SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-D**

FROM: Steve Mack, General Manager

Meeting Date: May 4, 2017

SUBJECT: DRAFT FY 2017-2018 BUDGET REPORT

RECOMMENDED ACTION: Receive the draft Budget Report and discuss any outstanding issues regarding the Draft District FY 2017-2018 Budget, including the District's proposed water rates based on a 3% increase, and provide direction to staff and the *ad hoc* Budget subcommittee.

FISCAL IMPACT: Provides financial direction for FY 2017-2018.

DISCUSSION:

The draft FY 2017-2018 (FY18) Budget was first presented at the March meeting. Because of staff's concern with addressing the District's CalPERS Unfunded Actuarial Liability (UAL) staff did not present the Budget Report, as is typically done at the April meeting, but rather presented information on the UAL and that discussion was carried forward to this meeting at the prior agenda item. The result of these discussions are some changes to the draft Budget presented at the March meeting. In addition to the recommendations of the March draft Budget, staff is recommending:

- Adding a line item for UAL payment and funding that at $90,000 for FY18.

- Pursuing the USDA loan/bond for construction of Phases 2 and 3 of the 2017 CIP (River Road/Old River Road Project). The Bond revenue will offset construction costs and bond acquisition costs and provide some reimbursement for already spend design costs. This adds $1,463,000 in Capital expenses to the Budget.

The major budget issues, the proposed water rate increases, and the line item details not highlighted above discussed at the March meeting remain unchanged in the proposed FY18 Budget. Highlights of the FY18 Budget include:

- The 3% water rate increase will increase District revenues by approximately $69,000.
- Supplies and Services were scrutinized to reflect actual expected costs and have decreased approximately $12,000 compared to the FY17 Budgeted.
- Expenditures for Tanks and Facilities include a liner for the Rio Nido Tank and road improvements for the Monte Rio Tanks.
- We are not purchasing a truck this year.

- Identification of CalPERS UAL payments; $90,000 for FY18.
- The transfer to the Capital Improvement Reserve Fund (CIRF) is $320,000.
- Revenue from the USDA loan/bond.
- Completion of the 2017 CIP Phases 2 and 3 (River Road/Old River Road Project)

Exhibit A is the draft FY18 Budget Report. It includes a summary of the budget detail, the revenues and expense pie charts and discussion of notable budget items. This document plus information on the proposed 3% water rates increase will be on the District website.

Exhibit A

Sweetwater Springs Water District

Annual Operating & Capital Improvement Budget

2017-18 Fiscal Year

(For the period July 1, 2017 - June 30, 2018)

Board of Directors

Sukey Robb-Wilder, President
Pip Marquez de la Plata, Vice President
Tim Lipinski, Financial Coordinator
Gaylord Schaap
Richard Holmer

General Manager
Steve Mack

Sweetwater Springs Water District

Annual Operating & Capital Improvement Budget
2017-18 Fiscal Year
Summary

In Fiscal Year 2017-2018 (FY18) Sweetwater Springs Water District has budgeted operating expenses of $1.8 million and capital improvement expenses of $1.5 million. Figures 1 and 2 respectively show the distribution of these expenses and sources of funds to pay for these expenses. Note that sources of funds include approximately $1.5 million from a US Department of Agriculture (USDA) loan for capital improvements.

Figure 1. FY 2018 Expenses
Total = $4.3 Million

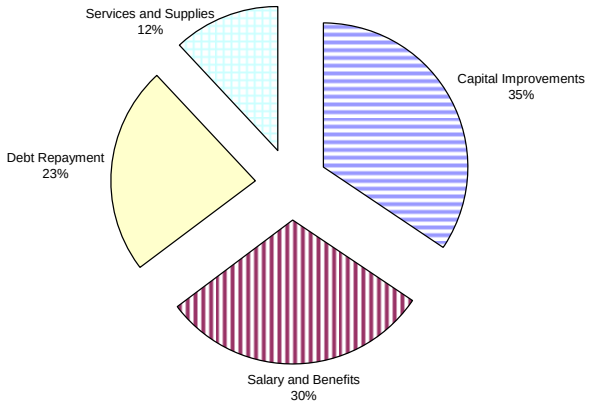
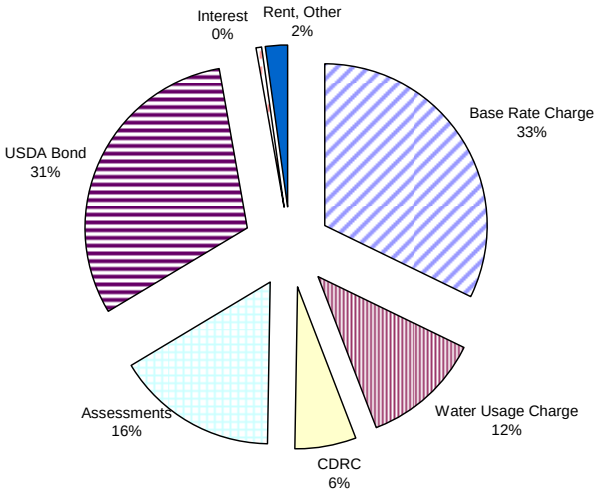


Figure 2. FY18 Sources of Funds to Pay for Expenses
Total = $4.7 Million



FY 2017-18 Budget Report
Sweetwater Springs Water District

Table 1 is a summary of the FY18 Budget which is described in detail in the following pages. The FY18 Budget is similar in form and content to prior years' budgets. The FY18 Budget includes the seventh year of 3% increases for the Base Rate and Water Usage Charges and the fifth year of a 3% increase to the Capital Debt Reduction Charge which are designed to develop sustainable capital project funding.

Table 1. FY 2017-18 OPERATING BUDGET - DRAFT

		FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
	REVENUE						
	OPERATING REVENUE						
1	**4031 · Water Bill Revenue**						
2	**4031.1. · Capital Debt Reduction Cha**	261,458	269,302	270,500	278,615	9,313	3% rate increase based on projected
3	**4031.1. · Water Sales - Base Rate**	1,457,538	1,480,664	1,484,000	1,528,520	47,856	3% rate increase based on projected
4	**4031.1. · Water Sales - Usage Charges + Other**	526,963	563,372	558,600	575,358	11,986	Flat sales, 3% increase based on projected
5	**4031.1. · Total Water Sales**	1,984,502	2,044,036	2,042,600	2,103,878	59,842	
6	**Total OPERATING REVENUE**	**2,245,959**	**2,313,338**	**2,313,100**	**2,382,493**	69,155	
7	**Total NON-OPERATING REVENUE**	**126,559**	**114,846**	**118,915**	**119,600**	4,754	
8	**Total Income**	**2,372,518**	**2,428,184**	**2,432,015**	**2,502,093**	**73,909**	
9	**EXPENSES**						
10	**OPERATING EXPENSES**						
11	**SALARY & BENEFITS**						
12	**Total Salary**	**882,336**	**932,100**	**889,200**	**905,120**	**(26,980)**	
13	**5920.1 CalPERS UAL Payment**				90,000		Total UAL payment; $37,000 required
14	**Total Benefits**	**281,186**	**289,789**	**314,769**	**395,180**	105,391	
15	**Total SALARY & BENEFITS**	**1,163,522**	**1,221,889**	**1,203,969**	**1,300,300**	**78,411**	
16	**Total SERVICES & SUPPLIES**	**440,732**	**527,910**	**513,860**	**533,000**	**5,090**	
17	**Total OPERATING EXPENSES**	**1,604,254**	**1,749,799**	**1,717,829**	**1,833,300**	**83,501**	
18	OPERATING SURPLUS/DEFICIT	**$768,264**	**$678,385**	**$714,186**	**$668,793**	**$ (9,592)**	
19	**Total FIXED ASSET EXPENDITURES**	**62,633**	**67,000**	**61,333**	**22,000**	**(45,000)**	
20	**TRANSFERS TO OTHER FUNDS**						
21	**8620.7 · Tfers to CIRF for CDR Revenue**	261,565	270,375	270,375	278,615	8,240	
22	**8620.3 · Tfers to CIRF - PY Surplus**	0	0	50,392	-	-	
23	**8620.3 · Tfers to CIRF**	320,000	330,000	290,000	320,000	(10,000)	
24	**8620.5 · Tfers to Building Fund**	15,000	15,000	15,000	15,000	-	
25	**8620.2 · Tfers to In-House Constr**	25,000	25,000	25,000	25,000	-	
26	**Total TRANSFERS TO OTHER FUNDS**	621,565	640,375	650,767	638,615	(1,760)	
27	SURPLUS/DEFICIT	**84,066**	**-28,990**	**2,086**	**8,178**	**37,168**	
29	**CAPITAL BUDGET**						
30	**REVENUE/SOURCES OF FUNDS**						
31	**TOTAL REVENUE**	**1,413,597**	**1,409,302**	**1,370,500**	**2,871,615**	**1,462,313**	
32	**EXPENSES**						
33	**TOTAL DEBT PAYMENTS**	**1,035,961**	**1,133,224**	**1,133,224**	**1,011,244**	(121,980)	
34	**Total Capital Expenses**	**1,186,021**	**874,000**	**874,000**	**1,488,000**	**614,000**	
35	**TOTAL EXPENSES**	**2,221,982**	**2,007,224**	**2,007,224**	**2,499,244**	**492,020**	
36	**SURPLUS/DEFICIT**	**(808,385)**	**(597,922)**	**(636,724)**	**372,371**	**970,293**	Deficit will be made up from District Reserves
37	**Net Capital Funding**	**436,702**	**222,088**	**214,362**	**380,549**		Net Operating Revenues + Assessments +CDRC+Cap Interest-Total Debt Payments
38	**FUND AND LOAN BALANCES (EOY)**						
39	**DISTRICT RESERVES AND FUND AND LOAN BALANCES**						
40	**Operating Budget Cash Reserve**	255,061	262,174	262,174	274,995	12,821	
41	**Operating Budget Reserve (10%+15% of Operating Exp)**	425,102	436,956	436,956	458,325	21,369	
42	**Debt Repayment Reserve (25% of Debt pmt)**	258,777	258,777	258,777	252,811	(5,966)	
43	**Capital Reserve**	250,000	250,000	250,000	250,000	-	
44	**Total District Policy**	1,188,940	1,207,906	1,207,907	1,236,131	28,225	
45	**TOTAL Reserves EOY**	**2,259,513**	**1,648,674**	**1,690,142**	**2,232,430**	**583,756**	For FY18 adding State Loan Reserve Payment (1000)
46	**Reserves Above (below) Policy**	**1,070,573**	**440,768**	**482,235**	**996,299**	**555,531**	
47							
48	**DISTRICT FUNDS**						
49	**CIRF (7106-0600)**	(247,764)	(825,642)	(833,764)	(334,700)	490,942	
50	**OPERATING RESERVE (0300)**	425,102	425,102	436,956	458,325	33,223	
51	**OPERATIONS (0100)**	324,421	249,830	262,174	274,995	25,165	
52	**CAPITAL AND DEBT POLICY RESERVE (1100)**	510,829	508,777	508,777	502,811	(5,966)	
53	**IN HOUSE CONSTRUCTION (0500)**	93,525	104,315	104,315	104,315	-	
54	**BUILDING (0200)**	180,850	198,850	198,850	213,850	15,000	
55	**CAP ONE AND CITIZENS BANK LOAN (1200)**	802,112	802,112	802,112	802,112	-	
56	**FEDERAL LOANS AND BONDS (0400)**	-	64,284	64,284	64,284	-	
57	**STATE LOANS (0700,0900)**	170,438	146,438	146,438	146,438	-	

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2017-18 Fiscal Year (FY18) Budget

The annual budget of the Sweetwater Springs Water District (SSWD) allows the District to accomplish its mission which is to provide its customers with quality water and service in an open, accountable, and cost-effective manner and to manage District resources for the benefit of the community and environment. The District achieves its mission of producing good quality water by pumping Russian River underflow from five wells – 3 located at the Guerneville El Bonita well site and 2 located at the Monte Rio well site. That water is then treated in two separate treatment facilities at the Highlands site for Guerneville and at the Monte Rio well site for Monte Rio and environs and distributed through approximately 68 miles of distribution pipes and 3500 service laterals of varying lengths, and stored in 26 tanks and reservoirs. This system is managed and its operation administered by the District staff of 10 full time employees. The District has an aggressive capital improvement program aimed at maintaining and improving the capital infrastructure to industry standards to deliver high quality water, reduce system water losses, and maintain adequate system pressure and fireflow. The annual budget identifies the revenues and expenses that accomplish these tasks.

The FY18 Budget follows the format established in prior years and includes the seventh consecutive year of a 3% increase to the Base Rate and Water Usage Charges, and the fifth consecutive year of a 3% increase to the Capital Debt Reduction Charge.

3% increase to the Base Rate, Water Usage Charges, and Capital Debt Reduction Charge: A principal source of revenues for the FY18 Budget is water rates paid in bimonthly bills by District customers (Figure 2). In 2011 District staff did a comprehensive multi-year analysis to show that with small annual increases in rates the District can develop sustainable funding for needed capital projects to maintain District facilities once the current catch up capital improvement program is completed. The financial analysis showed that annual 3% increases over nine years will build into $500,000 available annually for capital projects. This is the seventh year of planned annual 3% rate increases designed to achieve the sustainable capital improvement program. More information on the District's water rates and a water rate calculator can be found on the District's website at www.sweetwatersprings.com**.**

Net Capital Funding will be approximately $400,000. Net Capital Funding is the term used for estimating the amount of funding developed in the Operating and Capital Improvement Budget for funding capital projects (line 37 in Table 1). It is the sum of the operating budget surplus, annual assessments, CDRC, and capital interest minus total debt payments. Net Capital Funding is budgeted to have a substantial increase because of decreased debt payments and reduced operations expenses, plus the effect of the 3% water rate increase. We believe that Net Capital Funding should be near $500,000 for a sustainable capital improvement program for the District.

The recent drought has had a big impact on the budget planning in this and future years. Water sales will continue to be depressed as water use habits recover from the drought restrictions required by the State. Water use in FY 2017 was lower than State direction even though that direction has eased - approximately 83% of 2013 which is the State Board standard. We expect that water use in the coming fiscal year will be at a similar level, and that a 3% rate increase will result in a 3% revenue increase in water sales. We expect that once the drought restrictions are eased and customer use

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rebounds from those restrictions, water sales revenue will increase and the District will move toward reaching the $500,000 net capital funding goal.

FY 2018 CIP (Table 2): The FY18 Capital Budget has completion of Phases 2 and 3 of the 2017 CIP. This will be funded by a U.S. Department of Agriculture loan of approximately S1.5 million. The revised FY17 Budget includes Phase 1 of the River Road/Old River Project and we expect construction of this project to carryover into FY18.

Addressing CalPERS retirement program Unfunded Accrued Liability (UAL): The FY18 Budget has a new line item to identify and make accelerated payments for the CalPERS UAL. The Board has determined that this item needs special attention as it will continue to impact District finances for many years. The FY18 payment is $90,000.

District Reserve Policy: The District Reserve Policy was approved in September 2009. The Reserve Policy allows the District to gauge its financial health and adequately plan for its future, and allows ratepayers to follow this planning. The District Reserve Policy has the following components:

- Operating Budget Cash Reserve - 15% of the annual Operating Budget expenses to provide for prompt payment of operating expenses at the start of the fiscal year.
- Operating Reserve – 25% of the Operating Budget for unanticipated expenses for economic downturn or other economic crisis, or for dealing with emergencies and disaster-related expenses.
- Debt Repayment Reserve - 25% of all payments for principal and interest on all District loans to ensure funding is available to repay existing District debt.
- Capital Reserve – 25% of the nominal Capital Budget of $1 million for similar issues with the capital program.

The sum of all district funds is shown in the budget as Total Reserves End of Year (EOY). This is the sum of the District discretionary funds, listed in the budget at the end of the year. The difference between Total Reserves EOY and Total District Policy Reserves is Reserves Above District Policy. The District goal is to keep this number positive. The amount above the District Policy Reserve is the amount the District has for future capital projects. The Reserves Above District Policy is a good measure of where we are in funding an ongoing capital program. The FY18 Budget projects a District Policy Reserve of $1,236,131 and $996,299 in Reserves Above Policy at the end of the fiscal year. .

Other assumptions used to develop the Operating section of the Budget include:

- **Water Usage and Base Rate and Capital Debt Reduction Charges will be raised 3%.**
- **Water Usage revenues are based on flat water sales and on mid-year water sales projections, thus the FY18 water usage revenues are estimated to increase by 3% over the amount projected at the end of FY17. The drought is over but it will likely take a while for sales to start increasing, thus affecting Water Usage charge revenue.**
- **Salaries and Retirement have been adjusted to reflect year 3 of the 2015 Union Memorandum of Understanding.**

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Line Item Highlights of the FY18 Budget:

The FY18 Operating Budget provides for ongoing costs consistent with previous years' expenditures, except where identified below.

The operating budget encompasses the "expenditures related to the operation, maintenance and repair of water facilities", as well as the billing, collections, accounting, fiscal management and other overall administration.

Water Bill Revenue line items have been adjusted to reflect the 3% increases on projected sales revenue in the Base Rate, Capital Debt Reduction Charge (CDRC) and Water Usage Charges based on flat water sales revenue also includes a 3% increase. The 3% water rate increase will increase District revenues by approximately $70,000. Operating interest is continued at a relatively low amount to reflect continuing lower interest on deposited funds.

Under **Expenses, Salaries** are budgeted to increase approximately 2%. **Benefits** are budgeted to increase approximately $78,000 over the projected FY17 budget largely because of the increased payment for the UAL. Salaries and Benefits are a major District expense – approximately 70% of the FY18 Operating Budget expenses.

Total Supplies and Services are approximately $5,000 higher than the FY17 approved budget. **Maintenance/Repair – Facilities** is a big cost item in Supplies and Services and is budgeted at a similar amount for FY18. **Governmental Fees** and **Professional Services** are budgeted to increase by $1,000. **Electricity** is a big expense item and is budgeted to be $5,000 more than FY17 and is the major expense difference in this category.

Fixed Asset Expenditures are lower than FY16 because we are not purchasing a truck this year. There are also substantial expenses for **Tank/Facilities Sites** to repair the road up to the Monte Rio tanks, and a tank liner at the Rio Nido Tank.

The Operating Budget has a surplus of approximately $670,000 which is transferred as revenue to the Capital Improvement Budget as Capital Improvement Revenue Fund (CIRF) ($320,000) Building Fund ($15,000), In-House Construction Fund ($25,000), and CDRC revenue ($278,615).

The FY18 Capital Budget major capital expense is completion of Phases 2 and 3 of the 2017 CIP described in Table 2. The CIP will be funded by a USDA bond.

Capital Interest revenue has been reduced to reflect expected continuing low interest rates and lower fund amounts in this coming year.

Capital Debt is a major expense item – approximately $1.0 million and 21% of total District annual expenses in FY18. District Capital Debt includes:

- General Obligation (GO) Bonds – Approximately $1.6 million remain in the USDA bonds that were approved to purchase the District and make needed capital improvements, and refinanced in part in 2013 and 2014. Annual payment - $64,284, remaining principal is $1,622,728. Paid off in 2054.

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- Cap One Bond – The District refinanced the first 20 years of the GO Bonds in September 2013. Paid off in 2033, the FY18 payment is $566,508. Remaining principal is $6,941,000.
- State Loans - two loans for approximately $3 million which were approved in 1995-96 for needed improvements. The smaller loan was paid off in September 2016; the second loan will be completed in 2022. Annual payment - $146,438. Remaining principal is $800,765.70.
- Private Placement Loan. $3 million loan acquired in 2008 for needed capital improvements. Paid off in 2028. Annual payment - $234,012. Remaining principal is $2,186,930.86. The interest rate for this loan will reset in 2018 and will be reduced from 4.75% to 3.10%, reducing the annual payment by approximately $18,000 .

District Reserves and Funds and Loan Balances show the District's continuing healthy financial picture.

As discussed above reserve balances are a good measure of the health of the District's finances. For FY18, District Policy Reserves are at $1,236,131 and Reserves Above District Policy at the end of the fiscal year are $996,299**.**

The detailed FY18 Budget is included as Attachment A.

Table 2. Sweetwater Springs Water District 2017-2018 Capital Improvement Program (CIP)

Year	Projects	Estimated Cost
2017		
	Phase 1, Old River Road/River Road (GV) - replace approximately 2200 ft of existing main and 17 services on River Rd from Rio Nido to Old River Road near Outlet Drive.	$874,000
2018		
	Phase 2 and 3, Old River Road/River Road (GV) - replace approximately 4,600 ft of existing main and 58 services on Old River Rd at Morningside east to the eastern section of Foothill Drive and include Orchard Rd and Foothill Drive.	$1,488,000

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FY 2017-18 OPERATING BUDGET - DRAFT

	FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
REVENUE						
OPERATING REVENUE						
4031 · Water Bill Revenue						
4031.1. · Capital Debt Reduction Cha	261,458	269,302	270,500	278,615	9,313	3% rate increase based on projected
4031.1. · Water Sales - Base Rate	1,457,538	1,480,664	1,484,000	1,528,520	47,856	3% rate increase based on projected
4031.1. · Water Sales - Usage Charges + Other	526,963	563,372	558,600	575,358	11,986	Flat sales, 3% increase based on projected
4031.1. · Total Water Sales	1,984,502	2,044,036	2,042,600	2,103,878	59,842	
Total OPERATING REVENUE	**2,245,959**	**2,313,338**	**2,313,100**	**2,382,493**	69,155	
NON-OPERATING REVENUE						
4445 · Grant Proceeds	0	0	0	-	-	
1700 · Interest	9,142	7,500	9,000	8,000	500	
3600 · Construction New Services	6,712	7,000	5,575	7,000	-	
3601 · Construction Service Upgrades	100	2,000	3,240	2,000	-	
4032 · Rent	99,219	94,346	98,000	98,600	4,254	Crystal $1361/mo = $16,322 AT&T $6856/mo = $82,272
4040 · Miscellaneous Income	8,891	1,500	600	1,500	-	USBank CC refunds So. Cty Credit
4117 · SCWA Reimbursement	2,495	2,500	2,500	2,500	-	CUWCC dues reimbursed thru 2019.
Total NON-OPERATING REVENUE	**126,559**	**114,846**	**118,915**	**119,600**	4,754	
Total Income	**2,372,518**	**2,428,184**	**2,432,015**	**2,502,093**	**73,909**	
EXPENSES						
OPERATING EXPENSES						
SALARY & BENEFITS						
Salary						
5910 · Wages	783,622	823,000	786,000	801,720	(21,280)	Union MOU includes retirement pay provisions
5912 · Overtime	28,379	34,400	33,200	33,200	(1,200)	
5916 · On-Call Pay	33,428	37,700	33,000	33,100	(4,600)	
5918 · Extra help - Contract	36,907	37,000	37,000	37,100	100	
Total Salary	**882,336**	**932,100**	**889,200**	**905,120**	**(26,980)**	
Benefits						
5500 · Flex Spending	-296	0	0	0	-	
5920 · Retirement net EE share	85,337	84,460	85,000	65,100	(19,360)	employees pay employee share; ER Rate 8.418%; does not include UAL
5920.1 CalPERS UAL Payment				90,000		Total UAL payment; $37,000 required
5922 · Payroll Taxes - Employer	15,548	16,329	15,000	15,300	(1,029)	
5930 · Health/Dental/Vision/AFL	140,619	146,000	162,000	170,100	24,100	
5931 · Retiree health	8,140	7,000	7,644	7,680	680	Includes contribution to CERBT
5940 · Workers Comp Insurance	31,838	36,000	45,125	47,000	11,000	Year 3 of high rates due to injuries
Total Benefits	**281,186**	**289,789**	**314,769**	**395,180**	105,391	
Total SALARY & BENEFITS	**1,163,522**	**1,221,889**	**1,203,969**	**1,300,300**	**78,411**	
SERVICES & SUPPLIES						
Communications						
6040-I · Internet service	1,778	1,850	1,950	2,350	500	Comcast -$86.13/month: $1034 GotoMyPC $27.90/mo = $334.80 Sonic.net $47.90/mo (A) = $575
6040-C · Cell Phones	4,417	4,050	4,050	4,050	-	Verizon $65/mo: $780 Misc parts/holders: $200 Cell phone reimburse $255/mo - $3060
6040-P · Pagers & Radios	485	620	620	620	-	American Messaging $35/mo: $420 Misc. parts/batteries: $200

	FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
6040-T · Telephones	14,670	17,000	17,000	17,000	-	Ans. Service: $2000 Phones: $1,200/mo: $14,400
Total Communications	**21,350**	**23,520**	**23,620**	**24,020**	**500**	
Insurances						
6101 · Liability & Auto Ins.	32,175	32,200	31,000	33,000	800	
Total Insurances	**32,175**	**32,200**	**31,000**	**33,000**	**800**	
Maint/Rep - Office & Vehicles						
6140 · Vehicle Maintenance	14,784	18,000	12,000	12,500	(5,500)	
6151 · Office Maintenance	5,717	6,200	7,200	6,400	200	Alarm System - $130/qtr.=$520 PacketFusion maint. contract - $1500/year The Compute Wizard - $175/mo = $2100/year Copy mach. maint - 1400/yr Call One - $1000/yr, but $200 for FY 2017-18 Landscaping - $300/yr Misc / Other - $250
Total Maint/Rep - Office & Vehicles	**20,501**	**24,200**	**19,200**	**18,900**	(5,300)	
Maint/Repair - Facilities					-	
6085 · Janitorial Services	7,397	8,500	8,500	8,800	300	Altech (office Janitorial): $212/mo = $2544 United Site Svces (port-o-lets): $260/mo = $3120 Sunrise Garbage $1600 Sewer - GVTP ($1200)
6100 · SCADA System	6,801	5,000	6,500	5,000	-	
6180 · Distribution System Repairs	12,749	50,000	62,000	50,000	-	Not accounting for" In- House Const." off-set
6235 · Treatment Sys/Well Repairs	53,319	45,000	36,000	45,000	-	estimating (1) well rehab
6143 · Generator Maintenance	1,814	2,000	1,000	3,200	1,200	This will be a bi-annual maitenance year.
Total Maint/Repair - Facilities	**82,080**	**110,500**	**114,000**	**112,000**	**1,500**	
Miscellaneous Expenses						
6280 · Memberships	10,076	10,400	10,400	10,800	400	USA $165 AWWA $420 CSDA $6100 CUWCC $2600 (reimbursed by SCWA) MR Chamber -$50 RR Chamber - $150 Cal Rural $1100 WCWW $200
6303 · Claims	0	1,500	1,000	1,500	-	
6593 · Governmental Fees	15,772	18,400	18,400	19,000	600	Elections costs: $1,000 Notice of Determination $230 Parcel List $265 LAFCO $6,700 Hazmat $1200 Operator license fees $400 System fees $10,500
Total Miscellaneous Expenses	**25,848**	**30,300**	**29,800**	**31,300**	1,000	
Office Expense					-	
6410 · Postage	11,403	16,000	18,200	16,000	-	Billing (2000 pieces @ $.485 X 12 months) = $11,650 Prop 218 mailing: 4000 X .485 = $1,940 1 extra mailing: 3600 X .485 = $1,750 Other mail

	FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
6430 · Printing Expense	4,666	7,500	7,000	7,500	-	Window Envelopes $1100 Return Envelopes $950 Water Bills + Autopay $1500 Doorhangers $400 Turn Off Notices $600 Letterhead $250 Misc. Inserts $250 Prop 218 notice: $700 Checkblanks $200 Tagbooks $700
6461 · Office Supplies	5,734	4,000	4,000	4,100	100	Supplies $3145 Plants/Landscaping $150 Christmas Tree $80 Christmas party $400 Business lunches $75 Paper products/coffee $250
6800 · Subscriptions/Legal Noti	759	1,100	1,100	1,100	-	Press Democrat $320 Legal Notices $400 Sonoma West $70 Safety Meeting Outlines $85
6890 · Computers/Software	598	3,000	3,000	3,000	-	Antivirus softsware $120 Cloud software $70 Misc $400 Quickbooks upgrade $300 3 workstations - $2000 (KG/LK/CMH)
6579 · Furniture	487	500	-	500	-	
Total Office Expense	**23,647**	**32,100**	**33,300**	**32,200**	**100**	
Operating Supplies						
6300 · Chemicals	10,370	18,500	18,500	18,500	-	
6880 · Tools and Equipment	3,750	6,000	3,400	5,000	(1,000)	Pipe locator: $1,000., Cut-off saw $900.
6881 · Safety Equipment	90	1,000	1,200	1,200	200	
Total Operating Supplies	**14,210**	**25,500**	**23,100**	**24,700**	**(800)**	
Professional Services						
6083 · Laundry Service	2,207	3,000	3,500	3,000	-	Mission $90/2 weeks = $2340
6514 · Lab/Testing Fees	13,392	15,000	14,000	14,000	(1,000)	
6570 · Consultant Fees	16,900	18,000	18,000	18,000	-	IEDA $12,500 Open Spatial (Mapping): $4,200 Computer Wizard (non-maintenance work) $800 Misc. (John Thompson?) -$500
6610 · Legal	12,053	20,000	15,000	20,000	-	
6630 · Audit/Accounting	30,566	34,500	35,000	35,500	1,000	ADP $55/2 weeks = $1300 W-2s = $80 Authorize.net $500 Auditor $8,500 Harbortouch $18,000 E-check fees = $1680 West America fees $230/mo = $2760 1099 = $175 County Accounting Fees = $700 GASB 68 prep = $1,300
Total Professional Services	**75,118**	**90,500**	**85,500**	**90,500**	**-**	
Rents & Leases						
6820 · Equipment	967	2,000	1,000	3,300	1,300	Postage machine $1300 Action rents: $2000
6840 · Building & Warehouse	28,045	28,800	28,800	29,790	990	5% rent increase: $2,482.50/mo = $29,790
Total Rents & Leases	**29,012**	**30,800**	**29,800**	**33,090**	**2,290**	
Transportation & Travel						
7120 · Seminars & related travel	702	2,650	2,500	2,650	-	JK - $250 LK and CMH - $400 Field: $1500, GM - $500
7201 · Vehicle Gas	19,113	23,000	21,000	23,000	-	

	FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
7300 · Travel Reimbursements	5,606	6,400	6,400	6,400	-	SM - $50/mo = $600 (A) KG $400/mo = $4800 (F) CMH/LK/JK $80/mo = $960 (A)
Total Transportation & Travel	25,421	32,050	29,900	32,050	-	
Uniforms						
6021.1 · Boots	991	1,500	1,500	1,500	-	$205 X 7 = $1450
6021.3 · T-shirts	351	1,500	400	1,500	-	
6021.4 · Jackets	0	240	240	240	-	2 jackets
Total Uniforms	1,342	3,240	2,140	3,240	-	
Utilities						
7320 · Electricity	87,613	90,000	90,000	95,000	5,000	
7321 · Propane	2,415	3,000	2,500	3,000	-	
Total Utilities	90,028	93,000	92,500	98,000	5,000	
Total SERVICES & SUPPLIES	440,732	527,910	513,860	533,000	5,090	
Total OPERATING EXPENSES	1,604,254	1,749,799	1,717,829	1,833,300	83,501	
OPERATING SURPLUS/DEFICIT	$768,264	$678,385	$714,186	$668,793	$ (9,592)	
FIXED ASSET EXPENDITURES						
8517 · Field/Office equipment	3,327	-	0	-		
8573 · Vehicles	30,366	45,000	39,333		(45,000)	no new vehicle
8511.1 · Tank/Facilities Sites	28,940	22,000	22,000	22,000	-	Rio Nido Tank liner - $12,000 Monte Rio Tanks access road rehab -$10,000
8511.6 · Leasehold Improvements	0	0	0	-	-	
Total FIXED ASSET EXPENDITURES	62,633	67,000	61,333	22,000	(45,000)	
TRANSFERS TO OTHER FUNDS						
8620.7 · Tfers to CIRF for CDR Revenue	261,565	270,375	270,375	278,615	8,240	
8620.3 · Tfers to CIRF - PY Surplus	0	0	50,392	-	-	
8620.3 · Tfers to CIRF	320,000	330,000	290,000	340,000	10,000	
8620.5 · Tfers to Building Fund	15,000	15,000	15,000	15,000	-	
8620.2 · Tfers to In-House Constr	25,000	25,000	25,000	25,000	-	
Total TRANSFERS TO OTHER FUNDS	621,565	640,375	650,767	658,615	18,240	
SURPLUS/DEFICIT	84,066	-28,990	2,086	-11,822	17,168	

CAPITAL BUDGET						
REVENUE/SOURCES OF FUNDS						
Annual Assessment - New Services	27,949	27,000	27,000	27,000	-	
Annual Assessment (County)	722,085	710,000	710,000	710,000	-	
Prior Year Assessment	25,447	40,000	40,000	40,000	-	
Capital Debt Reduction Charge	261,565	269,302	270,500	278,615	9,313	
Interest	8,367	8,000	8,000	8,000	-	
USDA 2016 Bond				1,463,000		Not doing the bond
Transfers to CIRF from Operations	343,184	330,000	290,000	340,000	10,000	
Transfers to In-House Constr. from Operatio	25,000	25,000	25,000	25,000	-	
TOTAL REVENUE	1,413,597	1,409,302	1,370,500	2,891,615	1,482,313	
EXPENSES						
DEBT PAYMENTS						
Gen. Obligation Bonds Payments	64,284	64,284	64,284	64,284	-	USDA refinance resolution
Cap One Revenue Bond	567,492	566,508	566,508	566,508	-	
State Loan Payments	170,172	252,068	252,068	146,438	(105,630)	paid off smaller State Loan in 2016
Private Placement Loan	234,013	250,364	250,364	234,014	(16,350)	
TOTAL DEBT PAYMENTS	1,035,961	1,133,224	1,133,224	1,011,244	(121,980)	
						1,463,000
2016 CIP Design and Construction Mgmt	124,532	-				
2016 CIP Construction	902,052	-				Construct Award amount plus encrhmnt permit
2017 CIP Design and Construction Mgmt	123,395	92,000	92,000			Design of 2017 CIP in FY16, CM in FY17 and will be carried over into FY18
2017 CIP Construction	0	732,000	732,000			Contract award in FY17, most construction in FY18
2018 CIP Non-Construction Expenses	0			215,000		Phases 2 and 3 of 2017 CIP Bond Exp ($50,000) and CM and Inspection

	FY 15-16 FINAL (CASH)*	FY16-17 BUDGET	FY 16-17 Projected	FY 17-18 BUDGET	Difference FY18-FY17 Budgets	FY 2017-18
2018 CIP Construction	0			1,248,000		Phases 2 and 3 of 2017 CIP
El Bonita Well Valut Improvements		25,000	25,000			
In-House Construction Projects	36,042	25,000	25,000	25,000	-	Increase in this vs 6180 in Operating Budget??
Mapping Project		-			-	
Total Capital Expenses	**1,186,021**	**874,000**	**874,000**	**1,488,000**	**614,000**	
TOTAL EXPENSES	**2,221,982**	**2,007,224**	**2,007,224**	**2,499,244**	**492,020**	
End of FY17 Accrual Expenses						Total Expenses = Accrual Expenses because no FY18 Obligation in FY17
SURPLUS/DEFICIT	**(808,385)**	**(597,922)**	**(636,724)**	**392,371**	**990,293**	Deficit will be made up from District Reserves
Net Capital Funding	**436,702**	**222,088**	**214,362**	**380,549**		Net Operating Revenues + Assessments +CDRC+Cap Interest-Total Debt Payments
FUND AND LOAN BALANCES (EOY)						
DISTRICT RESERVES AND FUND AND LOAN BALANCES						
Operating Budget Cash Reserve	255,061	262,174	262,174	274,995	12,821	
Operating Budget Reserve (10%+15% of Operating Exp)	425,102	436,956	436,956	458,325	21,369	
Debt Repayment Reserve (25% of Debt pmt)	258,777	258,777	258,777	252,811	(5,966)	
Capital Reserve	250,000	250,000	250,000	250,000	-	
Total District Policy	1,188,940	1,207,906	1,207,907	1,236,131	28,225	
TOTAL Reserves EOY	**2,259,513**	**1,648,674**	**1,690,142**	**2,232,430**	**583,756**	For FY18 adding State Loan Reserve Payment (1000)
Reserves Above (below) Policy	**1,070,573**	**440,768**	**482,235**	**996,299**	**555,531**	
ACCRUAL TOTAL Reserves EOY						No FY18 Obligations
Accrual Reserves Above (below) Policy						Ditto
DISTRICT FUNDS						
CIRF (7106-0600)	(247,764)	(825,642)	(833,764)	(334,700)	490,942	
OPERATING RESERVE (0300)	425,102	425,102	436,956	458,325	33,223	
OPERATIONS (0100)	324,421	249,830	262,174	274,995	25,165	
CAPITAL AND DEBT POLICY RESERVE (1100)	510,829	508,777	508,777	502,811	(5,966)	
IN HOUSE CONSTRUCTION (0500)	93,525	104,315	104,315	104,315	-	
BUILDING (0200)	180,850	198,850	198,850	213,850	15,000	
CAP ONE AND CITIZENS BANK LOAN (1200)	802,112	802,112	802,112	802,112	-	
FEDERAL LOANS AND BONDS (0400)	-	64,284	64,284	64,284	-	
STATE LOANS (0700,0900)	170,438	146,438	146,438	146,438	-	
STATE LOANS RESERVES (0800&1000)	171,370	146,739	146,739	146,739	-	