FISCAL YEAR 2026 - 2027

BUDGET

SOURCING

EFFICIENCIES

SERVICE LEVELS

FEES & CHARGES

GRANT FUNDING

TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD
heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,
(2) rising costs for electricity, materials, and construction,
(3) evolving customer expectations, and
(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

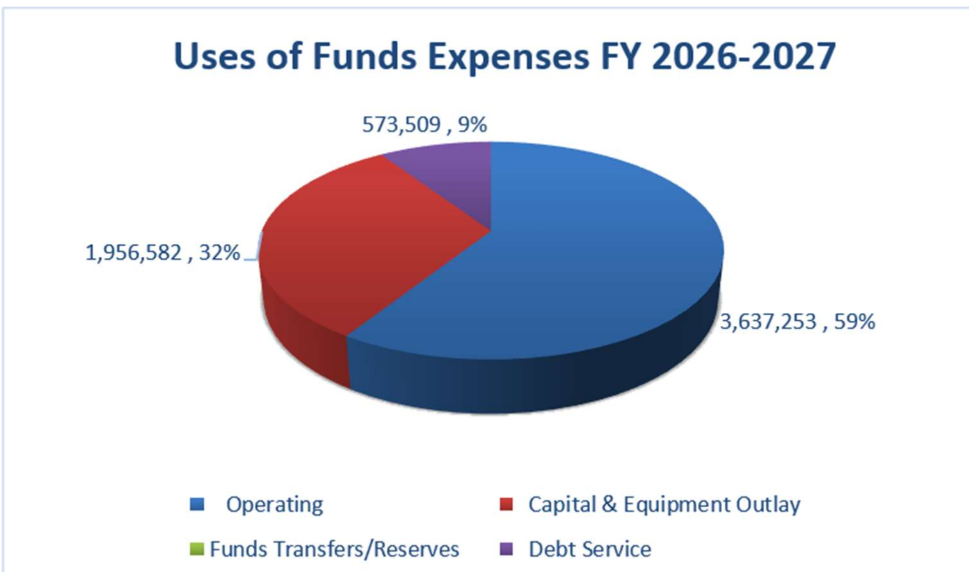
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1’956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

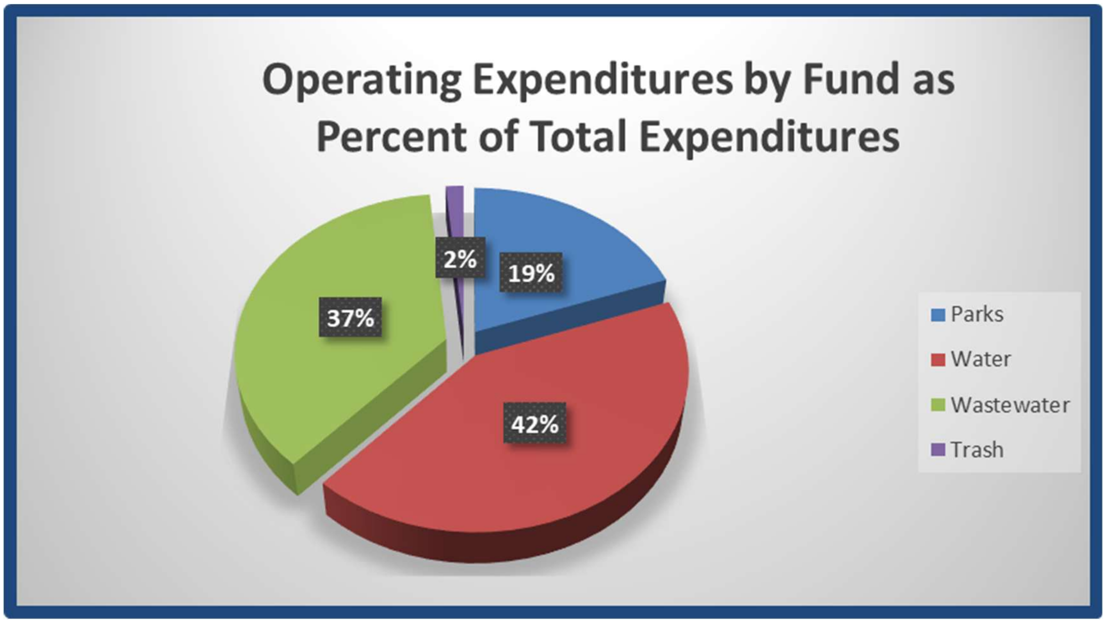
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

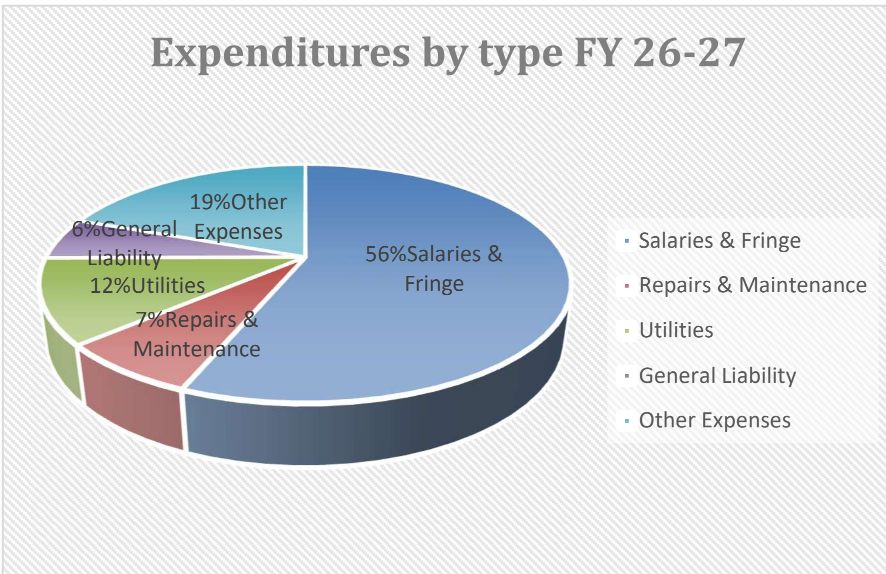
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the **Equipment Outlay** budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

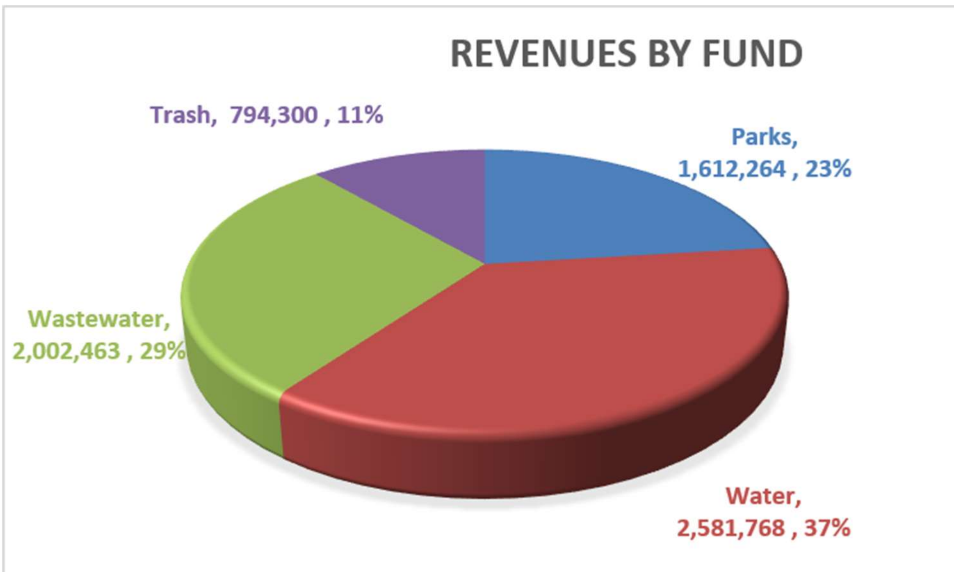
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

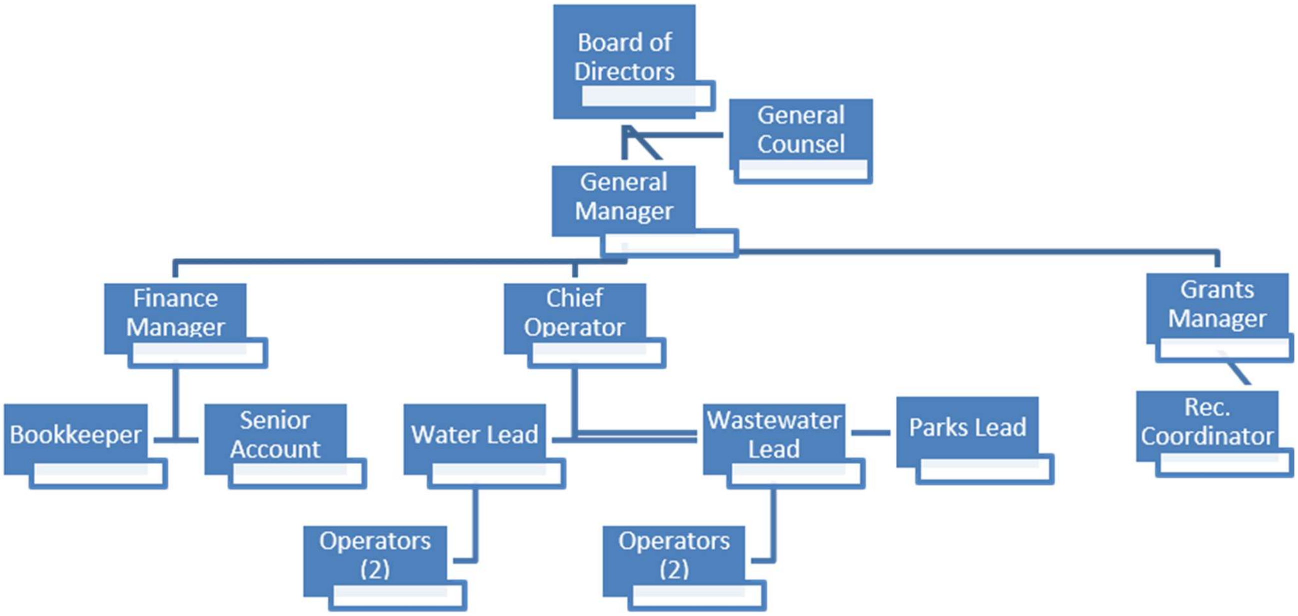
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Vision, Mission & Statement of Values

Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

- Transparency
- Innovation for efficiency
- Teamwork and partnership
- Customer service
- Community first
- Integrity
- Excellence – highest quality standard

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

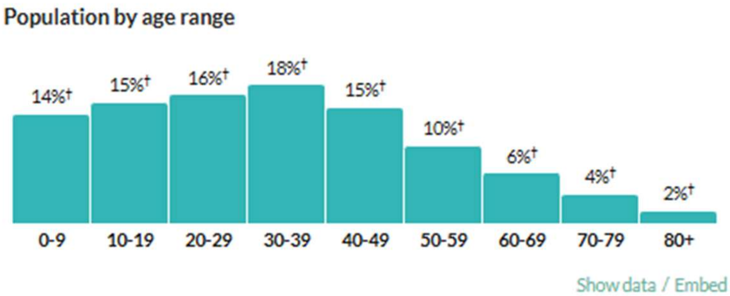
2,007

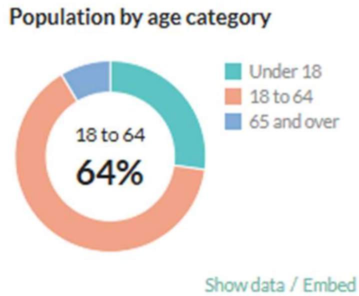
MEDIAN HOUSEHOLD INCOME

$72,028

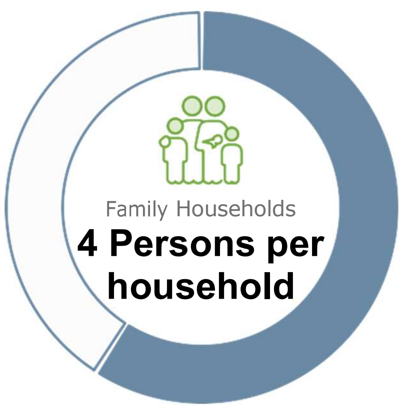
** Data Source: American Community Survey 5-year estimates*

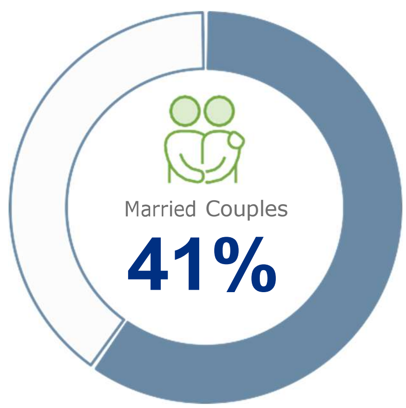
POPULATION BY AGE GROUP

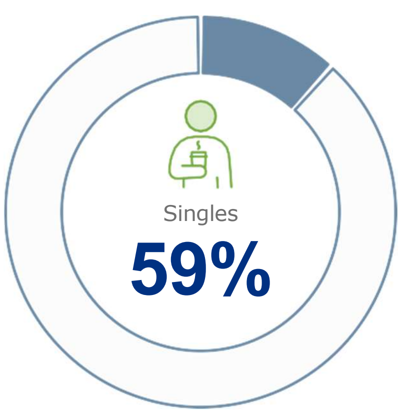


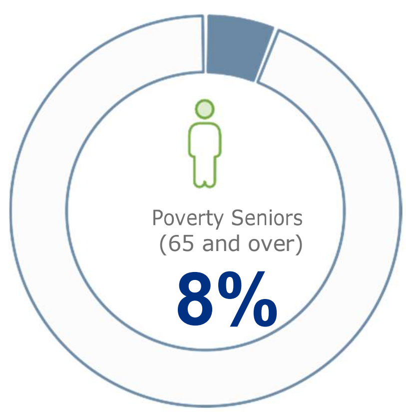


** Data Source: American Community Survey 5-year estimates*









** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

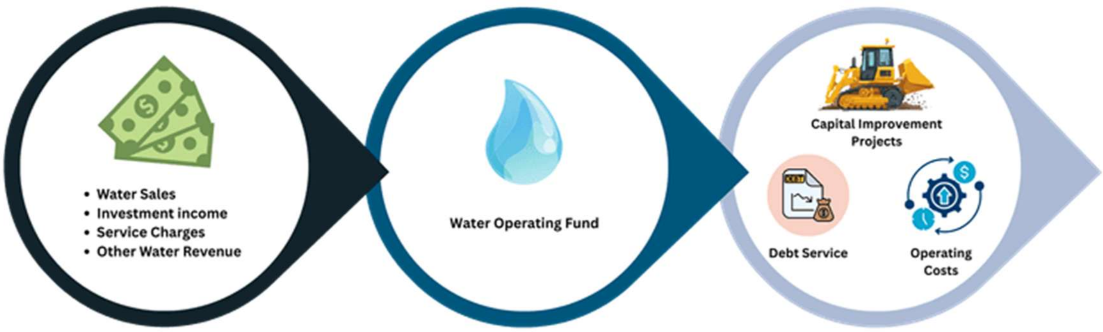
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

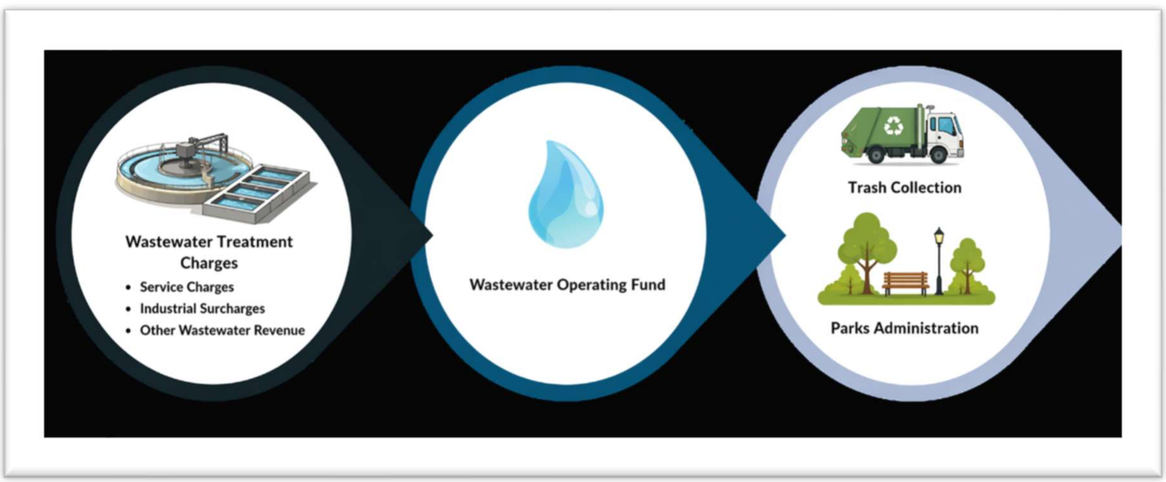
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District’s budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District’s business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District’s continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District’s pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.
2. Complete the Water and Sewer Master Plan project.
3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.
5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.
4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.
2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.
5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber's Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber's community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees' medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of	**Annual Vacation**
		Continuos Servie	Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration. The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.
Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION

COMPARATIVE INCOME STATEMENT

PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

Water Fund Summary

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Trainin	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT
WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**

NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND

COMPARATIVE INCOME STATEMENT

TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allowance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District’s property and resources, establishing policies, reviewing all District’s operations and employing executive management.

OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

Emergency and After-Hours Service
(760) 353-0457

www.heber.ca.gov

1078 Dogwood Rd. Heber, CA 92249

FOLLOW US!

FISCAL YEAR 2026 - 2027

BUDGET

SOURCING | EFFICIENCIES | SERVICE LEVELS | FEES & CHARGES | GRANT FUNDING | TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD
heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,

(2) rising costs for electricity, materials, and construction,

(3) evolving customer expectations, and

(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

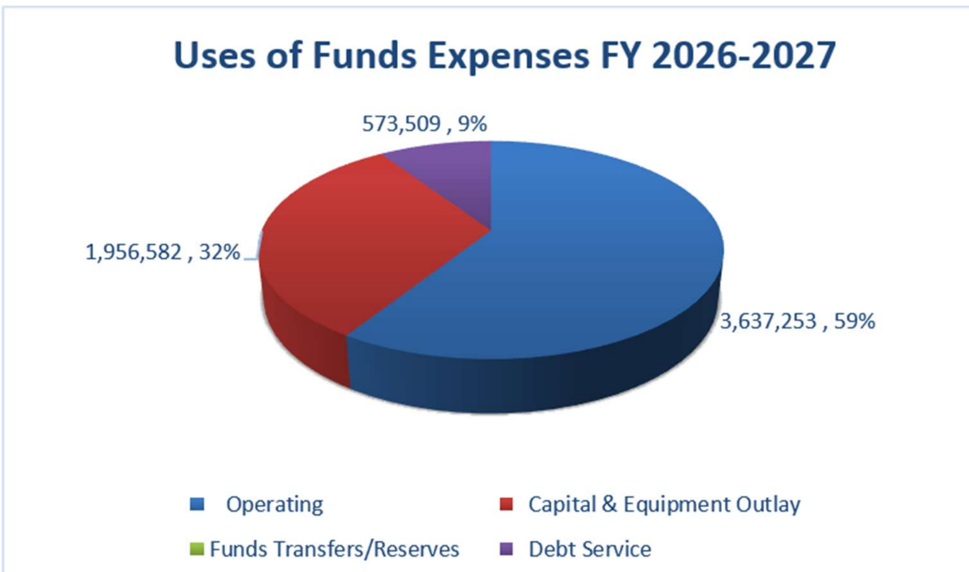
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1’956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

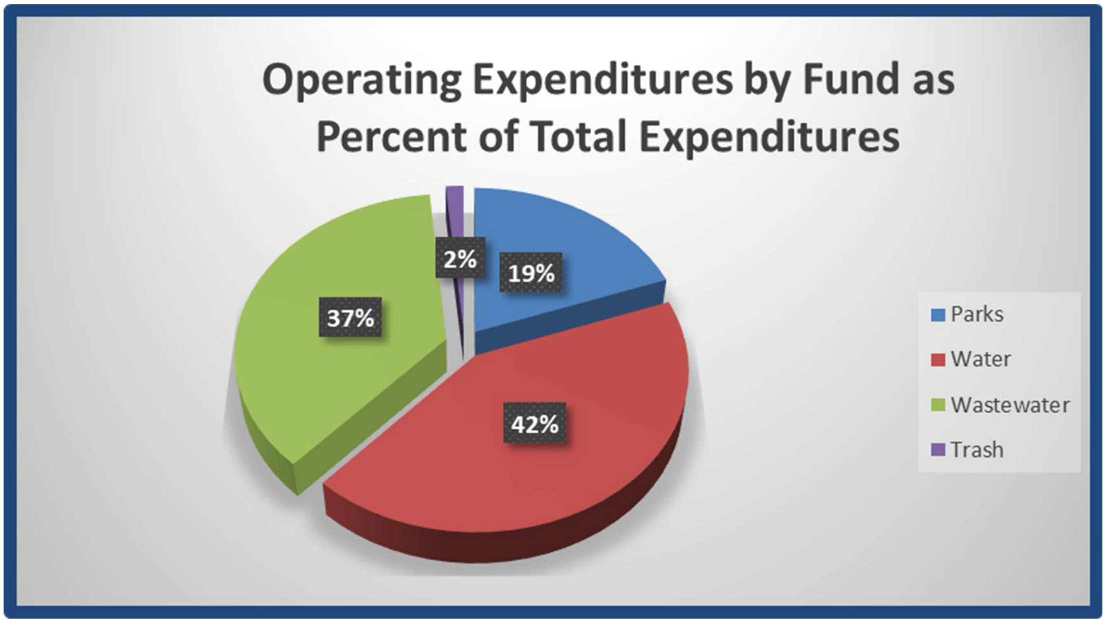
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

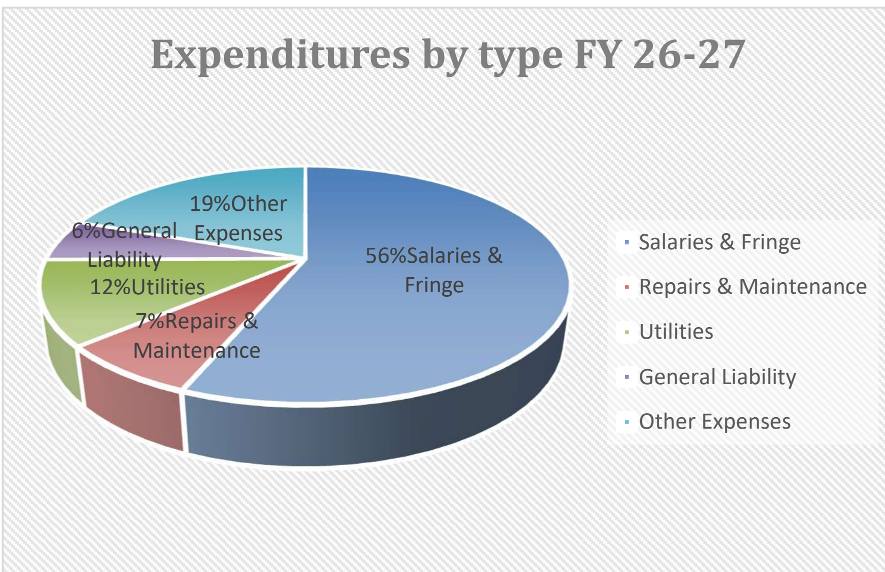
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the **Equipment Outlay** budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

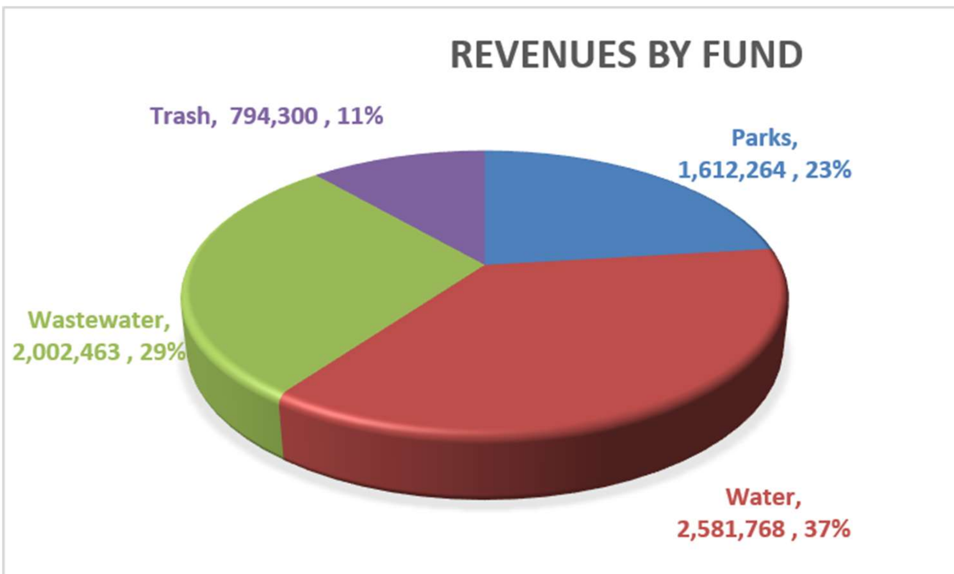
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

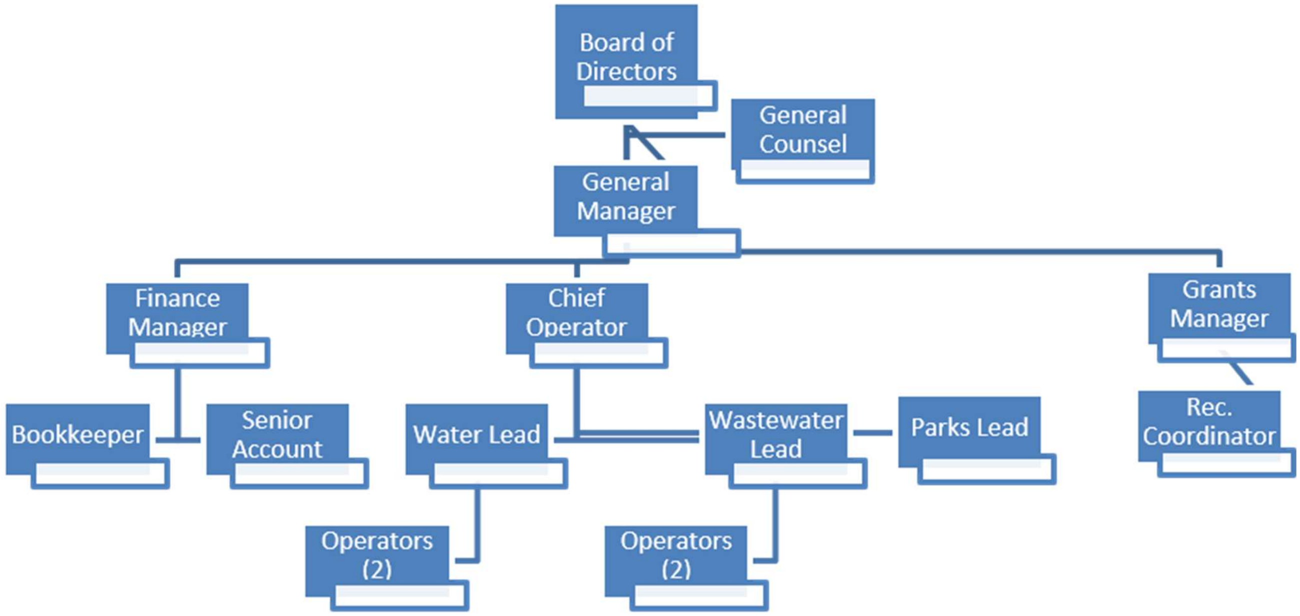
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Vision, Mission & Statement of Values

Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

2,007

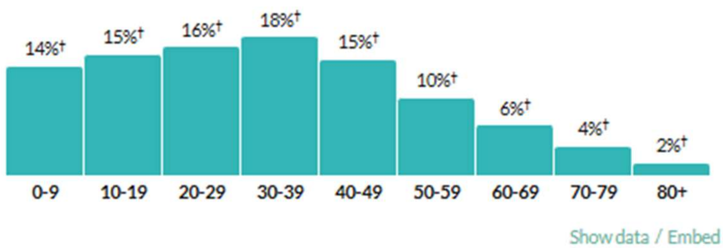
MEDIAN HOUSEHOLD INCOME

$72,028

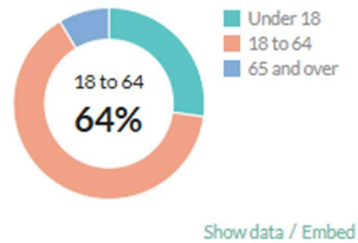
** Data Source: American Community Survey 5-year estimates*

POPULATION BY AGE GROUP

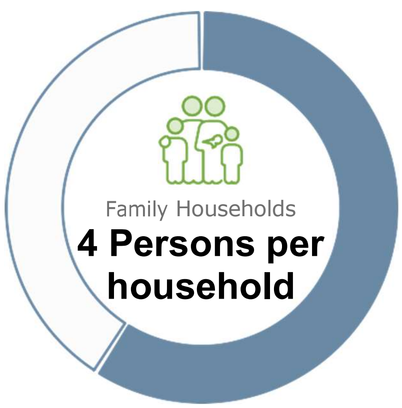
Population by age range

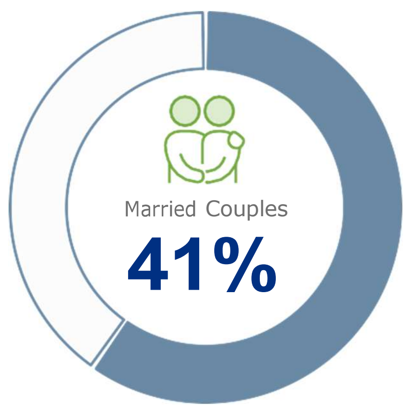


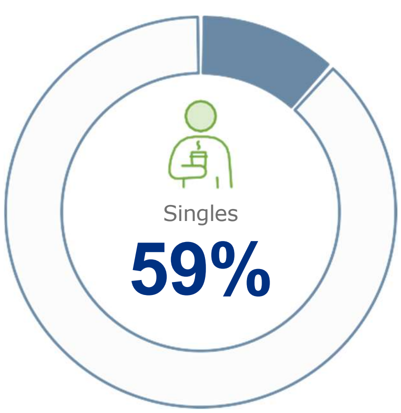
Population by age category

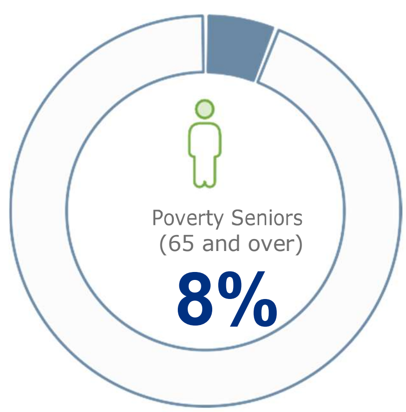


** Data Source: American Community Survey 5-year estimates*









** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

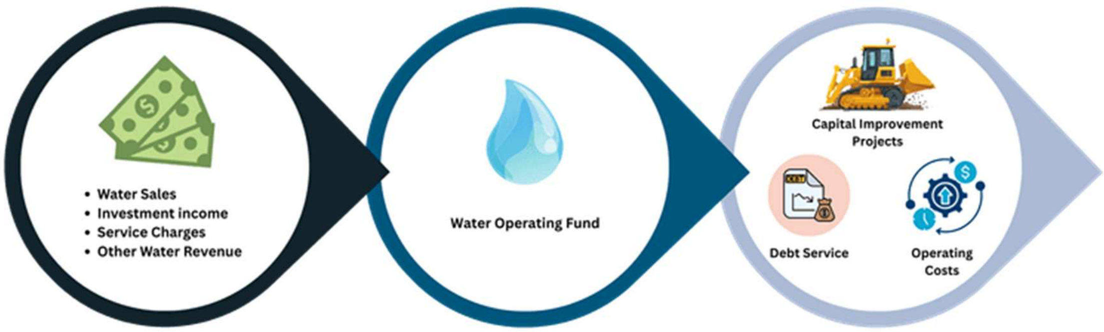
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

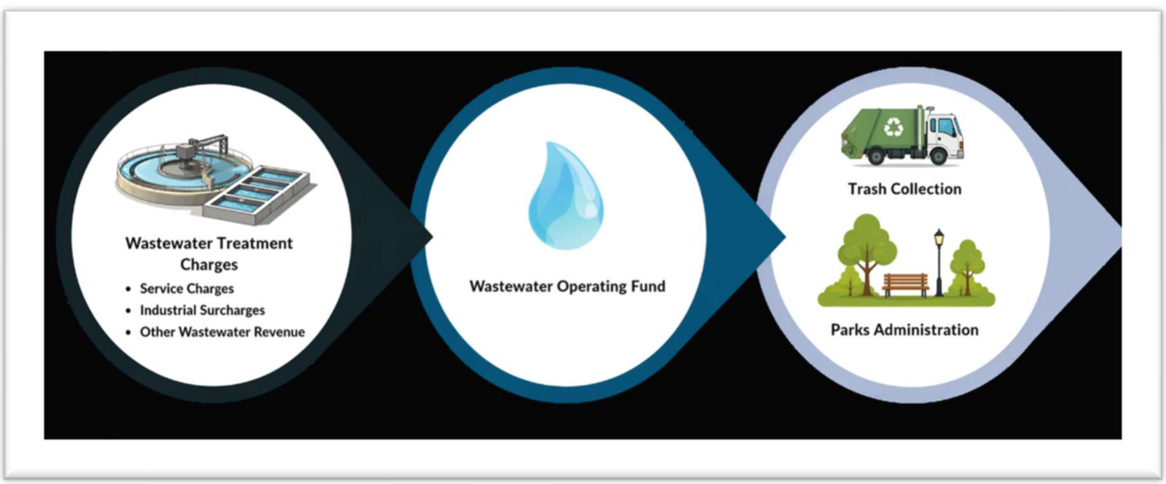
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District's budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District's business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District's continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District's pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.

2. Complete the Water and Sewer Master Plan project.

3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.

5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.

4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.

2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.

5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber's Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber's community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees' medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of	Annual Vacation
		Continuos Servie	Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration. The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.

Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION

COMPARATIVE INCOME STATEMENT

PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Training	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT
WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**
NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND
COMPARATIVE INCOME STATEMENT
TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allowance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District's property and resources, establishing policies, reviewing all District's operations and employing executive management.



OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

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(760) 353-0457

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FISCAL YEAR 2026 - 2027

BUDGET

SOURCING

EFFICIENCIES

SERVICE LEVELS

FEES & CHARGES

GRANT FUNDING

TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD

heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,
(2) rising costs for electricity, materials, and construction,
(3) evolving customer expectations, and
(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

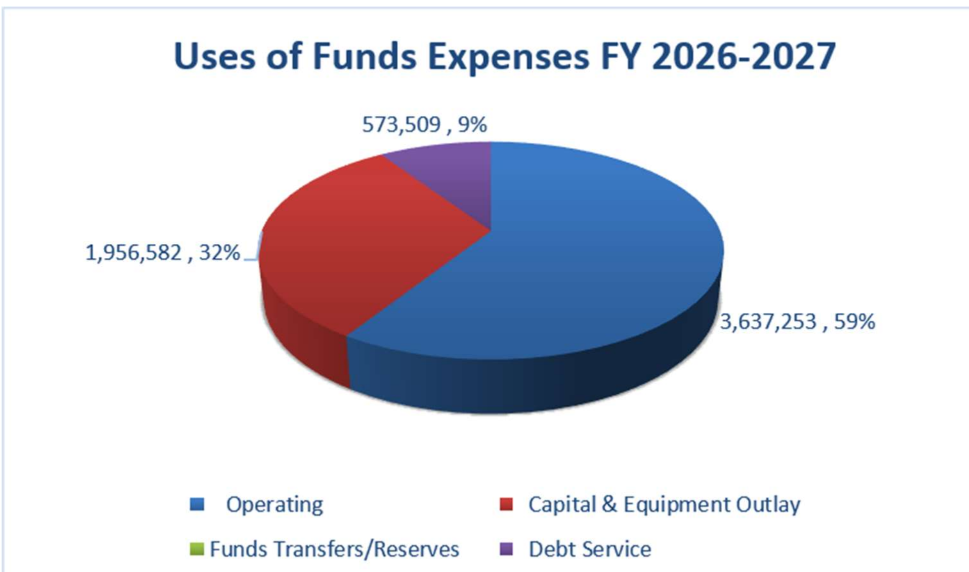
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1’956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

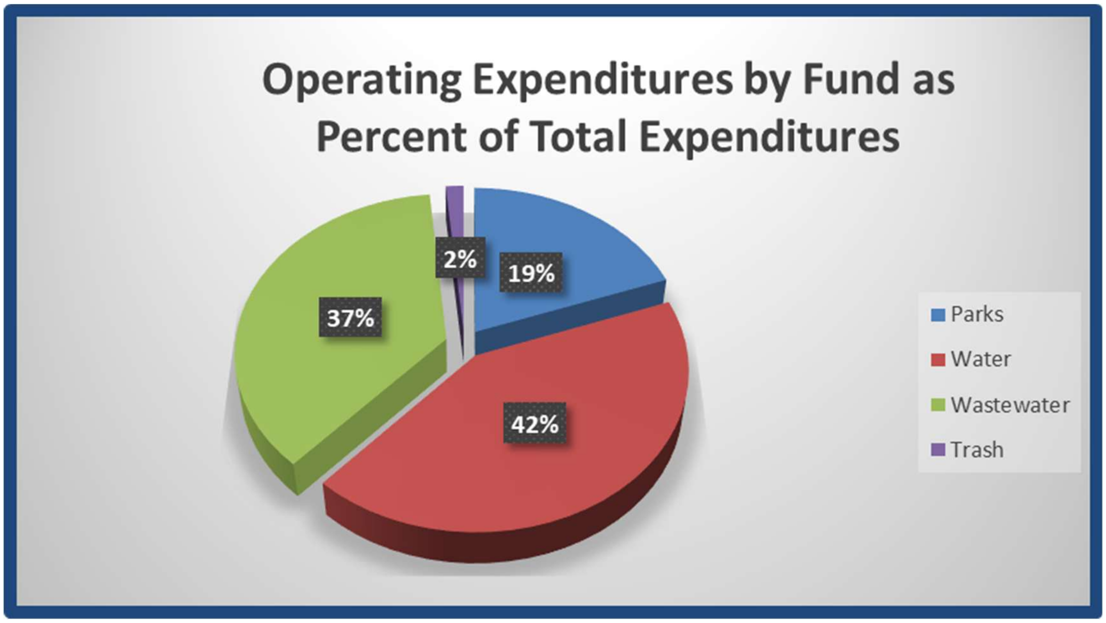
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

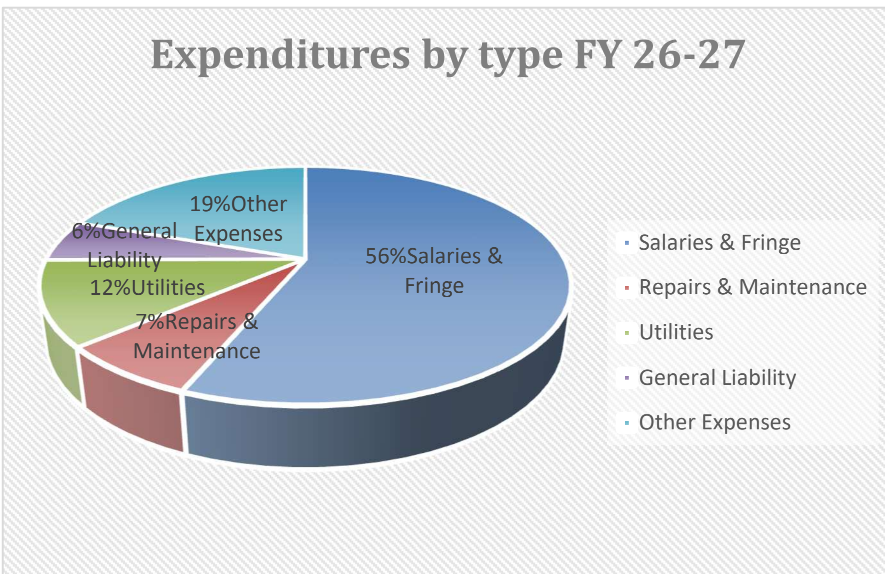
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the **Equipment Outlay** budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

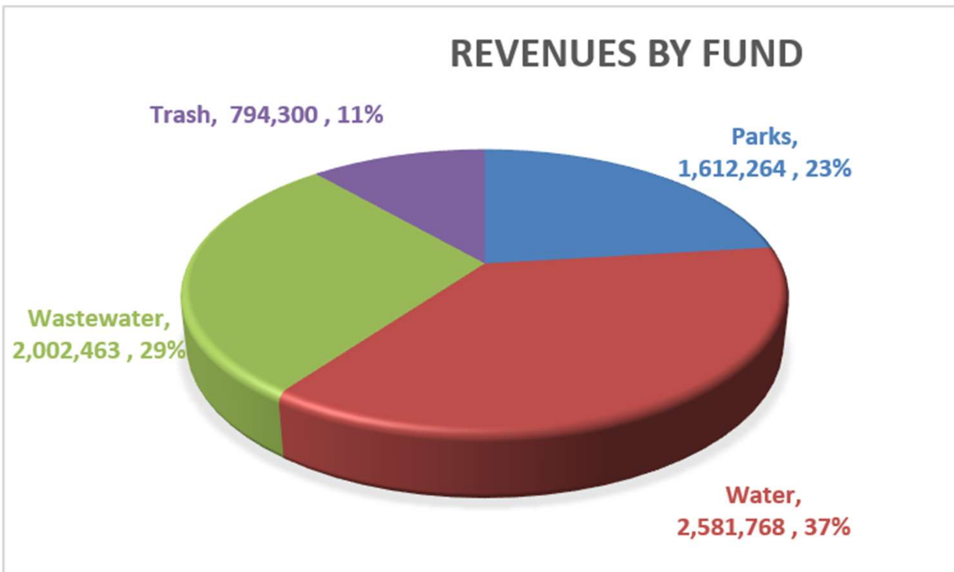
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

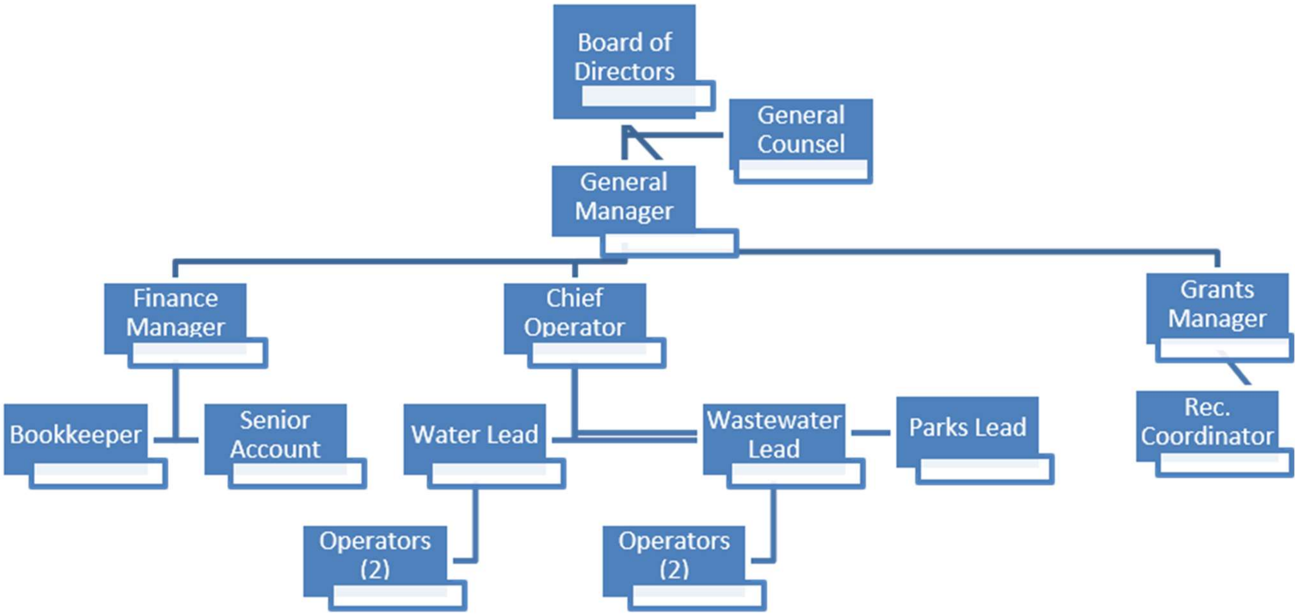
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Vision, Mission & Statement of Values

Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

2,007

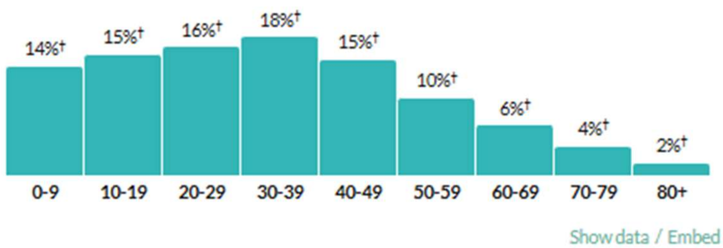
MEDIAN HOUSEHOLD INCOME

$72,028

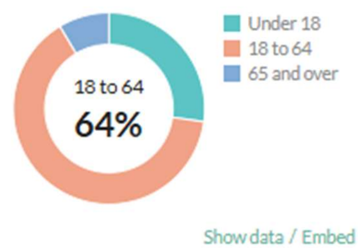
** Data Source: American Community Survey 5-year estimates*

POPULATION BY AGE GROUP

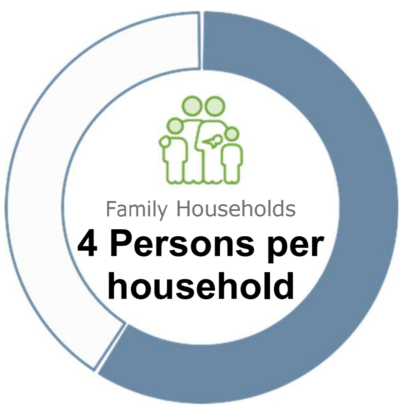
Population by age range

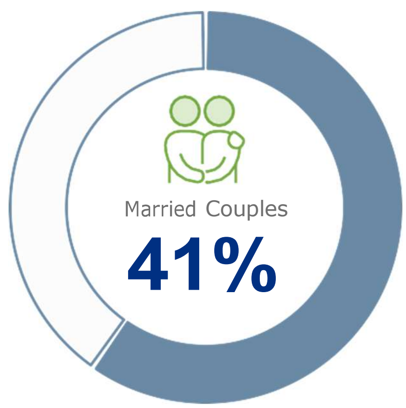


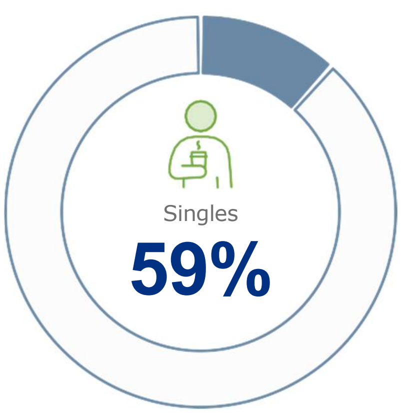
Population by age category

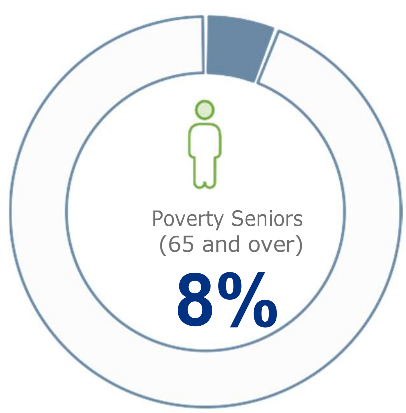


** Data Source: American Community Survey 5-year estimates*









** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

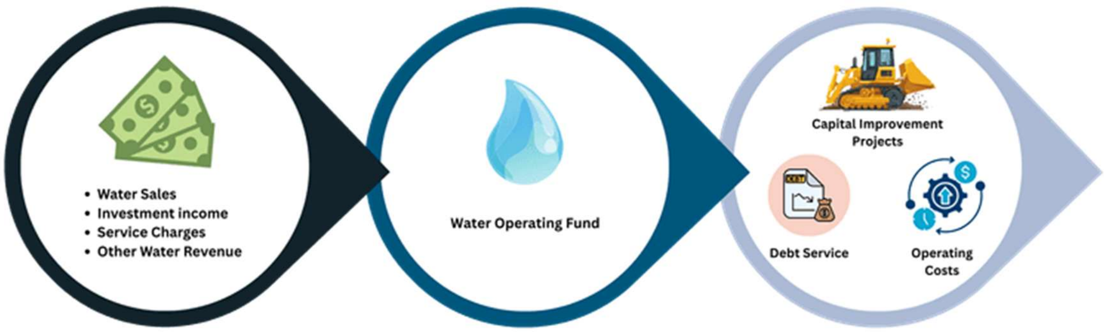
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

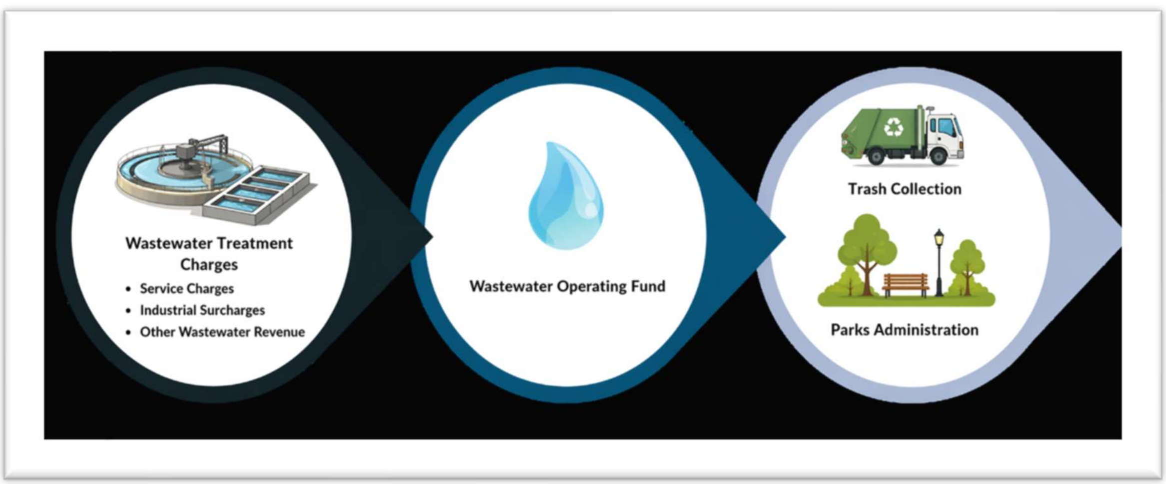
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District's budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District's business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District's continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District's pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.
2. Complete the Water and Sewer Master Plan project.
3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.
5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.
4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.
2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.
5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber's Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber's community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board’s Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees’ medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of	Annual Vacation
		Continuos Servie	Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration. The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.

Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION

COMPARATIVE INCOME STATEMENT

PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Training	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT

WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**
NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND

COMPARATIVE INCOME STATEMENT

TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allow ance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District's property and resources, establishing policies, reviewing all District's operations and employing executive management.

HPUD

Heber Public Utility District

OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

Emergency and After-Hours Service
(760) 353-0457

HEBER PUBLIC UTILITY DISTRICT

www.heber.ca.gov

1078 Dogwood Rd. Heber, CA 92249

FOLLOW US!

FISCAL YEAR 2026 - 2027

BUDGET

SOURCING | EFFICIENCIES | SERVICE LEVELS | FEES & CHARGES | GRANT FUNDING | TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD
heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,

(2) rising costs for electricity, materials, and construction,

(3) evolving customer expectations, and

(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

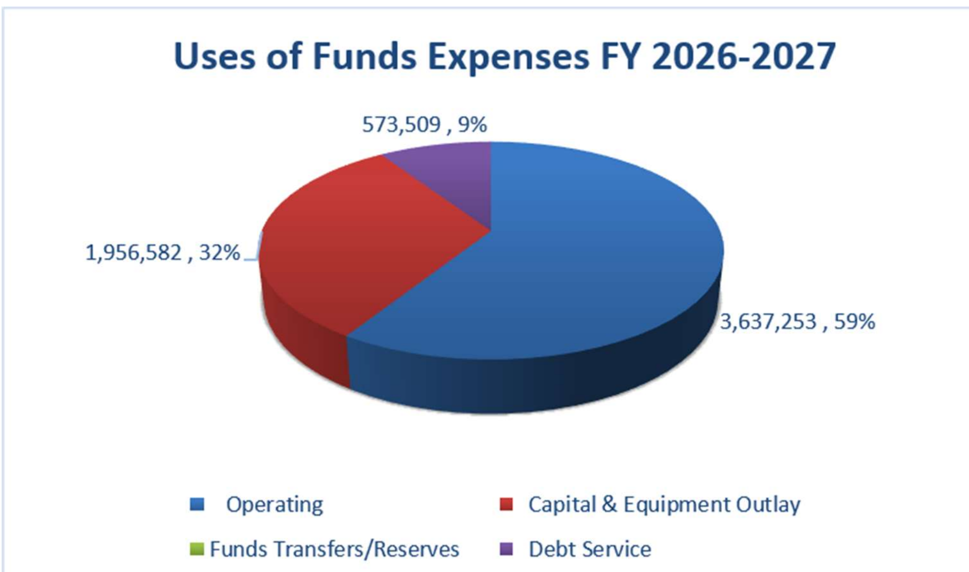
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1’956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

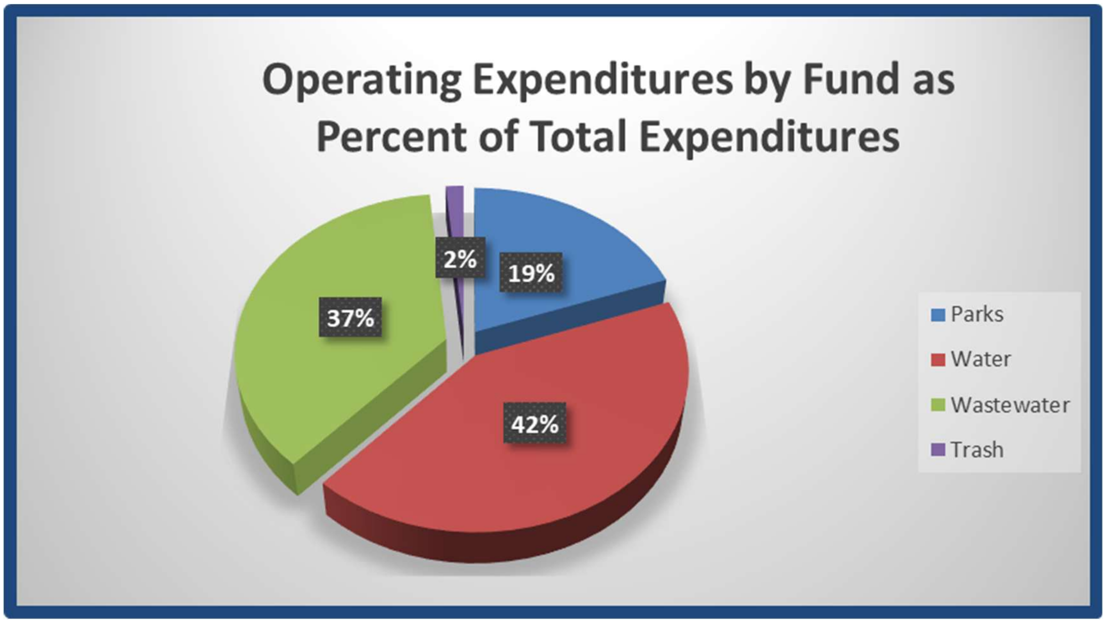
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

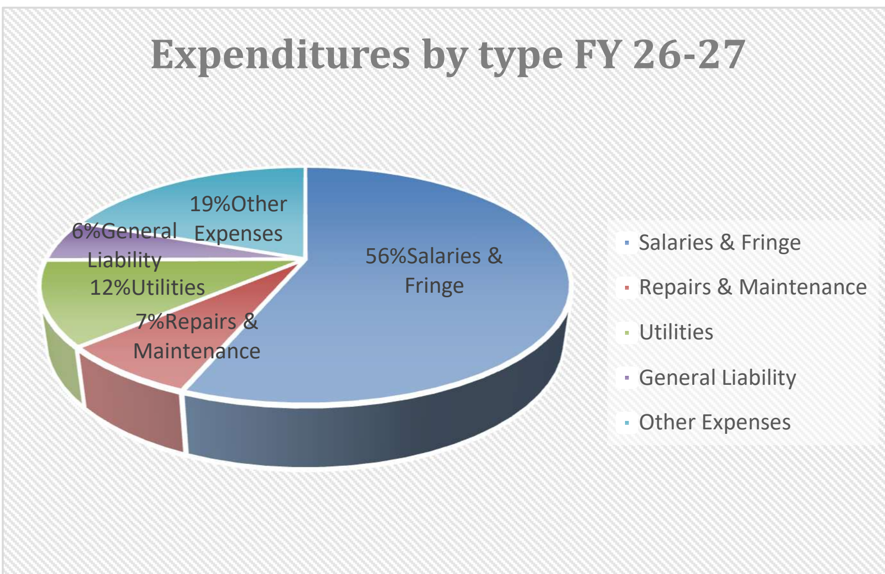
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the **Equipment Outlay** budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

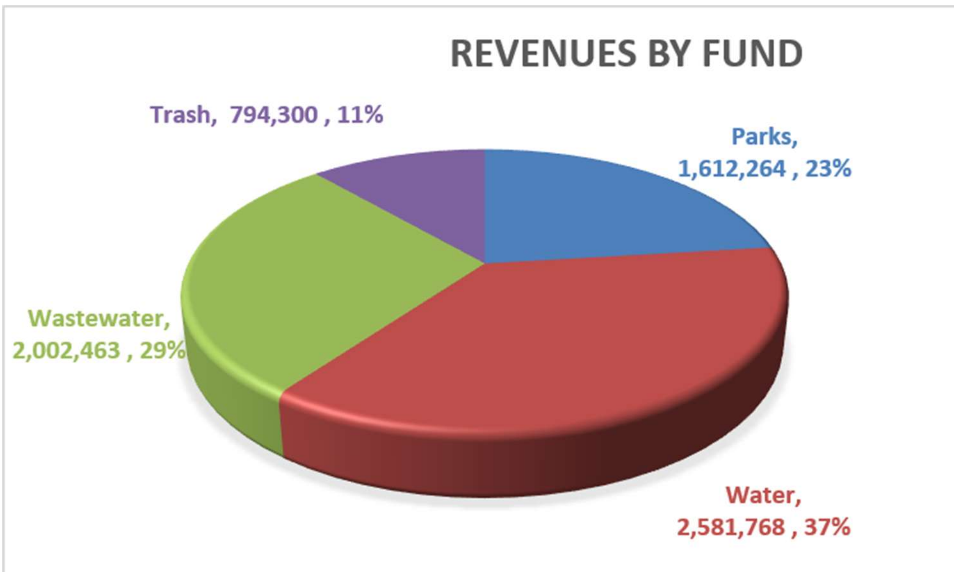
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

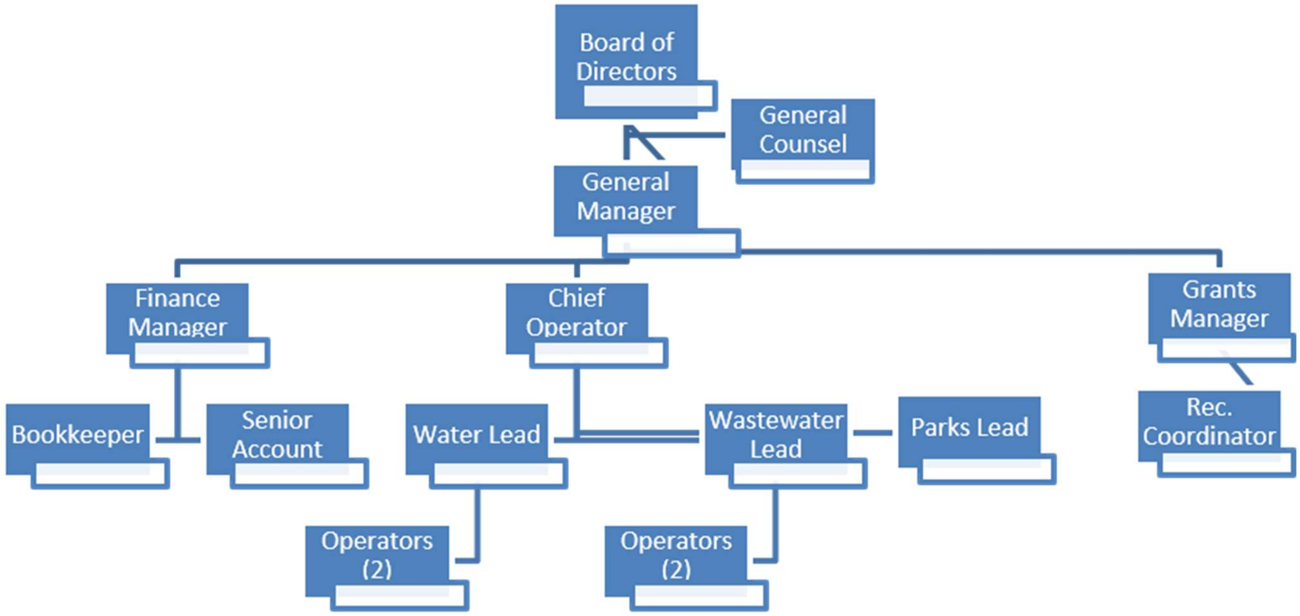
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

2,007

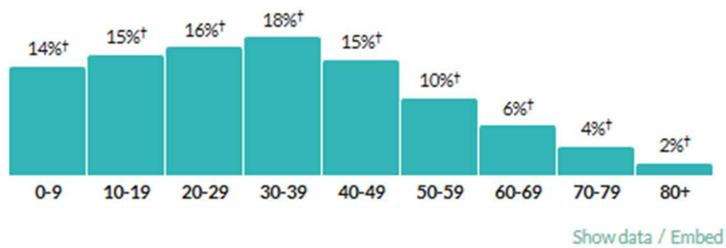
MEDIAN HOUSEHOLD INCOME

$72,028

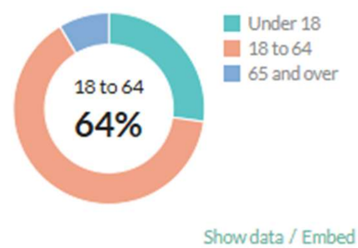
** Data Source: American Community Survey 5-year estimates*

POPULATION BY AGE GROUP

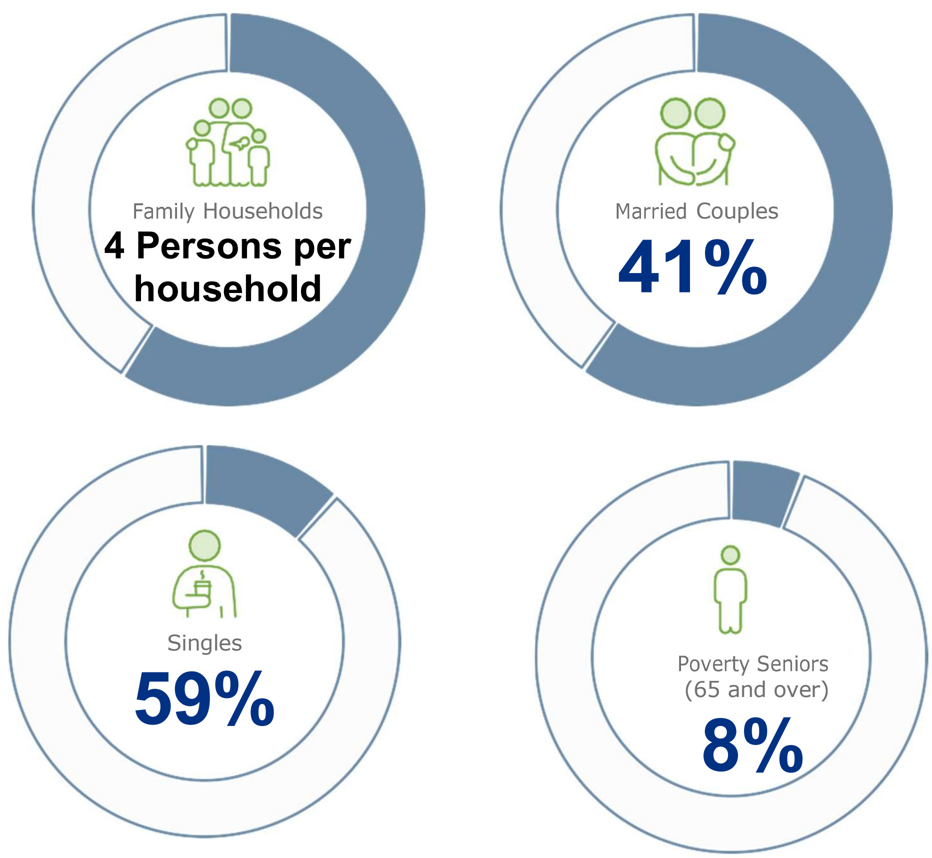
Population by age range



Population by age category



** Data Source: American Community Survey 5-year estimates*



** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

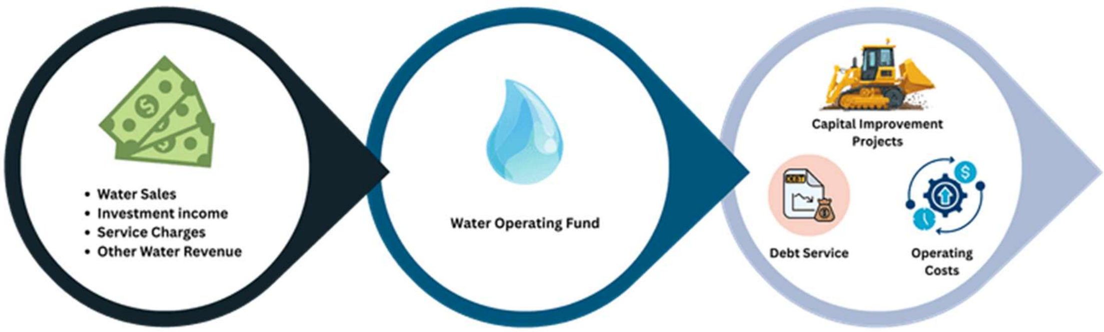
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

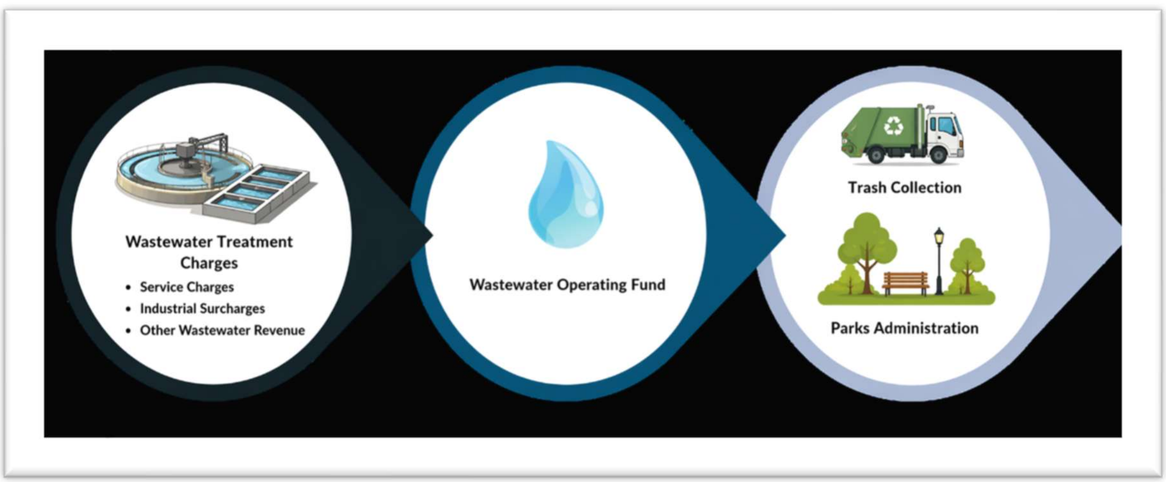
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District's budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District's business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District's continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District's pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.
2. Complete the Water and Sewer Master Plan project.
3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.
5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.
4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.
2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.
5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber's Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber's community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees' medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of Continuos Servie	Annual Vacation Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration. The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.

Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION

COMPARATIVE INCOME STATEMENT

PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Training	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT
WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**
NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND

COMPARATIVE INCOME STATEMENT

TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allowance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District's property and resources, establishing policies, reviewing all District's operations and employing executive management.



OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

Emergency and After-Hours Service
(760) 353-0457

www.heber.ca.gov

1078 Dogwood Rd. Heber, CA 92249

FOLLOW US!

FISCAL YEAR 2026 - 2027

BUDGET

SOURCING | EFFICIENCIES | SERVICE LEVELS | FEES & CHARGES | GRANT FUNDING | TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD
heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,

(2) rising costs for electricity, materials, and construction,

(3) evolving customer expectations, and

(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

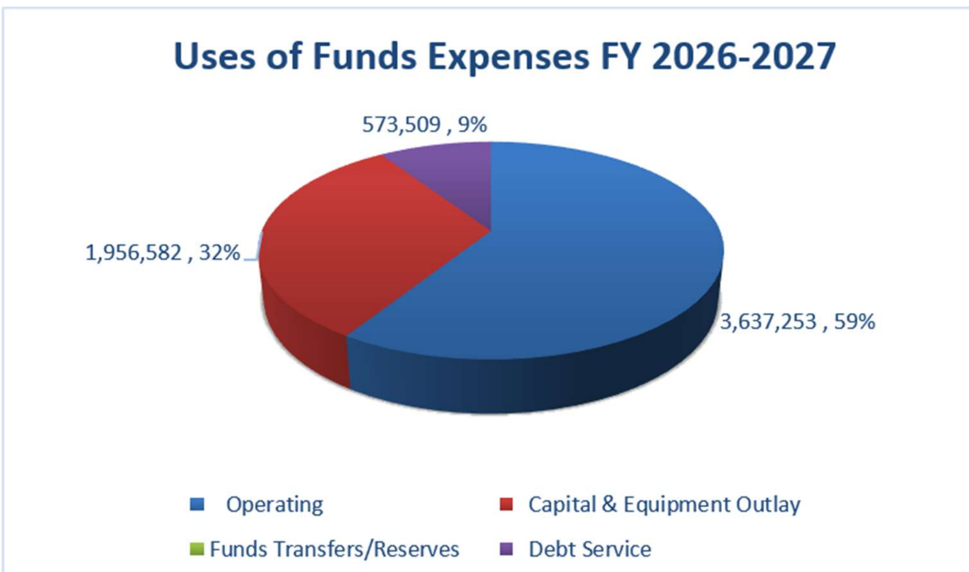
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1'956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

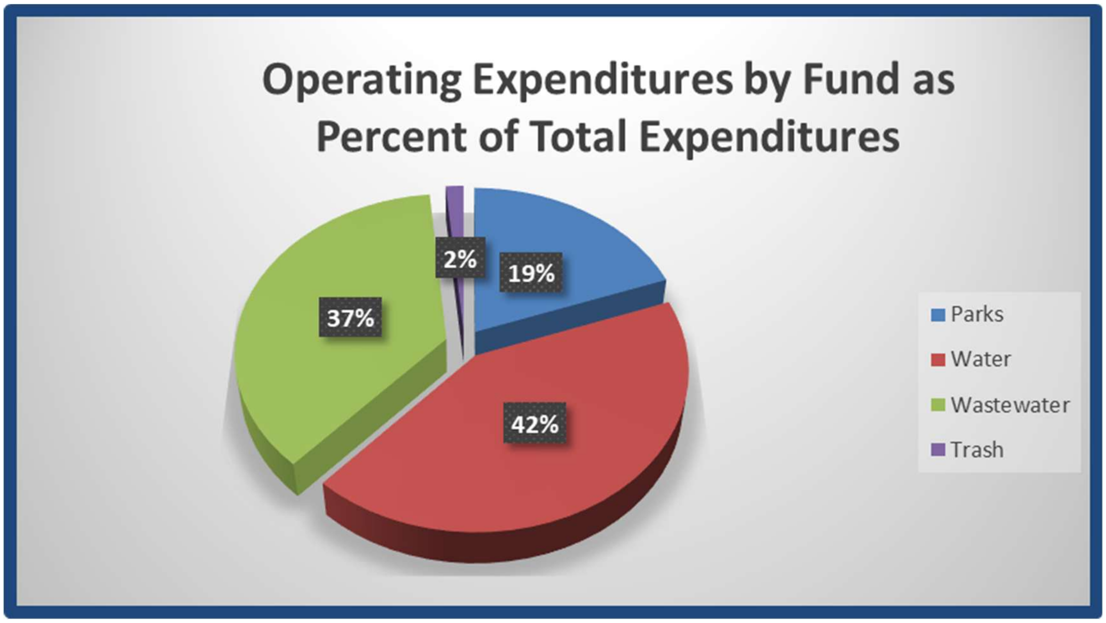
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

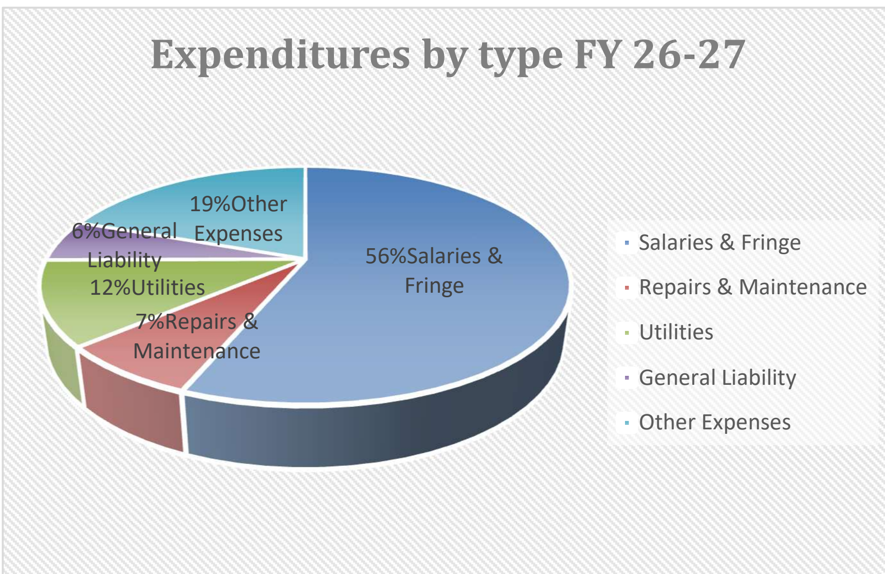
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the Equipment Outlay budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

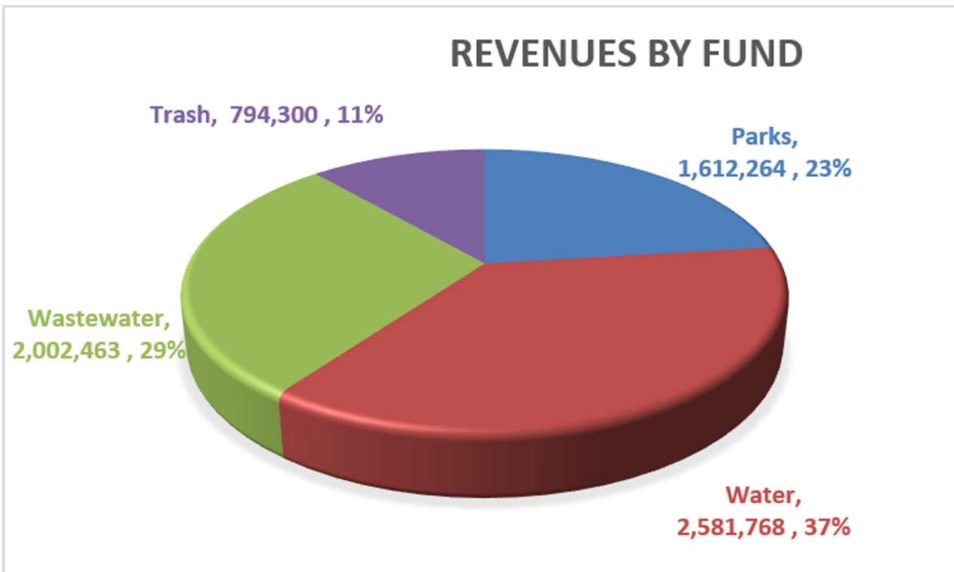
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

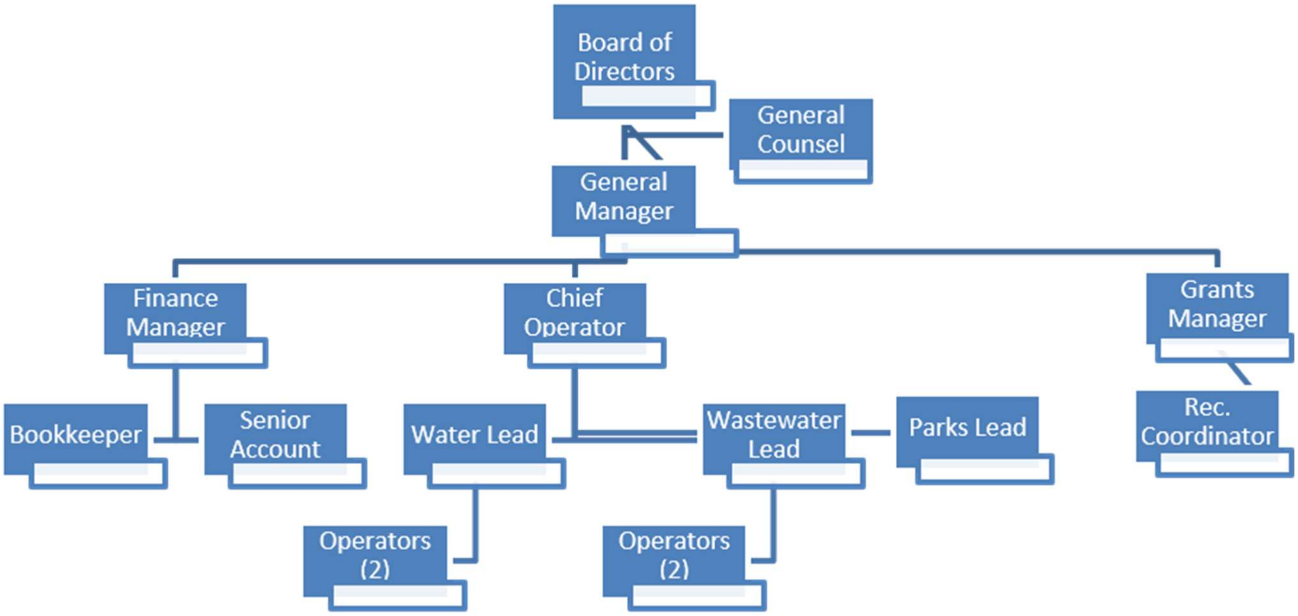
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Vision, Mission & Statement of Values

Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

- Transparency
- Innovation for efficiency
- Teamwork and partnership
- Customer service
- Community first
- Integrity
- Excellence – highest quality standard

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

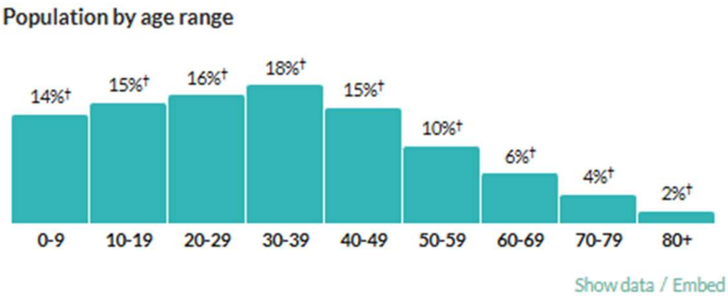
2,007

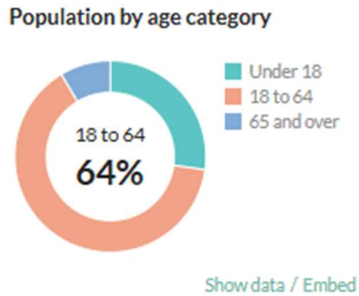
MEDIAN HOUSEHOLD INCOME

$72,028

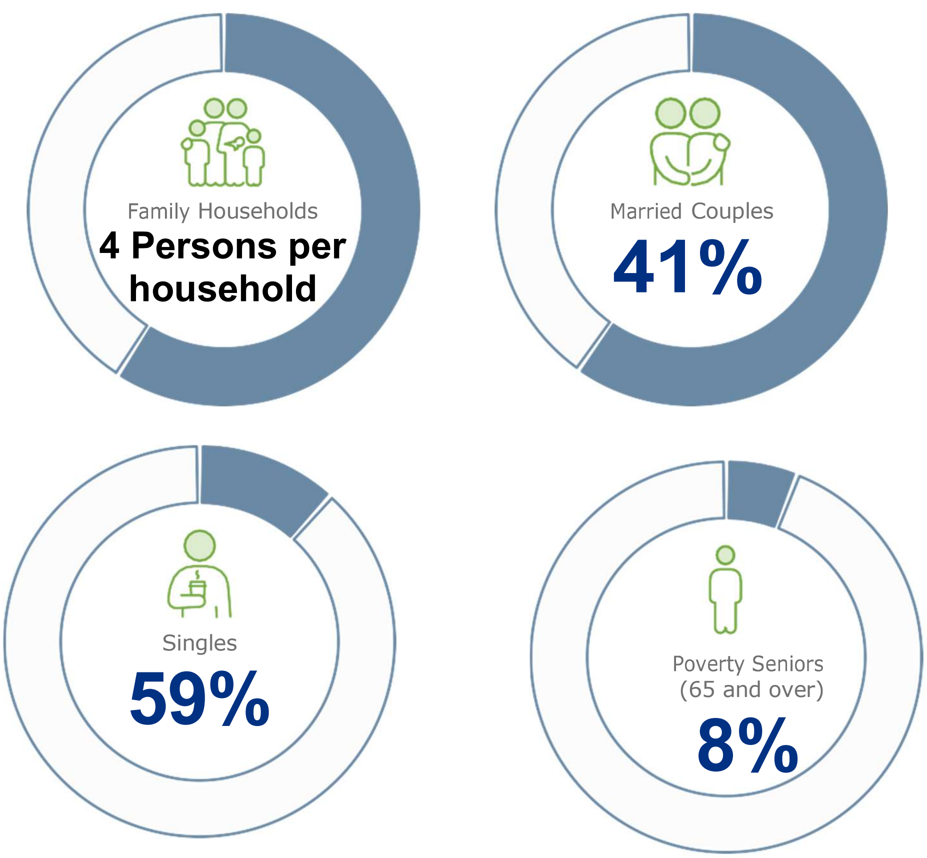
** Data Source: American Community Survey 5-year estimates*

POPULATION BY AGE GROUP





** Data Source: American Community Survey 5-year estimates*



** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

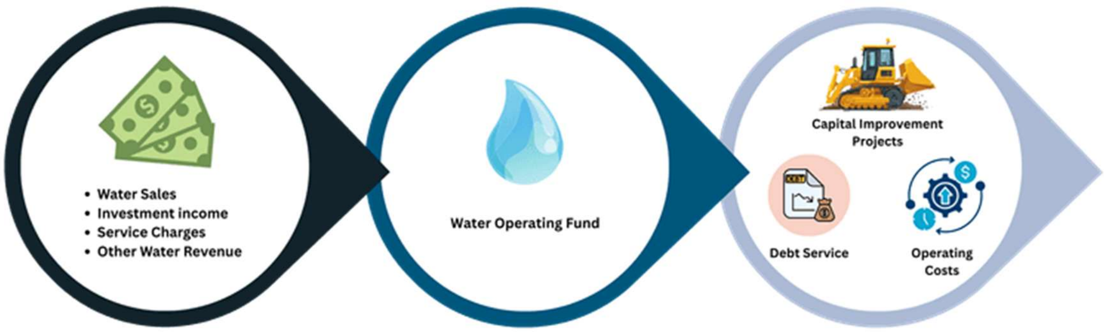
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

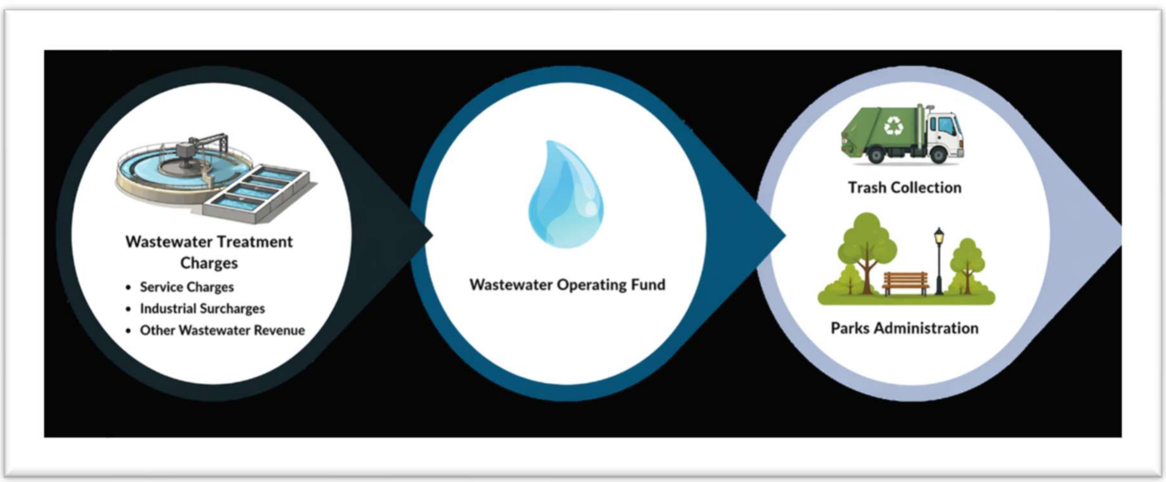
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District's budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District's business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District's continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District's pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.
2. Complete the Water and Sewer Master Plan project.
3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.
5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.
4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.
2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.
5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber’s Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber’s community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees' medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of Continuos Servie	Annual Vacation Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration. The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.

Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION

COMPARATIVE INCOME STATEMENT

PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Training	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT
WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**
NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND
COMPARATIVE INCOME STATEMENT
TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allowance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District's property and resources, establishing policies, reviewing all District's operations and employing executive management.

HPUD

Heber Public Utility District

OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

Emergency and After-Hours Service
(760) 353-0457

HEBER PUBLIC UTILITY DISTRICT

www.heber.ca.gov

1078 Dogwood Rd. Heber, CA 92249

FOLLOW US!

FISCAL YEAR 2026 - 2027

BUDGET

SOURCING

EFFICIENCIES

SERVICE LEVELS

FEES & CHARGES

GRANT FUNDING

TAXES/ RATES

DELIVERING RELIABLE WATER FOR A STRONGER COMMUNITY

HPUD

heber public utility district

Heber Public Utility District
Budget Fiscal Year 2026 - 2027

Final Presentation - 06/18/2026

Last updated 06/10/26

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INTRODUCTION

General Manager's Message

Honorable Board of Directors, District Ratepayers, and Members of Our Community,

On behalf of the Heber Public Utility District, I am proud to present the Fiscal Year (FY) 2026–27 Operating and Capital Budgets. This document is not simply a financial plan — it is a clear statement of our direction, our discipline, and our unwavering commitment to delivering essential services to the highest standard.

This budget establishes a focused and responsible path forward. It reflects our commitment to operating efficiently, maintaining affordability, and delivering reliable, high-quality water services to our community. At the same time, it reinforces the strong financial foundation necessary to sustain and grow our District in the years ahead.

We approach each budget cycle with purpose and accountability. Through a comprehensive evaluation of our operations, infrastructure needs, and long-term objectives, we ensure that every dollar is aligned with our mission. This is a deliberate effort to balance fiscal responsibility with strategic investment—ensuring that our departments perform at a high level, our customers receive exceptional service, and our systems remain dependable and resilient.

Our responsibility extends well beyond water delivery. We are entrusted with providing safe drinking water, effective wastewater treatment, solid waste services, and well-maintained public spaces. We carry out this responsibility with a clear focus on efficiency, reliability, and value, even as we navigate an increasingly complex operating environment.

At the same time, we are making disciplined, forward-looking investments. Our capital program is designed to strengthen and modernize our infrastructure, support water conservation, integrate advanced technologies, and address ongoing supply and system challenges. These investments are not optional; they are essential to ensuring that we meet today's demands while securing the future of our community.

Factors Impacting the District

Short-Term

The District continues to operate in a dynamic environment shaped by economic conditions, regulatory requirements, climate pressures, technological change, and workforce challenges. Four key factors are driving our near-term strategy:

(1) water conservation efforts,

(2) rising costs for electricity, materials, and construction,

(3) evolving customer expectations, and

(4) continued property development.

Despite these pressures, our performance remains strong. Water sales in FY 2025–26 were stable, reinforcing our financial outlook for FY 2026–27. Additionally, we are advancing a new service area plan that will strengthen our financial sustainability by ensuring our rate structure more accurately reflects the true cost of service.

Long-Term

Looking ahead, we are focused on meeting two critical challenges: replacing aging infrastructure and expanding our system to support future growth. Through our Cost-of-Service Study, we have updated our Five-Year Capital Improvement Program (CIP) to ensure we are prepared to meet both.

The planned Equipment budget for FY 2026–27 is $569,320 and Capital Improvements for $1'387,181 and will be funded through a combination of grants, operating revenues, capacity charges, and restricted capacity fee funds. These investments are targeted, strategic, and necessary focused on rehabilitating aging assets, expanding capacity, upgrading facilities, and maintaining regulatory compliance.

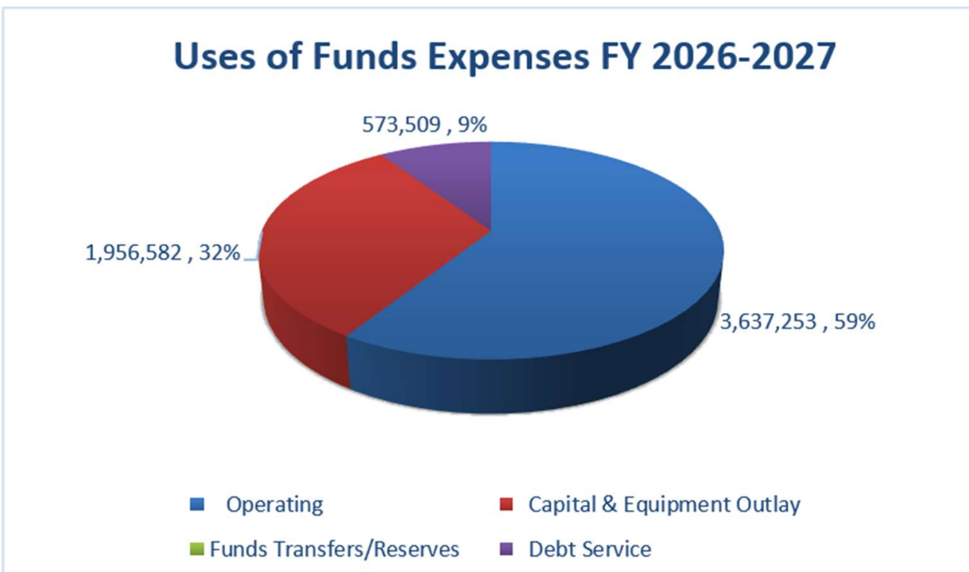
We are committed to delivering results. These actions will ensure that the Heber Public Utility District continues to provide reliable, efficient, and sustainable services—not only today, but for future generations.

Budget Highlights

The budget has two major components: The Operating Budget, and the Non-Operating (Capital) Budget. The Operating Budget includes costs to operate, maintain, treat, and supply safe drinking water to customers. The Non-Operating (Capital) Budget includes Capital Improvement Projects needed to improve existing infrastructure and construct new facilities to support future water needs. Also, it includes annual principal and interest payments to service long-term debt along with revenue such as property taxes, interest income, and rental income.

The district accounts for both the Operating Budget and Non-Operating (Capital) Budget in terms of four funds, Water, Wastewater, Parks and Trash. The Water and Wastewater Funds account for potable water operations, debt service payments (principal and interest), and long-term water-related capital improvement projects.

Uses of Funds Expenses
FY 2026-27



The total budget for FY 2026-27 is $6,167,344 with $3,637,253 (59%) in operating, $1'956,582 Capital & Equipment Outlay and $573,509 Debt Service. The Operating Budget increased by $163,257 (4.7%) and the Non-Operating Budget increased by $1,784,082 (339%) as compared to the FY 2025 - 26 budget.

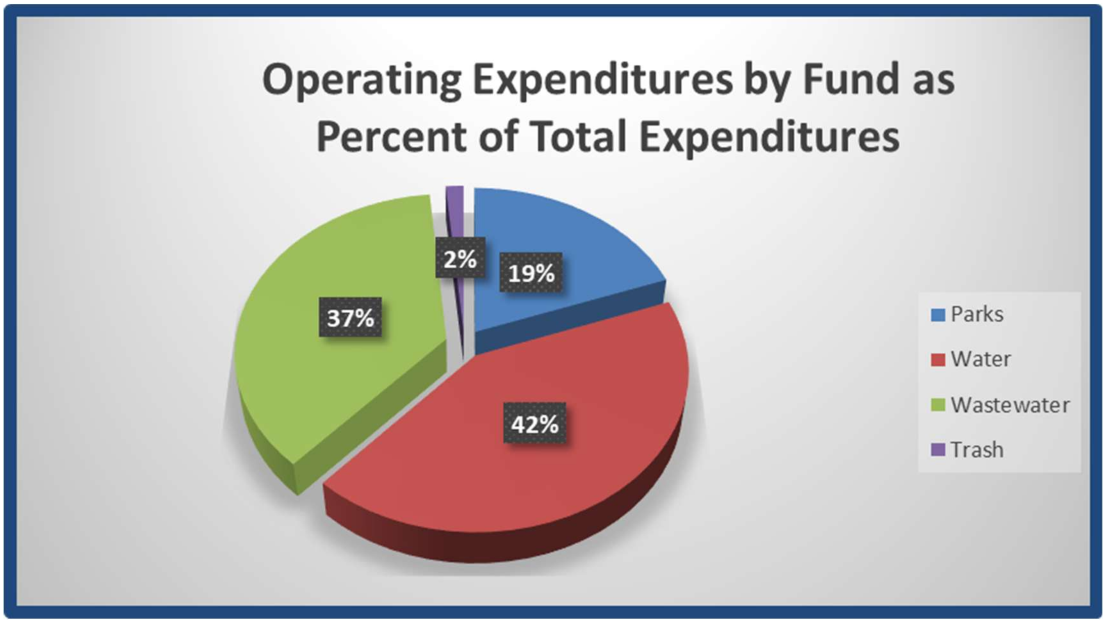
Budgetary changes are explained in more detail in the following sections.

Operating Expense

Operating Expense consists of operating costs for water, wastewater, trash and parks. These operating costs are primarily funded through user fees, general property taxes, rental income, and other revenue sources.

By Type

The total Operating Budget is $3,637,253 for FY 2026 - 27. The graph below illustrates the operating expenses by fund categories:



Salaries & Benefits

Personnel-related costs represent the largest portion of the Operating Budget. The district continuously works to improve operational efficiencies throughout all areas. Several organizational assessments have been completed to control staffing levels, ensure high quality service to the community, and manage growth within the district's boundaries.

For FY 2026-27, an increase of $174,059 (9.34%) in salaries and benefits is included in the adopted budget. On average, Merit (Step) increases and fringes for employees who have not reached the top step in their pay range, subject to annual performance evaluations, drive this increase. Salaries and benefits for the fiscal year are based on the NRTA Bargaining Unit approved by the BOD, which includes a salary Increase of 2%, Merit of 3% and Benefits increase starting July 1, 2026.

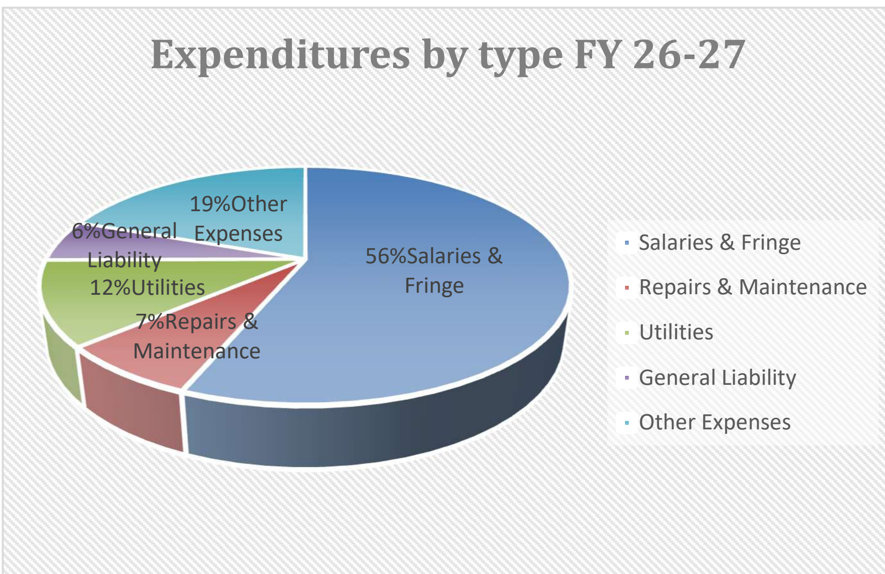
The district maintained 19 full-time positions (BOD included) in FY 2026-27 as in FY2025-26.

Utilities

The second largest operating expense is utilities. The major component of utilities is electrical power. Electrical power is used to operate the water and wastewater plants, and to distribute water throughout all pressure zones within the district using booster pumps. An increase of $27,600 (7.84%) in utilities is included in the adopted budget for FY 2026-27.

Repair & Maintenance

The third largest operating expense is the cost of repair and maintenance. Repair and maintenance fund ongoing needs for water, wastewater, parks & facilities maintenance, and fleet maintenance to meet the district's goals and objectives. A total of $263,700 has been allocated for repair and maintenance related to water, wastewater, trash and parks facilities, and fleet in the FY2026-27 adopted budget. In recent years, the district has made efforts to replace aging vehicles and aging infrastructure.



Non-operating expenditures consist of Capital, Equipment Outlay, and Debt Service. The FY 2026–27 budget includes $569,320 for equipment and $1,387,181 for capital improvements, which will be funded through grants, operating revenues, and reserves. To maintain long-term financing needs, the district continues to aggressively pursue grants options to help with the ongoing need to replace aging infrastructure. Detailed funding information can be found in the Capital Improvement Section of this document.

Below is a list of some of the major projects included in the **Equipment Outlay** budget of FY 2026-27:

EQUIPMENT OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Ref.	**Capital Outlay (Office):**			***20.0%***	***40.0%***	***40.0%***	***100.0%***
		Estimated cost		Parks	Water	Wastewater	
				0	0	0	0
	Totals for Capital Outlay (Office) ->	**0**		**0**	**0**	**0**	**0**
Parks-01	UV Maintenance (Childrens Park)	5161	1	5,161			5,161
Parks-02	Solar Lights (Jigg Jhonson)	10676	1	10,676			10,676
Parks-03	Benches and Repairs (All parks)	14963	1	14,963			14,963
Parks-04	Storm Water Pump (Estancia)	13,515	1	13,515			13,515
Parks-05	Flood Lights Replacement (Tito Huerta)	27,643	1	27,643			27,643
W-01	Finish Water Well (Pump-Spool)	78,471	1		78,471		78,471
W-02	Storage tank #3 (TTHM Maintenance)	55,123	1		55,123		55,123
W-03	Operation Room (Scada System Upgrade)	23,111	1		23,111		23,111
W-04	Raw Water Well (Ferric Pump)	6,978	1		6,978		6,978
W-05	Hyplochlorite Room (Double wall tank)	19,538	1		19,538		19,538
W-06	Hyplochlorite Room (Chlorine Cell)	8,979	1		8,979		8,979
W-07	Leak Detection System (Meter Project)	35,782	1		35,782		
WW-01	UV System (Parts)	59,380	1			59,380	59,380
WW-02	Scada Upgrade	200,000	1			200,000	200,000
WW-03	AC Unit	10,000	1			10,000	10,000
	Totals for Capital Outlay (Equipment) ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**
	Totals for Capital Outlay ->	**569,320**		**71,958**	**227,982**	**269,380**	**569,320**

Below is a list of some of the major projects included in the Capital Outlay budget of FY 2026-27:

CAPITAL OUTLAY SUMMARY FY 2026-27							
No.	Description of Equipment:	Estimated cost	Units	Parks	Water	Wastewater	
Parks-CI01	Repairs Baseball Field (Tito Huerta)	45,000	1	45,000			45,000
Parks-CI02	Shade (Tito Huerta)	10,500	1	10,500			10,500
Parks-CI03	Correll Park	891,681	1	891,681			891,681
Water-CI01	Inlet & Outlet Water Treatment Plant	380,000	1		380,000		380,000
Sewer-CI01	5 Manhole Rehabilitation	60,000	1			60,000	60,000
	Totals for Capital Outlay (Equipment) ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**
	Totals for Capital Outlay ->	**1,387,181**		**947,181**	**380,000**	**60,000**	**1,387,181**

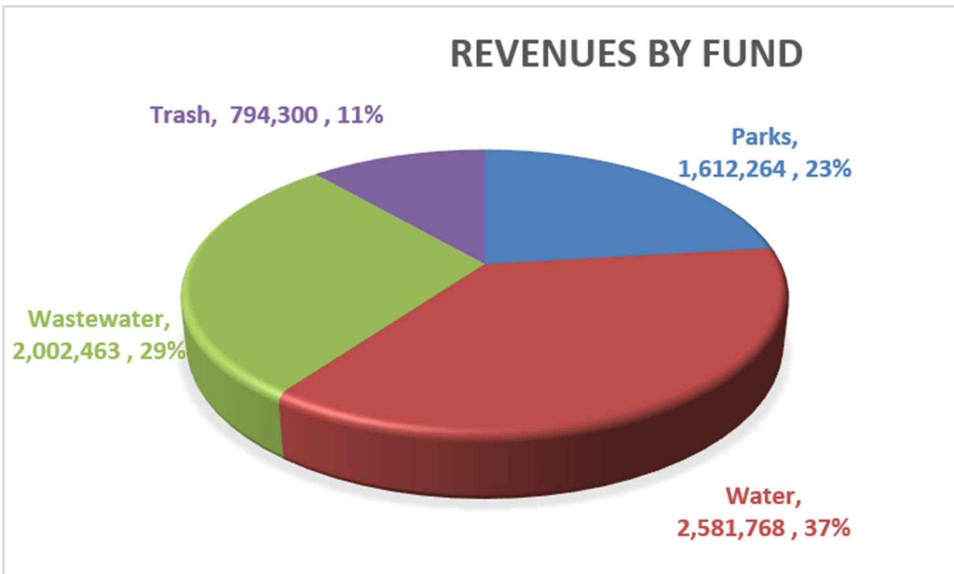
Sources of Revenues

Total Revenue Budget is $6,869,495 for FY 2026 - 27. The main sources of revenue are Operating Revenues and Non-Operating Revenues.

Operating Revenues Budget

The District's Operating Revenues consists of Property taxes received from the County, Water Consumption Sales, Wastewater Monthly Service Charges, Trash Monthly Service Charges and Other Operating Revenue. The revenues are derived from monthly user fees from the District's customers. The District receives 72% of its revenues from consumption rates and user fees, 5.7% from property taxes and 22.7% from grants.

Revenues FY 2026-27



Water Consumption Sales

The proposed Water Consumption Sales budget is $1.7 million for FY 2026-27. This category is 25% of total revenues for FY 2026-27. The District produces potable water for sale as follows: single-family, commercial, multi-family, institutional, hydrant, and industrial water. All customers are billed monthly on the amount of water used, which is metered and measured in gallons.

Wastewater Services

The proposed Wastewater Services budget is $1.4 million for FY 2026-27. This category is 21% of total revenues for FY 2026-27. The District charges for water treatment as follows: single-family, commercial, multi-family, institutional and industrial water. All customers are billed monthly at a flat rate and the amount of water used, which is meters and measured in gallons.

Trash Services

The proposed Trash Services budget is $769,398 for FY 2026-27. This category is 12% of total revenues for FY 2026-27. The District charges for trash services as follows: single-family, commercial, fire service, multi-family, institutional and industrial. All customers are billed monthly at a flat rate.

Service rates for water & wastewater are unchanged in FY 2026-27. We are in the process of conducting a rate study to present to the BOD and possible action to update rates.

Non-Operating Revenues Budget

Property taxes are the largest category of Non-Operating Revenues; for FY 2026-27 the total amount is $500,000.00.

As previously stated, operating revenues (and ultimately rates) are set at levels needed to fund operations. These rates, fees, and charges are partially offset by non-operating revenues.
Property tax is received from the Imperial County, collected from properties within the District's boundaries. The District uses these funds to offset operational and non-operational expenses.
Other sources of revenue include grant revenue, and rental income from cellular antenna leases.
We anticipate receiving $1,459,282 in grant funding for Fiscal Year 2026–27, further strengthening our financial position

Conclusion

This budget reflects our continued commitment to delivering high-quality water and wastewater services, along with park maintenance and solid waste collection, in a manner that protects public health and the environment while maintaining long-term cost sustainability. As our customer base continues to grow within our service area, the District is also addressing increasing challenges, including rising labor and material costs, aging infrastructure, and evolving environmental regulations. This budget positions the District to meet customer expectations, support economic development, and preserve and enhance our environment.

The strength and success of the District are driven by the leadership, policies, and strategic direction established by the Board of Directors. This budget directly reflects those priorities and provides a disciplined and responsible financial plan for Fiscal Year 2026–27, ensuring continued organizational stability and accountability.

This document also underscores HPUD's commitment to advancing critical capital projects that serve both current and future customers, while meeting all financial obligations. Staff are confident that the financial framework outlined in this budget will enable HPUD to continue delivering safe, reliable drinking water and essential services to our community—today and into the future.

History & Profile

Heber History

Community History

The community of Heber had its origins with the construction of the Imperial Valley branch of the Southern Pacific Railroad during the early 1900's. The Imperial Land Company, working under the direction of the California Development Company, elected to honor company President A.H. Heber by naming the community after him in 1903.

The anticipated construction of the San Diego Yuma railroad, which was expected to pass through Heber, spurred local development for the next five years.

However, in 1908, Heber's initially rapid growth slowed considerably as the nearby community at El Centro gained importance as a regional center. Heber's continued existence, as well as the existence of most of Imperial County's other communities has been based on the importance of agriculture and its reliance on irrigation.

You can view and download historical documents like:

- Imperial County Ordinances 92 & 93 filed July 6,1931
- Petition to the Imperial County for the Heber Public Utility District

About Heber Public Utility District

The Heber Public Utility District (HPUD) was formed in 1931 under the Public Utility Act of 1921. The Heber Public Utility District was given the authority to function as a legal entity with powers like those of a city administrative body.

Water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District (IID). The water is drawn from the canal, treated at our newly expanded water treatment plant. The Heber Public Utility District's water treatment plant can treat 4 million gallons per day and pumps potable water through 24 miles of metered water lines into our customer's homes and businesses. After the water is used by our community it is then re-treated at our sewage treatment plant, and finally clean and clear effluent is disposed of via agricultural drainage canals to the Salton Sea.

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day. Today, the Heber Public Utility District operates a modern sewage treatment plant that can treat 1.2 million gallons per day.

Over time the services the Heber Public Utility District provides to our community has grown along with our population. Today, the Heber Public Utility District proudly provides water, sewer, solid waste (trash), parks and recreation, and street lighting to our community.

Location

Heber, an unincorporated community of approximately nine square-mile area located 224 miles southeast of Los Angeles, 675 miles southeast of San Francisco, 117 miles east of San Diego, 240 miles west of Phoenix, and 6 miles north of Mexicali, Baja California, Mexico.

Population

From 1990 to 2000, The Heber town site population increased from 2,566 persons to 2,988 persons, per U.S. Census Bureau. From 2000 to 2009 the calculated population increased to 6,000 people. Today, Heber is home to 6,600 residents.

Water

Raw water used by the Heber Public Utility District is supplied by the Central Main Canal via the Dogwood Canal, both of which are under the jurisdiction of the Imperial Irrigation District IID. This water has its origin in Lake Mead behind Hoover Dam in Nevada. The water is drawn from the canal, treated, used by the community and then re-treated in the Heber Public Utility District sewage treatment plant, and finally disposed of via agricultural drainage canals to the Salton Sea.

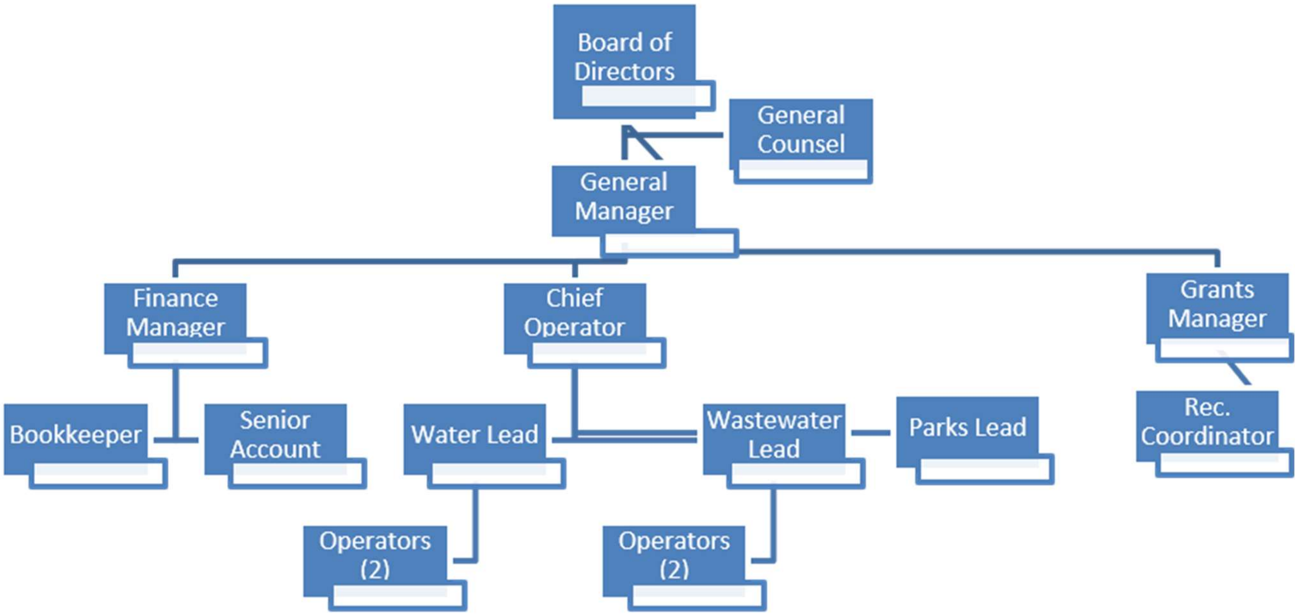
Heber Public Utility District's first water treatment plant was completed in 1972. The water treatment plant has undergone many upgrades and improvements to meet all health and safety potable water regulations.

Wastewater

Prior to 1968, sewage treatment needs in Heber were met using septic tanks. Heber first sewage treatment plant was completed in 1968 with a design capacity of 150,000 gallons per day.

In 1981 a new sewage treatment plant was built which more than doubled the previous treatment plant operating capacity.

Organization Chart



Vision, Mission & Statement of Values

Mission Statement

To provide the highest quality utility and park services with a focus on customer service and community.

Vision Statement

HPUD – providing outstanding public services and innovative leadership to enhance the Heber community.

HPUD – To enhance current services and influence future growth and development to innovative solutions that support the long-term success of our organization.

Values

- Transparency
- Innovation for efficiency
- Teamwork and partnership
- Customer service
- Community first
- Integrity
- Excellence – highest quality standard

The Mission Statement and Vision Statements were adopted by the Board of Directors of the Heber Public Utility District with the Strategic Plan on March 2020.

Sources of Water

The Heber Public Utility water system supplies water for domestic purposes to more than 6,600 consumers through a total of about 1,530 water service connections. The 2 million gallon per day (MGD) water treatment system operates 24 hours daily based on system demand.

The Heber Public Utility District meets and exceeds all local, state and Federal water quality requirements. Water is pumped to our residents and businesses through 25 miles of pipeline, which is maintained by the Heber Public Utility District. We are responsive to our customers' needs, and we are available 24 hours a day to respond to any emergencies. Contact our on-call operator for any water/sewer/parks concerns at 760-353-0457.

Heber receives raw water from the Imperial Irrigation District (IID), from the Central Main Canal through the Dogwood Canal to Gate 37A. Raw water is allowed to settle in 3 lined settling basins with a combined capacity of 5.8 million gallons. Water is pumped from the third settling basin and polyferric sulfate, a coagulant and Polymer, a coagulant aid is added and is mixed via static mixer. The water then flows through one of two U.S. Filter Co. Micro Floc Water Treatment System units.

The filtered water exits the treatment plant and is chlorinated prior to being pumped into three Clearwell reservoirs that together store 5.5 million gallons. Water from the reservoirs is pressurized to 48 psi to feed the one pressure zone distribution system's

Population Overview

TOTAL POPULATION

7312 - 8,008 estimated

** Data Source: U.S. Census Bureau American Community Survey 5-year Data ACS 2024*

TOTAL HOUSEHOLDS

1,815

HISPANIC OR LATINO (OF ANY RACE)

6,713

TOTAL HOUSING UNITS

2,007

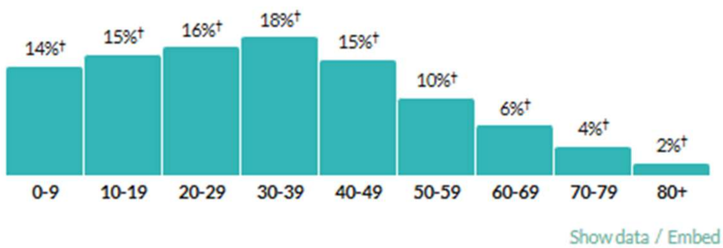
MEDIAN HOUSEHOLD INCOME

$72,028

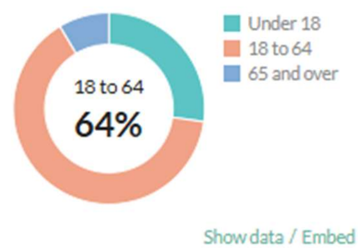
** Data Source: American Community Survey 5-year estimates*

POPULATION BY AGE GROUP

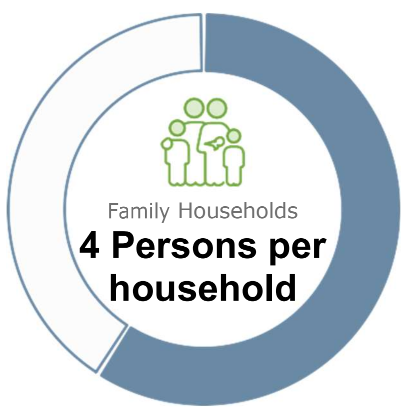
Population by age range

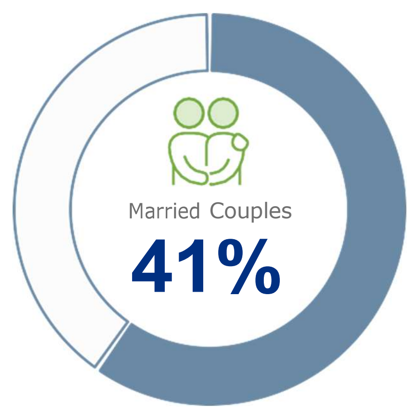


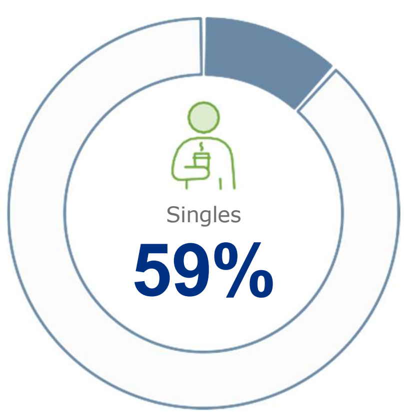
Population by age category

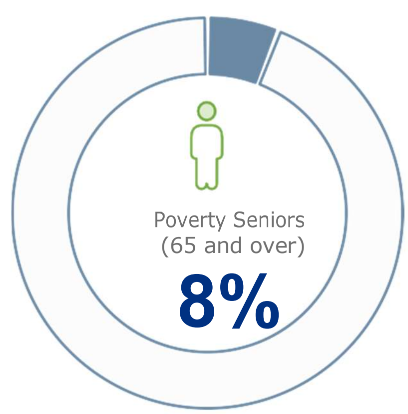


** Data Source: American Community Survey 5-year estimates*









** Data Source: American Community Survey 5-year estimates*

Budget Process & Timeline

Each year the budget process initiates in May. The process begins with each department determining what their requirements are for the following year. Based upon those requirements the budget is designed and presented. Appropriate budget amounts are determined by using the historical data of operations, new growth projections, and economic outlook.

To ensure reliable and high-quality service to the growing customer base, the district has committed to several strategies that drive the budgeting process. The strategies and assumptions used to develop the district's integrated budget are:

- Accurate projections of capital budget needs, including maintenance and replacement.
- Reserve funding in accordance with the Reserve Policy to meet future growth demands and maintain financial stability.
- Pursue low interest loans for capital development projects.

The Finance Department prepares the budget with the input of department managers. This is done using estimated changes in costs and volume levels. The significant factors in the budget development include estimated water volumes, water cost projections, debt coverage for current and future debt issuances, reserve levels, projected growth in customer accounts, and expected weather conditions. Revenue and expense budgets are calculated using trend analysis and any external factors that may affect these items.

April 01, 2026

Proposed Goals, Objectives, and Accomplishments Due to GM

April 27, 2026

Operating Departmental Budget Requests Due to Finance

April 30, 2026

Budget Introduction Meeting to Distribute Worksheets to Staff

May 06, 2026

Capital Outlay and Capital Improvement Program Planning Meeting

May 21, 2026

FY 2026-27 Budget Presentation to BOD and modifications

June 18, 2026

FY 2026-27 Budget Adoption at Public Board Meeting

Budget Control & Adjustments

Each quarter of the year, District management meets to analyze revenues and spending to determine whether realized revenue has exceeded revenue projections to the extent that additional program services or capital projects can be proposed, and to determine whether transfers between budget line items are necessary to ensure that budget limitations are not exceeded.

Requests for budget adjustments are submitted by department chiefs to General Manager for review, who then forward the requested adjustments to the Finance Department for incorporation into proposed budget amendments to be presented to the Governing Board at the Budget Review.

If revenue shortfalls or unanticipated costs are realized, and transfers between line items cannot meet the projected deficit, a recommendation to defer capital projects or draw on reserves is usually required to meet the shortfall. All proposed changes are presented to the Governing Board.

Amendments to the Budget

The budget is amended when expenditure is anticipated to significantly exceed initial estimates. Budget amendments can also be for expenditures, seen as appropriate charges, but were not anticipated in the budget process. Any amendments added to the original budget are brought to the Board of Directors through staff reports at the appropriate committee meeting. The staff describes why, how much, and what program budget requires an amendment to the original budget. These approvals are discussed at both the appropriate committee and Board meetings and require a majority vote of the Board of Directors to be incorporated. Upon approval, staff update the budget and financial system to reflect on the approved change.

Basis of Budgeting

The district's financial reporting structure is fund-based. A fund is defined as a separate, self-balancing set of accounts, used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The district has three kinds of funds:

1) Governmental funds – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent soon to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

2) Proprietary funds – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the district's internal service fund is included within the governmental activities reported in the district-wide statements but provides more detail and additional information, such as cash flows. The district uses the internal service fund to report activities that relate to the district's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

3) Fiduciary funds – A Custodial Fund is used to account for assets held by the district in a trustee capacity or as an agent for individuals, private organizations and other governments. The custodial funds are used to account for taxes received for special assessments debt for which the district is not obligated.

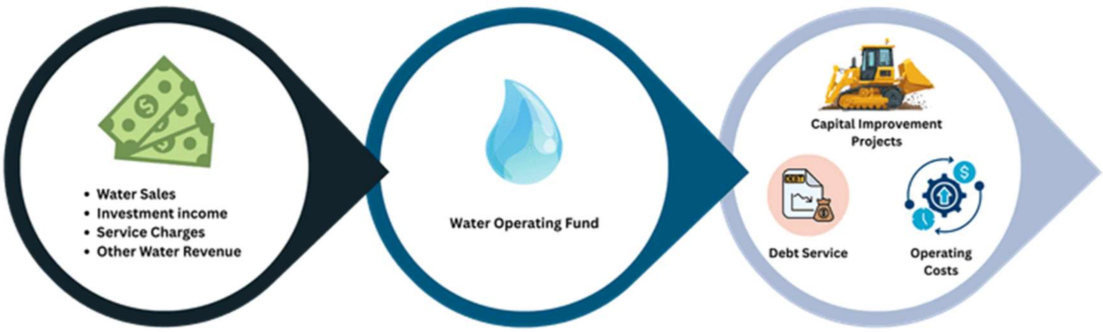
However, for budget purposes, the accrual basis is not the most effective since it does not allow discrete presentation of some significant uses of current financial resources. In these cases, GAAP is not followed, and instead those uses of current financial resources are shown as expenditures rather than as a reduction to a previously recorded liability, or a capitalized cost. The cases where GAAP is not followed are listed below:

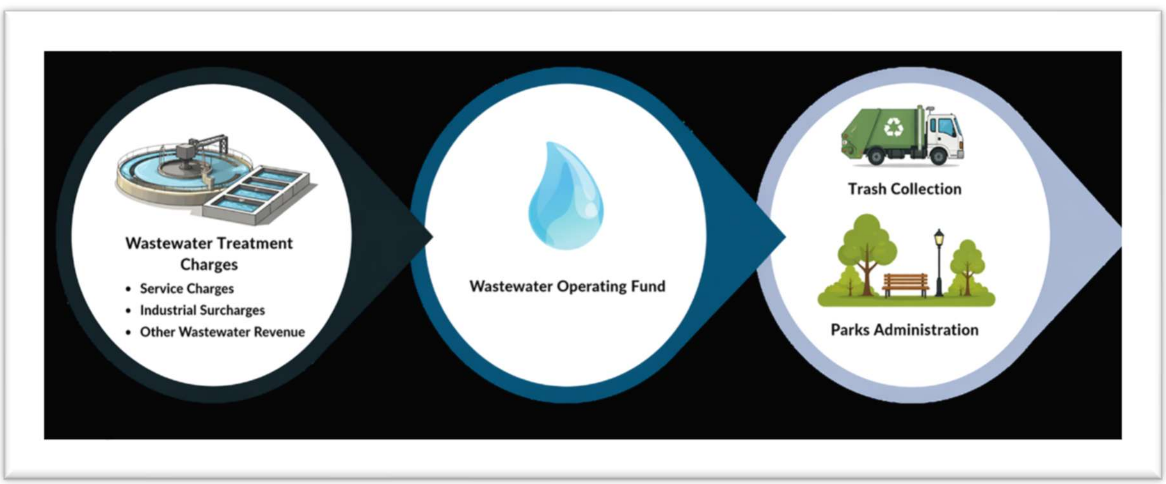
- Capital outlay is budgeted as an expenditure.
- Contributions towards the unfunded liabilities for CalPERS and other post-employment benefits are budgeted as part of the employment expenses.
- Depreciation and amortization are not budgeted.
- Principal and interest payments are reported as a current expense.

Funds Structure

GAAP requires special districts to account for its activities as a single, governmental enterprise fund. The activities of enterprise funds closely resemble those of ongoing businesses in that rates and fees charged for services are intended to fund the cost of operational and capital needs.

Heber Public Utility District uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, Water Treatment and Trash Collection. The district budgets services in multiple business segments: Water, Wastewater, Trash, Parks. The Water and Wastewater Fund categorize revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.





What is a Budget?

The budget document is the district's annual financial plan prepared by the District Staff and approved by the Board of Directors. The budget is presented as a policy document, an operational tool, a financial planning tool, and a link to the Strategic plan. The budget communicates how investments will be used by providing detailed information on specific resource allocations and expenditures. It also provides significant policy direction from the Board to District staff. The intended audience of the budget document are citizens, local businesses, creditors, governmental agencies, and other stakeholders.

Budget Guide

The budget is a comprehensive and balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow the users to gain a general understanding of the district's financial status and plans. The budget is an essential tool for proper financial management. The district develops its annual financial plan with input from each department of the organization and is set prior to the start of each fiscal year. The budget document is prepared by the district staff and approved by the governing board.

Introduction

General information about the district such as mission statement, vision, statement of values, District history, organizational chart, and the demographics of the district. Demographics will include statistics for the district's customers.

Budget overview

This section includes a budget summary, the District's Priorities and Goals, and the Long-Term Financial Plan Narrative.

Financial summary

Information about the District such as budget process, budget calendar, fund structure, positions, and employee compensation. It includes an overview of the district's revenues and expenditure for the current budgeted fiscal year. The district prepares a long-term financial plan based on budget input, trends, new programs, and requirements. The Long-Term Financial Plan is located at the end of this section.

Fund summaries

This section provides a summary of each fund's operating expenditure and comprehensive information. The FY 2026-27 Budget is organized into the following funds:

- PARKS
- WATER
- WASTEWATER
- TRASH

Capital budget & debt management

This section is an overview of the District's Capital Improvement Projects for the current and prior Fiscal Year. It includes a summary of the district's completed projects, planned projects for the current fiscal year, a brief description of all planned projects, and lastly, a summary of the district's outstanding debt.

BUDGET OVERVIEW

Executive Overview

The District's budget is composed of two primary components: the Operating Budget and the Non-Operating (Capital) Budget. The Operating Budget funds the day-to-day costs required to operate, maintain, treat, and deliver safe drinking water, as well as wastewater treatment, solid waste collection, and parks administration and maintenance. The Non-Operating (Capital) Budget supports Capital Improvement Projects (CIP) that enhance existing infrastructure, construct new facilities, and replace aging equipment to meet future demands. It also includes annual principal and interest payments associated with long-term debt obligations.

Both the Operating and Non-Operating Budgets are accounted for across multiple funds that support the District's business-type activities. The Water and Wastewater Fund capture core operations, debt service (principal and interest), and long-term capital investments related to water and wastewater systems.

The total budget for FY 2026–27 is $6.2 million, consisting of $3.6 million (59%) in operating expenditures and $2.5 million (41%) in capital improvement, equipment outlay and debt service. Compared to FY 2025–26, the Operating Budget has increased by $163,257 (4.5%), while the Non-Operating Budget has increased by $1,784,082, reflecting the District's continued investment in infrastructure and long-term system reliability.

Operating Expenses

Operating expenses represent the costs necessary to sustain daily water operations. These expenses are primarily funded through user fees, property taxes, rental income, and other revenue sources.

Salaries & Benefits

Personnel costs represent the largest share of the Operating Budget and are critical to maintaining high service levels across all District operations. The District continues to prioritize operational efficiency while ensuring adequate staffing to support service delivery and future growth.

For FY 2026–27, salaries and benefits are projected to increase by 2% + 3% Step up. This increase reflects the implementation of the NRTA agreement approved in FY 2025–26, updated salary schedules approved by the Board, and ongoing merit (step) increases for eligible employees based on performance evaluations. Additionally, a Cost-of-Living Adjustment (COLA), effective July 2026, contributes to this increase.

Electricity

Electricity is a critical operational cost, supporting water treatment processes and the distribution of water across the District's pressure zones through booster pump systems.

Electricity and utilities rates have steadily increased in recent years, with a cumulative rise exceeding 20% since 2021. In response to both rising rates and higher system demand, the FY 2026–27 budget includes a 7.8% increase in electricity expenditures, from $387,000 to $414,600, to ensure continued system reliability and uninterrupted service.

Conclusion

Long-term financial planning and proactive cost management are essential to maintaining the District's stability and success. This budget reflects a disciplined approach to balancing operational needs with strategic investments, ensuring the continued delivery of high-quality water services that protect public health and the environment at a sustainable cost.

As the District continues to grow, new challenges will emerge. Through deliberate planning and sound financial management, the District remains well-positioned to address these challenges, support future growth, and continue delivering reliable, efficient, and responsible service to the community.

Budget Summary

The budget for FY 2026-2027 is balanced and reflects the district's commitment to sustainable cost containment and fiscal responsibility. The district projects that it will receive $6.2 Million in revenue from water sales, services and other funding sources during FY 2026-27. For expenditure, it projects a total of $6.1 Million, which means the district has a balanced budget for FY 2026-27. The district projects to fund $1,956,582 of its Capital Improvement Projects and Equipment Outlay from grants, revenue sources, and reserves.

Summary of Changes

In accordance with the district's budget process, Finance will meet with all departments and ensure that all operational needs have been accounted for and addressed in the proposed budget. Once the proposed budget is complete, a Public Board Meeting is held to openly present and discuss both the Operating and Capital Budget. Should the Board of Directors feel the need, they can request any changes made to the budget as they see fit. After approval: The proposed budget for FY2026-27 was adopted with or without any changes during the board meeting held on June 18, 2026.

Goals & Strategies

Four Goals

Goal A.

- Improve and sustain Heber Public Utility District facilities and services

Goal B.

- Expand parks and recreation facilities and services

Goal C.

- Advocate for quality growth and development in Heber

Goal D.

- Shape Heber's community identity

Note: The goals are not listed in priority order.

Goal A. Improve and Sustain Heber Public Utility District Facilities and Services

The six strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Maintain utility and park facilities to ensure quality service delivery, including completing essential capital improvement projects and repairs.
2. Complete the Water and Sewer Master Plan project.
3. Develop a ten-year fiscal sustainability plan for the Heber Public Utility District.

Tier 2 Strategies

4. Incorporate new technologies and innovations to engage customers and improve efficiency.
5. Pursue grants, bonds and other revenues to minimize future rate increases.

Tier 3 Strategy

6. Continue fiscal sustainability efforts.

Goal B. Expand Parks and Recreation Facilities and Services

The four strategies below will contribute to achieving the goal.

Tier 1 Strategy

1. Provide a new interactive water feature or swimming pool in an existing or new park.

Tier 2 Strategy

2. Augment parks with additional facilities and/or programming for seniors and youth.

Tier 3 Strategies

3. Add a major new park to accommodate future growth.
4. Develop an indoor recreation center to serve all of Heber.

Goal C. Advocate for Quality Growth and Development

The five strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Support needed traffic controls and improvements for new developments.
2. Advocate for street and sidewalk improvements in older areas of Heber to match more recently developed areas.

Tier 2 Strategy

3. Encourage and support county approval of new quality-land use development projects in Heber.

Tier 3 Strategies

4. Encourage and support new small business opportunities on Main Street.
5. Consider initiating a feasibility study for incorporation by 2025.

Goal D. Shape Heber's Community Identity

The three strategies below will contribute to achieving the goal.

Tier 1 Strategies

1. Convene primary institutions and partners in Heber to support the goal of shaping Heber's community identity.
2. Sponsor or support an ongoing series of community events.

Tier 2 Strategy

3. Create and maintain a community calendaring and networking site.

Long-Term Financial Plan Narrative

The district's long-term financial plan provides a forward-looking framework for evaluating the sustainability of its operating funds. It enables management and stakeholders to assess whether sufficient financial resources will be available to achieve long-term goals, support capital investment, and maintain appropriate reserve levels.

A key component of this planning effort is the continuous evaluation of the age, condition, and performance of the infrastructure that supports service delivery, as well as strict compliance with water quality regulations. In recent years, however, prolonged drought conditions across California have elevated water supply reliability, conservation, and water quality as critical priorities in shaping future operations.

In response, the District has established clear strategic objectives that will significantly influence the operating budget over the coming years, including:

- Achieving cost recovery through development fees
- Expanding the Wastewater Treatment Facility
- Meeting and exceeding water quality standards
- Replacing aging pipelines and increasing water storage capacity

While the achievement of these goals is based on certain planning assumptions, they remain central to advancing the District's Vision and Strategic Plan.

To support informed decision-making, the District has developed a multi-year financial forecast, incorporating the upcoming fiscal year and four additional years (FY 2027 through FY 2031). This forecast provides a comprehensive view of anticipated revenues and expenditures, highlights funding for capital projects, and outlines projected annual costs. Estimates are based on historical trends and standard inflators, with supporting notes provided for transparency.

Importantly, the District is already taking proactive steps to address these priorities.

As technology continues to evolve, the district will remain committed to investing in innovative solutions that improve efficiency, strengthen infrastructure management, and ensure the long-term reliability of services for our community.

Position Summary Schedule

Heber Public Utility District continues to evaluate staffing needs to ensure all services are addressed by first-class personnel. This process is supported by the strategic direction and succession planning efforts approved by the Board of Directors. There are no position changes for FY2026-27 as of the budget approval date.

The table below summarizes the number of full-time personnel by area. All authorized positions are funded in the proposed budget for FY 2026-27.

Management
General Manager
Finance Manager
Chief Operator
Grants Manager
Office Staff
Bookkeeper
Senior Account Clerk
Parks& Retention Maintenance
Parks Maintenance Lead
Parks Maintenance
Water Fund
Lead Operator WW
Operator I
Operator I
Waste-Water Fund
Lead Operator WW
Operator 1
Operator 1
Part- Time
Recreation Center Clerk (Temp. PT)
Board Members
Board Member
Board Member
Board Member
Board Member
Board Member

Total Authorized Positions 20 (19 Full time & 1 Part time)

Employee Compensation

In accordance with the Board's Strategic Vision, the District is committed to paying a fair and sustainable wage with the dual purpose of attracting and retaining a talented workforce.

Employee benefits

Healthcare Benefits – All new, full-time, regular employees of the district on initial probationary status are provided membership in an approved group health insurance plan at the earliest opportunity of inclusion. The district pays 100% of employees' medical premium to all employees.

Vacation Time – Vacation leave accrues per complete pay period and is credited each pay period. Below is a table with the vacation accruals.

		Length of	Annual Vacation
		Continuos Servie	Allowance
		After 1 Year	15 days (120 Hours)
		After 11 Years	20 days (160 Hours)
		After 15 Years	25 days (200 Hours)

Sick Leave – Employees are entitled to 96.2 hours per year with unrestricted accumulation. Employees not covered by a bargaining unit earn sick leave at the rate of two days per month.

CalPERS – Regular District employees hired on or after January 1, 2013, and who has no prior membership in any California public retirement system are enrolled under the 2% @ 62 retirement program. Regular District employees hired before January 1, 2013, are considered Classic Members with a 2% @55% program and the district pay the total cost of the member (employee) and employer contributions.

Holidays – Full-time employees are entitled to 15 designated holidays per year.

Life Insurance – The benefit becomes effective after 30 days of employment on the first of the following month. The district pays the total costs. The plan coverage includes $40,000 for Voluntary Life Insurance and $40,000 for AD&D Insurance (Only pays a benefit if death or injury is the direct result of a covered accident). to all permanent employees.

FUND SUMMARIES

Heber Public Utility District is a special purpose government that has enterprise activity and follows the reporting requirement for enterprise funds. The district uses multiple Enterprise Funds that engage in multiple business-type activity, the distribution of potable water, treatment of wastewater, trash collection and parks administration.
The district budgets are services in multiple business segments: Water, Wastewater, Trash and Parks.
Each Fund categorizes revenue and expenditures as a function of the Operating Budget, Capital Improvement Budget, or Developer Capacity Fees.

Parks Operation Fund

Parks Fund Summary

FISCAL YEAR 2026/2027 PARKS & RECREATION
COMPARATIVE INCOME STATEMENT
PARKS AND RECREATION

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
PROPERTY TAXES	452,997	255,645	394,575	651,819	500,000	**(151,819)**
PARKS MAINTENANCE - CFDS	81,046	83,639	83,639	90,619	90,619	**0**
DEVELOPERS FEES	0	0	0	0	30,000	**30,000**
ROYALTIES (Geothermal)	2,289	4,242	5,360	4,004	4,309	**305**
PARKS & REC/PARK USE	11,743	11,678	10,853	12,688	12,700	**12**
ADMINISTRATION FEES	28,627	31,586	35,815	36,828	36,828	**0**
GRANTS REVENUE -	181,468	200,000	467,890	1,045,398	893,287	**(152,111)**
INTEREST - LAIF	913	41,900	43,725	34,000	31,234	**(2,766)**
OTHER REVENUES	1,567	1,235	2,248	7,606	2,500	**(5,106)**
OTHER CONTRIBUTIONS (Donations)	1,782	11,935	18,320	11,855	12,000	**145**
LAND TRASNFER TO WASTEWATER Resol. 2018-09	**48,828**	**48,828**	**48,828**	**48,828**	**48,828**	**0**
Total Revenues	**811,259**	**690,688**	**1,111,253**	**1,943,645**	**1,662,305**	**(281,340)**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
SALARIES	141,600	170,428	221,038	208,100	223,200	15,100
FRINGE - BENEFITS	160,064	157,527	167,186	183,500	205,200	21,700
PERSONNEL (Uniforms, Training)	6,039	4,924	6,230	8,000	7,800	(200)
RECREATION ACTIVITIES SUPPLIES	5,235	7,021	985	5,950	6,000	50
PUBLIC OUTREACH Calendar of Events	8,624	19,495	2,377	33,380	20,000	(13,380)
CHEMICALS	0	0	0	0	5,000	5,000
MATERIALS & SUPPLIES	21,286	15,124	17,187	21,000	22,800	1,800
OFFICE SERVICES	13,434	14,300	14,470	16,200	20,000	3,800
OFFICE SUPPLIES	2,191	2,603	2,708	2,800	3,200	400
UB POSTAGE/MAILING	1,920	2,757	3,070	3,200	3,200	0
MISCELLANEOUS	1,210	1,071	2,527	2,200	2,200	0
PARKS MAINTENANCE & REPAIRS	19,044	22,011	14,132	21,000	22,000	1,000
AUTO & TRUCKS REP & MAINT	838	1,606	2,054	4,580	4,500	(80)
OTHER EQ REPAIR-REPLACE & MAINT	9,789	7,935	2,802	9,000	9,000	0
EQUIPMENT RENTAL	905	2,982	3,336	3,500	2,400	(1,100)
GASOLINE & DIESEL	4,873	5,353	4,440	6,200	6,500	300
ACCOUNTING & AUDITING FEES	3,400	3,360	3,760	3,400	4,600	1,200
LEGAL FEES	3,075	1,329	1,719	2,850	2,900	50
MEMBERSHIP FEES	1,310	1,793	1,543	2,200	2,200	0
GENERAL LIABILITY	27,061	27,125	29,258	33,300	33,300	0
UTILITIES	52,992	51,772	55,627	67,100	64,000	(3,100)
STREET LIGHTING (power cost & repairs)	29,251	32,266	33,320	35,000	35,000	0
TOTAL Operating Expenses	**527,867**	**553,261**	**589,772**	**672,460**	**705,000**	**32,540**
NET OPERATING REVENUES	**283,393**	**137,427**	**521,481**	**1,271,185**	**957,305**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY 25-26 Projected Actuals
Construction in progress	190,230	745,395	897,112	245,593	947,181	701,588
Office Equipment Outlay	0	0	1,268	0	0	-
Plant Equipment Outlay	0	0	270	32,000	71,958	39,958
Total Other Expenditures	**-**	**745,395**	**898,651**	**277,593**	**1,019,139**	**741,546**
NET AFTER CAPITAL OUTLAY	**283,393**	**(607,968)**	**(377,170)**	**993,592**	**(61,834)**	

Water Fund Summary

FISCAL YEAR 2026-2027 WATER FUND

COMPARATIVE INCOME STATEMENT

WATER FUND

REVENUE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected
NON OPERATING REVENUES						
CAPACITY FEES	0	0	497,451	83,349	185,220	101,871
ROYALTIES (Geothermal)				0		0
GRANT REVENUE -	78,119	0	0	44,080	565,995	521,915
SUB TOTAL NON OPERATING REVENUES	**78,119**	**0**	497,451	**127,429**	**751,215**	**751,215**
OPERATING REVENUES						
RESIDENTIAL	1,248,850	1,256,160	1,268,383	1,240,000	1,245,000	5,000
MULTI-RESIDENTIAL	100,252	103,293	117,178	141,885	139,600	(2,285)
COMMERCIAL	29,548	29,730	25,383	32,000	30,900	(1,100)
INDUSTRIAL	81,331	100,794	91,411	102,300	78,600	(23,700)
PUBLIC AGENCIES	102,849	112,033	117,150	101,578	102,000	422
FIRE HYDRANTS	15,028	12,860	12,593	15,780	19,200	3,420
OSA WATER	79,789	81,870	89,718	78,800	81,700	2,900
NEW SERVICE FEES	3,325	3,175	151,726	4,000	4,000	0
PENALTIES - LATE FEES	37,815	41,230	41,320	44,000	44,000	0
RECONNECTION CHARGES	4,430	8,180	9,475	8,500	9,660	1,160
MISCELLANEOUS (BACK-FLOW & NSF)	906	4,496	1,464	1,085	1,330	245
INTEREST - LAIF	26,907	83,801	87,451	68,500	62,467	(6,033)
OTHER REVENUES	24,000	6,259	6,755	894	900	6
RENT *Verizon-American Tower	9,973	10,298	10,607	10,925	11,196	271
LEASE REVENUES	513	319	108	108	108	0
SALE OF ASSETS	0	2,675	0	0	0	0
Sub Total OPERATING Revenues	**1,765,517**	**1,857,172**	**2,030,722**	**1,850,355**	**1,830,661**	**(19,694)**
TOTAL REVENUES	**1,843,636**	**1,857,172**	**2,528,173**	**1,977,784**	**2,581,876**	**731,521**

EXPENDITURES	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
SALARIES	419,293	472,802	449,472	446,630	479,100	32,470
FRINGE - BENEFITS	286,862	274,291	304,636	314,300	330,600	16,300
PERSONNEL (Uniforms, Shoes, Training	15,379	18,681	12,886	18,065	17,200	(865)
RAW WATER PURCHASE	44,406	22,802	23,208	24,000	24,000	-
CHEMICALS	100,854	108,761	136,764	144,300	139,300	(5,000)
LABORATORY TEST SERVICES	16,634	6,902	8,200	15,000	15,000	-
MATERIALS & SUPPLIES	24,985	20,643	27,501	25,000	26,500	1,500
OFFICE SERVICES	30,239	41,815	37,853	40,500	39,000	(1,500)
OFFICE SUPPLIES	8,040	6,767	5,239	9,000	8,500	(500)
UB POSTAGE/MAILING	6,640	6,901	7,423	8,000	8,000	-
MISCELLANEOUS	3,710	5,424	4,428	5,400	5,400	-
MAINT & REPAIRS (Parks,Distrib,Collecti	71,771	72,512	41,359	44,500	44,500	-
OPERATION EQUIP REP & MAINT	49,912	26,729	17,176	26,600	26,600	-
AUTO & TRUCKS REP & MAINT	5,431	4,090	5,102	5,850	6,000	150
OTHER EQUIP REP & MAINT	16,057	15,669	6,387	19,000	19,000	-
PLANT LAB AND OFFICES REPAIR	750	965	60	2,400	2,400	-
EQUIPMENT RENTAL	0	0	462	1,000	1,200	200
FUEL (Diesel and Gasoline)	7,326	5,439	6,000	10,100	10,100	-
ACCOUNTING & AUDITING FEES	8,500	8,400	8,200	10,500	11,500	1,000
ENGINEERING FEES	2,380	2,923	9,150	19,510	19,600	90
LEGAL FEES	7,224	3,108	3,739	6,000	6,000	-
COMPLIANCE - FEES & EXPENSES	456	0	0	25,000	7,500	(17,500)
TEMP EMPLOYMENT SERVICES	4,152	0	2,987	3,200	3,200	-
BANK FEES/MERCHANT FEES	22,395	21,991	13,253	13,000	13,000	-
MEMBERSHIP FEES	3,801	3,864	4,759	5,500	5,700	200
LICENSES & PERMITS	7,450	8,907	23,168	26,000	27,500	1,500
GENERAL LIABILITY INSURANCE	55,201	74,859	73,146	73,150	83,200	10,050
UTILITIES	129,296	149,144	152,300	153,800	161,000	7,200
TOTAL Operating Expenses	**1,365,703**	**1,425,777**	**1,384,859**	**1,495,305**	**1,540,600**	**45,295**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**399,813**	**431,396**	**645,863**	**214,467**	**290,061**	**75,594**

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUAL	FY 2023-24 ACTUAL	FY 2024-25 ACTUAL	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	0	-	2,536	0	0	0
Capital & Equipment Outlay	81,480	204,642	130,338	102,429	607,982	505,553
Debt Service - Principal payment	251,900	251,900	251,802	251,802	251,802	0
INTEREST EXPENSE	71,400	76,675	64,169	61,950	61,780	(2,389)
Total Other Expenditures	**404,780**	**533,217**	**448,846**	**416,181**	**921,564**	472,719
NET OPERATING REVENUE LESS DEBT & CAPITAL OUTLAY (WITHOUT CAPACITY)	**(4,967)**	**(101,821)**	**197,017**	**(61,131)**	**(631,503)**	**(537,708)**
NET REVENUE (including grants &capacity) LESS DEBT & CAPITAL OUTLAY	**73,153**	**(101,821)**	**694,468**	**66,298**	**119,712**	**213,507**

- Wastewater Operation Fund

Wastewater Fund Summary

FISCAL YEAR 2026/2027 WASTEWATER FUND

COMPARATIVE INCOME STATEMENT
WASTEWATER FUND

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
NON OPERATING REVENUES						
Other Sources: Grants, Transfers In, Repair & Replace Reserves	-	-	-	-	-	-
Other Revenues/Admin Fees		-	1,709	-	-	-
Capacity Fees	-	-	789,879	26,642	399,600	372,958
SUB TOTAL NON OPERATING REVENUES	**-**	**-**	**791,588**	**26,642**	**399,600**	**372,958**
OPERATING REVENUES						
Residential	1,137,117	1,143,724	1,142,365	1,137,318	1,134,400	(2,918)
Multi-Residential	179,243	179,243	179,243	233,221	268,200	34,979
Commercial	15,741	16,486	17,890	18,702	18,200	(502)
Industrial	21,286	22,391	20,760	19,810	20,900	1,090
Public Agencies	41,405	42,711	44,336	43,800	43,500	(300)
Penalties - Late fees	37,815	41,230	41,320	44,000	44,000	-
Interest - LAIF	26,930	83,801	87,451	67,882	62,467	(5,415)
Rent (1085 Ingram & Verizon)	9,478	10,298	10,607	10,925	11,196	271
Lease Revenues	513	319	108	108	108	-
TOTAL OPERATING REVENUES	**1,469,527**	**1,540,201**	**1,544,079**	**1,575,766**	**1,602,971**	**27,205**
TOTAL ALL REVENUES	**1,469,527**	**1,540,201**	**2,335,667**	**1,602,408**	**2,002,571**	**400,163**

EXPENDITURES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Salaries & Wages	374,725	408,058	461,556	425,468	475,900	50,432
Fringe Benefits	286,187	296,272	279,999	260,694	286,500	25,806
Personnel	14,321	10,692	10,498	15,065	17,200	2,135
Sponsorship/Contributions	150	-	-	-	0	0
Public Outreach	16,279	-	-	-	0	0
Solid Waste Collection/Sludge Disposal	8,044	7,676	4,100	10,900	10,900	0
Chemical Purchases	11,041	7,302	4,068	9,000	9,000	0
Laboratory	22,671	24,824	26,332	25,000	25,000	0
Materials & Supplies - Regular Operation	21,045	20,428	19,995	20,000	20,000	0
Office Services	34,088	36,569	35,772	40,500	39,000	(1,500)
Office Supplies	8,372	9,861	5,984	7,500	7,600	100
Postage	6,800	6,878	7,337	8,000	8,000	0
Miscellaneous	5,769	5,070	5,559	5,400	5,400	0
Maintenance & Repairs (Collection)	13,180	32,062	28,040	32,100	32,100	0
Operation Maint. & Repair - Treatment	53,304	79,729	73,533	73,000	73,000	0
Auto & Trucks Repair & Maintenance	2,145	193	1,546	4,800	6,000	1,200
Equipment Replacement (all other)	15,654	21,458	19,591	9,600	16,200	6,600
Plant, lab, Office Repairs (Buildings)	3,304	1,584	226	2,400	2,400	0
Equipment Rental	-	-	462	600	1,200	600
Fuel	4,519	8,924	9,318	11,400	11,800	400
BAD DEBT	-	5,728	-	-	0	0
Accounting/Auditing	8,500	8,400	8,200	8,500	11,500	3,000
Engineering	-	7,935	-	-	0	0
Legal	7,224	3,168	3,739	6,000	6,000	0
Compliance fees & Expenses	256	-	-	25,000	7,500	(17,500)
Planning	-	8,698	-	-	0	0
Temp Employment Services	4,122	-	-	-	0	0
Bank & Merchant fees	21,679	11,123	16,446	13,000	13,000	0
Memberships	3,900	3,377	4,258	4,993	5,650	657
Licenses/Permits	34,807	22,520	25,125	26,000	7,500	(18,500)
Pollution Tests & Compliance	-	4,614	-	300	500	200
General Liability Insurance	55,201	67,814	73,146	72,037	83,200	11,163
Utilities	107,481	119,569	119,173	132,900	154,600	21,700
TOTAL Operating Expenses	**1,144,768**	**1,240,524**	**1,244,000**	**1,250,157**	**1,336,650**	**86,500**
NET OPERATING REVENUES (W/O DEPRECIATION AND CAPACITY FEES)	**324,759**	**299,677**	**300,079**	**325,609**	**266,321**	

OTHER EXPENDITURES - CAPITAL OUTLAY AND DEBT SERVICE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 26-27 Budget Less FY25-26 Projected Actuals
Office Equipment Outlay	-	-	2,536	-	-	-
Capital & Plant Equipment Outlay	78,000	178,400	207,000	142,684	329,380	186,696
Interfunds Dues				-	48,828	48,828
DEBT SERVICE-Principal	171,210	172,922	174,652	176,398	178,162	1,764
DEBT SERVICE-Interest - 5800	39,594	38,076	36,152	34,502	32,836	(1,666)
Total Other Expenditures	**288,804**	**389,398**	**420,341**	**353,584**	**589,206**	**235,622**
NET OPERATING REVENUE AFTER DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**(120,262)**	**(27,975)**	**(322,885)**	
NET TOTAL REVENUE LESS DEBT AND CAPITAL OUTLAY	**35,955**	**(89,721)**	**671,327**	**(1,333)**	**76,715**	

- Trash Fund

Trash Fund Summary

FISCAL YEAR 2026-27 TRASH FUND
COMPARATIVE INCOME STATEMENT
TRASH FUND - (SOLID WASTE)

REVENUE	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Other Revenues/Admin fees	2,157	3,870	7,611	8,504	7,500	(1,004)
Residential	390,632	452,002	468,419	485,281	485,700	419
Multi-Residential	82,376	84,899	87,621	102,124	117,700	15,576
Commercial	28,692	31,792	32,076	34,243	34,900	657
Industrial	48,446	52,662	54,889	57,722	59,000	1,278
Public Agencies	45,717	52,825	70,635	81,755	89,500	7,745
C R & R - PAYMENTS	**-528,519**	**-603,645**	**-646,111**	**-684,357**	**-715,300**	(30,943)
Net Franchise Revenues	**69,501**	**74,405**	**75,140**	**85,272**	**$ 79,000**	**(6,272)**

EXPENSES	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Salaries & Wages	18,400	17,797	28,548	22,380	22,000	-380
Fringe Benefits	17,674	17,048	18,353	17,021	15,320	-1,701
Training/Travel & Conferences	40	0	87	625	610	-15
Mileage Reimb./Allowance	-	0	6	42	0	-42
Sponsorship/Contributions	-	0	0	-	0	0
Public Outreach	1,042	0	9,385	-	0	0
Office Services	1,641	1,674	2,018	4,044	3,250	-794
Office Supplies	1,102	1,289	599	942	1,000	58
Postage	1,640	640	728	1,332	1,380	48
Accounting/Auditing	850	840	840	1,150	1,150	0
Legal	659	165	0	400	617	217
Memberships	327	327	350	529	450	-79
General Liability Insurance	5,500	6,781	7,315	8,317	8,321	4
TOTAL Operating Expenses	**$48,875**	**$46,562**	**$68,227**	**$56,782**	**$54,098**	**($2,684)**

NET OPERATING	FY 2022-23 ACTUALS	FY 2023-24 ACTUALS	FY 2024-25 ACTUALS	FY 2025-26 PROJECTED	FY 2026-27 BUDGET	VARIANCE FY 25-26 Budget Less FY24-25 Projected Actuals
Revenues	69,501	74,405	75,140	85,272	79,000	(6,272)
Expenses	48,875	46,562	68,227	56,782	54,098	(2,684)
Net Operating :	**20,626**	**27,843**	**6,913**	**28,490**	**24,902**	**(3,588)**

Board of Directors

Pompeyo Tabarez
President

Delfino P. Matus
Vice President

Helen Diaz Molina
Director

Tony Sandoval
Director

Sarah J. Curry
Director

SERVICES WE PROVIDE

The Board of Directors is the legislative body of the organization, comprised of five publicly elected members. The major functions of the Board of Directors of the District include defining goals and objectives, acting as custodian of the District’s property and resources, establishing policies, reviewing all District’s operations and employing executive management.



OFFICE HOURS

Monday 8:00 am - 4:30 pm

Tuesday 8:00 am - 4:30 pm

Wednesday 8:00 am - 4:30 pm

Thursday 8:00 am - 4:30 pm

Friday 8:00 am - 4:30 pm

(Closed for lunch 12:00 pm to 1:00 pm)

Customer Service
(760)482-2440

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(760) 353-0457

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