

# **LAKE HEMET MUNICIPAL WATER DISTRICT**



**2020 – 2021  
BUDGET**

# 2020 – 2021 BUDGET



DOMESTIC



AGRICULTURE



# BUDGET 2020 / 2021

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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**

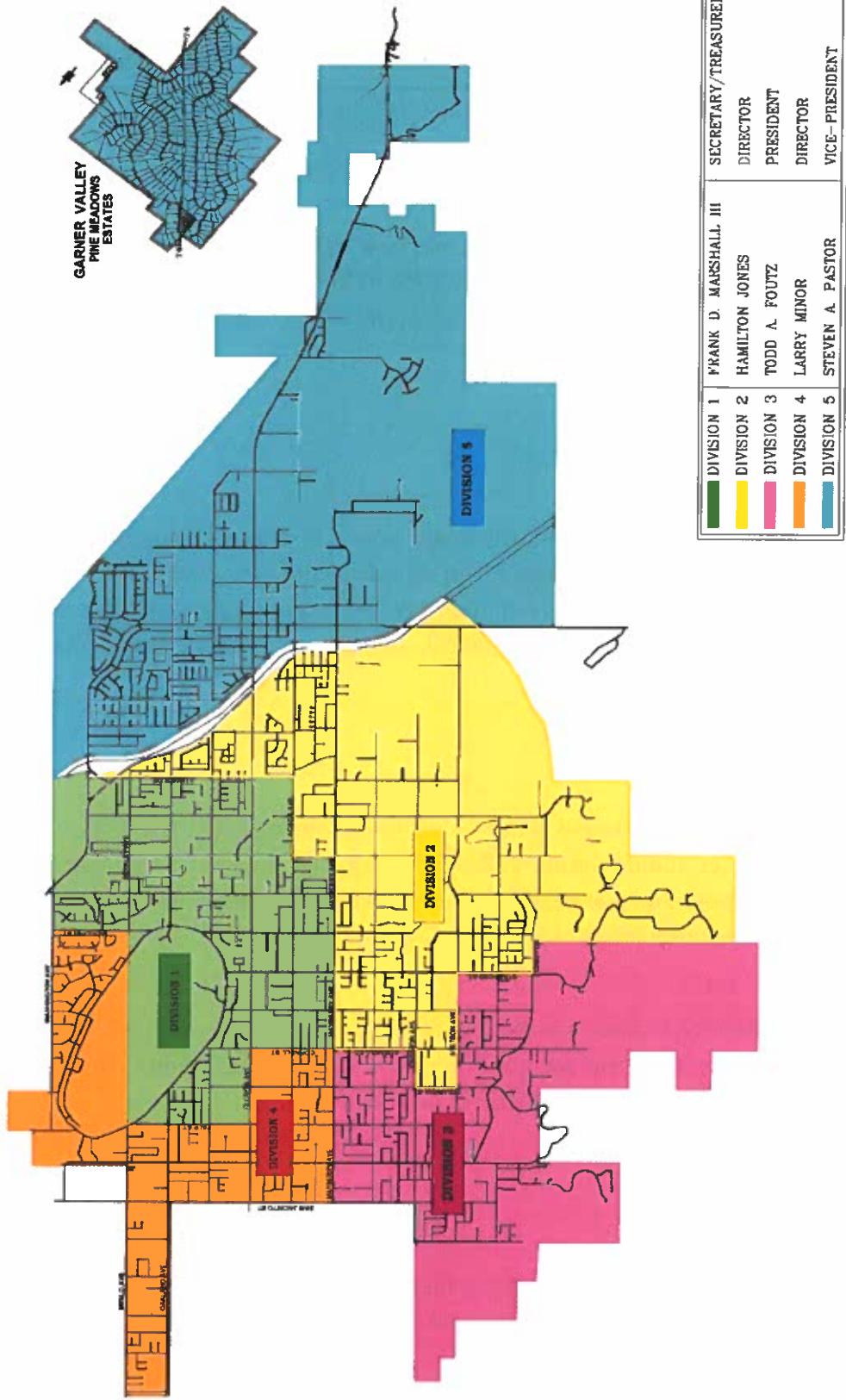
The District is located in southern California and provides domestic water to 14,216 services (excluding Garner Valley) and irrigation water to 49 agricultural customers in a 26 square mile area that includes portions of Hemet, San Jacinto, and adjacent unincorporated areas of Riverside County.

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

### **Government**

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

LAKE HEMET MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS  
DIVISION MAP



## **Water Supply**

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

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

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

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

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

## **Sewer Service**

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

# Understanding the Budget Document

A budget is a plan to match resources with the needs of the District. This budget provides for the general operation of the District for a one-year period. To plan beyond an annual timeframe and better anticipate future revenue and expense requirements, this budget document sets the guidelines for the 2021-22, 2022-23, 2023-24, and 2024-2025 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 2020-2021. 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 \$359,225 have been proposed for the 2020-2021 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 \$987,000 have been budgeted for Fiscal Year 2020 - 2021.

A portion of these projects has been funded through monies specifically set aside for this purpose. The District has proposed 41% of annual depreciation for Capital Acquisitions / Improvements.

## Debt Administration

As of June 30, 2020, the District's total debt is \$6,880,145 which corresponds to 8.23% of the net assets. Annual debt service payments are approximately 4.03% 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. over time. In December 2011, the District paid in full the \$2,394,000 settlement to the Soboba Indian Claim with monies set aside for that particular purpose. In 2012, the District began making payments to E.M.W.D for the facilities portion of the settlement.

Some of the District's infrastructure has eclipsed their useful life, with some at or over 100 years old. A Master Plan Study reported the replacement and maintenance needs of the District's infrastructure. Estimated costs would be approximately \$30,000,000 to replace / upgrade infrastructure. However, the District has already replaced infrastructure that had the highest maintenance needs at a cost of approximately \$16,500,000. The balance of Master Plan projects will be done in stages to eliminate the need for future bond financing.

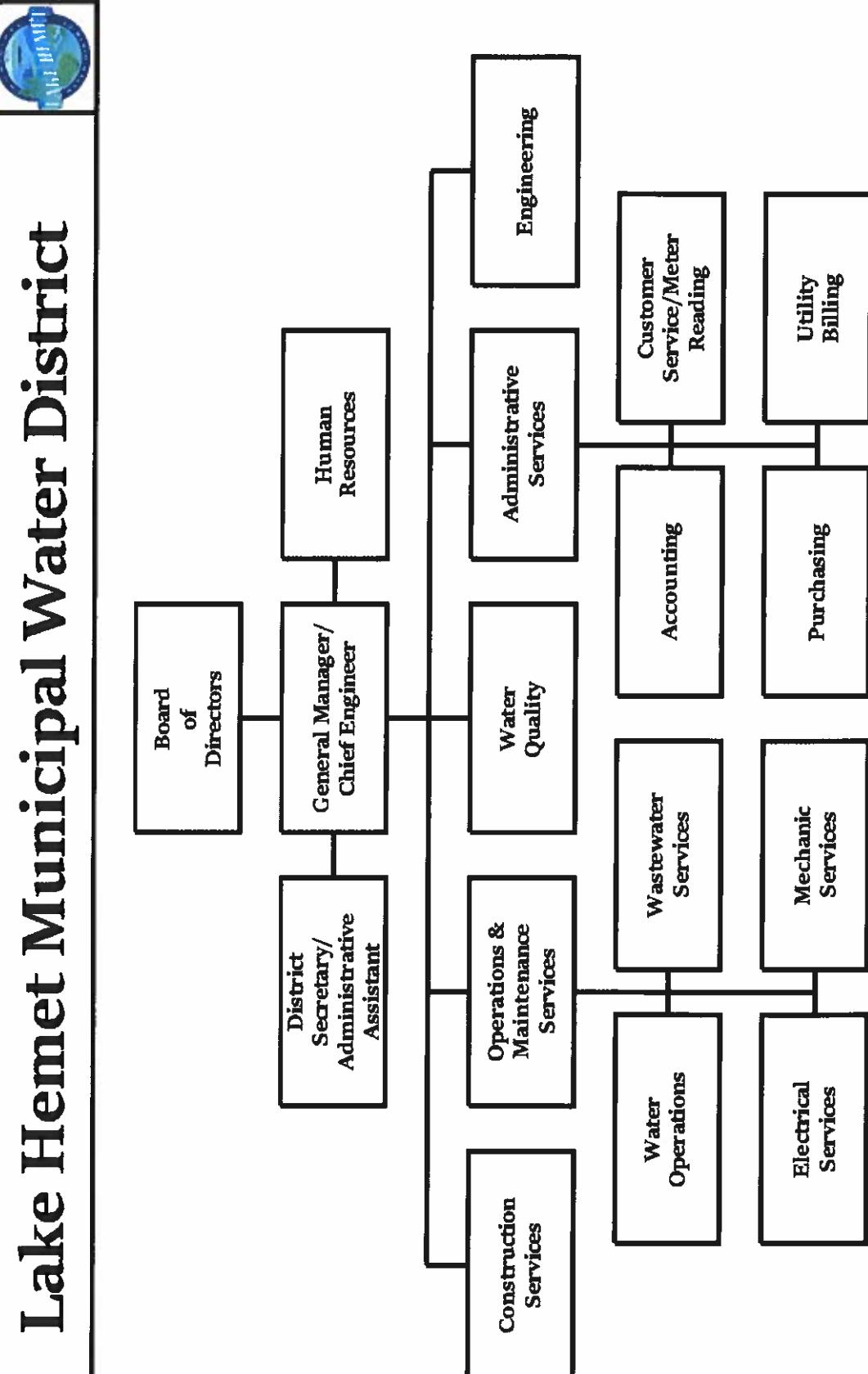
## Internal Controls

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.

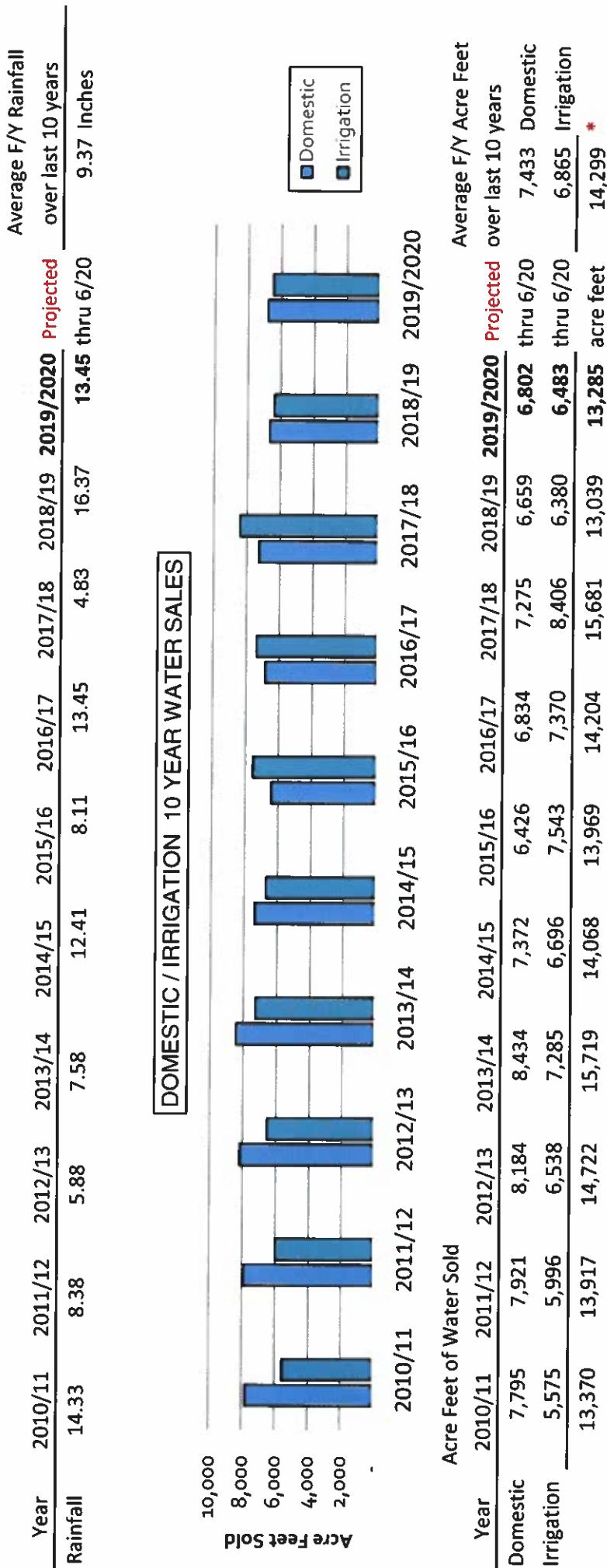
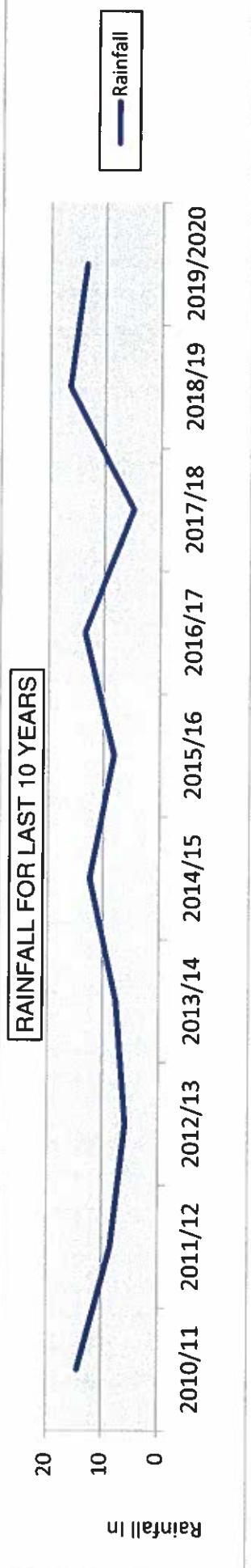
# Lake Hemet Municipal Water District





## LAKE HEMET MUNICIPAL WATER DISTRICT

### AVERAGE RAINFALL AVERAGE WATER SALES



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



**LAKE HEMET MUNICIPAL WATER DISTRICT**  
**Fund Balances**  
**Projected as of June 30, 2020**

RESTRICTED FUNDS	INSTITUTION					CalTrust	Total
	Bank of Hemet	LAMMA	Wells Fargo	Union Bank	LAIF		
Garner Valley Depreciation	\$167,530			\$381,918			\$167,530
DWR Leaky Pipe Fund			\$135,029				\$381,918
G.V. 2003-1							\$135,029
Beaumont Concrete		\$124,938					\$124,938
Cal-Parks Maintenance Fund		\$485,309					\$485,309
EDU Fees/Added Facilities		\$0					\$0
<b>Sub-Total</b>	<b>\$167,530</b>	<b>\$610,247</b>	<b>\$135,029</b>	<b>\$381,918</b>			<b>\$1,294,724</b>
<b>UNRESTRICTED FUNDS</b>							
Vehicle	\$795,058						\$893,821
General Fund	\$300,000	\$4,250,016					\$300,000
Ground Water Management		\$1,888,228					\$4,250,016
CalPERS		\$0					\$1,888,228
Capital Projects							
Disaster Reserve							
Rate Stabilization							
Campground Depreciation							
<b>Sub-Total</b>	<b>\$1,095,058</b>	<b>\$6,138,244</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,500,366</b>	<b>\$1,071,856</b>	<b>\$2,648,594</b>
<b>Total</b>	<b>\$1,262,588</b>	<b>\$6,748,491</b>	<b>\$135,029</b>	<b>\$381,918</b>	<b>\$6,500,366</b>	<b>\$1,071,856</b>	<b>\$18,748,842</b>

**LONG TERM LIABILITIES AS OF JUNE 2020**

**Liabilities**

Dept. of Water Resources Loan	\$ 1,104,780	Payments of \$130,233 are due each April & October until 2024.
Ground Water Mgmt Plan (EMWD)	\$ 4,755,365	Payments of \$234,325 are due each January & July until 2035.
Garner Valley Bond	\$ 1,020,000	Payments of \$63,904 are due each February & August, until 2030.
OPEB Obligation	\$ 2,362,957	Post Employment Benefits
CalPERS Unfunded Liability	\$ 12,191,119	Approximately \$750,000 annually, as determined by CalPERS
	\$ 21,434,221	Annual Payments are \$1,606,924 (including CalPERS)

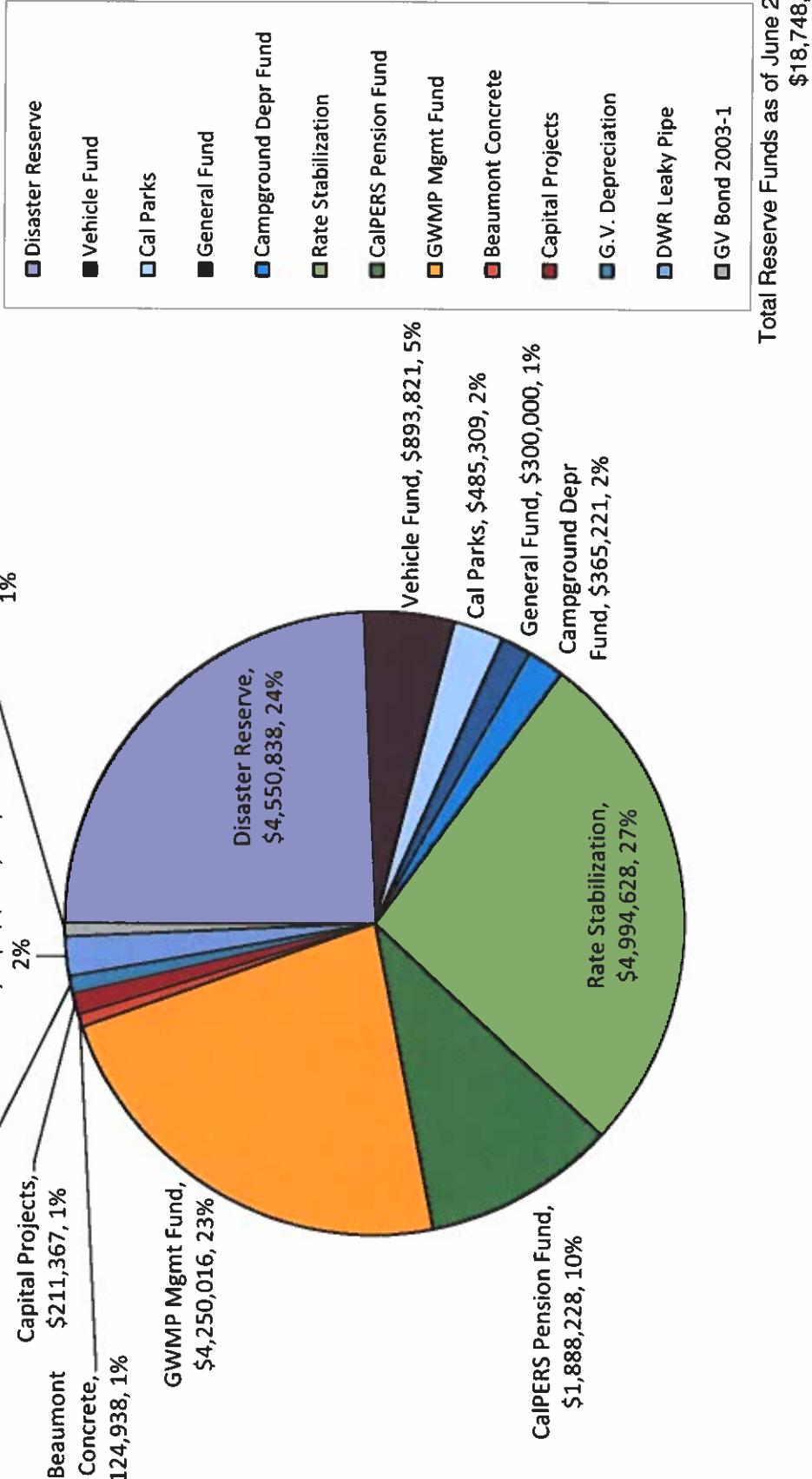


2.40%  
4.00%  
4.90%

### Lake Hemet Municipal Water District

**Fiscal Year 2020-2021  
Reserve Fund Assets**

DWR Leaky Pipe	\$381,918	2%
Capital Projects	\$211,367.1%	1%
Beaumont Concrete	\$124,938.1%	1%
G.V. Depreciation	\$167,530	1%
GV Bond 2003-1	\$135,029	1%



# LAKE HEMET MUNICIPAL WATER DISTRICT

## TOTAL LABOR / PAYROLL

The District began the 2019 / 2020 fiscal year with 52 employees and will begin the 2020 / 2021 fiscal year with 50 employees (47 F/T and 3 P/T).

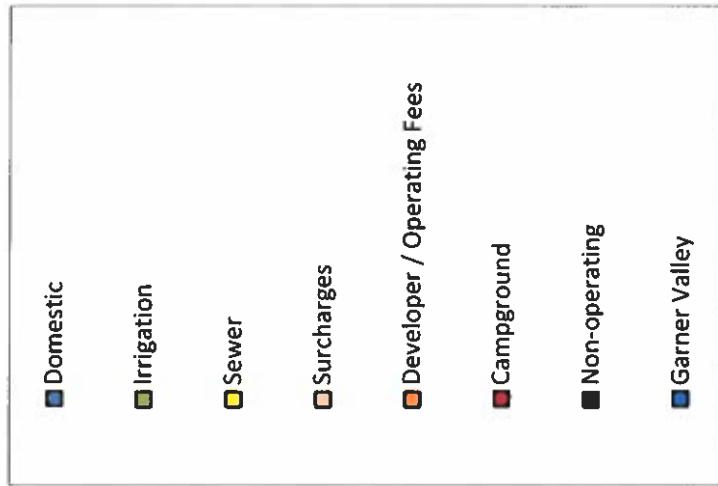
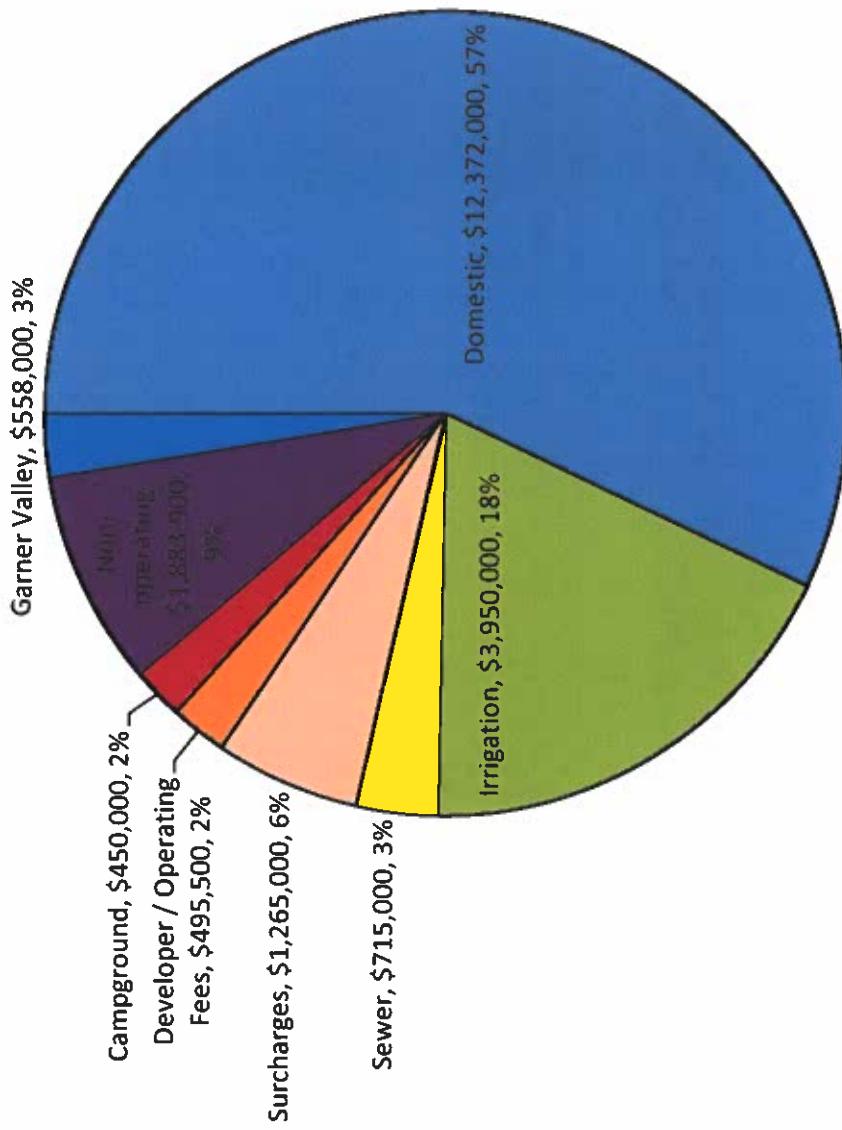
<u>2019 / 2020 DEPARTMENT</u>	<u># EMPLOY</u>	<u># P/T EMPLOY</u>	<u>COST</u>	<u>BENEFITS</u>	<u>2020 / 2021 DEPARTMENT</u> (alphabetical)	<u># F/T EMPLOY</u>	<u># TEMP EMPLOY</u>	<u>BUDGET</u>	<u>TOTAL Labor W/50%</u>	<u>BENEFITS</u>	<u>VARIANCE</u>	<u>%</u>
Administration	2		\$249,384	\$374,076	Administration	2		\$254,372	\$381,558	7,482	0.13%	
Business Staff	9	1	\$549,624	\$824,436	Business Staff	9	2	\$572,500	\$858,750	34,314	0.58%	
Buyer	1		\$100,116	\$150,174	Buyer	1		\$102,118	\$153,177	3,003	0.05%	
Construction	17		\$1,097,844	\$1,646,766	Construction	14	1	\$1,119,801	\$1,679,701	32,935	0.56%	
Electrical	3		\$302,796	\$454,194	Electrical	2		\$178,410	\$267,615	-186,579	-3.16%	
Engineering	1		\$54,132	\$81,198	Engineering	1		\$55,215	\$82,822	1,624	0.03%	
General Officers	2		\$293,280	\$439,920	General Officers	2		\$299,146	\$448,718	8,798	0.15%	
Mechanics	2		\$172,824	\$259,236	Mechanics	2		\$176,280	\$264,421	5,185	0.09%	
Meter Department	3		\$179,844	\$269,766	Meter Department	3		\$183,441	\$275,161	5,395	0.09%	
Sewer Department	4		\$303,924	\$455,886	Sewer Department	4		\$310,002	\$465,004	9,118	0.15%	
Water Operators	7		\$631,884	\$947,826	Water Operators	7		\$644,522	\$966,783	18,957	0.32%	
Total	52	1	\$3,935,652	\$5,903,478		47	3	\$3,895,807	\$5,843,710	-59,768	-1.01%	
					Total	50						

## GROUND WATER MANAGEMENT FEE ANNUAL COSTS

<u><b>2020-2021</b></u>		<u><b>2023-2024</b></u>	
Import 2,750 acre feet per year for Tribe	\$1,771,397	Import 2,750 acre feet per year for Tribe	\$1,935,653
Replenishment Water Fee \$537 per AF	\$1,100,000	Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650	Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$168,934	Water Subsidy	\$184,599
Administrative Assessments	\$502,200	Administrative Assessments	\$502,200
<b>TOTAL ANNUAL COST</b>	<b>\$4,011,181</b>	<b>TOTAL ANNUAL COST</b>	<b>\$4,191,102</b>
<u><b>2021-2022</b></u>		<u><b>2024-2025</b></u>	
Import 2,750 acre feet per year for Tribe	\$1,824,539	Import 2,750 acre feet per year for Tribe	\$1,993,723
Replenishment Water Fee \$537 per AF	\$1,100,000	Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650	Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$174,002	Water Subsidy	\$190,137
Administrative Assessments	\$502,200	Administrative Assessments	\$502,200
<b>TOTAL ANNUAL COST</b>	<b>\$4,069,391</b>	<b>TOTAL ANNUAL COST</b>	<b>\$4,254,710</b>
<u><b>2022-2023</b></u>		<u><b>2025-2026</b></u>	
Import 2,750 acre feet per year for Tribe	\$1,879,275	Import 2,750 acre feet per year for Tribe	\$2,053,535
Replenishment Water Fee \$537 per AF	\$1,100,000	Replenishment Water Fee \$537 per AF	\$1,100,000
Phase 1 Infrastructure & Debt Service	\$468,650	Phase 1 Infrastructure & Debt Service	\$468,650
Water Subsidy	\$179,222	Water Subsidy	\$195,841
Administrative Assessments	\$502,200	Administrative Assessments	\$502,200
<b>TOTAL ANNUAL COST</b>	<b>\$4,129,347</b>	<b>TOTAL ANNUAL COST</b>	<b>\$4,320,226</b>

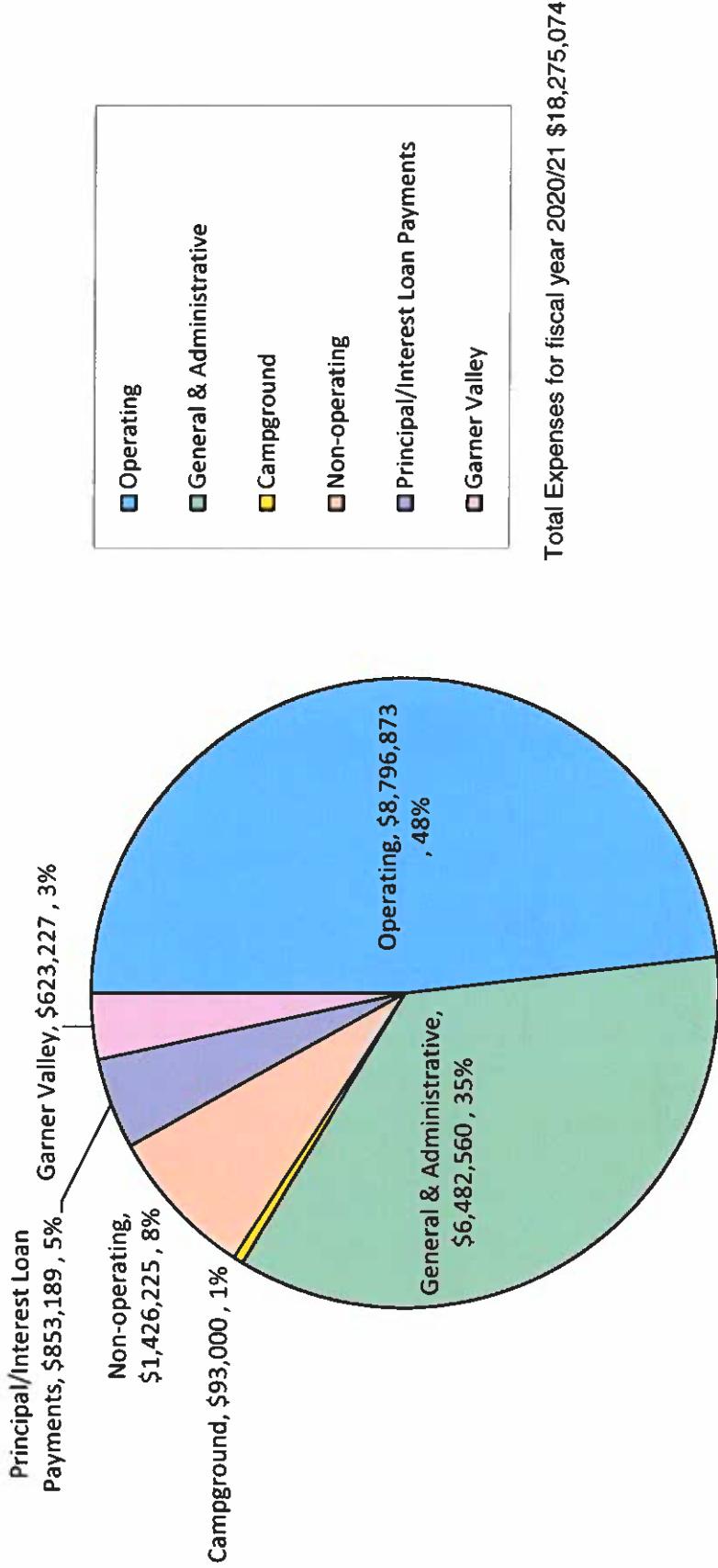
\* Replenishment costs are subject to change.

**Lake Hemet Municipal Water District**  
**Fiscal Year 2020 - 2021**  
**Revenue**



Total Revenue for fiscal year 2020/21  
\$21,689,400

## Lake Hemet Municipal Water District Fiscal Year 2020 - 2021 Expenses



## **FINANCIAL HIGHLIGHTS OF PROPOSED FY 2020-2021 BUDGET**

- 0% Growth in Lake Hemet Municipal Water Services
  - Total domestic services - 14,541 Including Garner Valley
  - Total active domestic services - 14,489
  - 3 New Water Service Installed in 2019/2020
  - \$21,239,400 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, 2019.
  - The 3 tiered domestic rate became effective January 2019.
  - Non-potable water rates increased July 2019. Pass-through increase imposed by EMWD and Metropolitan Water District, for untreated water not to exceed 10%. Additional CPI increases for non-potable water to be effective July 1st of each year, per the Prop 2018 notice, until 2023. Current CPI is 2.3%.
  - Garner Valley rates increased February 1st, 2020
- Misc. Revenue-
  - Backflow Testing - 633 devices at \$80 to ensure full funding of the backflow administration expenditures.
  - The Imported Water Surcharge will help fund Groundwater Management fees.
  - The Capital Improvement Surcharge will help fund Master Plan infrastructure improvements. 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 increased the rate for raw Soboba Recharge water to \$595 an acre foot from \$576 an acre foot.
  - E.M.W.D's water delivery charge for raw imported water will increase by \$5 an acre foot, to \$178 per acre foot for Soboba Recharge water deliveries.  
The District is obligated to purchase Soboba Recharge water, in the amount of \$2 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.  
There should be no other 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.  
Additionally, \$468,650 has been included in this year's budget & each subsequent year to cover GWMP debt service for infrastructure improvements to E.M.W.D..
  - 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 \$250,000.
  - Annual support fees of \$40,700 paid to E.M.W.D. and also annual fees for the Scott-Lauda In-lieu agreement.

## FINANCIAL HIGHLIGHTS OF PROPOSED FY 2020-2021 BUDGET

(con't)

- Labor
  - Annual merit increases for employees not at maximum range or step as recommended by a Supervisor, in accordance with the MOU & approved by the General Manager.
- Power Purchases
  - The District has anticipated an additional 3% increase over historical costs to cover operation of new Well 8A, Well 17 and any contingencies that may occur.
- Supplies
  - Fuel prices have stabilized but the west coast still has higher costs than most other parts of the nation. April-September fuel costs usually increase due to gasoline formula changes. The District has anticipated an additional 3% for 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.
- Spreading Basin
  - The percolation basin recharge water is measurable and metered.
  - Clean weeds out of percolation basin at Mountain Ave. on an as needed basis to improve groundwater recharge. Costs reduced due to use of Bautista crews.
- Legal Expense
  - \$70,000 for general legal expenses.
- CalPERS Retirement
  - The District will prepay their portion of employee retirement liability again this year for approximately \$747,565, reimbursable through funds set aside for this purpose.
  - Employees pay 7% of pension costs, the maximum per the negotiated M.O.U.
  - CalPERS is increasing the percentage that all Special District's, Cities, and Safety related agencies will need to pay for annual retirement contributions. CalPERS expects to increase the District's pension costs by an estimated maximum of 1% of payroll (approximately \$47,000) each year to be paid over a 20 year period, which began in 2016/2017.
  - CalPERS enacted a phase in of the approved, lowered discount rate change effective 2018-2019, which will increase all public agency contribution costs. The rate will be reduced from 7.5% to 7% by 2020-2021 fiscal year.
  - Contribute \$60,000 each month to the CalPERS reserve fund.
- Depreciation
  - Fiscal Year 2019-2020 \$3,295,000
  - 41% to be put back into Capital Improvements / Capital Outlay

## FINANCIAL HIGHLIGHTS OF PROPOSED FY 2020-2021 BUDGET

(con't)

### Miscellaneous Non-Operating

#### Lake Hemet Campground

- Revenue
  - Urban Park Concessionaires, DBA 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 transfer of management to Urban Parks was done April 1, 2011. The current lease contract term is for 10 years, to Dec. 31, 2024, with an additional 5 year option.
- Campground Expenses
  - Residual and required expenses for the campground will be minimal, as most costs will be paid by Urban Park Concessionaires.
- Interest
  - LAIF interest as of the 1st quarter of 2020 was 2.03%.
  - Bank of Hemet LAMMA account interest rate as of the 1st quarter of 2020 was 1.11%. Effectively, the LAMMA rate is higher due to all administrative charges being waived.
- Taxes and Standby
  - General taxes should be approximately \$1.1 million this year.
  - Improvement District 1 Standby charges have been suspended per Board direction.
  - The remaining Standby charges have not been changed.
- Bond Payments and Fees
  - 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.
  - Loan to City National Bank for construction of the Administration complex has been paid in full.
  - CSDA Bond issued for capital improvements to be paid in full by September 2020.
- Capital Improvement Budget
  - This fiscal years Capital Project Budget is \$987,000 with the General Fund and/or reserves as the funding source for these projects.
  - Vehicle Capital Budget is \$359,225.
  - Contribute \$83,334 each month to the District Vehicle/Equipment Fund.

## July 2020

**LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2020 - 2021**  
**INCLUDING 5 YEAR BUDGET FORECASTS**

	ACTUAL 2016-2017	ACTUAL 2017-2018	ACTUAL 2018-2019	THREE YEAR AVERAGE	AVERAGE PLUS 3%	BUDGET 2019-2020	PROJECTED 2019-2020
<b>OPERATING REVENUE</b>							
Domestic Revenue	11,621,588	12,140,099	11,715,559	11,825,749	12,180,521	12,670,000	12,328,000
Surcharges	1,460,870	1,629,534	1,370,966	1,485,790	1,530,364	1,698,500	1,198,000
Irrigation Revenue	2,490,022	3,641,989	4,051,150	3,394,387	3,496,219	4,550,000	3,750,000
Service Connections	47,401	6,969	7,520	20,630	21,249	10,500	25,500
Sewer Service	711,987	711,844	801,413	741,748	764,000	715,000	715,000
Storm Drain Service	17,289	17,367	17,204	17,287	17,805	17,500	17,500
Developer / Operating Fees	485,016	493,775	458,675	479,155	493,530	482,500	414,350
<b>Sub-Total</b>	<b>16,834,173</b>	<b>18,637,577</b>	<b>18,422,487</b>	<b>17,964,746</b>	<b>18,503,688</b>	<b>20,144,000</b>	<b>18,448,350</b>
<b>NON-OPERATING REVENUE</b>							
Revenue - Rent & Interest	244,929	375,018	591,248	403,732	415,844	480,200	583,900
Tax and Standby Revenue	1,604,497	1,695,663	1,779,914	1,693,358	1,710,292	1,374,100	1,371,100
<b>Sub-Total</b>	<b>1,849,426</b>	<b>2,070,681</b>	<b>2,371,162</b>	<b>2,097,090</b>	<b>2,126,135</b>	<b>1,854,300</b>	<b>1,955,000</b>
<b>TOTAL REVENUE</b>	<b>18,683,599</b>	<b>20,708,258</b>	<b>20,793,549</b>	<b>20,051,835</b>	<b>20,629,823</b>	<b>21,998,300</b>	<b>20,403,350</b>
<b>EXPENSES</b>							
Operating Expenses	10,781,688	10,848,420	8,460,516	10,023,541	10,324,248	9,151,875	9,625,850
General & Administration	5,674,129	5,860,211	11,237,302	7,588,881	7,816,547	6,180,550	5,986,288
<b>Sub-Total</b>	<b>16,455,817</b>	<b>16,688,631</b>	<b>19,692,818</b>	<b>17,612,422</b>	<b>18,140,795</b>	<b>15,332,425</b>	<b>15,612,138</b>
<b>NON-OPERATING COSTS</b>							
Expenses	48,947	20,759	50,169	39,958	41,157	65,925	20,750
Capital Improvement Budget	800,000	500,000	855,000	718,333	739,883	1,144,000	420,500
Principal Loan Payments	952,835	989,380	1,024,565	988,927	998,816	1,059,615	1,271,591
Interest Loan Payments	813,173	781,205	751,685	782,021	789,841	712,337	707,250
<b>Sub-Total</b>	<b>2,614,955</b>	<b>2,291,344</b>	<b>2,683,419</b>	<b>2,529,239</b>	<b>2,569,698</b>	<b>2,981,877</b>	<b>2,420,091</b>
<b>TOTAL EXPENSES</b>	<b>19,070,772</b>	<b>18,979,975</b>	<b>22,374,237</b>	<b>20,141,661</b>	<b>20,710,492</b>	<b>18,314,302</b>	<b>18,032,229</b>
<b>LAKE HEMET CAMPGROUND</b>							
Revenue	418,786	519,852	568,577	502,405	517,477	490,000	420,000
Expenses	34,942	55,389	55,008	48,446	49,900	77,000	130,000
<b>NET</b>	<b>383,844</b>	<b>464,463</b>	<b>513,569</b>	<b>453,959</b>	<b>467,578</b>	<b>413,000</b>	<b>290,000</b>
<b>NET DIFFERENCE</b>	<b>-3,329</b>	<b>2,192,746</b>	<b>-1,067,019</b>	<b>374,133</b>	<b>386,909</b>	<b>4,096,998</b>	<b>2,661,121</b>
<b>GWMP Fund Transfer</b>							
Unfunded Depreciation	3,329	0	2,067,019	0	0	0	0
<b>CASH FLOW</b>	<b>0</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>	<b>2,033,950</b>	<b>2,020,008</b>
			<b>2,192,746</b>	<b>0</b>	<b>374,133</b>	<b>386,909</b>	<b>2,063,048</b>
							<b>641,113</b>

LAKE HEMET MUNICIPAL WATER DISTRICT PROPOSED BUDGET SUMMARY FOR 2020 - 2021						
INCLUDING 5 YEAR BUDGET FORECASTS						
	BUDGET 2020-2021	% Variance From Previous Fiscal Year	BUDGET 2021-2022	BUDGET 2022-2023	BUDGET 2023-2024	BUDGET 2024 - 2025
<b>OPERATING REVENUE</b>						
Domestic Revenue	12,930,000	105%	13,315,000	13,715,000	14,100,000	14,500,000
Surcharges	1,265,000	106%	1,303,000	1,340,000	1,380,000	1,421,000
Irrigation Revenue	3,950,000	105%	4,075,000	4,200,000	4,325,000	4,455,000
Service Connections	10,500	41%	10,500	10,500	10,500	10,500
Sewer Service	715,000	100%	715,000	715,000	715,000	715,000
Storm Drain Service	17,500	100%	17,500	17,500	17,500	17,500
Developer / Operating Fees	467,500	113%	481,525	496,000	510,000	525,000
<b>Sub Total</b>	<b>19,355,500</b>	<b>105%</b>	<b>19,917,525</b>	<b>20,494,000</b>	<b>21,058,000</b>	<b>21,644,000</b>
<b>NON-OPERATING</b>						
Revenue - Rent & Interest	507,800	87%	520,000	535,000	551,000	520,000
Tax and Standby Revenue	1,376,100	100%	1,402,000	1,416,000	1,430,000	1,430,000
<b>Sub-Total</b>	<b>1,883,900</b>	<b>96%</b>	<b>1,922,000</b>	<b>1,951,000</b>	<b>1,981,000</b>	<b>1,950,000</b>
<b>TOTAL REVENUE</b>	<b>21,239,400</b>	<b>102%</b>	<b>21,839,525</b>	<b>22,445,000</b>	<b>23,039,000</b>	<b>23,594,000</b>
<b>EXPENSES</b>						
Operating Expenses	9,420,100	98%	12,448,900	12,891,600	13,250,150	13,605,526
General & Administration	6,482,560	108%	6,741,200	6,953,260	7,174,570	7,389,020
<b>Sub-Total</b>	<b>15,902,660</b>	<b>102%</b>	<b>19,190,100</b>	<b>19,844,860</b>	<b>20,424,720</b>	<b>20,994,546</b>
<b>NON-OPERATING COSTS</b>						
Expenses	80,000	386%	22,000	22,000	80,000	80,000
Capital Improvement Budget	1,346,225	320%	1,000,000	1,000,000	1,000,000	1,000,000
Principal Loan Payments	523,900	41%	543,160	557,965	573,235	58,925
Interest Loan Payments	329,289	47%	311,215	292,415	273,155	253,090
<b>TOTAL</b>	<b>2,279,414</b>	<b>94%</b>	<b>1,876,375</b>	<b>1,872,380</b>	<b>1,926,390</b>	<b>1,792,015</b>
<b>TOTAL EXPENSES</b>	<b>18,182,074</b>		<b>21,066,475</b>	<b>21,717,240</b>	<b>22,351,110</b>	<b>22,786,561</b>
<b>LAKE HEMET CAMPGROUND</b>						
Revenue	450,000	107%	520,000	530,000	540,000	550,000
Expenses	93,000	72%	83,000	87,000	90,500	92,000
<b>NET</b>	<b>357,000</b>	<b>123%</b>	<b>437,000</b>	<b>443,000</b>	<b>449,500</b>	<b>458,000</b>
<b>NET DIFFERENCE</b>	<b>3,414,326</b>		<b>1,210,050</b>	<b>1,170,760</b>	<b>1,137,390</b>	<b>1,265,439</b>
<b>CASH FLOW</b>						
GWMP Fund Transfer	0	0%	0	0	0	0
Unfunded Depreciation	2,020,008	0%	500,000	500,000	500,000	500,000
<b>NET</b>	<b>1,394,318</b>		<b>710,050</b>	<b>670,760</b>	<b>637,390</b>	<b>765,439</b>

**BUDGET PREPARATION WORKSHEET**  
**DETAIL OF OPERATING EXPENSES**

SOURCE OF SUPPLY	2020-2021			% Variance Budget to Actual			BUDGET 2021-2022		BUDGET 2022-2023		BUDGET 2023-2024		BUDGET 2024-2025	
	ACTUAL 2018-2019	BUDGET 2019-2020	PROJECTED 2019-2020	BUDGET 2020-2021										
Labor	320,181	305,000	220,000	268,000	122%		280,000	288,000	297,000	297,000	306,000			
Supplies & Repairs	269,723	329,500	210,000	295,000	140%		308,000	318,000	328,000	328,000	338,000			
Water Purchased	3,353,108	1,050,000	275,000	2,100,000	784%		4,750,000	5,000,000	5,150,000	5,150,000	5,300,000			
Spreading Basins	58,368	10,000	0	10,000	100%		10,000	5,348,000	5,611,000	5,785,000	5,785,000	5,949,000		
<b>TOTAL</b>	<b>4,001,380</b>	<b>1,694,500</b>	<b>705,000</b>	<b>2,673,000</b>	<b>379%</b>		<b>3,158,500</b>	<b>3,220,000</b>	<b>3,284,000</b>	<b>3,284,000</b>	<b>3,349,376</b>			
<b>PUMPING</b>														
Supplies	559	525	600	600	100%		600	600	600	600	600			
Repairs	231,888	240,000	228,000	240,000	105%		250,000	258,000	266,000	266,000	274,000			
Electrical Training/Classes	2,631	7,000	2,000	5,000	250%		5,000	5,000	5,000	5,000	5,000			
Power Purchased	876,518	992,000	827,000	975,000	118%		1,050,000	1,082,000	1,115,000	1,115,000	1,148,000			
<b>TOTAL</b>	<b>1,111,596</b>	<b>1,239,525</b>	<b>1,037,600</b>	<b>1,220,600</b>	<b>115%</b>		<b>1,305,600</b>	<b>1,345,600</b>	<b>1,386,600</b>	<b>1,386,600</b>	<b>1,427,600</b>			
<b>PURIFICATION</b>														
Labor	181,341	185,000	220,000	228,000	104%		238,000	245,000	252,000	252,000	260,000			
Supplies	132,515	141,000	183,000	180,000	98%		188,000	194,000	200,000	200,000	206,000			
Repairs	820	2,000	500	1,000	100%		1,000	1,000	1,000	1,000	1,000			
<b>TOTAL</b>	<b>314,676</b>	<b>328,000</b>	<b>403,500</b>	<b>409,000</b>	<b>101%</b>		<b>427,000</b>	<b>440,000</b>	<b>453,000</b>	<b>453,000</b>	<b>467,000</b>			
<b>TRANS. &amp; DISTRIB.</b>														
Patrolling Storage	190,000	198,000	210,000	210,000	108%		218,000	225,000	232,000	232,000	239,000			
Customer Premise	295	10,000	0	5,000	100%		5,000	5,000	5,000	5,000	5,000			
Misc Supplies & Exp	222,719	235,000	220,000	230,000	105%		240,000	247,000	255,000	255,000	263,000			
WRD Training / Classes	2,139	5,000	1,500	5,000	333%		5,000	5,000	5,500	5,500	6,000			
Meter Dept. Training/Classes	1,985	3,000	1,000	2,000	200%		2,000	2,000	2,000	2,000	2,000			
Meter Dept Expense	189,643	192,000	288,000	262,500	91%		275,000	283,500	292,000	292,000	300,000			
Constr. Training / Classes	50,402	63,000	22,000	30,000	136%		35,000	36,000	37,000	37,000	38,000			
Constr. Tools / Equipment	27,885	26,000	58,000	60,000	103%		63,000	65,000	67,000	67,000	69,000			
Pre-Construction Expense	1,826	1,850	1,000	1,500	150%		1,800	2,000	2,050	2,050	2,050			
Construction Lead Expense	0	0	0	135,000	100%		140,000	145,000	150,000	150,000	155,000			
Repairs to Transmission	38,130	41,000	16,050	30,500	190%		32,000	33,000	34,000	34,000	36,000			
Repairs to Storage	63,659	79,000	48,000	70,000	148%		73,000	75,000	77,000	77,000	79,000			
Repairs to Distrib. Lines	483,445	491,000	371,000	465,500	125%		485,000	500,000	515,000	515,000	530,000			
Repairs-servs & hydnts	131,638	169,500	133,000	175,000	132%		182,000	185,000	188,000	188,000	191,000			
<b>TOTAL</b>	<b>1,183,786</b>	<b>1,506,350</b>	<b>1,357,550</b>	<b>1,682,000</b>	<b>124%</b>		<b>1,758,800</b>	<b>1,809,000</b>	<b>1,862,050</b>	<b>1,862,050</b>	<b>1,918,050</b>			
<b>COMMERCIAL EXP.</b>														
Collections & Meter Readings	164,488	166,500	156,100	166,500	107%		173,000	178,000	183,000	183,000	189,000			
<b>SEWER EXPENSE</b>														
Salaries	20,880	20,000	2,300	5,000	217%		5,000	5,000	5,000	5,000	5,000			
Sewer Expense & Cleaning	210,360	233,000	240,000	260,000	108%		270,000	278,000	286,000	286,000	295,000			
Sewer Dept. Training/Classes	2,792	4,000	3,800	4,000	105%		5,000	5,000	5,500	5,500	5,500			
<b>TOTAL EXPENSES</b>	<b>234,032</b>	<b>257,000</b>	<b>246,100</b>	<b>269,000</b>	<b>109%</b>		<b>280,000</b>	<b>288,000</b>	<b>296,500</b>	<b>296,500</b>	<b>305,500</b>			

**BUDGET PREPARATION WORKSHEET**  
**DETAIL OF GENERAL AND ADMINISTRATION**  
**2020-2021**

	ACTUAL 2018-2019	BUDGET 2019-2020	PROJECTED 2019-2020	BUDGET 2020-2021	% Variance Budget to Projected		BUDGET 2022-2023	BUDGET 2023-2024	BUDGET 2024-2025
					2021-2022	2022-2023			
Salary-Gen. Officers	286,780	297,000	303,500	320,000	105%	333,000	343,000	353,000	364,000
Salary-Office Clerks	761,799	832,000	790,000	850,000	108%	884,000	911,000	938,000	966,000
Salary-Constr. Supervisors	227,556	237,000	227,000	242,000	107%	252,000	260,000	268,000	276,000
Salary-Back Flow Inspect	29,885	36,000	24,000	30,000	125%	31,000	32,000	33,000	34,000
Salary-Service Coordinator	60,347	66,000	27,000	0	0%	0	0	0	0
In-lieu Benefits (sick)	160,995	200,000	210,000	220,000	105%	229,000	236,000	243,000	250,000
In-lieu Health Insurance	35,908	40,000	37,000	42,000	114%	44,000	45,000	46,000	47,000
Injury Prevention	4,725	5,000	4,300	5,000	116%	5,000	5,000	5,000	5,000
Business Training / Classes	1,491	500	400	500	100%	500	500	500	500
Misc Office Supplies	73,229	75,000	65,000	75,000	115%	78,000	80,000	82,000	84,000
Legal Expense	35,580	80,000	40,000	70,000	175%	75,000	80,000	85,000	90,000
Engineering Expense	104,324	115,500	105,000	115,500	110%	120,000	124,000	127,500	131,000
Engineering Training/Classes	299	500	400	500	100%	500	500	500	500
Water Master Costs	227,172	250,000	225,000	300,000	133%	310,000	320,000	330,000	340,000
Payroll Taxes	363,547	330,000	335,000	330,000	99%	343,000	353,000	364,000	375,000
Injuries & Damages	9,370	10,000	5,000	10,000	100%	10,000	10,000	10,000	10,000
Insurance	1,134,526	1,137,000	1,230,000	1,280,000	104%	1,331,000	1,372,000	1,413,000	1,455,500
Operating Permits, Fees, Dues	153,756	155,000	200,000	210,000	105%	218,000	225,000	232,000	239,000
Misc General Expense	265,117	390,000	280,000	300,000	107%	312,000	322,000	332,000	342,000
Dist contr to retirement	863,058	1,080,500	1,000,000	1,108,000	111%	1,153,000	1,188,000	1,224,000	1,260,000
Bank Credit Card Fees	127,544	100,000	168,000	190,000	113%	198,000	204,000	210,000	216,000
Employee Appreciation	2,939	10,000	8,000	10,000	125%	10,000	10,000	10,000	10,000
Formal Education	2,195	10,000	3,000	8,000	267%	8,000	8,000	8,000	8,000
Back Flow Expense	20,719	18,000	25,000	30,000	120%	31,000	32,000	33,000	34,000
Repairs to Office Equip	140,967	160,000	138,000	155,000	112%	161,000	166,000	171,000	176,000
Repairs to Shop Equip	49,964	60,000	40,000	50,000	125%	52,000	54,000	56,000	58,000
Repairs-Garage Equip	395,423	445,000	447,000	450,000	101%	468,000	482,000	496,000	510,000
Mechanic Training/Classes	907	1,000	2,000	1,500	75%	1,000	1,500	1,500	1,500
Directors Fees	5,100	8,000	4,800	7,000	146%	7,500	8,000	8,500	8,500
Security Expense	13,690	12,000	11,000	12,000	109%	12,500	13,000	13,500	14,000
Safety Expense	46,915	48,000	45,000	48,000	107%	50,000	52,000	55,000	57,000
Undistributed Adjustments	58,598	20,000	12,000	20,000	167%	21,000	22,000	23,000	24,000
Uncollectible water bills	-116	55,000	76,000	101,000	133%	105,000	110,000	113,000	116,000
G & A TOTAL	5,664,309	6,284,000	6,088,400	6,591,000	116%	6,854,000	7,069,500	7,294,500	7,512,500
% of G & A to Garner Valley	(96,316)	2%	(103,456)	2%	(102,112)	2%	(108,440)	2%	(123,480)
	11,232,302	6,180,550	5,986,288	6,482,560	108%	6,741,200	6,953,260	7,174,570	7,389,020
Depreciation-Water & sewer infrastructures	3,002,193	3,120,000	3,242,000	3,268,500	101%	3,301,000	3,334,000	3,368,000	3,401,000

**BUDGET PREPARATION WORKSHEET**  
**DETAIL OF NON-OPERATING EXPENSES**  
**2020-2021**

	ACTUAL 2018-2019	BUDGET 2019-2020	PROJECTED 2019-2020	BUDGET 2020-2021	% Variance		BUDGET 2022-2023	BUDGET 2023-2024	BUDGET 2024-2025
					Budget to Projected	2021-2022			
MISC. NON-OP EXPENSES	50,169	65,925	20,750	80,000	386%	22,000	22,000	80,000	80,000
<b>DEBT SERVICE</b>									
<b>Principal</b>									
CSDA Bond Principal	165,000	170,000	170,000	0	0%	0	0	0	0
DWR Loan Principal	224,400	229,745	229,743	235,405	102%	241,035	246,855	252,800	128,690
Municipal Finance Principal	367,925	384,665	596,643	0	0%	0	0	0	0
GWMP Debt Service	197,240	205,205	205,205	213,495	104%	222,125	231,110	240,435	250,235
Garner Valley Bond Principal	70,000	70,000	70,000	75,000	107%	80,000	80,000	80,000	80,000
TOTAL PRINCIPAL PAYMENTS	1,024,565	1,059,615	1,271,591	523,900	41%	543,160	557,965	573,235	458,925
<b>Interest</b>									
CSDA Bond Interest	340,415	334,475	334,475	0	0%	0	0	0	0
DWR Loan Interest	36,080	30,720	29,330	25,065	85%	19,435	13,610	7,665	1,545
Municipal Finance Interest	47,870	31,130	27,433	0	0%	0	0	0	0
GWMP Bond Interest	271,410	263,445	263,445	255,155	97%	246,530	237,555	228,220	218,420
Garner Valley Bond Interest	55,910	52,567	52,567	49,069	93%	45,250	41,250	37,270	33,125
TOTAL INTEREST PAYMENTS	751,685	712,337	707,250	329,289	47%	311,215	292,415	273,155	253,090
Non-op Depreciation	2,124	2,124	2,124	100%			2,124	2,124	2,124

**LAKE HEMET MUNICIPAL WATER DISTRICT  
LAKE HEMET CAMPGROUND BUDGET  
2020-2021**

	ACTUAL 2018-2019	BUDGET 2019-2020	PROJECTED 2019-2020	BUDGET 2020-2021	% Variance Budget to Projected	BUDGET	BUDGET	BUDGET	
						2021-2022	2022-2023	2023-2024	BUDGET 2024-2025
LAKE HEMET CAMPGROUND	<u>568,577</u>	<u>490,000</u>	<u>420,000</u>	<u>450,000</u>	<u>107%</u>	<u>520,000</u>	<u>530,000</u>	<u>540,000</u>	<u>550,000</u>
Revenue									
<b>TOTAL REVENUE</b>	<b>568,577</b>	<b>490,000</b>	<b>420,000</b>	<b>450,000</b>	<b>107%</b>	<b>520,000</b>	<b>530,000</b>	<b>540,000</b>	<b>550,000</b>
<b>EXPENSES</b>									
Boat and Dock Repairs	0	0	0	0	0%	0	0	0	0
Building Repairs	0	0	0	0	0%	0	0	0	0
Vehicle & Equipment Repairs	6,243	6,000	5,500	6,000	109%	6,500	7,000	7,000	7,000
Electrical Repairs	555	1,000	2,500	2,000	0%	2,000	2,000	2,000	2,000
Water Line Repairs	26,163	35,000	22,000	30,000	136%	30,000	30,000	30,000	30,000
Grounds Repair	6,473	5,000	70,000	20,000	0%	5,000	5,000	5,000	5,000
Miscellaneous Expense	5,605	10,000	12,000	15,000	125%	15,500	16,000	16,500	17,000
L.H. Market Repairs	0	0	0	0	0%	0	0	0	0
Sewer System	79,969	90,000	88,000	90,000	102%	94,000	97,000	100,000	101,000
Annual CP Reimbursement	-70,000	-70,000	-70,000	-70,000	0%	-70,000	-70,000	-70,000	-70,000
<b>TOTAL EXPENSES</b>	<b>55,008</b>	<b>130,000</b>	<b>93,000</b>	<b>130,000</b>	<b>72%</b>	<b>83,000</b>	<b>87,000</b>	<b>90,500</b>	<b>92,000</b>
<b>PROFIT OR LOSS</b>	<b>513,569</b>	<b>413,000</b>	<b>290,000</b>	<b>357,000</b>	<b>123%</b>	<b>437,000</b>	<b>443,000</b>	<b>449,500</b>	<b>458,000</b>

Campground Depreciation

53,295                    54,376                    50,876                    52,500                    103%                    53,500                    53,500                    53,500

## **LAKE HEMET MUNICIPAL WATER DISTRICT HIGHLIGHTS OF PROPOSED GARNER VALLEY BUDGET FY 2020-2021**

### **OPERATING REVENUE -**

- Per the current Prop 218 Notice and Rate Study, a rate increase was implemented for Garner Valley on February 1, 2020.
- 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.

### **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 years.

### **PURIFICATION -**

- Low annual maintenance, no extraordinary expenses are expected.

### **TANKS -**

- Low annual maintenance, need occasional repairs and maintenance.

### **PIPELINE -**

- As the pipeline is aging, more repairs are expected. Pipeline installed in 1974.

### **SERVICES -**

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

### **FIRE HYDRANTS -**

- Fairly low maintenance.

### **METER READING -**

- Meter reading labor has been reduced due to the installation of AMR meters.
- Travel time to Garner Valley has improved due to Highway 74 being fully operational since the rain event of February 2019.

## **LAKE HEMET MUNICIPAL WATER DISTRICT HIGHLIGHTS OF PROPOSED GARNER VALLEY BUDGET FY 2020-2021**

### **ENGINEERING -**

- Future engineering costs should be minimal.

### **GENERAL EXPENSE -**

- Legal Fees for 2020-2021 litigation
- 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 -**

- Garner Valley depreciation for 2019 was \$144,536

### **FUNDED DEPRECIATION -**

- To continue to maintain Garner Valley Facilities, Capital Improvement reserves should be set aside, 67% of 1 years annual depreciation of \$146,000, or \$97,820 is recommended to fully fund capital projects.

### **TAXES -**

- Garner Valley's share of the General Districts Taxes was 4.64% or \$51,034 for 2019/20. This percentage changes slightly up or down each year.
- Garner Valley Bond AD 2003-1 tax rolls collect approximately \$148,000 which pays the bi-annual bond payment and related expenses.

### **AVAILABILITY -**

- 308 lots at \$75.00 per lot - always the same - \$23,100 per year

### **COSTS -**

- Press Enterprise Publications, Notice of Hearing charges & NBS Government Services for Assessment District fees.
- Costs associated with overseeing and management of the Bond.
- A negative fund balance of \$1,746,879 has been charged to the Garner Valley System.
- Loan repayment at 2% interest for \$102,000 a year for 20 years, beginning July 1, 2020.

\* 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 \$167,530 which is available for scheduled Capital Improvements.

**LAKE HEMET MUNICIPAL WATER DISTRICT**  
**FY 2020 - 2021**
**GARNER VALLEY BUDGET**

	ACTUAL 2018-2019	BUDGET 2019-2020	PROJECTED 2019-2020	BUDGET 2020-2021	BUDGET 2021-2022	BUDGET 2022-2023	BUDGET 2023-2024	BUDGET 2024-2025
	175 AF	190 AF	167 AF	170 AF	173 AF	176 AF	179 AF	182 AF
<b>OPERATING REVENUE</b>								
Water Sales	157,134	169,130	237,080	242,000	249,000	256,500	264,000	272,000
Service Charge	72,058	73,500	90,830	92,650	95,500	98,500	101,500	104,500
Misc/Service Conn Revenue	0	250	0	250	100%	250	250	250
<b>Sub-Total</b>	<b>229,192</b>	<b>242,880</b>	<b>327,910</b>	<b>334,900</b>	<b>344,750</b>	<b>355,250</b>	<b>365,750</b>	<b>376,750</b>
<b>NON-OPERATING REVENUE</b>								
General Taxes / Bond Taxes	198,447	201,000	196,100	198,000	199,000	200,000	201,000	202,000
Availability	23,100	23,100	23,100	23,100	23,100	23,100	23,100	23,100
G.V. Depr. Fund Int./Bond Int.	2,748	2,250	2,100	2,000	95%	2,000	2,500	3,500
<b>Sub-Total</b>	<b>224,295</b>	<b>226,350</b>	<b>221,300</b>	<b>223,100</b>	<b>224,100</b>	<b>225,600</b>	<b>227,100</b>	<b>228,600</b>
<b>TOTAL REVENUE</b>	<b>453,487</b>	<b>469,230</b>	<b>549,210</b>	<b>558,000</b>	<b>568,850</b>	<b>580,850</b>	<b>592,850</b>	<b>605,350</b>
<b>OPERATING EXPENSES</b>								
Operating Supplies & Exp.	16,519	16,500	15,000	18,000	120%	18,500	19,000	19,500
Repairs to Bldgs & Grounds	16,875	10,000	1,000	5,000	500%	6,000	7,000	8,000
Rep to Grnd Source, Well Facilit.	270	15,000	0	10,000	100%	20,000	20,000	20,000
Repair to Pumping Equip.	9,922	15,000	23,000	25,000	109%	25,500	26,000	26,500
Power Purchased	44,044	47,000	48,000	50,000	104%	51,000	52,000	53,000
Purification	22,560	26,000	28,000	30,000	107%	31,000	32,000	33,000
Repair to Tanks	3,400	5,000	0	5,000	100%	5,500	6,000	6,500
Repair to Pipelines	1,981	5,000	500	5,000	1000%	8,000	10,000	12,000
Repair to Services	321	4,000	2,000	4,000	200%	6,000	8,000	10,000
Repair to Fire Hydrants	0	500	1,000	1,000	100%	2,000	3,000	4,000
Meter Reading	861	1,450	1,100	1,500	136%	1,500	1,550	1,550
Engineering	0	500	0	500	100%	500	500	500
Legal Fees	27,675	100,000	100,000	25,000	25%	5,000	5,000	5,000
General Exp.	15,107	10,000	10,000	15,000	150%	17,000	19,000	21,000
Uncollectable Water Bills	781	500	1,000	1,000	100%	1,500	2,000	2,500
Administrative	96,316	103,450	102,112	108,440	106%	112,800	116,240	119,930
<b>Sub-Total</b>	<b>256,632</b>	<b>359,900</b>	<b>332,712</b>	<b>304,440</b>	<b>119%</b>	<b>311,800</b>	<b>317,290</b>	<b>342,980</b>
<b>NON-OPERATING EXPENSES</b>								
Funded Depreciation	24,000	0	75,000	12,000	50%	12,000	22,000	8,000
Bond Principal Payment	70,000	70,000	70,000	70,000	100%	80,000	80,000	85,000
Bond Interest Payments	55,055	52,567	52,567	52,567	95%	45,250	41,250	36,250
Loan Repayment	0	0	0	102,000	0%	102,000	102,000	102,000
Costs	17,810	15,000	15,000	15,000	84%	15,500	16,000	16,500
<b>Sub-Total</b>	<b>166,865</b>	<b>137,567</b>	<b>212,567</b>	<b>251,567</b>	<b>151%</b>	<b>254,750</b>	<b>261,250</b>	<b>247,750</b>
<b>TOTAL EXPENSES</b>	<b>423,497</b>	<b>497,467</b>	<b>545,279</b>	<b>556,007</b>	<b>131%</b>	<b>566,550</b>	<b>578,540</b>	<b>590,730</b>
<b>Operating Profit or Loss</b>	<b>29,990</b>	<b>-28,237</b>	<b>3,931</b>	<b>1,993</b>	<b>7%</b>	<b>2,300</b>	<b>2,310</b>	<b>2,120</b>
* CASH FLOW	<b>5,631</b>	<b>24,359</b>	<b>-28,237</b>	<b>3,931</b>	<b>1,993</b>	<b>8%</b>	<b>2,300</b>	<b>2,310</b>
Depreciation	144,536	146,500	144,536	146,000	101%	147,500	148,000	148,500

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

Department	Purchases / Projects	Description	Fiscal Year				
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Administration	Misc. Unplanned Projects	contingencies	\$50,000				\$50,000
Operations & Maintenance	Chlorine Analyzers - 10 Well Sites	monitor Cl2 levels-send alarm as needed	\$43,000				\$43,000
	SCADA Radio Replacement	15 radios per year	\$29,000				\$29,000
	Well 14 Booster VFD	replace Furnas motor starter	\$25,000				\$25,000
	Well Maintenance -	Well #2 and Well #10	\$230,000				\$230,000
GV	Well Maintenance - Garner Valley	Well #5	\$70,000				\$70,000
GV	Reline Goldshot Tank	300,000 gallon tank	\$175,000				\$175,000
CMP	Reline 4 Campground Tanks	20,000 gallons each	\$75,000				\$75,000
	Reline Cunningham Tank	120,000 gallon tank	\$65,000				\$65,000
	Reline Bee Canyon Tank	500,000 gallon tank	\$165,000				\$165,000
	SCADA Software Replacement	replace 25 year old HMI software	\$60,000				\$60,000
<b>Purchases / Projects Total</b>			<b>\$987,000</b>				<b>\$987,000</b>

Department	Vehicles / Equipment	Description	Fiscal Year				
			2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Construction	Metrotech V-Loc3-9800	replace 810DX purchased in 2004	\$4,225				
	Skid Steer with asphalt planner	replace 142-06	\$79,000				
	Small Dump Truck	replace 05-5 Ford Dump	\$117,000				
	4x4 Extra Cab 3/4 Ton	replace 05-3 for Leadman	\$55,000				
	Valve Truck/valve Machine/Vacuum	replace 03-1, 149-03, & 148-03	\$105,000				
	Small Dump Truck	replace 01-3	\$117,000				
	4x4 Extra Cab 3/4 Ton	replace 08-6 for Leadman	\$55,000				
	1 Ton Welding Truck	replace 00-5 GMC 1 ton Weld.Truck	\$60,000				

## LAKE HEMET MUNICIPAL WATER DISTRICT

## 5-YEAR CAPITAL IMPROVEMENT BUDGET

JUNE 2020 FUND BALANCES		2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
\$1,066,275	EDU Fund	\$0	\$0	\$0	\$0	\$0
\$365,221	Campground Fund	\$70,000	\$0	\$0	\$0	\$0
\$167,530	Garner Valley Fund	\$255,000	\$0	\$0	\$0	\$0
		\$1,021,225	\$311,000	\$370,000	\$348,000	\$230,000

JUNE 2020 VEHICLE FUND BALANCE	<b>\$795,058</b>
<b>2019-2020 Total Depreciation</b>	<b>\$3,271,700</b>
<b>41.15% of Depreciation</b>	<b>\$1,346,305</b>

JUNE 2020 VEHICLE FUND BALANCE

2019-2020 Total Depreciation

## 41.15% of Depreciation

<b>Approved Capital Improvement Budget for 2019-2020</b>	<b>\$1,274,000</b>
<b>Balance from 2019-2020</b>	<b>\$893,500</b>