

# 2011 Sewer Utility Budget



Prepared by

City of Muskego  
Finance & Administration Department

Adopted Monday November 8, 2010

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

## CONTENTS

---

	<u>Schedule</u>	<u>Page</u>
Statement of income and expense	1	1-2
Detailed schedule of operating expenses	2	3
Schedule of capital outlay	3	4
Schedule of changes in utility working capital:		
2010 Projected	4	5
2011 Budget	5	6
Schedule of construction funds	6	7

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE  
2011 BUDGET

	2009 <u>Actual</u>	Aug. 31, 2010 <u>Actual</u>	2010 <u>Projected</u>	2010 <u>Adopted Budget</u>	2011 <u>Proposed Budget</u>	2011 <u>Adopted Budget</u>	% Change From 2010 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 5,950,384	2,964,710	5,868,250	5,845,830	5,925,000	5,925,000	1.35%
Miscellaneous revenues	24,708	4,387	9,000	6,850	10,100	10,100	47.45%
Total operating revenues	5,975,092	2,969,097	5,877,250	5,852,680	5,935,100	5,935,100	1.41%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	2,080,421	2,638,540	2,638,540	2,626,616	2,715,148	2,715,148	3.37%
User charge	962,876	495,669	995,133	995,133	1,020,011	1,020,011	2.50%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	183,030	128,168	256,000	275,000	275,000	275,000	0.00%
Supervision and labor	413,232	289,736	428,815	428,815	429,250	429,250	0.10%
Supplies and expense	20,460	19,917	24,000	24,000	24,000	24,000	0.00%
Maintenance:							
Amortization	44,231	-	44,231	44,231	-	-	-100.00%
Odor control	10,913	13,216	15,000	15,000	13,000	13,000	-13.33%
Building and structures	8,549	9,979	10,000	10,000	10,000	10,000	0.00%
General plant safety equipment	10,076	1,791	7,000	10,000	10,000	10,000	0.00%
Sewerage collection system	61,959	55,343	75,000	75,000	75,000	75,000	0.00%
I & I reduction	52,636	31,358	75,000	100,000	90,000	90,000	-10.00%
Electricity	113,384	85,869	110,000	110,000	115,000	115,000	4.55%
Transportation expense	13,581	10,404	16,000	20,750	18,000	18,000	-13.25%
	3,975,348	3,779,990	4,694,719	4,734,545	4,794,409	4,794,409	1.26%
Customers' account expenses:							
Accounting and collection	60,222	32,965	51,750	48,631	52,705	52,705	8.38%
Meter expense	26,832	-	29,500	29,500	29,500	29,500	0.00%
	87,054	32,965	81,250	78,131	82,205	82,205	5.21%
General expenses:							
Office Salaries	65,398	35,465	56,750	53,631	57,705	57,705	7.60%
Employee pensions and benefits	207,591	130,254	207,113	213,001	230,482	230,482	8.21%
Unemployment compensation	-	-	-	2,000	2,000	2,000	0.00%
Office supplies and expenses	51,336	28,722	62,354	70,845	63,280	63,280	-10.68%
Outside services	94,295	31,646	79,042	108,117	85,499	85,499	-20.92%
	418,620	226,087	405,259	447,594	438,966	438,966	-1.93%
Total operation and maintenance	4,481,022	4,039,041	5,181,228	5,260,269	5,315,580	5,315,580	1.05%
Depreciation	1,116,223	-	1,135,600	1,130,508	1,083,470	1,083,470	-4.16%
Total operating expenses	5,597,245	4,039,041	6,316,828	6,390,777	6,399,050	6,399,050	0.13%
Net operating income (loss) (forward)	377,847	(1,069,944)	(439,578)	(538,097)	(463,950)	(463,950)	-13.78%

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE (Concluded)  
2010 BUDGET

	2009 <u>Actual</u>	Aug. 31, 2010 <u>Actual</u>	2010 <u>Projected</u>	2010 <u>Adopted Budget</u>	2011 <u>Proposed Budget</u>	2011 <u>Adopted Budget</u>	% Change From 2010 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ 377,847	(1,069,944)	(439,578)	(538,097)	(463,950)	(463,950)	22.41%
<u>Add non-operating income</u>							
Interest from investments	88,979	4,189	85,000	125,000	80,000	80,000	47.06%
Interest income on RCA's and special assessments	27,882	22,683	25,379	37,509	25,253	25,253	47.80%
Sewer Connection Fees	18,500	-	15,000	20,000	15,000	15,000	33.33%
Total non-operating income	135,361	26,872	125,379	182,509	120,253	120,253	45.57%
Income before non-operating expenses	513,208	(1,043,072)	(314,199)	(355,588)	(343,697)	(343,697)	13.17%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	129,476	95,152	120,494	120,494	111,276	111,276	0.00%
Amortization of debt discount	51,276	-	51,276	51,276	51,276	51,276	0.00%
Total non-operating expenses	180,752	95,152	171,770	171,770	162,552	162,552	0.00%
Net income (loss) before capital contributions	\$ 332,456	(1,138,224)	(485,969)	(527,357)	(506,249)	(506,249)	8.52%

CITY OF MUSKEGO SEWER UTILITY  
 DETAILED SCHEDULE OF OPERATING SUPPLIES & OUTSIDE SERVICES  
 2011 BUDGET

	2009 Actual	Aug. 31, 2010 Actual	2010 Projected	2010 Adopted Budget	2011 Proposed Budget	2011 Adopted Budget
Operation and maintenance:						
Supplies and expense:						
Operating supplies	\$ 2,318	3,921	3,000	3,000	3,000	3,000
Chemicals	11,142	8,996	14,000	14,000	14,000	14,000
Water expense	7,000	7,000	7,000	7,000	7,000	7,000
	<u>\$ 20,460</u>	<u>19,917</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>
General expense						
Office supplies and expenses:						
Supplies	\$ 9,965	5,843	10,000	10,000	10,000	10,000
Other general expense	1,298	2,089	3,000	3,000	3,000	3,000
Telephone and communications	1,625	1,340	7,254	7,770	7,380	7,380
Insurance	32,600	16,300	32,600	40,575	33,000	33,000
Computer expense	5,848	3,150	9,500	9,500	9,900	9,900
	<u>\$ 51,336</u>	<u>28,722</u>	<u>62,354</u>	<u>70,845</u>	<u>63,280</u>	<u>63,280</u>
Outside services:						
City administrative charge	\$ 22,723	11,361	24,542	24,542	25,499	25,499
Accounting	11,000	11,220	12,000	12,000	12,000	12,000
Legal	3,234	1,135	5,000	15,000	8,000	8,000
Engineering	54,204	4,362	30,000	46,575	30,000	30,000
Other outside services	3,134	2,546	5,000	5,000	5,000	5,000
Computer software modification	-	1,022	2,500	5,000	5,000	5,000
	<u>\$ 94,295</u>	<u>31,646</u>	<u>79,042</u>	<u>108,117</u>	<u>85,499</u>	<u>85,499</u>

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2010 Estimated Total <u>Cost</u>	2010 Adopted <u>Budget</u>	2011 Proposed <u>Budget</u>	2011 Adopted <u>Budget</u>
<b>1. <u>2010 Capital Projects</u></b>					
Truck	(C)	12,000	12,000	-	-
Rain gages & Flow Monitors	(C)	-	15,000	-	-
Replace Roof	(C)	6,250	6,250	-	-
Ryan Creek Relay	(C)	30,000	-	-	-
SCADA	(C)	-	-	-	-
Future Projects	(C)	-	-	-	-
		<u>\$ 48,250</u>	<u>33,250</u>	<u>-</u>	<u>-</u>
<b>2. <u>2011 Capital Projects</u></b>					
Truck	(C)	-	-	51,250	51,250
McShane Lift Station	(C)	15,000	-	1,400,000	1,400,000
Janesville Reconstruction	(C)	-	-	175,000	175,000
Lake Lore Lift Station	(C)	-	-	580,000	580,000
Durham Drive Reconstruction	(C)	-	-	480,000	480,000
Ryan Creek Relay	(C)	-	-	169,975	169,975
Replace Roof - DPW & Utility	(C)	-	-	25,000	25,000
		<u>\$ 15,000</u>	<u>-</u>	<u>2,881,225</u>	<u>2,881,225</u>
Grand Total		<u>\$ 63,250</u>	<u>33,250</u>	<u>2,881,225</u>	<u>2,881,225</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

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL  
2010 PROJECTED

	Operation and Maintenance Fund	Special Redemption Fund	Equipment Replacement Fund	Non-TIF Reserve Capacity Assessment Fund	Construction Fund	Total	2010 Budget
<b>Funds provided</b>							
From operations:							
Net income (loss) for the year	\$ (485,969)	-	-	-	-	(485,969)	(505,783)
Add charges to income not requiring funds:							
Depreciation	1,135,600	-	-	-	-	1,135,600	1,130,508
Amortization:							
Debt discount	51,276	-	-	-	-	51,276	51,276
Manhole Rehabilitation	44,231	-	-	-	-	44,231	44,231
Less:							
Other	-	-	-	-	-	-	12,000
Funds provided from operations	745,138	-	-	-	-	745,138	732,231
Increases in:							
Collection of special assessments	6,000	-	-	210,000	-	216,000	216,000
Other contributed capital collections	-	-	-	-	-	-	-
Total funds provided	751,138	-	-	210,000	-	961,138	948,231
<b>Funds applied</b>							
Principal payments on debt	250,000	-	-	-	-	250,000	260,000
Debt discount and issue costs	-	-	-	-	-	-	-
Capital outlay (Schedule 6)	-	-	-	-	63,250	63,250	33,250
Total funds applied	250,000	-	-	-	63,250	313,250	293,250
<b>Interfund transfers - net</b>							
Interest earnings	(3,800)	-	3,600	-	200	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-	-
Sewer Connection fees	(15,000)	-	-	15,000	-	-	-
Transfer to Construction Fund	(33,050)	-	-	-	33,050	-	-
Funds used for debt retirement	-	-	-	-	-	-	-
Transfer for debt retirement reserve	(32,082)	32,082	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-	-
Total transfers	(110,282)	32,082	29,950	15,000	33,250	-	-
Increase (decrease) in working capital	390,856	32,082	29,950	225,000	(30,000)	647,888	654,981
<b>Working capital, beginning of year</b>	<b>12,674,601</b>	<b>576,437</b>	<b>707,608</b>	<b>4,054,548</b>	<b>40,000</b>	<b>18,053,194</b>	<b>16,270,153</b>
<b>Working capital, end of year</b>	<b>\$ 13,065,457</b>	<b>608,519</b>	<b>737,558</b>	<b>4,279,548</b>	<b>10,000</b>	<b>18,701,082</b>	<b>16,925,135</b>
<b>2010 Budgeted Working Capital, end of year</b>	<b>\$ 11,578,732</b>	<b>611,853</b>	<b>741,343</b>	<b>3,993,207</b>	<b>-</b>	<b>16,925,135</b>	

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL  
2011 BUDGET

	Operation and Maintenance Fund	Special Redemption Fund	Equipment Replacement Fund	Non-TIF Reserve Capacity Assessment Fund	Construction Fund	Total
<u>Funds provided</u>						
From operations:						
Net income (loss) for the year	\$ (506,249)	-	-	-	-	(506,249)
Add charges to income not requiring funds:						
Depreciation	1,083,470	-	-	-	-	1,083,470
Amortization:						
Debt discount	51,276	-	-	-	-	51,276
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding	-	-	-	-	-	-
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	628,497	-	-	-	-	628,497
Increases in:						
Collection of special assessments	5,000	-	-	100,000	-	105,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	633,497	-	-	100,000	-	733,497
<u>Funds applied</u>						
Principal payments on debt	260,000	-	-	-	-	260,000
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	2,881,225	2,881,225
Total funds applied	260,000	-	-	-	2,881,225	3,141,225
<u>Interfund transfers - net</u>						
Interest earnings	(7,000)	-	7,000	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(15,000)	-	-	15,000	-	-
Transfer to Construction Fund	(2,881,225)	-	-	-	2,881,225	-
Transfer for debt retirement reserve	(3,333)	3,333	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(2,932,908)	3,333	33,350	15,000	2,881,225	-
Increase (decrease) in working capital	(2,559,411)	3,333	33,350	115,000	-	(2,407,728)
<u>Working capital, beginning of year</u>	13,065,457	608,519	737,558	4,279,548	10,000	18,701,082
<u>Working capital, end of year</u>	\$ 10,506,045	611,853	770,908	4,394,548	10,000	16,293,354
	-19.59%	0.55%	4.52%	2.69%	0.00%	-12.87%



CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CONSTRUCTION FUNDS

PROJECTED 2010 AND 2011

Project	Actual	2010			Projected	2011			Projected
	Balance	Revenues	Costs	Transfers	Balance	Revenues	Costs	Transfers	Balance
	12/31/2009				12/31/2010				12/31/2011
Debt issue and working capital funds:									
Vehicles	-	-	12,000	12,000	-	-	51,250	51,250	-
MMSD 2020 Facility plan	-	-	-	-	-	-	-	-	-
Facility plan - Muskego share of MMSD	-	-	-	-	-	-	-	-	-
Future Projects	40,000	-	-	(30,000)	10,000	-	-	-	10,000
Flow Monitors & Rain Gages	-	-	-	-	-	-	-	-	-
McShane Lift Station	-	-	15,000	15,000	-	-	1,400,000	1,400,000	-
SCADA Renovations	-	-	-	-	-	-	-	-	-
SCADA software and hardware programing	-	-	-	-	-	-	-	-	-
Replace Roof - DPW & Utility	-	-	6,250	6,250	-	-	-	-	-
Janesville Road Reconstruction	-	-	-	-	-	-	175,000	175,000	-
Lake Lore Lift Station	-	-	-	-	-	-	580,000	580,000	-
Durham Drive Reconstruction	-	-	-	-	-	-	480,000	480,000	-
Ryan Road Relay	-	-	30,000	30,000	-	-	169,975	169,975	-
Cold Storage/Impound Lot	-	-	-	-	-	-	25,000	25,000	-
Transfer from replacement funds	-	-	-	-	-	-	-	-	-
Transfer from working capital funds	-	33,050	-	(33,050)	-	2,881,225	-	(2,881,225)	-
Transfer from reserve capacity assessment funds	-	-	-	-	-	-	-	-	-
MMSD Funding	-	-	-	-	-	-	-	-	-
Unallocated debt proceeds	-	-	-	-	-	-	-	-	-
Interest earnings	-	200	-	(200)	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 40,000</b>	<b>33,250</b>	<b>63,250</b>	<b>-</b>	<b>10,000</b>	<b>2,881,225</b>	<b>2,881,225</b>	<b>-</b>	<b>10,000</b>

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
<b><u>REVENUES</u></b>												
<b><u>OPERATING REVENUE:</u></b>												
601.48.00.00.4801	Sewer Service Charges	5,552,156	5,614,941	5,881,915	5,795,830	5,795,830	2,937,173	5,813,250	5,865,000	69,170	1.19%	5,865,000
601.48.00.00.4810	Customer Penalties	64,800	67,020	68,469	50,000	50,000	27,537	55,000	60,000	10,000	20.00%	60,000
601.48.00.00.4820	Miscellaneous Sewer Revenue	1,513	97,772	10,100	100	100	-	-	-	(100)	-100.00%	-
601.48.00.00.4822	Closing Statements	2,373	1,823	1,950	1,650	1,650	-	2,400	2,500	850	51.52%	2,500
601.48.00.00.4823	Camera Televising	-	720	360	800	800	-	100	100	(700)	-87.50%	100
601.48.00.00.4824	Locate Service Revenue	6,611	5,889	6,328	4,000	4,000	4,387	6,000	6,500	2,500	62.50%	6,500
	Subtotal	5,627,453	5,788,165	5,969,122	5,852,380	5,852,380	2,969,097	5,876,750	5,934,100	81,720	1.40%	5,934,100
	<b>TOTAL OPERATING REVENUE</b>	<b>5,627,453</b>	<b>5,788,165</b>	<b>5,969,122</b>	<b>5,852,380</b>	<b>5,852,380</b>	<b>2,969,097</b>	<b>5,876,750</b>	<b>5,934,100</b>	<b>81,720</b>	<b>1.40%</b>	<b>5,934,100</b>
<b><u>NON-OPERATING REVENUE:</u></b>												
<b><u>COMMERCIAL REVENUE</u></b>												
601.01.00.00.4531	Interest From Investments (#249)											
601.49.00.00.4531	Interest From Investments	531,344	323,398	88,979	125,000	125,000	4,189	85,000	80,000	(45,000)	-36.00%	80,000
601.49.00.00.4910	Interest On Special Assessments	6,627	3,820	1,213	600	600	-	379	253	(347)	-57.83%	253
601.01.00.00.4424	RCA Assessments (#249)	366,033	326,596	473,820	212,311	212,311	70,269	158,897	179,050	(33,261)	-15.67%	179,050
601.01.00.00.4425	Interest on RCA's (#249)	35,515	31,439	26,669	36,909	36,909	22,683	25,000	25,000	(11,909)	-32.27%	25,000
601.01.00.00.4426	Sewer connection Fees	34,000	31,000	18,500	20,000	20,000	-	15,000	15,000	(5,000)	-25.00%	15,000
601.49.00.00.4920	Misc Revenue	3,677	1,549	5,970	300	300	-	500	1,000	700	233.33%	1,000
601.49.00.00.4950	City Subsidies For MMSD CA	-	-	-	-	-	-	-	-	-	#DIV/0!	-
	Subtotal	445,852	394,404	526,172	270,120	270,120	92,952	199,776	220,303	(49,817)	-18.44%	220,303
	<b>TOTAL NON-OPERATING REVENUE</b>	<b>977,196</b>	<b>717,802</b>	<b>615,151</b>	<b>395,120</b>	<b>395,120</b>	<b>97,141</b>	<b>284,776</b>	<b>300,303</b>	<b>(94,817)</b>	<b>(1)</b>	<b>300,303</b>
<b><u>Capital Contribution</u></b>												
601.49.00.00.4960	Capital Contribution	1,948,020	1,466,171	282,115	97,000	97,000	-	-	-	(97,000)	-100.00%	-
	<b>TOTAL REVENUE</b>	<b>8,552,669</b>	<b>7,972,138</b>	<b>6,866,388</b>	<b>6,344,500</b>	<b>6,344,500</b>	<b>3,066,238</b>	<b>6,161,526</b>	<b>6,234,403</b>	<b>(110,097)</b>	<b>-1.74%</b>	<b>6,234,403</b>
<b><u>EXPENDITURES</u></b>												
<b><u>OPERATING EXPENSES</u></b>												
601.61.61.01.6405	Amort 1983 MMSD Construction Costs										#DIV/0!	
601.61.61.01.6406	Amort 1990 Constuction Costs	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.61.61.01.6407	Amort 1996 Construction Costs										#DIV/0!	
	Total MMSD Contract Amortization	-	-	-	-	-	-	-	-	-	#DIV/0!	-
<b><u>MMSD CAPITAL CHARGES</u></b>												
<b><u>Other Expenses</u></b>												
601.61.61.02.6071	Capital Charges MMSD	2,115,082	2,018,123	2,080,421	2,626,616	2,626,616	2,638,540	2,638,540	2,715,148	88,532	3.37%	2,715,148

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
MMSD USER CHARGES												
Other Expenses												
601.61.61.03.6072	MMSD Quarterly Payments	678,550	882,281	962,876	995,133	995,133	495,669	995,133	1,020,011	24,878	2.50%	1,020,011
TOWN OF NORWAY CHARGES												
601.61.61.10.6069	Other Expenses - Captial Charge	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.61.61.10.6068	Town of Norway	176,011	175,139	183,030	275,000	275,000	128,168	256,000	275,000	-	0.00%	275,000
SUPERVISION AND LABOR												
Personnel												
601.61.61.11.5101	Salaries & Wages	363,216	387,450	400,423	403,924	403,924	271,422	403,924	405,986	2,062	0.51%	405,986
601.61.61.11.5102	Salaries & Wages - Overtime	14,801	31,604	12,809	24,891	24,891	18,314	24,891	23,264	(1,627)	-6.54%	23,264
601.61.61.11.5150	Auto Allowance	-	-	-	-	-	-	-	-	-	#DIV/0!	-
	Total Personnel - Supervision & Lab	378,017	419,054	413,232	428,815	428,815	289,736	428,815	429,250	435	#DIV/0!	429,250
SUPPLIES & EXPENSES												
Supplies / Materials												
601.61.61.12.5228	Safety Glasses/CDL Licenses	-	-	1,940	3,172	3,172	-	2,000	3,172	-	0.00%	3,172
601.61.61.12.5702	Operating Supplies & Exp/Allowance	3,696	2,721	2,318	3,000	3,000	3,921	3,000	3,000	-	0.00%	3,000
601.61.61.12.5750	Chemical Expenses	14,873	12,410	11,142	14,000	14,000	8,996	14,000	14,000	-	0.00%	14,000
	Total Supplies & Expenses	18,569	15,131	15,400	20,172	20,172	12,917	19,000	20,172	-	0.00%	20,172
MAINTENANCE SUPPLIES & EXPENSES												
Equipment Maintenance & Rental												
601.61.61.15.5415	Maintenance of Buildings & Grounds	13,956	7,236	8,549	10,000	10,000	9,979	10,000	10,000	-	0.00%	10,000
601.61.61.15.5425	Maintenance of Safety Equipment	5,638	11,068	10,076	10,000	10,000	1,791	7,000	10,000	-	0.00%	10,000
	Total Maintenance Supplies & Exper	19,594	18,304	18,625	20,000	20,000	11,770	17,000	20,000	-	0.00%	20,000
MAINT SEWAGE COLLECTION SYSTEM												
Equipment Maintenance & Rental												
601.61.61.16.5411	Maint of Sewage Collection Equipmen	84,040	57,298	61,959	75,000	75,000	55,343	75,000	75,000	-	0.00%	75,000
601.61.61.16.5426	Odor Control	12,246	5,015	10,913	15,000	15,000	13,216	15,000	13,000	(2,000)	-13.33%	13,000
601.61.61.16.5427	I & I Reduciton	84,805	33,608	52,636	100,000	100,000	31,358	75,000	90,000	(10,000)	-10.00%	90,000
601.61.61.16.5428	Amort Oder Control Manhole	44,231	44,231	44,231	44,231	44,231	-	44,231	-	(44,231)	-100.00%	-
601.61.61.16.5429	Fac Plan 2020 Amort	-	-	-	-	-	-	-	-	-	0.00%	-
	Total Maint Sewage Collection Syste	225,322	140,152	169,739	234,231	234,231	99,917	209,231	178,000	(56,231)	-24.01%	178,000
ELECTRICITY												
601.61.61.20.5910	Utilities	100,803	117,653	113,384	110,000	110,000	85,869	110,000	115,000	5,000	4.55%	115,000
TRANSPORTATION EXPENSE												
Travel & Training												
601.61.61.21.5302	Mileage	-	152	176	-	-	-	-	-	-	-	-

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
601.61.61.21.5306	Transportation Expense	16,011	15,967	13,581	20,750	20,750	10,404	16,000	18,000	(2,750)	-13.25%	18,000
	WATER EXPENSE											
	Utilities											
601.61.61.22.5915	Water Expense	6,500	7,000	7,000	7,000	7,000	7,000	7,000	7,000	-	0.00%	7,000
	TOTAL OPERATING EXPENSES	3,734,459	3,808,956	3,977,464	4,737,717	4,737,717	3,779,990	4,696,719	4,797,581	59,864	1.26%	4,797,581
	<b>CUSTOMER ACCOUNT EXPENSES</b>											
	PERSONNEL											
601.61.62.30.5101	Salaries & Wages	-	-	-	-	-	-	-	-	-	#DIV/0!	-
	OTHER EXPENSES											
601.61.62.30.6060	Collection Expense									-	#DIV/0!	
	TOTAL CUSTOMER ACCOUNT EXP	-	-	-	-	-	-	-	-	-	#DIV/0!	-
	<b>GENERAL EXPENSES</b>											
	OFFICE SALARIES											
	Personnel											
601.61.63.40.5101	Salaries & Wages	113,820	115,485	120,444	97,261	97,261	65,929	103,500	105,410	8,149	8.38%	105,410
601.61.63.40.6056	Meter Expense	28,723	29,360	26,832	29,500	29,500	-	29,500	29,500	-	0.00%	29,500
601.61.63.40.5102	Salaries & Wages - Overtime	-	-	-	-	-	-	-	-	-	#DIV/0!	-
	Total Personnel - Office Salaries	142,543	144,845	147,276	126,761	126,761	65,929	133,000	134,910	8,149	6.43%	134,910
	EMPLOYEE PENSION & BENEFITS											
	Benefits											
601.61.63.41.5201	FICA	37,091	41,397	40,360	41,027	41,027	26,545	41,027	41,695	668	1.63%	41,695
601.61.63.41.5202	Pension	49,101	54,095	53,073	53,908	53,908	37,036	53,908	57,770	3,862	7.16%	57,770
601.61.63.41.5203	Health Insurance	86,927	98,766	103,960	106,742	106,742	65,950	102,000	119,500	12,758	11.95%	119,500
601.61.63.41.5204	Life Insurance	849	938	1,147	1,026	1,026	659	1,026	1,045	19	1.85%	1,045
601.61.63.41.5205	FSA Fee expense	85	93	91	70	70	64	96	100	30	42.86%	100
601.61.63.41.5229	Health Insurance Allowance	1,203	6,845	7,020	7,056	7,056	-	7,056	7,200	144	2.04%	7,200
	Total Benefits	175,256	202,134	205,651	209,829	209,829	130,254	205,113	227,310	17,481	8.33%	227,310
	OFFICE SUPPLIES & EXPENSES											
	Personnel											
601.61.63.42.5102	Insurance									-	#DIV/0!	
	Equipment Maintenance & Rental											
601.61.63.42.5430	Alarms & Alarm Maintenance	6,285	3,966	451	6,516	6,516	384	6,000	6,000	(516)	-7.92%	6,000
	Computer Charges											

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
601.61.63.42.5509	Computer Services	5,192	7,284	4,965	8,400	8,400	3,150	8,400	8,800	400	4.76%	8,800
	Telephone Charges											
601.61.63.42.5606	Telephone	1,435	1,754	1,174	1,254	1,254	956	1,254	1,380	126	10.05%	1,380
	Supplies / Materials											
601.61.63.42.5701	General Office Supplies	6,320	8,635	9,965	10,000	10,000	5,843	10,000	10,000	-	0.00%	10,000
	Other Expenses											
601.61.63.42.6020	Unemployment Compensation	-	-	-	2,000	2,000	-	-	2,000	-	0.00%	2,000
601.61.63.42.6056	Other General Expenses	1,480	1,366	1,298	3,000	3,000	2,089	3,000	3,000	-	0.00%	3,000
	Total Other Expenses	1,480	1,366	1,298	5,000	5,000	2,089	3,000	5,000	-	0.00%	5,000
	Insurance Expenses											
601.61.63.42.6101	Workers Compensation Ins	12,800	9,200	10,000	11,236	11,236	5,000	10,000	10,200	(1,036)	-9.22%	10,200
601.61.63.42.6102	Liability Insurance	48,220	21,348	15,000	20,600	20,600	7,500	15,000	15,100	(5,500)	-26.70%	15,100
601.61.63.42.6103	Property Insurance	12,000	9,600	6,600	7,719	7,719	3,300	6,600	6,700	(1,019)		6,700
601.61.63.42.6104	Auto Insurance	1,400	1,600	1,000	1,020	1,020	500	1,000	1,000	(20)	-1.96%	1,000
	Total Insurance Expense	74,420	41,748	32,600	40,575	40,575	16,300	32,600	33,000	(7,575)	(0)	33,000
	Total Office Supplies & Expenses	95,132	64,753	50,453	71,745	71,745	28,722	61,254	64,180	(7,565)	-10.54%	64,180
	<b>OUTSIDE SERVICES</b>											
	Professional & Contract Services											
601.61.63.43.5509	Computer Software Modification	-	-	-	5,000	5,000	1,022	2,500	5,000	-	0.00%	5,000
601.61.63.43.5801	Professional Services	3,058	2,987	3,134	5,000	5,000	2,546	5,000	5,000	-	0.00%	5,000
601.61.63.43.5805	Legal Fees	1,362	3,323	3,234	15,000	15,000	1,135	5,000	8,000	(7,000)	-46.67%	8,000
601.61.63.43.5810	Accounting & Collection	10,702	10,870	11,000	12,000	12,000	11,220	12,000	12,000	-	0.00%	12,000
601.61.63.43.5815	Engineering Fees	6,840	15,471	24,809	25,000	25,000	3,579	25,000	25,000	-	0.00%	25,000
601.61.63.43.5824	Amortization Mapping						-			-	#DIV/0!	
601.61.63.43.6505	Programming & Consulting						-			-	#DIV/0!	
	Total Professional & Contract Services	21,962	32,651	42,177	62,000	62,000	19,502	49,500	55,000	(7,000)	-11.29%	55,000
	Other Expenses	-	-									
601.01.00.00.6057	Administrative Charges (#249)	5,000	5,000	5,000	5,000	5,000	2,500	5,000	5,000			5,000
601.61.63.43.6057	Administrative Charges	21,617	22,727	22,723	24,542	24,542	11,361	24,542	25,499	957	3.90%	25,499
601.61.63.43.6505	Computer Replacement			883	1,100	1,100	-	1,100	1,100	-	0.00%	1,100
	<b>Total Outside Services</b>	48,579	60,378	70,783	92,642	92,642	33,363	80,142	86,599	(6,043)	-6.52%	86,599
	<b>TOTAL GENERAL EXPENSES</b>	461,510	472,110	474,163	500,977	500,977	258,268	479,509	512,999	12,022	2.40%	512,999
	<b>DEPRECIATION</b>											

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
601.61.64.50.6705	Depreciation	1,044,214	1,066,910	1,116,223	1,130,508	1,130,508	-	1,135,600	1,083,470	(47,038)	-4.16%	1,083,470
<b>NON-OPERATING EXPENSES</b>												
<b>INTEREST EXPENSE</b>												
Debt												
601.62.65.60.7010	Interest Expense	147,618	138,403	129,476	120,494	120,494	95,152	120,494	111,276	(9,218)	-7.65%	111,276
<b>AMORTIZATION OF DEBT DISCOUNT</b>												
601.62.65.61.7015	Amortization of Bond Discount	5,943	5,943	5,943	5,943	5,943	-	5,943	5,943	0	0.00%	5,943
<b>AMORT' OF EXTRAORDINARY PROP LOSS</b>												
Contract / Property Loss												
601.62.65.62.6401	Amortization of Property Loss	-	-	-	-	-	-	-	-	-	#DIV/0!	-
<b>TOTAL NON-OPERATING EXPENSES</b>		<b>153,561</b>	<b>144,346</b>	<b>135,419</b>	<b>126,437</b>	<b>126,437</b>	<b>95,152</b>	<b>126,437</b>	<b>117,219</b>	<b>(9,218)</b>	<b>-7.29%</b>	<b>117,219</b>
<b>EXTRAORDINARY LOSS</b>												
<b>DEBT</b>												
601.63.66.70.7020	Extraordinary Loss/Debt Discount	45,333	45,333	45,333	45,333	45,333	-	45,333	45,333	0	0.00%	45,333
<b>CONTINGENCY</b>												
601.64.67.00.6601	Contingency						-			-	#DIV/0!	

<u>New Account Number</u>	<u>Description</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>2010 Budget</u>	<u>2010 Amended Budget</u>	<u>Actual as of 8/31/2010</u>	<u>Estimate 12/31/2010</u>	<u>2011 Proposed Budget</u>	<u>Change From Orig. 10 Budget</u>	<u>% Change</u>	<u>2011 Adopted Budget</u>
<b>CAPITAL PROJECTS</b>												
<b>SEWER PROJECTS</b>												
601.65.00.00.6201	Cold Storage Facility	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6202	Misc Sewer Projects	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6203	Rain Gauges	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6204	Flow Monitors	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6205	Oversizing / Land Purchase	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6206	Janesville Rd SWR MSS-02-02	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6206	Lake Lore Lift Station	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6207	McShane Lift Station	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6208	Woods Rd Forcemain S. Beac	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6209	Scada Renovation	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6209	Scada Radio Study	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6210	2020 Muskego Facility Plan	27,820	-	26,719	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6211	Ryan Road Relay	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6212	Durham Drive	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6213	MMSD Facility Plan Muskego Share	9,736	3,219	2,676	21,575	21,575	783	5,000	5,000	(16,575)	-76.83%	5,000
601.65.00.00.6214		-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6215		-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6216		-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6217		-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6218		-	-	0	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6219		-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.65.00.00.6275	Forced Hook Up	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.00.00.00.1922	Truck	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.00.00.00.3410	Variable Frequency Drive Unit	-	-	-	-	-	-	-	-	-	#DIV/0!	-
601.00.00.00.1927	Mini Excavator	-	-	-	-	-	-	-	-	-	#DIV/0!	-
<b>TOTAL CAPITAL PROJECTS</b>		<b>37,556</b>	<b>3,219</b>	<b>29,395</b>	<b>21,575</b>	<b>21,575</b>	<b>783</b>	<b>5,000</b>	<b>5,000</b>	<b>(16,575)</b>	<b>-76.83%</b>	<b>5,000</b>
<b>SUSPENSE ACCOUNTS</b>												
601.99.99.99.5999	Suspense Account Expenses									-	#DIV/0!	
<b>TOTAL EXPENDITURES</b>		<b>5,476,633</b>	<b>5,540,874</b>	<b>5,777,997</b>	<b>6,562,547</b>	<b>6,562,547</b>	<b>4,134,193</b>	<b>6,488,598</b>	<b>6,561,602</b>	<b>(945)</b>	<b>-0.01%</b>	<b>6,561,602</b>
<b>REVENUES/EXPENDITURES</b>		<b>3,076,037</b>	<b>2,431,265</b>	<b>1,088,392</b>	<b>(218,046)</b>	<b>(218,046)</b>	<b>(1,067,955)</b>	<b>(327,072)</b>	<b>(327,199)</b>	<b>(109,152)</b>	<b>(0)</b>	<b>(327,199)</b>

**City of Muskego  
Sewer Rate Design  
2011 Budget**

**1. Estimated Revenue Requirement (Based on the year 2010 Budget)****Data**

Additions:

Operation and maintenance expenses	\$ 5,315,580
Depreciation	1,083,470
Replacement Fund - DNR requirement	26,350
Mortgage Revenue Bond compliance requirements	-
Rate of return of average investment rate base - ( Exhibit C 1.)	<u>277,259</u>

6,702,659

RCA funds used

-

Gross revenue requirement

6,702,659

Rate Stabilization component - use of interest income, other income and operating reserves

(671,650) (A)

Net Revenue Requirement per Budget

\$ 6,031,009**2. Estimated number of gallons (000) billed**575,710**3. Number of laterals - (connections)**7,565**4. Estimated annual number of gallons used by a average residential customer**57,666**5. Inflow / Infiltration based on an eight year average provided by Ruckert & Mielke, Inc.**34.46% \*\*\*\*\***6. Rate components****Type of Charge****Model Formula**

Connection Charge  $\frac{\text{Net Revenue Requirement X Inflow and infiltration \%}}{\text{Number of laterals}}$  = Connection Charge

Consumption Charge  $\frac{\text{Net Revenue Requirement X Billable \%}}{\text{Number of gallons (000) billed}}$  = Consumption Charge

**Computation**

Connection Charge	<u>\$ 6,031,008.63</u>	X	<u>34.46%</u>	
		7,565		= <u>\$ 274.70</u> Connection Charge
				276.4 prior yr
				-0.61%
Consumption Charge	<u>\$ 6,031,008.63</u>	X	<u>65.54%</u>	
		575,710		= <u>\$ 6.87</u> Consumption Charge
				6.81 prior yr
				0.82%

**7. Average annual residential charge**

Estimated number of gallons used by a average residential customer per year 57,666

Consumption charge per 1,000 gallons \$ 6.87

Average residential annual consumption charge \$ 395.95

Average residential annual connection charge \$ 274.70Total average residential annual sewer usage charge \$ 670.64670.64 prior yr  
0.00%

(A) Use of Fund balance per MRB test -

Interest income	80,000
Penalties and other income	70,100
Additional use of fund balance	<u>521,550</u>

(A) 671,650



Investment Rate Base

<b>1. Investment rate base</b>	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Utility plant in service													
1-1	37,410,051	38,562,923	38,969,080	42,319,668	43,609,150	48,014,870	52,163,825	53,911,750	55,399,980	57,471,730	58,984,133	59,583,756	59,632,006
12-31	<u>38,562,923</u>	<u>38,969,080</u>	<u>40,439,080</u>	<u>46,434,600</u>	<u>47,703,613</u>	<u>48,548,883</u>	<u>53,911,750</u>	<u>55,399,980</u>	<u>57,471,730</u>	<u>58,984,133</u>	<u>59,583,756</u>	<u>59,632,006</u>	<u>62,528,231</u>
Total	<u>75,972,974</u>	<u>77,532,003</u>	<u>79,408,160</u>	<u>88,754,268</u>	<u>91,312,763</u>	<u>96,563,753</u>	<u>106,075,575</u>	<u>109,311,730</u>	<u>112,871,710</u>	<u>116,455,863</u>	<u>118,567,889</u>	<u>119,215,762</u>	<u>122,160,237</u>
Average	<u>37,986,487</u>	<u>38,766,002</u>	<u>39,704,080</u>	<u>44,377,134</u>	<u>45,656,382</u>	<u>48,281,877</u>	<u>53,037,788</u>	<u>54,655,865</u>	<u>56,435,855</u>	<u>58,227,932</u>	<u>59,283,945</u>	<u>59,607,881</u>	<u>61,080,119</u>
Accumulated Depreciation													
1-1	5,635,824	6,265,870	6,944,784	7,701,496	8,446,689	9,294,815	10,220,700	11,144,656	12,130,912	13,175,126	14,242,036	15,358,259	16,493,859
12-31	<u>6,265,870</u>	<u>6,944,784</u>	<u>7,648,854</u>	<u>8,523,511</u>	<u>9,263,924</u>	<u>10,181,165</u>	<u>11,144,495</u>	<u>12,130,912</u>	<u>13,175,126</u>	<u>14,242,036</u>	<u>15,358,259</u>	<u>16,493,859</u>	<u>17,577,329</u>
Total	<u>11,901,694</u>	<u>13,210,654</u>	<u>14,593,638</u>	<u>16,225,007</u>	<u>17,710,613</u>	<u>19,475,980</u>	<u>21,365,195</u>	<u>23,275,568</u>	<u>25,306,038</u>	<u>27,417,162</u>	<u>29,600,295</u>	<u>31,852,118</u>	<u>34,071,188</u>
Average	<u>5,950,847</u>	<u>6,605,327</u>	<u>7,296,819</u>	<u>8,112,504</u>	<u>8,855,307</u>	<u>9,737,990</u>	<u>10,682,598</u>	<u>11,637,784</u>	<u>12,653,019</u>	<u>13,708,581</u>	<u>14,800,148</u>	<u>15,926,059</u>	<u>17,035,594</u>
Contribution in aid of construction													
1-1	25,221,487	25,759,422	25,759,422	28,263,230	29,128,214	29,706,584	35,530,250	35,918,074	37,016,571	38,964,591	40,430,762	40,615,157	40,615,157
12-31	<u>25,759,422</u>	<u>25,759,422</u>	<u>25,759,422</u>	<u>28,263,230</u>	<u>29,128,214</u>	<u>35,530,250</u>	<u>37,256,256</u>	<u>37,016,571</u>	<u>38,964,591</u>	<u>40,430,762</u>	<u>40,615,157</u>	<u>40,615,157</u>	<u>40,615,157</u>
Total	<u>50,980,909</u>	<u>51,518,844</u>	<u>51,518,844</u>	<u>56,526,460</u>	<u>58,256,428</u>	<u>65,236,834</u>	<u>72,786,506</u>	<u>72,934,645</u>	<u>75,981,162</u>	<u>79,395,353</u>	<u>81,045,919</u>	<u>81,230,314</u>	<u>81,230,314</u>
Average	<u>25,490,455</u>	<u>25,759,422</u>	<u>25,759,422</u>	<u>28,263,230</u>	<u>29,128,214</u>	<u>32,618,417</u>	<u>36,393,253</u>	<u>36,467,323</u>	<u>37,990,581</u>	<u>39,697,677</u>	<u>40,522,960</u>	<u>40,615,157</u>	<u>40,615,157</u>
Average investment rate base	6,545,186	6,401,253	6,647,839	8,001,401	7,672,861	5,925,470	5,961,937	6,550,759	5,792,255	4,821,674	3,960,838	3,066,665	3,429,368
Rate of Return	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Return on Rate Base	<u>458,163</u>	<u>448,088</u>	<u>465,349</u>	<u>560,098</u>	<u>537,100</u>	<u>414,783</u>	<u>417,336</u>	<u>458,553</u>	<u>405,458</u>	<u>337,517</u>	<u>277,259</u>	<u>214,667</u>	<u>240,056</u>

Contributions	CIAC	Balance
Balance 12/31/99		25,759,422
Additions per financial statements:	<b>Contribution</b>	<b>RCA's</b>
2000	Actual	2,039,808
2001	Actual	1,328,984
2002	Actual	578,370
2003	Actual	2,362,157
2004	Actual	1,997,595
2005	Actual	1,851,738
2006	Actual	1,098,497
2007	Actual	1,948,020
2008	Actual	1,466,171
2009	Actual	184,395
2010	Estimate	-
2011	Estimate	-
		839,660
		624,254
		1,196,543
		558,474
		366,033
		326,596
		473,820
		158,897
		40,615,157
		179,050
		40,615,157

Note - RCA fees are excluded from rate of return because they are used to

Sewer Rate Design - Model

Exhibit B

City of Muskego

Sewer Rate Design - Model

2011

<u>Type of Charge</u>	<u>Model Formula</u>	
Connection Charge	$\frac{\text{Net Revenue Requirement X Inflow and infiltration \%}}{\text{Number of laterals}}$	= Connection Charge
Consumption Charge	$\frac{\text{Net Revenue Requirement X Billable \%}}{\text{Number of gallons (000) billed}}$	= Consumption Charge

	<u>Computation</u>	
Connection Charge	$\frac{\$6,031,008.63 \quad \times \quad 55.98\%}{7,565}$	= \$ <u>446.28</u> Connection Charge
Consumption Charge	$\frac{\$6,031,008.63 \quad \times \quad 65.54\%}{575,710}$	= \$ <u>6.87</u> Consumption Charge

Average annual residential charge

Estimated number of gallons used by a average residential customer per year	57,666
Consumption charge per 1,000 gallons	\$ <u>6.87</u>
Average residential annual consumption charge	\$ 395.95
Average residential annual connection charge	\$ <u>446.28</u>
Total average residential annual sewer usage charge	\$ <u><u>842.22</u></u>

## City of Muskego Sewer Utility

## Statistical Data for Sewer Rate

## 2011 Budget

**2. Sewer Usage Billed by MMSD and Town of Norway**

MMSD		Actual 2010 Gallons (000)			
		Residential	Commercial	Industrial	Total
1st Quarter	2010	98,282	29,440	2,687	130,409
2cd Quarter	2010	99,475	27,075	2,395	128,945
3rd Quarter	2009	101,008	28,694	1,910	131,612
4th Quarter	2009	101,125	26,652	2,338	130,115
Total		<u>399,890</u>	<u>111,861</u>	<u>9,330</u>	<u>521,081</u>
<b>Town of Norway</b>					
1st Quarter	2010	14,148			14,148
2cd Quarter	2010	15,728			15,728
3rd Quarter	2009	10,625			10,625
4th Quarter	2009	13,148	-	-	13,148
Total		<u>53,649</u>	<u>-</u>	<u>-</u>	<u>53,649</u>
Grand total - 2009 data		<u>453,539</u>	<u>111,861</u>	<u>9,330</u>	<u>574,730</u>
Comparison 2008 data		<u>457,778</u>	<u>101,444</u>	<u>15,630</u>	<u>574,852</u>
Estimated 2010 - City's calculation est. yr.2009 gallons billed + 34 customers @1/2 year					<u>575,832</u>
Estimated 2011 - City's calculation est. yr.2010 gallons billed + 34 customers @1/2 year					<u>575,710</u>

**3. Number of customers**

Connection data supplied by City management as September 30, 2010:	<u>2010</u>
Residential connections	7,092
Commercial	393
Industrial	63
Estimated customers at December 31, 2009	<u>7,548</u>
Average # of connections added in Year 2009 ( Additions 50 - Average 25)	<u>17</u>
Estimated number of connections for rate model purposes	<u><b>7,565</b></u>

**4. Residential equivalency consumption**

2009 Data supplied by MMSD:	
Residential occupancy factor - individuals per household	2.59
Equivalent residential unit in gallons per person per day	61
Gallons consumption per residence per year	<b>57,666</b>

SUMMARY COUNT

3. Number of customers

2010

Connection data supplied by City management as of September 30, 2010

<b>RESID</b>	7138
<b>COMM</b>	317.75
<b>IND</b>	63.25
	7519
	17
<b>TOTAL</b>	<b>7536</b>

69 Connections for 2009 - take 50% since not all will be connected as of Jan.1

<u>Summary</u>		<u>thru 3rd Qtr 2010</u>		<u>Oct-Dec 2009</u>	
		<u>Conn</u>		<u>Average</u>	<u>TOTAL</u>
New Berlin	RES	66		0	<b>66</b>
Town of Norway	RES	383		0	<b>383</b>
Muskego	RES	6681		14	<b>6695</b>
				<b>RESID</b>	<b>7144</b>
New Berlin	Comm	10		0	<b>10</b>
Town of Norway	Comm	3		0	<b>3</b>
Muskego	Comm	304.75		1	<b>305.75</b>
				<b>COMM</b>	<b>318.75</b>
New Berlin	Ind	0		0	<b>0</b>
Town of Norway	Ind	0		0	<b>0</b>
Muskego	Ind	63.25		0	<b>63.25</b>
				<b>IND</b>	<b>63.25</b>

<u>Residential 2009</u>	Muskego	Norway	New Berlin
Oct	3	0	0
Nov	3	0	0
Dec	2	0	0
	<b>8</b>	<b>0</b>	<b>0</b>

<u>Commercial 2009</u>	
Sept	0
Oct	0
Nov	0
Dec	0
	<b>0</b>

MRB Test of Compliance

City of Muskego

Mortgage Revenue Bond Compliance Test

<b>Section 6 Net Revenues will not be less than 125% of Annual D/S requirements</b>			<u>2011 Budget</u>
Operating Income ( Loss )			(463,950)
Investment income			80,000
Interest on RCA's and Special assessments			25,253
Sewer Connection fees			15,000
Plus Adjustments:			
MMSD Capital	(1)	2,715,148	
RCA funds used to finance the MMSD Capital		-	
Use of working capital to finance MMSD Capital charge		<u>2,113,200</u>	
Net MMSD Capital cost paid by operating revenues		<u>4,828,348</u>	
Amortization of Manhole rehabilitation	(3)		-
Contract amortization			-
Depreciation	(2)		<u>1,083,470</u>
Adjusted operating income			739,773
Debt requirements:			
4.225 million	P	I	Total
	<u>265,000</u>	<u>112,823</u>	<u>377,823</u>
Total debt requirements			<u>377,823</u>
Coverage Requirement			<u>125%</u>
Minimum level of Adjusted operating income			<u>472,279</u>
Excess coverage - in compliance			<u>267,494</u>

Notes:

- (1) Considered a "capital expenditure" and accordingly excluded from O&M expenses. The MMSD Capital cost is financed by available RCA funds and sewer rates.
- (2) Excluded by definition per ordinance.
- (3) Excluded because the original cost of projects were financed with debt which is the reason for the coverage test.

CITY OF MUSKEGO SEWER UTILITY  
WORKING CAPITAL FUND DESCRIPTIONS  
2011 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 (\$1.6 million).
<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</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.