

## Sewer Fund

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The Sewer Fund is an Enterprise Fund, that is, a fund that is used to account for operations which are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges. The Sewer Fund is used to account for the operations of the sanitary sewer system.

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**Revenues:** The Sewer Fund's anticipated revenues are estimated at \$226,500, \$38,552 (14.54%) lower than the current year's estimated actual.

**Sewer Service Charges:** Sewer service charge revenues are budgeted at \$198,000, \$14,000 (8%) higher than the current year's budget. This increase is the result of the sewer service charge increase of \$1.00 per month implemented on 01/01/07 and another increase of \$1.00 per month to be implemented on 01/01/08. These increases are necessary to finance sewer repairs and replacements, and were adopted during the fiscal 2005-06 budget process.

**Interest & Rents** is budgeted at \$500, \$500 higher than the current year's estimated actual. Because the Sewer Fund is still in its infancy, it has been difficult for it to maintain any fund balance to invest.

**Permits** are budgeted at \$2,000, \$500 lower than the current fiscal year.

**Other Financing Sources** is budgeted at \$0, as compared to \$58,000 for the current fiscal year. The \$58,000 was a contribution from the Capital Improvement Fund to help offset sanitary sewer projects to be undertaken during fiscal 2006-07.

**Other Revenues** is budgeted at \$16,000, \$15,700 higher than the current year's budget, and includes any monies received from a workers' compensation refund and more importantly, the sewage collection fees received from the sewage treatment plant which were previously deposited in the General Fund.

**Expenditures:** Expenditures for the Sewer Fund are budgeted at \$290,122, \$74,487 (34.54%) higher than the current year's budget.

**Maintenance:** Maintenance is budgeted at \$171,930, \$12,459 (7.81%) higher than the current year's estimated actual. While wages and benefits account for a portion of this increase, equipment rental charges paid to the Motor Vehicle and Equipment Fund have been budgeted at \$34,000, \$10,000 over the current fiscal year's budget.

**Construction:** Construction is budgeted at \$107,500, \$29,400 (37.64%) over the current year's estimated actual. A listing of the sewer projects to be undertaken is included in this section of the budget.

**Other Financing Uses:** This year, for the first time, a contribution to the Retiree Health Insurance Fund is being made in the amount of \$10,692 and represents this fund's portion of retiree healthcare costs.

**Retained Earnings:** The retained earnings of the Sewer Fund are estimated to be \$133,936 at the end of the current fiscal year, and \$70,314 at the end of fiscal 2007-08, a decrease of \$63,622.

**Future Fund Outlook:** Even with the sewer service charge increases implemented and to be implemented, the Sewer Fund's balance will increase at a very slow pace and it may be several years before it can be considered "healthy".

**SEWER FUND SUMMARY**  
**Fiscal Year 2007-08 Budget**  
**City of Iron Mountain**

	F.Y. 2005-06 Actual	F.Y. 2006-07 Appr. Bud.	F.Y. 2006-07 Est. Actual	F.Y. 2007-08 Prop. Bud.	FY 2008- 09 Prop. Budget
<u>Revenues</u>					
Sewer Service	156,877	184,000	172,000	198,000	239,000
Interest & Rents	(275)	1,000	0	500	1,000
Permits & Fees	1,190	2,500	0	2,000	2,000
S2 Sewer Grant	0	0	27,000	10,000	300,000
Other Financing Sources	0	58,000	58,000	0	0
Other Revenues	<u>511</u>	<u>300</u>	<u>8,052</u>	<u>16,000</u>	<u>16,000</u>
<b>Total Revenues</b>	<b>158,303</b>	<b>245,800</b>	<b>265,052</b>	<b>226,500</b>	<b>558,000</b>
<u>Expenditures</u>					
Maintenance	104,158	143,885	159,471	171,930	202,886
Construction	0	71,750	78,100	107,500	325,000
Other Financing Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,692</u>	<u>11,761</u>
<b>Total Expenditures</b>	<b>104,158</b>	<b>215,635</b>	<b>237,571</b>	<b>290,122</b>	<b>539,647</b>
Net Income (Loss)	54,145	30,165	27,481	(63,622)	18,353
Retained Earnings-Prior Years	<u>52,310</u>	<u>106,455</u>	<u>106,455</u>	<u>133,936</u>	<u>70,314</u>
<b>Retained Earnings at Year End</b>	<b>106,455</b>	<b>136,620</b>	<b>133,936</b>	<b>70,314</b>	<b>88,667</b>
Reserved:					
Inventory	0	0		0	0
Unreserved	<u>106,455</u>	<u>136,620</u>	<u>133,936</u>	<u>70,314</u>	<u>88,667</u>
<b>TOTAL</b>	<b><u>106,455</u></b>	<b><u>136,620</u></b>	<b><u>133,936</u></b>	<b><u>70,314</u></b>	<b><u>88,667</u></b>