

SEWER MAINTENANCE FUND
STATEMENT OF MID YEAR REVIEW **OF** FINANCIAL CONDITION
CURRENT YEAR 2004
PROJECTED YEAR 2005
AS OF JUNE 30, 2004

	2004 ^(D)	2005 ^(E)
Operating Revenues:		
Sewer Maintenance Fees	\$ 30,610,327	\$ 28,989,449
Sewer Maint-Non City Service ^(A)	78,995	61,567
Deferred Sewer Assessment	37,515	47,206
Interest Income ^(B)	188,936	278,781
Sewer User Penalty - 10% ^(C)	22,648	22,648
Sewer Maint - Plat Reviews	10,500	10,500
Unused Sewer Life	7,663	10,506
Cert Survey Plat Review	2,742	3,316
Miscellaneous	46,875	44,095
Total Revenues	<u>\$ 31,006,201</u>	<u>\$ 29,468,068</u>
 Operating Expenses:		
Contractual Services	\$ 7,636,104	\$ 6,761,750
Other Operating Expenses ^(H)	1,270,000	1,300,000
Salaries and Wages	4,370,091 ^(F)	5,111,624 ^(G)
Employee Benefits	1,482,702	1,862,716
Equipment	113,040	77,300
Total Expenses	<u>\$ 14,871,937</u>	<u>\$ 15,113,390</u>
 Net Revenues Available for Debt Service	 \$ 16,134,264	 \$ 14,354,678
 Maximum Annual Debt Service ^(I)	 \$ 5,152,190	 \$ 6,552,190
 Debt Service Coverage ^(J)	 3.13	 2.19
 Minimum Required Coverage ^(K)	 1.20	 1.20
 Pass Debt Service Coverage Test	 yes	 yes

Department Of Public Works
Notes to the Statement of Midyear Review OF Financial Condition

(A) Revenue - Sewer Maintenance-Non City Service

This revenue is for cleaning sewer systems, structures, drainage channels and culverts for city and outside agencies. Maintenance and repair services are included.

(B) Revenue - Interest Income

There are five unique accounts set up by the fiscal agents for the sewer fund. These accounts are listed under Restricted Assets on the Trial Balance. These five accounts generate interest income for the sewer fund. The interest is recorded by the Comptroller's office.

(C) Revenue - Sewer User Penalty 10%

This revenue is from sewer related delinquent accounts on the water bills that are transferred for tax roll collection. Since this revenue is estimated as part of the sewer fee revenue only the 10% penalty is shown as revenue.

(D) Current year 2004

Revenue data includes five months of actual revenue (January -- May 2004) and estimated revenue through year-end. The sewer fee is calculated at the current rate of 1.1094 per Ccf (hundred cubic feet) of water. Expense data includes four months of actual expenses (January -- April 2004) and estimated expenses through year-end. Salaries and Fringes are actual through pay period 11. Projections are based on current year trends and historical trends.

(E) Budget year 2005

Revenue data for sewer maintenance fees is based on the Sewer Maintenance Fund's current rate of \$1.1094 per Ccf (hundred cubic feet) of water. The assumption is that the sewer fee will remain at the current rate for 2005 also. This is a conservative estimate of revenue anticipating a decrease in consumption. The expense data for 2005 is based on the fund's 2005 budget request. The 2005 figures are subject to change in the final adopted budget by the Common Council and Mayor in November 2004.

(F) Salaries and Wages 2004

The 2004 projection assumes current spending levels through year-end. An increase of 2.5 percent was included in the calculation. The number of authorized positions will remain the same for the year.

(G) Salaries and Wages 2005

The Salary and Wage Rate Schedule for 2004 was used for determining the amounts to be included in the 2005 budget request. An increase of 3 percent was included in the calculation. The number of authorized positions will remain the same as 2004.

(H) Other Operating Expenses:

This includes a payment to the Water Works Department for administration of sewer billing. It also includes sewer maintenance contingencies and amortization of issuance costs.

(I) Maximum Annual Debt Service

Includes Sewerage System Revenue bonds, Series 2003 S4 sold on June 20, 2003. 2005 assumes the issuance of \$26 million of additional bonds.

(J) Debt Service Coverage

This calculation is based on Net Revenues Available for Debt Service divided by Maximum Annual Debt Service.

(K) Minimum Required Coverage

Required by the Master Resolution, section 8.02, adopted by The CITY OF MILWAUKEE August 2, 2001.