

2013 BUDGET
WATER OPERATING FUND
EXPENSES NARRATIVE

Account No. 601

- 49440.100 Salaries - **\$22,580**
This includes salary/wages of the Bookkeeper/Billing Clerk (25%), Administrative Assistant (10%) and City Administrator (10%).
- 49440.101 Crew Salaries - **\$61,828**
This includes salary/wages of the crew (24%), Superintendent (30%) and part-time (Brian on the weekends).
- 49440.121 Pensions-PERA - **\$6,120**
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%.
- 49440.122 Pension-FICA - **\$6,458**
Federal payroll taxes for Social Security and Medicare are 7.65% of salary.
- 49440.131 Health/Life/Dental Insurance - **\$12,511**
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.
- 49440.151 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%.
- 49440.203* Billing Supplies/Postage - **\$800**
This includes meter reading cards for quarterly utility billing, billing statements, envelopes, stamps, printed envelopes, and postage for certified delinquent utility letters.
- 49440.212* Gas & Oil - **\$5,138**
This line item reflects 25% of the fuel used. Diesel = 875 gal. @ \$4.50/gal. and Unleaded = 300 gal. @ \$4/gal. Increase due to cost increase to Diesel Fuel.
- 49440.215* Laboratory Testing - **\$540.00**
Costs include monthly water bacterial testing required by the Minnesota Department of Health.

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- 49440.216* Water Treatment Supplies – **\$26,660**
Costs include chemical for water treatment, test reagents for the lab.
- 49440.218* Water Main Repairs – **\$20,000** –No Increase
This represents the estimates to repair 4 water main breaks per year.
- 49440.220* Repairs, Supplies, Maintenance - **\$39,750**
Specific costs include the following:
1. Painting in Water Plant \$1,000
2. Instrument calibration \$1,000
3. Miscellaneous expenses (flow charts, grease, lab air filters, unit heater, dehumidifier, chlorine ejector maintenance, equipment repair, brooms, mops, etc.) \$3,500
4. Dust collector and fan for lime silo \$33,000
5. 25 Fire Hydrant Flags- \$750
6. 1 new 2-way radio for vehicle-\$500
- 49440.223* Uniform, Safety Shoes, Safety Equipment - **\$1,000**
The total cost is split between General, Water, Sewer and Storm Sewer Fund.
 - Uniforms- \$ 625
 - Safety shoes- \$188
 - Safety vests- \$94
 - Hearing protection, rubber gloves, etc.-\$ 93
- 49440.2298* Lime Pit Expenses – **\$10,000**
This reflects cost received for 2012 plus a 3% increase for 2013.
- 49440.230* Water Tower Expenses – **\$680**
Annual expenses for 2012 are as follows:
 - Electricity- \$ 280.00/year
 - Security System - \$ 400.00/year
- 49440.250* Meter Purchases – **\$0- decrease of \$47,775**
Last year was the final year of a meter change out program.
- 49440.301* Auditing - **\$1,963- No Increase**
The City audit estimated at \$7,850 for 2012 and paid for as follows:
40% - General 25% - Sewer Fund 5% - Garbage
25% - Water Fund 5% - Recycling
- 49440.321* Telephone – **\$1,200**
Includes the on call phone, two way radio, alarm dialer for water plant.

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49440.361 Liability insurance - \$9,218
 Liability insurance for 2011 is estimated to increase 3% and is allocated as follows: General 51%, Water 31%, Garbage 7%, Sewer 6%, Recycling 3% and Docks 2%.

49440.381* Electricity - \$16,170

49440.383* Heat and Natural Gas – \$9,500

49440.430* Miscellaneous and Dues – \$5,670
 Specific costs are as follows:

DNR Water Use Permit	775
MPCA permit for lime ponds	260
MN Dept. of Ag-lime sample fee	50
MN Dept of Public Safety(Chemical Storage fee)	100
Security Response (security system monthly fee)	531
Gopher One Calls	450
Water Operator Training	900
Safe Assure Consultants (OSHA Training)	550
American Water Works Dues	312
Minnesota Rural Water Dues	210
Annual Water Quality Report	140
Civil Defense Siren Maintenance Contract	197
Banyon Utility Contract and Computer Software	785
Miscellaneous	410

49440.420* Depreciation Expense – \$66,894
 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.

49440.720* Transfer Out - \$66,894
 The depreciation expense is being transferred to the Water/Sewer Reserve to build funds for capital improvements and necessary replacements.

CITY OF TONKA BAY
 2013 BUDGET
 WATER OPERATING FUND EXPENDITURES

Account No.	Account	Budget 2010	Actual 2010	Budget 2011	Actual 2011	Budget 2012	9 month 2012 actual	Proposed 2013	\$ + (-)	% Change
601										
Expenditures										
49440.100	Office Salaries	22,350	21,939	21,441	21,208	22,661	16,203	22,580	(81)	-0.36%
49440.101	Crew Salaries	58,285	50,753	58,868	56,408	60,738	41,797	61,828	1,090	1.79%
49440.121	Pensions-PERA	11,813	10,206	5,823	5,440	6,046	4,111	6,120	74	1.22%
49440.122	Pensions-FICA			6,145	5,466	6,380	4,067	6,458	78	1.22%
49440.131	Health/Life/Dental Insurance	12,576	11,457	13,671	14,031	11,617	8,885	12,511	894	7.70%
49400.151	Workers Comp Insurance	3,560	2,800	3,667	3,796	3,777	3,010	3,966	189	5.00%
49440.203	Billing Supplies/Postage	1,500	1,094	1,500	863	800	222	800	0	0.00%
49440.212	Gas & Oil	3,525	3,224	3,525	4,558	4,700	3,305	5,138	438	9.32%
49440.215	Laboratory Testing		426	540	426	540	322	540	0	0.00%
49440.216	Water Treatment Supplies	27,660	20,135	27,660	21,960	26,660	15,234	26,660	0	0.00%
49440.218	Water Main Repairs	20,000	18,066	20,000	24,474	20,000	907	20,000	0	0.00%
49440.220	Repairs, Supplies, Maint.	20,295	18,538	115,500	9,181	16,500	12,354	39,750	23,250	140.91%
49440.223	Uniforms, Safety Shoes, Safety Equip.	1,000	873	1,000	793	1,000	884	1,000	0	0.00%
49440.229	Lime Pit Expenses	8,000	3,960	8,000	8,018	9,700	50	10,000	300	3.09%
49440.230	Water Tower Expenses	680	538	5,930	5,003	680	464	680	0	0.00%
49440.250	Meter Purchases	42,250	1,116	34,000	35,551	47,775	49,340	0	(47,775)	-100.00%
49440.301	Auditing	1,963	1,986	1,963	2,057	1,963	1,875	1,963	0	0.00%
49440.318	Consulting Services	0	0	0	0	0	0	0	0	0.00%
49440.321	Telephone	1,100	1,145	1,100	1,003	1,200	727	1,200	0	0.00%
49440.361	Liability Insurance	7,600	8,544	7,828	8,965	8,779	0	9,218	439	5.00%
49440.381	Electricity	16,170	14,479	16,170	15,785	16,170	11,604	16,170	0	0.00%
49440.383	Heat & Natural Gas	12,500	5,786	9,500	5,909	9,500	3,517	9,500	0	0.00%
49440.430	Misc. & Dues	5,100	3,566	5,500	3,959	5,670	3,101	5,670	0	0.00%
49440.420	Depreciation Expense	61,778	63,903	61,778	61,778	64,767	64,767	66,894	2,127	3.28%
Total Water Operating Expenses		339,705	264,534	431,109	316,632	347,623	246,746	328,646	(18,977)	-5.46%
49440.720	Transfer Out*	61,778	63,903	61,778		64,767	64,767	66,894		

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

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REVENUE NARRATIVE

Account No. 601

34952* Tax Certification - **\$5,000**

37100* Residential Water Sales - **\$264,211**
Based on 48 MG water sold @4.80 / 1000 = \$230,400
Base rate = 655 hookups@ \$51.62 / yr = \$33,811

37101* Commercial Water Sales - **\$21,110**
Based on 4 MG water sold @4.80 / 1000 = \$19,200
Base rate = 37 hookups \$51.62 / yr = \$1,910

37150 Hookup Permits - **\$500**

37160 Penalties - **\$1,500**

37170* Miscellaneous Utility Revenue – **\$1,950**
Sprinkler permit fees (\$325 * 6 permits).

37171 * Meter Sales –**\$250**
Decrease based on reduced building permits and meter change out program.

39203 * Transfer In - **\$34,250**
Transfer from Water/Sewer Reserve Fund to pay for the Dust Collector on the Lime Silo, Fire Hydrant Flags, and 1 – 2-way radio.

OPTION C

- Based on 48 million Gallons water sold
- Reflects a 6% Increase in the first tier conservation rate
- Reflects a 6% increase in the base rate

Revenues	\$ 328,511
Expenses	\$ <u>328,646</u>
Profit /(loss)	(\$135)

CITY OF TONKA BAY
 2013 BUDGET
 WATER OPERATING FUND REVENUES

Account No.	Account	Budget 2010	Actual 2010	Budget 2011	9 month 2011 actual	Actual 2011	Budget 2012	9 month 2012	Proposed 2013	\$ + (-)	% Change
Revenues											
34952	Tax Certification	0	1,531	5,000	8,503	0	5,000	8,647	5,000	0	0.00%
36210	Interest Earned	0	0	0	0	0	0	0	0	0	0.00%
36200	Miscellaneous Revenues	0	0	0	1,575	1,575	0	0	0	0	0.00%
37100	Residential Water Sales	256,988	226,595	225,045	133,473	226,912	243,695	153,323	264,211	20,516	8.42%
37101	Commercial Water Sales	18,164	21,585	17,957	13,144	24,120	19,487	15,614	21,110	1,623	8.33%
37150	Hookup Permits	500	120	500	300	780	500	240	240	(260)	-52.00%
37160	Penalties	1,400	3,957	1,400	1,671	5,334	1,500	2,022	1,500	0	0.00%
37170	Misc. Utility Revenue	1,950	1,898	1,950	900	3,003	1,950	2,248	1,950	0	0.00%
37171	Meter Sales	2,000	496	500	142	171	250	322	250	0	0.00%
39203	Transfer In	42,250	42,250	149,250	178,757	178,757	88,241	76,185	34,250	(53,991)	-61.19%
Total Water Operating Revenues		323,252	298,432	401,602	338,465	440,652	360,623	258,601	328,511	(32,112)	-8.90%

REFLECTS A 6.3% INCREASE IN RATES

Revenues	328,511
Expenses	328,646
Profit / (loss)	(135)