



Fiscal Year 2026-2027 Annual Budget

July 1, 2026 to June 30, 2027

Budget Draft #2 – May 28, 2026
(Operating Budget and Capital Projects)

Crestline Sanitation District

Fiscal Year 2026-2027 Annual Budget

Table of Contents

	<u>Page</u>
Executive Summary	1 – 6
Organizational Chart	7
Budget Summary	8 – 11
Budget Detail & Projections	12 – 19
Calculation of Reserves in Accordance with the Reserve Policy	20

EXECUTIVE SUMMARY

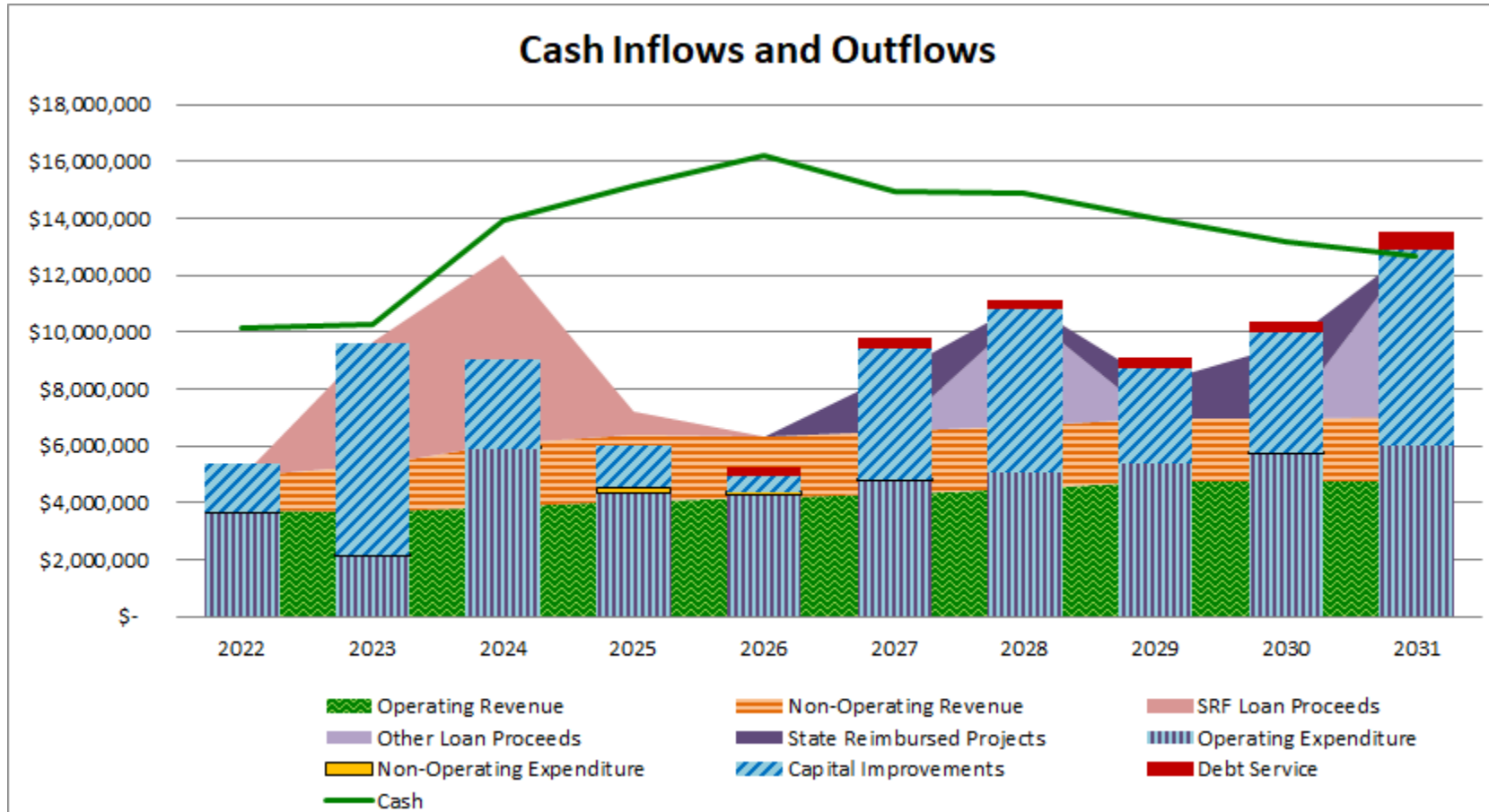
Crestline Sanitation District

Fiscal Year 2026-2027 Annual Budget

We are pleased to present to the Board of Directors the Crestline Sanitation District's Annual Budget for Fiscal Year 2026-2027.

This Budget has been prepared with the following general projections:

- 6.0% increase in salaries and benefits.
- 5.0% increase in expenses other than salaries and benefits, except where noted otherwise.



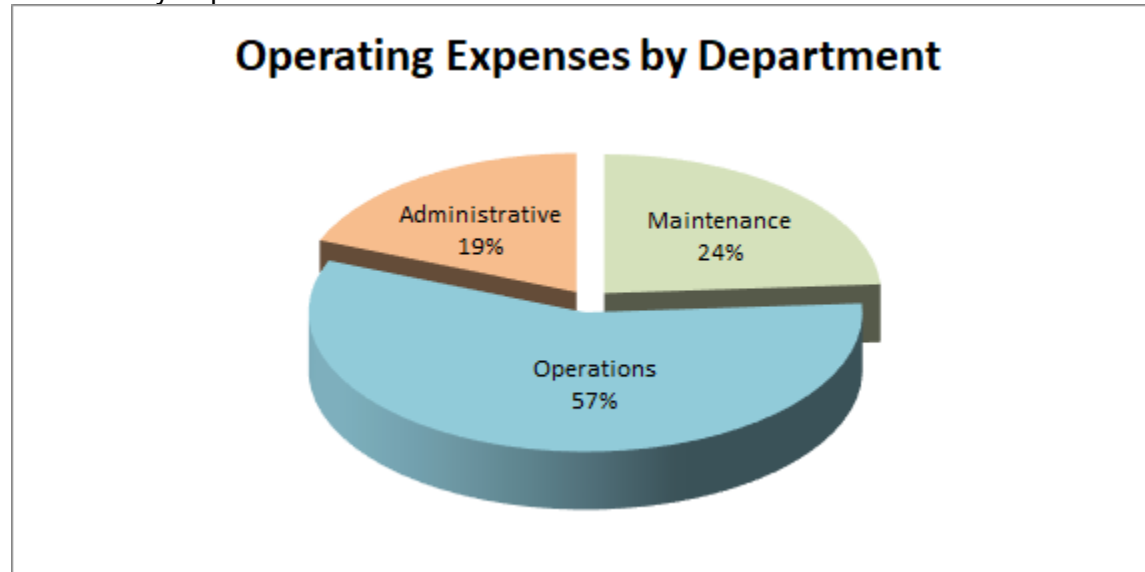
Crestline Sanitation District

Operating Budget

The operating budget covers the routine operations and maintenance of District facilities and services at its existing service levels and does not directly include funds for upgrades, increased capacity, or betterments. The operating budget is presented in more detail in the following sections.

Operating Expenses by Department

The following chart illustrates how the budget is allocated by department.



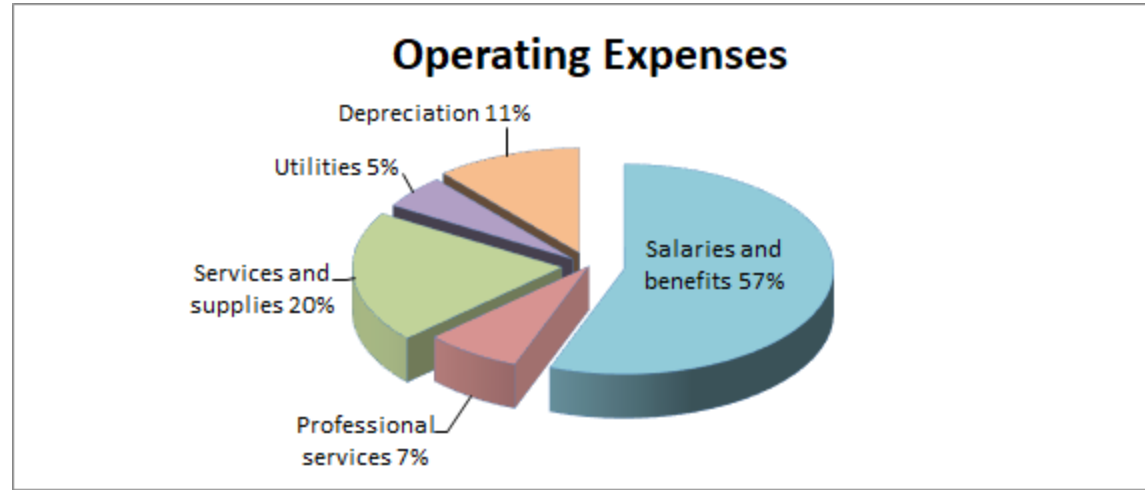
The following table details these expenses by department.

Department	2026/2027 Budget	% of Total Operating Exp
Maintenance	\$ 1,285,370	24%
Operations	3,064,156	57%
Administrative	1,018,750	19%
Total operating expenses	\$ 5,368,276	100%

Crestline Sanitation District

Operating Expenses by Type

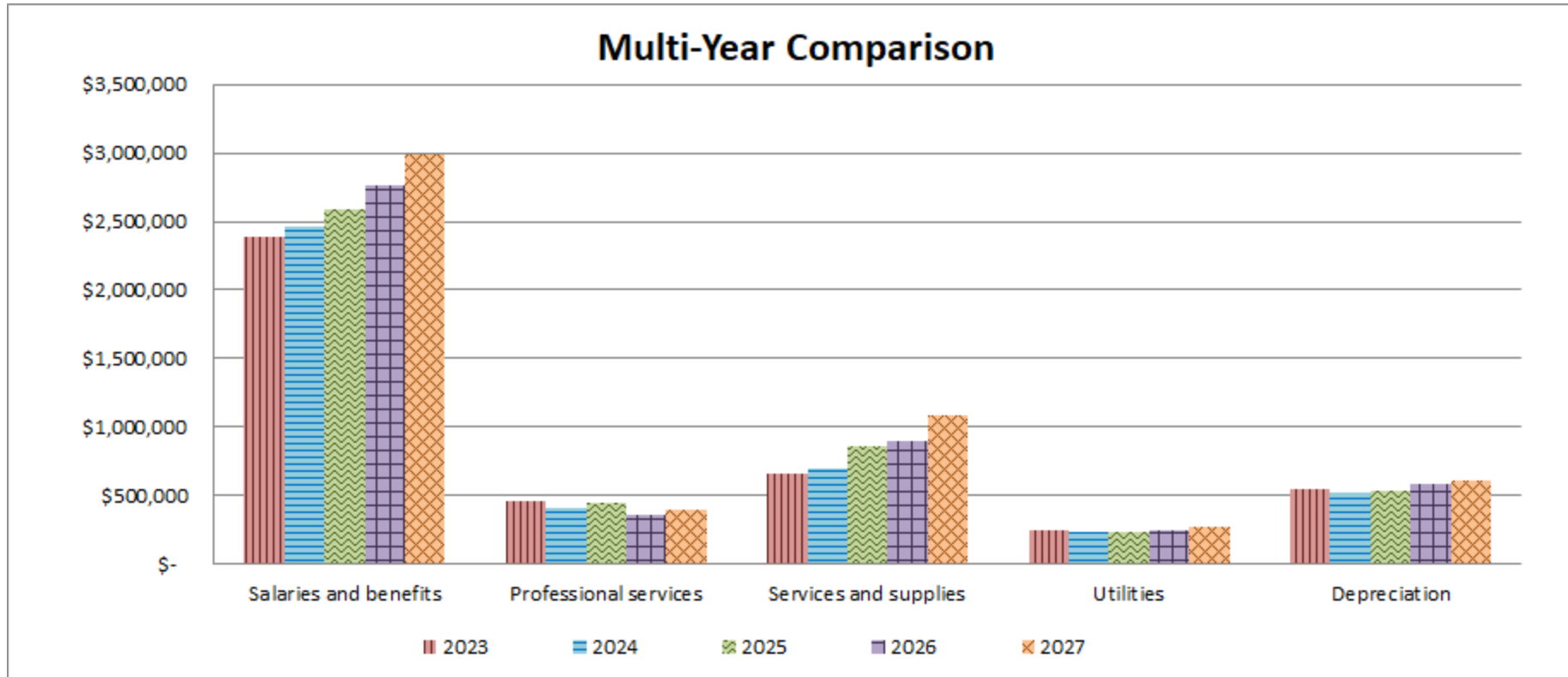
The following chart illustrates how the budget is allocated to the major expense categories.



The following table details the breakdown of these expenses to each major expense category.

Operating Expenses	2023 Actual	2024 Actual	2025 Actual	2026 Estimated	2027 Budget	% of Total 2027 Budget	% Change from 2026 to 2027
Salaries and benefits	\$ 2,383,584	\$ 2,466,927	\$ 2,584,070	\$ 2,763,733	\$ 2,990,080	57%	8%
Professional services	457,459	408,895	444,935	357,650	399,640	7%	12%
Services and supplies	663,557	700,318	861,310	903,828	1,091,776	20%	21%
Utilities	250,921	237,648	237,068	251,472	276,650	5%	10%
Depreciation	548,356	522,132	542,187	584,860	605,130	11%	3%
Total operating expenses	\$ 4,303,877	\$ 4,335,920	\$ 4,669,570	\$ 4,861,543	\$ 5,363,276	100%	10%

Crestline Sanitation District



The chart above illustrates the 5-year trend for each of the major expense categories. Salaries and benefits are projected to increase by 8% over the prior year, of which 6% is from a cost-of-living-adjustment (COLA) salaries increase, and 2% is from changes in positions. Professional services are projected to increase by 12% over the estimated FY2026 amount. Services and supplies are projected to increase by 21% due to insurance and maintenance of equipment and other expenses. Utilities is projected to increase by 10% due to the current market rate for utilities.

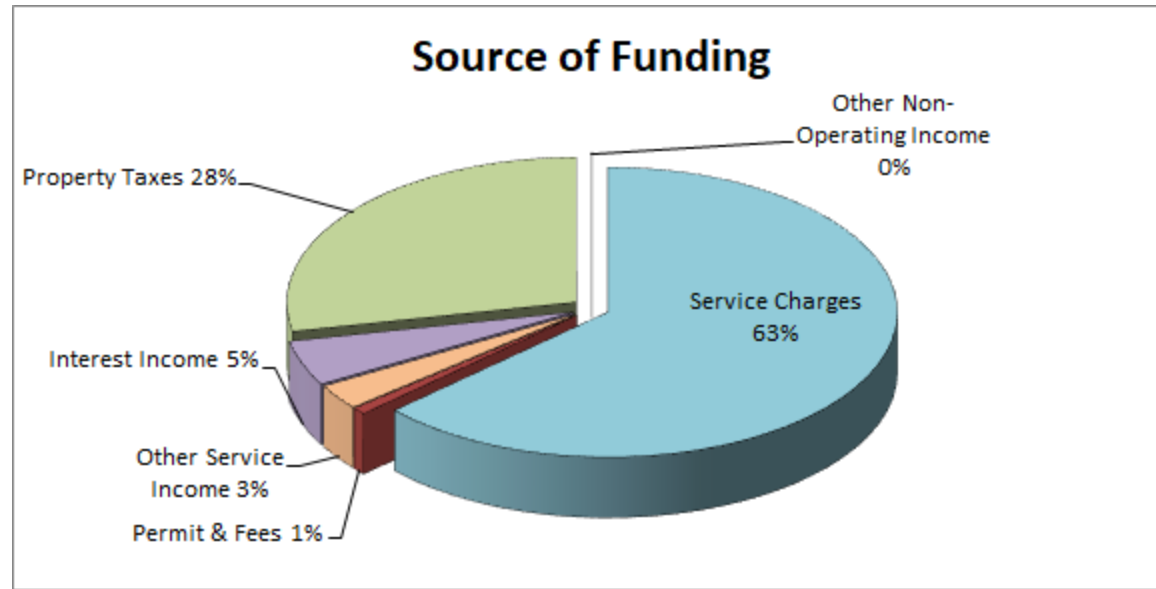
Personnel

The District's workforce consists of 21 full-time positions including 1 vacant position.

Crestline Sanitation District

Funding

The majority of funding for the budget is from sewer service charges and property taxes, as illustrated in the chart below.



The following table details the major sources of funding.

Source of Funding	2026/2027 Budget	% of Total Funding
Service charges	\$ 4,098,200	63%
Permit & fees	49,600	1%
Other service income	183,000	3%
Interest income	325,500	5%
Property taxes	1,831,800	28%
Other non-operating income	300	0%
Total funding	\$ 6,488,400	100%

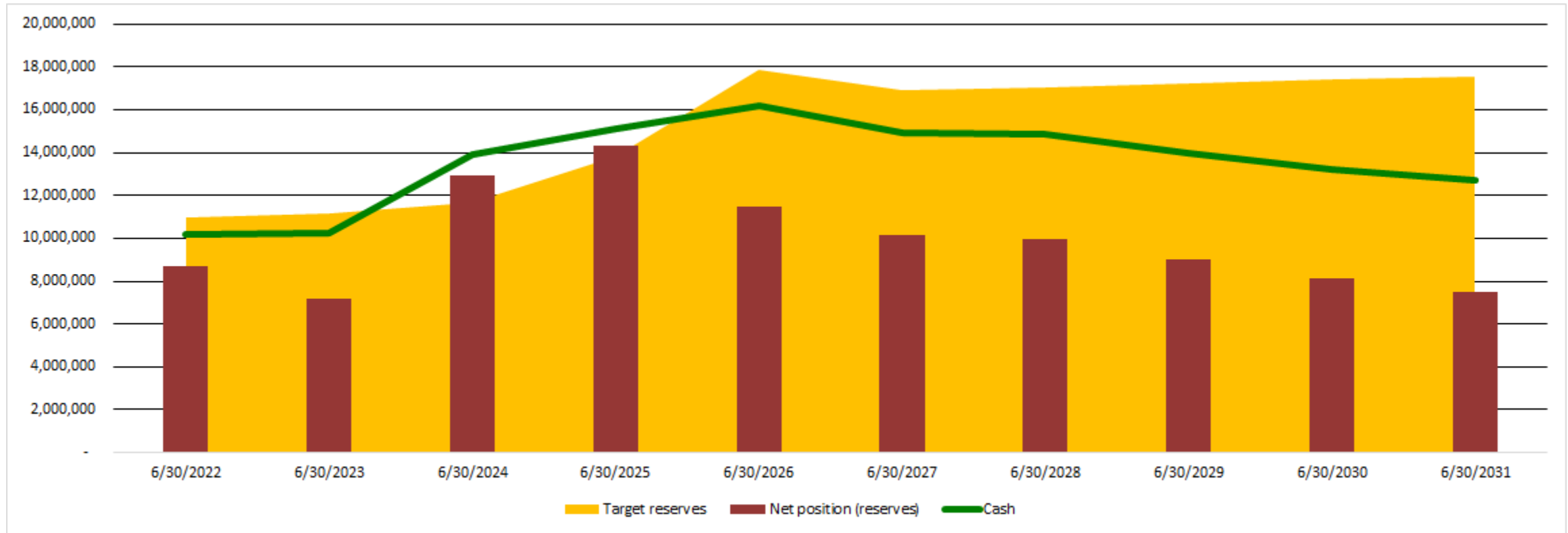
Service Charge Rates

The service charge rate will increase by 5% over the prior year following the voter-approved rate increase. The 2026-27 budget reflects a projected net operating deficit of \$1,032,476 and net nonoperating revenues from taxes and investment earnings of \$2,030,076 for an overall net increase in net position of \$997,600, which will be used for capital improvement and replacements and debt service payments.

Crestline Sanitation District

Reserves

The District manages its reserves in a manner that ensures continuity of services and to protect District customers and taxpayers from the financial impacts of catastrophic events and from fluctuations in District expenses. Reserves are determined in accordance with the District’s Reserve Policy, as calculated on page 20. The following table illustrates prior year reserve balances and projected reserve balances. The significant projected decrease is related to anticipated cash-funded capital projects.



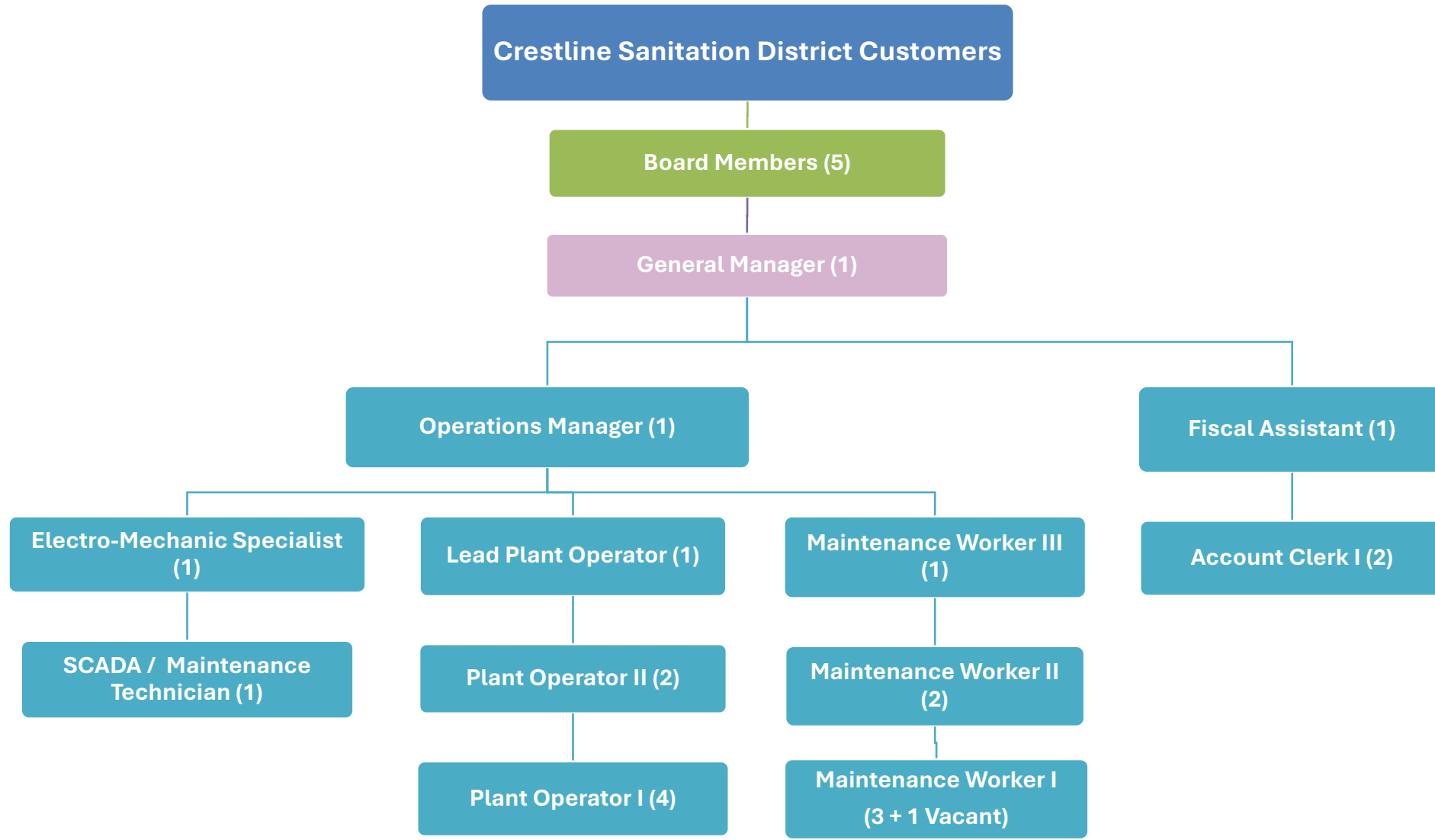
Summary

The Fiscal Year 2026-27 Budget continues the District’s history of responsible fiscal management. Available resources are focused on maintaining services and programs essential to District facilities and improving the quality of service to the customers of the District.

Dawn Grantham
General Manager

RAMS – Financial Consultant

ORGANIZATIONAL CHART



BUDGET SUMMARY

CRESTLINE SANITATION DISTRICT 2026/2027 Budget Summary

	Audited 06/30/22	Audited 06/30/23	Audited 06/30/24	Audited 06/30/25	Estimated 06/30/26	Budget 06/30/27	Projection 06/30/28	Projection 06/30/29	Projection 06/30/30	Projection 06/30/31
OPERATING REVENUES										
Charges for services	\$ 3,509,773	\$ 3,475,834	3,507,818	3,728,157	3,882,019	\$ 4,098,200	\$ 4,293,945	\$ 4,499,477	\$ 4,499,477	\$ 4,499,477
Permit and inspection fees	36,331	35,729	45,173	43,677	49,431	49,600	49,600	49,600	49,600	49,600
Connection fees	7,482	7,482	11,223	18,705	14,964	-	-	-	-	-
Other services	167,391	166,967	279,732	250,139	207,927	183,000	183,000	183,000	183,000	183,000
Total operating revenues	3,720,977	3,686,012	3,843,946	4,040,678	4,154,341	4,330,800	4,526,545	4,732,077	4,732,077	4,732,077
OPERATING EXPENSES										
Salaries and benefits	2,220,556	2,383,584	2,466,927	2,584,070	2,763,733	2,990,080	3,223,920	3,458,580	3,684,040	3,901,840
Professional services	258,881	457,459	408,895	444,935	357,650	399,640	418,660	438,640	459,610	481,630
Services and supplies	683,096	663,557	700,318	861,310	903,828	1,096,776	1,150,710	1,207,340	1,266,830	1,329,240
Utilities	198,025	250,921	237,648	237,068	251,472	276,650	290,500	305,040	320,320	336,360
Depreciation	550,211	548,356	522,132	542,187	584,860	605,130	635,410	667,190	700,570	735,610
Total operating expenses	3,910,769	4,303,877	4,335,920	4,669,570	4,861,543	5,368,276	5,719,200	6,076,790	6,431,370	6,784,680
Net Operating Income (Deficit)	(189,792)	(617,865)	(491,974)	(628,892)	(707,202)	(1,037,476)	(1,192,655)	(1,344,713)	(1,699,293)	(2,052,603)
NONOPERATING INCOME (EXPENSES)										
Property taxes	1,401,965	1,555,864	1,698,925	1,761,673	1,794,171	1,821,100	1,848,600	1,876,500	1,904,800	1,933,500
Special assessments	30,947	32,388	34,247	28,594	10,660	10,700	10,900	11,100	11,300	11,500
Federal / State aid - Homeowner's exemption	9,696	9,330	9,301	9,211	-	-	-	-	-	-
Interest and investment revenue *	(260,745)	34,260	413,846	541,455	386,880	325,500	325,500	325,500	325,500	325,500
Gain on sale of capital assets	12,750	-	-	3,750	-	-	-	-	-	-
Other nonoperating revenue	-	31,887	97,423	880	-	300	300	300	300	300
Interest expense	(55,472)	(5,053)	(1,734)	(183,345)	(103,785)	(102,524)	(99,414)	(96,276)	(93,110)	(289,916)
Other nonoperating expense	(3,550)	(5,973)	(4,233)	(4,514)	-	(25,000)	(5,000)	-	(5,000)	-
Total nonoperating revenues (expenses)	1,135,591	1,652,703	2,247,775	2,157,704	2,087,926	2,030,076	2,080,886	2,117,124	2,143,790	1,980,884
CAPITAL CONTRIBUTIONS	1,127,402	-	-	11,329	-	-	-	-	-	-
Change in net position	2,073,201	1,034,838	1,755,801	1,540,141	1,380,724	992,600	888,231	772,411	444,497	(71,719)
Net position - beginning of year	18,638,632	20,711,833	21,746,671	23,502,472	25,042,613	26,423,337	27,415,937	28,304,168	29,076,579	29,521,077
Net position - end of year	\$ 20,711,833	\$ 21,746,671	\$ 23,502,472	\$ 25,042,613	\$ 26,423,337	\$ 27,415,937	\$ 28,304,168	\$ 29,076,579	\$ 29,521,077	\$ 29,449,358
Net investment in capital assets	\$ 12,034,648	\$ 14,577,225	\$ 10,587,452	\$ 10,703,069	\$ 14,932,648	\$ 17,283,554	\$ 18,361,700	\$ 20,111,722	\$ 21,443,159	\$ 21,959,955
Unrestricted	\$ 8,677,185	\$ 7,169,446	\$ 12,915,020	\$ 14,339,544	\$ 11,490,689	\$ 10,132,383	\$ 9,942,468	\$ 8,964,857	\$ 8,077,918	\$ 7,489,403

* Interest and investment revenue = Interest income, realized gain/loss & net increase/decrease in fair value

CRESTLINE SANITATION DISTRICT 2026/2027 Budget Summary

	Audited 06/30/22	Audited 06/30/23	Audited 06/30/24	Audited 06/30/25	Estimated 06/30/26	Budget 06/30/27	Projection 06/30/28	Projection 06/30/29	Projection 06/30/30	Projection 06/30/31
Beginning Cash & Investment	\$ 10,600,198	\$ 10,158,973	\$ 10,256,107	\$ 13,914,645	\$ 15,121,820	\$ 16,190,559	\$ 14,934,777	\$ 14,844,276	\$ 13,962,941	\$ 13,169,112
Operating Revenue	3,720,977	3,686,012	3,843,946	4,040,678	4,154,341	4,330,800	4,526,545	4,732,077	4,732,077	4,732,077
Non-operating Revenue	1,194,613	1,663,729	2,253,742	2,345,563	2,191,711	2,157,600	2,185,300	2,213,400	2,241,900	2,270,800
SRF Loan Proceeds	-	4,334,598	6,586,069	815,137	-	-	-	-	-	-
Other Loan Proceeds	-	-	-	-	-	-	4,000,000	-	-	6,000,000
State Reimbursed Projects	-	-	-	-	-	2,034,000	339,000	1,283,000	2,592,000	-
Total Cash Inflows	4,915,590	9,684,339	12,683,757	7,201,378	6,346,052	8,522,400	11,050,845	8,228,477	9,565,977	13,002,877
Operating Expenses	3,360,558	3,755,521	3,813,788	4,127,383	4,276,683	4,763,146	5,083,790	5,409,600	5,730,800	6,049,070
Non-operating Expenses	59,022	11,026	5,967	187,859	103,785	25,000	5,000	-	5,000	-
Capital Projects / Purchases	1,677,716	7,417,741	3,119,917	1,456,254	530,228	4,644,504	5,703,914	3,348,432	4,269,061	6,834,061
Debt Service - \$11.9M for 30 Years @0.9% - Principal Payment	-	-	-	-	344,271	345,532	348,642	351,780	354,946	358,140
Debt Service - \$11.9M for 30 Years @0.9% - Interest Payment	-	-	-	-	-	-	-	-	-	-
Debt Service - \$4M for 30 Years @5% - Principal Payment	-	-	-	-	-	-	-	-	-	60,206
Debt Service - \$4M for 30 Years @5% - Interest Payment	-	-	-	-	-	-	-	-	-	200,000
Total Cash Outflows	5,097,296	11,184,288	6,939,672	5,771,496	5,254,967	9,778,182	11,141,346	9,109,812	10,359,807	13,501,477
Accrual to Cash Adjustments	(259,519)	1,597,083	(2,085,547)	(222,707)	(22,346)	-	-	-	-	-
Net Change in Cash	(441,225)	97,134	3,658,538	1,207,175	1,068,739	(1,255,782)	(90,501)	(881,335)	(793,829)	(498,599)
Ending Cash & Investment	\$ 10,158,973	\$ 10,256,107	\$ 13,914,645	\$ 15,121,820	\$ 16,190,559	\$ 14,934,777	\$ 14,844,276	\$ 13,962,941	\$ 13,169,112	\$ 12,670,513

**CRESTLINE SANITATION DISTRICT
2026/2027 Capital Budget**

CAPITAL PROJECTS	Budget 2026/27	Projection 2027/28	Projection 2028/29	Projection 2029/30	Projection 2030/31	Total Projected Capital Cost FY 2027-2031
Cash Funded Projects						
N.O.V. (incl. Pipeline and Manhole Rehabilitation, Flow Monitors, Weather Stations, and Slip Lining)	\$ 270,504	\$ 275,914	\$ 281,432	\$ 287,061	\$ 287,061	\$ 1,401,971
SCADA Upgrades	60,000	60,000	60,000	60,000	60,000	300,000
Light-Duty Vehicle Replacements	-	85,000	-	90,000	-	175,000
Heavy-Duty Vehicle Replacements	230,000	-	-	-	200,000	430,000
Emergency Upgrades	50,000	50,000	50,000	50,000	50,000	250,000
Office - Seal Coating, Striping, Concrete Fill	-	-	12,000	-	-	12,000
HC & SC Seal Coat, Striping	25,000	-	-	25,000	-	50,000
Office Building Re-Roof	45,000	-	-	-	-	45,000
Lateral Push Camera	20,000	-	-	-	-	20,000
Collections Televising Software	100,000	-	-	-	-	100,000
Collections Televising Camera	-	-	-	50,000	-	50,000
Backhoe Replacement	185,000	-	-	-	-	185,000
New Godwin Pump	40,000	-	-	-	-	40,000
HC Electrolytic Cells for Salt Skid	45,000	-	-	30,000	-	75,000
SC Chemical Tank & Structure for Chlorine Solution	35,000	-	-	-	-	35,000
SC Potable Water Filling Station	15,000	-	-	-	-	15,000
SC Iron Sponge Rehabilitation	40,000	-	-	-	-	40,000
Total Cash Funded Projects	1,160,504	470,914	403,432	592,061	597,061	3,223,971

(continued)

**CRESTLINE SANITATION DISTRICT
2026/2027 Capital Budget**

CAPITAL PROJECTS	Budget 2026/27	Projection 2027/28	Projection 2028/29	Projection 2029/30	Projection 2030/31	Total Projected Capital Cost FY 2027-2031
Master Plan Projects						
Huston Creek:						
HC WWTP Primary Clarifiers Structural Assessment	-	-	228,000	-	-	228,000
HC Primary Clarifier Replacement	-	-	-	1,065,000	6,217,000	7,282,000
Total Huston Creek WWTP Master Plan Projects	-	-	228,000	1,065,000	6,217,000	7,510,000
Seeley Creek:						
SC WWTP Primary ODS Electrical Upgrade	228,000	-	-	-	-	228,000
SC WWTP Access Road Replacement	684,000	3,993,000	-	-	-	4,677,000
SC WWTP Well Construction	-	89,000	516,000	-	-	605,000
SC WWTP Ancillary Systems Upgrade	-	102,000	594,000	-	-	696,000
Total Seeley Creek WWTP Master Plan Projects	912,000	4,184,000	1,110,000	-	-	6,206,000
Other Master Plan Projects						
Nutrient Management Study	400,000	-	304,000	-	-	704,000
Farm Management Plan (Nitrate Removal)	20,000	20,000	20,000	20,000	20,000	100,000
LGLS Wet Well Capacity Upgrade	118,000	690,000	-	-	-	808,000
Total Other Master Plan Projects	538,000	710,000	324,000	20,000	20,000	1,612,000
Subtotal District Funded Master Plan Projects	1,450,000	4,894,000	1,662,000	1,085,000	6,237,000	15,328,000
Cleghorn WWTP State Funded/Reimbursed:						
CH Track Lining & Concrete Structure Rehabilitation	2,000,000	-	-	-	-	2,000,000
CH WWTP Sludge Wasting and Clarifier Upgrades	34,000	195,000	-	-	-	229,000
CH WWTP Oxidation Ditch Upgrade	-	144,000	839,000	-	-	983,000
CH WWTP Headworks Upgrade	-	-	444,000	2,592,000	-	3,036,000
Subtotal State Funded Master Plan Projects	2,034,000	339,000	1,283,000	2,592,000	-	6,248,000
Total Master Plan Projects (Cash & Debt Funded)	3,484,000	5,233,000	2,945,000	3,677,000	6,237,000	21,576,000
GRAND TOTAL CAPITAL PROJECTS	\$ 4,644,504	\$ 5,703,914	\$ 3,348,432	\$ 4,269,061	\$ 6,834,061	\$ 24,799,971