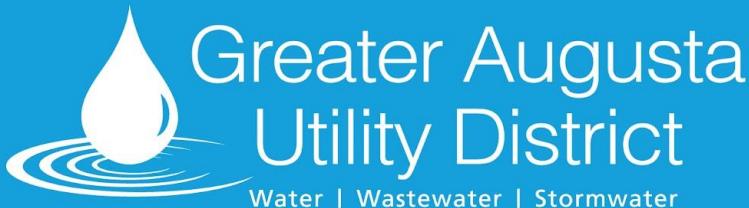


GAUD 2026 Planning Meeting

Tuesday, October 21, 2025 | Augusta Civic Center
Welcome & Overview



Agenda

- Review of 2025 goals and status (handout) Brian / Ken
- Overview of 2026 financials Mike
- Present planned 2026 goals for discussion Brian / Ken

2025 Goals - how did we do? (handout)

Five elements

1. Financial management
2. Capital improvement
3. Communications and relationships
4. Human resources
5. Headwinds

Fiscal Management: 2026 Proposed Budget

Total annual budget	_____	\$18.5M
○ Drinking water & fire services revenue	_____	\$6.9M
○ Sewer revenue	_____	\$6.0M
○ Stormwater	_____	\$4.2M
■ ERU stormwater revenue (non-COA)	_____	\$2.1M
■ ERU stormwater revenue (COA)	_____	\$1.2M
■ Catch basin stormwater revenue	_____	\$864K
○ Other revenue	_____	\$1.4M

2026 Proposed Budget - Additional information

- Wage increases are budgeted at 5%.
- Wage expense includes two (2) vacant positions:
 - 1 Utility Worker & 1 Meter Shop Worker
- Health insurance costs are estimated to increase by 15%.
- Power is budgeted to increase by 5%.
- Chemicals are budgeted to increase by 9%.
- Additionally, price increases are budgeted for software, catch basin cleaning, small tools, business insurance, and sludge disposal.
- Overall O&M expenses to increase by approximately \$782K or 6%.
- Revenues do not include any potential rate changes for the water, sewer, and storm divisions.

Water division - 2026 Cash forecast / Rate forecast (est.)

		30.0%	3.2%	3.0%	3.0%	3.0%	3.0%		
Income Statement	Water Division	Actual 2024	Projected 2025	Proposed 2026	Projected 2027	Projected 2028	Projected 2029		
	Revenue	4,961,306	6,352,733	6,556,020	6,752,701	6,955,282	7,163,941		
	Rate Change (annualized)	1,488,392	203,287	196,681	202,581	208,658	214,918	rates start 7/1	
	Rate Change (cash effect)	(868,229)	(118,584)	(114,730)	(118,172)	(121,717)	(125,369)		
	New Revenues	5,581,469	6,437,436	6,637,971	6,837,110	7,042,223	7,253,490		
	(Overall % change in rates)	30.0%	3.2%	3.0%	3.0%	3.0%	3.0%		
	Other income/(expenses)	105,680	420,841	117,952	117,952	117,952	117,952	Meter Reads, Cell Tower, Misc.	
	Operations and Maintenance	1,413,731	1,416,483	1,527,718	1,604,104	1,684,309	1,768,525	5% annual increases	
	Salaries, wages and benefits	1,887,827	2,245,890	2,463,850	2,587,043	2,716,395	2,852,214		
	Depreciation	952,754	997,435	1,012,397	1,027,582	1,042,996	1,058,641	Base + 1.5%	
Cash Flow	Interest expense	91,619	151,328	102,902	91,580	81,261	69,672	Per schedule	
	Principal repayment	345,225	425,225	447,725	444,452	442,500	442,500	Per schedule	
	Net	995,993	1,621,916	1,201,331	1,200,301	1,192,714	1,179,890		
	Beginning cash balance	1,994,047	4,302,077	4,021,793	3,710,728	3,358,446	2,956,914		
	Net income	995,993	1,621,916	1,201,331	1,200,301	1,192,714	1,179,890		
	Add back: noncash depreciation	952,754	997,435	1,012,397	1,027,582	1,042,996	1,058,641		
	Change in working capital/other	1,522,661	(384,742)	-	-	-	-		
	Pipe replacement projects	(908,905)	(1,510,927)	(2,024,793)	(2,055,165)	(2,085,992)	(2,117,282)	2x depreciation	
	Known projects	(1,159,592)	-	-	-	-	-		
	Less: other capital spending	(897,054)	(2,059,073)	(500,000)	(525,000)	(551,250)	(578,813)	5% annual increases	
Capital Expenditure	Grants	1,219,296	325,777	-	-	-	-		
	Loan forgiveness (TBD)	-	-	-	-	-	-		
	New debt	582,877	729,330	-	-	-	-		
	Net change in cash for the year	2,308,030	(280,284)	(311,065)	(352,282)	(401,532)	(457,564)		
	Ending cash balance	4,302,077	4,021,793	3,710,728	3,358,446	2,956,914	2,499,350	Target: \$750K	

6 **<= rate start month**

7 months of full rate collection = 12 - (start + 1)

Year	Rate
2024	4.5%
2025	4.2%
2026	3.8%
2027	3.5%
2028	3.0%
2029	2.5%

5.0% % annual increase O&M inflation

5.0% % wage increase 2024 only

Year	Rate
2024	4.5%
2025	4.2%
2026	3.8%
2027	3.5%
2028	3.0%
2029	2.5%

5.0% % annual increase construction inflation

5.0% % annual increase construction inflation

Year	Rate
2024	4.5%
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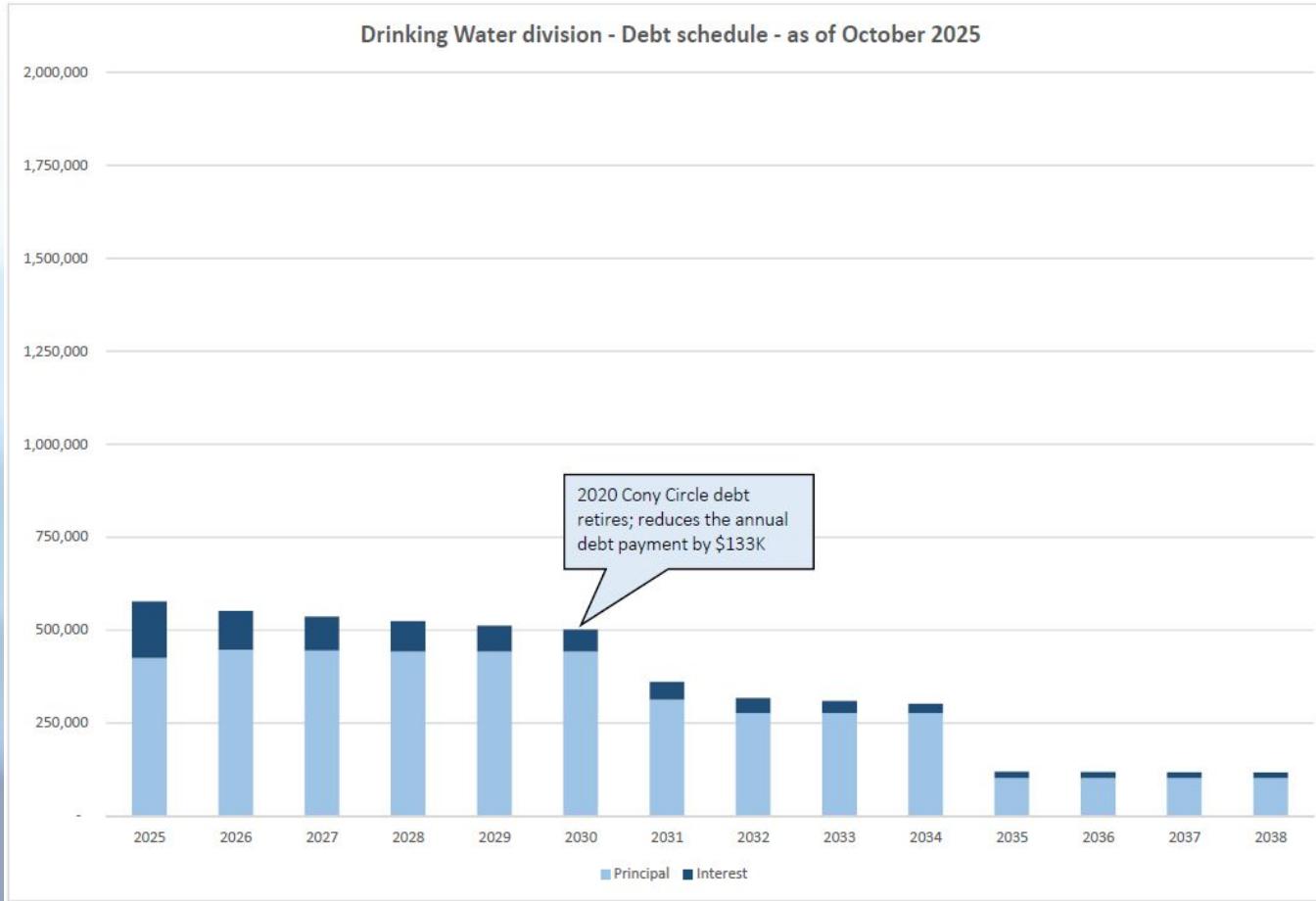
1.00% percent of total miles of pipe

\$700 Cost per foot of pipe

Year	Rate
2024	4.5%
2025	4.2%
2026	3.8%
2027	3.5%
2028	3.0%
2029	2.5%

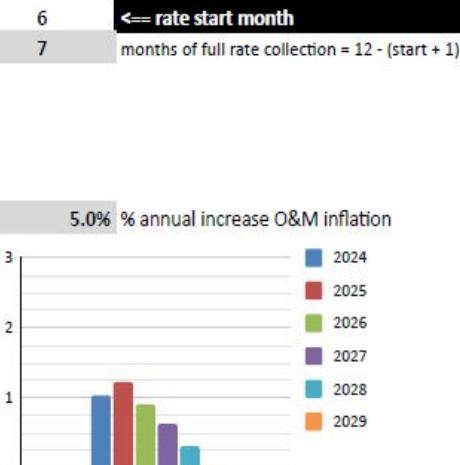
\$4,804,800 cost of X% of pipe

Drinking Water division - Debt payment schedule



Sewer division - 2026 Cash forecast / Rate forecast (est.)

		30.0%	3.2%	3.0%	3.0%	3.0%	3.0%																			
Income Statement	Sewer Division	Actual 2024	Projected 2025	Proposed 2026	Projected 2027	Projected 2028	Projected 2029	7,829,536																		
	Revenue	4,586,508	5,648,497	5,829,249	6,004,126	6,184,250	6,369,778	7,940,311																		
	Rate Change (annualized)	1,375,952	180,752	174,877	180,124	185,528	191,093	rates start 7/1 which reduces impact																		
	Rate Change (cash effect)	(802,639)	(105,439)	(102,012)	(105,072)	(108,224)	(111,471)																			
	New Revenues	5,159,821	5,723,810	5,902,115	6,079,178	6,261,553	6,449,400																			
	(Overall % change in rates)	30.0%	3.2%	3.0%	3.0%	3.0%	3.0%																			
	Other income/(expenses)	1,348,402	1,581,366	1,316,876	1,316,876	1,316,876	1,316,876	Trunkline, Togus Debt, Misc.																		
	Operations and Maintenance	3,626,870	3,534,213	3,840,050	4,032,053	4,233,655	4,445,338	5% annual increases																		
	Depreciation	1,460,629	1,475,129	1,480,229	1,502,432	1,524,969	1,547,843	Base + 1.5%																		
	Interest expense	270,779	255,635	232,216	207,650	186,891	163,596	Per schedule																		
Cash Flow	Principal repayment	1,493,829	1,430,577	1,392,166	1,338,597	1,347,620	1,306,636	Per schedule																		
	Net	(343,883)	609,622	274,330	315,322	285,294	302,863																			
Cash Flow	Beginning cash balance	1,093,794	1,037,864	1,233,520	908,838	624,039	308,085																			
	Net income	(343,883)	609,622	274,330	315,322	285,294	302,863																			
	Add back: noncash depreciation	1,460,629	1,475,129	1,480,229	1,502,432	1,524,969	1,547,843																			
	Change in working capital/other	(26,947)	(199,857)	-	-	-	-																			
	Less: Other capital spending	(1,876,371)	(873,884)	(579,240)	(527,554)	(472,467)	(413,798)	Match depreciation + \$500K																		
	Less: WWTP spending			(500,000)	(525,000)	(551,250)	(578,813)																			
	Less: pipe replace / maintenance			(1,000,000)	(1,050,000)	(1,102,500)	(1,157,625)																			
	Grants	474,483	227,683	-	-	-	-																			
	Loan forgiveness (TBD)	-	-	-	-	-	-																			
	New debt	256,160	635,135	-	-	-	-																			
Cash Flow	Net change in cash for the year	(55,929)	195,656	(324,682)	(284,800)	(315,954)	(299,530)																			
	Ending cash balance	1,037,864	1,233,520	908,838	624,039	308,085	8,555	Target: \$375K																		
<table border="1"> <tr> <td>26.1%</td> <td>23.9%</td> <td>15.9%</td> <td>12.1%</td> <td>5.4%</td> <td>0.1%</td> <td colspan="3">R&R = 10% of Prior Yr Revenue</td></tr> <tr> <td>28.6%</td> <td>34.9%</td> <td>23.7%</td> <td>15.5%</td> <td>7.3%</td> <td>0.2%</td> <td colspan="3">WCR = 13% - 25% of O&M</td></tr> </table>									26.1%	23.9%	15.9%	12.1%	5.4%	0.1%	R&R = 10% of Prior Yr Revenue			28.6%	34.9%	23.7%	15.5%	7.3%	0.2%	WCR = 13% - 25% of O&M		
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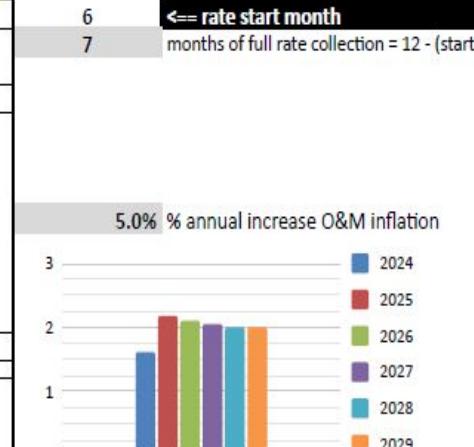


Storm division - 2026 Cash forecast / Rate forecast (est.)

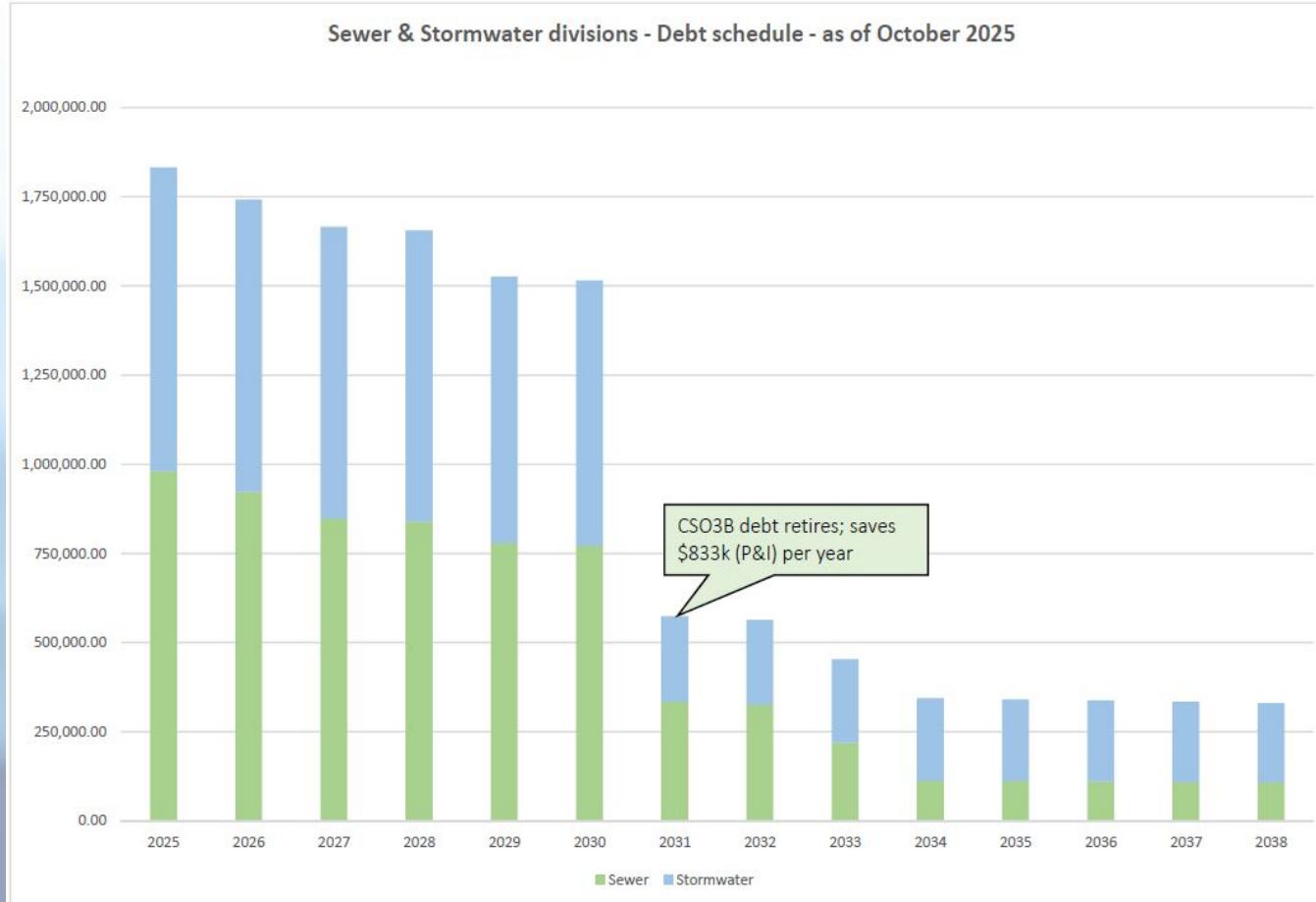
	0.0%	3.2%	3.0%	3.0%	3.0%	3.0%		
Income Statement	Stormwater Division	Actual 2024	Projected 2025	Proposed 2026	Projected 2027	Projected 2028	Projected 2029	(62,850)
	Revenue	4,169,506	3,992,165	4,125,589	4,249,357	4,374,672	4,503,719	4,519,121
	Rate Change (annualized)	-	133,424	123,768	125,315	129,047	132,853	
	Rate Change (cash effect)	-	(77,831)	(72,198)	(73,100)	(75,277)	(77,498)	
	New Revenues	4,169,506	4,125,589	4,177,159	4,301,571	4,428,441	4,559,074	
	(Overall % change in rates)	0.0%	3.3%	3.0%	2.9%	2.9%	2.9%	
	Other income/(expenses)	48,034	172,463	12,000	12,000	12,000	12,000	Miscellaneous
	Operations and Maintenance	1,900,706	1,892,088	2,033,807	2,135,497	2,242,272	2,354,386	5% annual increases
	Depreciation	887,192	909,876	913,376	927,077	940,983	955,098	Base + 1.5%
Cash Flow	Interest expense	74,473	106,119	97,279	89,582	81,830	71,259	Per schedule
	Principal repayment	667,593	744,821	722,353	727,690	733,082	674,764	Per schedule
	Net	687,576	645,148	422,344	433,725	442,274	515,568	
	Beginning cash balance	1,804,587	1,617,491	2,192,167	2,114,511	2,048,236	1,990,511	
	Net income	687,576	645,148	422,344	433,725	442,274	515,568	
Cash Flow	Add back: noncash depreciation	887,192	909,876	913,376	927,077	940,983	955,098	
	Change in working capital/other	(190,528)	(230,371)	-	-	-	-	
	Less: capital spending	(1,955,995)	(1,460,852)	(1,413,376)	(1,427,077)	(1,440,983)	(1,455,098)	Match depreciation + \$500K
	Grants	206,649	158,219	-	-	-	-	
	Loan forgiveness							
	New debt	178,010	552,656	-	-	-	-	
	Net change in cash for the year	(187,096)	574,676	(77,656)	(66,275)	(57,726)	15,568	
	Ending cash balance	1,617,491	2,192,167	2,114,511	2,048,236	1,990,511	2,006,078	Target: \$375K

39.8% 52.6% 51.3% 49.1% 48.2% 48.0% R&R = 10% of Prior Yr Revenue

85.1% 115.9% 104.0% 95.9% 88.8% 85.2% WCR = 13% - 25% of O&M



Sewer & Stormwater divisions - Debt payment schedule



Review and discuss draft 2026 goals (handout)

1. Financial Management
2. Capital Improvement
3. Communications and relationships
4. Human resources
5. Regulatory

Adjourn

2026 Board goals and budgets will be voted on
at the December 22nd meeting

THANK YOU!