

ANNUAL BUDGET



Saxonburg Area Authority
420 West Main Street
Saxonburg, PA 16056

AUTHORITY OPERATIONS

Mission Statement

To satisfy our customers' expectations for high quality, reliable, environmentally sound public sewer service at the lowest reasonable price.

Department

Sewer Fund

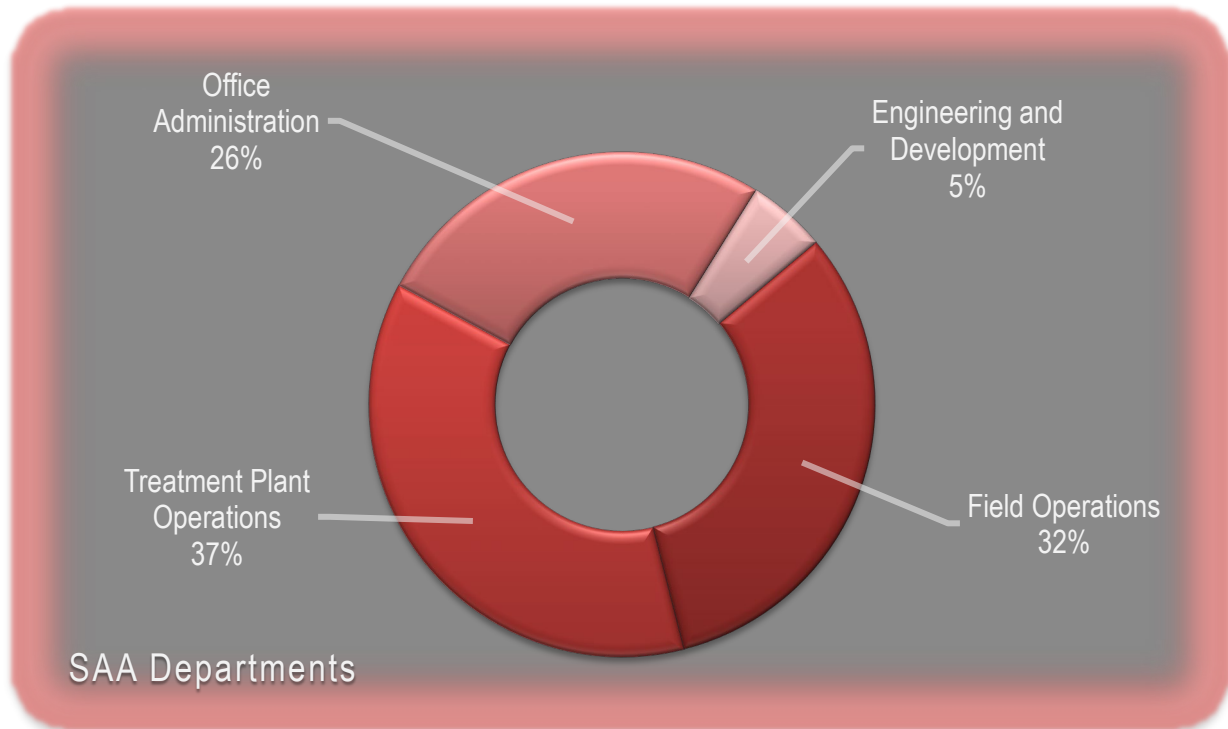
Cost Centers

<u>Legislative – Board Members</u>	<u>Pg. 9</u>
<u>Executive – Manager</u>	<u>Pg. 9</u>
<u>Professional Services</u>	<u>Pg. 9</u>
<u>General Administrative</u>	<u>Pg. 10</u>
<u>Engineering & Development</u>	<u>Pg. 10</u>
<u>Office Expenses</u>	<u>Pg. 11</u>
<u>General Services</u>	<u>Pg. 11</u>
<u>Customer Service</u>	<u>Pg. 12</u>
<u>Collection</u>	<u>Pg. 12</u>
<u>Treatment</u>	<u>Pg. 13</u>
<u>Tap-Ins</u>	<u>Pg. 13</u>
<u>Debt Service</u>	<u>Pg. 14</u>
<u>Employee Benefits</u>	<u>Pg. 14</u>
<u>Depreciation</u>	<u>Pg. 15</u>
<u>Capital Projects</u>	<u>Pg. 15</u>
<u>Debt Service Coverage</u>	<u>Pg. 16</u>

Sewer Fund

Department Responsibilities and Employee Utilization

The Authority operates under four primary departments: Field Operations, Treatment Plant Operations, Office Administration, and Engineering/Development.



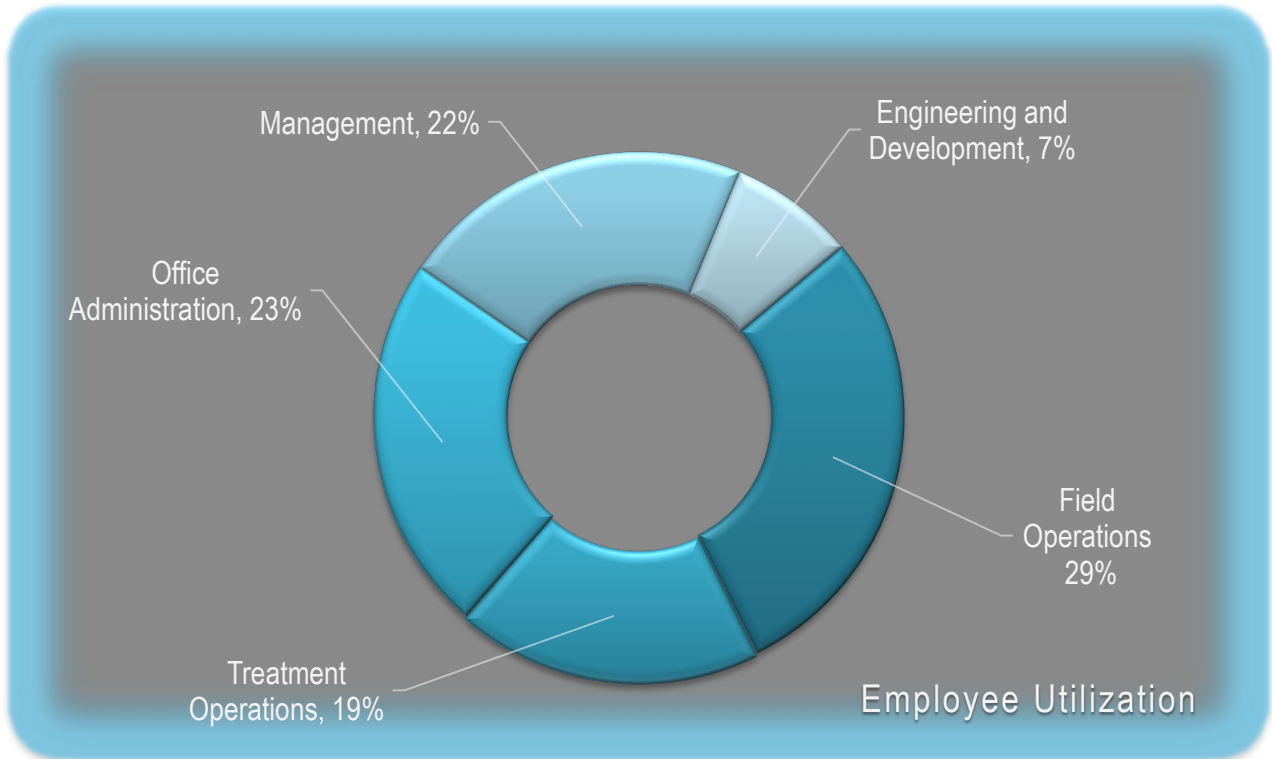
There are three employees in the Field Operations and three employees in the Treatment Plant Operations that are supervised by the Director of Operations. The Operations Department completes the day-to-day operations of the physical facilities of the Authority. Additionally, these employees attend to emergency operations when necessary.

There are three Office Administration employees that maintain customer service, billing, and accounts receivable. This department is also responsible for accounts payable for all vendor accounts. These employees are under the supervision of the Director of Finance.

The Authority's Engineering and Development department manages the development of the Authority's infrastructure. Two inspectors work under the supervision of the Director of Development to ensure all sewer facilities are installed in accordance with the Authority's specifications.

The Authority Manager provides guidance and oversees all three departments. The manager is responsible to the nine-member Authority Board of Directors.

All employees attend training that is appropriate for their job positions. Employee wages are charged to the specific departmental cost center as they are incurred.



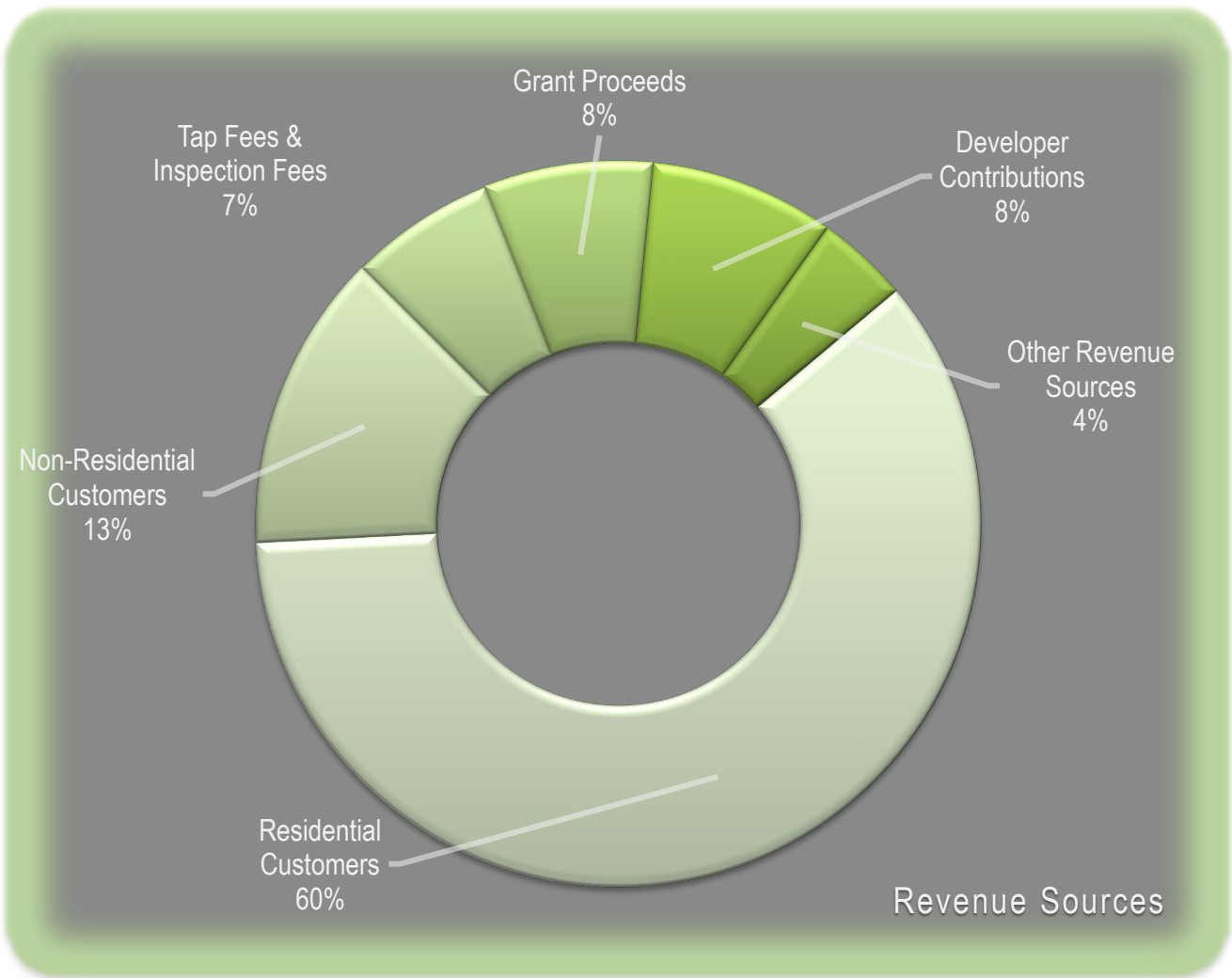
Sewer Department Operations

The Sewer Department is responsible for providing public sanitary sewer service to approximately 4,500 customers in Clinton Township, Jefferson Township, Middlesex Township, Penn Township and Saxonburg Borough. The system consists of interceptor, conveyance, collection lines, pump stations, force mains, and the wastewater treatment facility. Routine maintenance is performed by Authority personnel. Contractors are hired for large projects and specialized equipment needs.

Revenue Sources

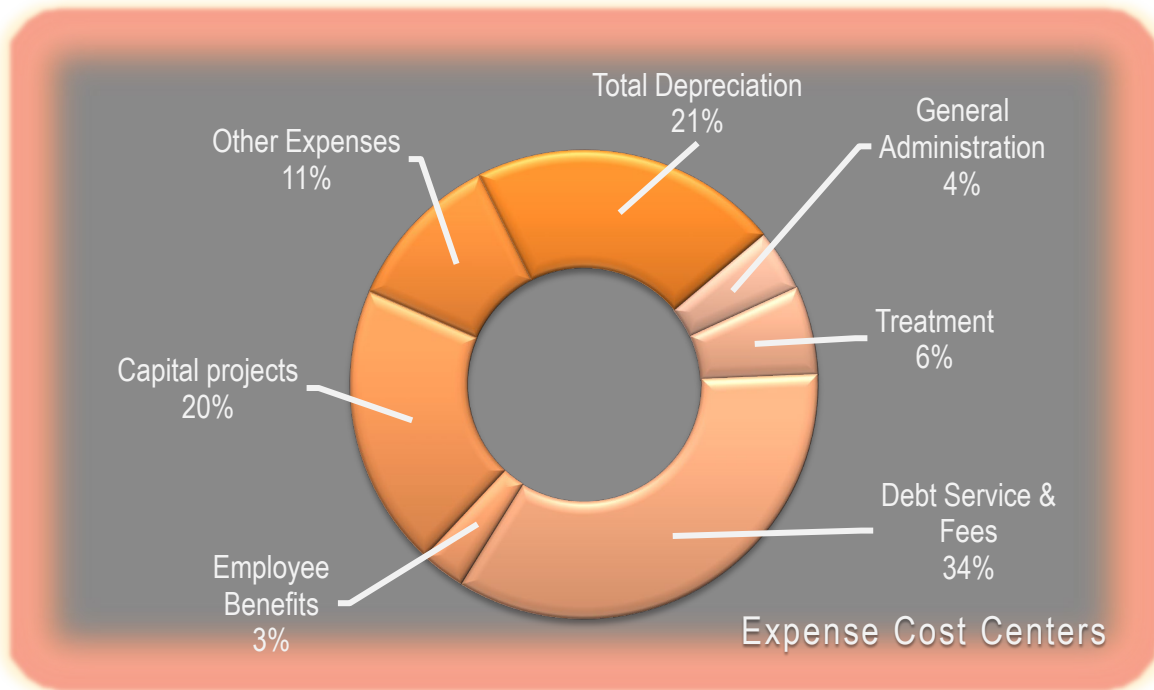
Revenues are collected through monthly billing of customers based on one of the following methods: metered water usage from public water systems, metered well usage, or flat rate billings. Tap-in fees charged for new connections, penalties, interest, administrative fees, inspections fees, and developer contributions are other significant revenue sources for the Authority. Revenues for 2024 are projected to total \$5,996,390.

Revenues	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Interest Earned	8,803	8,110	50,385	50,390
Debt Service Interest - Unrealized	20,899	22,090	6,910	20,000
Metered Residential	738,274	752,250	733,784	831,430
Flat Rate Residential	2,407,078	2,449,300	2,441,337	2,783,190
Metered Commercial	468,916	462,510	451,397	519,690
Metered Institutional	44,564	40,200	40,959	46,490
Metered Industrial	216,553	239,100	177,155	232,710
No Lien letters	5,360	6,750	3,515	5,260
Penalties & Interest (non-lien)	41,232	45,660	41,975	43,510
Penalties & Interest (lien)	54,456	55,000	40,679	37,680
Turn on/off Fees	10,594	11,590	10,886	11,270
Certified Mail	13,860	15,450	12,500	13,340
NSF Bank Charges	780	590	626	630
Prelim.Development Fee	2,440	1,050	500	1,340
Developer Charges	3,321	5,680	10,456	5,470
Inspection Fees	11,816	21,470	3,045	20,370
Excavation/Labor Services	4,985	7,590	2,713	6,450
Reimbursement of Profess.Services	6,095	2,120	800	2,380
Utility Revenues-PAWC	537	620	500	530
Tapping Fee-Capacity	141,948	278,460	187,103	255,260
Tapping Fee-Collection	1,940	1,320	220	880
Tapping Fee- Connection	12,150	14,580	15,390	9,720
Sale of Possessions	2,943	1,590	101	1,310
Interest from Debt Service	33,339	41,920	38,013	34,020
Reimbursement from Sax. Borough		14,840	1,251	3,000
Refunds and Rebates	14,048	9,440	200	8,240
Special Purpose Fee	56,100	123,750	101,063	103,950
MIP Grant			210,830	453,170
Miscellaneous	458	270	161	480
Developers Contributions	829,092	684,950	21,402	494,230
Total Customer Revenues	\$ 5,122,879	\$ 5,288,050	\$ 4,548,560	\$ 5,926,000
TOTAL REVENUES	\$ 5,152,581	\$ 5,318,250	\$ 4,605,854	\$ 5,996,390



Cost Center Expenses

The sewer department has cost centers for tracking all expenses. The total expenses budgeted for 2024 are \$7,569,550, as represented in the table below. Total expenses net of current year depreciation is \$5,959,550. The largest portion of this expense is Debt Service, accounting for 34% of the total costs. The chart below shows a generalized overview of the cost centers. A detailed breakdown of each cost center is provided in the following charts.



Cost Center Expenses	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Legislative - Board Members	5831	8760	9352	11930
Executive - Manager	170630	181190	174247	187450
Professional Services	139236	140740	158960	168930
General Administrative	335415	265760	201859	327990
Engineering & Development	59821	64790	57949	62820
Office Building Expenses	12099	14290	13497	13960
General Services	146168	175830	211156	188590
Customer Service	9299	11080	5129	9820
Collection/Distribution	166470	176970	200997	188460
Treatment	425278	448260	466202	462790
Tap-Ins	1301	4080	3458	3770
Debt Principal and Interest	2599612	2620160	2611642	2604910
Management Fees	3000	3300	3813	3300
Employee Benefits	195890	235630	221313	238750
Depreciation	1597112	1592000	1600000	1610000
Capital Projects	221468	294180	510005	1481850
Gain (Loss) on sale of Fixed Assets	12702		0	4230
TOTAL EXPENSES	\$ 6,101,332	\$ 6,237,020	\$ 6,449,579	\$ 7,569,550

Cost Center Details

Cost Center: Legislative – Board Members

The Saxonburg Area Authority’s management consists of a nine-member Board of Directors. These appointed members represent the five municipalities that the sewer system services. This board provides the policies, personnel, and funding necessary to ensure the successful operations of the Sewer Department.

Cost Center: Legislative - Board Members	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Expense Reimbursements	1125	490	807.5	1050
Advertising/Printing	404	400	402	490
Dues & Subscriptions		3890	2500	4060
Training & Conferences	3802	2480	3141	4830
Contributions	500	1500	500	1500
TOTAL EXPENSES	\$ 5,831	\$ 8,760	\$ 7,351	\$ 11,930

Cost Center: Executive – Manager

The Board of Directors has appointed a manager to oversee the day-to-day operations of the Authority. The Manager provides guidance to the three departments that were previously discussed above.

Cost Center: Executive - Manager	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	149370	156830	149370	164680
Pension Contributions	14923	15680	14923	16470
Computer Expenses	5104	5090	5097	2200
Expense Reimbursements	387	1100	743.5	1100
Advertising/Printing	583	270	426.5	270
Dues & Subscriptions	108	1120	614	1630
Training & Conferences	155	1100	627.5	1100
TOTAL EXPENSES	\$ 170,630	\$ 181,190	\$ 171,802	\$ 187,450

Cost Center: Professional Services

The Professional Services Cost Center supports the Authority through legal, audit, and computer networking contracted services.

Cost Center: Professional Services	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Accounting & Auditing Services	15871	15900	20851	17200
Contracted Engineer Services		500	0	500
Legal Services	8944	11420	8204	10080
IT Consulting Services	47882	46400	55961	66150
Liability/Property Insurance	66539	66520	73944	75000
TOTAL EXPENSES	\$ 139,236	\$ 140,740	\$ 158,960	\$ 168,930

Cost Center: General Administrative

The General Administrative Cost Center represents the expenditures related to the financial and administrative staff of the Authority.

Cost Center: General Administrative	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	109601	129660	124064	175900
Office Supplies	9565	8660	16318	12090
Document Destruction		180	0	180
Clothing	418	1770	325	750
Minor Equipment	775	310	0	310
Computer Expenses	10723	8820	12722	10950
Payroll Expenses		70	283	1790
Internet/Office Phones	1434	1520	1544	1520
Postage	22671	22550	22718	24550
Cell Phones	1508	1960	2446	1850
Expense Reimbursements	1214	1500	3233	3230
Advertising/Printing	2096	2650	3646	4230
Dishonesty Bonds	1128	1490	2299	1750
Office-Electric	1074	1200	993	1010
Office-Gas	1325	1020	781	1500
Office-Water	253	180	236	240
Rent SAA			0	0
Equipment Rental	932	1850	1591	1000
Collection expenses		300	0	300
Tap Fee Reimbursements			0	0
Bank Charges	1231	90	117	480
Dues & Subscriptions	3775	420	3549	440
Training & Conferences	2215	4260	4832	6420
Lien Write Off	163477	75000	162	77500
TOTAL EXPENSES	\$ 335,415	\$ 265,460	\$ 201,859	\$ 327,990

Cost Center: Engineering and Development

The Engineering and Development Services Cost Center supports the Authority by providing engineering, development, and administrative services.

Cost Center: Engineering and Development	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	54717	58830	57480	59980
Minor Equipment		50	0	50
Computer Expenses	5104	5090	469	1940
Expense Reimbursements		100	0	100
Advertising/Printing		50	0	50
Training & Conferences		670	0	700
TOTAL EXPENSES	\$ 59,821	\$ 64,790	\$ 57,949	\$ 62,820

Cost Center: Office Expenses

The Office Expenses Cost Center reflects costs related to the office building maintenance expenses. This cost center tracks expenses specific to the administrative office.

Cost Center: Office Expenses	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	1493	1800	1868	1890
Tools & Materials		550	20	550
Repairs & Maintenance	3971	5130	3710	3140
Garbage	757	840	961	870
Non-Building Improvements	11	2750	1898	3770
Building Improvements	1812	1020	4586	410
Security	3709	760	254	1360
Grounds Keeping	346	1440	199	1970
TOTAL EXPENSES	\$ 12,099	\$ 14,290	\$ 13,497	\$ 13,960

Cost Center: General Services

The General Services Cost Center reflects the administrative expenditures necessary to support the field operators. These expenditures include items such as gasoline, vehicle repairs, seminars, training, and small tools. Expenses related to the garage buildings are reflected in this cost center.

Cost Center: General Administrative	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	110773	127310	164407	139190
Vehicle Fuel/Diesel	9573	7860	7109	8270
Diesel -Garages	2742	2650	4090	3500
Clothing	6615	5900	8433	7070
Tools & Materials	2307	4660	1294	3210
Vehicle Expenses	5603	9690	14997	11920
Repairs & Maintenance		1000	500	500
Other Vehicle Expenses- Trailers	52	500	75	500
Minor Equipment		100	75	100
Computer Expenses	22	1370	101	1370
PA1 Call Expenses	1572	1600	1808	1720
Cell Phones	2915	3470	3109	3680
Expense Reimbursements	55	250	671	250
Advertising/Printing	98	30	0	30
Garages-Electric	1220	1210	1160	1170
Garages-Gas	1857	1690	1812	1900
Garage-Water	335	290	247	320
Garages-Building Improvements	259	4370	313	1500
Equipment Rental		100	0	100
Dues & Subscriptions		200	0	200
Training & Conferences	170	1380	955	1890
Garage-Security		200	0	200
TOTAL EXPENSES	\$ 146,168	\$ 175,830	\$ 211,156	\$ 188,590

Cost Center: Customer Service

The Customer Service Cost Center provides meter reading, replacements, and customer service calls related to service connections. The costs associated with obtaining meter readings from public water service providers are included in this cost center.

Cost Center: Customer Service	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	7122	8160	2799	6440
Labor-Meter Reading and Shut Offs - PAWC	2163	2280	2329	2340
Tools & Materials	0		0	500
Meter Replacements	0	600	0	500
Computer Expenses	14	40	0	40
TOTAL EXPENSES	\$ 9,299	\$ 11,080	\$ 5,129	\$ 9,820

Cost Center: Collection

The Collection Cost Center is responsible for the collection lines and pump stations which convey the raw sewage to the wastewater treatment facility.

Cost Center: Collection	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	53454	61980	71187	69420
Diesel-Generators		800	3254	1640
Tools & Materials	18083	10000	32000	16000
Repairs & Maintenance	31192	28440	7565	28440
Minor equipment	10934	7170	0	7170
Internet/Office Phones	2837	2850	3473	3270
Expense Reimbursements	0	250	156	250
Pump Stations - Electric	38123	33870	38127	37630
Pump Stations - Water	267	210	209	260
Permits	751	540	458	720
Pump Stations-Building Improvements	1951	2390	0	2390
Equipment Rental	158	970	263	970
Contracted services	8633	14500	29804	19500
Pump Stations-Grounds Keeping	87	13000	14500	800
TOTAL EXPENSES	\$ 166,470	\$ 176,970	\$ 200,997	\$ 188,460

Cost Center: Treatment

The Treatment Cost Center is responsible for maintaining and monitoring discharge quality and treating the wastewater prior to discharging it into the creek. Sludge is removed and transported to a landfill for proper disposal.

Cost Center: Treatment	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	151458	157800	142014	142400
Diesel	0	1400	610	730
Oils & Lubricants	4541	3270	6978	4690
Tools & Materials	31012	22120	38756	31950
Treatment Chemicals	59777	54140	89726	70830
Repairs & Maintenance	21453	31610	1011	26980
Minor Equipment	1391	3820	5128	3050
Computer Expenses	303	500	1696	1700
Internet/Office Phones	4612	4610	4320	4610
Expense Reimbursements	70	250	0	250
STP - Electric	67982	70410	79035	74660
STP - Gas	2973	3000	3157	3300
Sludge Removal	44335	48890	56539	52720
Garbage	3053	1800	3009	1840
Permits	6150	5800	4238	8300
Building Improvements	763	1000	0	1000
Equipment Rental	-83	200	0	200
Dues & Subscriptions	446	300	187	270
Training & Conferences		1980	499	2260
Contracted Services	17841	22370	25834	19160
Security	910	1490	0	1100
Outsourced Water Quality Testing	5662	5500	3285	4790
Groundskeeping	629	6000	180	6000
TOTAL EXPENSES	\$ 425,278	\$ 448,260	\$ 466,202	\$ 462,790

Cost Center: Tap-Ins

The Tap-Ins Cost Center is responsible for installation and maintenance of the connection point for the customers' sewer lines to the Authority's sewer lines.

Cost Center: Tap-Ins	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Salaries & Wages	643	520	2883	1390
Tools & Materials	658	2000	575	820
Expense Reimbursements		250	0	250
Equipment Rental	0	830	0	830
Contracted services		480	0	480
TOTAL EXPENSES	\$ 1,301	\$ 4,080	\$ 3,458	\$ 3,770

Cost Center: Debt Service

The Debt Service Cost Center accounts for all Debt Service expenses, costs of debt, and payments of principal and interest. This debt was secured to construct the sewer facilities.

Cost Center: Debt Service	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Bond Issue Interest	437528	815000	420188	393450
2005 Pennvest Loan-Interest	198329	1143530	185527	174040
Amorization	46601	55110	46601	46600
Bond Insurance Expense			0	0
Arbitrage		800	800	800
Management Fee	3000	3300	3813	3300
TOTAL EXPENSES	\$ 685,458	\$ 2,017,740	\$ 656,928	\$ 618,190

Cost Center: Employee Benefits

The Employee Benefits consist of retirement plans, insurances, and tax expenses paid on behalf of the employees.

Cost Center: Employee Benefits	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Pension Plan Expenses		1990		1200
Worker's Compensation	17978	19070	18655	18280
Unemployment Compensation Insurance	3266	3150	4050	3420
FICA	37935	43580	42708	47200
Medicare	9774	10190	10550	11040
Accrued Benefit Expense	18477.41	20780	0	0
Dental	7373	8200	8013	9010
Vision	1034	1210	1080	1230
Hospitalization	96174	125500	131549	141270
Employee Deductions for Insurance	-2819	-2630	-592	-100
Life Insurance	1529	1580	1514	1980
HRA Utilization	5169	3010	3786	4220
TOTAL EXPENSES	\$ 195,890	\$ 235,630	\$ 221,313	\$ 238,750

Cost Center: Depreciation and Bad Debt

The Depreciation expense is shown in accordance with Governmental Accounting Standards Board Pronouncement Number 34. Depreciation is not a cash expense; it is shown as an estimation of the amount of money that should be invested into a surplus account for future asset replacement. The Bad Debt expense is maintained to create an offset to Accounts Receivable to approximate non-collectible customer payments.

Cost Center: Depreciation and Bad Debt	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Depreciation on Assets	1597112	1586000	1600000	1600000
Bad Debt Expense		6000	0	10000
TOTAL	\$ 1,597,112	\$ 1,592,000	\$ 1,600,000	\$ 1,610,000

Cost Center: Capital Projects and Asset Retirement

The Capital Project Cost Center is responsible for planning and executing larger repair and replacement projects. Some of the special projects for 2024 include East Main Street paving, siding the municipal building, rehabilitating many sections of sewer lines in multiple municipalities, a forklift for the treatment plant, a material bin and landscaping for the treatment plant site, UV bulb replacement and manhole rehabilitation.

Cost Center: Capital Projects and Asset Retirement	2022 Actual	2023 Budget	2023 Estimated	2024 Budget
Capital Projects	221468	294180	510005	1481850
Gain (Loss) on Sale of Fixed Assets	12702		0	4230
TOTAL	\$ 234,170	\$ 294,180	\$ 510,005	\$ 1,486,080

Debt Service Coverage

The Authority is required to maintain rates at a level sufficient to provide revenues in addition to available funds to cover operating expenses, debt service payments, plus an additional 10% of the bonded debt service payments. This factor, known as the Debt Service Margin, is computed each year as part of the budget process. Amortization, Depreciation, and non-cash expenses are not included in the calculation.

The Debt Service Coverage calculation for the 2024 year is:

2024 SAA Rate Covenant/Coverage Calculation	
Total Estimated Cash on Hand 1/1/2024	\$ 2,099,747
2024- Total Estimated Revenues and Receipts	\$ 5,996,390
2024- Total Estimated Operating Expenses	\$ (1,791,060)
2024- Subordinate Debt Payments	\$ (1,329,060)
2024- 110% of 2015 Bonds Debt Service Requirements	\$ (1,351,295)
2024 Estimated Surplus For 2015 Bond Rate Covenant	\$ 3,624,722