



December 26, 2023

Dear Genesee Water and Sanitation District Customer,

The Board of Directors and staff of the District are pleased to report that the GWSD budget for 2024 does not require a rate increase for general operation expenses or for capital reserve funding. Capital funding sources from mill levies in support of General Obligation Bonds for past infrastructure investment also remains unchanged. Though business costs have risen during 2023, and building an adequate capital reserve supporting our infrastructure remains a high priority, the District management and staff have operated efficiently and effectively and that efficiency allows us to keep rates flat for our customers.

Through the efforts of our District personnel and the financial support of our customers, we can all take pride in the quality and reliability of the District's water and wastewater systems. We have a high performing District with an enviable portfolio of water diversion and storage rights, a well equipped physical infrastructure, and a well trained team of operators. We have just completed the construction of a 46 acre foot addition to our water storage capabilities. When it is filled in 2024, we will apply for conversion of 46 acre feet of conditional water storage rights to permanent rights. We are pleased to report that the District is financially and operationally in fine shape.

Some highlights we'd like to call your attention to from the 2024 budget:

- The Reservoir No.1 expansion project utilized over \$1.4million in State grant funding and increased the community's raw water storage capacity to 47.9 million gallons.

- Cash balances are projected to be \$1.5M to \$1.7M for December 31, 2023, The cash projection for year-end 2024 is in the range of \$1.9M to \$2.1M.

- The District's total long-term principal debt balance on January 1, 2024 for older infrastructure investments is \$9.4 million and for the new reservoir will be ~\$5 million. The older four loans carry interest rates of 0%, 2.17%, 2.25%, and 3.61%. The ~\$5 million 40 year reservoir loan interest rate is 2.5%. Total long term debt on January 1, 2024 is ~\$14.4 million. It should be noted that debt service on the reservoir loan will begin in 2025. As of year end 2024, \$.8 million of the older infrastructure debt of \$9.4 million will have been paid down making the year end total \$13.6 million.

We look forward to inviting all of our customers to an open house at the District during 2024 after the expanded reservoir has been filled. Thanks to all of you for your support of the Genesee Water & Sanitation District.

Sincerely,

The Board of Directors and Staff of the Genesee Water and Sanitation District