



Foresthill Public Utility District

Adopted Operating Budget

For the Year Ending June 30, 2015

Board of Directors

Tamra West - President
Helen Rogers West - Vice-President
Linda Cholcher - Treasurer
Sherry Wicks - Board Member
Niel Cochran - Board Member

Finance Committee

Linda Cholcher
Sherry Wicks

General Manager

Hank White

Budget Staff

Roger Carroll

Effective Date: July 1, 2014

Amended: August 13, 2014



June 30, 2014

Honorable President and Board Members:

The attached Budget for the Foresthill Public Utility District for Fiscal Year 2014/15 has been prepared in compliance with the State of California Government Code. Staff prepared a workable document reflecting the manager's recommendations for review and consideration at the regular District board meeting on June 11, 2014. This document is a compilation of the recommendations and the consensus derived from discussions at the council meeting.

The budget document presents a conservative budget, with operating revenues and expenditures projected at \$1,624,320 and \$1,302,179 respectively. Scheduled capital improvement project costs exceed current year capital improvement revenues by \$580,224. This shortfall is expected to be covered by existing reserves restricted to capital improvements. Not including the use of designated reserves, this budget projects a 26.5% increase in revenue and a 10.2% increase in expenditures from the prior year budget.

Budget Highlights

Revenues

Revenues are estimated based on prior year experience and State generated estimates. The 2014/15 budget revenues are projected at approximately 122% of prior year actual amounts. See the detailed analysis, below, for explanation of these estimates.

General Fund Revenues are available for the District's day to day operations, without restriction to specific projects or programs. The District receives almost 95% of its revenues from user fees. The majority of the remaining revenue is from the ad valorem property tax.

Subsequent to the adoption of this budget, the District performed a rate study in accordance with Proposition 218. Rather than an election of the registered voters in the District, the Proposition 218 procedure relies on a "negative" vote of the property owners within the district. Notification is sent to all property owners with specific instructions on how to register a "protest" against the rate increase. If 50% of the property owners, plus 1, submit a protest, the rate increase would have failed. In this case, less than 20% submitted a protest and the rate increase passed. The increase becomes effective on July 15, 2014 and is reflected in this budget.

Expenditures

The District's purpose is to supply water to the customers within the District. More than two-thirds of the General Fund budget goes into acquiring, treating and delivering the water to the consumers. 22% of the budget is necessary for compliance with Federal, State and local laws and regulations. Less than 15% of the budget goes into administration and overhead.

Cost Allocations. The District directly allocates costs to the funds and departments that directly benefit from those costs. Most payroll costs are allocated during the payroll process, based on line items on the time sheets. Some costs are allocated based on factors calculated during the budget process. These factors come from a review of each staff position and its related functions.

Staffing The District's Treatment Lead Operator resigned on June 19, 2014. Management and the Board are currently discussing the process to fill the position. All responsibilities are being covered by existing employees and no decrease in customer service is anticipated.

The District pays, in addition to wages and the related employer taxes, the employee share of retirement cost for “Classic” employees. Classic employees are those who were members of CalPERS before January 1, 2014. Employees hired by CalPERS employers for the first time after December 31, 2013 are considered “PEPRA” employees and are required to pay 50% of the normal retirement cost.

The District pays for 80% of medical and dental insurance up for each full-time regular or probationary employee, and has provided a Section 457 deferred compensation plan (employee contributions only – no employer match). The District also provides life insurance equivalent to one year’s pay at no cost to employees.

The “Classic” employees are members of the California Public Employee Retirement System (CalPERS), participating in the 3% @ 60 plan for Miscellaneous employees. CalPERS’ retirement plans are similar to Social Security, in that there are employee withholdings and employer contributions. The District has elected to pay both the employer and employee contributions, without withholding from the employee’s pay.

In the 3% @ 60 plan, a member retiring at age 60 will receive an annual retirement income equal to 3% of the average of the employee’s highest three years income, times the number of years the employee was in the plan.

The District’s share of contributions for 2014/15 is 16.878% of employee base pay, plus the employee share of 8% for a total cost of 24.878% of base pay for retirement.

“PEPRA” employees are members of the 2% at 62 plan. The plan cost for 2014/15 is 12.5% of payroll and the District and employee share the cost at 6.25% each.

Capital Outlay Items. The District’s major projects for 2014/15 include replacing the roof at the Sugar Pine Dam building and repairing or replacing one of the storage tanks at the treatment plant. The district

is also investigating installing a redundant water filter at the treatment plant to increase capacity. The district is beginning to work on a forty year extension to the current water rights permit.

Changes in Funding and Levels of Service

In spite of staffing fluctuations, no change in level of services is expected.

The budget document presents a conservative budget, with operating revenues and expenditures projected at \$1,624,320 and \$1,302,179 respectively. Scheduled capital improvement project costs exceed current year capital improvement revenues by \$580,224. This shortfall is expected to be covered by existing reserves restricted to capital improvements. Not including the use of designated reserves, this budget projects a 26.5% increase in revenue and a 10.2% increase in expenditures from the prior year budget.

Debt

The District owes just over \$2,000,000 on the purchase of the Sugar Pine Reservoir and has about fifteen years remaining on the debt. The District has been in negotiation to refinance the debt with a lower interest rate. Additionally, a portion of low-earning reserves will be used to pay down some of the debt for additional savings.

Recent Accomplishments

During 2013/14 the District completed a spalling repair to the spillway at the Sugar Pine Reservoir and rebuilt the filters.

Current Issues

While the District has sufficient water reserves for its customers, the continuing drought throughout the State can have impacts. The

District will work with its customers to control excessive use and is considering ways to support and assist other agencies without impacting the District's customer base.

Conclusion

Although the future presents the challenge of finding and securing new or improved sources of revenue, the Foresthill Public Utility District Board and Staff have demonstrated, for years, the ability to provide good service, with minimal resources. The budget as presented allocates funds conservatively and appropriately, allowing the District to accomplish goals set by the Board: to provide a safe and sustainable water supply.

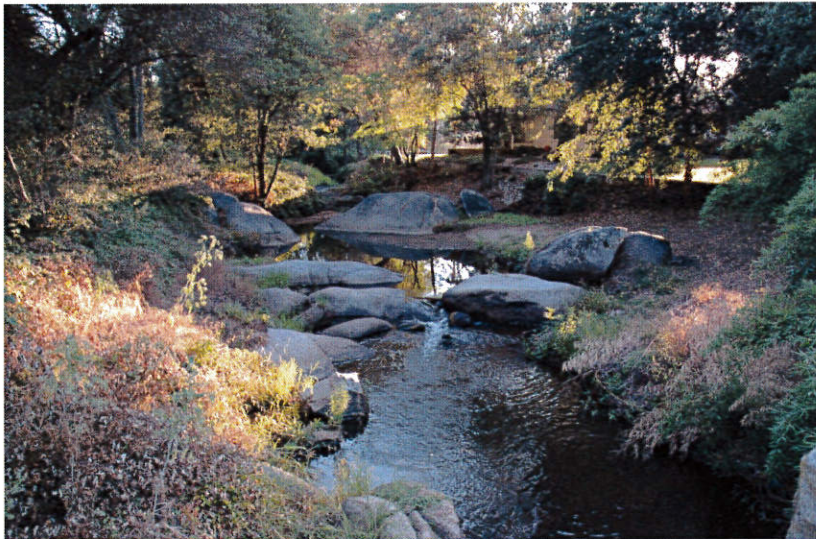
Respectfully submitted,

Hank White

Roger Carroll

General Manager

Finance Manager



**Foresthill Public Utility District
Adopted Budget
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For the Year Ending June 30, 2015**

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Foresthill Public Utility District
Adopted Budget
Budget Revenues and Expenses by Category
For the Year Ending June 30, 2015

Account Categories	General Fund	Gen Fund Reserves	Repair & Replacement	Debt Service	Cap Improve Program	Total
Revenues	1,624,320	48,000	355,000	220,000	18,776	2,266,096
Operational Expenses						
Source of supply	51,318					51,318
Pumping	17,894					17,894
Treatment	152,594					152,594
Distribution	289,200					289,200
Customer Service	317,218					317,218
Regulatory Compliance	286,451					286,451
Management and Administration	187,503					187,503
Total Operational Expenses	1,302,179	-	-	-	-	1,302,179
Net Operating Profit	322,141	48,000	355,000	220,000	18,776	963,917
Non-Operating Activity						
General Fund Contribution to Assessment #2	100,094					100,094
CIP - Sugar pine dam					80,000	
CIP - Regulatory					110,000	110,000
CIP - Treatment Plant			500,000			500,000
CIP - Distribution System			200,000			200,000
CIP - Equipment/Technology					74,000	74,000
Debt Service				210,000		210,000
Transfers						-
Total Non-Operating Activity	100,094	-	700,000	210,000	264,000	1,194,094
Total Uses (Total Operating Exp + Non Operating Activity + Transfers)	1,402,273	-	700,000	210,000	264,000	2,576,273
Excess of Revenue/(Uses)	222,047	48,000	(345,000)	10,000	(245,224)	(310,177)
Beginning Fund Balances	358,589	97,913	604,921	325,341	267,185	1,653,949
Change in Fund Balances	222,047	48,000	(345,000)	10,000	(245,224)	(310,177)
Ending Fund Balances	580,636	145,913	259,921	335,341	21,961	1,343,772

Foresthill Public Utility District
Adopted Budget
Budget Revenues and Expenses by Category
For the Year Ending June 30, 2015

Account Categories	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
Revenues	1,206,476	1,283,832	1,336,579	1,335,872	1,283,502	1,624,320
Operational Expenses						
Source of Supply	26,684	29,804	31,028	51,547	30,327	51,318
Pumping	10,937	10,204	19,265	17,807	20,451	17,894
Treatment	206,514	198,569	160,962	151,885	174,637	152,594
Distribution	344,333	239,299	273,271	296,222	264,760	289,200
Customer Service	323,824	204,542	268,446	301,918	281,512	317,218
Regulatory Compliance	291,579	339,786	264,404	212,974	214,777	286,451
Management and Administration	229,466	373,623	194,377	170,291	195,488	187,503
Total Operational Expenses	1,433,337	1,395,827	1,211,752	1,202,644	1,181,952	1,302,179
Net Operations	(226,861)	(111,995)	124,827	133,228	101,550	322,141
Non-Operating Activity						
Sale of fixed assets	-	-	4,250		-	-
Insurance reimbursements			9,272			
General Fund contribution to Assessment #2	(100,000)	(100,000)	(100,094)	(100,000)	(100,094)	(100,094)
Furniture & Equipment	-	-	(2,984)		-	-
Total Non-Operating Activity	(100,000)	(100,000)	(89,556)		(100,094)	(100,094)
Revenues In Excess of Expenditures	\$(326,861)	\$(211,995)	\$35,271	\$133,228	\$1,456	\$222,047

**Foresthill Public Utility District
Adopted Budget
Budget Revenues
For the Year Ending June 30, 2015**

Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Budget Revenues

Water - Residential	964,871	889,758	767,085	739,351	789,709	1,018,862
Water - Multi-Family	-	133,094	100,240	137,324	90,997	204,975
Water - Commercial	125,239	136,669	106,214	102,095	106,288	109,383
Water - Overage	-	-	214,365	211,490	180,696	167,600
Meter Installation	3,000	3,750	5,250	4,737	3,000	1,500
Service Installations	-	413	825	825	1,000	1,000
Interest Income	2,720	2,025	2,903	2,526	1,600	2,000
Property Tax Revenue	68,861	69,974	70,297	75,100	70,962	78,000
Water Charges Penalties	25,728	22,629	33,172	36,142	25,000	25,000
Service Charges and Reconnects	10,074	10,411	11,130	10,500	10,000	10,000
Miscellaneous	3,608	13,750	23,918	15,781	2,500	5,000
Standby Charges	2,375	1,360	1,180	-	1,750	1,000

Total Revenues	1,206,476	1,283,832	1,336,579	1,335,872	1,283,502	1,624,320
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Revenues

The majority of revenues for the District come from customer billings for water use. The District currently bills approximately 2,100 residences and 65 businesses. The expected revenues for Fiscal Year 2015 budget use the rates that were in effect as of May 1, 2014.

Other revenues come from property taxes and various other service charges.

**Foresthill Public Utility District
Adopted Budget
Source of Supply
For the Year Ending June 30, 2015**

	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Source of Supply

51000	Salaries	13,389	2,621	12,286	24,301	12,499	21,829
52000	Taxes	1,305	256	1,198	2,369	1,219	2,128
52100	Benefits	4,585	1,137	4,617	10,130	5,310	11,761
53000	Maintenance	3,172	13,130	2,805	5,885	3,000	6,000
54000	Vehicle Expense	1,283	11,985	6,278	3,602	4,700	4,000
57020	Power	2,949	676	3,845	3,469	3,600	3,600
58055	Other				1,791		2,000

Total		26,684	29,804	31,028	51,547	30,327	51,318
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Source of Supply

The District owns water rights to the Sugar Pine Reservoir in the amount of 24,000 acre feet per year. The District also owns 2 wells and water rights on Mill Creek.

The costs for this cost center relate to owning, protecting and maintaining the facilities.

Staffing Required*

Lead Utility Operator V - Treatment	5%
Lead Utility Operator V - Distribution	10%
Utility Operator IV	10%
Utility Operator III	10%
On Call Operator	10%
Total Staffing required	45%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Pumping
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Pumping

51000	Salaries	803	846	6,451	7,174	7,391	6,444
52000	Taxes	78	82	629	699	721	628
52100	Benefits	275	367	2,424	2,990	3,140	3,472
52200	Maintenance	33	1,359	709	531	100	600
54000	Vehicle Expense	707	165	1,013	694	1,000	750
57020	Power	7,396	7,386	7,973	4,713	7,600	5,000
57030	Propane	1,645	-	66	500	500	500
58000	Other				506		500

Total	10,937	10,204	19,265	17,807	20,451	17,894
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Pumping

This cost center relates to the expenses of moving the water from the supply sources to the treatment facility.

Staffing Required*

Lead Utility Operator V - Treatment	1%
Lead Utility Operator V - Distribution	3%
Utility Operator IV	3%
Utility Operator III	3%
On Call Operator	3%
Total Staffing required	11%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Treatment
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Treatment

51000	Salaries	116,167	109,201	83,647	76,603	88,706	68,812
52000	Taxes	11,326	10,647	8,156	7,469	8,649	6,709
52100	Benefits	39,784	47,363	31,435	31,932	37,683	37,073
53030	Operating supplies	11,775	2,665	4,232	11,641	6,000	12,000
53500	Chemicals	14,048	14,885	15,041	14,173	17,000	15,000
54020	Vehicle Expense	1,955	255	6,581	2,609	4,000	3,000
54040	Equipment Maintenance	2,853	7,052	4,377	821	4,000	2,000
57000	Power	4,605	3,958	4,866	3,977	5,000	5,000
57030	Propane	2,173	-	176	718	2,000	1,000
53060	Uniforms	1,828	2,543	2,452	1,941	1,600	2,000

Total	206,514	198,569	160,962	151,885	174,637	152,594
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Treatment

The treatment facility filters and treats the water to make sure it is of the highest quality. Many of the activities and procedures at the treatment plant are to comply with State and Federal regulations. Such costs are reported in the Regulatory Compliance cost center.

Staffing Required*

Lead Utility Operator V - Treatment	13%
Lead Utility Operator V - Distribution	27%
Utility Operator IV	27%
Utility Operator III	27%
On Call Operator	27%
 Total Staffing required	 121%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Distribution
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Distribution

51000	Salaries	208,474	142,505	145,809	169,560	154,936	152,314
52000	Taxes	20,326	13,894	14,216	16,532	15,106	14,851
52100	Benefits	71,396	61,808	54,796	70,680	65,817	82,061
53000	Operating Supplies	596	212	3,773	24,097	1,500	25,000
53060	Uniforms	2,742	3,815	3,677	2,912	2,400	3,000
54020	Vehicle Expense	9,809	4,340	9,238	5,172	7,000	5,000
54110	General Shop Maintenance	29,577	12,575	41,607	6,265	17,000	6,000
56000	Resource Development				217		225
57000	Utilities	1263	-		634	500	600
58030	USA Tags	150	150	154	153	500	150

Total	344,333	239,299	273,271	296,222	264,760	289,200
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Distribution

This cost center relates to all the activities necessary to move the water from the treatment facility to the end users. That includes the costs of maintaining the water lines, repairing leaks, and purchasing and tracking inventory of parts and supplies.

Staffing Required*

Lead Utility Operator V - Treatment	30%
Lead Utility Operator V - Distribution	60%
Utility Operator IV	60%
Utility Operator III	60%
On Call Operator	60%
Total Staffing required	270%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Customer Service
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Customer Service

51000	Customer Service Salaries	193,628	105,478	145,775	144,670	156,920	164,426
51000	Meter Reading Salaries	7,296	770	6,242	8,145	6,787	5,149
52000	Taxes	19,590	10,359	14,822	14,899	15,961	16,534
52100	Benefits	68,810	46,082	57,129	63,700	69,543	91,360
53010	Office Supplies	16,979	23,494	24,805	23,662	18,000	21,000
54010	Vehicle Expense	1,502	365	1,371	1,281	1,500	1,500
55020	Computer Enhancement Service	9,974	9,779	10,688	14,926	4,550	5,000
55210	Temp Employees				22,629	-	4,000
57010	Telephone & Internet	6,045	8,215	7,613	8,005	8,250	8,250

Total		323,824	204,542	268,446	301,918	281,512	317,218
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Customer Service

This cost center relates to all activities involving the customers, such as: reading the meters, preparing and issuing the bills, receiving and recording payments, and responding to and resolving customer issues.

Staffing Required*

General Manager	65%
Customer Service Rep II	90%
Customer Service Rep I	90%
Lead Utility Operator V - Treatment	2%
Lead Utility Operator V - Distribution	3%
Utility Operator IV	3%
Utility Operator III	3%
On Call Operator	3%
Total Staffing required	259%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Regulatory Compliance
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Regulatory Compliance

51000	Salaries	75,300	41,019	56,690	51,135	35,774	78,116
52000	Taxes	7,342	3,999	5,527	4,986	3,488	7,616
52100	Benefits	25,788	17,791	21,305	21,315	13,265	60,318
55010	Water Analysis	6,189	6,488	6,083	6,773	6,500	7,500
55030	Accounting and Auditing	7,711	11,100	7,400	7,750	8,000	14,000
55050	Legal Services	98,792	195,882	94,845	43,428	80,000	45,000
55080	State Dam Inspection	37,432	30,499	35,894	35,500	35,500	36,000
56050	Restoration Fee - US Bureau of Reclamation	16,078	19,123	21,124	22,559	20,000	23,000
56060	State Dept. of Public Health	9,265	8,334	13,805	10,000	10,000	11,000
56225	Prop 218	2,043	847		-	-	1,400
60000	Instrumentation Study - Div of Safety of Dams	4,300	2,575		9,000	-	
54050	Department of Transportation testing	201	463	67	528	250	500
56040	Water Rights and Storage Fees	1,138	1,665	1,665	-	2,000	2,000

Total	291,579	339,786	264,404	212,974	214,777	286,451
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Regulatory Compliance

This cost center relates to all activities imposed upon the District by outside agencies, like the Federal and State governments, and the costs of complying with those agencies.

Staffing Required*

General Manager	25%
Customer Service Rep II	10%
Customer Service Rep I	10%
Lead Utility Operator V - Treatment	50%
Total Staffing required	95%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.

**Foresthill Public Utility District
Adopted Budget
Management and Administration
For the Year Ending June 30, 2015**

Account	Description	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Projected	FY 2014 Budget	FY 2015 Proposed Budget
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Management and Administration

51000	Salaries				25,125	25,250	28,655
52000	Taxes				1,922	1,932	2,192
52090	Retiree Medical Insurance	104,799	46,181	47,259	47,207	50,000	50,000
54110	Maintenance	2,843	2,598	8,333	5,027	2,000	5,000
55040	County Tax Collection Charge	2,065	1,495	1,521	1,543	2,250	2,000
55060	Engineering Services	20,857	150,869	30,203	8,395	20,000	10,000
55070	Public Information Program	1,285	48,639	95	-	-	-
56010	Dues and Subscriptions	9,736	15,379	13,390	13,213	9,000	13,000
56020	Travel - Seminars/Workshops	2,237	1,712	6,136	836	3,500	1,500
56422	OPEB Pre-funding	27,056	27,056	27,056	27,056	27,056	27,056
57020	Utilities	5,323	6,898	5,246	3,008	6,000	4,000
58010	Other General Expense	16,334	9,882	19,114	4,279	9,500	5,500
58020	Election Expense	5,045	32,395	5,057	-	-	5,100
58050	Bank analysis/other fees				5,458	7,000	5,000
58060	Liability and Vehicle Insurance	31,886	30,518	30,567	26,758	32,000	28,000
58090	Interest expense			401	463		500

Total	229,466	373,623	194,377	170,291	195,488	187,503
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Management and Overhead

This cost center includes the cost not directly attributable to specific cost centers, including the costs of the Board of Director's meetings, general accounting, and maintaining the District offices.

Staffing Required*

General Manager	10%
Accountant	25%
Total Staffing required	35%

* Staffing Required is represented as the percentage of time one employee spends in the cost center. 100% is the equivalent of one full time employee.