

**Crestline Sanitation District
Staff Report**

To: Board of Directors
From: Dawn Grantham, General Manager
Date: April 9, 2026
Subject: Fiscal Year 2026 Budget Amendment – Sewer Service Fees and Interest Expense

Recommendation

Adopt a fiscal year 2026 budget amendment to:

1. Reduce Sewer Service Fee revenue (Account 41000) by \$515,706 due to a correction in the EDU count.
2. Increase Interest Expense (Account 81000) by \$68,164 to reflect actual debt service based on the finalized SRF loan amortization schedule.

Background

During the current fiscal year, staff identified an error in the Equivalent Dwelling Unit (EDU) count used to develop the adopted budget. The original budget was based on 6,014 EDUs; the corrected count is 5,504 EDUs, a decrease of 510 EDUs.

Additionally, at the time of budget adoption, the final State Revolving Fund (SRF) loan amortization schedule was not available. The amended interest expense reflects actual interest incurred following the first loan repayment in September 2025.

Fiscal Impact

Sewer Service Fees (Account 41000)

The corrected EDU count results in a reduction of budgeted sewer service fee revenue in the amount of \$515,706.

Interest Expense (Account 81000)

The updated amortization schedule results in an increase to interest expense of \$68,164 over the originally adopted budget.

Net Impact

The combined effect of these adjustments results in a decrease of \$447,542 in the budgeted change in net position.