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OFFICERS OF THE DEPARTMENT

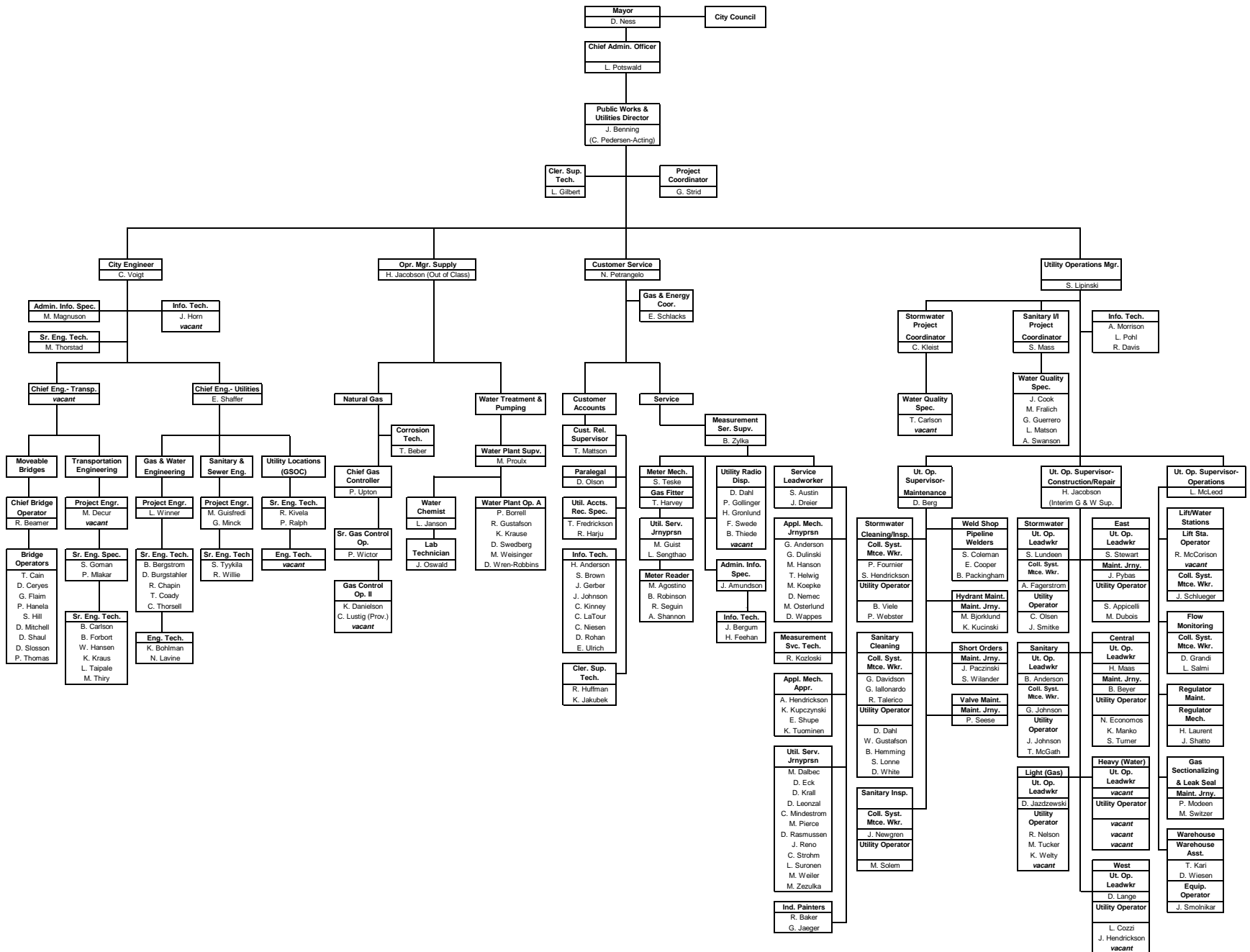
Mayor	Don Ness
Chief Administrative Officer	Lisa Potswald

City Council Public Works & Utilities Committee
Councilor Jay Fosle

DEPARTMENT OF PUBLIC WORKS & UTILITIES

Director	.....	Jim Benning (Cari Pedersen- Acting)
City Engineer	.....	Cindy Voigt
Manager, Customer Service	.....	Nick Petrangelo
Manager, Utility Operations	.....	Steve Lipinski
Operations Manager, Gas & Water Supply	.....	Howard Jacobson (Out of Class)
Chief Engineer, Utilities	.....	Eric Shaffer
Safety & Training Officer	.....	Julie Baker
Accounting	.....	Ken Taylor

**CITY OF DULUTH
PUBLIC WORKS & UTILITIES DEPARTMENT 2008**



Water Utility
Statement of Net Income
For The Year Ended December 31, 2008 and 2007
(Unaudited)

	2008		2007
<u>Operating Revenue</u>			
Metered Water Sales	\$ 11,131,136		\$ 11,934,066
Other	222,626		215,982
Total Operating Revenue	\$ 11,353,762		\$ 12,150,048
<u>Operating Expense</u>			
Director's Office	60,963		47,078
Capital Related Expenses	1,678,616		1,289,999
Utility General Expense	2,666,912		2,776,011
Engineering	389,058		461,076
Utility Operations	2,346,229		2,395,518
Water Treatment and Pumping	2,519,182		2,510,682
Customer Services	1,427,626		1,249,870
Total Operating Expense	(11,088,586)		(10,730,234)
Operating Income	265,176		1,419,814
<u>Other Revenue</u>			
Contributed Capital	47,512		49,979
Gain or Loss on the Sale of Fixed Assets	3,372		1,499
Transfer from Other Funds			
Fleet Services Rebate	21,000		0
Intergovernmental	16,919		16,919
Interest Income	107,175		243,899
Total Other Revenue	195,978		312,296
<u>Other Expenses and Transfers</u>			
Transfer to Other Funds			
Investing Activities	70,193		(169,388)
Non-Capital Improvements	434,218		(546,962)
Interest on Long Term Debt	240,761		(305,579)
Total Other Expenses and Transfers	(745,172)		(1,021,929)
Net Income or Loss	\$ (284,018)		\$ 710,181

Water Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Assets	
	2008	2007
<u>Current Assets</u>		
Cash	\$ 1,924,597	\$ 3,157,936
Restricted Cash and Equivalents:		
Minnesota Water Connection Fees	89,040	57,432
Construction	0	0
Accounts Receivable (Net)	928,966	853,122
Interfund Loan Receivable	884,234	0
Due from Other Funds	44,875	24,151
Special Assessments	116,042	201,467
Due from Other Governments	718	11,936
Inventory	<u>832,852</u>	<u>691,027</u>
Total Current Assets	\$ <u>4,821,324</u>	\$ <u>4,997,071</u>
<u>Utility Plant</u>		
In Service	62,833,907	60,775,886
Construction	<u>4,684,108</u>	<u>2,168,353</u>
		62,944,239
Less Accumulated Depreciation	<u>(27,111,789)</u>	<u>(25,959,841)</u>
Total Utility Plant Assets	<u>40,406,226</u>	<u>36,984,398</u>
<u>Other Assets</u>		
Special Assessments Receivable	336,889	400,664
Issuance Costs	<u>29,748</u>	<u>34,122</u>
Total Other Assets	<u>366,637</u>	<u>434,786</u>
Total Assets	\$ <u><u>45,594,187</u></u>	\$ <u><u>42,416,255</u></u>

Water Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Liabilities & Net Assets	
	2008	2007
<u>Current Liabilities</u>		
Accounts Payable	\$ 202,019	\$ 188,113
Contracts Payable	82,104	69,287
Due to Other Governments	151,400	120,392
Due to Other Funds	1,833,664	1,249,029
Accrued Salaries Payable	107,697	72,629
Accrued Interest Payable	91,760	89,937
Notes Payable	181,608	176,814
Bonds Payable	446,000	613,000
Leases Payable	126,861	
Deferred Revenue	0	0
Customer Deposits	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Total Current Liabilities (Payable from Current Assets)	\$ 3,233,113	\$ 2,589,201
<u>Long Term Liabilities</u>		
Vacations Payable	248,869	243,221
Net Other Post Employment Benefits	810,345	421,339
Notes Payable	1,862,124	2,043,732
Bonds Payable	4,001,000	4,447,000
Leases Payable	3,043,812	
Less Unamortized Bond Discount	(22,130)	(29,310)
	<u>9,944,020</u>	<u>7,125,982</u>
Total Long Term Liabilities	9,944,020	7,125,982
Total Liabilities	13,177,133	9,715,183
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	30,796,699	29,767,284
Unrestricted	1,620,355	2,933,788
	<u>32,417,054</u>	<u>32,701,072</u>
Total Net Assets	32,417,054	32,701,072
Total Liabilities and Net Assets	\$ 45,594,187	\$ 42,416,255

City of Duluth
Water Utility Bonds, Notes and Capital Leases Payable
December 31, 2008

	<u>Issued</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding 12/31/2007</u>	<u>Issued</u>	<u>Drw Down</u>	<u>Retired</u>	<u>Principal Outstanding 12/31/2008</u>
Water Utility Bonds								
Revenue and General Obligation Refunding	\$ 2,455,000	9/1/1997	2/1/2008	\$ 295,000	\$ 0	\$ 0	\$ 295,000	\$ 0
Revenue and General Obligation	1,690,000	9/1/2002	2/1/2018	1,330,000	0	0	98,000	1,232,000
Revenue and General Obligation	1,385,000	12/1/2002	2/1/2018	1,085,000	0	0	80,000	1,005,000
Revenue and General Obligation Refunding	625,000	3/1/2003	2/1/2010	280,000	0	0	90,000	190,000
Revenue and General Obligation	1,120,000	12/19/2006	2/1/2022	1,120,000	0	0	50,000	1,070,000
Revenue and General Obligation Refunding	950,000	12/13/2007	2/1/2016	950,000	0	0	0	950,000
Bond Total				<u>\$ 5,060,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 613,000</u>	<u>\$ 4,447,000</u>
Notes								
Public Facilities Authority	\$ 870,000	8/25/2003	8/20/2018	\$ 682,546	\$ 0	\$ 0	\$ 53,814	\$ 628,732
Public Facilities Authority	1,971,532	7/2/2004	8/20/2018	1,538,000	0	0	123,000	1,415,000
Note Total				<u>\$ 2,220,546</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,814</u>	<u>\$ 2,043,732</u>
Capital Leases								
AMR System	\$ 3,443,490	7/12/2007	2/1/2024	\$ 0	\$ 0	\$ 3,170,673	\$ 0	\$ 3,170,673
Capital Leases Total				<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,170,673</u>	<u>\$ 0</u>	<u>\$ 3,170,673</u>
Total Water Utility Bonds, Notes and Capital Leases				<u>\$ 7,280,546</u>	<u>\$ 0</u>	<u>\$ 3,170,673</u>	<u>\$ 789,814</u>	<u>\$ 9,661,405</u>

Future Payments:			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 754,470	\$ 243,943	\$ 998,413
2010	810,857	324,534	1,135,391
2011	748,360	297,781	1,046,141
2012	774,119	271,323	1,045,442
2013	806,145	243,491	1,049,636
2014	829,447	214,272	1,043,719
2015	864,037	183,708	1,047,745
2016	897,925	151,626	1,049,551
2017	789,123	120,854	909,977
2018	820,642	91,354	911,996
2019	330,846	66,874	397,720
2020	345,251	53,924	399,175
2021	360,017	40,342	400,359
2022	370,157	26,236	396,393
2023	285,683	13,714	299,397
2024	147,143	2,784	149,927
	<u>\$ 9,934,222</u>	<u>\$ 2,346,760</u>	<u>\$ 12,280,982</u>

Water Fund
Schedule of Fixed Assets
Year Ending December 31, 2008

	<u>Balance</u> <u>Jan.1, 2008</u>	<u>Transfer from</u> <u>General Fund</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u>
Lands and Grounds	\$ 205,703	\$	\$	\$	\$ 205,703	\$	\$ 205,703
Infrastructure	39,441,997		2,019,685		41,461,682	13,470,221	27,991,461
Buildings and Structures	17,107,907				17,107,907	10,542,042	6,565,865
Equipment and Tools	4,020,280	35,480	44,286	41,431	4,058,615	3,099,526	959,089
Work in Progress	<u>2,168,352</u>		<u>4,693,274</u>	<u>2,177,519</u>	<u>4,684,107</u>		<u>4,684,107</u>
Total	<u>\$ 62,944,239</u>	<u>\$ 35,480</u>	<u>\$ 6,757,245</u>	<u>\$ 2,218,950</u>	<u>\$ 67,518,014</u>	<u>\$ 27,111,789</u>	<u>\$ 40,406,225</u>

COMPARATIVE STATEMENT, OPERATING EXPENSE OF ALL STATIONS, YEARS 2007 AND 2008

Station	Year	Daily Average Gallons Pumped, Initial Supply	Gallons Pumped	Electricity
Lakewood	2008	16,919,918	6,175,770,000	\$ 598,729
	2007	17,352,986	6,333,840,000	\$ 564,262
Middle	2008		1,301,004,000	\$ 95,552
	2007		1,378,080,000	\$ 103,174
Woodland	2008		605,076,000	\$ 94,567
	2007		625,248,000	\$ 103,778
West Duluth	2008		2,657,940,000	\$ 39,235
	2007		2,382,176,000	\$ 37,137
Orphanage	2008		142,763,800	\$ 6,365
	2007		174,672,200	\$ 6,987
Highland	2008		465,158,000	\$ 23,924
	2007		479,818,000	\$ 27,977
Arlington	2008		716,507,000	\$ 56,502
	2007		704,410,250	\$ 60,981
Lakeside	2008		64,260,600	\$ 8,212
	2007		67,266,600	\$ 8,918
Bay View	2008		221,915,800	\$ 19,248
	2007		320,044,800	\$ 28,937
Proctor	2008		154,442,000	\$ 15,439
	2007		300,300,000	\$ 23,281
Airport	2008		unmetered	\$ 1,296
	2007		unmetered	\$ 1,815
TOTALS	2008	16,919,918	12,504,837,200	\$ 959,069
	2007	17,352,986	12,765,855,850	\$ 967,247

WATER PLANT STATISTICS

	2008	2007	2006	2005	2004	2003	2002
Water Pumped							
Million Cubic Feet	826	846	832.4	825.1	862.6	903.1	875.8
Water Sold							
Million Cubic Feet	601	746	697.8	704.7	718.8	730.7	737.0
General & Distribution Operating							
Costs including Maintenance (*)	\$ 9,930,687	\$ 9,545,839	\$ 8,399,508	\$ 7,979,034	\$ 7,165,410	\$ 7,318,249	\$ 6,601,830
Cost per 100 Cubic Feet	\$ 1.6524	\$ 1.2796	\$ 1.2037	\$ 1.1323	\$ 0.9969	\$ 1.0015	\$ 0.8958
Interest charges	\$ 240,761	\$ 305,579	\$ 307,361	\$ 340,199	\$ 326,297	\$ 329,210	\$ -
Cost per 100 Cubic Feet	\$ 0.0401	\$ 0.0410	\$ 0.0440	\$ 0.0483	\$ 0.0454	\$ 0.0451	\$ -
Depreciation charge	\$ 1,157,899	\$ 1,184,485	\$ 1,124,151	\$ 1,063,447	\$ 1,066,639	\$ 1,059,456	\$ 1,108,620
Cost per 100 Cubic Feet	\$ 0.1927	\$ 0.1588	\$ 0.1611	\$ 0.1509	\$ 0.1484	\$ 0.1450	\$ 0.1504
Total Cost per 100 Cubic Feet	\$ 1.8851	\$ 1.4793	\$ 1.4089	\$ 1.3314	\$ 1.1906	\$ 1.1916	\$ 1.0462
Operating revenue	\$ 11,353,762	\$ 12,150,049	\$ 10,916,443	\$ 10,282,800	\$ 9,884,976	\$ 9,732,863	\$ 9,566,000
Cost per 100 Cubic Feet	\$ 1.8891	\$ 1.6287	\$ 1.5644	\$ 1.4592	\$ 1.3752	\$ 1.3320	\$ 1.2980
Water meters in service	28,016	28,087	27,948	27,809	27,696	27,572	27,459
Water main miles	424.4	424.3	408.3	408.22	406.24	403.38	397.85
Water meters per mile of main	66.01	66.20	68.45	68.12	68.18	68.35	69.02
Hydrants on system	2,500	2,396	2,373	2,363	2,231	2,196	2,196

(*) Depreciation not included

2008
COMPARATIVE TABLES
SHOWING OPERATING EFFICIENCIES AT PUMPING STATIONS

Station	Year	Average Total Dynamic Head	Million Gallon Feet	K.W.H. per Million Gallon Feet	Per Cent Efficiency	K.W.H. Consumed
Lakewood High Lift	2008	289.52	1,788,008	6.18	50.78	11,047,200
	2007	289.52	1,844,422	4.32	72.64	7,965,615
Middle	2008	290.00	377,291	4.04	77.69	1,523,600
	2007	290.00	399,643	3.96	79.21	1,582,800
Woodland	2008	556.00	336,422	4.57	68.66	1,537,200
	2007	556.00	347,638	4.68	67.07	1,626,000
West Duluth Booster Station	2008	60.00	159,476	3.66	85.66	584,064
	2007	60.00	142,931	3.95	79.44	564,480
Orphanage	2008	115.00	16,418	4.72	66.51	77,440
	2007	115.00	20,087	4.16	75.45	83,520
Highland	2008	133.00	61,866	6.02	52.15	372,160
	2007	133.00	63,816	6.23	50.33	397,760
Arlington	2008	276.00	197,756	4.52	69.34	894,720
	2007	276.00	194,442	4.88	64.25	949,440
Lakeside	2008	230.00	14,280	4.83	64.89	69,040
	2007	230.00	15,471	5.07	61.91	78,400
Bay View	2008	252.00	55,923	4.00	78.43	223,680
	2007	252.00	90,253	4.49	69.84	405,440
Proctor	2008	290.00	44,788	4.70	66.73	210,560
	2007	290.00	87,087	4.23	74.24	368,000

WATER PURIFICATION 2008 LAKEWOOD STATION

Month	Total Number of Gallons Treated	Average Water Temperature Degree F	Ammonia Dosage		Chlorine Dosage	
			MG/L	Lbs.	MG/L	Lbs.
January	486,660,000	35.9	0.50	2,036	1.77	7,191
February	459,800,000	34.1	0.51	1,964	1.70	6,508
March	508,370,000	33.2	0.52	2,184	1.63	6,906
April	447,250,000	35.2	0.50	1,858	1.42	5,292
May	475,100,000	37.8	0.53	2,116	1.72	6,823
June	496,580,000	40.7	0.54	2,239	1.44	5,964
July	561,500,000	46.1	0.51	2,382	1.75	8,211
August	597,750,000	49.9	0.50	2,515	1.87	9,305
September	502,770,000	49.2	0.50	2,114	1.86	7,780
October	485,250,000	50.4	0.50	2,021	1.96	7,936
November	478,870,000	44.1	0.51	2,030	1.85	7,381
December	491,950,000	37.2	0.50	2,065	1.69	6,939
TOTAL	5,991,850,000			25,524		86,236
Average/Month	499,320,833	41.15	0.51	2,127	1.72	7,186

2008
LAKE SUPERIOR RAW WATER
AND DULUTH FINISHED WATER (LABORATORY ANALYSES)

Milligrams per Liter, Except pH, Turbidity and Specific Conductance

	RAW	FINISHED
	Average	Average
Dissolved Oxygen	12.31	12.56
pH	7.876	9.031
Monthly Specific Conductance Micromhos/cm	96.2	119.8
Nitrate Nitrogen		
Chlorides		
Alkalinity	42.2	45.1
Hardness		
Sulfates	3.48	9.39
Phosphates		
Iron		
Fluorides	0.05	1.15
Aluminum		
Sodium		
Dissolved Solids		
Turbidity NTU	0.87	0.017
Chlorine	0	
Temperature	41.4° F	

WATER TREATMENT 2008

Month	Asbestos Removal	Dental		Treatment Effectiveness
	Alum MG/L	Fluoride MG/L	Dosage Gal	Turbidity NTU
January	6.60	1.28	2,416	0.016
February	9.01	1.09	2,194	0.016
March	7.62	1.23	2,540	0.016
April	8.57	1.2	2,412	0.016
May	10.00	1.12	2,415	0.016
June	10.61	1.13	2,491	0.018
July	10.91	1.1	2,687	0.020
August	14.83	1.16	2,925	0.017
September	13.35	1.12	2,482	0.018
October	13.41	1.13	2,514	0.020
November	12.29	1.1	2,463	0.018
December	8.85	1.09	2,370	0.015
Average/Month	10.50	1.15	2,492	0.017

BACTERIOLOGICAL DATA 2008

	RAW WATER INTAKE				TREATED WATER		DISTRIBUTION	
	Number Samples	Total Bacteria per ml. 48 Hours 35 degree C	Coliform per 100 ml	Fecal Coliform per 100 ml	Number Samples	Number Samples Positive	Number Samples	Number Samples Positive
January	39	1.21	0.31	0.09	159	0	91	0
February	34	0.76	0.26	0.06	145	0	92	0
March	30	0.57	0.03	0.01	154	0	91	0
April	40	17.28	2.08	0.13	174	0	94	0
May	36	1.74	0.06	0.04	162	0	91	0
June	39	20.54	7.68	3.05	169	0	90	0
July	39	4.05	0.74	0.20	163	0	91	0
August	35	5.20	1.03	0.13	153	0	91	0
September	36	23.19	2.14	1.53	155	0	92	0
October	38	10.92	2.14	1.53	152	0	94	0
November	28	1.93	1.10	0.18	137	0	90	0
December	31	1.71	0.61	0.18	138	0	90	0
TOTAL	425				1,861	0	1,097	0
Average for Month	35	7.43	1.52	0.59	155	0	91	0

LENGTH OF WATER MAINS IN FEET 2008

Diameter Inches	Ductile/Cast		Copper	Polyvinal Chloride	High Density Polyethelene	Total	Valves	Manholes
	Iron	Steel						
1			791			791	6	
2	33		1,881		8,633	10,547	27	
3	868				619	1,487	10	
4	13,971					13,971	67	
6	1,205,014	1,211		1,686	9,314	1,217,225	2610	76
8	171,124	487			78,587	250,198	530	29
10	217,577	5,536			19,426	242,539	400	20
12	208,896	2,295			10,367	221,558	347	51
14					1,048	1,048	0	
16	105,545	10,400				115,945	126	75
18	1,373				2,107	3,480	2	1
20	15,253	29,795				45,048	31	34
24	10,678	55			5,013	15,746	11	12
30		2,659				2,659	2	3
36	36,690	11,356				48,046	31	39
42	181	49,280				49,461	7	36
48	851					851	1	1
TOTALS	1,988,054	113,074	2,672	1,686	135,114	2,240,600	4208	377
Total Miles -						424.4		
Added in 2008						2.56	13	-3

Notes: Pipe and valves in hydrant branches are not included in the above table.
 Air valves, valves without gates and valves inside pump stations are not included.
 All Main and Hydrant information provided from Geographic Information System.

HYDRANTS AND BRANCHES FINAL REPORT 2008

	Mueller	4"	Mathews		Michigan	Unknown	Waterous	Iowa		Stockholm	Total	Valves on	Lineal Feet
	5"		4 1/2"	5"				5"	4"					5"	2"	Hydrants	Branches	Main to Hydt.
TOTAL IN SERVICE 12/31/2007	169	47	24	536	6	345	1,356	0	2	2	2,487	2,123	48,159
REPLACED OUT OR REMOVED 2008	0	0	-2	-16	0	0	-11	0	0	0	-29	-14	-310
REPLACED IN OR INSTALLED 2008	0	0	0	0	0	0	42	0	0	0	42	38	353
TOTAL IN SERVICE 12/31/2008	169	47	22	520	6	345	1,387	0	2	2	2,500	2,147	48,202

Number of Hydrants added in 2008 - 13
 Number of Hydrant Valves added in 2008 - 15
 Lineal feet of Hydrant branch main added in 2008 - 184

**2008
DATA, RESERVOIRS AND TANKS**

Location	Capacity Gallons	Overflow Elevation	Greatest Depth	Dimension	Remarks
Lakeside Tank	100,000	500.00 Feet	23.75 Feet	Diameter 27 Feet	Built in 1961
34th Avenue East "Reservoir "A"	16,320,000	294.00 Feet	31.50 Feet	284 Feet x 391 Feet	Built 1898, Rebuilt 1938
Endion Reservoir	14,140,000	290.00 Feet	27.80 Feet	240 Feet x 320 Feet	Built by G & W Company Rebuilt 1922 New Roof 1966 Lined 1988
West End Reservoirs #1-6	10,200,000	290.00 Feet	33.00 Feet	Diameter 100 Feet	Built 1953
West Duluth Reservoir	10,000,000	289.75 Feet	21.00 Feet	327.3 Feet x 263.3 Feet	Built 1906 Remodeled 1925
Middle System - Reservoir #1	5,171,000	560.00 Feet	28.00 Feet	Diameter 187.38 Feet	Built 1913 New Roof 1928 Lined 1988
Middle System - Reservoir #2	5,131,000	560.00 Feet	25.00 Feet	Diameter 190 Feet	Built in 1951
Woodland Reservoir #1	1,021,000	806.00 Feet	22.00 Feet	Diameter 91.5 Feet	Built in 1915 Lined 1939 Refaced 2002
Woodland Reservoir #2	2,015,000	806.00 Feet	35.50 Feet	Diameter 100 Feet	Built in 1950 Lined 2000 Refaced 2002
Arlington Reservoir #1	240,490	806.00 Feet	27.00 Feet	Diameter 40 Feet	Built in 1925
Arlington Reservoir #2	1,534,000	806.00 Feet	27.50 Feet	Diameter 100 Feet	Built in 1950
Orphanage Tank #1	400,000	916.00 Feet	129.40 Feet	Diameter 51.5 Feet	Built 1994
Gary Standpipe					Removed September 1999
Highland Tank #1	100,000	931.00 Feet	22.00 Feet	Diameter 30 Feet	Built 1954
Highland Tank #2	400,000	931.00 Feet	35.00 Feet	Diameter 46 Feet	Built 1972
Bay View Heights Steel Tank	100,000	550.00 Feet	26.00 Feet	Diameter 26 Feet	Built 1972
Proctor Tank	400,000	833.00 Feet	142.00 Feet	Diameter 51.5 Feet	Built 1989
TOTAL	67,272,490				

PUMPING STATIONS - WATER PUMPING EQUIPMENT

Station	Source of Supply	Reservoirs Discharged Into	No. Units and Year Installed	Make of Pump	Type of Pump	Unit No.	Pumps Driven By	R.P.M.	Average Capacity G.P.M. Each Unit	Average Total
Lakewood Low Lift	Lake Superior	Lakewood	1 -- 1992	Patterson	Single Stage Centrifugal	2	1 Unit direct connected to 300 hp, 2300 volt, 60 cycle, GE Induction motor.	900	17400	56
			1 -- 1949	DeLaval		4	1 Unit direct connected to 350 hp, 2300 volt, 60 cycle, GE Induction motor	440	20800	51
			1 -- 1981	Worthington	Single Stage	1	1 Unit direct connected to 200 hp, 2300 volt, 60 cycle, GE Induction motor	500	11389	51
Lakewood High Lift	Lakewood (Detention Basin)	Reservoir A Endion, West End, & West Duluth	1 -- 1992	Patterson	Single Stage Centrifugal	2	2 Unit direct connected to 1500 hp, 2300 volt, 60 cycle GE Induction motor with VFD and fixed controller	1200	17400	280
			1 -- 1949	DeLaval	Two Stage Centrifugal	4	2 Unit direct connected to 2000 hp, 2300 volt, 60 cycle, GE synchronous motor, with direct exciter	720	20800	318
			1 -- 1981	Worthington	Single Stage	1	1 Unit direct connected to 1000 hp, 2300 volt, 60 cycle GE capacitor induction motor	1185	11389	276
Middle	Reservoir A and Endion	Middle Service	1 -- 1950	Allis-Chalmers	Single Stage, Two Unit, Centrifugal	3	Direct connected to 400 hp, 2300 volt, 60 cycle, Allis-Chalmers synchronous motor, with direct connected exciter	1800	4000	317
			1 -- 1969	Aurora	Single Stage, One Unit, Centrifugal	4	Direct connected to 250 hp, 2300 volt, 60 cycle, 3-phase Louis Allis Induction motor	1750	2500	300
			1 -- 1986	Fairbanks-Morse	Single Stage, One Unit, Centrifugal	5	Direct connected to 250 hp, 2300 volt, 60 cycle, 3-phase Siemens-Allis motor	1785	2600	290
Woodland	Reservoir A	Woodland & Arlington Reservoir	1 -- 1950	Allis-Chalmers	All Units Single State, Two Unit, Centrifugal	3	Direct connected to 500 hp, 2300 volt, 60 cycle, Allis-Chalmers synchronous motor, with direct connected exciter	1800	2050	596
			1 -- 1986	Fairbanks Morse Co.		4	Direct connected to 300 hp, 2300 volt, 60 cycle, Siemens-Allis Induction motor	1775	1720	560
			1 -- 1975	Aurora #421	Two Stage, Centrifugal	5	Direct connected to 240 hp, 2300 volt, 60 cycle, 3-phase Marathon Induction motor	1750	1250	555

PUMPING STATIONS - WATER PUMPING EQUIPMENT

West Duluth	Reservoir A, Endion & West	West Duluth Reservoir & West Duluth System	2 -- 1993	Fairbanks-Morse	All Units Single Stage	2	Rewound to 300 hp, 400 volt, 60 cycle, 3-phase Marathon Induction motor, with VFD drive	1200	6000	70
Orphanage	Woodland Reservoirs	Orphanage Tanks	1 -- 1961	Worthington Type L-2	Single Stage Centrifugal	5	Direct connected to 40 hp, 440 volt, 60 cycle, U.S. Induction motor	1750	1000	125
			1 -- 1961		Single Stage Centrifugal	6	Direct connected to 40 hp, 440 volt, 60 cycle, U.S. Induction motor	1750	1000	125
Highland	Arlington Reservoirs	Highland Tanks	1 -- 1955	DeLaval	Single Stage, Single Suction Centrifugal	3	Direct connected to 10 hp, 440 volt, 60 cycle, 3-phase, GE Induction motor	3475	200	136
			1 -- 1955	DeLaval	Single Stage, Single Suction Centrifugal	4	Direct connected to 20 hp, 440 volt, 60 cycle, 3-phase, GE Induction motor	3500	350	136
			1 -- 1959	Fairbanks-Morse	Single Stage, Double Suction Centrifugal	5	Direct connected to 50 hp, 440 volt, 60 cycle, 3-phase Fairbanks-Morse Induction motor	1750	1000	140
			1 -- 1959	Fairbanks-Morse	Single Stage, Double Suction Centrifugal	6	Direct connected to 50 hp, 440 volt, 60 cycle, 3-phase Fairbanks-Morse Induction motor	1750	1000	140
Arlington	Middle Reservoirs	Arlington Reservoirs	2 -- 1958	Fairbanks-Morse Model 5814	Single Stage Centrifugal	1 2	Each unit direct connected to 150 hp, 440 volt, 60 cycle, 3-phase U.S. Induction motor	1800	1600	270
Lakeside	Two 10" Mains	Lakeside Tank	2 -- 1961	Worthington Type L-3	Single Stage Centrifugal	1 2	Each unit direct connected to 100 hp, 440 volt, 60 cycle, 3-phase U.S. Induction motor	1750	1000	240
Bay View	West Duluth Reservoir	Bay View Tank	2 -- 1973 2-- 2002	Aurora	Single Stage Centrifugal	1 2	Each unit direct connected to 125 hp, 440 volt, 60 cycle, 3-phase U.S. Induction motor	3500	1200	320
Proctor	Bay View Tank	Proctor Standpipe	2 -- 1973	Aurora	Single Stage Centrifugal	1 2	Each unit direct connected to 125 hp, 440 volt, 60 cycle, 3-phase Louis Allis motor	3500	1200	320

WATER UTILITY ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
Repair of water services and mains	305
Main breaks	146
Cut off services	42
Install services	27
Steam requests (hydrants/services)	218
Water leak checks	503
Field work for contractors, Engineering	3
Miscellaneous Customer Service requests	364
Fire hydrants:	
Replace and repair hydrants	59
Steaming	see above
Inspection	All fire hydrants in the City are inspected as part of a preventative maintenance program.

CUSTOMER SERVICE DIVISION WATER ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
Remote Crew:	
Repair/New Construction	0
Meter Truck:	
Gauge Water Service	172
Applications (water & gas)	5835
Credit (water & gas)	2671
Emergency (water & gas)	950
General (water & gas)	3172
Meter Shop:	
Water Meters Repaired	558
Water Meters Tested	3051
Plumbing Truck Orders (water & gas)	562

Gas Utility
Statement of Net Income
For The Year Ended December 31, 2008 and 2007
(Unaudited)

	2008		2007
<u>Operating Revenue</u>			
Residential Sales	\$ 33,598,446		\$ 27,560,287
Commercial & Industrial - Firm	15,514,549		12,143,885
Commercial & Industrial - Interruptible	8,321,239		6,789,435
Servicing Appliances	600,928		540,769
Other	409,436		309,930
Total Operating Revenue	\$ 58,444,598		\$ 47,344,306
<u>Operating Expense</u>			
Director's Office	78,565		56,410
Capital Related Expenses	1,194,470		1,178,077
Utility General Expense	3,235,450		3,217,193
Engineering	321,004		396,308
Utility Operations	1,816,570		1,715,317
Natural Gas	43,327,950		36,615,256
Customer Services	3,957,014		3,491,258
Total Operating Expense	(53,931,023)		(46,669,819)
Operating Income	4,513,575		674,487
<u>Other Revenue</u>			
Contributed Assets	29,804		22,383
Gain or Loss on Sale of Fixed Assets	6,145		1,005
Transfer from Other Funds			
Fleet Services Rebate	21,000		0
Intergovernmental	23,365		23,365
Interest Income	150,671		216,579
Total Other Revenue	230,985		263,332
<u>Other Expenses and Transfers</u>			
Interest Expense	505,728		540,182
Transfers to Other Funds			
Payment to City in Lieu of Taxes	3,314,101		3,457,694
Investing Activities	133,257		193,323
Misc. Transfers	0		0
Non-Capital Improvements	47,136		3,796
Total Other Expenses and Transfers	(4,000,222)		(4,194,995)
Net Income or Loss	\$ 744,338		\$ (3,257,176)

Gas Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Assets	
	2008	2007
<u>Current Assets</u>		
Cash	\$ 0	\$ 1,386,531
Restricted Cash and Equivalents:		
Customer Deposit	1,014,744	968,555
Construction	0	117,885
Accounts Receivable (Net)	9,480,457	9,284,643
Due from Other Funds	50,169	25,513
Special Assessments	22,035	22,877
Due from Other Governments	171	16,247
Inventory	851,973	796,886
Prepaid gas	<u>4,962,814</u>	<u>3,079,738</u>
Total Current Assets	\$ <u>16,382,363</u>	\$ <u>15,698,875</u>
<u>Utility Plant</u>		
In Service	55,260,281	54,822,700
Construction	<u>3,557,672</u>	<u>378,824</u>
		55,201,524
Less Accumulated Depreciation	<u>(16,967,107)</u>	<u>(15,919,872)</u>
Total Utility Plant Assets	<u>41,850,846</u>	<u>39,281,652</u>
<u>Other Assets</u>		
Special Assessments Receivable	59,336	75,246
Bond Issuance Charges	16,434	17,691
Advance to Other Funds	<u>2,100,000</u>	<u>2,250,000</u>
Total Other Assets	<u>2,175,770</u>	<u>2,342,937</u>
Total Assets	\$ <u><u>60,408,979</u></u>	\$ <u><u>57,323,464</u></u>

Gas Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Liabilities & Net Assets	
	2008	2007
<u>Current Liabilities</u>		
Accounts Payable	\$ 4,268,157	\$ 4,750,119
Contracts Payable	22,917	62,490
Due to Other Governments	87,539	96,632
Due to Other Funds	113,806	36,414
Interfund Loan Payable	167,358	
Accrued Salaries Payable	128,967	93,909
Deferred Revenue	1,815,430	1,691,214
Customer Deposits	1,001,673	968,555
Accrued Interest Payable	202,772	218,354
Bonds Payable	964,000	
Leases Payable	116,290	933,000
	\$ 8,888,909	\$ 8,850,687
<u>Long Term Liabilities</u>		
Accrued Vacations Payable	334,698	328,158
Net Other Post Employment Benefits	910,469	454,039
Bonds Payable	11,124,000	12,088,000
Leases Payable	2,790,160	
Less Unamortized Bond Discount	(123,834)	(137,659)
	15,035,493	12,732,538
Total Long Term Liabilities	15,035,493	12,732,538
Total Liabilities	23,924,402	21,583,225
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	26,996,664	26,533,887
Unrestricted	9,487,913	9,206,352
	36,484,577	35,740,239
Total Net Assets	36,484,577	35,740,239
Total Liabilities and Net Assets	\$ 60,408,979	\$ 57,323,464

**City of Duluth
Gas Utility Bonds and Capital Leases Payable
December 31, 2008**

	<u>Issued</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding 12/31/2007</u>	<u>Issued</u>	<u>Draw Down</u>	<u>Retired</u>	<u>Principal Outstanding 12/31/2008</u>
Gas Utility								
Bonds								
Revenue and General Obligation	\$ 5,300,000	12/1/2001	2/1/2017	\$ 3,885,000	\$ 0	\$ 0	\$ 325,000	\$ 3,560,000
Revenue and General Obligation	2,132,000	9/1/2002	2/1/2018	1,676,000	0	0	123,000	1,553,000
Revenue and General Obligation	1,425,000	12/1/2002	2/1/2018	1,125,000	0	0	85,000	1,040,000
Revenue and General Obligation	6,090,000	12/1/2003	2/1/2019	5,145,000	0	0	345,000	4,800,000
Revenue and General Obligation	1,190,000	12/19/2006	2/1/2022	1,190,000	0	0	55,000	1,135,000
Bond Total				<u>\$ 13,021,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 933,000</u>	<u>\$ 12,088,000</u>
Capital Leases								
AMR System	\$ 3,156,533	7/12/2007	2/1/2024	\$ 0	\$ 0	\$ 2,906,450	\$ 0	\$ 2,906,450
Capital Leases Total				<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,906,450</u>	<u>\$ 0</u>	<u>\$ 2,906,450</u>
Total Gas Utility Bonds and Capital Leases				<u>\$ 13,021,000</u>	<u>\$ 0</u>	<u>\$ 2,906,450</u>	<u>\$ 933,000</u>	<u>\$ 14,994,450</u>

<u>Future Payments:</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,080,290	\$ 494,740	\$ 1,575,030
2010	1,162,739	551,900	1,714,639
2011	1,204,889	507,779	1,712,668
2012	1,252,274	460,904	1,713,178
2013	1,309,904	410,531	1,720,435
2014	1,364,786	355,993	1,720,779
2015	1,421,933	297,572	1,719,505
2016	1,483,352	236,203	1,719,555
2017	1,548,056	171,850	1,719,906
2018	1,135,054	115,468	1,250,522
2019	855,358	74,685	930,043
2020	328,981	50,975	379,956
2021	342,932	38,000	380,932
2022	357,227	24,426	381,653
2023	261,877	12,571	274,448
2024	134,881	2,552	137,433
	<u>\$ 15,244,533</u>	<u>\$ 3,806,149</u>	<u>\$ 19,050,682</u>

Gas Fund
Schedule of Fixed Assets
Year Ending December 31, 2008

	<u>Balance</u> <u>Jan.1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Book Value</u>
Lands and Grounds	\$ 420,815	\$	\$	\$ 420,815	\$	\$ 420,815
Infrastructure	48,071,360	408,645		48,480,005	13,811,780	34,668,225
Buildings and Structures	2,592,124			2,592,124	517,499	2,074,625
Equipment and Tools	3,738,401	70,367	41,431	3,767,337	2,637,828	1,129,509
Work in Progress	378,824	3,603,579	424,731	3,557,672		3,557,672
Total	<u>\$ 55,201,524</u>	<u>\$ 4,082,591</u>	<u>\$ 466,162</u>	<u>\$ 58,817,953</u>	<u>\$ 16,967,107</u>	<u>\$ 41,850,846</u>

GAS PLANT STATISTICS

	2008	2007	2006	2005	2004	2003	2002
Gas sold MMBTU	5,169,299	4,544,616	4,285,167	4,777,330	5,066,548	5,289,874	5,124,065
Cost of gas sold	\$ 42,819,209	\$ 36,093,665	\$ 35,703,140	\$ 41,122,097	\$ 32,396,692	\$ 31,209,000	\$ 25,980,818
Cost per MMBTU sold	\$ 8.2834	\$ 7.9421	\$ 8.3318	\$ 8.6078	\$ 6.3942	\$ 5.8998	\$ 5.0704
Other operating costs, including maintenance(*)	\$ 10,106,846	\$ 9,561,803	\$ 7,952,616	\$ 7,793,937	\$ 8,145,934	\$ 7,792,433	\$ 7,645,609
Cost per MMBTU sold	\$ 1.9552	\$ 2.1040	\$ 1.8558	\$ 1.6314	\$ 1.6078	\$ 1.4731	\$ 1.4921
Interest charges	\$ 505,728	\$ 540,182	\$ 523,749	\$ 548,648	\$ 558,318	\$ 367,087	\$ 259,813
Cost per MMBTU sold	\$ 0.0978	\$ 0.1189	\$ 0.1222	\$ 0.1148	\$ 0.1102	\$ 0.0694	\$ 0.0507
Depreciation charge(**)	\$ 1,088,666	\$ 1,060,245	\$ 999,663	\$ 956,700	\$ 908,136	\$ 864,153	\$ 909,306
Cost per MMBTU sold	\$ 0.2106	\$ 0.2333	\$ 0.2333	\$ 0.2003	\$ 0.1792	\$ 0.1634	\$ 0.1775
Total cost per MMBTU sold	\$ 10.5470	\$ 10.3982	\$ 10.5432	\$ 10.5543	\$ 8.2915	\$ 7.6056	\$ 6.7906
Operating revenue per MMBTU	\$ 11.3326	\$ 10.4177	\$ 11.5200	\$ 11.5600	\$ 8.8800	\$ 7.9861	\$ 7.4100
Gas meters in service	25,983	25,726	25,369	25,085	24,970	24,857	24,613
Gas main miles	510.2	508	495.34	488.26	482.19	478.46	465.34
Gas meters per mile of main	50.93	50.64	51.22	51.38	51.78	51.95	52.89

(*) Does not include depreciation for the cost of natural gas

(**) Does not include depreciation due to change in Capital Policy

GAS ANALYSIS 2008

Month	Gas Purchased MMBTU	Storage Gas	MMBTU Transport	Consumption w/o Transport MMBTU	Total Transport BTU's
Beginning Balance		485,365			
January	857,819	-168,000	26,670	831,149	1003
February	750,726	-150,783	25,777	724,949	1003
March	632,447	-101,200	25,442	607,005	1006
April	413,139	-65,382	21,022	392,117	1010
May	274,932	3,660	14,806	260,126	1003
June	164,585	30,243	14,251	150,334	1006
July	117,252	83,324	17,178	100,074	1006
August	117,578	282,305	17,121	100,457	1007
September	151,521	287,521	16,182	135,339	1006
October	297,223	299,712	21,350	275,873	1008
November	523,288	-89,762	23,593	499,695	1004
December	868,789	-230,923	25,165	843,624	1013
Storage Balance		666,080			
Totals	5,169,299		248,557	4,920,742	1006

- withdraw, + inject

GAS TRANSPORTATION ANALYSIS 2008

Month	Transport in MMBTU	Customer Bill	US Energy Transport Bill	Total Transport Revenue	Number of Customers
January	26,670	\$ 3,988.36	\$ 18,668.99	\$ 22,657.35	2
February	25,777	\$ 3,760.98	\$ 8,047.06	\$ 11,808.04	2
March	25,442	\$ 3,334.89	\$ 3,970.75	\$ 7,305.64	2
April	21,022	\$ 2,907.68	\$ 2,988.79	\$ 5,896.47	2
May	14,806	\$ 2,285.59	\$ 6,012.03	\$ 8,297.62	2
June	14,251	\$ 2,395.51	\$ 3,629.68	\$ 6,025.19	2
July	17,178	\$ 2,380.16	\$ 3,162.86	\$ 5,543.02	2
August	17,121	\$ 2,419.56	\$ 5,657.92	\$ 8,077.48	2
September	16,182	\$ 2,245.04	\$ 19,565.88	\$ 21,810.92	2
October	21,350	\$ 2,934.53	\$ 1,217.21	\$ 4,151.74	2
November	23,593	\$ 3,096.07	\$ (3,971.23)	\$ (875.16)	2
December	25,165	\$ 3,621.72	\$ (3,230.10)	\$ 391.62	2
TOTALS	248,557	\$ 35,370.09	\$ 65,719.84	\$ 101,089.93	2
AVERAGE PER MMBTU		\$ 0.142	\$ 0.264	\$ 0.407	

LENGTH OF GAS MAINS IN FEET 2008

Diameter - Inches	Polyethelene	Steel	Total	Valves	Manholes
1	27,271		27,271	43	
1 1/4		2,957	2,957	28	
2	1,706,284	31,363	1,737,647	804	
3	334,100	9,985	344,085	221	
4		54,333	54,333	63	3
6	46,906	88,941	135,847	96	18
8	1,504	157,484	158,988	60	28
10		93,782	93,782	24	21
12		11,672	11,672	9	5
14		4,143	4,143	0	2
16		91,693	91,693	7	
Totals	2,116,065	546,353	2,662,418	1355	77

Total Miles Gas Main	504.2
Added in 2008	3.55
Pressure Regulators	16
Gas valves added in 2008	-6

Note: Valves used only as plugs on end of mains are not included in the above table.
 Gas main quantities are derived from Geographic Information System.

GAS UTILITY ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
SERVICES AND MAINS	
Installations	180
Cutoffs	62
Repaired services and mains (not considered hits)	44
Rerouted/replaced	55
Install/extend/loop main	7
Lowered gas services/mains	3
Hits	38

LIGHT CONSTRUCTION ACTIVITIES:

- * Rerouted/installed/repared/cut off services
- * Repaired valve boxes
- * Replaced/repared/cut off mains

CUSTOMER SERVICE DIVISION GAS ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
Service Workorders Completed:	
Appliance Service	5062
Furnace Cleaning	3710
Tin Shop	239
Meter Truck:	
Applications (water & gas)	5835
Credit (water & gas)	2671
Emergency (water & gas)	950
General (water & gas)	3172
Meter Shop:	
Gas Meters Repaired	981
Gas Meters Tested	2297
Plumbing Truck Orders (water & gas)	562

Sewer Utility
Statement of Net Income
For The Year Ended December 31, 2008 and 2007
(Unaudited)

	2008		2007
<u>Operating Revenue</u>			
General Sewage Revenue	\$ 16,547,629		\$ 15,708,286
Other	64,037		54,948
Total Operating Revenue	\$ 16,611,666		\$ 15,763,234
<u>Operating Expense</u>			
Director's Office	82,631		45,538
Capital Related Expenses	1,477,855		859,845
Utility General Expense	1,673,266		1,565,748
Engineering	151,780		282,262
Utility Operations	2,056,529		1,847,902
Wastewater Treatment	7,906,592		7,502,024
Inflow and Infiltration	2,493,838		1,897,005
Customer Services	461,777		483,108
Total Operating Expense	(16,304,268)		(14,483,432)
Operating Income	307,398		1,279,802
<u>Other Revenue</u>			
Contributed Assets	232,472		2,204,050
Gain or Loss on Sale of Fixed Assets	1,900		19,623
Transfer from Other Funds			
Fleet Services Rebate	9,000		0
Intergovernmental	8,283		8,283
Interest Income	151,549		234,164
Total Other Revenue	403,204		2,466,120
<u>Other Expenses and Transfers</u>			
Transfer to Other Funds			
Investing Activities	94,582		188,130
Other Transfers	65,605		13,388
Interest on Long Term Debt	639,712		635,585
Total Other Expenses and Transfers	(799,899)		(837,103)
Net Income or Loss	\$ (89,297)		\$ 2,908,819

**Sewer Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)**

	Assets	
	2008	2007
<u>Current Assets</u>		
Cash	\$ 2,221,855	\$ 3,870,321
Restricted Cash and Equivalents:		
Construction	3,393	1,076,245
Accounts Receivable (Net)	1,392,704	1,111,145
Interfund Loan Receivable	956,793	
Due from Other Funds	35,864	11,638
Special Assessments	17,406	17,241
Due from Other Governments	320	527,940
Total Current Assets	\$ 4,628,335	\$ 6,614,530
<u>Utility Plant</u>		
In Service	55,151,592	45,280,544
Construction	4,085,924	8,868,897
		54,149,441
Less Accumulated Depreciation	(9,574,759)	(8,756,982)
Total Utility Plant Assets	49,662,757	45,392,459
<u>Other Assets</u>		
Special Assessments Receivable	132,736	151,135
Issuance Costs	112,701	124,446
Deferred Charges - Planning and Development	0	0
Total Other Assets	245,437	275,581
Total Assets	\$ 54,536,529	\$ 52,282,570

Sewer Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

Liabilities & Net Assets

	<u>2008</u>	<u>2007</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 243,390	\$ 108,940
Contracts Payable	608,462	587,137
Due to Other Governments	752,589	614,733
Due to Other Funds	1,921,608	1,742,069
Accrued Salaries Payable	78,366	47,338
Interest Payable	262,449	224,139
Bonds Payable	1,365,000	1,136,000
Notes Payable	159,742	
Leases Payable	<u>109,242</u>	88,186
Total Current Liabilities (Payable from Current Assets)	\$ <u>5,500,848</u>	\$ <u>4,548,542</u>
<u>Long Term Liabilities</u>		
Vacations Payable	164,208	160,259
Net Other Post Employment Benefits	97,691	35,134
Notes Payable	2,688,196	2,637,208
Bonds Payable	13,748,000	15,113,000
Leases Payable	2,621,060	
Less Unamortized Bond Discount	<u>(65,303)</u>	<u>(82,699)</u>
Total Long Term Liabilities	<u>19,253,852</u>	<u>17,862,902</u>
Total Liabilities	<u>24,754,700</u>	<u>22,411,444</u>
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	29,149,521	27,698,809
Legal Restricted Assets	3,393	2,646
Unrestricted	<u>628,915</u>	<u>2,169,671</u>
Total Net Assets	<u>29,781,829</u>	<u>29,871,126</u>
Total Liabilities and Net Assets	\$ <u><u>54,536,529</u></u>	\$ <u><u>52,282,570</u></u>

City of Duluth
Sewer Utility Bonds, Notes and Capital Leases Payable
December 31, 2008

Sewer Utility	Issued	Issue Date	Final Maturity	Principal Outstanding 12/31/2007	Issued	Draw Down	Retired	Principal Outstanding 12/31/2008
Bonds								
Revenue and General Obligation Refunding	\$ 530,000	5/1/1998	2/1/2008	\$ 75,000	\$ 0	\$ 0	\$ 75,000	\$ 0
Revenue and General Obligation	1,080,000	12/1/1998	2/1/2009	255,000	0	0	125,000	130,000
Revenue and General Obligation	1,330,000	12/1/2001	2/1/2017	970,000	0	0	80,000	890,000
Revenue and General Obligation	2,003,000	9/1/2002	2/1/2018	1,574,000	0	0	116,000	1,458,000
Revenue and General Obligation	1,825,000	12/1/2002	2/1/2018	1,435,000	0	0	105,000	1,330,000
Revenue and General Obligation Refunding	1,240,000	3/1/2003	2/1/2010	565,000	0	0	180,000	385,000
Revenue and General Obligation	4,045,000	12/1/2004	2/1/2020	3,630,000	0	0	225,000	3,405,000
Revenue and General Obligation	1,011,831	12/19/2005	2/1/2021	965,773	0	0	53,254	912,519
Revenue and General Obligation	2,503,169	12/19/2005	2/1/2021	2,389,227	0	0	131,746	2,257,481
Revenue and General Obligation	765,450	12/19/2006	2/1/2022	765,450	0	0	36,450	729,000
Revenue and General Obligation	179,550	12/19/2006	2/1/2022	179,550	0	0	8,550	171,000
Revenue and General Obligation	2,120,000	12/13/2007	2/1/2023	2,120,000	0	0	0	2,120,000
Revenue and General Obligation Refunding	1,325,000	12/13/2007	2/1/2016	1,325,000	0	0	0	1,325,000
Bond Total				\$ 16,249,000	\$ 0	\$ 0	\$ 1,136,000	\$ 15,113,000
Notes								
Public Facilities Authority	\$ 100,000	8/25/2003	8/20/2018	\$ 78,454	\$ 0	\$ 0	6,186	\$ 72,268
Public Facilities Authority	1,179,115	10/17/2003	8/20/2018	960,000	0	0	82,000	878,000
Public Facilities Authority (Note 1)	2,042,350	7/12/2007	8/20/2022	1,686,940	0	210,729	0	1,897,670
Note Total				\$ 2,725,394	\$ 0	\$ 210,729	\$ 88,186	\$ 2,847,938
Capital Leases								
AMR System	\$ 2,965,228	7/12/2007	2/1/2024	\$ 0	\$ 0	\$ 2,730,302	\$ 0	\$ 2,730,302
Capital Leases Total				\$ 0	\$ 0	\$ 2,730,302	\$ 0	\$ 2,730,302
Total Sewer Utility Bonds, Notes, and Capital Leases				\$ 18,974,394	\$ 0	\$ 2,941,031	\$ 1,224,186	\$ 20,691,240

Future Payments:			
Year	Principal	Interest	Total
2009	\$ 1,633,984	\$ 630,950	\$ 2,264,934
2010	1,667,492	669,536	2,337,028
2011	1,521,476	616,938	2,138,414
2012	1,581,679	563,991	2,145,670
2013	1,635,114	507,477	2,142,591
2014	1,701,786	448,024	2,149,810
2015	1,751,704	385,716	2,137,420
2016	1,656,882	323,860	1,980,742
2017	1,662,324	263,304	1,925,628
2018	1,611,043	203,263	1,814,306
2019	1,218,701	150,555	1,369,256
2020	1,268,800	104,469	1,373,269
2021	948,209	63,733	1,011,942
2022	653,940	35,955	689,895
2023	431,005	15,741	446,746
2024	126,708	2,397	129,105
	\$ 21,070,847	\$ 4,985,909	\$ 26,056,756

**Sewer Fund
Schedule of Fixed Assets
Year Ending December 31, 2008**

	<u>Balance Jan.1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2008</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Lands and Grounds	\$ 156,349	\$ 525,000	\$	\$ 681,349	\$	\$ 681,349
Infrastructure	35,845,826	9,206,079		45,051,905	5,519,466	39,532,439
Buildings and Structures	6,377,453			6,377,453	1,890,905	4,486,548
Equipment and Tools	2,900,917	230,307	90,340	3,040,884	2,164,388	876,496
Work in Progress	8,868,896	5,063,617	9,846,590	4,085,923		4,085,923
Total	<u>\$ 54,149,441</u>	<u>\$ 15,025,003</u>	<u>\$ 9,936,930</u>	<u>\$ 59,237,514</u>	<u>\$ 9,574,759</u>	<u>\$ 49,662,755</u>

PUMPING STATIONS - SEWAGE PUMPING EQUIPMENT 2008

	Station Location	Station Type - Year Updated	Daily Flow Basin No.	Wet Well Capacity	Pump Cap. GPM each unit	Pump Mfg.	Motor HP	Motor Voltage - Phase	Motor F.L.A.	Force Main Size	Force Main Discharge Location	Aux. Power Gen. Set No.
1	215 S. 60th Ave. E.	Triplex Submersible 2006	305280 gal. 1	301397 gal.	1 - 1700 2 - 1700 3 - 1700	KSB	1 - 83 hp 2 - 83 hp 3 - 83 hp	480 3	105	10"	5005 London Rd. SA0880119	Permanent Onsite
2	20 Lakeside Ct.	Simplex Wet well, dry well 1932	2160 gal. 1	927.6 gal.	81	Worthington	3 hp	240 3	8.75	3"	55th Ave. E. Lakeside Ct & London Rd. SA0880117	2766 2770
3	35 S. 45th Ave. E.	Triplex Submersible 1999	397872 gal. 4	N/A	1 - 1200 2 - 1200 3 - 265	KSB	1 - 34 hp 2 - 34 hp 3 - 10 hp	480 3	1 - 47.5 2 - 47.5 3 - 15.1	16"	Lower side of London Rd. on 42nd Ave. E. SD1210001	2765 2767
4	720 S. 23rd Ave. E.	Duplex Submersible	3024 gal. 6	927.52 gal.	1 - 100 2 - 100	KSB	1 - 5 hp 2 - 5 hp	208 3	1 - 15.4 2 - 15.4	4"	23rd Ave. E. & Water St. SW0430011	2766 2770
5	715 S. 22nd Ave. E.	Simplex Submersible 1970	720 gal. 6	97.3 gal.	1 - 67.42	Flygt	1.9 hp	240 1	9	3"	22nd Ave. E. & Water St. SW0430012	2770 (1) 2766 (2)
6	200 Lake Place Dr.	Wet well Dry well Pump 1 - 1970s Pumps 2&3 - 1980s	1106064 gal. 16	9313.8 gal.	1 - 2400 2 - 1800 3 - 1800	Chicago	40 hp	240 3	1 - 98 2 - 98 3 - 98	24"	1st Ave. E. & 1st St. CH0460269	2765 (1) 1
7	528 Lake Ave. S.	Duplex Submersible 2006	78048 gal. 16	N/A	1 - 400 2 - 400	KSB (+ mixer)	6.5 hp 6.5 hp 5.4 hp	208 3	23 23 18.2	6"	Northeast side of station SA1090003	2765 2767
8	729 Lake Ave. S.	Wet well Dry well 1983 & 1987 new pumps & motors	228960 gal. 15	8863.8 gal.	1 - 808 2 - 808	Fairbank Morse	30 hp	480 3	37.7	8"	Northeast side of station #7 SA109003	2765 2767
9	1202 Minnesota Ave.	Wet well Dry well New motors 1985	165888 gal. 15	3941 gal.	1 - 702 2 - 702	Fairbank Morse	1- 10 hp	240 3	27.2	10"	11th St. & Lake Ave. SA1090015	2766 (1) 2770 (2) one pump only
10	1939 Minnesota Ave.	Duplex Submersible 1996	N/A 15	N/A	1 - 207.7 2 - 247.1	KSB	1 - 2.4 hp 2 - 2.4 hp	208 3	8.7	4'	20th St. & Minnesota Ave. SA0009	2770 (1) 2766 (2)

PUMPING STATIONS - SEWAGE PUMPING EQUIPMENT 2008

	Station Location	Station Type - Year Updated	Daily Flow Basin No.	Wet Well Capacity	Pump Cap. GPM each unit	Pump Mfg.	Motor HP	Motor Voltage - Phase	Motor F.L.A.	Force Main Size	Force Main Discharge Location	Aux. Power Gen. Set No.
11	2845 Minnesota Ave.	Duplex Submersible 1996	N/A 15	N/A	1 - 164.4 2 - 161.4	KSB	1 - 2.4 hp 2 - 2.4 hp	208 3	39301	4"	29th St. & Minnesota Ave. SA1110002	2770 (1) 2766 (2)
12	3539 Minnesota Ave.	Duplex Submersible 1996	80640 gal. 15		1 - 170 2 - 170 (approx.)	KSB	1 - 1.75 hp 2 - 1.75 hp	208 3	1 - 6.9 2 - 6.9	4"	36th St. & Minnesota Ave. SA1110013	2770 (1) 2766 (2)
13	432 Railroad St.	Duplex Submersible 1995	N/A 16	N/A	1 - 650 2 - 650 1&2 - 710	KSB	1 - 12.8 hp 2 - 12.8 hp	480 3	1 - 19 19-Feb	12"	11th Ave. W. & Railroad St. SW0400031	2765 2767
14	735 Garfield Ave.	Wet well Dry well ~1940	50,976 gal. 18	2,476 gal.	1 - 163 2 - 276	Worthington	1 - 3 hp 2 - 7.5 hp	240 3	1 - 9.5 2 - 18.5	8"	Michigan St. SA0310022	2766 2770
15	2132 Michigan St.	Triplex Wet well Dry well ~1975	248,688 gal. 18	N/A	1 - 2400 2 - 2400 3 - 2400	Chicago	1 - 40 hp 2 - 40 hp 3 - 40 hp	480 3	54	10"	23rd Ave. W. below Michigan St. SW0310030	2765
16	210 S. 37th Ave. W.	Wet well Dry well 1993-95 new pumps & motors	572,544 gal. 23	4,630 gal.	912 avg. both pumps	Yeomans	1 - 15 hp	240 3	1 - 40	10"	37th Ave. W. above Oneota St. SW0300016	2765 2767
17	4100 Oneota St.	Duplex Submersible ~1975 2001	243,072 gal. 23	N/A	1 - 1000 2 - 1000	KSB	1 - 10 hp 2 - 10 hp	240 3	1 - 32.5 2 - 32.5	8"	Oneota SW0290038	2767 2765
18	700 S. 63rd Ave. W.	Duplex Submersible 1996	N/A 26	N/A	1 - 58.56 2 - 54.92	KSB	1 - 1.75 hp 2 - 1.75 hp	208 3	1 - 6.9 2 - 6.9	6"	63rd Ave. W. SA0180041	2770
19	107 Spring St. South	Duplex Submersible 1984	2880 gal. 28	409 gal.	1 - 73.7 2 - 79.2	Meyers	1 - 2 hp 2 - 2 hp	240	1 - 3.2 2 - 3.2	4"	Below RR tracks SW1230034	2770 2766
20	1325 Hilton St. New	Duplex Submersible 2004			1 - 169 2 - 160	KSB	1 - 5 hp 2 - 5 hp	208 30	1 - 17.7		Hilton SA0090036	

PUMPING STATIONS - SEWAGE PUMPING EQUIPMENT 2008

	Station Location	Station Type - Year Updated	Daily Flow Basin No.	Wet Well Capacity	Pump Cap. GPM each unit	Pump Mfg.	Motor HP	Motor Voltage - Phase	Motor F.L.A.	Force Main Size	Force Main Discharge Location	Aux. Power Gen. Set No.
21	11 Commonwealth Ave.	Duplex Wet well Dry well 2007	3,600 gal. 30	480 gal.	1 - 125 2 - 96.0	Chicago	2 - 5 hp 3 - 5 hp	240 3	2 - 13.4 3/13/2004	4"	Commonwealth & Prescott St. SA0030035	2770 2765
22	629 Walnut St.	Duplex Submersible 2002	43,344 gal. 33		1 - 180 2 - 135.3 1-2:337.6	KSB	1 - 5 hp 2 - hp	240 3	1 - 29.2 2 - 10.1	4"	Walnut St. & Eklund Ave. SA0730023	2770 2766
23	346 E. Owatonna St.	Duplex steel shell Submersible ~1975	3,168 gal. 11	295.5 gal.	1 - 120.6 2 - 131.3	Flygt	1 - 3.8 hp 2 - 3.8 hp	240 1	14	4"	SA0960002	2766 2770
24	No longer operational											
25	4634 Woodland Ave.	Duplex Submersible 2001	8352 gal. 11		1 - 2 -	KSB	1 - 15 hp 2 - 15 hp	240 3	1 - 52 2 - 52		Woodland Ave. near Vassar St. SA1000001	
26	1015 Jean Duluth Rd.	Duplex Submersible 1999	49,680 gal. 5		1 - 175 2 - 175	KSB	1 - 16.5 2 - 16.5	240 3	1 - 52 2 - 52	4"	Woodbury Lane SA0860115	2767 2765
27	835 E. Superior St.	Duplex Submersible 1984	4320 gal. 13	145.9 gal.	1 - 46.8 2 - 49.4	Myers	1 - 2 hp 2 - 2 hp	240 3	1 - 7.5 2 - 7.5	3"	Superior St. SA0420086	2766 2770
28	4937 Airport Rd.	Duplex Submersible 1998	17,136 gal. 22	N/A	1 - 150 2 - 150 rated from factory	KSB	1 - 3.4 hp 2 - 3.4 hp	240 3	1 - 10.2 2 - 10.2	4"	Washington St. SA1170006	2770 2766
29	15 N. 7th Ave. E.	Duplex Submersible 1984	5184 gal. 13	456.3 gal.	1 - 159 2 - 159 (approx.)	Flygt	1 - 3 hp 2 - 3 hp	240 3	1 - 9 2 - 9	4"	1st St. Alley east of station SA0470148	2770
30	2939 Morris Thomas	Duplex Submersible 1989	14,112 gal. 20	377.8 gal.	1 - 120.6 2 - 124.6	Flygt CP3102	1 - 5 hp 2 - 5 hp	240 3	1 - 13 2 - 13	6"	Morris Thomas W. of Keel	2766 2770

PUMPING STATIONS - SEWAGE PUMPING EQUIPMENT 2008

	Station Location	Station Type - Year Updated	Daily Flow Basin No.	Wet Well Capacity	Pump Cap. GPM each unit	Pump Mfg.	Motor HP	Motor Voltage - Phase	Motor F.L.A.	Force Main Size	Force Main Discharge Location	Aux. Power Gen. Set No.
31	3822 Haines Rd.	Duplex Submersible 1989	13,104 gal. 21	658.3 gal.	1 - 200.5 2 - 154.3	Flygt CP3102	1 - 5 hp 2 - 5 hp	240 3	1 - 13 2 - 13	6"	Hutchinson Rd. near Piedmont	2766 2770
32	3862 Haines Rd.	Duplex Submersible 1989	5,472 gal. 21	613.4 gal.	1 - 138.9 2 - 155.3	Flygt CP3102	1 - 5 hp 2 - 5 hp	240 3	1 - 13 2 - 13	4"	Haines Rd. south of Piedmont SA0600093	2766 2770
33	11503 Hwy #23	Duplex Submersible 1995	NA	420 gal.	1 - 140 2 - 140 (estimated)	KSB	1 - 3 hp 2 - 3 hp	208	1 - 9.8 2 - 9.8	4"	Peary St. in woods before access rd. SA0030061	2766 2770
34	2706 Parkwood Lane	Duplex Submersible 1993	NA 20	433.9 gal.	1 - 166 2 - 166	Flygt CP3127	1 - 10 hp 2 - 10 hp	480 3	1 - 13 1 - 13	4"	Hanford Ave. N. of Station SA0560093	2767 2765
36	412 Hastings Dr.	Duplex Submersible 1992	1,152 gal. 11	980 gal.	1 - 195.4 2 - 196.7	Flygt CP3127X	1 - 10 hp 2 - 10 hp	240 3	1 - 26 2 - 26	Twin 4"	Ewing & Marshall St. SA0900005	2767 2765
37	1031 London Rd.	Duplex Submersible 1984	3,888 gal. 13	441.4 gal.	1 - 186.5 2 - 191.9	Flygt CP3085	1 - 3 hp 2 - 3 hp	208 3	1 - 10 2 - 10	4"	E. Superior St. SA0420080	2766 2770
38	4600 Minnesota Ave Park Point	Duplex Submersible	288 gal. 16	1241.8 gal	1 - 175.7 2 - 46	Flygt CP3085 Meyers	1 - 2.3 hp 2 - 0.5 hp	240 1	1 - 10.2 2 - 4.3	6"	Park Point Rec Area MH SA1120015	2766 2770
39	7301 Grand Ave.	Duplex Submersible 1988	20,880 gal. 23	643.2 gal	1 - 306.3 2 - 313.8	Flygt	1 - 5 hp 2 - 5 hp	240 3	1 - 13 2 - 13	6"	Grand Ave.	2766 2770
40	1200 Port Terminal Dr.	Steel shell dry well with 6' concrete wet well	36, 864 gal. 18	534.9 gal.	1 - 286.6 2 - 281.5	Fairbanks Morse	1 - 7.5 hp 2 - 7.5 hp	240 3	1 - 22.6 2 - 22.6	8"	Near Sta #14 SA0320008	None

PUMPING STATIONS - SEWAGE PUMPING EQUIPMENT 2008

	Station Location	Station Type - Year Updated	Daily Flow Basin No.	Wet Well Capacity	Pump Cap. GPM each unit	Pump Mfg.	Motor HP	Motor Voltage - Phase	Motor F.L.A.	Force Main Size	Force Main Discharge Location	Aux. Power Gen. Set No.
41	1037 Joshua Ave.	Duplex Submersible	8928 gal. 22		1 - 400 2 - 400	KSB	1 - 15 hp 2 - 15 hp	240 3	1 - 43.5 2 - 43.5	6"	Joshua Ave. & Maple Grove SA0680029	2767 2765
42	4551 Stebner Rd.	Duplex Submersible 1996	NA 22	NA	NA	KSB	1 - 5 hp 2 - 5 hp	480 3	1 - 7.8 2 - 7.8	4" 6"	Airport Approach & Airport Rd. SD1180032	2767 2765
43	11600 Perch Lake Dr.	Duplex Submersible 2000			1 - 100 2 - 100 3 - 150	KSB	1 - 15 hp 2 - 15 hp	240 3	1 - 43.5 2 - 43.5		SA1280001	2767 2765
44	12800 W. 5th St.	Duplex Submersible 2000			1 - 180 2 - 180 3 - 200	KSB	1 - 10 hp 2 - 10 hp	208 3	29 29	6"	Lift Station #43	2767 2765
45	52nd Ave. E. & Dodge St.	Triplex Submersible 2005		2 MG	1 - 1100 2 - 1100 3 - 1100	KSB	1 - 32 hp 2 - 32 hp 3 - 32 hp	480 3	39	12"	47th Ave. E. & Superior St. SW0830136	Permanent on site
46	Grinder Pump #1 (behind) 1467 88th Ave. W.	Duplex Submersible Grinder ~2005				Barnes	1 - 2 hp 2 - 2 hp	208 3	9.2 9.2	1.25"		
47	Grinder Pump #2 9239 Idaho St.	(in Bethany Crisis Shelter) ~2005				Barnes						
48	Grinder Pump #3 2501 Commonwealth Ave.	(9) 723-3870 ~2005				Barnes						
49	Beacon PT 21st Ave. E. & Water St.	Private 724-4053										
50	505 S. 18th Ave. E. & Lakewalk (Endion St.)	StorageBasin 2007		1 MG	No Pumps	Gravity In Gravity Out						

LENGTH OF SANITARY SEWER PIPE IN FEET 2008

PIPE MATERIAL

Dia. Inches	Force Main	ABS	ACP	BRA	CBR	CI/DI	CMP	HDPE	PVC	CIPP	RCP	STL	VCP	Totals
2								1,664	665					2,329
3														0
4														0
6		45							1,370	55			18,135	19,605
8		7,031	7,167			12,626		855	399,793	717	320	456	1,061,479	1,490,444
9										454			27,675	28,129
10			14,855			4,001	612	155	32,855	497	3,389		80,511	136,875
12			2,184			1,304	786	540	16,497	2,495	49,275		57,562	130,643
14						165								165
15									8,687	561	36,337		35,358	80,943
16						426								426
18				1,303		80	1,062		732	413	19,247		19,131	41,968
20				115		24					467		3,725	4,331
21				440		105			1,091		6,099		657	8,392
22				2,595									1,213	3,808
24				1,012		618			693		12,612		4,061	18,996
26				610							416			1,026
27				463							1,053		536	2,052
28				1,375										1,375
30				491		135					3,411			4,037
32				1,421							863			2,284
34				503							56			559
36				1,437							2,110			3,547
42						462								462
45				12		460								472
48				190		156					785			1,131
54														0
55						60								60
Total -	0	7,076	24,206	11,967	1,138	19,484	2,460	3,214	462,383	5,192	136,440	456	1,310,043	1,984,059

Notes: The City of Duluth Sanitary Sewer system includes 8,481 Manholes.

ABS - Asbestos
 ACP
 BRA - Brick Arch
 CBR - Circular Brick Pipe

CI/DI - Cast or Ductile Iron
 CMP - Corrugated metal
 PE - Polyethelene
 PVC - Polyvinal Chloride

RCA - Reinforced Concrete Arch
 RCP - Reinforced Concrete
 STL - Steel
 VCP - Vitrified Clay Pipe

Miles - 375.8

Note: Pipe quantities are derived from Geographic Information System.

SANITARY SEWER ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
Cleaning Sanitary Sewer Pipe	427,131 feet
Televising Sanitary Sewer Pipe	181,438 feet
Manhole Replacements	122
Sanitary Sewer Pipeline Repairs and Replacements	22 spot repairs 1,532 feet of line replaced
Service calls from public:	
Determined to be private line problems	243
Determined to be City line problems	34
I & I inspections (Inflow and Infiltration Grant Program)	
Homes Inspected	1,672
Sump pumps installed	610
Public informational meetings	22
Contractor Meetings	2
House Traps Removed	346
Laterals Lined	100
Inspections for connections and disconnections	Water Quality Specialists performed 70 connections and disconnect inspections.
Dye testing	Performed line inspections and identified wyes and cross connection and illicit connections using dye for both City and private contractors.
Field Sampling	Continued BOD & TSS sampling program to evaluate the equity in rate structures.
Flow monitoring	Continued aggressive flow monitoring activities in targeted basins in support of ongoing modeling work designed to support and refine I/I efforts.
Lift station improvements	None
Presentations	
Regional events	13
Schools	1
In addition the Utility participated in:	
Arrowhead Home & Builders Show, Harvest Fest, River Quest and spoke at community events	

- The City monitored and reported on year six of the NPDES/SDS Collection System Permit.
- The Utility continued the five-year regular cyclical maintenance plan.
- The I/I Program continued the mandatory compliance program in targeted basins in the City.
- One new storage facility designed to prevent sewer overflows came on line.
- Several Staff members serve as officers in regional and state organizations, including the MWOA and WEF.
- Continued yearly cleaning of lines subject to root invasions ("root list").
- Reached culmination of negotiations with the US EPA and DOJ to finalize the Consent Decree.

**Stormwater Utility
Statement of Net Income
For The Year Ended December 31, 2008 and 2007
(Unaudited)**

	2008		2007
<u>Operating Revenue</u>			
Stormwater Charges	\$ 4,503,162		\$ 3,886,937
Other	11,593		11,708
Total Operating Revenue	\$ 4,514,755		\$ 3,898,645
<u>Operating Expense</u>			
Director's Office	56,034		45,538
Capital Related Expenses	587,558		359,577
Utility General Expense	545,231		515,728
Engineering	179,658		407,545
Utility Operations	1,348,933		1,278,732
Customer Services	164,442		161,742
Total Operating Expense	(2,881,856)		(2,768,862)
Operating Income	1,632,899		1,129,783
<u>Other Revenue</u>			
Grants Non-Capital	0		17,879
Capital Contributions	0		0
Gain or Loss on Sale of Fixed Assets	160		(1,516)
Transfer from Other Funds			
Fleet Services Rebate	9,000		0
Intergovernmental	48,743		0
Interest Income	62,128		93,186
Total Other Revenue	120,031		109,549
<u>Other Expenses and Transfers</u>			
Bond Interest	107,034		112,410
Transfers to Other Funds			
Investing Activities	54,475		78,115
Other Transfers	482,533		223,302
Total Other Expenses and Transfers	(644,042)		(413,827)
Net Income or Loss	\$ 1,108,888		\$ 825,505

Stormwater Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Assets	
	2008	2007
<u>Current Assets</u>		
Cash	\$ 2,085,547	\$ 1,751,390
Restricted Cash - Construction	0	0
Accounts Receivable	13,475	18,287
Interfund Loan Receivable	613,300	
Due from Other Funds	19,108	5,976
Due from Other Governments	167,983	
Prepays	61,701	136,651
Total Current Assets	\$ 2,961,114	\$ 1,912,304
<u>Utility Plant</u>		
In Service	12,094,884	10,857,030
Construction	928,516	1,734,603
		12,591,633
Less Accumulated Depreciation	(1,736,883)	(1,414,059)
Total Utility Plant Assets	11,286,517	11,177,574
<u>Other Assets</u>		
Bond Issuance Charges	30,834	33,191
Deferred Charges - Planning and Development	0	15,000
Total Other Assets	30,834	48,191
Total Assets	\$ 14,278,465	\$ 13,138,069

Stormwater Utility
Statement of Net Assets
For The Year Ending December 31, 2008 and 2007
(Unaudited)

	Liabilities & Net Assets	
	2008	2007
<u>Current Liabilities</u>		
Accounts Payable	\$ 34,466	\$ 20,848
Contracts Payable	56,886	84,745
Due to Other Governments	16,141	129
Due to Other Funds	964,314	803,762
Accrued Salaries Payable	35,162	24,617
Deferred Revenue	158,319	127,729
Accrued Interest Payable	43,886	46,811
Bonds Payable	170,000	168,000
	<u>1,479,174</u>	<u>1,276,641</u>
Total Current Liabilities (Payable from Current Assets)	\$ 1,479,174	\$ 1,276,641
<u>Long Term Liabilities</u>		
Vacations Payable	91,712	73,869
Net Other Post Employment Benefits	0	19,529
Bonds Payable	2,487,000	2,657,000
Less Unamortized Bond Discount	(3,856)	(4,517)
	<u>2,574,856</u>	<u>2,745,881</u>
Total Long Term Liabilities	2,574,856	2,745,881
Total Liabilities	4,054,030	4,022,522
<u>Net Assets</u>		
Invested in Capital Assets, Net of Related Debt	8,664,207	8,390,282
Unrestricted	1,560,228	725,265
	<u>10,224,435</u>	<u>9,115,547</u>
Total Net Assets	10,224,435	9,115,547
Total Liabilities and Net Assets	\$ 14,278,465	\$ 13,138,069

**City of Duluth
Stormwater Utility Bonds Payable
December 31, 2008**

	<u>Issued</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Principal Outstanding 12/31/2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Principal Outstanding 12/31/2008</u>
Stormwater Utility							
Bonds							
Revenue and General Obligation	\$ 1,425,000	9/1/2002	2/1/2018	\$ 1,120,000	\$ 0	\$ 83,000	\$ 1,037,000
Revenue and General Obligation	1,705,000	9/7/2006	2/1/2022	<u>1,705,000</u>	<u>0</u>	<u>85,000</u>	<u>1,620,000</u>
Bond Total				<u>\$ 2,825,000</u>	<u>\$ 0</u>	<u>\$ 168,000</u>	<u>\$ 2,657,000</u>

Future Payments:			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 170,000	\$ 103,169	\$ 273,169
2010	179,000	96,730	275,730
2011	187,000	89,816	276,816
2012	196,000	82,484	278,484
2013	200,000	74,708	274,708
2014	210,000	66,443	276,443
2015	219,000	57,661	276,661
2016	230,000	48,401	278,401
2017	240,000	38,632	278,632
2018	251,000	28,304	279,304
2019	135,000	20,300	155,300
2020	140,000	14,800	154,800
2021	145,000	9,100	154,100
2022	155,000	3,100	158,100
	<u>\$ 2,657,000</u>	<u>\$ 733,648</u>	<u>\$ 3,390,648</u>

**Stormwater Fund
Schedule of Fixed Assets
Year Ending December 31, 2008**

	<u>Balance Jan.1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Dec. 31, 2008</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Lands and Grounds	\$ 8,480	\$	\$	\$ 8,480	\$	\$ 8,480
Infrastructure	7,633,057	922,328		8,555,385	433,210	8,122,175
Buildings and Structures	1,401,897			1,401,897	126,171	1,275,726
Equipment and Tools	1,813,595	315,527		2,129,122	1,177,502	951,620
Work in Progress	<u>1,734,604</u>	<u>307,422</u>	<u>1,113,510</u>	<u>928,516</u>		<u>928,516</u>
Total	<u>\$ 12,591,633</u>	<u>\$ 1,545,277</u>	<u>\$ 1,113,510</u>	<u>\$ 13,023,400</u>	<u>\$ 1,736,883</u>	<u>\$ 11,286,517</u>

LENGTH OF STORM SEWERS IN FEET 2008

Dia. Inch.	BR	CMP	CPD	CI/DI	HDPE	NCP	PPC	PVC	RCP	STN	STL	TP	VCP	UNK	Totals
3									68						68
4			19,564					353,123	1,383		13	44,880		92,455	511,418
6		3,054	2,988	155				11,477	62			281		4,764	22,781
7										39					39
8		289		140	43	401		6,349	53			137	458	4,308	12,178
10		2,408		293	49	52		1,703	12,061				1,762	30,827	49,155
12		7,868	3,981	822	14,411	898		12,477	441,232	50	43		887	85,514	568,183
13									31						31
14				38					239					341	618
15		2,926	124	19	509	171	55	1,362	186,264				427	49,932	241,789
16				790					256					763	1,809
17														91	91
18		4,227			346			886	112,022		65		635	38,608	156,789
20				107					1,263		291			4,516	6,177
21		952		63				12	37,993					8,372	47,392
22									1,025						1,025
23														1,039	1,039
24	329	2,278	1,105	62	89			110	66,990	83			649	27,552	99,247
26	1,743							41	3,961					13,679	19,424
27									16,106					1,844	17,950
28	651								4,359					2,897	7,907
29									795					432	1,227
30		904			1,214				38,142					12,565	52,825
31									406						406
32	368								1,976	62				2,482	4,888
33									681						681
34														397	397
36	260	803							33,523	171				15,750	50,507
40									1,306	599				308	2,213
42				250				94	15,390					2,528	18,262
44		225							3,507					975	4,707
45									540					444	984
46														79	79
48	365	198							15,773	422				11,911	28,669
50	252								300					39	591

LENGTH OF STORM SEWERS IN FEET 2008

Dia. Inch.	BR	CMP	CPD	CI/DI	HDPE	NCP	PPC	PVC	RCP	STN	STL	TP	VCP	UNK	Totals
51									1,086						1,086
52									404						404
54									11,917					5,169	17,086
56														77	77
58														802	802
60		252					39		3,171					7,007	10,469
62									638					61	699
65									76					377	453
66	30								245					301	576
72		155							2,654	27				3,965	6,801
73														93	93
78		40												279	319
84	224	153							674					1,471	2,522
88									481						481
96								324	515	65				434	1,338
108									39					269	308
120									1,043					1,503	2,546
122									54						54
128									52	777				549	1,378
132									173					666	839
144									119						119
156									142						142
192									49						49
UNK	702	290			73			9,640	2,300	960				143,120	157,085
	4,924	27,022	27,762	2,739	16,734	1,522	94	397,598	1,023,539	3,255	412	45,298	4,818	581,555	2,137,272

Note: The Storm Sewer system also includes 11,526 catch basins and 5586 manholes.
Pipe quantities are derived from Geographic Information System.

STORMWATER UTILITY ACTIVITIES 2008

ACTIVITY	WORK COMPLETED
Cleaning Storm Sewer Pipe	21,254 feet
Cleaning Creeks	In response to public complaints
Televising Storm Sewer Pipe	10,552 feet
Manhole/catch basin Repairs	128
Storm Sewer Pipeline Repairs	As needed
Replacement footage	Number not available
Ditch line (dug or repaired and seeded or sodded)	1669 feet
Culverts repaired	34
Replacement footage	1228 feet
Steaming:	Steamed culverts and ditches blocked with ice 6042 feet
Sediment trap cleaning	Inspected all 17 and removed 400 cubic yards of material from sediment traps
Presentations:	
Public	9
Staff	4
City council and city commissions and committees	2
School presentations, school group, childrens' groups	
Numerous radio, television and newspaper articles	
Regional Conferences	
National conferences	

- In addition to the above activities, the Stormwater Utility continued the activities of the duluthstreams.org website. The website received two additional grants to continue activities.
- The Utility chaired the Regional Stormwater Protection Team and received a matching grant from the Minnesota's Lake Superior Coastal Program for the website expansion. The Utility participated in the Arrowhead Home and Builders Show, Riverwatch, Earth Tracks and Harvest Festival, Energy Fair and Watershed festival. Staff presented over a two-day period as part of RiverQuest.
- The Utility submitted its sixth annual report on the Minnesota NPDES Phase II MS4 Stormwater Permit and served on the steering committee for the League of Minnesota Cities statewide effort. The Utility worked with other City staff to maintain a Storm Water Pollution Prevention Program in support of the permit.
- The Utility continued to do stormwater stenciling as part of SIP projects. The stencils, pressed into new concrete, remind the public that storm drains go to Lake Superior. In addition the Utility placed decals on storm drains with three school groups.
- The Utility also participated in the St. Louis River Citizens Action Committee, the Lake Superior Basin Plan Committee, Regional Stormwater Protection Team, and the St. Louis River TMDL Committee.
- The Utility continued employment of a consulting firm to complete GIS updating of the storm map.
- The Utility initiated a demonstration project on collection of winter sand and adoption of storm drains. In the pilot project two neighborhoods collected 27 cubic yards of sand and 126 bags of material from storm drains. In 2006 the project will go City wide.
- The City Council adopted the Surface Water Management goals and policies in July.
- The City co-sponsored 2 construction workshops as part of the Regional Stormwater Protection Team.
- The Utility continued to work to address fats, oils, and grease and garbage issues for restaurants.
- The Utility continued to monitor three streams with data displayed on the www.duluthstreams.org site.
- A Utility Operations staff member received the Willard Munger Environmental Stewardship award.