



**Sewer Utility  
Proposed  
2023 Budget**

**Distributed  
Tuesday, October 11, 2022**

**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  
2023 BUDGET

	2021 Actual	Aug. 31, 2022 Actual	2022 Projected	2022 Adopted Budget	2023 Proposed Budget	2023 Adopted Budget	\$ Change From 2022 Budget	% Change From 2022 Budget
<u>Operating revenues</u>								
Sewer service charges	\$ 6,296,849	3,137,330	6,280,000	6,340,000	6,332,500	-	(7,500)	-0.12%
Miscellaneous revenues	14,948	4,836	9,298	10,500	13,013	-	2,513	23.94%
Total operating revenues	6,311,797	3,142,166	6,289,298	6,350,500	6,345,513	-	(4,987)	-0.08%
<u>Operating expenses</u>								
Operation and maintenance:								
Milwaukee Metropolitan Sewerage District:								
Capital charge	3,643,231	3,014,612	3,014,612	3,800,000	3,495,266	-	(304,734)	-8.02%
User charge	1,407,508	404,114	1,200,000	1,410,000	1,550,435	-	140,435	9.96%
Town of Norway								
Capital charge	-	-	-	-	-	-	-	0.00%
User charge	179,682	101,845	220,000	300,000	300,000	-	-	0.00%
Supervision and labor	454,299	284,990	447,841	525,394	532,933	-	7,539	1.43%
Supplies and expense	49,304	38,936	57,000	59,000	59,000	-	-	0.00%
Maintenance:								
Amortization	-	-	-	-	-	-	-	-
Odor control	-	13,842	25,000	40,000	40,000	-	-	0.00%
Building and structures	14,316	14,790	20,000	17,000	30,000	-	13,000	76.47%
General plant safety equipment	6,044	653	7,500	7,500	8,000	-	500	6.67%
Sewerage collection system	89,674	87,800	125,000	125,000	150,000	-	25,000	20.00%
I & I reduction	15,246	7,953	30,000	100,000	100,000	-	-	0.00%
Electricity	121,064	95,643	170,000	170,000	200,000	-	30,000	17.65%
Transportation expense	18,683	3,887	15,000	20,000	20,000	-	-	0.00%
	5,999,050	4,069,067	5,331,953	6,573,894	6,485,634	-	(88,260)	-1.34%
Customers' account expenses:								
Accounting and collection	67,301	43,894	68,976	71,881	133,338	-	61,457	85.50%
Meter expense	40,139	-	40,000	40,000	40,000	-	-	0.00%
	107,440	43,894	108,976	111,881	173,338	-	61,457	54.93%
General expenses:								
Office Salaries	72,557	46,474	74,176	77,481	138,538	-	61,057	78.80%
Employee pensions and benefits	\$166,035	\$150,105	221,674	292,091	\$310,770	-	18,679	6.40%
Unemployment compensation	-	-	-	2,000	-	-	(2,000)	-100.00%
Office supplies and expenses	90,501	47,903	82,860	79,525	86,630	-	7,105	8.93%
Outside services	114,121	19,777	125,717	145,035	181,461	-	36,426	25.12%
	443,214	264,258	504,427	596,132	717,399	-	121,267	20.34%
Total operation and maintenance	6,549,705	4,377,219	5,945,357	7,281,907	7,376,371	-	94,464	1.30%
Depreciation	632,588	-	650,000	\$725,000	\$675,000	-	(50,000)	-6.90%
Total operating expenses	7,182,293	4,377,219	6,595,357	8,006,907	8,051,371	-	44,464	0.56%
Net operating income (loss) (forward)	(870,496)	(1,235,054)	(306,059)	(1,656,407)	(1,705,857)	-	(49,450)	2.99%

CITY OF MUSKEGO SEWER UTILITY  
STATEMENT OF INCOME AND EXPENSE (Concluded)  
2023 BUDGET

	2021 <u>Actual</u>	Aug. 31, 2022 <u>Actual</u>	2022 <u>Projected</u>	2022 <u>Adopted Budget</u>	2023 <u>Proposed Budget</u>	2023 <u>Adopted Budget</u>	\$ Change From 2022 <u>Budget</u>	% Change From 2022 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (870,496)	(1,235,054)	(306,059)	(1,656,407)	(1,705,857)	-	(49,450)	2.99%
<u>Add non-operating income</u>								
Interest from investments	10,474	2,774	15,000	30,000	30,000	-	-	0.00%
MMSD I&I Subsidy	109,117	-	100,000	800,000	900,000	-	100,000	12.50%
Interest income on RCA's and special assessments	71,956	17,064	42,500	40,200	45,000	-	4,800	11.94%
Sewer Connection Fees	11,500	15,000	25,000	25,000	20,000	-	(5,000)	-20.00%
Total non-operating income	203,047	34,838	182,500	895,200	995,000	-	99,800	11.15%
Income before non-operating expenses	(667,449)	(1,200,216)	(123,559)	(761,207)	(710,857)	-	50,350	-6.61%
<u>Deduct non-operating expenses</u>								
I&I MMSD Program	-	52,110	100,000	800,000	900,000	-	100,000	12.50%
Total non-operating expenses	-	52,110	100,000	800,000	900,000	-	100,000	#DIV/0!
Net income (loss) before capital contributions	\$ (667,449)	(1,252,325)	(223,559)	(1,561,207)	(1,610,857)	-	(49,650)	3.18%

CITY OF MUSKEGO SEWER UTILITY  
 SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2022 Estimated Total <u>Cost</u>	2022 Adopted <u>Budget</u>	2023 Proposed <u>Budget</u>	2023 Adopted <u>Budget</u>
<b>1. <u>2022 Capital Projects</u></b>					
Lift Station Upgrades	(C)	60,000	60,000		
Scada Security	(C)	12,500	12,500		
Truck (Water & Sewer)	(C)	-	23,000		
Generator	(C)	-	75,000		
Pump Station	(C)	7,656			
Upsizing	(C)	541,724	-		
		\$ 621,880	170,500	-	-
<b>2. <u>2023 Capital Projects</u></b>					
Lift Station Upgrades	(C)	-	-	40,000	-
Scada Security	(C)	-	-	17,820	-
Camera Truck w/ Software	(C)	-	-	535,000	-
Generator	(C)	-	-	100,000	-
		-	-	-	-
		\$ -	-	692,820	-
Grand Total		\$ 621,880	170,500	692,820	-

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  
2023 BUDGET

	Operation and Maintenance 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	\$ (1,610,857)	-	-	-	(1,610,857)
Add charges to income not requiring funds:					
Depreciation	675,000	-	-	-	675,000
Amortization:					
Debt discount	-	-	-	-	-
City building/equipment contributions	98,620	-	-	-	98,620
MMSD Funding	900,000	-	-	-	900,000
Less:					
Other - Implicit Cash Subsidy to Water Utility	-	-	-	-	-
Funds provided from operations	62,763	-	-	-	62,763
Increases in:					
Collection of special assessments	-	-	500,000	-	500,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-
Total funds provided	62,763	-	500,000	-	562,763
<u>Funds applied</u>					
Principal payments on debt	-	-	-	-	-
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	692,820	692,820
Total funds applied	-	-	-	692,820	692,820
<u>Interfund transfers - net</u>					
Interest earnings	(5,000)	5,000	-	-	-
Equipment replacement	(26,350)	26,350	-	-	-
Sewer Connection fees	(20,000)	-	20,000	-	-
Transfer to Construction projects	(692,820)	-	-	692,820	-
Transfer for debt retirement reserve	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-
Total transfers	(744,170)	31,350	20,000	692,820	-
Increase (decrease) in working capital	(681,407)	31,350	520,000	-	(130,057)
<u>Working capital, beginning of year</u>	4,760,209	959,192	10,747,250	-	16,466,651
<u>Working capital, end of year</u>	\$ 4,078,801	990,542	11,267,250	-	16,336,593
	-14.31%	3.27%	4.84%	0.00%	-0.79%

CITY OF MUSKEGO SEWER UTILITY  
WORKING CAPITAL FUND DESCRIPTIONS  
2023 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>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)