

	FY 2005 Actual	FY 2006		FY 2007 Adopted	
		Original	Amended	Projected	
<i>Fund Summary</i>					
Taxes	0	0	0	0	0
Licenses and Permits	38,981	29,000	29,000	36,000	32,000
Intergovernmental	0	0	0	0	0
Charges for Services	5,510,556	5,884,000	5,884,000	5,849,000	6,274,000
Fines and Forfeitures	0	0	0	0	0
Internal Services	107,620	125,059	125,059	125,059	137,550
Special Assessments	3,056	0	0	809	0
Investment Earnings	157,155	96,000	156,639	207,202	143,000
Miscellaneous Revenue	228,879	0	0	475	0
Subtotal Operating Revenue	6,046,247	6,134,059	6,194,698	6,218,545	6,586,550
Proceeds from Long-term Debt	4,950,864	0	0	0	0
Transfers - In From Other Funds	0	0	0	0	0
Total Revenue	10,997,111	6,134,059	6,194,698	6,218,545	6,586,550
Personal Services	570,725	754,646	754,646	695,628	740,143
Supplies & Materials	53,479	76,765	76,765	67,747	77,865
Purchased Services	2,120,407	2,197,463	2,197,463	2,284,013	2,351,891
Other Costs	7,393	15,000	15,000	8,000	15,000
Debt Service - Interest & Fees	676,681	654,990	824,968	824,968	688,353
Internal Service, Interfund	647,967	709,932	709,932	693,849	770,206
Subtotal Operating Expenses	4,076,652	4,408,796	4,578,774	4,574,205	4,643,458
Debt Service - Principal	998,267	1,167,000	1,167,000	1,167,000	1,204,000
Capital Outlay	3,861,338	1,313,540	2,334,805	1,995,943	1,712,550
Transfers - Out to Other Funds	9,017	9,017	9,017	9,017	8,181
Total Expenditures	8,945,274	6,898,353	8,089,596	7,746,165	7,568,189
Revenue Over (Under) Expenditures	2,051,837	(764,294)	(1,894,898)	(1,527,620)	(981,639)
add (deduct) Net Changes in Reserves	(3,345,640)	(3,345,640)	2,345,640	2,345,640	0
Net Change in the Unreserved Balance	(1,293,803)	(4,109,934)	450,742	818,020	(981,639)
Reserves					
Beginning Balance - July 1	3,742,481	3,747,989	7,093,629	7,136,378	4,790,738
Net Change	3,345,640	3,345,640	(2,345,640)	(2,345,640)	0
Ending Balance - June 30	7,088,121	7,093,629	4,747,989	4,790,738	4,790,738
Balance Available for Capital Projects					
Beginning Balance - July 1	3,628,739	1,740,151	1,740,151	2,334,936	3,152,956
Net Change	(1,293,803)	(4,109,934)	450,742	818,020	(981,639)
Ending Balance - June 30	2,334,936	(2,369,783)	2,190,893	3,152,956	2,171,317

Fund Purpose

The Sewer Fund is administered by the Public Works Department. The primary function of the Sewer Fund is to safeguard community health and the state water supply. The Sewer Fund is an enterprise fund encompassing related debt service, administrative expenses and operation and maintenance of the sewer collection system. It oversees the management of the wastewater treatment plant.

This budget provides appropriation for the capital improvement program. Capital improvement program appropriations are carried over from year to year, as needed, until completion of the projects. The City developed a Capital Improvement Plan to update and improve the sanitary sewer system. Originally developed with a ten-year target period for construction, realistic construction and bonding capacities have shown that the City will require approximately fifteen years to complete this Capital Improvement Program.

Residential and commercial sales are the main revenue sources for the sewer fund. Continued incremental rate increases are needed to maintain the Capital Improvement Program, meet inflation, and maintain the operation of the system.

The Sewer Fund has six divisions. The divisions are:

- **Debt Services**

This budget accounts for principal payments, interest payments and fiscal agent fees on revenue bonds and other long-term debt.

- **Central Garage/ Equipment Revolving**

The Central Garage Division administers replacement services for all major vehicles and equipment of the City. Machinery and equipment scheduled for replacement are addressed through this budget.

- **Sewer - Customer Service**

The Sewer Customer Service budget funds personnel, equipment, materials, and services necessary to provide responsive customer service. Expenses to the fund are shared with water customer service.

- **Sewer - Treatment**

The Sewer Treatment budget funds the operation and maintenance of the wastewater treatment plant and twenty-six lift stations. Presently operated by Veolia Water North America Operating Services, Inc. (VWNAOS), the plant treats an average of nine million gallons of wastewater per day. VWNAOS, a private firm, has a contract for the operation and maintenance of the City's wastewater treatment plant until March 31, 2015. This budget also provides funding for the industrial pretreatment program for the purpose of controlling industrial waste discharges to the sanitary sewers.

- **Sewer - Collection**

The Sewer Collection budget funds personnel, equipment, and materials necessary for the operation and maintenance of the sanitary sewer system, including inspecting, cleaning, and repairing of sewer lines.

- **Sewer - Bonded Projects**

The Sewer Bonded Division budgets for capital improvements identified in the Sewer Master Plan.

The Sewer Fund organizational chart is the Organization Section – Public Works Department.

Debt Service Administration

Budget Highlights

Debt Service Administration is administrated by the Fiscal Services Department.

<i>Debt Service Administration</i> Fiscal Services Department	FY 2005	FY 2006			FY 2007
	Actual	Original	Amended	Projected	Adopted
Personal Services	0	0	0	0	0
Supplies & Materials	0	0	0	0	0
Purchased Services	0	0	0	0	0
Other Costs	0	0	0	0	0
Debt Service - Interest & Fees	676,681	654,990	824,968	824,968	688,353
Internal Service, Interfund	8,198	8,403	8,403	8,403	14,388
Subtotal Operating Expenses	684,879	663,393	833,371	833,371	702,741
Debt Service - Principal	998,267	1,167,000	1,167,000	1,167,000	1,204,000
Capital Outlay	0	0	0	0	0
Total Debt Service Administration	1,683,146	1,830,393	2,000,371	2,000,371	1,906,741

The City uses bond issues to finance all major sewer system capital improvement. State of Montana Revolving Fund bonds were issued in Fiscal Year 2001. In Fiscal Year 2002, the City called bonds issued in 1992 and 1996 and reissued new bonds for a decrease in interest rates. In addition, in Fiscal Year 2002, the City issued Department of Natural Resources and Conservation (DNRC) Revolving Fund bonds worth \$12.1 million for the construction of new digesters at the wastewater treatment plant. The bond issue was \$5.0 million in Fiscal Year 2000 for sewer improvements and co generator at the waste water treatment plant.

Please refer to the Capital and Debt Section for detailed bond payment information.

Major Accomplishments – Goals and Objectives

This budget only deals with scheduled transactions for debt as issued. Statements of accomplishment, goals, objectives, and policies are not applicable.

Central Garage/Equipment Revolving Budget Highlights

<i>Central Garage - Equipment Revolving</i> Public Works Department	FY 2005	FY 2006			FY 2007
	Actual	Original	Amended	Projected	Adopted
Personal Services	0	0	0	0	0
Supplies & Materials	0	0	0	0	0
Purchased Services	0	0	0	0	0
Other Costs	0	0	0	0	0
Debt Service - Interest & Fees	0	0	0	0	0
Internal Service, Interfund	0	0	0	0	0
Subtotal Operating Expenses	0	0	0	0	0
Debt Service - Principal	0	0	0	0	0
Capital Outlay	0	313,540	313,540	313,540	25,600
Total Central Garage - Equipment Revolving	0	313,540	313,540	313,540	25,600

Machinery and equipment scheduled for replacement are treated as withdrawals from the Equipment Revolving Schedule reserves and appropriated in this budget.

Major Accomplishments – Goals and Objectives

This budget only deals with scheduled transactions for machinery and equipment purchases. Statements of accomplishment, goals, objectives, and policies are not applicable.

Sewer – Customer Service Budget Highlights

<i>Sewer - Customer Service</i> Public Works Department	FY 2005	FY 2006		FY 2007	
	Actual	Original	Amended	Projected	Adopted
Personal Services	175,287	201,717	201,717	191,293	210,453
Supplies & Materials	6,377	7,865	7,865	8,230	8,865
Purchased Services	10,155	11,775	11,775	10,736	11,960
Other Costs	0	0	0	0	0
Debt Service - Interest & Fees	0	0	0	0	0
Internal Service, Interfund	253,147	280,948	280,948	280,948	283,562
Subtotal Operating Expenses	444,966	502,305	502,305	491,207	514,840
Debt Service - Principal	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Sewer - Customer Service	444,966	502,305	502,305	491,207	514,840

Goals and Objectives

Major Accomplishments – In the Past Year

- Installed radio read meters on the Northwest and Southwest side.

Sewer - Treatment Budget Highlights

<i>Sewer - Treatment</i> Public Works Department	FY 2005	FY 2006		FY 2007	
	Actual	Original	Amended	Projected	Adopted
Personal Services	67,897	73,117	73,117	62,146	77,134
Supplies & Materials	698	1,300	1,300	15	1,300
Purchased Services	2,092,101	2,164,733	2,164,733	2,259,592	2,319,976
Other Costs	0	0	0	0	0
Debt Service - Interest & Fees	0	0	0	0	0
Internal Service, Interfund	184,144	195,619	195,619	195,619	199,665
Subtotal Operating Expenses	2,344,840	2,434,769	2,434,769	2,517,372	2,598,075
Debt Service - Principal	0	0	0	0	0
Capital Outlay	282,749	462,133	573,805	234,943	875,063
Total Sewer - Treatment	2,627,589	2,896,902	3,008,574	2,752,315	3,473,138

Goals and Objectives

Major Accomplishments - In the Past Year

- Biologically and physically treated wastewater to quality standards defined by the Montana State Department of Environmental Quality and the Environmental Protection Agency.
- Successfully accepted the discharge from the Malting Plant with no major treatment problems.
- Proceeded with construction of a facility to generate electricity with excess methane formed by the new digesters.

Priority Goals and Objectives – For the Upcoming Year

- Complete construction of the engine/generator facility.
- Work with Southern Montana Electric to determine requirements to accept the wastewater proposed to be generated by the Highwood Generating Station.
- Work with the Malting Plant to correct hydrogen sulfide problems being created by their discharge.

Sewer - Collection Highlights

<i>Sewer - Collection</i> Public Works Department	FY 2005	FY 2006			FY 2007
	Actual	Original	Amended	Projected	Adopted
Personal Services	327,541	479,812	479,812	442,189	452,556
Supplies & Materials	46,404	67,600	67,600	59,502	67,700
Purchased Services	18,151	20,955	20,955	13,685	19,955
Other Costs	7,393	15,000	15,000	8,000	15,000
Debt Service - Interest & Fees	0	0	0	0	0
Internal Service, Interfund	162,638	191,779	191,779	175,696	238,443
Subtotal Operating Expenses	562,127	775,146	775,146	699,072	793,654
Debt Service - Principal	0	0	0	0	0
Capital Outlay	1,626,972	537,867	1,447,460	1,447,460	811,887
Total Sewer - Collection	2,189,099	1,313,013	2,222,606	2,146,532	1,605,541

Goals and Objectives

Major Accomplishments - In the Past Year

- Reduced backups and costly claims by cleaning approximately 114 miles of sanitary sewer main yearly.
- Replaced and upsized a section of sewer main in Riverview to remedy a capacity issue.

Priority Goals and Objectives – For the Upcoming Year

- Promote, encourage and support sustainable development.
- Anticipate and plan for future service needs, cost and financing.
- Anticipate and plan for future capacities and resources needed for services.
- Establish and maintain financial reserves necessary to stability.
- Line sewer in problem areas.
- Replace and upsize another section of sewer main in Riverview to correct a capacity issue.

Sewer – Bonded Projects

Budget Highlights

<i>Sewer Bonded 2005</i> Public Works Department	FY 2005	FY 2006			FY 2007
	Actual	Original	Amended	Projected	Adopted
Personal Services	0	0	0	0	0
Supplies & Materials	0	0	0	0	0
Purchased Services	54	0	0	0	0
Other Costs	0	0	0	0	0
Debt Service - Interest & Fees	0	0	0	0	0
Internal Service, Interfund	0	0	0	0	0
Subtotal Operating Expenses	54	0	0	0	0
Debt Service - Principal	0	0	0	0	0
Capital Outlay	1,951,123	0	0	0	0
Total Sewer Bonded 2005	1,951,177	0	0	0	0

The Sewer Bonded Division budgets for capital improvements identified in the Sewer Master Plan.