



**Sewer Utility
Proposed
2015 Budget**

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**W182 S8200 Racine Avenue, Muskego, WI 53150-0749
Waukesha County, Wisconsin
(262) 679-4100**

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CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE
2015 BUDGET

	2013 <u>Actual</u>	Aug. 31, 2014 <u>Actual</u>	2014 <u>Projected</u>	2014 <u>Adopted Budget</u>	2015 <u>Proposed Budget</u>	2015 <u>Adopted Budget</u>	% Change From 2014 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 6,025,332	2,997,671	6,028,500	5,966,866	6,034,000	-	1.13%
Miscellaneous revenues	16,452	6,478	13,812	10,500	13,750	-	30.95%
Total operating revenues	6,041,785	3,004,149	6,042,312	5,977,366	6,047,750	-	1.18%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	3,035,550	2,813,128	3,066,376	3,066,376	3,520,962	-	14.82%
User charge	1,048,333	822,973	1,067,575	1,067,575	1,125,641	-	5.44%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	174,097	132,462	225,000	225,000	225,000	-	0.00%
Supervision and labor	449,678	278,858	452,293	453,295	468,625	-	3.38%
Supplies and expense	26,017	17,597	26,500	24,000	28,000	-	16.67%
Maintenance:							
Amortization	-	-	-	-	-	-	-
Odor control	18,088	5,624	20,000	22,500	22,500	-	0.00%
Building and structures	17,098	3,094	14,000	14,000	14,000	-	0.00%
General plant safety equipment	6,894	317	6,500	10,000	7,000	-	-30.00%
Sewerage collection system	77,380	87,847	120,000	125,000	125,000	-	0.00%
I & I reduction	83,016	-	50,000	100,000	100,000	-	0.00%
Electricity	136,996	92,182	140,000	135,000	145,000	-	7.41%
Transportation expense	19,650	8,233	18,000	18,000	20,000	-	11.11%
	5,092,796	4,262,317	5,206,244	5,260,746	5,801,728	-	10.28%
Customers' account expenses:							
Accounting and collection	58,695	35,006	60,500	60,359	64,084	-	6.17%
Meter expense	28,566	-	29,000	29,500	29,500	-	0.00%
	87,261	35,006	89,500	89,859	93,584	-	4.15%
General expenses:							
Office Salaries	64,313	37,657	66,000	65,859	69,584	-	5.66%
Employee pensions and benefits	233,009	152,349	242,869	\$254,196	251,234	-	-1.16%
Unemployment compensation	-	-	2,000	2,000	2,000	-	0.00%
Office supplies and expenses	60,121	37,853	66,060	64,440	66,975	-	3.93%
Outside services	87,674	27,295	61,085	84,830	74,060	-	-12.70%
	445,118	255,154	438,014	471,325	463,853	-	-1.59%
Total operation and maintenance	5,625,175	4,552,476	5,733,759	5,821,930	6,359,165	-	9.23%
Depreciation	1,116,768	-	1,135,000	\$1,135,000	\$1,155,000	-	1.76%
Total operating expenses	6,741,943	4,552,476	6,868,759	6,956,930	7,514,165	-	8.01%
Net operating income (loss) (forward)	(700,158)	(1,548,327)	(826,447)	(979,564)	(1,466,415)	-	49.70%

CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE (Concluded)
2015 BUDGET

	2013 <u>Actual</u>	Aug. 31, 2014 <u>Actual</u>	2014 <u>Projected</u>	2014 <u>Adopted Budget</u>	2015 <u>Proposed Budget</u>	2015 <u>Adopted Budget</u>	% Change From 2012 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (700,158)	(1,548,327)	(826,447)	(979,564)	(1,466,415)	-	18.53%
<u>Add non-operating income</u>							
Interest from investments	22,207	3,780	22,500	23,000	23,000	-	2.22%
MMSD I&I Subsidy	\$7,509	\$0	\$0	\$250,000	\$250,000	-	
Interest income on RCA's and special assessments	27,955	24,155	24,155	27,560	21,600	-	14.10%
Sewer Connection Fees	22,500	19,500	25,000	15,000	20,000	-	-40.00%
Total non-operating income	80,170	47,434	71,655	315,560	314,600	-	340.39%
Income before non-operating expenses	(619,988)	(1,500,893)	(754,792)	(664,004)	(1,151,815)	-	-12.03%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	92,201	44,468	80,000	78,647	-	-	-1.69%
Amortization of debt discount	\$45,333	\$0	\$45,333	\$51,276	\$45,333	-	13.11%
I&I MMSD Program	-	\$0	\$0	\$250,000	\$250,000	-	#DIV/0!
Total non-operating expenses	137,534	44,468	125,333	379,923	295,333	-	203.13%
Net income (loss) before capital contributions	\$ (757,521)	(1,545,360)	(880,125)	(1,043,926)	(1,447,148)	-	18.61%

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2014 Estimated Total <u>Cost</u>	2014 Adopted <u>Budget</u>	2015 Proposed <u>Budget</u>	2015 Adopted <u>Budget</u>
1. <u>2014 Capital Projects</u>					
Truck - 25% DPW Replacement	(C)	-	43,750	-	-
Truck - 50% Water/Sewer	(C)	11,210	25,000	-	-
Riding Lawn Mower - 25% DPW	(C)	3,000	3,000		
Portable Radio Replacement	(C)	28,790	28,790		
Janesville Reconstruction	(C)	26,550	-		
Lift Station Upgrades	(C)	155,000	100,000	-	-
		<u>\$ 224,550</u>	<u>200,540</u>	-	-
2. <u>2015 Capital Projects</u>					
Truck - 25% DPW Replacement	(C)	-	-	46,250	-
Truck - 50% Water/Sewer	(C)			22,500	-
Communication Controls Radio	(C)	-	-	37,500	-
Lift Station Upgrades	(C)	-	-	60,000	-
Replace Roof (DPW & Utilities)	(C)	-	-	87,500	-
Garage Doors (DPW & Utilities)	(C)			6,000	
Wash Station (DPW & Utilities)	(C)			2,500	
	(C)	-	-	-	-
		<u>\$ -</u>	<u>-</u>	<u>262,250</u>	<u>-</u>
Grand Total		<u>\$ 224,550</u>	<u>200,540</u>	<u>262,250</u>	<u>-</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
2015 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	\$ (1,447,148)	-	-	-	-	(1,447,148)
Add charges to income not requiring funds:						
Depreciation	1,155,000	-	-	-	-	1,155,000
Amortization:						
Debt discount	250,000	-	-	-	-	250,000
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding	-	-	-	-	-	-
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	(42,148)	-	-	-	-	(42,148)
Increases in:						
Collection of special assessments	10,000	-	-	300,000	-	310,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	(32,148)	-	-	300,000	-	267,852
<u>Funds applied</u>						
Principal payments on debt	-	-	-	-	-	-
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	262,250	262,250
Total funds applied	-	-	-	-	262,250	262,250
<u>Interfund transfers - net</u>						
Interest earnings	(6,500)	-	6,500	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(20,000)	-	-	20,000	-	-
Transfer to Construction Fund	(262,250)	-	-	-	262,250	-
Transfer for debt retirement reserve	-	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(315,100)	-	32,850	20,000	262,250	-
Increase (decrease) in working capital	(347,248)	-	32,850	320,000	-	5,602
<u>Working capital, beginning of year</u>	9,567,816	-	849,376	5,699,033	-	16,116,225
<u>Working capital, end of year</u>	\$ 9,220,568	-	882,226	6,019,033	-	16,121,827
	-3.63%	0.00%	3.87%	5.61%	0.00%	0.03%

CITY OF MUSKEGO SEWER UTILITY
WORKING CAPITAL FUND DESCRIPTIONS
2015 BUDGET

<u>FUND</u>	<u>DESCRIPTION</u>
<u>Operations and Maintenance</u>	Recommended minimum fund balance - 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)