



San Juan Water District Fiscal Year 2008-2009 Budget

Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.

**Presented to Board of Directors on May 28, 2008
Public Hearing on June 11, 2008
Adopted by the Board of Directors on June 25, 2008**

Prepared by the Finance and Administrative Services Department
Under Direction of the General Manager and Assistant General Manager

Elected Officials

Ken Miller, President/Director
Bob Walters, Vice President/Director
Ted Costa, Director
Dave Peterson, Director
Pamela Tobin, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Mary A. Morris, Finance & Administrative Services Manager
Mike O'Bleness, Wholesale Operations Manager
William Sadler, Water Treatment Plant Superintendent
Rick Hydrick, Retail Operations Manager
Judy Gagnier, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager

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Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

We are pleased to present to you the Fiscal Year 2008-2009 Budget for the San Juan Water District ("District"). Over the years, we have made and will continue to make improvements to the budget format. This year, we have included the newly developed Revenue Manual which lists detailed information on District revenue sources. The intent is to provide a user-friendly document that conveys the dedication as well as the accomplishments and goals of the District Board of Directors ("Board") and staff.

The Budget Process

The District's official budget process begins each year with a Manager's meeting to establish the overall District goals and provide a basic timeline. Any guidelines from the Board are discussed at this time to set the parameters. In March, the Finance & Administrative Services Manager provides the Division and Department Managers with their respective projected personnel budgets and the current fiscal years adopted budget compared to the projected actual expenses. The managers then prepare draft budgets and submit them within approximately three to four weeks for compilation.

The proposed budget is then reviewed by all Division and Department Managers to determine whether:

- ✓ District goals will be met within the budget;
- ✓ all necessary items have been included; and
- ✓ revenues will be sufficient to cover expenses.

The proposed budget document is then prepared and presented to the Finance Committee near the beginning of May. Any necessary modifications are incorporated into the budget and the document is then distributed to the Board. The Finance & Administrative Services Manager then presents the budget to the Board at the second meeting in May. This second meeting allows the Board the opportunity to have discussion on any questions or concerns and to make any policy decisions. The Board normally has one meeting per month during most of the year, with two meetings per month in May and June to facilitate the budget process. Any additional revisions may be made at this point, if necessary, and the public hearing will be held at the first

meeting in June with the anticipated approval of the final budget at the second meeting in June.

Budgetary Control and Budget Format

District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. The General Manager controls the budget at the operating level.

The budget has been prepared using a program budget format 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: Wholesale Operations, Retail Operations, and Non-Operating Activities. The budget is further broken down by program area: Administrative & General, Conservation, Customer Service, Engineering, Pumping & Telemetry, Source of Supply, Transmission, Water Treatment and WEL Garden. The program area budget places the focus on overall District operations, leaving District management responsible for day-to-day operations and expenses.

Wholesale Water Rate Study

In 2007, the District contracted with the Reed Group, Inc. to prepare a Wholesale Water Rate Study and Financial Plan to determine water rates required to fund operations and the capital improvement program for the next ten years. This study was completed in October 2007 and accepted by the Board. The study determined that a bond financing was necessary for projects, including hydraulic improvements and the raw water pipeline. The first wholesale rate increase resulting from that study was implemented on January 1, 2008 and the debt financing process is planned for summer 2008.

This budget is prepared with the estimated rates from that plan for budgetary purposes; however, the Board adopts rates as part of the budget process. The following table represents the recommended rate increases to be effective January 1, 2009 over the next five years (subject to Board approval and update):

2009	2010	2011	2012	2013
19%	8%	9%	5%	2%

The study also included a new wholesale water connection fee that is assessed to new connections for purposes of “buying into” the system. This places new customers on par with existing customers and is expected to generate revenue of approximately \$300,000 per year. For Fiscal Year 2008-2009, this fee has increased by 2.3% as indexed to the 20 Cities Construction Cost Index (“CCI”). The following schedule lists the fee by meter size that is collected from each retail agency and in turn submitted to San Juan Water District:

Meter Size	Capacity Factor	Fee
¾” Meter	0.60	\$ 319
1” Meter	1.00	\$ 531

Meter Size	Capacity Factor	Fee
1½" Meter	2.00	\$ 1,062
2" Meter	3.20	\$ 1,699
3" Meter	6.40	\$ 3,398
4" Meter	10.00	\$ 5,309
6" Meter	25.00	\$ 13,273
8" Meter	36.00	\$ 19,113
10" Meter	58.00	\$ 30,793
12" Meter	86.00	\$ 45,659

Retail Water Rate Study and Financial Plan

In 2007, the District contracted with the Reed Group, Inc. to update the Retail Water Rate Study and Financial Plan to determine water rates required to fund operations and the capital improvement program for the next ten years. This study was completed in June 2007 and accepted by the Board. The study determined that a bond financing was necessary for projects, including pump stations and waterlines. The first retail rate increase resulting from that study was implemented on January 1, 2008 and the debt financing process is planned for summer 2009, depending upon whether it may make sense to combine this borrowing with wholesale in order to save on issuance costs.

This budget is prepared with the estimated rates from that plan for budgetary purposes; however, the Board adopts rates as part of the budget process each year and in accordance with Proposition 218 for retail rates. The following table represents the recommended rate increases over the next five years (subject to Board approval and update):

2009	2010	2011	2012	2013
7%	7%	5%	5%	2%

The study also updated the retail water connection fee that is assessed to new connections for purposes of “buying into” the system. This places new customers on par with existing customers and is expected to generate revenue of approximately \$200,000 per year. The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District system:

Meter Size	Connection Fee
Up to 1"	\$ 12,164
1½"	\$ 24,327
2"	\$ 38,923
3"	\$ 77,846
4"	\$120,806
6"	\$243,270
8"	\$437,895
10"	\$705,498
12"	\$1,046,082

Budget Highlights

The upcoming budget year will again present challenges to agencies throughout California, as well as the nation. Most are faced with providing more service with existing or decreased resources. Many face uncertainties regarding the status of various funding sources.

- The District has prepared this budget based upon the assumption that the 1% property tax revenue from the multi-county ERAF exemption will continue to be received by the District in accordance with Proposition 1A protecting local revenues. The District lost \$2,110,000 over two years (2005 and 2006) due to a shift of local property tax revenues to education. The Legislative Analysts Office (“LAO”) has provided recommendations to the Governor for shifting half or all of property tax allocations from water and wastewater districts to counties. The impact is not yet known and will be incorporated once the District has solid planning information.
- The Retail Water Rates include the updated Retail Financial Plan recommended rate increase as well as District established funding for dry year funding of 9% effective January 1, 2009 to cover operations and maintenance increases, as well as funding the capital improvement program.
Note: This increase was adopted by the Board of Directors on June 25, 2008 following public notice and public hearing.
- The Wholesale Water Rates include the updated Wholesale Financial Plan recommended rate increase of 19% effective January 1, 2009 to cover operations and maintenance increases, as well as funding the capital improvement program.
Note: This increase was adopted by the Board of Directors on June 25, 2008.
- With a lagging economy, development has decreased significantly and lower connection revenues are expected.

Funds

The District operates a single enterprise fund, which is segregated into non-operating activities, wholesale operations and retail operations.

Investment Policy and Investments

The District’s current Investment Policy was developed and approved in accordance with California Government Code Section 53600. This Policy is reviewed and approved annually, and was last approved by the Board in November 2007. In March 2007, the District was awarded the Investment Policy Certification by the Association of Public Treasurer’s of United States & Canada. This award demonstrates to the Board and the public that the District has developed a thorough policy that complies with applicable statutes.

Authority for the investment program has been delegated to the General Manager or his/her designee. The District is currently authorized to invest in the following

instruments, as allowed under the Investment Policy (see the Investment Policy for specific restrictions):

- \$ United States Treasury Securities maturing in five years or less;
- \$ Agencies of the Federal Government;
- \$ Obligations of the State of California and any Local Agency within the state;
- \$ Banker's Acceptances;
- \$ Commercial Paper;
- \$ Certificates of Deposit;
- \$ State of California Local Agency Investment Fund;
- \$ Medium-term notes or Corporate issues maturing in five years or less;
- \$ Mutual funds; and
- \$ Interest bearing, FDIC-insured checking and savings accounts.

Accounting System and Controls

The District utilizes project cost accounting in the Microsoft Dynamics SL Solomon Professional 6.5 financial information system to record financial transactions throughout the year. At the end of the fiscal year, June 30, the District prepares a Comprehensive Annual Financial Report ("CAFR") containing financial statements and other financial and operational information. An independent auditing firm audits this report, as well as District records and documentation, each year and reports its findings to the Board.

The District has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association for the 2005-2006 CAFR. The District is waiting for notification on the 2006-2007 CAFR.

We hope this budget provides useful information on the District's operations to readers. We would like to thank the District's Management Team for their diligence in preparing and managing their budgets. We would also like to thank the Board of Directors for their continued support of the important services that the District provides.

Sincerely,

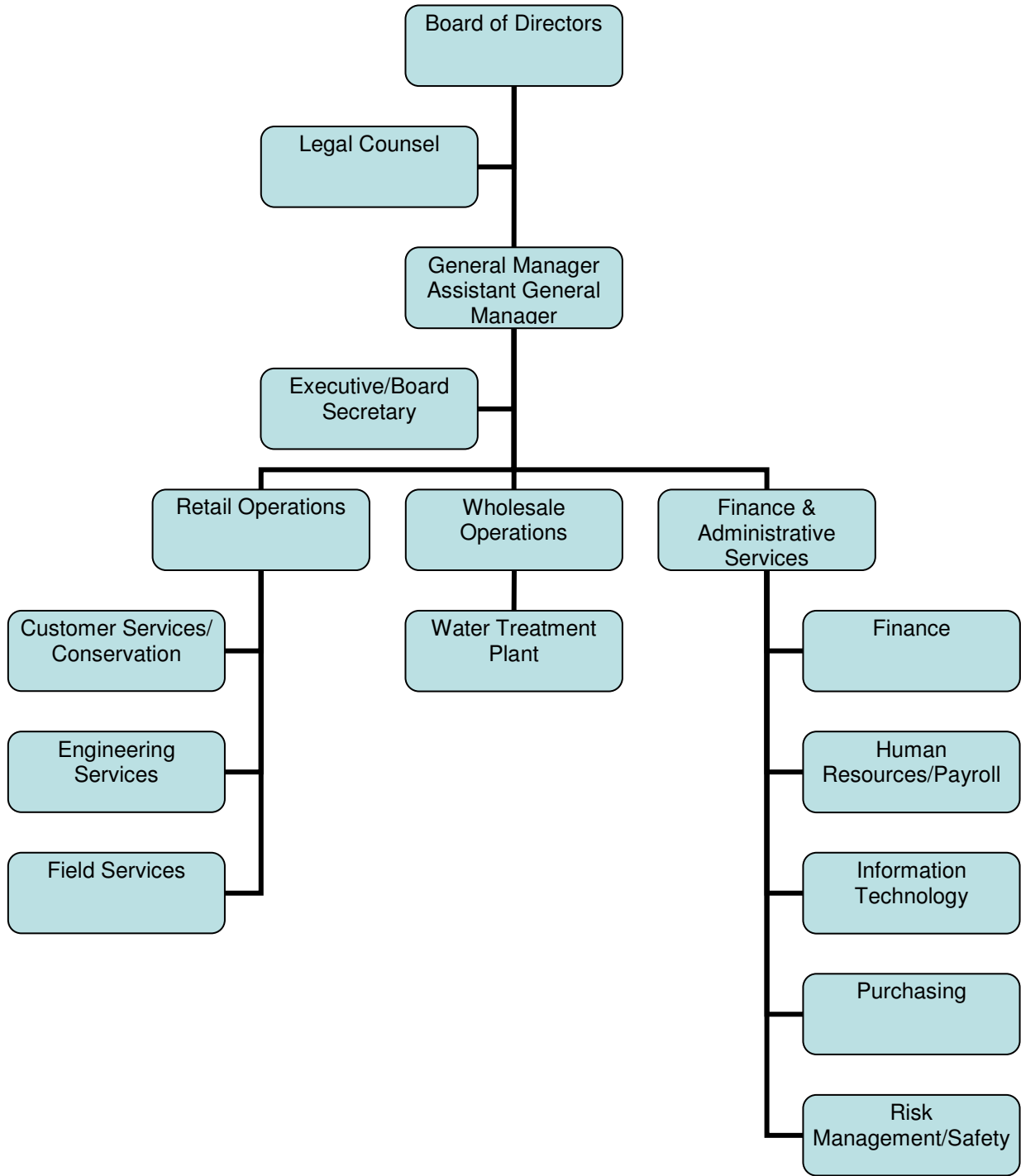
Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Mary A. Morris
Finance & Administrative
Services Manager

Organization Chart

San Juan Water District
Functional Organization



Budget Summary

Category	FY 2007-2008 Budget	FY 2008-2009 Budget	Variance
<u>Non-Operating</u>			
Revenue	\$4,136,652	\$3,957,898	(\$178,754)
Expenses	2,644,895	2,867,507	222,612
Net Income	<u>\$1,491,757</u>	<u>\$1,090,391</u>	<u>(\$401,366)</u>
<u>Wholesale</u>			
Revenues:			
Water Sales	\$6,425,831	\$7,086,584	\$660,753
Other	137,000	118,000	(19,000)
Total Revenues	<u>\$6,562,831</u>	<u>\$7,204,584</u>	<u>\$641,753</u>
Expenses:			
Salaries & Benefits	2,528,595	2,644,137	\$115,542
Source of Supply	1,027,623	953,614	(74,009)
Services & Supplies	2,269,739	2,230,071	(39,668)
Total Expenses	<u>5,825,957</u>	<u>5,827,822</u>	<u>1,865</u>
Net Income	<u>\$736,874</u>	<u>\$1,376,762</u>	<u>\$639,888</u>
<u>Retail</u>			
Revenues:			
Water Sales	\$7,292,100	\$8,004,455	\$712,355
Other	137,000	129,100	(7,900)
Total Revenues	<u>\$7,429,100</u>	<u>\$8,133,555</u>	<u>\$704,455</u>
Expenses:			
Salaries & Benefits	3,093,065	3,171,133	78,068
Source of Supply	2,319,269	2,590,562	271,293
Services & Supplies	1,726,614	1,872,572	145,958
Total Expenses	<u>7,138,948</u>	<u>7,634,267</u>	<u>495,319</u>
Net Income	<u>\$290,152</u>	<u>\$499,288</u>	<u>\$209,136</u>
<u>Capital Projects</u>			
Revenues:			
Reserves for Capital Projects	\$14,230,510	\$34,701,712	\$20,471,202
Transfers	2,643,899	2,895,427	251,528
Connection Fees	300,000	551,000	251,000
Total Revenues	<u>17,174,409</u>	<u>38,148,139</u>	<u>20,973,730</u>
Projects	10,534,200	15,565,000	5,030,800
Net Funding for Future Projects	<u>\$6,640,209</u>	<u>\$22,583,139</u>	<u>\$15,942,930</u>

Considerations

- Retail Water Rate increase of 9% effective January 1, 2009 in accordance with the updated Retail Financial Plan recommended rate increase and planned dry year funding.
- Wholesale Water Rate increase of 19% effective January 1, 2009 in accordance with the updated Wholesale Financial Plan recommended rate increase.

- Salaries and Benefits costs have changed due to the following
 - Potential merit increases for staff not at top of position ranges;
 - Employee COLA of 3.3% in accordance with the Consumer Price Index; and
 - Health insurance rate increase estimated at 10%, effective January 1, 2009.

Debt Service

Category	FY 2008-2009 Budget	
Sources of Funds:		
2003 COP Payments:		
<u>New Project Money (Annual Debt Service Charge)</u>		
Retail Service Area	\$214,991	
Citrus Heights Water District	257,774	
Fair Oaks Water District	154,893	
Orangevale Water Company	50,116	
City of Folsom	23,587	
Total		\$701,361
<u>New Project Money (Direct Obligation)</u>		
Retail Service Area	283,572	
City of Folsom	94,524	
Total		378,096
<u>Refunding of 1993 COPs</u>		
Retail Service Area	281,359	
Fair Oaks Water District	226,657	
Orangevale Water Company	94,524	
Total		602,540
Non-Operating Revenues		36,275
2008 COP Payments:		
Retail Service Area	316,161	
Citrus Heights Water District	378,642	
Fair Oaks Water District	227,582	
Orangevale Water Company	73,629	
City of Folsom	34,636	
Total		1,030,650
Total Sources of Funds		\$2,748,922
Uses of Funds		
2003 Certificates of Participation		\$1,681,997
California Energy Commission Loan		6,188
Economic Development Loan		30,087
2008 Certificates of Participation		1,030,650
Total Uses of Funds		\$2,748,922

The District's outstanding debt is comprised of: Economic Development Loan, California Energy Commission Loan, and 2003 Certificates of Participation (COPs). There are three sources of funds for repayment of the 2003 COPs:

- Annual Debt Service Charge portion of the water rates for the “new project money” component for the water treatment plant betterments;
- Direct benefit obligation on the “new project money” for agency specific projects; and
- Direct benefit obligation on the 1993 Refunding.

The 2008 COPs are included in the Wholesale Financial Plan and have not yet been issued.

Non-Operating Activities

Budget

Category	FY 2007-2008 Budget	FY 2008-2009 Budget	Variance
Revenues:			
COP Payments	\$1,033,309	\$980,636	(\$52,673)
Interest/Investment Income	1,008,568	837,689	(170,879)
Retail Connections	300,000	200,000	(100,000)
Wholesale Connections	333,000	351,000	18,000
Taxes & Assessments	1,300,000	1,450,000	150,000
Other	161,775	138,573	(23,202)
Total Revenues	\$4,136,652	\$3,957,898	(\$178,754)
Expenses:			
EDA Loan	30,087	30,087	0
CEC Loan	6,188	6,188	0
COPs	2,507,196	2,712,647	205,451
Other	101,424	118,585	17,161
Total Expenses	\$2,644,895	\$2,867,507	\$222,612
Net Income	\$1,491,757	\$1,090,391	(\$401,366)
Transfers:			
In-Wholesale-COP Revenues	1,452,142	2,011,877	559,735
Out-Capital Improvement Program/ Wholesale Capital Facility Fees	(333,000)	(351,000)	(18,000)
Out-Capital Improvement Program/RSA Capital Facility Fees	(300,000)	(200,000)	100,000
Out-Capital Improvement Program	(2,310,899)	(2,551,268)	(240,369)
Total Transfers	(1,491,757)	(1,090,391)	401,366
Undistributed Net Income	\$ 0	\$ 0	\$ 0

Non-operating activities include: certificates of participation; communication site rentals; connections; grants; interest and investment income; loans; property taxes; and other activities not associated with retail or wholesale operations. Remaining funds are available to transfer to operations, as necessary or capital improvement program projects.

The transfers in fiscal year 2008-2009 are for: COP Revenues collected through the wholesale water rates; connection fees to be utilized for wholesale and retail capital improvement program projects; and wholesale and retail capital improvement program projects.

Wholesale Operations

Budget

Category	FY 2007-2008 Budget	FY 2008-2009 Budget	Variance
Revenues:			
Water Sales	\$6,425,831	\$7,086,584	\$660,753
Other	137,000	118,000	(19,000)
Total Revenues	\$6,562,831	\$7,204,584	\$661,005
Expenses:			
Administrative & General	1,550,536	1,563,154	12,618
Conservation	134,355	191,684	57,329
Cooperative Trans PL	21,025	21,457	432
Pumping & Telemetry	606,770	569,577	(37,193)
Source of Supply	1,027,623	953,614	(74,009)
Transmission	147,214	155,324	8,110
Water Treatment	2,338,434	2,373,012	34,578
Total Expenses	5,825,957	5,827,822	1,865
Net Income	\$736,874	\$1,376,762	639,888
Transfers:			
In-PERS Rate Stabilization	116,943	0	(116,943)
In-SSWD & Debt Service	748,335	685,115	(63,220)
Out-COP Payment Revenues	(1,452,152)	(2,011,877)	(559,725)
Out-Hinkle Lining	(50,000)	(50,000)	0
Out-Capital Improvement Program/Wholesale Projects	(100,000)	0	100,000
Total Transfers	(736,874)	(1,376,762)	(639,888)
Net Income Retained in Reserves	\$ 0	\$ 0	\$ 0

Wholesale operations include treated water deliveries to: San Juan Retail Service Area, Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, Sacramento Suburban Water District and the City of Folsom. In addition, the District delivers raw water to Granite Bay Golf Club. The increased revenues over the prior budget year are attributable to projected water use and the increased water rates that are necessary to fund operations, maintenance and the capital improvement program.

The following represents the wholesale water rates for 2009 from the updated Wholesale Water Rate Study and Financial plan which were adopted by the Board of Directors on June 25, 2008.

Water Rate Structure

Agency	Annual Service Charge	Annual Debt Service Charge	Uniform Commodity Rate (\$/AF)	Effective Water Rate
San Juan Water District RSA	\$266,271	\$618,403	\$ 115.19	\$ 170.13
Citrus Heights Water District	\$333,024	\$738,294	\$ 77.71	\$ 133.43
Fair Oaks Water District	\$228,915	\$444,071	\$ 77.71	\$ 135.91
Orange Vale Water Company	\$74,911	\$143,636	\$ 77.71	\$ 136.14
City of Folsom	\$29,523	\$67,473	\$ 146.28	\$ 201.49
	<u>\$932,644</u>	<u>\$2,011,877</u>		

General increases in all departments are directly related to cost increases consistent with the Consumer Price Index (CPI) in personnel, services and materials/supplies.

Administrative & General

The Administrative and General area includes: Office of the General Manager, Finance, General Services, Human Resources, Information Technology, Purchasing, Risk Management and Safety.

Finance

Accomplishments:

- ✓ Implemented FAS 112 *Communicating Internal Control Related Matters Identified in an Audit* by thoroughly documenting controls over all District functions.
- ✓ Developed a Revenue Manual that fully documents revenue sources.

Goals:

- Δ Work with the managers of each of the departments to determine how best to utilize technology to further streamline their operations.
- Δ Complete and implement the Disaster Recovery Plan.

Information Technology (IT)

Accomplishments:

- ✓ Developed IT Policy and Procedure Manual.
- ✓ Prepared IT Master Plan taking a critical look at District systems and recommending changes for the future.
- ✓ Implemented Disaster Recovery Plan including full system back-ups.

Goals:

- Δ Implement Shared Storage and Virtualization for more efficient management of District IT resources.
- Δ Perform full network evaluation and security audit.
- Δ Begin plan for electronic records management.

Purchasing

Accomplishments:

- ✓ Developed a standardized bid packet and process.
- ✓ Competitively bid small ongoing jobs to ensure best pricing.
- ✓ Developed procedures and designated staging area for surplus auction property.

Goals:

- Δ Complete Purchasing Manual to assist all staff with purchasing questions.
- Δ Incorporate “green” purchasing throughout the District where practical.

Field Services

This area includes the functions of: Pumping & Telemetry, and Transmission & Distribution. While a portion of these activities are wholesale, the majority are retail operations which can be found in the “Retail Operations” section of the budget.

Water Treatment

Accomplishments:

- ✓ Completed design of New Chlorination System Improvements (CSI).
- ✓ Completed Repairs and Retrofits to the older backwash hoods.
 - ▶ New hood seal mounting system in both backwash hoods.
 - ▶ Upgraded north backwash hood with a variable frequency drive (VFD).
 - ▶ Label all wiring in north backwash hood and cleaned up panels.
 - ▶ New hydraulic system in both backwash hoods.
- ✓ Performed scheduled replacement of filter control actuators.
- ✓ Started Initial Distribution System Evaluation (IDSE).
- ✓ Installed 66 tons of filter media.
- ✓ Dramatically reduced dependence on outside contractors and vendors with the increased capability of maintenance staff.
- ✓ Repair torn Hypalon curtain wall in Hinkle Reservoir.
- ✓ Cleaned 120 cubic yards of sediment from Hinkle Reservoir.
- ✓ Designed and constructed a meter testing station at equalization basin and conducted testing to determine which type of meters to use in the wholesale meter replacement project
- ✓ Installed a 3rd filter gallery underdrain pump to capture all water from north filter leak.
- ✓ Upgraded Solids Handling Building polymer chemical feed system. Installed 2 DynaBlends, plumbed piping and changed SCADA program/screens.

Goals:

- Δ Complete CSI construction.
- Δ Complete American River Watershed Sanitary Survey (ARWSS).

- Δ Finish the Initial Distribution System Evaluation (IDSE).
- Δ Label all wiring in older south backwash hood and clean up panel.
- Δ Upgrade older south backwash hood with a variable frequency drive (VFD).
- Δ Continue replacements of filter control actuators.
- Δ Upgrade SCADA with WonderWare software.
- Δ Complete the design and construction of the wholesale meter replacement project.
- Δ Complete a staff review of plant equipment and processes.
- Δ Review the (PHA) Process Hazard Analysis section of the District's RMP to include the CSI.

Retail Operations

Budget

Category	FY 2007-2008 Budget	FY 2008-2009 Budget	Variance
Revenues:			
Water Sales	\$7,292,100	\$8,004,455	\$712,355
Other	137,000	129,100	(7,900)
Total Revenues	\$7,429,100	\$8,133,555	\$704,455
Expenses:			
Administrative & General	1,009,939	1,074,668	64,729
Conservation	454,221	533,705	79,484
Cooperative Transmission	421	421	0
Pipeline			
COPs	601,110	589,173	(11,937)
Customer Service	595,990	597,685	1,695
Engineering	489,645	509,345	19,700
Pumping & Telemetry	146,632	141,651	(4,981)
Source of Supply	2,319,269	2,590,562	271,293
Transmission	1,521,721	1,597,057	75,336
Total Expenses	\$7,138,948	\$7,634,267	\$346,629
Net Income	\$290,152	\$499,288	\$209,136
Transfers:			
Out-capital improvement program	(488,147)	(300,000)	188,147
Out-Kokila Reservoir Fund (\$10k)	(10,000)	(10,000)	0
Out-Dry Year Fund (2008=4%)	(71,000)	(300,000)	(229,000)
In-PERS Rate Stabilization	168,283	0	(168,283)
In-PY Carryover for Debt Service	110,712	110,712	0
Total Transfers	(290,152)	(499,288)	(209,136)
Net Income Retained in Reserves	\$ 0	\$ 0	\$ 0

Retail operations are associated with the sale of water to residents of Granite Bay in South Placer County and the northeast section of Sacramento County, north of the Lower American River. For revenues, the increase in water sales can be explained by the updated Retail Financial Plan recommended rate increase and minor growth in the number of connections with corresponding water use.

The following table shows the rates, both fixed base charges and consumption rates for District retail customers. This rate structure was the result of the Customer Rate Resource Committee formed in 2002 in preparation for metered rates. Although a tiered consumption rate has been developed in order to encourage conservation on the part of residential customers, the average is equal to the uniform commodity rate.

RESIDENTIAL METERED RATES (BILLED BASED ON # OF DAYS IN READ PERIOD)

	CCF	Up to 1"	1½"	2"
Daily Base Charge (Fixed)		\$ 1.06	\$ 2.81	\$ 4.49
Plus Consumption				
Baseline Rate / unit	0 to 20 ccf	\$ 0.40	\$ 0.40	\$ 0.40
Standardized Residential Rate / unit	21 to 200 ccf	\$ 0.68	\$ 0.68	\$ 0.68
Landscape Efficiency Rate / unit	201+ ccf	\$ 0.48	\$ 0.48	\$ 0.48

COMMERCIAL METERED RATES (BILLED BASED ON READ PERIOD)

	Up to 1"	1½"	2"	3"	4"
Daily Base Charge (Fixed)	\$ 1.06	\$ 2.81	\$ 4.49	\$ 8.93	\$ 13.92
Plus Consumption / unit	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58

COMMERCIAL METERED RATES (BILLED BASED ON READ PERIOD) CONTINUED FROM ABOVE

	6"	8"	10"	12"	Fire District
Daily Base Charge (Fixed)	\$ 27.81	\$ 50.01	\$ 80.54	\$ 119.41	\$ 5.41
Plus Consumption / unit	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58	\$ 0.58

COMMERCIAL / OTHER (BILLED BASED ON # OF DAYS IN READ PERIOD)

Private Fire Line Rates:	4"	6"	8"	10"
Daily Base Charge (Fixed)	\$ 0.40	\$ 0.60	\$ 0.80	\$ 0.97

1 unit = 100 cubic feet = 748 gallons

Fiscal Year 2007-2008 Accomplishments

Administrative & General

Since the functions of this area generally benefit both wholesale and retail, the accomplishments and goals are located in the "Wholesale Operations" section of the budget and not repeated here.

Retail Operations

- ✓ Revised District Ordinances.
- ✓ Designed and bid new entry sign and landscaping.
- ✓ Managed Groundwater Investigation for dry weather water supply.
- ✓ Developed District water conservation strategies with Water Conservation Coordinator and General Manager for dry weather supply in 2008-09.

Conservation

- ✓ Served as Group 3 RWA representative on the CUWCC Steering Committee.

- ✓ Served on the CUWCC Residential Committee and Utility Operations Committee.
- ✓ Served as the Water Efficiency Program Chair of the Regional Water Authority to elevate the conservation message region-wide.
- ✓ Maintained partnerships with SMUD and SPWA on the implementation of the High-Efficiency Washing Machine Rebate Program.
- ✓ Continued the landscape efficiency improvement program to assist customers with their water efficiency needs.
- ✓ Established 54 additional water budgets for dedicated irrigation customers for a total of 108. Customers with dedicated irrigation meters received letters highlighting their usage compared to the established water budget. In total, customers exceeded their budgets by 152 AF.
- ✓ Identified and contacted 267 customers, whose usage was abnormally high, to offer assistance with usage reduction.
- ✓ Developed and mailed a direct marketing piece for residential and commercial customers highlighting San Juan's conservation programs. This effort increased program participation by roughly 40% for the month of April.
- ✓ Held 4 ET Controller, 4 Drip Workshops and 2 Water Conservation workshops for Scout groups.
- ✓ Continued to meet with customer service, distribution and retail service staff to continue to improve the methodology used to complete system water audits.
- ✓ Continued the DWR large landscape irrigation upgrade grant program with matching funds from SJWD for installation costs, issuing \$64,817 in rebates.
- ✓ Received \$50,000 in USBR grant funding for field service programs.
- ✓ Applied for and tentatively received approval for a 2008 \$50,000 USBR grant for field service programs which will include repairs to San Juan's distribution system.
- ✓ Completed the Retail and Wholesale CUWCC reporting cycle meeting for all but two of the BMP targets.

Customer Services

- ✓ Participated in Customer Satisfaction Survey and Focus Group efforts.
- ✓ Resurrected the employee newsletter "The Pipeline" after 5-year lapse.
- ✓ Completed reconfiguration of the front office space.

- ✓ Directed WEL Garden renovation to restore the garden to its original design.
- ✓ Directed tree work to reduce liability risks on property.
- ✓ Developed automated method for sending copy of bills to tenants to improve service.
- ✓ Eliminated a dozen Acreage Agreements by getting customers to pay off or enter into a payment plan for capital facility fees.
- ✓ Enjoyed success of online bill-pay program – 5% of customers enrolled in first 9 months.

Engineering Services

- ✓ Completed an in-house design of the Auburn-Folsom Road 24-in Transmission Main (South Phase, 3100-LF, currently beginning construction).
- ✓ Completed 16 Development Projects.
- ✓ Completed in-house design of Golden Gate Ave. 8-in Main Replacement Project (1,350-LF); and the construction using an outside Contractor.
- ✓ Prepared an in-house design for the Barton Road 14-in Main Relocation Project involving a bridge crossing (currently beginning construction).
- ✓ Prepared the Wholesale Metering Improvements Project Preliminary Design Report.
- ✓ Completed the preliminary Fair Oaks 40-in Transmission Main turnout and alternative supply looping investigation.
- ✓ Provided support for various in-house operational investigations and small engineering design projects.

Field Services

- ✓ Developed cost-saving operational strategies for the Bacon and Granite Bay Zones.
- ✓ Cleaned and refurbished the Kokila Reservoir cover, installed a larger bypass line, and improved its solar SCADA control system.
- ✓ Installed a large 24” storm drain at the Water Treatment Plant.
- ✓ Replaced 150+ meters through our Meter Conversion Program.
- ✓ Completed the initial startup of the Computerized Maintenance Management System (CMMS).

- ✓ Installed a new generator at ARC-South Pump Station and switch gear at ARC-South and Lower Granite Bay Pump Stations.
- ✓ Devised a plan with Engineering to eliminate unmetered connections from the Fair Oaks 40" transmission main.

Fiscal Year 2008 – 2009 Goals

Retail Operations Division

- Δ Revise the District's Emergency Operation Plan and conduct emergency table-top training exercises.
- Δ Explore opportunities for solar power for Hinkle Pump Station and the water treatment plant.
- Δ Participate in the revision of the CUWCC's BMP 3.
- Δ Complete the Groundwater Investigation by drilling two test wells.

Conservation

- Δ Assist RWA with hiring a new Water Efficiency Program Manager and the development of a new strategic plan.
- Δ Increase marketing efforts with the goal of achieving 100% of the CUWCC BMP requirements.
- Δ Increase marketing efforts for water use efficiency, if water cutbacks are in effect, and monitor water savings from the increased efforts.
- Δ Complete 54 more water budgets for dedicated irrigation accounts and begin working on establishing budgets for mixed use metered accounts.
- Δ Take a physical inventory of CII toilets in the San Juan territory to either sunset the BMP requirement and/or develop a list to direct market customers with high use toilets.
- Δ Complete the 2003 DWR large landscape irrigation upgrade grant program, distributing the final payment for customers meeting the required water budget.

Customer Services

- Δ Implement the Customer Satisfaction Survey and Focus Group efforts.
- Δ Upgrade the CIS software to the newest version.
- Δ Complete the installation of the entry landscape and sign.

Engineering Services

- Δ Complete the Auburn-Folsom Road 24-in Transmission Main design (Middle and North Phases).
- Δ Provide construction management support for the Wholesale WTP Chlorine Treatment System Project.
- Δ Provide construction management and inspection for the Auburn-Folsom Road 24-in Transmission Main Project.
- Δ Provide design management and construction oversight for the Wholesale Metering Improvements Project.
- Δ Complete the Retail Service Area Facilities GPS Project.
- Δ Provide engineering and hydraulic modeling support for the Retail Service Area Operational and Hydraulic Analysis and Improvements Project.
- Δ Begin the design effort for the relocation of the Granite Bay Booster Pumping Station.
- Δ Complete various small diameter main replacement design and construction projects (as outlined in the CIP).
- Δ Complete Engineering Work Area and Records Retention Improvements.

Field Services

- Δ Develop an in-house training syllabus for the Retail Service Area and enhance our training of District water distribution operators.
- Δ Upgrade radio telemetry communications.
- Δ Evaluate the coating at Los Lagos Tank and develop a recoating plan.
- Δ Continue our water distribution system flushing program.
- Δ Standardize further our water audit process.
- Δ Install meters on two or three of the Fair Oaks 40 turnouts.
- Δ Continue making operational and hydraulic improvements to the Bacon Zone.
- Δ Replace approximately 2,000' of leaky steel main line.
- Δ Complete mobile deployment of CMMS and other program capabilities.

Capital Improvement Program (CIP)

Budget

Category	Estimated Cost	Wholesale	Retail
<i>Items for Current Fiscal Year</i>			
<u>District-Wide:</u>			
Network-Computer Server Virtualization	\$60,000	\$30,000	\$30,000
Computer Replacements/Hardware	17,000	10,300	6,700
Network-Unified Threat Management Device	35,000	17,500	17,500
District-wide Current CIP	\$112,000	\$57,800	\$54,200
<u>Engineering Services:</u>			
Workstation replacement	3,500	0	3,500
Design Engineering	70,000	0	70,000
Design/Construction Engineering	35,000	0	35,000
Engineering Services Current CIP	108,500	0	108,500
<u>Field Services:</u>			
Solar Energy Technical Study	50,000	0	50,000
Vehicle Replacement-#12	47,000	0	47,000
Touch Read Meter Conversion Project	105,000	0	105,000
Retail Master Meter Replacements	30,000	0	30,000
New Construction Contractor Materials	55,000	0	55,000
New Service Taps/Improvements	30,000	0	30,000
Pressure Reducing Station-ARC South	210,000	0	210,000
Pipeline-Golden Gate Services	176,000	0	176,000
Pipeline Replacement-Central	43,000	0	43,000
Pipeline-Oak Avenue/FO 40	120,000	0	120,000
Pipeline-Oak Avenue/Santa Juanita	140,000	0	140,000
Mainline Extension Contingency Funding	100,000	0	100,000
Replacements-Concrete Saw, Line Locator	7,500	0	7,500
Field Services Current CIP	1,113,500	0	1,113,500
<u>Wholesale/Water Treatment Plant:</u>			
Raw Water Supply-Parallel USBR Pipeline	600,000	600,000	0
Hydraulic Improvements-Raw Water Pipeline	3,000,000	3,000,000	0
Filters-Rate of Flow Controllers	125,000	125,000	0
Process Water Piping	150,000	150,000	0
Chemical Feed-Alum/Lime Tanks Containment	175,000	175,000	0
Transmission Pipelines-Fair Oaks 40"	300,000	300,000	0
Hydraulic Model	300,000	300,000	0
Wholesale Meters	4,200,000	4,200,000	0
Water Treatment Plant Emergency Generator	300,000	300,000	0
SCADA System Upgrade	300,000	300,000	0
Storage Building Roof and Walls	400,000	400,000	0
Wholesale/Water Treatment Current CIP	9,850,000	9,850,000	0

Category	Estimated Cost	Wholesale	Retail
<i>Items Carried Over from the Prior FY</i>			
<u>Engineering Services:</u>			
FO 40 Construction Engineering	45,000	0	45,000
Work Station Improvements	8,000	0	8,000
Record Storage	13,000	0	13,000
Survey & Design Equipment	32,000	0	32,000
Engineering Services Carried Over CIP	98,000	0	98,000
<u>Field Services:</u>			
Computerized Maintenance Mgmt System	27,000	0	27,000
Groundwater Investigation	565,000	0	565,000
Pipeline-Auburn-Folsom Road/South (800,000)	350,000	0	350,000
Pipeline-Auburn-Folsom Road/Bentley to Folsom Oaks	219,000	0	219,000
Pipeline Replacement-Miner's Ravine	143,000	0	143,000
Pipeline Replacement-Park Vista	279,000	0	279,000
Field Services Carried Over CIP	1,583,000	0	1,583,000
<u>Wholesale/Water Treatment:</u>			
Chemical Feed-Chlorine Containment	2,700,000	2,700,000	0
Wholesale/Water Treatment Carried Over CIP	2,700,000	2,700,000	0
Total Capital Improvement Program Budget	\$15,565,000	\$12,607,800	\$2,957,200
<u>Capital Improvement Program Summary:</u>			
District-Wide	\$112,000	\$57,800	\$54,200
Engineering Services	206,500	0	206,500
Field Services	2,696,500	0	2,696,500
Wholesale/Water Treatment	12,550,000	12,550,000	0
Total Capital Improvement Program Budget	\$15,565,000	\$12,607,800	\$2,957,200

The District seeks to maintain all District systems in an appropriate condition to maintain functionality, reliability and sustainability. Great care is given to evaluating needs and utilizing public funds in a manner that best serves the District's mission. Capital infrastructure across California and the United States requires rehabilitation and replacement over time, often with a substantial price tag. District staff makes every effort to make system efficiency improvements that maintain excellent levels of customer service while alleviating or delaying the need for additional capital investment. This capital improvement program has been carefully evaluated and planned for to provide the highest level of service to District customers.

Capital Improvement Program (CIP)

Sources of Funding and Uses

Funding Source	Total	Wholesale	Retail
<u>Sources:</u>			
2003 COP Financing Construction Fund	\$3,923,015	\$2,875,299	\$1,047,716
2008 COP Financing Construction Fund	17,600,000	17,600,000	0
Transfers to Capital Improvement Program	2,895,427	1,419,498	1,475,929
Connections	551,000	351,000	200,000
Reserves Available for projects	13,178,697	10,334,134	2,844,563
	\$38,148,139	\$32,579,931	\$5,568,208
<u>Uses (detailed on table above):</u>			
Total Capital Improvement Program	(15,565,000)	(12,607,800)	(2,957,200)
Net Funding Retained in Reserves			
Designated for Master Plan Projects	\$22,583,139	\$19,972,131	\$2,611,008

**Appendix A
Revenue Manual**

Water Sales

	<u>Revenue Title</u>
Revenue Description	Retail Water Sales Revenue for the sale of water to residential and commercial customers
Legal Authority	
Fund	Retail Operations
Source	Retail Water Customers
Use	Retail Operations, Capital Improvement Program and Reserves
Fees Set By	Retail Financial Plan and Rate Study Adopted by Resolution of the Board of Directors
Current Fee Schedule	Exhibit A
Method of Payment	Check, credit card and electronic payment
Frequency of Collection	As billed, bi-monthly
Special Requirements	Proposition 218, Public Hearing
Comments	

	<u>Revenue Title</u>
Revenue Description	Wholesale Water Sales Revenue for the sale of water to wholesale water agencies
Legal Authority	
Fund	Wholesale Operations
Source	Wholesale Water Customers
Use	Wholesale Operations, Capital Improvement Program and Reserves
Fees Set By	Wholesale Financial Plan and Rate Study Adopted by Resolution of the Board of Directors
Current Fee Schedule	Exhibit B
Method of Payment	Check from wholesale agencies
Frequency of Collection	Quarterly, in advance
Special Requirements	Not subject to Proposition 218
Comments	

Taxes and Assessments

	<u>Revenue Title</u>
Revenue Description	Property Tax – 1% District's proportionate share of 1% tax monies
Legal Authority	Multi-County Exemption
Fund	Non-Operating
Source	Placer and Sacramento County
Use	Retail and Wholesale Capital Improvement Program, 50/50 split
Fees Set By	Placer and Sacramento County Assessors

**Appendix A
Revenue Manual**

Current Fee Schedule	N/A
Method of Payment	Check from Placer and Sacramento Counties
Frequency of Collection	As paid by taxpayers
Special Requirements	Not subject to Proposition 218
Comments	

Revenue Title

Revenue Description	Property Tax Assessments Revenue is collected through Placer and Sacramento County special assessment
Legal Authority	
Fund	Non-Operating
Source	Placer and Sacramento County
Use	Repayment of General Obligation Debt
Fees Set By	Adopted by Resolution of the Board of Directors
Current Fee Schedule	None current
Method of Payment	Check from Placer and Sacramento Counties
Frequency of Collection	As paid by taxpayers
Special Requirements	Not subject to Proposition 218
Comments	

Interest/Investment Income

Revenue Title

Revenue Description	Interest/Investment Income Revenue earned on investments for interest, change in market value or gain on sale of investment
Legal Authority	
Fund	Non-Operating, Retail Operations, Wholesale Operations,
Source	Financial Institutions
Use	Retail Operations, Wholesale Operations, Capital Improvement Program and Reserves
Fees Set By	Current financial markets
Current Fee Schedule	N/A
Method of Payment	Paid into financial institution accounts
Frequency of Collection	Varies
Special Requirements	Not subject to Proposition 218
Comments	

Connection Fees

Revenue Title

Revenue Description	Retail Connection Fees
Legal Authority	
Fund	Retail Capital Improvement Program

**Appendix A
Revenue Manual**

Source	New or existing customers, developers
Use	Retail Capital Improvements for expansion
Fees Set By	Retail Financial Plan and Rate Study Adopted by Resolution of the Board of Directors
Current Fee Schedule	Exhibit B
Method of Payment	Check from customer or developer
Frequency of Collection	Varies
Special Requirements	Not subject to Proposition 218
Comments	

Revenue Title

Wholesale Connection Fees

Revenue Description	
Legal Authority	
Fund	Wholesale Capital Improvement Program
Source	Wholesale Agencies on behalf of new or existing customers and developers
Use	Wholesale Capital Improvements for expansion
Fees Set By	Wholesale Financial Plan and Rate Study Adopted by Resolution of the Board of Directors
Current Fee Schedule	Exhibit C
Method of Payment	Check from wholesale agencies
Frequency of Collection	Varies
Special Requirements	Not subject to Proposition 218
Comments	

Contractual Obligations

Revenue Title

Certificate of Participation Payments from Other Agencies

Revenue Description	Contribution from wholesale agencies for COPs per agreements
Legal Authority	Agreements
Fund	Non-Operating
Source	Participating wholesale agencies
Use	Debt service payment on COPs
Fees Set By	Agreements
Current Fee Schedule	See agreements
Method of Payment	Check
Frequency of Collection	Semi-annual
Special Requirements	
Comments	Finance issues annual invoice

Revenue Title

Communication Site Rental

Revenue Description	Site rental for use of defined District property to house communication equipment
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**Appendix A
Revenue Manual**

Legal Authority	Agreement with cellular service provider
Fund	Non-Operating
Source	Cellular Service Provider
Use	Wholesale WEL Garden operations and improvements
Fees Set By	Agreement with 5% annual escalator
Current Fee Schedule	See agreements
Method of Payment	Check from cellular service providers
Frequency of Collection	Annual, date per agreement
Special Requirements	
Comments	Finance issues annual invoice

Charges for Services

	<u>Revenue Title</u>
Revenue Description	Annexation Fees Cost of service recovery for administrative processes associated with annexing into District water system
Legal Authority	
Fund	Non-Operating
Source	Annexing customer
Use	Retail Operations
Fees Set By	Code of Ordinances
Current Fee Schedule	
Method of Payment	Check, credit card or EFT
Frequency of Collection	As billed
Special Requirements	
Comments	Customer is billed as part of connection quote

	<u>Revenue Title</u>
Revenue Description	Back-flow Re-Testing Fees Cost of service recovery for back-flow re-testing when device fails first test
Legal Authority	
Fund	Retail Operations
Source	Affected Retail Water Customers
Use	Retail Operations
Fees Set By	Code of Ordinances
Current Fee Schedule	Exhibit D
Method of Payment	Check, credit card or EFT
Frequency of Collection	As billed
Special Requirements	
Comments	Customer is billed on water bill

	<u>Revenue Title</u>
Revenue Description	Fire Service Fees

**Appendix A
Revenue Manual**

Legal Authority	
Fund	
Source	Affected Retail Water Customers
Use	Retail Operations
Fees Set By	Wholesale Financial Plan and Rate Study Adopted by Resolution of the Board of Directors
Current Fee Schedule	
Method of Payment	
Frequency of Collection	
Special Requirements	Not subject to Proposition 218
Comments	

Revenue Title

Revenue Description	Interest on Payment Plans Cost recovery for interest lost on District funds due to payment of fee over time
Legal Authority	District Resolution
Fund	Retail Operations
Source	Retail Water Customers with Capital Facility Fee Payment Plans
Use	Retail Operations
Fees Set By	Adopted by Resolution of the Board of Directors
Current Fee Schedule	5%, District rate of return
Method of Payment	Check, credit card or EFT
Frequency of Collection	Monthly or as paid
Special Requirements	Not subject to Proposition 218
Comments	

Capital Contributions

Revenue Title

Revenue Description	Donated Capital Assets Value of water systems donated by developers
Legal Authority	District Code of Ordinances
Fund	Capital Improvement Program
Source	Developers
Use	Retail Capital Improvement Program
Fees Set By	Market Value of Asset
Current Fee Schedule	N/A
Method of Payment	Recorded via journal entry
Frequency of Collection	As Donated
Special Requirements	Not subject to Proposition 218
Comments	

Revenue Title

Revenue Description	Grant Revenue Revenue from grant programs (conservation, etc.)
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**Appendix A
Revenue Manual**

Legal Authority	Granting authority
Fund	Wholesale Operations, Retail Operations or Capital Improvement Program (dependent upon grant)
Source	Grantor (i.e. federal, state, Regional Water Authority)
Use	Wholesale Operations, Retail Operations, Capital Improvement Program or Reserves (dependent upon grant)
Fees Set By	Granting authority
Current Fee Schedule	N/A
Method of Payment	Check or EFT
Frequency of Collection	As incurred and/or billed
Special Requirements	Not subject to Proposition 218
Comments	

Other Revenue

	<u>Revenue Title</u>
	COTP SMUD Lease Payment
Revenue Description	
Legal Authority	
Fund	Non-Operating
Source	Sacramento Municipal Utility District
Use	Capital Improvement Program and Reserves
Fees Set By	Contract
Current Fee Schedule	N/A
Method of Payment	Check from SMUD
Frequency of Collection	Annually in January
Special Requirements	Not subject to Proposition 218
Comments	

	<u>Revenue Title</u>
	Miscellaneous
Revenue Description	Revenue that cannot be categorized elsewhere
Legal Authority	N/A
Fund	Various
Source	Various
Use	Dependent upon source
Fees Set By	N/A
Current Fee Schedule	N/A
Method of Payment	Varies
Frequency of Collection	Varies
Special Requirements	N/A
Comments	

	<u>Revenue Title</u>
	Sale of Surplus
Revenue Description	Proceeds from the auction of fixed assets or

**Appendix A
Revenue Manual**

Legal Authority	equipment in excess of the remaining book value
Fund	N/A
Source	Non-Operating
Use	Auction Company
Fees Set By	Capital Improvement Program
Current Fee Schedule	Auction proceeds
Method of Payment	N/A
Frequency of Collection	Check from Auction Company
Special Requirements	Varies
Comments	Not subject to Proposition 218

Revenue Title

Revenue Description	Special District Cavitt Stallman Special District Cavitt Stallman 40 year agreement with customers residing on Cavitt Stallman
Legal Authority	Agreement with homeowners
Fund	Non-Operating
Source	Affected Retail Water Customers
Use	Retail Capital Improvement Program
Fees Set By	Agreement
Current Fee Schedule	Set by acreage within specific area (see binder)
Method of Payment	Check from customers
Frequency of Collection	Quarterly
Special Requirements	Not subject to Proposition 218
Comments	

Revenue Title

Revenue Description	Tapping & Connection Cost recovery associated with tap & connection
Legal Authority	
Fund	Non-Operating
Source	Retail Water Customers requesting new service
Use	Cost recovery of tapping and connection
Fees Set By	Calculation of cost recovery Adopted by Resolution of the Board of Directors
Current Fee Schedule	
Method of Payment	Check
Frequency of Collection	As incurred
Special Requirements	Not subject to Proposition 218
Comments	

Appendix B

Glossary of Budget and Financial Terms

Accounting System: The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

Assessed Valuation: A dollar value established for real property by the Counties of Placer and Sacramento as a basis for levying property taxes.

Audit: A review of the District's accounts by internal staff or an independent auditing firm to substantiate fiscal year-end funds, revenues, expenses, reserves and cash on hand. The primary objective of an external audit is to determine whether the District's financial statements fairly present the District's financial position and results of operations in conformity with generally accepted accounting principles.

Budget: A fiscal plan of financial operation listing an estimate of expenses and the means of financing them for a particular time period. The budget is "proposed" until it has been approved by the District's Board of Directors. The District's budget covers one fiscal year, from July 1 through June 30.

Capital Improvement Program: A plan for capital improvements to be implemented over a fixed period to meet capital needs for the acquisition and improvement of major assets such as land, buildings, machinery and equipment, and infrastructure (i.e., water treatment plant, pump stations, distribution pipelines, and other immovable assets). It sets forth projects or other contemplated expenses in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures. Usually, the plan is updated annually. Generally, all of the District's construction projects costing \$5,000 are considered to be a Capital Improvement Project. A construction project is a physical improvement for maintenance, rehabilitation, construction or development on District property with a life expectancy of three or more years. These include streets, sewers, public facilities and community enhancements. These capital projects can span fiscal years and have multiple funding sources. The projects may also cross functional boundaries. Minor capital outlays of less than \$5,000 are included with the operating budgets.

Capital Program Budget: The planned capital expenses for the current fiscal year resulting from the Capital Improvement Program.

Capital Projects: Physical structural improvements with a cost of \$3,000 or more and which have an estimated useful life of more than one year. Examples include new or updated facilities, building modifications or water system construction and improvements.

Appendix B

Glossary of Budget and Financial Terms

Certificates of Participation (COPS): COPS are long-term financing instruments issued to fund the acquisition of equipment or the acquisition, construction or rehabilitation of real property.

Comprehensive Annual Financial Report: A financial report applicable to a single fiscal year.

COP Payments from Other Agencies: These payments are received from other wholesale agencies for the payment of Certificates of Participation obligations.

Cost Accounting: The method of accounting that provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

Debt Financing: Borrowing funds as needed and pledging future revenues to make (finance) current expenditures or capital projects.

Debt Service: Payment of the principal and interest on an obligation resulting from the issuance of bond notes.

Department: An operational and budgetary unit designated by the District to define and organize District operations and functions.

Depreciation: Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Designated Reserves: Reserves that have been designated by management to be used for a specified purpose. Designated Reserves are still expendable resources.

Enterprise Fund: A fund established to account for operations financed and operated in a manner similar to private business enterprises. Enterprise Fund activities are entirely or predominately self-supporting primarily through user charges.

Estimated Revenues: The budgeted projected revenues that the District anticipates to be realized during the budget (fiscal) year to finance all or part of the planned expenses.

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 constitutes the entity's ongoing major or central operation.

Fiscal Year: The 12-month period to which the annual operating budget applies at the end of which a government determines financial position and the results of its operations. The District's fiscal year runs from July 1 through June 30.

Appendix B

Glossary of Budget and Financial Terms

Fixed Asset: A long-lived tangible asset obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include land, buildings, equipment, improvements, other buildings, and infrastructure (i.e. immovable assets).

Fund: A separate accounting entity with a self-balancing set 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.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards and guidelines for accounting and reporting. These standards govern the form and content of the annual financial statements of an entity. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

Grant: Contributions or gifts of cash, or other assets from another governmental agency, to be used or expended for a specified purpose.

Interest and Investment Income: Interest is received from banking institutions and investment firms for District funds on deposit. Investment Income is received from investment firms for interest, dividends and gains on the sale of securities the District holds.

Interfund Transfers: Payments from one fund to another primarily for work or services provided.

Line-Item Budget: A budget that lists each expenditure category (salary, materials, telephone service, travel, etc.) separately, along with the dollar amount budgeted for each specified category. Line item budgets are produced and used internally for budgetary control purposes only.

Materials, Supplies And Services: Expenditures/expenses for materials, supplies, and services which are ordinarily consumed within a fiscal year and which are not included in departmental inventories.

Non-Operating Expenses: Proprietary fund expenses not directly related to the fund's primary activities (e.g., interest).

Non-Operating Revenues: Proprietary fund revenues incidental to, or byproducts of, the fund's primary activities.

Appendix B

Glossary of Budget and Financial Terms

Operating Budget: Plans of estimated expenditures and the means of financing them. The annual operating budget, as distinguished from the capital program budget, is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Other, Non-Operating: These other revenues include: communication site rental; grants; and special district Cavitt-Stallman 40 year agreement.

Other, Retail: These other revenues include: fire service, reconnects, penalties and late fees.

Other, Wholesale: These other revenues include annexations.

Program: A group of activities, operations or organizational unit directed to attaining specified purposes or objectives.

Proposed Budget: This refers to the status of an annual budget, which has been submitted by the Finance & Accounting Manager and is pending public review and Board adoption.

Reserves: Accumulated funds legally restricted or otherwise designated by management and/or Board for specific purposes. Also see "Fund Balance".

Resolution: A formally adopted decision of the Board of Directors. A resolution carries the same legal standing as an ordinance.

Retail Service Area Connections: Connection fees are received from residential and commercial customers connecting to the District's water system. These fees are intended to cover: base benefits; distribution system; specific zones; tapping and connection; and the cooperative transmission pipeline.

Retail Water Sales: Payments are received from residential and commercial customers for delivery of water.

Retained Earnings: The amount of financial resources available for use in an Enterprise fund. Similar to "Fund Balance", it represents the excess of all prior years' surpluses and deficits.

Revenues: Total amount of income received, earned, or otherwise available for appropriation.

Salaries, Wages And Employee Benefits: Budgeted expenditure categories that generally account for full time and part time employees, overtime expenses, and all

Appendix B

Glossary of Budget and Financial Terms

employee benefits, such as medical and dental insurance and retirement benefits.

Taxes and Assessments: Taxes and Assessments are levied through Placer and Sacramento County Property Taxes for bonded indebtedness and maintenance & operations.

User Charges: The payments of a fee for direct receipt of a public service by the party who benefits from the service.

Wholesale Water Sales: Payments are received from Citrus Heights Water District, City of Folsom, Fair Oaks Water District, Orange Vale Water Company and Sacramento Suburban Water District for treated water. In addition, raw water is delivered to and paid for by Granite Bay Golf Club.