

June 22, 2006

To the Honorable, the Common Council

Subject: Review of the Financial Condition
of the Sewerage System

Dear Council Members:

The Department of Public Works is submitting a "Statement of Mid-Year Review for Financial Condition" of the Sewer Maintenance Fund as required by the Sewerage System Revenue Bonds Master Resolution Article VIII, section 8.02 adopted August 2001.

The analysis covers the current year 2006 and the proposed budget for 2007. The data for the current year covers actual revenue and actual expenditures through May, plus an estimate for revenue and expenditures through the end of the current year. The 2007 proposed budget was used for the projected year 2007.

The estimated Debt Service Coverage of 4.06 for 2006 and 2.49 for 2007 exceeds the minimum requirement of 1.20. The sewer fund is, therefore, in compliance with the covenant as found in Article VIII of the Master Resolution.

If you have any questions regarding this report, please do not hesitate to contact the City Engineer at 286-2400.

Very truly yours,

Jeffrey S. Polenske, P.E.
City Engineer

Jeffrey J. Mantes
Commissioner of Public Works

MJ:amh

c: Mr. W. Martin Morics
Mr. Mark Nicolini
Mr. Martín Aquino
Ms. Dorinda Floyd