

# 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. 8</u>
<u>Executive – Manager</u>	<u>Pg. 8</u>
<u>Professional Services</u>	<u>Pg. 8</u>
<u>General Administrative</u>	<u>Pg. 9</u>
<u>Engineering &amp; Development</u>	<u>Pg. 9</u>
<u>Office Expenses</u>	<u>Pg. 10</u>
<u>General Services</u>	<u>Pg. 10</u>
<u>Customer Service</u>	<u>Pg. 11</u>
<u>Collection</u>	<u>Pg. 11</u>
<u>Treatment</u>	<u>Pg. 12</u>
<u>Tap-Ins</u>	<u>Pg. 12</u>
<u>Debt Service</u>	<u>Pg. 13</u>
<u>Employee Benefits</u>	<u>Pg. 13</u>
<u>Depreciation</u>	<u>Pg. 14</u>
<u>Capital Projects</u>	<u>Pg. 14</u>

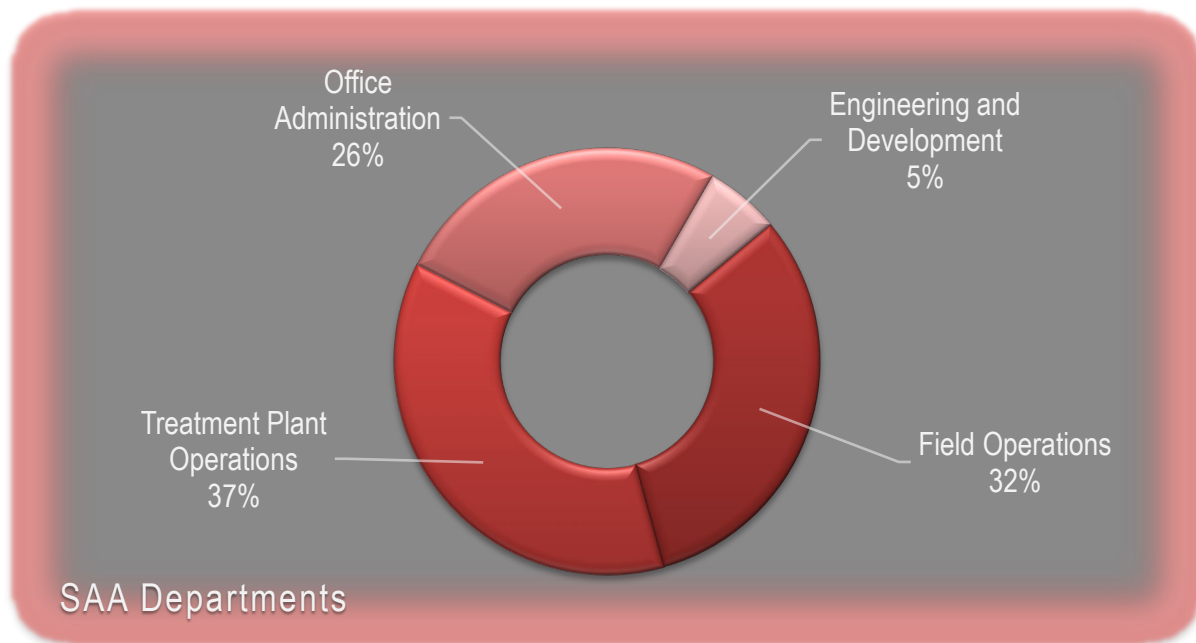
## Debt Service Coverage

Pg. 15

## Sewer Fund

### Department Responsibilities and Employee Utilization

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



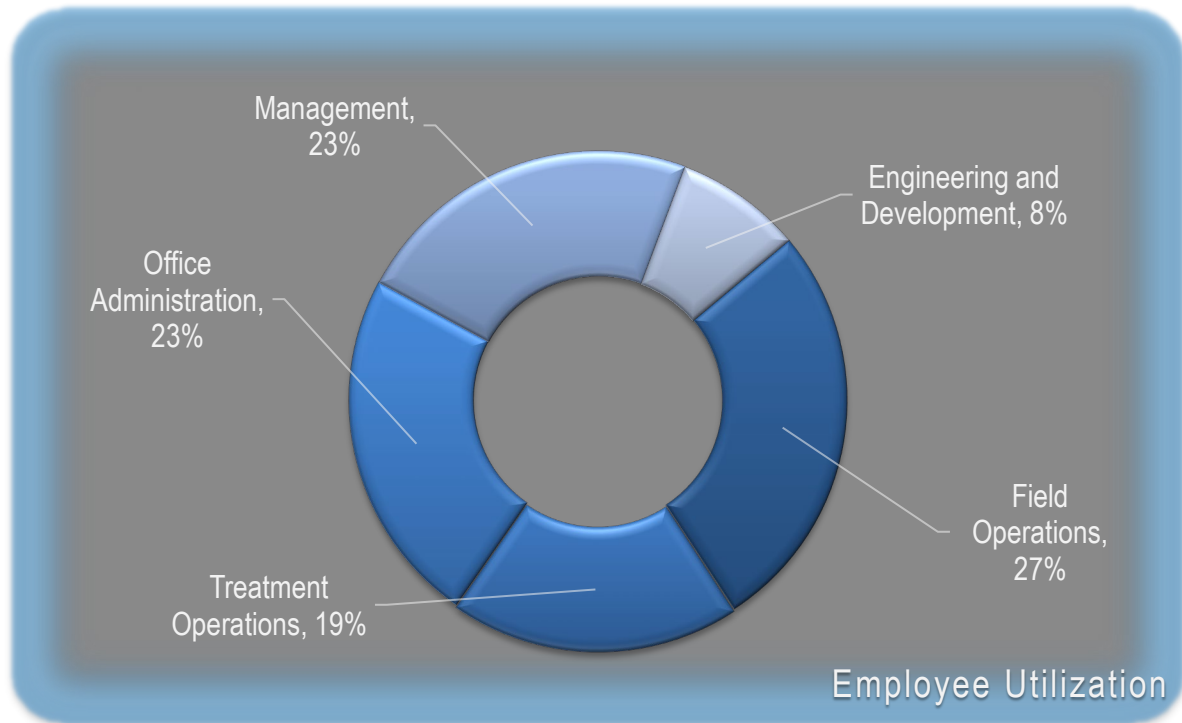
There are three employees in Field Operations and three employees in the Treatment Plant Operations that are supervised by the Director of Operations. The Operations Department completes the day-to-day operations of the physical facilities of the Authority. Additionally, these employees attend to emergency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



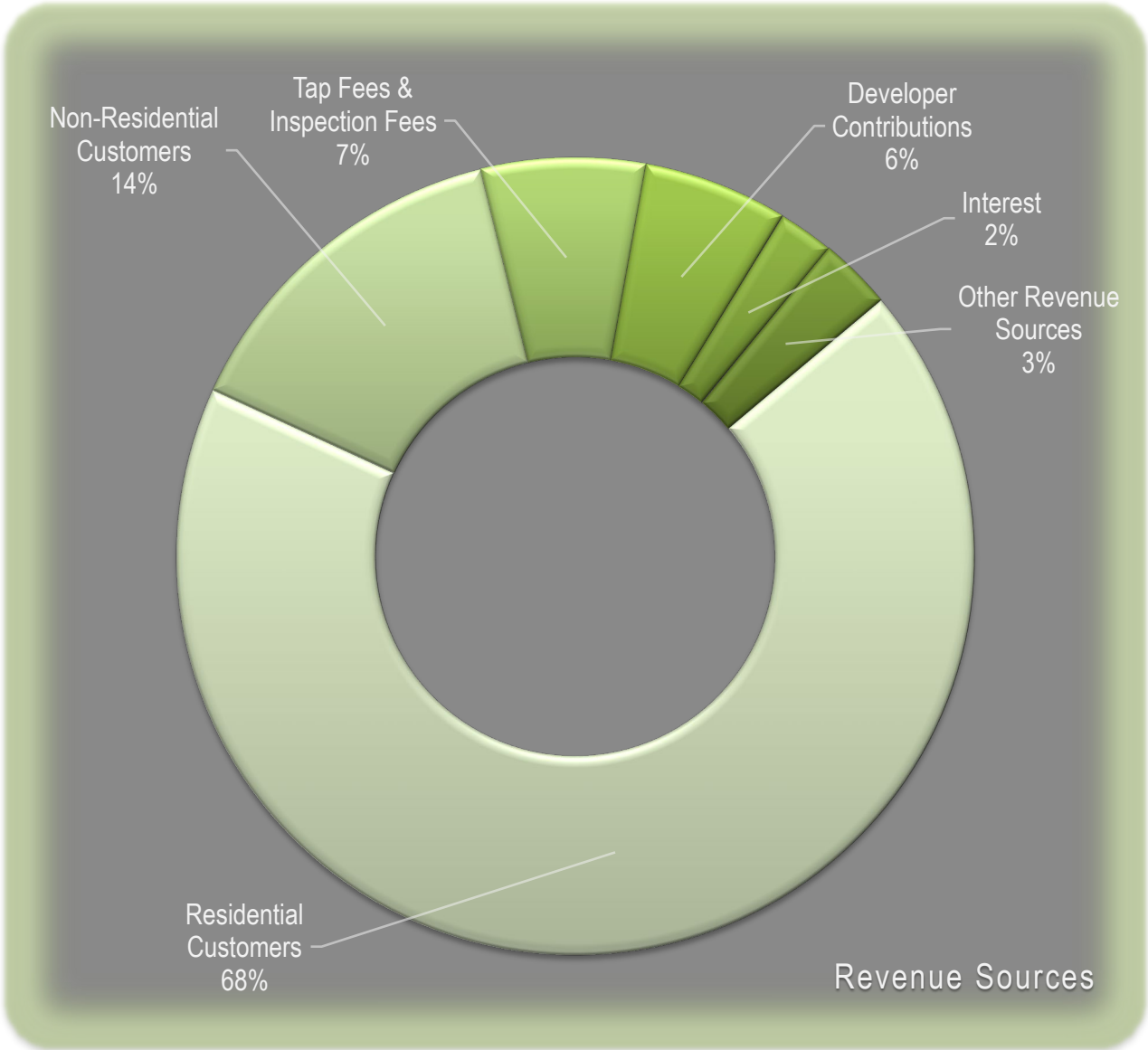
### **Sewer Department Operations**

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**

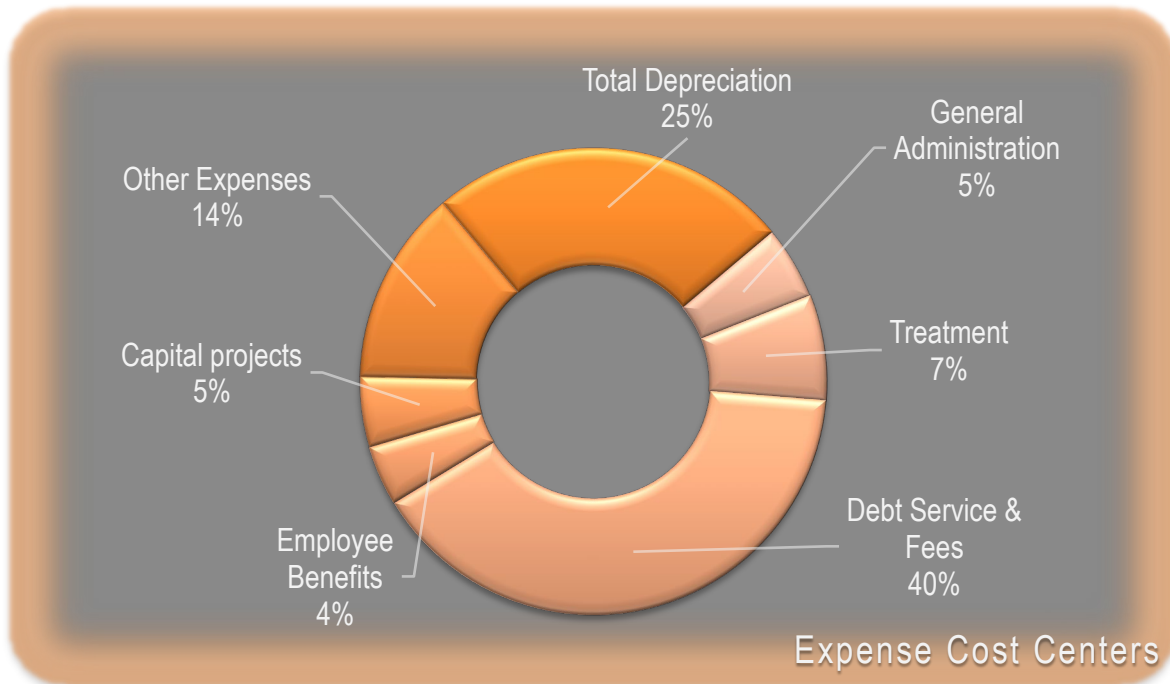
Revenues are collected through monthly billing of customers based on one of the following methods: metered water usage from public water systems, metered well usage, or flat rate billings. Tap-in fees charged for new connections, penalties, interest, administrative fees, inspections fees, and developer contributions are other significant revenue sources for the Authority. Revenues for 2025 are projected to total \$5,433,990.

Revenues	2023 Budget	2023 Estimated	2024 Budget	2025 Budget
Interest Earned	8,110	50,385	50,390	59,810
Interest from Debt Service	64,010	44,923	54,020	62,000
Metered Residential	752,250	733,784	831,430	835,760
Flat Rate Residential	2,449,300	2,441,337	2,783,190	2,857,760
Metered Commercial	462,510	451,397	519,690	552,870
Metered Institutional	40,200	40,959	46,490	48,090
Metered Industrial	239,100	177,155	232,710	177,540
No Lien letters	6,750	3,515	5,260	4,000
Penalties & Interest (non-lien)	45,660	41,975	43,510	48,600
Penalties & Interest (lien)	55,000	40,679	37,680	46,310
Turn on/off Fees	11,590	10,886	11,270	9,940
Certified Mail	15,450	12,500	13,340	12,900
NSF Bank Charges	590	626	630	600
Prelim. Development Fee	1,050	500	1,340	1,460
Developer Charges	5,680	10,456	5,470	17,840
Inspection Fees	21,470	3,045	20,370	5,700
Excavation/Labor Services	7,590	2,713	6,450	2,730
Reimbursement of Profess. Services	2,120	800	2,380	2,030
Utility Revenues-PAWC	620	500	530	470
Tapping Fee-Capacity	278,460	187,103	255,260	255,260
Tapping Fee-Collection	1,320	220	880	1,540
Tapping Fee- Connection	14,580	15,390	9,720	17,010
Sale of Possessions	1,590	101	1,310	2,033
Reimbursement from Sax. Borough	14,840	1,251	3,000	410
Refunds and Rebates	9,440	200	8,240	10,327
Special Purpose Fee	123,750	101,063	103,950	82,500
MIP Grant		210,830	453,170	-
Miscellaneous	270	161	480	130
Developers Contributions	684,950	21,402	494,230	318,370
<b>Total Customer Revenues</b>	<b>\$ 5,246,130</b>	<b>\$ 4,510,546</b>	<b>\$ 5,891,980</b>	<b>\$ 5,312,180</b>
<b>TOTAL REVENUES</b>	<b>\$ 5,318,250</b>	<b>\$ 4,605,854</b>	<b>\$ 5,996,390</b>	<b>\$ 5,433,990</b>



## Cost Center Expenses

The sewer department has cost centers for tracking all expenses. The total expenses budgeted for 2025 are \$6,521,940, as represented in the table below. Total expenses net of current year depreciation is \$4,890,210. The largest portion of this expense is Debt Service, accounting for 40% 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	2023 Budget	2023 Estimated	2024 Budget	2025 Budget
Legislative - Board Members	8760	9352	11930	12930
Executive - Manager	181190	174247	187450	194720
Professional Services	140740	158960	168930	180880
General Administrative	265760	201859	327990	332940
Engineering & Development	64790	57949	62820	73080
Office Building Expenses	14290	13497	13960	16120
General Services	175830	211156	188590	195750
Customer Service	11080	5129	9820	7960
Collection/Distribution	176970	200997	188460	183970
Treatment	448260	466202	462790	475630
Tap-Ins	4080	3458	3770	7750
Debt Principal and Interest	2620160	2611642	2604910	2606570
Management Fees	3300	3813	3300	3350
Employee Benefits	235630	221313	238750	270400
Depreciation	1592000	1600000	1610000	1631730
Capital Projects	294180	510005	1481850	318160
Gain (Loss) on sale of Fixed Assets		0	4230	10000
<b>TOTAL EXPENSES</b>	<b>\$ 6,237,020</b>	<b>\$ 6,449,579</b>	<b>\$ 7,569,550</b>	<b>\$ 6,521,940</b>

## 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.

<b>Cost Center: Legislative - Board Members</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Expense Reimbursements	490	807.5	1050	1050
Advertising/Printing	400	402	490	490
Dues & Subscriptions	3890	2500	4060	4630
Training & Conferences	2480	3141	4830	5260
Contributions	1500	500	1500	1500
<b>TOTAL EXPENSES</b>	<b>\$ 8,760</b>	<b>\$ 7,351</b>	<b>\$ 11,930</b>	<b>\$ 12,930</b>

### 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 four departments that were previously discussed above.

<b>Cost Center: Executive - Manager</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	156830	149370	164680	171260
Pension Contributions	15680	14923	16470	17130
Computer Expenses	5090	5097	2200	2200
Expense Reimbursements	1100	743.5	1100	1100
Advertising/Printing	270	426.5	270	300
Dues & Subscriptions	1120	614	1630	1630
Training & Conferences	1100	627.5	1100	1100
<b>TOTAL EXPENSES</b>	<b>\$ 181,190</b>	<b>\$ 171,802</b>	<b>\$ 187,450</b>	<b>\$ 194,720</b>

### Cost Center: Professional Services

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

<b>Cost Center: Professional Services</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Accounting & Auditing Services	15900	20851	17200	20300
Contracted Engineer Services	500	0	500	500
Legal Services	11420	8204	10080	11810
IT Consulting Services	46400	55961	66150	67410
Liability/Property Insurance	66520	73944	75000	80860
<b>TOTAL EXPENSES</b>	<b>\$ 140,740</b>	<b>\$ 158,960</b>	<b>\$ 168,930</b>	<b>\$ 180,880</b>



### **Cost Center: General Administrative**

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

<b>Cost Center: General Administrative</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	129660	124064	175900	174310
Office Supplies	8660	16318	12090	12090
Document Destruction	180	0	180	180
Clothing	1770	325	750	1050
Minor Equipment	310	0	310	340
Computer Expenses	8820	12722	10950	9310
Payroll Expenses	70	283	1790	2200
Internet/Office Phones	1520	1544	1520	1880
Postage	22550	22718	24550	23750
Cell Phones	1960	2446	1850	1940
Expense Reimbursements	1500	3233	3230	3230
Advertising/Printing	2650	3646	4230	2710
Dishonesty Bonds	1490	2299	1750	1800
Office-Electric	1200	993	1010	1020
Office-Gas	1020	781	1500	1100
Office-Water	180	236	240	240
Rent SAA		0	0	0
Equipment Rental	1850	1591	1000	1210
Collection expenses	300	0	300	300
Tap Fee Reimbursements		0	0	0
Bank Charges	90	117	480	480
Dues & Subscriptions	420	3549	440	360
Training & Conferences	4260	4832	6420	6210
Lien Write Off	75000	162	77500	87230
<b>TOTAL EXPENSES</b>	<b>\$ 265,460</b>	<b>\$ 201,859</b>	<b>\$ 327,990</b>	<b>\$ 332,940</b>

### **Cost Center: Engineering and Development**

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

<b>Cost Center: Engineering and Development</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	58830	57480	59980	70230
Minor Equipment	50	0	50	50
Computer Expenses	5090	469	1940	1950
Expense Reimbursements	100	0	100	100
Advertising/Printing	50	0	50	50
Training & Conferences	670	0	700	700
<b>TOTAL EXPENSES</b>	<b>\$ 64,790</b>	<b>\$ 57,949</b>	<b>\$ 62,820</b>	<b>\$ 73,080</b>

### **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.

<b>Cost Center: Office Expenses</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	1800	1868	1890	1360
Tools & Materials	550	20	550	550
Repairs & Maintenance	5130	3710	3140	5750
Garbage	840	961	870	870
Non-Building Improvements	2750	1898	3770	3130
Building Improvements	1020	4586	410	1940
Security	760	254	1360	880
Grounds Keeping	1440	199	1970	1640
<b>TOTAL EXPENSES</b>	<b>\$ 14,290</b>	<b>\$ 13,497</b>	<b>\$ 13,960</b>	<b>\$ 16,120</b>

### **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.

<b>Cost Center: General Administrative</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	127310	164407	139190	134570
Vehicle Fuel/Diesel	7860	7109	8270	8760
Diesel -Garages	2650	4090	3500	2500
Clothing	5900	8433	7070	8480
Tools & Materials	4660	1294	3210	3910
Vehicle Expenses	9690	14997	11920	18540
Repairs & Maintenance	1000	500	500	500
Other Vehicle Expenses- Trailers	500	75	500	500
Minor Equipment	100	75	100	210
Computer Expenses	1370	101	1370	1370
PA1 Call Expenses	1600	1808	1720	1840
Cell Phones	3470	3109	3680	3920
Expense Reimbursements	250	671	250	700
Advertising/Printing	30	0	30	100
Garages-Electric	1210	1160	1170	1180
Garages-Gas	1690	1812	1900	1570
Garage-Water	290	247	320	350
Garages-Building Improvements	4370	313	1500	4460
Equipment Rental	100	0	100	100
Dues & Subscriptions	200	0	200	200
Training & Conferences	1380	955	1890	1890
Garage-Security	200	0	200	100
<b>TOTAL EXPENSES</b>	<b>\$ 175,830</b>	<b>\$ 211,156</b>	<b>\$ 188,590</b>	<b>\$ 195,750</b>

### **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.

<b>Cost Center: Customer Service</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	8160	2799	6440	4740
Labor-Meter Reading and Shut Offs - PAWC	2280	2329	2340	2680
Tools & Materials		0	500	250
Meter Replacements	600	0	500	250
Computer Expenses	40	0	40	40
<b>TOTAL EXPENSES</b>	<b>\$ 11,080</b>	<b>\$ 5,129</b>	<b>\$ 9,820</b>	<b>\$ 7,960</b>

### **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.

<b>Cost Center: Collection</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	61980	71187	69420	57510
Diesel-Generators	800	3254	1640	2860
Tools & Materials	10000	32000	16000	14100
Repairs & Maintenance	28440	7565	28440	28440
Minor equipment	7170	0	7170	7170
Internet/Office Phones	2850	3473	3270	3720
Expense Reimbursements	250	156	250	250
Pump Stations - Electric	33870	38127	37630	43240
Pump Stations - Water	210	209	260	240
Permits	540	458	720	820
Pump Stations-Building Improvements	2390	0	2390	2390
Equipment Rental	970	263	970	970
Contracted services	14500	29804	19500	21460
Pump Stations-Grounds Keeping	13000	14500	800	800
<b>TOTAL EXPENSES</b>	<b>\$ 176,970</b>	<b>\$ 200,997</b>	<b>\$ 188,460</b>	<b>\$ 183,970</b>

**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.

<b>Cost Center: Treatment</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	157800	142014	142400	141490
Diesel	1400	610	730	730
Oils & Lubricants	3270	6978	4690	4690
Tools & Materials	22120	38756	31950	36750
Treatment Chemicals	54140	89726	70830	72860
Repairs & Maintenance	31610	1011	26980	13280
Minor Equipment	3820	5128	3050	5880
Computer Expenses	500	1696	1700	1700
Internet/Office Phones	4610	4320	4610	4630
Expense Reimbursements	250	0	250	700
STP - Electric	70410	79035	74660	72640
STP - Gas	3000	3157	3300	2930
Sludge Removal	48890	56539	52720	67180
Garbage	1800	3009	1840	1890
Permits	5800	4238	8300	6300
Building Improvements	1000	0	1000	1200
Equipment Rental	200	0	200	200
Dues & Subscriptions	300	187	270	450
Training & Conferences	1980	499	2260	2750
Contracted Services	22370	25834	19160	30260
Security	1490	0	1100	1100
Outsourced Water Quality Testing	5500	3285	4790	5620
Groundskeeping	6000	180	6000	400
<b>TOTAL EXPENSES</b>	<b>\$ 448,260</b>	<b>\$ 466,202</b>	<b>\$ 462,790</b>	<b>\$ 475,630</b>

**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.

<b>Cost Center: Tap-Ins</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Salaries & Wages	520	2883	1390	3610
Tools & Materials	2000	575	820	2390
Expense Reimbursements	250	0	250	250
Equipment Rental	830	0	830	830
Contracted services	480	0	480	670
<b>TOTAL EXPENSES</b>	<b>\$ 4,080</b>	<b>\$ 3,458</b>	<b>\$ 3,770</b>	<b>\$ 7,750</b>

### **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.

<b>Cost Center: Debt Service</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Bond Issue Interest	420190	420188	393450	370110
2005 Pennvest Loan-Interest	185530	185527	174040	162440
2005 Pennvest Loan - Principal	1143530	1143527	1155020	1166620
Bond Issue Principal	815000	815000	835000	860000
Amortization	55110	46601	46600	46600
Bond Insurance Expense		0	0	0
Arbitrage	800	0	800	800
Management Fee	3300	3050	3300	3350
<b>TOTAL EXPENSES</b>	<b>\$ 2,623,460</b>	<b>\$ 2,613,893</b>	<b>\$ 2,608,210</b>	<b>\$ 2,609,920</b>

### **Cost Center: Employee Benefits**

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

<b>Cost Center: Employee Benefits</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Pension Plan Expenses	1990		1200	4200
Worker's Compensation	19070	18655	18280	19070
Unemployment Compensation Insurance	3150	4050	3420	5890
FICA	43580	42708	47200	47060
Medicare	10190	10550	11040	11010
Accrued Benefit Expense	20780	0	0	0
Dental	8200	8013	9010	10120
Vision	1210	1080	1230	1330
Hospitalization	125500	131549	141270	163830
Employee Deductions for Insurance	-2630	-592	-100	-1240
Life Insurance	1580	1514	1980	2220
HRA Utilization	3010	3786	4220	6910
<b>TOTAL EXPENSES</b>	<b>\$ 235,630</b>	<b>\$ 221,313</b>	<b>\$ 238,750</b>	<b>\$ 270,400</b>

### **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.

<b>Cost Center: Depreciation and Bad Debt</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Depreciation on Assets	1586000	1600000	1600000	1610000
Bad Debt Expense	6000	0	10000	21730
<b>TOTAL</b>	<b>\$ 1,592,000</b>	<b>\$ 1,600,000</b>	<b>\$ 1,610,000</b>	<b>\$ 1,631,730</b>

### **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 2025 include a centrifuge rebuild, pump station PLC upgrades, McFann Road pump station rebuild of pumps and panels, a material bin and landscaping for the treatment plant site, and manhole rehabilitation.

<b>Cost Center: Capital Projects and Asset Retirement</b>	<b>2023 Budget</b>	<b>2023 Estimated</b>	<b>2024 Budget</b>	<b>2025 Budget</b>
Capital Projects	294180	510005	1481850	318160
Gain (Loss) on Sale of Fixed Assets		0	4230	10000
<b>TOTAL</b>	<b>\$ 294,180</b>	<b>\$ 510,005</b>	<b>\$ 1,486,080</b>	<b>\$ 328,160</b>

**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 2025 year is:

<b>2025 SAA Rate Covenant/Coverage Calculation</b>	
Total Estimated Cash on Hand 1/1/2025	\$ 2,122,928
2025- Total Estimated Revenues and Receipts	\$ 5,433,990
2025- Total Estimated Operating Expenses	\$ (1,868,250)
2025- Subordinate Debt Payments	\$ (1,329,060)
2025- 110% of 2015 Bonds Debt Service Requirements	\$ (1,353,121)
<b>2025 Estimated Surplus For 2015 Bond Rate Covenant</b>	<b>\$ 3,006,487</b>