



**2013**  
**Sewer Utility**  
**Budget**

**Prepared by**

**City of Muskego**  
**Finance & Administration Department**

**Adopted Tuesday, October 23, 2012**

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CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE  
2013 BUDGET

	2011 <u>Actual</u>	Aug. 31, 2012 <u>Actual</u>	2012 <u>Projected</u>	2012 <u>Adopted Budget</u>	2013 <u>Proposed Budget</u>	2013 <u>Adopted Budget</u>	% Change From 2012 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 5,947,200	2,963,346	5,936,500	5,936,500	5,940,000	5,940,000	0.06%
Miscellaneous revenues	13,887	3,721	11,300	11,700	10,200	10,200	-12.82%
Total operating revenues	<u>5,961,087</u>	<u>2,967,067</u>	<u>5,947,800</u>	<u>5,948,200</u>	<u>5,950,200</u>	<u>5,950,200</u>	<u>0.03%</u>
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	2,741,485	2,707,803	2,707,803	2,800,000	3,002,403	3,002,403	7.23%
User charge	1,016,921	511,494	1,050,000	1,050,000	1,070,000	1,070,000	1.90%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	177,899	111,501	250,000	275,000	225,000	225,000	-18.18%
Supervision and labor	417,095	290,982	437,458	442,973	450,488	450,488	1.70%
Supplies and expense	25,493	11,459	24,000	24,000	24,000	24,000	0.00%
Maintenance:							
Amortization	-	-	-	-	-	-	-
Odor control	22,189	14,529	18,000	15,000	18,000	18,000	20.00%
Building and structures	7,648	8,104	10,000	10,000	10,000	10,000	0.00%
General plant safety equipment	4,007	3,851	10,000	10,000	10,000	10,000	0.00%
Sewerage collection system	53,573	89,963	100,000	75,000	100,000	100,000	33.33%
I & I reduction	44,509	26,632	100,000	100,000	100,000	100,000	0.00%
Electricity	128,607	66,476	125,000	125,000	130,000	130,000	4.00%
Transportation expense	18,007	7,713	18,000	18,000	18,000	18,000	0.00%
	<u>4,657,433</u>	<u>3,850,507</u>	<u>4,850,261</u>	<u>4,944,973</u>	<u>5,157,891</u>	<u>5,157,891</u>	<u>4.31%</u>
Customers' account expenses:							
Accounting and collection	53,231	36,452	53,340	53,340	58,005	58,005	8.75%
Meter expense	27,466	-	29,500	29,500	29,500	29,500	0.00%
	<u>80,697</u>	<u>36,452</u>	<u>82,840</u>	<u>82,840</u>	<u>87,505</u>	<u>87,505</u>	<u>5.63%</u>
General expenses:							
Office Salaries	58,231	39,305	58,840	58,340	63,505	63,505	8.86%
Employee pensions and benefits	210,508	131,237	208,887	208,887	232,184	232,184	11.15%
Unemployment compensation	-	-	2,000	2,000	2,000	2,000	0.00%
Office supplies and expenses	53,231	40,300	59,830	59,830	64,530	64,530	7.86%
Outside services	61,144	32,664	70,684	85,684	86,546	86,546	1.01%
	<u>383,114</u>	<u>243,506</u>	<u>400,241</u>	<u>414,741</u>	<u>448,765</u>	<u>448,765</u>	<u>8.20%</u>
Total operation and maintenance	<u>5,121,244</u>	<u>4,130,465</u>	<u>5,333,341</u>	<u>5,442,553</u>	<u>5,694,162</u>	<u>5,694,162</u>	<u>4.62%</u>
Depreciation	<u>1,064,640</u>	<u>-</u>	<u>1,150,813</u>	<u>1,150,813</u>	<u>1,175,000</u>	<u>1,175,000</u>	<u>2.10%</u>
Total operating expenses	<u>6,185,884</u>	<u>4,130,465</u>	<u>6,484,154</u>	<u>6,593,366</u>	<u>6,869,162</u>	<u>6,869,162</u>	<u>4.18%</u>
Net operating income (loss) (forward)	<u>(224,797)</u>	<u>(1,163,398)</u>	<u>(536,354)</u>	<u>(645,166)</u>	<u>(918,962)</u>	<u>(918,962)</u>	<u>42.44%</u>

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE (Concluded)  
2013 BUDGET

	2011 <u>Actual</u>	Aug. 31, 2012 <u>Actual</u>	2012 <u>Projected</u>	2012 <u>Adopted Budget</u>	2013 <u>Proposed Budget</u>	2013 <u>Adopted Budget</u>	% Change From 2012 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (224,797)	(1,163,398)	(536,354)	(645,166)	(918,962)	(918,962)	20.29%
<u>Add non-operating income</u>							
Interest from investments	25,552	1,461	25,000	25,000	25,000	25,000	0.00%
Interest income on RCA's and special assessments	24,620	35,813	35,813	38,053	31,495	31,495	6.25%
Sewer Connection Fees	20,500	-	21,500	15,000	15,000	15,000	-30.23%
Total non-operating income	70,672	37,274	82,313	78,053	71,495	71,495	-5.18%
Income before non-operating expenses	(154,125)	(1,126,124)	(454,041)	(567,113)	(847,467)	(847,467)	24.90%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	111,277	54,093	101,885	101,885	90,627	90,627	0.00%
Amortization of debt discount	51,276	-	51,276	51,276	51,276	51,276	0.00%
Total non-operating expenses	162,553	54,093	153,161	153,161	141,903	141,903	0.00%
Net income (loss) before capital contributions	\$ (316,678)	(1,180,217)	(607,202)	(720,273)	(989,370)	(989,370)	18.62%

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2012 Estimated Total <u>Cost</u>	2012 Adopted <u>Budget</u>	2013 Proposed <u>Budget</u>	2013 Adopted <u>Budget</u>
<b>1. <u>2012 Capital Projects</u></b>					
Truck - 25% DPW Replacement	(C)	44,138	44,138	-	-
Janesville Reconstruction	(C)	32,193	66,815	-	-
Backflow Prevention	(C)	75,000	200,000	-	-
Private Property I & I	(C)	100,000	514,000	-	-
Ryan Road Inceptor (Musk/Franklin)	(C) & (G)	317,314	361,000	-	-
McShane Lift Station	(C)	724,000	-	-	-
Oversizing Land Purchase	(C)	-	30,000	-	-
		<u>\$ 1,292,645</u>	<u>1,215,953</u>	<u>-</u>	<u>-</u>
<b>2. <u>2013 Capital Projects</u></b>					
Truck - 25% DPW Replacement	(C)	-	-	43,750	43,750
Truck - 50% Water/Sewer	(C)	-	-	15,000	15,000
Janesville Reconstruction	(C)	-	-	32,660	32,660
Backflow Prevention	(C)	-	-	125,000	125,000
Private Property I & I	(F)	-	-	414,000	414,000
McShane Lift Station Roof	(C)	-	-	50,000	50,000
Portable Radio Replacement	(C)	-	-	28,790	28,790
		<u>\$ -</u>	<u>-</u>	<u>709,200</u>	<u>709,200</u>
Grand Total		<u>\$ 1,292,645</u>	<u>1,215,953</u>	<u>709,200</u>	<u>709,200</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  
2013 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	\$ (989,370)	-	-	-	-	(989,370)
Add charges to income not requiring funds:						
Depreciation	1,175,000	-	-	-	-	1,175,000
Amortization:						
Debt discount	51,276	-	-	-	-	51,276
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding	-	-	-	-	414,000	414,000
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	236,906	-	-	-	414,000	650,906
Increases in:						
Collection of special assessments	1,000	-	-	75,000	-	76,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	237,906	-	-	75,000	414,000	726,906
<u>Funds applied</u>						
Principal payments on debt	280,000	-	-	-	-	280,000
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	709,200	709,200
Total funds applied	280,000	-	-	-	709,200	989,200
<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	(295,200)	-	-	-	295,200	-
Transfer for debt retirement reserve	(6,667)	6,667	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(349,217)	6,667	32,350	15,000	295,200	-
Increase (decrease) in working capital	(391,310)	6,667	32,350	90,000	-	(262,294)
<u>Working capital, beginning of year</u>	10,058,089	615,186	792,813	4,827,608	-	16,293,696
<u>Working capital, end of year</u>	\$ 9,666,779	621,853	825,163	4,917,608	-	16,031,402
	-3.89%	1.08%	4.08%	1.86%	0.00%	-1.61%

CITY OF MUSKEGO SEWER UTILITY  
WORKING CAPITAL FUND DESCRIPTIONS  
2013 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)