



2026 BUDGET CRITERIA

REVENUE

User Fees: The budget assumes a 1.5% rate increase effective July 2026. A rate increase is not justified without completion of the User Rate Study being conducted by Stephen Connelly.

The projected number of customer connections for 2025 is 7,875. The budget assumes an approximate 1% increase in customers throughout the course of the year. This assumes a potential new base service fee of \$29.50 and the rate increase of 1.5%, the increase in revenue for 2026 is expected to be approximately \$82,000 for standard customer connections.

In July of 2022, loans were refinanced to extend the life of the loan, and amended to allow for the creation of a Budget Stabilization Fund. The contribution to this fund is to be determined by the Board of Trustees annually. The recommendation is to transfer \$441,375.74 to the Budget Stabilization Fund from the refinance through 2025. This is a consideration item for the December 2025 board meeting.

Connection and inspection fees are expected to increase slightly due to lowering of interest rates and new home construction.

Contracted service income will decrease due to loss of the Sturgeon contract and likely loss of the Ashland contract due to them both hiring their own operators to become self-sufficient.

Interest rates are projected to decrease approximately 1% over the coming year, resulting in estimated revenue losses of \$73,000 from the 2025 to the 2026 budget.

EXPENSES

PERSONNEL

For 2026, the Facilities Engineering Manager is the only remaining position at the district to be filled.

COLA is set at 2.8% for 2025, matching the Social Security increase.

Merit will be based on performance and an estimated \$26,000 is built in for performance increases for the 2026 budget.

The current Anthem plan increased an average of 5.9%, but due to the change in the ages of employees currently working at the district, the overall health insurance costs will go down slightly from \$152,000 budgeted in 2025 to \$150,764 budgeted in 2026. Other insurance benefits offered by Principal stayed steady from 2025 to 2026.

MATERIALS & OPERATIONS

Supply expenses increase for billing services transition (7 months of 2025 projected) which includes more postage, printing services. It is estimated to be approximately \$25,000 more than the 2025 budget.

OPERATIONS

This budget assumes a slight increase in wholesale totals due to adding Highfield Acres and additional development at The Cedars, Willow Creek, Tradewinds, etc. City rates have not been scheduled for 2026 increase to date.

Existing monthly service contracts will decrease due to the loss of Sturgeon, and likely reduction in Ashland starting May 1st of 2026

City of Hartsburg

City of Rocheport

City of Ashland

CONTRACTUAL SERVICES

- MOPERM, Cyber and Boiler & Machinery: \$88,410/Annual which is up almost \$21,000 from 2025 quotes
- Blitz, Bardgett & Deutsch: Est. \$144,000/annual
- Muni-Link Billing Software added at \$27,000 annually plus set-up costs
- Audit services with new auditor: \$30,000/annual assumption
- BEC services and transitional credit card company expenses: \$102,700/-2026 estimated and to be reevaluated for 2027 in Q3 and Q4 of 2026
- GFI Digital IT services contract estimated at \$37,000
- Mapping/GIS ongoing additions and training: projected \$20,000 for 2025
- Mowing services: \$46,000

MISCELLANEOUS

Public relation & social media expenses have been added to assist with the upcoming bond election (2026/2027) and increasing public awareness of BCRSD services.

A general contingency fund of \$100,000 is included in this budget due to imminent billing transition and potential unknown costs during the transition.

CAPITAL EXPENDITURES & EQUIPMENT

Headquarters capital expenditure includes an estimated \$458,037 overall renovation budget for 2026.

The Vacuum truck (\$190,000) is expected to be ready and delivered in February 2026 and a Generac generator (\$110,000) purchased for the Prairie Meadows facility remains to be procured and may be partially paid from insurance claim revenue.

Two new fleet trucks need to be purchased in 2026. \$55,000 each is included in the Capital Additions and Improvements Budget.

A new mini excavator is included to be purchased for \$37,000 to reduce continued rental costs that have continued to go up. This can be purchased for no interest on a three-year payback schedule via Sourcewell.

\$200,000 has been added for cured in place pipe rehabilitation (CIPP). The 2026 CIPP program will include \$150,000 dedicated to lining the most critical pipe systems that are on the 3-month and 6-month maintenance list with the goal of reducing the number of items on the list. The remaining \$50,000 will be used to go back and rehabilitate lines where customers have had back-ups and are also in areas where CIPP is a feasible option. These line segments will be placed on a list to receive relining at the next possible opportunity. This will allow approximately 4,000 lineal feet of the collection system to be relined in FY2026.

A new bypass pump is being discussed and has an approximate cost of \$75,000. It may be advantageous to purchase this equipment to reduce future costs associated with lift station rehabilitation projects and will be explored further in 2026.

Additional expenses for Rocky Fork equipment replacement are \$100,000 for a replacement pump at the main lift station. Due to long lead times, this should be purchased in 2026, so the district does not have risks of emergency pumping the next time one of these pumps fails. Additionally, this is also one of the capital items that is required to be purchased to upgrade Rocky Fork's future permitted capacity and debottleneck the facility for capacity expansion. This purchase will serve multiple functions.

Costs for a new mobile sludge centrifuge have been explored and are currently estimated at \$750,000. This is not on the current capital list but will be discussed in 2026 and may be added pending board discussion and payback analysis of this equipment. This is also an item that would debottleneck Rocky Fork for potential capacity upgrades with DNR and could serve multiple functions.

Sales of used equipment is listed below:

Equipment	Expected Sale Price
2008 Chevy PU Ext Cab	\$3,500
2014 International Vacuum Tank Truck	\$26,500
Other Capital Improvements:	
Rochepoint Pump Station Rebuild:	\$265,399 (\$220,000 ARPA)
Hartsburg NH3 Removal:	\$300,000 (ARPA for Hartsburg)

DEBT SERVICE

Highfield Acres loan is expected to close in 2026. Brown Station / Richardson Acres will likely close in 2027. Engineering will need to begin in 2026 along with easement acquisition.

LEASE PURCHASES (Principal payments scheduled for December 2025)

1. Sewer Jet \$53,747 – Last payment December 2026
2. Crane Truck - \$170,047 (Lease Purchase with Marion National Bank)
3. Vacuum Truck – Due to current district cash balance recommending a reimbursement resolution and cash purchase until interest rates bottom out.

CAPITAL ADDITIONS (Cash or Lease Purchase)

None pending other than developer donated capital.

If Phenora North NID is bid and approved, the district will acquire the new collection system but the SRF loan is via Boone County.

2026 CAPITAL ADDITIONS AND IMPROVEMENTS

CAPITAL ADDITIONS Funded by Cash or Lease Purchase

		Cash/Loan/SRF
Replace Vacuum Tank Truck	\$ 190,000	Cash/LP
Mini-Excavator	\$ 37,000	Cash/LP
Rocky Fork Pump	\$ 100,000	Cash
Fleet Vehicles - 2 each	\$ 110,000	Cash
Portable Generator Generac - Prairie Meadows	\$ 110,000	Cash
Sales of Fixed Assets (Fully Depreciated)	\$ (30,000)	
	<u>\$ 517,000</u>	

CAPITAL IMPROVEMENTS Funded by Cash or Lease Purchase

Rocheport Pump Station Rebuild	\$ 265,399	ARPA
Hartsburg NH3 Removal	\$ 300,000	ARPA
2025 CIPP Rehabilitation Program	\$ 200,000	Cash
ARPA Reimbursements	\$ (520,000)	
	<u>\$ 245,399</u>	

Total Capital Improvements (Cash or Lease Purchase) \$ 762,399

ENGINEERING DESIGN (Reimbursed when project is funded)

Brown Station / Richardson Acres	\$ 100,000
	<u>\$ 100,000</u>

EASEMENT ACQUISITION

Richardson Acres/Brown Station	\$ 60,000.00	Cash
	<u>\$ 60,000.00</u>	

BCRSD 1314 N 7TH STREET RENOVATION

BCRSD Building Renovation	\$458,037.00	Cash
	<u>\$458,037.00</u>	

Total Reimbursables \$ 100,000 Cash

Net Cash/Lease Purchase and Reimbursables \$ 1,380,436

SRF PROJECTS

\$ -
\$ -
<u>\$ -</u>

Total Capital Improvements Funded by Loans \$ -

Total Capital Improvements Funded by Grants \$ -

TOTAL CAPITAL ADDITIONS & IMPROVEMENTS \$ 1,380,436

Credits \$ (100,000)

TOTAL CAPITAL ADDITIONS & IMPROVEMENTS LESS CREDITS **\$ 1,280,436**

2026 CASH FLOW

	Beginning Balance	\$	5,060,073
REVENUE		\$	6,062,241
EXPENSES (LESS DEP & INT)		\$	4,320,487
DEBT SERVICE PAYMENT		\$	1,057,110
CAPITAL ADDITIONS		\$	577,000
CAPITAL IMPROVEMENTS			
Capital Improvements Rehab & Purchase		\$	762,399
Design		\$	100,000
Easement Acquisition		\$	60,000
BCRSD Renovation		\$	458,037
Capital Additions/Improvement Balance		\$	(1,380,436)
Design Expense Recovered at Closing		\$	-
SRF Project, Loan		\$	-
SRF Project, Grant		\$	-
Capital Improvement Credits		\$	-
CAPITAL IMPROVEMENTS		\$	(1,380,436)
End Balance		\$	5,421,391
Designated Funds		\$	2,472,511
Total Balance		\$	2,948,880

2025 Bonding Authority

Year	Project Name	Bonding Capacity	Projects Funded	Bond Closings	Bonding Authority Balance
1997	Bond Election	\$ 3,800,000			\$ 3,800,000
1998	Clearview Wastewater Treatment Plant (WWTP)		\$ 595,000	\$ (595,000)	\$ 3,205,000
2000	Clearview WWTP Improvements		\$ 210,000		
	Gregory Heights Interceptor & Lagoon Closure		\$ 96,800		
	Bearfield Subdivision Interceptor & Lagoon Closure		\$ 98,787		
	South Route K WWTP Construction		\$ 368,806		
	Fairway Meadows East Lift Station and Lagoon Closure		\$ 285,750	\$ (1,090,000)	\$ 2,115,000
2002	Shaw WWTP Construction and Frank Stanton Lagoon Closure		\$ 165,285		
	Walnut Brook Interceptor & Closure of Three Lagoons and one WWTP		\$ 194,715	\$ (360,000)	\$ 1,755,000
2003	Bond Election	\$ 3,850,000			\$ 5,605,000
2004	H-21 Interceptor Improvements		\$ 187,800		
	Prairie Meadows WWTP Contruction and Closure of Lagoon		\$ 907,200	\$ (1,095,000)	\$ 4,510,000
2006	El Chaparral Interceptor - Phase 1		\$ 406,120		
	Sunrise Estates Facility Plan and Sanitary Sewer Evaluation		\$ 196,420		
	Prairie Meadows Cost Overrun		\$ 70,770	\$ (675,000)	\$ 3,835,000
2007	Clearview Pump Station Interceptor		\$ 117,583		
	Sunrise Estates Collection System Rehabilitation		\$ 507,832		
	Eagle Knoll WWTP Improvements		\$ 59,017		
	El Chaparral Interceptor Phase 2 & Lagoon Closure		\$ 240,794		
	Southfork of Grindstone Creek Extension, Closure of Sunrise Estates WWTP & Relocation of OTSCON WWTP		\$ 854,837		
	Rayfield Interceptor and Lagoon Closure - Design		\$ 35,700		
	Rocky Fork WWTP Design		\$ 894,237	\$ (2,710,000)	\$ 1,125,000
2008	Bond Election	\$ 21,000,000			\$ 22,125,000
2009	Rollingwood Lagoon Closure		\$ 66,460		
	Meadow Village replacement of lagoon with Otscon plant		\$ 271,270		
	Concorde Estates Sanitary Sewer Extension and WWTP Closure		\$ 190,465		
	W. Sunrise Estates PS Interceptor		\$ 1,033,235		
	Sugar Tree Hills Interceptor & Lagoon Closure		\$ 287,970	actual cost	
	ARRA Grant		\$ (924,700)	\$ (885,270)	\$ 21,239,730
2011	University Estates & Arrowhead Lake Construction & Easement Acquisition & Design		\$ 438,000	\$ (438,000)	\$ 20,801,730
2012	Fairway Meadows E & Shaw Intercptr Des & Const		\$ 592,350		
	Rayfield - Construction		\$ 616,528	\$ (1,208,878)	\$ 19,592,852
2013	Rocky Fork WRF & Clearview Interceptor		\$ 10,382,000		
	Hwy HH Corridor		\$ 1,816,000	\$ (12,198,000)	\$ 7,394,852
2015	Spring Park Interceptor		\$ 458,334		
	Westwood Meadows		\$ 524,071		
	El Rey Heights		\$ 285,195		
	Rocky Fork Interceptor Cost Overrun		\$ 1,291,445		
	Sunrise Estates NE & NW Lagoon Interceptor		\$ 504,955	\$ (3,064,000)	\$ 4,330,852
2019	Lee Heighths Interceptor		\$ 552,175		
	Oberlin Valley Interceptor		\$ 552,175	\$ (1,104,351)	\$ 3,226,501
2022	Rollingwood Plat 1 - LS and Interceptor		\$ 367,000		
	Rollingwood Plat 1 - LS and Interceptor - Grant		\$ (220,000)	\$ (147,000)	\$ 3,079,501
2024	Highfield Acres Pump Station/Lagoon Closure		\$ 268,280		
2024	Highfield Acres Pump Station/Lagoon Closure - Grant		\$ (160,968)	\$ (107,312)	\$ 2,972,189
2025	Brown Station/Richardson Acres Interceptor		\$ 2,366,000		
2025	Brown Station/Richardson Acres Interceptor - Grant		\$ (1,000,000)	\$ (1,366,000)	\$ 1,606,189
	Totals	\$ 28,650,000		\$ (27,043,811)	\$ 1,606,189

Debt Service Coverage Through 2026

	Budget 2026	Projected Year End 2025	Audit	Audit	Audit
	2026	2025	2024	2023	2022
System Revenue	5,854,079.00	5,906,097.00	5,650,290.00	5,454,519.00	5,294,923.00
Investment Income	158,162.00	210,427.00	202,775.00	159,189.00	52,564.00
Other Income	50,000.00	54,000.00	32,904.00	23,237.00	27,336.00
Total Revenue	6,062,241.00	6,170,524.00	5,885,969.00	5,636,945.00	5,374,823.00
Operating Expenses (Tot Exp - Dep, Int Exp & Bond Issue Exp)	4,320,448.00	3,879,103.81	3,856,971.00	3,553,905.62	3,381,976.55
Net Rev Available for DS	1,741,793.00	2,291,420.19	2,028,998.00	2,083,039.38	1,992,846.45
Annual Debt Service (existing)	1,057,109.52	1,061,109.52	1,131,645.00	1,191,180.00	1,376,469.00
Debt Service Coverage	1.65	2.16	1.79	1.75	1.45