



FAIR OAKS
WATER DISTRICT

2014 ANNUAL BUDGET

*JUST AS EVERY WATER DROP IS VALUABLE, SO IS
EVERY RATEPAYER DOLLAR*

FAIR OAKS WATER DISTRICT — Fair Oaks, California



FAIR OAKS WATER DISTRICT
2014 Annual Budget
Adopted November 4, 2013

PRINCIPAL DISTRICT OFFICIALS

BOARD OF DIRECTORS – ELECTED OFFICIALS

Misha Sarkovich, President
Lonny Gossett, Vice President
Timothy Healey, Director
Randy Marx, Director
Michael McRae, Director

MANAGEMENT

Tom R. Gray, General Manager
Michael Nisenboym, Operations Manager
Chi Ha-Ly, Finance Manager
Shawn Huckaby, Operations Superintendent

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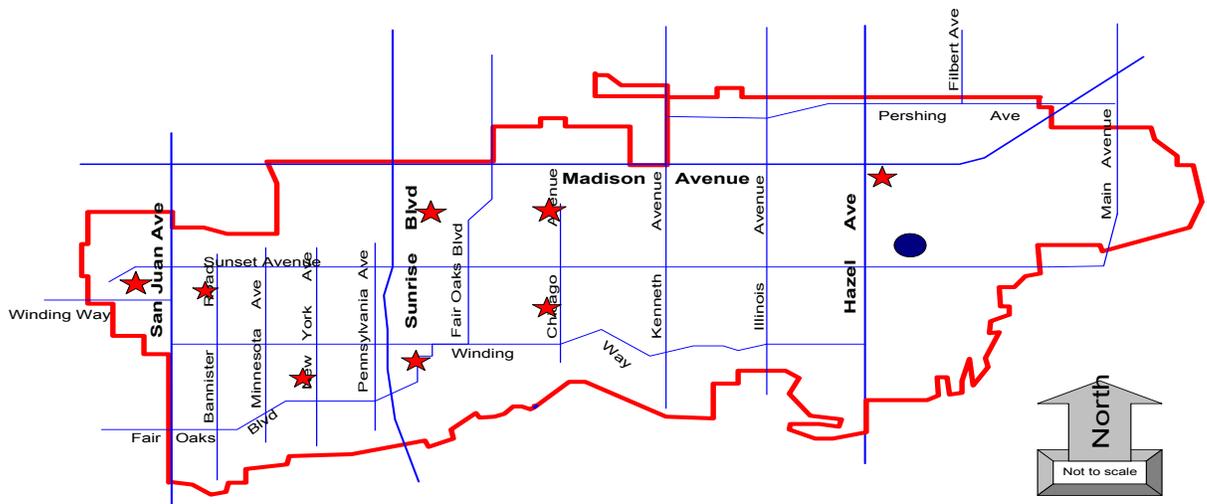
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INTRODUCTION

Fair Oaks Water District was originally formed as Fair Oaks Irrigation District in 1917. By 1979 residential development in the community had replaced all significant agricultural land; therefore, the Board of Directors passed a resolution declaring “irrigation district” no longer described the District’s actual functions and changed the name to Fair Oaks Water District (District). Even with the name change the District is legally structured as an irrigation district operating under the California Code, Division 11.

The District is a retail water agency supplying water to a population of approximately 40,000 people on 6,160 acres in Fair Oaks and a small portion of Orangevale. The District purchases most of its water from San Juan Water District as treated water, and delivers it through 14,187 residential and commercial service connections.

District Service Area





“The mission of Fair Oaks Water District is to provide our community with an adequate and reliable supply of water, exceeding all drinking water standards, at the lowest reasonable cost.”

Governance

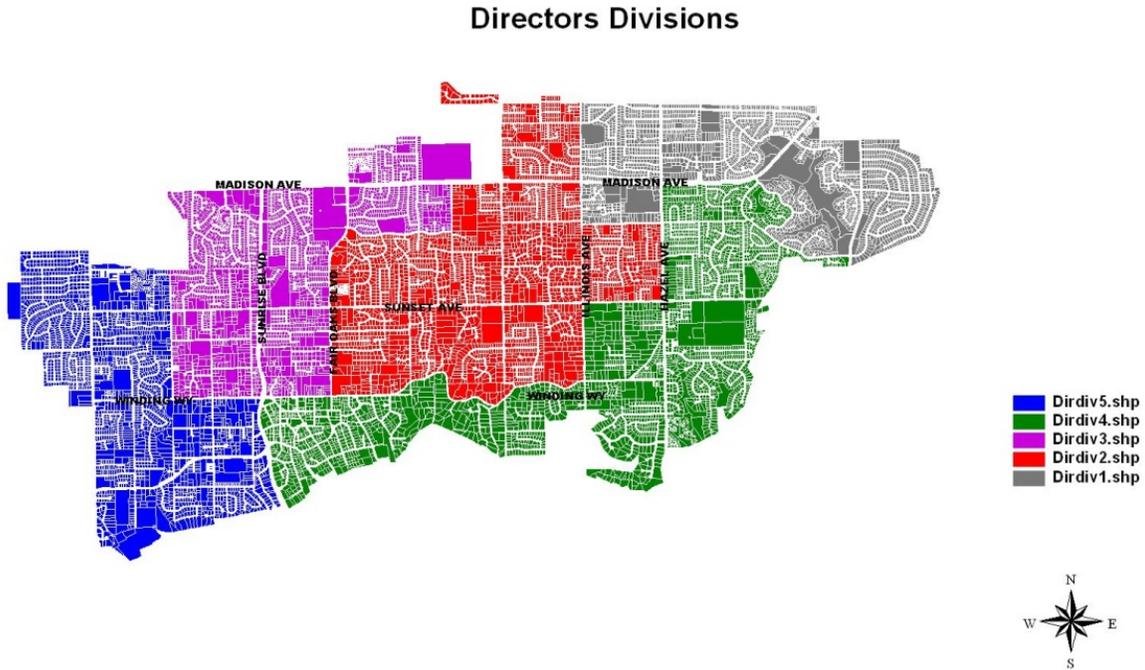
The District is governed by five board members. The board members are publicly elected to four-year staggered terms representing geographic divisions. The Board delegates day-to-day operations authority to an appointed General Manager and staff.

DIRECTORS	YEARS OF SERVICE	DIVISION
Misha Sarkovich, President	9 Years	Division 5
Lonny Gossett, Vice President	4 Years	Division 3
Timothy Healey, Director	7 Years	Division 1
Randy Marx, Director	9 Years	Division 4
Michael McRae, Director	1.5 Years	Division 2

Meeting Dates

The Board meets the second Monday of each month at 6:30 p.m. in the Board Room, located at 10326 Fair Oaks Blvd., Fair Oaks, CA 95628. For more information, please visit www.fowd.com for meeting times and agendas.

Board of Directors Division Map:



BUDGET OVERVIEW AND HIGHLIGHTS

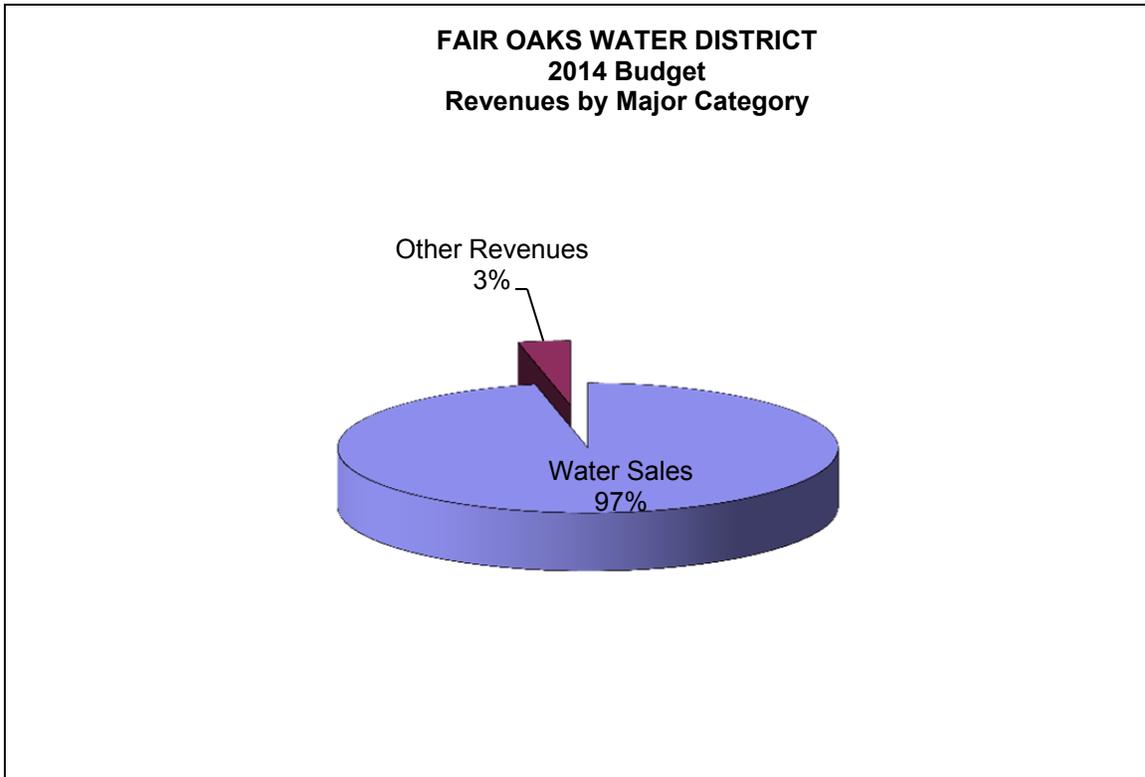
The District developed a five-year financial plan for 2012 through 2016 that analyzed historical data and forecasted future needs of the District to determine the new rate structure. The District also reviewed and adjusted all fees to reflect current and future needs. Rate structure and fees calculations are included in the *Five-Year Financial and Water Rate Development Plan* dated November 14, 2011. The Board elected not to make any rate adjustments as proposed in the *Five-Year Financial and Water Rate Development Plan*; therefore, the rates for 2014 will remain the same as in 2013. The 2014 Budget was adopted November 4, 2013.

The primary purpose of the budget is to provide the Board of Directors and the District's customers with an accurate picture of total available resources and planned spending for 2014. The budget includes setting program priorities and cash flow projections. The District maintains its financial records in accordance with the generally accepted accounting principles (GAAP) for annual reporting purposes set by the Government Accounting Standard Board (GASB).

Revenues

The District projects revenues of \$8,461,800 in 2014.

2014 Projected Revenues by Major Category	
Water Sales	\$ 8,176,800
Other Revenues	285,000
Total	\$ 8,461,800



The District's 2013 end of the year projection of water sales compared to the 2013 Budget is estimated to have a 2.19% variance; as shown in the table below.

Description	2013 Budget	2013 Estimated	Difference	% Change
Total Water Sales	\$ 8,064,800	\$ 8,241,800	\$ 177,000	2.19%

The District projects a decrease of approximately 1.5% in total revenues for 2014 (\$8,461,800) over the estimated 2013 (\$8,591,400). The projected decrease was from the anticipated decrease in commodity revenues and other sources of revenues.

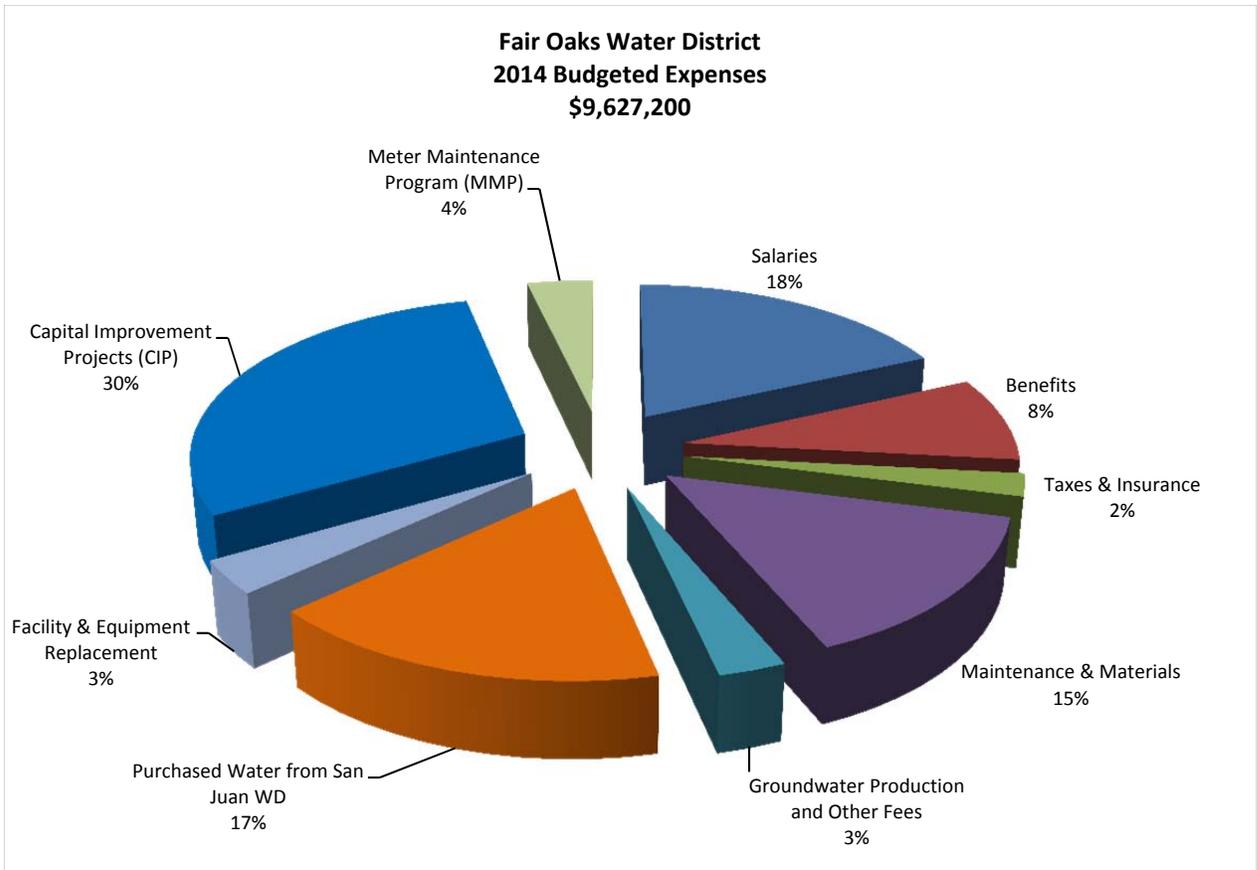
Expenses

The District's total estimated expenses for 2014 are \$9,627,200. These expenses include cost for the meter maintenance program, facility and equipment replacement, and transmission and distribution system improvements. The District projected to spend 30% of the total expense budget on capital improvement program in 2014.

The District projects a 3.2% decrease in total operating expenses/debt service for 2014 Budget (\$6,090,700) over the 2013 Budget (\$6,291,500). Part of the decrease was due to the District having no debt service in 2014.

The breakdown of expenses by major expense categories is presented in the table below.

Fair Oaks Water District 2014 Budgeted Expenses	
Salaries	\$ 1,750,200
Benefits	818,200
Taxes & Insurance	220,100
Maintenance & Materials	1,410,700
Groundwater Production and Other Fees	271,500
Purchased Water from San Juan WD	1,620,000
Facility & Equipment Replacement	326,500
Capital Improvement Projects (CIP)	2,860,000
Meter Maintenance Program (MMP)	350,000
Total	\$ 9,627,200



Reserves and Designations

The District's reserves consist of restricted, unrestricted and designated funds. The District's restricted reserves include the Certificate of Participation's (COP's) and capacity system fees (connection and annexation fees). The District has drawn down its reserve to fund the San Juan 40-Inch Pipeline Project in 2012 and 2013.

The District's 2014 budget projects a net loss of (\$1,165,400) calculated as follows:

Projected Total Revenues	\$ 8,461,800
Projected Total Expenses	<u>(9,627,200)</u>
Projected Net Loss	<u>\$ (1,165,400)</u>

With a projected deficit of (\$1,165,400), the District will use reserve(s)/designation(s) to offset this deficit. The District's current reserve policy is to maintain a total of \$3.45M (six months of operating expenses for emergency designation and 5% of gross water revenues up to \$480K for rate stabilization designation). The District projects a year-ending total reserve balance of \$3.32M (\$0.13M below the District's current reserve policy). See reserve balance summary for more detail on pages 40-42.

BUDGET PRINCIPLES AND PROCESS OVERVIEW

Budget planning begins annually at mid-calendar year, following completion of the audit for the fiscal year ending December 31, and a review of the first six month's of actual revenues and expenses for the current fiscal year. In July, the District's senior staff provides updated information for the timing and costs of scheduled activities over the next year. The impact on operations of capital projects, legislation and economic factors are reviewed and communicated to the General Manager.

The budget is developed through several processes. The Board of Directors provides certain priorities and guidelines to the General Manager. The General Manager communicates these criteria to staff. The District's annual budget is then developed consistent with District's mission, goals, policies and water demands.

The financial model is updated to determine whether adequate funds exist to meet requirements; while maintaining Board approved reserves over the budget period. All unfunded needs will be documented, if any. The budget and forecast will be prepared by the staff and General Manager to ensure consistency with District policies. An Ad-hoc Budget Committee, comprised of two Board of Directors and staff, will then review the draft document and assist in preparing the final document for the public information sessions, public hearing, and Board adoption.

A discussion draft of the budget document will typically reviewed by the Board in August. Customers are notified at least 45 days in advance about any public hearing required if a rate increase is proposed. One or more public meetings usually occur in October, to allow extended discussion on major issues. The budget process culminates in its adoption at a public meeting normally scheduled in November.

Any budget amendments required during the year will be submitted to the Board of Directors at a board meeting for Board action.

Budget Control

The approved budget is entered in the District's accounting system, which will provide up to date financial information throughout the year.

The Board of Directors, on the recommendation of the General Manager, establishes overall budgets and policy programs. The approved budget is then monitored by the respective department managers.

The General Manager controls the budget at the operating level. While line item expenses are in some cases shown in the budget worksheets, the intent of this information is to provide internal budget monitoring controls for staff, and are not intended to be explicit appropriations by the Board of Directors. Upon request from staff, and approved by the Board of Directors, reserve funds may be transferred or added to throughout the fiscal year. This bottom line approach to budget management is intended to prioritize

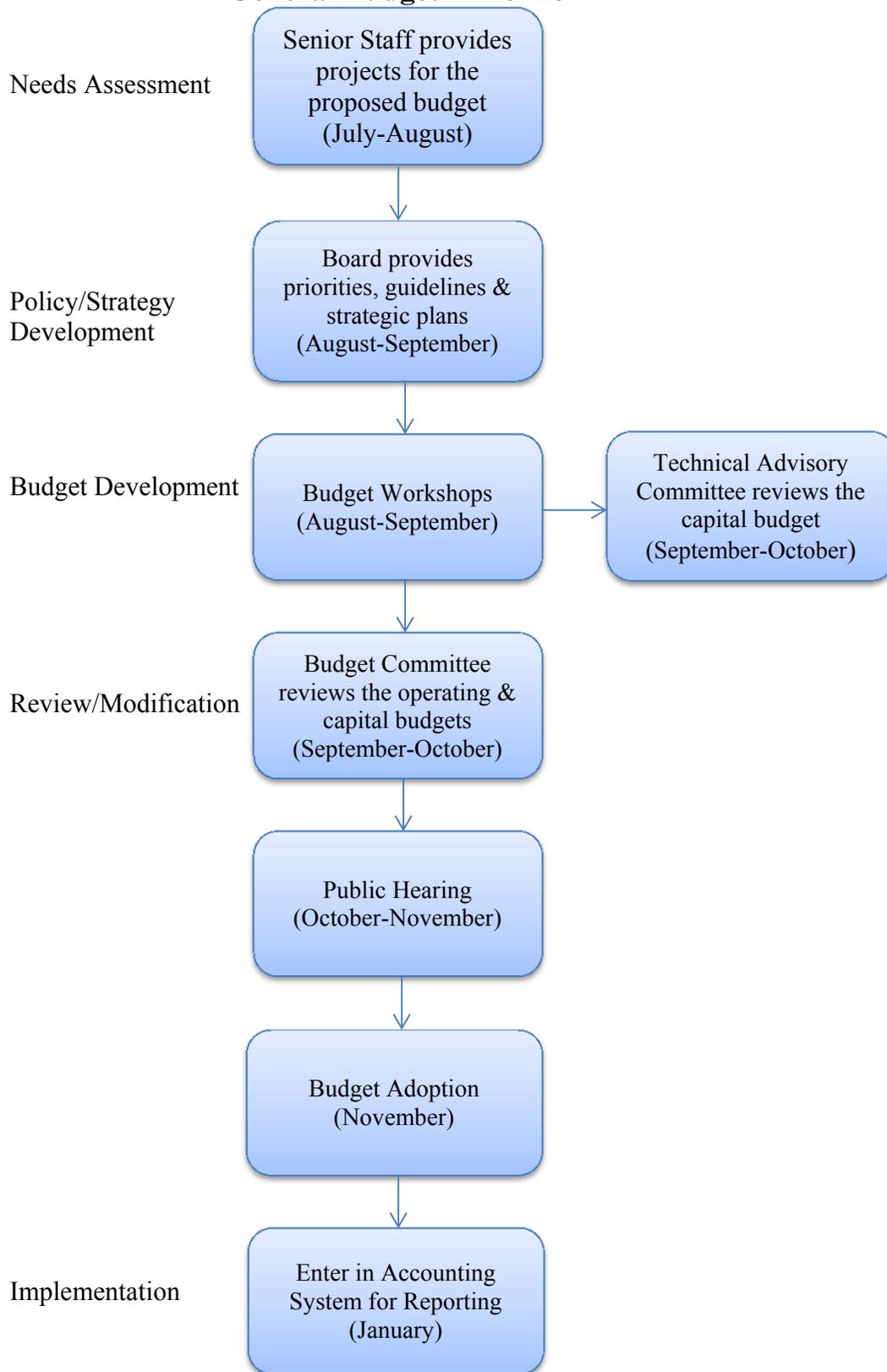
overall District spending, while making senior staff accountable for internal operations and expenses.

Capital projects and program budgets are adopted for specific non-operational projects or programs. These budgets often span multiple budget years. For each project or program, subsequent Board approval is sometimes required for approving bids and contracts.

Basis of Budgeting

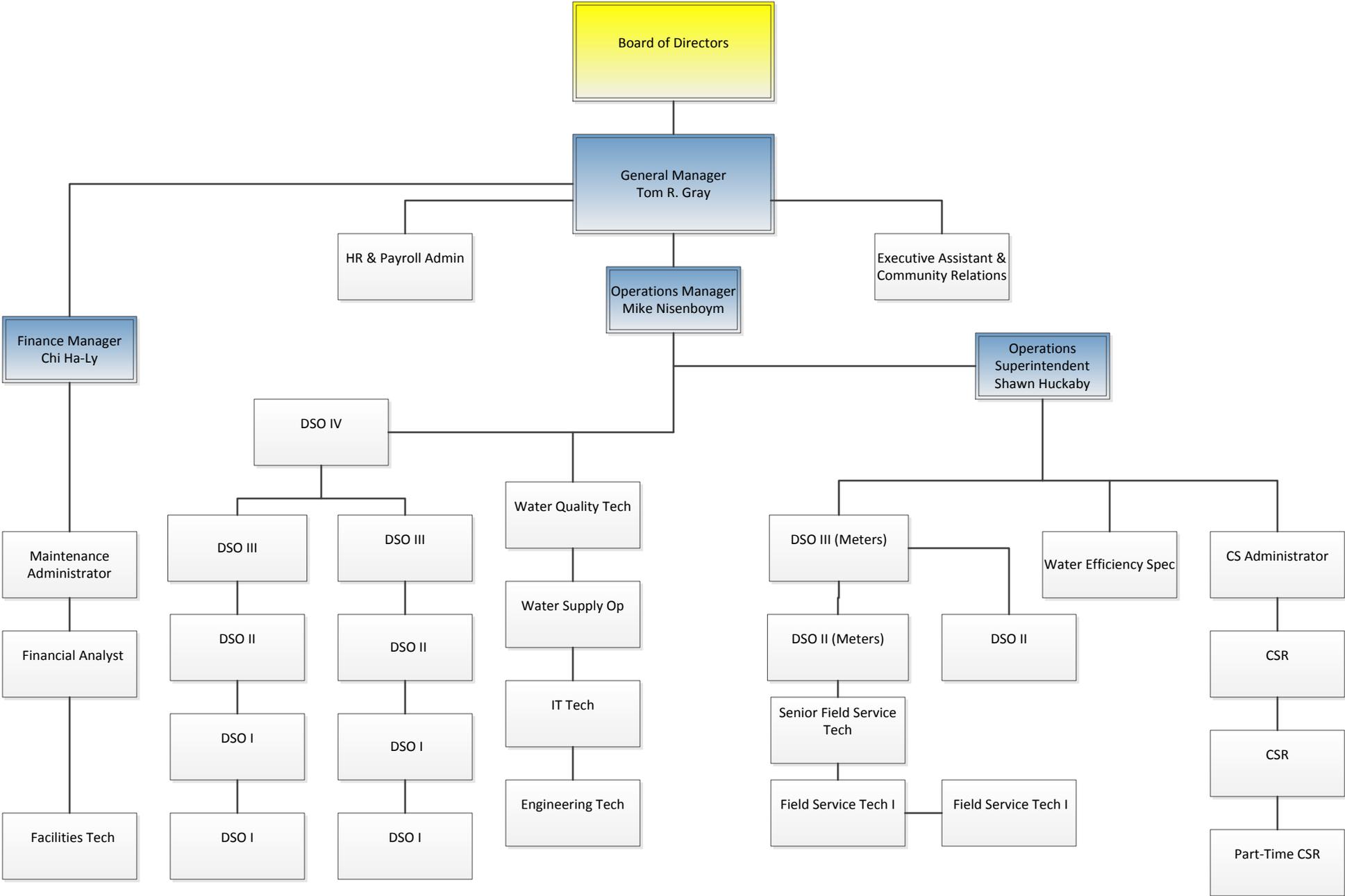
The financial sections of the budget are prepared on a cash basis, and include expenses for capital outlay and the principal and interest portions of debt service, while non-cash expenses such as depreciation and amortization are excluded. Generally, revenues are recognized in the accounting period in which they become measurable and available, and expenses are recognized in the period in which the liability is incurred.

General Budget Timeline



Fair Oaks Water District Organization Chart

2014 Budget



District Principles, Goals and Objectives

The purpose of the District's financial planning is to demonstrate fiscal solvency and a balanced budget over the long-term, to provide early warning signs of adverse trends, and to serve as a resource for financial planning and policy making for the allocation of budget resources. The annual budget utilizes detailed assumptions, such as population, new connections, infrastructure age, parcel area, and historical and projected operating trends while maintaining consistency with District-wide goals and objectives as well as Board approved fiscal and operational policies.

Growth projections are prepared based on past experience and are reviewed for consistency with the Sacramento County General Plan and economic development forecasts. A financial model (discussed later) then generates revenue forecasts and inflates or deflates future year operating and project costs on a consistent basis for all operating activities. Budget projections may or may not occur as predicted, depending upon changes in the economy, future service level changes, and mandates from other government agencies. In order to keep the District Board and management up to date, District staff compares the approved budget with actual expenses monthly.

District Principles

Customer and Community Service

The District is dedicated to excellence in customer service, to representing the community's interest and to serving as a role model for integrity, dependability, enthusiasm and professionalism. These objectives are translated into functional level objectives for the District's staff. To fulfill these goals, the District continually develops problem solving policies and procedures that benefit the District's customers and community.

Planning and Preparedness

The District believes that proper programmatic and fiscal planning allows the organization to provide the utmost service benefit to its customers. Strategically planning District activities results in a structured and supportable allocation of resources and reduces cost, down time, and customer inconvenience.

Quality

The District is dedicated to providing quality service and long-term value to the community and its customers. Long-term value is not always synonymous with cost. Our customers deserve quality, and expect to pay fairly for it. We want to build a utility that generates community pride, yet provides a value to the ratepayer.

Team work

Delivering high quality water and reliable service and maintaining excellence in customer service requires a diverse set of knowledge and disciplines. The District believes teams of people can accomplish more than similar numbers of people acting alone. Through

collaborative efforts, the District is stronger, more competent, more sensitive, more considerate, and provides more consistent service.

Setting priorities

The District believes in putting first things first. In matters of priority, the District's customers, both internal and external, will always come first. We believe we must take care of our customers. In prioritizing our activities, we will place matters of safety and public health protection first, matters of system and property value retention second, and matters of aesthetics third.

Continuous improvement

The District believes in continuous improvement. We believe in life-long learning and will create an environment where the status quo will be challenged. We will ask questions, execute, and learn. In the process of improving, we will take reasonable risks and make mistakes. We will always be honest about risk and own our mistakes.

District Goals and Objectives

While the District operates by a fundamental set of overriding principles, the fiscal and operational functions of the organization are guided by the District's long term goals and objectives.

Enhance Reliability of Water Supply and Delivery

As its core mission, the District is dedicated to providing a high quality, reliable source of water supply to the community. As part of this goal, the District has outlined the following specific objectives:

- ✓ Continue to provide leadership in regional conjunctive use, and drought planning opportunities.
- ✓ Continue in a leadership in groundwater contamination cleanup.
- ✓ Provide an updated system Master Plan every five years, incorporating the vulnerability and emergency response, meter maintenance, regional water issues, and new regulations into comprehensive update of the District's existing master plan.
- ✓ Continue with best management practices for water quality and conservation.
- ✓ Continue promoting and educating customers about water issues.

Support Employee Development and Professionalism

The District believes that the power of the organization and its ability to meet its goals and objectives lies in its human resources. As such, the District is keenly aware of the necessity of supporting its employees in their professional development. To that end, the District has defined the following specific objectives:

- ✓ Continue to promote education, formal, and informal training in matters of communication and public relations, finance, management, leadership, and computer science.
- ✓ Continue the requirement that all water system operators be State Certified.
- ✓ Continue to provide all employees with a respectful workplace, providing fair and reasonable compensation.

Promote Multi-District Resource Sharing Opportunities

Given the constant economic pressures and the mission to provide the most cost effective service to the community, the District is committed to identifying and promoting resource sharing opportunities. In so doing, the District strives to balance cost savings, efficiency and customer benefit with minimal service disruption. As part of this goal, the District has defined the following specific objectives:

- ✓ Continue to participate in RWA’s collaborative conservation activities.
- ✓ Continue to work with the San Juan Family of Water Agencies on mutually compatible activities and services, including grant applications.
- ✓ Continue to work with the local community in areas that provide customer benefit.

District Financial Policies

The District Board of Directors has established a number of financial policies to guide the organization in its budgeting and operating activities. The significant financial policies are summarized (discussed) below.

Budget Preparation

An annual budget on a calendar year basis shall be prepared by the General Manager and approved by the Board of Directors. This budget shall be reviewed by a finance committee, then reviewed at a special meeting by the full Board. The amended proposed budget will then be reviewed and discussed at a public meeting scheduled for November.

Fixed Asset Accounting Control

An accounting and inventory of all fixed assets shall be maintained to ensure proper accounting control resulting in accurate financial reports of fixed assets. District’s assets greater than \$500 in value will be recorded as a fixed asset for financial recording purposes.

District Reserve Funds and Designations:

The District has established reserve funds to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated District expenses. The adequacy of the target reserve year-end balance ranges and/or annual contributions will be

reviewed annually during the budgeting and rate setting process and may be revised as necessary. The following District reserve and fund categories are established:

- Emergency Designation

The emergency designation was established to fund District fixed asset, operating and maintenance expenditures not currently budgeted. The designated fund balance will approximate six months of operating costs. Annual contributions will be designated in the budget process to maintain six months of operating costs.

- Rate Stabilization Designation

The rate stabilization designation was established to offset the estimated impact of revenue fluctuation. The target fund balance is estimated at 5% to 6% of gross water revenues (up to \$480k) to be reviewed periodically to reflect actual operating experience. These funds will be used to supplement differences in revenue projections resulting from consumption based water sales.

- Connection Fee Reserve

The Connection Fee Reserve was established to segregate fees charged to new development and direct the money collected to capacity enhancement projects in compliance with AB1600. AB1600 does not designate a target reserve balance. Annual contributions will depend upon new construction within the District. Additionally, interest earnings will be imputed on this balance on a monthly basis, using the District's earnings rate on investments.

- Certificate of Participation (COP) Reserve

The Certificate of Participation (COP) Reserve was established to segregate certificate of participation (COP) reserves according to governing documents. The proceeds of a COP issue establish the maximum COP reserve available for use. COP reserve balances are created upon issuance of debt. These balances are used according to the COP's installment purchase agreement. Use of the COP reserves will be accounted for on a monthly basis, according to the COP's installment purchase agreement. Contributions will occur upon issuance of COP's. Additionally, interest earnings will be added to the balance on a monthly basis, using the District's earnings rate on investments.

Investment of District Funds:

The District established the investment policy to provide a clear understanding of the objectives, policies and guidelines for the investment of District's idle or surplus funds. This policy is used to effectively manage the District's available cash and investment

portfolio in conformity with the provisions of California Government Code Section 53600.

- The General Manager or other persons designated by the Board shall invest idle funds not immediately needed by the District within the limitations of the California Government Code.
- The primary goals, in priority order, of investment activities shall be safety and diversification, liquidity, and rate of return.
- This policy shall be reviewed and updated annually by the Board of Directors.

Authorization of Expenses:

The authorization of expenses policy was established to monitor spending of District's funds in accordance with the approved budget. Expense authority is generally delegated to the General Manager by the Board of Directors through the adopted annual operating budget and through board policy. Expenses requiring Board Approval ("warrants") are brought to the Board for approval through the regular Board meeting presented under the consent calendar.

FINANCIAL SUMMARIES

District Revenues

The District has the following major sources of revenue for 2014:

- ✓ Water Sales
- ✓ Other Revenues

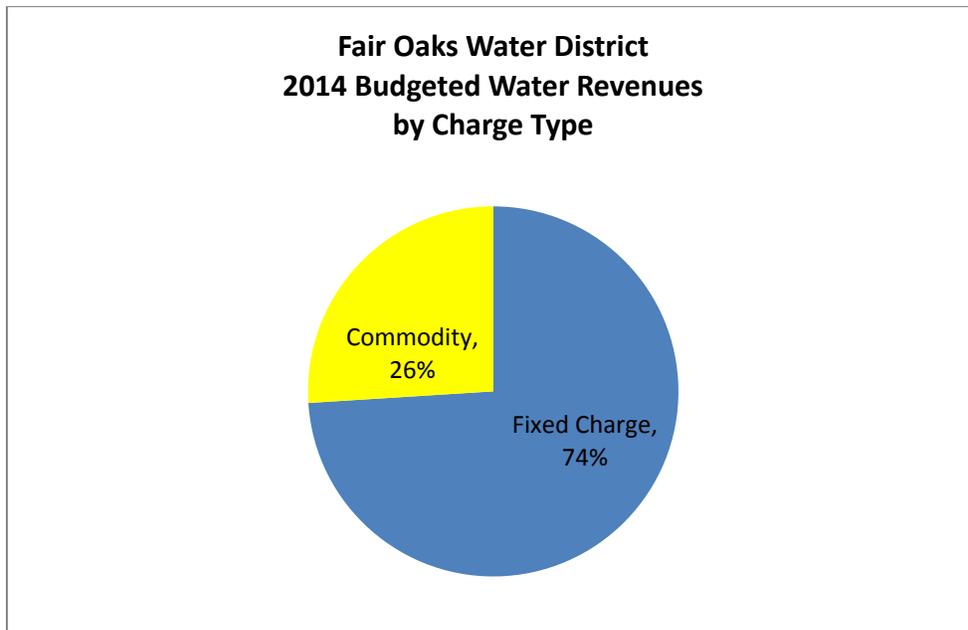
Water Sales

Metered Rate Revenues

All District customers are billed on metered rates. The metered rates are based upon two components: commodity rate based on actual water usage and a fixed service charge.

The fixed service charge is based upon meter size and is designed to cover the fixed costs of the water delivery as it relates to customer service and capacity costs (i.e. repair and maintenance crew labor costs, supplies and construction related costs). Fixed service charges represent approximately 74% of the total water bill.

The commodity charge covers the variable costs of water service, which fluctuates according to actual water use. The commodity charge represents approximately 26% of the total water bill and is designed to cover the costs of water purchases, pumping, treatment and conservation costs.



Other Revenues

Connection Fees

Connection fees represent the cost to connect to Fair Oaks Water District distribution system for new customers; the funds collected are restricted by AB1600 to capacity enhancement projects. The District service area will experience little growth. Most new service connections are derived from in-fill developer projects. Connection fees are a small portion of the District's revenues and are projected to be a small amount relative to other revenues. Future connection fee revenues are difficult to predict due to the built out nature of the system and limited in-fill projects available.

Interest Revenue

The District invests its funds in accordance with the California Government Code, Section 53600, Chapter 4 – Financial Affairs and the District's investment policy 5070; with a majority invested in LAIF (Local Agency Investment Fund). Interest earnings on District's reserves remain within the invested funds. Interest earnings fluctuate based on rates and cash balances.

District Expenses

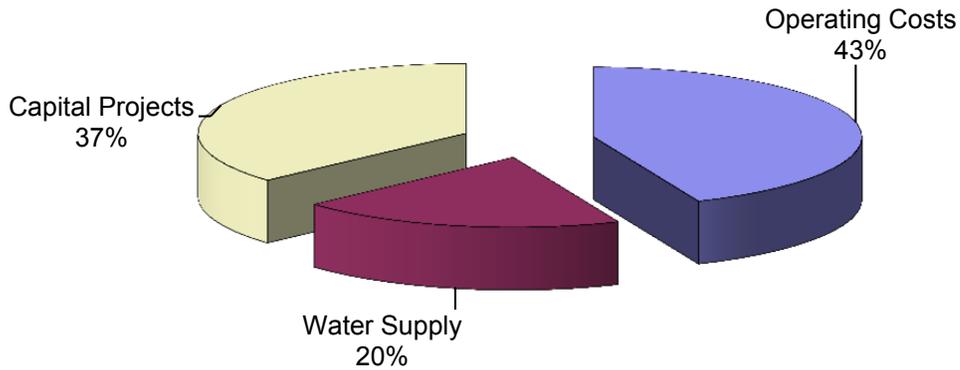
The District's expenses can be categorized into three major groups:

- ✓ Water Supply
- ✓ Capital Projects
- ✓ Operating Costs

2014 Projected Expenses by Major Category	
Operating Costs	\$ 4,199,200
Water Supply	1,891,500
Capital Projects	3,536,500
Total	\$ 9,627,200

The following pie chart illustrates the percentage of the total District expenses allocated to each of these categories.

**FAIR OAKS WATER DISTRICT
2014 Budget
Expenses by Major Category**



Water Supply

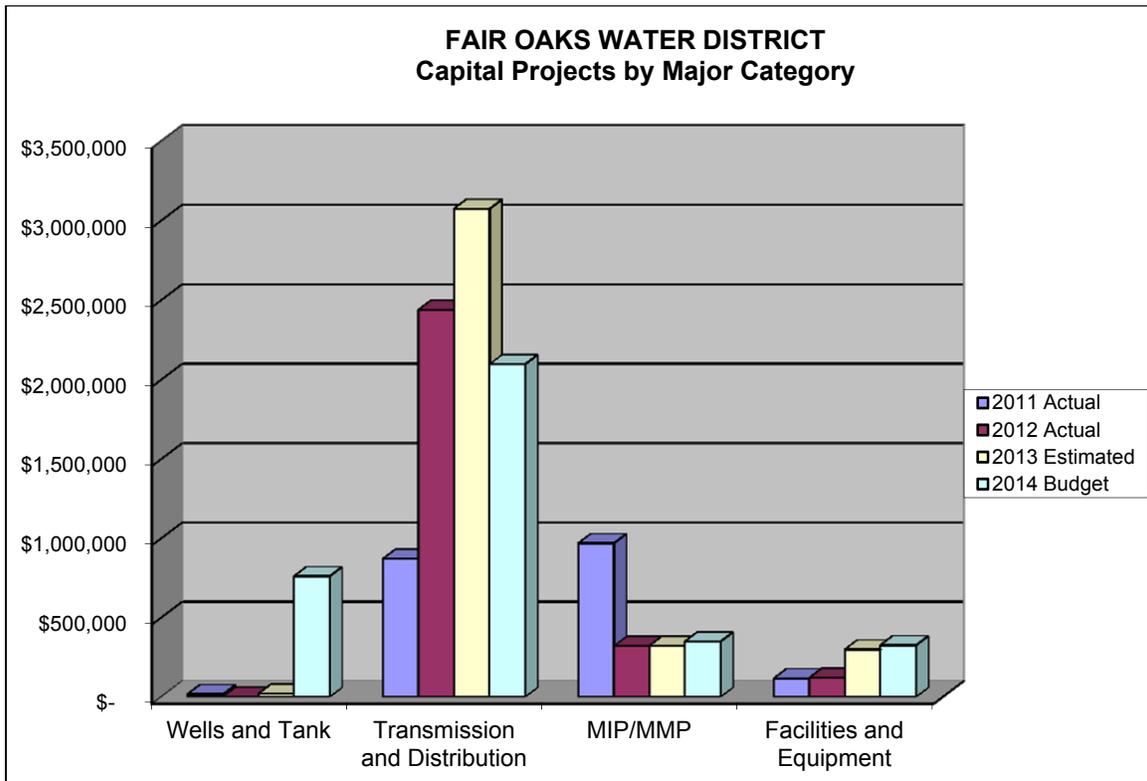
The District’s main water supply is surface water purchased from the San Juan Water District. San Juan Water District provides approximately 90% of the FOWD water demand. The District has purchased on average approximately 10,400 Acre-Feet of surface water over the past five years. The District projects purchasing approximately 10,250 AF of surface water from SJWD in 2014 with 1,500 AF produced with District’s wells.

Projected 2014 Water Supply Costs	
<i>Purchased Surface Water</i>	
Commodity Charge (\$93.32 per AF x 10,250 AF)	\$ 956,530
Service Charge	214,590
Contingency	5,658
Debt Service Charge	443,222
<i>Total Purchased Surface Water</i>	\$ 1,620,000
<i>Groundwater Production & Other Fees</i>	271,500
Total Water Supply Costs	\$ 1,891,500

Capital Projects Overview

The District invests, on average, approximately 40% of its rate payers' money into the infrastructure including wells and tanks, transmission and distribution, metering program, and facilities and equipment over the past 10 years. Installations and improvements of infrastructures are needed to ensure safe and reliable water delivery.

Capital Projects Overview				
Category	2011 Actual	2012 Actual	2013 Estimated	2014 Budget
Wells and Tank	\$ 17,455	\$ 2,170	\$ 20,200	\$ 762,000
Transmission and Distribution	871,661	2,440,458	3,075,000	2,098,000
MIP/MMP	970,274	321,381	322,000	350,000
Facilities and Equipment	116,965	120,731	299,800	326,500
Total	\$ 1,976,355	\$ 2,884,740	\$ 3,717,000	\$ 3,536,500



Metering Maintenance Program

The District continues to maintain the meters through the meter maintenance program. The District replaces meters based on manufacturer's recommended replacement schedule and District's maintenance records. A cost of \$350,000 was estimated in the 2014 budget for maintaining the District's retail meters.

Wells and Tank

The District continues to maintain the wells and tank. Dry-year and emergency water supply are critical to the District's ability to meet customer water demand under all conditions. In our continuing effort to secure reliable back-up water supply, the District plans to drill the Madison Well in 2014.

PROJECT DESCRIPTION	ESTIMATED COSTS
Complete environmental review and preliminary design approval. Drilling and casing installation at the Madison Well (Gum Ranch)	\$ 600,000

Transmission and Distribution

The District continues to repair and replace aging infrastructure throughout its system. The District scheduled the following projects for 2014:

PROJECT DESCRIPTION	ESTIMATED COSTS
Installation of 800 LF of 24-inch transmission main on Walnut Avenue from Twin Lakes Avenue and Westerly on Blue Oak Drive	\$ 715,000
Replacement of 8-inch steel main on Kentucky Lane from Sunset Avenue to the end of the lane	\$ 141,000
Replacement of 12-inch main on Main Avenue from south of Twin Lakes Avenue to Shumway Road	\$ 340,000
Replacement of 6-inch main on Central Avenue from Capitola Avenue to River Rock	\$ 151,000
Replacement of 12-inch steel main on Fair Oaks Blvd. from north of Plumeria Road to south Shangrilla Drive	\$ 376,000
Gastman Way water main improvement project (Phase I); complete topo survey, set property corners and clearing; and complete design	\$ 50,000

Facilities and Equipment

The amount of \$266,500 was allocated for replacement of office equipment, computer software, computer equipment, maintenance equipment and trucks and vehicles in 2014.

Operating Outlay

The District's operating outlay falls into three functional areas:

- ✓ Operations & Maintenance
- ✓ Customer Service & Administration
- ✓ Board of Directors

Operations & Maintenance

Operations and maintenance is the largest functional department of Fair Oaks Water District. It is responsible for the purchase and delivery of water to the District's customers as well as operating and maintaining the District's pipelines and facilities. This department includes the functions of water quality, system maintenance, planning, operations, inspection and safety.

The District continues to maintain meters through the Meter Maintenance Program.

Another ongoing District activity is replacing and improving the District's aging pipelines. The District anticipates the completion of multiple water main replacement projects in 2014 (see discussion under *Capital Projects*).

Customer Service & Administration

The Customer Service & Administration department is responsible for District management, regional water issues, conservation, customer service, billing, collections, metering reading, information systems, public relations, accounting, payroll, accounts payable, human resources, finance and record keeping.

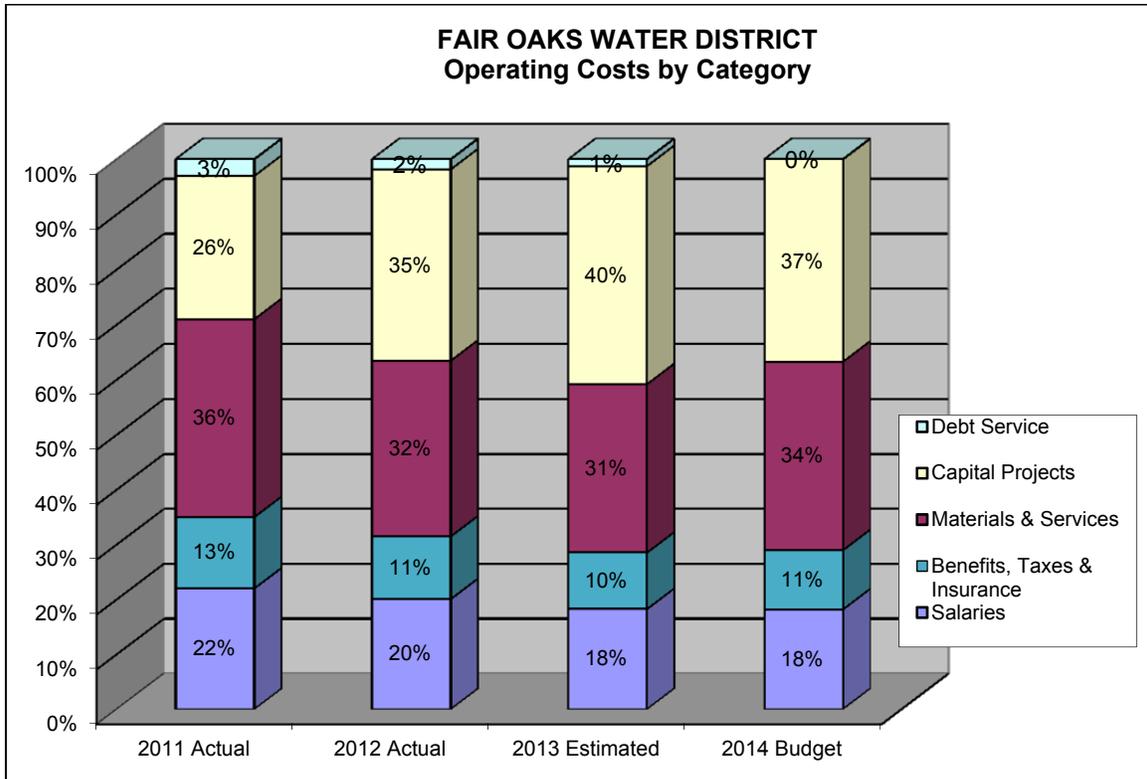
Board of Directors

The Board of Directors (Board) is responsible for developing and reviewing the policies of the District. Directors are elected at large, by geographical area (i.e. division), to four year overlapping terms. The Board's regular business meetings are held the second Monday of the month. The Board maintains an active involvement in regional water organizations representing the Districts interest locally and regionally.

District Salaries and Benefits

As with most organizations, salary and benefit costs are a significant component of the District's annual budget. The following table and chart reflect the District's actual salaries and benefits compared to other major cost categories since 2011. The salaries and benefits in the table and chart reflect the net labor being capitalized to projects.

Operating Costs by Category				
Category	2011 Actual	2012 Actual	2013 Estimated	2014 Budget
Salaries	\$ 1,622,400	\$ 1,666,821	\$ 1,712,400	\$ 1,750,200
Benefits, Taxes & Insurance	952,613	947,616	964,500	1,038,300
Materials & Services	2,647,520	2,656,173	2,879,500	3,302,200
Capital Projects	1,976,355	2,884,740	3,717,000	3,536,500
Debt Service	236,082	149,954	115,500	-
Total	\$ 7,434,970	\$ 8,305,304	\$ 9,388,900	\$ 9,627,200



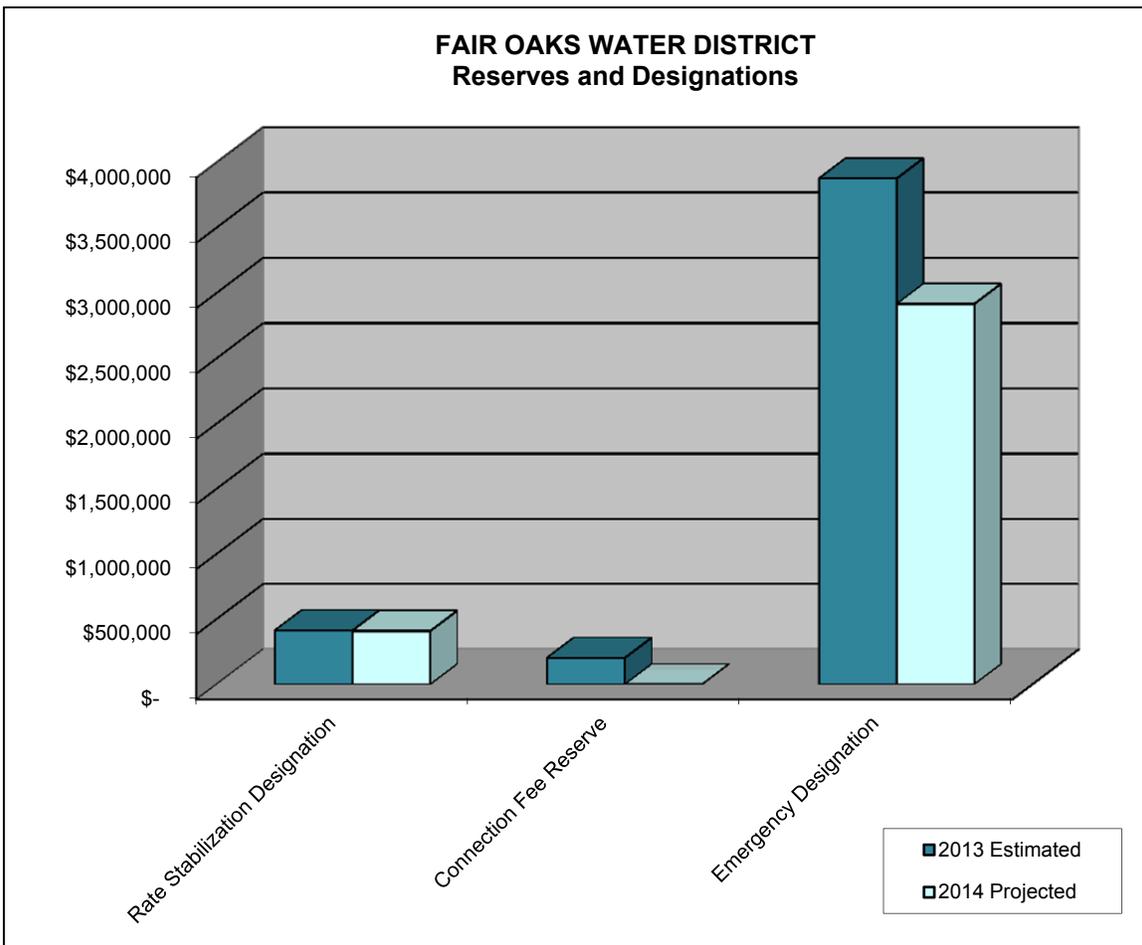
Personnel Summary Full Time Equivalent (FTE)					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Board Approved	40	40	36	32	32

Notes: The District originally had 40 approved positions. In July 2011, the Board reduced the number of approved positions to 36.

Reserves and Designations

Reserves and designations are established to minimize adverse annual and multi-year budgetary impacts from anticipated and unanticipated District expenses. The District's long-term goal is to finance major asset acquisitions on a "pay as you go" plan, as opposed to issuing new debt. The reserves and designation are designed to assist in this goal. See pages 14-15 for specific definitions on each reserve. The following chart and graph illustrate the District's ending reserves and designations.

Ending Reserves/Designations		
Category	2013 Estimated	2014 Projected
Rate Stabilization Designation	412,100	408,800
Connection Fee Reserve	202,400	-
Emergency Designation	3,876,200	2,916,500
Total	\$ 4,490,700	\$ 3,325,300





FINANCIAL DETAILS

Fair Oaks Water District

2014 Annual Budget

Financial Plan Summary of Revenues and Expenses

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Revenues							
<i>Total Operating Revenues</i>	\$ 8,071,610	\$ 8,032,377	\$ 8,075,778	\$ 8,306,306	\$ 8,259,800	\$ 8,461,800	\$ 8,406,800
<i>Total Non-Operating Revenues</i>	229,636	180,034	226,075	690,133	314,600	129,600	55,000
Total Revenues	\$ 8,301,246	\$ 8,212,411	\$ 8,301,853	\$ 8,996,439	\$ 8,574,400	\$ 8,591,400	\$ 8,461,800
Expenses							
Operating Expenses	\$ 4,571,703	\$ 4,793,669	\$ 5,222,533	\$ 5,270,610	\$ 6,176,000	\$ 5,556,400	\$ 6,090,700
Debt Service	1,006,600	1,089,900	236,082	149,954	115,500	115,500	-
Total Expenses	\$ 5,578,303	\$ 5,883,569	\$ 5,458,615	\$ 5,420,564	\$ 6,291,500	\$ 5,671,900	\$ 6,090,700
Net Income (Loss) before Capital Program Expenses	\$ 2,722,943	\$ 2,328,842	\$ 2,843,238	\$ 3,575,875	\$ 2,282,900	\$ 2,919,500	\$ 2,371,100
Capital Program Expenses							
<i>Computer Equipment & Software</i>	\$ 77,315	\$ 36,248	\$ 63,111	\$ 55,626	\$ 82,400	\$ 62,000	\$ 99,500
<i>Vehicles & Maintenance Equipment</i>	22,079	31,202	7,433	52,894	159,600	204,300	151,500
<i>Facility & Office Equipment</i>	2,467,867	488,325	46,421	12,211	46,000	33,500	75,500
<i>MIP/MMP</i>	2,377,261	3,014,330	970,274	321,381	340,000	322,000	350,000
<i>CIP</i>	298,419	311,016	820,446	523,474	1,372,000	1,350,200	2,860,000
Total Capital Program Expenses	\$ 5,242,942	\$ 3,881,121	\$ 1,907,685	\$ 965,586	\$ 2,000,000	\$ 1,972,000	\$ 3,536,500
SJWD 40-Inch Pipeline (Non-Operating Exp.)	\$ -	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 2,000,000	\$ 1,745,000	\$ -
Total Expenses including Capital Program	\$ 10,821,245	\$ 9,999,690	\$ 7,434,970	\$ 8,305,304	\$ 10,291,500	\$ 9,388,900	\$ 9,627,200
Net Income (Loss)	\$ (2,519,999)	\$ (1,787,279)	\$ 866,883	\$ 691,135	\$ (1,717,100)	\$ (797,500)	\$ (1,165,400)
Ending Reserve/Designated Balance	\$ 5,517,500	\$ 3,730,200	\$ 4,597,100	\$ 5,288,200	\$ 3,291,900	\$ 4,490,700	\$ 3,325,300

Fair Oaks Water District

2014 Annual Budget

Revenue Summary

Description	Acct #	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Operating Revenues:								
<u>Water sales</u>								
Residential-unmetered flat rates	4010/4140	\$ 6,845,532	\$ 6,832,811	\$ 6,739,979	\$ -	\$ -	\$ -	\$ -
Fixed service charge	ALL CUSTOMERS				6,010,409	6,006,900	6,011,800	6,011,800
Commodity charge	ALL CUSTOMERS				2,098,292	2,057,900	2,230,000	2,165,000
Metered service charges - resid.	4025	57,383	65,409	122,900				
Metered commodity rates - resid.	4020	11,132	11,732	13,203				
Metered service charges - non-resid.	4035, 4026-4028	699,911	708,333	722,021				
Metered commodity rates - non-resid.	4030, 4021-4023	241,597	221,525	209,880				
Commercial flat	4037	12,014	13,099	12,853				
San Juan Family Dry-Year Supply	4014	11,675						
<i>Total Water Sales</i>		7,879,244	7,852,909	7,820,836	8,108,701	8,064,800	8,241,800	8,176,800
<u>Other Fees/Revenues</u>								
Delinquencies & late fees	4050/4055/4060	168,628	161,761	198,156	162,926	135,000	160,000	160,000
Fire service fees ^[1]	4156				2,040	35,000	35,000	35,000
Developer paid fees for service	4150/4130	23,737	17,707	56,786	32,639	25,000	25,000	35,000
Total Operating Revenues		\$ 8,071,610	\$ 8,032,377	\$ 8,075,778	\$ 8,306,306	\$ 8,259,800	\$ 8,461,800	\$ 8,406,800
Non-Operating Revenues								
Interest revenue	4610	\$ 78,743	\$ 36,438	\$ 28,182	\$ 19,420	\$ 13,800	\$ 15,000	\$ 16,000
Connection fees	4110/4120	57,035	27,843	17,260	49,894	23,200	50,000	25,000
Annexation fees	4155							
Grants	4320		19,696					
Other sources of revenue ^[2]	4095/4096			124,001	577,955	277,600	10,000	5,000
Meter downsizing	4186							3,000
Miscellaneous revenue	4015/4170/4175/4180/4185/4186/4310	63,204	90,370	28,544	21,585		3,600	1,000
(Loss) gain on disposal of assets	4080/4090	30,654	5,687	28,088	21,279		51,000	5,000
Total Non-Operating Revenues		\$ 229,636	\$ 180,034	\$ 226,075	\$ 690,133	\$ 314,600	\$ 129,600	\$ 55,000
Total Revenues		\$ 8,301,246	\$ 8,212,411	\$ 8,301,853	\$ 8,996,439	\$ 8,574,400	\$ 8,591,400	\$ 8,461,800

^[1] Fire service fees in 2012 should have been for 2013.

^[2] FOWD received/recognized the \$277,600 from other sources of revenues budgeted in 2013 in 2012.

Fair Oaks Water District

2014 Annual Budget

Expense Summary

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
	Acct #	2009	2010	2011	2012	2013	2013	2014
Labor & Benefits								
<i>Salaries and Wages</i>								
Salaries	5010	\$ 1,941,917	\$ 1,942,620	\$ 1,942,747	\$ 1,821,161	\$ 2,048,500	\$ 1,843,100	\$ 2,054,500
On-call	5011	29,063	28,688	26,618	25,822	31,000	30,000	30,000
Overtime	5011	18,059	46,274	27,003	11,766	25,000	20,000	25,000
Certificate Incentive Program	5010	35,888	17,314	7,533	7,183	25,000	10,000	20,000
Temporary labor/Part-time	5050	20,659	92,896	11,039	-	20,000	10,000	20,000
<i>Salaries and Wages Subtotal</i>		\$ 2,045,586	\$ 2,127,792	\$ 2,014,940	\$ 1,865,932	\$ 2,149,500	\$ 1,913,100	\$ 2,149,500
<i>Benefits and Insurance</i>								
Auto and mileage	5420	\$ 5,184	\$ 4,491	\$ 3,750	\$ 3,430	\$ 4,900	\$ 4,000	\$ 4,000
Dental insurance	5220	36,463	38,115	42,178	39,096	41,500	36,000	41,700
FICA	5110	123,928	129,448	122,715	113,075	133,300	118,600	133,300
Medicare	5120	29,679	30,954	29,323	27,110	31,200	27,700	31,200
Health insurance	5210	431,043	461,792	543,049	503,325	539,200	476,700	574,800
Disability insurance	5260	7,737	7,330	7,240	6,823	7,700	7,000	7,800
Life insurance	5230	3,909	3,978	4,042	4,096	5,200	5,100	5,300
Pension plan	5240	265,057	278,939	292,377	282,129	331,200	300,100	332,800
Unemployment insurance	5310	22,923	10,110	22,174	3,472	25,000	25,000	25,000
Vision care	5250	9,072	8,939	9,280	8,218	8,700	7,800	9,200
Workers compensation	5320	52,856	64,227	64,904	56,398	73,800	56,800	72,900
<i>Benefits and Insurance Subtotal</i>		\$ 987,851	\$ 1,038,323	\$ 1,141,032	\$ 1,047,172	\$ 1,201,700	\$ 1,064,800	\$ 1,238,000
Labor & Benefits Subtotal		\$ 3,033,437	\$ 3,166,115	\$ 3,155,972	\$ 2,913,104	\$ 3,351,200	\$ 2,977,900	\$ 3,387,500
In-house CIP/MIP/MMP labor & benefits capitalized		\$ (869,142)	\$ (870,304)	\$ (580,959)	\$ (298,667)	\$ (301,000)	\$ (301,000)	\$ (599,000)
Net Labor & Benefits		\$ 2,164,295	\$ 2,295,811	\$ 2,575,013	\$ 2,614,437	\$ 3,050,200	\$ 2,676,900	\$ 2,788,500

	Actual	Actual	Actual	Actual	Budget	Estimated	Budget	
Acct #	2009	2010	2011	2012	2013	2013	2014	
Materials & Services								
<i>Water Supply</i>								
Surface water supply, SJWD	6110	\$ 1,530,540	\$ 1,550,630	\$ 1,494,562	\$ 1,547,919	\$ 1,550,000	\$ 1,580,000	\$ 1,620,000
Chemicals	6160	6,008	5,941	6,203	7,413	7,700	7,500	8,000
DOHS Fees	6358	4,452	7,477	13,912	12,378	13,000	13,000	13,500
Energy cost, tank	6120	26,499	22,606	22,638	24,084	29,000	24,000	26,500
Energy cost, wells	6130	128,361	148,300	169,457	171,730	175,000	172,000	183,000
Testing & sampling	6140	17,326	21,848	15,865	15,912	23,500	23,500	31,000
SCADA support & maintenance	6151	506	219		2,835	10,000	5,000	3,500
Cathodic protection ⁽¹⁾	6152		2,450	2,450	2,450	3,000	3,000	4,000
Hydrant testing & flushing	6155	1,076	329	1,255	305	2,000	2,000	2,000
<i>Water Supply Subtotal</i>		\$ 1,714,768	\$ 1,759,800	\$ 1,726,342	\$ 1,785,026	\$ 1,813,200	\$ 1,830,000	\$ 1,891,500
<i>District Facilities Maintenance and Repairs</i>								
Well and pump repairs	6170	\$ 425	\$ 1,760	\$ 4,582	\$ 3,751	\$ 15,000	\$ 5,000	\$ 15,000
Tank repairs and maintenance	6165	5,302	4,187	7,641	532	10,000	10,000	10,000
District site maintenance	6700	12,419	4,797	6,412	6,283	8,000	8,000	8,000
Janitorial	6710	4,899	2,159	1,826	1,559	2,100	2,000	2,100
Elevator maintenance	6701	-	-	2,830	3,310	5,000	5,000	6,000
Security costs	6720	1,400	7,209	2,540	3,672	3,500	3,500	4,000
<i>District Facilities Maint. Subtotal</i>		\$ 24,445	\$ 20,112	\$ 25,831	\$ 19,107	\$ 43,600	\$ 33,500	\$ 45,100
<i>Vehicle and Equipment Maintenance</i>								
Vehicle maintenance	6610	\$ 11,498	\$ 15,598	\$ 13,212	\$ 14,245	\$ 19,000	\$ 19,000	\$ 21,000
Vehicle repairs ⁽⁷⁾	6611	6,227	13,572	28,241	7,351	17,500	15,000	18,000
Other equipment maintenance	6621							15,000
Other equipment repair	6622							12,000
Other equipment repair & maint.	6620	27,414	19,603	26,866	19,299	25,000	25,000	-
<i>Vehicle Maintenance Subtotal</i>		\$ 45,139	\$ 48,773	\$ 68,319	\$ 40,895	\$ 61,500	\$ 59,000	\$ 66,000
<i>Insurance</i>								
Auto and general liab. insurance ⁽⁴⁾	7310	\$ 33,541	\$ 103,713	\$ 95,551	\$ 67,144	\$ 85,000	\$ 68,600	\$ 85,000
Bonding	7330	1,000	1,000	1,000	1,000	5,000	1,000	5,000
Property insurance	7320	17,155	21,638	21,793	22,155	23,300	22,500	24,000
<i>Insurance Subtotal</i>		\$ 51,696	\$ 126,351	\$ 118,344	\$ 90,299	\$ 113,300	\$ 92,100	\$ 114,000

	Actual	Actual	Actual	Actual	Budget	Estimated	Budget	
Acct #	2009	2010	2011	2012	2013	2013	2014	
Printing and Postage								
Advertisement, notices & recording fees	7650/7655	\$ 419	\$ 333	\$ 391	\$ 603	\$ 3,000	\$ 800	\$ 3,000
Customer bill processing (outsourced)	7660	29,884	17,838		-			
Customer bill printing	7660			24,458	11,073	20,000	12,000	15,000
Customer bill postage	7695	22,922	15,695	41,150	35,668	40,000	39,000	40,000
Customer collection postage	7696			879	6,269	7,000	5,700	7,000
General postage	7690	3,657	4,061	937	1,165	2,000	700	2,000
General printing	7670	1,821	1,817	707	2,351	5,000	2,000	3,000
Water Currents: print, mail, consult.	7680	10,370	7,172	190	-	10,000	-	10,000
Proposition 218 programs; etc.	7651			7,293	-	-	-	8,000
Collection expense printing	6910	353	789	667	560	3,000	800	2,000
<i>Printing & Postage Subtotal</i>		\$ 69,426	\$ 47,705	\$ 76,672	\$ 57,689	\$ 90,000	\$ 61,000	\$ 90,000
Office Expense								
Office lease	6770	\$ 4,932	\$ 3,011	\$ -	\$ -	\$ -		\$ -
Office equipment rental	6315	443	675	447	731	1,000	700	1,000
Office supplies	7610	15,837	21,961	26,978	22,442	27,000	27,000	27,000
Office equipment less than \$500	7615	877	984	2,619	392	2,000	3,500	2,500
Office furniture less than \$500	7616					2,000	500	2,000
Office equipment maintenance ⁽⁸⁾	6615	3,518	4,137	4,178	7,029	14,600	14,600	16,000
Contingency	7910	603	2,490	2,128	242	5,000	-	-
<i>Office Expense & Other Subtotal</i>		\$ 26,210	\$ 33,258	\$ 36,350	\$ 30,836	\$ 51,600	\$ 46,300	\$ 48,500
Professional Services & Other								
Coop. Trans. Pipeline O & M ⁽²⁾	6190	\$ (1,503)	\$ 2,555	\$ 10,413	\$ 2,607	\$ 3,200	\$ 3,200	\$ 3,300
Coop. Trans. Pipeline O & M ⁽³⁾					33,959			
Meter testing service	6626				-	5,000	500	5,000
Dues & subscriptions	7620	19,785	20,413	19,894	21,422	27,000	25,000	26,000
Grant application	6407		-		-	10,000	-	10,000
Urban Water Management Plan	7134		1,440	33,535		-		
Emergency Response Plan	7131		-		-	500	-	500
Master Plan Update	7136		-			75,000	-	75,000
Five Year Water Management Plan	7133	8,400	-			-		
Five Year Rate Analysis & Updates	7132		-	149	-	5,000	-	5,000
Banking fees ⁽⁶⁾	7170	26,066	24,536	29,322	28,846	45,100	45,100	48,000
Financial audit fees	7120	17,430	17,300	16,435	16,775	17,200	17,200	17,600
Legal fees	7110	21,166	43,402	26,144	74,104	50,000	50,000	50,000
Public relations	7160		-		-	12,000	-	12,000
Regional support	7640	49,990	51,415	55,457	53,556	64,000	64,000	68,000
Computer consulting service	7156		867	5,995	8,655	10,000	8,000	10,000

		Actual	Actual	Actual	Actual	Budget	Estimated	Budget
	Acct #	2009	2010	2011	2012	2013	2013	2014
Annual IT audit	7157		-	5,800	-	6,300	1,000	6,300
Telemetry Master Plan	7158					25,000	-	25,000
Answering service	7180					5,000	2,300	2,400
Bad debts	7920						6,300	8,000
Professional fees, other	7130	43,786	305	17,527	14,442	75,000	75,000	100,000
<i>Professional Services Subtotal</i>		\$ 185,120	\$ 162,233	\$ 220,671	\$ 254,366	\$ 435,300	\$ 297,600	\$ 472,100
System Maintenance /Repairs								
Aggregate, sand & cutback	6320	\$ -	\$ -	\$ 8,280	\$ 4,486	\$ 10,500	\$ 10,500	\$ 15,000
Paving	6340	2,646	-	12,299	13,759	27,000	27,000	30,000
Contract trucking/dumping	6330		-	1,641	771	5,200	6,200	10,000
Equip. and tool rental	6310	79	1,631	52	-	2,500	1,000	2,500
Consumables & maintenance supplies ⁽¹⁾	6210/6215	32,134	22,998	12,358	11,956	14,000	16,000	16,000
Distribution repairs ⁽¹⁾	6215			23,076	27,682	23,000	33,000	35,000
T-Main repairs ⁽¹⁾	6216		8,443		7,778	15,000	5,000	15,000
Damages	6218					20,000	20,000	10,000
Backflow testing and supplies	6180	965	925	1,141	1,261	1,500	1,600	1,600
Meter downsizing	6627				12,583	-	1,600	3,000
Parts inventory replenishment	6220/6230	2,553	1,634	2,605	3,123	3,000	3,000	3,000
Gas and oil	6630	34,945	47,105	60,565	47,359	66,000	60,000	66,000
Equipment and tools less than \$500	6240	9,049	7,594	7,711	4,533	10,000	6,500	10,000
Safety equipment less than \$500	6250	9,723	13,930	13,941	9,956	15,000	13,000	15,000
<i>System Maintenance/Repairs</i>		\$ 92,094	\$ 104,260	\$ 143,669	\$ 145,247	\$ 212,700	\$ 204,400	\$ 232,100
Fees								
County fees & taxes	6350	\$ (4)	\$ 1,276	\$ 617	\$ 671	\$ 1,200	\$ 800	\$ 1,200
Air quality	6355	3,696	4,320	4,628	4,545	5,500	5,500	6,000
NPDES permit	6359	6,970	(1,453)	1,698	1,943	2,200	2,000	2,200
Miscellaneous fees	6360		836	-	-	1,000	-	1,000
Haz-mat permit	6357	2,300	2,346	2,633	2,576	3,000	2,700	3,000
<i>Fees Subtotal</i>		\$ 12,962	\$ 7,325	\$ 9,576	\$ 9,735	\$ 12,900	\$ 11,000	\$ 13,400
Utilities								
Communication, telephone	6760	\$ 38,312	\$ 49,056	\$ 49,846	\$ 50,085	\$ 54,000	\$ 50,000	\$ 53,000
Mpower T-1 internet & web hosting	6761	5,220	1,356			-		-
Refuse collection ⁽⁹⁾	6750	3,079	3,500	4,761	3,742	5,200	5,600	-
District site utilities ⁽⁹⁾	6740	18,148	24,749	31,259	32,483	35,000	33,500	40,000
<i>Utilities Subtotal</i>		\$ 64,759	\$ 78,661	\$ 85,866	\$ 86,310	\$ 94,200	\$ 89,100	\$ 93,000
Information Technology								
Computer software maint & agreements ⁽⁸⁾	7150	\$ 28,859	\$ 35,228	\$ 42,630	\$ 33,178	\$ 36,000	\$ 40,500	\$ 47,500
Website maintenance	7155	80	-	1,015	2,237	10,000	5,000	10,000
Computer hardware <\$500	7151	3,946	5,456	3,482	1,706	5,500	5,500	5,500
Computer software <\$500	7152	866	176	182	84	1,500	1,500	1,500
<i>Information Technology Subtotal</i>		\$ 33,751	\$ 40,860	\$ 47,309	\$ 37,205	\$ 53,000	\$ 52,500	\$ 64,500

	Actual	Actual	Actual	Actual	Budget	Estimated	Budget	
Acct #	2009	2010	2011	2012	2013	2013	2014	
Water Efficiency								
Conservation Outreach	6430	\$ 12,823	\$ 12,477	\$ 9,634	\$ 17,743	\$ 20,000	\$ 18,000	\$ 25,000
Grant Application	6407		-	-	-	1,000	-	1,000
Cons. Landscape Irrigation Review (Materials)	6450	895	-	1,618	1,598	2,500	1,000	2,500
Conservation Water Waste (Materials)	6470		-	-	905	1,500	500	1,500
Conservation Large Landscape (Materials)	6455		-	452	-	1,500	500	1,500
Conservation Subscriptions	6405	530	509	-	-	500	-	500
Conservation Toilet Rebate Program	6510	16,925	6,162	11,351	10,049	15,000	12,000	15,000
Conservation Toilet Rebate Program (Reimb.) ⁽⁵⁾	6515			7,778	7,029	10,000	10,000	10,000
Washing Machine Program	6516		5,500	-	-	6,000	5,500	6,000
Conservation Internal Review (Materials)	6460	745	-	1,166	1,987	2,500	1,000	2,500
<i>Water Efficiency Subtotal</i>		\$ 31,918	\$ 24,648	\$ 31,999	\$ 39,311	\$ 60,500	\$ 48,500	\$ 65,500
Training & Uniforms								
DMV/Physicals/DOT Testing	7135	\$ 2,960	\$ 6,172	\$ 3,805	\$ 1,948	\$ 4,000	\$ 4,000	\$ 4,000
Employee recognition program	7570	8,726	4,408	7,046	7,064	8,000	8,000	10,000
Training and travel expenses	7410/7510	24,097	13,524	12,097	18,580	26,000	15,000	26,000
Uniforms	6270	6,044	4,433	19,571	1,772	18,000	10,000	18,000
<i>Training Subtotal</i>		\$ 41,827	\$ 28,537	\$ 42,519	\$ 29,364	\$ 56,000	\$ 37,000	\$ 58,000
Board Expenses								
Election expense	7720	\$ -	\$ 1,654	\$ -	\$ 17,557	\$ -	\$ -	20,000
Director's fees	7710	10,400	9,300	10,800	9,200	14,500	12,000	14,500
Miscellaneous Board expenses	7730	672	642	685	886	1,500	1,500	2,000
Travel and seminars	7740	2,221	3,739	2,568	3,140	12,000	4,000	12,000
<i>Board Expenses Subtotal</i>		\$ 13,293	\$ 15,335	\$ 14,053	\$ 30,783	\$ 28,000	\$ 17,500	\$ 48,500
Materials & services total		\$ 2,407,408	\$ 2,497,858	\$ 2,647,520	\$ 2,656,173	\$ 3,125,800	\$ 2,879,500	\$ 3,302,200
Department Grand Total		\$ 4,571,703	\$ 4,793,669	\$ 5,222,533	\$ 5,270,610	\$ 6,176,000	\$ 5,556,400	\$ 6,090,700

General Notes

- (1) For 2009 and prior years, the Cathodic protection and T-Main repairs were budgeted and paid under consumables and maintenance supplies.
- (2) Credit in 2009 was due to expenses accrued over actual payment from prior years. Actual invoice amount for 2009 was \$2,738.05. Actual for 2011 included expenses from 2001-2004 of \$7,257.
- (3) Rehabilitation for the Cooperative Transmission Main paid to San Juan Water District in 2012.
- (4) 2009 and prior included refund for premium; 2010 and forward, refund will be included in revenues.
- (5) 2010 and prior reported as net; therefore, expenses are not shown.
- (6) In the last quarter of 2012, the District implemented the lockbox, online payments, bill consolidator and other payment options; therefore, the 2013 & 2014 budgets are much higher.
- (7) Two invoices totaling \$6,059.03 reflected in 2011 was reversed in 2012. Invoices accrued but not paid—negotiated with vendor.
- (8) Some of the office equipment maintenance items budgeted under computer support in prior years are currently budgeted under office equipment maintenance in 2013 & 2014.
- (9) Starting in 2014, refuse collection will be budgeted under District site utilities.

Fair Oaks Water District

2014 Annual Budget

Debt Service

Description	Acct #	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Debt Service								
CTP-SJWD 1993 COP's ⁽¹⁾	2555	\$ 195,563	\$ 407,888	\$ 212,325	\$ 148,377	\$ 114,300	\$ 114,300	\$ -
1999 COP'S ⁽²⁾	2515	690,000	570,000	-	-	-	-	-
<i>Debt Service Principal Total</i>		\$ 885,563	\$ 977,888	\$ 212,325	\$ 148,377	\$ 114,300	\$ 114,300	\$ -
Debt Service - Interest								
CTP-SJWD 1993 COP's ⁽¹⁾	8010	\$ 34,901	\$ 34,494	\$ 22,257	\$ 1,577	\$ 1,200	\$ 1,200	\$ -
1999 COP'S ⁽²⁾	8020	52,688	14,872	-	-	-	-	-
Refunding costs (amortized)	8020	28,923	57,852	-	-	-	-	-
<i>Debt Service Interest Total</i>		\$ 116,512	\$ 107,218	\$ 22,257	\$ 1,577	\$ 1,200	\$ 1,200	\$ -
Material and Services								
Bond Trustee Fees	7175	\$ 3,045	\$ 3,299	\$ -	-	-	-	\$ -
Bond Arbitrage Fees	7176	1,500	1,500	1,500	-	-	-	-
<i>Material and Services Total</i>		\$ 4,545	\$ 4,799	\$ 1,500	\$ -	\$ -	\$ -	\$ -
Department Grand Total		\$ 1,006,600	\$ 1,089,900	\$ 236,082	\$ 149,954	\$ 115,500	\$ 115,500	\$ -

General Notes:

- ⁽¹⁾ Cooperative Transmission Pipeline interest range is 3.1% - 5.3%. Also includes 115% debt service coverage. Final maturities occur in 2013. Refinances 93 COPs in 2003. Interest rate is 4.23%. New principle and interest schedule obtained from SJWD on September 24, 2003 for 2004-2013. **SJWD refinanced the 1993 COP in 2012 and based on the new amortization schedule, the last payment will be in 2014. SJWD billed this debt in advance; therefore, FOWD made the last payment in 2013.
- ⁽²⁾ Refunding COP's interest rate range is 3.5% to 4.25%. Also includes 115% debt service coverage. The District paid the debt in full on July 12, 2010 based on Board action on May 10, 2010.

Fair Oaks Water District

2014 Annual Budget

Computer Equipment and Software

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Computer Equipment & Software							
Computer Equipment	\$ 46,503	\$ 11,030	\$ 36,459	\$ 2,150	\$ 55,900	\$ 45,000	\$ 80,000
MS Voucher Credit			(6,450)				
Computer Software/Licensing							
Accounting/Billing Software	24,781						
Additional Accounting/Billing Software Licenses			11,000				
CAD	4,000				4,500		
Backup Power Supply for IT Room				14,392			
Microsoft Licensing Bundle (Office Windows)		18,052	18,052	17,924	12,000	12,000	12,000
Other Software and Licensing	2,031	7,166	4,050	-	10,000	5,000	7,500
Design and implementation of a new FOWD website				21,160			
Total Computer Equipment & Software	\$ 77,315	\$ 36,248	\$ 63,111	\$ 55,626	\$ 82,400	\$ 62,000	\$ 99,500

Fair Oaks Water District
2014 Annual Budget
Vehicles and Maintenance Equipment

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Trucks/Vehicles/Trailers							
Replace 056 and 003 with New Dump Truck	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000
New Vehicle							30,000
Upgrade 044-2004 Chevrolet C6500	14,780						
Upgrade 045-2004 Chevrolet C6500		14,760					
Pool Car					25,000	25,000	
Replace 016-2001 Dodge RAM BR2500				24,804			
Replace 017-2001 Dodge RAM BR2500				25,890			
Replace 030-2003 Ford F250 4x4 ^[a]					25,000	31,000	
Purchase of Small VacTron ^[a]					60,000	55,200	
Replace 2000 Dodge RAM 2500 ^[b]					27,900	29,500	
Subtotal	\$ 14,780	\$ 14,760	\$ -	\$ 50,694	\$ 137,900	\$ 140,700	\$ 140,000
Maintenance Equipment/Tools							
Power Generator (Confined Space)	\$ -	\$ -	\$ -	\$ -	\$ 1,300	\$ 1,000	\$ -
Replace Wackers/Tampers	-	-	-	-	8,000	8,000	4,000
Forklift Hyster ^[c]						42,000	
Vibra Plate			7,433				
New Locators	3,267						
Concrete Saw		3,371		914			-
Welding Machine		1,779					
Chipping Hammer		622					
Meter Reading Equipment		5,106					
Meter Tester		5,564					
Hydraulic Breaker/Pneumatic	2,514						
Air Pump					3,500	3,500	
Cut-Off Saw ^[d]	923		-		1,400	1,000	1,500
Hydraulic Sum Pump					2,500	2,500	-
Pneumatic Jackhammer/Pole Tamper	595						
Valve Box Locator ^[d]						600	
Other Maintenance Equipment ^[d]				1,286	5,000	5,000	6,000
Subtotal	\$ 7,299	\$ 16,442	\$ 7,433	\$ 2,200	\$ 21,700	\$ 63,600	\$ 11,500
Total Vehicle & Maintenance Equipment	\$ 22,079	\$ 31,202	\$ 7,433	\$ 52,894	\$ 159,600	\$ 204,300	\$ 151,500

Budget Transfers

^a Additional funds of \$1,088 came from sale of vehicle in 2013; budget transfer of \$4,882 from Small VacTron's unused funds.

^b Additional funds of \$1,000 came from trade-in of vehicle.

^c Additional funds of \$43,000 came from sale of various vehicles in 2013.

^d Budget transfers of \$152.20 from Other Maintenance Equipment and \$438.80 from Cut-Off Saw.

Fair Oaks Water District

2014 Annual Budget Facility and Office Equipment

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Building							
Admin. Office Building (10326 FOB)	\$ 2,459,019	\$ 247,161	\$ 27,399	\$ 1,884	\$ 10,000	\$ 3,000	\$ 10,000
Maintenance Building (10317 FOB)	-	4,535	9,910	4,143	10,000	10,000	50,000
Office Building (10340 FOB)		224,270	-	2,100	-		-
Total Building	\$ 2,459,019	\$ 475,966	\$ 37,309	\$ 8,127	\$ 20,000	\$ 13,000	\$ 60,000
Office Equipment							
Safety Equipment	\$ 3,807	\$ 3,674	\$ -	\$ 2,048	\$ 4,000	\$ 2,000	\$ 4,500
Audio Video	683	-	5,497	-	1,000	1,000	5,000
Furnishings		-	734	-	3,000	-	3,000
Mailing Equipment		8,685				-	-
Printer			2,881	1,054	15,000	15,000	-
Miscellaneous Office Equip.	4,359	-		982	3,000	2,500	3,000
Total Office Equipment	\$ 8,849	\$ 12,359	\$ 9,112	\$ 4,084	\$ 26,000	\$ 20,500	\$ 15,500
Total Facility and Equipment	\$ 2,467,867	\$ 488,325	\$ 46,421	\$ 12,211	\$ 46,000	\$ 33,500	\$ 75,500

Fair Oaks Water District

2014 Annual Budget

Meter Maintenance Program

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Meter Implementation Program (MIP)/Meter Maintenance Program (MMP)							
New Residential Metering/AMR	\$ 1,968,479	\$ 2,265,810	\$ 476,477	\$ 22,418	\$ 20,000	\$ 2,000	\$ 20,000
Meter Replacement	97,915	72,285		48,389	200,000	200,000	200,000
AMR Replacement			73,095	69,317	70,000	70,000	70,000
9161 Madison Hills Apt.				46,732			
Large Meter Replacement			156,892		50,000	50,000	50,000
Main Avenue Wholesale Meter Upgrades							10,000
Sunnybrook Main Replacement (31% MIP/69% CIP)		92,603					
The Bluffs, Meter Upgrades	30,159	-	242,188	4,843			
Commercial Metering	-	-					
Butterwood and Plantain	93,768	411,017					
Ridge Subdivision, Meter Upgrades	983	244					
Madison Ave. Water Main Extension	31,916	14,685					
Meter Upgrades for Northridge		1,020					
M10MIFS09-Field Service Grant		18					
Meter Upgrades - Fairway Two			13,496	129,682			
Zone 4 Meter Install & Upgrade		9,525	1,030				
Zone 8 MIP-Meter Service Upgrade		12,232					
Zone 9 MIP-Meter Upgrade		134,891	7,096				
Meters Upgrades on Pershing	154,041	-					
Total MIP/MMP^{(1), (2)}	\$ 2,377,261	\$ 3,014,330	\$ 970,274	\$ 321,381	\$ 340,000	\$ 322,000	\$ 350,000

General Notes

⁽¹⁾ Includes labor and benefits.

⁽²⁾ The District completed the Meter Implementation Program in 2011. The expenses for 2012 and forward are for the Meter Maintenance Program.

Fair Oaks Water District

2014 Annual Budget

Capital Improvement Program

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Wells & Tank							
Annual Well Pump Check	\$ -	\$ 900	\$ -	\$ -	\$ 3,000	\$ 2,000	\$ 4,000
Miscellaneous Bowl Replacement		-	3,065		20,000	10,000	20,000
Minor Water Supply Facilities Upgrades					10,000	5,000	10,000
Access Ladder at Tank Site Safety Improvements							10,000
Storage Tank Landscaping Project							18,000
Abandon an Existing Groundwater Well at Casabella					35,000	-	45,000
Complete environmental review and preliminary design approval. Drilling and casing installation at the Madison Well (Gum Ranch) ^[e]							600,000
Implementation of Telemetry (SCADA) Phase I					55,000	1,000	55,000
Heather Well Inspection and Rehabilitation			14,390				
Skyway Tank Inspection	15,331						
Park Well (New Pump)	1,325	81					
Radio Survey and Conversion				2,170		2,200	
Subtotal	\$ 16,656	\$ 981	\$ 17,455	\$ 2,170	\$ 123,000	\$ 20,200	\$ 762,000
Transmission & Distribution							
Services Upgrade ^{[f],[h]}	\$ 31,159	\$ 30,061	\$ 21,537	\$ 32,378	\$ 25,000	\$ 60,000	\$ 95,000
Hydrant Upgrades ^[g]	22,958	82,169	3,342	17,341	25,000	30,000	100,000
Minor Main Upgrades	16,256	12,969	13,983	26,565	25,000	25,000	75,000
Developer's Paid Projects-Service Installation etc.	5,800	7,388	26,656	24,467	20,000	20,000	20,000
Developer's Paid Main Line Projects	9,732	4,062	1,748	11,433	10,000	10,000	15,000
Installation of 800 LF of 24-inch Transmission Main on Walnut Ave. from Twin Lakes Ave. Westerly on Blue Oak Drive							715,000
Replacement of 8-inch Steel Main on Kentucky Lane from Sunset Ave. to the end of the Lane							141,000
Replacement of Steel Main on Main Ave. from South of Twin Lakes Ave. to Shumway Road							340,000
Replacement of 6-inch Steel Main on Central Ave. from Capitola Ave. to River Look							151,000
Gastman Way Water Main Improvement Project (Phase I); Complete topo survey, set property corners and clearing; Complete design.							50,000
Replacement of 12-inch Main on Fair Oaks Blvd. north of Plumeria Road to south Shangrila Drive							376,000
Edgevale Main Replacement (FOWD Portion) ^[i]					43,000	46,800	
Replace 4-inch Main with 8-inch PVC C-900 on Lakeside Way			112,864				

Fair Oaks Water District

2014 Annual Budget

Capital Improvement Program

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
Relocation of 12-inch AC from Backyard to Kitty Hawk Lane			91,560	92,790			
Installation of ARV's and Blow-offs at Various Locations on T-Mains			-	2,239	10,000	1,500	20,000
Replacement of 10-inch Steel Main with 8-inch PVC C-900 on Goodyear Drive ^{(d), (i)}					66,000	102,000	
Replacement of 10-inch Main with 12-inch PVC C-900 (FOB) ^(d)					120,000	175,000	
Installation of 850 LF of 24-inch T-Main (Walnut/Pershing/Twin Lakes Ave.)					700,000	700,000	
Replacement of 260 LF of 4-inch Steel Main on California Ave. ^{(g), (h)}					55,000	43,500	
Installation of 1,350 LF of 12-inch PVC (C900) Main on Twin Lakes			4,818	164,948			
Installation of 650 LF of 12-inch on Twin Lakes Rd (Phase II) ^{(f), (i)}					150,000	115,000	
Fair Oaks Village Streetscape Main Project				107,389		1,000	
County Overlay				39,842			
Hazel Widening Project Phase I	22,014	162	4,944			200	
Sunnybrook Main Replacement (31% MIP/69% CIP)		165,722					
Sunset Water Main Replacement (13% MIP/87% CIP)		6,167	521,539	1,912			
Donor Bluff Plaza		1,335					
T-Main 5001 Havelock	4,512						
Winding Way-Chicago Main WWCH	1,166						
Winding Way & Kenneth Main Relocation	139,404						
Hawaiian Tract Water Main Relocation Phase 3	13,101						
T-Main Repair Rimwood	4,564						
8361 Sunset (Water Main Cross) SUN	892						
Replacement - Wholesale Meters WSM	10,159						
Phoenix Park Meter Upgrades	46						
Subtotal	\$ 281,763	\$ 310,035	\$ 802,991	\$ 521,304	\$ 1,249,000	\$ 1,330,000	\$ 2,098,000
Total CIP⁽¹⁾	\$ 298,419	\$ 311,016	\$ 820,446	\$ 523,474	\$ 1,372,000	\$ 1,350,200	\$ 2,860,000

General Notes

⁽¹⁾ Includes labor and benefits.

Budget Transfers

^d The Board approved at the August 12, 2013 Regular Board Meeting additional funds for the Goodyear Drive Project of \$25,100 and Fair Oaks Blvd. of \$55,000.

^e The Madison Well (Gum Ranch) Project will be partially funded by connections fees.

^f Budget transfer from Twin Lakes to Service Upgrades of \$20,000.

^g Budget transfer from California Avenue to Hydrant Upgrades of \$5,000.

^h Budget transfer from California Avenue to Service Upgrades of \$5,000.

ⁱ As presented to the Board on February 11, 2013, the funds required to complete the project will be from connection fees reserves.

^j Budget transfer from Twin Lakes to Goodyear Drive of \$10,900.

Fair Oaks Water District

2014 Annual Budget

San Juan Water District 40-Inch Pipeline

Description	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Estimated 2013	Budget 2014
San Juan Water District 40-Inch Pipeline ⁽¹⁾	\$ -	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 2,000,000	\$ 1,745,000	\$ -
Total	\$ -	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 2,000,000	\$ 1,745,000	\$ -

General Notes

⁽¹⁾ Amounts for 2010 and 2011 SJWD-40 Inch were accrued for expenses incurred and actual payment processed as of 12/31/2012 is \$2,222,824.

Fair Oaks Water District

2014 Annual Budget Reserves and Designations

2012 Actual	2012 Revenues	Undesignated	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization Designation ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ -	\$ 2,914,300	\$ 149,200	\$ 1,533,600	\$ 4,597,100
Add: Revenues Collected						
Water Sales	\$ 8,108,701					
Interest Income	19,420					
Other Sources of Income	577,955					
Delinquencies & Late Fees	162,926					
Developer Paid Fees for Service	34,679					
Connection Fees	49,894					
Miscellaneous Revenue	42,864					
	8,996,439					
2012 Allocation	(8,996,439)	8,946,425		50,014	-	8,996,439
Subtotal Reserves and Designations		\$ 8,946,425	\$ 2,914,300	\$ 199,214	\$ 1,533,600	\$ 13,593,539
Expenses and payments						
Operating Expenses		5,270,610				5,270,610
Computer Equipment & Software		55,626	-			55,626
Debt Service		149,954	-			149,954
Facility & Office Equipment		12,211	-			12,211
Vehicles & Maintenance Equipment		52,894	-			52,894
CIP		523,474	-	-		523,474
SJWD 40-Inch Pipeline		1,919,154				1,919,154
Meter Maintenance Program		321,381	-			321,381
Total Expenses and Infrastructure		\$ 8,305,304	\$ -	\$ -	\$ -	\$ 8,305,304
Additional proposed allocation		954,500	173,700		(1,128,200)	-
Ending Reserve and Designation Balance		\$ 1,595,600	\$ 3,088,000	\$ 199,200	\$ 405,400	\$ 5,288,200
Policy (5050) Requirement⁽⁴⁾			\$ 3,088,000	N/A	\$ 405,400	\$ 3,493,400
Difference between Ending Reserve & Policy Requirement			0.0%		0.0%	51.4%

- 1) Emergency Designation target balance is six months of operating costs.
- 2) Connection fee reserve for capacity related project.
- 3) Rate Stabilization Designation is 5% of total water sales up to \$480,000.
- 4) Used 2013 budgeted operating expenses (\$6,176,000) for reserve requirement.

Fair Oaks Water District
2014 Annual Budget
Reserves and Designations

2013 Estimated	2013 Revenues	Undesignated	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization Designation ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ 1,595,600	\$ 3,088,000	\$ 199,200	\$ 405,400	\$ 5,288,200
Add: Revenues Collected						
Water Sales	\$ 8,241,800					
Interest Income	15,000					
Other Sources of Income	10,000					
Delinquencies & Late Fees	160,000					
Fire Service Fees	35,000					
Developer Paid Fees for Service	25,000					
Connection Fees	50,000					
Miscellaneous Revenue	54,600					
	8,591,400					
2013 Allocation	(8,591,400)	8,536,300		50,000	5,100	8,591,400
Subtotal Reserves and Designations		\$ 10,131,900	\$ 3,088,000	\$ 249,200	\$ 410,500	\$ 13,879,600
Expenses and payments						
Operating Expenses		5,556,400				5,556,400
Computer Equipment & Software		62,000	-			62,000
Debt Service		115,500	-			115,500
Facility & Office Equipment		33,500	-			33,500
Vehicles & Maintenance Equipment		204,300	-			204,300
CIP		1,303,400	-	46,800		1,350,200
SJWD 40-Inch Pipeline		1,745,000				1,745,000
Meter Maintenance Program		322,000	-			322,000
Total Expenses and Infrastructure		\$ 9,342,100	\$ -	\$ 46,800	\$ -	\$ 9,388,900
Additional proposed allocation		41,000	(42,600)		1,600	-
Ending Reserve and Designation Balance		\$ 830,800	\$ 3,045,400	\$ 202,400	\$ 412,100	\$ 4,490,700
Policy (5050) Requirement ⁽⁴⁾			\$ 3,045,400	N/A	\$ 412,100	\$ 3,457,500
Difference between Ending Reserve & Policy Requirement			0.0%		0.0%	29.9%

- 1) Emergency Designation target balance is six months of operating costs.
- 2) Connection fee reserve for capacity related project. The usage of connection fees in 2013 is for the Edgevale Project.
- 3) Rate Stabilization Designation is 5% of total water sales up to \$480,000.
- 4) Used 2014 budgeted operating expenses for Emergency Designation reserve requirement.

Fair Oaks Water District
2014 Annual Budget
Reserves and Designations

2014 Projected	2014 Revenues	Undesignated	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization Designation ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ 830,800	\$ 3,045,400	\$ 202,400	\$ 412,100	\$ 4,490,700
Add: Revenues Collected						
Water Sales	\$ 8,176,800					
Interest Income	16,000					
Other Sources of Income	5,000					
Delinquencies & Late Fees	160,000					
Fire Service Fees	35,000					
Developer Paid Fees for Service	35,000					
Connection Fees	25,000					
Meter Downsize	3,000					
Miscellaneous Revenue	6,000					
	8,461,800					
2014 Allocation	(8,461,800)	8,436,800		25,000	-	8,461,800
Subtotal Reserves and Designations		\$ 9,267,600	\$ 3,045,400	\$ 227,400	\$ 412,100	\$ 12,952,500
Expenses and payments						
Operating Expenses		6,090,700				6,090,700
Information Technology		99,500	-			99,500
Facility & Office Equipment		75,500	-			75,500
Vehicles & Maintenance Equipment		151,500	-			151,500
CIP		2,632,600	-	227,400		2,860,000
Meter Maintenance Program		350,000	-			350,000
Total Expenses and Infrastructure		\$ 9,399,800	\$ -	\$ 227,400	\$ -	\$ 9,627,200
Additional proposed allocation		132,200	(128,900)		(3,300)	-
Ending Reserve and Designation Balance		\$ -	\$ 2,916,500	\$ -	\$ 408,800	\$ 3,325,300
Policy (5050) Requirement ⁽⁴⁾			\$ 3,045,400	N/A	\$ 408,800	\$ 3,454,200
Difference between Ending Reserve & Policy Requirement			-4.2%		0.0%	-3.7%

1) Emergency Designation target balance is six months of operating costs.

2) Connection fee reserve for capacity related project. The total projected balance will be used for the Madison Well (Gum Ranch) Construction.

3) Rate Stabilization Designation is 5% of total water sales up to \$480,000.

4) Used 2014 budgeted operating expenses for Emergency Designation reserve requirement.



RATES, FEES & CHARGES

Fair Oaks Water District

Metered Service Charges and Commodity Rates ⁽¹⁾

Bi-Monthly Fixed Service Charges			
Meter Size (Inch)	2012	2013	2014
1	\$ 65.10	\$ 65.10	\$ 65.10
1.5	119.31	119.31	119.31
2	184.28	184.28	184.28
3	357.56	357.56	357.56
4	552.61	552.61	552.61
6	1,093.84	1,093.84	1,093.84
8	1,744.82	1,744.82	1,744.82
10	2,718.87	2,718.87	2,718.87

	2012	2013	2014
Commodity Rate per CCF ⁽²⁾	\$ 0.45	\$ 0.45	\$ 0.45

Shared Metered Services:

User Category	2012	2013	2014
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$65.10 per parcel + consumption ⁽⁴⁾	\$65.10 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾

- (1) Customers outside the District's service area will pay an additional 50% of the above water rates or as otherwise determined by Fair Oaks Water District.
- (2) One CCF is equal to 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.
- (3) Requires separation of common area and irrigation water systems with each irrigation water service billed based on meter size plus consumption.
- (4) Consumption measured by a master meter with one responsible party in billing for the master meter.
- (5) Each connection will be billed a fixed service charge based on meter size plus consumption with one responsible party in billing for the account.

Fair Oaks Water District

Schedule of Fees and Charges

2014

Activity	2013	2014
New Business		
Connection Fees:		
1" service	\$ 4,643	\$ 4,643
1.5" service	\$ 10,447	\$ 10,447
2" service	\$ 18,572	\$ 18,572
3" service	\$ 33,430	\$ 33,430
4" service	\$ 59,430	\$ 59,430
6" service	\$ 133,718	\$ 133,718
8" service	\$ 237,722	\$ 237,722
10" service	\$ 371,440	\$ 371,440
Tapping and Service Installation Fees:		
1" service	T&M	T&M
1.5" service	T&M	T&M
2" service	T&M	T&M
Hydrant Flow Testing Fees:		
Fire flow test	\$ 200	\$ 200
Fire flow letter	\$ 75	\$ 75
Backflow Device Testing Fee:		
Test and tag	\$ 125	\$ 125
Inspection Fee:		
Inspection per hour (1 hour minimum)	\$ 90	\$ 90
Development Fees:		
Application for water service fee	\$ 50	\$ 50
Plan checking (minimum)	\$ 300	\$ 300
Plan checking-additional (per hour)	\$ 100	\$ 100
Construction Fee:		
Construction Fee	T&M	T&M
Water for Construction Purposes:		
Construction meter deposit (with certified backflow device)	\$ 1,500	\$ 1,500
Construction meter daily charge	\$ 5	\$ 5
Cost of construction water (per CCF)	\$ 1.66	\$ 1.66
Bacteriological sampling (includes lab cost)	\$ 150	\$ 150
Additional testing (same location and time)	\$ 50	\$ 50

Fair Oaks Water District

Schedule of Fees and Charges (Continued)

2014

Activity	2013	2014
Other Fees		
Payment Processing Fee:		
Return check fee	\$ 25	\$ 25
Meter Service Fees:		
Meter re-read fee	\$ 25	\$ 25
Meter test fee	\$ 50	\$ 50
Reduce service size (1.5-inch to 1-inch)	\$ 250	\$ 250
Reduce service size (2-inch to 1-inch)	\$ 250	\$ 250
Reduce service size (2-inch to 1.5-inch)	\$ 300	\$ 300
Late Penalty Fee:		
Late penalty fee - assessed after the payment due date	10%	10%
Lien Processing Fee:		
Lien processing fee	\$ 25	\$ 25
Disconnect Service Fees:		
Final notice service fee	\$ 19	\$ 19
Disconnect service fee	\$ 61	\$ 61
Deposit	\$ 125	\$ 125

Fair Oaks Water District

Schedule of Service Rates for Dedicated Fire Service Connections 2014

Bi-Monthly Service Charges		
Service Size	2013	2014
2-inch service	\$ 15	\$ 15
3-inch service	\$ 30	\$ 30
4-inch service	\$ 45	\$ 45
6-inch service	\$ 90	\$ 90
8-inch service	\$ 145	\$ 145
10-inch service	\$ 225	\$ 225

APPENDIX A- GLOSSARY OF TERMS

Arbitrage – Taxes due to the Internal Revenue Service when the C.O.P. retirement reserves earnings rate exceeds the C.O.P. debt interest rate.

Assets – Assets can include cash, investments, inventory, property, pipelines, long-term agreements, or accounts receivables.

Budget - The primary purpose of the Budget is to provide the Board and public with an estimate of the total available resources of the District, to set spending and program priorities, and to account for and allocate cash flows. A budget is viewed as a planning tool that can and often does change over the fiscal cycle.

Budget Committee – An Ad-hoc Committee appointed by the Board president to develop and review the budget and proposed rates prior to presenting to the full Board.

Capacity Costs – A component of the metered rate, which includes fixed water costs, which vary in relation to the capacity of the water system. The sizing of the water system is based on the potential demand each customer could place on the water system. Capacity costs are allocated to customers based on the size (hydraulic capacity) of the water meter (or service connection). A customer with a larger water meter will bear a larger allocation of fixed capacity-related costs than one with a smaller water meter. Capacity costs include debt service, maintenance costs, capital outlay, meters, public fire hydrants, etc. and are included as a component of the fixed metered service charge.

Capital Program – Equipment replacement, meter installations, well improvements, pipeline improvements and service line upgrades are components of the capital program.

CCF – One CCF equals one hundred cubic feet. One hundred cubic feet equals 748 gallons. Metered water use is measured in cubic or one hundred cubic feet.

Commodity Costs – Variable costs of water delivery that vary with the amount of actual water use. Water purchase, pumping, treatment, and conservation costs are some examples of commodity costs.

Connection Fees – Represent the cost to ‘buy into’ the FOWD water system and are restricted for capacity enhancement projects by AB1600.

CPI - Consumer Price Index is a general measure of inflation of consumer products, but does not account for inflation in several building related products regularly used by the District.

COP - Certificates of Participation proceeds from the sale of debt. Repayment of principal and interest is scheduled annually, usually over 20 years.

Customer Costs – Fixed costs of water delivery that tend to vary as a function of the number of customers being serviced. Examples of customer service costs include meter reading, billing, and customer service.

Debt Service - Payments of principal and interest on indebtedness incurred to finance the construction of a capital project.

Designated Funds - A separate set of accounts used to record receipts and use of money designated or restricted by the Board for specific purposes. The District's finances are distributed into separate funds required by state or federal government, or by prudent finance practices. Designated fund types include the following:

- *Certificate of Participation (C.O.P.) Reserve* is funds received from COP proceeds earmarked for a specific purpose. Financing agreements typically restricts these funds.
- *C.O.P. Retirement Reserve* funds are used to repay the principal and interest on indebtedness, as well as any fees associated with debt issuance.
- *Connection Fee Reserve* funds are connection and related fees segregated according to AB1600. These funds can be used for expanding water system capacity.
- *Emergency Designation* funds are set funds designated by the Board to be used for emergencies as defined by the Board.
- *Rate Stabilization Designation* funds are used to mitigate the cash loss from converting from a flat rate billing structure to a metered rate structure. Additionally, this reserve will be used to absorb revenue fluctuations due to sudden changes in metered water use.

Expense – A term used to describe the operating costs of the District.

Expenditure - A term used to describe any type of authorized District costs, either operational or capital in nature.

Fiscal Year - The 12 month accounting period used by some governmental agencies, usually from July 1, through the following June 30. The District accounting period is from January 1 through December 31, and coincides with the calendar year.

Fixed Assets - The assets of the District representing pipeline, wells, tanks, meters, equipment, furniture, and property.

Fixed Service Charge – A component of metered rates that includes customer costs and capacity costs. These charges vary based upon the meter size since meter size affects capacity costs.

Fund Balance - The excess of the total assets of a fund over its total liabilities. The fund balance does not equal designated cash reserves.

Indebtedness - Amount of principal due on outstanding COPS, loans, accounts payable and accrued liabilities.

Interest Income - Income earned on the investment of available cash balances.

Liabilities - Amount of funds obligated by the District, such as accounts payable, deferred revenues, debt service payments or amounts due other funds.

Operational Costs - Costs for labor, contractual services, repairs and maintenance, electricity, water purchases, internal services, supplies and other expenses. These expenses are generally predictable and consistent with the service demands of the District.

Other Income - Includes property sales and income from developments that are not assignable to distinct activities or funds.

Projects - Long-term investments in public facilities and infrastructure; also known as capital improvements. Amounts spent may widely vary from year to year.

Revenue - Money received from fees for water service, licenses, permits, interest, bonds, taxes, or from other governments by the District during the fiscal year.

Total Budget – Beginning reserves, plus total revenues, less total expenditures (including projects), equals ending available reserve balances.



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