RESOLUTION NO. 26R-06

A RESOLUTION FIXING AND ADOPTING THE BUDGET FOR THE FISCAL YEAR 2026-2027 FOR THE BIGHORN-DESERT VIEW WATER AGENCY

WHEREAS, annually the Agency Board of Directors adopts an annual budget prior to the beginning of the Fiscal Year.

BE IT RESOLVED, by the Board of Directors of the Bighorn-Desert View Water Agency, County of San Bernardino, California, that the budget for the Fiscal Year 2026-27 for the Bighorn-Desert View Water Agency is hereby fixed and adopted as shown on Exhibit "A", attached hereto and by reference made a part thereof.

PASSED, APPROVED AND ADOPTED by the Board of Directors of Bighorn-Desert View Water Agency this 9th day of June 2026.

By the following votes:

Ayes: Close-Dees, McKenzie, Aldridge, Martinez
Noes: None
Absent: Miller-Boyer

By ______________________
Rodney Miller-Boyer, President of the Board

ATTEST:

____
Megan Close-Dees, Secretary of the Board

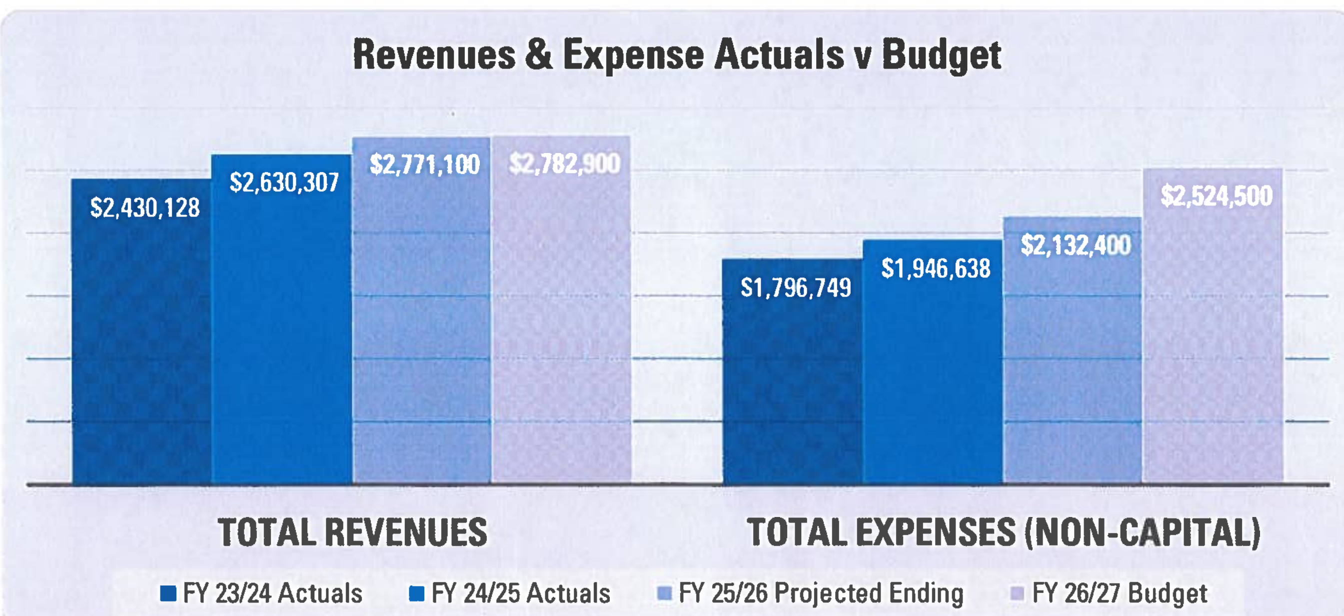
Official Seal

Schedule A

Bighorn Desert View Water Agency
Proposed Budget Summary V. PY Actuals
Fiscal Year 2026/27

		A	B	C	D
		Actual Results 2023/24	Actual Results 2024/25	Projected Year-End 2025/26	Proposed Budget 2026/27
1	Operating Revenues	$ 2,065,975	$ 2,050,753	$ 2,175,500	$ 2,235,800
2	Non-Operating Revenues	364,153	579,554	595,600	547,100
3	**Total Revenue Available to Fund Operations & Capital**	**2,430,128**	**2,630,307**	**2,771,100**	**2,782,900**
4	Operations	775,477	810,749	877,500	1,303,000
5	Administrative - Operating	954,828	1,065,679	1,130,600	1,118,300
6	Administrative - Non-Operating	26,062	26,251	54,300	33,200
7	Board of Directors	40,382	43,960	70,000	70,000
8	**Total Expense**	**1,796,749**	**1,946,638**	**2,132,400**	**2,524,500**
9	**Net Income/(Loss) Before Capital & Trust Contribution**	**633,379**	**683,668**	**638,700**	**258,400**
10	Less: Capital Expenses (Reserve Funded)	(56,959)	(338,558)	(672,300)	(654,500)
11	Less: Pension Trust Contributions	-	-	-	-
12	**Sub-Total: Net Capital / Trust Contribution**	**(56,959)**	**(338,558)**	**(672,300)**	**(654,500)**
13	Increase (Decrease) in Fund Balance	$ 576,420	$ 345,110	$ (33,600)	$ (396,100)

Projected Cash & Investments Beg. Balance - 7/1	$ 5,115,300
Projected Cash & Investments End Balance - 6/30	**$ 4,719,200**
Minimum Reserves Balance Per Policy	$ 3,612,000
Excess / (Deficiency) of Target Reserves	**$ 1,107,200**



Bighorn Desert View Water Agency
Proposed Budget Detail
Fiscal Year 2026/27

Schedule B

		A	B	C	D	E
		Adopted Budget 2025/26	Projected Year-End 2025/26	Proposed Budget 2026/27	$ Difference (C - B)	% Difference (D / B)
1	**Operating Revenues**					
2	Total Metered Water Consumption (Uniform)	580,500	594,800	875,500	280,700	47%
3	Total Metered Water Consumption Tier 2 (Discontinued)	312,100	249,300	-	(249,300)	-100%
4	Basic Service Charge	1,206,800	1,169,800	1,271,200	101,400	9%
5	Johnson Valley Bulk Water Sales	3,800	2,700	2,700	-	0%
6	Service Line Installation Fees	2,700	13,400	3,000	(10,400)	-78%
7	Basic Facilities Charge	15,200	78,400	17,200	(61,200)	-78%
8	Income Other - Operating	66,900	69,200	69,200	-	0%
9	Bad Debt Expense	(1,500)	(2,100)	(1,500)	600	-29%
10	Bad Debt - Uncollectable Liens	(1,500)	-	(1,500)	(1,500)	0%
11	**Total Operating Revenues**	**2,185,000**	**2,175,500**	**2,235,800**	**60,300**	**3%**
12	**Non-Operating Revenues**					
13	General Tax Levy - Bighorn Imp. Area "A"	122,400	131,700	134,300	2,600	2%
14	General Tax Levy - Bighorn-Desert View	117,100	125,800	128,300	2,500	2%
15	General Tax Levy - Improvement District Goat Mtn.	60,200	65,000	66,300	1,300	2%
16	Goat Mtn. Standby/Water Availability Charge	63,900	64,600	64,600	-	0%
17	Interest Revenue	182,600	185,500	130,600	(54,900)	-30%
18	Income Other - Non-Operating	21,300	23,000	23,000	-	0%
19	**Total Non-Operating Revenues**	**567,500**	**595,600**	**547,100**	**(48,500)**	**-8%**
20	**Total Revenues**	**2,752,500**	**2,771,100**	**2,782,900**	**11,800**	**0%**
21	**Expenses**					
22	**Operations**					
23	Operations Compensation	498,800	459,400	501,200	41,800	9%
24	Chief Engineer Compensation	-	-	255,000	255,000	0%
25	Power - Wells & Booster	148,400	136,500	143,300	6,800	5%
26	Water Purchases	-	-	-	-	0%
27	Water System Repairs	60,000	28,300	60,000	31,700	112%
28	Field Material & Supplies	78,800	39,500	78,800	39,300	99%
29	Contract Engineering	100,000	57,900	100,000	42,100	73%
30	Vehicle/Tractor/ Equipment Expense	35,000	32,900	35,000	2,100	6%
31	Vehicle Expense - Fuel	49,200	47,800	50,200	2,400	5%
32	Building Repair And Maintenance	15,500	17,800	18,300	500	3%
33	Disinfection Expense	13,400	18,500	19,100	600	3%
34	Water Testing	15,000	9,900	10,200	300	3%
35	Uniforms	10,000	7,700	10,000	2,300	30%
36	Communications Expense	7,900	7,700	7,900	200	3%
37	Permit / System Fees (Ops Other)	12,100	13,600	14,000	400	3%
37	**Total Operations**	**$ 1,044,100**	**$ 877,500**	**$ 1,303,000**	**$ 425,500**	**48%**

Schedule B

Bighorn Desert View Water Agency
Proposed Budget Detail
Fiscal Year 2026/27

		A	B	C	D	E
		Adopted Budget 2025/26	Projected Year-End 2025/26	Proposed Budget 2026/27	$ Difference (C - B)	% Difference (D / B)
39	**General & Administration**					
40	**Operating Expenses**					
41	Administrative Compensation	$ 282,300	$ 273,500	$ 146,700	$ (126,800)	-46%
42	General Manager Compensation	238,800	181,000	229,600	48,600	27%
43	Salary Allocations to Capital Projects	(179,100)	(97,600)	(191,300)	(93,700)	96%
44	Employee Benefits Insurance	229,300	187,200	293,100	105,900	57%
45	PERS Contribution	161,700	155,900	190,100	34,200	22%
46	Payroll Taxes	24,000	16,700	21,800	5,100	31%
47	Workers Compensation Insurance	18,300	15,100	16,600	1,500	10%
48	Employee Education	5,700	2,400	5,700	3,300	138%
49	Contractual Services - Auditor	18,900	21,600	21,600	-	0%
50	Contractual Services - Legal	40,000	59,200	61,000	1,800	3%
51	Contractual Services - Other	150,000	131,600	150,000	18,400	14%
52	Property/Liability/Cyber Insurance	102,000	114,600	103,100	(11,500)	-10%
53	Legislative Affairs - CWSA	15,000	14,000	15,000	1,000	7%
54	Dues, Subscriptions & Annual Fees	21,100	25,200	22,200	(3,000)	-12%
55	Power / Propane - Office & Yards	11,700	10,200	11,700	1,500	15%
56	Office Supplies/ Printing	12,200	9,900	10,200	300	3%
57	Phone, Fax Lines, Internet	9,000	8,900	9,900	1,000	11%
58	Mailing Expense	1,900	1,200	1,300	100	8%
59	**Total G&A - Operating Expenses**	**1,162,800**	**1,130,600**	**1,118,300**	**(12,300)**	**-1%**
60	**Non-Operating Expenses**					
61	Other Administrative Expenses	14,400	13,700	14,400	700	5%
62	Office Equipment Expense	14,100	36,700	14,100	(22,600)	-62%
63	Customer Relations	3,200	2,800	3,200	400	14%
64	Election Expense	1,000	-	1,000	1,000	0%
65	Miscellaneous Expense (Revenue)	500	1,100	500	(600)	-55%
66	**Total G&A Non-Operating Expenses**	**33,200**	**54,300**	**33,200**	**(21,100)**	**-39%**
67	**Total General & Administration**	**1,196,000**	**1,184,900**	**1,151,500**	**(33,400)**	**-3%**
68	**Board of Directors**					
69	Director Fees	70,000	70,000	70,000	-	0%
70	**Total Board of Directors**	**70,000**	**70,000**	**70,000**	**-**	**0%**
71	**Total Expenses**	**2,310,100**	**2,132,400**	**2,524,500**	**392,100**	**18%**
72	**Net Income/(Loss) Before Capital & Trust Contribution**	**442,400**	**638,700**	**258,400**	**(380,300)**	
73	Less: Capital Expenses (Reserve Funded)	(1,102,000)	(672,300)	(654,500)	17,800	
74	Less: Pension Trust Contributions	-	-	-	-	
75	**Net Increase/(Decrease) To Reserves**	$ (659,600)	$ (33,600)	$ (396,100)	$ (362,500)	

Bighorn Desert View Water Agency
Budget - Capital Plan
Fiscal Year 2026/27

		A Adopted Budget 2025/26	B Projected Year-End 2025/26	C Proposed Budget 2026/27
1	**District Projects**			
2	Goat Mountain Replacement Well/ Well Destruction	392,000	420,800	-
3	Administration Building Roof Replacement	50,000	-	50,000
4	A-Booster Replacement	40,000	57,200	-
5	Meter Replacements	10,000	11,200	-
6	Rate Study	40,000	43,800	-
7	Vac/Valve Trailer Replacement	65,000	-	-
8	Operations Well/Pump Emergency Contingency	100,000	-	-
9	New Well Zone B	150,000	20,000	630,000
10	New Storage Tank R1	300,000	75,000	525,000
11	GM Transitional Support	30,000	30,000	-
12	Water Storage Tank Recoating (B1, B2)	739,000	739,000	-
13	PI/C Project - Pipelines/Consol.	6,935,000	888,300	9,061,000
14	Well 10 Rehab	-	-	200,000
15	Pump Well 10	-	-	100,000
16	GIS System	-	-	50,000
17	**Total District Projects**	**8,851,000**	**2,285,300**	**10,616,000**
18	**Grant/Debt Funding**			
19	Prop 1 Round 1: Goat Mountain Replacement Well	(75,000)	-	(75,000)
20	Grant Funding: PI/C Project	(6,935,000)	(874,000)	(9,061,000)
21	Water Storage Tank Recoating (B1, B2)	(739,000)	(739,000)	-
22	USDA Loan Proceeds ($2M Total in Rate Study)	-	-	(825,500)
23	**Total Grant/Debt Funding**	**(7,749,000)**	**(1,613,000)**	**(9,961,500)**
24	Total Capital Expenses - Funded by Reserves	$ 1,102,000	$ 672,300	$ 654,500

Bighorn Desert View Water Agency
Proposed Personnel Budget
Fiscal Year 2026/27

Schedule D

		A	B	C	D	E
		Adopted Budget 2025/26	Projected Year-End 2025/26	Proposed Budget 2026/27	$ Difference (C - B)	% Difference (D / B)
1	**Salary and Wages**					
2	Operations	$ 498,800	$ 459,400	$ 501,200 [1]	$ 41,800	9%
3	Administration	282,300	273,500	146,700 [2]	(126,800)	-46%
4	Chief Engineer	-	-	255,000	255,000	0%
5	General Manager	238,800	181,000	229,600	48,600	27%
6	**Total Salary and Wages**	**1,019,900**	**913,900**	**1,132,500**	**218,600**	**24%**
7	**Benefits/Taxes**					
8	Employee Benefits Insurance	229,300	187,200	293,100	105,900	57%
9	CalPERS UAL Payment (Required)	69,500	69,500	80,400	10,900	16%
10	CalPERS Pension Payments	92,200	86,400	109,700	23,300	27%
11	Social Security & Payroll Taxes	24,000	16,700	21,800	5,100	31%
12	Worker's Compensation Insurance	18,300	15,100	16,600	1,500	10%
13	**Total Employee Benefits**	**433,300**	**374,900**	**521,600**	**146,700**	**39%**
14	**Salaries/Fringe Allocated to Projects**	**(179,100)**	**(97,600)**	**(191,300)**	**(93,700)**	**96%**
15	**Total Salary and Benefits**	**$ 1,274,100**	**$ 1,191,200**	**$ 1,462,800**	**$ 271,600**	**23%**

[1]Projected Budget for FY27 includes full staffing per District Org Chart with superintendent & four water distribution operators

[2]Projected Budget for FY27 includes one accounting tech and currently vacant accounting tech/CSR position

Bighorn-Desert View Water Agency
Budget Schedules & Line Items
FY 26/27 Proposed Budget

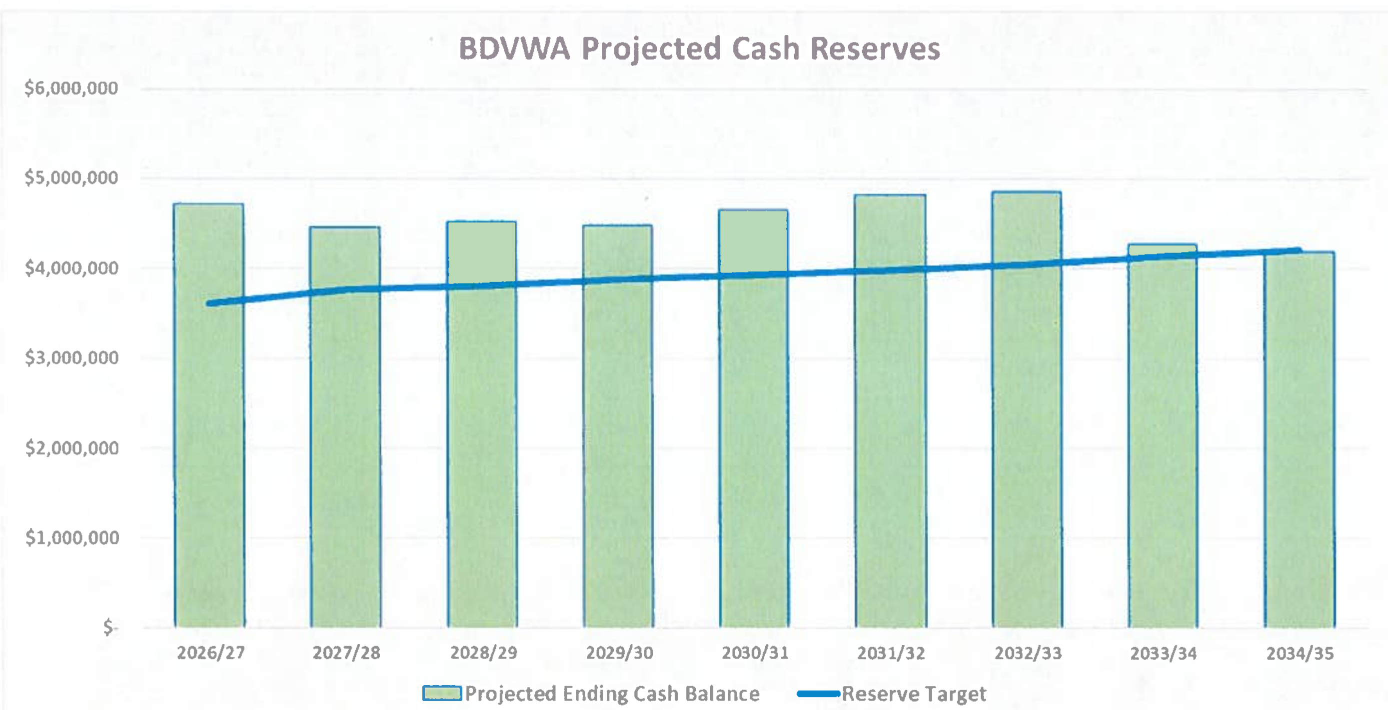
*The Agency's fiscal year is July 1st to June 30th

SCHEDULE A: SUMMARY BUDGET

This schedule summarizes operating and non-operating revenues, operations expenses, administrative operating and non-operating expenses, board of directors' expenses, capital expenses, and pension trust contributions. Line 9 measures the difference between revenues and expenses, which results in net revenues remaining to fund the Agency's capital expenses and pension trust contributions. In FY 26/27 the budget projects the Agency will have $258.4K available from operations to fund capital projects.

Line 13 shows the final increase or decrease in fund balance planned for the year after all previous items are considered. The amount fluctuates year to year, with some years positive and some negative, primarily as the Agency's capital expense fluctuates. In FY 26/27 the proposed capital projects total $10.62M with a projected grant and debt funding of $9.96M. The difference, $654K, represents the drawdown from reserves to complete the remainder of the planned capital expenses. Overall, the budget projects $1.1M of funds in excess of target reserves established in the rate study.

The accompanying cash reserve projection chart below presents projected ending reserves over the next ten years (bars) compared with the Agency's reserve targets (line). This projection is prepared annually during the budget process and is used to assess long-term financial sustainability and ensure reserve levels are trending appropriately relative to established policy targets.



SCHEDULE B: DETAIL BUDGET

This Schedule shows the detail budget for the Agency. Column (A) is the Adopted Budget for FY 25/26. Column (B) represents projected year-end balances for FY 25/26. These amounts are estimates; actual results will vary. Column (C) displays the Proposed Budget for FY 26/27. Columns (D) and (E) display $ and % differences from Projected FY 25/26 results to the FY 26/27 Proposed Budget.

REVENUES

Line 2 Metered Water Consumption (Uniform Rate) – Volumetric water sales under the uniform rate. Per the 2026 Rate Study, the tiered water rates were replaced with a single uniform rate. Revenues are budgeted for FY 26/27 based on adopted rates under the new rate study, with an assumed level of consumption at 436.9AF for the fiscal year, and the scheduled 4.4% rate increase for consumption after January 1, 2027. The FY 26/27 rate increase of 4.4% is the first increase in the new rate study period.

Line 3 Metered Water Consumption Tier 2 –Per the 2026 Rate Study, the tiered water rates were replaced with a single uniform rate. Therefore, Tier 2 is not budgeted for moving forward.

Line 4 Basic Service Charge – Includes the fixed charges to all customer classifications and varies by water meter size. Budget for FY 25/26 is based on rates adopted under the new rate study, and a scheduled rate increase of 4.4% for billing after January 1, 2027.

Line 5 JV Bulk Water Cash Sales – Includes bulk water "cash" sales at the Johnson Valley water hauling station. Budget for FY 26/27 is based on projected ending results for FY 25/26.

Line 6 Service Line Installation Fees – This is the fee charged for new meter and service line installations. This account is budgeted conservatively (1 new connection) due to the unpredictable nature of these revenues.

Line 7 Basic Facilities Charge – This is the "buy-in" fee charged to new service line connections. This account is budgeted conservatively (1 new connection) due to the unpredictable nature of these revenues.

Line 8 Income Other Operating – This includes fees such as Late Penalties, Miscellaneous Fees ("non-sufficient funds" (NSF), Backflow Reminders, Fire Flow Test, Will Serve Letter, etc.), New Account fees, Disconnection and Reconnection related fees. Budget for FY 26/27 is based on projected ending results for FY 25/26.

Lines 9-10 Bad Debt Expense/Uncollectible Liens – Estimated uncollectible customer account balances and uncollectible liens.

Line 13 General Tax Levy - Bighorn Imp. Area "A" – Property tax revenues, denoted as GA02 on the Tax Apportionment Schedule, related to Bighorn Improvement Area A. This revenue is the portion of the County 1% general property tax, which is passed on to special districts for general operating expenses. Budget for FY 26/27 is based on projected FY 25/26 results with a conservative 2% increase.

Line 14 General Tax Levy - Bighorn-Desert View – Property tax revenues, denoted as GA01 on the Tax Apportionment Schedule, related to Bighorn Improvement Area A. This revenue is the portion of the County 1% general property tax, which is passed on to special districts for general operating expenses. Budget for FY 26/27 is based on projected FY 25/26 results with a conservative 2% increase.

Line 15 General Tax Levy – Goat Mountain Improvement District – Property tax revenues, denoted as GA03 on the Tax Apportionment Schedule, related to Bighorn Improvement Area A. This revenue, previously apportioned to Co Service Area 70/Zone W-1 (coded as UD82-GA01) is the portion of the County 1% general property tax, which is passed on to special districts for general operating expenses. Budget for FY 26/27 is based on projected FY 25/26 results with a conservative 2% increase.

Line 16 Goat Mountain Standby/Water Availability Charge – Per acre charge for water availability assessed through the annual tax bill on all parcels within Improvement District Goat Mountain, which do not have a service connection and water meter. Budget for FY 26/27 is based on projected FY 25/26 results.

Line 17 Interest Revenue – Interest revenue is earned primarily on Agency investments in the State of California's Local Agency Investment Fund (LAIF), California Cooperative Liquid Asset Securities System (CLASS), and money market accounts at Five Star Bank and Banc of California. Interest revenues are conservatively budgeted at an assumed 2.5% rate of return on average account balance due to anticipated use of reserves and uncertain interest rates.

Line 18 Income Other (Non-Operating) – Includes interest and penalty tax apportionments from past due secured property tax liens, prior year Tax apportionments not applicable to an "active" receivable.

EXPENSES

Line 22 Operations – Begins the section of Agency operation's expenses.

Line 23 Operations Compensation – Budget for FY 26/27 includes five full-time employees including on-call standby and overtime/standby overtime pay. Change from prior fiscal year budget due to actual hire and resignation dates of employees, vacation payouts at time of accrual caps, accrual payouts at resignation, On-Call overtime (varies), 2.8% Cost-of-Living Adjustment for Fiscal Year 26/27.

Line 24 Chief Engineer Compensation – Budget for FY 26/27 is based on chief engineer compensation. In prior years this has been tracked under line 41 Administrative Compensation.

Line 25 Power Wells & Boosters – Includes energy costs on wells and booster stations. Budget for FY 26/27 is based on projected results for FY 25/26 with a 5% inflation increase.

Line 26 Water Purchases – Includes water purchased from the Mojave Water Agency who recharges the water at the Ames/Reche Recharge Facility. Once recharged, the value of the water is maintained as Ames Water Inventory. No water purchases are budget for FY 26/27. Agency currently has 890 Acre-Feet of water in storage with a current value of $548,210.

Line 27 Water System Repairs – Includes routine repairs/maintenance for wells, pumps, boosters, pressure reducing stations, reservoirs, pipelines, air-vacuum valves, etc. Budget for FY 26/27 is based on FY 25/26 budget.

Line 28 Field Materials & Supplies – Includes all materials and supplies used in the maintenance of the water distribution system, safety/traffic control and small tools. Budget for FY 26/27 is based on FY 25/26 budget.

Line 29 Contract Engineering – Includes costs for as-needed engineering consulting services for construction projects as well as AutoCADD drafting services related to maintenance of the Agency water system map. Budget for FY 26/27 is based on FY 25/26 budget.

Line 30 Vehicle/Tractor/Equipment Expense – Includes expenses for generators and tractors, repairs, hazardous materials disposal, and routine maintenance. No change in FY 26/27 budgeted amount.

Line 31 Vehicle Expense - Fuel – Includes fuel for truck fleet and associated equipment. Budget for FY 26/27 is based on projected results for FY 25/26 with a 5% inflation increase.

Line 32 Building Repair and Maintenance – Includes trash and cleaning service, safety supplies, non-routine maintenance. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 33 Disinfection Expense – Includes chlorine, disinfection equipment and maintenance and testing supplies. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 34 Water Testing – Includes water sampling at wells as required by law. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 35 Uniforms – Includes uniform lease for water operators, safety shoes, winter jackets, and hats. Budget for FY 26/27 is based on FY 25/26 budget.

Line 36 Communications Expense – Includes cell phones for assigned water operations and administrative staff and cost for SCADA internet link and data. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 37 Permit / System Fees (Ops Other)– Includes various operational permit fees from Mojave Air Quality Management District (MAQMD), State Water Resources Control Board – Division of Drinking Water (SWRCB-DDW), County of San Bernardino Hazardous Materials, County fees for excavation in dedicated roads and others. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 39 General & Administrative – Begins the section of Agency Administrative operating and non-operating expenses.

Line 41 Administrative Compensation – Budget for FY 26/27 includes salaries for one accounting tech and vacant admin position. The FY26/27 budget assumes the vacant position will be filled by 7/1/26. The budget includes an approved 2.8% COLA.

Line 42 General Manager Compensation – Includes salary and vehicle allowance for the Agency general manager based on contract.

Line 43 Salary Allocations to Capital Projects – Accounts for the estimated allocation of district engineer salary to grant funded capital projects. 75% of engineer salary is estimated to be allocated to these projects, which in turn offsets the related salary expense (Administrative Compensation), upon reimbursement or labor capitalization.

Line 44 Employee Benefit Insurance – Includes health, dental, vision, and life insurance. Change from prior fiscal year based on actual employee count, benefit type selected and number of dependents per employee. Fiscal Year premium increase is projected at 10%. Actual increase is unknown until after budget adoption in most instances. Budget based on actual needs of each employee assessed at budget time.

Line 45 PERS Contribution – Includes regular retirement expenses to the California Public Employee Retirement System (CalPERS) for Classic, PEPRA (Public Employee Pension Reform Act defined pension) members and annual required contributions for the unfunded actuarial liability (UAL). Budget for FY26/27 is based on salaries changes and updated UAL information from CalPERS.

Line 46 Payroll Taxes – Includes state unemployment costs, employee matching Medicare costs, and Board of Director's matching Social Security and Medicare costs. Budget for FY26/27 is increasing in correlation to increased compensation.

Line 47 Worker's Comp Insurance – Includes premiums to CA Association of Mutual Water Companies Joint Powers Risk and Insurance Management Authority (CalMutuals-JPRIMA Insurance) for all employees for Worker's Compensation insurance. The Worker's Compensation insurance company is Zenith National Insurance Company.

Line 48 Employee Education – Includes miscellaneous employee training, conferences and college-loan program reimbursements. Budget for FY 26/27 is kept at the prior year level.

Line 49 Contractual Services - Auditor – includes auditor fees from CJ Brown & Associates. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 50 Contractual Services - Legal – Includes legal fees. Projected ending results for FY 25/26 spiked due to one-time legal engagement related to personnel matters. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 51 Contractual Services - Other – Includes bank fees, annual Springbrook maintenance fees, CPA assistance, Civic Pay services, IVR messaging, outsourced billing, copier maintenance and Information Technology (IT) Consultant work. Budget for FY 26/27 is kept at the prior year level.

Line 52 Property/Liability/Cyber Security Insurance – Includes premiums to JPRIMA for property and liability, auto, and cyber insurance. Budget for FY 26/27 is based on renewals per JPRIMA.

Line 53 Legislative Affairs - CWSA – Includes FY 26/27 membership dues and travel in conjunction with legislative activities of the California Water Systems Alliance.

Line 54 Dues, Subscriptions & Annual Fees – Includes various dues such as AWWA, CSDA, LAFCO. Dig Alert, CRWA, GFOA, Adobe, Wienhoff, Hi-Desert Star, and website hosting. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 55 Power / Propane – Office & Yards – Includes costs for propane and electricity at Agency sites. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 56 Office Supplies/Printing – Includes checks, toner refills, office supplies, boardroom supplies, copier costs, business meeting supplies and specialty. Budget for FY 26/27 is based on projected results for FY 25/26 with a 3% inflation increase.

Line 57 Phone, Fax Lines & Internet – Includes phone systems, internet, email exchange server, and website maintenance. Budget for FY 26/27 is increased based on updated internet service charges.

Line 58 Mailing Expense – Includes postage and delivery costs. Budget for FY 26/27 is based on FY 25/26 projected results with an inflation increase.

Line 60 Non-Operating Expenses – Begins the section of Agency non-operating expenses.

Line 61 Other Admin Expenses – Includes Notary Fees, filing fees, and legal notices posted in the newspaper. This expense line item will be partially offset by Revenue Line 18 Other Income (Non-Operating) when a customer ultimately pays the fees directly related to services they receive such as shared cost for execution of the secured liens to the tax collector and release of liens (i.e. document preparation and notary). Budget for FY 26/27 is based on FY 25/26 budget.

Line 62 Office Equipment Expense – Includes office equipment and software. Budget for FY 26/27 is based on FY 25/26 budget. Activity in FY26 includes the board approved security camera project, which is outside normal activity for this account.

Line 63 Customer Relations – Includes events such as Morongo Basin Conservation District Desert-Wise Landscape tour, Water Education Festival, free annual calendar and other miscellaneous items. Budget for FY 26/27 is based on FY 25/26 budget.

Line 64 Election Expenses – Includes election expenses that occur every other year. For FY 26/27 there are four seats with terms expiring in December 2026.

Line 65 Miscellaneous Expenses – ledger used for minor expenses related to reconciliation of the monthly bank statement or "true-up" of minor adjustments to inventory or water (i.e. rounding errors or counterfeit bills discovered by the bank). Also used for voiding stale Utility Billing refund checks or reissuing such checks. Budget for FY 26/27 is based on PY budget. Activity in FY26 includes multiple customer refunds.

Lines 68-70 Board of Directors – Includes meeting stipends, training, conferences, and travel.

Line 72 Net Income/(Loss) Before Capital & Trust Contributions – measures the difference between revenues and expenses, which results in net revenues remaining to fund the Agency's capital expenses and pension trust contributions.

Line 73 Capital Expenses (Reserve Funded) – Includes use of Agency reserve funds for capital expenses. See Schedule C for more details.

Line 74 Pension Trust Contributions – Includes planned contributions to the PARS Pension trust. No contributions are budgeted for FY26/27.

Line 75 Increase/(Decrease) to Reserves - This is the amount that Fund Balance is budgeted to increase or decrease during the fiscal year. Increases and decreases can vary from year to year, mainly due to planned capital spending. The decrease in Fund Balance in the proposed budget reflects the Agency's reserve funded share of capital projects, totaling $654K for FY 26/27. However, the budget summary indicates that there will still be approximately $1.1M in excess of target reserves established in the last rate study.

SCHEDULE C: CAPITAL/REPAIRS & MAINTENANCE

This schedule shows the anticipated capital projects and expenses for the fiscal year, net of any grant or debt proceeds.

Lines 18-23 Grant Funding – Lines 18 to 23 are proposed projects which are grant funded. The budgets represent the portion of work projected to be completed in the fiscal year and not necessarily the total grant awarded. These grant awards are from various state programs.

Line 19 – Goat Mountain Replacement Well Agency awarded Agreement No. 4600013807 for $500,000 to construct a new well with an approximate capacity of 175 gallons per minute. The well will be completed in FY 26/27, exhausting all grant funds allocated.

Line 20 – Grant Funded PI/C Project AND Hi-Desert Water District Emergency Intertie No. 2 – Agency awarded Agreement No. D2102065/Project No. 3610009-002C for $11,000,000 (minus the B1/B2 Storage Tank Project of $739,000 in line 20) and Grant Agreement No. 4600014979 for $675,000. These funds are to construct consolidation pipelines, transmission pipelines, two pump stations and an emergency water supply intertie with Hi-Desert Water District.

Line 21 – Water Storage Tank Recoating (B1, B2) A Public Works project to recoat and rehabilitate two reservoirs, which was awarded for construction in FY 25/26. Funding for this project is $739,000, which is part of the grant Agreement No. D2102065 summarized in Line 18. This project will be completed in FY25/26.

Line 22 USDA Loan Proceeds – Includes estimated debt funding from USDA to be used on eligible projects in line with the FY 25/26 rate study. The rate study assumed a total loan of $2M with proceeds utilized between FY27-FY29.

Line 23 Total Grant/Debt Funding – Total grant and debt funding directed towards the Capital project program.

Line 24 Total Capital Expenses Funded by Reserves – This represents the total capital expense to be paid out of Agency reserves, which is shown on Line 72 of Schedule B.

SCHEDULE D: PERSONNEL COSTS

This schedule lists the details of salaries and wages, employee benefits, payroll taxes and worker's compensation. Major assumptions include:

Line 2 Operations Compensation is increasing due to:

- Merit increases averaging 2.5%.
- A Cost-of-Living Adjustment (COLA) of 2.8%
- Maintaining five operations employees at full staffing for the fiscal year

Line 3 Administration Compensation includes one accounting tech, district engineer, and vacant admin/finance position. Budget for FY 26/27 is increasing due to:

- A Cost-of-Living Adjustment (COLA) of 2.8%
- Assumed filling of vacant accounting tech/customer service representative position.
- Addition of District engineer during FY 25/26

Line 8 Employee Benefits Insurance includes health, dental, vision, and life insurance. Change from prior fiscal year based on actual employee count, benefit type selected and number of dependents per employee. Fiscal Year premium increase is projected at 10%. Budget based on actual needs of each employee assessed at budget time. Vacancies are budgeted at highest allowable cost.

Line 9 CalPERS UAL Payment (Required) includes required contributions for the unfunded actuarial liability (UAL). This amount is set by CalPERS on an annual basis based on the estimated unfunded pension liability attributed to the District. CalPERS offers a monthly payment option or provides a discount for full payment in July of each year. The District historically pays in full to utilize the estimated 3.24% discount each year, which the budget reflects.

Line 10 CalPERS Pension Payments rates are decreasing as of 7/1/2026 to 17.34% of base salary for Classic members (from 17.39%), and 7.93% for Public Employee Pension Reform Act (PEPRA) employees (from 7.96%), which are generally employees hired after January 1, 2013. District employees contribute the full Employee Contribution. Budget for FY 26 is increasing from projected ending balance due assumed full staff in FY26/27 budget.

Line 11 Social Security and Payroll Taxes includes costs for FICA, Medicare, Employee Training Tax (ETT), and State Unemployment Insurance (SUI).

Line 12 Worker's Compensation Insurance FY 26/27 is budgeted based on insurance rates applied to budgeted District salaries.