

**CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM**



**2015/16 BUDGET
AS ADOPTED BY CITY COUNCIL**

CITY OF WARREN, MICHIGAN

WATER & SEWER SYSTEM BUDGET

January 1, 2015 – June 30, 2016



CITY OF WARREN

James R. Fouts
Mayor

One City Square
Warren, Michigan 48093

ADMINISTRATION

City of Warren was incorporated January 1, 1957, under Act 279, P.A. 1909 as amended (Home Rule Act). The 2010 population per Federal Census, 134,056

City is administered by a Mayor, a Council of seven members, Treasurer and Clerk, all of whom are elected to four-year terms.

PRESENT ELECTIVE OFFICERS (Terms expire November 8, 2015)

MAYOR
JAMES R. FOUTS

COUNCIL

Cecil St. Pierre Jr., President
Patrick Green, Vice President

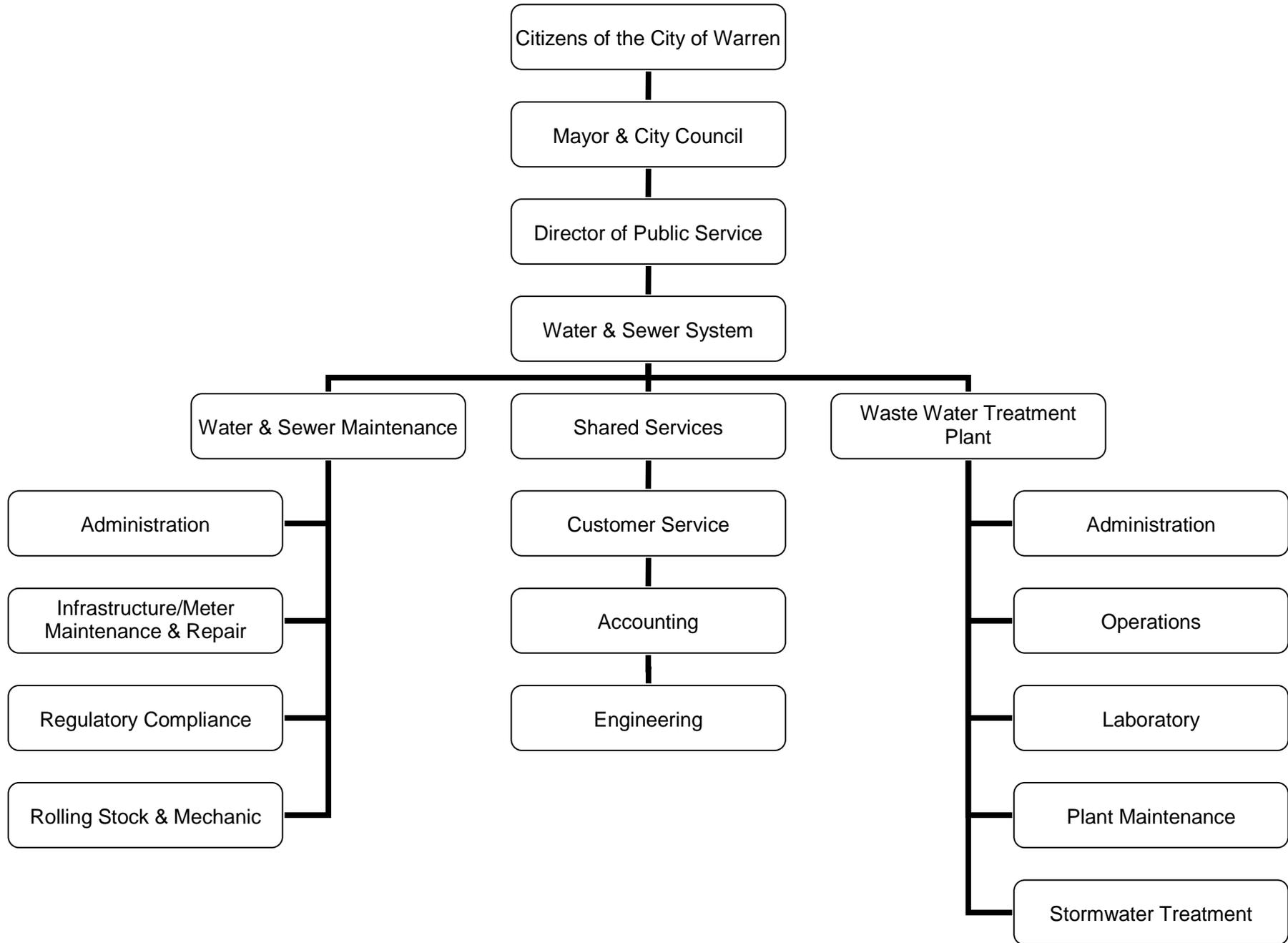
Scott C. Stevens, Secretary
Keith Sadowski, Assistant Secretary
Kelly Colegio

Robert Boccomino
Steven Warner

TREASURER
Carolyn Kurkowski Mocerri

CITY CLERK
Paul Wojno





CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 COUNCIL ADOPTED BUDGET
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CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
Introduction

The Water & Sewer System's functions include the financing, acquisition, operation and maintenance of an adequate water supply and a waste water treatment facility for the benefit of the citizens and business community in the City of Warren. Budget and accounting policies, as presented herein, conform to generally accepted accounting principles for enterprise funds. Revenues are initially deposited in a receiving fund in accordance with State statutes and local revenue ordinances adopted by the City of Warren. Monies are transferred, as needed, to the Operation & Maintenance Fund and Debt Service Reserve and Construction Reserves. In order to accommodate a recommendation by the State of Michigan that the Water & Sewer System be placed on the same fiscal year as the City of Warren, the 2015/2016 Water & Sewer System Budget will cover the time period from January 1, 2015 to June 30, 2016. The Water & Sewer System will be included in the Enterprise Fund section of the 2017 Fiscal Year (July 1, 2016 to June 30, 2017) City Budget.

The 2015/16 City Council Adopted Water & Sewer System Budget is presented with a zero percent rate change and use of \$3,212,364 from fund balance. This zero percent rate change would not be possible without the joint efforts between the administration, members of City Council, and employees to continue to find ways to improve efficiencies and reduce expenses without sacrificing customer services. The 2015/16 City Council Adopted Budget adds two labor positions to Shared Services. Water sales revenues for 2015/16 (an 18 month period) are based on 978 million cubic feet and are based on the assumption that weather conditions, especially during the summer months, will be average.

The 2015/16 City Council Adopted Water & Sewer System Budget continues to recognize the need to invest in capital and improve infrastructure. This budget includes over \$2.5 million in new capital equipment and improvements. Approximately \$2.3 million will be used at the Waste Water Treatment Plant facility for incinerator emission control improvements. Funding for these major capital items will come from the Water and Sewer System's unrestricted fund balance, which at December 31, 2013 was just over \$23 million.

Approximately \$12.5 million is estimated to be transferred to the debt service fund, with approximately \$5.2 million resulting from the previously approved rate increases designated to pay the debt service cost for necessary infrastructure improvements. Three bond issues are committed against these funds and have an estimated cost of \$3.7 million for this budget period.

EFFECT OF RATE ON THE AVERAGE RESIDENTIAL USER
 {BASED ON 1,000 CUBIC FEET OF WATER METERED WITH A 5/8" WATER METER}
 - PER MONTH -

	Present Rate	Recommended Rate	Increase (Decrease) Amount	%
Water Service Charge	\$ 0.83	\$ 0.83	\$ -	
Sewer Service Charge	2.00	2.00	-	
Water Charge	29.63	29.63	-	
Waste Water Treatment Charge	21.66	21.66	-	
Total	\$ 54.12	\$ 54.12	\$ -	0.0%

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 BUDGET FINANCIAL STATEMENTS

SCHEDULE B
DISTRIBUTION OF COSTS TO RATES-COUNCIL ADOPTED

Budget Cost Item:	<u>Total</u>	Supporting Revenue			
		<u>Water Rate</u>	<u>Waste Water Rate</u>	<u>Water Service Charge</u>	<u>Sewer Service Charge</u>
<i>Wages & Fringe Benefits</i>					
Water & Sewer Maintenance	\$ 8,188,192	\$ 5,318,712	\$ -	\$ 590,032	\$ 2,279,448
Shared Services	4,210,928	2,947,650	1,263,278	-	-
Waste Water Treatment	9,275,389	-	9,275,389	-	-
<i>Total Wages & Fringe Benefits</i>	<u>21,674,509</u>	<u>8,266,362</u>	<u>10,538,667</u>	<u>590,032</u>	<u>2,279,448</u>
<i>Supplies & Other Charges</i>					
Water Purchases	13,478,000	13,478,000	-	-	-
Uncollectible Debt	100,000	52,700	36,500	3,200	7,600
Water & Sewer Maintenance	3,450,113	1,965,467	-	731,625	753,021
Shared Services	4,518,585	3,136,740	820,592	331,575	229,678
Waste Water Treatment	4,748,685	-	4,748,685	-	-
<i>Total Supplies & Other Charges</i>	<u>26,295,383</u>	<u>18,632,907</u>	<u>5,605,777</u>	<u>1,066,400</u>	<u>990,299</u>
<i>Transfers To Reserves</i>					
Capital Equipment	2,509,450	179,914	2,329,536	-	-
Debt Service	12,487,628	5,486,690	5,909,203	193,546	898,189
<i>Total Transfers</i>	<u>14,997,078</u>	<u>5,666,604</u>	<u>8,238,739</u>	<u>193,546</u>	<u>898,189</u>
TOTAL COSTS	<u>\$ 62,966,970</u>	<u>\$ 32,565,873</u>	<u>\$ 24,383,183</u>	<u>\$ 1,849,978</u>	<u>\$ 4,167,936</u>

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 BUDGET FINANCIAL STATEMENTS

SCHEDULE C
DISTRIBUTION OF COSTS TO RATES-COUNCIL ADOPTED

	<u>Total</u>	<u>Supporting Revenue</u>			
		<u>Water Rate</u>	<u>Waste Water Rate</u>	<u>Water Service Charge</u>	<u>Sewer Service Charge</u>
TOTAL COSTS {FROM PREVIOUS PAGE}	\$ 62,966,970	\$ 32,565,873	\$ 24,383,183	\$ 1,849,978	\$ 4,167,936
OFFSETS FOR OTHER REVENUES:					
Water Sales - Unmetered	22,500	22,500	-	-	-
Public Fire Protection	135,000	135,000	-	-	-
Penalties	2,250,000	1,125,000	1,125,000	-	-
Water Division - Other Income	135,000	135,000	-	-	-
Building Rental	81,491	81,491	-	-	-
Meter Repairs	4,500	-	-	4,500	-
Outside Service Income	35,000	35,000	-	-	-
Meter Sales	60,000	-	-	60,000	-
Centerline Transmission Charge	22,500	-	22,500	-	-
Pre-Treatment Surcharges	1,140,000	-	1,140,000	-	-
Cross Connection Charges	350,000	350,000	-	-	-
Waste Treatment - Other Income	310,000	-	310,000	-	-
Interest On Investments	45,000	22,500	22,500	-	-
Gain {Loss} On Asset Conversion	150,000	75,000	75,000	-	-
Use of Retained Earnings	3,212,364	1,606,182	1,606,182	-	-
Total revenue offsets	<u>7,953,355</u>	<u>3,587,673</u>	<u>4,301,182</u>	<u>64,500</u>	<u>-</u>
NET COSTS ALLOCATED TO RATES	<u>\$ 55,013,615</u>	<u>\$ 28,978,200</u>	<u>\$ 20,082,001</u>	<u>\$ 1,785,478</u>	<u>\$ 4,167,936</u>
Estimated billable consumption {100 c.f.}		9,780,000	9,269,484		
Supporting rate required		\$ 2.963	\$ 2.166	\$ 0.83	\$ 2.00
Current rate		\$ 2.963	\$ 2.166	\$ 0.83	\$ 2.00
Increase (decrease)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WARREN, MICHIGAN
 WATER & SEWER SYSTEM
 2015/16 BUDGET FINANCIAL STATEMENTS

SCHEDULE D
 RATES AND CHARGES - COUNCIL ADOPTED

	Present Rate	Recommended By Mayor	Council Adopted
<u>Domestic Minimum Bill Per Month With 5/8" Meter Service Charge:</u>			
Water Service Charge	\$ 0.83	\$ 0.83	\$ 0.83
Sewer Service Charge	2.00	2.00	2.00
Water 0 - 200 Cubic Feet	5.93	5.93	5.93
Waste Water Treatment 0 - 200 Cubic Feet	4.33	4.33	4.33
Total	\$ 13.09	\$ 13.09	\$ 13.09

Waste Water Extra Strength Surcharges Per Pound:

Bio-chemical Oxygen Demand (BOD)	\$ 0.2184	\$ 0.2432	\$ 0.2432
Suspended Solids (SS)	\$ 0.2527	\$ 0.2827	\$ 0.2827
Phosphorus (P)	\$ 2.2577	\$ 2.3948	\$ 2.3948
Ammonia (NH3-N)	\$ 0.4838	\$ 0.5045	\$ 0.5045

Waste Water Pretreatment Charge:

Per Sample	\$ 190.00	\$ 195.00	\$ 195.00
Per Analysis	\$ 80.00	\$ 85.00	\$ 85.00

Commodity Charge Per 100 Cubic Feet:

Non-Domestic User	\$ 0.3607	\$ 0.3839	\$ 0.3839
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Cross-Connection Charge Per 100 Cubic Feet:

Non-Domestic User	\$ 0.1003	\$ 0.1003	\$ 0.1003
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WATER SERVICE CHARGE

Meter Size	# of Meters	AWWA Meter Ratio	Equivalent Meters	2014 Service Charge	2015/16 Service Charge	Estimated Revenue
5/8"	44,460	1	44,460	\$0.83	\$0.83	\$ 664,232
3/4"	6	2	12	\$1.66	\$1.66	179
1"	3,812	4	15,248	\$3.32	\$3.32	227,805
1 - 1/2"	968	10	9,680	\$8.30	\$8.30	144,619
2"	941	25	23,525	\$20.75	\$20.75	351,464
3"	169	45	7,605	\$37.35	\$37.35	113,619
4"	70	90	6,300	\$74.70	\$74.70	94,122
6"	24	170	4,080	\$141.10	\$141.10	60,955
8"	12	300	3,600	\$249.00	\$249.00	53,784
10"	10	500	5,000	\$415.00	\$415.00	74,700
	<u>50,472</u>		<u>119,510</u>			<u>\$ 1,785,479</u>

SEWER SERVICE CHARGE

Meter Size	# of Meters	AWWA Meter Ratio	Equivalent Meters	2014 Service Charge	2015/16 Service Charge	Estimated Revenue
5/8"	43,864	1	43,864	\$2.00	\$2.00	\$ 1,579,104
3/4"	12	2	24	\$4.00	\$4.00	864
1"	3,652	4	14,608	\$8.00	\$8.00	525,888
1 - 1/2"	927	10	9,270	\$20.00	\$20.00	333,720
2"	886	25	22,150	\$50.00	\$50.00	797,400
3"	168	45	7,560	\$90.00	\$90.00	272,160
4"	68	90	6,120	\$180.00	\$180.00	220,320
6"	24	170	4,080	\$340.00	\$340.00	146,880
8"	12	300	3,600	\$600.00	\$600.00	129,600
10"	9	500	4,500	\$1,000.00	\$1,000.00	162,000
	<u>49,622</u>		<u>115,776</u>			<u>\$ 4,167,936</u>

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

Revenues

Account Name	Account Number	2013	2014			2015/16		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Water & Sewer Charges								
Water Sales	080-46101	\$ 18,735,813	\$ 19,662,000	\$ 9,047,860	\$ 20,029,585	\$ 28,978,200	\$ 28,978,200	\$ 28,978,200
Water Service Charges	080-46103	1,124,684	1,158,600	566,705	1,139,980	1,785,479	1,785,479	1,785,479
Waste Water Treatment Charges	080-47501	12,879,932	14,045,000	6,259,794	13,909,789	20,082,000	20,082,000	20,082,000
Sewer Service Charges	080-47502	2,621,171	2,705,900	1,324,553	2,507,375	4,167,936	4,167,936	4,167,936
<i>Total Water & Sewer Charges</i>		35,361,600	37,571,500	17,198,912	37,586,729	55,013,615	55,013,615	55,013,615
Other Operating Revenue								
Water Sales - Unmetered	080-46000	15,285	14,000	11,205	17,500	22,500	22,500	22,500
Public Fire Protection	080-46300	90,000	90,000	37,500	90,000	135,000	135,000	135,000
Penalties	080-47000	1,502,993	1,500,000	840,892	1,400,000	2,250,000	2,250,000	2,250,000
Water Division - Other Income	080-47100	90,647	75,000	64,233	100,000	135,000	135,000	135,000
Building Rental	080-47200	-	-	4,320	10,900	81,491	81,491	81,491
Meter Repairs	080-47402	2,519	3,000	6,133	10,000	4,500	4,500	4,500
Outside Service Income	080-47404	62,812	35,000	7,168	10,000	35,000	35,000	35,000
Meter Sales	080-47405	41,295	40,000	44,342	75,000	60,000	60,000	60,000
Centerline Transmission Charge	080-47406	20,274	12,000	7,513	17,150	22,500	22,500	22,500
Pre-Treatment Surcharges	080-47407	898,711	780,000	326,791	780,000	1,140,000	1,140,000	1,140,000
Cross Connection Charges	080-47408	244,426	245,000	110,047	245,000	350,000	350,000	350,000
Waste Treatment - Other Income	080-47410	210,484	220,000	101,229	175,000	310,000	310,000	310,000
<i>Total Other Operating Revenue</i>		3,179,446	3,014,000	1,561,373	2,930,550	4,545,991	4,545,991	4,545,991
<i>Total Operating Revenue</i>		38,541,046	40,585,500	18,760,285	40,517,279	59,559,606	59,559,606	59,559,606
Non-Operating Revenue								
Interest On Investments	080-66500	34,546	25,000	20,854	40,000	45,000	45,000	45,000
Gain {Loss} On Asset Conversion	080-47401	37,339	60,000	9,988	20,000	150,000	150,000	150,000
<i>Total Non-Operating Revenue</i>		71,885	85,000	30,842	60,000	195,000	195,000	195,000
GRAND TOTAL		\$ 38,612,931	\$ 40,670,500	\$ 18,791,127	\$ 40,577,279	\$ 59,754,606	\$ 59,754,606	\$ 59,754,606

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

Expenditure Summary

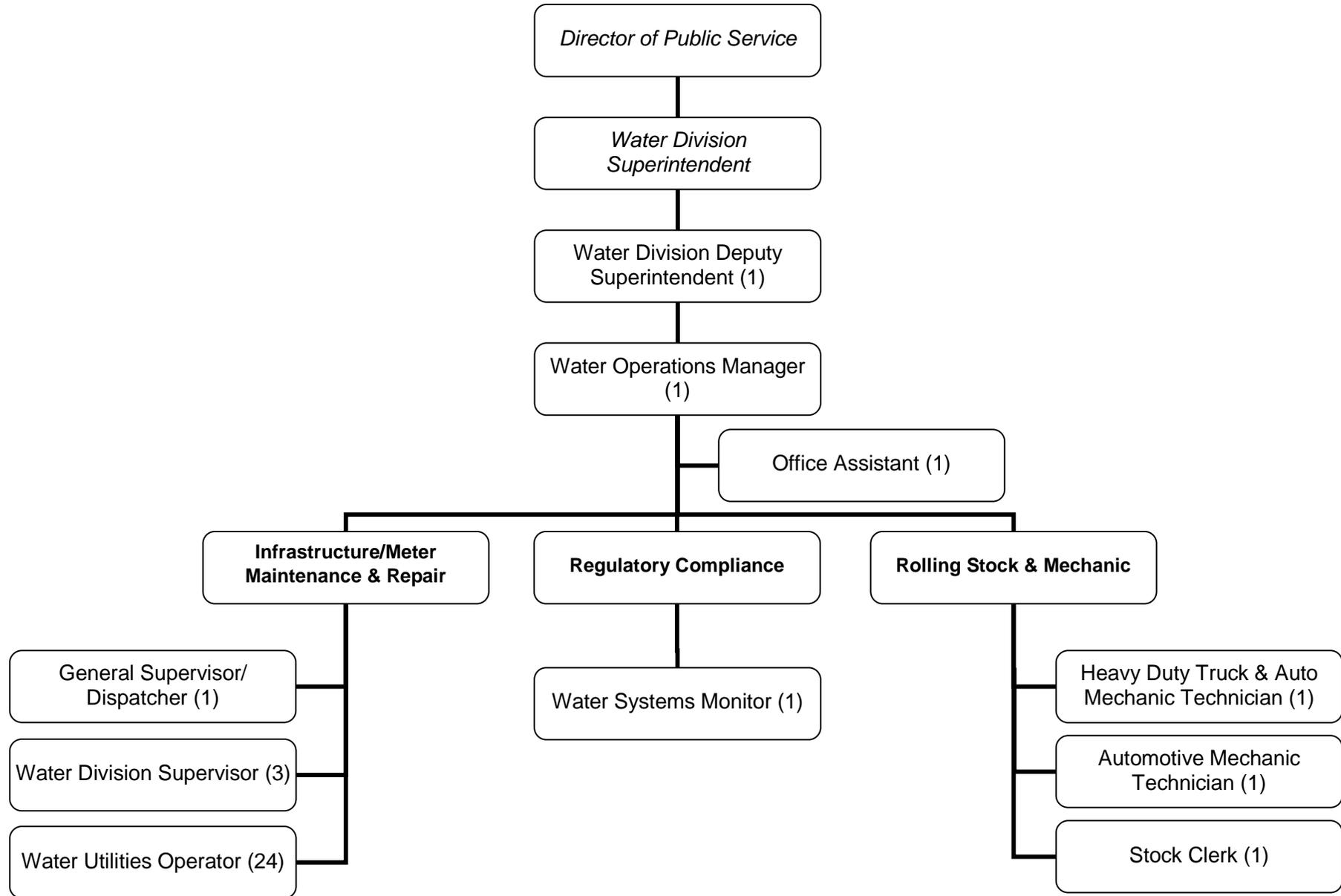
Account Name	Account Number	2013	2014		2015/16			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Wages & Fringe Benefits								
Water & Sewer Maintenance	1540	\$ 3,998,557	\$ 5,199,749	\$ 2,263,343	\$ 4,862,400	\$ 8,293,572	\$ 8,188,192	\$ 8,188,192
Shared Services	1560	1,970,521	2,475,484	1,089,886	2,394,439	4,347,720	4,210,928	4,210,928
Waste Water Treatment	1580	5,214,950	5,951,873	2,631,559	5,754,103	9,275,389	9,275,389	9,275,389
<i>Total Wages & Fringe Benefits</i>		11,184,028	13,627,106	5,984,788	13,010,942	21,916,681	21,674,509	21,674,509
Supplies & Other Charges								
Water Purchases	1537-92700	9,423,500	9,100,000	2,896,885	9,293,250	13,478,000	13,478,000	13,478,000
Uncollectible Debt	1537-95800	-	250,000	-	100,000	100,000	100,000	100,000
Bond Issuance Costs	1537-97003	16,898	-	-	-	-	-	-
Water & Sewer Maintenance	1540	1,759,345	2,930,400	722,627	2,726,000	3,450,113	3,450,113	3,450,113
Shared Services	1560	2,681,943	2,925,295	1,417,126	2,972,495	4,518,585	4,518,585	4,518,585
Waste Water Treatment	1580	2,970,799	3,208,150	1,248,320	3,321,000	4,748,685	4,748,685	4,748,685
<i>Total Supplies & Other Charges</i>		16,852,485	18,413,845	6,284,958	18,412,745	26,295,383	26,295,383	26,295,383
Transfers To/(From) Reserves								
Retained Earnings	67601	2,027,207	(4,795,034)	(3,756,804)	(7,570,509)	(11,734,729)	(3,212,364)	(3,212,364)
WWT Improvement Reserve	1537-96540	(42)	-	-	(45)	-	-	-
Meter Replacement Reserve	1537-96545	300,050	-	-	-	-	-	-
Capital Equipment/Improvement	1537-96547	480,942	5,150,700	5,150,700	8,329,956	10,789,642	2,509,450	2,509,450
Debt Service	1537-96572	7,768,261	8,273,883	5,127,485	8,394,190	12,487,628	12,487,628	12,487,628
<i>Total Transfers</i>		10,576,418	8,629,549	6,521,381	9,153,592	11,542,541	11,784,714	11,784,714
GRAND TOTAL		\$ 38,612,931	\$ 40,670,500	\$ 18,791,127	\$ 40,577,279	\$ 59,754,606	\$ 59,754,606	\$ 59,754,606



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
STATEMENT OF ESTIMATED REVENUES, EXPENSES & CHANGES IN RETAINED EARNINGS
YEAR ENDING JUNE 30, 2016

	TOTAL	Unrestricted	Restricted				
		OPERATION & MAINTENANCE 592020	WASTE WATER TREATMENT IMPROVEMENT 592040	INFRASTRUCTURE REPLACEMENT 592044	METER REPLACEMENT 592045	CAPITAL EQUIPMENT REPLACEMENT 592047	DEBT SERVICE 592072
OPERATING REVENUES:							
Water & sewer charges	\$ 55,013,615	\$ 55,013,615	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenue	4,545,991	4,545,991	-	-	-	-	-
NON-OPERATING REVENUES:							
Interest on investments	90,500	45,000	-	25,000	-	500	20,000
Other Income	434,445	150,000	-	-	-	-	284,445
TRANSFERS FROM:							
Other funds	14,997,078	-	-	-	-	2,509,450	12,487,628
Restricted Reserves	-	-	-	-	-	-	-
OTHER FINANCIAL RESOURCES:							
Financing Proceeds	-	-	-	-	-	-	-
TOTAL FINANCIAL RESOURCES	75,081,629	59,754,606	-	25,000	-	2,509,950	12,792,073
OPERATING EXPENSES:							
Water purchases	13,478,000	13,478,000	-	-	-	-	-
Uncollectible debt		100,000	-	-	-	-	-
Water & sewer maintenance	11,638,305	11,638,305	-	-	-	-	-
Shared services	8,729,513	8,729,513	-	-	-	-	-
Waste water treatment plant	14,024,074	14,024,074	-	-	-	-	-
NON-OPERATING EXPENSES:							
Construction contracts & related costs	11,032,877	-	24,775	8,498,152	-	2,509,950	-
Other non-operating expenses	11,893,615	-	-	-	-	-	11,893,615
TRANSFERS TO:							
Other funds	14,997,078	14,997,078	-	-	-	-	-
TOTAL EXPENSES	85,793,462	62,966,970	24,775	8,498,152	-	2,509,950	11,893,615
NET BUDGET INCREASE (DECREASE)	(10,711,833)	(3,212,364)	(24,775)	(8,473,152)	-	-	898,458
Estimated Fund Equity - January 1, 2015	44,186,556	15,487,854	24,775	16,996,304	-	-	11,677,623
Estimated Fund Equity - June 30, 2016	\$ 33,474,723	\$ 12,275,490	\$ -	\$ 8,523,152	\$ -	\$ -	\$ 12,576,081

Water & Sewer Maintenance



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
Water & Sewer Maintenance

Water Maintenance services include the maintenance and repair of the water mains throughout the City, water service installation, service repairs, responses to requests from the Miss Dig system, gate valve maintenance (repairing and cleaning), and hydrant repair and maintenance. Other water maintenance services include the performance of gate valve inspections and maintenance and emergency repairs required to protect the health and safety of the citizens of Warren.

Meter Repair services include repairing and testing of meters in the shop and in the field, the installation of meters and reading devices, responding to service order requests, and maintaining records for proper reading and billing purposes.

Sewer Maintenance services include televising, cleaning, jetting and vactoring of the main sewers. Cleaning of sanitary sewers throughout the city is a priority. A systematic program of sewer cleaning helps reduce basement flooding, since a clean sewer acts as a reservoir for sanitary sewage. Specialized equipment, such as jet, vactor, rodder, and bucket machines, are utilized in the performance of this function. This, and other related equipment must be properly maintained and available for use, without delay, as the need arises. Filming of sanitary sewers where problems are suspected confirms the nature and extent of existing problems and provides the data necessary for effective repair or replacement. Other tasks of sewer maintenance include repairing manholes on a regular basis and investigating and resolving citizen complaints regarding plugged main sewers.

Significant Notes – 2015/16 Adopted Budget Compared to 2014 Adopted Budget

Personnel:

The total cost of personnel services and benefits increased by \$388,568 or 4.8%, with insurance and Veba costs being the main reason for the increase along with an increase in overtime costs. Employees' Veba trust expenses increased as a result of the change to the contribution policy. Periodic employer contributions are no longer calculated as a percentage of annual covered payrolls, but rather are based on actuarially determined dollar values.

Other Charges:

Total other charges decreased by \$945,487 or 21.5%. Meter replacement expense was increased by \$84,000 to replenish meter inventory and allow for testing of aging compound meters. Operating supplies, professional services and auto expense were also increased to bring the budgeted amounts in line with actual expenses. These increases were offset by a \$1,022,320 decrease in concrete, lawn and manhole repairs.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

**Water & Sewer Maintenance
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
Deputy Superintendent	1	\$ 89,512	1	\$ 90,631	1	\$ 90,631	1	90,631
Water Operations Manager	1	85,050	1	86,113	1	86,113	1	86,113
General Supervisor/Dispatcher	1	76,544	1	77,501	1	77,501	1	77,501
Water Division Supervisor	3	70,907	3	71,794	3	71,794	3	71,794
Water Utilities Operator	24	56,992	24	57,704	24	57,704	24	57,704
Senior Water Systems Monitor	-	-	1	(b) 75,445	-	-	-	-
Water Systems Monitor	1	63,743	1	64,540	1	64,540	1	64,540
Heavy Duty Truck & Auto Mech. Technician	1	64,230	1	65,033	1	65,033	1	65,033
Automotive Mechanic Technician	1	64,230	1	65,033	1	65,033	1	65,033
Stock Clerk	1	53,206	1	53,871	1	53,871	1	53,871
Office Assistant	1	34,707	1	35,141	1	35,141	1	35,141
Overtime		100,000		225,000		225,000		225,000
Temporary Employees		100,000		100,575		100,575		100,575
Total Personnel	<u>35</u>		<u>36</u>		<u>35</u>		<u>35</u>	

(a) Wage rates are based on Local 1250, Local 412 - Units 35 and 59, and Local 1917 contracts that expire 06/30/16.

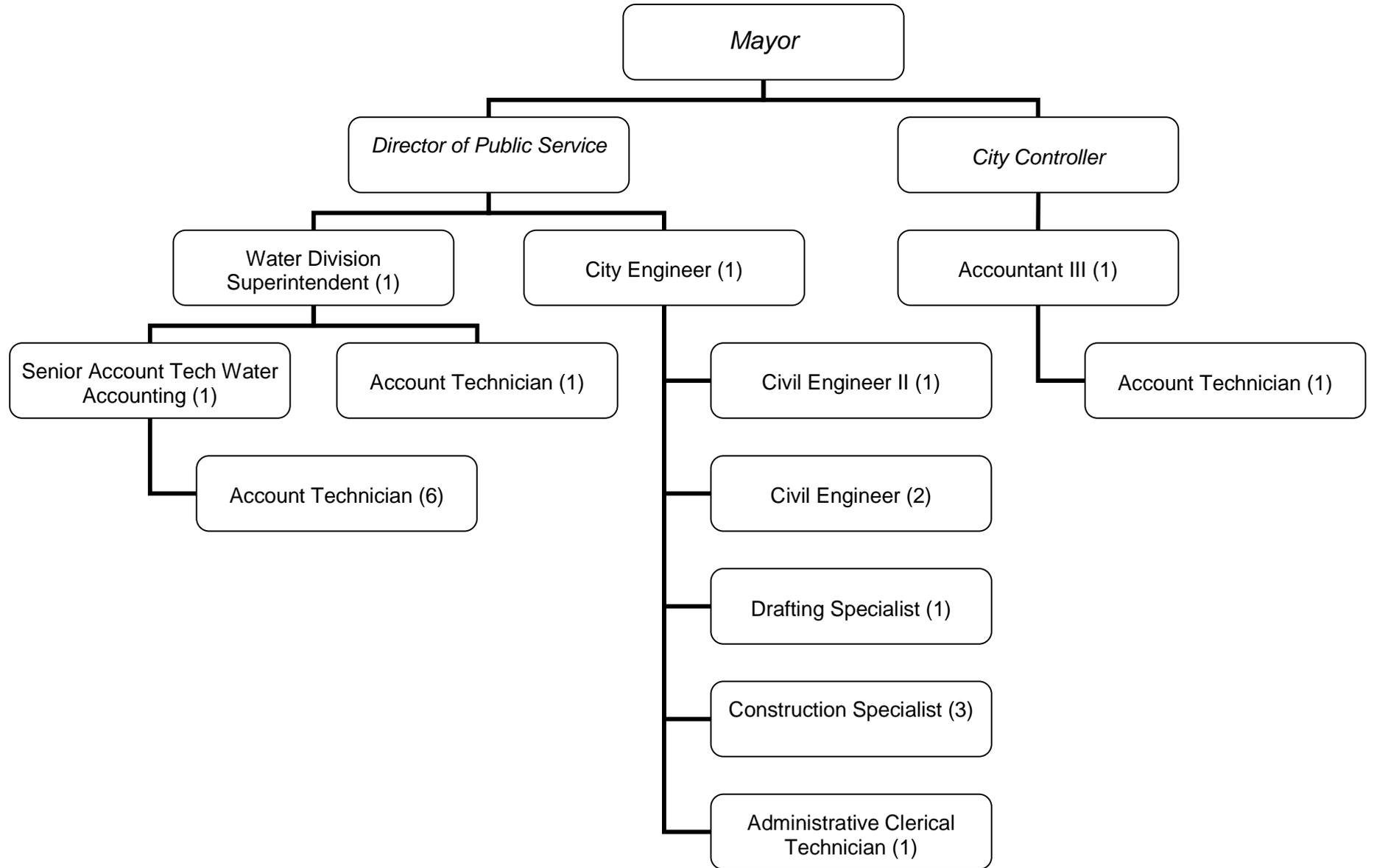
(b) New position.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

Water & Sewer Maintenance

Account Name	Account Number	2013	2014			2015/16		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Personnel Services								
Permanent Employees	70600	\$ 1,683,432	\$ 1,990,266	\$ 818,249	\$ 1,810,000	\$ 3,085,242	\$ 3,012,906	\$ 3,012,906
Temporary Labor	70700	77,737	100,000	24,551	75,000	100,575	100,575	100,575
Overtime	70900	87,035	100,000	80,205	150,000	225,000	225,000	225,000
Employee Benefits								
Education & Training	71302	8,661	14,400	465	10,000	23,600	23,600	23,600
Social Security	71500	143,502	172,136	72,390	160,500	267,779	262,245	262,245
Insurances	71900	320,619	534,279	143,596	320,000	1,029,703	1,010,353	1,010,353
Employees' VEBA Trust	71904	479,795	482,834	242,610	556,700	942,168	942,168	942,168
Health Savings	71905	5,565	10,041	3,643	8,500	18,872	18,149	18,149
Supplemental Life Insurance	71906	2,779	3,022	1,541	3,022	4,701	4,497	4,497
Longevity	72100	53,414	57,788	28,533	57,788	87,641	87,641	87,641
Retirement Fund	72200	1,041,582	1,595,000	797,498	1,595,000	2,281,323	2,281,323	2,281,323
Defined Contribution Expense	72201	90,434	134,093	48,354	110,000	221,079	213,845	213,845
Uniforms	72401	4,002	5,890	1,708	5,890	5,890	5,890	5,890
Other Charges								
Operating Supplies	74000	238,355	355,000	148,161	450,000	550,000	550,000	550,000
Materials	78700	83,107	50,000	97,481	135,000	75,000	75,000	75,000
Meter Replacement	78900	156,704	50,000	50,033	75,000	159,000	159,000	159,000
Professional Services	80100	507,807	550,000	130,862	500,000	859,890	859,890	859,890
Dirt Removal	80102	67,574	180,000	88,769	181,000	150,000	150,000	150,000
Concrete, Lawn & Manhole Repairs	80103	439,171	1,455,400	47,905	1,000,000	1,160,780	1,160,780	1,160,780
Telephone	85300	24,435	35,000	19,344	35,000	52,943	52,943	52,943
Auto Expense	86300	146,797	150,000	74,794	200,000	275,000	275,000	275,000
Utilities	92000	90,144	80,000	57,361	120,000	130,000	130,000	130,000
Facility Maintenance	97500	5,251	25,000	7,917	30,000	37,500	37,500	37,500
Total Water & Sewer Maintenance		\$ 5,757,902	\$ 8,130,149	\$ 2,985,970	\$ 7,588,400	\$ 11,743,686	\$ 11,638,305	\$ 11,638,305

Shared Services



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
Shared Services

The accounting function assembles data and issues financial information for both the Water Division and Waste Water Treatment Plant. This function is responsible for verifying that all financial activity for the Water & Sewer System, including List-of-Bills, accounts receivable, cash receipts, and City Treasurer investments are accurately entered in the System's financial records. The Accountant III and Two Account Technicians are included in this section. Their responsibilities include the review of all financial activity and computer entries, such as purchase requisitions, purchase orders and invoices, and vendor payments. They are responsible for payroll and correctly distributing the associated costs. They also prepare various monthly financial and operation reports and invoice private parties and other City departments for reimbursement of costs incurred on their behalf by the Water & Sewer System.

Customer Service handles all questions regarding water bills, landlord and tenant arrangements, and bankruptcies as it relates to customer accounts, water taps, meter installations, repairing or replacing stop boxes, plugged main sewers, and the availability of water and sewer service. Other responsibilities of this section include the issuance of all water permits and resolution of delinquent accounts. Customer Service also compiles a listing of all unpaid accounts as of December 31st, since all unpaid accounts as of that date are placed on the tax roll for collection. Personnel in this area also review the accuracy of readings. Included in this review is a check for inordinately high or low readings that could indicate a mechanical malfunction of either the meter or reading devices or a customer problem that requires resolution.

Under the direction of the City Engineer, personnel are assigned to draft, inspect, and implement infrastructure projects throughout the City that are related to the Water & Sewer System.

Significant Notes – 2015/16 Adopted Budget Compared to 2014 Adopted Budget

Personnel:

The total cost of personnel services and benefits increased by \$497,702 or 11.8%; with 2 Construction Specialist positions being added to work on the unprecedented number of infrastructure repair and improvement projects. Increases to insurance and Veba costs along with 2 reclassifications also were contributing factors. Periodic employer contributions for Veba costs are no longer calculated as a percentage of annual covered payrolls, but rather are based on actuarially determined dollar values.

Other Charges:

Total other charges increased by \$130,642 or 2.9%. Reimbursement to the City for administrative expenses increased \$103,032 or 3.63%. Postage increased by \$6,535 or 1.8% due to an increase in postal rates and additional mailings associated with delinquent accounts. Professional services, auditing and MSDWA Annual fees increased by \$40,000 due to certain annual expenses being incurred twice during this 18 month budget period. These increases were offset by a decrease of \$20,000 or 45% in Operating Supplies.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

**Shared Services
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
Superintendent	1	\$ 94,483	1	\$ 95,664	1	\$ 95,664	1	\$ 95,664
Senior Account Tech./Water Acctg.	1	58,143	1	58,870	1	58,870	1	58,870
Budget Cost Analyst	1	70,663	-	(c) -	-	(c) -	-	(c) -
Accountant III	-	-	1	(c) 78,068	1	(c) 78,068	1	(c) 78,068
Account Technician	7	54,089	8	(c) 54,765	8	(c) 54,765	8	(c) 54,765
Administrative Clerical Technician	1	51,739	1	52,386	1	52,386	1	52,386
Account Specialist	1	50,439	-	(c) -	-	(c) -	-	(c) -
City Engineer	1	113,400	1	114,818	1	114,818	1	114,818
Civil Engineer II	1	83,224	1	84,264	1	84,264	1	84,264
Civil Engineer	2	79,405	2	80,398	2	80,398	2	80,398
Drafting Specialist	1	58,588	1	59,320	1	59,320	1	59,320
Construction Specialist	1	62,608	3	(b) 63,391	3	(b) 63,391	3	63,391
Overtime - Customer Service		25,000		45,000		45,000		45,000
Overtime - Engineering		56,900		142,300		100,000		100,000
Temporary Employees		30,000		110,000		30,000		30,000
Total Personnel	<u>18</u>		<u>20</u>		<u>20</u>		<u>20</u>	

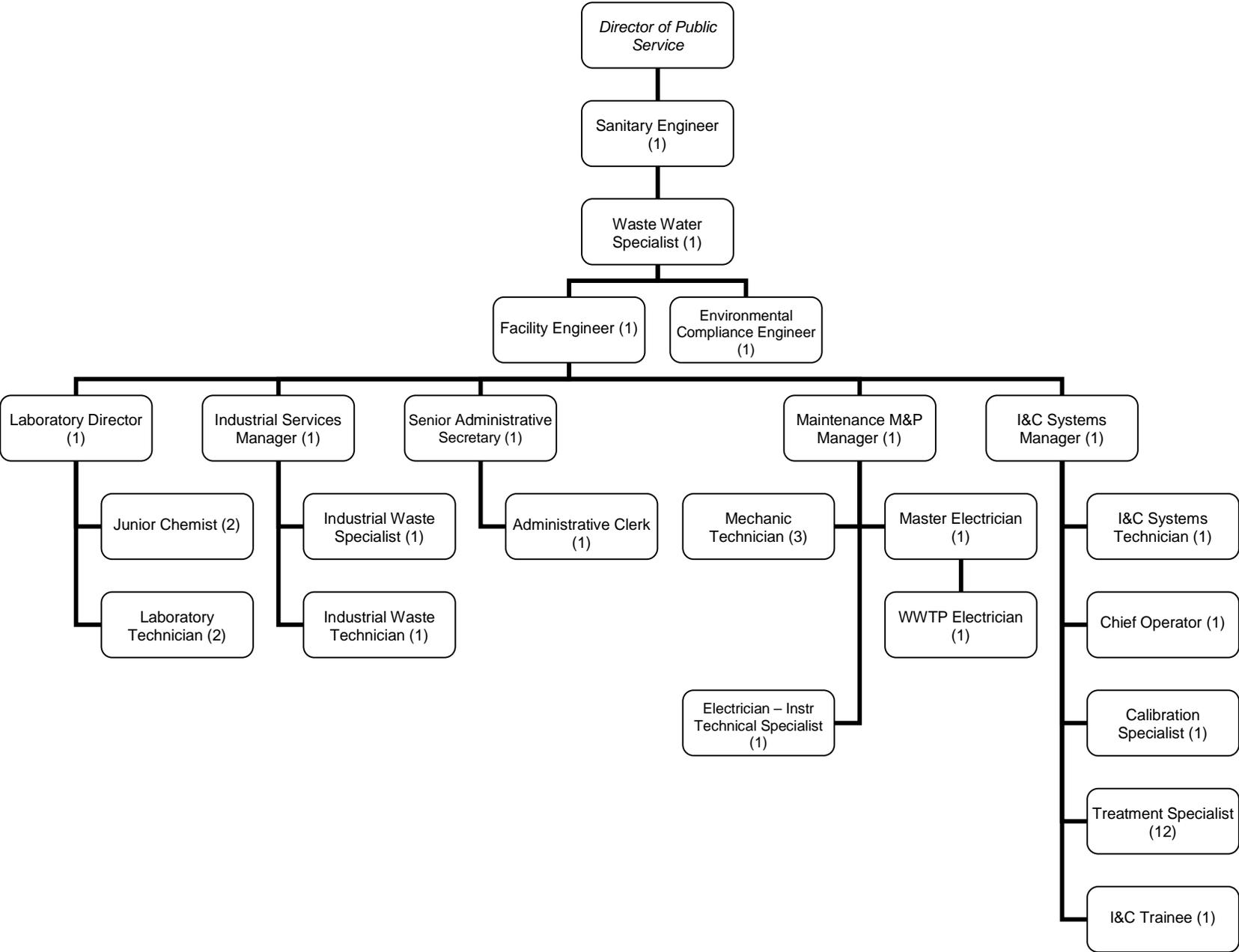
- (a) Wage rates are based on Local 1250, Local 412 - Units 35 and 59, and Local 1917 contracts that expire 06/30/16.
- (b) New Positions.
- (c) Reclassifications of Budget Cost Analyst to Accountant III and Account Specialist to Account Technician.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

Shared Services

Account Name	Account Number	2013	2014		2015/16			
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Personnel Services								
Permanent Employees	70600	\$ 940,459	\$ 1,133,039	\$ 518,968	\$ 1,133,039	\$ 1,931,998	\$ 1,931,998	\$ 1,931,998
Temporary Employees	70700	45,091	30,000	6,039	20,000	110,000	30,000	30,000
Overtime	70900	92,403	81,900	28,472	81,900	187,300	145,000	145,000
Employee Benefits								
Education & Training	71302	4,950	3,700	1,000	6,000	4,800	4,800	4,800
Social Security	71500	83,467	97,757	43,222	97,757	174,698	165,341	165,341
Insurances	71900	161,978	262,872	69,229	165,000	565,022	564,540	564,540
Employees' VEBA Trust	71904	197,757	220,315	108,093	245,500	412,198	412,198	412,198
Health Savings	71905	4,612	7,158	2,524	6,500	12,166	11,743	11,743
Supplemental Life Insurance	71906	882	870	487	870	1,524	1,524	1,524
Longevity	72100	29,551	30,183	15,000	30,183	50,501	50,501	50,501
Retirement Fund	72200	331,064	507,500	253,754	507,500	725,876	725,876	725,876
Defined Contribution Expense	72201	78,292	100,000	43,098	100,000	171,067	166,837	166,837
Uniforms	72401	15	190	-	190	570	570	570
Other Charges								
Operating Supplies	74000	11,071	30,000	4,607	20,000	25,000	25,000	25,000
Professional Services	80100	129,365	180,000	75,678	195,000	290,000	290,000	290,000
Auditing	80105	10,100	17,700	-	17,700	33,000	33,000	33,000
Postage	80200	217,626	235,000	132,491	280,000	359,035	359,035	359,035
Unemployment Benefits	80300	923	3,000	-	1,000	4,000	4,000	4,000
Telephone	85300	8,298	5,000	2,432	5,000	10,000	10,000	10,000
Auto Expense	86300	153	1,000	38	200	750	750	750
General Insurance	91000	500,000	600,000	300,000	600,000	900,000	900,000	900,000
Utilities	92000	715	750	230	750	1,000	1,000	1,000
Administrative Expense	94200	1,777,050	1,825,845	901,650	1,825,845	2,841,800	2,841,800	2,841,800
M.S.D.W.A. Annual Fee	96202	26,642	27,000	-	27,000	54,000	54,000	54,000
Total Shared Services		\$ 4,652,464	\$ 5,400,779	\$ 2,507,012	\$ 5,366,934	\$ 8,866,305	\$ 8,729,513	\$ 8,729,513

Waste Water Treatment Plant



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
Waste Water Treatment Plant

Warren's Waste Water Treatment Facility, constructed in 1959, was one of the first advanced waste water treatment facilities to be placed in service and continues to meet the stringent discharge limitations imposed by State and Federal authorities. Warren residents can be proud of their facility and should be aware that their sewer rates have not dramatically increased over the past several years, as have the rates of suburban customers of the Detroit Sewage Treatment System. The Treatment Plant staff is proud of the many awards received attesting to the outstanding operational performance of the Plant. The exemplary performance record has been maintained, in part, as the result of the solid budgetary support provided in the past and can only be maintained with a continuation of that support.

A small, but highly technical staff of thirty-eight (38) employees will operate and maintain the Treatment Plant in Budget 2015/16. Their responsibilities include plant operations, plant maintenance, laboratory operations, the Industrial Pretreatment Monitoring and Enforcement, employee safety, grounds maintenance, and administrative support.

Significant Notes – 2015/16 Adopted Budget Compared to 2014 Adopted Budget

Personnel:

The total cost of personnel services and benefits increased by \$347,580 or 3.8% with insurance and Veba costs being the main reason for the increase along with an employee reclassification from Office Assistant to Administrative Clerk. Employees' Veba trust expenses increased as a result of the change to the contribution policy. Periodic employer contributions are no longer calculated as a percentage of annual covered payrolls, but rather are based on actuarially determined dollar values.

Supplies:

Total operating supplies, which include chemicals decreased by \$226,040 or 38.4%. Chemical costs continued to decrease since the ultraviolet light disinfection process was implemented as less chlorine and sodium bi-sulfite are needed.

Other Charges:

Total other charges increased by \$162,500 or 3.7% with an increase in utilities of \$120,000 and an increase in ash removal of \$105,000 being the main factors. These increases were partially offset by a \$75,000 or 25% decrease in professional services.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

**Waste Water Treatment Plant
Personnel**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
Sanitary Engineer	1	\$ 102,683	1	\$ 103,967	1	\$ 103,967	1	\$ 103,967
Wastewater Specialist	1	84,831	1	85,892	1	85,892	1	85,892
Facility Engineer	1	86,853	1	87,939	1	87,939	1	87,939
Environmental Compliance Engineer	1	86,702	1	87,786	1	87,786	1	87,786
<i>Laboratory Section:</i>								
Laboratory Director	1	81,114	1	82,128	1	82,128	1	82,128
Junior Chemist	2	63,585	2	64,380	2	64,380	2	64,380
Laboratory Technician	2	56,597	2	57,304	2	57,304	2	57,304
<i>Maintenance Section:</i>								
Maintenance M&P Manager	1	74,159	1	75,086	1	75,086	1	75,086
Mechanic Technician	3	62,674	3	63,457	3	63,457	3	63,457
Master Electrician	1	69,480	1	70,349	1	70,349	1	70,349
WWTP Electrician	1	66,901	1	67,737	1	67,737	1	67,737
Electrician/Instrumentation Technical Spec.	1	76,582	1	77,539	1	77,539	1	77,539

(a) Wage rates are based on Local 1250, Local 412 - Units 35 and 59, and Local 1917 contracts that expire 06/30/16.

(c) Reclassification of Office Assistant to Administrative Clerk - WWTP.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

**Waste Water Treatment Plant
Personnel {continued}**

	<u>Present</u>		<u>Department Requested {a}</u>		<u>Recommended By Mayor {a}</u>		<u>Council Adopted</u>	
	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>	<u>#</u>	<u>Rate</u>
<i>Industrial Services/Stormwater Section:</i>								
Industrial Services Manager	1	76,582	1	77,539	1	77,539	1	77,539
Industrial Waste Specialist	1	60,593	1	61,350	1	61,350	1	61,350
Industrial Waste Technician	1	53,718	1	54,389	1	54,389	1	54,389
<i>Operating Section:</i>								
I & C System Manager	1	81,217	1	82,232	1	82,232	1	82,232
I & C System Technician	1	68,383	1	69,238	1	69,238	1	69,238
I & C Trainee	1	58,529	1	59,261	1	59,261	1	59,261
Chief Operator	1	86,702	1	87,786	1	87,786	1	87,786
Treatment Specialist	12	60,861	12	61,622	12	61,622	12	61,622
Calibration Specialist	1	59,553	1	60,297	1	60,297	1	60,297
<i>Clerical Section:</i>								
Senior Administrative Secretary - WWTP	1	56,128	1	56,830	1	56,830	1	56,830
Office Assistant	1	34,707	-	(c) -	-	(c) -	-	(c) -
Administrative Clerk - WWTP	-	-	1	(c) 48,809	1	(c) 48,809	1	(c) 48,809
Overtime		206,680		350,200		350,200		350,200
Temporary Employees		50,000		75,000		75,000		75,000
Total Personnel	<u>38</u>		<u>38</u>		<u>38</u>		<u>38</u>	

(a) Wage rates are based on Local 1250, Local 412 - Units 35 and 59, and Local 1917 contracts that expire 06/30/16.

(c) Reclassification of Office Assistant to Administrative Clerk - WWTP.

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - OPERATION & MAINTENANCE FUND
2015/16 BUDGET FINANCIAL STATEMENTS

Waste Water Treatment

Account Name	Account Number	2013	2014			2015/16		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Personnel Services								
Permanent Employees	70600	\$ 2,458,239	\$ 2,558,139	\$ 1,197,794	\$ 2,558,139	\$ 3,854,294	\$ 3,854,294	\$ 3,854,294
Temporary Employees	70700	21,648	50,000	1,219	30,000	75,000	75,000	75,000
Overtime	70900	192,282	206,680	97,689	255,000	350,200	350,200	350,200
Employee Benefits								
Education & Training	71302	36,821	63,500	9,744	35,000	78,300	78,300	78,300
Certification Bonuses	71303	51,000	45,000	-	45,000	50,000	50,000	50,000
Social Security	71500	215,804	229,266	102,710	229,266	345,309	345,309	345,309
Holiday Pay	71700	54,996	54,662	32,544	54,662	76,356	76,356	76,356
Insurances	71900	373,415	582,892	167,173	375,000	1,127,799	1,127,799	1,127,799
Employees' VEBA Trust	71904	853,396	899,448	419,039	909,750	1,472,138	1,472,138	1,472,138
Health Savings	71905	6,955	7,883	3,818	7,883	19,263	19,263	19,263
Supplemental Life Insurance	71906	4,346	4,694	2,479	4,694	7,692	7,692	7,692
Longevity	72100	84,954	83,561	26,427	83,561	109,415	109,415	109,415
Retirement Fund	72200	576,068	870,000	435,000	870,000	1,244,358	1,244,358	1,244,358
Defined Contribution Expense	72201	280,382	291,018	134,436	291,018	460,135	460,135	460,135
Uniforms	72401	4,644	5,130	1,487	5,130	5,130	5,130	5,130
Other Charges								
Operating Supplies	74000	57,665	92,150	35,519	130,000	137,185	137,185	137,185
Chemicals	74300	218,586	300,000	62,267	200,000	225,000	225,000	225,000
Professional Services	80100	15,025	200,000	36,223	100,000	225,000	225,000	225,000
Building Lease	80104	54,000	54,000	27,000	54,000	81,000	81,000	81,000
Odor Control	80107	11,762	25,000	3,467	15,000	30,000	30,000	30,000
Ash Removal Contract	81800	79,804	80,000	39,255	200,000	225,000	225,000	225,000
Telephone	85300	13,732	12,000	2,546	12,000	18,000	18,000	18,000
Auto Expense	86300	22,089	15,000	9,549	30,000	37,500	37,500	37,500
Utilities	92000	624,897	600,000	363,073	600,000	1,170,000	1,170,000	1,170,000
Electric Power	92001	1,327,336	1,200,000	428,402	1,200,000	1,650,000	1,650,000	1,650,000
Repairs & Maintenance	93000	522,639	600,000	220,072	750,000	900,000	900,000	900,000
Management Agency Fee	96201	23,264	30,000	20,947	30,000	50,000	50,000	50,000
Total Waste Water Treatment		\$ 8,185,749	\$ 9,160,023	\$ 3,879,879	\$ 9,075,103	\$ 14,024,074	\$ 14,024,074	\$ 14,024,074

SPECIAL PURPOSE RESERVES

Debt Service

Waste Water Treatment Improvement

Infrastructure Replacement

Meter Replacement

Capital Equipment Replacement



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2015/16 BUDGET FINANCIAL STATEMENTS

Account Name	Account Number	2013	2014			2015/16		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Debt Service								
Revenues:								
Miscellaneous Income	47100	\$ 188,363	\$ 193,835	\$ 90,737	\$ 193,835	\$ 284,445	\$ 284,445	\$ 284,445
Interest on Investments	66500	1,114	1,500	12,066	20,000	20,000	20,000	20,000
Operation & Maintenance Fund	67620	5,079,603	5,127,485	5,127,485	5,091,315	7,289,835	7,289,835	7,289,835
O&M Fund - Generated from Rate	67622	2,688,658	3,146,398	-	3,302,875	5,197,793	5,197,793	5,197,793
Total Financial Resources		7,957,739	8,469,218	5,230,289	8,608,025	12,792,073	12,792,073	12,792,073
Expenditures:								
<i>Capital Improvement Bond Debt Service</i>								
Principal	99602	60,000	65,000	65,000	65,000	135,000	135,000	135,000
Interest	99603	29,154	27,388	14,202	27,388	37,414	37,414	37,414
Principal	99604	2,842,306	3,570,674	1,820,000	3,570,674	5,069,898	5,069,898	5,069,898
Interest	99605	1,963,022	2,511,454	1,267,259	2,511,454	3,571,077	3,571,077	3,571,077
<i>State Revolving Fund Bond Debt Service</i>								
Principal	99606	1,090,000	1,110,000	695,000	1,110,000	1,860,000	1,860,000	1,860,000
Interest	99607	346,948	328,045	168,874	324,214	460,545	460,545	460,545
<i>Lease/Installment Purchases</i>								
Principal	99611	487,443	522,020	94,843	522,020	558,340	558,340	558,340
Interest	99612	19,835	12,722	7,309	12,722	4,983	4,983	4,983
Interest	99613	210,661	203,379	-	203,379	194,358	194,358	194,358
Other costs	99700	1,567	2,000	587	2,000	2,000	2,000	2,000
Total Transfers & Expenditures		7,050,936	8,352,681	4,133,075	8,348,850	11,893,615	11,893,615	11,893,615
Net Increase (Decrease)	96501	906,802	116,537	1,097,214	259,175	898,458	898,458	898,458
Beginning Restricted Reserve		10,511,646	11,418,448	11,418,448	11,418,448	11,677,623	11,677,623	11,677,623
Ending Restricted Reserve		\$ 11,418,448	\$ 11,534,985	\$ 12,515,662	\$ 11,677,623	\$ 12,576,081	\$ 12,576,081	12,576,081

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 BUDGET WORKPAPERS
DEBT SERVICE SUMMARY

	2015/16 Budget Year			Total	Average	Highest
	Principal	Interest	Total	Outstanding Debt @ BYE	Annual Debt Service	Annual Debt Service
Capital Improvement Bonds						
2003 Capital improvement bonds	\$ 135,000.00	\$ 37,413.75	\$ 172,413.75	\$ 560,000	\$ 103,113	\$ 172,414
2010 Capital improvement bonds - AMR	675,000.00	632,100.00	1,307,100.00	7,690,000	678,982	1,022,655
2010 Capital improvement refunding bonds	1,715,000.00	43,862.50	1,758,862.50	-	1,758,863	1,758,863
2012 Capital improvement refunding bonds	940,000.00	932,400.00	1,872,400.00	15,070,000	1,628,100	2,380,500
2013 Capital improvement refunding bonds	154,898.15	69,140.19	224,038.34	1,603,900	170,139	224,038
Total capital improvement bonds	<u>3,619,898.15</u>	<u>1,714,916.44</u>	<u>5,334,814.59</u>	<u>24,923,900</u>	<u>4,339,197</u>	<u>5,558,471</u>
State Revolving Fund Bonds						
5134-01: Sand filter	240,000.00	97,312.50	337,312.50	2,435,000	305,861	337,313
5134-02: Water system improvements	625,000.00	127,287.50	752,287.50	3,575,000	432,557	752,288
5134-03: Sand filter stage 2	55,000.00	19,404.15	74,404.15	572,091	70,001	74,404
5134-04: Solids handling improvements	805,000.00	121,103.14	926,103.14	4,430,000	523,791	926,103
Total state revolving fund bonds	<u>1,725,000.00</u>	<u>365,107.29</u>	<u>2,090,107.29</u>	<u>11,012,091</u>	<u>1,332,211</u>	<u>2,090,108</u>
Installment/Lease Purchases						
WWTP waste heat to energy project	199,321.29	4,982.71	204,304.00	-	204,304	204,304
2011 Installment purchase agreement	359,018.75	194,358.25	553,377.00	6,760,330	712,839	870,821
Total installment/lease purchases	<u>558,340.04</u>	<u>199,340.96</u>	<u>757,681.00</u>	<u>6,760,330</u>	<u>917,143</u>	<u>1,075,125</u>
Total 2015 Debt Service	<u>\$ 5,903,238.19</u>	<u>\$ 2,279,364.69</u>	<u>\$ 8,182,602.88</u>	<u>\$ 42,696,321</u>	<u>\$ 6,588,551</u>	<u>\$ 8,723,704</u>

Debt Service Reserve Options - Applies To Bonds		
10% of O/S Debt	110% of Avg Debt	Highest Annual
\$ 4,269,632	\$ 7,247,406	\$ 8,723,704

Debt Service Reserve Ordinance Requirement
\$ 4,269,632

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
2015/16 CITY COUNCIL ADOPTED BUDGET
Debt Service Reserve

Pursuant to section 41-181(3) of the Code of Ordinances of the City of Warren, each July the city could increase the combined water and waste water rates to provide funding to pay the long term financing costs for needed capital improvements. In fiscal years 2009, 2010, 2011, 2012, 2013 and 2014 the mid-year adjustments were 2.5%, 2%, 2%, 1.5%, 1.5% and 1.5% respectively. In budget year 2015/16, the mid-year adjustment will be 1.5%. Below is a schedule for budget 2015/16 detailing the estimated revenues from the funding increase, the estimated expenses to be charged against the revenues, and the net balance remaining:

Beginning Balance:		\$6,817,667 {estimated}
2015/16 Estimated Revenues	\$5,197,793	
2015/16 Estimated Expenses	<u>(\$3,709,011)</u>	
Net Cumulative Balance (at June 30, 2016):		\$8,306,449 {estimated}

The following capital projects are committed against these funds:

UV Disinfection System – WWTP State Revolving Fund Revenue Issue #5401-01 \$3,090,000, 2.5% interest, 15 years remaining Highest Annual Principal & Interest Payment	\$ 190,098
2012 Capital Improvement Bond Issue \$15,680,000, 2.0% - 4.1% interest, 21 years remaining Highest Annual Principal & Interest Payment	\$1,020,180
2013 Capital Improvement Bond Issue \$18,775,000, 4.0% - 4.5% interest, 18 years remaining Highest Annual Principal & Interest Payment	\$1,439,063



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2015/16 BUDGET FINANCIAL STATEMENTS

Waste Water Treatment Improvement		2013	2014			2015/16		
		Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Account Name	Account Number							
Revenues:								
Interest on Investments	66500	\$ 43	\$ -	\$ 36	\$ 45	\$ -	\$ -	\$ -
Financing Proceeds	69600	36,951	-	-	-	-	-	-
Total Financial Resources		36,994	-	36	45	-	-	-
Expenditures:								
Transfers to Operation & Maintenance	96520	42	-	-	45	-	-	-
Construction Contracts	97001	-	24,775	-	-	24,775	24,775	24,775
State Revolving Fund Projects	97002	36,952	-	-	-	-	-	-
Total Expenditures		36,994	24,775	-	45	24,775	24,775	24,775
Net Increase (Decrease)	67601	-	(24,775)	36	-	(24,775)	(24,775)	(24,775)
Beginning Restricted Reserve		24,775	24,775	24,775	24,775	24,775	24,775	24,775
Ending Restricted Reserve		\$ 24,775	\$ -	\$ 24,811	\$ 24,775	\$ -	\$ -	\$ -

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2015/16 BUDGET FINANCIAL STATEMENTS

Infrastructure Replacement		2013	2014		2015/16			
Account Name	Account Number	Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 27,725	\$ 50,000	\$ 25,843	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000
Financing Proceeds	69600	19,026,625	-	-	-	-	-	-
Total Financial Resources		19,054,350	50,000	25,843	50,000	25,000	25,000	25,000
Expenditures:								
Construction Contracts	97001	2,248,741	13,230,689	1,598,064	13,230,689	8,498,152	8,498,152	8,498,152
Bond issuance costs	97003	82,961	-	-	-	-	-	-
Total Expenditures		2,331,702	13,230,689	1,598,064	13,230,689	8,498,152	8,498,152	8,498,152
Net Increase (Decrease)	67601	16,722,648	(13,180,689)	(1,572,221)	(13,180,689)	(8,473,152)	(8,473,152)	(8,473,152)
Beginning Unspent Bond Proceeds		14,980,447	31,703,095	31,703,095	31,703,095	16,996,304	16,996,304	16,996,304
Beginning Restricted Reserve		46,119	46,119	46,119	46,119	-	-	-
Ending Unspent Bond Proceeds		31,703,095	18,518,525	30,126,993	16,996,304	8,523,152	8,523,152	8,523,152
Ending Restricted Reserve		\$ 46,119	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
INFRASTRUCTURE REPLACEMENT RESERVE

Project Description	Cost Estimate
ONGOING APPROVED PROJECTS (Funded with 2012/2013 Capital Improvement Bonds)	
<i>Watermain Replacement Projects</i>	
Watermain Replacement to Gen Building	\$ 58,826
Watermain Installation to NE Section of WWTP	144,090
Regency Park Drive watermain loop (Stephens to 1,200 feet south)	190,000
Toepfer Road (Ryan to Mound)	925,000
Cousino and Holmes	600,000
Replacement of Deteriorated Existing Watermains, City Wide	868,148
Watermain Upsize and Redundant Looping Projects	<u>2,400,000</u>
Subtotal	<u>5,186,064</u>
<i>Infiltration Removal from the Sanitary Sewer System</i>	
Project Plan for Sanitary Collection System Permit Compliance	283,000
<i>Sanitary Sewer Replacements/Repairs due to Condition</i>	
Cunningham from Toepfer to Nine Mile	600,000
<i>Repair of Sewage Infiltration into the Storm Sewer System</i>	
Eight Mile, west of Groesbeck	250,000
Dequindre, north of Eight Mile	50,000
Hoover at Toepfer	150,000
Chicago between Blair and Dimas	350,000
Essex West of Lorraine (Sec 27)	<u>550,000</u>
Subtotal	<u>2,233,000</u>
<i>Relief Sewers</i>	
13 Mile Road and Martin Road	9,577,240
 Total Ongoing Projects	 <u><u>\$ 16,996,304</u></u>



CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2015/16 BUDGET FINANCIAL STATEMENTS

Meter Replacement		2013	2014			2015/16		
Account Name	Account Number	Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 499	\$ 90	\$ 133	\$ 200	\$ -	\$ -	\$ -
Operation & Maintenance	67620	300,050	-	-	-	-	-	-
Total Financial Resources		300,549	90	133	200	-	-	-
Expenditures:								
Construction Contracts	97001	933,553	356,924	14,040	275,944	-	-	-
Total Expenditures		933,553	356,924	14,040	275,944	-	-	-
Net Increase (Decrease)	67601	(633,004)	(356,834)	(13,907)	(275,744)	-	-	-
Beginning Unspent Bond Proceeds		908,748	275,744	275,744	275,744	-	-	-
Ending Unspent Bond Proceeds		\$ 275,744	\$ (81,090)	\$ 261,837	\$ -	\$ -	\$ -	\$ -

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM - RESTRICTED USE RESERVES
2015/16 BUDGET FINANCIAL STATEMENTS

Capital Equipment/Improvement		2013	2014			2015/16		
Account Name	Account Number	Fiscal Year Actual	Amended Budget	Actual Thru June 30	Fiscal Year Estimated	Department Request	Recommended By Mayor	Council Adopted
Revenues:								
Interest on Investments	66500	\$ 336	\$ 200	\$ 230	\$ 400	\$ 500	\$ 500	\$ 500
Transfer From:								
Operation & Maintenance	67620	480,942	5,150,700	5,150,700	8,329,956	10,789,642	2,509,450	2,509,450
Total Financial Resources		481,278	5,150,900	5,150,930	8,330,356	10,790,142	2,509,950	2,509,950
Expenditures:								
Water Maintenance	98040	148,214	642,500	-	642,500	1,150,950	174,950	174,950
Administration	98060	4,999	54,000	-	54,000	114,000	5,000	5,000
Waste Water Treatment	98080	830,469	4,454,400	486,850	7,767,500	9,525,192	2,330,000	2,330,000
Total Expenditures		983,682	5,150,900	486,850	8,464,000	10,790,142	2,509,950	2,509,950
Net Increase (Decrease)	67601	(502,404)	-	4,664,080	(133,644)	-	-	-
Beginning Restricted Reserve		636,048	133,644	133,644	133,644	-	-	-
Ending Restricted Reserve		\$ 133,644	\$ 133,644	\$ 4,797,724	\$ -	\$ -	\$ -	\$ -

CITY OF WARREN, MICHIGAN
WATER & SEWER SYSTEM
CAPITAL EQUIPMENT/IMPROVEMENT RESERVE

Funding Category	Item Description	New or Replacement	#	Department Request	#	Council Adopted
98040 Water Maintenance:						
2015-01	Sewer jet/vactor	R	1	\$ 420,000		\$ -
2015-02	15-yard dump truck w/front plow	R	1	122,000		-
2015-03	John Deere backhoe (trade-in old backhoe)	R	1	75,000		75,000
2015-04	Major repair of sewer jet/vactor #395			80,000		-
2015-05	5-6 yard dump truck w/front plow	N	1	90,000		-
2015-06	2-3 yard dump truck w/front plow	R	1	50,000		-
2015-07	Crew van	N	1	55,000		-
2015-08	Meter utility van (trade-in old van)	R	1	50,000		-
2015-09	Inspection vehicle (trade-in old vehicle)	R	1	35,000		-
2015-10	4x4 pickup w/front plow (trade-in old truck)	R	1	37,000		-
2015-11	Utility vehicle (trade-in old vehicle)	R	1	37,000		-
2015-12	100kw portable generator	N	1	57,000		57,000
2015-13	TV camera for laterals	R	1	11,000		11,000
2015-14	Solar traffic arrow boards	N	2	12,000		12,000
2015-15	Solar traffic arrow board	R	1	6,000		6,000
2015-16	Confined space air blower	N	2	7,500		7,500
2015-17	Hot water/steamer for hydrant thawing	N	1	6,450		6,450
				<u>\$ 1,150,950</u>		<u>\$ 174,950</u>
98060 Administration:						
2015-18	Inspection vehicle (trade-in old vehicle)	R	1	\$ 34,000		\$ -
2015-19	Workstations and partitions	N		30,000		-
2015-20	Cross connection software	N		25,000		-
2015-21	Office equipment	R		25,000		5,000
				<u>\$ 114,000</u>		<u>\$ 5,000</u>
98080 Waste Water Treatment Plant:						
2015-22	Incinerator emission control improvements	R & N		\$ 5,250,000		\$ 2,300,000
2015-23	West ash lagoon replacement	R		945,000		-
2015-24	VFD and motor for RSP #1	R	1	500,000		-
2015-25	Pump caisson water proofing	R		500,000		-
2015-26	MCC for incinerator	R	1	250,000		-
2015-27	Primary transformer rewind	R	1	225,000		-
2015-28	Building V equipment demo project	R		220,000		-
2015-29	Road replacement from buildings B to C	R		202,288		-
2015-30	Flood proofing of hypo, bi-sulfite and non-pot	N		200,000		-
2015-31	Access loop road replacement	R		198,997		-
2015-32	Building C brick repair project	R		176,157		-
2015-33	Cell phone antenna chimney repairs	R		145,000		-
2015-34	Building V roof replacement	R		130,000		-
2015-35	Miscellaneous roadway repairs	R		123,250		-
2015-36	Water proofing aeration tunnel	N	1	107,800		-
2015-37	Aeration tank 1, 2, and 3 joint repair	R		70,200		-
2015-38	Data storage server	N	1	50,000		-
2015-39	Network switch upgrade	R		50,000		-
2015-40	Allen Bradley development station	R	1	45,000		-
2015-41	Door replacement project	R		30,000		-
2015-42	6 inch diesel pump on trailer	N	1	25,000		-
2015-43	Fence replacement project	R		25,000		-
2015-44	CEMS FIA sensor	R	1	20,000		30,000
2015-45	PLC parts	R		14,000		-
2015-46	Danfoss drive	N	1	10,000		-
2015-47	Radios	N		7,500		-
2015-48	Drive board for RSP #2	N	1	5,000		-
				<u>\$ 9,525,192</u>		<u>\$ 2,330,000</u>
GRAND TOTAL - EQUIPMENT/IMPROVEMENT REQUESTS				<u>\$ 10,790,142</u>		<u>\$ 2,509,950</u>

