



Flocculation-Sedimentation Basin – see inside cover >



SAN JUAN WATER DISTRICT

GRANITE BAY, CALIFORNIA

ADOPTED BUDGET

FISCAL YEAR 2018-19

Cover Photo: The District's Water Treatment Plant after completion of the 2016 Flocculation/Sedimentation Improvement Project. The total approved construction budget was \$6.644 million and the final construction cost was \$6.114 million, saving the District over \$500,000. The project included replacement of the original flocculation system and sludge collection system, and construction of a second settled water channel.

San Juan Water District

Fiscal Year 2018-19 Budget



Prepared by the Finance Department under Direction of
the General Manager

Mission Statement:

Ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price.

Vision Statement:

To be a recognized industry leader in the treatment and distribution of a reliable supply of safe and clean drinking water, while protecting and retaining the District's water rights and supply.





San Juan Water District
9935 Auburn Folsom Road
Granite Bay, California 95746
(916) 791-0115
www.sjwd.org

Elected Officials

Martin Hanneman, President/Director
Dan Rich, Vice President/Director
Edward J. "Ted" Costa, Director
Kenneth H. Miller, Director
Pamela Tobin, Director

Appointed Officials

Paul Helliker, General Manager

Management Team

Tony Barela, Operations Manager
Lisa Brown, Customer Services Manager
George Machado, Field Services Manager
Donna Silva, Director of Finance/Treasurer
Greg Turner, Water Treatment Plant Superintendent
Chris von Collenberg, Information Technology Manager
Rob Watson, Engineering Services Manager
Greg Zlotnick, Water Resources Manager

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Directors

Edward J. "Ted" Costa

Marty Hanneman

Kenneth H. Miller

Dan Rich

Pamela Tobin

General Manager

Paul Helliker

June 27, 2018

Board of Directors
Citizens of the San Juan Water District

On behalf of the San Juan Water District and its staff, I am pleased to present the Budget for Fiscal Year 2018-2019. The Budget has been developed to be fiscally responsible in support of the District's Mission Statement:

Our mission is to ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price.

Adoption and implementation of this budget will allow the District to accomplish major priorities in Fiscal Year 2018-2019, detailed throughout this document.

During the past fiscal year, the District developed a strategic plan to guide its operations over the next 3-5 years. In addition to the mission statement just described, the Board adopted a vision statement, organizational values, strategic goals and objectives and performance metrics. The plan is available at the following location:

<https://www.sjwd.org/files/eceb7dd84/Strategic+Plan+Adopted+032818.pdf>

The strategic goals are:

- Ensure Water Supply Reliability
- Optimize Operations and Delivery for High Quality and Reliable Water
- Ensure Customer Service through Consistent Access and Timely Responsiveness
- Operate the District Sustainably and in a Financially Sound Manner while Maintaining a Fair Rate Structure
- Provide a Capable High Quality Work Force and Ensure a Safe Work Environment

These strategic goals will guide our actions to respond to the following significant issues and priorities that we will face during fiscal year 2018-19, including, but not limited to the following:

- Development and adoption by the State of a new regulatory structure to implement water efficiency targets, pursuant to SB 606 and AB 1668
- Completion of an update to the Water Quality Control Plan for the Sacramento/San Joaquin Delta, and a possible voluntary settlement agreement by the District and neighboring agencies in the American River Basin

San Juan Water District

Fiscal Year 2018-19 Budget

- Completion of the hearings on the change petition for water rights associated with the California WaterFix, and potential resolution of the District's protest
- Deliberations on the challenge that the District and other agencies filed concerning the environmental review of California WaterFix, pursuant to the California Environmental Quality Act and the National Environmental Policy Act
- Development by the State of water loss standards for drinking water systems
- Resolution of legal and policy issues to allow the District to transfer surplus water supplies
- Consideration of greater formal collaboration with, and potential merger with the Sacramento Suburban Water District
- Working with our Wholesale Customer Agencies to update our Water Supply Contract
- Updating capital improvement plans for portions of the District's supply, treatment and distribution systems, including developing a plan for replacement of retail service area meters
- Planning and executing significant infrastructure repair and replacement projects
- Evaluating and implementing new enterprise software systems, such a billing and customer service, maintenance management, supervisory control and data acquisition, etc.
- Meeting current and evolving regulatory requirements for water quality, system operations, health and safety, human resources management, etc.

The District works hard to ensure that ratepayer dollars are used in the most cost-effective manner to provide reliable, clean water supplies to its customers. During fiscal year 2017-18, the District completed an extensive financial analysis and rate study and adopted five-year financial plans for both the retail and wholesale operations of the District. In preparing this budget, staff have reviewed the projections in the financial plans and have proposed a budget that is consistent with those plans.

I would like to thank District staff for their conscientious efforts in prudent management of District resources, enabling the District to reduce expenses whenever possible without reducing the levels of service necessary to meet the demands of good customer service and responsible facilities maintenance.

I want to thank the Board of Directors for their leadership and continued interest in prudent fiscal management.

Respectfully Submitted,



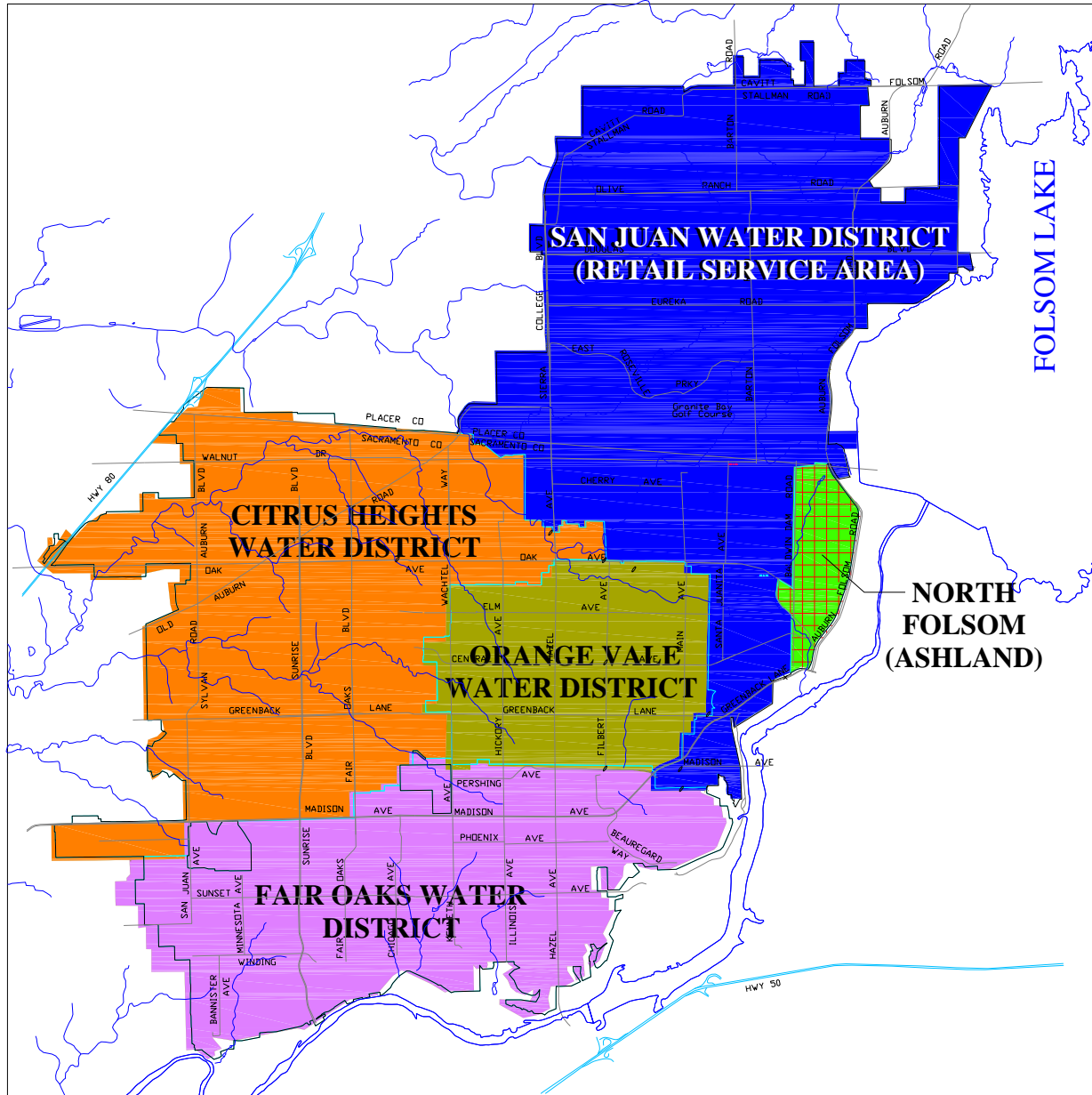
Paul Helliker
General Manager



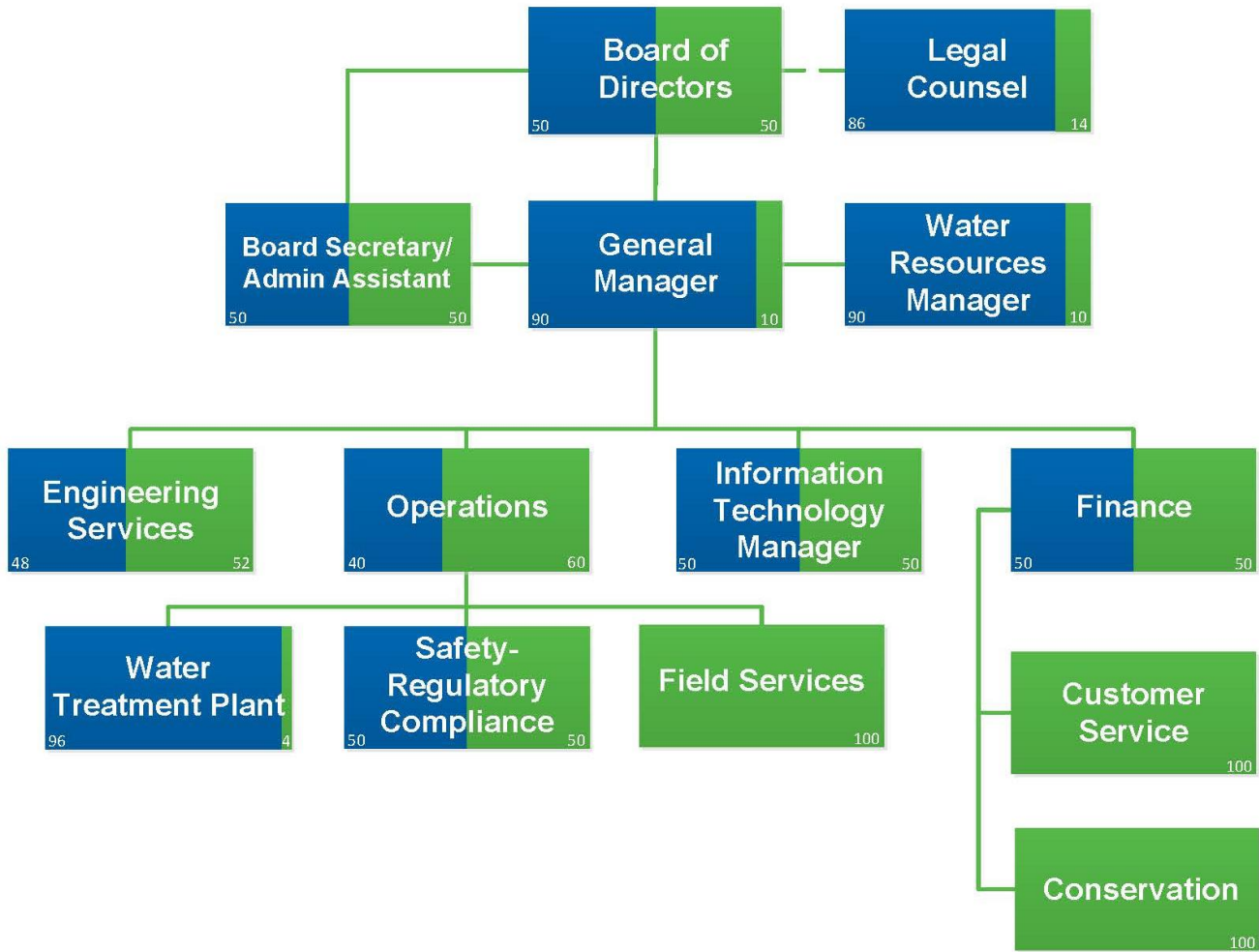
DISTRICT PROFILE

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Wholesale Service Area Map
(SJWD Retail Service Area – in blue)



Organization Chart by Functional Area



Allocation of Costs

Wholesale	50%
Retail	50%

GFOA Budget Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**San Juan Water District
California**

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to San Juan Water District for its annual budget for the fiscal year beginning July 1, 2017. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

By The Numbers – Summary of District Information

Water System	
Total Water Supply Available	82,200 acre-feet
Treatment Plants	1
Treatment Plant Capacity	150 MGD
Reservoirs	2
Miles of Water Main	222
Storage Tanks	2
Booster Stations	9
Number of Booster Pumps	38
Number of Control Valve Stations	15
Number of Solar Facilities	1
Number of Pressure Zones – Retail Service Area	8
Number of Active Service Connections – Retail Service Area	10,673

Miscellaneous Statistical Information	
Size of Service Area	46 square miles
Size of Retail Service Area Only	17 square miles
Population of Service Area <small>(2017 per CAFR)</small>	153,697
Population of Retail Service Area Only <small>(2017 per CAFR)</small>	29,704
Number of Active Employees	47
Number of Bond Issues Outstanding	2
Wholesale Operating Budget	\$ 9,621,200
Wholesale Capital Budget	\$ 4,856,700
Retail Operating Budget	\$ 11,463,700
Retail Capital Budget	\$ 6,014,100



ABOUT THE DISTRICT

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ABOUT THE DISTRICT

The San Juan Water District (District) initially began as the North Fork Ditch Company dating back to 1854 providing water to the area. The District, as in existence today, was formed as the result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was then held within the boundaries of the sponsoring districts including the District's current Placer County service area on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a Community Services District formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

The District provides water on a wholesale and retail basis to an area of approximately 17 square miles for retail and 46 square miles for wholesale (which includes the retail area) in Sacramento and Placer Counties.

The District's wholesale operations include: protecting access to reliable and sufficient water supplies; operating and maintaining a surface water treatment plant; operating and maintaining treated water storage; pumping and transmission facilities; delivering treated water to five retail agency customers (the District's retail division, Fair Oaks Water District, Citrus Heights Water District, Orange Vale Water Company and the City of Folsom (Ashland); and providing the administrative support necessary to successfully carry out those functions.

The District's retail operations consist of operating and maintaining storage, pumping, transmission and distribution facilities, which deliver water to approximately 10,600 retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County, and providing the administrative, customer service, conservation and engineering support necessary to successfully carry out those functions.

The District's existing water supply consists of three separate raw water contracts. The first source of water comes from a settlement contract with the U.S. Bureau of Reclamation (Reclamation) whereby it is required to deliver the District's pre-1914 and post-1914 water rights water from the American River, totaling 33,000 acre-feet. The second source is a water service contract with Reclamation for 24,200 acre-feet of Central Valley Project water. The District secured a long-term (40 year) renewal of this contract in 2006. The third water source is a contract with Placer County Water Agency for up to 25,000 acre-feet of water.

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by Reclamation's Folsom Pumping Plant. Total raw water delivery for the 2016-2017 fiscal year was 38,059.85 acre-feet and is anticipated to be 35,574 acre-feet for Fiscal Year (FY) 2017-18, and 39,096 for FY 2018-19 excluding pass through deliveries for Sacramento Suburban Water District.

In response to the recent drought and in preparation of future drought conditions, the District recently partnered with two nearby water districts, Placer County Water Agency and

Sacramento Suburban Water District, to construct inter-ties to allow water supplies to be shared and transferred if normally available supplies are reduced and/or inadequate to meet immediate demands for either district.

The District has long been a proponent and practitioner of cost effective water efficiency programs. The implementation of these programs has been highly successful and the District complies with best management practices that are required by the Sacramento Area Water Forum Agreement, California legislation SBx7-7 (2009), the California Department of Water Resources, and the Central Valley Project Improvement Act.

The District's water efficiency programs include:

- Water Conservation Poster Contest and Calendar – Since 1992, the District and its wholesale agency customers, Citrus Heights Water District, Fair Oaks Water District and Orange Vale Water Company, have promoted water awareness at the elementary school level through an annual water conservation poster contest.
- Rebate Program – The District provides rebates for the purchase of high-efficiency washing machines, and hot water on-demand recirculation systems as well as irrigation efficiency rebates to both residential and non-residential customers.
- Free Programs – District staff provides free indoor and outdoor water audits, leak detection, and recommendations to improve irrigation system performance. Staff also creates landscape water budgets and irrigation schedules to improve efficiency. The District conducts and hosts a variety of workshops on drip systems and proper irrigation techniques, landscape design, soil health, tree maintenance, controller management and other water efficiency topics. A speakers' bureau is available to talk to groups about water efficiency programs and water supply and reliability issues.
- Water Efficient Landscape (WEL) Garden – Located behind the District's administrative office are gardens to inspire visitors to create a water efficient landscape that looks beautiful every season. The garden demonstrates efficient irrigation and non-water using materials to create a beautiful landscape.

The benefits of these programs include more cost-effective and efficient use of water and increased customer awareness on the importance of water efficiency to contribute to future reliability of water supplies.

The District's water treatment facility, the Sidney N. Peterson Water Treatment Plant (Plant), was constructed in three phases beginning in 1975 and completed in 1983. The Plant includes two flocculation-sedimentation basins, two filter basins, an operations building and a covered 62 million gallon storage reservoir. Major upgrades and improvements to the Plant have been made over the years, including increasing its maximum seasonal capacity (May 15th to September 30th) to 150 million gallons a day (mgd) from its original 100 mgd. Those past upgrades, and ongoing efforts to identify and implement projects and process improvements to increase efficiency, cost effectiveness, and productivity, all contribute to the

District's success in reliably satisfying customer demands while continuing to meet or exceed all Federal and State regulatory requirements.

The Plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all customers. From the Plant, the water flows into the District's 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 222 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

Budget Purpose, Process and Control

The District operates on a fiscal year that runs from July 1 through June 30. The District adopts an annual operating budget and an annual capital improvement budget to ensure the adequacy of resources to meet District needs and to accomplish the District's mission. As required by certain debt covenants, the annual operating budget is evaluated, to ensure that net revenues, as defined by the various debt covenants, are equal to or exceed a minimum of 115 percent of the anticipated debt service for the budget year.

The District's official budget process usually begins with a Board Workshop wherein the Board of Directors identifies short and long term strategic goals. Those goals are then communicated with Department Managers who prepare and submit draft budgets to the Finance Department. The Finance Department prepares the revenue budget, and reviews and compiles the various department budgets. A budget workshop is held to present and discuss the draft budget with the Board of Directors and interested members of the public. Feedback from that meeting is used to adjust the draft budget, if necessary. A public hearing is then held after which the Board of Directors votes on budget adoption.

Budget to actual financial data is monitored continuously throughout the year by management and is reported on a monthly and annual basis to the Board of Directors. The General Manager has the authority to move budget between specific lines within a fund, or between funds to correct posting errors. Transfers between funds, for purposes other than error correction, or to maintain required reserve levels, require approval from the Board of Directors.

Budget Format

The budget is prepared on a modified accrual basis wherein revenues and expenses are reported when earned and incurred, respectively. The budget does not include amounts for depreciation, pension expense in accordance with GASB 68, or retiree medical expenses in accordance with GASB 74/75 but does include an expenditure for debt principal. Therefore, the budget is not prepared in the same manner as the Comprehensive Annual Financial Report. The program budget format is used versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service

(Distribution, Water Treatment Plant, Administration, Conservation, Customer Service and Engineering). Expenditure data is also presented in a functional format (Salaries & Benefits, Materials & Supplies, etc.) to provide readers with an alternate view.

For financial reporting purposes, the District operates a single enterprise fund. However for management of the two divisions, wholesale and retail, the District utilizes four distinct funds, one each for operations and one each for Capital Outlay.

In order to ensure funds are available to meet both operating and capital needs, the District (for both Wholesale and Retail Operations) established a financial planning process with development of a Master Plan that contains a review of current infrastructure, and that recommends projects for a twenty to thirty year period. The District then estimates current and future operating needs, and works with a rate consultant to develop a water rate study and financial plan.

The District completed a Financial Plan and Rate Study, resulting in a 5-Year Rate Schedule. The Wholesale Rate Schedule went into effect on January 1, 2017, and resulted in an effective increase of 16%. Wholesale rates are authorized to increase by 9% per year through January 2020 and by 5% in January of 2021. The Retail Rate Schedule went into effect on May 1, 2017, and resulted in an effective increase of 8%. Retail rates are authorized to increase by 9% on January 2018 and 8% on January 1, 2019 and 2020, with a 6% increase approved for January 1, 2021. In an effort to bring rates into alignment with the District's fixed versus variable, expenses, all rate increases are applied to the fixed portion of the rate with the volumetric portion of the rate unchanged. This will bring stability to the rate structure and provide reliable funding to cover fixed operating costs regardless of water demand.

Financial Policies

Key District Financial Policies include the Reserve Policy, the Debt Policy, the Investment Policy and the Procurement Policy.

Reserve Policy

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserve funds have been established and maintained as follows:

WHOLESALE OPERATING RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Operating	Established in 1998 to provide working capital for operations and unexpected needs.	20% of operating expenses
Rate Stabilization	Established in 1998 to help ensure financial and rate stability for wholesale customers.	\$1,000,000 (target) – currently zero as per Board direction to use for paying down unfunded pension liability
PERS Rate Stabilization	To level out the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the actuarially determined normal costs, the difference is placed in this fund. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve. Entire balance was used to reduce the Unfunded Liability in May 2017.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent upon the dollar value of the accrued vacation and vested sick leave amounts.
Delta/Water Rights	To cover legal expenses, public information, and other costs associated with Delta issues that affect the District's water rights.	Determined annually by Board of Directors.

WHOLESALE CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Capital Improvement Program	Established in 1998 to fund capital replacements, rehabilitation, upgrades and improvements.	Determined annually by Board of Directors.
Connection Fee	Established in 2007 to hold and expend connection fees paid by new connections to the distribution system. The fee is designed to recognize the current value of providing capacity necessary to serve additional users.	Fluctuates based on fees received and capital improvements planned and completed.
Hinkle Lining	Established in the 1980's to accumulate monies for the eventual replacement of the lining and cover for Hinkle Reservoir.	There is not a recommended amount for this fund. \$50,000 plus accrued interest on the existing fund balance is added to this fund at the end of each fiscal year.
Vehicle and Equipment	To accumulate sufficient funds to replace vehicles and equipment on an annual basis, and larger equipment on an as-need basis.	Varies depending on the future planned replacements of vehicles and equipment.

RETAIL OPERATING RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
Operating	To provide working capital for retail operations, as well as readily available capital for unexpected needs and modest variations between expected and actual water demands.	20% of annual operating expenditures.
PERS Rate Stabilization	To provide stability in the amount budgeted for PERS payments on an annual basis.	When the actual PERS costs are lower than the normal costs, the difference is placed in this reserve. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve. Entire balance was used to reduce the Unfunded Liability in May 2017.
Compensated Absences	To accumulate funds for accrued employees' vacation and sick leave time.	Dependent on the dollar value of the accrued vacation and vested sick leave amounts.
Customer Deposits	Established to segregate funds contributed as a deposit for work to be completed by the District.	This reserve must be used for funds on deposit for developers or customers. When projects are completed, any remaining funds are returned to the developer or customer.

RETAIL CAPITAL RESERVES:

NAME	PURPOSE	AMOUNT/LEVEL
General CIP	Established “to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.” In practice, the Capital Improvement Reserve is used for <i>planned</i> and unplanned capital replacements, rehabilitation, upgrades, and improvements.	Fluctuates based on capital improvements planned and completed.
Kokila Reservoir Replacement	Established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir.	Funded annually in the amount of \$10,000 plus accrued interest earned on the existing reserve balance.
Vehicles	Established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis.	No designated amount for this reserve; however in practice it is adjusted at the end of each fiscal year to be equal to the next years planned expenditures on vehicles and equipment.

Debt Policy

The Debt Policy, adopted in compliance with Government Code Section 8855(i), governs all debt undertaken or refinanced by the District. It describes the purposes for which Debt may be issued, the types of debt the District may issue, and the relationship of debt to the Capital Improvement Program and the Operating Budget.

Investment Policy

In accordance with District Ordinance No. 3000.05, management responsibility for the investment program is delegated to the General Manager. The Finance Director has been designated as the “Investment Officer” in charge of operational management.

Investments by the Investment Officer are limited to those instruments specifically described in the District’s investment policy. The Investment Officer submits quarterly reports to the Board of Directors detailing all investment holdings. In order of importance, the following five fundamental criteria are followed in the investment program: 1) safety of principal; 2) limiting credit risk liquidity; 3) limiting interest rate risk; 4) liquidity and; 5) return on investment.

Procurement Policy

The District’s procurement policy creates uniform procedures for acquiring equipment, and goods and services for its operations. The primary purpose of the this policy is to provide for

the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at the best available price, consistent with the needs of the District.

Accounting System and Controls

The District uses the Tyler Technologies financial accounting system to record its financial transactions. Management has established a system of internal controls that provide a reasonable basis for protecting the District's assets from loss, theft, and misuse and compile sufficient reliable information for the preparation of the District's financial statements. At the end of the year, the District prepares a Comprehensive Annual Financial Report (CAFR) consisting of management's representations concerning the District's finances. An independent auditing firm audits this report and examines District internal controls and provides an opinion on the financial reporting and provides suggestions on ways to improve the internal control processes of the District.

Fund Structure and Descriptions

Legally, San Juan Water District is a single enterprise fund. For purposes of rate setting, reserve segregation and managerial reporting, the District utilizes four distinct funds as follows:

Enterprise Funds:

- Wholesale Operating Fund
- Retail Operating Fund

Capital Outlay Funds:

- Wholesale Capital Outlay Fund
- Retail Capital Outlay Fund

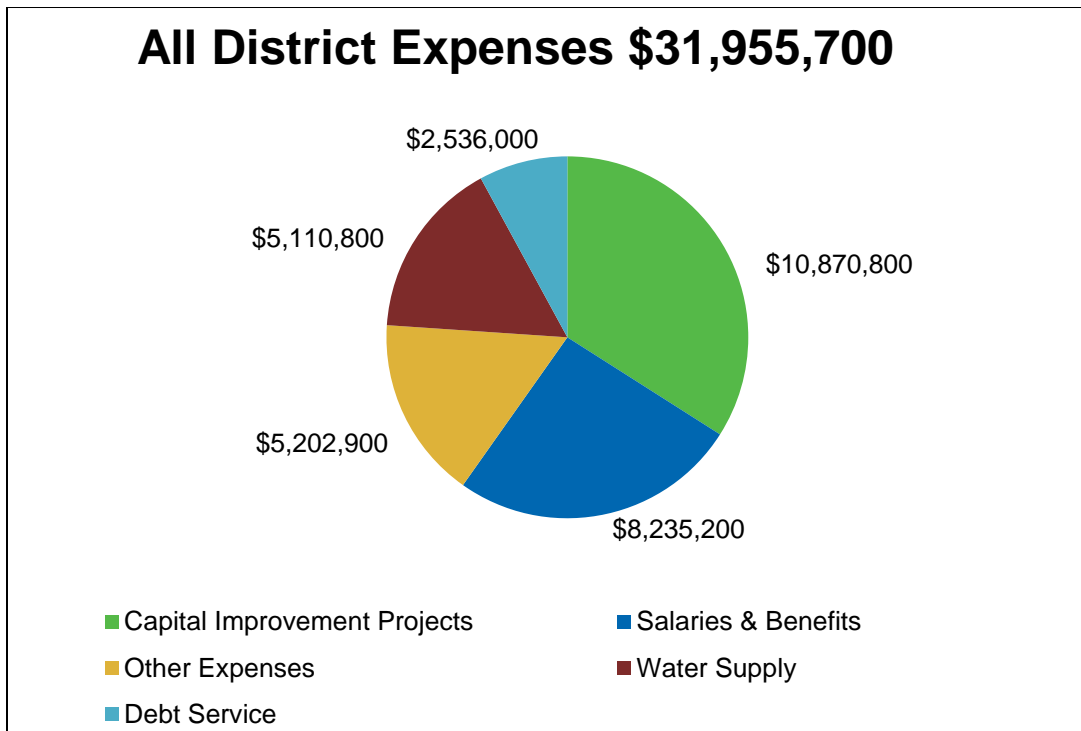
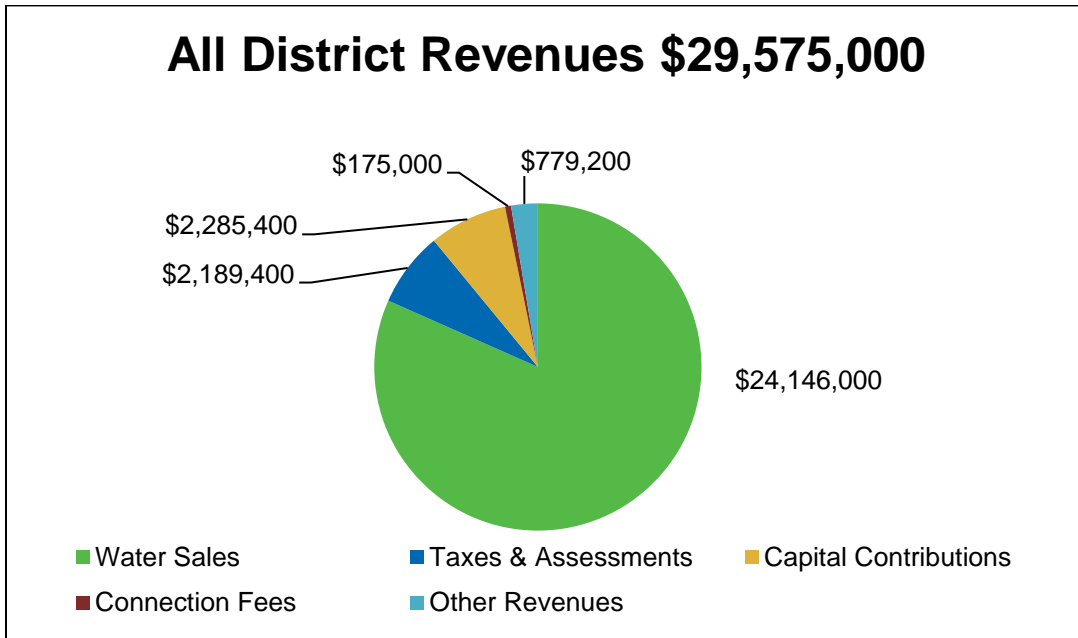
The funds are combined for purposes of formal financial reporting (audited financial statements). Budgets and descriptions for these funds can be found starting on page 39.

Budget Assumptions

A budget is an estimate of revenues and expenditures for a set period of time. The creation of estimates involves a set of assumptions. It is important that the reader of this budget understands the assumptions used in preparing the revenue and expenditures estimates contained herein. Listed below are the primary assumptions used in the creation of this budget:

- Water rates from Board adopted 5-Year Rate Schedule
- 9.9% increase in wholesale water deliveries, based on estimates provided by wholesale customers
- No increase in retail water sales
- Property taxes increase 4%
- No Central Valley Project water to be purchased
- 68% (\$66,500) increase in workers compensation expense – no rate increase but experience modifier increased from .76 to 1.28 due to higher claims
- 5% increase in health care insurance costs
- Salary increases will be from a cost of living adjustment in accordance with the CPI and potential merit increases based upon specific employee performance. The combined increase in salaries is capped at the PERS assumed salary increases for employees to ensure the District is not exacerbating or creating an unfunded pension liability.

Estimated Revenues and Expenditures of Funds – Summary



Estimated Revenues and Expenditures of Funds – Summary

	Wholesale Operations	Wholesale Capital Outlay	Retail Operations	Retail Capital Outlay	Total
Est. Beginning Available Reserves July 1, 2018	\$ 1,936,389	\$ 8,942,554	\$ 2,526,224	\$ 5,551,453	\$ 18,956,620
Revenues					
Water Sales	12,666,300	-	11,479,700	-	24,146,000
Taxes & Assessments	-	1,094,700	-	1,094,700	2,189,400
Capital Contributions	-	2,285,400	-	-	2,285,400
Connection Fees	-	75,000	-	100,000	175,000
Other Revenues	153,400	65,000	495,800	65,000	779,200
Total Revenues	\$ 12,819,700	\$ 3,520,100	\$ 11,975,500	\$ 1,259,700	\$ 29,575,000
Expenses					
Capital Improvement Projects	-	4,856,700	-	6,014,100	10,870,800
Salaries & Benefits	3,514,900	-	4,720,300	-	8,235,200
Water Supply	2,015,500	-	3,095,300	-	5,110,800
Debt Service - Interest	955,000	-	531,000	-	1,486,000
Debt Service - Principal	675,900	-	374,100	-	1,050,000
Other Expenses	2,459,900	-	2,743,000	-	5,202,900
Total Expenses	\$ 9,621,200	\$ 4,856,700	\$ 11,463,700	\$ 6,014,100	\$ 31,955,700
Net Income	\$ 3,198,500	\$ (1,336,600)	\$ 511,800	\$ (4,754,400)	\$ (2,380,700)
Transfer In/(Out)	(2,776,900)	2,776,900	(275,300)	275,300	-
Ending Available Reserves Est.	\$ 2,357,989	\$ 10,382,854	\$ 2,762,724	\$ 1,072,353	\$ 16,575,920

MAJOR REVENUES AND EXPENDITURES



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MAJOR REVENUES AND EXPENDITURES

In order to assist in understanding the fiscal trends facing the District, and the assumptions utilized in preparing this budget, the following discussion and analysis of the District’s major revenues and expenditures are presented.

Water Sales

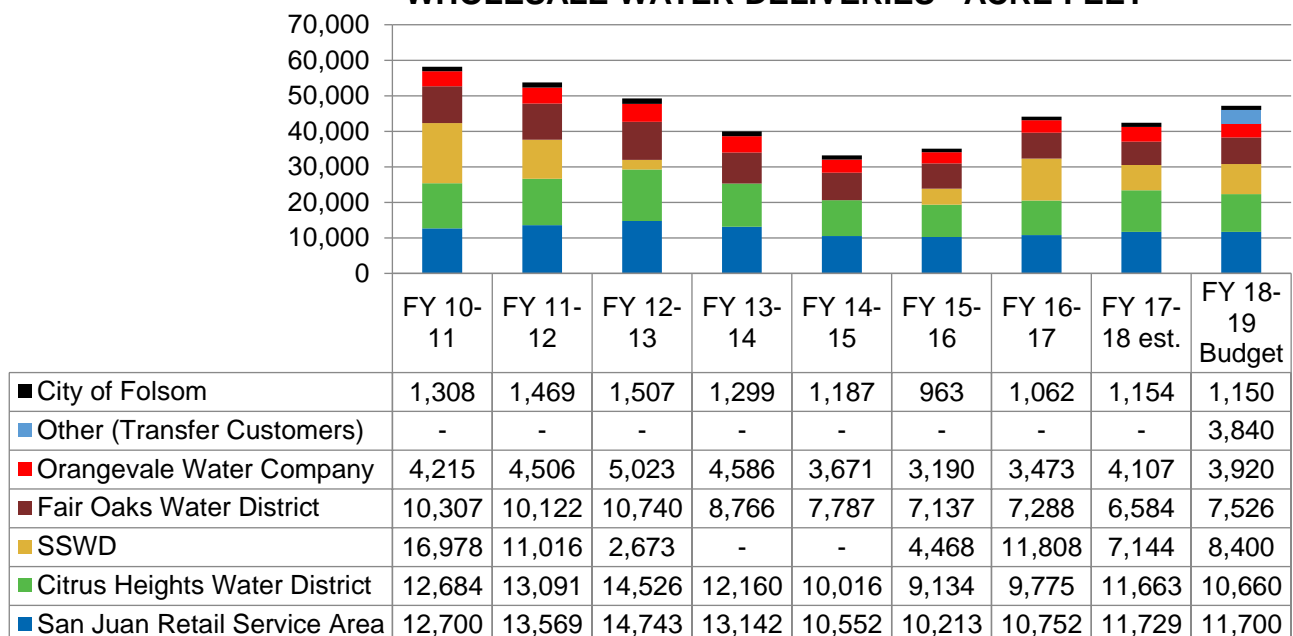
Revenue from the sale of water accounts for 80% of all District revenues. Water revenues are driven by two primary factors, the amount of water sold and the rate per unit. The Board of Directors considers and adopts rates through separate processes for wholesale and retail. Wholesale customers are presented with a rate study and are given 150 days to provide comments to the Board of Directors on proposed rate changes. After the 150 day comment period, the Board of Directors review the comments and make a decision on rates for the upcoming calendar year.

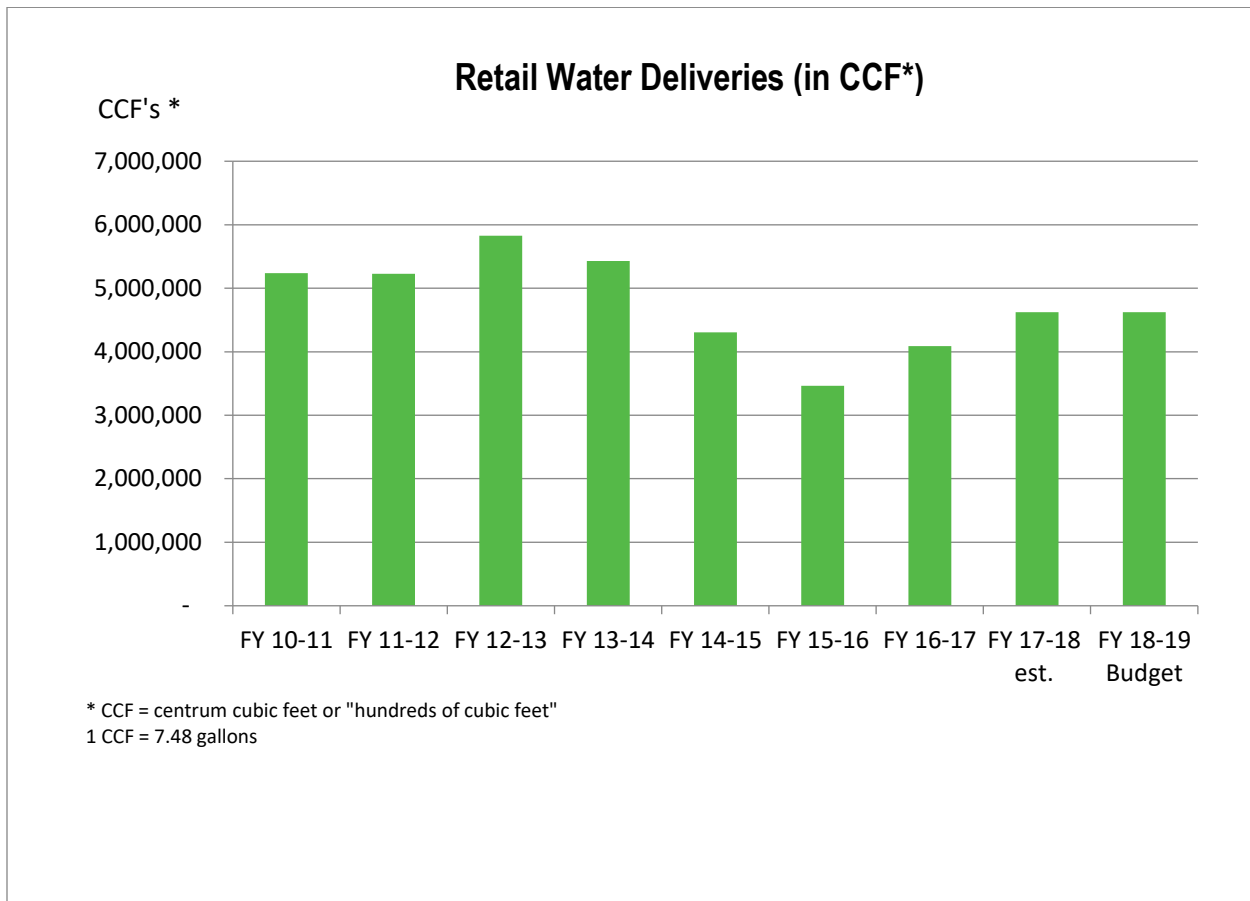
Retail rate setting is subject to the provision of Proposition 218 wherein customers are provided information on proposed rate changes, and are invited to attend a public hearing on the proposed changes. Proposed rate changes can be denied if a majority of ratepayers submit votes opposing them. If a majority of rate payers do not vote “no”, the Board of Directors vote on the proposed rate increase and set the effective date for any proposed and approved changes.

The District completed a Financial Plan and adopted a 5-Year Rate Schedule for both wholesale and retail water rates in early 2017.

The charts below show water deliveries and water revenues from FY 2010-11 to current.

WHOLESALE WATER DELIVERIES - ACRE FEET





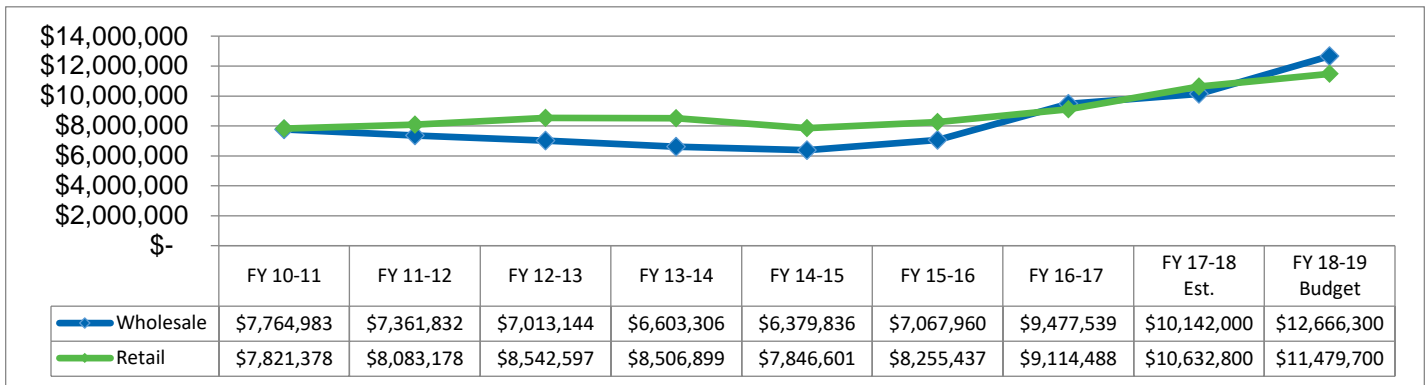
The recent drought resulted in a significant decline in water deliveries. Wholesale water deliveries began a steady decline in FY 2011-12, followed by retail two years later. Wholesale water deliveries reached their low in FY 2014-15 and retail reached its low in FY 2015-16. With the drought “officially” over, the District experienced an uptick in wholesale water demand in FY 2015-16 totaling 35,105 acre-feet. However, this increase was primarily attributed to 4,468 acre-feet of water treated for Sacramento Suburban Water District (SSWD) (see yellow component in chart). SSWD has an agreement to periodically purchase raw water from Placer County Water Agency (based upon water supply conditions). They have an agreement with the District to treat and deliver the water that they purchase from Placer County Water Agency.

Absent the water treated for SSWD, wholesale demand did not begin to increase until FY 2016-17. Demand from the District’s regular wholesale customers is steadily increasing with a total of 38,976 acre-feet anticipated to be sold in this budget year.

The District is expecting to complete its first ever groundwater substitution transfer in FY 2018-19. As a part of this transfer, the Citrus Heights Water District (CHWD) and the Fair Oaks Water District (FOWD) will each reduce the amount of surface water purchased from the District and will instead supply that water to the customers from their groundwater wells. The water that the District would have sold to CHWD and FOWD will instead be sold to water agencies outside of the service area at a much higher price. The net revenues from the sale will be shared equitably between CHWD, FOWD and the District.

The end of the drought resulted in increased water demand in the retail service area. There was an 18% increase in FY 2016-17 retail water deliveries and FY 2017-18 is expected to realize a 13% increase beyond that level of demand. The 2018-19 budget does not anticipate an increase in demand as the District is not experiencing significant growth and it is assumed that the rebound in demand from the end of the drought has already occurred. As such, this budget assumes retail water deliveries of 4.62 million CCFs, consistent with our expectations for FY 2017-18.

Water Sale Revenues



Wholesale water sale revenues declined steadily from FY 2010-11 through FY 2014-15. Revenues began to increase in FY 2015-16 due to increased consumption. Wholesale water sale revenues increased significantly in FY 2016-17 due to the treatment and distribution of water for the Sacramento Suburban Water District. In FY 2017-18 the District continued to treat and deliver water to Sacramento Suburban Water District and both rates and overall consumption increased. The increased revenues budgeted for FY 2018-19 are due to a combination of factors. First, the 5-Year Rate Schedule, approved by the Board on January 11, 2017, allows for a 9% effective increase to go into effect on January 1, 2019. Second, the FY 2018-19 budget includes revenues anticipated from a groundwater substitution transfer. Lastly, overall demand is expected to increase, including the amount to be treated for and delivered to the Sacramento Suburban Water District.

On the Retail side, FY 2011-12 retail water use was relatively constant from the prior year, but due to a 2% rate increase, effective the prior January, revenues were slightly up.

In FY 2012-13, water use increased 11% and while there was no rate increase in the prior year, there was an inflation adjustment of 2% mid-way through the year, resulting in an increase in revenues.

In FY 2013-14, water use began a multi-year decline, but a mid-year 2% rate increase, combined with the prior year 2% increase resulted in revenues that were just slightly lower than the prior year.

In FY 2014-15, water use dropped significantly as a result of the drought and conservation mandates. The District restructured their rates and at the end of the fiscal year, in June 2015, implemented a retail drought surcharge. Revenues for FY 2014-15 fell 7.8% from the prior year.

In FY 2015-16, water use continued its sharp decline but due to the drought surcharge and a 15% rate increase in January 2016, revenues were restored to FY 2013-14 levels. The drought surcharge was removed April 1, 2016.

FY 2016-17 yielded a 10.4% increase in revenues, mostly from increased consumption from the end of the drought.

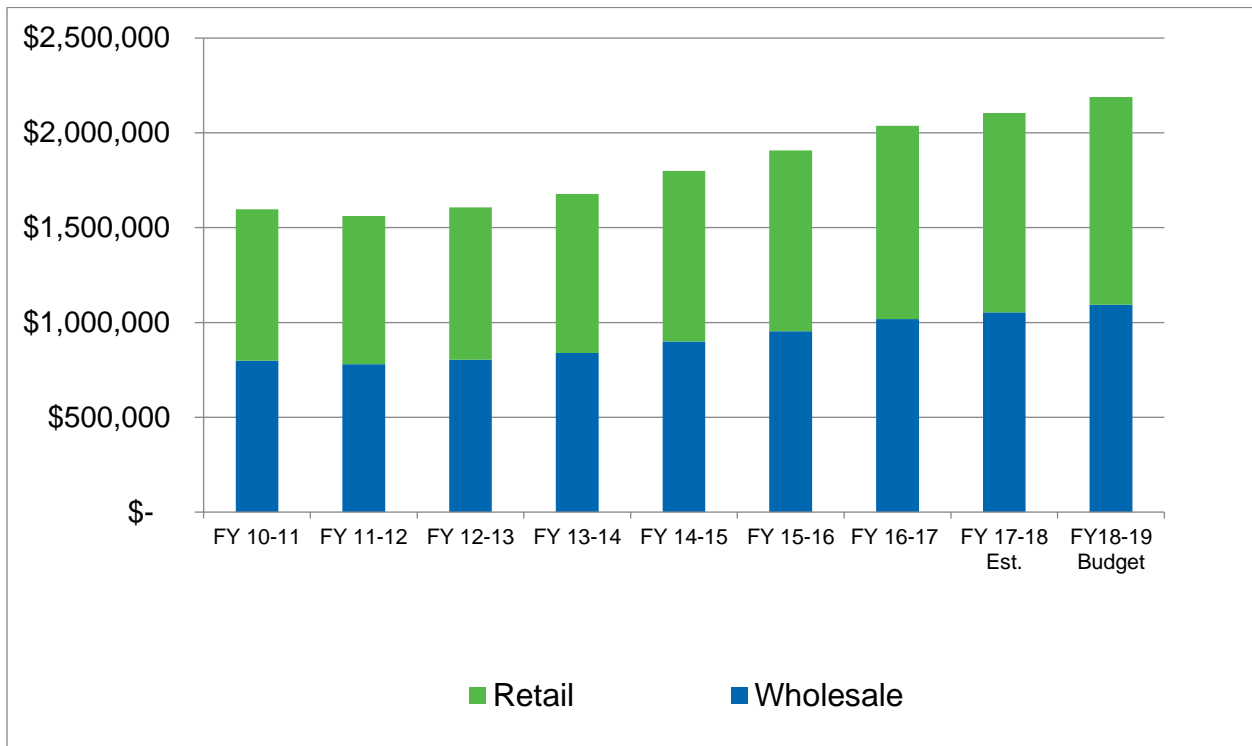
The Board of Directors approved a 5-Year Rate Schedule that resulted in an effective 8% rate increase on May 1, 2017, and a 9% rate increase on January 1, 2018. Those rate increases, combined with increased consumption are expected to produce a 16.7% increase in retail water sale revenues for FY 2017-18.

The District is assuming that the rebound in demand from the end of the drought has mostly been achieved. Given very little growth in the retail service area, the District is assuming that demand will not significantly increase in FY 2018-19. The increase in budgeted revenues is from the scheduled rate increase that goes into effect on January 1, 2019.

Property Tax

Representing approximately 8% of total District revenues, the Property Tax is the second largest revenue source. Property Tax revenue is shared evenly between wholesale and retail and has been designated by the Board of Directors to be spent on capital projects, not operations.

Property Tax Revenues

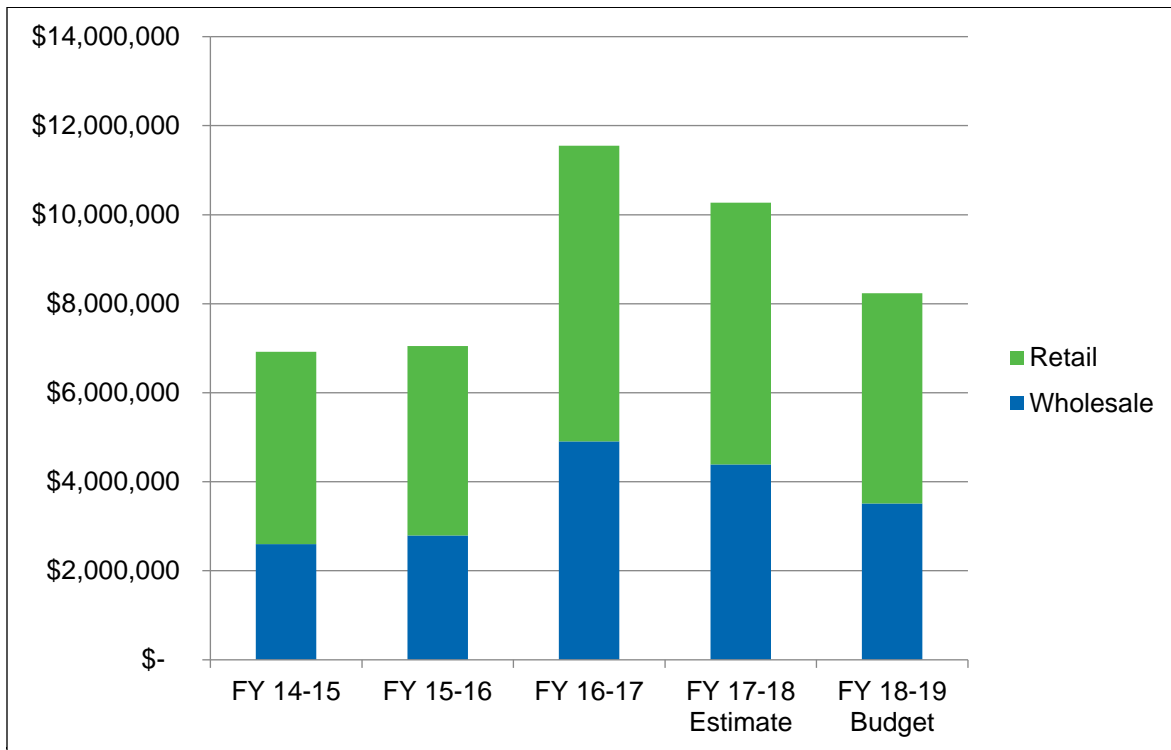


Property Tax revenues have been increasing over the past seven years, a result of the rebound in the housing market after the Great Recession. This budget anticipates a 4% increase in Property Tax revenues.

Salaries and Benefits

Aside from the Capital Improvement Program, Salaries and Benefits represent the largest expense of the District.

Salaries and Benefits



The chart above depicts a declining trend in Salary and Benefit costs. This is due to the Board of Director's decision to pay off the District's unfunded pension liability. The District paid \$4,112,000 towards this liability in FY 2016-17 and remitted an additional \$2,787,800 in FY 2017-18, which is expected to materially eliminate the liability. Paying down the unfunded liability will save the District approximately \$8.8 million over the next 30 years.

Removing the effect of the additional pension contributions, Salaries and Benefits are expected to increase by 10% or \$762,900 due to the following factors:

1. The Board approved the addition of a Safety/Regulatory Compliance Coordinator. The position was filled in April 2018.
2. Due to a higher than normal workers compensation claims experience, the District is facing a 68% increase in Workers Compensation premiums.
3. Assumed 5% increase in health insurance premiums.

4. The Board of Directors amended its Compensation Policy on September 13, 2017, to ensure that the combination of cost of living adjustments and merit pay increases to not cause an increase in salaries greater than that assumed by PERS when calculating the District pension liability. The Compensation Policy requires the annual operating budget to assume the same increase in salaries as that assumed by PERS in calculating the District's pension liability. For FY 2018-19 that increase is 4.2%.

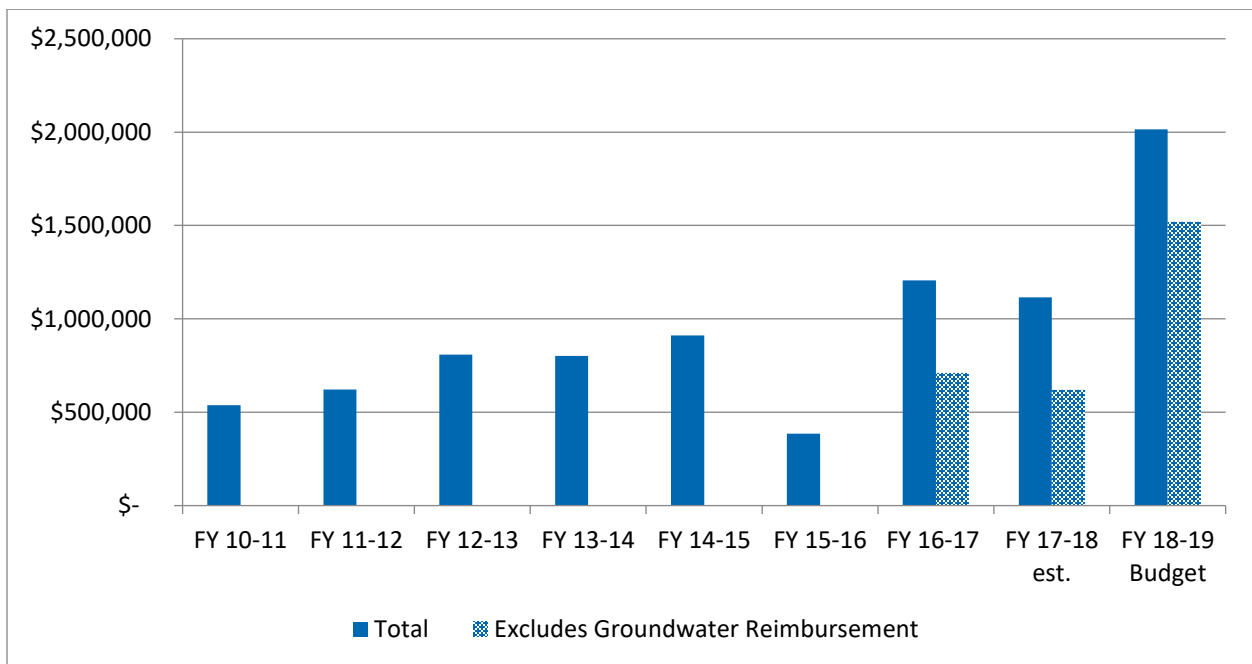
The level of District staffing (number of employees) has remained relatively unchanged for many years. In FY 2016-17 the Board of Directors approved the addition of one Water Treatment Plant Operator and in FY 2017-18 The Board of Directors approved the addition of a Safety/Regulatory Compliance Coordinator.

The Compensation Policy, amended by the Board of Directors in September of 2017, requires a compensation study be performed at least once every four years. The purpose of the study is to ensure the District is offering a fair and competitive compensation package to its employees. The last compensation study was completed in May of 2015, so this budget includes funding for another study in the spring of 2019.

Water Supply Costs

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of water rights on the American River. The second source is a contract with Reclamation for 24,200 acre-feet of Central Valley Project water. The third water source is a contract with Placer County Water Agency for up to 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by Reclamation's Folsom Pumping Plant. Total raw water delivery for FY 2016-17 was 33,456 acre-feet and is anticipated to be 35,236 acre-feet for FY 2017-18, and 38,796 for FY 2018-19, excluding pass through deliveries for Sacramento Suburban Water District.

Wholesale Water Supply Cost



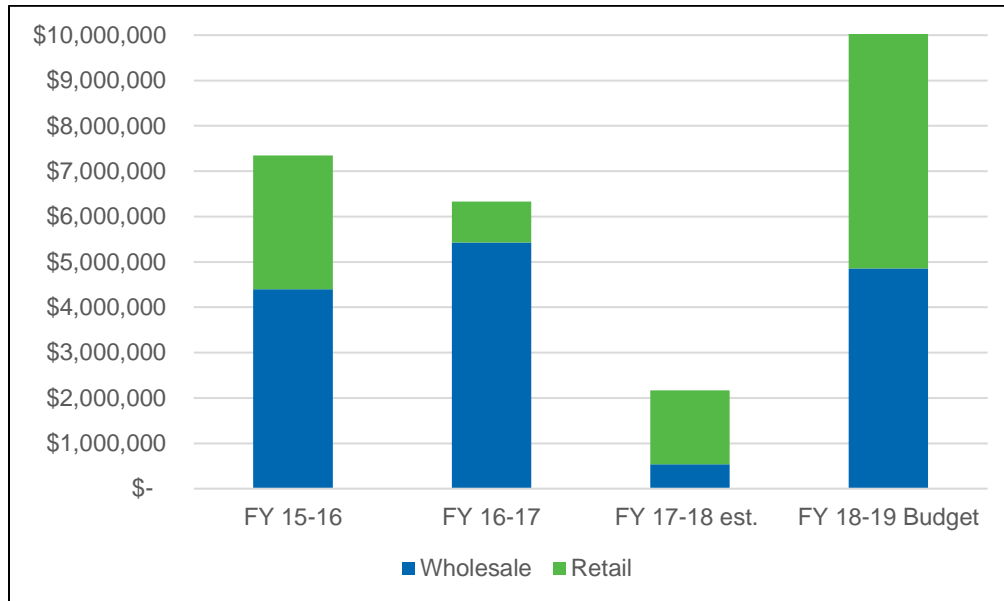
As illustrated in the chart above, water supply costs increased significantly in FY 2016-17. There are two primary reasons for this increase. First, the agreement with Placer County Water Agency required the District to pay for 25,000 acre-feet of water, regardless of how much water the District actually took. However, in periods of drought, the District is allowed to pay for the greater of 10,000 acre-feet or the actual amount delivered. With the drought officially over in FY 2016-17, the reduced demand allowance ended and the cost of the Placer County Water Agency contract rose accordingly. Second, in 2008 a surface water shortage and reimbursement agreement to provide groundwater supplies during times of surface water shortage was prepared, and referenced in the signed 2008 Wholesale Water Supply Agreements, but was never executed. Nevertheless, the District, in its capacity as the wholesale supplier, determined that there was a potential

need for groundwater pumping between 2009 and 2013, and asked both the Citrus Heights Water District and Fair Oaks Water District to maintain their readiness to supply groundwater. In 2014, due to a potential shortage in surface water supplies caused by a third year of drought, the District requested groundwater to be pumped. Both Citrus Heights Water District and Fair Oaks Water District failed to provide the District with annual bills for both their incremental costs to maintain active wells and for the pumping which occurred in 2014. In 2014, the District was provided with bills in the approximate amount of \$4 million. The District disputed the amount, and the cost was settled in FY 2016-17 at \$1,981,440, to be repaid over a 4 year period ending in FY 2019-20. This budget includes a payment of \$495,400 for this reimbursement. The light blue bar on the graph above shows water supply costs for fiscal years 2016-17 through 2018-19 without the payment towards the groundwater reimbursement.

After removing the effect of the groundwater reimbursement, water supply costs decreased in FY 2017-18, in spite of increased demand. This was due to a reduction in the cost of water purchased from Placer County Water Agency. Per the contract between the District and Placer County Water Agency, the cost of Placer County Water Agency water is calculated as the average of the District's Central Valley Project rate and the Central Valley Project rate for the City of Roseville and Placer County Water Agency. In addition, the District must pay Warren Act contract charges on the Placer County Water Agency water it receives. Central Valley Project water rates and Warren Act charges are set annually by Reclamation. Due to an abundance of water supplies, Reclamation reduced the Central Valley Project rate by 35% for 2017, causing a like decrease in the District's Placer County Water Agency water rate. Additionally, in December of 2017 the District negotiated an amendment to the contract with Placer County Water Agency wherein the take or pay amount was reduced from 25,000 acre-feet to 12,500 acre-feet. The District still has the option to take up to 25,000 acre-feet, but is only required to pay for 12,500 acre-feet regardless of whether it takes the water or not. This cut the Placer County Water Agency water supply cost to half of what it would have been otherwise.

Water Supply costs seem to be increasing substantially in FY 2018-19. The increase is due to the anticipated groundwater substitution transfer. As a part of the transaction, the District will be compensating both the Citrus Heights Water District and the Fair Oaks Water District for the cost of pumping groundwater instead of purchasing surface water from the District. The District will be reimbursed for this cost out of the proceeds from the sale.

Capital Spending



Capital spending has fluctuated from \$7.3 million in FY 2015-16 to a low of \$2.2 million estimated for FY 2017-18 then increasing to a four year planned high of \$10.9 million.

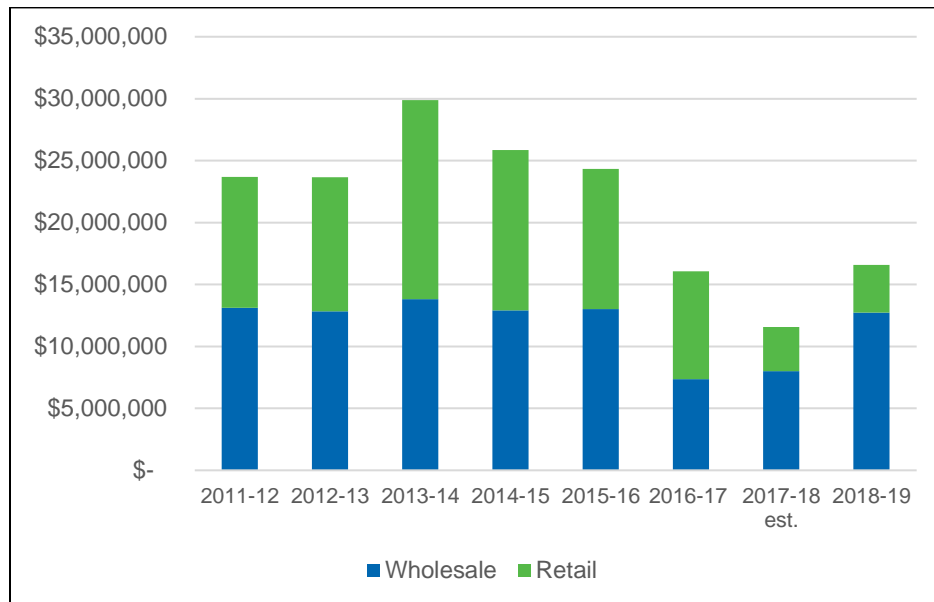
The majority of the wholesale spending over this period has been on the rehabilitation of the flocculation sedimentation basin, featured on the cover of this document. The other large wholesale project in this time period was the construction of a pump station and intertie with Placer County Water Agency.

The majority of the retail spending over this period was on main line replacements at various locations throughout the retail service area, the rehabilitation of the Los Lagos tank and pump station improvements.

A complete list of projects planned for FY 2018-19 can be found on pages 48 and 52 of this document.

Reserve Summary

Wholesale and Retail Operating and Capital Reserves Combined



The combination of the Great Recession, followed by the drought, resulted in the need to defer maintenance and capital projects and utilize reserves to augment operations and critical capital projects. This is illustrated above by the sharp decline in District reserve balances between FY 2013-14 and 2017-18.

The District has taken several actions to improve its financial condition now and into the future, as described below:

- Paid off Unfunded Pension Liability:*** The Board authorized two large payments intended to pay off the District’s unfunded pension liability. This District was paying 7.5% interest on this liability, but only earning approximately 1.5% on its reserves. In May 2017 the District remitted \$4,112,000 and in April 2018 the District paid \$2,787,800. By drawing down reserves to pay down this debt, the District will save approximately \$8.8 million over the next 15 to 20 years, with annual savings of approximately \$350,000. These savings can be used to fund critical infrastructure needs which will help reduce upward pressure on rates.
- Debt Refinanced:*** In May of 2017 the Board of Directors approved an advance refunding of the District’s Series 2009A Certificates of Participation. This refinancing will save the District approximately \$11.2 million through FY 2039.

- *Renegotiated contract with Placer County Water Agency:* In December of 2017, the District negotiated an amendment to its contract with Placer County Water Agency wherein the take or pay amount was reduced from 25,000 acre-feet to 12,500 acre-feet. The District still has the option to take up to 25,000 acre-feet, but is only required to pay for 12,500 acre-feet regardless of whether it takes the water or not. This cut the Placer County Water Agency water supply cost in half, providing savings of approximately \$275,000 for FY 2018-19.
- *Renegotiated contracts with City of Roseville:* Under two separate contracts, the District is obligated to provide up to 4,000 acre-feet annually to the City from the District's Placer County Water Agency take or pay contract. The amendments require the City to compensate the District for maintaining the availability of 4,000 acre-feet per year water supply for the City. This will generate revenues of \$87,900 for FY 2018-19.
- *5-Year Rate Schedule:* The District completed a Five Year Financial Plan and implemented a five year rate structure in 2017 that was designed to replenish reserves while ensuring that the District can continue in its mission to deliver a reliable water supply of the highest quality at reasonable and equitable costs.
- *Anticipated completion of the first groundwater substitution transfer:* The District has been working for many years to create a legal path for the sale of excess water supplies. Selling excess water supplies benefits all customers of the District as it generates additional revenues that can be used to maintain and/or improve infrastructure, reduce or eliminate the need for future debt which will reduce future upward pressure on water rates.

OPERATING FUNDS



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OPERATING FUNDS

The Wholesale and Retail Operating Funds account for the operations of the District. Department operating costs are shared and split between wholesale and retail based upon the proportionate benefit received by each, which can differ from person to person, department to department and expense to expense. The major projects for the budget years are discussed in detail in the Operations Plan, which can be found on the District website. The District is comprised of the following functional areas, or departments:

Administration and General

The functional area of Administration and General is a combination of the following departments: Board of Directors, Executive, Finance, Administration, Human Resources, and Information Technology. Overall District costs related to general operations, legal, insurance and office expenses are recorded in this category.

Conservation

The Conservation Department is responsible for creating and implementing programs and services that reduce water use to meet federal, state and local commitments.

Customer Service

The Customer Service Department is responsible for the billing and collection of water service revenue from the District's retail customers and is the initial point of contact for customer inquiries. This includes the establishment of new water service, modifications to existing service, payments, delinquency cutoffs, and meter reading.

Engineering Services

This Department is responsible for planning, designing and managing capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component.

Water Treatment

This Department maintains and operates the Plant. The Plant is staffed and operated continuously, 24 hours per day, 7 days per week and 365 days per year. The Department also maintains the Hinkle Reservoir, a 62 million gallon floating covered reservoir, where treated water is stored prior to distribution. The Plant supplies potable water to the Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, Ashland, Sacramento Suburban Water District, as well as the District's retail service area.

Distribution (Field Services)

This Department operates and maintains wholesale and retail water transmission and distribution pipelines ranging in size from 6" to 96" in diameter and totaling over 217 miles in length, including water meters, air release valves and other appurtenances. The Department also maintains and operates six pump stations and three reservoirs ranging from 0.05 to 4.56 million gallons within the retail system. The Department responds to emergency repairs, works directly with customers, and monitors and maintains water quality standards in the system to meet all federal and state drinking standards.

Wholesale Operating Fund

The Wholesale Operating Fund is used to account for the operating revenues and expenses of the wholesale division. This includes the acquisition of raw water, operation and maintenance of the Plant, and the related administrative support to conduct wholesale water activities. This fund holds and is used to report on all wholesale operating reserves. Details on projects funded for the year can be found in the District's Operations Plan, located on the website.

FISCAL YEAR 2018-19 BUDGET

	<u>Wholesale Operations</u>	
Est. Beginning Available Reserves July 1, 2017	\$	1,936,389
Revenues		
Water Sales		12,666,300
Other Revenues		153,400
Total Revenues	<u>\$</u>	<u>12,819,700</u>
Expenses		
Salaries & Benefits		3,514,900
Water Supply		2,015,500
Other Expenses		2,459,900
Debt Service - Interest		955,000
Debt Service - Principal		675,900
Total Expenses	<u>\$</u>	<u>9,621,200</u>
Net Income	<u>\$</u>	<u>3,198,500</u>
Transfer In/(Out)		(2,776,900)
Est. Ending Available Reserves June 30, 2018	<u>\$</u>	<u>2,357,989</u>

WHOLESALE OPERATING FUND SUMMARY

	FY 2015-16	FY 2016-17	FY 2017-18 Estimated	FY 2018-19
Est. Beginning Available Reserves	\$ 14,474,812	\$ 3,859,913	\$ 2,175,888	\$ 1,936,389
Revenues				
Water Sales	7,067,960	9,477,539	10,142,000	12,666,300
Other Revenues	235,743	98,347	144,800	153,400
Total Revenues	\$ 7,303,703	\$ 9,575,886	\$ 10,286,800	\$ 12,819,700
Expenses				
Administration and General				
Salaries & Benefits	\$ 1,143,708	\$ 1,414,760	\$ 1,213,000	\$ 1,340,000
Professional Services	515,070	519,365	393,400	464,200
Maintenance and Repair	67,425	78,370	67,800	81,700
Materials and Supplies	11,157	25,597	12,200	14,900
Public Outreach	166,536	136,508	195,100	128,100
Other Expenses	181,911	325,388	285,600	360,400
Total Administration and General	2,085,806	2,499,986	2,167,100	2,389,300
Water Treatment Plant				
Salaries & Benefits	1,271,105	1,423,323	1,675,500	1,834,400
Professional Services	47,790	16,275	95,200	304,000
Maintenance and Repair	227,093	239,509	330,100	340,300
Materials and Supplies	387,776	497,093	429,800	460,100
Other Expenses	73,661	137,594	170,600	181,900
Total Water Treatment Plant	2,007,425	2,313,794	2,701,200	3,120,700
Water Supply				
Placer County Water Agency	154,566	562,728	450,100	366,500
Purchase of Treated Water (Groundwater)	-	495,400	495,400	1,455,400
Pumping to Treatment Plant	76,289	104,679	124,900	143,700
Pre - 1914 Water Rights Water	19,420	20,337	21,300	22,000
Central Valley Project Water	59,704	3,477	-	-
Other	74,850	18,763	23,400	27,900
Total Water Supply	384,830	1,205,385	1,115,100	2,015,500
Engineering				
Salaries & Benefits	298,198	297,070	325,000	340,500
Professional Services	3,353	10,280	11,900	60,000
Maintenance and Repair	1,901	2,176	1,000	1,100
Materials and Supplies	6,911	1,257	3,400	3,200
Other Expenses	6,598	5,952	19,000	10,200
Total Engineering	316,961	316,736	360,300	415,000
Conservation				
Salaries & Benefits	83,214	6,439	-	-
Professional Services	-	200	5,000	8,000
Maintenance and Repair	8,899	15,808	23,500	23,500
Materials and Supplies	14,521	8,980	100	100
Other Expenses	3,583	4,439	14,000	15,500
Total Conservation	110,217	35,866	42,600	47,100
Non-Departmental				
Debt Service - Principal	587,700	607,471	906,200	675,900
Debt Service - Interest	1,352,680	1,321,229	939,800	955,001
Addl. Pymt. Towards Unfunded Pension Liability	-	1,768,160	1,175,000	-
Other	2,344	189,083	2,100	2,700
Total Non-Departmental	1,942,724	3,885,942	3,023,100	1,633,600
Total Expenses	\$ 6,847,963	\$ 10,257,709	\$ 9,409,400	\$ 9,621,201
Transfers (To)/From:				
Establish Capital Reserve Fund	(11,203,318)	-	-	-
Capital Outlay Fund for Pension Liability Payment	-	1,311,067	-	-
Year End Transfer (To)/From Capital Outlay Fund	132,679	(2,313,269)	(1,116,900)	(2,776,900)
Est. Ending Available Reserves	\$ 3,859,913	\$ 2,175,888	\$ 1,936,389	\$ 2,357,988

Retail Operating Fund

The Retail Operating Fund is used to account for the operating revenues and expenses of the retail service area. This includes the payment to the wholesale fund for the cost of treated water, as well as the distribution of the treated water to all customers in the District's retail service area, including related administrative support. This fund holds and is used to report on all retail operating reserves. Details on projects funded for the year can be found in the District's Operations Plan, located on the website.

FISCAL YEAR 2018-19 BUDGET

	<u>Retail Operations</u>
Est. Beginning Available Reserves July 1, 2018	\$ 2,526,224
Revenues	
Water Sales	11,479,700
Other Revenues	495,800
Total Revenues	<u>\$ 11,975,500</u>
Expenses	
Salaries & Benefits	4,720,300
Treated Water	3,095,300
Other Expenses	2,743,000
Debt Service - Interest	531,000
Debt Service - Principal	374,100
Total Expenses	<u>\$ 11,463,700</u>
Net Income	<u>\$ 511,800</u>
Transfer In/(Out)	(275,300)
Est. Ending Available Reserves June 30, 2019	<u>\$ 2,762,724</u>

RETAIL OPERATING FUND SUMMARY

	FY 2015-16	FY 2016-17	FY 2017-18 Estimated	FY 2018-19
Est. Beginning Available Reserves	\$ 12,926,038	\$ 2,678,017	\$ 2,610,923	\$ 2,526,224
Revenues				
Water Sales	8,255,437	9,114,488	10,632,800	11,479,700
Other Revenues	490,229	510,445	428,400	495,800
Total Revenues	\$ 8,745,666	\$ 9,624,933	\$ 11,061,200	\$ 11,975,500
Expenses				
Administration and General				
Salaries & Benefits	\$ 1,112,490	\$ 1,204,557	\$ 1,014,700	\$ 1,100,400
Professional Services	214,613	141,252	99,400	206,800
Maintenance and Repair	112,558	117,581	71,800	112,300
Materials and Supplies	11,198	16,283	11,400	17,700
Public Outreach	65,173	55,450	86,900	66,900
Other Expenses	177,077	222,347	188,800	251,300
Total Administration and General	1,693,109	1,757,470	1,473,000	1,755,400
Distribution System				
Salaries & Benefits	1,952,605	1,974,364	2,174,400	2,443,800
Professional Services	170,586	343,650	413,900	811,500
Maintenance and Repair	102,904	142,092	162,100	225,900
Materials and Supplies	161,880	199,386	210,200	237,700
Other Expenses	273,510	307,889	376,800	367,300
Total Distribution System	2,661,485	2,967,381	3,337,400	4,086,200
Water Supply				
Purchase Water from Wholesale	2,531,576	2,754,619	3,033,200	3,095,300
Other	20,166	-	-	-
Total Water Supply	2,551,742	2,754,619	3,033,200	3,095,300
Engineering				
Salaries & Benefits	300,069	312,434	332,700	354,300
Professional Services	4,143	2,019	10,000	56,000
Maintenance and Repair	2,028	2,824	1,000	1,100
Materials and Supplies	7,451	3,512	14,700	4,100
Other Expenses	10,649	6,120	29,000	85,200
Total Engineering	324,339	326,910	387,400	500,700
Conservation				
Salaries & Benefits	469,484	401,153	331,000	381,000
Conservation Rebates and Programs	70,137	19,095	22,000	26,400
Professional Services	70,063	64,958	700	3,100
Maintenance and Repair	4,811	3,288	2,500	1,500
Materials and Supplies	3,952	272	8,100	6,700
Other Expenses	36,001	21,236	22,800	27,900
Total Conservation	654,449	510,001	387,100	446,600
Customer Service				
Salaries & Benefits	416,852	405,328	419,500	440,800
Professional Services	109,261	86,922	134,000	136,000
Maintenance and Repair	4,215	1,498	2,200	2,000
Materials and Supplies	29,118	30,882	33,900	31,600
Other Expenses	41,208	52,872	64,300	61,800
Total Customer Service	600,655	577,501	653,900	672,200
Non-Departmental				
Debt Service - Principal	309,636	320,355	503,800	374,100
Debt Service - Interest	786,971	769,559	522,300	531,000
Addl. Pymt. Towards Unfunded Pension Liability	-	2,343,840	1,612,800	-
Other	(31,043)	74,848	1,700	2,200
Total Non-Departmental	1,065,564	3,508,602	2,640,600	907,300
Total Expenses	\$ 9,551,343	\$ 12,402,484	\$ 11,912,600	\$ 11,463,700
Transfers (To)/From:				
Establish Capital Reserve Fund	(10,331,775)	-	-	-
Capital Outlay Fund for Pension Liability Payment	-	1,976,828	766,700	-
Year End Transfer (To)/From Capital Outlay Fund	889,431	733,630	-	(275,300)
Est. Ending Available Reserves	\$ 2,678,017	\$ 2,610,923	\$ 2,526,224	\$ 2,762,724

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CAPITAL FUNDS

Wholesale Capital Outlay Fund

This fund was created in FY 2015-16 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for wholesale capital expenditures and to account for the acquisition of wholesale capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all wholesale capital reserves. Details on the capital projects can be found in the District's Operations Plan on the website.

FISCAL YEAR 2018-19 BUDGET

	<u>Wholesale Capital Outlay</u>	
Est. Beginning Available Reserves July 1, 2018	\$	8,942,554
Revenues		
Capital Contributions		2,285,400
Taxes & Assessments		1,094,700
Connection Fees		75,000
Other Revenues		65,000
Total Revenues	\$	3,520,100
Expenses		
Capital Improvement Projects		2,603,200
Maintenance - Facility		2,253,500
Total Expenses	\$	4,856,700
Net Income	\$	(1,336,600)
Transfer In/(Out)		2,776,900
Est. Ending Available Reserves June 30, 2019	\$	10,382,854

WHOLESALE CAPITAL OUTLAY FUND SUMMARY

	FY 2015-16	FY 2016-17	FY 2017-18 Estimated	FY 2018-19
Est. Beginning Available Reserves	\$ -	\$ 9,162,739	\$ 6,708,354	\$ 8,942,554
Revenues				
Taxes & Assessments	954,068	1,018,486	1,052,600	1,094,700
Capital Contributions	959,000	651,202	380,700	2,285,400
Rebates	391,436	180,878	-	-
Connection Fees	91,566	36,066	150,000	75,000
Other Revenues	93,969	54,577	68,600	65,000
Total Revenues	\$ 2,490,040	\$ 1,941,208	\$ 1,651,900	\$ 3,520,100
Expenses				
Facility Maintenance	77,731	172,414	253,900	3,101,000
Land Improvements	-	-	-	665,000
Water Treatment Plant & Improvements	1,295,334	5,897,498	227,000	517,000
Buildings & Improvements	7,378	8,771	-	227,800
Reservoirs & Improvements	-	-	49,500	138,500
Equipment and Furniture	114,943	8,644	15,100	54,000
Software	4,159	5,606	43,600	115,400
Vehicles	33,745	1,070	-	38,000
Contributions to Others	2,178,540	(719,985)	(61,800)	-
Mains/Pipelines & Improvements	686,109	55,853	7,300	-
Total Expenses	\$ 4,397,940	\$ 5,429,871	\$ 534,600	\$ 4,856,700
Net Income	\$ (1,907,900)	\$ (3,488,663)	\$ 1,117,300	\$ (1,336,600)
Transfer In	11,203,318	2,345,345	1,116,900	2,776,900
Transfer Out	(132,679)	(1,311,067)	-	-
Est. Ending Available Reserves	\$ 9,162,739	\$ 6,708,354	\$ 8,942,554	\$ 10,382,854

San Juan Water District

Fiscal Year 2018-19 Budget

The **Wholesale Capital Outlay Budget** includes spending on the following projects in FY 2018-19:

<i>Facility Maintenance:</i>	
Fair Oaks 40 Transmission Pipeline Re-Lining ²	\$ 2,500,000
Clarifier Wall Lining & Leakage Repairs ²	506,000
Chlorine Piping Replacement ³	58,000
Resurface North and South Filter Basin Walls ²	37,000
<i>Land Improvements:</i>	
WTP Site Paving, Slurry Seal and Re-Stripe ²	225,000
Solar Site Access Culvert Replacement ³	225,000
Fence Replacement - East Campus (along bike trail) ³	162,000
Security Fence West End of WTP at WEL Garden ¹	34,000
Perimeter Fencing for Barton Road Parcel ¹	19,000
<i>Water Treatment Plant Improvements:</i>	
Filter Floor Repairs & Media/Nozzle Replacement North & South Basins - Design ²	394,000
Two Surface Wash Pump Rehabilitations ²	36,000
Lime System Control & Feeder System Improvements ³	34,000
Solids Containment Area and Handling Improvements - Design ¹	33,000
Three ProMinet c12 Sensor and Sensor Cabinets ³	20,000
<i>Building Improvements:</i>	
Security Improvements ¹	169,000
Replace and Relocate Electric Panel near sink ³	24,000
Replace and Relocate downstairs Transformer ³	19,000
Fire System Upgrades in Administration Building ¹	8,800
Administration Building Front Office Remodel ³	7,000
<i>Reservoir Improvements:</i>	
Hinkle Reservoir Overflow Channel Lining (East of AFR) ²	109,000
Hinkle Reservoir Monitoring Wells Level Probes ¹	29,500
<i>Equipment and Furniture:</i>	
Three Thickener Access Ladders ³	21,000
SCADA Improvements ²	19,000
Fluke PSI Calibrator ¹	8,000
Welding Ventilator ¹	6,000
<i>Software:</i>	
GIS Implementation ¹	91,500
Info Water Software for GIS ¹	7,500
Esri ArcGIS Software for GIS ¹	4,400
Intranet Mapping Application Software for GIS ¹	3,000
MC Express - Mobile Maintenance Management ¹	9,000
<i>Vehicles:</i>	
Replacement of Vehicle #29 Dodge Dakota ²	38,000
Total Capital Improvement Projects	\$ 4,856,700

Effect on Future Maintenance Costs

- 1 - Increase
- 2 - Decrease
- 3 - No Effect

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Retail Capital Outlay Fund

This fund was created in FY 2015-16 to receive and separately account for revenues that are designated by the Board of Directors to be utilized solely for retail capital expenditures and to account for the acquisition of retail capital assets, including large scale maintenance of capital assets and improvements made to such assets. Capital reserves were transferred out of operating into this new fund upon fund creation. This fund now holds and is used to report on all retail capital reserves. Details on the projects can be found in the Districts Operations Plan, which can be found on the website.

FISCAL YEAR 2018-19 BUDGET

	<u>Retail Capital Outlay</u>	
Est. Beginning Available Reserves July 1, 2018	\$	5,551,453
Revenues		
Taxes & Assessments		1,094,700
Connection Fees		100,000
Other Revenues		65,000
Total Revenues	<u>\$</u>	<u>1,259,700</u>
Expenses		
Capital Improvement Projects		5,793,100
Facility Maintenance & Professional Services		221,000
Total Expenses	<u>\$</u>	<u>6,014,100</u>
Net Income	<u>\$</u>	<u>(4,754,400)</u>
Transfer In/(Out)		275,300
Est. Ending Available Reserves June 30, 2019	\$	1,072,353

RETAIL CAPITAL OUTLAY FUND SUMMARY

	FY 2015-16	FY 2016-17	FY 2017-18 Estimated	FY 2018-19
Est. Beginning Available Reserves	\$ -	\$ 8,618,431	\$ 6,444,253	\$ 5,551,453
Revenues				
Taxes & Assessments	954,067	1,018,486	1,052,600	1,094,700
Grant Revenue	705,625	-	-	-
Connection Fees	566,299	363,637	350,000	100,000
Other Revenues	93,511	53,286	74,700	65,000
Total Revenues	\$ 2,319,502	\$ 1,435,408	\$ 1,477,300	\$ 1,259,700
Expenses				
Mains/Pipelines & Improvements	\$ 1,431,486	\$ 148,568	\$ 749,900	\$ 3,693,100
Pump Stations & Improvements	1,391,403	35,065	515,100	1,044,700
Software	4,159	8,409	183,100	318,800
Buildings & Improvements	-	-	26,200	175,700
Equipment and Furniture	18,323	164,593	37,000	87,000
Land Improvements	-	-	-	186,000
Reservoirs & Improvements	3,184	443,331	10,000	-
Vehicles	95,283	96,455	64,800	-
Contributions to Others	199,575	-	-	-
Maintenance & Professional Services	-	2,708	50,400	508,800
Total Expenses	\$ 3,143,414	\$ 899,129	\$ 1,636,500	\$ 6,014,100
Net Income	\$ (823,912)	\$ 536,279	\$ (159,200)	\$ (4,754,400)
Transfer In	10,331,774	-	-	275,300
Transfer Out	(889,431)	(2,710,457)	(733,600)	-
Est. Ending Available Reserves	\$ 8,618,431	\$ 6,444,253	\$ 5,551,453	\$ 1,072,353

San Juan Water District

Fiscal Year 2018-19 Budget

The **Retail Capital Outlay Budget** includes spending on the following projects in FY 2018-19:

<i>Main Distribution Line Replacements:</i>	
Douglas Blvd. (6990 to 7767 - steel and associated small mains) ²	\$ 1,531,800
Cavitt Stallman Main 12" between Oak Pines and Sierra Ponds (new line) ¹	580,400
Cavitt Stallman Main 12" between Mystery Creek and Oak Pines w/ PRS (new line) ¹	366,000
Kokila SJWD/PCWA Intertie ¹	236,000
Redbud/Lupin/Meadowlark Services Replacements (42 Services) ²	189,000
Sandstone & Auberry Ct. to Hill Rd. 8 inch Extension (175 LF) & 17 Service Replacements ²	140,000
Dambacher Drive (7225-7355) ²	162,800
Lou Place 8" Troy Way to Crown Point Vista ²	149,000
Spahn Ranch Rd. Mainline Extension (2,980 LF 8 inch) ¹	107,200
Edward Court Mainline - South of Lou Place ²	99,900
Woodminister 18 Service Replacements ²	81,000
Replace 5 Air Release Valves (ARV's) ²	50,000
<i>Pump Station & Pressure Reducing Station Improvements:</i>	
Bacon & Upper Granite Bay Pump Station Generator Replacements (2) ²	350,700
Bacon Pump Station Security Improvements ³	169,000
Upper and Lower Granite Bay Pump Station Low Flow Pumps ²	117,000
Replace Variable Frequency Drives at ARC S (2), Bacon (1), ARC N (2) ²	75,000
Douglas Booster Pump Station Electrical Improvements ²	45,000
SCADA Fiber Optic Communication Cabling - Bacon to Central ²	39,000
Lower Granite Bay - Crown Point Emergency Intertie ¹	45,000
Bacon Pump Station Cooling Improvements (HVAC) ²	23,000
ARC-South Piping Improvements (Replacing existing piping) ³	10,000
ARC-South new HVAC ²	10,000
Douglas Pump Station Endress & Hauser Magnetic Meter Replacement ³	6,000
Canyon Falls Village Pressure Reducing Station Replacement ²	155,000
<i>Professional Services:</i>	
Retail Master Plan ³	308,000
Abandonment (Cap off) of 6 inch pipeline Walnut Ave. to Madison Ave. ²	50,000
<i>Facility Maintenance:</i>	
Field & Engineering Building Roof Replacement ²	116,800
Mooney Tank Building Roof Replacement ²	34,000
<i>Land Improvements:</i>	
Corporate Site Paving Improvements - Around Field Services Building ³	169,000
Bacon New Perimeter Fencing	17,000
<i>Software:</i>	
GIS Implementation ¹	275,000
Info Water Software for GIS ¹	17,500
Esri ArcGIS Software for GIS ¹	10,300
MC Express - Mobil Maintenance Management Software ¹	9,000
Intranet Mapping Application Software for GIS ¹	7,000

<i>Equipment:</i>	
SCADA Radio Replacements North Phase ²	43,000
Transport Trailer Replacement ²	21,000
Thermal Camera and Software ¹	17,000
Welding Ventilator ¹	6,000
<i>Building Improvements:</i>	
Containment Area for Vacuum Sludge ¹	65,000
Field Services & Engineering Building HVAC Replacement ²	61,700
Electrical Improvements to Field Services Building (new panel) ³	42,000
Administration Front Office Remodel ³	7,000
Total Capital Improvement Projects	\$ 6,014,100

Effect on Future Maintenance Costs

- 1 - Increase
- 2 - Decrease
- 3 - No Effect

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SUPPLEMENTAL INFORMATION

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Transfers In and Transfers Out

Transfers In and Transfers Out represent accounting methods to move resources (usually cash) from one fund to another. Transfers in represent resources being brought into that fund. Whereas, transfers out represent resources being taken from that fund.

Transfer In To:

Wholesale Capital Fund	\$	2,776,900
Retail Operating Fund	\$	275,300

Total Transfers In

\$ 3,052,200

Transfer Out From:

Wholesale Operating Fund	\$	2,776,900
Retail Capital Fund	\$	275,300

Total Transfers Out

\$ 3,052,200

Debt Service Schedules

Refunding Revenue Bonds, Series 2012A Debt Service Schedule - Fiscal Year Basis

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2019	\$ 314,329	\$ 170,672	\$ 311,744	\$ 169,268	\$ 626,073	\$ 339,940	\$ 966,013
2020	324,050	175,950	299,492	162,616	623,542	338,566	962,108
2021	343,493	186,507	282,885	153,598	626,378	340,105	966,483
2022	359,696	195,305	265,373	144,090	625,068	339,394	964,463
2023	375,898	204,102	247,050	134,141	622,948	338,243	961,192
2024	395,341	214,659	231,145	125,505	626,486	340,164	966,650
2025	408,303	221,697	219,123	118,977	627,426	340,674	968,100
2026	421,265	228,735	202,762	110,094	624,027	338,829	962,856
2027	440,708	239,292	180,220	97,855	620,928	337,147	958,075
2028	463,392	251,609	156,587	85,022	619,979	336,631	956,609
2029	489,316	265,685	131,692	71,505	621,007	337,189	958,197
2030	511,999	278,001	105,507	57,287	617,506	335,288	952,794
2031	541,164	293,837	77,989	42,346	619,152	336,182	955,334
2032	570,328	309,672	48,940	26,573	619,268	336,245	955,513
2033	599,493	325,508	18,359	9,969	617,852	335,476	953,328
Outstanding	\$ 6,558,772	\$ 3,561,228	\$ 2,778,868	\$ 1,508,847	\$ 9,337,640	\$ 5,070,075	\$ 14,407,715
Paid 2012-2017	\$ 2,271,591	\$ 1,233,410	\$ 2,129,242	\$ 1,156,118	\$ 4,400,833	\$ 2,389,528	\$ 6,790,360
Total	\$ 8,830,363	\$ 4,794,638	\$ 4,908,110	\$ 2,664,965	\$ 13,738,473	\$ 7,459,602	\$ 21,198,075
	combined	\$ 13,625,000	combined	\$ 7,573,075			

Refunding Revenue Bonds, Series 2017
Debt Service Schedule - Fiscal Year Basis

Fiscal Year	Principal		Interest		Total		Combined Debt Service
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail	
2019	\$ 361,600	\$ 203,400	\$ 643,197	\$ 361,799	\$ 1,004,797	\$ 565,199	\$ 1,569,996
2020	374,400	210,600	628,520	353,543	1,002,920	564,143	1,567,063
2021	387,200	217,800	613,331	344,998	1,000,531	562,798	1,563,329
2022	403,200	226,800	597,576	336,137	1,000,776	562,937	1,563,713
2023	419,200	235,800	582,055	327,406	1,001,255	563,206	1,564,460
2024	435,200	244,800	564,429	317,492	999,629	562,292	1,561,921
2025	454,400	255,600	542,269	305,027	996,669	560,627	1,557,296
2026	476,800	268,200	519,083	291,984	995,883	560,184	1,556,067
2027	502,400	282,600	494,709	278,274	997,109	560,874	1,557,983
2028	528,000	297,000	469,056	263,844	997,056	560,844	1,557,900
2029	553,600	311,400	442,123	248,694	995,723	560,094	1,555,817
2030	585,600	329,400	413,776	232,749	999,376	562,149	1,561,525
2031	611,200	343,800	383,963	215,979	995,163	559,779	1,554,942
2032	643,200	361,800	352,736	198,414	995,936	560,214	1,556,150
2033	675,200	379,800	325,536	183,114	1,000,736	562,914	1,563,650
2034	1,318,400	741,600	291,747	164,107	1,610,147	905,707	2,515,854
2035	1,369,600	770,400	238,157	133,964	1,607,757	904,364	2,512,121
2036	1,424,000	801,000	182,467	102,637	1,606,467	903,637	2,510,104
2037	1,481,600	833,400	129,177	72,662	1,610,777	906,062	2,516,839
2038	1,529,600	860,400	80,375	45,211	1,609,975	905,611	2,515,585
2039	1,580,800	889,200	29,969	16,858	1,610,769	906,058	2,516,827
Outstanding	\$ 16,115,200	\$ 9,064,800	\$ 8,524,250	\$ 4,794,891	\$ 24,639,450	\$ 13,859,691	\$ 38,499,141
Paid 2017	\$ 604,800	\$ 340,200	\$ 676,492	\$ 380,527	\$ 1,281,292	\$ 720,727	\$ 2,002,019
Total	\$ 16,720,000	\$ 9,405,000	\$ 9,200,742	\$ 5,175,417	\$ 25,920,742	\$ 14,580,417	\$ 40,501,160
	combined	\$ 26,125,000	combined	\$ 14,376,160			

Labor Allocation

As mentioned previously, many employees are shared by wholesale and retail to maximize efficiency and eliminate the need for redundant positions. The table on the next page shows all District positions and their respective cost sharing between wholesale and retail based on their assigned duties.

Dept.	Position Title	Budgeted in Fiscal Year 2018-19						
		Budgeted in FY16-17	Budgeted in FY17-18	#	Wholesale Allocation	Retail Allocation	Wholesale FTE	Retail FTE
Executive								
	General Manager	1	1	1	90%	10%	0.90	0.10
	Assistant General Manager ¹	1	1	-				
	Water Resources Manager	1	1	1	90%	10%	0.90	0.10
	Board Secretary/Administrative Assistant	1	1	1	50%	50%	0.50	0.50
	Total Executive	4.0	4.0	3.0			2.30	0.70
Finance and Administrative Services								
	Director of Finance	1	1	1	50%	50%	0.50	0.50
	Information Technology Manager	1	1	1	50%	50%	0.50	0.50
	Finance and Administrative Services Analyst	1	1	1	50%	50%	0.50	0.50
	Accountant	1	1	1	50%	50%	0.50	0.50
	Purchasing Agent	1	1	1	50%	50%	0.50	0.50
	Human Resources Specialist ²	0.5	-	-	50%	50%	-	-
	Accounting Technician II	1	1	1	50%	50%	0.50	0.50
	Total Finance and Administrative Services	6.5	6.0	6.0			3.00	3.00
Conservation								
	Customer Service Manager	0.5	0.5	0.5	0%	100%	-	0.50
	Conservation Lead	1	1	1	0%	100%	-	1.00
	Conservation Technician I - II	2	2	2	0%	100%	-	2.00
	Total Conservation	3.5	3.5	3.5			-	3.50
Customer Service								
	Customer Service Manager	0.5	0.5	0.5	0%	100%	-	0.50
	Meter Technician	1	1	1	0%	100%	-	1.00
	Accounting Technician III - through 9/30/2016	0.25	-	-				
	Customer Service Technician III	2	2	2	0%	100%	-	2.00
	Total Customer Service	3.75	3.5	3.5			-	3.50
Engineering Service								
	Engineering Services Manager	1	1	1	50%	50%	0.50	0.50
	Associate/Senior Engineer	1	1	1	50%	50%	0.50	0.50
	Engineering Technician III	1	1	1	40%	60%	0.40	0.60
	Construction Inspector III	1	1	1	50%	50%	0.50	0.50
	Total Engineering Service	4.0	4.0	4.0			1.90	2.10
Field Services (Distribution System)								
	Operations Manager	0.6	0.6	0.6	0%	100%	-	0.60
	Safety-Regulatory Compliance Coordinator ⁴	-	-	0.5	0%	100%	-	0.50
	Field Services Manager	1	1	1	0%	100%	-	1.00
	Pump Station Lead	1	1	1	0%	100%	-	1.00
	Distribution Lead Worker	2	2	2	0%	100%	-	2.00
	Distribution Operator IV	4	4	4	0%	100%	-	4.00
	Distribution Operator III	1	1	1	0%	100%	-	1.00
	Distribution Operator II	3	3	3	0%	100%	-	3.00
	Pump Station Technician/Mechanic	1	1	1	0%	100%	-	1.00
	Utilities Coordinator	1	1	1	0%	100%	-	1.00
	Total Field Services (Distribution System)	14.6	14.6	15.1			-	15.10
Water Treatment Plant								
	Operations Manager	0.4	0.4	0.4	100%	0%	0.40	-
	Safety-Regulatory Compliance Coordinator ⁴	-	-	0.5	100%	0%	0.50	-
	Water Treatment Plant Superintendent	1	1	1	100%	0%	1.00	-
	Maintenance Chief	1	1	1	100%	0%	1.00	-
	Chief Operator	1	1	1	100%	0%	1.00	-
	Water Treatment Plant Operator IV	2	2	2	100%	0%	2.00	-
	Water Treatment Plant Operator III	2	2	2	100%	0%	2.00	-
	Water Treatment Plant Operator II ⁵	0.5	1	1	100%	0%	1.00	-
	Instrumentation Technician	1	1	1	70%	30%	0.70	0.30
	Facilities Maintenance Worker II	1	1	1	100%	0%	1.00	-
	Facilities Maintenance Help	1	1	1	70%	30%	0.70	0.30
	Total Water Treatment Plant	10.9	11.4	11.9			11.30	0.60
Total Funded Full Time Equivalents (FTE)		47.25	47.00	47.00			18.50	28.50

¹ Assistant General Manager position was eliminated during Fiscal Year 2017-2018.

² Human Resources Specialist was a new position proposed in Fiscal Year 2016-2017, but not approved by the Board.

³ Accounting Technician III remained through September 2016 to assist with training the new Customer Service Technician III.

⁴ Safety-Regulatory Compliance Coordinator was a new position approved by the Board during Fiscal Year 2017-2018.

⁵ Water Treatment Plant Operator II was an additional position approved by the Board during Fiscal Year 2016-2017.

RESOLUTION NO. 18-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR 2018-2019

WHEREAS, District staff has prepared a budget for the fiscal year 2018-2019 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2018-2019 budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including contributions to reserves sufficient to return them to prudent levels; and

WHEREAS, after conducting a workshop and a public hearing on the proposed budget the Board of Directors has approved the same.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Juan Water District as follows:

- 1. That certain document referred to as "The San Juan Water District Proposed Budget Fiscal Year 2018-2019," and all schedules, exhibits and policies contained therein, is hereby adopted and the appropriations for the annual budget of the San Juan Water District for the fiscal year beginning on July 1, 2018 and ending on June 30, 2019 are hereby adopted; and
2. That the amounts stated in the proposed budget shall become and thereafter be appropriated to the offices, departments, activities, objects and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specified in said budget; and
3. The General Manager is authorized to approve expenditure adjustments within individual accounts and line items so long as the total appropriated is not exceeded.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 27th day of June 2018, by the following vote:

AYES: DIRECTORS: Hanneman, Miller, Tobin
NOES: DIRECTORS:
ABSENT: DIRECTORS: Costa, Rich

[Handwritten signature of Martin Hanneman]

MARTIN HANNEMAN
President, Board of Directors
San Juan Water District

ATTEST

[Handwritten signature of Teri Grant]

TERI GRANT
Secretary, Board of Directors

Glossary of Terms

The budget contains specialized and technical terminology and acronyms that are unique to public finance and budgeting. To assist the reader in understanding these terms and acronyms, a budget glossary has been included herein.

Glossary of Terms	Definition
Acre-Foot	The volume of water that will cover one acre to a depth of one foot. One acre-foot of water equates to 325,828.8 gallons.
Allocation	A distribution of funds or costs from one account or appropriation to one or more accounts or appropriations.
Ashland	City of Folsom, north of the American River.
Assets	Resources owned or held by SJWD which have monetary value.
Audit	An investigation, done by an independent certified public accounting firm to provide an opinion on whether or not the financial statements of the SJWD are prepared in conformance with generally accepted accounting principles for government entities within the United States of America, and are free of material errors or misstatements.
Authorized	Given the force of law (e.g., by statute). For some action or quantity to be authorized, it must be possible to identify the enabling source and date of authorization.
Beginning/Ending Fund Balance	Appropriated resources available in a fund from the prior/current year after payment of the prior/current year's expenses. This is not necessarily cash on hand.
Best Management Practices (BMPs)	Proven and reliable water conservation technologies and programs that address residential, commercial, industrial, and landscape water uses.
Bond	A written promise to pay a sum of money with a specific interest rate, at a specific time. In the budget document, these payments are identified as a debt service.
Budget	A plan of financial operation embodying an estimate of proposed expenditures for a given period of time and the proposed means of financing them.
Transmittal Letter	A general discussion of the proposed budget as presented in writing by the General Manager to the Board of Directors and Rate payers. The message contains an explanation of principal budget items and summaries found in the prepared budget relative to the current year adopted budget.
Capital Budget	The portion of the annual budget that appropriates funds for the purchase of capital equipment items and capital improvements.
Capital Improvements Program	A long-range plan of the District for the construction, rehabilitation and replacement of the District-owned infrastructure.
Capital Outlay	A character of expenditure of funds to acquire land, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction.

San Juan Water District

Fiscal Year 2018-19 Budget

Glossary of Terms	Definition
Central Valley Project (CVP)	California water project owned by the United States and managed by the Bureau of Reclamation for diversion, storage, carriage, distribution and beneficial use of waters of the Sacramento River, the American River, the Trinity River, and the San Joaquin River and their tributaries. The CVP is composed of some 20 reservoirs with a combined capacity of more than 11 million acre-feet, 11 power plants, and more than 500 miles of major canals and aqueducts. The CVP delivers about 7 million acre-feet of water annually for agricultural, urban, and wildlife use.
COLA	Cost of Living Adjustment – an increase to base wages designed to keep an employee’s pay even with inflation.
Debt Service	The District’s obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.
Delta	The Delta is the largest estuary on the west coast and the hub of California’s water system. It is formed by California’s two largest rivers, the Sacramento and San Joaquin. The Delta has increasingly become a center of controversy as federal, state, and local governments and private entities have sought to make use of its resources.
Department	An operational and budgetary unit designated by the General Manager to define and organize District operations.
Depreciation	The process of matching the cost of a fixed asset (property, equipment, software, etc.) to the time periods over which it is used. As an example, if a piece of equipment has an estimated useful life of ten years and a purchase price of \$5,000; each year is charged \$500 of depreciation over the equipment’s ten year life, and the value of the asset is reduced accordingly.
Division	A major administrative unit of the District which has overall management responsibility for an operation of a group of related operations within a functional area.
Estimated Revenues	The budgeted, projected revenues expected to be realized during the budget (fiscal) year to finance all or part of the planned expenditures.
Expenditure	The actual payment for goods and services.
Expenses	The incurrence of liabilities or the consumption of assets arising from the delivery or production of goods, rendering services or carrying out other activities that constitute the entity’s ongoing major or central operation.
Fiscal Year (FY)	The time period designated by the District signifying the beginning and ending period for recording financial transactions. The District has specified July 1 to June 30 as its fiscal year.
Full Time Equivalent (FTE)	The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year (2,080 hours).

Glossary of Terms	Definition
Fund	A set of accounting books with a self-balancing group of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances and changes therein are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.
Fund Balance	For accounting purposes, the excess of a fund's assets over its liabilities. For budgeting purposes, the accumulated excesses of a fund's resources over its expenditures.
GFOA	Government Finance Officers Association
Generally Accepted Accounting Principles (GAAP)	The accounting principles, rules, conventions, and procedures that are used for accounting and financial reporting. GAAP for governments are set by the Governmental Accounting Standards Board (GASB), the accounting and financial reporting standards setting body for state and local governments.
Grants	Contributions of gifts or cash or other assets from another government to be used or expended for a specific purpose, activity or facility, with no obligation to repay (in contrast to a loan, although the award may stipulate repayment of funds under certain circumstances).
Great Recession	A term that represents the sharp decline in economic activity during the late 2000's, which is considered to most significant downturn since the Great Depression. The term "Great Recession" applies to both the U.S. recession, officially lasting from December 2007 to June 2009, and the ensuing global recession in 2009. The economic slump began when the U.S. housing market went from boom to bust, and large amounts of mortgage-backed securities and derivatives lost significant value.
Infrastructure	Facilities that support the continuance and growth of a community. Examples include roads, water lines, sewers, public buildings, parks and airports.
Line Item	The description of an object of expenditure, i.e. salaries, supplies, professional services and other operational costs.
Operating Budget	The normal, ongoing costs incurred to operate the District, specifically excluding the capital program budget.
Operating Expenses	Expenditures for materials, supplies and services which are ordinarily consumed within a fiscal year and which are not included in the program inventories or capital budget.
Ordinance	A formal legislative enactment by the Board of Directors. It is the full force and effect of law within the District boundaries unless pre-empted by a higher form of law.
Program	A group of related activities performed by one or more organizational units for the purpose of accomplishing a District responsibility.
Reclamation	United States Bureau of Reclamation

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Glossary of Terms	Definition
Resolution	A special order of the Board of Directors, which has a lower legal standing than an ordinance.
Resources	Total amounts available for appropriation including estimated revenues, fund transfers and beginning fund balances.
Reserve	An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general appropriations.
Reimbursements	An amount received as a payment for the cost of services performed/to be performed, or of other expenditures made for, or on behalf of, another entity. Reimbursements represent the recovery of an expenditure.
Revenue	Moneys that the District receives as income. It includes such items as water sales, fees for services, contributions, interest income and other miscellaneous receipts. Estimated revenues are those expected to be collected during the fiscal year.
Transfer In/(Out)	Movement of resources between two funds. Example: An inter-fund transfer would include the transfer of money from the operations fund to the capital fund to set money aside for future capital infrastructure replacements or improvements.
WEL Garden	A demonstration Water Efficient Landscape Garden located behind the Administration Building of the San Juan Water District.
WTP	The Sidney N. Peterson Water Treatment Plant of the San Juan Water District.

Acronyms

Acronyms, as may be used in this document, are familiar terms to those in government but not to those who do not work in that setting. While we tried to avoid their use, they do appear occasionally throughout the budget document. The list below explains acronyms that may appear in this document.

Acronym	Definition
AF	Acre feet or Acre foot
AFR	Auburn Folsom Road
BMPs	Best Management Practices
CCF	100 cubic feet (centum cubic feet), equivalent to 748 gallons
CIP	Capital Improvements Program
CSD	Community Services District
CVP	Central Valley Project
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees Retirement System
CHWD	Citrus Heights Water District
COLA	Cost of Living Adjustment
FOWD	Fair Oaks Water District
GIS	Geographic Information Services
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
HVAC	Heating, Ventilation, and Air Conditioning
IT	Information Technology
LF	Linear Foot/Feet
MGD	Million gallons a day
OVWC	Orange Vale Water Company
PCWA	Placer County Water Agency
PERS	Public Employees Retirement System
SCADA	Supervisory Control and Data Acquisition
SSWD	Sacramento Suburban Water District
WEL	Water Efficient Landscape
WTP	Water Treatment Plant