

Enterprise Fund (50)

	2013-14 Actual	2014-15 Actual	2015-2016 Council Adopted	2015-2016 Projected	2016-17 Department Requested	2016-17 C.M. Proposed	2016-17 Council Adopted	2017-18 Forecast	2018-19 Forecast
Fund Balance - CASH									
Beginning of Year	1,531,363	1,178,801	1,214,622	1,120,608	1,601,856	1,601,856	1,601,856	1,591,010	1,589,220
Revenue									
Water Sales	2,827,593	2,816,265	3,275,503	3,238,801	3,394,536	3,394,536	3,394,536	3,536,354	3,755,506
Sewer Use Charge	2,412,533	2,550,688	2,757,289	2,984,697	2,881,498	2,881,498	2,881,498	3,106,521	3,257,740
Water Meter Supply Fee	33,075	48,020	27,125	50,050	38,898	38,898	38,898	39,676	40,866
Utility Penalties	134,818	132,270	140,196	141,592	144,424	144,424	144,424	147,312	151,732
Contractual Revenue	11,353	11,353	11,383	11,353	11,353	11,353	11,353	11,727	11,961
Interest	6,380	11,086	7,228	10,384	10,592	10,592	10,592	7,228	7,372
Miscellaneous	8,392	6,545	6,070	3,000	3,318	3,318	3,318	5,085	5,187
SRF/bond-Interest/Credit	154,721	153,470	155,556	155,556	153,525	153,525	153,525	155,556	155,556
Total Revenue	5,588,865	5,729,697	6,380,350	6,595,433	6,638,144	6,638,144	6,638,144	7,009,459	7,385,920
Total Fund Bal & Revenues	7,120,228	6,908,498	7,594,972	7,716,041	8,240,000	8,240,000	8,240,000	8,600,469	8,975,140
Expenditures									
Personnel	770,360	782,959	907,430	780,930	885,493	929,130	929,130	948,702	977,163
Commodities	1,760,400	1,691,044	1,986,355	1,851,263	2,061,199	2,061,199	2,061,199	2,188,231	2,322,990
Maintenance & Supplies	133,038	135,357	142,900	141,400	156,635	156,635	156,635	162,900	169,416
Utilities	81,904	86,665	77,400	82,971	88,824	88,824	88,824	92,377	96,072
Contractual	1,631,579	1,813,224	1,827,859	1,912,061	1,968,807	1,968,807	1,968,807	1,994,550	2,071,518
Capital Projects (Operating)									
Transfer to VERP	94,260	111,916	98,822	98,822	98,822	98,822	98,822	102,775	106,886
Transfer to General Fund	687,528	727,606	756,464	756,464	771,540	771,540	771,540	826,060	859,102
Miscellaneous	5,328	7,903							
Debt Service	89,322	197,074	155,556	156,131	153,525	153,525	153,525	155,556	155,556
Total Operating Expense	5,253,719	5,553,748	5,952,786	5,780,042	6,184,845	6,228,482	6,228,482	6,471,151	6,758,703
Net Operating Revenue (Expense)	335,146	175,949	427,564	815,391	453,299	409,662	409,662	538,308	627,217
Project Carryover									
Construction									
Transfer to Restricted Revenue Fund			100,000	100,000	100,000	100,000	100,000	100,000	100,000
Transfer to Ent. Cap Maint Fund	687,709	234,144	234,144	234,144	364,146	364,146	364,146	440,099	516,099
Total Capital / Other Expenditures	687,709	234,144	334,144	334,144	464,146	464,146	464,146	540,099	616,099
Total Expenditures	5,941,428	5,787,892	6,286,930	6,114,186	6,648,991	6,692,628	6,692,628	7,011,250	7,374,802
Fund Balance (Gross)	1,178,801	1,120,608	1,308,043	1,601,856	1,591,010	1,547,373	1,547,373	1,589,220	1,600,339
Non-operating Income & Loss									
Depreciation Expense	(2,814,136)	(2,769,829)							
Allowance	2,814,136	2,769,829							
Other									
Transfers In									
Transfers Out									
	-	-	-	-	-	-	-	-	-
Net Fund Balance (Cash)	1,178,801	1,120,608	1,308,043	1,601,856	1,591,010	1,547,373	1,547,373	1,589,220	1,600,339
Less: Reserve Balance 20% of Exp	(1,050,744)	(1,110,750)	(1,190,557)	(1,156,008)	(1,236,969)	(1,245,696)	(1,245,696)	(1,294,230)	(1,351,741)
Available Fund Balance - End of Year	128,058	9,858	117,486	445,848	354,041	301,677	301,677	294,990	248,599
Solid Waste Fees	957,065	946,793	948,000	975,000	980,000	980,000	980,000	1,019,200	1,059,968
Solid Waste Container Fees									
Total Revenue	957,065	946,793	948,000	975,000	980,000	980,000	980,000	1,019,200	1,059,968
Contractual Services	957,065	947,698	948,000	975,000	980,000	980,000	980,000	1,019,200	1,059,968
Total Expenditures	957,065	947,698	948,000	975,000	980,000	980,000	980,000	1,019,200	1,059,968
Net Solid Waste Revenue (Expense)	-	-	-	-	-	-	-	-	-

Notes:

The Debt Service shown above to reflect the budget/accounting required for a water/sewer GO Bond issue. The bond is funded in the Debt Service Fund with Debt Service taxes, however for accounting purposes the revenue to support the payment is transferred out of the Debt Service Fund and into the Enterprise Fund to properly expense the principal and interest and record the reduction of outstanding debt associated with the business-type fund.

The projected revenues are based on cost of service and a % of capital cost of future replacement on infrastructure. The departmental expenses are estimated using a 4% inflation factor, while contractual expenses for water and sewer are based on known projected increases from those entities.

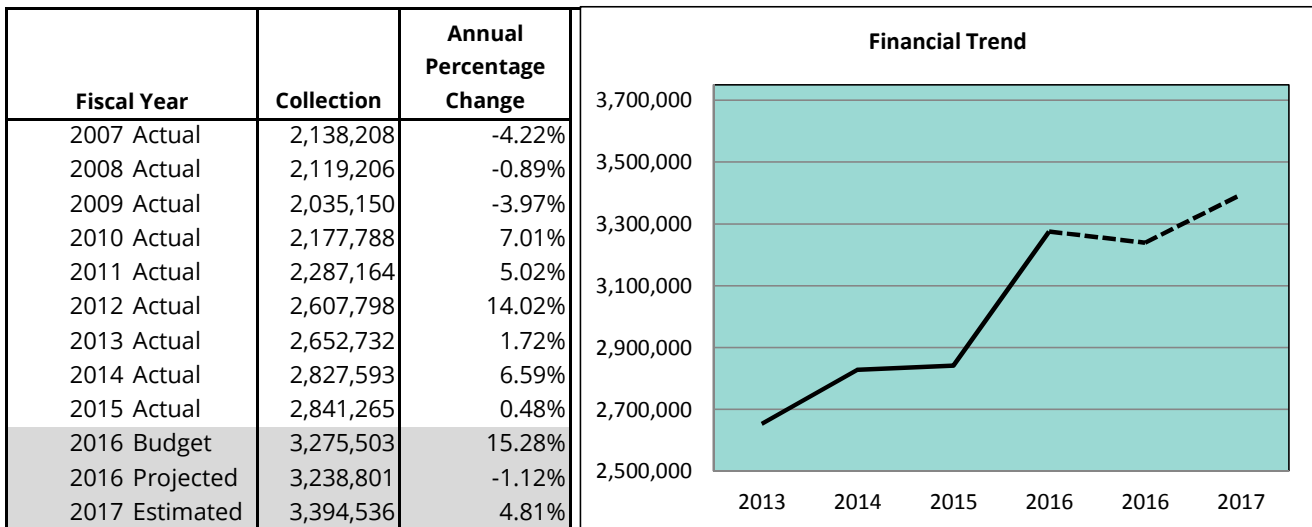
Water Sales

General Ledger Codes: <p style="text-align: center;">50-00-4610-0000</p>	<p style="text-align: center;"><u>Legal Authority:</u></p> <p style="text-align: center;">Municipal Code: Section 700 & 705 State Statute: Chapter 91 RSMo.</p>
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Revenue Description and Projection Rationale

Water Sales - City of Raymore FY 2017 water rates are \$7.04 per one thousand (1,000) gallons of water consumed. The FY16 rate was \$6.70. All residents receive a minimum bill for two thousand gallons of water and two thousand gallons sewer usage.

Revenues for FY17 are being based on addition of 100 homes with an average bill of \$37.31 per month.



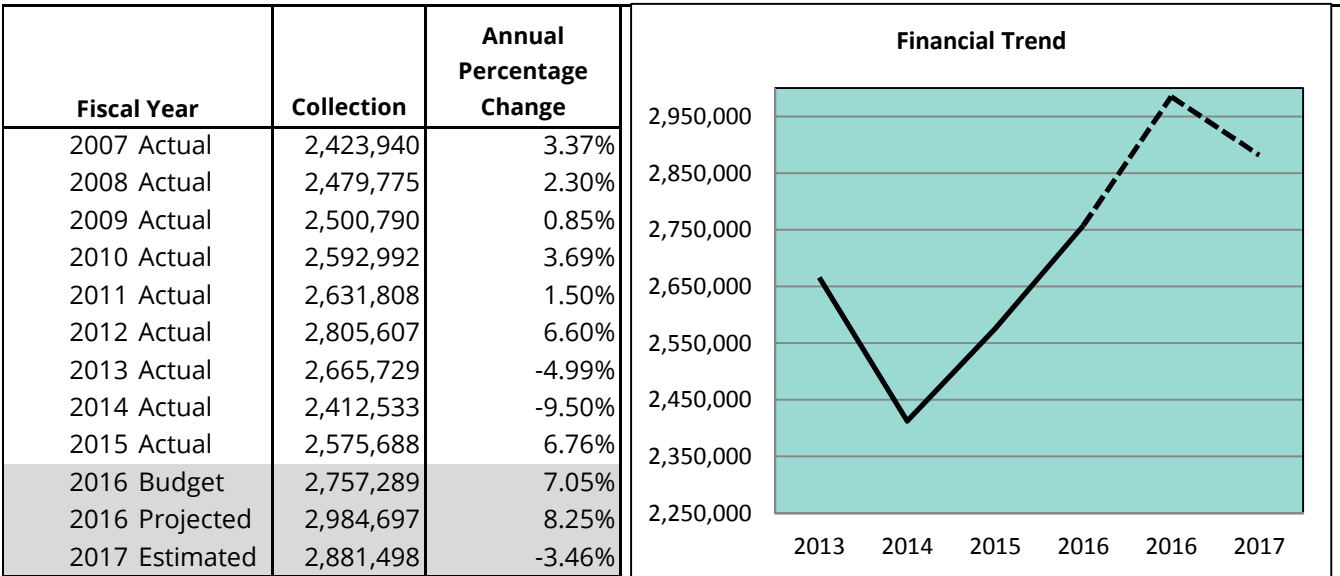
Sewer Use Charge

<p>General Ledger Codes: 50-00-4630-0000</p>	<p style="text-align: center;"><u>Legal Authority:</u></p> <p style="text-align: center;">Municipal Code: Section 700 & 710 State Statute: Chapter 91 RSMo.</p>
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Revenue Description and Projection Rationale

Sewer Use Charges - Sewerage use rates are charged by either actual use or winter averaging. In FY 2017, actual use rates are seven dollars forty-seven cents (\$7.47) per one thousand gallons of actual water consumed. Winter-averaged rates are seven dollars ninety-two cents (\$7.92) per one thousand gallons of the average monthly water usage during the months of December, January, and February. All customers are billed each month for no less than two thousand gallons.

Revenues for FY17 are being based on addition of 100 homes with an average bill of \$39.59 per month.



Water Meter Supply Fee

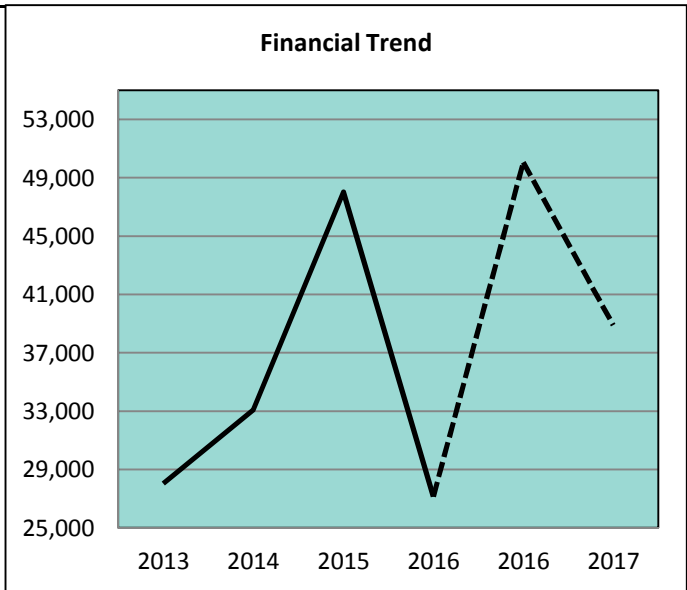
<p>General Ledger Codes: 50-00-4620-0000</p>	<p>Legal Authority: Municipal Code: Section 700 & 705 State Statute: Chapter 91 RSMo.</p>
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Revenue Description and Projection Rationale

Water Meter Supply Fee - These fees are the initial charges associated with the actual cost to the City for meters, installation and maintenance of meters and access to the water main for all new construction. The current charge is \$315 per 3/4 inch meter size and \$455 per 1 inch meter size.

Revenue projections are based on the estimated amount of 100 new residential and commercial sites being constructed.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	61,202	195.23%
2008 Actual	34,415	-43.77%
2009 Actual	11,760	-65.83%
2010 Actual	17,329	47.36%
2011 Actual	13,055	-24.66%
2012 Actual	17,640	35.12%
2013 Actual	28,030	58.90%
2014 Actual	33,075	18.00%
2015 Actual	48,020	45.19%
2016 Budget	27,125	-43.51%
2016 Projected	50,050	84.52%
2017 Estimated	38,898	-22.28%



Utility Penalties

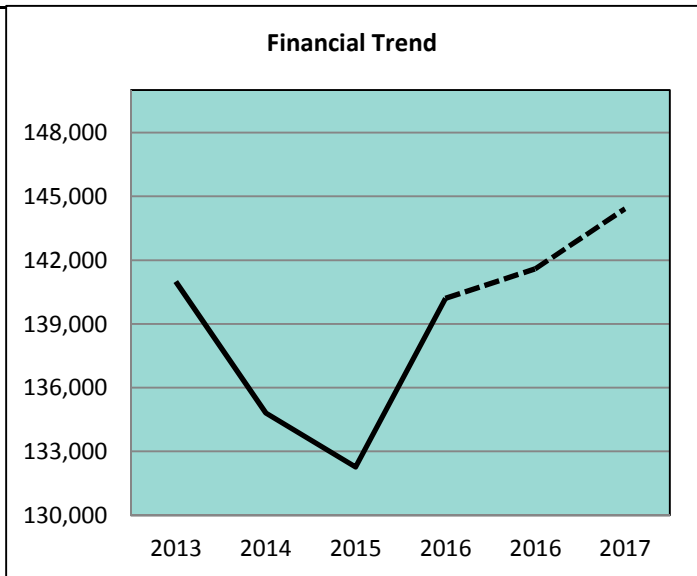
General Ledger Codes: 50-00-4600-0000	Legal Authority: Municipal Code: Section 700, 705 & 710 State Statute: Chapter 91 RSMo.
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Revenue Description and Projection Rationale

Utility Penalties - Revenues recorded in this account are late payment fees for water, sewer and trash billings.

Staff is estimating FY17 revenue based on projected FY 2016 projected revenues plus a 2% increase.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	126,375	10.74%
2008 Actual	128,229	1.47%
2009 Actual	143,703	12.07%
2010 Actual	132,516	-7.78%
2011 Actual	141,294	6.62%
2012 Actual	140,631	-0.47%
2013 Actual	140,980	0.25%
2014 Actual	134,818	-4.37%
2015 Actual	132,270	-1.89%
2016 Budget	140,196	5.99%
2016 Projected	141,592	1.00%
2017 Estimated	144,424	2.00%



Solid Waste Fees

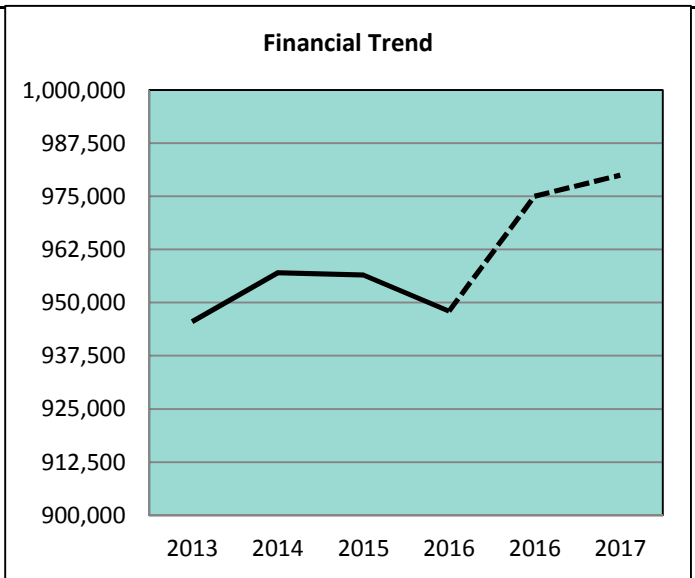
<p>General Ledger Codes: 50-00-4640-0000</p>	<p style="text-align: center;"><u>Legal Authority:</u></p> <p style="text-align: center;">Municipal Code: Section 235 State Statute: Chapter 70 RSMo. State Statute: Chapter 260 RSMo.</p>
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Revenue Description

Solid Waste Fees - This revenue was added during the FY10 budget to account for the payment for city-wide solid waste pickup. This payment is set to match the invoice per home with no administration fee added.

FY17 revenue is estimated with an additional 100 homes and the contracted cost of \$11.91 per home through 2016, and remaining at \$11.91 per month through 2017.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	0	N/A
2008 Actual	0	N/A
2009 Actual	0	N/A
2010 Actual	708,320	N/A
2011 Actual	883,290	24.70%
2012 Actual	928,845	5.16%
2013 Actual	945,505	1.79%
2014 Actual	957,068	1.22%
2015 Actual	956,487	-0.06%
2016 Budget	948,000	-0.89%
2016 Projected	975,000	2.85%
2017 Estimated	980,000	0.51%



Contractual

General Ledger Codes: 50-00-4380-0000	Legal Authority: Municipal Code: Section 700 State Statute: Chapter 82
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Revenue Description and Projection Rationale

Contractual- This account is used to record the monthly connection fees and annual contract agreement fees between the City and Dike land Sewer District.

Fiscal Year	Collection	Annual Percentage Change	Financial Trend
2007 Actual	4,582	0.00%	
2008 Actual	4,582	0.00%	
2009 Actual	4,582	0.00%	
2010 Actual	5,362	17.03%	
2011 Actual	10,826	101.90%	
2012 Actual	9,778	-9.68%	
2013 Actual	11,249	15.05%	
2014 Actual	11,353	0.92%	
2015 Actual	11,353	0.00%	
2016 Budget	11,383	0.26%	
2016 Projected	11,383	0.00%	
2017 Estimated	11,353	-0.26%	

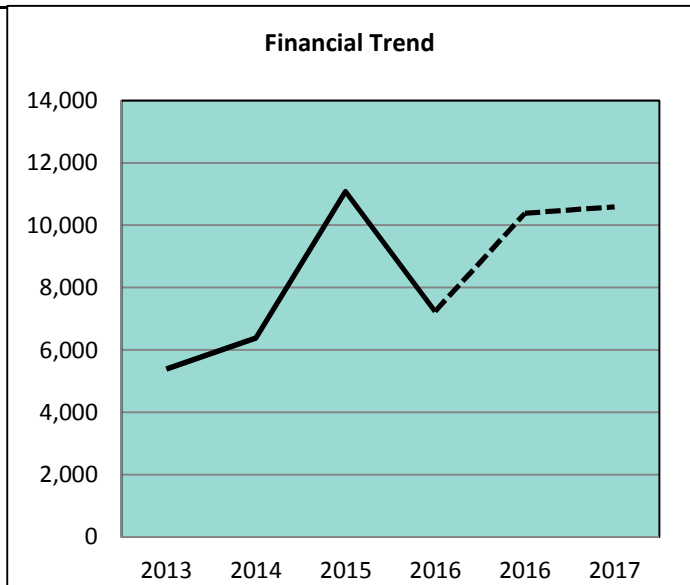
Interest Revenue

General Ledger Codes: 50-00-4350-0000	Legal Authority: State Statute: Chapter 82
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Revenue Description and Projection Rationale

Interest Revenue - This account is used to record revenues associated with the City's return on investments of idle funds. FY 2017 revenues are based on the FY 2016 projected amount plus 2%.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	249,278	17.04%
2008 Actual	120,955	-51.48%
2009 Actual	51,734	-57.23%
2010 Actual	13,964	-73.01%
2011 Actual	6,309	-54.82%
2012 Actual	2,695	-57.28%
2013 Actual	5,385	99.78%
2014 Actual	6,380	18.48%
2015 Actual	11,086	73.77%
2016 Budget	7,228	-34.80%
2016 Projected	10,384	43.67%
2017 Estimated	10,592	2.00%



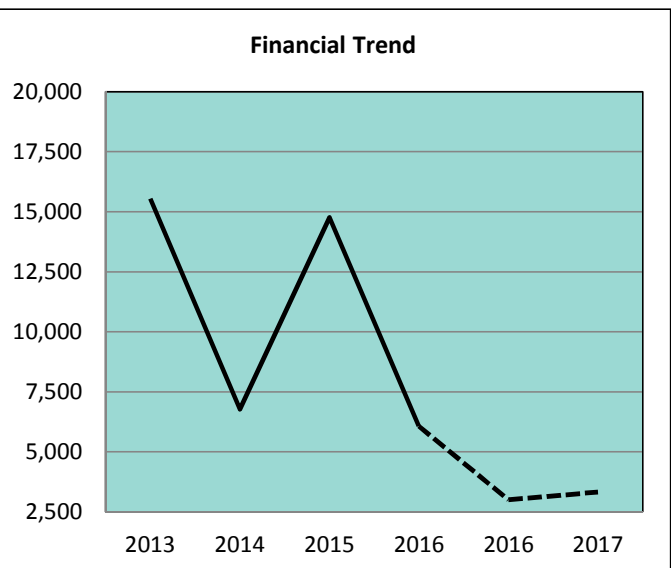
Miscellaneous

General Ledger Codes: 50-00-4370-0000	Legal Authority: State Statute: Chapter 82
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Revenue Description and Projection Rationale

Miscellaneous - Revenues from various sources not previously categorized. Historically, this amount is generally less than \$10,000 annually. The inconsistent nature of the revenue source makes it difficult to estimate.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	7,569	4.11%
2008 Actual	12,733	68.23%
2009 Actual	7,032	-44.78%
2010 Actual	9,554	35.87%
2011 Actual	20,685	116.50%
2012 Actual	13,376	-35.34%
2013 Actual	15,543	16.21%
2014 Actual	6,771	-56.44%
2015 Actual	14,755	117.91%
2016 Budget	6,070	-58.86%
2016 Projected	3,000	-50.58%
2017 Estimated	3,318	10.60%



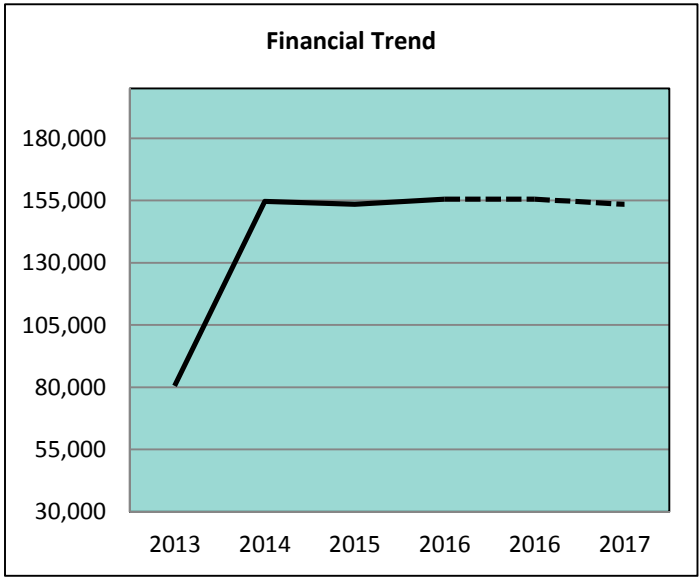
SRF Interest Credit

<p>General Ledger Codes:</p> <p style="text-align: center;">50-30-4355-0000 50-96-4355-0000</p>	<p style="text-align: center;"><u>Legal Authority:</u></p> <p style="text-align: center;">EIERA-92A City of Raymore, Missouri 1999B GO Bond (Issued through SRF)</p>
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Revenue Description and Projection Rationale

Miscellaneous - These revenues are generated through the State Revolving Fund. Bi-annually the State calculates the interest credit earned for the 1992 SRF bond payment schedule.

Fiscal Year	Collection	Annual Percentage Change
2007 Actual	47,455	374.55%
2008 Actual	118,676	150.08%
2009 Actual	91,916	-22.55%
2010 Actual	83,873	-8.75%
2011 Actual	88,470	5.48%
2012 Actual	83,662	-5.43%
2013 Actual	80,419	-3.88%
2014 Actual	154,721	92.39%
2015 Actual	153,470	-0.81%
2016 Budget	155,556	1.36%
2016 Projected	155,556	0.00%
2017 Estimated	153,525	-1.31%



WATER UTILITIES

The Operation & Maintenance Division of the Public Works Department includes four functions: Street, Storm, Water and Sewer. The Assistant Public Works Director of Operations and Maintenance (hereafter referred to as the Assistant Director of Public Works) and the Administrative Assistant handle the administration of these sections. The Assistant Director of Public Works handles human resources, work detail, approval of work schedules, priority of work, and customer service. The Assistant Director of Public Works reports directly to the Public Works Director who approves all major decisions made by the Assistant Director of Public Works.

The Water Utilities Department is involved in the operation and maintenance of the water distribution system serving more than 7,200 customers. This includes regular inspection and maintenance of the distribution system, Kentucky Pump Station, and three storage facilities; valve location; hydrant inventory and maintenance and ensuring compliance with State and Federal regulations. The Water Utilities Department is comprised of the Assistant Director of Public Works, Crew Supervisor, maintenance workers, and the administrative assistant, all of whom work in the Street, Storm and Sewer sections.

PROGRAMS

Administration

The services performed in this program include those administrative and managerial tasks required for the effective operation of the department including staff time spent on citywide policy issues, special projects not directly related to any other program, personnel management and budget administration.

Customer Service

This program involves responding in a timely and quality manner to citizen and staff inquiries.

GOALS

1. Expand the use of the computerized maintenance management system for complaint tracking, work requests, work order generation, inventory control system, maintenance of infrastructure and effective job and activity costing.
2. Establish a plan and develop a system for the identification and maintenance of Raymore's critical infrastructure assets.

3. Continue to implement career development/training plans for division employees.
4. Explore intergovernmental relationships to positively affect our infrastructure.
5. Review the work order system to assure the best possible customer service.
6. Maintain water system.
7. Operate and maintain the water distribution system and continue the program for valve inventory and maintenance.
8. Continue the program for hydrant inventory and maintenance.
9. Continue to service the City's water distribution system.
10. Continue to be actively involved in the APWA Accreditation process.

SIGNIFICANT BUDGETARY ISSUES

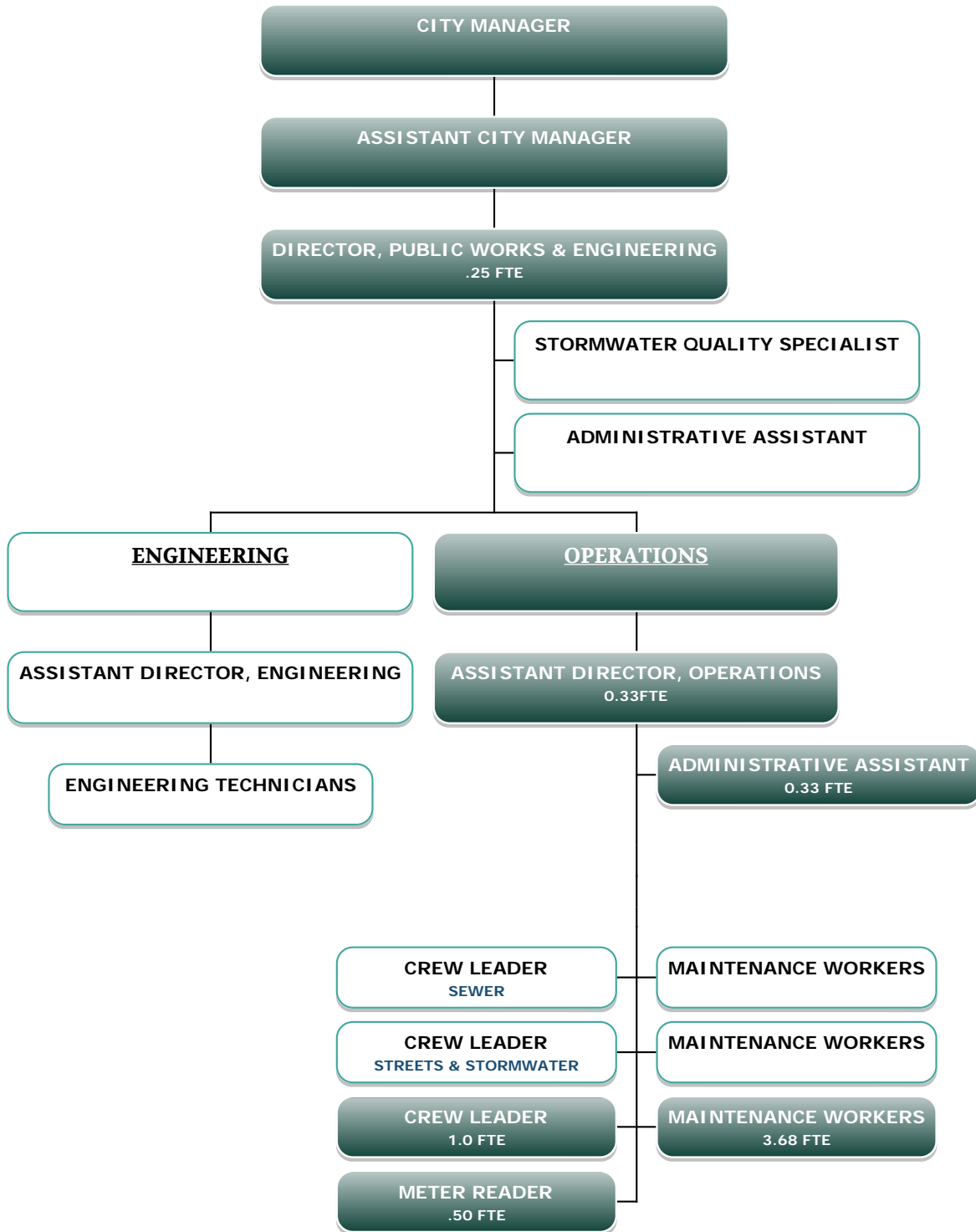
1. The cost of purchase of water from Kansas City Water Services is included in this budget. The City's rate for water is scheduled to rise by 5%, from the FY 2016 budgeted amount of \$1,813,002.
2. The City's conversion program was utilizing Amco residential meters. However, in 2016, staff was informed that Amco has discontinued this product. Included in this budget is \$84,525 to continue changing out old meters with Sensus Iperl meters.

FY 2016 PERFORMANCE SUMMARY

1. Continued to gather data on hydrant and valve location for input into the City's GIS system.
2. Tested the operation of and flushed 995 Fire Hydrants.
3. Continued the valve exercising program.
4. Continued conversion of meters from touch-wand to radio-read continues. Approximately 300 will be converted in FY 2016, at a budgeted amount of \$82,908.



WATER UTILITIES



WATER UTILITIES

By Category

	2013-14	2014-15	2015-16	2015-16	2016-17	2016-17	2016-17
	Actual	Actual	Budget*	Projected	Department Requested	2016-17 C.M. Proposed	Council Adopted
Personnel	386,869	390,788	467,570	391,694	456,697	478,963	478,963
Commodities	1,742,151	1,701,949	1,998,390	1,836,673	2,039,224	2,039,224	2,039,224
Maintenance and Repairs	39,579	37,097	61,460	60,460	70,095	70,095	70,095
Utilities	15,872	18,782	22,311	18,011	22,995	22,995	22,995
Contractual	75,206	97,812	267,703	255,622	183,313	183,313	183,313
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Transfers/Miscellaneous	1,310,816	1,297,376	427,643	427,643	435,181	435,181	435,181
Total	3,570,493	3,543,804	3,245,077	2,990,103	3,207,505	3,229,771	3,229,771

* Includes budget amendments

Division Position Control Roster

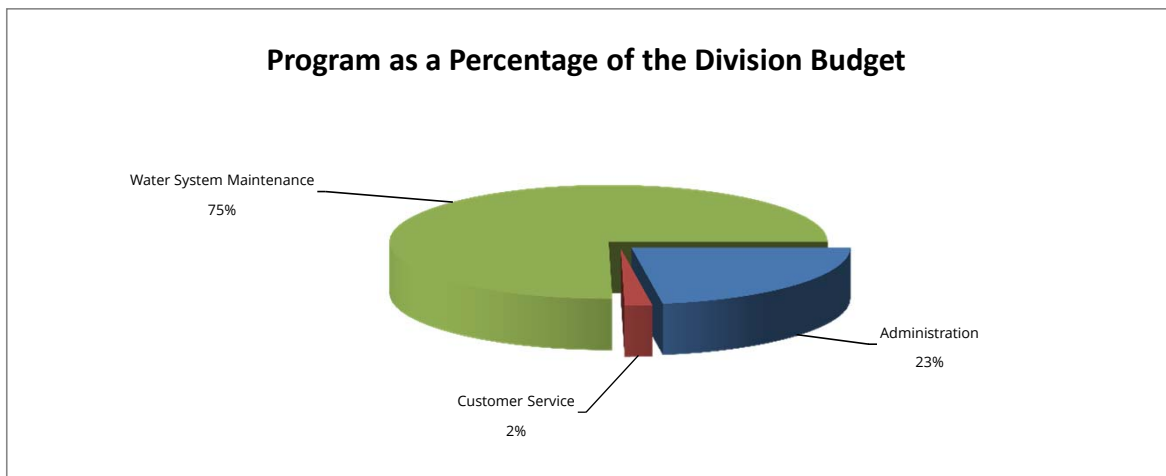
	2014-15	2015-16	2016-17
	Actual	Actual	Adopted
Director, Public Works & Engineering	0.25	0.25	0.25
Assistant Director, PW - Operations	0.33	0.33	0.33
Public Works Field Supervisor *	0.34	0.00	0.00
Crew Leader, Water/Sewer	1.00	1.00	1.00
Maintenance Worker **	3.00	3.68	3.68
Administrative Assistant	0.33	0.33	0.33
Meter Reader	0.50	0.50	0.50
Total FTE	5.75	6.09	6.09

* Elimination of position after the 1st Qtr

** Creation of two Maintenance Worker FTE's to replace the one FTE Field Supervisor

By Program

Administration	733,232
Customer Service	65,372
Water System Maintenance	2,431,167
Total	3,229,771



SEWER UTILITIES

The Operation & Maintenance division of the Public Works Department includes four sections: Street, Storm, Water and Sewer. The Assistant Public Works Director of Operations and Maintenance (hereafter referred to as the Assistant Director of Public Works) and the Administrative Assistant handle the administration of these sections. The Assistant Director of Public Works handles human resources, work detail, approval of work schedules, priority of work, and customer service. The Assistant Director of Public Works reports directly to the Public Works Director who approves all major decisions made by the Assistant Director of Public Works.

The Sewer Department is involved in the operation and maintenance of the sanitary sewer collection system. This includes regular inspection and maintenance of the collection system and four lift stations, regular sewer jetting, and assuring compliance with State and Federal regulations. The Sewer Department is comprised of the Assistant Director of Public Works, Crew Supervisor, maintenance workers and the administrative assistant, all of whom work in the Street/Storm and Water divisions.

PROGRAMS

Administration

The services performed in this program include those administrative and managerial tasks required for the effective operation of the department including staff time spent on citywide policy issues, special projects not directly related to any other program, personnel management, and budget administration.

Customer Service

This program involves responding in a timely and quality manner to citizen and staff inquiries.

Sewer System Maintenance

The services provided in this program include the operation and maintenance of the sewer collection system.

GOALS

1. Expand the use of the Computerized Maintenance Management System for complaint tracking, work requests, work order generation, inventory control system, maintenance of infrastructure and effective job and activity costing.
2. Continue to implement career development/training plans for division employees.
3. Explore intergovernmental relationships to positively affect our infrastructure.
4. Review the work order system to assure the best possible customer service to our stakeholders.
5. Integrate the work order system with the citywide request tracker system.
6. Continue to develop a sanitary sewer line maintenance program incorporating closed circuit television inspections and cleaning.
7. Continue to service the City's sewer collection system.
8. Continue to be actively involved in the APWA Accreditation process.

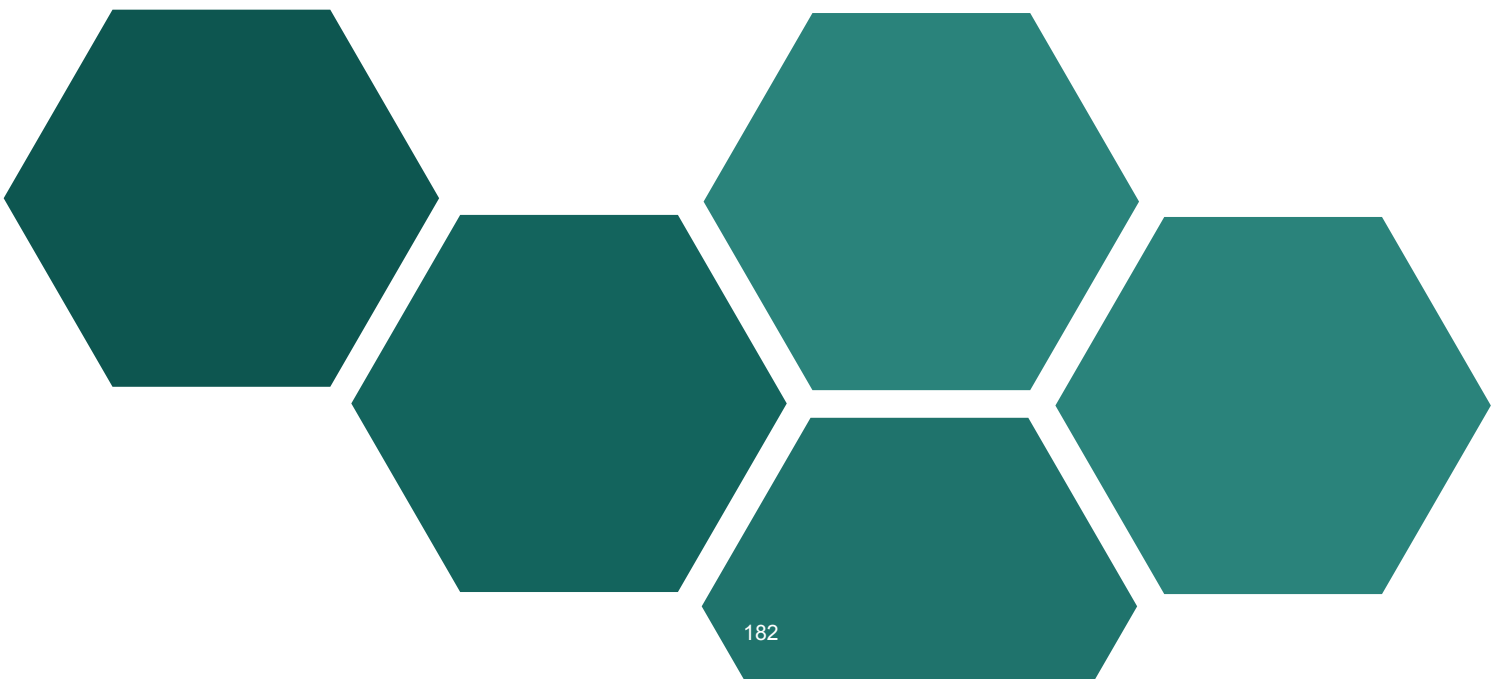
3. Developed Standard Operating Procedures for the Utilities Division.

SIGNIFICANT BUDGETARY ISSUES

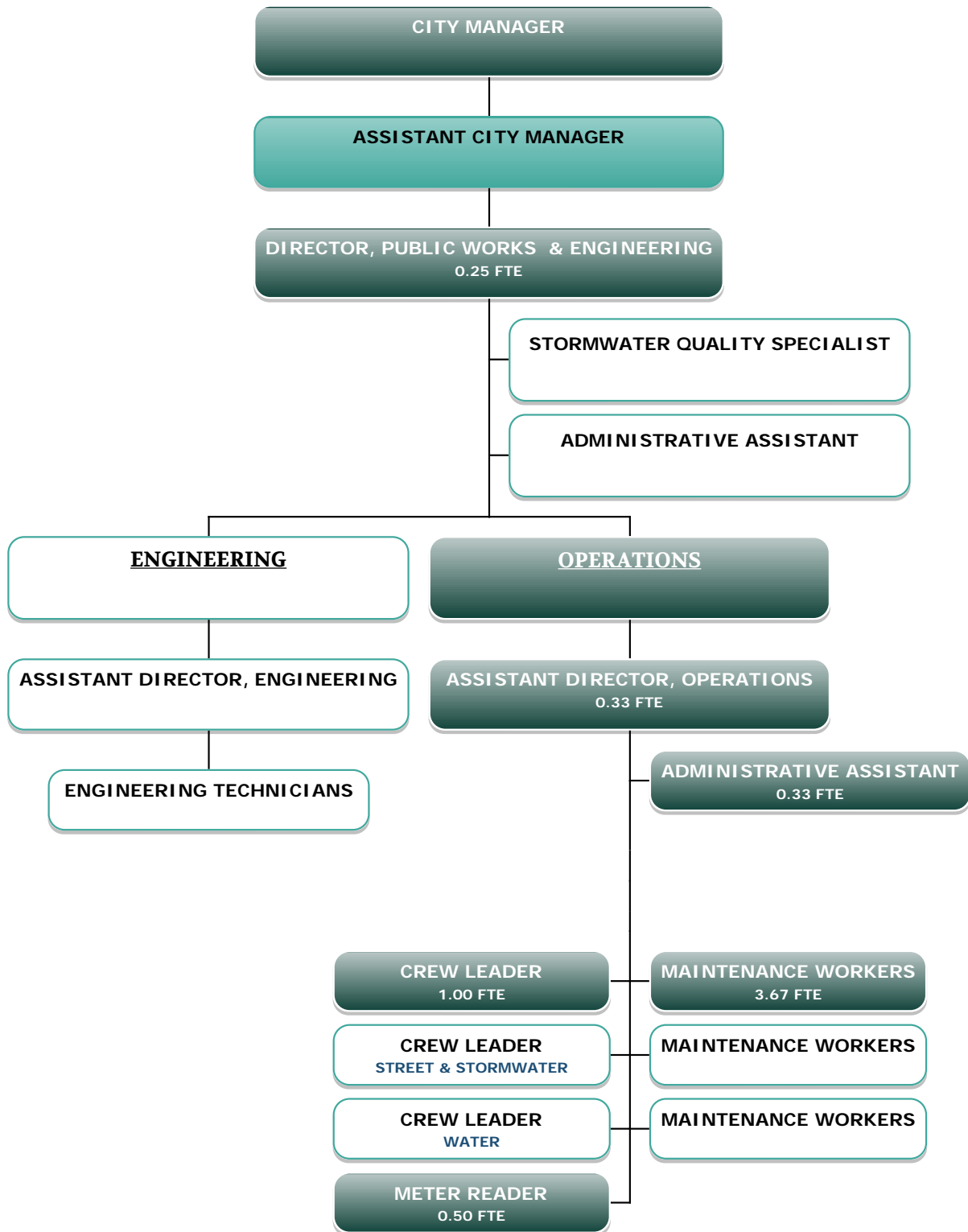
1. The cost of treatment of sewer by the Little Blue Valley Sewer District is included in this budget. The City's rate will increase by 6% next year, resulting in an increase from the projected FY 2016 expenditure of \$996,096 to \$1,053,040.
2. The cost of treatment of sewer by the Middle Big Creek Sewer Subdistrict is included in this budget at \$648,000.

FY 2016 PERFORMANCE SUMMARY

1. Continued the use of the sewer camera to televise the system in order to be able to correct problems before they impact customers. Televised approximately 30,000 linear feet (one-tenth of the total system).
2. Continued the annual sewer jetting program. In FY 2016 approximately 135,671 linear feet was jetted. The goal is to jet the entire system every three years.



SEWER UTILITIES



SEWER UTILITIES

By Category

	2013-14	2014-15	2015-16	2015-16	2016-17	2016-17	2016-17
	Actual	Actual	Budget*	Projected	Department Requested	2016-17 C.M. Proposed	Council Adopted
Personnel	383,491	392,171	439,860	389,236	428,796	450,167	450,167
Commodities	18,249	14,095	21,965	14,590	21,975	21,975	21,975
Maintenance and Repairs	93,459	98,260	81,440	80,940	86,540	86,540	86,540
Utilities	66,032	67,883	55,089	64,960	65,829	65,829	65,829
Contractual	1,556,373	1,708,840	1,708,156	1,656,439	1,785,494	1,785,494	1,785,494
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Transfers/Miscellaneous	2,252,493	2,280,403	427,643	427,643	435,181	435,181	435,181
Total	4,370,096	4,561,654	2,734,153	2,633,808	2,823,815	2,845,186	2,845,186

* Includes budget amendments

Division Position Control Roster

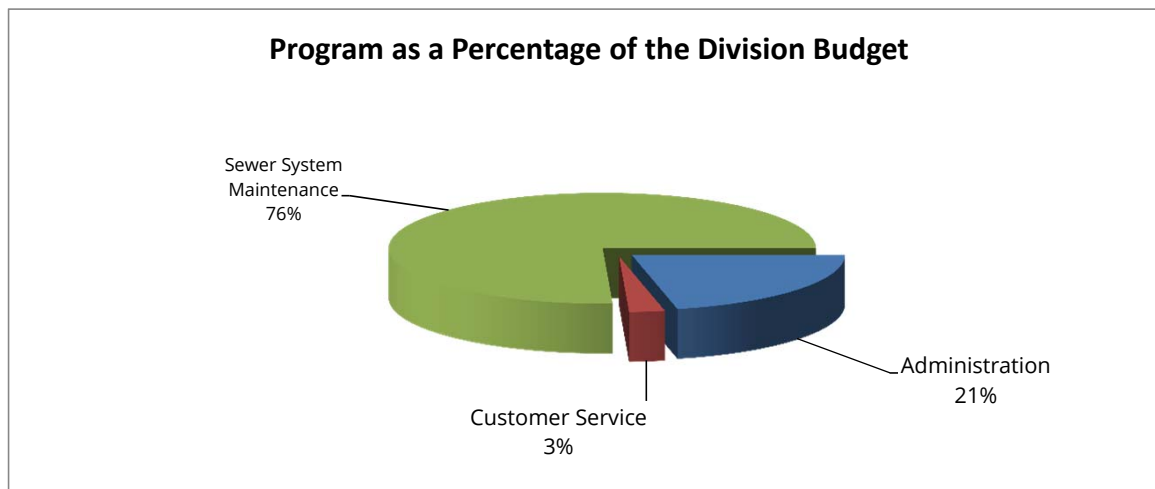
	2014-15	2015-16	2016-17
	Actual	Actual	Adopted
Director, Public Works & Engineering	0.25	0.25	0.25
Assistant Director, PW - Operations	0.33	0.33	0.33
Public Works Field Supervisor*	0.34	0.00	0.00
Crew Leader, Water/Sewer	1.00	1.00	1.00
Maintenance Worker**	3.00	3.68	3.68
Administrative Assistant	0.33	0.33	0.33
Meter Reader	0.50	0.50	0.50
Total FTE	5.75	6.09	6.09

* Elimination of position after the 1st Qtr

** Creation of two Maintenance Worker FTE's to replace the one FTE Field Supervisor

By Program

Administration	613,434
Customer Service	76,750
Sewer System Maintenance	2,155,002
Total	2,845,186



SOLID WASTE

The City provides residential solid waste and recycling collection. Service provision is accomplished by contract from a private solid waste collection company. This chapter is to account for the revenues and expenditures pursuant to provision of this service.

SIGNIFICANT BUDGETARY ISSUES

1. The City monthly charge to residents for trash/ recycling and yard waste collection is \$11.91 for 2016 and will continue at the same rate for 2017. Revenues from trash/recycling fees are passed on in full to the City contractor. Total projected revenues and expenditures from solid waste fees \$980,000.



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TRANSFERS FROM ENTERPRISE FUND TO OTHER FUNDS

This chapter is included to note any transfers from the Enterprise Fund that are included in the fiscal year budget.

SIGNIFICANT BUDGETARY ISSUES

1. The Enterprise Fund makes an annual payment to the General Fund for services provided by the General Fund operations for the benefit of the Utility. The payment is made according to a formula for the calculation of the cost of services provided, as outlined in the following pages. The FY 2017 payment is \$771,540.
2. The Enterprise Capital Maintenance Fund was established in FY 2010. The Fund accepts a transfer in the amount of \$364,146 to support the ongoing maintenance of the water and sewer infrastructure of the City.

ENTERPRISE FUND PAYMENT TO GENERAL FUND FOR SERVICES

The Enterprise Fund (50) often benefits from expenditures by the General Fund (01) made on its behalf. For example, the Finance Department, whose funding is provided by the General Fund (01), provides purchasing and accounting services to support Enterprise Fund (50) operations. Knowing and accounting for the full cost of the water/sewer utility sets a basis for financial analysis of the program, and for setting rates appropriately. General Fund (01) revenues should not subsidize the utility, which should be self supporting. Best practices from the fields of finance, accounting, and utility operations indicate that these indirect costs be identified and allocated to the Enterprise Fund (50).

Approaches to calculating an appropriate payment to the General Fund for services vary.

- One approach is to track activities individually and itemize expenses as they occur. While very accurate, this approach is very time consuming, complicated, and costly, so much so that most municipal organizations reject it because the benefits do not outweigh the costs.
- A more common approach is to determine an appropriate indirect cost rate. This involves determining direct and indirect costs for

programs, calculating what percent the indirect costs are of the direct, and using that percentage to calculate the appropriate share of indirect costs for each program. The following is an example using FY 2017 Proposed Budget figures:

Indirect Costs	Budget
Administration	\$ 1,252,609
Information Technology Services	\$ 477,777
Finance (less Utility Billing)	<u>\$ 366,842</u>
	\$ 2,097,228

Direct Costs	Budget
General Fund (less indirect costs)	\$ 7,340,432
Park Fund	\$ 1,270,904
Enterprise Fund	<u>\$ 7,672,628</u>
	\$16,283,964

Indirect/Direct Cost Rate 12.88%
 (\$2,097,228 / \$16,283,964)

Enterprise Fund Indirect Calculation \$988,165
 (\$7,672,629 x 12.88% = \$988,165)

Total Enterprise Fund Payment for Services to General Fund:

Indirect Costs	\$ 988,165
Utility Billings	\$ <u>226,788</u>
Total	\$1,214,953

Using this method, the Enterprise Fund would pay \$1,214,953 to the General Fund.

Consistent with the full cost of service approach, many cities also charge their franchise fee to their municipal utilities. Assessing our current franchise fee to water/sewer service would result in the following additional charge:

Annual Revenues	\$6,276,034
Fee	<u>7%</u>
Annual Payment	\$ 439,322

Staff is not recommending allocation of this additional fee at this time.

The City uses a combined method to calculate the appropriate transfer to the General Fund. The steps taken are as follows:

1. Calculate Enterprise Fund operating expenditures (not including capital outlay)
2. Multiply the amount immediately above by 10%, a generally accepted percentage for determining overhead, or "indirect," costs.
3. Add to the resulting number General Fund expenses that are directly for the benefit of the utility.

Using FY 2017 budget numbers, this method results in a transfer from the Enterprise Fund to the General Fund of \$771,540, as follows:

1. Calculate Enterprise Fund operating expenditures (not including capital outlay)

Personnel	\$ 929,130
Commodities	\$2,061,199
Maintenance/Supplies	\$ 156,635
Utilities	\$ 88,824
Contractual [1]	\$1,960,383
VERP	\$ 98,822
Debt Service plus estimated fees (4%)	\$ <u>153,525</u>

Total Enterprise Fund Operating Expenses	\$5,448,518
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2. Multiply the amount immediately above by 10%, a generally accepted percentage for determining overhead costs.

$$\$5,448,518 \times 10\% = \$544,852$$

3. Add to the resulting number General Fund expenses that are directly for the benefit of the utility.

Direct Expenses	
Utility Billing Payroll	\$ 124,742
Late Notices	\$ 5,316
Statement Billing	\$ 53,400
Other Utility Billing Expenses	\$ <u>43,230</u>
	\$226,688

Allocated Enterprise Fund Indirect Expenses	\$544,852
Allocated Direct Expenses	\$ <u>226,688</u>

Total Allocated Direct & Indirect Expense	\$771,540
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[1] This expense only includes those related to water and sewer. Trash services are not included due to the pass-through expense the City is offering at the present time.

FY 2016 PERFORMANCE SUMMARY

1. Continued the use of the sewer camera to televise the system in order to be able to correct problems before they impact customers. Televised approximately 30,000 linear feet (one-tenth of the total system).
2. Continued the annual sewer jetting program. In FY 2016 approximately 135,671 linear feet was jetted. The goal is to jet the entire system every three years.
3. Developed Standard Operating Procedures for the Utilities Division.





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ENTERPRISE FUND - DEBT SERVICE

This chapter is included to delineate debt service items that are being paid out of the Enterprise Fund.

SIGNIFICANT BUDGETARY ISSUES

1. The Series 1999B Water/Sewer Bonds are funded by Debt Service Fund. For accounting purposes these bonds must be paid out of the Enterprise fund. This budget includes a debt service payment in the amount of \$153,525 which is offset by a transfer from the Debt Service Fund.



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