

**CONTINUING DISCLOSURE UNDERTAKING  
FOR THE  
FISCAL YEAR ENDED DECEMBER 31, 2015  
FOR THE**

**\$5,885,000**

**CITY OF MT. PLEASANT  
County Of Isabella, State of Michigan  
Water Supply System Revenue  
Refunding Bonds, Series 1998**

**\$3,545,000**

**CITY OF MT. PLEASANT  
County Of Isabella, State Of Michigan  
Wastewater System Refunding Bonds, Series 2010**

**\$3,530,000**

**CITY OF MT. PLEASANT BUILDING AUTHORITY  
County Of Isabella, State Of Michigan  
Public Safety Bonds, Series 2001**

**\$3,685,000**

**CITY OF MT. PLEASANT  
County of Isabella, State of Michigan  
Capital Improvement Bonds 2007**

**\$5,195,000**

**CITY OF MT. PLEASANT  
County of Isabella, State of Michigan  
Water Supply System Revenue  
Refunding Bonds, Series 2007**

**Prepared by:**

**CITY OF MT. PLEASANT**

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**May, 2016**

## A. City Taxation and Limitations

### 1. Property Tax

The City's annual ad valorem tax levy is limited by both statute and City Charter. Home Rule cities are allowed by the Home Rule Act to authorize, by their charters, not to exceed 20 mills (1 mill is equal to \$1.00 per \$1,000 of value) as an annual ad valorem tax levy for operating purposes. The City, by its charter, is limited to levying annually a maximum of 20 mills for municipal purposes exclusive of any levy required for the payment of principal and interest on outstanding bonds of the City and exclusive of any levy authorized by statute to be made beyond the charter tax limitations. The City will levy 11.705 mills for operating purposes, 2.00 mills for capital improvements, .50 for limited tax obligation bonds, and 1.76 mills for police and fire pension and .285 for recycling in 2016. In addition, the electorate may authorize the issuance of general obligation bonds, which pledge the full faith and credit and unlimited taxing power of the City.

In November 1978, the electorate of the State passed an amendment to the State Constitution (the "Amendment") which placed certain limitations on the increase of taxes by the State and any political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Public Acts of Michigan, 1979, as amended, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in the Consumer Price Index (the "CPI"), then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the CPI instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. The Amendment does not limit taxes for the payment of principal of, and interest on, bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the State or such political subdivisions.

The Amendment has the effect of rolling back the City's maximum operating charter millage from 20 mills to 19.7094 for the 2015 fiscal year.

Legislation adopted by the State Legislature in connection with public education finance reform and voter approval of a state-wide proposal on March 15, 1994, limits, beginning in 1995, the growth of real property assessments to the lesser of the rate of inflation or 5% until the property is subsequently sold.

### 2. Tax Rates - Five-Year History (1)

<u>Levied July 1</u>	<u>City Operating</u>	<u>Capital Improvements (2)</u>	<u>Debt</u>	<u>Police &amp; Fire Pension (4)</u>	<u>Recycling (3)</u>	<u>Total</u>
2012	12.1950	1.5000	.5000	1.2700	.2850	15.7500
2013	11.9650	1.5000	.5000	1.5000	.2850	15.7500
2014	11.4500	2.0000	.5000	2.0150	.2850	16.2500
2015	11.5650	2.0000	.5000	1.9000	.2850	16.2500
2016	11.7050	2.0000	.5000	1.7600	.2850	16.2500

(1) Per \$1,000 of Taxable Value. Excludes taxes levied by other units of government. The City has the ability to levy an additional approximately 5.5044 mills, subject to a vote of the Commission.

(2) The City Commission approved a Capital Improvement Millage to be levied for capital improvements. This millage is subject to the 20 mill charter limit.

(3) Recycling is levied under PA 5 of 1982 and is not subject to the 20 mill cap.

(4) The City electorate approved a separate levy for police and fire pension which is separate from the 20 mill charter limit.

### 3. City Wide Millages 2015

In addition to the City's tax rates, property owners in the City must pay taxes to other units of local government. City property owners are subject to the following millage tax rates on all taxable property from local units of government for the fiscal year. The millage tax rates applicable were substantially modified as a result of changes in the mechanisms for funding local public education. Property owners pay property taxes at different levels based upon the status of the property as either Principal Residence or Non-Principal Residence property. Effective 2008, in accordance with Michigan Business Tax Act (MBTA), Industrial Personal Property is exempted from paying 6 mills SET and 18 mills of school operating. Commercial Personal Property is exempt from paying 12 mills of school operating.

#### Fiscal Year 2015

	<u>Principal Residence</u>	<u>Non-Principal Residence</u>
Mt. Pleasant Public Schools	5.6600	23.6600
City of Mt. Pleasant	16.2500	16.2500
County of Isabella	9.3996	9.3996
Gratiot-Isabella Intermediate Schools	5.2985	5.2985
State Education Levy	6.0000	6.0000
Chippewa River District Library	<u>1.7500</u>	<u>1.7500</u>
	<u>44.3581</u>	<u>62.3581</u>

### 4. SEV/Taxable Valuation - Five-Year History

The City's state equalized valuation (SEV) has increased \$3,902,374 or .81% between 2012 and 2016 (see table following). SEV does not include any value of tax-exempt property (e.g., governmental facilities, churches, public schools, etc.) or property granted tax abatements under Abatement Acts. Effective 2014, Commercial Personal Property with taxable value less than \$40,000 qualifies for exemption if requested by taxpayer. The State of Michigan has passed legislation to replace tax revenue lost due to this exemption. Effective 2016, the State of Michigan began the phase in of exemption of Eligible Manufacturing Personal Property Tax. Property exempted by this exemption will be subject to a State levied Essential Service Assessment. The City expects to receive a portion of this to fund Police and Fire. The State hasn't determined the distribution formula at this time.

<u>Assessed Value as Of December 31</u>	<u>Year of State Equalization and Tax Levy</u>	<u>City's Fiscal Year Ending December 31</u>	<u>State Equalized Valuation</u>	<u>Ad Valorem Taxable Valuation</u>	<u>Taxable Valuation (1)</u>
2011	2012	2012	\$477,203,680	\$429,893,192	\$436,824,707
2012	2013	2013	474,591,617	437,763,957	443,761,934
2013	2014	2014	475,189,506	438,087,673	443,184,689(2)
2014	2015	2015	484,344,653	443,492,718	451,630,186
2015	2016	2016	481,106,054	443,447,327	450,949,483 (3)

Per Capita 2014 SEV is \$18,265 and 2014 Per Capita Taxable Valuation is \$17,035 based on 2010 US Census population of 26,016.

(1)Includes tax abatements under either Act 198 or Act 255.

(2)Personal Property Taxable Value decreased \$4,363,086

(3)Personal Property Taxable Value decreased \$4,013,772

**5. Industrial Facilities Tax**

The following schedule indicates the time schedule and dollar amounts of tax abatements granted to Industrial Facilities within the City as of December 31, 2015. Once these abatements for real property expire, the facilities will be added back to the City's Ad Valorem tax roll. The personal property covered by these abatements will become exempt when the abatement expires under new legislations exempting Eligible Manufacturing Personal Property Taxes. The State Legislature has approved replacing lost taxes for the exemption to the extent of expenditures for Police and Fire.

Year of Expiration IFT	IFT Taxable Value Amount (1)
2016	\$3,471,220
2018	284,000
2019	456,109
2021	1,892,327
2022	145,000
2025	882,500
2027	369,000
Total	<u>\$7,500,156</u>

(1) Represents taxable value of abated property at time of assessment. Personal property will be subject to depreciation in future years.

**6. Breakdown of 2016 Taxable Valuation:**

By Use:		By Class:	
Residential	54%	Real Property	93%
Commercial	38	Personal Property	<u>7</u>
Personal	7	Total:	<u>100%</u>
Industrial	<u>1</u>		
Total	<u>100%</u>		

**7. Property Tax Collection Record - Five-Year History**

Levied	Tax Levy (1)	Collections to March 31, Year Following Levy	Percent Collected	Collections Plus Funding To March 31	% Collected Plus Funding To March 31
July 1					
2011	\$6,274,010	\$6,254,223	99.7%*	\$6,262,564	99.8
2012	6,301,245	6,212,125	98.6*	6,215,851	98.6
2013	6,398,577	6,364,242	99.4*	6,368,328	99.5
2014	6,632,239	6,620,530	99.8*	6,622,681	99.8
2015	6,715,811	6,706,853	99.9*	6,708,197	99.9

(1) Real and personal taxes combined.

\*Settlement for real taxes received from County prior to March 31

## State Revenue

The following table sets forth the revenue sharing payments received by the City for the fiscal years ended December 31.

<u>Fiscal Year Ending</u>	<u>Revenue Sharing Payments</u>
2012	\$2,507,109
2013	2,594,599
2014	2,667,699
2015	2,650,616
2016 (1)	2,774,770

(1) Estimated

## B. Legal Debt Margin

Pursuant to the statutory, constitutional and Charter debt provisions, the following table reflects the amount of additional debt the City may legally incur as of December 31, 2015.

2016 SEV		\$481,106,054
Debt Limit (1)		48,110,605
Debt Outstanding	\$8,097,931	
Less Exempt Obligations	<u>5,635,000</u>	<u>2,462,931</u>
Additional debt which can be legally incurred		\$45,647,674

Non-exempt debt outstanding as percentage of 2015 SEV 0.5%

(1) 10% of the 2016 SEV

SOURCE: City of Mt. Pleasant

**1. Debt Statement**

The following table reflects a breakdown of the City’s direct and overlapping debt as of December 31, 2015, including the Bonds. Bonds designated as L.T.G.O. have a limited tax pledge.

<u>City Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Sev</u>
Bldg. Authority Refunding (L.T.G.O.)	\$307,000	-0-	\$307,000		
Water Revenue Bonds	4,090,000	4,090,000	-0-		
Wastewater Revenue Bonds	1,545,000	1,545,000	-0-		
Capital Improvement	<u>2,155,931</u>	<u>-0-</u>	<u>2,155,931</u>		
Total Direct Debt	\$8,097,931	\$5,635,000	\$2,462,931	\$94.66	0.5%

  

<u>City Overlapping (2)</u>	<u>Gross</u>	<u>Share as % of Gross</u>	<u>Net City Share</u>	<u>Net Debt (1)</u>	
				<u>Per Capita</u>	<u>% of Sev</u>
Mt. Pleasant School District	\$19,100,000	44.27%	\$8,455,570		
Isabella County at Large	<u>2,300,000</u>	21.00	<u>483,000</u>		
Total Overlapping Debt	<u>21,400,000</u>		<u>8,938,570</u>	\$343.57	1.9%
Total City Direct and Overlapping Debt	<u>\$29,497,931</u>		<u>\$11,401,501</u>	<u>\$438.23</u>	<u>2.3%</u>

(1) Based upon the 2010 U.S. Census population of 26,016 and 2016 SEV of \$481,106,054

(2) Overlapping debt is the portion of other taxing units debt for which a City taxpayer is responsible in addition to debt of the City

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SOURCE: City of Mt. Pleasant, 9/30/15 Isabella County Audit Report, 6/30/15 Mt. Pleasant Public Schools Audit Report, and October 2015 Apportionment Report

**2. Lease Obligations**

The City currently has no installment purchase contracts outstanding as of December 31, 2015.

### C. Retirement Plans

The City has two pension plans which cover substantially all City employees. Police and Fire employees are covered by a separate Police and Fire Pension System (the "System"). The City's general employees are covered by the City's participation in the Municipal Employees Retirement System (MERS). City contributions are paid monthly based on the annual actuarial review. The Police and Fire Pension System is administered by a Retirement Board appointed by the City and chosen by members of the System.

<u>Group</u>	<u>Required Employee Contribution</u>
DPW and Office	4% of earnings
Firefighters	4% of earnings
Police Officers	4% of earnings
Non-Bargaining	4% of earnings
Paid on Call Firefighters - (plan closed to new hires 1/1/11)	5% of earnings

#### Municipal Employees Retirement System of Michigan

<u>Valuation Date</u>	<u>Net Assets</u>	<u>Pension Benefit</u>	<u>Assets in Excess of</u>	<u>Assets as a</u>
<u>12/31</u>	<u>Available for Benefits</u>	<u>Obligation (PBO)</u>	<u>Pension</u>	<u>Percentage of</u>
			<u>Benefit Obligations</u>	<u>Accrued Liabilities</u>
1993	\$6,412,554	\$6,585,507	(\$172,953)	97%
1994	6,762,956	7,363,720	(600,764)	92
1995	7,327,377	8,155,665	(828,288)	90
1996	8,019,166	8,567,471	(548,305)	94
1997	8,759,228	8,949,701	(190,473)	98
1998	9,792,441	9,616,182	176,258	102
1999	10,566,001	9,649,865	196,135	110
2000	11,480,346	11,020,415	459,931	104
2001	12,039,104	11,823,728	215,376	102
2002	12,321,454	13,317,164	(995,710)	93
2003	13,023,916	14,802,432	(1,778,516)	88
2004	13,899,879	16,571,771	(2,671,892)	84
2005	14,806,330	17,174,389	(2,368,059)	86
2006	15,966,193	18,861,736	(2,895,543)	85
2007	17,028,753	20,141,098	(3,112,345)	84
2008	17,486,513	21,373,522	(3,887,009)	82
2009	17,883,028	22,135,937	(4,252,909)	81
2010	18,695,806	23,576,829	(4,881,023)	79
2011	19,122,334	24,574,813	(5,452,479)	78
2012	19,372,693	25,376,963	(6,004,270)	76
2013	19,879,386	26,640,962	(6,761,576)	74
2014	20,349,381	27,461,039	(7,111,658)	74

City of Mt. Pleasant Police and Fire Retirement System

<u>Valuation Date</u>	<u>Net Assets</u>	<u>Pension Benefit</u>	<u>Assets in Excess of</u>	<u>Assets as a</u>
<u>12/31</u>	<u>Available for Benefits</u>	<u>Obligation (PBO)</u>	<u>Pension</u>	<u>Percentage of</u>
			<u>Benefit Obligations</u>	<u>Accrued Liabilities</u>
1993	\$8,380,024	\$9,319,333	(\$939,309)	90%
1994	9,026,282	10,134,027	(1,107,745)	89
1995	9,851,127	10,271,536	(420,409)	96
1996	10,916,079	11,545,625	(655,102)	95
1997	12,296,505	11,989,742	306,763	103
1998	13,955,009	11,518,215	2,436,794	121
1999	16,005,900	12,356,510	3,649,390	130
2000	17,255,129	13,525,725	3,729,404	128
2001	18,093,246	13,979,211	4,114,635	128
2002	17,532,361	14,729,261	2,803,100	119
2003	17,225,631	15,506,613	1,720,018	111
2004	16,837,905	16,309,949	527,956	103
2005	16,828,869	16,671,051	157,818	101
2006	17,650,089	17,256,054	394,035	102
2007	19,240,015	17,859,262	1,380,753	107
2008	17,862,495	18,450,495	(905,272)	95
2009	17,545,223	19,147,372	(1,284,877)	93
2010	18,328,315	19,983,867	(1,655,552)	92
2011	18,149,864	20,912,606	(2,762,742)	87
2012	17,962,082	23,831,734	(5,869,652)	75
2013	19,356,003	24,375,398	(5,019,395)	79
2014	20,642,630	24,905,872	(4,263,242)	83
2015	21,610,072	26,184,366	(4,574,294)	83

**D. Labor Contracts**

Of the City's 129 employees, 74% are represented by labor organizations. The following table illustrates the various organizations which represent the City's employees, the number of members as of December 31, 2015 and expiration date of the present contracts.

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
TPOAM (Technical, professional & office)	42	04/01/2017
MPPOA Affiliated with POAM and COAM (Police)	26	12/31/2018
Paid on Call Fire Fighters Association	16	12/31/2020
POLC Local 001 (Fire)	10	12/31/2016
Non Union	<u>35</u>	N/A
Total Employees	129	

## E. Profile of Ten Largest Taxpayers

<u>Taxpayer</u>	<u>Principal Product or Service</u>	<u>No. of Parcels</u>	<u>2015 Taxable Valuation</u>	<u>% of 2015 Taxable Valuation</u>
Dayco Products LLC	Industrial/Manufacturer	3	\$8,189,806	1.85%
Westpoint Village LLC	Commercial/Rental Property	1	5,989,700	1.35
Tallgrass Apartments LLC	Commercial/Rental Property	1	5,740,800	1.29
Olivieri Management, Inc	Rental Property	42	4,539,804	1.02
American Mitsuba Corporation	Industrial/Manufacturer	1	5,789,793	1.31
Meijer, Inc.	Retail	1	3,840,456	0.87
Mt. Pleasant Shopping Center	Commercial	4	3,776,886	0.85
Consumers Energy Co	Utility	1	3,742,872	0.84
Isabella Bank	Commercial	15	3,224,726	0.73
TEG Mt Pleasant LLC	Commercial/Rental Property	2	<u>3,261,500</u>	<u>0.74</u>
			<u>\$48,096,343</u>	<u>10.85%</u>

## F. Water Department

### 1. Water Pumped vs. Water Sold

The following table represents five-year history of the number of gallons of water pumped vs. the number of gallons of water sold.

<u>Fiscal Year December 31</u>	<u>Gallons Pumped (000's Gallons)</u>	<u>Gallons Sold (000's Gallons)</u>	<u>% Sold</u>
2011	658,805	690,558	104%
2012	677,466	700,625	106
2013	613,689	656,784	107
2014	662,885	643,777	97
2015	673,917	646,444	96

### 2. Number of Customers - Fiscal Year Ended December 31

<u>Type of User</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	5,077	5,104	5,122	5,145	5,155
Commercial/Industrial	<u>824</u>	<u>830</u>	<u>840</u>	<u>849</u>	<u>854</u>
Total	<u>5,901</u>	<u>5,934</u>	<u>5,962</u>	<u>5,994</u>	<u>6,009</u>

### 3. Water Consumption by Category - Fiscal Year Ended December 31

<u>Type of User</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	473,207,505	467,137,179	438,611,262	427,904,243	428,916,606
Commercial/Industrial	<u>217,350,552</u>	<u>233,488,335</u>	<u>218,172,825</u>	<u>215,873,466</u>	<u>217,527,947</u>
Total	<u>690,558,057</u>	<u>700,625,514</u>	<u>656,784,087</u>	<u>643,777,709</u>	<u>646,444,553</u>

**4. Percent of Water Consumption by Category - Fiscal Year Ended December 31**

<u>Type of User</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	69%	67%	67%	67%	66%
Commercial/Industrial	<u>31</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>34</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**5. Current Water Rates**

The City bases its charges for water service on the gallons of water metered at each user location (the "consumption charge") plus a base charge each month. The consumption charge is currently \$2.42 per thousand gallons. The base charge per month based on the meter size is as follows:

<u>Meter Size</u>	<u>Monthly Demand Charge for Water</u>
5/8"	\$ 6.10
1"	15.25
1.5"	30.50
2"	48.80
3"	97.60
4"	152.50
6"	305.00
10"	1,677.50

**6. Water Usage and Revenue Ten Largest Customers - Fiscal Year Ended December 31, 2015**

<u>Customer</u>	<u>Usage (Gallons)</u>		<u>Revenues</u>	
	<u>Usage</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Central Michigan University	131,557,000	20.35%	\$319,684.07	13.77%
United Apartments	30,669,319	4.74	74,348.56	3.20
Oxford Row/Canterbury Apts.	22,826,300	3.53	55,335.52	2.38
McLaren Hospital	13,228,000	2.05	32,067.32	1.38
Tallgrass Apts.	11,453,000	1.77	27,764.36	1.20
MP Mobile Home Village	7,936,000	1.23	19,238.45	.83
City of Mt. Pleasant	7,773,000	1.20	18,843.31	.81
Comfort Inn	7,079,000	1.10	17,160.91	.74
Olivieri Management	6,653,370	1.03	16,129.10	.69
Mt Pleasant Public Schools	6,452,143	1.00	15,641.29	.67
Total	245,627,132	38.00%	\$596,212.89	25.67%

Based on total water usage of 646,444,553 and total water sales of \$2,322,311.

## 7. Historical Net Earnings and Cash Flow – Fiscal Year Ended December 31

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenue	\$2,706,134	\$2,816,855	\$2,723,287	\$2,649,208	\$2,773,607
Operating Expense	<u>(1,571,220)</u>	<u>(1,663,851)</u>	<u>(1,691,843)</u>	<u>(1,777,520)</u>	<u>(1,932,521)</u>
Operating Income (loss)	\$1,134,914	\$1,153,004	\$1,031,444	\$871,688	\$841,086
Interest Revenue	\$11,699	\$12,043	\$13,079	\$15,035	\$14,148
State Grant	61,561	-	-	-	-
Miscellaneous Revenue	-	-	-	15,000	-
Transfers Out	(69,514)	(73,317)	(71,854)	(73,573)	(77,310)
Amortization of Refunding Debt					
Interest & Bond Issue Costs	(21,760)	(21,760)	(14,283)	(14,658)	(15,083)
Interest Expense	(230,665)	(218,265)	(205,765)	(192,565)	(178,965)
Depreciation	<u>(645,269)</u>	<u>(693,831)</u>	<u>(685,454)</u>	<u>(700,977)</u>	<u>(712,446)</u>
Net Income (Loss)	(\$240,966)	(\$157,874)	\$67,167	(\$80,050)	(\$128,570)
Plus: Depreciation	\$645,269	\$693,831	\$685,454	\$700,977	\$712,446
Plus: Interest Expense	<u>230,665</u>	<u>218,665</u>	<u>205,765</u>	<u>192,565</u>	<u>178,965</u>
Cash Available for Debt Service	<u>\$1,116,900</u>	<u>\$1,070,370</u>	<u>\$ 958,386</u>	<u>\$ 813,492</u>	<u>\$ 762,841</u>

## G. Wastewater Department

### 1. History of Volumes

The following table represents a five-year history of the number of gallons of sewer treated vs. the number of gallons of sewer sold.

<u>Fiscal Year</u> <u>December 31</u>	<u>Gallons Treated</u> <u>(000's Gallons)</u>	<u>Gallons Sold</u> <u>(000's Gallons)</u>	<u>% Sold</u>
2011	870,285	602,256	69
2012	711,411	585,387	82
2013	852,528	560,105	65
2014	818,497	557,441	68
2015	780,936	550,725	71

### 2. Number of Customers – Fiscal Year Ended December 31

<u>Type of User</u>	<u>2015</u>
Residential	5,019
Commercial/Industrial	<u>725</u>
Total	<u>5,744</u>

### 3. Current Sewer Rates

The City bases its charges for sewer service on the gallons of water metered at each user location (the “consumption charge”), plus a base charge each month. The consumption charge is currently \$2.52 per thousand gallons. Sewer customers with a non-metered, private water supply pay a flat rate wastewater user charge of \$14.18 per month. The base charge per month based on the meter size is as follows:

<u>Meter Size</u>	<u>Monthly Demand Charge for Sewer</u>
5/8"	\$ 5.20
1"	12.95
1.5"	25.90
2"	41.40
3"	82.80
4"	129.40
6"	258.75
10"	1,430.00

**4. Wastewater Usage and Revenue Ten Largest Customers - Fiscal Year Ended December 31, 2015**

<u>Customer</u>	<u>Usage (Gallons)</u>	<u>% of Total</u>	<u>Revenues</u>	<u>% of Total</u>
Central Michigan University	\$115,146,000	20.91%	\$290,167.92	14.82%
United Apartments	30,372,319	5.51	76,538.24	3.91
Oxford Row/Canterbury Apt.	18,247,300	3.31	45,983.20	2.35
McLaren Hospital	12,467,000	2.26	31,416.84	1.60
Tallgrass Apartments	9,029,000	1.64	22,753.08	1.16
MP Mobile Home Village	7,936,000	1.44	19,998.72	1.02
Chase Run Apartments	6,282,000	1.14	15,830.64	.81
Mt Pleasant Public Schools	6,119,940	1.11	15,422.25	.79
Olivieri Management	6,092,370	1.11	15,352.77	.78
Forum	5,469,000	.99	13,781.88	.70
Total	<u>\$217,160,929</u>	<u>39.42%</u>	<u>\$547,245.54</u>	<u>27.94%</u>

Based on total sold of 550,724,564 and total revenue of \$1,958,569.20.

**5. Historical Net Earnings and Cash Flow - Fiscal Year Ended December 31**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenue	\$2,365,497	\$2,343,859	\$2,338,766	\$2,296,679	\$2,447,280
Operating Expense	<u>(1,328,615)</u>	<u>(1,375,192)</u>	<u>(1,445,222)</u>	<u>(1,787,486)</u>	<u>(1,834,261)</u>
Operating Income (Loss)	\$1,036,882	\$968,667	\$893,544	\$509,193	\$613,019
Interest Revenue	\$19,670	\$15,659	\$15,401	\$15,026	\$13,967
Miscellaneous Revenue	5,493	9,618	210	30,224	126,929
State Grant	-	-	-	269,566	380,631
Interest Expense	(82,306)	(68,844)	(61,044)	(52,844)	(44,644)
Transfer Out	(105,177)	(56,292)	(56,592)	(58,967)	(64,069)
Amortization of Refunding Debt	(4,333)	(4,333)	3,010	3,010	3,010
Depreciation	<u>(1,292,361)</u>	<u>(1,269,811)</u>	<u>(1,304,599)</u>	<u>(840,768)</u>	<u>(813,962)</u>
Net Income (Loss)	(\$422,132)	(\$405,336)	(\$510,070)	(\$125,560)	\$214,881
Plus: Depreciation	\$1,292,361	\$1,269,811	\$1,304,599	\$840,768	\$813,962
Plus: Interest Expense	<u>82,306</u>	<u>68,844</u>	<u>61,044</u>	<u>52,844</u>	<u>44,644</u>
Cash Available For Debt Service	<u>\$952,535</u>	<u>\$933,319</u>	<u>\$855,573</u>	<u>\$768,052</u>	<u>\$1,073,487</u>