

# 2010 Sewer Utility Budget



Prepared by

**City of Muskego Finance Department**

**Adopted Tuesday November 10, 2009**

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## CONTENTS

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	<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:		
2009 Projected	4	5
2010 Budget	5	6

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE  
2010 BUDGET

	2008 <u>Actual</u>	Aug. 31, 2009 <u>Actual</u>	2009 <u>Projected</u>	2009 <u>Adopted Budget</u>	2010 <u>Proposed Budget</u>	2010 <u>Adopted Budget</u>	% Change From 2009 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 5,681,961	3,003,935	5,802,966	5,792,091	5,845,830	5,845,830	0.93%
Miscellaneous revenues	107,753	15,961	6,876	11,200	6,850	6,850	-38.84%
Total operating revenues	5,789,714	3,019,896	5,809,842	5,803,291	5,852,680	5,852,680	0.85%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	2,018,123	2,080,421	2,239,190	2,283,142	2,626,616	2,626,616	15.04%
User charge	882,281	487,207	960,000	925,000	995,133	995,133	7.58%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	175,139	134,676	270,000	337,710	275,000	275,000	-18.57%
Supervision and labor	419,054	282,898	410,000	415,796	428,815	428,815	3.13%
Supplies and expense	22,131	14,617	23,000	24,000	24,000	24,000	0.00%
Maintenance:							
Amortization	44,231	-	44,231	44,231	44,231	44,231	0.00%
Odor control	5,015	6,079	15,000	18,000	15,000	15,000	-16.67%
Building and structures	7,236	3,875	10,000	15,000	10,000	10,000	-33.33%
General plant safety equipment	11,068	8,865	10,000	10,000	10,000	10,000	0.00%
Sewerage collection system	57,298	40,606	57,000	86,000	75,000	75,000	-12.79%
I & I reduction	33,608	43,673	50,000	85,000	100,000	100,000	17.65%
Electricity	117,653	74,355	115,000	115,000	110,000	110,000	-4.35%
Transportation expense	15,967	10,068	18,000	20,000	20,500	20,500	2.50%
	3,808,804	3,187,340	4,221,421	4,378,879	4,734,295	4,734,295	8.12%
Customers' account expenses:							
Accounting and collection	57,743	43,317	56,000	52,284	48,631	48,631	-6.99%
Meter expense	29,360	-	29,000	29,000	29,500	29,500	0.00%
	87,103	43,317	85,000	81,284	78,131	78,131	-3.88%
General expenses:							
Office Salaries	62,895	45,993	61,250	57,784	53,881	53,881	-6.75%
Employee pensions and benefits	202,134	134,364	205,206	197,623	213,001	213,001	7.78%
Unemployment compensation	-	-	-	2,000	2,000	2,000	0.00%
Office supplies and expenses	64,753	33,128	81,663	114,289	70,846	70,846	-38.01%
Outside services	58,597	38,182	64,000	85,000	86,542	86,542	1.81%
	388,379	251,667	412,119	456,696	426,269	426,269	-6.66%
Total operation and maintenance	4,284,285	3,482,324	4,718,540	4,916,858	5,238,694	5,238,694	6.55%
Depreciation	1,066,910	-	1,110,890	1,090,792	1,130,508	1,130,508	3.64%
Total operating expenses	5,351,195	3,482,324	5,829,430	6,007,650	6,369,202	6,369,202	6.02%
Net operating income (loss) (forward)	438,519	(462,428)	(19,588)	(204,359)	(516,522)	(516,522)	152.75%

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

	2008 <u>Actual</u>	Aug. 31, 2009 <u>Actual</u>	2009 <u>Projected</u>	2009 <u>Adopted Budget</u>	2010 <u>Proposed Budget</u>	2010 <u>Adopted Budget</u>	% Change From 2009 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ 438,519	(462,428)	(19,588)	(204,359)	(516,522)	(516,522)	943.29%
<u>Add non-operating income</u>							
Interest from investments	323,398	24,538	100,000	200,000	125,000	125,000	100.00%
Interest income on RCA's and special assessments	35,259	27,882	27,882	37,012	37,509	37,509	32.75%
Sewer Connection Fees	31,000	-	20,000	25,000	20,000	20,000	25.00%
Total non-operating income	389,657	52,420	147,882	262,012	182,509	182,509	77.18%
Income before non-operating expenses	828,176	(410,008)	128,294	57,653	(334,013)	(334,013)	-55.06%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	138,403	67,655	129,476	129,389	120,494	120,494	-0.07%
Amortization of debt discount	51,276	-	51,276	51,276	51,276	51,276	0.00%
Total non-operating expenses	189,679	67,655	180,752	180,665	171,770	171,770	-0.05%
Net income (loss) before capital contributions	\$ 638,497	(477,663)	(52,458)	(123,011)	(505,783)	(505,783)	134.49%

CITY OF MUSKEGO SEWER UTILITY  
 DETAILED SCHEDULE OF OPERATING SUPPLIES & OUTSIDE SERVICES  
 2010 BUDGET

	2008 Actual	Aug. 31, 2009 Actual	2009 Projected	2009 Adopted Budget	2010 Proposed Budget	2010 Adopted Budget
Operation and maintenance:						
Supplies and expense:						
Operating supplies	\$ 2,721	696	2,000	3,000	3,000	3,000
Chemicals	12,410	6,921	14,000	14,000	14,000	14,000
Water expense	7,000	7,000	7,000	7,000	7,000	7,000
	<u>\$ 22,131</u>	<u>14,617</u>	<u>23,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>
General expense						
Office supplies and expenses:						
Supplies	\$ 8,635	7,275	8,500	7,000	10,000	10,000
Other general expense	1,366	484	1,500	3,000	3,000	3,000
Telephone and communications	5,720	2,018	5,000	9,130	7,770	7,770
Insurance	41,748	19,890	39,780	57,650	40,576	40,576
Computer expense	7,284	3,461	26,883	37,509	9,500	9,500
	<u>\$ 64,753</u>	<u>33,128</u>	<u>81,663</u>	<u>114,289</u>	<u>70,846</u>	<u>70,846</u>
Outside services:						
City administrative charge	\$ 22,727	11,361	23,500	23,500	24,542	24,542
Accounting	10,870	11,000	12,000	12,000	12,000	12,000
Legal	3,323	844	5,000	15,000	15,000	15,000
Engineering	18,690	13,093	20,000	24,500	25,000	25,000
Other outside services	2,987	1,884	3,500	5,000	5,000	5,000
Computer software modification	-	-	-	5,000	5,000	5,000
	<u>\$ 58,597</u>	<u>38,182</u>	<u>64,000</u>	<u>85,000</u>	<u>86,542</u>	<u>86,542</u>

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2009 Estimated Total <u>Cost</u>	2009 Adopted <u>Budget</u>	2010 Proposed <u>Budget</u>	2010 Adopted <u>Budget</u>
<b>1. <u>2009 Capital Projects</u></b>					
Truck	(C)	2,563	10,000	-	-
Rain gages & Flow Monitors	(C)	-	101,000	-	-
Over sizing & Land Purchases	(C)	-	40,000	-	-
Jet Vac	(C)	299,015	300,000	-	-
SCADA	(C)	14,268	-	-	-
Future Projects	(C)	45,000	-	-	-
		<u>\$ 360,846</u>	<u>451,000</u>	<u>-</u>	<u>-</u>
<b>2. <u>2010 Capital Projects</u></b>					
Truck	(C)		-	-	-
Rain gages & Flow Monitors	(F)	-	-	12,000	12,000
MMSD Facility Plan	(C)		-	10,000	10,000
Muskego Facility Plan	(C)		-	5,000	5,000
Replace Roof - DPW & Utility	(C)		-	6,250	6,250
		<u>\$ -</u>	<u>-</u>	<u>33,250</u>	<u>33,250</u>
Grand Total		<u>\$ 360,846</u>	<u>451,000</u>	<u>33,250</u>	<u>33,250</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  
2009 PROJECTED

	Operation and Maintenance Fund	Special Redemption Fund	Equipment Replacement Fund	Non-TIF Reserve Capacity Assessment Fund	Construction Fund	Total	2009 Budget
<b>Funds provided</b>							
From operations:							
Net income (loss) for the year	\$ (52,458)	-	-	-	-	(52,458)	(123,012)
Add charges to income not requiring funds:							
Depreciation	1,110,890	-	-	-	-	1,110,890	1,090,792
Amortization:							
Debt discount	51,276	-	-	-	-	51,276	51,276
Manhole Rehabilitation	44,231	-	-	-	-	44,231	44,231
Less:							
Other	-	-	-	-	-	-	-
Funds provided from operations	1,153,939	-	-	-	-	1,153,939	1,063,286
Increases in:							
Collection of special assessments	8,000	-	-	275,000	-	283,000	310,422
Other contributed capital collections	-	-	-	-	-	-	-
Total funds provided	1,161,939	-	-	275,000	-	1,436,939	1,373,708
<b>Funds applied</b>							
Principal payments on debt	250,000	-	-	-	-	250,000	250,000
Debt discount and issue costs	-	-	-	-	-	-	-
Capital outlay (Schedule 6)	-	-	-	-	360,846	360,846	451,000
Total funds applied	250,000	-	-	-	360,846	610,846	701,000
<b>Interfund transfers - net</b>							
Interest earnings	(3,700)	-	3,500	-	200	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-	-
Sewer Connection fees	(20,000)	-	-	20,000	-	-	-
Transfer to Construction Fund	(320,646)	-	-	-	320,646	-	-
Funds used for debt retirement	-	-	-	-	-	-	-
Transfer for debt retirement reserve	(37,291)	37,291	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-	-
Total transfers	(407,987)	37,291	29,850	20,000	320,846	-	-
Increase (decrease) in working capital	503,952	37,291	29,850	295,000	(40,000)	826,093	672,708
<b>Working capital, beginning of year</b>	<b>10,686,482</b>	<b>571,228</b>	<b>678,143</b>	<b>3,468,207</b>	<b>40,000</b>	<b>15,444,060</b>	<b>15,049,131</b>
<b>Working capital, end of year</b>	<b>\$ 11,190,434</b>	<b>608,519</b>	<b>707,993</b>	<b>3,763,207</b>	<b>-</b>	<b>16,270,153</b>	<b>15,721,840</b>
<b>2009 Budgeted Working Capital, end of year</b>	<b>\$ 10,732,503</b>	<b>608,519</b>	<b>718,727</b>	<b>3,662,090</b>	<b>-</b>	<b>15,721,840</b>	

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL  
2010 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	\$ (505,783)	-	-	-	-	(505,783)
Add charges to income not requiring funds:						
Depreciation	1,130,508	-	-	-	-	1,130,508
Amortization:						
Debt discount	51,276	-	-	-	-	51,276
Manhole Rehabilitation and Mapping Projects	44,231	-	-	-	-	44,231
MMSD Funding					12,000	
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	720,232	-	-	-	12,000	732,232
Increases in:						
Collection of special assessments	6,000	-	-	210,000	-	216,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	726,232	-	-	210,000	12,000	948,232
<u>Funds applied</u>						
Principal payments on debt	260,000	-	-	-	-	260,000
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	33,250	33,250
Total funds applied	260,000	-	-	-	33,250	293,250
<u>Interfund transfers - net</u>						
Interest earnings	(7,000)	-	7,000	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(20,000)	-	-	20,000	-	-
Transfer to Construction Fund	(21,250)	-	-	-	21,250	-
Transfer for debt retirement reserve	(3,333)	3,333	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(77,933)	3,333	33,350	20,000	21,250	-
Increase (decrease) in working capital	388,299	3,333	33,350	230,000	-	654,982
<u>Working capital, beginning of year</u>	11,190,434	608,519	707,993	3,763,207	-	16,270,153
<u>Working capital, end of year</u>	\$ 11,578,732	611,853	741,343	3,993,207	-	16,925,135
	3.47%	0.55%	4.71%	6.11%	0.00%	4.03%



CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CONSTRUCTION FUNDS

PROJECTED 2009 AND 2010

Project	Actual	2009			Projected	2010			Projected
	Balance	Revenues	Costs	Transfers	Balance	Revenues	Costs	Transfers	Balance
	12/31/2008				12/31/2009				12/31/2010
Debt issue and working capital funds:									
Vehicles	-	-	301,578	301,578	-	-	-	-	-
MMSD 2020 Facility plan	-	-	5,000	5,000	-	-	10,000	10,000	-
Facility plan - Muskego share of MMSD	-	-	40,000	40,000	-	-	5,000	5,000	-
Future Projects	40,000	-	-	(40,000)	-	-	-	-	-
Flow Monitors	-	-	-	-	-	-	10,000	10,000	-
Rain gages	-	-	-	-	-	-	2,000	2,000	-
SCADA Renovations	-	-	-	-	-	-	-	-	-
SCADA software and hardware programing	-	-	14,268	14,268	-	-	-	-	-
Replace Roof - DPW & Utility	-	-	-	-	-	-	6,250	6,250	-
Transfer from replacement funds	-	-	-	-	-	-	-	-	-
Transfer from working capital funds	-	320,646	-	(320,646)	-	21,250	-	(21,250)	-
Transfer from reserve capacity assessment funds	-	-	-	-	-	-	-	-	-
MMSD Funding	-	-	-	-	-	12,000	-	(12,000)	-
Unallocated debt proceeds	-	-	-	-	-	-	-	-	-
Interest earnings	-	200	-	(200)	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 40,000</b>	<b>320,846</b>	<b>360,846</b>	<b>-</b>	<b>-</b>	<b>33,250</b>	<b>33,250</b>	<b>-</b>	<b>-</b>