

January 31, 2013

Mr. Armando Martinez
City Manager, City of Bunnell
1769 E. Moody Blvd.
P.O. Box 756
Bunnell, Florida 32110

RE: Plantation Bay Utility Company Valuation Analysis

Dear Mr. Martinez:

The accompanying report for the Plantation Bay Utility Company ("Plantation") water and sewer system presents an analysis of value of the Plantation system based upon 1) the comparable sales of certain water and sewer utility systems that have occurred recently in Florida, and 2) the net income and subsequent borrowing capacity of the Plantation system under the ownership and operation of the City of Bunnell ("City").

We have developed the valuation analyses presented herein in accordance with generally accepted standards and industry practices for developing and evaluating water and sewer utility system values. The development of the analysis included such procedures as we considered necessary to evaluate the reasonableness of the assumptions and data provided by Plantation and City management relied upon in the preparation of the valuation analyses contained herein.

Based upon the information and assumptions presented herein, we have determined a minimum value for the Plantation system of \$7.4 based upon the borrowing capacity of net revenue of the system and a maximum value of \$8.3 million based upon the comparable sales of other water and sewer utility systems. The City has negotiated an acquisition price of \$5.5 million that is less than the available borrowing capacity of the Plantation system under City ownership and operation. As such, the annual revenue from the Plantation system will not only meet its annual operations and maintenance, acquisition debt service (including coverage), and capital cost requirements, but will also provide positive cash flow to the City's Water & Sewer Enterprise Fund.

Very truly yours,



Andrew J. Burnham
Senior Vice President
Burton & Associates

**Plantation Bay Utility Company
Valuation Analysis**

**Valuation Analysis
Including
Summaries of Significant Assumptions,
Data, and Multi-Year Forecast Results**

January 31, 2013

**Prepared by:
Burton & Associates, Inc.**

Plantation Bay Utility Company Valuation Analysis

SUMMARY OF SIGNIFICANT ASSUMPTIONS, DATA, AND MULTI-YEAR FORECAST RESULTS

Prepared January 31, 2013

This report will present and discuss an analysis of value of the Plantation Bay Utility Company ("Plantation") system based upon 1) the comparable sales of certain water and sewer utility systems that have occurred recently in Florida, and 2) the net income and borrowing capacity of the Plantation system under the ownership and operation of the City of Bunnell ("City").

Description of Valuation Analysis

The valuation of the Plantation system was conducted to provide the City with an unbiased, professional analysis of the value of the Plantation assets and its customer base to the City.

There are three approaches which are widely recognized throughout the industry for valuing water and sewer utility systems; Replacement Cost New Less Depreciation, Income, and Comparable Sales. Each of the three approaches or analyses results in a separate finding that is then weighted to determine an overall value for the utility system. Often times, utility valuations place a significantly greater weighting or importance to the results of the Income Analysis due to the importance of net revenues being able to cover the annual principal and interest requirements of the borrowing necessary to acquire the utility system. In fact, some utility valuations rely entirely on the results of the Income Analysis, as any acquisition price greater than the borrowing capacity of the net revenue of the system is not financially feasible.

The valuation analysis presented herein for the Plantation system was conducted using the Comparable Sales and Income Approaches.

Basis of Presentation

The accompanying valuation analysis consists of the following schedules:

- Schedule 1 "Comparable Sales Analysis",
- Schedule 2 "Historical Water Accounts & Meter Equivalentents",
- Schedule 3 "Historical Sewer Accounts & Meter Equivalentents",
- Schedule 4 "Historical Water Operating Revenue",
- Schedule 5 "Historical Sewer Operating Revenue",
- Schedule 6 "Historical Water Operating Expenses",
- Schedule 7 "Historical Sewer Operating Expenses",
- Schedule 8 "Income Analysis"

Plantation Bay Utility Company

Valuation Analysis

Comparable Sales Analysis

This valuation method is not typically given as significant a weighting in utility valuations as the Income Analysis, as business, market, political, regulatory, and other influences are unique to each individual utility system. All utilities are different, and the Comparable Sales Analysis typically does not consider the service area characteristics, growth potential, age and condition of the facilities, the permitting status, type of treatment, etc.

The Comparable Sales Analysis presented herein identified the parameters of several utility acquisitions occurring within the past 10 years. For each transaction, we listed the respective selling and purchasing entities, as well as the year of the sale, purchase price, and number of Equivalent Residential Connections (“ERCs”) at the time of acquisition. We then summed all the purchase prices and ERC’s in order to compute a weighted purchase price per ERC and applied that to the estimated FY 2013 ERCs of the Plantation system.

Schedule 1 presents the base data for each of the utility transactions included in the Comparable Sales Analysis and identifies a weighted purchase price of \$2,630 per ERC. Applying this price per ERC to the estimated number of water and sewer system ERC’s of the Plantation system yields a comparable sales valuation of \$8,288,932.

Income Analysis

The Income Analysis identifies the amount of debt that could be issued to acquire a utility system for which the annual repayment requirements of the debt could be supported by the net revenues of the utility for the entire duration of the bond/loan. Specifically, this analysis determined the maximum amount of annual debt service the projected net revenue of the Plantation system would be able to support under City ownership and operation. This debt service than was used to establish a par amount of an acquisition borrowing based upon an assumed interest rate and term that could be issued to acquire the system. Assumed costs of issuance for the borrowing were deducted from the total borrowing amount to determine the net available proceeds for acquisition of the Plantation system. We then projected the annual revenue and expenses for the Plantation system over a ten-year projection period to ensure that net revenues would be able to support the annual acquisition debt service.

In order to initiate the analysis, we obtained detailed billing history for the Plantation system, including five years of annual financial reports from 2007 to 2011, and unaudited 2012 results. We also integrated data from the City regarding its anticipated operating as well as renewal and replacement requirements for the Plantation system. We also incorporated many of the assumptions and policies from the City’s recently completed FY 2011 Financial Management Plan (Final Report dated September 17, 2011) that would affect the financial management plan for the Plantation system, such as minimum debt service coverage levels, minimum levels of working capital reserves, escalation rates for operating costs, rate indexing policies, etc.

Plantation Bay Utility Company

Valuation Analysis

The following identifies the base data and key assumptions reflected in the Income Analysis:

1. Acquisition Parameters

The analysis assumes that the acquisition occurs by the end of the first quarter of FY 2013. However, it should be noted that the revenue and operating expense projections of the analysis as presented herein reflect a full year of City ownership and operation of the Plantation system for presentation purposes as the partial year impacts in the year of acquisition are expected to be minimal. The analysis currently assumes the acquisition borrowing of the Plantation system will be via a State Revolving Fund ("SRF") Loan with a 2.75% interest rate, financing costs equal to 1.50% of the total loan amount, and a 30-year term.

2. Customer Base

Schedules 2 (water) and 3 (sewer) present a summary of the historical number of accounts by meter size and number of Equivalent Residential Connections ("ERCs") by year for 2007 to 2011 per the Annual Reports filed with the Florida Public Service Commission ("FPSC"), as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of this history, the Income Analysis reflects an annual growth rate in customers and demands of 0.50% per year.

3. Revenue Projections & Assumed Rate Increases

Schedules 4 (water) and 5 (sewer) present the historical revenues of the Plantation system by year for 2007 to 2011 per the Annual Reports filed with the FPSC, as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of that information, the estimated FY 2013 revenues of the system reflect the FY 2012 unaudited results, normalized to reflect a full year of revenue based upon the current rates of the Plantation system that were implemented on July 1, 2012. In FY 2014 and each year thereafter, it is assumed that the City would apply its approved 5% annual water and sewer rate indexing adjustment policy per its ordinance to the rates of the Plantation system.

4. Operating Expenditures

Schedules 6 (water) and 7 (sewer) present the historical operating expenses of the Plantation system by year for 2007 to 2011 per the Annual Reports filed with the FPSC, as well as the unaudited actual results for FY 2012 as provided by the utility. Based upon a review of that historical data, the estimated FY 2013 expenses of the system reflect the FY 2012 unaudited actual amounts, with adjustments to account for known and measurable changes to expenses under City ownership and operation. In total, it is expected that the City will be able to operate the Plantation system for approximately \$30,000 or 5% less than the current owners of the system.

Plantation Bay Utility Company

Valuation Analysis

5. Other Important Assumptions & Financial Planning Policies

- Required debt service coverage ratio of 1.15 times annual debt service
- Target debt service coverage ratio of at least 1.30 times annual debt service
- Operating cost inflation rates consistent with the City's FY 2011 Financial Management Plan conducted for its Water & Sewer Enterprise Fund.
- Annual contribution to renewal and replacement funding equal to 5% of annual gross revenues. In FY 2013, this equals slightly more than \$50,000.

Based upon the information and assumptions described herein, the acquisition of the infrastructure and customer bases of the Plantation system by the City for \$7,431,436 million would provide sufficient revenue to fund the estimated acquisition debt service, projected ongoing operating costs, and capital improvement requirements of the system over a ten-year projection period. Schedule 8 of this report provides the supporting detail of the Income Analysis, including annual projections of revenue, operating expenses, capital spending, reserves, and debt service coverage for the system under City ownership and operation.

Conclusions of the Valuation Analysis

Based upon the principal considerations, assumptions, and the results of the analysis as summarized in this report, which should be read in its entirety in conjunction with the following, we are of the opinion that:

1. The Plantation system has a value of \$8.3 million based upon the comparable sales of other utility systems in Florida and has an income-based value of \$7.4 million based upon the borrowing capacity of the net income the system would generate under City ownership and operation.
2. The negotiated acquisition price of \$5.5 million is less than the value of the system under both the Comparable Sales and Income Approaches and will 1) preserve borrowing capacity of the system for future capital improvements as may be required, and 2) provide positive annual cash flow to the City's Water & Sewer Enterprise Fund.
3. The projected revenues and operating expenses for the Plantation system, described herein, are reasonable based on the system's historical data, anticipated growth, and rate adjustments discussed herein. Projected revenues are sufficient to (i) pay projected operating expenses; (ii) pay the annual debt service requirements of the acquisition financing; (iii) fund annual renewal and replacement requirements; and (iv) provide for adequate operating reserves.

Comparable Sales Analysis

Schedule 1

Name of Utility (Seller)		Name of Purchaser	System Type	Year Purchased	Purchase Price	Water ERC's	Sewer ERC's	Total ERC's	Price/ERC	
1	Florida Water Services, Inc. - Fox Run, Leliani Heights, and Fisherman's Haven	Martin County	W/S	2003	\$ 2,350,000	660	630	1,290	\$ 1,822	
2	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest	JEA (Duval County)	W/S	2003	\$ 25,000,000	6,426	5,832	12,258	\$ 2,039	
3	Florida Water Services - Palm Coast System	City of Palm Coast	W/S	2003	\$ 82,772,934	27,464	20,147	47,611	\$ 1,739	
4	Florida Water Services - Spring Hill System	Hernando County	W/S	2003	\$ 35,574,025	34,622	8,021	42,643	\$ 834	
5	Florida Water Services - Marco Island and Marco Shores Systems	City of Marco Island	W/S	2003	\$ 85,313,143	16,160	6,109	22,269	\$ 3,831	
6	Florida Water Services - Citrus	Florida Governmental Utility Authority	W/S	2003	\$ 16,058,337	11,648	6,382	18,030	\$ 891	
7	Florida Water Services - Lehigh	Florida Governmental Utility Authority	W/S	2003	\$ 34,503,538	11,460	8,427	19,887	\$ 1,735	
8	Little Sumter Utility Co.	Village Center Comm. Devel. District	W/S	2003	\$ 86,400,000	10,755	8,854	19,609	\$ 4,406	
9	Burkim Enterprises, Inc. - System Serving Snug HarborLakes and Villages	Brevard County (Condemnation)	W/S	2005	\$ 1,200,000	483	483	966	\$ 1,242	
10	Village of Royal Palm Beach	City of Leesburg, Florida	W/S	2006	\$ 86,613,143	11,796	11,731	23,527	\$ 3,681	
11	St. Johns Service Company	St. Johns County, Florida	W/S	2006	\$ 27,000,000	8,337	7,623	15,960	\$ 1,692	
12	Aloha Utilities, Inc.	Florida Governmental Utility Authority	W/S	2008	\$ 90,500,000	17,108	16,154	33,262	\$ 2,721	
13	North Fort Myers Utility, Inc.	Florida Governmental Utility Authority	W/S	2010	\$ 55,000,000	1,894	11,165	13,059	\$ 4,212	
14	North Sumter Utility Company	North Sumter County Utility Dependent District	W/S	2010	\$ 179,906,099	18,611	18,499	37,110	\$ 4,848	
15	On Top of the World System	Bay Laurel CCDD	W/S	2010	\$ 34,000,000	5,516	5,412	10,928	\$ 3,111	
16	Alafaya Utilities	City of Oviedo	S	2011	\$ 28,750,000	-	9,060	9,060	\$ 3,173	
17	Mad Hatter Utilities	Florida Governmental Utility Authority	W/S	2012	\$ 14,000,000	3,846	3,287	7,133	\$ 1,963	
18	Rainbow Springs Utilities, Inc.	City of Dunnellon	W/S	2012	\$ 5,950,000	2,617	1,503	4,120	\$ 1,444	
19	Total Purchase Price & ERC's and Average Price per ERC					\$ 890,891,219	189,403	149,319	338,722	\$ 2,630

Comparable Sales Avg. \$ / ERC	\$ 2,630
Plantation Bay W&S ERC's (2013 est.)	3,167
Plantation Bay Comparable Sale Value	\$ 8,288,932

		2007		2008		2009		2010		2011		2012		
METER SIZE	TYPE OF METER	EQUIVALENCY FACTOR	METERS	METER EQUIVALENTS										
Residential 5/8"		1.0	-	-	-	-	-	-	-	-	-	-	-	-
Residential 1"	Displacement	2.5	-	-	-	-	-	-	-	-	-	-	-	-
All Residential		1.0	1,320	1,320	1,370	1,370	1,399	1,399	1,428	1,428	1,446	1,446	1,470	1,470
5/8"	Displacement	1.0	8	8	10	10	8	8	8	8	8	8	9	9
3/4"	Displacement	1.5	-	-	-	-	-	-	-	-	-	-	-	-
1"	Displacement	2.5	3	8	2	5	2	5	3	8	4	10	3	8
1 1/2"	Displacement or Turbine	5.0	5	25	3	15	3	15	3	15	3	15	3	15
2"	Displacement, Compound or Turbine	8.0	1	8	2	16	2	16	2	16	2	16	2	16
3"	Displacement	15.0	-	-	-	-	-	-	-	-	-	-	-	-
3"	Compound	16.0	1	16	1	16	1	16	1	16	1	16	1	16
3"	Turbine	17.5	-	-	-	-	-	-	-	-	-	-	-	-
4"	Displacement or Compound	25.0	-	-	1	25	1	25	1	25	1	25	1	25
4"	Turbine	30.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Displacement or Compound	50.0	-	-	-	-	-	-	-	-	-	-	-	-
6"	Turbine	62.5	-	-	-	-	-	-	-	-	-	-	-	-
8"	Compound	80.0	-	-	-	-	-	-	-	-	-	-	-	-
8"	Turbine	90.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Compound	115.0	-	-	-	-	-	-	-	-	-	-	-	-
10"	Turbine	145.0	-	-	-	-	-	-	-	-	-	-	-	-
12"	Turbine	215.0	-	-	-	-	-	-	-	-	-	-	-	-
			1,338	1,385	1,389	1,457	1,416	1,484	1,446	1,516	1,465	1,536	1,489	1,559
Annual Growth Rate in Meter Equivalents				N/A		5.24%		1.85%		2.12%		1.35%		1.46%

Historical Water Operating Revenue

Schedule 4

Source: Page W-9 of Annual Reports (2007 - 2011) and data per utility (2012)

DESCRIPTION	2007	2008	2009	2010	2011	2012
Water Sales: Unmetered Water Revenue						
Metered Water Revenue:						
Metered Sales to Residential Customers	\$ 373,781	\$ 376,875	\$ 388,362	\$ 407,330	\$ 413,242	\$ 414,939
Metered Sales to Commercial Customers	17,069	18,893	20,122	20,030	22,121	21,282
Metered Sales to Industrial Customers	-	-	-	-	-	-
Metered Sales to Public Authorities	-	-	-	-	-	-
Metered Sales to Multiple Family Dwellings	-	-	-	-	-	-
Other Revenues						
Total Metered Sales	390,850	395,768	408,484	427,360	435,363	436,221
Fire Protection Revenue:						
Public Fire Protection	-	-	-	-	-	-
Private fire Protection	-	-	-	-	-	-
Total Fire Protection Revenue	-	-	-	-	-	-
Other Sales to Public Authorities						
Sales to Irrigation Customers	-	-	-	-	-	-
Sales for Resale	-	-	-	-	-	-
Interdepartmental Sales	-	-	-	-	-	-
Total Water Sales	390,850	395,768	408,484	427,360	435,363	436,221
Other Water Revenues:						
Guaranteed Revenues	-	-	-	-	-	-
Forfeited Discounts	-	-	-	-	-	-
Miscellaneous Service Revenues	7,972	10,289	10,447	11,748	11,363	10,708
Rents From Water Property	-	-	-	-	-	-
Interdepartmental Rents	-	-	-	-	-	-
Other Water Revenues:	5,304	-	144	1,060	-	-
	0	0	0	0	0	0
Total Other Water Revenues	\$ 13,276	\$ 10,289	\$ 10,591	\$ 12,808	\$ 11,363	\$ 10,708
Total Water Operating Revenues	\$ 404,126	\$ 406,057	\$ 419,075	\$ 440,168	\$ 446,726	\$ 446,929

Historical Sewer Operating Revenue

Schedule 5

Source: Page S-9 of Annual Reports (2007 - 2011) and data per utility (2012)

DESCRIPTION	2007	2008	2009	2010	2011	2012
WASTEWATER SALES						
Measured Revenues:						
Residential Revenues	471,615	491,626	513,070	528,405	531,911	554,030
Commercial Revenues	17,447	27,020	29,602	29,535	30,710	30,624
Industrial Revenues	-	-	-	-	-	-
Revenues From Public Authorities	-	-	-	-	-	-
Multiple Family Dwelling Revenues (U	-	-	-	-	-	-
Total Measured Revenues	489,062	518,646	542,672	557,940	562,621	584,654
Revenues From Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues From Other Systems	-	-	-	-	-	-
Interdepartmental Revenues	-	-	-	-	-	-
Total Wastewater Sales	489,062	518,646	542,672	557,940	562,621	584,654
Other Wastewater Revenues						
Guaranteed Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of Sludge	-	-	-	-	-	-
Forfeited Discounts	-	-	-	-	-	-
Rents From Wastewater Property	-	-	-	-	-	-
Interdepartmental Rents	-	-	-	-	-	-
Other Wastewater Revenues (Including Allowance for Funds Prudently Invested or AFPI)	-	-	(371)	(956)	(1,006)	(859)
Total Other Wastewater Revenues	\$ -	\$ -	\$ (371)	\$ (956)	\$ (1,006)	\$ (859)
RECLAIMED WATER SALES						
Measured Reuse Revenues:						
Residential Reuse Revenues	\$ 2,886	\$ 1,720	\$ 627	\$ 4,125	\$ 2,038	\$ 2,708
Commercial Reuse Revenues	-	-	-	-	-	-
Industrial Reuse Revenues	-	-	-	-	-	-
Reuse Revenues From Public Authorities	-	-	-	-	-	-
Total Measured Reuse Revenues	2,886	1,720	627	4,125	2,038	2,708
Reuse Revenues From Other Systems	-	-	-	-	-	-
Total Reclaimed Water Sales	2,886	1,720	627	4,125	2,038	2,708
Total Sewer Operating Revenues	\$ 491,948	\$ 520,366	\$ 542,928	\$ 561,109	\$ 563,653	\$ 586,503

Historical Water Operating Expenses

Schedule 6

Source: Page W-10 of Annual Reports (2007 - 2011) and data per utility (2012)

ACCOUNT NAME

	2007	2008	2009	2010	2011	2012
Salaries and Wages - Employees	\$ 1,191	\$ 4,354	\$ -	\$ -	\$ -	\$ -
Salaries and Wages - Officers, Directors and Majority Stockholders	-	-	-	-	-	-
Employee Pensions and Benefits	-	-	-	-	-	-
Purchased Water	-	-	-	-	-	-
Purchased Power	26,396	26,147	30,319	28,902	30,524	30,613
Fuel for Power Production	-	-	-	-	-	-
Chemicals	30,854	35,517	36,861	39,663	42,328	52,267
Materials and Supplies	683	68	468	498	1,264	288
Contractual Services - Engineering	8,715	18,653	15,976	8,175	6,189	7,741
Contractual Services - Accounting	4,086	2,931	1,782	3,357	2,929	1,948
Contractual Services - Legal	2,713	2,855	-	7,069	366	221
Contractual Services - Mgt. Fees	58,234	55,000	55,000	55,000	55,000	60,000
Contractual Services - Testing	8,872	12,086	16,109	10,535	13,198	12,033
Contractual Services - Other	86,198	139,088	115,409	127,096	91,443	8,066
Contractual Services - Other/Source	-	-	-	-	-	19,135
Contractual Services - Other/W Treatment	-	-	-	-	-	75,590
Contractual Services - Other/T&D	-	-	-	-	-	15,953
Contractual Services - Other/Customer	-	-	-	-	-	8,279
Contractual Services - Other/G&A	-	-	-	-	-	429
Rental of Building/Real Property	-	-	-	-	-	-
Rental of Equipment	-	-	-	-	-	-
Transportation Expense	-	-	-	-	-	-
Insurance - Vehicle	-	-	-	-	-	-
Insurance - General Liability	8,836	7,938	8,003	8,391	8,478	8,727
Insurance - Workmen's Comp.	-	-	-	-	-	-
Insurance - Other	529	-	-	-	-	-
Advertising Expense	-	-	-	-	-	-
Regulatory Commission Expenses - Amortization of Rate Case Expense	-	-	-	-	-	-
Regulatory Commission Exp. - Other	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-
Miscellaneous Expenses	9,864	6,504	7,104	8,740	12,058	10,521
Total Water Utility Expenses	\$ 247,171	\$ 311,141	\$ 287,031	\$ 297,426	\$ 263,777	\$ 311,811

Historical Sewer Operating Expenses

Schedule 7

Source: Page S-10 of Annual Reports (2007 - 2011) and data per utility (2012)

ACCOUNT NAME	2007	2008	2009	2010	2011	2012
Salaries and Wages - Employees	\$ 1,059	\$ 4,354	\$ -	\$ -	\$ -	\$ -
Salaries and Wages - Officers, Directors and Majority Stockholders	-	-	-	-	-	-
Employee Pensions and Benefits	-	-	-	-	-	-
Purchased Sewage Treatment	-	-	-	-	-	-
Sludge Removal Expense	59,583	81,722	74,360	60,718	50,326	41,110
Purchased Power	39,133	39,427	45,306	41,835	44,470	45,388
Fuel for Power Production	-	-	-	-	-	-
Chemicals	-	-	-	-	-	-
Materials and Supplies	8,873	13,521	9,452	14,982	8,626	288
Contractual Services - Engineering	16,585	18,245	14,701	8,176	6,189	7,741
Contractual Services - Accounting	3,632	2,931	1,782	3,194	2,929	1,948
Contractual Services - Legal	2,412	2,855	-	7,069	366	221
Contractual Services - Mgt. Fees	51,766	55,000	55,000	55,000	55,000	60,000
Contractual Services - Testing	996	1,933	-	2,050	-	-
Contractual Services - Other	63,477	80,677	70,146	75,723	93,605	-
Contractual Services - Other/Pump Maintenance	-	-	-	-	-	12,739
Contractual Services - Other/T&D Operating Expenses	-	-	-	-	-	74,046
Contractual Services - Other/T&D Maintenance Expenses	-	-	-	-	-	100
Contractual Services - Other/Customer	-	-	-	-	-	8,279
Contractual Services - Other/G&A	-	-	-	-	-	1,370
Contractual Services - Other/Reclaimed	-	-	-	-	-	6,093
Rental of Building/Real Property	-	-	-	-	-	-
Rental of Equipment	-	-	-	-	-	-
Transportation Expense	-	-	-	-	-	-
Insurance - Vehicle	-	-	-	-	-	-
Insurance - General Liability	7,854	7,938	8,003	8,391	8,478	8,727
Insurance - Workmen's Comp.	-	-	-	-	-	-
Insurance - Other	471	-	-	-	-	-
Advertising Expense	-	-	-	-	-	-
Regulatory Commission Expenses - Amortization of Rate Case Expense	9,670	9,670	9,670	-	-	-
Regulatory Commission Expenses - Other	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	-
Miscellaneous Expenses	8768	5879	5998	9937	12877	11365
Total Wastewater Utility Expenses	\$ 274,279	\$ 324,152	\$ 294,418	\$ 287,075	\$ 282,866	\$ 279,414

Income Analysis

Schedule 8

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022										
Assumed Customer Growth - Water System		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%										
Assumed Customer Growth - Sewer System		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%										
Water Revenue	CY 2012	Rate Increase	0.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%										
Residential	\$ 414,939	\$	419,099	\$	442,254	\$	466,689	\$	492,474	\$	519,683	\$	548,395	\$	578,694	\$	610,667	\$	644,406	\$	680,010
Commercial	\$ 21,282	\$	21,495	\$	22,682	\$	23,936	\$	25,258	\$	26,654	\$	28,126	\$	29,680	\$	31,320	\$	33,050	\$	34,877
Multi Family	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Irrigation	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Fire Protection	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Sewer Revenue		Rate Increase	0.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%										
Residential	\$ 554,030	\$	559,584	\$	590,501	\$	623,127	\$	657,554	\$	693,884	\$	732,221	\$	772,677	\$	815,367	\$	860,416	\$	907,954
Commercial	\$ 30,624	\$	30,931	\$	32,640	\$	34,443	\$	36,346	\$	38,354	\$	40,473	\$	42,709	\$	45,069	\$	47,559	\$	50,187
Multi Family	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reclaimed	\$ 2,708	\$	2,735	\$	2,886	\$	3,046	\$	3,214	\$	3,392	\$	3,579	\$	3,777	\$	3,985	\$	4,206	\$	4,438
Other Miscellaneous		Rate Increase	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%										
Other Water Revenue	\$ 10,708	\$	10,708	\$	10,762	\$	10,815	\$	10,869	\$	10,924	\$	10,978	\$	11,033	\$	11,088	\$	11,144	\$	11,200
Interest Income	\$ -	\$	149	\$	265	\$	1,084	\$	3,655	\$	8,346	\$	15,884	\$	21,638	\$	28,439	\$	36,365	\$	45,498
Other Sewer Revenue	\$ (859)	\$	(859)	\$	(863)	\$	(867)	\$	(872)	\$	(876)	\$	(880)	\$	(885)	\$	(889)	\$	(894)	\$	(898)
TOTAL REVENUE	\$ 1,033,432	\$	1,043,843	\$	1,101,128	\$	1,162,272	\$	1,228,499	\$	1,300,360	\$	1,378,777	\$	1,459,324	\$	1,545,047	\$	1,636,252	\$	1,733,264
Rates (% of Prevailing Rates)			100%	100%	100%	100%	100%	100%	100%	100%	100%										

ACCOUNT NAME	CY 2012	Adj. City Op.	Inflation Factor																				
Salaries and Wages - Employees	\$ -	\$90,000	3.00%	\$	90,000	\$	92,700	\$	95,481	\$	98,345	\$	101,296	\$	104,335	\$	107,465	\$	110,689	\$	114,009	\$	117,430
Salaries and Wages - Officers, Directors and Stockholders	\$ -		3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Employee Pensions and Benefits	\$ -	\$18,000	8.50%	\$	18,000	\$	19,530	\$	21,190	\$	22,991	\$	24,945	\$	27,066	\$	29,366	\$	31,863	\$	34,571	\$	37,509
Purchased Water/Sewage Treatment	\$ -		5.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Sludge Removal Expense	\$ 41,110		5.00%	\$	41,110	\$	43,166	\$	45,324	\$	47,590	\$	49,969	\$	52,468	\$	55,091	\$	57,846	\$	60,738	\$	63,775
Purchased Power	\$ 76,000		5.00%	\$	76,000	\$	79,800	\$	83,790	\$	87,980	\$	92,379	\$	96,998	\$	101,847	\$	106,940	\$	112,287	\$	117,901
Fuel for Power Production	\$ -		5.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Chemicals	\$ 52,267		5.00%	\$	52,267	\$	54,881	\$	57,625	\$	60,506	\$	63,531	\$	66,708	\$	70,043	\$	73,546	\$	77,223	\$	81,084
Materials and Supplies	\$ 575		2.50%	\$	575	\$	589	\$	604	\$	619	\$	635	\$	651	\$	667	\$	683	\$	701	\$	718
Contractual Services - Engineering	\$ 15,482		3.00%	\$	15,482	\$	15,947	\$	16,425	\$	16,918	\$	17,426	\$	17,948	\$	18,487	\$	19,041	\$	19,613	\$	20,201
Contractual Services - Accounting	\$ 3,897		3.00%	\$	3,897	\$	4,014	\$	4,134	\$	4,258	\$	4,386	\$	4,517	\$	4,653	\$	4,792	\$	4,936	\$	5,084
Contractual Services - Legal	\$ 442		3.00%	\$	442	\$	455	\$	469	\$	483	\$	497	\$	512	\$	528	\$	544	\$	560	\$	577
Contractual Services - Mgt. Fees	\$ 120,000		3.00%	\$	120,000	\$	123,600	\$	127,308	\$	131,127	\$	135,061	\$	139,113	\$	143,286	\$	147,585	\$	152,012	\$	156,573
Contractual Services - Testing	\$ 12,033		3.00%	\$	12,033	\$	12,394	\$	12,766	\$	13,149	\$	13,543	\$	13,950	\$	14,368	\$	14,799	\$	15,243	\$	15,700
Contractual Services - Other	\$ 8,066		3.00%	\$	8,066	\$	8,308	\$	8,557	\$	8,814	\$	9,078	\$	9,351	\$	9,631	\$	9,920	\$	10,218	\$	10,524
Contractual Services - Other/Source	\$ 19,135		3.00%	\$	19,135	\$	19,709	\$	20,300	\$	20,909	\$	21,536	\$	22,182	\$	22,848	\$	23,533	\$	24,239	\$	24,966
Contractual Services - Other/W Treatment	\$ 75,590	\$ (75,590)	3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Contractual Services - Other/T&D	\$ 15,953		3.00%	\$	15,953	\$	16,432	\$	16,925	\$	17,433	\$	17,956	\$	18,494	\$	19,049	\$	19,621	\$	20,209	\$	20,816
Contractual Services - Other/Customer	\$ 16,558		3.00%	\$	16,558	\$	17,055	\$	17,567	\$	18,094	\$	18,637	\$	19,196	\$	19,771	\$	20,365	\$	20,976	\$	21,605
Contractual Services - Other/G&A	\$ 1,799		3.00%	\$	1,799	\$	1,853	\$	1,908	\$	1,966	\$	2,025	\$	2,085	\$	2,148	\$	2,212	\$	2,279	\$	2,347
Contractual Services - Other/Pump Maintenance	\$ 12,739		3.00%	\$	12,739	\$	13,122	\$	13,515	\$	13,921	\$	14,338	\$	14,768	\$	15,211	\$	15,668	\$	16,138	\$	16,622
Contractual Services - Other/T&D Operating Expenses	\$ 74,046	\$ (74,046)	3.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Contractual Services - Other/T&D Maintenance Expenses	\$ 100		3.00%	\$	100	\$	103	\$	106	\$	109	\$	113	\$	116	\$	119	\$	123	\$	127	\$	130
Contractual Services - Other/Reclaimed	\$ 6,093		3.00%	\$	6,093	\$	6,276	\$	6,464	\$	6,658	\$	6,858	\$	7,063	\$	7,275	\$	7,494	\$	7,718	\$	7,950
Rental of Building/Real Property	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Rental of Equipment	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Transportation Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - Vehicle	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - General Liability	\$ 17,454		4.00%	\$	17,454	\$	18,152	\$	18,878	\$	19,633	\$	20,418	\$	21,235	\$	22,084	\$	22,968	\$	23,887	\$	24,842
Insurance - Workmen's Comp.	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Insurance - Other	\$ -		4.00%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Advertising Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Regulatory Commission Expenses - Amort. of Rate Case Exp.	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Regulatory Commission Exp. - Other	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Bad Debt Expense	\$ -		2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Miscellaneous Expenses	\$ 21,886		2.50%	\$	21,886	\$	22,433	\$	22,994	\$	23,569	\$	24,158	\$	24,762	\$	25,381	\$	26,016	\$	26,666	\$	27,333
Contingency	\$ -	\$10,000	2.50%	\$	10,000	\$	10,250	\$	10,506	\$	10,769	\$	11,038	\$	11,314	\$	11,597	\$	11,887	\$	12,184	\$	12,489
New Item	\$ -	\$0	2.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Total Utility Expenses	\$ 591,226	\$ (31,636)		\$	559,590	\$	580,767	\$	602,837	\$	625,840	\$	649,823	\$	674,832	\$	700,918	\$	728,133	\$	756,533	\$	786,176

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Net Operating Revenue (NOR)	\$ 484,253	\$ 520,360	\$ 559,435	\$ 602,659	\$ 650,538	\$ 703,944	\$ 758,405	\$ 816,914	\$ 879,720	\$ 947,088
Less: Debt Service on Acquisition Borrowing	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)	\$ (372,502)
NOR After Debt Service	\$ 111,751	\$ 147,858	\$ 186,933	\$ 230,157	\$ 278,035	\$ 331,442	\$ 385,903	\$ 444,411	\$ 507,217	\$ 574,586
Less: Cash-Funded Capital/R&R (5% of Gross Revenues)	\$ (52,192)	\$ (55,056)	\$ (58,114)	\$ (61,425)	\$ (65,018)	\$ (68,939)	\$ (72,966)	\$ (77,252)	\$ (81,813)	\$ (86,663)
Residual Cash Flow to City Water & Sewer Enterprise Fund	\$ 59,559	\$ 92,802	\$ 128,820	\$ 168,732	\$ 213,017	\$ 262,503	\$ 312,937	\$ 367,159	\$ 425,405	\$ 487,923
Calculated Debt Service Coverage	1.30	1.40	1.50	1.62	1.75	1.89	2.04	2.19	2.36	2.54
Ending Operating Reserve	\$ 59,559	\$ 152,360	\$ 281,180	\$ 449,912	\$ 662,930	\$ 925,433	\$ 1,238,370	\$ 1,605,529	\$ 2,030,934	\$ 2,518,857
Reserves as Number of Months of Operating Expenses	1.28	3.15	5.60	8.63	12.24	16.46	21.20	26.46	32.21	38.45
Acquisition Borrowing - Par Amount		Interest Rate	Term							
		2.75%	30	\$ 7,542,908						
Less: Cost of Issuance		1.50%		\$ (111,472)						
Less: DS Reserve		0		\$ -						
Less: Capitalized Interest		0		\$ -						
Less: Identified Capital Expenditures				\$ -						
Less: Other				\$ -						
Net Available for Utility Acquisition				\$ 7,431,436						
				Net Available for Utility Acquisition						
				\$ 7,431,436						
				Plantation Bay W&S ERC's (2013 est.)						
				3,167						
				Acquisition Price per ERC						
				\$ 2,346						