

# RACINE WATER UTILITY

2017

Adopted Budget

September 20, 2016  
Adopted

**RACINE WATER UTILITY**  
**Adopted 2017 Budget**

	2015 ACTUAL	2016 BUDGET	2016 PROJECTED	2017 BUDGET	16 VS 17 BUDGET
<b>Operating Revenue</b>	\$20,162,918	\$20,731,571	\$20,303,000	\$20,731,571	0.0%
O&M Expense (includes PILOT & OPEB)	\$13,402,544	\$13,354,000	\$13,391,000	\$14,065,000	5.3%
Depreciation	4,176,724	4,300,000	4,200,000	4,300,000	0.0%
<b>Total Operating Expense</b>	<b>\$17,579,268</b>	<b>\$17,654,000</b>	<b>\$17,591,000</b>	<b>\$18,365,000</b>	<b>4.0%</b>
<b>Net Operating Income</b>	<b>\$2,583,650</b>	<b>\$3,077,571</b>	<b>\$2,712,000</b>	<b>\$2,366,571</b>	<b>-23.1%</b>
<b>Interest Income</b>	\$69,927	\$50,000	\$65,000	\$60,000	20.0%
<b>REC Income</b>	\$366,960	\$1,150,000	\$600,000	\$1,150,000	0.0%
<b>Interest Expense</b>	\$1,788,412	\$1,484,000	\$1,475,000	1,231,000	-17.0%
<b>Net Income</b>	<b>\$1,232,125</b>	<b>\$2,793,571</b>	<b>\$1,902,000</b>	<b>\$2,345,571</b>	<b>-16.0%</b>
Distribution of 2017 Budget Net Income				\$2,345,571	
Plus Depreciation				4,300,000	
Plus OPEB				1,500,000	
Total Cash Available				\$8,145,571	
Less Bond Principal Payments				(4,944,767)	
Less Total Capital Improvement Projects				(6,720,000)	
Plus Contributed Capital Improvement Projects				950,000	
Less Appropriation to City of Racine				(262,342)	
Net Cash Balance				(\$2,831,538)	
Funding - New Bond Issue and/or Reserves					

Debt Service Coverage Ratio	Actual 2014	Actual 2015	Projected 2016	Budget 2017
Bond Requirement = 1.25	1.48	1.61	1.77	1.71
S&P including PILOT	1.01	1.11	1.23	1.18

**RACINE WATER UTILITY**  
**2017 Adopted Details of Revenue Budget**

ACCOUNT	2015 Actual	2016 Budget	2016 thru 7/31	2016 Projected	Adopted 17 Budget	16 vs 17 Budget
<b><u>Operating Revenue</u></b>						
Misc. Metered Sales	\$108,717	\$100,000	\$2,338	\$100,000	\$100,000	
Residential	8,073,533	8,000,000	4,657,055	8,100,000	8,200,000	
Commercial	1,798,839	2,200,000	916,452	1,650,000	1,700,000	
Multi Family Residential	1,278,347	1,200,000	786,201	1,400,000	1,400,000	
Industrial	4,127,070	4,000,000	1,825,369	4,100,000	4,200,000	
Public Authority	773,796	850,000	514,487	800,000	800,000	
Wholesale	916,831	1,250,000	585,855	1,004,000	1,020,000	
Private Fire Protection	265,686	250,000	160,929	276,000	300,000	
Public Fire Protection	2,074,989	2,100,000	1,241,010	2,127,000	2,200,000	
Rents from Water Properties	235,810	225,000	150,095	240,000	250,000	
Return on Invest. On Meters	81,403	100,000	47,485	81,000	100,000	
Laboratory Test Fees	8,100	5,000	3,240	8,000	10,000	
Search Revenues	26,016	20,000	15,585	27,000	30,000	
Other Water Revenues	18,263	31,571	4,867	15,000	21,571	
Late Payment Fees	375,519	400,000	116,437	375,000	400,000	
<b>TOTAL</b>	<b>\$20,162,919</b>	<b>\$20,731,571</b>	<b>\$11,027,405</b>	<b>\$20,303,000</b>	<b>\$20,731,571</b>	<b>0.0%</b>
<b><u>Other Income</u></b>						
Interest Income	\$26,294	\$30,000	\$21,412	\$35,000	\$30,000	
Insurance Dividends	43,634	20,000	-	30,000	30,000	
Connection Charge Income	366,960	1,150,000	324,521	600,000	1,150,000	
<b>TOTAL</b>	<b>\$436,888</b>	<b>\$1,200,000</b>	<b>\$345,933</b>	<b>\$665,000</b>	<b>\$1,210,000</b>	<b>0.8%</b>
<b>Total Revenues</b>	<b>\$20,599,807</b>	<b>\$21,931,571</b>	<b>\$11,373,338</b>	<b>\$20,968,000</b>	<b>\$21,941,571</b>	<b>0.0%</b>

**RACINE WATER UTILITY**  
**2017 Adopted Operation & Maintenance Budget**

<b>ACCOUNT</b>	<b>2015 Actual</b>	<b>2016 Budget</b>	<b>2016 7/31/2016</b>	<b>2016 Projected</b>	<b>Adopted 17 Budget</b>	<b>16 vs 17 Budget</b>
<b>A. PERSONNEL SERVICES</b>						
Salaries & Wages	\$3,236,171	\$3,368,000	\$1,777,863	\$3,300,000	\$3,418,000	1.5%
<b>B. CONTRACTUAL</b>						
Equipment Maintenance	\$107,799	\$109,000	\$46,945	\$80,000	\$82,000	-24.8%
Building Maintenance	110,649	237,000	12,042	40,000	100,000	-57.8%
Vehicle Maintenance	45,819	55,000	25,646	50,000	50,000	-9.1%
Telephone	18,784	22,000	11,081	20,000	23,000	4.5%
Natural Gas Service	102,122	150,000	62,157	107,000	140,000	-6.7%
Electric Service	738,487	800,000	426,315	724,000	775,000	-3.1%
Residuals Management	260,673	325,000	183,220	268,000	300,000	-7.7%
Street Repairs by Others	286,844	320,000	66,805	280,000	310,000	-3.1%
Main, Meter & Service Maint. by Othe	2,627	20,000	5,321	9,000	20,000	0.0%
Professional Services	533,851	274,000	208,614	350,000	283,000	3.3%
Technology Support Contracts	86,743	95,000	59,023	90,000	103,000	8.4%
Water Tank Maintenance	298,828	318,000	259,038	310,000	303,000	-4.7%
<b>TOTAL</b>	<b>\$2,593,225</b>	<b>\$2,725,000</b>	<b>\$1,366,206</b>	<b>\$2,328,000</b>	<b>\$2,489,000</b>	<b>-8.7%</b>
<b>C. MATERIALS &amp; SUPPLIES</b>						
Operational Chemicals	\$307,026	\$366,000	\$180,479	\$309,000	\$346,000	-5.5%
Pipe & Fittings	135,128	90,000	55,651	95,000	100,000	11.1%
Meter Parts & Supplies	34,752	47,000	24,202	41,000	50,000	6.4%
Gasoline & Diesel Fuels	52,218	100,000	24,886	46,000	75,000	-25.0%
Office Supplies	25,358	25,000	10,906	22,000	25,000	0.0%
Custodial Supplies	9,448	13,000	7,733	13,000	13,000	0.0%
Laboratory Supplies	27,835	35,000	15,921	27,000	35,000	0.0%
Equipment Supplies	66,100	75,000	41,631	71,000	76,000	1.3%
Building Supplies	32,545	59,000	21,828	37,000	59,000	0.0%
Construction Supplies	41,036	40,000	21,209	36,000	40,000	0.0%
Street Repair Supplies	50,403	70,000	30,513	52,000	70,000	0.0%
Postage	47,109	44,000	23,865	43,000	44,000	0.0%
Safety Supplies	24,162	23,000	7,077	20,000	21,000	-8.7%
Computer & PLC Supplies	35,064	40,000	13,581	25,000	40,000	0.0%
<b>TOTAL</b>	<b>\$888,185</b>	<b>\$1,027,000</b>	<b>\$479,483</b>	<b>\$837,000</b>	<b>\$994,000</b>	<b>-3.2%</b>

**RACINE WATER UTILITY**  
**2017 Adopted Operation & Maintenance Budget**

ACCOUNT	2015 Actual	2016 Budget	2016 7/31/2016	2016 Projected	Adopted 17 Budget	16 vs 17 Budget
<b><u>D. ADMINISTRATIVE &amp; GENERAL</u></b>						
Liability Payments	\$12,985	\$20,000	\$0	\$0	\$20,000	0.0%
Property & Liability Insurance	36,593	50,000	20,365	35,000	45,000	-10.0%
Workers Compensation Ins.	82,049	125,000	64,603	111,000	125,000	0.0%
Medical Expenditures	1,156,705	1,400,000	782,856	1,342,000	1,450,000	3.6%
Net OPEB Obligation	1,542,038	800,000	-	1,500,000	1,500,000	87.5%
Life Insurance	29,914	28,000	22,736	28,000	28,000	0.0%
Wisconsin Retirement	307,796	320,000	177,673	305,000	331,000	3.4%
Public Notice & Education	12,832	15,000	5,494	9,000	15,000	0.0%
Dues, Publications, & Travel	12,531	18,000	8,010	14,000	18,000	0.0%
Office Rent	27,863	30,000	16,441	28,000	30,000	0.0%
Storm Water Fees	10,041	11,000	9,615	10,000	11,000	0.0%
PSC Expenses	-	10,000	-	-	30,000	200.0%
<b>TOTAL</b>	<b>\$3,231,347</b>	<b>\$2,827,000</b>	<b>\$1,107,793</b>	<b>\$3,382,000</b>	<b>\$3,603,000</b>	<b>27.4%</b>
<b><u>E. OTHER EXPENSES</u></b>						
Real Estate Tax	\$3,202,359	\$3,100,000	\$1,897,970	\$3,254,000	\$3,250,000	4.8%
FICA Tax	266,809	286,000	158,842	272,000	291,000	1.7%
PSC Remainder Tax	17,084	21,000	-	18,000	20,000	-4.8%
<b>TOTAL</b>	<b>\$3,486,251</b>	<b>\$3,407,000</b>	<b>\$2,056,812</b>	<b>\$3,544,000</b>	<b>\$3,561,000</b>	<b>4.5%</b>
<b><u>SUMMARY</u></b>						
A. Personnel Service	\$3,236,171	\$3,368,000	\$1,777,863	\$3,300,000	\$3,418,000	1.5%
B. Contractual Service	2,593,225	2,725,000	1,366,206	2,328,000	2,489,000	-8.7%
C. Materials & Supplies	888,185	1,027,000	479,483	837,000	994,000	-3.2%
D. Administrative & General	3,231,347	2,827,000	1,107,793	3,382,000	3,603,000	27.4%
E. Other Expenses	3,486,251	3,407,000	2,056,812	3,544,000	3,561,000	4.5%
<b>TOTALS</b>	<b>\$13,435,180</b>	<b>\$13,354,000</b>	<b>\$6,788,158</b>	<b>\$13,391,000</b>	<b>\$14,065,000</b>	<b>5.3%</b>



**RACINE WATER UTILITY**  
**Capital Improvement Program 2017 - 2021**  
**Adopted**

	2017	2018	2019	2020	2021	Total
<b><u>DISTRIBUTION SYSTEM</u></b>						
1	\$1,320,000	\$1,760,000	\$1,850,000	\$1,940,000	\$2,040,000	\$8,910,000
2	1,490,000	-	-	-	-	\$1,490,000
3	-	-	-	-	1,100,000	\$1,100,000
4	100,000	100,000	100,000	100,000	100,000	500,000
5	830,000	300,000	300,000	300,000	300,000	2,030,000
6	50,000	50,000	50,000	50,000	50,000	250,000
7	25,000	25,000	25,000	25,000	25,000	125,000
8	5,000	-	5,000	-	5,000	15,000
9	13,000	13,000	-	-	-	26,000
10	60,000	-	-	-	-	60,000
11	24,000	-	-	-	-	24,000
12	100,000	1,000,000	-	-	-	1,100,000
13	25,000	25,000	-	-	-	50,000
14	150,000	-	-	-	-	150,000
15	200,000	-	-	-	-	200,000
16	700,000	-	-	-	-	700,000
17	100,000	100,000	100,000	100,000	100,000	500,000
18	-	-	60,000	-	-	60,000
19	-	-	-	-	3,239,000	3,239,000
20	-	-	-	755,000	-	755,000
21	-	-	80,000	-	-	80,000
	\$5,192,000	\$3,373,000	\$2,570,000	\$3,270,000	\$6,959,000	\$21,364,000
<b>TOTAL COST</b>	<b>\$6,720,000</b>	<b>\$5,230,000</b>	<b>\$4,283,000</b>	<b>\$5,073,000</b>	<b>\$9,343,000</b>	<b>\$30,649,000</b>
**Total Contributed Capital Projects	950,000	100,000	240,000	855,000	3,339,000	5,334,000

Note: (OS) Denotes that the project cost represents Contributions in Aid of Capital (CIAC) by a developer or municipal project initiation trigger with the Utility paying **Oversizing** costs, per the Retail Water Agreement