

**CITY OF MUSKEGO
WATER UTILITY BUDGET
2007**

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CITY OF MUSKEGO WATER PUBLIC UTILITY

STATEMENT OF INCOME AND EXPENSE
2007 BUDGET

| | 2005 <u>Actual</u> | Sept. 30, 2006 <u>Actual</u> | 2006 <u>Projected</u> | 2006 <u>Adopted Budget</u> | 2007 <u>Proposed Budget</u> | 2007 <u>Adopted Budget</u> | <u>Account Number</u> |
|--|-----------------------|---------------------------------|--------------------------|-----------------------------------|------------------------------------|-----------------------------------|---------------------------|
| <u>Operating revenue</u> | | | | | | | |
| Sales of water: | | | | | | | |
| Sales to general customers | \$ 1,028,079 | 502,573 | 1,066,387 | 1,056,511 | 1,167,056 | 1,167,056 | 4803/4804/4805/4806/4920 |
| Private fire protection | 25,989 | 13,981 | 27,960 | 25,900 | 27,960 | 27,960 | 4815 |
| Public fire protection | 328,036 | - | 335,362 | 335,362 | 338,000 | 338,000 | 4816 |
| Other operating revenue | 48,866 | 26,558 | 46,615 | 60,103 | 48,100 | 48,100 | 4807/4821/4820 |
| Rental of Water property - tower lease | 76,240 | 58,782 | 78,692 | 78,692 | 82,625 | 82,625 | 4825 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Total operating revenue | 1,507,210 | 601,894 | 1,555,016 | 1,556,568 | 1,663,741 | 1,663,741 | |
| <u>Operating expenses</u> | | | | | | | |
| Operation and maintenance: | | | | | | | |
| Source of supply expense | 18,115 | 24,734 | 35,245 | 40,457 | 18,015 | 18,015 | schedule 2 2. |
| Pumping expense | 113,388 | 86,297 | 127,135 | 130,732 | 132,467 | 132,467 | schedule 2 2. |
| Water treatment expense | 39,301 | 19,420 | 37,547 | 55,126 | 54,584 | 54,584 | schedule 2 2. |
| Transmission and distribution expense | 157,565 | 61,915 | 129,381 | 170,176 | 144,604 | 144,604 | schedule 2 3. |
| Customer accounts expense | 32,207 | 23,974 | 33,691 | 37,356 | 36,013 | 36,013 | schedule 2 3. |
| Administrative expense | 319,421 | 183,843 | 313,393 | 315,416 | 337,872 | 337,872 | schedule 2 3. |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Total operation and maintenance | 679,996 | 400,183 | 676,392 | 749,263 | 723,555 | 723,555 | |
| Depreciation | 413,316 | - | 458,044 | 514,406 | 493,042 | 493,042 | 04.03.6705 |
| Taxes | 358,043 | 14,251 | 396,958 | 472,304 | 424,330 | 424,330 | 04.08.6805 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Total operating expenses | 1,451,355 | 414,434 | 1,531,394 | 1,735,973 | 1,640,927 | 1,640,927 | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Net operating income (loss) | 55,855 | 187,460 | 23,622 | (179,405) | 22,814 | 22,814 | |
| <u>Add non-operating income - interest</u> | | | | | | | |
| | 94,690 | 17,635 | 46,000 | 50,000 | 52,000 | 52,000 | 4910/4531 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Income before non-operating expenses | 150,545 | 205,095 | 69,622 | (129,405) | 74,814 | 74,814 | |
| <u>Deduct non-operating expenses</u> | | | | | | | |
| Interest on advances from municipality and revenue bonds | 314,182 | 151,645 | 303,473 | 301,429 | 280,381 | 280,381 | 04.27.7010 |
| Amortization of debt discount and expense | 17,049 | - | 15,845 | 14,251 | 14,572 | 14,572 | 04.28.7015 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Total non-operating expenses | 331,232 | 151,645 | 319,318 | 315,680 | 294,953 | 294,953 | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | |
| Net income (loss) before capital contributions | \$ (180,687) | 53,450 | (249,696) | (445,085) | (220,139) | (220,139) | |

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CITY OF MUSKEGO WATER PUBLIC UTILITY

DETAILED SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
2007 BUDGET

| | 2005 Actual | Sept. 30, 2006 Actual | 2006 Projected | 2006 Adopted Budget | 2007 | | | Account Number |
|---------------------------------------|----------------|--------------------------|-------------------|---------------------------|---------------|-------------------|----------------|-----------------------------|
| | | | | | Labor | Other Expenses | Total | |
| Source of supply: | | | | | | | | |
| Operation labor | \$ 774 | 517 | 745 | 1,457 | 1,515 | - | 1,515 | 06.00.5101 |
| Operating supplies and expenses | 2,794 | 494 | 1,500 | 6,000 | - | 1,500 | 1,500 | 06.02.5702 |
| Maintenance of water source plant | 14,546 | 23,723 | 33,000 | 33,000 | - | 15,000 | 15,000 | 06.05.5702 (See Sch. 3, #2) |
| Total source of supply | 18,115 | 24,734 | 35,245 | 40,457 | 1,515 | 16,500 | 18,015 | |
| Pumping expenses: | | | | | | | | |
| Operation labor | 45,924 | 32,651 | 43,648 | 44,218 | 46,397 | - | 46,397 | 06.20.5101 |
| Fuel or power purchased | 54,225 | 41,660 | 66,633 | 66,500 | - | 68,000 | 68,000 | 06.22.5910/5735 |
| Operation supplies and expense | 1,356 | 130 | 1,500 | 1,500 | - | 1,500 | 1,500 | 06.23.5702/5749 |
| Maintenance of pumping plant | 11,882 | 11,856 | 15,354 | 18,514 | 9,570 | 7,000 | 16,570 | 06.25.5410/5101/5702 |
| Total pumping expenses | 113,388 | 86,297 | 127,135 | 130,732 | 55,967 | 76,500 | 132,467 | |
| Water treatment expenses: | | | | | | | | |
| Operation labor | 10,507 | 5,440 | 7,984 | 17,976 | 17,707 | - | 17,707 | 06.30.5101 |
| Chemicals | 23,289 | 12,133 | 24,000 | 30,000 | - | 30,000 | 30,000 | 06.31.5750 |
| Operating supplies and expenses | 681 | 456 | 800 | 1,000 | - | 1,000 | 1,000 | 06.32.5702 |
| Maintenance of water treatment plant | 4,824 | 1,391 | 4,763 | 6,150 | 877 | 5,000 | 5,877 | 06.35.5410/5101/5702 |
| Total water treatment expenses | 39,301 | 19,420 | 37,547 | 55,126 | 18,584 | 36,000 | 54,584 | |

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CITY OF MUSKEGO WATER PUBLIC UTILITY

DETAILED SCHEDULE OF OPERATION AND MAINTENANCE EXPENSES
(CONCLUDED)
2007 BUDGET

| | 2005 Actual | Sept. 30, 2006 Actual | 2006 Projected | 2006 Adopted Budget | 2007 Budget | | | Account Number |
|---|-------------------|--------------------------|-------------------|---------------------------|----------------|-------------------|----------------|----------------------|
| | | | | | Labor | Other Expenses | Total | |
| Transmission and distribution expenses: | | | | | | | | |
| Operation labor | \$ 62,825 | 36,401 | 49,184 | 63,968 | 76,723 | - | 76,723 | 06.40.5101 |
| Operation supplies and expenses | 5,993 | 5,992 | 9,600 | 10,300 | - | 10,300 | 10,300 | 06.41.5415/5702/5870 |
| Maintenance of distribution reservoirs | 30,038 | 739 | 28,505 | 38,347 | 2,783 | 5,000 | 7,783 | 06.50.5702/5101 |
| Maintenance of mains | 22,040 | 1,678 | 12,770 | 21,963 | 6,418 | 15,000 | 21,418 | 06.51.5410/5101 |
| Maintenance of services | 6,853 | 728 | 4,800 | 8,922 | 4,044 | 7,000 | 11,044 | 06.52.5410/5101/5702 |
| Maintenance of meters | 6,439 | 9,064 | 10,929 | 8,646 | 3,618 | 2,000 | 5,618 | 06.53.5410/5101 |
| Maintenance of hydrants | 22,669 | 6,634 | 12,893 | 22,194 | 6,197 | 5,000 | 11,197 | 06.54.5410/5101/5702 |
| Maintenance of other plant | 708 | 679 | 700 | 186 | 521 | - | 521 | 06.55.5410/5101 |
| Total transmission and distribution expenses | 157,565 | 61,915 | 129,381 | 174,526 | 100,304 | 44,300 | 144,604 | |
| Customer account expenses: | | | | | | | | |
| Meter reading labor | 2,244 | 1,417 | 3,144 | 4,440 | 4,599 | - | 4,599 | 09.01.5101 |
| Accounting and collecting labor | 21,882 | 17,530 | 23,166 | 24,835 | 22,676 | - | 22,676 | 09.02.5410/5101 |
| Supplies and expense | 8,081 | 5,027 | 7,381 | 8,081 | - | 8,738 | 8,738 | 09.03.5101/5410/5702 |
| Total customer account expenses | 32,207 | 23,974 | 33,691 | 37,356 | 27,275 | 8,738 | 36,013 | |
| Administrative and general expenses: | | | | | | | | |
| Administrative and general salaries | 84,062 | 63,909 | 93,347 | 97,920 | 106,095 | - | 106,095 | 09.20.5101/5102 |
| Office supplies and expenses | 17,575 | 9,922 | 21,328 | 22,202 | - | 24,558 | 24,558 | 09.21.5712-6056 |
| Payroll clearing/sick/vacation/holiday | - | 4,946 | - | - | - | - | - | 09.22.5101 |
| Outside services | 113,962 | 35,226 | 82,010 | 83,883 | - | 87,305 | 87,305 | 09.23.5510-5865 |
| Property insurance | - | - | - | - | - | - | - | 09.24.6103 |
| Injuries & Damages | 13,071 | 10,765 | 21,529 | 19,316 | - | 13,070 | 13,070 | 09.25.6101 |
| Employee pensions and benefits | 73,521 | 48,852 | 71,721 | 65,698 | - | 79,647 | 79,647 | 09.26.5201 |
| Regulatory commission expense | 114 | - | 500 | 1,000 | - | 1,000 | 1,000 | 09.28.6066 |
| Miscellaneous general expenses | 7,266 | 4,816 | 8,608 | 9,108 | - | 8,950 | 8,950 | 09.30.5228-6070 |
| Transportation expense | 9,850 | 5,407 | 12,350 | 12,289 | 47 | 13,200 | 13,247 | 09.33.5101/5405/5735 |
| Maintenance of general plant & Contingency | - | - | 2,000 | 4,000 | - | 4,000 | 4,000 | 09.35.6067 |
| Total administrative and general expenses | 319,421 | 183,843 | 313,393 | 315,416 | 106,142 | 231,730 | 337,872 | |
| Total operation and maintenance expenses | \$ 679,996 | 400,183 | 676,392 | 753,613 | 309,786 | 413,768 | 723,555 | |

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CITY OF MUSKEGO WATER PUBLIC UTILITY

SCHEDULE OF CAPITAL OUTLAY COSTS

PROJECTED 2006 and 2007

| | | Estimated 2006 Total Cost | 2006 Adopted Budget | 2007 Proposed Budget | 2007 Adopted Budget |
|---|------------------------------|------------------------------------|---------------------------|----------------------------|---------------------------|
| 1. 2006 Capital Additions | | | | | |
| Janesville Road box culvert relocation | (A) | 111,717 | 87,000 | - | - |
| Wells #4, 5 & 6 Radium Compliance & Well Abandonment | (A) | - | - | - | - |
| Lakewood Meadows Community Well Acqu & Conversion | (C) | 5,532 | 50,000 | - | - |
| Water facilities study & NW Water Study | Incude in Opertaions in 2006 | - | - | - | - |
| Well #9 Construction | (A) | 15,000 | 16,751 | - | - |
| Lake Lore/Tudor Oaks WM extension(assessable) | (C) | 440,560 | 400,000 | - | - |
| Kenwood Place oversizing | (C) | 132,948 | 260,000 | - | - |
| Well #13-test Well & Eng | (C) | 93,836 | 90,000 | 170,000 | - |
| Lakewood Meadows -Testing before well becomes operational | (C) | - | 30,000 | 150,000 | - |
| Municipal Well Interference with Private Wells amortize over # of years | (A) | - | 30,000 | - | - |
| Future Projects as determined by Facility Plan | (C) | - | 20,000 | 20,000 | - |
| Well #9/#13 Pump house | (C) | 100,841 | 400,000 | 500,000 | - |
| Hillendale Booster (assessable) | (C) | - | 400,000 | 400,000 | - |
| Lakewood Meadows WM-Community Well Conv | (B) | 30,000 | - | - | - |
| Well #14 | (B) | 2,306 | - | - | - |
| LakeLore Well House | (B) | 30,851 | - | - | - |
| Meters | (A) | 100,000 | 100,000 | - | - |
| Truck-Pick Up replacement | (A) | 7,339 | 15,000 | - | - |
| SCADA Radio Study/Upgrade | (C) | 95,840 | 135,000 | - | - |
| Oversizing Related to Land Purchase | (A) | - | - | - | - |
| SE Watermain | (A) | 28,641 | - | - | - |
| Oversizing-CCV (Champion Village) | (A) | - | - | - | - |
| | | | | | |
| | | \$ 1,195,411 | 2,033,751 | 1,240,000 | - |
| 2. 2007 Capital Additions: | | | | | |
| Well Exploration | (C) | - | - | 40,000 | - |
| Well #14 Land Acquisition | (C) | - | - | 150,000 | - |
| Meters | (C) | - | - | 100,000 | - |
| Truck-Pick Up replacement | (B) | - | - | 37,000 | - |
| | | - | - | - | - |
| | | - | - | 327,000 | - |
| | | | | | |
| Grand Total | | \$ 1,195,411 | 2,033,751 | 1,567,000 | - |

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Notes:

(A) - Financed by borrowings.

(B) - Financed by working capital.

(C) - Anticipated to be financed by a borrowing

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CITY OF MUSKEGO WATER PUBLIC UTILITY

SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL

2006 PROJECTED

| | Operation and Maintenance Fund | Construction Fund | Depreciation Fund | Debt Service Fund | Total | 2006 Budget |
|---|---|----------------------|----------------------|-------------------------|------------------|------------------|
| <u>Funds provided</u> | | | | | | |
| From operations: | | | | | | |
| Net income (loss) for year | \$ 53,777 | - | - | (303,473) | (249,696) | (445,085) |
| Add charges to income not requiring funds: | | | | | | |
| Depreciation | - | - | 20,000 | 438,044 | 458,044 | 514,406 |
| Amortization | - | - | - | 15,845 | 15,845 | 14,251 |
| Amortization On water tower | 24,505 | - | - | - | 24,505 | 24,505 |
| Transfer working capital to other funds | (250,000) | 250,000 | - | - | - | - |
| Proceeds from borrowing | - | - | - | - | - | 1,200,000 |
| Increases in collection of special assessments and WCA's | - | - | - | 320,000 | 320,000 | 243,564 |
| Total funds provided (applied) | (171,718) | 250,000 | 20,000 | 470,416 | 568,698 | 1,551,641 |
| <u>Funds applied</u> | | | | | | |
| Principal payments on debt | - | - | - | 451,314 | 451,314 | 403,131 |
| Capital outlay | - | 1,195,411 | - | - | 1,195,411 | 2,033,751 |
| Total funds applied | - | 1,195,411 | - | 451,314 | 1,646,725 | 2,436,882 |
| <u>Interfund transfers - interest earnings</u> | <u>(56,000)</u> | <u>15,000</u> | <u>5,000</u> | <u>36,000</u> | <u>-</u> | <u>-</u> |
| Increase (decrease) in working capital | (227,718) | (930,411) | 25,000 | 55,102 | (1,078,027) | (885,241) |
| <u>Working capital, beginning of year</u> | <u>810,796</u> | <u>976,033</u> | <u>126,765</u> | <u>911,703</u> | <u>2,825,297</u> | <u>2,703,370</u> |
| <u>Working capital, end of year</u> | <u>\$ 583,078</u> | <u>45,622</u> | <u>151,765</u> | <u>966,805</u> | <u>1,747,270</u> | <u>1,818,129</u> |
| 2006 Budgeted Working Capital, end of year | \$ 600,719 | 60,097 | 149,765 | 1,007,548 | 1,818,129 | |

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CITY OF MUSKEGO WATER PUBLIC UTILITY
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL
2007 BUDGET

| | Operation and Maintenance Fund | Construction Fund | Depreciation Fund | Debt Service Fund | Total |
|---|---|----------------------|----------------------|-------------------------|------------------|
| <u>Funds provided</u> | | | | | |
| From operations: | | | | | |
| Net income (loss) for year | \$ 60,242 | - | - | (280,381) | (220,139) |
| Add charges to income not requiring funds: | | | | | |
| Depreciation | - | - | 20,000 | 473,042 | 493,042 |
| Amortization | - | - | - | 14,572 | 14,572 |
| Amortization on water tower | - | - | - | - | - |
| Transfer working capital to other funds | - | - | - | - | - |
| Proceeds from borrowing | - | 1,525,000 | - | - | 1,525,000 |
| Increases in collection of special assessments | - | - | - | 235,000 | 235,000 |
| Total funds provided (applied) | 60,242 | 1,525,000 | 20,000 | 442,233 | 2,047,475 |
| <u>Funds applied</u> | | | | | |
| Principal payments on debt | - | - | - | 476,151 | 476,151 |
| Capital outlay | - | 1,567,000 | - | - | 1,567,000 |
| Total funds applied | - | 1,567,000 | - | 476,151 | 2,043,151 |
| <u>Interfund transfers - interest earnings</u> | (46,684) | 684 | 6,000 | 40,000 | - |
| Increase (decrease) in working capital | 13,558 | (41,316) | 26,000 | 6,082 | 4,324 |
| <u>Working capital, beginning of year</u> | 583,078 | 45,622 | 151,765 | 966,805 | 1,747,270 |
| <u>Working capital, end of year</u> | <u>\$ 596,637</u> | <u>4,306</u> | <u>177,765</u> | <u>972,887</u> | <u>1,751,595</u> |

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CITY OF MUSKEGO WATER PUBLIC UTILITY

SCHEDULE OF CONSTRUCTION FUNDS

PROJECTED 2006 AND 2007

| Project | Actual | | | | Projected | | | | Projected |
|--|---------------------|----------------|------------------|-----------|---------------------|------------------|------------------|-------------|---------------------|
| | Balance 12/31/05 | Revenues | 2006 Costs | Transfers | Balance 12/31/06 | Revenues | 2007 Costs | Transfers | Balance 12/31/07 |
| Meters | 100,000 | - | 100,000 | - | - | - | 100,000 | 100,000 | - |
| SCADA Radio Study/Upgrade | 9,428 | - | 95,840 | 86,412 | - | - | - | - | - |
| Janesville Road box culvert relocation | 87,000 | - | 111,717 | 24,717 | - | - | - | - | - |
| Kenwood Place oversizing | - | - | 132,948 | 132,948 | - | - | - | - | - |
| LakeLore/Tudor Oaks community well study/acquisition | 545 | - | - | (545) | - | - | - | - | - |
| LakeLore/Tudor Oaks WM-extension-assmt roll | - | - | 440,560 | 440,560 | - | - | - | - | - |
| Drill Well #13-Test Well & Eng | 6,255 | - | 93,836 | 87,581 | - | - | 170,000 | 170,000 | - |
| Future Projects as determined by Facilities Plan | - | - | - | - | - | - | 60,000 | 60,000 | - |
| Lakewood Meadows WM-Community Well Conv | - | - | 30,000 | 30,000 | - | - | - | - | - |
| Well #14 | - | - | 2,306 | 2,306 | - | - | - | - | - |
| LakeLore Well House | - | - | 30,851 | 30,851 | - | - | - | - | - |
| Racine Ave Oversizing | - | - | - | - | - | - | - | - | - |
| Lakewood Condos Oversizing | - | - | - | - | - | - | - | - | - |
| Truck | 15,000 | - | 7,339 | 29,339 | 37,000 | - | 37,000 | - | - |
| Hillendale Booster Station | - | - | - | - | - | - | 400,000 | 400,000 | - |
| Lakewood Meadows Community Well Acqu & Conversion | 70,333 | - | 5,532 | (64,801) | - | - | - | - | - |
| Lakewood Meadows-Testing | - | - | - | - | - | - | 150,000 | 150,000 | - |
| Well #14 Land Acquisition | - | - | - | - | - | - | 150,000 | 150,000 | - |
| Well #9/13 Pumphouse | 200,000 | - | 100,841 | (99,159) | - | - | 500,000 | 500,000 | - |
| Well #9/13 Construction | 52,235 | - | 15,000 | (37,235) | - | - | - | - | - |
| SE Watermain | - | - | 28,641 | 28,641 | - | - | - | - | - |
| Transfer from general working capital | - | 250,000 | - | (250,000) | - | - | - | - | - |
| Proceeds from borrowing | - | - | - | - | - | 1,525,000 | - | (1,525,000) | - |
| Unallocated debt proceeds and interest earnings | 435,237 | 15,000 | - | (441,615) | 8,622 | 684 | - | (5,000) | 4,306 (2) |
| Total | \$ 976,033 | 265,000 | 1,195,411 | - | 45,622 | 1,525,684 | 1,567,000 | - | 4,306 |

(1)

(1)

Notes:

(1) Balance represents the issuance of new debt and the interest earnings on Construction Funds for the year.

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(2) Represents excess borrowed funds and related interest earnings available for debt services reductions or financing future water projects.