



**2012  
Sewer Utility  
Budget**

**Prepared by**

**City of Muskego  
Finance & Administration Department**

**Tax Rate \$4.41 per \$1,000 Assessed Valuation**

**Adopted Tuesday, October 25, 2011**

**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  
2012 BUDGET

	2010 <u>Actual</u>	Aug. 31, 2011 <u>Actual</u>	2011 <u>Projected</u>	2011 <u>Adopted Budget</u>	2012 <u>Proposed Budget</u>	2012 <u>Adopted Budget</u>	% Change From 2011 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 5,943,912	2,938,001	5,926,000	5,925,000	5,936,500	5,936,500	0.19%
Miscellaneous revenues	26,273	7,162	11,255	10,100	11,700	11,700	15.84%
Total operating revenues	5,970,185	2,945,163	5,937,255	5,935,100	5,948,200	5,948,200	0.22%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	2,638,540	2,741,485	2,741,485	2,715,148	2,800,000	2,800,000	3.13%
User charge	996,998	501,570	1,020,011	1,020,011	1,050,000	1,050,000	2.94%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	171,853	125,186	260,000	275,000	275,000	275,000	0.00%
Supervision and labor	434,892	276,719	429,250	429,250	442,973	442,973	3.20%
Supplies and expense	24,356	18,247	24,000	24,000	24,000	24,000	0.00%
Maintenance:							
Amortization	44,231	-	-	-	-	-	
Odor control	20,475	10,643	13,000	13,000	15,000	15,000	15.38%
Building and structures	9,412	3,748	10,000	10,000	10,000	10,000	0.00%
General plant safety equipment	3,861	1,639	10,000	10,000	10,000	10,000	0.00%
Sewerage collection system	85,936	29,531	50,000	75,000	75,000	75,000	0.00%
I & I reduction	57,133	82,836	90,000	90,000	100,000	100,000	11.11%
Electricity	130,945	85,160	125,000	115,000	125,000	125,000	8.70%
Transportation expense	18,301	8,262	10,000	18,000	18,000	18,000	0.00%
	4,636,933	3,885,026	4,782,746	4,794,409	4,944,973	4,944,973	3.14%
Customers' account expenses:							
Accounting and collection	50,398	34,982	52,705	52,705	53,340	53,340	1.20%
Meter expense	27,145	-	29,500	29,500	29,500	29,500	0.00%
	77,543	34,982	82,205	82,205	82,840	82,840	0.77%
General expenses:							
Office Salaries	55,398	37,482	57,705	57,705	58,340	58,340	1.10%
Employee pensions and benefits	206,679	139,463	202,712	230,482	208,887	208,887	-9.37%
Unemployment compensation	-	-	2,000	2,000	2,000	2,000	0.00%
Office supplies and expenses	57,355	26,763	52,980	63,280	59,830	59,830	-5.45%
Outside services	50,574	27,218	62,499	85,499	85,684	85,684	0.22%
	370,006	230,926	377,896	438,966	414,741	414,741	-5.52%
Total operation and maintenance	5,084,482	4,150,933	5,242,847	5,315,580	5,442,553	5,442,553	2.39%
Depreciation	1,134,988	-	1,100,810	1,083,470	1,150,813	1,150,813	6.22%
Total operating expenses	6,219,470	4,150,933	6,343,657	6,399,050	6,593,366	6,593,366	3.04%
Net operating income (loss) (forward)	(249,285)	(1,205,770)	(406,402)	(463,950)	(645,166)	(645,166)	39.06%

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE (Concluded)  
2011 BUDGET

	2010 <u>Actual</u>	Aug. 31, 2011 <u>Actual</u>	2011 <u>Projected</u>	2011 <u>Adopted Budget</u>	2012 <u>Proposed Budget</u>	2012 <u>Adopted Budget</u>	% Change From 2011 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (249,285)	(1,205,770)	(406,402)	(463,950)	(645,166)	(645,166)	14.16%
<u>Add non-operating income</u>							
Interest from investments	40,716	1,895	20,000	80,000	25,000	25,000	300.00%
Interest income on RCA's and special assessments	22,683	24,620	24,620	25,253	38,053	38,053	2.57%
Sewer Connection Fees	22,000	1,000	17,000	15,000	15,000	15,000	-11.76%
Total non-operating income	85,399	27,515	61,620	120,253	78,053	78,053	95.15%
Income before non-operating expenses	(163,886)	(1,178,255)	(344,782)	(343,697)	(567,113)	(567,113)	-0.31%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	120,494	58,730	111,276	111,276	101,885	101,885	0.00%
Amortization of debt discount	51,276	-	51,276	51,276	51,276	51,276	0.00%
Total non-operating expenses	171,770	58,730	162,552	162,552	153,161	153,161	0.00%
Net income (loss) before capital contributions	\$ (335,656)	(1,236,985)	(507,334)	(506,248)	(720,274)	(720,274)	-0.21%

CITY OF MUSKEGO SEWER UTILITY  
 DETAILED SCHEDULE OF OPERATING SUPPLIES & OUTSIDE SERVICES  
 2012 BUDGET

	2010 Actual	Aug. 31, 2011 Actual	2011 Projected	2011 Adopted Budget	2012 Proposed Budget	2012 Adopted Budget
Operation and maintenance:						
Supplies and expense:						
Operating supplies	\$ 4,807	1,823	3,000	3,000	3,000	3,000
	12,549	9,424	14,000	14,000	14,000	14,000
Water expense	7,000	7,000	7,000	7,000	7,000	7,000
	<u>\$ 24,356</u>	<u>18,247</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>	<u>24,000</u>
General expense						
Office supplies and expenses:						
Supplies	\$ 11,359	3,807	6,000	10,000	6,000	6,000
Other general expense	3,500	480	1,500	3,000	3,000	3,000
Telephone and communications	6,746	2,677	7,380	7,380	7,580	7,580
Insurance	32,600	16,950	33,000	33,000	33,000	33,000
Computer expense	3,150	2,849	5,100	9,900	10,250	10,250
	<u>\$ 57,355</u>	<u>26,763</u>	<u>52,980</u>	<u>63,280</u>	<u>59,830</u>	<u>59,830</u>
Outside services:						
City administrative charge	\$ 22,723	12,750	25,499	25,499	25,684	25,684
Accounting	11,220	7,500	12,000	12,000	12,000	12,000
Legal	2,733	1,485	5,000	8,000	8,000	8,000
Engineering	9,865	1,111	10,000	30,000	30,000	30,000
Other outside services	3,011	3,022	5,000	5,000	5,000	5,000
Computer software modification	1,022	1,350	5,000	5,000	5,000	5,000
	<u>\$ 50,574</u>	<u>27,218</u>	<u>62,499</u>	<u>85,499</u>	<u>85,684</u>	<u>85,684</u>

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2011 Estimated Total <u>Cost</u>	2011 Adopted <u>Budget</u>	2012 Proposed <u>Budget</u>	2012 Adopted <u>Budget</u>
<b>1. <u>2011 Capital Projects</u></b>					
Truck	(C)	51,250	51,250	-	-
McShane Lift Station	(C)	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)	679,000	480,000	-	-
Ryan Creek Relay	(C)	169,975	169,975	-	-
Replace Roof - DPW & Utility	(C)	-	25,000	-	-
		<u>\$ 3,055,225</u>	<u>2,881,225</u>	<u>-</u>	<u>-</u>
<b>2. <u>2012 Capital Projects</u></b>					
Cold Storage/Impound Lot-DPM	(C)	-	-	-	-
Janesville Reconstruction	(C)	-	-	66,815	66,815
Backflow Prevention	(C)	-	-	200,000	200,000
Private Property I & I	(F)	-	-	514,000	514,000
Ryan Road Inceptor	(C)	-	-	361,000	361,000
Oversizing Land Purchase	(C)	-	-	30,000	30,000
		<u>\$ -</u>	<u>-</u>	<u>1,171,815</u>	<u>1,171,815</u>
Grand Total		<u>\$ 3,055,225</u>	<u>2,881,225</u>	<u>1,171,815</u>	<u>1,171,815</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  
2011 PROJECTED

	Operation and Maintenance Fund	Special Redemption Fund	Equipment Replacement Fund	Non-TIF Reserve Capacity Assessment Fund	Construction Fund	Total	2011 Budget
<u>Funds provided</u>							
Net income (loss) for the year	\$ (507,334)	-	-	-	-	(507,334)	(485,969)
Add charges to income not requiring funds:							
Depreciation	1,100,810	-	-	-	-	1,100,810	1,135,600
Amortization:							
Debt discount	51,276	-	-	-	-	51,276	51,276
Manhole Rehabilitation	-	-	-	-	-	-	44,231
Less:							
Other	-	-	-	-	-	-	-
Funds provided from operations	644,752	-	-	-	-	644,752	745,137
Increases in:							
Collection of special assessments	5,000	-	-	200,000	-	205,000	216,000
Other contributed capital collections	-	-	-	-	-	-	-
Total funds provided	649,752	-	-	200,000	-	849,752	961,137
<u>Funds applied</u>							
Principal payments on debt	265,000	-	-	-	-	265,000	250,000
Debt discount and issue costs	-	-	-	-	-	-	-
Capital outlay (Schedule 6)	-	-	-	-	3,055,225	3,055,225	63,250
Total funds applied	265,000	-	-	-	3,055,225	3,320,225	313,250
<u>Interfund transfers - net</u>							
Interest earnings	(7,600)	-	7,500	-	100	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-	-
Sewer Connection fees	(17,000)	-	-	17,000	-	-	-
Transfer to Construction Fund	(3,045,125)	-	-	-	3,045,125	-	-
Funds used for debt retirement	-	-	-	-	-	-	-
Transfer for debt retirement reserve	(34,660)	34,660	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-	-
Total transfers	(3,130,735)	34,660	33,850	17,000	3,045,225	-	-
Increase (decrease) in working capital	(2,745,983)	34,660	33,850	217,000	(10,000)	(2,470,473)	647,887
<u>Working capital, beginning of year</u>	12,055,357	577,193	735,268	4,352,895	20,000	17,740,713	18,053,194
<u>Working capital, end of year</u>	\$ 9,309,374	611,853	769,118	4,569,895	10,000	15,270,240	18,701,082
<b>2011 Budgeted Working Capital, end of year</b>	\$ 10,506,045	611,853	770,908	4,394,548	10,000	16,293,354	

CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CHANGES IN UTILITY WORKING CAPITAL  
2012 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:						
	\$ (720,274)	-	-	-	-	(720,274)
Add charges to income not requiring funds:						
Depreciation	1,150,813	-	-	-	-	1,150,813
Amortization:						
Debt discount	51,276	-	-	-	-	51,276
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding					514,000	
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	481,815	-	-	-	514,000	995,815
Increases in:						
Collection of special assessments	2,500	-	-	100,000	-	102,500
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	484,315	-	-	100,000	514,000	1,098,315
<u>Funds applied</u>						
Principal payments on debt	270,000	-	-	-	-	270,000
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	1,171,815	1,171,815
Total funds applied	270,000	-	-	-	1,171,815	1,441,815
<u>Interfund transfers - net</u>						
Interest earnings	(7,050)	-	7,000	-	50	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(15,000)	-	-	15,000	-	-
Transfer to Construction Fund	(657,765)	-	-	-	657,765	-
Transfer for debt retirement reserve	(3,333)	3,333	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(709,498)	3,333	33,350	15,000	657,815	-
Increase (decrease) in working capital	(495,183)	3,333	33,350	115,000	-	(343,500)
<u>Working capital, beginning of year</u>	9,309,374	611,853	769,118	4,569,895	10,000	15,270,240
<u>Working capital, end of year</u>	\$ 8,814,191	615,186	802,468	4,684,895	10,000	14,926,740
	-5.32%	0.54%	4.34%	2.52%	0.00%	-2.25%



CITY OF MUSKEGO SEWER UTILITY  
SCHEDULE OF CONSTRUCTION FUNDS

PROJECTED 2011 AND 2012

Project	Actual	2011			Projected	2012			Projected
	Balance	Revenues	Costs	Transfers	Balance	Revenues	Costs	Transfers	Balance
	12/31/2010				12/31/2011				12/31/2012
Debt issue and working capital funds:									
Vehicles	-	-	51,250	51,250	-	-	-	-	-
MMSD 2020 Facility plan	-	-	-	-	-	-	-	-	-
Facility plan - Muskego share of MMSD	-	-	-	-	-	-	-	-	-
Future Projects	20,000	-	-	(10,000)	10,000	-	-	-	10,000
Backflow Prevention	-	-	-	-	-	-	200,000	200,000	-
McShane Lift Station	-	-	1,400,000	1,400,000	-	-	-	-	-
Private Property I & I	-	-	-	-	-	-	514,000	514,000	-
Oversizing Land Purchase	-	-	-	-	-	-	30,000	30,000	-
Replace Roof - DPW & Utility	-	-	-	-	-	-	-	-	-
Janesville Road Reconstruction	-	-	175,000	175,000	-	-	66,815	66,815	-
Lake Lore Lift Station	-	-	580,000	580,000	-	-	-	-	-
Durham Drive Reconstruction	-	-	679,000	679,000	-	-	-	-	-
Ryan Road Relay	-	-	169,975	169,975	-	-	361,000	361,000	-
Cold Storage/Impound Lot	-	-	-	-	-	-	-	-	-
Transfer from replacement funds	-	-	-	-	-	-	-	-	-
Transfer from working capital funds	-	3,045,125	-	(3,045,125)	-	657,765	-	(657,765)	-
Transfer from reserve capacity assessment funds	-	-	-	-	-	-	-	-	-
MMSD Funding	-	-	-	-	-	514,000	-	(514,000)	-
Unallocated debt proceeds	-	-	-	-	-	-	-	-	-
Interest earnings	-	100	-	(100)	-	50	-	(50)	-
<b>TOTAL</b>	<b>\$ 20,000</b>	<b>3,045,225</b>	<b>3,055,225</b>	<b>-</b>	<b>10,000</b>	<b>1,171,815</b>	<b>1,171,815</b>	<b>-</b>	<b>10,000</b>