

**CITY OF BUCHANAN (MICHIGAN) WATER FUND**

**COMPARATIVE DETAIL OF OPERATING EXPENSES**

|   | Fiscal Year Ended      |                  |                  |                  | Test Year        | Multiplier |
|---|------------------------|------------------|------------------|------------------|------------------|------------|
|   | 6/30/2020              | 6/30/2021        | 6/30/2022        | 6/30/2023        |                  |            |
|   | (-----Per Client-----) |                  |                  |                  |                  |            |
| Dept. 591.000 - Water Maintenance & Operation |                        |                  |                  |                  |                  |            |
| 706.001 Salaries - Full Time                  | \$260,158              | \$225,805        | \$286,027        | \$302,204        | \$302,204        | 3.0%       |
| 706.002 Salaries - Overtime                   | 15,300                 | 14,811           | 27,235           | 21,400           | 21,400           | 3.0%       |
| 706.005 Salaries - Part Time                  | 7,879                  | -                | 1,421            | 10,700           | 10,700           | 3.0%       |
| 715.000 Fringe Benefits                       | 138,664                | 139,065          | 138,293          | 200,064          | 200,064          | 3.0%       |
| 716.000 Pension Exp-GASB 68                   | -                      | (41,258)         | 2,106            | -                | -                | 0.0%       |
| 728.000 Office Supplies                       | 2,486                  | 1,148            | 2,045            | 2,500            | 2,500            | 2.0%       |
| 730.000 Postage                               | 4,972                  | 2,568            | 6,441            | 5,000            | 5,000            | 2.0%       |
| 743.000 Chemicals                             | 5,006                  | 4,665            | 10,192           | 5,000            | 5,000            | 2.0%       |
| 751.000 Gas and Oil                           | 2,764                  | 3,641            | 4,557            | 3,500            | 3,500            | 2.0%       |
| 756.000 Miscellaneous Supplies                | 1,013                  | 3,299            | 1,430            | 1,600            | 1,600            | 2.0%       |
| 768.000 Uniforms                              | 650                    | 872              | 521              | 900              | 900              | 2.0%       |
| 802.000 Accounting Support                    | 2,290                  | 2,359            | 22,163           | 9,671            | 9,671            | 2.0%       |
| 807.000 Audit                                 | 10,500                 | 7,500            | 8,500            | 10,500           | 10,500           | 2.0%       |
| 818.000 Contractual                           | 18,592                 | 29,641           | 28,807           | 20,000           | 20,000           | 2.0%       |
| 853.000 Telephone, Internet, Cable            | 3,303                  | 3,218            | 3,859            | 3,000            | 3,000            | 2.0%       |
| 864.000 Conferences and Workshops             | 235                    | 361              | 1,510            | 1,800            | 1,800            | 2.0%       |
| 873.000 Travel & Car Allowance                | 167                    | -                | -                | 400              | 400              | 2.0%       |
| 912.000 Fire & Liability Insurance            | 12,702                 | 14,610           | 14,806           | 13,972           | 13,972           | 2.0%       |
| 916.000 Annual Permit Fee                     | 1,339                  | 1,300            | 3,340            | 3,000            | 3,000            | 2.0%       |
| 920.000 USDA Grant                            | 21,764                 | 100              | -                | -                | -                | 0.0%       |
| 921.000 Utilities                             | 37,316                 | 26,656           | 44,011           | 27,000           | 27,000           | 2.0%       |
| 927.000 Wellhead Protection Program           | 3,752                  | 3,460            | -                | 7,350            | 7,350            | 2.0%       |
| 931.000 Maintenance - Buildings               | 7,554                  | 1,537            | 3,216            | 6,000            | 6,000            | 2.0%       |
| 933.000 Maintenance - Equipment               | 4,668                  | 4,246            | 5,780            | 5,000            | 5,000            | 2.0%       |
| 934.000 Maint. - Office Equipment             | 20,344                 | 412              | 287              | 500              | 500              | 2.0%       |
| 937.000 Meters - Hydrants - Fittings          | 28,232                 | 11,080           | 15,747           | 28,000           | 28,000           | 2.0%       |
| 938.000 Maintenance - System                  | 21,312                 | 11,892           | 11,879           | 12,000           | 12,000           | 2.0%       |
| 939.000 Maintenance - Vehicle                 | 2,283                  | 2,180            | 2,032            | 2,000            | 2,000            | 2.0%       |
| 943.000 Equipment Rental                      | -                      | -                | 75               | 750              | 750              | 2.0%       |
| 960.000 Education and Training                | 915                    | 1,115            | 250              | 1,500            | 1,500            | 2.0%       |
| 961.000 Medical Exams                         | 461                    | 419              | 113              | 250              | 250              | 2.0%       |
| 962.000 Miscellaneous                         | 1,371                  | 1,532            | 919              | 1,500            | 1,500            | 2.0%       |
| 963.000 Property Taxes                        | 5,578                  | 5,578            | 5,578            | 5,578            | 5,578            | 2.0%       |
| 968.001 Depreciation                          | -                      | -                | -                | - [1]            | -                | 0.0%       |
| 970.001 Capital Outlay                        | -                      | -                | -                | - [2]            | -                | 0.0%       |
| 970.026 Equipment Reserve Expenditures        | 18,032                 | -                | -                | -                | -                | 0.0%       |
| 976.000 Building Reserve Expenditures         | 2,733                  | -                | -                | -                | -                | 0.0%       |
| <b>Total Water Operating Expenses</b>         | <b>\$664,334</b>       | <b>\$483,811</b> | <b>\$653,140</b> | <b>\$712,639</b> | <b>\$712,639</b> |            |

[1] Depreciation is removed from this section of the report. This item is addressed later in the report

[2] Capital outlay has been removed from this section of the report. This item is discussed later in the report.

**CITY OF BUCHANAN (MICHIGAN) WATER FUND**

**CASH FLOW ANALYSIS**

|  | <u>2021/22</u>            | <u>Increases<br/>Per Year</u> | <u>2022/23</u>            | <u>2023/24</u>            | <u>2024/25</u>            | <u>2025/26</u>            | <u>2026/27</u>            |
|--|---------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <b>Assumptions</b>   |                           |                               |                           |                           |                           |                           |                           |
| <b>City</b>  |                           |                               |                           |                           |                           |                           |                           |
| Meter Equivalents  | 2,025                     |                               | 2,025                     | 2,025                     | 2,025                     | 2,025                     | 2,025                     |
| Ready-to-Serve Rate  | \$15.22                   | 8.00%                         | \$15.30                   | \$16.52                   | \$17.85                   | \$19.27                   | \$20.82                   |
| Billable Flow (1,000 gal)  | 87,103                    |                               | 87,103                    | 87,103                    | 87,103                    | 87,103                    | 87,103                    |
| Commodity Charge (1,000 gal)   | \$5.67                    | 8.00%                         | \$5.75                    | \$6.21                    | \$6.71                    | \$7.25                    | \$7.83                    |
| <b>Township</b>  |                           |                               |                           |                           |                           |                           |                           |
| Meter Equivalents  | 230                       |                               | 230                       | 230                       | 230                       | 230                       | 230                       |
| Ready-to-Serve Rate  | \$17.74                   | 8.00%                         | \$17.82                   | \$19.25                   | \$20.79                   | \$22.45                   | \$24.24                   |
| Billable Flow (1,000 gal)  | 9,846                     |                               | 9,846                     | 9,846                     | 9,846                     | 9,846                     | 9,846                     |
| Commodity Charge (1,000 gal)   | \$6.65                    | 8.00%                         | \$6.73                    | \$7.27                    | \$7.85                    | \$8.48                    | \$9.16                    |
| <i>Typical City homeowner's monthly bill<br/>(assumes 4,000 gallons/month)</i> | \$37.90                   |                               | \$38.30                   | \$41.36                   | \$44.69                   | \$48.27                   | \$52.14                   |
| <b>Revenue</b>   |                           |                               |                           |                           |                           |                           |                           |
| <b>City</b>  |                           |                               |                           |                           |                           |                           |                           |
| Ready-to-Serve Charge  | \$369,846                 |                               | \$371,790                 | \$401,533                 | \$433,656                 | \$468,348                 | \$505,816                 |
| Commodity Charge   | 493,874                   |                               | 500,842                   | 540,910                   | 584,461                   | 631,497                   | 682,016                   |
| <b>Township</b>  |                           |                               |                           |                           |                           |                           |                           |
| Ready-to-Serve Charge  | 48,962                    |                               | 49,183                    | 53,118                    | 57,367                    | 61,957                    | 66,913                    |
| Commodity Charge   | 65,476                    |                               | 66,264                    | 71,580                    | 77,291                    | 83,494                    | 90,189                    |
| <b>Other</b>   |                           |                               |                           |                           |                           |                           |                           |
| Miscellaneous  | 39,573                    |                               | 36,000                    | 36,000                    | 36,000                    | 36,000                    | 36,000                    |
| <b>Total Revenues</b>  | <b>1,017,731</b>          |                               | <b>1,024,079</b>          | <b>1,103,141</b>          | <b>1,188,775</b>          | <b>1,281,296</b>          | <b>1,380,935</b>          |
| <b>Less: Total Operating Expenditures</b>                                      | <b>(653,140)</b>          |                               | <b>(712,639)</b>          | <b>(732,235)</b>          | <b>(752,384)</b>          | <b>(773,101)</b>          | <b>(794,402)</b>          |
| <b>Net Operating Revenue</b>   | <b>364,591</b>            |                               | <b>311,440</b>            | <b>370,906</b>            | <b>436,391</b>            | <b>508,195</b>            | <b>586,533</b>            |
| <b>Less: Current Debt Service Payments</b>                                     | <b>(118,875)</b>          |                               | <b>(121,500)</b>          | <b>(119,000)</b>          | <b>(121,500)</b>          | <b>(118,875)</b>          | <b>(121,250)</b>          |
| Estimated Cash-Funded Capital Improvements [1]                                 | -                         |                               | -                         | (33,333)                  | (275,900)                 | (33,333)                  | (33,333)                  |
| Wheel Loader Payments (water portion)  | (2,900)                   |                               | (2,900)                   | (2,900)                   | (2,900)                   | (2,900)                   | (2,900)                   |
| <b>Estimated Debt Service #1 2023 DPW Bonds [2]</b>                            | -                         |                               | -                         | <b>(105,000)</b>          | <b>(104,000)</b>          | <b>(103,000)</b>          | <b>(102,000)</b>          |
| <b>Estimated Debt Service #2 2023 USDA Bonds [3]</b>                           | -                         |                               | -                         | <b>(42,000)</b>           | <b>(209,000)</b>          | <b>(209,000)</b>          | <b>(209,000)</b>          |
| <b>Estimated Debt Service #3 2023 USDA Bonds [4]</b>                           | -                         |                               | -                         | <b>(33,000)</b>           | <b>(165,000)</b>          | <b>(165,000)</b>          | <b>(165,000)</b>          |
| <b>Net Cash Flow</b>   | <b>\$242,816</b>          |                               | <b>\$187,040</b>          | <b>\$35,673</b>           | <b>(\$441,909)</b>        | <b>(\$123,913)</b>        | <b>(\$46,950)</b>         |
| <i>Cash &amp; Investments</i>  | <i>\$1,600,776</i>        |                               | <i>\$1,787,816</i>        | <i>\$1,823,489</i>        | <i>\$1,381,580</i>        | <i>\$1,257,667</i>        | <i>\$1,210,717</i>        |
| <i>Less: Estimated Debt Service Reserve [5]</i>                                | <i>-</i>                  |                               | <i>-</i>                  | <i>(37,400)</i>           | <i>(74,800)</i>           | <i>(112,200)</i>          | <i>(149,600)</i>          |
| <i>Unrestricted and Cash Investments</i>                                       | <b><u>\$1,600,776</u></b> |                               | <b><u>\$1,787,816</u></b> | <b><u>\$1,786,089</u></b> | <b><u>\$1,306,780</u></b> | <b><u>\$1,145,467</u></b> | <b><u>\$1,061,117</u></b> |

[1] Includes USDA Letter of Conditions stated Repair, Replacement and Improvement (RRI) requirement of \$33,333 per year.

[2] Estimated portion of the overall bond issue payable from the Water Fund.

[3] Estimated debt service payments based on a \$6,000,000 40-year USDA bond issue at the Letter of Conditions interest rate of 1.375%.

[4] Estimated debt service payments based on a \$4,738,000 40-year USDA bond issue at the Letter of Conditions interest rate of 1.375%.

[5] Accumulated, includes both 2023 USDA Bonds.