

**eCMAR SECTION INSTRUCTIONS:
Financial Management**

Please see the DEFINITIONS of terms at the end of this section. If you have any questions about these definitions, do not understand a question, or need further clarification, please contact the following:

*Dave Calhoon, Environmental Loans, Compliance Maintenance Annual Report (CMAR) and User Charge Specialist
david.calhoon@wisconsin.gov or 608/266-4536*

1: Person Providing This Financial Information

Enter the name, telephone number and e-mail address of the person completing this section of the CMAR. Generally this person has knowledge of the financial matters of the municipality such as the clerk, accountant, financial officer, etc. (Telephone number is needed should questions arise.)

2.1: Are User Charge or other Revenues sufficient to cover O & M Expenses for your wastewater treatment plant AND/OR collection system?

Indicate whether revenues are sufficient to cover O & M (operations and maintenance) expenses. If the response is "no", explain how costs are/will be covered.

2.2: When was the User Charge System or other revenue source(s) last reviewed and/or revised?

Indicate the year the User Charge System was last reviewed and/or revised, and mark the appropriate box based on the year entered.

2.3: Did you have a special account (e.g., Clean Water Fund Program required segregated Replacement Fund, etc.) or financial resources available for repairing or replacing equipment for your wastewater treatment facility and/or collection system?

Indicate whether a special account or financial resources are available for replacing equipment, or performing major equipment repairs.

The municipality may segregate its equipment replacement fund money in a separate savings, investment, and/or checking account. Or, the equipment replacement fund money can be co-mingled with other municipal funds as long as there is a separate accounting that identifies these monies on an on-going basis.

3: Equipment Replacement Funds

3.1 When was the Equipment Replacement Fund last reviewed and/or revised?

Year: _____

Indicate the year the Equipment Replacement Fund was last reviewed/revised. --- A "Not Applicable" response requires an explanation in field 5.2.5.1.

3.2 Equipment Replacement Fund Activity

Most municipal budgets are based upon a calendar year. If your budget is based on another time period (e.g., October 1-September 30 or July 1-June 30), please note this in the General Comment section (#7).

3.2.6 Ending Balance Reported on Last Year's CMAR

For those permit holders that completed an eCMAR before, this amount will be pre-populated.

For those completing an eCMAR for the first time, enter the amount in your account for equipment replacement. Once an on-line eCMAR has been completed this amount will be pre-populated for the next year's report. A newly permitted collection system, with no previous Equipment Replacement Fund (ERF) balance, should enter zero (0).

Traditionally, the Equipment Replacement Fund (ERF) balance is comprised strictly of cash. This cash could be deposited in different places/accounts, but the fund was all cash. Should a WPDES permit holder wish to include the value of major equipment, new – never used equipment, stored ready to replace equipment in use, the purchase cost for this item(s) could be added to the cash in the ERF to determine the amount to enter in item #5.2.1 or 5.2.2. (Revised 4/2006)

3.2.2 Adjustments - if necessary (e.g. earned interest, audit correction, withdrawal of excess funds, increase making up previous shortfall, etc.)

Enter the net amount of adjustments made to the previous balance to arrive at the correct "Adjusted January 1st Beginning Balance". Adjustments result from additional interest earned after closing your last year's December books, interest earned for the past year and not previously recorded, an audit correction, withdrawal of "excess funds" for other use, increase/deposit making up a previously determined shortfall, existing funds previously unreported, etc.

3.2.3 Adjusted January 1st Beginning Balance

Calculated by the system, based on data entered when clicking on the "Calculate" button. Same amount as Ending Balance Reported on Last Year's CMAR (5.2.1), if a zero (\$0) appears on the "Adjustments" line. If an amount appears on the "Adjustments" line, the system will add/subtract that amount from the "Ending Balance Reported on Last Year's CMAR (#5.2.1)" and enter the result automatically.

3.2.4 Additions to Fund

Enter the sum of all deposits to the Equipment Replacement Fund. Enter zero (\$0) if none.

3.2.5 Subtractions from Fund

Enter the total of all withdrawals. For amounts greater than zero (\$0) an explanation of equipment purchases and/or major repairs is required in #5.2.5.1 below. Enter zero (\$0) if none.

3.2.6 Ending Balance as of December 31st for CMAR Reporting Year

Calculated by the system, based on data entered, when clicking on the "Calculate" button

3.2.6.1 Indicate equipment purchases and/or major repairs

A brief explanation is required for any "Subtractions from Fund (#5.2.5)".

3.3 What should be in your replacement fund account? \$_____

If you had a CWFPP loan, this balance was originally based on the Financial Assistance Agreement (FAA) and should be revised as you retire, replace or add equipment. This amount changes annually. If you didn't have a CWFPP Loan, the amount that should be in your replacement fund or other revenue source can be calculated as described below.

The amount of money that should be in your Replacement Fund account can be calculated by first determining what each piece of treatment plant and collection system equipment originally cost and its useful life and then prorating that cost over the time it has been in service. For instance, if a pump originally cost \$10,000 and its useful life is 10 years, then 1/10th of the cost of this pump should be put away each year (plus inflation). Five years after installation, the Replacement Fund should have at least \$5,000 for just this piece of equipment. The total for all pieces of equipment will equal what should be the total amount in your Replacement Fund at the end of each year.

Example calculation of what should be in your Replacement Fund for December 31, 2013:

<i>Item</i>	<i>Purchase Month / Year</i>	<i>Service Life (Years)</i>	<i>Installation Cost</i>	<i>Annual Deposit (Cost /Years)</i>	<i>Minimum Required Repl. Fund Balance (Years in Service * x Annual Deposit)</i>
<i>Activated sludge blowers</i>	<i>Oct. 2001</i>	<i>20</i>	<i>\$43,500</i>	<i>\$2,175</i>	<i>12 x \$2,175 = \$26,100</i>
<i>2 Pumps (each @ \$9,000)</i>	<i>Oct. 2001</i>	<i>15</i>	<i>18,000</i>	<i>1,200</i>	<i>12 x \$1,200 = \$14,400</i>
<i>Standby generator</i>	<i>Jan. 2006</i>	<i>20</i>	<i>40,000</i>	<i>2,000</i>	<i>8 x \$2,000 = \$16,000</i>
<i>Sludge Truck</i>	<i>Jun. 2003</i>	<i>10</i>	<i>55,000</i>	<i>0</i>	<i>10 x \$5,500 = \$55,000*</i>
<i>Air compressor</i>	<i>Sep. 2001</i>	<i>5</i>	<i>5,000</i>	<i>0*</i>	<i>5 x \$1,000 = \$ 5,000 *</i>
<i>Tractor w/ Tiller</i>	<i>Oct. 2005</i>	<i>5</i>	<i>6,500</i>	<i>"Obsolete" No longer in use</i>	<i>0</i>
<i>Totals</i>				<i>\$5,375</i>	<i>\$116,500 **</i>

** Annual deposits should be capped at the total installation cost to replace an equipment item, plus any inflation factor a municipality may want to add.*

*** The amount calculated is entered into the response to question #5.3.*

3.3.1 Is the Ending Balance (#5.2.6) equal to or greater than the amount that should be in your replacement fund (#5.3)

The system determines the response by comparing the amount in #5.2.6 to that amount in #5.3. The system inserts a response of "Yes" or "No" in item #5.3.1.

Explain a "No" generated response.

4: Future Planning

4.1 During the next ten years, will you be involved in formal planning for upgrading, rehabilitating or new construction of the treatment facility or collection system?

Completion of this response provides vital information used by the State of Wisconsin to project statewide wastewater needs. Future planning for any upgrades or replacements are requested, for anticipated projects during the next ten years. Multiple entries are allowed for information on future projects.

Add New Projects:

By clicking on the button "Add New Project", a blank project screen is provided to allow the municipality to enter additional projects.

Annually Modify or Delete Projects:

To modify or delete a project, click on the underlined project. Remove (delete) completed projects.

5: Financial Management General Comments:

Financial Management General Comments are requested. For the most part this is optional.

Definitions

For additional definitions relating to the Clean Water Fund Program, see NR 162.003, Wis. Adm. Code.

BMP

See Structural Urban BMP, below.

CWFP

Clean Water Fund Program (CWFP) means the program established under ss. 281.58 and 281.59, Wis. Stats., for the purpose of providing financial assistance to municipalities for the planning, design and construction of treatment works and structural urban BMPs. Many treatment works received USEPA and/or Wisconsin Fund grants in the 1970s and 1980s.

Excess Funds

The amount of funds that exceed the required Equipment Replacement Fund (ERF) balance. These funds may remain in the ERF or be used for any legal purpose of the sewer utility. For example, municipalities may choose to set up a separate segregated account to fund future sewer utility costs such as pipe replacement. (calculation: #5.2.6 minus #5.3 = If result is a positive number = Excess Funds)

ERF

Equipment Replacement Fund (ERF) means the fund used to address costs for obtaining and installing equipment, accessories or appurtenances that are necessary during the design life of the treatment works or structural urban BMP to maintain the capacity and performance for which the treatment works or structural urban BMP were designed and constructed.

ERF Schedule

A schedule that lists equipment items, purchase date, purchase cost including installation cost, the number of years each item is anticipated to be in use, and the calculated ERF annual deposit amount for each item. An ERF Schedule is recommended for all treatment works, including collection systems. An ERF schedule is required for all CWFP loan recipients using the Itemized Schedule for their ERF. For CWFP loan recipients using the Percentage Schedule, equipment is valued in annual financial documentation.

FAA

Financial Assistance Agreement (FAA) means a written agreement between a municipality, the Department of Natural Resources (DNR) and the Department of Administration (DOA) that award CWFP financial assistance. The FAA requires the municipality to establish an ERF.

Major Project

A project with capital expenses outside the standard Operation and Maintenance (O & M) costs. Costs may be covered by local resources (ERF, excess funds, special appropriation, capital improvement fund, etc.) or funded with a loan and/or grant.

Minimum Required Equipment Replacement Fund Balance (The amount that should be in your Replacement Fund)

The minimum required Equipment Replacement Fund (ERF) balance is calculated by the municipality to determine if the ERF balance at year-end is adequate. If “No”, the municipality needs to review their ERF, their user fees/charges and other revenues to determine where changes are needed. Using the municipality’s itemized list of equipment, a calculation example is given in the table under 5.3 above. For information on how to create or modify an ERF schedule refer to the DNR website located at dnr.wi.gov/aid/documents/eif/guide/replace.html.

O & M Expenses

Operation: Means expenses associated with the control of the unit processes and equipment that make up a treatment works or structural urban BMP, including financial and personnel management, records, laboratory control, process control, safety and emergency operation planning.

Maintenance: Means expenses associated with the preservation of the functional integrity and efficiency of a treatment works or structural urban BMP, such as its equipment and structures, including preventative maintenance, correctional maintenance, and replacement of equipment.

Structural Urban BMP

Structural Urban Best Management Practice (BMP) means a practice that is determined to be an effective means of preventing or reducing pollutants generated from non-point sources of urban runoff, including land acquisition, storm sewer rerouting and the removal of structures.

User Charge System / UCS

User Charge System (UCS) defines the wastewater treatment rates paid by customers of the wastewater collection and/or treatment works. The UCS must include sufficient revenues to cover the entire annual operation, maintenance, and equipment replacement budgeted amount. When a revenue bond is issued, UCS rates need to cover debt service costs, reserves and debt coverage requirements. UCS rates are required to be proportional and should be based on equivalent unit, flow, or flow plus surcharge methodology.

User Fee

User Fee or Charge means the charge levied on users of a treatment works or structural urban BMP for the user’s proportional share of the cost of operation, maintenance, and replacement of the treatment works or structural urban BMP.