

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

CONSULTANT'S REPORT

December 1, 2008



Crowe Horwath™

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

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INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

PURPOSE OF THE REPORT

Crowe Horwath LLP has performed a study and analysis of the operating and financial reports, budgets and other data pertaining to the City of Indianapolis ("City") Department of Waterworks ("Utility"). The results of our analysis are contained in this Consultant's Report ("Report").

The purpose of the Report is to estimate the Utility's cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, present and proposed debt service payments, and to make capital improvements to the Utility's system. This Report is based on audited data for the twelve months ended December 31, 2007. The historical audited information used in this Report was taken from the Comprehensive Annual Financial Report (CAFR) of the City and was adjusted as disclosed in the Exhibits and Schedules of this Report.

In the course of preparing this Report, we have not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. We have made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call Jennifer Wilson at (317) 269-6696.

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Balance Sheets as of December 31, 2007, 2006, and 2005

Audited
(In Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
ASSETS AND OTHER DEBITS			
<u>Current Assets</u>			
Equity in Pooled Cash	\$ 22,017	\$ 3,801	\$ 392
Investments	428	694	8,693
Accrued Interest Receivable	67	42	126
Accounts Receivable, Less Allowance For Uncollectibles	16,743	10,671	12,698
Current Portion of Long-Term Note-Receivable	1,654	1,674	-
Other	-	-	-
Total Current Assets	<u>40,909</u>	<u>16,882</u>	<u>21,909</u>
<u>Noncurrent Assets</u>			
Long-Term Note Receivable	18,721	21,092	-
Restricted Cash and Investments	147,752	59,421	85,443
Deferred Charges	1,050	1,263	1,477
Intangible Assets, Net of Accumulated Amortization	210,292	216,417	222,542
Bond Issuance Costs	10,109	10,701	12,705
Deferred Charge - Postretirement Benefits	18,304	23,687	26,266
Capital Assets			
Land	17,591	18,146	17,227
Infrastructure, Net of Accumulated Depreciation	439,325	410,491	363,753
Other Capital Assets, Net of Accumulated Depreciation	13,223	12,574	11,597
Construction in Progress	20,719	34,248	53,592
Total Noncurrent Assets	<u>897,086</u>	<u>808,040</u>	<u>794,602</u>
Total Assets and Other Debits	<u>\$ 937,995</u>	<u>\$ 824,922</u>	<u>\$ 816,511</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Balance Sheets as of December 31, 2007, 2006, and 2005
Audited
(In Thousands)

LIABILITIES AND OTHER CREDITS

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Current Liabilities</u>			
Accounts Payable and Other Accrued Liabilities	\$ 11,277	\$ 8,147	\$ 10,204
Accounts Payable - Restricted Assets	347	5,325	2,400
Accrued Payroll and Payroll Taxes	10	7	8
Customer Deposits	2,780	3,403	3,053
Interest Payable	8,161	6,999	15,696
Short-Term Note Payable	1,884	217	217
Short-Term Revenue Bonds Payable	4,625	2,655	13,330
Payment in Lieu of Taxes	15,493	15,497	1,680
Due to Other Funds	140	654	514
Total Current Liabilities	<u>44,717</u>	<u>42,904</u>	<u>47,102</u>
<u>Noncurrent Liabilities</u>			
Long-Term Notes Payable	1,884	434	652
Customer Advances	12,074	13,141	14,802
Accumulated Postretirement Benefit Obligation	55,228	46,129	46,214
Long-Term Revenue Bonds Payable	810,268	704,931	699,701
Total Noncurrent Liabilities	<u>879,454</u>	<u>764,635</u>	<u>761,369</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	27,905	17,623	28,468
Unrestricted	(14,081)	(240)	(20,428)
Total Net Assets	<u>13,824</u>	<u>17,383</u>	<u>8,040</u>
Total Liabilities and Other Credits	<u>\$ 937,995</u>	<u>\$ 824,922</u>	<u>\$ 816,511</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Bonds, Series 2002A
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/08	\$ 2,060,000	5.000 %	\$ 950,969	\$ 3,010,969	
1/1/09	2,105,000	5.000	899,469	3,004,469	\$ 6,015,438
7/1/09	2,455,000	5.000	846,844	3,301,844	
1/1/10	2,515,000	5.000	785,469	3,300,469	6,602,313
7/1/10	2,880,000	4.250	722,594	3,602,594	
1/1/11	2,940,000	4.375	661,394	3,601,394	7,203,988
7/1/11	3,310,000	4.375	597,081	3,907,081	
1/1/12	3,385,000	5.000	524,675	3,909,675	7,816,756
7/1/12	3,775,000	5.000	440,050	4,215,050	
1/1/13	3,870,000	5.500	345,675	4,215,675	8,430,725
7/1/13	4,290,000	5.500	239,250	4,529,250	
1/1/14	4,410,000	5.500	121,275	4,531,275	9,060,525
Totals	<u>\$ 37,995,000</u>		<u>\$ 7,134,745</u>	<u>\$ 45,129,745</u>	

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

SCHEDULE A-2

Waterworks District Net Revenue Bonds, Series 2004
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/08			\$ 1,473,750	\$ 1,473,750	
1/1/09			1,473,750	1,473,750	\$ 2,947,500
7/1/09			1,473,750	1,473,750	
1/1/10			1,473,750	1,473,750	2,947,500
7/1/10			1,473,750	1,473,750	
1/1/11			1,473,750	1,473,750	2,947,500
7/1/11			1,473,750	1,473,750	
1/1/12			1,473,750	1,473,750	2,947,500
7/1/12			1,473,750	1,473,750	
1/1/13			1,473,750	1,473,750	2,947,500
7/1/13			1,473,750	1,473,750	
1/1/14			1,473,750	1,473,750	2,947,500
7/1/14			1,473,750	1,473,750	
1/1/15			1,473,750	1,473,750	2,947,500
7/1/15			1,473,750	1,473,750	
1/1/16			1,473,750	1,473,750	2,947,500
7/1/16			1,473,750	1,473,750	
1/1/17			1,473,750	1,473,750	2,947,500
7/1/17			1,473,750	1,473,750	
1/1/18			1,473,750	1,473,750	2,947,500
7/1/18			1,473,750	1,473,750	
1/1/19			1,473,750	1,473,750	2,947,500
7/1/19			1,473,750	1,473,750	
1/1/20			1,473,750	1,473,750	2,947,500
7/1/20			1,473,750	1,473,750	
1/1/21			1,473,750	1,473,750	2,947,500
7/1/21			1,473,750	1,473,750	
1/1/22			1,473,750	1,473,750	2,947,500
7/1/22			1,473,750	1,473,750	
1/1/23			1,473,750	1,473,750	2,947,500
7/1/23			1,473,750	1,473,750	
1/1/24			1,473,750	1,473,750	2,947,500
7/1/24			1,473,750	1,473,750	
1/1/25			1,473,750	1,473,750	2,947,500
7/1/25			1,473,750	1,473,750	
1/1/26			1,473,750	1,473,750	2,947,500
7/1/26			1,473,750	1,473,750	
1/1/27			1,473,750	1,473,750	2,947,500

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

SCHEDULE A-2
(Continued)

Waterworks District Net Revenue Bonds, Series 2004
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/27			\$ 1,473,750	\$ 1,473,750	
1/1/28			1,473,750	1,473,750	\$ 2,947,500
7/1/28			1,473,750	1,473,750	
1/1/29			1,473,750	1,473,750	2,947,500
7/1/29			1,473,750	1,473,750	
1/1/30			1,473,750	1,473,750	2,947,500
7/1/30			1,473,750	1,473,750	
1/1/31			1,473,750	1,473,750	2,947,500
7/1/31			1,473,750	1,473,750	
1/1/32			1,473,750	1,473,750	2,947,500
7/1/32			1,473,750	1,473,750	
1/1/33			1,473,750	1,473,750	2,947,500
7/1/33			1,473,750	1,473,750	
1/1/34			1,473,750	1,473,750	2,947,500
7/1/34			1,473,750	1,473,750	
1/1/35			1,473,750	1,473,750	2,947,500
7/1/35	\$ 25,000,000	5.895 % (1)	1,473,750	26,473,750	
1/1/36	<u>25,000,000</u>	5.895 (1)	<u>736,875</u>	<u>25,736,875</u>	52,210,625
Totals	<u>\$ 50,000,000</u>		<u>\$ 81,793,125</u>	<u>\$131,793,125</u>	

(1) The 2004A Bonds bear interest at an Auction Rate for each 35-day Auction Rate Period. Interest is payable on the first Business Day following the end of each Auction Rate Period. The Auction Day is generally every 5th Monday and the Interest Payment Date is generally every 5th Tuesday. The last Auction Rate reset was on November 3, 2008 at 5.895%. During an Auction Rate Period, the interest rate may not exceed the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Refunding Bonds, Series 2005F
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/08	\$ 45,000	3.500 %	\$ 1,752,491	\$ 1,797,491	
1/1/09	50,000	3.500	1,751,703	1,801,703	\$ 3,599,194
7/1/09	45,000	3.500	1,750,828	1,795,828	
1/1/10	50,000	3.500	1,750,041	1,800,041	3,595,869
7/1/10	50,000	3.500	1,749,166	1,799,166	
1/1/11	50,000	4.000	1,748,291	1,798,291	3,597,457
7/1/11	50,000	4.000	1,747,291	1,797,291	
1/1/12	55,000	4.000	1,746,291	1,801,291	3,598,582
7/1/12	55,000	4.000	1,745,191	1,800,191	
1/1/13	50,000	4.000	1,744,091	1,794,091	3,594,282
7/1/13	50,000	4.000	1,743,091	1,793,091	
1/1/14	50,000	4.000	1,742,091	1,792,091	3,585,182
7/1/14	4,965,000	5.000	1,741,091	6,706,091	
1/1/15	4,965,000	5.000	1,616,966	6,581,966	13,288,057
7/1/15	2,715,000	5.000	1,492,841	4,207,841	
1/1/16	2,710,000	5.000	1,424,966	4,134,966	8,342,807
7/1/16	15,000	4.000	1,357,216	1,372,216	
1/1/17	15,000	4.125	1,356,916	1,371,916	2,744,132
7/1/17	20,000	4.125	1,356,606	1,376,606	
1/1/18	15,000	4.250	1,356,194	1,371,194	2,747,800
7/1/18	3,695,000	5.000	1,355,875	5,050,875	
1/1/19	3,695,000	5.000	1,263,500	4,958,500	10,009,375
7/1/19	4,050,000	5.000	1,171,125	5,221,125	
1/1/20	4,050,000	5.000	1,069,875	5,119,875	10,341,000
7/1/20			968,625	968,625	
1/1/21			968,625	968,625	1,937,250
7/1/21			968,625	968,625	
1/1/22			968,625	968,625	1,937,250
7/1/22			968,625	968,625	
1/1/23			968,625	968,625	1,937,250
7/1/23			968,625	968,625	
1/1/24			968,625	968,625	1,937,250
7/1/24			968,625	968,625	
1/1/25			968,625	968,625	1,937,250
7/1/25			968,625	968,625	
1/1/26			968,625	968,625	1,937,250

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Refunding Bonds, Series 2005F
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/26			\$ 968,625	\$ 968,625	
1/1/27			968,625	968,625	\$ 1,937,250
7/1/27	\$ 9,745,000	5.000 %	968,625	10,713,625	
1/1/28	9,740,000	5.000	725,000	10,465,000	21,178,625
7/1/28	9,630,000	5.000	481,500	10,111,500	
1/1/29	<u>9,630,000</u>	5.000	<u>240,750</u>	<u>9,870,750</u>	19,982,250
Totals	<u>\$ 70,255,000</u>		<u>\$53,510,362</u>	<u>\$123,765,362</u>	

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Refunding Bonds, Series 2005G
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>
1/2/09	\$ 1,600,000	7.00 %	\$ 27,189,776	\$ 28,789,776
1/4/10	1,660,000	7.00	27,026,125	28,686,125
1/3/11	1,720,000	7.00	26,908,875	28,628,875
1/3/12	1,785,000	7.00	26,787,425	28,572,425
1/2/13	1,755,000	7.00	26,663,000	28,418,000
1/2/14	1,720,000	7.00	26,540,675	28,260,675
1/2/15	1,785,000	7.00	26,419,225	28,204,225
1/4/16	1,855,000	7.00	26,292,875	28,147,875
1/1/17	1,920,000	7.00	26,161,975	28,081,975
1/2/18	1,965,000	7.00	26,026,875	27,991,875
1/2/19	2,010,000	7.00	25,888,625	27,898,625
1/2/20	2,085,000	7.00	25,746,525	27,831,525
1/4/21	2,165,000	7.00	25,599,000	27,764,000
1/3/22	2,245,000	7.00	25,446,050	27,691,050
1/3/23	2,330,000	7.00	25,287,675	27,617,675
1/2/24	2,420,000	7.00	25,123,000	27,543,000
1/2/25	2,505,000	7.00	24,952,025	27,457,025
1/2/26	30,205,000	7.00	24,291,925	54,496,925
1/4/27	32,115,000	7.00	22,144,150	54,259,150
1/3/28	17,625,000	7.00	20,149,500	37,774,500
1/2/29	19,855,000	7.00	18,876,725	38,731,725
1/2/30	38,660,000	7.00	17,158,050	55,818,050
1/2/31	40,100,000	7.00	14,426,650	54,526,650
1/2/32	41,605,000	7.00	11,593,225	53,198,225
1/3/33	43,165,000	7.00	8,653,400	51,818,400
1/3/34	44,780,000	7.00	5,603,675	50,383,675
1/2/35	46,465,000	7.00	2,439,675	48,904,675
Totals	\$ 388,100,000		\$ 589,396,701	\$ 977,496,701

(1) The 2005G Bonds were issued as variable rate bonds. The 2005G Bonds bear interest at a Weekly Interest Rate that is determined by Remarketing Agreements with the Underwriters on the 2005G Bonds. The interest rate may not exceed the lesser of twelve percent (12%) per annum or the maximum rate permitted by law. The interest rates used in the above schedule represent the average imputed rate paid based on net interest payment for the twelve months ended October, 2008.

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

SCHEDULE A-5

Waterworks District Net Revenue Refunding Bonds, Series 2005H
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>
1/2/09			\$ 3,179,365	\$ 3,179,365
1/4/10			3,179,365	3,179,365
1/3/11			3,179,365	3,179,365
1/3/12			3,179,365	3,179,365
1/2/13			3,179,365	3,179,365
1/2/14			3,179,365	3,179,365
1/2/15			3,179,365	3,179,365
1/4/16			3,179,365	3,179,365
1/1/17			3,179,365	3,179,365
1/2/18			3,179,365	3,179,365
1/2/19			3,179,365	3,179,365
1/2/20			3,179,365	3,179,365
1/4/21			3,179,365	3,179,365
1/3/22			3,179,365	3,179,365
1/3/23			3,179,365	3,179,365
1/2/24			3,179,365	3,179,365
1/2/25			3,179,365	3,179,365
1/2/26			3,179,365	3,179,365
1/4/27			3,179,365	3,179,365
1/3/28			3,179,365	3,179,365
1/2/29			3,179,365	3,179,365
1/2/30			3,179,365	3,179,365
1/2/31			3,179,365	3,179,365
1/2/32			3,179,365	3,179,365
1/3/33			3,179,365	3,179,365
1/3/34			3,179,365	3,179,365
1/2/35			3,179,365	3,179,365
1/2/36			3,179,365	3,179,365
1/2/37	\$ 47,810,000	6.65 %	3,179,365	50,989,365
Totals	<u>\$ 47,810,000</u>		<u>\$ 92,201,585</u>	<u>\$140,011,585</u>

(1) The 2005H Bonds were issued as variable rate bonds. The 2005H Bonds bear interest at a Weekly Interest Rate that is determined by Remarketing Agreements with the Underwriters on the 2005H Bonds. The interest rate may not exceed the lesser of twelve percent (12%) per annum or the maximum rate permitted by law. The interest rates used in the above schedule represent the average imputed rate paid based on net interest payment for the twelve months ended October, 2008.

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Refunding Bonds, Series 2006A
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/08			\$ 2,140,325	\$ 2,140,325	
1/1/09			2,140,325	2,140,325	\$ 4,280,650
7/1/09			2,140,325	2,140,325	
1/1/10			2,140,325	2,140,325	4,280,650
7/1/10			2,140,325	2,140,325	
1/1/11			2,140,325	2,140,325	4,280,650
7/1/11			2,140,325	2,140,325	
1/1/12			2,140,325	2,140,325	4,280,650
7/1/12			2,140,325	2,140,325	
1/1/13			2,140,325	2,140,325	4,280,650
7/1/13			2,140,325	2,140,325	
1/1/14			2,140,325	2,140,325	4,280,650
7/1/14			2,140,325	2,140,325	
1/1/15			2,140,325	2,140,325	4,280,650
7/1/15			2,140,325	2,140,325	
1/1/16	\$ 5,005,000	5.5 %	2,140,325	7,145,325	9,285,650
7/1/16	5,850,000	5.5	2,002,688	7,852,688	
1/1/17	5,850,000	5.5	1,841,813	7,691,813	15,544,501
7/1/17	6,515,000	5.5	1,680,938	8,195,938	
1/1/18	6,515,000	5.5	1,501,775	8,016,775	16,212,713
7/1/18	3,540,000	5.5	1,322,613	4,862,613	
1/1/19	3,540,000	5.5	1,225,263	4,765,263	9,627,876
7/1/19	3,925,000	5.5	1,127,913	5,052,913	
1/1/20	3,920,000	5.5	1,019,975	4,939,975	9,992,888
7/1/20	8,790,000	5.5	912,175	9,702,175	
1/1/21	8,785,000	5.5	670,450	9,455,450	19,157,625
7/1/21	7,800,000	5.5	428,863	8,228,863	
1/1/22	7,795,000	5.5	214,363	8,009,363	16,238,226
Totals	\$ 77,830,000		\$48,194,029	\$126,024,029	

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Refunding Bonds, Series 2007B
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/08			\$ 1,848,263	\$ 1,848,263	
1/1/09			1,848,263	1,848,263	\$ 3,696,526
7/1/09			1,848,263	1,848,263	
1/1/10			1,848,263	1,848,263	3,696,526
7/1/10			1,848,263	1,848,263	
1/1/11			1,848,263	1,848,263	3,696,526
7/1/11			1,848,263	1,848,263	
1/1/12			1,848,263	1,848,263	3,696,526
7/1/12			1,848,263	1,848,263	
1/1/13			1,848,263	1,848,263	3,696,526
7/1/13			1,848,263	1,848,263	
1/1/14			1,848,263	1,848,263	3,696,526
7/1/14			1,848,263	1,848,263	
1/1/15			1,848,263	1,848,263	3,696,526
7/1/15			1,848,263	1,848,263	
1/1/16			1,848,263	1,848,263	3,696,526
7/1/16			1,848,263	1,848,263	
1/1/17			1,848,263	1,848,263	3,696,526
7/1/17			1,848,263	1,848,263	
1/1/18			1,848,263	1,848,263	3,696,526
7/1/18			1,848,263	1,848,263	
1/1/19			1,848,263	1,848,263	3,696,526
7/1/19			1,848,263	1,848,263	
1/1/20			1,848,263	1,848,263	3,696,526
7/1/20			1,848,263	1,848,263	
1/1/21			1,848,263	1,848,263	3,696,526
7/1/21			1,848,263	1,848,263	
1/1/22	\$ 3,065,000	5.25 %	1,848,263	4,913,263	6,761,526
7/1/22	10,150,000	5.25	1,767,806	11,917,806	
1/1/23	10,420,000	5.25	1,501,369	11,921,369	23,839,175
7/1/23	11,055,000	5.25	1,227,844	12,282,844	
1/1/24	11,355,000	5.25	937,650	12,292,650	24,575,494
7/1/24	12,025,000	5.25	639,581	12,664,581	
1/1/25	12,340,000	5.25	323,925	12,663,925	25,328,506
Totals	<u>\$ 70,410,000</u>		<u>\$58,149,539</u>	<u>\$128,559,539</u>	

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Waterworks District Net Revenue Bonds, Series 2007
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period</u> <u>Total</u>	<u>Fiscal</u> <u>Total</u>
7/1/08			\$ 2,583,935	\$ 2,583,935	
1/1/09			2,527,763	2,527,763	\$ 5,111,698
7/1/09	\$ 640,000	4.000 %	2,527,763	3,167,763	
1/1/10	650,000	4.000	2,514,963	3,164,963	6,332,726
7/1/10	930,000	4.000	2,501,963	3,431,963	
1/1/11	950,000	4.000	2,483,363	3,433,363	6,865,326
7/1/11	1,125,000	4.500	2,464,363	3,589,363	
1/1/12	1,150,000	4.000	2,439,050	3,589,050	7,178,413
7/1/12	1,175,000	4.000	2,416,050	3,591,050	
1/1/13	1,200,000	4.000	2,392,550	3,592,550	7,183,600
7/1/13	1,225,000	4.000	2,368,550	3,593,550	
1/1/14	1,245,000	3.750	2,344,050	3,589,050	7,182,600
7/1/14	1,270,000	4.000	2,320,706	3,590,706	
1/1/15	1,295,000	5.000	2,295,306	3,590,306	7,181,012
7/1/15	1,330,000	4.500	2,262,931	3,592,931	
1/1/16	1,360,000	4.500	2,233,006	3,593,006	7,185,937
7/1/16	1,390,000	5.000	2,202,406	3,592,406	
1/1/17	1,425,000	5.000	2,167,656	3,592,656	7,185,062
7/1/17	1,460,000	5.000	2,132,031	3,592,031	
1/1/18	1,495,000	5.000	2,095,531	3,590,531	7,182,562
7/1/18	1,535,000	5.000	2,058,156	3,593,156	
1/1/19	1,570,000	5.000	2,019,781	3,589,781	7,182,937
7/1/19	1,610,000	5.000	1,980,531	3,590,531	
1/1/20	1,650,000	5.000	1,940,281	3,590,281	7,180,812
7/1/20	1,695,000	5.000	1,899,031	3,594,031	
1/1/21	1,735,000	5.000	1,856,656	3,591,656	7,185,687
7/1/21	1,780,000	5.000	1,813,281	3,593,281	
1/1/22	1,825,000	5.000	1,768,781	3,593,781	7,187,062
7/1/22	1,870,000	5.000	1,723,156	3,593,156	
1/1/23	1,915,000	5.250	1,676,406	3,591,406	7,184,562
7/1/23	1,965,000	5.250	1,626,138	3,591,138	
1/1/24	2,015,000	5.250	1,574,556	3,589,556	7,180,694
7/1/24	2,170,000	5.250	1,521,663	3,691,663	
1/1/25	2,225,000	4.750	1,464,700	3,689,700	7,381,363

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

SCHEDULE A-8
(Continued)

Waterworks District Net Revenue Bonds, Series 2007
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/25	\$ 1,780,000	4.750 %	\$ 1,411,856	\$ 3,191,856	
1/1/26	1,820,000	5.113 (1)	1,369,581	3,189,581	\$ 6,381,437
7/1/26	1,910,000	5.119 (1)	1,323,056	3,233,056	
1/1/27	1,960,000	5.122 (1)	1,274,169	3,234,169	6,467,225
7/1/27	215,000	4.625	1,223,969	1,438,969	
1/1/28	220,000	4.625	1,218,997	1,438,997	2,877,966
7/1/28			1,213,909	1,213,909	
1/1/29			1,213,909	1,213,909	2,427,818
7/1/29	1,075,000	5.000	1,213,909	2,288,909	
1/1/30	1,100,000	5.000	1,187,034	2,287,034	4,575,943
7/1/30	1,130,000	5.000	1,159,534	2,289,534	
1/1/31	1,160,000	5.250	1,131,284	2,291,284	4,580,818
7/1/31	1,190,000	5.250	1,100,834	2,290,834	
1/1/32	1,220,000	5.250	1,069,597	2,289,597	4,580,431
7/1/32	1,240,000	5.250	1,037,572	2,277,572	
1/1/33	1,275,000	5.250	1,005,022	2,280,022	4,557,594
7/1/33	1,315,000	4.750	971,553	2,286,553	
1/1/34	1,350,000	4.875	940,322	2,290,322	4,576,875
7/1/34	1,380,000	4.875	907,416	2,287,416	
1/1/35	1,415,000	4.625	873,778	2,288,778	4,576,194
7/1/35	530,000	4.625	841,056	1,371,056	
1/1/36	540,000	4.625	828,800	1,368,800	2,739,856
7/1/36	2,485,000	4.625	816,313	3,301,313	
1/1/37	2,540,000	4.625	758,847	3,298,847	6,600,160
7/1/37	14,960,000	4.625	700,109	15,660,109	
1/1/38	15,315,000	4.625	354,159	15,669,159	31,329,268
Totals	<u>\$ 106,000,000</u>		<u>\$ 99,343,638</u>	<u>\$ 205,343,638</u>	

(1) There are two term bonds maturing on January 1, 2027. The first term bond consists of three sinking fund payments totaling \$4,190,000 and have an interest rate of 5.25% ("2027 Term Bonds"). The second term bond ("2027 Parallel Term Bonds") consists of three sinking fund payments totaling \$1,500,000 and have an interest rate of 4.75%. The weighted average interest rates per mandatory sinking fund payments of the 2027 Term Bonds and the 2027 Parallel Term Bonds are listed.

<u>Payment Date</u>	<u>2027 Term Bonds</u>		<u>2027 Parallel Term Bonds</u>		<u>Weighted Average Coupon</u>
	<u>Principal</u>	<u>Coupon</u>	<u>Principal</u>	<u>Coupon</u>	
1/1/26	\$ 1,320,000	5.25 %	\$ 500,000	4.75 %	5.113 %
7/1/26	1,410,000	5.25	500,000	4.75	5.119
1/1/27	1,460,000	5.25	500,000	4.75	5.122
Total	<u>\$ 4,190,000</u>		<u>\$ 1,500,000</u>		

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Statements of Income for the Twelve Months
Ended December 31, 2007, 2006 and 2005
Audited
(In Thousands)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>Operating Revenues</u>			
Water Sales	\$ 128,107	\$ 97,637	\$ 101,466
Other	25	1,000	-
Total Operating Revenues	<u>128,132</u>	<u>98,637</u>	<u>101,466</u>
<u>Operating Expenses</u>			
Contract Operations	49,974	44,413	43,533
Postretirement Benefits	17,269	4,710	5,113
Other Services and Charges	7,923	8,912	8,502
Administration	607	1,758	1,533
Payment in Lieu of Taxes	10,876	11,591	8,989
Depreciation and Amortization Expense	<u>19,520</u>	<u>18,716</u>	<u>18,823</u>
Total Operating Expenses	<u>106,169</u>	<u>90,100</u>	<u>86,493</u>
Net Operating Income	<u>21,963</u>	<u>8,537</u>	<u>14,973</u>
<u>Other Income</u>			
Interest Income	3,846	5,184	2,014
Gain on Sale of Fixed Assets	101	6,540	90
Other	-	-	-
Total Other Income	<u>3,947</u>	<u>11,724</u>	<u>2,104</u>
<u>Other Expenses</u>			
Interest Expense	34,609	28,698	33,494
Amortization of Bond Issuance Costs	479	491	869
Loss on Sale of Capital Assets	-	-	-
Total Other Expenses	<u>35,088</u>	<u>29,189</u>	<u>34,363</u>
Net Income	<u>\$ (9,178)</u>	<u>\$ (8,928)</u>	<u>\$ (17,286)</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Adjusted Statement of Income
(In Thousands)

	2007	Adjustments		Adjusted
		Amount	Ref.	
<u>Operating Revenues</u>				
Water Sales	\$ 128,107	\$ 8,943	(1)	\$ 137,050
Other	25			25
Total Operating Revenues	<u>128,132</u>	<u>8,943</u>		<u>137,075</u>
<u>Operating Expenses</u>				
Operating Expenses and Taxes				
Other than Income Taxes	86,649	(12,192)	(2)	74,582
		125	(3)	
Depreciation and Amortization	<u>19,520</u>			<u>19,520</u>
Total Operating Expenses	<u>106,169</u>	<u>(12,067)</u>		<u>94,102</u>
Net Operating Income	<u>\$ 21,963</u>	<u>\$ 21,010</u>		<u>\$ 42,973</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Detail of Adjustments
(In Thousands)

(1)

To adjust "Metered Sales" and "Sales for Resale" for the rate increase effective with the May and June billings.

	January to <u>April Revenue</u>	Rate <u>Increase</u>	<u>Adjustment</u>
Metered Sales to Residential Customers	\$ 18,551	26.71%	\$ 4,955
Metered Sales to Commercial Customers	7,591	33.31%	2,529
Metered Sales to Industrial Customers	1,283	35.99%	462
Metered Sales to Public Authorities	258	33.31%	86
Metered Sales to Multiple Family Dwellings	2,618	33.55%	878
Sales for Resale	89	36.91%	<u>33</u>
Adjustment - Increase			<u>\$ 8,943</u>

(2)

To adjust "Operating Expenses" for the one time postretirement expense adjustment due to the management agreement amendment.

Adjustment - Decrease	<u>\$ (12,192)</u>
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(3)

To adjust "Operating Expenses" for the additional Utility Receipts Tax due to the rate increase.

Water Sales Adjustment	\$ 8,943	
Times: Percentage Increase	<u>1.40%</u>	
Adjustment - Increase		<u>\$ 125</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS
Indianapolis, Indiana

Historical Debt Service Coverage Calculation
for the Twelve Months Ended December 31, 2006 and 2007 (Audited)
and the Adjusted Twelve Months Ended December 31, 2007 (Unaudited)
(In Thousands)

	<u>2006</u>	<u>2007</u>	Adjusted <u>2007</u>
Operating Revenues	\$ 98,637	\$ 128,132	\$ 137,075
Interest Income	5,184	3,846	3,846
Carmel Water Utility Purchase of Assets	1,340	2,460	2,460
Transfer from Rate Stabilization Fund	1,035	-	-
Total Revenues	<u>106,196</u>	<u>134,438</u>	<u>143,381</u>
Less: Operating Expenses (Net of Depreciation and Amortization Expense)	<u>71,384</u>	<u>86,649</u>	<u>74,582</u>
Net Revenues Available for Debt Service	34,812	47,789	68,799
Principal and Interest Payments	<u>31,075</u>	<u>32,123</u>	<u>32,123</u>
Coverage - \$	<u>\$ 3,737</u>	<u>\$ 15,666</u>	<u>\$ 36,676</u>
Coverage - %	<u>112.03%</u>	<u>148.77%</u>	<u>214.17%</u>

INDIANAPOLIS DEPARTMENT OF WATERWORKS

Indianapolis, Indiana

Schedule of Present Rates and Charges (1)

Volumetric Rate (Per 100 Cubic Feet)

First	1,500	Cubic Feet	\$ 1.820
Next	18,500	Cubic Feet	1.748
Next	80,000	Cubic Feet	1.613
Next	400,000	Cubic Feet	1.074
Over	500,000	Cubic Feet	0.819

Monthly Service ChargeBased on Meter Size

5/8	inch meter	\$ 8.21
3/4	inch meter	10.28
1	inch meter	11.47
1 1/2	inch meter	19.17
2	inch meter	30.42
3	inch meter	55.60
4	inch meter	79.29
6	inch meter	153.34
8	inch meter	242.20
10	inch meter	345.87

(1) Pursuant to Indiana Utility Regulatory Commission
Order in Cause No. 43057 approved April 4, 2007.