

NOTES ON FY24 WATER & WASTEWATER FY24 BUDGET ALTERNATIVE DRAFT

Included for review and consideration by the Water and Sewer Commission is an alternative budget proposal which removes the use of unassigned funds as an offset to rates and reduces the contributions to the reserve accounts. The net effect of this is a reduction from the original FY24 Budget Draft in the amount to be raised from the users. In this scenario it is assumed that a combination of reserve funds and overspending of expense lines (essentially using unassigned funds) will be used to pay for the items that are known to be needed in FY23 or FY24 but for which there is not yet a cost estimate or timeline.

The changes are highlighted in a dark orange on the sheet and summarized here:

- Removed the unassigned revenue line. Unassigned funds will be used for the one-time critical projects.
- Reduced the reserve contributions based on the history and predicted FY23 year-end amounts.
- Updated the unassigned numbers at the bottom, including budgeted expenses.
- Added the FY23 year-end reserves to the FY predicted unassigned funds.

The Repair and Replacement spreadsheet is included. The only change is a note at the bottom. For this budget scenario to work, estimates for all projects need to be completed and projects need to be prioritized in the order they should happen.

Another consideration is State loans that are being used for projects which require money up front. An alternative to using cash on hand or a short-term loan could be to use a line of credit so interest is only paid on what is used.