

# LAKE HEMET MUNICIPAL WATER DISTRICT



## 2022 – 2023 BUDGET

# **BUDGET 2022 / 2023**

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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**

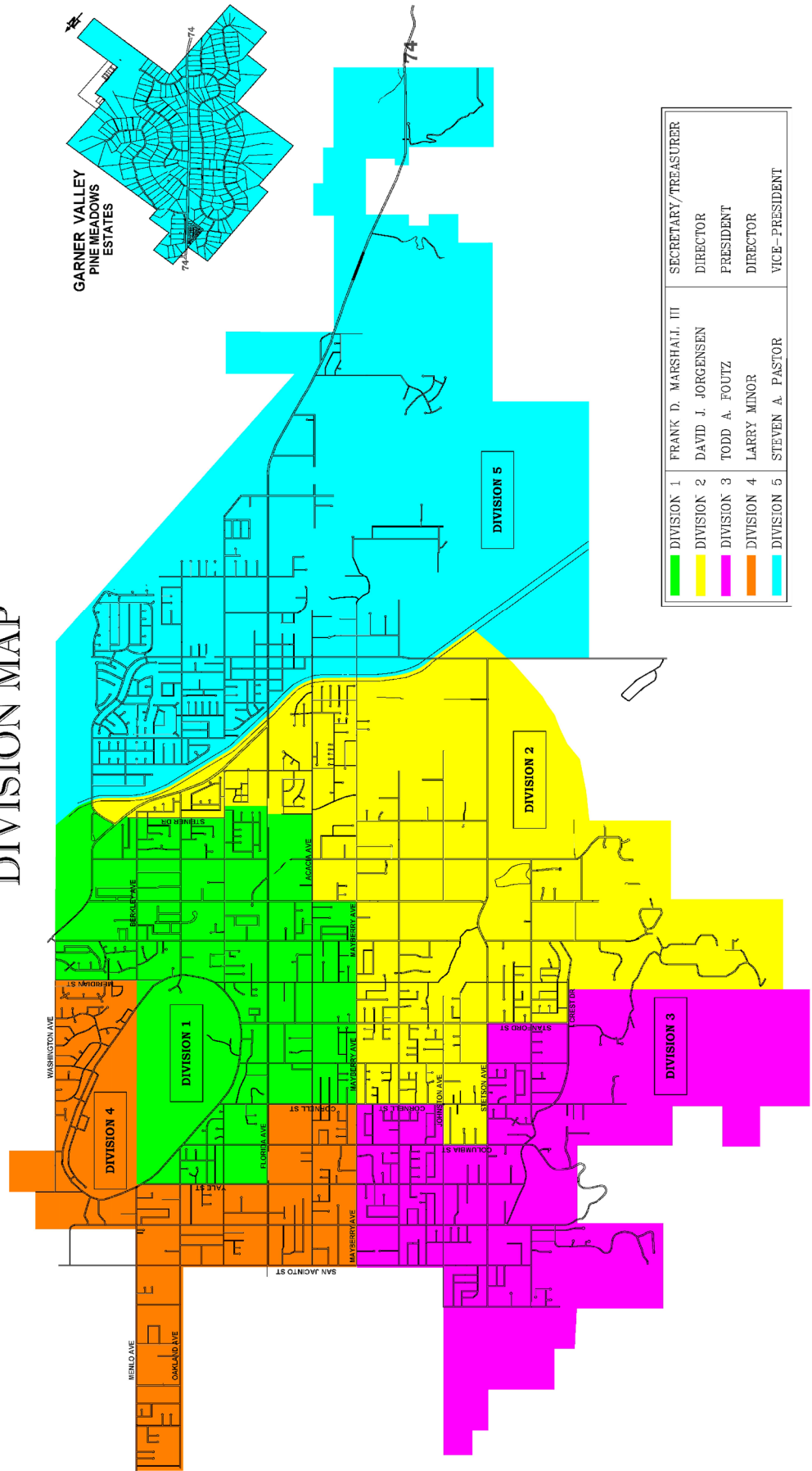
The District is located in southern California and provides domestic water to 14,483 services (excluding Garner Valley) and irrigation water to 49 agricultural customers in a 26 square mile area that includes portions of Hemet, San Jacinto, and adjacent unincorporated areas of Riverside County.

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 282 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 MAP



DIVISION 1	FRANK D. MARSHALL, III	SECRETARY/TREASURER
DIVISION 2	DAVID J. JORGENSEN	DIRECTOR
DIVISION 3	TODD A. FOUTZ	PRESIDENT
DIVISION 4	LARRY MINOR	DIRECTOR
DIVISION 5	STEVEN A. PASTOR	VICE-PRESIDENT

## **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. Campground operations are currently managed by RRM-CLM under the trade name Basecamp Hospitality. 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. Basecamp Hospitality brings their expertise to this enterprise and has tremendous recreational marketing capabilities. 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 Basecamp Hospitality 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 2023-2024, 2024-2025, 2025-2026, and 2026-2027 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 2022-2023. 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 \$305,550 have been proposed for the 2022-2023 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 \$1,275,963 have been budgeted for Fiscal Year 2022 - 2023.

A portion of these projects has been funded through monies specifically set aside for this purpose. The District has proposed 49% of annual depreciation for Capital Acquisitions / Improvements.

## Debt Administration

As of June 30, 2022, the District's total debt is \$865,000 which corresponds to 1.61% of the net assets. Annual debt service payments are approximately 0.353% of the District's total revenue.

The Soboba Band of Luiseno Indians Settlement was finalized and District 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. in full in March 2022. 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.

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 \$ 17,600,000. The balance of Master Plan projects will be done in stages to eliminate the need for future bond financing.

## Internal Controls

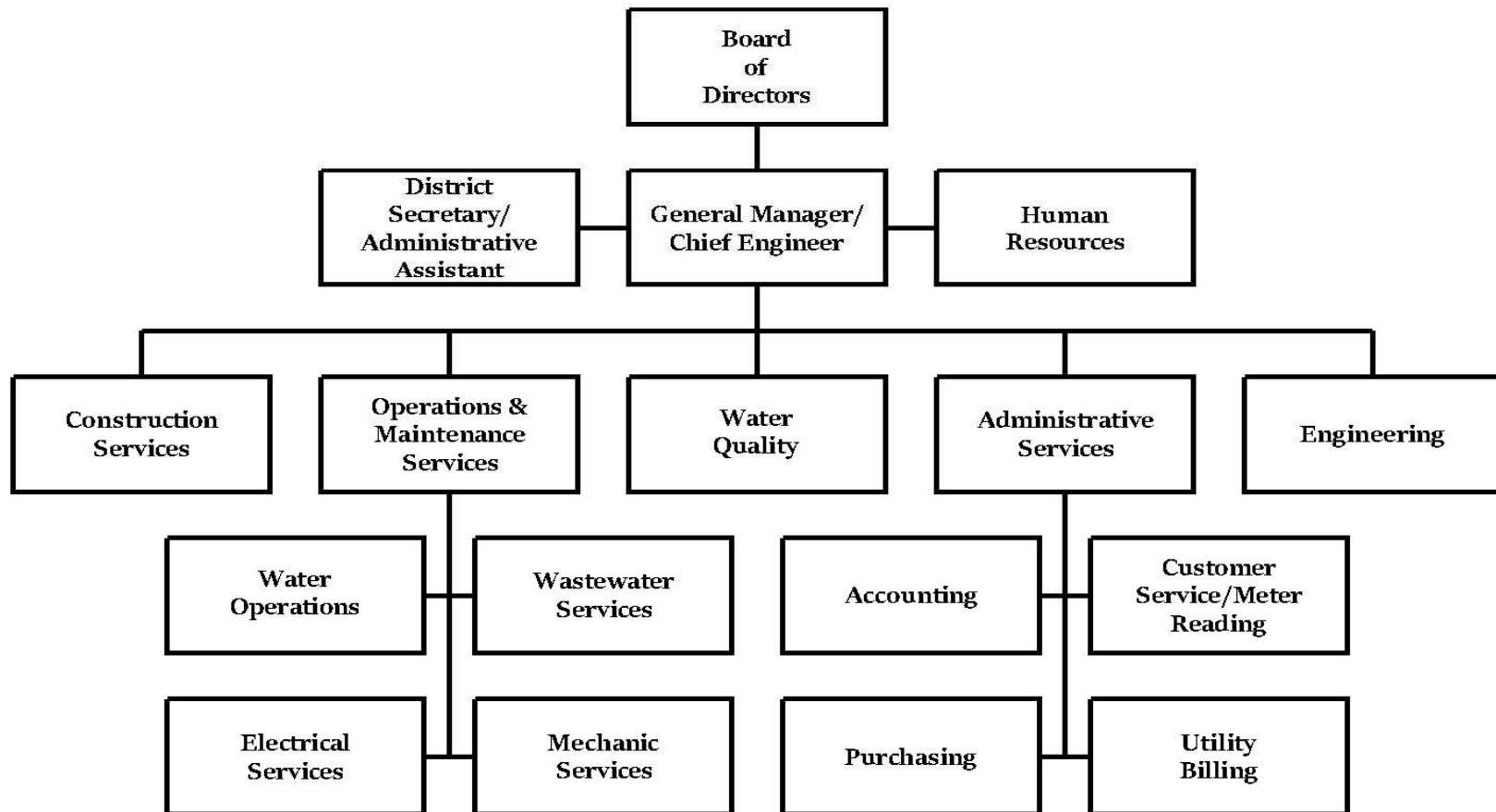
The District's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the District's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in accordance with generally accepted accounting 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.

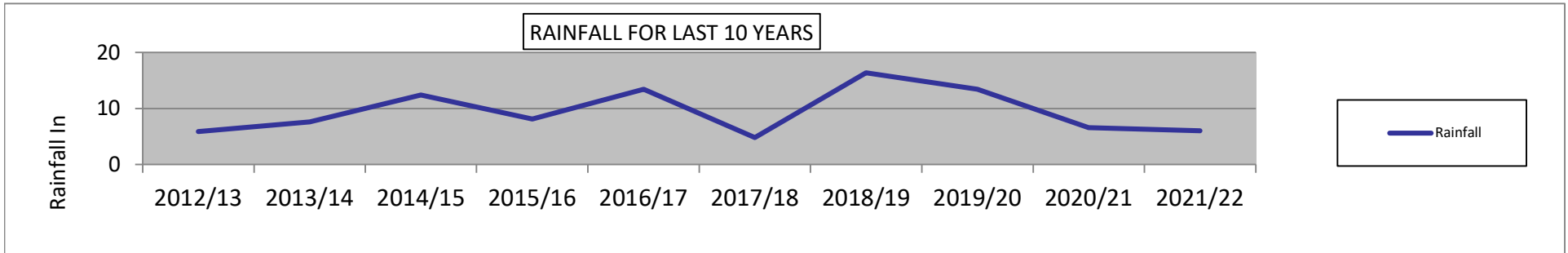


# Lake Hemet Municipal Water District

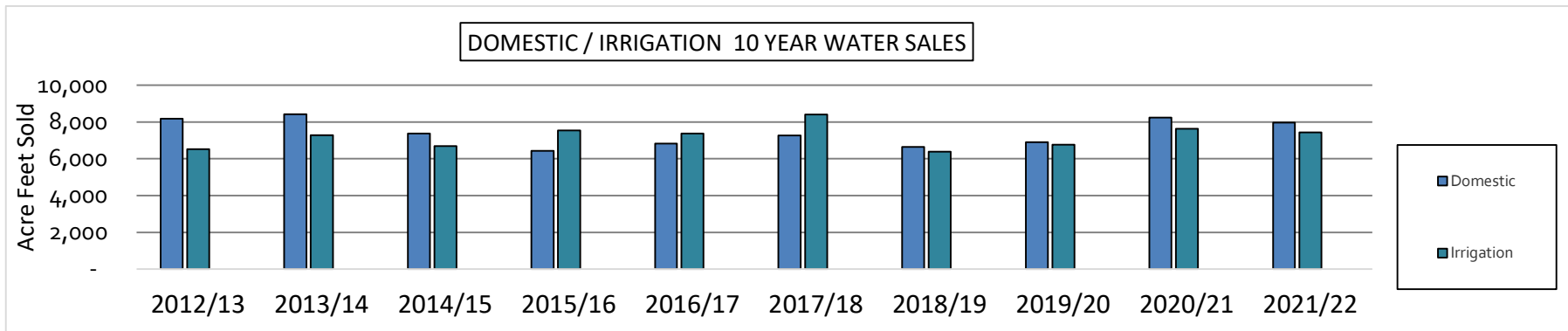




## LAKE HEMET MUNICIPAL WATER DISTRICT AVERAGE RAINFALL AVERAGE WATER SALES



Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Projected	Average F/Y Rainfall over last 10 years
Rainfall	5.88	7.58	12.41	8.11	13.45	4.83	16.37	13.45	6.58	6.05 thru 6/22		9.47 Inches



Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Projected	Average F/Y Acre Feet over last 10 years
Domestic	8,184	8,434	7,372	6,426	6,834	7,275	6,659	6,903	8,239	7,966	thru 6/22	7,429 Domestic
Irrigation	6,538	7,285	6,696	7,543	7,370	8,406	6,380	6,778	7,630	7,432	thru 6/22	7,206 Irrigation
	14,722	15,719	14,068	13,969	14,204	15,681	13,039	13,681	15,869	15,397	acre feet	14,635 *

\* 10 year average is considered when budgeting projected water sales



**LAKE HEMET MUNICIPAL WATER DISTRICT**  
**Fund Balances**  
**Projected as of June 30, 2022**

RESTRICTED FUNDS	INSTITUTION						Total
	Bank of Hemet		Wells Fargo	LAIF	UBS	CalTrust	
	Miscellaneous	LAMMA					
Garner Valley Depreciation	\$177,482						\$177,482
Garner Valley Reserve Fund G.V. 2003-1	\$6,121		\$131,260				\$137,381
Beaumont Concrete		\$140,067					\$140,067
Basecamp Hospitality Maintenance Fund		\$658,636					\$658,636
EDU Fees/Added Facilities		\$346,137					\$346,137
Sub-Total	\$183,603	\$1,144,839	\$131,260				\$1,459,702
<b>UNRESTRICTED FUNDS</b>							
Vehicle	\$2,768,865			\$99,938			\$2,868,802
General Fund	\$300,000						\$300,000
Ground Water Management		\$9,693,960					\$9,693,960
CalPERS		\$4,081,194					\$4,081,194
Capital Projects		\$1,531,061				\$2,360,851	\$3,891,911
Disaster Reserve				\$1,053,743	\$1,063,758	\$1,519,457	\$3,636,958
Rate Stabilization				\$7,282,315			\$7,282,315
Campground Depreciation				\$369,635			\$369,635 *
Sub-Total	\$3,068,865	\$15,306,215	\$0	\$8,805,630	\$1,063,758	\$3,880,308	\$32,124,775
Total	\$3,252,467	\$16,451,054	\$131,260	\$8,805,630	\$1,063,758	\$3,880,308	\$33,584,478

**LONG TERM LIABILITIES AS OF JUNE 2022**

Liabilities

Garner Valley Bond	\$ 865,000	Payments of \$60,625 are due each February & August, until 2030.
OPEB Obligation	\$ 2,324,407	Post Employment Benefits
CalPERS Unfunded Liability	\$ 11,494,722	Approximately \$1,021,473 annually, as determined by CalPERS
	<b>\$ 14,684,129</b>	

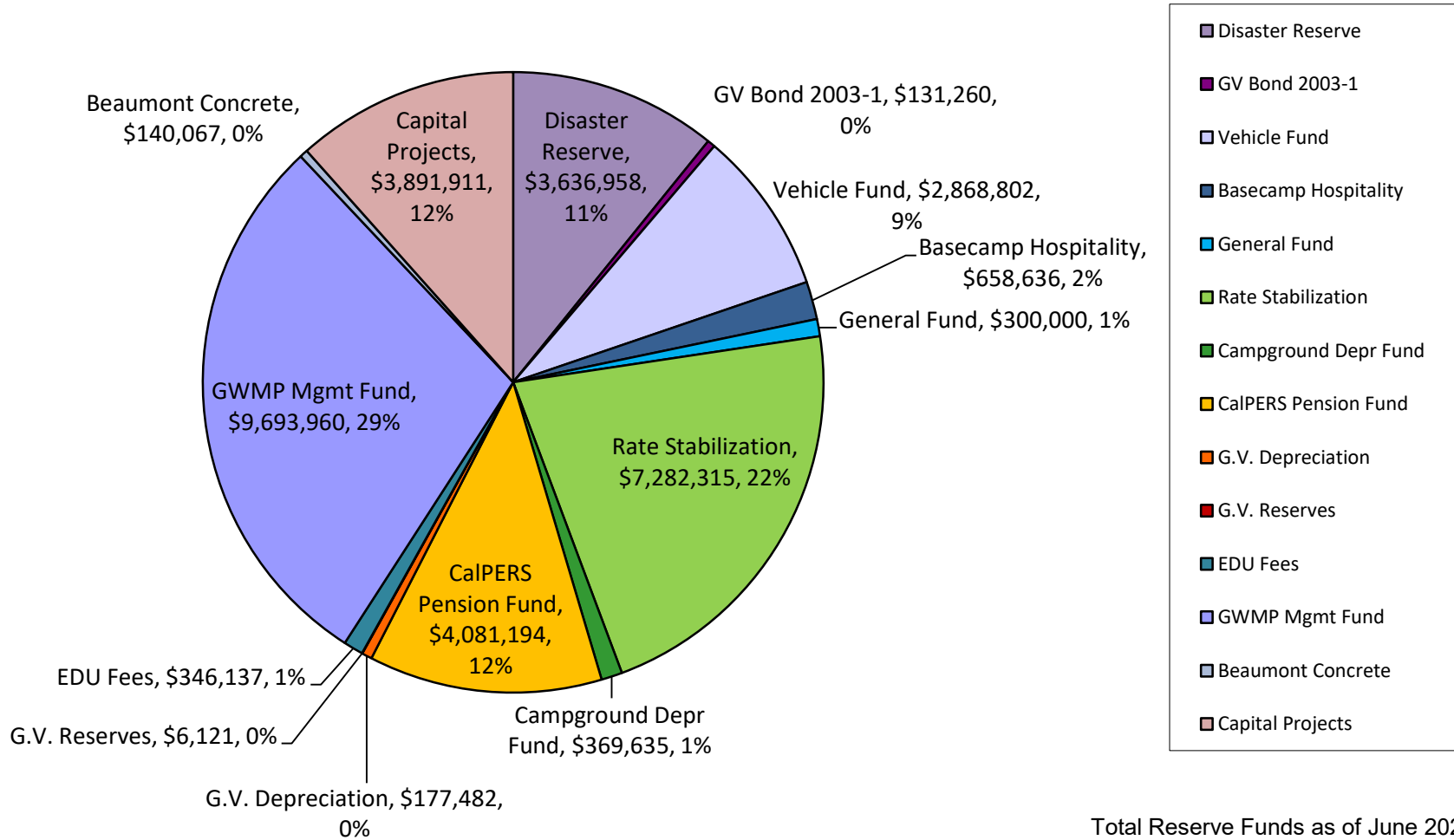
Interest Rate  
4.90%



\* The Campground Depreciation fund is no longer in use and will be absorbed into the Rate Stabilization fund effective 07/01/2022. Page 9 of 30

The Campground Depreciation fund predates the agreement with Basecamp Hospitality and the establishment of their maintenance fund.

Lake Hemet Municipal Water District  
 Fiscal Year 2022-2023  
 Reserve Fund Assets



# LAKE HEMET MUNICIPAL WATER DISTRICT

## TOTAL LABOR / PAYROLL

The District began the 2021 / 2022 fiscal year with 50 employees and will begin the 2022 / 2023 fiscal year with 51 employees (48 F/T and 3 P/T).

<u>2021 / 2022</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>2022 / 2023</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		\$265,932	\$398,898	Administration	3		\$277,669	\$416,504	17,606	0.28%
Business Staff	9	1	\$613,636	\$920,454	Business Staff	9	1	\$649,526	\$974,289	53,835	0.87%
Buyer	1		\$108,540	\$162,810	Buyer	1		\$119,394	\$179,091	16,281	0.26%
Construction	15		\$1,169,400	\$1,754,100	Construction	14	2	\$1,361,220	\$2,041,830	287,730	4.65%
Electrical	2		\$193,956	\$290,934	Electrical	2		\$213,352	\$320,027	29,093	0.47%
Engineering	1		\$59,952	\$89,928	Engineering	1		\$65,947	\$98,921	8,993	0.15%
General Officers	2		\$312,752	\$469,128	General Officers	2		\$344,027	\$516,041	46,913	0.76%
Mechanics	2		\$182,112	\$273,168	Mechanics	2		\$168,736	\$253,104	-20,064	-0.32%
Meter Department	3		\$194,556	\$291,834	Meter Department	3		\$214,012	\$321,017	29,183	0.47%
Sewer Department	4		\$324,672	\$487,008	Sewer Department	4		\$357,139	\$535,709	48,701	0.79%
Water Operators	7		\$703,200	\$1,054,800	Water Operators	7		\$773,520	\$1,160,280	105,480	1.70%
	48	1	\$4,128,708	\$6,193,062		48	3	\$4,544,542	\$6,816,813	623,751	10.07%
Total	49				Total	51					

## GROUND WATER MANAGEMENT FEE ANNUAL COSTS

### **2022-2023**

Import 2,750 acre feet per year for Tribe	\$2,237,565
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$168,934
Administrative Assessments	\$307,000
<b>TOTAL ANNUAL COST</b>	<b>\$3,813,499</b>

### **2025-2026**

Import 2,750 acre feet per year for Tribe	\$2,445,048
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$184,599
Administrative Assessments	\$410,000
<b>TOTAL ANNUAL COST</b>	<b>\$4,139,647</b>

### **2023-2024**

Import 2,750 acre feet per year for Tribe	\$2,304,692
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$174,002
Administrative Assessments	\$386,000
<b>TOTAL ANNUAL COST</b>	<b>\$3,964,694</b>

### **2026-2027**

Import 2,750 acre feet per year for Tribe	\$2,518,399
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$190,137
Administrative Assessments	\$422,000
<b>TOTAL ANNUAL COST</b>	<b>\$4,230,536</b>

### **2024-2025**

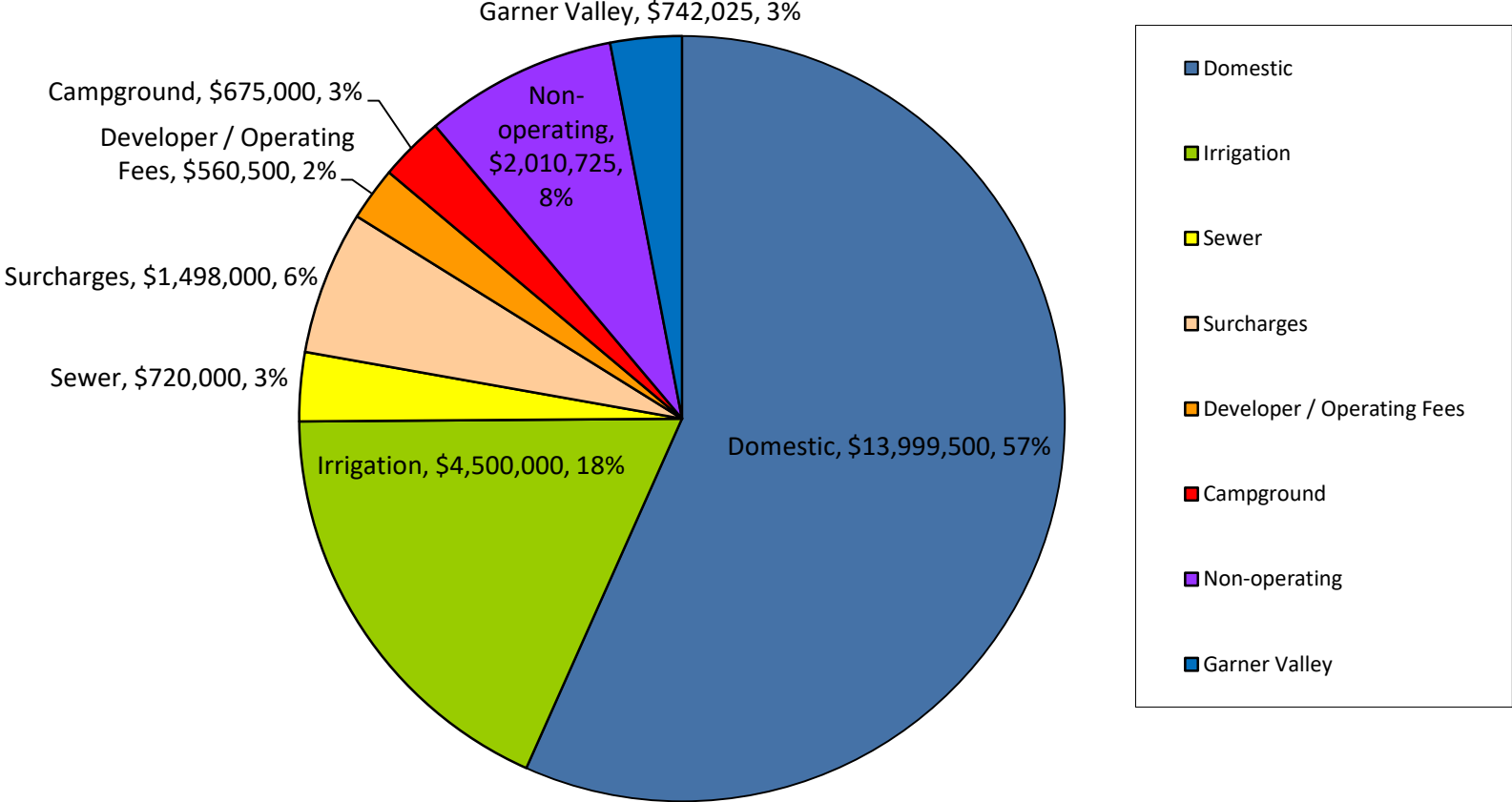
Import 2,750 acre feet per year for Tribe	\$2,373,833
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$179,222
Administrative Assessments	\$398,000
<b>TOTAL ANNUAL COST</b>	<b>\$4,051,055</b>

### **2027-2028**

Import 2,750 acre feet per year for Tribe	\$2,593,951
Replenishment Water Fee \$537 per AF	\$1,100,000
Water Subsidy	\$195,841
Administrative Assessments	\$435,000
<b>TOTAL ANNUAL COST</b>	<b>\$4,324,792</b>

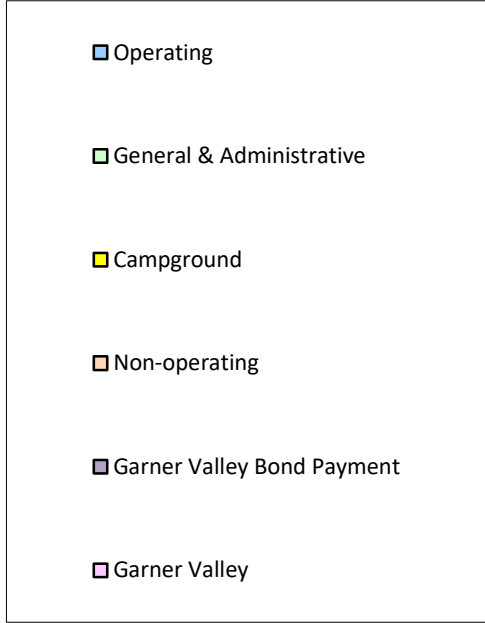
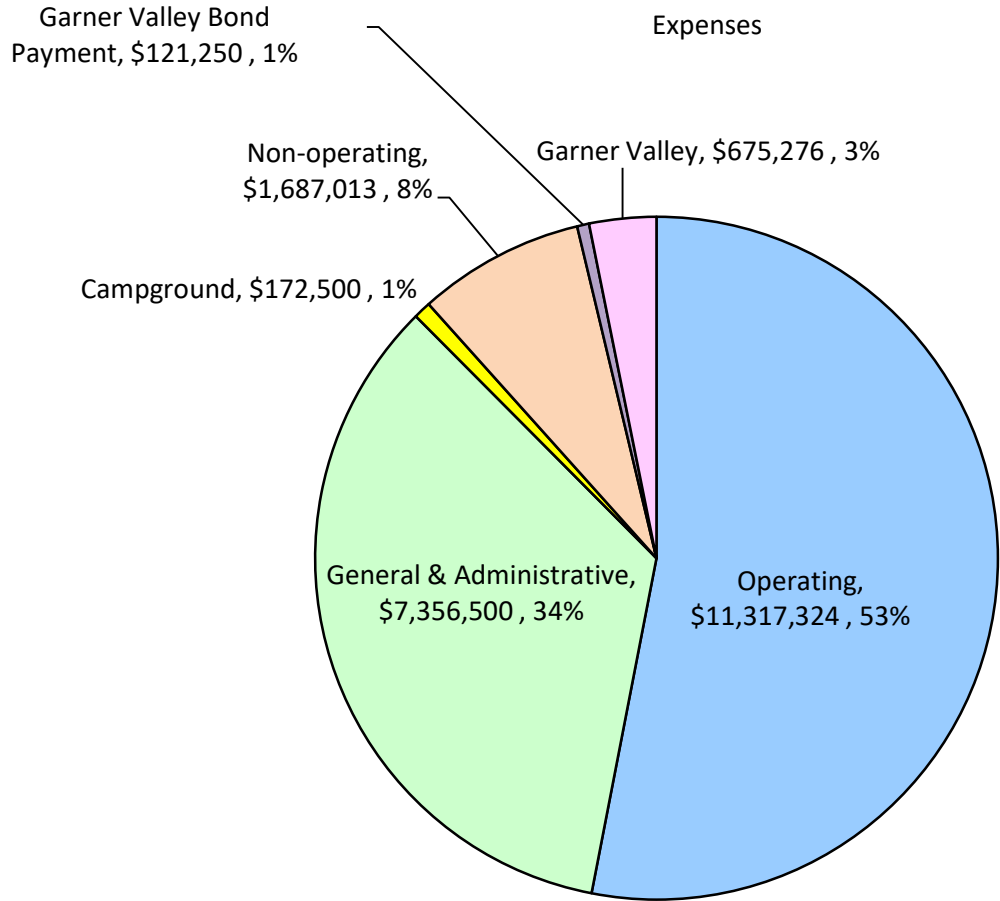
\* Replenishment costs are subject to change.

Lake Hemet Municipal Water District  
 Fiscal Year 2022 - 2023  
 Revenue



Total Revenue for fiscal year 2022/23  
 \$24,705,750

Lake Hemet Municipal Water District  
Fiscal Year 2022 - 2023  
Expenses



Total Expenses for fiscal year 2022/23 \$21,329,863



## FINANCIAL HIGHLIGHTS OF PROPOSED FY 2022-2023 BUDGET

- 0.14% Growth in Lake Hemet Municipal Water Services
  - Total domestic services - 14,765 Including Garner Valley  
Total active domestic services - 14,344
  - 21 New water services installed in 2021/2022
  - \$24,030,750 revenue anticipated for this fiscal year.
  
- Water Sales-
  - The December 2018 Prop 218 Notice allows for an annual CPI increase not to exceed 3% and annual future adjustments to cover pass-through costs until 2023.
  - The last rate increase for potable water was effective July 1, 2021.
  - The 3 tiered domestic rate became effective January 2019.
  - Non-potable water rates to increase 3% for July 2022.  
CPI increases for non-potable water not to exceed 3% to be effective July 1st of each year, per the Prop 218 notice, until 2023. Current CPI used to determine water rate increases is 8.5%
  - EMWD's rate for non-potable water will increase 7% effective January 1, 2023.  
Pass-through increase imposed by EMWD and Metropolitan Water District for untreated water not to exceed 10%.
  - Garner Valley rates increased February 1st, 2022.
  
- Misc. Revenue-
  - Backflow Testing - 657 devices at \$80 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.  
Contribute Capital Improvement Surcharge plus additional \$25,000 each month to reserve fund.
  - Fire Service Charges - based on size of service (4", 6", 8")
  
- Water Purchases-
  - E.M.W.D 's rate for raw Soboba Recharge water is \$629 an acre foot increased 2.78% this fiscal year.
  - E.M.W.D's water delivery charge for raw imported water is \$185 per acre foot for Soboba Recharge water deliveries and increased 4% this fiscal year.  
The District is obligated to purchase Soboba Recharge water, in the amount of \$2.25 million, when surplus water is available.
  - Lake Hemet Municipal Water District has purchased and paid for pre-deliveries of raw Soboba Recharge water through 2022 and part of 2023.  
At this time, there are no scheduled deliveries of Soboba Recharge water for this calendar year.
  
- Groundwater Management Program-
  - The Groundwater Management Plan (GWMP) payments began in March 2012.  
The Water Master and associated costs became effective in 2013.  
The District has paid \$468,650 for this fiscal year and there will not be any subsequent payments.  
The bond obligation was paid in full in 2022.
  - 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 \$286,500.

## FINANCIAL HIGHLIGHTS OF PROPOSED FY 2022-2023 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. Includes 7% COLA and 3% one-time cash-out per negotiated MOU effective 07/01/2022.
  
- Power Purchases
  - The District has anticipated an additional 10% increase over historical costs to cover operation of new Well 8A and any contingencies that may occur.
  
- Supplies
  - Fuel prices have increased this year with the west coast having 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 8% for additional gas taxes and summer blends. 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. The cost of copper pipe used for water services installations and replacements, steel products, and all lumber prices have increased as well.
  
- 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.
  
- Legal Expense
  - \$75,000 for general legal expenses.
  
- CalPERS Retirement
  - The District will prepay their portion of employee retirement liability again this year for approximately \$1,021,475, reimbursable through funds set aside for this purpose.
  - Employees pay 7% of pension costs, the maximum per the negotiated M.O.U.
  - CalPERS lowered the discount rate from 7.0% to 6.8%. The adopted changes to the actuarial assumptions are expected to increase slightly. However, many plans will see employer contributions that are comparable to or slightly lower than previously determined contribution requirements. All newly adopted assumptions will be implemented in the June 30, 2021 Public Agency valuations, setting employer contribution requirements for FY 2023-24. Change in the total employer contributions is estimated to be between (2.0%) to 1.7%. of payroll for the District's plan.
  - Contribute \$85,000 each month to the CalPERS reserve fund.
  
- Rate Study
  - The District has budgeted \$125,000 for 2023 Prop 218 notice. Study expected to begin early 2023.
  
- Depreciation
  - Fiscal Year 2021-2022 \$3,221,000
  - 49% to be put back into Capital Improvements / Capital Outlay

## FINANCIAL HIGHLIGHTS OF PROPOSED FY 2022-2023 BUDGET

(cont)

### Miscellaneous Non-Operating

#### Lake Hemet Campground

- Revenue
  - Basecamp Hospitality 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 operations and management of the Lake Hemet Campground was done in 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 Basecamp Hospitality.
  - Continued campground litigation. Potential costs expected to be \$70,000 this fiscal year.
  
- Interest
  - LAIF interest as of the 1st quarter of 2022 was 0.32%.
  - Bank of Hemet LAMMA account interest rate as of the 1st quarter of 2022 was 0.10%. Effectively, the LAMMA rate is higher due to all administrative charges being waived.
  
- Taxes and Standby
  - General taxes should be approximately \$2 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
  - 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. The bond was paid in full in March 2022.
  - Department of Water Resources (DWR) loan issued for capital improvements was paid in full July 2021.
  - Garner Valley Bond
  
- Capital Improvement Budget
  - This fiscal years Capital Project Budget is \$1,275,963 with the General Fund and/or reserves as the funding source for these projects.
  - Vehicle Capital Budget is \$305,550.
  - Contribute \$83,334 each month to the District Vehicle/Equipment Fund.

LHMWD RATE SCHEDULE - RAFTELIS RATE STUDY  
HEMET / SAN JACINTO VALLEY RATES AS OF JULY 2022

Potable Usage Rates

		CPI 3%
		<b>July 2022 Water Charges</b>
Tier	CCF	\$/CCF
1	0 < 5	\$2.318
2	6 < 13	\$2.538
3	>14	\$3.819

Fire Service Line Charge

Size	
4"	\$1.40
6"	\$2.10
8"	\$2.79
10"	\$3.49
12"	\$4.19

Monthly Service Charge By Meter Size

Meter Size	July 2022
5/8 & 3/4"	\$ 33.34
1 inch	\$ 38.39
1-1/2 inch	\$ 50.89
2 inch	\$ 65.97
3 inch	\$ 113.74
4 inch	\$ 184.04
6 inch	\$ 352.29
8 inch	\$ 724.09
10 inch	\$ 1,080.68
12 inch	\$ 1,356.96
16 inch	\$ 1,984.83

Power Zone Pumping Charge

Power Zone	July 2022
1000 & 1101	\$0.45
1100	\$0.34
1200 & 1201	\$0.30
1300 & 1301	\$0.11
1400	\$0.20
1500	\$0.58
1600	\$0.07

Backflow Device Testing Fee

\$6.67 per month  
\$80 annually

Fire Hydrant Construction Water

\$3.97 per CCF

LHMWD RATE SCHEDULE - RAFTELIS RATE STUDY  
HEMET / SAN JACINTO VALLEY RATES AS OF JULY 2022

Irrigation Water Rates (Non-Potable) - 3% CPI increase

July 2022 Rate		
<b>IR1 non-potable</b>	\$989	Per Acre Foot
<b>505AG - potable</b>	\$1,009	Per Acre Foot

Irrigation Water Rates (Non-Potable) - EMWD 7% pass through

January 2023 Rate		
<b>IR1 non-potable</b>	\$1,058	Per Acre Foot
<b>505AG - potable</b>	\$1,080	Per Acre Foot

EMWD Sewer Rates Effective Jan. 1, 2022

	ID 17	ID 20
<b>Residential</b>	\$31.05	\$32.88
<b>Mobile Home Parks</b>	\$20.70	\$21.92
<b>Commercial per CCF</b>	\$2.82	\$2.99
<b>Motels</b>	\$10.35	\$10.96

**GARNER VALLEY RATES AS OF FEBRUARY 2021**

Garner Valley Bi-Monthly Commodity

Tier		Commodity Charge Feb.
No.	CCF	\$/CCF
1	>0	4.24

Storm Drain Fee - City of Hemet

\$3.30 per unit

LHMWD Sewer Cleaning/Maintenance

\$4.07 per unit

Garner Valley  
Bi-Monthly Service Charge

Meter Size	February 2022
<b>5/8 &amp; 3/4 inch</b>	\$63.52
<b>1 inch</b>	\$73.15
<b>1-1/2 inch</b>	\$97.00
<b>2 inch</b>	\$125.73
<b>3 inch</b>	\$216.80
<b>4 inch</b>	\$350.80

**LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2022-2023  
INCLUDING 5 YEAR BUDGET FORECASTS**

	ACTUAL 2018-2019	ACTUAL 2019-2020	ACTUAL 2020-2021	THREE YEAR AVERAGE	AVERAGE PLUS 3%	BUDGET 2021-2022	PROJECTED 2021-2022
<b>OPERATING REVENUE</b>							
Domestic Revenue	11,715,559	12,374,814	13,451,821	12,514,065	12,889,487	13,775,000	13,995,500
Surcharges	1,370,966	1,249,322	1,477,904	1,366,064	1,407,046	1,540,000	1,452,000
Irrigation Revenue	4,051,150	4,412,627	4,056,398	4,173,392	4,298,593	4,200,000	4,390,000
Service Connections	7,520	30,438	83,191	40,383	41,594	50,000	49,000
Sewer Service	801,413	712,766	699,094	737,758	759,890	717,000	720,000
Storm Drain Service	17,204	17,924	17,642	17,590	18,118	21,000	18,750
Developer / Operating Fees	458,675	355,254	294,850	369,593	380,681	447,500	666,860
<b>Sub-Total</b>	<b>18,422,487</b>	<b>19,153,145</b>	<b>20,080,900</b>	<b>19,218,844</b>	<b>19,795,409</b>	<b>20,750,500</b>	<b>21,292,110</b>
<b>NON-OPERATING REVENUE</b>							
Revenue - Rent & Interest	591,248	840,313	327,843	586,468	604,062	288,000	4,694,220
Tax and Standby Revenue	1,779,914	1,840,311	1,963,733	1,861,319	1,879,933	1,604,000	1,728,765
<b>Sub-Total</b>	<b>2,371,162</b>	<b>2,680,624</b>	<b>2,291,576</b>	<b>2,447,787</b>	<b>2,483,995</b>	<b>1,892,000</b>	<b>6,422,985</b>
<b>TOTAL REVENUE</b>	<b>20,793,649</b>	<b>21,833,769</b>	<b>22,372,476</b>	<b>21,666,631</b>	<b>22,279,404</b>	<b>22,642,500</b>	<b>27,715,095</b>
<b>EXPENSES</b>							
Operating Expenses	8,460,516	9,224,936	4,421,332	7,368,928	7,589,996	9,364,125	8,540,375
General & Administration	5,567,993	5,907,896	5,782,648	5,752,846	5,925,431	7,129,000	6,331,850
<b>Sub-Total</b>	<b>14,028,509</b>	<b>15,132,832</b>	<b>10,203,979</b>	<b>13,121,773</b>	<b>13,515,427</b>	<b>16,493,125</b>	<b>14,872,225</b>
<b>NON-OPERATING COSTS</b>							
Expenses	50,169	31,749	38,820	40,246	41,453	32,500	38,000
Capital Improvement Budget	855,000	800,000	956,561	870,520	896,636	3,035,800	1,500,000
Principal Loan Payments	1,024,565	1,461,785	6,988,901	3,158,417	3,190,001	5,128,865	5,491,242
Interest Loan Payments	751,685	699,918	378,202	609,935	616,034	311,215	1,047,117
<b>Sub-Total</b>	<b>2,681,419</b>	<b>2,993,452</b>	<b>8,362,484</b>	<b>4,679,118</b>	<b>4,744,125</b>	<b>8,508,380</b>	<b>8,076,359</b>
<b>TOTAL EXPENSES</b>	<b>16,709,928</b>	<b>18,126,284</b>	<b>18,566,463</b>	<b>17,800,892</b>	<b>18,259,551</b>	<b>25,001,505</b>	<b>22,948,584</b>
<b>LAKE HEMET CAMPGROUND</b>							
Revenue	568,577	578,334	648,351	598,421	616,373	615,000	655,000
Expenses	55,008	49,391	70,794	58,398	60,150	187,000	131,025
<b>NET</b>	<b>513,569</b>	<b>528,943</b>	<b>577,557</b>	<b>540,023</b>	<b>556,224</b>	<b>428,000</b>	<b>523,975</b>
<b>NET DIFFERENCE</b>	<b>4,597,290</b>	<b>4,236,428</b>	<b>4,383,570</b>	<b>4,405,763</b>	<b>4,576,076</b>	<b>-1,931,005</b>	<b>5,290,486</b>
Fund Transfer	2,067,019	0	0	0	0	4,585,705	-
Unfunded Depreciation	1,000,000	2,020,008	2,020,008	0	0	2,020,008	2,020,008
<b>CASH FLOW</b>	<b>5,664,309</b>	<b>2,216,420</b>	<b>2,363,562</b>	<b>4,405,763</b>	<b>4,576,076</b>	<b>634,692</b>	<b>3,270,478</b>

**LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2022 - 2023  
INCLUDING 5 YEAR BUDGET FORECASTS**

	BUDGET 2022-2023	% Variance From Previous Fiscal Year	BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026	BUDGET 2026-2027
<b>OPERATING REVENUE</b>						
Domestic Revenue	14,510,500	108%	14,946,000	15,395,000	15,857,000	16,333,000
Surcharges	1,498,000	101%	1,543,000	1,589,500	1,637,000	1,686,000
Irrigation Revenue	4,500,000	111%	4,430,000	4,563,000	4,700,000	4,841,000
Service Connections	50,500	61%	52,000	54,000	56,000	58,000
Sewer Service	720,000	103%	720,000	720,000	720,000	720,000
Storm Drain Service	17,500	99%	17,500	17,500	17,500	17,500
Developer / Operating Fees	492,500	167%	507,500	523,000	539,000	555,000
<b>Sub-Total</b>	<b>21,789,000</b>	<b>109%</b>	<b>22,216,000</b>	<b>22,862,000</b>	<b>23,526,500</b>	<b>24,210,500</b>
<b>NON-OPERATING</b>						
Revenue - Rent & Interest	241,750	74%	254,500	262,000	270,000	278,000
Tax and Standby Revenue	2,000,000	102%	2,060,000	2,122,000	2,185,500	2,251,000
<b>Sub-Total</b>	<b>2,241,750</b>	<b>98%</b>	<b>2,314,500</b>	<b>2,384,000</b>	<b>2,455,500</b>	<b>2,529,000</b>
<b>TOTAL REVENUE</b>	<b>24,030,750</b>	<b>110%</b>	<b>24,530,500</b>	<b>25,246,000</b>	<b>25,982,000</b>	<b>26,739,500</b>
<b>EXPENSES</b>						
Operating Expenses	11,992,600	271%	12,546,950	12,909,750	13,277,450	13,702,400
General & Administration	7,356,500	127%	7,566,300	7,724,500	7,932,500	8,169,000
<b>Sub-Total</b>	<b>19,349,100</b>	<b>190%</b>	<b>20,113,250</b>	<b>20,634,250</b>	<b>21,209,950</b>	<b>21,871,400</b>
<b>NON-OPERATING COSTS</b>						
Expenses	105,500	272%	85,000	40,000	40,000	120,000
Capital Improvement Budget	1,581,513	165%	1,000,000	1,000,000	1,000,000	1,000,000
Principal Loan Payments	80,000	1%	80,000	85,000	90,000	95,000
Interest Loan Payments	41,250	11%	37,250	33,125	28,750	24,125
<b>TOTAL</b>	<b>1,808,263</b>	<b>22%</b>	<b>1,202,250</b>	<b>1,158,125</b>	<b>1,158,750</b>	<b>1,239,125</b>
<b>TOTAL EXPENSES</b>	<b>21,157,363</b>		<b>21,315,500</b>	<b>21,792,375</b>	<b>22,368,700</b>	<b>23,110,525</b>
<b>LAKE HEMET CAMPGROUND</b>						
Revenue	675,000	104%	695,500	716,500	738,000	760,500
Expenses	172,500	244%	109,500	115,000	120,500	126,000
<b>NET</b>	<b>502,500</b>	<b>87%</b>	<b>586,000</b>	<b>601,500</b>	<b>617,500</b>	<b>634,500</b>
<b>NET DIFFERENCE</b>	<b>3,375,887</b>		<b>3,801,000</b>	<b>4,055,125</b>	<b>4,230,800</b>	<b>4,263,475</b>
Fund Transfers	0	0%	0	0	0	0
<b>CASH FLOW</b>	<b>3,375,887</b>		<b>3,801,000</b>	<b>4,055,125</b>	<b>4,230,800</b>	<b>4,263,475</b>
Unfunded Depreciation	1,671,487	0%	2,286,874	2,352,124	2,420,124	2,488,624

**BUDGET PREPARATION WORKSHEET  
DETAIL OF OPERATING EXPENSES  
2022-2023**

	ACTUAL 2020-2021	BUDGET 2021-2022	PROJECTED 2021-2022	BUDGET 2022-2023	% Variance Budget to Actual	BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026	BUDGET 2026-2027
<b><u>SOURCE OF SUPPLY</u></b>									
Labor	257,495	265,000	268,500	295,500	110%	296,500	311,500	321,000	330,500
Supplies & Repairs	179,637	237,500	324,350	363,500	112%	398,500	410,500	423,900	436,500
Water Purchased	897,228	2,800,000	4,480,000	4,850,000	108%	5,092,500	5,245,500	5,403,000	5,565,000
Spreading Basins	0	10,000	0	10,000	100%	10,500	11,000	11,500	12,000
TOTAL	1,334,359	3,312,500	5,072,850	5,519,000	109%	5,798,000	5,978,500	6,159,400	6,344,000
GWMP Recharge Purchases	0	2,400,000	0	2,250,000	100%	2,350,000	2,400,000	2,450,000	2,550,000
<b><u>PUMPING</u></b>									
Supplies	587	625	550	600	109%	650	650	650	700
Repairs	168,256	200,000	211,500	235,500	111%	257,000	264,500	272,500	280,500
Electrical Training/Classes	9,227	3,000	600	3,000	500%	3,500	3,000	3,000	3,000
Power Purchased	1,095,632	1,174,000	1,296,000	1,446,000	112%	1,492,000	1,537,000	1,583,000	1,630,500
TOTAL	1,273,702	1,377,625	1,508,650	1,685,100	112%	1,753,150	1,805,150	1,859,150	1,914,700
<b><u>PURIFICATION</u></b>									
Labor	193,643	235,000	213,000	234,500	110%	246,500	254,000	262,000	269,500
Supplies	129,805	117,500	117,500	130,000	111%	136,500	140,500	145,000	149,500
Repairs	0	1,000	900	1,000	100%	1,000	1,000	1,000	1,000
TOTAL	323,448	353,500	331,400	365,500	110%	384,000	395,500	408,000	420,000
<b><u>TRANS. &amp; DISTRIB.</u></b>									
Patrolling Storage	229,664	262,000	223,500	246,000	110%	258,500	266,000	274,000	282,500
Customer Premise	0	5,000	200	5,000	100%	5,000	5,000	5,000	5,000
Misc Supplies & Exp	29,619	200,000	59,500	188,000	316%	192,500	198,500	204,500	211,000
WRD Training / Classes	1,417	4,000	2,050	4,000	195%	4,500	5,000	5,500	6,000
Meter Dept. Training/Classes	270	1,000	250	500	100%	600	700	800	900
Meter Dept Expense	151,207	230,000	204,075	330,500	162%	332,000	342,000	352,500	363,000
Constr. Training / Classes	3,351	20,000	16,500	20,000	121%	21,000	21,500	22,000	22,500
Constr. Tools / Equipment	40,746	45,000	35,500	40,000	113%	44,000	45,500	47,000	48,500
Pre-Construction Expense	1,143	1,500	350	1,000	286%	1,000	1,000	1,000	1,000
Constrution Lead Expense	104,928	121,500	115,000	126,500	100%	133,000	137,000	141,000	145,000
Repairs to transmission	42,935	35,500	18,050	73,500	407%	64,000	66,000	68,000	70,000
Repairs to Storage	88,020	95,000	86,250	95,000	110%	110,500	114,000	117,500	121,000
Repairs to Distrib. Lines	365,981	400,500	373,250	434,500	116%	479,500	494,000	509,000	524,500
Repairs-servs & hydrmts	126,065	133,000	127,350	167,500	132%	195,500	201,500	207,500	214,000
TOTAL	1,185,348	1,554,000	1,261,825	1,732,000	137%	1,841,600	1,897,700	1,955,300	2,014,900
<b><u>COMMERCIAL EXP.</u></b>									
Collections & Meter Readings	129,539	141,500	152,650	171,500	112%	174,500	180,000	185,500	191,000
<b><u>SEWER EXPENSE</u></b>									
Salaries	0	1,000	5,500	6,000	100%	6,200	6,400	6,600	6,800
Sewer Expense & Cleaning	173,852	220,000	207,000	259,500	125%	235,500	242,500	249,500	257,000
Sewer Dept. Training/Classes	1,083	4,000	500	4,000	800%	4,000	4,000	4,000	4,000
	174,935	225,000	213,000	269,500	127%	245,700	252,900	260,100	267,800
TOTAL EXPENSES	4,421,332	9,364,125	8,540,375	11,992,600	140%	12,546,950	12,909,750	13,277,450	13,702,400



**BUDGET PREPARATION WORKSHEET  
 DETAIL OF GENERAL AND ADMINISTRATION  
 2022-2023**

	ACTUAL 2020-2021	BUDGET 2021-2022	PROJECTED 2021-2022	BUDGET 2022-2023	% Variance Budget to Projected	BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026	BUDGET 2026-2027
Salary-Gen. Officers	307,103	320,000	322,500	355,000	110%	373,000	384,500	396,000	407,500
Salary-Office Clerks	838,187	860,000	913,000	1,002,500	110%	1,053,000	1,084,500	1,117,500	1,150,500
Salary-Constr. Supervisors	232,821	242,000	240,000	264,000	110%	277,500	286,000	294,500	303,500
Salary-Back Flow Inspect	18,327	25,000	18,500	20,500	111%	21,500	22,500	23,000	23,500
In-lieu Benefits (sick)	182,636	220,000	190,000	210,000	111%	220,500	216,500	223,000	230,000
In-lieu Health Insurance	39,188	40,000	39,500	41,000	104%	43,500	45,000	46,500	48,000
Injury Prevention	3,775	5,000	5,000	5,000	100%	5,000	5,000	5,000	5,000
Business Training / Classes	500	500	1,250	1,000	100%	1,000	1,000	1,000	1,000
Misc Office Supplies	59,419	75,000	69,500	76,500	110%	80,500	83,000	85,500	88,000
Legal Expense	-109,773	100,000	28,000	75,000	268%	75,000	50,000	50,000	51,500
Engineering Expense	61,742	95,000	72,500	82,500	114%	83,000	85,500	88,000	91,000
Engineering Training/Classes	0	500	300	500	100%	500	500	500	500
Water Master Costs	214,675	375,000	260,500	286,500	110%	301,000	310,000	319,500	329,000
Payroll Taxes	325,453	290,000	250,000	280,000	112%	294,000	303,000	312,000	321,500
Injuries & Damages	0	10,000	6,500	10,000	100%	10,000	10,000	10,000	10,000
Insurance	1,089,171	1,350,000	1,160,000	1,276,000	110%	1,339,800	1,350,000	1,370,500	1,412,000
Operating Permits, Fees, Dues	159,494	205,000	185,000	205,000	111%	227,000	234,000	241,000	248,000
Misc General Expense	225,617	225,000	245,500	345,000	141%	286,000	294,500	303,000	312,500
Dist contr to retirement	1,109,605	1,275,000	1,243,200	1,553,500	125%	1,583,500	1,631,000	1,680,000	1,730,500
Bank Credit Card Fees	223,032	225,000	265,000	335,000	126%	341,500	352,000	362,500	373,500
Employee Appreciation	1,160	10,000	2,000	10,000	500%	10,000	10,000	10,000	10,000
Formal Education	903	6,000	500	5,000	1000%	5,000	5,000	5,000	5,000
Back Flow Expense	27,957	35,000	40,000	44,000	110%	46,500	47,500	49,000	50,500
Repairs to Office Equip	167,340	190,000	200,000	230,000	115%	248,000	255,500	263,500	271,500
Repairs to Shop Equip	50,999	58,000	48,000	53,000	110%	56,000	57,500	59,000	61,000
Repairs-Garage Equip	430,073	475,000	400,000	440,000	110%	454,000	468,000	482,000	496,500
Mechanic Training/Classes	39	1,000	1,100	1,500	136%	1,500	1,500	1,500	1,500
Directors Fees	4,950	7,000	6,000	7,500	125%	7,500	7,500	7,500	7,500
Security Expense	16,101	18,000	11,000	15,000	136%	16,000	16,500	17,000	17,500
Safety Expense	46,174	50,000	50,000	50,000	100%	50,000	50,000	50,000	50,000
Undistributed Adjustments	23,578	40,000	7,500	25,000	333%	25,000	25,000	25,000	25,000
Uncollectible water bills	32,402	301,000	50,000	51,000	102%	30,000	32,000	34,000	36,000
<b>G &amp; A TOTAL</b>	<b>5,782,648</b>	<b>7,129,000</b>	<b>6,331,850</b>	<b>7,356,500</b>	<b>164%</b>	<b>7,566,300</b>	<b>7,724,500</b>	<b>7,932,500</b>	<b>8,169,000</b>
<b>% of G &amp; A to Garner Valley</b>	<b>(103,033) 2%</b>	<b>(115,120) 2%</b>	<b>(108,454) 2%</b>	<b>(124,680) 2%</b>	<b>115%</b>	<b>(129,666) 2%</b>	<b>(132,710) 2%</b>	<b>(136,240) 2%</b>	<b>(140,280) 2%</b>
	<b>5,679,614</b>	<b>7,013,880</b>	<b>6,223,396</b>	<b>7,231,820</b>	<b>116%</b>	<b>7,436,634</b>	<b>7,591,790</b>	<b>7,796,260</b>	<b>8,028,720</b>
Depreciation-water & sewer infrastructures	3,215,457	3,115,000	3,177,000	3,208,000	101%	3,241,000	3,305,000	3,372,000	3,439,500

**BUDGET PREPARATION WORKSHEET  
DETAIL OF NON-OPERATING EXPENSES  
2022-2023**

	<u>ACTUAL</u> 2020-2021	<u>BUDGET</u> 2021-2022	<u>PROJECTED</u> 2021-2022	<u>BUDGET</u> 2022-2023	% Variance Budget to Projected	<u>BUDGET</u> 2023-2024	<u>BUDGET</u> 2024-2025	<u>BUDGET</u> 2025-2026	<u>BUDGET</u> 2026-2027
MISC. NON-OP EXPENSES	38,820	32,500	38,000	105,500	278%	85,000	40,000	40,000	120,000
<b>DEBT SERVICE</b>									
<b>Principal</b>									
CSDA Bond Principal	6,465,000	0	0	0	0%	0	0	0	0
DWR Loan Principal	235,404	507,000	869,377	0	0%	0	0	0	0
Municipal Finance Principal	0	0	0	0	0%	0	0	0	0
GWMP Debt Service	213,497	4,541,865	4,541,865	0	0%	0	0	0	0
Garner Valley Bond Principal	<u>75,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>100%</u>	<u>80,000</u>	<u>85,000</u>	<u>90,000</u>	<u>95,000</u>
TOTAL PRINCIPAL PAYMENTS	6,988,901	5,128,865	5,491,242	80,000	1%	80,000	85,000	90,000	95,000
<b>Interest</b>									
CSDA Bond Interest	55,784	0	0	0	0%	0	0	0	0
DWR Loan Interest	23,672	19,435	1,884	0	0%	0	0	0	0
Municipal Finance Interest	0	0	0	0	0%	0	0	0	0
GWMP Bond Interest	250,883	246,530	999,983	0	0%	0	0	0	0
Garner Valley Bond Interest	<u>47,863</u>	<u>45,250</u>	<u>45,250</u>	<u>41,250</u>	<u>91%</u>	<u>37,250</u>	<u>33,125</u>	<u>28,750</u>	<u>24,125</u>
TOTAL INTEREST PAYMENTS	378,202	311,215	1,047,117	41,250	4%	37,250	33,125	28,750	24,125
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  
2022-2023**

	<u>ACTUAL</u> 2020-2021	<u>BUDGET</u> 2021-2022	<u>PROJECTED</u> 2021-2022	<u>BUDGET</u> 2022-2023	% Variance Budget to Projected	<u>BUDGET</u> 2023-2024	<u>BUDGET</u> 2024-2025	<u>BUDGET</u> 2025-2026	<u>BUDGET</u> 2026-2027
LAKE HEMET CAMPGROUND									
Revenue	<u>648,351</u>	<u>615,000</u>	<u>655,000</u>	<u>675,000</u>	103%	<u>695,500</u>	<u>716,500</u>	<u>738,000</u>	<u>760,500</u>
<b>TOTAL REVENUE</b>	648,351	615,000	655,000	675,000		695,500	716,500	738,000	760,500
<b>EXPENSES</b>									
Boat and Dock Repairs	0	0	0	0	0%	0	0	0	0
Building Repairs	231	1,000	0	500	0%	1000	1000	1000	1000
Vehicle & Equipment Repairs	6,001	8,000	4,500	6,000	133%	9000	9500	10000	10500
Electrical Repairs	1,185	2,000	5,000	5,000	0%	5000	5000	5000	5000
Water Line Repairs	25,951	23,000	25,250	28,000	111%	29,500	30,500	31,500	32,500
Grounds Repair	2,941	10,000	3,275	5,000	0%	5,000	5,000	5,000	5,000
Miscellaneous Expense	26,994	15,000	13,000	15,000	115%	16,500	17,000	17,500	18,000
Campground Legal Expense	0	85,000	35,000	70,000	100%	0	0	0	0
L.H. Market Repairs	0	15,000	0	5,000	0%	0	0	0	0
Sewer System	77,491	98,000	115,000	108,000	94%	113,500	117,000	120,500	124,000
Annual CP Reimbursement	-70,000	-70,000	-70,000	-70,000	0%	-70,000	-70,000	-70,000	-70,000
<b>TOTAL EXPENSES</b>	70,794	187,000	131,025	172,500	132%	109,500	115,000	120,500	126,000
<b>PROFIT OR LOSS</b>	577,557	428,000	523,975	502,500	96%	586,000	601,500	617,500	634,500
Campground Depreciation	42,666	44,750	41,876	42,876	102%	43,750	45,000	46,000	47,000

**LAKE HEMET MUNICIPAL WATER DISTRICT  
HIGHLIGHTS OF PROPOSED GARNER VALLEY  
BUDGET FY 2022-2023**

**OPERATING REVENUE -**

- Per the current Prop 218 Notice and Rate Study, a rate increase was implemented for Garner Valley on February 1, 2022
- This Notice allows for annual CPI increases not to exceed 3% until July 2023.
- Operating Reserves - a minimum of 120 days is recommended to maintain a financially healthy outlook for the Garner Valley system, approximately \$200,000.

**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 has not addressed any rate increases for this year. The rate increase in 2010 was the only increase they have had in the last twenty plus 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. Original pipeline installed in 1974.

**SERVICES -**

- Minimal repairs expected due to previous replacement of all original installations.

**FIRE HYDRANTS -**

- Fairly low maintenance.

**METER READING -**

- Meter reading labor has been reduced due to the installation of AMR meters.

**LAKE HEMET MUNICIPAL WATER DISTRICT  
HIGHLIGHTS OF PROPOSED GARNER VALLEY  
BUDGET FY 2022-2023**

**ENGINEERING -**

- Future engineering costs should be minimal.

**GENERAL EXPENSE -**

- Legal fees
- System management permits and fees
- Miscellaneous expenses
- Rate Study

**ADMINISTRATIVE -**

- 2% of General and Administrative charges for benefits and administrative time to operate G.V. system.

**DEPRECIATION -**

- Garner Valley depreciation for 2021 was \$141,997

**FUNDED DEPRECIATION -**

- To continue to maintain Garner Valley Facilities, Capital Improvement reserves should be set aside annually. 69% of the annual depreciation of \$137,500, or approximately \$94,875 is recommended to fund depreciation for future capital improvements.

Effective with the 2022/23 budget, this percentage increases 2% to 69% and will increase 2% each year. This is based on the Raftelis rate study recommendations to fully fund depreciation.

**TAXES -**

- Garner Valley's share of the General Districts Taxes were 3.63% or \$57,240 for 2021/2022. 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 -**

- \$75.00 per lot

**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, 2022 is \$1,536,335.

\* 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 \$174,021 which is available for scheduled Capital Improvements.

**LAKE HEMET MUNICIPAL WATER DISTRICT  
FY 2022 - 2023**

**GARNER VALLEY BUDGET**

	ACTUAL	BUDGET	PROJECTED	BUDGET	% Variance	BUDGET	BUDGET	BUDGET	BUDGET
	2020-2021	2021-2022	2021-2022	2022-2023	Budget to Projected	2023-2024	2024-2025	2025-2026	2026-2027
	AF	AF	AF	AF		AF	AF	AF	AF
<b>OPERATING REVENUE</b>	197	193	215	221		228	235	242	249
Water Sales	350,770	348,000	389,138	400,950	103%	413,000	425,500	438,500	451,500
Service Charge	102,422	104,850	106,362	109,550	103%	113,000	116,500	120,000	123,500
Misc/Service Conn Revenue	647	250	500	500	100%	250	250	250	250
<b>Sub-Total</b>	453,839	453,100	496,000	511,000	113%	526,250	542,250	558,750	575,250
<b>NON-OPERATING REVENUE</b>									
General Taxes / Bond Taxes	200,308	205,150	205,240	205,000	100%	208,000	211,000	214,000	217,000
Availability	25,432	23,100	25,275	25,275	100%	25,275	25,275	25,275	25,275
G.V. Depr. Fund Int./Bond Int.	474	250	550	750	136%	550	550	550	550
<b>Sub-Total</b>	226,214	228,500	231,065	231,025	102%	233,825	236,825	239,825	242,825
<b>TOTAL REVENUE</b>	<b>680,053</b>	<b>681,600</b>	<b>727,065</b>	<b>742,025</b>	<b>109%</b>	<b>760,075</b>	<b>779,075</b>	<b>798,575</b>	<b>818,075</b>
<b>OPERATING EXPENSES</b>									
Operating Supplies & Exp.	16,770	17,000	18,500	20,500	111%	21,500	22,500	23,000	23,500
Repairs to Bldgs & Grounds	4,837	5,000	2,300	5,000	217%	5,000	5,500	5,700	5,800
Rep to Grnd Source, Well Facilt.	0	10,000	10,000	10,000	100%	10,000	10,000	10,000	10,000
Repair to Pumping Equip.	14,419	20,000	35,500	39,000	110%	41,000	42,500	43,775	45,000
Power Purchased	47,500	48,000	48,000	52,000	108%	53,500	55,000	56,500	58,500
Purification	16,867	22,000	13,500	15,000	111%	16,000	16,500	17,000	17,500
Repair to Tanks	728	5,000	1,250	5,000	100%	10,000	5,500	6,000	10,000
Repair to Pipelines	3,503	5,000	8,500	9,000	100%	9,500	10,000	10,500	11,000
Repair to Services	983	2,000	12,000	13,500	113%	14,000	14,500	15,000	15,500
Repair to Fire Hydrants	274	1,000	350	1,000	286%	1,500	1,500	2,000	2,000
Meter Reading	811	1,500	650	1,000	154%	1,100	1,200	1,300	1,400
Engineering	0	500	0	500	100%	500	500	500	500
Legal Fees	12,679	5,000	4,100	2,000	100%	1,000	1,000	1,000	0
General Exp.	2,326	12,000	1,400	37,500	2679%	6,000	6,500	7,000	7,000
Uncollectable Water Bills	427	1,000	1,000	1,000	100%	1,000	1,000	1,000	1,000
Administrative	103,033	115,120	108,454	124,680	115%	129,666	132,710	136,240	140,280
<b>Sub-Total</b>	225,158	270,120	265,504	336,680	150%	321,266	326,410	336,515	348,980
<b>NON-OPERATING EXPENSES</b>									
Funded Depreciation	95,138	99,160	91,120	95,220	100%	98,690	103,660	108,750	113,960
Bond Principal Payment	75,000	80,000	80,000	80,000	107%	80,000	85,000	90,000	95,000
Bond Interest Payments	47,863	45,250	45,250	41,250	86%	37,250	33,125	28,750	24,125
Loan Repayment	101,971	101,971	101,971	101,971	0%	101,971	101,971	101,971	101,971
Costs	18,127	17,500	32,000	20,500	113%	21,500	22,500	23,000	23,500
<b>Sub-Total</b>	338,099	343,881	350,341	338,941	100%	339,411	346,256	352,471	358,556
<b>TOTAL EXPENSES</b>	<b>563,257</b>	<b>614,001</b>	<b>615,845</b>	<b>675,621</b>	<b>120%</b>	<b>660,677</b>	<b>672,666</b>	<b>688,986</b>	<b>707,536</b>
<b>Operating Profit or Loss</b>	116,796	67,599	111,220	66,404	57%	99,398	106,409	109,589	110,539
Capital Expenditures	110,195	72,000	87,500						
<b>* CASH FLOW</b>	<b>6,601</b>	<b>67,599</b>	<b>23,720</b>	<b>66,404</b>	<b>1006%</b>	<b>99,398</b>	<b>106,409</b>	<b>109,589</b>	<b>110,539</b>
<b>Depreciation</b>	141,997	148,000	136,000	138,000	97%	139,000	142,000	145,000	148,000

LAKE HEMET MUNICIPAL WATER DISTRICT  
5-YEAR CAPITAL IMPROVEMENT BUDGET

Department	Purchases / Projects	Description	Fiscal Year					Total
			2022/2023	2023/2024	2024/2025	2025/2026	2026-2027	
Administration	Misc. Unplanned Projects	contingencies	\$50,000					\$50,000
	Server upgrades	Server upgrade to put Tyler on its own drive with SSD	\$12,463					\$12,463
	WLB Tie-in to EMWD	Tie-in to put non-potable water into irrigation system	\$100,000					\$100,000
	Cedar Landfill Remediation	Riverside County - Approved in FY2021/2022	\$350,000					\$350,000
	Phase I Cathodic Protection	with EMWD	\$150,000					\$150,000
								\$0
Construction	30" pipe-Bench	300' for Hwy 74 mile marker 51	\$72,000					\$72,000
	30" pipe-Flume Rd.	400' for west midway grate	\$89,500					\$89,500
Operations &	Well 4 Pump Panel	Regular replacement program	\$11,000					\$11,000
Maintenance	Cranston Flow Meter	Change to mag meter	\$11,000					\$11,000
	Emergency Back-Up Battery for dam		\$6,000					\$6,000
	Foothill Booster radio replacement	SCADA radios	\$32,000					\$32,000
	Wells 2, 14	Replace wells, column, pumps, video, clean	\$350,000					\$350,000
	Replace Upper Sprague Vessel	Replace North tank (1956) - several leaks	\$42,000					\$42,000
	Webcor Well	Replace wells, column, pumps, video, clean		\$150,000				\$150,000
								\$0
								\$0
								\$0
								\$0
<b>Purchases / Projects Total</b>			\$1,275,963	\$150,000	\$0	\$0	\$0	\$1,425,963

Department	Vehicles / Equipment	Description	Fiscal Year					Total
			2022/2023	2023/2024	2024/2025	2025/2026	2026-2027	
Construction	1 Ton Welding truck with bed	Replaces 00-5 - worn out	\$75,750					\$75,750
	410E Backhoe	Replaces 101-99 - low use vehicle; costly to equip	\$155,000					\$155,000
	4x4 Extra Cab 1/2 Ton Pickup	Replaces 08-1 - high mileage	\$45,000					\$45,000
	Potable Water Trailer	Replaces 99-8 - cracked suspension, parts unavailable	\$19,800					\$19,800
	Service Truck	Replaces 08-4		\$120,000				\$120,000
	4x4 Extra Cab 1/2 Ton Pickup	Replaces 08-6		\$47,000				\$47,000
	420B Backhoe	Replaces 101-03		\$160,000				\$160,000
	Wheel Loader	Replaces 102-05			\$267,000			\$267,000
	1 Ton 4x4 Welding truck	Replaces 04-4			\$80,000			\$80,000
	1 Ton 4x4 Welding truck	Replaces 06-4				\$85,000		\$85,000
	4x4 Extra Cab 1/2 Ton Pickup	Replaces 10-2				\$50,000		\$50,000
	Skip Loader	Replaces 100-08				\$125,000		\$125,000
	2000 gal. Construction Water truck	Replaces 04-5					\$99,000	\$99,000
	4x4 Extra Cab 1/2 Ton Pickup	Replaces 13-2					\$51,000	\$51,000
	4x4 Extra Cab 3/4 Ton Pickup	Replaces 08-2					\$53,000	\$53,000
Customer Service	Ford Ranger	Replaces 09-3 - high mileage		\$40,000				\$40,000
	Ford F-250 Service truck	Replaces 11-2		\$55,000				\$55,000
	Ford F-150	Replaces 15-1					\$55,000	\$55,000
Operations &	Generator for Sheriff's building		\$10,000					\$10,000
Maintenance	Camera Van	Replaces 01-4		\$105,000				\$105,000
	Utility bed with crane	Replaces 08-5		\$80,000				\$80,000
	1/2 Ton pickup	Replaces 11-3		\$45,000				\$45,000
	3/4 Ton 4x4	Replaces 11-1			55000			\$55,000
	1/2 Ton 4x4	Replaces 15-2				\$55,000		\$55,000
	1/2 Ton 4x4	Replaces 16-2					\$60,000	\$60,000
	3/4 Ton 4x4	Replaces 16-3					\$65,000	\$65,000
								\$0
<b>Vehicles / Equipment Total</b>			<b>\$305,550</b>	<b>\$652,000</b>	<b>\$402,000</b>	<b>\$315,000</b>	<b>\$383,000</b>	<b>\$2,057,550</b>
<b>Total Capital Budget Totals</b>			<b>\$1,581,513</b>	<b>\$802,000</b>	<b>\$402,000</b>	<b>\$315,000</b>	<b>\$383,000</b>	<b>\$3,483,513</b>

JUNE 2022 FUND BALANCES		2022/2023	2023/2024	2024/2025	2025/2026	2026-2027	Balance
\$2,868,726	Vehicle Fund						\$2,868,726
\$174,021	Garner Valley Fund						\$174,021

<b>2021-2022 Annual Depreciation</b>	<b>\$3,221,000</b>
49% of Depreciation	\$1,581,513