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Members of the Board of Public Works
City of Westfield
130 Penn Street
Westfield, Indiana 46074

At your request, we have compiled the accompanying limited financial information for the Westfield Municipal Water and Wastewater Utilities. The information includes a comparison of 2009 budgeted operations with the 2008 budgeted operations. The accompanying schedules were prepared for internal use only for distribution to the appropriate City Officials. The use of these schedules should be limited to those that are familiar with the accounting and financial reporting practices for the City.

Page I – III Westfield Municipal Utilities – Key Budget Assumptions – 2009

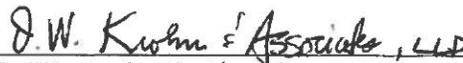
WATER UTILITY:

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WASTEWATER UTILITY:

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The assumptions are based upon information provided to us by management of the City of Westfield. In preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected and the resulting differences could be material. We have not examined the underlying assumptions; consequently, we express no opinion or assurance thereon.


O. W. Krohn & Associates, LLP

**WESTFIELD MUNICIPAL UTILITIES
KEY BUDGET ASSUMPTIONS – 2009**

WATER REVENUES

- Sales - based upon projected sales for 2008, added 200 new customers at an average monthly bill of \$26 and adjusted for Phase III of the South to North rate equalization process.
- Fire Surcharges -based upon the \$4.72 monthly fee for out-of-town customers, plus \$.92 Phase III charge to all other customers.
- Availability & Connection - assumes 200 new EDU's at the rate of \$1,800 each availability and \$500 each for connection fees.
- Interest - based upon projected 2009 cash balances and earnings at about 3%.

WATER OPERATING EXPENSES

- Salaries & Wages - total budget in 2008 of \$1,654,000 was increased to \$1,747,000 in 2009. The change is based upon a 4% wage increase and along with addition of a City Administrative employee.
- Insurance - this category includes both property/casualty and employee insurance. Property insurance is based upon the actual 2008 premiums plus a 3% allowance for rate increases. Employee insurance is based upon 2008 actual, which included an increase in allocations for City Administrative employees, along with a 10% provision for expected premium increases.
- Purchased Power - assumes 17% increase over 2008 budget.
- Purchased Water - assumes that wholesale water purchases have ended.

WATER OPERATING EXPENSES

(Continued)

- Employee Benefits - 17.4% of projected labor costs assuming 7.65% for payroll taxes and 9.75% for PERF.
- Contractual – Other - includes legal, accounting, financial reporting, computer support, cleaning services, payroll processing services, employee testing/training, equipment maintenance contracts, appraisals, surveys. Budget remained the same.
- Depreciation - based upon estimated depreciation for 2008 plant additions.
- All other expenses - amounts are either the same, increased or decreased based upon 2008 year to date experience.

WASTEWATER REVENUES

- Sales - based upon projected sales for 2008, plus 300 new customers at an average monthly bill of \$39. Includes adjustments for the anticipated 3% across the board rate increase and change in minimum gallons.
- Availability & Connection - assumes 300 new EDU's at \$3,500 or \$3,150 each for availability and \$1,200 each for connection fees. Developer commitments cover 100 EDU's, which based upon prior agreements receive a 10% discount.
- Interest - based upon projected 2009 cash balances and earnings at about 3%; includes estimated earnings on the remaining interceptor project construction funds.

WASTEWATER OPERATING EXPENSES

- Salaries & Wages
 - total budget in 2008 of \$1,428,000 was increased to \$1,579,000 in 2009. This change is mainly due to additional wage and benefit overhead allocated to wastewater, including new positions for Stormwater, Waste Collections and City administration.
 - 4% general wage increase for the existing employees.
- Treatment – Carmel
 - budget estimate based upon a 26.8% wholesale rate increase passed by Carmel.
- Insurance - Property
 - based upon actual 2008 premiums plus a 3% allowance for premium increases.
- Insurance - Employee
 - is based upon 2008 actual, which included an increase in allocations for City Administrative employees, along with a 10% provision for expected premium increases.
- Employee Benefit
 - 17.4% of projected labor costs assuming 7.65% for payroll taxes and 9.75% for PERF.
- Contractual Other
 - includes legal, accounting, financial reporting, computer support, cleaning services, payroll processing services, employee testing/training, equipment maintenance contracts, appraisals, surveys. Budget remained the same.
- Depreciation
 - based upon estimated depreciation for 2008 plant additions.
- All other expenses
 - amounts are either the same, increased or decreased based upon 2008 year to date experience.

**WESTFIELD WATER UTILITY
PROJECTED BUDGET FOR 2009**

WESTFIELD MUNICIPAL WATER UTILITY

PROJECTED CASH FLOWS

	<u>2009 BUDGETED</u>
EDU'S / YR:	
COMMITTED	200
OTHER	<u>0</u>
TOTAL	<u><u>200</u></u>
CASH OPERATING REVENUES EXCLUDING WHOLESALE	\$3,650,000
CONTRACT SALES TO IWC	556,000
CASH OPERATING EXPENSES	<u>(3,376,183)</u>
NET OPERATING REVENUE	<u>829,817</u>
NON-OPERATING REVENUES:	
INTEREST INCOME	80,000
AVAILABILITY FEES (200 EDU'S)	360,000
CONNECTION FEES (200 EDU'S)	100,000
OTHER NON-OPERATING NET	50,000
PILT	(69,504)
DEBT SERVICE:	
EXISTING:	
1998 BONDS [Water Tower]	(190,950)
2002 BONDS [HWU Acquisition]	(743,657)
ESC PAYMENTS [Energy Projects]	(113,087)
AVAILABLE FOR CAPITAL	
EXPENDITURES AND RESERVES	302,619
PROJECTED CAPITAL BUDGET	<u>(380,000)</u>
NET INCREASE/(DECREASE) IN CASH	(77,381)
BEGINNING CASH BALANCE	<u>1,702,853</u>
ENDING CASH BALANCE	<u><u>\$1,625,472</u></u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD MUNICIPAL WATER UTILITY

PROJECTED STATEMENT OF REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31

	<u>BUDGET</u> 2009	<u>BUDGET</u> 2008
OPERATING REVENUES:		
METERED SALES	\$3,275,000	\$3,275,000
CONTRACT SALES	556,000	525,000
FIRE PROTECTION	121,000	115,000
FIRE SURCHARGES	198,000	141,000
PENALTIES	12,000	13,000
INSPECTION/PLANNING FEES	34,000	55,000
OTHER	<u>10,000</u>	<u>10,000</u>
TOTAL OPERATING REVENUES	<u>4,206,000</u>	<u>4,134,000</u>
OPERATING EXPENSES:		
SOURCE OF SUPPLY	234,000	230,000
TREATMENT	310,017	273,504
DISTRIBUTION	610,535	582,131
CUSTOMER ACCOUNTS	306,183	285,506
ADMINISTRATIVE AND GENERAL	<u>1,915,448</u>	<u>1,769,608</u>
SUBTOTAL	<u>3,376,183</u>	<u>3,140,749</u>
DEPRECIATION	<u>800,000</u>	<u>600,000</u>
TOTAL OPERATING EXPENSES	<u>4,176,183</u>	<u>3,740,749</u>
NET OPERATING REVENUES	<u>29,817</u>	<u>393,251</u>
NONOPERATING REVENUES (EXPENSES):		
INTEREST INCOME	80,000	150,000
TAP FEES	100,000	250,000
AVAILABILITY FEES	360,000	900,000
OTHER NON-OPERATING	50,000	50,000
AMORTIZATION	(13,540)	(13,540)
PAYMENT IN LIEU OF TAXES	(69,504)	(69,504)
INTEREST ON ENERGY SAVINGS CONTRACT	(32,814)	(36,480)
INTEREST ON REVENUE BONDS (1998)	(68,475)	(73,753)
INTEREST ON REVENUE BONDS (2002)	<u>(381,758)</u>	<u>(396,116)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>23,909</u>	<u>760,607</u>
NET INCOME	<u><u>\$53,726</u></u>	<u><u>\$1,153,858</u></u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD MUNICIPAL WATER UTILITY

PROJECTED DETAIL OF OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31

	<u>BUDGET 2009</u>	<u>BUDGET 2008</u>
SOURCE OF SUPPLY		
PURCHASED POWER	234,000	200,000
PURCHASED WATER	0	30,000
	<u>234,000</u>	<u>230,000</u>
TREATMENT		
LABOR	249,317	220,504
CHEMICALS	35,000	20,000
MATERIALS AND SUPPLIES	500	10,000
REPAIRS	200	1,000
CONTRACTUAL SERVICES	10,000	10,000
LAB TESTING	15,000	12,000
	<u>310,017</u>	<u>273,504</u>
DISTRIBUTION		
LABOR	457,535	412,131
MATERIALS AND SUPPLIES	82,000	70,000
CONTRACTUAL SERVICES	47,000	70,000
REPAIRS	24,000	30,000
	<u>610,535</u>	<u>582,131</u>
TOTAL	<u>610,535</u>	<u>582,131</u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD MUNICIPAL WATER UTILITY

PROJECTED DETAIL OF OPERATION AND MAINTENANCE EXPENSES
 FOR THE TWELVE MONTHS ENDED DECEMBER 31
 (CONTINUED)

	<u>BUDGET</u> 2009	<u>BUDGET</u> 2008
CUSTOMER ACCOUNTS		
METER READING AND ACCOUNTING	<u>\$306,183</u>	<u>\$285,506</u>
TOTAL	<u>306,183</u>	<u>285,506</u>
ADMINISTRATIVE AND GENERAL		
SALARIES	584,836	599,646
INSPECTION/PLANNING SALARIES	149,462	136,534
OFFICE SUPPLIES	16,000	30,000
BILLING SUPPLIES	22,000	25,000
UTILITIES	19,000	12,000
TELEPHONE	26,000	20,000
INSURANCE	382,000	279,862
CONTRACTUAL - ENGINEERING	70,000	50,000
CONTRACTUAL - GIS	15,000	12,000
CONTRACTUAL - ADMINISTRATIVE	150,000	150,000
TRANSPORTATION	85,000	65,000
AUDIT	5,100	5,000
EMPLOYEE BENEFITS	304,000	283,716
REPAIRS	3,000	1,000
UNIFORMS	16,000	20,000
TRAINING/EDUCATION	11,000	15,000
PROMOTIONAL	200	4,000
UTILITY RECEIPTS TAX	45,850	45,850
OTHER	11,000	15,000
TOTAL	<u>1,915,448</u>	<u>1,769,608</u>
DEPRECIATION EXPENSE	<u>800,000</u>	<u>600,000</u>
TOTAL OPERATING EXPENSES	<u><u>\$4,176,183</u></u>	<u><u>\$3,740,749</u></u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD WATER UTILITY

2009 PROJECTED CAPITAL BUDGET

PROJECTS:

Well Expansions (1)	\$ 200,000	
Provision for meters (2)	<u>75,000</u>	
	Sub-Total	275,000

EQUIPMENT AND VEHICLES (2):

Instrumentation and Control Equipment	25,000	
2 Pickups (F350 4x4)	30,000	
Computers and Software	25,000	
GIS Software and Equipment	<u>25,000</u>	
	Sub-Total	<u>105,000</u>
	Total	<u><u>\$380,000</u></u>

- Notes:
- (1) Projected well expansion of 1 well has an estimated cost of \$200,000.
 - (2) The meter provision, equipment and vehicles are all split 50% between water and wastewater.

WESTFIELD WASTEWATER UTILITY
PROJECTED BUDGET FOR 2009

WESTFIELD MUNICIPAL WASTEWATER UTILITY

PROJECTED CASH FLOWS

		2009 <u>BUDGETED</u>
EDU'S / YR:	COMMITTED	200
	OTHER	100
	TOTAL	<u>300</u>
CASH OPERATING REVENUES		\$5,470,900
CASH OPERATING EXPENSES		<u>(4,047,508)</u>
NET OPERATING REVENUE		<u>1,423,392</u>
NON-OPERATING REVENUES (EXPENSES):		
INTEREST INCOME		125,000
AVAILABILITY FEES (300 EDU's)		1,015,000
CONNECTION FEES (300 EDU's)		360,000
PILT		(162,300)
DEBT SERVICE		
EXISTING:		
2002 BONDS	[HWU Acquisition]	(825,463)
2004 BONDS	[WWTP Expansion]	(907,269)
2006 BONDS	[Refund 1997 Bonds]	(740,815)
2007 BONDS	[Westside Interceptor]	(679,263)
ESC PAYMENTS	[Energy Projects]	(326,330)
AVAILABLE FOR CAPITAL		
EXPENDITURES AND RESERVES		(718,048)
PROJECTED CAPITAL BUDGET		<u>(180,000)</u>
NET INCREASE/(DECREASE) IN CASH		(898,048)
BEGINNING CASH BALANCE		<u>5,234,766</u>
ENDING CASH BALANCE		<u><u>\$4,336,718</u></u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD MUNICIPAL WASTEWATER UTILITY

PROJECTED STATEMENT OF REVENUES AND EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31

	<u>BUDGET</u> 2009	<u>BUDGET</u> 2008
OPERATING REVENUES:		
COMMERCIAL AND RESIDENTIAL SALES	\$4,925,000	\$4,800,000
STORMWATER	383,000	0
PENALTIES	73,000	72,000
INSPECTION/PLANNING FEES	36,700	55,000
EROSION CONTROL	41,200	70,000
MISCELLANEOUS	12,000	7,500
	<u>5,470,900</u>	<u>5,004,500</u>
OPERATING EXPENSES:		
COLLECTION	848,889	824,110
TREATMENT - WESTFIELD PLANT	445,987	442,972
TREATMENT - CARMEL	729,480	575,300
STORMWATER	78,793	0
ADMINISTRATIVE AND GENERAL	1,944,359	1,648,307
	<u>4,047,508</u>	<u>3,490,689</u>
SUB-TOTAL	<u>4,047,508</u>	<u>3,490,689</u>
DEPRECIATION	<u>1,705,000</u>	<u>1,400,000</u>
NET OPERATING REVENUES	<u>(281,608)</u>	<u>113,811</u>
NON-OPERATING REVENUES (EXPENSES):		
INTEREST INCOME	125,000	400,000
AVAILABILITY FEES	1,015,000	1,623,650
CONNECTION FEES	360,000	600,000
OTHER	2,000	6,500
AMORTIZATION EXPENSE	(116,053)	(113,854)
PAYMENT IN LIEU OF TAXES	(162,300)	(162,300)
INTEREST ON 2007 REVENUE BONDS	(653,908)	(654,829)
INTEREST ON 2006 REVENUE BONDS	(259,482)	(277,682)
INTEREST ON 2004 REVENUE BONDS	(471,894)	(486,952)
INTEREST ON 2002 REVENUE BONDS	(424,880)	(440,723)
INTEREST ON ENERGY SAVINGS CONTRACT	(94,690)	(105,269)
	<u>(681,207)</u>	<u>388,541</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(681,207)</u>	<u>388,541</u>
NET INCOME	<u>(\$962,815)</u>	<u>\$502,352</u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD MUNICIPAL WASTEWATER UTILITY

PROJECTED DETAIL OF OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED DECEMBER 31

	<u>BUDGET</u> 2009	<u>BUDGET</u> 2008
COLLECTION:		
LABOR	678,889	609,110
PURCHASED POWER	50,000	40,000
MATERIALS AND SUPPLIES	100,000	100,000
REPAIRS	3,000	5,000
CONTRACTUAL SERVICES	<u>17,000</u>	<u>70,000</u>
TOTAL COLLECTION	<u>848,889</u>	<u>824,110</u>
TREATMENT:		
SALARIES AND WAGES	73,987	69,972
PURCHASED POWER	150,000	150,000
CHEMICALS	33,000	30,000
MATERIALS AND SUPPLIES	20,000	10,000
REPAIRS	4,000	3,000
SLUDGE REMOVAL	100,000	100,000
CONTRACTUAL SERVICES	2,000	10,000
LAB TESTING	20,000	20,000
INSURANCE - PROPERTY	30,000	36,000
UTILITIES	3,000	2,000
PERMITS AND FEES	10,000	10,000
OTHER	<u>0</u>	<u>2,000</u>
TREATMENT PLANT TOTAL	<u>445,987</u>	<u>442,972</u>
TREATMENT FEES - CARMEL	<u>729,480</u>	<u>575,300</u>
TOTAL TREATMENT	<u>1,175,467</u>	<u>1,018,272</u>
STORMWATER:		
SALARIES AND WAGES	35,793	0
CONTRACTUAL SERVICES - ENG	31,000	0
MATERIALS & SUPPLIES	11,000	0
MISCELLANEOUS	<u>1,000</u>	<u>0</u>
TOTAL STORMWATER	<u>78,793</u>	<u>0</u>
ADMINISTRATIVE AND GENERAL:		
ADMINISTRATIVE SALARIES	672,577	631,382
INSPECTION/PLANNING SALARIES	117,782	117,403
OFFICE SUPPLIES	16,000	22,000
BILLING SUPPLIES	23,000	25,000
TRANSPORTATION	85,000	60,000
UTILITIES AND TELEPHONE	33,000	30,000
INSURANCE	352,000	228,643
EMPLOYEE BENEFITS	275,000	244,879
AUDIT	5,000	3,000
CONTRACTUAL SERVICES - ENGINEERING - COLLECTION SYSTEM AND LIFT STATIONS	120,000	65,000
CONTRACTUAL SERVICES - GIS	15,000	15,000
OTHER CONTRACTUAL AND PROFESSIONAL SERVICES	175,000	150,000
REPAIRS	10,000	5,000
UNIFORMS	16,000	18,000
TRAINING/EDUCATION	13,000	11,000
PROMOTIONAL	0	4,000
OTHER	<u>16,000</u>	<u>18,000</u>
TOTAL ADMINISTRATIVE	<u>1,944,359</u>	<u>1,648,307</u>
DEPRECIATION	<u>1,705,000</u>	<u>1,400,000</u>
TOTAL OPERATING EXPENSES	<u><u>\$5,752,508</u></u>	<u><u>\$4,890,689</u></u>

SEE ACCOUNTANT'S REPORT.

WESTFIELD WASTEWATER
2009 PROJECTED CAPITAL BUDGET

PROJECTS (1):

Provision for meters	<u>75,000</u>	
	Sub-Total	75,000
 <u>EQUIPMENT AND VEHICLES (1):</u>		
Instrumentation and Control Equipment	25,000	
2 Pickups (F350 4x4)	30,000	
Computers and Software	25,000	
GIS Software and Equipment	<u>25,000</u>	
	Sub-Total	<u>105,000</u>
	Total	<u><u>\$180,000</u></u>

Notes:

- (1) The meter provision, equipment and vehicles are all split 50% between water and wastewater.

SEE ACCOUNTANT'S REPORT.