

**LAKE HEMET
MUNICIPAL
WATER DISTRICT**



**2018 – 2019
BUDGET**

2018 – 2019 BUDGET



DOMESTIC



AGRICULTURE



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DESCRIPTION OF THE DISTRICT AND THE BUDGET PROCESS

LAKE HEMET MUNICIPAL WATER DISTRICT

History

Lake Hemet Municipal Water District (the "District") was incorporated in 1955 after a successful bond initiative raised sufficient funds to purchase the assets of the Lake Hemet Water Company. At that time, the District had about 1,800 customers and a 23 square mile service area.

Mission Statement

The mission of Lake Hemet Municipal Water District is to produce and deliver high quality water to our customers for domestic and agricultural use, to provide sewer collection services and to maintain Lake Hemet as a clean and safe water reservoir and recreation facility, in an economical, efficient and responsible manner now and in the future.

Service Area

The District is located in southern California and provides domestic water to 14,260 services (excluding Garner Valley) and irrigation water to 49 agricultural customers in a 26 square mile area that includes portions of Hemet, San Jacinto, and adjacent unincorporated areas of Riverside County.

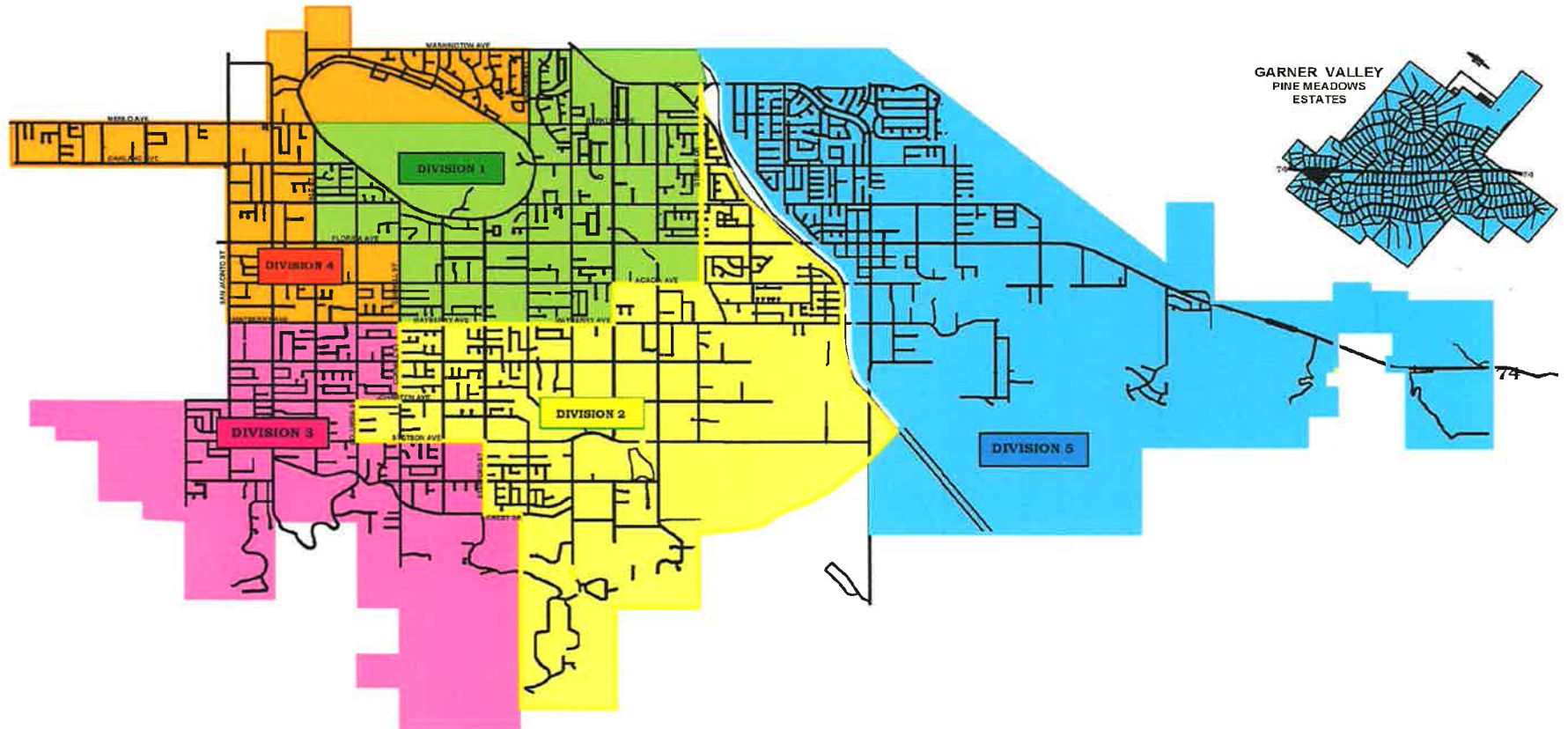
The District has also annexed an additional service area, which is the Garner Valley community in the San Jacinto Mountains, east of Lake Hemet. The District provides water to approximately 276 services in this area.

Government

The District is governed by a five member Board of Directors (the "Board"), elected by the voters within their respective divisions for staggered four-year terms. The current Directors are:

LAKE HEMET MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS DIVISION BOUNDARIES

REVISED 5/16/2017



■	DIVISION 1	FRANK D. MARSHALL III	DIRECTOR
■	DIVISION 2	FRANK D. GORMAN	PRESIDENT
■	DIVISION 3	TODD A. FOUTZ	SECRETARY/TREASURER
■	DIVISION 4	LARRY MINOR	VICE-PRESIDENT
■	DIVISION 5	RICK HOFFMAN	DIRECTOR

Water Supply

The District receives its water supply from five sources: (1) District owned ground water wells, (2) leased ground water wells, (3) EMWD imported water, (4) surface water when available, and (5) Lake Hemet when available.

The District's imported water supply is purchased through EMWD, who in turn, gets the water from Metropolitan Water District (MWD). MWD water is from two primary sources: the Colorado River via the Colorado River Aqueduct and the State Water Project via the Edmund G. Brown California Aqueduct.

The District has owned and operated Lake Hemet Campground for many years, but in 2011 selected California Parks Inc., to manage its campground operation. This operational change allows the District to concentrate on its core business of serving domestic and agricultural water within our service area and to provide sewage collection / disposal services to our community. California Parks Inc. brings their expertise to this enterprise and has tremendous recreational marketing capabilities. California Parks Inc. continued to optimize operations by getting computer reservations on-line in spring 2013. Boating, fishing, and camping are the mainstay of existing recreational opportunities but the management team will be pursuing other leisure activities as well, for camping enthusiasts.

The solid masonry dam, completed in 1895, was constructed to help capture the snowmelt and rainwater that would supply water for the agricultural crops in the valley. Reservoir construction is the source of the campground's ability to offer the above recreational activities.

The District also owns a small reservoir historically known as Little Lake which is the source of the name of the surrounding neighborhood. This included the nearby Little Lake Grammar school which has operated at its current location for over 100 years. The reservoir is the termination point of the District's gravity irrigation system and has doubled as a fishing and recreation area for decades. The District has entered into a management agreement with California Parks Inc., who manages Diamond Valley Lake Marina and some twenty other recreational areas in California. This agreement has been extended to December 2024. Little Lake will be open a minimum of 4 days a week for daylight-hour recreational and fishing opportunities.

Sewer Service

The District maintains & repairs sewer laterals and main sewer lines, but has no treatment facilities. Eastern Municipal Water District has the only wastewater treatment facility in the Valley. Fees are collected by the District for treatment and disposal of wastewater and then transferred to E.M.W.D.

Understanding the Budget Document

A budget is a plan to match resources with the needs of the District. This budget provides for the general operation of the District for a one-year period. To plan beyond an annual timeframe and better anticipate future revenue and expense requirements, this budget document sets the guidelines for the 2019-20, 2020-21, 2021-22, and 2022-23 fiscal years as well.

The budget of the Lake Hemet Municipal Water District assures the efficient, effective and economic uses of the District's resources. Through this budget, the Board sets the direction of the District, allocates its resources and establishes its priorities.

Budgetary Controls

The budget is developed with input from the various department levels of the organization and adopted prior to the start of each fiscal year. Monthly profit and loss reports of budget to actual are prepared and provided to the Board before each monthly board meeting.

Budget Amendments

The Board does not formally amend the budget after approval. The General Manager has the authority to enter into contracts and agreements and expend funds up to \$35,000. Non-budgeted purchases in excess of \$35,000 require approval of the Board.

Budget Basis

The budget and accounting basis for the District is the accrual basis. This means that revenues are recognized when earned, and expenses are recognized as they are incurred.

Capital Outlays & Improvements

Capital Outlays

For accounting and financial reporting purposes, a Capital Outlay is generally defined as an individual item worth at least \$3,000, and having a useful life of 3 years or more. Each year as part of the budget process, the District's various departments compile and submit a list of capital outlay items as replacements for, or additions to, current equipment inventory. This year's capital outlay requests were submitted, reviewed and prioritized in accordance

with the District's anticipated needs for Fiscal Year 2018-2019. On an annual basis the District also assembles a list of vehicles and equipment that will possibly need to be replaced over an additional four year period. This is to anticipate and prepare for any substantial costs to replace outdated / tired vehicles and equipment.

The District maintains a Vehicle and Equipment Reserve Fund. This fund is set aside for all District vehicle and equipment purchases. New vehicles and equipment purchases totaling \$195,000 have been proposed for the 2018-2019 fiscal year.

Capital Improvements

Capital Improvement Projects are assets, acquisitions, facilities, systems and infrastructure improvements, etc., and/or those items outside of the normal operational budget, known as one-time costs.

Proposed Capital Improvement Projects for the budgeted fiscal years were submitted in accordance with the anticipated needs of the District.

Projects totaling \$1,043,884 have been budgeted for Fiscal Year 2018 - 2019.

A portion of these projects has been funded through monies specifically set aside for this purpose. The District has proposed 40% of annual depreciation for Capital Acquisitions / Improvements.

Debt Administration

As of June 30, 2018, the District's total debt is \$15,753,601 which corresponds to 20.11% of the net assets. Annual debt service payments are approximately 8.64% of the District's total revenue.

The Soboba Band of Luiseno Indians Settlement has been finalized and costs are 34.2% of \$7,000,000 and a similar percentage of responsibility for payment of \$17,652,000 for capital facilities. This results in LHMWD payments of \$2,394,000 for the Indian Settlement and \$6,050,000 for the capital facilities. EMWD has financed the capital facilities program over a 30 year term at 4.79% interest, and the District has decided to pay its portion of the Bond to E.M.W.D. over time. In December 2011, the District paid in full the \$2,394,000 settlement to the Soboba Indian Claim with monies set aside for that particular purpose. In 2012, the District began making payments to E.M.W.D for the facilities portion of the settlement.

Some of the District's infrastructure has eclipsed their useful life, with some at or over 100 years old. A Master Plan Study reported the replacement and maintenance needs of the District's infrastructure. Estimated costs would be approximately \$30,000,000 to replace / upgrade infrastructure. However, the District has already replaced infrastructure that had the highest maintenance needs at a cost of approximately \$15,140,000. The balance of Master Plan projects will be done in stages to eliminate bond financing at a projected cost of \$14,860,000.

Internal Controls

The District's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the District's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in accordance with generally accepted accounting principals. The internal control structure is designed to provide reasonable assurances that these objectives are met. The most recent audits have not uncovered any material weaknesses in internal control that would cause concern.

Cash Management

The District invests its temporarily idle cash in investments legally permissible by California Government Codes and in accordance with its own investment policy adopted by the Board of Directors. The investment options of the District are first to preserve the capital, followed by maintaining liquidity to meet cash flow requirements, and finally maximizing the rate of return without compromising the first two objectives.

Lake Hemet Municipal Water District

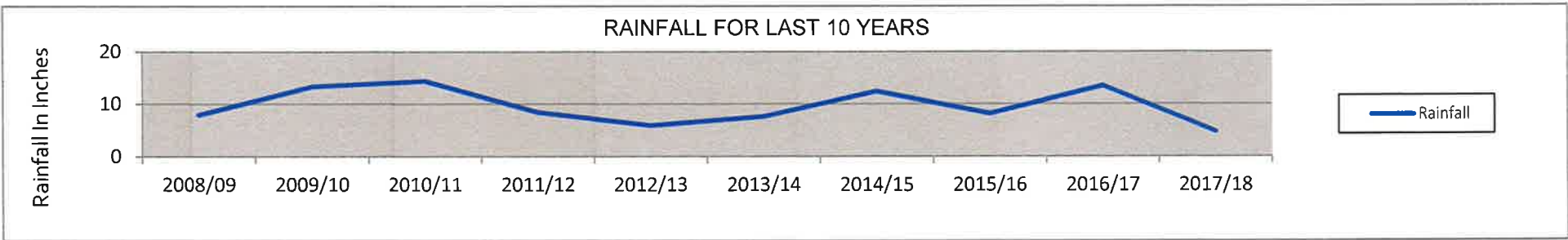




LAKE HEMET MUNICIPAL WATER DISTRICT

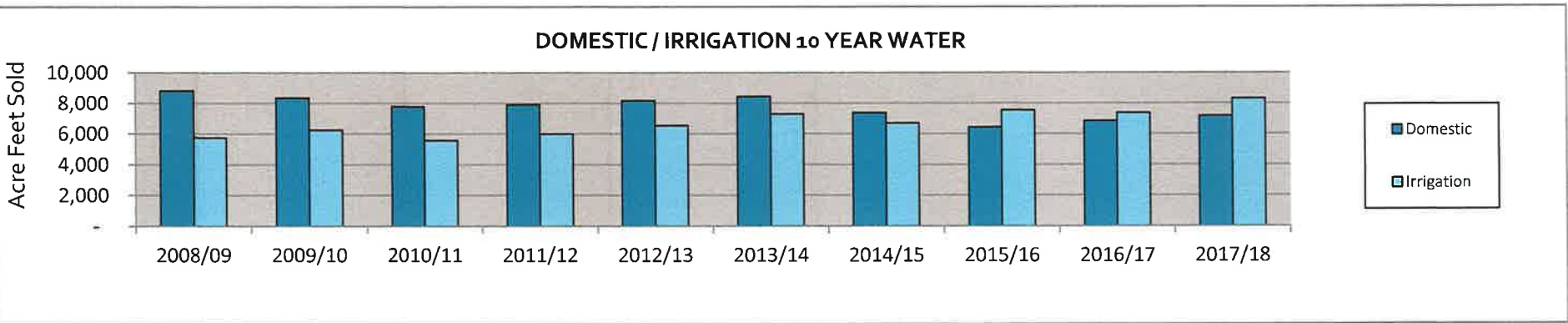
AVERAGE RAINFALL

AVERAGE WATER SALES



Average F/Y Rainfall

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	PROJECTED	over last 10 years
Rainfall	7.87	13.30	14.33	8.38	5.88	7.58	12.41	8.11	13.45	4.68 thru 6/18		9.60 Inches



Acre Feet of Water Sold

Average F/Y Acre Feet

Year	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	PROJECTED	over last 10 years
Domestic	8,817	8,352	7,795	7,921	8,184	8,434	7,372	6,426	6,834	7,156	thru 6/18	7,729 Domestic
Irrigation	5,754	6,254	5,575	5,996	6,538	7,285	6,696	7,543	7,370	8,313	thru 6/18	6,732 Irrigation
	14,571	14,606	13,370	13,917	14,722	15,719	14,068	13,969	14,204	15,468	acre feet	14,461 *

* 10 year average is considered when budgeting projected water sales



LAKE HEMET MUNICIPAL WATER DISTRICT

Fund Balances

Projected as of June 30, 2018

RESTRICTED FUNDS	INSTITUTION							Total
	Bank of Hemet		Wells Fargo	Union Bank	LAIF	UBS	CalTrust	
	Miscellaneous	LAMMA						
Garner Valley Depreciation	\$146,335							\$146,335
DWR Leaky Pipe Fund				\$389,353				\$389,353
G.V. 2003-1			\$146,359					\$146,359
Beaumont Concrete		\$114,463						\$114,463
Cal-Parks Maintenance Fund		\$226,028						\$226,028
EDU Fees/Added Facilities		\$114,946						\$114,946
Sub-Total	\$146,335	\$455,437	\$146,359	\$389,353				\$1,137,483
UNRESTRICTED FUNDS								
Vehicle	\$72,766				\$94,343			\$167,109
General Fund	\$300,000							\$300,000
Ground Water Management		\$921,628						\$921,628
CalPERS		\$475,830						\$475,830
Capital Projects		\$1,424,258					\$3,125,205	\$4,549,463
Disaster Reserve					\$994,778	\$1,023,655	\$2,341,820	\$4,360,253
Rate Stabilization					\$4,361,274			\$4,361,274
Campground Depreciation					\$348,859			\$348,859
Sub-Total	\$372,766	\$2,821,717	\$0	\$0	\$5,799,254	\$1,023,655	\$5,467,026	\$15,484,417
Total	\$519,100	\$3,277,154	\$146,359	\$389,353	\$5,799,254	\$1,023,655	\$5,467,026	\$16,621,900

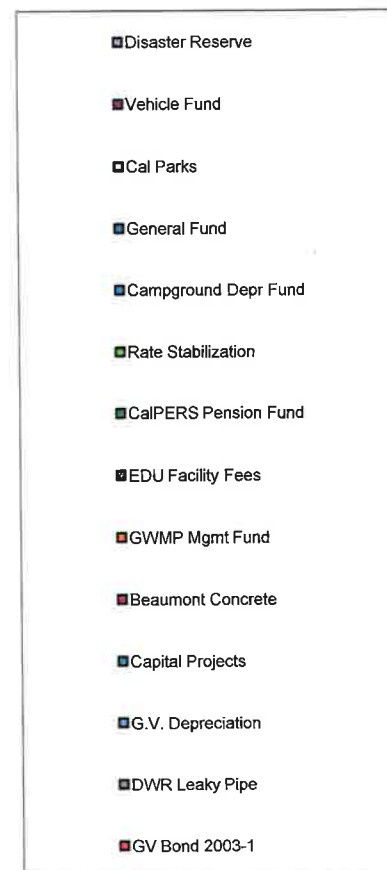
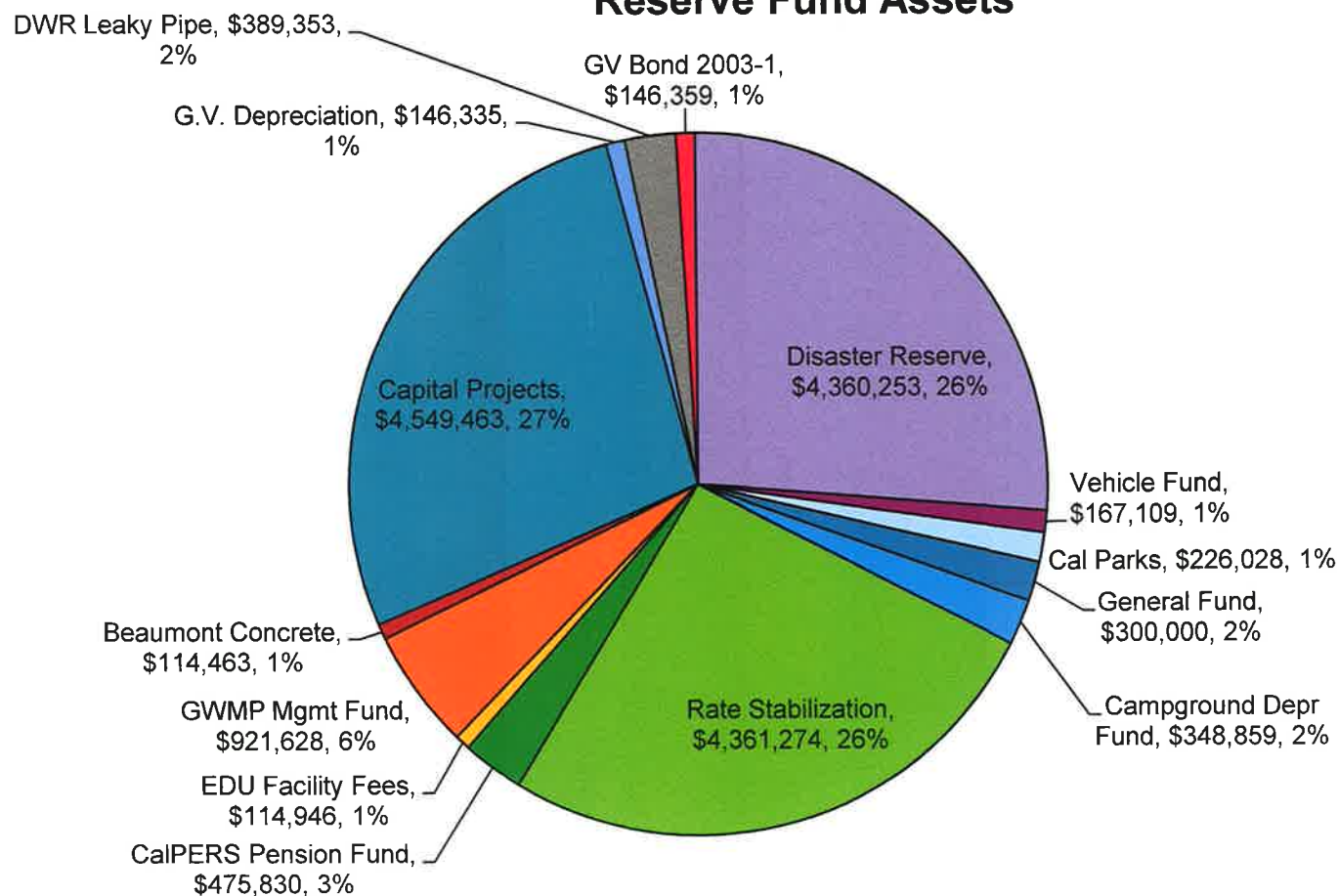
LONG TERM LIABILITIES 2017 - 2018



Liabilities

Municipal Finance Corp.-Admin. Bldg.	\$ 1,158,588	Payments of \$207,897 are due each February & August until 2021.
Dept. of Water Resources Loan	\$ 1,558,910	Payments of \$130,233 are due each April & October until 2024.
Garner Valley Bond	\$ 1,160,000	Payments of \$63,904 are due each March & September, until 2030.
Ground Water Mgmt Plan (EMWD)	\$ 5,076,103	Payments of \$234,325 are due each January & July until 2035.
CSDA Bond	\$ 6,800,000	Payments of \$252,981 are due each March & Sept. until 2040.
Ground Water Management Obligation	\$ 2,820,000	Soboba Recharge Water
	\$18,573,601	

Lake Hemet Municipal Water District Fiscal Year 2018-2019 Reserve Fund Assets



Total Reserve Funds as of June 2018
\$16,621,900

LAKE HEMET MUNICIPAL WATER DISTRICT TOTAL LABOR / PAYROLL

The District began the 2017 / 2018 fiscal year with 54 employees and will begin the 2018 / 2019 fiscal year with 51 employees (51 F/T and 0 P/T).

<u>2017 / 2018</u> <u>DEPARTMENT</u> (alphabetical)	<u>#</u> <u>EMPLY</u>	<u># P/T</u> <u>EMPLY</u>	<u>COST</u>	<u>Total</u> <u>Labor</u> <u>W/50%</u> <u>BENEFITS</u>	<u>2018 / 2019</u> <u>DEPARTMENT</u> (alphabetical)	<u># F/T</u> <u>EMPLY</u>	<u># P/T</u> <u>EMPLY</u>	<u>BUDGET</u>	<u>Total</u> <u>Labor</u> <u>W/50%</u> <u>BENEFITS</u>	<u>VARIANCE</u>	<u>%</u>
Administration	2		\$237,890	\$356,835	Administration	2		\$242,645	\$363,968	7,133	0.11%
Business Staff	9		\$543,995	\$815,993	Business Staff	9		\$554,875	\$832,313	16,320	0.26%
Buyer	1		\$97,175	\$145,763	Buyer	1		\$99,120	\$148,680	2,918	0.05%
Construction	17		\$1,327,560	\$1,991,340	Construction	17		\$1,354,110	\$2,031,165	39,825	0.63%
Electrical	3		\$306,600	\$459,900	Electrical	3		\$312,730	\$469,095	9,195	0.15%
Engineering	1		\$70,550	\$105,825	Engineering	1		\$71,960	\$107,940	2,115	0.03%
General Officers	3		\$377,710	\$566,565	General Officers	2		\$283,910	\$425,865	-140,700	-2.23%
Mechanics	2		\$165,625	\$248,438	Mechanics	2		\$168,935	\$253,403	4,965	0.08%
Meter Department	3		\$169,990	\$254,985	Meter Department	3		\$173,390	\$260,085	5,100	0.08%
Security		2	\$61,085	\$70,248	Security		*	\$0	\$0	-70,248	-1.11%
Sewer Department	4		\$290,590	\$435,885	Sewer Department	4		\$296,405	\$444,608	8,723	0.14%
Water Operators	7		\$580,715	\$871,073	Water Operators	7		\$592,330	\$888,495	17,423	0.28%
	<u>52</u>	<u>2</u>	<u>\$4,229,485</u>	<u>\$6,322,848</u>		<u>51</u>	<u>0</u>	<u>\$4,150,410</u>	<u>\$6,225,615</u>	<u>-97,233</u>	<u>-1.54%</u>
Total	54				Total	51					

* The Security Department has been reduced to zero employees.

GROUND WATER MANAGEMENT FEE ANNUAL COSTS

2018-2019

Import 2,750 acre feet per year for Tribe	\$1,719,803
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$168,934
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$3,959,587

2019-2020

Import 2,750 acre feet per year for Tribe	\$1,771,397
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$174,002
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$4,016,249

2020-2021

Import 2,750 acre feet per year for Tribe	\$1,824,539
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$179,222
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$4,074,611

2021-2022

Import 2,750 acre feet per year for Tribe	\$1,879,275
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$184,599
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$4,134,724

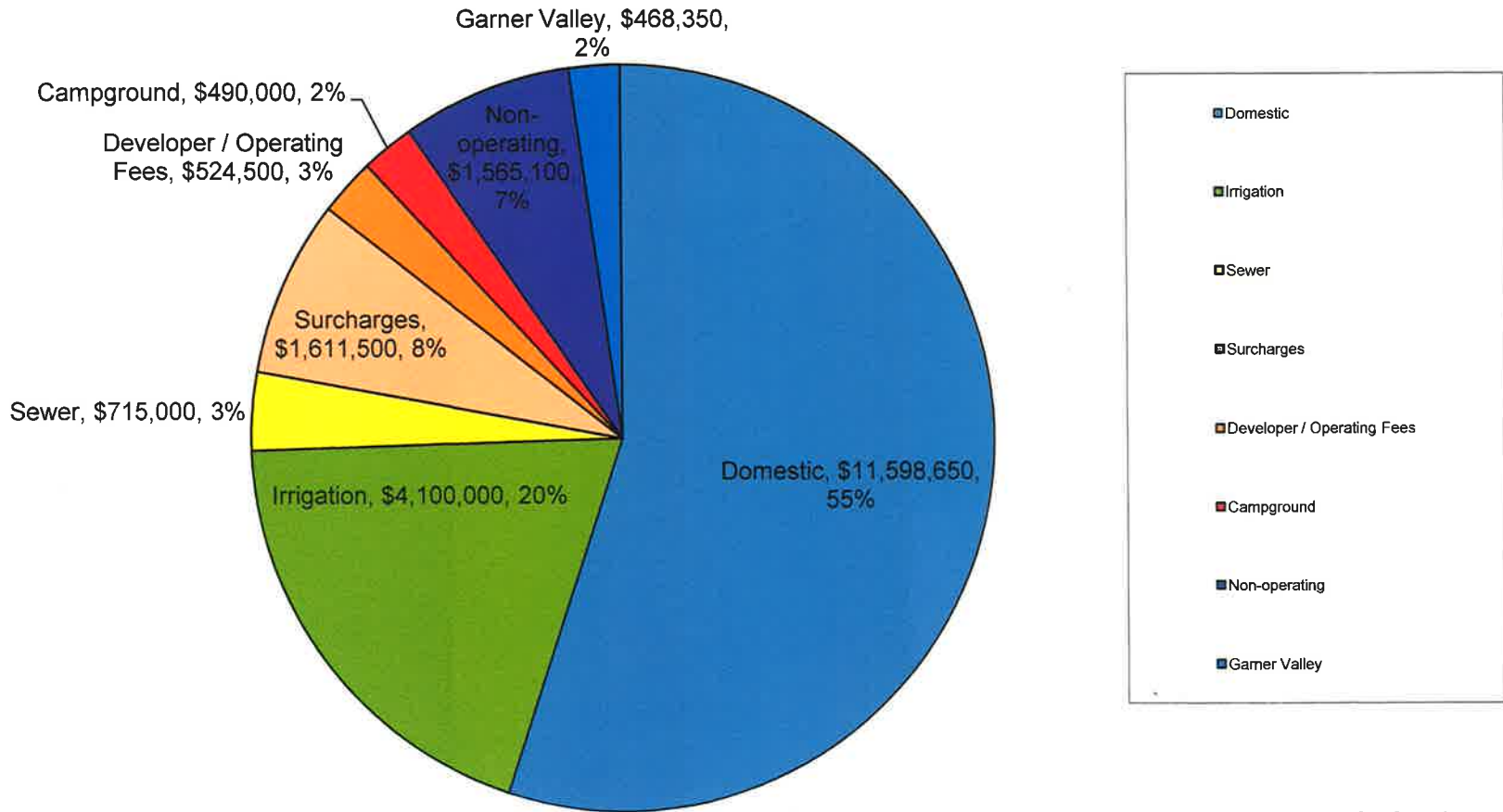
2022-2023

Import 2,750 acre feet per year for Tribe	\$1,935,653
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$190,137
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$4,196,640

2023-2024

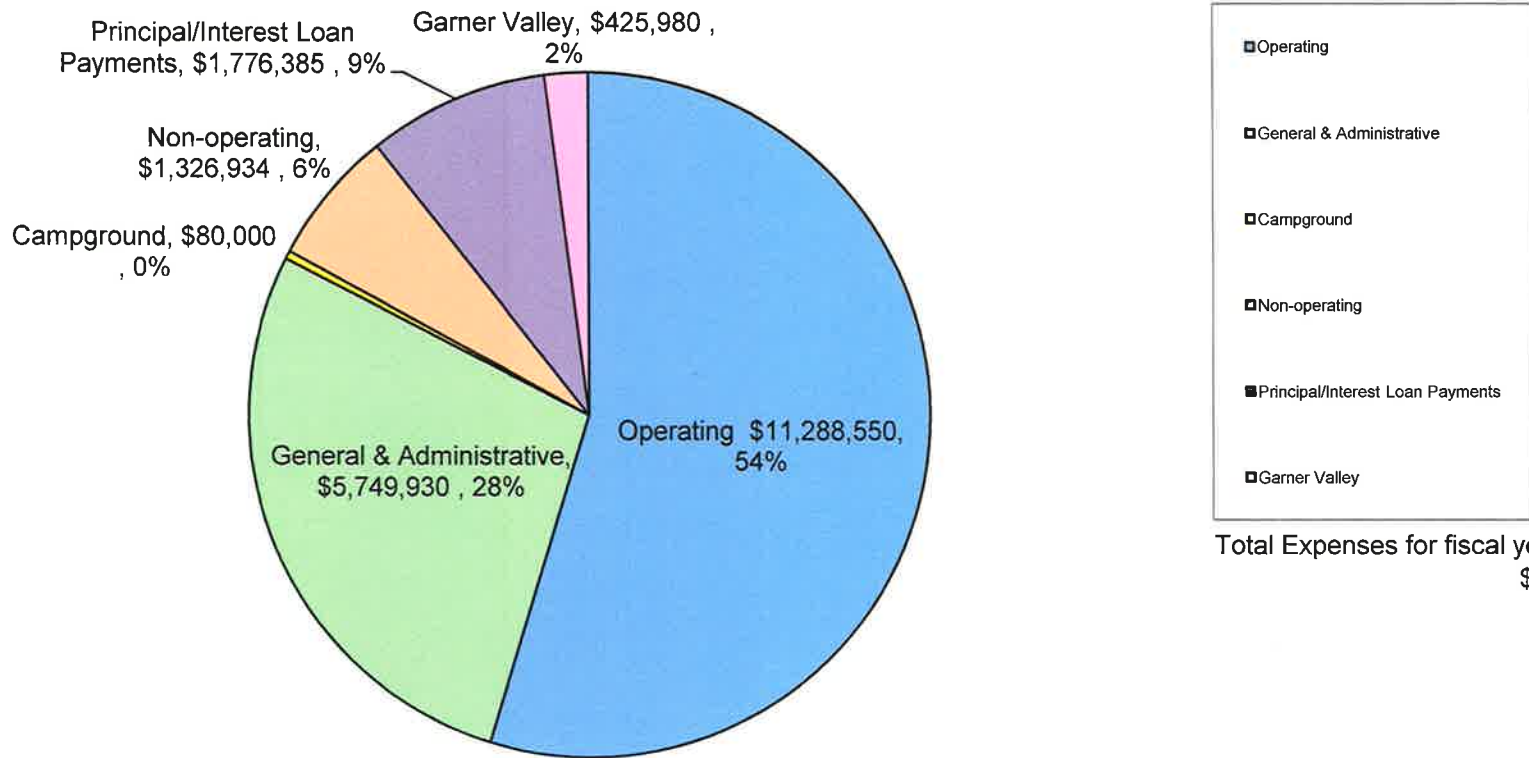
Import 2,750 acre feet per year for Tribe	\$1,993,723
Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$195,841
Administrative Assessments	\$502,200
<i>TOTAL ANNUAL COST</i>	\$4,260,414

Lake Hemet Municipal Water District Fiscal Year 2018 - 2019 Revenue



Total Revenue for fiscal year 2018/19
\$21,073,100

Lake Hemet Municipal Water District Fiscal Year 2018 - 2019 Expenses



Total Expenses for fiscal year 2018/19
\$20,675,599

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2018-19 BUDGET

- 0% Growth in Lake Hemet Municipal Water Services
 - Total domestic services - 14,536 Including Garner Valley
 - Total active domestic services - 14,513
 - 1 New Water Service Installed in 2017/2018
 - **\$20,583,100 revenue anticipated for this fiscal year.**

- Water Sales-
 - The last rate increase for potable water was effective July 1, 2017.
 - This was a CPI pass-through increase per the March 2015 Prop 218 Notice, which allows for an annual increase not to exceed 3%.
 - The tiered domestic rate has been in effect since 2009.
 - Non-potable water rate increased March 2018. Pass-through increase imposed by EMWD and Metropolitan Water District, for untreated water. Additional CPI increase for non-potable water per 2015 Prop 218 Notice to be effective July 1st of each year not to exceed 3%.
 - Received 4.68" of rainfall as of May 2, 2018, the annual (Oct.-Sept.) average is 12".
 - Last Garner Valley rate increase was March 2010, Anza Electric pass-through.

- Misc. Revenue-
 - Backflow Testing - 633 devices at \$80 to ensure full funding of the backflow administration expenditures.
 - The Imported Water Surcharge will help fund Groundwater Management fees.
 - The Capital Improvement Surcharge will help fund Master Plan infrastructure improvements.
 - Fire Service Charges - based on size of service (4", 6", 8")

- Water Purchases-
 - E.M.W.D's water commodity rates for all imported water increased by 3.5%, Jan. 2018. Cost per acre foot of untreated water went from \$828 to \$857 per acre foot.
 - Estimated water purchases are to be approximately \$4.5 million due to Southern California continued drought conditions.
 - The District is obligated to purchase Soboba Recharge water, in the amount of \$2.8 million, when surplus water is available. Have included current years costs as GWMP Recharge Purchases.

- Groundwater Management Program
 - The Groundwater Management Plan (GWMP) payments began in March 2012. The Water Master and associated costs became effective in 2013. Additionally, \$468,650 has been included in this year's budget & each subsequent year to cover GWMP debt service for infrastructure improvements.
 - Most GWMP expenses are to be reimbursed from the GWMP fund specifically set aside for this purpose.
 - Hemet - San Jacinto Water Master Administrative fees of approximately \$234,000
 - Annual support fees of \$40,700 paid to E.M.W.D. and also annual fees for the Scott-Lauda In-lieu agreement.

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2018-19 BUDGET

(con't)

- Labor
 - Annual merit increases for employees not at maximum range or step as recommended by a Supervisor, in accordance with the MOU & approved by the General Manager.

- Power Purchases
 - The District has anticipated an additional 3.5% over historical costs to cover operation of new Well 8, Well 17 and any contingencies that may occur.
 - Previous dry years and lower water levels have attributed to changes in Southern California Edison costs.

- Supplies
 - Fuel prices have stabilized but the west coast has higher costs than most other parts of the nation. April-September fuel costs usually increase due to gasoline formula changes. The District has anticipated an additional 3% for the newly approved gas tax. Petroleum based products purchased by the District that are affected by oil costs are asphalt and paving materials, PVC pipe, fuel and oil for the District's fleet, shipping charges and many other petroleum based products.

- Spreading Basin
 - The percolation basin recharge water is measurable and metered.
 - Clean weeds out of percolation basin at Mountain Ave. on an as needed basis to improve groundwater recharge. Costs reduced due to use of Bautista crews.

- Legal Expense
 - \$100,000 for general legal expenses.

- CalPERS Retirement
 - The District will prepay their portion of employee retirement liability again this year for approximately \$523,160, reimbursable through funds set aside for this purpose.
 - Employees pay 7% of pension costs, the maximum per the negotiated M.O.U.
 - CalPERS is increasing the percentage that all Special District's, Cities, and Safety related agencies will need to pay for annual retirement contributions. CalPERS expects to increase the District's pension costs by an estimated maximum of 1% of payroll (approximately \$47,000) each year to be paid over a 30 year period, which began in 2016/2017.
 - CalPERS enacted a phase in of the approved, lowered discount rate change effective 2018-2019, which will increase all public agency contribution costs. The rate will be reduced from 7.5% to 7% by 2020-2021 fiscal year.
 - Contribute \$30,000 each month to the CalPERS reserve fund.

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2018-19 BUDGET

(con't)

- Depreciation

- Fiscal Year 2017-2018 \$3,101,500.
- 40% to be put back into Capital Improvements / Capital Outlay

Miscellaneous Non-Operating

Lake Hemet Campground

- Revenue

- Urban Park Concessionaires, DBA California Parks, has signed a lease to handle management and operations of Lake Hemet Campground. The District will be paid a flat fee for General and Administrative support and a fee for annual water and sewer support. The transfer of management to California Parks was done April 1, 2011. The current lease contract term is for 10 years, to Dec. 31, 2024, with an additional 5 year option.

- Campground Expenses

- Residual and required expenses for the campground will be minimal as most costs will be paid by Urban Park Concessionaires.

- Interest

- LAIF interest as of the 1st quarter of 2018 was 1.51%.
- Bank of Hemet LAMMA account interest rate as of the 1st quarter of 2018 was 0.15%. Effectively, the LAMMA rate is higher due to all administrative charges being waived.

- Taxes and Standby

- General taxes should be approximately \$1.4 million this year.
- Improvement District 1 Standby charges have been suspended per Board direction.
- The remaining Standby charges have not been changed.

- Bond Payments and Fees

- Bond payments and associated administrative costs have been included for the CSDA Bond Program. This will support the District's Capital Improvement Master Plan projects. This program has improved fire flow capabilities and aging infrastructure within the District's 26 square mile boundary.
- The Ground Water Management (GWMP) Fund has been set up expressly to pay for loan payments to E.M.W.D., who holds the Bond for all 4 agencies involved in the program.

- Capital Improvement Budget

- This fiscal years Capital Budget is \$1,238,884 with the General Fund and/or reserves as the funding source for these projects.
- Vehicle Capital Budget is \$195,000.
- Contribute \$10,000 each month to the District Vehicle Fund.

**LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2017 - 2018
INCLUDING 5 YEAR BUDGET FORECASTS**

	ACTUAL 2014-2015	ACTUAL 2015-2016	ACTUAL 2016-2017	THREE YEAR AVERAGE	AVERAGE PLUS 3%	BUDGET 2017-2018	PROJECTED 2017-2018
OPERATING REVENUE							
Domestic Revenue	9,679,069	11,015,905	11,621,588	10,772,187	11,095,353	12,285,000	11,840,500
Surcharges	1,210,016	1,322,341	1,460,870	1,331,076	1,371,008	1,495,000	1,580,500
Irrigation Revenue	2,250,627	2,935,912	2,490,022	2,558,854	2,635,619	2,646,000	3,005,000
Service Connections	15,676	20,283	47,401	27,787	28,620	10,500	7,000
Sewer Service	714,645	712,523	711,987	713,052	734,443	715,000	715,000
Storm Drain Service	17,278	17,299	17,289	17,289	17,807	17,500	17,300
Developer / Operating Fees	464,266	462,382	485,016	470,555	484,671	471,500	482,500
Sub-Total	14,351,577	16,486,645	16,834,173	15,890,798	16,367,522	17,640,500	17,647,800
NON-OPERATING REVENUE							
Revenue - Rent & Interest	237,564	315,928	244,929	266,140	274,125	238,000	259,570
Tax and Standby Revenue	1,429,367	1,518,239	1,604,497	1,517,368	1,532,541	1,259,000	1,260,145
Sub-Total	1,666,931	1,834,167	1,849,426	1,783,508	1,806,666	1,497,000	1,519,715
TOTAL REVENUE	16,018,508	18,320,812	18,683,599	17,674,306	18,174,188	19,137,500	19,167,515
EXPENSES							
Operating Expenses	7,150,709	9,002,648	10,781,688	8,978,348	9,247,699	10,032,850	11,590,900
General & Administration	5,676,399	5,555,579	5,674,129	5,635,369	5,804,430	6,072,700	5,550,370
Sub-Total	12,827,108	14,558,227	16,455,817	14,613,717	15,052,129	16,105,550	17,141,270
NON-OPERATING COSTS							
Expenses / Bond Admin Fees	51,086	14,107	48,947	38,047	39,188	16,600	17,318
Capital Improvement Budget	788,225	800,000	800,000	796,075	819,957	1,039,325	500,000
Principal Loan Payments	892,040	919,125	952,835	921,333	930,547	985,585	989,380
Interest Loan Payments	881,390	848,221	813,173	847,595	856,071	789,450	781,205
Sub-Total	2,612,741	2,581,453	2,614,955	2,603,050	2,645,763	2,830,960	2,287,903
TOTAL EXPENSES	15,439,849	17,139,680	19,070,772	17,216,767	17,697,892	18,936,510	19,429,173
LAKE HEMET CAMPGROUND							
Revenue	315,900	314,817	418,786	349,834	360,329	425,000	468,500
Expenses	100,443	87,985	34,942	74,457	76,690	54,000	70,250
NET	215,457	226,832	383,844	275,378	283,639	371,000	398,250
NET DIFFERENCE	794,116	1,407,964	-3,329	732,917	759,936	571,990	136,592
FUND MANAGEMENT							
GWMP Fund	0	0	3,329	0	0	0	0
Pension Fund	0	0	0	0	0	0	0
CASH FLOW	794,116	1,407,964	0	732,917	759,936	571,990	136,592

**LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2017 - 2018
INCLUDING 5 YEAR BUDGET FORECASTS**

	BUDGET 2018-2019	% Variance From Previous Fiscal Year	BUDGET 2019-2020	BUDGET 2020-2021	BUDGET 2021-2022	BUDGET 2022-2023
OPERATING REVENUE						
Domestic Revenue	12,067,000	102%	13,007,000	13,268,000	13,523,500	13,803,000
Surcharges	1,611,500	102%	1,810,500	1,846,500	1,883,500	1,921,500
Irrigation Revenue	4,100,000	136%	4,182,000	4,266,000	4,351,000	4,438,000
Service Connections	10,500	150%	10,500	11,000	11,000	11,500
Sewer Service	715,000	100%	715,000	715,000	715,000	715,000
Storm Drain Service	17,500	101%	17,500	17,500	17,500	17,500
Developer / Operating Fees	496,500	103%	513,000	523,000	534,000	544,000
Sub-Total	19,018,000	108%	20,255,500	20,647,000	21,035,500	21,450,500
NON-OPERATING						
Revenue - Rent & Interest	264,000	102%	258,000	263,000	268,500	274,000
Tax and Standby Revenue	1,301,100	103%	1,325,000	1,350,000	1,375,000	1,400,000
Sub-Total	1,565,100	103%	1,583,000	1,613,000	1,643,500	1,674,000
TOTAL REVENUE	20,583,100	107%	21,838,500	22,260,000	22,679,000	23,124,500
EXPENSES						
Operating Expenses	11,742,350	101%	12,059,600	12,497,750	12,824,300	13,240,000
General & Administration	5,749,930	104%	6,157,830	6,382,634	6,609,830	6,851,010
Sub-Total	17,492,280	102%	18,217,430	18,880,384	19,434,130	20,091,010
NON-OPERATING COSTS						
Expenses / Bond Admin Fees	88,050	508%	73,000	22,000	24,000	26,000
Capital Improvement Budget	1,238,884	248%	1,000,000	1,000,000	1,000,000	1,000,000
Principal Loan Payments	1,024,565	104%	1,059,615	1,106,070	728,160	752,955
Interest Loan Payments	751,820	96%	712,337	670,604	630,680	602,380
TOTAL	3,103,319	136%	2,844,952	2,798,674	2,382,840	2,381,335
TOTAL EXPENSES	20,595,599		21,062,382	21,679,058	21,816,970	22,472,345
LAKE HEMET CAMPGROUND						
Revenue	490,000	105%	500,000	510,000	520,000	530,000
Expenses	80,000	114%	88,500	88,700	88,900	89,000
NET	410,000	103%	411,500	421,300	431,100	441,000
NET DIFFERENCE	397,501		1,187,618	1,002,242	1,293,130	1,093,155
FUND MANAGEMENT						
GWMP Fund	0		0	0	0	0
Pension Fund	0		0	0	0	0
CASH FLOW	397,501		1,187,618	1,002,242	1,293,130	1,093,155

BUDGET PREPARATION WORKSHEET DETAIL OF OPERATING EXPENSES 2018-2019

	ACTUAL 2016-2017	BUDGET 2017-2018	PROJECTED 2017-2018	BUDGET 2018-2019	% Variance Budget to Actual	BUDGET 2019-2020	BUDGET 2020-2021	BUDGET 2021-2022	BUDGET 2022-2023
SOURCE OF SUPPLY									
Labor	282,296	294,000	298,500	305,000	102%	314,000	320,500	327,000	333,500
Supplies & Repairs	256,148	248,000	288,000	322,500	112%	332,000	342,000	352,000	363,000
Water Purchased	3,203,398	3,128,800	2,590,500	4,550,500	176%	4,738,000	4,940,000	5,113,000	5,292,000
Spreading Basins	2,098	10,000	0	10,000	100%	5,000	10,000	5,000	10,000
TOTAL	3,743,940	3,680,800	3,177,000	5,188,000	163%	5,389,000	5,612,500	5,797,000	5,998,500
GWMP Recharge Purchases	3,656,229	2,769,700	4,838,500	2,820,000	100%	2,871,400	2,924,500	2,979,500	3,035,650
PUMPING									
Supplies	589	1,000	600	800	133%	800	800	800	800
Repairs	272,285	229,000	299,500	308,000	103%	317,000	327,000	337,000	347,000
Electrical Training/Classes	427	2,000	1,100	2,000	182%	2,500	2,500	3,000	3,000
Power Purchased	974,870	998,500	1,007,000	1,051,000	104%	1,078,500	1,110,500	1,145,000	1,178,000
TOTAL	1,248,171	1,230,500	1,308,200	1,361,800	104%	1,398,800	1,440,800	1,485,800	1,528,800
PURIFICATION									
Labor	186,801	197,000	195,000	200,000	103%	206,000	212,000	218,000	225,000
Supplies	146,372	150,000	165,100	183,000	111%	188,500	194,000	200,000	206,000
Repairs	20	500	0	500	100%	500	500	500	500
TOTAL	333,193	347,500	360,100	383,500	106%	395,000	406,500	418,500	431,500
TRANS. & DISTRIB.									
Patrolling Storage	165,613	172,000	182,000	185,000	102%	189,000	192,500	196,000	200,500
Customer Premise	383	10,000	100	10,000	10000%	10,000	10,000	10,000	10,000
Misc Supplies & Exp	249,899	258,000	260,000	266,000	102%	274,000	282,000	290,500	299,500
WRD Training / Classes	3,375	5,000	4,000	5,000	125%	5,500	5,500	6,000	6,000
Meter Dept. Training/Classes	426	2,000	500	1,000	200%	1,000	1,000	1,000	1,000
Meter Dept Expense	221,105	241,000	198,100	208,000	105%	214,500	220,500	227,500	234,000
Constr. Training / Classes	7,084	15,000	10,500	15,000	143%	16,000	17,000	18,000	19,000
Constr. Tools / Equipment	32,818	38,000	27,000	30,000	111%	31,000	32,000	33,000	34,000
Pre-Construction Expense	1,885	1,850	1,800	1,850	103%	1,900	1,950	2,000	2,050
Repairs to transmission	47,329	53,500	45,700	30,000	66%	31,000	32,000	33,000	34,000
Repairs to Storage	43,346	119,000	45,500	90,000	198%	50,000	100,000	70,000	110,000
Repairs to Distrib. Lines	469,675	528,500	519,600	546,000	105%	562,500	579,500	596,500	614,000
Repairs-servs & hydrmts	145,072	146,000	178,300	189,500	106%	195,000	201,000	207,000	213,500
TOTAL	1,388,010	1,589,850	1,473,100	1,577,350	107%	1,581,400	1,674,950	1,690,500	1,777,550
COMMERCIAL EXP.									
Collections & Meter Readings	161,719	150,500	162,500	155,200	96%	160,000	165,000	170,000	175,000
SEWER EXPENSE									
Salaries	47,048	53,000	20,500	21,500	105%	22,000	24,000	26,000	28,000
Sewer Expense & Cleaning	200,336	205,000	247,000	230,000	93%	237,000	244,000	251,500	259,000
Sewer Dept. Training/Classes	3,042	6,000	4,000	5,000	125%	5,000	5,500	5,500	6,000
TOTAL	250,426	264,000	271,500	256,500	94%	264,000	273,500	283,000	293,000
TOTAL EXPENSES	10,781,688	10,032,850	11,590,900	11,742,350	101%	12,059,600	12,497,750	12,824,300	13,240,000

BUDGET PREPARATION WORKSHEET DETAIL OF GENERAL AND ADMINISTRATION 2018-2019

	ACTUAL 2016-2017	BUDGET 2017-2018	PROJECTED 2017-2018	BUDGET 2018-2019	% Variance Budget to Projected	BUDGET 2019-2020	BUDGET 2020-2021	BUDGET 2021-2022	BUDGET 2022-2023						
Salary-Gen. Officers	407,355	418,500	349,000	290,000	83%	298,500	307,500	317,000	326,500						
Salary-Office Clerks	791,692	820,000	788,000	816,000	104%	840,000	866,000	892,000	918,000						
Salary-Constr. Supervisors	220,620	225,500	229,000	236,000	103%	243,000	250,000	257,000	265,500						
Salary-Back Flow Inspect	14,428	12,000	26,500	27,000	102%	27,500	28,000	28,500	29,000						
Salary-Service Coordinator	59,859	66,000	62,000	64,000	103%	65,500	66,500	68,000	69,500						
In-lieu Benefits (sick)	178,075	115,000	200,000	200,000	100%	200,000	200,000	200,000	200,000						
In-lieu Health Insurance	28,637	29,500	37,000	38,500	104%	39,000	39,500	40,000	40,500						
Injury Prevention	4,125	5,000	5,000	5,000	100%	5,000	5,000	5,000	5,000						
Business Training / Classes	240	500	250	500	100%	500	500	500	500						
Misc Office Supplies	62,906	85,000	82,000	85,000	104%	88,000	90,000	93,000	96,000						
Legal Expense	113,228	95,000	75,000	100,000	133%	100,000	100,000	100,000	100,000						
Engineering Expense	141,066	144,500	165,000	200,500	122%	206,000	213,000	219,000	226,000						
Engineering Training/Classes	1,156	1,000	500	1,000	200%	1,000	1,000	1,000	1,000						
Water Master Costs	228,654	450,000	250,000	300,000	120%	309,000	318,000	328,000	338,000						
Injuries & Damages	0	5,000	5,000	5,000	100%	5,000	5,000	5,000	5,000						
Insurance	1,124,291	1,225,500	1,026,000	885,000	86%	1,123,500	1,179,500	1,238,500	1,300,500						
Operating Permits, Fees, Dues	143,545	125,000	145,000	155,000	107%	163,000	168,000	173,000	178,000						
Misc General Expense	229,475	240,000	274,000	253,000	92%	260,500	266,000	271,000	276,000						
Dist contr to retirement	755,663	785,000	695,000	900,000	129%	945,000	992,300	1,042,000	1,094,000						
Bank Credit Card Fees	104,974	108,000	118,000	128,000	108%	138,000	148,000	158,000	168,000						
Employee Appreciation	4,705	10,000	8,000	10,000	125%	10,000	10,000	10,000	10,000						
Formal Education	5,246	10,000	4,000	10,000	250%	10,000	10,000	10,000	10,000						
Back Flow Expense	23,225	28,000	16,000	18,000	113%	20,000	22,000	24,000	26,000						
Repairs to Office Equip	119,552	160,000	130,000	160,000	123%	165,000	170,000	175,000	180,000						
Repairs to Shop Equip	51,828	52,000	52,000	54,000	104%	56,000	58,000	60,000	62,000						
Repairs-Garage Equip	412,999	400,000	378,000	390,000	103%	402,000	414,000	426,000	439,000						
Mechanic Training/Classes	210	1,000	800	1,000	125%	1,000	1,000	1,500	1,500						
Directors Fees	7,350	9,000	7,000	9,000	129%	9,000	9,500	9,500	10,000						
Security Expense	92,724	98,000	65,000	50,000	77%	51,500	53,000	54,500	55,500						
Safety Expense	50,948	53,000	46,000	48,000	104%	52,000	53,500	55,000	56,500						
Undistributed Adjustments	18,263	10,000	18,000	20,000	111%	21,000	22,000	23,000	24,000						
Uncollectible water bills	32,835	56,000	51,000	55,000	108%	58,000	58,000	60,000	60,000						
Payroll Taxes	341,114	330,000	335,000	330,000	99%	346,500	364,000	375,000	394,000						
G & A TOTAL	5,770,988	6,173,000	5,643,050	5,844,500	104%	6,260,000	6,488,800	6,720,000	6,965,500						
% of G & A to Garner Valley	(96,859)	2%	(100,300)	2%	(92,680)	2%	(94,570)	2%	(102,170)	2%	(106,166)	2%	(110,170)	2%	(114,490)
	5,674,129	6,072,700	5,550,370	5,749,930	104%	6,157,830	6,382,634	6,609,830	6,851,010						
Depreciation-water & sewer infrastructures	3,011,467	3,042,500	3,043,000	3,070,000	101%	3,116,000	3,162,500	3,210,000	3,258,500						

**BUDGET PREPARATION WORKSHEET
DETAIL OF NON-OPERATING EXPENSES
2018-2019**

	<u>ACTUAL</u> <u>2016-2017</u>	<u>BUDGET</u> <u>2017-2018</u>	<u>PROJECTED</u> <u>2017-2018</u>	<u>BUDGET</u> <u>2018-2019</u>	% Variance Budget to Projected	<u>BUDGET</u> <u>2019-2020</u>	<u>BUDGET</u> <u>2020-2021</u>	<u>BUDGET</u> <u>2021-2022</u>	<u>BUDGET</u> <u>2022-2023</u>
<u>MISC. NON-OP EXPENSES</u>	48,947	16,600	17,318	88,050	508%	73,000	22,000	24,000	26,000
DEBT SERVICE									
<u>Principal</u>									
CSDA Bond Principal	155,000	160,000	160,000	165,000	103%	170,000	180,000	185,000	195,000
DWR Loan Principal	214,025	219,096	219,100	224,400	102%	229,745	235,405	241,035	246,855
Municipal Finance Principal	336,590	351,909	351,910	367,925	105%	384,665	402,170	0	0
GWMP Debt Service	182,220	189,580	193,370	197,240	102%	205,205	213,495	222,125	231,100
Garner Valley Bond Principal	65,000	65,000	65,000	70,000	108%	70,000	75,000	80,000	80,000
TOTAL PRINCIPAL PAYMENTS	<u>952,835</u>	<u>985,585</u>	<u>989,380</u>	<u>1,024,565</u>	104%	<u>1,059,615</u>	<u>1,106,070</u>	<u>728,160</u>	<u>752,955</u>
<u>Interest</u>									
CSDA Bond Interest	349,421	346,040	344,315	340,550	99%	334,475	327,690	319,465	309,965
DWR Loan Interest	45,192	41,370	40,060	36,080	90%	30,720	25,065	19,435	13,610
Municipal Finance Interest	74,181	63,885	62,465	47,870	77%	31,130	13,625	0	0
GWMP Bond Interest	282,788	279,070	275,280	271,410	99%	263,445	255,155	246,530	237,555
Garner Valley Bond Interest	61,591	59,085	59,085	55,910	95%	52,567	49,069	45,250	41,250
TOTAL INTEREST PAYMENTS	<u>813,173</u>	<u>789,450</u>	<u>781,205</u>	<u>751,820</u>	96%	<u>712,337</u>	<u>670,604</u>	<u>630,680</u>	<u>602,380</u>
Non-op Depreciation	2,124	2,124	2,124	2,124	100%	2,124	2,124	2,124	2,124

**LAKE HEMET MUNICIPAL WATER DISTRICT
LAKE HEMET CAMPGROUND BUDGET
2018-2019**

	<u>ACTUAL 2016-2017</u>	<u>BUDGET 2017-2018</u>	<u>PROFECTED 2017-2018</u>	<u>BUDGET 2018-2019</u>	<u>% Variance Budget to Projected</u>	<u>BUDGET 2019-2020</u>	<u>BUDGET 2020-2021</u>	<u>BUDGET 2021-2022</u>	<u>BUDGET 2022-2023</u>
LAKE HEMET CAMPGROUND									
Revenue	418,786	425,000	468,500	490,000	105%	500,000	510,000	520,000	530,000
TOTAL REVENUE	418,786	425,000	468,500	490,000	105%	500,000	510,000	520,000	530,000
EXPENSES									
Boat and Dock Repairs	0	0	0	0	0%	0	0	0	0
Building Repairs	0	0	0	0	0%	0	0	0	0
Vehicle & Equipment Repairs	3,210	5,000	6,000	6,000	100%	6,500	6,700	6,900	7,000
Electrical Repairs	372	1,000	250	1,000	0%	1,000	1,000	1,000	1,000
Water Line Repairs	17,379	25,000	44,000	45,000	102%	45,000	40,000	35,000	30,000
Grounds Repair	2,020	3,000	0	3,000	0%	3,500	4,000	4,500	5,000
Miscellaneous Expense	5,480	5,000	8,000	10,000	125%	10,500	11,000	11,500	12,000
L.H. Market Repairs	0	0	0	0	0%	0	0	0	0
Sewer System	76,481	85,000	82,000	85,000	104%	92,000	96,000	100,000	104,000
Annual CP Reimbursement	-70,000	-70,000	-70,000	-70,000		-70,000	-70,000	-70,000	-70,000
TOTAL EXPENSES	34,942	54,000	70,250	80,000	114%	88,500	88,700	88,900	89,000
PROFIT OR LOSS	383,844	371,000	398,250	410,000	103%	411,500	421,300	431,100	441,000
Campground Depreciation	66,785	68,000	56,376	58,000	103%	59,000	60,000	61,000	62,000

**LAKE HEMET MUNICIPAL WATER DISTRICT
HIGHLIGHTS OF PROPOSED
GARNER VALLEY BUDGET
FY 2018 / 2019**

- **OPERATING REVENUE -**
 - The last rate increase for Garner Valley was March 1, 2010. This was a pass-through for electric rates to Anza Electric.
 - Garner Valley tiers first implemented in 1993.
- **OPERATING SUPPLIES & EXPENSE -**
 - Operators are now dispatched from the Valley with time kept to a minimum due to telemetry improvements.
 - Daily standby charges are part of total labor costs.
- **GROUND SOURCE / BUILDINGS -**
 - One well is scheduled for video, cleaning & possible pump replacement every year. This is in addition to minimal repair and maintenance costs.
- **PUMPING EQUIPMENT REPAIRS -**
 - Regular repair & maintenance costs which also includes an emergency contingency.
- **POWER PURCHASED -**
 - Anza Electric Co-operative has not addressed any rate increases for this year. The rate increase for 2010 was the only increase they have had in the last eighteen years.
- **PURIFICATION -**
 - Low annual maintenance, no extraordinary expenses are expected.
- **TANKS -**
 - Low annual maintenance, need occasional repairs and maintenance.
- **PIPELINE -**
 - As the pipeline is aging, more repairs are expected. Pipeline installed in 1974.
- **SERVICES -**
 - Minimal repairs expected due to previous replacement of all original installations.
- **FIRE HYDRANTS -**
 - Fairly low maintenance.
- **METER READING -**
 - Labor has been reduced due to the installation of AMR meters. Reduced bi-monthly reading time from 10 hours to 3 hours.

**LAKE HEMET MUNICIPAL WATER DISTRICT
HIGHLIGHTS OF PROPOSED
GARNER VALLEY BUDGET
FY 2018 / 2019**

- **ENGINEERING -**
 - Future engineering costs should be minimal.
- **GENERAL EXPENSE -**
 - Legal Fees
 - System management permits and fees
 - Miscellaneous expenses
- **ADMINISTRATIVE -**
 - 2% of General and Administrative charges for benefits and administrative time to operate G.V. system. This percentage is based on total revenue and total expenses for the current fiscal year.
- **DEPRECIATION -**
 - Garner Valley depreciation for 2017 was \$145,000.
- **FUNDED DEPRECIATION -**
 - Depreciation Fund deposits are \$2,000 per month for annual total of \$24,000.
- **TAXES -**
 - This year, Garner Valley's share of the General Districts Taxes is 4.62% or \$49,043. This percentage changes slightly up or down each year.
 - Garner Valley Bond AD 2003-1 tax rolls collect approximately \$148,000 which pays the bi-annual bond payment and related expenses.
- **AVAILABILITY -**
 - 308 lots at \$75.00 per lot - always the same - \$23,100 per year
- **COSTS -**
 - Press Enterprise Publications, Notice of Hearing charges & NBS Government Services for Assessment District fees.
 - Costs associated with overseeing and management of the Bond.

* Working capital / cash flow is the net total, depreciation is not included and is a separate line item.

The Garner Valley Depreciation Fund has a balance of \$146,300 which is available for scheduled Capital Improvements.

**LAKE HEMET MUNICIPAL WATER DISTRICT
GARNER VALLEY BUDGET
FY 2018 / 2019**

	ACTUAL	BUDGET	PROJECTED	BUDGET	% Variance	BUDGET	BUDGET	BUDGET	BUDGET
	2016-2017	2017-2018	2017-2018	2018-2019	Budget to	2019-2020	2020-2021	2021-2022	2022-2023
					Projected				
OPERATING REVENUE	181 AF	198 AF	191 AF	196 AF		201 AF	205 AF	210 AF	215
Water Sales	178,689	197,885	187,515	193,515	103%	198,925	202,875	207,820	212,770
Service Charge	52,985	52,985	52,985	52,985	100%	52,985	52,985	52,985	52,985
Misc/Service Conn Revenue	480	500	0	500	100%	200	200	200	200
Sub-Total	232,154	251,370	240,500	247,000	103%	252,110	256,060	261,005	265,955
NON-OPERATING REVENUE									
General Taxes / Bond Taxes	194,001	195,000	197,043	197,250	100%	197,500	197,750	198,000	198,250
Availability	23,100	23,100	23,100	23,100	100%	23,100	23,100	23,100	23,100
G.V. Depr. Fund Int./Bond Int.	456	200	1,070	1,000	93%	1,100	1,200	500	100
Sub-Total	217,557	218,300	221,213	221,350	100%	221,700	222,050	221,600	221,450
TOTAL REVENUE	449,711	469,670	461,713	468,350	101%	473,810	478,110	482,605	487,405
OPERATING EXPENSES									
Operating Supplies & Exp.	14,628	16,000	16,500	17,000	103%	18,500	19,000	19,500	20,000
Repairs to Bldgs & Grounds	10,420	5,000	500	2,500	500%	4,000	5,000	6,000	7,000
Rep to Grnd Source, Well Facilit.	17,368	8,000	3,000	20,000	100%	8,000	20,000	8,000	20,000
Repair to Pumping Equip.	24,015	18,000	12,500	13,000	104%	14,000	15,000	16,000	17,000
Power Purchased	45,604	48,000	42,000	43,000	102%	45,000	50,000	55,000	60,000
Purification	17,343	20,000	32,100	33,000	103%	34,000	35,000	36,000	37,000
Repair to Tanks	0	4,000	5,500	5,000	100%	5,500	6,000	6,500	7,000
Repair to Pipelines	9,585	8,000	1,000	8,000	800%	9,000	10,000	11,000	12,000
Repair to Services	2,097	5,000	1,800	5,000	278%	6,000	7,000	8,000	10,000
Repair to Fire Hydrants	6,175	3,000	500	2,500	100%	3,000	3,500	3,500	4,000
Meter Reading	1,286	1,500	1,000	1,200	120%	1,300	1,400	1,500	1,600
Engineering	0	500	0	500	100%	500	500	500	500
General Exp.	8,306	5,000	38,000	10,000	26%	10,500	11,000	11,500	12,000
Uncollectable Water Bills	29	1,000	100	1,000	0%	1,000	1,000	1,000	1,000
Administrative	96,859	100,300	92,680	94,570	102%	102,170	106,166	110,170	114,490
Sub-Total	253,715	243,300	247,180	256,270	104%	262,470	290,566	294,170	323,590
NON-OPERATING EXPENSES									
Funded Depreciation	24,000	24,000	24,000	24,000	100%	24,000	12,000	12,000	12,000
Bond Principal Payment	65,000	65,000	65,000	70,000	108%	70,000	75,000	80,000	80,000
Bond Interest Payments	61,591	59,085	59,085	55,910	95%	52,567	49,069	45,250	41,250
Costs	10,523	13,000	19,400	19,800	102%	20,000	20,000	20,000	20,000
Sub-Total	161,114	161,085	167,485	169,710	101%	166,567	156,069	157,250	153,250
TOTAL EXPENSES	414,829	404,385	414,665	425,980	103%	429,037	446,635	451,420	476,840
Operating Profit or Loss	34,882	65,285	47,048	42,370	90%	44,773	31,475	31,185	10,565
Cost of Capital Projects Completed	23,496	50,000	25,000	25,000		25,000	25,000	25,000	5,000
* CASH FLOW	11,386	15,285	22,048	17,370	79%	19,773	6,475	6,185	5,565
Depreciation	144,090	145,000	146,000	147,000	101%	148,500	150,000	151,500	153,000

**LAKE HEMET MUNICIPAL WATER DISTRICT
5-YEAR CAPITAL IMPROVEMENT BUDGET**

Dept.	Purchases / Projects	Description	Fiscal Year					Total
			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	
Administration	Tyler - Personnel Mgmt Software	left out of revised contract	\$16,596					\$16,596
	Palo Alto Firewall	replace current firewall	\$5,184					\$5,184
	Network Attached Storage-NAS	reduce servers to 2, increases security	\$4,104					\$4,104
	2 Autocad Civil Software computer	Engineering	\$5,000					\$5,000
	Parking Lot Stripping & Paving	preventative maintenance	\$38,500					\$38,500
	Bautista Pond Optimization	District portion	\$250,000					\$250,000
	Sheriff Sub-Station Roof	replacing due to wind damage/age	\$20,000					\$20,000
	Misc. Unplanned Projects	contingencies	\$50,000					\$50,000
Maintenance	Pump Panel Improvements	Webcor & Dam monitoring-obsolete parts	\$80,000					\$80,000
	Annual Well Maintenance	F Well, Well 4, Well 11	\$275,000					\$275,000
WRD /	Install new meter in Strawberry	Creek	\$14,500					\$14,500
Waste	Reline Cunningham Tank	0.12 MG	\$60,000					\$60,000
Water	Reline Bee Canyon Tank	0.5 MG		\$150,000				\$150,000
	Reline Park Hill Tank	2 MG	\$225,000					\$225,000
	Reline 4 Campground Tanks	0.02 MG each		\$60,000				\$60,000
	Reline Well #2 Tank	0.02 MG		\$16,500				\$16,500
	Reline Well #10 Tank	0.02 MG		\$16,500				\$16,500
	Reline Goldshot Tank Garner Valley	0.3 MG			\$138,000			\$138,000
	Reline Webcor Tank	0.02 MG			\$17,000			\$17,000
	Reline M & M Tank	0.05 MG				\$37,000		\$37,000
	Reline Well 14 Tanks	0.02 MG x 2				\$35,000		\$35,000
Purchases / Projects Total			\$1,043,884	\$243,000	\$155,000	\$72,000	\$0	\$1,513,884

LAKE HEMET MUNICIPAL WATER DISTRICT

5-YEAR CAPITAL IMPROVEMENT BUDGET

Dept.	Vehicles / Equipment	Description	Fiscal Year					Total
			2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	
Construction	Large Dump Truck	replace 95-5 KW Dump Truck	\$135,000					\$135,000
	Small Dump Truck	replace 05-5 Ford Dump		\$110,000				\$110,000
	Valve Truck/Valve Machine/Vacuum	replace 03-1, 149-03, & 148-03		\$102,000				\$102,000
	Small Dump Truck	replace 01-3 small Ford Dump Truck		\$114,000				\$114,000
	4x4 Extended Cab	replace 08-1 F-250 for Leadman		\$51,000				\$51,000
	1 Ton Welding Truck	replace 00-5 GMC 1 ton Weld.Truck			\$60,000			\$60,000
	Backhoe	replace 101-99 John Deere 410E			\$130,000			\$130,000
	Skid Steer	replace 142-06			\$65,000			\$65,000
	4x4 Extended Cab	replace 08-6 F-250 for Leadman				\$57,000		\$57,000
	3/4 Ton 4x4	replace 05-3 GMC for Leadman				\$57,000		\$57,000
	Loader	replace 102-05 Case Loader				\$146,000		\$146,000
	Super Cab	replace 10-2					\$54,000	\$54,000
	1/2 Ton Truck	replace 05-4 for Construction Mgr.					\$54,000	\$54,000
	Tractor	to replace JD 210 100-08					\$95,000	\$95,000
Maintenance	3/4 Ton Truck	replace 06-3			\$40,000			\$40,000
	1 Ton Truck	replace 08-3 for Wilke					\$50,000	\$50,000
WRD /	1/2 Ton Extended Cab	replace 06-6 Smith	\$28,000					\$28,000
Waste Water	4x4 Extended Cab 1/2 ton	replace 12-1 K Squires	\$32,000					
	Vac Truck	replace 00-6				\$325,000		\$325,000
Vehicles / Equipment Total			\$195,000	\$377,000	\$295,000	\$585,000	\$253,000	\$1,673,000

JUNE 2018 FUND BALANCES		2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
\$149,280	EDU Fund	\$0	\$0	\$0	\$0	\$0
\$352,705	Campground Fund	\$0	\$60,000	\$0	\$0	\$0
\$146,330	Garner Valley Fund	\$0	\$0	\$138,000	\$0	\$0
		\$1,238,884	\$560,000	\$312,000	\$657,000	\$0

JUNE 2018 VEHICLE FUND BALANCE	\$178,032
2017- 2018 Depreciation	\$3,101,500
40% of Depreciation	\$1,238,739