

## **Budget Message – FY 2026–2027**

The FY 2026–2027 budget presents a balanced and forward-looking financial plan designed to support the continued delivery of reliable water service while addressing system needs and operational improvements. Total resources are approximately \$2.47 million and are primarily derived from rate revenue, property taxes, and limited grant funding. The budget document is organized into major categories including personnel services, materials and services, capital outlay, and reserves, providing a clear and transparent overview of how financial resources are allocated.

The financial policies guiding this budget emphasize long-term sustainability, operational efficiency, and system resiliency. There are no significant changes in financial policies from last year's budget. The District continues to maintain conservative revenue projections and adequate reserves while prioritizing investments that improve infrastructure reliability and redundancy. In addition, the budget reflects a commitment to improving internal processes, including the use of technology, cybersecurity measures, and staff training to support efficient and effective operations.

A key feature of the FY 2026–2027 budget is the increased emphasis on capital investment and infrastructure maintenance. Capital outlay is budgeted to focus on critical system upgrades, including treatment plant improvements, system optimization efforts, and replacement of aging assets. As part of these efforts, we are completing a System Optimization Review, supported by a grant from the U.S. Bureau of Reclamation, which will produce a prioritized Capital Improvement Plan within FY 2026–2027 to guide future capital spending.

Additional investments in infrastructure maintenance, telemetry systems, and information technology are intended to improve system monitoring, reduce downtime, and enhance overall service reliability. These efforts represent a strategic shift toward proactive maintenance and redundancy, reducing the risk of service interruptions.

A primary focus of this year's budget is to make things less complicated and really focus on the District's goal and needs. Operational spending has been adjusted to support enhanced maintenance, technology upgrades, and process improvements. Revenue projections have been moderated based on recent water sales trends, reflecting a more conservative and realistic approach. Additionally, the District has eliminated our debt service obligation following the full repayment of our outstanding loan in FY 2025-2026, which provides greater flexibility in allocating resources.

Significant changes from last year's budget include fewer resources due to an expectation of reduced grant revenue for our HMGP grant, and a conservative estimate of our

net working capital. Personnel costs are reduced because we have one fewer full time employee who earned benefits.

The overarching goal for FY 2026–2027 is a continued shift toward proactive asset management and system resiliency. This includes prioritizing planned infrastructure improvements over reactive repairs, investing in redundancy to strengthen system reliability, and utilizing data and system optimization tools to guide decision-making. The District is also placing greater emphasis on improving internal processes through technological upgrades and staff development.

The District will continue to use its current cash basis of accounting in accordance with Oregon Local Budget Law, and no changes to the accounting method are proposed. This ensures consistency and transparency in financial reporting and operations.

In summary, the FY 2026–2027 budget reflects a deliberate and strategic approach focused on improving system redundancy, reliability, and operational processes. These investments position the District to maintain high service levels while responsibly planning for future infrastructure and operational needs.