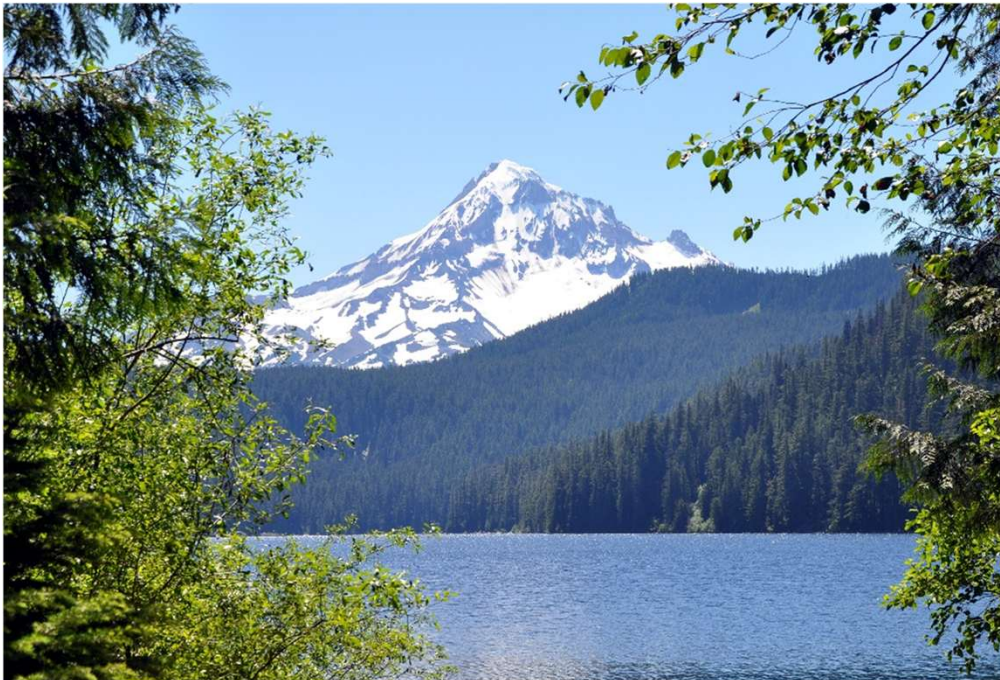


PROPOSED BUDGET

Fiscal Year 2026-27



Presented by

Wendy Irwin

Budget Officer / Finance Manager

and

Ken Ackerman

General Manager

Budget Process

*Overriding concepts are community involvement and transparency.
Budget process invites involvement outside the immediate organization.*

BUDGET KICKOFF – December to January

- Budget Committee appointed
- Budget Calendar and Budget Officer approved

BUDGET PREPARATION – February to April

- Proposed budget prepared by Staff

BUDGET COMMITTEE MEETING - May

- Budget committee meets to hear budget message, receives public comment, deliberates, and approves budget

BUDGET HEARING - June

- Budget adopted by Board and appropriations made by resolution

BUDGET IMPLEMENTATION – July through following June

- Monthly Budget vs. Actual reports submitted to Board
- If needed, budget changes made by Board resolution or Supplemental Budget



Current Year Accomplishments

Administration & Finance

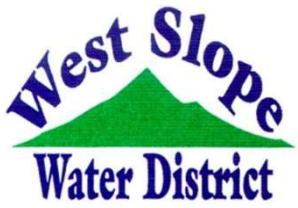


- Updated Vision, Mission, Values, and Strategic Plan
- Successfully recruited, hired, and onboarded new GM
- Implemented New Tiered Rate Structure
- Implemented a Customer Assistance Plan in partnership with Community Action



Operations

- Successfully completed Garden View pipe replacement
- Contracted with Grayling Engineering for final reservoir design



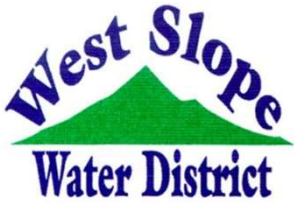
FY27 Budget Message

Our vision is to sustain a thriving community by providing safe, reliable water with exceptional service to our current and future customers.

1. Budget Overview
2. Revenues
3. Personnel Services
4. Materials & Services
5. Capital Outlay
6. Debt Service
7. Fund Balance & Reserves
8. Conclusion



Pages 6-19 in the Proposed Budget Document



Introduction

The budget serves as the financial plan reflecting the District’s Strategic Goals to:

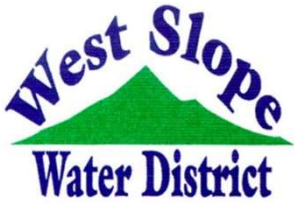
- ensure a reliable and resilient water system,
- enhance customer service and community engagement,
- enhance and modernize operational performance, and
- maintain and replace aging infrastructure.

Budget Summary

Total Appropriations (relatively consistent with prior year)



Budget Summary of All Funds				
	Proposed Budget FY2027	Revised Budget FY2026	Dollar Change in Budget	Projected Actual FY2026
Revenues and Other Sources				
Water Sales and Fees	\$ 5,775,000	\$ 5,637,000	\$ 138,000	\$ 5,376,000
Non-Operating	251,000	197,000	54,000	303,000
Subtotal	6,026,000	5,834,000	192,000	5,679,000
Transfers In	1,665,000	1,750,000	(85,000)	1,535,000
Total	7,691,000	7,584,000	107,000	7,214,000
Expenditures and Other Uses				
Personnel Services	1,399,000	1,359,000	40,000	1,319,000
Materials and Services	2,116,000	2,111,500	4,500	2,042,000
Debt Service	356,000	359,000	(3,000)	359,000
Contingency	527,000	471,500	55,500	-
Capital Outlay	2,160,000	2,170,000	(10,000)	888,000
Subtotal	6,558,000	6,471,000	87,000	4,608,000
Transfers Out	1,665,000	1,750,000	(85,000)	1,535,000
Total	8,223,000	8,221,000	2,000	6,143,000
Excess Revenues (Expenditures)	(532,000)	(637,000)	105,000	1,071,000
Beginning Fund Balances	8,726,000	7,534,000	1,192,000	7,655,000
Ending Fund Balances	\$ 8,194,000	\$ 6,897,000	\$1,297,000	\$ 8,726,000



Revenues

Total revenues are expected to increase.

Revenue Detail for All Funds				
	Proposed Budget FY2027	Revised Budget FY2026	Change	Projected Actual FY2026
Operating				
Water sales	\$ 5,678,000	\$ 5,541,000	\$ 137,000	\$ 5,271,000
Other operating	97,000	96,000	1,000	105,000
Subtotal	5,775,000	5,637,000	138,000	5,376,000
Non-Operating				
Interest	243,000	193,000	50,000	303,000
SDC's	8,000	4,000	4,000	-
Subtotal	251,000	197,000	54,000	303,000
Total	\$ 6,026,000	\$ 5,834,000	\$ 192,000	\$ 5,679,000

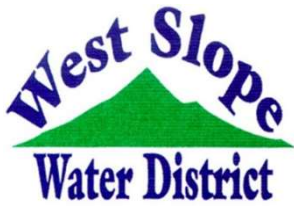
BUDGET ASSUMPTIONS

Sale of Water:

- 5% consumption rate increase
- Rate increase is offset by lower five-year average consumption estimate

Interest

- Estimated interest rate of 2.5% on average cash reserve balances

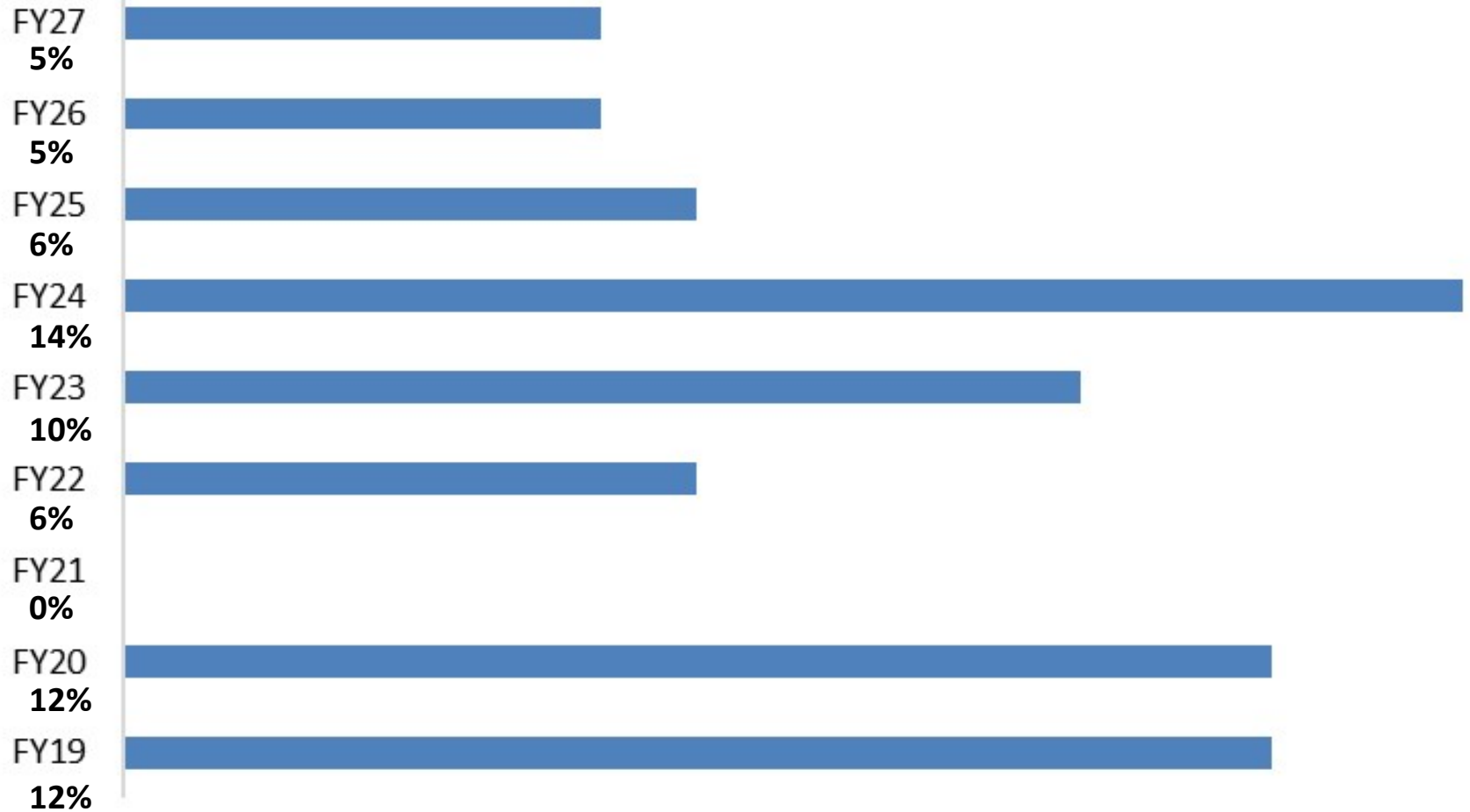


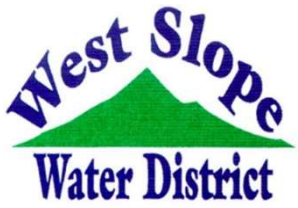
Revenues

Rate increases for the last two years are the lowest since COVID. Long-term planning helps prevent rate spikes. Based on long-term projections, rate increases are expected to be 5-8% in next 5 years.

Percentage

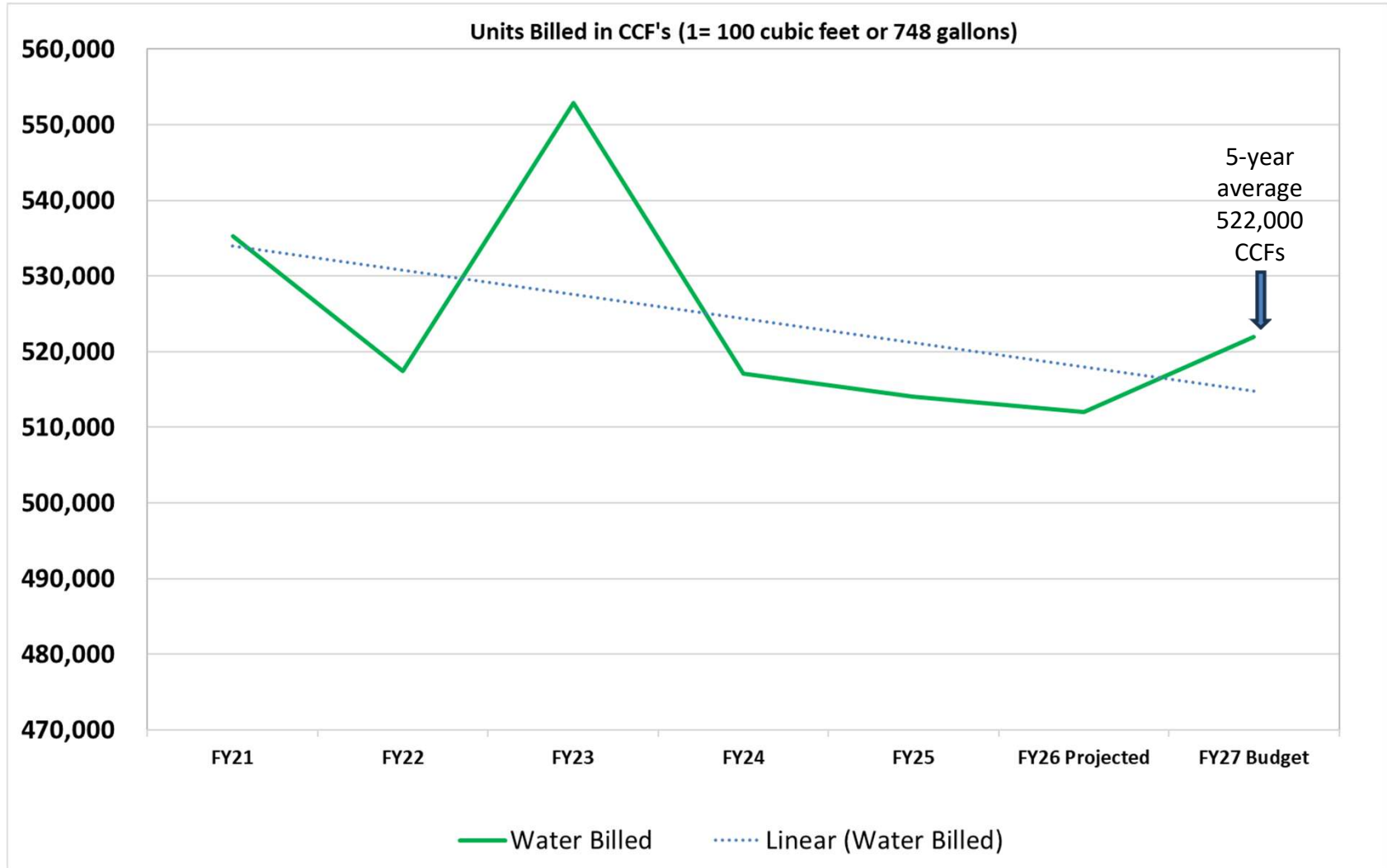
Rate Increase

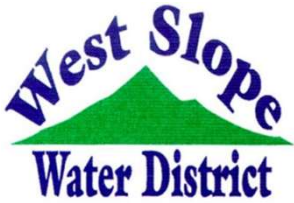




Revenues

Customer water consumption has declined over the past three years, resulting in a lower five-year average used to estimate water sales.





Personnel Services

Total expenses are expected to increase.

Personnel Expenses				
	Proposed Budget FY2027	Revised Budget FY2026	Change	Projected Actual FY 2026
Salaries and Wages	\$ 862,000	\$ 854,000	\$ 8,000	\$ 832,200
Group Benefits	245,000	205,000	40,000	201,400
Retirement contributions	207,000	214,000	(7,000)	204,500
Taxes, Workers Comp, and Other	85,000	86,000	(1,000)	80,900
Total	\$ 1,399,000	\$ 1,359,000	\$ 40,000	\$ 1,319,000

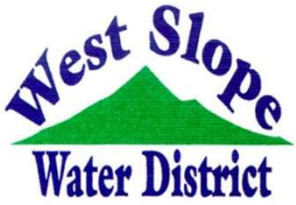
BUDGET ASSUMPTIONS

- Fully staffed at 7 FTE's
- Proposed budget includes COLA of 3%
- Merit increases up to 3%
- Health benefits increase of 19%



Actual COLA is 3.8%, suggest a reduction in merit increases to max of 2.5% to offset.

Retirement contributions were underestimated , suggest \$16K increase in budget to cover additional estimated expense for PERS retirement contributions/COLA.



Materials & Services

Purchased Water

Although water rates will increase, total purchased water expense is expected to remain relatively consistent due to no minimum purchase requirement.

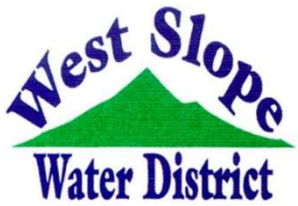
Purchased Water			
	Proposed Budget FY2027	Revised Budget FY2026	Change
Wholesale Water Rate (per CCF)	\$ 2.514	\$ 2.094	\$ 0.420
Estimated CCF Units Consumed	561,000	683,300	(122,300)
Total Purchased Water	\$ 1,410,000	\$ 1,431,000	\$ (21,000)

NEW WHOLESALE AGREEMENT – 30 years

- Starts on July 1, 2026
- No guaranteed minimum purchase
- Estimated CCF units based on five-year average of actual consumption



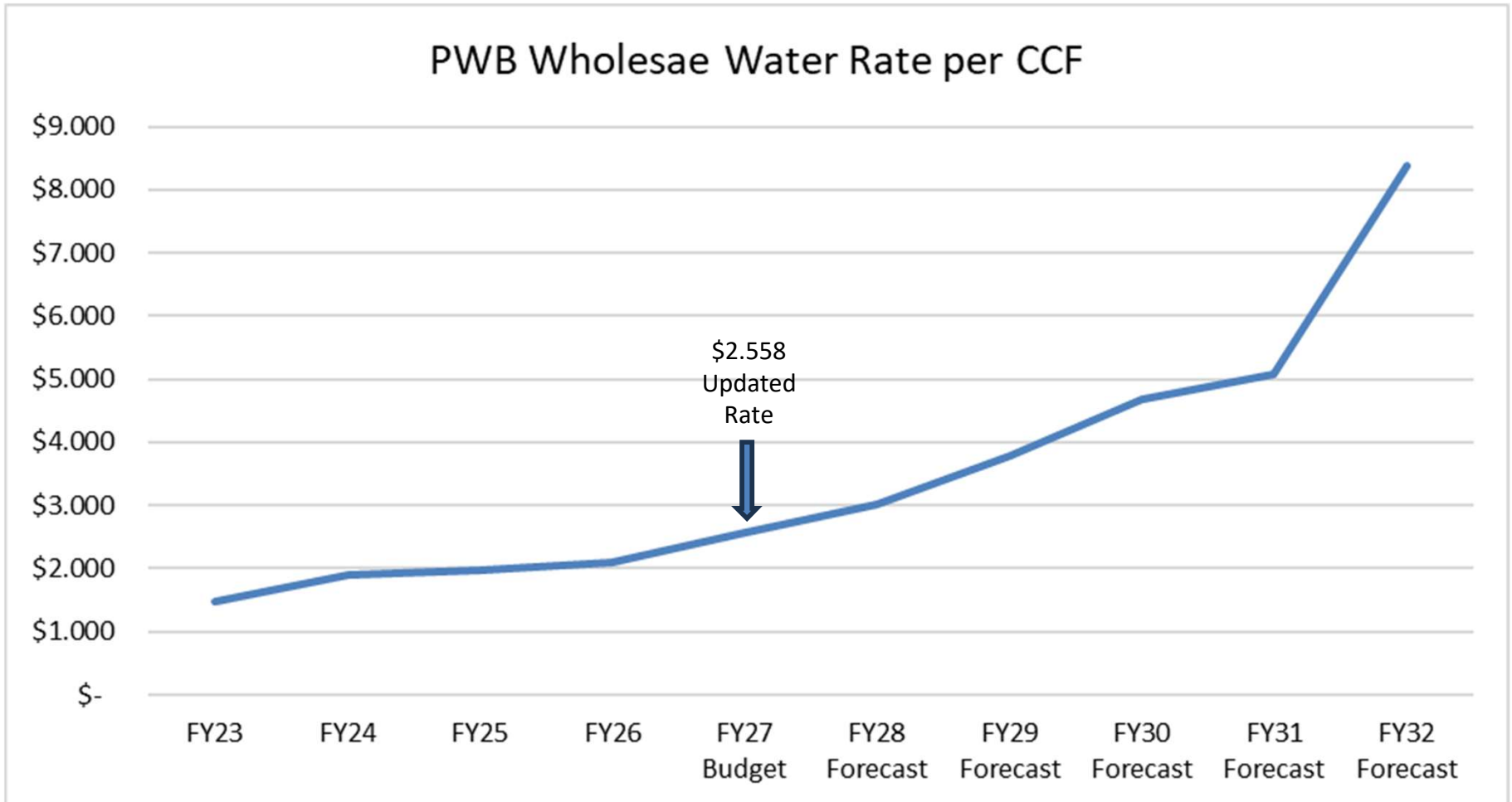
Proposed budget was calculated on PWB estimated rate; actual rate was updated to \$2.558. Suggest \$25K increase to budget for Materials & Services/Purchased Water to cover increase in rate.

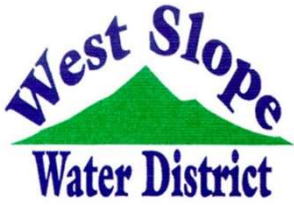


Materials & Services

Purchased Water – Forecasted Rates

Wholesale water rates will continue to increase, spike in FY32, and then level out in subsequent years. The Rate Stabilization Fund will be utilized to smooth rates.





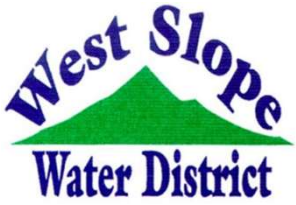
Materials & Services

Total materials and services excluding purchased water are expected to increase.

Materials & Services Excluding Water Purchased				
	Proposed Budget FY2027	Revised Budget FY2026	Change	Projected Actual FY2026
System maintenance	\$ 110,000	\$ 98,000	\$ 12,000	\$ 45,200
Water tests	9,000	10,000	(1,000)	7,500
Truck and equipment	30,000	62,000	(32,000)	61,500
Utilities	22,000	17,000	5,000	17,400
Billing and payment	101,000	99,000	2,000	99,300
Office supplies and postage	4,000	4,000	-	2,800
Uniforms	3,000	3,000	-	1,200
General insurance	77,000	72,000	5,000	70,500
Professional services	70,000	58,000	12,000	72,000
Property Maintenance	24,000	7,000	17,000	6,100
IT services and office equip	105,000	101,000	4,000	101,000
General support	7,000	7,000	-	6,000
Janitorial	5,000	5,000	-	4,500
Right of Way fees paid	65,000	61,000	4,000	62,000
Board	8,000	8,000	-	3,400
Bad debts	2,000	2,000	-	1,900
Ed, training, and memberships	33,000	36,000	(3,000)	25,000
Community relations	16,000	15,000	1,000	11,500
Customer assistance program	7,000	7,500	(500)	4,500
Conservation	8,000	8,000	-	7,700
Total	\$ 706,000	\$ 680,500	\$ 25,500	\$ 611,000

BUDGET ASSUMPTIONS

- System maintenance increased for seismic sensors, tank cleaning, and large meter maintenance
- Truck and equipment reduced, due to vector repairs in FY26 not in FY27
- Professional services increased for grant writing and updates to emergency and operating procedures
- Property maintenance increased for office and yard upgrades

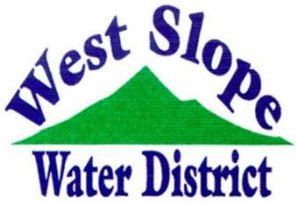


Capital Outlay

The total capital outlay budget is relatively consistent with the prior year. The District is committed to fund pipe replacement projects on a pay-as-you-go basis. Transfers from the General Fund to Capital Reserves are made each year to fund these projects.



Capital Outlay Budget			
	Proposed Budget FY2027	Revised Budget FY2026	Projected Actual FY2026
Vehicles and Equipment			
Replace work truck	\$ 50,000		
Install SCADA at green tank	40,000		
Large meter replacements	20,000		
Subtotal	110,000	\$ 20,000	\$ 18,000
Capital Improvements			
New reservoir final design	600,000		
Sharon Ln pipe replacement	900,000		
Canyon Dr pipe replacement	550,000		
Subtotal	2,050,000	2,150,000	870,000
Total Capital Outlay	\$ 2,160,000	\$ 2,170,000	\$ 888,000



Debt Service

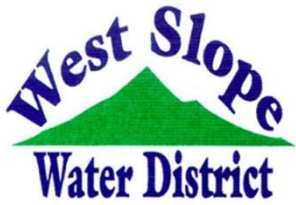
Debt service payments have been relatively consistent over the life of the 20-year revenue bonds. Depending on funding resources, new debt will more than likely be issued to construct the new Reservoir #4. The District is committed to keeping borrowing as low as possible.

Debt Service Payments				
	Proposed Budget FY2027			Revised Budget FY2026
	Total	Principal	Interest	Total
General Fund	\$ 356,000	\$ 335,000	\$ 21,000	\$ 359,000

DEBT DETAIL

- 20-Year Revenue Bonds were issued in 2008 for \$5M for construction of Reservoir #3
- Final payment will be made in FY28
- Interest Rate = 3.875%-4.000%

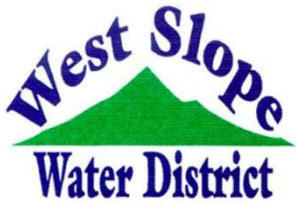




Reserves & Fund Balances

The District maintains four months of operating cash in its general fund for emergency reserves. The excess net operating revenue above that target amount is transferred to the reserve funds for planned future equipment and capital expenditures.

Budget Summary by Fund						
	Proposed FY2027	General Fund	Rate Fund	Equipment Fund	Capital Impr Fund	SDC Fund
Revenues and Other Sources						
Water Sales and Fees	\$ 5,775,000	\$ 5,775,000	\$ -	\$ -	\$ -	\$ -
Non-Operating	\$ 251,000	35,000	-	20,000	188,000	8,000
Subtotal	6,026,000	5,810,000	-	20,000	188,000	8,000
Transfers In	1,665,000	-	-	130,000	1,535,000	-
Total	7,691,000	5,810,000	-	150,000	1,723,000	8,000
Expenditures and Other Uses						
Personnel Services	1,399,000	1,399,000	-	-	-	-
Materials and Services	2,116,000	2,116,000	-	-	-	-
Debt Service	356,000	356,000	-	-	-	-
Contingency	527,000	527,000	-	-	-	-
Capital Outlay	2,160,000	-	-	110,000	2,050,000	-
Subtotal	6,558,000	4,398,000	-	110,000	2,050,000	-
Transfers Out	1,665,000	1,665,000	-	-	-	-
Total	8,223,000	6,063,000	-	110,000	2,050,000	-
Excess Revenues (Expenditures)	(532,000)	(253,000)	-	40,000	(327,000)	8,000
Beginning Fund Balances	8,726,000	1,018,000	800,000	552,000	6,342,000	14,000
Ending Fund Balances	\$ 8,194,000	\$ 765,000	\$ 800,000	\$ 592,000	\$ 6,015,000	\$ 22,000

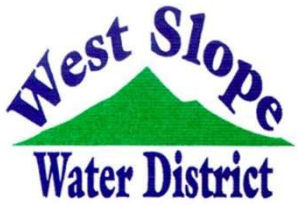


Reserves & Fund Balances

To finance planned future equipment replacements and capital projects, the District makes transfers from the general fund net operating revenues to the equipment and capital reserve funds.

Transfers from General Fund						
	Proposed Budget FY2027	Revised Budget FY2026	Projected Actual FY2026	Actual FY2025	Actual FY2024	Actual FY2023
Equipment Reserve Fund	\$ 130,000	\$ 35,000	\$ 35,000	\$ 120,000	\$ 40,000	\$ 170,000
Capital Improvement Reserve Fund	1,535,000	1,715,000	1,500,000	1,850,000	1,337,000	2,101,000
Total Transfers	\$ 1,665,000	\$ 1,750,000	\$ 1,535,000	\$ 1,970,000	\$ 1,377,000	\$ 2,271,000

If suggested increases are made to Personnel Services and Purchased Water, propose decrease of \$35K to capital improvement reserve transfers and \$6K to contingency.

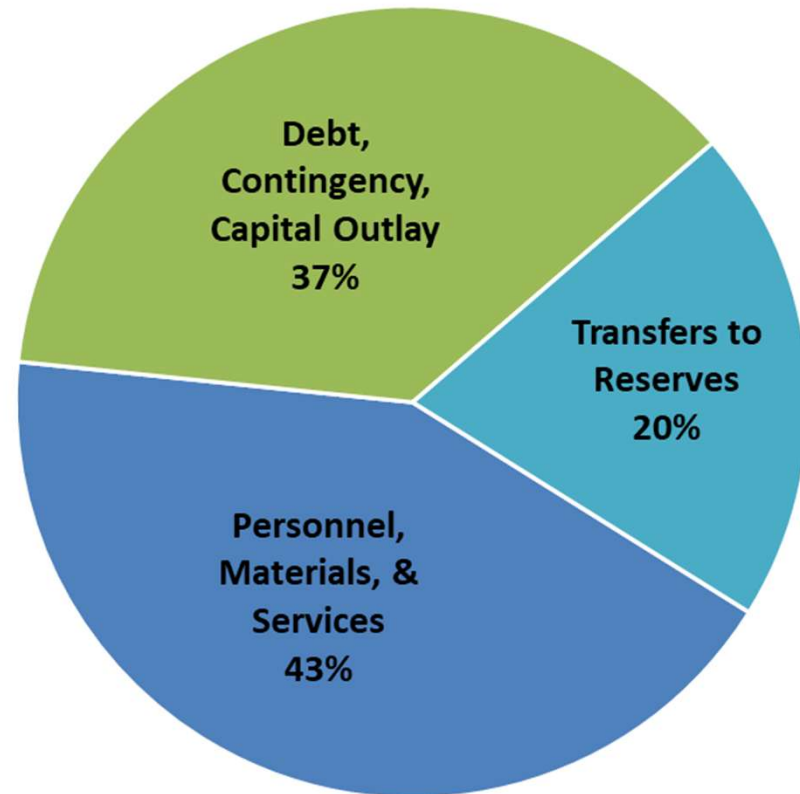


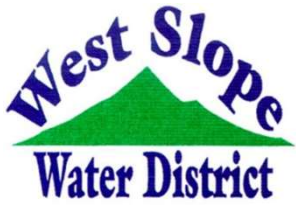
Conclusion

The FY27 Budget continues to reflect a balanced and forward-looking financial plan that aligns with the District's strategic priorities through:

- ensure a reliable and resilient water system,
- enhance customer service and community engagement,
- enhance and modernize operational performance, and
- maintain and replace aging infrastructure.

**FY27 Budget
Appropriations
by Category**





Conclusion

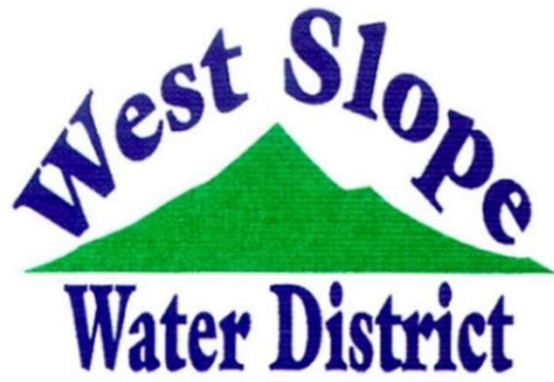
Next Step: Budget Committee deliberates on budget; makes any changes to proposed budget and then approves budget by motion.

Suggested Changes to Proposed Budget (Must be balanced):

1. Increase of \$16,000 to Personnel Services for retirement contributions/COLA
2. Increase of \$25,000 to Materials & Services/Purchased Water for increase in wholesale rate
3. Decrease of \$6,000 to Contingency
4. Decrease of \$35,000 to Transfers Out (GF to Capital Reserves)
5. Reclassify \$215,000 from Reserved for Future Expenditures (Cap Res) to Unappropriated Fund Balance (GF) for FY26 transfers, beginning balances, to maintain operating reserve target.

FY27 Budget Resources			
	Proposed Budget	Budget with Changes	Change
Beginning Fund Balances	\$ 8,726,000	\$ 8,726,000	\$ -
			-
Water Sales and Fees	5,775,000	5,775,000	-
Other Non-Operating	251,000	251,000	-
Subtotal	6,026,000	6,026,000	-
Transfers Out	1,665,000	1,630,000	(35,000)
Total Resources	\$ 16,417,000	\$ 16,382,000	\$ (35,000)

FY27 Budget Requirements			
	Proposed Budget	Budget with Changes	Change
Personnel Services	\$ 1,399,000	\$ 1,415,000	\$ 16,000
Materials and Services	2,116,000	2,141,000	25,000
Debt service	356,000	356,000	-
Contingency	527,000	521,000	(6,000)
Capital Outlay	2,160,000	2,160,000	-
Subtotal	6,558,000	6,593,000	35,000
Transfers Out	1,665,000	1,630,000	(35,000)
Total Appropriations	8,223,000	8,223,000	-
Unappropriated Fund Balance	765,000	980,000	215,000
Reserved for Future Expenditures	7,429,000	7,179,000	(250,000)
Total Fund Bal and Reserves	8,194,000	8,159,000	(35,000)
Total Requirements	\$ 16,417,000	\$ 16,382,000	\$ (35,000)



PROPOSED BUDGET Fiscal Year 2026-27

THANK YOU!

**Questions?
Comments?**

