Fire Protection Charge Customer Count as of 1/17/18			Times Rate Per Month - 2018	Revenue Per Month	Revenue Per Year
5/8	inch meter	18,936	$4.87	$92,218	$1,106,616
1	inch meter	1,068	9.56	10,210	122,520
1 1/2	inch meter	3	16.42	49	588
2	inch meter	269	26.79	7,207	86,484
3	inch meter	4	63.42	254	3,048
4	inch meter	51	95.43	4,867	58,404
6	inch meter	24	174.25	4,182	50,184
	Sub-totals	20,355		118,987	1,427,844

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (4) Cont'd

(C) Flat Rate Sprinklers

Fire Protection Charge Customer Count as of 1/17/2018			Rate Per Annum	Revenue Per Year
1	inch connection	8	$5.52	$44
2	inch connection	26	30.64	797
3	inch connection	2	84.72	169
4	inch connection	172	173.58	29,856
6	inch connection	483	477.98	230,864
8	inch connection	242	981.46	237,513
10	inch connection	6	1,714.24	10,285
12	inch connection	37	2,704.31	100,059
	Sub-totals	976		609,587

(D) Split Services and Fire Plug Fees (Test Year)	18,980
Pro forma fire protection service revenues	4,660,771
Less test year fire protection service revenues	(3,974,679)
Adjustment	$686,092

Adjustment (5)

To adjust the test year for the reimbursement from the sewer utility for its pro forma portion of shared billing general expenses, per utility's approved 2017 and 2018 budget adjusted for staff additions.

	2017	2018
Pro forma sewer utility reimbursement to water for shared costs	$5,383,983	$7,193,621
Plus 2 additional employees in the Planning Department		177,965
Sub-total	5,383,983	7,371,586
Less test year amount for 2017 budget for 2018	(5,370,243)	(5,383,983)
Adjustment	$13,740	$1,987,603

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

CALCULATION OF NORMALIZED ANNUAL OPERATING REVENUES
(Explanation of Adjustments)

Adjustment (6)

To normalize other operating revenues for the year-end adjustment to reconnection fees to reconcile accounts receivable for 2016.

Plus 2016 year-end adjustment	$67,194

Adjustment (7)

To adjust the test year for growth in commercial and industrial customers added during the test year that are 2" meters and larger.

Customer Name	Start Date	Test Year Revenue	Average for Test Year	Annualized
Dunn Hospitality Group Circle II	Oct-16	$2,016.95	$183.36	$2,200
Evansville Hotel Partners LLC	Jan-17	6,102.89	610.29	7,323
Deaconess Hospital	Apr-17	4,837.73	604.72	7,257
Burger King	May-17	427.41	47.49	570
Kinway Apartments	May-17	144.94	20.71	248
Tropicana Evansville (A)	May-17	286.52	838.15	10,058
Reinbrecht Homes	Jul-17	151.98	25.33	304
Fresh Thyme Farmers Market	Jul-17	40.59	8.12	97
Grosh Scenic Rentals	Aug-17	80.77	16.15	194
Hirsch-Martin Development LLC	Sep-17	141.38	70.69	848
Total Test Year Revenue		$14,231.16		
Annualized Revenue				$29,099
Less test year amount				(14,231)
Adjustment				$14,868

(A) The Tropicana land casino opened in November of 2017. The annualized bill reflects the average of the December 2017 and January 2018 bills normalized to reflect twelve months of collections.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

CALCULATION OF PRO FORMA ANNUAL FIRE PROTECTION CHARGES

To adjust the test year fire protection revenues to reflect the current number of connections at the proposed rates and charges and to eliminate the Outside City Limits Fire Protection Charge, per information provided by utility personnel.

	Normalized Fire Protection Revenues	Eliminate Outside City Limits Charge	Pro Forma Annual Revenues
Fire protection revenues:			
Public fire protection:			
Inside City	$2,604,360	$1,427,844	$4,032,204
Outside City	1,427,844	(1,427,844)	-
Totals	$4,032,204	$ -	$4,032,204

(A) **Fire Protection Service:**

Fire Protection Charge Customer Count as of 1/17/2018			Equivalency Factor	Equivalent Meters	Revenue Per Year
5/8	inch meter	58,421	1.0	58,421	$2,631,545
1	inch meter	2,596	2.5	6,490	292,339
1 1/2	inch meter	67	5.0	335	15,090
2	inch meter	1,555	8.0	12,440	560,354
3	inch meter	77	15.0	1,155	52,026
4	inch meter	265	25.0	6,625	298,420
6	inch meter	81	50.0	4,050	182,430
	Totals	63,062		89,516	$4,032,204

Fire Protection Charge Customer Count as of 1/17/2018			Annual Revenue Required	Normalized Monthly Charge All Customers	Proposed Final Phase-Out (1) Inside City Customers	Proposed Final Phase-Out (1) Outside City Customers
5/8	inch meter	58,421	$2,631,545	$3.75	$3.75	$3.75
1	inch meter	2,596	292,339	9.38	9.38	9.38
1 1/2	inch meter	67	15,090	18.77	18.77	18.77
2	inch meter	1,555	560,354	30.03	30.03	30.03
3	inch meter	77	52,026	56.31	56.31	56.31
4	inch meter	265	298,420	93.84	93.84	93.84
6	inch meter	81	182,430	187.69	187.69	187.69
	Totals	63,062	$4,032,204			

(1) Assumes the final 1/3rd (or all of the remaining differential) of the rate differential is phased-out in this rate case.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES

See Explanation of References, pages 27 to 29.

Annual Revenue Requirements:	12 Months Ended 09/30/17 (Unaudited)	Adjustments	Ref.	Phase I Pro Forma (1/1/19)	Adjustments	Ref.	Phase II Pro Forma (1/1/20)	Adjustments	Ref.	Phase III Pro Forma (1/1/21)
Operation and maintenance expense	$20,141,395	$4,638,551	(1)	$24,779,946	$ -		$24,779,946	$ -		$24,779,946
Additional Indiana utility receipts tax	-	72,269	(2)	72,269	69,049	(2)	141,318	39,314	(2)	180,632
Additional bad debt expense	-	7,763	(3)	7,763	29,240	(3)	37,003	17,423	(3)	54,426
Total Operating Expenses	20,141,395	4,718,583		24,859,978	98,289		24,958,267	56,737		25,015,004
Payment in lieu of taxes	1,598,854	283,446	(4)	1,882,300	626,800	(4)	2,509,100	603,800	(4)	3,112,900
Debt service	7,533,263	6,956,473	(5)	14,489,736	4,186,477	(5)	18,676,213	2,009,595	(5)	20,685,808
Debt service reserve - outstanding	92,664	(92,664)	(6)	-	-	(6)	-	-	(6)	-
Allowance for capital improvements	1,072,644	6,009,556	(7)	7,082,200	1,262,200	(7)	8,344,400	1,199,700	(7)	9,544,100
Total Revenue Requirements	30,438,820	17,875,394		48,314,214	6,173,766		54,487,980	3,869,832		58,357,812
Less interest income	(127,365)	(76,055)	(8)	(203,420)	-		(203,420)	-		(203,420)
Less sewer portion of general expenses	(5,370,243)	(2,001,343)	(9)	(7,371,586)	-		(7,371,586)	-		(7,371,586)
Less other operating income	(457,282)	(67,194)	(9)	(524,476)	-		(524,476)	-		(524,476)
Less other nonoperating income	(479,467)	101,539	(10)	(377,928)	-		(377,928)	-		(377,928)
Less fixed capacity payments from wholesaler	-	-		-	-		-	(191,144)	(11)	(191,144)
Net Revenue Requirements	$24,004,463	$15,832,341		$39,836,804	$6,173,766		$46,010,570	$3,678,688		$49,689,258
Annual Revenues:										
Residential	$13,696,042	$4,814,934	(12)	$18,510,976	$2,868,757	(12)	$21,379,733	$1,709,374	(12)	$23,089,107
Industrial	3,775,573	1,491,876	(12)	5,267,449	816,328	(12)	6,083,777	486,416	(12)	6,570,193
Commercial	6,197,076	2,795,434	(12)	8,992,510	1,393,623	(12)	10,386,133	830,402	(12)	11,216,535
Public Authority	929,528	386,931	(12)	1,316,459	204,020	(12)	1,520,479	121,567	(12)	1,642,046
Fire Protection	3,974,679	1,566,763	(12)	5,541,442	858,791	(12)	6,400,233	511,718	(12)	6,911,951
Forfeited discounts	147,946	60,022	(12)	207,968	32,247	(12)	240,215	19,211	(12)	259,426
Total Annual Operating Revenues	$28,720,844	$11,115,960		$39,836,804	$6,173,766		$46,010,570	$3,678,688		$49,689,258
Percentage Increase Requested		18.90%			15.50%			8.00%		
Average Monthly Residential Bill (Presently $28.87 assuming 5,000 gallons per month)		$34.34			$39.68			$42.84		

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES
(Explanation of References)

Adjustment 1

See "Pro Forma Annual Cash Operating Expenses" pages 9 to 15.

Adjustment 2

To provide an allowance for additional Indiana Utility Receipts tax. Calculated as follows:

	Pro Forma Phase I	Pro Forma Phase II	Pro Forma Phase III
Additional URT from rate increase	$88,757	$85,128	$48,895
Less estimated increase in URT for wholesale and exempt revenues	(16,488)	(16,079)	(9,581)
Adjustments	$72,269	$69,049	$39,314

Adjustment 3

To provide an allowance for additional bad debt expense.

	Pro Forma Phase I	Pro Forma Phase II	Pro Forma Phase III
Increase in Residential and Commercial Water Sales	$4,370,980	$4,262,380	$2,539,776
Times: Bad Debt % for the Test Year	0.686%	0.686%	0.686%
Sub-total	29,985	29,240	17,423
Less test year adjustment (see page 14)	(22,222)	-	-
Adjustments	$7,763	$29,240	$17,423

Adjustment 4

To provide an allowance for payments in lieu of property taxes ("PILT"). Calculated as follows:

	Pro Forma Phase I	Pro Forma Phase II	Pro Forma Phase III
Capital assets in service at 9/30/17 (Unaudited)	$204,934,409	$204,934,409	$204,934,409
Plus CWIP at 9/30/17 (Unaudited)	14,135,068	14,135,068	14,135,068
Plus balance of the project proceeds at 9/30/17 (Unaudited)	36,523,233	36,523,233	36,523,233
Plus proposed improvement projects - (2019 - 2021)	26,782,071	66,250,590	119,915,299
Less accumulated depreciation at 9/30/17 (Unaudited)	(70,908,927)	(70,908,927)	(70,908,927)
Estimated Net Assessed Value	211,465,854	250,934,373	304,599,082
Less est. capital assets not within corporate limits (25%)	(52,866,464)	(62,733,593)	(76,149,771)
Sub-total	158,599,390	188,200,780	228,449,311
Times pro forma 2017 corporate tax rate (divided by $100) *	1.5805	1.5805	1.5805
Calculated PILT	2,506,663	2,974,513	3,610,641
Less and amount to phase-in the rates and charges	(624,363)	(465,413)	(497,741)
Pro forma PILT	1,882,300	2,509,100	3,112,900
Less test year amount (see page 35) and phase I & II	(1,598,854)	(1,882,300)	(2,509,100)
Adjustments	$283,446	$626,800	$603,800

* Per Indiana Department of Local Government Finance ("DLGF") 2017 pay 2018.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES
(Explanation of References)

Adjustment 5

Phase I is based on the pro forma debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2020. Phase II is based on the pro forma debt service payments on the outstanding and proposed bonds for the bond year ending January 1, 2021. Phase III reflects the average annual debt service payments on the outstanding and proposed bonds for the five bond years ending January 1, 2026, calculated as follows: See page 8.

	Pro Forma		
	Phase I	Phase II	Phase III
2013A Bonds	$1,358,325	$1,356,525	$1,359,155
2013C Bonds	969,781	977,281	1,128,086
2014B Bonds	2,579,000	2,583,000	2,085,100
2016A Bonds	3,092,200	3,084,400	2,906,480
2016B Bonds	2,134,594	2,131,294	2,655,374
Proposed Bonds	4,355,836	8,543,713	10,551,613
Adjustments	$14,489,736	$18,676,213	$20,685,808

Adjustment 6

To reflect the annual funding of the debt service reserve requirement for the outstanding 2013C Bonds.

Current annual transfer to the debt service reserve *	$92,664
Required monthly transfers	-
Adjustment	($92,664)

* The last monthly transfer for the 2013C Bonds is scheduled to be made on November 30, 2018.

Adjustment 7

To provide an allowance for replacements and improvements equal to the amount in the capital improvement plan. See pages 4 to 6.

	Pro Forma		
	Phase I	Phase II	Phase II
Capital Improvement Plan:			
2019	$7,082,200		
2020		$8,344,400	
2021			$9,544,100
Less test year and phase I and II amounts	(1,072,644)	(7,082,200)	(8,344,400)
Adjustments	$6,009,556	$1,262,200	$1,199,700

Adjustment 8

Interest income normalized based on investment of available fund balances at current interest rates. The construction account funds are not included in the interest rate calculation since those interest earnings are used to fund project costs. Calculated as follows:

Balances available to invest (unaudited):	
Consumer meter deposit fund (@ 9/30/17)	$1,527,068
Debt service reserve - 2013A & C Bonds (@ 9/30/17)	8,168,473
Debt service reserve - 2013C Bonds - half of annual transfer	92,664
Proposed debt service reserve (page 7)	10,553,763
Sub-total	20,341,968
Times current certificate of deposit interest rate	1.00%
Pro Forma Interest Income	$203,420

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND ANNUAL REVENUES
(Explanation of References)

Adjustment 9

See "Calculation of Normalized Annual Operating Revenues" pages 16 to 24.

Adjustment 10

To normalize test year other nonoperating income due to timing on collection of the connection fees.

Test year other nonoperating income	$479,467
Less: adjustment for connection fees	(101,539)
Pro Forma Nonoperating Income	$377,928

Adjustment 11

To provide an allowance for wholesale user capacity recovery charge from capacity related improvements.

Total construction and non-construction costs allocated to wholesale users	$2,160,568	
Annual debt service assuming a 20-year bond issue amortized at a net interest cost of 3.565%		$152,915
Plus a 25% coverage factor		38,229
Adjustment		$191,144

Adjustment 12

Normalized operating revenues for Phases I, II and III calculated as follows:

Operating Revenues	12 Months Ended 9/30/2017	Normalize*	Sub-totals	18.90% Increase	Phase I Pro Forma
Residential	$13,696,042	$1,873,085	$15,569,127	$2,941,849	$18,510,976
Industrial	3,775,573	654,749	4,430,322	837,127	5,267,449
Commercial	6,197,076	1,366,303	7,563,379	1,429,131	8,992,510
Public Authority	929,528	177,713	1,107,241	209,218	1,316,459
Fire Protection	3,974,679	686,092	4,660,771	880,671	5,541,442
Forfeited discounts	147,946	26,979	174,925	33,043	207,968
Totals	$28,720,844	$4,784,921	$33,505,765	$6,331,039	$39,836,804

* Computed as normalized operating revenues as computed on page 16.

Operating Revenues	Phase I Pro Forma	15.50% Increase	Phase II Pro Forma	8.00% Increase	Phase III Pro Forma
Residential	$18,510,976	$2,868,757	$21,379,733	$1,709,374	$23,089,107
Industrial	5,267,449	816,328	6,083,777	486,416	6,570,193
Commercial	8,992,510	1,393,623	10,386,133	830,402	11,216,535
Public Authority	1,316,459	204,020	1,520,479	121,567	1,642,046
Fire Protection	5,541,442	858,791	6,400,233	511,718	6,911,951
Forfeited discounts	207,968	32,247	240,215	19,211	259,426
Totals	$39,836,804	$6,173,766	$46,010,570	$3,678,688	$49,689,258

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		Proposed		
	Present (1)	Phase I (2)	Phase II (3)	Phase III (4)
(A) Monthly Service Charge				
Meter Size:				
5/8 - 3/4 inch meter	$6.47	$7.69	$8.88	$9.59
1 inch meter	7.70	9.16	10.58	11.43
1 1/4 inch meter	8.50	10.11	11.68	12.61
1 1/2 inch meter	9.09	10.81	12.49	13.49
2 inch meter	12.44	14.79	17.08	18.45
3 inch meter	37.77	44.91	51.87	56.02
4 inch meter	47.12	56.03	64.71	69.89
6 inch meter	68.97	82.01	94.72	102.30
8 inch meter	93.94	111.69	129.00	139.32
10 inch meter	121.99	145.05	167.53	180.93
(B) Volume Charge (In addition to monthly service charge)				
Consumption per Month				
First 20,000 gallons	$4.48	$5.33	$6.16	$6.65
Next 280,000 gallons	3.51	4.17	4.82	5.21
Next 700,000 gallons	3.17	3.77	4.35	4.70
Next 2,000,000 gallons	2.79	3.32	3.83	4.14
Over 3,000,000 gallons	2.11	2.51	2.90	3.13
(C) Fire Protection Service				
Monthly Surcharge for fire protection				
Inside City Limits: (5)				
5/8 inch meter	$3.67	$4.46	$5.15	$5.56
1 inch meter	7.89	11.15	12.88	13.91
1 1/2 inch meter	14.57	22.32	25.78	27.84
2 inch meter	23.35	35.71	41.25	44.55
3 inch meter	51.07	66.95	77.33	83.52
4 inch meter	78.81	111.58	128.87	139.18
6 inch meter	149.32	223.16	257.75	278.37

(1) Present rates and charges approved by IURC pursuant to Cause No. 44760 on October 5, 2016 and became effective on January 1, 2018.
(2) Phase I rates and charges represent a 18.90% across-the-board rate increase in present rates and charges effective upon Commission approval.
(3) Phase II rates and charges represent a 15.50% across-the-board rate increase in Phase I rates and charges effective on January 1, 2020.
(4) Phase III rates and charges represent a 8.00% across-the-board rate increase in Phase II rates and charges effective on January 1, 2021.
(5) The current fire protection charges have been adjusted to accommodate a full phase-out of the territorial surcharge.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

			Proposed		
(C) Fire Protection Service (Cont'd)		Present (1)	Phase I (2)	Phase II (3)	Phase III (4)
Outside City Limits: (5)					
5/8	inch meter	$4.87	$4.46	$5.15	$5.56
1	inch meter	9.56	11.15	12.88	13.91
1 1/2	inch meter	16.42	22.32	25.78	27.84
2	inch meter	26.79	35.71	41.25	44.55
3	inch meter	63.42	66.95	77.33	83.52
4	inch meter	95.43	111.58	128.87	139.18
6	inch meter	174.25	223.16	257.75	278.37
Private Connections, each per annum:					
1	inch meter	$5.52	$6.56	$7.58	$8.19
2	inch meter	30.64	36.43	42.08	45.45
3	inch meter	84.72	100.73	116.34	125.65
4	inch meter	173.58	206.39	238.38	257.45
6	inch meter	477.98	568.32	656.41	708.92
8	inch meter	981.46	1,166.96	1,347.84	1,455.67
10	inch meter	1,714.24	2,038.23	2,354.16	2,542.49
12	inch meter	2,704.31	3,215.42	3,713.81	4,010.91
(D) Connection Charge					
3/4	inch meter	$1,635.00	$1,635.00	$1,635.00	$1,635.00
1	inch meter	2,080.00	2,080.00	2,080.00	2,080.00
Larger than 1 inch		Actual cost	Actual cost	Actual cost	Actual cost
(E) Customer Meter Deposit					
Residential		$40.00	$40.00	$40.00	$40.00
Commercial/Industrial		65.00	65.00	65.00	65.00
(F) Split Service Fee		$200.00	$200.00	$200.00	$200.00

(1) Present rates and charges approved by IURC pursuant to Cause No. 44760 on October 5, 2016 and became effective on January 1, 2018.
(2) Phase I rates and charges represent a 18.90% across-the-board rate increase in present rates and charges effective upon Commission approval.
(3) Phase II rates and charges represent a 15.50% across-the-board rate increase in Phase I rates and charges effective on January 1, 2018.
(4) Phase III rates and charges represent a 8.00% across-the-board rate increase in Phase II rates and charges effective on January 1, 2021.
(5) The current fire protection charges have been adjusted to accommodate a full phase-out of the territorial surcharge.

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

			Proposed		
		Present (1)	Phase I	Phase II	Phase III
(G) Developer Installed Service Charge					
3/4	inch meter	$200.00	$200.00	$200.00	$200.00
1	inch meter	230.00	230.00	230.00	230.00
(H) Temporary Fire Hydrant Meter Fee					
1	inch	$500.00	$500.00	$500.00	$500.00
2	inch and larger	1,000.00	1,000.00	1,000.00	1,000.00
(I) Bad Check Charge		$23.00	$23.00	$23.00	$23.00
(J) Reconnection Charge		$45.00	$45.00	$45.00	$45.00
(K) Collection of Deferred Payment Charge			10% of 1st $3.00: 3% of remainder of bill.		
(L) Meter Test Fee (Customer Request)		$60.00	$60.00	$60.00	$60.00
(M) Meter Re-Read Fee (Customer Request)		$34.00	$34.00	$34.00	$34.00
(N) Damaged Meter Fee (Customer Negligence)					
3/4	inch meter	$215.00	$215.00	$215.00	$215.00
Larger than 3/4 inch		Actual cost	Actual cost	Actual cost	Actual cost
(O) Damaged SmartPoint Fee (Customer Negligence)		$160.00	$160.00	$160.00	$160.00
(P) Service Fee (Customer Request)		$50.00	$50.00	$50.00	$50.00

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SUPPLEMENTAL FINANCIAL DATA

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF NET POSITION

ASSETS	As of December 31, 2014	2015	2016	As of September 30, 2017
Current Assets:				
Operating cash and cash equivalents	$1,938,415	$2,530,555	$3,815,621	$6,546,521
Restricted cash and cash equivalents:				
Bond and interest cash and cash equivalents	3,533,997	90,952	3,200,420	3,692,201
Debt service reserve cash and cash equivalents	1,523,394	1,164,065	4,981,370	79,769
Improvement fund cash and cash equivalents	454,726	347,011	569,693	612,475
Periodic maintenance fund cash and cash equivalents	-	-	111,600	725,250
Construction fund cash and cash equivalents	14,085,412	8,686,022	41,583,296	13,873,234
Consumer meter deposits cash and cash equivalents	1,167,345	1,296,637	1,422,301	1,527,068
Cash with fiscal agent cash and cash equivalents	-	-	97,609	98,184
Assistance program cash and cash equivalents	-	-	-	8,291
Accounts receivable (net of allowance):				
Customer	1,434,336	1,623,491	1,775,977	2,083,380
Miscellaneous	120,531	219,974	229,318	282,133
Inventory	721,417	867,855	962,221	962,221
Interfund	415,003	593,673	444,085	448,665
Prepaids	45,000	68,992	68,967	94,192
Total Current Assets	25,439,576	17,489,227	59,262,478	31,033,584
Noncurrent Assets:				
Restricted assets:				
Debt service reserve investments	2,703,765	3,181,898	3,093,313	8,088,704
Construction fund investments	4,318,710	3,705,441	-	22,649,999
Interest receivable	13,601	13,620	30,043	83,651
Consumer deposits receivable	8,669	28,818	24,497	29,767
Total Restricted Assets	7,044,745	6,929,777	3,147,853	30,852,121
Capital Assets:				
Depreciable capital assets	171,069,290	178,412,977	203,136,342	204,501,974
Less accumulated depreciation	(61,376,206)	(64,630,377)	(67,976,349)	(70,908,927)
Sub-total	109,693,084	113,782,600	135,159,993	133,593,047
Land and improvements to land	432,435	432,435	432,435	432,435
Construction work in progress	21,544,010	23,887,919	9,175,354	14,135,068
Net Capital Assets	131,669,529	138,102,954	144,767,782	148,160,550
Total Noncurrent Assets	138,714,274	145,032,731	147,915,635	179,012,671
Total Assets	$164,153,850	$162,521,958	$207,178,113	$210,046,255
DEFERRED OUTFLOWS OF RESOURCES				
Regulatory Assets	$1,848,180	$1,711,095	$2,708,381	$2,502,333
Deferred Amount on Refunding	1,132,262	1,019,036	2,766,703	2,574,424
Deferred Benefit Pension Deferred Outflows	-	2,357,549	2,821,084	2,821,084
Total Deferred Outflows of Resources	$2,980,442	$5,087,680	$8,296,168	$7,897,841
Total Assets and Deferred Outflows	$167,134,292	$167,609,638	$215,474,281	$217,944,096

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

COMPARATIVE STATEMENT OF NET POSITION

	As of December 31, 2014	2015	2016	As of September 30, 2017
LIABILITIES				
Current Liabilities:				
Accounts payable	$557,644	$672,968	$619,249	$876,061
Taxes payable	97,589	133,909	159,244	194,171
Accrued payroll and withholdings payable	302,322	341,735	209,774	206,033
Net pension liability	-	5,214,330	5,867,096	5,867,096
Compensated absences	472,447	485,993	536,409	536,409
Payable from restricted assets:				
Contracts payable	241,426	970,846	842,987	-
Retainage payable	489,376	358,370	285,838	361,882
Customer deposits	1,174,955	1,323,223	1,435,969	1,553,172
Assistance program	-	-	-	8,291
Accrued interest	1,907,478	-	1,437,987	1,345,213
Bonds payable - current	1,630,000	-	1,765,000	3,130,000
Total Current Liabilities	6,873,237	9,501,374	13,159,553	14,078,328
Noncurrent Liabilities:				
Bonds payable	95,830,000	93,355,000	131,930,000	128,800,000
BANs payable	-	-	1,050,000	-
Unamortized bond premium (discount)	2,938,834	2,662,294	3,410,904	3,161,445
Payments in lieu of tax	702,956	702,956	702,956	702,956
Total Noncurrent Liabilities	99,471,790	96,720,250	137,093,860	132,664,401
Total Liabilities	$106,345,027	$106,221,624	$150,253,413	$146,742,729
DEFERRED INFLOWS OF RESOURCES				
Defined Benefit Pension Deferred Inflows	$ -	$578,879	$753,979	$753,979
Total Deferred Inflows of Resources	$106,345,027	$106,800,503	$151,007,392	$147,496,708
NET POSITION				
Invested in Capital Assets, Net of Related Debt	$52,655,259	$57,207,254	$53,670,258	$54,669,095
Restricted	5,592,262	34,902	5,728,074	7,876,811
Unrestricted	2,541,744	3,566,979	5,068,557	7,901,482
Total Net Position	$60,789,265	$60,809,135	$64,466,889	$70,447,388

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Calendar Year 2014	2015		2016	12 Months Ended 9/30/2017
Operating Revenues:					
Residential	$10,801,372	$11,188,398		$11,160,679	$13,696,042
Industrial	3,002,751	3,212,321		3,243,414	3,775,573
Commercial	4,306,590	4,872,646		5,039,561	6,197,076
Public authority	708,992	760,917		739,220	929,528
Fire protection	2,937,599	3,152,855		3,225,889	3,974,679
Forfeited discounts	137,044	127,178		119,071	147,946
Other	337,945	487,501		432,628	457,282
Sewer utility portion of general expenses	4,255,699	5,338,491		5,358,365	5,370,243
Total Operating Revenues	26,487,992	29,140,307		29,318,827	34,548,369
Operating Expenses:					
Source of supply	905,511	1,371,808		1,261,933	1,945,611
Treatment	4,223,013	3,737,457	(2)	3,703,151	3,478,275
Transmission and distribution	5,173,953	4,861,326	(2)	4,895,411	4,828,316
Customer accounts	3,593,649	4,412,475	(2)	3,615,536	3,215,348
Administrative and general	5,477,276	6,413,824	(2)	6,332,258	6,673,845
Sub-totals	19,373,402	20,796,890		19,808,289	20,141,395
Depreciation expense	3,250,844	3,331,192		3,484,574	3,845,446
Total Operating Expenses	22,624,246	24,128,082		23,292,863	23,986,841
Net Operating Revenues	3,863,746	5,012,225		6,025,964	10,561,528
Nonoperating Revenues:					
Interest income	26,340	41,231		74,911	127,365
Other	373,210	221,544		594,306	479,467
Totals	399,550	262,775		669,217	606,832
Nonoperating Expenses:					
Interest expense	2,594,203	2,652,326		3,137,713	3,740,016
Interest expense - amortization	198,749	188,852		184,151	249,252
Other	-	264,562		-	250
Totals	2,792,952	3,105,740		3,321,864	3,989,518
Net Revenues Before Contributions and Transfers	1,470,344	2,169,260		3,373,317	7,178,842
Capital Contributions and (Transfers):					
Contributions - PERF	-	683,876	(2)	-	-
Contributed Capital	595,795	1,622,234		1,659,879	2,072,278
Contributed Capital to City	-	-		(11,542)	(11,542)
Payment in lieu of property taxes	(1,135,896)	(1,363,900)		(1,363,900)	(1,598,854)
Totals	(540,101)	942,210		284,437	461,882
Change In Net Position	930,243	3,111,470		3,657,754	7,640,724
Total Net Position - Beginning	59,859,022	60,789,265		60,809,135	62,806,664
Adjustment to Net Position (1)	-	(3,091,600)		-	-
Total Net Position - Ending	$60,789,265	$60,809,135		$64,466,889	$70,447,388

(1) The adjustment to net position is comprised of a prior period adjustment to reflect the implementation of GASB 68 to recognize the liabilities associated with employee pension benefits.

(2) In 2015 the initial year of implementation of GASB 68, Contributions - PERF were not netted against PERF expenses included in the operating expense section. Beginning in 2016 Contributions - PERF were netted against PERF expense.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	12 Months Ended 9/30/2017
Cash flows from operating activities:				
Cash received from customers	$26,105,759	$28,851,709	$29,156,997	$34,402,683
Cash paid to suppliers, employees and others	(19,329,919)	(18,690,538)	(19,093,138)	(19,017,218)
Net cash from operating activities	6,775,840	10,161,171	10,063,859	15,385,465
Cash flows from noncapital financing activities:				
Payment in lieu of property taxes	(1,135,896)	(1,363,900)	(1,363,900)	(1,598,854)
Cash flows from capital and related financing activities:				
Additions to capital assets	(15,014,674)	(8,166,789)	(9,252,611)	(9,214,335)
Principal paid on revenue bonds	(2,375,000)	(4,105,000)	-	(1,765,000)
Bond proceeds	20,320,000	-	71,010,000	71,010,000
Proceeds from BAN	-	-	1,050,000	750,000
Redemption of BAN	(1,207,379)	-	-	(1,050,000)
Redemption of 2004 and 2005 Bonds	(22,690,000)	-	-	-
Redemption of 2008 Bonds	-	-	(30,670,000)	(30,670,000)
Interest paid	(4,217,295)	(6,320,946)	(2,157,169)	(4,238,813)
Contracts paid, bond issuance and rate case costs	1,466,621	(1,101,017)	(3,036,136)	(2,612,933)
Contributions - PERF	-	683,876	-	-
Contributed capital	595,795	1,622,234	1,659,879	2,072,278
Contributed Capital to City	-	-	(11,542)	(11,542)
Retainage accrued/paid	474,524	(131,006)	(72,532)	(72,558)
Nonoperating revenues	373,210	221,544	594,306	479,467
Nonoperating expenses	-	(264,562)	-	(250)
Net cash from capital and related financing activities	(22,274,198)	(17,561,666)	29,114,195	24,676,314
Cash flows from investing activities:				
Interest income	15,070	41,212	58,488	185,064
Purchase/sale of investments	7,852,525	3,840,577	88,585	(26,375,308)
Net cash from investing activities	7,867,595	3,881,789	147,073	(26,190,244)
Cash and Cash Equivalents:				
Increase (Decrease)	(8,766,659)	(4,882,606)	37,961,227	12,272,681
Beginning balance	31,469,948	22,703,289	17,820,683	14,890,312
Ending balance	$22,703,289	$17,820,683	$55,781,910	$27,162,993

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

COMPARATIVE STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	Calendar Year			12 Months Ended
	2014	2015	2016	9/30/2017
Reconciliation of net operating revenues to cash provided from operations:				
Net operating revenues	$3,863,746	$5,012,225	$6,025,964	$10,561,528
Adjustments to reconcile net operating revenue to net cash provided from operating activities:				
Depreciation expense	3,250,844	3,331,192	3,484,574	3,845,446
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable - customer	(346,395)	(189,155)	(152,486)	(132,784)
Accounts receivable - other	(35,838)	(99,443)	(9,344)	(12,902)
Inventory	(48,352)	(146,438)	(94,366)	(94,366)
Interfund services provided	(85,601)	(178,670)	149,588	172,098
Prepaid expenses	(45,000)	(23,992)	25	13,477
Customer deposits receivable	(3,212)	(20,149)	4,321	987
Increase (decrease) in:				
Accounts payable	136,525	115,324	(53,719)	182,432
Taxes payable	6,245	36,320	25,335	43,325
Accrued payroll and withholdings payable	50,123	39,413	(131,961)	(15,026)
Net pension liability	-	5,214,330	652,766	652,766
Compensated absences payable	(44,718)	13,546	50,416	50,416
Customer deposits	77,473	148,268	112,746	109,777
Assistance program	-	-	-	8,291
Audit adjustment	-	(3,091,600)	-	-
Net cash provided from operations	$6,775,840	$10,161,171	$10,063,859	$15,385,465

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARISON OF ACCOUNT BALANCES WITH MINIMUM BALANCES REQUIRED

Accounts:	Account Balance at 9/30/17	Minimum Balance Required *	Ref.	Variance
Operating	$6,546,521	$3,507,426	(1)	$3,039,095
Bond and interest	3,692,201	3,692,714	(2)	(513)
Debt service reserve	8,168,473	8,064,373	(3)	104,100
Improvement fund	612,475	2,908,285	(4)	(2,295,810)
Customer deposits	1,527,068	1,527,068	(5)	-
Construction fund	36,523,233	36,523,233	(5)	-
Cash with fiscal agent	98,184	98,184	(5)	-
Periodic maintenance	725,250	1,683,439	(6)	(958,189)
Assistance program	8,291	8,291	(7)	-
Totals	$57,901,696	$58,013,013		($111,317)

* Per outstanding bond resolutions and other District requirements.

(1) A balance sufficient to provide for the payment of current operating expenses.

Pro forma operating expenses (see page 9)	$24,779,946
Less pro forma purchased power	(1,331,344)
Sub-total	23,448,602
Times factor for 45 days	0.1250
Sub-total	2,931,075
Plus amount to be paid for the annual storage tank maintenance program	576,351
Minimum Balance Required	$3,507,426

(Continued on next page)

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

(Cont'd)

COMPARISON OF ACCOUNT BALANCES
WITH MINIMUM BALANCES REQUIRED

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

	Amount		Factor		Months		Totals
Principal due 1/1/18:							
2013A Bonds	$55,000	x	1/12	x	9	=	$41,250
2013C Bonds	255,000	x	1/12	x	9	=	191,250
2014B Bonds	1,720,000	x	1/12	x	9	=	1,290,000
2016A Bonds	-	x	1/12	x	9	=	-
2016B Bonds	1,100,000	x	1/12	x	9	=	825,000
Interest due 1/1/18:							
2013A Bonds	650,888	x	1/6	x	3	=	325,444
2013C Bonds	321,491	x	1/6	x	3	=	160,746
2014B Bonds	418,000	x	1/6	x	3	=	209,000
2016A Bonds	792,800	x	1/6	x	3	=	396,400
2016B Bonds	507,247	x	1/6	x	3	=	253,624
Minimum Balance Required							$3,692,714

(3) The District has debt service reserve surety policies to satisfy this requirement for the outstanding Series 2014B Bonds and the Series 2016B Bond. The Series 2013A, 2013C and 2016A Bonds each have cash funded debt service reserve requirements. The balance of the account related to the Series 2013A Bonds shall equal $3,006,000 when fully funded. The balance of the account related to the Series 2013C Bonds shall equal $1,561,314 when fully funded. The balance of the account related to the 2016A Bonds shall equal 3,605,161 and was funded at closing on the bonds. The total requirement is calculated as follows:

Balance in account before closing on the Series 2013C Bonds (11/26/13)	$2,914,333
Initial deposit from 2013C Bond Proceeds (11/26/13)	1,098,000
Initial deposit from 2016A Bond Proceeds (12/15/16)	3,605,161
Sub-total	7,617,494
Series 2013A Bonds ($8,333 monthly transfer x 11 months)	91,667
Series 2013C Bonds ($7,722 monthly transfer x 46 months)	355,212
Minimum Balance Required	$8,064,373

(4) No minimum balance required per the bond resolution. However, the Reserve Policy established by the District's Board on November 1, 2016 has a targeted minimum balance of $500.000.

Targeted minimum balance	$500,000
Plus: capital projects encumbered at year end 2017	2,408,285
Minimum Balance Required	$2,908,285

(5) Balances fully restricted.

(6) Balance fully restricted to provide a funding source for certain periodic maintenance items as required by the Indiana Utility Regulatory Commission.

Amount to be paid for filter bed and other periodic maintenance items	$1,683,439

(7) Balance fully restricted to provide assistance to low-income customers.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

COMPARATIVE STATEMENT OF DETAILED OPERATING EXPENSES

Operating Expenses	Calendar Year 2014	2015		2016	12 Months Ended 9/30/2017
Source of Supply:					
Purchased power	$904,601	$725,024		$842,041	$881,932
Repairs and maintenance	910	646,784		419,892	1,063,679
Sub-totals	905,511	1,371,808		1,261,933	1,945,611
Source of Supply and Treatment:					
Salaries and wages	1,083,031	1,076,331		1,090,324	1,134,759
Employee benefits	647,381	838,692	(1)	640,344	592,218
Purchased power	85,709	68,708		64,469	68,623
Repairs and maintenance	340,352	226,442		382,683	367,846
Office supplies	2,038	1,948		2,599	1,864
Materials and supplies	8,393	14,102		9,002	5,224
Contractual services	134,602	100,314		96,929	60,017
Chemicals	1,746,091	1,206,901		1,236,254	1,096,964
Lab expense	144,050	185,151		161,449	143,871
Transportation	31,366	18,868		19,098	6,889
Sub-totals	4,223,013	3,737,457		3,703,151	3,478,275
Transmission and Distribution:					
Salaries and wages	1,750,102	1,595,137		1,748,562	1,738,227
Employee benefits	976,464	1,227,225	(1)	1,093,921	1,080,402
Purchased power	338,938	332,231		371,738	380,789
Repairs and maintenance	1,133,293	979,028		827,386	845,936
Office supplies	5,301	6,344		9,799	9,297
Materials and supplies	442,043	311,224		571,513	440,498
Contractual services	299,331	201,021		115,704	163,123
Transportation	228,481	209,116		156,788	170,044
Sub-totals	5,173,953	4,861,326		4,895,411	4,828,316
Customer Accounts:					
Salaries and wages	1,850,325	1,893,937		1,853,465	1,733,660
Employee benefits	1,193,134	1,548,586	(1)	1,131,884	899,339
Bad debt expense	90,266	294,844		136,416	136,416
Postage	259,976	376,074		310,881	264,430
Repairs and maintenance	11,516	8,247		4,254	16,461
Office supplies	4,351	3,827		2,373	1,284
Materials and supplies	29,045	23,156		32,713	40,686
Contractual services	42,943	164,871		66,025	65,500
Transportation	112,093	98,933		77,525	57,572
Sub-totals	3,593,649	4,412,475		3,615,536	3,215,348
Administrative and General:					
Board member salaries	19,675	15,740		15,740	17,380
Administrative & clerical salaries	1,623,987	1,733,952		1,769,125	2,002,431
Employee benefits	882,728	1,340,920	(1)	1,011,233	1,013,764
Office expense	32,661	26,202		16,561	17,558
Materials and supplies	33,239	70,348		47,922	76,323
Outside services	1,707,800	2,002,994		2,217,649	2,100,173
Repairs and maintenance	1,384	10,902		18,679	47,287
Controller	45,000	45,000		45,000	45,000
Legal	78,017	68,571		88,707	143,986
NPDES permit	65,605	63,000		61,200	63,000
Insurance	344,551	347,664		351,141	351,141
Rent	101,921	101,679		102,938	103,066
Transportation	52,651	37,312		43,302	41,620
Postage	-	2,317		2,727	3,714
Indiana Utility Receipts Tax	258,947	292,027		284,320	354,798
Other	229,110	255,196		256,014	292,604
Sub-totals	5,477,276	6,413,824		6,332,258	6,673,845
Total Operating Expenses	$19,373,402	$20,796,890		$19,808,289	$20,141,395

(1) In 2015 the initial year of implementation of GASB 68, Contributions - PERF were not netted against PERF expenses included in the operating expense section. Beginning in 2016 Contributions - PERF were netted against PERF expense.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $28,895,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2013A

Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance	Principal		Interest Rates	Debt Service Interest	Debt Service Total	Bond Year Total
	(In thousands)			(%)	(--------In Dollars--------)		
07/01/18					$650,062.50	$650,062.50	
01/01/19	$28,895	$60		3.000	650,062.50	710,062.50	$1,360,125.00
07/01/19					649,162.50	649,162.50	
01/01/20	28,835	60		3.000	649,162.50	709,162.50	1,358,325.00
07/01/20					648,262.50	648,262.50	
01/01/21	28,775	60		3.000	648,262.50	708,262.50	1,356,525.00
07/01/21					647,362.50	647,362.50	
01/01/22	28,715	65		3.000	647,362.50	712,362.50	1,359,725.00
07/01/22					646,387.50	646,387.50	
01/01/23	28,650	70		3.500	646,387.50	716,387.50	1,362,775.00
07/01/23					645,162.50	645,162.50	
01/01/24	28,580	70		3.500	645,162.50	715,162.50	1,360,325.00
07/01/24					643,937.50	643,937.50	
01/01/25	28,510	70	(1)	4.000	643,937.50	713,937.50	1,357,875.00
07/01/25					642,537.50	642,537.50	
01/01/26	28,440	70	(1)	4.000	642,537.50	712,537.50	1,355,075.00
07/01/26					641,137.50	641,137.50	
01/01/27	28,370	75	(1)	4.000	641,137.50	716,137.50	1,357,275.00
07/01/27					639,637.50	639,637.50	
01/01/28	28,295	85	(2)	4.000	639,637.50	724,637.50	1,364,275.00
07/01/28					637,937.50	637,937.50	
01/01/29	28,210	85	(2)	4.000	637,937.50	722,937.50	1,360,875.00
07/01/29					636,237.50	636,237.50	
01/01/30	28,125	85	(2)	4.000	636,237.50	721,237.50	1,357,475.00
07/01/30					634,537.50	634,537.50	
01/01/31	28,040	5,075		4.125	634,537.50	5,709,537.50	6,344,075.00
07/01/31					529,865.63	529,865.63	
01/01/32	22,965	5,325		4.125	529,865.63	5,854,865.63	6,384,731.26
07/01/32					420,037.50	420,037.50	
01/01/33	17,640	5,590		4.250	420,037.50	6,010,037.50	6,430,075.00
07/01/33					301,250.00	301,250.00	
01/01/34	12,050	5,875		5.000	301,250.00	6,176,250.00	6,477,500.00
07/01/34					154,375.00	154,375.00	
01/01/35	6,175	6,175		5.000	154,375.00	6,329,375.00	6,483,750.00
Totals		$28,895			$19,535,781.26	$48,430,781.26	$48,430,781.26

(1) $215,000 of Term Bonds due January 1, 2027.
(2) $255,000 of Term Bonds due January 1, 2030.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $14,995,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2013C
Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance	Principal	Interest Rates	Debt Service Interest	Debt Service Total	Bond Year Total
	(In thousands)		(%)	(------------------------In Dollars	------------------------)	
07/01/18				$316,390.63	$316,390.63	
01/01/19	$14,995	$260	5.000	316,390.63	576,390.63	$892,781.26
07/01/19				309,890.63	309,890.63	
01/01/20	14,735	350	5.000	309,890.63	659,890.63	969,781.26
07/01/20				301,140.63	301,140.63	
01/01/21	14,385	375	2.500	301,140.63	676,140.63	977,281.26
07/01/21				296,453.13	296,453.13	
01/01/22	14,010	465	5.000	296,453.13	761,453.13	1,057,906.26
07/01/22				284,828.13	284,828.13	
01/01/23	13,545	535	3.000	284,828.13	819,828.13	1,104,656.26
07/01/23				276,803.13	276,803.13	
01/01/24	13,010	555	3.250	276,803.13	831,803.13	1,108,606.26
07/01/24				267,784.38	267,784.38	
01/01/25	12,455	625	3.500	267,784.38	892,784.38	1,160,568.76
07/01/25				256,846.88	256,846.88	
01/01/26	11,830	695	3.625	256,846.88	951,846.88	1,208,693.76
07/01/26				244,250.00	244,250.00	
01/01/27	11,135	720	4.000	244,250.00	964,250.00	1,208,500.00
07/01/27				229,850.00	229,850.00	
01/01/28	10,415	820	4.000	229,850.00	1,049,850.00	1,279,700.00
07/01/28				213,450.00	213,450.00	
01/01/29	9,595	915	4.125	213,450.00	1,128,450.00	1,341,900.00
07/01/29				194,578.13	194,578.13	
01/01/30	8,680	1,000	4.250	194,578.13	1,194,578.13	1,389,156.26
07/01/30				173,328.13	173,328.13	
01/01/31	7,680	1,050	4.250	173,328.13	1,223,328.13	1,396,656.26
07/01/31				151,015.63	151,015.63	
01/01/32	6,630	1,210	4.375	151,015.63	1,361,015.63	1,512,031.26
07/01/32				124,546.88	124,546.88	
01/01/33	5,420	1,265	4.500	124,546.88	1,389,546.88	1,514,093.76
07/01/33				96,084.38	96,084.38	
01/01/34	4,155	1,320	4.625	96,084.38	1,416,084.38	1,512,168.76
07/01/34				65,559.38	65,559.38	
01/01/35	2,835	1,385	4.625	65,559.38	1,450,559.38	1,516,118.76
07/01/35				33,531.25	33,531.25	
01/01/36	1,450	1,450	4.625	33,531.25	1,483,531.25	1,517,062.50
Totals		$14,995		$7,672,662.64	$22,667,662.64	$22,667,662.64

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $15,000,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS DISTRICT REVENUE REFUNDING BONDS, SERIES 2014B

Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rate as indicated.

Payment Date	Principal Balance	Principal	Interest Rate	Debt Service Interest	Debt Service Total	Bond Year Total
	(In thousands)		(%)	(----In Dollars	----	----)
07/01/18				$375,000.00	$375,000.00	
01/01/19	$15,000	$1,820	5.000	375,000.00	2,195,000.00	$2,570,000.00
07/01/19				329,500.00	329,500.00	
01/01/20	13,180	1,920	5.000	329,500.00	2,249,500.00	2,579,000.00
07/01/20				281,500.00	281,500.00	
01/01/21	11,260	2,020	5.000	281,500.00	2,301,500.00	2,583,000.00
07/01/21				231,000.00	231,000.00	
01/01/22	9,240	2,130	5.000	231,000.00	2,361,000.00	2,592,000.00
07/01/22				177,750.00	177,750.00	
01/01/23	7,110	2,245	5.000	177,750.00	2,422,750.00	2,600,500.00
07/01/23				121,625.00	121,625.00	
01/01/24	4,865	2,370	5.000	121,625.00	2,491,625.00	2,613,250.00
07/01/24				62,375.00	62,375.00	
01/01/25	2,495	2,495	5.000	62,375.00	2,557,375.00	2,619,750.00
Totals		$15,000		$3,157,500.00	$18,157,500.00	$18,157,500.00

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $39,640,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS DISTRICT REVENUE BONDS, SERIES 2016A

Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rate as indicated.

Payment Date	Principal Balance	Principal	Interest Rate	Debt Service Interest	Debt Service Total	Bond Year Total
	(In thousands)		(%)	(--------In Dollars--------)		
07/01/18				$792,800.00	$792,800.00	
01/01/19	$39,640	$1,585	4.000	792,800.00	2,377,800.00	$3,170,600.00
07/01/19				761,100.00	761,100.00	
01/01/20	38,055	1,570	4.000	761,100.00	2,331,100.00	3,092,200.00
07/01/20				729,700.00	729,700.00	
01/01/21	36,485	1,625	4.000	729,700.00	2,354,700.00	3,084,400.00
07/01/21				697,200.00	697,200.00	
01/01/22	34,860	1,605	4.000	697,200.00	2,302,200.00	2,999,400.00
07/01/22				665,100.00	665,100.00	
01/01/23	33,255	1,620	4.000	665,100.00	2,285,100.00	2,950,200.00
07/01/23				632,700.00	632,700.00	
01/01/24	31,635	1,690	4.000	632,700.00	2,322,700.00	2,955,400.00
07/01/24				598,900.00	598,900.00	
01/01/25	29,945	1,705	4.000	598,900.00	2,303,900.00	2,902,800.00
07/01/25				564,800.00	564,800.00	
01/01/26	28,240	1,595	4.000	564,800.00	2,159,800.00	2,724,600.00
07/01/26				532,900.00	532,900.00	
01/01/27	26,645	1,660	4.000	532,900.00	2,192,900.00	2,725,800.00
07/01/27				499,700.00	499,700.00	
01/01/28	24,985	1,650	4.000	499,700.00	2,149,700.00	2,649,400.00
07/01/28				466,700.00	466,700.00	
01/01/29	23,335	1,650	4.000	466,700.00	2,116,700.00	2,583,400.00
07/01/29				433,700.00	433,700.00	
01/01/30	21,685	1,670	4.000	433,700.00	2,103,700.00	2,537,400.00
07/01/30				400,300.00	400,300.00	
01/01/31	20,015	1,355	4.000	400,300.00	1,755,300.00	2,155,600.00
07/01/31				373,200.00	373,200.00	
01/01/32	18,660	1,250	4.000	373,200.00	1,623,200.00	1,996,400.00
07/01/32				348,200.00	348,200.00	
01/01/33	17,410	1,250	4.000	348,200.00	1,598,200.00	1,946,400.00
07/01/33				323,200.00	323,200.00	
01/01/34	16,160	1,260	4.000	323,200.00	1,583,200.00	1,906,400.00
07/01/34				298,000.00	298,000.00	
01/01/35	14,900	1,295	4.000	298,000.00	1,593,000.00	1,891,000.00
07/01/35				272,100.00	272,100.00	
01/01/36	13,605	3,370	4.000	272,100.00	3,642,100.00	3,914,200.00
07/01/36				204,700.00	204,700.00	
01/01/37	10,235	5,015 (1)	4.000	204,700.00	5,219,700.00	5,424,400.00
07/01/37				104,400.00	104,400.00	
01/01/38	5,220	5,220 (1)	4.000	104,400.00	5,324,400.00	5,428,800.00
Totals		$39,640		$19,398,800.00	$59,038,800.00	$59,038,800.00

(1) $10,235,000 of Term Bonds due January 1, 2038.

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF AMORTIZATION OF $30,270,000 PRINCIPAL AMOUNT OF OUTSTANDING WATERWORKS DISTRICT REFUNDING REVENUE BONDS, SERIES 2016B

Principal payable annually January 1st.
Interest payable semi-annually January 1st and July 1st.
Interest rates as indicated.

Payment Date	Principal Balance	Principal	Interest Rates	Debt Service Interest	Debt Service Total	Bond Year Total
	(In thousands)		(%)	(--------In Dollars	--------	--------)
07/01/18				$496,246.88	$496,246.88	
01/01/19	$30,270	$1,145	2.000	496,246.88	1,641,246.88	$2,137,493.76
07/01/19				484,796.88	484,796.88	
01/01/20	29,125	1,165	2.000	484,796.88	1,649,796.88	2,134,593.76
07/01/20				473,146.88	473,146.88	
01/01/21	27,960	1,185	3.000	473,146.88	1,658,146.88	2,131,293.76
07/01/21				455,371.88	455,371.88	
01/01/22	26,775	1,215	3.000	455,371.88	1,670,371.88	2,125,743.76
07/01/22				437,146.88	437,146.88	
01/01/23	25,560	1,240	3.000	437,146.88	1,677,146.88	2,114,293.76
07/01/23				418,546.88	418,546.88	
01/01/24	24,320	1,260	3.000	418,546.88	1,678,546.88	2,097,093.76
07/01/24				399,646.88	399,646.88	
01/01/25	23,060	1,295	3.000	399,646.88	1,694,646.88	2,094,293.76
07/01/25				380,221.88	380,221.88	
01/01/26	21,765	4,085	3.000	380,221.88	4,465,221.88	4,845,443.76
07/01/26				318,946.88	318,946.88	
01/01/27	17,680	4,205	3.125	318,946.88	4,523,946.88	4,842,893.76
07/01/27				253,243.75	253,243.75	
01/01/28	13,475	4,335	3.250	253,243.75	4,588,243.75	4,841,487.50
07/01/28				182,800.00	182,800.00	
01/01/29	9,140	4,480	4.000	182,800.00	4,662,800.00	4,845,600.00
07/01/29				93,200.00	93,200.00	
01/01/30	4,660	4,660	4.000	93,200.00	4,753,200.00	4,846,400.00
Totals		$30,270		$8,786,631.34	$39,056,631.34	$39,056,631.34

(See Accountants' Report)

EVANSVILLE (INDIANA) WATERWORKS DISTRICT

SCHEDULE OF COMBINED BOND AMORTIZATION

Payment Date	Series 2013A Bonds	Series 2013C Bonds	Series 2014B Bonds	Series 2016A Bonds	Series 2016B Bonds	Total	Bond Year Total
07/01/18	$650,062.50	$316,390.63	$375,000.00	$792,800.00	$496,246.88	$2,630,500.01	
01/01/19	710,062.50	576,390.63	2,195,000.00	2,377,800.00	1,641,246.88	7,500,500.01	$10,131,000.02
07/01/19	649,162.50	309,890.63	329,500.00	761,100.00	484,796.88	2,534,450.01	
01/01/20	709,162.50	659,890.63	2,249,500.00	2,331,100.00	1,649,796.88	7,599,450.01	10,133,900.02
07/01/20	648,262.50	301,140.63	281,500.00	729,700.00	473,146.88	2,433,750.01	
01/01/21	708,262.50	676,140.63	2,301,500.00	2,354,700.00	1,658,146.88	7,698,750.01	10,132,500.02
07/01/21	647,362.50	296,453.13	231,000.00	697,200.00	455,371.88	2,327,387.51	
01/01/22	712,362.50	761,453.13	2,361,000.00	2,302,200.00	1,670,371.88	7,807,387.51	10,134,775.02
07/01/22	646,387.50	284,828.13	177,750.00	665,100.00	437,146.88	2,211,212.51	
01/01/23	716,387.50	819,828.13	2,422,750.00	2,285,100.00	1,677,146.88	7,921,212.51	10,132,425.02
07/01/23	645,162.50	276,803.13	121,625.00	632,700.00	418,546.88	2,094,837.51	
01/01/24	715,162.50	831,803.13	2,491,625.00	2,322,700.00	1,678,546.88	8,039,837.51	10,134,675.02
07/01/24	643,937.50	267,784.38	62,375.00	598,900.00	399,646.88	1,972,643.76	
01/01/25	713,937.50	892,784.38	2,557,375.00	2,303,900.00	1,694,646.88	8,162,643.76	10,135,287.52
07/01/25	642,537.50	256,846.88		564,800.00	380,221.88	1,844,406.26	
01/01/26	712,537.50	951,846.88		2,159,800.00	4,465,221.88	8,289,406.26	10,133,812.52
07/01/26	641,137.50	244,250.00		532,900.00	318,946.88	1,737,234.38	
01/01/27	716,137.50	964,250.00		2,192,900.00	4,523,946.88	8,397,234.38	10,134,468.76
07/01/27	639,637.50	229,850.00		499,700.00	253,243.75	1,622,431.25	
01/01/28	724,637.50	1,049,850.00		2,149,700.00	4,588,243.75	8,512,431.25	10,134,862.50
07/01/28	637,937.50	213,450.00		466,700.00	182,800.00	1,500,887.50	
01/01/29	722,937.50	1,128,450.00		2,116,700.00	4,662,800.00	8,630,887.50	10,131,775.00
07/01/29	636,237.50	194,578.13		433,700.00	93,200.00	1,357,715.63	
01/01/30	721,237.50	1,194,578.13		2,103,700.00	4,753,200.00	8,772,715.63	10,130,431.26
07/01/30	634,537.50	173,328.13		400,300.00		1,208,165.63	
01/01/31	5,709,537.50	1,223,328.13		1,755,300.00		8,688,165.63	9,896,331.26
07/01/31	529,865.63	151,015.63		373,200.00		1,054,081.26	
01/01/32	5,854,865.63	1,361,015.63		1,623,200.00		8,839,081.26	9,893,162.52
07/01/32	420,037.50	124,546.88		348,200.00		892,784.38	
01/01/33	6,010,037.50	1,389,546.88		1,598,200.00		8,997,784.38	9,890,568.76
07/01/33	301,250.00	96,084.38		323,200.00		720,534.38	
01/01/34	6,176,250.00	1,416,084.38		1,583,200.00		9,175,534.38	9,896,068.76
07/01/34	154,375.00	65,559.38		298,000.00		517,934.38	
01/01/35	6,329,375.00	1,450,559.38		1,593,000.00		9,372,934.38	9,890,868.76
07/01/35		33,531.25		272,100.00		305,631.25	
01/01/36		1,483,531.25		3,642,100.00		5,125,631.25	5,431,262.50
07/01/36				204,700.00		204,700.00	
01/01/37				5,219,700.00		5,219,700.00	5,424,400.00
07/01/37				104,400.00		104,400.00	
01/01/38				5,324,400.00		5,324,400.00	5,428,800.00
Totals	$48,430,781.26	$22,667,662.64	$18,157,500.00	$59,038,800.00	$39,056,631.34	$187,351,375.24	$187,351,375.24

Average annual debt service for the 5 bond years ending January 1, 2026. $10,134,195.02

(See Accountants' Report)