

FAIR OAKS
WATER DISTRICT

2015 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
2015 Annual Budget
Adopted November 10, 2014

PRINCIPAL DISTRICT OFFICIALS

BOARD OF DIRECTORS – ELECTED OFFICIALS

Lonny Gossett, President
Michael McRae, Vice President
Misha Sarkovich, Director
Randy Marx, Director
Dave Underwood, Director

MANAGEMENT

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

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**FAIR OAKS WATER DISTRICT
Table of Contents
2015 Annual Budget**

INTRODUCTION..... 1

BUDGET OVERVIEW AND HIGHLIGHTS..... 3

District Water Rates..... 4

Revenues..... 5

Expenses..... 6

Reserves and Designations..... 7

BUDGET PRINCIPLES AND PROCESS OVERVIEW..... 8

Budget Control..... 8

Basis of Budgeting..... 9

ORGANIZATION SUMMARY

Organizational Chart..... 11

District Principles, Goals and Objectives..... 12

District Principles..... 12

District Goals and Objectives..... 13

District Financial Policies..... 14

Budget Preparation..... 14

Fixed Asset Accounting Control..... 14

District Reserve Funds and Designations..... 14

Investments of District Funds..... 15

Authorization of Expenses..... 16

FINANCIAL SUMMARIES

District Revenues..... 17

Water Sales..... 17

Other Revenues..... 18

District Expenses..... 18

Water Supply..... 19

Capital Program Expenses Overview..... 20

Operating Outlay..... 22

Reserves and Designations..... 24

FINANCIAL DETAILS

Financial Plan Summary of Revenues and Expenses..... 25
Revenue Summary.....26
Expense Summary..... 27
Debt Service.....33
Capital Program Expenses
 Computer Equipment & Software.....34
 Vehicles & Maintenance Equipment.....35
 Facilities & Office Equipment..... 36
 Meter Implementation Program/Meter Maintenance Program..... 37
 Capital Improvement Program (CIP).....38
 San Juan Water District 40-Inch Pipeline..... 40
Reserves and Designations..... 41

RATES, FEES & CHARGES

Metered Service Charges and Commodity Rates..... 44
Schedule of Fees and Charges..... 45
Schedule of Service Rates for Dedicated Fire Service Connections..... 47

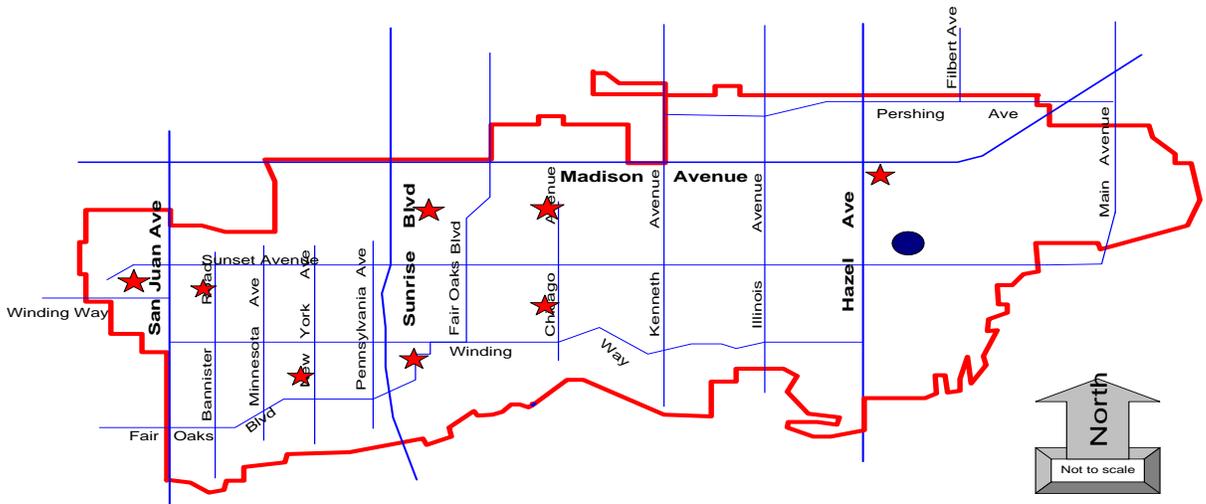
APPENDIX A – GLOSSARY OF TERMS..... 48

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 approximately 14,000 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

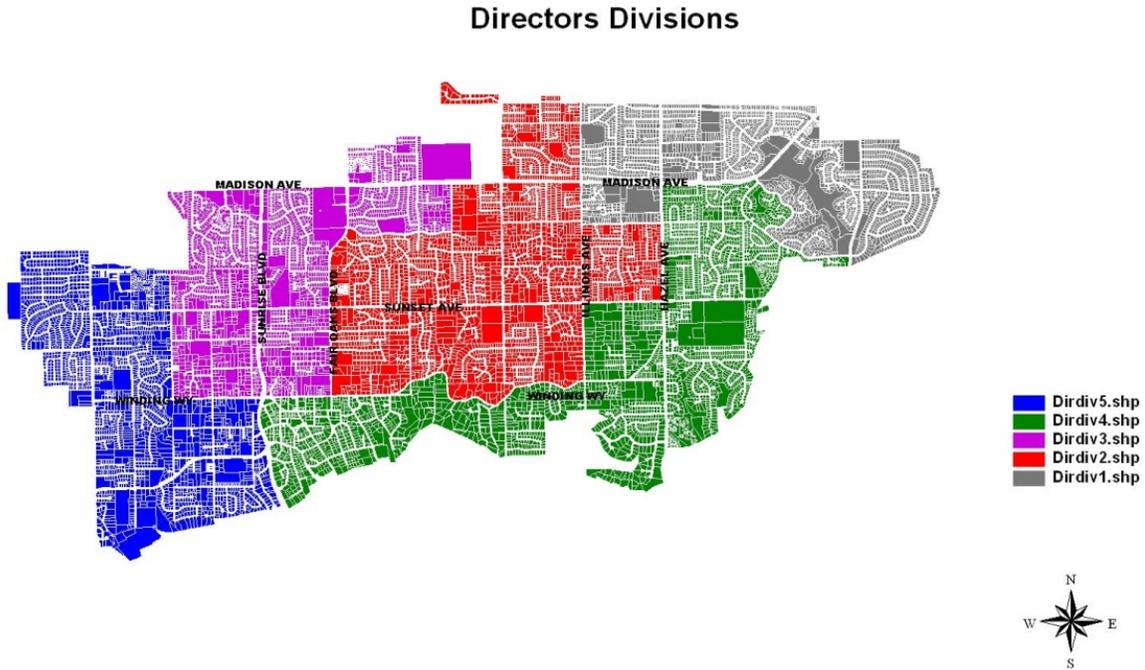
The District is governed by five board members. The board members are publicly elected to four-year staggered terms representing geographic divisions. The Board delegates day-to-day operations authority to an appointed General Manager and staff.

DIRECTORS	YEARS OF SERVICE	DIVISION
Lonny Gossett, President	5 Years	Division 3
Michael McRae, Vice President	2.5 Years	Division 2
Randy Marx, Director	10 Years	Division 4
Misha Sarkovich, Director	10 Years	Division 5
Dave Underwood, Director	< 1 Year	Division 1

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 2015 Budget was prepared by staff and presented to the Budget Committee on October 15, 2014. The 2015 Budget was presented to the full Board for approval and adoption at the public meeting on November 10, 2014. The Board elected not to make any rate adjustments in 2015.

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 2015. 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).

District Water Rates

The following are water rate schedules and structures for the past years.

Fair Oaks Water District Approved Three-Year Water Rates			
Bi-Monthly Fixed Service Charges			
Meter Size (Inch)	2013	2014	2015
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

	2013	2014	2015
Commodity Rate per CCF*	\$ 0.45	\$ 0.45	\$ 0.45

*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.

Fair Oaks Water District Schedule of Rate Increase/Adjustment for the Current and Past Years									
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
0%	0%	0%	0%	0%	0%	3%	0%	0%	0%

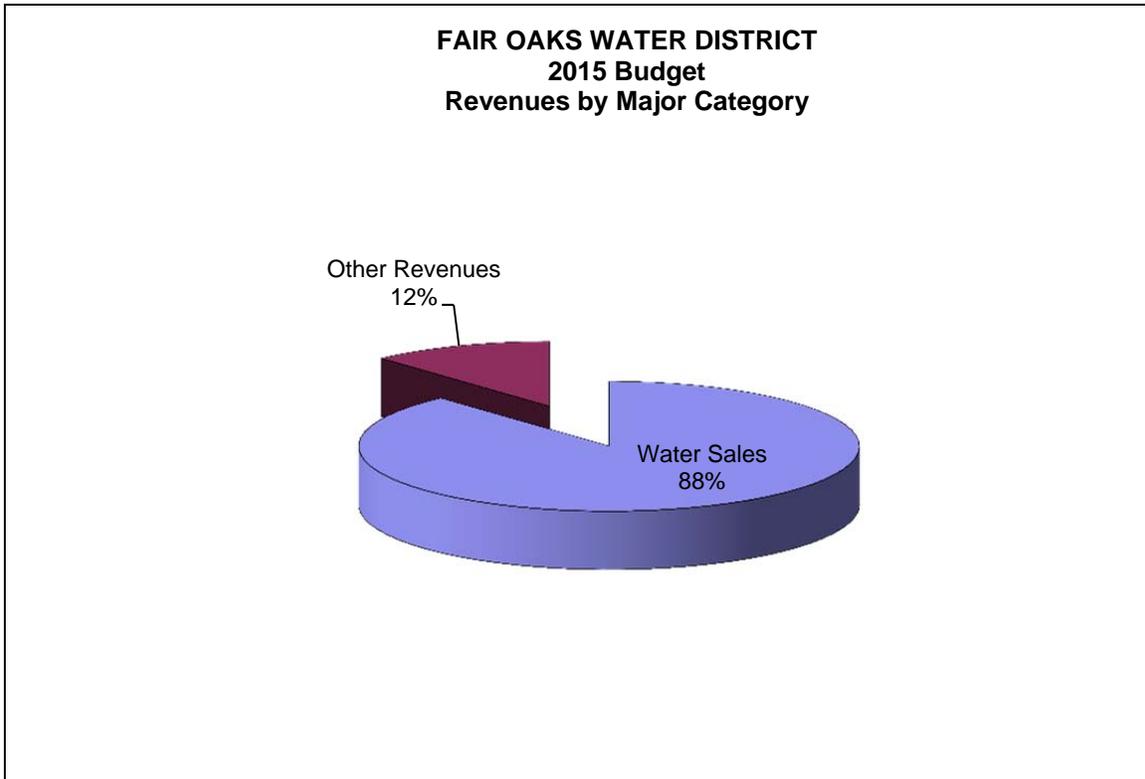
Since 2006-2015, the Board approved a total of 3% increase on total revenues.

Fair Oaks Water District 2015 Water Rate Structure				
Description	2014 Estimated		2015 Budget	
	Water Sales	%	Water Sales	%
Fixed Service Charge	\$ 6,012,000	77%	\$ 6,012,000	77%
Commodity Charge	1,767,000	23%	1,803,600	23%
Total	\$ 7,779,000		\$ 7,815,600	

Revenues

The District projects revenues of \$8,854,100 in 2015.

2015 Projected Revenues by Major Category	
Water Sales	\$ 7,815,600
Other Revenues	1,038,500
Total	\$ 8,854,100



The District’s 2014 end of the year projection of water sales compared to the 2014 Budget is estimated to have a 4.86% variance; as shown in the table below. The decrease in water sales in 2014 is from the decrease in water consumption (attributed to conservation effort).

Description	2014 Budget	2014 Estimated	Difference	% Change
Total Water Sales	\$ 8,176,800	\$ 7,779,000	\$ (397,800)	-4.86%

The District projects an increase of approximately 8.27% in total revenues for 2015 (\$8,854,100) over the estimated 2014 (\$8,177,600). The projected increase was primarily from the anticipated grant funding for the Madison Well.

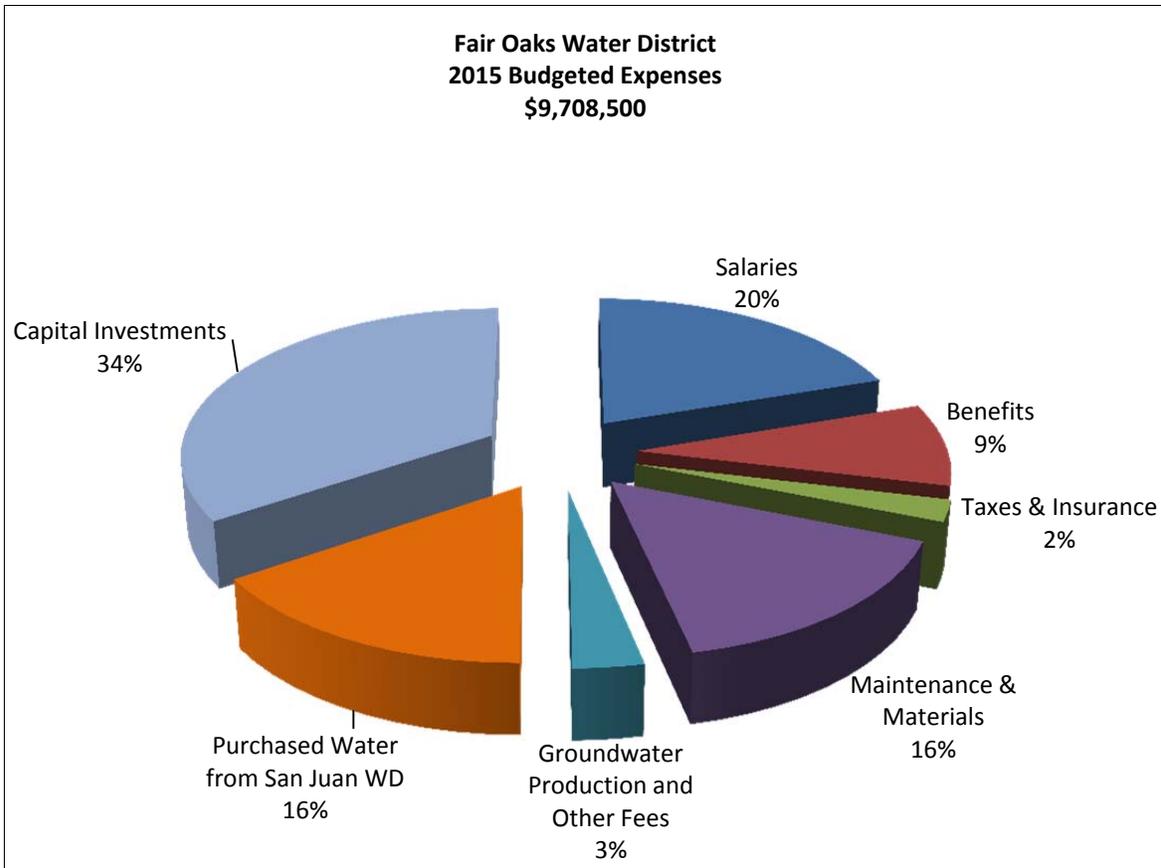
Expenses

The District's total estimated expenses for 2015 are \$9,708,500. These expenses include cost for the meter maintenance program, facility and equipment replacement, and transmission and distribution system improvements. The District projected to spend 34% of the total expense budget on capital investments in 2015.

The District projects a 4.45% increase in total operating expenses for 2015 Budget (\$6,362,400) over the 2014 Budget (\$6,090,700). Part of the increase was due to the District decrease in capitalized labor in 2015.

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

Fair Oaks Water District 2015 Budgeted Expenses	
Salaries	\$ 1,922,200
Benefits	867,500
Taxes & Insurance	225,600
Maintenance & Materials	1,516,600
Groundwater Production and Other Fees	310,500
Purchased Water from San Juan WD	1,520,000
Capital Investments	3,346,100
Total	\$ 9,708,500



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 and other capital projects in 2014 and 2015.

The District's 2015 budget projects a net loss of (\$854,400). The District will use reserve(s)/designation(s) to offset the (\$854,400) projected deficit. The District's current reserve policy is to maintain a total of \$3.57M (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 \$3.49M (\$0.08M below the District's current reserve policy). See reserve balance summary for more detail on pages 41-43.

The District recognizes that based on GASB 68, the District is required to record the net pension liability in its statement of net position in 2015. CalPERS anticipates releasing the actuarial information in 2015. The District will inform the Board of the impact when the information becomes available.

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

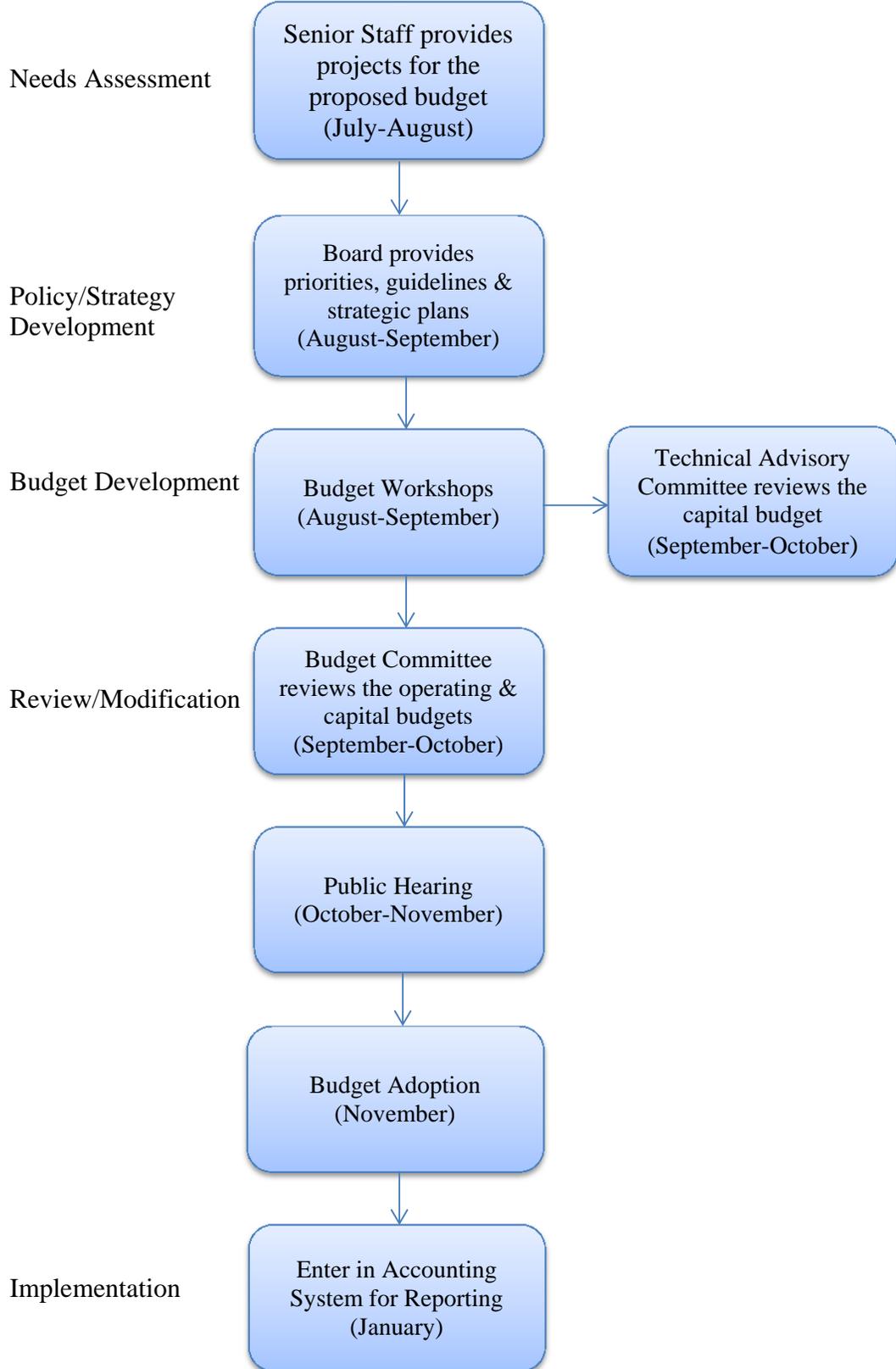
overall District spending, while making senior staff accountable for internal operations and expenses.

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.

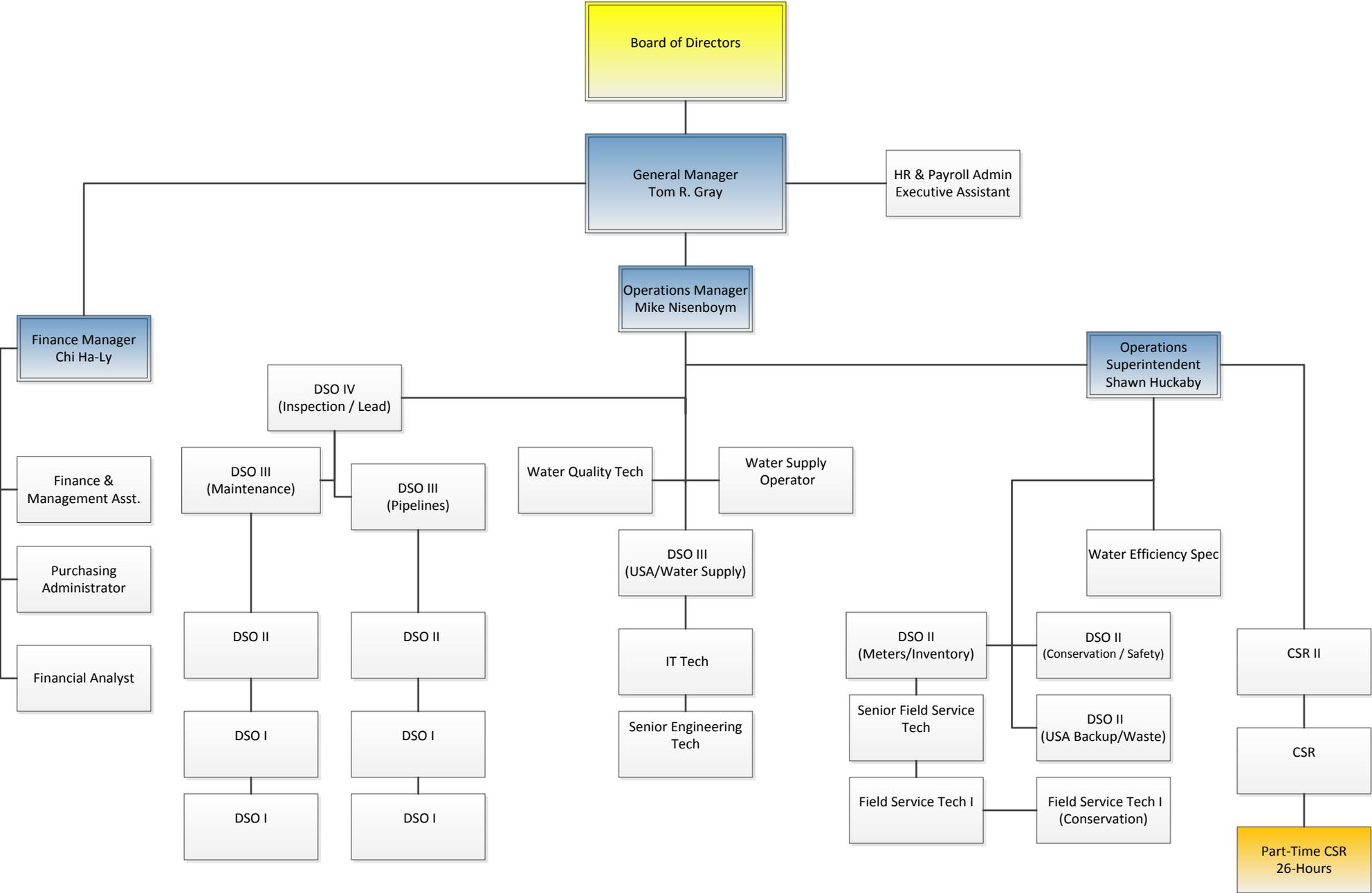
General Budget Timeline



Fair Oaks Water District Organization Chart

2015 Budget

32 Board Approved Positions



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 2015:

- ✓ Water Sales
- ✓ Other Revenues

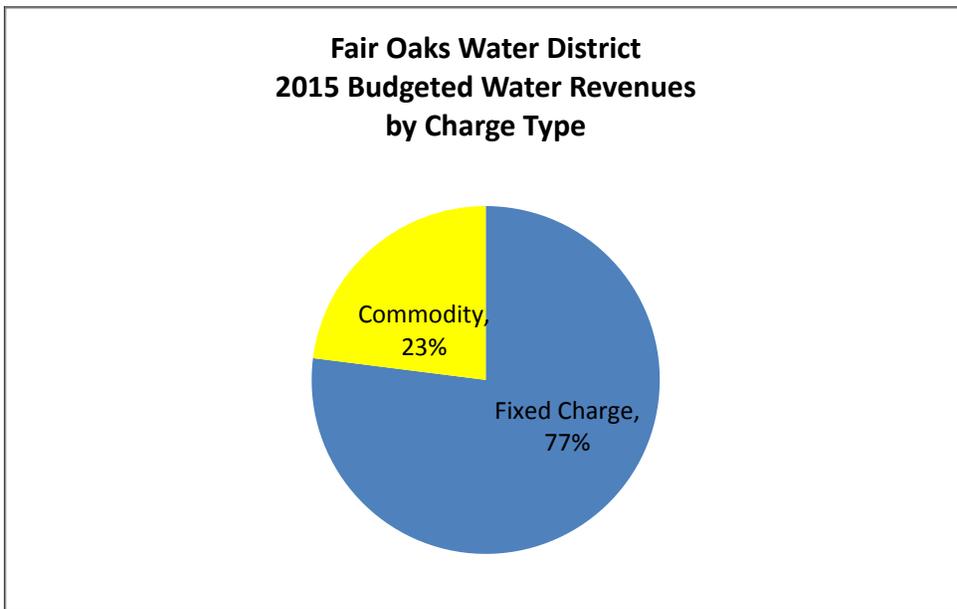
Water Sales

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 77% 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 23% 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

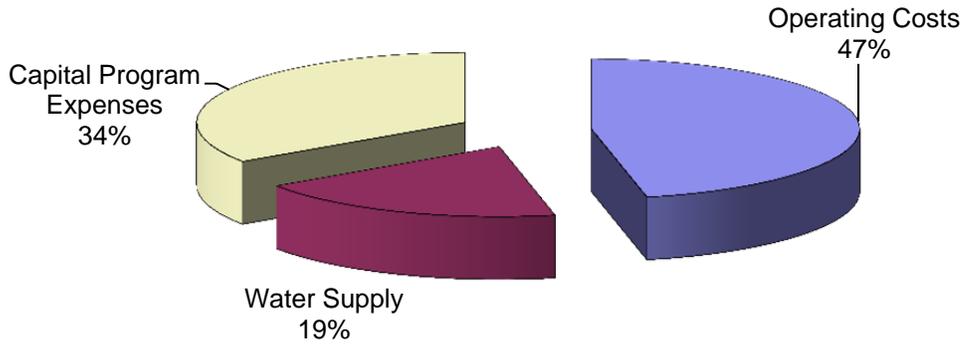
The District’s expenses can be categorized into three major groups:

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

2015 Projected Expenses by Major Category	
Operating Costs	\$ 4,531,900
Water Supply	1,830,500
Capital Program Expenses	3,346,100
Total	\$ 9,708,500

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

**FAIR OAKS WATER DISTRICT
2015 Budget
Expenses by Major Category**



Water Supply

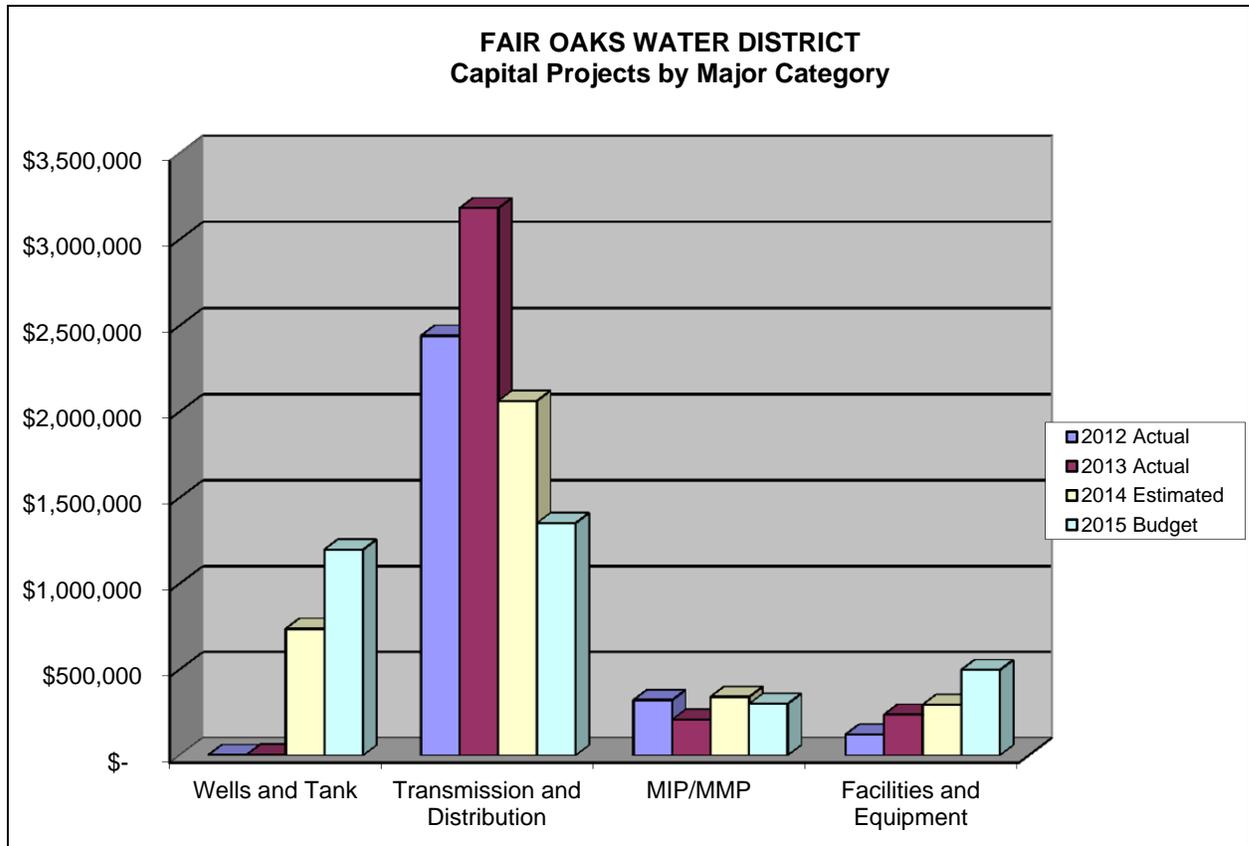
The District’s main water supply is surface water purchased from the San Juan Water District. San Juan Water District provides approximately 90% of the FOWD water demand. The District has purchased on average approximately 10,400 Acre-Feet of surface water over the past five years. The District projects purchasing approximately 8,000 AF of treated surface water from SJWD in 2015 with 2,000 AF produced by District’s groundwater wells.

Projected 2015 Water Supply Costs	
<i>Purchased Surface Water</i>	
Commodity Charge (\$89.17 per AF x 8,000 AF)	\$ 713,360
Service Charge	359,690
Contingency	2,993
Debt Service Charge	443,957
<i>Total Purchased Surface Water</i>	\$ 1,520,000
<i>Groundwater Production & Other Fees</i>	310,500
Total Water Supply Costs	\$ 1,830,500

Capital Program Expenses 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 Program Expenses Overview				
Category	2012 Actual	2013 Actual	2014 Estimated	2015 Budget
Wells and Tank	\$ 2,170	\$ 4,947	\$ 736,600	\$ 1,197,500
Transmission and Distribution	2,440,458	3,181,447	2,062,800	1,352,000
MIP/MMP	321,381	207,582	340,100	300,000
Facilities and Equipment	120,731	236,690	293,900	496,600
Total	\$ 2,884,740	\$ 3,630,666	\$ 3,433,400	\$ 3,346,100



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 \$300,000 was estimated in the 2015 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 drilled the Madison Well in 2014 and budgeted for the design, equipment and site improvement in 2015.

PROJECT DESCRIPTION	ESTIMATED COSTS
Design, equipment and site improvement for Madison Well	\$ 1,100,000

Transmission and Distribution

The District continues to repair and replace aging infrastructure throughout its system. The District scheduled the following projects for 2015:

PROJECT DESCRIPTION	ESTIMATED COSTS
Replacement of 1,450 LF of 18-inch steel main with 16-inch DIP on Gastman from Pennsylvania to Dory	\$ 475,000
Replacement of 550 LF of 12-inch steel main with 12-inch PVC on Main Ave. from Buffalo to Rolling Glen (Phase 2)	\$ 190,000
Replacement of 1,000 LF of 8-inch steel with 8-inch PVC on Johnson from W.W. to Zelinda	\$ 230,000
Replacement of 500 LF of 4-inch steel main with 6-inch PVC Riverfront	\$ 87,000
Replacement of services on Robin Road (40)	\$ 100,000

Facilities and Equipment

The amount of \$391,600 was allocated for replacement of office equipment, computer software, computer equipment, maintenance equipment and trucks and vehicles in 2015. The District budgeted \$105,000 for office building improvements in 2015.

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 2015 (see discussion under *Capital Program Expenses*).

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.

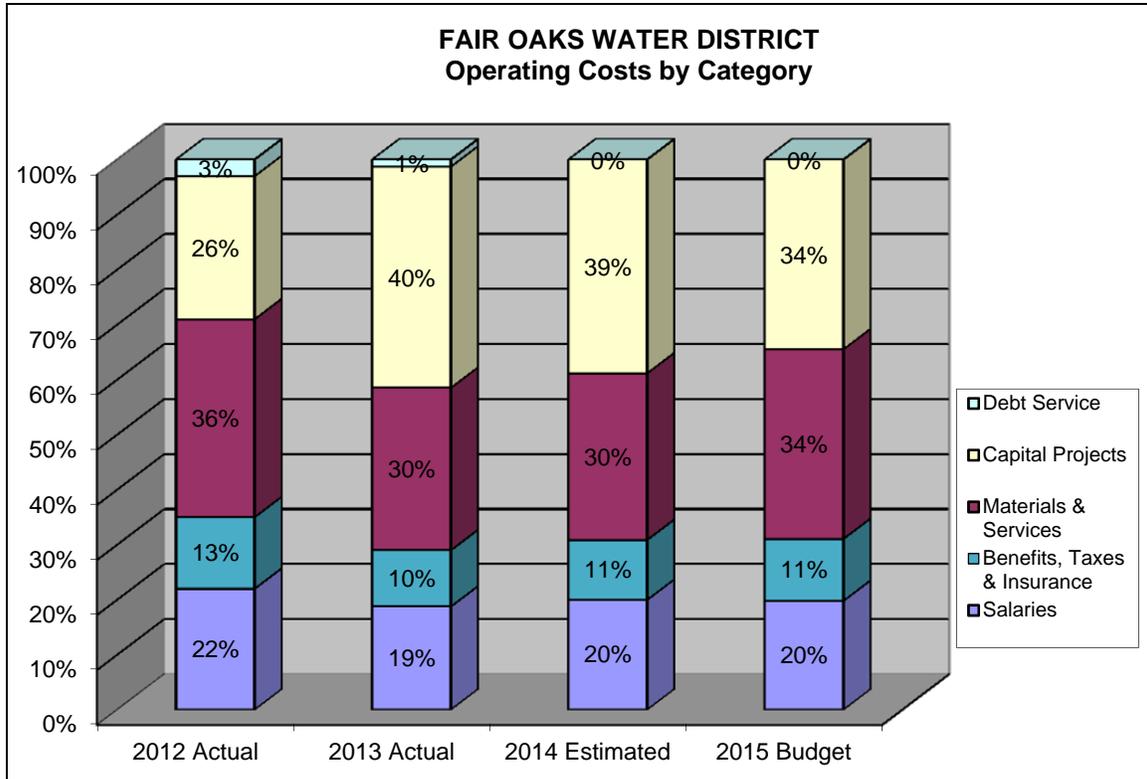
Board of Directors

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 2012. The salaries and benefits in the table and chart reflect the net labor being capitalized to projects.

Operating Costs by Category				
Category	2012 Actual	2013 Actual	2014 Estimated	2015 Budget
Salaries	\$ 1,666,821	\$ 1,693,394	\$ 1,766,300	\$ 1,922,200
Benefits, Taxes & Insurance	947,616	924,774	961,900	1,093,100
Materials & Services	2,656,173	2,667,049	2,678,000	3,347,100
Capital Program Expenses	2,884,740	3,630,666	3,433,400	3,346,100
Debt Service	149,954	115,451	-	-
Total	\$ 8,305,304	\$ 9,031,334	\$ 8,839,600	\$ 9,708,500



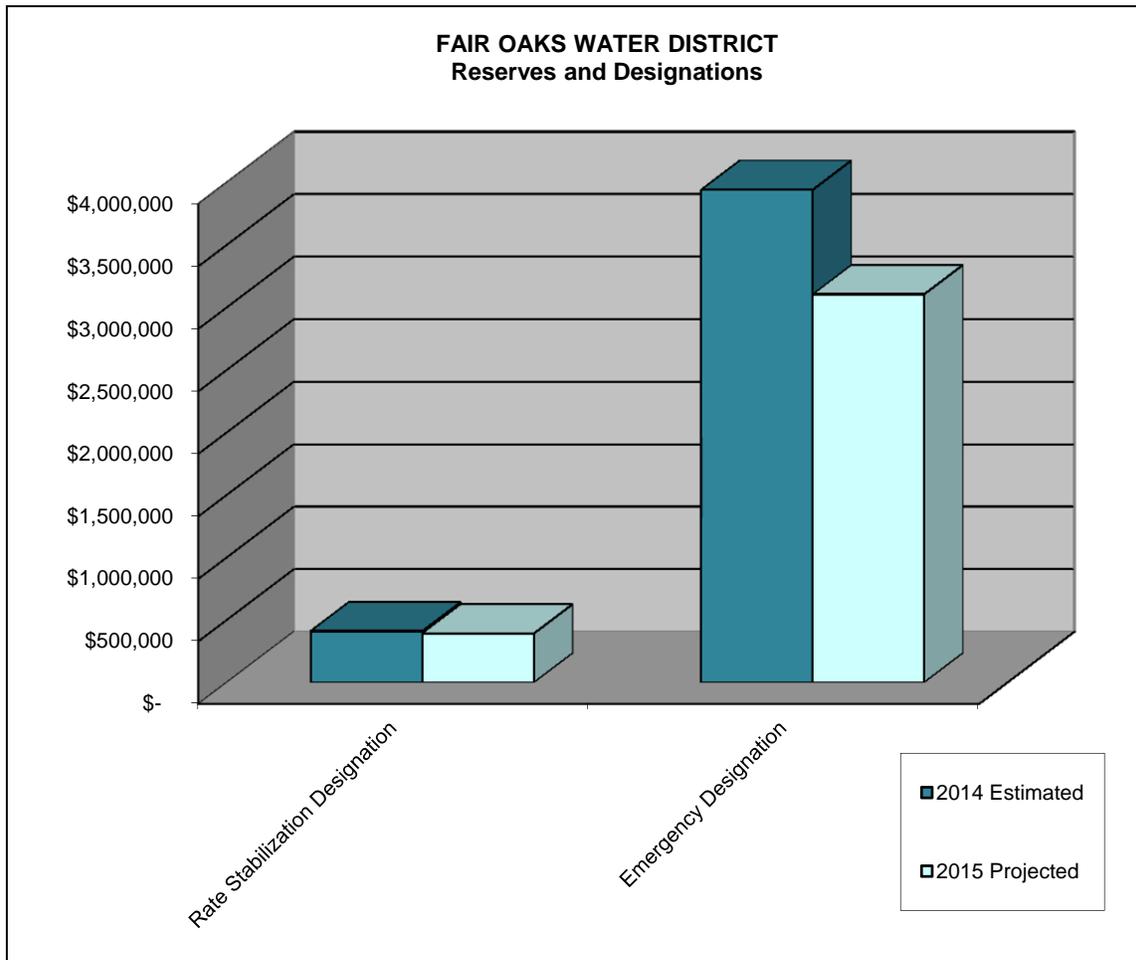
Personnel Summary Full Time Equivalent (FTE)					
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Board Approved	40	36	32	32	32

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	2014 Estimated	2015 Projected
Rate Stabilization Designation	\$ 408,800	\$ 390,800
Emergency Designation	3,940,200	3,103,800
Total	\$ 4,349,000	\$ 3,494,600





FINANCIAL DETAILS

Fair Oaks Water District
2015 Annual Budget
Financial Plan Summary of Revenues and Expenses

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Revenues							
<i>Total Operating Revenues</i>	\$ 8,032,377	\$ 8,075,778	\$ 8,306,306	\$ 8,470,700	\$ 8,406,800	\$ 7,991,400	\$ 8,028,100
<i>Total Non-Operating Revenues</i>	180,034	226,075	690,133	283,434	55,000	186,200	826,000
<i>Total Revenues</i>	\$ 8,212,411	\$ 8,301,853	\$ 8,996,439	\$ 8,754,134	\$ 8,461,800	\$ 8,177,600	\$ 8,854,100
Expenses							
Operating Expenses	\$ 4,793,669	\$ 5,222,533	\$ 5,270,610	\$ 5,285,217	\$ 6,090,700	\$ 5,406,200	\$ 6,362,400
Debt Service	1,089,900	236,082	149,954	115,451	-	-	-
<i>Total Expenses</i>	\$ 5,883,569	\$ 5,458,615	\$ 5,420,564	\$ 5,400,668	\$ 6,090,700	\$ 5,406,200	\$ 6,362,400
Net Income (Loss) before Capital Program Expenses	\$ 2,328,842	\$ 2,843,238	\$ 3,575,875	\$ 3,353,466	\$ 2,371,100	\$ 2,771,400	\$ 2,491,700
Capital Program Expenses							
<i>Computer Equipment & Software</i>	\$ 36,248	\$ 63,111	\$ 55,626	\$ 23,424	\$ 99,500	\$ 82,800	\$ 94,500
<i>Vehicles & Maintenance Equipment</i>	31,202	7,433	52,894	198,470	151,500	145,100	252,600
<i>Facility & Office Equipment</i>	488,325	46,421	12,211	14,796	75,500	66,000	149,500
<i>MIP/MMP</i>	3,014,330	970,274	321,381	207,582	350,000	340,100	300,000
<i>CIP</i>	311,016	820,446	523,474	1,441,463	2,860,000	2,799,400	2,549,500
<i>Total Capital Program Expenses</i>	\$ 3,881,121	\$ 1,907,685	\$ 965,586	\$ 1,885,735	\$ 3,536,500	\$ 3,433,400	\$ 3,346,100
SJWD 40-Inch Pipeline (Non-Operating Exp.)	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -
Total Expenses including Capital Program	\$ 9,999,690	\$ 7,434,970	\$ 8,305,304	\$ 9,031,334	\$ 9,627,200	\$ 8,839,600	\$ 9,708,500
Net Income (Loss)	\$ (1,787,279)	\$ 866,883	\$ 691,135	\$ (277,200)	\$ (1,165,400)	\$ (662,000)	\$ (854,400)
Ending Reserve/Designated Balance	\$ 3,730,200	\$ 4,597,100	\$ 5,288,200	\$ 5,011,000	\$ 3,845,600	\$ 4,349,000	\$ 3,494,600

Fair Oaks Water District

2015 Annual Budget

Revenue Summary

Description	Acct #	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Operating Revenues:								
<u>Water sales</u>								
Residential-unmetered flat rates	4010/4140	\$ 6,832,811	\$ 6,739,979	\$ -	\$ -	\$ -	\$ -	\$ -
Fixed service charge	ALL CUSTOMERS			6,010,409	6,017,978	6,011,800	6,012,000	6,012,000
Commodity charge	ALL CUSTOMERS			2,098,292	2,217,919	2,165,000	1,767,000	1,803,600
Metered service charges - resid.	4025	65,409	122,900					
Metered commodity rates - resid.	4020	11,732	13,203					
Metered service charges - non-resid.	4035, 4026-4028	708,333	722,021					
Metered commodity rates - non-resid.	4030, 4021-4023	221,525	209,880					
Commercial flat	4037	13,099	12,853					
San Juan Family Dry-Year Supply	4014							
<i>Total Water Sales</i>		7,852,909	7,820,836	8,108,701	8,235,897	8,176,800	7,779,000	7,815,600
<u>Other Fees/Revenues</u>								
Delinquencies & late fees	4050/4055/4060	161,761	198,156	162,926	161,239	160,000	140,000	140,000
Fire service fees ⁽¹⁾	4038			2,040	49,352	35,000	32,400	42,500
Developer paid fees for service	4150/4130	17,707	56,786	32,639	24,212	35,000	40,000	30,000
Total Operating Revenues		\$ 8,032,377	\$ 8,075,778	\$ 8,306,306	\$ 8,470,700	\$ 8,406,800	\$ 7,991,400	\$ 8,028,100
Non-Operating Revenues:								
Interest revenue	4610	\$ 36,438	\$ 28,182	\$ 19,420	\$ 12,916	\$ 16,000	\$ 13,700	\$ 13,000
Connection fees	4110/4120	27,843	17,260	49,894	9,286	25,000	92,000	50,000
Grants	4320	19,696						700,000
Revenues from reimbursement ⁽²⁾	4095/4096/4156		124,001	577,955	158,817	5,000	11,000	17,500
Meter downsizing	4186					3,000	500	500
Miscellaneous revenue	4015/4170/4175/4180 /4185/4186/4310/404 2/4330	90,370	28,544	21,585	7,619	1,000	4,000	
(Loss) gain on disposal of assets	4080/4090	5,687	28,088	21,279	94,796	5,000	65,000	45,000
Total Non-Operating Revenues		\$ 180,034	\$ 226,075	\$ 690,133	\$ 283,434	\$ 55,000	\$ 186,200	\$ 826,000
Total Revenues		\$ 8,212,411	\$ 8,301,853	\$ 8,996,439	\$ 8,754,134	\$ 8,461,800	\$ 8,177,600	\$ 8,854,100

⁽¹⁾ Fire service fees, \$4,772 recorded in 2013 belongs in 2014.

⁽²⁾ Line item description changed to clarify source of revenues.

Fair Oaks Water District

2015 Annual Budget

Expense Summary

		Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
	Acct #	2010	2011	2012	2013	2014	2014	2015
Labor & Benefits⁽¹⁾								
Salaries and Wages								
Salaries	5010	\$ 1,942,620	\$ 1,942,747	\$ 1,821,161	\$ 1,853,581	\$ 2,054,500	\$ 1,938,000	\$ 2,054,500
On-call	5011	28,688	26,618	25,822	26,370	30,000	30,000	30,000
Overtime	5011	46,274	27,003	11,766	15,824	25,000	25,000	25,000
Certificate Incentive Program	5010	17,314	7,533	7,183	4,282	20,000	10,000	15,000
Temporary labor/Part-time	5010	92,896	11,039	-	1,403	20,000	15,000	63,400
<i>Salaries and Wages Subtotal</i>		\$ 2,127,792	\$ 2,014,940	\$ 1,865,932	\$ 1,901,460	\$ 2,149,500	\$ 2,018,000	\$ 2,187,900
Benefits and Insurance								
Auto and mileage	5420	\$ 4,491	\$ 3,750	\$ 3,430	\$ 3,113	\$ 4,000	\$ 3,200	\$ 4,000
Dental insurance	5220	38,115	42,178	39,096	35,791	41,700	36,000	41,500
FICA	5110	129,448	122,715	113,075	115,201	133,300	125,100	135,600
Medicare	5120	30,954	29,323	27,110	27,578	31,200	29,300	31,700
Health insurance	5210	461,792	543,049	503,325	474,921	574,800	509,400	554,400
Disability insurance	5260	7,330	7,240	6,823	6,788	7,800	7,200	10,300
Life insurance	5230	3,978	4,042	4,096	4,624	5,300	5,300	6,600
Pension plan	5240	278,939	292,377	282,129	276,120	332,800	296,100	346,900
Unemployment insurance	5310	10,110	22,174	3,472	23,186	25,000	11,700	25,000
Vision care	5250	8,939	9,280	8,218	7,715	9,200	8,400	9,200
Workers compensation	5320	64,227	64,904	56,398	53,770	72,900	56,000	60,700
<i>Benefits and Insurance Subtotal</i>		\$ 1,038,323	\$ 1,141,032	\$ 1,047,172	\$ 1,028,807	\$ 1,238,000	\$ 1,087,700	\$ 1,225,900
Labor & Benefits Subtotal		\$ 3,166,115	\$ 3,155,972	\$ 2,913,104	\$ 2,930,267	\$ 3,387,500	\$ 3,105,700	\$ 3,413,800
In-house CIP/MIP/MMP labor & benefits capitalized		\$ (870,304)	\$ (580,959)	\$ (298,667)	\$ (312,099)	\$ (599,000)	\$ (377,500)	\$ (398,500)
Net Labor & Benefits		\$ 2,295,811	\$ 2,575,013	\$ 2,614,437	\$ 2,618,168	\$ 2,788,500	\$ 2,728,200	\$ 3,015,300

	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed	
Acct #	2010	2011	2012	2013	2014	2014	2015	
Materials & Services								
<i>Water Supply</i>								
Surface water supply, SJWD	6110	\$ 1,550,630	\$ 1,494,562	\$ 1,547,919	\$ 1,605,156	\$ 1,620,000	\$ 1,315,700	\$ 1,520,000
Chemicals	6160	5,941	6,203	7,413	7,159	8,000	8,000	10,000
DOHS Fees	6358	7,477	13,912	12,378	12,198	13,500	13,500	20,000
Energy cost, tank	6120	22,606	22,638	24,084	21,688	26,500	23,000	24,000
Energy cost, wells ⁽²⁾	6130	148,300	169,457	171,730	145,972	183,000	236,000	225,000
Energy cost, other ⁽²⁾	6135							2,000
Testing & sampling	6140	21,848	15,865	15,912	22,222	31,000	24,000	20,000
SCADA support & maintenance	6151	219		2,835	776	3,500	3,500	3,500
Cathodic protection	6152	2,450	2,450	2,450	3,000	4,000	4,700	3,500
Hydrant testing & flushing	6155	329	1,255	305	791	2,000	2,000	2,500
<i>Water Supply Subtotal</i>		\$ 1,759,800	\$ 1,726,342	\$ 1,785,026	\$ 1,818,962	\$ 1,891,500	\$ 1,630,400	\$ 1,830,500
<i>District Facilities Maintenance and Repairs</i>								
Well and pump repairs	6170	\$ 1,760	\$ 4,582	\$ 3,751	\$ 13,264	\$ 15,000	\$ 13,300	\$ 15,000
Tank repairs and maintenance	6165	4,187	7,641	532	8,448	10,000	7,900	8,000
District site maintenance ⁽³⁾	6700	4,797	6,412	6,283	7,158	8,000	13,000	22,200
Janitorial services ⁽⁴⁾	6710	2,159	1,826	1,559	893	2,100	16,400	21,600
Elevator maintenance	6701	-	2,830	3,310	4,740	6,000	5,000	6,000
Security costs	6720	7,209	2,540	3,672	3,263	4,000	3,000	4,000
<i>District Facilities Maint. Subtotal</i>		\$ 20,112	\$ 25,831	\$ 19,107	\$ 37,766	\$ 45,100	\$ 58,600	\$ 76,800
<i>Vehicle and Equipment Maintenance</i>								
Vehicle maintenance ⁽⁵⁾	6610	\$ 15,598	\$ 13,212	\$ 14,245	\$ 13,257	\$ 21,000	\$ 20,000	\$ 29,300
Vehicle repairs ⁽⁶⁾	6611	13,572	28,241	7,351	9,393	18,000	15,000	18,000
Other equipment maintenance ⁽⁷⁾	6621					15,000	15,000	15,200
Other equipment repair ⁽⁷⁾	6622					12,000	12,000	12,000
Other equipment repair & maint. ⁽⁷⁾	6620	19,603	26,866	19,299	22,074	-		-
<i>Vehicle Maintenance Subtotal</i>		\$ 48,773	\$ 68,319	\$ 40,895	\$ 44,724	\$ 66,000	\$ 62,000	\$ 74,500
<i>Insurance</i>								
Auto and general liab. Insurance	7310	\$ 103,713	\$ 95,551	\$ 67,144	\$ 68,257	\$ 85,000	\$ 78,000	\$ 90,000
Bonding	7330	1,000	1,000	1,000	1,000	5,000	1,000	5,000
Property insurance	7320	21,638	21,793	22,155	22,493	24,000	22,600	24,000
<i>Insurance Subtotal</i>		\$ 126,351	\$ 118,344	\$ 90,299	\$ 91,750	\$ 114,000	\$ 101,600	\$ 119,000

	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed	
Acct #	2010	2011	2012	2013	2014	2014	2015	
Printing and Postage								
Advertisement, notices & recording fees	7655	\$ 333	\$ 391	\$ 603	\$ 596	\$ 3,000	\$ 800	\$ 3,000
Customer bill processing (outsourced)	7660	17,838		-				-
Customer bill printing	7660		24,458	11,073	11,460	15,000	10,000	15,000
Customer bill postage	7695	15,695	41,150	35,668	35,561	40,000	39,000	40,000
Customer collection postage	7696		879	6,269	5,712	7,000	6,300	7,000
General postage	7690	4,061	937	1,165	583	2,000	1,000	2,000
General printing	7670	1,817	707	2,351	637	3,000	1,500	3,000
Water Currents: print, mail, consult. ⁽⁸⁾	7680	7,172	190	-		10,000	-	10,000
Proposition 218 programs; etc. ⁽⁹⁾	7651		7,293	-		8,000	-	8,000
Collection expense printing	6910	789	667	560	617	2,000	700	2,000
<i>Printing & Postage Subtotal</i>		\$ 47,705	\$ 76,672	\$ 57,689	\$ 55,166	\$ 90,000	\$ 59,300	\$ 90,000
Office Expense								
Office equipment rental	6315	675	\$ 447	\$ 731	\$ 648	\$ 1,000	\$ 700	\$ 1,000
Office supplies	7610	21,961	26,978	22,442	24,068	27,000	25,000	27,000
Office equipment less than \$500	7615	984	2,619	392	2,107	2,500	1,500	3,000
Office furniture less than \$500	7616				148	2,000	500	3,000
Office equipment maintenance ⁽¹⁰⁾	6615	4,137	4,178	7,029	13,330	16,000	8,000	12,000
Contingency	7910	2,490	2,128	242		-		-
<i>Office Expense & Other Subtotal</i>		\$ 33,258	\$ 36,350	\$ 30,836	\$ 40,301	\$ 48,500	\$ 35,700	\$ 46,000
Professional Services & Other								
Coop. Trans. Pipeline O & M ⁽¹¹⁾	6190	\$ 2,555	\$ 10,413	\$ 2,607	\$ 3,200	\$ 3,300	\$ 4,900	\$ 4,200
Coop. Trans. Pipeline O & M ⁽¹²⁾				33,959				
Meter testing service	6626			-		5,000	1,000	5,000
Dues & subscriptions	7620	20,413	19,894	21,422	23,034	26,000	25,000	28,200
Grant application	7165	-		-		10,000	10,000	10,000
Urban Water Management Plan (State)	7134	1,440	33,535					65,000
Emergency Response Plan	7131	-		-		500	500	500
Master Plan Update	7136	-				75,000	-	65,000
Five Year Water Management Plan (Fed.-US Bureau)	7133	-						25,000
Five Year Rate Analysis & Updates	7132	-	149	-		5,000		5,000
Banking fees ⁽¹³⁾	7170	24,536	29,322	28,846	44,620	48,000	49,600	52,000
Financial audit fees	7120	17,300	16,435	16,775	17,150	17,600	17,600	18,000
Actuarial services for pension calculation ⁽¹⁴⁾	7121							2,000
Legal fees	7110	43,402	26,144	74,104	36,255	50,000	50,000	75,000
Public relations	7160	-		-		12,000		12,000
Regional support	7640	51,415	55,457	53,556	55,360	68,000	64,000	75,000
Computer consulting service	7156	867	5,995	8,655	9,961	10,000	8,000	10,000
Annual IT audit	7157	-	5,800	-	-	6,300	-	6,300

		Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
	Acct #	2010	2011	2012	2013	2014	2014	2015
Telemetry Master Plan	7158					25,000	10,000	5,000
Answering service	7180				2,103	2,400	2,100	2,200
Bad debts	7920				6,226	8,000		
Professional fees, other	7130	305	17,527	14,442	13,292	100,000	50,000	50,000
<i>Professional Services Subtotal</i>		\$ 162,233	\$ 220,671	\$ 254,366	\$ 211,201	\$ 472,100	\$ 292,700	\$ 515,400
System Maintenance /Repairs								
Aggregate, sand & cutback	6320	\$ -	\$ 8,280	\$ 4,486	\$ 9,389	\$ 15,000	\$ 10,000	\$ 15,000
Paving	6340	-	12,299	13,759	20,942	30,000	20,000	30,000
Contract trucking/dumping	6330	-	1,641	771	5,182	10,000	5,000	10,000
Equip. and tool rental	6310	1,631	52	-	49	2,500	1,000	2,500
Consumables & maintenance supplies	6210	22,998	12,358	11,956	12,012	16,000	15,000	16,000
Distribution repairs	6215		23,076	27,682	28,621	35,000	25,000	35,000
T-Main repairs	6216	8,443		7,778	229	15,000	16,000	20,000
Damages	6218	1,634	2,605	3,123	15,168	13,000	6,600	6,600
Damages, reimbursable ⁽¹⁵⁾	6219							10,000
Backflow testing and supplies	6180	925	1,141	1,261	1,430	1,600	1,600	2,000
Meter downsizing	6627			12,583	2,297	3,000	500	500
Inventory replenishment ⁽¹⁶⁾	1212	-	-	-	-	-	-	25,000
Gas and oil	6630	47,105	60,565	47,359	49,358	66,000	53,000	58,000
Equipment and tools less than \$500	6240	7,594	7,711	4,533	7,056	10,000	8,200	10,000
Safety equipment less than \$500	6250	13,930	13,941	9,956	13,665	15,000	12,500	15,000
<i>System Maintenance/Repairs</i>		\$ 104,260	\$ 143,669	\$ 145,247	\$ 165,398	\$ 232,100	\$ 174,400	\$ 255,600
Fees								
County fees & taxes	6350	\$ 1,276	\$ 617	\$ 671	\$ 699	\$ 1,200	\$ 800	\$ 1,200
Air quality	6355	4,320	4,628	4,545	5,632	6,000	5,500	7,000
NPDES permit	6359	(1,453)	1,698	1,943	2,003	2,200	2,100	5,000
Miscellaneous fees	6360	836	-	-	-	1,000	100	1,000
Haz-mat permit	6357	2,346	2,633	2,576	2,560	3,000	2,700	3,000
<i>Fees Subtotal</i>		\$ 7,325	\$ 9,576	\$ 9,735	\$ 10,894	\$ 13,400	\$ 11,200	\$ 17,200
Utilities								
Communication, telephone	6760	\$ 49,056	\$ 49,846	\$ 50,085	\$ 47,582	\$ 53,000	\$ 53,000	\$ 55,000
Refuse collection ⁽¹⁷⁾	6750	3,500	4,761	3,742	2,631	-		-
District site utilities ⁽¹⁷⁾	6740	24,749	31,259	32,483	33,018	40,000	35,500	37,600
<i>Utilities Subtotal</i>		\$ 78,661	\$ 85,866	\$ 86,310	\$ 83,231	\$ 93,000	\$ 88,500	\$ 92,600
Information Technology								
Computer software maint. & agreements ⁽¹⁰⁾	7150	\$ 35,228	\$ 42,630	\$ 33,178	\$ 30,567	\$ 47,500	\$ 46,200	\$ 48,000
Website maintenance	7155	-	1,015	2,237	1,494	10,000	5,000	10,000
Computer hardware <\$500	7151	5,456	3,482	1,706	3,077	5,500	5,500	5,500
Computer software <\$500	7152	176	182	84	15	1,500	1,500	1,500
<i>Information Technology Subtotal</i>		\$ 40,860	\$ 47,309	\$ 37,205	\$ 35,153	\$ 64,500	\$ 58,200	\$ 65,000

		Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
	Acct #	2010	2011	2012	2013	2014	2014	2015
Water Efficiency								
Conservation Outreach	6430	\$ 12,477	\$ 9,634	\$ 17,743	\$ 13,565	\$ 25,000	\$ 16,000	\$ 25,000
Grant Application	6407	-	-	-	-	1,000	-	1,000
Cons. Landscape Irrigation Review (Materials)	6450	-	1,618	1,598	350	2,500	1,000	2,500
Large Landscape Irrigation Consulting	6451							15,000
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	509	-	-	-	500	-	500
Conservation Toilet Rebate Program	6510	6,162	11,351	10,049	8,244	15,000	13,700	15,000
Conservation Toilet Rebate Program (Reimb.) ⁽¹⁸⁾	6515		7,778	7,029	5,686	10,000	7,800	7,500
Washing Machine Program	6516	5,500	-	-	5,500	6,000	-	6,000
Conservation Internal Review (Materials)	6460	-	1,166	1,987	827	2,500	1,000	2,500
<i>Water Efficiency Subtotal</i>		\$ 24,648	\$ 31,999	\$ 39,311	\$ 34,172	\$ 65,500	\$ 40,500	\$ 78,000
Training & Uniforms								
DMV/Physicals/DOT Testing	7135	\$ 6,172	\$ 3,805	\$ 1,948	\$ 4,095	\$ 4,000	\$ 2,500	\$ 4,000
Employee recognition program	7570	4,408	7,046	7,064	6,473	10,000	10,000	10,000
Training and travel expenses	7510	13,524	12,097	18,580	8,597	26,000	20,000	26,000
Uniforms	6270	4,433	19,571	1,772	7,922	18,000	10,000	18,000
<i>Training Subtotal</i>		\$ 28,537	\$ 42,519	\$ 29,364	\$ 27,087	\$ 58,000	\$ 42,500	\$ 58,000
Board Expenses								
Election expense	7720	\$ 1,654	\$ -	\$ 17,557	\$ -	\$ 20,000	\$ 3,000	\$ -
Director's fees	7710	9,300	10,800	9,200	8,800	14,500	13,600	14,500
Miscellaneous Board expenses	7730	642	685	886	736	2,000	1,300	2,000
Travel and seminars	7740	3,739	2,568	3,140	1,708	12,000	4,500	12,000
<i>Board Expenses Subtotal</i>		\$ 15,335	\$ 14,053	\$ 30,783	\$ 11,244	\$ 48,500	\$ 22,400	\$ 28,500
Materials & services total		\$ 2,497,858	\$ 2,647,520	\$ 2,656,173	\$ 2,667,049	\$ 3,302,200	\$ 2,678,000	\$ 3,347,100
Department Grand Total		\$ 4,793,669	\$ 5,222,533	\$ 5,270,610	\$ 5,285,217	\$ 6,090,700	\$ 5,406,200	\$ 6,362,400

Expense Summary

General Notes

- ⁽¹⁾ In 2015, "Labor and Benefits" are budgeted for 32 Board approved positions (some are currently vacant).
- ⁽²⁾ "Energy cost, other" was budgeted under "energy costs, wells" in 2014 and prior years.
- ⁽³⁾ Starting in August 2014, the District outsourced landscaping services.
- ⁽⁴⁾ Starting in April 2014, the District outsourced janitorial services; previous years, janitorial services were performed in-house and this line item only included cleaning supplies.
- ⁽⁵⁾ The District follows manufacturer's recommended maintenance of vehicles for 2015.
- ⁽⁶⁾ Two invoices totaling \$6,059.03 reflected in 2011 was reversed in 2012. Invoices accrued but not paid—negotiated with vendor.
- ⁽⁷⁾ Starting in 2014, the "other equipment repair & maintenance" are budgeted separately.
- ⁽⁸⁾ Newsletter is generally sent out in the Spring and Fall. For the past few years, the District has been communicating through its website and other outreach.
- ⁽⁹⁾ The District generally incur Proposition 218 expenses from rate changes.
- ⁽¹⁰⁾ Some of the office equipment maintenance items budgeted under "computer software & maint. agreements" in prior years are currently budgeted under "office equipment maintenance" starting in 2013.
- ⁽¹¹⁾ Actual for 2011 included expenses from 2001-2004 of \$7,257.
- ⁽¹²⁾ Rehabilitation for the Cooperative Transmission Main paid to San Juan Water District in 2012.
- ⁽¹³⁾ In the last quarter of 2012, the District implemented the lockbox, online payments, bill consolidator and other payment options; therefore, the 2013 budget is much higher.
- ⁽¹⁴⁾ GASB requires the District to record the net pension liability on its statement of net position starting in 2015. The District will use actuarial services to calculate the net pension liability.
- ⁽¹⁵⁾ 2014 and prior reported as net; therefore, expenses are not shown.
- ⁽¹⁶⁾ Starting in 2015, inventory purchase will be budgeted to show the cash spending and placed in inventory until charged out to a particular project.
- ⁽¹⁷⁾ Starting in 2014, refuse collection will be budgeted under utilities.
- ⁽¹⁸⁾ 2010 and prior reported as net; therefore, expenses are not shown.

Fair Oaks Water District 2015 Annual Budget Debt Service

Description	Acct #	Actual 2010	Actual 2011	Actual 2012	Budget 2013	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Debt Service									
CTP-SJWD 1993 COP's ⁽¹⁾	2555	\$ 407,888	\$ 212,325	\$ 148,377	\$ 114,300	\$ 114,237	\$ -	\$ -	\$ -
1999 COP'S ⁽²⁾	2515	570,000	-	-	-	-	-	-	-
<i>Debt Service Principal Total</i>		\$ 977,888	\$ 212,325	\$ 148,377	\$ 114,300	\$ 114,237	\$ -	\$ -	\$ -
Debt Service - Interest									
CTP-SJWD 1993 COP's ⁽¹⁾	8010	\$ 34,494	\$ 22,257	\$ 1,577	\$ 1,200	\$ 1,214	\$ -	\$ -	\$ -
1999 COP'S ⁽²⁾	8020	14,872	-	-	-	-	-	-	-
Refunding costs (amortized)	8020	57,852	-	-	-	-	-	-	-
<i>Debt Service Interest Total</i>		\$ 107,218	\$ 22,257	\$ 1,577	\$ 1,200	\$ 1,214	\$ -	\$ -	\$ -
Material and Services									
Bond Trustee Fees	7175	\$ 3,299	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bond Arbitrage Fees	7176	1,500	1,500	-	-	-	-	-	-
<i>Material and Services Total</i>		\$ 4,799	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department Grand Total		\$ 1,089,900	\$ 236,082	\$ 149,954	\$ 115,500	\$ 115,451	\$ -	\$ -	\$ -

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

2015 Annual Budget

Computer Equipment and Software

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Computer Equipment & Software							
Computer Equipment							
Computer Hardware (Desktops/Laptops) ⁽¹⁾	\$ 7,122	\$ 15,114	\$ 2,150	\$ 7,847	\$ 20,000	\$ 10,000	\$ 7,500
Dual Port Hard Drive	3,908						
ProCurve Switch		3,147					
Servers		18,198					
MS Voucher Credit		(6,450)					
Network Upgrade (Evolve/Hardware) ⁽²⁾							70,000
Backup Solution ⁽¹⁾					60,000	60,000	
Computer Software/Licensing							
Accounting/Billing Software							
Additional Accounting/Billing Software Licenses		11,000					
CAD							
Backup Power Supply for IT Room			14,392				
Microsoft Licensing Bundle (Office Windows)	18,052	18,052	17,924	11,118	12,000	11,200	12,000
Other Software and Licensing	7,166	4,050	-	4,459	7,500	1,600	5,000
Design and implementation of a new FOWD website			21,160				
Total Computer Equipment & Software	\$ 36,248	\$ 63,111	\$ 55,626	\$ 23,424	\$ 99,500	\$ 82,800	\$ 94,500

⁽¹⁾ The 2014 Adopted Budget included computer hardware of \$80,000. For reclassifications purposes, \$60,000 of network backup solution was reported as a separate line item for a more detailed reporting.

⁽²⁾ The total network upgrade is being developed by outside consultant. The cost of the upgrade is to be spread over 3-5 years. The \$70,000 is estimated for the software and hardware in the first year of upgrade and will be adjusted based on approved proposal.

Fair Oaks Water District
2015 Annual Budget
Vehicles and Maintenance Equipment

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Trucks/Vehicles/Trailers							
Replace 056 and 003 with New Dump Truck ^[a]	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ 106,700	\$ -
New Vehicle ^[a]					30,000	32,500	
Replace 032 with a new Dump Trump							110,000
Replace 045 with a new Service Truck							105,000
New Water Trailer							12,500
Upgrade 045-2004 Chevrolet C6500	14,760						
Pool Car				24,581			
Replace 016-2001 Dodge RAM BR2500			24,804				
Replace 017-2001 Dodge RAM BR2500			25,890				
Replace 030-2003 Ford F250 4x4				30,481			
Purchase of Small VacTron				55,118			
Replace 2000 Dodge RAM 2500				27,932			
Subtotal	\$ 14,760	\$ -	\$ 50,694	\$ 138,112	\$ 140,000	\$ 139,200	\$ 227,500
Maintenance Equipment/Tools							
Power Generator (Confined Space)	\$ -	\$ -	\$ -	\$ 967	\$ -	\$ -	\$ -
Replace Wackers/Tampers				7,966	4,000		
Forklift Hyster				41,947			
Vibra Plate		7,433					
Underground Locators							7,600
Concrete Saw	3,371		914				
Welding Machine	1,779						
Chipping Hammer	622						
Meter Reading Equipment	5,106						
Meter Tester	5,564						
Fuel Tank Upgrades ^[b]						4,500	5,000
Air Pump				2,452			
Cut-Off Saw				961	1,500		
Hydraulic Sum Pump				1,906			2,500
Pneumatic Jackhammer/Pole Tamper							5,000
Valve Box Locator				591			
Other Maintenance Equipment			1,286	3,568	6,000	1,400	5,000
Subtotal	\$ 16,442	\$ 7,433	\$ 2,200	\$ 60,358	\$ 11,500	\$ 5,900	\$ 25,100
Total Vehicle & Maintenance Equipment	\$ 31,202	\$ 7,433	\$ 52,894	\$ 198,470	\$ 151,500	\$ 145,100	\$ 252,600

Budget Transfers

^a A budget transfer was made from the new dump truck to New Vehicle of \$2,466.72 in 2014.

^b A budget transfer was made from the office building remodel to fuel tank upgrades of \$4,500 in 2014.

Trade-in

In 2014, the District received \$16,000 for the trade-in of 056 Freightliner Dump Truck, \$10,000 for the trade-in of 003-2001 Dump Truck, and \$1,800 for the trade-in of 002-Ford Expedition.

Fair Oaks Water District

2015 Annual Budget Facility and Office Equipment

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Building							
Admin. Office Building (10326 FOB)	\$ 247,161	\$ 27,399	\$ 1,884	\$ -	\$ 10,000	\$ 10,000	\$ 5,000
Maintenance Building (10317 FOB) ^{(b),1}	4,535	9,910	4,143	-	50,000	45,500	100,000
Office Building (10340 FOB)	224,270	-	2,100		-		-
Total Building	\$ 475,966	\$ 37,309	\$ 8,127	\$ -	\$ 60,000	\$ 55,500	\$ 105,000
Office Equipment							
Safety Equipment	\$ 3,674	\$ -	\$ 2,048	\$ -	\$ 4,500	\$ 4,500	\$ 4,500
Audio Video	-	5,497	-	-	5,000		1,000
Furnishings	-	734	-	-	3,000	3,000	3,000
Mailing Equipment	8,685			-	-		
New Phone System ²							30,000
Printer		2,881	1,054	14,796	-		3,000
Miscellaneous Office Equip.	-		982	-	3,000	3,000	3,000
Total Office Equipment	\$ 12,359	\$ 9,112	\$ 4,084	\$ 14,796	\$ 15,500	\$ 10,500	\$ 44,500
Total Facility and Equipment	\$ 488,325	\$ 46,421	\$ 12,211	\$ 14,796	\$ 75,500	\$ 66,000	\$ 149,500

General Notes

- ⁽¹⁾ The 2015 budget for "Maintenance Building (10317 FOB)" is for the master plan of office building 10317 FOB.
- ⁽²⁾ The District's current phone system no longer has support.

Budget Transfers

- ^b A budget transfer was made from the office building remodel to fuel tank upgrades of \$4,500 in 2014.

Fair Oaks Water District 2015 Annual Budget Meter Maintenance Program

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Meter Implementation Program (MIP)/Meter Maintenance Program (MMP)							
New Residential Metering/AMR ^(d)	\$ 2,265,810	\$ 476,477	\$ 22,418	\$ 3,605	\$ 20,000	\$ 1,000	\$ 5,000
Meter Replacement ^(c)	72,285		48,389	96,339	200,000	182,700	125,000
AMR Replacement		73,095	69,317	100,503	70,000	70,000	100,000
9161 Madison Hills Apt.			46,732				
Large Meter Replacement ^{(c),(d)}		156,892		7,135	50,000	86,400	70,000
Main Avenue Wholesale Meter Upgrades					10,000	-	
Sunnybrook Main Replacement (31% MIP/69% CIP)	92,603						
The Bluffs, Meter Upgrades	-	242,188	4,843				
Commercial Metering	-						
Butterwood and Plantain	411,017						
Ridge Subdivision, Meter Upgrades	244						
Madison Ave. Water Main Extension	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	-						
Total MIP/MMP⁽¹⁾	\$ 3,014,330	\$ 970,274	\$ 321,381	\$ 207,582	\$ 350,000	\$ 340,100	\$ 300,000

General Notes

⁽¹⁾ Includes labor and benefits.

Budget Transfers

^c A budget transfer was made from Meter Replacement to Large Meter Replacement of \$17,300 in 2014.

^d A budget transfer will be made to transfer the fund from the New Residential Metering to the Large Meter Replacement.

Fair Oaks Water District

2015 Annual Budget

Capital Improvement Program

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Wells & Tank							
Annual Well Pump Check	\$ 900	\$ -	\$ -	\$ 1,875	\$ 4,000	\$ 1,600	\$ 2,500
Miscellaneous Bowl Replacement ^[e]	-	3,065		-	20,000	-	25,000
Minor Water Supply Facilities Upgrades				50	10,000	10,000	20,000
Northridge Well Rehab. ^[e]						17,000	
Access Ladder at Tank Site Safety Improvements					10,000	10,000	
Storage Tank Landscaping Project					18,000	18,000	
Abandon an Existing Groundwater Well at Casabella ^[f]				-	45,000	5,000	
Complete environmental review and preliminary design approval drilling and casing installation at the Madison Well (Gum Ranch) ^[f]					600,000	650,000	
Madison Well - Design, equipment and site improvement							1,100,000
Implementation of Telemetry (SCADA) Phase I ^[f]				852	55,000	25,000	-
Implementation of Telemetry (SCADA) Phase II							50,000
Heather Well Inspection and Rehabilitation		14,390					
Park Well (New Pump)	81						
Radio Survey and Conversion			2,170	2,170			
Subtotal	\$ 981	\$ 17,455	\$ 2,170	\$ 4,947	\$ 762,000	\$ 736,600	\$ 1,197,500
Transmission & Distribution							
Services Upgrade ^[g]	\$ 30,061	\$ 21,537	\$ 32,378	\$ 88,975	\$ 95,000	\$ 120,000	\$ 75,000
Hydrant Upgrades	82,169	3,342	17,341	36,044	100,000	100,000	100,000
Minor Main Upgrades	12,969	13,983	26,565	25,755	75,000	50,000	50,000
Installation of ARV's and Blow-offs at Various Locations on T-Mains		-	2,239	-	20,000	10,000	15,000
Developer's Paid Projects-Service Installation etc.	7,388	26,656	24,467	21,928	20,000	20,000	15,000
Developer's Paid Main Line Projects	4,062	1,748	11,433	3,171	15,000	15,000	15,000
Replacement of 1,450 LF of 18-inch steel main with 16-inch DIP on Gastman from Pennsylvania to Dory							475,000
Replacement of 550 LF of 12-inch steel main with 12-inch PVC on Main Ave. from Buffalo to Rolling Glen (Phase 2)							190,000
Replacement of 1,000 LF of 8-inch steel with 8-inch PVC on Johnson from W.W. to Zelinda							230,000
Replacement of 500 LF of 4-inch steel main with 6-inch PVC Riverfront							87,000
Services Replacement on Robin Road (40)							100,000
Installation of 800 LF of 24-inch Transmission Main on Walnut Ave. from Twin Lakes Ave. Westerly on Blue Oak Drive					715,000	715,000	

Fair Oaks Water District

2015 Annual Budget

Capital Improvement Program

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
Replacement of 8-inch Steel Main on Kentucky Lane from Sunset Ave. to the end of the I Lane					141,000	141,000	
Replacement of 12-inch Steel Main on Main Ave. from South of Twin Lakes Ave. to Shumway Road					340,000	340,000	
Replacement of 6-inch Steel Main on Central Ave. from Capitola Ave. to River Look ^[g]					151,000	115,000	
Gastman Way Water Main Improvement Project (Phase I); Complete topo survey, set property corners and clearing; Complete design.					50,000	25,000	
Replacement of 12-inch Main on Fair Oaks Blvd. north of Plumeria Road to south Shangrila Drive					376,000	376,000	
Edgevale Main Replacement (FOWD Portion)				46,723			
Replacement of 4-inch Main with 8-inch PVC C-900 on Lakeside Way		112,864					
Relocation of 12-inch AC from Backyard to Kitty Hawk Lane		91,560	92,790				
Replacement of 10-inch Steel Main with 8-inch PVC C-900 on Goodyear Drive				104,286			
Replacement of 10-inch Main with 12-inch PVC C-900 (FOB)				173,547			
Installation of 850 LF of 24-inch T-Main (Walnut/Pershing/Twin Lakes Ave.)				612,936			
Replacement of 260 LF of 4-inch Steel Main on California Ave.				43,420			
Installation of 8" Main on Sheraton				65,066			
Main Break on Winding Oak/Long Canyon				98,644		1,100	
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)				114,990			
Fair Oaks Village Streetscape Main Project			107,389	851			
County Overlay			39,842			100	
Hazel Widening Project Phase I	162	4,944		180		34,600	
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						
Subtotal	\$ 310,035	\$ 802,991	\$ 521,304	\$ 1,436,516	\$ 2,098,000	\$ 2,062,800	\$ 1,352,000
Total CIP⁽¹⁾	\$ 311,016	\$ 820,446	\$ 523,474	\$ 1,441,463	\$ 2,860,000	\$ 2,799,400	\$ 2,549,500

General Notes

⁽¹⁾ Includes labor and benefits.

Budget Transfers

^e A budget transfer was made from Miscellaneous Bowl Replacement to Northridge Well Rehabilitation of \$20,000 in 2014.

^f A budget transfer will be made from the Abandon on Existing GW Well at Casabella of \$40,000 and from Implementation of Telemetry (SCADA) Phase I of \$10,000 to Madison Well in 2014.

^g A budget transfer was made from 6" Steel Main on Central Avenue to Service Upgrades of \$25,000 in 2014.

Fair Oaks Water District
2015 Annual Budget
San Juan Water District 40-Inch Pipeline

Description	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Budget 2014	Estimated 2014	Proposed 2015
San Juan Water District 40-Inch Pipeline ⁽¹⁾	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -
Total	\$ 235,000	\$ 68,670	\$ 1,919,154	\$ 1,744,931	\$ -	\$ -	\$ -

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
2015 Annual Budget
Reserves and Designations

2013 Actual	2013 Revenues	Undesignated	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization Designation ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ -	\$ 4,683,600	\$ 199,200	\$ 405,400	\$ 5,288,200
Add: Revenues Collected						
Water Sales	\$ 8,235,897					
Interest Income	12,916					
Revenues from Reimbursement	158,817					
Delinquencies & Late Fees	161,239					
Fire Service Fees	49,352					
Developer Paid Fees for Service	24,212					
Connection Fees	9,286					
Miscellaneous Revenue	102,415					
	8,754,134					
2013 Allocation	(8,754,134)	8,738,073		9,361	6,700	8,754,134
Subtotal Reserves and Designations		\$ 8,738,073	\$ 4,683,600	\$ 208,561	\$ 412,100	\$ 14,042,334
Expenses and payments						
Operating Expenses		5,285,217				5,285,217
Computer Equipment & Software		23,424	-			23,424
Debt Service		115,451	-			115,451
Facility & Office Equipment		14,796	-			14,796
Vehicles & Maintenance Equipment		198,470	-			198,470
CIP		1,441,500	-	-		1,441,500
SJWD 40-Inch Pipeline		1,744,931				1,744,900
Meter Maintenance Program		207,582	-			207,582
Total Expenses and Infrastructure		\$ 9,031,371	\$ -	\$ -	\$ -	\$ 9,031,300
Additional proposed allocation		293,298	(293,298)		-	-
Ending Reserve and Designation Balance		\$ -	\$ 4,390,300	\$ 208,600	\$ 412,100	\$ 5,011,000
Policy (5050) Requirement⁽⁴⁾			\$ 3,045,400	N/A	\$ 411,800	\$ 3,457,200
Difference between Ending Reserve & Policy Requirement			44.2%		0.1%	44.9%

- 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 2014 budgeted operating expenses for Emergency Designation reserve requirement.

Fair Oaks Water District
2015 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		\$ -	\$ 4,390,300	\$ 208,600	\$ 412,100	\$ 5,011,000
Add: Revenues Collected						
Water Sales	\$ 7,779,000					
Interest Income	13,700					
Revenues from Reimbursement	11,000					
Delinquencies & Late Fees	140,000					
Fire Service Fees	32,400					
Developer Paid Fees for Service	40,000					
Connection Fees	92,000					
Meter Downsize	500					
Miscellaneous Revenue	69,000					
	8,177,600					
2014 Allocation	(8,177,600)	8,085,600		92,000	-	8,177,600
Subtotal Reserves and Designations		\$ 8,085,600	\$ 4,390,300	\$ 300,600	\$ 412,100	\$ 13,188,600
Expenses and payments						
Operating Expenses		5,406,200				5,406,200
Computer Equipment and Software		82,800	-			82,800
Facility & Office Equipment		66,000	-			66,000
Vehicles & Maintenance Equipment		145,100	-			145,100
CIP		2,498,800	-	300,600		2,799,400
Meter Maintenance Program		340,100	-			340,100
Total Expenses and Infrastructure		\$ 8,539,000	\$ -	\$ 300,600	\$ -	\$ 8,839,600
Additional proposed allocation		453,400	(450,100)		(3,300)	-
Ending Reserve and Designation Balance		\$ -	\$ 3,940,200	\$ -	\$ 408,800	\$ 4,349,000
Policy (5050) Requirement ⁽⁴⁾			\$ 3,045,400	N/A	\$ 408,800	\$ 3,454,200
Difference between Ending Reserve & Policy Requirement			29.4%		0.0%	25.9%

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.

Fair Oaks Water District
2015 Annual Budget
Reserves and Designations

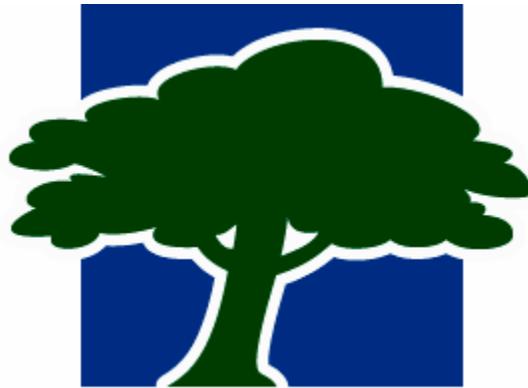
2015 Projected	2015 Revenues	Undesignated	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Rate Stabilization Designation ⁽³⁾	Total
Beginning Reserve and Designation Balance		\$ -	\$ 3,940,200	\$ -	\$ 408,800	\$ 4,349,000
Add: Revenues Collected						
Water Sales	\$ 7,815,600					
Interest Income	13,000					
Revenues from Reimbursement	17,500					
Delinquencies & Late Fees	140,000					
Fire Service Fees	42,500					
Developer Paid Fees for Service	30,000					
Connection Fees	50,000					
Grants	700,000					
Meter Downsize	500					
Miscellaneous Revenue	45,000					
	8,854,100					
2015 Allocation	(8,854,100)	8,804,100		50,000	-	8,854,100
Subtotal Reserves and Designations		\$ 8,804,100	\$ 3,940,200	\$ 50,000	\$ 408,800	\$ 13,203,100
Expenses and payments						
Operating Expenses		6,362,400				6,362,400
Computer Equipment and Software		94,500	-			94,500
Facility & Office Equipment		149,500	-			149,500
Vehicles & Maintenance Equipment		252,600	-			252,600
CIP		2,499,500	-	50,000		2,549,500
Meter Maintenance Program		300,000	-			300,000
Total Expenses and Infrastructure		\$ 9,658,500	\$ -	\$ 50,000	\$ -	\$ 9,708,500
Additional proposed allocation		854,400	(836,400)		(18,000)	-
Ending Reserve and Designation Balance		\$ -	\$ 3,103,800	\$ -	\$ 390,800	\$ 3,494,600
Policy (5050) Requirement ⁽⁴⁾			\$ 3,181,200	N/A	\$ 390,800	\$ 3,572,000
Difference between Ending Reserve & Policy Requirement			-2.4%		0.0%	-2.2%

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 2015 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)	2013		2014		2015	
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

	2013		2014		2015	
Commodity Rate per CCF⁽²⁾	\$	0.45	\$	0.45	\$	0.45

Shared Metered Services:

User Category	2013		2014		2015	
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

2015

Activity	2014	2015
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)

2015

Activity	2014	2015
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 2015

Bi-Monthly Service Charges

Service Size	2014	2015
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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