

TUOLUMNE CITY SANITARY DISTRICT

TCS
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REGULAR MEETING STAFF REPORT MAY 4, 2020

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Agenda Item No. IV

To: Board of Directors
From: Dave Andres, General Manager
Subject: Fiscal Year (FY) 2022-23 Draft Budget
Date: April 28, 2022

Background: Each fiscal year (July 1st thru June 30th) the Board adopts a budget for the District. The Budget is a financial plan that provides estimates of the anticipated revenues and expenditures for the coming fiscal year. The Draft Budget was prepared by staff for review by your Board. At this meeting I would like to review the highlights of the Budget for the coming fiscal year. Staff will review the comments from the Board and public and make appropriate revisions to the Draft Budget. A Public Hearing will be advertised for your next meeting on June 1, 2022 for adoption of the final fiscal year Budget. I can review the highlights of the proposed budget and your Board can take input from individual Board members and the public. It is recommended that after taking input you provide direction to staff on any of the issues raised.

Discussion: Attached for your review is the “*Draft FY 2022-23 Budget.*” The Budget is structured into four distinct categories: Operating Revenues, Operating Expenses, Non-Operating Revenues and Non-Operating Expenses. The Budget document itself is structured to provide an overview of all revenues and expenses on the first two pages of the document. The succeeding pages provide more detailed information that makes up the summary, as well as, supporting documentation and information. The District is an *Enterprise Organization* meaning that the revenue it receives is based on the sewer services provided to the community. As a result, the District’s financial statements are treated similarly to a private enterprise. *Operating Revenues* are based on service charges to our customers and *Operating Expenses* are those costs directly involved in providing sewer services. For the coming fiscal year estimated expenses are proposed at \$1,236,805. *Non-Operating Revenues* and *Non-Operating Expenses* involve activities not directly related to the District’s core purpose of providing sewer services. Examples include capital project revenues and expenses, property taxes and connection fees.

The largest portion of the proposed budget is dedicated to Capital Construction. The District will be completing the Wastewater Treatment Plant (WWTP) Project this fall and initiating the Wastewater Collection System (WWCS) Project on August 1, 2022. In total

these two project involve \$5,825,818 in state grant funds. In respect to revenues the District continues to anticipate lower funding from the Black Oak Casino and the school districts than pre-pandemic levels. The Casino is down approximately \$200,000 annually and the schools are down approximately \$2,500. In addition, *Interest Revenue* is down approximately \$25,000 due the long delays in receiving reimbursement for the WWTP construction project. All other revenues appear to be on target for the coming year. Staff will propose that we receive interim financing through a line-of-credit for the WWCS construction project on this much larger project to avoid having to commit District funds while waiting for reimbursement.

In respect to the *Operating Budget* costs reflect what we anticipate spending for the year based on this fiscal year's costs with increases in areas of volatility such as fuel, electrical costs and other services and supplies. No changes are proposed for staffing, but a 3% Cost of Living Adjustment (COLA) is proposed effective January 1, 2023 and an increase in the current health benefit from \$1,000 per month to \$1,100 per month also effective January 1, 2023. Proposed *Capital Outlay and Fixed Assets* include a Megohmmeter (\$1,000) for checking electrical resistance on district equipment, an Electric Snake for sewer cleaning (\$1,000), Rodent Control equipment (\$2,200), Computer replacements (\$3,000) and a replacement for the Ranger ATV (\$17,000).

Please review these materials and let me know if you have any questions.

Fiscal Impact: Estimated Fiscal Year Total Expenses: \$7,473,803 (\$1,236,805 – Operating Budget)

Attachment(s): Draft Fiscal Year 2022/23 Budget.

Recommendation: Review and comment on the 2022/23 Fiscal Year Budget and Wage Schedule effective January 1, 2023.

Recommended Motion: I move to hold a public hearing on June 1, 2022 to consider adoption of the 2022-2023 Fiscal Year Budget.

BOARD ACTION:

<input type="checkbox"/> Resolution No _____	Moved by: _____	Second by: _____
_____ AYES	_____ NOES	_____ ABSTAINED
_____ ABSENT	<input type="checkbox"/> No Action Taken	