

DATE: November 10, 2022
TO: Board of Trustees
FROM: Lara Florea
SUBJECT: Draft 2023 Operating and Capital Additions Budget

Please review the enclosed Draft Budget and share your questions, comments and requests for revisions. We are still collecting figures on some of the capital additions, and the finalized number for the Budget Stabilization Fund. A final review is planned to verify accuracy. The finalized budget will be ready for approval at the December Board meeting.

A rate increase of 3.8% was implemented July 1st of 2022. At this time, a rate increase is not recommended for July 1st, 2023. Staff will reevaluate that recommendation after the first quarter of 2023.

Please note that the revenues are projected to increase by approximately 6.1% and expenses are projected to increase by approximately 4.9%. There has been some growth programed in for user fees, interest income, and contracted services with the addition of the city of Ashland and the renewal of existing service contracts.

The increase in expenses is mainly due to the addition of staff, increase in insurance, increase in monthly land line and digital communication fees, and digital hardware such as cell phones and iPads. The wholesale rate is not increasing at this time, however the number of customers using City of Columbia treatment will increase which has been figured into the wholesale expense. This budget also assumes an increase in financial consulting fees, and an increase in system utilities.

Debt service is decreasing in 2023 due to the 2002 SRF loan being paid in full in 2022, and the reduction in payment amounts for the three refinanced SRF loans. This draft budget meets the debt service coverage of 110%.

Although Capital additions and improvement figures are not yet finalized in the draft budget, they will not be out of the ordinary.

The cash flow looks good. The District's cash picture increased in 2022 mainly due to the revision of three SRF loans, and an increase in contracted services.

Please share your thoughts, questions and comments so that any changes can be addressed for the December Board meeting.