



2026-2027 BUDGET

LAKE HEMET MUNICIPAL WATER DISTRICT

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LAKE HEMET MUNICIPAL WATER DISTRICT

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 14,521 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 290 services in this area.

The District owns the Lake Hemet Campground and provides water and wastewater service to the campground facilities.

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:

Division 1 – Frank D. Marshall, Secretary/Treasurer

Division 2 – Darrell J. Elam

Division 3 – Todd A. Foutz, President

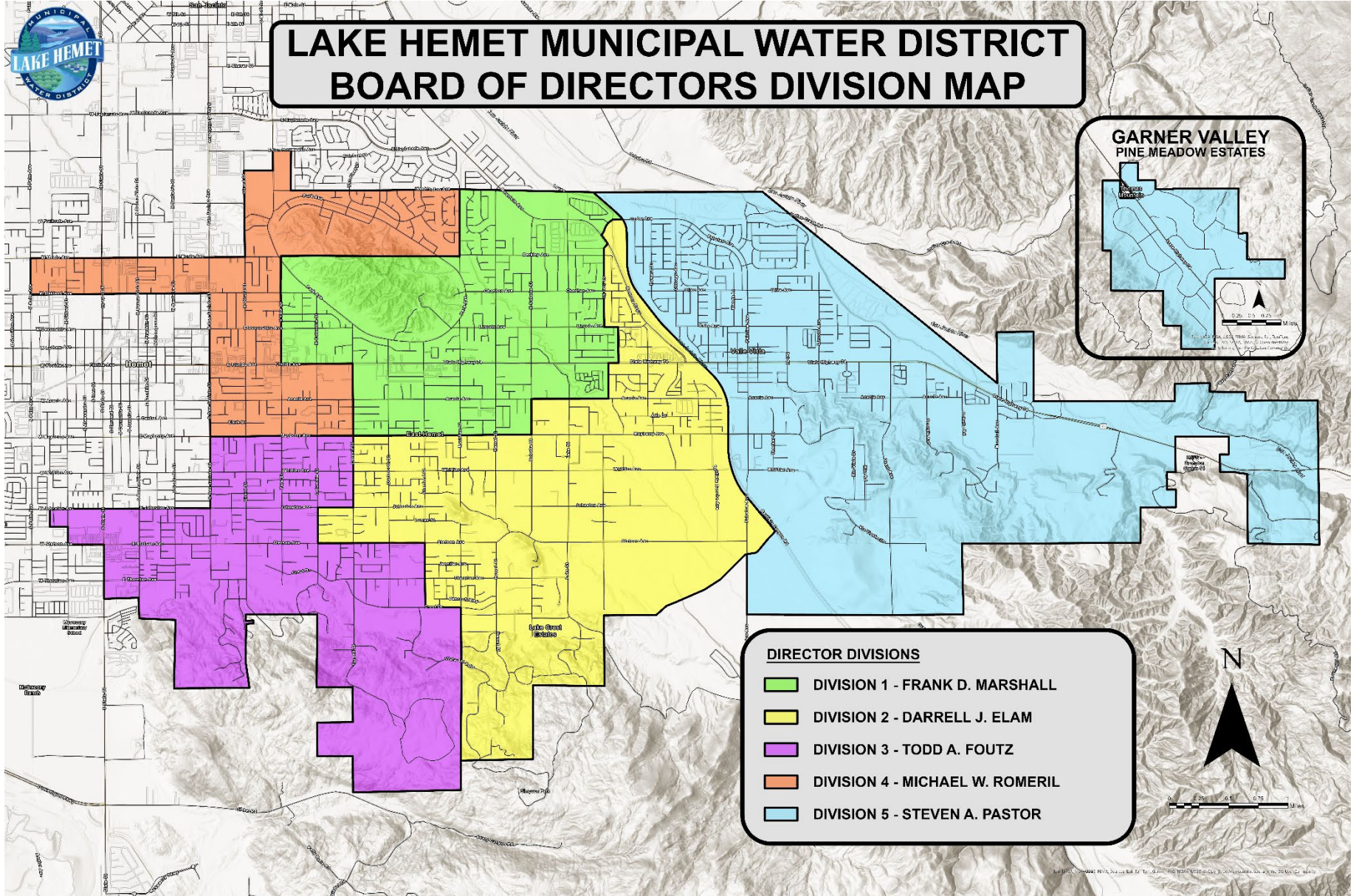
Division 4 – Michael W. Romeril

Division 5 – Steven A. Pastor, Vice President

LAKE HEMET MUNICIPAL WATER DISTRICT



LAKE HEMET MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS DIVISION MAP



LAKE HEMET MUNICIPAL WATER DISTRICT

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 Eastern Municipal Water District (EMWD), who in turn gets the water from Metropolitan Water District (MWD). MWD water is from two primary sources:

- 1) the Colorado River via the Colorado River Aqueduct and
- 2) the State Water Project via the Edmund G. Brown California Aqueduct.

Lake Hemet was formed with the construction of a solid masonry dam, completed in 1895, to help capture the snowmelt and rainwater that would supply water for the agricultural crops in the valley. This supply is delivered to the valley through a 6.5 mile flume system that terminates in a small reservoir historically known as Little Lake. This is the source of the name of the nearby Little Lake Elementary School which has operated at its current location for over 100 years.

The Lake Hemet Campground and Little Lake day-use area have been owned and operated by the District for many years. The District entered into a lease agreement with Ortega Holdings LLC, operating under the trade name ExplorUS, to manage operations at the Lake Hemet Campground and Little Lake. 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 wastewater collection / disposal services to our community. ExplorUS brings their expertise to this enterprise and has tremendous recreational marketing capabilities. Boating, fishing, and camping are the mainstays of existing recreational opportunities, but the management team will be pursuing other leisure activities for camping enthusiasts as well.

This agreement has been extended to December 2039.

Wastewater Service

The District maintains & repairs sewer laterals and main sewer lines in the Hemet/San Jacinto service area but has no treatment facilities. EMWD has the only wastewater treatment facility in the Valley. Fees are collected by the District for treatment and transmission of wastewater and then transferred to EMWD.

The District operates a small wastewater treatment facility adjacent to the Lake Hemet Campground. This facility treats approximately 35,000 gallons of wastewater per day for the Lake Hemet Campground.

LAKE HEMET MUNICIPAL WATER DISTRICT

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 2027-2028, 2028-2029, 2029-2030, and 2030-2031 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 document 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 2026-2027. 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 \$525,000 have been proposed for the 2026-2027 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.

LAKE HEMET MUNICIPAL WATER DISTRICT

Proposed Capital Improvement Projects for the budgeted fiscal years were submitted in accordance with the anticipated needs of the District. Projects totaling \$713,000 have been budgeted for Fiscal Year 2026-2027. A portion of these projects have been funded through monies specifically set aside for this purpose.

The District has proposed 39% of annual depreciation for Capital Acquisitions / Improvements.

Debt Administration

As of June 30, 2026, the District's total debt is \$515,000 which corresponds to 1.06% of the net assets. Annual debt service payments are approximately 0.4% of the District's total revenue.

Debt service payments for the Garner Valley AD 2003-1 Bond are funded fully through property tax assessments specified for this purpose.

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 \$19,177,600. The balance of Master Plan projects will be done in stages to eliminate the need for future bond financing.

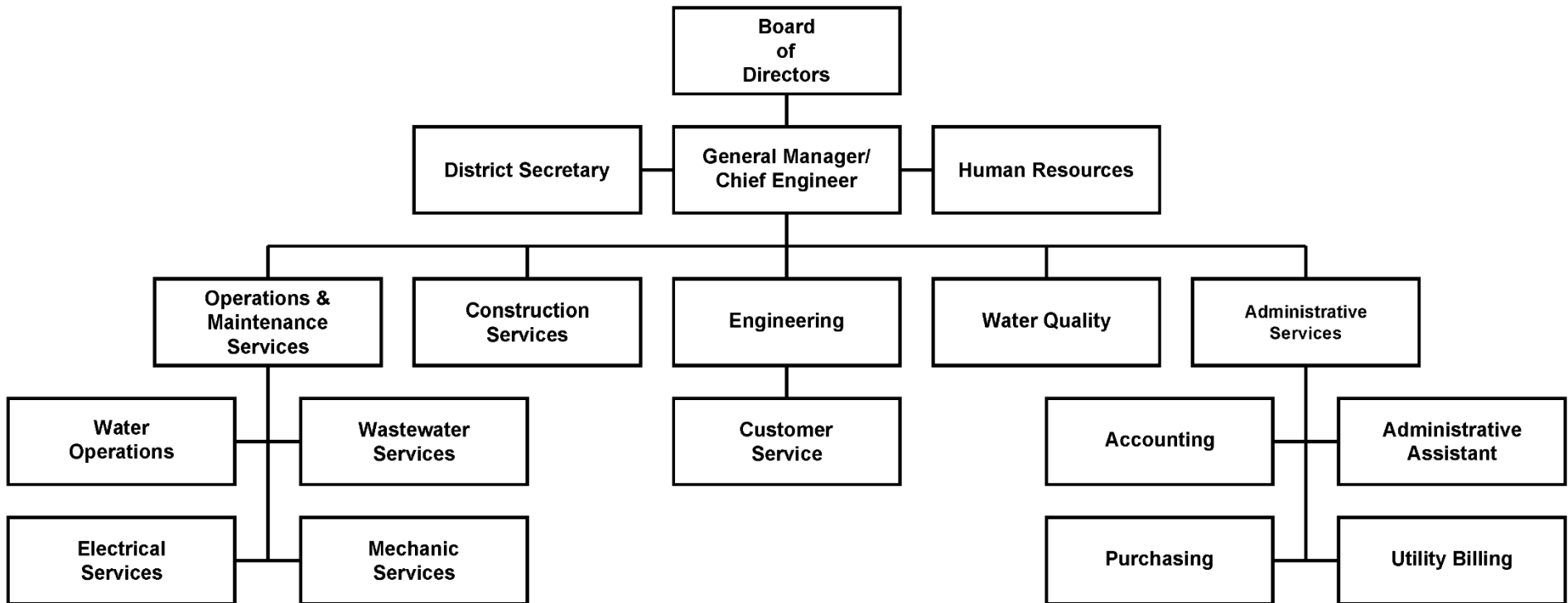
Internal Controls

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 principles. 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.

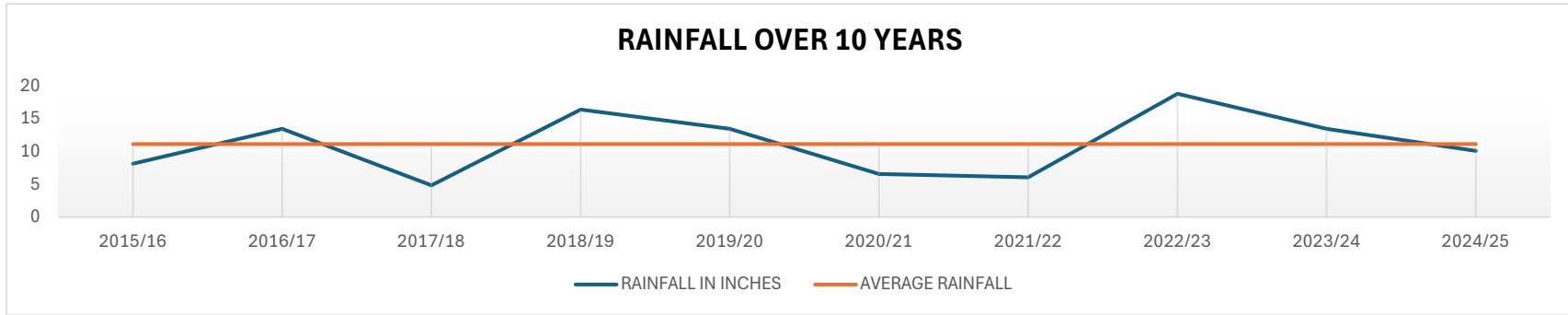
Cash Management

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

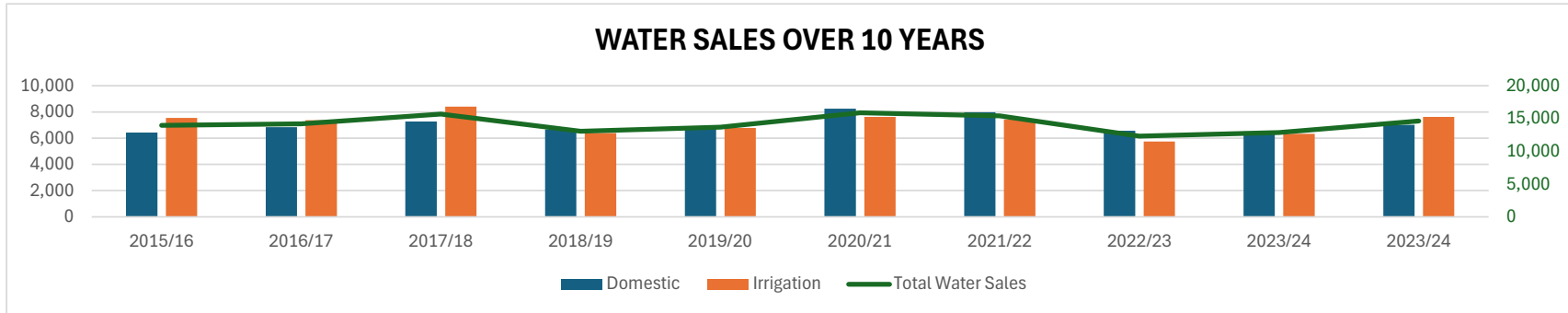


LAKE HEMET MUNICIPAL WATER DISTRICT



Average F/Y Rainfall

Year	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Average F/Y Rainfall over last 10 years
Rainfall	8.11	13.45	4.83	16.37	13.45	6.58	6.05	18.79	5.27	10.1	11.12 Inches



Average F/Y Water Sales over last 10 years

Year	Acre Feet of Water Sold										Average F/Y Water Sales over last 10 years
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
Domestic	6,426	6,834	7,275	6,659	6,903	8,239	7,966	6,574	7,068	7,007	7,095 Domestic
Irrigation	7,543	7,370	8,406	6,380	6,778	7,630	7,432	5,737	8,183	7,621	7,308 Irrigation
	13,969	14,204	15,681	13,039	13,681	15,869	15,397	12,311	15,251	14,628	14,403 *

FY 2025/26 figures projected through June 30, 2026.

* 10-year average is considered when budgeting projected water sales.

LAKE HEMET MUNICIPAL WATER DISTRICT

FUND BALANCES

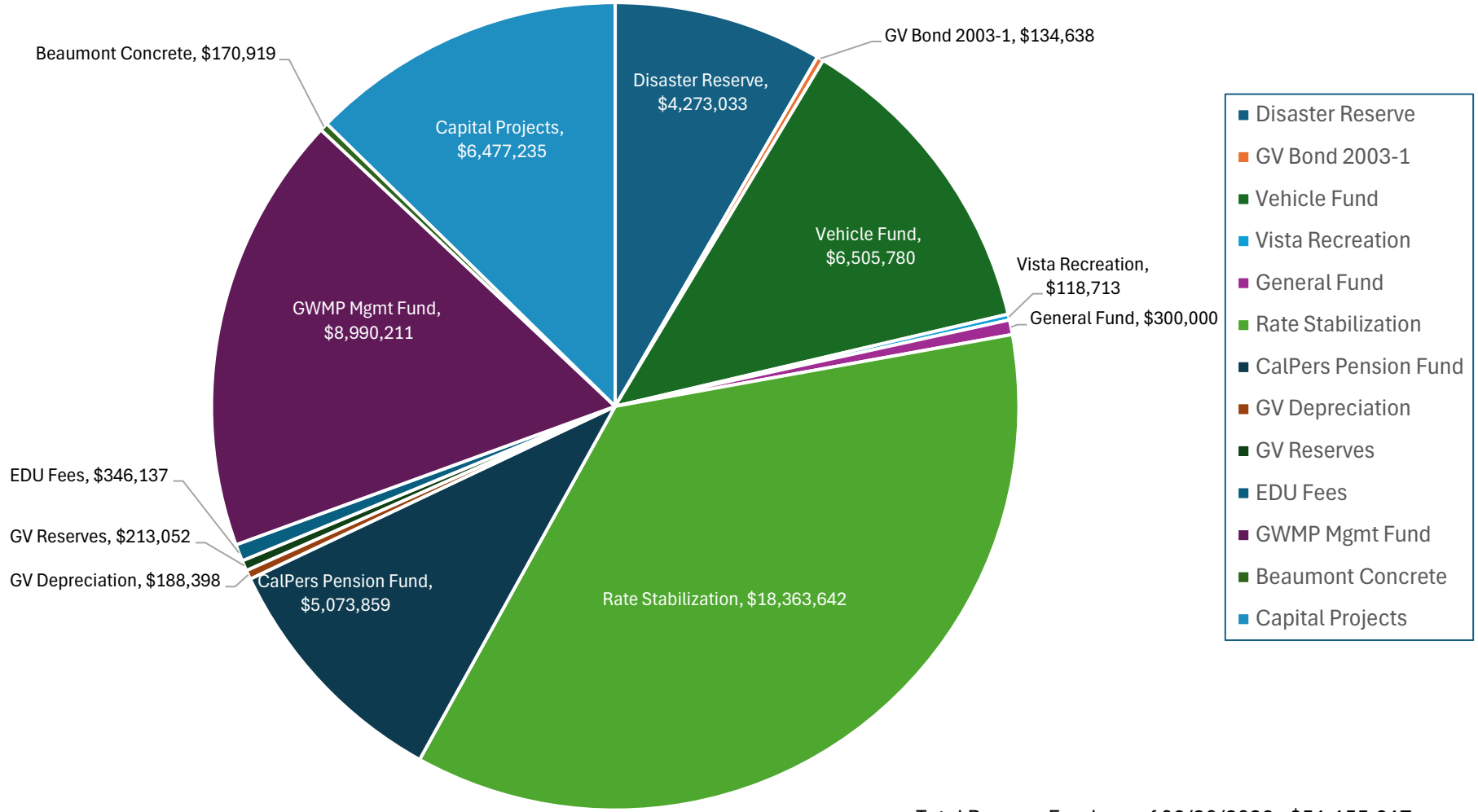
RESTRICTED FUNDS	INSTITUTION						Total	
	HCN Bank			Wells Fargo	LAIF	UBS		CalTrust
	Miscellaneous	LAMMA						
Garner Valley Depreciation	\$188,398						\$188,398	
Garner Valley Reserve Fund	\$213,052						\$213,052	
G.V. 2003-1			\$134,638				\$134,638	
Beaumont Concrete		\$170,919					\$170,919	
Vista Recreation Maintenance Fund		\$118,713					\$118,713	
EDU Fees/Added Facilities		\$346,137					\$346,137	
Sub-Total	\$401,450	\$635,769	\$134,638	\$0	\$0	\$0	\$1,171,857	
UNRESTRICTED FUNDS								
Vehicle	\$6,402,690			\$103,091			\$6,505,780	
General Fund	\$300,000						\$300,000	
Ground Water Management		\$8,990,211					\$8,990,211	
CalPERS		\$5,073,859					\$5,073,859	
Capital Projects		\$3,746,005				\$2,731,230	\$6,477,235	
Disaster Reserve				\$1,252,120	\$1,261,288	\$1,759,624	\$4,273,033	
Rate Stabilization				\$18,363,642			\$18,363,642	
Sub-Total	\$6,702,690	\$17,810,075	\$0	\$19,718,854	\$1,261,288	\$4,490,854	\$49,983,760	
Total	\$7,104,139	\$18,445,844	\$134,638	\$19,718,854	\$1,261,288	\$4,490,854	\$51,155,617	

LONG TERM LIABILITIES AS OF JUNE 2026

Liabilities		
Garner Valley Bond	\$515,000	Payments of \$59,188 are due each February & August, until 2030.
OPEB Obligation	\$1,605,112	Post Employment Benefits
CalPERS Unfunded Liability	\$14,765,675	Approximately \$1,364,240 annually, as determined by CalPERS
	\$16,885,787	

LAKE HEMET MUNICIPAL WATER DISTRICT

RESERVE FUND ASSETS Fiscal Year 2025-2026



LAKE HEMET MUNICIPAL WATER DISTRICT

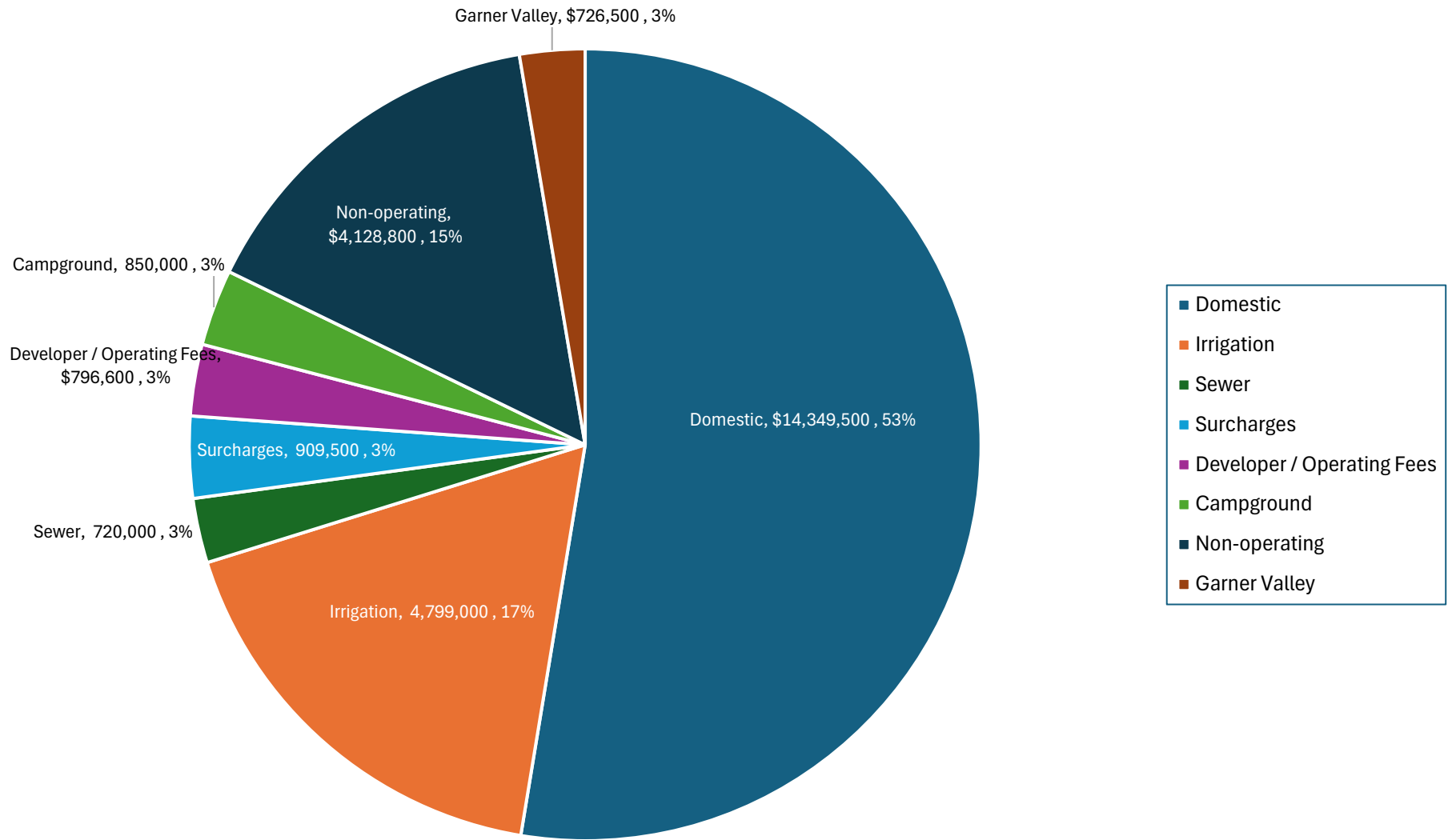
TOTAL LABOR/PAYROLL

The District began the 2025/2026 fiscal year with 49 employees and will begin the 2026/2027 fiscal year with 52 employees (48 F/T and 4 P/T).

2025/2026 DEPARTMENT	# OF F/T	# OF P/T	TOTAL LABOR W/50%		2026/2027 DEPARTMENT	# OF F/T	# OF P/T	BUDGETED	TOTAL LABOR W/50%		VARIANCE	%
	EMP	EMP	LABOR COST	BENEFITS		LABOR	LABOR	BENEFITS				
Administration	2		\$268,920	\$403,380	Administration	2		\$302,088	\$453,132	49,752	0.64%	
Business Staff	9	1	\$829,128	\$1,243,692	Business Staff	9	1	\$828,165	\$1,242,248	-1,445	-0.02%	
Buyer	1		\$143,184	\$214,776	Buyer	1		\$143,184	\$214,776	0	0.00%	
Construction	15		\$1,469,712	\$2,204,568	Construction	15		\$1,498,112	\$2,247,168	42,600	0.55%	
Electrical	2		\$253,968	\$380,952	Electrical	2		\$258,274	\$387,411	6,459	0.08%	
Engineering	1		\$97,044	\$145,566	Engineering	1		\$101,904	\$152,856	7,290	0.09%	
General Officers	2		\$410,598	\$615,897	General Officers	2		\$399,076	\$598,614	-17,283	-0.22%	
Mechanics	2		\$198,756	\$298,134	Mechanics	2		\$165,156	\$247,734	-50,400	-0.65%	
Meters	3		\$254,232	\$381,348	Meters	2	3	\$272,596	\$408,894	27,546	0.36%	
Wastewater	4		\$378,888	\$568,332	Wastewater	4		\$387,036	\$580,554	12,222	0.16%	
Water Operations	7		\$844,920	\$1,267,380	Water Operations	7		\$845,233	\$1,267,850	470	0.01%	
	48	1	\$5,149,350	\$7,724,025		47	4	\$5,200,824	\$7,801,236	77,211	1.00%	
Total		49			Total		51					

LAKE HEMET MUNICIPAL WATER DISTRICT

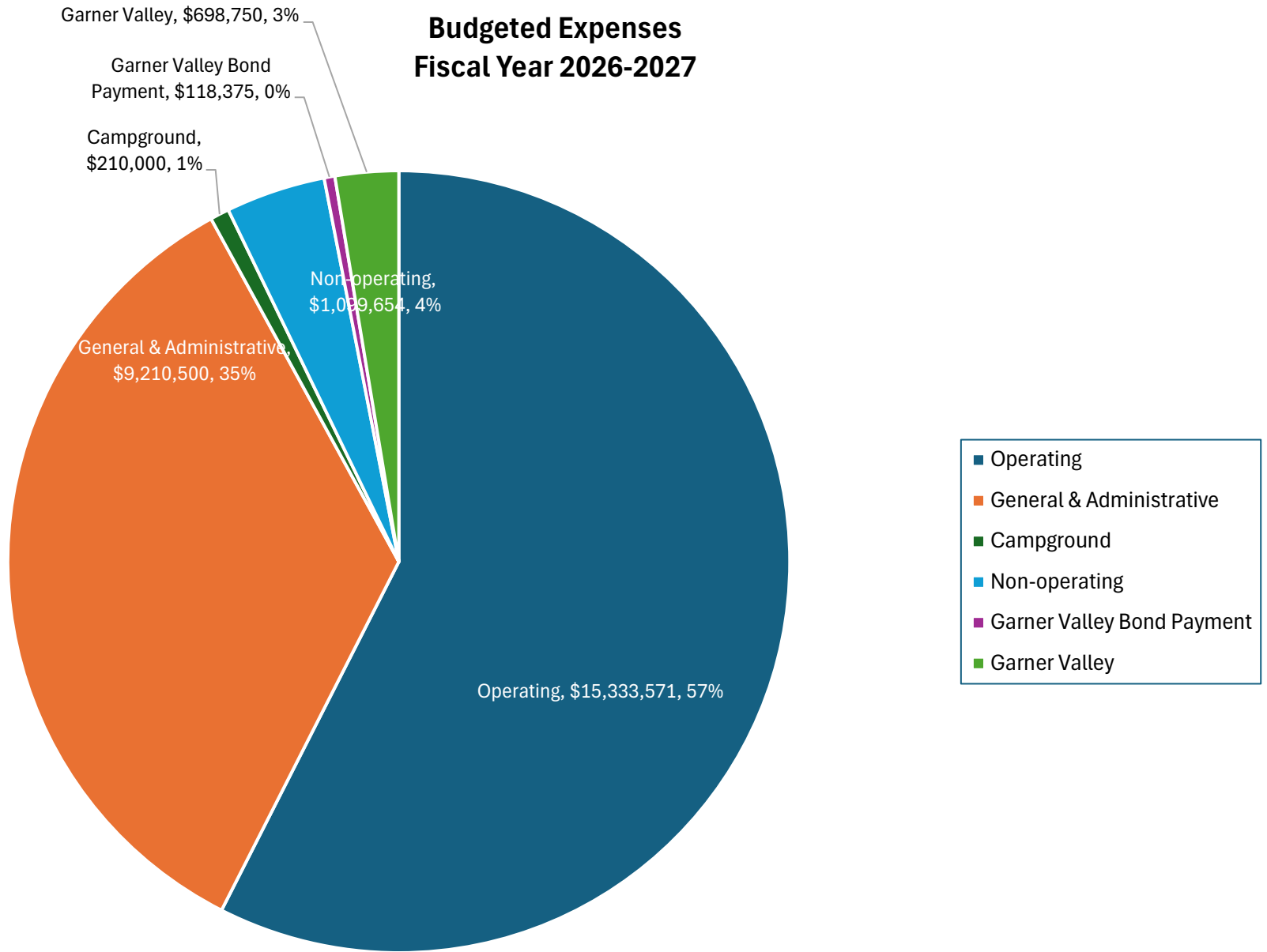
Budgeted Revenue Fiscal Year 2026-2027



Total Revenue for fiscal year 2026/2027 \$27,279,900

LAKE HEMET MUNICIPAL WATER DISTRICT

Budgeted Expenses Fiscal Year 2026-2027



Total Expenses for fiscal year 2026/2027 \$26,670,850

LAKE HEMET MUNICIPAL WATER DISTRICT

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2026 - 2027 BUDGET

- Growth and Revenue
 - 0.03% growth in services.
 - Total domestic services - 14,521
 - Total active domestic services - 14,077
 - 5 New water services installed in 2025-2026.
 - \$27,280,000 revenue anticipated this fiscal year.
- Water Sales
 - The last rate increase for potable water was 2.5% for CPI effective January 1, 2026.
 - Garner Valley rates increased February 1st, 2026.
 - Budget includes 3.1% increase on rates based on March 2026 CPI.
 - Pass-through increase of 2.4% included for non-potable water rates. This increase is based on the average non-potable water purchases and the expected 8% increase in EMWD's non-potable rate.
- Rate Study
 - The Prop 218 notice was approved by the Board at the conclusion of the public hearing on November 20, 2025 and rates were implemented January 1, 2026.
 - The notice allows for an annual CPI increase and annual future adjustments to cover pass-through costs for five years.
- Misc. Revenue
 - Backflow Testing - 657 devices at \$80 per device each year to ensure full funding of the backflow administration expenditures.
 - The Imported Water Surcharge will help fund Groundwater Management costs.
 - The Capital Improvement Surcharge will help fund Master Plan infrastructure improvements.
 - Fire Service Charges - based on size of service (4", 6", 8")
- Water Purchases
 - EMWD's rate for non-potable water is \$1,255 and will increase 8% to \$1,355 for CY2027.
 - 4,500 acre-feet of non-potable water purchases in the amount of \$6.3 million are budgeted due to low rainfall in FY25-26, which resulted in reduced lake storage for agricultural use.
 - MWD 's rate for raw Soboba Recharge water is expected to increase 10.6% to \$794 an acre foot for CY2027.
 - EMWD's water delivery charge for raw imported water is \$240 per acre foot for Soboba Recharge water deliveries and is expected to increase 7% to \$257 for CY2027.
 - The District is obligated to purchase Soboba Recharge water, in the amount of \$2.9 million, when surplus water is available.
 - The District anticipates surplus water deliveries in excess of minimum obligations and has budgeted \$4.3 million for FY26-27.
- Groundwater Management Program
 - Most GWMP expenses are to be funded from the GWMP fund set aside for this purpose.
 - Hemet - San Jacinto Water Master Administrative fees of approximately \$286,500. Fees are set by the Water Master and assessed on a \$/acre foot basis. Fees will likely increase next year after being originally set at \$50/acre foot.

LAKE HEMET MUNICIPAL WATER DISTRICT

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2026 - 2027 BUDGET (cont.)

- 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.
 - CPI for March 2026 was 3.1%.
- Power Purchases
 - The District has anticipated an additional 10% increase over historical costs.
- Supplies

National fuel prices are predicted to decrease during the 3rd and 4th quarter of 2026. Diesel prices are expected to remain high due to limited inventories and supply but are also expected to decrease over the next year.

The District has budgeted an additional 5% to account for uncertainties affecting these prices.

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 basins at Mountain Ave. and Stetson/Lake St. on an as needed basis to improve groundwater recharge.
- Legal Expense
 - \$60,000 for general legal expenses.
- CalPERS Retirement
 - The District will prepay their portion of employee retirement liability again this year for approximately \$1,364,240, reimbursable through funds set aside for this purpose.
 - Employees pay 7% of salary for pension costs, the maximum per the negotiated M.O.U.
 - CalPERS discount rate is 6.8%.
 - Both employer required payroll contributions and the annual unfunded liability contribution increased for FY26-27. Overall, the District estimates an 8% increase in retirement contributions for FY26-27.
 - Contribute \$85,000 each month to the CalPERS reserve fund when excess funds are available.
- Depreciation
 - Fiscal Year 2025-2026 \$3,146,776.
 - 37% to be put back into Capital Improvements / Capital Outlay

LAKE HEMET MUNICIPAL WATER DISTRICT

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2026 - 2027 BUDGET (cont.)

- Miscellaneous Non-Operating
 - Campground Revenue
 - ExplorUS 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 maintenance.
 - ExplorUS pays additional rent equal to 10% of gross receipts and pays 5% of gross receipts towards the maintenance fund.
 - The current lease contract is in the first renewal term, to Dec. 31, 2029, with two additional 5-year options.
 - Campground Expenses
 - Residual and required expenses for the campground will be minimal, as most costs will be paid by ExplorUS.
 - Interest
 - LAIF interest as of the 2nd quarter of 2026 was 3.98%. Earnings of \$798,000 for fiscal year.
 - Bank of Hemet LAMMA account interest rate is 3.1%. Earnings of \$587,000 for fiscal year.
 - Cell Site Lease Rent
 - Leases on two cell tower sites were extended through 2069. Rent was increased from approximately \$96,000 annually to \$120,000 annually and will increase each year by 4.7%.
 - Taxes and Standby
 - General taxes are estimated to be \$2.7 million this year.
 - Improvement District 1 Standby charges have been suspended per Board direction.
 - Improvement District U-2 Standby charges have been suspended per Board direction.
 - The remaining Standby charge, Garner Valley ID-A, has not changed.
 - Bond Payments and Fees
 - Garner Valley Bond
- Capital Improvement Budget
 - This fiscal year's Capital Project Budget is \$713,000 with the General Fund and/or reserves as the funding source for these projects.
 - Vehicle Capital Budget is \$525,000.

LAKE HEMET MUNICIPAL WATER DISTRICT

HEMET/SAN JACINTO VALLEY RATES

HEMET / SAN JACINTO VALLEY COMMODITY RATES

TIER	CCF	\$/CCF
1	0 ≤ 5	\$2.516
2	6 ≤ 13	\$2.722
3	>13	\$4.320

IRRIGATION COMMODITY RATES

RATE	CCF	AC-FT
IR1 Non-Potable	2.481	\$1,081
IR3 Potable	2.516	\$1,096

POWER ZONE PUMPING CHARGE

POWER ZONE	PER CCF
1000	\$0.49
1100	\$0.46
1101	\$0.49
1200	\$0.40
1201	\$0.40
1300	\$0.15
1301	\$0.15
1400	\$0.60
1500	\$1.07
1600	\$0.22

HEMET/SAN JACINTO VALLEY SERVICE CHARGE BY METER SIZE

METER SIZE	MONTHLY
5/8"	\$36.30
3/4"	\$36.30
1"	\$42.19
1 1/2"	\$56.77
2"	\$74.34
3"	\$130.01
4"	\$211.93
6"	\$408.04
8"	\$847.13
10"	\$1,256.97
12"	\$1,579.00
16"	\$2,310.79
HYDRANT METER	\$25.00

FIRE HYDRANT CONSTRUCTION WATER

RATE	CCF	AC-FT
IRC	4.32	\$1,882

FIRE SERVICE SERVICE CHARGE BY METER SIZE

METER SIZE	MONTHLY
4"	\$1.48
6"	\$2.22
8"	\$2.96
10"	\$3.70
12"	\$4.44

ALL RATES EFFECTIVE AS OF JULY 2026 UNLESS OTHERWISE NOTED.

LAKE HEMET MUNICIPAL WATER DISTRICT

HEMET/SAN JACINTO VALLEY RATES (CONTINUED)

SEWER RATES

AS OF JAN. 1, 2026

	BASE	ID 17	ID 20
EMWD PASS-THROUGH			
RESIDENTIAL	EDU	\$40.30	\$41.82
MOBILE HOME PARKS	EDU	\$26.87	\$27.88
MOTELS	EDU	\$13.43	\$13.94
COMMERCIAL	CCF	\$3.66	\$3.80

BACKFLOW DEVICE TESTING FEE

STORM DRAIN FEE

CITY OF HEMET PASS-THROUGH
SEWER CLEANING & MAINTENANCE

BASE	MONTHLY
DEVICE	\$6.67
EDU	\$4.30
EDU	\$4.00

GARNER VALLEY RATES

GARNER VALLEY COMMODITY RATE AS OF JULY 2026

TIER	CCF	\$/CCF
1	>0	\$4.580

BACKFLOW DEVICE TESTING FEE

BASE	MONTHLY
DEVICE	\$6.67

GARNER VALLEY SERVICE CHARGE BY METER SIZE AS OF JULY 2026

METER SIZE	MONTHLY
5/8"	\$68.48
3/4"	\$68.48
1"	\$79.17
1 1/2"	\$104.55
2"	\$135.54
3"	\$233.70
4"	\$378.14

ALL RATES EFFECTIVE AS OF JULY 2026 UNLESS OTHERWISE NOTED.

DEFINITIONS

CCF - HUNDRED CUBIC FEET - WATER USAGE IS MEASURED IN HUNDRED CUBIC FEET. ONE CCF IS EQUIVALENT TO 748 GALLONS.

AC-FT - ACRE-FEET - NON-POTABLE AGRICULTURAL WATER IS MEASURED IN ACRE-FEET. ONE ACRE-FOOT IS EQUIVALENT TO 435.6 CCF, OR 325,851 GALLONS.

EDU - EQUIVALENT DWELLING UNIT - A SINGLE-FAMILY RESIDENTIAL HOUSEHOLD.

LAKE HEMET MUNICIPAL WATER DISTRICT

FISCAL YEAR 2025-2026 BUDGET SUMMARY WITH 3-YEAR COMPARISON

	ACTUAL 2022-2023	ACTUAL 2023-2024	ACTUAL 2024-2025	THREE YEAR AVERAGE	AVERAGE PLUS 3%	BUDGET 2025-2026	PROJECTED 2025-2026
OPERATING REVENUE							
Domestic Revenue	13,226,237	13,471,670	14,312,002	13,669,970	14,080,069	14,843,504	14,749,703
Surcharges	1,239,646	1,236,162	1,428,382	1,301,396	1,340,438	1,612,274	1,223,991
Irrigation Revenue	3,954,615	4,383,643	5,842,155	4,726,804	4,868,608	3,950,000	5,579,830
Service Connections	70,105	21,706	36,761	42,858	44,143	15,500	4,107
Sewer Service	724,611	722,402	723,361	723,458	745,162	720,000	719,302
Storm Drain Service	18,671	18,837	18,939	18,816	19,380	18,600	18,981
Developer / Operating Fees	740,541	759,358	752,865	750,921	773,449	777,500	761,679
Sub-Total	19,974,426	20,613,777	23,114,466	21,234,223	21,871,250	21,937,378	23,057,593
NON-OPERATING REVENUE							
Revenue - Rent & Interest	795,641	1,647,677	2,305,810	1,583,043	1,630,534	1,736,200	1,965,738
Tax and Standby Revenue	2,308,478	2,487,391	2,570,098	2,455,322	2,528,982	2,625,800	2,680,843
Sub-Total	3,104,119	4,135,067	4,875,908	4,038,365	4,159,516	4,362,000	4,646,580
TOTAL REVENUE	23,078,545	24,748,845	27,990,374	25,272,588	26,030,765	26,299,378	27,704,173
EXPENSES							
Operating Expenses	9,356,562	9,008,748	11,635,302	10,000,204	10,300,210	13,552,123	15,321,452
General & Administration	6,970,982	6,943,379	7,894,432	7,269,598	7,487,686	9,055,800	9,016,196
Sub-Total	16,327,544	15,952,127	19,529,735	17,269,802	17,787,896	22,607,923	24,337,648
NON-OPERATING COSTS							
Expenses	23,449	21,156	22,940	22,515	23,190	26,000	23,017
Capital Improvement Budget	1,213,164	2,458,991	2,684,462	2,118,872	2,182,439	4,203,175	3,459,828
Principal Loan Payments	85,000	110,000	110,000	101,667	104,717	55,000	65,000
Interest Loan Payments	41,125	36,875	36,875	38,292	39,440	27,625	17,660
Sub-Total	1,362,738	2,627,022	2,854,277	2,281,345	2,349,786	4,311,800	3,565,505
TOTAL EXPENSES	17,690,281	18,579,149	22,384,011	19,551,147	20,137,682	26,919,723	27,903,153
LAKE HEMET CAMPGROUND							
Revenue	725,619	755,313	1,370,159	705,013	726,163	845,000	837,400
Expenses	36,756	119,286	163,776	72,569	74,746	216,500	188,809
NET	688,864	636,026	1,206,383	632,444	651,417	628,500	648,591
NET DIFFERENCE	6,077,127	6,805,722	6,812,746	6,353,884	6,544,501	8,155	449,611
Fund Transfer	-	-	-	-	-	-	-
CASH FLOW	6,077,127	6,805,722	6,812,746	6,353,884	6,544,501	8,155	449,611
Unfunded Depreciation				-	-	(1,124,375)	(313,052)

LAKE HEMET MUNICIPAL WATER DISTRICT

FISCAL YEAR 2026-2027 PROPOSED BUDGET SUMMARY WITH 5-YEAR BUDGET FORECAST

	BUDGET 2026-2027	% Variance From Previous Fiscal Year	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
OPERATING REVENUE						
Domestic Revenue	14,816,500	100%	15,261,000	15,718,900	16,190,500	16,676,300
Surcharges	909,500	74%	936,800	965,000	994,000	1,023,900
Irrigation Revenue	4,799,000	86%	4,943,000	5,091,300	5,244,100	5,401,500
Service Connections	10,500	256%	10,900	11,300	11,700	12,100
Sewer Service	720,000	100%	720,000	720,000	720,000	720,000
Storm Drain Service	18,600	98%	18,600	18,600	18,600	18,600
Developer / Operating Fees	767,500	101%	790,600	814,400	838,900	864,100
Sub-Total	22,041,600	96%	22,680,900	23,339,500	24,017,800	24,716,500
NON-OPERATING						
Revenue - Rent & Interest	1,674,300	85%	1,707,800	1,742,000	1,776,900	1,812,500
Tax and Standby Revenue	2,714,000	101%	2,768,300	2,823,700	2,880,200	2,937,900
Sub-Total	4,388,300	94%	4,476,100	4,565,700	4,657,100	4,750,400
TOTAL REVENUE	26,429,900	95%	27,157,000	27,905,200	28,674,900	29,466,900
EXPENSES						
Operating Expenses	15,790,775	103%	10,417,330	11,015,650	11,655,050	12,339,150
General & Administration	9,210,500	102%	9,661,600	10,146,700	10,663,200	11,212,800
Sub-Total	25,001,275	103%	20,078,930	21,162,350	22,318,250	23,551,950
NON-OPERATING COSTS						
Expenses	103,200	448%	40,000	90,000	40,000	115,000
Capital Improvement Budget	1,238,000	36%	1,000,000	1,000,000	1,000,000	1,000,000
Principal Loan Payments	95,000	146%	110,500	108,000	110,500	117,875
Interest Loan Payments	23,375	132%	8,000	5,500	2,875	-
Sub-Total	1,459,575	41%	1,158,500	1,203,500	1,153,375	1,232,875
TOTAL EXPENSES	26,460,850	95%	21,237,430	22,365,850	23,471,625	24,784,825
LAKE HEMET CAMPGROUND						
Revenue	850,000	102%	865,600	881,600	897,900	914,500
Expenses	210,000	111%	216,000	222,200	228,500	235,100
NET	640,000	99%	649,600	659,400	669,400	679,400
NET DIFFERENCE	609,050	135%	6,569,170	6,198,750	5,872,675	5,361,475
Fund Transfers			-	-	-	-
CASH FLOW	609,050		6,569,170	6,198,750	5,872,675	5,361,475
Unfunded Depreciation	1,937,514		2,207,324	2,239,424	2,271,824	2,304,624

LAKE HEMET MUNICIPAL WATER DISTRICT

BUDGET PREPARATION WORKSHEET DETAIL OF OPERATING EXPENSES 2026-2027

	ACTUAL 2024-2025	BUDGET 2025-2026	PROJECTED 2025-2026	BUDGET 2026-2027	% Variance Budget to Actual	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
SOURCE OF SUPPLY									
Labor	276,121	327,600	309,111	332,100	107%	342,100	352,400	363,000	373,900
Supplies & Repairs	237,480	236,000	267,324	281,500	105%	295,600	310,400	326,000	342,300
Water Purchased	1,778,774	6,030,000	5,603,274	6,302,500	112%	2,195,100	2,370,800	2,560,500	2,765,400
GWMP Recharge Purchases	5,607,728	2,504,723	4,896,127	4,335,375	89%	2,911,480	3,057,100	3,210,000	3,370,500
Spreading Basins	8,341	15,000	9,606	15,000	156%	5,000	5,000	5,000	5,000
TOTAL	7,908,444	9,113,323	11,085,442	11,266,475	102%	5,749,280	6,095,700	6,464,500	6,857,100
PUMPING									
Supplies	1,216	1,000	5,355	5,000	93%	650	650	650	650
Repairs	319,400	310,000	299,023	319,300	107%	328,900	338,800	349,000	359,500
Electrical Training/Classes	1,317	5,000	3,053	5,000	164%	3,000	3,000	3,000	3,000
Power Purchased	1,189,641	1,609,000	1,301,176	1,455,600	112%	1,601,200	1,761,400	1,937,600	2,131,400
TOTAL	1,511,573	1,925,000	1,608,607	1,784,900	111%	1,933,750	2,103,850	2,290,250	2,494,550
PURIFICATION									
Labor	213,521	256,800	264,850	276,400	104%	284,700	293,300	302,100	311,200
Supplies	207,687	220,700	218,146	226,400	104%	237,800	249,700	262,200	275,400
Repairs	-	1,000	-	1,000	100%	1,000	1,000	1,000	1,000
TOTAL	421,209	478,500	482,995	503,800	104%	523,500	544,000	565,300	587,600
TRANS. & DISTRIB.									
Patrolling Storage	230,502	260,500	251,472	264,300	105%	272,300	280,500	289,000	297,700
Customer Premise	-	5,000	25,000	5,000	100%	5,000	5,000	5,000	5,000
Misc Supplies & Exp	194,155	223,300	226,114	235,100	104%	242,200	249,500	257,000	264,800
WRD Training / Classes	435	1,000	359	1,000	279%	3,000	3,000	3,000	3,000
Meter Dept. Training/Classes	66	500	98	500	510%	500	500	500	500
Meter Dept Expense	304,564	347,700	303,738	329,400	108%	232,900	235,300	237,700	240,100
Constr. Training / Classes	6,714	10,000	8,424	10,000	119%	20,000	20,000	20,000	20,000
Constr. Tools / Equipment	61,979	75,000	83,065	85,600	103%	88,200	90,900	93,700	96,600
Pre-Construction Expense	1,004	1,500	545	1,000	184%	1,500	1,500	1,500	1,500
Construction Lead Expense	7,216	7,500	10,903	12,500	115%	12,900	13,300	13,700	14,200
Repairs to transmission	18,954	45,500	46,325	45,500	98%	46,900	48,400	49,900	51,400
Repairs to Storage	40,624	67,500	78,796	81,100	103%	83,600	86,200	88,800	91,500
Repairs to Distrib. Lines	389,896	400,400	452,646	472,900	104%	487,100	501,800	516,900	532,500
Repairs-servs & hydrnts	162,549	175,000	171,395	180,100	105%	185,600	191,200	197,000	203,000
TOTAL	1,418,659	1,620,400	1,658,880	1,724,000	104%	1,681,700	1,727,100	1,773,700	1,821,800
COMMERCIAL EXP.									
Collections & Meter Readings	176,148	172,200	188,189	194,200	103%	200,100	206,200	212,400	218,800
SEWER EXPENSE									
Salaries	1,474	5,000	-	5,000	100%	5,200	5,400	5,600	5,800
Sewer Expense & Cleaning	195,811	235,700	297,177	310,400	104%	319,800	329,400	339,300	349,500
Sewer Dept. Training/Classes	1,984	2,000	162	2,000	1232%	4,000	4,000	4,000	4,000
TOTAL	199,269	242,700	297,339	317,400	107%	329,000	338,800	348,900	359,300
TOTAL OPERATING EXPENSES	11,635,302	13,552,123	15,321,452	15,790,775	103%	10,417,330	11,015,650	11,655,050	12,339,150

LAKE HEMET MUNICIPAL WATER DISTRICT

BUDGET PREPARATION WORKSHEET DETAIL OF GENERAL & ADMINISTRATIVE 2026-2027

	% Variance								
	ACTUAL 2024-2025	BUDGET 2025-2026	PROJECTED 2025-2026	BUDGET 2026-2027	Budget to Projected	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
Salary-Gen. Officers	366,242	420,500	435,712	455,000	104%	468,700	482,800	497,300	512,300
Salary-Office Clerks	853,000	995,000	1,042,258	1,142,800	110%	1,177,100	1,212,500	1,248,900	1,286,400
Salary-Constr. Supervisors	273,399	319,700	321,530	349,500	109%	360,000	370,800	382,000	393,500
Salary-Back Flow Inspect	17,676	20,000	24,438	30,000	123%	30,900	31,900	32,900	33,900
In-lieu Benefits (sick)	196,036	200,000	197,545	210,000	106%	216,300	222,800	229,500	236,400
In-lieu Health Insurance	75,938	82,100	81,044	89,500	110%	96,700	104,500	112,900	122,000
Injury Prevention	4,575	5,000	5,150	5,200	101%	5,000	5,000	5,000	5,000
Business Training / Classes	160	1,000	227	1,000	441%	1,000	1,000	1,000	1,000
Misc Office Supplies	76,412	84,000	63,287	70,000	111%	72,100	74,300	76,600	78,900
Legal Expense	43,714	50,000	57,580	60,000	104%	61,800	63,700	65,700	67,700
Engineering Expense	152,708	173,000	179,942	193,300	107%	199,100	205,100	211,300	217,700
Engineering Training/Classes	-	3,000	1,753	3,500	100%	500	500	500	500
Water Master Costs	223,013	450,000	173,522	450,000	259%	450,000	450,000	450,000	450,000
Payroll Taxes	397,115	410,500	418,768	439,700	105%	457,300	475,600	494,700	514,500
Injuries & Damages	-	10,000	25,000	10,000	100%	10,000	10,000	10,000	10,000
Insurance	1,430,562	1,582,500	1,549,264	1,673,200	108%	1,807,100	1,951,700	2,107,900	2,276,600
Operating Permits, Fees, Dues	225,800	221,000	235,000	246,800	105%	256,700	267,000	277,700	288,900
Misc General Expense	85,527	255,500	308,561	312,500	101%	321,900	331,600	341,600	351,900
Dist contr to retirement	1,663,126	1,912,500	1,855,212	2,007,200	108%	2,167,800	2,341,300	2,528,700	2,731,000
Bank Credit Card Fees	848,041	786,500	1,014,463	365,000	36%	376,000	387,300	399,000	411,000
Employee Appreciation	1,611	10,000	2,040	5,000	245%	10,000	10,000	10,000	10,000
Formal Education	4,773	5,000	8,847	6,000	68%	5,000	5,000	5,000	5,000
Back Flow Expense	35,098	31,500	35,632	36,700	103%	37,900	39,100	40,300	41,600
Repairs to Office Equip	178,451	207,000	170,794	179,300	105%	184,700	190,300	196,100	202,000
Repairs to Shop Equip	76,536	79,000	78,748	81,900	104%	84,400	87,000	89,700	92,400
Repairs-Garage Equip	543,201	575,000	604,523	627,700	104%	646,600	666,000	686,000	706,600
Mechanic Training/Classes	349	1,000	466	1,000	100%	1,000	1,000	1,000	1,000
Directors Fees	2,550	7,500	1,271	7,500	590%	7,500	7,500	7,500	7,500
Security Expense	31,298	35,000	30,636	31,600	103%	32,600	33,600	34,700	35,800
Safety Expense	60,827	62,500	57,342	59,100	103%	60,900	62,800	64,700	66,700
Undistributed Adjustments	(1,430)	25,000	142	25,000	17638%	25,000	25,000	25,000	25,000
Uncollectible water bills	28,123	35,500	35,500	35,500	100%	30,000	30,000	30,000	30,000
G & A TOTAL	7,894,432	9,055,800	9,016,196	9,210,500	102%	9,661,600	10,146,700	10,663,200	11,212,800
2% of G & A to Garner Valley	(141,645)	(156,086)	(158,771)	(156,604)	99%	(165,216)	(174,316)	(184,024)	(194,372)
	7,752,787	8,899,714	8,857,425	9,053,896	102%	9,496,384	9,972,384	10,479,176	11,018,428
Depreciation -Water & Wastewater	3,034,842	3,038,700	3,106,877	3,136,014	101%	3,167,400	3,199,100	3,231,100	3,263,500

LAKE HEMET MUNICIPAL WATER DISTRICT

BUDGET PREPARATION WORKSHEET DETAIL OF NON-OPERATING EXPENSES 2026-2027

	ACTUAL 2024-2025	BUDGET 2025-2026	PROJECTED 2025-2026	BUDGET 2026-2027	% Variance Budget to Projected	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
MISC. NON-OP EXPENSES	22,940	26,000	23,017	103,200	448%	40,000	90,000	40,000	115,000
DEBT SERVICE									
Principal									
Garner Valley Bond Principal	110,000	55,000	65,000	95,000	146%	110,500	108,000	110,500	117,875
TOTAL PRINCIPAL PAYMENTS	110,000	55,000	65,000	95,000	146%	110,500	108,000	110,500	117,875
Interest				-					
Garner Valley Bond Interest	36,875	27,625	17,660	23,375	132%	8,000	5,500	2,875	-
TOTAL INTEREST PAYMENTS	36,875	27,625	17,660	23,375	132%	8,000	5,500	2,875	-
NON-OP DEPRECIATION	2,124	2,124	2,124	2,124	100%	2,124	2,124	2,124	2,124

BUDGET PREPARATION WORKSHEET LAKE HEMET CAMPGROUND BUDGET 2026-2027

	ACTUAL 2024-2025	BUDGET 2025-2026	PROJECTED 2025-2026	BUDGET 2026-2027	% Variance Budget to Projected	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
LAKE HEMET REVENUE									
Rent	1,300,159	775,000	767,400	780,000	102%	795,600	811,600	827,900	844,500
Annual CP Reimbursement	70,000	70,000	70,000	70,000		70,000	70,000	70,000	70,000
TOTAL REVENUE	1,370,159	845,000	837,400	850,000		865,600	881,600	897,900	914,500
EXPENSES									
Boat and Dock Repairs	-	-	-	-	0%	-	-	-	-
Building Repairs	-	500	-	500	0%	500	500	500	500
Vehicle & Equipment Repairs	-	5,000	-	5,000	0%	5,000	5,000	5,000	5,000
Electrical Repairs	2,630	5,000	650	5,000	0%	5,000	5,000	5,000	5,000
Water Line Repairs	31,462	35,000	41,899	43,200	103%	44,500	45,900	47,300	48,800
Grounds Repair	34	5,000	-	5,000	0%	5,000	5,000	5,000	5,000
Miscellaneous Expense	4,582	10,000	10,298	10,600	103%	11,000	11,400	11,800	12,200
Campground Legal Expense	-	-	-	-	100%	-	-	-	-
L.H. Market Repairs	-	1,000	-	500	0%	500	500	500	500
Sewer System	125,068	155,000	135,962	140,200	103%	144,500	148,900	153,400	158,100
TOTAL EXPENSES	163,776	216,500	188,809	210,000	111%	216,000	222,200	228,500	235,100
PROFIT OR LOSS	1,206,383	628,500	648,591	640,000	99%	649,600	659,400	669,400	679,400
Campground Depreciation	38,010	37,976	37,775	37,376	99%	37,800	38,200	38,600	39,000

LAKE HEMET MUNICIPAL WATER DISTRICT

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2026 - 2027 GARNER VALLEY BUDGET

- Operating Revenue
 - Per the current Prop 218 Notice and Rate Study, a CPI increase of 3.1% will be implemented July 1, 2026.
- Operating Reserves
 - A minimum of 120 days is recommended to maintain a financially healthy outlook for the Garner Valley system, approximately \$200,000.
- Funded Depreciation
 - To continue to maintain Garner Valley facilities, Capital Improvement reserves should be set aside annually. 77% of the annual depreciation of \$144,614, or approximately \$111,353 is recommended to fund depreciation for future capital improvements. However, funded depreciation will be forgone if it results in an operating loss.
 - At the end of each fiscal year, operating profits/losses are netted against capital expenditures and the remaining cash flow is credited to or deducted from the Garner Valley depreciation fund.
- Taxes
 - Garner Valley's share of the General Districts Taxes were 3.54%, or \$72,724, for 2025-2026. This percentage changes slightly up or down each year based on assessed property values.
 - Garner Valley Bond AD 2003-1 tax rolls collect approximately \$148,000 which pays the bi-annual bond payment and related expenses.
- Availability
 - \$75.00 per lot
- Operating Supplies & Expense
 - Operators are now dispatched from the Valley with time kept to a minimum due to SCADA 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 other 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 increased rates January 2024 for service charges, energy charges, and demand charges (above baseline).
- Capital Improvement Budget
 - Well maintenance for Well 2

LAKE HEMET MUNICIPAL WATER DISTRICT

FINANCIAL HIGHLIGHTS OF PROPOSED FY 2026 - 2027 GARNER VALLEY BUDGET (cont.)

- 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. Original pipeline installed in 1974.
- Services
 - Minimal repairs expected due to previous replacement of all original installations.
- Fire Hydrants
 - Fairly low maintenance.
- Meter Reading
 - AMI project underway to replace meters. Garner Valley meters will be cellular based, which will eliminate the need for drive-by meter reads.
- 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.
- Depreciation
 - Fiscal Year 2025-2026 \$141,779.
- COSTS
 - Press Enterprise Publications, Notice of Hearing charges & NBS Government Services for Assessment District fees.
 - Costs associated with overseeing and management of the AD 2003-1 Bond.
 - A negative fund balance of \$1,707,039 has been charged to the Garner Valley System.
Loan repayment includes 2% interest for \$101,971 a year for 20 years, beginning July 1, 2020 fiscal year. The loan balance as of June 30, 2026 is \$1,194,927.

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

LAKE HEMET MUNICIPAL WATER DISTRICT

FISCAL YEAR 2026-2027 PROPOSED GARNER VALLEY BUDGET SUMMARY WITH 5-YEAR BUDGET FORECAST

	ACTUAL 2024-2025	BUDGET 2025-2026	PROJECTED 2025-2026	BUDGET 2026-2027	% Variance Budget to Projected	BUDGET 2027-2028	BUDGET 2028-2029	BUDGET 2029-2030	BUDGET 2030-2031
OPERATING REVENUE	221 AF	175 AF	190 AF	173 AF		173 AF	173 AF	173 AF	173 AF
Water Sales	412,115	315,700	378,493	345,825	91%	356,200	366,900	378,000	389,400
Service Charge	109,992	112,800	112,925	120,675	107%	124,300	128,100	132,000	136,000
Misc/Service Conn Revenue	-	500	-	500	100%	500	500	500	500
Sub-Total	522,107	429,000	491,418	467,000	89%	481,000	495,500	510,500	525,900
NON-OPERATING REVENUE									
General Taxes / Bond Taxes	94,335	96,400	98,024	99,500	102%	101,500	103,600	105,700	107,900
Availability	149,800	148,000	145,127	148,000	102%	148,000	148,000	148,000	148,000
G.V. Depr. Fund Int./Bond Int.	31,986	32,500	22,485	12,000	53%	25,000	25,000	25,000	25,000
Sub-Total	276,121	276,900	265,636	259,500	94%	274,500	276,600	278,700	280,900
TOTAL REVENUE	798,229	705,900	757,054	726,500	91%	755,500	772,100	789,200	806,800
OPERATING EXPENSES									
Operating Supplies & Exp.	28,346	30,600	21,963	25,000	114%	25,000	25,800	26,600	27,400
Repairs to Bldgs & Grounds	2,813	5,000	4,214	5,000	119%	5,000	5,000	5,000	5,000
Rep to Grnd Source, Well Facilt.	1,270	10,000	40,978	30,000	73%	10,000	10,000	10,000	10,000
Repair to Pumping Equip.	31,455	45,000	91,269	95,000	104%	30,000	31,500	33,100	34,800
Power Purchased	75,243	87,000	68,177	75,500	111%	80,000	82,400	84,900	87,500
Purification	20,262	25,000	28,906	30,000	104%	25,000	25,000	25,000	25,000
Repair to Tanks	4,990	7,500	7,340	7,600	104%	5,000	5,000	5,000	5,000
Repair to Pipelines	2,853	5,000	12,734	10,000	79%	5,000	5,000	5,000	5,000
Repair to Services	2,683	4,000	732	2,500	342%	1,000	1,000	1,000	1,000
Repair to Fire Hydrants	7,960	1,000	-	1,000	100%	1,000	1,000	1,000	1,000
Meter Reading	354	500	359	500	139%	1,000	1,000	1,000	1,000
Engineering	568	500	238	500	210%	500	500	500	500
Legal Fees	-	1,250	-	1,000	100%	1,500	1,500	1,500	1,500
General Exp.	8,687	13,750	25,037	16,500	66%	8,500	8,500	8,500	8,500
Uncollectable Water Bills	-	500	500	500	100%	500	500	500	500
Administrative	141,645	156,086	158,771	156,604	99%	165,216	174,316	184,024	194,372
Sub-Total	329,129	392,686	461,217	457,204	99%	364,216	378,016	392,624	408,072
NON-OPERATING EXPENSES									
Funded Depreciation	99,120	99,000	70,309	-	0%	107,400	106,400	105,300	104,300
Bond Principal Payment	110,000	55,000	65,000	95,000	146%	110,500	108,000	110,500	117,875
Bond Interest Payments	36,875	27,625	17,660	23,375	132%	8,000	5,500	2,875	-
Loan Repayment	101,971	101,971	101,971	101,971	100%	101,971	101,971	101,971	101,971
Costs	19,031	20,500	21,135	21,200	100%	22,300	23,500	24,700	26,000
Sub-Total	366,998	304,096	276,076	241,546	87%	350,171	345,371	345,346	350,146
TOTAL EXPENSES	696,127	696,782	737,293	698,750	95%	714,387	723,387	737,970	758,218
Operating Profit or Loss	102,102	9,118	19,761	27,750	140%	41,113	48,713	51,230	48,582
Capital Expenditures	652,543	175,000	19,762	100,000					
* CASH FLOW	(550,441)	(165,882)	(0)	(72,250)		41,113	48,713	51,230	48,582
Depreciation	132,160	132,000	141,779	144,614	102%	143,200	141,800	140,400	139,000

LAKE HEMET MUNICIPAL WATER DISTRICT

5-YEAR CAPITAL IMPROVEMENT BUDGET CAPITAL IMPROVEMENT PROJECTS/PURCHASES

		Fiscal Year					
Purchases / Projects	Description	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Operations & Maintenance	Replace Pond 2 Liner	Replace liner at Lake Hemet sewage pond 2	\$72,000				\$72,000
	Garner Valley Well Maintenance	Garner Valley well 2	\$100,000				\$100,000
	Well Maintenance	Wells 2 and 10	\$250,000				\$250,000
	Sprague Tank Relining	Replace 31 year old lining	\$100,000				\$100,000
	Mag Meters	Replacing prop meters for irrigation accounts	\$75,000				\$75,000
	Transfer Switch at Whisper Ridge Booster	To tranfer power from utility grid to backup generator/Required by NEC when connecting backup generator	\$30,000				\$30,000
	Well 14 Soft Starter	Replace obsolete soft starter	\$25,000				\$25,000
	Flume Automation Improvements	Add a level sensor to the Marshall Flume; replace Wilks sensor	\$25,000				\$25,000
	VFD Bee Canyon Booster	VFD for secondary booster pump to provide redundancy/alternation	\$20,000				\$20,000
	Diesel Fuel Polisher	To filter diesel fuel to reduce repair costs at generators	\$16,000				\$16,000
	WLB Zone Testing	Testing well zones for 123 TCP		\$200,000			
	South Fork Pipeline	Replace 800' upstream of the lower sand trap		\$260,000			
	Garner Valley Well 7	Drill new well in Garner Valley		\$750,000			
	Garner Valley Well Maintenance	Garner Valley well 5		\$100,000			
	Goldshot Tank Repainting	Garner Valley		\$40,000			\$40,000
Purchases / Projects Total		\$713,000	\$1,350,000	\$0	\$0	\$0	\$2,063,000

LAKE HEMET MUNICIPAL WATER DISTRICT

5-YEAR CAPITAL IMPROVEMENT BUDGET VEHICLE/EQUIPMENT PURCHASES

	Vehicles / Equipment	Description	Fiscal Year					Total
			2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	
Admin.	Half-Ton Pickup Truck	Replace 15-1		\$48,000				\$48,000
Construction	Skip Loader	Small loader with grading box. Replaces 100-08 3,800 hrs. due to CARB regulations.	\$141,000					\$141,000
	Vacuum Excavator	Secondary vacuum excavator for potholing/excavating.	\$92,000					\$92,000
	Welding Truck	Replace 04-4; 90,000 miles. 1 ton 4x4 w/service bed.	\$120,000					\$120,000
	Half-Ton Pickup Truck	Replace 10-2; 127,000 miles. For locations.	\$51,000					\$51,000
	Equipment Trailer	Trailer to haul skid steer. Replace 128-06-2.	\$19,000					\$19,000
	Service Truck w/service bed and crane	Replaces 12-3		\$140,000				\$140,000
	3/4 Ton Extra Cab 4x4 Pickup Truck	Replace 08-6		\$55,000				\$55,000
	1/2 Ton 4x4 Pickup Truck	Replace 13-2		\$51,000				\$51,000
	5 Yard Dump Truck	Replace 11-5		\$120,000				\$120,000
	3/4 Ton Pickup w/service bed	Replace 08-2			\$63,000			\$63,000
	1/2 Ton 4x4 Extra Cab Pickup Truck	Replace 13-3			\$55,000			\$55,000
	1 Ton 4x4 Welding Truck	Replace 06-4			\$120,000			\$120,000
	Valve Exercising Truck Equipped	Replace 02-3			\$151,000			\$151,000
	Peterbilt Tractor	Replace 00-3				\$150,000		\$150,000
	Kenworth Dump Truck	Replace 13-1				\$160,000		\$160,000
	2,000 Gallon Construction Water Truck	Replace 04-5				\$110,000		\$110,000
	Case Backhoe	Replace 101-17					\$148,000	\$148,000
	Peterbilt Dump Truck	Replace 19-1					\$165,000	\$165,000
Equipment Trailer	Replace 128-06-1					\$20,000	\$20,000	
Operations & Maintenance	1/2 Ton 4x4 Pickup Truck	Replace 11-1	\$51,000					\$51,000
	1/2 Ton 4x4 Pickup Truck	Replace 15-2	\$51,000					\$51,000
	Replace 16-2			\$53,000				\$53,000
	Replace 01-4			\$150,000				\$150,000
	Replace 17-1				\$55,000			\$55,000
	Replace 15-1					\$57,000		\$57,000
	Replace 19-2						\$59,000	\$59,000
							\$59,000	\$59,000
Vehicles / Equipment Total			\$525,000	\$617,000	\$444,000	\$477,000	\$392,000	\$2,455,000
Total Capital Budget			\$1,238,000	\$1,967,000	\$444,000	\$477,000	\$392,000	\$4,518,000
<i>2025-2026 Annual Depreciation - \$3,146,776</i>			<i>39%</i>					
JUNE 2026 FUND BALANCES			2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Balance
	\$6,477,235	Capital Projects Fund	\$613,000	\$500,000	\$0	\$0	\$0	\$5,364,235
	\$6,505,780	Vehicle Fund	\$525,000	\$617,000	\$444,000	\$477,000	\$392,000	\$4,050,780
	\$401,450	Garner Valley Fund	\$100,000	\$850,000				(\$548,550)