



**2014
Sewer Utility
Budget**

Prepared by

**City of Muskego
Finance & Administration Department**

Adopted Tuesday, October 22, 2013

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CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE
2014 BUDGET

	2012 <u>Actual</u>	Aug. 31, 2013 <u>Actual</u>	2013 <u>Projected</u>	2013 <u>Adopted Budget</u>	2014 <u>Adopted Budget</u>	% Change From 2013 <u>Budget</u>
<u>Operating revenues</u>						
Sewer service charges	\$ 5,987,460	2,983,011	5,939,000	5,940,000	5,966,866	0.45%
Miscellaneous revenues	\$13,904	5,631	10,700	10,200	10,500	2.94%
Total operating revenues	6,001,364	2,988,642	5,949,700	5,950,200	5,977,366	0.46%
<u>Operating expenses</u>						
Operation and maintenance:						
Milwaukee Metropolitan Sewerage District:						
Capital charge	\$2,707,803	3,035,550	3,035,550	3,002,403	3,066,376	2.13%
User charge	\$1,033,852	523,322	1,046,644	1,070,000	1,067,575	-0.23%
Town of Norway						
Capital charge	-	-	-	-	-	0.00%
User charge	\$203,999	132,745	220,000	225,000	225,000	0.00%
Supervision and labor	435,283	281,767	441,000	450,488	453,295	0.62%
Supplies and expense	24,333	18,349	24,000	24,000	24,000	0.00%
Maintenance:						
Amortization	-	-	-	-	-	-
Odor control	\$23,089	10,455	18,000	18,000	22,500	25.00%
Building and structures	\$13,282	13,692	14,000	10,000	14,000	40.00%
General plant safety equipment	\$6,839	4,852	7,500	10,000	10,000	0.00%
Sewerage collection system	\$101,655	47,782	100,000	100,000	125,000	25.00%
I & I reduction	\$81,642	23,250	85,000	100,000	100,000	0.00%
Electricity	\$105,311	95,798	130,000	130,000	135,000	3.85%
Transportation expense	\$17,732	12,675	18,000	18,000	18,000	0.00%
	4,754,819	4,200,238	5,139,694	5,157,891	5,260,746	1.99%
Customers' account expenses:						
Accounting and collection	56,724	34,623	56,742	58,006	60,359	4.06%
Meter expense	\$28,746	-	29,500	29,500	29,500	0.00%
	85,470	34,623	86,242	87,506	89,859	2.69%
General expenses:						
Office Salaries	62,452	37,562	62,242	63,506	65,859	3.71%
Employee pensions and benefits	\$213,058	148,038	229,587	\$232,184	254,196	9.48%
Unemployment compensation	\$0	-	-	2,000	2,000	0.00%
Office supplies and expenses	70,065	33,800	62,580	64,530	64,440	-0.14%
Outside services	165,480	23,762	74,700	86,546	334,830	286.88%
	511,055	243,162	429,109	448,766	721,325	60.74%
Total operation and maintenance	5,351,343	4,478,024	5,655,045	5,694,162	6,071,930	6.63%
Depreciation	\$1,095,057	-	1,113,734	1,175,000	1,135,000	-3.40%
Total operating expenses	6,446,400	4,478,024	6,768,779	6,869,162	7,206,930	4.92%
Net operating income (loss) (forward)	(445,036)	(1,489,381)	(819,079)	(918,962)	(1,229,564)	33.80%

CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE (Concluded)
2014 BUDGET

	<u>2012</u> <u>Actual</u>	<u>Aug. 31, 2013</u> <u>Actual</u>	<u>2013</u> <u>Projected</u>	<u>2013</u> <u>Adopted</u> <u>Budget</u>	<u>2014</u> <u>Adopted</u> <u>Budget</u>	<u>% Change</u> <u>From 2013</u> <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (445,036)	(1,489,381)	(819,079)	(918,962)	(1,229,564)	12.19%
<u>Add non-operating income</u>						
Interest from investments	\$29,451	5,092	25,000	25,000	23,000	0.00%
MMSD I&I Subsidy	\$75,905	-	10,000	-	250,000	-100.00%
Interest income on RCA's and special assessments	\$38,629	27,955	28,505	31,495	27,560	10.49%
Sewer Connection Fees	\$29,000	-	18,000	15,000	15,000	-16.67%
Total non-operating income	<u>172,985</u>	<u>33,046</u>	<u>81,505</u>	<u>71,495</u>	<u>315,560</u>	<u>-12.28%</u>
Income before non-operating expenses	<u>(272,050)</u>	<u>(1,456,335)</u>	<u>(737,574)</u>	<u>(847,467)</u>	<u>(914,004)</u>	<u>14.90%</u>
<u>Deduct non-operating expenses</u>						
Interest charges on long-term debt	\$101,885	49,368	90,627	90,627	78,647	0.00%
Amortization of debt discount	\$51,276	-	51,276	51,276	51,276	0.00%
Total non-operating expenses	<u>153,161</u>	<u>49,368</u>	<u>141,903</u>	<u>141,903</u>	<u>129,923</u>	<u>0.00%</u>
Net income (loss) before capital contributions	<u>\$ (425,211)</u>	<u>(1,505,703)</u>	<u>(879,477)</u>	<u>(989,369)</u>	<u>(1,043,927)</u>	<u>12.50%</u>

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2013 Estimated Total <u>Cost</u>	2013 Adopted <u>Budget</u>	2014 Proposed <u>Budget</u>	2014 Adopted <u>Budget</u>
1. <u>2013 Capital Projects</u>					
Truck - 25% DPW Replacement	(C)	43,750	43,750	-	-
Truck - 50% Water/Sewer	(C)	15,000	15,000	-	-
Janesville Reconstruction	(C)	50,000	32,660	-	-
Backflow Prevention	(C)	125,000	125,000	-	-
Private Property I & I (reflected in operations)	(F)	-	414,000	-	-
McShane Lift Station Roof	(C)	50,000	50,000		
Portable Radio Replacement	(C)		28,790		
Ryan Creek Inceptor (Muskego/Franklin)	(C)	25,000	-	-	-
		<u>\$ 308,750</u>	<u>709,200</u>	<u>-</u>	<u>-</u>
2. <u>2014 Capital Projects</u>					
Truck - 25% DPW Replacement	(C)	-	-	43,750	43,750
Truck - 50% Water/Sewer	(C)	-	-	25,000	25,000
Riding Lawn Mower - 25% DPW	(C)	-	-	3,000	3,000
Portable Radio Replacement	(C)	-	-	28,790	28,790
Lift Station Upgrades	(C)	-	-	100,000	100,000
		<u>\$ -</u>	<u>-</u>	<u>200,540</u>	<u>200,540</u>
Grand Total		<u>\$ 308,750</u>	<u>709,200</u>	<u>200,540</u>	<u>200,540</u>

Note A: Anticipated to be financed with available construction funds

Note B: Anticipated to be financed with borrowings

Note C: Finance with working capital

Note D: Finance with replacement funds

Note E: Finance with reserve capacity assessment funds

Note F: Reimbursement from MMSD

Note G: Reimbursement from Franklin

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL
2014 BUDGET

	Operation and Maintenance <u>Fund</u>	Special Redemption <u>Fund</u>	Equipment Replacement <u>Fund</u>	Non-TIF Reserve Capacity Assessment <u>Fund</u>	Construction <u>Fund</u>	<u>Total</u>
<u>Funds provided</u>						
From operations:						
Net income (loss) for the year	\$ (1,043,927)	-	-	-	-	(1,043,927)
Add charges to income not requiring funds:						
Depreciation	1,135,000	-	-	-	-	1,135,000
Amortization:						
Debt discount	51,276	-	-	-	-	51,276
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding					-	-
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	142,349	-	-	-	-	142,349
Increases in:						
Collection of special assessments	5,000	-	-	100,000	-	105,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	147,349	-	-	100,000	-	247,349
<u>Funds applied</u>						
Principal payments on debt	280,000	-	-	-	-	280,000
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	200,540	200,540
Total funds applied	280,000	-	-	-	200,540	480,540
<u>Interfund transfers - net</u>						
Interest earnings	(6,000)	-	6,000	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(15,000)	-	-	15,000	-	-
Transfer to Construction Fund	(200,540)	-	-	-	200,540	-
Transfer for debt retirement reserve	(6,667)	6,667	-	-	-	-
RCA funds used to finance MMSD capital charge	679,816	-	-	(679,816)	-	-
Total transfers	425,259	6,667	32,350	(664,816)	200,540	-
Increase (decrease) in working capital	292,608	6,667	32,350	(564,816)	-	(233,191)
<u>Working capital, beginning of year</u>	11,591,260	631,853	818,201	4,502,825	-	17,544,138
<u>Working capital, end of year</u>	\$ 11,883,868	638,519	850,551	3,938,009	-	17,310,947
	2.52%	1.06%	3.95%	-12.54%	0.00%	-1.33%

CITY OF MUSKEGO SEWER UTILITY
WORKING CAPITAL FUND DESCRIPTIONS
2014 BUDGET

<u>FUND</u>	<u>DESCRIPTION</u>
<u>Operations and Maintenance</u>	Required to fund, at a minimum, 3 months of operations and maintenance costs.
<u>Special Redemption</u>	Accounts as a reserve for a percentage of annual principal and interest payments, as required by the debt covenants.
<u>Equipment Replacement Fund</u>	Used for significant mechanical equipment replacements as required by the DNR.
<u>Non-TIF - RCA</u>	Includes reserves established to account for capacity assessment levies restricted to finance related capital and/or debt service costs.
<u>Construction</u>	Accounts for borrowed funds or interfund transfers from working capital to cover the cost of capital projects.
<u>MMSD Capital Charge Funding</u>	77.83% = Utility rates & 22.17% = Reserve Capacity Assessments (Prior to 2007, 27.83 % was funded by positive tax increments from TID's #2-#7)