



FISCAL YEAR 2021 BUDGET

Approved by Resolution 2020-1064

The Harris-Galveston Subsidence District was created in 1975 to provide reasonable groundwater regulation to address concerns related to groundwater use and subsidence. Since that time, the District has taken a reasonable and inclusive approach to groundwater regulation resulting in a dramatic reduction in subsidence rates within the District. Annually, the District prepares a budget for the upcoming fiscal year. The Fiscal Year 2021 Budget presented herein will provide for the expected operational needs required to fulfill the District's mission.

NOVEMBER 12, 2020



VISION STATEMENT

The Harris-Galveston Subsidence District is the premier water management and subsidence authority in Texas. The District plays an integral role in regional water management strategies to insure the long-term viability of all water resources while protecting lives and property within the District from the impacts of subsidence.

MISSION STATEMENT

The Harris-Galveston Subsidence District protects lives and property within the District from the impacts of future subsidence by providing reasonable groundwater regulation based on the best available science.

STRATEGIC GOALS

Utilizing the District's mission and strategic vision, the following goals will be the focus of the District:

- Provide reasonable groundwater regulation in support of the District mission,
- Conduct research that enhances the understanding and effective management of the Upper Gulf Coast Aquifer System to minimize subsidence in the District,
- Educate the community on the importance of water resources, the occurrence of subsidence in the region, and promoting water conservation,
- Communicate effectively with regional water providers and stakeholders
- Develop a diverse, highly-motivated, customer service focused organization while maintaining fiscal stability.



Harris - Galveston Subsidence District

TRANSMITTAL MEMORANDUM

To: Board of Directors
From: Michael J. Turco, General Manager
Date: November 10, 2020
Subject: 2021 Proposed Operating Budget

Enclosed please find the proposed operating budget for the 2021 fiscal year. The proposed budget will provide for the funding of the Harris-Galveston Subsidence District (HGSD) programs that support our mission to protect lives and property within the District from the impact of future subsidence.

The Water Conservation Program (WCP) Fund will allow the District to consistently dedicate resources to effectively administer the WCP and identify effective methods to promote water conservation within the District. Revenue is generated in the WCP through the sponsorship of the program by other agencies, political subdivisions, other permittees, and the general public. WCP Fund estimated revenues are based on a conservative estimate of 35,000 sponsorships in the program. Estimated expenses associated with the WCP will be offset by \$1.28 million in estimated sponsor revenue resulting in an estimated end of year decrease in the WCP unrestricted fund balance to about \$1.32 million. WCP 2021 expenses include the grade-school education program, continued promotion of the outdoor irrigation campaign, strategic planning, and the water conservation grant program.

The Science and Research Fund provides fundamental support to the District's regulatory plan by conducting scientific research that enhances the understanding and effective management of the Upper Gulf Coast Aquifer System to minimize subsidence and ensure the long-term viability of all the water resources within the District. The Science and Research fund will support the technical and ancillary tasks within the joint regulatory plan review. Multiple projects are expected in 2021 including, utilization of InSAR with Southern Methodist University, and the investigation of flooding impacts in the Spring Creek Watershed caused by future subsidence in Montgomery County. Disincentive fee revenue will increase in 2020 due to the automatic increase in the disincentive fee rate from \$9.24 to \$9.58 per thousand gallons following the change of the City of Houston index rate in April of 2020. The estimated end of year balance in the fund is expected to increase to \$3.17 million.

The proposed General Fund budget includes \$3.67 million in revenue and \$4.56 million in expenses resulting in a decrease in net income, before depreciation, of about \$893,000. There are no proposed changes in District fees associated with the General Fund. The proposed expenses include capital improvements to the District IT infrastructure and continuation of the Regulatory Plan Review that is planned to continued through 2023. The total estimated cost of the Regulatory Plan update is about \$3.0 million with the District supporting \$2.25 million in costs shared between the General and Science and Research funds, and the Fort Bend Subsidence District contributing the remainder of the expenses. Currently, regulatory plan review is on schedule and under budget. Additionally, there will be an addition of one full-time equivalent that will provide clerical support to the permitting and enforcement sections.

WATER CONSERVATION PROGRAM FUND

The proposed 2021 Water Conservation Program (WCP) Fund budget represents the objectives and necessary resources to accomplish the District's strategic mission to promote water conservation and conduct daily operations related to the District's Water Conservation Program.

The primary objective of the WCP Fund is to provide for the effective administration of the "Learning to be Waterwise with the Water Detectives" elementary student education program, the groundwater credit program, and the outdoor irrigation campaign. The education program provides education to 4th through 6th grade students, in Harris and Galveston Counties on subjects including: water conservation, hydrology, and subsidence. Sponsors are invoiced \$36.46 (unchanged from 2020) for each sponsorship of the program, and, in return, a groundwater credit is issued to the sponsor in the amount of 84,000 gallons. Groundwater credits earned through this program can be used to offset the District Regulatory requirement up to 30% of a permittees total water demand and have a 20-year expiration date from the time issuance.

Continuing the progress made in 2012, the District will continue a program to provide education and tools relating to the appropriate water use for outdoor irrigation. Based on information received from the Goldwater Project, the Sierra Club, and other conservation focused groups, water conservation efforts focused on outdoor irrigation can have an important impact on total water use. The online "watermyyard.org" calculator utilizes climate data from stations installed by the District since 2016 to provide real-time guidance to willing users on how much water is needed to maintain outdoor landscaping. The District will continue to provide turn-key tools and information to local water providers and end users to inform citizens of best water management practices. District efforts will continue to focus on collaboration with local water authorities, municipal utility districts, and

cities to develop a unified approach while leveraging resources.

A primary focus of the WCP in 2021 will be the development of a five-year strategic plan. This effort will bring together local, state, and national experts to assist the District in identifying potential avenues for improvement and next steps for the program. Additionally, the District will determine the water conservation potential for the program and evaluate the expected future impact of the program on water conservation.

The WCP grant program, initiated in 2020 will continue in 2021. It is expected that a call for proposals will be completed during the summer/fall of 2021 for the next round of WCP grants. Initial results from some of the projects currently in the program have been encouraging.

REVENUE and EXPENSES

The Water Conservation Program Fund will allow the District to consistently dedicate resources to effectively administer the program and identify other approaches to promote water conservation within the District. WCP estimated revenues are based on a conservative estimate of 35,000 program sponsorships. The 2021 WCP budget includes operating ex-

Table 1. 2021 Estimated Water Conservation Fund revenue and expenses assuming 35,000 students enrolled in program.

Budget Category	2021 Proposed Budget
WCP Income	1,279,600
WCP Interest	3,500
WCP Misc. Income	-
TOTAL REVENUES	1,283,100
WCP Educational Curriculum	1,001,000
WCP Office Supplies	250
WCP Public Information/Education	4,500
WCP Equipment	4,000
WCP Contracts	114,500
WCP Operating Supplies	1,000
WCP Maint. Of Vehicles	4,500
WCP Grant Program	175,000
Operating Transfer Out (GF payroll reimburse)	181,300
TOTAL EXPENSES \$	1,486,050
NET INCOME \$	(202,950)
ESTIMATED FUND BALANCE BOY	\$ 1,519,595
ESTIMATED FUND BALANCE EOY	\$ 1,316,645

Table 2. Distribution of restricted and unrestricted funds by source, 2020-2021.

	Actual Fund Balance at Beginning of fiscal year 2020	Projected Fund Balance at end of fiscal year 2020	Estimated 2021 end of year fund balance based on proposed 2021 fiscal year budget
Total General Fund Balance	\$ 4,959,690	\$ 5,609,148	\$ 4,716,148
Restricted for Capital Assets and Improvements	\$ 150,000	\$ 150,000	\$ 150,000
Restricted for Regulatory Planning	\$ 1,575,850	\$ 1,167,708	\$ 669,365
Unrestricted Reserve	\$ 3,233,840	\$ 4,291,440	\$ 3,896,783
Total Science and Research Fund Balance	\$ 2,492,469	\$ 3,052,244	\$ 3,168,244
Restricted for Regulatory Planning	\$ -	\$ -	\$ -
Unrestricted Reserve	\$ 2,492,469	\$ 3,052,244	\$ 3,168,244
Water Conservation Fund Balance	\$ 1,519,595	\$ 1,519,595	\$ 1,316,645
Restricted for Water Conservation Grant Program	\$ -	\$ -	\$ -
Restricted Water Conservation Fund Reserve	\$ 1,519,595	\$ 1,519,595	\$ 1,316,645

penses and estimated contractual expenses related to the implementation of an effort to provide tools and information to the District regarding the appropriate amounts of water to use for outdoor irrigation. Expenses include the cost of the elementary school education program curriculum and take-home lab kits (WCP Educational Curriculum), the availability of funds for the WCP grant program (WCP Water Conservation Grant Program), and for the personnel expenses associated with the water conservation program (2 FTE) (Table 1). The estimated 2021 Water Conservation Program end of year fund balance and distribution between restricted accounts can be found in table 2.

SCIENCE AND RESEARCH FUND

The Science and Research Fund was created in 2015 to purpose disincentive permit fee revenue for science and research needs in support of the District Regulatory Plan. The Science and Research Fund provides fundamental support by conducting research that enhances the understanding and effective management of the Upper Gulf Coast Aquifer System to minimize subsidence and ensure the long-term viability of all the water resources within the District.

One active project will be continuing into the 2021 fiscal year, Southern Methodist University will conclude the retrospective analysis of available InSAR data in Harris and surrounding counties.

Although the regulatory plan update is a primary focus of the District through 2023, other science and research projects will be initiated in 2021. A project to evaluate the impacts of potential additional subsidence in the Spring Creek Watershed will begin in 2021.

Disincentive fee annual revenue can be highly variable from year to year. Estimated disincentive fee income for the 2021 fiscal year, based in part on the rolling 5-year average, is \$500,000. The total net revenue including compromise and settlement disincentive fee revenue and interest on investments is \$695,000

Expenses are not expected to exceed revenue in the Science and Research Fund in 2021. Total expenses are estimated to be \$579,000 with all expenses in contractual services. The estimated balance of the fund will be about \$3.17 million at the end of 2021 (table 2). The 5-year projection for the science and research includes the completion of a re-leveling project in 2022 and additional science and research priorities

Table 3. Estimated Science and Research Fund revenue and expenses, 2021—2025.

[BOY—Beginning of fiscal year; EOY—End of fiscal year]

Budget Category	Proposed 2021 Budget	Projected 2022 Budget	Projected 2023 Budget	Projected 2024 Budget	Projected 2025 Budget
Disincentive Fee Income (Permit)	\$ 500,000	\$ 550,000	\$ 575,000	\$ 600,000	\$ 625,000
Disincentive Fee Refunds (Permit)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)
Interest	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Comp. & Settle. Disincentive Fee	\$ 225,000	\$ 240,000	\$ 255,000	\$ 270,000	\$ 295,000
TOTAL NET REVENUE	\$ 695,000	\$ 755,000	\$ 795,000	\$ 835,000	\$ 885,000
Personnel Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Board Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Office Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Info and Education	\$ -	\$ -	\$ -	\$ -	\$ -
Building Operations	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual Services	\$ 579,000	\$ 725,000	\$ 410,000	\$ 410,000	\$ 410,000
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 579,000	\$ 725,000	\$ 410,000	\$ 410,000	\$ 410,000
TOTAL NET INCOME	\$ 116,000	\$ 30,000	\$ 385,000	\$ 425,000	\$ 475,000
Science and Research Fund Balance (BOY)	\$ 3,052,244	\$ 3,168,244	\$ 3,198,244	\$ 3,583,244	\$ 4,008,244
Science and Research Fund Balance (EOY)	\$ 3,168,244	\$ 3,198,244	\$ 3,583,244	\$ 4,008,244	\$ 4,483,244

determined as part of the regulatory plan update from 2023-2025 including an investigation into a regional alternative water solution in northeastern Harris County.

GENERAL FUND

The General Fund provides for the day-to-day operations of the District. The District is not a taxing authority, rather, it receives all income in the General Fund through the issuance of permits based on groundwater allocation and administrative fees. This legislated funding mechanism is significantly impacted by the District's legislative mandate to reduce groundwater withdrawal. Permit fee revenue is the primary component of the overall income to the District. The District's approved regulatory plan calls for a 30 percent reduction of groundwater withdrawal by 2025 in Regulatory Area 3.

Over the course of the 2016 fiscal year, the District worked with many of the largest permittees in the District to develop a plan to increase permit fees in an incremental manner to insure the regulatory conversion did not inhibit the District's ability to effectively regulate groundwater within the District. On September

14, 2016, utilizing information compiled by the District Rules Committee and statements provided by stakeholders in a public hearing, the Board of Directors increased the District's regular permit fee from \$20 to \$22 per million gallons of groundwater allocation, while also increasing other administrative fees of the District, to be implemented in the 2017 fiscal year.

Following through on the proposed progression of incremental rate increases discussed in 2016, the Board of Directors held a public hearing to receive comments on the proposed 2020 increase in regular permit fee from \$22 to \$24 per million gallons of permitted groundwater used. The Board of Directors approved the rate increase in November of 2019 to be effective January 01, 2020. The regular permit fee rate is not expected to increase again until 2023.

The proposed 2021 general fund budget includes \$3.67 million in revenue and \$4.56 million in expenses, a decrease of 2.56% and 0.49%, respectively when compared to the 2020 approved budget. The resulting net income before depreciation will decrease the general fund reserve balance by an estimated amount of \$893,000.

Table 4. Proposed 2021 Harris-Galveston Subsidence District fee schedule.

Description	Units	2020	2021
New Well Application Fee	per well	\$ 240.00	\$ 240.00
Emergency Well Application Fee	per well	\$ 500.00	\$ 500.00
Temporary Well Application Fee	per well	\$ 100.00	\$ 100.00
Renewal Well Application Fee	per well	\$ 60.00	\$ 60.00
Previously Permitted Well Application Fee	per well	\$ 85.00	\$ 85.00
Existing Active Well Application Fee	per well	\$ 200.00	\$ 200.00
Amendment in Allocation Fee	per well	\$ 75.00	\$ 75.00
Groundwater Credit Rebate Fee	per well	\$ 25.00	\$ 25.00
Permit Fee Rebate Fee	per well	\$ 75.00	\$ 75.00
Regular Permit Fee Rate	per million gallons	\$ 24.00	\$ 24.00
Agricultural Permit Fee Rate	per million gallons	\$ 10.00	\$ 10.00
Minimum Permit Fee	annually	\$ 24.00	\$ 24.00
Disincentive Permit Fee Rate*	per thousand gallons	\$ 9.24	\$ 9.58

The Disincentive Permit Fee rate is indexed to the City of Houston Rate for treated water (TU 91) (HGSD Resolution 2016-994). The 2021 disincentive permit fee is calculated as: 2(\$3.98+\$0.810) = \$9.58. Information about the City of Houston water rates can be found at <https://drive.google.com/file/d/1pJCXYbwUrRalOpKUmBJQaHHdD5pOgJaP/view>.

REVENUES

General fund revenues are derived primarily from the issuance of annual permit fees and application fees. The current (2020) permit fee rate is \$24.00 per million gallons of permitted groundwater used. Each permittee is required to pay an application fee for new wells to be permitted or to renew a previously permitted well. Emergency application fees are applied at the permittee’s request when emergency processing is required due to well failure, loss of access to water,

or if a significant economic impact would occur as a result of the normal processing period which can extend to 90 days. All fees (with the exception of disincentive permit fee) remain unchanged from the 2020 fiscal year in the proposed 2021 budget (table 4).

Enforcement of the District Rules and Regulatory Plan generate revenue annually. Any permittee in violation of District Rules and/or the Regulatory Plan are subject to violation fees and may enter into the compromise and settlement process. From 2011-2018, the av-

Table 5. Estimated general fund revenue by budget category, 2020-2021.

Budget Category	2020 Approved Budget	2020 Projected Year End Totals	2021 Proposed Budget	\$ Variance 2020 Approved and 2021 Proposed Budget	% Variance 2020 Approved and 2021 Proposed Budget
Permit Fees	\$ 2,643,000	\$ 3,943,000	\$ 2,501,000	\$ (142,000)	-3.60%
Permit Fee Refunds	(40,000)	(40,000)	(38,000)	2,000	-5.00%
Application Fees	462,000	450,000	450,000	(12,000)	-2.67%
Interest	55,000	45,000	40,000	(15,000)	-33.33%
Compromise and Settlement	175,000	137,000	177,000	2,000	1.46%
FBSD Income	432,700	411,000	494,000	61,300	14.91%
Legal Recovery Fees	65,000	25,000	36,000	(29,000)	-116.00%
Other Misc. Income	5,000	11,200	10,000	5,000	44.64%
TOTAL REVENUES	\$ 3,797,700	\$ 4,982,200	\$ 3,670,000	\$ (127,700)	-2.56%

Table 6. Estimated general fund expenses by budget category, 2020-2021.

Budget Category	2020 Approved Budget	2020 Projected Year End Totals	2021 Proposed Budget	\$ Variance 2020 Approved and 2021 Proposed Budget	% Variance 2020 Approved and 2021 Proposed Budget
Personnel Expenses	\$ 2,194,650	\$ 2,130,352	\$ 2,218,000	\$ 23,350	1.06%
Board Expenses	133,700	107,212	186,000	52,300	39.12%
Office Expenses	302,930	334,469	353,000	50,070	16.53%
Info and Education	66,500	34,284	70,000	3,500	5.26%
Building Operations	105,190	85,908	112,000	6,810	6.47%
Transportation Expenses	44,375	36,102	46,000	1,625	3.66%
Contractual Services	1,357,900	1,239,415	1,483,000	125,100	9.21%
Capital Outlay	380,000	365,000	95,000	(285,000)	-75.00%
TOTAL EXPENSES	\$ 4,585,245	\$ 4,332,742	\$ 4,563,000	\$ (22,245)	-0.49%

erage revenue from compromise and settlement action is about \$180,000.

The District operates several inter-local agreements with nearby Districts. In place since 1989, the largest of these agreements is with the Fort Bend Subsidence District for operation and administrative services. In the 2016 fiscal year, due to changes in their rules and recent conversion requirements, additional staff were added and funded entirely by the Fort Bend Subsidence District. With the addition of the new staff, modifications to the interlocal agreement were made to redistribute the work load between staff solely dedicated to Fort Bend and District staff, resulting in fixed cost and actual cost component to the agreement. The estimated 2021 interlocal agreement increases to \$494,000 reimbursing the HGSD general fund for staff utilization and joint project contributions which is about a 14.0% increase from 2020. The increase in 2020 is due to the added effort in Fort Bend regarding the regulatory plan update and the addition of an additional part-time office employee in Richmond. It is expected that the inter-local agreement with the Fort Bend Subsidence District will be reduced in future years as they may had begin hiring a staff in preparation for the 2025 conversion. It is important to note that the total cost of the regulatory plan update, In-SAR, and subsidence monitoring is shared with the Fort Bend Subsidence District through a separate interlocal agreement in which FBSD contributes 25% to the total costs of those efforts. Table 5 shows the dis-

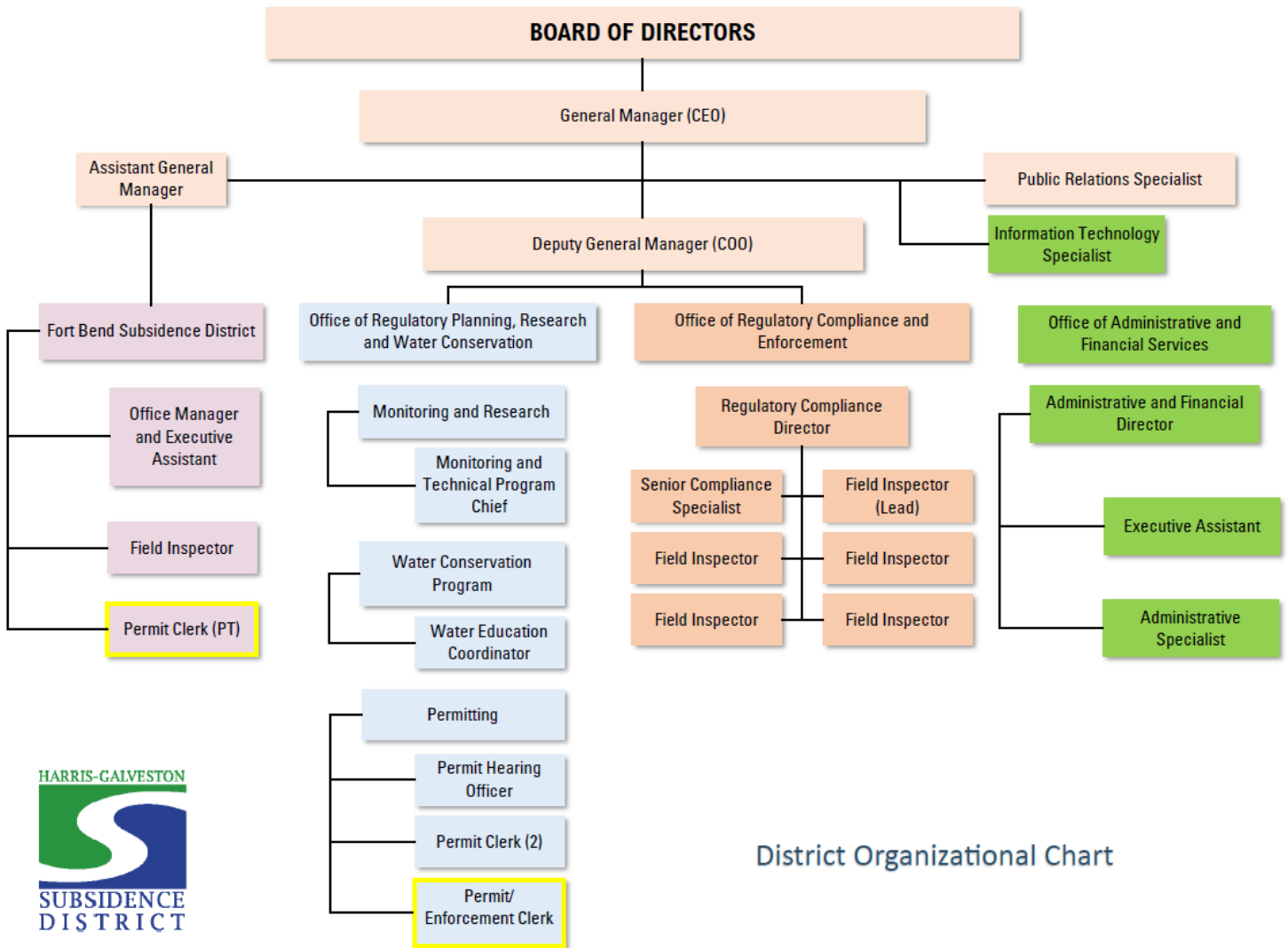
tribution of revenue sources estimated for fiscal year 2021.

EXPENSES

The proposed 2021 General Fund budget represents the necessary recommendations to support the District’s strategic objectives and conduct daily operations. Proposed General Fund operating expenses for 2021 total about \$4.56 million, representing a 0.49% decrease from the 2020 approved budget (Table 6).

The retirement of several long tenured employees in 2020 was offset by new hires and organizational restructuring. The District’s current organizational structure can be found in figure 1.

In 2021, about 48% of General Fund expenses are associated with employee salaries and benefits. Another 32% is proposed to be budgeted for professional and technical contractual services. Contractual expenses include technical and legal services necessary for the operation of the District. Table 7 shows the contracts and expected capital expenses included in the 2021 proposed budget. Specifically, capital improvements to replace aging IT infrastructure and complete interior building repairs and upkeep (\$95,000), and the regulatory plan update project (\$498,000) are included in the 2021 budget. It is important to note that the regulatory plan review project is a multi-year project, and as such some tasks may cross fiscal years. As has been done in the past, the regulatory plan review budget will be adjusted based



District Organizational Chart

Figure 1. Organizational structure of the Harris-Galveston Subsidence District, November 2020. Highlighted positions designate new for 2020.

Table 7. Estimated costs of contractual services and capital outlay in the proposed 2021 fiscal year budget. Contractual services include federal cooperative agreements, professional services agreements, and fee for service engagements.

Account Name	Vendor	Task	FY	Budget Amount
Audit Expense	Whitley Penn	Annual Financial Audit Services	2021	\$ 20,000
Consulting Services	Sen. Kip Averitt	Legislative Affairs	2021	\$ 48,000
Consulting Services	Multiple	Consulting Technical Services	2021	\$ 40,000
Consulting Services	University of Houston	Geodetic Technical Support	2021	\$ 80,000
Consulting Services	CDM-Smith	GIS Support - Annual Report Scripting	2021	\$ 20,000
Consulting Services	New Edge Consulting	Cityworks Support	2021	\$ 25,000
Consulting Services	Hyland	OnBase Support	2021	\$ 25,000
Consulting Services	FNI	RPU Task A Population and Water Demand	2021	\$ 374,000
Consulting Services	INTERA	RPU Task D Groundwater Modeling Scenarios	2021	\$ 50,000
Consulting Services	FNI/INTERA	RPU Task E Project Coordination	2021	\$ 75,000
GPS Systems/Re-leveling	Multiple	Installation and Instrumentation of PAM Sites	2021	\$ 35,000
Hearing Examiner	Helen Truscott	Public Hearing Support	2021	\$ 21,000
Legal Expense	Greg Ellis Esq.	District General Counsel - Retainer @ 6k/mo	2021	\$ 72,000
Legal Expense	Multiple	General Legal Support (HR, Contested Case, etc.)	2021	\$ 25,000
Legal Expense	Greg Ellis Esq.	Paralegal and Court Expenses	2021	\$ 115,000
Legal Expense	Greg Ellis Esq. (sub)	Enforcement and Litigation Recovery	2021	\$ 25,000
Management Services	Multiple	General	2021	\$ 60,000
USGS JFA	USGS	Data Collection, Dissemination, and Archival	2021	\$ 372,500

on level of completion at the beginning of the fiscal year.

The remaining categories, which include the Board of Directors, office supplies, building operation, transportation, and capital expenses comprise the remaining 20%. Labor expenses include updated health insurance costs and merit-based salary increases and promotions.

GENERAL FUND FIVE-YEAR PROJECTION

The proposed 2021 budget assumes an initial operating reserve of about \$5.61 million. Two restricted accounts were established in 2017 to characterize known large future capital and regulatory projects: capital assets and improvements, and regulatory planning. The capital assets and improvements account is utilized to replace fleet vehicles and replace or repair mechanical assets at the District office. The regulatory planning account identifies the estimated cost of the next regulatory plan update which began in 2020. In 2020, the restricted account for the regula-

tory plan update was adjusted to account for the distribution of effort to the science and research fund and collaboration with the Fort Bend Subsidence District. The estimated unrestricted reserve balance in the general fund will be about \$4.72 million (table 2) at the end of 2021. Overall, considering all funds, the District’s fund balance will reduce by \$979,950 to about \$9.2 million by the end of fiscal year 2021.

The 5-year projection shown in table 8, accounts for the current permit fee as well as the proposed permit fee increase in 2023 (increase to \$26 per million gallons of permitted groundwater used) to continue the incremental rise in the permit fee to offset the pending conversion of Regulatory Area 3 in 2025 which will result in an estimated 30% reduction in annual revenue. Revenues are expected to increase in 2020 sharply and then slowly increase until 2024 when conversion in area three begins ahead of the 2025 conversion deadline.

The regulatory plan update project, which began in

Table 8. Projected revenue and expenses , 2021-2025.

Budget Category	2021	2022	2023	2024	2025
Permit Fees	\$ 2,463,000	\$ 2,493,252	\$ 2,638,578	\$ 2,457,315	\$ 2,181,489
Application Fees	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Interest	\$ 40,000	\$ 30,000	\$ 25,000	\$ 25,000	\$ 25,000
Compromise and Settlement	\$ 177,000	\$ 177,000	\$ 177,000	\$ 177,000	\$ 177,000
FBSD Income	\$ 494,000	\$ 493,500	\$ 493,500	\$ 493,500	\$ 493,500
Legal Recovery Fees	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000	\$ 36,000
Other Misc. Income	\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
TOTAL REVENUE	\$ 3,670,000	\$ 3,684,752	\$ 3,825,078	\$ 3,643,815	\$ 3,367,989
Personnel Expenses	\$ 2,218,000	\$ 2,240,180	\$ 2,162,582	\$ 2,184,208	\$ 2,206,050
Board Expenses	\$ 186,000	\$ 111,000	\$ 111,000	\$ 111,000	\$ 111,000
Office Expenses	\$ 353,000	\$ 286,000	\$ 287,430	\$ 288,867	\$ 290,311
Info and Education	\$ 70,000	\$ 70,700	\$ 71,407	\$ 72,121	\$ 72,842
Building Operations	\$ 112,000	\$ 113,120	\$ 114,251	\$ 115,394	\$ 116,548
Transportation Expenses	\$ 46,000	\$ 46,460	\$ 46,925	\$ 47,394	\$ 47,868
Contractual Services	\$ 1,483,000	\$ 1,362,744	\$ 1,170,590	\$ 1,013,573	\$ 1,033,845
Capital Outlay	\$ 95,000	\$ 40,000	\$ 70,000	\$ 95,000	\$ 40,000
TOTAL EXPENSES	\$ 4,563,000	\$ 4,270,204	\$ 4,034,185	\$ 3,927,557	\$ 3,918,464
NET INCOME	\$ (893,000)	\$ (585,452)	\$ (209,107)	\$ (283,742)	\$ (550,474)
General Fund Balance at BOY	\$ 5,609,148	\$ 4,716,148	\$ 4,130,696	\$ 3,921,589	\$ 3,637,847
General Fund Balance at EOY	\$ 4,716,148	\$ 4,130,696	\$ 3,921,589	\$ 3,637,847	\$ 3,087,373
RF: Capital Assets and Improvements BOY	\$ 150,000	\$ 150,000	\$ 150,000	\$ 120,000	\$ 60,000
RF: Regulatory Planning and Update BOY	\$ 1,167,708	\$ 669,365	\$ 271,378	\$ 94,487	\$ 94,487

2020 and extends through at least 2023 with an estimated cost of about \$2.250 million across all funds. With the specification of the restricted accounts, the large capital and regulatory efforts will deplete the restricted accounts while the unrestricted reserve

balance will offset other operational needs. Overall the District is on firm financial ground to successfully fulfill mission objectives in 2021 and the years that follow.

Table 9. Proposed 2021 General, Water Conservation, and Science and Research fund budgets.

	General Fund	Water Conserva- tion Fund	Science and Re- search Fund
Revenues			
Permit Fees, net	\$ 2,463,000	\$ -	\$ -
Disincentive Fees, net	-	-	460,000
Application Fees, net	450,000	-	-
C&S Fees	177,000	-	-
C&S Disincentive Fees	-	-	225,000
Interlocal Agreement	494,000	-	-
Water Conservation Program	-	1,283,100	-
Interest	40,000	-	10,000
Legal Recovery Fees	36,000	-	-
Other Misc. Income	10,000	-	-
Total Revenues	\$ 3,670,000	\$ 1,283,100	\$ 695,000
Expenses			
Personnel	\$ 2,218,000	\$ 181,300	\$ -
Board of Directors	186,000	-	-
Office Supplies	353,000	1,250	-
Information and Education	70,000	4,500	-
Building Operations	112,000	4,000	-
Transportation	46,000	4,500	-
Contractual Services	1,483,000	114,500	579,000
Contractual Services - Elem. School Prg.	-	1,001,000	-
WCP Grant Program	-	175,000	-
Capital Outlay	95,000	-	-
Total Expenses	\$ 4,563,000	\$ 1,486,050	\$ 579,000
Revenues Over (Under) Expenditures	\$ (893,000)	\$ (202,950)	\$ 116,000
Fund Balances - BOY	\$ 5,609,148	\$ 1,519,595	\$ 3,052,244
Fund Balances - EOY	\$ 4,716,148	\$ 1,316,645	\$ 3,168,244

APPENDIX

Appendix 1. Estimated salary expenses by account in the District’s approved 2020 general fund budget and the proposed 2021 general fund budget.

Object Class No.	Description	2020 Approved Budget	2021 Proposed Budget	Variance
511	Employee Salary and Allowances	\$ 1,534,030	\$ 1,591,460	\$ 57,430
512	Group Health Insurance - District Contribution	\$ 342,410	\$ 275,120	\$ (67,290)
513	Employee Retirement	\$ 219,460	\$ 238,720	\$ 19,260
514	Group Life Insurance	\$ 8,830	\$ 9,870	\$ 1,040
515	Disability Insurance	\$ 7,030	\$ 7,930	\$ 900
516	Medicare - Employer	\$ 21,220	\$ 23,130	\$ 1,910
517	Workers Compensation	\$ 8,180	\$ 17,990	\$ 9,910
518	Retirement Health Savings	\$ 53,490	\$ 52,980	\$ (510)

NOTE: Employee Salary and Allowances includes cost of living adjustments, performance based salary adjustments, and awards.

Appendix 2. Non-personnel expenses by account included in the approved 2020 general fund budget and the proposed 2021 general fund budget.

Account	Description	2020		2021	
		Approved Budget	Proposed Budget	Approved Budget	Variance
521	Member Per Diem	\$ 62,500	\$ 62,500	\$ -	
522	Member Travel Expense	\$ 17,500	\$ 17,500	\$ -	
523	Officer and Director Liability	\$ 8,000	\$ 8,000	\$ -	
524	Member Retirement	\$ 8,700	\$ 8,700	\$ -	
525	Medicare - Board Members	\$ 2,000	\$ 1,000	\$ (1,000)	
529	Other Board Expenditures	\$ 35,000	\$ 88,000	\$ 53,000	
531	Office Supplies	\$ 15,000	\$ 15,000	\$ -	
532	Mail and Postage	\$ 30,000	\$ 30,000	\$ -	
533	IT Equipment (non-cap)	\$ 22,500	\$ 25,000	\$ 2,500	
534	IT Software	\$ 70,630	\$ 110,900	\$ 40,270	
535	Telephone	\$ 35,000	\$ 35,000	\$ -	
536	Legal Notice	\$ 90,000	\$ 90,000	\$ -	
537	Surety Bonds	\$ 500	\$ 500	\$ -	
538	Rental of Equipment	\$ 29,000	\$ 31,500	\$ 2,500	
539	Miscellaneous Supplies and Equipment	\$ 9,500	\$ 15,000	\$ 5,500	
541	Membership Dues and Subscriptions	\$ 12,500	\$ 13,500	\$ 1,000	
542	Conferences and meetings	\$ 17,000	\$ 17,000	\$ -	
543	Employee Travel Expense	\$ 25,000	\$ 27,500	\$ 2,500	
547	Employee Training	\$ 12,000	\$ 12,000	\$ -	
551	Utilities	\$ 35,000	\$ 35,000	\$ -	
552	Insurance	\$ 9,000	\$ 14,000	\$ 5,000	
553	Janitorial Services	\$ 13,000	\$ 13,000	\$ -	
554	Building Maintenance	\$ 42,190	\$ 43,500	\$ 1,310	
555	Grounds Maintenance	\$ 6,000	\$ 6,000	\$ -	
561	Operating Supplies	\$ 12,000	\$ 12,000	\$ -	
562	Maintenance of Vehicles	\$ 8,000	\$ 8,000	\$ -	
563	Tolls, Parking	\$ 7,500	\$ 8,500	\$ 1,000	
564	Insurance of Vehicles	\$ 6,875	\$ 7,000	\$ 125	
565	Mileage Allowance	\$ 10,000	\$ 10,000	\$ -	
571	Audit Expense	\$ 20,000	\$ 20,000	\$ -	
572	USGS Cooperative Agreement	\$ 316,900	\$ 372,500	\$ 55,600	
573	Legal Expense	\$ 252,000	\$ 237,000	\$ (15,000)	
574	Consulting Expense	\$ 653,000	\$ 737,000	\$ 84,000	
575	Management Services	\$ 60,000	\$ 60,000	\$ -	
576	Hearing Examiner	\$ 21,000	\$ 21,000	\$ -	
577	GPS Systems/Releveling	\$ 35,000	\$ 35,000	\$ -	
591	Office Equipment (Cap)	\$ -	\$ -	\$ -	
592	IT Equipment (Cap)	\$ 55,000	\$ 50,000	\$ (5,000)	
593	Motor Vehicles (Cap)	\$ -	\$ -	\$ -	
594	GPS Equipment (Cap)	\$ -	\$ -	\$ -	
596	Building Improvements	\$ 325,000	\$ 45,000	\$ (280,000)	