

**UTILITY FUND NON-DEPARTMENTAL
ACCT. 02-6900**

This account includes all costs not associated with any operating departmental budget. These costs include general liability insurance costs, interfund transfers, debt service, and contingency for unanticipated costs or Town Council discretionary funds needed during the budget year. Depreciation costs are budgeted in all proprietary funds in accordance with sound financial practices. Depreciation has been budgeted to account for expenses related to both the water and sewer systems that are anticipated to be recorded in year-end audited financial statements. **Water and sewer rates do not cover the cost of depreciation.**

Debt Service in the Utility Fund is for retirement of the debt for the VRA bond issued in 1992 for the construction of the wastewater plant, the VRA bond and VRLF bond issued in 2001 for the utility extensions to the annexation area and a new 500,000 gallon water storage tank for Grassy Hill, and 46% of the VML bond issued in 2007 for utility expansion off Old Fort Road. While rates must increase to cover debt service and operational costs, the town should still seek expansion of water service if density and rate of return on investment justifies the costs of expansion.

We have tried historically to budget some amount each year in a contingency line item to cover any unanticipated costs that Council may designate or for unanticipated repairs or necessary equipment that fails during the year. This amount should be at least \$50,000 to be safe, however, only \$30,000 is in this year's proposed budget.

Budget Detail:

1000 - Personal Services - For holiday bonuses for utility fund employees. Proposed bonuses are \$400 per person plus \$50 for each 5 years of service.

5300 - Insurance - 25% of total costs associated with general liability insurance previously distributed to other operating utility fund accounts.

9001 & 9002 - Debt Service Principal and Interest - Includes costs for debt service to wastewater treatment plant, annexed area utility lines, and utility line extensions for Old Fort Road.

9960 & 9961 - Depreciation - An annual amount charged against the utility fund general ledger to account for loss of value to existing infrastructure for future replacement.

9959 - Contingency - For unanticipated needs or equipment break downs during the year not otherwise budgeted.

New Needs/Requests:

No specific special request for FY 2011.

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	FY 05 Actual	FY 06 Actual	FY 07 Actual	FY 08 Actual	FY 09 Actual	FY 10 Budget	FY 10 Estimated	FY 11 Proposed	Increase/ (Decrease)
1000 Personal Services	5,138	5,598	6,742	6,838	6,938	6,100	1,625	5,800	(300)
2000 Fringe Benefits	0	0	132	283	0	0	0	0	0
2001 FICA	695	382	516	523	531	467	124	444	(23)
2101 Employee Wellness Program	0	0	0	1,056	0	0	0	0	0
3000 Contractual Services	0	0	9,500	0	0	0	0	0	0
5300 Insurance	19,076	22,184	23,534	23,515	23,652	24,125	22,184	21,518	(2,607)
5800 Miscellaneous	511	0	0	0	0	0	0	0	0
5801 Prior Period Adjustment	0	0	0	0	0	0	0	0	0
9001 Debt Service - Principal	554,269	570,929	593,144	637,353	659,214	671,709	652,714	693,637	21,928
9002 Debt Service - Interest	377,764	351,989	381,013	343,371	345,285	329,754	351,785	306,675	(23,079)
9100 Transfer to General Fund	0	0	0	0	0	0	0	0	0
9400 Transfer to Capital Improvement Fund	0	513,285	0	0	72,550	0	0	0	0
9959 Contingency	0	1,427	33,375	0	19,118	66,362	39,524	30,000	(36,362)
9960 Depreciation -- Water	238,835	243,213	255,062	261,059	266,433	296,000	272,000	277,000	(19,000)
9961 Depreciation -- Sewer	426,228	409,720	404,597	397,768	397,921	459,368	400,000	405,000	(54,368)
9966 Amortization	0	0	0	(655)	(2,422)	0	(2,500)	(2,500)	(2,500)
TOTAL	1,622,515	2,118,727	1,707,615	1,671,111	1,789,219	1,853,885	1,737,456	1,737,574	(116,311)

-6.27%