

**2016 BUDGET**  
**WATER/SEWER RESERVE FUND**  
**NARRATIVE**

**Account No. 411**

**EXPENSES**

49000.430 Miscellaneous - **\$0**

49300.720 Transfer Out to Other - **\$80,000**  
Transfer out to Water Operating Fund.

49460.220 Repairs/Supplies/Maintenance - **\$11,284**

Seal 5 manholes	\$3,500
Replace 10 center pick manhole covers with solid covers	\$3,000
Lift station pumps	\$4,784

49460.230 Water Tower Expenses - **\$0**

49460.318 Consultant - **\$2,000**  
Comprehensive Plan Update project (\$1,000 each toward sewer and water updates).

49460.386 Inflow & Infiltration - **\$59,250**

<i>Televise 5,000 feet of sanitary sewer</i>	\$ 2,500
<i>Televise &amp; line 3 house service lines</i>	\$ 9,500
<i>Grouting of mainline and service lateral wyes</i>	\$ 7,250
<i>Line 1,000ft of 9 inch clay sewer</i>	\$40,000

49460.520 Buildings - **\$7,750**  
Water plant roof/skylights improvements

**REVENUE**

34409 Special Connections - **\$0**

34410 Water Assessment Col. By Municipality - **\$0**  
We don't anticipate any new assessments for 2015.

36100 Special Assessments - County - **\$0**

36210 Interest Earned - **\$5,699**

39203 Transfers In - **\$129,863**  
Transfer of \$69,390 from Water and \$60,473 from Sewer Operating

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(depreciation).

When the Water/Sewer CIPs were first implemented, we were charging approximately \$65,000 for Water depreciation and \$40,000 in Sewer depreciation. In 2013, Stuart Bonniwell adjusted the actual Sewer depreciation for Sewer to \$52,701, this was due to the substantial sewer lining project (approx.. \$200,000). This project increased the amount we need to depreciate since our capital increased by a large dollar amount. You will notice the Water depreciation increases slightly every year, due to various improvements. Staff is preparing an updated depreciation schedule that will need to be updated annually.

Generally, the City is taking our Capital purchases (i.e. \$100,000 for sewer lining with a life expectancy of 20 years) and adding \$5,000 to the depreciation expense the City charges itself to replace the Sewer again in 20 years. Also, Staff is taking the depreciation charges and planning cash and fund sufficiency for upcoming improvements.

Take note that in 2018, we are proposing to dip into our Invested funds to help pay for our upcoming substantial capital purchases. This justifies raising rates annually to decrease any future dipping into investments. However, a good example is the Lime Silo upgrade in 2014. While this project was unable to be completed due to contractor schedule in 2014, the City planned to spend \$56,250. The quote as of August was \$30,000. Staff needs to deduct \$56,250 for planning purposes until the quotes/work are completed. The fund balance could increase an automatic \$26,250 by coming in under the anticipated cost. If this happens over the course of a number of projects, there could be no need to dip into invested funds. This is a working document that needs to be updated and reviewed on an annual basis to ensure sufficient cash flow and funds.

\*Note: Stuart Bonniwell will likely charge depreciation for the dock expansion. Staff usually does not budget for this because the non-cash expense stays within the dock fund. Therefore, the \$4,000 that is “deducted” is really cash sitting in the fund. Stuart will adjust the year end expenses to show an expense, but the cash will remain in the fund. Water and Sewer are different because we have a separate fund (Water/Sewer Reserve) that gets “paid” with a transfer from the Operating Funds, so it is more critical to have a dollar amount of cash that we are transferring be determined.