



**Sewer Utility
Proposed
2022 Budget**

**Distributed
Tuesday, October 12Th, 2021**

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

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CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE
2022 BUDGET

	2020 Actual	Aug. 31, 2021 Actual	2021 Projected	2021 Adopted Budget	2022 Proposed Budget	2022 Adopted Budget	\$ Change From 2021 Budget	% Change From 2021 Budget
<u>Operating revenues</u>								
Sewer service charges	\$ 6,333,825	3,128,358	6,340,000	6,285,000	6,340,000	-	55,000	0.88%
Miscellaneous revenues	13,339	5,800	11,000	10,500	10,500	-	-	0.00%
Total operating revenues	6,347,164	3,134,158	6,351,000	6,295,500	6,350,500	-	55,000	0.87%
<u>Operating expenses</u>								
Operation and maintenance:								
Milwaukee Metropolitan Sewerage District:								
Capital charge	3,836,352	3,643,231	3,643,231	3,633,028	3,800,000	-	166,972	4.60%
User charge	1,399,002	673,473	1,400,000	1,385,421	1,410,000	-	24,579	1.77%
Town of Norway								
Capital charge	-	-	-	-	-	-	-	0.00%
User charge	182,967	96,598	250,000	300,000	300,000	-	-	0.00%
Supervision and labor	454,471	317,213	485,000	513,898	525,393	-	11,495	2.24%
Supplies and expense	46,176	39,158	52,000	49,000	59,000	-	10,000	20.41%
Maintenance:								
Amortization	-	-	-	-	-	-	-	-
Odor control	211	-	10,000	40,000	40,000	-	-	0.00%
Building and structures	15,123	8,683	15,000	17,000	17,000	-	-	0.00%
General plant safety equipment	5,553	4,534	7,500	7,500	7,500	-	-	0.00%
Sewerage collection system	143,212	57,206	125,000	125,000	125,000	-	-	0.00%
I & I reduction	-	5,307	30,000	100,000	100,000	-	-	0.00%
Electricity	148,144	110,446	155,000	160,000	170,000	-	10,000	6.25%
Transportation expense	7,606	5,981	20,000	20,000	20,000	-	-	0.00%
	6,238,817	4,961,830	6,192,731	6,350,847	6,573,893	-	223,046	3.51%
Customers' account expenses:								
Accounting and collection	61,926	43,997	69,500	58,961	71,881	-	12,920	21.91%
Meter expense	36,198	-	40,000	40,000	40,000	-	-	0.00%
	98,124	43,997	109,500	98,961	111,881	-	12,920	13.06%
General expenses:								
Office Salaries	67,087	44,241	74,900	64,561	77,481	-	12,920	20.01%
Employee pensions and benefits	250,317	\$158,866	254,537	278,689	292,091	-	13,402	4.81%
Unemployment compensation	-	-	2,000	2,000	2,000	-	-	0.00%
Office supplies and expenses	78,527	43,380	76,400	81,650	79,525	-	(2,125)	-2.60%
Outside services	78,375	56,966	115,000	144,850	145,035	-	185	0.13%
	474,306	303,453	522,837	571,750	596,132	-	24,382	4.26%
Total operation and maintenance	6,811,247	5,309,280	6,825,068	7,021,559	7,281,906	-	260,348	3.71%
Depreciation	627,679	-	700,000	\$950,000	\$725,000	-	(225,000)	-23.68%
Total operating expenses	7,438,926	5,309,280	7,525,068	7,971,559	8,006,906	-	35,348	0.44%
Net operating income (loss) (forward)	(1,091,762)	(2,175,122)	(1,174,068)	(1,676,059)	(1,656,406)	-	19,652	-1.17%

CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE (Concluded)
2022 BUDGET

	2020 <u>Actual</u>	Aug. 31, 2021 <u>Actual</u>	2021 <u>Projected</u>	2021 <u>Adopted Budget</u>	2022 <u>Proposed Budget</u>	2022 <u>Adopted Budget</u>	\$ Change From 2021 <u>Budget</u>	% Change From 2021 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (1,091,762)	(2,175,122)	(1,174,068)	(1,676,059)	(1,656,406)	-	19,652	-1.17%
<u>Add non-operating income</u>								
Interest from investments	95,817	900	50,000	285,000	30,000	-	(255,000)	-89.47%
MMSD I&I Subsidy	552	-	-	500,000	800,000	-	300,000	60.00%
Interest income on RCA's and special assessments	37,214	71,956	71,956	25,700	40,200	-	14,500	56.42%
Sewer Connection Fees	21,500	(500)	25,000	25,000	25,000	-	-	0.00%
Total non-operating income	155,083	72,356	146,956	835,700	895,200	-	59,500	7.12%
Income before non-operating expenses	(936,679)	(2,102,765)	(1,027,112)	(840,359)	(761,206)	-	79,152	-9.42%
<u>Deduct non-operating expenses</u>								
I&I MMSD Program	-	-	-	500,000	800,000	-	300,000	60.00%
Total non-operating expenses	-	-	-	500,000	800,000	-	300,000	#DIV/0!
Net income (loss) before capital contributions	\$ (936,679)	(2,102,765)	(1,027,112)	(1,340,359)	(1,561,206)	-	(220,848)	16.48%

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2021 Estimated Total <u>Cost</u>	2021 Adopted <u>Budget</u>	2022 Proposed <u>Budget</u>	2022 Adopted <u>Budget</u>
1. <u>2021 Capital Projects</u>					
Lift Station Upgrades	(C)	50,000	50,000		
Apollo Building - Pavement & Gutters	(C)	90,000	90,000		
Truck (Water & Sewer)	(C)	27,500	27,500		
Replacement Truck (accident Water & Sewer)	(C)	20,000	20,000		
		-	-		
		\$ 187,500	187,500	-	-
2. <u>2022 Capital Projects</u>					
Lift Station Upgrades	(C)	-	-	60,000	-
Scada Security	(C)	-	-	12,500	-
Truck (Water & Sewer)	(C)	-	-	23,000	-
Generator	(C)	-	-	75,000	-
		-	-	-	-
		\$ -	-	170,500	-
Grand Total		\$ 187,500	187,500	170,500	-

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
2022 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	\$ (1,561,206)	-	-	-	-	(1,561,206)
Add charges to income not requiring funds:						
Depreciation	725,000	-	-	-	-	725,000
Amortization:						
Debt discount	-	-	-	-	-	-
City building/equipment contributions	70,350	-	-	-	-	70,350
MMSD Funding	800,000	-	-	-	-	800,000
Less:						
Other - Implicit Cash Subsidy to Water Utility	-	-	-	-	-	-
Funds provided from operations	34,144	-	-	-	-	34,144
Increases in:						
Collection of special assessments	4,500	-	-	400,000	-	404,500
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	38,644	-	-	400,000	-	438,644
<u>Funds applied</u>						
Principal payments on debt	-	-	-	-	-	-
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	170,500	170,500
Total funds applied	-	-	-	-	170,500	170,500
<u>Interfund transfers - net</u>						
Interest earnings	(5,000)	-	5,000	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(25,000)	-	-	25,000	-	-
Transfer to Construction Fund	(170,500)	-	-	-	170,500	-
Transfer for debt retirement reserve	-	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(226,850)	-	31,350	25,000	170,500	-
Increase (decrease) in working capital	(188,206)	-	31,350	425,000	-	268,144
Working capital, beginning of year	4,174,219	-	968,561	9,732,058	-	14,874,838
Working capital, end of year	\$ 3,986,013	-	999,911	10,157,058	-	15,142,982
	-4.51%	0.00%	3.24%	4.37%	0.00%	1.80%

CITY OF MUSKEGO SEWER UTILITY
WORKING CAPITAL FUND DESCRIPTIONS
2022 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)