PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

FISCAL YEAR 2026–2027 BUDGET NARRATIVE

Overview of Financial Conditions and Budget Impacts

The Fiscal Year 2026–2027 budget reflects continued financial pressures associated with increasing operational costs, aging infrastructure, and rising regulatory and insurance-related expenses affecting both the District's enterprise and governmental funds.

One of the most significant impacts to the upcoming budget is the continued increase in property, liability, workers' compensation, and related insurance costs across District operations. While the District's final insurance premiums were lower than originally estimated, insurance costs remain significantly higher than historical levels and continue to place pressure on both enterprise and governmental fund budgets. The District elected to increase deductible levels on certain insurance coverages in an effort to partially offset premium increases and reduce overall insurance costs.

Insurance market conditions, increased replacement values, claims exposure, and overall public agency risk trends have resulted in continued premium increases across multiple coverage areas. To ensure adequate funding is available, the District has budgeted conservatively for insurance expenditures during Fiscal Year 2026–2027.

These increases affect both:

• Enterprise Funds (Water and Wastewater Operations)

• Governmental Funds (Fire Department and District Maintenance)

As a result, the District has continued evaluating available coverage options and insurance structures to ensure the District maintains appropriate protection while balancing affordability and long-term financial sustainability.

Budget Methodology

The District budget is intended to serve as a spending authorization and financial planning tool rather than a prediction of actual revenues and expenditures. Revenue estimates have been prepared using conservative assumptions while expenditure estimates generally reflect anticipated maximum costs, including contingency allowances where appropriate.

As a result, actual financial performance may be more favorable than reflected in the budget if revenues exceed expectations, expenditures are lower than anticipated, projects are delayed, or projects are completed below budget. The budget therefore represents a conservative financial outlook and provides authorization for anticipated expenditures should they become necessary during the fiscal year.

Budget Administration

The budget is intended to provide both fiscal oversight and operational flexibility. During the fiscal year, actual expenditures may vary between budget categories as operational needs change.

Consistent with District policy, the General Manager is authorized to reallocate budgeted expenditures within an existing fund type as necessary to meet operational needs, provided total expenditures do not exceed the Board-approved appropriation for that fund type. For example, if expenditures for tools and supplies exceed budgeted amounts while expenditures in another budget category are lower than anticipated, budget authority may be shifted between categories without increasing the total authorized expenditures for the fund type.

The Board of Directors retains authority over changes to the total appropriation of a fund type, transfers between fund types, and other actions requiring Board approval under District policy.

The budget also reflects ongoing depreciation expenses associated with the District's capital infrastructure and equipment. While depreciation is a non-cash accounting expense, it represents the gradual aging and consumption of District assets, including water and wastewater infrastructure, treatment equipment, vehicles, and facilities. Recognition of depreciation expense is important in evaluating the long-term sustainability of District operations and reinforces the need for continued capital improvement planning, infrastructure reinvestment, and reserve development.

While depreciation is an important measure of asset consumption and long-term infrastructure needs, it does not require the expenditure of cash during the fiscal year. For that reason, depreciation is not included in operating reserve calculations and certain budget summaries that are intended to reflect cash available for operations, maintenance, capital improvements, and other District obligations.

At the same time, the District has continued efforts to manage personnel-related costs responsibly. During the fiscal year, one full-time employee retired and the position was subsequently replaced with a part-time laborer position. This staffing adjustment resulted in a reduction in overall salary and benefit expenditures and reflects the District's efforts to balance operational needs with budgetary constraints while continuing to maintain essential services.

Despite these cost-control efforts, operational expenses across District funds continue to increase due to:

- Inflationary impacts on materials, supplies, and contracted services
- Increased maintenance and repair needs associated with aging infrastructure
- Regulatory compliance requirements
- Utility and operational cost increases

Reserve Funds

The District maintains reserve funds within the Water and Wastewater Enterprise Funds to provide financial stability and funding for expenditures outside normal day-to-day operations. These reserves are intended to fund major repairs, infrastructure replacement, emergency repairs, capital improvements, equipment replacement, and other infrequent but significant expenditures.

Maintaining reserve funds helps reduce the need for emergency borrowing, stabilize future rates, and support long-term infrastructure sustainability.

The Water WTP Fund is separate from the Water Reserve Fund and is intended to account for Water Treatment Plant project revenues, expenditures, reimbursements, and related funding activities. This distinction provides greater transparency regarding project costs while preserving reserve funds for their intended purposes.

The Wastewater Debt Fund is maintained separately from Wastewater Operations and Reserve Funds and is intended to provide for repayment of the debt associated with the expansion of the District's wastewater treatment facilities, including the construction of WWTP #7. Under the terms of the financing agreement, the District is required to maintain a reserve equal to one year of debt service payments.

The current balance of the Wastewater Debt Fund exceeds the minimum reserve requirement. As a result, the Board of Directors may consider transferring excess funds to Wastewater Operations when appropriate and consistent with District policy, while maintaining the required debt service reserve.

Wastewater Operations

The District recognizes the long-term financial challenges facing the Wastewater Operations Fund. However, the Board has previously determined that completion of the Water Treatment Plant project remains the District's highest infrastructure priority. In an effort to avoid placing simultaneous financial burdens on ratepayers through significant increases to both water and wastewater rates, the District has elected to continue monitoring wastewater financial conditions while focusing resources on completion of the Water Treatment Plant project.

The District will continue evaluating wastewater financial conditions and future funding needs as the Water Treatment Plant project progresses.

Water Treatment Plant Project

Significant efforts remain focused on securing external funding for the Water Treatment Plant project through the State Water Resources Control Board's Drinking Water State Revolving Fund (DWSRF) and Emerging Contaminants funding pathways, as well as coordination with USDA Rural Development funding opportunities. Successful grant funding will be critical in reducing future financial impacts to ratepayers and supporting long-term infrastructure sustainability.

The Water WTP Fund was originally established as the Water Debt Fund in anticipation of future debt obligations associated with the Water Treatment Plant project. However, because the fund has primarily been used to account for Water Treatment Plant planning, design, permitting, environmental review, engineering, and related project expenditures, the fund is being renamed the Water WTP Fund. This change more accurately reflects the current purpose and use of the fund while maintaining transparency regarding project-related revenues and expenditures.

The Water Treatment Plant project budget assumes that eligible project expenditures will initially be paid by the District and subsequently reimbursed through the State Revolving Fund program. The District anticipates that qualifying expenditures will ultimately be eligible for grant funding and loan forgiveness provisions upon project completion and final program review. As a result, budgeted project expenditures do not necessarily represent permanent costs to the District.

Fire Fund Reorganization

Beginning in Fiscal Year 2026–2027, Fire Department accounting has been reorganized into three subfunds:

• Fire Operations

• Fire Grants

• Fire Incident/Reserve

This change was implemented to provide greater transparency regarding the actual cost of operating the Fire Department separately from deployment-related activities. Deployment revenues and expenditures, including OES assignments and similar emergency response activities, are not guaranteed and can fluctuate significantly from year to year. Separating these activities from normal operations provides a clearer picture of ongoing Fire Department operating costs and improves long-term financial planning.

The Fire Incident/Reserve Fund begins Fiscal Year 2026–2027 with a balance of $161,475, representing accumulated deployment revenues in excess of deployment expenditures, less the purchase costs of the Brush Truck and Command Vehicle.

These reserves may be utilized to support Fire Department operations when necessary, assist with future apparatus and equipment replacement, fund emergency expenditures, and address other non-routine operational needs.

The primary mission of the Fire Department remains the protection of the District and surrounding community through emergency response, fire prevention, training, and preparedness activities. Participation in mutual aid and OES deployments allows the District to assist other communities during times of need, just as outside resources have historically assisted our community during local emergencies. While deployment activities can generate additional revenue that benefits the District and supports Fire Department operations, those revenues are supplemental in nature and are not relied upon to support the Department’s core mission or ongoing operational needs.

Long-Term Financial Planning

The District continues to focus on long-term financial planning through:

• Development of a structured Capital Improvement Plan (CIP)

• Improved maintenance and asset management tracking

• Pursuit of State and Federal grant funding opportunities

• Evaluation of operational efficiencies and sustainable budget alignment

The District remains committed to balancing operational needs, infrastructure investment, regulatory compliance, and financial sustainability while continuing to provide reliable services to the community.

Plumas Eureka CSD
FY 26/27 Budget
Approved on 6/16/26

Budget Category	Account Number	Account Name	Description
Employees	60000	Wages & Employee Benefits	All employee compensation and employer-paid benefit costs, including salaries, overtime, payroll taxes (FICA, Medicare, FUTA/SUTA), CalPERS employer contributions, health/dental/vision insurance, retirement, life insurance, and other benefit programs.
	60050	Fire Department Volunteers	Volunteer-related compensation and reimbursements, including stipends, call reimbursements, training reimbursements, and nominal compensation permitted under District policy.
Insurance	60150	Insurance	District insurance premiums, including general liability, property insurance, workers' compensation, automobile insurance, cyber liability, and other operational insurance policies.
Utilities	67000	Utilities	Utility services necessary for District operations, including electricity, natural gas, water, and trash service.
Auto, Tools, Supplies, & Equipment	65000	Automobile Expense	Vehicle and apparatus-related operational expenses, including fuel, repairs, maintenance, and registration. (Automobile insurance recorded under 60150 Insurance.)
	68000	Tools & Supplies	Consumable operational supplies, including hand tools, small parts, hardware, field supplies, and operational materials not classified elsewhere. (Safety supplies recorded under 60210 Travel, Training, & Safety.)
	68100	Equipment Expense	Non-capital equipment purchases below the District's capitalization threshold.
	61100	Chemicals	Treatment chemicals used in water and wastewater operations.
Repairs & Maint	66000	Repairs and Maintenance	Maintenance and repair of District facilities, infrastructure, and equipment, including facility repairs, equipment servicing, contracted maintenance services, and system repairs. (Not including employee time, inhouse repairs and maint is parts only)
Training, Travel, Safety	60210, 60250	Travel, Training, & Safety	Employee and volunteer development and safety-related expenses, including training registration, conferences, travel, lodging, safety training, safety equipment and supplies, and required protective or compliance-related materials.
Professional Services	69000	Professional Services	Contracted professional services, including legal, audit, engineering, IT services, consulting, and technical specialists.
Office/other	60200	Permits, Licenses, and Fees	Regulatory and compliance costs, including state and federal regulatory fees, environmental permits, operating licenses, certification renewals, and filing/inspection fees.
	63000	Office Expenses	Administrative and general office operating costs, including office supplies, postage, printing, software subscriptions, small office equipment, bank/service fees, clerical supplies, Board meeting supplies, agenda/packet preparation, public noticing materials, meeting room supplies, and light refreshments for official Board or Committee meetings. Board-related expenses must be directly associated with official governance activities.
	64004	Property Taxes	Property tax assessments on District-owned property.
	68500 / 68501	Uniforms	Employee and volunteer uniforms and required protective clothing.
	69500	Other Expenses	Miscellaneous operating costs not appropriately classified elsewhere. Use of this account shall be limited and documented. Expenses should be coded to the most specific account available.
Depreciation	69800	Depreciation Expense	Non-cash accounting entry reflecting depreciation of capital assets in accordance with District accounting policy.
Capital Outlay	72000	Capital Outlay	Capital purchases exceeding the District's capitalization threshold, including vehicles, apparatus, major equipment, infrastructure improvements, and facility upgrades. Recorded in accordance with the District's capitalization policy.

Plumas Eureka CSD
Account Listing

Account	Description
60000 · Wages & Employee Benefits	
60001 · Salaries	Full Time Employee's Salaries
60002 · Overtime Salaries	Full Time Employee's Overtime Salaries
60003 · Pager Duty	Pager Duty Salary
60004 · Miscellaneous Pay	Miscellaneous Pay (office and bathroom weekly cleanings, ect.)
60005 · Vacation	Full Time Employees Vacation Time
60006 · Sick Leave	Full Time Employee's Sick Leave
60007 · Wildfire Personnel	
60008 · Personnel - Non-Recurring Exp	
60010 · Sick Leave Payout	
60011 · Vacation Pay Out	
60020 · Payroll Taxes - Employer	Payroll Taxes
60021 · Payroll Taxes - Employee	
60040 · Insurance - Employee Benefits	Insurance expenses
60041 · Employer Retirement Benefits	CalPers - Employer
60045 · 1959 Survivor Benefit	The 1959 Survivor Benefit premium is funded by both employer (ER) and employee (EE) contributions, which are shared equally once the total monthly cost exceeds $4.
60042 · Medical Benefits	Full Time Employee's Medical Benefits - SDRMA
60043 · Dental Benefits	Full Time Employees Delta Dental Coverage
60044 · Vision Benefits	Full Time Employee VSP Eye Coverage
60050 · Fire Dept. Volunteers	
60051 · Stipends	
60052 · Call Reimbursements	Fire Call Reimbursements
60053 · Training Reimbursements	Fire Training Reimbursements
60150 · Insurance	
60151 · Liability Insurance	Liability Insurance
60152 · Workmans Comp Insurance	Workmans Compensation Insurance
60153 · Life Insurance	Fire Department Life Insurance
60200 · Permits, Licenses, and Fees	Business licenses, permits, and other business-related fees
60201 · PECSD Licenses	Plumas Eureka CSD Licences/Fees
60202 · Employee Licenses	Full Time Employee Licences/Fees
60203 · Permits	Leases, special permits etc.
60210 · Travel and Training (New Title: Travel, Training, & Safety)	Training
60211 · Training (New Sub-account)	Training
60212 · Travel (New Sub-account)	
60213 · Mileage Reimbursement (New Sub-account)	
60250 · Safety (New #60214)	Safety
63000 · Office Expenses	Office Expense
63001 · Office Supplies	Paper, pens, ect.
63002 · Computer / Software	Office computer and software
63003 · Copy Machine / Printing Jobs	Tanner Lease Agreement with office copying machine
63004 · Continuing Education	Continuing Education
63005 · Mileage Reimbursement	MILEAGE REIMBURSEMENT

Plumas Eureka CSD
Account Listing

Account	Description
63006 · Postage and Delivery	Postage and Delivery
63007 · Bank Service & Finance Charges	
69501 · Subscriptions & Membership Dues (New #63008)	Magazines, newspaper etc subscriptions
64004 · Property Taxes	Parcel property taxes
65000 · Automobile Expense	Fuel, oil, repairs, and other automobile maintenance for business autos
65001 · Fuel	Fuel for all company vehicles
65002 · Vehicle Maintenance	Vehicle Maintenance
66000 · Repairs and Maintenance	
66001 · ROAD MAINTENANCE	Maintenance and/or repairs on roads
66002 · GREENBELT MAINTENANCE	Greenbelt Maintenance
66003 · HYDRANT MAINTENENANCE	Hyydrant Maintenanance
66004 · BUILDING MAINTENANCE	
66005 · EQUIPMENT MAINTENANCE	
66006 · INFRASTRUCTURE MAINTENANCE	
67000 · Utilities	
67001 · Electricity	Electricity for the office building, treatment plants and wells - Plumas Sierra REC
67002 · Phone	Phone expense - AT&T
67003 · Internet	Internet services
67004 · Propane	High Sierra Propane
67005 · Garbage	Intermountain Disposal
68000 · Tools & Supplies	Tool & Supplies
61100 · Chemicals (New #68050)	Chemicals
68100 · Equipment Expense	Equipment purchases below the Capitalization threshold
68500 · Uniforms	
68501 · Employee Uniforms	Shirts, pants, boots etc.
68502 · Fire District Uniforms	Uniforms/Apparel/Boots provided to voluteer fire fighters
69000 · Professional Services	
69001 · Accounting Services	Accounting Services
69002 · Legal Services	Legal Services
69003 · Consulting Services	Consulting Services
69004 · Engineering Services	Engineering Services
69005 · Independent Contractor	Independent Contractor
69006 · County Fees	County Tax Roll Fees
69007 · Advertising Fees	Advertising Fees
69008 · Pest Management	
69009 · Rate Study Services	
61200 · Sludge Removal (New # 69010)	Sludge Removal
61300 · Lab Services (New #69011)	Lab Services
69500 · Other Expenses	Miscellaneous expenses not categorized elsewhere. Use memo field to describe business purpose
69502 · Investment Expense	Fees for Brokers and other investment expenses
69503 · Fundraising Expense	Fundraising Expense
69504 · Public Outreach	
69505 · Miscellaneous Expenses	Expenses not categorized elsewhere

Plumas Eureka CSD
Account Listing

Account	Description
69506 · Equipment Rental	Equipment Rental
69800 · Depreciation Expense	Deprecitaion expense
69999 · Reconciliation Discrepancies	Discrepancies between bank statements and company records

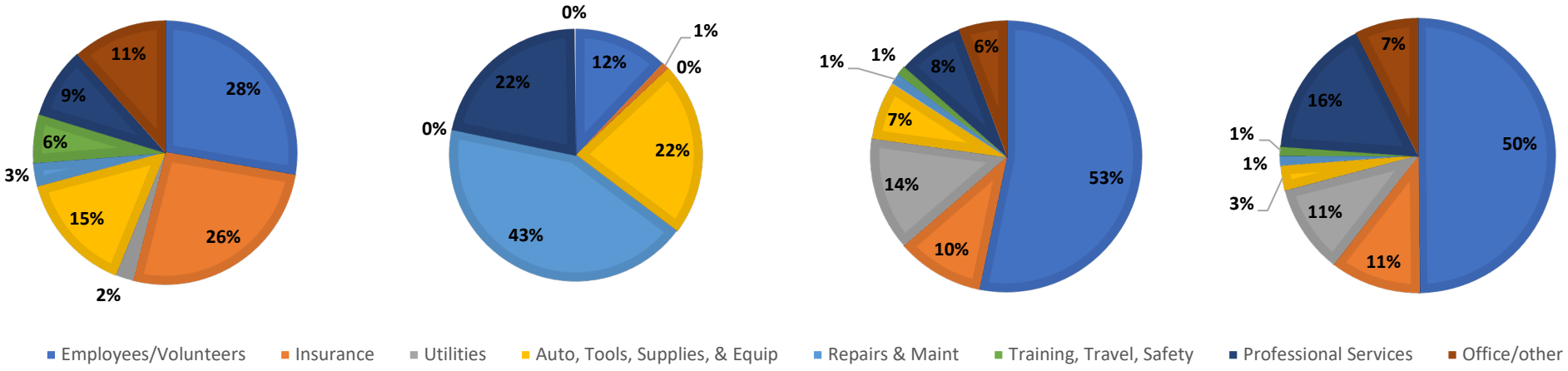
Plumas Eureka CSD
FY 26/27 Operational Budget
Adjustment Approved on 7/14/26

Fire Fund	
Revenue	
Customer Payments	177,785
Interest Income	9,096
County Tax Income	30,000
Grant Income	-
Wildfire Income	-
Total Cash Revenue	216,882
Expenditures	
Employees/Volunteers	56,598
Insurance	53,372
Utilities	4,500
Auto, Tools, Supplies, & Equip	30,000
Repairs & Maint	6,000
Training, Travel, Safety	12,000
Professional Services	17,660
Office/other	23,752
Capital Outlay	13,000
Total Expenditures	216,881
Change in Budget Balance: $0	

District Maint Fund	
Revenue	
Customer Payments	-
Interest Income	-
County Tax Income	20,000
Property Rental	2,500
Other Income	-
Total Cash Revenue	22,500
Expenditures	
Employees	1,678
Insurance	137
Utilities	-
Auto, Tools, Supplies, & Equip	3,100
Repairs & Maint	6,000
Training, Travel, Safety	-
Professional Services	3,000
Office/other	30
Capital Outlay	-
Total Expenditures	13,945
Change in Budget Balance: $8,555	

Water Enterprise Fund	
Revenue	
Customer Payments	441,809
Interest Income	1,665
Grant Income	-
Other Income	-
Total Cash Revenue	443,474
Expenses	
Employees	241,245
Insurance	46,828
Utilities	61,600
Auto, Tools, Supplies, & Equip	31,000
Repairs & Maint	6,000
Training, Travel, Safety	5,200
Professional Services	35,260
Office/other	25,900
Total Expenses	453,033
Change in Budget Balance: ($9,559)	

Wastewater Enterprise Fund	
Revenue	
Customer Payments	367,400
Interest Income	622
Grant Income	-
Other Income	-
Total Cash Revenue	368,022
Expenses	
Employees	242,968
Insurance	51,964
Utilities	51,100
Auto, Tools, Supplies, & Equip	14,000
Repairs & Maint	6,000
Training, Travel, Safety	5,200
Professional Services	80,260
Office/other	36,100
Total Expenses	487,592
Change in Budget Balance: ($119,570)	



Plumas Eureka CSD
FY 26/27 Capital Expenditures Budget
Adjustment Approved on 7/14/26

Project / Purchase	Fund	Total Expected Expenses	26/27 Expected Expenses	26/27 Expenses Paid to date	Outstanding 25/26 Expense
USDA Loans	Wastewater D	$ 1,319,117	$ 62,818	$ -	$ 62,818
Water Treatment Plant	Water WTP	$ 8,200,000	$ 500,000	$ -	$ 500,000
Work Vehicle Replacement	Water R	$ 40,000	$ 40,000		$ 40,000
(approved FY 24/25)	Wastewater R	$ 40,000	$ 40,000		$ 40,000
		$ 80,000	$ 80,000	$ -	$ 80,000
Fire Hydrants (2 per year)	Water R	$ 1,000,000	$ 15,000		$ 15,000
Unexpected Repairs & Maint	Wastewater R		$ 50,000	$ -	$ 50,000
	Water R		$ 50,000	$ -	$ 50,000
	Fire		$ 13,000	$ -	$ 13,000
			$ 113,000	$ -	$ 113,000

	Reserves Wastewater	Reserves Water	Wastewater Debt	Water WTP	Fire
Customer Payments	$ 151,125	$ 132,244	$ 74,206	$ 384,486	
Interest Income	2,474	22,299	8,775	30,969	
Total Income	153,599	154,544	82,981	415,456	
Totals Expenditures by Fund	90,000	105,000	62,818	500,000	$ 13,000
Net Change	**$ 63,599**	**$ 49,544**	**$ 20,162**	**$ (84,544)**	
Total Paid to Date by Fund	$ -	$ -	$ -	$ -	$ -

PLUMAS EUREKA COMMUNITY SERVICES DISTRICT

FY 26/27 Budget Revenue and Expenses Overview

SUMMARY Enterprise Funds	WATER Operations	WATER Capital	WATER WTP	Sewer Operations	Sewer Capital	Sewer Debt	Total Enterprise
Estimated Starting Balances	$ 254,662	$ 862,269	$ 1,140,169	$ 112,588	$ 182,051	$ 350,278	$ 2,902,018
Expected Net Revenues							
Revenues	$ 443,474	$ 154,544	$ 415,456	$ 368,022	$ 153,599	$ 82,981	$ 1,618,075
Expenses	499,033	105,000	500,000	582,592	90,000	62,818	1,839,444
Excess of Rev over (under) Exp	**$ (55,559)**	**$ 49,544**	**$ (84,544)**	**$ (214,570)**	**$ 63,599**	**$ 20,162**	**$ (221,369)**
Transfers Between Funds	$ 1,248			$ 200,000		$ (200,000)	$ 1,248
Net Change in Fund Balance	**$ (54,311)**	**$ 49,544**	**$ (84,544)**	**$ (14,570)**	**$ 63,599**	**$ (179,838)**	**$ (220,121)**
End of the Year Balances	$ 200,351	$ 911,813	$ 1,055,625	$ 98,018	$ 245,649	$ 170,440	$ 2,681,897
Months of Operating Reserve:	4.82			2.02			

SUMMARY Governmental Funds	District Maint	Fire Operations	Fire Incidences/ Reserve	Total Government	Total CSD
Estimated Starting Balances	$ 29,094	$ 169,527	$ 161,475	$ 360,096	$ 3,262,114
Expected Net Revenues					
Revenues	$ 12,500	$ 216,882	$ -	$ 229,382	$ 1,847,457
Expenditures	14,015	216,881	39,394	270,290	2,109,734
Excess of Rev over (under) Exp	**$ (1,515)**	**$ 0**	**$ (39,394)**	**$ (40,908)**	**$ (262,277)**
Transfers Between Funds	$ (1,248)			$ (1,248)	$ (0)
Net Change in Fund Balance	**$ (2,763)**	**$ 0**	$ (39,394)	**$ (42,156)**	**$ (262,277)**
End of the Year Balances	$ 26,331	$ 169,528	$ 122,081	$ 317,940	$ 2,999,837
Months of Operating Reserve:	22.55	9.38			