

# **MARTIN COUNTY WATER DISTRICT**

## **2023 PROPOSED BUDGET**

**January 1, 2023 – December 31, 2023  
Fiscal Year**

**Prepared and Submitted by:  
Alliance Water Resources, Inc.**

**Martin County Water District**

**2023 Fiscal Year Budget Estimate**

**Statement of Revenues and Expenditures**  
(in Dollars)

**Cash Needs Basis**

	<u>Actual</u> <u>2020</u>	<u>Budget</u> <u>2021</u>	<u>Actual</u> <u>2021</u>	<u>Budget</u> <u>2022</u>	<u>Projected</u> <u>2022</u>	<u>Budget</u> <u>2023</u>
<b><u>Revenue Source</u></b>						
Water Sales	\$ 2,220,203	\$ 2,425,375	\$ 2,222,673	\$ 2,442,447	\$ 2,562,090	\$ 2,580,000
All Other Revenue, Connection Fees	<u>308,885</u>	<u>266,545</u>	<u>406,440</u>	<u>312,922</u>	<u>323,052</u>	<u>306,168</u>
<b>Total Revenue</b>	<b>\$ 2,529,088</b>	<b>\$ 2,691,920</b>	<b>\$ 2,629,113</b>	<b>\$ 2,755,369</b>	<b>\$ 2,885,142</b>	<b>\$ 2,886,168</b>
<b><u>Expenditures</u></b>						
All General & Operating Expenses	\$ 2,477,000	\$ 2,437,429	\$ 2,612,123	\$ 2,536,672	\$ 2,612,224	\$ 2,626,303
Interest Expense(s)	<u>85,521</u>	<u>80,458</u>	<u>80,458</u>	<u>80,458</u>	<u>78,548</u>	<u>80,458</u>
<b>Total Operating Expenditures</b>	<b>\$ 2,562,521</b>	<b>\$ 2,538,971</b>	<b>\$ 2,692,581</b>	<b>\$ 2,617,130</b>	<b>\$ 2,690,772</b>	<b>\$ 2,706,761</b>
<b>Net Revenue B4 Principal Payments</b>	<b>\$ (33,433)</b>	<b>\$ (60,737)</b>	<b>\$ (63,468)</b>	<b>\$ 138,239</b>	<b>\$ 194,370</b>	<b>\$ 179,407</b>
<b><u>Debt Service Coverage Calculation</u></b>						
Net Revenue B4 Principal	\$ (33,433)	\$ (60,737)	\$ (63,468)	\$ 138,239	\$ 194,370	\$ 179,407
Plus Above Interest Expense	<u>85,521</u>	<u>85,521</u>	<u>80,458</u>	<u>80,458</u>	<u>78,548</u>	<u>80,458</u>
<b>Net Revenues Available for Coverage</b>	<b>\$ 52,088</b>	<b>\$ 24,784</b>	<b>\$ 16,990</b>	<b>\$ 218,697</b>	<b>\$ 272,918</b>	<b>\$ 259,865</b>
<b>P&amp;I Debt Service</b>	<b>\$ 208,111</b>	<b>\$ 215,995</b>	<b>\$ 212,483</b>	<b>\$ 212,483</b>	<b>\$ 212,483</b>	<b>\$ 212,483</b>
<b>Net Revenue after Oper &amp; Debt Exp.</b>	<b>\$ (156,023)</b>	<b>\$ (191,211)</b>	<b>\$ (195,493)</b>	<b>\$ 6,214</b>	<b>\$ 60,436</b>	<b>\$ 47,382</b>
<b>Debt Service Coverage (Required Coverage 1.2)</b>	<b>0.25</b>	<b>0.11</b>	<b>0.08</b>	<b>1.03</b>	<b>1.28</b>	<b>1.22</b>

## Martin County Water District

### 2023 Fiscal Year Budget Estimate

#### Statement of Revenues in Dollars

<u>Revenue Source</u>	<u>Budget 2020</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>Actual 2021</u>	<u>Budget 2022</u>	<u>Actual Thru 10/31/2022</u>	<u>Projected 2022</u>	<u>Budget 2023</u>	<u>Notes</u>	
Water Sales - Residential	\$ 1,785,946	\$ 1,838,307	\$ 2,010,893	\$ 1,842,225	\$ 2,017,245	\$ 1,750,287	\$ 2,100,344	\$ 2,110,000	Increase % Above <b>0.0%</b>	
Water Sales - Commercial	\$ 384,979	\$ 287,166	\$ 320,978	\$ 296,629	\$ 315,955	\$ 290,156	\$ 348,187	\$ 350,000		
Water Sales - Public Authorities	\$ 6,464	\$ 79,307	\$ 93,504	\$ 83,819	\$ 109,247	\$ 94,632	\$ 113,558	\$ 120,000		
Water Sales - Bulk	\$ 140	\$ 35	\$ 50	\$ 317	\$ 50	\$ 30	\$ 36	\$ 50		
Connection Fees - Tap	0	\$ 22,872	\$ 26,333	\$ 17,612	\$ 26,418	\$ 24,372	\$ 29,246	\$ 29,246		
Late Charge Fees	0	\$ 13,416	\$ 17,888	\$ 58,575	\$ 56,874	\$ 59,779	\$ 71,735	\$ 55,000		
Reconnect/Meter Sets/Other Fees	110,575	\$ 20,144	\$ 24,585	\$ 39,575	\$ 36,644	\$ 26,501	\$ 31,801	\$ 31,801		
Management Infrastructure Surcharge	190,129	\$ 193,180	\$ 192,456	\$ 192,369	\$ 192,936	\$ 158,392	\$ 190,070	\$ 190,070		
Miscellaneous Income	0	\$ 18,611	\$ 5,233	\$ 97,992	\$	\$ 136	\$ 163	\$		
Interest Income	0	\$	\$	\$	\$	\$	\$ -	\$ 0		
Debt Service Surcharge**	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Total Revenues</b>	<b>\$ 2,478,233</b>	<b>\$ 2,473,038</b>	<b>\$ 2,691,920</b>	<b>\$ 2,629,113</b>	<b>\$ 2,755,369</b>	<b>\$ 2,404,285</b>	<b>\$ 2,885,142</b>	<b>\$ 2,886,168</b>		

# MARTIN COUNTY WATER DISTRICT

## DESCRIPTION OF REVENUE ACCOUNTS

Water Sales Revenue	Revenue received from metered and permitted (bulk or hydrant) water sales.
Connection Fees	Revenue collected as connection fees from new customers connecting onto the District's water and/or sewer systems.
Late Charge Fees	Revenues the District collects due to customers not paying current charges by due date on the bill form.
Reconnect/NSF Fees	Revenues collected from disconnection and reconnection charges and returned check fees.
Interest Income	Represent interest earnings on the balances of the District's banking and investment accounts.
Miscellaneous	Any other income or revenue the District receives not included in a specific category.
MIS	Management Infrastructure Surcharge.
DSS (fee)	Debt Service Surcharge.

## Martin County Water District

### 2023 Fiscal Year Budget Estimate

#### Statement of Expenses in Dollars

	<u>Budget 2020</u>	<u>Actual 2020</u>	<u>Budget 2021</u>	<u>Actual 2021</u>	<u>Budget 2022</u>	<u>Actual Thru Aug-22</u>	<u>Projected 2022</u>	<u>Budget 2023</u>	<u>Notes</u>
<b><u>Operating Expenses</u></b>						Oct-22			
Employee Benefits	\$ -	\$ 21,367			\$ -			\$ -	
Water Purchased	\$ 50,000		\$ 10,000	\$ 65,762	\$ 10,000	\$ 67,490	\$ 80,988	90,000	
Management & Operations Contract	\$ 1,973,346	\$ 1,973,347	\$ 2,022,079	\$ 2,022,079	\$ 2,022,084	\$ 1,685,070	\$ 2,022,084	\$ 2,022,084	
Utilities	\$ 308,584	\$ 320,969	\$ 260,000	\$ 377,260	\$ 325,523	\$ 276,990	\$ 332,388	335,000	
Insurance	\$ 47,500	\$ 39,792	\$ 30,000	\$ 21,709	\$ 29,070	\$ 29,068	\$ 34,882	30,000	Property & Casualty Ins, D&O Policy, Treasurer's Bc
Repairs & Maintenance	\$ -	\$ 2,700	\$ 10,000	\$ 13,005	\$ 40,000	\$ 40,827	\$ 48,992	60,000	Set at 50K for RC reduction
Materials & Supplies	\$ 5,000			\$ 166	\$ 249	\$ -	\$ -	-	
Outside Services	\$ -	\$ 6,831	\$ 10,000	\$ 755	\$ 3,243	\$ 533	\$ 640	3,000	
Legal Expenses	\$ 25,000	\$ 8,375	\$ 7,500	\$ 19,612	\$ 16,182	\$ 8,000	\$ 9,600	9,600	
Audit	\$ 30,000	\$ 25,000	\$ 7,800	\$ 7,725	\$ 8,000	\$ 7,950	\$ 9,540	8,000	2020 includes pymt for 2017, 2018 & 2019 audits
Bad Debts	\$ -	\$ 55,000	\$ 55,000	\$ 54,999	\$ 54,999	\$ 45,833	\$ 55,000	50,000	
Bond Trustee Fees	\$ -	\$ 450	\$ 1,450	\$ 450	\$ 675	\$ 450	\$ 540	500	
Admin Fees (Bonds)	\$ -				\$ -		\$ -	-	
Dues	\$ -	\$ 3,700	\$ 1,850	\$ 4,868	\$ 3,330	\$ 2,696	\$ 3,235	3,235	KRWA
Office Expense	\$ -	\$ 3,339	\$ 3,250	\$ 2,804	\$ 3,344	\$ 2,277	\$ 2,732	2,732	KY One Call Fees
Rent Expense	\$ 9,020	\$ 9,053	\$ 9,000	\$ 10,585	\$ -	\$ 7,986	\$ 9,583	10,000	
Regulatory Assess Fees	\$ 5,000	\$ 5,983	\$ 8,000		\$ 9,692		\$ -	-	
Permits				\$ 15	\$ 23		\$ -	-	
KY 811 Services				\$ 2,451	\$ -	\$ 1,140	\$ 1,368	1,500	
Taxes			\$ -	\$ 5,035	\$ 7,553		\$ -	-	
Miscellaneous Expense	\$ -	\$ 1,094	\$ 1,500	\$ 2,771	\$ 2,708	\$ 543	\$ 652	652	
Additional Debt Service***									
Customer Deposit Interest				\$ 72		\$ 44	\$ 53	53	
<b>Total Operating Expenses</b>	<b>\$ 2,453,450</b>	<b>\$ 2,477,000</b>	<b>\$ 2,437,429</b>	<b>\$ 2,612,123</b>	<b>\$ 2,536,672</b>	<b>\$ 2,176,897</b>	<b>\$ 2,612,224</b>	<b>\$ 2,626,303</b>	<b>7.0%</b> (over prior budget)
<b><u>Other Income (Expenses)</u></b>									
Customer Deposit Interest Expense				(3,319)					
Debt Service Surcharge (Fee)	\$ 100,000	\$ 107,436	\$ 107,000	\$ 107,177	\$ 107,015	\$ 70,535	\$ 84,642	\$ 107,000	
Creditor Debt	\$ (100,000)	\$ (107,436)	\$ (107,000)	\$ (107,177)	\$ (107,000)	\$ (70,535)	\$ (84,642)	\$ (107,000)	
Interest Expense	\$ (80,000)	\$ (80,217)	\$ (80,000)	\$ (78,302)	\$ (80,458)	\$ (65,457)	\$ (78,548)	\$ (100,000)	
Capital Contributions	\$ -				\$ -	\$ 261,659	\$ 313,991	\$ -	
Interest Income	\$ -			\$ 112	\$ -	\$ 600	\$ -	\$ -	
Amortization	\$ -				\$ 753	\$ 1,942	\$ 766	\$ 753	
Depreciation	\$ (775,000)	\$ (786,741)		\$ 773,206	\$ (780,000)	\$ (520,000)	\$ (325,000)	\$ (780,000)	
Bond Issue Costs						\$ (47,422)			
<b>Total Other Income (Expenses)</b>	<b>\$ (855,000)</b>			<b>\$ 691,697</b>	<b>\$ (859,690)</b>	<b>\$ (368,678)</b>	<b>\$ (88,792)</b>	<b>\$ (879,247)</b>	

Current Customer Count = 3,485

# MARTIN COUNTY WATER DISTRICT

## Description of Expense Accounts

Professional Operations	Professional operating and management services provided by Alliance Water Resources, Inc. As a general rule, includes all labor, operating, maintenance and repair expenses for maintaining the District's facilities on a day-to-day basis.
Insurance	Includes premiums for comprehensive coverage for District properties, coverage for equipment owned by the District plus Directors & Officers insurance coverage.
Utilities	Energy costs for power and other utilities used for the operation of the District's booster pumps, lift stations, wastewater treatment plants, offices and other facilities.
Repairs & Maintenance	Repair expenses not covered by Alliance's budget. Generally, these are new equipment items costing more than \$2,500 or single repairs which significantly extend equipment or service life costing more than \$2,500. This also includes expenditures that are planned, non-routine and budgeted by the District including costs associated with District contractors such as line upgrades, tower cleaning, inspection, washing and repainting.
Legal & Audit	Expenses associated with legal guidance and direction, (Legal, Accounting & Audit) including, but not limited to the review or preparation of agreements and contracts. Also included are expenses associated with the review and preparation of the District's annual audit.
Bad Debts	Amounts related to write off of uncollectible receivables.
Bond Trustee Fees	Expenses associated with the administration of the District's bond issues such as bank and trustee fees.

## Description of Expense Accounts (Continued)

Dues	Annual dues for the District to belong to KRWA and/or other professional water and/or sewer organizations.
Kentucky One Call	Expenses paid for the required membership in Missouri One Call, based on the estimated number of locates expected during the year.
Interest Expense	Interest expenses due on District's debt, interest portion due on any outstanding bond issues or debt any kind.
Capital Contributions	The cost or value of water or sewer systems contributed or dedicated to the District which was constructed and paid for by developers or home builders.
Amortization	Various costs incurred to issue revenue bonds or other debt as expensed over the life of a bond issue.
Depreciation	The reduction in the value of the District's facilities based upon their anticipated lifespan.

**Martin County Water District**  
**2023 Fiscal Year Budget Estimate**  
**Debt Schedule**

<u>Debt</u>	<u>Budget 2019</u>	<u>Budget 2020</u>	<u>Projected 2020</u>	<u>Scheduled 2021</u>	<u>Scheduled 2022</u>	<u>Scheduled 2023</u>	<u>Notes</u>
<b>Notes Payable - KIA</b>							
Principal	\$53,007	\$54,620	\$54,620	\$56,281	\$56,281	\$56,281	Payments made monthly
Interest	\$14,440	\$12,827	\$12,827	\$11,166	\$11,166	\$11,166	
Admin Fee	\$963	\$855	\$855	\$744	\$744	\$744	
<b>KIA N/P Total</b>	<b>\$68,410</b>	<b>\$68,302</b>	<b>\$68,302</b>	<b>\$68,191</b>	<b>\$68,191</b>	<b>\$68,191</b>	
<b>Lease Payable - KACO</b>							
Principal	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	Principal due 3/20 each year
Interest	\$5,763	\$4,910	\$4,910	\$3,968	\$3,968	\$3,968	
<b>KACO Lease Payable Total</b>	<b>\$15,763</b>	<b>\$19,910</b>	<b>\$19,910</b>	<b>\$18,968</b>	<b>\$18,968</b>	<b>\$18,968</b>	
<b>Bonds Payable - 2015 E Current Refunding</b>							
Principal	\$55,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	Principal is due 1/1 so funded in p/yr
Interest	\$68,939	\$67,784	\$67,784	\$65,324	\$65,324	\$65,324	
<b>2015 E Current Refunding Total</b>	<b>\$123,939</b>	<b>\$127,784</b>	<b>\$127,784</b>	<b>\$125,324</b>	<b>\$125,324</b>	<b>\$125,324</b>	
<b>Total Debt - All Issues</b>	<b>\$208,111</b>	<b>\$215,995</b>	<b>\$215,995</b>	<b>\$212,483</b>	<b>\$212,483</b>	<b>\$212,483</b>	
<b>Total Interest Expense</b>	<b>\$89,141</b>	<b>\$85,521</b>	<b>\$85,521</b>	<b>\$80,458</b>	<b>\$80,458</b>	<b>\$80,458</b>	
<b>Total Admin Fees Expense</b>	<b>\$963</b>	<b>\$855</b>	<b>\$855</b>	<b>\$744</b>	<b>\$744</b>	<b>\$744</b>	



# Martin County Water District

## 2023 Fiscal Year Budget Estimate

### Capital Improvements Water System, Sewer System, Machinery and Equipment

	2023 Budget	Funding Source
<b><u>Water System Improvements</u></b>		
Clarifier/Filter Unit 1 Refurbishment	\$ 450,000	AML
Filter Repair Unit 3	\$ 250,000	AML
Tank Inspections	\$ 7,000	Funded From Cash if Available
Project 113-19-02	\$ 2,393,860	AML & USACE
Concrete Ramp & Winch System, Electrical Building Upgrade, Telemetry, Line Reactors & Instrumentation @ RWI. New Valve Vault for Clarifier 1, Replace Master & Replace Chlorine Feed system @ WTP		
Project 113-19-03	\$ 1,260,658	AML & USACE
Replace Existing Mainline, Water Meters, Service Line, Valves & Hydrants in the Warfield Area		
Projects 113-19-05 & 113-19-06	\$ 750,000	AML
Construction of 250,000 gallon water storage tank, new 400 gpm pump station, telemetry, master meter, booster chlorination and upgrade Davella Pump Station (Note 1)		
Contracts 113-20-02 & 113-20-03	TBD	KYTC
Hunters Lane & Rockhouse Creek Utility Relocations		
40E Service Line Replacement and 6" Line Abandonment	\$ 760,000	TBD
Turkey Water Line Replacement	\$ 6,822,000	TBD
Coldwater Line Replacement	\$ 8,419,000	TBD
Old Route 3 Line Replacement	\$ 5,066,000	TBD
Turkey Storage Tank Replacement	\$ 681,000	TBD
<b>Sub-Total Water System Improvements</b>	<b>\$ 26,859,518</b>	

<b><u>Building and Land Improvements</u></b>		
Doors for Valve Vaults	\$ 10,000	Funded From Cash if Available
Booster Stations - Building Repairs and/or Replacements	\$ 10,000	Funded From Cash if Available
<b>Sub-Total Building and Land Improvements</b>	<b>\$ 20,000</b>	

<b><u>Machinery and Equipment</u></b>		
AMR Meters and Reading Equipment	\$ 1,200,000	Funded From Cash if Available
Excavator w/Trailer (Mini w/attachments)	\$ 70,000	Funded From Cash if Available
3/4 ton 4x4 tool truck with Hoist, Generator, and Compressor	\$ 120,000	Funded From Cash if Available
Passenger Truck 4x4	\$ 60,000	Funded From Cash if Available
Road Bore Machine	\$ 15,000	Funded From Cash if Available
Radio Read Meters & Transmitters, New & Replacements	\$ 15,000	Funded From Cash if Available
VFD 40E Booster Station	\$ 7,500	Funded From Cash if Available
Online Turbidimeters and Controller	\$ 22,626	Funded From Cash if Available
Level Probes for Filter 4 and 5	\$ 11,480	Funded From Cash if Available
<b>Sub-Total Machinery and Equipment</b>	<b>\$ 1,521,606</b>	

<b>2023 Improvements from External Sources</b>	<b>\$ 26,859,518</b>	
<b>2023 Improvements Funded From Cash</b>	<b>\$ 1,541,606</b>	
<b>Grand Total for 2023 Capital Improvements</b>	<b>\$ 28,401,124</b>	

Note 1: Estimate of portion of funds that will be expended in 2023.