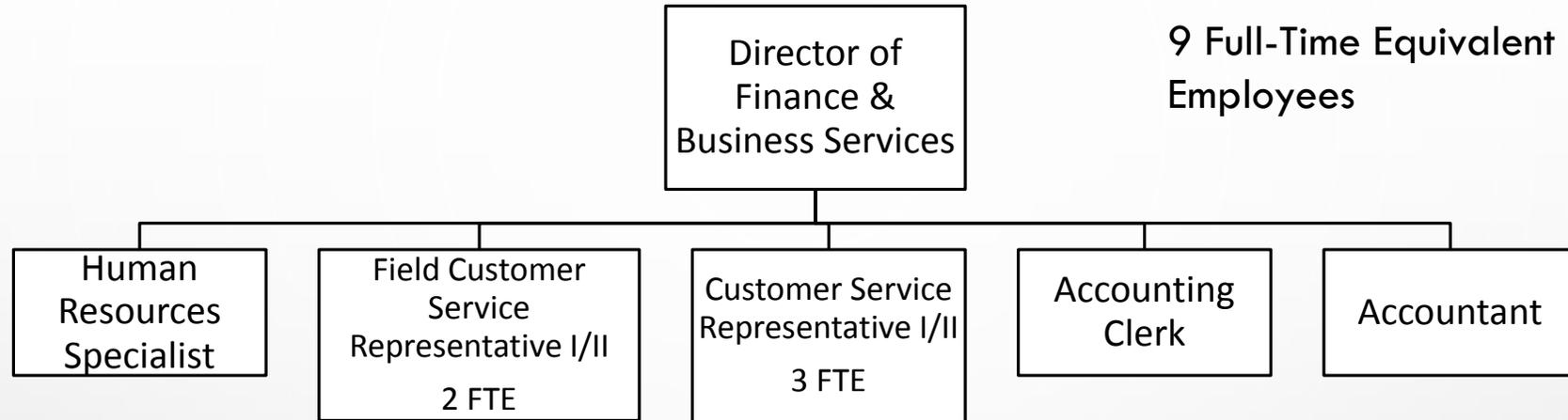


The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance. They are positioned in the top-left, bottom-left, and bottom-right areas of the slide.

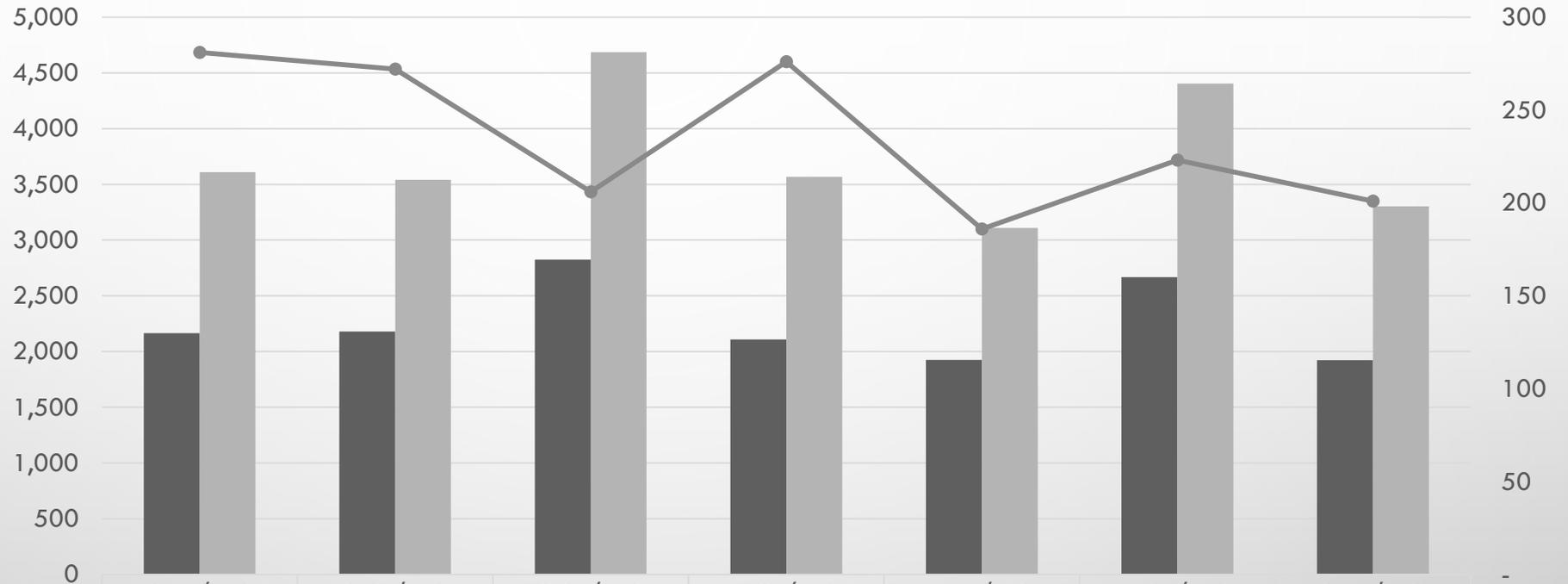
FINANCE & BUSINESS SERVICES

SLVWD 2019 PRESENTATION



- Human Resources (HR) provides administrative and operational support to District employees and retirees on benefits administration, recruitment, training and other essential HR functions.
- The Field Customer Service Team is responsible for reading and maintaining meters, investigating high and low usage, turning service on/off, field maintenance and other service orders as assigned.
- The Customer Service Team is responsible for customer accounts, billing, processing payments, customer inquiries and assigning customer service orders. Also includes certain accounting, such as purchasing.
- The Finance Team is responsible for finance and accounting duties that support all departments, ensuring adequate internal controls, preparing and analyzing annual financial and budget reports of the District. This department also maintains the general ledger, accounts payable/receivable, capital project accounting, grant accounting, payroll, inventory management and purchasing.

CUSTOMER SERVICE STATS



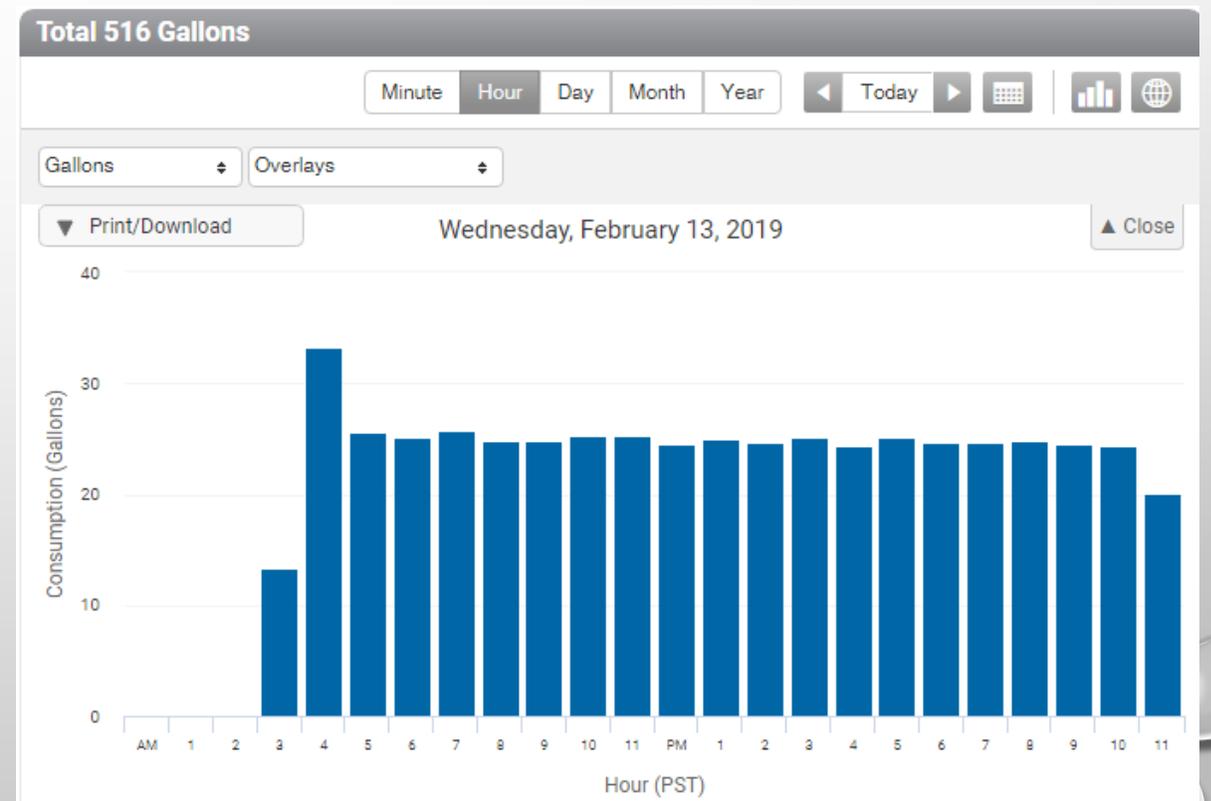
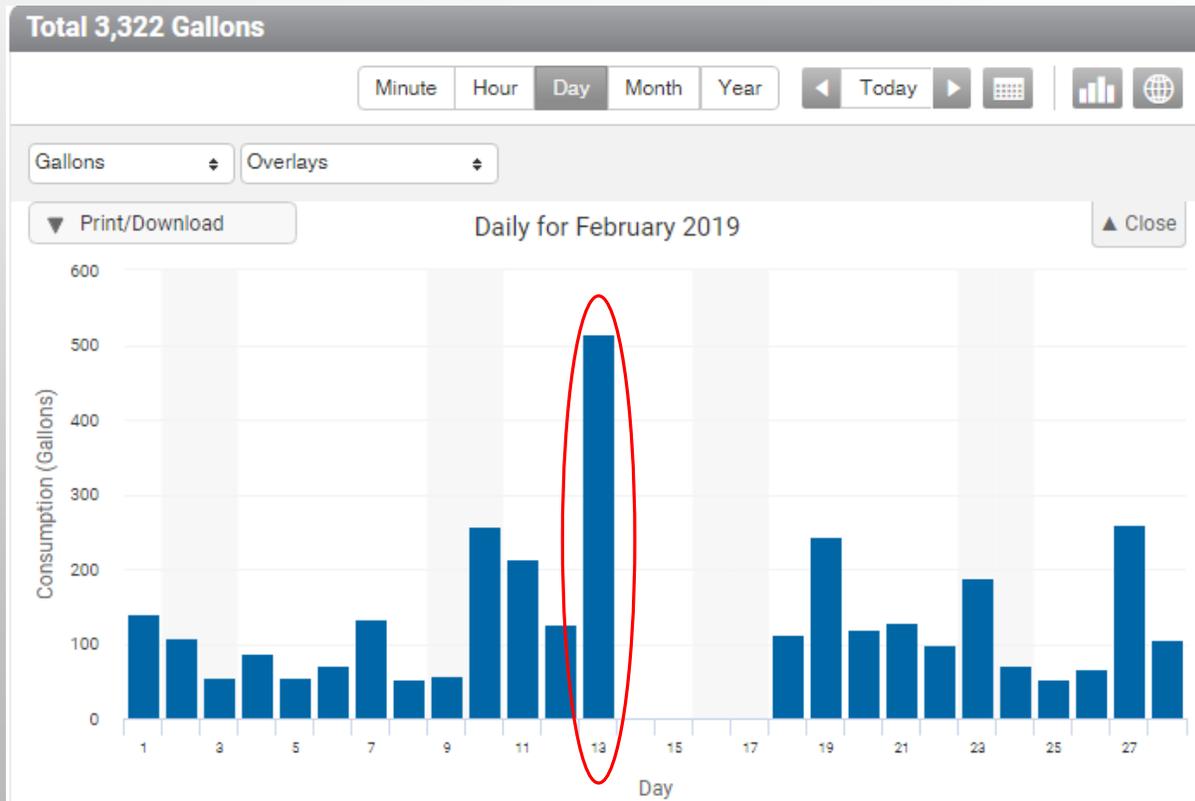
| | 07/18 | 08/18 | 09/18 | 10/18 | 11/18 | 12/18 | 01/19 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|
| # CS Calls | 2,164 | 2,179 | 2,825 | 2,108 | 1,924 | 2,667 | 1,921 |
| # Minutes of Calls | 3,609 | 3,541 | 4,686 | 3,569 | 3,110 | 4,404 | 3,302 |
| # Service Orders | 281 | 272 | 206 | 276 | 186 | 223 | 201 |

DEPARTMENT GOALS

- **FINANCE:**
 - CONTINUE TO IMPROVE AND GROW FINANCIAL REPORTING
 - ACHIEVE GFOA AWARD IN BUDGETING
 - CONTINUE RECEIPT OF THE GFOA FINANCIAL REPORTING AWARD
- **CUSTOMER SERVICE:**
 - CONTINUE EXCELLENT CUSTOMER SERVICE
 - DEVELOPMENT OF EYE ON WATER (EXAMPLE ON NEXT SLIDE)
 - E-BILLS & AUTOPAY – SAVE PAPER AND MONEY
- **HUMAN RESOURCES:**
 - HUMAN RESOURCE DEVELOPMENT – HIRING, TRAINING AND MAINTAINING EMPLOYEES

EYE ON WATER

- CERTAIN METERS TRANSMIT DAILY CONSUMPTION
- THESE ARE PART OF THE METER REPLACEMENT PROGRAM DISTRICT WIDE
- IDEALLY, CUSTOMER LEAKS WILL BE CAUGHT WITH MINIMAL LOSS OF WATER



ABOUT U.S. WATER INFRASTRUCTURE

- EXCERPTS FROM AN EXCELLENT ARTICLE ARTICULATING THE CURRENT WATER INFRASTRUCTURE CRISIS FACING THE NATION:
 - THE AWWA ESTIMATES THAT THE COST OF RESTORING UNDERGROUND PIPES WILL TOTAL AT LEAST \$1 TRILLION OVER THE NEXT 25 YEARS, WITHOUT INCLUDING THE COST OF CONSTRUCTING NEW INFRASTRUCTURE OR REPAIRING TREATMENT PLANTS.
 - ONE OF THE MOST CRITICAL ASPECTS OF THE UNITED STATES' AGING INFRASTRUCTURE IS LITERALLY BURIED UNDERGROUND, OUT OF SIGHT AND, USUALLY, OUT OF MIND. IT IS OFTEN ONLY WHEN FAILURES OCCUR THAT WE ARE REMINDED OF HOW MUCH WE TAKE FOR GRANTED OUR ACCESS TO SAFE DRINKING WATER.
 - THE BOTTOM LINE IS THAT THERE IS NO SIMPLE SOLUTION. WE WILL NEED TO SCALE INNOVATIVE FUNDING SOLUTIONS AND TECHNOLOGIES, AS WELL AS ADOPT PUBLIC POLICIES THAT PROMOTE INNOVATION IN THE WATER SECTOR.

<https://www2.deloitte.com/insights/us/en/economy/issues-by-the-numbers/us-aging-water-infrastructure-investment-opportunities.html>

ABOUT THE DISTRICT

TO KNOW WHERE WE ARE GOING, WE HAVE TO UNDERSTAND WHO WE ARE AND WHERE WE HAVE BEEN

- SLVWD IS A CLOSED WATER SYSTEM, MEANING OUR WATER IS SOLE SOURCED FROM SURFACE SPRINGS AND GROUNDWATER WELLS
- SO WHILE SOME MOVE HERE TO GET AWAY FROM HIGHER HOUSING COSTS, THERE IN TURN IS A COST ASSOCIATED WITH SPREAD OUT MOUNTAIN WATER SYSTEMS
- IN SHORT – WE ARE MAINTAINING MORE MILES OF PIPE, WITH LESS CUSTOMERS

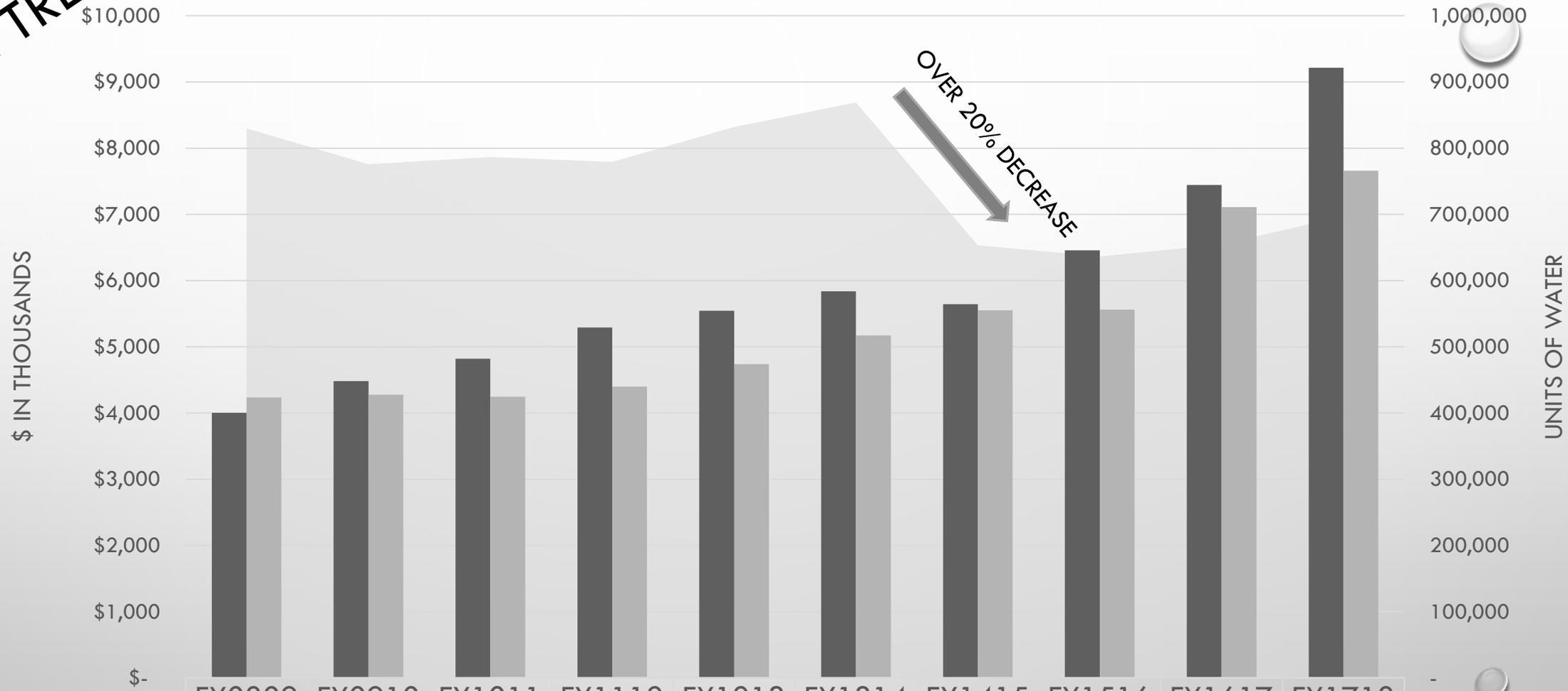
| | SLVWD | Soquel Creek WD | SVWD |
|--------------------|-------|-----------------|--------|
| Founded | 1941 | 1961 | 1961 |
| # of Customers | 7,900 | 15,800 | 4,200 |
| Miles of Pipeline | 169 | 166 | 65 |
| # of Employees | 34 | 46 | 18 |
| Operating Revenue | \$10M | \$20.6M | \$7.2M |
| Operating Expenses | \$8M | \$16.6M | \$5.4M |

| | | | |
|-------------------------------|--------|---------|---------|
| # Customers : Op. Revenue | 1,266 | 1,304 | 1,714 |
| # Customers : Op. Expenses | 1,013 | 1,051 | 1,286 |
| Op. Revenue : Op. Expenses | 0.80 | 0.81 | 0.75 |
| Miles of Pipeline : Customers | 46.7 | 95.2 | 64.6 |
| Miles of Pipeline : Employees | 0.20 | 0.28 | 0.28 |
| Miles of Pipeline : Revenue | 59,172 | 124,096 | 110,769 |

** Information derived from company websites and FY1819 budgets*

10 YEAR TREND

OPERATING REVENUE & EXPENSE WITH ANNUAL CONSUMPTION [1]



| | FY0809 | FY0910 | FY1011 | FY1112 | FY1213 | FY1314 | FY1415 | FY1516 | FY1617 | FY1718 |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| UNITS | 829,87 | 775,85 | 786,74 | 779,34 | 832,05 | 869,08 | 653,44 | 636,45 | 654,75 | 697,24 |
| OPERATING REVENUES | \$4,004 | \$4,481 | \$4,820 | \$5,292 | \$5,545 | \$5,838 | \$5,643 | \$6,456 | \$7,446 | \$9,215 |
| OPERATING EXPENSES | \$4,235 | \$4,276 | \$4,246 | \$4,400 | \$4,737 | \$5,174 | \$5,552 | \$5,561 | \$7,109 | \$7,662 |

[1] FROM FY1718 AUDIT, STATISTICAL SECTION



RATE HISTORY

CUSTOMER BILL HISTORY

(BILL BASED ON 4 UNITS OF WATER, 5/8" METER)

- WATER RATES ARE ONE OF THE TOP CONCERNS OF OUR CUSTOMERS
- THERE IS NO DENYING LARGE INCREASES IN THE PAST AND CURRENT
- THE CAGR SHOWS THAT IF SPREAD OVER 20 YEARS, IT EQUATES TO 6.72% EACH YEAR
- 2 MAIN REASONS FOR THE CURRENT SITUATION:
 - THE 2013 RATE STUDY WAS DONE PRIOR TO THE DROUGHT, THIS 20%+ REDUCTION IN CONSUMPTION GREATLY IMPACTED REVENUES
 - THE 2013 STUDY SHOWED 5 YEARS OF ~11% INCREASES EACH YEAR
 - ONLY 3 YEARS WERE ADOPTED
- THE COMBINATION OF THESE WERE THE MAIN CONTRIBUTORS TO THE 2017 STUDY RESULTS

| | BILL AMOUNT | % INCREASE |
|------|-------------|------------|
| 1999 | \$ 21.38 | 4% |
| 2000 | \$ 21.38 | 0% |
| 2001 | \$ 21.38 | 0% |
| 2002 | \$ 22.50 | 5% |
| 2003 | \$ 22.65 | 1% |
| 2004 | \$ 22.80 | 1% |
| 2005 | \$ 22.95 | 1% |
| 2006 | \$ 23.10 | 1% |
| 2007 | \$ 25.68 | 11% |
| 2008 | \$ 25.68 | 0% |
| 2009 | \$ 28.74 | 12% |
| 2010 | \$ 31.06 | 8% |
| 2011 | \$ 35.71 | 15% |
| 2012 | \$ 35.71 | 0% |
| 2013 | \$ 35.71 | 0% |
| 2014 | \$ 39.96 | 12% |
| 2015 | \$ 44.36 | 11% |
| 2016 | \$ 49.24 | 11% |
| 2017 | \$ 68.75 | 40% |
| 2018 | \$ 73.56 | 7% |

20 YEAR COMPOUND ANNUAL GROWTH RATE

| | | |
|-------------|----|-------|
| START VALUE | \$ | 21.38 |
| END VALUE | \$ | 73.56 |
| # YEARS | | 20 |
| CAGR | | 6.72% |

GOVERNMENT (PUBLIC) VS. PRIVATE SECTOR

- **FOCUSED ON SERVING PUBLIC VS. PROFIT DRIVEN**

- *DIFFERENCES IN GOALS AND EXTERNAL FORCES AFFECTS THE WAY ORGANIZATIONS IN BOTH SECTORS OPERATE*

- **PROCUREMENT PROCESS IS DRAWN OUT (GOODS, SERVICES & EMPLOYMENT)**

- *BUREAUCRATIC RED TAPE, REQUIRING EXTENSIVE DOCUMENTATION, RFP'S ETC.*

- **GOVERNMENT ORGANIZATIONS FACE UNIQUE ACCOUNTABILITY**

- *ADDED LEVEL OF SCRUTINY, ACCOUNTING AND REPORTING STANDARDS (ANNUAL AUDITS)*

- **RESPONDING TO CRISIS SITUATIONS**

- *PUBLIC SECTOR FACES SOCIO-ECONOMIC CONSEQUENCES AND A LOT OF TIMES CANNOT PIVOT AS EASILY, SUCH AS CUTTING COSTS OR EMPLOYEE LAYOFFS*

ACCOUNTING PRINCIPLES & REGULATIONS

NOW LET'S TALK ABOUT SOME OF THE THINGS THAT GOVERN US...

GAAP

(GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

ESTABLISH UNIFORM ACCOUNTING PROCEDURES FOR CONSISTENT REPORTING

MANY PRIVATE SECTORS USE GAAP, REQUIRED FOR U.S. SECURITIES AND EXCHANGE COMMISSION

GASB

(GOVERNMENT ACCOUNTING STANDARDS BOARD)

IS AN INDEPENDENT, NON-POLITICAL ENTITY

HELPS GOVERNMENTS REPORT THEIR FINANCES IN A TRANSPARENT MANNER BY PROVIDING OVERSIGHT FOR GAAP

FUND ACCOUNTING

PROPRIETARY (ENTERPRISE) FUNDS: USED TO ACCOUNT FOR "BUSINESS-TYPE" ACTIVITIES WHERE SERVICES ARE PAID FOR BY CHARGES TO THE CUSTOMER (E.G., TRASH, WATER)

OTHER FUNDS ARE GOVERNMENT AND FIDUCIARY

ACCRUAL BASIS

- RECORDS REVENUES WHEN THEY ARE **EARNED**
- RECORDS EXPENSES WHEN THEY ARE **INCURRED**
- AUDIT (GAAP) BASIS VS. BUDGETARY BASIS DIFFER SLIGHTLY
- FISCAL YEAR IS JULY 1ST – JUNE 30TH
 - THE DISTRICT DOES A HARD YEAR END CLOSE
 - THIS IS WHEN ACCRUAL ANALYSIS AND YEAR END JOURNAL ENTRIES OCCUR
 - LOOKING AT BUDGET/ACTUALS ON A MONTHLY BASIS CAN LOOKED SKEWED

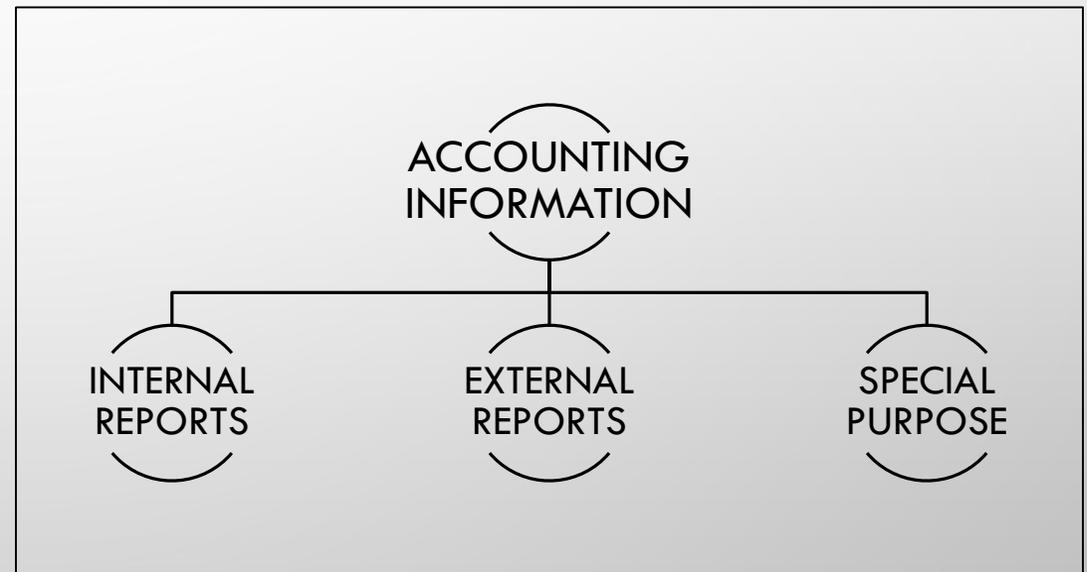
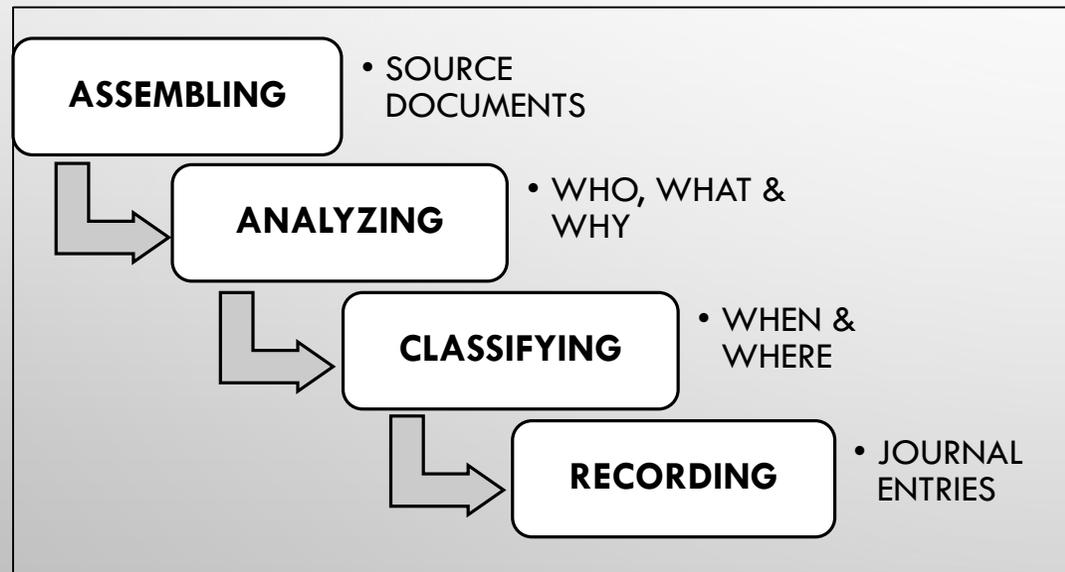
ACCOUNTING VS. FINANCIAL REPORTING

ACCOUNTING:

THE DETAILED INFORMATION (INTERNAL)

FINANCIAL REPORTING:

AGGREGATING, SUMMARIZING AND REPORTING THE DETAILED INFORMATION



WE HAVE APPROXIMATELY **13,000** JOURNAL TRANSACTIONS PER YEAR

FINANCIAL REPORTING

SHOULD BE IN A USABLE FORM FOR THOSE WHO NEED IT

- EXTERNAL REPORTS

- MONTHLY & QUARTERLY FINANCIAL REPORTS, IN THE FINANCE STATUS REPORT
- ANNUAL BUDGET REPORT
- ANNUAL AUDIT REPORT

- INTERNAL REPORTS

- ESSENTIALLY THE SAME AS ABOVE, BUT REVIEWED AT THE TRANSACTIONAL LEVEL

- CHARACTERISTICS IN FINANCIAL REPORTING

UNDERSTANDABILITY

RELIABILITY

RELEVANCE

TIMELINESS

CONSISTENCY

COMPARABILITY

WHAT IS BEHIND THE REPORTS?

- THE GENERAL LEDGER CURRENTLY HAS 440 ACCOUNTS
 - 255 OF THESE ARE THE DEPARTMENT OPERATING EXPENSE ACCOUNTS
- THE EXPENSE ACCOUNTS ARE CATEGORIZED INTO 6 MAIN CATEGORIES:
 - SALARIES & BENEFITS – WAGES, HEALTH BENEFITS, TAXES ETC.
 - CONTRACT/PROF. SERVICES – LEGAL, AUDITORS, OTHER 3RD PARTY PROFESSIONALS
 - OPERATING EXPENSES – INVENTORY USED, CHEMICALS, LAB SUPPLIES, EQUIP-NON CAP, CONSTRUCTION MATERIALS (ASPHALT ETC.)
 - MAINTENANCE – OPERATION OF VEHICLES, BUILDING MAINT.
 - FACILITIES – UTILITY AND TELEPHONE CHARGES
 - GENERAL & ADMINISTRATIVE – POSTAGE, OFFICE SUPPLIES, H2O PROGRAMS, INSURANCE



BUDGET PROCESS



FY1819 BUDGET OVERVIEW

\$15.9M BUDGET

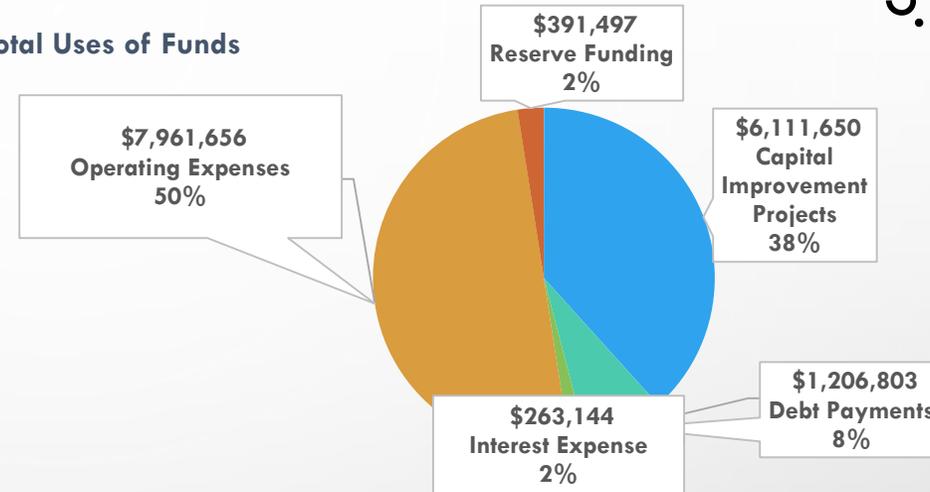
Revenues, Expenses and Changes in Reserves

| | |
|--|-----------------------|
| Est. Beginning Cash Reserves | \$ 2,200,000 |
| Operating Revenue | \$ 10,022,000 |
| Operating Expenses | \$ (7,961,656) |
| Operating Income | \$ 2,060,344 |
| Non-operating Revenue | \$ 1,147,000 |
| Interest Expense | \$ (263,144) |
| Debt Principal Payments | \$ (1,206,803) |
| Capital Funding Needed | \$ (1,345,900) |
| Increase (Decrease) in Reserves | \$ 391,497 |
| Ending Reserves | \$ 2,591,497 |

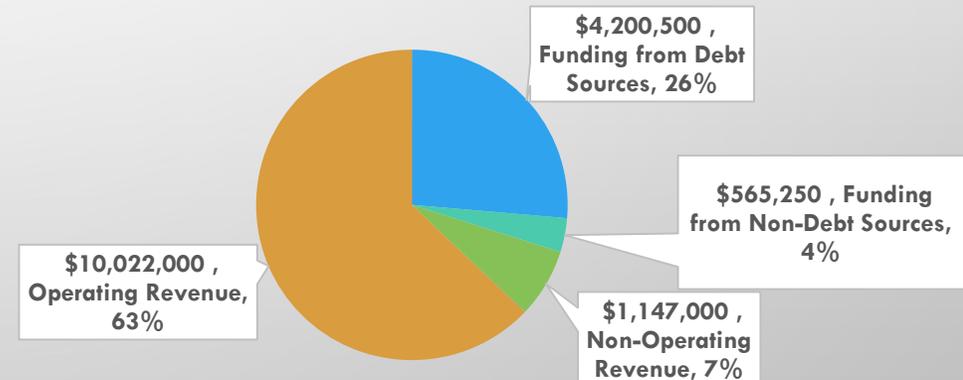
Estimated Reserve Balances

| | |
|----------------------------------|---------------------|
| Operating Reserve | \$ 1,904,497 |
| Capital Reserve | - |
| Restricted Reserve - Debt | 372,000 |
| Restricted Reserve - Assessments | 315,000 |
| Total | \$ 2,591,497 |

Total Uses of Funds



Total Sources of Funds



MAIN SECTIONS OF THE REPORTS

- **REVENUES**

- OPERATING REVENUES: WATER & SEWER
- NON-OPERATING: PROPERTY/ASSESSMENT, INTEREST EARNED, SMALL LEASES ETC.

- **EXPENSES**

- OPERATING EXPENSES
- NON-OPERATING: DEBT RELATED INTEREST & PRINCIPAL

- **CAPITAL PROJECT EXPENSES**

- FUNDED BY OPERATING INCOME, USE OF RESERVES, AND/OR DEBT FINANCING

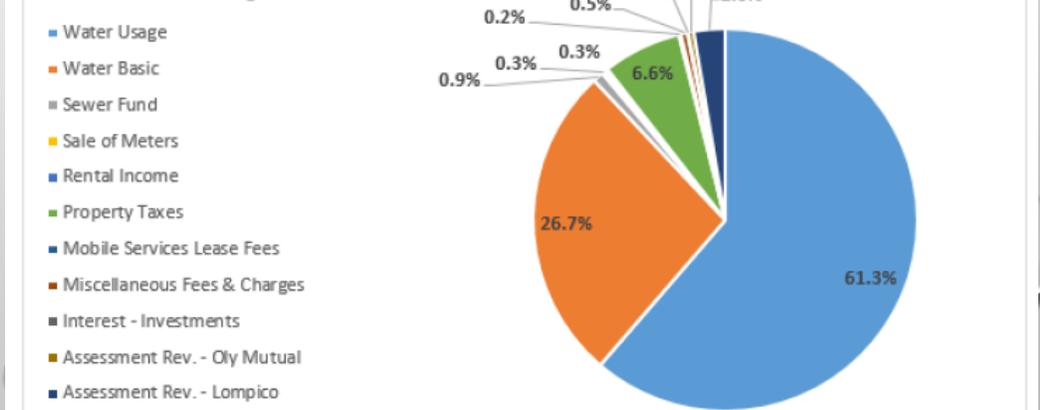
REVENUE SUMMARY

Overall District revenue is budgeted to be \$11.2M for FY1819. Revenues have increased \$1.3M or 13% compared to the prior year budget. Consumption is anticipated to remain relatively flat and the scheduled rate increases are factored in. This does not include any funds received for grants, or other capital funding options.

Revenue Budget

| | FY1819 Proposed Budget | FY1718 Adopted Budget | FY1718 Est. Actuals | Variance to FY1718 Budget | | Variance to FY1718 Est. Actuals | |
|------------------------------------|------------------------------|-----------------------------|------------------------|------------------------------|------------|------------------------------------|------------|
| Operating Revenue | | | | | | | |
| Water Basic | \$ 2,986,000 | \$ 3,076,000 | \$ 3,040,000 | \$ (90,000) | -3% | \$ (54,000) | -2% |
| Water Usage | 6,846,000 | 5,390,000 | 5,547,000 | 1,456,000 | 27% | 1,299,000 | 23% |
| Sewer Fund | 100,000 | 100,000 | 100,000 | - | 0% | - | 0% |
| Sale of Meters | 30,000 | 50,000 | 15,000 | (20,000) | -40% | 15,000 | 100% |
| Miscellaneous Fees & Charges | 60,000 | 60,000 | 75,000 | - | 0% | (15,000) | -20% |
| Total Operating Revenue | \$ 10,022,000 | \$ 8,676,000 | \$ 8,777,000 | \$ 1,346,000 | 16% | \$ 1,245,000 | 14% |
| Non-operating Revenue | | | | | | | |
| Property Taxes | \$ 738,400 | \$ 725,000 | \$ 710,000 | \$ 13,400 | 2% | \$ 28,400 | 4% |
| Assessment Rev. - Oly Mutual | 51,000 | 56,000 | 51,000 | (5,000) | -9% | - | 0% |
| Assessment Rev. - Lompico | 295,000 | 300,000 | 297,000 | (5,000) | -2% | (2,000) | -1% |
| Mobile Services Lease Fees | 20,000 | 20,000 | 20,000 | - | 0% | - | 0% |
| Rental Income | 32,600 | 32,600 | 32,600 | - | 0% | - | 0% |
| Interest - Investments | 10,000 | 10,000 | 12,750 | - | 0% | (2,750) | -22% |
| Total Non-Operating Revenue | \$ 1,147,000 | \$ 1,143,600 | \$ 1,123,350 | \$ 3,400 | 0% | \$ 23,650 | 2% |
| TOTAL REVENUE | \$ 11,169,000 | \$ 9,819,600 | \$ 9,900,350 | \$ 1,349,400 | 14% | \$ 1,268,650 | 13% |

Revenue as % of Budget



FY1819 BUDGET OPERATING OVERVIEW

Operating Revenues & Expenses

| Operating Revenue | FY1819 Proposed | FY1718 Adopted | FY1718 Est. | Variance to FY1718 | | Variance to FY1718 | | |
|---------------------------------|----------------------|---------------------|---------------------|---------------------|------------|---------------------|------------|--|
| | Budget | Budget | Actuals | Budget | | Est. Actuals | | |
| Water Basic | \$ 2,986,000 | \$ 3,076,000 | \$ 3,040,000 | \$ (90,000) | -3% | \$ (54,000) | -2% | |
| Water Usage | 6,846,000 | 5,390,000 | 5,547,000 | 1,456,000 | 27% | 1,299,000 | 23% | |
| Sewer Fund | 100,000 | 100,000 | 100,000 | - | 0% | - | 0% | |
| Sale of Meters | 30,000 | 50,000 | 15,000 | (20,000) | -40% | 15,000 | 100% | |
| Miscellaneous Fees & Charges | 60,000 | 60,000 | 75,000 | - | 0% | (15,000) | -20% | |
| Total Operating Revenue | \$ 10,022,000 | \$ 8,676,000 | \$ 8,777,000 | \$ 1,346,000 | 16% | \$ 1,245,000 | 14% | |
| Operating Expenses | | | | | | | | |
| Salaries & Benefits | \$ 5,048,246 | \$ 4,531,632 | \$ 4,540,124 | \$ 516,614 | 11% | \$ 508,122 | 11% | |
| Contract/Professional Services | 1,316,360 | 1,520,561 | 1,419,482 | (204,201) | -13% | (103,122) | -7% | |
| Facilities | 571,800 | 510,300 | 544,092 | 61,500 | 12% | 27,708 | 5% | |
| Gen. & Admin. | 420,400 | 377,450 | 348,497 | 42,950 | 11% | 71,903 | 21% | |
| Operating Expenses | 420,500 | 373,100 | 402,371 | 47,400 | 13% | 18,129 | 5% | |
| Maintenance | 184,350 | 174,000 | 161,578 | 10,350 | 6% | 22,772 | 14% | |
| Total Operating Expenses | \$ 7,961,656 | \$ 7,487,043 | \$ 7,416,144 | \$ 474,613 | 6% | \$ 545,513 | 7% | |
| OPERATING INCOME (LOSS) | \$ 2,060,344 | \$ 1,188,957 | \$ 1,360,856 | \$ 871,387 | 73% | \$ 699,487 | 51% | |

FY1819 BUDGET BY DEPARTMENT

FINANCE & BUSINESS SERVICES DEPARTMENT

Finance & Business Services by Expense Category

| | FY1819 Proposed Budget | FY1718 Adopted Budget | FY1718 Est. Actuals | Variance to FY1718 Budget | | Variance FY1718 Actual |
|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------------|-----------|------------------------------|
| Salaries & Benefits | \$ 1,075,259 | \$ 997,621 | \$ 1,017,534 | \$ 77,638 | 8% | \$ 57,725 |
| Contract/Professional Services | 105,253 | 114,000 | 112,300 | (8,747) | -8% | (7,047) |
| Gen. & Admin. | 159,667 | 145,750 | 139,367 | 13,917 | 10% | 20,300 |
| Maintenance | 12,759 | 7,500 | 14,921 | 5,259 | 70% | (2,162) |
| Operating Expenses | 993 | 500 | 3,000 | 493 | 99% | (2,007) |
| Total Operating Expense | \$ 1,353,931 | \$ 1,265,371 | \$ 1,287,122 | \$ 88,560 | 7% | \$ 66,809 |

Each department has a section like this in the Budget

VARIANCE TO PRIOR YEAR BUDGET:

Expenses have increased \$89K or 7% compared to the prior year budget. The increase is due to changes in employee benefits and regular increases in salaries and benefits. Other increases are due to Badger meter fees, maintenance of vehicles and increased banking fees as more customers are utilizing electronic payments.

VARIANCE TO PRIOR YEAR ESTIMATED ACTUALS:

Expenses have increased \$67K or 5% compared to the estimated prior year actuals. The increase is due to the same reasons as above.

BUDGET EXPENDITURES TO NOTE:

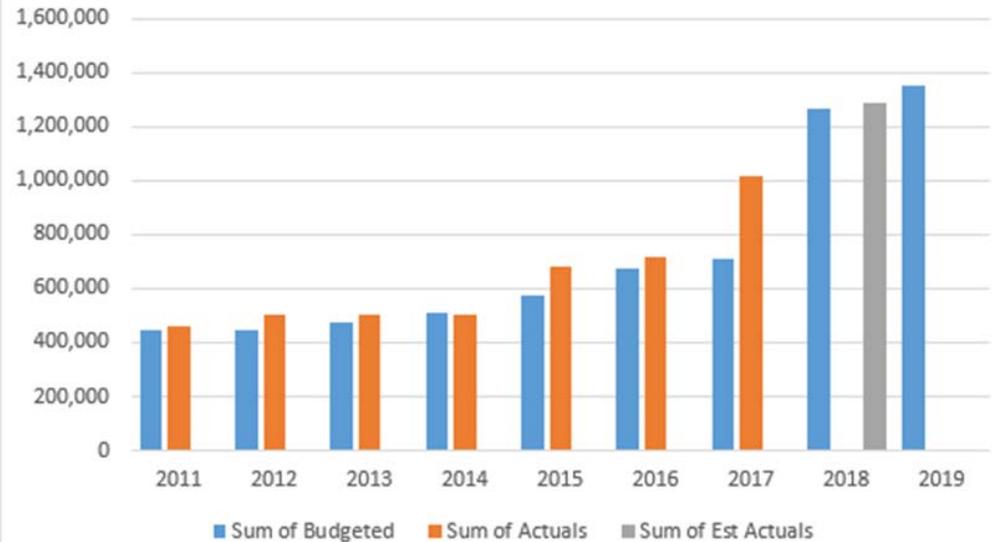
Contract/Professional Services:

- \$30K for software related
- \$30K billing related
- \$15K human resources related

General & Administrative Services:

- \$110K for banking related, mainly due to online and credit card payments
- \$34K for postage

Finance & Business Services Dept Historic Data



FY1819 REVENUE BUDGET

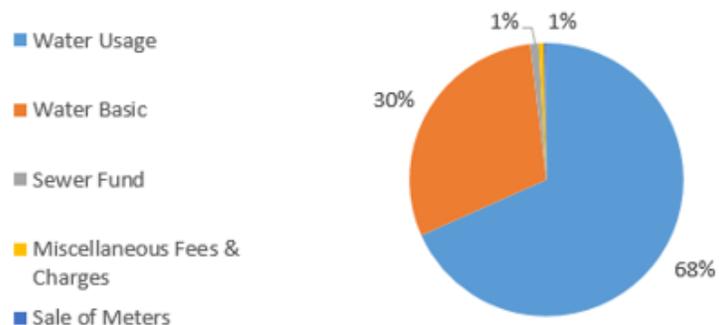
OPERATING REVENUE SUMMARY

Operating revenue is expected to be \$10M. This is \$1.3M, or 16%, higher than the prior year budget. There was a mid-year budget revision for FY1718, as there was a 5 year rate increase adopted. The rate increase was effective October 2017, which has another slatted increase in October 2018. Consumption levels for FY1718 are estimated to be around 690,000 units, where FY1819 was assumed to be approximately 650,000 units of water. FY1819 consumption was based on the below average rainfall and prior years average consumption. For conversion purposes, 650,000 units equates to 486,200,000 gallons or 1,492 acre feet.

Operating Revenue Budget

| | FY1819 Proposed Budget | FY1718 Adopted Budget | FY1718 Est. Actuals | Variance to FY1718 Budget | | Variance to FY1718 Est. Actuals | |
|--------------------------------|------------------------------|-----------------------------|------------------------|------------------------------|------------|------------------------------------|------------|
| Operating Revenue | | | | | | | |
| Water Basic | \$ 2,986,000 | \$ 3,076,000 | \$ 3,040,000 | \$ (90,000) | -3% | \$ (54,000) | -2% |
| Water Usage | 6,846,000 | 5,390,000 | 5,547,000 | 1,456,000 | 27% | 1,299,000 | 23% |
| Sewer Fund | 100,000 | 100,000 | 100,000 | - | 0% | - | 0% |
| Sale of Meters | 30,000 | 50,000 | 15,000 | (20,000) | -40% | 15,000 | 100% |
| Miscellaneous Fees & Charges | 60,000 | 60,000 | 75,000 | - | 0% | (15,000) | -20% |
| Total Operating Revenue | \$10,022,000 | \$ 8,676,000 | \$ 8,777,000 | \$ 1,346,000 | 16% | \$ 1,245,000 | 14% |

Operating Revenue as % of Budget



- REVENUE – MUCH MORE STRAIGHT FORWARD THAN EXPENSES
- YOU CAN SEE THE SHIFT IN THE NEW RATE INCREASE/STRUCTURE
- WILL STILL BE VARIABLE DUE TO CONSUMPTION

CAPITAL PROJECT BUDGET

CAPITAL PROJECT LISTING

| # | Project | Funding Type | Spent in Prior FY(s) | FY1819 Budget | Future FY Projection | Total Project Cost |
|-----------------------------|---------------------------------|----------------------|----------------------|---------------|----------------------|--------------------|
| General Water System | | | | | | |
| 1 | Probation Tank | PRIVATE LOAN | 270,000 | 1,980,000 | - | 2,250,000 |
| 2 | Bull Bennet Pipeline | PRIVATE LOAN | | 230,000 | 910,000 | 1,140,000 |
| 3 | Pasatiempo Well 6 replacement | PRIVATE LOAN | 5,200 | 937,500 | - | 942,700 |
| 4 | Quail Hollow Well | RESERVES | | 40,000 | 460,000 | 500,000 |
| 5 | USDA Loan Application | RESERVES | 60,000 | 215,000 | - | 275,000 |
| 6 | SCADA HMI Replacement | RESERVES | 71,700 | 113,300 | - | 185,000 |
| 7 | Felton Heights Mutual | RESERVES | | 162,500 | - | 162,500 |
| 8 | Meter Replacement | RESERVES | | 72,000 | 58,000 | 130,000 |
| 9 | Blue Tank Replacement | RESERVES | 10,000 | 120,000 | - | 130,000 |
| 10 | 3 Vehicles | RESERVES | | 122,000 | - | 122,000 |
| 11 | Glen Arbor Bridge South | RESERVES | | 56,250 | 18,750 | 75,000 |
| 12 | North Boulder Creek Master Plan | RESERVES | | 70,000 | - | 70,000 |
| 13 | System Wide Master Plan | RESERVES | | 70,000 | - | 70,000 |
| 14 | Pasatiempo Well 7 repair | RESERVES | 3,800 | 50,000 | 6,200 | 60,000 |
| 15 | Madrone Booster Generator | RESERVES | | 40,000 | - | 40,000 |
| 16 | Highland Tank Fencing | RESERVES | | 15,000 | - | 15,000 |
| 17 | Swim Tank | USDA LOAN | 85,900 | 268,500 | 323,600 | 678,000 |
| 18 | Lyon Pipe | USDA LOAN | | 282,500 | 167,500 | 450,000 |
| 19 | Two Bar Road Pipe | USDA LOAN | | 100,000 | 350,000 | 450,000 |
| 20 | Felton Acres Tank and Booster | USDA LOAN | | 70,000 | 230,000 | 300,000 |
| 21 | Orman Road Pipe | USDA LOAN | | 34,000 | 266,000 | 300,000 |
| 22 | California Drive Pipe | USDA LOAN | | 25,000 | 215,000 | 240,000 |
| 23 | Hillside Drive Pipe | USDA LOAN | | 52,000 | 188,000 | 240,000 |
| 24 | Riverview Drive Pipe | USDA LOAN | | 52,000 | 188,000 | 240,000 |
| 25 | Worth Lane Pipe | USDA LOAN | | 79,000 | 41,000 | 120,000 |
| 26 | Sequoia Road Pipe | USDA LOAN | | 25,000 | 95,000 | 120,000 |
| 27 | Hihn Road Pipe | USDA LOAN | | 65,000 | 25,000 | 90,000 |
| 28 | Fall Creek Fish Ladder | GRANT & PRIVATE LOAN | 360,000 | 160,000 | 640,000 | 1,160,000 |
| General Sewer System | | | | | | |
| 29 | Bear Creek Wastewater Plan | RESERVES | | 50,000 | - | 50,000 |

(capital projects continued on next page)

- PROJECTS ARE LISTED OUT FOR A SUMMARY & EASIER COST ANALYSIS
- FUNDING TYPE WILL HELP EXPLAIN HOW THEY ARE BEING PAID FOR

CAPITAL PROJECT BUDGET

CAPITAL PROJECT DESCRIPTION

PROBATION TANK REPLACEMENT

The probation water storage tank is a 100,000 gallon redwood tank located directly behind the Santa Cruz County Juvenile Probation Center off Graham Hill Road in Scotts Valley. This facility provides water service to approximately four-hundred sixty (460) connections in the area of Lockwood Lane and Whispering Pines Drive, in Scotts Valley. The Probation Tank is approximately 50 years old and has reached its life expectancy, requires ongoing leakage repair and is undersized. The surrounding area contains sensitive environmental habitat.

Project Description:

Construction of a new 500,000 gallon welded steel water storage tank in the Probation Zone. This project will replace the existing Redwood tank. The project includes but is not limited to, temporary water storage for customers, new water tank, SCADA control, fencing, and environmental permitting.

| Spent in Prior FY(s) | FY1819 Budget | Future FY Proj. | Total Project Cost |
|-------------------------|------------------|-----------------|-----------------------|
| 270,000 | 1,980,000 | 0 | 2,250,000 |



- THEN PROJECTS ARE FURTHER DESCRIBED
- WE LOOK AT PAST COST, CURRENT YEAR AND FUTURE PROJECTIONS
- PROJECT EXPENDITURES ARE SUMMARIZED IN THE QUARTERLY REPORTS

BUDGET VS. ACTUAL COMPARISONS

- MONTHLY FINANCE STATUS REPORT
 - HIGH LEVEL OPERATING REVENUE & EXPENSE REVIEW
 - CURRENT MONTH , YTD AND TREND ANALYSIS
 - COMPARES AGAINST PRIOR YEAR AND ANNUAL BUDGET
 - LOOKS AT EXPENSES BY CATEGORY
- QUARTERLY FINANCE STATUS REPORT
 - SAME AS ABOVE, PLUS:
 - MANAGEMENT DISCUSSION & ANALYSIS (MD&A)
 - SUMMARIZES RESULTS
 - DEPARTMENTAL EXPENSE BY CATEGORY BREAK DOWN
 - CAPITAL PROJECT EXPENDITURES
 - NON-OPERATING REVENUE & EXPENDITURES
 - DEBT OBLIGATIONS

*WE WILL LOOK AT
THE MOST RECENT
QUARTERLY PACKAGE
AT THE END*

FUTURE BUDGET GOALS

- ADD MORE TREND ANALYSIS FOR REVENUE & EXPENSE HISTORY
- BETTER DEFINE AND TIE BACK INTO RESERVE FUND POLICY
- REQUIREMENTS FOR GFOA DISTINGUISHED BUDGET PRESENTATION AWARD:
 - MEASURES PROGRESS TO ACCOMPLISH DISTRICT'S MISSION
 - STRATEGIC GOALS AND OBJECTIVES OF THE DISTRICT
 - STRATEGIC GOALS AND OBJECTIVES OF THE DEPARTMENTS
 - LONG-RANGE FINANCIAL PLAN
 - GLOSSARY (INCLUDING ABBREVIATIONS & ACRONYMS)



BUDGET & FINANCE COMMITTEE

- **NOW/UPCOMING:**

- BUDGET PACKAGE
- RESERVE FUND POLICY

- **FUTURE:**

- REVIEW CERTAIN POLICIES & PROCEDURES (SURPLUS WATER, FIRE SERVICE)
 - UNDERSTANDING CUSTOMER ASSISTANCE PROGRAMS
- WEBSITE (COLLABORATIVE EFFORT)
- JOHNSON BUILDING & ANY OTHER ASSET OPPORTUNITIES
- PUBLIC OUTREACH – FINANCES, INCREASE E-BILLING, AUTO PAY ETC.

The background of the slide is a light gray gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance.

THE END ☺

QUESTIONS BEFORE Q2 FY1819
FINANCIAL REPORT?