



FALLBROOK PUBLIC UTILITY DISTRICT  
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE

AGENDA

MONDAY, APRIL 29, 2019  
9:00 A.M.

FALLBROOK PUBLIC UTILITY DISTRICT  
990 E. MISSION RD., FALLBROOK, CA 92028  
PHONE: (760) 728-1125

*If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.*

*Writings that are public records and are distributed during a public meeting are available for public inspection at the meeting if prepared by the local agency or a member of its legislative body or after the meeting if prepared by some other person.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

**II. ACTION / DISCUSSION ----- (ITEMS A – D)**

- A. REVIEW PFM PORTFOLIO INVESTMENT STRATEGY
- B. REVIEW PRELIMINARY DRAFT FISCAL YEAR 2019-20 OPERATING AND CAPITAL BUDGET EXPENDITURES
- C. FINALIZE POLICY FOR INTER FUND TRANSFERS
- D. REVIEW TREASURER’S REPORT FORMAT

**III. ADJOURNMENT OF MEETING**

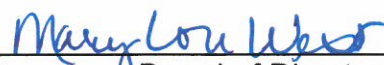
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**DECLARATION OF POSTING**

I, Mary Lou West, Secretary of the Board of Directors of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2.

I, Mary Lou West, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

April 25, 2019  
Dated / Fallbrook, CA

  
Secretary Board of Directors.

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# Fallbrook Public Utility District Strategy Discussion

April 29, 2019

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PFM Asset  
Management LLC

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601 S. Figueroa  
Suite 4500  
Los Angeles, CA 90017

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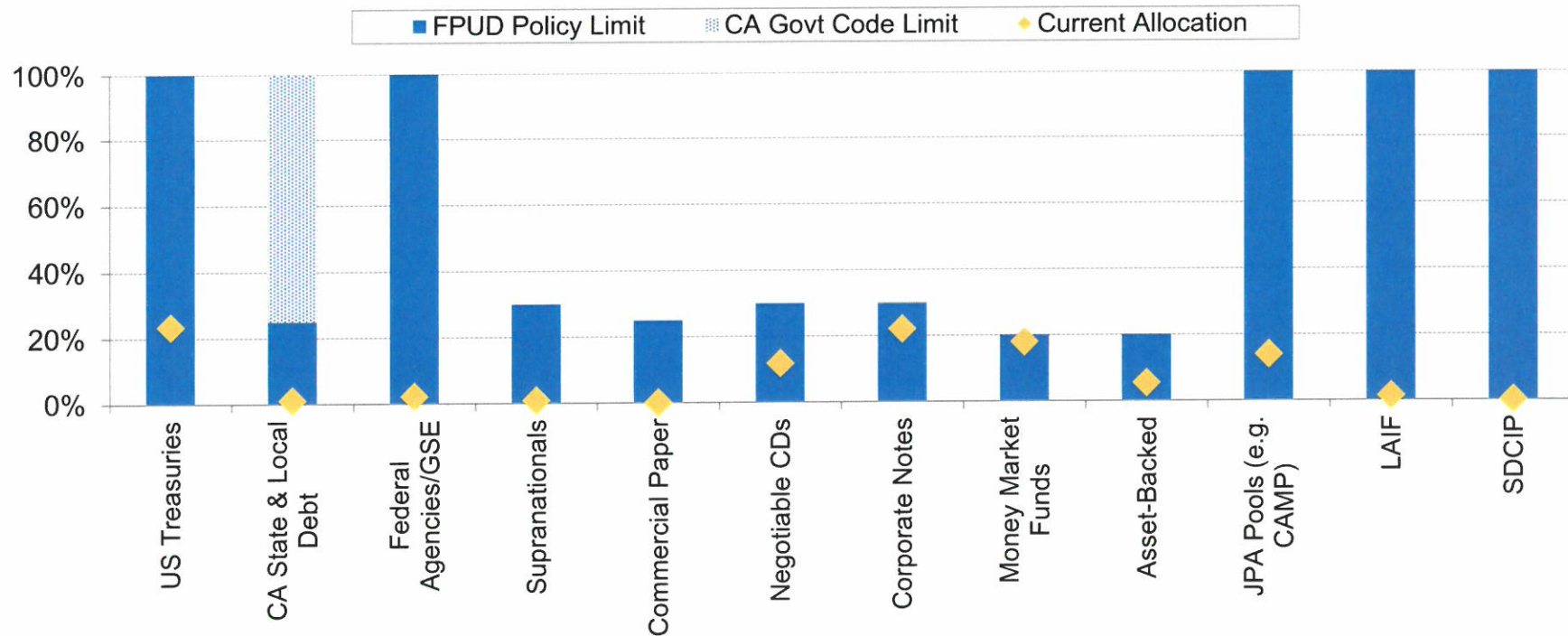
213-489-4075  
[pfm.com](http://pfm.com)



## Overall Portfolio: Comparison to Policy and Code

- The District's investments are in compliance with the District's Policy and the Government Code.
- The portfolio's allocations are as follows (core only): Government 26% (40%), ABS 5% (8%), Credit 34% (51%), Muni 1% (2%), and Pooled Investments 33%
- The maximum maturity for the permitted investment types is limited to 5 years (commercial paper is 270 days).

### FPUD Investment Policy Comparison as of 03/31/2019



Source: FPUD Policy and California Government Code.



## Current Indicative Yields of Key Permitted Investment Classes

Maturity	Treasury	Federal Agency	AA Corporate	A Corporate
3-Month	2.38%	2.40%	2.52%	2.64%
1-Year	2.39%	2.29%	2.55%	2.65%
2-Year	2.26%	2.27%	2.53%	2.67%
3-Year	2.20%	2.22%	2.53%	2.69%
5-Year	2.23%	2.28%	2.67%	2.86%

	LAIF	San Diego Pool	CAMP
Pool Investment	2.44%	2.39%	2.54%

Corporate rates include: corporate notes, negotiable CDs, and commercial paper.

Source: Bloomberg BVAL yield curves for Treasury and Corporate. TradeWeb for Federal Agency yields. 3-month corporate yields from commercial paper; A-1+ for AA and A-1 for A. Yields are for indicative purposes only; actual yields will vary by issue.

Pool Rates: LAIF Quarter to Date Yield, as of April 17, 2019 [www.treasurer.ca.gov](http://www.treasurer.ca.gov). San Diego Treasurer book value return, as of March 31, 2019 [www.sdttc.com](http://www.sdttc.com).

CAMP Current Annualized yield, as of April 18, 2019 [www.camponline.com](http://www.camponline.com).

CAMP Current Annualized Yield: Past performance is not indicative of future results and yields may vary. The "current annualized yield" of the Pool may, from time to time, be quoted in reports, literature and advertisements published by the Trust. Current annualized yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.



## Representative Strategy Options

- **Conservative** – Treasury only
  - U.S. Treasury: 100%
- **Moderate** – predominately government with limited exposure to high quality credit
  - Government: 70% - 80%
  - ABS: 0% - 20%
  - Credit: 0% - 20%
- **Aggressive** – uses the full investment flexibility allowed by Code
  - Government: 40% - 60%
  - ABS: 10% - 20%
  - Credit: 30% - 40%
- The ranges represent typical strategic allocations. The specific allocation will be based on tactical decisions at time of investment and prior investment decisions.
- **Investment Categories (Code limit)**
  - **Government:** U.S. Treasuries (100%), Federal Agency (100%), Supranationals (30%)
  - **ABS/MBS:** Asset-Backed (20%)
  - **Credit:** Corporate Notes (30%), Negotiable CDs (30%), Commercial Paper (35%)

Strategy options are representative of a managed longer-term portfolio. An agency will typically have a portion of its funds invested in pool investments: LAIF, County pool, LGIP' money market funds, and short-term securities to fund liquidity needs.



## Fixed Income Sector Outlook – Tactical Decisions

Sector	Our Investment Preferences	Comments
<b>COMMERCIAL PAPER / CD</b>		<ul style="list-style-type: none"> <li>Commercial paper/negotiable CD spreads have widened modestly over the past month. Short credit remains higher-yielding than some longer-dated Treasuries.</li> </ul>
<b>TREASURIES</b>		<ul style="list-style-type: none"> <li>Treasury Bill supply increased in March but is expected to slow in April month, putting downward pressure on rates.</li> <li>During the last week of March, the 3-month to 10-year part of the yield curve inverted, renewing concerns about a possible recession in coming months. There is little expected value in price appreciation.</li> </ul>
<b>T-Bill</b>		
<b>T-Note</b>		
<b>FEDERAL AGENCIES</b>		<ul style="list-style-type: none"> <li>Federal agency spreads remain very tight. There may be value in new issue securities</li> <li>Given the flat yield curve, callable agencies are more attractive due to their incremental yield benefit.</li> </ul>
<b>Bullets</b>		
<b>Callables</b>		
<b>SUPRANATIONALS</b>		<ul style="list-style-type: none"> <li>In supranationals, we continue to wait for expected supply to drive spreads wider. Until then, we will generally remain on the sidelines.</li> </ul>
<b>CORPORATES</b>		<ul style="list-style-type: none"> <li>Corporate yield spreads have narrowed back significantly, settling in around longer-term, post-recession historical averages. While the sector is no longer "cheap", we plan to maintain allocations.</li> <li>The corporate spread curve remains positively sloped, offering modest value for extending maturities.</li> </ul>
<b>Financials</b>		
<b>Industrials</b>		
<b>SECURITIZED</b>		<ul style="list-style-type: none"> <li>The AAA-rated ABS sector continues to offer attractive incremental income vs. government alternatives and offers a defensive outlet to credit exposure.</li> <li>Agency MBS continues to be an attractive alternative to other government sectors due to its incremental income potential. As the Fed has pre-announced the end of its balance sheet reduction measures, MBS may benefit later in the year.</li> </ul>
<b>Asset-Backed</b>		
<b>Agency Mortgage-Backed</b>		
<b>MUNICIPALS</b>		<ul style="list-style-type: none"> <li>Munis continue to be expensive vs. Treasuries.</li> </ul>



## Historical Performance Total Return Comparison

Annualized Returns Periods Ending 3/31/19	Duration	3/31/19	1-Year	5-Year	10-Year	20-Year
<b>Conservative</b> ICE BofAML 1-5 Yr. UST	2.62 yrs.	5.02%	3.14%	1.29%	1.46%	3.28%
<b>Moderate</b> ICE BofAML 1-5 Yr. Gov't and Corp AA or Better	2.59 yrs.	5.23%	3.23%	1.35%	1.66%	3.39%
<b>Aggressive</b> ICE BofAML 1-5 Yr. Gov't and Corp A or Better US Issuers Only	2.61 yrs.	5.57%	3.28%	1.40%	1.83%	3.44%
2-Year UST Average	N.A.	2.47%	2.61%	1.29%	0.90%	2.26%

Notes: Fallbrook PUD's benchmark is the ICE BoAML 1-5 year Govt/Corp, A or better, US issuers only index.

PFM's annual fee is 10 basis points (0.10%) per year with a minimum fee of \$15,000 per year.

ICE BoAML Index from Bloomberg.

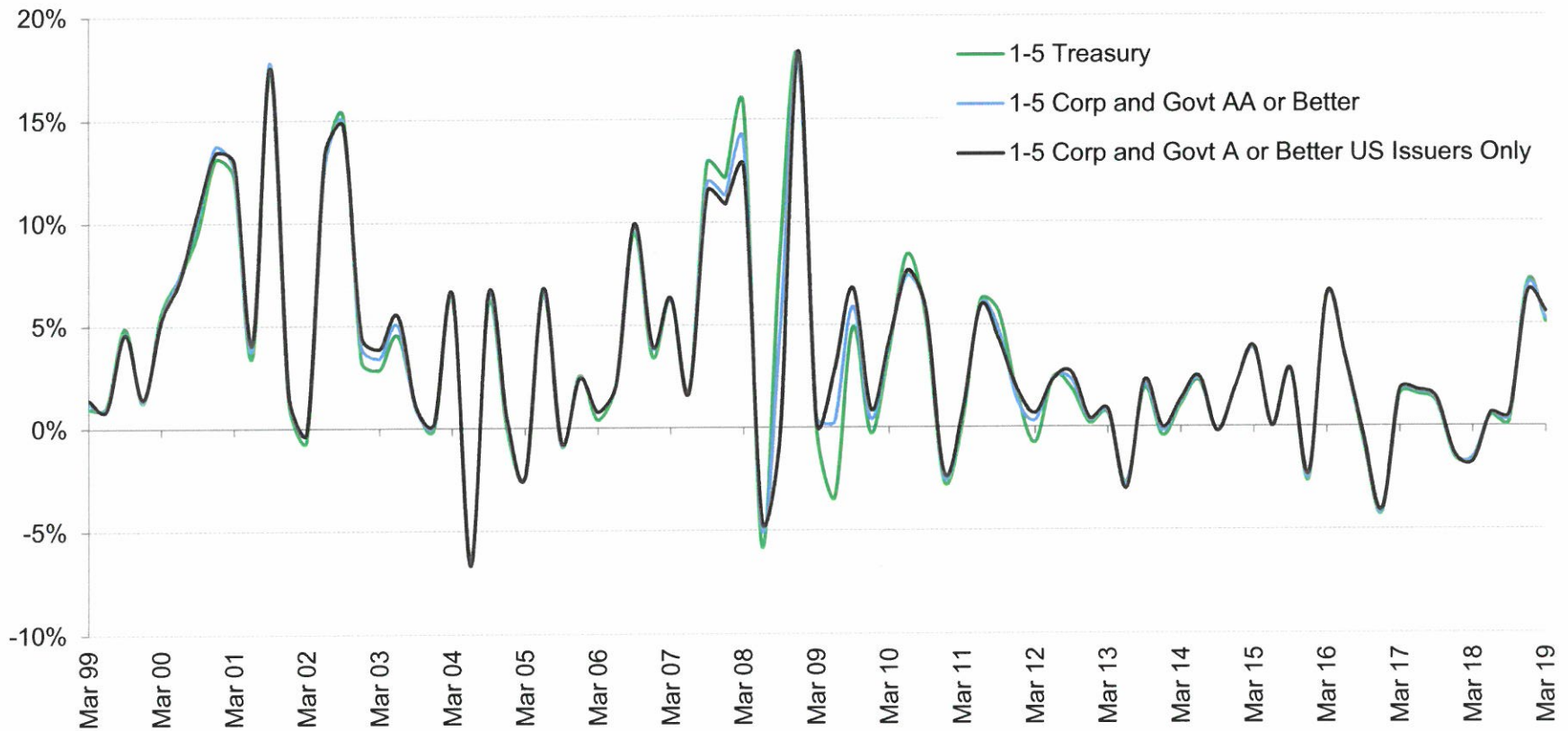
The indices are intended to be representative of the different strategy options. However, the specific sectors allocations of the different benchmarks will vary from the sector allocations.





## Volatility of Different Benchmarks

Annualized Total Return  
Twenty Years Ending March 31, 2019





## Reference: Your Investment Parameters

**Standard of Care:** Per California Government Code (CGC) 53600.3, the District’s investment officers are fiduciaries subject to the prudent investor standard. Accordingly, they “shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

**Code Mandated Investment Objectives:** As specified in CGC 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the **primary objective** of a trustee shall be to safeguard the principal of the funds under its control. The **secondary objective** shall be to meet the liquidity needs of the depositor. The **third objective** shall be to achieve a return on the funds under its control.

**District’s Investment Objectives:** The District’s objectives as stated in its Investment Policy are, in priority order:

1. The **primary** objective shall be to safeguard the principal of the funds under the Treasurer’s control.
2. The **secondary** objective shall be to meet the liquidity needs of the District.
3. The **third objective** shall be to achieve a return on the funds under control of the Treasurer within the parameters of prudent risk management.



## Reference: Investment Universe vs. California Government Code

		Overnight	180 Days	270 Days	1 Year	5 Years	Beyond 5 Years	
"Conventional" Fixed-Income	U.S. Treasuries	Permitted					Requires Approval	
	Federal Agencies	Permitted					Requires Approval	
	Municipal Securities	Permitted					Requires Approval	
	Negotiable Certificates of Deposit	Permitted					Requires Approval	
	Commercial Paper	Permitted			Prohibited			
	Bankers' Acceptances	Permitted		Prohibited				
	Medium-Term Corporate Notes ("A" or Better)	Permitted					Prohibited	
	Asset-Backed Securities (ABS)	Permitted					Prohibited	
	Supranationals ("AA" or Better)	Permitted					Prohibited	
	Repurchase Agreements	Permitted					Prohibited	
	Money Market Funds/Bond Mutual Funds	Permitted		Prohibited				
Local Government Investment Pools	Permitted		Prohibited					
Broader Fixed-Income	Foreign Sovereign	Prohibited						
	Fixed-Income ETFs	Prohibited						
	High-Yield Bonds	Prohibited						
	Private Placements	Prohibited						
	Convertibles	Prohibited						
	Non-U.S. Dollar Investment Grade	Prohibited						
	Emerging Markets Debt	Prohibited						
	Bank Loans	Prohibited						
Equities	Domestic Equities (Large Cap, Mid-Cap, Small Cap)	Prohibited						
	International Equities (Large Cap, Mid-Cap, Small Cap)	Prohibited						
	Emerging Markets	Prohibited						
	Preferred Stock	Prohibited						
	Equity Mutual Funds and ETFs	Prohibited						
Alternatives	Commodities	Prohibited						
	Real Estate	Prohibited						
	Hedge Funds	Prohibited						
	Private Equity	Prohibited						
	Venture Capital	Prohibited						
	Tangible Assets	Prohibited						
	Complex Derivatives, Futures and Options	Prohibited						

Source: California Government Code Section 53601



## Reference: PFM's Investment Advisory Business

- ◆ PFM is an independent advisor.
- ◆ We serve as a fiduciary to our clients.
- ◆ Our asset management business has more than 39 years' experience in managing high-quality portfolios.
  - \$136.1 billion in total assets, including \$94.1 billion in discretionary assets under management and \$42.0 billion in assets under advisement as of December 31, 2018.
  - More than \$20.8 billion in public fund assets under management in California for over 160 discretionary clients as of December 31, 2018.
- ◆ PFM has 216 investment professionals, including 25 CFA Charter Holders
- ◆ Specialist in high-quality, short- and intermediate-duration fixed-income portfolios.
  - Successfully navigated the markets during the credit crisis. Have never had investments in securities that defaulted.

All data as of December 31, 2018 unless otherwise noted.



## Disclosures

*This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.*

*It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.*

*All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*

MEMO

TO: Fiscal Policy & Insurance Committee  
 FROM: Jack Bebee, General Manager JRB  
 David Shank, Assistant General Manager/CFO DS  
 DATE: April 29, 2019  
 SUBJECT: Review Preliminary Draft Fiscal Year 2019-20 Operating and Capital Budget Expenditures

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Purpose

As laid out in the District’s budget development process, the initial steps in developing an annual budget include staff and management developing and reviewing the preliminary operating and capital budgets. This is followed by the Committee’s review and consideration. The review is intended to provide detailed cost data and solicit the Committee’s feedback and comments.

Summary

Staff have developed the preliminary Fiscal Year 2019-20 annual budgets for the following:

Operating Budget

1. **Labor** – The labor budget includes staff non-capital salary expenditures for the fiscal year
2. **Non-labor** – This includes any expenditures for the year that are not labor related and includes services, equipment, materials and training.
3. **Benefits** – The District’s expected expenditures for health care, pension and other District provided benefits
4. **Debt Service** – The Districts debt payment schedule

Capital Budget

5. **Capital Improvement Program Budget** – This is the updated capital expenditure projection for the next 10-years.

**OPERATING BUDGET:**

Attachment A provides the Preliminary Draft Fiscal Year 2019-20 Operating Budget’s labor and non-labor expenses and benefit allocations for the District’s Services. The attachment includes the District’s Services which include Administrative (two pages), Water, Recycled Water and Wastewater Services. The tables show the actual expenditures for Fiscal Year 2017-18, the budgeted and projected Fiscal Year 2018-19 expenditures and the Fiscal Year 2019-20 preliminary draft budget. The Fiscal Year 2017-18 non-labor expense are not broken out due to how the accounting system was structured at that time. It is important to note that major changes to the accounting system have been made which in some cases have driven changes to how budgets are developed and in some cases where expenditures are budgeted when compared to Fiscal Year 2017-18 actuals.

The District's salary expense includes a full labor year or 2080 hours plus any overtime assigned to that Division. The Fiscal Year 2018-19 projected salary expense takes into account current salary levels and vacant positions. The salary savings on vacant positions can be significant if they remain unfilled for a significant amount of time. Based upon the projection, staff expect labor costs to be approximately \$230,000 below the budgeted level. There are no additional positions included in the Fiscal Year 2019-20 preliminary labor budget. It is also important to note that the new account structure provides more budget related data and is enabling managers/supervisors to better see and budget their expenditures. Given this is the first year with historic data available some changes to labor allocations have been made to better align expenditures with cost of service principles. Overall operating labor costs are unchanged from the prior budget, which included salary increases that did not occur.

The non-labor expenses are broken into seven main categories to make the budget more reader friendly. The expense categories include Director Expenses, Contractor Services, Materials/Services/Supplies, Professional Services, Membership/Training/Permit, Santa Margarita Watermaster and Utilities. The new accounting structure has really improved the ability to see the District's expenditures and has also shown areas where the budget was either too large or too small. A good example of this is billing under Material/Service/Supplies in the Finance/Customer Service Division. This line item was significantly under budgeted. The accounting system's current configuration allows all costs related to billing to be shown in a single account. Attachment E summary of significant percent changes by budget category.

The District's total benefit budget, which includes both operating (89%) and capital (11%) portions and is shown in Attachment B, is increasing 5.3%. Approximately 78% or \$151,298 of the \$193,241 increase is due to increased budgeted health insurance costs and a new budget line item for compensated absence payouts. The increase in health insurance costs is driven by the insurance options elected by staff as opposed to increases in provider premiums. In the past, salary savings on vacant positions were assumed to negate the need to budget for compensated absence payouts. The increase in the District's unfunded liability payment to CalPERS was offset by a reduction in the District's Pension/OPEB Liability Trust as part of the Committee's strategy to manage pension costs.

The total District operating labor, non-labor and benefit expenditures are shown in the table below. Overall the increase in these expenditures budget to budget is relatively flat with an increase of 2.5%. Looking at Fiscal Year 2018-19 Projected expenditures, staff are currently projecting a \$67,000 shortfall in the budget appropriations. Given this shortfall is small and the projections are relatively conservative, staff is recommending that the expenditures be monitored closely and any increase in appropriations be brought to the Board once staff were certain expenditures would exceed appropriation limits.

	FY 2017-18	FY 2018-19		FY 2019-20	Bgt to Bgt
	Actuals	Budget	Projected	Recommended	% Change
Salaries	5,325,657	5,366,812	5,135,410	5,324,459	-0.8%
Non-Labor Expense	4,317,670	4,281,685	4,580,069	4,485,470	4.8%
<b>Operating Expense Total</b>	<b>9,643,327</b>	<b>9,648,497</b>	<b>9,715,479</b>	<b>9,809,929</b>	<b>1.7%</b>
Benefits Expenditures (Ops)	2,939,973	3,270,046	3,270,046	3,425,340	4.7%
<b>Total</b>	<b>\$12,583,300</b>	<b>\$12,918,543</b>	<b>\$12,985,525</b>	<b>\$ 13,235,269</b>	<b>2.5%</b>

The District's debt service schedule and payments for Fiscal Year 2019-20 are provided in Attachment C. The debt service payment for Fiscal Year 2019-20 is shown below the debt service schedules and flat from the Fiscal Year 2018-19 budget.

## **CAPITAL BUDGET:**

Utility districts require long-term investments in extensive capital facilities. The District maintains over 370 miles of buried water and sewer pipe that must be maintained and replaced. The District also has pump stations, lift stations and treatment facilities that require significant expenses to replace and maintain. It is critical to develop plans to reduce the overall cost of operating these facilities by completing pro-active capital projects to replace and rehabilitate these assets versus waiting for system failures. A well-planned Capital Program is critical to the long-term stability of the District.

The annual Capital Improvement Budget is used to implement the District's long-range capital goals. These goals are developed using the District's Strategic Plan, Urban Water Management Plan, Asset Management Plan and Master Plans. These plans are utilized to develop the lowest lifecycle cost to meet water and wastewater needs and maintain system reliability for the District's customers. Projects are selected based on prioritized needs versus available capital funds. Individual project costs are estimated based on current construction cost information. While some projects are well into the design phase and costs can be fairly accurately estimated, others are based on early stage planning estimates. Additionally, unforeseen changes to priorities can result from changing materials and construction costs, pipeline failures, extreme weather, etc. Changing conditions resulting from these complexities can alter the individual project priorities. Continuous capital project updates are provided throughout the year to provide key performance metrics and to inform the board and the public of any changes to priorities. The proposed capital budget is shown on the table in Attachment D.

### *Capital Project Summary for Fiscal Year 2019-20*

The most significant on-going component of the capital program is replacement of aging infrastructure. In addition to rehabilitation, the construction of the \$51 million SMRCUP in Fiscal years 2019-20 and 2020-21 constitutes a large, one-off project that will provide a long-term cost effective local water supply. Other key capital projects scheduled for Fiscal Year 2019-20 are summarized on the following pages.

### *Water Capital Projects*

District construction staff will continue with valve replacement projects to reduce outage impacts of breaks and failures. Replacement of ageing and failing pipelines will also continue. The major pipeline projects for Fiscal Year 2019-20 include:

- Completion of the De Luz Road Pipeline Replacement Project started in Fiscal Year 18-19.



- Replacement of 1,820 linear feet of 12" piping along Winter Haven Road, a portion of which will be relocated out of an inaccessible right of way into the existing street and adding 680 linear feet of 6" pipe in Lorenzo Drive to relocate inaccessible service connections.

The SMRCUP project is expected to be awarded for construction by the end of Fiscal Year 2018-19. Construction will begin near the beginning of Fiscal Year 2019-20 and will take two years to complete.

In accordance with the Meter Replacement Program Budget, the District will complete the fifth year of a six year program to replace existing Automatic Meter Reading (AMR) meters with Advanced Metering Infrastructure (AMI) meters to provide for real time data collection and alerts.

### *Wastewater/ Recycled Capital Projects*

As part of the long-term sewer system replacement plan, the focus will be on lining deteriorating manholes and constructing needed upgrades to the Overland Trail Lift Station (OTLS). The OTLS improvements design will be completed by the end of Fiscal Year 2018-19 and will address needed maintenance while improving operational efficiencies by eliminating the Anthony's Corner Lift Station. This is a significant retrofit and will be constructed over a two year period.

At the Water Reclamation Plant (WRP), a new solids waste storage structure will replace the old barn, which is to be demolished as part of the SMRCUP project. The deteriorated headworks covers will be replaced and a condition assessment of the headworks will be conducted.

For the recycled water system, 12 failing air/vacuum valves will be replaced. Due to challenges identifying potential new users within cost effective expansion areas and with the addition of the SMRCUP facilities, staff have also begun looking into the feasibility of using treated WRP effluent for ground water augmentation in the Lower Santa Margarita River Aquifer. Grant funds have been applied for, and if received, will be used along with CIP matching funds to conduct pilot treatment studies to determine the feasibility of reuse.

## *Project List*

### Water

- Valve Replacement Program
- De Luz Road 8" Pipeline Replacement (completion of construction started in FY18/19)
- Winter Haven 12" Pipeline Replacement
- De Luz Pipeline Projects
  - Ross Lake Pressure Reducing Station
  - Lynda Lane Pressure Reducing Valve
- Meter Replacement Program
- Yarnell Pressure Reducing Station Rehabilitation
- Red Mountain UV Plant UPS Battery Replacement
- Santa Margarita Conjunctive Use Project
- SCADA and Security Upgrades

### Wastewater

- Manhole Relining Project
- Overland Trail Lift Station Rehabilitation

### Recycled Water

- Water Reclamation Plant
  - Solids Waste Storage Structure Replacement
  - Headworks Cover Replacement
  - Headworks Condition Assessment
- Outfall Rehabilitation
- Recycled System Air Release/Vacuum Valve Replacement
- Groundwater Augmentation Pilot Project

### Administration

- Fleet and Heavy Equipment Program
- District Yard and Office Facilities
  - Tree Removal
  - Seal and Re-stripe Pavement/Parking
  - Carport Roof Repair
  - Yard Bathroom Refurbishing
- Enterprise Asset Management Implementation

### **Next steps:**

The revenues and financial projections will be developed once the San Diego County Water Authority's rates and the District's fixed charge allocations are available. Staff anticipate having a Draft Fiscal Year 2019-20 Budget for the Committee to review in early June.

The following Attachments have been included to provide time to review in advance of the meeting:

- Attachment A – Draft Fiscal Year 2019-20 Operating Budget labor and non-labor expenses and benefit allocations for the District's Services
- Attachment B – Draft Fiscal Year 2019-20 benefit expenditures.
- Attachment C – Fiscal Year 2019-20 debt service schedule.
- Attachment D – District Capital Improvement Plan
- Attachment E – Summary of Significant Percent Changes by Budget Category

Recommended Action

This item is for discussion only. No action is required.

## **Attachment A**

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Administrative Services</b>						
<b>Office of the General Manager</b>	50					
<b>Labor Expenses:</b>						
Salaries		\$ 541,860	\$ 458,983	\$ 470,527	\$ 449,438	-2%
<b>Non-Labor Expenses:</b>						
Director Expenses			52,000	27,064	40,000	-23%
Contractor Services			36,100	16,760	13,320	-63%
Materials/Services/Supplies			75,600	70,941	51,200	-32%
Professional Services			151,000	300,000	260,000	72%
Memberships/Training/Permits			77,835	88,942	78,000	0%
Santa Margarita Watermaster			91,670	115,807	115,000	25%
<b>Total Non-Labor</b>		<b>\$ 399,884</b>	<b>\$ 484,205</b>	<b>\$ 619,514</b>	<b>\$ 557,520</b>	15%
				\$ 135,309		
<b>Division Operating Total</b>		<b>\$ 941,744</b>	<b>\$ 943,188</b>	<b>\$ 1,090,041</b>	<b>\$ 1,006,958</b>	7%
<b>Finance &amp; Customer Service</b>						
	53/54					
<b>Labor Expenses:</b>						
Salaries		\$ 660,684	\$ 675,656	\$ 633,450	\$ 671,504	-1%
<b>Non-Labor Expenses:</b>						
Contractor Services			127,120	26,876	22,000	-83%
Equipment (Non Capital)			4,000	1,000	4,000	0%
Materials/Services/Supplies			71,300	190,646	193,200	171%
Professional Services			105,150	106,252	143,500	36%
Memberships/Training/Permits			1,500	1,308	3,000	100%
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>\$ 459,115</b>	<b>\$ 309,070</b>	<b>\$ 326,082</b>	<b>\$ 365,700</b>	18%
<b>Division Operating Total</b>		<b>\$ 1,119,799</b>	<b>\$ 984,726</b>	<b>\$ 959,532</b>	<b>\$ 1,037,204</b>	5%
<b>Warehouse &amp; Purchasing</b>						
	60					
<b>Labor Expenses:</b>						
Salaries		\$ 203,748	\$ 166,563	\$ 164,476	\$ 162,550	-2%
<b>Non-Labor Expenses:</b>						
Contractor Services			105,200	114,217	108,000	3%
Equipment (Non Capital)			17,000	2,002	3,500	-79%
Materials/Services/Supplies			154,100	110,066	80,450	-48%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	162	1,000	NA
Utilities			58,300	47,660	40,000	-31%
<b>Total Non-Labor</b>		<b>\$ 71,882</b>	<b>\$ 334,600</b>	<b>\$ 274,107</b>	<b>\$ 232,950</b>	-30%
<b>Division Operating Total</b>		<b>\$ 275,630</b>	<b>\$ 501,163</b>	<b>\$ 438,583</b>	<b>\$ 395,500</b>	-21%
<b>Human Resources</b>						
	70					
<b>Labor Expenses:</b>						
Salaries		\$ 217,769	\$ 212,081	\$ 237,878	\$ 169,083	-20%
<b>Non-Labor Expenses:</b>						
Contractor Services			12,200	26,848	43,200	254%
Equipment (Non Capital)			-	-	-	NA
Materials/Services/Supplies			21,700	24,677	21,300	-2%
Professional Services			-	8,786	10,000	NA
Memberships/Training/Permits			98,311	91,556	91,450	-7%
Education Funding			-	-	30,000	NA
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>108,977</b>	<b>132,211</b>	<b>151,867</b>	<b>195,950</b>	48%
<b>Division Operating Total</b>		<b>\$ 326,746</b>	<b>\$ 344,292</b>	<b>\$ 389,745</b>	<b>\$ 365,033</b>	6%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18		FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt	
<b>Administrative Services</b>							
<b>Information Management</b>	51						
<b>Labor Expenses:</b>							
Salaries		\$ 83,392	\$ 81,880	\$ 86,231	\$ 87,578		7%
<b>Non-Labor Expenses:</b>							
Contractor Services			122,450	109,696	28,150		-77%
Equipment (Non Capital)			25,000	20,000	25,000		0%
Materials/Services/Supplies			118,200	133,389	149,800		27%
Professional Services			-	-	-		NA
Memberships/Training/Permits			-	-	-		NA
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<u>\$ 257,247</u>	<u>\$ 265,650</u>	<u>\$ 263,085</u>	<u>\$ 202,950</u>		-24%
<b>Division Operating Total</b>		<u>\$ 340,639</u>	<u>\$ 347,530</u>	<u>\$ 349,316</u>	<u>\$ 290,528</u>		-16%
<b>Engineering Services</b>							
<b>Information Management</b>	52						
<b>Labor Expenses:</b>							
Salaries		\$ 547,378	\$ 670,293	\$ 509,303	\$ 570,334		-15%
<b>Non-Labor Expenses:</b>							
Contractor Services			2,500	1,000	2,500		0%
Equipment (Non Capital)			-	-	-		NA
Materials/Services/Supplies			66,300	56,864	67,500		2%
Professional Services			-	-	-		NA
Memberships/Training/Permits			-	1,237	1,200		NA
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<u>\$ 169,454</u>	<u>\$ 68,800</u>	<u>\$ 59,101</u>	<u>\$ 71,200</u>		3%
<b>Division Operating Total</b>		<u>\$ 716,832</u>	<u>\$ 739,093</u>	<u>\$ 568,404</u>	<u>\$ 641,534</u>		-13%
<b>Safety &amp; Risk</b>							
<b>Information Management</b>	57						
<b>Labor Expenses:</b>							
Salaries		\$ 160,702	\$ 186,300	\$ 154,904	\$ 205,226		10%
<b>Non-Labor Expenses:</b>							
Contractor Services			6,250	21,850	28,500		356%
Equipment (Non Capital)			45,569	52,826	35,000		-23%
Materials/Services/Supplies			24,150	3,596	11,500		-52%
Professional Services			265,000	265,000	270,000		2%
Memberships/Training/Permits			-	-	500		NA
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<u>\$ 81,683</u>	<u>\$ 340,969</u>	<u>\$ 343,272</u>	<u>\$ 345,500</u>		1%
<b>Division Operating Total</b>		<u>\$ 242,385</u>	<u>\$ 527,269</u>	<u>\$ 498,176</u>	<u>\$ 550,726</u>		4%
<b>Vehicle Services &amp; Shop</b>							
<b>Information Management</b>	65						
<b>Labor Expenses:</b>							
Salaries		105,018	166,143	107,382	196,485		18%
<b>Non-Labor Expenses:</b>							
Contractor Services			20,500	19,634	20,500		0%
Equipment (Non Capital)			-	-	-		NA
Materials/Services/Supplies			274,000	274,297	295,000		8%
Professional Services			-	-	-		NA
Memberships/Training/Permits			-	-	-		NA
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<u>\$ 331,755</u>	<u>\$ 294,500</u>	<u># \$ 293,931</u>	<u># \$ 315,500</u>		7%
<b>Division Operating Total</b>		\$ 436,773	\$ 460,643	\$ 401,313	\$ 511,985		11%
<b>Total Labor</b>		2,520,550	2,617,900	2,364,151	2,512,198		-4%
<b>Total Non-Labor Expenses</b>		1,879,997	2,230,005	2,330,959	2,287,270		3%
<b>Operating Total</b>		<u>4,400,548</u>	<u>4,847,905</u>	<u>4,695,110</u>	<u>4,799,468</u>		-1%
<b>Allocated Benefits Expenditures</b>		1,406,543	1,595,110	1,595,110	1,616,151		1%
<b>Total Budget</b>		<u>\$ 5,807,091</u>	<u>\$ 6,443,015</u>	<u>\$ 6,290,220</u>	<u>\$ 6,415,619</u>		0%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Water Services</b>						
<b>Production &amp; Distribution</b>	31					
<b>Labor Expenses:</b>						
Salaries		\$ 782,293	\$ 811,431	\$ 664,624	\$ 747,589	-8%
<b>Non-Labor Expenses:</b>						
Contractor Services			24,750	7,735	49,000	98%
Equipment (Non Capital)			24,000	-	14,000	-42%
Materials/Services/Supplies			290,300	221,651	217,000	-25%
Professional Services				-	-	NA
Memberships/Training/Permits			54,000	90,000	90,000	67%
Utilities			56,000	60,333	65,000	16%
<b>Total Non-Labor</b>		<u>586,290</u>	<u>\$ 449,050</u>	<u>\$ 379,719</u>	<u>\$ 435,000</u>	-3%
<b>Division Operating Total</b>		<u>\$ 1,368,583</u>	<u>\$ 1,260,481</u>	<u>\$ 1,044,343</u>	<u>\$ 1,182,589</u>	-6%
<b>Pipeline Maintenance &amp; Construction</b>	32					
<b>Labor Expenses:</b>						
Salaries		\$ 461,327	\$ 283,428	\$ 266,631	\$ 345,943	22%
<b>Non-Labor Expenses:</b>						
Contractor Services			12,000	94,900	111,000	825%
Equipment (Non Capital)				-	10,000	NA
Materials/Services/Supplies			120,000	51,557	45,000	-63%
Professional Services				-	-	NA
Memberships/Training/Permits			60,000	-	500	-99%
Utilities				-	-	NA
<b>Total Non-Labor</b>		<u>\$ 262,109</u>	<u>\$ 192,000</u>	<u>\$ 146,457</u>	<u>\$ 166,500</u>	-13%
<b>Division Operating Total</b>		<u>\$ 723,436</u>	<u>\$ 475,428</u>	<u>\$ 413,088</u>	<u>\$ 512,443</u>	8%
<b>System Services</b>	42					
<b>Labor Expenses:</b>						
Salaries		\$ 259,233	\$ 310,103	\$ 526,631	\$ 328,844	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			28,350	196,245	126,000	344%
Equipment (Non Capital)			-	962	-	NA
Materials/Services/Supplies			213,200	299,059	290,500	36%
Professional Services				-	-	NA
Memberships/Training/Permits				-	-	NA
Utilities				-	-	NA
<b>Total Non-Labor</b>		<u>231,487</u>	<u>\$ 241,550</u>	<u>\$ 496,266</u>	<u>\$ 416,500</u>	72%
<b>Division Operating Total</b>		<u>\$ 490,720</u>	<u>\$ 551,653</u>	<u>\$ 1,022,897</u>	<u>\$ 745,344</u>	35%
<b>Total Labor</b>		1,502,853	1,404,962	1,457,886	1,422,375	1%
<b>Total Non-Labor</b>		1,079,887	882,600	1,022,442	1,018,000	15%
<b>Operating Total</b>		<u>\$ 2,582,740</u>	<u>\$ 2,287,562</u>	<u>\$ 2,480,328</u>	<u>\$ 2,440,375</u>	7%
<b>Allocated Benefits Expenditures</b>		656,829	856,056	856,056	915,045	7%
<b>Allocation of Administrative Services</b>		3,077,758	4,144,338	4,144,338	4,118,796	-1%
<b>Total Budget</b>		<u>\$ 6,317,328</u>	<u>\$ 7,287,956</u>	<u>\$ 7,480,722</u>	<u>\$ 7,474,216</u>	3%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Wastewater Services</b>						
<b>Collections</b>	31					
<b>Labor Expenses:</b>						
Salaries		\$ 446,613	\$ 410,267	\$ 462,756	\$ 434,355	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			15,200	9,864	38,200	151%
Equipment (Non Capital)			-	-	5,000	NA
Materials/Services/Supplies			168,930	142,170	160,300	-5%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	1,847	900	NA
Utilities			95,000	101,600	82,000	-14%
<b>Total Non-Labor</b>		<u>\$ 363,054</u>	<u>\$ 279,130</u>	<u>\$ 255,481</u>	<u>\$ 286,400</u>	3%
<b>Division Operating Total</b>		<u>\$ 809,667</u>	<u>\$ 689,397</u>	<u>\$ 718,237</u>	<u>\$ 720,755</u>	5%
<b>Treatment</b>	30					
<b>Labor Expenses:</b>						
Salaries		\$ 592,785	\$ 714,143	\$ 711,873	\$ 756,299	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			163,900	80,331	164,000	0%
Equipment (Non Capital)			9,950	60,097	13,000	31%
Materials/Services/Supplies			252,950	203,327	246,000	-3%
Professional Services			-	-	-	NA
Memberships/Training/Permits			56,500	65,162	65,000	15%
Utilities			148,500	276,381	280,000	89%
<b>Total Non-Labor</b>		<u>\$ 777,638</u>	<u>\$ 631,800</u>	<u>\$ 685,298</u>	<u>\$ 768,000</u>	22%
<b>Division Operating Total</b>		<u>\$ 1,370,423</u>	<u>\$ 1,345,943</u>	<u>\$ 1,397,171</u>	<u>\$ 1,524,299</u>	13%
<b>Total Labor</b>		1,039,398	1,124,410	1,174,629	1,190,654	6%
<b>Total Non-Labor</b>		1,140,692	910,930	940,779	1,054,400	16%
<b>Operating Total</b>		<u>\$ 2,180,089</u>	<u>\$ 2,035,340</u>	<u>\$ 2,115,408</u>	<u>\$ 2,245,054</u>	10%
<b>Allocated Benefits Expenditures</b>		722,393	685,113	685,113	765,974	12%
<b>Allocation of Administrative Services</b>		2,438,978	2,252,467	2,252,467	2,252,467	0%
<b>Total Budget</b>		<u>\$ 5,341,460</u>	<u>\$ 4,972,919</u>	<u>\$ 5,052,987</u>	<u>\$ 5,263,495</u>	6%



**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change Bgt to Bgt
		Actual	Budget	Projected	Budget	
<b>Recycled Water Services Production</b>	30					
<b>Labor Expenses:</b>						
Salaries		\$ 236,425	177,936	133,398	159,229	-11%
<b>Non-Labor Expenses:</b>						
Contractor Services			19,800	17,865	17,500	-12%
Equipment (Non Capital)			10,000	15	8,000	-20%
Materials/Services/Supplies			118,650	132,856	112,000	-6%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			60,000	118,449	118,500	98%
<b>Total Non-Labor</b>		<u>\$ 169,454</u>	<u>\$ 208,450</u>	<u>\$ 269,185</u>	<u>\$ 256,000</u>	23%
<b>Division Operating Total</b>		<u>\$ 405,879</u>	<u>\$ 386,386</u>	<u>\$ 402,583</u>	<u>\$ 415,229</u>	7%
<b>Distribution</b>	31					
<b>Labor Expenses:</b>						
Salaries		26,431	41,604	5,346	40,003	-4%
<b>Non-Labor Expenses:</b>						
Contractor Services			17,000	-	-	-100%
Equipment (Non Capital)			-	-	-	NA
Materials/Services/Supplies			32,200	16,204	29,800	-7%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			500	500	-	-100%
<b>Total Non-Labor</b>		<u>\$ 47,640</u>	<u>49,700</u>	<u>16,704</u>	<u>29,800</u>	-40%
<b>Division Operating Total</b>		<u>\$ 74,071</u>	<u>\$ 91,304</u>	<u>\$ 22,050</u>	<u>\$ 69,803</u>	-24%
<b>Total Labor</b>		262,856	219,540	138,744	199,232	-9%
<b>Total Non-Labor</b>		217,094	258,150	285,889	285,800	11%
<b>Operating Total</b>		<u>\$ 479,950</u>	<u>\$ 477,690</u>	<u>\$ 424,633</u>	<u>\$ 485,032</u>	2%
<b>Allocated Benefits Expenditures</b>		154,207	133,768	133,768	128,170	-4%
<b>Allocation of Administrative Services</b>		290,355	64,755	64,755	64,356	-1%
<b>Total Budget</b>		<u>\$ 924,512</u>	<u>\$ 676,213</u>	<u>\$ 623,156</u>	<u>\$ 677,559</u>	0%

## **Attachment B**

District Employee Benefits	FY 2017-18	FY 2018-19		FY 2019-20	Budget to Budget
	Actual	Budget	Projected	Budget	
Auto Allowance	12,269	14,500	14,500	14,500	0.0%
Insurance - Dental	70,096	74,535	70,918	70,701	-5.1%
Insurance - Vision	14,646	15,125	14,756	14,394	-4.8%
Insurance - Health	821,967	863,479	863,479	964,776	11.7%
Insurance - Life and Disability	40,866	47,070	47,070	41,555	-11.7%
Insurance - Worker's Comp	135,663	136,749	139,952	154,979	13.3%
Longevity Bonus	19,061	21,438	21,438	32,945	53.7%
FICA - Employer's share	415,692	437,751	437,751	447,152	2.1%
CalPERS Annual Contribution	487,279	581,681	581,681	593,480	2.0%
CalPERS Unfunded Liability Payment	572,257	730,682	730,682	881,796	20.7%
Pension/OPEB Liability Trust Payment	900,000	650,000	650,000	500,000	-23.1%
Employer's share (401 & 457)	14,437	19,285	18,000	20,410	5.8%
District Share of Retiree Medical Insurance	49,055	40,000	38,000	45,851	14.6%
Retiree Compensated Absence Payout				50,000	NA
Uniforms & Boots	20,840	38,401	30,000	31,396	-18.2%
<b>Total</b>	<b>3,574,128</b>	<b>3,670,695</b>	<b>3,658,227</b>	<b>3,863,936</b>	<b>5.3%</b>

## **Attachment C**

**Debt Service Budget Summary**  
Total annual principal and interest payment

Year Ending June 30	Red Mountain State Revolving Fund Loan		Water Reclamation Plant State Revolving loan		QECB* Loan		SMCUP State Revolving Funds**	District Annual Debt Service
	Principle	Interest	Principle	Interest	Principle	Interest		
2013	245,212	150,639	-	-	575,745	378,821		\$ 1,350,417
2014	251,556	144,295	-	-	593,502	345,519		\$ 1,334,872
2015	258,064	137,786	-	-	611,992	311,188		\$ 1,319,031
2016	264,741	131,110	-	-	631,240	275,785		\$ 1,302,876
2017	271,590	124,260	1,197,952	647,793	270,430	244,706		\$ 2,756,731
2018	278,617	117,234	1,220,688	625,057	287,973	228,932		\$ 2,758,501
2019	285,826	110,025	1,247,544	598,202	306,282	212,141		\$ 2,760,019
2020	293,220	102,630	1,274,990	570,756	325,386	194,288		\$ 2,761,270
2021	300,807	95,044	1,303,039	542,706	345,316	175,326		\$ 2,762,238
2022	308,589	87,261	1,331,706	514,039	366,104	155,208	2,927,315	\$ 5,690,223
2023	316,573	79,277	1,361,004	484,742	387,783	133,884	2,927,315	\$ 5,690,578
2024	324,764	71,087	1,390,946	454,800	410,388	111,302	2,927,315	\$ 5,690,601
2025	333,166	62,685	1,421,547	424,199	433,953	87,409	2,927,315	\$ 5,690,273
2026	341,786	54,065	1,452,821	392,925	458,515	62,150	2,927,315	\$ 5,689,576
2027	350,628	45,222	1,484,783	360,963	484,114	35,465	2,927,315	\$ 5,688,490
2028	359,700	36,151	1,517,448	328,298	254,219	7,296	2,927,315	\$ 5,430,426
2029	369,006	26,844	1,550,832	294,914	-	-	2,927,315	\$ 5,168,911
2030	378,553	17,297	1,584,950	260,796	-	-	2,927,315	\$ 5,168,911
2031	388,347	7,503	1,619,819	225,927	-	-	2,927,315	\$ 5,168,911
2032	-	-	1,655,455	190,291	-	-	2,927,315	\$ 4,773,061
2033	-	-	1,691,875	153,871	-	-	2,927,315	\$ 4,773,061
2034	-	-	1,729,096	116,649	-	-	2,927,315	\$ 4,773,061
2035	-	-	1,767,136	78,609	-	-	2,927,315	\$ 4,773,061
2036	-	-	1,806,014	39,732	-	-	2,927,315	\$ 4,773,061
2037	-	-	-	-	-	-	2,927,315	\$ 2,927,315
2038	-	-	-	-	-	-	2,927,315	\$ 2,927,315
2039	-	-	-	-	-	-	2,927,315	\$ 2,927,315

\*Qualified Energy Conservation Revenue Bonds. Debt service is not adjusted for interest rate subsidy payments.

\*\* Debt service based upon approved loan amount and interest rate. Actual debt service will be calculated once the Santa Margarita Conjectinove Use Project is completed.

FY 2020 Debt Service				
Debt Issuance	Service			Total Debt Service
	Water	Wastewater	Recycled Wate	
2011 SRF Loan	395,851	-	-	395,851
2016 SRF Loan*	-	1,292,022	553,724	1,845,746
2010 QECB	-	519,674	-	519,674
<b>Total</b>	<b>395,851</b>	<b>1,811,696</b>	<b>553,724</b>	<b>2,761,270</b>

\*70% is allocated to wastewater and 30% of the debt service is allocated to recycled water.

## **Attachment D**

Projected Actual  
as of 3/31/2019

<b>Water Capital Projects</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Pipelines and Valve Replacement Projects by District	\$562,063	\$720,000	\$570,000	\$570,000	\$570,000	\$670,000	\$570,000
Pipeline Replacement Projects by Contractors	\$1,655,229	\$1,239,280	\$2,603,500	\$2,768,000	\$3,034,500	\$2,940,000	\$2,515,000
Deluz ID Projects	\$50,000	\$80,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Pump Stations	\$530,902	\$0	\$288,750	\$170,000	\$50,000	\$50,000	\$50,000
Meter Replacement	\$700,000	\$675,000	\$675,000	\$600,000	\$50,000	\$20,000	\$20,000
Pressure Reducing Stations	\$56,000	\$90,000	\$50,000	\$20,000	\$20,000	\$0	\$0
Red Mountain Reservoir Improvements	\$70,000	\$70,000	\$40,000	\$40,000	\$350,000	\$50,000	\$90,000
Steel Reservoir Improvements	\$888,554	\$0	\$651,000	\$68,000	\$10,000	\$10,000	\$450,000
Santa Margarita Conjunctive Use Project	\$161,579	\$26,910,000	\$23,000,000	\$200,000	\$200,000	\$200,000	\$200,000
SCADA Upgrades/ Security/Telemetry	\$104,345	\$130,000	\$130,000	\$95,000	\$90,000	\$85,000	\$105,000
<b>Total PAYGO Water Capital Projects</b>	<b>\$4,617,093</b>	<b>\$3,004,280</b>	<b>\$5,108,250</b>	<b>\$4,631,000</b>	<b>\$4,474,500</b>	<b>\$4,125,000</b>	<b>\$4,100,000</b>
<b>Total Water Capital Projects (Including SMRCUP)</b>	<b>\$4,778,672</b>	<b>\$29,914,280</b>	<b>\$28,108,250</b>				

<b>Recycled Water Capital Projects</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Recycled Water Improvements	\$80,000	\$406,000	\$464,000	\$114,000	\$114,000	\$114,000	\$114,000
<b>Total Recycled Water Capital Projects</b>	<b>\$80,000</b>	<b>\$406,000</b>	<b>\$464,000</b>	<b>\$114,000</b>	<b>\$114,000</b>	<b>\$114,000</b>	<b>\$114,000</b>

<b>Waste Water Capital Projects</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
WRP Improvements	\$200,000	\$240,000	\$280,000	\$250,000	\$200,000	\$950,000	\$750,000
Collection System Improvements	\$617,909	\$1,740,000	\$1,760,000	\$1,332,000	\$1,030,000	\$1,028,000	\$990,000
Outfall Improvements	\$40,000	\$80,000	\$80,000	\$80,000	\$50,000	\$50,000	\$50,000
<b>Total Waste Water Capital Projects</b>	<b>\$857,909</b>	<b>\$2,060,000</b>	<b>\$2,120,000</b>	<b>\$1,662,000</b>	<b>\$1,280,000</b>	<b>\$2,028,000</b>	<b>\$1,790,000</b>

<b>Administrative Capital Projects</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Administrative Upgrades	\$38,029	\$20,000	\$23,000	\$15,000	\$25,000	\$425,000	\$25,000
Engineering and Operations Information Systems	\$25,000	\$125,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Facility Improvements/Upgrades/Security	\$120,000	\$70,000	\$125,000	\$75,000	\$85,000	\$25,000	\$25,000
District Yard Improvements	\$1,310	\$220,000	\$220,000	\$50,000	\$0	\$50,000	\$50,000
Vehicles and Heavy Equipment	\$616,000	\$560,000	\$546,000	\$428,500	\$303,500	\$368,500	\$468,500
<b>Total Administrative Capital Projects</b>	<b>\$800,339</b>	<b>\$995,000</b>	<b>\$944,000</b>	<b>\$598,500</b>	<b>\$443,500</b>	<b>\$898,500</b>	<b>\$598,500</b>

<b>Total all PAYGO Capital Budget Projects</b>	<b>\$6,355,341</b>	<b>\$6,465,280</b>	<b>\$8,636,250</b>	<b>\$7,005,500</b>	<b>\$6,312,000</b>	<b>\$7,165,500</b>	<b>\$6,602,500</b>
<b>Total all Capital Projects (Including SMRCUP)</b>	<b>\$6,516,920</b>	<b>\$33,375,280</b>	<b>\$31,636,250</b>				

## **Attachment E**



## Summary of significant changes in budgeted expense by Category

(See attached for location of each item in budget summary)

### Administrative Services

#### Office of the General Manager

- a. Reduction in Contractor Services based on updating based on actual costs for 3<sup>rd</sup> party software primarily Streamline (website) and water audit services provided by MRCD.
- b. Increase in Professional Services due to anticipated additional legal services for upcoming year.

#### Finance and Customer Services

- c. Reduction in Contractor services was based on re-characterization of costs associated with billing such as fed-ex into materials/services and supplies. Overall increase in expenses based on additional amount of \$30,000 included to do a more thorough update excel based rate model.

#### Warehouse and Purchasing

- d. Reduction in equipment (non-capital) and Materials/Services/Supplies is due to better allocation of these materials purchased through the warehouse into the appropriate enterprise (water/wastewater/recycled). Some of the increase in materials/services and supplies in those enterprises is off-set by this reduction. This makes sure the cost of materials used by an enterprise is fully allocated directly to that enterprise.

#### Human Resources

- e. Increase in Contractor Services is due to additional legal support services specific to Human Resources.

#### Information Management

- f. Reduction in Contractor services is based due to completion of the Springbrook accounting work.

#### Safety and Risk

- g. Increase in Contractor services is based on need for outside support to finalize emergency response plans and complete training for the District for items such as wildfire response.
- h. Decrease in materials/services and supplies was decreased based on a better projection of actual costs.

### Water Services

#### Production and Distribution

- i. Increase in Contractor Services is based on a better allocation of costs associated with services from a third party under contractor services instead of under materials/services and supplies. These costs include annual UV reactor maintenance, UPS maintenance and Pressure Reducing Valve service.

- j. The increase in Membership/Training/Permits is due to the consolidation of permit expenditures into this Division.

#### Pipeline Maintenance & Construction

- k. Increase in Contractor services is due to allocation of paving costs under this item instead of materials/services and supplies.
- l. Reduction in membership/training/permits is due to permit related costs moving to Division 31.
- m. Increase in labor is due to past data on allocation of this department to required repair work versus capital replacement. Repair work needs have been higher than previously projected.

#### System Services

- n. Increase in Contractor Services is based on allocation of paving costs under this item. Paving for meter service related leaks was significantly under-budgeted in the past.
- o. Increase in Materials/Services/Supplies is based on based under-budgeting primarily for materials required for repair of meter services. This is also related to increased materials costs for these parts.

#### Wastewater Services

##### Collections

- p. Contractor Services increase is due to allocation of some costs from Information Services for existing software previously budgeted under information systems. These items include the software that manages the sewer camera system data and videos and monitors the district smartcovers. This is not new software just reallocation of costs from Information Systems.

##### Treatment

- q. Increase in Utilities is due to actual power costs. Targeted reduction was not able to be met and staff is still working to reduce power consumption but treatment needs has not allowed for projected reduction. Additional solar production will also be re-evaluated.

#### Recycled Water Services

##### Production

- r. Increase in Utilities is due to actual power costs. Targeted reduction was not able to be met and staff is still working to reduce power consumption but treatment needs has not allowed for projected reduction.

##### Distribution

- s. Reduction in Contractor Services is due to determination that no budget is necessary for this item.

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18		FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt	
<b>Administrative Services</b>							
<b>Office of the General Manager</b>	50						
<b>Labor Expenses:</b>							
Salaries		\$ 541,860	\$ 458,983	\$ 470,527	\$ 449,438		-2%
<b>Non-Labor Expenses:</b>							
Director Expenses			52,000	27,064	40,000		-23%
Contractor Services			36,100	16,760	13,320		-63% a.
Materials/Services/Supplies			75,600	70,941	51,200		-32%
Professional Services			151,000	300,000	260,000		72% b.
Memberships/Training/Permits			77,835	88,942	78,000		0%
Santa Margarita Watermaster			91,670	115,807	115,000		25%
<b>Total Non-Labor</b>		<b>\$ 399,884</b>	<b>\$ 484,205</b>	<b>\$ 619,514</b>	<b>\$ 557,520</b>		15%
				\$ 135,309			
<b>Division Operating Total</b>		<b>\$ 941,744</b>	<b>\$ 943,188</b>	<b>\$ 1,090,041</b>	<b>\$ 1,006,958</b>		7%
<b>Finance &amp; Customer Service</b>							
	53/54						
<b>Labor Expenses:</b>							
Salaries		\$ 660,684	\$ 675,656	\$ 633,450	\$ 671,504		-1%
<b>Non-Labor Expenses:</b>							
Contractor Services			127,120	26,876	22,000		-83% c.
Equipment (Non Capital)			4,000	1,000	4,000		0%
Materials/Services/Supplies			71,300	190,646	193,200		171% c.
Professional Services			105,150	106,252	143,500		36%
Memberships/Training/Permits			1,500	1,308	3,000		100%
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<b>\$ 459,115</b>	<b>\$ 309,070</b>	<b>\$ 326,082</b>	<b>\$ 365,700</b>		18% c.
<b>Division Operating Total</b>		<b>\$ 1,119,799</b>	<b>\$ 984,726</b>	<b>\$ 959,532</b>	<b>\$ 1,037,204</b>		5%
<b>Warehouse &amp; Purchasing</b>							
	60						
<b>Labor Expenses:</b>							
Salaries		\$ 203,748	\$ 166,563	\$ 164,476	\$ 162,550		-2%
<b>Non-Labor Expenses:</b>							
Contractor Services			105,200	114,217	108,000		3%
Equipment (Non Capital)			17,000	2,002	3,500		-79%
Materials/Services/Supplies			154,100	110,066	80,450		-48% d.
Professional Services			-	-	-		NA
Memberships/Training/Permits			-	162	1,000		NA
Utilities			58,300	47,660	40,000		-31%
<b>Total Non-Labor</b>		<b>\$ 71,882</b>	<b>\$ 334,600</b>	<b>\$ 274,107</b>	<b>\$ 232,950</b>		-30%
<b>Division Operating Total</b>		<b>\$ 275,630</b>	<b>\$ 501,163</b>	<b>\$ 438,583</b>	<b>\$ 395,500</b>		-21%
<b>Human Resources</b>							
	70						
<b>Labor Expenses:</b>							
Salaries		\$ 217,769	\$ 212,081	\$ 237,878	\$ 169,083		-20%
<b>Non-Labor Expenses:</b>							
Contractor Services			12,200	26,848	43,200		254% e.
Equipment (Non Capital)			-	-	-		NA
Materials/Services/Supplies			21,700	24,677	21,300		-2%
Professional Services			-	8,786	10,000		NA
Memberships/Training/Permits			98,311	91,556	91,450		-7%
Education Funding			-	-	30,000		NA
Utilities			-	-	-		NA
<b>Total Non-Labor</b>		<b>108,977</b>	<b>132,211</b>	<b>151,867</b>	<b>195,950</b>		48%
<b>Division Operating Total</b>		<b>\$ 326,746</b>	<b>\$ 344,292</b>	<b>\$ 389,745</b>	<b>\$ 365,033</b>		6%

**FPUD Expense Summary  
Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Administrative Services</b>						
<b>Information Management</b>	51					
<b>Labor Expenses:</b>						
Salaries		\$ 83,392	\$ 81,880	\$ 86,231	\$ 87,578	7%
<b>Non-Labor Expenses:</b>						
Contractor Services			122,450	109,696	28,150	-77% f.
Equipment (Non Capital)			25,000	20,000	25,000	0%
Materials/Services/Supplies			118,200	133,389	149,800	27%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>\$ 257,247</b>	<b>\$ 265,650</b>	<b>\$ 263,085</b>	<b>\$ 202,950</b>	-24%
<b>Division Operating Total</b>		<b>\$ 340,639</b>	<b>\$ 347,530</b>	<b>\$ 349,316</b>	<b>\$ 290,528</b>	-16%
<b>Engineering Services</b>	52					
<b>Labor Expenses:</b>						
Salaries		\$ 547,378	\$ 670,293	\$ 509,303	\$ 570,334	-15%
<b>Non-Labor Expenses:</b>						
Contractor Services			2,500	1,000	2,500	0%
Equipment (Non Capital)			-	-	-	NA
Materials/Services/Supplies			66,300	56,864	67,500	2%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	1,237	1,200	NA
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>\$ 169,454</b>	<b>\$ 68,800</b>	<b>\$ 59,101</b>	<b>\$ 71,200</b>	3%
<b>Division Operating Total</b>		<b>\$ 716,832</b>	<b>\$ 739,093</b>	<b>\$ 568,404</b>	<b>\$ 641,534</b>	-13%
<b>Safety &amp; Risk</b>	57					
<b>Labor Expenses:</b>						
Salaries		\$ 160,702	\$ 186,300	\$ 154,904	\$ 205,226	10%
<b>Non-Labor Expenses:</b>						
Contractor Services			6,250	21,850	28,500	356% j.
Equipment (Non Capital)			45,569	52,826	35,000	-23%
Materials/Services/Supplies			24,150	3,596	11,500	-52% h.
Professional Services			265,000	265,000	270,000	2%
Memberships/Training/Permits			-	-	500	NA
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>\$ 81,683</b>	<b>\$ 340,969</b>	<b>\$ 343,272</b>	<b>\$ 345,500</b>	1%
<b>Division Operating Total</b>		<b>\$ 242,385</b>	<b>\$ 527,269</b>	<b>\$ 498,176</b>	<b>\$ 550,726</b>	4%
<b>Vehicle Services &amp; Shop</b>	65					
<b>Labor Expenses:</b>						
Salaries		105,018	166,143	107,382	196,485	18%
<b>Non-Labor Expenses:</b>						
Contractor Services			20,500	19,634	20,500	0%
Equipment (Non Capital)			-	-	-	NA
Materials/Services/Supplies			274,000	274,297	295,000	8%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<b>\$ 331,755</b>	<b>\$ 294,500</b>	<b># \$ 293,931</b>	<b># \$ 315,500</b>	7%
<b>Division Operating Total</b>		<b>\$ 436,773</b>	<b>\$ 460,643</b>	<b>\$ 401,313</b>	<b>\$ 511,985</b>	11%
<b>Total Labor</b>		2,520,550	2,617,900	2,364,151	2,512,198	-4%
<b>Total Non-Labor Expenses</b>		1,879,997	2,230,005	2,330,959	2,287,270	3%
<b>Operating Total</b>		4,400,548	4,847,905	4,695,110	4,799,468	-1%
<b>Allocated Benefits Expenditures</b>		1,406,543	1,595,110	1,595,110	1,616,151	1%
<b>Total Budget</b>		\$ 5,807,091	\$ 6,443,015	\$ 6,290,220	\$ 6,415,619	0%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Water Services</b>						
<b>Production &amp; Distribution</b>	31					
<b>Labor Expenses:</b>						
Salaries		\$ 782,293	\$ 811,431	\$ 664,624	\$ 747,589	-8%
<b>Non-Labor Expenses:</b>						
Contractor Services			24,750	7,735	49,000	98%
Equipment (Non Capital)			24,000	-	14,000	-42%
Materials/Services/Supplies			290,300	221,651	217,000	-25%
Professional Services				-	-	NA
Memberships/Training/Permits			54,000	90,000	90,000	67%
Utilities			56,000	60,333	65,000	16%
<b>Total Non-Labor</b>		<u>586,290</u>	<u>\$ 449,050</u>	<u>\$ 379,719</u>	<u>\$ 435,000</u>	-3%
<b>Division Operating Total</b>		<u>\$ 1,368,583</u>	<u>\$ 1,260,481</u>	<u>\$ 1,044,343</u>	<u>\$ 1,182,589</u>	-6%
<b>Pipeline Maintenance &amp; Construction</b>	32					
<b>Labor Expenses:</b>						
Salaries		\$ 461,327	\$ 283,428	\$ 266,631	\$ 345,943	22%
<b>Non-Labor Expenses:</b>						
Contractor Services			12,000	94,900	111,000	825%
Equipment (Non Capital)				-	10,000	NA
Materials/Services/Supplies			120,000	51,557	45,000	-63%
Professional Services				-	-	NA
Memberships/Training/Permits			60,000	-	500	-99%
Utilities			-	-	-	NA
<b>Total Non-Labor</b>		<u>\$ 262,109</u>	<u>\$ 192,000</u>	<u>\$ 146,457</u>	<u>\$ 166,500</u>	-13%
<b>Division Operating Total</b>		<u>\$ 723,436</u>	<u>\$ 475,428</u>	<u>\$ 413,088</u>	<u>\$ 512,443</u>	8%
<b>System Services</b>	42					
<b>Labor Expenses:</b>						
Salaries		\$ 259,233	\$ 310,103	\$ 526,631	\$ 328,844	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			28,350	196,245	126,000	344%
Equipment (Non Capital)			-	962	-	NA
Materials/Services/Supplies			213,200	299,059	290,500	36%
Professional Services				-	-	NA
Memberships/Training/Permits				-	-	NA
Utilities				-	-	NA
<b>Total Non-Labor</b>		<u>231,487</u>	<u>\$ 241,550</u>	<u>\$ 496,266</u>	<u>\$ 416,500</u>	72%
<b>Division Operating Total</b>		<u>\$ 490,720</u>	<u>\$ 551,653</u>	<u>\$ 1,022,897</u>	<u>\$ 745,344</u>	35%
<b>Total Labor</b>		1,502,853	1,404,962	1,457,886	1,422,375	1%
<b>Total Non-Labor</b>		1,079,887	882,600	1,022,442	1,018,000	15%
<b>Operating Total</b>		<u>\$ 2,582,740</u>	<u>\$ 2,287,562</u>	<u>\$ 2,480,328</u>	<u>\$ 2,440,375</u>	7%
<b>Allocated Benefits Expenditures</b>		656,829	856,056	856,056	915,045	7%
<b>Allocation of Administrative Services</b>		3,077,758	4,144,338	4,144,338	4,118,796	-1%
<b>Total Budget</b>		<u>\$ 6,317,328</u>	<u>\$ 7,287,956</u>	<u>\$ 7,480,722</u>	<u>\$ 7,474,216</u>	3%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Wastewater Services</b>						
<b>Collections</b>	31					
<b>Labor Expenses:</b>						
Salaries		\$ 446,613	\$ 410,267	\$ 462,756	\$ 434,355	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			15,200	9,864	38,200	151% p.
Equipment (Non Capital)			-	-	5,000	NA
Materials/Services/Supplies			168,930	142,170	160,300	-5%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	1,847	900	NA
Utilities			95,000	101,600	82,000	-14%
<b>Total Non-Labor</b>		<u>\$ 363,054</u>	<u>\$ 279,130</u>	<u>\$ 255,481</u>	<u>\$ 286,400</u>	3%
<b>Division Operating Total</b>		<u>\$ 809,667</u>	<u>\$ 689,397</u>	<u>\$ 718,237</u>	<u>\$ 720,755</u>	5%
<b>Treatment</b>	30					
<b>Labor Expenses:</b>						
Salaries		\$ 592,785	\$ 714,143	\$ 711,873	\$ 756,299	6%
<b>Non-Labor Expenses:</b>						
Contractor Services			163,900	80,331	164,000	0%
Equipment (Non Capital)			9,950	60,097	13,000	31%
Materials/Services/Supplies			252,950	203,327	246,000	-3%
Professional Services			-	-	-	NA
Memberships/Training/Permits			56,500	65,162	65,000	15%
Utilities			148,500	276,381	280,000	89% q.
<b>Total Non-Labor</b>		<u>\$ 777,638</u>	<u>\$ 631,800</u>	<u>\$ 685,298</u>	<u>\$ 768,000</u>	22%
<b>Division Operating Total</b>		<u>\$ 1,370,423</u>	<u>\$ 1,345,943</u>	<u>\$ 1,397,171</u>	<u>\$ 1,524,299</u>	13%
<b>Total Labor</b>		1,039,398	1,124,410	1,174,629	1,190,654	6%
<b>Total Non-Labor</b>		1,140,692	910,930	940,779	1,054,400	16%
<b>Operating Total</b>		<u>\$ 2,180,089</u>	<u>\$ 2,035,340</u>	<u>\$ 2,115,408</u>	<u>\$ 2,245,054</u>	10%
<b>Allocated Benefits Expenditures</b>		722,393	685,113	685,113	765,974	12%
<b>Allocation of Administrative Services</b>		2,438,978	2,252,467	2,252,467	2,252,467	0%
<b>Total Budget</b>		<u>\$ 5,341,460</u>	<u>\$ 4,972,919</u>	<u>\$ 5,052,987</u>	<u>\$ 5,263,495</u>	6%

**FPUD Expense Summary**  
**Fiscal Year 2018-19 Operating Budget**

Description	Div	FY 2017-18	FY 2018-19		FY 2019-20	% Change
		Actual	Budget	Projected	Budget	Bgt to Bgt
<b>Recycled Water Services</b>						
<b>Production</b>	30					
<b>Labor Expenses:</b>						
Salaries		\$ 236,425	177,936	133,398	159,229	-11%
<b>Non-Labor Expenses:</b>						
Contractor Services			19,800	17,865	17,500	-12%
Equipment (Non Capital)			10,000	15	8,000	-20%
Materials/Services/Supplies			118,650	132,856	112,000	-6%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			60,000	118,449	118,500	98%
<b>Total Non-Labor</b>		<u>\$ 169,454</u>	<u>\$ 208,450</u>	<u>\$ 269,185</u>	<u>\$ 256,000</u>	23%
<b>Division Operating Total</b>		<u>\$ 405,879</u>	<u>\$ 386,386</u>	<u>\$ 402,583</u>	<u>\$ 415,229</u>	7%
<b>Distribution</b>	31					
<b>Labor Expenses:</b>						
Salaries		26,431	41,604	5,346	40,003	-4%
<b>Non-Labor Expenses:</b>						
Contractor Services			17,000	-	-	-100%
Equipment (Non Capital)			-	-	-	NA
Materials/Services/Supplies			32,200	16,204	29,800	-7%
Professional Services			-	-	-	NA
Memberships/Training/Permits			-	-	-	NA
Utilities			500	500	-	-100%
<b>Total Non-Labor</b>		<u>\$ 47,640</u>	<u>49,700</u>	<u>16,704</u>	<u>29,800</u>	-40%
<b>Division Operating Total</b>		<u>\$ 74,071</u>	<u>\$ 91,304</u>	<u>\$ 22,050</u>	<u>\$ 69,803</u>	-24%
<b>Total Labor</b>		262,856	219,540	138,744	199,232	-9%
<b>Total Non-Labor</b>		217,094	258,150	285,889	285,800	11%
<b>Operating Total</b>		<u>\$ 479,950</u>	<u>\$ 477,690</u>	<u>\$ 424,633</u>	<u>\$ 485,032</u>	2%
<b>Allocated Benefits Expenditures</b>		154,207	133,768	133,768	128,170	-4%
<b>Allocation of Administrative Services</b>		290,355	64,755	64,755	64,356	-1%
<b>Total Budget</b>		<u>\$ 924,512</u>	<u>\$ 676,213</u>	<u>\$ 623,156</u>	<u>\$ 677,559</u>	0%

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<b>FALLBROOK PUBLIC UTILITY DISTRICT</b>	<b>Standard Policy</b>			
	Drafted by:	CFO/General Manager		
	Original Date:			
	Revision Date:			
Inter Fund Transfer Policy	Review by	1 _____	2 _____	3 _____
	department:	4 _____	5 _____	6 _____
	Approved by:	General Manager		
<b>Purpose:</b> Establish the restriction on the transfer of funds from one enterprise to another. <ul style="list-style-type: none"> <li>Ensures that cost of service principles are met by eliminating any cross subsidization of costs by another Enterprise.</li> </ul>				
<b>Personnel:</b> Accounting and Supervisors				
<b>Policy:</b>  <u><b>General Policy</b></u> The goal of this policy is to conform to cost of service principles and restrict the use of Inter Fund Transfers, which are transfers from one Enterprise to another. Inter Fund Transfers related to cost of service, as defined below, are permitted. Cost of Service Transfers ensure each Enterprise pays its full cost of service. Non-Cost of Service Transfers are only permitted with Board review and approval. Any Non-Cost of Service Transfer would be structured as a loan from one Enterprise to another. At the time of the loan, the Board would approve the loan amount, interest rate, term and payment schedule ensuring that the full cost of the loan is paid by the Enterprise needing the loan to the Enterprise making the loan.  <u><b>Definitions</b></u> <b>Enterprise:</b> This refers to the District's distinct services and includes Water, Recycled Water and Wastewater.  <b>Cost of Service Transfers:</b> Cost of service transfers are related to expenses incurred by one Enterprise but are shared by another Enterprise that receives some benefit related to the expense. For example, debt service on the water reclamation plant rehabilitation loan is paid out of the Wastewater Fund but the Recycled Water Fund transfers funds to the Wastewater Fund to pay a portion of the debt service. The Recycled Water Fund's payment to the Wastewater Fund is tied to the cost of service study and reflects the fact that recycled water customers are benefiting from a portion of the reclamation plant improvements costs. This cost of service based transfer is permitted and is shown in the District's Annual Budget.  <b>Non-Cost of Service Transfers:</b> Non-cost of service transfers would include any transfer from one fund to another that is not based upon cost of service principles. This would include the transfer from the Water Fund to Wastewater Fund to pay for water related expenses.  <b>Inter Fund Transfer:</b> This refers to the transfer from one Enterprise to another Enterprise. For example a transfer of funds from Water to Wastewater.				

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**M E M O**

**TO:** Board of Directors  
**FROM:** David Shank, Assistant General Manager/CFO   
**DATE:** April 22, 2019  
**SUBJECT:** Treasurer's Report

Purpose

Provide the March 31, 2019 Treasurer's Report. Confirm that the District's investment portfolio is in compliance with the Investment Policy and that the District is able to meet the expenditure requirements for the next 6-months.

Summary

**Treasurer's Report March 31 , 2019**

<b>Operations Summary</b>		<b>District Reserves*</b>	
Disbursements	\$ 1,938,462	Liquidity	\$ 5,038,572
Receipts	\$ 1,937,663	PFM Portfolio	\$ 16,467,285
Net change	\$ (800)	Total	\$ 21,505,856
		<b>Net change</b>	<b>\$ (52,876)</b>

Account	Beginning Market Value	Ending Market Value	Change in Market Value	(Withdrawals)/ Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 19,675	\$ 18,875	NA	\$ (800)	0.4%	0.1%
Money Market	\$ 1,471,527	\$ 1,419,450	NA	\$ (52,077)	0.4%	6.2%
LAIF	\$ 230,217	\$ 230,217	NA	\$ -	2.4%	1.0%
County Pool	\$ 15,002	\$ 15,002	NA	\$ -	1.8%	0.1%
CAMP Liquidity Account	\$ -	\$ 3,355,028	\$ 5,028	\$ 3,350,000	2.6%	14.7%
<b>District's Liquidity Portfolio</b>	<b>\$ 1,736,421</b>	<b>\$ 5,038,572</b>	<b>\$ 5,028</b>	<b>\$ 3,297,124</b>	<b>2.0%</b>	<b>22.1%</b>
PFM Managed Long-term Investment Portfolio	\$ 11,907,795	\$ 14,508,946	\$ 66,577	\$ 2,531,574	2.1%	63.7%
CAMP Santa Margarita Loan Payment Fund	\$ 6,231,574	\$ 7,526	\$ 7,526	\$ (6,231,574)	2.6%	0.0%
CAMP Pension Obligation Off-Set Fund	\$ 3,795,182	\$ 1,950,812	\$ 5,631	\$ (1,850,000)	2.6%	8.6%
PARS (OPEB & Pension Trust)*	\$ 2,380,392	\$ 4,622,499	\$ 42,107	\$ 2,200,000	4.3%	20.3%
<b>District Accounts Total</b>	<b>\$ 26,051,363</b>	<b>\$ 22,773,328</b>	<b>\$ 121,841</b>	<b>\$ (52,876)</b>	<b>2.5%</b>	<b>100.0%</b>

\*Funds are held in a trust and excluded from District Reserves.

  
 David Shank  
 April 22, 2019

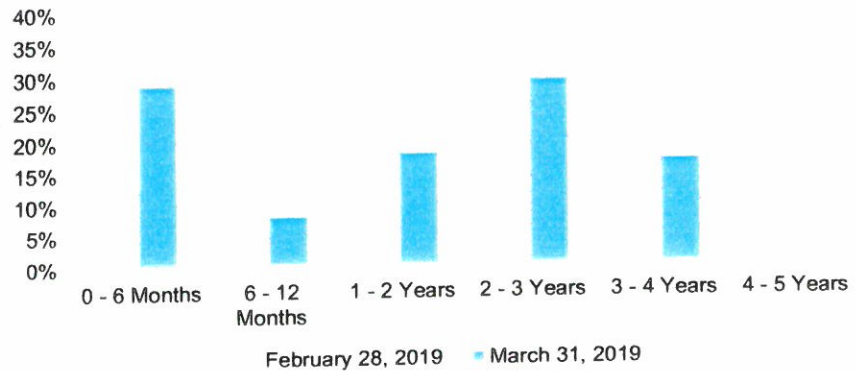


Fallbrook Public Utilities District - Holdings Summary

Security Type	February 28, 2019	March 31, 2019	Change (\$)	Change (%)
U.S. Treasury	\$3,977,702.41	\$4,008,014.46	\$30,312.05	0.8%
Supranational	\$137,948.58	\$138,489.12	\$540.54	0.4%
Municipal	\$170,484.50	\$171,535.10	\$1,050.60	0.6%
Federal Agency CMO	\$111,251.48	\$112,029.28	\$777.80	0.7%
Federal Agency	\$250,387.82	\$251,187.24	\$799.42	0.3%
Corporate Note	\$3,771,127.57	\$3,788,491.82	\$17,364.25	0.5%
Negotiable CD	\$2,023,595.49	\$2,025,438.64	\$1,843.15	0.1%
Asset-Backed Security	\$937,398.00	\$918,953.84	(\$18,444.16)	-2.0%
<b>Securities Total</b>	<b>\$11,379,895.85</b>	<b>\$11,414,139.50</b>	<b>\$34,243.65</b>	<b>0.3%</b>
Money Market Fund	\$527,899.17	\$3,094,806.85	\$2,566,907.68	486.2%
<b>Total Investments</b>	<b>\$11,907,795.02</b>	<b>\$14,508,946.35</b>	<b>\$2,601,151.33</b>	<b>21.8%</b>

Summary	
FY18-19 Accrual Earnings	\$179,779.21
Yield to Maturity at Cost	2.11%
Weighted Average Maturity	1.63 Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending March 31, 2019

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	03/01/19	03/01/19	MONEY MARKET FUND	MONEY0002	0.00	0.00	875.65	875.65			
	03/01/19	03/25/19	FNMA SERIES 2016-M9 ASQ2	3136ASPX8	432.69	0.00	0.64	0.64			
	03/01/19	03/25/19	DTD 06/01/2016 1.785% 06/01/2019 FHLMC SERIES K721 A2	3137BM6P6	110,000.00	0.00	283.25	283.25			
	03/04/19	03/04/19	DTD 12/01/2015 3.090% 08/25/2022 INTL BANK OF RECON AND DEV GLOBAL NOTES	459058GA5	140,000.00	0.00	1,137.50	1,137.50			
	03/04/19	03/04/19	DTD 08/29/2017 1.625% 09/04/2020 CATERPILLAR FINL SERVICE NOTE	1491302A6	100,000.00	0.00	925.00	925.00			
	03/15/19	03/15/19	DTD 09/07/2017 1.850% 09/04/2020 JOHN DEERE ABS 2016-B A3	47788NAC2	8,301.07	0.00	8.65	8.65			
	03/15/19	03/15/19	DTD 07/27/2016 1.250% 06/15/2020 FORDO 2017-C A3	34532AAD5	140,000.00	0.00	234.50	234.50			
	03/15/19	03/15/19	DTD 11/21/2017 2.010% 03/15/2022 FORD ABS 2017-A A3	34531EAD8	75,019.94	0.00	104.40	104.40			
	03/15/19	03/15/19	DTD 01/25/2017 1.670% 06/15/2021 ALLYA 2017-5 A3	02007YAC8	110,000.00	0.00	182.42	182.42			
	03/15/19	03/15/19	DTD 11/22/2017 1.990% 03/15/2022 NAROT 2018-A A3	65478DAD9	75,000.00	0.00	165.63	165.63			
	03/15/19	03/15/19	DTD 02/28/2018 2.650% 05/15/2022 ALLY ABS 2017-4 A3	02007FAC9	100,000.00	0.00	145.83	145.83			
	03/15/19	03/15/19	DTD 08/23/2017 1.750% 12/15/2021 TOYOTA ABS 2016-B A3	89231UAD9	18,742.72	0.00	20.30	20.30			
	03/15/19	03/15/19	DTD 05/11/2016 1.300% 04/15/2020 HYUNDAI ABS 2016-B A3	44891EAC3	49,140.32	0.00	52.83	52.83			
	03/15/19	03/15/19	DTD 09/21/2016 1.290% 04/15/2021 TOYOTA ABS 2016-C A3	89237WAD9	14,404.41	0.00	13.68	13.68			
	03/15/19	03/15/19	DTD 08/10/2016 1.140% 08/15/2020 JOHN DEERE ABS 2017-B A3	47788BAD6	30,000.00	0.00	45.50	45.50			
	03/15/19	03/15/19	DTD 07/15/2017 1.820% 10/15/2021 JOHN DEERE ABS 2017-A A3	47787XAC1	21,584.47	0.00	32.02	32.02			
	03/15/19	03/15/19	DTD 03/02/2017 1.780% 04/15/2021 HAROT 2018-1 A3	43814UAC3	125,000.00	0.00	275.00	275.00			
			DTD 02/28/2018 2.640% 02/15/2022								



Managed Account Security Transactions & Interest

For the Month Ending March 31, 2019

FPUD - INVESTMENT PORTFOLIO - 28710100

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	03/15/19	03/15/19	NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	60,000.00	0.00	870.00	870.00			
	03/15/19	03/15/19	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	03/20/19	03/20/19	CCCIT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	140,000.00	0.00	1,260.00	1,260.00			
	03/28/19	03/28/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	245,000.00	0.00	1,684.38	1,684.38			
	03/28/19	03/28/19	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	10,000.00	0.00	68.75	68.75			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	175,000.00	0.00	1,531.25	1,531.25			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	270,000.00	0.00	2,362.50	2,362.50			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	250,000.00	0.00	2,187.50	2,187.50			
	03/31/19	03/31/19	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828W89	110,000.00	0.00	1,031.25	1,031.25			
	03/31/19	03/31/19	US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022								
<b>Transaction Type Sub-Total</b>					<b>2,412,625.62</b>	<b>0.00</b>	<b>15,576.01</b>	<b>15,576.01</b>			
<b>PAYDOWNS</b>											
	03/01/19	03/25/19	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	0.76	0.76	0.00	0.76	(0.01)	0.00	
	03/15/19	03/15/19	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	2,017.04	2,017.04	0.00	2,017.04	0.05	0.00	
	03/15/19	03/15/19	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	1,573.56	1,573.56	0.00	1,573.56	0.22	0.00	
	03/15/19	03/15/19	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,541.87	1,541.87	0.00	1,541.87	0.12	0.00	
	03/15/19	03/15/19	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	5,600.25	5,600.25	0.00	5,600.25	0.02	0.00	
	03/15/19	03/15/19	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	4,535.10	4,535.10	0.00	4,535.10	0.23	0.00	



**Managed Account Security Transactions & Interest**

For the Month Ending **March 31, 2019**

**FPUD - INVESTMENT PORTFOLIO - 28710100**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>PAYDOWNS</b>										
03/15/19	03/15/19	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,489.09	4,489.09	0.00	4,489.09	0.60	0.00	
<b>Transaction Type Sub-Total</b>				<b>19,757.67</b>	<b>19,757.67</b>	<b>0.00</b>	<b>19,757.67</b>	<b>1.23</b>	<b>0.00</b>	
<b>Managed Account Sub-Total</b>					<b>19,757.67</b>	<b>15,576.01</b>	<b>35,333.68</b>	<b>1.23</b>	<b>0.00</b>	
<b>Total Security Transactions</b>					<b>\$19,757.67</b>	<b>\$15,576.01</b>	<b>\$35,333.68</b>	<b>\$1.23</b>	<b>\$0.00</b>	



**Account Statement**

For the Month Ending **March 31, 2019**

**Fallbrook Public Utility District - Pension Obligation Off-Set Fund - 6050-002**

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					<b>3,795,181.53</b>
<b>Opening Balance</b>					
03/11/19	03/11/19	Redemption - Outgoing Wires	1.00	(1,850,000.00)	1,945,181.53
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,630.74	1,950,812.27
<b>Closing Balance</b>					<b>1,950,812.27</b>

	Month of March	Fiscal YTD July-March
Opening Balance	3,795,181.53	0.00
Purchases	5,630.74	3,800,812.27
Redemptions (Excl. Checks)	(1,850,000.00)	(1,850,000.00)
Check Disbursements	0.00	0.00
<b>Closing Balance</b>	<b>1,950,812.27</b>	<b>1,950,812.27</b>
Cash Dividends and Income	5,630.74	24,860.27

<b>Closing Balance</b>	1,950,812.27
<b>Average Monthly Balance</b>	2,542,500.63
<b>Monthly Distribution Yield</b>	2.61%





Account Statement - Transaction Summary

For the Month Ending March 31, 2019

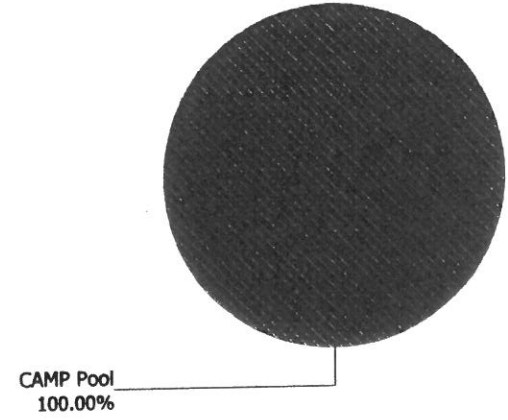
Fallbrook Public Utility District - Pension Obligation Off-Set Fund - 6050-002

CAMP Pool	
Opening Market Value	3,795,181.53
Purchases	5,630.74
Redemptions	(1,850,000.00)
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$1,950,812.27</b>
Cash Dividends and Income	5,630.74

Asset Summary		
	March 31, 2019	February 28, 2019
<b>CAMP Pool</b>	1,950,812.27	3,795,181.53
<b>Total</b>	<b>\$1,950,812.27</b>	<b>\$3,795,181.53</b>

Asset Allocation	
CAMP Pool	100.00%





**Account Statement**

For the Month Ending **March 31, 2019**

**Fallbrook Public Utility District - Water Rate Stabilization Fund - 6050-003**

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					<b>6,231,574.31</b>
<b>Opening Balance</b>					<b>2,531,574.31</b>
03/11/19	03/11/19	Transfer to 6050-004	1.00	(3,700,000.00)	
03/28/19	03/28/19	Redemption - Outgoing Wires	1.00	(2,531,574.00)	0.31
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	7,525.65	7,525.96
<b>Closing Balance</b>					<b>7,525.96</b>

	Month of March	Fiscal YTD July-March		
<b>Opening Balance</b>	6,231,574.31	0.00	<b>Closing Balance</b>	7,525.96
<b>Purchases</b>	7,525.65	6,239,099.96	<b>Average Monthly Balance</b>	3,399,196.28
<b>Redemptions (Excl. Checks)</b>	(6,231,574.00)	(6,231,574.00)	<b>Monthly Distribution Yield</b>	2.61%
<b>Check Disbursements</b>	0.00	0.00		
<b>Closing Balance</b>	<b>7,525.96</b>	<b>7,525.96</b>		
<b>Cash Dividends and Income</b>	7,525.65	39,099.96		



Account Statement - Transaction Summary

For the Month Ending March 31, 2019

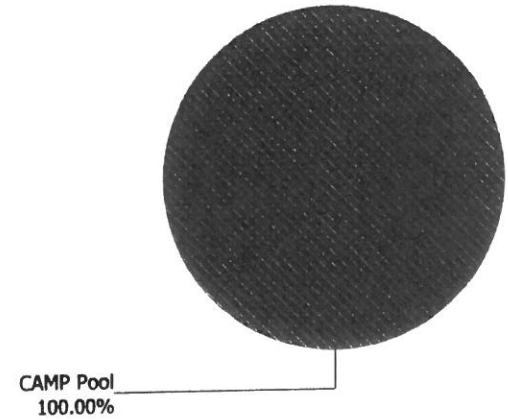
Fallbrook Public Utility District - Water Rate Stabilization Fund - 6050-003

CAMP Pool	
Opening Market Value	6,231,574.31
Purchases	7,525.65
Redemptions	(6,231,574.00)
Unsettled Trades	0.00
Change in Value	0.00
<b>Closing Market Value</b>	<b>\$7,525.96</b>
Cash Dividends and Income	7,525.65

Asset Summary		
	March 31, 2019	February 28, 2019
<b>CAMP Pool</b>	7,525.96	6,231,574.31
<b>Total</b>	<b>\$7,525.96</b>	<b>\$6,231,574.31</b>

Asset Allocation	
CAMP Pool	100.00%





**Account Statement**

For the Month Ending **March 31, 2019**

**Fallbrook Public Utility District - Liquidity - 6050-004**

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					<b>0.00</b>
<b>Opening Balance</b>					
03/11/19	03/11/19	Redemption - Outgoing Wires	1.00	(350,000.00)	(350,000.00)
03/11/19	03/11/19	Transfer from 6050-003	1.00	3,700,000.00	3,350,000.00
03/29/19	04/01/19	Accrual Income Div Reinvestment - Distributions	1.00	5,027.64	3,355,027.64
<b>Closing Balance</b>					<b>3,355,027.64</b>

	Month of March	Fiscal YTD July-March
Opening Balance	0.00	0.00
Purchases	3,705,027.64	3,705,027.64
Redemptions (Excl. Checks)	(350,000.00)	(350,000.00)
Check Disbursements	0.00	0.00
<b>Closing Balance</b>	<b>3,355,027.64</b>	<b>3,355,027.64</b>
Cash Dividends and Income	5,027.64	5,027.64

<b>Closing Balance</b>	3,355,027.64
<b>Average Monthly Balance</b>	2,269,841.38
<b>Monthly Distribution Yield</b>	2.61%