

2013 BUDGET
SEWER OPERATING FUND
EXPENSES NARRATIVE

Account No. 602

- 49490.100 Office Salaries - **\$22,580**
This includes salary/wages of the Bookkeeper/Billing Clerk (25%), Administrative Assistant (10%) and City Administrator (10%).
- 49490.101 Crew Salaries – **\$47,595**
This includes salary/wages of the crew (22%) and Superintendent (20%).
- 49490.121 Pensions - PERA - **\$5,088**
Public Employees Retirement Association is the mandatory pension program for all qualified employees. Employees contribute 6.25% of their gross salary. The employer contribution is held constant for 2013. The employer contribution increased in 2011 to 7.25% of gross salary, up from the 2010 rate of 7% and the 2009 rate of 6.75%.
- 49490.122 Pensions – FICA - **\$5,369**
Federal payroll taxes for Social Security and Medicare are 7.65% of wages.
- 49490.131 Health/Life/Dental Insurance - **\$10,951**
In 2011, LOGIS went through an RFP process for 2012. LOGIS received a more favorable proposal from Blue Cross Blue Shield which resulted in a decrease in health care for 2012. The rate is expected to increase 8.5% for 2013. As per Council action, the city will cover a maximum of 67% of total family health insurance costs.
- 49490.151 Workers' Compensation Insurance – **3,966**
Workers Comp Insurance is estimated to increase 5% for 2013 and is allocated as follows: General 50%, Sewer 25%, and Water 25%.
- 49490.203* Billing Supplies/Postage - **\$350**
This includes meter reading cards and postage for quarterly utility billing.
- 49490.212* Gas and Oil – **\$5,138**
This line item reflects 25% of the fuel used. Diesel = 875 gal. @ \$4.50/gal. And Unleaded = 300 gal. @ \$4.00/gal.

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49490.220* **Repairs/Supplies/Maintenance - \$35,000**

Included are the following expenditures:

- Miscellaneous expenses: field service, floats, other pump parts, 1/3 costs of fire extinguisher inspections for vehicles and shop, and service calls for lift station repairs = \$4,000
- Maintenance and repair of Vactor = \$1,500.
- New pumps and control panel for lift station No. 8 = \$29,000
- One new 2-way radio for vehicle = \$ 500

49490.223* **Uniforms, Safety Shoes, Safety Equipment – \$1,000**

The total cost is split between General, Water, Sewer and Storm Sewer Fund.

- Uniforms - \$ 625.00
- Safety Shoes – \$188
- Safety Vests - \$94
- Hearing Protection, rubber gloves, etc. - \$94

49490.301* **Auditing - \$1,963**

The City audit estimated at \$7,850 for 2013 and paid for as follows:

- | | |
|------------------|----------------|
| 40% - General | 5% - Garbage |
| 25% - Water Fund | 5% - Recycling |
| 25% - Sewer Fund | |

49490.321* **Telephone – \$1192**

Increase of \$132 due to addition of 1 new alarm dialers. This line item includes:

- 33% of the two-way radio - \$ 300
- Lift station No. 2,3,5,6,8and 10 alarm dialers –\$ 792
- On call phone – \$ 100

49490.361* **Liability insurance - \$1,640**

Liability insurance for 2013 is estimated to increase 5% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49490.381* **Lift Station Electric - \$8,900**

49490.385* **Sewage Disposal - \$136,551.67-Decrease of \$39,728.03**

This cost reflects a 12-month flow period from July 1, 2011 to June 30, 2012. The reduction is the result of very dry weather, which reduces ground water infiltration into the system.

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49490.386* Inflow & Infiltration – **\$250,722-** Increase due to the large increase in the amount of sewer being lined. Met Council grant is being applied for and will reimburse 25% of the lining cost.

For the 2013 budget, I would recommend the following:

RECOMMENDATION	COST
Televise 5,000 feet of sanitary sewer	2,500
Televise 5 house service lines	2,000
Seal 5 manholes	2,000
Grouting of mainline and service lateral wyes	6,000
Replace 10 center pick manhole covers with solid covers	2,500
Line 6,722 ft of 9 inch clay sewer	235,722

49490.430* Miscellaneous - **\$2,857**

ITEM	AMOUNT
Sewer schools for Greg, Todd and Mike	900
Gopher State One Call	500
Civil Defense Siren Maintenance Contract	197
1/3 of Safe Assure Consultants	550
Banyon Data System Utility Support	585
State of Minnesota membership dues	125

49490.420* Depreciation Expense – **\$40,000**

The depreciation charge is a non-cash expense recognizing the amortization of costs of the utility system over a period of years. The original water and sewer systems are being depreciated over a 60 year life, with system improvements ranging from 15 to 20 years and equipment at between 5 and 10 years. This depreciation amount is estimated by the auditor on a straight-line (same amount each year until fully depreciated) schedule over the estimated life of the assets. The City is attempting to generate charges sufficient to cover these depreciation costs realizing the system will need to be improved or replaced in future years.

49490.720* Transfer Out – **\$40,000**

The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacement.

CITY OF TONKA BAY
2013 BUDGET
SEWER OPERATING FUND EXPENDITURES

Account No.	Account	Bud	Budget	Actual	Budget	Actual	Budget	2011	Actual	Budget	2012	9 month	Proposed	\$	%	
		2010	2010	2010	2011	2011	2011	2011	2011	2012	2012	2012 actual	2013	+(-)	Change	
602																
Expenses																
49490.100	Office Salaries	22,350	21,939	21,441	21,208	22,661	16,203	22,580	(81)	-0.36%						
49490.101	Crew Salaries	44,685	41,775	45,132	45,057	46,607	32,477	47,595	988	2.12%						
49490.121	Pensions-PERA	4,692	4,453	4,827	4,750	5,022	3,505	5,088	66	1.31%						
49490.122	Pensions-FICA	5,128	4,518	5,093	4,694	5,299	3,423	5,369	70	1.32%						
49490.131	Health/Life/Dental Insurance	10,999	14,643	11,957	12,370	10,168	7,829	10,951	783	7.70%						
49490.151	Workers' Comp Insurance	3,560	2,800	3,667	3,795	3,777	3,010	3,966	189	5.00%						
49490.203	Billing Supplies/Postage	450	342	450	534	350	244	350	0	0.00%						
49490.212	Gas & Oil	3,525	3,199	3,525	4,038	4,700	3,052	5,138	438	9.32%						
49490.220	Repairs, Supplies, Maint.	29,500	7,706	30,700	6,873	32,000	27,916	35,000	3,000	9.38%						
49490.223	Uniforms, Safety Shoes, Safety	1,000	910	1,000	813	1,000	901	1,000	0	0.00%						
49490.301	Auditing	1,963	1,986	1,963	2,057	1,963	1,875	1,963	0	0.00%						
49490.321	Telephone	1,350	1,383	695	849	1,060	818	1,192	132	12.45%						
49490.361	Liability Insurance	1,471	1,201	1,516	1,296	1,562	0	1,640	78	4.99%						
49490.381	Lift Electric	8,836	7,088	8,400	7,952	8,900	4,762	8,900	0	0.00%						
49490.385	Sewage Disposal	137,661	137,955	159,225	159,512	176,279	135,345	136,552	(39,727)	-22.54%						
49490.386	Inflow & Infiltration	48,450	8,891	49,243	15,636	49,000	77,461	250,722	201,722	411.68%						
49490.430	Miscellaneous	2,660	2,039	2,660	1,815	2,857	1,607	2,857	0	0.00%						
49970.420	Depreciation Expense	34,215	34,215	34,215	37,859	38,832	38,832	40,000	1,168	3.01%						
Total Sewer Operating Expenses		362,495	297,043	385,709	331,108	412,037	359,260	580,863	168,826	40.97%						
49490.720	Transfer Out*	34,215	34,215	34,215	37,859	38,832	238,832	40,000	1,168	3.01%						

* Depreciation expense transferred to the Water/Sewer Reserve fund.

2013 BUDGET
SEWER OPERATING FUND
REVENUE NARRATIVE

Account No. 602

34952 Tax Certification - **\$6,000**

36200 Miscellaneous - **\$0**

36210 Interest Earned - **\$0**

37200 Utility Charges - Residential - **\$337,022**
\$126.70 quarterly for 665 households (126.70*4*665).

37201 Utility Charges - Commercial - **\$20,400**

37250 Hookup Permits - **\$240**

37260 Penalties - **\$2,000**

39203 Transfers In - **\$265,222**
From Water/Sewer Reserve Fund. \$235,722 will be transferred from maturing investments to cover the cost of the Met Council Grant application for sewer lining. The additional \$31,500 will come from the Water/Sewer Reserve cash balance hat has been built up from depreciation expenses. \$29,500 for lift station panel and \$2,000 for manhole covers. This is for capital replacements under Repairs supplies and maintenance.

Expenditures = \$ 580,863

Revenues = \$ 632,884

Profit / (Loss) \$52,021

CITY OF TONKA BAY
 2013 BUDGET
 SEWER OPERATING FUND REVENUES

Account	Account	Actual 2010	Budget 2011	9 month 2011 actual	Actual 2011	Budget 2012	9 month 2012 actual	Proposed 2013	\$ + (-)	% Change
602										
Revenues										
34952	Tax Certification	2,540	6,000	8,306	0	6,000	6,441	6,000	0	0.00%
36200	Misc.	48	0	0	0	0	0	0	0	0.00%
36210	Interest Earned	248	0	62	84	0	49	0	0	0.00%
37200	Residential Sewer Charges	323,934	328,776	228,796	328,623	337,022	237,583	337,022	0	0.00%
37201	Commercial Sewer Charges	25,753	19,415	17,508	28,018	19,415	20,661	20,400	985	5.07%
37250	Hookup Permits	240	120	240	1,000	120	300	240	120	100.00%
37260	Penalties	5,785	2,000	2,389	5,752	2,000	2,870	2,000	0	0.00%
39203	Transfer In	20,500	29,398	0	29,398	47,480	75,000	267,222	219,742	462.81%
Total Sewer Operating Revenues		379,048	385,709	257,301	392,875	412,037	342,904	632,884	220,847	53.60%

Revenues	632,884
Expenses	580,863
Profit (Loss)	52,021