

2019

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 public sewer service at the lowest reasonable price.

<u>Department Title</u>	<u>Department #</u>
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Sewer Fund	208
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<u>Cost Center Title</u>	<u>Cost Center #</u>
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Legislative – Board Members	400
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Executive – Manager	401
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Professional Services	402
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General Administrative	406
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Engineering & Architectural Services	408
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Office Expenses	409
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General Services	430
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Customer Service	440
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Collection	441
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Treatment	442
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Tap-Ins	443
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Debt Service	471 - 475
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Employee Benefits	483 – 487
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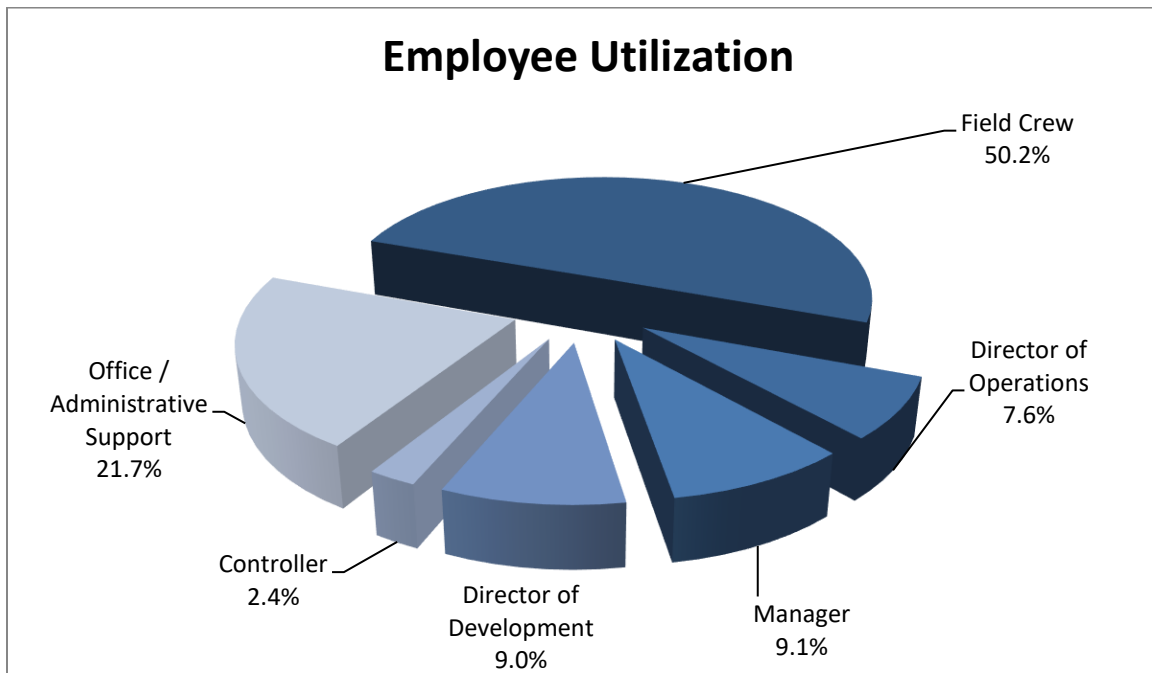
Depreciation	489
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Capital Projects	493
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Employee Utilization

There are six field crew employees and one supervisory position (Director of Operations) related to the field crew. All field crew employees are trained for all job duties. Employee wages are charged to the specific departmental cost center as they are recorded, budgets are presented on averages from the previous years.

In addition to the field crew employees and supervision, the Authority employs a Manager, Director of Development, Controller, Billing Technician, Administrative Assistant, and an Assistant Billing Technician.



Department Responsibilities

The Authority operates the Sewer Operations Department, under the general direction of the Director of Operations. This department provides the following support services: System Operations, Maintenance, Treatment, Collection; and technical and administrative support to the Manager.

Each year the Authority budgets for equipment purchases and projects that are shared between Departments in addition to those that are specific for a cost center. The projected shared purchases for 2019 include a new truck, front end loader, and office building maintenance.

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 2019 year is:

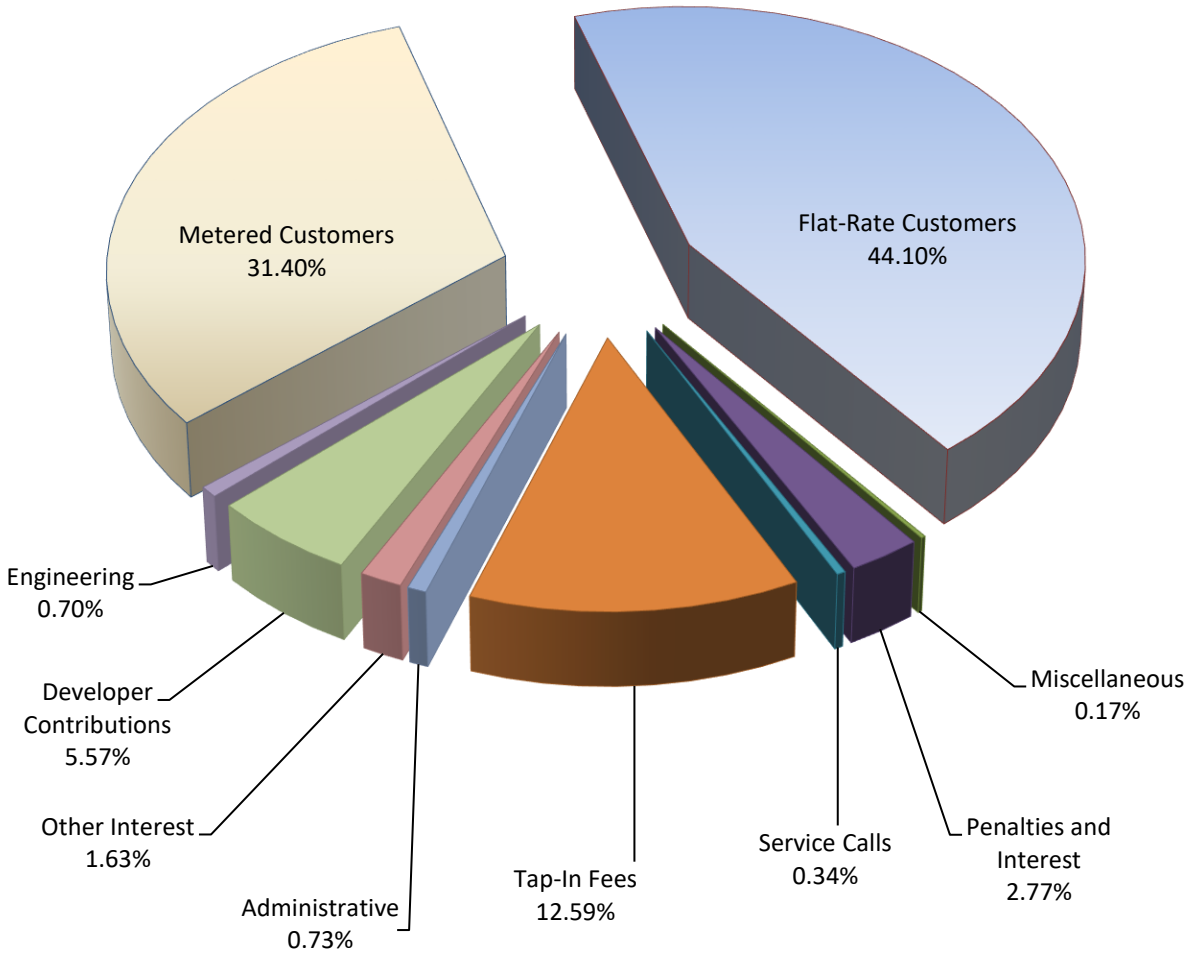
2019 SAA Rate Covenant Coverage Calculation	
Total Estimated Cash on Hand 1/1/2019	1,749,803
2019 - Total Estimated Revenues and Receipts	4,719,840
2019 - Total Estimated Operating Expenses	(1,452,380)
2019 - Subordinate Debt Payments	(1,329,050)
2019 - 110% of 2015 Bonds Debt Service Requirements	(1,355,222)
2019 Estimated Surplus For 2015 Bond Rate Covenant	2,332,991

Sewer Department Operations

The Sewer Department is responsible for providing public sanitary sewer service to approximately 4,000 customers in Clinton Township, Jefferson Township, Middlesex Township, Penn Township and Saxonburg Borough. The system consists of interceptor, conveyance, and 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.

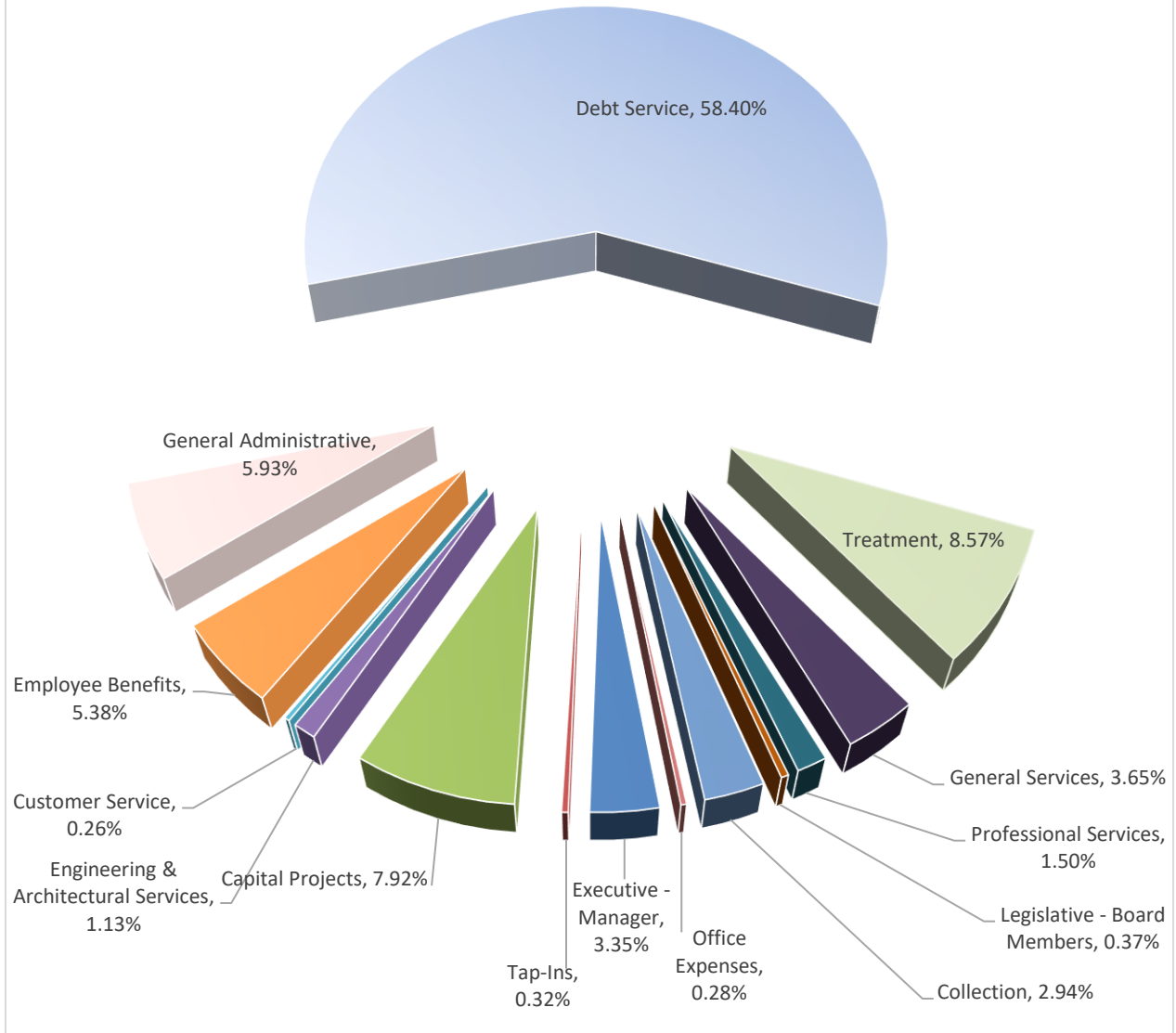
Revenues are collected through monthly billing of customers based on one of the following methods: metered water usage from public water systems, metered well usage, flat rate billings, tap-in fees charged for new connections, engineering fees, interest, administrative fees, and inter-fund transfers. Revenues for 2019 are projected to total \$4,719,840.

2019 Revenue Sources



Sewer Operations	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Interest Earned	461	130	12,257	17,000
Debt Service Interest - Unrealized	42,592	15,000	20,000	20,000
Metered Sales to Residential Customers	736,245	729,020	741,987	746,190
Residential Flat Rate	1,966,595	2,002,230	2,028,739	2,081,660
Metered Sales to Commercial Customers	481,827	486,470	453,996	470,100
Metered Sales to Institutional Customers	57,687	63,850	48,161	56,990
Metered Sales to Industrial Customers	215,000	202,130	220,858	208,880
No Lien letters	4,061	3,820	3,654	3,660
Penalties & Interest	132,288	128,140	130,465	130,580
Turn On/Off Fees	11,254	9,230	12,573	11,190
Certified Mail	17,008	18,730	18,775	18,130
NSF Bank Charges	360	440	585	460
Developer Submittal Fee	4,316	1,670	1,163	1,200
Engineering Services	13,532	12,220	2,834	9,580
Inspection Services	31,545	9,640	33,099	22,180
Excavation Services	700	770	-	700
Labor Services	3,288	4,950	1,771	4,110
Reimbursement of Professional Services	43	10,470	600	5,670
Utility Revenues - PAWC	622	520	793	620
Tapping Fee-Capacity	321,555	308,300	457,960	387,860
Tapping Fee-Collection/Distribution	9,595	2,200	1,274	2,200
Connection Fee	30,810	19,440	36,719	24,300
Developers Contributions	911,814	847,310	865,141	262,710
Sale of Supplies	472	260	983	620
Sale of Equipment	1,263	3,490	3,020	3,290
Sale of Property		-	2,702	3,000
Interest from Debt Service	18,550	45,000	25,237	40,000
Reimbursement from Saxonburg Borough	6,050	8,680	5,207	6,620
Refunds and Rebates	915	380	24	480
Special Purpose Fee	138,600	136,950	213,951	179,850
Miscellaneous	13	10	66	10
TOTAL	\$ 5,159,060	\$ 5,071,450	\$ 5,344,593	\$ 4,719,840

2019 Projected Expenses



Cost Center Expenses

The sewer department has 15 major cost centers for tracking expenses. The expenses budgeted by cost center for the 2019 budget year without depreciation total \$4,489,060. The largest single portion of this expense is Debt Service accounting for 58.40% of the total costs. Field Crew Wages are distributed across the remaining operations related cost centers.

Sewer Operations	2017	2018		2019
	Actual	Budget	Estimated	Budget
Legislative - Board Members	\$ 13,927	\$ 17,380	\$ 15,857	\$ 16,710
Executive - Manager	130,298	146,260	141,235	150,270
Professional Services	59,168	69,300	55,610	67,370
General Administration	253,639	266,580	256,313	266,380
Engineering & Architectural Servies	42,962	48,950	47,160	50,750
Office Expenses	8,174	9,130	8,067	12,650
General Services	108,540	144,150	151,474	163,670
Customer Service	10,870	10,430	10,672	11,870
Collection	94,357	128,940	118,606	131,970
Treatment	303,769	360,240	353,343	384,810
Tap-Ins	5,740	7,320	9,657	14,360
Debt Service	2,601,497	2,588,340	2,617,331	2,621,560
Employee Benefits	202,830	221,020	215,661	241,290
Depreciation	1,524,064	1,515,000	1,518,000	1,525,000
Capital Projects	55,492	229,150	186,171	355,400
TOTAL	\$ 5,415,327	\$ 5,762,190	\$ 5,705,158	\$ 6,014,060

Operational Cost Center Details

Cost Center: Legislative – Board Members

Cost Center 400

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Clothing		\$ 180		\$ 200
Expense Reimbursement	156	250	1,252	1,210
Advertising-Legislative/Board	402	450	640	470
Legislative-Printing	120	120		40
Liability Insurance Board	8,192	8,360	7,867	8,020
Dues & Subscriptions	3,225	3,520	3,764	3,520
Meetings & Conferences	1,332	3,000	1,085	1,750
Contributions	500	1,500	1,250	1,500
TOTAL	\$ 13,927	\$ 17,380	\$ 15,857	\$ 16,710

Cost Center Mission

The Authority Board provides for the policies, personnel, and funding necessary to ensure the successful operations of the Sewer Department.

Cost Center: Executive – Manager**Cost Center 401**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Salaries & Wages	\$ 116,259	\$ 127,680	\$ 126,773	\$ 133,430
Pension Contributions	11,200	12,770	12,436	13,340
Small Items of Equipment		60		60
Clothing		100		250
Computer Equipment		2,550		100
Communications-Cellular	649	660	985	660
Expense Reimbursements	86	100		100
Printing		110		100
Dishonesty Bond	450	450	450	450
Dues Subscript. & Memberships	676	980	591	980
Education and Training	286	300		300
Meetings & Conferences	692	500		500
TOTAL	\$ 130,298	\$ 146,260	\$ 141,235	\$ 150,270

Cost Center Mission

The Manager provides guidance for the field crew and office operations of the Sewer Department. Developer submittals, projects, and purchasing are completed through direction from the Manager.

Cost Center: Professional Services**Cost Center 402**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Legal Services	\$ 7,521	\$ 16,270	\$ 6,309	\$ 11,770
Accounting & Auditing Services	14,492	15,000	13,939	15,000
Special Legal Services	739	450	118	460
Computer	20,401	16,050	14,729	18,390
Insurance - Railroad Protective	4,375	4,380	4,375	4,380
Technical	11,640	17,150	16,139	17,370
TOTAL	\$ 59,168	\$ 69,300	\$ 55,610	\$ 67,370

Cost Center Mission

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

Cost Center: General Administrative**Cost Center 406**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Controller	\$ 23,716	\$ 34,760	\$ 24,238	\$ 18,620
Salaries & Wages-Billing Technician	37513	39,670	38,239	40,500
Salaries & Wages-Office Assistant	25633	30,110	32,057	33,600
Salaries & Wages-Secretary	19811	17,930	17,653	18,270
Salaries & Wages-Vehicle Maintenance	309	460	274	410
Salaries & Wages-Overtime	1188	1,500	899	1,000
Document Destruction	79	100	138	200
Small Items of Equipment	1116	850		720
Vehicle Fuel	1534	920	1,656	1,730
Oils & Lubricants	89	110	102	100
Clothing	26	100		150
Supplies & Materials	3672	3,540	2,607	3,420
Vehicle Parts	1015	970	313	100
Repairs & Maintenance Supplies		150		100
Repairs & Maintenance Supplies-Vehicle	391	700		50
Computers Equipment	2248	1,040	1,058	2,370
Computers Supplies	981	1,010	1,372	1,300
Computer Programs	2130	400	159	880
Payroll Expenses	17	80	23	50
Telephone Charges	2569	1,760	1,455	1,590
Postage	25666	25,000	26,861	25,000
Communications-Cellular	396	520	613	240
Expense Reimbursement	605	470	801	530
Printing	4223	3,750	4,401	3,480
Liability Insurance	38088	38,100	40,225	42,240
Dishonesty Bond	748	980	748	800
Office-Electric	1671	1,930	1,694	1,730
Office-Gas	1031	1,080	1,072	1,060
Office-Water	192	170	217	210
Rent SAA	15215	15,220	15,215	15,220
Copier Lease	1222	850	204	510
Equipment Rental	118	310	319	270
Collection expense	250	400	226	400
Bank Charges	416	440	1,103	1,100
Dues Subscript. & Memberships	292	130	225	100
Education & Training	510	300	46	300
Security		100		100
Meetings & Conferences	652	670	100	430
Line Write Off	38305	40,000	40,000	47,500
TOTAL	\$ 253,639	\$ 266,580	\$ 256,313	\$ 266,380

Cost Center Mission

The General Administrative Cost Center represents the expenditures related to the financial and administrative staff of the Authority. General expenses for equipment, supplies, utilities, insurances, and postage are included in this Cost Center.

Cost Center: Engineering and Architectural**Cost Center 408**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Wages-Professional Staff	\$ 41,372	\$ 43,930	\$ 44,534	\$ 46,660
Wages-Professional Staff Overtime	\$ 636	\$ 800	\$ 762	\$ 800
Wages-Inspections			\$ 400	\$ 1,500
Engineer Office Supplies	91	100		100
Small Items of Equipment	40			
Clothing		150	100	250
Supplies & Materials		100	89	200
Minor Equipment		50		50
Computer Equipment		2,430		50
Computer Supplies	182	40		40
Contracted Engineering Services		200		200
Communications-Cellular	643	750	666	650
Expense Reimbursement		50		100
Printing				50
Education & Training		250	608	
Meeting & Conferences		100		100
TOTAL	\$ 42,962	\$ 48,950	\$ 47,160	\$ 50,750

Cost Center Mission

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

Cost Center: Office Expenses**Cost Center 409**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Salaries & Wages	\$ 1,593	\$ 1,480	\$ 838	\$ 1,160
Cleaning Supplies	\$ 64	30	44	40
Supplies & Materials	1,117	1,250	646	800
Garbage Pickup	172	160	153	170
Improvements other than Buildings	85	110	40	4,590
Building	1,372	1,650	778	1,310
Maintenance Services	351	930	1,512	930
Security	105	100	544	220
Cleaning Services	3,006	2,990	3,054	2,990
Lawn Maintenance Services	309	430	459	440
TOTAL	\$ 8,174	\$ 9,130	\$ 8,067	\$ 12,650

Cost Center Mission

The Office Expenses Cost Center reflects costs related to the office building maintenance expenses. This cost center tracks expenses specific to the administrative offices separate from the General Administrative Cost Center 406.

Cost Center: General Services**Cost Center 430**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Salary - Director of Operations	\$ 26,247	\$ 39,650	\$ 35,005	\$ 51,500
Salaries & Wages-Work Crews	53,442	71,180	86,132	79,080
Pager Calls-Work Crews	362	420	487	440
Overtime	23	30	2,443	1,460
Office Supplies	116	50	194	110
Small Items of Equipment	201	640	56	600
Vehicle Fuel-Gasoline	4,902	3,760	4,958	4,350
Vehicle Fuels-Diesel	1,036	900	1,100	1,100
Oil	170	250	479	340
Clothing & Uniforms	3,992	4,460	3,674	5,150
Supplies & Materials	3,392	2,740	3,327	3,420
Vehicle Parts	5,204	3,330	2,302	3,490
Repairs & Maintenance Supplies		70		70
Repairs & Maintenance Vehicles	1,729	5,620	3,661	3,680
Tools	272	2,300	802	790
Equipment Repair / Replacement	516	230	63	210
Computer Equipment		20		20
Computer Supplies		80		30
PA1 Calls	1,410	1,330	587	1,000
Communications-Cellular	2,851	2,380	2,796	3,440
Expense Reimbursement	65	70	21	60
Printing		50		50
Garage-Electric	877	1,090	900	900
Garage-Gas	999	1,090	1,142	1,080
Garage-Water	178	160	206	200
Permits	60			
Garage-Building Improvements	42	730	506	250
Garage-Maintenance		70		50
Equipment Rental			292	100
Dues Subscript. & Memberships		250		100
Education & Training	193	450	344	180
Grounds Keeping-Garage	66	70		40
Meetings & Conferences	195	680		380
TOTAL	\$ 108,540	\$ 144,150	\$ 151,474	\$ 163,670

Cost Center Mission

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

Cost Center: Customer Service**Cost Center 440**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Labor-Meter Reading	\$ 2,823	\$ 2,280	\$ 3,232	\$ 3,430
Labor-Service Calls	6,658	6,680	5,491	6,950
Customer Service-OT	182	220	293	210
Meter Replacements	616	1,000	1,656	1,080
Meter-Reading Equipment	592	250		200
TOTAL	\$ 10,870	\$ 10,430	\$ 10,672	\$ 11,870

Cost Center Mission

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: Collection**Cost Center 441**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Labor	\$ 25,632	\$ 22,550	\$ 19,921	\$ 28,130
Labor-Overtime	3,994	5,120	4,716	3,520
Diesel	699	1,090	1,009	980
Supplies & Materials	6,866	16,910	7,083	14,820
Repairs & Maintenance Supplies		50	40	50
Tools	18	890	220	700
Minor equipment		670	450	740
Equipment Repair / Replacements	6,890	4,050	26,666	13,120
Telephone	3,511	3,450	3,478	3,560
Expense Reimbursements	46	50		20
Pump Stations-Electric	32,231	34,410	36,931	35,200
Pump Stations-Water	203	400	201	430
Pump Stations-Permits	501	500	501	500
Pump Stations-Building Improvements	20			120
Pump Stations-Maintenance	996	2,290	139	790
Equipment Rental	1,319	8,340		490
Contracted services	10,380	24,620	17,079	24,370
Pump Stations-Grounds Keeping	1,052	3,550	172	4,430
TOTAL	\$ 94,357	\$ 128,940	\$ 118,606	\$ 131,970

Cost Center Mission

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

Cost Center: Treatment**Cost Center 442**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Labor	\$ 100,069	121,210	107,919	135,790
Labor-Overtime	1,780	1,940	2,187	1,980
Diesel	329	550	372	320
Oils & Lubricants	1,193	1,200	750	840
Supplies & Materials	3,894	8,550	6,638	8,160
Chemical Re-Agents	5,270	5,120	5,419	5,180
Testing Supplies	2,772	3,860	276	1,900
Treatment chemicals-Polymers	26,751	22,130	29,922	29,920
Treatment chemicals-F. C./Alum/Delpac	5,281	9,200	7,821	7,890
Lab Equipment	2,273	1,430	8,060	4,410
Minor Equipment-Treatment	542	500	563	1,180
M. Equipment-Maintenance	2,030	4,680	700	2,800
M. Equipment-Repair/replace	6,984	21,830	36,070	29,030
Computer Equipment	413	170	31	150
Computer Supplies	253	290	80	230
Computer Software	149	940	895	900
Telephone	2,936	2,880	2,958	2,990
Internet	714	780	761	840
Expense Reimbursements	384	360	100	220
Electric	72,988	69,630	68,717	67,050
Gas	2,266	2,600	3,873	3,300
Sludge Removal	35,860	38,500	35,531	38,090
Garbage Pickup	1,178	1,290	1,386	1,290
Permits	2,650	2,650	4,450	2,950
Building Improvements	100	720	789	1,120
Equipment Rental		480	50	500
Maintenance	3,044	6,050	618	5,430
Dues Subscriptions, Memberships	450	270	157	230
Contracted Services	7,210	7,520	3,108	10,040
Contracted Services-Control Lab	690	1,410	857	1,640
Contracted Services-Headworks	1,994	5,290	100	1,100
Contracted Services-Clarifier	5,032	2,370	9,488	4,900
Contracted Services-Solids Hndlg		5,500	1,000	5,700
Contracted Services - Orbal		2,570	1,000	1,490
Security	951	470	1,994	1,050
Outsourced Water Quality Testing	2,941	2,250	6,494	2,270
Grounds Keeping	1,839	1,400	1,912	1,330
Meetings and Conferences	555	1,650	300	600
TOTAL	\$ 303,769	\$ 360,240	\$ 353,343	\$ 384,810

Cost Center Mission

The Treatment Cost Center is responsible for 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: Tap-Ins**Cost Center 443**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Labor-Tap-ins	\$ 2,861	\$ 1,580	\$ 4,591	\$ 6,600
Labor-Overtime	39	80	415	240
Supplies & Materials	2,466	2,790	3,102	3,360
Meters & Accessories	30			1,010
Expense Reimbursements		50	20	60
Equipment Rental	293	450	279	450
Contracted services	50	2,370	1,250	2,640
TOTAL	\$ 5,740	\$ 7,320	\$ 9,657	\$ 14,360

Cost Center Mission

The Tap-Ins Cost Center is responsible for installation and maintenance of the connection point for the customer line to the Authority line.

Cost Center: Debt Service**Cost Center 471 - 475**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
2015 Bond Issue Principal	685,000	705,000	705,000	730,000
2005 Pennvest Loan Principal	1,076,960	1,087,780	1,087,780	1,098,710
2015 Bond Issue Interest	537,544	523,540	523,544	502,020
2005 Pennvest Loan Interest	252,094	241,270	241,274	230,350
Bond Insurance Expense	1,872		1,872	1,870
Arbitrage Deposit into Rebate Fund		18,000		500
Amortization	48,027	10,000	55,111	55,110
Debt Service Management Fee		2,750	2,750	3,000
TOTAL	\$ 2,601,497	\$ 2,588,340	\$ 2,617,331	\$ 2,621,560

Cost Center Mission

The Debt Service Cost Center accounts for all Debt Service expenses, costs of debt, and payments of principal and interest. The Principal payments are budgeted for as cash expenditures and do not show in the final published audit results as expenditures as they are presented on an accrual based accounting system.

Cost Center: Employee Benefits**Cost Center 483 - 487**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Pension Plan Expenses	1,106			
Worker's Compensation Insurance	20,210	18,740	18,740	21,800
Unemployment Compensation	2,775	3,000	3,662	3,130
Accrued Benefit Expense	9,169			
Dental Insurance	6,750	7,970	8,096	8,460
Vision Insurance	1,004	1,090	1,021	1,150
Hospitalization	125,106	149,250	142,139	163,900
Employee Contributions to Hosp. Ins.	(1,906)	(2,890)	(2,061)	(3,240)
Life Insurance	618	660	807	830
FICA	29,941	35,010	34,687	36,680
Medicare	8,061	8,190	8,570	8,580
TOTAL	\$ 202,830	\$ 221,020	\$ 215,661	\$ 241,290

Cost Center Mission

The Employee Benefits consist of pension plan, insurance, and tax expenses paid on behalf of the employees. The employee contributions to the hospitalization are netted with the cost of the hospitalization insurance throughout the year.

Cost Center: Depreciation and Bad Debt**Cost Center 489**

	2017 Actual	2018		2019 Budget
		Budget	Estimated	
Depreciation on Assets	\$ 1,514,064	\$ 1,515,000	\$ 1,510,000	\$ 1,515,000
Bad Debt Expense	\$ 10,000		\$ 8,000	\$ 10,000
TOTAL	\$ 1,524,064	\$ 1,515,000	\$ 1,518,000	\$ 1,525,000

Cost Center Notes

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: Capital Projects**Cost Center 493**

	2017	2018		2019
	Actual	Budget	Estimated	Budget
Capital Projects	\$ 55,492	\$ 229,150	\$ 186,171	\$ 355,400
TOTAL	\$ 55,492	\$ 229,150	\$ 186,171	\$ 355,400

Cost Center Notes

The Capital Project Cost Center is responsible for planning and executing larger repair and replacement projects. The larger projects for 2019 include replacement of aging sewer line, manhole rehabilitation, replacing an aging pickup truck, parking lot maintenance, and minor equipment.