



**Sewer Utility
Proposed
2017 Budget**

**Distributed
Tuesday, October 11Th, 2016**

**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
2017 BUDGET

	2015 <u>Actual</u>	Aug. 31, 2016 <u>Actual</u>	2016 <u>Projected</u>	2016 <u>Adopted Budget</u>	2017 <u>Proposed Budget</u>	2017 <u>Adopted Budget</u>	% Change From 2016 <u>Budget</u>
<u>Operating revenues</u>							
Sewer service charges	\$ 6,088,830	3,061,364	6,093,750	6,060,000	6,120,000	-	0.99%
Miscellaneous revenues	14,146	5,533	12,775	15,000	12,800	-	-14.67%
Total operating revenues	6,102,976	3,066,897	6,106,525	6,075,000	6,132,800	-	0.95%
<u>Operating expenses</u>							
Operation and maintenance:							
Milwaukee Metropolitan Sewerage District:							
Capital charge	3,558,128	3,624,731	3,624,731	3,629,583	3,793,394	-	4.51%
User charge	1,125,962	559,623	1,122,283	1,122,283	1,128,923	-	0.59%
Town of Norway							
Capital charge	-	-	-	-	-	-	0.00%
User charge	266,346	178,884	330,000	225,000	350,000	-	55.56%
Supervision and labor	441,516	291,100	470,045	468,137	462,787	-	-1.14%
Supplies and expense	27,597	18,383	28,000	28,000	28,000	-	0.00%
Maintenance:							
Amortization	-	-	-	-	-	-	-
Odor control	2,624	2,046	15,000	22,500	22,500	-	0.00%
Building and structures	15,243	10,350	14,000	14,000	18,000	-	28.57%
General plant safety equipment	2,910	2,615	7,000	7,000	7,000	-	0.00%
Sewerage collection system	57,408	29,407	50,000	125,000	125,000	-	0.00%
I & I reduction	28,935	6,560	20,000	100,000	100,000	-	0.00%
Electricity	120,731	69,862	130,000	155,000	155,000	-	0.00%
Transportation expense	11,182	9,206	18,000	20,000	20,000	-	0.00%
	5,658,581	4,802,766	5,829,059	5,916,503	6,210,604	-	4.97%
Customers' account expenses:							
Accounting and collection	67,022	35,448	64,017	64,017	61,258	-	-4.31%
Meter expense	29,934	-	31,000	31,000	31,500	-	0.00%
	96,955	35,448	95,017	95,017	92,758	-	-2.38%
General expenses:							
Office Salaries	72,022	38,562	69,717	69,517	66,958	-	-3.68%
Employee pensions and benefits	258,436	169,303	269,339	\$269,339	260,410	-	-3.32%
Unemployment compensation	-	-	2,000	2,000	2,000	-	0.00%
Office supplies and expenses	52,727	37,688	62,880	68,780	65,077	-	-5.38%
Outside services	45,424	26,337	56,176	78,343	76,302	-	-2.61%
	428,608	271,890	460,112	487,979	470,747	-	-3.53%
Total operation and maintenance	6,184,145	5,110,104	6,384,188	6,499,499	6,774,109	-	4.23%
Depreciation	1,055,855	-	1,080,000	\$1,135,000	\$1,112,400	-	-1.99%
Total operating expenses	7,239,999	5,110,104	7,464,188	7,634,499	7,886,509	-	3.30%
Net operating income (loss) (forward)	(1,137,023)	(2,043,207)	(1,357,663)	(1,559,499)	(1,753,709)	-	12.45%

CITY OF MUSKEGO SEWER UTILITY
STATEMENT OF INCOME AND EXPENSE (Concluded)
2017 BUDGET

	2015 <u>Actual</u>	Aug. 31, 2016 <u>Actual</u>	2016 <u>Projected</u>	2016 <u>Adopted Budget</u>	2017 <u>Proposed Budget</u>	2017 <u>Adopted Budget</u>	% Change From 2015 <u>Budget</u>
Net operating income (loss) (forwarded)	\$ (1,137,023)	(2,043,207)	(1,357,663)	(1,559,499)	(1,753,709)	-	14.87%
<u>Add non-operating income</u>							
Interest from investments	24,859	8,759	25,000	21,500	25,250	-	-14.00%
MMSD I&I Subsidy	\$0	\$0	\$0	\$250,000	\$250,000	-	-
Interest income on RCA's and special assessments	21,116	23,277	23,277	20,670	21,750	-	-11.20%
Sewer Connection Fees	31,000	17,000	30,000	20,000	25,000	-	-33.33%
Total non-operating income	76,975	49,036	78,277	312,170	322,000	-	298.80%
Income before non-operating expenses	(1,060,048)	(1,994,171)	(1,279,386)	(1,247,329)	(1,431,709)	-	-2.51%
<u>Deduct non-operating expenses</u>							
Interest charges on long-term debt	-	-	-	-	-	-	#DIV/0!
Amortization of debt discount	\$0	\$0	\$0	\$0	\$0	-	#DIV/0!
I&I MMSD Program	-	\$0	\$0	\$250,000	\$250,000	-	#DIV/0!
Total non-operating expenses	-	-	-	250,000	250,000	-	#DIV/0!
Net income (loss) before capital contributions	\$ (1,060,048)	(1,994,171)	(1,279,386)	(1,497,329)	(1,681,709)	-	17.03%

CITY OF MUSKEGO SEWER UTILITY
SCHEDULE OF CAPITAL OUTLAY

<u>Description</u>	<u>Funding</u>	2016 Estimated Total <u>Cost</u>	2016 Adopted <u>Budget</u>	2017 Proposed <u>Budget</u>	2017 Adopted <u>Budget</u>
1. 2016 Capital Projects					
Truck - 25% DPW Replacement	(C)	-	46,250		
Truck - 50% Water/Sewer	(C)	13,404	17,500		
Communication Controls Radio	(C)	30,000	30,000		
City Garage Maint/Addition	(C)		630,000		
Lift Station Upgrades	(C)	7,359	-		
		\$ 50,764	723,750	-	-
2. 2017 Capital Projects					
Truck - 25% DPW Replacement	(C)	-	-	-	-
Truck - 50% Water/Sewer	(C)			16,000	-
Lift Station Upgrades	(C)	-	-	50,000	-
City Garage Maint/Addition	(C)	-	-	499,568	-
Gas Pump	(C)	-	-	6,000	-
SCADA Upgrade	(C)	-	-	5,000	-
		\$ -	-	576,568	-
Grand Total		\$ 50,764	723,750	576,568	-

- 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
 2017 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	\$ (1,681,709)	-	-	-	-	(1,681,709)
Add charges to income not requiring funds:						
Depreciation	1,112,400	-	-	-	-	1,112,400
Amortization:						
Debt discount	-	-	-	-	-	-
Manhole Rehabilitation and Mapping Projects	-	-	-	-	-	-
MMSD Funding	250,000	-	-	-	-	250,000
Less:						
Other	-	-	-	-	-	-
Funds provided from operations	(319,309)	-	-	-	-	(319,309)
Increases in:						
Collection of special assessments	4,000	-	-	325,000	-	329,000
Other contributed capital collection- RCA Landfill	-	-	-	-	-	-
Total funds provided	(315,309)	-	-	325,000	-	9,691
<u>Funds applied</u>						
Principal payments on debt	-	-	-	-	-	-
Capital outlay (Schedule 6 for Construction Fund)	-	-	-	-	576,568	576,568
Total funds applied	-	-	-	-	576,568	576,568
<u>Interfund transfers - net</u>						
Interest earnings	(8,150)	-	8,150	-	-	-
Equipment replacement	(26,350)	-	26,350	-	-	-
Sewer Connection fees	(25,000)	-	-	25,000	-	-
Transfer to Construction Fund	(576,568)	-	-	-	576,568	-
Transfer for debt retirement reserve	-	-	-	-	-	-
RCA funds used to finance MMSD capital charge	-	-	-	-	-	-
Total transfers	(636,068)	-	34,500	25,000	576,568	-
Increase (decrease) in working capital	(951,377)	-	34,500	350,000	-	(566,877)
Working capital, beginning of year	6,706,283	-	905,306	6,450,016	-	14,061,605
Working capital, end of year	\$ 5,754,906	-	939,806	6,800,016	-	13,494,728
	-14.19%	0.00%	3.81%	5.43%	0.00%	-4.03%

CITY OF MUSKEGO SEWER UTILITY
WORKING CAPITAL FUND DESCRIPTIONS
2017 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)