ORDINANCE NO. 10-19-2005

An Ordinance establishing interim and final schedules of rates and charges to be collected by the Lake Santee Regional Waste & Water District from the owners of property served by the water works of said District during construction and after completion of the improvements, and other matters connected therewith.

WHEREAS, the Board of Trustees of the Lake Santee Regional Waste and Water District (hereinafter the "District") entered into an agreement to purchase the assets of Santee Utilities, Inc. and has heretofore approved plans, specifications and estimates to improve the water works; and

WHEREAS, the District anticipates it will receive a grant from the United States Department of Agriculture Rural Development; and

WHEREAS, the total estimated construction costs are in the amount of $3,160,000; and

WHEREAS, the project costs will be paid in part by the grant mentioned above and the remainder shall be paid from the proceeds of revenue bonds, fees, rates and charges; and

WHEREAS, it is necessary to establish a schedule of rates and charges to produce sufficient revenue after consideration of the bond and grant revenues expected to pay expenses of construction, maintenance and operation of the water works, to pay the principal and interest on outstanding revenue bonds, and to provide funds for necessary replacements and improvements to the water works;

NOW, THEREFORE, BE IT ORDAINED by the Board of Trustees of the Lake Santee Regional Waste and Water District that:

Section 1. Unless the context specifically indicates otherwise, the meaning of the terms used in this Ordinance shall be as follows:

a. "Board" shall mean the Board of Trustees of the Lake Santee Regional Waste and Water District, or any duly authorized officials acting on its behalf.

b. "District" shall mean the Lake Santee Regional Waste and Water District acting by and through the Board of Trustees.

c. "Debt Service Costs" shall mean the average annual principal and interest payments on all outstanding revenue bonds or other long-term capital debt, relating to the water works.

d. "Operation and Maintenance Costs" shall include all costs (including replacement costs), direct and indirect, necessary to provide water service to the District's customers.

e. "User Rates" shall mean user charges for water consumed combined with the debt service charges.

f. "Availability Fees" shall mean a fee charged to those property owners who have no water meter. This fee is to guarantee water availability to the property.

g. "Other Service Charges" shall mean all charges other than User Rates and Availability Fees.

h. "Seasonal Rate" shall mean user rates to those properties without dwellings desiring water service from April 15 through September 15. Availability fees will be charged the other months.

i. "Person" shall mean any and all persons, natural or artificial, including any individual, firm, company, municipal or private corporation, association, society, institution, enterprise, governmental agency or other entity.

Section 2. Every person whose premises are served by said water works shall be charged for the services provided. These charges are established for each user, in order that the water works shall recover from each user, revenue which is proportional to its use of the water works in terms of volume and load. User charges are levied to defray the cost of operation and maintenance (including replacement) of the water works. Replacement costs, which are recovered through the system of user charges, shall be based upon the expected service life of the water works equipment.

Section 3. For the use and the service rendered by said water works, rates and charges shall be collected from the owners of each and every log parcel of real estate or building that is connected to the water works. The rates and charges to be collected by the District and paid by the customer shall include user charges, other service charges, and availability rates.

Section 4. Such rates and charges shall be prepared, billed and collected by the District in the manner provided by law and any other applicable ordinances.

(a) The rates and charges may be billed to the tenant or tenants occupying the properties served, unless otherwise requested in writing by the owner, but such billing shall in no way relieve the owner from the liability in the event payment is not made as herein required. The owners of properties served, which are occupied by a tenant or tenants, shall have the right to examine the collection records of the District for the purpose of determining whether bills have been paid by such tenant or tenants, provided that such examination be made at the office at which said records are kept and during the hours that such office is open for business.

(b) As is provided by statute, all rates and charges not paid when due are hereby declared to be delinquent and a penalty of ten percent (10%) of the amount of the rates or charges shall thereupon attach thereto. The bill shall be due upon the first day of the month billed and considered delinquent after the 20th day of the same month.

Section 5. The District shall make and enforce such bylaws and regulations as may be deemed necessary for the safe, economical and efficient management of the District's water system.

Section 6. The invalidity of any section, clause, sentence or provision of this ordinance shall not affect the validity of any other part of this ordinance which can be given effect without such invalid part or parts.

Section 7. The interim rates and charges as herein set forth and on the attached Exhibit "A" shall become effective upon the closing of the sale of assets of Santee Utilities, Inc. to the District. The full rates and charges as herein set forth and on the attached Exhibit "B" shall become effective upon completion of the water treatment plant.

Section 8. This ordinance shall be in full force and effect from and after its passage.

PASSED AND ADOPTED by the Board of Trustees of the Lake Santee Regional Waste and Water District on the 28 day of NOVEMBER, 2005.

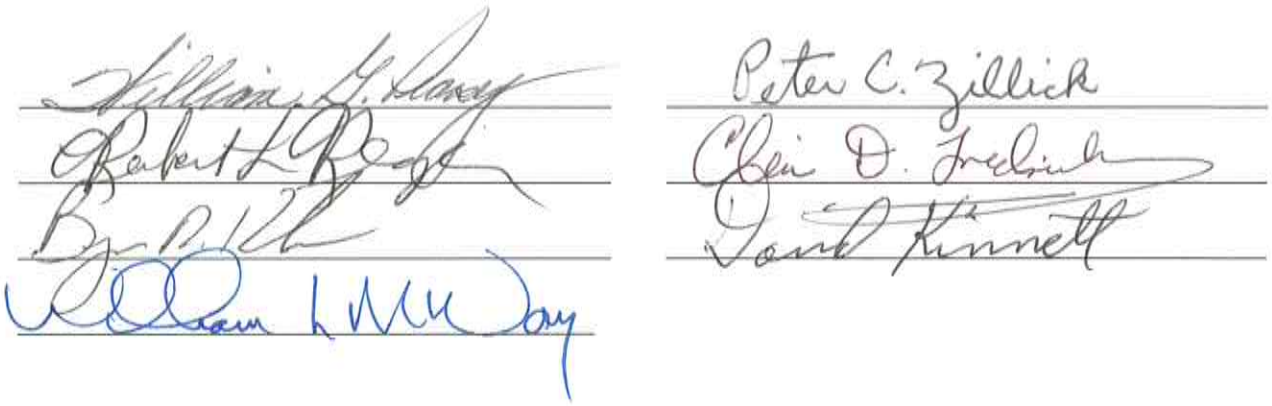


EXHIBIT A

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT

SCHEDULE OF WATER RATES AND CHARGES
INTERIM RATES

		INTERIM RATES
MONTHLY BASE CHARGE:	$	30.00
MONTHLY FLOW CHARGE (PER 1,000 GALLONS):	$	2.34
MONTHLY AVAILABILITY FEE: BILLED SEMI-ANNUALLY @$24 ON APRIL 1ST AND OCTOBER 1ST OF EACH YEAR	$	4.00

NON-RECURRING CHARGES

CONNECTION CHARGE (WITHOUT BORE):		
5/8 TO 3/4 INCH CONNECTION	$	1,100.00
ALL OTHER CONNECTIONS — COST, BUT NOT LESS THAN		1,100.00
CONNECTION CHARGE (WITH BORE):		
5/8 TO 3/4 INCH CONNECTION	$	1,500.00
ALL OTHER CONNECTIONS — COST, BUT NOT LESS THAN		1,500.00
PENALTIES: — 10% OF THE AMOUNT OF THE CHARGE		
VALVING FEES:		
CUSTOMER REQUESTED TURN ON/OFF		
DURING NORMAL WORKING HOURS	$	10.00
AFTER NORMAL WORKING HOURS	$	20.00
EMERGENCY TURN OFF (DUE TO LEAKAGE WHEN OWNER IS ABSENT)	$	20.00
DELINQUENT ACCOUNT RECONNECT FEE	$	30.00
TERMINATION AND RECONNECTION OF TERMINATED SERVICE: (APPLIES TO TERMINATING SERVICE UPON CUSTOMERS REQUEST OR RECONNECTING SERVICE THAT HAS BEEN TERMINATED, BY REMOVING OR RE-INSTALLING THE WATER METER)	$	45.00
RETURNED CHECK CHARGE:	$	25.00
METER TESTING CHARGE: (INITIAL TEST WILL BE PROVIDED FREE OF CHARGE IN ACCORDANCE WITH 170 IAC 6-11-11, AND A SECOND TEST OF THE CUSTOMER'S METER MAY BE MADE AFTER TWELVE MONTHS. THE CUSTOMER MAY BE REQUESTED TO BEAR THE FULL COST OF ANY SUBSEQUENT METER TESTS IF REQUESTED LESS THAN THIRTY SIX MONTHS AFTER THE PRECEEDING TEST, IF THE METER IS FOUND TO BE IN COMPLIANCE WITH RULE 9 (170 IAM 6-1-9).	$	45.00
COLLECTION FEE: (IF A CUSTOMER, WHO IS BEING DISCONNECTED DUE TO FAILURE TO PAY THE WATER BILL, PAYS THE ARREARAGE AT THE CUSTOMER'S RESIDENCE TO THE WATER WORKS SERVICE PERSONNEL, WHO HAVE BEEN DISPATCHED TO DISCONNECT THE CUSTOMERS'S SERVICE, THERE WILL BE A CHARGE ASSESSED TO THE CUSTOMER TO COVER THE COST OF THE SERVICE PERSONNEL'S TRIP TO THE CUSTOMER'S PREMISES.	$	15.00
TEMPORARY AND BULK WATER SALES — $30.00 PER MAN HOUR FOR SERVICES PROVIDED PLUS THE USAGE FEES FOR THE WATER USED		

EXHIBIT B

LAKE SANTEE REGIONAL WASTE AND WATER DISTRICT

SCHEDULE OF WATER RATES AND CHARGES
FINAL RATES

		FINAL RATES
MONTHLY BASE CHARGE:		$ 40.00
MONTHLY FLOW CHARGE (PER 1,000 GALLONS):		$ 2.62
MONTHLY AVAILABILITY FEE: BILLED SEMI-ANNUALLY @$24 ON APRIL 1ST AND OCTOBER 1ST OF EACH YEAR		$ 4.00
NON-RECURRING CHARGES		
CONNECTION CHARGE (WITHOUT BORE):		
5/8 TO 3/4 INCH CONNECTION		$ 1,100.00
ALL OTHER CONNECTIONS	COST, BUT NOT LESS THAN	1,100.00
CONNECTION CHARGE (WITH BORE):		
5/8 TO 3/4 INCH CONNECTION		$ 1,500.00
ALL OTHER CONNECTIONS	COST, BUT NOT LESS THAN	1,500.00
PENALTIES:	10% OF THE AMOUNT OF THE CHARGE	
VALVING FEES:		
CUSTOMER REQUESTED TURN ON/OFF		
DURING NORMAL WORKING HOURS		$ 10.00
AFTER NORMAL WORKING HOURS		$ 20.00
EMERGENCY TURN OFF (DUE TO LEAKAGE WHEN OWNER IS ABSENT)		$ 20.00
DELINQUENT ACCOUNT RECONNECT FEE		$ 30.00
TERMINATION AND RECONNECTION OF TERMINATED SERVICE: (APPLIES TO TERMINATING SERVICE UPON CUSTOMERS REQUEST OR RECONNECTING SERVICE THAT HAS BEEN TERMINATED, BY REMOVING OR RE-INSTALLING THE WATER METER)		$ 45.00
RETURNED CHECK CHARGE:		$ 25.00
METER TESTING CHARGE: (INITIAL TEST WILL BE PROVIDED FREE OF CHARGE IN ACCORDANCE WITH 170 IAC 6-11-11, AND A SECOND TEST OF THE CUSTOMER'S METER MAY BE MADE AFTER TWELVE MONTHS. THE CUSTOMER MAY BE REQUESTED TO BEAR THE FULL COST OF ANY SUBSEQUENT METER TESTS IF REQUESTED LESS THAN THIRTY SIX MONTHS AFTER THE PRECEEDING TEST, IF THE METER IS FOUND TO BE IN COMPLIANCE WITH RULE 9 (170 IAM 6-1-9).		$ 45.00
COLLECTION FEE: (IF A CUSTOMER, WHO IS BEING DISCONNECTED DUE TO FAILURE TO PAY THE WATER BILL, PAYS THE ARREARAGE AT THE CUSTOMER'S RESIDENCE TO THE WATER WORKS SERVICE PERSONNEL, WHO HAVE BEEN DISPATCHED TO DISCONNECT THE CUSTOMERS'S SERVICE, THERE WILL BE A CHARGE ASSESSED TO THE CUSTOMER TO COVER THE COST OF THE SERVICE PERSONNEL'S TRIP TO THE CUSTOMER'S PREMISES.		$ 15.00
TEMPORARY AND BULK WATER SALES	$30.00 PER MAN HOUR FOR SERVICES PROVIDED PLUS THE USAGE FEES FOR THE WATER USED	

FINAL
11-28-05

O.W. Krohn & Associates, LLP
CPA's and Consultants

Otto W. Krohn, CPA, CMC
James W. Treat, CPA

231 E. Main Street, Westfield, Indiana 46074

American Institute of CPA's
Indiana CPA Society

November 28, 2005

Board of Directors
Lake Santee RWD
13 S. Wrenn Parkway
Greensburg, IN. 47240

The attached schedules represent unaudited and limited financial information for purposes of consideration of the impact of water utility financing transactions by appropriate corporate directors. The pro forma information is based upon information and assumptions provided by the Management and its consulting engineers Actual results are likely to vary from pro forma amounts and the differences may be material. The use of this schedule should be restricted to this purpose as the information is subject to future revisions.

Page	
1	Summary of Project Costs and Funding
2	Schedule of Amortization of $2,505,000 Proposed Waterworks Revenue Bonds of 2005 – Series A
3	Schedule of $235,000 Proposed Waterworks Revenue Bonds of 2005 - Series B
4	Schedule of Combined Debt Service of Outstanding and Proposed Waterworks Revenue Bonds
5	Schedule of Pro Forma Cash Operating Expenses
6	Pro Forma Bond Coverage
7	Schedule of Pro Forma Revenue Requirements

We would appreciate your questions and comments on this information and will provide any additional information that we have available upon request.

O. W. Krohn & Associates, LLP

LAKE SANTEE REGIONAL WATER DISTRICT

SUMMARY OF PROJECT COSTS AND FUNDING

(PER CONSULTING ENGINEERS)

	BEFORE BIDS	AFTER BIDS
CONSTRUCTION COSTS:		
NEW WATER TREATMENT PLANT AND WATER TANK REHABILITATION	$ 2,150,000	$ 2,265,425
AUTOMATIC METER READING (AMR) SYSTEM	125,000	125,000
CONTINGENCY	68,000	64,575
TOTAL CONSTRUCTION COSTS	2,343,000	2,455,000
NON-CONSTRUCTION COSTS:		
ENGINEERING	265,150	295,208
GEOTECHNICAL	-	-
PURCHASE OF EXISTING WATER UTILITY	500,000	500,000
EASEMENTS		3,950
BOND DISCOUNT - OPEN MARKET	-	3,000
LEGAL, FINANCIAL AND ADMINISTRATIVE	51,850	82,842
TOTAL NON-CONSTRUCTION COSTS	817,000	885,000
TOTAL PROJECT COSTS	$ 3,160,000	$ 3,340,000
PROJECT FUNDING:		
USDA RURAL DEVELOPMENT LOAN (38 YRS., 4.125%)	$ 2,560,000	$ 2,505,000
USDA RURAL DEVELOPMENT GRANT	600,000	600,000
OPEN MARKET ISSUE	-	235,000
TOTAL PROJECT FUNDING	$ 3,160,000	$ 3,340,000

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP

LAKE SANTEE REGIONAL WATER DISTRICT

SCHEDULE OF AMORTIZATION OF
$2,505,000 PROPOSED WATERWORKS REVENUE BONDS OF 2005 - SERIES A
ASSUMED DATING - DECEMBER 15, 2005
(INTEREST ACCRUES FROM DECEMBER 15, 2005)

PAYMENT DATE	PRINCIPAL BALANCE	INTEREST RATE	PRINCIPAL	INTEREST	PERIOD TOTAL	BOND YEAR TOTAL
07/01/2006 *	$ 2,505,000	4.125%		$ 28,129.06 *	$ 28,129.06	
01/01/2007	2,505,000	4.125%		51,665.70	51,665.70	$ 79,794.76
07/01/2007	2,505,000	4.125%		51,665.70	51,665.70	
01/01/2008	2,505,000	4.125%	$ 28,000	51,665.70	79,665.70	131,331.40
07/01/2008	2,477,000	4.125%		51,088.20	51,088.20	
01/01/2009	2,477,000	4.125%	30,000	51,088.20	81,088.20	132,176.40
07/01/2009	2,447,000	4.125%		50,469.45	50,469.45	
01/01/2010	2,447,000	4.125%	31,000	50,469.45	81,469.45	131,938.90
07/01/2010	2,416,000	4.125%		49,830.07	49,830.07	
01/01/2011	2,416,000	4.125%	32,000	49,830.07	81,830.07	131,660.14
07/01/2011	2,384,000	4.125%		49,170.07	49,170.07	
01/01/2012	2,384,000	4.125%	33,000	49,170.07	82,170.07	131,340.14
07/01/2012	2,351,000	4.125%		48,489.44	48,489.44	
01/01/2013	2,351,000	4.125%	35,000	48,489.44	83,489.44	131,978.88
07/01/2013	2,316,000	4.125%		47,767.56	47,767.56	
01/01/2014	2,316,000	4.125%	36,000	47,767.56	83,767.56	131,535.12
07/01/2014	2,280,000	4.125%		47,025.06	47,025.06	
01/01/2015	2,280,000	4.125%	38,000	47,025.06	85,025.06	132,050.12
07/01/2015	2,242,000	4.125%		46,241.31	46,241.31	
01/01/2016	2,242,000	4.125%	39,000	46,241.31	85,241.31	131,482.62
07/01/2016	2,203,000	4.125%		45,436.93	45,436.93	
01/01/2017	2,203,000	4.125%	41,000	45,436.93	86,436.93	131,873.86
07/01/2017	2,162,000	4.125%		44,591.30	44,591.30	
01/01/2018	2,162,000	4.125%	42,000	44,591.30	86,591.30	131,182.60
07/01/2018	2,120,000	4.125%		43,725.05	43,725.05	
01/01/2019	2,120,000	4.125%	44,000	43,725.05	87,725.05	131,450.10
07/01/2019	2,076,000	4.125%		42,817.55	42,817.55	
01/01/2020	2,076,000	4.125%	46,000	42,817.55	88,817.55	131,635.10
07/01/2020	2,030,000	4.125%		41,868.80	41,868.80	
01/01/2021	2,030,000	4.125%	48,000	41,868.80	89,868.80	131,737.60
07/01/2021	1,982,000	4.125%		40,878.80	40,878.80	
01/01/2022	1,982,000	4.125%	50,000	40,878.80	90,878.80	131,757.60
07/01/2022	1,932,000	4.125%		39,847.55	39,847.55	
01/01/2023	1,932,000	4.125%	52,000	39,847.55	91,847.55	131,695.10
07/01/2023	1,880,000	4.125%		38,775.05	38,775.05	
01/01/2024	1,880,000	4.125%	54,000	38,775.05	92,775.05	131,550.10
07/01/2024	1,826,000	4.125%		37,661.30	37,661.30	
01/01/2025	1,826,000	4.125%	56,000	37,661.30	93,661.30	131,322.60
07/01/2025	1,770,000	4.125%		36,506.30	36,506.30	
01/01/2026	1,770,000	4.125%	59,000	36,506.30	95,506.30	132,012.60

* ASSUMES 50% OF LOAN IS DRAWN DOWN BETWEEN CLOSING DATE AND JULY 1, 2006.

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONAL WATER DISTRICT

SCHEDULE OF AMORTIZATION OF
$2,505,000 PROPOSED WATERWORKS REVENUE BONDS OF 2005 - SERIES A
ASSUMED DATING - NOVEMBER 1, 2005
(INTEREST ACCRUES FROM NOVEMBER 1, 2005)

PAYMENT DATE	PRINCIPAL BALANCE	INTEREST RATE	PRINCIPAL	INTEREST	PERIOD TOTAL	BOND YEAR TOTAL
07/01/2026	$ 1,711,000	4.125%		$ 35,289.42	$ 35,289.42	
01/01/2027	1,711,000	4.125%	61,000	35,289.42	96,289.42	$ 131,578.84
07/01/2027	1,650,000	4.125%		34,031.29	34,031.29	
01/01/2028	1,650,000	4.125%	64,000	34,031.29	98,031.29	132,062.58
07/01/2028	1,586,000	4.125%		32,711.29	32,711.29	
01/01/2029	1,586,000	4.125%	66,000	32,711.29	98,711.29	131,422.58
07/01/2029	1,520,000	4.125%		31,350.04	31,350.04	
01/01/2030	1,520,000	4.125%	69,000	31,350.04	100,350.04	131,700.08
07/01/2030	1,451,000	4.125%		29,926.91	29,926.91	
01/01/2031	1,451,000	4.125%	72,000	29,926.91	101,926.91	131,853.82
07/01/2031	1,379,000	4.125%		28,441.91	28,441.91	
01/01/2032	1,379,000	4.125%	75,000	28,441.91	103,441.91	131,883.82
07/01/2032	1,304,000	4.125%		26,895.03	26,895.03	
01/01/2033	1,304,000	4.125%	78,000	26,895.03	104,895.03	131,790.06
07/01/2033	1,226,000	4.125%		25,286.28	25,286.28	
01/01/2034	1,226,000	4.125%	81,000	25,286.28	106,286.28	131,572.56
07/01/2034	1,145,000	4.125%		23,615.65	23,615.65	
01/01/2035	1,145,000	4.125%	84,000	23,615.65	107,615.65	131,231.30
07/01/2035	1,061,000	4.125%		21,883.15	21,883.15	
01/01/2036	1,061,000	4.125%	88,000	21,883.15	109,883.15	131,766.30
07/01/2036	973,000	4.125%		20,068.15	20,068.15	
01/01/2037	973,000	4.125%	92,000	20,068.15	112,068.15	132,136.30
07/01/2037	881,000	4.125%		18,170.65	18,170.65	
01/01/2038	881,000	4.125%	95,000	18,170.65	113,170.65	131,341.30
07/01/2038	786,000	4.125%		16,211.27	16,211.27	
01/01/2039	786,000	4.125%	99,000	16,211.27	115,211.27	131,422.54
07/01/2039	687,000	4.125%		14,169.39	14,169.39	
01/01/2040	687,000	4.125%	103,000	14,169.39	117,169.39	131,338.78
07/01/2040	584,000	4.125%		12,045.01	12,045.01	
01/01/2041	584,000	4.125%	108,000	12,045.01	120,045.01	132,090.02
07/01/2041	476,000	4.125%		9,817.51	9,817.51	
01/01/2042	476,000	4.125%	112,000	9,817.51	121,817.51	131,635.02
07/01/2042	364,000	4.125%		7,507.51	7,507.51	
01/01/2043	364,000	4.125%	117,000	7,507.51	124,507.51	132,015.02
07/01/2043	247,000	4.125%		5,094.38	5,094.38	
01/01/2044	247,000	4.125%	121,000	5,094.38	126,094.38	131,188.76
07/01/2044	126,000	4.125%		2,598.75	2,598.75	
01/01/2045	126,000	4.125%	126,000	2,598.75	128,598.75	131,197.50
	TOTALS		$ 2,505,000	$ 2,577,732.92	$ 5,082,732.92	$ 5,082,732.92

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONAL WATER DISTRICT

SCHEDULE OF AMORTIZATION OF
$235,000 PROPOSED WATERWORKS REVENUE BONDS OF 2005 - SERIES B
ASSUMED DATING - DECEMBER 15, 2005
(INTEREST ACCRUES FROM DECEMBER 15, 2005)

PAYMENT DATE	PRINCIPAL BALANCE	INTEREST RATE	PRINCIPAL	INTEREST	PERIOD TOTAL	BOND YEAR TOTAL
07/01/2006 *	$ 235,000	5.500%		$ 7,036.94	$ 7,036.94	
01/01/2007	235,000	5.500%	$ -	5,775.00	5,775.00	$ 12,811.94
07/01/2007	235,000	5.500%		5,775.00	5,775.00	
01/01/2008	235,000	5.500%	5,000	5,775.00	10,775.00	16,550.00
07/01/2008	230,000	5.500%		5,637.50	5,637.50	
01/01/2009	230,000	5.500%	10,000	5,637.50	15,637.50	21,275.00
07/01/2009	220,000	5.500%		5,362.50	5,362.50	
01/01/2010	220,000	5.500%	15,000	5,362.50	20,362.50	25,725.00
07/01/2010	205,000	5.500%		4,950.00	4,950.00	
01/01/2011	205,000	5.500%	15,000	4,950.00	19,950.00	24,900.00
07/01/2011	190,000	5.500%		4,537.50	4,537.50	
01/01/2012	190,000	5.500%	15,000	4,537.50	19,537.50	24,075.00
07/01/2012	175,000	5.500%		4,125.00	4,125.00	
01/01/2013	175,000	5.500%	15,000	4,125.00	19,125.00	23,250.00
07/01/2013	160,000	5.500%		3,712.50	3,712.50	
01/01/2014	160,000	5.500%	15,000	3,712.50	18,712.50	22,425.00
07/01/2014	145,000	5.500%		3,300.00	3,300.00	
01/01/2015	145,000	5.500%	20,000	3,300.00	23,300.00	26,600.00
07/01/2015	125,000	5.500%		2,750.00	2,750.00	
01/01/2016	125,000	5.500%	20,000	2,750.00	22,750.00	25,500.00
07/01/2016	105,000	5.500%		2,200.00	2,200.00	
01/01/2017	105,000	5.500%	20,000	2,200.00	22,200.00	24,400.00
07/01/2017	85,000	5.500%		1,650.00	1,650.00	
01/01/2018	85,000	5.500%	20,000	1,650.00	21,650.00	23,300.00
07/01/2018	65,000	5.500%		1,100.00	1,100.00	
01/01/2019	65,000	5.500%	20,000	1,100.00	21,100.00	22,200.00
07/01/2019	45,000	5.500%		550.00	550.00	
01/01/2020	45,000	5.500%	20,000	550.00	20,550.00	21,100.00
07/01/2020	25,000	5.500%		687.50	687.50	
01/01/2021	25,000	5.500%	25,000	687.50	25,687.50	26,375.00
TOTALS			$ 235,000	$ 105,486.94	$ 340,486.94	$ 340,486.94

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONAL WATER DISTRICT

SCHEDULE OF COMBINED DEBT SERVICE OF OUTSTANDING AND PROPOSED WATERWORKS REVENUE BONDS

DATE	PROPOSED 2005 BONDS SERIES A	PROPOSED 2005 BONDS SERIES B	COMBINED PERIOD TOTAL	COMBINED BOND YEAR TOTAL
07/01/06	$ 28,129.06	$ 7,036.94	$ 35,166.00	
01/01/07	51,665.70	5,775.00	57,440.70	$ 92,606.70
07/01/07	51,665.70	5,775.00	57,440.70	
01/01/08	79,665.70	10,775.00	90,440.70	147,881.40
07/01/08	51,088.20	5,637.50	56,725.70	
01/01/09	81,088.20	15,637.50	96,725.70	153,451.40
07/01/09	50,469.45	5,362.50	55,831.95	
01/01/10	81,469.45	20,362.50	101,831.95	157,663.90
07/01/10	49,830.07	4,950.00	54,780.07	
01/01/11	81,830.07	19,950.00	101,780.07	156,560.14
07/01/11	49,170.07	4,537.50	53,707.57	
01/01/12	82,170.07	19,537.50	101,707.57	155,415.14
07/01/12	48,489.44	4,125.00	52,614.44	
01/01/13	83,489.44	19,125.00	102,614.44	155,228.88
07/01/13	47,767.56	3,712.50	51,480.06	
01/01/14	83,767.56	18,712.50	102,480.06	153,960.12
07/01/14	47,025.06	3,300.00	50,325.06	
01/01/15	85,025.06	23,300.00	108,325.06	158,650.12
07/01/15	46,241.31	2,750.00	48,991.31	
01/01/16	85,241.31	22,750.00	107,991.31	156,982.62
07/01/16	45,436.93	2,200.00	47,636.93	
01/01/17	86,436.93	22,200.00	108,636.93	156,273.86
07/01/17	44,591.30	1,650.00	46,241.30	
01/01/18	86,591.30	21,650.00	108,241.30	154,482.60
07/01/18	43,725.05	1,100.00	44,825.05	
01/01/19	87,725.05	21,100.00	108,825.05	153,650.10
07/01/19	42,817.55	550.00	43,367.55	
01/01/20	88,817.55	20,550.00	109,367.55	152,735.10
07/01/20	41,868.80	687.50	42,556.30	
01/01/21	89,868.80	25,687.50	115,556.30	158,112.60
07/01/21	40,878.80	-	40,878.80	
01/01/22	90,878.80	-	90,878.80	131,757.60
07/01/22	39,847.55	-	39,847.55	
01/01/23	91,847.55	-	91,847.55	131,695.10
07/01/23	38,775.05	-	38,775.05	
01/01/24	92,775.05	-	92,775.05	131,550.10
07/01/24	37,661.30	-	37,661.30	
01/01/25	93,661.30	-	93,661.30	131,322.60
07/01/25	36,506.30	-	36,506.30	
01/01/26	95,506.30	-	95,506.30	132,012.60

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005 OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONAL WATER DISTIRCT

SCHEDULE OF COMBINED DEBT SERVICE OF OUTSTANDING AND PROPOSED WATERWORKS REVENUE BONDS

DATE	PROPOSED 2005 BONDS SERIES A	PROPOSED 2005 BONDS SERIES B	COMBINED PERIOD TOTAL	COMBINED BOND YEAR TOTAL
07/01/26	$ 35,289.42	$ -	$ 35,289.42	
01/01/27	96,289.42	-	96,289.42	$ 131,578.84
07/01/27	34,031.29	-	34,031.29	
01/01/28	98,031.29	-	98,031.29	132,062.58
07/01/28	32,711.29	-	32,711.29	
01/01/29	98,711.29	-	98,711.29	131,422.58
07/01/29	31,350.04	-	31,350.04	
01/01/30	100,350.04	-	100,350.04	131,700.08
07/01/30	29,926.91	-	29,926.91	
01/01/31	101,926.91	-	101,926.91	131,853.82
07/01/31	28,441.91	-	28,441.91	
01/01/32	103,441.91	-	103,441.91	131,883.82
07/01/32	26,895.03	-	26,895.03	
01/01/33	104,895.03	-	104,895.03	131,790.06
07/01/33	25,286.28	-	25,286.28	
01/01/34	106,286.28	-	106,286.28	131,572.56
07/01/34	23,615.65	-	23,615.65	
01/01/35	107,615.65	-	107,615.65	131,231.30
07/01/35	21,883.15	-	21,883.15	
01/01/36	109,883.15	-	109,883.15	131,766.30
07/01/36	20,068.15	-	20,068.15	
01/01/37	112,068.15	-	112,068.15	132,136.30
07/01/37	18,170.65	-	18,170.65	
01/01/38	113,170.65	-	113,170.65	131,341.30
07/01/38	16,211.27	-	16,211.27	
01/01/39	115,211.27	-	115,211.27	131,422.54
07/01/39	14,169.39	-	14,169.39	
01/01/40	117,169.39	-	117,169.39	131,338.78
07/01/40	12,045.01	-	12,045.01	
01/01/41	120,045.01	-	120,045.01	132,090.02
07/01/41	9,817.51	-	9,817.51	
01/01/42	121,817.51	-	121,817.51	131,635.02
07/01/42	7,507.51	-	7,507.51	
01/01/43	124,507.51	-	124,507.51	132,015.02
07/01/43	5,094.38	-	5,094.38	
01/01/44	126,094.38	-	126,094.38	131,188.76
07/01/44	2,598.75	-	2,598.75	
01/01/45	128,598.75	-	128,598.75	131,197.50
	$ 5,082,732.92	$ 340,486.94	$ 5,423,219.86	$ 5,423,219.86

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005 OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONAL WATER DISTRICT

SCHEDULE OF PRO FORMA CASH OPERATING EXPENSES
BASED UPON THE TWELVE MONTHS ENDED DECEMBER 31, 2004

	12/31/02	12/31/03	12/31/04	ADJUST-MENTS		PRO FORMA AMOUNT
OPERATING EXPENSES:						
PLANT:						
PURCHASED POWER	$ 4,628	$ 4,902	$ 5,400	$ (100)	(1)	$ 5,300
CHEMICALS	16,383	17,850	10,980	3,520	(1)	14,500
WASTEWATER DISPOSAL	0	0	0	8,700	(1)	8,700
TESTING	2,884	5,551	5,421	79	(1)	5,500
MATERIALS AND SUPPLIES	5,557	3,500	6,081	1,919	(1)	8,000
CONTRACTUAL SERVICES (MANAGEMENT)	53,635	55,794	59,683	10,001	(2)	69,684
EQUIPMENT RENTAL	3,500	3,500	3,500			3,500
TRANSPORTATION	740	700	730			730
GENERAL AND ADMINISTRATIVE:						
OFFICE EXPENSE	1,519	1,473	1,595	98	(3)	1,693
PROFESSIONAL FEES	17,399	4,388	5,115	9,685	(4) (5)	14,800
INSURANCE	2,584	2,896	3,070	6,930	(6)	10,000
BAD DEBT	3,985	4,589	4,874	(2,874)	(7)	2,000
TAXES	3,657	1,965	2,171	(2,171)	(8)	0
MISCELLANEOUS	3,864	1,328	1,784	109	(3)	1,893
TOTAL CASH OPERATING EXPENSES	$120,335	$108,436	$110,404	$35,896		$ 146,300

(1) REPRESENTS ENGINEERS ESTIMATED COSTS UPON PROJECT COMPLETION. WASTEWATER DISPOSAL ACCOUNTS FOR THE COST TO PROCESS THE WATER USED IN THE BACK FLUSH OF THE FILTERS AT THE WATER PLANT.

(2) PROVIDES FOR 3% INFLATIONARY INCREASE FOR 2005, 2006 AND 2007 PER MANAGEMENT.

(3) PROVIDES FOR 2% INFLATIONARY INCREASE FOR 2005, 2006 AND 2007.

(4) REPRESENTS AVERAGE EXPENSE OVER LAST THREE YEARS.

(5) TO ALLOW FOR PERIODIC RATE CASES AND STATE BOARD OF ACCOUNTS AUDIT AMORTIZED OVER THREE YEARS.

(6) REPRESENTS ESTIMATED COST UPON PROJECT COMPLETION.

(7) TO ELIMINATE BAD DEBT RELATED TO AVAILABILITY FEES:

(8) TO ELIMINATE PERSONAL PROPERTY TAX EXPENSE.

LAKE SANTEE REGIONAL WATER DISTRICT

PRO FORMA BOND COVERAGE
BASED ON THE TWELVE MONTHS ENDED DECEMBER 31, 2004

	$3,160,000 PROPOSED FINAL	**$3,337,000** PROPOSED FINAL
TEST YEAR NORMALIZED OPERATING RECEIPTS	$ 124,614	$ 124,614
ADJUSTMENT FOR PROPOSED RATE INCREASE	177,014	184,467
PRO FORMA CASH OPERATING RECEIPTS	301,628	309,081
TEST YEAR VACANT LOT CHARGES	13,480	13,480
PRO FORMA REVENUES FOR BOND COVERAGE	315,108	322,561
PRO FORMA CASH OPERATING EXPENDITURES	146,300	146,300
RO FORMA NET OPERATING REVENUES	$ 168,808	$ 176,261
COMBINED ANNUAL DEBT SERVICE	$ 135,124	$ 155,000
COMPUTED BOND COVERAGE	124.93%	113.72%

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP.

LAKE SANTEE REGIONA[illegible]ATER DISTRICT

SCHEDULE OF PRO FORMA REVENUE REQUIREMENTS
BASED UPON THE TWELVE MONTHS ENDED DECEMBER 31, 2004

	BEFORE CONSTRUCTION BIDS PROJECT $3,160,000		AFTER CONSTRUCTION BIDS PROJECT $3,337,000	
	PHASE I	PHASE II	PHASE I	PHASE II
BASE CHARGE	$ 30.00	$ 40.00	$ 30.00	$ 40.00
TREATMENT CHARGE	$ 2.34	$ 2.62	$ 2.34	$ 2.62
REVENUE REQUIREMENTS				
PRO FORMA CASH OPERATING EXPENSES	$ 125,000	$ 146,300	$ 125,000	$ 146,300
WORKING CAPITAL	6,500	6,500	2,500	2,500
CAPITAL IMPROVEMENTS AND REPLACEMENTS	13,775	13,775	2,500	2,500
PROPOSED DEBT SERVICE - MAXIMUM	88,000	135,124	92,607	158,650
DEBT SERVICE RESERVE (RURAL DEVELOPMENT - 10%)	13,500	13,500	13,218	13,218
DEBT SERVICE RESERVE (OPEN MARKET - 20%)	-	-	5,320	5,320
TOTAL REVENUE REQUIREMENTS	246,775	315,199	241,145	328,488
DEDUCT REVENUES FROM CONNECTION / AVAILABILITY FEES	(14,340)	(14,340)	(14,340)	(14,340)
NET REVENUE REQUIREMENTS	232,435	300,859	226,805	314,148
NORMALIZED OPERATING REVENUE				
TOTAL TEST YEAR OPERATING RECEIPTS	138,954	138,954	138,954	138,954
ADJUST TO ELIMINATE CONNECTION & AVAILABILITY FEES	(14,340)	(14,340)	(14,340)	(14,340)
TEST YEAR NORMALIZED OPERATING RECEIPTS	124,614	124,614	124,614	124,614
ADDITIONAL REVENUE REQUIRED	$ 107,821	$ 176,245	$ 102,191	$ 189,534
PERCENT REVENUE DEFICIT	86.52%	141.43%	82.01%	152.10%

MONTHLY RESIDENTIAL CHARGES:	PRESENT	PROPOSED INTERIM	PROPOSED FINAL
MINIMUM CHARGE	$ 16.38	$ 30.00	$ 40.00
2,500 GALLONS PER MONTH	$ 16.38	$ 35.85	$ 46.55
3,300 GALLONS PER MONTH	$ 18.09	$ 37.72	$ 48.65
4,000 GALLONS PER MONTH	$ 19.59	$ 39.36	$ 50.48

SUBJECT TO THE COMMENTS IN THE ATTACHED LETTER DATED NOVEMBER 28, 2005
OF O.W. KROHN ASSOCIATES, LLP.