



**Sewer Utility
Proposed
2016 Budget**

**Distributed
Tuesday, October 13Th, 2015**

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CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE
2016 BUDGET

	2014 <u>Actual</u>	Aug. 31, 2015 <u>Actual</u>	2015 <u>Projected</u>	2015 <u>Adopted Budget</u>	2016 <u>Proposed Budget</u>	2016 <u>Adopted Budget</u>	% Change From 2015 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 6,051,464	3,019,760	6,053,000	6,034,000	6,060,000	-	0.43%
Miscellaneous revenues	15,089	6,468	15,129	13,750	15,000	-	9.09%
Total operating revenues	6,066,554	3,026,228	6,068,129	6,047,750	6,075,000	-	0.45%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	3,099,399	3,558,128	3,558,128	3,520,962	3,629,583	-	3.08%
User charge	1,086,120	560,192	1,125,246	1,125,641	1,122,283	-	-0.30%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	197,842	151,360	225,000	225,000	225,000	-	0.00%
Supervision and labor	431,559	297,083	458,650	468,625	468,137	-	-0.10%
Supplies and expense	23,756	20,808	28,000	28,000	28,000	-	0.00%
Maintenance:							
Amortization	-	-	-	-	-	-	-
Odor control	8,524	2,035	22,500	22,500	22,500	-	0.00%
Building and structures	9,880	11,161	14,000	14,000	14,000	-	0.00%
General plant safety equipment	1,779	2,495	7,000	7,000	7,000	-	0.00%
Sewerage collection system	95,346	40,418	100,000	125,000	125,000	-	0.00%
I & I reduction	-	3,146	50,000	100,000	100,000	-	0.00%
Electricity	138,413	76,754	145,000	145,000	155,000	-	6.90%
Transportation expense	14,849	5,504	20,000	20,000	20,000	-	0.00%
	5,107,468	4,729,082	5,753,524	5,801,728	5,916,503	-	1.98%
Customers' account expenses:							
Accounting and collection	64,184	45,927	64,250	64,084	64,017	-	-0.10%
Meter expense	30,249	-	30,500	29,500	31,000	-	0.00%
	94,433	45,927	94,750	93,584	95,017	-	1.53%
General expenses:							
Office Salaries	69,335	48,427	69,750	69,584	69,517	-	-0.10%
Employee pensions and benefits	248,587	168,344	258,740	\$251,234	269,339	-	7.21%
Unemployment compensation	-	-	1,000	2,000	2,000	-	0.00%
Office supplies and expenses	62,908	32,780	64,130	66,975	68,780	-	2.70%
Outside services	47,341	28,672	61,360	74,060	78,343	-	5.78%
	428,171	278,223	454,980	463,853	487,979	-	5.20%
Total operation and maintenance	5,630,072	5,053,232	6,303,254	6,359,165	6,499,499	-	2.21%
Depreciation	1,086,912	-	1,110,000	\$1,155,000	\$1,135,000	-	-1.73%
Total operating expenses	6,716,984	5,053,232	7,413,254	7,514,165	7,634,499	-	1.60%
Net operating income (loss) (forward)	(650,431)	(2,027,005)	(1,345,125)	(1,466,415)	(1,559,499)	-	6.35%

CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE (Concluded)
2016 BUDGET

	2014 <u>Actual</u>	Aug. 31, 2015 <u>Actual</u>	2015 <u>Projected</u>	2015 <u>Adopted Budget</u>	2016 <u>Proposed Budget</u>	2016 <u>Adopted Budget</u>	% Change From 2015 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (650,431)	(2,027,005)	(1,345,125)	(1,466,415)	(1,559,499)	-	9.02%
<u>Add non-operating income</u>							
Interest from investments	19,834	3,745	20,000	23,000	21,500	-	15.00%
MMSD I&I Subsidy	\$0	\$0	\$15,000	\$250,000	\$250,000	-	-
Interest income on RCA's and special assessments	24,155	21,116	21,116	21,600	20,670	-	2.29%
Sewer Connection Fees	35,500	15,000	20,000	20,000	20,000	-	0.00%
Total non-operating income	79,488	39,861	76,116	314,600	312,170	-	313.32%
Income before non-operating expenses	(570,942)	(1,987,144)	(1,269,009)	(1,151,815)	(1,247,329)	-	-9.24%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	68,803	-	-	-	-	-	#DIV/0!
Amortization of debt discount	\$52,888	\$0	\$0	\$45,333	\$0	-	#DIV/0!
I&I MMSD Program	-	\$0	\$15,000	\$250,000	\$250,000	-	1566.67%
Total non-operating expenses	121,691	-	15,000	295,333	250,000	-	1868.89%
Net income (loss) before capital contributions	\$ (692,634)	(1,987,144)	(1,284,009)	(1,447,148)	(1,497,329)	-	12.71%

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2015 Estimated Total Cost	2015 Adopted Budget	2016 Proposed Budget	2016 Adopted Budget
1. 2015 Capital Projects					
Truck - 25% DPW Replacement	(C)	-	46,250		
Truck - 50% Water/Sewer	(C)	21,213	22,500		
Communication Controls Radio	(C)	35,797	37,500		
Lift Station Upgrades/Jensen	(C)	115,881	60,000		
Replace Roof (DPW & Utilities)	(C)	-	87,500		
Garage Doors (DPW & Utilities)	(C)	3,012	6,000		
Wash Station (DPW & Utilities)	(C)	1,688	2,500		
		\$ 177,591	262,250	-	-
2. 2016 Capital Projects					
Truck - 25% DPW Replacement	(C)	-	-	46,250	-
Truck - 50% Water/Sewer	(C)	-	-	17,500	-
Communication Controls Radio	(C)	-	-	30,000	-
City Garage Maint/Addition	(C)	-	-	630,000	-
		\$ -	-	723,750	-
Grand Total		\$ 177,591	262,250	723,750	-

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
2016 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	\$ (1,497,329)	-	-	-	-	(1,497,329)
Add charges to income not requiring funds:						
Depreciation	1,135,000	-	-	-	-	1,135,000
Amortization:						
Debt discount	-	-	-	-	-	-
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding	250,000	-	-	-	-	250,000
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	(112,329)	-	-	-	-	(112,329)
Increases in:						
Collection of special assessments	10,000	-	-	325,000	-	335,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	(102,329)	-	-	325,000	-	222,671
<u>Funds applied</u>						
Principal payments on debt	-	-	-	-	-	-
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	723,750	723,750
Total funds applied	-	-	-	-	723,750	723,750
<u>Interfund transfers - net</u>						
Interest earnings	(6,575)	-	6,575	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(20,000)	-	-	20,000	-	-
Transfer to Construction Fund	(723,750)	-	-	-	723,750	-
Transfer for debt retirement reserve	-	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(776,675)	-	32,925	20,000	723,750	-
Increase (decrease) in working capital	(879,004)	-	32,925	345,000	-	(501,079)
<u>Working capital, beginning of year</u>	6,933,935	-	876,495	6,078,530	-	13,888,960
<u>Working capital, end of year</u>	\$ 6,054,931	-	909,420	6,423,530	-	13,387,881
	-12.68%	0.00%	3.76%	5.68%	0.00%	-3.61%

CITY OF MUSKEGO SEWER UTILITY
WORKING CAPITAL FUND DESCRIPTIONS
2016 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)