

Staff Report



To: Board of Directors

Re: Item X.C – Consider adopting the Proposed Expense Budget of \$1,812,600 for Fiscal Year 2021-2022

Date: May 18, 2021

Summary / Discussion

The Proposed Expense Budget is adopted annually by the Board of Directors as the financial guide for District expenses, including all annually-recurring income and expenses. At this Board meeting the Proposed Capital Budget is also being presented.

The Proposed Expense Budget worksheet includes the adopted revenues and expenses for Fiscal Year (FY) 2019-20, the approved FY 2020-21 Budget, as well as the current actual expenses for the first nine months of FY 2020-21.

The total revenue projection is estimated to be \$1,812,600, which includes water revenue, two (estimated) new connection charges, property taxes and miscellaneous interest and grants. The water use is projected to be comparable to this year, so assuming the same water use, the increase in budgeted revenue is coming from the 6% increase presented in the most Rate Study approved and adopted May 2019.

Changes to the expenses from the FY 2020-21 Budget are estimated for each line item; and presented in the column to the right of the budget table. An important line to identify is the depreciation reserve, which reserves monies for system repairs and replacement. This Proposed Expense Budget builds this reserve by approximately \$144,000 over the previous FY. The proposed personnel salaries are increased by 2%, (based on the CPI of 1.6%). Also included in this year's Expense Budget is an additional \$26,500 for a Hydrologic Study to investigate a new water source for the District.

Staff Recommendation

Adopt the Proposed Expense Budget of \$1,812,600 for Fiscal Year 2021-2022.

Submitted by:

Robert Johnson
General Manager