

MOUNTAIN REGIONAL WATER SPECIAL SERVICE DISTRICT

2023 Tentative Budget Recommendations and 2022 Proposed Budget Amendments to the Summit County Council

November 2, 2022

2023 Budget Considerations

► Factors Impacting Revenue Projections:

► DROUGHT

- Restrictions from Weber Basin impact the District's ability to supply water to customers and generate revenue to cover operating and capital expenses which are largely fixed
- The District is predicting these reduced usage patterns will be the "new normal"

► INFLATION

- New development is being impacted by increasing interest rates and inflation. Impact Fee revenue and new connections have dropped significantly in 2nd half of 2022

► Mitigate Risk from Fluctuating Revenue:

-Maintain Cash Reserves –

- Rate Stabilization Reserve \$1.17M
- Unrestricted Operating Cash Reserves averaging over 300 days
- Drought Reserve Fund \$800,000

► Factors Impacting Expenses Projections:

- Inflation of 7% in 2021 and projected near 9% for 2022
- Power costs low in 2022 due to low usage
- Expense savings at Treatment Plant and Lost Canyon

2023 Budget Overview

▶ *Section 3.0*

- ▶ *Overview of Current Trends & Budget Assumptions*

▶ *Section 4.0*

- ▶ *2023 Operating Revenue & Expenses*

▶ *Section 5.0*

- ▶ *2023 Debt Service Budget*

▶ *Section 6.0*

- ▶ *2023 Capital Budget*

▶ *Section 7.0*

- ▶ *2022 Budget Amendments*
 - ▶ *Operating Budget*
 - ▶ *Capital Budget*
 - ▶ *Debt Service Budget*

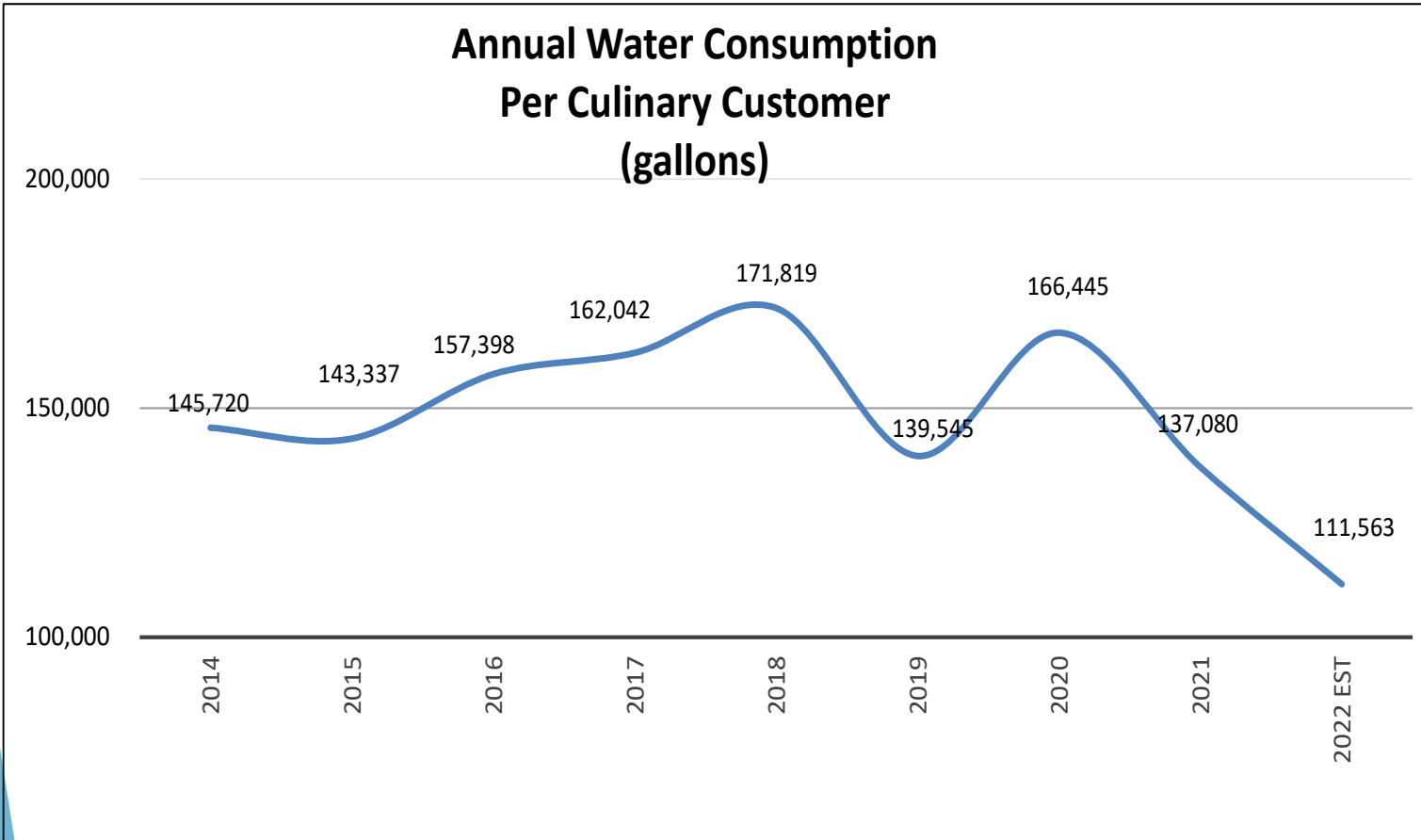
▶ *Section 8.0*

- ▶ *Summary*

Note: Section Numbers Tie to Detailed Budget Report

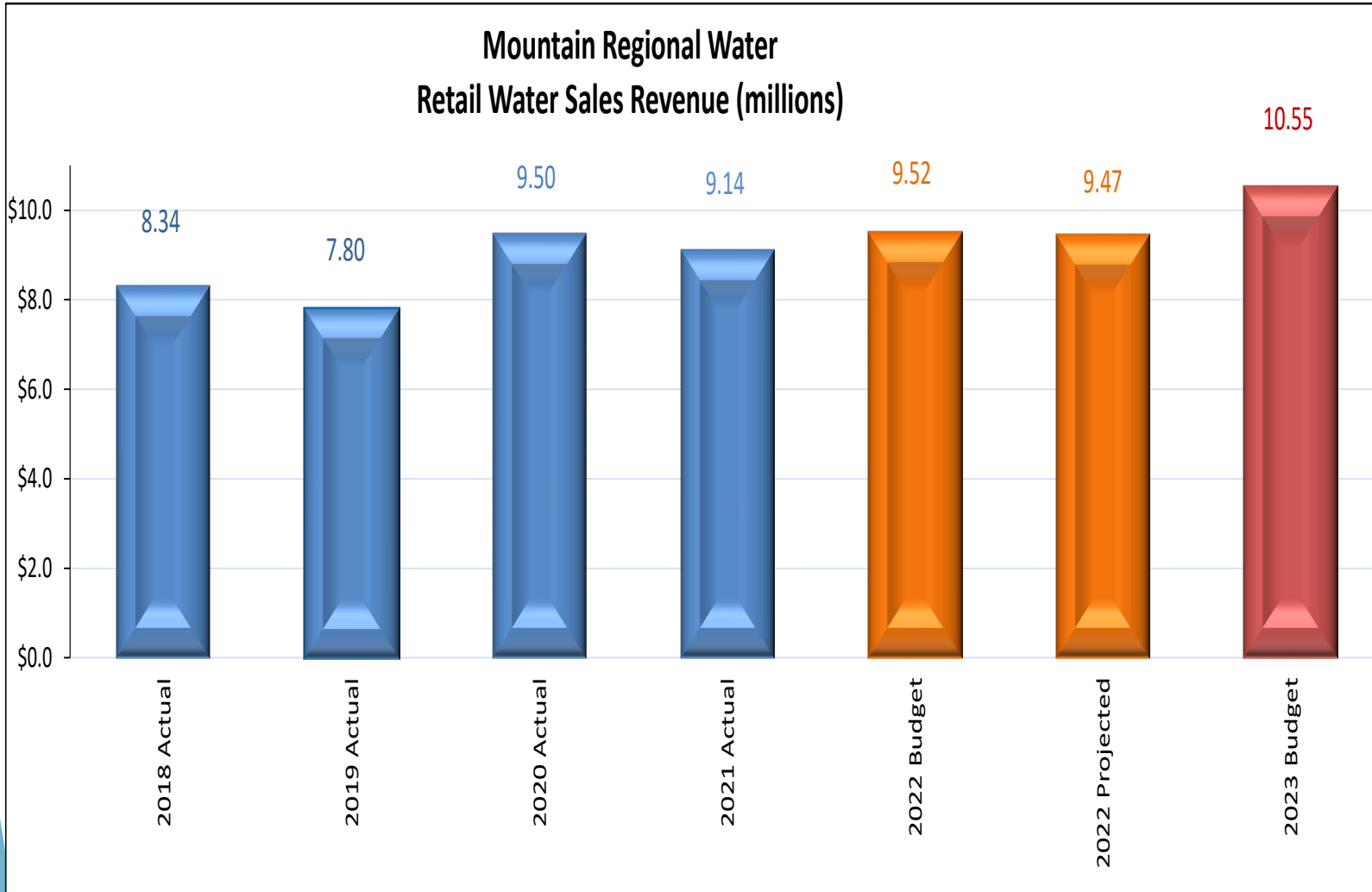
3.01 Retail Water Consumption

**Annual Water Consumption
Per Culinary Customer
(gallons)**



- ▶ *0.34 Acre Feet Per Culinary Customer estimated for 2022*
- ▶ *Decrease due to watering restrictions, drought rates, conservation efforts, and a rainy summer*
- ▶ *Assume average of 3 per household = 102/gpcd (2019 UT Regional goal by 2030 is 200/gpcd)*

3.01 Retail Water Sales



▶ *2022 Retail Water Sales Projected to be \$9.47M (within 1% of budget due to Drought surcharges)*

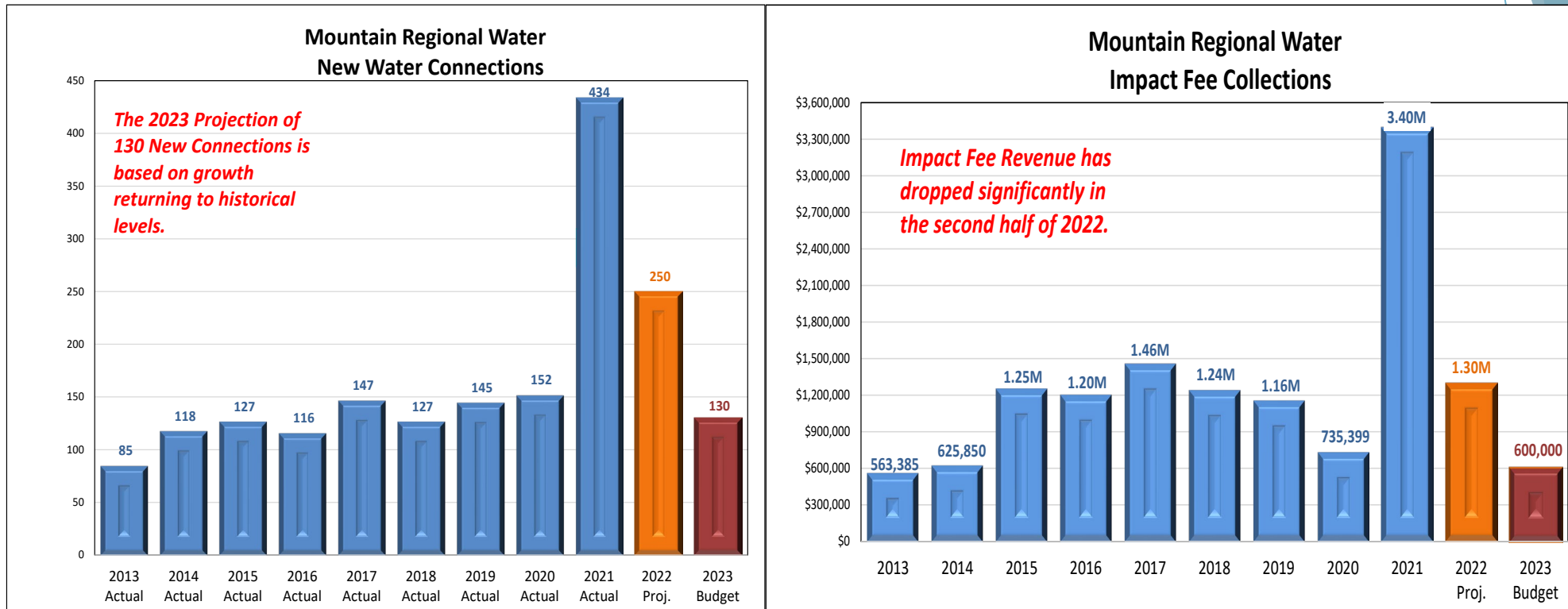
▶ *\$10.55M in 2023*

▶ *Increase due to customer growth and proposed rate increase*

▶ *Usage projected to be lower than 2021 levels, but higher than 2022 drought impacted levels*

3.02 Development Related Collections

Shift in 2nd half of 2022 expected to continue



Projected 2022 Impact Fee Revenue

\$1.3 million

Budgeted 2023 Impact Fee Revenue

\$600,000

New connections projected to return to historical levels in 2023

Projected 2022 Year-end Reserve Balance is **\$5.3 million**

3.04 Major Water Contracts

- ▶ *Regional Water Supply (Summit Water Distribution Company) – Culinary water Take-or-Pay Contract (Pay All Contracted Water)*
 - 2022 Revenue \$1,191,000 for 700 Acre Feet*
 - 2023 Revenue \$1,244,300 for 700 Acre Feet*

- ▶ *Rates and amounts set for 2024 and 2025:*
 - 2024 Revenue \$1,076,400 for 600 Acre Feet*
 - 2025 Revenue \$887,800 for 500 Acre Feet*

- ▶ *Regional Water Supply sales end 2025*

- ▶ *Water is diverted from the Weber River into our Lost Canyon facility, pumped to the Signal Hill Treatment Plant, treated for potable use, and then provided to Summit Water Distribution Company through our Distribution System*

- ▶ *Weber Basin lease fees included in rate*

3.04 Major Water Contracts

- ▶ *Park City Wheeling – Raw water*

 - Has Lost Canyon Rights Up to 2,900 Acre Feet*

 - Projected 2022 2,100+ Acre Feet*

 - Take-or-Pay Contract (Pay for all 2,900 AF) Rate Methodology Outlined in Contract*

 - 2022 Projected Revenue \$720,000*

 - 2023 Projected Revenue \$650,000*

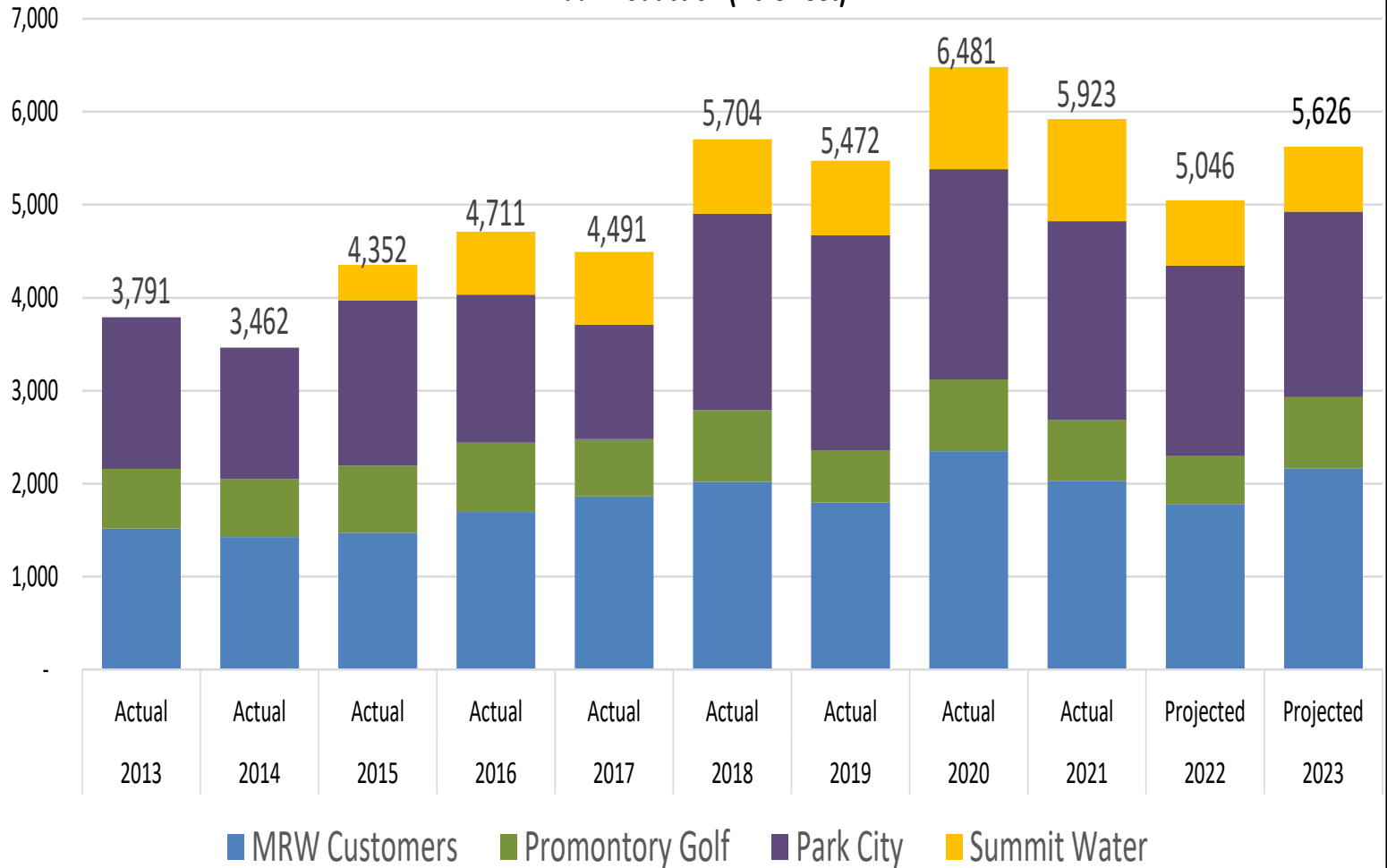
- ▶ *Wheeled amount projected to drop below 2,000 Acre feet in 2023 with completion of the 3 Kings Treatment Plant*

- ▶ *Park City pays proportional share of the capital investment costs of the Lost Canyon System*

- ▶ *Weber Basin lease fees excluded from rate (Park City pays direct to Weber Basin)*

3.05 District Water Production

Mountain Regional Water
Annual Production (Acre Feet)



- ▶ 2022 Projected Production **5,046 AF**
- ▶ 2023 Projected Production **5,626 AF**

Components of 2023 Projected Production
 MRW Customers – 2,164 AF
 Promontory Golf – 767 AF
 Park City Wheeling – 1,995 AF
 Summit Water – 700 AF



3.06 Debt Coverage Ratio

Mountain Regional Water Parity Debt Service Coverage Ratio

	2020 Actual	2021 Actual	2022 Projected	2023 Budget
Water Sales	\$ 9,497,365	\$ 9,135,832	\$ 9,471,500	\$ 10,546,600
Park City Wheeling	649,407	720,520	715,000	650,000
Weber Basin Regionalization Collections	1,676,200	1,913,700	1,191,100	1,244,300
Operating Fees	535,831	624,446	588,200	588,200
Impact Fees	735,399	3,397,951	1,300,000	600,000
Promontory Developer Assessments	493,489	717,204	383,300	383,300
Stagecoach Assessments	209,770	175,754	163,000	156,600
Community Water Assessments	161,999	161,404	159,000	159,000
Interest Available for Debt Service	164,660	71,899	322,000	350,000
Other Non-restricted Revenue	136,058	382,090	217,500	77,500
Treatment Plant/Lost Canyon Stabilization	123,854	-	62,000	-
Total Cash Available for Debt Service	14,384,032	17,300,801	14,572,600	14,755,500
Cash Operating Expenses	(7,152,478)	(7,185,433)	(8,399,600)	(9,169,100)
Net Cash Available for Debt Service	7,231,554	10,115,368	6,173,000	5,586,400
Parity Debt Service Payments	3,526,528	3,546,513	3,539,600	3,546,300
Debt Service Coverage	2.05	2.85	1.74	1.58

► **Parity Debt Coverage Must be 1.25 or Higher Pursuant to Bonding Requirements**

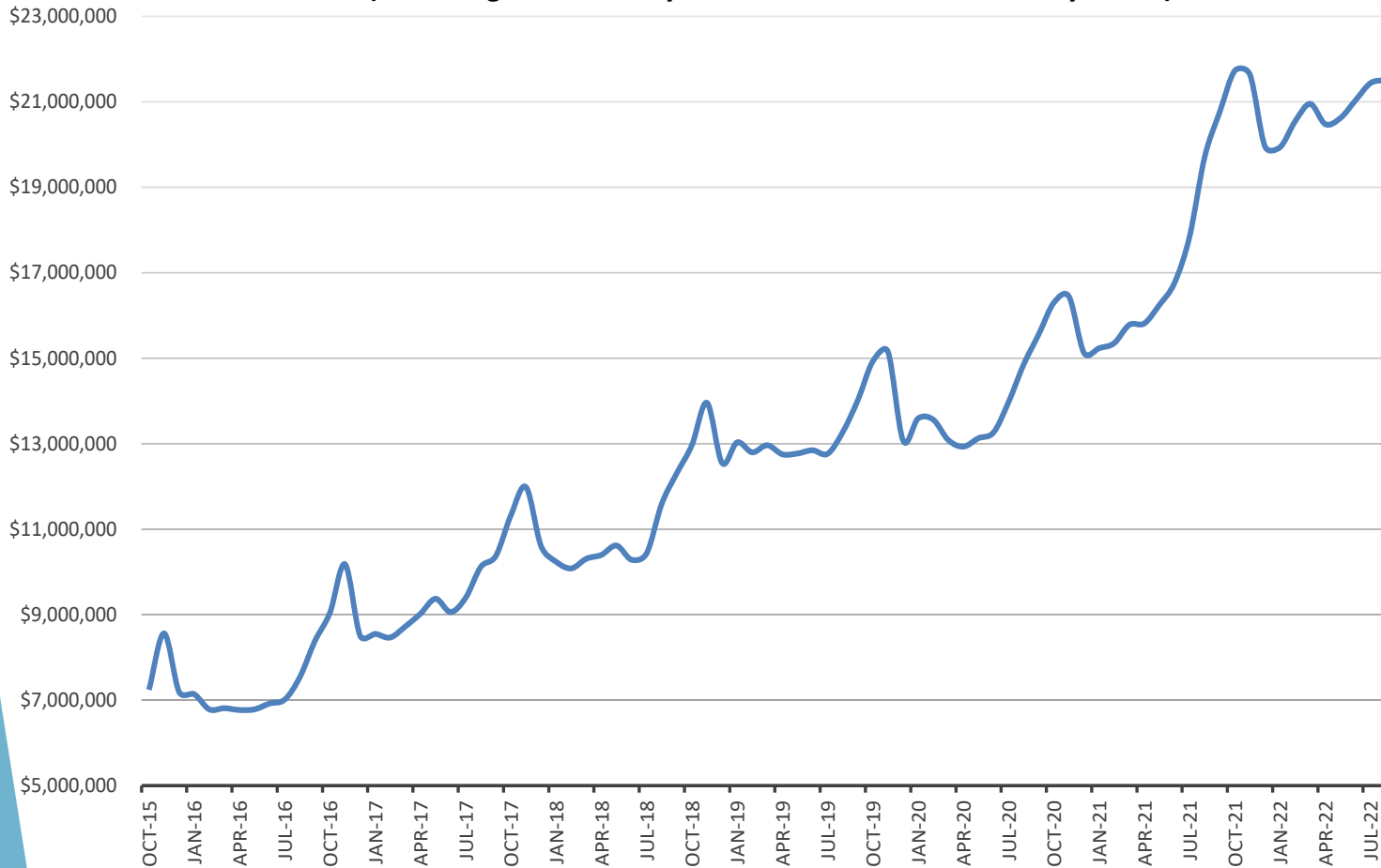
► **For 2022, Projected Parity Debt Coverage Ratio is 1.74**

► **For 2023, Budgeted Parity Debt Coverage Ratio is 1.58**

► **District goal of 1.35 for contingency and sufficient funds for capital projects**

3.07 Cash

**Mountain Regional Water
Total Cash & Reserves
(Excluding Cash Held by the Bond Trustee for Debt Payments)**



- ▶ **Cash upward trend due to:**
 - ▶ **Record development related collections in 2021**
 - ▶ **Establishment of Regionalization and Drought Reserves**
 - ▶ **Water revenue from customer growth**
- ▶ **Cash reserves will to be used to:**
 - ▶ **Decrease bond/debt needs to make improvements at the treatment plant and construct the District office and maintenance facilities**
 - ▶ **Start a “Cash for Grass” program**

3.08 Personnel & Compensation

- ▶ *One Additional FTE*
 - ▶ *The Project Coordinator position is new for the District*
 - ▶ *Support the District Engineer*
 - ▶ *New development*
 - ▶ *Asset management*
- ▶ *Recommended Pay Increases*
 - ▶ *10.0% COLA*
 - ▶ *Summit County and other Districts recommending same amount*
 - ▶ *National inflation estimates 8%-10%, higher in the West, especially resort communities*
 - ▶ *5.0% Average Merit*
- ▶ *All other employee benefits remain the same except for a voluntary vision plan being added*

3.09 Allocation of Drought Reserve Fund

- ▶ *Drought Reserve initially funded with \$800,000*
 - ▶ *Current balance \$806,450*
- ▶ *Request to allocate \$200,000 to fund customer conservation efforts*
 - ▶ *Augment existing programs from Weber Basin and others*
 - ▶ *Estimated between \$1.25 to \$1.50 per square foot of removed turf*
 - ▶ *Limit individual customer reimbursement to allow more to participate*

3.10 Rate Increase

- ▶ *Increased expenses (inflation of 7% in 2021 and near 9.0% in 2022)*
- ▶ *Last rate increase was January 1, 2019 (4 years)*
- ▶ *Zions Public Finance Inc. (ZPFI) hired to conduct study*
- ▶ *Projected increase of 11%*
- ▶ *“Tiered” methodology*

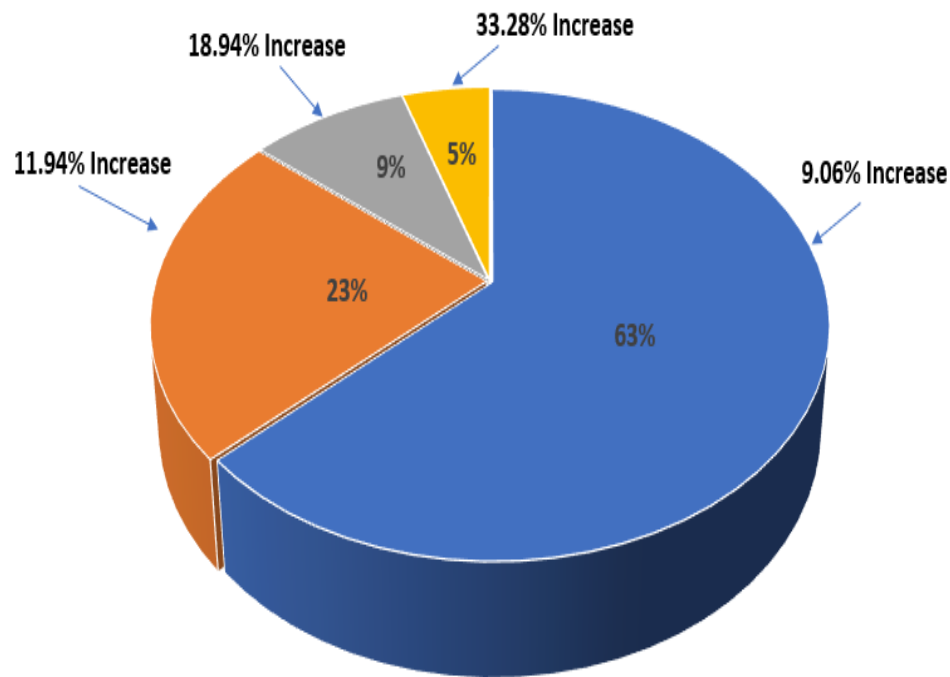
3.10 Rate Increase

Estimated Residential Rate Increase Table

WATER RATES	Current Rates	ESTIMATED 2023 Rates	ESTIMATED 2023 Rates (%)	
Residential				
Monthly Base Rate	\$61.80	\$66.75	8.00%	<i>Per ERC</i>
Usage (in gallons)				
Zero to 5,000	\$1.80	\$2.00	11.11%	<i>Per 1,000 Gallons</i>
5,001 to 20,000	\$4.64	\$5.20	12.07%	<i>Per 1,000 Gallons</i>
20,001 to 30,000	\$5.15	\$6.50	26.21%	<i>Per 1,000 Gallons</i>
30,001 to 40,000	\$8.24	\$10.22	24.03%	<i>Per 1,000 Gallons</i>
40,001 to 60,000	\$12.36	\$15.82	27.99%	<i>Per 1,000 Gallons</i>
60,001 to 80,000	\$15.45	\$20.39	31.97%	<i>Per 1,000 Gallons</i>
80,001 to 100,00	\$18.54	\$30.00	61.81%	<i>Per 1,000 Gallons</i>
Above 100,000	\$21.63	\$35.00	61.81%	<i>Per 1,000 Gallons</i>

3.10 Sample Rate Increase (residential)

Residential Clients Increase by Usage Level



■ Small User ■ Medium User ■ Large User ■ Very Large User

- **Small User:** Less than **100,000** gallons a year. Monthly bill increase approximately **\$8.00** a month.
- **Medium User:** Less than **200,000** gallons a year. Monthly bill increase approximately **\$15.00** a month.
- **Large User:** Less than **320,000** gallons a year. Monthly bill increase approximately **\$45.00** a month.
- **Very Large User:** More than **320,000** gallons a year. Monthly bill increase approximately **\$150.00** a month.

4.02 2023 Operating Revenue

	Operating Revenue							
	2021 Actual	2022 Adopted Budget	2022 Projection	2023 Tentative Budget Recommended	2023 Recommended to 2022 Budget		2023 Recommended to 2022 Projection	
					\$ Change	% Change	\$ Change	% Change
Retail Water Sales	\$ 9,135,832	\$ 9,521,500	\$ 9,471,500	\$ 10,546,600	\$ 1,025,100	10.8 %	\$ 1,075,100	11.4 %
Park City Wheeling Fees	720,520	765,000	715,000	650,000	(115,000)	(15.0)	(65,000)	(9.1)
Weber Basin Regionalization Collections	1,913,700	1,191,100	1,191,100	1,244,300	53,200	4.5	53,200	4.5
Operating Fees	624,446	488,200	588,200	588,200	100,000	20.5	-	-
Contract Maintenance	10,160	2,500	2,500	2,500	-	-	-	-
Other	44,766	45,000	45,000	45,000	-	-	-	-
Total Operating Revenue	\$ 12,449,424	\$ 12,013,300	\$ 12,013,300	\$ 13,076,600	\$ 1,063,300	8.9 %	\$ 1,063,300	8.9 %

- ▶ **Total Operating Revenue increase \$ 1.06 million (8.9%)**
- ▶ **Retail Water Sales increase \$1.03 million (10.8%)**
- ▶ **Park City Wheeling Fees decrease \$115,000 (15.0%)**
- ▶ **Weber Basin Regionalization increase \$53,200 (4.5%)**
- ▶ **Operating Fees increase \$100,000 (20.5%)**

4.02 2023 Non-Operating Revenue

	Non-operating Revenue							
	2021 Actual	2022 Adopted Budget	2022 Projection	2023 Tentative Budget Recommended	2023 Recommended to 2022 Budget		2023 Recommended to 2022 Projection	
					\$ Change	% Change	\$ Change	% Change
Interest Earnings	\$ 74,335	\$ 72,800	\$ 323,800	\$ 362,000	\$ 289,200	397.3	\$ 38,200	11.8 %
Impact Fees	3,397,951	1,600,000	1,300,000	600,000	(1,000,000)	(62.5)	(700,000)	(53.8)
Promontory Developer Assessments	717,204	383,300	383,300	383,300	-	-	-	-
Stagecoach Assessments	175,754	163,000	163,000	156,600	(6,400)	(3.9)	(6,400)	(3.9)
Community Water Assessments	161,404	159,000	159,000	159,000	-	-	-	-
Other Cash Non-operating Revenue	327,164	30,000	170,000	30,000	-	-	(140,000)	(82.4)
Non-Cash Non-operating Revenue	11,667	11,700	11,700	11,700	-	-	-	-
Total Non-operating Revenue	\$ 4,865,479	\$ 2,419,800	\$ 2,510,800	\$ 1,702,600	\$ (717,200)	(29.6) %	\$ (808,200)	(32.2) %

- ▶ *Total Budgeted decrease \$717,200 (29.6%)*
- ▶ *Impact Fee decrease from 2022 projected of \$1.3 million to \$600,000 for 2023*
- ▶ *Interest Earnings budget increase of \$289,200*

4.03 2023 Operating Expenses

	Operating Expense				2023	
	2021 Actual	2022 Budget	2022 Amended Budget	2023 Recommended Budget	Recommended to 2022 Budget \$ Change	% Change
Operations						
Energy & Resource Management	\$ 608,589	\$ 683,400	\$ 683,400	\$ 716,200	\$ 32,800	
Lost Canyon Transmission	1,659,487	2,056,100	2,056,100	1,986,900	(69,200)	
Treatment Plant	683,135	868,800	868,800	843,000	(25,800)	
Distribution	2,809,601	3,214,900	3,214,900	3,462,000	247,100	
Safety	66,621	80,200	80,200	95,600	15,400	
Subtotal Operations	5,827,434	6,903,400	6,903,400	7,103,700	200,300	2.9 %
General Manager						
Administration				1,234,000	1,234,000	
Engineering & Development	285,008	343,700	343,700	-	(343,700)	
Human Resources	132,267	150,400	150,400	-	(150,400)	
Financial Management	425,938	482,300	482,300	-	(482,300)	
Legal Services	46,972	72,200	72,200	-	(72,200)	
Public Services	462,325	722,600	722,600	831,400	108,800	
Subtotal Other Departments	1,352,510	1,771,200	1,771,200	2,065,400	294,200	16.6 %
Depreciation Expense	1,865,579	1,987,800	1,987,800	2,158,500	170,700	
Non-Cash Expenses	1,865,579	1,987,800	1,987,800	2,158,500	170,700	8.6 %
Total Operating Expense	\$ 9,045,523	\$ 10,662,400	\$ 10,662,400	\$ 11,327,600	\$ 665,200	6.2 %
<i>Total Cash Operating Expense</i>	<i>7,179,943</i>	<i>8,674,600</i>	<i>8,674,600</i>	<i>9,169,100</i>	<i>494,500</i>	<i>5.7 %</i>

Total Increase \$665,200 (6.2%)

- ▶ One additional FTE
 - ▶ Project Coordinator
- ▶ Inflationary pressures on materials & services
- ▶ Staff wage increases
- ▶ Combining several departments
- ▶ Slight decreases in Treatment Plant and Lost Canyon
- ▶ Non-cash Depreciation \$ 170,700

4.03 2023 Non-Operating Expenses

	Non-operating Expense				2023	
	2021 Actual	2022 Adopted Budget	2022 Proposed Amended	2023 Recommended	Recommended to 2022 Amended Budget \$ Change	% Change
Interest Expense / Trustee Fees	\$ 975,366	\$ 925,700	\$ 1,016,700	\$ 949,200	\$ (67,500)	
Bond Issuance Costs & Amortization	2,000	2,000	2,000	2,000	-	
Total Non-operating Expense	\$ 977,366	\$ 927,700	\$ 1,018,700	\$ 951,200	\$ (67,500)	(7.3) %

- ▶ Total decrease from 2022 Amended **\$67,500 (7.3%)**
- ▶ Prepayment of Series 2019B bond (Community Water bond)
- ▶ Maturing debt with more of the payment going towards principal

5.0 Debt Coverage Ratio 2023

MOUNTAIN REGIONAL WATER	
2023 Debt Service Budget - Cash Basis	
	2023
COVERAGE CALCULATION FOR PARITY REVENUE BONDS	
Operating Income (Loss)	\$ 1,749,000
Add Back Depreciation	2,158,500
Add In Interest Available for Debt Service	350,000
Add In Impact Fees	600,000
Add In Promontory SID Assessments on Developer	383,300
Add in Stagecoach Assessments	156,600
Add in Community Water Assessments	159,000
Add in Other Non-operating Income	30,000
Add Lost Canyon & Treatment Plant repair funds	
Total Available For Debt Service	\$ 5,586,400
TOTAL DEBT COVERAGE	
Required Coverage Principal	\$ 2,825,800
Required Coverage Interest/Bank Fees	925,300
Total Required Debt Service	3,751,100
Debt Service X 1.25	\$ 4,688,900
Total Debt Coverage Ratio	1.49
REQUIRED PARITY BOND DEBT COVERAGE	
Parity Bond Principal	\$ 2,689,000
Parity Bond Interest	857,300
Total Parity Debt Service	3,546,300
Debt Service X 1.25	\$ 4,432,900
Parity Debt Coverage Ratio	1.58
Cash Excess/(Shortfall)	
Cash Excess/(Shortfall)	1,835,300
Less Lost Canyon & Treatment Plant repair funds	-
Projected Cash Generated	1,835,300
Capital Facility Reserves	(458,500)
Cash Available for Capital Budgets	1,376,800

- ▶ **Parity Debt Coverage Must be 1.25 or Higher Pursuant to Bonding Requirements**
- ▶ **Budget for 2023, Parity Debt Coverage Ratio is 1.58**
- ▶ **Budget for 2023, Total Debt Coverage Ratio is 1.49**
- ▶ **District goal of 1.35 for contingency and sufficient funds for capital projects**
- ▶ **Budget results in \$458,500 to Capital Reserves and \$1.38 million for Capital Budget**

6.0 2023 Capital Budget

Mountain Regional Water 2023 Capital Budget

	2022 Adopted Budget	2022 Proposed Amendment	2022 Estimated Completed	2022 Estimated Carryover	General Manager Recommended Increases	2023 Total Estimate
CASH SOURCES						
Previous Year Budget Carryover	\$ 1,717,300		\$ 392,400	1,324,900	\$ -	\$ 1,324,900
Cash Available from Previous Years	2,012,300		597,100	1,415,200	2,669,400	\$ 4,084,600
Impact Fees	1,710,000	(136,000)	492,000	1,082,000	153,000	\$ 1,235,000
District Capital Reserves	585,300		-	585,300	398,800	\$ 984,100
Summit County Note Payable	-	1,541,000	-	1,541,000	-	\$ 1,541,000
TOTAL SOURCES	\$ 6,024,900	\$ 1,405,000	\$ 1,481,500	\$ 5,948,400	\$ 3,221,200	\$ 9,169,600

➤ Total Request - **\$3.22 million**

➤ 2022 Completed Projects:

- Kilby Pump Upgrades **\$171,000**
- Weber Basin Interconnects **\$492,000**
- Treatment Plant Chlorinator **\$130,000**

➤ New & continuing Projects:

- Summit Park Tank **\$1.59 million**
- Pipeline Replacement **\$660,000**
- Spine Road Electrical **\$200,000**
- Browns Canyon **\$403,000**
- Solar Array **\$378,300**
- Land Acquisition & Office **\$3.8 million**
- Sun Peak Well 2 **\$200,000**
- Vehicles & Equipment **\$380,000**
 - Three trucks
 - Trailer
 - Side-by-side
 - Water turbine

➤ 2022 Amendments:

- Kilby Electrical **(+\$31,000)**
- Weber Basin Int. **(-\$68,000)**
- Treatment Plant **(+\$10,000)**
- General System **(+\$36,000)**
- Red Hawk **(-\$145,000)**
- Land **(+\$1.54 million)**

CASH USES

Completed Projects						
Kilby PBS Electrical Upgrade	140,000	31,000	171,000	-	-	-
Weber Basin Interconnection Project (Impact Fee Eligible)	560,000	(68,000)	492,000	-	-	-
Treatment Plant Chlorinator Upgrade	120,000	10,000	130,000	-	-	-
Vehicles & Equipment	331,400		300,000	31,400	380,000	411,400
Capitalized Personnel Costs	236,300		236,300	-	335,400	335,400
General System Improvements	435,900	36,000	152,200	319,700	210,800	530,500
Capital Projects						
Summit Park Tank (\$425K Impact Fee Eligible)	1,450,000	-		1,450,000	135,000	1,585,000
Pipeline Replacement (Summit Park)	550,000			550,000	110,000	660,000
Spine Road Pump Station Electrical	200,000			200,000		200,000
Red Hawk Booster Pump Station (\$68k Impact Fee Eligible)	145,000	(145,000)		-		-
Browns Canyon Road betterment (Impact Fee Eligible)	303,000			303,000	100,000	403,000
Solar Array on Treatment Plant Pond	378,300			378,300		378,300
Treatment Plant Expansion	425,000			425,000		425,000
Land Acquisition & Office	750,000	1,541,000		2,291,000	1,500,000	3,791,000
Sun Peak Well 2					200,000	200,000
Engineering Design Fees					250,000	250,000
TOTAL USES	\$ 6,024,900	\$ 1,405,000	\$ 1,481,500	\$ 5,948,400	\$ 3,221,200	\$ 9,169,600

7.01 2022 Amended Operating Budget

MOUNTAIN REGIONAL WATER
2022 Amended Operating Budget - Accrual Basis
Enterprise Fund

	2021 Actual	2022 Budget	2022 Amendments	2022 Proposed Amended	2022 Projection	2022 Projection to Budget
OPERATING REVENUE						
Retail Water Sales	\$ 9,135,832	\$ 9,521,500	\$ (50,000)	\$ 9,471,500	\$ 9,471,500	\$ (50,000)
Park City Wheeling	720,520	765,000	(50,000)	715,000	715,000	(50,000)
Weber Basin Regionalization Fees	1,913,700	1,191,100	-	1,191,100	1,191,100	-
Operating Fees	624,446	488,200	100,000	588,200	588,200	100,000
Contract Maintenance	10,160	2,500	-	2,500	2,500	-
Other	44,766	45,000	-	45,000	45,000	-
Total Operating Revenue	12,449,424	12,013,300	-	12,013,300	12,013,300	-
OPERATING EXPENSES						
Operations Management						
Energy & Resource Management	608,589	683,400	-	683,400	683,400	-
Distribution	2,809,601	3,214,900	-	3,214,900	3,214,900	-
Lost Canyon Transmission	1,659,487	2,056,100	-	2,056,100	1,931,100	(125,000)
Treatment Plant	683,135	868,800	-	868,800	793,800	(75,000)
Safety	66,621	80,200	-	80,200	80,200	-
General Manager						
Engineering & Development	285,008	343,700	-	343,700	313,700	(30,000)
Human Resources	132,267	150,400	-	150,400	150,400	-
Financial Management	425,938	482,300	-	482,300	462,300	(20,000)
Legal Services	46,972	72,200	-	72,200	72,200	-
Public Services	462,325	722,600	-	722,600	697,600	(25,000)
Depreciation Expense	1,865,579	1,987,800	-	1,987,800	1,987,800	-
Total Operating Expense	9,045,523	10,662,400	-	10,662,400	10,387,400	(275,000)
OPERATING INCOME	3,403,902	1,350,900	-	1,350,900	1,625,900	275,000

*No Increase -
Transfer Funds*

➤ *Lower Retail Water Sales
(\$50,000) and Park City
Wheeling fees (\$50,000)*

➤ *Covered with Higher
Operating Fees \$100,000*

7.01 2022 Amended Non-Operating Budget

MOUNTAIN REGIONAL WATER

2022 Amended Non-Operating Budget - Accrual Basis

Enterprise Fund

	2021 Actual	2022 Budget	2022 Amendments	2022 Proposed Amended	2022 Projection	2022 Projection to Budget
<u>NON-OPERATING REVENUE</u>						
Interest Earnings - Available for Debt Service	71,899	71,000	251,000	322,000	322,000	251,000
Interest Earnings - Not Available for Debt Service	2,436	1,800	-	1,800	1,800	-
Impact Fees	3,397,951	1,600,000	(300,000)	1,300,000	1,300,000	(300,000)
Promontory Developer SID Assessments	717,204	383,300	-	383,300	383,300	-
Stagecoach Infrastructure Assessment	175,754	163,000	-	163,000	163,000	-
Community Water Infrastructure Assessment	161,404	159,000	-	159,000	159,000	-
Other Cash Non-operating Revenue	327,164	30,000	140,000	170,000	170,000	140,000
Non-Cash Non-operating Revenue	11,667	11,700	-	11,700	11,700	-
Total Non-operating Revenue	4,865,479	2,419,800	91,000	2,510,800	2,510,800	91,000
<u>NON-OPERATING EXPENSE</u>						
Interest Expense/Bank Fees	975,366	925,700	91,000	1,016,700	1,016,700	91,000
Bond Issuance Costs and Amortization Expense	2,000	2,000	-	2,000	2,000	-
Total Non-operating Expense	977,366	927,700	91,000	1,018,700	1,018,700	91,000
NON-OPERATING INCOME	3,888,112	1,492,100	\$ -	1,492,100	1,492,100	-

No Increase - Transfer Funds

- Lower Impact Fee revenue
\$300,000
- Higher Interest Expense
(amortization – not cash)
\$91,000
- Offset by Higher:
 - Interest Earnings
\$251,000
 - Other Cash Non-operating Revenue
\$140,000

SUMMARY

- ▶ *Drought Response Plan put into action in 2022*
- ▶ *Debt Coverage ratio for 2022 projected at 1.65*
 - ▶ *Budget for 2022 was 1.57 (1.25 required)*
 - ▶ *Budget for 2023 is projected to be 1.49 (1.25 required)*
- ▶ *Inflationary conditions are resulting in expense increases*
- ▶ *Rate Increase proposed for 2023*