



2020 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
2020 Annual Budget
Adopted November 18, 2019

PRINCIPAL DISTRICT OFFICIALS

BOARD OF DIRECTORS – ELECTED OFFICIALS

Michael McRae, President
Gary Page, Vice President
Randy Marx, Director
Misha Sarkovich, Director

MANAGEMENT

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

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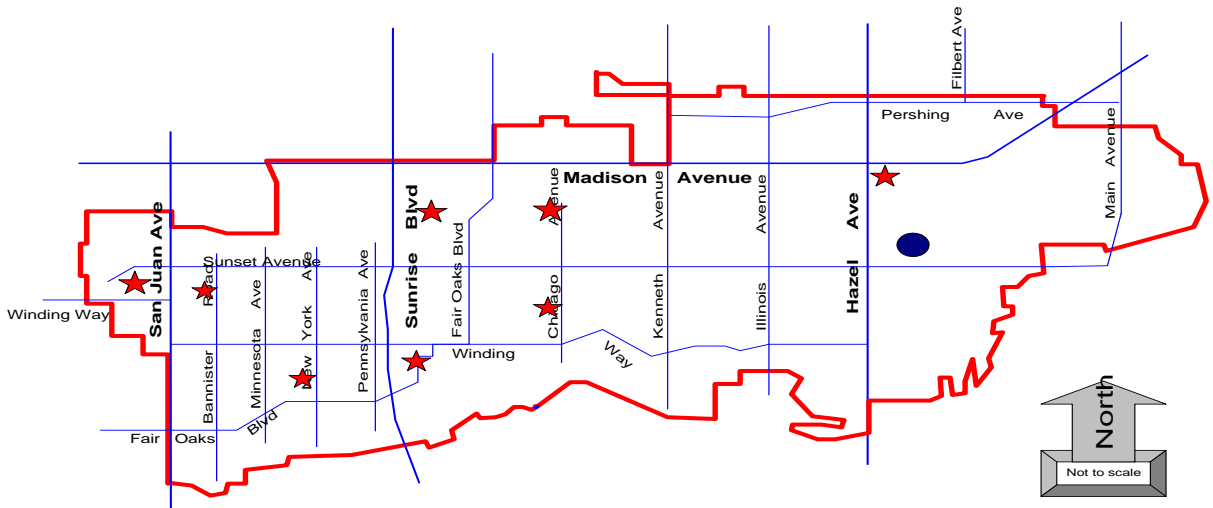
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INTRODUCTION

The 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

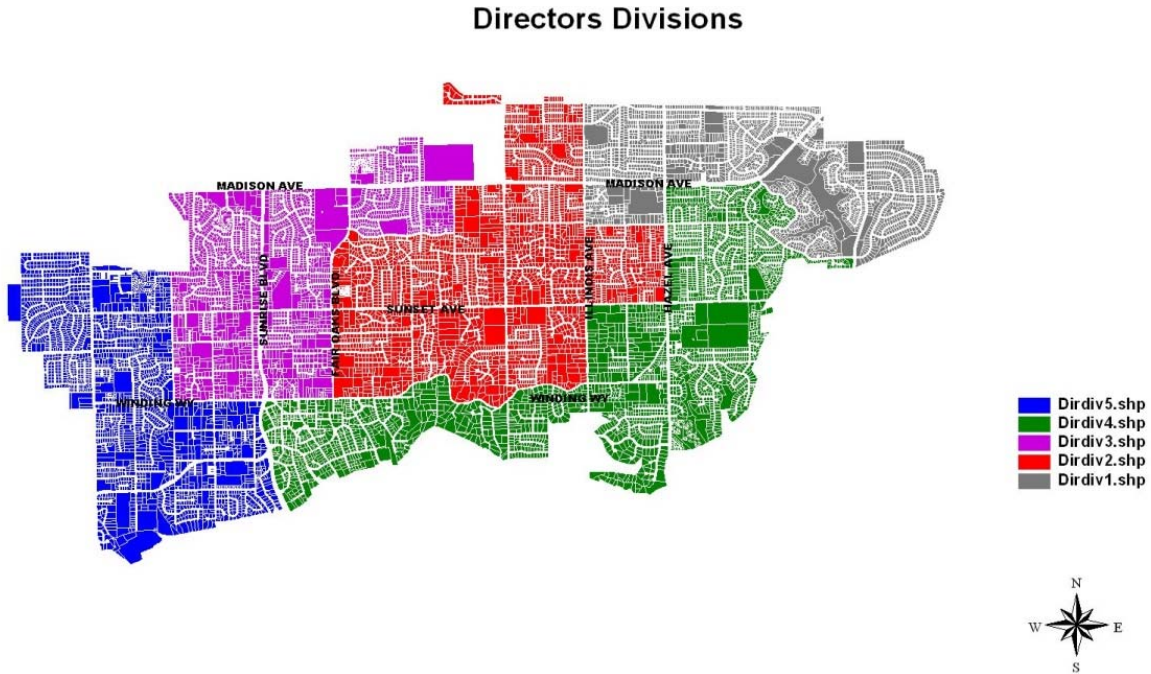
The District is governed by five board members. The board members are publicly elected to four-year staggered terms representing geographic divisions. The Board delegates day-to-day operations authority to an appointed General Manager.

DIRECTORS	YEARS OF SERVICE	DIVISION
Vacant		Division 1
Michael McRae, President	7.5 Years	Division 2
Gary Page, Vice President	3 Years	Division 3
Randy Marx, Director	15 Years	Division 4
Misha Sarkovich, Director	15 Years	Division 5

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 Board provided staff with general guidelines on developing the 2020 Budget at the September 9, 2019 Regular Board Meeting. The 2020 Budget was prepared by staff and presented to the Board at the Special Board Meeting on October 24, 2019. The updated 2020 Budget was presented to the full Board for approval and adoption at the public meeting on November 18, 2019. The 2020 Budget was approved with no rate adjustments from 2019 rates.

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 2020. 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.

Fair Oaks Water District Water Rates		
Bi-Monthly Fixed Service Charges		
Meter Size (Inch)	2019	2020
1	\$ 71.61	\$ 71.61
1.5	131.24	131.24
2	202.71	202.71
3	393.32	393.32
4	607.87	607.87
6	1,203.22	1,203.22
8	1,919.30	1,919.30
10	2,990.76	2,990.76

	2019	2020
Commodity Rate per CCF*	\$ 0.50	\$ 0.50

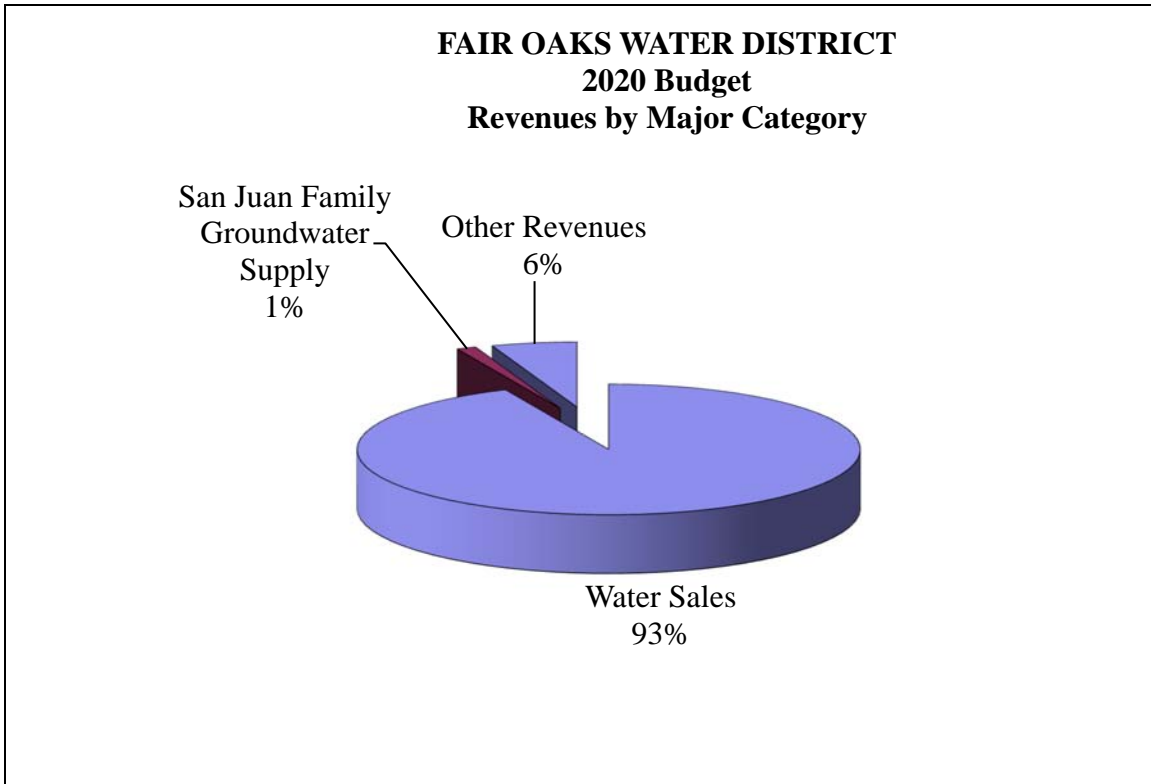
*One CCF stands for 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.

Fair Oaks Water District 2020 Water Rate Structure				
Description	2019 Estimated		2020 Budget	
	Water Sales	%	Water Sales	%
Fixed Service Charge	\$ 6,735,500	79%	\$ 6,752,700	78%
Commodity Charge	1,842,500	21%	1,885,100	22%
Total	\$ 8,578,000		\$ 8,637,800	

Revenues

The District projects revenues of \$9,260,300 in 2020.

2020 Projected Revenues by Major Category	
Water Sales	\$ 8,637,800
San Juan Family Groundwater Supply	115,300
Other Revenues	507,200
Total	\$ 9,260,300



Water Sales revenue comes from a fixed service charge and a commodity charge. The District's 2020 Other Revenues are primarily interest revenues, water services and connection fees.

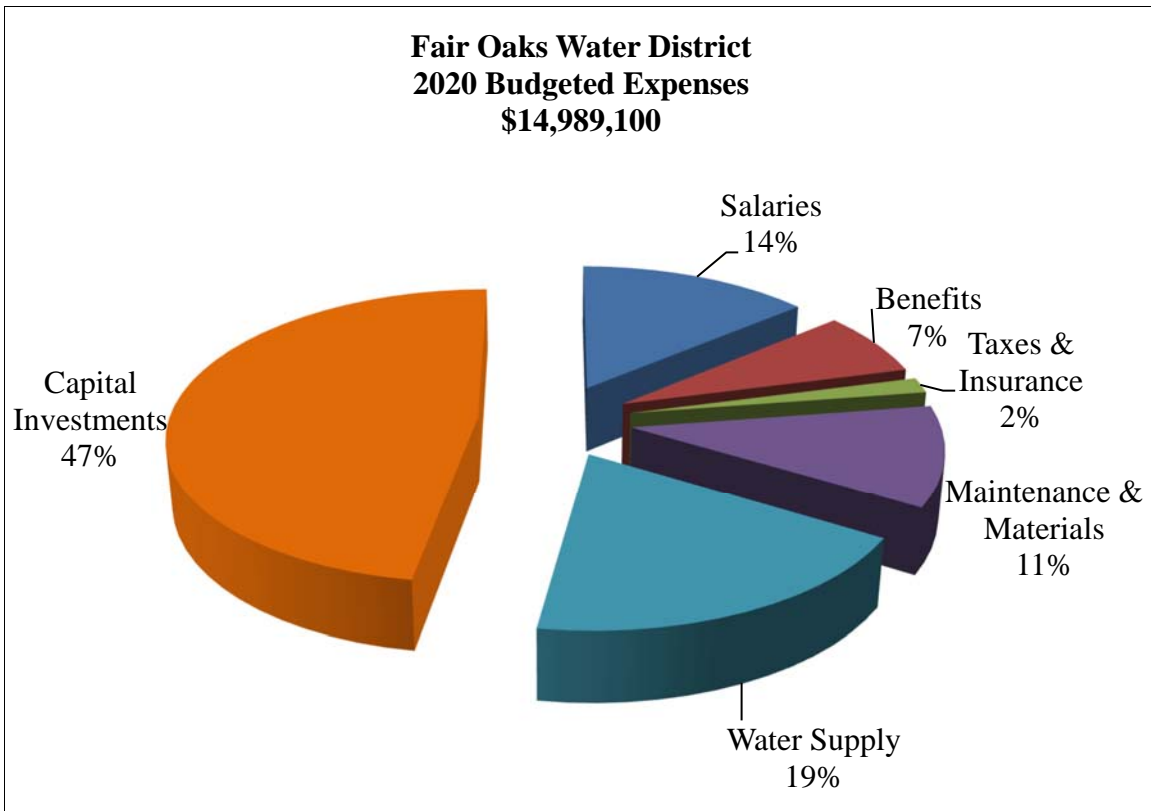
Expenses

The District's total estimated expenses for 2020 are \$14,989,100. These expenses include cost for the meter maintenance program, facility and equipment replacement, and transmission and distribution system improvements. It is projected that 82% of total revenue from water sales will be spent on capital investment in 2020.

The District projects an 7.4% increase in total operating expenses for 2020 Budget (\$7,868,300) over the 2019 Budget (\$7,325,500). The increases are primarily due to growing costs for water supply, salaries and benefits and regulatory compliance.

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

Fair Oaks Water District 2020 Budgeted Expenses	
Salaries	\$ 2,086,100
Benefits	1,056,100
Taxes & Insurance	249,900
Maintenance & Materials	1,643,100
Water Supply	2,833,100
Capital Investments	7,120,800
Total	\$ 14,989,100



Reserves and Designations

The District's reserves consist of restricted 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's 2020 Budget projects a net loss of (\$5,728,800). The District will use reserve(s)/designation(s) to offset the (\$5,728,800) projected deficit. The District's current reserve policy is to maintain a total of \$2.6M (four months of operating expenses). The District projects a year-ending total reserve balance of \$2.8M. See reserve balance summary for more detail on pages 41-42.

The 2020 ending reserve projection does not reflect the projected (\$3,087,127) unfunded accrued pension liability (UAL) amount. The District recorded the UAL in the Comprehensive Annual Financial Report at year-end. This amount is excluded from the budget but is shown on the Financial Plan Summary of Revenues and Expenses (page 24) for reference.

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. A 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 be 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 public discussion and possible 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.

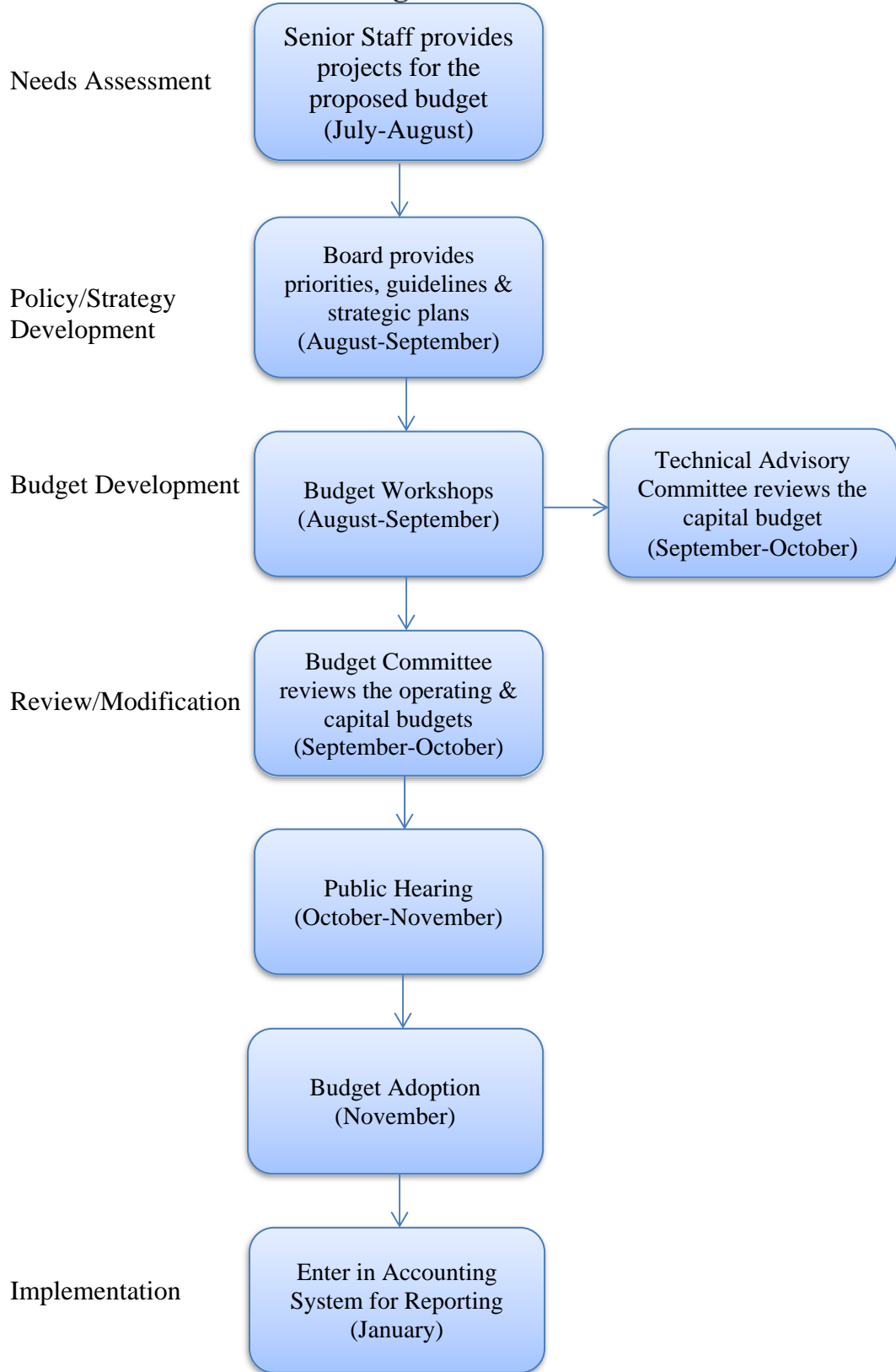
Capital projects and program budgets are adopted for specific non-operational needs of the District. These budgets often span multiple budget years. For each project or program, subsequent Board approval is sometimes required for approving bids and contracts.

Basis of Budgeting

The financial sections of the budget are prepared as follows:

- Includes expenses for capital outlay and the principal and interest portions of debt service;
- Excludes depreciation and amortization;
- Excludes pension liability;
- Generally, revenues are recognized in the accounting period in which they are earned; and
- Generally, expenses are recognized in the period in which the liability is incurred.

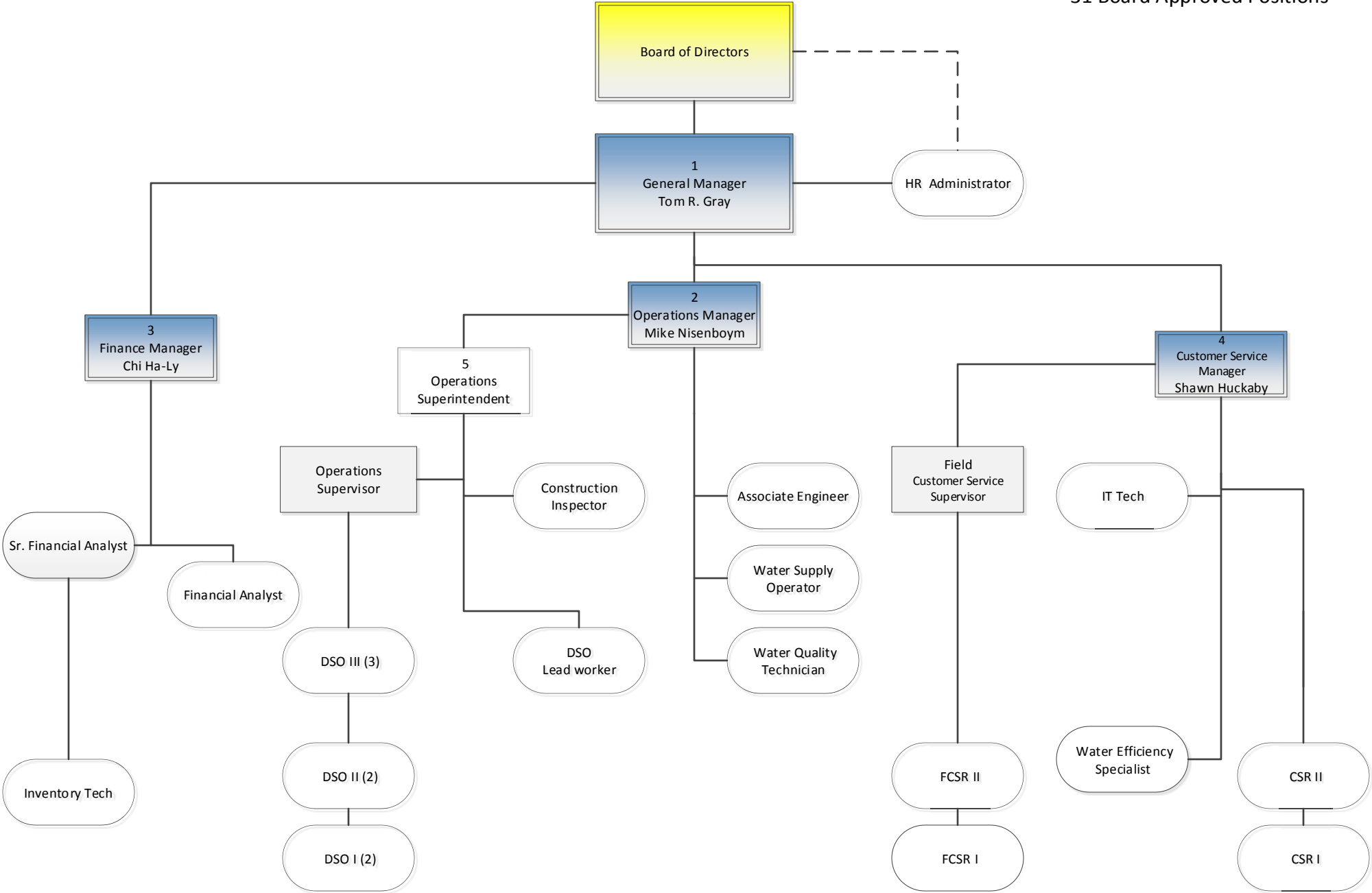
General Budget Timeline



Fair Oaks Water District Organization Chart

2020 BUDGET

31 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. 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 an active role in groundwater contamination cleanup.
- ✓ Provide an updated system Master Plan every five years.
- ✓ 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 water 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 assets of \$500 and greater 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 expenses not currently budgeted. The designated fund balance has been set at a minimum of four months of operating costs. Annual contributions will be designated in the budget process to maintain a minimum of four months of operating costs.

- 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 added to 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, 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 are brought to the Board for approval through the regular Board meeting process.

FINANCIAL SUMMARIES

District Revenues

The District has the following major sources of revenue for 2020:

- ✓ Water Sales
- ✓ Other Revenues

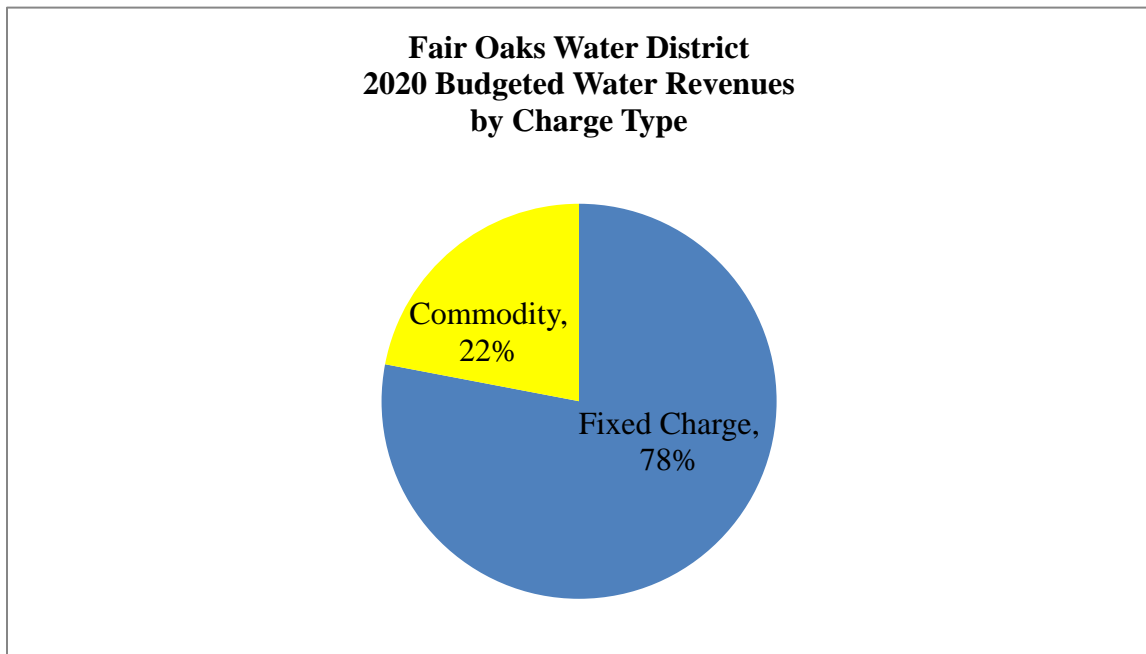
Water Sales

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 water delivery. Fixed service charges represent approximately 78% of a customer's 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 22% 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 projected to experience little growth in 2020. Most new service connections will be 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 will be minimum due to the built-out nature of the FOWD service area and limited land available for in-fill projects.

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

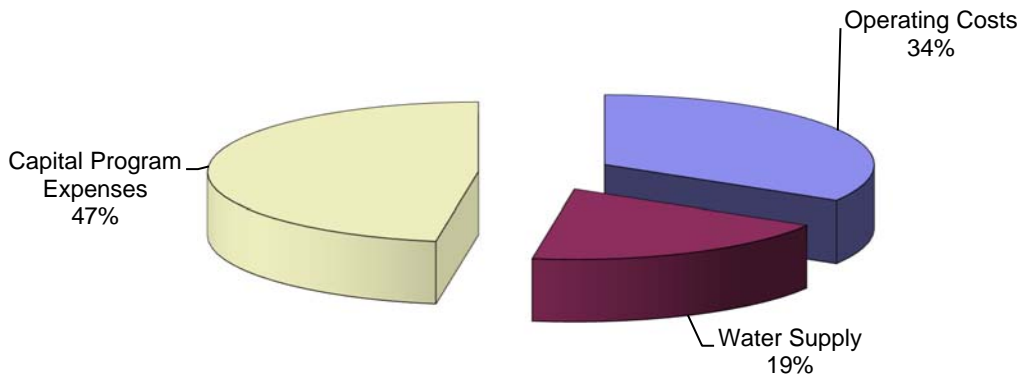
The District’s expenses can be categorized into three major groups:

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

2020 Projected Expenses by Major Category	
Operating Costs	\$ 5,035,200
Water Supply	2,833,100
Capital Program Expenses	7,120,800
Total	\$ 14,989,100

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

**FAIR OAKS WATER DISTRICT
2020 Budget
Expenses by Major Category**



Water Supply

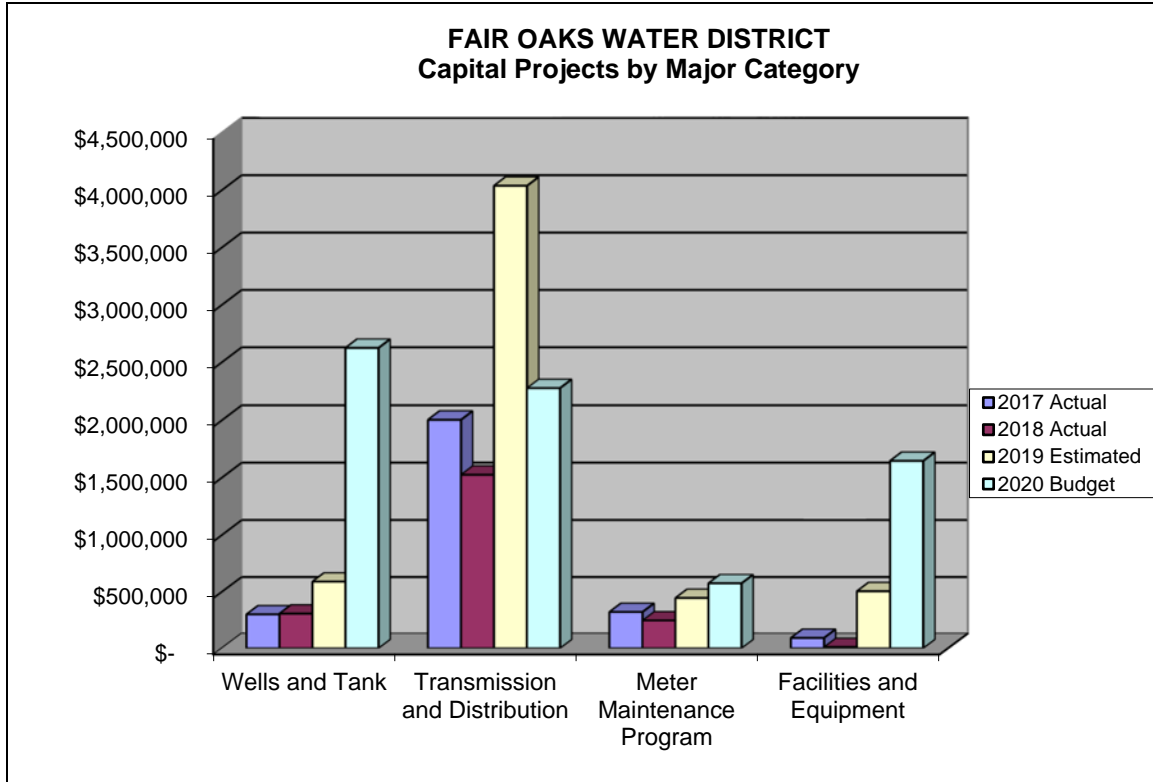
The District currently receives approximately 68% of its water supply from treated surface water through its wholesale supplier, San Juan Water District. The District has purchased on average 6,990 AC-FT of surface water over the past five years. The District projects purchasing approximately 6,720 AC-FT of treated surface water from SJWD in 2020 with 2,880 AC-FT produced by District’s groundwater wells.

Projected 2020 Water Supply Costs	
<i>Purchased Surface Water</i>	
Commodity Charge (\$81.14 per AC-FT x 6,720 AC-FT)	\$ 545,300
Service Charge	1,099,900
Debt Service Charge	756,600
<i>Total Purchased Surface Water</i>	\$ 2,401,800
<i>Groundwater Production & Other Fees</i>	431,300
Total Water Supply Costs	\$ 2,833,100

Capital Program Expenses Overview

The District has invested, 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. Replacement and updating of infrastructure is needed to ensure safe and reliable water delivery.

Capital Program Expenses Overview				
Category	2017 Actual	2018 Actual	2019 Estimated	2020 Budget
Wells and Tank	\$ 299,997	\$ 306,429	\$ 590,000	\$ 2,625,000
Transmission and Distribution	2,004,338	1,525,679	4,037,800	2,275,000
Meter Maintenance Program	321,288	246,175	445,000	575,000
Facilities and Equipment	91,665	10,206	504,800	1,645,800
Total	\$ 2,717,288	\$ 2,088,489	\$ 5,577,600	\$ 7,120,800



Metering Maintenance Program

The District continues to maintain meter through the Meter Maintenance Program. The District replaces meters based on manufacturer's recommended replacement schedule and District's maintenance records. A cost of \$575,000 was estimated in the 2020 Budget for maintaining the District's meters.

Wells and Tank

The District continues to maintain water production facilities. Dry-year and emergency water supply are critical to the District's ability to meet customer water demand under all conditions. The District scheduled the following for wells and tank projects for 2020:

PROJECT DESCRIPTION	ESTIMATED COSTS
New York Well Design	\$ 250,000
New York Well Drilling and Equipping	\$ 1,100,000
Skyway Tank Site Test Hole and Design	\$ 200,000
Skyway Tank Site Test Hole Drilling and Equipping	\$ 1,000,000
Upgrade existing Lemon Street PRV Station - replace vault lid, meter	\$ 75,000

Transmission and Distribution

The District continues to repair and replace aging infrastructure throughout its system. The District scheduled the following water main projects for 2020:

PROJECT DESCRIPTION	ESTIMATED COSTS
Transmission Main Master Plan Project - Engineering Services	\$ 120,000
Replacement of 12-inch Water Main on Winding Way under the Chicago Creek Bridge	\$ 130,000
Replacement of 12-inch Steel Water Main on Fair Oaks Blvd. from County View Lane to El Capitan	\$ 430,000
Replacement of 6-inch Steel Water Main on Sunset Avenue west of 7551 Sunset Avenue (Cottages)	\$ 280,000
County Hazel Avenue Improvement Project Phase III from Sunset Avenue to Madison Avenue	\$ 970,000

Facilities and Equipment

The amount of \$240,800 was allocated for replacement of office equipment, computer software, computer equipment, maintenance equipment and trucks and vehicles in 2020. The District budgeted \$1,405,000 for office building improvements in 2020.

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.

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.

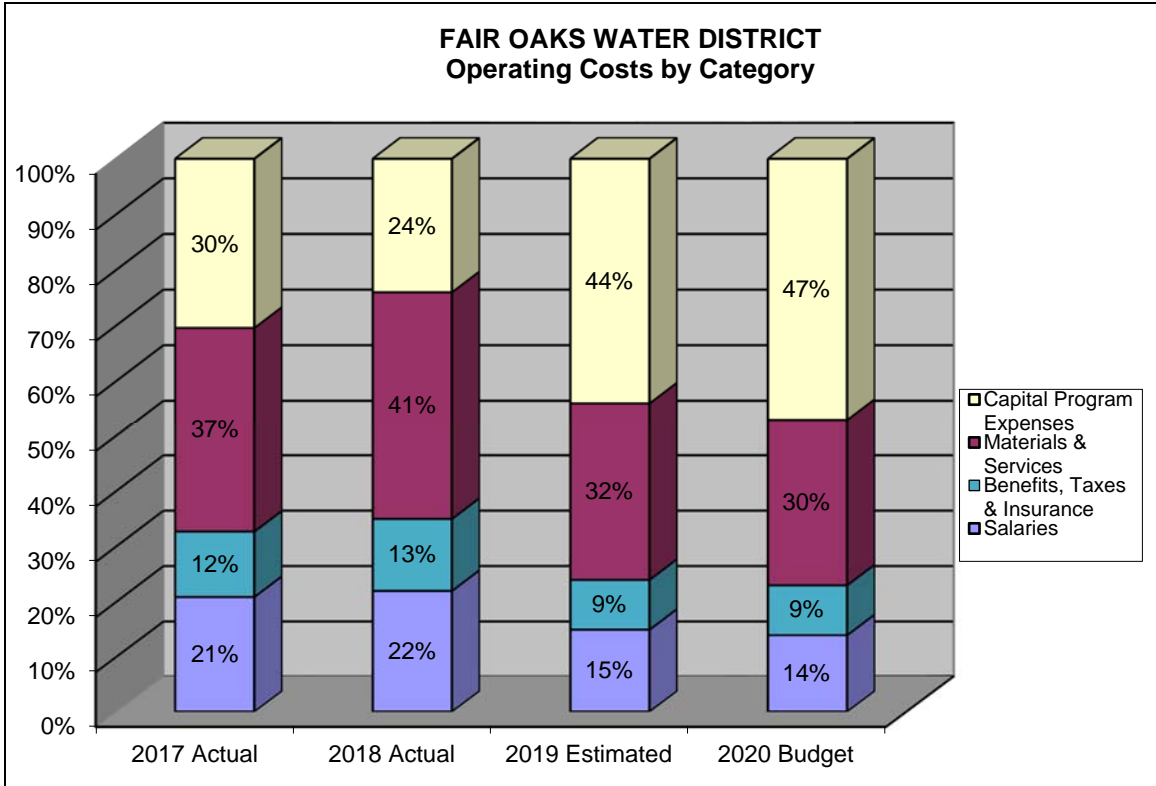
Board of Directors

The Board of Directors (Board) is responsible for developing and reviewing the policies of the District. 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 2017. The salaries and benefits in the table and chart reflect the net labor being capitalized to projects.

Operating Costs by Category				
Category	2017 Actual	2018 Actual	2019 Estimated	2020 Budget
Salaries	\$ 1,867,006	\$ 1,902,027	\$ 1,913,600	\$ 2,086,100
Benefits, Taxes & Insurance	1,054,830	1,087,006	1,135,400	1,306,000
Materials & Services	3,294,615	3,567,662	4,012,800	4,476,200
Capital Program Expenses	2,717,288	2,088,489	5,577,600	7,120,800
Total	\$ 8,933,739	\$ 8,645,184	\$ 12,639,400	\$ 14,989,100

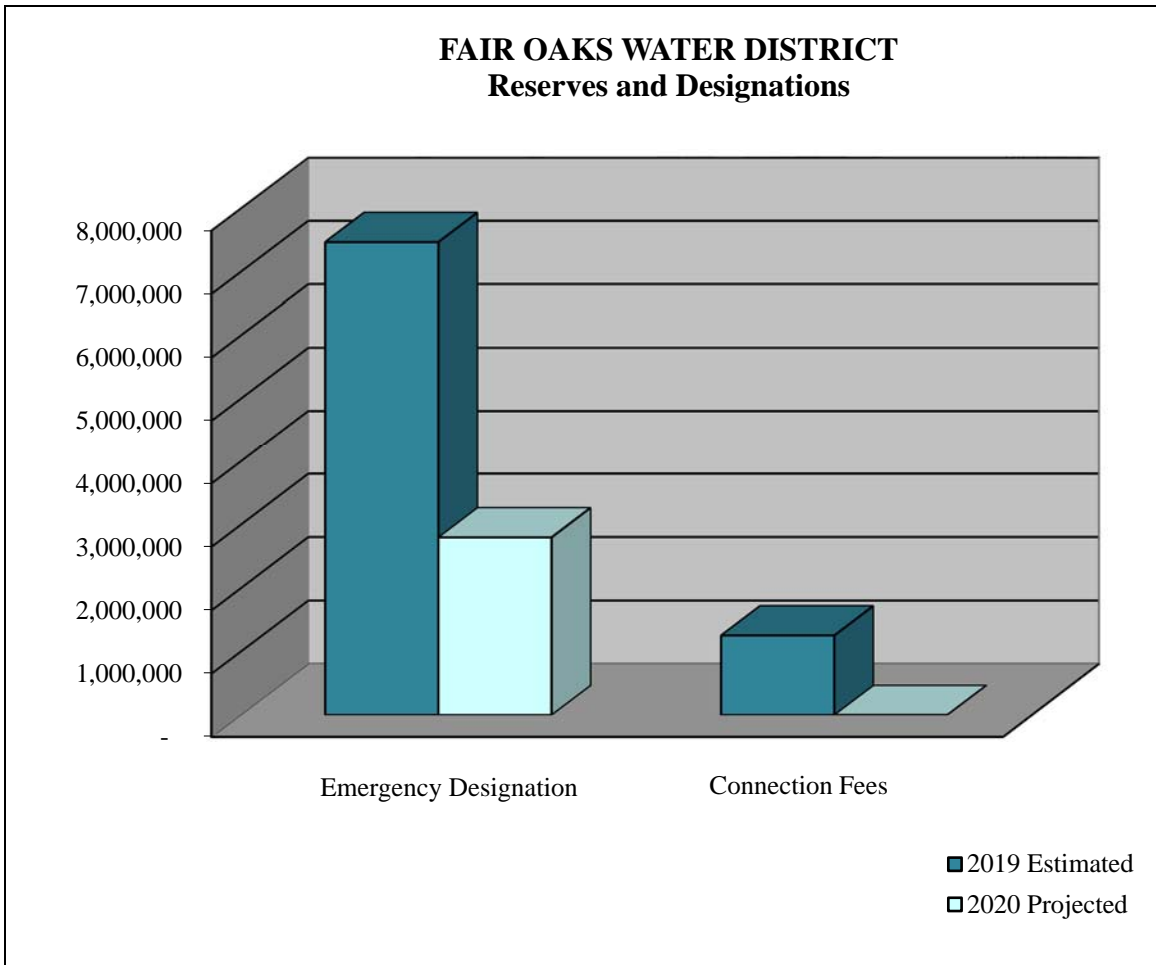


Personnel Summary Full Time Equivalent (FTE)					
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Board Approved	30	30	30	30	31

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 capital improvements 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 13-14 for specific definitions on each reserve. The following chart and graph illustrate the District’s ending reserves and designations.

Ending Reserves/Designations		
Category	2019 Estimated	2020 Projected
Emergency Designation	7,473,000	2,803,300
Connection Fees	1,259,100	-
Total	\$ 8,732,100	\$ 2,803,300



Fair Oaks Water District

2020 Annual Budget

Financial Plan Summary of Revenues and Expenses

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Revenues						
<i>Total Operating Revenues</i>	\$ 7,970,662	\$ 8,665,081	\$ 9,696,799	\$ 9,155,600	\$ 9,160,000	\$ 8,995,100
<i>Total Non-Operating Revenues</i>	127,027	143,332	253,984	203,600	298,900	203,600
<i>Total Capital Contributions</i>	718,756	893,233	1,100,779	92,300	146,300	61,600
Total Revenues	\$ 8,816,445	\$ 9,701,646	\$ 11,051,562	\$ 9,451,500	\$ 9,605,200	\$ 9,260,300
Expenses						
<i>Operating Expenses</i>	\$ 5,592,156	\$ 6,216,451	\$ 6,556,695	\$ 7,325,500	\$ 7,061,800	\$ 7,868,300
<i>Debt Service</i>	-	-	-	-	-	-
Total Expenses	\$ 5,592,156	\$ 6,216,451	\$ 6,556,695	\$ 7,325,500	\$ 7,061,800	\$ 7,868,300
Net Income (Loss) before Capital Program Expenses	\$ 3,224,289	\$ 3,485,195	\$ 4,494,867	\$ 2,126,000	\$ 2,543,400	\$ 1,392,000
Capital Program Expenses						
<i>Information Technology Equip. & Software</i>	\$ 32,411	\$ 14,201	\$ 8,051	\$ 45,500	\$ 20,400	\$ 44,500
<i>Vehicles & Maintenance Equipment</i>	94,020	73,274	1,656	274,600	266,800	186,300
<i>Facility & Office Equipment</i>	34,489	4,190	499	572,000	217,600	1,415,000
<i>Meter Maintenance Program</i>	215,880	321,288	246,175	580,000	445,000	575,000
<i>Capital Improvement Program</i>	1,591,203	2,304,335	1,832,108	1,910,000	2,070,200	4,900,000
Total Capital Program Expenses	\$ 1,968,003	\$ 2,717,288	\$ 2,088,489	\$ 3,382,100	\$ 3,020,000	\$ 7,120,800
FO 40-Inch Pipeline paid to SJWD (Non-Operating Exp.)	\$ 196,650	\$ -	\$ -	\$ 3,000,000	\$ 2,557,600	\$ -
Total Expenses including Capital Program	\$ 7,756,809	\$ 8,933,739	\$ 8,645,184	\$ 13,707,600	\$ 12,639,400	\$ 14,989,100
Net Income (Loss)	\$ 1,059,636	\$ 767,907	\$ 2,406,378	\$ (4,256,100)	\$ (3,034,200)	\$ (5,728,800)
<i>Contingency¹</i>				200,000	-	200,000
<i>Contingency (Labor)</i>				-	-	-
Ending Balance Budgetary Basis²	\$ 8,592,044	\$ 9,359,951	\$ 11,766,329	\$ 6,423,300	\$ 8,732,100	\$ 2,803,300
Reconciliation to year-end cash (unearned revenues & accrued liabilities)		\$ 624,652	\$ 498,906	\$ 624,600	\$ 498,900	\$ 498,900
Year-End Cash	\$ 8,711,302	\$ 9,984,603	\$ 12,265,235	\$ 7,047,900	\$ 9,231,000	\$ 3,302,200
Unfunded Accrued Liability	\$ (2,044,170)	\$ (2,473,181)	\$ (2,428,162)	\$ (2,622,300)	\$ (3,052,708)	\$ (3,087,127)

¹ The District used 100% of the contingency fund for 2016, 2017 and 2018. The funds are being transferred to various expense line items.

² Budgetary basis cash reflects the following: a) Money owed by FOWD but not paid in that year; b) Money owed to FOWD but not paid in that year; and c) Fixed rate charges collected in advance are not included in that year.

Fair Oaks Water District

2020 Annual Budget

Revenue Summary

Description	Acct #	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Operating Revenues:							
<u>Water sales</u>							
Fixed service charge	ALL CUSTOMERS	\$ 6,045,370	\$ 6,070,086	\$ 6,646,073	\$ 6,737,800	\$ 6,735,500	\$ 6,752,700
Commodity charge	ALL CUSTOMERS	1,615,678	1,752,194	1,992,498	1,945,100	1,842,500	1,885,100
<i>Total Water Sales</i>		7,661,048	7,822,280	8,638,571	8,682,900	8,578,000	8,637,800
Water Transfer	4016			397,293		24,000	
San Juan Family Groundwater Supply ¹	4014		345,992	230,660	230,700	230,700	115,300
<u>Water Services & Other Revenues</u>							
Delinquencies & late fees	4050/4055/4060	141,091	146,487	157,068	140,000	140,000	140,000
Fire service fees	4038	43,589	45,542	52,251	52,800	52,800	52,800
Meter downsizing	4186	1,000	500	250	500	-	500
Revenues from reimbursement	4095/4096/4156	53,896	84,582	68,662	17,500	103,300	17,500
Miscellaneous revenue	4015/4170/4175/4180/4185/4186/4310/4042/4330	26,873	56,866	31,139	1,200	16,200	1,200
Developer paid fees for service	4130	43,165	162,832	120,905	30,000	15,000	30,000
<i>Total Water Services & Other Revenues</i>		309,614	496,809	430,275	242,000	327,300	242,000
Total Operating Revenues	4014	\$ 7,970,662	\$ 8,665,081	\$ 9,696,799	\$ 9,155,600	\$ 9,160,000	\$ 8,995,100
Non-Operating Revenues:							
Interest revenue	4610	\$ 48,255	\$ 73,313	\$ 215,612	\$ 158,600	\$ 253,900	\$ 158,600
Gain on disposal of assets	4080/4090	78,772	70,019	38,372	45,000	45,000	45,000
Total Non-Operating Revenues		\$ 127,027	\$ 143,332	\$ 253,984	\$ 203,600	\$ 298,900	\$ 203,600
Capital Contributions²:							
Connection fees ³	4110/4120	77,860	822,741	1,027,551	92,300	(11,200)	61,600
Grants	4320	609,120	-				
Other capital revenues	4150	31,776	70,492	73,228		157,500	
Total Capital Contributions		\$ 718,756	\$ 893,233	\$ 1,100,779	\$ 92,300	\$ 146,300	\$ 61,600
Total Revenues		\$ 8,816,445	\$ 9,701,646	\$ 11,051,562	\$ 9,451,500	\$ 9,605,200	\$ 9,260,300

¹ FOWD began receiving reimb. from SJWD starting in 2017. Generally, the full amount \$922,647 would be recorded as earned; however, for cash flow purpose, this line item will be recorded based on cash received.

² Non-cash contributed assets are not included in the budget.

³ Refunded developer for prior year's collected fees for abandoned project of \$54,293. Total estimated 2019 collected fees is \$43,100.

Fair Oaks Water District

2020 Annual Budget Expense Summary

		Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Labor & Benefits⁽¹⁾							
Salaries and Wages							
Salaries ^(d)	5010	\$ 1,987,426	\$ 2,068,952	\$ 2,081,331	\$ 2,292,200	\$ 2,180,000	\$ 2,482,900
On-call	5011	26,008	43,670	26,779	29,100	26,000	27,000
Overtime	5011	12,146	30,108	17,322	21,000	18,000	18,500
Certificate Incentive Program	5010	14,162	14,976	6,895	-	-	-
<i>Salaries and Wages Subtotal</i>		\$ 2,039,742	\$ 2,157,706	\$ 2,132,327	\$ 2,342,300	\$ 2,224,000	\$ 2,528,400
Benefits and Insurance							
Auto and mileage	5420	\$ 1,661	\$ 722	\$ -	\$ -	\$ -	\$ -
Dental insurance	5220	32,773	34,851	33,948	37,500	34,900	38,700
FICA	5110	122,724	129,888	128,590	145,200	137,900	156,800
Medicare	5120	29,457	31,442	30,987	34,000	32,200	36,700
Health insurance	5210	562,452	645,218	652,884	746,100	673,700	765,500
Disability insurance	5260	8,925	9,300	9,113	10,600	9,800	11,500
Life insurance	5230	5,727	6,112	6,272	7,600	7,400	8,300
Pension plan ⁽²⁾	5240	292,588	296,747	293,979	357,900	324,400	401,800
Unemployment insurance	5310	2,282	2,250	-	15,000	3,000	15,000
Vision care	5250	8,148	8,221	7,736	8,800	8,100	9,100
Workers compensation	5320	36,444	35,403	38,579	51,000	59,200	83,700
<i>Benefits and Insurance Subtotal</i>		\$ 1,103,181	\$ 1,200,154	\$ 1,202,088	\$ 1,413,700	\$ 1,290,600	\$ 1,527,100
<i>Labor & Benefits Subtotal</i>		\$ 3,142,923	\$ 3,357,860	\$ 3,334,415	\$ 3,756,000	\$ 3,514,600	\$ 4,055,500
In-house CIP/MMP labor & benefits capitalized		\$ (383,882)	\$ (416,264)	\$ (335,288)	\$ (573,200)	\$ (454,000)	\$ (651,800)
In-house labor & benefits charged to operating expenses		(9,136)	(19,760)	(10,094)	(11,600)	(11,600)	(11,600)
<i>Net Labor & Benefits</i>		\$ 2,749,905	\$ 2,921,836	\$ 2,989,033	\$ 3,171,200	\$ 3,049,000	\$ 3,392,100

		Actual	Actual	Actual	Budget	Estimated	Budget
		2016	2017	2018	2019	2019	2020
Materials & Services							
Water Supply							
Surface water supply, SJWD ⁽¹⁴⁾	6110	\$ 1,638,098	\$ 1,801,311	\$ 2,017,956	\$ 2,261,600	\$ 2,247,300	\$ 2,401,800
Chemicals	6160	4,642	18,550	16,495	20,000	14,500	14,900
Division of Drinking Water annual permit	6358	10,243	50,585	37,698	38,200	38,200	38,300
Energy cost, tank	6120	25,056	25,554	26,311	26,500	28,000	28,600
Energy cost, wells	6130	121,401	305,025	299,316	284,000	250,000	299,000
Energy cost, other	6135	1,562	1,727	1,742	2,100	2,000	2,100
Testing & sampling	6140	20,928	21,186	36,363	36,000	22,400	36,000
SCADA support & maintenance	6151	-	254	4,285	5,000	5,000	5,000
Cathodic protection	6152	3,800	3,800	3,800	4,300	4,300	4,400
Hydrant testing & flushing	6155	819	3,066		3,000	3,000	3,000
<i>Water Supply Subtotal</i>		\$ 1,826,549	\$ 2,231,058	\$ 2,443,966	\$ 2,680,700	\$ 2,614,700	\$ 2,833,100
District Facilities Maintenance and Repairs							
Well and pump repairs	6170	\$ 5,366	\$ 21,048	\$ 42,726	\$ 30,000	\$ 25,100	\$ 20,000
Heather Well inspection ^[a]	6172		-	11,217	-	20,100	
Skyway Tank inspection	6166				25,000	7,300	
Skyway Booster #1 inspection and repair	6167						25,000
Annual pump efficiency testing ⁽⁴⁾	6171		2,300	2,500	2,700	2,500	3,500
Tank repairs and maintenance	6165	359	7,213	5,758	10,000	8,700	10,000
District site maintenance	6700	13,492	12,208	16,173	17,500	17,000	17,500
Trailer rental	6771		6,562	3,772	6,800	4,500	12,000
Janitorial services	6710	18,572	18,546	18,922	22,000	19,500	19,500
Elevator maintenance	6701	3,832	5,202	5,804	6,500	6,900	9,000
Security costs	6720	3,046	3,309	2,844	4,200	3,000	4,000
<i>District Facilities Maint. Subtotal</i>		\$ 44,667	\$ 76,388	\$ 109,716	\$ 124,700	\$ 114,600	\$ 120,500
Vehicle and Equipment Maintenance							
Vehicle maintenance ⁽⁶⁾	6610	\$ 18,360	\$ 10,281	\$ 10,176	\$ 13,400	\$ 8,000	\$ 10,000
Vehicle repairs	6611	11,019	10,862	8,688	10,000	7,000	10,500
Other equipment maintenance	6621	13,191	9,848	3,040	13,000	15,000	15,000
Other equipment repair	6622	20,196	4,244	10,762	15,300	13,000	13,500
<i>Vehicle Maintenance Subtotal</i>		\$ 62,766	\$ 35,235	\$ 32,666	\$ 51,700	\$ 43,000	\$ 49,000
Insurance							
Auto and general liab. Insurance	7310	\$ 96,501	\$ 82,707	\$ 87,146	\$ 90,000	\$ 72,600	\$ 80,000

		Actual	Actual	Actual	Budget	Estimated	Budget
		2016	2017	2018	2019	2019	2020
Bonding	7330	1,500	1,507	1,489	1,600	1,500	1,600
Property insurance ⁽⁵⁾	7320	20,592	21,490	21,586	23,000	16,600	24,000
<i>Insurance Subtotal</i>		\$ 118,593	\$ 105,704	\$ 110,221	\$ 114,600	\$ 90,700	\$ 105,600
Printing/Postage/Billing and Payment Processing							
Advertisement, notices & recording fees	7655	\$ 451	\$ 2,383	\$ 2,182	\$ 2,500	\$ 1,500	\$ 2,500
Online Bill Pay/Payment Processing ⁽³⁾	7697				49,600	-	49,600
Customer bill printing	7660	9,584	6,624	9,888	12,500	12,500	15,000
Customer bill postage	7695	35,727	39,671	37,913	40,000	40,000	40,000
Customer collection postage	7696	6,300	7,000	5,338	7,000	7,000	7,000
General postage	7690	792	556	928	1,000	1,000	1,000
General printing	7670	1,209	6,644	896	1,000	1,000	1,000
Proposition 218 programs; etc. ⁽⁸⁾	7651	-	9,342		-	-	-
Collection expense printing	6910	594	-	378	500	300	500
<i>Printing & Postage Subtotal</i>		\$ 54,657	\$ 72,220	\$ 57,523	\$ 114,100	\$ 63,300	\$ 116,600
Office Expense							
Office equipment rental	6315	\$ 648	\$ 647	\$ 897	\$ 1,000	\$ 700	\$ 1,000
Office supplies	7610	24,379	18,700	15,595	20,000	18,000	20,000
Office equipment less than \$500	7615	1,239	2,279	1,986	2,000	1,500	2,000
Office furniture less than \$500	7616	439	1,235	1,952	2,000	1,000	2,000
Office equipment maintenance	6614	888	-	173	1,000	300	1,000
Office equipment maintenance agreements	6615	6,944	16,234	15,089	16,700	16,600	19,800
<i>Office Expense & Other Subtotal</i>		\$ 34,537	\$ 39,095	\$ 35,692	\$ 42,700	\$ 38,100	\$ 45,800
Professional Services & Other							
Coop. Trans. Pipeline O & M ⁽¹⁵⁾	6190	\$ 5,163	\$ 4,922	\$ 5,362	\$ 5,600	\$ 5,600	\$ 5,700
Meter testing service	6626		-	2,940	5,000	2,500	5,000
Dues & subscriptions	7620	26,369	32,187	39,557	48,500	46,500	50,000
Grant application	7165	-	-	-	10,000	-	10,000
Urban Water Management Plan (State)	7134	44,720	-	-	-	-	65,000
Hydraulic Model Update	7138		25,338	2,932	-	-	-
Emergency Response Plan	7131		323		500	300	500
Master Plan Update	7136		-		-	-	-
Banking fees ⁽³⁾	7170	51,036	53,819	56,870	32,900	59,900	33,600
Financial audit fees	7120	16,950	17,200	17,460	17,800	17,800	21,300
Actuarial services for pension calculation ⁽⁹⁾	7121	2,600	700	700	800	700	800
Legal fees	7110	56,154	50,952	7,286	40,800	35,000	41,600

		Actual	Actual	Actual	Budget	Estimated	Budget
		2016	2017	2018	2019	2019	2020
Regional support	7640	78,769	85,591	88,048	110,000	104,200	103,300
IT consulting service ^[b]	7156	3,543	2,085	19,534	10,000	80,100	123,600
IT emergency services						140,400	
Network Relocation				31,458			
Website design and public outreach	7160		309	1,322	40,000		5,000
Annual IT audit	7157	-	1,163	-	5,500	-	5,600
Answering service	7180	2,078	2,152	2,162	2,200	2,200	2,200
Professional consulting fees, other ⁽⁷⁾	7130	24,079	20,439	15,814	46,000	26,000	47,000
<i>Professional Services Subtotal</i>		\$ 311,461	\$ 297,180	\$ 291,445	\$ 375,600	\$ 521,200	\$ 520,200
System Maintenance /Repairs							
Aggregate, sand & cutback	6320	20,531	2,906	13,630	20,600	11,000	\$ 15,000
Paving	6340	14,223	36,057	34,302	50,000	50,000	60,000
Contract trucking/dumping	6330	3,602	581		3,000	-	-
Equip. and tool rental	6310		-	175	1,500	1,500	1,500
Consumables & maintenance supplies	6210	11,035	9,153	9,465	11,800	11,000	12,000
Distribution repairs	6215	16,004	22,499	10,776	21,300	21,300	22,000
T-Main repairs	6216	6,749	15,890	12,128	15,500	20,000	25,000
Damages ⁽¹⁰⁾	6219	13,549	34,465	19,502	25,000	25,000	25,000
Backflow testing and supplies	6180	1,896	1,910	2,085	3,000	3,000	3,000
Meter downsizing	6627	233	297		500	-	500
Inventory replenishment ⁽¹¹⁾	1212	136	14	(3)	10,000	400	10,000
Gas and oil	6630	24,418	30,347	35,513	39,100	41,000	40,200
Equipment and tools less than \$500	6240	6,711	9,453	5,258	10,200	8,500	9,000
Safety equipment less than \$500	6250	11,790	9,983	8,334	15,000	9,000	10,000
<i>System Maintenance/Repairs</i>		\$ 130,877	\$ 173,555	\$ 151,165	\$ 226,500	\$ 201,700	\$ 233,200
Fees							
County fees & taxes	6350	535	1,008	339	1,000	900	\$ 1,000
Air quality ^[c]	6355	6,081	7,158	7,780	8,000	9,200	9,500
NPDES permit	6359	2,062	(2,062)	2,165	2,500	2,500	2,500
Haz-mat permit	6357	2,612	2,689	3,331	4,000	3,400	4,200
<i>Fees Subtotal</i>		\$ 11,290	\$ 8,793	\$ 13,615	\$ 15,500	\$ 16,000	\$ 17,200
Utilities							
Communication, telephone	6760	\$ 61,677	\$ 78,835	\$ 93,117	\$ 89,000	\$ 84,400	\$ 81,000
District site utilities	6740	32,254	37,460	33,181	34,100	35,100	37,000
<i>Utilities Subtotal</i>		\$ 93,931	\$ 116,295	\$ 126,298	\$ 123,100	\$ 119,500	\$ 118,000

		Actual	Actual	Actual	Budget	Estimated	Budget
		2016	2017	2018	2019	2019	2020
Information Technology							
IT maintenance agreements	7150	\$ 54,239	\$ 53,414	\$ 86,661	\$ 129,600	\$ 82,000	\$ 102,700
Computer hardware <\$500	7151	5,391	3,611	1,374	4,000	2,000	4,000
Computer software <\$500	7152	89	286	358	1,000	500	1,000
<i>Information Technology Subtotal</i>		\$ 59,719	\$ 57,311	\$ 88,393	\$ 134,600	\$ 84,500	\$ 107,700
Water Efficiency							
Conservation Outreach	6430	\$ 14,462	\$ 11,628	\$ 14,208	\$ 25,000	\$ 21,000	\$ 25,000
Grant Application	6407		-	-	1,000	-	1,000
Cons. Landscape Irrigation Review (Materials)	6450	1,368	-	613	2,500	2,000	2,500
Large Landscape Irrigation Consulting	6451	7,400	-		15,000	7,000	15,000
Conservation Water Waste (Materials)	6470		-	234	1,500	500	1,500
Conservation Large Landscape (Materials)	6455		-	3,000	1,500	1,000	1,500
Conservation Subscriptions	6405		-	-	500	-	500
Conservation Toilet Rebate Program	6510	11,374	9,399	8,802	15,000	10,000	15,000
Conservation Toilet Rebate Program (Reimb.)	6515	5,726	6,365	5,726	7,500	5,000	7,500
Washing Machine Program	6516	800	-		6,000	-	6,000
Conservation Internal Review (Materials)	6460	1,368	-		2,500	1,500	2,500
<i>Water Efficiency Subtotal</i>		\$ 42,498	\$ 27,392	\$ 32,583	\$ 78,000	\$ 48,000	\$ 78,000
Training & Uniforms							
DMV/Physicals/DOT Testing ⁽¹²⁾	7135	\$ 2,482	\$ 2,585	\$ 3,572	\$ 3,000	\$ 3,000	\$ 4,500
Employee recognition program ⁽¹³⁾	7570	3,506	9,095	10,404	11,200	11,000	11,200
Training and travel expenses	7510	15,203	13,326	12,906	15,300	15,300	15,600
Uniforms	6270	11,210	10,176	11,226	15,000	12,000	12,000
<i>Training Subtotal</i>		\$ 32,401	\$ 35,182	\$ 38,108	\$ 44,500	\$ 41,300	\$ 43,300
Board Expenses							
Election expense	7720	\$ 1,669	\$ -	\$ 24,560	\$ -	\$ -	\$ 60,000
Director's fees	7710	14,200	15,000	8,900	16,500	10,000	16,500
Miscellaneous Board expenses	7730	1,332	1,072	1,187	1,500	1,200	1,500
Travel and seminars	7740	1,104	3,135	1,624	10,000	5,000	10,000
<i>Board Expenses Subtotal</i>		\$ 18,305	\$ 19,207	\$ 36,271	\$ 28,000	\$ 16,200	\$ 88,000
Materials & services total		\$ 2,842,251	\$ 3,294,615	\$ 3,567,662	\$ 4,154,300	\$ 4,012,800	\$ 4,476,200
Department Grand Total		\$ 5,592,156	\$ 6,216,451	\$ 6,556,695	\$ 7,325,500	\$ 7,061,800	\$ 7,868,300

Expense Summary

General Notes

- ⁽¹⁾ Labor and Benefits: The Board approved 31 positions. [Page 26]
- ⁽²⁾ Pension plan includes the required portion of unfunded accrued liability for the year and actual pension expense. [Page 26]
- ⁽³⁾ Banking fees (includes credit card fees); FOWD budgeted in 2019 using Invoice Cloud for online bill pay and shifted some of the costs for credit card and ACH processing under Online Bill Pay/Payment Processing under "Printing/Postage/Billing and Payment Processing." The transition to using Invoice Cloud was delayed until 2020. The Board approved to transfer \$27,000 from Online Bill Pay/Payment Process back to Banking fees on September 9, 2019. [Page 28]
- ⁽⁴⁾ Starting 2017, the Annual Pump Efficiency Testing will be budgeted under expense rather than in CIP. [Page 27]
- ⁽⁵⁾ ACWA JPIA did not bill for the April-June property insurance premiums. Excess reserves were used by ACWAJPIA fund April-June premiums. [Page 28]
- ⁽⁶⁾ The District follows manufacturer's recommended maintenance schedule for vehicles. [Page 27]
- ⁽⁷⁾ Starting with the 2018 Budget, the Professional Consulting increased from prior year due to the inclusion of Engineering Consulting of \$25,000. [Page 29]
- ⁽⁸⁾ The District generally incur Proposition 218 expenses from rate change process. [Page 28]
- ⁽⁹⁾ 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. CalPERS billed for 2014-2015 and 2015-2016 actuarial reports in 2016. [Page 28]
- ⁽¹⁰⁾ Reimbursements for the damages are shown in the revenues summary under "Revenues from Reimbursements." [Page 29]
- ⁽¹¹⁾ Starting in 2015, inventory purchase will be budgeted to show the cash spending and placed in inventory until charged out to a particular project. [Page 29]
- ⁽¹²⁾ The Consortium fees will be budgeted in the Physicals/DMV starting in the 2020 budget. Prior years were budgeted under dues and subscription. [Page 30]
- ⁽¹³⁾ The District anticipates spending \$1,500 of wellness grant money in 2018. Budgeted \$1,200 to be spent on Wellness Grant from 2020-2024. The Board approved to transfer \$5,000 from Contingency Fund to "Employee Recognition" on 11/5/2018. [Page 30]
- ⁽¹⁴⁾ The District assumes 30% groundwater pumping and 70% surface water from 2020-2024. [Page 27]
- ⁽¹⁵⁾ FY 2018-2019 Coop. Transmission Pipeline operations and maintenance cost was \$1,793.71. SJWD anticipates to add capital project (corrosion protection study in 2019-2020); thus will keep the estimated number as budgeted. [Page 28]

Budget Transfers/Funds carried forward from prior year(s)

- ^[a] The Board approved to carry forward \$28,783 from 2018 to 2019 for the Heather Well Inspection on January 14, 2019. [Page 27]
- ^[b] The Board approved to carry forward \$48,856.42 from 2018 to 2019 for the IT Consulting Expenses on January 14, 2019. [Page 29]
- ^[c] The Board approved to transfer \$1,200 from reserves to fund Air Quality on October 14, 2019. [Page 29]
- ^[d] \$11,500 was transferred from the expense labor budget to Hazel Avenue & Madison Project based on the September 9, 2019 Regular Board Meeting. [Page 26]

Fair Oaks Water District

2020 Annual Budget

Debt Service

		Actual	Actual	Actual	Budget	Estimated	Budget
Description	Acct #	2016	2017	2018	2019	2019	2020
Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-	-
<i>Debt Service Principal Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service - Interest		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-	-
<i>Debt Service Interest Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Material and Services		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		-	-	-	-	-	-
<i>Material and Services Total</i>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department Grand Total		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fair Oaks Water District

2020 Annual Budget

Information Technology Equipment and Software

	Actual	Actual	Actual	Budget	Estimated	Budget
Description	2016	2017	2018	2019	2019	2020
Information Technology Equipment & Software						
IT Equipment						
Computer Hardware (Desktops/Laptops)	\$ 6,496	\$ 7,131	\$ 6,713	\$ 7,000	\$ 7,100	\$ 7,000
Meter Reading Equipment	8,415					7,500
Network Upgrade		7,070	-	25,000	5,000	25,000
Backup Solution	17,500					
Modular Battery Replacement			-	8,500	5,800	
IT Software/Licensing						
IT Software and Licensing			1,338	5,000	2,500	5,000
Total Information Technology Equipment & Software	\$ 32,411	\$ 14,201	\$ 8,051	\$ 45,500	\$ 20,400	\$ 44,500

Fair Oaks Water District
2020 Annual Budget
Vehicles and Maintenance Equipment

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Trucks/Vehicles/Trailers						
Replace 032 with a new Dump Truimp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Replace 045 with a new Service Truck		41,811				
Replace 04 410G (John Deere Backhoe) in 2019				110,000	110,000	
Replace 044 Heavy Duty Service Truck in 2019				125,000	125,000	
Replace 068 Dodge Dakota in 2019 (Water Quality)				30,000	22,700	
Replace Ditchwitch Vac (FX-60) in 2020						100,000
Replace 069 Dodge Dakota in 2020 (Light Service Truck)						30,000
Replace 077 3500 Chevy in 2020 (Water Supply Op)						45,000
Replace 043 Chevy in 2016 (Light Service Truck)	30,069					
Replace 121 Ford F250	38,218					
New Vehicle for Water Efficiency Specialist		23,701				
Subtotal	\$ 68,287	\$ 65,512	\$ -	\$ 265,000	\$ 257,700	\$ 175,000
Maintenance Equipment/Tools						
Replace Wackers/Tampers	\$ 3,995	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Single Plate Compactor				1,100	1,100	
Light Tower/Glo-Bug		3,206				
Hydraulic Pipe Cutter		3,773				
Torch Set w/ Regulators & Horses		783				
Underground Locators	3,824			4,000	4,000	
Replacement of Hot Tap Machine	5,301					
Cut-Off Saw				-		1,300
Pneumatic Jackhammer/Pole Tamper				1,500	1,000	
Valve Exerciser	8,743					
Other Maintenance Equipment	3,870	-	1,656	3,000	3,000	5,000
Subtotal	\$ 25,733	\$ 7,762	\$ 1,656	\$ 9,600	\$ 9,100	\$ 11,300
Total Vehicles & Maintenance Equipment	\$ 94,020	\$ 73,274	\$ 1,656	\$ 274,600	\$ 266,800	\$ 186,300

Fair Oaks Water District

2020 Annual Budget Facilities and Office Equipment

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Building						
Admin. Office Building (10326 FOB)	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 5,000
Maintenance Building (10317 FOB)	20,998	-	499	500,000	200,000	1,400,000
Total Building	\$ 20,998	\$ -	\$ 499	\$ 550,000	\$ 200,000	\$ 1,405,000
Office Equipment						
Safety Equipment	\$ 1,144	\$ 2,877	\$ -	\$ 3,000	\$ 1,500	\$ 3,000
Audio Video	-	-		1,000	1,000	1,000
Furnishings	1,080	1,313		3,000	1,000	3,000
Plotter	11,267					
Folder Inserter				15,000	14,100	
Office Equipment						3,000
Total Office Equipment	\$ 13,491	\$ 4,190	\$ -	\$ 22,000	\$ 17,600	\$ 10,000
Total Facilities and Office Equipment	\$ 34,489	\$ 4,190	\$ 499	\$ 572,000	\$ 217,600	\$ 1,415,000

Fair Oaks Water District

2020 Annual Budget

Meter Maintenance Program

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Meter Maintenance Program (MMP)						
New Residential Metering	\$ -	\$ 2,251	\$ 423	\$ 5,000	\$ 5,000	\$ 5,000
Meter Replacement	41,942	109,119	34,728	175,000	140,000	175,000
AMR/Registers Replacement	88,046	152,542	146,404	205,000	205,000	250,000
Large Meter Replacement ^[a]	85,892	2,620	20,229	150,000	50,000	100,000
Subtotal MMP⁽¹⁾	215,880	266,532	201,784	535,000	400,000	530,000
AMRs/Registers Trade-In ⁽²⁾		54,756	44,391	45,000	45,000	45,000
Total MMP	\$ 215,880	\$ 321,288	\$ 246,175	\$ 580,000	\$ 445,000	\$ 575,000

General Notes

⁽¹⁾ Includes labor and benefits.

⁽²⁾ Item being offset in revenues under gain on disposal of assets.

Budget Transfers/Funds carried forward from prior year(s)

^[a] The Board approved to carry forward \$31,999.98 from 2018 to 2019 for the Large Meter Replacement Project on January 14, 2019.

Fair Oaks Water District

2020 Annual Budget

Capital Improvement Program

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Wells & Tank						
Annual Well Pump Check ⁽¹⁾	\$ 1,100	\$ -	\$ -	\$ -	\$ -	\$ -
Chemical Pumps for Town and Heather Wells		1,552				
Miscellaneous Bowl Replacement ⁽⁴⁾						
Minor Water Supply Facilities Upgrades ⁽⁴⁾		970				
Northridge Well Rehab.		28,170				
Tank Site Minor Site Improvements			7,189			
Tank Site Frontage Upgrades	23,792	11,413				
Madison Well - Design, Equipment and Site Improvement	857,319	240,372				
Implementation of Telemetry (SCADA) Phase I	2,960	-	259,460			
Implementation of Telemetry (SCADA) Phase II ^[a]					140,000	
New York Well Design				200,000	150,000	250,000
New York Well Drilling and Equipping						1,100,000
Skyway Tank Site Test Hole and Design ^[d]				200,000	200,000	200,000
Skyway Well Drilling and Equipping						1,000,000
Upgrade existing Lemon Street PRV Station - replace vault lid, meter						75,000
Upgrade existing Winding Way and Minnesota PRV Station - replace vault lid, meter and pressure transducers				65,000	65,000	
Gum Ranch Tank Site ⁽⁵⁾					35,000	
Replacement of VFD #3 at the Skyway Booster Station		17,520				
Replacement of VFD #1 and #2 at the Skyway Booster Station			39,780			
Subtotal	\$ 885,171	\$ 299,997	\$ 306,429	\$ 465,000	\$ 590,000	\$ 2,625,000
Transmission & Distribution						
Services Upgrade ^[e]	\$ 106,921	\$ 129,119	\$ 92,073	\$ 100,000	\$ 130,000	\$ 130,000
Hydrant Upgrades	73,698	77,117	63,717	105,000	105,000	110,000
Minor Main Upgrades	76,509	13,669	36,377	40,000	40,000	55,000
Installation of ARV's and Blow-offs at Various Locations on T-Mains	17,191	10,804	16,429	20,000	20,000	20,000
Developer's Paid Projects-Service Installation etc. ⁽³⁾	35,511	91,756	81,606	15,000	48,900	15,000
Developer's Paid Main Line Projects ⁽³⁾	2,979	8,245	29,176	15,000	9,600	15,000
Hazel Avenue/Madison Steel Main Replacement ^[b]					345,900	

Fair Oaks Water District

2020 Annual Budget

Capital Improvement Program

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Completing connections (12-inch PVC/DIP) on Tommar Drive and Shadowwood Way to separate from T-main. Installation of welded cap on T-main on Timothy Way and east of Fair Oaks Blvd.			7,678			
Replacement of 600 LF of 12" C-900 on Fair Oaks Blvd. from El Capitan to Dorian Way		113				
Transmission Main Master Plan Project - Engineering Services				250,000	50,000	120,000
Replacement of 10" steel main on Phoenix Ave. from Wagon Way to west of Tucson Circle				300,000	300,000	
Replacement of 12-inch Water Main on Winding Way under the Chicago Creek Bridge				260,000	130,000	130,000
Replacement of 4" AC Main on Wedge Circle and portion of Madison Ave.				340,000	10,400	
Replacement of 12-inch steel water main on Fair Oaks Blvd. from County View Lane to El Capitan						430,000
Replacement of 6-inch steel water main on Sunset Avenue west of 7551 Sunset Avenue (Cottages)						280,000
Distribution Improvements on Madison Avenue (Between Hazel and Sunrise)						
Replacement of 1,450 LF of 18-inch steel water main with 16-inch DIP on Gastman from Pennsylvania to Dory	94,995	20,922	128			
Replacement of Services on Cardinal Road		34,481				
Replacement of 1,200 LF of 8" C-900 from Zelinda/Sunset Ave./Amelia to Johnson Dr., 8" C-900		154,772	245,294			
Winding Way Bridge Replacement	164	455	3,173			
Replacement of 12-inch Main on Fair Oaks Blvd. north of Plumeria Road to south Shangrila Drive	229					
County Hazel Ave. Improv. Project Phase II (12-inch DIP) ^(c)	43,921	1,379,019	448,005		289,400	
County Hazel Ave. Improv. Project Phase III (12-inch DIP) from Sunset Avenue to Madison Avenue	3,104	281	14,163			970,000

Fair Oaks Water District

2020 Annual Budget

Capital Improvement Program

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Replacement of 12-inch Steel Main on Fair Oaks Blvd. (from Orange Ave. to school property)	195,769					
Intertie with Citrus Heights					1,000	
Service Replacement on Quail Road	47,748					
Portion of 24-inch in FOB and El Capitan ^[b]	7,293	83,585	487,860			
Subtotal	\$ 706,032	\$ 2,004,338	\$ 1,525,679	\$ 1,445,000	\$ 1,480,200	\$ 2,275,000
Total CIP⁽²⁾	\$ 1,591,203	\$ 2,304,335	\$ 1,832,108	\$ 1,910,000	\$ 2,070,200	\$ 4,900,000

General Notes

- ⁽¹⁾ 2017 and forward will be budgeted under expense.
- ⁽²⁾ Includes labor and benefits.
- ⁽³⁾ Developers paid projects are budgeted with fees expected to be collected in revenues.
- ⁽⁴⁾ To be funded from contingency fund.
- ⁽⁵⁾ FOWD collected \$125,000 from the developer for the improvements at Gum Ranch in 2019.

Budget Transfers/Funds carried forward from prior year(s)

- ^[a] The Board approved to carry forward \$160,000 from 2018 to 2019 for the SCADA Implementation Phase II Project on January 14, 2019.
- ^[b] The Board approved to transfer from reserves \$279,000 on April 16, 2019 and \$55,359 on July 8, 2019 to fund the Hazel Avenue and Madison Project.
In addition, \$11,500 was transferred from the expense labor budget to Hazel Avenue & Madison Project based on the September 9, 2019 Regular Board Meeting.
- ^[c] The Board approved to carry forward \$113,894.51 from 2018 to 2019 for the Hazel Avenue Widening Project on January 14, 2019.
- ^[d] The Board approved to transfer \$91,000 from reserves to cover Skyway Well Pilot Hole on September 9, 2019.
- ^[e] The Board approved to transfer \$35,000 from reserves/contingency fund to cover Services Upgrade on October 14, 2019.

Fair Oaks Water District

2020 Annual Budget

Fair Oaks 40-Inch Pipeline Paid to SJWD

Description	Actual 2016	Actual 2017	Actual 2018	Budget 2019	Estimated 2019	Budget 2020
Fair Oaks 40-Inch Pipeline ^[1]	\$ 196,650	\$ -	\$ -	\$ 3,000,000	\$ 2,557,600	\$ -
Total	\$ 196,650	\$ -	\$ -	\$ 3,000,000	\$ 2,557,600	\$ -

^[1] Payments made for the Fair Oaks 40 are reported on a cash basis rather expenses incurred.

Fair Oaks Water District

2020 Annual Budget

Reserves and Designations

2019 Estimated	2019 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Total
Beginning Reserve and Designation Balance		\$ 10,146,025	\$ 1,620,304	\$ 11,766,329
Add: Revenues Collected				
Water Sales	\$ 8,578,000			
Water Sales (Groundwater Reimbursement)	230,700			
Water Transfer	24,000			
Interest Income	253,900			
Revenues from Reimbursement	103,300			
Delinquencies & Late Fees	140,000			
Fire Service Fees	52,800			
Developer Paid Fees for Service	15,000			
Connection Fees	(11,200)			
Other Capital Revenues	157,500			
Gain/Loss on Disposal of Assets	45,000			
Miscellaneous Revenue	16,200			
	9,605,200			
2019 Allocation	(9,605,200)	9,616,400	(11,200)	9,605,200
Subtotal Reserves and Designations		\$ 19,762,425	\$ 1,609,104	\$ 21,371,529
Expenses and payments				
Operating Expenses		7,061,800		7,061,800
Computer Equipment and Software		20,400		20,400
Facility & Office Equipment		217,600		217,600
Vehicles & Maintenance Equipment		266,800		266,800
CIP		4,277,800	350,000	4,627,800
Meter Maintenance Program		445,000	-	445,000
Total Expenses and Infrastructure		\$ 12,289,400	\$ 350,000	\$ 12,639,400
Additional proposed allocation		-		-
Ending Reserve and Designation Balance		\$ 7,473,000	\$ 1,259,100	\$ 8,732,100
Policy (5050) Requirement ⁽³⁾		2,353,900	N/A	\$ 2,353,900
Difference between Ending Reserve & Policy Requirement		217.5%		271.0%

- 1) Emergency Designation target balance is four months of operating costs.
- 2) Connection fee reserve for capacity related project.
- 3) Used 2019 operating expenses for Emergency Designation fund requirement.

Fair Oaks Water District

2020 Annual Budget

Reserves and Designations

2020 Projected	2020 Revenues	Emergency Designation ⁽¹⁾	Connection Fee ⁽²⁾	Total
Beginning Reserve and Designation Balance		\$ 7,473,000	\$ 1,259,100	\$ 8,732,100
Add: Revenues Collected				
Water Sales	\$ 8,637,800			
Water Sales (Groundwater Reimbursement)	115,300			
Interest Income	158,600			
Revenues from Reimbursement	17,500			
Delinquencies & Late Fees	140,000			
Fire Service Fees	52,800			
Developer Paid Fees for Service	30,000			
Connection Fees	61,600			
Meter Downsize	500			
Gain/Loss on Disposal of Assets	45,000			
Miscellaneous Revenue	1,200			
	9,260,300			
2020 Allocation	(9,260,300)	9,198,700	61,600	9,260,300
Subtotal Reserves and Designations		\$ 16,671,700	\$ 1,320,700	\$ 17,992,400
Expenses and payments				
Operating Expenses		7,868,300		7,868,300
Computer Equipment and Software		44,500		44,500
Facility & Office Equipment		1,415,000		1,415,000
Vehicles & Maintenance Equipment		186,300		186,300
CIP		3,579,300	1,320,700	4,900,000
Meter Maintenance Program		575,000		575,000
Contingency		200,000	-	200,000
Total Expenses and Infrastructure		\$ 13,868,400	\$ 1,320,700	\$ 15,189,100
Additional proposed allocation		-		-
Ending Reserve and Designation Balance		\$ 2,803,300	\$ -	\$ 2,803,300
Policy (5050) Requirement ⁽³⁾		2,622,800	N/A	\$ 2,622,800
Difference between Ending Reserve & Policy Requirement		6.9%		6.9%

- 1) Emergency Designation target balance is four months of operating costs.
- 2) Connection fee reserve for capacity related project.
- 3) Used 2019 operating expenses for Emergency Designation fund requirement.

Fair Oaks Water District

Metered Service Charges and Commodity Rates ⁽¹⁾

Bi-Monthly Fixed Service Charges		
Meter Size (Inch)	2019	2020
1	\$ 71.61	\$ 71.61
1.5	131.24	131.24
2	202.71	202.71
3	393.32	393.32
4	607.87	607.87
6	1,203.22	1,203.22
8	1,919.30	1,919.30
10	2,990.76	2,990.76

	2019	2020
Commodity Rate per CCF⁽²⁾	\$ 0.50	\$ 0.50

Shared Metered Services:

User Category	2019	2020
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$71.61 per parcel + consumption ⁽⁴⁾	\$71.61 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	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 stands for 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 2020

Activity	2019	2020
New Business		
Connection Fees:		
1" service	\$ 6,153	\$ 6,153
1.5" service	\$ 13,844	\$ 13,844
2" service	\$ 24,612	\$ 24,612
3" service	\$ 41,533	\$ 41,533
4" service	\$ 73,836	\$ 73,836
6" service	\$ 166,131	\$ 166,131
8" service	\$ 295,344	\$ 295,344
10" service	\$ 461,475	\$ 461,475
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 (field test)	\$ 220	\$ 220
Fire flow letter	\$ 85	\$ 85
Fire flow (modeling)	\$ 300	\$ 300
Backflow Device Testing Fee:		
Test and tag	\$ 125	\$ 125
Inspection Fee:		
Inspection per hour (1 hour minimum)	\$ 100	\$ 100
Development Fees:		
Application for water service fee	\$ 50	\$ 50
Plan checking (minimum)	\$ 330	\$ 330
Plan checking-additional (per hour)	\$ 110	\$ 110
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)	\$ 170	\$ 170
Additional testing (same location and time)	\$ 55	\$ 55

Fair Oaks Water District

Schedule of Fees and Charges (Continued)

2020

Activity	2019	2020
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 2020

Bi-Monthly Service Charges		
Service Size	2019	2020
2-inch service	\$ 16.50	\$ 16.50
3-inch service	\$ 33.00	\$ 33.00
4-inch service	\$ 49.50	\$ 49.50
6-inch service	\$ 99.00	\$ 99.00
8-inch service	\$ 159.50	\$ 159.50
10-inch service	\$ 247.50	\$ 247.50

APPENDIX A– GLOSSARY OF TERMS

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 – A 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 stands for 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.

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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